

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
April 30, 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 April, 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

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This report on Form 6-K is incorporated by reference in the Registration Statement on Form F-3 of Petróleo Brasileiro -- Petrobras (No. 333-163665).

Petróleo Brasileiro S.A. - Petrobras

Consolidated Financial Statements

March 31, 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

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 March 31, 2013, the related condensed consolidated statement of income, of cash flows and of comprehensive income for the three-month periods ended March 31, 2013 and March 31, 2012 and the condensed statement of changes in shareholders' equity for the three-month period ended March 31, 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 04, 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

PricewaterhouseCoopers

Auditores Independentes

Rio de Janeiro, Brazil

April 26, 2013

Petróleo Brasileiro S.A. - Petrobras

Consolidated Statement of Financial Position

March 31, 2013 and December 31, 2012

(In millions of US Dollars)

Assets	Note	03.31.2013	12.31.2012	Liabilities
Current assets				Current liabilities
Cash and cash equivalents	5	13,524	13,520	Trade payables
Marketable securities	6	9,585	10,431	Current debt
Trade and other receivables, net	7.1	11,144	11,099	Finance lease obligations
Inventories	8	15,792	14,552	Taxes payable
Recoverable taxes	18.1	5,332	5,572	Dividends payable
Advances to suppliers		854	927	Employee compensation (payroll
Others		1,814	1,693	and related charges)
				Pension and medical benefits
		58,045	57,794	Others
Non-current assets				Non-current liabilities
Long-term receivables				
Trade and other receivables, net	7.1	4,272	4,441	Non-current debt
Marketable securities	6	184	176	Finance lease obligations
Judicial deposits	27.2	2,823	2,696	Deferred taxes
Deferred taxes	18.2	8,999	8,535	Pension and medical benefits
Other tax assets	18.1	5,406	5,223	Provisions for legal proceedings
Advances to suppliers		3,060	3,156	Provision for decommissioning co
Others		1,949	1,887	Others
		26,693	26,114	
Investments	9.2	5,838	6,106	
Property, plant and equipment	10	214,457	204,901	
Intangible assets	11	40,241	39,739	Shareholders' equity
		260,536	250,746	Share capital
				Additional paid in capital
				Profit reserves

		Accumulated other comprehensi
		Attributable to the sharehold
		Non-controlling interests
		Total Equity
Total Assets	345,274	334,654 Total liabilities and sharehold

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See the accompanying notes to the financial statements

Petróleo Brasileiro S.A. - Petrobras

Consolidated Statement of Financial Position

March 31, 2013 and December 31, 2012

(In millions of US Dollars)

	Note	Jan-Mar/2013	Jan-Mar/2012
Sales revenues	21	36,345	37,410
Cost of sales		(26,897)	(25,959)
Gross profit		9,448	11,451
Income (expenses)			
Selling expenses		(1,150)	(1,331)
General and Administrative expenses		(1,238)	(1,244)
Exploration costs		(642)	(572)
Research and development expenses		(337)	(293)
Other taxes		(112)	(84)
Other operating expenses, net	22	(1,034)	(1,268)
		(4,513)	(4,792)
Net income before financial results, profit sharing and income taxes		4,935	6,659
Net finance income (expense)	24	696	263
Share of profit of equity-accounted investments		78	77
Net income before income taxes		5,709	6,999
Income taxes	18.3	(1,784)	(1,666)
Net income		3,925	5,333
Net income (loss) attributable to:			
Shareholders of Petrobras		3,854	5,212
Non-controlling interests		71	121
		3,925	5,333

Basic and diluted earnings per weighted-average of common and preferred share in U.S. dollars	20.3	0.30	0.40
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See the accompanying notes to the financial statements

Petróleo Brasileiro S.A. - Petrobras

Consolidated Statement of Comprehensive Income

March 31, 2013 and 2012

(In millions of US Dollars)

