BP PLC
Form 6-K
November 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 September 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.. THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-103923) OF BP p.l.c., AND THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-119934) OF BP p.l.c., AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

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

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

GROUP RESULTS JANUARY SEPTEMBER 2004

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
	2004	2003	2004	2003
	($ million)			
Turnover	70,885	58,250	207,578	174,707
Profit for the period	4,483	2,344	13,197	8,148
Exceptional items, net of tax	(18)	(168)	(1,219)	(639)
Profit before exceptional items	4,465	2,176	11,978	7,509
Profit for the period per ordinary share cents	20.67	10.62	60.28	36.71
Dividends per ordinary share cents	7.10	6.50	20.95	19.25

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 third quarter and nine months trading environment was generally stronger than a year ago with higher oil and gas realizations and higher refining and chemicals margins. For the three months ended September 30, 2004 the Brent oil price increased $13.16 per barrel, the Henry Hub gas price was up $0.78 per mmbtu, the refining Global Indicator Margin increased $1.61 per barrel and the Chemicals Indicator Margin increased $30 per tonne compared with a year ago. For the nine months, the Brent oil price was $7.67 per barrel higher, the Henry Hub gas price was $0.16 per mmbtu higher, the refining Global Indicator Margin was up $2.13 per barrel and the Chemicals Indicator Margin was up $18 per tonne compared with a year ago.

Turnover for the three months and nine months ended September 30, 2004 was $70.9 billion and $207.6 billion respectively, compared with $58.3 billion and $174.7 billion for the equivalent periods in 2003. The increase in turnover for the third quarter reflects increases of around $17.4 billion from higher prices and around $2.0 billion from foreign exchange movements, partly offset by a net decrease of approximately $4.2 billion from lower sales volumes and a decrease of approximately $0.7 billion related to lower production volumes.

The increase in turnover for the nine months reflects $32.9 billion from higher sales prices and $7 billion from foreign exchange movements partly offset by a decrease of approximately $2.5 million from lower sales volumes and a decrease of around $2.3 billion related to lower production volumes.

Profit for the three months ended September 30, 2004 was $4,483 million, including inventory holding gains of $1,027 million. Profit for the three months ended September 30, 2003 was $2,344 million, including inventory holding gains of $84 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 nine months ended September 30, 2004 was $13,197 million, including inventory holding gains of $2,137 million. Profit for the nine months ended September 30, 2003 was $8,148 million, after inventory holding losses of $68 million.

Profit before exceptional items was $4,465 million for the three months ended September 30, 2004, compared with $2,176 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 gains in the third quarter of 2004 were $18 million (a loss of $15 million before tax) and include a charge arising from the sale of our Fabrics and Fibres business. Net exceptional gains in the third quarter of 2003 were $168 million ($172 million before tax) and principally relate to gains on disposal of certain upstream interests.

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

Profit before exceptional items was $11,978 million for the nine months ended September 30, 2004, compared with $7,509 million for the equivalent period of 2003. Net exceptional gains in the nine months of 2004 were $1,219 million ($1,088 million before tax) and principally relate to net gains from the sale of our interests in PetroChina and Sinopec, and the divestment of certain upstream interests, partially offset by net losses associated with the termination of operations. Net exceptional gains in the nine months of 2003 were $639 million ($846 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 September 30, 2004 is after impairment charges of $7 million related to the partner operated Temsah platform in Egypt following a blow-out and subsequent fire offset partly by revisions to impairment estimates made in the prior quarter and a charge of $35 million in respect of Alaskan tankers that are no longer required in Exploration and Production; charges of $206 million, $58 million and $225 million in relation to new, and revisions to existing, environmental and other provisions in Refining and Marketing, Petrochemicals and Other businesses and corporate, respectively, and a charge of $19 million in respect of the separation of the Olefins and Derivatives business in Other businesses and corporate.

Profit before exceptional items for the three months ended September 30, 2003 includes charges of $369 million resulting from new, and revisions to existing, environmental and other provisions and ongoing Veba integration costs of $72 million in Refining and Marketing; charges of $36 million relating to a provision to cover future rental payments on surplus property and charges of $20 million resulting from revisions to environmental and other provisions in Petrochemicals; and charges of $112 million resulting from new, and revisions to existing, environmental and other provisions in Other businesses and corporate.

Profit before exceptional items for the nine months ended September 30, 2004 is after impairment charges of $7 million related to the partner operated Temsah platform in Egypt following a blow-out offset partly by revisions to impairment estimates made in the prior quarter, a charge of $35 million in respect of Alaskan tankers no longer required, 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; charges of $206 million, $58 million and $225 million in relation to new, and revisions to existing, environmental and other provisions in Refining and Marketing, Petrochemicals and Other businesses and corporate, respectively, and a charge of $19 million in respect of the separation of the Olefins and Derivatives business in Other businesses and corporate.

Profit before exceptional items for the nine months ended September 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; a charge of $369 million resulting from new, and revisions to existing environmental and other provisions and Veba integration costs of $131 million in Refining and Marketing; charges of $36 million relating to a provision to cover future rental payments on surplus property, a charge of $20 million resulting from revisions to environmental and other provisions and a credit of $5 million resulting from a reduction in the provision for costs associated with closure of polypropylene capacity in Petrochemicals; charges of $112 million resulting from new, and revisions to existing environmental and other provisions in Other businesses and corporate; and a $130 million credit related to tax restructuring benefits.

In addition to the factors above, the increase in profit before tax for the third quarter reflects higher liquids and gas realizations, higher refining margins with some offset from lower marketing margins, higher chemicals margins, higher contributions from the natural gas liquids and solar businesses with some offset from a lower marketing and trading result and the impact of higher volumes and the changing production composition primarily arising from the TNK-BP acquisition. These increases were partly offset by higher costs. These factors also contributed to the increase in profit before tax for the nine months.

Interest expense for the three months and nine months ended September 30, 2004 was $156 million and $453 million respectively, compared with $159 million and $484 million in the same periods of 2003. The decrease for the three months ended September 30, 2004 primarily reflects higher capitalized interest and lower debt buyback costs, almost fully offset by the inclusion of equity-accounted interest from the TNK-BP joint venture. The decrease for the nine months ended September 30, 2004 compared with the same period in 2003 primarily reflects lower average 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 nine months ended September 30, 2004 was $79 million and $231 million respectively, compared with $139 million and $395 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.

