

Group information

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Group information

Financial performance

Highlights

	2004	2005	2006	2007	2008
Replacement cost profit for the year (\$ million)	15,946	20,168	22,222	18,370	25,593
per ordinary share (cents)	73.07	95.46	110.95	95.85	136.20
per American depositary share (dollars) ^a	4.38	5.73	6.66	5.75	8.17

^a One American depositary share (ADS) is equivalent to six 25-cent ordinary shares.

External environment

	2004	2005	2006	2007	2008
BP average liquids realizations (\$ per barrel (\$/bbl)) ^a	35.39	48.51	59.23	67.45	90.20
BP average natural gas realizations (\$ per thousand cubic feet (\$/mcf))	3.86	4.90	4.72	4.53	6.00
Global Indicator Refining Margin (\$/bbl) ^b	6.31	8.60	8.39	9.94	6.50

^a Crude oil and natural gas liquids (NGLs).

^b The Global Indicator Refining Margin (GIM) is the average of regional industry indicator margins, which we weight for BP's crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity. The refining margins are industry-specific rather than BP-specific measures, which we believe are useful to investors in analysing trends in the industry and their impact on our results. The margins are calculated by BP based on published crude oil and product prices and take account of fuel utilization and catalyst costs. No account is taken of BP's other cash and non-cash costs of refining, such as wages and salaries and plant depreciation. The indicator margin may not be representative of the margins achieved by BP in any period because of BP's particular refining configurations and crude and product slate.

Group income statement

For the year ended 31 December					\$ million
	2004	2005	2006	2007	2008
Sales and other operating revenues	192,024	239,792	265,906	284,365	361,143
Earnings from jointly controlled entities – after interest and tax	1,818	3,083	3,553	3,135	3,023
Earnings from associates – after interest and tax	462	460	442	697	798
Interest and other income	615	613	701	754	736
Gains on sale of businesses and fixed assets	1,685	1,538	3,714	2,487	1,353
Total revenues and other income	196,604	245,486	274,316	291,438	367,053
Purchases	(128,055)	(163,026)	(187,183)	(200,766)	(266,982)
Production and manufacturing expenses	(17,330)	(21,092)	(23,793)	(25,915)	(29,183)
Production and similar taxes	(2,149)	(3,010)	(3,621)	(4,013)	(6,526)
Depreciation, depletion and amortization	(8,529)	(8,771)	(9,128)	(10,579)	(10,985)
Impairment and losses on sale of businesses and fixed assets	(1,390)	(468)	(549)	(1,679)	(1,733)
Exploration expense	(637)	(684)	(1,045)	(756)	(882)
Distribution and administration expenses ^a	(12,768)	(13,706)	(14,447)	(15,371)	(15,412)
Fair value gain (loss) on embedded derivatives	–	(2,047)	608	(7)	(111)
Profit before interest and taxation from continuing operations	25,746	32,682	35,158	32,352	35,239
Finance costs	(768)	(874)	(986)	(1,393)	(1,547)
Net finance income (expense) relating to pensions and other post-retirement benefits	(12)	113	470	652	591
Profit before taxation from continuing operations	24,966	31,921	34,642	31,611	34,283
Taxation	(7,082)	(9,473)	(12,331)	(10,442)	(12,617)
Profit from continuing operations	17,884	22,448	22,311	21,169	21,666
Profit (loss) from Innovene operations	(622)	184	(25)	–	–
Profit for the year	17,262	22,632	22,286	21,169	21,666
Attributable to					
BP shareholders	17,075	22,341	22,000	20,845	21,157
Minority interest	187	291	286	324	509
	17,262	22,632	22,286	21,169	21,666
Earnings per ordinary share – cents					
Profit attributable to BP shareholders					
Basic	78.24	105.74	109.84	108.76	112.59
Diluted	76.87	104.52	109.00	107.84	111.56
Replacement cost results ^{b,c}					
Profit for the year	17,075	22,341	22,000	20,845	21,157
Inventory holding (gains) losses, net of tax	(1,129)	(2,173)	222	(2,475)	4,436
Replacement cost profit for the year	15,946	20,168	22,222	18,370	25,593
^a Research and development expenditure amounted to	300	374	395	566	595

^b Replacement cost profit reflects the replacement cost of supplies. The replacement cost profit for the period is arrived at by excluding from profit inventory holding gains and losses and their associated tax effect. Inventory holding gains and losses represent the difference between the cost of sales calculated using the average cost to BP of supplies incurred during the period and the cost of sales calculated on the first-in first-out (FIFO) method including any changes in provisions where the net realizable value of the inventory is lower than its cost. Under the FIFO method, which we use for IFRS reporting, the cost of inventory charged to the income statement is based on the historic cost of acquisition or manufacture rather than the current replacement cost. In volatile energy markets, this can have a significant distorting effect on reported income. The amounts disclosed represent the difference between the charge to the income statement on a FIFO basis (and any related movements in net realizable value provisions) and the charge that would arise using average cost of supplies incurred during the period. For this purpose, average cost of supplies incurred during the period is calculated by dividing the total cost of inventory purchased in the period by the number of barrels acquired. The amounts disclosed are not separately reflected in the financial statements as a gain or loss. No adjustment is made in respect of the cost of inventories held as part of a trading position and certain other temporary inventory positions. Management believes this information is useful to illustrate to investors the fact that crude oil and product prices can vary significantly from period to period and that the impact on our reported result under IFRS can be significant. Inventory holding gains and losses vary from period to period due principally to changes in oil prices as well as changes to underlying inventory levels.

In order for investors to understand the operating performance of the group excluding the impact of oil price changes on the replacement of inventories, and to make comparisons of operating performance between reporting periods, BP's management believes it is helpful to disclose this information.

^c Profit attributable to BP shareholders.

Summarized group income statement by quarter

	Q1	Q2	Q3	Q4	2004	Q1	Q2	Q3	Q4	2005
Replacement cost results										
Replacement cost profit before interest and tax ^a										
By business										
Exploration and Production	4,443	4,455	4,843	5,236	18,977	6,843	5,888	6,819	6,758	26,308
Refining and Marketing	886	1,643	1,271	1,220	5,020	1,360	1,244	1,883	(245)	4,242
Other businesses and corporate	1,140	(246)	(389)	(121)	384	(66)	76	(458)	(454)	(902)
Consolidation adjustments										
Unrealized profit in inventory	(57)	(95)	(91)	59	(184)	(154)	(5)	(274)	296	(137)
Net profit on transactions between continuing and Innovene operations	26	42	89	31	188	96	159	144	128	527
Replacement cost profit before interest and tax from continuing operations	6,438	5,799	5,723	6,425	24,385	8,079	7,362	8,114	6,483	30,038
Finance costs	(172)	(171)	(174)	(251)	(768)	(234)	(195)	(207)	(238)	(874)
Net finance income (expense) relating to pensions and other post-retirement benefits	2	4	(5)	(13)	(12)	32	32	26	23	113
Replacement cost profit before taxation from continuing operations	6,268	5,632	5,544	6,161	23,605	7,877	7,199	7,933	6,268	29,277
Taxation	(1,712)	(1,584)	(1,393)	(1,952)	(6,641)	(2,200)	(2,109)	(2,069)	(2,350)	(8,728)
Replacement cost profit from continuing operations	4,556	4,048	4,151	4,209	16,964	5,677	5,090	5,864	3,918	20,549
Replacement cost profit from Innovene operations	(51)	4	(21)	(763)	(831)	183	124	(737)	340	(90)
Replacement cost profit for the period	4,505	4,052	4,130	3,446	16,133	5,860	5,214	5,127	4,258	20,459
Attributable to										
BP shareholders	4,471	4,010	4,078	3,387	15,946	5,799	5,145	5,059	4,165	20,168
Minority interest	34	42	52	59	187	61	69	68	93	291
Replacement cost profit for the period	4,505	4,052	4,130	3,446	16,133	5,860	5,214	5,127	4,258	20,459
Earnings on replacement cost profit										
per ordinary share – cents	20.24	18.31	18.81	15.71	73.07	27.05	24.19	24.11	20.11	95.46
per ADS – dollars	1.21	1.10	1.13	0.94	4.38	1.62	1.45	1.45	1.21	5.73
Replacement cost profit for the period	4,505	4,052	4,130	3,446	16,133	5,860	5,214	5,127	4,258	20,459
Inventory holding gains (losses), net of tax	441	325	740	(377)	1,129	803	446	1,404	(480)	2,173
Profit (loss) for the period	4,946	4,377	4,870	3,069	17,262	6,663	5,660	6,531	3,778	22,632
Earnings on profit (loss)										
per ordinary share – cents										
Basic	22.24	19.79	22.21	14.00	78.24	30.79	26.30	30.75	17.90	105.74
Diluted	21.77	19.39	21.96	13.75	76.87	30.36	25.94	30.54	17.68	104.52
per ADS – dollars										
Basic	1.33	1.19	1.33	0.84	4.69	1.85	1.58	1.84	1.07	6.34
Diluted	1.31	1.16	1.32	0.82	4.61	1.82	1.56	1.83	1.06	6.27
Earnings on profit (loss) from continuing operations										
per ordinary share – cents										
Basic	22.12	19.55	21.85	17.57	81.09	29.37	25.81	33.87	15.82	104.87
Diluted	21.65	19.16	21.59	17.26	79.66	28.97	25.45	33.62	15.62	103.66
per ADS – dollars										
Basic	1.33	1.17	1.31	1.06	4.87	1.76	1.55	2.03	0.95	6.29
Diluted	1.30	1.15	1.29	1.04	4.78	1.74	1.53	2.01	0.94	6.22

^a Replacement cost profit is before inventory holding gains and losses – see page 7 for more information.

