

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**

		Softwares			
	Rights and Concessions	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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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 Breitener 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	