BP PLC
Form 6-K
February 03, 2009

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 03 February, 2009

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| ----------------

Group income statement

Fourth quarter 2007	Third quarter 2008	Fourth Quarter 2008		Year 2008	2007
	$ million			$ million	
79,852	103,174	**61,477**	Sales and other operating revenues	**361,143**	284,365
992	1,172	**(876)**	Earnings from jointly controlled entities- after interest and tax	**3,023**	3,135
157	155	**167**	Earnings from associates - after interest and tax	**798**	697
221	135	**170**	Interest and other revenues	**736**	754
81,222	104,636	**60,938**	**Total revenues** (Note 4)	**365,700**	288,951
270	193	**156**	Gains on sale of businesses and fixed assets	**1,353**	2,487
81,492	104,829	**61,094**	**Total revenues and other income**	**367,053**	291,438
56,313	77,234	**49,860**	Purchases	**266,982**	200,766
7,590	7,549	**7,427**	Production and manufacturing expenses	**29,183**	25,915
1,518	1,886	**732**	Production and similar taxes (Note 5)	**6,526**	4,013
3,020	2,653	**2,700**	Depreciation, depletion and amortization	**10,985**	10,579
872	54	**1,616**	Impairment and losses on sale of businesses and fixed assets	**1,733**	1,679
201	232	**239**	Exploration expense	**882**	756
4,212	3,794	**3,745**	Distribution and administration expenses	**15,412**	15,371
459	(1,098)	**(1,562)**	Fair value (gain) loss on embedded derivatives	**111**	7
7,307	12,525	**(3,663)**	**Profit (loss) before interest and taxation**	**35,239**	32,352
408	391	**369**	Finance costs (Note 6)	**1,547**	1,393
(166)	(153)	**(118)**	Net finance income relating to pensions and other post-retirement benefits (Note 7)	**(591)**	(652)
7,065	12,287	**(3,914)**	**Profit (loss) before taxation**	**34,283**	31,611
2,561	4,101	**(712)**	Taxation	**12,617**	10,442
4,504	8,186	**(3,202)**	**Profit (loss) for the period**	**21,666**	21,169
			Attributable to:		
4,399	8,049	**(3,344)**	BP shareholders	**21,157**	20,845
105	137	**142**	Minority interest	**509**	324
4,504	8,186	**(3,202)**		**21,666**	21,169
			Earnings per share – cents		
			Profit (loss) for the period attributable to BP shareholders		
23.15	42.93	**(17.62)**	Basic	**112.59**	108.76
22.65	42.56	**(17.62)**	Diluted	**111.56**	107.84

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Group balance sheet

	31 December 2008	31 December 2007
	$ million	
Non - current assets		
Property, plant and equipment	**103,200**	97,989
Goodwill	**9,878**	11,006
Intangible assets	**10,260**	6,652
Investments in jointly controlled entities	**23,826**	18,113
Investments in associates	**4,000**	4,579
Other investments	**855**	1,830
Fixed assets	**152,019**	140,169
Loans	**995**	999
Other receivables	**710**	968
Derivative financial instruments	**5,054**	3,741
Prepayments	**1,338**	1,083
Defined benefit pension plan surpluses	**1,738**	8,914
	161,854	155,874
Current assets		
Loans	**168**	165
Inventories	**16,821**	26,554
Trade and other receivables	**29,261**	38,020
Derivative financial instruments	**8,510**	6,321
Prepayments	**3,050**	3,589
Current tax receivable	**377**	705
Cash and cash equivalents	**8,197**	3,562
	66,384	78,916
Assets classified as held for sale	**–**	1,286
	66,384	80,202
Total assets	**228,238**	236,076
Current liabilities		
Trade and other payables	**33,644**	43,152
Derivative financial instruments	**8,977**	6,405
Accruals	**6,743**	6,640
Finance debt	**15,740**	15,394
Current tax payable	**3,144**	3,282
Provisions	**1,545**	2,195
	69,793	77,068
Liabilities directly associated with the assets classified as held for sale	**–**	163
	69,793	77,231
Non - current liabilities		
Other payables	**3,080**	1,251
Derivative financial instruments	**6,271**	5,002

Accruals	**784**	959
Finance debt	**17,464**	15,651
Deferred tax liabilities	**16,758**	19,215
Provisions	**12,108**	12,900
Defined benefit pension plan and other post-retirement benefit plan deficits	**10,431**	9,215
	66,896	64,193
Total liabilities	**136,689**	141,424
Net assets	**91,549**	94,652
Equity		
BP shareholders' equity	**90,743**	93,690
Minority interest	**806**	962
	91,549	94,652

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Group statement of recognized income and expense

