BP PLC
Form 6-K
July 29, 2003

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 29 July 2003

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

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

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

Form 20-F |X| Form 40-F _____

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

Yes _____ No |X|

BP p.l.c.

Group Results

Second Quarter and Half Year 2003

London 29 July 2003

FOR IMMEDIATE RELEASE

RESULT UP 42%; CONTINUING STRONG CASH GENERATION

Second Quarter 2002	First Quarter 2003	Second Quarter 2003	$ million	First Half 2003	First Half 2002	%
			Replacement cost profit			
1,311	3,128	2,454	before exceptional items	5,582	2,235	
351	(27)	32	Special items(a)	5	471	
537	628	629	Acquisition amortization(b)	1,257	1,075	
			Pro forma result adjusted			
2,199	3,729	3,115	for special items	6,844	3,781	81
6.77	10.44	8.67	- per ordinary share (pence)	19.11	11.71	63
9.80	16.70	14.06	- per ordinary share (cents)	30.76	16.86	82
0.58	1.00	0.85	- per ADS (dollars)	1.85	1.00	

o BP's second quarter pro forma result, adjusted for special items, was $3,115 million, compared with $2,199 million a year ago, an increase of 42%. For the half year, the result was $6,844 million compared with $3,781 million, up 81%. Replacement cost profit, before exceptional items, for the second quarter and half year was $2,454 million and $5,582 million respectively, compared with $1,311 million and $2,235 million a year ago.

- The second quarter trading environment was more favourable than a year ago.

- Improved operating performance generated additional income for the quarter and half year. Non-cash costs were higher in both periods.

- Net cash inflow for the quarter and the first half was $2,377 million and $5,605 million respectively, compared with an inflow of $1,891 million and an outflow of $532 million a year ago. Net cash flow from operating activities for the quarter and half year was $7,346 million and $13,307 million respectively compared with $5,133 million and $8,769 million a year ago.

- The pro forma ratio of net debt to net debt plus equity was 22% at the end of the quarter.

- Return on average capital employed for the quarter, on a pro forma basis adjusted for special items, was 17%, compared with 13% a year ago.

- The TNK-BP deal was signed in June. Subject to various consents, it is expected to complete later this summer.

- The quarterly dividend increased from 6.25 cents to 6.50 cents per share ($0.39 per ADS). This compares with 6.00 cents a year ago. For the half year the dividend showed an increase of 8.5%. In sterling terms, the quarterly dividend is 4.039 pence per share compared with 3.875 pence a year ago; for the half year the increase was 0.8%. The company repurchased for cancellation 144 million of its own shares during the quarter, at a cost of $1 billion. During the first half, 299 million shares have been repurchased and cancelled at a cost of $2 billion.

BP Group Chief Executive, Lord Browne, said:

"This is another strong quarterly result. Strategy and performance delivery are on track. Cash flow was robust, which has provided the opportunity for a good shareholder return through dividends and share buybacks."

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

(a) The special items refer to non-recurring charges and credits. The special items for the second quarter are restructuring costs in Exploration and Production, Veba integration costs in Refining and Marketing, and a reduction in the provision for costs associated with closure of polypropylene capacity in Petrochemicals.

(b) Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

Summary Quarterly Results

Exploration and Production's second quarter result was up 24% on a year ago, reflecting higher average realizations.

In Gas, Power and Renewables, the result reflects the absence of a contribution from Ruhrgas following the sale of our interest last year, mostly offset by improved performance.

The Refining and Marketing result increased significantly compared with a year ago due to higher worldwide refining margins and improved retail margins, particularly in the USA and Europe, with some offset from utility costs.

The Petrochemicals result reflected higher margins from lower feedstock costs, with flat demand conditions prevailing.

Interest expense for the quarter was $191 million compared with $220 million for the prior quarter, primarily reflecting lower average debt levels.

The pro forma effective tax rate on replacement cost profit, before exceptional items, and adjusted for special items, was 34% compared with 36% a year ago.

Capital expenditure, excluding acquisitions, was $3.2 billion for the quarter. Total capital expenditure and acquisitions was $3.3 billion. Disposal proceeds were $1.7 billion.

Net cash inflow was $2,377 million compared with $1,891 million a year ago; higher cash flow from operating activities was partly offset by higher tax payments and lower disposal proceeds.

Net debt at the end of the quarter was $16.2 billion. The pro forma ratio of net debt to net debt plus equity was 22%.

The commentaries above and following are based on the pro forma replacement cost operating results, before exceptional items, adjusted for special items.

To reflect BP's increased focus on chemical products derived from oil and gas, the Chemicals segment has been renamed Petrochemicals.

Reconciliation of Reported Results to

Pro Forma Results Adjusted for Special Items

Pro Forma Result adjusted for special items 2Q 2002	1Q 2003	2Q 2003 ----- 2Q 2003 2Q 2003	Special Items*	Acq. Amort+	Reported Earnings	$ million	Pro Forma Result adjusted for special items First Half 2003	2002
2,889	4,888	3,589	12	424	3,153	Exploration and Production	8,477	5,289
114	194	103	-	-	103	Gas, Power and Renewables	297	225
685	854	1,135	41	205	889	Refining and Marketing	1,989	972
246	139	308	(5)	-	313	Petrochemicals	447	354
(128)	(165)	(134)	-	-	(134)	Other businesses and corporate	(299)	(253)
3,806	5,910	5,001	48	629	4,324	RC operating profit	10,911	6,587
(314)	(220)	(191)	-	-	(191)	Interest expense	(411)	(647)
(1,243)	(1,935)	(1,635)	(16)	-	(1,619)	Taxation	(3,570)	(2,100)
(50)	(26)	(60)	-	-	(60)	MSI	(86)	(59)
2,199	3,729	3,115	32	629	2,454	RC profit before exceptional items	6,844	3,781
					280	Exceptional items before tax		
					(149)	Taxation on exceptional items		

2,585	RC profit after exceptional items
(951)	Stock holding losses

1,634	HC profit
=====	

* The special items refer to non-recurring charges and credits. The special items for the second quarter are restructuring costs in Exploration and Production, Veba integration costs in Refining and Marketing, and a reduction in the provision for costs associated with closure of polypropylene capacity in Petrochemicals.

+ Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

Operating Results

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
3,250	5,125	4,324	Replacement cost operating profit ($m)	9,449	5,308
1,311	3,128	2,454	Replacement cost profit before exceptional items ($m)	5,582	2,235

			Profit after exceptional items ($m)		
1,527	3,468	2,585	Replacement cost	6,053	2,381
2,058	4,267	1,634	Historical cost	5,901	3,354
			Per ordinary share (cents)		
			Pro forma result		
9.80	16.70	14.06	adjusted for special items	30.76	16.86
			RC profit before		
5.85	14.01	11.08	exceptional items	25.09	9.97
9.18	19.11	7.41	HC profit after exceptional items	26.52	14.96
			Per ADS (cents)		
			Pro forma result		
58.80	100.20	84.36	adjusted for special items	184.56	101.16
			RC profit before		
35.10	84.06	66.48	exceptional items	150.54	59.82
55.08	114.66	44.46	HC profit after exceptional items	159.12	89.76

Exploration and Production

2Q 2002	1Q 2003	2Q 2003	$ million	First Half 2003	First Half 2002
2,458	4,326	3,153	Replacement cost operating profit	7,479	4,386
90	139	12	Special items	151	217
341	423	424	Acquisition amortization	847	686

