

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
August 13, 2013

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 June, 2013

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

Consolidated Financial Statements

June 30, 2013 and 2012 with

Report of Independent Registered

Public Accounting Firm

Petróleo Brasileiro S.A. – Petrobras

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Report of Independent Registered Public Accounting Firm

Report of independent registered

public accounting firm

To the Board of Directors and Shareholders

Petróleo Brasileiro S.A. - Petrobras

We have reviewed the accompanying condensed consolidated statement of financial position of Petróleo Brasileiro S.A. - Petrobras and its subsidiaries as of June 30, 2013, the related condensed consolidated statement of income, of cash flows and of comprehensive income for the six-month periods ended June 30, 2013 and June 30, 2012 and the condensed statement of changes in shareholders' equity for the six-month period ended June 30, 2013. This interim financial information is the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2012, and the related consolidated statements of income, of comprehensive income, of cash flows (not presented herein) and of shareholders' equity for the year then ended, and in our report dated February 4, 2013, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2012, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers

Auditores Independentes

Rio de Janeiro, Brazil

August 9, 2013

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Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Financial Position

(In millions of US Dollars)

Assets	Note	06.30.2013	12.31.2012	Liabilities	Note	06.30.2013	12.31.2012
Current assets				Current liabilities			
Cash and cash equivalents	5	23,131	13,520	Trade payables	14	11,404	12,124
Marketable securities	6	9,831	10,431	Current debt	15	8,196	7,479
Trade and other receivables, net	7.1	9,988	11,099	Finance lease obligations	16.1	18	18
Inventories	8	14,035	14,552	Taxes payable	19.1	4,675	6,128
Recoverable taxes	19.1	6,085	5,572	Dividends payable	21.2	1,308	3,011
Advances to suppliers		652	927	Employee compensation (payroll, profit sharing and related charges)		2,195	2,163
Non-current assets held for sale		206	142	Pension and medical benefits	20	716	788
Others		1,385	1,551	Others		2,253	2,359
		65,313	57,794			30,765	34,070
Non-current assets				Non-current liabilities			
Long-term receivables				Non-current debt	15	104,102	88,484
Trade and other receivables, net	7.1	4,100	4,441	Finance lease obligations	16.1	87	86
Marketable securities	6	152	176	Deferred taxes	19.2	19,550	19,213
Judicial deposits	28.2	2,665	2,696	Pension and medical benefits	20	18,988	19,600

Deferred taxes	19.2	9,239	8,535	Provisions for legal proceedings	28	1,489	1,265
Other tax assets	19.1	5,077	5,223	Provision for decommissioning costs	18	8,581	9,441
Advances to suppliers		3,355	3,156	Others		1,038	772
Others		1,752	1,887				
		26,340	26,114			153,835	138,861
				Shareholders' equity	21		
Investments	10.1	6,594	6,106	Share capital		107,371	107,362
Property, plant and equipment	11	203,716	204,901	Additional paid in capital		371	349
Intangible assets	12	36,105	39,739	Profit reserves		74,924	67,236
				Accumulated other comprehensive income (loss)		(29,992)	(14,376)
		246,415	250,746	Attributable to the shareholders of Petrobras		152,674	160,571
				Non-controlling interests		794	1,152
				Total Equity		153,468	161,723
				Total liabilities and shareholder's equity			
Total Assets		338,068	334,654			338,068	334,654

See the accompanying notes to the financial statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Income

(In millions of Dollars, except earnings per share)

	Note	Jan-Jun/2013	Jan-Jun/2012
Sales revenues	22	71,914	72,069
Cost of sales		(53,428)	(52,461)
Gross profit		18,486	19,608
Income (expenses)			
Selling expenses		(2,383)	(2,528)
General and Administrative expenses		(2,489)	(2,516)
Exploration costs		(1,225)	(2,312)
Research and development expenses		(624)	(512)
Other taxes		(232)	(170)
Other operating expenses, net	23	(1,232)	(2,222)
		(8,185)	(10,260)
Net income before financial results, profit sharing and income taxes		10,301	9,348
Net finance income (expense)	25	(1,019)	(3,000)
Share of profit (loss) of equity-accounted investments		266	(140)
Net income before income taxes		9,548	6,208
Income taxes	19.3	(2,879)	(1,828)
Net income		6,669	4,380
Net income (loss) attributable to:			
Shareholders of Petrobras		6,850	4,527
Non-controlling interests		(181)	(147)
		6,669	4,380
Basic and diluted earnings per weighted-average of common and preferred share in U.S. dollars	21.3	0.53	0.35

See the accompanying notes to the financial statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Comprehensive Income

(In millions of US Dollars)

	Jan-Jun/2013	Jan-Jun/2012
Net income	6,669	4,380
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Deemed cost of associates	2	2
Cumulative translation adjustments	(12,927)	(12,932)
Actuarial gains / (losses) on defined benefit pension plans	(5)	
Items that may be reclassified subsequently to profit or loss:		
Unrealized gains / (losses) on available-for-sale securities		
Recognized in shareholders' equity	6	248
Reclassified to profit or loss	(43)	1
Unrealized gains / (losses) on cash flow hedge		
Recognized in shareholders' equity	(4,109)	(3)
Reclassified to profit or loss	(4)	8
Deferred income tax	1,414	(84)
	(15,666)	(12,760)
Total comprehensive income (loss)	(8,997)	(8,380)
Comprehensive income (loss) attributable to:		
Shareholders of Petrobras	(8,760)	(8,129)
Non-controlling interests	(237)	(251)
Total comprehensive income (loss)	(8,997)	(8,380)

See the accompanying notes to the financial statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Changes in Shareholders' Equity

(In millions of US Dollars)

	Additional paid in capital		Accumulated other comprehensive income			Actuarial gains (losses) on defined benefit pension plans	Pro
	Share Capital	Incremental costs of new shares directly attributable to the issue	Change in interest in subsidiaries	Cumulative translation adjustment	Other comprehensive income		
Balance at December 31, 2011	107,355	(279)	595	7,697	246	–	6,8
Impact of the amendment to IAS 19	–	–	–	–	–	(4,399)	–
Balance at January 1, 2012	107,355	(279)	595	7,697	246	(4,399)	6,8
Capital increase with reserves	7	–	–	–	–	–	–
Capital increase - issue of new shares	–	–	–	–	–	–	–
Cumulative translation adjustments	–	–	–	(12,828)	–	–	–
Unrealized gains on available-for-sale securities and cash flow hedge, net of taxes	–	–	–	–	170	–	–
Realization of deemed cost	–	–	–	–	(2)	–	–
Actuarial gains (losses) on defined benefit pension plans, net of taxes	–	–	–	–	–	–	–
Change in interest in	–	–	40	–	–	–	–

subsidiaries								
Net income	—	—	—	—	—	—	—	—
Distributions:								
Allocation of net income	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—
Balance at June 30, 2012	107,362	(279)	635	(5,131)	414	(4,399)	6,8	
Balance at January 01, 2013	107,362	(279)	628	(6,732)	102	(7,748)	7,3	
Capital increase with reserves	9	—	—	—	—	—	—	—
Change in interest in subsidiaries	—	—	—	—	—	—	—	—
Cumulative translation adjustments	—	—	—	(12,871)	—	—	—	—
Unrealized (losses) on available-for-sale securities and cash flow hedge, net of taxes	—	—	—	—	(2,736)	—	—	—
Realization of deemed cost	—	—	—	—	(2)	—	—	—
Actuarial gains (losses) on defined benefit pension plans, net of taxes	—	—	—	—	—	(5)	—	—
Change in interest in subsidiaries	—	—	22	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—
Distributions:								
Allocation of net income	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—
Balance at June 30, 2013	107,371	371	650	(19,603)	(2,636)	(7,753)	7,3	74,9

See the accompanying notes to the financial statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Cash Flows

(In millions of US Dollars)

	Jan-Jun/2013	Jan-Jun/2012
Cash flows from Operating activities		
Net income attributable to the shareholders of Petrobras	6,850	4,527
Adjustments for:		
Non-controlling interests	(181)	(147)
Share of (profit) loss of equity-accounted investments	(266)	140
Depreciation, depletion and amortization	6,572	5,394
Impairment	231	473
Exploration expenditures written off	605	1,702
Gains/(losses) on disposal of non-current assets	(677)	(16)
Foreign exchange variation, indexation and finance charges	1,123	3,356
Deferred income taxes, net	2,541	1,045
Pension and medical benefits (actuarial expense)	1,366	1,082
Increase/(Decrease) in assets		
Trade and other receivables, net	382	(440)
Inventories	(833)	(1,265)
Other assets	(173)	(737)
Increase/(Decrease) in liabilities		
Trade payables	(28)	335
Taxes payable	(2,167)	(581)
Pension and medical benefits	(385)	(393)
Other liabilities	321	(331)
Net cash provided by operating activities	15,281	14,144
Cash flows from Investing activities		
Investments in exploration and production of oil and gas	(11,565)	(10,541)
Investments in refining, transportation and marketing	(6,386)	(6,357)
Investments in gas and power activities	(1,089)	(814)
Investments in international activities	(1,092)	(916)
Investments in distribution activities	(166)	(292)
Investments in biofuel activities	(37)	(16)
Other investments	(153)	(473)
	1,542	–

Receipts from disposal of assets (disinvestment)		
Investments in marketable securities	(96)	(752)
Dividends received	70	89
Net cash (used in) investing activities	(18,972)	(20,072)
Cash flows from Financing activities		
Non-controlling interest	(98)	43
Financing and loans, net		
Proceeds from long-term financing	29,672	12,095
Repayment of principal	(11,559)	(5,700)
Repayment of interest	(2,434)	(2,306)
Dividends paid	(1,386)	(3,265)
Net cash provided by financing activities	14,195	867
Effect of exchange rate changes on cash and cash equivalents	(893)	(976)
Net increase/ (decrease) in cash and cash equivalents in the period	9,611	(6,037)
Cash and cash equivalents at the beginning of the period	13,520	19,057
Cash and cash equivalents at the end of the period	23,131	13,020

See the accompanying notes to the financial statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated notes to the financial statements

(Expressed in millions of US Dollars, unless otherwise indicated)

1. The Company and its operations

Petróleo Brasileiro S.A. - Petrobras is dedicated, directly or through its subsidiaries (referred to jointly as “Petrobras” or “the Company”) to prospecting, drilling, refining, processing, trading and transporting crude oil from producing onshore and offshore oil fields and from shale or other rocks, as well as oil products, natural gas and other liquid hydrocarbons. In addition, Petrobras carries out energy related activities, such as research, development, production, transport, distribution and trading of all forms of energy, as well as any other correlated or similar activities. The Company’s head office is located in Rio de Janeiro – RJ, Brazil.

2. Basis of preparation of interim financial information

The consolidated interim financial information has been prepared and is being presented in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (IASB). The information is presented in U.S. dollars.

This interim financial information presents the significant changes which occurred in the period, avoiding repetition of certain notes to the financial statements previously reported. Hence it should be read together with the Company’s annual financial statements for the year ended December 31, 2012, which include the full set of notes.

Petrobras has selected the U.S. Dollar as its presentation currency. The financial statements have been translated from the functional currency (Brazilian Real) into the presentation currency (U.S. Dollar) in accordance with IAS 21 - The effects of changes in foreign exchange rates. All assets and liabilities are translated into U.S. dollars at the closing rate at the date of the financial statements; income and expenses, as well as the cash flows are translated into U.S. dollars using the average exchange rates prevailing during the year. All exchange differences arising from the translation of the consolidated financial statements from the functional currency into the presentation currency are recognized as cumulative translation adjustments (CTA) within accumulated other comprehensive income in the consolidated statements of changes in shareholders’ equity.

The cumulative translation adjustments were set to nil at January 1, 2009 (the date of transition to IFRS).

The consolidated interim financial information was approved and authorized for issue by the Company’s Board of Directors in a meeting held on August 9, 2013.

2.1. Accounting estimates

public accounting firm

The preparation of the interim financial information requires the use of estimates and assumptions for certain assets, liabilities and other transactions. These estimates include: oil and gas reserves, pension and medical benefits liabilities, depreciation, depletion and amortization, decommissioning costs, provisions for legal proceedings, fair value of financial instruments, present value adjustments of trade receivables and payables from relevant transactions and income taxes. Notwithstanding Management uses assumptions and judgments that are reviewed periodically, the actual results could differ from these estimates.

2.2. New and amended standards adopted by the Company

New and amended standards issued by the IASB were effective for annual periods beginning on or after January 1, 2013 and were adopted by the Company as set out in note 4.17 (New standards and interpretations) of our consolidated financial statements for the year ended December 31, 2012.

Petróleo Brasileiro S.A. – Petrobras

Consolidated notes to the financial statements

(Expressed in millions of US Dollars, unless otherwise indicated)

The amended version of IAS 19 – Employee benefits eliminated the option to defer actuarial gains and losses (corridor approach) and requires net interest to be calculated by applying the discount rate used for measuring the obligation to the net benefit asset or liability.

