BP CAPITAL MARKETS P.L.C.
(Registered No 01290444)

INTERIM REPORT AND ACCOUNTS JUNE 2013

Board of Directors	N M H Bamfield D J Bucknall B Gilvary R C Harrington

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the half year ended 30 June 2013

Results and dividends

The loss for the year after taxation was $4 million which, when added to the retained deficit brought forward at 1 January 2013 of $164 million, gives a total retained deficit carried forward at 30 June 2013 of $168 million The company has not declared any dividends during the year (2012 $nil) The directors do not propose the payment of an interim dividend

Principal activity and review of the business

The company acts as a finance company issuing debt security and commercial paper The development of the company is largely determined by the financing requirements of BP group companies in the UK and abroad

To meet the additional cash funding requirements of the group, BP Capital Markets p l c has issued in the year new bonds with a total nominal value of $3 0 billion, whilst existing bonds reaching maturity have been repaid with a total nominal value of $1 1 billion There has been a net repayment of commercial paper in the year with a nominal value of $2 0 billion and foreign exchange movement of $0 6 billion These events have decreased the total debt balance to $41 3 billion

The loss for the half year arises due to interest on Commercial Paper ("CP") which has arisen due to a mismatch on terms with the offset related deposit of funds to another BP group company, as well fees incurred during the year to date

No key financial and other performance indicators have been identified for this company

Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to risks Risk management is integrated into the process of planning and performance management at a group level Monitoring and accountability for the management of these risks occur through quarterly performance reviews at a group level

We urge you to consider carefully the risks described below The potential impact of the occurrence or reoccurrence of any of the risks described below could have a material adverse effect on the company's business, financial position, results of operations, competitive position, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda

Company level risks have been categorised against the following areas compliance and control and financial risk management In addition, we have also set out a further category of risk for your attention – those resulting from the 2010 Gulf of Mexico oil spill (the Incident)

Gulf of Mexico oil spill

The Gulf of Mexico oil spill has had and could continue to have a material adverse impact on BP as a group, and consequently may also have an adverse impact on BP Capital Markets p l c

Whilst the BP group recognised significant charges in the income statement since the Incident occurred in 2010, there is significant uncertainty regarding the extent and timing of the remaining costs and liabilities relating to the Incident, the potential changes in applicable regulations and the operating environment that may result from the Incident, the impact of the Incident on the reputation of the group and the resulting possible impact on the group's licence to operate including its ability to access new opportunities The amount of claims that become payable by the BP group, the amount of fines ultimately levied on the BP group (including any potential determination of the BP group's negligence or gross negligence), the outcome of litigation, the terms of any further settlements including the amount and timing of any payments thereunder, and any costs arising from any longer-term environmental consequences of the Incident, will also impact upon the ultimate cost for the BP group

Although the provisions recognised represent the current best estimates of expenditures required to settle certain present obligations that can be reasonably estimated at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligations reliably and the total amounts payable by the BP group in relation to all obligations relating to the Incident are subject to significant uncertainty These uncertainties are likely to continue for a significant period, increase the risks to which the group is exposed and may cause costs to increase Thus, the Incident has had, and could continue to have, a material adverse impact on the group's business, competitive position, financial performance, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda, particularly in the US The risks associated with the Incident could also heighten the impact of the other risks to which the group is exposed as further described below Further information on the Incident, is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012

Principal risks and uncertainties (continued)

Compliance and control risks

Ethical misconduct and non-compliance
The code of conduct, which applies to all employees, defines the company's commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions the company expects of its businesses and people wherever it operates The values are intended to guide the way the company and its employees behave and do business Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anti-corruption and other applicable laws could be damaging to the company's reputation and shareholder value Multiple events of non-compliance could call into question the integrity of the company's operations

Liabilities and provisions
The BP group's potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions relating to the Gulf of Mexico oil spill, together with the potential cost and burdens of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they have had, and are expected to continue to have, a material adverse impact on the group's business and consequently may also impact the company's business Further information is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012

