

Edgar Filing: BP PLC - Form 6-K

\$ million	1Q 2004	4Q 2003	1Q 2003	vs.1Q 2003
	=====			
Replacement cost profit for the period(a)	4,170	2,250	3,420	
Acquisition amortization(b)	547	637	628	

Pro forma result	4,717	2,887	4,048	17%
	=====			
- per ordinary share (pence)	11.61	7.68	11.33	
- per ordinary share (cents)	21.36	13.07	18.13	18%
- per ADS (dollars)	1.28	0.78	1.09	
	=====			

- o BP's first quarter pro forma result was \$4,717 million compared with \$4,048 million a year ago, an increase of 17%. Replacement cost profit for the quarter was \$4,170 million compared with \$3,420 million a year ago.
- o The first quarter result includes a net exceptional and non-operating credit of \$1,177 million compared with \$285 million in the first quarter of 2003. This includes the exceptional gains from the sale of our investments in PetroChina and Sinopec.
- o The first quarter trading environment was generally stronger than a year ago, with higher oil realizations, refining margins and petrochemicals margins, slightly reduced gas realizations and lower NGL and marketing margins.
- o Net cash inflow for the quarter was \$3.8 billion compared with an inflow of \$3.2 billion a year ago, reflecting higher cash flow from operating activities partly offset by higher acquisition spending. Net cash flow from operating activities was \$7.7 billion compared with \$6.0 billion a year ago.
- o The pro forma ratio of net debt to net debt plus equity was 22% at the end of the quarter.
- o Return on average capital employed for the quarter, on a pro forma basis, was 24%, the same as a year ago. The cash return for the quarter was 32% compared with 37% a year ago.
- o The quarterly dividend is 6.75 cents per share (\$0.405 per ADS) compared with 6.25 cents per share a year ago, an increase of 8%. In sterling terms, the quarterly dividend is 3.807 pence per share compared with 3.947 pence per share a year ago, a decrease of 3.5%. The company repurchased for cancellation 155 million of its own shares during the quarter, at a cost of \$1,249 million.

BP Group Chief Executive, Lord Browne, said:

"This has been another strong performance against the backdrop of a robust trading environment. We are on track against our targets of investing for growth, growing the dividend and utilizing surplus

Edgar Filing: BP PLC - Form 6-K

cash to fund a significant level of share buybacks. We are continuing our portfolio management actions in Petrochemicals and today announced that we intend to dispose of our Olefins and Derivatives business."

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

- (a) Replacement cost profit for the period includes the net profit or loss on the sale of fixed assets and businesses or termination of operations.
- (b) Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions. The first quarter 2004 and both comparative periods include accelerated depreciation of the revaluation adjustment in respect of the impairment of former ARCO assets.

Summary Quarterly Results

Exploration and Production's first quarter result decreased 11% compared with a year ago, reflecting lower exceptional gains, higher depreciation, the impact of the changing composition of production resulting from the TNK-BP acquisition and the divestments made in 2003, higher costs due to foreign exchange movements and slightly lower US gas realizations, partly offset by higher production and slightly higher liquids realizations.

The Refining and Marketing result increased 13% compared with a year ago, reflecting improved refining margins, particularly in the US, partly offset by lower marketing margins due to pressure from higher crude prices.

The Petrochemicals result decreased compared with the prior quarter, as overall improvement in margins was more than offset by exceptional losses associated with the sale of the Specialty Intermediates business and the exit of the Baglan Bay site in the UK.

In Gas, Power and Renewables, the result was down slightly compared with a year ago and reflects a lower result from marketing and trading, improved results in global LNG and the solar and renewables business and a similar contribution from the natural gas liquids business.

Interest and Other finance expense was \$228 million for the quarter compared with \$312 million in the previous quarter. The decrease relates primarily to a reduction in net pension finance costs.

The pro forma effective tax rate on replacement cost profit was 28%.

Capital expenditure, excluding acquisitions, was \$3.2 billion for the quarter. Total capital expenditure and acquisitions was \$4.5 billion, including \$1.35 billion for including TNK's interest in Slavneft within TNK-BP. Disposal proceeds were \$2.8 billion.

Net debt at the end of the quarter was \$17.6 billion. The pro forma ratio of net debt to net debt plus equity was 22%, compared with 26% at the end of 2003.

Edgar Filing: BP PLC - Form 6-K

The commentaries above and following are based on the pro forma replacement cost results.

The financial information for 2003 has been restated to reflect (a) the transfer of natural gas liquids (NGLs) operations from the Exploration and Production segment to Gas, Power and Renewables on 1 January 2004; (b) the adoption by the group of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) with effect from 1 January 2004; and (c) the adoption by the group of Urgent Issues Task Force Abstract No. 38 'Accounting for ESOP Trusts' with effect from 1 January 2004. For further information see Note 1.

Exceptional and Non-Operating Items

\$ million	1Q 2004	
	Exceptional Items	Non-Operating Items and UPIS
Exploration and Production	211	(189)
Refining and Marketing	(140)	-
Petrochemicals	(154)	-
Gas, Power and Renewables	-	-
Other businesses and corporate	1,313	-
	1,230	(189)
Taxation	70	66
	1,300	(123)

Reconciliation of Reported Results to Pro Forma Results

\$ million	----- 1Q 2004-----		Pro forma Result		
	Reported Earnings (a)	Acq. Amort. (b)	1Q 2004	4Q 2003	1Q 2003
Exploration and Production	4,242	326	4,568	3,274	5,141
Refining and Marketing	720	221	941	531	833
Petrochemicals	(25)	-	(25)	41	137
Gas, Power and Renewables	198	-	198	86	216
Other businesses and corporate	1,129	-	1,129	465	(166)
	6,264	547	6,811	4,397	6,161
RC profit before interest and tax					
Interest and Other finance expense	(228)	-	(228)	(312)	(305)
Taxation	(1,822)	-	(1,822)	(1,157)	(1,782)
MSI	(44)	-	(44)	(41)	(26)
	4,170	547	4,717	2,887	4,048
RC profit					

Edgar Filing: BP PLC - Form 6-K

Stock holding gains (losses)	648

HC profit	4,818
	=====

- (a) Replacement cost profit for the period includes the net profit or loss on the sale of fixed assets and businesses or termination of operations.
- (b) Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions. The first quarter 2004 and both comparative periods include accelerated depreciation of the revaluation adjustment in respect of the impairment of former ARCO assets.