Fourth quarter 2007	Third quarter 2008	Fourth quarter 2008		Year 2008	2007
	$ million			$ million	
304	(3,125)	**(2,830)**	Currency translation differences	**(4,922)**	1,887
–	–	**–**	Exchange gain on translation of foreign operations transferred to gain on sale of businesses and fixed assets	**–**	(147)
1,717	–	**(8,430)**	Actuarial gain (loss) relating to pensions and other post-retirement benefits	**(8,430)**	1,717
225	(703)	**(422)**	Available-for-sale investments marked to market	**(994)**	200
–	(15)	**546**	Available-for-sale investments – recycled to the income statement	**526**	(91)
(25)	(594)	**(702)**	Cash flow hedges marked to market	**(1,173)**	155
12	16	**30**	Cash flow hedges – recycled to the income statement	**45**	(74)
(31)	(20)	**23**	Cash flow hedges – recycled to the balance sheet	**(38)**	(40)
(181)	203	**2,564**	Taxation	**2,756**	(63)
2,021	(4,238)	**(9,221)**	Net income (expense) recognized directly in equity	**(12,230)**	3,544
4,504	8,186	**(3,202)**	Profit (loss) for the period	**21,666**	21,169
6,525	3,948	**(12,423)**	Total recognized income and expense for the period	**9,436**	24,713
			Attributable to:		
6,448	3,825	**(12,501)**	BP shareholders	**9,002**	24,365
77	123	**78**	Minority interest	**434**	348
6,525	3,948	**(12,423)**		**9,436**	24,713

Movement in shareholders' equity

$ million	BP shareholders' equity	Minority interest	Total equity
At 31 December 2007	93,690	962	94,652
Currency translation differences (net of tax)	(4,747)	(75)	(4,822)
Available-for-sale investments (net of tax)	(418)	–	(418)
Cash flow hedges (net of tax)	(972)	–	(972)
Tax on share-based payments	(190)	–	(190)
Actuarial gain (loss) on pension and other post-retirement benefit plans (net of tax)	(5,828)	–	(5,828)
Profit for the period	21,157	509	21,666
Total recognized income and expense for the period	9,002	434	9,436
Dividends	(10,342)	(425)	(10,767)
Repurchase of ordinary share capital	(2,414)	–	(2,414)
Share-based payments	807	–	807
Minority interest buyout	–	(165)	(165)
At 31 December 2008	**90,743**	**806**	**91,549**

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Group cash flow statement

Fourth quarter 2007	Third quarter 2008	Fourth quarter 2008		Year 2008	Year 2007
	$ million			$ million	
			Operating activities		
7,065	12,287	**(3,914)**	Profit (loss) before taxation	**34,283**	31,611
			Adjustments to reconcile profit before tax to net cash provided by operating activities		
86	98	**59**	Exploration expenditure written off	**385**	347
3,020	2,653	**2,700**	Depreciation, depletion and amortization	**10,985**	10,579
602	(139)	**1,460**	Impairment and (gain) loss on sale of businesses and fixed assets	**380**	(808)
(1,149)	(1,327)	**709**	Earnings from jointly controlled entities and associates	**(3,821)**	(3,832)
			Dividends received from jointly controlled		

371	759	**1,070**	entities and associates	**3,728**	2,473
(5,706)	533	**3,535**	Working capital and other movements	**(7,845)**	(15,661)
4,289	14,864	**5,619**	**Net cash provided by operating activities**	**38,095**	24,709
			Investing activities		
(5,515)	(7,748)	**(5,762)**	Capital expenditure	**(22,658)**	(17,830)
–	–	**(186)**	Acquisitions, net of cash acquired	**(395)**	(1,225)
(285)	(194)	**(202)**	Investment in jointly controlled entities	**(1,009)**	(428)
(41)	(14)	**(60)**	Investment in associates	**(81)**	(187)
392	365	**218**	Proceeds from disposal of fixed assets	**918**	1,749
5	–	**11**	Proceeds from disposal of businesses, net of cash disposed	**11**	2,518
69	150	**163**	Proceeds from loan repayments	**647**	192
–	(200)	**–**	Other	**(200)**	374
(5,375)	(7,641)	**(5,818)**	**Net cash used in investing activities**	**(22,767)**	(14,837)
			Financing activities		
(1,352)	(814)	**64**	Net issue (repurchase) of shares	**(2,567)**	(7,113)
5,131	397	**4,732**	Proceeds from long-term financing	**7,961**	8,109
(1,596)	(65)	**(1,565)**	Repayments of long-term financing	**(3,821)**	(3,192)
2,125	(1,380)	**1,973**	Net increase (decrease) in short-term debt	**(1,315)**	1,494
(2,056)	(2,624)	**(2,619)**	Dividends paid - BP shareholders	**(10,342)**	(8,106)
(68)	(110)	**(193)**	- Minority interest	**(425)**	(227)
2,184	(4,596)	**2,392**	**Net cash (used in) provided by financing activities**	**(10,509)**	(9,035)
54	(78)	**(138)**	Currency translation differences relating to cash and cash equivalents	**(184)**	135
1,152	2,549	**2,055**	**Increase (decrease) in cash and cash equivalents**	**4,635**	972
2,410	3,593	**6,142**	Cash and cash equivalents at beginning of period	**3,562**	2,590
3,562	6,142	**8,197**	Cash and cash equivalents at end of period	**8,197**	3,562

