

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
March 31, 2009

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 month of March, 2009

Commission File Number 1-15106

PETRÓLEO BRASILEIRO S.A. - PETROBRAS
(Exact name of registrant as specified in its charter)

Brazilian Petroleum Corporation - PETROBRAS
(Translation of Registrant's name into English)

Avenida República do Chile, 65
20031-912 - Rio de Janeiro, RJ
Federative Republic of Brazil
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

Petróleo Brasileiro S.A. - Petrobras

Financial statements

December 31, 2008 and 2007

(A translation of the original report in Portuguese as published in Brazil containing financial statement prepared in accordance with accounting practices adopted in Brazil)

Petróleo Brasileiro S.A. - Petrobras

Financial Statements

December 31, 2008 and 2007

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Independent auditors report

To
The Board of Directors and Shareholders of
Petróleo Brasileiro S.A. - Petrobras
Rio de Janeiro - RJ

1. We have examined the accompanying balance sheet of Petróleo Brasileiro S.A. - Petrobras (the Company) and the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2008, and the related statements of income, changes in shareholders equity, cash flows and added value for the year then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.
2. Our examination was conducted in accordance with auditing standards generally accepted in Brazil and included:
a) planning of the audit work, considering the materiality of the balances, the volume of transactions and the accounting systems and internal controls of the Company and its subsidiaries; b) verification, on a test basis, of the evidence and records which support the amounts and accounting information disclosed; and c) evaluation of the most significant accounting policies and estimates adopted by Company management and its subsidiaries, as well as the presentation of financial statements taken as a whole.
3. In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Petróleo Brasileiro S.A. - Petrobras and the consolidated financial position of the Company and its subsidiaries as of December 31, 2008, the results of its operations, changes in shareholders equity, cash flows and added value in the operations for the year then ended, in conformity with accounting practices adopted in Brazil.
4. Our examination was performed with the object of expressing an opinion on the aforementioned financial statements taken as a whole. The statements of segmentation of business and social balance sheet for the year ended December 31, 2008, are supplementary to the aforementioned financial statements, are not required by accounting practices adopted in Brazil and have been included to facilitate additional analysis. These supplementary information were subject to the same audit procedures applied to the financial statements and in our opinion are presented fairly, in all material respects, in relation to the financial statements referred to in the first paragraph, taken as a whole.

5. Previously, the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2007, comprising the balance sheet, the statements of income, changes in shareholders' equity and changes in financial position for the year then ended, as well as the supplementary information which included the statements of cash flows and added value, segmentation of business and the social balance sheet, examined by us, on which we issued an unqualified opinion, dated March 3, 2008. As described in Note 3, the accounting practices adopted in Brazil were changed as from January 1, 2008. The financial statements for the year ended December 31, 2007, presented together with the financial statements of 2008, were prepared in accordance with accounting practices adopted in Brazil in force until December 31, 2007 and, as permitted by Technical Pronouncement CPC 13 - Initial Adoption of Law 11.638/07 and Provisional Measure 449/08, are not being restated with the adjustments for purposes of comparison between the years. In addition, in accordance with Law 11.638/07 the statement of changes in the financial position, presented in the financial statements as of December 31, 2007, was replaced by the statement of cash flows.