The impact of the adoption of the amended standard on the consolidated financial statements for the year ended December 31, 2012 is an increase in net actuarial liability of US\$10,325 (US\$6,118 at January 1, 2012), an increase in deferred tax assets of US\$3,009 (US\$1,637 at January 1, 2012) and a decrease of US\$7,316 in the shareholders' equity (US\$4,481 at January 1, 2012), as set out below:

a) Statement of financial position

	12.31.2012			01.01.2012		
	As presented (*)	Impact of IAS 19 amendment	Restated	As presented (*)	Impact of IAS 19 amendment	Restated
Assets						
Current assets	57,794		57,794	64,592		64,592
Long-term receivables	23,105	3,009	26,114	22,462	1,637	24,099
Investments	6,106		6,106	6,530		6,530
Property, plant and equipment	204,901		204,901	182,918		182,918
Intangible Assets	39,739		39,739	43,412		43,412
	331,645	3,009	334,654	319,914	1,637	321,551
Liabilities						
Current liabilities	34,070		34,070	36,364		36,364
Non-current liabilities	128,536	10,325	138,861	106,440	6,118	112,558
Shareholder's equity attributable to the shareholders of Petrobras	167,887	(7,316)	160,571	175,838	(4,481)	171,357
Non-controlling interests	1,152		1,152	1,272		1,272
	331,645	3,009	334,654	319,914	1,637	321,551

(*) As presented as at December 31, 2012

The adoption of the remaining new and amended standards had no material impact on the financial statements of the Company.

3. Basis of consolidation

The consolidated interim financial information includes the quarterly information of Petrobras, its subsidiaries and special purpose entities.

There were no significant changes in the consolidated entities in the period ended June 30, 2013.

The main acquisitions and disposal of assets are presented in note 9.

4. Summary of significant accounting policies

The same accounting policies and methods of computation were followed in this consolidated interim financial statements as those followed in the preparation of the annual financial statements of the Company for the year ended December 31, 2012, except for the adoption of new standards and revisions, as described in note 2.2.

Petróleo Brasileiro S.A. – Petrobras

Consolidated notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***5. Cash and cash equivalents**

	06.30.2013	12.31.2012
Cash at bank and in hand	1,135	990
Short-term financial investments		
- In Brazil		
Single-member funds (Interbank Deposit) and other short-term deposits	14,174	8,329
Other investment funds	135	208
	14,309	8,537
- Abroad	7,687	3,993
Total short-term financial investments	21,996	12,530
Total cash and cash equivalents	23,131	13,520

6. Marketable securities

	06.30.2013	12.31.2012
Trading securities	9,709	10,222
Available-for-sale securities	130	239
Held-to-maturity securities	144	146
	9,983	10,607
Current	9,831	10,431
Non-current	152	176

Trading and available-for-sale securities refer mainly to investments in government Treasury notes that have maturities of more than 90 days. The current asset classification reflects the expectation of their realization in the short term.

7. Trade and other receivables**7.1. Trade and other receivables, net**

	06.30.2013	12.31.2012
Trade Receivables		
Third parties	9,789	10,785
Related parties (Note 17)		
Joint ventures and associates	796	780
Receivables from the electricity sector	1,887	1,937
Petroleum and alcohol accounts - STN (*)	377	409
Other Receivables	2,626	3,081
	15,475	16,992
Provision for impairment of trade receivables	(1,387)	(1,452)
	14,088	15,540
Current	9,988	11,099
Non-current	4,100	4,441

(*) Secretaria do Tesouro Nacional - National Treasury Secretariat

Petróleo Brasileiro S.A. – Petrobras

Consolidated notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***7.2. Changes in the provision for impairment of trade receivables**

	06.30.2013	12.31.2012
Opening balance	1,452	1,487
Additions (*)	103	300
Write-offs / reversals (*)	(51)	(203)
Cumulative translation adjustment	(117)	(132)
Closing balance	1,387	1,452
Current	785	854
Non-current	602	598

(*) Includes exchange differences arising from translation of the provision for impairment of trade receivables in companies abroad.

7.3. Trade and other receivables overdue - Third parties

	06.30.2013	12.31.2012
Up to 3 months	506	769
From 3 to 6 months	199	156
From 6 to 12 months	155	181
More than 12 months	1,606	1,587
	2,466	2,693

8. Inventories

	06.30.2013	12.31.2012
Products:		
Oil products (*)	4,707	5,880
Fuel Alcohol (*)	151	161
	4,858	6,041
Raw materials, mainly crude oil (*)	7,189	6,452
Maintenance materials and supplies (*)	1,786	1,882

Others	244	222
	14,077	14,597
Current	14,035	14,552
Non-current	42	45

(*) Includes imports in transit.

Petróleo Brasileiro S.A. – Petrobras

Consolidated notes to the financial statements

(Expressed in millions of US Dollars, unless otherwise indicated)

9. Acquisitions and disposal of assets

Acquisition of Araucária Nitrogenados S.A.

On June 1, 2013, Petrobras started to control Araucária Nitrogenados S.A. (FAFEN-PR), under an agreement to acquire all shares of the company executed with Vale S.A. on December 18, 2012. The transaction was approved by the Brazilian Antitrust Regulator (CADE) on May 15, 2013.

The transaction price consideration was US\$ 234 which will be settled through Petrobras' leasing income from mineral rights for properties operated by Vale in Sergipe. The assessment of the fair value of assets and liabilities is ongoing and will be completed within 12 months from the date control of the company was granted.

Brasil PCH

On June 14, 2013, Petrobras entered into an agreement with Cemig Geração e Transmissão S.A. for the disposal of its entire equity interest in Brasil PCH S.A., equivalent to 49% of the voting stock, for a total of US\$304.

The completion of the transaction is subject to the approval of Conselho Administrativo de Defesa Econômica - CADE and consent of Agência Nacional de Energia Elétrica – ANEEL.

Due to the approval of the transaction by the Board of Directors of the Company on June 30, 2013 the carrying amount of Petrobras' interest in Brasil PCH, of US\$29 was reclassified to asset held for sale under current assets.

Formation of joint venture to operate in Exploration & Production in Africa

On June 14, 2013, the Board of Directors of Petrobras approved the agreement between Petrobras International Braspetro B.V. (PIBBV), a subsidiary of Petrobras, and BTG Pactual E&P B.V, a subsidiary of Banco BTG Pactual S.A., to form a joint venture to operate in the exploration and production of oil and gas in Africa, comprised of assets in Angola, Benin, Gabon, Namibia, Nigeria and Tanzania.

BTG Pactual E&P B.V. acquired 50% of the joint-venture shares of Petrobras Oil & Gas B.V. (PO&G), previously held by PIBBV, for the total amount of US\$ 1,548 million. The transaction was concluded on June 28, 2013 and the Company recognized earnings of US\$921, as set out below:

Gain on disposal of assets	751
----------------------------	-----

Fair value measurement of remaining assets	751
Loss on carrying amount of investments in Angola and Tanzania	(581)
	921
Effects on Profit or Loss:	
Other operating income (expenses), net	751
Share of profit of equity-accounted investments	170

As the transaction is subject to the approval by the governments of Angola and Tanzania, relatively to the assets located in those countries, the balance of US\$35 was reclassified to asset held for sale, under current assets, at June 30, 2013.

The partnership's investment in PO&G was classified as a joint venture, therefore unconsolidated, reflecting the corporate structure and the terms of the shareholders' agreement, signed on June 28, 2013.

Petróleo Brasileiro S.A. – Petrobras

Consolidated notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***10. Investments****10.1. Investments in associates and joint ventures**

	06.30.2013	12.31.2012
Petrochemical investments	2,435	2,856
Petrobras Oil & Gas BV	1,488	–
Gas distributors	530	555
Guarani S.A.	448	482
Petroritupano - Orielo	229	233
Nova Fronteira Bioenergia S.A.	181	203
Petrowayu - La Concepción	167	193
Transierra S.A.	67	69
Petrokariña - Mata	73	75
UEG Araucária	62	64
Other associates and joint ventures	827	1,256
	6,507	5,986
Other investments	87	120
	6,594	6,106

10.2. Investments in listed companies

Company	Thousand-share lot		Type	Quoted stock exchange prices (US\$ per share)		Market value	
	06.30.2013	12.31.2012		06.30.2013	12.31.2012	06.30.2013	12.31.2012
Subsidiaries							
Petrobras							
Argentina	1,356,792	1,356,792	Common	0.53	0.69	723	936
						723	936
Associates							
Braskem	212,427	212,427	Common	5.33	4.70	1,132	998
			Preferred				
Braskem	75,793	75,793	A	7.43	6.26	563	475
						1,695	1,473

The market value of these shares does not necessarily reflect the realizable value of a large block of shares.

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*(Expressed in millions of US Dollars, unless otherwise indicated)***11. Property, plant and equipment****11.1. By class of assets**

	Land, buildings and improvements	Equipment and other assets	Assets under construction (*)	Exploration and development costs (Oil and producing properties)	Total
Balance at December 31, 2011	6,588	66,362	84,529	25,439	182,918
Additions	50	2,073	32,571	1,703	36,397
Additions to decommissioning assets / review of estimates	–	–	–	5,207	5,207
Capitalized borrowing costs	–	–	3,792	–	3,792
Business combination	83	182	2	–	267
Write-offs	(6)	(59)	(2,651)	(106)	(2,822)
Transfers	2,504	24,818	(30,413)	6,994	3,903
Depreciation, amortization and depletion	(477)	(6,626)	–	(3,765)	(10,868)
Impairment recognition	(20)	(178)	(37)	(149)	(384)
Impairment reversal	–	44	134	65	243
Cumulative translation adjustment	(558)	(4,908)	(6,264)	(2,022)	(13,752)
Balance at December 31, 2012	8,164	81,708	81,663	33,366	204,901
Cost	10,834	122,647	81,663	62,348	277,492
Accumulated depreciation, amortization and depletion	(2,670)	(40,939)	–	(28,982)	(72,591)
Balance at December 31, 2012	8,164	81,708	81,663	33,366	204,901
Additions	34	913	17,373	450	18,770
	–	–	1,813	–	1,813

Capitalized borrowing costs					
Write-offs	(1)	(53)	(802)	(6)	(862)
Transfers (***)	770	9,399	(11,911)	1,647	(95)
Depreciation, amortization and depletion	(264)	(3,669)	–	(2,529)	(6,462)
Cumulative translation adjustment	(654)	(5,509)	(5,931)	(2,255)	(14,349)
Balance at June 30, 2013	8,049	82,789	82,205	30,673	203,716
Cost	10,813	124,598	82,205	58,490	276,106
Accumulated depreciation, amortization and depletion	(2,764)	(41,809)	–	(27,817)	(72,390)
Balance at June 30, 2013	8,049	82,789	82,205	30,673	203,716
Weighted average of useful life in years	25 (25 to 40) (except land)	20 (3 to 31) (**)		Units of production method	

(*) See note 27 for assets under construction by business area

(**) Includes assets depreciated based on the units of production method.

(***) Includes US\$ 2,366 relative to PO&G, which has been unconsolidated, as set out in note 9.

At June 30, 2013 the property, plant and equipment includes assets under finance leases of US\$ 93 (US\$ 102 at December 31, 2012).

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*(Expressed in millions of US Dollars, unless otherwise indicated)***12. Intangible assets****12.1. By class of assets**

	Rights and Concessions	Softwares Acquired	Developed in-house	Goodwill	Total
Balance at December 31, 2011	42,013	180	715	504	43,412
Addition	90	72	146	–	308
Capitalized borrowing costs	–	–	15	–	15
Write-offs	(119)	(2)	(3)	–	(124)
Transfers	(80)	12	(97)	(14)	(179)
Amortization	(48)	(61)	(142)	–	(251)
Impairment reversal	6	–	–	–	6
Cumulative translation adjustment	(3,349)	(13)	(57)	(29)	(3,448)
Balance at December 31, 2012	38,513	188	577	461	39,739
Cost	38,920	715	1,444	461	41,540
Accumulated amortization	(407)	(527)	(867)	–	(1,801)
Balance at December 31, 2012	38,513	188	577	461	39,739
Addition	39	10	61	–	110
Capitalized borrowing costs	–	–	5	–	5
Write-offs	(44)	(2)	(2)	–	(48)
Transfers (**)	(588)	(17)	(13)	2	(616)
Amortization	(19)	(27)	(64)	–	(110)
Cumulative translation adjustment	(2,890)	(10)	(48)	(27)	(2,975)
Balance at June 30, 2013	35,011	142	516	436	36,105
Cost	35,429	604	1,466	436	37,935
Accumulated amortization	(418)	(462)	(950)	–	(1,830)
Balance at June 30, 2013	35,011	142	516	436	36,105
Estimated useful life years	(*)	5	5	Indefinite	

(*) See note 4.7 (Intangible assets) of the financial statements of December 31, 2012.

(**) Includes US\$ 601 relative to PO&G, which has been unconsolidated, as set out in note 9.