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															\$ million
Q1	Q2	Q3	Q4	2006	Q1	Q2	Q3	Q4	2007	Q1	Q2	Q3	Q4	2008	
7,126	8,244	10,078	5,578	31,026	6,306	7,119	6,307	7,870	27,602	10,072	10,771	12,709	4,756	38,308	
1,498	1,858	1,480	325	5,161	804	2,742	371	(1,296)	2,621	1,249	539	1,972	416	4,176	
(89)	(177)	(225)	(350)	(841)	(98)	(173)	(511)	(427)	(1,209)	(213)	(314)	(16)	(680)	(1,223)	
(24)	(260)	436	(87)	65	42	(98)	103	(267)	(220)	(784)	(221)	838	633	466	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8,511	9,665	11,769	5,466	35,411	7,054	9,590	6,270	5,880	28,794	10,324	10,775	15,503	5,125	41,727	
(254)	(222)	(238)	(272)	(986)	(331)	(317)	(337)	(408)	(1,393)	(406)	(381)	(391)	(369)	(1,547)	
111	115	121	123	470	160	162	164	166	652	160	160	153	118	591	
8,368	9,558	11,652	5,317	34,895	6,883	9,435	6,097	5,638	28,053	10,078	10,554	15,265	4,874	40,771	
(2,810)	(3,056)	(4,824)	(1,672)	(12,362)	(2,357)	(2,882)	(1,982)	(2,138)	(9,359)	(3,729)	(3,696)	(5,099)	(2,145)	(14,669)	
5,558	6,502	6,828	3,645	22,533	4,526	6,553	4,115	3,500	18,694	6,349	6,858	10,166	2,729	26,102	
(103)	78	-	-	(25)	-	-	-	-	-	-	-	-	-	-	
5,455	6,580	6,828	3,645	22,508	4,526	6,553	4,115	3,500	18,694	6,349	6,858	10,166	2,729	26,102	
5,384	6,503	6,765	3,570	22,222	4,444	6,488	4,043	3,395	18,370	6,231	6,746	10,029	2,587	25,593	
71	77	63	75	286	82	65	72	105	324	118	112	137	142	509	
5,455	6,580	6,828	3,645	22,508	4,526	6,553	4,115	3,500	18,694	6,349	6,858	10,166	2,729	26,102	
26.24	32.18	34.06	18.47	110.95	22.93	33.75	21.27	17.90	95.85	33.01	35.83	53.43	13.93	136.20	
1.57	1.93	2.04	1.11	6.66	1.38	2.03	1.28	1.07	5.75	1.98	2.15	3.21	0.84	8.17	
5,455	6,580	6,828	3,645	22,508	4,526	6,553	4,115	3,500	18,694	6,349	6,858	10,166	2,729	26,102	
239	763	(534)	(690)	(222)	220	888	363	1,004	2,475	863	2,612	(1,980)	(5,931)	(4,436)	
5,694	7,343	6,294	2,955	22,286	4,746	7,441	4,478	4,504	21,169	7,212	9,470	8,186	(3,202)	21,666	
27.40	35.94	31.46	15.04	109.84	24.06	38.37	23.18	23.15	108.76	37.58	49.70	42.93	(17.62)	112.59	
27.13	35.59	31.40	14.88	109.00	23.94	38.18	23.07	22.65	107.84	37.25	49.23	42.56	(17.62)	111.56	
1.64	2.16	1.89	0.90	6.59	1.44	2.30	1.39	1.39	6.52	2.25	2.98	2.58	(1.06)	6.75	
1.63	2.14	1.88	0.89	6.54	1.44	2.29	1.38	1.36	6.47	2.24	2.95	2.55	(1.06)	6.69	
27.90	35.57	31.46	15.04	109.97	24.06	38.37	23.18	23.15	108.76	37.58	49.70	42.93	(17.62)	112.59	
27.63	35.21	31.40	14.88	109.12	23.94	38.18	23.07	22.65	107.84	37.25	49.23	42.56	(17.62)	111.56	
1.67	2.13	1.89	0.90	6.59	1.44	2.30	1.39	1.39	6.52	2.25	2.98	2.58	(1.06)	6.75	
1.66	2.11	1.88	0.89	6.54	1.44	2.29	1.38	1.36	6.47	2.24	2.95	2.55	(1.06)	6.69	

Replacement cost profit before interest and tax by business and geographical area

	Q1	Q2	Q3	Q4	2004	Q1	Q2	Q3	Q4	2005
By business										
Exploration and Production										
US	1,760	1,836	1,934	1,691	7,221	2,167	2,478	2,434	3,039	10,118
Non-US	2,683	2,619	2,909	3,545	11,756	4,676	3,410	4,385	3,719	16,190
	4,443	4,455	4,843	5,236	18,977	6,843	5,888	6,819	6,758	26,308
Refining and Marketing										
US	442	957	587	846	2,832	999	360	531	353	2,243
Non-US	444	686	684	374	2,188	361	884	1,352	(598)	1,999
	886	1,643	1,271	1,220	5,020	1,360	1,244	1,883	(245)	4,242
Other businesses and corporate										
US	(157)	(153)	(242)	(199)	(751)	(5)	4	(326)	(11)	(338)
Non-US	1,297	(93)	(147)	78	1,135	(61)	72	(132)	(443)	(564)
	1,140	(246)	(389)	(121)	384	(66)	76	(458)	(454)	(902)
Unrealized profit in inventory	6,469	5,852	5,725	6,335	24,381	8,137	7,208	8,244	6,059	29,648
Net profit on transactions between continuing and Innovene operations	(57)	(95)	(91)	59	(184)	(154)	(5)	(274)	296	(137)
	26	42	89	31	188	96	159	144	128	527
Total for continuing operations	6,438	5,799	5,723	6,425	24,385	8,079	7,362	8,114	6,483	30,038
Innovene operations										
US	(8)	(14)	(14)	(362)	(398)	90	42	(258)	(127)	(253)
Non-US	(13)	90	122	(609)	(410)	292	289	(482)	439	538
	(21)	76	108	(971)	(808)	382	331	(740)	312	285
Net profit on transactions between continuing and Innovene operations	(26)	(42)	(89)	(31)	(188)	(96)	(159)	(144)	(128)	(527)
Total for Innovene operations	(47)	34	19	(1,002)	(996)	286	172	(884)	184	(242)
Total for period	6,391	5,833	5,742	5,423	23,389	8,365	7,534	7,230	6,667	29,796
By geographical area										
US	1,988	2,545	2,188	2,254	8,975	3,028	2,841	2,376	3,643	11,888
Non-US	4,450	3,254	3,535	4,171	15,410	5,051	4,521	5,738	2,840	18,150
Total for continuing operations	6,438	5,799	5,723	6,425	24,385	8,079	7,362	8,114	6,483	30,038

