BP PLC
Form 6-K
July 31, 2012
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

for the period ended July, 2012

BP p.l.c.
(Translation of registrant's name into English)

1 ST JAMES'S SQUARE, LONDON, SW1Y 4PD, ENGLAND
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F |X| Form 40-F
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Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ---------------  No |X| ----------------

BP p.l.c.
Group results
Second quarter and half year 2012(a)

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FOR IMMEDIATE RELEASE
London 31 July 2012

| Second quarter 2011 | First quarter 2012 | Second quarter 2012 | | First half 2012 | First half 2011 |
|---|---|---|---|---|---|
| | | | $ million | | |
| 5,718 | 5,915 | (1,385) | Profit (loss) for the period(b) | 4,530 | 12,972 |
| (311) | (986) | 1,623 | Inventory holding (gains) losses, net of tax | 637 | (1,954) |
| 5,407 | 4,929 | 238 | Replacement cost profit(c) | 5,167 | 11,018 |
| 298 | (130) | 3,447 | Net (favourable) unfavourable impact of non-operating items and fair value accounting effects, net of tax(d) | 3,317 | 191 |
| 5,705 | 4,799 | 3,685 | Underlying replacement cost profit(c) | 8,484 | 11,209 |
| | | | | | |
| | | | Replacement cost profit | | |
| 28.62 | 25.97 | 1.25 | - per ordinary share (cents) | 27.19 | 58.44 |
| 1.72 | 1.56 | 0.07 | - per ADS (dollars) | 1.63 | 3.51 |
| | | | Underlying replacement cost profit | | |
| 30.20 | 25.29 | 19.37 | - per ordinary share (cents) | 44.65 | 59.45 |
| 1.81 | 1.52 | 1.16 | - per ADS (dollars) | 2.68 | 3.57 |

BP's second-quarter replacement cost (RC) profit was $238 million, compared with $5,407 million a year ago. After adjusting for a net loss from non-operating items of $3,339 million and net unfavourable fair value accounting effects of $108 million (both on a post-tax basis), underlying RC profit for the second quarter was $3,685 million, compared with $5,705 million for the same period last year. For the half year, RC profit was $5,167 million, compared with $11,018 million a year ago. After adjusting for a net loss from non-operating items of $3,154 million and net unfavourable fair value accounting effects of $163 million (both on a post-tax basis), underlying RC profit for the half year was $8,484 million, compared with $11,209 million for the same period last year. RC profit or loss for the group, underlying RC profit or loss and fair value accounting effects are non-GAAP measures and further information is provided on pages 4, 19 and 21.

Non-operating items for the second quarter on a pre-tax basis amounted to a net loss of $5,002 million and included impairment losses of $4,782 million(d) relating primarily to certain refineries, US shale gas assets and the decision to suspend the Liberty project in Alaska. All amounts relating to the Gulf of Mexico oil spill have been treated as non-operating items, with a net adverse impact on a pre-tax basis of $847 million for the quarter and $823 million for the half year 2012. For further information on the Gulf of Mexico oil spill and its consequences see pages 2 - 3, Note 2 on pages 23 - 28, Principal risks and uncertainties on pages 32 - 38, Legal proceedings on pages 39 - 49 and Legal proceedings on pages 160 - 164 of BP's Annual Report and Form 20-F 2011.

Finance costs and net finance income or expense relating to pensions and other post-retirement benefits were $212 million for the second quarter, compared with $249 million for the same period last year. For the half year, the respective amounts were $442 million and $488 million.

Including the impact of the Gulf of Mexico oil spill, net cash provided by operating activities for the quarter and half year was $4.4 billion and $7.8 billion respectively, compared with $7.8 billion and $10.3 billion in the same periods of last year. The amounts for the quarter and half year of 2012 included net cash outflows of $1.7 billion and $2.9 billion respectively relating to the Gulf of Mexico oil spill (second quarter 2011 $1.9 billion outflow, half year 2011 $4.7 billion outflow).

Net debt at the end of the quarter was $31.7 billion, compared with $27.0 billion a year ago. The ratio of net debt to net debt plus equity was 21.9% compared with 19.9% a year ago. Net debt is a non-GAAP measure. See page 5 for further information.

The quarterly dividend expected to be paid on 25 September 2012 is 8 cents per share ($0.48 per ADS). The corresponding amount in sterling will be announced on 11 September 2012. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares and ADS holders in the form of new ADSs. Details of the scrip dividend programme are available at bp.com/scrip.

(a) This results announcement also represents BP's half-yearly financial report (see page 12).
(b) Profit (loss) attributable to BP shareholders.
(c) See footnote (a) on page 4 for definitions of RC profit and underlying RC profit.
(d) See pages 20 and 21 respectively for further information on non-operating items and fair value accounting effects.

The commentaries above and following are based on RC profit and should be read in conjunction with the cautionary statement on page 12.

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Group headlines (continued)

The effective tax rate on RC profit for the second quarter and half year was 44% and 34% respectively, compared with 34% and 36% a year ago. After adjusting for non-operating items and fair value accounting effects the effective tax rate on underlying RC profit for the second quarter and half year was 34% and 33% respectively, compared with 34% and 36% a year ago. Half-year 2011 included the impact of a one-off deferred tax adjustment in respect of the increase in the supplementary charge on UK oil and gas production. In the third quarter we expect a one-off charge of around $250 million to $300 million related to further changes to the UK taxation of North Sea production.