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Group cash flow statement

Fourth quarter 2007	**Third quarter 2008**	**Fourth quarter 2008**		**Year 2008**	**2007**
	$ million			**$ million**	
			Working capital and other movements		
(147)	(96)	**(96)**	Interest receivable	**(407)**	(489)
160	89	**87**	Interest received	**385**	500
408	391	**369**	Finance costs	**1,547**	1,393
(395)	(206)	**(323)**	Interest paid	**(1,291)**	(1,363)
(166)	(153)	**(118)**	Net finance income relating to pensions and other post-retirement benefits	**(591)**	(652)
109	128	**93**	Share-based payments	**459**	420
			Net operating charge for pensions and other		

			post-retirement benefits, less contributions		
(225)	(14)	**(322)**	and benefit payments for unfunded plans	**(173)**	(404)
(40)	92	**(185)**	Net charge for provisions, less payments	**(298)**	(92)
(5,121)	6,096	**10,085**	(Increase) decrease in inventories	**9,010**	(7,255)
			(Increase) decrease in other current and		
1,736	22,470	**8,439**	non-current assets	**2,439**	5,210
			Increase (decrease) in other current and		
676	(23,736)	**(11,579)**	non-current liabilities	**(6,101)**	(3,857)
(2,701)	(4,528)	**(2,915)**	Income taxes paid	**(12,824)**	(9,072)
(5,706)	533	**3,535**		**(7,845)**	(15,661)

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Capital expenditure and acquisitions

Fourth quarter 2007	**Third quarter 2008**	**Fourth quarter 2008**		**Year 2008**	**2007**
	$ million			**$ million**	
			By business		
			Exploration and Production		
303	323	**243**	UK	**1,047**	1,002
145	173	**206**	Rest of Europe	**712**	464
1,311	5,252	**2,091**	US (a)	**10,359**	5,096
2,391	1,682	**2,306**	Rest of World(b)	**10,109**	7,645
4,150	7,430	**4,846**		**22,227**	14,207
			Refining and Marketing		
151	77	**124**	UK	**331**	438
683	323	**514**	Rest of Europe(c)	**1,432**	2,538
757	564	**774**	US (b)	**4,297**	1,872
294	152	**194**	Rest of World	**574**	647
1,885	1,116	**1,606**		**6,634**	5,495
			Other businesses and corporate		
119	55	**59**	UK	**230**	232
20	8	**10**	Rest of Europe	**43**	38
324	228	**432**	US	**1,390**	519
115	21	**42**	Rest of World	**176**	150
578	312	**543**		**1,839**	939
6,613	8,858	**6,995**		**30,700**	20,641
			By geographical area		
573	455	**426**	UK	**1,608**	1,672
848	504	**730**	Rest of Europe	**2,187**	3,040
2,392	6,044	**3,297**	US	**16,046**	7,487
2,800	1,855	**2,542**	Rest of World	**10,859**	8,442
6,613	8,858	**6,995**		**30,700**	20,641
			Included above:		
–	–	**226**	Acquisitions and asset exchanges(b)(c)	**2,514**	1,447

Capital expenditure, excluding acquisitions and asset exchanges and excluding the accounting for our transactions with Husky (see page 24) and Chesapeake (see note (a) below), was $6,757 million for the quarter and $21,697 million for the year.

(a) The third quarter of 2008 included capital expenditure of $3,652 million in Exploration and Production relating to the purchase of all of Chesapeake Energy Corporation's interest in the Arkoma Basin Woodford Shale assets and the purchase of a 25% interest in Chesapeake's Fayetteville Shale assets. The fourth quarter of 2008 included a further $15 million reflecting closing adjustments relating to these transactions.
(b) Full year 2008 included capital expenditure of $2,822 million in Exploration and Production and an asset exchange of $1,909 million in Refining and Marketing relating to the formation of an integrated North American oil sands business with Husky Energy Inc. For further information see Note 3.
(c) Full year 2007 included $1,132 million for the acquisition of Chevron's Netherlands manufacturing company.

