

PETROBRAS - PETROLEO BRASILEIRO SA  
Form 6-K  
August 06, 2018  
UNITED STATES

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 August, 2018

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

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(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

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Quarterly Information- ITR

At June 30, 2018 and report on review of

Quarterly Information

(A free translation of the original in Portuguese)



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(Expressed in millions of reais, unless otherwise indicated)

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Parent Company Interim Accounting Information / Statement of Financial Position - Assets  
(R\$ Thousand)

Account Code	Account Description	Current Quarter 06/30/2018	Previous Fiscal Year 12/31/2017
1	Total Assets	774,115,000	723,855,000
1.01	Current Assets	90,213,000	81,883,000
1.01.01	Cash and Cash Equivalents	7,125,000	1,305,000
1.01.02	Marketable Securities	3,990,000	3,531,000
1.01.03	Trade and Other Receivables	33,626,000	34,239,000
1.01.04	Inventories	30,809,000	23,165,000
1.01.06	Recoverable Taxes	6,788,000	6,183,000
1.01.06.01	Current Recoverable Taxes	6,788,000	6,183,000
1.01.06.01.01	Current Income Tax and Social Contribution	723,000	669,000
1.01.06.01.02	Other Recoverable Taxes	6,065,000	5,514,000
1.01.08	Other Current Assets	7,875,000	13,460,000
1.01.08.01	Non-Current Assets Held for Sale	325,000	9,520,000
1.01.08.03	Others	7,550,000	3,940,000
1.01.08.03.01	Advances to Suppliers	135,000	173,000
1.01.08.03.02	Others	7,415,000	3,767,000
1.02	Non-Current Assets	683,902,000	641,972,000
1.02.01	Long-Term Receivables	60,068,000	50,816,000
	Marketable Securities Measured at Amortized		
1.02.01.03	Cost	193,000	204,000
1.02.01.04	Trade and Other Receivables	17,220,000	15,211,000
1.02.01.07	Deferred Taxes	12,351,000	8,999,000
1.02.01.07.01	Deferred Income Tax and Social Contribution	3,604,000	–
1.02.01.07.02	Deferred Taxes and Contributions	8,747,000	8,999,000
1.02.01.10	Other Non-Current Assets	30,304,000	26,402,000
1.02.01.10.03	Advances to Suppliers	431,000	502,000
1.02.01.10.04	Judicial Deposits	21,026,000	17,085,000
1.02.01.10.05	Other Long-Term Assets	8,847,000	8,815,000
1.02.02	Investments	175,644,000	149,356,000
1.02.03	Property, Plant and Equipment	442,017,000	435,536,000
1.02.04	Intangible Assets	6,173,000	6,264,000

## Parent Company Interim Accounting Information / Statement of Financial Position - Liabilities

(R\$ Thousand)

Account Code	Account Description	Current Quarter 06/30/2018	Previous Fiscal Year 12/31/2017
2	Total Liabilities	774,115,000	723,855,000
2.01	Current Liabilities	161,063,000	132,319,000
2.01.01	Payroll, Profit Sharing and Related Charges	5,203,000	3,662,000
2.01.02	Trade Payables	27,072,000	22,179,000
2.01.03	Taxes Obligations	1,438,000	243,000
2.01.03.01	Federal Taxes Obligations	1,438,000	243,000
2.01.03.01.01	Income Tax and Social Contribution Payable	1,438,000	243,000
2.01.04	Current Debt and Finance Lease Obligations	94,317,000	75,985,000
2.01.04.01	Current Debt	92,981,000	74,724,000
2.01.04.03	Finance Lease Obligations	1,336,000	1,261,000
2.01.05	Other Liabilities	19,826,000	20,590,000
2.01.05.02	Others	19,826,000	20,590,000
2.01.05.02.04	Other Taxes and Contributions	15,172,000	14,485,000
2.01.05.02.05	Other Accounts Payable	4,654,000	6,105,000
2.01.06	Provisions	13,207,000	9,054,000
	Provisions for Tax Social Security, Labor and Civil		
2.01.06.01	Lawsuits	10,543,000	6,397,000
2.01.06.01.04	Provisions for Civil Lawsuits	10,543,000	6,397,000
2.01.06.02	Other Provisions	2,664,000	2,657,000
2.01.06.02.04	Pension and Medical Benefits	2,664,000	2,657,000
	Liabilities Associated with Non-Current Assets Held for		
2.01.07	Sale and Discontinued	–	606,000
	Liabilities Associated with Non-Current Assets Held for		
2.01.07.01	Sale	–	606,000
2.02	Non-Current Liabilities	330,913,000	327,551,000
2.02.01	Non-Current Debt and Finance Lease Obligations	203,595,000	197,501,000
2.02.01.01	Non-Current Debt	200,135,000	193,393,000
2.02.01.03	Finance Lease Obligations	3,460,000	4,108,000
2.02.02	Other Liabilities	2,131,000	2,169,000
2.02.02.02	Others	2,131,000	2,169,000
2.02.02.02.03	Income Tax and Social Contribution	2,131,000	2,169,000
2.02.03	Deferred Taxes	–	2,762,000
2.02.03.01	Deferred Taxes	–	2,762,000
2.02.04	Provisions	125,187,000	125,119,000
	Provisions for Tax Social Security, Labor and Civil		
2.02.04.01	Lawsuits	10,190,000	12,680,000
2.02.04.02	Other Provisions	114,997,000	112,439,000
2.02.04.02.04	Pension and Medical Benefits	66,293,000	64,519,000
2.02.04.02.05	Provision for Decommissioning Costs	45,898,000	45,677,000
2.02.04.02.06	Other Provisions	2,806,000	2,243,000
2.03	Shareholders' Equity	282,139,000	263,985,000
2.03.01	Share Capital	205,432,000	205,432,000



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2.03.02	Capital Reserves	2,673,000	2,673,000
2.03.04	Profit Reserves	92,546,000	77,148,000
2.03.08	Other Comprehensive Income	(18,512,000)	(21,268,000)

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Parent Company Interim Accounting Information / Statement of Income

(R\$ thousand)

