

**BPRL VENTURES B.V.**  
Amsterdam, The Netherlands

**FINANCIAL STATEMENTS**  
From 26 March 2008 to 31 December 2008

**BPRL VENTURES B.V.**  
Amsterdam, The Netherlands

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**TABLE OF CONTENTS:**

GENERAL	
Directors' Report	1
FINANCIAL STATEMENTS	
Balance Sheet as at 31 December 2008	2
Profit and Loss Account for the period ended 31 December 2008	3
Notes to the Financial Statements	4
OTHER INFORMATION	
Result appropriation	8
Post Balance Sheet events	8

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**DIRECTORS' REPORT**

The Directors present the Financial Statements of BPRL Ventures B.V. (the Company) for the financial period ended 31 December 2008.

**Activities**

In accordance with Article 2 of its Articles of Association the principal objective of the Company is to participate in, to administer, to finance, to conduct the management of and to render advice and services to other companies and enterprises.

**Result for the period**

The net loss for the period amounts to US Dollars 5.215.505, which the Directors have charged to the Accumulated loss.

**Future developments**


The Directors do not expect any material changes to take place in the coming year.

Amsterdam,



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**Amicorp Netherlands B.V.**



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**Vedam Srinivasan**

**BPRL VENTURES B.V.**  
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**Balance sheet as at 31 December 2008**

(after allocation of the loss for the period)

	<i>Note</i>	<i>Dec 31, 2008</i>
<i>(in USD)</i>		
<b>ASSETS</b>		
<b>Financial fixed assets</b>		
Loans & advances	3	163.350.000
<b>Total financial fixed assets</b>		<u>163.350.000</u>
<b>Current assets</b>		
<b>Liquid assets</b>		
Cash at bank		31.124
<b>Total current assets</b>		<u>31.124</u>
<b>TOTAL ASSETS</b>		<u><b>163.381.124</b></u>
<b>SHAREHOLDER'S EQUITY &amp; LIABILITIES</b>		
<b>Shareholder's equity</b>		
Issued and paid-up capital	4	25.374
Share premium		63.350.000
Currency translation reserve		2.585
<b>Other reserve</b>		
Accumulated loss		(5.215.505)
<b>Total shareholder's equity</b>		<u>58.162.454</u>
<b>Long term liabilities</b>	5	105.185.183
<b>Total Long term liabilities</b>		<u>105.185.183</u>
<b>Current liabilities</b>		
<b>Creditors</b>		
Accounts payable to group company	6	427
Accounts payable to shareholder		22.132
Other creditors and accrued expenses	7	10.928
<b>Total current liabilities</b>		<u>33.487</u>
<b>TOTAL SHAREHOLDER'S EQUITY &amp; LIABILITIES</b>		<u><b>163.381.124</b></u>

The accompanying notes form an integral part of the Financial Statements.

**BPRL VENTURES B.V.**  
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**Profit and loss account**  
**for the period 26 March 2008 to 31 December 2008**

	<i>Note</i>	<i>Dec 31, 2008</i>
<i>(in USD)</i>		
<b>Operating &amp; financial income</b>		
Bank interest		5.393
<b>Total operating &amp; financial income</b>		<u>5.393</u>
<b>Operating &amp; financial expenses</b>		
Interest on loan		3.016.144
Loan processing charges		2.000.000
Loan commitment fee		119.039
Management and administrative fee		11.188
Legal and corporate expenses		71.627
Bank charges		3.422
Exchange result		(611)
General expenses		89
<b>Total operating &amp; financial expenses</b>		<u>5.220.898</u>
<b>Net profit/(loss) before tax</b>		<u><b>(5.215.505)</b></u>
Taxation	8	-
<b>Net profit/(loss) after tax</b>		<u><b>(5.215.505)</b></u>

The accompanying notes form an integral part of the Financial Statements.

**BPRL VENTURES B.V.**  
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## **Notes to the Financial Statements**

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### **1. General**

The Company was incorporated on 26 March 2008. The principal objective of the Company is to participate in, to administer, to finance, to conduct the management of and to render advice and services to other companies and enterprises. The statutory seat of the Company is in Amsterdam and the principal executive office of the Company is located at Strawinskylaan 1143, 1077XX Amsterdam, The Netherlands.

The policy of the Directors is to make use of the provisions of Article 362 paragraph 7 of Title 9 of Book 2 of the Dutch Civil Code to present the financial statements of the Company in a currency other than Euro's. In line with the international character of the group of which the Company forms a part, the financial statements of the Company are presented in US Dollars.

### **2. Summary of principal accounting policies**

#### **a. Basis of preparation**

These Financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. The principles of valuation are based on the historical cost and cost price convention. Assets and liabilities are valued at face value, unless indicated otherwise.

#### **b. Financial fixed assets**

Receivables included in financial fixed assets are valued at their face value, less provisions where necessary.

#### **c. Debtors**

All amounts receivable are expected to be recovered within one year after the balance sheet date.

#### **d. Cash at bank**

Cash at bank is at the free and unrestricted disposal of the Company.

#### **e. Current liabilities**

All amounts payable are expected to be paid within one year after the balance sheet date.