	Jan-Mar/2013	Jan-Mar/2012
Net income	3,925	5,333
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Deemed cost of associates	1	1
Cummulative translation adjustments	2,335	4,716
Items that may be reclassified subsequently to profit or loss:		
Unrealized gains / (losses) on available-for-sale securities		
Recognized in shareholders' equity	-	118
Reclassified to profit or loss	(45)	2
Unrealized gains / (losses) on cash flow hedge		
Recognized in shareholders' equity	21	11
Reclassified to profit or loss	(1)	(10)
Deferred income tax	15	(40)
	2,326	4,798
Total comprehensive income (loss)	6,251	10,131
Comprehensive income attributable to:		
Shareholders of Petrobras	6,205	10,007
Non-controlling interests	46	124
Total comprehensive income (loss)	6,251	10,131

See the accompanying notes to the financial statements

Petróleo Brasileiro S.A. - Petrobras

Consolidated Statement of Changes in Shareholders' Equity

March 31, 2013 and 2012

(In millions of US Dollars)

	Share Capital	Additional paid in capital		Accumulated other comprehensive income			Profit reserves			
		Incremental costs directly attributable to the issue of new shares	Change in interest in subsidiaries	Cumulative translation adjustment	Other comprehensive income	Actuarial gains (losses) on defined benefit pension plans	Legal	Statutory	Tax incentives	Profit retention ea
Balance at December 31, 2011	107,355	(279)	595	7,697	246	-6,812	1,108	727	51,577	
Impact of the amendment to IAS 19	-	-	-	-	-	(4,399)	-	-	-	
Balance at January 1, 2012	107,355	(279)	595	7,697	246	(4,399)	6,812	1,108	727	51,577
Capital increase with reserves	7	-	-	-	-	-	-	-	(7)	-
Capital increase - issue of new shares	-	-	-	-	-	-	-	-	-	-
Cumulative translation adjustments	-	-	-	(14,429)	-	-	-	-	-	-
Unrealized gains / (losses) on available-for-sale securities and cash flow hedge	-	-	-	-	(139)	-	-	-	-	-
Realization of deemed cost	-	-	-	-	(5)	-	-	-	-	-
	-	-	-	-	-	(3,349)	-	-	-	-

Actuarial gains (losses) on defined benefit pension plans										
Change in interest in subsidiaries	-	-	33	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-	-	-
Distributions:										
Allocation of net income	-	-	-	-	-	-	552	537	9	6,005
Dividends	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2012	107,362	(279)	628	(6,732)	102	(7,748)	7,364	1,645	729	57,582
Capital increase with reserves	-	-	-	-	-	-	-	-	-	-
Capital increase - issue of new shares	-	-	-	-	-	-	-	-	-	-
Cumulative translation adjustments	-	-	-	2,335	-	-	-	-	-	-
Unrealized gains / (losses) on available-for-sale securities and cash flow hedge	-	-	-	-	(10)	-	-	-	-	-
Realization of deemed cost	-	-	-	-	(1)	-	-	-	-	-
Change in interest in subsidiaries	-	-	7	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-	-	-
Distributions:										
Allocation of net income	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2013	107,362	(279)	635	(4,397)	91	(7,748)	7,364	1,645	729	57,582
		356		(4,306)		(7,748)		67,320		

See the accompanying notes to the financial statements

Petróleo Brasileiro S.A. - Petrobras

Consolidated Statement of Cash Flows

March 31, 2013 and 2012

(In millions of US Dollars)