Operating Results and Per Share Amounts

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
Replacement cost profit before interest and tax (\$m)	6,264	3,760	5,533

Results for the period (\$m)			
Pro forma result	4,717	2,887	4,048
Replacement cost profit	4,170	2,250	3,420
Historical cost profit	4,818	2,334	4,219

Shares in issue at period end (thousand)	21,996,888	22,122,610	22,241,895
- ADS equivalent (thousand)	3,666,148	3,687,102	3,706,983
Average number of shares outstanding (thousand)	22,087,796	22,103,542	22,326,486
- ADS equivalent (thousand)	3,681,299	3,683,924	3,721,081
Per ordinary share (cents)			
Pro forma result	21.36	13.07	18.13
RC profit for the period	18.88	10.18	15.32
HC profit for the period	21.81	10.56	18.90
Per ADS (cents)			
Pro forma result	128.16	78.42	108.78
RC profit for the period	113.28	61.08	91.92
HC profit for the period	130.86	63.36	113.40
	=====		

Exploration and Production

	1Q 2004	4Q 2003	1Q 2003
	=====		
\$ million			
Replacement cost profit before interest and tax	4,242	2,848	4,718
Acquisition amortization	326	426	423

Pro forma replacement cost result before interest and tax	4,568	3,274	5,141
	=====		

Edgar Filing: BP PLC - Form 6-K

Results include:

Asset write-downs/impairment	(123)	(308)	(49)
Environmental charges	-	-	-
Restructuring, integration and rationalization costs	-	(15)	(90)
Other	-	-	-
Unrealized profit in stock (UPIS)	(66)	(57)	(125)

Total non-operating items and UPIS	(189)	(380)	(264)
Exceptional items	211	(49)	433

Total non-operating items, UPIS and exceptional items	22	(429)	169
	=====		
Exploration expense	136	193	112
Of which:			
Exploration expenditure written off	67	129	50
	=====		
Production (Net of Royalties)			
Crude oil (mb/d)	2,342	2,248	1,830
Natural gas liquids (mb/d)	191	206	233
Total liquids (mb/d) (a)	2,533	2,454	2,063
Natural gas (mmcf/d)	8,600	8,600	9,017
Total hydrocarbons (mboe/d) (b)	4,015	3,936	3,618
	=====		
Average realizations			
Crude oil (\$/bbl)	31.30	28.18	31.07
Natural gas liquids (\$/bbl)	23.14	20.15	19.82
Total liquids (\$/bbl)	30.48	27.30	29.82
Natural gas (\$/mcf)	3.79	3.18	3.87
Total hydrocarbons (\$/bbl)	26.48	23.15	26.39
	=====		
Average oil marker prices (\$/bbl)			
Brent	32.03	29.43	31.47
West Texas Intermediate	35.30	31.15	34.00
Alaska North Slope US West Coast	34.22	29.43	33.16
	=====		
Average natural gas marker prices			
Henry Hub gas price (c) (\$/mmbtu)	5.69	4.58	6.53
UK Gas - National Balancing Point (p/therm)	24.59	27.30	21.28
	=====		

(a) Crude oil and natural gas liquids.

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

(c) Henry Hub First of the Month Index.

Exploration and Production

The pro forma replacement cost result before interest and tax for the first quarter was \$4,568 million, down 11% from the first quarter of 2003. The primary drivers for the change are lower exceptional gains, higher depreciation, the impact of the changing composition of production resulting from the TNK-BP acquisition and the divestments made in 2003, higher costs due to foreign exchange movements and slightly lower US gas realizations, partly offset by higher production and slightly higher liquids realizations.

In Venezuela, the sales agreement for our interest in Desarrollo Zuli Occidental (DZO) and Boqueron has lapsed and we will now retain these fields. We had previously reported an exceptional loss on disposal of \$217 million in respect of these assets which has now been reversed. As a result of the lapse of the

Edgar Filing: BP PLC - Form 6-K

agreement, an impairment charge of \$186 million has been recognized in the quarter, comprising a \$123 million non-operating charge and accelerated acquisition amortization of \$63 million.

The first quarter result also includes a charge of \$66 million, reflecting an increase in the provision for Unrealized Profit in Stock (UPIS), which removes the upstream margin from downstream inventories. This compares with a charge of \$125 million in the equivalent quarter of last year.

Production for the quarter was up from 3,618 mboe/d in the first quarter of 2003 to 4,015 mboe/d. This reflects the impact of the inclusion of TNK-BP from 29 August 2003 and the first quarter of Slavneft, growth in Trinidad, the start up of NaKika in Deepwater Gulf of Mexico and Xikomba in Angola, partly offset by decline in existing profit centers in North America and Europe and divestments made during 2003.

Progress continues in our new profit centres as indicated in our strategy presentation on 29 March 2004. During the first quarter, construction of the Holstein and Mad Dog Spars was completed and installation offshore has commenced. In Algeria, commissioning of the In Salah gas facilities is underway. In Azerbaijan, construction on the Azeri project and the BTC pipeline remains on track. In Angola, the Kizomba A Floating Production Storage and Offloading vessel sailed away from the construction yard in Korea enroute to the field location in Block 15.

The first quarter saw exploration successes in Egypt with the Raven 1 and Taurt wells in the Nile Delta along with three further discoveries in Angola: Cesio 1 and Chumbo 1 in offshore Block 18 and Bavuca in Block 15.

In January we sold 45% of our interest in Kings Peak in Deepwater Gulf of Mexico to Marubeni Oil & Gas (USA) Inc. Additionally, on 9 February 2004 we signed a sale and purchase agreement with Fairborne Energy Ltd to sell a package of non-core assets in Alberta, Canada for \$88 million.

Customer Facing Segments Refining and Marketing

\$ million	1Q 2004	4Q 2003	1Q 2003
	=====		
Replacement cost profit before interest and tax	720	320	628
Acquisition amortization	221	211	205

Pro forma replacement cost result before interest and tax	941	531	833
	=====		
Results include:			
Asset write-downs/impairment	-	-	-
Environmental charges	-	-	-
Restructuring, integration and rationalization costs	-	(156)	(18)
Other	-	10	-

Total non-operating items	-	(146)	(18)
Exceptional items	(140)	(91)	(52)

Total non-operating and exceptional items	(140)	(237)	(70)
	=====		
Refinery throughputs (mb/d)			

Edgar Filing: BP PLC - Form 6-K

UK	395	389	377
Rest of Europe	884	873	954
USA	1,265	1,374	1,302
Rest of World	399	378	391

Total throughput	2,943	3,014	3,024
	=====		
Refinery availability	95.1	94.9	94.2
	=====		
Oil sales volumes (mb/d)			
Refined products			
UK	294	257	279
Rest of Europe	1,324	1,295	1,318
USA	1,727	1,788	1,751
Rest of World	679	681	645

Total marketing sales	4,024	4,021	3,993
Trading/supply sales	2,917	2,350	2,811

Total refined product sales	6,941	6,371	6,804
Crude oil	5,104	4,504	4,529

Total oil sales	12,045	10,875	11,333
	=====		
Global Indicator Refining Margin(a) (\$/bbl)			
NWE	2.73	2.21	3.70
USGC	6.92	3.53	6.14
Midwest	4.67	2.89	4.14
USWC	8.06	6.09	6.77
Singapore	3.42	2.20	2.98
BP Average	4.62	3.14	4.52
	=====		

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

Customer Facing Segments Refining and Marketing

The pro forma replacement cost result before interest and tax for the first quarter was \$941 million. This compares with \$833 million for the same period last year, an increase of 13%.

The result reflects improved refining margins, particularly in the US, due to strong demand, cold weather and concerns over US gasoline supplies. Marketing margins were lower than those in both the first quarter and the fourth quarter of 2003 due to pressure from higher crude and product prices.

