

BPC Limited

Interim Report
2009

BPC Limited

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Chairman's Statement

I am pleased to advise shareholders that the Company is progressing as planned and we welcome the association with StatoilHydro as previously announced.

The large amount of technical data and well cores from The Bahamas licence area, which we have located over the last several years, are proving to be very valuable and we are continually unearthing interesting material which continues to add value to our Bahamas project.

Much of this, when viewed with modern science, knowledge and techniques is, we believe, demonstrating the validity of our belief that The Bahamas harbours great prospects for oil fields in the "supergiant" category.

We have adequate funds for the time being and are focussing on the StatoilHydro project, discussions with other companies and generally progressing our extensive and unique knowledge base of The Bahamas petroleum geology.

Additionally, I am delighted to welcome Strand Partners Limited as our nominated financial adviser and Novus Capital Markets Limited as our nominated broker, both of whom I look forward to working with to enhance shareholder value.

Statoil agreement

In May 2009, we announced a new offshore joint venture with Norway's StatoilHydro to launch the first major exploration project in Bahamian waters since 1986 (the "Joint Agreement" or the "JV").

The competent persons report published by Moyes & Co., Inc in 2008 (the "CPR"), stated that there could be multiple 500 MMBOE oil fields in 18 leads recognised in BPC's southern Bahamas licenced area. The CPR evaluated BPC's licenced area adjacent to and along trend of the JV area.

Additionally, a U.S. Geological Survey published in 2008, studying the offshore northwest Cuba Basin, estimates a potential of 7-14 billion barrels equivalent (oil and gas) of undiscovered resources.

We have adequate funds to meet our current requirements and are focussing on the StatoilHydro project and discussions with other companies, whilst developing our extensive and unique knowledge base of The Bahamas petroleum geology.

The licences included in the Joint Agreement are new licence areas for BPC in the south west of The Bahamas and are still under application, pending the approval of the Government of the Commonwealth of The Bahamas. The JV area is adjacent to four wholly owned licenses held by BPC in The Bahamas, as well as near an existing license held by StatoilHydro in adjacent Cuban waters.

The Joint Agreement is conditional on the relevant new licences being awarded to BPC and assignment with StatoilHydro. It is hoped the applications will be processed before the end of 2009.

Outlook

On 11 September 2009, we were informed by RAB, that it had sold 32.5 per cent. of its holding in BPC to a range of institutional investors, retaining a 19.8 per cent. stake. Therefore, whilst RAB has maintained a significant stake in the business, it has allowed a number of well-known institutional investors access onto the Company's shareholder register, significantly broadening our shareholder base.

Furthermore, in order to streamline our operations, we have now set up a business office in the Isle of Man, where Mike Proffitt, our Finance Director and I are now resident. I am confident about the future of our company and welcome our enlarged shareholder base. The remainder of this financial year and into 2010 will be a very exciting time for the business and I look forward to bringing you news of the further development of our exploration licence area.

Alan Burns
Chairman

BPC Limited

**Interim consolidated income statement for the six months ended 30 June 2009
(unaudited)**

	Six months ended 30 June 2009 (Unaudited)	Six months ended 30 June 2008 (Unaudited) (Restated)	Year ended 31 December 2008 (Audited)
	\$	\$	\$
Finance income	4,251	18,574	57,492
Finance costs	-	-	(86,500)
Employee benefits expense	(351,957)	(488,051)	(1,092,552)
Depreciation and amortisation expense	(39,213)	(41,645)	(84,090)
Loss on disposal of fixed assets	(13,147)	-	(495)
Impairment of goodwill	-	-	(233,351)
Other expenses	<u>(145,053)</u>	<u>(437,710)</u>	<u>(2,121,839)</u>
Loss before tax	(545,119)	(948,832)	(3,561,335)
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>
Loss after tax attributable to the equity holders of the parent	<u>(545,119)</u>	<u>(948,832)</u>	<u>(3,561,335)</u>

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**Interim statement of comprehensive income for the six months ended 30 June 2009
(unaudited)**

