

PETROBRAS - PETROLEO BRASILEIRO SA  
Form 6-K  
May 15, 2017  
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, 2017

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)

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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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Quarterly

Information - ITR

At March 31, 2017 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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(A free translation of the original in Portuguese)

Report on the review of quarterly information - ITR

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting practices adopted in Brazil, rules of the CVM and of the International Financial Reporting Standards - IFRS)

To the Board of Directors and Shareholders of

Petróleo Brasileiro S.A. – Petrobras

Rio de Janeiro - RJ

Introduction

We have reviewed the interim accounting information, individual and consolidated, of Petróleo Brasileiro S.A. – Petrobras (“the Company”), identified as Parent Company and Consolidated, respectively, included in the quarterly information form – ITR for the quarter ended March 31, 2017, which comprises the balance sheet as of March 31, 2017 and the respective statements of income and comprehensive income, statements of changes in shareholders' equity and of cash flows for the three-month period then ended, including the explanatory notes.

The Company`s Management is responsible for the preparation of these interim accounting information in accordance with the CPC 21(R1) and the IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of quarterly information - ITR. Our responsibility is to express our conclusion on this interim accounting information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and International Interim Information Review Standards (NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries primarily of the management responsible for financial and accounting matters and applying analytical procedures and other review procedures. The scope of a review is significantly less

than an audit conducted in accordance with auditing standards and, accordingly, it did not enable us to obtain assurance that we were aware of all the material matters that would have been identified in an audit. Therefore, we do not express an audit opinion.

#### Conclusion on the individual and consolidated interim accounting information

Based on our review, we are not aware of any fact that might lead us to believe that the individual and consolidated interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, issued by the IASB, applicable to the preparation of the quarterly review - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

#### Emphasis – Impact of the Lava Jato Operation on the Company’s results

We draw attention to Note 3 of the interim financial information, which describes that: i) no additional information has been identified through the date of this accounting information which could materially impact the estimation methodology adopted for the write off recorded on September 30, 2014 ; and ii) the internal investigations being conducted by outside legal counsel under the supervision of a Special Committee created by the Company and the investigation conducted by the Securities and Exchange Commission – SEC are still on going, nevertheless to date no additional impact to those already disclosed in the interim financial statements has been identified. We also draw attention to Note 28.4 of the condensed consolidated financial statements which describes class actions filed against the Company, for which it is unable to make a reliable estimates of loss. Our report is not modified as a result of these matters.

#### Other matters - Statements of added value

The individual and consolidated statements of value added for the quarter ended March 31, 2017, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's interim financial information. In order to form our conclusion, we evaluated whether these statements were reconciliated to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added were not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.





Corresponding balances related to the prior year audit and corresponding balances to the first quarter review of the prior year

The corresponding balances related to the individual and consolidated balance sheets as of December 31, 2016 were audited by other independent auditors, who issued an unqualified report dated March 21, 2017, and the individual and consolidated interim statements of income and comprehensive income, changes in shareholders' equity and cash flows for the three-month period ended March 31, 2016 were reviewed by other independent auditors who issued an unqualified report dated May 12, 2016. The corresponding balances related to the individual and consolidated statements of value added for the three-month period ended March 31, 2016 were submitted to the same review procedures by those independent auditors and, based on their review, those independent auditors reported that they were not aware of any fact that would lead them to believe that the statement of value added was not prepared, in all material respects, in accordance with the individual and consolidated interim accounting information taken as a whole.

Rio de Janeiro, May 11, 2017

KPMG Auditores Independentes

CRC SP-014428/O-6 F-RJ

Marcelo Gavioli

Accountant CRC 1SP201409/O-1

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Company Data / Share Capital Composition

Number of Shares

(Thousand)                      Current Quarter  
03/31/2017

From Paid-in Capital

Common	7,442,454
Preferred	5,602,043
Total	13,044,497

Treasury Shares

Common	0
Preferred	0
Total	0

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

(R\$ Thousand)

