Registered in England and Wales No. 102498

BP p.l.c.
Unconsolidated Interim Financial Statements for the nine months ended 30 September 2006

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London
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BP p.l.c. Unconsolidated Interim Financial Statements

GENERAL INFORMATION

These interim financial statements are for the nine months ended 30 September 2006. The information for the nine months ended 30 September 2006 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 December 2005, which were prepared in accordance with applicable United Kingdom law and United Kingdom generally accepted accounting practice, has been delivered to the Registrar of Companies. The auditor's report under Section 235 of the Companies Act 1985 in relation to those accounts was unqualified.

BASIS OF PREPARATION

The interim financial statements have been prepared pursuant to Sections 270 to 272 of the Companies Act 1985.

These are the separate interim financial statements of BP p.l.c., the parent company of the BP Group. They are not consolidated group financial statements.

In preparing these financial statements disclosure is made of those items relevant to the distributable reserves of the company. Comparative figures are provided for the year ended 31 December 2005 being the company's most recent audited financial statements. The financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended 31 December 2005.

ACCOUNTING POLICIES

The following accounting policies adopted are consistent with those followed in the preparation of the company's annual financial statements for the year ended 31 December 2005.

ACCOUNTING STANDARDS

These interim financial statements are prepared in accordance with applicable UK accounting standards.

ACCOUNTING CONVENTION

The interim financial statements are prepared under the historical cost convention.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are booked in the functional currency at the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in profit for the period.

INVESTMENTS

Investments in subsidiaries and associated undertakings are held at cost. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

SHARE-BASED PAYMENTS

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognized as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate valuation model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognized in the income statement, with a corresponding entry in equity.

ACCOUNTING POLICIES *continued*

SHARE-BASED PAYMENTS *continued*

Equity-settled transactions *continued*

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognized over the original vesting period. In addition, an expense is recognized over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognized if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognized in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

Cash-settled transactions

The cost of cash-settled transactions is measured at fair value using an appropriate option valuation model.

Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. During the vesting period, a liability is recognized representing the product of the fair value of the award and the portion of the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognized in profit or loss for the period.

PENSIONS AND OTHER POST-RETIREMENT BENEFITS

For defined benefit pension and other post-retirement benefit schemes, scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Full actuarial valuations are obtained at least every three years and are updated at each balance sheet date. The resulting surplus or deficit, net of taxation thereon, is presented separately above the total for net assets on the face of the balance sheet.

The service cost of providing pension and other post-retirement benefits to employees for the period is charged to the income statement. The cost of making improvements to pension and other post-retirement benefits is recognized in the income statement on a straight-line basis over the period during which the increase in benefits vests. To the extent that the improvements in benefits vest immediately, the cost is recognized immediately.

A charge representing the unwinding of the discount on the scheme liabilities during the period is included within other finance income.

A credit representing the expected return on the scheme assets during the period is included within other finance income. This credit is based on the market value of the scheme assets, and expected rates of return, at the beginning of the period.

Actuarial gains and losses may result from differences between the expected return and the actual return on scheme assets; differences between the actuarial assumptions underlying the scheme liabilities and actual experience during the period; or changes in the actuarial assumptions used in the valuation of the scheme liabilities. Actuarial gains and losses, and taxation thereon, are recognized in the statement of total recognized gains and losses.

DEFERRED TAXATION

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future.

In particular:

- Provision is made for tax on gains arising from the disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the replacement assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

ACCOUNTING POLICIES *continued*

DEFERRED TAXATION *continued*

• Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, joint ventures and associated undertakings only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax assets are recognized only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

USE OF ESTIMATES

The preparation of interim financial statements in conformity with generally accepted accounting practice requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates.

BP p.l.c. Unconsolidated Interim Financial Statements

INCOME STATEMENT			$ million
	Note	(Unaudited) 9 months ended 30 September 2006	Year ended 31 December 2005
Income from shares in subsidiary undertakings		6,615	21,087
Interest and miscellaneous income from subsidiary undertakings		105	211
Other interest and miscellaneous income		4	4
		6,724	21,302
Administrative and other expenses		(608)	(629)
		6,116	20,673
Interest payable to subsidiary undertakings		(430)	(249)
Other finance income	5	500	443
Profit before taxation		6,186	20,867
Taxation	1	(254)	(9)
Profit for the period		5,932	20,858