Total capital expenditure for the second quarter and half year was $5.4 billion and $11.1 billion respectively, of which organic capital expenditure was $5.3 billion and $10.6 billion respectively(a). Disposal proceeds were $1.9 billion for the quarter and $3.2 billion for the half year. Since the start of 2010, we have announced disposals for a total of $24 billion.

We now expect depreciation, depletion and amortization for 2012 to be around $1.4 billion higher than for 2011, with the revision mainly due to higher decommissioning costs.

(a) Organic capital expenditure excludes acquisitions and asset exchanges, and expenditure associated with deepening our natural gas asset base (see page 18).

## Gulf of Mexico oil spill

### Completing the response

We remain committed to meeting our responsibilities to the US federal, state and local governments and communities of the Gulf Coast following the Deepwater Horizon accident and oil spill in 2010 (the Incident). During the second quarter of 2012, BP, working under the direction of the US Coast Guard's Federal On-Scene Coordinator (FOSC), and collaboratively with the individual federal and state entities, continued to work to meet the applicable clean-up standards established by the Shoreline Clean-up Completion plan.

As at 30 June 2012, the FOSC had deemed removal actions complete on 3,700 miles of shoreline out of 4,375 miles in the area of response. A further 371 miles were awaiting approval of removal actions deemed complete or were pending final monitoring. The remaining 304 miles were undergoing patrolling and maintenance, which will continue until the shoreline segments meet the applicable clean-up standards for the FOSC to determine that operational removal activity is complete.

### Economic restoration

#### Settlement agreements with the Plaintiffs' Steering Committee

On 18 April 2012, BP reached definitive and fully documented agreements with the Plaintiffs' Steering Committee (PSC) in the Multi-District Litigation pending in New Orleans (MDL 2179), subject to court approval, to resolve the substantial majority of legitimate private economic loss and medical claims stemming from the Incident. On 2 May 2012, the court gave preliminary approval to the economic loss and medical settlement agreements, and scheduled a fairness hearing for 8 November 2012 to determine whether to grant final approval of the agreements.

On 4 June 2012, the Deepwater Horizon Court-Supervised Settlement Program began accepting claims from "in-class" claimants under the agreements covering economic loss claims and medical claims. On the same date, a separate BP claims programme began accepting claims from claimants who are not covered by the settlement agreements or who exercise their right to opt out of one or both settlements. The transitional court-supervised claims facility, which took over claims processing from the Gulf Coast Claims Facility (GCCF) and operated between 8 March 2012 and 4 June 2012, no longer accepts claims but will continue to process payments when final releases are received on unexpired outstanding offers.

BP estimates that the proposed settlement will cost approximately $7.8 billion, including claims paid to class members by the transitional court-supervised claims facility and the court-supervised settlement programme, claims paid by the BP claims programme to claimants who opt out of the classes, related administration costs, and plaintiffs' attorneys' fees and expenses. This cost is being paid from the $20-billion Deepwater Horizon Oil Spill Trust (Trust). While BP has sought to reliably estimate the cost of the settlement agreements, it is possible that the actual cost could be higher or lower than this estimate depending on the outcomes of the court-supervised claims process.

Claims update

As at 30 June 2012, BP had paid a total of nearly $8.8 billion for individual, business and government entity claims, advances and other payments, including payments made by BP prior to the establishment of the Trust.

As at 30 June 2012, $7.0 billion in total had been paid to individual and business claimants, and BP had paid federal, state and local government entities $1.4 billion for claims and advances. BP has also paid an additional $363 million for contributions, settlements and other payments for research, tourism, seafood testing and marketing, and behavioural health.

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Gulf of Mexico oil spill (continued)

In June, the court-supervised settlement programme received 23,950 claims and expects to begin making final payments in the third quarter. This follows the 1,091,033 claims that were received through the GCCF and the transitional court-supervised claims facility while they were in operation.

Environmental restoration

During the second quarter we continued to work with scientists and trustee agencies through the Natural Resource Damages (NRD) assessment process to identify natural resources that may have been exposed to oil or otherwise impacted by the oil spill, and to look for evidence of injury. To date, BP has paid $718 million for NRD assessment efforts.

Under an agreement signed with federal and state agencies in April 2011, BP voluntarily committed to provide up to $1 billion to fund early restoration projects aimed at accelerating restoration efforts in the Gulf coast areas that were impacted by the accident. The agreement enables work on restoration projects to begin at the earliest opportunity, before funding is required by the Oil Pollution Act 1990 (OPA 90). These projects will be funded from the Trust.

The Tranche 1 Early Restoration Projects Plan was finalized on 18 April 2012 by the Natural Resource Damage Assessment (NRDA) Trustee Council following extensive public review. This plan includes eight projects along the Gulf Coast with a total estimated cost of approximately $60 million. Collectively, these projects are intended to restore and enhance wildlife and habitats, and provide additional access for recreational use.

Financial update

The group income statement includes a pre-tax charge of $847 million for the second quarter in relation to the Incident. The charge for the second quarter reflects an increase in the provision for various costs and litigation relating to the Incident. The total cumulative charge recognized to date for the Incident amounts to $38.0 billion.

The total amounts that will be paid by BP in relation to all obligations relating to the oil spill are subject to significant uncertainty as described further in Note 2 on pages 23 - 28.