March 6, 2009

KPMG Auditores Independentes
CRC-SP-14.428/O -6-F-RJ

Manuel Fernandes Rodrigues de Sousa
Accountant CRC-RJ-052.428/O -2

Petróleo Brasileiro S. A. - Petrobras

Balance sheets

December 31, 2008 and 2007*(In thousands of reais)*

Assets	Note	Consolidated		Parent company		Liabilities	Note	Consolidated	
		2008	2007	2008	2007			2008	2007
Current assets						Current liabilities			
Cash and cash equivalents	5	15.888.596	13.070.849	11.268.314	7.847.949	Financing	16	12.451.137	7.853.000
Marketable securities	10	288.751	589.788			Interest on financing	16	823.330	647.000
Trade accounts receivable, net	6	14.903.732	11.328.967	17.370.050	12.036.476	Commitments with the transfer of benefits, risks and controls of assets	17	585.045	
Dividends receivable	7.1	20.101	80.596	987.986	668.501	Accounts payable to suppliers		17.027.579	13.791.000
Inventories	8	19.977.171	17.599.001	13.847.969	12.800.138	Taxes and contributions	20.2	12.741.382	10.006.000
Taxes and contributions	20.1	9.641.247	7.781.536	6.273.161	5.125.217	Proposed dividends	24	9.914.707	6.580.000
Prepaid expenses		1.393.879	1.429.829	1.078.815	1.095.815	Project financing	11.4	188.858	41.000
Other current assets		1.461.801	1.493.200	430.312	579.999	Pension plan	21	627.988	424.000
						Healthcare benefits plan	21	523.714	455.000
						Accrued vacation pay and charges		2.016.430	1.688.000
		63.575.278	53.373.766	51.256.607	40.154.095	Provision for contingencies	25	54.000	54.000

						Advances from clients		666.107	493
						Provision for profit-sharing for employees and management		1.344.526	1.011
Non-current assets						Deferred income		5.929	
Long-term receivables						Other accounts and expenses payable		3.586.429	4.506
Trade accounts receivable, net	6	1.326.522	2.901.902	91.626.391	48.203.621				
Petroleum and alcohol account - STN	9	809.673	797.851	809.673	797.851				
Marketable securities	10	4.066.280	3.922.370	3.597.762	3.386.999			62.557.161	47.555
Project financing	11.2			2.039.293	1.503.713				
Deposits in court	12	1.853.092	1.693.495	1.542.378	1.445.658	Non-current			
Prepaid expenses		1.400.072	1.514.301	444.904	809.332	Financing	16	50.049.441	29.806
						Contractual commitments with the transfer of benefits, risks and controls of			
Advance for pension plan	21		1.296.810		1.296.810	assets	17	804.998	
Deferred income and social contribution taxes	20.3	10.238.308	8.333.490	6.614.741	5.557.483	Subsidiaries and affiliated companies	7.2	49.289	94
						Deferred income and social contribution taxes	20.4	13.165.132	10.418
Inventories	8	303.929	236.753	303.929	236.753				
Other long-term receivables		1.256.967	1.325.865	640.177	711.399	Pension plan	21	3.475.581	4.520

						Healthcare benefits plan	21	10.296.679	9.272
		21.254.843	22.022.837	107.619.248	63.949.619	Provision for contingencies	25	890.326	613
						Provision for dismantling of areas	4.8	6.581.618	6.132
Investments	13	5.106.495	7.822.074	28.306.947	26.068.789	Deferred income		1.292.906	1.391
Property, plant and equipment	14	190.754.167	139.940.726	119.207.092	77.252.144	Other accounts and expenses payable		1.982.355	1.262
Intangible assets	15	8.003.213	5.532.053	3.781.716	3.074.677				
Deferred charges		3.469.846	2.536.344	839.257	733.686			88.588.325	63.512
		228.588.564	177.854.034	259.754.260	171.078.915	Minority interest		2.653.074	6.306
						Shareholders' equity	24		
						Realized capital		78.966.691	52.644
						Capital reserves		514.857	1.553
						Revaluation reserve		10.284	61
						Profit reserves		58.643.049	59.594
						Equity valuation adjustments		(405.863)	
						Accumulated conversion adjustments		636.264	
								138.365.282	113.854
		292.163.842	231.227.800	311.010.867	211.233.010			292.163.842	231.227

See the accompanying notes to the financial statements

Petróleo Brasileiro S. A. - Petrobras

Statements of income

December 31, 2008 and 2007*(In thousands of reais, except net income per share at paid-up capital)*