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

Net taxation, other than production taxes, charged for the three months and nine months ended September 30, 2004 was $2,109 million and $6,130 million respectively, compared with $1,428 million and $4,954 million in the equivalent periods last year. The tax on exceptional items was a credit of $33 million and $131 million for the third quarter and nine months of 2004 respectively, compared with a charge of $4 million and $207 million for the third quarter and nine months of 2003. The effective tax rate was 32% and 31% for the three months and nine months ended September 30, 2004, compared with 37% for both the equivalent periods of 2003. The reduction in the third quarter rate reflects the significant non-taxable inventory holding gain reported in 2004 compared with a much smaller gain in 2003 and the reduction in the nine months rate reflects the inventory holding gain in 2004 as well as the low tax charge on the exceptional gains reported in the first quarter of 2004.

Capital expenditure in the third quarter and nine months of 2004 was $3.4 billion and $11.2 billion respectively. The amount for the nine months 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 third quarter and nine months of 2003 was $9.2 billion and $15.4 billion. Excluding acquisitions, capital expenditure for the three months and nine months ended September 30, 2004 was $3.4 billion and $9.8 billion respectively, compared with $3.3 billion and $9.4 billion respectively. Disposal proceeds in the third quarter and nine months of 2004 were $0.6 billion and $4.1 billion respectively and in the third quarter and nine months of 2003 were $0.9 billion and $5.0 billion respectively.

Net cash inflow for the three months ended September 30, 2004 was $1.7 billion, compared with an outflow of $2.4 billion for the equivalent period of 2003, reflecting higher cash inflow from operating activities, higher dividends from joint ventures and lower acquisition spending partly offset by higher taxes paid, higher payments for fixed assets and lower proceeds from the sale of fixed assets. Net cash inflow for the nine months ended September 30, 2004 was $7.0 billion, compared with $3.2 billion for the equivalent period of 2003, reflecting higher cash inflow from operating activities, higher dividends from joint ventures, lower acquisition spending and lower interest paid partly offset by higher taxes paid, lower proceeds from the sale of fixed assets, higher payments for fixed assets and higher dividends paid. Net cash inflow from operating activities was $6.9 billion and $21.5 billion for the three months and nine months ended September 30, 2004 respectively, compared with $4.9 billion and $18.2 billion in the equivalent periods in 2003. The increase for the third quarter reflected higher profits, a higher net operating charge for pensions and other post-retirement obligations, less contributions, higher depreciation and higher losses on sale of fixed assets and businesses, partly offset by a higher share of profits of joint ventures and associated undertakings and higher working capital requirements. The increase for the nine months reflected higher profits, a higher net operating charge for pensions and other post-retirement obligations, less contributions, and higher depreciation, partly offset by a higher share of profits of joint ventures and associated undertakings, lower profits on sale of fixed assets and businesses and higher working capital requirements.

Net debt at September 30, 2004 was $18.6 billion compared with $20.2 billion at December 31, 2003. The ratio of net debt to net debt plus equity was 20% at Sepember 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 19.3% for the third quarter of 2004 compared with 11.4% 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 nine months ended September 30, 2004 the return on average capital employed was 19.0% compared with 13.1% in 2003. For further information on the return on average capital employed calculation see page 69 of this report.

BP announced a third quarterly dividend for 2004 of 7.10 cents per ordinary share. Holders of ordinary shares will receive 3.910 pence per share and holders of American Depositary Receipts (ADRs) $0.426 per ADS. The dividend is payable on December 6, 2004 to shareholders on the register on November 12, 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 December 6, 2004. During the third quarter, shares of $1.25 billion were issued to Alfa Group and Access Renova (AAR) as the first instalment of the deferred tax consideration. The Company also repurchased for cancellation 241.5 million of its own shares during the quarter, at a cost of $2.25 billion. During the nine months, 621 million shares were repurchased and cancelled at a cost of $5.5 billion.

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

DETAILED REVIEW OF BUSINESSES

EXPLORATION AND PRODUCTION

		Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
		2004	**2003**	**2004**	**2003**
Turnover	- $m	8,660	7,153	25,039	23,303
Profit before interest and tax	- $m	4,888	3,666	13,440	11,821
Exceptional (gains) losses	- $m	(23)	(196)	(120)	(962)
Total operating profit	- $m	4,865	3,470	13,320	10,859
Results include:					
Exploration expense	- $m	135	136	379	349
Of which: Exploration expenditure written off	- $m	34	75	123	168
Key Statistics:					
Crude oil Average prices realized					
by BP	- $/bbl	39.43	27.72	34.93	28.25
Production	- mb/d	2,298	1,852	2,320	1,798
Natural gas liquids Average prices realized					
by BP	- $/bbl	28.77	19.39	25.13	18.96
Production	- mb/d	181	202	190	211
Total liquids(a) Average prices realized					
by BP	- $/bbl	38.29	26.79	33.89	27.24
Production	- mb/d	2,479	2,054	2,510	2,009
Natural gas Average prices realized					
by BP	- $/mcf	3.66	3.08	3.71	3.46
Production	- mmcf/d	8,275	8,401	8,433	8,617
Total hydrocarbons(b) Average prices realized					
by BP	- $/bbl	30.08	22.58	28.03	23.88
Production	- mboe/d	3,906	3,502	3,964	3,495
Brent oil price	- $/bbl	41.54	28.38	36.31	28.64
West Texas Intermediate oil price	- $/bbl	43.88	30.19	39.18	31.08
Alaska North Slope US West Coast	- $/bbl	41.82	28.83	37.70	29.69
Henry Hub gas price (c)	- $/mmbtu	5.75	4.97	5.81	5.65
UK Gas National Balancing Point	- p/therm	23.63	15.08	22.98	17.92

(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 September 30, 2004 was $8.7 billion, compared with $7.2 billion in the corresponding period in 2003, reflecting an increase of around $2.2 billion related to higher liquids and gas realizations, partly offset by a decrease of around $0.7 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 nine months ended September 30, 2004 was $25.0 billion compared with $23.3 billion in the corresponding period of 2003, reflecting an increase of around $4.0 billion related to higher liquids and gas realizations, partly offset by a decrease of around $2.3 billion due to lower production volumes (for the BP Group excluding equity-accounted entities) as a result of divestment activity in 2003.

Profit before interest and tax for the three months and nine months ended September 30, 2004 was $4,888 million and $13,440 million respectively, compared with $3,666 million and $11,821 million for the equivalent periods in 2003. Profit for the third quarter of 2004 included net exceptional gains before tax of $23 million, compared with net gains of $196 million before tax for the equivalent period in 2003. Profit for the nine months of 2004 included net exceptional gains of $120 million before tax compared with net gains of $962 million before tax for the equivalent period in 2003.