Trust update

During the second quarter, BP made a contribution of $1,250 million to the Trust. As at 30 June 2012, BP's cumulative contributions to the Trust amounted to $17.9 billion with a further payment of $1,250 million scheduled to be made in the third quarter 2012 and a final payment of $860 million scheduled in the fourth quarter 2012. Under the terms of the settlement agreements with the PSC, qualified settlement funds (QSFs) were established during the second quarter, funded from the Trust, for the purpose of paying the costs of the estimated $7.8 billion settlement.

Payments from the Trust and QSFs during the second quarter were $588 million, consisting of $443 million for individual and business claims, $41 million for NRD assessment costs, and $104 million for state and local government claims, court-supervised settlement programme expenses and other resolved items. As at 30 June 2012, the cumulative amount paid from the Trust and QSFs since inception was $7.8 billion, and the remaining cash balances were $10.1 billion.

As at 30 June 2012, the cumulative charges for provisions to be paid from the Trust and the associated reimbursement asset recognized amounted to $17.1 billion. A further $2.9 billion could be provided in subsequent periods for items covered by the Trust, with no net impact on the income statement.

Legal proceedings and investigations

In addition to the information provided on page 2 relating to the settlement agreements with the PSC, see also Legal proceedings on pages 39 - 49 herein and Gulf of Mexico oil spill on pages 76 - 79 of BP's Annual Report and Form 20-F 2011 for details of legal proceedings, including external investigations relating to the Incident.

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Analysis of underlying RC profit and RC profit before interest and tax

and reconciliation to profit for the period

| Second quarter 2011 | First quarter 2012 | Second quarter 2012 | $ million | First half 2012 | First half 2011 |
|---|---|---|---|---|---|
| | | | Underlying RC profit before interest and tax(a) | | |
| 6,330 | 6,290 | 4,401 | Upstream | 10,691 | 13,014 |
| 1,392 | 924 | 1,129 | Downstream | 2,053 | 3,588 |
| 1,081 | 1,157 | 452 | TNK-BP(b) | 1,609 | 2,208 |
| (335) | (436) | (540) | Other businesses and corporate | (976) | (632) |
| 515 | (541) | 457 | Consolidation adjustment - UPII(c) | (84) | (27) |
| 8,983 | 7,394 | 5,899 | Underlying RC profit before interest and tax | 13,293 | 18,151 |
| | | | Finance costs and net finance income or expense | | |

| | | | | | |
|---|---|---|---|---|---|
| | | | relating to pensions and other | | |
| (234) | (224) | (208) | post-retirement benefits | (432) | (457) |
| (2,974) | (2,310) | (1,961) | Taxation on an underlying RC basis | (4,271) | (6,354) |
| (70) | (61) | (45) | Minority interest | (106) | (131) |
| 5,705 | 4,799 | 3,685 | Underlying RC profit attributable to BP shareholders | 8,484 | 11,209 |
| | | | Non-operating items and fair value accounting effects(a) | | |
| (699) | 689 | (1,488) | Upstream | (799) | 40 |
| (54) | (68) | (2,865) | Downstream | (2,933) | (171) |
| - | (93) | - | TNK-BP, net of tax | (93) | - |
| (263) | (236) | 18 | Other businesses and corporate | (218) | (444) |
| 617 | 30 | (843) | Gulf of Mexico oil spill response(d) | (813) | 233 |
| (399) | 322 | (5,178) | Total before interest and taxation | (4,856) | (342) |
| (15) | (6) | (4) | Finance costs(e) | (10) | (31) |
| 116 | (186) | 1,735 | Taxation credit (charge)(f) | 1,549 | 182 |
| (298) | 130 | (3,447) | Total after taxation for the period | (3,317) | (191) |
| | | | RC profit before interest and tax(a) | | |
| 5,631 | 6,979 | 2,913 | Upstream | 9,892 | 13,054 |
| 1,338 | 856 | (1,736) | Downstream | (880) | 3,417 |
| 1,081 | 1,064 | 452 | TNK-BP(b) | 1,516 | 2,208 |
| (598) | (672) | (522) | Other businesses and corporate | (1,194) | (1,076) |
| 617 | 30 | (843) | Gulf of Mexico oil spill response(d) | (813) | 233 |
| 515 | (541) | 457 | Consolidation adjustment - UPII(c) | (84) | (27) |
| 8,584 | 7,716 | 721 | RC profit before interest and tax | 8,437 | 17,809 |
| | | | Finance costs and net finance income or expense relating to pensions and other | | |
| (249) | (230) | (212) | post-retirement benefits | (442) | (488) |
| (2,858) | (2,496) | (226) | Taxation on a RC basis | (2,722) | (6,172) |
| (70) | (61) | (45) | Minority interest | (106) | (131) |
| 5,407 | 4,929 | 238 | RC profit attributable to BP shareholders | 5,167 | 11,018 |
| 493 | 1,437 | (2,324) | Inventory holding gains (losses) | (887) | 2,905 |
| | | | Taxation (charge) credit on inventory holding gains | | |
| (182) | (451) | 701 | and losses | 250 | (951) |
| | | | Profit (loss) for the period attributable to BP | | |
| 5,718 | 5,915 | (1,385) | shareholders | 4,530 | 12,972 |

