

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
May 12, 2014

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 May, 2014

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 at
March 31, 2014 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, 2014, the related condensed consolidated statement of income, of cash flows and of comprehensive income for the three-month periods ended March 31, 2014 and March 31, 2013 and the condensed statement of changes in shareholders' equity for the three-month periods ended March 31, 2014 and 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, 2013, 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 25, 2014, 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, 2013, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

Rio de Janeiro, Brazil

May 9, 2014

/s/ PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 "F" RJ

/s/ Marcos Donizete Panassol

Contador CRC 1SP155975

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Financial Position

March 31, 2014 and December 31, 2013

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

Assets	Note	03.31.2014	12.31.2013	Liabilities	Note	03.31.2014	12.31.2013
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Current
assets

Current liabilities

Cash and cash equivalents	5	30,255	15,868	Trade payables	14	11,889	11,919
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Marketable securities	6	4,430	3,885	Current debt	15	9,635	8,001
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Trade and other receivables, net	7.1	10,624	9,670	Finance lease obligations	16.1	18	16
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Inventories	8	15,581	14,225	Income taxes payable	19.1	325	281
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Recoverable	19.1	1,148	1,060	Other taxes	19.2	4,460	4,669
income taxes				payable			

Other recoverable taxes	19.2	3,982	3,911	Dividends payable	21.2	4,210	3,970
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Advances to suppliers	679	683	Payroll, profit sharing and related charges	2,811	2,052
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Other current assets	1,451	946	Pension and medical benefits	20	887	816
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68,150	50,248	Others	2,265	2,429
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36,500

34,153

Assets classified as held for sale	9.2	2,405	2,407	Liabilities on assets classified as held for sale	9.2	506	1,073
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70,555

52,655

37,006

35,226

Non-current
assets

Non-current
liabilities

Long-term
receivables

Non-current debt 15 126,440 106,235

Trade and other receivables, net	7.1	5,091	4,532	Finance lease obligations	16.1	74	73
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Marketable securities	6	130	131	Deferred income taxes	19.3	11,323	9,906
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Judicial deposits	28	2,699	2,504	Pension and medical benefits	20	12,428	11,757
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Deferred income taxes	19.3	1,187	1,130	Provisions for legal proceedings	28	1,362	1,246
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Other tax assets	19.2	5,825	5,380	Provision for decommissioning costs	18	7,307	7,133
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Advances to suppliers	3,213	3,230	Others	1,249	724
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Others	2,110	1,875
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20,255

18,782

160,183

137,074

Total liabilities	197,189	172,300
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Shareholders' 21
equity

Investments	10.1	6,902	6,666	Share capital	107,371	107,371
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Property, plant and equipment	11.1	240,793	227,901	Additional paid in capital	353	395
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Intangible assets	12.1	15,898	15,419	Profit reserves	77,187	75,689
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283,848	268,768	Accumulated other comprehensive income (loss)	(28,264)	(34,928)
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Attributable to the shareholders of Petrobras	156,647	148,527
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Non-controlling interests	567	596
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Total Equity	157,214	149,123
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Total Assets	354,403	321,423	Total liabilities and shareholder's equity	354,403	321,423
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The Notes form an integral part of these Financial Statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Income

March 31, 2014 and 2013

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

Note	Jan-Mar/2014	Jan-Mar/2013
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Sales revenues	22	34,494	36,345
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Cost of sales	(26,265)	(26,897)
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Gross profit

8,229

9,448

Income (expenses)

Selling expenses	(1,154)	(1,150)
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General and Administrative expenses	(1,083)	(1,238)
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Exploration costs

(646)

(642)

Research and development expenses	(250)	(337)
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Other taxes

(138)

(112)

Other operating expenses, net	23	(1,755)	(827)
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(5,026)

(4,306)

Net income before financial results, profit sharing and income taxes	3,203	5,142
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Finance Income

441

487

Finance Expenses

(782)

(601)

Foreign exchange and inflation
indexation charges

268

810

Net finance income (expense)	25	(73)	696
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Share of profit / gains on interest in
equity-accounted investments