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

EXPLORATION AND PRODUCTION (concluded)

Total operating profit for the three months ended September 30, 2004 was $4,865 million including inventory holding gains of $5 million and is after impairment charges of $7 million in respect of the partner operated Temsah platform in Egypt following a blow-out offset partly by revisions to impairment estimates made in the prior quarter, and a charge of $35 million in respect of Alaskan tankers that are no longer required. Total operating profit for the three months ended September 30, 2003 was $3,470 million.

In addition to the factors above, the primary reasons for the increase in operating profit for the third quarter of 2004 compared with the third quarter of 2003 are higher liquids and gas realizations of around $1,650 million combined with an increase of $130 million due to higher volumes and the changing production composition primarily arising from the TNK-BP acquisition. Operating profit for the third quarter 2004 includes a charge of $95 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 $15 million in the equivalent quarter last year.

Total operating profit for the nine months ended September 30, 2004 was $13,320 million including inventory holding gains of $13 million and is after impairment charges of $7 million in respect of the partner operated Temsah platform in Egypt following a blow-out offset partly by revisions to impairment estimates made in the prior quarter, a charge of $35 million in respect of Alaskan tankers that are no longer required, 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 nine months ended September 30, 2003 was $10,859 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.

In addition to the factors above, the primary reasons for the increase in operating profit for the nine months ended September 30, 2004 compared with the nine months ended September 30, 2003 are higher liquids and gas realizations of around $2,850 million combined with an increase of $350 million due to higher volumes and the changing production composition primarily arising from the TNK-BP acquisition. Operating profit for the first nine months of 2004 includes a charge of $248 million, reflecting an increase in the provision for unrealized profit in inventory compared with a charge of $4 million in the nine months 2003.

Production for the quarter was up over 11% to 3,906 mboe/d compared with a year ago. This reflects the inclusion of TNK-BP (945 mboe/d compared with 695 mboe/d in the period from August 29 to September 30, 2003) and the continuing ramp-up of production in the New Profit Centres, partly offset by planned maintenance in the North Sea and Alaska, the operational impact of Hurricane Ivan in the Gulf of Mexico and the blow-out at partner operated Temsah in Egypt. We expect full year production to be up over 10% compared to 2003 at around 4 mmboe/d.

Projects in the New Profit Centres remain on track. In the quarter Kizomba A started up in Angola, and in Australia, the North West Shelf Train 4 LNG plant was brought on line and first liftings have taken place.

As a result of global Exploration & Production sector inflationary pressure in the market price of capital goods and the weaker US dollar we have revised our estimate of capital expenditure; we now expect this to be just over $9.5 billion for 2004.

In the third quarter, we had further exploration success with the Pela Lache-1 prospect offshore Sakhalin Island in Russia.

During the quarter, we completed our divestments of various properties in the Gulf of Mexico Shelf and of our interests in Offshore North Sinai in Egypt, resulting in total exceptional gains in the quarter of $23 million.

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 September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
		2004	2003	2004	2003
Turnover	- $m	45,359	38,205	132,520	112,574
Profit before interest and tax	- $m	1,947	571	4,968	1,934
Exceptional (gains) losses	- $m	17	21	175	122
Total operating profit	- $m	1,964	592	5,143	2,056
Total refined product sales	- kb/d	6,705	6,695	6,594	6,840
Refinery throughputs	- kb/d	3,005	3,086	2,990	3,124
Refining availability (a)	- %	94.9	96.2	95.0	95.7
Global Indicator Refining Margin (b)	- $/bbl	6.20	4.59	6.26	4.13

(a) Refining availability is the weighted average percentage of the period that refinery units are available for processing, after accounting for downtime such as turnarounds.

(b) The Global Indicator Refining Margin (GIM) is the average of six regional indicator margins weighted for BP s crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity. The regional indicator 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 nine months ended September 30, 2004 was $45.4 billion and $132.5 billion respectively, compared with $38.2 billion and $112.6 billion for the same periods in the prior year. The increase in turnover in the third quarter of 2004 compared with 2003 was due principally to higher prices contributing approximately $12 billion and foreign exchange movements contributing approximately $2 billion, offset by lower trading and crude oil sales of around $7 billion. The increase in turnover in the nine months of 2004 compared with the nine months of 2003 was principally due to higher prices contributing approximately $25 billion and foreign exchange movements contributing approximately $7 billion, partly offset by lower trading and crude oil sales of around $12 billion.

Profit before interest and tax for the three months and nine months ended September 30, 2004 was $1,947 million and $4,968 million respectively, compared with $571 million and $1,934 million for the equivalent periods in 2003. Profit for the three months and nine months of 2004 was after net exceptional losses before tax of $17 million and $175 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 three months and nine months of 2003 was after net exceptional losses before tax of $21 million and $122 million respectively.

Total operating profit for the three months and nine months ended September 30, 2004 was $1,964 million and $5,143 million respectively, including inventory holding gains of $866 million and $1,823 million respectively, and is after charging $206 million in both periods in relation to new, and revisions to existing, environmental and other provisions. Total operating profit for the three months and nine months ended September 30, 2003 was $592 million and $2,056 million respectively, including inventory holding gains of $89 million and after inventory holding losses of $64 million respectively, and is after charging Veba integration costs of $72 million and $131 million respectively, and charging $369 million in both periods in relation to new, and revisions to existing, environmental and other provisions.

In addition to the factors above, the primary reasons for the increase in operating profit for the three months ended September 30, 2004 compared with the three months ended September 30, 2003 are an increase of approximately $800 million from improved refining margins, offset partly by a decline in marketing margins of approximately $250 million, adverse foreign exchange movements of approximately $50 million and portfolio impacts as outlined above of approximately $100 million. The primary additional reasons for the increase in operating profit in the nine months ended September 30, 2004, compared with the nine months ended September 30, 2003 were improved refining margins of approximately $2 billion, coupled with the impact of industry-wide planned and unplanned refinery maintenance. This increase was partly offset by higher purchased energy costs of around $100 million and portfolio impacts of around $100 million. Marketing margins declined by approximately $550 million and adverse foreign exchange movements impacted operating profit by approximately $250 million.

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

REFINING AND MARKETING (concluded)

The refining result for the quarter was stronger than that suggested by the Global Indicator Margin (GIM) because of upgrading capacity in our refining portfolio and the benefits from supply optimization. Marketing margins decreased relative to the equivalent quarter a year ago because rises in crude and product prices more than offset the increase in selling prices.