Account Code	Account Description	Current Quarter 04/01/2018 to 06/30/2018	Accumulated of the Current Year 01/01/2018 to 06/30/2018	Same Quarter of the Previous Year 04/01/2017 to 06/30/2017	Accumulated of the Previous Year 01/01/2017 to 06/30/2017
3.01	Sales Revenues	65,284,000	121,151,000	55,463,000	109,559,000
3.02	Cost of Sales	(40,460,000)	(76,000,000)	(38,387,000)	(74,018,000)
3.03	Gross Profit	24,824,000	45,151,000	17,076,000	35,541,000
3.04	Operating Expenses / Income	(9,142,000)	(15,004,000)	(4,339,000)	(11,356,000)
3.04.01	Selling Expenses General and	(5,034,000)	(9,439,000)	(4,595,000)	(8,828,000)
3.04.02	Administrative Expenses	(1,552,000)	(3,027,000)	(1,555,000)	(3,133,000)
3.04.05	Other Operating Expenses	(6,826,000)	(9,092,000)	762,000	(3,101,000)
3.04.05.01	Other Taxes	(205,000)	(571,000)	(2,441,000)	(2,610,000)
3.04.05.02	Research and Development Expenses	(592,000)	(1,085,000)	(548,000)	(885,000)
3.04.05.03	Exploration Costs	(579,000)	(1,017,000)	(585,000)	(888,000)
3.04.05.05	Other Operating Expenses, Net	(5,450,000)	(6,419,000)	4,336,000	1,282,000
3.04.06	Share of Profit / Gains on Interest in Equity-Accounted Investments	4,270,000	6,554,000	1,049,000	3,706,000
3.05	Net Income Before Financial Results and Income Taxes	15,682,000	30,147,000	12,737,000	24,185,000
3.06	Finance Income (Expenses), Net	(2,109,000)	(6,628,000)	(5,698,000)	(11,186,000)
3.06.01	Finance Income	2,725,000	3,455,000	677,000	1,370,000
3.06.01.01	Finance Income	2,725,000	3,455,000	677,000	1,370,000
3.06.02	Finance Expenses	(4,834,000)	(10,083,000)	(6,375,000)	(12,556,000)
3.06.02.01	Finance Expenses	(3,357,000)	(6,676,000)	(5,316,000)	(9,420,000)
3.06.02.02	Foreign Exchange and Inflation Indexation Charges, Net	(1,477,000)	(3,407,000)	(1,059,000)	(3,136,000)
3.07	Net Income Before Income Tax and Social	13,573,000	23,519,000	7,039,000	12,999,000
3.08	Contribution	(3,501,000)	(6,486,000)	(6,723,000)	(8,234,000)
3.08.01	Current	(3,520,000)	(6,260,000)	(1,909,000)	(1,909,000)
3.08.02	Deferred	19,000	(226,000)	(4,814,000)	(6,325,000)
3.09	Net Income from Continuing Operations	10,072,000	17,033,000	316,000	4,765,000
3.11		10,072,000	17,033,000	316,000	4,765,000

	Income / (Loss) for the Period				
3.99	Income per Share (R\$/Share)				
3.99.01	Income per Share				
3.99.01.01	Ordinary Shares	0.772000	1.310000	0.024000	0.370000
3.99.01.02	Preferred Shares	0.772000	1.310000	0.024000	0.370000
3.99.02	Diluted Income per Share				
3.99.02.01	Ordinary Shares	0.772000	1.310000	0.024000	0.370000
3.99.02.02	Preferred Shares	0.772000	1.310000	0.024000	0.370000

## Parent Company Interim Accounting Information / Statement of Comprehensive Income

(R\$ thousand)

Account Code	Account Description	Current Quarter 04/01/2018 to 06/30/2018	Accumulated of the Same Quarter of Current Year 01/01/2018 to 06/30/2018	Accumulated of the the Previous Year 04/01/2017 to 06/30/2017	Accumulated of the Previous Year 01/01/2017 to 06/30/2017
4.01	Net Income for the Period	10,072,000	17,033,000	316,000	4,765,000
4.02	Other Comprehensive Income	756,000	2,829,000	487,000	3,629,000
	Cumulative Translation				
4.02.03	Adjustments	19,938,000	20,790,000	4,046,000	1,575,000
	Unrealized Gains/(Losses) on securities measured at fair value through other				
4.02.04	comprehensive income	(14,000)	(16,000)	–	–
	Unrealized Gains / (Losses) on Cash Flow Hedge -				
	Recognized in Shareholders' Equity				
4.02.07		(30,239,000)	(31,355,000)	(7,691,000)	(2,428,000)
	Unrealized Gains / (Losses) on Cash Flow Hedge -				
4.02.08	Reclassified to Profit and Loss	2,634,000	5,036,000	1,870,000	3,834,000
	Deferred Income Tax and Social Contribution on Cash				
4.02.09	Flow Hedge	9,385,000	8,948,000	1,980,000	(478,000)
	Share of Other Comprehensive Income of Equity-Accounted				
4.02.10	Investments	(948,000)	(574,000)	282,000	1,126,000
	Total Comprehensive Income				
4.03	for the Period	10,828,000	19,862,000	803,000	8,394,000

## Parent Company Interim Accounting Information / Statement of Changes in Shareholders' Equity - 01/01/2018 to 06/30/2018

(R\$ thousand)

Account Code	Account Description	Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Retained Earnings (Losses)	Accumulated Other Comprehensive Income	Shareholders' Equity
5.01	Balance at the Beginning of the Period	205,432,000	2,673,000	77,148,000	–	(21,268,000)	263,985,000
5.02	Adjustments	–	–	–	(989,000)	(67,000)	(1,056,000)
5.03	Adjusted Opening Balance	205,432,000	2,673,000	77,148,000	(989,000)	(21,335,000)	262,929,000
5.04	Capital Transactions with Owners	–	–	–	(647,000)	(5,000)	(652,000)
5.04.07	Interest on Shareholders' Equity	–	–	–	(652,000)	–	(652,000)
5.04.09	Realization of the Deemed Cost	–	–	–	5,000	(5,000)	–
5.05	Total of Comprehensive Income	–	–	–	17,033,000	2,829,000	19,862,000
5.05.01	Net Income for the Period	–	–	–	17,033,000	–	17,033,000
5.05.02	Other Comprehensive Income	–	–	–	–	2,829,000	2,829,000
5.07	Balance at the End of the Period	205,432,000	2,673,000	77,148,000	15,397,000	(18,511,000)	282,139,000

## Parent Company Interim Accounting Information / Statement of Changes in Shareholders' Equity - 01/01/2017 to 06/30/2017

(R\$ thousand)

Account Code	Account Description	Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Retained Earnings (Losses)	Accumulated Comprehensive Income	Other Shareholders' Equity
5.01	Balance at the Beginning of the Period	205,432,000	1,251,000	77,584,000	–	(34,037,000)	250,230,000
5.03	Adjusted Opening Balance	205,432,000	1,251,000	77,584,000	–	(34,037,000)	250,230,000
5.04	Capital Transactions with Owners	–	11,000	–	5,000	(5,000)	11,000
5.04.08	#N/A	–	11,000	–	–	–	11,000
5.04.09	Realization of the Deemed Cost	–	–	–	5,000	(5,000)	–
5.05	Total of Comprehensive Income	–	–	–	4,765,000	3,629,000	8,394,000
5.05.01	Net Income for the Period	–	–	–	4,765,000	–	4,765,000
5.05.02	Other Comprehensive Income	–	–	–	–	3,629,000	3,629,000
5.07	Balance at the End of the Period	205,432,000	1,262,000	77,584,000	4,770,000	(30,413,000)	258,635,000

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## Parent Company Interim Accounting Information / Statement of Cash Flows – Indirect Method

