

BP PLC
Form 6-K
July 30, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

for the period ended 30 June 2013

Commission File Number 1-06262

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 of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

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THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE PROSPECTUS INCLUDED IN POST-EFFECTIVE AMENDMENT NO. 2 TO THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-179953) OF BP CAPITAL MARKETS p.l.c. AND BP p.l.c.; THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-79399) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-67206) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-103924) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-123482) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-123483) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-131583) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-131584) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-132619) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-146868) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-146870) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-146873) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-149778) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-173136) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-177423) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-179406) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-186462) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-186463) OF BP p.l.c., AND TO BE A PART THEREOF FROM THE DATE

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BP p.l.c. AND SUBSIDIARIES

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(a) In this Form 6-K, references to the first half 2013 and first half 2012 refer to the six-month periods ended 30 June 2013 and 30 June 2012 respectively. References to second quarter 2013 and second quarter 2012 refer to the three-month periods ended 30 June 2013 and 30 June 2012 respectively.

(b) This discussion should be read in conjunction with the consolidated financial statements and related notes provided elsewhere in this Form 6-K and with the information, including the consolidated financial statements and related notes, in BP's Annual Report on Form 20-F for the year ended 31 December 2012.

Table of Contents**Group results second quarter and half year 2013**

Second quarter 2012	Second quarter 2013	\$ million	First half 2013	First half 2012
94,975	94,711	Sales and other operating revenues	188,818	189,853
(1,519)	2,042	Profit (loss) for the period ^(a)	18,905	4,248
1,623	358	Inventory holding (gains) losses, net of tax	91	637
104	2,400	Replacement cost profit ^(b)	18,996	4,885
3,447	312	Net (favourable) unfavourable impact of non-operating items and fair value accounting effects, net of tax ^(c)	(12,069)	3,317
3,551	2,712	Underlying replacement cost profit ^(b)	6,927	8,202
(7.99)	10.73	Profit (loss) per ordinary share (cents)	99.07	22.35
(0.48)	0.64	Profit (loss) per ADS (dollars)	5.94	1.34
0.54	12.62	Replacement cost profit per ordinary share (cents)	99.55	25.71
0.03	0.76	Replacement cost profit per ADS (dollars)	5.97	1.54
18.66	14.26	Underlying replacement cost profit per ordinary share (cents)	36.30	43.16
1.12	0.86	Underlying replacement cost profit per ADS (dollars)	2.18	2.59

BP's profit for the second quarter and half year was \$2,042 million and \$18,905 million respectively, compared with a loss of \$1,519 million and a profit of \$4,248 million for the same periods a year ago. BP's second-quarter replacement cost (RC) profit was \$2,400 million, compared with \$104 million a year ago. After adjusting for a net charge for non-operating items of \$366 million and net favourable fair value accounting effects of \$54 million (both on a post-tax basis), underlying RC profit for the second quarter was \$2,712 million, compared with \$3,551 million for the same period in 2012. For the half year, RC profit was \$18,996 million, compared with \$4,885 million a year ago. After adjusting for a net gain for non-operating items of \$12,058 million and net favourable fair value accounting effects of \$11 million (both on a post-tax basis), underlying RC profit for the half year was \$6,927 million, compared with \$8,202 million for the same period last year. RC profit or loss for the group, underlying RC profit or loss and fair value accounting effects are non-GAAP measures and further information is provided on pages 4, 19 and 21.

All amounts relating to the Gulf of Mexico oil spill have been treated as non-operating items, with a net adverse impact on a pre-tax basis of \$209 million for the quarter and \$241 million for the half year 2013. For further information on the Gulf of Mexico oil spill and its consequences, including information on utilization of the Deepwater Horizon Oil Spill Trust fund, see page 12 and Note 2 on pages 25–30. Information on the Gulf of Mexico oil spill is also included in Principal risks and uncertainties on pages 42–49 and Legal proceedings on pages 50–52.