Exchange rates

Fourth quarter 2007	Third quarter 2008	Fourth quarter 2008		Year 2008	Year 2007
2.05	1.89	**1.57**	US dollar/sterling average rate for the period	**1.84**	2.00
1.99	1.81	**1.44**	US dollar/sterling period-end rate	**1.44**	1.99
1.45	1.50	**1.31**	US dollar/euro average rate for the period	**1.46**	1.37
1.47	1.44	**1.41**	US dollar/euro period-end rate	**1.41**	1.47

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Analysis of profit (loss) before interest and tax

Fourth quarter 2007	Third quarter 2008	Fourth quarter 2008		Year 2008	Year 2007
	$ million			$ million	
			By business		
			Exploration and Production		
725	2,488	**2,692**	UK	**5,979**	3,585
266	424	**180**	Rest of Europe	**1,230**	1,403
2,277	3,677	**1,253**	US	**11,659**	7,995
4,682	5,956	**372**	Rest of World	**19,047**	14,746
7,950	12,545	**4,497**		**37,915**	27,729

			Refining and Marketing		
165	30	**(56)**	UK	**167**	1,058
786	172	**(2,357)**	Rest of Europe	**481**	2,919
(1,215)	(1,343)	**(4,893)**	US	**(3,391)**	583
331	318	**(758)**	Rest of World	**859**	1,516
67	(823)	**(8,064)**		**(1,884)**	6,076
			Other businesses and corporate		
(87)	385	**(483)**	UK	**(336)**	(30)
4	(78)	**(41)**	Rest of Europe	**(148)**	(104)
(351)	(307)	**(326)**	US	**(937)**	(983)
(9)	(35)	**121**	Rest of World	**163**	(116)
(443)	(35)	**(729)**		**(1,258)**	(1,233)
7,574	11,687	**(4,296)**		**34,773**	32,572
(267)	838	**633**	Consolidation adjustment	**466**	(220)
7,307	12,525	**(3,663)**		**35,239**	32,352
			By geographical area		
804	2,904	**2,151**	UK	**5,808**	4,613
988	807	**(1,740)**	Rest of Europe	**1,541**	4,164
521	2,657	**(3,882)**	US	**7,831**	7,439
4,994	6,157	**(192)**	Rest of World	**20,059**	16,136
7,307	12,525	**(3,663)**		**35,239**	32,352

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Analysis of replacement cost profit before interest and tax

Fourth quarter 2007	**Third quarter 2008**	**Fourth quarter 2008**		**Year 2008**	**2007**
	$ million			**$ million**	
			By business		
			Exploration and Production		
725	2,488	**2,692**	UK	**5,979**	3,585
266	424	**180**	Rest of Europe	**1,230**	1,402
2,240	3,739	**1,299**	US	**11,724**	7,929
4,639	6,058	**585**	Rest of World	**19,375**	14,686
7,870	12,709	**4,756**		**38,308**	27,602
			Refining and Marketing		
134	188	**335**	UK	**748**	1,048
278	1,045	**613**	Rest of Europe	**2,716**	1,652
(1,805)	338	**(735)**	US	**(644)**	(1,232)
97	401	**203**	Rest of World	**1,356**	1,153
(1,296)	1,972	**416**		**4,176**	2,621
			Other businesses and corporate		
(87)	385	**(483)**	UK	**(336)**	(30)

5	(78)	**(41)**	Rest of Europe	**(148)**	(103)
(336)	(288)	**(277)**	US	**(902)**	(960)
(9)	(35)	**121**	Rest of World	**163**	(116)
(427)	(16)	**(680)**		**(1,223)**	(1,209)
6,147	14,665	**4,492**		**41,261**	29,014
(267)	838	**633**	Consolidation adjustment	**466**	(220)
5,880	15,503	**5,125**		**41,727**	28,794
			By geographical area		
773	3,062	**2,542**	UK	**6,389**	4,603
480	1,680	**1,230**	Rest of Europe	**3,776**	2,897
(91)	4,419	**371**	US	**10,678**	5,581
4,718	6,342	**982**	Rest of World	**20,884**	15,713
5,880	15,503	**5,125**		**41,727**	28,794

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Analysis of non–operating items