Account Code	Account Description	Current Quarter Previous Fiscal Year	
		03/31/2017	12/31/2016
1	Total Assets	676,007,000	682,088,000
1.01	Current Assets	78,181,000	81,264,000
1.01.01	Cash and Cash Equivalents	7,213,000	6,267,000
1.01.02	Marketable Securities	2,838,000	2,487,000
1.01.03	Trade and Other Receivables	24,942,000	31,073,000
1.01.04	Inventories	22,843,000	23,500,000
1.01.06	Recoverable Taxes	5,801,000	5,850,000
1.01.06.01	Current Recoverable Taxes	5,801,000	5,850,000
1.01.06.01.01	Current Income Tax and Social Contribution	886,000	786,000
1.01.06.01.02	Other Recoverable Taxes	4,915,000	5,064,000
1.01.08	Other Current Assets	14,544,000	12,087,000
1.01.08.01	Non-Current Assets Held for Sale	9,081,000	8,260,000
1.01.08.03	Others	5,463,000	3,827,000
1.01.08.03.01	Advances to Suppliers	213,000	361,000
1.01.08.03.02	Others	5,250,000	3,466,000
1.02	Non-Current Assets	597,826,000	600,824,000
1.02.01	Long-Term Receivables	42,802,000	46,098,000
1.02.01.02	Marketable Securities Measured at Amortized Cost	291,000	286,000
1.02.01.03	Trade and Other Receivables	9,866,000	10,262,000
1.02.01.06	Deferred Taxes	10,191,000	14,199,000
1.02.01.06.01	Deferred Income Tax and Social Contribution	905,000	4,873,000
1.02.01.06.02	Deferred Taxes and Contributions	9,286,000	9,326,000
1.02.01.09	Other Non-Current Assets	22,454,000	21,351,000
1.02.01.09.03	Advances to Suppliers	556,000	510,000
1.02.01.09.04	Judicial Deposits	12,743,000	11,735,000
1.02.01.09.05	Other Long-Term Assets	9,155,000	9,106,000
1.02.02	Investments	121,809,000	121,191,000
1.02.03	Property, Plant and Equipment	424,497,000	424,771,000
1.02.04	Intangible Assets	8,718,000	8,764,000

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

(R\$ Thousand)

Account Code	Account Description	Current Quarter 03/31/2017	Previous Fiscal Year 12/31/2016
2	Total Liabilities	676,007,000	682,088,000
2.01	Current Liabilities	108,631,000	113,431,000
2.01.01	Payroll, Profit Sharing and Related Charges	5,024,000	6,158,000
2.01.02	Trade Payables	20,091,000	24,384,000
2.01.04	Current Debt and Finance Lease Obligations	63,907,000	63,149,000
2.01.04.01	Current Debt	62,888,000	62,058,000
2.01.04.03	Finance Lease Obligations	1,019,000	1,091,000
2.01.05	Other Liabilities	16,712,000	17,037,000
2.01.05.02	Others	16,712,000	17,037,000
2.01.05.02.04	Other Taxes and Contributions	11,319,000	11,219,000
2.01.05.02.05	Other Accounts Payable	5,393,000	5,818,000
2.01.06	Provisions	2,708,000	2,533,000
2.01.06.02	Other Provisions	2,708,000	2,533,000
2.01.06.02.04	Pension and Medical Benefits	2,708,000	2,533,000
	Liabilities Associated with Non-Current Assets Held for Sale and		
2.01.07	Discontinued	189,000	170,000
2.01.07.01	Liabilities Associated with Non-Current Assets Held for Sale	189,000	170,000
2.02	Non-Current Liabilities	309,556,000	318,427,000
2.02.01	Non-Current Debt and Finance Lease Obligations	201,080,000	211,396,000
2.02.01.01	Non-Current Debt	196,223,000	206,421,000
2.02.01.03	Finance Lease Obligations	4,857,000	4,975,000
2.02.04	Provisions	108,476,000	107,031,000
2.02.04.01	Provisions for Tax Social Security, Labor and Civil Lawsuits	8,563,000	8,391,000
2.02.04.02	Other Provisions	99,913,000	98,640,000
2.02.04.02.04	Pension and Medical Benefits	66,262,000	64,903,000
2.02.04.02.05	Provision for Decommissioning Costs	32,659,000	32,615,000
2.02.04.02.06	Other Provisions	992,000	1,122,000
2.03	Shareholders' Equity	257,820,000	250,230,000
2.03.01	Share Capital	205,432,000	205,432,000
2.03.02	Capital Reserves	1,250,000	1,251,000
2.03.04	Profit Reserves	77,586,000	77,584,000
2.03.05	Retained Earnings/Losses	4,449,000	
2.03.08	Other Comprehensive Income	(30,897,000)	(34,037,000)