Including the impact of the Gulf of Mexico oil spill, net cash provided by operating activities for the quarter and half year was \$5.4 billion and \$9.4 billion respectively, compared with \$4.4 billion and \$7.9 billion in the same periods of 2012. Excluding amounts related to the Gulf of Mexico oil spill, net cash provided by operating activities for the second quarter and half year was \$5.2 billion and \$9.5 billion respectively, compared with \$6.1 billion and \$10.7 billion in the same periods last year.

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Gross debt at the end of the quarter was \$47.0 billion compared with \$47.6 billion a year ago. The ratio of gross debt to gross debt plus equity was 26.5%, compared with 29.6% a year ago. Net debt at the end of the quarter was \$18.2 billion, compared with \$31.5 billion a year ago. The ratio of net debt to net debt plus equity at the end of the quarter was 12.3% compared with 21.7% a year ago. Net debt and the ratio of net debt to net debt plus equity are non-GAAP measures. See page 5 for more information.

The effective tax rate (ETR) on the profit for the second quarter and half year was 48% and 20% respectively, compared with 26% on the loss for the second quarter and 36% on the profit for the half year in 2012. The ETR on RC profit for the second quarter and half year was 46% and 20% respectively, compared with 56% and 35% for the same periods in 2012. Adjusting for non-operating items and fair value accounting effects, the underlying ETR in the second quarter and half year was 45% and 41% respectively, compared with 35% and 34% for the same periods in 2012. The increase in both periods was mainly due to foreign exchange impacts on deferred tax; the half year was also impacted by a reduction in equity-accounted earnings (which are reported net of tax).

Total capital expenditure for the second quarter was \$5.8 billion, all of which was organic^(d). For the half year, total capital expenditure was \$23.5 billion, of which organic capital expenditure was \$11.5 billion. Disposal proceeds received in cash were \$2.9 billion for the quarter and \$21.2 billion for the half year.

Finance costs and net finance expense relating to pensions and other post-retirement benefits were a charge of \$369 million for the second quarter, compared with \$390 million for the same period in 2012. For the half year, the respective amounts were \$773 million and \$795 million.

As at 26 July, BP had bought back 345 million shares for a total amount of \$2.4 billion, including fees and stamp duty, since the announcement on 22 March of an \$8 billion share repurchase programme expected to be fulfilled over 12 – 18 months.

BP today announced a quarterly dividend of 9 cents per ordinary share (\$0.54 per ADS), which is expected to be paid on 20 September 2013. The corresponding amount in sterling will be announced on 10 September 2013. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares and ADS holders in the form of new ADSs. Details of the scrip dividend programme are available at bp.com/scrip.

- (a) Profit attributable to BP shareholders.
- (b) See page 4 for definitions of RC profit and underlying RC profit.
- (c) See pages 20 and 21 respectively for further information on non-operating items and fair value accounting effects.
- (d) Organic capital expenditure excludes acquisitions, asset exchanges, and other inorganic capital expenditure. See page 18 for further information.

The commentaries above and following should be read in conjunction with the cautionary statement on page 53.

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Analysis of RC profit before interest and tax
and reconciliation to profit for the period

Second quarter 2012	Second quarter 2013	\$ million	First half 2013	First half 2012
		RC profit before interest and tax		
2,913	4,400	Upstream	9,962	9,896
(1,732)	1,016	Downstream	2,663	(873)
452		TNK-BP ^(a)	12,500	1,516
	218	Rosneft ^(b)	303	
(522)	(573)	Other businesses and corporate	(1,040)	(1,193)
(843)	(199)	Gulf of Mexico oil spill response ^(c)	(221)	(813)
457	129	Consolidation adjustment UPFI ^(d)	556	(84)
725	4,991	RC profit before interest and tax	24,723	8,449
(390)	(369)	Finance costs and net finance expense relating to pensions and other post-retirement benefits	(773)	(795)
(186)	(2,138)	Taxation on a RC basis	(4,791)	(2,663)
(45)	(84)	Non-controlling interests	(163)	(106)
104	2,400	RC profit attributable to BP shareholders	18,996	4,885
(2,324)	(506)	Inventory holding gains (losses)	(100)	(887)
701	148	Taxation (charge) credit on inventory holding gains and losses	9	250
(1,519)	2,042	Profit for the period attributable to BP shareholders	18,905	4,248

(a) BP ceased equity accounting for its share of TNK-BP's earnings from 22 October 2012. See Note 3 on page 31 for further information.