	Note	Consolidated		Parent company	
		2008	2007	2008	2007
Gross operating revenues					
Selling expenses					
Products		266.217.208	218.050.202	207.484.566	169.965.711
Services, mainly freight		276.872	203.972	505.883	279.243
		266.494.080	218.254.174	207.990.449	170.244.954
Sales charges		(51.375.544)	(47.676.449)	(46.280.943)	(43.477.953)
Net operating revenues		215.118.536	170.577.725	161.709.506	126.767.001
Cost of products and services sold		(141.623.359)	(104.398.043)	(97.343.992)	(70.444.686)
Gross profit		73.495.177	66.179.682	64.365.514	56.322.315
Operating income (expenses)					
Selling expenses		(7.162.264)	(6.059.734)	(6.325.507)	(5.314.132)
Financial					
Expenses	18	(4.193.135)	(3.292.002)	(7.050.686)	(3.096.677)
Revenues	18	3.494.430	2.417.659	5.991.531	4.662.159
Exchange and monetary variations, net	18	3.827.489	(3.146.547)	8.256.134	(4.713.938)
Administrative and general expenses					
Management and board of directors remuneration		(35.792)	(29.259)	(5.153)	(4.034)
Administrative		(7.211.566)	(6.398.633)	(5.012.193)	(4.484.176)
Taxes		(862.766)	(1.255.511)	(425.978)	(717.092)
Cost of research and technological development		(1.705.572)	(1.712.338)	(1.690.702)	(1.700.342)
Loss on recovery of assets		(933.088)	(446.129)	(602.675)	(45.248)
		(3.494.258)	(2.569.724)	(2.550.569)	(1.211.923)

Exploratory costs for the extraction of crude oil and gas					
Healthcare and pension plans	21	(1.427.395)	(2.494.510)	(1.343.773)	(2.359.108)
Other operating income and expenses, net	18	(4.712.243)	(5.188.393)	(3.366.678)	(4.611.454)
		(24.416.160)	(30.175.121)	(14.126.249)	(23.595.965)
Equity in income of subsidiaries and associated companies					
Equity in earnings (losses) of investments	13	(874.218)	(465.274)	2.252.380	(643.379)
Income from operations before income and social contribution taxes, employee and management profit sharing and minority interest					
		48.204.799	35.539.287	52.491.645	32.082.971
Social contribution	20.5	(4.169.529)	(2.876.775)	(3.995.909)	(2.492.591)
Income tax	20.5	(11.792.449)	(8.395.983)	(10.888.109)	(6.717.277)
Income before employees' and directors' profit-sharing and minority interest					
		32.242.821	24.266.529	37.607.627	22.873.103
Employees' and directors' profit-sharing	22	(1.344.526)	(1.011.914)	(1.138.078)	(844.412)
Income before minority interest					
		30.898.295	23.254.615	36.469.549	22.028.691
Minority interest		2.089.497	(1.742.826)		
Net income for the year					
		32.987.792	21.511.789	36.469.549	22.028.691
Net income per share at the end of the year - R\$					
		3,76	4,90	4,16	5,02

See the accompanying notes to the financial statements

Petróleo Brasileiro S. A. - Petrobras

Statements of changes in shareholders' equity

December 31, 2008 and 2007*(In thousands of reais)*

	Capital subscribed and paid in	Capital reserves			Profit reserves			Acc cor adj
		Subsidies AFRMM	Tax incentives	Revaluation reserve	Legal	Statutory	Tax incentives	
At January 1, 2007	48.263.983	158.298	213.766	66.423	6.511.073	1.249.439		42.919.352
Capital increase on April 2, 2007	4.380.477					(1.008.119)		(3.372.358)
Funds originating from AFRMM		10.844						
Tax incentives - SUDENE			1.170.923					
Realization of reserve				(4.903)				
Net income for the year								
Distributions:								
Allocations in reserves					1.101.435	263.222		14.088.380
Proposed dividends								
At December 31, 2007	52.644.460	169.142	1.384.689	61.520	7.612.508	504.542		53.635.374
Prior year adjustment - Adoption of Law 11.638/07								

