

Analysis of Replacement Cost Profit and Reconciliation to Profit for the Period

	First Quarter 2007	Fourth Quarter 2006	First Quarter 2006
\$ million			
Exploration and Production	6,043	5,063	6,823
Refining and Marketing	838	312	1,612
Gas, Power and Renewables	206	470	301
Other businesses and corporate	(116)	(276)	(217)
Consolidation adjustment	83	(103)	(8)
RC profit before interest and tax	7,054	5,466	8,511
Finance costs and other finance expense	(171)	(149)	(143)
Taxation	(2,440)	(1,347)	(2,929)
Minority interest	(82)	(75)	(71)
RC profit from continuing operations attributable to BP shareholders^(a)	4,361	3,895	5,368
Inventory holding gains (losses) for continuing operations	303	(1,015)	358
Profit for the period from continuing operations attributable to BP shareholders	4,664	2,880	5,726
Profit (loss) for the period from Innovene operations^(b)	–	–	(103)
Profit for the period attributable to BP shareholders	4,664	2,880	5,623
RC profit from continuing operations attributable to BP shareholders	4,361	3,895	5,368
RC profit (loss) from Innovene operations	–	–	(103)
Replacement cost profit	4,361	3,895	5,265

^(a) Replacement cost profit reflects the current cost of supplies. The replacement cost profit for the period is arrived at by excluding from profit inventory holding gains and losses. BP uses this measure to assist investors to assess BP's performance from period to period. Replacement cost profit is not a recognized GAAP measure.

^(b) See further detail in Note 3.

Results include Non-operating Items

	First Quarter 2007	Fourth Quarter 2006	First Quarter 2006
\$ million			
Exploration and Production	748	(177)	(386)
Refining and Marketing	(229)	(53)	564
Gas, Power and Renewables	9	215	(55)
Other businesses and corporate	34	(188)	9
	562	(203)	132
Taxation	(199)	51	(46)
Continuing operations	363	(152)	86
Innovene operations	–	–	(96)
Taxation	–	–	(7)
Total for all operations	363	(152)	(17)

An analysis of non-operating items by type is provided on page 19.

Per Share Amounts

	First Quarter 2007	Fourth Quarter 2006	First Quarter 2006
Results for the period (\$ million)			
Profit ^(a)	4,664	2,880	5,623
Replacement cost profit	4,361	3,895	5,265
Shares in issue at period end (thousand) ^(b)			
– ADS equivalent (thousand) ^(b)	19,290,540	19,510,496	20,341,135
Average number of shares outstanding (thousand) ^(b)	3,215,090	3,251,749	3,390,189
– ADS equivalent (thousand) ^(b)	19,384,508	19,610,871	20,521,872
Shares repurchased in the period (thousand)	3,230,751	3,268,479	3,420,312
	237,916	310,385	349,079
Per ordinary share (cents)			
Profit for the period	24.06	15.04	27.40
RC profit for the period	22.50	20.08	25.66
Per ADS (cents)			
Profit for the period	144.36	90.24	164.40
RC profit for the period	135.00	120.48	153.96

^(a) Profit attributable to BP shareholders.

^(b) Excludes treasury shares.

Dividends

BP today announced a dividend of 10.325 cents per ordinary share to be paid in June. Holders of ordinary shares will receive 5.151 pence per share and holders of American Depository Receipts (ADRs) \$0.6195 per ADS. The dividend is payable on 4 June to shareholders on the register on 11 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 4 June.