			Pro forma operating result		
2,889	4,888	3,589	adjusted for special items	8,477	5,289
			Results include:		
222	112	101	Exploration expense	213	346
			Of which:		
147	50	43	Exploration expenditure written off	93	206
			Production (Net of Royalties)		
1,808	1,830	1,712	Crude oil (mb/d)	1,771	1,781
244	233	199	Natural gas liquids (mb/d)	216	239
2,052	2,063	1,911	Total liquids (mb/d)(a)	1,987	2,020
8,667	9,017	8,439	Natural gas (mmcf/d)	8,727	8,706
3,546	3,618	3,366	Total hydrocarbons(b)	3,492	3,521
			Average realizations		
24.27	31.07	25.73	Crude oil ($/bbl)	28.50	22.07
12.40	19.82	17.49	Natural gas liquids ($/bbl)	18.76	11.77
22.81	29.82	24.90	Total liquids ($/bbl)	27.47	20.81
2.45	3.87	3.39	Natural gas ($/mcf)	3.64	2.36
19.01	26.39	22.43	Total hydrocarbons	24.49	17.63
			Average oil marker prices ($/bbl)		
25.07	31.47	26.03	Brent	28.77	23.12

26.30	34.00	29.02	West Texas Intermediate	31.53	23.94
25.04	33.16	27.04	Alaska North Slope US West Coast	30.13	22.42
3.38	6.53	5.40	Henry Hub gas price(c) ($/mmBtu)	5.96	2.87
			UK Gas - National		
12.10	21.28	17.44	Balancing Point (p/therm)	19.35	15.63

(a) Crude oil and natural gas liquids.

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

(c) Henry Hub First of the Month Index.

Exploration and Production

The pro forma result for the second quarter, adjusted for special items, was $3,589 million, up 24% from the second quarter of 2002. Special charges were $12 million in respect of our ongoing restructuring activities in the UK. The acquisition amortization charge included accelerated amortization of $108 million as a result of the impairment of the Kepadong field in Indonesia.

The result for the quarter reflected higher realizations, with liquids up $2.09/bbl and natural gas up $0.94/mcf on a year ago. North American basin differentials to the Henry Hub marker price narrowed over the quarter following the opening of pipeline expansion routes. The result includes a credit of $106 million, reflecting a reduction in the provision for Unrealized Profit in Stock (UPIS), which removes the upstream margin from downstream inventories, following a decrease in the Alaska North Slope oil price. This compares with a charge of $83 million in the equivalent quarter last year.

The half year result also reflected the impact of higher realizations, with liquids up $6.66/bbl and gas up $1.28/mcf.

During the quarter we had two exploration successes in Angola: Saturno in Block 31 and Clochas in Block 15; along with Saqqara in the Gulf of Suez in Egypt.

Atlantic LNG Train 3 started up ahead of schedule in April and the government of Trinidad and Tobago approved the Atlantic Train 4 project in June. Construction of the Baku-Tbilisi-Ceyhan pipeline began in May. Progress in Angola continued with the approval of the Dalia development by Sonangol in April.

Second quarter production was down 5% (2% after adjusting for divestments). The decrease, which follows an increase of over 3% in the first quarter, reflects the pattern of planned quarterly maintenance, the impact of higher prices on production sharing contract volumes and lower NGL production owing to strong US gas prices. For the half year, production was down 1% (up 1% after adjusting for divestments). Declines in existing profit centres were as expected and more than offset by growth from new profit centres, particularly Trinidad and Deepwater Gulf of Mexico.

We have continued our programme to improve returns and enhance value by high-grading our portfolio. We have completed the divestment of several US onshore and Gulf of Mexico shelf properties and agreed the sale of the Liuhua and QHD fields in China to the China National Offshore Oil Corporation. On 19 May, the sale of our interest in the Gyda field in Norway to Talisman was announced. We also announced an agreement in principle to sell 50% of the In Amenas gas condensate project and 49% of our interest in In Salah gas in Algeria to Statoil.

Progress continues in the establishment of our new joint venture TNK-BP with the signing of the agreement with the Alfa Group and Access-Renova on 26 June. The completion of the deal is subject to various consents.

Gas, Power and Renewables

2Q 2002	1Q 2003	2Q 2003	$ million	First Half 2003	First Half 2002
114	194	103	Replacement cost operating profit	297	225

-	-	-	Special items	-	-
-	-	-	Acquisition amortization	-	-
			Pro forma operating result		
114	194	103	adjusted for special items	297	225
			Gas sales volumes (mmcf/d)		
2,349	3,215	2,581	UK	2,896	2,483
390	473	421	Rest of Europe	447	402
8,451	11,734	10,441	USA	11,084	8,591
8,618	11,553	10,839	Rest of World	11,194	8,952
19,808	26,975	24,282	Total gas sales volumes	25,621	20,428
			NGL sales volumes (mb/d)		
-	-	-	UK	-	-
-	-	-	Rest of Europe	-	-
189	126	136	USA	131	171
196	232	124	Rest of World	178	214
385	358	260	Total NGL sales volumes	309	385

Gas, Power and Renewables

The pro forma result for the second quarter and half year was $103 million and $297 million, respectively, compared with $114 million and $225 million a year ago. The reduction in the second quarter result is due to the absence of a $40 million contribution from Ruhrgas following the sale of our interest last year, mostly offset by improved performance. The half year result increased due to improved performance which more than offset the loss of the $96 million Ruhrgas contribution.

The second quarter and half year results reflected an increase in gas sales volumes and strong performance from the global LNG business. Second quarter gas sales volumes were up 23%, and equity LNG sales up 58%. During the quarter, the first cargo of LNG was sold from the newly commissioned Train 3 of Atlantic LNG's facility in Trinidad and Tobago. On 1 July, BP took delivery of the LNG ship, the British Merchant, which is the third and final ship to be delivered under the initial phase of the global LNG strategy. Also during the quarter, BP and Oman LNG signed a memorandum of understanding for the supply of up to 4 million tonnes of LNG over a six-year period to strengthen BP's gas marketing position in Spain.

Higher gas prices relative to liquids prices in North America in the second quarter have led to lower production and sales volumes in the natural gas liquids business and a lower result compared with a year ago. The half year result was flat.

Refining and Marketing

2Q 2002	1Q 2003	2Q 2003	$ million	First Half 2003	First Half 2002
603	631	889	Replacement cost operating profit	1,520	671
(114)	18	41	Special items	59	(88)
196	205	205	Acquisition amortization	410	389
			Pro forma operating result		
685	854	1,135	adjusted for special items	1,989	972
			Refinery throughputs (mb/d)		
376	377	416	UK	397	384
924	954	991	Rest of Europe	973	879

1,464	1,302	1,465	USA	1,384	1,429
339	391	393	Rest of World	392	357
3,103	3,024	3,265	Total throughput	3,146	3,049
95.8	94.2	96.7	Refining availability(a)(%)	95.4	95.8
			Oil sales volumes (mb/d)		
			Refined products		
230	279	279	UK	279	243
1,444	1,318	1,358	Rest of Europe	1,338	1,360
1,941	1,751	1,822	USA	1,787	1,888
522	645	607	Rest of World	626	561
4,137	3,993	4,066	Total marketing sales	4,030	4,052
2,342	2,811	2,957	Trading/supply sales	2,884	2,439
6,479	6,804	7,023	Total refined product sales	6,914	6,491
4,915	4,529	5,679	Crude oil	5,104	4,862
11,394	11,333	12,702	Total oil sales	12,018	11,353
			Global Indicator Refining Margin(b)		
			($/bbl)		
0.59	3.70	2.15	NWE	2.92	0.34
2.62	6.14	3.59	USGC	4.86	2.33
3.76	4.14	4.73	Midwest	4.44	2.91
4.46	6.77	6.34	USWC	6.55	4.95
0.18	2.98	0.66	Singapore	1.81	0.20
2.06	4.52	3.27	BP Average	3.89	1.85

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

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

Refining and Marketing

The pro forma result for the second quarter, adjusted for special items, was $1,135 million, compared with $685 million for the same period last year. The special charge of $41 million for the quarter relates to ongoing Veba integration costs. The half year result is up $1,017 million compared with the first half of last year.