## Parent Company Interim Accounting Information / Statement of Income

(R\$ thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2017 to 03/31/2017	Accumulated of the Current Year 01/01/2016 to 03/31/2016
3.01	Sales Revenues	54,096,000	55,250,000
3.02	Cost of Sales	(35,631,000)	(39,518,000)
3.03	Gross Profit	18,465,000	15,732,000
3.04	Operating Expenses / Income	(7,017,000)	(10,659,000)
3.04.01	Selling Expenses	(4,233,000)	(3,984,000)
3.04.02	General and Administrative Expenses	(1,578,000)	(1,828,000)
3.04.05	Other Operating Expenses	(3,863,000)	(5,848,000)
3.04.05.01	Other Taxes	(169,000)	(237,000)
3.04.05.02	Research and Development Expenses	(337,000)	(502,000)
3.04.05.03	Exploration Costs	(303,000)	(1,134,000)
3.04.05.05	Other Operating Expenses, Net	(3,054,000)	(3,975,000)
3.04.06	Share of Profit / Gains on Interest in Equity-Accounted Investments	2,657,000	1,001,000
3.05	Net Income Before Financial Results, Profit Sharing and Income Taxes	11,448,000	5,073,000
3.06	Finance Income (Expenses), Net	(5,488,000)	(6,787,000)
3.06.01	Finance Income	693,000	598,000
3.06.01.01	Finance Income	693,000	598,000
3.06.02	Finance Expenses	(6,181,000)	(7,385,000)
3.06.02.01	Finance Expenses	(4,104,000)	(4,691,000)
3.06.02.02	Foreign Exchange and Inflation Indexation Charges, Net	(2,077,000)	(2,694,000)
3.07	Net Income Before Income Taxes	5,960,000	(1,714,000)
3.08	Income Tax and Social Contribution	(1,511,000)	468,000
3.08.02	Deferred	(1,511,000)	468,000
3.09	Net Income from Continuing Operations	4,449,000	(1,246,000)
3.11	Income / Loss for the Period	4,449,000	(1,246,000)
3.99	Basic Income per Share (Reais / Share)		
3.99.01	Basic Income per Share		
3.99.01.01	Common	0.34000	(0.10000)
3.99.01.02	Preferred	0.34000	(0.10000)
3.99.02	Diluted Income per Share		
3.99.02.01	Common	0.34000	(0.10000)
3.99.02.02	Preferred	0.34000	(0.10000)





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

(R\$ thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2017 to 03/31/2017	Accumulated of the Current Year 01/01/2016 to 03/31/2016
4.01	Net Income for the Period	4,449,000	(1,246,000)
4.02	Other Comprehensive Income	3,142,000	9,165,000
4.02.03	Cumulative Translation Adjustments	(2,471,000)	(8,026,000)
	Unrealized Gains / (Losses) on Cash Flow		
4.02.07	Hedge - Recognized in Shareholders' Equity	5,263,000	19,856,000
	Cash Flow Hedge - Reclassified to Profit or		
4.02.08	Loss	1,964,000	2,639,000
	Deferred Income Tax and Social		
4.02.09	Contribution on Cash Flow Hedge	(2,458,000)	(7,648,000)
	Share of Other Comprehensive Income of		
4.02.10	Equity-Accounted Investments	844,000	2,344,000
4.03	Total Comprehensive Income for the Period	7,591,000	7,919,000

