

Edgar Filing: BP PLC - Form 6-K

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

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

BP Group Chief Executive, Lord Browne, said:

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

Edgar Filing: BP PLC - Form 6-K

* Profit attributable to BP shareholders.

Summary Quarterly Results

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

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

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

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

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

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

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

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

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

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

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

Non-operating Items

Edgar Filing: BP PLC - Form 6-K

\$ million

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

Taxation

Continuing Operations

Innovene Operations

Taxation

Total for all operations

Reconciliation of Replacement Cost Profit to Profit for the Period

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

Edgar Filing: BP PLC - Form 6-K

442	-	-	Operations (c)	(25)

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

4,432	6,975	3,895	Replacement cost profit	22,253
=====				

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

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

(c) See further detail in Note 3.

Per Share Amounts

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006		Year 2006

			Results for the period (\$m)	
3,685	6,231	2,880	Profit (a)	22,000
4,432	6,975	3,895	Replacement cost profit	22,253

20,657,045	19,815,830	19,510,496	Shares in issue at period end (thousand) (b)	19,510,496
3,442,841	3,302,638	3,251,749	- ADS equivalent (thousand) (b)	3,251,749
			Average number of shares outstanding	3,

Edgar Filing: BP PLC - Form 6-K

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

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

Exploration and Production

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

Edgar Filing: BP PLC - Form 6-K

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

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

Exploration and Production

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

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

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

Edgar Filing: BP PLC - Form 6-K

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

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

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

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

Refining and Marketing

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

Edgar Filing: BP PLC - Form 6-K

3,833	3,924	3,864	Total marketing sales	3,872
1,448	1,911	1,920	Trading/supply sales	1,929

5,281	5,835	5,784	Total refined product sales	5,801
2,434	1,913	1,959	Crude oil	2,110

7,715	7,748	7,743	Total oil sales	7,911
=====				
Global Indicator Refining Margin (\$/bbl) (c)				
5.51	4.54	2.49	NWE	3.92
11.64	11.47	7.92	USGC	12.00
7.91	11.50	5.42	Midwest	9.14
8.90	12.30	14.59	USWC	14.84
4.42	3.58	2.95	Singapore	4.22
7.60	8.40	6.30	BP Average	8.39
=====				
Chemicals production (kte)				
281	230	159	UK	990
811	776	797	Rest of Europe	3,156
676	883	976	USA	3,464
1,638	1,682	1,357	Rest of World	6,454

3,406	3,571	3,289	Total production	14,064
=====				

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

(b) Refining availability is defined as the ratio of units which are available for processing, regardless of whether they are actually being used, to total capacity. Where there is planned maintenance, such capacity is not regarded as being available. During the year 2006, there was planned maintenance of a substantial part of the Texas City refinery.

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

Refining and Marketing

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

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

Edgar Filing: BP PLC - Form 6-K

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

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

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

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

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

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

Gas, Power and Renewables

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

Edgar Filing: BP PLC - Form 6-K

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

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

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

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

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

Other Businesses and Corporate

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006	\$ million	Year 2006
=====				
(409)	(213)	(265)	Profit (loss) before interest and tax (a)	(885)
-	(48)	(11)	Inventory holding (gains) losses	(62)

(409)	(261)	(276)	Replacement cost profit (loss) before interest and tax	(947)
=====				
Results include:				
-	(10)	14	Impairment and gain (loss) on sale of businesses and fixed assets	26
(4)	96	(2)	Environmental and other provisions	94
(57)	-	-	Restructuring, integration and rationalization costs	-
(3)	(8)	-	Fair value gain (loss) on embedded derivatives	5
-	-	(200)	Other	(200)

Edgar Filing: BP PLC - Form 6-K

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

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

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

Dividends Payable

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

BP today announced a dividend of 10.325 cents per ordinary share to be paid in March. Holders of ordinary shares will receive 5.258 pence per share and holders of American Depository Receipts (ADRs) \$0.6195 per ADS share. The dividend is payable on 12 March to shareholders on the register on 23 February. Participants in the Dividend Reinvestment Plan (DRIP) or the DRIP facility in the US Direct Access Plan will receive the dividend in the form of shares, also on 12 March.