The results for the quarter and half year reflect improved worldwide refining margins and higher marketing margins, particularly retail margins in the USA and Europe, with some offset from higher utility costs. Improved operating performance also contributed to the results in the marketing businesses.

Refining throughputs increased by 5%, compared with a year ago, with availability at 96.7%. Marketing volumes were 2% lower than a year ago.

An additional 760 sites were reimaged, bringing the total number of sites with the BP Helios to some 12,000 worldwide.

Petrochemicals

2Q 2002	1Q 2003	2Q 2003	$ million	First Half 2003	First Half 2002
203	139	313	Replacement cost operating profit	452	279
43	-	(5)	Special items	(5)	75
-	-	-	Acquisition amortization	-	-
			Pro forma operating result		
246	139	308	adjusted for special items	447	354
109	96	120(b)	Chemicals Indicator Margin(a)($/te)	108(b)	95
			Petrochemicals production (kte)		
837	869	714	UK	1,583	1,666
2,595	2,763	2,681	Rest of Europe	5,444	5,178
2,695	2,536	2,503	USA	5,039	5,184
762	812	872	Rest of World	1,684	1,472
6,889	6,980	6,770	Total production	13,750	13,500

(a) The Chemicals Indicator Margin (CIM) is a weighted average of externally-based product margins. It is based on market data collected by Nexant (formerly Chem Systems) in their quarterly market analyses, then weighted based on BP's product portfolio. It does not cover our entire portfolio of products, and consequently is only indicative rather than representative of the margins achieved by BP in any particular period. Amongst the products and businesses covered in the CIM are olefins and derivatives, the aromatics and derivatives, linear alpha-olefins (LAOs), acetic acid, vinyl acetate monomers and nitriles. Not included are fabrics and fibres, plastic fabrications, poly alpha-olefins (PAOs), anhydrides, speciality intermediates, and the remaining parts of the solvents and acetyls businesses.

(b) Provisional. The data for the second quarter is based on two months' actuals and one month of provisional data.

Petrochemicals

Petrochemicals' pro forma result for the second quarter, after adjusting for special items, was $308 million, up from $139 million in the first quarter, due primarily to lower feedstock costs and improved margins in several businesses. This was the highest quarterly result for the segment since the second quarter of 2000. Production of 6,770 thousand tonnes in the second quarter was 3% below the first quarter. Although demand in Europe showed continuing weakness, overall sales remained flat.

The first half result was 26% above that of a year ago, reflecting improved margins, cost management and improved reliability of operations. First half production was 250 thousand tonnes higher than a year ago due to core business sales growth from Asian PTA and acetic acid plant start-ups and an additional month of production from Veba.

During the quarter we completed the divestment of our interest in Petrokimia Nusantara Interindo, PT (PT Peni), our polyethylene joint venture in Indonesia.

The special item for the quarter is a reduction in the provision for costs associated with the closure of polypropylene capacity in the USA.

Other Businesses and Corporate

2Q 2002	1Q 2003	2Q 2003	$ million	First Half 2003	First Half 2002
(128)	(165)	(134)	Replacement cost operating loss	(299)	(253)
-	-	-	Special items	-	-
-	-	-	Acquisition amortization	-	-
(128)	(165)	(134)	Pro forma operating result adjusted for special items	(299)	(253)

Other businesses and corporate comprises Finance, the group's coal asset and aluminium asset, its investments in PetroChina and Sinopec, interest income and costs relating to corporate activities. In July, BP announced that it has agreed to sell its 50 per cent interest in the Indonesian coal mining company PT Kaltim Prima Coal to PT Bumi Resources, subject to the receipt of certain shareholder and other approvals.

Exceptional Items

2Q 2002	1Q 2003	2Q 2003	$ million	First Half 2003	First Half 2002
376	394	280	Profit (loss) on sale of fixed assets and businesses or termination of operations	674	267

(160)	(54)	(149)	Taxation charge	(203)	(121)
216	340	131	Exceptional items after taxation	471	146

Exceptional items for the second quarter include a gain on the sale of our interest in the North Sea Forties oil field, partly offset by a provision for the loss on disposal of QHD in China.

2003 Dividends

2Q 2002	1Q 2003	2Q 2003	$ million	First Half 2003	First Half 2002
			Dividends per ordinary share		
6.00	6.25	6.50	cents	12.75	11.75
3.875	3.947	4.039	pence	7.986	7.926
36.0	37.5	39.0	Dividends per ADS (cents)	76.5	70.5

BP today announced a second quarterly dividend for 2003 of 6.50 cents per ordinary share. Holders of ordinary shares will receive 4.039 pence per share and holders of American Depositary Receipts (ADRs) $0.39 per ADS share. The dividend is payable on 8 September to shareholders on the register on 15 August. Participants in the Dividend Reinvestment Plan (DRIP) or the DRIP facility in the US Direct Access Plan will receive the dividend in the form of shares, also on 8 September. The third quarter 2003 results and dividend will be announced on 28 October.

Outlook

BP Group Chief Executive, Lord Browne, concluded:

"World economic activity has continued to grow only slowly during the second quarter, with OECD industrial production weakening. US consumer confidence remains below the levels of last June, but with some signs of modest improvement compared with the first quarter of this year. The impact of SARS was discernible in lower economic activity in the second quarter in Asia, but there are already signs that the region is recovering into the second half of the year.

"Crude oil markets continue to be characterized by relative tightness. On the basis of preliminary estimates, OECD commercial inventories ended the quarter at the lowest seasonal level for over a decade. Crude oil prices have been well supported, averaging $26.03 per barrel (Dated Brent) in the second quarter and over $28 per barrel in July to date. The seasonal pick-up in oil demand in the second half of the year, OPEC's June production cuts and an anticipated slow recovery in Iraqi oil production point to continued price support in coming months.

"US natural gas prices fell back in the second quarter but remained high, with the Henry Hub first of the month index averaging $5.40/mmbtu. Gas price differentials in the Rockies have narrowed significantly following the opening of the Kern River pipeline expansion. High prices have instigated a number of market reactions. These, together with mild weather, have led to a series of very high storage injections in recent weeks, despite falling domestic production. Prices look set to stay above residual fuel oil parity during the third quarter.

"Refining margins have started the third quarter at similar levels to the second quarter (BP GIM $3.27/bbl) and remain firm in most regions. OECD commercial product inventories are still at five-year lows and should continue to underpin refining fundamentals in the short term.

"The strong retail margins experienced in the second quarter have softened and are projected to revert to more typical levels in the third quarter.

"Petrochemical margins in the first half of 2003 were above those of last year, with higher product prices for the majority of petrochemical products. Recent increases in feedstock costs and flat demand are expected to result in a challenging environment in the third quarter.