Reporting
External reporting of financial and non-financial data is reliant on the integrity of systems and people Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the company's reputation

Changes in external factors
The company remains exposed to changes in the external environment, such as new laws and regulations (whether imposed by international treaty or by national or local governments in the jurisdictions in which the company operates), changes in tax regimes, government actions to cancel or renegotiate contracts, market volatility or other factors Such factors could reduce the company's profitability from operations, limit its opportunities for new access, require it to divest or write-down certain assets or affect the adequacy of its provisions for tax, environmental and legal liabilities Potential changes to financial market regulation could also impact funding requirements of the company

Treasury and trading activities
In the normal course of business, the company is subject to operational risk around its treasury and trading activities Control of these activities is highly dependent on the company's ability to process, manage and monitor a large number of complex transactions across many markets and currencies Shortcomings or failures in the company's systems, risk management methodology, internal control processes or people could lead to disruption of its business, financial loss, regulatory intervention or damage to its reputation

Following the Gulf of Mexico oil spill, Moody's Investors Service, Standard and Poor's and Fitch Ratings downgraded the group's long-term credit ratings Since that time, the group's credit ratings have improved somewhat but are still lower than they were immediately before the Gulf of Mexico oil spill The impact that a significant operational incident can have on the group's credit ratings, taken together with the reputational consequences of any such incident, the ratings and assessments published by analysts and investors' concerns about the group's costs arising from any such incident, on-going contingencies, liquidity, financial performance and volatile credit spreads, could increase the group's financing costs and limit the group's, and consequently also the company's, access to financing

Principal risks and uncertainties (continued)

Compliance and control risks (continued)

Treasury and trading activities (continued)

The BP group's ability to engage in its trading activities could also be impacted due to counterparty concerns about the BP group's financial and business risk profile in such circumstances Such counterparties could require that the group provide collateral or other forms of financial security for its obligations, particularly if the group's credit ratings are downgraded Certain counterparties for the group's non-trading businesses could also require that the group provide collateral for certain of its contractual obligations, particularly if the group's credit ratings were downgraded below investment grade or where a counterparty had concerns about the group's financial and business risk profile following a significant operational incident In addition, the BP group may be unable to make a drawdown under certain of its committed borrowing facilities in the event that the BP group is aware that there are pending or threatened legal, arbitration or administrative proceedings which, if determined adversely, might reasonably be expected to have a material adverse effect on its ability to meet the payment obligations under any of these facilities Credit rating downgrades could trigger a requirement for the company to review its funding arrangements with the BP pension trustees Extended constraints on the group's ability to obtain financing and to engage in its trading activities on acceptable terms (or at all) would put pressure on the group's liquidity In addition, this could occur at a time when cash flows from business operations would be constrained following a significant operational incident, and the group could be required to reduce planned capital expenditures and/or increase asset disposals in order to provide additional liquidity, as the group did following the Gulf of Mexico oil spill This in turn could also have adverse effects for the company's own financing requirements

Further information on the risks of Treasury and Trading activities are included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012

Financial risk management

The main financial risks faced by the company through its normal business activities, as well as its use of financial instruments, are foreign currency exchange risk, interest rate risk and liquidity risk The management of these financial risks is performed at BP group level The company seeks to maintain a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity This framework constrains the level of assessed capital at risk for the purposes of positions taken in financial instruments Failure to accurately forecast or maintain sufficient liquidity and credit to meet these needs could impact the company's ability to operate and result in a financial loss

The financial risk management objectives and policies of the company are shown in note 8 of the financial statements

Future Developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years They believe that the company is in a good position to take advantage of any opportunities which may arise in the future

It is the intention of the directors that the business of the company will continue for the foreseeable future

BP CAPITAL MARKETS P.L.C.