Fourth quarter 2007	**Third quarter 2008**	**Fourth quarter 2008**		**Year 2008**	**2007**
	$ million			**$ million**	
			By business		
			Exploration and Production		
149	33	**(1,180)**	Impairment and gain (loss) on sale of businesses and fixed assets	**(1,015)**	857
–	(7)	**–**	Environmental and other provisions	**(12)**	(12)
(186)	(6)	**(7)**	Restructuring, integration and rationalization costs	**(57)**	(186)
(449)	1,098	**1,505**	Fair value gain (loss) on embedded derivatives	**(163)**	–
(168)	–	**(74)**	Other	**257**	(168)
(654)	1,118	**244**		**(990)**	491
			Refining and Marketing		
(728)	114	**(114)**	Impairment and gain (loss) on sale of businesses and fixed assets	**801**	(35)
–	(62)	**(2)**	Environmental and other provisions	**(64)**	(138)
(118)	(52)	**(104)**	Restructuring, integration and rationalization costs	**(447)**	(118)
–	–	**57**	Fair value gain (loss) on embedded derivatives	**57**	–
(300)	–	**–**	Other	**–**	(661)
(1,146)	–	**(163)**		**347**	(952)
			Other businesses and corporate		
(23)	(8)	**(166)**	Impairment and gain (loss) on sale of businesses and fixed assets	**(166)**	(14)
–	(76)	**(41)**	Environmental and other provisions	**(117)**	(35)

(34)	(30)	**(91)**	Restructuring, integration and rationalization costs	**(254)**	(34)
(10)	–	**–**	Fair value gain (loss) on embedded derivatives	**(5)**	(7)
(20)	(14)	**(3)**	Other	**(91)**	(172)
(87)	(128)	**(301)**		**(633)**	(262)
(1,887)	990	**(220)**	**Total before taxation**	**(1,276)**	(723)
715	(331)	**97**	**Taxation credit (charge)** (a)	**480**	350
(1,172)	659	**(123)**	**Total after taxation for period**	**(796)**	(373)

(a) Tax on non-operating items is calculated using the quarter's effective tax rate on replacement cost profit. Amounts for 2007 comparative periods have been amended to reflect a redefinition of the effective tax rate on replacement cost profit arising as a result of the exclusion of tax effects on inventory holding gains and losses as described on page 2.

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Realizations and marker prices

Fourth quarter 2007	**Third quarter 2008**	**Fourth quarter 2008**		**Year 2008**	**2007**
			Average realizations (a)		
			Liquids ($/bbl) (b)		
88.05	99.80	**34.21**	UK	**89.82**	69.17
78.28	112.03	**59.95**	US	**89.22**	64.18
84.51	114.59	**49.70**	Rest of World	**91.05**	69.56
82.72	111.47	**52.09**	BP Average	**90.20**	67.45
			Natural gas ($/mcf)		
7.83	8.28	**8.88**	UK	**8.41**	6.40
5.41	7.88	**3.89**	US	**6.77**	5.43
3.94	5.61	**4.94**	Rest of World	**5.19**	3.71
4.83	6.49	**5.08**	BP Average	**6.00**	4.53
			Average oil marker prices ($/bbl)		
88.45	115.09	**55.48**	Brent	**97.26**	72.39
90.47	118.07	**59.13**	West Texas Intermediate	**100.06**	72.20
88.65	117.16	**56.70**	Alaska North Slope US West Coast	**98.86**	71.68
81.38	112.85	**53.84**	Mars	**93.95**	66.58
85.41	113.32	**54.58**	Urals (NWE - cif)	**94.83**	69.16
48.98	52.94	**20.01**	Russian domestic oil	**45.59**	39.81
			Average natural gas marker prices		
6.97	10.25	**6.95**	Henry Hub gas price ($/mmbtu) (c)	**9.04**	6.86
			UK Gas		
46.70	61.48	**57.16**	- National Balancing Point (p/therm)	**58.12**	29.95

(a) Based on sales of consolidated subsidiaries only - this excludes equity-accounted entities.
(b) Crude oil and natural gas liquids.
(c) Henry Hub First of Month Index.

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Notes

1. Basis of preparation

The results for the interim periods and for the year ended 31 December 2008 are unaudited and in the opinion of management include all adjustments necessary for a fair presentation of the results for the periods presented. All such adjustments are of a normal recurring nature. The financial statements and notes included in this report should be read in conjunction with the consolidated financial statements and related notes for the year ended 31 December 2007 included in *BP Annual Report and Accounts 2007*.

BP prepares its consolidated financial statements included within its Annual Report and Accounts in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted by the European Union (EU) and in accordance with the provisions of the Companies Act 1985. IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB, however, the differences have no impact on the group's consolidated financial statements for the periods presented. The financial information presented herein has been prepared in accordance with the accounting policies that will be used in preparing *BP Annual Report and Accounts 2008*, which do not differ significantly from those used in *BP Annual Report and Accounts 2007*.

As a consequence of the change described in Note 9, our investment in TNK-BP will be reclassified from a jointly controlled entity to an associate with effect from 9 January 2009. This reflects the ability of the independent directors to decide on certain matters in the event of disagreement between the shareholder representatives on the board. Our investment will continue to be accounted for using the equity method.