"Consistent with our financial framework and plan for the year, we expect capital expenditure to be in the range of $14 to 14.5 billion, excluding acquisitions. As previously indicated, 2003 is expected to be the peak year for our medium term capital spending programme. The $14 to 14.5 billion range excludes the initial cash payment due on completion of the TNK-BP transaction, expected to complete later in the summer. In addition, subject to the trading environment, we expect to make payments of up to $2 billion to a number of the group's pension funds in the second half of 2003, and, if additional funds are available, to pursue further share buybacks. We expect gearing to return to the lower half of our 25-35% target range following these events."

The foregoing discussion, in particular the statements under "Outlook", contains forward looking statements particularly those regarding future performance, prices, margins, returns, dividends, capital expenditure, investments, divestments, gearing, BP's asset portfolio and changes in it, timing of pending transactions, share repurchases, and other trend projections. Forward looking statements by their nature involve risks and uncertainties and actual results may differ from those expressed in such statements depending on a variety of factors including the following: the timing of bringing new fields on stream; industry product supply, demand and pricing; currency exchange rates; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in governmental regulations; exchange rate fluctuations; development and use of new technology and successful commercial relationships; the actions of competitors; natural disasters and other changes in business conditions; prolonged adverse weather conditions; and wars and acts of terrorism or sabotage. For more information you should refer to our Annual Report and Accounts 2002 and our Annual Report on Form 20-F filed with the US Securities and Exchange Commission.

BP p.l.c. and Subsidiaries

Summarized Group Results

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
$ million				$ million	
2,458	4,326	3,153	Exploration and Production	7,479	4,386
114	194	103	Gas, Power and Renewables	297	225
603	631	889	Refining and Marketing	1,520	671
203	139	313	Petrochemicals	452	279
(128)	(165)	(134)	Other businesses and corporate	(299)	(253)
			Total replacement cost		

3,250	5,125	4,324	operating profit	9,449	5,308
			Profit (loss) on sale of		
			fixed assets and businesses or		
376	394	280	termination of operations (Note 4)	674	267
			Replacement cost profit before		
3,626	5,519	4,604	interest and tax	10,123	5,575
525	799	(951)	Stock holding gains (losses)(Note 5)	(152)	998
			Historical cost profit before		
4,151	6,318	3,653	interest and tax	9,971	6,573
314	220	191	Interest expense (Note 6)	411	647
3,837	6,098	3,462	Profit before taxation	9,560	5,926
1,751	1,805	1,768	Taxation (Note 7)	3,573	2,504
2,086	4,293	1,694	Profit after taxation	5,987	3,422
28	26	60	Minority shareholders' interest	86	68
2,058	4,267	1,634	Profit for the period	5,901	3,354
1,347	1,386	1,434	Distribution to shareholders	2,820	2,637
			Earnings per ordinary share - cents		
9.18	19.11	7.41	Basic	26.52	14.96
9.13	19.05	7.39	Diluted	26.44	14.88

Replacement Cost Results

Historical cost profit

2,058	4,267	1,634	for the period	5,901	3,354
			Stock holding (gains) losses		
(531)	(799)	951	net of MSI	152	(973)
			Replacement cost profit		
1,527	3,468	2,585	for the period	6,053	2,381
(216)	(340)	(131)	Exceptional items, net of tax	(471)	(146)
			Replacement cost profit before		
1,311	3,128	2,454	exceptional items	5,582	2,235
			Earnings per ordinary share - cents		
			On replacement cost profit before		
5.85	14.01	11.08	exceptional items	25.09	9.97

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Summarized Group Balance Sheet

	30 June 2003	31 December 2002
	$ million	
Fixed assets		
Intangible assets	13,896	15,566
Tangible assets	89,285	87,682
Investments	10,684	10,811

	113,865	114,059
Current assets		
Stocks	9,759	10,181
Debtors	36,892	33,150
Investments	329	215
Cash at bank and in hand	2,115	1,520
	49,095	45,066
Creditors - amounts falling due within one year		
Finance debt	5,885	10,086
Other creditors	39,337	36,215
Net current assets (liabilities)	3,873	(1,235)
Total assets less current liabilities	117,738	112,824
Creditors - amounts falling due after more than one year		
Finance debt	12,709	11,922
Other creditors	3,509	3,455
Provisions for liabilities and charges		
Deferred taxation	14,322	13,514
Other provisions	14,117	13,886
Net assets	73,081	70,047
Minority shareholders' interest - equity	1,016	638
BP shareholders' interest	72,065	69,409

Movement in BP shareholders' interest:	$ million
At 31 December 2002	69,409
Profit for the period	5,901
Distribution to shareholders	(2,820)
Currency translation differences (net of tax)	1,493
Issue of ordinary share capital for employee share schemes	81
Repurchase of ordinary share capital	(1,999)
At 30 June 2003	72,065

Summarized Group Cash Flow Statement

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
$ million				$ million	
			Net cash inflow from		
5,133	5,961	7,346	operating activities (a)	13,307	8,769
16	13	28	Dividends from joint ventures	41	99

			Dividends from		
154	55	177	associated undertakings	232	207
			Servicing of finance and returns on investments		
57	31	52	Interest received	83	105
(342)	(207)	(446)	Interest paid	(653)	(651)
58	6	42	Dividends received	48	60
			Dividends paid to		
(3)	(2)	(11)	minority shareholders	(13)	(16)
			Net cash outflow from servicing of		
(230)	(172)	(363)	finance and returns on investments	(535)	(502)
			Taxation		
(167)	(312)	(280)	UK corporation tax	(592)	(354)
(760)	(320)	(1,573)	Overseas tax	(1,893)	(1,018)
(927)	(632)	(1,853)	Tax paid	(2,485)	(1,372)
			Capital expenditure and financial investment		
(2,793)	(2,877)	(2,760)	Payments for fixed assets	(5,637)	(5,592)
			Proceeds from the sale		
939	2,317	1,652	of fixed assets	3,969	1,256
			Net cash outflow for capital expenditure and		
(1,854)	(560)	(1,108)	financial investment	(1,668)	(4,336)
			Acquisitions and disposals		

			Investments in associated		
(488)	(186)	(331)	undertakings	(517)	(631)
(139)	-	(150)	Acquisitions, net of cash acquired	(150)	(1,689)
(68)	(14)	(2)	Net investment in joint ventures	(16)	(114)
			Proceeds from the sale		
1,584	160	19	of businesses	179	1,615
			Net cash (outflow) inflow for		
889	(40)	(464)	acquisitions and disposals	(504)	(819)
(1,290)	(1,397)	(1,386)	Equity dividends paid	(2,783)	(2,578)
1,891	3,228	2,377	Net cash inflow (outflow)	5,605	(532)
2,017	3,593	1,355	Financing (b)	4,948	(266)
33	13	93	Management of liquid resources	106	(132)
(159)	(378)	929	Increase (decrease) in cash	551	(134)
1,891	3,228	2,377		5,605	(532)