REPORT OF THE DIRECTORS

Going Concern
The directors consider that, despite the uncertainties deriving from the current economic environment, the company has adequate resources to continue in operational existence for the foreseeable future

Directors

The present directors are listed on page 1

There have been no director appointments or resignations since 1 January 2013

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006

Policy and practice on payment of creditors

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms A copy of the code of practice may be obtained from the CBI

The number of days' purchases represented by trade creditors at the year-end was nil

Auditors

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year

BP CAPITAL MARKETS P.L.C.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period In preparing these accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Capital Markets p l c were approved for issue by the Board of Directors on 30 August 2013

These accounts are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards

Accounting convention

The accounts are prepared under the historical cost convention

Basis of preparation

The accounts have been prepared on a going concern basis

Statement of cash flows

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement

Foreign currency transactions

Foreign currency transactions are initially recorded in dollars by applying the exchange rate ruling on the date of transaction Foreign currency monetary assets and liabilities are translated into dollars at the rate of exchange ruling at the balance sheet date Exchange differences are included in the profit and loss account

Financial instruments

The company is exempt from the disclosure requirements of FRS 29 The company is included in the consolidated accounts of the ultimate parent undertaking, BP p l c , which include the disclosures on a group basis that comply with this standard

All financial instruments are recognised on the balance sheet of the company as soon as the company becomes a party to the contractual provisions of the instrument

Loans and receivables are measured at amortised cost using the effective interest rate method The effective interest rate is the rate that exactly discounts the expected stream of future cash payments, including all fees and discount paid or premium received, over the period to maturity to the instrument's net carrying amount

The company's debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets, and have not been designated as either fair value through profit and loss or available-for-sale

Interest Income/Expense
Interest is recognised on an accruals basis using the effective interest rate method

BP CAPITAL MARKETS P.L.C.

PROFIT AND LOSS
FOR THE HALF YEAR ENDED 30 JUNE 2013

	Note	Half year ended 30/06/2013 $m	Half year ended 30/06/2012 $m
Interest receivable	**2**	693	677
Interest payable and similar charges	**1**	(697)	(678)
Loss before taxation		(4)	(1)
Taxation	**3**	-	-
Loss for the year		(4)	(1)

The loss of $4 million for the half year ended 30 June 2013 was derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE HALF YEAR ENDED 30 JUNE 2013

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of $4 million for the half year ended 30 June 2013 (half year to June 2012 loss of $1 million)

BP CAPITAL MARKETS P.L.C.
(Registered No.01290444)

BALANCE SHEET AS AT 30 JUNE 2013

	Note	30/06/2013 $m	31/12/2012 $m
Current Assets			
Debtors – amount falling due			
within one year	5	8,226	9,243
after one year	5	34,258	33,860
Creditors: amounts falling due within one year	6	(8,555)	(9,553)
TOTAL ASSETS LESS CURRENT LIABILITIES		33,929	33,550
Creditors: amounts falling due after more than one year	6	(33,196)	(32,813)
NET ASSETS		733	737
Represented by			
Capital and reserves			
Called up share capital	8	678	678
Share premium account	9	223	223
Profit and loss account	9	(168)	(164)
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		733	737

On behalf of the Board

N M H Bamfield
Director

30 August 2013

NOTES TO THE ACCOUNTS

1. Interest payable and similar charges

	Half year ended 30/06/2013	Half year ended 30/06/2012
	$m	$m
Interest expense on other loans	649	613
Guarantee fees	48	65
	697	678

2. *Interest receivable*

	Half year ended 30/06/2013	Half year ended 30/06/2012
	$m	$m
Interest income from group undertakings	693	677

The sole class of business of the company during the year was issuing debt security and commercial paper These debt proceeds are deposited with BP International Ltd whereby the company generates interest receivable The geographical segment from which the company's income is generated is the United Kingdom

3. Taxation

The company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010 No UK corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred UK tax that arises without charge