2. Resegmentation and other changes to comparatives

(a) **Resegmentation**

On 11 October 2007, we announced our intention to simplify the organizational structure of BP. From 1 January 2008, there are only two business segments – Exploration and Production and Refining and Marketing. A separate business, Alternative Energy, handles BP's low-carbon businesses and future growth options outside oil and gas. This includes solar, wind, gas-fired power, hydrogen, biofuels and coal conversion.

As a result, and with effect from 1 January 2008:

- The Gas, Power and Renewables segment ceased to report separately.

- The natural gas liquids (NGLs), liquefied natural gas and gas and power marketing and trading businesses were transferred from the Gas, Power and Renewables segment to the Exploration and Production segment.

- The Alternative Energy business was transferred from the Gas, Power and Renewables segment to Other businesses and corporate.

- The Emerging Consumers Marketing Unit was transferred from Refining and Marketing to Alternative Energy.

- The Biofuels business was transferred from Refining and Marketing to Alternative Energy.

- The Shipping business was transferred from Refining and Marketing to Other businesses and corporate.

As a result of the transfers identified above, Other businesses and corporate has been redefined. It now consists of the Alternative Energy business, Shipping, the group's aluminium asset, Treasury (which includes interest income on the group's cash and cash equivalents) and corporate activities worldwide.

Financial information for 2003 to 2007 has been restated to reflect the resegmentation and is available in *BP Financial and Operating Information 2003-2007* and to download from www.bp.com/investors . Quarterly data is provided for 2004-2007 and annual data for 2003.

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2. Resegmentation and other changes to comparatives (continued)

	Resegmented		As reported	
	Year 2007	Fourth quarter 2007	Year 2007	Fourth quarter 2007
$ million				
Total revenues				
Exploration and Production	37,293	10,709	19,138	5,696
Refining and Marketing	248,983	69,732	249,514	69,861
Gas, Power and Renewables	–	–	19,289	5,379
Other businesses and corporate	2,675	781	1,010	286
Total third party revenues	288,951	81,222	288,951	81,222
Profit before interest and tax				
Exploration and Production	27,729	7,950	26,938	7,643
Refining and Marketing	6,076	67	6,072	26
Gas, Power and Renewables	–	–	674	304
Other businesses and corporate	(1,233)	(443)	(1,128)	(389)

	32,572	7,574	32,556	7,584
Consolidation adjustment	(220)	(267)	(204)	(277)
Profit before interest and tax	32,352	7,307	32,352	7,307

(b) **Revised income statement presentation**

We have implemented a minor change in the presentation of the group income statement whereby the unwinding of the discount on provisions and on other payables is now included within finance costs. Previously, this was included within other finance income or expense. This line item has now been renamed net finance income or expense relating to pensions and other post-retirement benefits. This change does not affect profit before interest and taxation, profit before taxation or profit for the period. The financial information for comparative periods shows the revised presentation, as set out below.

	Year 2007	**Fourth quarter 2007**
As reported		
$ million		
Profit before interest and taxation	32,352	7,307
Finance costs	(1,110)	(333)
Other finance income	369	91
Profit before taxation	31,611	7,065
As amended		
$ million		
Profit before interest and taxation	32,352	7,307
Finance costs	(1,393)	(408)
Net finance income relating to pensions and other post-retirement benefits	652	166
Profit before taxation	31,611	7,065

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2. Resegmentation and other changes to comparatives (continued)

(c)**Revised definition of net debt**

Net debt has been redefined to include 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’. Amounts for comparative periods are presented on a consistent basis.

Year
2007

As reported

$ million	
Net debt	27,483
Equity	94,652
Ratio of net debt to net debt plus equity	23%

As amended

$ million	
Net debt	26,817
Equity	94,652
Ratio of net debt to net debt plus equity	22%

3. Significant transaction in the year

In December 2007, BP signed a memorandum of understanding with Husky Energy Inc. to form an integrated North American oil sands business. The transaction was completed on 31 March 2008, with BP contributing its Toledo refinery to a US jointly controlled entity to which Husky contributed $250 million cash and a payable of $2,588 million. In Canada, Husky contributed its Sunrise field to a second jointly controlled entity, with BP contributing $250 million in cash and a payable of $2,264 million. The Toledo refinery assets and associated liabilities were classified as a disposal group held for sale at 31 December 2007.

These amounts reflect the initial recording of the transaction at 31 March 2008 and subsequent closing adjustments.

Both jointly controlled entities are owned 50:50 by BP and Husky and are accounted for using the equity method.