Analysis of Cash Flow

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
$ million				$ million	

(a) Reconciliation of historical

cost profit before interest

and tax to net cash inflow

from operating activities

			Historical cost profit before		
4,151	6,318	3,653	interest and tax	9,971	6,573
2,227	2,709	2,653	Depreciation and amounts provided	5,362	4,380
			Exploration expenditure		
147	50	43	written off	93	206
			Share of profits of joint ventures		
(288)	(304)	(207)	and associated undertakings	(511)	(544)
(118)	(48)	(100)	Interest and other income	(148)	(181)
			(Profit) loss on sale of fixed		
(374)	(394)	(280)	assets and businesses	(674)	(265)
325	202	204	Charge for provisions	406	494
(373)	(228)	(316)	Utilization of provisions	(544)	(611)
(807)	376	193	Decrease (increase) in stocks	569	(1,303)
(1,614)	(6,935)	3,252	(Increase) decrease in debtors	(3,683)	(2,024)
1,857	4,215	(1,749)	Increase (decrease) in creditors	2,466	2,044
			Net cash inflow from		
5,133	5,961	7,346	operating activities	13,307	8,769

(b) Financing

(752)	(1,015)	(208)	Long-term borrowing	(1,223)	(2,498)
663	403	607	Repayments of long-term borrowing	1,010	897
(753)	(626)	(418)	Short-term borrowing	(1,044)	(4,252)
			Repayments of short-term		
2,891	3,899	388	borrowing	4,287	5,710

2,049	2,661	369		3,030	(143)
(32)	(67)	(14)	Issue of ordinary share capital	(81)	(123)
			Repurchase of ordinary		
-	999	1,000	share capital	1,999	-
			Net cash outflow		
2,017	3,593	1,355	(inflow)from financing	4,948	(266)

Capital Expenditure and Acquisitions

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
$ million				$ million	
			By business		
			Exploration and Production		
247	196	220	UK	416	508
57	51	73	Rest of Europe	124	128
1,077	966	1,009	USA	1,975	2,244
1,192	924	1,160	Rest of World(a)	2,084	2,006
2,573	2,137	2,462		4,599	4,886
			Gas, Power and Renewables		
5	8	24	UK	32	21
87	15	9	Rest of Europe(b)	24	91

32	38	48	USA	86	48
8	7	17	Rest of World	24	18
132	68	98		166	178
			Refining and Marketing		
100	73	66	UK	139	176
2,556	104	64	Rest of Europe(c)	168	5,288
260	336	228	USA	564	563
49	24	27	Rest of World	51	75
2,965	537	385		922	6,102
			Petrochemicals		
17	-	30	UK	30	25
60	31	21	Rest of Europe	52	105
55	46	95	USA	141	97
38	19	52	Rest of World	71	131
170	96	198		294	358
267	36	183	Other businesses and corporate(d)	219	319
6,107	2,874	3,326		6,200	11,843
			By geographical area		
400	301	361	UK	662	809
2,953	202	167	Rest of Europe	369	5,805
1,467	1,396	1,542	USA	2,938	2,998
1,287	975	1,256	Rest of World	2,231	2,231

6,107	2,874	3,326		6,200	11,843

(a) 2Q and first half 2002 included the acquisition of an additional interest in Sidanco.

(b) 2Q and first half 2002 included the acquisition of a 5% stake in Enagas.

(c) 1Q 2002 and 2Q 2002 included the acquisition of 51% and 49% of Veba respectively.

(d) 2Q and first half 2002 included the acquisition of the minority interest in Veba's upstream oil and gas assets.

US dollar/Sterling exchange rates

1.46	1.60	1.62	Average rate for the period	1.61	1.44
1.52	1.57	1.65	Period-end rate	1.65	1.52

Analysis of Replacement Cost Operating Profit

Second First Second

Quarter 2002	Quarter 2003	Quarter 2003		First Half 2003	First Half 2002
$ million				$ million	
			By business		
			Exploration and Production		
649	1,134	473	UK	1,607	1,376
172	193	141	Rest of Europe	334	324
771	1,805	1,441	USA	3,246	1,093
866	1,194	1,098	Rest of World	2,292	1,593
2,458	4,326	3,153		7,479	4,386
			Gas, Power and Renewables		
1	3	18	UK	21	3
35	(9)	(5)	Rest of Europe	(14)	82
13	36	85	USA	121	(12)
65	164	5	Rest of World	169	152
114	194	103		297	225
			Refining and Marketing		
(61)	26	(31)	UK	(5)	(185)
249	337	423	Rest of Europe	760	388
279	97	323	USA	420	200
136	171	174	Rest of World	345	268
603	631	889		1,520	671

			Petrochemicals		
(10)	(34)	25	UK	(9)	(41)
64	88	199	Rest of Europe	287	111
84	42	65	USA	107	107
65	43	24	Rest of World	67	102
203	139	313		452	279
(128)	(165)	(134)	Other businesses and corporate	(299)	(253)
3,250	5,125	4,324		9,449	5,308
			By geographical area		
504	1,053	363	UK	1,416	1,034
526	602	756	Rest of Europe	1,358	912
1,103	1,882	1,863	USA	3,745	1,261
1,117	1,588	1,342	Rest of World	2,930	2,101
3,250	5,125	4,324		9,449	5,308
			Included above		
89	117	101	Share of profits of joint ventures	218	159
196	180	110	Share of profits of associated undertakings	290	384
285	297	211		508	543

Notes

1. Turnover

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
$ million				$ million	
			By business		
6,539	9,068	7,433	Exploration and Production	16,501	12,177
8,235	17,998	14,875	Gas, Power and Renewables	32,873	16,003
31,870	41,435	36,949	Refining and Marketing	78,384	56,759
3,584	3,938	4,003	Petrochemicals	7,941	6,226
136	111	129	Other businesses and corporate	240	271
50,364	72,550	63,389		135,939	91,436
6,709	8,762	7,082	Less: sales between businesses	15,844	11,491
43,655	63,788	56,307	Group excluding JVs	120,095	79,945
404	398	364	Sales of joint ventures	762	683
44,059	64,186	56,671		120,857	80,628
			By geographical area		
			Group excluding JVs		
12,509	15,427	13,456	UK	28,883	23,504
12,219	13,022	12,206	Rest of Europe	25,228	21,338

19,663	31,098	25,984	USA	57,082	34,928
8,035	13,736	12,102	Rest of World	25,838	15,019
52,426	73,283	63,748		137,031	94,789
			Less: sales between		
8,771	9,495	7,441	areas	16,936	14,844
43,655	63,788	56,307		120,095	79,945

2. Replacement cost profit

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

Notes

3. Operating profits are after charging:

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
$ million				$ million	
			Exploration expense		

4	3	2	UK	5	10
13	4	5	Rest of Europe	9	36
133	37	47	USA	84	175
72	68	47	Rest of World	115	125
222	112	101		213	346
			Production taxes (a)		
90	133	58	UK petroleum revenue tax	191	153
225	371	324	Overseas production taxes	695	409
315	504	382		886	562

(a) Production taxes are charged against Exploration and Production's operating profit and are not included in the charge for taxation in Note 7.

