BP BIOFUELS BRAZIL INVESTMENTS LIMITED
(Registered No 07540266)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors	D Emery
	P G New

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2012

Results and dividends

The loss for the year after taxation was $1,251,661 which when added to the retained deficit brought forward at 1 January 2012 of $7,790,685 gives a total retained deficit carried forward at 31 December 2012 of $9,042,346

The company has not declared any dividends during the year (2011, $Nil) The directors do not propose the payment of a dividend

Principal activity and review of the business

The company was set up to invest in the Brazilian sugar and ethanol business It currently holds investments in BP Biofuels Brasil Participações Ltda and BP Biocombustíveis S A

The company's results have improved in comparison with the prior period primarily due to the fact that initial set up costs were incurred in 2011.

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 strategic and commercial risk, 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 Biofuels Brazil Investments Limited.

BP BIOFUELS BRAZIL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Gulf of Mexico oil spill (continued)

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 paid 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

Strategic and commercial risks

Investment efficiency
The company's organic growth is dependent on creating a portfolio of quality options and investing in the best options Ineffective investment selection and development could lead to loss of value and higher capital expenditure

Compliance and control risks

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

BP BIOFUELS BRAZIL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Financial risk management

The main financial risks faced by the company through its normal business activities are foreign currency risk and interest rate 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

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

Crude oil prices are generally set in US dollars, while sales of refined products may be in a variety of currencies Fluctuations in exchange rates can therefore give rise to foreign exchange exposures, with a consequent impact on underlying costs and revenues

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

Going concern

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

Events since the balance sheet date

After the balance sheet date, 47,178,600 ordinary shares of $1 each for a total nominal value of $47,178,600 were allotted to the immediate parent company at par value

BP BIOFUELS BRAZIL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

Directors

The present directors are listed on page 1

There have been no director appointments or resignations since 1 January 2012

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

Auditor

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 BIOFUELS BRAZIL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

By Order of the Board

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

22 August 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP BIOFUELS BRAZIL INVESTMENTS LIMITED

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

BP BIOFUELS BRAZIL INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP BIOFUELS BRAZIL INVESTMENTS LIMITED

We have audited the financial statements of BP Biofuels Brazil Investments Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the accounting policies and the related notes 1 to 15 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

William Testa (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
3 September 2013

BP BIOFUELS BRAZIL INVESTMENTS LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Biofuels Brazil Investments Limited were approved for issue by the Board of Directors on 20 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.

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.

Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 400 (1) of the Companies Act 2006 The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP p l c , a company registered in England and Wales These accounts present information about the company as an individual undertaking and not about the group

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

Interest income

Interest income is recognised on an accruals basis.

Investments

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

Other debtors

Other debtors are carried at the original invoice amount less allowances made for doubtful receivables Provision is made when there is objective evidence that the company will be unable to recover balances in full Balances are written off when the probability of recovery is assessed as being remote

ACCOUNTING POLICIES

Other creditors

Other creditors are carried at payment or settlement amounts If the effect of the time value of money is material, other creditors are determined by discounting the expected future cash flows at a pre-tax rate

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period Actual outcomes could differ from those estimates

BP BIOFUELS BRAZIL INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	From 23 February 2011 to 31 December 2011
		$	$
Administration expenses		(1,277,299)	(7,786,798)
Loss on ordinary activities before interest and taxation		(1,277,299)	(7,786,798)
Interest payable and similar charges	2	-	(15,772)
Interest receivable and similar income	3	25,638	11,885
Loss before taxation		(1,251,661)	(7,790,685)
Taxation	4		-
Loss for the year		(1,251,661)	(7,790,685)

The loss of $1,251,661 for the year ended 31 December 2012 was derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2012

There are no recognised gains or losses attributable to the shareholders of the company other than the loss for the year

BP BIOFUELS BRAZIL INVESTMENTS LIMITED
(Registered No 07540266)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012	2011
		$	$
Fixed assets			
Investments	6	1,368,648,894	1,103,180,198
		1,368,648,894	1,103,180,198
Current assets			
Debtors	7	24,748,050	57,619,941
Cash at bank and in hand		4,679	5,164
Creditors: amounts falling due within one year	8	(136,608)	(1,595,988)
Net current assets		24,616,121	56,029,117
TOTAL ASSETS LESS CURRENT LIABILITIES		1,393,265,015	1,159,209,315
NET ASSETS		1 393,265,015	1,159,209,315
Represented by			
Capital and reserves			
Called up share capital	9	1 402,307,361	1,167,000,000
Profit and loss account	10	(9,042,346)	(7,790,685)
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		1,393,265,015	1,159,209 315

On behalf of the Board

D Emery
Director

22 August 2013

BP BIOFUELS BRAZIL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

1. Auditor's remuneration

	2012	From 23 February 2011 to 31 December 2011
	$	$
Fees for the audit of the company	10,869	10,302

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of BP Biofuels Brazil Investments Limited's ultimate parent, BP p l c , are required to disclose non-audit fees on a consolidated basis

2. Interest payable and similar charges

	2012	From 23 February 2011 to 31 December 2011
	$	$
Interest expense on		
Loans from group undertakings	-	15,772

3. Interest receivable and similar income

	2012	From 23 February 2011 to 31 December 2011
	$	$
Interest income from group undertakings	25,638	11,885

4. Taxation

The Company is a member of a group for the purposes of relief within Part 5 Corporation Tax Act 2010 No 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 tax that arises without charge

Taxation (continued)