	Jan-Mar/2013	Jan-Mar/2012
Cash flows from Operating activities		
Net income attributable to the shareholders of Petrobras	3,854	5,212
Adjustments for:		
Non-controlling interests	71	121
Share of profit of equity-accounted investments	(78)	(77)
Depreciation, depletion and amortization	3,198	2,686
Impairment	74	81
Exploration expenditures written off	304	308
Gains/(Losses) on disposal of non-current assets	63	44
Foreign Exchange variation, indexation and finance charges	(528)	(284)
Deferred income taxes, net	1,063	1,319
Pension and medical benefits (actuarial expense)	703	571
Increase/(Decrease) in assets		
Trade and other receivables, net	187	(93)
Inventories	(1,165)	(708)
Other assets	(266)	(721)
Increase/(Decrease) in liabilities		
Trade payables	201	(271)
Taxes payable	(216)	349
Pension and medical benefits	(149)	(157)
Other liabilities	139	155
Net cash provided by / (used in) operating activities	7,455	8,535
Cash flows from Investing activities		
Investments in exploration and production of oil and gas	(5,108)	(4,879)
Investments in refining, transportation and marketing	(2,960)	(3,108)
Investments in gas and power activities	(474)	(380)
Investments in international activities	(526)	(364)
Investments in distribution activities	(92)	(162)
Investments in biofuel activities	(1)	(1)
Other investments	(76)	(490)
Investments in Marketable securities	1,046	(419)
Dividends received	14	7
Net cash provided by / (used in) investing activities	(8,177)	(9,796)

See the accompanying notes to the financial statements

Petróleo Brasileiro S.A. - Petrobras

Statement of Cash Flows (Continued)

March 31, 2013 and 2012

(In millions of US Dollars)

	Jan-Mar/2013	Jan-Mar/2012
Cash flows from Financing activities		
Acquisition of non-controlling interest	(52)	(52)
Financing and loans, net		
Proceeds from long-term financing	3,672	3,672
Repayment of principal	(1,539)	(1,539)
Repayment of interest	(1,566)	(1,566)
Dividends paid	-	-
Net cash provided by/(used in) financing activities	515	515
Effect of exchange rate changes on cash and cash equivalents	211	211
Net increase/ (decrease) in cash and cash equivalents in the period	4	4
Cash and cash equivalents at the beginning of the period	13,520	13,520
Cash and cash equivalents at the end of the period	13,524	13,524

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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). They are presented in U.S. dollars.

This interim financial information is presented with the relevant changes 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 April 26, 2013.

2.1 Accounting estimates

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) Consolidated Statement of financial position

	As presented (*)	12.31.2012 Impact of IAS 19 amendment
Current assets	57,794	
Long-term receivables	23,105	3,009
Investments	6,106	
Property, plant and equipment	204,901	
Intangible Assets	39,739	
	331,645	3,009
Current liabilities	34,070	
Non-current liabilities	128,536	10,325
Shareholder's equity attributable to the shareholders of Petrobras	167,887	(7,316)
Non-controlling interests	1,152	
	331,645	3,009

(*) As presented for the period ended 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 March 31, 2013.

Petróleo Brasileiro S.A. - Petrobras

Consolidated notes to the financial statements

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

5 Cash and cash equivalents

	03.31.2013	12.31.2012
Cash at bank and in hand	951	990
Short-term financial investments		
- <i>In Brazil</i>		
Single-member funds (Interbank Deposit)	6,063	8,118
Other investment funds	19	419
	6,082	8,537
- <i>Abroad</i>	6,491	3,993
Total short-term financial investments	12,573	12,530
Total cash and cash equivalents	13,524	13,520

6 Marketable securities

	03.31.2013	12.31.2012
Trading securities	9,448	10,222
Available-for-sale securities	161	239
Held-to-maturity securities	160	146

Current	9,769	10,607
Non-current	9,585	10,431
	184	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.

Petróleo Brasileiro S.A. - Petrobras

Consolidated notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***7 Trade and other receivables****7.1 Trade and other receivables, net**

	03.31.2013	12.31.2012
Trade Receivables		
Third parties	10,854	10,785
Related parties (Note 16)		
Joint ventures and associates	980	780
Receivables from the electricity sector	1,920	1,937
Petroleum and alcohol accounts - STN(*)	415	409
Other Receivables	2,715	3,081
	16,884	16,992
Provision for impairment of trade receivables	(1,468)	(1,452)
	15,416	15,540
Current	11,144	11,099
Non-current	4,272	4,441

7.2 Changes in the provision for impairment of trade receivables

	03.31.2013	12.31.2012
Opening balance	1,452	1,487
Additions (*)	34	300
Write-offs / reversals (*)	(39)	(203)
Cumulative translation adjustment	21	(132)
Closing balance	1,468	1,452
Current	869	854
Non-current	599	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

