BP PLC
Form 6-K
August 03, 2004

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 June 30, 2004

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

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

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

Form 20-F |X| Form 40-F ___________

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

Yes ___________ No |X|

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-9790) OF BP p.l.c., THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-65996) OF BP p.l.c., THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-83180) OF BP AUSTRALIA CAPITAL MARKETS LIMITED, BP CANADA FINANCE COMPANY, BP CAPITAL MARKETS p.l.c., BP CAPITAL MARKETS AMERICA INC. AND BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 33-21868) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-9020) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-9798) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-79399) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-34968) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-67206) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-74414) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-103924) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-102583) OF BP p.l.c. AND THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO.

333-103923) OF BP p.l.c., AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

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BP p.l.c. AND SUBSIDIARIES
FORM 6-K FOR THE PERIOD ENDED JUNE 30, 2004

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BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GROUP RESULTS JANUARY - JUNE 2004

	Three months ended June 30 (Unaudited)		Si
	2004	2003	2004
		($ million)	
Turnover	69,091	54,426	136,693
Profit for the period	3,896	1,585	8,714
Exceptional items, net of tax	99	(131)	(1,201)
Profit before exceptional items	3,995	1,454	7,513
Profit for the period per ordinary share - cents	17.80	7.19	39.61
Dividends per ordinary share - cents	7.10	6.50	13.85

The following discussion should be read in conjunction with the consolidated financial statements and the related notes provided elsewhere in this Form 6-K and with the information, including the consolidated financial statements and related notes, for the year ended December 31, 2003 in BP p.l.c.'s Annual Report on Form 20-F for the year ended December 31, 2003.

The financial information for 2003 has been restated to reflect (a) the transfer of natural gas liquids (NGL) operations from Exploration and Production to Gas, Power and Renewables on January 1, 2004; (b) the adoption by the Group of

Financial Reporting Standard No. 17 `Retirement Benefits' (FRS 17) with effect from January 1, 2004; and (c) the adoption by the Group of Urgent Issues Task Force Abstract No. 38 `Accounting for ESOP Trusts' with effect from January 1, 2004. For further information, see Note 2 of Notes to Consolidated Financial Statements.

TNK-BP operational and financial information has been estimated.

The second quarter and first half trading environment was generally stronger than a year ago with higher oil realizations and refining margins. For the three months ended June 30, 2004 the Brent oil price increased $9.29 per barrel, the Henry Hub gas price was up $0.60 per mmbtu, the refining Global Indicator Margin more than doubled and the Chemicals Indicator Margin decreased $3 per tonne compared with a year ago. For the half year, the Brent oil price was $4.90 per barrel higher, the Henry Hub gas price was $0.12 per mmbtu lower, the refining Global Indicator Margin was up $2.36 per barrel and the Chemicals Indicator Margin was up $13 per tonne compared with a year ago.

Turnover for the three months and six months ended June 30, 2004 was $69.1 billion and $136.7 billion respectively, compared with $54.4 billion and $116.5 billion for the equivalent periods in 2003. The increase in turnover for the second quarter reflects increases of around $15.1 billion from higher prices and around $3.0 billion from foreign exchange movements, partly offset by a net decrease of approximately $1.4 billion from lower sales volumes and a decrease of approximately $0.6 billion related to lower production volumes following 2003 divestments.

The increase in turnover for the half year reflects $14.7 billion from higher sales prices, $5.3 billion from foreign exchange movements and $1.9 billion from higher sales volumes partly offset by a decrease of $1.3 billion related to lower production volumes following 2003 divestments.

Profit for the three months ended June 30, 2004 was $3,896 million, including inventory holding gains of $462 million. Profit for the three months ended June 30, 2003 was $1,585 million, after inventory holding losses of $951 million. Inventory holding gains or losses represent the difference between the cost of sales calculated using the average cost of supplies incurred during the period and the cost of sales calculated using the first-in first-out method. Profit for the six months ended June 30, 2004 was $8,714 million, including inventory holding gains of $1,110 million. Profit for the half year ended June 30, 2003 was $5,804 million, after inventory holding losses of $152 million.

Profit before exceptional items was $3,995 million for the three months ended June 30, 2004, compared with $1,454 million for the equivalent period of 2003. Exceptional items are gains and losses on the sale of fixed assets and businesses or termination of operations. Net exceptional losses in the second quarter of 2004 were $99 million ($127 million before tax) and principally relate to net losses from the divestment of certain upstream interests in Indonesia and the US and charges associated with the termination of operations. Net exceptional gains in the second quarter of 2003 were $131 million ($280 million before tax) and principally relate to gains on disposal of certain upstream interests, partially offset by a provision for loss on disposal.

Profit before exceptional items was $7,513 million for the six months ended June 30, 2004, compared with $5,333 million for the equivalent period of 2003. Net exceptional gains in the six months of 2004 were $1,201 million ($1,103 million before tax) and principally relate to net gains from the sale of our interests in PetroChina and Sinopec, partially offset by net losses principally relating to the divestment of certain upstream interests, and charges associated with the termination of operations. Net exceptional gains in the half year of 2003 were $471 million ($674 million before tax) and principally relate to net gains from the sale of certain upstream interests partially offset by a provision for loss on disposal.

Profit before exceptional items for the three months ended June 30, 2004 is after impairment charges of $160 million in Exploration and Production related to a gas processing plant in the USA and a field in the Gulf of Mexico Shelf. Profit before exceptional items for the three months ended June 30, 2003 is after charging impairment of $108 million related to the Kepadong field in Indonesia and a charge of $12 million in respect of our restructuring activities in the UK in Exploration and Production, Veba integration costs of $41 million in Refining and Marketing and a $5 million credit resulting from the reduction in the provision for costs associated with closure of polypropylene capacity in Petrochemicals.

Profit before exceptional items for the six months ended June 30, 2004 is after an impairment charge of $160 million related to a gas processing plant in the USA and a field in the Gulf of Mexico and an impairment charge of $186 million related to our interests in two fields in Venezuela, Desarrollo Zuli Occidental (DZO) and Boqueron, in Exploration and Production. Profit before exceptional items for the six months ended June 30, 2003 is after an impairment charge of $108 million related to the Kepadong field in Indonesia, an impairment charge of $103 million related to the Yacheng field in China, charges of $102 million in respect of our restructuring activities in North America and the UK and a $49 million write down of the Viscount asset in the North Sea in Exploration and Production; Veba integration costs of $59 million in Refining and Marketing; a $5 million credit resulting from a reduction in the provision for costs associated with closure of polypropylene capacity in Petrochemicals; and a $130 million credit related to tax restructuring benefits.

In addition to the factors above, the increase in profit before tax for the second quarter reflects higher liquids and gas realizations, higher refining margins with some offset from lower marketing margins, higher contributions from the natural gas liquids business in North America and the impact of the changing production composition primarily from Russia offset by the impact of divestments in 2003. These increases were partly offset by higher costs.

These factors also contributed to the increase in profit before tax for the half year, which also reflected a higher contribution from the global LNG and Solar businesses offset by lower Olefins margins and a lower marketing and trading result.

Interest expense for the three months and six months ended June 30, 2004 was $145 million and $297 million respectively, compared with $149 million and $325 million in the same periods of 2003. The decreases in both periods primarily reflect lower interest rates and an increase in capitalized interest partly offset by the inclusion of equity-accounted interest from the TNK-BP joint venture. Other finance expense for the three months and six months ended June 30, 2004 was $76 million and $152 million respectively, compared with $127 million and $256 million in the same periods of 2003. The decreases in both periods primarily reflect a reduction in net pension and finance costs partly offset by the inclusion of the unwinding of the discount on the deferred consideration for acquisition of the investment in TNK-BP.

Net taxation, other than production taxes, charged for the three months and six months ended June 30, 2004 was $2,199 million and $4,021 million respectively, compared with $1,744 million and $3,526 million in the equivalent periods last year. The tax on exceptional items was a credit of $28 million and $98 million for the second quarter and half year of 2004 respectively, compared with a charge of $149 million and $203 million for the second quarter and first half of 2003. The effective tax rate was 36% and 31% for the three months and half year ended June 30, 2004, compared with 51% and 37% for the equivalent periods of 2003. The reduction in the second quarter rate reflects the non-taxable inventory holding gain reported in 2004 compared with the inventory holding loss in 2003 and the reduction in the half year rate reflects the inventory holding gain in 2004 and the low tax charge on the exceptional gains reported in the first quarter of 2004.

Capital expenditure in the second quarter and first half of 2004 was $3.2 billion and $7.8 billion respectively. The amount for the first half includes a $1.35 billion payment relating to the contribution of TNK's interest in Slavneft within TNK-BP. Capital expenditure and acquisitions for the second quarter and first half of 2003 was $3.3 billion and $6.2 billion. Excluding acquisitions, capital expenditure for the three months and six months ended June 30, 2004 was $3.2 billion and $6.4 billion respectively, compared with $3.2 billion and $6.1 billion respectively. Disposal proceeds in the second quarter and first half of 2004 were $0.66 billion and $3.5 billion respectively and in the second quarter and first half of 2003 were $1.7 billion and $4.1 billion respectively.

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BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - continued

Net cash inflow for the three months ended June 30, 2004 was $1.5 billion, compared with an inflow of $2.4 billion for the equivalent period of 2003, reflecting lower proceeds from the sale of fixed assets and lower cash inflow from operating activities, partly offset by lower interest payments and higher proceeds from the sale of businesses. Net cash inflow for the six months ended June 30, 2004 was $5.3 billion, compared with $5.6 billion for the equivalent period of 2003, reflecting higher cash flow from operating activities offset by higher spending on acquisitions and lower disposal proceeds. Net cash inflow from operating activities was $6.9 billion and $14.6 billion for the three months and six months ended June 30, 2004 respectively, compared with $7.3 billion and $13.3 billion in the equivalent periods in 2003. The decrease for the second quarter reflected higher working capital requirements and higher share of profits of joint ventures and associated undertakings, partly offset by higher profits and higher losses on sale of fixed assets and businesses. The increase for the half year reflected higher profits, higher share of profits of joint ventures and associates and higher gains on sale of fixed assets and businesses partly offset by higher working capital requirements.

Net debt at June 30, 2004 was $18.2 billion compared with $20.2 billion at December 31, 2003. The ratio of net debt to net debt plus equity was 20% at June 30, 2004 compared with 22% at December 31, 2003. This ratio shows the proportion of debt and equity used to finance our operations, and can also be used to measure borrowing capacity. In addition to reported debt, BP uses conventional off balance sheet sources of finance such as operating leases and joint venture and associated undertaking borrowings.

The Group has access to other sources of liquidity in the form of committed facilities and other funding through the capital markets. BP believes that, taking into account the substantial amounts of undrawn borrowing facilities available, the Group has sufficient working capital for foreseeable requirements.

In the normal course of business the Group has entered into certain long term purchase commitments principally relating to take or pay contracts for the purchase of natural gas, crude oil and chemicals feedstocks and throughput arrangements for pipelines. The Group expects to fulfil its obligations under these arrangements with no adverse consequences to the Group's results of operations or financial condition.

The return on average capital employed was 17.1% for the second quarter of 2004 compared with 8.1% for the same period in 2003. Return on average capital employed is the ratio of profit including minority shareholders' interest and excluding post-tax interest on finance debt to average capital employed for the period. Capital employed is the total of BP shareholders' interest, minority shareholders' interest and finance debt. This performance measure is useful for shareholders and management as an indication of capital productivity over the long term. For the six months ended June 30, 2004 the return on average capital employed was 19.0% compared with 14.1% in 2003. For further information on the return on average capital employed calculation see page 67 of this report.

BP announced a second quarterly dividend for 2004 of 7.10 cents per ordinary share. Holders of ordinary shares will receive 3.860 pence per share and holders of American Depositary Receipts (ADRs) $0.426 per ADS. The dividend is payable on September 7, 2004 to shareholders on the register on August 13, 2004. Participants in the Dividend Reinvestment Plan or the dividend reinvestment facility in the US Direct Access Plan will receive the dividend in the form of shares, also on September 7, 2004. The Company repurchased for cancellation 225 million of its own shares during the quarter, at a cost of $2 billion. During the first half, 380 million shares were repurchased and cancelled at a cost of $3.25 billion.

BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

DETAILED REVIEW OF BUSINESSES (EXCLUDING EXCEPTIONAL ITEMS)

EXPLORATION AND PRODUCTION

			Three months ended June 30 (Unaudited)		Six
			2004	2003	2004
Turnover		- $m	8,213	7,272	16,379
Profit before interest and tax		- $m	4,302	3,431	8,552
Exceptional (gains) losses		- $m	114	(333)	(97)
Total operating profit		- $m	4,416	3,098	8,455
Results include:					
Exploration expense		- $m	108	101	244
Of which: Exploration expenditure written off		- $m	22	43	89
Key Statistics:					
Crude oil	Average prices realized by BP	- $/bbl	34.47	25.73	32.85
	Production	- mb/d	2,321	1,712	2,331
Natural gas liquids	Average prices realized by BP	- $/bbl	23.71	17.49	23.43
	Production	- mb/d	197	199	194

Total liquids(a)	Average prices realized by BP	- $/bbl	33.27	24.90	31.85
	Production	- mb/d	2,518	1,911	2,525
Natural gas	Average prices realized by BP	- $/mcf	3.68	3.39	3.74
	Production	- mmcf/d	8,425	8,439	8,512
Total hydrocarbons(b)	Average prices realized by BP	- $/boe	27.66	22.43	27.06
	Production	- mboe/d	3,971	3,366	3,993
Brent oil price		- $/bbl	35.32	26.03	33.67
West Texas Intermediate oil price		- $/bbl	38.28	29.02	36.80
Alaska North Slope US West Coast		- $/bbl	36.99	27.04	35.61
Henry Hub gas price (c)		- $/mmbtu	6.00	5.40	5.84
UK Gas - National Balancing Point		- p/therm	20.70	17.44	22.64

(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

Turnover for the three months ended June 30, 2004 was $8.2 billion, compared with $7.3 billion in the corresponding period in 2003, reflecting an increase of around $1.6 billion related to higher liquids and gas realizations, partly offset by a decrease of around $0.6 billion due to lower production volumes (for the BP Group excluding equity-accounted entities) as a result of divestment activity in 2003.

Turnover for the six months ended June 30, 2004 was $16.4 billion compared with $16.2 billion in the corresponding period of 2003, reflecting an increase of around $1.5 billion related to higher liquids and gas realizations, partly offset by a decrease of around $1.3 billion due to lower production volumes as a result of divestment activity in 2003.