BP p.l.c. Unconsolidated Interim Financial Statements

BALANCE SHEET

$ million

	Note	(Unaudited) 30 September 2006	31 December 2005
Fixed assets			
Investments			
Subsidiary undertakings	2	89,738	89,738
Associated undertakings	2	2	2
Total fixed assets		89,740	89,740
Current assets			
Debtors – amounts falling due			
Within one year	3	2,875	1,211
After more than one year	3	1,184	1,434
Deferred taxation	1	393	436
Cash at bank and in hand		2	3
		4,454	3,084
Creditors – amounts falling due within one year	4	18,612	6,719
Net current liabilities		(14,158)	(3,635)
Total assets less current liabilities		75,582	86,105
Creditors – amounts falling due after more than one year	4	32	27
Net assets excluding pension surplus		75,550	86,078
Defined benefit pension plan surplus	5	2,759	2,258
Net assets		78,309	88,336
Represented by			
Capital and reserves			
Called up share capital	6	4,975	5,185
Share premium account	7	9,041	7,371
Capital redemption reserve	7	761	749
Merger reserve	7	26,503	26,493
Other reserves	7	6	16
Shares held by ESOP trusts	7	(173)	(140)
Treasury shares	7	(21,709)	(10,598)
Profit and loss account	7	58,905	59,260
		78,309	88,336

The accounts on pages 1 to 11 were approved by a duly appointed and authorized committee of the board of directors on 23 October 2006 and were signed on its behalf by:

Dr B E Grote, Chief Financal Officer

STATEMENT OF TOTAL RECOGNIZED GAINS AND LOSSES

$ million

	Note	(Unaudited) 9 months ended 30 September 2006	Year ended 31 December 2005
Profit for the period		5,932	20,858
Actuarial (loss) gain relating to pensions	5	(66)	1,159
Tax on actuarial gain (loss) relating to pensions	1	20	(348)
Tax on share-based payments	1	(43)	–
Total recognized gains and losses relating to the period		5,843	21,669

NOTES ON FINANCIAL STATEMENTS

1 TAXATION

TAX ON PROFIT	(Unaudited) 9 months ended 30 September 2006	Year ended 31 December 2005
		$ million
Current tax		
Overseas tax	1	3
Deferred tax		
Origination and reversal of temporary differences in the current period	253	6
Tax on profit	254	9

TAX INCLUDED IN STATEMENT OF TOTAL RECOGNIZED GAINS AND LOSSES		
Deferred tax		
Origination and reversal of temporary differences in the current period	23	348
Tax included in statement of total recognised gains and losses	23	348
This comprises:		
Tax on actuarial (loss) gain relating to pensions	(20)	348
Tax on share-based payments	43	–
Tax included in statement of total recognised gains and losses	23	348

DEFERRED TAX		$ million
		Balance sheet
	(Unaudited) 30 September 2006	31 December 2005
Deferred tax liability		
Pensions	1,183	968
	1,183	968
Deferred tax asset		
Other taxable temporary differences	393	436
	393	436
Net deferred tax liability	790	532

	(Unaudited) 9 months ended 30 September 2006	Year ended 31 December 2005
Analysis of movements during the period		
At 1 January	532	265
Exchange adjustments	(18)	(87)
Charge for the period on ordinary activities	253	6
Charge for the period in the statement of total recognized gains and losses	23	348
At 30 September/31 December	790	532

2 FIXED ASSETS – INVESTMENTS

$ million

	Subsidiary undertakings	Associated undertakings		
	Shares	Shares	Loans	Total
Cost				
At 1 January 2006	89,755	2	2	89,759
Additions	20	–	–	20
Deletions	–	–	–	–
At 30 September 2006 (unaudited)	89,775	2	2	89,779
Amounts provided				
At 1 January 2006	17	–	2	19
Provided in the period	20	–	–	20
At 30 September 2006 (unaudited)	37	–	2	39
Cost				
At 1 January 2005	87,345	2	2	87,349
Additions	2,929	–	–	2,929
Deletions	(519)	–	–	(519)
At 31 December 2005	89,755	2	2	89,759
Amounts provided				
At 1 January 2005	17	–	2	19
At 31 December 2005	17	–	2	19
Net book amount				
At 30 September 2006 (unaudited)	89,738	2	–	89,740
At 31 December 2005	89,738	2	–	89,740

The more important subsidiary undertakings of the company at 30 September 2006 and the percentage holding of ordinary share capital (to the nearest whole number) are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name. A complete list of investments in subsidiary undertakings, joint ventures and associated undertakings will be attached to the company's annual return made to the Registrar of Companies.