	03.31.2013	12.31.2012
Up to 3 months	982	769
From 3 to 6 months	119	156
From 6 to 12 months	217	181
More than 12 months	1,699	1,587
	3,017	2,693

Petróleo Brasileiro S.A. - Petrobras

Consolidated notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***8 Inventories**

	03.31.2013	12.31.2012
Products:		
Oil products (*)	6,236	5,880
Fuel Alcohol (*)	231	161
	6,467	6,041
Raw materials, mainly crude oil (*)	7,164	6,452
Maintenance materials and supplies (*)	1,938	1,882
Others	272	222
	15,841	14,597
Current	15,792	14,552
Non-current	49	45

(*) Includes imports in transit.

9 Investments**9.1 Investments in associates and joint ventures**

	03.31.2013	12.31.2012
Associates and joint ventures		
Petrochemical investments	2,867	2,856
Gas distributors	596	555
Guarani S.A.	507	482
Petroritupano - Orielo	229	233
Nova Fronteira Bionergia S.A.	205	203
Petrowayu - La Concepción	167	193
Transierra S.A.	73	69
Petrokariña - Mata	72	75

UEG Araucária	67	64
Other associates and joint ventures	957	1,256
	5,740	5,986
Other investments	98	120
	5,838	6,106

Petróleo Brasileiro S.A. - Petrobras

Consolidated notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***9.2 Investments in listed companies**

Company	Thousand - share lot		Type	Quoted Stock Exchange Prices (US\$ per share)		Market value	
	03.31.2013	12.31.2012		03.31.2013	12.31.2012	03.31.2013	12.31.2012
Subsidiaries							
Petrobras Argentina	1,356,792	1,356,792	Common	0.80	0.69	1,091	9
						1,091	9
Associates							
Braskem	212,427	212,427	Common	5.54	4.70	1,177	9
Braskem	75,793	75,793	Preferred A	6.78	6.26	514	4
						1,691	1,4

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

Petróleo Brasileiro S.A. - Petrobras

Consolidated notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***10 Property, plant and equipment****10.1 By class of asset**

	Land, buildings and improvements	Equipment and other assets	Assets under construction (*)
Balance at December 31, 2011	6,588	66,362	84
Additions	50	2,073	32
Additions to decommissioning assets / review of estimates	-	-	-
Capitalized borrowing costs	-	-	3
Business combination	83	182	-
Write-offs	(6)	(59)	(2)
Transfers	2,504	24,818	(30)
Depreciation, amortization and depletion	(477)	(6,626)	-
Impairment - recognition	(20)	(178)	-
Impairment - reversal	-	44	-
Cumulative translation adjustment	(558)	(4,908)	(6)
Balance at December 31, 2012	8,164	81,708	81
Cost	10,834	122,647	81
Accumulated depreciation, amortization and depletion	(2,670)	(40,939)	-
Balance at December 31, 2012	8,164	81,708	81
Additions	13	426	8
Additions to decommissioning assets / review of estimates	-	-	-
Capitalized borrowing costs	-	-	-
Write-offs	(5)	(15)	(1)
Transfers	305	3,710	(4)
Depreciation, amortization and depletion	(131)	(1,779)	-
Cumulative translation adjustment	103	907	-
Balance at March 31, 2013	8,449	84,957	86
Cost	11,295	127,994	86

Accumulated depreciation, amortization and depletion	(2,846)	(43,037)
Balance at March 31, 2013	8,449	84,957

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Weighted average of useful life in years	25 (25 to 40) (except land)	20 (3 to 31) (**)
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(*) Includes oil and gas exploration and development assets

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

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

Petróleo Brasileiro S.A. - Petrobras

Consolidated notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***11 Intangible assets****11.1 By class of assets**

	Rights and Concessions	Software Acquired	Software 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	12	6	31	-	49
Capitalized borrowing costs	-	-	3	-	3
Write-offs	(22)	(2)	(2)	-	(26)
Transfers	(9)	(16)	(14)	3	(36)
Amortization	(10)	(13)	(31)	-	(54)
Cumulative translation adjustment	555	3	5	3	566
Balance at March 31, 2013	39,039	166	569	467	40,241
Cost	39,457	663	1,574	467	42,161
Accumulated amortization	(418)	(497)	(1,005)	-	(1,920)
Balance at March 31, 2013	39,039	166	569	467	40,241

Estimated useful life - years	(*)	5	5	Indefinite
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(*) See note 4.7 (Intangible assets) of the financial statements of December 31, 2012.