221

78

Profit sharing	20.1	(142)	(207)
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Net income before income taxes	3,209	5,709
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Income taxes	19.4	(763)	(1,784)
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Net income	2,446	3,925
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Net income (loss) attributable to:

Shareholders of Petrobras

2,280

3,854

Non-controlling interests

166

71

2,446

3,925

Basic and diluted earnings per weighted-average of common and preferred share in U.S. dollars	21.3	0.17	0.30
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The Notes form an integral part of these Financial Statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Comprehensive Income

March 31, 2014 and 2013

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

	Jan-Mar/2014	Jan-Mar/2013
Net income	2,446	3,925
Items that will not be reclassified to profit or loss:		
Cumulative translation adjustments	4,480	2,123
	4,480	2,123
Items that may be reclassified subsequently to profit or loss:		
Unrealized gains / (losses) on available-for-sale securities		
Reclassified to profit or loss	–	(45)
Deferred income tax	–	15
	–	(30)
Unrealized gains / (losses) on cash flow hedge		
Recognized in shareholders' equity	1,648	21
Reclassified to profit or loss	200	(1)
Deferred income tax	(627)	–
	1,221	20
Share of other comprehensive income of equity-accounted investments	59	–
	1,280	(10)
Other comprehensive income (loss):	5,760	2,113
Total Comprehensive income (loss)	8,206	6,038
Comprehensive income (loss) attributable to:		
Shareholders of Petrobras	8,162	5,992
Non-controlling interests	44	46
Total comprehensive income (loss)	8,206	6,038

The Notes form an integral part of these Financial Statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Cash Flows

March 31, 2014 and 2013

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

	Jan-Mar/2014	Jan-Mar/2013
Cash flows from Operating activities		
Net income attributable to the shareholders of Petrobras	2,280	3,854
Adjustments for:		
Non-controlling interests	166	71
Share of (profit) loss of equity-accounted investments	(221)	(78)
Depreciation, depletion and amortization	3,013	3,198
Impairment charges on property, plant and equipment and other assets	117	74
Exploration expenditures written off	447	304
(Gains) / losses on disposal / write-offs of non-current assets	(247)	(15)
Foreign exchange variation, indexation and finance charges	599	(528)
Deferred income taxes, net	290	1,063
Pension and medical benefits (actuarial expense)	440	703
Decrease / (Increase) in assets		
Trade and other receivables, net	(1,078)	187
Inventories	(1,045)	(1,165)
Other assets	(846)	(266)
Increase/(Decrease) in liabilities		
Trade payables	(205)	201
Taxes payable	(539)	(216)
Pension and medical benefits	(142)	(149)
Other liabilities	952	217
Net cash provided by operating activities	3,981	7,455
Cash flows from Investing activities		
Capital expenditures	(8,750)	(9,241)
Investments in investees	(5)	–
Receipts from disposal of assets (divestment)	368	4
Investments in marketable securities	(307)	1,046
Dividends received	154	14
Net cash (used in) investing activities	(8,540)	(8,177)

Cash flows from Financing activities		
Acquisition of Non-controlling interest	(46)	(52)
Proceeds from long-term financing	22,803	3,672
Repayment of principal	(2,595)	(1,539)
Repayment of interest	(1,595)	(1,566)
Net cash provided by financing activities	18,567	515
Effect of exchange rate changes on cash and cash equivalents		
	379	211
Net increase/ (decrease) in cash and cash equivalents		
	14,387	4
Cash and cash equivalents at the beginning of the year		
	15,868	13,520
Cash and cash equivalents at the end of the year		
	30,255	13,524

The Notes form an integral part of these Financial Statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Changes in Shareholders' Equity

March 31, 2014 and 2013

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

Additional paid in capital	Accumulated other comprehensive income	Profit Res
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Share Capital	Incremental costs attributable to the issue of new shares	Change in interest in subsidiaries	Cumulative translation adjustment	Actuarial gains (losses) on defined benefit plans	Other comprehensive income and deemed cost	LegalStat
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Balance at 107,362 (279) December 31, 2012	628	(6,732)	(7,748)	102	7,364 1,64
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Capital
increase
with
reserves

- - - - - - - -

Realization
of deemed
cost