	Six months ended 30 June 2009 (Unaudited)	Six months ended 30 June 2008 (Unaudited) (Restated)	Year ended 31 December 2008 (Audited)
	\$	\$	\$
Profit/(loss) for the year	(545,119)	(948,832)	(3,561,335)
Other comprehensive income			
Exchange differences on translating foreign operations	(125,370)	(21,502)	130,230
Total comprehensive income/(expense) for the year	<u>(670,489)</u>	<u>(970,334)</u>	<u>(3,431,105)</u>

BPC Limited

Interim consolidated statement in changes in equity for the six months ended 30 June 2009 (unaudited)

	Share capital	Share premium reserve	Reverse acquisition reserve	Share based payment reserve	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 Jan 2009	28,764	73,634,186	(53,846,526)	300,139	125,298	(11,893,919)	8,347,942
Changes in equity 1 Jan 2009 to 30 June 2009							
Total comprehensive income for the year	-	-	-	-	(125,373)	(545,119)	(670,492)
Balance at 30 June 2009	<u>28,764</u>	<u>73,634,186</u>	<u>(53,846,526)</u>	<u>300,139</u>	<u>(75)</u>	<u>(12,439,038)</u>	<u>7,677,450</u>

BPC Limited

Interim consolidated statement in changes in equity for the six months ended 30 June 2008 (unaudited)

	Share capital	Share premium reserve	Share based payment reserve	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 Jan 2008	1,118,700	11,871,197	253,799	(4,932)	(8,332,584)	4,906,180
Changes in equity 1 Jan 2008 to 30 June 2008						
Total comprehensive income for the year	-	-	-	(21,502)	(948,832)	(970,334)
Value of employee services	-	-	28,126	-	-	28,126
Options exercised	<u>66,950</u>	<u>702,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>769,500</u>
Balance at 30 June 2008	<u>1,185,650</u>	<u>12,573,747</u>	<u>281,925</u>	<u>(26,434)</u>	<u>(9,281,416)</u>	<u>4,733,472</u>

BPC Limited

Consolidated statement in changes in equity for the year ended 31 December 2008 (Audited)

	Share capital	Share premium reserve	Reverse acquisition reserve	Share based payment reserve	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 31 December 2007	1,118,700	11,871,197	-	253,799	(4,932)	(8,332,584)	4,906,180
Changes in equity 2008							
Total comprehensive income for the year	-	-	-	-	130,230	(3,561,335)	(3,431,105)
Value of employee services	-	-	-	28,126	-	-	28,126
Options exercised	<u>66,950</u>	<u>702,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>769,500</u>
	<u>1,185,650</u>	<u>12,573,747</u>	<u>-</u>	<u>281,925</u>	<u>125,298</u>	<u>(11,893,919)</u>	<u>2,272,701</u>
BPC Limited (formerly FGML)							
Balance at 1 January 2008 arising in legacy BPC Jersey Limited	-	-	-	281,925	125,298	(8,332,584)	(7,925,361)
Total comprehensive income for the year	-	-	-	-	-	(3,561,335)	(3,561,335)
Shares prior to acquisition	2,850	18,594,187	-	-	-	-	18,597,037
Issue of share capital on business combination	25,914	55,039,999	(53,846,526)	-	-	-	1,219,387
Share options – value of services	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,214</u>	<u>-</u>	<u>-</u>	<u>18,214</u>
Balance at 31 December 2008	<u>28,764</u>	<u>73,634,186</u>	<u>(53,846,526)</u>	<u>300,139</u>	<u>125,298</u>	<u>(11,893,919)</u>	<u>8,347,942</u>

BPC Limited

Interim balance sheet at 30 June 2009

	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)	31 December 2008 (Audited)
	\$	\$	\$
Non-current assets			
Cash not available for use	165,111	1,109,665	1,204,616
Property, plant and equipment	70,200	168,494	117,277
Exploration and evaluation assets	4,170,426	3,804,499	4,055,587
Current assets			
Cash and cash equivalents	2,883,656	1,034,105	3,004,451
Trade and other receivables	553,554	521,727	507,393
Total assets	<u>7,842,947</u>	<u>6,638,490</u>	<u>8,889,324</u>
Current liabilities			
Trade and other payables	165,497	359,566	541,382
Loan notes payable	-	1,545,452	-
Total liabilities	<u>165,497</u>	<u>1,905,018</u>	<u>541,382</u>
NET ASSETS	<u>7,677,450</u>	<u>4,733,472</u>	<u>8,347,942</u>