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

(R\$ Thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2017 to 03/31/2017	Accumulated of the Current Year 01/01/2016 to 03/31/2016
6.01	Net cash provided by operating activities	6,485,000	7,546,000
6.01.01	Cash provided by operating activities	19,912,000	16,858,000
6.01.01.01	Net Income (loss) for the period	4,449,000	(1,246,000)
6.01.01.03	Pension and medical benefits (actuarial expense)	1,998,000	1,852,000
6.01.01.04	Results in equity-accounted investments	(2,657,000)	(1,001,000)
6.01.01.05	Depreciation, depletion and amortization	8,264,000	9,539,000
6.01.01.06	Impairment of assets (reversal)	51,000	340,000
6.01.01.07	Exploratory expenditures write-offs	24,000	579,000
6.01.01.08	Gains and losses on disposals/write-offs of assets	148,000	107,000
6.01.01.09	Foreign exchange, indexation and finance charges	5,533,000	6,572,000
6.01.01.10	Deferred income taxes, net	1,511,000	(468,000)
6.01.01.12	Allowance (reversals) for impairment of trade and others receivables	2,000	15,000
6.01.01.14	Revision and unwinding of discount on the provision for decommissioning costs	589,000	569,000
6.01.02	Decrease / (increase) in assets / increase/ (decrease) in liabilities	(13,427,000)	(9,312,000)
6.01.02.01	Trade and other receivables, net	(6,041,000)	(311,000)
6.01.02.02	Inventories	657,000	(47,000)
6.01.02.03	Judicial deposits	(1,008,000)	(329,000)
6.01.02.04	Other assets	(329,000)	(1,912,000)
6.01.02.05	Trade payables	(4,261,000)	(1,977,000)
6.01.02.06	Other taxes payable	161,000	(3,098,000)
6.01.02.07	Pension and medical benefits	(465,000)	(400,000)
6.01.02.08	Other liabilities	(2,141,000)	(1,238,000)
6.02	Net cash used in investing activities	(5,075,000)	(5,544,000)
6.02.01	Capital expenditures	(7,038,000)	(9,465,000)
6.02.02	Decrease in investments in investees	(466,000)	(497,000)
6.02.04	Divestment (investment) in marketable securities	2,168,000	3,819,000
6.02.05	Dividends received	261,000	599,000
6.03	Net cash used in financing activities	(464,000)	(9,176,000)
6.03.02	Proceeds from financing	16,950,000	15,852,000
6.03.03	Repayment of principal	(16,093,000)	(23,494,000)
6.03.04	Repayment of interest	(1,321,000)	(1,534,000)
6.05	Net increase/ (decrease) in cash and cash equivalents	946,000	(7,174,000)

6.05.01	Cash and cash equivalents at the beginning of the year	6,267,000	16,553,000
6.05.02	Cash and cash equivalents at the end of the period	7,213,000	9,379,000

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## Parent Company Interim Accounting Information / Statement of Changes in Shareholders' Equity - 01/01/2017 to 03/31/2017

(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	–	(1,000)	–	2,000	(2,000)	(1,000)
5.04.08	Change in Interest in Subsidiaries	–	(1,000)	–	–	–	(1,000)
5.04.09	Realization of the Deemed Cost	–	–	–	2,000	(2,000)	–
5.05	Total of Comprehensive Income	–	–	–	4,449,000	3,142,000	7,591,000
5.05.01	Net Income for the Period	–	–	–	4,449,000	–	4,449,000
5.05.02	Other Comprehensive Income	–	–	–	–	3,142,000	3,142,000
5.07	Balance at the End of the Period	205,432,000	1,250,000	77,584,000	4,451,000	(30,897,000)	257,820,000

## Parent Company Interim Accounting Information / Statement of Changes in Shareholders' Equity - 01/01/2016 to 03/31/2016

(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	237,000	92,396,000	–	(43,334,000)	254,731,000
5.03	Adjusted Opening Balance	205,432,000	237,000	92,396,000	–	(43,334,000)	254,731,000
5.04	Capital Transactions with Owners	–	16,000	–	3,000	(3,000)	16,000
5.04.08	Change in Interest in Subsidiaries	–	16,000	–	–	–	16,000
5.04.09	Realization of the Deemed Cost	–	–	–	3,000	(3,000)	–
5.05	Total of Comprehensive Income	–	–	–	(1,246,000)	9,165,000	7,919,000
5.05.01	Net Income for the Period	–	–	–	(1,246,000)	–	(1,246,000)
5.05.02	Other Comprehensive Income	–	–	–	–	9,165,000	9,165,000
5.07	Balance at the End of the Period	205,432,000	253,000	92,396,000	(1,243,000)	(34,172,000)	262,666,000