(a) Replacement cost (RC) profit or loss reflects the replacement cost of supplies and is arrived at by excluding inventory holding gains and losses from profit or loss. RC profit or loss is the measure of profit or loss for each operating segment that is required to be disclosed under International Financial Reporting Standards (IFRS). RC profit or loss for the group is not a recognized GAAP measure. For further information on RC profit or loss, see page 19. Underlying RC profit or loss is RC profit or loss after adjusting for non-operating items and fair value accounting effects. Underlying RC profit or loss and fair value accounting effects are not recognized GAAP measures. On pages 20 and 21 respectively, we provide additional information on the non-operating items and fair value accounting effects that are used to arrive at underlying RC profit or loss in order to enable a full understanding of the events and their financial impact. BP believes that underlying RC profit or loss is a useful measure for investors because it is a measure closely tracked by management to evaluate BP's operating performance and to make financial, strategic and operating decisions and because it may help investors to understand and evaluate, in the same manner as management, the underlying trends in BP's operational performance on a comparable basis, period on period, by adjusting for the effects of these non-operating items and fair value accounting effects.

(b) Net of finance costs, taxation and minority interest.

(c) The consolidation adjustment - unrealized profit in inventory (UPII) in the second quarter of 2012 was impacted by lower margins (driven by lower prices and a higher average cost of production due to a different mix of equity crude within inventory). In the first quarter of 2012, it was impacted by higher margins (driven both by a lower average cost of production and higher prices) and an increase in the volume of equity crude within the US refining and marketing system. In the second quarter of 2011, it was impacted mainly by lower volumes.

(d) See Note 2 on pages 23 - 28 for further information on the accounting for the Gulf of Mexico oil spill response.

(e) Finance costs relate to the Gulf of Mexico oil spill. See Note 2 on pages 23 - 28 for further details.

(f) For the Gulf of Mexico oil spill and certain impairment losses in the second quarter 2012, tax is based on US statutory tax rates. For other items, with the exception of TNK-BP items (which are reported net of tax), tax is calculated using the group's discrete quarterly effective tax rate (adjusted for the Gulf of Mexico oil spill, certain impairment losses in the second quarter 2012, equity-accounted earnings from the first quarter 2012 and the impact of a $683-million one-off deferred tax adjustment in respect of an increase in the supplementary charge on UK oil and gas production for the first quarter 2011).

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Per share amounts

| Second quarter 2011 | First quarter 2012 | Second quarter 2012 | | First half 2012 | First half 2011 |
|---|---|---|---|---|---|
| | | | Per ordinary share (cents) | | |
| 30.27 | 31.17 | (7.29) | Profit (loss) for the period | 23.84 | 68.81 |
| 28.62 | 25.97 | 1.25 | RC profit for the period | 27.19 | 58.44 |
| 30.20 | 25.29 | 19.37 | Underlying RC profit for the period | 44.65 | 59.45 |
| | | | Per ADS (dollars) | | |
| 1.82 | 1.87 | (0.44) | Profit (loss) for the period | 1.43 | 4.13 |
| 1.72 | 1.56 | 0.07 | RC profit for the period | 1.63 | 3.51 |
| 1.81 | 1.52 | 1.16 | Underlying RC profit for the period | 2.68 | 3.57 |

See Note 6 on page 30 for details of the calculation of earnings per share.

Net debt ratio - net debt: net debt + equity

| Second quarter 2011 | First quarter 2012 | Second quarter 2012 | | First half 2012 | First half 2011 |
|---|---|---|---|---|---|
| | | | $ million | | |
| 46,890 | 46,470 | 47,662 | Gross debt | 47,662 | 46,890 |
| | | | Less: fair value asset of hedges related to | | |
| 1,173 | 1,224 | 1,067 | finance debt | 1,067 | 1,173 |
| 45,717 | 45,246 | 46,595 | | 46,595 | 45,717 |
| 18,749 | 14,092 | 14,881 | Less: Cash and cash equivalents | 14,881 | 18,749 |
| 26,968 | 31,154 | 31,714 | Net debt | 31,714 | 26,968 |
| 108,636 | 119,220 | 113,323 | Equity | 113,323 | 108,636 |
| 19.9% | 20.7% | 21.9% | Net debt ratio | 21.9% | 19.9% |

See Note 7 on page 31 for further details on finance debt.

Net debt and net debt ratio are non-GAAP measures. Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt, for which hedge accounting is claimed. The derivatives are reported on the balance sheet within the headings 'Derivative financial instruments'. We believe that net debt and net debt ratio provide useful information to investors. Net debt enables investors to see the economic effect of gross debt, related hedges and cash and cash equivalents in total. The net debt ratio enables investors to see how significant net debt is relative to equity from shareholders.

## Dividends

### Dividends payable

BP today announced a dividend of 8 cents per ordinary share expected to be paid in September. The corresponding amount in sterling will be announced on 11 September 2012, calculated based on the average of the market exchange rates for the four dealing days commencing on 5 September 2012. Holders of American Depositary Shares (ADSs) will receive $0.48 per ADS. The dividend is due to be paid on 25 September 2012 to shareholders and ADS holders on the register on 10 August 2012. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares and ADS holders in the form of new ADSs. Details of the second-quarter dividend and timetable are available at bp.com/dividends and details of the scrip dividend programme are available at bp.com/scrip.