Profit before interest and tax for the three months and six months ended June 30, 2004 was $4,302 million and $8,552 million respectively, compared with $3,431 million and $8,155 million for the equivalent periods in 2003. Profit for the second quarter of 2004 included net exceptional losses before tax of $114 million, compared with gains of $333 million before tax for the equivalent period in 2003. Profit for the first half of 2004 included net exceptional gains of $97 million before tax compared with net gains of $766 million before tax for the equivalent period in 2003.

EXPLORATION AND PRODUCTION (concluded)

Total operating profit for the three months ended June 30, 2004 was $4,416 million (there were no inventory holding gains or losses) and is after impairment charges of $160 million in respect of a gas processing plant in the USA and a field in the Gulf of Mexico Shelf. Total operating profit for the three months ended June 30, 2003 was $3,098 million after an impairment charge of $108 million related to the Kepadong field in Indonesia and charges of $12 million in respect of restructuring activities in the UK.

Total operating profit for the six months ended June 30, 2004 was $8,455 million including inventory holding gains of $8 million and is after impairment charges of $160 million in respect of a gas processing plant in the USA and a field in the Gulf of Mexico Shelf and impairment charges of $186 million related to our interests in Desarrollo Zuli Occidental (DZO) and Boqueron in Venezuela. We previously reported an exceptional loss on disposal of $217 million in respect of these assets; however, the sales agreement has lapsed and we will retain our interests in the fields. As a result of the lapse of the agreement, the exceptional loss was reversed and an impairment charge was recognized in the first quarter of 2004.

Total operating profit for the six months ended June 30, 2003 was $7,389 million including inventory holding gains of $3 million and is after an impairment charge of $108 million related to the Kepadong field in Indonesia, an impairment charge of $103 million related to the Yacheng field in China, charges of $102 million in respect of restructuring activities in North America and the UK and a $49 million write-down of the Viscount asset in the North Sea.

The primary reasons for the increase in operating profit for the second quarter of 2004 compared with the second quarter of 2003 are higher liquids and gas realizations of around $1,280 million combined with a net increase of around $340 million due to the changing production composition primarily arising from the greater proportion from Russia, offset partially by the impact of divestments in 2003. Operating profit for the second quarter 2004 also includes a charge of $87 million, reflecting an increase in the provision for unrealized profit in inventory, which removes the upstream margin from downstream inventories. This compares with a credit of $106 million in the equivalent quarter last year.

The primary reasons for the increase in operating profit for the six months ended June 30, 2004 compared with the six months ended June 30, 2003 are higher liquids and gas realizations of around $1,150 million combined with a net increase of around $300 million due to the changing production composition primarily arising from the greater proportion from Russia, offset partially by the impact of divestments in 2003. Operating profit for the half year 2004 includes a charge of $153 million, reflecting an increase in the provision for unrealized profit in inventory compared with a charge of $19 million in the half year 2003.

Production for the second quarter was up 18% from the second quarter of 2003, to 3,971 mboe/d. This reflects increased production from Russia partly offset by divestments, lower seasonal gas takes in the North Sea, anticipated decline and unplanned shutdowns at the Mars platform in the Gulf of Mexico and in Trinidad.

In the Gulf of Mexico, offshore installation of the Holstein and Mad Dog Spars was completed, Holstein topsides have been installed, and the Thunder Horse platform has left the construction yard in Korea. In Algeria, first gas sales from the In Salah gas project have been achieved. In Azerbaijan, installation of the Central Azeri jacket was completed. In Angola, the Kizomba A Floating Production Storage and Offloading vessel arrived at the field location in Block 15 and hook-up to the tension leg platform is in progress. In Trinidad the Atlas methanol plant was brought on line. In Australia, commissioning of North West Shelf Train 4 has commenced with first gas delivered to the plant.

In the UK the Clair jacket and deck has been installed offshore. In Egypt, the first steps were taken towards the development of a major LNG business, with agreements signed to deliver natural gas to the Damietta plant.

In the second quarter we had a further exploration success in Angola with the Venus discovery in offshore Block 31 and two discoveries in the Nile Delta in Egypt, Temsah and Polaris.

BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - continued

REFINING AND MARKETING

		Three months ended June 30 (Unaudited) 2004	2003	Six 2004
Turnover	- $m	45,467	34,874	87,161
Profit before interest and tax	- $m	1,772	115	3,021
Exceptional (gains) losses	- $m	18	49	158
Total operating profit	- $m	1,790	164	3,179
Total refined product sales	- mb/d	6,138	7,023	6,539
Refinery throughputs	- mb/d	3,022	3,265	2,983
Refining availability (a)	- %	95.1	96.7	95.1
Global Indicator Refining Margin (b)	- $/bbl	7.89	3.27	6.25

(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 refining margins are industry specific measures rather than BP specific, which we believe are useful to investors in analyzing trends in the industry and their impact on our results. The margins are calculated by BP based on published crude oil and product prices and take account of fuel utilization and catalyst costs. No account is taken of BP's other cash and non-cash costs of refining such as wages and salaries and plant depreciation. The indicator margin 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.

Turnover for the three months and six months ended June 30, 2004 was $45.5 billion and $87.2 billion respectively, compared with $34.9 billion and $74.4 billion for the same periods in the prior year. The increase in turnover in the second quarter of 2004 compared with 2003 was due principally to higher prices contributing approximately $12 billion and foreign exchange movements contributing approximately $3 billion, offset by lower trading and crude oil sales of around $4 billion. The increase in turnover in the first half of 2004 compared with the first half of 2003 was principally due to higher prices contributing approximately $12.5 billion and foreign exchange movements contributing approximately $5.3 billion, partly offset by lower trading and crude oil sales of around $4.8 billion.

Profit before interest and tax for the three months and six months ended June 30, 2004 was $1,772 million and $3,021 million respectively, compared with $115 million and $1,363 million for the equivalent periods in 2003. Profit in the second quarter and first half of 2004 was after net exceptional losses before tax of $18 million and $158 million respectively, which relate principally to the disposal of Singapore Refining Company Private Limited (SRC) and the closure of the lubricants operation of the Coryton Refinery in the UK. Profit in the second quarter and half year of 2003 was after net exceptional losses before tax of $49 million and $101 million respectively, related to the disposal of approximately 2.4% of the North Germany Retail site network, offset by a gain of $9 million from disposal of 21 Retail sites in Greece, and a gain of $9 million from the disposal of the US Pipeline East Texas Crude line.

Total operating profit for the three months and six months ended June 30, 2004 was $1,790 million and $3,179 million respectively, including inventory holding gains of $428 million and $957 million respectively. Total operating profit for the three months and six months ended June 30, 2003 was $164 million and $1,464 million respectively, after inventory holding losses of $773 million and $153 million respectively, and is after charging Veba integration costs of $41 million and $59 million respectively.

The primary reasons for the increase in operating profit in the second quarter of 2004 compared with the second quarter of 2003 reflects approximately $1 billion from improved refining margins, particularly in the US, due to strong demand, coupled with below-normal inventories and the impact of industry-wide planned and unplanned refinery maintenance. This increase was offset partly by operational outages at the Texas City Refinery and higher purchased energy costs of around $100 million. Marketing margins declined by approximately $200 million and adverse foreign exchange movement impacted operating profit by approximately $100 million.

REFINING AND MARKETING (concluded)

The main reasons for the increase in operating profit in the six months ended June 30, 2004, compared with the six months ended June 30, 2003 reflected approximately $1.2 billion from improved refining margins, particularly in the US, due to strong demand, coupled with below-normal inventories and the impact of industry-wide planned and unplanned refinery maintenance. This increase was offset partly by operational outages at the Texas City Refinery and higher purchased energy costs of around $100 million. Marketing margins declined by approximately $300 million and adverse foreign exchange movements impacted operating profit by approximately $200 million.

During the second quarter, BP continued the successful roll-out of Ultimate(R)(a) generation gasoline and diesel fuels with launches in Germany and Austria.

Also in the quarter, BP announced the closure of refining operations at the ATAS Refinery in Mersin, south eastern Turkey. The site will continue to operate as a fuels terminal.

The disposal of BP's interests in the Singapore Refinery Company Private Limited was concluded on June 30.

Shortly after the second quarter, BP and the Singapore Petroleum Company Limited (SPC) announced that conditional agreement had been reached for SPC to purchase BP's Retail and LPG business in the Singapore retail network and related assets for $70 million; the transaction completion is expected towards the end of 2004.

In the first quarter, BP and Lembaga Tabung Angkatan Tentera (LTAT) announced that agreement had been reached for LTAT to purchase BP's 70% shareholding in the BP Malaysia Sdn Bhd fuels business. Subject to receiving the necessary regulatory consents, this transaction is expected to be concluded in the third quarter of 2004.

(a) Ultimate(R) is a trademark of BP p.l.c.

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BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

PETROCHEMICALS

		Three months ended June 30 (Unaudited)		Six months June 3 (Unaudit
		2004	2003	2004
Turnover	- $m	4,805	4,197	9,315
Profit before interest and tax	- $m	248	203	344
Exceptional (gains) losses	- $m	(6)	(2)	148
Total operating profit	- $m	242	201	492
Production (a)	- kte	7,171	6,770	14,414
Petrochemicals Indicator Margin (b)	- $/te	131(c)	134	128(c)

(a) Includes BP share of joint ventures, associated undertakings and other interests in production.
(b) The Petrochemicals Indicator Margin (CIM) is a weighted average of externally-based product margins. It is based on market data collected by Nexant in its quarterly market analyses, which we weight based on BP's product portfolio. While it does not cover our entire portfolio, it includes a broad range of products. Among the products and businesses covered in the CIM are the olefins and derivatives, the aromatics and derivatives, linear alpha-olefins (LAOs), acetic acid, vinyl acetate monomers and nitriles. Not included are fabrics and fibres, poly alpha-olefins (PAOs), anhydrides, speciality intermediates, and the remaining parts of the solvents and acetyls businesses. This measure is not BP specific, rather it is an indicator of relative industry profitability and BP's actual margins will differ. While not entirely representative of BP's complete range of products, we believe it does provide investors with useful information about the environment for BP's products.
(c) Provisional. The data for the second quarter is based on two months' actual and one month of provisional data.

Turnover for the three months and six months ended June 30, 2004 was $4.8 billion and $9.3 billion respectively, compared with $4.2 billion and $8.3 billion for the equivalent periods in 2003. The increase in turnover for the second quarter compared with the equivalent period in 2003 reflects an increase of approximately $0.3 billion from higher sales volumes primarily in Asia and an increase of approximately $0.3 billion from higher prices reflecting the capture of higher feedstock prices in sales. The increase in turnover for the first half of 2004 compared with the first half of 2003 was attributable to an increase of $0.5 billion from higher volumes, primarily in Asia, and an increase of around $0.5 billion from higher prices.

Profit before interest and tax for the three months and six months ended June 30, 2004 was $248 million and $344 million respectively, compared with $203 million and $486 million for the equivalent periods in 2003. Profit for the second quarter and first half of 2004 included net exceptional gains before tax of $6 million and exceptional losses of $148 million respectively, which were associated largely with the sale of our Speciality Intermediates Business and the exit of the Baglan Bay site in the UK. Profit for the second quarter and first half of 2003 included net exceptional gains before tax of $2 million and $9 million.

Total operating profit for the three months and six months ended June 30, 2004 was $242 million and $492 million respectively, including inventory holding gains of $40 million and $161 million respectively. Total operating profit for the three months and six months ended June 30, 2003 was $201 million and $477 million respectively, after inventory holding losses of $103 million and including gains of $43 million respectively.

Operating profit for the three months ended June 30, 2004 compared with the equivalent period in 2003 reflects higher realizations of around $330 million more than offset by higher costs including adverse foreign exchange impacts, higher energy costs and increased feedstock prices of around $440 million. Operating profit for the six months ended June 30, 2004 compared with the equivalent periods in 2003 reflects principally weaker Olefins margins in Europe.

Petrochemicals production of 7,171 thousand tonnes in the second quarter of 2004 was 401 thousand tonnes above the second quarter of 2003. Higher production was due to improved plant utilization and organic growth, including two new Asian PTA plants coming on stream and increasing our share of Asian PTA joint ventures. First half production was 664 thousand tonnes higher than a year ago due to new Asian PTA capacity and higher asset utilization.

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BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - continued

During the second quarter we signed a heads of agreement with Sinopec, to build a new 500 thousand tonnes a year acetic acid plant in China (BP share 50%). In addition we signed a letter of intent to examine the viability of expanding production at the BP Zhuhai PTA plant in China (BP share 85%) to 1,200 thousand tonnes a year. We completed the sale of our Speciality Intermediates Business.

We have progressed with plans to consolidate the Olefins and Derivatives (O&D) business into a stand-alone entity able to operate separately from the BP Group. The BP Group plans to sell O&D in due course, possibly commencing the sale through an Initial Public Offering, depending on market circumstances and necessary approvals in the second half of 2005. We intend to retain the balance of our petrochemicals portfolio, comprising the Aromatics and Acetyls business, within Refining and Marketing.

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BP p.l.c. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

GAS, POWER AND RENEWABLES

		Three months ended June 30 (Unaudited)		Six months en June 30 (Unaudited
		2004	2003	2004
Turnover	- $m	18,434	14,910	39,409
Profit before interest and tax	- $m	210	69	398
Exceptional (gains) losses	- $m	-	(6)	-
Total operating profit	- $m	210	63	398

Turnover for the three months and six months ended June 30, 2004 was $18.4 billion and $39.4 billion respectively, compared with $14.9 billion and $33.0 billion for the same periods in 2003. The increase for the quarter reflects increases of $2.3 billion due to higher volumes and $1.2 billion due to higher prices. The increase for the half year reflects increases of $6.2 billion due to higher volumes and $0.2 billion due to higher prices.

Profit before interest and tax for the three months and six months ended June 30, 2004 was $210 million and $398 million respectively, compared with $69 million and $312 million for the equivalent periods in 2003. Profit for the second quarter and first half of 2003 included exceptional gains of $6 million before tax.

Total operating profit for the three months and six months ended June 30, 2004 was $210 million and $398 million respectively, after inventory holding losses of $6 million and $16 million respectively. Total operating profit for the three months and six months ended June 30, 2003 was $63 million and $306 million respectively, after inventory holding losses of $72 million and $45 million respectively.