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on profit before taxation

	Half year ended 30/06/2013	Half year ended 30/06/2012
	$m	$m
Loss before taxation	(4)	(1)
Current taxation	-	-
Effective current tax rate	0%	0%

	Half year ended June 2013	Half year ended 2012
	%	%
UK statutory corporation tax rate	23	23
Decrease resulting from		
Free group relief	(23)	(23)
Effective current tax rate	-	-

4. Directors and employees

(a) Remuneration of directors

B Gilvary is a director of BP p l c (the ultimate parent undertaking) in whose accounts information required by the Companies Act 2006 as regards to emoluments is given The remaining directors are senior executives of the BP p l c Group and received no remuneration for services to this company

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2012 $Nil)

(b) Employee costs

The company had no employees during the year (2012 Nil)

5. Debtors

	30/06/2013 Within 1 year $m	30/06/2013 After 1 year $m	31/12/2012 Within 1 year $m	31/12/2012 After 1 year $m
Amounts owed by group undertakings	8,226	34,258	9,243	33,860

6. Creditors

	30/06/2013 Within 1 year $m	30/06/2013 After 1 year $m	31/12/2012 Within 1 year $m	31/12/2012 After 1 year $m
Accruals and deferred income	495	-	451	-
Financial liabilities	8,060	33,196	9,102	32,813
	8,555	33,196	9,553	32,813

(i) Analysis of financial liabilities by year of repayment:

	2013	2012
Amount repayable	$m	$m
Within 1 year or on demand	8,060	9,102
Between 1 and 2 years	5,295	5,296
Between 2 and 5 years	15,163	16,160
Thereafter	12,738	11,357
Total	41,256	41,915

7. Financial instruments

The main financial risks faced by the company through its normal business activities are foreign currency exchange risk, liquidity risk and interest rate risk The management of these financial risks is performed at BP group level

Foreign currency exchange risk

Fluctuations in foreign exchange rates can have significant effects on the company's reported results The company's financial assets and liabilities give rise to transactional currency exposures. Such exposures arise from transactions in a currency other than the company's functional currency The management of such risks is performed at BP group level The main underlying economic currency of the BP group's cash flows is the US dollar This is because the BP group's major product, oil, is priced internationally in US dollars The BP group's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements against the US dollar The group co-ordinates the handling of foreign exchange risks centrally, by netting off naturally occurring opposite exposures wherever possible and then dealing with any material residual foreign exchange risks For highly probable forecast capital expenditures the group locks in the US dollar cost of non US dollar supplies by using currency forwards and futures

7. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available This risk is managed by the BP group on the company's behalf and as such the company has access to the resources of the group The group has long-term debt ratings of A2 (stable outlook) assigned by Moody's consistently throughout the year and A (positive outlook) assigned by Standard & Poor's since July 2012, strengthened from A (stable outlook) in force at the start of 2012

Interest rate risk

The company is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally finance debt

All long-term fixed rate borrowings are offset by deposits with BP International Limited, a fellow subsidiary of the parent undertaking, on matching terms which reduces any material fair value interest rate risk on these items

Funds raised from short-term borrowing, which comprise commercial paper, are placed on deposit with BP International Limited These deposits earn interest at various floating rates which are set with respect to LIBOR

The interest rate, currency and maturity profiles of the financial liabilities of the company at 30 June 2013 are set out below

Material accounting policies for financial instruments

The effective interest rate stated includes the effect of any premium or discount

7. Financial Instruments (continued)

Interest rate and currency of financial liabilities:

The interest rate and currency profile of the financial liabilities, at 30 June is set out below

	30/06/2013			31/12/2012		
		Fixed rate			Fixed rate	
	Weighted average interest rate %	Weighted average time rate fixed **Years**	Amount $m	Weighted average interest rate %	Weighted average time rate fixed **Years**	Amount $m
Sterling	4	4	1,896	4	4	2,014
US dollar	3	5	25,880	3	4	23,476
Other currencies	3	3	10,231	3	4	10,876
			36,366			36,366