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3. Significant transaction in the year (continued)

	$ million
Income statement	
Gains on sale of businesses and fixed assets	803
Profit before taxation	803
Taxation	344
Profit for the period	459
Balance sheet	
Non-current assets – investments in jointly controlled entities	4,731
Current liabilities – trade and other payables	266
Non-current liabilities	
Other payables	1,998
Deferred tax liabilities	652
	2,650
Total liabilities	2,916
Net assets	1,815

Cash flow statement	
Investment in jointly controlled entities	(250)
Capital expenditure and acquisitions	
Exploration and Production	2,822
Refining and Marketing	1,909
	4,731
Including acquisitions and asset exchanges:	1,909

During the year, equity-accounted earnings from these jointly controlled entities amounted to a loss of $70 million.

BP purchased refined products from the Toledo jointly controlled entity during the year amounting to $3,440 million. In addition, BP purchased crude oil from third parties which it sold to the Toledo jointly controlled entity under an agency agreement. The fees earned by BP for this service, and the total amounts receivable and payable at 31 December 2008 under these arrangements, were not significant. BP will also purchase refinery feedstocks from the Sunrise jointly controlled entity once production commences, which is expected in 2013.

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4. Total revenues

Fourth quarter 2007	Third quarter 2008	Fourth quarter 2008		Year 2008	2007
	$ million			$ million	
			By business		
21,258	24,694	**14,849**	Exploration and Production	**89,902**	69,376
70,030	92,458	**52,931**	Refining and Marketing	**320,458**	250,897
1,102	1,494	**1,099**	Other businesses and corporate	**5,040**	3,972
92,390	118,646	**68,879**		**415,400**	324,245
			Less: sales between businesses		
10,549	13,043	**7,184**	Exploration and Production	**45,931**	32,083
298	403	**286**	Refining and Marketing	**1,918**	1,914
321	564	**471**	Other businesses and corporate	**1,851**	1,297
11,168	14,010	**7,941**		**49,700**	35,294
			Third party revenues		
10,709	11,651	**7,665**	Exploration and Production	**43,971**	37,293
69,732	92,055	**52,645**	Refining and Marketing	**318,540**	248,983
781	930	**628**	Other businesses and corporate	**3,189**	2,675
81,222	104,636	**60,938**	**Total third party revenues**	**365,700**	288,951
			By geographical area		
33,075	40,830	**24,255**	UK	**150,184**	110,023
22,938	27,230	**14,910**	Rest of Europe	**93,603**	78,499

28,800	37,714	**21,719**	US	**130,321**	105,406
22,292	31,889	**17,929**	Rest of World	**109,938**	78,406
107,105	137,663	**78,813**		**484,046**	372,334
25,883	33,027	**17,875**	Less: sales between areas	**118,346**	83,383
81,222	104,636	**60,938**		**365,700**	288,951

5. Production and similar taxes

Fourth quarter 2007	**Third quarter 2008**	**Fourth quarter 2008**		**Year 2008**	**2007**
	$ million			**$ million**	
164	57	**88**	UK	**370**	197
1,354	1,829	**644**	Overseas	**6,156**	3,816
1,518	1,886	**732**		**6,526**	4,013

6. Finance costs

Fourth quarter 2007	**Third quarter 2008**	**Fourth quarter 2008**		**Year 2008**	**2007**
	$ million			**$ million**	
393	314	**307**	Interest payable	**1,319**	1,433
(60)	(31)	**(42)**	Capitalized	**(162)**	(323)
75	75	**69**	Unwinding of discount on provisions	**287**	283
–	33	**35**	Unwinding of discount on other payables	**103**	–
408	391	**369**		**1,547**	1,393

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7. Net finance income relating to pensions and other post-retirement benefits

Fourth quarter 2007	**Third quarter 2008**	**Fourth quarter 2008**		**Year 2008**	**2007**
	$ million			**$ million**	
564	**594**	**513**	Interest on pension and other post-retirement benefit plan liabilities	**2,331**	2,203
(730)	**(747)**	**(631)**	Expected return on pension and other post-retirement benefit plan assets	**(2,922)**	(2,855)
(166)	**(153)**	**(118)**		**(591)**	(652)