12.2. Concession for exploration of oil and natural gas - Onerous Assignment Agreement (“Cessão Onerosa”)

At June 30, 2013, the Company’s intangible assets include US\$ 33,764 related to the Onerous Assignment agreement, entered into in 2010 by Petrobras, the Federal Government (assignor) and the Agência Nacional de Petróleo, Gás Natural e Biocombustíveis - ANP (regulator and inspector), granting the Company the right to carry out prospection and drilling activities for oil, natural gas and other liquid hydrocarbons located in blocks in the pre-salt area (Franco, Florim, Nordeste de Tupi, Entorno de Iara, Sul de Guará and Sul de Tupi), limited to the production of five billion barrels of oil equivalent in up to 40 years and renewable for a further five years upon certain conditions having been met.

The agreement establishes that at the time of the declaration of commerciality for the areas there will be a review of volumes and prices, based on independent technical appraisal reports.

If the review determines that the value of acquired rights are greater than initially paid, the Company may be required to pay the difference to the Federal Government, or may proportionally reduce the total volume of barrels acquired in the terms of the agreement. If the review determines that the value of the acquired rights are lower than initially paid by the Company, the Federal Government will reimburse the Company for the difference by delivering cash or bonds, subject to budgetary regulations.

Once the effects of the aforementioned review become probable and can be reliably measured, the Company will make the respective adjustments to the purchase prices of the rights.

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The agreement also establishes a compulsory exploration program for each one of the blocks and minimum commitments related to the acquisition of goods and services from Brazilian suppliers in the exploration and development stages, which will be subject to certification by the ANP. In the event of non-compliance, the ANP may apply administrative sanctions pursuant to the terms in the agreement.

Based on drilling results obtained so far, expectations regarding the production potential of the areas are being confirmed and the Company will continue to develop its investment program and activities as established in the agreement.

13. Exploration for and Evaluation of Oil and Gas Reserves

The exploration and evaluation activities include the search for oil and gas from obtaining the legal rights to explore a specific area until the declaration of the technical and commercial viability of the reserves.

Movements on capitalized costs directly associated with exploratory wells pending determination of proved reserves and the balance of amounts paid for obtaining rights and concessions for exploration of oil and natural gas (capitalized acquisition costs) are set out in the table below:

Capitalized Exploratory Well Costs / Capitalized Acquisition Costs (*)	06.30.2013	12.31.2012
Property plant and equipment		
Opening Balance	10,649	10,120
Additions to capitalized costs pending determination of proved reserves	2,717	6,640
Capitalized exploratory costs charged to expense	(393)	(2,782)
Transfers upon recognition of proved reserves (***)	(1,878)	(2,628)
Cumulative translation adjustment	(875)	(701)
Closing Balance	10,220	10,649
Intangible Assets (**)	34,498	37,968
Capitalized Exploratory Well Costs / Capitalized Acquisition Costs	44,718	48,617

(*) Amounts capitalized and subsequently expensed in the same period have been excluded from the table above.

(**) The balance of intangible assets comprises mainly the amounts related to the Onerous Assignment Agreement (note 12.2).

(***) Includes US\$ 736 relative to PO&G, which has been unconsolidated, as set out in note 9.

Exploration costs recognized in profit or loss and cash used in oil and gas exploration and evaluation activities are set out in the table below:

Exploration costs recognized in profit or loss	Jan-Jun/2013	Jan-Jun/2012
Geological and Geophysical Expenses	553	570
Exploration expenditures written off (includes dry wells and signature bonuses)	605	1,702
Other exploration expenses	37	40
Total expenses	1,195	2,312
Cash used in activities	Jan-Jun/2013	Jan-Jun/2012
Operating activities	685	652
Investment activities	2,904	3,415
Total cash used	3,589	4,067

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*(Expressed in millions of US Dollars, unless otherwise indicated)***14. Trade payables**

	06.30.2013	12.31.2012
Current Liabilities		
Third parties		
In Brazil	5,858	6,511
Abroad	5,031	5,104
Related parties	515	509
	11,404	12,124

15. Finance Debt

	Current		Non-Current	
	06.30.2013	12.31.2012	06.30.2013	12.31.2012
Abroad				
Financial institutions	5,520	4,614	29,401	25,156
Bearer bonds - Notes, Global				
Notes and Bonds	1,303	1,230	42,516	31,032
Others	–	245	–	2
	6,823	6,089	71,917	56,190
In Brazil				
Export Credit Notes	74	142	8,451	6,261
BNDES	878	839	19,345	21,586
Debentures	129	140	257	345
FINAME	40	34	571	326
Bank Credit Certificate	15	50	1,628	1,765
Others	237	185	1,933	2,011
	1,373	1,390	32,185	32,294
	8,196	7,479	104,102	88,484
Interest expense on debt	1,126	1,018		
Long-term debt due within				
one year (principal)	3,201	2,795		
Short-Term debt	3,869	3,666		
	8,196	7,479		

15.1. Scheduled maturity dates of non-current debt (principal and interest accrued)

	06.30.2013
2014	2,211
2015	7,137
2016	10,531
2017	8,897
2018 and thereafter	75,326
	104,102

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*(Expressed in millions of US Dollars, unless otherwise indicated)***15.2. Annual interest rate range for non-current debt**

	06.30.2013	12.31.2012
Abroad		
Up to 4% p.a.	39,600	31,819
From 4.01 to 6% p.a.	22,253	13,768
From 6.01 to 8% p.a.	9,416	9,916
More than 8% p.a.	646	687
	71,915	56,190
In Brazil		
Up to 6% p.a.	2,873	3,384
From 6.01 to 8% p.a.	21,296	24,537
From 8.01 to 10% p.a.	7,561	3,826
More than 10% p.a.	457	547
	32,187	32,294
	104,102	88,484

15.3. Non-current debt by major currency

	06.30.2013	12.31.2012
U.S. Dollar	63,498	48,306
Real	20,973	18,411
Real indexed to U.S. Dollar	11,213	13,733
Euro	5,835	5,134
Pound Sterling	1,706	1,814
Japanese Yen	877	1,086
	104,102	88,484

The sensitivity analysis for financial instruments subject to foreign exchange variation and the fair value of the long-term debt are disclosed in notes 30 and 31, respectively.

15.4. Weighted average capitalization rate for borrowing costs

The weighted average interest rate, of the costs applicable to borrowings that are outstanding, applied over the balance of assets under construction for capitalization of borrowing costs was 4.1% p.a. in the first half of 2013 (4.6% p.a. in the first half of 2012).

15.5. Funding

Funding requirements are related to the development of oil and gas production projects, building of vessels and pipelines, and expansion of industrial plants, among other uses.

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(Expressed in millions of US Dollars, unless otherwise indicated)

The main long-term debt issuances in the first half of 2013 are set out below:

a) Abroad

Description	Company	Date	Amount	Maturity
Global notes issued in the amount of US\$ 11,000.	PGF BV	May/13	11,000	2016, 2019, 2023 and 2043
Financing in the amount of US\$ 3,400 obtained from a commercial bank.	PGT BV	Apr/13, May/13 and Jun/13	3,400	2019
Financing in the amount of US\$ 1,500 obtained from commercial banks.	PGT BV	Feb/13; Mar/13	1,500	2019, 2020
Credit line in the amount of US\$ 500 hired from a commercial bank, guaranteed by export credit agency.	PIB BV	Apr/13	500	2025
Financing in the amount of € 350 million obtained from a commercial bank.	PGF BV	Apr/13	450	2030, 2038
Financing in the amount of € 300 million obtained from a commercial bank.	PGF BV	Feb/13	408	2028, 2033
Use of a credit line in the amount of US\$ 253 hired from an export credit agency and a commercial bank.	Petrobras	Apr/13	253	2025
Financing in the amount of US\$ 137 obtained from a commercial bank.	PNBV	Mar/13	137	2023
			17,648	

b) In Brazil

Description	Company	Date	Amount	Maturity
Financing from a commercial bank with issuance of export	Petrobras	May/13 and Jun/13	5,333	2020

credit note.

Financing from a commercial bank with issuance of export credit note.

Petrobras	Apr/13	1,487	2021 2014, 2015, 2016, 2017, 2022, 2024 and 2026
Petrobras	Feb/13 to Jun/13	1,243	
Petrobras	Jan/13 Mar/13 and May/13	250	2015 and 2023
BR Distribuidora	May/13	91	2015
Petrobras	May/13	72	2023
		8,476	

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*(Expressed in millions of US Dollars, unless otherwise indicated)***15.6. Funding – Outstanding balance****a) Abroad**

Company	Amount in US\$ million		Balance
	Available (Line of Credit)	Used	
PNBV	1,000	173	827
Petrobras	1,000	253	747
PGT BV	1,000	400	600

b) In Brazil

Company	Available (Line of Credit)		Balance
	Available (Line of Credit)	Used	
Transpetro(*)	4,515	709	3,806
Petrobras	5,635	3,489	2,146
Liquigas	51	37	14

(*)Purchase agreements for 49 vessels and 20 convoys were signed with six Brazilian shipyards in the amount of US\$ 5,017.

15.7. Guarantees

Petrobras is not required to provide guarantees to financial institutions. Certain loans provided by development banks, such as BNDES are secured by the assets being financed.

The loans obtained by Special Purpose Entities (SPE) are guaranteed by the project assets, as well as a lien on credit rights and shares of the SPEs.

16. Leases

16.1. Future Minimum Lease Payments / Receipts – Finance Leases

	06.30.2013	
	Minimum receipts	Minimum payments
2013	102	17
2014 - 2017	715	83
2018 and thereafter	2,037	286
Estimated lease receipts/payments	2,854	386
Interest expense (annual)	(1,294)	(281)
Present value of the lease receipts/payments	1,560	105
Current	60	18
Non-current	1,500	87
At June 30, 2013	1,560	105
Current	60	18
Non-current	1,536	86
At December 31, 2012	1,596	104

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*(Expressed in millions of US Dollars, unless otherwise indicated)***16.2. Future Minimum Lease Payments - Operating leases**

	06.30.2013
2013	10,488
2014 - 2017	40,464
2018 and thereafter	33,135
At June 30, 2013	84,087
At December 31, 2012	81,585

In the first half of 2013 the Company paid US\$ 5,579 for operating lease installments, recognized as a period expense.

17. Related parties

The Company carries out commercial transactions with its subsidiaries, joint arrangements, special purpose entities and associates at normal market prices and market conditions. At June 30, 2013 and December 31, 2012, no losses were recognized on the statement of financial position for related party accounts receivable.

17.1. Transactions with joint ventures, associates, government entities and pension funds

The balances of significant transactions are set out in the table below:

	06.30.2013		12.31.2012	
	Assets	Liabilities	Assets	Liabilities
Joint ventures and associates	796	589	780	597
Gas distributors	549	250	446	216
Braskem and its subsidiaries	96	86	152	109
Other associates and joint ventures	151	253	182	272
Government entities and pension funds	21,845	33,717	24,433	34,907
Government bonds	16,260	–	18,086	–

Banco do Brasil S.A. (BB)	472	5,497	968	4,409
Judicial deposits (CEF and BB)	2,648	–	2,668	–
Receivables from the Electricity sector (Note 17.2)	1,887	–	1,937	–
Petroleum and alcohol account - Receivables from Federal government (Note 17.3)	377	–	409	–
BNDES	3	20,853	3	23,425
Caixa Econômica Federal (CEF)	–	5,086	–	4,043
Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP)	–	1,487	–	1,936
Federal government - Dividends and Interest on Capital	–	228	–	478
Petros (Pension fund)	–	72	–	163
Others	198	494	362	453
	22,641	34,306	25,213	35,504
Current	18,063	4,088	20,354	5,298
Non-current	4,578	30,218	4,859	30,206

17.2. Receivables from the electricity sector

At June 30, 2013, the Company had US\$ 1,887 of receivables from the Brazilian electricity sector (US\$ 1,937 at December, 31, 2012), of which US\$ 1,328 were classified to non-current assets following negotiations occurred in 2013.

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The Company supplies fuel to thermoelectric power plants located in the northern region of Brazil, which are direct or indirect subsidiaries of Eletrobras, the Federal Government electric energy company. Part of the costs for supplying fuel to these thermoelectric power stations is borne by the Fuel Consumption Account (Conta de Consumo de Combustível - CCC), managed by Eletrobras.

Collections of amounts related to fuel supply to Independent Power Producers (Produtores Independentes de Energia - PIE), which are companies created for the purpose of generating power exclusively for Amazonas Distribuidora de Energia S.A. - AME, a direct subsidiary of Eletrobras rely directly on AME, which transfers funds to the Independent Power Producers.

In March 2013 a private instrument of debt confession was signed by AME, having Eletrobras as a guarantor. The amount of US\$ 422 will be paid in 60 successive monthly installments of US\$ 7, indexed to the SELIC interest rate.

The Company continues to vigorously pursue an agreement to recover these receivables in full and partial payments have been made. The balance of these receivables at June 30, 2013 was US\$ 1,705 (US\$ 1,723 at December 31, 2012), of which US\$ 984 was past due (US\$ 1,451 at December 31, 2012).