Group information

														\$ million
Q1	Q2	Q3	Q4	2006	Q1	Q2	Q3	Q4	2007	Q1	Q2	Q3	Q4	2008
2,500	2,476	3,958	1,068	10,002	1,731	2,183	1,775	2,240	7,929	3,085	3,601	3,739	1,299	11,724
4,626	5,768	6,120	4,510	21,024	4,575	4,936	4,532	5,630	19,673	6,987	7,170	8,970	3,457	26,584
7,126	8,244	10,078	5,578	31,026	6,306	7,119	6,307	7,870	27,602	10,072	10,771	12,709	4,756	38,308
636	750	388	(416)	1,358	129	966	(522)	(1,805)	(1,232)	154	(401)	338	(735)	(644)
862	1,108	1,092	741	3,803	675	1,776	893	509	3,853	1,095	940	1,634	1,151	4,820
1,498	1,858	1,480	325	5,161	804	2,742	371	(1,296)	2,621	1,249	539	1,972	416	4,176
(98)	(27)	58	(342)	(409)	(133)	(128)	(363)	(336)	(960)	(152)	(185)	(288)	(277)	(902)
9	(150)	(283)	(8)	(432)	35	(45)	(148)	(91)	(249)	(61)	(129)	272	(403)	(321)
(89)	(177)	(225)	(350)	(841)	(98)	(173)	(511)	(427)	(1,209)	(213)	(314)	(16)	(680)	(1,223)
8,535	9,925	11,333	5,553	35,346	7,012	9,688	6,167	6,147	29,014	11,108	10,996	14,665	4,492	41,261
(24)	(260)	436	(87)	65	42	(98)	103	(267)	(220)	(784)	(221)	838	633	466
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8,511	9,665	11,769	5,466	35,411	7,054	9,590	6,270	5,880	28,794	10,324	10,775	15,503	5,125	41,727
7	(6)	-	15	16	-	-	-	-	-	-	-	-	-	-
(103)	(82)	-	(15)	(200)	-	-	-	-	-	-	-	-	-	-
(96)	(88)	-	-	(184)	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(96)	(88)	-	-	(184)	-	-	-	-	-	-	-	-	-	-
8,415	9,577	11,769	5,466	35,227	7,054	9,590	6,270	5,880	28,794	10,324	10,775	15,503	5,125	41,727
3,071	2,932	4,784	230	11,017	1,756	2,933	983	(91)	5,581	2,621	3,267	4,419	371	10,678
5,440	6,733	6,985	5,236	24,394	5,298	6,657	5,287	5,971	23,213	7,703	7,508	11,084	4,754	31,049
8,511	9,665	11,769	5,466	35,411	7,054	9,590	6,270	5,880	28,794	10,324	10,775	15,503	5,125	41,727

Non-operating items by business

	Q1	Q2	Q3	Q4	2004	Q1	Q2	Q3	Q4	2005
Exploration and Production										
Impairment and gain (loss) on sale of businesses and fixed assets	25	(274)	32	(196)	(413)	1,003	17	(108)	61	973
Environmental charges and other provisions	–	–	–	–	–	–	–	6	–	6
Restructuring, integration and rationalization costs	–	–	–	–	–	–	–	–	–	–
Fair value gain (loss) on embedded derivatives	–	–	–	–	–	(143)	(769)	27	(981)	(1,866)
Other	–	–	(35)	8	(27)	–	25	12	(240)	(203)
	25	(274)	(3)	(188)	(440)	860	(727)	(63)	(1,160)	(1,090)
Refining and Marketing										
Impairment and gain (loss) on sale of businesses and fixed assets	(165)	57	(18)	(334)	(460)	(27)	71	(14)	50	80
Environmental charges and other provisions	–	–	(206)	–	(206)	–	–	(140)	–	(140)
Restructuring, integration and rationalization costs	–	–	–	(32)	(32)	–	–	–	–	–
Fair value gain (loss) on embedded derivatives	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	(733)	–	–	(733)
	(165)	57	(224)	(366)	(698)	(27)	(662)	(154)	50	(793)
Other businesses and corporate										
Impairment and gain (loss) on sale of businesses and fixed assets	1,266	(70)	(37)	9	1,168	–	38	4	(25)	17
Environmental charges and other provisions	–	–	(283)	–	(283)	–	22	(296)	(4)	(278)
Restructuring, integration and rationalization costs	1	–	(18)	(85)	(102)	(43)	(28)	(6)	(57)	(134)
Fair value gain (loss) on embedded derivatives	–	–	–	–	–	21	148	19	(369)	(181)
Other	–	–	–	66	66	–	3	–	265	268
	1,267	(70)	(338)	(10)	849	(22)	183	(279)	(190)	(308)
Total before taxation for continuing operations	1,127	(287)	(565)	(564)	(289)	811	(1,206)	(496)	(1,300)	(2,191)
Taxation credit (charge) ^a	(308)	81	142	179	94	(226)	353	129	488	744
Total after taxation for continuing operations	819	(206)	(423)	(385)	(195)	585	(853)	(367)	(812)	(1,447)
Innovene operations										
Impairment and gain (loss) on sale of businesses and fixed assets	(4)	–	1	(1,109)	(1,112)	(24)	–	(35)	3	(56)
Restructuring, integration and rationalization costs	(1)	–	(1)	(5)	(7)	–	–	–	–	–
Other	–	–	–	–	–	–	–	(724)	133	(591)
Total before taxation for Innovene operations ^b	(5)	–	–	(1,114)	(1,119)	(24)	–	(759)	136	(647)
Taxation credit (charge)	2	–	–	251	253	10	–	167	190	367
Total after taxation for Innovene operations	(3)	–	–	(863)	(866)	(14)	–	(592)	326	(280)
Total after taxation	816	(206)	(423)	(1,248)	(1,061)	571	(853)	(959)	(486)	(1,727)

^a Taxation is calculated using the quarter's effective tax rate on replacement cost profit from continuing operations.

^b Includes the loss on remeasurement to fair value of \$184 million in 2006 and \$591 million in 2005, recognized as an \$88-million loss in the second quarter of 2006, a \$96-million loss in the first quarter of 2006, a \$724-million loss in the third quarter of 2005 and a \$133-million gain in the fourth quarter of 2005. Also includes impairment charges of \$24 million and \$35 million in the first and third quarters of 2005 respectively and a gain on disposal of \$3 million in the fourth quarter of 2005.

															\$ million
Q1	Q2	Q3	Q4	2006	Q1	Q2	Q3	Q4	2007	Q1	Q2	Q3	Q4	2008	
9	329	1,897	175	2,410	605	102	1	149	857	21	111	33	(1,180)	(1,015)	
-	-	(17)	-	(17)	-	-	(12)	-	(12)	-	(5)	(7)	-	(12)	
-	-	-	-	-	-	-	-	(186)	(186)	(44)	-	(6)	(7)	(57)	
(450)	256	501	296	603	152	276	21	(449)	-	(684)	(2,082)	1,098	1,505	(163)	
-	-	-	(433)	(433)	-	-	-	(168)	(168)	331	-	-	(74)	257	
(441)	585	2,381	38	2,563	757	378	10	(654)	491	(376)	(1,976)	1,118	244	(990)	
563	112	-	51	726	(179)	767	105	(728)	(35)	814	(13)	114	(114)	801	
-	-	(33)	-	(33)	-	-	(138)	-	(138)	-	-	(62)	(2)	(64)	
-	-	-	-	-	-	-	-	(118)	(118)	(205)	(86)	(52)	(104)	(447)	
-	-	-	-	-	-	-	-	-	-	-	-	-	57	57	
-	(576)	(400)	(104)	(1,080)	(50)	-	(311)	(300)	(661)	-	-	-	-	-	
563	(464)	(433)	(53)	(387)	(229)	767	(344)	(1,146)	(952)	609	(99)	-	(163)	347	
2	21	(8)	14	29	31	(15)	(7)	(23)	(14)	50	(42)	(8)	(166)	(166)	
-	-	96	(2)	94	-	-	(35)	-	(35)	-	-	(76)	(41)	(117)	
-	-	-	-	-	-	-	-	(34)	(34)	(58)	(75)	(30)	(91)	(254)	
8	5	(8)	-	5	3	7	(7)	(10)	(7)	(6)	1	-	-	(5)	
-	-	-	(200)	(200)	-	-	(152)	(20)	(172)	(67)	(7)	(14)	(3)	(91)	
10	26	80	(188)	(72)	34	(8)	(201)	(87)	(262)	(81)	(123)	(128)	(301)	(633)	
132	147	2,028	(203)	2,104	562	1,137	(535)	(1,887)	(723)	152	(2,198)	990	(220)	(1,276)	
(44)	(47)	(840)	64	(867)	(192)	(347)	174	715	350	(56)	770	(331)	97	480	
88	100	1,188	(139)	1,237	370	790	(361)	(1,172)	(373)	96	(1,428)	659	(123)	(796)	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(96)	(88)	-	-	(184)	-	-	-	-	-	-	-	-	-	-	
(96)	(88)	-	-	(184)	-	-	-	-	-	-	-	-	-	-	
(7)	-	-	-	(7)	-	-	-	-	-	-	-	-	-	-	
(103)	(88)	-	-	(191)	-	-	-	-	-	-	-	-	-	-	
(15)	12	1,188	(139)	1,046	370	790	(361)	(1,172)	(373)	96	(1,428)	659	(123)	(796)	