Capital increase on April 4, 2008	26.322.231	(169.142)	(850.679)					(25.302.410)
Adjustment for tax incentives - SUDENE			(19.153)					
Translation adjustment								
Realization of reserve				(51.236)				
Unrealized gains or losses in investments available for sale								
Net income for the year								
Distributions:								
Allocations of net income in reserves								
Proposed dividends				1.823.477	394.834	557.185	23.779.347	
Profit retention								1.437.926
	78.966.691		514.857	10.284	9.435.985	899.376	557.185	53.550.237
At December 31, 2008	78.966.691	514.857		10.284		64.442.783		

See the accompanying notes to the financial statements

Petróleo Brasileiro S. A. - Petrobras

Statements of cash flows Indirect method

Years ended December 31, 2008 and 2007*(In thousands of reais)*

	Consolidated		Parent company	
	2008	2007	2008	2007
Operating activity				
Net income for the year	32.987.792	21.511.789	36.469.549	22.028.691
Adjustments:				
Minority interest	(2.089.497)	1.742.826		
Equity in earnings (losses) of significant investments	115.790	367.361	(2.494.234)	641.238
Goodwill/discount - amortization	758.428	97.913	241.854	20.343
Depreciation, exhaustion and amortization	11.631.984	10.695.826	7.952.428	5.798.802
Loss on recovery of assets	2.658.224	446.130	891.258	87.146
Write-off of dry wells	1.524.143	916.080	1.291.395	320.502
Residual value of permanent assets written off	597.001	398.666	5.817	151.737
Exchange and monetary variations and financial charges on financing and loans and other operations	4.033.176	(1.786.249)	(21.581.932)	3.503.919
Deferred income tax, net	4.769.951	477.234	5.736.892	619.148
Increase / decrease in assets and liabilities				
Decrease/(increase) in accounts receivable	(210.111)	1.394.042	(1.079.071)	1.109.284
Decrease/(increase) in inventories	(1.413.136)	(1.429.937)	(1.205.349)	354.734
Increase in petroleum and alcohol account - STN	(11.822)	(12.060)	(11.822)	(12.060)
Exchange variation allocated in permanent assets *		6.802.836		
Increase in other assets	(528.823)	(1.272.217)	(145.209)	(684.729)
Increase in accounts payable to suppliers	648.394	1.549.778	3.272.052	1.985.843
Increase/(decrease) in taxes, rates and contributions	(3.642.293)	382.622	(4.523.328)	264.880
Increase/(decrease) in obligations with structured projects	147.389	(934.163)	147.389	(934.163)

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Increase in healthcare benefit and pension plans	1.546.437	2.790.542	1.336.498	2.570.549
Increase/(decrease) in other liabilities	(3.543.081)	(1.532.439)	919.651	(274.134)
Increase/(decrease) in short term operations with subsidiaries and affiliated companies				
Decrease/(increase) in accounts receivable	17.214	(415.956)	(4.143.736)	(2.915.985)
Decrease/(increase) in accounts payable	(45.375)	48.109	857.428	1.690.674
Increase with operation for supply of oil and oil products foreign			31.838.213	3.879.698
Net cash provided by operating activities	49.951.785	42.238.733	55.775.744	40.206.117
Investment activities				
Investments in exploration and production of oil and gas	(26.008.454)	(20.405.267)	(18.982.305)	(14.696.321)
Investments in refining and transport	(13.349.577)	(9.647.338)	(10.621.340)	(8.760.817)
Investments in gas and energy	(6.140.887)	(5.198.627)	(3.364.336)	(2.248.784)
Investment in international statement	(5.439.543)	(5.237.981)	(75.069)	(27.028)
Investments in distribution	(1.179.204)	(915.517)	(705.811)	(389.644)
Investments in securities	(273.726)	(3.122.991)	(95.543)	(3.259.628)
Other investments	(1.266.037)	(776.109)	(1.256.367)	(775.571)
Dividends received	232.055	70.872	1.272.481	929.126
Venture under negotiation			(1.326.338)	(681.360)
Net cash used in investment activities	(53.425.373)	<u>(45.232.958)</u>	(35.154.628)	(29.910.027)
Financing activities				
Financing and loans, net	11.836.832	(3.947.929)	(14.774.380)	(17.051.010)
Non Standard Credit Rights Investment Fund			3.786.197	1.978.332
Dividends paid to shareholders	(6.212.568)	(7.474.355)	(6.212.568)	(7.474.355)
Net cash used in financing activities	5.624.264	(11.422.284)	(17.200.751)	(22.547.033)