Higher operating profit in the three months ended June 30, 2004 compared with the equivalent period in 2003 reflected principally a higher contribution from the natural gas liquids business in North America of $90 million. The increase in operating profit in the six months ended June 30, 2004 compared with the equivalent period in 2003 reflected higher contribution from the natural gas liquids in North America of around $90 million, a higher contribution from the global LNG and Solar businesses of around $50 million, partially offset by a lower marketing and trading result of around $57 million.

During the second quarter 2004, the Guangdong Dapeng LNG Company Ltd. (BP share 30%) in China signed a series of milestone agreements relating to the Guangdong LNG terminal and trunkline project which is due on stream in 2006. In addition, since the end of the second quarter, the Tangguh LNG project in Indonesia (BP share 37.16%) signed a sale and purchase agreement for the supply of 0.55 million tonnes per annum for a period of 20 years to Posco, who is currently building an LNG import terminal at Gwangyang in South Korea. BP Gas Marketing Ltd. has signed an agreement with the Egyptian Natural Gas Holding Company to purchase LNG under a long term contract from the Damietta LNG plant which is expected to start commercial production in 2005.

BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

OTHER BUSINESSES AND CORPORATE

		Three months ended June 30 (Unaudited)		Six mon Ju (Una
		2004	2003	2004
Turnover	- $m	132	129	253
Profit (loss) before interest and tax	- $m	(164)	(153)	965
Exceptional (gains) losses	- $m	1	12	(1,312)
Total operating profit (loss)	- $m	(163)	(141)	(347)

Other businesses and corporate comprises Finance, the Group's aluminium asset, and interest income and costs relating to corporate activities.

Profit or loss before interest and tax for the three months and six months ended June 30, 2004 was a loss of $164 million and a profit of $965 million respectively, compared with losses of $153 million and $319 million for the equivalent periods in 2003. The second quarter of 2004 included net exceptional losses before tax of $1 million, compared with $12 million before tax for the equivalent period in 2003. The first half of 2004 included net exceptional gains of $1,312 million before tax, which were associated with the sale of our interest in PetroChina for $1.65 billion and our interest in Sinopec for $0.7 billion. The first half of 2003 included net exceptional losses before tax of $6 million.

FORWARD-LOOKING STATEMENTS

In order to utilize the 'Safe Harbor' provisions of the United States Private Securities Litigation Reform Act of 1995, BP is providing the following cautionary statement. The foregoing discussion, in particular, although not limited to, the statements under `Group Results', with regard to working capital, fulfillment of contract obligations, the timing of acquisitions and divestments and the timing of new projects are all forward-looking in nature. Forward-looking statements are also identified by such phrases as `will', `expects', `is expected to', `should', `may', `is likely to', `intends', `plans' and `believes'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and are outside the control of BP. Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including the specific factors identified in the discussions accompanying such forward-looking statements, future levels of industry product supply, the timing of bringing new fields onstream, demand and pricing, exchange rate fluctuations, operational problems, general economic conditions, political stability and economic growth in relevant areas of the world, changes in laws and governmental regulations, development and use of new technology, successful partnering, the actions of competitors, the actions of competitors and third party suppliers of facilities and services, natural disasters and other changes to business conditions, prolonged adverse weather conditions, changes in public expectations and other changes to business conditions, wars and acts of terrorism or sabotage, and other factors discussed elsewhere in this report. These and other factors may cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Additional information, including information on factors which may affect BP's business, is contained in BP's Annual Report and Annual Accounts for 2003 and the Annual Report on Form 20-F for 2003 filed with the US Securities and Exchange Commission.

2004 DIVIDENDS

On July 27, 2004, BP p.l.c. announced a second quarterly dividend for 2004 of 7.10 cents per ordinary share of 25 cents (ordinary shares), representing $0.426 per American Depositary Share (ADS) amounting to $1,536 million in total. The record date for qualifying US resident holders of American Depositary Shares as well as holders of ordinary shares is August 13, 2004, and payment will be made on September 7, 2004.

A dividend reinvestment facility is available for holders of ADSs through JPMorgan Chase Bank (formerly known as Morgan Guaranty Trust Company). Participants in the dividend reinvestment facility included in the US Direct Access Plan received the dividend in the form of shares on September 7, 2004.

BP p.l.c. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

	Three months ended June 30 (Unaudited)		Six
	2004	2003	2004
	($ million, except per share am		
Turnover - Note 3	71,154	54,790	140,634
Less: joint ventures	2,063	364	3,941
Group turnover	69,091	54,426	136,693
Cost of sales	59,694	47,556	118,444
Production taxes - Note 4	424	382	949
Gross profit	8,973	6,488	17,300
Distribution and administration expenses	3,399	3,406	6,639
Exploration expense - Note 5	108	101	244
	5,466	2,981	10,417
Other income	161	197	251
Group operating profit	5,627	3,178	10,668
Share of profits of joint ventures	734	104	1,225
Share of profits of associated undertakings	134	103	284

Total operating profit	6,495	3,385	12,177
Profit (loss) on sale of fixed assets and businesses	(127)	280	1,103
or termination of operations - Note 6			
Profit before interest and tax	6,368	3,665	13,280
Interest expense - Note 7	145	149	297
Other finance expense - Note 8	76	127	152
Profit before taxation	6,147	3,389	12,831
Taxation - Note 9	2,199	1,744	4,021
Profit after taxation	3,948	1,645	8,810
Minority shareholders' interest	52	60	96
Profit for the period (a)	3,896	1,585	8,714
Earnings per ordinary share - cents (a)			
Basic	17.80	7.19	39.61
Diluted	17.43	7.16	38.77
Earnings per American Depositary Share - cents (a)			
Basic	106.80	43.14	237.66
Diluted	104.58	42.96	232.62
Average number of outstanding ordinary shares (thousand)	21,906,318	22,164,026	21,997,057

(a) A summary of the material adjustments to profit for the period which would be required if generally accepted accounting principles in the United States had been applied instead of those generally accepted in the United Kingdom is given in Note 15.

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BP p.l.c. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	June 30, 2004 (Unaudited)		Decem
	($ million)		
Fixed assets			
Intangible assets		13,113	
Tangible assets		91,275	
Investments		19,034	
		123,422	
Current assets			
Inventories	12,470		11,6
Receivables	36,347		33,9

Investments	172		1
Cash at bank and in hand	1,531		1,9
	50,520		47,6
Current liabilities - falling due within one year			
Finance debt	7,393		9,4
Accounts payable and accrued liabilities	44,859		41,1
	52,252		50,5
Net current assets (liabilities)		(1,732)	
Total assets less current liabilities		121,690	
Noncurrent liabilities			
Finance debt	12,465		12,8
Accounts payable and accrued liabilities	5,728		6,0
Provisions for liabilities and charges			
Deferred tax	14,539		14,3
Other	8,610		8,8
		41,342	
Net assets excluding pension and other postretirement benefit balances		80,348	
Defined benefit pension plan surplus	1,258		1,0
Defined benefit pension plan and other postretirement benefit plan deficits	(7,556)		(7,5
		(6,298)	
		74,050	
Net assets			
Minority shareholders' interest - equity		1,232	
BP shareholders' interest (a) - Note 12		72,818	
Represented by:			
Capital shares			
Preference		21	
Ordinary		5,447	
Paid-in surplus		4,785	
Merger reserve		27,131	
Retained earnings		35,424	
Shares held by ESOP trusts		(65)	
Other reserves		75	
		72,818	

(a) A summary of the material adjustments to BP shareholders' interest which would be required if generally accepted accounting principles in the United States had been applied instead of those generally accepted in the United Kingdom is given in Note 15.

BP p.l.c. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended June 30 (Unaudited) 2004	2003	Six 2004
		($ million)	
Net cash inflow from operating activities	6,917	7,346	14,591
Dividends from joint ventures	7	28	185
Dividends from associated undertakings	97	177	128
Servicing of finance and returns on investments			
Interest received	45	52	86
Interest paid	(154)	(446)	(319)
Dividends received	18	42	30
Dividends paid to minority shareholders	(8)	(11)	(10)
Net cash outflow from servicing of finance and returns on investments	(99)	(363)	(213)
Taxation			
UK corporation tax	(388)	(280)	(710)
Overseas tax	(1,231)	(1,573)	(1,489)
Tax paid	(1,619)	(1,853)	(2,199)
Capital expenditure and financial investment			
Payments for fixed assets	(2,764)	(2,760)	(5,705)
Proceeds from the sale of fixed assets	352	1,652	3,191
Net cash outflow for capital expenditure and financial investment	(2,412)	(1,108)	(2,514)
Acquisitions and disposals			
Acquisitions, net of cash acquired	(14)	(150)	(14)
Proceeds from the sale of businesses	305	19	305
Net investment in TNK-BP joint venture	-	-	(1,273)
Net investment in other joint ventures	(21)	(2)	(113)
Investments in associated undertakings	(148)	(331)	(581)
Net cash (outflow) inflow for acquisitions and disposals	122	(464)	(1,676)
Equity dividends paid	(1,478)	(1,386)	(2,970)
Net cash inflow (outflow)	1,535	2,377	5,332

	=======	=======	=======
Financing	2,155	1,355	5,753
Management of liquid resources	(153)	93	(15)
Increase (decrease) in cash	(467)	929	(406)
	-------	-------	-------
	1,535	2,377	5,332
	=======	=======	=======

(a) This cash flow statement has been prepared in accordance with UK GAAP. A cash flow statement presented on a SFAS 95 format is included in Note 15.

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BP p.l.c. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS - concluded

	Three months ended June 30 (Unaudited)		Six
	2004	2003	2004
		($ million)	
Reconciliation of profit before interest and tax to net cash inflow from operating activities			
Profit before interest and tax	6,368	3,665	13,280
Depreciation and amounts provided	2,738	2,653	5,552
Exploration expenditure written off	22	43	89
Net operating charge for pensions and other postretirement benefits, less contributions	(34)	45	(57)
Share of profits of joint ventures and associated undertakings	(868)	(207)	(1,509)
Interest and other income	(74)	(100)	(138)
(Profit) loss on sale of fixed assets and businesses	127	(280)	(1,103)
Charge for provisions	50	29	117
Utilization of provisions	(95)	(209)	(250)
(Increase) decrease in inventories	(1,412)	193	(1,165)
(Increase) decrease in debtors	(1,400)	3,263	(2,986)
Increase (decrease) in creditors	1,495	(1,749)	2,761
	-------	-------	-------
Net cash inflow from operating activities	6,917	7,346	14,591
	=======	=======	=======
Financing			
Long-term borrowing	(430)	(208)	(1,058)
Repayments of long-term borrowing	434	607	1,270
Short-term borrowing	(111)	(418)	(267)
Repayments of short-term borrowing	314	388	2,722
	-------	-------	-------
	207	369	2,667

Issue of ordinary share capital for

employee share schemes	(96)	(14)	(222)
Purchase of shares by ESOP trusts	44	-	59
Repurchase of ordinary share capital	2,000	1,000	3,249
	-------	-------	-------
Net cash outflow from financing	2,155	1,355	5,753
	=======	=======	=======

(a) This cash flow statement has been prepared in accordance with UK GAAP. A cash flow statement presented on a SFAS 95 format is included in Note 15.

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The results for the interim periods are unaudited and in the opinion of management include all adjustments necessary for a fair presentation of the results for the periods presented. The interim financial statements and notes included in this Report should be read in conjunction with the consolidated financial statements and related notes for the year ended December 31, 2003 included in BP's Annual Report on Form 20-F filed with the Securities and Exchange Commission.

2. Restatement of comparative information

Comparative information for 2003 has been restated to reflect the changes described below.

(a) Transfer of Natural Gas Liquids activities. With effect from January 1, 2004 natural gas liquids (NGL) activities have been transferred from Exploration and Production to Gas, Power and Renewables.

(b) New accounting standard for pensions and other postretirement benefits. With effect from January 1, 2004 BP has adopted Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17). FRS 17 requires that financial statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and any related funding. The operating costs of providing retirement benefits are recognized in the period in which they are earned together with any related finance costs and changes in the value of related assets and liabilities. This contrasts with Statement of Standard Accounting Practice No. 24 'Accounting for Pension Costs', which requires the cost of providing pensions to be recognized on a systematic and rational basis over the period during which the employer benefits from the employee's services. The difference between the amount charged in the income statement and the amount paid as contributions into the pension fund is shown as a prepayment or provision on the balance sheet.

(c) Accounting for Employee Share Ownership Plans. With effect from January 1, 2004 BP has adopted Urgent Issues Task Force Abstract No. 38 'Accounting for ESOP Trusts'. This abstract requires that BP shares held by the Group for the purposes of Employee Share Ownership Plans (ESOPs) are deducted from equity on the balance sheet. Such shares were previously classified as fixed asset investments.