The Company also has electricity supply contracts with AME signed in 2005 by its subsidiary Breitenner Energética S.A., which, pursuant to the terms of the agreements, are considered a finance lease of the two thermoelectric power plants, since the contracts determine that the power plants should be returned to AME at the end of the agreement period with no residual value (20-year term), among other contractual provisions. The balance of these receivables was US\$ 182 (US\$ 214 at December 31, 2012) none of which was overdue.

17.3. Petroleum and Alcohol accounts - Receivables from Federal Government

At June 30, 2013, the balance of receivables related to the Petroleum and Alcohol accounts was US\$ 377 (US\$ 409 at December 31, 2012). Pursuant to Provisional Measure 2,181 of August 24, 2001, the Federal Government may settle this balance by using National Treasury Notes in an amount equal to the outstanding balance, or allow the Company to offset the outstanding balance against amounts payable to the Federal Government, including taxes payable, or both options.

The Company has provided all the information required by the National Treasury Secretariat (Secretaria do Tesouro Nacional - STN) in order to resolve disputes between the parties and conclude the settlement with the Federal Government.

Following several negotiation attempts at the administrative level, the Company filed a lawsuit in July 2011 to collect the receivables.

17.4. Compensation of employees and officers

Petrobras' key management short-term compensation (which comprises salaries and other short-term benefits) during the first half of 2013 was US\$ 3.2, referring to seven officers and ten board members (US\$ 3.5 in the first half of 2012 referring to eight officers and ten board members).

In the first half of 2013 the compensation of board members and officers for the consolidated Petrobras group amounted to US\$ 14.5 (US\$ 13.6 in the first half of 2012).

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*(Expressed in millions of US Dollars, unless otherwise indicated)***18. Provision for decommissioning costs**

Non-current liabilities	06.30.2013	12.31.2012
Opening balance	9,441	4,712
Revision of provision	–	5,226
Payments made	(248)	(286)
Interest accrued	112	134
Others	(3)	4
Cumulative translation adjustment	(721)	(349)
Closing balance	8,581	9,441

19. Taxes**19.1. Taxes and contributions**

Current assets	30.06.2013	31.12.2012
Taxes In Brazil:		
ICMS (VAT)	1,500	1,542
PIS/COFINS (Taxes on Revenues)	2,340	2,279
CIDE	21	23
Income taxes	1,699	1,255
Others	166	193
	5,726	5,292
Taxes Abroad	359	280
	6,085	5,572
Non-current assets		
Taxes In Brazil:		
Deferred ICMS (VAT)	875	903
Deferred PIS and COFINS (Taxes on Revenues)	3,911	4,051
Others	276	252
	5,062	5,206
Taxes Abroad	15	17
	5,077	5,223
Current liabilities		
Taxes In Brazil:		
ICMS (VAT)	1,213	1,488
PIS/COFINS (Taxes on Revenues)	413	491

CIDE	16	17
Production Taxes	2,052	2,624
Withholding income taxes	167	565
Current income taxes	204	281
Others	325	360
	4,390	5,826
Taxes abroad	285	302
	4,675	6,128

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*(Expressed in millions of US Dollars, unless otherwise indicated)***19.2. Deferred income taxes - non-current**

Income taxes in Brazil comprise corporate income tax (IRPJ) and social contribution on net income (CSLL). Brazilian statutory corporate tax rates are 25% and 9%, respectively. The changes in the deferred income taxes are presented as follows:

a) Changes in deferred income taxes

	Property, Plant & Equipment			Loans, trade and other receivables			Provision for			Interes
	Oil and gas exploration costs	Others	and financing	leases	legal proceedings	Tax losses	Inventories	capital		
Balance at January 1, 2012	(11,374)	(2,203)	(425)	(844)	335	343	634	473		
Recognized in profit or loss for the year	(2,327)	(1,284)	961	217	59	10	(119)	595		
Recognized in shareholders' equity	—	—	—	—	—	—	—	—		
Cumulative translation adjustment	1,038	341	24	77	(76)	(213)	(48)	(18)		
Others	(14)	35	1	(38)	28	969	—	—		
Balance December 31, 2012	(12,677)	(3,111)	561	(588)	346	1,109	467	1,050		
Recognized in profit or loss for the period	(1,448)	(766)	562	20	123	54	68	(1,030)		
Recognized in	—	—	809	—	—	—	—	—		

shareholders' equity Cumulative translation adjustment	1,104	235	(122)	43	(38)	(108)	(41)	(13)
Others	(34)	171	(102)	15	1	517	48	(15)
Balance at June 30, 2013	(13,055)	(3,471)	1,708	(510)	432	1,572	542	(8)

Deferred tax
assets
Deferred tax
liabilities
Balance at
December
31, 2012 (*)

Deferred tax
assets
Deferred tax
liabilities
Balance at
June 30,
2013

(*) Includes the effects of the adoption of IAS 19 amendment as set out on note 2.2.

Management considers that the deferred tax assets will be realized in proportion to the realization of the provisions and the final resolution of future events, both of which are based on estimates.

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*(Expressed in millions of US Dollars, unless otherwise indicated)***19.3. Reconciliation between tax expense and accounting profit**

A reconciliation between tax expense and the product of “income before income taxes” multiplied by the Brazilian statutory corporate tax rates is set out in the table below:

	Jan-Jun/2013	Jan-Jun/2012
Income before income taxes	9,548	6,208
Income taxes computed based on Brazilian Statutory Corporate Tax Rates (34%)	(3,246)	(2,111)
Adjustments between Income Taxes based on Statutory Rates and on the Effective Tax Rate:		
· Tax benefits from the deduction of interest on capital from income	–	502
· Different taxes rates for Companies abroad	537	112
· Tax incentives	11	93
· Tax losses not recorded as assets	(103)	(201)
· Deductible/(non-deductible) expenses, net*	(247)	(327)
· Tax credits of companies abroad in the exploration stage	(2)	–
· Others	171	104
Income taxes expense	(2,879)	(1,828)
Deferred income taxes	(2,541)	(1,047)
Current income taxes	(338)	(781)
	(2,879)	(1,828)
Effective Tax Rate	30.2%	29.4%

* Includes share of profit of equity-accounted investments.

20. Employee benefits (Post-Employment)

The Company sponsors defined benefit and variable contribution pension plans in Brazil and of certain of its international subsidiaries, as well as defined-benefit medical plan for employees in Brazil (active and inactive) and their dependents.

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(Expressed in millions of US Dollars, unless otherwise indicated)

The changes in the benefits granted to employees are presented as follows:

	Jan-Jun/2013		
	Pension	Health	
	Plan	Care Plan	Total
Balance at December 31, 2011	2,697	6,942	9,639
(+) Initial adoption of IAS 19 amendment	4,811	1,307	6,118
Balance at January 1, 2012	7,508	8,249	15,757
(+) Costs incurred in the year	1,011	1,080	2,091
(-) Payment of contributions	(287)	(363)	(650)
(-) Payments related to the financial commitment agreement	(164)	–	(164)
(+) Remeasurement actuarial gains / losses (IAS 19)	4,625	297	4,922
Others	1	(1)	–
Cumulative translation adjustment	(845)	(723)	(1,568)
Balance at December 31, 2012	11,849	8,539	20,388
Current	475	313	788
Non-Current	11,374	8,226	19,600
	11,849	8,539	20,388
(+) Costs incurred in the period	871	495	1,366
(-) Payment of contributions	(125)	(178)	(303)
(-) Payments related to the financial commitment agreement	(81)	–	(81)
Others	1	–	1
Cumulative translation adjustment	(976)	(691)	(1,667)
Balance at June 30, 2013	11,539	8,165	19,704
Current	428	288	716
Non-Current	11,111	7,877	18,988
	11,539	8,165	19,704

The amounts recognized in the income statement related to the pension and medical plans are set out below:

	Pension Plan Defined benefit	Variable contribution	Medical plan	Total
Current service cost	259	77	103	439
Interest cost over net liabilities / (assets)	488	27	392	907
Others	–	20	–	20
Net costs for the period Jan-Jun/2013	747	124	495	1,366
Related to:				
Actives employees	512	123	255	890
Retired employees	235	1	240	476
Net costs for the period Jan-Jun/2013	747	124	495	1,366
Net costs for the period Jan-Jun/2012	376	141	565	1,082

At June 30, 2013, the Company had the carrying amount of US\$ 2,854 related to crude oil and oil products pledged as security for the Terms of Financial Commitment (TFC), signed by Petrobras and Petros in 2008.

In the first half of 2013 the Company's contribution to the defined contribution portion of the Petros Plan 2 was US\$ 154.

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*(Expressed in millions of US Dollars, unless otherwise indicated)***21. Shareholders' equity****21.1. Share capital**

At June 30, 2013, subscribed and fully paid share capital was US\$ 107,371, represented by 7,442,454,142 outstanding common shares and 5,602,042,788 outstanding preferred shares, all of which are registered, book-entry shares with no par value.

Capital increase with reserves in 2013

The Extraordinary General Meeting held jointly with the Annual General Meeting on April 29, 2013, approved an increase of capital through capitalization of a portion of the profit reserve for tax incentives established in 2012, of US\$ 9. Share capital increased from US\$ 107,362 to US\$ 107,371.

21.2. Dividends**Dividends for 2012**

The Annual General Meeting held on April 29, 2013 approved the dividends for 2012 of US\$ 4,499, which represents 44.73% of the adjusted net income in Brazilian Reais (adjusted in accordance with Brazilian Corporation Law), an amount of US\$ 0.24 per common share and US\$ 0.48 per preferred share. Dividends, in the form of interest on capital, are to be distributed as set out below:

	Date of approval by Board of Directors	Ex-date	Date of Payment	Common Share		Preferred Share		Total Amount
				Amount (Pre-Tax)	Amount per Share	Amount (Pre-Tax)	Amount per Share	
1st payment	04.27.2012	05.11.2012	05.31.2012	817	0.11	615	0.11	1,432
2nd and 3rd payment	02.04.2013	04.29.2013	08.30.2013	983	0.13	2,084	0.37	3,067
				1,800	0.24	2,699	0.48	4,499

Interim distributions of interest on capital in 2012 has been deducted from the distribution approved at the close of fiscal year 2012 and indexed based on the SELIC rate from the date of payment to December 31, 2012. The remaining amount of interest on capital is being indexed based on the SELIC rate from December 31, 2012 to the date of payment.

21.3. Earnings per Share

	Jan-Jun/2013	Jan-Jun/2012
Net income attributable to Shareholders of Petrobras	6,850	4,527
Weighted average number of common and preferred shares outstanding	13,044,496,930	13,044,496,930
Basic and diluted earnings per common and preferred share (US\$ per share)	0.53	0.35

22. Sales revenues

	Jan-Jun/2013	Jan-Jun/2012
Gross sales revenue	87,813	88,918
Sales taxes	(15,899)	(16,849)
Sales revenues	71,914	72,069

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*(Expressed in millions of US Dollars, unless otherwise indicated)***23. Other operating expenses, net**

	Jan-Jun/2013	Jan-Jun/2012
Pension and medical benefits	(476)	(545)
Legal, administrative and arbitration proceedings	(427)	(454)
Institutional relations and cultural projects	(336)	(372)
Unscheduled stoppages and pre-operating expenses	(294)	(442)
Inventory write-down to net realizable value	(230)	(472)
Expenditures on health, safety and environment	(133)	(139)
Impairment	–	(1)
Government Grants	83	304
Gains on disposal of non-current assets	677	16
Others	(96)	(117)
	(1,232)	(2,222)

24. Expenses by nature

	Jan-Jun/2013	Jan-Jun/2012
Raw material / products for resale	(29,369)	(28,474)
Production taxes	(7,140)	(8,441)
Employee Benefits	(6,410)	(5,633)
Depreciation, depletion and amortization	(6,572)	(5,394)
Changes in inventories	696	928
Materials, Freight, rent, third-party services and other related costs	(11,238)	(11,971)
Exploration expenditures written off (includes dry wells and signature bonuses)	(605)	(1,702)
Other taxes	(232)	(170)
Losses/Gains on legal, administrative and arbitration proceedings	(427)	(454)
Institutional relations and cultural projects	(336)	(372)
Unscheduled stoppages and pre-operating expenses	(294)	(442)

Expenditures on health, safety and environment	(133)	(139)
Inventory write-down to net realizable value (market value)	(230)	(472)
Impairment	—	(1)
Gains (losses) on disposal of non-current assets	677	16
	(61,613)	(62,721)
Cost of sales	(53,428)	(52,461)
Selling expenses	(2,383)	(2,528)
General and Administrative expenses	(2,489)	(2,516)
Exploration costs	(1,225)	(2,312)
Research and development expenses	(624)	(512)
Other taxes	(232)	(170)
Other operating expenses, net	(1,232)	(2,222)
	(61,613)	(62,721)

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Consolidated notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***25. Net finance income (expense)**

	Jan-Jun/2013	Jan-Jun/2012
Foreign exchange and inflation indexation charges on net debt (*)	(4,223)	(2,939)
Debt interest and charges	(2,640)	(2,608)
Income from investments and marketable securities	552	1,027
Financial result on net debt	(6,311)	(4,520)
Capitalized borrowing costs	1,818	1,968
Cash flow hedge on future exports	3,856	–
Gains (losses) on derivatives	(10)	45
Interest income from marketable securities	(21)	96
Other finance expense and income, net	(9)	47
Other exchange and indexation charges, net	(342)	(636)
Finance income (expenses), net	(1,019)	(3,000)
Finance income (expenses), net		
Income	926	1,511
Expenses	(1,219)	(933)
Foreign exchange and inflation indexation charges, net	(726)	(3,578)
	(1,019)	(3,000)

(*) Includes indexation charges on debt in local currency indexed to the U.S. dollar.