Non-operating items by geographical area

	Q1	Q2	Q3	Q4	2004	Q1	Q2	Q3	Q4	2005
Exploration and Production										
US	(19)	(117)	31	(267)	(372)	(1)	18	(101)	(121)	(205)
Non-US	44	(157)	(34)	79	(68)	861	(745)	38	(1,039)	(885)
	25	(274)	(3)	(188)	(440)	860	(727)	(63)	(1,160)	(1,090)
Refining and Marketing										
US	(5)	7	(143)	89	(52)	5	(634)	(96)	118	(607)
Non-US	(160)	50	(81)	(455)	(646)	(32)	(28)	(58)	(68)	(186)
	(165)	57	(224)	(366)	(698)	(27)	(662)	(154)	50	(793)
Other businesses and corporate										
US	(126)	(70)	(251)	100	(347)	(4)	11	(284)	(7)	(284)
Non-US	1,393	–	(87)	(110)	1,196	(18)	172	5	(183)	(24)
	1,267	(70)	(338)	(10)	849	(22)	183	(279)	(190)	(308)
Total before taxation for continuing operations	1,127	(287)	(565)	(564)	(289)	811	(1,206)	(496)	(1,300)	(2,191)
Taxation credit (charge) ^a	(308)	81	142	179	94	(226)	353	129	488	744
Total after taxation for continuing operations	819	(206)	(423)	(385)	(195)	585	(853)	(367)	(812)	(1,447)
Innovene operations										
US	–	–	–	(355)	(355)	–	–	(208)	(51)	(259)
Non-US	(5)	–	–	(759)	(764)	(24)	–	(551)	187	(388)
Total before taxation for Innovene operations ^b	(5)	–	–	(1,114)	(1,119)	(24)	–	(759)	136	(647)
Taxation credit (charge)	2	–	–	251	253	10	–	167	190	367
Total after taxation for Innovene operations	(3)	–	–	(863)	(866)	(14)	–	(592)	326	(280)
Total after taxation	816	(206)	(423)	(1,248)	(1,061)	571	(853)	(959)	(486)	(1,727)

^a Taxation is calculated using the quarter's effective tax rate on replacement cost profit from continuing operations.

^b Includes the loss on remeasurement to fair value of \$184 million in 2006 and \$591 million in 2005, recognized as an \$88-million loss in the second quarter of 2006, a \$96-million loss in the first quarter of 2006, a \$724-million loss in the third quarter of 2005 and a \$133-million gain in the fourth quarter of 2005. Also includes impairment charges of \$24 million and \$35 million in the first and third quarters of 2005 respectively and a gain on disposal of \$3 million in the fourth quarter of 2005.

Group information

										\$ million				
Q1	Q2	Q3	Q4	2006	Q1	Q2	Q3	Q4	2007	Q1	Q2	Q3	Q4	2008
2	8	2,021	(269)	1,762	(7)	178	(15)	213	369	(8)	(8)	3	(318)	(331)
(443)	577	360	307	801	764	200	25	(867)	122	(368)	(1,968)	1,115	562	(659)
(441)	585	2,381	38	2,563	757	378	10	(654)	491	(376)	(1,976)	1,118	244	(990)
96	(446)	(266)	25	(591)	(58)	170	(316)	(977)	(1,181)	774	(16)	13	43	814
467	(18)	(167)	(78)	204	(171)	597	(28)	(169)	229	(165)	(83)	(13)	(206)	(467)
563	(464)	(433)	(53)	(387)	(229)	767	(344)	(1,146)	(952)	609	(99)	-	(163)	347
9	10	107	(199)	(73)	6	7	(195)	(57)	(239)	(49)	(33)	(105)	(115)	(302)
1	16	(27)	11	1	28	(15)	(6)	(30)	(23)	(32)	(90)	(23)	(186)	(331)
10	26	80	(188)	(72)	34	(8)	(201)	(87)	(262)	(81)	(123)	(128)	(301)	(633)
132	147	2,028	(203)	2,104	562	1,137	(535)	(1,887)	(723)	152	(2,198)	990	(220)	(1,276)
(44)	(47)	(840)	64	(867)	(192)	(347)	174	715	350	(56)	770	(331)	97	480
88	100	1,188	(139)	1,237	370	790	(361)	(1,172)	(373)	96	(1,428)	659	(123)	(796)
7	(6)	-	15	16	-	-	-	-	-	-	-	-	-	-
(103)	(82)	-	(15)	(200)	-	-	-	-	-	-	-	-	-	-
(96)	(88)	-	-	(184)	-	-	-	-	-	-	-	-	-	-
(7)	-	-	-	(7)	-	-	-	-	-	-	-	-	-	-
(103)	(88)	-	-	(191)	-	-	-	-	-	-	-	-	-	-
(15)	12	1,188	(139)	1,046	370	790	(361)	(1,172)	(373)	96	(1,428)	659	(123)	(796)

Fair value accounting effects

BP uses derivative instruments to manage the economic exposure relating to inventories above normal operating requirements of crude oil, natural gas and petroleum products as well as certain contracts to supply physical volumes at future dates. Under IFRS, these inventories and contracts are recorded at historic cost and on an accruals basis respectively. The related derivative instruments, however, are required to be recorded at fair value with gains and losses recognized in income because hedge accounting is either not permitted or not followed, principally due to the impracticality of effectiveness testing requirements. Therefore, measurement differences in relation to recognition of gains and losses occur. Gains and losses on these inventories and contracts are not recognized until the commodity is sold in a subsequent accounting period. Gains and losses on the related derivative commodity contracts are recognized in the income statement from the time the derivative commodity contract is entered into on a fair value basis using forward prices consistent with the contract maturity.

IFRS requires that inventory held for trading be recorded at its fair value using period end spot prices whereas any related derivative commodity instruments are required to be recorded at values based on forward prices consistent with the contract maturity. Depending on market conditions,

	Q1	Q2	Q3	Q4	2004	Q1	Q2	Q3	Q4	2005
By business										
Exploration and Production										
Unrecognized gains (losses) brought forward from previous period	-	-	-	-	-	147	181	250	411	147
Unrecognized (gains) losses carried forward	-	-	-	-	-	(181)	(250)	(411)	(123)	(123)
Favourable (unfavourable) impact relative to management's measure of performance	-	-	-	-	-	(34)	(69)	(161)	288	24
Refining and Marketing										
Unrecognized gains (losses) brought forward from previous period	-	-	-	-	-	(61)	(61)	(57)	(171)	(61)
Unrecognized (gains) losses carried forward	-	-	-	-	-	61	57	171	(283)	(283)
Favourable (unfavourable) impact relative to management's measure of performance	-	-	-	-	-	-	(4)	114	(454)	(344)
Taxation ^a	-	-	-	-	-	(34)	(73)	(47)	(166)	(320)
	-	-	-	-	-	9	21	12	62	104
	-	-	-	-	-	(25)	(52)	(35)	(104)	(216)
By geographical area										
Exploration and Production										
US	-	-	-	-	-	5	(107)	(51)	121	(32)
Non-US	-	-	-	-	-	(39)	38	(110)	167	56
	-	-	-	-	-	(34)	(69)	(161)	288	24
Refining and Marketing										
US	-	-	-	-	-	2	41	73	(336)	(220)
Non-US	-	-	-	-	-	(2)	(45)	41	(118)	(124)
	-	-	-	-	-	-	(4)	114	(454)	(344)

^a Taxation is calculated using the quarter's effective tax rate on replacement cost profit from continuing operations.

Total of non-operating items and fair value accounting effects

	Q1	Q2	Q3	Q4	2004	Q1	Q2	Q3	Q4	2005
Exploration and Production										
US	(19)	(117)	31	(267)	(372)	4	(89)	(152)	-	(237)
Non-US	44	(157)	(34)	79	(68)	822	(707)	(72)	(872)	(829)
	25	(274)	(3)	(188)	(440)	826	(796)	(224)	(872)	(1,066)
Refining and Marketing										
US	(5)	7	(143)	89	(52)	7	(593)	(23)	(218)	(827)
Non-US	(160)	50	(81)	(455)	(646)	(34)	(73)	(17)	(186)	(310)
	(165)	57	(224)	(366)	(698)	(27)	(666)	(40)	(404)	(1,137)
Other businesses and corporate										
US	(126)	(70)	(251)	100	(347)	(4)	11	(284)	(7)	(284)
Non-US	1,393	-	(87)	(110)	1,196	(18)	172	5	(183)	(24)
	1,267	(70)	(338)	(10)	849	(22)	183	(279)	(190)	(308)
Total before taxation for continuing operations	1,127	(287)	(565)	(564)	(289)	777	(1,279)	(543)	(1,466)	(2,511)
Taxation credit (charge) ^a	(308)	81	142	179	94	(217)	374	141	550	848
Total after taxation for continuing operations	819	(206)	(423)	(385)	(195)	560	(905)	(402)	(916)	(1,663)
Innovene operations										
US	-	-	-	(355)	(355)	-	-	(208)	(51)	(259)
Non-US	(5)	-	-	(759)	(764)	(24)	-	(551)	187	(388)
Total before taxation for Innovene operations	(5)	-	-	(1,114)	(1,119)	(24)	-	(759)	136	(647)
Taxation credit (charge)	2	-	-	251	253	10	-	167	190	367
Total after taxation for Innovene operations	(3)	-	-	(863)	(866)	(14)	-	(592)	326	(280)
Total after taxation for period	816	(206)	(423)	(1,248)	(1,061)	546	(905)	(994)	(590)	(1,943)

^a Taxation is calculated using the quarter's effective tax rate on replacement cost profit from continuing operations.

these forward prices can be either higher or lower than spot prices, resulting in measurement differences.