Outlook

BP Group Chief Executive, Lord Browne, concluded:

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

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

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

Edgar Filing: BP PLC - Form 6-K

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

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

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

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

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

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

Cautionary Statement: The foregoing discussion, in particular the statements under "Outlook", contains forward looking statements particularly those regarding world economic growth; oil and gas prices; refining margins; marketing margins; production; capital expenditure; and divestment proceeds. By their nature, forward looking statements involve risks and uncertainties and actual results may differ from those expressed in such statements depending on a variety of factors including the following: the timing of bringing new fields on stream; industry product supply; OPEC policy decisions; demand and pricing; currency exchange rates; operational problems; general economic conditions including inflationary pressures; political stability; economic growth and outlook in relevant areas of the world; changes in governmental regulations; exchange rate fluctuations; development and use of new technology; the actions of competitors; natural disasters and other changes in business conditions; prolonged adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed in this Announcement. For more information you should refer to our Annual Report and Accounts 2005 and our 2005 Annual Report on Form 20-F/A filed with the US Securities and Exchange Commission.

Summarized Group Income Statement

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

Year

Edgar Filing: BP PLC - Form 6-K

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

Summarized Group Balance Sheet

31 December

31 D

Edgar Filing: BP PLC - Form 6-K

2006

	\$ million
Non-current assets	
Property, plant and equipment	90,999
Goodwill	10,780
Other intangible assets	5,246
Investments in jointly controlled entities	15,074
Investments in associates	5,975
Other investments	1,697

Fixed assets	129,771
Loans	817
Other receivables	862
Derivative financial instruments	3,025
Prepayments and accrued income	1,034
Defined benefit pension plan surplus	6,753

	142,262

Current assets	
Loans	141
Inventories	18,915
Trade and other receivables	38,692
Derivative financial instruments	10,373
Prepayments and accrued income	3,006
Current tax receivable	544
Cash and cash equivalents	2,590

	74,261
Assets classified as held for sale	1,078

	75,339

Total assets	217,601
	=====
Current liabilities	
Trade and other payables	42,236
Derivative financial instruments	9,424
Accruals and deferred income	6,147
Finance debt	12,924
Current tax payable	2,635
Provisions	1,932

	75,298
Liabilities directly associated with the assets classified as held for sale	54

	75,352

Non-current liabilities	
Other payables	1,430
Derivative financial instruments	4,203
Accruals and deferred income	961
Finance debt	11,086
Deferred tax liabilities	18,116
Provisions	11,712
Defined benefit pension plan and other	
Post-retirement benefit plan deficits	9,276

	56,784

Edgar Filing: BP PLC - Form 6-K

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

Group Statement of Recognized Income and Expense

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

Movement in BP Shareholders' Equity

Edgar Filing: BP PLC - Form 6-K

Movement in BP shareholders' equity

At 31 December 2005

Profit for the year

Distribution to shareholders

Currency translation differences (net of tax)

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

Share-based payments (net of tax)

Repurchase of ordinary share capital

Issue of ordinary share capital for TNK-BP

Available-for-sale investments (net of tax)

Cash flow hedges (net of tax)

At 31 December 2006

Summarized Group Cash Flow Statement

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

Edgar Filing: BP PLC - Form 6-K

93	-	-	Other	-	93
5,427	(1,376)	(3,870)			

			Net cash used in investing activities	(9,518)	(1,729)

Financing activities					
(3,687)	(3,430)	(3,449)	Net repurchase of shares	(15,151)	(11,315)
685	706	2,215	Proceeds from long-term financing	3,831	2,475
(1,197)	(996)	(1,874)	Repayments of long-term financing	(3,655)	(4,820)
(2,423)	294	3,348	Net increase (decrease) in short-term debt	3,873	(1,457)
(1,856)	(1,943)	(1,927)	Dividends paid - BP shareholders	(7,686)	(7,359)
(405)	(57)	(72)	- Minority interest	(283)	(827)

(8,883)	(5,426)	(1,759)	Net cash used in financing activities	(19,071)	(23,303)

(5)	19	50	Currency translation differences relating to cash and cash equivalents	47	(88)

778	(1,653)	(609)	Increase (decrease) in cash and cash equivalents	(370)	1,601
2,182	4,852	3,199	Cash and cash equivalents at beginning of period	2,960	1,359

2,960	3,199	2,590	Cash and cash equivalents at end of period	2,590	2,960
=====					

Summarized Group Cash Flow Statement

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

(4,171)	(6,756)	(2,198)		(13,557)	
=====					

Capital Expenditure and Acquisitions

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006		Year 2006
=====				=====

Edgar Filing: BP PLC - Form 6-K

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

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

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

Edgar Filing: BP PLC - Form 6-K

Analysis of Profit Before Interest and Tax

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006		Year 2006
\$ million				\$ milli