26. Supplementary statement of cash flows information

	Jan-Jun/2013	Jan-Jun/2012
Amounts paid and received during the period		
Income taxes paid	781	483
Withholding income tax paid for third-party	1,035	1,276
Investing and financing transactions not involving cash		

Purchase of property, plant and equipment on credit	90	144
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Petróleo Brasileiro S.A. – Petrobras

Consolidates notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***27. Segment Information****Consolidated assets by Business Area - 06.30.2013**

	Exploration	Refining,	Gas						
	and	Transportation &							
	Production & Marketing	Power	Biofuels	Distribution	International	Corporate	Other		
Current assets	6,601	18,411	3,827	105	3,137	3,285	35,719	(5)	
Non-current assets	143,831	71,344	24,026	1,064	4,658	14,206	13,970	(3)	
Long-term receivables	5,553	4,635	1,960	15	1,684	2,353	10,484	(3)	
Investments	87	2,465	771	822	5	2,408	36	–	
Property, plant and equipment	103,854	64,100	20,925	227	2,645	8,871	3,094	–	
Operating assets	63,954	30,812	17,527	209	1,984	4,727	2,298	–	
Under construction	39,900	33,288	3,398	18	661	4,144	796	–	
Intangible assets	34,337	144	370	–	324	574	356	–	
Total Assets	150,432	89,755	27,853	1,169	7,795	17,491	49,689	(6)	

Consolidated assets by Business Area - 12.31.2012

Current assets	6,565	20,362	3,610	117	3,176	3,517	27,382	(6)	
Non-current assets	145,233	71,096	24,844	1,131	4,954	15,218	14,752	(3)	
Long-term receivables	5,120	4,582	1,715	16	1,852	2,233	10,964	(3)	
Investments	80	2,897	1,160	860	15	937	157	–	
Property, plant and equipment	102,779	63,463	21,585	255	2,733	10,882	3,204	–	
Operating assets	64,455	29,327	18,106	237	2,061	6,814	2,237	–	

Under construction	38,324	34,136	3,479	18	672	4,068	967	–
Intangible assets	37,254	154	384	–	354	1,166	427	–
Total Assets	151,798	91,458	28,454	1,248	8,130	18,735	42,134	(7)

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Consolidates notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***Consolidated Statement of Income by Business Area - 2013****Jan-Jun/2013****Exploration Refining, Gas****and Transportation &****Production & Marketing Power Biofuels Distribution International Corporations**

Sales revenues	33,454	56,358	7,912	225	21,335	8,587	–
Intersegments	33,184	19,858	637	193	581	1,504	–
Third parties	270	36,500	7,275	32	20,754	7,083	–
Cost of sales	(17,307)	(59,610)	(6,418)	(250)	(19,249)	(6,976)	–
Gross profit (loss)	16,147	(3,252)	1,494	(25)	2,086	1,611	–
Income (expenses)	(2,034)	(1,846)	(509)	(47)	(1,207)	47	(2,680)
Selling, administrative and general expenses	(209)	(1,422)	(486)	(27)	(1,203)	(430)	(1,182)
Exploration costs	(1,174)	–	–	–	–	(51)	–
Research and development expenses	(319)	(109)	(35)	(12)	(1)	(2)	(146)
Other taxes	(24)	(38)	(39)	(1)	(12)	(78)	(40)
Other operating expenses, net	(308)	(277)	51	(7)	9	608	(1,312)
Income / (loss) before financial results and income taxes	14,113	(5,098)	985	(72)	879	1,658	(2,680)
Net finance income (expense) –	–	–	–	–	–	–	(1,019)
Share of profit of equity-accounted investments	(1)	16	98	(13)	1	167	(2)
Income / (loss) before income taxes	14,112	(5,082)	1,083	(85)	880	1,825	(3,701)
Income taxes	(4,798)	1,734	(334)	25	(298)	(471)	1,438
Net income (Loss)	9,314	(3,348)	749	(60)	582	1,354	(2,263)

Net income attributable to:							
Shareholders of Petrobras	9,295	(3,348)	721	(60)	582	1,315	(1,996)
Non-controlling interests	19	—	28	—	—	39	(267)
	9,314	(3,348)	749	(60)	582	1,354	(2,263)

Petróleo Brasileiro S.A. – Petrobras

Consolidates notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***Consolidated Statement of Income by Business Area - 2012**

	Jan-Jun/2012							
	Exploration	Refining,	Gas					
	and	Transportation &						
	Production & Marketing	Power Biofuels	Distribution	International	Corporate			
Sales revenues	38,839	59,265	5,315	212	19,818	9,072	–	
Intersegments	38,659	18,702	688	154	387	1,862	–	
Third parties	180	40,563	4,627	58	19,431	7,210	–	
Cost of sales	(16,843)	(66,101)	(4,179)	(225)	(18,064)	(7,059)	–	
Gross profit (loss)	21,996	(6,836)	1,136	(13)	1,754	2,013	–	
Income (expenses)	(3,097)	(2,259)	(558)	(62)	(1,079)	(719)	(2,548)	
Selling, administrative and general expenses	(259)	(1,616)	(456)	(34)	(1,087)	(448)	(1,206)	
Exploration costs	(2,190)	–	–	–	–	(122)	–	
Research and development expenses	(231)	(97)	(14)	(20)	(1)	–	(149)	
Other taxes	(24)	(30)	(18)	(1)	(9)	(46)	(42)	
Other operating expenses, net	(393)	(516)	(70)	(7)	18	(103)	(1,151)	
Income / (loss) before financial results and income taxes	18,899	(9,095)	578	(75)	675	1,294	(2,548)	
Net finance income (expense) –	–	–	–	–	–	–	(3,000)	
Share of profit of equity-accounted investments	(1)	(181)	85	(32)	1	(6)	(6)	
Income / (loss) before income taxes	18,898	(9,276)	663	(107)	676	1,288	(5,554)	
Income taxes	(6,425)	3,092	(196)	26	(230)	(671)	2,446	
Net income (Loss)	12,473	(6,184)	467	(81)	446	617	(3,108)	

Net income attributable to:							
Shareholders of Petrobras	12,477	(6,184)	445	(81)	446	580	(2,906)
Non-controlling interests	(4)	—	22	—	—	37	(202)
	12,473	(6,184)	467	(81)	446	617	(3,108)

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Consolidates notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***Consolidated Statement of Income by International Business Area**

Statement of income	Jan-Jun/2013						
	Exploration	Refining,	Gas				
	&	Transportation &	Power	Distribution	Corporate	Eliminations	Total
	Production & Marketing						
Sales							
revenues	2,574	4,211	293	2,616	–	(1,107)	8,587
Intersegments	1,532	1,056	19	4	–	(1,107)	1,504
Third parties	1,042	3,155	274	2,612	–	–	7,083
Income before financial results, profit sharing and income taxes	1,721	12	17	49	(142)	1	1,658
Net income attributable to shareholders of Petrobras	1,430	23	15	44	(198)	1	1,315

Statement of income	Jan-Jun/2012						
	Exploration	Refining,	Gas				
	&	Transportation &	Power	Distribution	Corporate	Eliminations	Total
	Production & Marketing						
Sales							
revenues	2,702	4,629	292	2,575	–	(1,126)	9,072
Intersegments	1,913	1,053	18	4	–	(1,126)	1,862
Third parties	789	3,576	274	2,571	–	–	7,210
	1,537	(184)	32	39	(132)	2	1,294

Income before financial results, profit sharing and income taxes							
Net income attributable to shareholders of Petrobras	896	(182)	14	38	(186)	–	580

**Exploration Refining, Gas
& Transportation &**

	Production & Marketing	Power Distribution	Corporate	Eliminations	Total		
Consolidated assets by International Business Area							
At 06.30.2013	13,911	2,590	677	1,082	1,054	(1,823)	17,491
At 12.31.2012	15,080	2,404	759	1,085	1,580	(2,173)	18,735

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*(Expressed in millions of US Dollars, unless otherwise indicated)***28. Provisions for Legal Proceedings, Contingent Liabilities and Contingent Assets**

The Company is a defendant in numerous legal proceedings involving tax, civil, labor, corporate and environmental issues, as a result of its normal course of business. Based on legal advice and management's best estimates, the Company reviews whether it is probable that an outflow of resources embodying economic benefits will be required to set the obligations.

28.1. Provisions for legal proceedings

The Company has recognized a provision for proceedings for which it is probable that an outflow of resources embodying economic benefits will be required and that can be reasonably estimated. These proceedings are mainly comprised of labor claims, withholding of income taxes for securities issued outside Brazil, losses and damages resulting from the cancellation of an assignment of excise tax (IPI) credits to a third party and fishermen seeking indemnification from the Company for a January 2000 oil spill in the State of Rio de Janeiro.

The Company has provisions for legal proceedings, in the amounts set out below:

	06.30.2013	12.31.2012
Non-current liabilities		
Labor claims	462	336
Tax claims	400	341
Civil claims	561	514
Environmental Claims	56	63
Other claims	10	11
	1,489	1,265

	06.30.2013	12.31.2012
Opening Balance	1,265	1,088
Additional provisions	422	647
Amounts used during the year (payment)	(111)	(440)
Interest accretion expense	40	99
Others	3	(26)

Cumulative translation adjustment	(130)	(103)
Closing Balance	1,489	1,265

28.2. Judicial Deposits

Judicial deposits made in connection with legal proceedings and guarantees are set out in the table below according to the nature of the corresponding lawsuits:

	06.30.2013	12.31.2012
Non-current assets		
Labor	807	869
Tax	1,197	1,117
Civil	575	638
Environmental	80	69
Others	6	3
	2,665	2,696

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28.3. Contingent Liabilities

Contingent liabilities for which the likelihood of loss is considered to be possible are not recognized in the financial statements but are disclosed unless the expected outflow of resources embodying economic benefits is considered remote.

The estimated contingent liabilities for legal proceedings for which the likelihood of loss is considered to be possible is set out in the table below.

	Estimates
Tax	26,986
Civil	2,076
Labor	1,897
Environmental	654
Others	6
	31,619

A brief description of the nature of the main contingent liabilities (tax and civil) are set out in the tables below:

a) Tax Proceedings

Description of tax proceedings	Estimate
---------------------------------------	-----------------

Plaintiff: Secretariat of the Federal Revenue of Brazil

1) Deduction of expenses from the renegotiation of the Petros Plan from the calculation basis of income tax (IRPJ) and social contribution (CSLL) and penalty charged.

Current status: Awaiting the hearing of an appeal at the administrative level. 2,010

2) Profits of subsidiaries and associates domiciled abroad in the years of 2005, 2006, 2007 and 2008 not included in the calculation basis of IRPJ and CSLL.

Current status: Awaiting the hearing of an appeal at the administrative level. 1,593

3) Deduction from the calculation basis of IRPJ and CSLL of expenses incurred in 2007 related to employee benefits and Petros.

Current status: This claim is being disputed at the administrative level, involving 806 two lawsuits.

4) Withhold income tax (IRRF) and Contribution of Intervention in the Economic Domain (CIDE) over remittances for payment of platforms' affreightment.

Current status: This claim involves lawsuits in different administrative and judicial stages, in which the Company is taking legal actions to ensure its rights. 4,180

5) Non payment of CIDE on imports of naphtha.

Current status: This claim is being discussed at the administrative level.

1,598

6) Non-payment of CIDE in the period from March 2002 until October 2003 in transactions with distributors and service stations that were holders of judicial injunctions that determined the sale of fuel without the gross-up of such tax.

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Current status: Awaiting the hearing of an appeal in the Higher Chamber of Tax Appeals (CSRF). 669

7) Non-payment of tax on financial operations (IOF) over intercompany loans with, PifCo, Brasoil and BOC.

Current status: Awaiting the hearing of an appeal at the administrative level. 1,664

8) Withhold income tax (IRRF) over remittances abroad for payment of petroleum imports.

Current status: Awaiting the hearing of an appeal at the administrative level. 1,767

9) PIS and COFINS - Tax credits recovery denied due to failure to comply with an accessory obligation in the years of 2004, 2005 and 2006.