Balance sheet at 31 December 2003	Restated
	($ million)
Fixed assets	
Intangible assets	13,642
Tangible assets	91,911
Investments	17,458
	123,011
Current assets	47,651
Creditors - amounts falling due within one year	50,584
Net current assets (liabilities)	(2,933)
Total assets less current liabilities	120,078
Creditors - amounts falling due after more than one year	18,959
Provisions for liabilities and charges	
Deferred taxation	14,371
Other provisions	8,815
Net assets excluding pension and other postretirement benefit balances	77,933
Defined benefit pension plan surplus	1,021
Defined benefit pension plan and other postretirement benefit plan deficits	(7,510)
Net assets	71,444
Minority shareholders' interest	1,125
BP shareholders' interest	70,319

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

Income Statements	Three months ended June 30 2003 (Unaudited)		Six mont June 3 (Unaud
	Restated	Reported	Restated
	($ million except per share amounts)		
Exploration and Production	3,431	3,483	8,155
Refining and Marketing	115	67	1,363
Petrochemicals	203	212	486
Gas, Power and Renewables	69	37	312
Other businesses and corporate	(153)	(146)	(319)

Profit before interest and tax	3,665	3,653	9,997
Interest expense	149	191	325
Other finance expense	127	-	256
Profit before taxation	3,389	3,462	9,416
Taxation	1,744	1,768	3,526
Profit after taxation	1,645	1,694	5,890
Minority shareholders' interest	60	60	86
Profit for the period	1,585	1,634	5,804
Distribution to shareholders	1,434	1,434	2,820
Profit per ordinary share - cents			
Basic	7.19	7.41	26.09
Diluted	7.16	7.39	26.00

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

	Three months ended June 30 (Unaudited)		Six months June 3 (Unaudit
	2004	2003	2004
	($ million)		
3. Turnover			
By business			
Exploration and Production	8,213	7,272	16,379
Refining and Marketing	45,467	34,874	87,161
Petrochemicals	4,805	4,197	9,315
Gas, Power and Renewables	18,434	14,910	39,409
Other businesses and corporate	132	129	253
	77,051	61,382	152,517
Less: sales between businesses	7,960	6,956	15,824
Group excluding joint ventures	69,091	54,426	136,693
Share of sales of joint ventures	2,063	364	3,941
	71,154	54,790	140,634
By geographical area			
Group excluding joint ventures			
UK	17,355	13,161	34,651
Rest of Europe	13,332	12,501	25,373
USA	33,541	24,103	65,344
Rest of World	15,787	12,102	31,604
	80,015	61,867	156,972

	Less: sales between areas	10,924	7,441	20,279
		69,091	54,426	136,693
4.	Production taxes			
	UK petroleum revenue tax	46	58	172
	Overseas production taxes	378	324	777
		424	382	949
5.	Exploration expense			
	Exploration and Production			
	UK	3	2	5
	Rest of Europe	6	5	8
	USA	63	47	160
	Rest of World	36	47	71
		108	101	244

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

		Three months ended June 30 (Unaudited)		Six mo J (Un
		2004	2003	2004
		($ million)		
6.	Analysis of exceptional items Profit (loss) on sale of fixed assets and businesses or termination of operations			
	Exploration and Production	(114)	333	97
	Refining and Marketing	(18)	(49)	(158)
	Petrochemicals	6	2	(148)
	Gas, Power and Renewables	-	6	-
	Other businesses and corporate	(1)	(12)	1,312
	Exceptional items before taxation	(127)	280	1,103
	Taxation credit (charge)	28	(149)	98
	Exceptional items after taxation	(99)	131	1,201
7.	Interest expense			
	Group interest payable	147	163	296
	Capitalized	(52)	(43)	(102)
		95	120	194
	Joint ventures	39	17	80
	Associated undertakings	11	12	23

	145	149	297

8. Other finance expense			
Interest on pension and other postretirement benefit plan liabilities	491	460	991
Expected return on pension and other postretirement benefit plan assets	(491)	(375)	(989)
Interest net of expected return on plan assets	-	85	2
Unwinding of discount on provisions	50	42	98
Unwinding of discount on deferred consideration for acquisition of investment in TNK-BP	26	-	52
	76	127	152
9. Charge for taxation			
Current	2,165	1,406	3,871
Deferred	34	338	150
	2,199	1,744	4,021
UK	366	379	711
Overseas	1,833	1,365	3,310
	2,199	1,744	4,021

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Business and geographical analysis

By business	Exploration and Production	Refining and Marketing	Petro-chemicals	Gas, Power and Renewables	busin corp
			($ million)		
Three months ended June 30, 2004					
Group turnover					
- third parties	2,375	44,081	4,626	17,877	
- sales between businesses	5,838	1,386	179	557	
	8,213	45,467	4,805	18,434	
Share of sales by joint ventures	1,823	111	129	-	

Equity accounted income	784	40	41	3
Total operating profit (loss)	4,416	1,790	242	210
Exceptional items	(114)	(18)	6	-
Profit (loss) before interest and tax	4,302	1,772	248	210
Capital expenditure and acquisitions	2,305	640	181	82

Three months ended June 30, 2003				
Group turnover				
- third parties	2,090	33,710	4,042	14,455
- sales between businesses	5,182	1,164	155	455
	7,272	34,874	4,197	14,910
Share of sales by joint ventures	168	112	84	-
Equity accounted income	161	37	2	(2)
Total operating profit (loss)	3,098	164	201	63
Exceptional items	333	(49)	2	6
Profit (loss) before interest and tax	3,431	115	203	69
Capital expenditure and acquisitions	2,434	385	198	126

BP p.l.c. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Business and geographical analysis - continued

By geographical area	UK	Rest of Europe	USA	Rest of World	E
			($ million)		
Three months ended June 30, 2004					
Group turnover -third parties	10,828	11,884	32,634	13,745	
-sales between areas	6,527	1,448	907	2,042	

	17,355	13,332	33,541	15,787
Share of sales by joint ventures	43	86	52	1,882
Equity accounted income	-	(3)	27	844
Total operating profit (loss)	619	901	2,574	2,401
Exceptional items	(56)	72	(20)	(123)
Profit before interest and tax	563	973	2,554	2,278
Capital expenditure and acquisitions	333	274	1,452	1,175
Three months ended June 30, 2003				
Group turnover -third parties	9,696	10,229	23,639	10,862
-sales between areas	3,465	2,272	464	1,240
	13,161	12,501	24,103	12,102
Share of sales by joint ventures	18	66	45	235
Equity accounted income	4	5	28	170
Total operating profit (loss)	93	528	1,592	1,172
Exceptional items	535	12	(92)	(175)
Profit before interest and tax	628	540	1,500	997
Capital expenditure and acquisitions	361	167	1,509	1,289

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Business and geographical analysis - continued

By business	Exploration and Production	Refining and Marketing	Petro-chemicals	Gas, Power and Renewables	busin corp
			($ million)		
Six months ended June 30, 2004					
Group turnover					
- third parties	4,774	84,376	8,990	38,300	

- sales between businesses	11,605	2,785	325	1,109
	16,379	87,161	9,315	39,409
Share of sales by joint ventures	3,456	227	258	-
Equity accounted income	1,332	77	98	2
Total operating profit (loss)	8,455	3,179	492	398
Exceptional items	97	(158)	(148)	-
Profit (loss) before interest and tax	8,552	3,021	344	398
Capital expenditure and acquisitions	6,128	1,104	347	143
Six months ended June 30, 2003				
Group turnover				
- third parties	4,039	72,150	8,042	31,986
- sales between businesses	12,111	2,219	276	1,004
	16,150	74,369	8,318	32,990
Share of sales by joint ventures	349	212	201	-
Equity accounted income	395	74	27	(3)
Total operating profit (loss)	7,389	1,464	477	306
Exceptional items	766	(101)	9	6
Profit (loss) before interest and tax	8,155	1,363	486	312
Capital expenditure and acquisitions	4,552	922	294	213

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Business and geographical analysis - concluded

By geographical area	UK	Rest of Europe	USA	Rest of World	E

				($ million)
Six months ended June 30, 2004				
Group turnover -third parties	23,008	22,746	63,709	27,230
-sales between areas	11,643	2,627	1,635	4,374
	34,651	25,373	65,344	31,604
Share of sales by joint ventures	84	174	91	3,592
Equity accounted income	2	2	44	1,461
Total operating profit (loss)	1,020	1,654	5,008	4,495
Exceptional items	(101)	36	(170)	1,338
Profit before interest and tax	919	1,690	4,838	5,833
Capital expenditure and acquisitions	586	454	2,709	4,010
Six months ended June 30, 2003				
Group turnover -third parties	20,615	21,286	52,494	22,062
-sales between areas	7,678	4,532	950	3,776
	28,293	25,818	53,444	25,838
Share of sales by joint ventures	46	155	87	474
Equity accounted income	3	2	63	443
Total operating profit (loss)	1,025	1,314	4,177	2,807
Exceptional items	524	(30)	(237)	417
Profit before interest and tax	1,549	1,284	3,940	3,224
Capital expenditure and acquisitions	656	369	2,903	2,266

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

	Three months ended June 30 (Unaudited)		Si
	2004	2003	2004

			($ million)	
11.	Analysis of changes in net debt Opening balance			
	Finance debt	19,937	19,042	22,325
	Less: Cash	2,006	1,151	1,947
	Current asset investments	328	228	185
	Opening net debt	17,603	17,663	20,193
	Closing balance			
	Finance debt	19,858	18,594	19,858
	Less: Cash	1,531	2,115	1,531
	Current asset investments	172	329	172
	Closing net debt	18,155	16,150	18,155
	Decrease (increase) in net debt	(552)	1,513	2,038
	Movement in cash/bank overdrafts	(467)	929	(406
	(Decrease) increase in current asset investments	(153)	93	(15
	Net cash outflow (inflow) from financing (excluding share capital)	207	369	2,667
	Exchange of Exchangeable Bonds for Lukoil American Depositary Shares	-	-	-
	Other movements	7	106	21
	Movement in net debt before exchange effects	(406)	1,497	2,267
	Exchange adjustments	(146)	16	(229
	Decrease (increase) in net debt	(552)	1,513	2,038

		($ m
12.	Movement in BP shareholders' interest	
	Balance at December 31, 2003	7
	Prior year adjustment - change in accounting policy (see Note 2)	(
	As restated	7
	Profit for the period	
	Distribution to shareholders	(
	Currency translation differences (net of tax)	
	Issue of ordinary share capital for employee share schemes	
	Net release of shares by ESOP trusts	
	Repurchase of ordinary share capital	(
	Balance at June 30, 2004	7

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

13. Earnings per share

The calculation of basic earnings per ordinary share is based on the profit attributable to ordinary shareholders, i.e., profit for the period less preference dividends, related to the weighted average number of ordinary shares outstanding during the period. The average number of shares outstanding excludes the shares held by the Employee Share Ownership Plans.

The calculation of diluted earnings per share is based on profit attributable to ordinary shareholders, adjusted for the unwinding of the discount on the deferred consideration for the acquisition of our interest in TNK-BP. The number of shares outstanding is adjusted to show the potential dilution if employee share options are converted into ordinary shares, and for the ordinary shares issuable, in three annual tranches, in respect of the TNK-BP joint venture. The number of ordinary shares outstanding for basic and diluted earnings per share may be reconciled as follows:

	Three months ended June 30 (Unaudited)		
	2004	2003	200
		(shares thousand)	
Weighted average number of ordinary shares	21,906,318	22,164,026	21,997,0
Ordinary shares issuable under employee share schemes	89,784	54,194	71,5
Ordinary shares issuable as consideration for BP's interest in the TNK-BP joint venture	446,636	-	498,0
	22,442,738	22,218,220	22,566,6

14. Share-based compensation

BP accounts for share options granted to employees using the intrinsic-value method. If the fair value of options granted in any particular year is estimated and this value amortized over the vesting period of the options, an indication of the cost of granting options to employees can be made. The fair value of each share option granted has been estimated using a Black-Scholes option pricing model.

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, `Accounting for Stock-Based Compensation', to share-based employee compensation.

	Three months ended June 30 (Unaudited)		
	2004	2003	200

		($ million)	
Profit for the period applicable to ordinary shares, as reported	3,895	1,584	8,7
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(19)	(23)	(
Pro forma net income	3,876	1,561	8,6
		(cents)	
Earnings per share			
Basic - as reported	17.80	7.19	39.
Basic - pro forma	17.71	7.09	39.
Diluted - as reported	17.43	7.16	38.
Diluted - pro forma	17.35	7.06	38.

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles

The consolidated financial statements of the BP Group are prepared in accordance with UK GAAP which differs in certain respects from US GAAP. The principal differences between US GAAP and UK GAAP for BP Group reporting relate to the following:

(i) Group consolidation

Where the Group conducts activities through a joint arrangement that is not carrying on a trade or business in its own right, the Group accounts for its own assets, liabilities and cash flows of the activity measured according to the terms of the arrangement. For the Group this method of accounting applies to undivided interests in pipelines from production facilities to terminals for shipping or onward transmission (such as the Trans Alaska Pipeline System and UK Central Area Transmission System) and oil and natural gas exploration and production activities where the Group has a direct interest in the field or a contractual right to a share of production. The operations of the pipeline or field may be undertaken by one participant on behalf of all other participants or by a company specifically created for this purpose. In either case contractual arrangements specify the allocation of costs between participants. US GAAP permits such arrangements to be accounted for by proportional consolidation, which is equivalent to UK GAAP.

Joint ventures and associated undertakings are accounted for by the equity method. UK GAAP requires the consolidated financial statements to show separately the Group proportion of operating profit or loss, exceptional items, interest expense and taxation of joint ventures and associated undertakings. In addition the Group's share of turnover of joint ventures should be disclosed. For US GAAP the after tax profits or losses (i.e. operating results after exceptional items, interest expense and taxation) are included in the income statement as a single line item.

UK GAAP requires the Group's share of the gross assets and gross liabilities of joint ventures to be shown on the face of the balance sheet whereas under US GAAP the net investment is included as a single line item.

The following summarizes the reclassifications for joint ventures and associated undertakings necessary to accord with US GAAP.

	Three months ended J (Unaudite	
Increase (decrease) in caption heading	As Reported	Reclassificati
	($ millio	
Consolidated statement of income		
Other income	161	5
Share of profits of JVs and associated undertakings	868	(8
Exceptional items before taxation	(127)	
Interest expense	145	(
Taxation	2,199	(2
Profit for the period	3,896	

	Six months ended (Unaudit	
Increase (decrease) in caption heading	As Reported	Reclassificati
	($ millio	
Consolidated statement of income		
Other income	251	9
Share of profits of JVs and associated undertakings	1,509	(1,5
Exceptional items before taxation	1,103	
Interest expense	297	(1
Taxation	4,021	(4
Profit for the period	8,714	

15. US generally accepted accounting principles - continued

(i) Group consolidation (concluded)

Increase (decrease) in caption heading	As Reported	Reclassificati
	Three months ended (Unaudite	
	($ milli	
Consolidated statement of income		
Other income	197	1
Share of profits of JVs and associated undertakings	207	(2
Exceptional items before taxation	280	
Interest expense	149	(
Taxation	1,744	
Profit for the period	1,585	

Increase (decrease) in caption heading	As Reported	Reclassificati
	Six months ended J (Unaudite	
	($ milli	
Consolidated statement of income		
Other income	328	3
Share of profits of JVs and associated undertakings	511	(5
Exceptional items before taxation	674	
Interest expense	325	(
Taxation	3,526	(
Profit for the period	5,804	

(ii) Exceptional items

Under UK GAAP certain exceptional items are shown separately on the face of the income statement after operating profit. These items are profits or losses on the sale of fixed assets and businesses or termination of operations and fundamental restructuring charges. Under US GAAP these items are classified as operating income or expenses.

15. US generally accepted accounting principles - continued

(iii) Deferred taxation/business combinations

US GAAP requires the recognition of a deferred tax asset or liability for the tax effects of differences between the assigned values and the tax bases of assets acquired and liabilities assumed in a purchase business combination, whereas under UK GAAP no such deferred tax asset or liability is recognized. Under US GAAP the deferred tax asset or liability is amortized over the same period as the assets and liabilities to which it relates.