BP enters into contracts for pipelines and storage capacity that, under IFRS, are recorded on an accruals basis. These contracts are risk-managed using a variety of derivative instruments that are fair valued under IFRS. This results in measurement differences in relation to recognition of gains and losses.

The way that BP manages the economic exposures described above, and measures performance internally, differs from the way these activities are measured under IFRS. BP calculates this difference by comparing the IFRS result with management's internal measure of performance, under which the inventory and the supply and capacity contracts in question are valued based on fair value using relevant forward prices prevailing at the end of the period. We believe that disclosing management's estimate of this difference provides useful information for investors because it enables investors to see the economic effect of these activities as a whole. The impacts of fair value accounting effects, relative to management's internal measure of performance, are shown in the table below.

										\$ million				
Q1	Q2	Q3	Q4	2006	Q1	Q2	Q3	Q4	2007	Q1	Q2	Q3	Q4	2008
123	226	376	399	123	155	124	198	234	155	107	366	739	642	107
(226)	(376)	(399)	(155)	(155)	(124)	(198)	(234)	(107)	(107)	(366)	(739)	(642)	(389)	(389)
(103)	(150)	(23)	244	(32)	31	(74)	(36)	127	48	(259)	(373)	97	253	(282)
283	406	332	(252)	283	72	611	274	367	72	429	328	489	(147)	429
(406)	(332)	252	(72)	(72)	(611)	(274)	(367)	(429)	(429)	(328)	(489)	147	82	82
(123)	74	584	(324)	211	(539)	337	(93)	(62)	(357)	101	(161)	636	(65)	511
(226)	(76)	561	(80)	179	(508)	263	(129)	65	(309)	(158)	(534)	733	188	229
76	24	(232)	25	(107)	174	(80)	42	(25)	111	58	187	(245)	(83)	(83)
(150)	(52)	329	(55)	72	(334)	183	(87)	40	(198)	(100)	(347)	488	105	146
(117)	(147)	14	191	(59)	(6)	(71)	(19)	19	(77)	(142)	(236)	136	11	(231)
14	(3)	(37)	53	27	37	(3)	(17)	108	125	(117)	(137)	(39)	242	(51)
(103)	(150)	(23)	244	(32)	31	(74)	(36)	127	48	(259)	(373)	97	253	(282)
(97)	26	315	(231)	13	(165)	174	(142)	(32)	(165)	95	53	174	(91)	231
(26)	48	269	(93)	198	(374)	163	49	(30)	(192)	6	(214)	462	26	280
(123)	74	584	(324)	211	(539)	337	(93)	(62)	(357)	101	(161)	636	(65)	511

										\$ million				
Q1	Q2	Q3	Q4	2006	Q1	Q2	Q3	Q4	2007	Q1	Q2	Q3	Q4	2008
(115)	(139)	2,035	(78)	1,703	(13)	107	(34)	232	292	(150)	(244)	139	(307)	(562)
(429)	574	323	360	828	801	197	8	(759)	247	(485)	(2,105)	1,076	804	(710)
(544)	435	2,358	282	2,531	788	304	(26)	(527)	539	(635)	(2,349)	1,215	497	(1,272)
(1)	(420)	49	(206)	(578)	(223)	344	(458)	(1,009)	(1,346)	869	37	187	(48)	1,045
441	30	102	(171)	402	(545)	760	21	(199)	37	(159)	(297)	449	(180)	(187)
440	(390)	151	(377)	(176)	(768)	1,104	(437)	(1,208)	(1,309)	710	(260)	636	(228)	858
9	10	107	(199)	(73)	6	7	(195)	(57)	(239)	(49)	(33)	(105)	(115)	(302)
1	16	(27)	11	1	28	(15)	(6)	(30)	(23)	(32)	(90)	(23)	(186)	(331)
10	26	80	(188)	(72)	34	(8)	(201)	(87)	(262)	(81)	(123)	(128)	(301)	(633)
(94)	71	2,589	(283)	2,283	54	1,400	(664)	(1,822)	(1,032)	(6)	(2,732)	1,723	(32)	(1,047)
32	(23)	(1,072)	89	(974)	(18)	(427)	216	690	461	2	957	(576)	14	397
(62)	48	1,517	(194)	1,309	36	973	(448)	(1,132)	(571)	(4)	(1,775)	1,147	(18)	(650)
7	(6)	-	15	16	-	-	-	-	-	-	-	-	-	-
(103)	(82)	-	(15)	(200)	-	-	-	-	-	-	-	-	-	-
(96)	(88)	-	-	(184)	-	-	-	-	-	-	-	-	-	-
(7)	-	-	-	(7)	-	-	-	-	-	-	-	-	-	-
(103)	(88)	-	-	(191)	-	-	-	-	-	-	-	-	-	-
(165)	(40)	1,517	(194)	1,118	36	973	(448)	(1,132)	(571)	(4)	(1,775)	1,147	(18)	(650)

Sales and other operating revenues

	\$ million				
	2004	2005	2006	2007	2008
By business					
Exploration and Production	49,600	61,893	67,950	65,740	86,170
Refining and Marketing	163,092	212,930	232,386	250,221	320,039
Other businesses and corporate	6,123	11,118	3,372	3,698	4,634
	218,815	285,941	303,708	319,659	410,843
Less: sales between businesses^a					
Exploration and Production	18,866	25,718	32,608	32,083	45,931
Refining and Marketing	3,438	11,336	3,935	1,914	1,918
Other businesses and corporate	4,487	9,095	1,259	1,297	1,851
	26,791	46,149	37,802	35,294	49,700
Third party sales and other operating revenues					
Exploration and Production	30,734	36,175	35,342	33,657	40,239
Refining and Marketing	159,654	201,594	228,451	248,307	318,121
Other businesses and corporate	1,636	2,023	2,113	2,401	2,783
Total third party sales and other operating revenues	192,024	239,792	265,906	284,365	361,143
By geographical area^b					
US			99,935	105,120	130,142
Non-US			185,079	201,816	267,246
			285,014	306,936	397,388
Less: sales between areas					
			19,108	22,571	36,245
			265,906	284,365	361,143

^a Sales between businesses includes sales between continuing operations and Innovene for 2004 and 2005.

^b Data is not available for 2004 and 2005.

Production and similar taxes

					\$ million
	2004	2005	2006	2007	2008
Production and similar taxes provided for					
US	477	610	887	1,260	2,602
Non-US	1,672	2,400	2,734	2,753	3,924
	2,149	3,010	3,621	4,013	6,526
Production and similar taxes paid					
US	472	591	565	1,302	2,735
Non-US	1,735	2,376	3,392	2,893	4,130
	2,207	2,967	3,957	4,195	6,865

Taxation

					\$ million
	2004	2005	2006	2007	2008
Tax on profit from continuing operations					
Current tax charge	6,861	8,624	11,800	9,835	13,383
Deferred tax charge	221	849	531	607	(766)
Total tax on profit from continuing operations	7,082	9,473	12,331	10,442	12,617
Tax on inventory holdings (gains) losses	(441)	(745)	31	(1,083)	2,052
Tax on replacement cost profit from continuing operations	6,641	8,728	12,362	9,359	14,669
Effective tax rates on					
Replacement cost profit for the year	28%	30%	35%	33%	36%
Profit for the year	28%	30%	36%	33%	37%
Income taxes paid	6,388	9,028	13,733	9,072	12,824

Depreciation, depletion and amortization

	\$ million				
	2004	2005	2006	2007	2008
By business					
Exploration and Production					
US	2,473	2,505	2,336	2,365	3,012
Non-US	3,267	3,688	4,353	5,491	5,428
	5,740	6,193	6,689	7,856	8,440
Refining and Marketing					
US	1,237	1,081	1,047	1,076	825
Non-US ^a	1,288	1,296	1,192	1,345	1,383
	2,525	2,377	2,239	2,421	2,208
Other businesses and corporate					
US	222	218	76	117	132
Non-US	525	395	124	185	205
	747	613	200	302	337
By geographical area					
US	3,932	3,804	3,459	3,558	3,969
Non-US	5,080	5,379	5,669	7,021	7,016
Total ^a	9,012	9,183	9,128	10,579	10,985
Innovene operations	(483)	(412)	–	–	–
Continuing operations	8,529	8,771	9,128	10,579	10,985

^a Excludes impairments, which are included in non-operating items.