	First Quarter 2007	Fourth Quarter 2006	First Quarter 2006
Dividends paid per ordinary share			
cents	10.325	9.825	9.375
pence	5.258	5.241	5.288
Dividends per ADS (cents)	61.95	58.95	56.25

Net Debt Ratio – Net Debt: Net Debt + Equity

	First Quarter 2007	Fourth Quarter 2006	First Quarter 2006
\$ million			
Gross debt	23,728	24,010	18,679
Cash and cash equivalents	1,956	2,590	2,939
Net debt	21,772	21,420	15,740
Equity	85,749	85,465	80,881
Net debt ratio	20%	20%	16%

Exploration and Production

\$ million	First Quarter 2007	Fourth Quarter 2006	First Quarter 2006
Profit before interest and tax^(a)	6,054	5,057	6,816
Inventory holding (gains) losses	(11)	6	7
Replacement cost profit before interest and tax	6,043	5,063	6,823
By region:			
UK	1,062	1,534	1,165
Rest of Europe	720	249	303
US	1,652	952	2,311
Rest of World	2,609	2,328	3,044
	6,043	5,063	6,823
Results include:			
Non-operating items			
UK	145	289	(394)
Rest of Europe	533	(13)	–
US	(8)	(269)	2
Rest of World	78	(184)	6
	748	(177)	(386)
Exploration expense			
UK	20	6	7
Rest of Europe	–	–	–
US	77	324	66
Rest of World	59	78	116
	156	408	189
Production (net of royalties)^(b)			
Liquids (mb/d) (net of royalties)^(c)			
UK	236	239	281
Rest of Europe	59	57	68
US	526	533	566
Rest of World	1,625	1,587	1,618
	2,446	2,416	2,533
Natural gas (mmcf/d) (net of royalties)			
UK	907	888	1,196
Rest of Europe	41	90	94
US	2,163	2,196	2,485
Rest of World	5,391	5,082	4,938
	8,502	8,256	8,713
Total hydrocarbons (mboe/d)^(d)			
UK	393	392	487
Rest of Europe	66	73	83
US	899	912	995
Rest of World	2,554	2,463	2,470
	3,912	3,840	4,035
Average realizations^(e)			
Total liquids (\$/bbl)	53.43	54.13	55.88
Natural gas (\$/mcf)	4.86	4.38	5.54
Total hydrocarbons (\$/boe)	41.06	40.13	44.20

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

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

^(c) Crude oil and natural gas liquids.

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

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

Exploration and Production

The replacement cost profit before interest and tax for the first quarter was \$6,043 million, a decrease of 11% over the first quarter of 2006. This result was impacted by lower oil and gas realizations and lower reported volumes, reflecting the impact of the divestment activity in 2006. In addition, it included higher costs, reflecting the impacts of sector-specific inflation, increased integrity spend and higher depreciation charges. BP's share of income from TNK-BP was negatively affected by lower prices and the adverse effect of lagged tax reference prices.

The result included a net non-operating gain of \$748 million, with the most significant items being the gain on the sale of our assets in the Netherlands, which completed on 31 January, and fair value gains on embedded derivatives relating to North Sea gas contracts. The corresponding quarter in 2006 contained a net non-operating charge of \$386 million.

After adjusting for the impact of divestments, production was flat compared with the first quarter of 2006. Actual production was down 123 mboe/d. Full year production in 2007 is expected to be in the range of 3.8 to 3.9 mmbae/d, in line with the guidance given with our fourth quarter results.

During the quarter, we had our first lifting from the Dalia field in Angola, with the field ramping up as planned, and the BTC pipeline celebrated the loading of its 100 millionth barrel at the Ceyhan terminal. In Angola, the Greater Plutonio FPSO has been successfully moored.

We continued our strong exploration track record in Angola with Miranda, our 13th successful well in Block 31, and made the Giza North gas discovery in Egypt.

Since the end of the quarter, we have divested our interest in the Entrada field in the deepwater Gulf of Mexico, and acquired an increased interest in the Badin field in Pakistan in exchange for our ownership interest in the West Texas Pipeline System.

Refining and Marketing

The replacement cost profit before interest and tax for the first quarter was \$838 million compared with \$1,612 million for the same period last year. The quarter's result included a net non-operating charge of \$229 million, primarily in respect of asset impairments. This compares with a net non-operating gain of \$564 million for the same period last year.