(b) BP's investment in Rosneft is accounted under the equity method from 21 March 2013. See page 10 for further information.

(c) See Note 2 on pages 25–30 for further information on the accounting for the Gulf of Mexico oil spill response.

(d) Unrealized profit in inventory.

Replacement cost (RC) profit or loss reflects the replacement cost of supplies and is arrived at by excluding inventory holding gains and losses from profit or loss. RC profit or loss is the measure of profit or loss for each operating segment that is required to be disclosed under International Financial Reporting Standards (IFRS). RC profit or loss for the group is not a recognized GAAP measure. See page 19 for further information on RC profit or loss.

Analysis of underlying RC profit before interest and tax

\$ million

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Second quarter 2012	Second quarter 2013		First half 2013	First half 2012
		Underlying RC profit before interest and tax		
4,401	4,288	Upstream	9,990	10,695
1,133	1,201	Downstream	2,842	2,060
452		TNK-BP		1,609
	218	Rosneft	303	
(540)	(438)	Other businesses and corporate	(899)	(975)
457	129	Consolidation adjustment UPII	556	(84)
5,903	5,398	Underlying RC profit before interest and tax	12,792	13,305
(386)	(359)	Finance costs and net finance expense relating to pensions and other post-retirement benefits	(753)	(785)
(1,921)	(2,243)	Taxation on an underlying RC basis	(4,949)	(4,212)
(45)	(84)	Non-controlling interests	(163)	(106)
3,551	2,712	Underlying RC profit attributable to BP shareholders	6,927	8,202

Underlying RC profit or loss is RC profit or loss after adjusting for non-operating items and fair value accounting effects. Underlying RC profit or loss and fair value accounting effects are not recognized GAAP measures. On pages 20 and 21 respectively, we provide additional information on the non-operating items and fair value accounting effects that are used to arrive at underlying RC profit or loss in order to enable a full understanding of the events and their financial impact.

Reconciliations of underlying RC profit or loss to the nearest equivalent IFRS measure are provided on page 3 for the group and on pages 6 – 11 for the segments.

BP believes that underlying RC profit or loss is a useful measure for investors because it is a measure closely tracked by management to evaluate BP's operating performance and to make financial, strategic and operating decisions and because it may help investors to understand and evaluate, in the same manner as management, the underlying trends in BP's operational performance on a comparable basis, period on period, by adjusting for the effects of these non-operating items and fair value accounting effects.

Table of Contents**Per share amounts**

Second quarter 2012	Second quarter 2013		First half 2013	First half 2012
		Per ordinary share (cents)		
(7.99)	10.73	Profit (loss) for the period	99.07	22.35
0.54	12.62	RC profit for the period	99.55	25.71
18.66	14.26	Underlying RC profit for the period	36.30	43.16
		Per ADS (dollars)		
(0.48)	0.64	Profit (loss) for the period	5.94	1.34
0.03	0.76	RC profit for the period	5.97	1.54
1.12	0.86	Underlying RC profit for the period	2.18	2.59

The amounts shown above are calculated based on the basic weighted average number of shares outstanding. See Note 7 on page 33 for details of the calculation of earnings per share.

Net debt ratio net debt: net debt + equity

Second quarter 2012	Second quarter 2013		First half 2013	First half 2012
		\$ million		
47,647	46,990	Gross debt	46,990	47,647
1,067	460	Less: fair value asset of hedges related to finance debt	460	1,067
46,580	46,530		46,530	46,580
15,075	28,313	Less: cash and cash equivalents	28,313	15,075
31,505	18,217	Net debt	18,217	31,505
113,415	130,133	Equity	130,133	113,415
21.7%	12.3%	Net debt ratio	12.3%	21.7%

See Note 8 on page 34 for further details on finance debt.