Refining throughputs for the quarter were 3% below those in the first quarter of 2003; the decrease was attributable to the disposal of the Bayernoil refinery in Germany in the second quarter of 2003. The quarter's refining availability was 95.1%, enabling strong margin capture. Marketing sales were slightly higher than in the first quarter of 2003.

Edgar Filing: BP PLC - Form 6-K

During the quarter BP launched its new product line of gasoline and diesel fuels, BP Ultimate, in Portugal. We also launched a new advertising and communications campaign - Fluid Motion - for the Castrol brand in Europe, along with a new product, Castrol GTX High Mileage, in the UK.

During the quarter, BP and the Singapore Petroleum Company Limited (SPC) announced that conditional agreement had been reached for SPC to purchase BP's interests and one-third stake in Singapore Refining Company Private Limited (SRC) for \$140 million. Subsequent to this announcement we have been notified that the remaining shareholders would like to exercise their pre-emption rights. This would result in BP's one third share being divided equally between the two remaining shareholders in SRC, namely Caltex Singapore Private Ltd and Singapore Petroleum Company Limited. As a result these two companies would also acquire BP's one-sixth equity interest in Tanker Mooring Services Company Pte Ltd (TMS).

In the first quarter, BP and Lembaga Tabung Angkatan Tentera (LTAT) announced that agreement had been reached for LTAT to purchase BP's 70% shareholding in the BP Malaysia Sdn Bhd fuels business. Subject to receiving the necessary regulatory consents, this transaction is also expected to be concluded by 30 June 2004.

The quarter's result includes net exceptional losses of \$140 million before tax, which principally relate to the disposal of the SRC and the closure of the lubricants operation of the Coryton Refinery, in the UK.

Customer Facing Segments Petrochemicals

\$ million	1Q 2004	4Q 2003	1Q 2003
	=====		
Replacement cost profit before interest and tax	(25)	41	137
Acquisition amortization	-	-	-

Pro forma replacement cost result before interest and tax	(25)	41	137
	=====		
Results include:			
Provision against fixed asset investments/ asset write-downs/impairment	-	-	-
Environmental charges	-	-	-
Restructuring, integration and rationalization costs	-	-	-
Other	-	-	-

Total non-operating items	-	-	-
Exceptional items	(154)	16	7

Total non-operating and exceptional items	(154)	16	7
	=====		
Chemicals Indicator Margin(a) (\$/te)	122 (b)	109	96
	=====		
Petrochemicals production (kte)			
UK	840	832	869
Rest of Europe	2,728	2,790	2,763
USA	2,543	2,466	2,536
Rest of World	1,132	1,065	812

Total production	7,243	7,153	6,980

Edgar Filing: BP PLC - Form 6-K

=====

- (a) 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. While it does not cover our entire portfolio, it includes a broad range of products. Among the products and businesses covered in the CIM are the olefins and derivatives, the aromatics and derivatives, linear alpha-olefins (LAOs), acetic acid, vinyl acetate monomers and nitriles. Not included are fabrics and fibres, plastic fabrications, poly alpha-olefins (PAOs), anhydrides, speciality intermediates, and the remaining parts of the solvents and acetyls businesses.
- (b) Provisional. The data for the first quarter is based on two months' actuals and one month of provisional data.

Petrochemicals' pro forma replacement cost result before interest and tax for the first quarter was a loss of \$25 million, down from \$41 million in the fourth quarter of 2003. The result was affected by exceptional losses largely associated with the sale of our Specialty Intermediates Business and the exit of the Baglan Bay site in the UK more than offsetting overall margin improvement. The first quarter result was a decrease of \$162 million compared with the same quarter last year, due to the exceptional losses and adverse foreign exchange impacts. The margin structures of our European operations continue to be affected by the strength of the Euro and Sterling, as we are unable to achieve offsetting price increases due to dollar-based competition.

Petrochemicals production of 7,243 thousand tonnes in the first quarter was up 90 thousand tonnes compared with the previous quarter due to improved reliability and asset utilization.

During the first quarter, our portfolio management actions continued. We announced the closure and exit from the Baglan Bay site in the UK. We signed a sale and purchase agreement for our Specialty Intermediates Business (trimellitic anhydride, purified isophthalic acid (PIA) and maleic anhydride) based in Joliet, Illinois in the USA, plus the economic interest in our European PIA business. We also announced the intention to sell our Global Fabrics and Fibres business as well as our speciality business manufacturing and marketing linear and poly alpha olefins based in Feluy, Belgium; Pasadena, USA and Joffre, Canada.

Customer Facing Segments Gas, Power and Renewables

\$ million	1Q 2004	4Q 2003	1Q 2003
	=====		
Replacement cost profit before interest and tax	198	86	216
Acquisition amortization	-	-	-

Pro forma replacement cost result before interest and tax	198	86	216
	=====		
Results include:			
Asset write-downs/impairment	-	-	-

Edgar Filing: BP PLC - Form 6-K

Environmental charges	-	-	-
Restructuring, integration and rationalization costs	-	-	-
Other	-	-	-

Total non-operating items	-	-	-
Exceptional items	-	(10)	-

Total non-operating and exceptional items	-	(10)	-

Gas sales volumes (mmcf/d)			
UK	3,027	2,565	3,215
Rest of Europe	442	511	473
USA	13,618	12,121	11,734
Rest of World	13,902	13,138	11,553

Total gas sales volumes	30,989	28,335	26,975
	=====		
NGL sales volumes (mb/d)			
UK	4	2	5
Rest of Europe	1	-	-
USA	462	400	282
Rest of World	244	234	251

Total NGL sales volumes	711	636	538
	=====		

The pro forma replacement cost result before interest and tax for the first quarter was \$198 million compared with \$216 million a year ago. The result reflects a lower result in marketing and trading, improved results in global LNG and Solar and a similar contribution from the natural gas liquids business.

The marketing and trading result in North America is down compared with the first quarter of 2003, when the business benefited from high margins as a result of the prolonged cold weather in north east and midwest markets. The global LNG business had a strong quarter due to higher margins and continued growth in LNG sales volumes. Group gas sales volumes are up 15% above the same period last year.

The first quarter NGL result was flat, with volume increases of 32% offset by lower margins.

First quarter results for the solar business were improved over a year ago primarily as a result of the benefits of the 2003 restructuring programme.

Other Businesses and Corporate

\$ million	1Q 2004	4Q 2003	1Q 2003
	=====		
Replacement cost profit (loss) before interest and tax	1,129	465	(166)
Acquisition amortization	-	-	-

Pro forma replacement cost result before interest and tax	1,129	465	(166)
	=====		
Results include:			

Edgar Filing: BP PLC - Form 6-K

Asset write-downs/impairment	-	-	-
Environmental charges	-	-	-
Restructuring, integration and rationalization costs	-	-	-
Other(a)	-	574	-

Total non-operating items	-	574	-
Exceptional items	1,313	119	6

Total non-operating and exceptional items	1,313	693	6
	=====		

(a) For 4Q 2003, Other businesses and corporate other items includes a vacant space provision of \$74 million and a credit of \$648 million relating to US post-retirement benefit schemes.