By business				
Exploration and Production				
(295)	1,306	1,534	UK (a)	5,839
398	264	249	Rest of Europe (a)	1,209
2,972	3,820	948	USA	9,327
3,499	4,539	2,326	Rest of World	13,254

6,574	9,929	5,057		29,629

Refining and Marketing				
(590)	46	28	UK	85
(266)	387	261	Rest of Europe	2,119
(316)	65	(951)	USA	1,468
99	219	(44)	Rest of World	1,369

(1,073)	717	(706)		5,041

Gas, Power and Renewables				
(157)	(46)	147	UK	217
(19)	(15)	144	Rest of Europe	134
141	141	116	USA	682
161	72	61	Rest of World	288

126	152	468		1,321

Other businesses and corporate				
(141)	(327)	280	UK	(268)
(124)	11	(98)	Rest of Europe	(133)
(22)	81	(307)	USA	(367)
(122)	22	(140)	Rest of World	(117)

(409)	(213)	(265)		(885)

5,218	10,585	4,554		35,106
234	440	(103)	Unrealized profit in inventory	52
128	-	-	Net profit on transactions between continuing and Innovene operations	-

5,580	11,025	4,451	Total for continuing operations	35,158

Innovene operations				
490	-	(40)	UK	(185)
(1)	-	25	Rest of Europe	(36)
(42)	-	15	USA	16
21	-	-	Rest of World	21

468	-	-		(184)
(128)	-	-	Net profit on transactions between continuing and Innovene operations	-

340	-	-	Total for Innovene operations	(184)

5,920	11,025	4,451	Total for period	34,974

Edgar Filing: BP PLC - Form 6-K

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

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

Analysis of Replacement Cost Profit
Before Interest and Tax

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

Edgar Filing: BP PLC - Form 6-K

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

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

Analysis of Non-operating Items

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

Edgar Filing: BP PLC - Form 6-K

			Refining and Marketing	
(8)	(27)	23	UK	15
(33)	(18)	(89)	Rest of Europe	93
118	(264)	25	USA	(589)
(27)	(122)	(12)	Rest of World	97

50	(431)	(53)		(384)

			Gas, Power and Renewables	
(306)	(20)	56	UK	88
-	-	189	Rest of Europe	189
-	5	-	USA	4
(1)	(70)	(30)	Rest of World	(100)

(307)	(85)	215		181

			Other businesses and corporate	
(57)	(25)	13	UK	(12)
-	(2)	(2)	Rest of Europe	(5)
(7)	105	(199)	USA	(75)
-	-	-	Rest of World	17

(64)	78	(188)		(75)

(1,300)	2,028	(203)	Total before taxation for continuing operations	2,104
421	(803)	51	Taxation credit (charge)	(851)

(879)	1,225	(152)	Total after taxation for continuing operations	1,253

			Innovene operations	
242	-	(40)	UK	(185)
(49)	-	25	Rest of Europe	(36)
(51)	-	15	USA	16
(6)	-	-	Rest of World	21

136	-	-	Total before taxation for Innovene operations (a)	(184)
190	-	-	Taxation credit (charge)	(7)

326	-	-	Total after taxation for Innovene operations	(191)

(553)	1,225	(152)	Total after taxation for period	1,062
=====				

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

Depreciation of Fixed Asset Revaluation Adjustment

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

Edgar Filing: BP PLC - Form 6-K

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

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

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

Net Debt Ratio - Net Debt: Net Debt + Equity

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

Production and Realizations

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

Edgar Filing: BP PLC - Form 6-K

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

(a) Includes BP's share of production of equity-accounted entities.

(b) Crude oil and natural gas liquids.

(c) Based on sales of consolidated subsidiaries only - this excludes equity-accounted entities.

(d) Because of rounding, some totals may not agree exactly with the sum of their component parts.

Notes

Edgar Filing: BP PLC - Form 6-K

1. Basis of preparation

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

2. Resegmentation and other changes to comparatives

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

(a) Following the sale of Innovene to INEOS in December 2005, the transfer of three equity-accounted entities (Shanghai SECCO Petrochemical Company Limited in China and Polyethylene Malaysia Sdn Bhd (PEMSB) and Ethylene Malaysia Sdn Bhd (EMSB), both in Malaysia), previously reported in Other businesses and corporate, to Refining and Marketing.

(b) The formation of BP Alternative Energy in November 2005 has resulted in the transfer of certain mid-stream assets and activities to Gas, Power and Renewables:

- South Houston Green Power (SHGP) co-generation facility (in Texas City refinery) from Refining and Marketing.

- Watson Cogeneration (in Carson City refinery) from Refining and Marketing.