### Dividends paid

| Second quarter 2011 | First quarter 2012 | Second quarter 2012 | | First half 2012 | First half 2011 |
|---|---|---|---|---|---|
| | | | Dividends paid per ordinary share | | |
| 7.000 | 8.000 | 8.000 | cents | 16.000 | 14.000 |
| 4.281 | 5.096 | 5.150 | pence | 10.246 | 8.618 |
| 42.00 | 48.00 | 48.00 | Dividends paid per ADS (cents) | 96.00 | 84.00 |
| | | | Scrip dividends | | |

| | | | | | |
|---|---|---|---|---|---|
| 72.8 | 39.6 | 11.1 | Number of shares issued (millions) | 50.7 | 139.4 |
| 525 | 306 | 73 | Value of shares issued ($ million) | 379 | 1,035 |

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## Upstream

| Second quarter 2011 | First quarter 2012 | Second quarter 2012 | | First half 2012 | First half 2011 |
|---|---|---|---|---|---|
| | | | $ million | | |
| 5,654 | 6,895 | 2,877 | Profit before interest and tax | 9,772 | 13,133 |
| (23) | 84 | 36 | Inventory holding (gains) losses | 120 | (79) |
| 5,631 | 6,979 | 2,913 | RC profit before interest and tax | 9,892 | 13,054 |
| 699 | (689) | 1,488 | Net (favourable) unfavourable impact of non-operating items and fair value accounting effects | 799 | (40) |
| 6,330 | 6,290 | 4,401 | Underlying RC profit before interest and tax(a) | 10,691 | 13,014 |

(a) See footnote (a) on page 4 for information on underlying RC profit and see page 7 for a reconciliation to segment RC profit before interest and tax by region.

With effect from 1 January 2012, the Exploration and Production segment was separated to form two new operating segments, Upstream and TNK-BP, reflecting the way in which our investment in TNK-BP is now managed.

The replacement cost profit before interest and tax for the second quarter and half year was $2,913 million and $9,892 million respectively, compared with $5,631 million and $13,054 million for the same periods in 2011. The second quarter was impacted by net non-operating charges of $1,495 million, primarily due to net impairment and other charges of $2,389 million related to our US shale gas assets and the decision to suspend the Liberty project in Alaska, partially offset by net gains on disposal of $658 million and a fair value gain on embedded derivatives. For the half year, the net non-operating charge was $673 million due to the same factors, with additional gains on disposal recognized in the first quarter. A year ago, there was a net non-operating charge of $664 million in the second quarter and a net gain of $46 million in the first half. See page 20 for further information on non-operating items. Fair value accounting effects in the second quarter and half year had favourable impacts of $7 million, and unfavourable impacts of $126 million respectively, compared with unfavourable impacts of $35 million and $6 million in the same periods a year ago.

After adjusting for non-operating items and fair value accounting effects, the underlying replacement cost profit before interest and tax for the second quarter and half year was $4,401 million and $10,691 million respectively, compared with $6,330 million and $13,014 million a year ago. In the second quarter, there were lower realizations compared with the same period in 2011 due to a weaker price environment, with Brent trading at an average of $8.75 per barrel lower than a year ago, and Henry Hub trading at an average of $2.11 per mmBtu lower than a year ago. Additionally, both periods were impacted by higher costs, including the impact of higher depreciation, depletion and amortization, as well as ongoing sector inflation, and lower production. The persistently low Henry Hub price means that our North American gas business is operating at a loss.

Production for the quarter was 2,275mboe/d, 7.4% lower than the second quarter 2011. After adjusting for the effect of divestments, and entitlement impacts in our production-sharing agreements (PSAs), production was 2.7% lower. This is mainly due to planned downtime in the higher-margin Gulf of Mexico and in Trinidad, partly offset by production in India and major project start-ups in Angola and Trinidad. For the first half of the year, production was 2,364mboe/d, 6.5% lower than in the same period last year. After adjusting for the effect of divestments, and entitlement impacts in our PSAs, the first-half production was 1% lower than in 2011.

Looking ahead we expect third-quarter reported production to be slightly lower than the second quarter, as a result of ongoing seasonal turnaround activity across the portfolio,including in higher margin regions such as the UK North Sea, and the continuation of the divestment programme. We expect reported production to increase in the fourth quarter as we come out of the summer maintenance season and continue to see the impact of major project start-ups. Reported production for the full year is expected to be lower than 2011 due to the impact of divestments, with the actual outcome dependent on the timing of divestments and project start-ups, OPEC quotas, seasonal weather-related outages in the Gulf of Mexico, and the impact of the oil price on PSAs. We continue to expect full-year production (adjusted for divestments, the impact of the oil price on PSAs, and OPEC quotas) in 2012 to be broadly flat with 2011, excluding TNK-BP.

We continued to make strategic progress in the second quarter. In May we announced that we have signed two PSAs with the government of the Republic of Trinidad and Tobago. BP was awarded blocks 23(a) and 14 in the 2010/2011 deepwater competitive bid round in July 2011, with a 100% working interest. Also in May we agreed a Memorandum of Understanding as part of an expansion plan for the Tangguh LNG plant in Indonesia to provide long-term LNG supply to Indonesia's state electricity company for domestic needs. Force majeure was lifted in respect of our Libyan Exploration and Production Sharing Agreement with the National Oil Corporation (NOC) effective 15 May. Force majeure had been in place since February 2011.