4. Analysis of exceptional items

427	433	333	Exploration and Production	766	432
(1)	-	6	Gas, Power and Renewables	6	(1)
31	(52)	(49)	Refining and Marketing	(101)	(14)
(85)	7	2	Petrochemicals	9	(145)
4	6	(12)	Other businesses and corporate	(6)	(5)
			Profit (loss) on sale of fixed assets and businesses or		

376	394	280	termination of operations	674	267
(160)	(54)	(149)	Taxation charge	(203)	(121)
			Exceptional items		
216	340	131	after taxation	471	146

Notes

5. Stock holding gains (losses)

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
$ million				$ million	
(1)	6	(3)	Exploration and Production	3	2
4	27	(72)	Gas, Power and Renewables	(45)	8
444	620	(773)	Refining and Marketing	(153)	939
78	146	(103)	Petrochemicals	43	49
525	799	(951)		(152)	998
(6)	-	-	Minority shareholders' interest	-	25
531	799	(951)		(152)	973

6. Interest expense

261	187	163	Group interest payable	350	528
(25)	(34)	(43)	Capitalized	(77)	(40)
236	153	120		273	488
15	13	17	Joint ventures	30	29
21	10	12	Associated undertakings	22	45
			Unwinding of discount		
42	44	42	on provisions	86	85
314	220	191		411	647

7. Charge for taxation

1,040	1,581	1,406	Current	2,987	1,573
711	224	362	Deferred(a)	586	931
1,751	1,805	1,768		3,573	2,504
646	485	413	UK(a)	898	835
1,105	1,320	1,355	Overseas	2,675	1,669
1,751	1,805	1,768		3,573	2,504
			(a) Includes the adjustment to the North Sea deferred tax balance for the supplementary		
355	-	-	UK corporation tax of 10%	-	355

Notes

8. Analysis of changes in net debt

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
$ million				$ million	
			Opening balance		
24,531	22,008	19,042	Finance debt	22,008	21,417
1,379	1,520	1,151	Less: Cash	1,520	1,358
286	215	228	Current asset investments	215	450
22,866	20,273	17,663	Opening net debt	20,273	19,609
			Closing balance		
21,409	19,042	18,594	Finance debt	18,594	21,409
1,284	1,151	2,115	Less: Cash	2,115	1,284
285	228	329	Current asset investments	329	285
19,840	17,663	16,150	Closing net debt	16,150	19,840
			Decrease (increase)		
3,026	2,610	1,513	in net debt	4,123	(231)

Movement in cash/

(159)	(378)	929	bank overdrafts	551	(134)
			Increase (decrease) in		
33	13	93	current asset investments	106	(132)
			Net cash outflow (inflow)		
			from financing(excluding		
2,049	2,661	369	share capital)	3,030	(143)
			Partnership interests		
1,135	-	-	exchanged for BP loan notes	-	1,135
			Exchange of Exchangeable Bonds		
			for Lukoil American		
-	420	-	Depositary Shares	420	-
19	64	106	Other movements	170	44
-	-	-	Debt acquired	-	(999)
			Movement in net debt before		
3,077	2,780	1,497	exchange effects	4,277	(229)
(51)	(170)	16	Exchange adjustments	(154)	(2)
			Decrease (increase)		
3,026	2,610	1,513	in net debt	4,123	(231)

Notes

9. Consolidated statement of cash flows presented on a US GAAP format

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
$ million				$ million	

			Operating activities		
2,086	4,293	1,694	Profit after taxation	5,987	3,422
			Adjustments to reconcile profits after tax to net cash provided by operating activities		
2,227	2,709	2,653	Depreciation and amounts provided	5,362	4,380
147	50	43	Exploration expenditure written off	93	206
(23)	(148)	30	Share of (profit) loss of joint ventures and associates less dividends received	(118)	(40)
(374)	(394)	(280)	(Profit) loss on sale of businesses and fixed assets	(674)	(265)
(652)	(1,475)	1,107	Working capital movement (see analysis below)	(368)	(1,321)
711	224	362	Deferred taxation	586	931
52	2	(220)	Other	(218)	(56)
4,174	5,261	5,389	Net cash provided by operating activities	10,650	7,257
			Investing activities		
(2,818)	(2,911)	(2,803)	Capital expenditures	(5,714)	(5,632)
(139)	-	(150)	Acquisitions, net of cash acquired	(150)	(1,689)
(488)	(186)	(331)	Investment in associated undertakings	(517)	(631)

			Net investment in		
(68)	(14)	(2)	joint ventures	(16)	(114)
			Proceeds from		
2,523	2,477	1,671	disposal of assets	4,148	2,871
			Net cash used in		
(990)	(634)	(1,615)	investing activities	(2,249)	(5,195)

Notes

9. Consolidated statement of cash flows presented on a US GAAP format (continued)

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
$ million				$ million	
			Financing activities		
			Net proceeds from shares		
32	(932)	(986)	issued (repurchased)	(1,918)	123
			Proceeds from		
752	1,015	208	long-term financing	1,223	2,498
			Repayments of		
(663)	(403)	(607)	long-term financing	(1,010)	(897)
			Net (decrease) increase		
(2,138)	(3,273)	30	in short-term debt	(3,243)	(1,458)
			Dividends paid		
(1,290)	(1,397)	(1,386)	- BP shareholders	(2,783)	(2,578)

(3)	(2)	(11)	- Minority shareholders	(13)	(16)
			Net cash used in		
(3,310)	(4,992)	(2,752)	financing activities	(7,744)	(2,328)
			Currency translation		
			differences relating to		
30	9	43	cash and cash equivalents	52	27
			Increase (decrease) in		
(96)	(356)	1,065	cash and cash equivalents	709	(239)
			Cash and cash equivalents		
1,665	1,735	1,379	at beginning of period	1,735	1,808
			Cash and cash equivalents		
1,569	1,379	2,444	at end of period	2,444	1,569
			Analysis of working		
			capital movement		
			Decrease (increase)		
(807)	376	193	in stocks	569	(1,303)
			(Increase) decrease		
(1,691)	(6,946)	3,234	in debtors	(3,712)	(2,134)
			Increase (decrease)		
1,846	5,095	(2,320)	in creditors	2,775	2,116
			Total working		
(652)	(1,475)	1,107	capital movement	(368)	(1,321)

Notes

10. Ordinary shares

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
(shares thousand)				(Shares thousand)	
22,463,182	22,241,895	22,101,622	Shares in issue at period end (a)	22,101,622	22,463,182
22,426,830	22,326,486	22,164,026	Average number of shares outstanding (b)	22,244,797	22,414,904

(a) Each BP ADS represents six BP Ordinary Shares.

(b) Excludes shares held by the Employee Share Ownership Plans.

11. Statutory accounts

The financial information shown in this publication is unaudited and does not constitute statutory accounts. The 2002 group accounts have been delivered to the UK Registrar of Companies; the report of the auditors on those accounts was unqualified.

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Group Results

Second Quarter and Half Year 2003

London 29 July 2003

INVESTOR RELATIONS SUPPLEMENT

REPLACEMENT COST OPERATING PROFIT ADJUSTED FOR SPECIAL ITEMS(a) AND ACQUISITION AMORTIZATION(b)

Second Quarter	First Quarter	Second Quarter	First Half

2002	2003	2003	$ million	2003	2002
			Exploration and Production		
768	1,220	519	UK	1,739	1,577
172	193	141	Rest of Europe	334	324
1,047	2,145	1,698	USA	3,843	1,712
902	1,330	1,231	Rest of World	2,561	1,676
2,889	4,888	3,589		8,477	5,289
			Gas, Power and Renewables		
1	3	18	UK	21	3
35	(9)	(5)	Rest of Europe	(14)	82
13	36	85	USA	121	(12)
65	164	5	Rest of World	169	152
114	194	103		297	225
			Refining and Marketing		
39	136	79	UK	215	12
272	355	464	Rest of Europe	819	437
238	192	418	USA	610	255
136	171	174	Rest of World	345	268
685	854	1,135		1,989	972
			Petrochemicals		
12	(34)	25	UK	(9)	(19)

80	88	199	Rest of Europe	287	129
89	42	60	USA	102	142
65	43	24	Rest of World	67	102
246	139	308		447	354
			Other businesses and corporate		
(75)	(76)	(122)	UK	(198)	(119)
6	(7)	(2)	Rest of Europe	(9)	7
(44)	(98)	(51)	USA	(149)	(127)
(15)	16	41	Rest of World	57	(14)
(128)	(165)	(134)		(299)	(253)
3,806	5,910	5,001		10,911	6,587

(a) The special items refer to non-recurring charges and credits. The special items for the second quarter are restructuring costs in Exploration and Production, Veba integration costs in Refining and Marketing, and a reduction in the provision for costs associated with closure of polypropylene capacity in Petrochemicals.