(R\$ thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2018 to 06/30/2018	Accumulated of the Previous Year 01/01/2017 to 06/30/2017
6.01	Net cash provided by operating activities	23,468,000	13,427,000
6.01.01	Cash provided by operating activities	42,630,000	33,552,000
6.01.01.01	Net Income (loss) for the period	17,033,000	4,765,000
6.01.01.02	Pension and medical benefits (actuarial expense)	3,564,000	3,996,000
6.01.01.03	Results in equity-accounted investments	(6,554,000)	(3,706,000)
6.01.01.04	Depreciation, depletion and amortization	17,112,000	16,180,000
6.01.01.05	Impairment of assets (reversal)	72,000	91,000
6.01.01.06	Exploratory expenditures write-offs	232,000	324,000
6.01.01.07	Gains and losses on disposals/write-offs of assets	(2,573,000)	(5,633,000)
6.01.01.08	Foreign exchange, indexation and finance charges	10,920,000	10,453,000
6.01.01.09	Deferred income taxes, net	226,000	6,325,000
6.01.01.10	Allowance for expected credit losses	1,444,000	276,000
6.01.01.13	Revision and unwinding of discount on the provision for decommissioning costs	1,154,000	1,179,000
6.01.01.15	Gain on remeasurement of investment retained with loss of control	–	(698,000)
6.01.02	Decrease / (increase) in assets / increase/ (decrease) in liabilities	(19,162,000)	(20,125,000)
6.01.02.01	Trade and other receivables, net	(12,998,000)	(14,497,000)
6.01.02.02	Inventories	(7,535,000)	639,000
6.01.02.03	Judicial deposits	(3,944,000)	(1,729,000)
6.01.02.04	Other assets	754,000	(858,000)
6.01.02.05	Trade payables	1,630,000	(2,981,000)
6.01.02.06	Other taxes payable	6,425,000	3,304,000
6.01.02.07	Pension and medical benefits	(1,784,000)	(1,298,000)
6.01.02.08	Income tax and social contribution paid	(2,956,000)	(77,000)
6.01.02.09	Other liabilities	1,246,000	(2,628,000)
6.02	Net cash used in investing activities	(12,888,000)	(3,320,000)
6.02.01	Acquisition of PP&E and intangibles assets	(20,901,000)	(14,017,000)
6.02.02	Increase in investments in investees	(5,463,000)	(2,694,000)
6.02.03	Proceeds from disposal of assets - Divestment	8,906,000	7,854,000
6.02.04	Divestment (investment) in marketable securities	2,157,000	2,161,000
6.02.05	Dividends received	2,413,000	3,376,000
6.03	Net cash used in financing activities	(4,760,000)	(15,356,000)
6.03.02	Proceeds from financing	48,443,000	41,390,000
6.03.03	Repayment of principal	(47,944,000)	(46,692,000)

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6.03.04	Repayment of interest	(4,664,000)	(10,054,000)
6.03.05	Dividends paid to shareholders	(595,000)	–
6.05	Net increase/ (decrease) in cash and cash equivalents	5,820,000	(5,249,000)
6.05.01	Cash and cash equivalents at the beginning of the year	1,305,000	6,267,000
6.05.02	Cash and cash equivalents at the end of the period	7,125,000	1,018,000

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## Parent Company Interim Accounting Information / Statement of Added Value

(R\$ thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2018 to 06/30/2018	Accumulated of the Previous Year 01/01/2017 to 06/30/2017
7.01	Sales Revenues	189,755,000	170,174,000
7.01.01	Sales of Goods and Services	166,549,000	143,616,000
7.01.02	Other Revenues	4,317,000	10,752,000
	Revenues Related to the Construction of		
7.01.03	Assets to be Used in Own Operations	20,333,000	16,082,000
7.01.04	Allowance for expected credit losses	(1,444,000)	(276,000)
7.02	Inputs Acquired from Third Parties	(54,600,000)	(57,494,000)
7.02.01	Cost of Sales	(18,138,000)	(19,272,000)
	Materials, Power, Third-Party Services		
7.02.02	and Other Operating Expenses	(25,007,000)	(28,723,000)
7.02.03	Impairment Charges / Reversals of Assets	(72,000)	(91,000)
7.02.04	Others	(11,383,000)	(9,408,000)
	Tax Credits on Inputs Acquired from		
7.02.04.01	Third Parties	(11,383,000)	(9,408,000)
7.03	Gross Added Value	135,155,000	112,680,000
7.04	Retentions	(17,112,000)	(16,180,000)
7.04.01	Depreciation, Amortization and Depletion	(17,112,000)	(16,180,000)
7.05	Net Added Value Produced	118,043,000	96,500,000
7.06	Transferred Added Value	10,456,000	5,536,000
	Share of Profit of Equity-Accounted		
7.06.01	Investments	6,554,000	3,706,000
7.06.02	Finance Income	3,455,000	1,371,000
7.06.03	Others	447,000	459,000
7.07	Total Added Value to be Distributed	128,499,000	102,036,000
7.08	Distribution of Added Value	128,499,000	102,036,000
7.08.01	Employee Compensation	12,376,000	11,666,000
7.08.01.01	Salaries	7,318,000	6,742,000
7.08.01.02	Fringe Benefits	4,543,000	4,365,000
7.08.01.03	Unemployment Benefits (FGTS)	515,000	559,000
7.08.02	Taxes and Contributions	61,759,000	46,106,000
7.08.02.01	Federal	47,002,000	32,702,000
7.08.02.02	State	14,576,000	13,292,000
7.08.02.03	Municipal	181,000	112,000
7.08.03	Return on Third-Party Capital	37,331,000	39,499,000
7.08.03.01	Interest	12,667,000	14,823,000
7.08.03.02	Rental Expenses	24,664,000	24,676,000
7.08.04	Return on Shareholders' Equity	17,033,000	4,765,000
7.08.04.01	Interest on Capital	652,000	–
	Retained Earnings / (Losses) for the		
7.08.04.03	Period	16,381,000	4,765,000



## Consolidated Interim Accounting Information / Statement of Financial Position - Assets

(R\$ thousand)

Account Code	Account Description	Current Period 06/30/2018	Previous Fiscal Year 12/31/2017
1	Total Assets	850,282,000	831,515,000
1.01	Current Assets	144,255,000	155,909,000
1.01.01	Cash and Cash Equivalents	65,536,000	74,494,000
1.01.02	Marketable Securities	4,060,000	6,237,000
1.01.03	Trade and Other Receivables	19,385,000	16,446,000
1.01.04	Inventories	35,534,000	28,081,000
1.01.06	Recoverable Taxes	9,006,000	8,062,000
1.01.06.01	Current Recoverable Taxes	9,006,000	8,062,000
1.01.06.01.01	Current Income Tax and Social Contribution	1,816,000	1,584,000
1.01.06.01.02	Other Recoverable Taxes	7,190,000	6,478,000
1.01.08	Other Current Assets	10,734,000	22,589,000
1.01.08.01	Non-Current Assets Held for Sale	1,542,000	17,592,000
1.01.08.03	Others	9,192,000	4,997,000
1.01.08.03.01	Advances to Suppliers	193,000	258,000
1.01.08.03.02	Others	8,999,000	4,739,000
1.02	Non-Current Assets	706,027,000	675,606,000
1.02.01	Long-Term Receivables	80,530,000	70,955,000
	Marketable Securities Measured at Amortized		
1.02.01.03	Cost	200,000	211,000
1.02.01.04	Trade and Other Receivables	19,091,000	17,120,000
1.02.01.07	Deferred Taxes	25,616,000	21,544,000
1.02.01.07.01	Deferred Income Tax and Social Contribution	15,606,000	11,373,000
1.02.01.07.02	Deferred Taxes and Contributions	10,010,000	10,171,000
1.02.01.10	Other Non-Current Assets	35,623,000	32,080,000
1.02.01.10.03	Advances to Suppliers	3,074,000	3,413,000
1.02.01.10.04	Judicial Deposits	22,545,000	18,465,000
1.02.01.10.05	Other Long-Term Assets	10,004,000	10,202,000
1.02.02	Investments	12,287,000	12,554,000
1.02.03	Property, Plant and Equipment	605,484,000	584,357,000
1.02.04	Intangible Assets	7,726,000	7,740,000

## Consolidated Interim Accounting Information / Statement of Financial Position - Liabilities

(R\$ thousand)