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

Dividends

Dividends payable

BP today announced a dividend of 9 cents per ordinary share expected to be paid in September. The corresponding amount in sterling will be announced on 10 September 2013, calculated based on the average of the market exchange rates for the four dealing days commencing on 4 September 2013. Holders of American Depositary Shares (ADSs) will receive \$0.54 per ADS. The dividend is due to be paid on 20 September 2013 to shareholders and ADS holders on the register on 9 August 2013. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares and ADS holders in the form of new ADSs. Details of the second-quarter dividend and timetable are available at bp.com/dividends and details of the scrip dividend programme are available at bp.com/scrip.

Dividends paid

Second quarter 2012	Second quarter 2013		First half 2013	First half 2012
Dividends paid per ordinary share				
8.000	9.000	cents	18.000	16.000
5.150	5.834	pence	11.835	10.246
48.00	54.00	Dividends paid per ADS (cents)	108.00	96.00
Scrip dividends				
11.1	43.8	Number of shares issued (millions)	58.3	50.7
73	315	Value of shares issued (\$ million)	416	379

Table of Contents**Upstream**

Second quarter 2012	Second quarter 2013		First half 2013	First half 2012
		\$ million		
16,606	16,418	Sales and other operating revenues	34,636	35,945
2,877	4,396	Profit before interest and tax	9,956	9,776
36	4	Inventory holding (gains) losses	6	120
2,913	4,400	RC profit before interest and tax	9,962	9,896
1,488	(112)	Net (favourable) unfavourable impact of non-operating items and fair value accounting effects	28	799
4,401	4,288	Underlying RC profit before interest and tax ^(a)	9,990	10,695

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

Sales and other operating revenues for the second quarter and half year were \$16 billion and \$35 billion respectively, compared with \$17 billion and \$36 billion for the corresponding periods in 2012. For the second quarter, revenues were lower mainly due to lower volumes. For the half year, the reduction was due to realizations and lower volumes. The reductions in both periods were partially offset by higher gas marketing and trading revenues.

The replacement cost profit before interest and tax for the second quarter and half year was \$4,400 million and \$9,962 million respectively, compared with \$2,913 million and \$9,896 million for the same periods in 2012. The second quarter and half year included net non-operating gains of \$143 million and \$63 million respectively, primarily related to disposal gains and fair value gains on embedded derivatives, partly offset by impairment charges. A year ago, there were net non-operating charges of \$1,495 million in the second quarter and \$673 million for the half year. Fair value accounting effects in the second quarter and half year had unfavourable impacts of \$31 million and \$91 million respectively, compared with a favourable impact of \$7 million and an unfavourable impact of \$126 million in the same periods a year ago.

After adjusting for non-operating items and fair value accounting effects, the underlying replacement cost profit before interest and tax for the second quarter and half year was \$4,288 million and \$9,990 million respectively, compared with \$4,401 million and \$10,695 million a year ago. The results for the second quarter and half year were adversely impacted by lower liquids realizations, higher costs, mainly exploration write-offs and higher depreciation, depletion and amortization, and lower production due to divestments, partly offset by an increase in underlying volumes and higher gas realizations. In addition to these factors, the first half of 2013 benefited from stronger gas marketing and trading activities, mainly in the first quarter.

Production for the quarter was 2,241mboe/d, 1.5% lower than the second quarter of 2012. After adjusting for the effects of divestments and entitlement impacts in our production-sharing agreements (PSAs), underlying production increased by 4.4%. This primarily reflects new major project volumes in Angola, the North Sea and the Gulf of Mexico, and improved Trinidad performance, partly offset by underlying base decline. For the first half, production was 2,285mboe/d, 3.3% lower than in the same period last year. After adjusting for the effect of divestments and entitlement impacts in our PSAs, first-half underlying production was 3.0% higher than in 2012.