The adjustments to profit for the period and to BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended June 30 (Unaudited) 2004	2003	Six mon Ju (Una 2004
	($ million)		
Cost of sales	123	457	252
Taxation	(174)	(455)	(291)
Profit for the period	51	(2)	39

	At June 30, 2004 (Unaudited)
	($ mi
Tangible assets	5,791
Deferred taxation	5,818
BP shareholders' interest	(27)

(iv) Provisions

UK GAAP requires provisions for decommissioning, environmental liabilities and onerous contracts to be determined on a discounted basis if the effect of the time value of money is material. The provisions for decommissioning and environmental liabilities are estimated using costs based on current prices and discounted using real discount rates. Unwinding of the discount and the effect of a change in the discount rate is included in interest expense in the period. When a decommissioning provision is set up, a tangible fixed asset of the same amount is also recognized and is subsequently depreciated as part of the capital costs of the facilities.

On January 1, 2003 the Group adopted Statement of Financial Accounting Standards No. 143 `Accounting for Asset Retirement Obligations' (SFAS 143). SFAS 143 requires companies to record liabilities equal to the fair value of their asset retirement obligations when they are incurred (typically when the asset is installed at the production location). When the liability is initially recorded, companies capitalize an equivalent amount as part of the cost of the asset. Over time the liability is accreted for the change in its present value each period, and the initial capitalized cost is depreciated over the useful life of the related asset. Unwinding of the discount is included in operating profit for the period.

The provisions for decommissioning under SFAS 143 are set up on a similar basis to UK GAAP except that estimated future cash outflows are discounted using a credit-adjusted risk-free rate rather than a real discount rate.

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

(iv) Provisions - concluded

The cumulative effect of adopting SFAS 143 at January 1, 2003 resulted in an after tax credit to income, as adjusted to accord with US GAAP, of $1,002 million. The effect of adoption also included an increase in total assets, as adjusted to accord with US GAAP, of $687 million and a reduction in total liabilities, as adjusted to accord with US GAAP, of $315 million. The effect of adoption on the three months and six months ended June 30, 2003 was to decrease profit by $84 million and $107 million respectively, before cumulative effect of accounting changes as adjusted to accord with US GAAP.

Under US GAAP environmental liabilities are discounted only where the timing and amounts of payments are fixed and reliably determinable.

The adjustments to profit for the period and to BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended June 30 (Unaudited) 2004	2003	Six mon Ju (Una 2004
	($ million)		
Cost of sales	23	45	85
Interest expense	(50)	(42)	(98)
Taxation	(6)	(2)	(7)
Profit for the period before cumulative effect of accounting change	33	(1)	20
Cumulative effect of accounting change, net of taxation	-	-	-
Profit for the period	33	(1)	20

	At June 30, 2004 (Unaudited)
	($ mi
Tangible assets	(772)
Provisions	(553)
Deferred taxation	(78)
BP shareholders' interest	(141)

=======

The following data summarizes the movements in the asset retirement obligation, as adjusted to accord with US GAAP, for the six months ended June 30, 2004.

	($ million)
At January 1, 2004	3,872
Exchange adjustments	10
New provisions	32
Unwinding of discount	108
Utilized/deleted	(97)
At June 30, 2004	3,925

15. US generally accepted accounting principles - continued

(v) Sale and leaseback

The sale and leaseback of an office building in Chicago, Illinois in 1998 was treated as a sale for UK GAAP whereas for US GAAP it was treated as a financing transaction. The remaining interest in this building was sold in January 2003.

Provisions were recognized under UK GAAP in 1999 and 2002 to cover the likely shortfall on rental income from subletting the Chicago office building. As the original sale and leaseback was not treated as a sale for US GAAP the provision was reversed for US GAAP. Following the disposal of the building a provision has now been recognized for US GAAP.

Under UK GAAP the profit arising on the sale and operating leaseback of certain railcars in 1999 was taken to income in the period in which the transaction occurred. Under US GAAP this profit was not recognized immediately but amortized over the term of the operating lease.

The adjustments to profit for the period and BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended June 30 (Unaudited) 2004	2003	Six mon Ju (Una 2004
		($ million)	
Cost of sales	(8)	(4)	(5)

Taxation	3	2	2
Profit for the period	5	2	3
	=======	=======	=======

	At June 30, 2004 (Unaudited)
	($ mi
Other accounts payable and accrued liabilities	22
Provisions	27
Deferred taxation	(17)
BP shareholders' interest	(32)
	=======

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

(vi) Goodwill and intangible assets

There are two main differences in the basis for determining goodwill between UK and US GAAP which result in the amount of goodwill for US GAAP reporting differing from the amount recognized under UK GAAP.

Goodwill represents the difference between the consideration paid in an acquisition and the fair value of the assets and liabilities acquired. Where shares are issued in connection with an acquisition UK GAAP requires that the shares issued be valued at the time the public offer becomes unconditional. For US GAAP the consideration is determined at the date the offer is made.

US GAAP requires the recognition of a deferred tax asset or liability for the tax effects of differences between the assigned values and the tax bases of the assets acquired and liabilities assumed in an acquisition, whereas under UK GAAP no such deferred tax liability or asset or liability is recognized. Under US GAAP the deferred tax asset or liability is amortized over the same period as the assets and liabilities to which it relates.

During the second quarter of 2004 the Group completed a goodwill impairment review using the two-step process prescribed in SFAS 142. The first step includes a comparison of the fair value of a reporting unit to its carrying value, including goodwill. Where the carrying value exceeds the fair value, the goodwill of the reporting unit is potentially impaired and the second step is then completed in order to measure the impairment loss, if any. No impairment charge resulted from this review. For the purposes of this impairment review the reporting unit is one level below an operating segment.

The adjustments to profit for the period and to BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended June 30 (Unaudited) 2004	2003	Six mon Ju (Una 2004
	($ million)		
Cost of sales	(356)	(343)	(716)
Profit for the period	356	343	716

	At June 30, 2004 (Unaudited)
	($ mi
Intangible assets	2,398
BP shareholders' interest	2,398

In accordance with Group accounting practice, exploration licence acquisition costs are initially capitalized as an intangible fixed asset and are amortized over the estimated period of exploration. Where proved reserves of oil or natural gas are determined and development is sanctioned, the unamortized cost is transferred to tangible production assets. Where exploration is unsuccessful, the unamortized cost is charged against income. At June 30, 2004 and December 31, 2003, exploration licence acquisition costs included in the Group's tangible fixed assets and intangible fixed assets, net of accumulated amortization, were as follows.

	At June 30, 2004 (Unaudited)
	($ mi
Exploration licence acquisition cost included in fixed assets (net of accumulated amortization)	
Tangible fixed assets	1,200
Intangible fixed assets	580

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

(vi) Goodwill and intangible assets (concluded)

Changes to exploration expenditure, goodwill and other intangible assets, as adjusted to accord with US GAAP, during the six months ended June 30, 2004 are shown below.

	Exploration expenditure	Goodwill	Gain on asset exchange (see (viii))	Additional minimum pension liability (see (xiii))	inta
			($ million)		
Net book amount					
At January 1, 2004	4,236	10,838	148	43	
Amortization expense	(31)	-	(9)	-	
Other movements	(8)	53	-	-	
At June 30, 2004	4,197	10,891	139	43	

Amortization expense relating to other intangibles is expected to be in the range $50-$75 million in each of the succeeding five years.

(vii) Derivative financial instruments and hedging activities

Statement of Financial Accounting Standards No. 133, `Accounting for Derivative Instruments and Hedging Activities' (SFAS 133) requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. To the extent that certain criteria are met, SFAS 133 permits, but does not require, hedge accounting.

In the normal course of business the Group is a party to derivative financial instruments with off-balance sheet risk, primarily to manage its exposure to fluctuations in foreign currency exchange rates and interest rates, including management of the balance between floating rate and fixed rate debt. The Group also manages certain of its exposures to movements in oil and natural gas prices. In addition, the Group trades derivatives in conjunction with these risk management activities.

All oil price derivatives and all derivatives held for trading are carried on the Group's balance sheet at fair value with changes in that value recognized in earnings of the period for both UK and US GAAP. Certain financial derivatives used to manage foreign currency and interest rate risk that qualify for hedge accounting under UK GAAP are marked to market under SFAS 133. Under US GAAP the fair values of derivative financial instruments are shown as current assets and liabilities as appropriate.

The Group has a number of long-term natural gas contracts which have been in place for many years. The pricing structure for certain of these contracts is not directly related to the market price of natural gas but to the price of other commodities or indices, such as fuel oil or consumer price indices. Under SFAS 133, these contracts are marked-to-market.

In October 2002, the FASB Emerging Issues Task Force (EITF) reached a consensus with regards to EITF Issue No. 02-3, `Issues Involved in Accounting for Contracts Under EITF Issue No. 98-10 "Accounting for Contracts Involved in Energy Trading and Risk Management Activities"' (EITF 02-3). This consensus, which rescinded EITF Issue No. 98-10 `Accounting for Contracts Involved in Energy Trading and Risk Management Activities' (EITF 98-10), requires all energy-related, non-derivative contracts (such as transportation, storage, tolling, and requirements contracts that do not meet the definition of a derivative) to be accounted for as executory contracts on an accrual basis. Under EITF 98-10, such contracts were accounted for at fair value.

15. US generally accepted accounting principles - continued

(vii) Derivative financial instruments and hedging activities (concluded)

The consensus is applicable for all contracts executed after October 25, 2002. Application of the consensus to contracts existing prior to October 26, 2002 is required to be accounted for as a cumulative effect of a change in accounting principle effective for periods beginning after December 15, 2002.

For BP's reporting under UK GAAP, energy-related non-derivative contracts associated with trading activities are marked to market with gains and losses recognized in the income statement.

The cumulative effect of adopting the consensus at January 1, 2003 resulted in an after tax credit to income, as adjusted to accord with US GAAP, of $50 million.

EITF 02-3 also requires trading inventories to be accounted for at historical cost. The Group marks trading inventories to market at the balance sheet date. As such, a UK/US GAAP difference arises which impacts both profit for the year and BP shareholders' interest due to the difference in inventory valuations.

The adjustments to profit for the period and to BP shareholders' interest to accord with US GAAP are summarized below.

	Three months ended June 30 (Unaudited)	Six mon Ju (Una
Increase (decrease) in caption heading		

	2004	2003	2004
	($ million)		
Cost of sales	416	(447)	113
Taxation	(133)	156	(31)
Profit for the period before cumulative effect of accounting change	(283)	291	(82)
Cumulative effect of accounting change, net of taxation	-	-	-
Profit for the period	(283)	291	(82)

	At June 30, 2004 (Unaudited)
	($ mi
Inventories	89
Accounts payable and accrued liabilities	294
Deferred taxation	(48)
BP shareholders' interest	(157)

15. US generally accepted accounting principles - continued

(viii) Gain arising on asset exchange

For UK GAAP the transaction with Solvay in 2001, which led to the exchange of businesses for an interest in a joint venture and an associated undertaking, has been treated as an asset swap which does not give rise to a gain or loss. Under US GAAP the transaction has been treated as a disposal and acquisition which gave rise to a gain on disposal. For US GAAP reporting, the gain is being recognized over 10 years.

The adjustments to profit for the period and to BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended June 30 (Unaudited)		Six mon Ju (Una
	2004	2003	2004
	($ million)		

Cost of sales	8	6	13
Taxation	(3)	(2)	(5)
Profit for the period	(5)	(4)	(8)
	=======	=======	=======

	At June 30, 2004 (Unaudited)
	($ mi
Intangible assets	139
Accounts payable and accrued liabilities	(48)
Deferred taxation	65
BP shareholders' interest	122
	=======

(ix) Consolidation of variable interest entities

In January 2003, the FASB issued FASB Interpretation No. 46 `Consolidation of Variable Interest Entities' (Interpretation 46). Interpretation 46 clarifies the application of existing consolidation requirements to entities where a controlling financial interest is achieved through arrangements that do not involve voting interests. Under Interpretation 46, a variable interest entity is consolidated if a company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns.

The Group currently has several ships under construction which will be accounted for under UK GAAP as operating leases. Under Interpretation 46 certain of the arrangements represent variable interest entities that would be consolidated by the Group. The maximum exposure to loss as a result of the Group's involvement with these entities is limited to the debt of the entity, less the fair value of the ships at the end of the lease term.

The adoption of Interpretation 46 did not have a significant effect on profit, as adjusted to accord with US GAAP. The adjustments to BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	At June 30, 2004 (Unaudited)
	($ mi
Tangible assets	377
Accounts payable and accrued liabilities	(377)
BP shareholders' interest	-
	=======

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

(x) Pensions and other postretirement benefits

With effect from January 1, 2004 BP adopted Financial Reporting Standard No. 17 `Retirement Benefits' (FRS 17). FRS 17 requires that the assets and liabilities arising from an employer's retirement benefit obligations and any related funding should be included in the financial statements at fair value and that the operating costs of providing retirement benefits to employees should be recognized in the income statement in the periods in which the benefits are earned by employees. This contrasts with Statement of Financial Accounting Standards No. 87 `Employers' Accounting for Pensions' (SFAS 87) which requires the cost of providing pensions to be recognized on a systematic and rational basis over the period during which the employer benefits from the employee's services. Under SFAS 87 the difference between the amount charged in the income statement and the amount paid as contributions into the pension fund is shown as a prepayment or provision on the balance sheet.

The adjustments to profit for the period and to BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended June 30 (Unaudited) 2004	2003	Six mon Ju (Una 2004
	($ million)		
Cost of sales	74	12	194
Other finance expense	-	(85)	(2)
Taxation	(29)	24	(50)
Profit for the period	(45)	49	(142)

	At June 30, 2004 (Unaudited)
	($ mi
Other receivables falling due after more than one year	6,818
Provisions for liabilities and charges - other	6,893
Defined benefit pension plans surplus	(1,258)
Defined benefit pension plan and other postretirement benefit plan deficits	7,556

Deferred taxation	872
BP shareholders' interest	5,351
	=======

(xi) Dividends

Under UK GAAP, dividends are recorded in the period in respect of which they are announced or declared by the board of directors to the shareholders. Under US GAAP, dividends are recorded in the period in which dividends are declared.

The adjustment to BP shareholders' interest to accord with US GAAP is shown below.