In June we announced the sale of our interests in the Jonah and Pinedale operations in Wyoming to LINN Energy, for $1.025 billion in cash. Completion of the sale is expected soon. We also announced that we have agreed to sell our interests in the Alba and Britannia fields in the UK North Sea to Mitsui & Co., Ltd. for $280 million in cash. Completion of the deal is anticipated by the end of the third quarter 2012, subject to regulatory and other licensee approvals. Also in June, first gas was produced from the Seth field, located in the East Nile Delta in Egypt. In the Gulf of Mexico we acquired 43 new leases in the June 2012 lease sale, which will be awarded subject to regulatory review. During the second quarter, the Shah Deniz consortium announced that front-end engineering design on the Stage 2 project intended to bring gas from the Caspian Sea to markets in Turkey and Europe would commence, selected the Nabucco West pipeline as the single pipeline option for the potential export of Stage 2 gas to central Europe, and concluded a co-operation agreement with the competing Trans-Adriatic Pipeline (TAP) project in respect of the southern route. In June we announced the start-up of the Galapagos development in the deepwater US Gulf of Mexico. In July, Exxon Mobil (the operator of the Kizomba Satellites Phase 1 project in Angola) announced that it had started production from the Mavacola and Clochas fields. BP has a 26.7% working interest in this project.

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These strategic developments built on the progress we announced with our first-quarter results, which comprised: completing the disposals of our Canadian NGLs business and a gas processing plant and associated fields in Kansas; agreeing to sell our UK North Sea southern gas assets; announcing our intention to sell certain non-strategic assets in the Gulf of Mexico; settling a dispute with the state of Alaska concerning the Point Thomson Unit; gaining approval to farm in to four deepwater concessions in the Brazilian equatorial margin; winning three licence blocks in Uruguay; and establishing a position in the Utica/Point Pleasant shale formation in the US.

| Second quarter 2011 | First quarter 2012 | Second quarter 2012 | $ million | First half 2012 | First half 2011 |
|---|---|---|---|---|---|
| | | | Underlying RC profit before interest and tax | | |
| | | | By region | | |
| 1,479 | 1,658 | 628 | US | 2,286 | 3,325 |
| 4,851 | 4,632 | 3,773 | Non-US | 8,405 | 9,689 |
| 6,330 | 6,290 | 4,401 | | 10,691 | 13,014 |
| | | | Non-operating items | | |
| (730) | 947 | (2,273) | US | (1,326) | (726) |
| 66 | (125) | 778 | Non-US | 653 | 772 |
| (664) | 822 | (1,495) | | (673) | 46 |
| | | | Fair value accounting effects(a) | | |
| (18) | (71) | 61 | US | (10) | 7 |
| (17) | (62) | (54) | Non-US | (116) | (13) |
| (35) | (133) | 7 | | (126) | (6) |
| | | | RC profit (loss) before interest and tax | | |
| 731 | 2,534 | (1,584) | US | 950 | 2,606 |
| 4,900 | 4,445 | 4,497 | Non-US | 8,942 | 10,448 |
| 5,631 | 6,979 | 2,913 | | 9,892 | 13,054 |
| | | | Exploration expense | | |
| 625 | 62 | 413 | US(b) | 475 | 933 |
| 54 | 198 | 203 | Non-US(c) | 401 | 145 |
| 679 | 260 | 616 | | 876 | 1,078 |
| | | | Production (net of royalties)(d) | | |
| | | | Liquids (mb/d)(e) | | |
| 465 | 454 | 350 | US | 402 | 494 |
| 151 | 123 | 119 | Europe | 121 | 158 |
| 653 | 671 | 681 | Rest of World | 676 | 689 |
| 1,269 | 1,248 | 1,150 | | 1,199 | 1,341 |
| | | | Natural gas (mmcf/d) | | |
| 1,833 | 1,820 | 1,648 | US | 1,734 | 1,869 |
| 391 | 500 | 478 | Europe | 489 | 382 |
| 4,664 | 4,665 | 4,399 | Rest of World | 4,532 | 4,626 |
| 6,888 | 6,985 | 6,525 | | 6,755 | 6,877 |
| | | | Total hydrocarbons (mboe/d)(f) | | |
| 781 | 768 | 635 | US | 701 | 816 |
| 218 | 209 | 201 | Europe | 205 | 224 |
| 1,458 | 1,475 | 1,439 | Rest of World | 1,458 | 1,487 |
| 2,457 | 2,452 | 2,275 | | 2,364 | 2,527 |
| | | | Average realizations(g) | | |
| 106.99 | 108.13 | 100.89 | Total liquids ($/bbl) | 104.67 | 99.98 |
| 4.54 | 4.68 | 4.54 | Natural gas ($/mcf) | 4.62 | 4.37 |
| 63.23 | 64.02 | 60.17 | Total hydrocarbons ($/boe) | 62.18 | 61.05 |

(a) These effects represent the favourable (unfavourable) impact relative to management's measure of performance. Further information on fair value accounting effects is provided on page 21.

(b) Second quarter and first half 2012 include $308 million classified within the 'other' category of non-operating items (second quarter and first half 2011 $395 million).

(c) First half 2011 includes $44 million classified within the 'other' category of non-operating items.

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

(e) Crude oil and natural gas liquids.