* In 2008, with the adoption of the new translation criteria, the exchange effects on the permanent assets of the Companies headquartered abroad are compensated by the accumulated translation adjustment, in shareholders' equity, and does not affect the statement of cash flows

See the accompanying notes to the financial statements

	Consolidated		Parent company	
	2008	2007	2008	2007
Effect of exchange variation on cash and cash equivalents	667.071	(341.747)		
Net change in cash and cash equivalents in the year	2.817.747	<u>(14.758.256)</u>	3.420.365	(12.250.943)
Cash and cash equivalents at the beginning of the year	13.070.849	27.829.105	7.847.949	20.098.892
Cash and cash equivalents at the end of the year	15.888.596	13.070.849	11.268.314	7.847.949
Additional information on cash flows:				
Amounts paid and received during the year				
Interest paid, net of the capitalized amount	4.012.109	2.852.752	1.785.459	469.002
Interest received on loans			3.122.428	2.836.884
Income and social contribution taxes	10.918.489	7.713.424	9.271.464	6.250.675
Third party income tax withheld at source	2.047.224	1.753.766	1.696.689	1.573.548
Investment and financing transactions not involving cash				
Acquisition of property, plant and equipment on contract with the transfer of benefits, risks and control of assets	9.972		6.686.914	
Assets received through donation	3	82		
Capitalization of dividends receivable from affiliated companies or subsidiaries				183.586
Provision for abandonment of wells	131.438	3.008.545	70.698	2.999.026

See the accompanying notes to the financial statements

Petróleo Brasileiro S. A. - Petrobras

Statement of added value

Years ended December 31, 2008 and 2007*(In thousands of reais)*

	Consolidated		Parent company	
	2008	2007	2008	2007
Revenues				
Sales of products and services and other revenues	268.936.483	220.153.532	210.066.823	171.949.673
Allowance for doubtful accounts - formation	(167.026)	(104.156)	(88.572)	(15.211)
Revenues related to the construction of assets for own use	47.163.873	26.057.647	31.921.891	20.481.214
	315.933.330	246.107.023	241.900.142	192.415.676
Inputs acquired from third parties				
Raw materials consumed	(47.890.791)	(33.098.285)	(28.142.217)	(21.523.211)
Cost of goods for resale	(53.989.794)	(29.888.395)	(28.543.536)	(25.153.779)
Power, third-party services and other operating expenses	(52.590.649)	(42.840.479)	(41.119.679)	(21.953.469)
Tax credits on inputs acquired from third parties	(9.602.596)	(3.984.316)	(19.256.674)	(12.945.905)
Loss on recovery of assets	(2.658.224)	(480.812)	(891.258)	(87.146)
	(166.732.054)	(110.292.287)	(117.953.364)	(81.663.510)
Gross added value	149.201.276	135.814.736	123.946.778	110.752.166
Retentions				
Depreciation and amortization	(11.631.984)	(10.695.826)	(7.952.428)	(5.798.802)