**BPRL VENTURES B.V.**  
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## **Notes to the Financial Statements**

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*Dec 31, 2008*

*(in USD)*

### **f. Foreign currencies**

Assets and liabilities denominated in foreign currencies have been translated into US Dollars at the rate of exchange ruling at the balance sheet date. Operating transactions denominated in foreign currencies are translated into US Dollars at rates of exchange ruling on or around the date of the transactions. Foreign exchange gains and losses arising as a result of the application of the above accounting policies are disclosed separately in the Profit and loss account.

1 USD was at balance sheet date equal to :  
EUR 0,7095  
BRL 2,3560  
GBP 0,6910

### **g. Taxation**

Taxation is determined in accordance with Dutch guidelines and directives for corporate income taxes, which take into account tax exempted items and non-deductible amounts. Tax benefits arising from available losses are only recognized in the event that such losses can be compensated against prior year's taxable profits or, to the extent deemed realizable by the managements, against future taxable profits.

### **h. Comparative figures**

These Financial Statements reflect the financial position of the Company at the end of its first accounting period. There are therefore no comparative figures shown.

## **BALANCE SHEET**

### **3. Loans & advances**

Loan to VB Petroleo Pvt Ltda.	<u>163.350.000</u>
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The company agreed to provide a loan facility to VB (Brasil) Petroleo Private Ltda in the amount of USD 150.000.000 and USD 25.000.000 as per the facility agreements.

As per the facility agreements, the loan is subject to an interest rate of 6m LIBOR plus 100 bps, which is due semi-annually provided the borrower makes a profit.

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**Notes to the Financial Statements**

(in USD)

**4. Shareholder's equity**

	<b>Issued and paid- up capital</b>	<b>Share premium</b>	<b>Currency Translation reserve</b>	<b>Other reserve</b>	<b>Total 2008</b>
Issued during the period	27.959	-	-	-	27.959
Contributed during the period	-	63.350.000	-	-	63.350.000
Currency adjustment	(2.585)	-	2.585	-	-
Loss for the period	-	-	-	(5.215.505)	(5.215.505)
Balance as at 31 December	<u>25.374</u>	<u>63.350.000</u>	<u>2.585</u>	<u>(5.215.505)</u>	<u>58.162.454</u>

The authorized share capital of the Company consists of 90.000 shares of EUR 1 nominal value each. The issued share capital as at 31 December 2008 consists of 18.000 shares of EUR 1 nominal value each, all of which are fully paid.

In accordance with Article 373, paragraph 5 of Book 2 of the Dutch Civil Code the paid and called capital is translated into US Dollars at the rate of exchange ruling at the balance sheet date ( EUR 1 = USD 1,4097).

Unrealized foreign exchange gains and losses arising from the translation into US Dollars of the Company's euro issued and paid-up capital are maintained in a Currency translation reserve.

The ultimate parent company is BPRL International B.V., established in Amsterdam, The Netherlands.

**5. Long term liabilities**

**Amount payable to banker**

	<b>Balance as at 01.01.2008</b>	<b>Additions</b>	<b>Repayment</b>	<b>Balance as on 31.12.2008</b>
Principal	-	100.000.000	-	100.000.000
Loan processing charges and legal charges	-	2.050.000	-	2.050.000
Loan commitment fee	-	119.039	-	119.039
Interest on loan	-	3.016.144	-	3.016.144
Total	<u>-</u>	<u>105.185.183</u>	<u>-</u>	<u>105.185.183</u>

The Company entered into an agreement whereby the bank made available to the company a loan facility up to a maximum amount of USD 120.000.000. The total amount drawn as at 31 December 2008 was USD 105.185.183 and USD 14.814.817 is towards payment of quarterly interest. The loan is secured by the a share pledge of 100% of the shares of the borrower as well as by an unconditional and irrevocable corporate guarantee from a group company Bharat Petroleum Corporation Ltd, Mumbai, Maharashtra, India. During the period the loan is subject to an interest rate of 3 months LIBOR plus a margin of 4%. The agreement expires on 14 September 2010.

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**Notes to the Financial Statements**

*Dec 31, 2008*

*(in USD)*

**6. Accounts payable to group company**

Amount payable to Bharat PetroResources Ltd. :

Amount received towards payments to VB Petroleo Pvt. Ltda Brazilian Reais R\$  
1.000.

427

**7. Other creditors and accrued expenses**

Amount payable to Amicorp

3.260

Amount payable to Cheeswrights

1.777

Amount payable to Kamer Van Koophandel

19

Provision for accounting charges

4.194

Provision for tax return service charges

1.678

10.928

**PROFIT AND LOSS ACCOUNT**

**8. Taxation**

**2008**  
**(10 months)**  
**USD**

Dutch corporate income tax :

- charge for the period

Nil

**9. Employees**

The average number of employees of the Company during the period was

Nil

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**OTHER INFORMATION**

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**Result appropriation**

According to Article 16 of the Articles of Association of the Company the result of the Company is at the disposal of the General Meeting of Shareholders.

In anticipation of a resolution being passed to that effect at the General Meeting to be held to consider and adopt the Financial Statements for the year ended 31 December 2008, the loss for the period of US Dollars 5.215.505 has been charged to Accumulated loss.

**Post balance sheet events**

There have been no events since the balance sheet date which have a material effect on the financial situation of the Company as at that date.