Group balance sheet

At 31 December

	\$ million					
	2004	Post-IAS 39 at 1 January 2005 ^a	2005	2006	2007	2008
Non-current assets						
Property, plant and equipment	93,092	93,092	85,947	90,999	97,989	103,200
Goodwill	10,857	10,857	10,371	10,780	11,006	9,878
Intangible assets	4,205	4,205	4,772	5,246	6,652	10,260
Investments in jointly controlled entities	14,556	14,556	13,556	15,074	18,113	23,826
Investments in associates	5,486	5,486	6,217	5,975	4,579	4,000
Other investments	394	738	967	1,697	1,830	855
Fixed assets	128,590	128,934	121,830	129,771	140,169	152,019
Loans	811	811	821	817	999	995
Other receivables	429	429	770	862	968	710
Derivative financial instruments	898	1,625	3,909	3,025	3,741	5,054
Prepayments	354	354	1,012	1,034	1,083	1,338
Defined benefit pension plan surpluses	2,105	2,105	3,282	6,753	8,914	1,738
	133,187	134,258	131,624	142,262	155,874	161,854
Current assets						
Loans	193	193	132	141	165	168
Inventories	15,645	15,645	19,760	18,915	26,554	16,821
Trade and other receivables	37,099	37,097	40,902	38,692	38,020	29,261
Derivative financial instruments	5,317	5,995	10,056	10,373	6,321	8,510
Prepayments	1,671	1,671	1,268	3,006	3,589	3,050
Current tax receivable	159	159	212	544	705	377
Cash and cash equivalents	1,359	1,359	2,960	2,590	3,562	8,197
	61,443	62,119	75,290	74,261	78,916	66,384
Assets classified as held for sale						
	–	–	–	1,078	1,286	–
	61,443	62,119	75,290	75,339	80,202	66,384
Total assets	194,630	196,377	206,914	217,601	236,076	228,238
Current liabilities						
Trade and other payables	38,540	38,540	42,136	42,236	43,152	33,644
Derivative financial instruments	5,074	5,716	10,036	9,424	6,405	8,977
Accruals	4,482	4,482	5,017	6,147	6,640	6,743
Finance debt	10,184	10,184	8,932	12,924	15,394	15,740
Current tax payable	4,131	4,131	4,274	2,635	3,282	3,144
Provisions	715	715	1,102	1,932	2,195	1,545
	63,126	63,768	71,497	75,298	77,068	69,793
Liabilities directly associated with the assets classified as held for sale						
	–	–	–	54	163	–
	63,126	63,768	71,497	75,352	77,231	69,793
Non-current liabilities						
Other payables	3,581	3,581	1,935	1,430	1,251	3,080
Derivative financial instruments	158	1,471	5,871	4,203	5,002	6,271
Accruals	699	699	989	961	959	784
Finance debt	12,907	13,054	10,230	11,086	15,651	17,464
Deferred tax liabilities	16,701	16,589	16,443	18,116	19,215	16,198
Provisions	8,884	8,884	9,954	11,712	12,900	12,108
Defined benefit pension plan and other post-retirement benefit plan deficits	10,339	10,339	9,230	9,276	9,215	10,431
	53,269	54,617	54,652	56,784	64,193	66,336
Total liabilities	116,395	118,385	126,149	132,136	141,424	136,129
Net assets	78,235	77,992	80,765	85,465	94,652	92,109
Equity						
Share capital	5,403	5,403	5,185	5,385	5,237	5,176
Reserves	71,489	71,246	74,791	79,239	88,453	86,127
BP shareholders' equity	76,892	76,649	79,976	84,624	93,690	91,303
Minority interest	1,343	1,343	789	841	962	806
Total equity	78,235	77,992	80,765	85,465	94,652	92,109

^a BP elected not to adopt IAS 39 until 1 January 2005, and so financial assets and liabilities, including derivatives, are reported on the basis of UK GAAP for 2004. The balance sheet at 1 January 2005 is also presented to show the effect of adopting IAS 39.

Operating capital employed^a

						\$ million
	2004	Post-IAS 39 at 1 January 2005 ^b	2005	2006	2007	2008
By business						
Exploration and Production						
US	25,773	25,914	27,555	27,687	30,341	35,807
Non-US	43,141	42,545	45,330	49,601	54,278	56,950
	68,914	68,459	72,885	77,288	84,619	92,757
Refining and Marketing						
US	15,040	15,040	16,968	16,527	17,748	15,904
Non-US	23,161	23,355	22,764	24,611	30,163	25,295
	38,201	38,395	39,732	41,138	47,911	41,199
Other businesses and corporate						
US	(1,605)	(1,630)	(3,070)	(3,303)	(1,903)	(2,505)
Non-US	6,184	6,261	1,292	4,504	6,785	3,247
	4,579	4,631	(1,778)	1,201	4,882	742
Consolidation adjustment	(552)	(552)	(778)	(725)	(929)	(298)
	111,142	110,933	110,061	118,902	136,483	134,400
By geographical area						
US	38,656	38,772	40,722	40,234	45,369	49,056
Non-US	72,486	72,161	69,339	78,668	91,114	85,344
Total operating capital employed	111,142	110,933	110,061	118,902	136,483	134,400
Liabilities for current and deferred taxation	(20,673)	(20,560)	(20,505)	(20,207)	(21,792)	(18,965)
Goodwill	10,857	10,857	10,371	10,780	11,006	9,878
Capital employed	101,326	101,230	99,927	109,475	125,697	125,313
Financed by						
Finance debt	23,091	23,238	19,162	24,010	31,045	33,204
Minority interest	1,343	1,343	789	841	962	806
BP shareholders' equity	76,892	76,649	79,976	84,624	93,690	91,303
Capital employed	101,326	101,230	99,927	109,475	125,697	125,313

^a Operating capital employed is total assets (excluding goodwill) less total liabilities, excluding finance debt and current and deferred taxation.

^b BP elected not to adopt International Accounting Standard No. 39 'Financial Instruments: Recognition and Measurement' (IAS 39) until 1 January 2005, and so financial assets and liabilities, including derivatives, are reported on the basis of UK generally accepted accounting practice (UK GAAP) for 2004. The balance sheet at 1 January 2005 is also presented to show the effect of adopting IAS 39.

Non-current assets – property, plant and equipment

					\$ million
	2004	2005	2006	2007	2008
Net book amount by business					
Exploration and Production					
US	26,290	27,499	28,996	31,555	35,369
Non-US	31,684	33,310	36,629	39,274	40,439
	57,974	60,809	65,625	70,829	75,808
Refining and Marketing					
US	10,760	10,320	10,247	9,440	10,608
Non-US	14,153	12,342	12,901	15,030	14,016
	24,913	22,662	23,148	24,470	24,624
Other businesses and corporate					
US	3,568	1,411	922	1,248	1,659
Non-US	6,637	1,065	1,304	1,442	1,109
	10,205	2,476	2,226	2,690	2,768
Net book amount by geographical area					
US	40,618	39,230	40,165	42,243	47,636
Non-US	52,474	46,717	50,834	55,746	55,564
	93,092	85,947	90,999	97,989	103,200
Cost and accumulated depreciation^a					
Exploration and Production					
Cost		131,634	140,620	152,486	165,626
Accumulated depreciation		(70,825)	(74,995)	(81,657)	(89,818)
		60,809	65,625	70,829	75,808
Refining and Marketing					
Cost		43,496	45,397	48,590	47,289
Accumulated depreciation		(20,834)	(22,249)	(24,120)	(22,665)
		22,662	23,148	24,470	24,624
Other businesses and corporate					
Cost		3,578	3,262	4,015	4,194
Accumulated depreciation		(1,102)	(1,036)	(1,325)	(1,426)
		2,476	2,226	2,690	2,768
Group					
Cost		178,708	189,279	205,091	217,109
Accumulated depreciation		(92,761)	(98,280)	(107,102)	(113,909)
		85,947	90,999	97,989	103,200

^a Data is not available for 2004.