Other businesses and corporate comprises Finance, the group's aluminium asset, its investments in PetroChina and Sinopec, interest income and costs relating to corporate activities. During the quarter, BP sold its interest in PetroChina for \$1.65 billion and its interest in Sinopec for \$0.7 billion; these transactions resulted in exceptional gains of \$1.3 billion.

Dividends

	1Q	4Q	1Q
	2004	2003	2003
	=====		
Dividends per ordinary share			
cents	6.75	6.75	6.25
pence	3.807	3.674	3.947
Dividends per ADS (cents)	40.5	40.5	37.5

BP today announced a first quarterly dividend for 2004 of 6.75 cents per ordinary share. Holders of ordinary shares will receive 3.807 pence per share and holders of American Depository Receipts (ADRs) \$0.405 per ADS share. The dividend is payable on 7 June to shareholders on the register on 14 May. 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 7 June. The second quarter 2004 results and dividend will be announced on 27 July 2004.

Outlook

BP Group Chief Executive, Lord Browne, concluded:

"The world economy appears to have grown at or above trend in the first quarter of 2004. Growth was especially robust in the US and in Asian economies, particularly in China, but Europe, with the exception of the UK, continues to lag. The US and Asia are expected to continue growing at or above trend in 2004 but mainland European growth is expected to remain below trend.

"At just over \$32 per barrel (dated Brent), crude oil prices during the first quarter were the highest since the fourth quarter of 1990 (immediately prior to the first Gulf War) and \$2.60 per barrel higher

Edgar Filing: BP PLC - Form 6-K

than in the fourth quarter of 2003. Prices have averaged around \$32.91 so far in April (through close 23 April 2004). Strong oil demand growth, low inventories, a tight US gasoline market and concern about possible supply disruptions have kept crude prices supported, notwithstanding the continuing high levels of OPEC production. The same forces should underpin crude prices during the second quarter but a rebuilding of inventories closer to seasonal norms looks likely if OPEC does not make production cuts that more closely match the seasonal drop in oil product demand.

"US natural gas prices traded in a relatively narrow range for most of the first quarter, averaging \$5.69/mmbtu (Henry Hub first of the month index). This represented an increase of around \$1.10/mmbtu versus the fourth quarter of 2003, due to seasonal weather effects, lingering supply concerns and the strength in oil prices. Spot gas prices traded between residual fuel oil and distillate parity throughout the whole period. Working gas in storage currently stands well above last year's levels and close to the five-year average. With storage at adequate levels and with growth in supply and demand looking more balanced than in recent years, we expect that gas prices will remain strongly influenced by movements in oil prices for the remainder of 2004.

"Refining margins in the first quarter strengthened relative to the fourth quarter 2003 in the face of declining product inventories, strong global oil demand growth and cold US weather. Margin gains were most pronounced in the US, where low gasoline inventories and specification changes raised concerns about supply during the coming driving season. Margins have begun the second quarter strongly, with low gasoline inventories and demand strength. Marketing margins are expected to reflect seasonal improvements although they continue to be impacted by high crude oil and product prices.

"Petrochemical margins in the first quarter improved versus the prior period. We continue to remain cautious about the overall market although we expect demand to improve gradually during 2004 provided the global economic recovery is sustained.

"Capital expenditure, excluding acquisitions, for the quarter was \$3.2 billion, and is projected to be approximately \$13.5 billion for the year, subject to developments in the US dollar exchange rate. The share buyback programme is continuing."

The foregoing discussion, in particular the statements under "Outlook", contains forward looking statements particularly those regarding BP's asset portfolio and changes in it, capital expenditure, economic growth, growth in oil demand, impact of foreign exchange exposure, inventory levels, the US gasoline market and supply concerns, margins, prices, petrochemicals demand and share buybacks. Forward looking statements by their nature 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, demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in governmental regulations; exchange rate fluctuations; development and use of new technology and successful commercial relationships; the actions of competitors; natural disasters and other changes in business conditions; prolonged adverse weather conditions; and wars and acts of terrorism or sabotage. For more information you should refer to our Annual Report and Accounts 2003 and our Annual Report on Form 20-F

Edgar Filing: BP PLC - Form 6-K

filed with the US Securities and Exchange Commission..

BP p.l.c. and Subsidiaries

Summarized Group Results

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
	\$ million		
Exploration and Production	4,242	2,848	4,718
Refining and Marketing	720	320	628
Petrochemicals	(25)	41	137
Gas, Power and Renewables	198	86	216
Other businesses and corporate	1,129	465	(166)

Replacement cost profit before interest and tax	6,264	3,760	5,533
Stock holding gains (losses) (Note 5)	648	84	799

Historical cost profit before interest and tax	6,912	3,844	6,332
Interest expense (Note 6)	152	160	176
Other finance expense (Note 7)	76	152	129

Profit before taxation	6,684	3,532	6,027
Taxation (Note 8)	1,822	1,157	1,782

Profit after taxation	4,862	2,375	4,245
Minority shareholders' interest	44	41	26

Profit for the period	4,818	2,334	4,219
	=====		
Distribution to shareholders	1,483	1,495	1,386

Earnings per ordinary share - cents			
Basic	21.81	10.56	18.90
Diluted	21.34	10.32	18.84
	=====		

Replacement Cost Results

Edgar Filing: BP PLC - Form 6-K

Historical cost profit for the period	4,818	2,334	4,219
Stock holding (gains) losses net of minority shareholders' interest	(648)	(84)	(799)
<hr style="border-top: 1px dashed black;"/>			
Replacement cost profit for the period	4,170	2,250	3,420
<hr style="border-top: 1px dashed black;"/>			
Earnings per ordinary share - cents			
On replacement cost profit for the period	18.88	10.18	15.32
<hr style="border-top: 3px double black;"/>			

Summarized Group Balance Sheet

	31 March 2004	31 December 2003
<hr style="border-top: 1px dashed black;"/>		
\$ million		
Fixed assets		
Intangible assets	13,386	13,642
Tangible assets	91,800	91,911
Investments	18,492	17,458
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	123,678	123,011
	<hr style="border-top: 1px dashed black;"/>	
Current assets		
Stocks	11,298	11,617
Debtors	35,099	33,902
Investments	328	185
Cash at bank and in hand	2,006	1,947
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	48,731	47,651
	<hr style="border-top: 1px dashed black;"/>	
Creditors - amounts falling due within one year		
Finance debt	6,997	9,456
Other creditors	43,018	41,128
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net current assets (liabilities)	(1,284)	(2,933)
	<hr style="border-top: 1px dashed black;"/>	
Total assets less current liabilities	122,394	120,078
	<hr style="border-top: 1px dashed black;"/>	
Creditors - amounts falling due after more than one year		
Finance debt	12,940	12,869
Other creditors	5,834	6,090
Provisions for liabilities and charges		
Deferred taxation	14,578	14,371
Other provisions	8,766	8,815
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net assets excluding pensions and other post-retirement benefit balances	80,276	77,933
Defined benefit pension plan surplus	1,258	1,021
Defined benefit pension plan and other post-retirement benefit plan deficits	(7,524)	(7,510)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net assets	74,010	71,444
Minority shareholders' interest - equity	1,181	1,125
	<hr style="border-top: 1px dashed black;"/>	