Net added value produced by the company	137.569.292		125.118.910		115.994.350		104.953.364	
Transferred added value								
Equity in earnings (losses) of significant investments	(115.790)		(367.361)		2.494.234		(623.036)	
Financial income - including monetary and exchange variations	3.494.430		2.417.659		7.254.449		2.893.929	
Amortization of goodwill and discounts	(758.428)		(97.913)		(241.854)		(20.344)	
Rents, royalties and others	1.293.912		562.307		1.155.856		456.272	
	3.914.124		2.514.692		10.662.685		2.706.821	
Total added value to be distributed	141.483.416		127.633.602		126.657.035		107.660.185	
Distribution of added value								
Personnel and directors Payroll and related charges								
Salaries	9.103.594	6%	7.040.959	6%	6.481.382	5%	5.069.454	5%
Employees' and directors' profit-sharing	1.344.526	1%	1.011.914	1%	1.138.078	1%	844.412	1%
Benefits								
Advantages	835.286	1%	785.775	1%	535.125	0%	475.495	0%
Retirement and pension plan	926.324	1%	2.913.607	2%	866.299	1%	2.820.279	3%
Healthcare benefits plan	1.716.426	1%	1.903.651	1%	1.623.217	2%	1.798.391	2%
FGTS (Government Severance Indemnity Fund for Employees)	600.674	0%	507.179	0%	525.626	0%	446.254	0%
	14.526.830	10%	14.163.085	11%	11.169.727	9%	11.454.285	11%
Taxes								

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Federal*	57.456.863	40%	46.509.101	37%	53.855.166	42%	42.652.147	40%
State	22.338.990	16%	22.993.351	18%	12.363.556	10%	14.470.588	13%
Municipal	147.705	0%	115.254	0%	80.118	0%	48.153	0%
Abroad*	5.169.057	4%	4.301.405	3%				
	85.112.615	60%	73.919.111	58%	66.298.840	52%	57.170.888	53%
Financial institutions and suppliers								
Interest and exchange and monetary variations	1.891.069	1%	7.385.853	6%	57.470	0%	5.929.226	6%
Rental and afreightment expenses	9.054.607	7%	8.910.938	7%	12.661.449	10%	11.077.095	10%
	10.945.676	8%	16.296.791	13%	12.718.919	10%	17.006.321	16%
Shareholders								
Interest on shareholders' equity	7.019.261	5%	6.580.557	5%	7.019.261	5%	6.580.557	6%
Dividends		0%		0%				
Minority interest	(2.089.497)	-1%	1.742.826	1%				
Retained earnings	25.968.531	18%	14.931.232	12%	29.450.288	24%	15.448.134	14%
	30.898.295	22%	23.254.615	18%	36.469.549	29%	22.028.691	20%
Added value distributed								
	141.483.416	100%	127.633.602	100%	126.657.035	100%	107.660.185	100%

* Includes governmental participations.

See the accompanying notes to the financial statements

Supplementary information to the financial statements
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	2008						
	E&P	Supply	Gas & Energy	Distribution	International	Corporate	Elimination
Statement of income							
Net operating income	106.225.551	173.176.848	15.987.874	55.762.758	22.464.350		(158.498.845)
Intersegment	104.453.913	48.549.773	2.237.059	1.358.176	1.899.924		(158.498.845)
Third parties	1.771.638	124.627.075	13.750.815	54.404.582	20.564.426		
Cost of products and services sold	(43.633.484)	(172.114.682)	(14.177.728)	(51.129.970)	(19.414.411)		158.846.916
Gross profit	62.592.067	1.062.166	1.810.146	4.632.788	3.049.939		348.071
Operating expenses	(5.361.560)	(5.657.824)	(2.339.339)	(2.799.592)	(4.343.514)	(7.315.679)	272.564
Selling, administrative and general expenses	(729.122)	(4.976.520)	(970.329)	(2.813.052)	(1.698.977)	(3.486.887)	265.265
Taxes	(109.529)	(114.013)	(68.261)	(22.249)	(272.742)	(275.972)	
Exploration costs for the extraction of crude oil and gas	(2.550.569)				(943.689)		
Loss on recovery of assets	(602.675)				(330.413)		
Research and development	(899.212)	(276.564)	(72.660)	(13.728)	(4.653)	(438.755)	
Healthcare and pension plans						(1.427.395)	
Other operating income (expenses)	(470.453)	(290.727)	(1.228.089)	49.437	(1.093.040)	(1.686.670)	7.299
Operating income (loss)	57.230.507	(4.595.658)	(529.193)	1.833.196	(1.293.575)	(7.315.679)	620.635
Net financial expenses						3.128.784	
Equity in income of subsidiaries and associated companies		(554.100)	17.994	76.645	(414.270)	(487)	
Income (loss) before taxes and minority	57.230.507	(5.149.758)	(511.199)	1.909.841	(1.707.845)	(4.187.382)	620.635