During the quarter BP Japan and Petrolub International announced an agreement to merge their automotive lubricant businesses and create a new company called BP Castrol KK.

The disposal of BP s Retail and LPG Business in the Singapore retail network and related assets was completed on September 30, 2004.

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

PETROCHEMICALS

		Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
		2004	2003	2004	2003
Turnover	- $m	5,412	3,946	14,727	12,264
Profit before interest and tax	- $m	317	86	661	572
Exceptional (gains) losses	- $m	38	(13)	186	(22)
Total operating profit	- $m	355	73	847	550
Production (a)	- kte	7,149	7,040	21,563	20,790
Petrochemicals Indicator Margin (b)	- $/te	139 (c)	109	131 (c)	113

(a) Includes BP share of joint ventures, associated undertakings and other interests in production.

(b) The Chemicals Indicator Margin (CIM) is a weighted average of externally-based product margins. It is based on market data collected by Nexant 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 of the margins achieved by BP in any particular period.

(c) Provisional. The data for the third quarter is based on two months actual and one month of provisional data.

Turnover for the three months and nine months ended September 30, 2004 was $5.4 billion and $14.7 billion respectively, compared with $3.9 billion and $12.3 billion for the equivalent periods in 2003. The increase in turnover for the third quarter compared with the equivalent period in 2003 reflects principally an increase of approximately $1.3 billion from higher prices and an increase of approximately $0.2 billion from higher volumes. The increase in turnover for the nine months of 2004 compared with the nine months of 2003 was attributable principally to an increase of around $1.8 billion from higher prices, and an increase of $0.7 billion from higher volumes, primarily in Asia.

Profit before interest and tax for the three months and nine months ended September 30, 2004 was $317 million and $661 million respectively, compared with $86 million and $572 million for the equivalent periods in 2003. Profit for the third quarter and nine months of 2004 was after net exceptional charges before tax of $38 million and $186 million respectively, which were associated largely with the sale of our Fabrics and Fibres business, the sale of our Speciality Intermediates Business and the exit of the Baglan Bay site in the UK. Profit for the third quarter and nine months of 2003 included net exceptional gains before tax of $13 million and $22 million.

Total operating profit for the three months and nine months ended September 30, 2004 was $355 million and $847 million respectively, including inventory holding gains of $129 million and $290 million respectively, and is after charging $58 million in each period in relation to revisions to environmental and other provisions. Total operating profit for the three months and nine months ended September 30, 2003 was $73 million and $550 million respectively, including inventory holding gains of $2 million and $45 million respectively, and is after charges of $36 million in each period in relation to a provision to cover future rental payments on surplus property, charges of $20 million in each period in relation to revisions to environmental and other provisions and a credit of $5 million in the nine months ended September 30, 2003 resulting from a reduction in the provision for costs associated with closure of polypropylene capacity.

In addition to the factors above, operating profit for the three months ended September 30, 2004 compared with the equivalent period in 2003 reflects principally higher margins across most product lines of around $300 million, partially offset by principally higher fixed costs and adverse foreign exchange impacts of around $140 million. In addition to the factors above, operating profit for the nine months ended September 30, 2004 compared with the equivalent period in 2003 reflects principally higher margins of around $300 million and higher sales volumes of around $150 million, partially offset by principally higher fixed costs and adverse foreign exchange impacts of around $380 million.

Petrochemicals production of 7,149 thousand tonnes in the third quarter of 2004 was 109 thousand tonnes above the third quarter of 2003 due primiarily to higher asset utilization. Nine months production was 773 thousand tonnes higher than a year ago due to new Asian PTA capacity and higher asset utilization.

During the quarter 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 plans to prepare the O&D business for disposal are on track. Shortly after the quarter we reached agreement to sell the Fabrics and Fibres business, for which completion is expected during the fourth quarter.

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 September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
		2004	2003	2004	2003
Turnover	- $m	20,443	15,948	59,852	48,938
Profit before interest and tax	- $m	157	120	555	432
Exceptional (gains) losses	- $m	(16)	2	(16)	(4)
Total operating profit	- $m	141	122	539	428

Turnover for the three months and nine months ended September 30, 2004 was $20.4 billion and $59.9 billion respectively, compared with $15.9 billion and $48.9 billion for the same periods in 2003. The increase for the quarter reflects increases of $2.6 billion due to higher volumes and $1.9 billion due to higher prices. The increase for the nine months reflects increases of $8.8 billion due to higher volumes and $2.1 billion due to higher prices.

Profit before interest and tax for the three months and nine months ended September 30, 2004 was $157 million and $555 million respectively, compared with $120 million and $432 million for the equivalent periods in 2003. Profit for the third quarter and nine months of 2004 included net exceptional gains before tax of $16 million. Profit for the third quarter and nine months of 2003 was after net exceptional charges before tax of $2 million and included net exceptional gains before tax of $4 million, respectively.

Total operating profit for the three months and nine months ended September 30, 2004 was $141 million and $539 million respectively, including inventory holding gains of $27 million and $11 million respectively. Total operating profit for the three months and nine months ended September 30, 2003 was $122 million and $428 million respectively, after inventory holding losses of $7 million and $52 million respectively.

In addition to the factors above, higher operating profit in the three months ended September 30, 2004 compared with the equivalent period in 2003 reflected principally a higher contribution from the natural gas liquids business of around $50 million, and a higher contribution from the Solar business of around $60 million, partially offset by a lower marketing and trading result of around $90 million. The additional factors contributing to the increase in operating profit in the nine months ended September 30, 2004 compared with the equivalent period in 2003 were principally a higher contribution from the natural gas liquids business of around $140 million and a higher contribution from the Solar business of around $90 million, partially offset by a lower marketing and trading result of around $140 million.

During the quarter, the Tangguh LNG project (BP share 37.16%) signed a sale and purchase agreement with K Power of South Korea to supply up to 0.8 million tonnes of LNG per annum for 20 years starting in 2006. BP Shipping announced an order for four new LNG carriers from Hyundai Heavy Industries of South Korea for delivery in 2007 and 2008. Since the end of the third quarter, the Tangguh LNG project has signed a sale and purchase agreement with Sempra Energy LNG to supply up to 3.7 million tonnes of LNG per annum from Indonesia to markets in Mexico and the US for 20 years, beginning in 2008.