Edgar Filing: BP PLC - Form 6-K

BP shareholders' interest	72,829	70,319
	=====	
Movement in BP shareholders' interest: \$ million		
At 31 December 2003		75,938
Prior year adjustment - change in accounting policy (see Note 1)		(5,619)

As restated		70,319
Profit for the period		4,818
Distribution to shareholders		(1,483)
Currency translation differences (net of tax)		238
Issue of ordinary share capital for employee share schemes		126
(Purchase) release of shares by ESOP trusts		60
Repurchase of ordinary share capital		(1,249)

At 31 March 2004		72,829
		=====

Summarized Group Cash Flow Statement

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
	\$ million		
Net cash inflow from operating activities (a)	7,674	3,500	5,961

Dividends from joint ventures	178	51	13

Dividends from associated undertakings	31	120	55

Servicing of finance and returns on investments			
Interest received	41	51	31
Interest paid	(165)	(190)	(207)
Dividends received	12	66	6
Dividends paid to minority shareholders	(2)	(3)	(2)

Net cash outflow from servicing of finance and returns on investments	(114)	(76)	(172)

Taxation			
UK corporation tax	(322)	(329)	(312)
Overseas tax	(258)	(1,187)	(320)

Tax paid	(580)	(1,516)	(632)

Capital expenditure and financial investment			
Payments for fixed assets	(2,941)	(3,683)	(2,871)
Proceeds from the sale of fixed assets	2,839	1,410	2,317

Edgar Filing: BP PLC - Form 6-K

Net cash outflow for capital expenditure and financial investment	(102)	(2,273)	(554)
Acquisitions and disposals			
Acquisitions, net of cash acquired	-	(33)	-
Proceeds from the sale of businesses	-	-	160
Net investment in TNK-BP joint venture	(1,273)	274	-
Net investment in other joint ventures	(92)	(162)	(14)
Investments in associated undertakings	(433)	(227)	(186)
Net cash outflow for acquisitions and disposals	(1,798)	(148)	(40)
Equity dividends paid	(1,492)	(1,438)	(1,397)
Net cash inflow (outflow)	3,797	(1,780)	3,234
Financing (b)	3,598	(2,354)	3,599
Management of liquid resources	138	(223)	13
Increase (decrease) in cash	61	797	(378)
	3,797	(1,780)	3,234

Analysis of Cash Flow

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
	\$ million		
(a) Reconciliation of historical cost profit before interest and tax to net cash inflow from operating activities			
Historical cost profit before interest and tax	6,912	3,844	6,332
Depreciation and amounts provided	2,814	3,093	2,709
Exploration expenditure written off	67	129	50
Net operating charge for pensions and other post-retirement benefits, less contributions	(23)	(2,190)	(243)
Share of profits of joint ventures and associated undertakings	(641)	(494)	(304)
Interest and other income	(64)	(121)	(48)
(Profit) loss on sale of fixed assets and businesses	(1,230)	15	(394)
Charge for provisions	67	238	29
Utilization of provisions	(155)	(204)	(116)
Decrease (increase) in stocks	247	(362)	376
(Increase) decrease in debtors	(1,586)	375	(6,645)
Increase (decrease) in creditors	1,266	(823)	4,215
Net cash inflow from operating activities	7,674	3,500	5,961

Edgar Filing: BP PLC - Form 6-K

(b) Financing

Long-term borrowing	(628)	(1,666)	(1,015)
Repayments of long-term borrowing	836	776	403
Short-term borrowing	(156)	(1,738)	(626)
Repayments of short-term borrowing	2,408	278	3,899

	2,460	(2,350)	2,661
Issue of ordinary share capital for employee share schemes	(126)	(61)	(67)
Purchase of shares by ESOP trusts	15	57	6
Repurchase of ordinary share capital	1,249	-	999

Net cash outflow (inflow) from financing	3,598	(2,354)	3,599
	=====		

Adjusted Operating Cash Flow

Net cash inflow from operating activities (a)	7,674	3,500	5,961
Dividends received from joint ventures	178	51	13
Dividends received from associated undertakings	31	120	55
Net cash outflow from servicing of finance and returns on investments	(114)	(76)	(172)

Adjusted operating cash flow (pre-tax)	7,769	3,595	5,857
Tax paid on operations*	(650)	(1,600)	(578)

Adjusted operating cash flow (post-tax)	7,119	1,995	5,279

* Components of tax payments			
Tax paid on operations	(650)	(1,600)	(578)
Tax refunded/paid) on exceptional items	70	84	(54)

Total tax paid	(580)	(1,516)	(632)
	=====		

(a) Includes pre-tax discretionary pension funding of \$85 million in 1Q 2004, \$1,586 million in 4Q 2003 and \$308 million in 1Q 2003. On a post-tax basis, these amounts are \$60 million, \$1,031 million and \$197 million respectively.

Capital Expenditure and Acquisitions

First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
=====	=====	=====
\$ million		

By business

Exploration and Production

Edgar Filing: BP PLC - Form 6-K

UK	153	189	196
Rest of Europe	48	75	51
USA	932	1,140	963
Rest of World(a)	2,690	1,191	908
	-----	-----	-----
	3,823	2,595	2,118
	-----	-----	-----
 Refining and Marketing			
UK	77	249	73
Rest of Europe	92	446	104
USA	258	623	336
Rest of World	37	181	24
	-----	-----	-----
	464	1,499	537
	-----	-----	-----
 Petrochemicals			
UK	20	35	-
Rest of Europe	38	69	31
USA	47	130	44
Rest of World	61	65	21
	-----	-----	-----
	166	299	96
	-----	-----	-----
 Gas, Power and Renewables			
UK	1	21	8
Rest of Europe	2	46	15
USA	11	49	41
Rest of World	47	27	23
	-----	-----	-----
	61	143	87
	-----	-----	-----
 Other businesses and corporate			
UK	2	29	18
Rest of Europe	-	1	1
USA	9	43	10
Rest of World	-	1	1
	-----	-----	-----
	11	74	30
	-----	-----	-----
	4,525	4,610	2,868
	=====	=====	=====
 By geographical area			
UK	253	523	295
Rest of Europe	180	637	202
USA	1,257	1,985	1,394
Rest of World(a)	2,835	1,465	977
	-----	-----	-----
	4,525	4,610	2,868
	=====	=====	=====

(a) First quarter 2004 included the investment in TNK's interest in Slavneft within TNK-BP.