Looking ahead, we expect third-quarter reported production to be lower than the second quarter, similar to the reduction we saw between the first and second quarters of 2013. This is the result of planned major turnaround activity and repairs in the high-margin North Sea, planned maintenance in Alaska and the continuing impact of our divestment programme. This is partly offset by continued project ramp-ups and reduced maintenance activity in Asia Pacific. We also expect costs to be seasonally higher in the third quarter compared with the second quarter. Full-year reported production is expected to be lower than 2012, mainly due to the impact of divestments. The actual reported outcome will

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depend on the exact timing of divestments, OPEC quotas and the impact of entitlement effects in our PSAs. After adjusting for divestments and the impact of entitlement effects in our PSAs, we continue to expect full-year production in 2013 to increase compared with 2012.

We continued to make strategic progress. In May, we announced we have agreed to sell our 60% interest in the Polvo oil field in Brazil to HRT Oil & Gas Ltda for \$135 million in cash. Subject to regulatory approvals, the deal is expected to close in the second half of 2013. Also in Brazil, BP and its partners Total, Petrobras and Petrogal were named winning bidders for eight deepwater blocks offshore Brazil in the Brazilian National Petroleum Agency's 11th bid round. BP will be operator in two of the blocks.

Also in May, a significant gas and condensate discovery in the KG D6 block off the eastern coast of India was announced by Reliance Industries Limited and its partners, BP and NIKO.

In June, we announced plans to add \$1 billion of new investment and two drilling rigs to our Alaska North Slope fields over the next five years. Changes in the state's oil tax policy helped to enable this increased investment. In addition, BP has secured support from the other working interest owners at Prudhoe Bay to begin evaluating an additional \$3 billion of new development projects.

In Azerbaijan, the Shah Deniz consortium announced that it has selected the Trans Adriatic Pipeline to deliver gas volumes from the Shah Deniz Stage 2 project to customers in Greece, Italy and south-east Europe.

Also in June, BP was awarded interests in two licences in the Barents Sea as part of the recent 22nd offshore licensing round in Norway.

After the end of the quarter, we announced the completion of a deal with Petrobras to farm in to five deepwater exploration and production blocks operated by Petrobras in the Potiguar Basin, located in the Brazilian Equatorial Margin. We also announced that BP and CNOOC signed a PSA for Block 54/11 in the South China Sea.

The commentary above contains forward-looking statements and should be read in conjunction with the cautionary statement on page 53.

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Second quarter 2012	Second quarter 2013	\$ million	First half 2013	First half 2012
Underlying RC profit before interest and tax				
628	611	US	1,609	2,286
3,773	3,677	Non-US	8,381	8,409
4,401	4,288		9,990	10,695
Non-operating items				
(2,273)	62	US	56	(1,326)
778	81	Non-US	7	653
(1,495)	143		63	(673)
Fair value accounting effects^(a)				
61	(33)	US	(73)	(10)
(54)	2	Non-US	(18)	(116)
7	(31)		(91)	(126)
RC profit before interest and tax				
(1,584)	640	US	1,592	950
4,497	3,760	Non-US	8,370	8,946
2,913	4,400		9,962	9,896
Exploration expense				
413	85	US ^(b)	165	475
203	349	Non-US	591	401
616	434		756	876
Production (net of royalties)^(c)				
Liquids (mb/d)^(d)				
350	335	US	351	402
119	97	Europe	106	121
681	732	Rest of World	722	676
1,150	1,165		1,179	1,199
281	296	Of which equity-accounted entities	297	282
Natural gas (mmcf/d)				
1,648	1,573	US	1,553	1,734
478	286	Europe	307	489

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4,399	4,386	Rest of World	4,558	4,532
6,525	6,244		6,418	6,755
414	409	Of which equity-accounted entities	404	406
Total hydrocarbons (mboe/d)^(e)				
635	606	US	618	701
201	147	Europe	159	205
1,439	1,488	Rest of World	1,508	1,458
2,275	2,241		2,285	2,364
353	367	Of which equity-accounted entities	367	351
Average realizations^(f)				
100.89	94.92	Total liquids (\$/bbl)	99.08	104.67
4.54	5.37	Natural gas (\$/mcf)	5.45	4.62
60.17	61.27	Total hydrocarbons (\$/boe)	63.23	62.18

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

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

(c) Includes BP's share of production of equity-accounted entities in the Upstream segment.