interest

Income and social contribution taxes	(19.307.037)	1.657.928	194.017	(596.513)	(355.239)	2.655.884	(211.018)
Minority interest	136.911	164.188	42.644		301.302	1.444.452	
Employee and management profit-sharing	(445.102)	(280.604)	(41.444)	(78.749)	(96.657)	(401.970)	
Net income (loss)	37.615.279	(3.608.246)	(315.982)	1.234.579	(1.858.439)	(489.016)	409.617

The assumptions used in the preparation of this statement are described in Note 28.

See the accompanying notes to the financial statements

Supplementary information to the financial statements
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	2007						
	E&P	Supply	Gas & Energy	Distribution	International	Corporate	Elimination
Statement of income							
Net operating income	81.093.476	133.148.770	9.865.871	45.078.459	19.389.980		(117.998.831)
Intersegment	76.591.052	36.575.793	2.109.127	729.103	1.993.756		(117.998.831)
Third parties	4.502.424	96.572.977	7.756.744	44.349.356	17.396.224		
Cost of products and services sold	(34.934.677)	(118.921.679)	(9.044.135)	(40.828.833)	(16.213.863)		115.545.144
Gross profit	46.158.799	14.227.091	821.736	4.249.626	3.176.117		(2.453.687)
Operating expenses	(3.986.981)	(5.116.528)	(2.445.633)	(2.980.459)	(3.281.595)	(8.581.421)	238.386
Selling, administrative and general expenses	(570.709)	(4.019.209)	(1.131.894)	(2.528.285)	(1.403.963)	(3.064.207)	230.641
Taxes	(48.657)	(147.027)	(76.957)	(175.925)	(138.001)	(668.944)	
Exploratory costs for the extraction of crude oil and gas	(1.211.923)				(1.357.801)		
Loss on recovery of assets	(45.249)				(400.880)		
Research and development	(868.078)	(333.329)	(182.908)	(11.636)	(3.412)	(312.975)	
Healthcare and pension plans						(2.494.510)	
Other operating income (expenses)	(1.242.365)	(616.963)	(1.053.874)	(264.613)	22.462	(2.040.785)	7.745
Operating income (loss)	42.171.818	9.110.563	(1.623.897)	1.269.167	(105.478)	(8.581.421)	(2.215.301)
Net financial expenses						(4.020.890)	
Equity in income of subsidiaries and associated companies		195.842	155.817	(14.317)	(25.216)	(777.400)	
Income (loss) before taxes and minority	42.171.818	9.306.405	(1.468.080)	1.254.850	(130.694)	(13.379.711)	(2.215.301)

interest

Income and social contribution taxes	(14.214.966)	(3.033.083)	561.762	(408.149)	(525.954)	5.594.424	753.208
Minority interest	(764.246)	(14.621)	(447.438)		(310.185)	(206.336)	
Employee and management profit-sharing	(363.100)	(276.337)	(28.342)	(68.730)	(55.862)	(219.543)	
Net income (loss)	26.829.506	5.982.364	(1.382.098)	777.971	(1.022.695)	(8.211.166)	(1.462.093)

The assumptions used in the preparation of this statement are described in Note 28.