Increase (decrease) in caption heading	At June 30, 2004 (Unaudited)
	($ mi
Other accounts payable and accrued liabilities	(1,536)
BP shareholders' interest	1,536
	=======

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

(xii) Investments

Under UK GAAP certain of the Group's equity investments are reported as either fixed asset or current asset investments and carried on the balance sheet at cost subject to review for impairment. For US GAAP these investments are classified as available-for-sale securities. Consequently they are reported at fair value, with unrealized holding gains and losses, net of tax, reported in accumulated other comprehensive income. If a decline in fair value below cost is 'other than temporary' the unrealized loss is accounted for as a realized loss and charged against income.

In February 2003, BP called its $420 Exchangeable Bonds which were exchangeable for Lukoil American Depositary Shares (ADSs). Bondholders converted to ADSs before the redemption date. For the six months ended June 30, 2003, gains of $99 million were reclassified from comprehensive income to net income.

The Group sold its investments in Petrochina and Sinopec in January and February 2004, respectively, resulting in a gain on disposal of

$1,314 million. For the six months ended June 30, 2004 gains of $1,165 million were reclassified from comprehensive income to net income.

The adjustments to accumulated other comprehensive income (BP shareholders' interest) to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	At June 30, 2004 (Unaudited)
	($ mi
Fixed assets - Investments	159
Deferred taxation	56
BP shareholders' interest	103

(xiii) Additional minimum pension liability

Where a pension plan has an unfunded accumulated benefit obligation, US GAAP requires such amount to be recognized as a liability in the balance sheet. The adjustment resulting from the recognition of any such minimum liability, including the elimination of amounts previously recognized as a prepaid benefit cost, is reported as an intangible asset to the extent of unrecognized prior service cost with the remaining amount reported in comprehensive income.

The adjustments to accumulated other comprehensive income (BP shareholders' interest) to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	At June 30, 2004 (Unaudited)
	($ mi
Noncurrent liabilities - accounts payable accrued liabilities	43
Deferred taxation	478
BP shareholders' interest	(158)
Intangible assets	(277)

15. US generally accepted accounting principles - continued

The following is a summary of the adjustments to profit for the period and to BP shareholders' interest which would be required if generally accepted accounting principles in the USA (US GAAP) had been applied instead of those generally accepted in the United Kingdom (UK GAAP).

Profit for the period	Three months ended June 30 (Unaudited) 2004	2003
		($ mill
Profit as reported in the consolidated statement of income	3,896	1,585
Adjustments:		
Deferred taxation/business combinations (iii)	51	(2)
Provisions (iv)	33	(1)
Sale and leaseback (v)	5	2
Goodwill and intangible assets(vi)	356	343
Derivative financial instruments (vii)	(283)	291
Gain arising on asset exchange (viii)	(5)	(4)
Pensions and other postretirement benefits (x)	(45)	49
Other	4	3
	116	681
Profit for the period as adjusted to accord with US GAAP before cumulative effect of accounting changes	4,012	2,266
Cumulative effect of accounting changes:		
Provisions	-	-
Derivative financial instruments	-	-
Profit for the period as adjusted to accord with US GAAP	4,012	2,266
Profit for the period as adjusted:		
Per ordinary share - cents		
Basic - before cumulative effect of accounting changes	18.33	10.26
Cumulative effect of accounting changes		
Provisions	-	-
Derivative financial instruments	-	-
	18.33	10.26
Diluted - before cumulative effect of accounting changes	17.95	10.22
Cumulative effect of accounting changes		
Provisions	-	-
Derivative financial instruments	-	-
	17.95	10.22
Per American Depositary Share - cents (b)		
Basic - before cumulative effect of accounting changes	109.98	61.56
Cumulative effect of accounting changes		
Provisions	-	-
Derivative financial instruments	-	-
	109.98	61.56

Diluted - before cumulative effect of accounting changes	107.70	61.32
Cumulative effect of accounting changes		
Provisions	-	-
Derivative financial instruments	-	-
	107.70	61.32

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

BP shareholders' interest	June 30, 2004 (Unaudited)	Decem
	($ million)	
BP shareholders' interest as reported in the consolidated balance sheet	72,818	
Adjustments:		
Deferred taxation/business combinations (iii)	(27)	
Provisions (iv)	(141)	
Sale and leaseback (v)	(32)	
Goodwill and intangible assets (vi)	2,398	
Derivative financial instruments (vii)	(157)	
Gain arising on asset exchange (viii)	122	
Consolidation of variable interest entities (ix)	-	
Pensions and other postretirement benefits (x)	5,351	
Dividends (xi)	1,536	
Investments (xii)	103	
Additional minimum pension liability (xiii)	(277)	
Other	(35)	
	8,841	
BP shareholders' interest as adjusted to accord with US GAAP	81,659	

(a) The profit reported under UK GAAP for the three months and six months ended June 30, 2003, and BP shareholders' interest at December 31, 2003, have been restated to reflect the adoption of FRS 17 and UITF 38. Consequently certain of the adjustments in the UK/US GAAP reconciliation have also been restated. Profit and BP shareholders' interest, as adjusted to accord with US GAAP, are unaffected by the adoption of FRS 17 and UITF 38.

(b) One American Depositary Share is equivalent to six ordinary shares.

Comprehensive income

The components of comprehensive income, net of related tax are as follows:

	Three months ended June 30 (Unaudited)		S
	2004	2003	2
	($ million)		
Profit for the period as adjusted to accord with US GAAP	4,012	2,266	9,
Currency translation differences	(440)	1,775	(
Unrealized gains	-	399	
Unrealized losses	(42)	-	
Less: reclassification adjustment for gains included in net income	-	(99)	(1,
Additional minimum pension liability	-	-	
Comprehensive income	3,530	4,341	7,

Accumulated other comprehensive income at June 30, 2004 and December 31, 2003 comprised losses of $2,088 million and $3,438 million, respectively.

15. US generally accepted accounting principles - continued

Consolidated statement of cash flows

The Group's financial statements include a consolidated statement of cash flows in accordance with the revised UK Financial Reporting Standard No. 1 (FRS 1). The statement prepared under FRS 1 presents substantially the same information as that required under FASB Statement of Financial Accounting Standards No. 95 'Statement of Cash Flows' (SFAS 95).

Under FRS 1 cash flows are presented for (i) operating activities; (ii) dividends from joint ventures; (iii) dividends from associated undertakings; (iv) servicing of finance and returns on investments; (v) taxation; (vi) capital expenditure and financial investment; (vii) acquisitions and disposals; (viii) dividends; (ix) financing; and (x) management of liquid resources. SFAS 95 only requires presentation of cash flows from operating, investing and financing activities.

Cash flows under FRS 1 in respect of dividends from joint ventures and associated undertakings, taxation and servicing of finance and returns on investments are included within operating activities under SFAS 95. Interest paid includes payments in respect of capitalized interest, which under SFAS 95 are included in capital expenditure under investing activities. Cash flows under FRS 1 in respect of capital expenditure and acquisitions and disposals are included in investing activities under SFAS 95. Dividends paid are included within financing activities. All short-term investments are regarded as liquid resources for FRS 1. Under SFAS 95 short-term investments with original maturities of three months or less are classified as cash equivalents and aggregated with cash in the cash flow statement. Cash flows in respect of short-term investments with original maturities exceeding three months are included in operating activities.

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

The consolidated statement of cash flows presented in accordance with SFAS 95 is as follows:

	Three months ended June 30 (Unaudited)		S
	2004	2003	2
		($ million)	
Operating activities			
Profit after taxation	3,948	1,645	8,
Adjustments to reconcile profits after tax to net cash provided by operating activities			
Depreciation and amounts provided	2,738	2,653	5,
Exploration expenditure written off	22	43	
Net charge for pensions and other postretirement benefits, less contributions	(34)	130	
Share of profits of joint ventures and associated undertakings less dividends received	(471)	30	(
(Profit) loss on sale of businesses and fixed assets	127	(280)	(1,
Working capital movement (a)	(982)	1,118	
Deferred taxation	34	338	
Other	(21)	(288)	(
Net cash provided by operating activities	5,361	5,389	12,
Investing activities			
Capital expenditures	(2,814)	(2,803)	(5,
Acquisitions, net of cash acquired	(14)	(150)	(1,
Investment in associated undertakings	(148)	(331)	(
Net investment in joint ventures	(21)	(2)	(
Proceeds from disposal of assets	657	1,671	3,
Net cash used in investing activities	(2,340)	(1,615)	(4,
Financing activities			

Net proceeds from shares issued (repurchased)	(1,948)	(986)	(3,
Proceeds from long-term financing	430	208	1,
Repayments of long-term financing	(434)	(607)	(1,
Net increase (decrease) in short-term debt	(203)	30	(2,
Dividends paid - BP Shareholders	(1,478)	(1,386)	(2,
- Minority shareholders	(8)	(11)	
Net cash used in financing activities	(3,641)	(2,752)	(8,
Currency translation differences relating to cash and cash equivalents	(11)	43	
Increase (decrease) in cash and cash equivalents	(631)	1,065	(
Cash and cash equivalents at beginning of period	2,334	1,379	2,
Cash and cash equivalents at end of period	1,703	2,444	1,

(a) Working capital:			
Inventories (increase) decrease	(1,412)	193	(1,
Receivables (increase) decrease	(1,399)	3,245	(2,
Current liabilities - excluding finance debt increase (decrease)	1,829	(2,320)	4,
	(982)	1,118	

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BP p.l.c. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

Impact of new US accounting standards

Other postretirement benefits: In May 2004, the FASB issued Staff Position No. 106-2 `Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003' (FSP 106-2). The provisions of the Act provide for a federal subsidy for plans that provide prescription drug benefits to Medicare-eligible retired employees and meet certain qualifications. Alternatively, the Act allows prescription drug plan sponsors to co-ordinate with the Medicare benefit.

BP's postretirement medical plans provide prescription drug coverage for Medicare-eligible retired employees. The Group's obligation for other postretirement benefits at June 30, 2004 and December 31, 2003 do not reflect the effects of the Act. FSP 106-2 is effective for accounting periods beginning after June 15, 2004. The Company continues to evaluate the impact of the Act on its benefit plan design and accounting.

Tangible assets: The Securities and Exchange Commission requested the FASB to consider whether oil and natural gas mineral rights held under lease or other contractual arrangement should be classified on the balance sheet as a tangible asset (property, plant and equipment) or as an intangible asset (exploration expenditure). At its March 2004 meeting, the EITF reached a consensus on Issue No. 04-2, (`Whether Mineral Rights are Tangible or

Intangible Assets') that all mineral rights should be considered tangible assets for accounting purposes. In April 2004, the FASB issued FASB Staff Position Nos. FAS 141-1 and FAS 142-1 (`Interaction of FASB Statements No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets, and EITF Issue No. 04-2, Whether Mineral Rights are Tangible or Intangible Assets'), which amended SFAS 141 and 142 to remove mineral rights as an example of an intangible asset consistent with the EITF's consensus. The EITF consensus and the FASB Staff Position are effective for reporting periods beginning after April 29, 2004.

Impact of new UK accounting standards

In December 2000, the UK Accounting Standards Board issued Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17). This standard was to be fully effective for accounting periods ending on or after June 22, 2003 with certain of the disclosure requirements effective for periods prior to 2003. However, in November 2002, the UK Accounting Standards Board issued an amendment to FRS 17, which allows deferral of full adoption to no later than January 1, 2005; although the disclosure requirements apply to periods prior to 2005. FRS 17 requires that financial statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and any related funding. The operating costs of providing retirement benefits are recognized in the period in which they are earned together with any related finance costs and changes in the value of related assets and liabilities.

With effect from January 1, 2004, BP has fully adopted FRS17. This change in accounting policy results in a prior year adjustment. Upon adoption, shareholder funds at January 1, 2003 have been reduced by $5,601 million and profit for the three months and six months ended June 30, 2003 has been decreased by $48 million and $97 million respectively.

In addition, with effect from January 1, 2004, BP has also changed its accounting policy for shares held in employee share ownership plans for the benefit of employee share schemes.

Urgent Issues Task Force Abstract 38 `Accounting for Employee Share Ownership Plan (ESOP) trusts' (Abstract 38) changes the presentation of an entity's own shares held in an ESOP trust from requiring them to be recognized as assets to requiring them to be deducted in arriving at shareholders' funds. Transactions in an entity's own shares by an ESOP trust are similarly recorded as changes in shareholders' funds and do not give rise to gains or losses. This treatment is in line with the accounting for purchases and sales of own shares set out in Urgent Issues Task Force Abstract 37 `Purchases and Sales of Own Shares' (Abstract 37).

Abstract 37 requires a holding of an entity's own shares to be accounted for as a deduction in arriving at shareholders' funds, rather than being recorded as assets. Transactions in an entity's own shares are similarly recorded as changes in shareholders' funds and do not give rise to gains or losses. Abstract 37 applies where a company purchases treasury shares under new legislation that came into effect in December 2003.

15. US generally accepted accounting principles - concluded

Impact of new UK accounting standards - concluded

Urgent Issues Task Force Abstract 17 `Employee share schemes' (Abstract 17) was amended by Abstract 38 to reflect the consequences for the profit and loss account of the changes in the presentation of an entity's own shares held by an ESOP trust. Amended Abstract 17 requires that the minimum expense should be the difference between the fair value of the shares at the date of award and the amount that an employee may be required to pay for the shares (i.e. the `intrinsic value' of the award). The expense was previously determined either as the intrinsic value or, where purchases of shares had been made by an ESOP trust at fair value, by reference to the cost or book value of shares that were available for the award. The effect of adopting Abstract 17 was to reduce BP shareholders' interest at December 31, 2003 by $96 million; the impact on profit before taxation for 2003 was negligible.

Impact of International accounting standards

An 'International Accounting Standards Regulation' was adopted by the Council of the European Union (EU) in June 2002. This regulation, which automatically becomes law in all EU countries, requires all EU companies listed on a EU Stock Exchange to use 'endorsed' International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB), to report their consolidated results with effect from January 1, 2005. The IASB published 15 revised standards in December 2003 and the remaining standards of its stable platform on June 30, 2004. The stable platform is the set of IFRS to be adopted on a mandatory basis in 2005. A process of endorsement of IFRS has been established by the EU for completion in due time to allow adoption by companies in 2005, but objections to certain IFRS by certain EU member states may disrupt this process.

BP has established a broadly based project team involving representatives of business segments and functions to plan for and achieve a smooth transition to IFRS. The project team is looking at all implementation aspects, including changes to accounting policies, systems impacts and the wider business issues that may arise from such a fundamental change. We currently expect that the Group will be fully prepared for the transition in 2005.