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

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

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

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Downstream

| Second quarter 2011 | First quarter 2012 | Second quarter 2012 | | First half 2012 | First half 2011 |
|---|---|---|---|---|---|
| | | | $ million | | |
| 1,820 | 2,351 | (3,935) | Profit (loss) before interest and tax | (1,584) | 6,187 |
| (482) | (1,495) | 2,199 | Inventory holding (gains) losses | 704 | (2,770) |
| 1,338 | 856 | (1,736) | RC profit (loss) before interest and tax | (880) | 3,417 |
| | | | Net (favourable) unfavourable impact of non-operating | | |
| 54 | 68 | 2,865 | items and fair value accounting effects | 2,933 | 171 |
| | | | Underlying RC profit before interest and | | |
| 1,392 | 924 | 1,129 | tax(a) | 2,053 | 3,588 |

(a) See footnote (a) on page 4 for information on underlying RC profit and see page 9 for a reconciliation to segment RC profit before interest and tax by region and by business.

The replacement cost loss before interest and tax for the second quarter and half year was $1,736 million and $880 million respectively, compared with a profit of $1,338 million and $3,417 million for the same periods last year.

The 2012 results included net non-operating charges of $2,678 million for the second quarter and $2,784 million for the half year, compared with $218 million and $235 million for the same periods a year ago. The charge for both the quarter and the half year mainly relates to impairments in the fuels business relating to certain refineries in our global portfolio, predominantly in the US. See pages 9 and 20 for further information on non-operating items. Fair value accounting effects had unfavourable impacts of $187 million for the second quarter and $149 million for the half year, compared with favourable impacts of $164 million and $64 million in the same periods a year ago.

After adjusting for non-operating items and fair value accounting effects, the underlying replacement cost profit before interest and tax for the second quarter and half year was $1,129 million and $2,053 million respectively, compared with $1,392 million and $3,588 million a year ago.

Replacement cost profit or loss before interest and tax for the fuels, lubricants and petrochemicals businesses is set out on page 9.

The fuels business delivered an underlying replacement cost profit before interest and tax of $781 million in the second quarter and $1,268 million in the half year, compared with $754 million and $2,059 million in the same periods last year. The second quarter continued to benefit from strong refining feedstock optimization in the US Midwest. The refining environment was stronger than a year ago for both the second quarter and the first half, although this benefit was more than offset by significant adverse effects from prior-month pricing of barrels into our US refining system given the steep fall in oil prices, and adverse foreign exchange effects. The supply and trading contribution has been significantly weaker during the first half compared with a year ago, resulting in a loss for the half year.

During the first half of 2012, we continued to progress our plans for the sale of our Texas City refinery and the southern part of the West Coast fuels value chain, including the Carson refinery. We are in advanced discussions on both assets and remain on track to announce both sales by the end of 2012. In the second quarter we completed the acquisition of Shell and Cosan Industria e Commercio's interests in significant aviation fuels assets at seven Brazilian airports having received regulatory approval in March 2012. In May, our Cherry Point refinery resumed full operations having completed repairs following a fire in February and a scheduled turnaround.

The lubricants business delivered an underlying replacement cost profit before interest and tax of $320 million in the second quarter and $645 million in the half year, compared with $368 million and $740 million in the same periods last year reflecting robust performance despite weaker demand, higher base oil prices and adverse foreign exchange effects.

The petrochemicals business delivered an underlying replacement cost profit before interest and tax of $28 million in the second quarter and $140 million in the half year, compared with $270 million and $789 million in the same periods last year. This reflects particular weakness in aromatics margins, resulting from growing capacity and subdued demand compared with particularly strong margins in the first half of 2011.

In July, BP signed two licensing agreements for our proprietary petrochemicals technology; one licensing BP's latest generation purified terephthalic acid (PTA) technology for use by JBF Petrochemicals in a planned 1.25 million tonnes per annum unit in Mangalore, India and the second, licensing paraxylene (PX) technology for use by Reliance Industries for the world's largest aromatics complex in Gujarat, India. These are the first steps in implementing a technology licensing strategy, which seeks to create a new long-term revenue stream.

Looking ahead to the third quarter, in the fuels business we expect refining margins to decline in line with the usual seasonal trend and the level of turnaround activity to be lower than in the second quarter. In addition, we expect petrochemicals margins to remain weak.

Looking to the fourth quarter, as part of our major project to upgrade the Whiting refinery to process significantly more Canadian heavy crude, we expect to commence a transitional outage to substantially reconfigure the largest of the refinery's three crude units. We expect this to be completed by mid-year 2013, in time for the expected start-up of the full project in the second half of 2013.