Account Code	Account Description	Current Period 06/30/2018	Previous Fiscal Year 12/31/2017
2	Total Liabilities	850,282,000	831,515,000
2.01	Current Liabilities	84,649,000	82,535,000
2.01.01	Payroll, Profit Sharing and Related Charges	6,013,000	4,331,000
2.01.02	Trade Payables	20,769,000	19,077,000
2.01.03	Taxes Obligations	1,648,000	990,000
2.01.03.01	Federal Taxes Obligations	1,648,000	990,000
2.01.03.01.01	Income Tax and Social Contribution Payable	1,648,000	990,000
2.01.04	Current Debt and Finance Lease Obligations	15,353,000	23,244,000
2.01.04.01	Current Debt	15,266,000	23,160,000
2.01.04.03	Finance Lease Obligations	87,000	84,000
2.01.05	Other Liabilities	25,498,000	23,344,000
2.01.05.02	Others	25,498,000	23,344,000
2.01.05.02.04	Other Taxes and Contributions	15,775,000	15,046,000
2.01.05.02.05	Other Accounts Payable	9,723,000	8,298,000
2.01.06	Provisions	15,203,000	10,254,000
	Provisions for Tax Social Security, Labor and Civil		
2.01.06.01	Lawsuits	12,398,000	7,463,000
2.01.06.01.04	Provisions for Civil Lawsuits	12,398,000	7,463,000
2.01.06.02	Other Provisions	2,805,000	2,791,000
2.01.06.02.04	Pension and Medical Benefits	2,805,000	2,791,000
	Liabilities Associated with Non-Current Assets Held for		
2.01.07	Sale and Discontinued	165,000	1,295,000
	Liabilities Associated with Non-Current Assets Held for		
2.01.07.01	Sale	165,000	1,295,000
2.02	Non-Current Liabilities	478,185,000	479,371,000
2.02.01	Non-Current Debt and Finance Lease Obligations	338,270,000	338,239,000
2.02.01.01	Non-Current Debt	337,604,000	337,564,000
2.02.01.03	Finance Lease Obligations	666,000	675,000
2.02.02	Other Liabilities	2,180,000	2,219,000
2.02.02.02	Others	2,180,000	2,219,000
2.02.02.02.03	Income Tax and Social Contribution	2,180,000	2,219,000
2.02.03	Deferred Taxes	1,637,000	3,956,000
2.02.03.01	Deferred Taxes	1,637,000	3,956,000
2.02.04	Provisions	136,098,000	134,957,000
	Provisions for Tax Social Security, Labor and Civil		
2.02.04.01	Lawsuits	13,376,000	15,778,000
2.02.04.02	Other Provisions	122,722,000	119,179,000
2.02.04.02.04	Pension and Medical Benefits	71,522,000	69,421,000
2.02.04.02.05	Provision for Decommissioning Costs	47,335,000	46,785,000
2.02.04.02.06	Other Provisions	3,865,000	2,973,000
2.03	Shareholders' Equity	287,448,000	269,609,000
2.03.01	Share Capital	205,432,000	205,432,000

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2.03.02	Capital Reserves	2,457,000	2,457,000
2.03.04	Profit Reserves	92,761,000	77,364,000
2.03.08	Other Comprehensive Income	(18,511,000)	(21,268,000)
2.03.09	Non-controlling interests	5,309,000	5,624,000

## Consolidated Interim Accounting Information / Statement of Income

(R\$ thousand)

Account Code	Account Description	Current Quarter 04/01/2018 to 06/30/2018	Accumulated of the Current Year 01/01/2018 to 06/30/2018	Same Quarter of the Previous Year 04/01/2017 to 06/30/2017	Accumulated of the Previous Year 01/01/2017 to 06/30/2017
3.01	Sales Revenues	84,395,000	158,856,000	66,996,000	135,361,000
3.02	Cost of Sales	(52,772,000)	(100,460,000)	(45,627,000)	(90,206,000)
3.03	Gross Profit	31,623,000	58,396,000	21,369,000	45,155,000
3.04	Operating Expenses / Income	(14,647,000)	(23,094,000)	(5,764,000)	(14,668,000)
3.04.01	Selling Expenses General and	(4,748,000)	(8,876,000)	(3,889,000)	(6,279,000)
3.04.02	Administrative Expenses	(2,206,000)	(4,348,000)	(2,221,000)	(4,528,000)
3.04.05	Other Operating Expenses	(8,003,000)	(10,691,000)	(269,000)	(5,088,000)
3.04.05.01	Other Taxes	(359,000)	(840,000)	(3,069,000)	(3,360,000)
3.04.05.02	Research and Development Expenses	(593,000)	(1,088,000)	(549,000)	(886,000)
3.04.05.03	Exploration Costs	(584,000)	(1,026,000)	(603,000)	(899,000)
3.04.05.05	Other Operating Expenses, Net	(6,467,000)	(7,737,000)	3,952,000	57,000
3.04.06	Share of Profit / Gains on Interest in Equity-Accounted Investments	310,000	821,000	615,000	1,227,000
3.05	Net Income Before Financial Results and Income Taxes	16,976,000	35,302,000	15,605,000	30,487,000
3.06	Finance Income (Expenses), Net	(2,647,000)	(9,893,000)	(8,835,000)	(16,590,000)
3.06.01	Finance Income	4,596,000	5,697,000	1,051,000	1,984,000
3.06.01.01	Finance Income	4,596,000	5,697,000	1,051,000	1,984,000
3.06.02	Finance Expenses	(7,243,000)	(15,590,000)	(9,886,000)	(18,574,000)
3.06.02.01	Finance Expenses	(5,346,000)	(11,196,000)	(6,868,000)	(12,813,000)
3.06.02.02	Foreign Exchange and Inflation Indexation Charges, Net	(1,897,000)	(4,394,000)	(3,018,000)	(5,761,000)
3.07	Net Income Before Income Tax and Social	14,329,000	25,409,000	6,770,000	13,897,000
3.08	Contribution	(4,638,000)	(8,593,000)	(6,478,000)	(8,798,000)
3.08.01	Current	(4,108,000)	(7,429,000)	(2,573,000)	(3,399,000)
3.08.02	Deferred	(530,000)	(1,164,000)	(3,905,000)	(5,399,000)
3.09	Net Income from Continuing Operations	9,691,000	16,816,000	292,000	5,099,000
3.11		9,691,000	16,816,000	292,000	5,099,000

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	Income / (Loss) for the Period				
	Attributable to				
3.11.01	Shareholders of Petrobras	10,072,000	17,033,000	316,000	4,765,000
	Attributable to				
3.11.02	Non-Controlling Interests	(381,000)	(217,000)	(24,000)	334,000
	Income per Share				
3.99	(R\$/Share)				
3.99.01	Income per Share				
3.99.01.01	Ordinary Shares	0.77000	1.31000	0.02400	0.37000
3.99.01.02	Preferred Shares	0.77000	1.31000	0.02400	0.37000
3.99.02	Diluted Income per Share				
3.99.02.01	Ordinary Shares	0.77000	1.31000	0.02400	0.37000
3.99.02.02	Preferred Shares	0.77000	1.31000	0.02400	0.37000

## Consolidated Interim Accounting Information / Statement of Comprehensive Income

(R\$ thousand)