(d) Crude oil and natural gas liquids.

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

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

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

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Second quarter 2012	Second quarter 2013		First half 2013	First half 2012
		\$ million		
88,262	88,348	Sales and other operating revenues	175,132	174,950
(3,931)	501	Profit (loss) before interest and tax	2,556	(1,577)
2,199	515	Inventory holding (gains) losses	107	704
(1,732)	1,016	RC profit (loss) before interest and tax	2,663	(873)
2,865	185	Net (favourable) unfavourable impact of non-operating items and fair value accounting effects	179	2,933
1,133	1,201	Underlying RC profit before interest and tax ^(a)	2,842	2,060

(a) See page 4 for information on underlying RC profit and see page 9 for a reconciliation to segment RC profit before interest and tax by region and by business. Sales and other operating revenues for the second quarter and half year were \$88 billion and \$175 billion, respectively, the same as the corresponding periods in 2012. Higher crude oil volumes in both the second quarter and half year of 2013 were mostly offset by lower prices.

The replacement cost profit before interest and tax for the second quarter and half year was \$1,016 million and \$2,663 million respectively, compared with losses of \$1,732 million and \$873 million for the same periods in 2012.

The 2013 results included net non-operating charges of \$323 million for the second quarter and \$304 million for the half year principally relating to impairment charges in our fuels business, compared with net charges of \$2,678 million and \$2,784 million for the same periods a year ago (see pages 9 and 20 for further information on non-operating items). Fair value accounting effects had favourable impacts of \$138 million for the second quarter and \$125 million for the half year, compared with unfavourable impacts of \$187 million for the second quarter and \$149 million for the half year of 2012.

After adjusting for non-operating items and fair value accounting effects, the underlying replacement cost profit before interest and tax for the second quarter and half year was \$1,201 million and \$2,842 million respectively, compared with \$1,133 million and \$2,060 million a year ago.

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

The fuels business reported underlying replacement cost profit before interest and tax of \$853 million for the second quarter and \$2,090 million for the half year, compared with \$785 million and \$1,275 million in the same periods in 2012. For both the second quarter and half year, this improvement was principally due to a strong supply and trading contribution. The benefit from strong operations, including continued strong Solomon availability at 95.3% a level that has not been exceeded since 2004, was more than offset by reduced throughput due to the planned crude unit outage at our Whiting refinery as part of the modernization project. Throughput was also impacted by planned turnarounds across the portfolio and divestments. Additionally, in comparison to 2012, the second-quarter results were favourably impacted by a decrease in the adverse effects from the prior-month pricing of barrels in our US refining system. This was offset by adverse impacts due to a narrowing of the discount for heavy Canadian crude compared with other grades.

The second quarter marked the safe start-up of the new crude unit at our Whiting refinery. The overall project is on track for completion during the second half of the year. Additionally, during March, BP-Husky Refining LLC successfully started up a new naphtha reformer at the Toledo

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refinery, and during May, we announced that the Cherry Point refinery commissioned its new diesel hydrotreater and hydrogen plant. Also during the second quarter we announced our intention to invest over \$500 million in southern African refining and infrastructure projects.

On 3 June 2013, we completed the previously announced sale of the Carson, California refinery and related logistics and marketing assets to Tesoro Corporation for approximately \$2.4 billion as part of a plan to reshape BP's US fuels business. During the first half of 2013, we also completed the sale of our Texas City refinery and related retail and logistics network in the south-eastern US to Marathon Petroleum Corporation.