BPC Limited

Interim balance sheet at 30 June 2009 *(continued)*

	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)	31 December 2008 (Audited)
	\$	\$	\$
Capital and reserves attributable to equity holders of the company			
Ordinary shares	28,764	1,185,650	28,764
Share premium reserve	73,634,186	12,573,748	73,634,186
Reverse acquisition reserve	(53,846,526)	-	(53,846,526)
Share based payments reserve	300,139	281,925	300,139
Other reserves	(75)	(26,434)	125,298
Retained earnings	<u>(12,439,038)</u>	<u>(9,281,417)</u>	<u>(11,893,919)</u>
Total Equity	<u>7,677,450</u>	<u>4,733,472</u>	<u>8,347,942</u>

These financial statements were approved by the Directors on September 2009

Alan Burns, Chairman

Michael Proffitt, Director

Interim cash flow statement for the six months ended 30 June 2009

	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)	31 December 2008 (Audited)
	\$	\$	\$
Cash flows from operating activities			
Payments to suppliers and employees	(944,515)	(1,295,296)	(2,930,809)
Exchange differences on consolidation	<u>(469,491)</u>	<u>(21,502)</u>	<u>-</u>
Net cash used in operating activities	<u>(1,414,006)</u>	<u>(1,316,798)</u>	<u>(2,930,809)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	-	(19,122)	(12,921)
Proceeds from sale of property, plant and equipment	20,209	-	2,076
Payments for exploration and evaluation assets	(114,839)	(619,320)	(870,408)
Deposits for bank guarantees	-	(6,191)	(101,142)
Release of guarantee	1,052,328	-	-
Interest received	<u>4,251</u>	<u>18,574</u>	<u>57,492</u>
Net cash used in investing activities	<u>961,949</u>	<u>(626,059)</u>	<u>(924,903)</u>
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	-	769,500	6,826,527
Proceeds from the issuance of loan notes	-	1,500,000	-
Interest paid	<u>-</u>	<u>-</u>	<u>(86,500)</u>
Net cash generated/ (absorbed) from financing activities	<u>-</u>	<u>2,269,500</u>	<u>6,740,027</u>
Net increase/(decrease) in cash and cash equivalents	<u>(452,057)</u>	<u>326,643</u>	<u>2,884,315</u>
Cash and cash equivalents at the beginning of the period	3,004,451	675,711	675,711
Effects of exchange rate changes on cash and cash equivalents	<u>331,262</u>	<u>31,751</u>	<u>(555,575)</u>
Cash and cash equivalents at the end of the period	<u>2,883,656</u>	<u>1,034,105</u>	<u>3,004,451</u>

1. Basis of preparation

This unaudited consolidated interim financial information has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRSs). The principal accounting policies used in preparing the interim results are unchanged from those disclosed in the group's financial statements for the year ended 31 December 2008. It is not expected that there will be any changes or additions to these in the 2009 annual financial statements.

While the financial information included in this interim consolidated financial information has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted by the EU (IFRSs), this interim consolidated financial information does not itself contain sufficient information to comply fully with IFRSs.

The financial information for the six months ended 30 June 2009 and 30 June 2008 is unaudited and does not constitute the group's statutory financial statements for those periods. The comparative financial information for the full year ended 31 December 2008 has, however, been derived from the statutory financial statements for that period. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 15.4 of the Isle of Man Companies Act 1982.

2. Events after the balance sheet date

On the 13 July 2009 BPC Limited signed a joint venture agreement with Norwegian energy company StatoilHydro to launch a major exploration project in Bahamian waters.

The licences included in this joint venture agreement are new licence areas for BPC in the south west of the Bahamas and are still under application pending the approval of the Government of the Commonwealth of the Bahamas. The joint venture area is adjacent to four wholly owned licenses held by BPC in the Bahamas, as well as near an existing license held by StatoilHydro in adjacent Cuban waters.

The agreement is conditional on the relevant new licences being awarded to BPC and assignment with StatoilHydro. It is hoped the applications will be processed before the end of 2009.