Working capital

	\$ million				
	2004	2005	2006	2007	2008
Inventories, receivables and payables					
Inventories	11,837	16,321	16,301	23,040	13,821
Supplies	911	919	1,222	1,517	1,588
	12,748	17,240	17,523	24,557	15,409
Trading inventories	2,897	2,520	1,392	1,997	1,412
	15,645	19,760	18,915	26,554	16,821
Current receivables					
Trade receivables	30,657	33,565	32,460	33,012	22,869
Amounts receivable from jointly controlled entities	886	1,345	830	888	1,035
Amounts receivable from associates	210	186	268	380	219
Current tax receivable	159	212	544	705	377
Other current receivables	12,527	17,262	18,654	13,815	16,866
	44,439	52,570	52,756	48,800	41,366
Non-current receivables					
Amounts receivable from associates	23	–	–	–	–
Other non-current receivables	2,469	6,512	5,738	6,791	8,097
	2,492	6,512	5,738	6,791	8,097
Current payables					
Trade payables	27,471	28,614	28,319	30,735	20,129
Amounts payable to jointly controlled entities	637	251	119	66	292
Amounts payable to associates	865	627	273	650	295
Production and similar taxes	517	763	852	803	445
Current tax payable	4,131	4,274	2,635	3,282	3,144
Dividends	1	1	1	1	1
Other current payables	18,605	26,933	28,243	23,942	28,202
	52,227	61,463	60,442	59,479	52,508
Non-current payables					
Amount payable to jointly controlled entities	–	–	–	–	2,255
Amount payable to associates	5	–	–	–	–
Production and similar taxes	1,520	1,281	899	765	538
Other non-current payables	2,913	7,514	5,695	6,447	7,342
	4,438	8,795	6,594	7,212	10,135



Group cash flow statement

	\$ million				
	2004	2005	2006	2007	2008
Operating activities					
Profit before taxation from continuing operations	24,966	31,921	34,642	31,611	34,283
Adjustments to reconcile profit before taxation to net cash provided by operating activities					
Exploration expenditure written off	274	305	624	347	385
Depreciation, depletion and amortization	8,529	8,771	9,128	10,579	10,985
Impairment and (gain) loss on sale of businesses and fixed assets	(295)	(1,070)	(3,165)	(808)	380
Earnings from jointly controlled entities and associates	(2,280)	(3,543)	(3,995)	(3,832)	(3,821)
Dividends received from jointly controlled entities and associates	2,199	2,833	4,495	2,473	3,728
Interest receivable	(284)	(479)	(473)	(489)	(407)
Interest received	331	401	500	500	385
Finance costs	768	874	986	1,393	1,547
Interest paid	(698)	(1,127)	(1,242)	(1,363)	(1,291)
Net finance income (expense) relating to pensions and other post-retirement benefits	12	(113)	(470)	(652)	(591)
Share-based payments	224	278	416	420	459
Net operating charge for pensions and other post-retirement benefits, less contributions and benefit payments for unfunded plans	(84)	(435)	(261)	(404)	(173)
Net charge for provisions, less payments	(110)	600	340	(92)	(298)
(Increase) decrease in inventories	(3,182)	(6,638)	995	(7,255)	9,010
(Increase) decrease in other current and non-current assets	(10,225)	(16,427)	3,596	5,210	2,439
Increase (decrease) in other current and non-current liabilities	10,290	18,628	(4,211)	(3,857)	(6,101)
Income taxes paid	(6,388)	(9,028)	(13,733)	(9,072)	(12,824)
Net cash provided by operating activities of continuing operations	24,047	25,751	28,172	24,709	38,095
Net cash provided by (used in) operating activities of Innovene operations	(669)	970	–	–	–
Net cash provided by operating activities	23,378	26,721	28,172	24,709	38,095
Investing activities					
Capital expenditure	(12,286)	(12,281)	(15,125)	(17,830)	(22,658)
Acquisitions, net of cash acquired	(1,503)	(60)	(229)	(1,225)	(395)
Investment in jointly controlled entities	(1,648)	(185)	(37)	(428)	(1,009)
Investment in associates	(942)	(619)	(570)	(187)	(81)
Proceeds from disposal of fixed assets	4,236	2,803	5,963	1,749	918
Proceeds from disposal of businesses, net of cash disposed	725	8,397	291	2,518	11
Proceeds from loan repayments	87	123	189	192	647
Other	–	93	–	374	(200)
Net cash used in investing activities	(11,331)	(1,729)	(9,518)	(14,837)	(22,767)
Financing activities					
Net repurchase of shares	(7,208)	(11,315)	(15,151)	(7,113)	(2,567)
Proceeds from long-term financing	2,675	2,475	3,831	8,109	7,961
Repayments of long-term financing	(2,204)	(4,820)	(3,655)	(3,192)	(3,821)
Net increase (decrease) in short-term debt	(24)	(1,457)	3,873	1,494	(1,315)
Dividends paid					
BP shareholders	(6,041)	(7,359)	(7,686)	(8,106)	(10,342)
Minority interest	(33)	(827)	(283)	(227)	(425)
Net cash used in financing activities	(12,835)	(23,303)	(19,071)	(9,035)	(10,509)
Currency translation differences relating to cash and cash equivalents	91	(88)	47	135	(184)
Increase (decrease) in cash and cash equivalents	(697)	1,601	(370)	972	4,635
Cash and cash equivalents at beginning of year	2,056	1,359	2,960	2,590	3,562
Cash and cash equivalents at end of year	1,359	2,960	2,590	3,562	8,197

Movement in net debt

	\$ million				
	2004	2005	2006	2007	2008
Opening balance					
Finance debt	22,325	23,091	19,162	24,010	31,045
Less: cash and cash equivalents	2,056	1,359	2,960	2,590	3,562
Less: fair value asset (liability) of hedges related to finance debt	–	–	(171)	298	666
Opening net debt	20,269	21,732	16,373	21,122	26,817
Closing balance					
Finance debt	23,091	19,162	24,010	31,045	33,204
Less: cash and cash equivalents	1,359	2,960	2,590	3,562	8,197
Less: fair value asset (liability) of hedges related to finance debt	–	(171)	298	666	(34)
Closing net debt	21,732	16,373	21,122	26,817	25,041
	(1,463)	5,359	(4,749)	(5,695)	1,776
Movement in cash and cash equivalents	(788)	1,689	(417)	837	4,819
Net cash (inflow) outflow from financing (excluding share capital)	(431)	3,803	(4,049)	(6,411)	(2,825)
Adoption of IAS 39	–	(147)	–	–	–
Debt acquired	–	–	(13)	–	–
Other movements	68	146	(145)	(134)	(136)
Movement in net debt before exchange effects	(1,151)	5,491	(4,624)	(5,708)	1,858
Exchange adjustments	(312)	(132)	(125)	13	(82)
	(1,463)	5,359	(4,749)	(5,695)	1,776

Capital expenditure, acquisitions and disposals

					\$ million
	2004	2005	2006	2007	2008
By business					
Exploration and Production					
US ^a	3,963	3,932	4,655	5,096	10,359
Non-US ^{b,c}	7,449	6,466	8,597	9,111	11,868
	11,412	10,398	13,252	14,207	22,227
Refining and Marketing					
US ^d	1,314	1,226	1,339	1,872	4,297
Non-US ^e	1,669	1,619	1,788	3,623	2,337
	2,983	2,845	3,127	5,495	6,634
Other businesses and corporate ^f					
US	728	311	598	519	1,390
Non-US	1,528	595	254	420	449
	2,256	906	852	939	1,839
By geographical area					
US ^{a,d}	6,005	5,469	6,592	7,487	16,046
Non-US ^{b,c,e}	10,646	8,680	10,639	13,154	14,654
	16,651	14,149	17,231	20,641	30,700
Included above					
Acquisitions and asset exchanges ^{c,d,e,f}	2,841	211	321	1,447	2,514
Innovene operations ^f	1,915	497	–	–	–
Disposals	4,961	11,200	6,254	4,267	929

^a 2008 included \$3,667 million for the purchase of all of Chesapeake Energy Corporation's interest in the Arkoma basin Woodford Shale assets and a 25% interest in Chesapeake's Fayetteville Shale assets.

^b 2008 included \$2,822 million relating to the formation of an integrated North American Oil Sands business with Husky Energy Inc. 2006 included \$1 billion for the purchase of shares in Rosneft.

^c 2004 included \$1,354 million relating to the incorporation into TNK-BP of the Alfa Group and Access-Renova's 50% interest in Slavneft.

^d 2008 included an asset exchange of \$1,909 million relating to the formation of an integrated North American oil sands business with Husky Energy Inc.

^e 2007 included the acquisition of Chevron's Netherlands manufacturing company for \$1,132 million.

^f 2004 included \$1,391 million for the acquisition of Solvay's interest in the BP Solvay joint venture.

Employee numbers

					Year end
	2004	2005	2006	2007 ^a	2008
By business					
Exploration and Production	17,500	18,900	21,400	21,800	21,400
Refining and Marketing (excluding service station staff)	41,100	42,000	41,900	42,700	40,300
Other businesses and corporate	16,400	7,500	7,600	9,100	9,100
	75,000	68,400	70,900	73,600	70,800
Service station staff	27,900	27,800	26,100	24,500	21,200
	102,900	96,200	97,000	98,100	92,000
By geographical area					
US	36,900	34,400	33,700	33,000	29,300
Non-US	66,000	61,800	63,300	65,100	62,700
	102,900	96,200	97,000	98,100	92,000

^a A minor amendment has been made to the 2007 figures to correct headcount data, including classification of service station staff.