8. Analysis of changes in net debt

Fourth quarter 2007	Third quarter 2008	Fourth quarter 2008		Year 2008	2007
	$ million			$ million	
			Opening balance		
25,245	30,189	**28,300**	Finance debt	**31,045**	24,010
2,410	3,593	**6,142**	Less: Cash and cash equivalents	**3,562**	2,590
640	900	**149**	Less: FV asset (liability) of hedges related to finance debt	**666**	298
22,195	25,696	**22,009**	**Opening net debt**	**26,817**	21,122
			Closing balance		
31,045	28,300	**33,204**	Finance debt	**33,204**	31,045
3,562	6,142	**8,197**	Less: Cash and cash equivalents	**8,197**	3,562
666	149	**(34)**	Less: FV asset (liability) of hedges related to finance debt	**(34)**	666
26,817	22,009	**25,041**	**Closing net debt**	**25,041**	26,817
(4,622)	3,687	**(3,032)**	**Decrease (increase) in net debt**	**1,776**	(5,695)
1,098	2,627	**2,193**	Movement in cash and cash Equivalents (excluding exchange adjustments)	**4,819**	837
(5,660)	1,048	**(5,140)**	Net cash outflow (inflow) from financing (excluding share capital)	**(2,825)**	(6,411)
(89)	(8)	**(7)**	Other movements	**(136)**	(134)
(4,651)	3,667	**(2,954)**	Movement in net debt before exchange effects	**1,858**	(5,708)
29	20	**(78)**	Exchange adjustments	**(82)**	13
(4,622)	3,687	**(3,032)**	**Decrease (increase) in net debt**	**1,776**	(5,695)

In the first quarter of 2008, net debt was redefined - for further information see Note 2. Amounts for comparative periods are presented on a consistent basis.

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9. TNK-BP operational and financial information

Fourth quarter 2007	Third quarter 2008	Fourth quarter 2008		Year 2008	2007

			Production (Net of royalties) (BP share)		
829	833	**827**	Crude oil (mb/d)	**826**	832
437	579	**621**	Natural gas (mmcf/d)	**565**	451
904	932	**934**	Total hydrocarbons (mboe/d)(a)	**923**	910
$ million				**$ million**	
			Income statement (BP share)		
1,278	1,345	**(992)**	**Profit before interest and tax**	**3,588**	3,743
(71)	(71)	**(72)**	Finance costs	**(275)**	(264)
(413)	(369)	**342**	Taxation	**(882)**	(993)
(42)	(56)	**40**	Minority interest	**(169)**	(215)
752	849	**(682)**	**Net income**	**2,262**	2,271
			Cash flow		
–	300	**640**	Dividends received	**2,140**	1,300

Balance sheet	**31 December 2008**	**31 December 2007**
	$ million	
Investments in jointly controlled entities	**8,939**	8,817

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

The TNK-BP loss in the fourth quarter reflected the impact of the calculation lag on Russian export duties in the falling price environment and several asset impairments.

On 4 September 2008, BP announced that it had signed a memorandum of understanding with Alfa Access-Renova (AAR), setting out the parties' agreement in principle, subject to execution of definitive agreements, to a number of matters, including new commercial principles relating to the governance of TNK-BP. On 9 January 2009, BP announced that a revised shareholder agreement with AAR had been finalised.

The revised shareholder agreement includes governance adjustments such as replacing the evenly-balanced main board structure with four representatives each from BP and AAR plus three independent directors agreed by both sides. Unanimous board support is required for certain matters including substantial acquisitions, divestments and contracts, and projects outside the business plan, together with approval of key changes to the TNK-BP group's financial framework and of related party transactions. A number of other matters will be decided by approval of a majority of the board, so that the independent directors will have the ability to decide in the event of disagreement between the shareholder representatives on the board. BP will continue to nominate the chief executive, subject to main board approval, and AAR will continue to appoint the chairman.

The TNK-BP shareholders have appointed three independent directors to the restructured main board: the former chancellor of the Federal Republic of Germany, Gerhard Schroeder; James Leng, chairman designate of Rio Tinto; and Alexander Shokhin, president of the Russian Union of Industrialists and Entrepreneurs.

The shareholders have also resolved, or have agreed a process for resolving, all outstanding claims between them, including those relating to Russian back taxes. The suit filed in Russia by a minority shareholder in TNK-BP Holding, alleging that an agreement for BP specialists to provide services to the TNK-BP group is invalid and demanding repayment of sums paid to BP for such services, has been withdrawn.

The parties have reiterated their agreement to a potential future sale of up to 20 per cent of a subsidiary of TNK-BP through an initial public offering (IPO) at an appropriate future point, subject to certain conditions and the consent of the Russian authorities.

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10. Inventory valuation

Due to falling oil prices, at 31 December 2008 a provision of $1,412 million was held to write inventories down to their net realizable value. The increase in the amount of the provision during the fourth quarter was $168 million and for the year was $1,295 million. This affects profit for the period only; replacement cost profit is unaffected.

11. First quarter 2009 results

BP’s first quarter results will be announced on 28 April 2009.

12. Statutory accounts

The financial information shown in this publication, which was approved by the Board of Directors on 2 February 2009, is unaudited and does not constitute statutory financial statements. Audited financial information for 2008 will be published in *BP Annual Report and Accounts 2008* on 4 March 2009 and delivered to the Registrar of Companies in due course. *BP Annual Report and Accounts 2007* has been filed with the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under section 237(2) or section 237(3) of the Companies Act 1985.

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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: 03 February, 2009

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