(b) Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

PER SHARE AMOUNTS

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
22,463,182	22,241,895	22,101,622	Shares in issue at period end (thousand)	22,101,622	22,463,182
3,743,864	3,706,983	3,683,604	- ADS equivalent (thousand)	3,683,604	3,743,864
22,426,830	22,326,486	22,164,026	Average number of shares outstanding (thousand)*	22,244,797	22,414,904
3,737,805	3,721,081	3,694,004	- ADS equivalent (thousand)	3,707,466	3,735,817
1,527	3,468	2,585	Replacement cost profit after exceptional items ($m)	6,053	2,381
6.81	15.53	11.68	cents/ordinary share	27.21	10.62
0.41	0.93	0.70	dollars/ADS	1.63	0.64
1,311	3,128	2,454	Replacement cost profit before exceptional items ($m)	5,582	2,235
5.85	14.01	11.08	cents/ordinary share	25.09	9.97

0.35	0.84	0.67	dollars/ADS	1.51	0.60
			Pro forma result adjusted for special items ($m)	6,844	3,781
2,199	3,729	3,115			
9.80	16.70	14.06	cents/ordinary share	30.76	16.86
0.59	1.00	0.85	dollars/ADS	1.85	1.01

* Excludes shares held by the Employee Share Ownership Plans.

ACQUISITION AMORTIZATION BY BUSINESS

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
			$ million		
			Exploration and Production		
37	33	34	UK	67	69
268	259	257	USA	516	549
36	131	133	Rest of World	264	68
341	423	424		847	686
			Refining and Marketing		
100	110	110	UK	220	197
96	95	95	USA	190	192

196	205	205		410	389
537	628	629	Total acquisition amortization	1,257	1,075

SPECIAL ITEMS BY BUSINESS (PRE-TAX)

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
			$ million		
			Exploration and Production		
82	53	12	UK	65	132
-	-	-	Rest of Europe	-	-
8	81	-	USA	81	70
-	5	-	Rest of World	5	15
90	139	12		151	217
			Gas, Power and Renewables		
-	-	-	UK	-	-
-	-	-	Rest of Europe	-	-
-	-	-	USA	-	-
-	-	-	Rest of World	-	-
-	-	-		-	-

			Refining and Marketing		
-	-	-	UK	-	-
23	18	41	Rest of Europe	59	49
(137)	-	-	USA	-	(137)
-	-	-	Rest of World	-	-
(114)	18	41		59	(88)
			Petrochemicals		
22	-	-	UK	-	22
16	-	-	Rest of Europe	-	18
5	-	(5)	USA	(5)	35
-	-	-	Rest of World	-	-
43	-	(5)		(5)	75
			Other businesses and corporate		
-	-	-	UK	-	-
-	-	-	Rest of Europe	-	-
-	-	-	USA	-	-
-	-	-	Rest of World	-	-
-	-	-		-	-
19	157	48	Total	205	204

PRODUCTION AND REALIZATIONS

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
			Production		
			Crude oil (mb/d) (net of royalties)		
457	442	325	UK	383	457
102	90	80	Rest of Europe	85	100
605	606	569	USA	588	594
644	692	738	Rest of World	715	630
1,808	1,830	1,712	Total crude oil production	1,771	1,781
			Natural gas liquids (mb/d) (net of royalties)		
24	29	18	UK	24	24
6	5	5	Rest of Europe	5	6
186	167	144	USA	155	181
28	32	32	Rest of World	32	28
244	233	199	Total natural gas liquids production	216	239
			Liquids (b)(mb/d) (net of royalties)		
481	471	343	UK	407	481
108	95	85	Rest of Europe	90	106
791	773	713	USA	743	775
672	724	770	Rest of World	747	658
2,052	2,063	1,911	Total liquids production	1,987	2,020
			Natural gas (a) (mmcf/d) (net of royalties)		

1,602	1,798	1,407	UK	1,602	1,615
157	131	103	Rest of Europe	117	159
3,565	3,437	3,145	USA	3,290	3,563
3,343	3,651	3,784	Rest of World	3,718	3,369
8,667	9,017	8,439	Total natural gas production	8,727	8,706
			Average realizations		
			Crude oil ($/bbl)		
25.15	31.16	25.16	UK	28.60	23.09
24.53	31.74	27.09	USA	29.48	21.86
22.75	29.91	24.16	Rest of World	26.90	20.92
24.27	31.07	25.73	BP Average	28.50	22.07
			Natural gas liquids ($/bbl)		
13.95	23.28	11.97	UK	18.86	14.08
11.91	18.26	17.80	USA	18.05	11.12
13.63	23.05	20.16	Rest of World	21.63	12.73
12.40	19.82	17.49	BP Average	18.76	11.77
			Liquids (b) ($/bbl)		
24.59	30.67	24.45	UK	28.04	22.59
21.81	29.36	25.61	USA	27.55	19.61
22.20	29.48	23.93	Rest of World	26.58	20.43
22.81	29.82	24.90	BP Average	27.47	20.81
			Natural gas ($/mcf)		
2.50	3.32	2.84	UK	3.11	2.81
2.76	5.27	4.52	USA	4.91	2.44
2.04	2.70	2.53	Rest of World	2.63	1.98
2.45	3.87	3.39	BP Average	3.64	2.36

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

(b) Crude oil and natural gas liquids.

RECONCILIATION OF HISTORICAL COST PROFIT (LOSS)

TO PRO FORMA RESULT ADJUSTED FOR SPECIAL ITEMS

$ million	Reported Earnings	Acquisition Amortization	Special Items(a)	pro forma result adjusted for special items
1Q 2003				
Exploration and Production	4,326	423	139	4,888
Gas, Power and Renewables	194	-	-	194
Refining and Marketing	631	205	18	854
Petrochemicals	139	-	-	139
Other businesses & corporate	(165)	-	-	(165)
RC operating profit	5,125	628	157	5,910
Interest expense	(220)	-	-	(220)
Taxation	(1,751)	-	(184)	(1,935)
MSI	(26)	-	-	(26)

RC profit before exceptional items	3,128	628	(27)	3,729
Exceptional items before tax	394			
Taxation on exceptional items	(54)			
RC profit after exceptional items	3,468			
Stock holding gains (losses)	799			
HC profit	4,267			

2Q 2002				
Exploration and Production	2,458	341	90	2,889
Gas, Power and Renewables	114	-	-	114
Refining and Marketing	603	196	(114)	685
Petrochemicals	203	-	43	246
Other businesses & corporate	(128)	-	-	(128)
RC operating profit	3,250	537	19	3,806
Interest expense	(314)	-	-	(314)
Taxation	(1,591)	-	348	(1,243)
MSI	(34)	-	(16)	(50)
RC profit before exceptional items	1,311	537	351	2,199
Exceptional items before tax	376			
Taxation on exceptional items	(160)			

RC profit after	
exceptional items	1,527
Stock holding gains (losses)	531

HC profit	2,058
	=====

(a) The special items for the first quarter 2003 are restructuring and impairment charges in Exploration and Production, Veba integration costs in Refining and Marketing and tax restructuring benefits. The special items in the second quarter 2002 comprise restructuring charges for Exploration and Production and Petrochemicals, business interruption insurance proceeds and costs related to a pipeline incident in Refining and Marketing, Veba, Solvay and Erdolchemie integration costs and an adjustment to the North Sea deferred tax balance for the supplementary UK corporation tax rate.