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

At March 31, 2013, the Company’s intangible assets include US\$ 37,148 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 reserves there will be a review of volumes and prices, based on independent technical appraisal reports.

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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.

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.

In the first quarter of 2013, drilling is underway on four wells. Based on drilling results obtained so far, as well as on findings from other wells drilled in 2012, expectations regarding the potential of the area are being confirmed. The Company will continue to develop its investment program and activities as established in the agreement.

12 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 (*)

	03.31.2013	12.31.2012
Property plant and equipment		
Opening Balance	10,649	10,100
Additions to capitalized costs pending determination of proved reserves	1,532	6,000
Capitalized exploratory costs charged to expense	(250)	(2,700)
Transfers upon recognition of proved reserves	(835)	(2,600)
Cumulative translation adjustment	151	(700)
Closing Balance	11,247	10,600
Intangible Assets (**)	38,460	37,900
Capitalized Exploratory Well Costs / Capitalized Acquisition Costs	49,707	48,500

(*) 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 11.2).

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:

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Exploration costs recognized in profit or loss	Jan-Mar/2013	Jan-Mar/2012
Geological and Geophysical Expenses	321	241
Exploration expenditures written off (includes dry wells and signature bonuses)	304	308
Other exploration expenses	17	23
Total expenses	642	572

Cash used in activities	Jan-Mar/2013	Jan-Mar/2012
Operating activities	383	255
Investment activities	1,564	1,544
	1,947	1,799

13 Trade payables

	03.31.2013	12.31.2012
Current Liabilities		
Third parties		
In Brazil	5,997	6,511
Abroad	5,980	5,104
Related parties	461	509
	12,438	12,124

14 Finance Debt

	Current		Non-current	
Abroad	03.31.2013	12.31.2012	03.31.2013	12.31.2012

Financial institutions	4,876	4,614	26,274	25,156
Bearer bonds - Notes, Global Notes and Bonds	883	1,230	31,115	31,032
Others	15	245	2	2
	5,774	6,089	57,391	56,190
In Brazil				
Export Credit Notes	243	142	6,355	6,261
BNDES	745	839	22,024	21,586
Debentures	140	140	306	345
FINAME	39	34	565	326
Bank Credit Certificate	47	50	1,791	1,765
Others	225	185	2,040	2,011
	1,439	1,390	33,081	32,294
	7,213	7,479	90,472	88,484
Interest expense on debt	672	1,018		
Long-term debt due within one year (principal)	2,688	2,795		
Short-Term debt	3,853	3,666		
	7,213	7,479		

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*(Expressed in millions of US Dollars, unless otherwise indicated)***14.1 Scheduled maturity dates of non-current debt (principal and interest accrued)**

	03.31.2013
2014	3,653
2015	7,152
2016	13,764
2017	9,483
2018 and thereafter	56,420
Total	90,472

14.2 Interest rate range for non-current debt

	03.31.2013	12.31.2012
Abroad		
Up to 4% p.a.	33,222	31,819
From 4.01 to 6% p.a.	13,860	13,768
From 6.01 to 8% p.a.	9,412	9,916
More than 8% p.a.	897	687
	57,391	56,190
In Brazil		
Up to 6% p.a.	3,789	3,384
From 6.01 to 8% p.a.	24,661	24,537
From 8.01 to 10% p.a.	4,107	3,826
More than 10% p.a.	524	547
	33,081	32,294
	90,472	88,484

14.3 Non-current debt by major currency

03.31.2013	12.31.2012
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U.S. Dollar