Account Code	Account Description	Current Quarter 04/01/2018 to 06/30/2018	Accumulated of the Same Quarter of Current Year 01/01/2018 to 06/30/2018	Accumulated of the Same Quarter of the Previous Year 04/01/2017 to 06/30/2017	Accumulated of the Previous Year 01/01/2017 to 06/30/2017
4.01	Net Income for the Period	9,691,000	16,816,000	292,000	5,099,000
4.02	Other Comprehensive Income	1,109,000	3,225,000	543,000	3,640,000
	Cumulative Translation				
4.02.03	Adjustments	20,291,000	21,186,000	4,102,000	1,586,000
	Unrealized Gains/(Losses) on securities measured at fair value through other				
4.02.04	comprehensive income	(14,000)	(16,000)	(2,000)	(42,000)
	Unrealized Gains / (Losses) on Cash Flow Hedge -				
	Recognized in Shareholders' Equity				
4.02.07	Equity	(30,589,000)	(31,688,000)	(7,742,000)	(2,281,000)
	Unrealized Gains / (Losses) on Cash Flow Hedge -				
4.02.08	Reclassified to Profit and Loss	2,846,000	5,507,000	2,371,000	4,806,000
	Deferred Income Tax and Social Contribution on Cash				
4.02.09	Flow Hedge	9,433,000	8,902,000	1,825,000	(859,000)
	Share of Other Comprehensive Income of Equity-Accounted				
4.02.10	Investments	(858,000)	(666,000)	(11,000)	430,000
	Total Comprehensive Income				
4.03	for the Period	10,800,000	20,041,000	835,000	8,739,000
	Attributable to Shareholders of				
4.03.01	Petrobras	10,828,000	19,862,000	803,000	8,394,000
	Attributable to				
4.03.02	Non-controlling Interests	(28,000)	179,000	32,000	345,000



## Consolidated Interim Accounting Information / Statement of Changes in Shareholders' Equity - 01/01/2018 to 06/30/2018

(R\$ thousand)

Account Code	Account Description	Share Capital	Capital Reserves, Treasury Shares and Options	Profit Reserves	Retained Earnings (Losses)	Accumulated Other Comprehensive Income	Shareholders' Equity	Non-controlling interest	Consolidated Shareholders' Equity
5.01	Balance at the Beginning of the Period	205,432,000	2,673,000	77,148,000	–	(21,268,000)	263,985,000	5,624,000	269,609,000
5.02	Prior Period Adjustments	–	–	–	(989,000)	(67,000)	(1,056,000)	(51,000)	(1,107,000)
5.03	Adjusted Opening Balance	205,432,000	2,673,000	77,148,000	(989,000)	(21,335,000)	262,929,000	5,573,000	268,502,000
5.04	Capital Transactions with Owners	–	–	–	(647,000)	(5,000)	(652,000)	(443,000)	(1,095,000)
5.04.06	Dividends	–	–	–	–	–	–	(420,000)	(420,000)
5.04.07	Interest on Shareholders' Equity	–	–	–	(652,000)	–	(652,000)	–	(652,000)
5.04.08	Change in Interest in Subsidiaries	–	–	–	–	–	–	(23,000)	(23,000)
5.04.09	Realization of the Deemed Cost	–	–	–	5,000	(5,000)	–	–	–
5.05	Total of Comprehensive Income	–	–	–	17,033,000	2,829,000	19,862,000	179,000	20,041,000
5.05.01	Net Income for the Period	–	–	–	17,033,000	–	17,033,000	(217,000)	16,816,000
5.05.02	Other Comprehensive Income	–	–	–	–	2,829,000	2,829,000	396,000	3,225,000
5.07	Balance at the End of the Period	205,432,000	2,673,000	77,148,000	15,397,000	(18,511,000)	282,139,000	5,309,000	287,448,000

## Consolidated Interim Accounting Information / Statement of Changes in Shareholders' Equity - 01/01/2017 to 06/30/2017

(R\$ thousand)

Account Code	Account Description	Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Retained Earnings (Losses)	Accumulated Other Comprehensive Income	Shareholders' Equity	Non-controlling interest	Consolidated Shareholders' Equity
5.01	Balance at the Beginning of the Period	205,432,000	1,251,000	77,584,000	–	(34,037,000)	250,230,000	2,513,000	252,743,000
5.03	Adjusted Opening Balance	205,432,000	1,251,000	77,584,000	–	(34,037,000)	250,230,000	2,513,000	252,743,000
5.04	Capital Transactions with Owners	–	11,000	–	5,000	(5,000)	11,000	(349,000)	(338,000)
5.04.06	Dividends	–	–	–	–	–	–	(207,000)	(207,000)
5.04.08	Change in Interest in Subsidiaries	–	11,000	–	–	–	11,000	(142,000)	(131,000)
5.04.09	Realization of the Deemed Cost	–	–	–	5,000	(5,000)	–	–	–
5.05	Total of Comprehensive Income	–	–	–	4,765,000	3,629,000	8,394,000	345,000	8,739,000
5.05.01	Net Income for the Period	–	–	–	4,765,000	–	4,765,000	334,000	5,099,000
5.05.02	Other Comprehensive Income	–	–	–	–	3,629,000	3,629,000	11,000	3,640,000
5.07	Balance at the End of the Period	205,432,000	1,262,000	77,584,000	4,770,000	(30,413,000)	258,635,000	2,509,000	261,144,000

## Consolidated Interim Accounting Information / Statement of Cash Flows – Indirect Method

(R\$ thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2018 to 06/30/2018	Accumulated of the Previous Year 01/01/2017 to 06/30/2017
6.01	Net cash provided by operating activities	47,813,000	42,878,000
6.01.01	Cash provided by operating activities	58,610,000	48,175,000
6.01.01.01	Net Income (loss) for the period	16,816,000	5,099,000
6.01.01.02	Pension and medical benefits (actuarial expense)	3,882,000	4,352,000
6.01.01.03	Results in equity-accounted investments	(821,000)	(1,227,000)
6.01.01.04	Depreciation, depletion and amortization	22,020,000	21,148,000
6.01.01.05	Impairment of assets (reversal)	(119,000)	207,000
6.01.01.06	Exploratory expenditures write-offs	232,000	324,000
6.01.01.07	Gains and losses on disposals/write-offs of assets	(2,123,000)	(5,685,000)
6.01.01.08	Foreign exchange, indexation and finance charges	14,830,000	16,153,000
6.01.01.09	Deferred income taxes, net	1,164,000	5,399,000
6.01.01.10	Allowance for expected credit losses	1,483,000	1,458,000
6.01.01.11	Inventory write-down to net realizable value	55,000	249,000
6.01.01.12	Reclassification of cumulative translation adjustment	–	185,000
6.01.01.13	Revision and unwinding of discount on the provision for decommissioning costs	1,191,000	1,211,000
6.01.01.14	Gain on remeasurement of investment retained with loss of control	–	(698,000)
6.01.02	Decrease / (increase) in assets / increase/ (decrease) in liabilities	(10,797,000)	(5,297,000)
6.01.02.01	Trade and other receivables, net	(5,034,000)	383,000
6.01.02.02	Inventories	(6,526,000)	823,000
6.01.02.03	Judicial deposits	(3,971,000)	(1,608,000)
6.01.02.04	Other assets	601,000	(1,053,000)
6.01.02.05	Trade payables	1,046,000	(2,381,000)
6.01.02.06	Other taxes payable	6,289,000	3,904,000
6.01.02.07	Pension and medical benefits	(1,879,000)	(1,364,000)
6.01.02.08	Income tax and social contribution paid	(3,714,000)	(626,000)
6.01.02.09	Other liabilities	2,391,000	(3,375,000)
6.02	Net cash used in investing activities	666,000	(11,311,000)
6.02.01	Acquisition of PP&E and intangibles assets	(20,023,000)	(20,681,000)
6.02.02	Increase in investments in investees	(97,000)	(50,000)
6.02.03	Proceeds from disposal of assets - Divestment	16,880,000	9,455,000
6.02.04	Divestment (investment) in marketable securities	2,233,000	(610,000)