RECONCILIATION OF HISTORICAL COST PROFIT (LOSS)

TO PRO FORMA RESULT ADJUSTED FOR SPECIAL ITEMS

$ million	Reported Earnings	Acquisition Amortization	Special Items(a)	pro forma result adjusted for special items
1H 2003				
Exploration and Production	7,479	847	151	8,477

Gas, Power and Renewables	297	-	-	297
Refining and Marketing	1,520	410	59	1,989
Petrochemicals	452	-	(5)	447
Other businesses & corporate	(299)	-	-	(299)
RC operating profit	9,449	1,257	205	10,911
Interest expense	(411)	-	-	(411)
Taxation	(3,370)	-	(200)	(3,570)
MSI	(86)	-	-	(86)
RC profit before exceptional items	5,582	1,257	5	6,844
Exceptional items before tax	674			
Taxation on exceptional items	(203)			
RC profit after exceptional items	6,053			
Stock holding gains (losses)	(152)			
HC profit	5,901			

1H 2002				
Exploration and Production	4,386	686	217	5,289
Gas, Power and Renewables	225	-	-	225
Refining and Marketing	671	389	(88)	972
Petrochemicals	279	-	75	354
Other businesses & corporate	(253)	-	-	(253)

RC operating profit	5,308	1,075	204	6,587
Interest expense	(647)	-	-	(647)
Taxation	(2,383)	-	283	(2,100)
MSI	(43)	-	(16)	(59)
RC profit before exceptional items	2,235	1,075	471	3,781
Exceptional items before tax	267			
Taxation on exceptional items	(121)			
RC profit after exceptional items	2,381			
Stock holding gains (losses)	973			
HC profit	3,354			

(a) The special items for the first half 2003 comprise restructuring and impairment charges in Exploration and Production, Veba integration costs in Refining and Marketing, a reduction in the provision for costs associated with closure of polypropylene capacity in Petrochemicals and tax restructuring benefits. The special items for the first half 2002 comprise restructuring charges for Exploration and Production and Petrochemicals, business interruption insurance proceeds and costs related to a pipeline incident in Refining and Marketing, Veba, Solvay and Erdolchemie integration costs and an adjustment to the North Sea deferred tax balance for the supplementary UK corporation tax rate.

REPLACEMENT COST OPERATING PROFIT ADJUSTED FOR

NON-CASH CHARGES AND CERTAIN OTHER ITEMS

Second Quarter 2002	First Quarter 2003	Second Quarter 2003	$ million	First Half 2003	First Half 2002
3,250	5,125	4,324	Replacement cost operating profit (reported) (a)	9,449	5,308
2,227	2,709	2,653	Depreciation and amounts provided (b)	5,362	4,380
147	50	43	Exploration expenditure written off	93	206
(115)	(229)	(6)	Dividends from JVs and associates less share of RCOP	(235)	(237)
(3)	(2)	(11)	Dividends paid to minority shareholders	(13)	(16)
(48)	(26)	(112)	Adjust provisions to cash basis (c)	(138)	(117)
(3)	(11)	(6)	Adjust interest and other income to cash basis (d)	(17)	(16)
5,455	7,616	6,885		14,501	9,508
(887)	(650)	(1,861)	Tax paid adjusted for certain items*	(2,511)	(1,479)
4,568	6,966	5,024	Adjusted RCOP after tax paid	11,990	8,029

* Calculation of tax paid adjusted

			for certain items		
(927)	(632)	(1,853)	Cash tax paid	(2,485)	(1,372)
160	54	149	Tax charge on exceptional items	203	121
(120)	(72)	(157)	Tax shield assumption +	(229)	(228)
(887)	(650)	(1,861)		(2,511)	(1,479)
			+ Calculation of tax shield assumption		
(342)	(207)	(446)	Interest paid	(653)	(651)
35%	35%	35%	Tax rate assumption (e)	35%	35%
(120)	(72)	(157)		(229)	(228)

(a) Total replacement cost operating profit is before exceptional items, stock holding gains and losses and interest expense.

(b) Includes depreciation and amortization relating to the fixed asset revaluation adjustment and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

(c) Calculated as the net of charge for provisions and utilization of provisions.

(d) Calculated as interest and other income, less interest received and dividends received from the group cash flow statement.

(e) Deemed tax rate for tax shield adjustment is equal to the US statutory tax rate.

RETURN ON AVERAGE CAPITAL EMPLOYED

Second Quarter 2002	First Quarter 2003	Second Quarter 2003	$ million	First Half 2003	First Half 2002
			Replacement cost basis		
1,311	3,128	2,454	RC profit before exceptional items	5,582	2,235
153	99	78	Interest +	177	317
34	26	60	Minority shareholders' interest	86	43
1,498	3,253	2,592	Adjusted RC profit	5,845	2,595
90,774	91,610	91,420	Average capital employed	91,865	88,356
6.6%	14.2%	11.3%	ROACE - replacement cost basis	12.7%	5.9%
			Pro forma basis		
1,498	3,253	2,592	Adjusted RC profit	5,845	2,595
537	628	629	Acquisition amortization	1,257	1,075
367	(27)	32	Special items (post-tax)	5	487
90,774	91,610	91,420	Average capital employed	91,865	88,356
18,163	15,940	14,839	Average capital employed acquisition adjustment	15,571	18,455
72,611	75,670	76,581	Average capital employed (pro forma basis)	76,294	69,901
13.2%	20.4%	17.0%	ROACE - Pro forma basis adjusted for special items	18.6%	11.9%

			Historical cost basis		
			Historical cost profit (loss)		
2,058	4,267	1,634	after exceptional items	5,901	3,354
153	99	78	Interest +	177	317
28	26	60	Minority shareholders' interest	86	68
2,239	4,392	1,772	Adjusted historical cost profit	6,164	3,739
90,774	91,610	91,420	Average capital employed	91,865	88,356
9.9%	19.2%	7.8%	ROACE - historical cost basis	13.4%	8.5%

\+ Excludes interest on joint venture and associated undertakings debt as well as unwinding of discount on provisions and effect of change in discount rate on provisions, and is on a post-tax basis, using a deemed tax rate equal to the US statutory tax rate.

NET DEBT RATIO - NET DEBT: NET DEBT + EQUITY

Second Quarter 2002	First Quarter 2003	Second Quarter 2003		First Half 2003	First Half 2002
			$ million		
21,409	19,042	18,594	Gross debt	18,594	21,409
1,569	1,379	2,444	Cash and current asset investments	2,444	1,569
19,840	17,663	16,150	Net debt	16,150	19,840

68,126	72,123	73,081	Equity	73,081	68,126
23%	20%	18%	Net debt ratio	18%	23%
18,028	15,208	14,469	Acquisition adjustment	14,469	18,028
28%	24%	22%	Net debt ratio - pro forma basis	22%	28%

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BP p.l.c.
(Registrant)

Dated: 29 July, 2003

/s/ D. J. PEARL
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D. J. PEARL
Deputy Company Secretary