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 September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
		2004	2003	2004	2003
Turnover	- $m	137	138	390	378
Profit (loss) before interest and tax	- $m	(424)	(330)	541	(649)
Exceptional (gains) losses	- $m	(1)	14	(1,313)	20
Total operating profit (loss)	- $m	(425)	(316)	(772)	(629)

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

Profit before interest and tax for the three months and nine months ended September 30, 2004 was a loss of $424 million and a profit of $541 million respectively, compared with losses of $330 million and $649 million for the equivalent periods in 2003. The third quarter of 2004 included net exceptional gains before tax of $1 million, compared with net exceptional losses before tax of $14 million for the equivalent period in 2003. The nine months of 2004 included net exceptional gains before tax of $1,313 million, 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 nine months of 2003 was after net exceptional losses before tax of $20 million.

Total operating profit for the three months and nine months ended September 30, 2004 was a loss of $425 million and $772 million respectively, and is after charges of $225 million relating to new, and revisions to existing, environmental and other provisions and charges of $19 million in respect of the separation of the Olefins and Derivatives business in both periods.

Total operating profit for the three months and nine months ended September 30, 2003 was a loss of $316 million and $629 million respectively and is after charges of $112 million in both periods relating to new, and revisions to existing, environmental and other provisions.

OUTLOOK STATEMENT

The world economy s expansion has continued, despite patches of softer growth in the US and Europe. Activity in the US appears to have strengthened in the third quarter although the recovery across the major European economies remains below trend on average and growth in parts of Asia, including China, appears to have moderated. Continued growth is expected across the world economy at around trend rates.

Oil prices averaged $41.54 per barrel (Dated Brent) in the third quarter over $6 per barrel higher than second quarter prices. Loss of US production following Hurricane Ivan, along with low inventories and limited spare capacity, propelled prices to record nominal highs in October, averaging almost $50 per barrel to date. Price spreads between light, sweet and heavier, sourer crudes also touched record highs recently. The outlook for the rest of 2004 will depend upon the rate of US production recovery after Hurricane Ivan and the strength of oil demand growth. Medium term oil price prospects will principally depend on the future strength of supply, demand growth, OPEC politics and perceptions of risks to political stability in certain of those nations. Oil prices are considered to have an approximate support level of $30 per barrel for at least the medium term, with chances of spiking above this level.

US natural gas prices averaged $5.75/mmbtu (Henry Hub first of month index) in the third quarter, despite the oil price surge, down around $0.25/mmbtu versus the second quarter. Following a cool summer, working gas inventories are at record highs going into the winter heating season. However, the 12-month futures strip (NYMEX Henry Hub) is trading currently at almost $8/mmbtu, reflecting oil price strength.

Refining margins in the third quarter slipped from the second quarter s record levels but remained high by historical standards. Strong demand growth, record refinery throughputs and low aggregate OECD product inventories continued to underpin the refining environment. Margins began the fourth quarter strongly amid concerns over winter heating oil supplies in Europe and lost refinery production due to Hurricane Ivan. The premium for light crude over heavy crude has been driven to exceptional levels, favouring upgraded refineries over less complex sites. The refining system should adjust, but this will take time. Marketing margins compressed in the third quarter due to increasing crude prices, product cost volatility and competitive pressure.

Petrochemical margins held during the third quarter as product prices continued to strengthen, enabling the businesses to offset rapidly rising feedstock and energy costs. Current margins appear sustainable, although energy price volatility and foreign exchange rates are expected to influence future margins. Demand remained robust during the quarter, with sales volumes stable compared with the previous quarter.

OUTLOOK STATEMENT

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

Capital expenditure, excluding acquisitions, for the nine months was $9.8 billion, and is expected to be slightly above $14 billion for the year. 2005 capital spending is expected to be around $14 billion, above our previous forecast primarily due to the weak US dollar and the assumption that recent sector specific inflationary pressure in the market price of capital goods is sustained through 2005. The share buyback programme is continuing, reducing the number of shares outstanding thus increasing our ability to accelerate per share dividend growth.

SUBSEQUENT EVENT

On November 3, 2004 BP announced that it has reached agreement to purchase Solvay s share of BP Solvay Polyethylene Europe (BP share 50%) and BP Solvay Polyethylene North America (BP share 49%), formed in 2001 when the two companies combined their European and US high density polyethylene (HDPE) businesses. These businesses have a total capacity of 2.6 million tonnes in Europe and the US. HDPE is part of the O&D business. We expect the transaction to complete in early 2005, subject to regulatory approvals.

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 and the statements under Outlook , with regard to BP s asset portfolio and changes in it, capital expenditure costs, demand, future performance, growth, inflation and other trend projections, impact of foreign exchange rates, maintenance, margins, prices, production, share repurchases, working capital, fulfillment of contract obligations, the timing of acquisitions and divestments and the timing of new projects and pending transactions are all forward-looking in nature. Forward-looking statements are also identified by such phrases as will , expects , is expected to , should , may likely to , intends , plans , appears and believes . By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may 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, demand and pricing; the timing of bringing new fields onstream; exchange rate fluctuations; operational problems; general economic conditions, including inflationary pressure, 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 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 October 26, 2004, BP p.l.c. announced a third 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 $1,530 million in total. The record date for qualifying US resident holders of American Depositary Shares as well as holders of ordinary shares is November 12, 2004, and payment will be made on December 6, 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 will receive the dividend in the form of shares on December 6, 2004.

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

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
	2004	**2003**	**2004**	**2003**
	($ million, except per share amounts)			
Turnover - Note 3	73,852	59,164	214,486	176,383
Less: joint ventures	2,967	914	6,908	1,676
Group turnover	70,885	58,250	207,578	174,707
Cost of sales	60,557	50,430	179,001	150,654
Production taxes - Note 4	553	416	1,502	1,302
Gross profit	9,775	7,404	27,075	22,751
Distribution and administration expenses	4,035	3,908	10,674	10,558
Exploration expense - Note 5	135	136	379	349
	5,605	3,360	16,022	11,844
Other income	178	148	429	476
Group operating profit	5,783	3,508	16,451	12,320
Share of profits of joint ventures	943	300	2,168	522
Share of profits of associated undertakings	174	133	458	422
Total operating profit	6,900	3,941	19,077	13,264
Profit (loss) on sale of fixed assets and businesses or termination of operations - Note 6	(15)	172	1,088	846
Profit before interest and tax	6,885	4,113	20,165	14,110
Interest expense - Note 7	156	159	453	484
Other finance expense - Note 8	79	139	231	395
Profit before taxation	6,650	3,815	19,481	13,231
Taxation - Note 9	2,109	1,428	6,130	4,954
Profit after taxation	4,541	2,387	13,351	8,277
Minority shareholders' interest	58	43	154	129
Profit for the period (a)	4,483	2,344	13,197	8,148
Earnings per ordinary share - cents (a)				
Basic	20.67	10.62	60.28	36.71
Diluted	20.41	10.51	59.18	36.51
Earnings per American Depositary Share - cents (a)				
Basic	124.02	63.72	361.68	220.26
Diluted	122.46	63.06	355.08	219.06
Average number of outstanding ordinary shares (thousand)	21,683,963	22,092,365	21,891,936	22,193,403

(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 16.