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6.02.05	Dividends received	1,673,000	575,000
6.03	Net cash used in financing activities	(65,732,000)	(24,039,000)
6.03.01	Non-controlling interest	(23,000)	(142,000)
6.03.02	Proceeds from financing	27,231,000	43,988,000
6.03.03	Repayment of principal	(81,506,000)	(55,345,000)
6.03.04	Repayment of interest	(10,531,000)	(12,130,000)
6.03.05	Dividends paid to shareholders	(595,000)	–
6.03.06	Dividends paid to non-controlling interests	(308,000)	(410,000)
	Effect of exchange rate changes on cash		
6.04	and cash equivalents	8,295,000	1,334,000
	Net increase/ (decrease) in cash and cash		
6.05	equivalents	(8,958,000)	8,862,000
	Cash and cash equivalents at the beginning		
6.05.01	of the year	74,494,000	69,108,000
	Cash and cash equivalents at the end of the		
6.05.02	period	65,536,000	77,970,000

## Consolidated Interim Accounting Information / Statement of Added Value

(R\$ Thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2018 to 06/30/2018	Accumulated of the Previous Year 01/01/2017 to 06/30/2017
7.01	Sales Revenues	229,077,000	198,822,000
7.01.01	Sales of Goods and Services	203,257,000	170,758,000
7.01.02	Other Revenues	4,866,000	12,102,000
	Revenues Related to the Construction of		
7.01.03	Assets to be Used in Own Operations	22,437,000	17,420,000
7.01.04	Allowance for expected credit losses	(1,483,000)	(1,458,000)
7.02	Inputs Acquired from Third Parties	(74,197,000)	(68,311,000)
7.02.01	Cost of Sales	(33,298,000)	(28,077,000)
	Materials, Power, Third-Party Services		
7.02.02	and Other Operating Expenses	(28,649,000)	(29,580,000)
7.02.03	Impairment Charges / Reversals of Assets	119,000	(207,000)
7.02.04	Others	(12,369,000)	(10,447,000)
	Tax Credits on Inputs Acquired from		
7.02.04.01	Third Parties	(12,314,000)	(10,198,000)
	Inventory Write-Down to Net Realizable		
7.02.04.02	Value	(55,000)	(249,000)
7.03	Gross Added Value	154,880,000	130,511,000
7.04	Retentions	(22,020,000)	(21,148,000)
7.04.01	Depreciation, Amortization and Depletion	(22,020,000)	(21,148,000)
7.05	Net Added Value Produced	132,860,000	109,363,000
7.06	Transferred Added Value	6,675,000	3,477,000
	Share of Profit of Equity-Accounted		
7.06.01	Investments	821,000	1,227,000
7.06.02	Finance Income	5,697,000	1,984,000
7.06.03	Others	157,000	266,000
7.07	Total Added Value to be Distributed	139,535,000	112,840,000
7.08	Distribution of Added Value	139,535,000	112,840,000
7.08.01	Employee Compensation	14,949,000	14,366,000
7.08.01.01	Salaries	9,203,000	8,834,000
7.08.01.02	Fringe Benefits	5,151,000	4,893,000
7.08.01.03	Unemployment Benefits (FGTS)	595,000	639,000
7.08.02	Taxes and Contributions	75,789,000	58,219,000
7.08.02.01	Federal	50,996,000	35,835,000
7.08.02.02	State	24,416,000	22,087,000
7.08.02.03	Municipal	377,000	297,000
7.08.03	Return on Third-Party Capital	31,981,000	35,156,000
7.08.03.01	Interest	18,973,000	21,654,000
7.08.03.02	Rental Expenses	13,008,000	13,502,000
7.08.04	Return on Shareholders' Equity	16,816,000	5,099,000
7.08.04.01	Interest on Capital	652,000	–
	Retained Earnings / (Losses) for the		
7.08.04.03	Period	16,381,000	4,765,000

	Write-Off of Overpayments Incorrectly		
7.08.04.04	Capitalized	(217,000)	334,000

Notes to the financial statements

(Expressed in millions of Reais, unless otherwise indicated)

1. The Company and its operations

Petróleo Brasileiro S.A. (Petrobras), hereinafter referred to as “Petrobras” or “Company,” is a partially state-owned enterprise, controlled by the Brazilian Federal Government, of indefinite duration, governed by the terms and conditions under the Brazilian Corporate Law (Law 6,404 of December 15, 1976), Law 13,303 of June 30, 2016 and its Bylaws.

Following the adherence to the market tier called Level 2 at the Brazilian stock exchange (B3), a market tier that requires a high level of corporate governance standards, the Company, its managers and fiscal council members also became subject to provisions set out in the Level 2 Regulation (Regulamento de Listagem do Nível 2 de Governança Corporativa da Brasil Bolsa Balcão – B3).

The provisions of the Level 2 Regulation shall prevail over statutory provisions, in the event of damage to the rights of investors of public offers provided for in the Company's Bylaws, except in cases of: (i) prior notice to shareholders made by the Minority Shareholders’ Committee and eventual dissenting opinion of the controlling shareholder as to the prevalence of said Level 2 Regulation (article 30, paragraphs 4 and 5 and article 40, paragraphs 3 and 4 of the Company’s Bylaws); (ii) disputes or controversies that refer to Petrobras’ activities based on art. 1 of Law 9,478/97, observing the provisions of the Bylaws, regarding the public interest that justified the Company’s creation; and (iii) disputes or controversies involving inalienable rights, as provided for in the sole paragraph of article 58 of the Bylaws.

The Company is dedicated 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 other related or similar activities.

The economic activities linked to its business purpose shall be developed by the Company as free competition with other companies according to market conditions, in compliance with the other principles and guidelines of Laws no. 9,478/97 and 10,438/02 (oil & gas and electricity sector regulations, respectively).

Petrobras may perform any of the activities related to its corporate purpose, directly, through its wholly owned subsidiaries, controlled companies, alone or through joint venture with third parties, in Brazil or abroad.

Petrobras may have its activities, provided they are in compliance with its corporate purpose, guided by the Brazilian Federal Government to contribute to the public interest that justified its creation, aiming to meet the objectives of the national energy policy outlined in the Annual Letter of Public Policies and Corporate Governance approved by the Board of Directors.

The Brazilian Federal Government may only guide the Company to assume obligations or responsibilities, including the implementation of investment projects and the assumption of specific operating costs/results, such as those relating to the sale of fuels, as well as any other related activities, under conditions different from those of any other private sector company operating in the same market, when:

I – established by law or regulation, as well as under provisions of agreements with a public entity that is competent to establish such obligation, abiding by the broad publicity of such instruments; and

II – the cost and revenues thereof have been broken down and disseminated in a transparent manner, including in the accounting plan.

Moreover, as set out in the Company's Bylaws, the terms of which were amended to conform to provisions under law 13,303/2016, Decree 8,945/2016 and the B3 market tier named New Market (Novo Mercado - the main governance market tier of B3), in the event the Brazilian Federal Government guides the Company to meet the public interest under conditions different from market conditions, the Company's Finance Committee and Minority Shareholders Committee, exercising their advisory role to the Board of Directors, shall assess and measure the difference between such market conditions and the operating result or economic return of the transaction, based on technical and economic criteria for investment valuation and specific operating costs and results under the Company's operations, In this case, for every financial year, the Federal Government shall compensate the Company.

## 2. Basis of preparation and presentation of financial statements

The consolidated and individual (Parent Company) financial statements have been prepared and are presented in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and with the pronouncements issued by the Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis - CPC) and released by the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários – CVM).