Edgar Filing: BP PLC - Form 6-K

Exchange rates			
US dollar/sterling average rate for the period	1.84	1.70	1.60
US dollar/sterling period-end rate	1.83	1.78	1.57
US dollar/euro average rate for the period	1.25	1.19	1.07
US dollar/euro period-end rate	1.22	1.25	1.08

Analysis of Replacement Cost Profit Before Interest and Tax

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
	\$ million		
By business			
Exploration and Production			
UK	823	654	1,078
Rest of Europe	163	154	195
USA	1,494	716	1,658
Rest of World	1,762	1,324	1,787
	-----	-----	-----
	4,242	2,848	4,718
	-----	-----	-----
Refining and Marketing			
UK	(189)	(152)	(43)
Rest of Europe	289	158	361
USA	409	174	145
Rest of World	211	140	165
	-----	-----	-----
	720	320	628
	-----	-----	-----
Petrochemicals			
UK	(156)	(65)	(90)
Rest of Europe	154	34	117
USA	(109)	6	54
Rest of World	86	66	56
	-----	-----	-----
	(25)	41	137
	-----	-----	-----
Gas, Power and Renewables			
UK	12	40	4
Rest of Europe	(11)	(11)	(9)
USA	79	5	57
Rest of World	118	52	164
	-----	-----	-----
	198	86	216
	-----	-----	-----
Other businesses and corporate			
UK	(163)	324	(93)
Rest of Europe	(6)	(42)	(8)
USA	(30)	(23)	(81)
Rest of World	1,328	206	16
	-----	-----	-----

Edgar Filing: BP PLC - Form 6-K

1,129	465	(166)

6,264	3,760	5,533
=====		

By geographical area

UK	327	801	856
Rest of Europe	589	293	656
USA	1,843	878	1,833
Rest of World	3,505	1,788	2,188

	6,264	3,760	5,533
=====			

Included above:

Share of profits of joint ventures	485	402	117
Share of profits of associated undertakings	141	93	180

	626	495	297
=====			

Pro Forma Result: Replacement Cost Profit Before
Interest and Tax Adjusted for Acquisition Amortization

First Quarter 2004	Fourth Quarter 2003	First Quarter 2003

\$ million		

By business

Exploration and Production

UK	858	689	1,111
Rest of Europe	163	154	195
USA	1,708	1,091	1,917
Rest of World	1,839	1,340	1,918

	4,568	3,274	5,141

Refining and Marketing

UK	(63)	(36)	67
Rest of Europe	289	158	361
USA	504	269	240
Rest of World	211	140	165

	941	531	833

Petrochemicals

UK	(156)	(65)	(90)
Rest of Europe	154	34	117
USA	(109)	6	54
Rest of World	86	66	56

Edgar Filing: BP PLC - Form 6-K

	(25)	41	137

Gas, Power and Renewables			
UK	12	40	4
Rest of Europe	(11)	(11)	(9)
USA	79	5	57
Rest of World	118	52	164

	198	86	216

Other businesses and corporate			
UK	(163)	324	(93)
Rest of Europe	(6)	(42)	(8)
USA	(30)	(23)	(81)
Rest of World	1,328	206	16

	1,129	465	(166)

	6,811	4,397	6,161

By geographical area			
UK	488	952	999
Rest of Europe	589	293	656
USA	2,152	1,348	2,187
Rest of World	3,582	1,804	2,319

	6,811	4,397	6,161
	=====		

Analysis of Exceptional Items

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
	\$ million		
Exploration and Production			
UK	(1)	11	1
Rest of Europe	-	1	-
USA	(19)	20	(160)
Rest of World	231	(81)	592

	211	(49)	433

Refining and Marketing			
UK	(36)	(12)	(15)
Rest of Europe	(17)	(47)	(40)
USA	(5)	(32)	4
Rest of World	(82)	-	(1)

	(140)	(91)	(52)

Edgar Filing: BP PLC - Form 6-K

Petrochemicals			
UK	(7)	(1)	3
Rest of Europe	(19)	(10)	(1)
USA	(126)	(5)	4
Rest of World	(2)	32	1
	-----	-----	-----
	(154)	16	7
	-----	-----	-----
Gas, Power and Renewables			
UK	-	-	-
Rest of Europe	-	-	-
USA	-	(10)	-
Rest of World	-	-	-
	-----	-----	-----
	-	(10)	-
	-----	-----	-----
Other businesses and corporate			
UK	(1)	27	-
Rest of Europe	-	-	(1)
USA	-	(45)	7
Rest of World	1,314	137	-
	-----	-----	-----
	1,313	119	6
	-----	-----	-----
Profit (loss) on sale of fixed assets and businesses or termination of operations			
	1,230	(15)	394
Taxation credit (charge)	70	84	(54)
	-----	-----	-----
Exceptional items after taxation	1,300	69	340
	=====	=====	=====

Identified Non-operating Items and UPIS

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
	\$ million		
By business			
Exploration and Production			
UK	-	(144)	(53)
Rest of Europe	-	-	-
USA(a)	(66)	(236)	(206)
Rest of World	(123)	-	(5)
	-----	-----	-----
	(189)	(380)	(264)
	-----	-----	-----
Refining and Marketing			
UK	-	-	-
Rest of Europe	-	(146)	(18)
USA	-	-	-
Rest of World	-	-	-

Edgar Filing: BP PLC - Form 6-K

	-	(146)	(18)
Petrochemicals			
UK	-	-	-
Rest of Europe	-	-	-
USA	-	-	-
Rest of World	-	-	-
	-	-	-
Gas, Power and Renewables			
UK	-	-	-
Rest of Europe	-	-	-
USA	-	-	-
Rest of World	-	-	-
	-	-	-
Other businesses and corporate (b)			
UK	-	(74)	-
Rest of Europe	-	-	-
USA	-	648	-
Rest of World	-	-	-
	-	574	-
Sub-total	(189)	48	(282)
Interest	-	-	-
Total before taxation	(189)	48	(282)
Taxation credit (charge)	66	134	227
Total after taxation	(123)	182	(55)

- (a) Includes increases in the provision for Unrealized Profit in Stock (UPIS) of \$66 million in 1Q 2004, \$57 million in 4Q 2003 and \$125 million in 1Q 2003, which removes the upstream margin from downstream inventories.
- (b) For 4Q 2003 Other businesses and corporate includes a vacant space provision of \$74 million and a credit of \$648 million relating to US post-retirement benefit schemes.

Acquisition Amortization by Business

First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
\$ million		

Edgar Filing: BP PLC - Form 6-K

Exploration and Production			
UK	35	35	33
USA	214	375	259
Rest of World	77	16	131
	-----	-----	-----
	326	426	423
	-----	-----	-----
Refining and Marketing			
UK	126	116	110
USA	95	95	95
	-----	-----	-----
	221	211	205
	-----	-----	-----
Total acquisition amortization	547	637	628
	=====	=====	=====

Production and Realizations

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
Production			
Crude oil (mb/d) (net of royalties)			
UK	344	339	442
Rest of Europe	73	74	90
USA	564	570	606
Rest of World	1,361	1,265	692
	-----	-----	-----
Total crude oil production	2,342	2,248	1,830
	=====	=====	=====
Natural gas liquids (mb/d) (net of royalties)			
UK	20	21	29
Rest of Europe	5	5	5
USA	137	147	167
Rest of World	29	33	32
	-----	-----	-----
Total natural gas liquids production	191	206	233
	=====	=====	=====
Liquids (a) (mb/d) (net of royalties)			
UK	364	360	471
Rest of Europe	78	79	95
USA	701	717	773
Rest of World	1,390	1,298	724
	-----	-----	-----
Total liquids production	2,533	2,454	2,063
	=====	=====	=====
Natural gas (b) (mmcf/d) (net of royalties)			
UK	1,355	1,318	1,798
Rest of Europe	142	143	131
USA	2,869	2,933	3,437
Rest of World	4,234	4,206	3,651
	-----	-----	-----