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

	September 30, 2004 (Unaudited)		December 31, 2003	
	($ million)			
Fixed assets				
Intangible assets		12,741		13,642
Tangible assets		91,917		91,911
Investments		18,829		17,458
		123,487		123,011
Current assets				
Inventories	15,087		11,617	
Receivables	39,703		33,902	
Investments	245		185	
Cash at bank and in hand	1,576		1,947	
	56,611		47,651	
Current liabilities - falling due within one year				
Finance debt	7,665		9,456	
Accounts payable and accrued liabilities	48,324		41,128	
	55,989		50,584	
Net current assets (liabilities)		622		(2,933)
Total assets less current liabilities		124,109		120,078
Noncurrent liabilities				
Finance debt	12,780		12,869	
Accounts payable and accrued liabilities	4,475		6,090	
Provisions for liabilities and charges				
Deferred tax	14,970		14,371	
Other	9,270		8,815	
		41,495		42,145
Net assets excluding pension and other postretirement benefit balances		82,614		77,933
Defined benefit pension plan surplus	1,292		1,021	
Defined benefit pension plan and other postretirement benefit plan deficits	(7,682)		(7,510)	
		(6,390)		(6,489)
		76,224		71,444
Net assets				
Minority shareholders' interest - equity		1,283		1,125
BP shareholders' interest (a) - Note 12		74,941		70,319
Represented by:				
Capital shares				
Preference		21		21
Ordinary		5,429		5,531
Paid-in surplus		6,211		4,480

	September 30, 2004 (Unaudited)	December 31, 2003
Merger reserve	27,150	27,077
Retained earnings	36,175	33,177
Shares held by ESOP trusts	(101)	(96)
Other reserves	56	129
	74,941	70,319

(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 16.

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

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
	2004	**2003**	**2004**	**2003**
	($ million)			
Net cash inflow from operating activities	6,919	4,891	21,510	18,198
Dividends from joint ventures	1,061	39	1,246	80
Dividends from associated undertakings	69	65	197	297
Servicing of finance and returns on investments				
Interest received	50	41	136	124
Interest paid	(152)	(163)	(471)	(816)
Dividends received	6	26	36	74
Dividends paid to minority shareholders	(15)	(4)	(25)	(17)
Net cash outflow from servicing of finance and returns on investments	(111)	(100)	(324)	(635)
Taxation				
UK corporation tax	(299)	(264)	(1,009)	(856)
Overseas tax	(1,489)	(539)	(2,978)	(2,432)
Tax paid	(1,788)	(803)	(3,987)	(3,288)
Capital expenditure and financial investment				
Payments for fixed assets	(3,251)	(3,063)	(8,956)	(8,694)
Proceeds from the sale of fixed assets	537	874	3,728	4,843
Net cash outflow for capital expenditure and financial investment	(2,714)	(2,189)	(5,228)	(3,851)
Acquisitions and disposals				
Acquisitions, net of cash acquired		(28)	(14)	(178)
Proceeds from the sale of businesses	37		342	179
Net investment in TNK-BP joint venture	23	(2,625)	(1,250)	(2,625)
Net investment in other joint ventures	(75)		(188)	(16)
Investments in associated undertakings	(171)	(243)	(752)	(760)
Net cash (outflow) inflow for acquisitions and disposals	(186)	(2,896)	(1,862)	(3,400)
Equity dividends paid	(1,536)	(1,433)	(4,506)	(4,216)
Net cash inflow (outflow)	1,714	(2,426)	7,046	3,185
Financing	1,617	(1,471)	7,370	3,483
Management of liquid resources	73	76	58	182
Increase (decrease) in cash	24	(1,031)	(382)	(480)
	1,714	(2,426)	7,046	3,185

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	

(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 16.

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

	Three months ended September 30 (Unaudited) 2004	2003	Nine months ended September 30 (Unaudited) 2004	2003
	($ million)			
Reconciliation of profit before interest and tax to net cash inflow from operating activities				
Profit before interest and tax	6,885	4,113	20,165	14,110
Depreciation and amounts provided	2,648	2,485	8,200	7,847
Exploration expenditure written off	34	75	123	168
Net operating charge for pensions and other postretirement benefits, less contributions	39	(525)	(18)	(723)
Share of profits of joint ventures and associated undertakings	(1,117)	(433)	(2,626)	(944)
Interest and other income	(49)	(72)	(187)	(220)
(Profit) loss on sale of fixed assets and businesses	15	(172)	(1,088)	(846)
Charge for provisions	630	583	747	641
Utilization of provisions	(168)	(187)	(418)	(512)
(Increase) decrease in inventories	(2,573)	(1,048)	(3,738)	(479)
(Increase) decrease in debtors	(3,395)	(35)	(6,381)	(3,417)
Increase (decrease) in creditors	3,970	107	6,731	2,573
Net cash inflow from operating activities	6,919	4,891	21,510	18,198
Financing				
Long-term borrowing	(717)	(1,433)	(1,775)	(2,656)
Repayments of long-term borrowing	13	1,774	1,283	2,784
Short-term borrowing	(338)	(1,924)	(605)	(2,968)
Repayments of short-term borrowing	479	143	3,201	4,430
	(563)	(1,440)	2,104	1,590
Issue of ordinary share capital for employee share schemes	(157)	(31)	(379)	(112)
Purchase of shares by ESOP trusts	87		146	6
Repurchase of ordinary share capital	2,250		5,499	1,999
Net cash outflow from financing	1,617	(1,471)	7,370	3,483

(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 16.