Current status: Awaiting the hearing of an appeal at the administrative level. 808

Plaintiff: State Finance Department of AM, BA, DF, ES, PA, PE and RJ

10) Non-payment of ICMS due to differences in measuring beginning and ending inventory.

Current status: This claim involves lawsuits in different administrative levels, in 1,654
which the Company is taking legal actions to ensure its rights.

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Plaintiff: State Finance Department of Rio de Janeiro

11) ICMS on exit operations of liquid natural gas (LNG) without issuance of tax document by the main establishment.

Current status: This claim involves lawsuits in different administrative and judicial stages, in which the Company is taking legal actions to ensure its rights. 1,624

12) Dispute over ICMS tax levy in operations of sale of aviation jet fuel, as Decree 36.454/2004 was declared as unconstitutional.

Current status: This claim is being disputed at the administrative level and the Company has presented its defense. 797

Plaintiff: State Finance Department of São Paulo

13) Dispute over ICMS tax levy on the importing of a drilling rig – temporary admission in São Paulo and clearance in Rio de Janeiro and a fine for breach of accessory obligations.

Current status: One of the legal proceedings is in its administrative stage and the other one was submitted to judicial dispute, awaiting judgment on appeal by the State Finance. 1,979

**Plaintiff: Municipal governments of Anchieta,
Aracruz, Guarapari, Itapemirim, Marataízes,
Linhares, Vila Velha, Vitória and Maragogipe.**

14) Failure to withhold and collect tax on services provided offshore (ISSQN) in some municipalities located in the State of Espírito Santo, despite Petrobras having made the withholding and payment of these taxes to the municipalities where the respective service providers are established, in accordance with Complementary Law No. 116/03.

Current status: This claim involves lawsuits in different administrative and judicial stages, in which the Company is taking legal actions to ensure its rights. 916

Plaintiff: State Finance Departments of Rio de Janeiro and Sergipe

15) Use of ICMS tax credits on the purchase of drilling bits and chemical products used in formulating drilling fluid.

Current status: This claim involves lawsuits in different administrative and judicial stages, in which the Company is taking legal actions to ensure its rights. 503

16) Other tax proceedings

4,418

Total for tax proceedings

26,986

b) Civil Proceedings – General

Description of civil proceedings	Estimate
---	-----------------

Plaintiff: Agência Nacional de Petróleo, Gás Natural e Biocombustíveis - ANP

1) Dispute on differences in the payment of special participation charge in fields of the Campos Basin. In addition, the plaintiff is claiming fines for alleged non-compliance with minimum exploratory programs. Administrative proceedings are in course in connection with alleged irregularities in the platforms' measurement system.

Current status: This claim involves processes in different administrative and judicial stages, in which the Company is taking legal actions to ensure its rights.

2) Other civil proceedings	827
Total for civil proceedings	1,249
	2,076

28.4. Joint Ventures – Frade field

In November 2011, an oil spillage occurred in the Frade field located in the Campos basin which was operated by Chevron Brasil, located in the Campos basin. Chevron Brasil, Chevron Latin America Marketing LLC and Transocean Brasil Ltda are defending a lawsuit claiming US\$ 10 billion in environmental damages by the federal public attorney’s office. Transocean Brasil Ltda. operated the rig at Frade at the time of this spillage.

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In April 2012, a new lawsuit was filed by the Federal Public Attorney's Office against Chevron and Transocean, following new seabed leaks in the Frade field. In this suit the Federal Public Attorney's Office claimed a further US\$ 10 billion as compensation for damages.

The assessment by the Company's lawyers is that the amounts claimed are not reasonable and are disproportionately high in relation to the extent of the damages caused. In the second lawsuit, as the oil was not identified on the surface, the existence of any actual damage to the community is inconceivable.

Although the Company is not being sued, due to its 30% ownership interest in the Frade consortium, Petrobras may be contractually obliged to pay 30% of the total contingencies related to the incidents that occurred in the Frade field. In the event Chevron is held legally responsible, Petrobras may be contractually subject to the payment of up to 30% of the costs of the damages.

28.5. Contingent assets

28.5.1. Legal proceeding in the United States - P-19 and P-31

In 2002, Braspetro Oil Service Company (Brasoil) and Petrobras obtained a favorable decision in related lawsuits filed before U.S. courts by the insurance companies United States Fidelity & Guaranty Company and American Home Assurance Company in which they were seeking to obtain (since 1997 and regarding Brasoil) a judicial order exempting them from their payment obligations under the performance bond related to platforms P- 19 and P-31, and seeking reimbursement from Petrobras for any amounts for which they could ultimately be held liable in the context of the execution proceedings of such performance bond.

On July 21, 2006, the U.S. courts issued an executive decision, conditioning the payment of the amounts owed to Brasoil to a definitive dismissal of the legal proceedings involving identical claims that are currently in course before Brazilian courts.

Brasoil, Petrobras and the insurance companies already pleaded the dismissal of the Brazilian legal proceedings but their definitive dismissal is awaiting the hearing of an appeal filed by the platforms' shipbuilding company before the Superior Court for Non-Constitutional Matters (STJ).

In 2012 the Company intensified actions taken, in an attempt to settle this lawsuit. The amount of damages claimed is approximately US\$ 245.

29. Guarantees for concession agreements for petroleum exploration

The Company has guarantees for the Minimum Exploration Programs established in the concession agreements for exploration of areas by the Agência Nacional de Petróleo, Gás Natural e Biocombustíveis (“ANP”) in the total amount of US\$ 2,650, of which US\$ 2,307 are still in force, net of commitments that have been undertaken. The guarantees comprise crude oil from previously identified producing fields, pledged as security, for US\$ 1,449 and bank guarantees in the amount of US\$ 858.

30. Risk management and derivative instruments

The Company is exposed to a variety of risks arising from its operations: market risk (including price risk related to crude oil and oil products), foreign exchange risk, interest rate risk, credit risk and liquidity risk.

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*(Expressed in millions of US Dollars, unless otherwise indicated)***30.1. Risk management**

The objective of the overall risk management policy of the Company is to achieve an appropriate balance between growth, increased return on investments and risk exposure level, which can arise from its normal activities or from the context within which the Company operates, so that, through effective allocation of its physical, financial and human resources it may achieve its strategic goals.

30.2. Market risk**30.2.1. Risk management of price risk (related to crude oil and oil products)**

Petrobras does not use derivative instruments to hedge exposures to commodity price cycles related to products purchased and sold to fulfill operational needs.

Derivatives are used as hedging instruments to manage the price risk of certain transactions carried out abroad, which are usually short-term transactions similar to commercial transactions.

The main risk management techniques used by the Company to manage price risk of crude oil and oil products, in the transactions carried out abroad are operating Cash Flow at Risk (CFAR), Value at Risk (VAR) and Stop Loss.

a) Notional amount, fair value and guarantees of crude oil and oil products derivatives

Statement of Financial Position	Notional value				Maturity
	(in thousands of bbl)*		Fair value**		
	06.30.2013	12.31.2012	06.30.2013	12.31.2012	
Futures contracts	(6,239)	(3,380)	(5.4)	(18)	2013/2014
Purchase commitments	38,426	16,500			
Sale commitments	(44,665)	(19,880)			
Options contracts	(460)	(2,050)	(0.5)	(1.5)	2013
Call	–	(1,080)	(0.5)	(1)	
Long position	1,725	3,204			
Short position	(1,725)	(4,284)			

Put	(460)	(970)	–	(0.5)
Long position	2,394	2,029		
Short position	(2,854)	(2,999)		
Total recognized in other current assets and liabilities			(5.9)	(19.5)

* Negative notional values (in bbl) represent short positions.

** Negative fair values were recorded in liabilities and positive fair values in assets.

Finance income	Jan-Jun/2013	Jan-Jun/2012
Gain / (Loss) recognized in profit or loss for the period	52	52

Guarantees given as collateral	06.30.2013	12.31.2012
Generally consist of deposits	150	103

b) Sensitivity analysis of crude oil and oil products derivatives

The probable scenario is the fair value at June 30, 2013. The stressed scenarios consider price changes of 25% and 50% on the risk variable, respectively, comparatively to June 30, 2013.

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Crude Oil and Oil Products	Risk	Probable Scenario at 06.30.2013	Stressed Scenario (Δ of 25%)	Stressed Scenario (Δ of 50%)
Brent	Derivative (Brent prices increase)	16	(170)	(356)
	Inventories (Brent prices decrease)	(9)	180	367
Diesel	Derivative (Diesel prices decrease)	(1.0)	(21.7)	(42)
	Inventories (Diesel prices increase)	1.4	22.1	42
Freight	Derivative (Freight costs decrease)	0.4	0.4	–
	Inventories (Freight costs increase)	–	(1)	(2)
Gasoline	Derivative (Gasoline prices increase)	–	1	2
	Inventories (Gasoline prices decrease)	–	–	–
Naphtha	Derivative (Gasoline prices increase)	(7.2)	(20)	(33)
	Inventories (Gasoline prices decrease)	8.6	22	35
Fuel Oil	Derivative (Naphtha prices increase)	1.4	2	2
	Inventories (Naphtha prices decrease)	0.5	(2)	(4)
WTI	Derivative (Fuel Oil prices increase)	1.4	4	6
	Inventories (Fuel Oil prices decrease)	1.9	2	2
WTI	Derivative (WTI prices decrease)	3	(34)	(70)
	Inventories (WTI prices increase)	(3)	34	70
WTI	Derivative (WTI prices decrease)	–	–	–
	Inventories (WTI prices increase)	(5)	(24)	(44)
WTI	Derivative (WTI prices decrease)	1	21	41
	Inventories (WTI prices increase)	(4)	(3)	(3)

c) Embedded derivatives – sale of ethanol

On March 8, 2013 the Company entered into an agreement to amend the ethanol sale contract, modifying prices and quantities. The selling price of each future ethanol shipment will be based on the price of ethanol in the Brazilian market (ESALQ) plus a spread. The amended agreement therefore no longer has a derivative instrument measured as an embedded derivative.

The notional value, fair value and the sensitivity analysis of the swap are presented below:

Forward Contract	Notional value (in thousands of m³)	Fair Value		Sensitivity analysis at 06.30.2013		
		06.30.2013	12.31.2012	Risk	Probable Scenario (Δ 25%)	Stressed Scenario (Δ 50%)
Long position (maturity in 2015)	–	36		Decrease in spread (Naphtha x Ethanol) –	–	–

Finance Income	Jan-Jun/ 2013	Jan-Jun/ 2012
Gain/ (loss) recognized in profit or loss for the period	(37)	(6)

30.2.2. Foreign exchange risk management

The Company is exposed to foreign exchange risk from its assets and liabilities, arising from the volatility of currency markets.

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Petrobras seeks to identify and manage foreign exchange risk in an integrated manner, by recognizing and creating “natural hedges”, benefiting from the correlation between income and expenses. To mitigate short-term exchange risk exposure arising from transactions involving income and expenses in different currencies, the Company uses natural hedges by choosing the currency in which to hold cash, such as the Brazilian Real, US dollar or other currency.

Foreign exchange risk is managed based on the net exposure and reviewed periodically to support the Executive Board. The Company can use derivative instruments to hedge certain liabilities, minimizing foreign exchange exposure.

a) Hedge Accounting

i) Cash Flow Hedge involving the Company’s future exports

Effective mid-May 2013, the Company formally documented and designated cash flow hedging relationships to hedge a portion of its highly probable future monthly export revenues in U.S. dollars using a portion of its obligations denominated in U.S. dollars for foreign currency risks, related to changes in foreign currency spot rates.

Principal amounts of long-term debt (non-derivative financial instruments) and notional values of foreign currency forward contracts were designated as hedging instruments. The derivative financial instruments expired during the second quarter and were replaced by long-term debt principal amounts in the hedging relationships on which they had been designated. Both debt and derivative financial instruments are exposed to Brazilian Real vs. U.S. dollar foreign currency risks related to the spot rate. Monthly export revenues of US\$ 43,859 of monthly export revenues to occur between July 1st, 2013 and May 31st, 2020 were designated as hedged transactions.

The Company has prepared formal documentation in order to support the designation above, including an explanation of how the designation of the hedging relationship is aligned with the Company’s Risk Management Policy objective and strategy, identification of the hedging instrument, the hedged transactions, the nature of the risk being hedged and an analysis which demonstrates that the hedge is expected to be highly effective. The Company will reassess the prospective and retrospective effectiveness of the hedge on an ongoing basis comparing the foreign currency component of the carrying amount of the hedging instruments and of the highly probable future exports (spot-rate method).

Cash Flow Hedge accounting permits that gains and losses arising from the effect of changes in the foreign currency exchange rate on derivative and non-derivative hedging instruments not be immediately recognized in profit or loss, but be reclassified from equity to profit or loss in the same periods during which the future exports occur, thus allowing for a more

appropriate presentation of the results for the period reflecting the strategy in the Company's Risk Management Policy.