	30/06/2013		31/12/2012	
	Floating rate		Floating rate	
	Weighted average interest rate %	Amount $m	Weighted average interest rate %	Amount $m
Sterling	3	5	3	5
US dollar	1	2,630	1	4,848
Other currencies	1	614	1	696
		3,249		5,549
Total		41,256		41,915

7. Financial Instruments (continued)

Interest rate and currency of financial assets

The interest rate and currency profiles of the financial assets of the company are as follows

	30/06/2013			31/12/2012		
		Fixed rate			Fixed rate	
	Weighted average interest rate	Weighted average time rate fixed	Amount $m	Weighted average interest rate	Weighted average time rate fixed	Amount $m
	%	**Years**		%	**Years**	
Sterling	4	4	1,901	4	4	2,019
US dollar	3	4	25,950	3	4	23,525
Other currencies	3	3	10,249	3	4	10,899
			38,100			36,443

	30/06/2013		31/12/2012	
	Floating rate		Floating rate	
	Weighted average interest rate	Amount $m	Weighted average interest rate	Amount $m
	%		%	
Sterling	0	43	0	3
US dollar	1	3,606	1	5,795
Other currencies	2	735	0	862
		4,384		6,600
Total		42,484		43,103

7. Financial Instruments (continued)

Fair value of financial assets and liabilities

The estimated fair value of the financial instruments is shown in the table below The table also shows the "net carrying amount" of the financial assets and liabilities This amount represents the net book value

The fair values of financial instruments at 30 June are set out below

				30/06/2013
	Fair value asset $m	Net carrying amount $m	Fair value liability $m	Net carrying amount $m
Primary financial instruments				
Current assets				
Debtors – amounts falling due within one year and after one year	43,784	42,484		
Financial liabilities				
Borrowings – amounts falling due within one year and after one year			(42,556)	(41,256)

				31/12/2012
	Fair value asset $m	Net carrying amount $m	Fair value liability $m	Net carrying amount $m
Primary financial instruments				
Current assets				
Debtors – amounts falling due within one year and after one year	45,512	43,103		
Financial liabilities				
Borrowings – amounts falling due within one year and after one year			(44,324)	(41,915)

The following methods and assumptions were used to estimate the above fair value disclosures

Current assets – The carrying amounts of the company's current assets comprise deposits with BP International Limited and current accounts in various currencies The fair value of fixed rate current assets carried at amortised cost are estimated based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and maturity For current assets that are liquid or having short term maturity (less than one year), it is assumed that the carrying amounts approximate to their fair value

7. Financial Instruments (continued)

The group assesses at each balance sheet date whether a financial asset or a group of financial assets are impaired

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate The carrying amount of the assets is reduced, with the amount of the loss recognised in the profit and loss

Financial liabilities – The carrying amount of the company's short term borrowings, which comprise commercial paper, approximates their fair value The fair value of the company's long term borrowings is estimated using quoted prices or, where these are not available, discounted cash flow analysis, based on the company's current incremental borrowing rates for similar types and maturities of borrowings

8. Called up share capital

	30/06/2013	31/12/2012
	$m	$m
Allotted, called up and fully paid		
99,999,990 Ordinary shares of £1 each for a total nominal value of £99,999,990	178	178
500,000,000 Ordinary shares of $1 each for a total nominal value of $500,000,000	500	500
	678	678

9. Capital and reserves

	Called up share capital	Share premium account	Profit and loss account	Total
	$m	$m	$m	$m
At 1 January 2013	678	223	(164)	737
Loss for the half year	-	-	(4)	(4)
At 30 June 2013	678	223	(168)	733

10. Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions with group companies There were no other related party transactions in the year

11. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP International Limited, a company registered in England and Wales The ultimate controlling parent undertaking is BP p l c , a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of the consolidated financial statements of BP p l c can be obtained from 1 St James's Square, London, SW1Y 4PD