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**	**Reported**
	($ million)	
Fixed assets		
Intangible assets	13,642	13,642
Tangible assets	91,911	91,911
Investments	17,458	17,554
	123,011	123,107
Current assets	47,651	54,465
Creditors - amounts falling due within one year	50,584	50,584
Net current assets (liabilities)	(2,933)	3,881
Total assets less current liabilities	120,078	126,988
Creditors - amounts falling due after more than one year	18,959	18,959
Provisions for liabilities and charges		
Deferred taxation	14,371	15,273
Other provisions	8,815	15,693
Net assets excluding pension and other postretirement benefit balances	77,933	77,063
Defined benefit pension plan surplus	1,021	
Defined benefit pension plan and other postretirement benefit plan deficits	(7,510)	

Balance sheet at 31 December 2003	**Restated**	**Reported**
Net assets	71,444	77,063
Minority shareholders' interest	1,125	1,125
BP shareholders' interest	70,319	75,938

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

Income Statements	Three months ended September 30 2003 (Unaudited)		Nine months ended September 30 2003 (Unaudited)	
	Restated	Reported	Restated	Reported
	($ million except per share amounts)			
Exploration and Production	3,666	3,716	11,821	11,964
Refining and Marketing	571	523	1,934	1,789
Petrochemicals	86	96	572	600
Gas, Power and Renewables	120	89	432	347
Other businesses and corporate	(330)	(324)	(649)	(629)
Profit before interest and tax	4,113	4,100	14,110	14,071
Interest expense	159	213	484	624
Other finance expense	139		395	
Profit before taxation	3,815	3,887	13,231	13,447
Taxation	1,428	1,450	4,954	5,023
Profit after taxation	2,387	2,437	8,277	8,424
Minority shareholders' interest	43	43	129	129
Profit for the period	2,344	2,394	8,148	8,295
Distribution to shareholders	1,438	1,438	4,258	4,258
Profit per ordinary share - cents				
Basic	10.62	10.85	36.71	37.37
Diluted	10.51	10.74	36.51	37.18

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

		Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
		2004	2003	2004	2003
		($ million)			
3.	**Turnover**				
	By business				
	Exploration and Production	8,660	7,153	25,039	23,303
	Refining and Marketing	45,359	38,205	132,520	112,574
	Petrochemicals	5,412	3,946	14,727	12,264
	Gas, Power and Renewables	20,443	15,948	59,852	48,938
	Other businesses and corporate	137	138	390	378
		80,011	65,390	232,528	197,457
	Less: sales between businesses	9,126	7,140	24,950	22,750
	Group excluding joint ventures	70,885	58,250	207,578	174,707
	Share of sales of joint ventures	2,967	914	6,908	1,676
		73,852	59,164	214,486	176,383
	By geographical area				
	Group excluding joint ventures				
	UK	21,848	12,561	56,499	40,854
	Rest of Europe	13,876	12,476	39,249	38,294
	USA	31,435	29,119	96,779	82,563
	Rest of World	16,731	12,766	48,335	38,604
		83,890	66,922	240,862	200,315
	Less: sales between areas	13,005	8,672	33,284	25,608
		70,885	58,250	207,578	174,707
4.	**Production taxes**				
	UK petroleum revenue tax	51	65	223	256
	Overseas production taxes	502	351	1,279	1,046
		553	416	1,502	1,302
5.	**Exploration expense**				
	Exploration and Production				
	UK	4	11	9	16
	Rest of Europe	7	23	15	32
	USA	58	60	218	144
	Rest of World	66	42	137	157
		135	136	379	349

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

		Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
		2004	**2003**	**2004**	**2003**
		($ million)			
6.	**Analysis of exceptional items**				
	Profit (loss) on sale of fixed assets and businesses or termination of operations				
	Exploration and Production	23	196	120	962
	Refining and Marketing	(17)	(21)	(175)	(122)
	Petrochemicals	(38)	13	(186)	22
	Gas, Power and Renewables	16	(2)	16	4
	Other businesses and corporate	1	(14)	1,313	(20)
	Exceptional items before taxation	(15)	172	1,088	846
	Taxation credit (charge)	33	(4)	131	(207)
	Exceptional items after taxation	18	168	1,219	639
7.	**Interest expense**				
	Group interest payable	160	178	456	528
	Capitalized	(57)	(53)	(159)	(130)
		103	125	297	398
	Joint ventures	41	23	121	53
	Associated undertakings	12	11	35	33
		156	159	453	484
8.	**Other finance expense**				
	Interest on pension and other postretirement benefit plan liabilities	502	460	1,493	1,380
	Expected return on pension and other postretirement benefit plan assets	(493)	(375)	(1,482)	(1,125)
	Interest net of expected return on plan assets	9	85	11	255
	Unwinding of discount on provisions	48	45	146	131
	Unwinding of discount on deferred consideration for acquisition of investment in TNK-BP	22	9	74	9
		79	139	231	395
9.	**Charge for taxation**				
	Current	1,672	1,528	5,543	4,515
	Deferred	437	(100)	587	439
		2,109	1,428	6,130	4,954
	UK	601	245	1,312	1,075
	Overseas	1,508	1,183	4,818	3,879
		2,109	1,428	6,130	4,954

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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	Other businesses and corporate	Eliminations	Total
				($ million)			
Three months ended September 30, 2004							
Group turnover							
- third parties	2,266	43,469	5,196	19,817	137		70,885
- sales between businesses	6,394	1,890	216	626		(9,126)	
	8,660	45,359	5,412	20,443	137	(9,126)	70,885
Share of sales by joint ventures	2,642	194	131				2,967
Equity accounted income	970	56	86	5			1,117
Total operating profit (loss)	4,865	1,964	355	141	(425)		6,900
Exceptional items	23	(17)	(38)	16	1		(15)
Profit (loss) before interest and tax	4,888	1,947	317	157	(424)		6,885
Capital expenditure and acquisitions	2,444	609	232	65	62		3,412
Three months ended September 30, 2003							
Group turnover							
- third parties	1,692	37,098	3,826	15,496	138		58,250
- sales between businesses	5,461	1,107	120	452		(7,140)	
	7,153	38,205	3,946	15,948	138	(7,140)	58,250
Share of sales by joint ventures	675	129	110				914
Equity accounted income	348	51	29	(1)	6		433
Total operating profit (loss)	3,470	592	73	122	(316)		3,941
Exceptional items	196	(21)	13	(2)	(14)		172
Profit (loss) before interest and tax	3,666	571	86	120	(330)		4,113
Capital expenditure and acquisitions	8,223	659	182	85	59		9,208