Compared with the first quarter of 2006, our result benefited from a stronger operating environment for both refining and marketing. However, the benefit of higher refining throughput at Texas City during the quarter was more than offset by the impact of operational issues at a number of our other refineries, particularly in the US. In addition, the quarter's result reflects a significant IFRS fair value accounting charge, lower supply optimization benefits and greater integrity spend.

The refining throughputs for the quarter were 2,232 mb/d compared with 2,022 mb/d for the same quarter last year. The improvement in throughputs was mainly due to the partial resumption of operations at the Texas City refinery. Excluding the Texas City refinery, refining availability for the first quarter of 2007 was 94.6% compared with 96.0% in the first quarter of 2006. Marketing sales were 3,769 mb/d compared with 3,826 mb/d for the corresponding period in 2006, reflecting lower heating oil demand in Europe caused by relatively mild winter weather.

On 31 March 2007, BP completed its acquisition of Chevron's Netherlands manufacturing company, Texaco Raffinaderij Pernis B.V., for \$1.1 billion.

BP agreed to sell, subject to required regulatory approvals, its Coryton Refinery in Essex, UK, to Petroplus Holdings AG for consideration of \$1.4 billion, plus working capital. Furthermore, BP announced its intention to sell its ethyl acetate and vinyl acetate monomer manufacturing units at Saltend, near Hull, UK.

BP announced it had selected the University of California Berkeley, and its partners the University of Illinois at Urbana-Champaign and the Lawrence Berkeley National Laboratory, to join in the previously announced \$500 million research programme to explore how bioscience can be used to increase energy production and reduce the impact of energy consumption on the environment.

Late in the quarter, operational issues at the Whiting Refinery have reduced throughput to around 200,000 barrels per day, about half its capacity, and limited the crude slate to primarily sweet grades. This will continue until we complete the necessary repairs.

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Summarized Group Income Statement

	First Quarter 2007	Fourth Quarter 2006	First Quarter 2006
\$ million			
Sales and other operating revenues (Note 4)	61,307	61,946	63,288
Earnings from jointly controlled entities – after interest and tax	333	284	573
Earnings from associates – after interest and tax	163	125	115
Interest and other revenues	233	177	198
Total revenues	62,036	62,532	64,174
Gains on sale of businesses and fixed assets	680	300	597
Total revenues and other income	62,716	62,832	64,771
Purchases	42,660	44,506	43,819
Production and manufacturing expenses	5,752	6,425	5,217
Production and similar taxes (Note 5)	747	632	932
Depreciation, depletion and amortization	2,519	2,441	2,184
Impairment and losses on sale of businesses and fixed assets	223	60	23
Exploration expense	156	408	189
Distribution and administration expenses	3,457	4,205	3,096
Fair value (gain) loss on embedded derivatives	(155)	(296)	442
Profit before interest and taxation from continuing operations	7,357	4,451	8,869
Finance costs (Note 6)	264	205	191
Other finance income (Note 7)	(93)	(56)	(48)
Profit before taxation from continuing operations	7,186	4,302	8,726
Taxation	2,440	1,347	2,929
Profit from continuing operations	4,746	2,955	5,797
Profit (loss) from Innovene operations (Note 3)	–	–	(103)
Profit for the period	4,746	2,955	5,694
Attributable to:			
BP shareholders	4,664	2,880	5,623
Minority interest	82	75	71
	4,746	2,955	5,694
Earnings per share – cents			
Profit for the period attributable to BP shareholders			
Basic	24.06	15.04	27.40
Diluted	23.94	14.88	27.13
Profit from continuing operations attributable to BP shareholders			
Basic	24.06	15.04	27.90
Diluted	23.94	14.88	27.63