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

	2012	From 23 February 2011 to 31 December 2011
	$	$
Loss before taxation	(1,251,661)	(7,790,685)
Current taxation	-	-
Effective current tax rate	0%	0%

	2012	From 23 February 2011 to 31 December 2011
	%	%
UK statutory corporation tax rate	24	26
Decrease resulting from		
Non-deductible expenditure / non-taxable income	(24)	(26)
Effective current tax rate	0	0

5. **Directors and employees**

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as directors of the company during the financial year (2011 $Nil)

(b) Employee costs

The company had no employees during the year (2011 Nil)

BP BIOFUELS BRAZIL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

6. Investments

	Subsidiary shares	Investment in associate shares	Loans to associates	Total
Cost	$	$	$	$
At 1 January 2012	594,366,511	480,831,302	27,982,385	1,103,180,198
Additions	116,943,633	135,294,698	13,230,364	265,468,696
Transfer	-	27,982,385	(27,982,385)	-
At 31 December 2012	711,310,144	644,108,385	13,230,364	1,368,648,894
Impairment Losses				
At 1 January/ 31 December 2012	-	-	-	-
Net book amount				
At 31 December 2012	711,310,144	644,108,385	13,230,364	1,368,648,894
At 31 December 2011	594,366,511	480,831,302	27 982,385	1,103,180,198

During the year the company converted loans of $27,982,385 to its associate undertaking BP Biocombustiveis S A into equity investments

The investments in the subsidiary undertakings are unlisted

The subsidiary and associated undertakings of the company at 31 December 2012 and the percentage of equity capital held are set out below The principal country of operation is generally indicated by the company's country of incorporation or by its name

Subsidiary undertakings	Class of share held	%	Country of incorporation		Principal activity
BP Biofuels Brasil Participações Ltda	Ordinary	99	Brazil		Biofuel

Associated undertakings	Class of share held	%	Country of incorporation	Issued share capital	Principal activity
BP Biocombustiveis S A	Ordinary	49	Brazil	BRL 2,278,682,481	Biofuel

7. Debtors

	2012	2011
	Within 1 year	Within 1 year
	$	$
Amounts owed by group undertakings	24,748,050	57,619,941

BP BIOFUELS BRAZIL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

8. Creditors

	2012	2011
	Within 1 year	Within 1 year
	$	$
Amounts owed to group undertakings	36,608	-
Accruals and deferred income	100,000	1,595,988
	136,608	1,595,988

9. Called up share capital

	2012	2011
	$	$
Allotted, called up and fully paid		
1,402,307,361 Ordinary shares of $1 each for a total nominal value of $1,402,307,361	1,402,307,361	1,167,000,000

On 30 January 2012, 29,500,000 ordinary shares of $1 each for a total nominal value of $29,500,000, were allotted to the immediate parent company at par value

On 16 February 2012, 46,877,460 ordinary shares of $1 each for a total nominal value of $46,877,460, were allotted to the immediate parent company at par value

On 5 April 2012, 28,106,400 ordinary shares of $1 each for a total nominal value of $28,106,400, were allotted to the immediate parent company at par value

On 25 April 2012, 16,060,800 ordinary shares of $1 each for a total nominal value of $16,060,800, were allotted to the immediate parent company at par value

On 16 May 2012, 31,698,947 ordinary shares of $1 each for a total nominal value of $31,698,947, were allotted to the immediate parent company at par value

On 01 June 2012, 30,866,154 ordinary shares of 1$ each for a total nominal value of $30,866,154, were allotted to the immediate parent company at par value

On 22 June 2012, 25,095,000 ordinary shares of $1 each for a total nominal value of $25,095,000, were allotted to the immediate parent company at par value

On 25 July 2012, 27,102,600 ordinary shares of $1 each for a total nominal value of $27,102,600, were allotted to the immediate parent company at par value

BP BIOFUELS BRAZIL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

10. Capital and reserves

	Called up share capital	Profit and loss account	Total
	$	$	$
At 1 January 2012	1,167,000,000	(7,790,685)	1,159,209,315
Issue of ordinary share capital	235,307,361	-	235,307,361
Loss for the year	-	(1,251,661)	(1,251,661)
At 31 December 2012	1,402,307,361	(9,042,346)	1,393,265,015

11. Reconciliation of movements in shareholders' funds

	2012	2011
	$	$
Loss for the year/period	(1,251,661)	(7,790,685)
Issue of ordinary share capital	235,307,361	1,166,000,900
Net increase in shareholders' funds	234,055,700	1,159,209,215
Shareholders' funds at 1 January/ 23 February	1,159,209,315	100
Shareholders' funds at 31 December	1,393,265,015	1,159,209,315

12. 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 entered into with group companies

During the year the company entered into transactions, in the ordinary course of business, with other related parties Transactions entered into, and trading balances outstanding at 31 December, are as follows

Related party	Relationship	Description	Investment in related party
			$
BP Biocombustiveis S A	Associate	Biofuels	
2012			657,338,749
2011			508,813,687
BP Biofuels Brasil Participações Ltda	Subsidiary	Biofuels	
2012			711,310,145
2011			594,366,511

13. Post balance sheet event

After the balance sheet date, 102,387,600 ordinary shares of $1 each for a total nominal value of $102,387,600 were allotted to the immediate parent company at par value The company subsequently invested these funds in its subsidiary and associate undertakings

14. Pensions

The company does not directly employ any staff and therefore does not directly bear any pension charge

15. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP Asia Pacific Holdings 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