Subsidiary undertakings	%	Country of incorporation	Principal activities
International			
BP Global Investments	100	England	Investment holding
BP International	100	England	Integrated oil operations
BP Shipping	100	England	Shipping
Burmah Castrol	100	Scotland	Lubricants
South Africa			
BP Southern Africa	75	South Africa	Refining and marketing
US			
BP America	100	US	Investment holding

3 DEBTORS

$ million

	(Unaudited) 30 September 2006		31 December 2005	
	Within 1 year	After 1 year	Within 1 year	After 1 year
Group undertakings	2,645	1,147	1,084	1,396
Prepayments and accrued income	38	–	–	–
Other	192	37	127	38
	2,875	1,184	1,211	1,434

4 CREDITORS

	(Unaudited) 30 September 2006		31 December 2005	
$ million	Within 1 year	After 1 year	Within 1 year	After 1 year
Group undertakings	18,438	–	6,513	–
Social security	16	–	15	–
Accruals and deferred income	4	32	8	27
Dividends	1	–	1	–
Other	153	–	182	–
	18,612	32	6,719	27

The profile of the maturity of the financial liabilities included in the balance sheet at 30 September 2006 and at 31 December 2005 is shown in the table below. These amounts are included within Creditors - amounts falling due after more than one year, and are denominated in US dollars.

$ million	(Unaudited) 30 September 2006	31 December 2005
Due within		
1 to 2 years	11	5
2 to 5 years	10	22
Over 5 years	11	–
	32	27

5 PENSIONS

The material financial assumptions used for estimating the benefit obligations of the plans are set out below. The assumptions used to evaluate accrued pension benefits at 31 December in any year are used to determine pension expense for the following year, that is, the assumptions at 31 December 2005 are used to determine the pension liabilities at that date and the pension cost for 2006.

%	(Unaudited) 30 September 2006	31 December 2005
Expected long-term rate of return	7.0	7.0
Discount rate for plan liabilities	4.9	4.75
Rate of increase in salaries	4.7	4.25
Rate of increase for pensions in payment	2.8	2.5
Rate of increase in deferred pensions	2.8	2.5
Inflation	2.8	2.5

The market values of the various categories of asset held by the pension plan at 30 September 2006 and at 31 December 2005 are set out below.

$ million	(Unaudited) 30 September 2006	31 December 2005
UK plans		
Equities	20,533	17,796
Bonds	3,074	2,291
Property	1,192	1,114
Cash	640	919
	25,439	22,120
Present value of plan liabilities	21,497	18,894
Surplus in the plan	3,942	3,226
Deferred tax	(1,183)	(968)
At 30 September/31 December	2,759	2,258

5 PENSIONS *continued*

		$ million
ANALYSIS OF THE AMOUNT CHARGED TO OPERATING PROFIT	(Unaudited) 9 months ended 30 September 2006	Year ended 31 December 2005
Current service cost	304	360
Past service cost	–	4
Settlement, curtailment and special termination benefits	51	36
Total operating charge	355	400
ANALYSIS OF THE AMOUNT CREDITED (CHARGED) TO OTHER FINANCE INCOME		
Expected return on pension plan assets	1,180	1,357
Interest on pension plan liabilities	(680)	(914)
Other finance income	500	443
ANALYSIS OF THE AMOUNT RECOGNIZED IN THE STATEMENT OF TOTAL RECOGNIZED GAINS AND LOSSES		
Actual return less expected return on pension plan assets	488	2,946
Experience gains and losses arising on the plan liabilities	13	(66)
Change in assumptions underlying the present value of the plan liabilities	(567)	(1,721)
Actuarial (loss) gain recognized in statement of total recognized gains and losses	(66)	1,159
MOVEMENT IN SURPLUS DURING THE PERIOD		
Surplus in scheme at 1 January	3,226	2,093
Movement in period		
Current service cost	(304)	(360)
Past service cost	–	(4)
Settlement, curtailment and special termination benefits	(51)	(36)
Other finance income	500	443
Actuarial (loss) gain	(66)	1,159
Employers' contributions	342	214
Exchange adjustments	295	(283)
Surplus in plan at 30 September/31 December	3,942	3,226

HISTORY OF EXPERIENCE GAINS AND LOSSES		
Difference between the expected and actual return on plan assets:		
Amount ($ million)	488	2,946
Percentage of plan assets	2%	14%
Experience gains and losses on plan liabilities		
Amount ($ million)	13	(66)
Percentage of the present value of plan liabilities	0%	0%
Total amount recognized in statement of total recognized gains and losses		
Amount ($ million)	(66)	1,159
Percentage of the present value of plan liabilities	0%	6%

6 CALLED UP SHARE CAPITAL

The company's authorized ordinary share capital remains unchanged at 36 billion shares of 25 cents each, amounting to $9 billion. In addition, the company has authorized preference share capital of 12,750,000 shares of £1 each ($21 million).