 Ratios^a

					\$ million
	2004	2005	2006	2007	2008
Return on average capital employed					
Replacement cost profit	15,946	20,168	22,222	18,370	25,593
Interest expense ^b	286	400	467	722	752
Minority interest	187	291	286	324	509
Adjusted replacement cost profit	16,419	20,859	22,975	19,416	26,854
Non-operating items after taxation	1,061	1,727	(1,046)	373	796
Adjusted replacement cost profit excluding non-operating items	17,480	22,586	21,929	19,789	27,650
Average capital employed (including goodwill)	96,958	100,627	104,701	117,587	125,506
Return on average capital employed (including goodwill and non-operating items)	16.9%	20.7%	21.9%	16.5%	21.4%
Average capital employed (excluding goodwill)	86,233	90,013	94,125	106,694	115,064
Return on average capital employed (excluding goodwill and non-operating items)	20.3%	25.1%	23.3%	18.5%	24.0%
Pre-tax cash returns					
Replacement cost profit before interest and tax	23,389	29,796	35,227	28,794	41,727
Equity-accounted interest and tax	1,328	1,628	2,315	1,942	2,006
Non-operating items	1,408	2,838	(1,920)	723	1,276
Depreciation, depletion and amortization	9,012	9,183	9,128	10,579	10,985
Pre-tax cash returns numerator	35,137	43,445	44,750	42,038	55,994
Capital employed	101,326	99,927	109,475	125,697	125,313
Liabilities for current and deferred taxation	20,673	20,505	20,207	21,792	18,965
Goodwill	(10,857)	(10,371)	(10,780)	(11,006)	(9,878)
Operating capital employed	111,142	110,061	118,902	136,483	134,400
Average operating capital employed	106,270	110,602	114,481	127,693	135,442
Pre-tax cash return	33%	39%	39%	33%	41%
Debt ratios					
Gross debt	23,091	19,162	24,010	31,045	33,204
Less: fair value asset (liability) of hedges related to finance debt	–	(171)	298	666	(34)
Cash and cash equivalents	23,091	19,333	23,712	30,379	33,238
Net debt	1,359	2,960	2,590	3,562	8,197
Equity	21,732	16,373	21,122	26,817	25,041
Debt to debt-plus-equity ratio	23%	19%	22%	24%	27%
Debt to equity ratio	30%	24%	28%	32%	36%
Net debt to net debt-plus-equity ratio	22%	17%	20%	22%	21%
Net debt to equity ratio	28%	20%	25%	28%	27%

^a The ratios are defined on page 69.

^b Calculated on a post-tax basis using a deemed tax rate equal to the US statutory tax rate.

BP shareholding information

Register of members holding BP ordinary shares as at 31 December 2008

	Number of share-holders	Percentage of total share-holders	Percentage of total share capital
Range of holdings			
1-200	57,617	18.22	0.01
201-1,000	120,017	37.94	0.31
1,001-10,000	124,970	39.51	1.83
10,001-100,000	11,837	3.74	1.17
100,001-1,000,000	1,089	0.34	1.95
Over 1,000,000 ^a	790	0.25	94.73
	316,320	100.00	100.00

^a Includes JPMorgan Chase Bank, holding 27.48% of the total ordinary issued share capital (excluding shares held in treasury) as the approved depository for ADSs, a breakdown of which is shown in the table below.

Register of holders of ADSs as at 31 December 2008^a

	Number of ADS holders	Percentage of total ADS holders	Percentage of total ADSs
Range of holdings			
1-200	73,569	53.88	0.50
201-1,000	38,781	28.40	2.16
1,001-10,000	22,656	16.59	7.12
10,001-100,000	1,505	1.10	3.04
100,001-1,000,000	23	0.02	0.47
Over 1,000,000 ^b	2	0.01	86.71
	136,536	100.00	100.00

At 31 December 2008, there were also 1,622 preference shareholders.

^a One ADS represents six 25-cent ordinary shares.

^b One of the holders of ADSs represents some 818,000 underlying holders.

Beneficial owners as at 31 December 2008^{a,b}

	Percentage of shares in issue		
	Institutions	Individuals	Total
By principal area			
UK	35	7	42
US	23	15	38
Rest of Europe	9	-	9
Rest of World	6	-	6
Miscellaneous ^c	5	-	5
	78	22	100

^a Reflects the beneficial (underlying) ownership of the shares.

^b Represents BP's best efforts to determine the domicile of the beneficial (underlying) owners of the group's shares, based on analysis of the year-end share register. Note that institutions include custodians, market makers, delivery by value, brokerage, stocklending, clearing and non-American depository receipt arbitrage.

^c Miscellaneous represents shareholders below the 100,000-share threshold and unidentified shares. Unidentified shares represent holdings that are awaiting confirmation of the identity of the beneficial holder and the nature of their interest in the shares following enquiries made under Section 793 of the Companies Act 2006.

 BP share data

	2004	2005	2006	2007	2008
Share price and dividends					
Share price (pence per ordinary share)					
High	561.00	686.00	723.00	640.00	657.25
Low	407.75	499.00	558.50	504.50	370.00
End year	508.00	619.00	567.50	615.00	526.00
Dividends paid (pence per ordinary share)					
First quarter	3.674	4.522	5.288	5.258	6.813
Second quarter	3.807	4.450	5.251	5.151	6.830
Third quarter	3.860	5.119	5.324	5.278	7.039
Fourth quarter	3.910	5.061	5.241	5.308	8.705
	15.251	19.152	21.104	20.995	29.387
Dividends paid (cents per ordinary share)					
First quarter	6.75	8.500	9.375	10.325	13.525
Second quarter	6.75	8.500	9.375	10.325	13.525
Third quarter	7.10	8.925	9.825	10.825	14.000
Fourth quarter	7.10	8.925	9.825	10.825	14.000
	27.70	34.850	38.400	42.300	55.050
ADS price (US dollars per ADS)					
High	62.10	72.75	76.85	79.77	77.69
Low	46.65	56.60	63.52	58.62	37.57
End year	58.40	64.22	67.10	73.17	46.74
Dividends paid (US dollars per ADS)					
First quarter	0.4050	0.5100	0.5625	0.6195	0.8115
Second quarter	0.4050	0.5100	0.5625	0.6195	0.8115
Third quarter	0.4260	0.5355	0.5895	0.6495	0.8400
Fourth quarter	0.4260	0.5355	0.5895	0.6495	0.8400
	1.6620	2.0910	2.3040	2.5380	3.3030
Dividend payout ratio					
Based on replacement cost profit for the year	38%	36%	35%	44%	40%
Based on profit for the year	35%	33%	35%	39%	49%
Dividend cover					
Dividend cover out of income ^a	2.64	2.74	2.89	2.27	2.47
Dividend cover out of cash flow ^b	3.87	3.63	3.67	3.05	3.68

^a Based on replacement cost profit for the year.

^b Net cash provided by operating activities, divided by gross dividends paid. The calculation is based on the assumption that all dividends are paid in cash.

Information for earnings per share

	\$ million				
	2004	2005	2006	2007	2008
Results for the period					
Profit for the year attributable to BP shareholders	17,075	22,341	22,000	20,845	21,157
Less: preference dividend	2	2	2	2	2
Profit for the year attributable to BP ordinary shareholders	17,073	22,339	21,998	20,843	21,155
Unwinding of discount on deferred consideration for acquisition of investment in TNK-BP (net of tax)	64	40	16	–	–
Diluted profit for the year attributable to BP ordinary shareholders	17,137	22,379	22,014	20,843	21,155
Profit for the year attributable to BP ordinary shareholders, as above	17,073	22,339	21,998	20,843	21,155
Inventory holding (gains) losses, net of tax	(1,129)	(2,173)	222	(2,475)	4,436
Replacement cost profit attributable to ordinary shareholders	15,944	20,166	22,220	18,368	25,591
Average number of shares					
Basic weighted average number of shares outstanding (thousand) ^a	21,820,525	21,125,902	20,027,527	19,163,389	18,789,827
– ADS equivalent (thousand) ^a	3,636,754	3,520,984	3,337,921	3,193,898	3,131,638
Diluted weighted average number of shares outstanding (thousand) ^a	22,292,536	21,411,447	20,195,458	19,326,875	18,962,517
– ADS equivalent (thousand) ^a	3,715,423	3,568,575	3,365,910	3,221,146	3,160,412
Shares in issue at year end (thousand) ^a	21,525,978	20,657,045	19,510,496	18,932,143	18,716,098
– ADS equivalent (thousand) ^a	3,587,663	3,442,841	3,251,749	3,155,357	3,119,350
Shares repurchased in the year (thousand)	827,240	1,059,707	1,334,363	663,150	269,957

^a Excludes treasury shares and the shares held by the Employee Share Ownership Plans and includes certain shares that will be issuable in the future under employee share plans.