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| Second quarter 2011 | First quarter 2012 | Second quarter 2012 | $ million | First half 2012 | First half 2011 |
|---|---|---|---|---|---|
| | | | Underlying RC profit before interest and tax - by region | | |
| 151 | 289 | 450 | US | 739 | 855 |
| 1,241 | 635 | 679 | Non-US | 1,314 | 2,733 |
| 1,392 | 924 | 1,129 | | 2,053 | 3,588 |
| | | | Non-operating items | | |
| (239) | (88) | (2,433) | US | (2,521) | (255) |
| 21 | (18) | (245) | Non-US | (263) | 20 |
| (218) | (106) | (2,678) | | (2,784) | (235) |
| | | | Fair value accounting effects(a) | | |
| 71 | (43) | (1) | US | (44) | 23 |
| 93 | 81 | (186) | Non-US | (105) | 41 |
| 164 | 38 | (187) | | (149) | 64 |
| | | | RC profit (loss) before interest and tax | | |
| (17) | 158 | (1,984) | US | (1,826) | 623 |
| 1,355 | 698 | 248 | Non-US | 946 | 2,794 |
| 1,338 | 856 | (1,736) | | (880) | 3,417 |
| | | | | | |
| | | | Underlying RC profit before interest and tax - by business(b)(c) | | |
| 754 | 487 | 781 | Fuels | 1,268 | 2,059 |
| 368 | 325 | 320 | Lubricants | 645 | 740 |
| 270 | 112 | 28 | Petrochemicals | 140 | 789 |
| 1,392 | 924 | 1,129 | | 2,053 | 3,588 |
| | | | | | |
| | | | Non-operating items and fair value accounting effects(a) | | |
| (114) | (68) | (2,863) | Fuels | (2,931) | (244) |
| 60 | - | (2) | Lubricants | (2) | 73 |
| - | - | - | Petrochemicals | - | - |
| (54) | (68) | (2,865) | | (2,933) | (171) |
| | | | RC profit (loss) before interest and tax(b)(c) | | |
| 640 | 419 | (2,082) | Fuels | (1,663) | 1,815 |
| 428 | 325 | 318 | Lubricants | 643 | 813 |
| 270 | 112 | 28 | Petrochemicals | 140 | 789 |
| 1,338 | 856 | (1,736) | | (880) | 3,417 |
| | | | | | |
| 13.92 | 11.60 | 15.84 | BP Average refining marker margin (RMM) ($/bbl)(d) | 13.72 | 12.48 |
| | | | | | |
| | | | Refinery throughputs (mb/d) | | |

| | | | | | |
|---|---|---|---|---|---|
| 1,190 | 1,218 | 1,295 | US | 1,256 | 1,192 |
| 749 | 775 | 706 | Europe | 741 | 758 |
| 314 | 277 | 281 | Rest of World | 279 | 311 |
| 2,253 | 2,270 | 2,282 | | 2,276 | 2,261 |
| 94.8 | 94.9 | 94.5 | Refining availability (%)(e) | 94.7 | 94.3 |
| | | | | | |
| | | | Marketing sales volumes (mb/d)(f) | | |
| 1,407 | 1,349 | 1,409 | US | 1,379 | 1,391 |
| 1,298 | 1,216 | 1,279 | Europe | 1,247 | 1,283 |
| 613 | 574 | 603 | Rest of World | 589 | 611 |
| 3,318 | 3,139 | 3,291 | | 3,215 | 3,285 |
| 2,729 | 2,380 | 2,568 | Trading/supply sales | 2,474 | 2,494 |
| 6,047 | 5,519 | 5,859 | Total refined product sales | 5,689 | 5,779 |
| | | | | | |
| | | | Petrochemicals production (kte) | | |
| 766 | 1,078 | 1,110 | US | 2,188 | 1,901 |
| 1,050 | 1,011 | 998 | Europe(c) | 2,009 | 2,035 |
| 1,846 | 1,817 | 1,750 | Rest of World | 3,567 | 3,764 |
| 3,662 | 3,906 | 3,858 | | 7,764 | 7,700 |

(a) Fair value accounting effects represent the favourable (unfavourable) impact relative to management's measure of performance. For Downstream, these arise solely in the fuels business. Further information is provided on page 21.
(b) Segment-level overhead expenses are included in the fuels business result.
(c) BP's share of income from petrochemicals at our Gelsenkirchen and Mülheim sites in Germany is reported in the fuels business.
(d) The RMM is the average of regional indicator margins weighted for BP's crude refining capacity in each region. They 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. The quarterly regional marker margins can be found on bp.com and are updated weekly.
(e) Refining availability represents Solomon Associates' operational availability, which is defined as the percentage of the year that a unit is available for processing after subtracting the annualized time lost due to turnaround activity and all planned mechanical, process and regulatory maintenance downtime.
(f) Marketing sales do not include volumes relating to crude oil.

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TNK-BP(a)

| Second quarter 2011 | First quarter 2012 | Second quarter 2012 | | First half 2012 | First half 2011 |
|---|---|---|---|---|---|
| | | | $ million | | |
| 1,419 | 1,481 | 852 | Profit before interest and tax | 2,333 | 2,945 |
| (34) | (36) | (27) | Finance costs | (63) | (69) |
| (238) | (231) | (393) | Taxation | (624) | (484) |

| | | | | | |
|---|---|---|---|---|---|
| (84) | (124) | (69) | Minority interest | (193) | (143) |
| 1,063 | 1,090 | 363 | Net income (BP share)(b) | 1,453 | 2,249 |
| 18 | (26) | 89 | Inventory holding (gains) losses, net of tax | 63 | (41) |
| 1,081 | 1,064 | 452 | Net income on a RC basis | 1,516 | 2,208 |
| - | 93 | - | Net charge (credit) for non-operating items(c), net of tax | 93 | - |
| 1,081 | 1,157 | 452 | Net income on an underlying RC basis(d) | 1,609 | 2,208 |
| | | | | | |
| | | | Cash flow | | |
| 1,634 | 690 | - | Dividends received | 690 | 1,634 |
| | | | | | |
| | | | Production (net of royalties) (BP share) | | |
| 860 | 879 | 881 | Crude oil (mb/d) | 880 | 858 |
| 675 | 813 | 779 | Natural gas (mmcf/d) | 796 | 697 |
| 976 | 1,019 | 1,016 | Total hydrocarbons (mboe/d)(e) | 1,018 | 978 |

| Balance sheet | 30 June 2012 | 31 December 2011 |
|---|---|---|
| Investments in associates | 10,715 | 10,013 |