Summarized Group Balance Sheet

	31 March 2007	31 December 2006
\$ million		
Non-current assets		
Property, plant and equipment	92,307	90,999
Goodwill	10,991	10,780
Intangible assets	5,667	5,246
Investments in jointly controlled entities	15,159	15,074
Investments in associates	6,064	5,975
Other investments	1,595	1,697
Fixed assets	131,783	129,771
Loans	769	817
Other receivables	931	862
Derivative financial instruments	2,486	3,025
Prepayments and accrued income	1,025	1,034
Defined benefit pension plan surplus	6,950	6,753
	143,944	142,262
Current assets		
Loans	175	141
Inventories	19,812	18,915
Trade and other receivables	38,819	38,692
Derivative financial instruments	7,550	10,373
Prepayments and accrued income	3,392	3,006
Current tax receivable	95	544
Cash and cash equivalents	1,956	2,590
	71,799	74,261
Assets classified as held for sale	1,113	1,078
	72,912	75,339
Total assets	216,856	217,601
Current liabilities		
Trade and other payables	43,681	42,236
Derivative financial instruments	7,508	9,424
Accruals and deferred income	5,467	6,147
Finance debt	11,597	12,924
Current tax payable	3,322	2,635
Provisions	1,934	1,932
	73,509	75,298
Liabilities directly associated with the assets classified as held for sale	–	54
	73,509	75,352
Non-current liabilities		
Other payables	1,319	1,430
Derivative financial instruments	3,626	4,203
Accruals and deferred income	949	961
Finance debt	12,131	11,086
Deferred tax liabilities	18,593	18,116
Provisions	11,655	11,712
Defined benefit pension plan and other post-retirement benefit plan deficits	9,325	9,276
	57,598	56,784
Total liabilities	131,107	132,136
Net assets	85,749	85,465
Equity		
BP shareholders' equity	84,874	84,624
Minority interest	875	841
	85,749	85,465

Summarized Group Cash Flow Statement

	First Quarter 2007	Fourth Quarter 2006	First Quarter 2006
\$ million			
Working capital and other movements			
Interest receivable	(95)	(80)	(130)
Interest received	85	89	146
Finance costs	264	205	191
Interest paid	(333)	(314)	(310)
Other finance income	(93)	(56)	(48)
Share-based payments	75	77	83
Net operating charge for pensions and other post-retirement benefits, less contributions	(87)	(128)	(50)
Net charge for provisions, less payments	(157)	446	(207)
(Increase) decrease in inventories	(648)	861	1,008
(Increase) decrease in other current and non-current assets	3,139	2,869	335
Increase (decrease) in other current and non-current liabilities	(2,000)	(2,476)	(107)
Income taxes paid	(1,208)	(3,691)	(2,761)
	(1,058)	(2,198)	(1,850)

Notes

4. Sales and other operating revenues

	First Quarter 2007	Fourth Quarter 2006	First Quarter 2006
\$ million			
By business			
Exploration and Production	12,219	12,255	13,918
Refining and Marketing	53,119	53,776	54,537
Gas, Power and Renewables	5,613	5,224	6,553
Other businesses and corporate	206	339	206
	71,157	71,594	75,214
Less: sales between businesses	9,850	9,648	11,926
Total third party sales	61,307	61,946	63,288
By geographical area			
UK	24,055	23,676	27,733
Rest of Europe	16,588	18,576	18,374
US	23,034	23,368	22,066
Rest of World	16,844	16,768	18,375
	80,521	82,388	86,548
Less: sales between areas	19,214	20,442	23,260
Total third party sales	61,307	61,946	63,288

5. Profit before interest and taxation is after charging:

	First Quarter 2007	Fourth Quarter 2006	First Quarter 2006
\$ million			
Production and similar taxes			
UK	67	(143)	235
Overseas	680	775	697
	747	632	932

6. Finance costs

	First Quarter 2007	Fourth Quarter 2006	First Quarter 2006
\$ million			
Interest payable	347	290	293
Capitalized	(83)	(85)	(102)
	264	205	191