The principal amounts at the date of designation and the carrying amount of the hedging instruments at June 30, 2013, along with the foreign currency losses recognized in Other comprehensive income (equity) are set out below:

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Hedging Instrument	Hedged Transactions	Nature of the Risk	Maturity Date	Principal Amount (US\$)	Carrying amount of the Hedging Instruments on 06.30.2013 (R\$)
Non-Derivative Financial Instruments	Portion of Highly Probable Future Monthly Export Revenues	Foreign Currency – Real vs U.S. Dollar Spot Rate	July 2013 to May 2020	43,859	97,175

Shareholders' equity	Jan-Jun/2013	Jan-Jun/2012
Gain/ (loss) recognized in other comprehensive income - shareholders' equity	(3,856)	–

ii) Cash Flow Hedge involving swap contracts - Yen vs. Dollar

In September 2006 the Company entered into a cross currency swap to fix in U.S. dollars the payments related to bonds denominated in Japanese yen. The Company does not intend to settle these contracts before the maturity. The relationship between the derivative and the loan qualify as cash flow hedge and hedge accounting is applied.

The effective portion of changes in fair value, assessed on a quarterly basis, are recognized in accumulated other comprehensive income, in the shareholders' equity and reclassified to

profit or loss in the periods when the hedged transaction item affects profit or loss.

b) Notional value, fair value and guarantees of derivative financial instruments

Statement of financial position	Notional value (in millions)		Fair Value	
	06.30.2013	12.31.2012	06.30.2013	12.31.2012
Cross Currency Swap (maturity in 2016)			28	76
Long Position (JPY) - 2.15% p.a.	JPY 35,000	JPY 35,000	375	434
Short Position (USD) - 5.69% p.a.	USD 298	USD 298	(347)	(358)
U.S. dollar forward			(9)	0.5
U.S. dollar forward (long position)	USD 41		1	–
U.S. dollar forward (short position)	USD 221	USD 1,077	(10)	0.5
Total recognized in other current assets and liabilities			19	76.5

Finance income and shareholders' equity	Jan-Jun/ 2013	Jan-Jun/ 2012
Gain /(loss) recognized in profit or loss for the period	(25)	(1)
Gain/ (loss) recognized in other comprehensive income - shareholders' equity	4	8

Margin is not required for the operations the Company has entered into, related to foreign currency derivatives.

c) Sensitivity analysis for foreign exchange risk on financial instruments

The Company has assets and liabilities subject to foreign exchange risk. The main exposure involves the Brazilian Real, relative to the U.S. dollar. Foreign exchange risk arises on financial instruments that are denominated in a currency other than the Brazilian Real. Assets and liabilities of foreign subsidiaries, denominated in a currency other than the Brazilian Real are not included in the sensitivity analysis set out below when transacted in a currency equivalent to their respective functional currencies.

The probable scenario, computed based on external data, as well as the stressed scenarios (a 25% and a 50% change in the foreign exchange rates) are set out below:

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Financial Instruments	Exposure in 06.30.2013	Risk	Probable Scenario*	Stressed Scenario (Δ of 25%)	Stressed Scenario (Δ of 50%)
Financial Instruments (Assets)	2,621		(66)	655	1,311
Financial Instruments (Liabilities)	(54,822)	Dollar	1,376	(13,706)	(27,411)
Hedge accounting: Exports x Debt	43,859		(1,101)	10,965	21,929
Forward Derivative (Net short Position)	(180)		5	(45)	(90)
	(8,522)		214	(2,131)	(4,261)
Financial Instruments (Assets)	–		–	–	–
Financial Instruments (Liabilities)	(959)	Yen	37	(240)	(480)
Cross-currency Swap	353		(21)	146	375
	(606)		16	(94)	(105)
Financial Instruments (Assets)	3,302	Euro	(53)	826	1,651
Financial Instruments (Liabilities)	(8,921)		144	(2,230)	(4,460)
	(5,619)		91	(1,404)	(2,809)
Financial Instruments (Assets)	835	Pound	(6)	209	417
Financial Instruments (Liabilities)	(2,514)	Sterling	19	(629)	(1,257)
	(1,679)		13	(420)	(840)
Financial Instruments (Assets)	286	Peso	(8)	71	143
Financial Instruments (Liabilities)	(1,199)		35	(300)	(600)
	(913)		27	(229)	(457)
	(17,339)		361	(4,278)	(8,472)

(*) The probable scenario was computed based on the following changes for June, 30, 2013: Real x Dollar – a 2.51% appreciation of the Dollar relative to the Real / Dollar x Yen – a 3.89% depreciation of the Yen / Dollar x Euro: a 1.61% depreciation of the Euro / Dollar x Pound

Sterling: a 0.74% depreciation of the Pound Sterling / Dollar x Peso: a 2.97% depreciation of the Peso. The data were obtained from the Focus Report of the Central Bank of Brazil and from Bloomberg.

The impact of foreign exchange depreciation / appreciation does not jeopardize the liquidity of the Company in the short term due to the balance between liabilities, assets, revenues and future commitments in foreign currency, since most of its debt mature in the long term.

30.2.3. Interest rate risk management

The Company is mainly exposed to interest rate risk related to changes in the LIBOR rate, arising from debt issued in foreign currency and to changes in the Brazilian long-term interest rate (TJLP), arising from debt issued in Brazilian Real. An increase in interest rates causes a negative impact in the Company's finance expense and its financial position.

The Company considers that exposure to interest rate risk does not cause a significant impact and therefore, preferably does not use derivative financial instruments to manage interest rate risk, except for specific situations encountered by certain companies of the Petrobras group.

a) Main transactions and future commitments hedged by interest rate derivatives

Swap contracts

Floating-to-fixed swap (LIBOR USD) vs. Fixed rate (USD)

In November 2010 the Company entered into an interest rate swap, in order to exchange a floating interest rate for a fixed rate, aiming at eliminating the mismatch between the cash flows of assets and liabilities from investment projects. The Company does not intend to settle the operation before the maturity date, and therefore, adopted hedge accounting for the relationship between the finance debt and the derivative.

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Other positions held are set out in the table below.

b) Notional value, fair value, guarantees and sensitivity analysis for interest rate derivatives

Statement of Financial Position	Notional value		Fair value	
	06.30.2013	12.31.2012	06.30.2013	12.31.2012
Swaps (maturity in 2020) Short position	USD 450	USD 460	(24)	(42)
Swaps (maturity in 2015) Long position – Euribor	EUR 12	EUR 15	(1)	(1)
Short position – 4.19% Fixed rate	EUR 12	EUR 15	–	0.5
			(1)	(1.5)
Total recognized in other assets and liabilities			(25)	(43)

Finance income and shareholders' equity	Jan-Jun/2013	Jan-Jun/2012
Gain / (Loss) recognized in profit or loss for the period	–	(0.5)
Gain / (Loss) recognized in other comprehensive income - shareholders' equity	4	(11)

Interest Rate Derivatives	Risk	Probable	Stressed	Stressed
----------------------------------	-------------	-----------------	-----------------	-----------------

		Scenario (*)	Scenario	Scenario
			(Δ de 25%)	(Δ de 50%)
HEDGE (Derivative - Swap)	LIBOR decline	(11)	0.5	0.5
Debt	LIBOR increase	11	(0.5)	(0.5)
Net effect		–	–	–
HEDGE (Derivative - Swap)	Euribor decline	0.5	–	–
Debt	Euribor increase	(0.5)	–	–
Net effect		–	–	–

(*) The probable scenario was obtained based on LIBOR futures.

Margin is not required for the operations the Company has entered into, related to interest rate derivatives.

30.3. Credit risk

Petrobras is exposed to the credit risk arising from commercial transactions and from cash management, related to financial institutions and to credit exposure to customers. Credit risk is the risk that a customer or financial institution will fail to pay amounts due, relating to outstanding receivables or to financial investments, guarantees or deposits with financial institutions.

Credit risk management in Petrobras is a portion of its financial risk management, which is performed by the Company's officers, under a corporate policy of risk management. The Credit Commissions are, each, composed of executive Managers for Risk Management, Finance and Commercial Department.

The purpose of the Credit Commissions is to analyze credit management issues, relating to granting and managing credit; to encourage integration between the units that compose the Credit Commissions; and to identify recommendations to be applied in the units involved or to be submitted to the appreciation of higher jurisdictions.

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The credit risk management policy is part of the Company's global risk management policy and aims at reconciling the need for minimizing exposure to credit risk and maximizing the result of commercial and financial transactions, through an efficient credit analysis process and efficient credit granting and management processes.

The Company manages credit risk by applying quantitative and qualitative parameters that are appropriate for each of the market segments in which it operates.

The Company's commercial credit portfolio is much diversified and the credits granted are divided between clients from the domestic market and from foreign markets.

Credit granted to financial institutions is spread among the major international banks rated by the international rating agencies as Investment Grade and highly-rated Brazilian banks.

The maximum exposure to credit risk is represented mainly by the balance of accounts receivable and derivative financial instruments outstanding.

30.4. Liquidity risk

The Company's liquidity risk is represented by the possibility of a shortage of funds, cash or another financial asset in order to settle its obligations on the established dates.

The liquidity risk management policy adopted by the Company provides that the maturity of its debt continues to be lengthened, exploring the funding opportunities available in the domestic market and being significantly active in the international capital markets by broadening the investor's base in fixed income.

Petrobras finances its working capital through a centralized cash management for the group and by assuming short-term debt, which is usually related to commercial transactions, such as export credit notes and advances on foreign exchange contracts. Investments in non-current assets are financed through long-term debt, such as bonds issued in the international market, funding from credit bureaus, financing and pre-payment of exports, development banks in Brazil and abroad, and lines of credit with national and international commercial banks.

A maturity analysis of the long-term debt, including face value and interest payments is set out in the table below:

Maturity

2013	8,507
2014	8,393
2015	12,264

2016	15,547
2017	13,131
2018	18,767
2019 and thereafter	78,159
Balance at June 30, 2013	154,768
Balance at December 31, 2012	136,068

30.5. Financial investments (derivative financial instruments)

Operations with derivatives are, both in the domestic and foreign markets, earmarked exclusively for the exchange of indices of the assets that comprise the portfolios, and their purpose is to provide flexibility to the managers in their quest for efficiency in the management of short-term financial assets.

The market values of the derivatives held in the exclusive investment funds at June 30, 2013 are set out below:

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Contract	Number of			Maturity
	Contracts	Notional	Fair	
	(Thousands)	value	value	
Future DI (Interbank Deposit)			7	2013; 2014; 2015; 2016
Long position	24,804	983	(2)	
Short position	(152,702)	(6,026)	9	
U.S. dollar forward			1	2013
Long position	1,205	61	1	
Short position	–	–	–	

31. Fair values of financial assets and liabilities

Fair values are determined based on market prices, when available, or, in the absence thereof, on the present value of expected future cash flows. The fair values of cash and cash equivalents, trade accounts receivable, short term debt and trade accounts payable are the same as their carrying values. The fair values of other long-term assets and liabilities do not differ significantly from their carrying amounts.

At June 30, 2013, the estimated fair value for the Company's long term debt was US\$ 105,914 and was computed based on the prevailing market rates for operations that have similar nature, maturity and risk to the contracts recognized and it may be compared to the carrying amount of US\$ 104,102.

The hierarchy of the fair values of the financial assets and liabilities, recorded on a recurring basis, is set out below:

Prices	Fair value measured based on		Total
	Valuation	Valuation	
quoted	technique	technique	fair
on active	supported by	without	value
market	observable	use of	recorded
	prices	prices	

	(Level 1)	(Level 2)	observable prices (Level 3)	
Assets				
Marketable securities	9,709	—	—	9,709
Commodity derivatives	—	—	—	—
Foreign currency derivatives	—	19	—	19
Balance at June 30, 2013	9,709	19	—	9,728
Balance at December 31, 2012	10,463.5	76	36	10,575.5
Liabilities				
Commodity derivatives	(6)	—	—	(6)
Interest derivatives	—	(25)	—	(25)
Balance at June 30, 2013	(6)	(25)	—	(31)
Balance at December 31, 2012	(62)	—	—	(62)

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32. Subsequent events

a) Acquisition of blocks in the 11th bid round from Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP)

On May 15, 2013 Petrobras acquired 34 exploratory blocks available in the 11th bid round from ANP. Signature bonuses amounted to US\$ 659, US\$ 243 of which were paid by Petrobras and US\$ 416 by its partners. The Company will operate 12 of the 34 blocks acquired, 5 of which are involved in partnerships and 7 are exclusive for Petrobras. The remaining 22 blocks will be operated by partners. The signature bonus was paid in July 2013 and the concession agreements were signed in August 2013.

b) Financing Contracts

JBIC

On July 16, 2013 the Company contracted with Japan Bank for International Cooperation (JBIC) two financing programs amounting up to US\$ 1.5 billion. Mizuho Bank Ltd. will be the agent for the programs. The credit lines will be 60% financed by JBIC and 40% by private Japanese financial institutions.

BNP Paribas

On July 31, 2013, Petrobras Global Trading BV (PGT BV) contracted with BNP Paribas a line of credit in the amount of US\$ 1 billion.