Edgar Filing: BP PLC - Form 6-K

Total natural gas production	8,600	8,600	9,017	
	=====			
Average realizations				
Crude oil (\$/bbl)				
UK	29.36	28.18	31.16	
USA	32.69	28.49	31.74	
Rest of World	30.80	27.56	29.91	
BP Average	31.30	28.18	31.07	
	=====			
Natural gas liquids (\$/bbl)				
UK	25.70	20.06	23.28	
USA	22.25	19.11	18.26	
Rest of World	24.61	24.23	23.05	
BP Average	23.14	20.15	19.82	
	=====			
Liquids (a) (\$/bbl)				
UK	29.16	27.71	30.67	
USA	31.08	26.92	29.36	
Rest of World	30.42	27.33	29.48	
BP Average	30.48	27.30	29.82	
	=====			
Natural gas (\$/mcf)				
UK	4.70	3.87	3.32	
USA	4.72	3.85	5.27	
Rest of World	2.67	2.35	2.70	
BP Average	3.79	3.18	3.87	
	=====			

(a) Crude oil and natural gas liquids.

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

Reconciliation of Historical Cost Profit (Loss) to Pro Forma Result

\$ million	Reported earnings	Acquisition amortization	Pro forma result
	=====		
4Q 2003			
Exploration and Production	2,848	426	3,274
Refining and Marketing	320	211	531
Petrochemicals	41	-	41
Gas, Power and Renewables	86	-	86
Other businesses and corporate	465	-	465

RC profit before interest and tax	3,760	637	4,397

Edgar Filing: BP PLC - Form 6-K

Interest and other finance expense	(312)	-	(312)
Taxation	(1,157)	-	(1,157)
MSI	(41)	-	(41)
RC profit	2,250	637	2,887
		=====	
Stock holding gains (losses)	84		

HC profit	2,334		
	=====		
1Q 2003			
Exploration and Production	4,718	423	5,141
Refining and Marketing	628	205	833
Petrochemicals	137	-	137
Gas, Power and Renewables	216	-	216
Other businesses and corporate	(166)	-	(166)
RC profit before interest and tax	5,533	628	6,161

Interest and other finance expense	(305)	-	(305)
Taxation	(1,782)	-	(1,782)
MSI	(26)	-	(26)
RC profit	3,420	628	4,048
		=====	
Stock holding gains (losses)	799		

HC profit	4,219		
	=====		

Return on Average Capital Employed

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
	\$ million		
Replacement cost basis			
RC profit for the period (a)	4,170	2,250	3,420
Interest (b)	64	73	99
Minority shareholders' interest	44	41	26
Adjusted RC profit	4,278	2,364	3,545
	=====	=====	=====
Average capital employed	93,858	90,938	85,787
ROACE - replacement cost basis	18.2%	10.4%	16.5%
	-----	-----	-----
Pro forma basis			
Adjusted RC profit (a)	4,278	2,364	3,545
Acquisition amortization	547	637	628
Average capital employed	93,858	90,938	85,787

Edgar Filing: BP PLC - Form 6-K

Average capital employed acquisition adjustment	13,146	13,556	15,940

Average capital employed (pro forma basis)	80,712	77,382	69,847

ROACE - Pro forma basis	23.9%	15.5%	23.9%

Historical cost basis			
Profit for the period (a)	4,818	2,334	4,219
Interest (b)	64	73	99
Minority shareholders' interest	44	41	26

Adjusted historical cost profit	4,926	2,448	4,344
	=====		

Average capital employed	93,858	90,938	85,787
ROACE - historical cost basis	21.0%	10.8%	20.3%

- (a) 1Q 2004 includes \$1,300 million in respect of exceptional items and \$(123) million in respect of non-operating items and UPIS. 4Q 2003 includes \$69 million in respect of exceptional items and \$182 million in respect of non-operating items and UPIS. 1Q 2003 includes \$340 million in respect of exceptional items and \$(55) million in respect of non-operating items and UPIS.
- (b) Excludes interest on joint venture and associated undertakings' debt and is on a post-tax basis using a deemed tax rate equal to the US statutory tax rate.

Net Debt Ratio - Net Debt: Net Debt + Equity

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
	\$ million		
Gross debt	19,937	22,325	19,042
Cash and current asset investments	2,334	2,132	1,379

Net debt	17,603	20,193	17,663
	=====		
Equity	74,010	71,444	66,236
Net debt ratio	19%	22%	21%

Acquisition adjustment	12,930	13,362	15,208

Net debt ratio - pro forma basis	22%	26%	26%

Pre-Tax Cash Returns

Edgar Filing: BP PLC - Form 6-K

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
	\$ million		
Replacement cost profit before interest and tax	6,264	3,760	5,533
Exceptional items	(1,230)	15	(394)

Replacement cost operating profit	5,034	3,775	5,139
Acquisition amortization	547	637	628

Pro forma replacement cost operating profit	5,581	4,412	5,767
Non-cash non-operating items	123	308	49
Pro forma DD&A, adjusted for non-cash non-operating items	2,144	2,148	2,032

Cash returns numerator	7,848	6,868	7,848
	=====		
Capital employed	93,947	93,769	85,278
Liabilities for current and deferred taxation	17,207	16,068	15,314

Operating capital employed	111,154	109,837	100,592
Acquisition adjustment	(12,930)	(13,362)	(15,208)

Cash returns denominator	98,224	96,475	85,384
	=====		
Average cash returns denominator	97,350	93,490	84,609
	=====		
Cash return	32%	29%	37%

Notes

1. 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 1 January 2004 natural gas liquids (NGLs) activities have been transferred from the Exploration and Production segment to Gas, Power and Renewables.

- (b) New accounting standard for pensions and other post-retirement benefits
With effect from 1 January 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

Edgar Filing: BP PLC - Form 6-K

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 1 January 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 post-retirement benefit balances	77,933	77,063
Defined benefit pension plan surplus	1,021	-
Defined benefit pension plan and other post-retirement benefit plan deficits	(7,510)	-
	-----	-----
Net assets	71,444	77,063
Minority shareholders' interest	1,125	1,125
	-----	-----
BP shareholders' interest	70,319	75,938
	=====	=====

Notes

Edgar Filing: BP PLC - Form 6-K

Income statements	Restated		Reported	
	Fourth	First	Fourth	First
	Quarter	Quarter	Quarter	Quarter
	2003	2003	2003	2003
	=====			
	\$ million			
Exploration and Production	2,848	4,718	2,889	4,759
Refining and Marketing	320	628	274	579
Petrochemicals	41	137	51	146
Gas, Power and Renewables	86	216	67	194
Other businesses and corporate	465	(166)	(176)	(159)

Replacement cost profit before interest and tax	3,760	5,533	3,105	5,519
Stock holding gains (losses)	84	799	84	799

Historical cost profit before interest and tax	3,844	6,332	3,189	6,318
Interest expense	160	176	227	220
Other finance expense	152	129	-	-