Looking ahead to the third quarter, we expect refining margins to decline relative to the same quarter a year ago given global capacity additions and major refineries returning from planned and unplanned outages. BP's fuels profitability is expected to be lower than the record levels experienced in the third quarter of 2012 due to the absence of the profit generated by the divested Texas City and Carson refineries which delivered very strong results in that quarter.

The lubricants business delivered an underlying replacement cost profit before interest and tax of \$372 million in the second quarter and \$717 million in the half year, compared with \$320 million and \$645 million in the same periods last year. This represents another strong quarter and reflects continued margin capture driven by growth in the share of sales of our premium Castrol brands and strong profitability from growth markets.

The petrochemicals business reported an underlying replacement cost loss before interest and tax of \$24 million in the second quarter and an underlying replacement cost profit before interest and tax of \$35 million in the half year, compared with an underlying replacement cost profit before interest and tax of \$28 million and \$140 million respectively in the same periods last year. This decrease was due to the continued difficult environment impacting both volumes and margins and increased turnaround activity in the second quarter of this year. Margins and volumes are expected to remain under pressure for the rest of the year. In June, BP and its partner, Zhuhai Port Co, received final approvals from the Chinese government for the construction of a third purified terephthalic acid (PTA) plant, at Zhuhai, Guangdong.

The commentary above contains forward-looking statements and should be read in conjunction with the cautionary statement on page 53.

Table of Contents**Downstream**

Second quarter 2012	Second quarter 2013	\$ million		First half 2013	First Half 2012
			Underlying RC profit before interest and tax by region		
450	557	US		1,307	739
683	644	Non-US		1,535	1,321
1,133	1,201			2,842	2,060
			Non-operating items		
(2,433)	(17)	US		11	(2,521)
(245)	(306)	Non-US		(315)	(263)
(2,678)	(323)			(304)	(2,784)
			Fair value accounting effects^(a)		
(1)	219	US		154	(44)
(186)	(81)	Non-US		(29)	(105)
(187)	138			125	(149)
			RC profit (loss) before interest and tax		
(1,984)	759	US		1,472	(1,826)
252	257	Non-US		1,191	953
(1,732)	1,016			2,663	(873)
			Underlying RC profit (loss) before interest and tax by business^{(b)(c)}		
785	853	Fuels		2,090	1,275
320	372	Lubricants		717	645
28	(24)	Petrochemicals		35	140
1,133	1,201			2,842	2,060
			Non-operating items and fair value accounting effects^(a)		
(2,863)	(188)	Fuels		(177)	(2,931)
(2)	3	Lubricants		(2)	(2)
		Petrochemicals			
(2,865)	(185)			(179)	(2,933)
			RC profit (loss) before interest and tax^{(b)(c)}		
(2,078)	665	Fuels		1,913	(1,656)
318	375	Lubricants		715	643
28	(24)	Petrochemicals		35	140

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(1,732)	1,016		2,663	(873)
18.9	19.1	BP average refining marker margin (RMM) (\$/bbl)^(d)	18.2	16.7
Refinery throughputs (mb/d)				
1,295	711	US	824	1,256
706	745	Europe	775	741
281	252	Rest of World	287	279
2,282	1,708		1,886	2,276
94.5	95.3	Refining availability (%) ^(e)	95.2	94.7
Marketing sales of refined products (mb/d)				
1,409	1,340	US	1,371	1,379
1,247	1,316	Europe ^(f)	1,237	1,219
603	549	Rest of World	553	589
3,259	3,205		3,161	3,187
2,568	2,527	Trading/supply sales of refined products	2,418	2,474
5,827	5,732	Total sales volumes of refined products	5,579	5,661
Petrochemicals production (kte)				
1,110	1,081	US	2,157	2,188
998	814	Europe ^(c)	1,828	2,009
1,750	1,519	Rest of World	2,936	3,567
3,858	3,414		6,921	