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33. Information Related to Guaranteed Securities Issued by Subsidiaries

33.1. Petrobras Global Finance B.V. (PGF)

Petróleo Brasileiro S.A. - Petrobras has fully and unconditionally guaranteed the debt securities issued by Petrobras Global Finance B.V. (PGF), a 100-percent-owned finance subsidiary of Petrobras. There are no significant restrictions on the ability of Petrobras to obtain funds from PGF.

33.2. Petrobras International Finance Company – PiFCo

Petróleo Brasileiro S.A. - Petrobras has fully and unconditionally guaranteed the debt securities of Petrobras International Finance Company - PifCo, a 100-percent-owned subsidiary of Petrobras.

The following condensed consolidated financial information is provided for Petróleo Brasileiro S.A. – Petrobras, as guarantor, and for Petrobras International Finance Company – PifCo, as issuer, as an alternative to providing separate financial statements for the issuer in accordance with SEC Regulation SX 3-10 (c). The financial statements of Petrobras and PifCo are presented using the equity method of accounting for investments in subsidiaries.

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Consolidated Statement of Financial Position Assets	06.30.2013			Consolidating and Eliminating Adjustments	Consolidated
	Petrobras S.A. Guarantor	PifCo	All Other Consolidated Companies		
Current assets	55,312	3,789	47,166	(40,954)	65,313
Cash and cash equivalents	12,346	2,301	18,604	(10,120)	23,131
Marketable securities	16,847	38	954	(8,008)	9,831
Trade and other receivables, net	4,195	–	4,843	950	9,988
Intercompany receivable	3,478	1	18,189	(21,668)	–
Inventories	11,563	–	3,468	(996)	14,035
Others	6,883	28	1,108	309	8,328
Discontinued operations	–	1,421	–	(1,421)	–
Non-current assets	228,176	25,065	120,000	(100,486)	272,755
Accounts receivable, net					
Intercompany receivable	1,556	25,065	29,363	(55,984)	–
Marketable securities	116	–	6,634	(6,598)	152
Deferred tax assets	6,408	–	2,200	631	9,239
Others	9,107	–	8,003	(161)	16,949
Investments	39,815	–	4,089	(37,310)	6,594
Property, plant and equipment , net	136,039	–	68,733	(1,056)	203,716
Intangible assets	35,135	–	978	(8)	36,105
Total assets	283,488	28,854	167,166	(141,440)	338,068
Liabilities					
Current liabilities	31,146	1,076	17,285	(18,742)	30,765
Current debt	331	1,072	6,793	–	8,196
Trade payables	6,404	–	5,000	–	11,404
Intercompany payables	6,541	2	2,722	(9,265)	–
Taxes payable	3,923	–	752	–	4,675
Others	13,947	–	2,018	(9,475)	6,490

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Discontinued operations	–	2	–	(2)	–
Non-current liabilities	99,668	27,644	93,495	(66,972)	153,835
Non-current debt	24,218	27,517	52,367	–	104,102
Deferred taxes	18,145	–	1,405	–	19,550
Intercompany payables	29,354	127	37,114	(66,595)	–
Others	27,951	–	2,609	(377)	30,183
Petrobras shareholder's equity	152,674	134	55,442	(55,576)	152,674
Non-controlling interests	–	–	944	(150)	794
Total liabilities and shareholder's equity	283,488	28,854	167,166	(141,440)	338,068

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Consolidated Statement of Financial Position Assets	12.31.2012			Consolidating and Eliminating Adjustments	Consolidated
	Petrobras S.A. Guarantor	PifCo	All Other Consolidated Companies		
Current assets	47,077	1,797	36,292	(27,372)	57,794
Cash and cash equivalents	8,511	191	9,545	(4,727)	13,520
Marketable securities	11,441	–	3,391	(4,401)	10,431
Trade and other receivables, net	4,495	1	5,255	1,348	11,099
Intercompany receivable	4,007	7	13,682	(17,696)	–
Inventories	12,189	–	3,237	(874)	14,552
Others	6,434	177	1,182	399	8,192
Discontinued operations	–	1,421	–	(1,421)	–
Non-current assets	231,690	27,348	104,274	(86,452)	276,860
Accounts receivable, net					
Intercompany receivable	3,222	27,348	16,275	(46,845)	–
Marketable securities	141	–	4,429	(4,394)	176
Deferred tax assets	6,126	–	1,797	612	8,535
Others	9,509	–	8,102	(208)	17,403
Investments	37,588	–	3,031	(34,513)	6,106
Property, plant and equipment, net	136,934	–	69,058	(1,091)	204,901
Intangible assets	38,170	–	1,582	(13)	39,739
Total assets	278,767	29,145	140,566	(113,824)	334,654
Liabilities					
Current liabilities	33,276	2,683	17,039	(18,928)	34,070
Current debt	449	2,569	4,461	–	7,479
Trade payables	6,783	5	5,336	–	12,124
Intercompany payables	9,953	6	3,911	(13,870)	–
Taxes payable	5,147	–	981	–	6,128
Others	10,944	101	2,350	(5,056)	8,339

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Discontinued operations	–	2	–	(2)	–
Non-current liabilities	84,920	27,720	80,760	(54,539)	138,861
Non-current debt	23,292	27,720	37,472	–	88,484
Deferred taxes	17,218	–	1,995	–	19,213
Intercompany payables	14,060	–	38,749	(52,809)	–
Others	30,350	–	2,544	(1,730)	31,164
Petrobras shareholder's equity	160,571	(1,258)	41,811	(40,553)	160,571
Non-controlling interests	–	–	956	196	1,152
Total liabilities and shareholder's equity	278,767	29,145	140,566	(113,824)	334,654

Petróleo Brasileiro S.A. – Petrobras

Consolidated notes to the financial statements

(Expressed in millions of US Dollars, unless otherwise indicated)

Consolidated Statement of Income	June 30, 2013			Consolidating and Eliminating Adjustments	Consolidated
	Petrobras S.A. Guarantor	PifCo	All Other Consolidated Companies		
Sales revenues	56,400	–	54,987	(39,473)	71,914
Third parties	36,515	–	35,399	–	71,914
Intercompany	19,885	–	19,588	(39,473)	–
Cost of sales	(43,097)	–	(47,540)	37,209	(53,428)
Gross profit	13,303	–	7,447	(2,264)	18,486
Income (expenses)					
Selling expenses	(3,050)	–	(1,476)	2,143	(2,383)
General and					
Administrative expenses	(1,723)	(8)	(761)	3	(2,489)
Exploration costs	(1,173)	–	(52)	–	(1,225)
Research and					
development expenses	(605)	–	(19)	–	(624)
Other taxes	(86)	–	(197)	51	(232)
Other operating expenses, net	(1,758)	–	625	(99)	(1,232)
Net finance income (expense)	(230)	(126)	(1,383)	720	(1,019)
Share of profit of equity-accounted investments	3,730	–	365	(3,829)	266
Net income from discontinuing operations	–	–	–	–	–
Net income before income taxes	8,408	(134)	4,549	(3,275)	9,548
Income taxes	(1,558)	–	(1,036)	(285)	(2,879)
Net income (loss)	6,850	(134)	3,513	(3,560)	6,669
Net income (loss) attributable to:					
Shareholders of Petrobras	6,850	(134)	3,454	(3,320)	6,850
Non-controlling interests	–	–	59	(240)	(181)
	6,850	(134)	3,513	(3,560)	6,669

Consolidated Statement of Income	June 30, 2012			Consolidating and Eliminating Adjustments	Consolidated
	Petrobras S.A. Guarantor	PifCo	All Other Consolidated Companies		
Sales revenues	55,650	—	57,795	(41,376)	72,069
Third parties	33,960	—	38,109	—	72,069
Intercompany	21,690	—	19,686	(41,376)	—
Cost of sales	(41,560)	—	(50,237)	39,336	(52,461)
Gross profit	14,090	—	7,558	(2,040)	19,608
Income (expenses)					
Selling expenses General and	(3,101)	—	(1,399)	1,972	(2,528)
Administrative expenses	(1,772)	(6)	(739)	1	(2,516)
Exploration costs	(2,199)	—	(113)	—	(2,312)
Research and development expenses	(507)	—	(5)	—	(512)
Other taxes	(76)	—	(149)	55	(170)
Other operating expenses, net	(1,999)	—	(309)	86	(2,222)
Net finance income (expense)	(1,102)	(189)	(1,214)	(495)	(3,000)
Share of profit of equity-accounted investments	1,972	—	73	(2,185)	(140)
Net income from discontinuing operations	—	4	—	(4)	—
Net income before income taxes	5,306	(191)	3,703	(2,610)	6,208
Income taxes	(779)	—	(1,030)	(19)	(1,828)
Net income (loss)	4,527	(191)	2,673	(2,629)	4,380
Net income (loss) attributable to:					
Shareholders of Petrobras	4,527	(191)	2,620	(2,429)	4,527
Non-controlling interests	—	—	53	(200)	(147)
	4,527	(191)	2,673	(2,629)	4,380

Petróleo Brasileiro S.A. – Petrobras

Consolidated notes to the financial statements

(Expressed in millions of US Dollars, unless otherwise indicated)

Statement of cash flows	June 30, 2013			Consolidating and Eliminating Adjustments	Consolidated
	Petrobras S.A. Guarantor	PifCo	All Other Consolidated Companies		
Cash from operating activities – continuing operations	11,347	(379)	3,975	338	15,281
Cash from operating activities – discontinuing operations	–	1	–	(1)	–
Net cash provided by/(used in) operating activities	11,347	(378)	3,975	337	15,281
Cash flows from Investing activities					
Investments in operating segments	(18,045)	–	(4,336)	3,505	(18,876)
Investments in Marketable securities	(6,577)	(38)	304	6,215	(96)
Net intercompany investing	–	2,415	–	(2,415)	–
Net cash provided by/(used in) investing activities	(24,622)	2,377	(4,032)	7,305	(18,972)
Cash flows from financing activities					
Capital issuance	–	1,520	13,863	(15,383)	–
Acquisition of non-controlling interest	–	–	–	(98)	(98)
Proceeds from long-term financing	8,552	–	21,120	–	29,672
Intercompany Financing Proceeds (Payments)	17,990	(1,358)	(24,824)	8,192	–
Repayments	(7,145)	(51)	625	(7,422)	(13,993)
Dividends paid	(1,387)	–	(887)	888	(1,386)
Net cash provided by/(used in) financing activities	18,010	111	9,897	(13,823)	14,195

Effect of exchange rate changes on cash and cash equivalents	(901)	–	(780)	788	(893)
Net increase/ (decrease) in cash and cash equivalents in the period	3,834	2,110	9,060	(5,393)	9,611
Cash and cash equivalents at the beginning of the period	8,511	191	9,545	(4,727)	13,520
Cash and cash equivalents at the end of the period	12,346	2,301	18,604	(10,120)	23,131

Statement of cash flows	June 30, 2012			Consolidating and Eliminating Adjustments	Consolidated
	Petrobras S.A. Guarantor	PifCo	All Other Consolidated Companies		
Cash from operating activities – continuing operations	10,568	266	4,580	(1,270)	14,144
Cash from operating activities – discontinuing operations	–	(111)	–	111	–
Net cash provided by/(used in) operating activities	10,568	155	4,580	(1,159)	14,144
Cash flows from investing activities					
Investments in operating segments	(16,803)	–	(6,189)	3,672	(19,320)
Investments in Marketable securities	(1,341)	5,169	(5,064)	484	(752)
Net intercompany investing	–	(13,242)	–	13,242	–
Net cash provided by/(used in) investing activities	(18,144)	(8,073)	(11,253)	17,398	(20,072)
Cash flows from financing activities					
Capital issuance	–	–	2,569	(2,569)	–
Acquisition of non-controlling interest	–	–	–	43	43
Proceeds from long-term financing	–	–	12,095	–	12,095

Intercompany Financing					
Proceeds (Payments)	16,844	6,462	(6,762)	(16,544)	–
Repayments	(8,912)	(46)	(1,572)	2,524	(8,006)
Dividends paid	(3,265)	–	(821)	821	(3,265)
Net cash provided by/(used in) financing activities	4,667	6,416	5,509	(15,725)	867
Effect of exchange rate changes on cash and cash equivalents	(1,052)	–	(289)	365	(976)
Net increase/ (decrease) in cash and cash equivalents in the period	(3,961)	(1,502)	(1,453)	879	(6,037)
Cash and cash equivalents at the beginning of the period	10,053	4,087	9,426	(4,509)	19,057
Cash and cash equivalents at the end of the period	6,092	2,585	7,973	(3,630)	13,020

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 12, 2013

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By:

/s/ Almir Guilherme Barbassa

Almir Guilherme Barbassa
Chief Financial Officer and Investor Relations
Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act) that are not based on historical facts and are not assurances of future results. These forward-looking statements are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

All forward-looking statements are expressly qualified in their entirety by this cautionary statement, and you should not place reliance on any forward-looking statement contained in this press release. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.