The Group has not yet determined the effects of adopting IFRS. Our preliminary view is that the major differences between our current accounting practice and IFRS will be in respect of hedge accounting, accounting for embedded derivatives and other items falling within the scope of the financial instruments standards, accounting for business combinations, deferred tax and share-based payments.

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. TNK-BP operational and financial information

	Three months ended June 30 (Unaudited) 2004	2003	S 2
Production (Net of Royalties) (BP share)			
Crude oil (mb/d)	814	-	
Natural gas (mmcf/d)	450	-	
Total hydrocarbons (mboe/d) (a)	891	-	
		($ million)	
Income statement (BP share)			
Total operating profit	581	-	
Profit (loss) on sale of fixed assets and businesses	-	-	
Interest expense	(26)	-	
Taxation	(171)	-	(
Minority shareholders' interest	(10)	-	
Net income	374	-	

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

17. Condensed consolidating information

BP p.l.c. fully and unconditionally guarantees the payment obligations of its 100% owned subsidiary BP Exploration (Alaska) Inc. under the BP Prudhoe Bay Royalty Trust. The following financial information for BP p.l.c., and BP Exploration (Alaska) Inc. and all other subsidiaries on a condensed consolidating basis is intended to provide investors with meaningful and comparable financial information about BP p.l.c. and its subsidiary issuers of registered securities and is provided pursuant to Rule 3-10 of Regulation S-X in lieu of the separate financial statements of each subsidiary issuer of public debt securities. Investments include the investments in subsidiaries recorded under the equity method for the purposes of the condensed consolidating financial information. Equity income of subsidiaries is the Group's share of operating profit related to such investments. The eliminations and reclassifications column includes the necessary amounts to eliminate the intercompany balances and transactions between BP p.l.c., BP Exploration (Alaska) Inc. and other subsidiaries.

BP p.l.c. also fully and unconditionally guarantees securities issued by BP Australia Capital Markets Limited, BP Canada Finance Company, BP Capital Markets p.l.c. and BP Capital Markets America Inc. These companies are 100%-owned finance subsidiaries of BP p.l.c.

17. Condensed consolidating information - continued

Income statement	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
	($ million)			
Three months ended June 30, 2004				
Turnover	946	-	71,154	
Less: Joint ventures	-	-	2,063	
Group turnover	946	-	69,091	
Cost of sales	367	-	60,282	
Production taxes	65	-	359	
Gross profit	514	-	8,450	
Distribution and administration expenses	2	20	3,377	
Exploration expense	1	-	107	
	511	(20)	4,966	
Other income	5	355	166	
Group operating profit	516	335	5,132	
Share of profits of joint ventures	-	-	734	
Share of profits of associated undertakings	-	-	134	
Equity accounted income of subsidiaries	162	6,464	-	
Total operating profit	678	6,799	6,000	
Profit (loss) on sale of fixed assets and businesses or termination of operations	-	(127)	(127)	
Profit before interest and tax	678	6,672	5,873	
Interest expense	22	501	492	
Other finance expense	3	76	162	

Profit before taxation	653	6,095	5,219
Taxation	276	2,199	1,963
Profit after taxation	377	3,896	3,256
Minority shareholders' interest	-	-	52
Profit for the period	377	3,896	3,204

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Income statement (continued)

The following is a summary of the adjustments to the profit for the period which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Three months ended June 30, 2004				
Profit as reported	377	3,896	3,204	
Adjustments:				
Deferred taxation/business combinations	(6)	51	57	
Provisions	2	33	31	
Sale and leaseback	-	5	5	
Goodwill	-	356	356	
Derivative financial instruments	7	(283)	(283)	
Gain arising on asset exchange	-	(5)	(5)	
Pensions and other postretirement benefits	-	(45)	(40)	

Other	-	4	4
Profit for the period as adjusted to accord with US GAAP	380	4,012	3,329

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

	Issuer	Guarantor		
Income statement (continued)	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Three months ended June 30, 2003				
Turnover	750	-	54,790	
Less: Joint ventures	-	-	364	
Group turnover	750	-	54,426	
Cost of sales	329	-	48,048	
Production taxes	58	-	324	
Gross profit	363	-	6,054	
Distribution and administration expenses	-	118	3,288	
Exploration expense	7	-	94	
	356	(118)	2,672	
Other income	5	235	173	
Group operating profit	361	117	2,845	
Share of profits of joint ventures	-	-	104	
Share of profits of associated undertakings	-	-	103	
Equity accounted income of subsidiaries	103	3,353	-	

Total operating profit	464	3,470	3,052
Profit (loss) on sale of fixed assets and businesses or termination of operations	1	282	279
Profit before interest and tax	465	3,752	3,331
Interest expense	68	294	247
Other finance expense	2	127	175
Profit before taxation	395	3,331	2,909
Taxation	178	1,744	1,595
Profit after taxation	217	1,587	1,314
Minority shareholders' interest	-	-	60
Profit for the period	217	1,587	1,254

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Income statement (continued)

The following is a summary of the adjustments to the profit for the period which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Three months ended June 30, 2003				
Profit as reported	217	1,587	1,254	
Adjustments:				
Deferred taxation/business combinations	(3)	(2)	1	
Provisions	(1)	(1)	1	

Sale and leaseback	-	2	2
Goodwill	-	343	343
Derivative financial instruments	(16)	291	291
Gain arising on asset exchange	-	(4)	(4)
Pensions and other postretirement benefits	-	49	(43)
Other	-	3	3
Profit for the period as adjusted to accord with US GAAP	197	2,268	1,848

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Income statement (continued)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	
Six months ended June 30, 2004				
Turnover	1,826	-	140,634	
Less: Joint ventures	-	-	3,941	
Group turnover	1,826	-	136,693	
Cost of sales	738	-	119,546	
Production taxes	129	-	820	
Gross profit	959	-	16,327	
Distribution and administration expenses	2	104	6,533	
Exploration expense	1	-	243	
	956	(104)	9,551	
Other income	9	633	298	

Group operating profit	965	529	9,849
Share of profits of joint ventures	-	-	1,225
Share of profits of associated undertakings	-	-	284
Equity accounted income of subsidiaries	321	12,227	-
Total operating profit	1,286	12,756	11,358
Profit (loss) on sale of fixed assets and businesses or termination of operations	-	1,103	1,103
Profit before interest and tax	1,286	13,859	12,461
Interest expense	44	972	955
Other finance expense	7	152	323
Profit before taxation	1,235	12,735	11,183
Taxation	505	4,021	3,614
Profit after taxation	730	8,714	7,569
Minority shareholders' interest	-	-	96
Profit for the period	730	8,714	7,473

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Income statement (continued)

The following is a summary of the adjustments to the profit for the period which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	

Six months ended June 30, 2004			
Profit as reported	730	8,714	7,473
Adjustments:			
Deferred taxation/business combinations	(9)	39	48
Provisions	2	20	18
Sale and leaseback	-	3	3
Goodwill	-	716	716
Derivative financial instruments	-	(82)	(82)
Gain arising on asset exchange	-	(8)	(8)
Pensions and other postretirement benefits	-	(142)	(124)
Other	-	7	7
Profit for the period as adjusted to accord with US GAAP	723	9,267	8,051

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Income statement (continued)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	
Six months ended June 30, 2003				
Turnover	1,630	-	117,219	
Less: Joint ventures	-	-	762	
Group turnover	1,630	-	116,457	

Cost of sales	729	-	101,272
Production taxes	126	-	760
Gross profit	775	-	14,425
Distribution and administration expenses	-	325	6,325
Exploration expense	8	-	205
	767	(325)	7,895
Other income	11	382	302
Group operating profit	778	57	8,197
Share of profits of joint ventures	-	-	222
Share of profits of associated undertakings	-	-	289
Equity accounted income of subsidiaries	228	9,400	-
Total operating profit	1,006	9,457	8,708
Profit (loss) on sale of fixed assets and businesses or termination of operations	-	676	674
Profit before interest and tax	1,006	10,133	9,382
Interest expense	133	545	494
Other finance expense	5	256	353
Profit before taxation	868	9,332	8,535
Taxation	389	3,526	3,212
Profit after taxation	479	5,806	5,323
Minority shareholders' interest	-	-	86
Profit for the period	479	5,806	5,237

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Income statement (concluded)

The following is a summary of the adjustments to the profit for the period which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Six months ended June 30, 2003				
Profit as reported	479	5,806	5,237	
Adjustments:				
Deferred taxation/business combinations	(6)	34	40	
Provisions	(5)	25	26	
Sale and leaseback	-	73	73	
Goodwill	-	685	685	
Derivative financial instruments	-	283	283	
Gain arising on asset exchange	-	(7)	(7)	
Pensions and other postretirement benefits	-	97	(87)	
Other	-	6	6	
Profit for the period before cumulative effect of accounting changes as adjusted to accord with US GAAP	468	7,002	6,256	
Cumulative effect of accounting changes:				
Provisions	221	1,002	788	
Derivative financial instruments	-	50	50	
Profit for the period as adjusted to accord with US GAAP	689	8,054	7,094	

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Balance Sheet	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	
At June 30, 2004				
Fixed assets				
Intangible assets	422	-	12,691	
Tangible assets	6,356	-	84,919	
Investments				
Subsidiaries - equity accounted basis	3,008	69,831	-	
Other	-	2	19,032	
	3,008	69,833	19,032	
Total fixed assets	9,786	69,833	116,642	
Current assets				
Inventories	78	-	12,392	
Receivables	11,354	33,068	43,837	
Investments	-	-	172	
Cash at bank and in hand	3	3	1,525	
	11,435	33,071	57,926	
Current liabilities - falling due within one year				
Finance debt	57	-	7,338	
Accounts payable and accrued liabilities	1,102	5,390	51,138	
Net current assets (liabilities)	10,276	27,681	(550)	
Total assets less current liabilities	20,062	97,514	116,092	

Noncurrent liabilities			
Finance debt	-	-	12,465
Accounts payable and accrued liabilities	4,317	47	40,503
Provisions for liabilities and charges			
Deferred taxation	1,743	-	12,796
Other provisions	498	186	7,926
Net assets excluding pension and other postretirement benefit balances	13,504	97,281	42,402
Defined benefit pension plan surplus	-	1,176	82
Defined benefit pension plan and other postretirement benefit plan deficits	(82)	-	(7,474)
Net assets	13,422	98,457	35,010
Minority shareholders' interest - equity	-	-	1,232
BP shareholders' interest	13,422	98,457	33,778

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

	Issuer	Guarantor		
Balance Sheet (continued)	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
At June 30, 2004				
Capital and reserves				
Capital shares	3,353	5,468	-	
Paid-in surplus	3,145	4,785	-	
Merger reserve	-	26,433	698	
Other reserves	-	75	-	

Shares held by ESOP trusts	-	(65)	-
Retained earnings	6,924	61,761	33,080
	13,422	98,457	33,778

The following is a summary of the adjustments to BP shareholders' interest which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Shareholders' interest as reported	13,422	98,457	33,778	
Adjustments:				
Deferred taxation/business combinations	53	(27)	(80)	
Provisions	29	(141)	(169)	
Sale and leaseback	-	(32)	(32)	
Goodwill	-	2,398	2,398	
Derivative financial instruments	(63)	(157)	(157)	
Gain arising on asset exchange	-	122	122	
Pensions and other postretirement benefits	82	5,351	3,793	
Dividends	-	1,536	-	
Investments	-	103	103	
Additional minimum pension liability	-	(277)	(277)	
Other	-	(35)	(35)	
Shareholders' interest as adjusted to accord with US GAAP	13,523	107,298	39,444	

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Balance Sheet (continued)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	
At December 31, 2003				
Fixed assets				
Intangible assets	424	-	13,218	
Tangible assets	6,432	-	85,479	
Investments				
Subsidiaries - equity-accounted basis	2,814	78,076	-	
Other	-	2	17,456	
	2,814	78,078	17,456	
Total fixed assets	9,670	78,078	116,153	
Current assets				
Inventories	102	-	11,515	
Receivables	11,150	24,300	43,341	
Investments	-	-	185	
Cash at bank and in hand	(5)	3	1,949	
	11,247	24,303	56,990	
Current liabilities - falling due within one year				
Finance debt	55	-	9,401	
Accounts payable and accrued liabilities	1,541	6,746	48,376	
Net current assets (liabilities)	9,651	17,557	(787)	
Total assets less current liabilities	19,321	95,635	115,366	
Noncurrent liabilities				

Finance debt	-	-	12,869
Accounts payable and accrued liabilities	4,272	50	31,122
Provisions for liabilities and charges			
Deferred taxation	1,745	-	12,626
Other provisions	505	216	8,094
Net assets excluding pension and other postretirement benefit balances	12,799	95,369	50,655
Defined benefit pension plan surplus	-	1,093	(72)
Defined benefit pension plan and other postretirement benefit plan deficits	(82)	-	(7,510)
Net assets	12,717	96,462	43,073
Minority shareholders' interest - equity	-	-	1,125
BP shareholders' interest	12,717	96,462	41,948

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Balance Sheet (concluded)	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries	recl
			($ million)	
At December 31, 2003				
Capital and reserves				
Capital shares	1,903	5,552	-	
Paid-in surplus	3,145	4,480	-	
Merger reserve	-	26,380	697	
Other reserves	-	129	-	
Shares held by ESOP trusts	-	(96)	-	

Retained earnings	7,669	60,017	41,251
	12,717	96,462	41,948

The following is a summary of the adjustments to BP shareholders' interest which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

	Issuer	Guarantor	
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries
			($ million)
Shareholders' interest as reported	12,717	96,462	41,948
Adjustments:			
Deferred taxation/business combinations	62	(65)	(127)
Provisions	27	(128)	(155)
Sale and leaseback	-	(37)	(37)
Goodwill	-	1,669	1,669
Derivative financial instruments	(63)	(72)	(9)
Gain arising on asset exchange	-	129	129
Pensions and other postretirement benefits	82	5,523	4,047
Dividends	-	1,495	-
Investments	-	1,251	1,251
Additional minimum pension liability	-	(277)	(277)
Other	-	(43)	(43)
Shareholders' interest as adjusted to accord with US GAAP	12,825	105,907	48,396