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This interim financial information presents the significant changes in the period, avoiding repetition of certain notes to the financial statements previously reported, and presents the consolidated information, considering Management's understanding that it provides a comprehensive view of the Company's financial position and operational performance, complemented by certain information of the Parent Company. Hence, this interim financial information should be read together with the Company's audited annual financial statements for the year ended December 31, 2017, which include the full set of notes.

The Company's Board of Directors, in a meeting held on August 2, 2018, authorized the issuance of these consolidated interim financial information.

### 3. The "Lava Jato (Car Wash) investigation" and its effects on the Company

In the third quarter of 2014, the Company wrote off R\$ 6,194 (R\$ 4,788 in the Parent Company) of capitalized costs representing amounts that Petrobras overpaid for the acquisition of property, plant and equipment in prior years. For additional information about this write off and its approach to estimate amounts overpaid by the Company, see note 3 to the audited consolidated financial statements ended December 31, 2017.

In the preparation of these unaudited interim financial statements ended June 30, 2018, the Company has not identified any additional information that would affect the adopted calculation methodology to write off the amounts overpaid. The Company has monitored the progress of investigations by Brazilian authorities under the Lava Jato Operation, as well as an internal investigation carried out by independent law firms. The Company will continue to monitor these investigations for additional information and will review their potential impact on the adjustment made.

We have been formally recognized as a victim of the crimes identified under the Lava Jato investigation by the Brazilian Federal Prosecutor's Office, the lower court hearing the case and by the Brazilian Supreme Court. As a result, we have entered into 49 criminal proceedings as an assistant to the prosecutor. In addition, we have entered into four criminal proceedings as an interested party. We have also renewed our commitment to continue cooperating with authorities to clarify the issues and report them regularly to our investors and to the public in general.

In addition, the Company has been taking the necessary procedural steps to seek compensation for damages suffered from the improper payments scheme, including those related to its reputation.

Accordingly, the Company joined 15 public civil suits addressing acts of administrative misconduct filed by the Brazilian Public Prosecutor's Office and the Federal Government, including demands for compensation for reputation damages.

To the extent that any of the proceedings resulting from the Lava Jato investigation involve leniency agreements or plea agreements for return of funds, the Company may be entitled to receive a portion of such funds. Nevertheless, the Company is unable to reliably estimate further recoverable amounts at this moment. Any future recoverable amount will be recognized as income when received or when its economic benefits become virtually certain.

The total funds collected through June 30, 2018 under the Lava Jato investigation amounted to R\$ 1,477 (R\$ 1,476 through December 31, 2017).

### 3.1. Investigations involving the Company

Petrobras is not a target of the Lava Jato investigation and is formally recognized as a victim of the improper payments scheme by the Brazilian Authorities.

On November 21, 2014, Petrobras received a subpoena from the U.S. Securities and Exchange Commission (SEC) requesting certain documents and information about the Company with respect to, among other things, the Lava Jato investigation and any allegations regarding a violation of the U.S. Foreign Corrupt Practices Act. The U.S. Department of Justice (DoJ) is conducting a similar inquiry, and the Company is cooperating with both investigations and intends to continue to do so, working with the independent Brazilian and U.S. law firms that were hired to conduct an independent internal investigation. The investigations carried out by the SEC and DoJ may require the Company to pay penalties or provide other financial relief, or consent to injunctions or orders on future conduct or suffer other penalties.

The inquiries carried out by these authorities remain ongoing, and to date it is not possible to estimate their duration, scope or results. Accordingly, the Company is unable to make a reliable estimate about amounts and probability of penalties that may be required or if other financial relief may be provided in connection with any SEC or DoJ investigation.

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On December 15, 2015, the State of São Paulo Public Prosecutor's Office issued the Order of Civil Inquiry 01/2015, establishing a civil proceeding to investigate the existence of potential damages caused by Petrobras to investors in the stock market. The Company has provided all relevant information required by the authorities.

#### 4. Summary of significant accounting policies

The same accounting policies and methods of computation were followed in these consolidated interim financial statements as those followed in the preparation of the annual financial statements of the Company for the year ended December 31, 2017, except for the changes arising from the adoption of IFRS 9 - Financial Instruments, IFRS 15 - Revenue from Contracts with Customers and IFRIC 22 Foreign Currency Transactions and Advance Consideration. The provisions under these standards and interpretation became effective on January 1, 2018.

##### 4.1. IFRS 9 - Financial Instruments (CPC 48 - Instrumentos Financeiros)

IFRS 9 establishes, among others, new requirements for classification and measurement of financial assets, measurement and recognition of impairment of financial assets, changes in the terms of financial assets and liabilities, hedge accounting and disclosure.

As permitted by IFRS 9, the company did not restate prior periods with respect to classification and measurement (including impairment and modification of financial assets and liabilities) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 were recognized at January 1, 2018 in retained earnings within equity. Information on the consolidated impacts is presented below:

Item of Consolidated Statement of Financial Position	Balance at 12.31.2017	Adjustment by initial application of IFRS 9	Note	Balance at 01.01.2018
Current assets				
Trade and other receivables, net	16,446	(341)	4.1.3	16,105
Non-current assets				
Trade and other receivables, net	17,120	(64)	4.1.3	17,056
Deferred income taxes	11,373	484		11,857
Others	10,202	(7)	4.1.3	10,195
Current liabilities				
Finance debt	23,160	3	4.1.2	23,163
Non-current liabilities				
Finance debt	337,564	1,175	4.1.2	338,739
Equity				
Accumulated other comprehensive deficit	(21,268)	(67)	4.1.1	(21,335)
Retained earnings	-	(989)		(989)
Non-controlling interests	5,624	(51)		5,573

The new hedge accounting requirements were applied prospectively. The cash flow hedge relationships of highly probable future exports for the purposes of IAS 39 were considered as hedges for IFRS 9 purposes, since they also qualify for hedge accounting in accordance with the new standard.

The main accounting policies following the adoption of IFRS 9 at January 1, 2018 are shown below:

#### 4.1.1. Classification and measurement of financial assets

Financial assets are generally classified and subsequently measured based on the business model in which assets are managed and their contractual cash flow characteristics, as follows:

Amortised cost: when the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the business model's objective is to hold financial assets in order to collect contractual cash flows;

Fair value through other comprehensive income: i) when the contractual terms of a debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the business model's objective to collect contractual cash flows and sell financial assets; and ii) equity instruments not held for trading purposes for which the Company has made an irrevocable election in their initial recognition to present changes in fair value in other comprehensive income rather than within profit or loss; and

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**Fair value through profit or loss:** if the financial asset does not meet the criteria for the two aforementioned categories. The table below presents comparative information of marketable securities between the former classification and measurement in accordance with IAS 39 and the current requirements following the effectiveness of IFRS 9:

Classification according to IAS 39	Carrying amount according to CPC 38 // IAS 39 at December 31, 2017			Classification according to CPC 48 / IFRS 9	Carrying amount according to CPC 48 / IFRS 9 at January 1, 2018		
	In Brazil	Abroad	Total		In Brazil	Abroad	Total
Trading securities	3,531	-	3,531	Fair value through profit or loss	4,222	-	4,222
Available-for-sale securities	505	2,015	2,520	Fair value through other comprehensive income	42	2,015	2,057
Held-to-maturity securities	397	-	397	Amortised cost	169	-	169
	4,433	2,015	6,448		4,433	2,015	6,448

#### 4.1.2. Modification of contractual cash flows

When the contractual cash flows of a financial liability measured at amortized cost are renegotiated or modified and this change is not substantial, its gross carrying amount should reflect the discounted present value of its cash flows under the new terms using the original effective interest rate. The difference between the book value immediately prior to such modification and the new gross carrying amount is recognized as gain or loss in profit or loss.