The allotted, called up and fully paid share capital at 30 September 2006 and at 31 December 2005 was as follows:

	(Unaudited) 2006		2005	
Issued	Shares (thousand)	$ million	Shares (thousand)	$ million
8% cumulative first preference shares of £1 each	7,233	12	7,233	12
9% cumulative second preference shares of £1 each	5,473	9	5,473	9
		21		21
Ordinary shares of 25 cents each				
1 January	20,657,045	5,164	21,525,978	5,382
Employee share schemes	66,137	17	68,500	17
Atlantic Richfield	5,475	1	13,644	3
Issue of ordinary share capital for TNK-BP	111,151	28	108,629	27
Repurchase of ordinary share capital	(1,023,978)	(256)	(1,059,706)	(265)
30 September/31 December	19,815,830	4,954	20,657,045	5,164
		4,975		5,185
Authorized				
8% cumulative first preference shares of £1 each	7,250		7,250	
9% cumulative second preference shares of £1 each	5,500		5,500	
Ordinary shares of 25 cents each	36,000,000		36,000,000	

Voting on substantive resolutions tabled at a general meeting is on a poll. On a poll, shareholders present in person or by proxy have two votes for every £5 in nominal amount of the first and second preference shares held and one vote for every ordinary share held. On a show-of-hands vote on other resolutions (procedural matters) at a general meeting, shareholders present in person or by proxy have one vote each.

In the event of the winding up of the company, preference shareholders would be entitled to a sum equal to the capital paid up on the preference shares plus an amount in respect of accrued and unpaid dividends and a premium equal to the higher of (i) 10% of the capital paid up on the preference shares and (ii) the excess of the average market price of such shares on the London Stock Exchange during the previous six months over par value.

EMPLOYEE SHARE SCHEMES

During the period 66,137,495 ordinary shares (68,499,852 ordinary shares) were issued under the BP, Amoco and Burmah Castrol employee share schemes.

ATLANTIC RICHFIELD

5,475,030 ordinary shares (13,644,462 ordinary shares) were issued in respect of Atlantic Richfield employee share option schemes.

REPURCHASE OF ORDINARY SHARE CAPITAL

The company purchased 1,023,977,750 ordinary shares (1,059,706,481 ordinary shares) for a total consideration of $11,999 million ($11,597 million), of which 47,989,000 (76,800,000) were purchased for cancellation and 975,988,750 (982,906,481) were retained in treasury. At 30 September 2006 1,947,931,905 shares of nominal value $487 million were held in treasury. Transaction costs of share repurchases amounted to $64 million ($63 million).

7 CAPITAL AND RESERVES

$ million (Unaudited)

	Share capital	Share premium account	Capital redemption reserve	Merger reserve	Other reserves	Own shares	Treasury shares	Profit and loss account	Total
At 1 January 2006	5,185	7,371	749	26,493	16	(140)	(10,598)	59,260	88,336
Currency translation differences	–	–	–	–	–	(13)	–	–	(13)
Actuarial loss (net of tax)	–	–	–	–	–	–	–	(46)	(46)
Employee share schemes	17	414	–	–	–	–	118	(35)	514
Atlantic Richfield	1	34	–	10	(10)	–	–	–	35
Issue of ordinary share capital for TNK-BP	28	1,222	–	–	–	–	–	–	1,250
Purchase of shares by ESOP trusts	–	–	–	–	–	(202)	–	–	(202)
Share-based payments (net of tax)	–	–	–	–	–	182	–	79	261
Repurchase of ordinary share capital	(256)	–	12	–	–	–	(11,229)	(526)	(11,999)
Profit for the period	–	–	–	–	–	–	–	5,932	5,932
Dividends	–	–	–	–	–	–	–	(5,759)	(5,759)
At 30 September 2006	4,975	9,041	761	26,503	6	(173)	(21,709)	58,905	78,309

$ million

	Share capital	Share premium account	Capital redemption reserve	Merger reserve	Other reserves	Own shares	Treasury shares	Profit and loss account	Total
At 1 January 2005	5,403	5,636	730	26,465	44	(82)	–	45,461	83,657
Currency translation differences	–	–	–	–	–	12	–	–	12
Actuarial gain (net of tax)	–	–	–	–	–	–	–	811	811
Employee share schemes	17	436	–	–	–	–	3	(1)	455
Atlantic Richfield	3	76	–	28	(28)	–	–	–	79
Issue of ordinary share capital for TNK-BP	27	1,223	–	–	–	–	–	–	1,250
Purchase of shares by ESOP trusts	–	–	–	–	–	(251)	–	–	(251)
Share-based payments (net of tax)	–	–	–	–	–	181	–	240	421
Repurchase of ordinary share capital	(265)	–	19	–	–	–	(10,601)	(750)	(11,597)
Profit for the year	–	–	–	–	–	–	–	20,858	20,858
Dividends	–	–	–	–	–	–	–	(7,359)	(7,359)
At 31 December 2005	5,185	7,371	749	26,493	16	(140)	(10,598)	59,260	88,336

The profit and loss account reserve includes $27,442 million ($27,391 million), the distribution of which is limited by statutory or other restrictions.