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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	Eliminations	Total
			($ million)			
Three months ended September 30, 2004						
Group turnover - third parties	14,236	12,295	30,509	13,845		70,885
- sales between areas	7,612	1,581	926	2,886	(13,005)	
	21,848	13,876	31,435	16,731	(13,005)	70,885
Share of sales by joint ventures	45	86	61	2,775		2,967
Equity accounted income		17	44	1,056		1,117
Total operating profit (loss)	393	1,387	2,423	2,697		6,900
Exceptional items	(8)	(81)	25	49		(15)
Profit (loss) before interest and tax	385	1,306	2,448	2,746		6,885
Capital expenditure and acquisitions	414	298	1,423	1,277		3,412
Three months ended September 30, 2003						
Group turnover - third parties	8,798	10,272	28,506	10,674		58,250
- sales between areas	3,763	2,204	613	2,092	(8,672)	
	12,561	12,476	29,119	12,766	(8,672)	58,250
Share of sales by joint ventures	40	70	57	747		914
Equity accounted income	(2)	2	35	398		433
Total operating profit (loss)	120	618	1,434	1,769		3,941
Exceptional items	168	(65)	(38)	107		172
Profit (loss) before interest and tax	288	553	1,396	1,876		4,113
Capital expenditure and acquisitions	377	271	1,403	7,157		9,208

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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	Other businesses and corporate	Eliminations	Total
				($ million)			
Nine months ended September 30, 2004							
Group turnover							
- third parties	7,040	127,845	14,186	58,117	390		207,578
- sales between businesses	17,999	4,675	541	1,735		(24,950)	
	25,039	132,520	14,727	59,852	390	(24,950)	207,578
Share of sales by joint ventures	6,098	421	389				6,908
Equity accounted income	2,302	133	184	7			2,626
Total operating profit (loss)	13,320	5,143	847	539	(772)		19,077
Exceptional items	120	(175)	(186)	16	1,313		1,088
Profit (loss) before interest and tax	13,440	4,968	661	555	541		20,165
Capital expenditure and acquisitions	8,572	1,713	579	208	99		11,171
Nine months ended September 30, 2003							
Group turnover							
- third parties	5,731	109,248	11,868	47,482	378		174,707
- sales between businesses	17,572	3,326	396	1,456		(22,750)	
	23,303	112,574	12,264	48,938	378	(22,750)	174,707
Share of sales by joint ventures	1,024	341	311				1,676
Equity accounted income	743	125	56	(4)	24		944
Total operating profit (loss)	10,859	2,056	550	428	(629)		13,264
Exceptional items	962	(122)	22	4	(20)		846
Profit (loss) before interest and tax	11,821	1,934	572	432	(649)		14,110
Capital expenditure and acquisitions	12,775	1,581	476	298	272		15,402

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	Eliminations	Total
			($ million)			
Nine months ended September 30, 2004						
Group turnover - third parties	37,244	35,041	94,218	41,075		207,578
- sales between areas	19,255	4,208	2,561	7,260	(33,284)	
	56,499	39,249	96,779	48,335	(33,284)	207,578
Share of sales by joint ventures	129	260	152	6,367		6,908
Equity accounted income	2	19	88	2,517		2,626
Total operating profit (loss)	1,413	3,041	7,431	7,192		19,077
Exceptional items	(109)	(45)	(145)	1,387		1,088
Profit (loss) before interest and tax	1,304	2,996	7,286	8,579		20,165
Capital expenditure and acquisitions	1,000	752	4,132	5,287		11,171
Nine months ended September 30, 2003						
Group turnover - third parties	29,413	31,558	81,000	32,736		174,707
- sales between areas	11,441	6,736	1,563	5,868	(25,608)	
	40,854	38,294	82,563	38,604	(25,608)	174,707
Share of sales by joint ventures	86	225	144	1,221		1,676
Equity accounted income	1	4	82	857		944
Total operating profit (loss)	1,145	1,932	5,611	4,576		13,264
Exceptional items	692	(95)	(275)	524		846
Profit (loss) before interest and tax	1,837	1,837	5,336	5,100		14,110
Capital expenditure and acquisitions	1,033	640	4,306	9,423		15,402

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

	Three months ended September 30 (Unaudited) 2004	2003	Nine months ended September 30 (Unaudited) 2004	2003
	($ million)			
11. **Analysis of changes in net debt**				
Opening balance				
Finance debt	19,858	18,594	22,325	22,008
Less: Cash	1,531	2,115	1,947	1,520
Current asset investments	172	329	185	215
Opening net debt	18,155	16,150	20,193	20,273
Closing balance				
Finance debt	20,445	19,970	20,445	19,970
Less: Cash	1,576	1,091	1,576	1,091
Current asset investments	245	404	245	404
Closing net debt	18,624	18,475	18,624	18,475
Decrease (increase) in net debt	(469)	(2,325)	1,569	1,798
Movement in cash/bank overdrafts	24	(1,031)	(382)	(480)
(Decrease) increase in current asset investments	73	76	58	182
Net cash outflow (inflow) from financing (excluding share capital)	(563)	(1,440)	2,104	1,590
Debt transferred to TNK-BP		93		93
Exchange of Exchangeable Bonds for Lukoil American Depositary Shares				420
Other movements	10	(31)	31	139
Debt acquired		(12)		(12)
Movement in net debt before exchange effects	(456)	(2,345)	1,811	1,932
Exchange adjustments	(13)	20	(242)	(134)
Decrease (increase) in net debt	(469)	(2,325)	1,569	1,798

12. **Movement in BP shareholders' interest**	($ million)
Balance at December 31, 2003	75,938
Prior year adjustment - change in accounting policy (see Note 2)	(5,619)
As restated	70,319
Profit for the period	13,197
Distribution to shareholders	(4,549)
Currency translation differences (net of tax)	(152)
Issue of ordinary share capital for employee share schemes	379
Issue of ordinary share capital for TNK-BP acquisition	1,250
Net purchase of shares by ESOP trusts	(4)
Repurchase of ordinary share capital	(5,499)

Balance at September 30, 2004	74,941

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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 first of the three tranches in respect of TNK-BP was issued during the third quarter of 2004. The number of ordinary shares outstanding for basic and diluted earnings per share may be reconciled as follows:

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
	2004	**2003**	**2004**	**2003**
	(shares thousand)			
Weighted average number of ordinary shares	21,683,963	22,092,365	21,891,936	22,193,403
Ordinary shares issuable under employee share schemes	105,761	57,239	72,491	73,011
Ordinary shares issuable as consideration for BP's interest in the TNK-BP joint venture	350,023	190,177	419,652	65,788