Profit before taxation	3,532	6,027	2,962	6,098
Taxation	1,157	1,782	949	1,805

Profit after taxation	2,375	4,245	2,013	4,293
Minority shareholders' interest	41	26	41	26

Profit for the period	2,334	4,219	1,972	4,267
=====				
Distribution to shareholders	1,495	1,386	1,495	1,386

Earnings per ordinary share - cents				
Basic	10.56	18.90	8.93	19.11
Diluted	10.32	18.84	8.69	19.05
=====				

Notes

2. Turnover

By business	First	Fourth	First
	Quarter	Quarter	Quarter
	2004	2003	2003
	=====		
	\$ million		
Exploration and Production	8,166	7,450	8,878
Refining and Marketing	41,694	36,378	39,678
Petrochemicals	4,510	4,336	3,938
Gas, Power and Renewables	20,975	16,701	18,080
Other businesses and corporate	121	137	111

	75,466	65,002	70,685

Edgar Filing: BP PLC - Form 6-K

Less: sales between businesses	7,864	7,138	8,654
Group excluding JVs	67,602	57,864	62,031
Share of sales by joint ventures	1,878	1,798	398
	69,480	59,662	62,429

By geographical area

Group excluding JVs			
UK	17,296	14,117	15,132
Rest of Europe	12,041	12,288	13,317
USA	31,803	26,347	29,341
Rest of World	15,817	13,894	13,736
	76,957	66,646	71,526
Less: sales between areas	9,355	8,782	9,495
	67,602	57,864	62,031

3. Replacement cost profit

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

Notes

4. Operating profits are after charging:

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
	\$ million		
Exploration expense			
UK	2	1	3
Rest of Europe	2	5	4
USA	97	60	37
Rest of World	35	127	68
	136	193	112
Production taxes (a)			
UK petroleum revenue tax	126	44	133
Overseas production taxes	399	377	371
	525	421	504

Edgar Filing: BP PLC - Form 6-K

(a) Production taxes are charged against Exploration and Production's operating profit and are not included in the charge for taxation in Note 8.

5. Stock holding gains (losses)

Exploration and Production	8	-	6
Refining and Marketing	529	16	620
Petrochemicals	121	10	146
Gas, Power and Renewables	(10)	58	27
	648	84	799
	648	84	799

Notes

6. Interest expense

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	\$ million		
Group interest payable	149	172	187
Capitalized	(50)	(60)	(34)
	99	112	153
Joint ventures	41	36	13
Associated undertakings	12	12	10
	152	160	176
	152	160	176

7. Other finance expense

Interest on pension and other post-retirement benefit plan liabilities	500	460	460
Expected return on pension and other post-retirement benefit plan assets	(498)	(375)	(375)
	2	85	85
Interest net of expected return on plan assets	48	42	44
Unwinding of discount on provisions	26	25	-
Unwinding of discount on deferred consideration for acquisition of investment in TNK-BP	76	152	129
	76	152	129
	76	152	129

8. Charge for taxation

Current	1,706	404	1,581
Deferred	116	753	201
	1,706	404	1,581
	1,706	404	1,581

Edgar Filing: BP PLC - Form 6-K

	1,822	1,157	1,782
	=====		
UK	345	356	451
Overseas	1,477	801	1,331

	1,822	1,157	1,782
	=====		

Notes

9. Analysis of changes in net debt

	First Quarter 2004	Fourth Quarter 2003	First Quarter 2003
	=====		
	\$ million		
Opening balance			
Finance debt	22,325	19,970	22,008
Less: Cash	1,947	1,091	1,520
Current asset investments	185	404	215

Opening net debt	20,193	18,475	20,273

Closing balance			
Finance debt	19,937	22,325	19,042
Less: Cash	2,006	1,947	1,151
Current asset investments	328	185	228

Closing net debt	17,603	20,193	17,663

Decrease (increase) in net debt	2,590	(1,718)	2,610
	=====		
Movement in cash/bank overdrafts	61	797	(378)
Increase (decrease) in current asset investments	138	(223)	13
Net cash outflow (inflow) from financing (excluding share capital)	2,460	(2,350)	2,661
Exchange of Exchangeable Bonds for Lukoil American Depositary Shares	-	-	420
Other movements	14	5	64
Debt acquired	-	(3)	-

Movement in net debt before exchange effects	2,673	(1,774)	2,780
Exchange adjustments	(83)	56	(170)

Decrease (increase) in net debt	2,590	(1,718)	2,610
	=====		

Notes

10. TNK-BP Operational and Financial Information

First Fourth

Edgar Filing: BP PLC - Form 6-K

	Quarter 2004 =====	Quarter 2003 =====
Production (Net of royalties) (BP share)		
Crude oil (mb/d)	766	669
Natural gas (mmcf/d)	382	296
Total hydrocarbons (mboe/d) (a)	832	720
	=====	=====
	\$ million	
Income statement (BP share)		
Replacement cost profit before interest and tax	374	354
Stock holding gains (losses)	-	-
Interest expense +	(30)	(24)
Taxation	(115)	(53)
Minority shareholders' interest	(10)	1
	-----	-----
Net Income	219	278
	=====	=====
+ Excludes unwinding of discount on deferred consideration	26	25
	=====	=====
Balance Sheet	31 March 2004 =====	31 December 2003 =====
Fixed assets - investments		
Gross assets	12,011	10,339
Gross liabilities	(3,509)	(3,290)
	-----	-----
	8,502	7,049
	=====	=====
Deferred consideration		
Due within one year	1,236	1,227
Due after more than one year	2,369	2,352
	-----	-----
	3,605	3,579
	=====	=====
	First Quarter 2004 =====	Fourth Quarter 2003 =====
Cash Flow		
Additional investment in TNK-BP joint venture	(1,416)	(23)
Dividends related to period prior to acquisition	143	297
	-----	-----
Net investment in TNK-BP joint venture	(1,273)	274
	=====	=====
Dividends received	119	-
	=====	=====

Edgar Filing: BP PLC - Form 6-K

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

BP's share of the result of the TNK-BP joint venture has been included within Exploration and Production with effect from 29 August 2003. TNK-BP operational and financial information for the first quarter has been estimated and includes an adjustment in respect of the period 29 August to 31 December 2003 amounting to charges of \$11 million and \$29 million respectively in replacement cost profit before interest and tax and net income. TNK-BP's 2003 audited financial statements are expected to be finalized in May 2004. Any further adjustment in respect of 2003 will be reflected in BP's second quarter results.

Notes

11. Statutory accounts

The financial information shown in this publication is unaudited and does not constitute statutory accounts. The 2003 Annual Report and Accounts have been delivered to the UK Registrar of Companies; the report of the auditors on those accounts was unqualified.

Contacts

	London -----	New York -----
Press Office	Roddy Kennedy +44 (0)20 7496 4624	Ian Stewart +1 212 451 8026
Investor Relations	Fergus MacLeod +44 (0)20 7496 4717	Terry LaMore +1 212 451 8034

<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.

BP p.l.c.
(Registrant)

Dated: 27 April, 2004

/s/ D. J. PEARL
.....
D. J. PEARL