- Phu My Phase 3 CCGT plant in Vietnam from Exploration and Production.

(c) The transfer of Hydrogen for Transport activities from Gas, Power and Renewables to Refining and Marketing.

Comparative financial data is shown after these changes.

	Restated		Reported	
	Fourth Quarter 2005	Year 2005	Fourth Quarter 2005	Year 2005
	\$ million			
Profit before interest and tax				
Exploration and Production	6,574	25,502	6,575	25,508
Refining and Marketing	(1,073)	6,926	(1,068)	6,942
Gas, Power and Renewables	126	1,172	114	1,104
Other businesses and corporate	(409)	(1,237)	(403)	(1,191)

Unrealized profit in inventory	5,218	32,363	5,218	32,363
Net profit on transactions between continuing and Innovene operations	234	(208)	234	(208)
	128	527	128	527

Edgar Filing: BP PLC - Form 6-K

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

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

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

Notes

2. Resegmentation and other changes to comparatives (concluded)

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

Notes

3. Sale of Olefins and Derivatives business

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

Edgar Filing: BP PLC - Form 6-K

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

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

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

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

Notes

Edgar Filing: BP PLC - Form 6-K

4. Sales and other operating revenues

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

5. Profit before interest and taxation is after charging:

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

Edgar Filing: BP PLC - Form 6-K

Notes

6. Finance costs

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006		Year 2006	2006
=====				=====	
\$ million				\$ million	
278	328	290	Interest payable	1,196	91
(106)	(159)	(85)	Capitalized	(478)	(35)

172	169	205		718	55
-	-	-	Early redemption of finance leases	-	5

172	169	205		718	61
=====				=====	

7. Other finance (income) expense

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006		Year 2006	2006
=====				=====	
\$ million				\$ million	
497	489	496	Interest on pension and other post-retirement benefit plan liabilities	1,940	2,02
(521)	(610)	(619)	Expected return on pension and other post-retirement benefit plan assets	(2,410)	(2,13

(24)	(121)	(123)	Interest net of expected return on plan assets	(470)	(11
57	63	67	Unwinding of discount on provisions	245	20
9	6	-	Unwinding of discount on deferred consideration for acquisition of investment in TNK-BP	23	5

42	(52)	(56)		(202)	14
1	-	-	Innovene operations	-	

43	(52)	(56)	Continuing operations	(202)	14
=====				=====	

8. Dividends paid

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

Notes

Edgar Filing: BP PLC - Form 6-K

9. Analysis of changes in net debt

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

Notes

10. TNK-BP Operational and Financial Information

Fourth Quarter 2005	Third Quarter 2006	Fourth Quarter 2006		Year 2006	2005
=====				=====	
\$ million				\$ million	
			Production (Net of royalties) (BP share)		
936	867	837	Crude oil (mb/d)	876	910
530	472	602	Natural gas (mmcf/d)	544	480
1,027	948	941	Total hydrocarbons (mboe/d) (a)	970	990
-----				-----	
			Income statement (BP share)		
1,029	2,321	359	Profit before interest and tax	4,616	3,810
(30)	(52)	(52)	Interest expense*	(192)	(12)
(234)	(651)	(118)	Taxation	(1,467)	(97)
(31)	(100)	(6)	Minority interest	(193)	(10)
-----				-----	
734	1,518	183	Net Income (b)	2,764	2,600
=====				=====	

Edgar Filing: BP PLC - Form 6-K

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

Balance Sheet

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

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

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

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

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

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

Notes

Edgar Filing: BP PLC - Form 6-K

11. Equity-accounted entities

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

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

Edgar Filing: BP PLC - Form 6-K

Refining and Marketing	392	(7)	385	(55)	(81)	-	
Gas, Power and Renewables	77	-	77	(7)	(8)	-	
Other businesses and corporate	-	-	-	-	-	-	

Continuing operations	5,282	(7)	5,275	(289)	(1,339)	(104)	3,
Innovene operations	(14)	-	(14)	-	-	-	

	5,268	(7)	5,261	(289)	(1,339)	(104)	3,
=====							

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

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

Notes

12. First quarter results

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

13. Statutory accounts

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

Contacts

Press Office	London Roddy Kennedy +44 (0)20 7496 4624	United States Ronnie Chappell +1 281 366 5174
Investor Relations	Fergus MacLeod +44 (0)20 7496 4717	Rachael MacLean +1 212 451 8072

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

SIGNATURES

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

Edgar Filing: BP PLC - Form 6-K

BP p.l.c.
(Registrant)

Dated: 06 February 2007

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