See the accompanying notes to the financial statements

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Statement of business segmentation (consolidated)
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(In thousands of reais)

	2008							
	E&P	Supply	Gas & Energy	Distribution	International	Corporate	Elimination	T
Assets	116.174.626	64.782.225	36.179.125	10.320.163	33.242.388	40.582.412	(9.117.097)	292.000.000
Current	5.880.892	23.620.084	5.343.529	5.680.866	5.848.084	25.007.856	(7.806.033)	63.274.518
Cash/interest-earning bank accounts						15.888.596		15.888.596
Other current assets	5.880.892	23.620.084	5.343.529	5.680.866	5.848.084	9.119.260	(7.806.033)	47.435.672
Non-current	110.293.734	41.162.141	30.835.596	4.639.297	27.394.304	15.574.556	(1.311.064)	228.725.482
Long-term receivables	4.187.708	1.890.639	2.323.390	734.604	1.334.571	11.997.201	(1.213.270)	21.364.233
Property, plant and equipment	102.289.658	35.844.947	27.024.526	3.192.563	20.084.131	2.361.201	(42.859)	190.790.176
Other	3.816.368	3.426.555	1.487.680	712.130	5.975.602	1.216.154	(54.935)	16.788.364

	2007							
	E&P	Supply	Gas & Energy	Distribution	International	Corporate	Elimination	T
Assets	89.256.777	55.252.719	27.940.537	9.889.957	22.405.883	36.411.603	(9.929.676)	231.136.780
Current	5.174.218	24.390.014	4.423.357	4.946.037	4.212.202	20.049.794	(9.821.856)	53.371.568
Cash/interest-earning bank accounts						13.070.849		13.070.849
Other current assets	5.174.218	24.390.014	4.423.357	4.946.037	4.212.202	6.978.945	(9.821.856)	40.422.717

Other current assets								
Non-current	84.082.559	30.862.705	23.517.180	4.943.920	18.193.681	16.361.809	(107.820)	177.
Long-term receivables	4.046.461	1.334.536	1.840.846	701.623	1.087.853	13.102.139	(90.621)	22.
Property, plant and equipment	76.611.403	25.225.884	20.751.962	2.793.450	12.664.055	1.911.171	(17.199)	139.
Other	3.424.695	4.302.285	924.372	1.448.847	4.441.773	1.348.499		15.

The assumptions used in the preparation of this statement are described in Note 28.

See the accompanying notes to the financial statements

Supplementary information to the financial statements
Statement of business segmentation (consolidated) - International
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	2008						
	E&P	Supply	Gas & Energy	Distribution	Corporate	Eliminations	Total
International Assets	24.206.697	6.386.636	3.244.587	859.271	4.104.016	(5.558.820)	33.242.387
Statement of income							
Net operating income	5.203.103	14.838.549	1.880.068	4.924.620	4.455	(4.386.445)	22.464.350
Intersegment	2.695.517	3.113.133	385.578	133.760		(4.428.064)	1.899.924
Third parties	2.507.586	11.725.416	1.494.490	4.790.860	4.455	41.619	20.564.426
Operating income (loss)	522.958	(1.253.303)	309.798	(15.265)	(851.364)	(6.399)	(1.293.575)
Net income (loss)	(127.480)	(1.405.991)	179.325	(11.436)	(486.458)	(6.399)	(1.858.439)
	2007						
	E&P	Supply	Gas & Energy	Distribution	Corporate	Eliminations	Total
International Assets	14.987.316	4.636.112	2.378.118	819.267	2.542.641	(2.957.571)	22.405.883
Statement of income							
Net operating income	4.638.000	12.999.060	1.899.958	3.653.825	25.514	(3.826.377)	19.389.980
Intersegment	2.589.301	2.818.080	371.561	41.191		(3.826.377)	1.993.756
Third parties	2.048.699	10.180.980	1.528.397	3.612.634	25.514		17.396.224
Operating income (loss)	(55.157)	178.213	475.756	(95.608)	(582.717)	(25.965)	(105.478)
Net income (loss)	(777.183)	245.109	325.774	(70.641)	(719.789)	(25.965)	(1.022.695)

The assumptions used in the preparation of this statement are described in Note 28.

See the accompanying notes to the financial statements.

Supplementary information to the financial statements

Social balance (*cont.*)

Years ended December 31, 2008 and 2007

(*In thousands of reais*)