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Cash flow statement	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	
Three months ended June 30, 2004				
Net cash inflow (outflow) from operating activities	594	(3,289)	9,235	
Dividends from joint ventures	-	-	7	
Dividends from associated undertakings	-	-	97	
Dividends from subsidiaries	-	6,339	-	
Net cash inflow (outflow) from servicing of finance and returns on investments	1	377	(100)	
Tax paid	(74)	-	(1,545)	
Net cash inflow (outflow) for capital expenditure and financial investment	(96)	-	(2,316)	
Net cash inflow (outflow) for acquisitions and disposals	-	-	122	
Equity dividends paid	-	(1,478)	(6,339)	
Net cash inflow (outflow)	425	1,949	(839)	
Financing	417	1,948	(210)	
Management of liquid resources	-	-	(153)	
Increase (decrease) in cash	8	1	(476)	
	425	1,949	(839)	

The consolidated statement of cash flows presented in accordance with SFAS 95 is as follows:

	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl

			($ million)
Net cash provided by (used in) operating activities	520	3,427	7,694
Net cash provided by (used in) investing activities	(95)	-	(2,194)
Net cash provided by (used in) financing activities	(417)	(3,426)	(6,129)
Currency translation differences relating to cash and cash equivalents	-	-	(11)
Increase (decrease) in cash and cash equivalents	8	1	(640)
Cash and cash equivalents at beginning of period	(5)	2	2,337
Cash and cash equivalents at end of period	3	3	1,697

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Cash flow statement (continued)	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries	recl
			($ million)	
Three months ended June 30, 2003				
Net cash inflow (outflow) from operating activities	372	(15,793)	22,767	
Dividends from joint ventures	-	-	28	
Dividends from associated undertakings	-	-	177	
Dividends from subsidiaries	-	18,133	-	
Net cash inflow (outflow) from servicing of				

finance and returns on investments	-	43	(406)
Tax paid	(47)	(3)	(1,803)
Net cash inflow (outflow) for capital expenditure and financial investment	(115)	22	(1,015)
Net cash inflow (outflow) for acquisitions and disposals	3	-	(467)
Equity dividends paid	-	(1,386)	(18,133)
Net cash inflow (outflow)	213	1,016	1,148
Financing	214	987	154
Management of liquid resources	-	-	93
Increase (decrease) in cash	(1)	29	901
	213	1,016	1,148

The consolidated statement of cash flows presented in accordance with SFAS 95 is as follows:

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Net cash provided by (used in) operating activities	328	2,379	20,763	
Net cash provided by (used in) investing activities	(115)	24	(1,482)	
Net cash provided by (used in) financing activities	(214)	(2,374)	(18,287)	
Currency translation differences relating to cash and cash equivalents	-	-	43	
Increase (decrease) in cash and cash equivalents	(1)	29	1,037	
Cash and cash equivalents at beginning of period	(10)	(11)	1,400	
Cash and cash equivalents at end				

of period	(11)	18	2,437

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Condensed consolidating information - continued

Cash flow statement (continued)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	
Six months ended June 30, 2004				
Net cash inflow (outflow) from operating activities	1,134	(10,035)	22,809	
Dividends from joint ventures	-	-	185	
Dividends from associated undertakings	-	-	128	
Dividends from subsidiaries	8	15,409	-	
Net cash inflow (outflow) from servicing of finance and returns on investments	(29)	683	(184)	
Tax paid	(74)	(1)	(2,124)	
Net cash inflow (outflow) for capital expenditure and financial investment	(188)	-	(2,326)	
Net cash inflow (outflow) for acquisitions and disposals	-	-	(1,676)	
Equity dividends paid	-	(2,970)	(15,417)	
Net cash inflow (outflow)	851	3,086	1,395	
Financing	843	3,086	1,824	
Management of liquid resources	-	-	(15)	
Increase (decrease) in cash	8	-	(414)	
	851	3,086	1,395	

The consolidated statement of cash flows presented in accordance with SFAS 95 is as follows:

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Net cash provided by (used in) operating activities	1,068	6,056	20,814	
Net cash provided by (used in) investing activities	(187)	-	(4,002)	
Net cash provided by (used in) financing activities	(873)	(6,056)	(17,241)	
Currency translation differences relating to cash and cash equivalents	-	-	(8)	
Increase (decrease) in cash and cash equivalents	8	-	(437)	
Cash and cash equivalents at beginning of period	(5)	3	2,134	
Cash and cash equivalents at end of period	3	3	1,697	

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - concluded

17. Condensed consolidating information - concluded

Cash flow statement (concluded)	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Six months ended June 30, 2003				

Net cash inflow (outflow) from operating activities	890	(13,540)	25,957
Dividends from joint ventures	-	-	41
Dividends from associated undertakings	-	-	232
Dividends from subsidiaries	10	18,133	-
Net cash inflow (outflow) from servicing of finance and returns on investments	(22)	70	(583)
Tax paid	(47)	(3)	(2,435)
Net cash inflow (outflow) for capital expenditure and financial investment	(212)	64	(1,514)
Net cash inflow (outflow) for acquisitions and disposals	9	-	(513)
Equity dividends paid	-	(2,783)	(18,143)
Net cash inflow (outflow)	628	1,941	3,042
Financing	628	1,924	2,402
Management of liquid resources	-	-	106
Increase (decrease) in cash	-	17	534
	628	1,941	3,042

The consolidated statement of cash flows presented in accordance with SFAS 95 is as follows:

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Net cash provided by (used in) operating activities	862	4,659	23,212	
Net cash provided by (used in) investing activities	(212)	66	(2,027)	
Net cash provided by (used in) financing activities	(650)	(4,708)	(20,545)	
Currency translation differences relating to cash and cash equivalents	-	-	52	

Increase (decrease) in cash and cash equivalents	-	17	692
Cash and cash equivalents at beginning of period	(11)	1	1,745
Cash and cash equivalents at end of period	(11)	18	2,437

BP p.l.c. AND SUBSIDIARIES
ENVIRONMENTAL INDICATORS

	Three months ended June 30 (Unaudited)		Six (U
	2004	2003	2004
Average crude oil realizations - $/bbl			
UK	33.99	25.16	31.60
USA	35.82	27.09	34.22
Rest of World	32.64	24.16	31.69
BP average	34.47	25.73	32.85
Average natural gas liquids realizations - $/bbl			
UK	28.30	11.97	27.04
USA	23.13	17.80	22.71
Rest of World	22.17	20.16	23.36
BP average	23.71	17.49	23.43
Average liquids realizations (a) - $/bbl			
UK	33.64	24.45	31.33
USA	33.67	25.61	32.36
Rest of World	31.90	23.93	31.14
BP average	33.27	24.90	31.85
Average natural gas realizations - $/mcf			
UK	3.59	2.84	4.18
USA	5.11	4.52	4.91
Rest of World	2.54	2.53	2.60
BP average	3.68	3.39	3.74
Total hydrocarbons - $/boe			
UK	28.78	21.15	28.60
USA	31.96	25.88	30.70
Rest of World	21.56	18.75	21.57
BP average	27.66	22.43	27.06
Average oil marker prices - $/bbl			
Brent oil price	35.32	26.03	33.67
West Texas Intermediate oil price	38.28	29.02	36.80
Alaska North Slope US West Coast	36.99	27.04	35.61

Henry Hub gas price (b) ($/mmbtu)	6.00	5.40	5.84
UK Gas - National Balancing point (p/therm)	20.70	17.44	22.64
Global Indicator Refining Margins (c) - $/bbl			
Northwest Europe	5.29	2.15	4.01
US Gulf Coast	9.18	3.59	8.05
Midwest	9.01	4.73	6.84
US West Coast	15.41	6.34	11.73
Singapore	2.80	0.66	3.11
BP average	7.89	3.27	6.25
Chemicals Indicator Margin (d) - $/te	131 (e)	134	128

BP p.l.c. AND SUBSIDIARIES
ENVIRONMENTAL INDICATORS - concluded

(a) Crude oil and natural gas liquids.

(b) Henry Hub First of Month Index.

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

(d) 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, 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.

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

The table below shows the US dollar/sterling exchange rates used in the preparation of the financial statements. The period-end rate is the mid-point closing rate as published in the London edition of the Financial Times on the last day of the period. The average rate for the period is the average of the daily mid-point closing rates for the period.

US dollar/sterling exchange rates	Three months ended June 30 (Unaudited)	Six m J (Un

	2004	2003	2004
Average rate for the period	1.81	1.62	1.82
Period-end rate	1.81	1.65	1.81

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BP p.l.c. AND SUBSIDIARIES
OPERATING INFORMATION

	Three months ended June 30 (Unaudited)		Six (U
	2004	2003	2004
Crude oil production (thousand barrels per day) (net of royalties)			
UK	321	325	333
Rest of Europe	80	80	76
USA	541	569	552
Rest of World	1,379	738	1,370
Total crude oil production	2,321	1,712	2,331
Natural gas liquids production (thousand barrels per day) (net of royalties)			
UK	21	18	20
Rest of Europe	5	5	5
USA	140	144	139
Rest of World	31	32	30
Total natural gas liquids production	197	199	194
Liquids production (a) (thousand barrels per day) (net of royalties)			
UK	342	343	353
Rest of Europe	85	85	81
USA	681	713	691
Rest of World	1,410	770	1,400
Total liquids production	2,518	1,911	2,525
Natural gas production (million cubic feet per day) (net of royalties)			
UK	1,213	1,407	1,284
Rest of Europe	136	103	139
USA	2,790	3,145	2,829
Rest of World	4,286	3,784	4,260
Total natural gas production	8,425	8,439	8,512

Total production (b) (thousand barrels of oil equivalent per day) (net of royalties)			
UK	551	586	575
Rest of Europe	108	103	105
USA	1,163	1,255	1,179
Rest of World	2,149	1,422	2,134
Total production	3,971	3,366	3,993

BP p.l.c. AND SUBSIDIARIES
OPERATING INFORMATION - concluded

	Three months ended June 30 (Unaudited)		Six
	2004	2003	2004
Natural gas sales volumes (million cubic feet per day)			
UK	2,495	2,581	2,761
Rest of Europe	266	421	354
USA	12,470	10,441	13,044
Rest of World	12,070	10,839	12,986
Total natural gas sales volumes (c)	27,301	24,282	29,145
NGL sales volumes (thousand barrels per day)			
UK	8	1	6
Rest of Europe	3	-	2
USA	334	289	397
Rest of World	166	147	205
Total NGL sales volumes	511	437	610
Oil sales volumes (thousand barrels per day)			
Refined products			
UK	318	279	306
Rest of Europe	1,344	1,358	1,333
USA	1,724	1,822	1,726
Rest of World	665	607	672
Total marketing sales	4,051	4,066	4,037
Trading/supply sales	2,087	2,957	2,502
Total refined product sales	6,138	7,023	6,539
Crude oil	5,339	5,679	5,222
Total oil sales	11,477	12,702	11,761

Refinery throughputs (thousand barrels per day)

UK	404	416	400
Rest of Europe	871	991	878
USA	1,370	1,465	1,317
Rest of World	377	393	388
Total throughput	3,022	3,265	2,983
Petrochemicals production (thousand tonnes)			
UK	856	714	1,696
Rest of Europe	2,726	2,681	5,454
USA	2,514	2,503	5,057
Rest of World	1,075	872	2,207
Total production	7,171	6,770	14,414

(a) Crude oil and natural gas liquids.
(b) Expressed in thousand barrels of oil equivalent per day (mboe/d). Natural gas is converted to oil equivalent at 5.8 billion cubic feet: 1 million barrels.
(c) Encompasses sales by Exploration and Production and Gas, Power and Renewables, including marketing, trading and supply sales.

BP p.l.c. AND SUBSIDIARIES
CAPITAL EXPENDITURE AND ACQUISITIONS

	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
	2004	2003	2004	20
	($ million)			
By business				
Exploration and Production				
UK	211	220	364	4
Rest of Europe	45	73	93	1
USA	1,027	1,005	1,959	1,9
Rest of World (a)	1,022	1,136	3,712	2,0
	2,305	2,434	6,128	4,5
Refining and Marketing				
UK	82	66	159	1
Rest of Europe	173	64	265	1
USA	330	228	588	5
Rest of World	55	27	92	
	640	385	1,104	9
Petrochemicals				
UK	22	30	42	
Rest of Europe	53	21	91	

USA	68	62	115	1
Rest of World	38	85	99	1
	181	198	347	2
Gas, Power and Renewables				
UK	5	24	6	
Rest of Europe	3	9	5	
USA	14	52	25	
Rest of World	60	41	107	
	82	126	143	2
Other businesses and corporate				
UK	13	21	15	
Rest of Europe	-	-	-	
USA	13	162	22	1
Rest of World	-	-	-	
	26	183	37	2
	3,234	3,326	7,759	6,1
By geographical area				
UK	333	361	586	6
Rest of Europe	274	167	454	3
USA	1,452	1,509	2,709	2,9
Rest of World (a)	1,175	1,289	4,010	2,2
	3,234	3,326	7,759	6,1

(a) Six months ended June 30, 2004 included the investment in TNK's interest in Slavneft within TNK-BP.

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BP p.l.c. AND SUBSIDIARIES
RETURN ON AVERAGE CAPITAL EMPLOYED

	Three months ended June 30 (Unaudited)		Six months June 3 (Unaudit
	2004	2003	2004
	($ million)		
Profit for the period	3,896	1,585	8,714
Interest (a)	62	78	126
Minority shareholders' interest	52	60	96
Adjusted profit	4,010	1,723	8,936
Capital employed at beginning of period:			
BP shareholders' interest	72,829	65,189	70,319
Minority shareholders' interest	1,181	1,047	1,125

Finance debt	19,937	19,042	22,325
Capital employed	93,947	85,278	93,769
Capital employed at end of period:			
BP shareholders' interest	72,818	66,056	72,818
Minority shareholders' interest	1,232	1,016	1,232
Finance debt	19,858	18,594	19,858
Capital employed	93,908	85,666	93,908
Average capital employed	93,928	85,472	93,839
ROACE	17.1%	8.1%	19.0%

(a) Excludes interest on joint venture and associated undertaking's debt and is on a post-tax basis, using a deemed tax rate equal to the US statutory tax rate.

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BP p.l.c. AND SUBSIDIARIES
NET DEBT RATIO

	At June 30 (Unaudited) 2004	At December 31 2003
	($ million)	
Net debt ratio - net debt: net debt + equity		
Gross finance debt	19,858	22,325
Cash and current asset investments	1,703	2,132
Net debt	18,155	20,193
Equity	74,050	71,444
Net debt ratio	20%	22%

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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: August 3, 2004

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