#### 4.1.3. Impairment of financial assets

An allowance for expected credit losses is recognized on a financial asset that is measured at amortized cost, including lease receivables, and on financial assets measured at fair value through other comprehensive income.

The Company measures expected credit losses for short-term trade receivables using a provision matrix based on unadjusted historical observed default rates when such information represents the best estimate, or such information adjusted by current and forward-looking information available without undue cost or effort.

The Company measures the allowance for expected credit losses of other financial assets based on their 12-month expected credit losses. However, whenever their credit risks have increased significantly since their initial recognition, the allowance for expected credit losses is based on their lifetime expected credit losses.

#### Significant increase in credit risk since initial recognition

When determining whether there has been a significant increase in credit risk, the Company compares the risk of default on initial recognition and at the reporting date by using certain indicators, such as the actual or expected significant change in the financial instrument's external credit rating and information on payment delays.

Regardless of the assessment of significant increase in credit risk, a delinquency period of 30 days past due triggers the definition of significant increase in credit risk on a financial asset, unless otherwise demonstrated by reasonable and sustainable information.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is considered to have low credit risk at the reporting date. The financial instrument has a low credit risk in case of low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company determines if a financial instrument has low credit risk based on external credit ratings or internal methodologies.

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#### Definition of default

The Company assumes that a default occurs whenever financial assets are at least 90 days past due and or the counterparty does not comply with the legal obligation to pay its debts when due.

#### Measurement of expected credit losses

The measurement of credit loss comprises the difference between all contractual cash flows that are due to the Company and all the cash flows that the Company expects to receive, discounted at the original effective interest rate weighted by the probability of default.

The probability of default, losses (the magnitude of the loss if a default occurs) and exposure to default are factored into the measurement of the expected credit loss.

The evaluation of default probability takes into account data of the main credit rating agencies, as well as internal valuation methodologies. The loss due to a default also takes into account the probability of expected cash flows from collateral (collateral assets) and other credit enhancements that are part of the contractual terms, less the costs of obtaining and selling that collateral. Exposure to default comprises the gross carrying amount of the financial asset at the reporting date.

#### Disclosure

The Company recognizes in profit or loss the impairment on financial assets measured at amortized cost.

#### 4.1.4. Hedge Accounting

At inception of the hedge relationship, the Company documents its objective and strategy, including identification of the hedging instrument, the hedged item, the nature of the hedged risk and evaluation of hedge effectiveness requirements. The hedge relationship meets all of the hedge effectiveness requirements when:

- An economic relationship exists between the hedged item and the hedging instrument;
  - The effect of credit risk does not dominate the value changes that result from the economic relationship; and
  - The hedge ratio is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company uses to hedge that quantity of hedged item.
- The Company applies cash flow hedge accounting for certain transactions. Hedging relationships qualify for cash flow hedges when they involve the hedging of exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that may impact the statement of income.

Gains or losses relating to the effective portion of such hedges are recognized in other comprehensive income within equity and recycled to the statement of income in finance income (expense) in the periods when the hedged item affects the statement of income. The gains or losses relating to the ineffective portion are immediately recognized in finance income (expense).

When the hedging instrument expires or settled in advance or no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective is recorded separately in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is immediately reclassified from equity to the statement of income.

In addition, when a financial instrument designated as a hedging instrument expires or settled, the Company may replace it with another financial instrument in a manner such that the hedge relationship continues to occur. Likewise, whenever a hedged transaction effectively occurs, its financial instrument previously designated as a hedging instrument may be designate for a new hedge relationship.

#### 4.2. IFRS 15 - Revenue from Contracts with Customers (CPC 47 - Receita de Contrato com Cliente)

The company has determined when and by what amounts revenue from contracts with customer should be recognized according to the following five step approach: 1) identify the contract with a customer; 2) identify the separate performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the separate performance obligations in the contract, 5) recognize revenue when the entity satisfies a performance obligation. A performance obligation is satisfied when the customer obtains control of that good or service.



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For the purposes of the transition requirements, the Company applied this standard retrospectively with the cumulative effect of its application recognized at its effective date within retained earnings. However, the changes arising from the adoption of IFRS 15 only affected the way certain revenues from contracts with customers are disclosed within the statement of income and did not affect net income. Accordingly, there were no impacts within retained earnings (equity).

The following table presents the impacts of adoption of this standard for the first half of 2018:

	Amount at 06.30.2018	Initial application of IRFS 15 / CPC 47			Amount without effects of initial application of IRFS 15 / CPC 47 at 06.30.2018
		Agent	Breakage	Others	
Sales revenues	158,856	4,117	(450)	(77)	162,446
Cost of sales	(100,460)	(4,117)	28	–	(104,549)
Gross profit	58,396	–	(422)	(77)	57,897
Income and expenses	(23,915)	–	422	77	(23,416)
Income before finance income, results in equity-accounted investments and income taxes	34,481	–	–	–	34,481

#### The Company acting as an agent

In accordance with accounting policies at December 31, 2017, the Company was regarded as the principal in certain transactions. Therefore, the revenues from these sales, cost of the product sold and sales expenses were presented separately in the statement of income. However, under the new standard's requirements, the Company acts as an agent because it does not obtain control of goods or services provided by another party before it is transferred to the customer. From January 1, 2018, revenues from these sales have been presented in the statement of income net of their cost of sales and sales expenses.

#### Non-exercised right Income (breakage)

In accordance with accounting policies at December 31, 2017, the Company regarded the income from rights not exercised by customers in certain take or pay and ship or pay contracts as penalties revenue and presented it as other income and expenses in the statement of income. However, according to the new standard's requirements, the Company has accounted for and presented its income from rights not exercised by customers as sales revenues in the statement of income, as from January 1, 2018.

#### 4.3. IFRIC 22 Foreign Currency Transactions and Advance Consideration

Based on the transition provisions of IFRIC 22, the Company has applied the new requirements prospectively from January 1, 2018. IFRIC 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

#### 5. Accounting estimates

The preparation of interim financial statements requires the use of estimates and assumptions for certain assets, liabilities and other transactions. These estimates and assumptions include oil and gas reserves and their impacts to other parts of the financial statements, the main assumptions and cash-generating units identified for impairment testing of assets, pension and medical benefits liabilities, provisions for legal proceedings, dismantling of areas and environmental remediation, deferred income taxes, cash flow hedge accounting and impairment of trade receivables. Although our management uses assumptions and judgments that are periodically reviewed, the actual results could differ from these estimates.

Except for the impairment of trade receivables estimate, which has been based on the expected credit losses model since the effectiveness of IFRS 9 at January 1, 2018 (see note 4.1.3), information on those accounting estimates is presented in note 5 to the Company's annual financial statements for the year ended December 31, 2017.

The Company uses judgment for inputs and assumptions, such as risk of default, the determination of whether or not there has been a significant increase in credit risk and expectation of recovery, that are factored into the estimate of expected credit losses.

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## 6. Cash and cash equivalents and Marketable securities

## Cash and cash equivalents

	Consolidated	
	06.30.2018	12.31.2017
Cash at bank and in hand	1,748	5,193
Short-term financial investments		
- In Brazil		
Brazilian interbank deposit rate investment funds and other short-term deposits	8,801	3,889
Other investment funds	12	57
	8,813	3,946
- Abroad		
Time deposits	20,345	20,632
Automatic investing accounts and interest checking accounts	31,314	37,337
Other financial investments	3,316	7,386
	54,975	65,355
Total short-term financial investments	63,788	69,301
Total cash and cash equivalents		