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

(R\$ Thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2017 to 03/31/2017	Accumulated of the Current Year 01/01/2016 to 03/31/2016
7.01	Sales Revenues	80,887,000	86,058,000
7.01.01	Sales of Goods and Services	71,013,000	74,091,000
7.01.02	Other Revenues	1,777,000	1,912,000
7.01.03	Revenues Related to the Construction of Assets to be Used in Own Operations	8,099,000	10,070,000
7.01.04	Allowance / Reversal for Impairment of Trade Receivables	(2,000)	(15,000)
7.02	Inputs Acquired from Third Parties	(25,436,000)	(32,278,000)
7.02.01	Cost of Sales	(8,250,000)	(12,230,000)
7.02.02	Materials, Power, Third-Party Services and Other Operating Expenses	(12,608,000)	(15,220,000)
7.02.03	Impairment Charges / Reversals of Assets	(51,000)	(340,000)
7.02.04	Others	(4,527,000)	(4,488,000)
7.02.04.01	Tax Credits on Inputs Acquired from Third Parties	(4,527,000)	(4,488,000)
7.03	Gross Added Value	55,451,000	53,780,000
7.04	Retentions	(8,264,000)	(9,539,000)
7.04.01	Depreciation, Amortization and Depletion	(8,264,000)	(9,539,000)
7.05	Net Added Value Produced	47,187,000	44,241,000
7.06	Transferred Added Value	3,570,000	1,056,000
7.06.01	Share of Profit of Equity-Accounted Investments	2,657,000	1,001,000
7.06.02	Finance Income	693,000	(167,000)
7.06.03	Others	220,000	222,000
7.07	Total Added Value to be Distributed	50,757,000	45,297,000
7.08	Distribution of Added Value	50,757,000	45,297,000
7.08.01	Employee Compensation	6,275,000	6,202,000
7.08.01.01	Salaries	3,727,000	3,556,000
7.08.01.02	Fringe Benefits	2,227,000	2,329,000
7.08.01.03	Unemployment Benefits (FGTS)	321,000	317,000
7.08.02	Taxes and Contributions	20,907,000	17,500,000
7.08.02.01	Federal	14,080,000	9,135,000
7.08.02.02	State	6,776,000	8,257,000
7.08.02.03	Municipal	51,000	108,000
7.08.03	Return on Third-Party Capital	19,126,000	22,841,000
7.08.03.01	Interest	7,312,000	7,733,000
7.08.03.02	Rental Expenses	11,814,000	15,108,000
7.08.04	Return on Shareholders' Equity	4,449,000	(1,246,000)
7.08.04.03	Retained Earnings / (Losses) for the Period	4,449,000	(1,246,000)





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

(R\$ Thousand)

Account Code	Account Description	Current Quarter Previous Fiscal Year	
		03/31/2017	12/31/2016
1	Total Assets	788,046,000	804,945,000
1.01	Current Assets	134,058,000	145,907,000
1.01.01	Cash and Cash Equivalents	60,874,000	69,108,000
1.01.02	Marketable Securities	2,909,000	2,556,000
1.01.03	Trade and Other Receivables	14,042,000	15,543,000
1.01.04	Inventories	26,172,000	27,622,000
1.01.06	Recoverable Taxes	8,167,000	8,153,000
1.01.06.01	Current Recoverable Taxes	8,167,000	8,153,000
1.01.06.01.01	Current Income Tax and Social Contribution	2,123,000	1,961,000
1.01.06.01.02	Other Recoverable Taxes	6,044,000	6,192,000
1.01.08	Other Current Assets	21,894,000	22,925,000
1.01.08.01	Non-Current Assets Held for Sale	15,732,000	18,669,000
1.01.08.03	Others	6,162,000	4,256,000
1.01.08.03.01	Advances to Suppliers	447,000	540,000
1.01.08.03.02	Others	5,715,000	3,716,000
1.02	Non-Current Assets	653,988,000	659,038,000
1.02.01	Long-Term Receivables	63,457,000	66,551,000
1.02.01.02	Marketable Securities Measured at Amortized Cost	713,000	293,000
1.02.01.03	Trade and Other Receivables	14,511,000	14,832,000
1.02.01.06	Deferred Taxes	20,120,000	24,274,000
1.02.01.06.01	Deferred Income Tax and Social Contribution	9,940,000	14,038,000
1.02.01.06.02	Deferred Taxes and Contributions	10,180,000	10,236,000
1.02.01.09	Other Non-Current Assets	28,113,000	27,152,000
1.02.01.09.03	Advances to Suppliers	3,658,000	3,742,000
1.02.01.09.04	Judicial Deposits	14,025,000	13,032,000
1.02.01.09.05	Other Long-Term Assets	10,430,000	10,378,000
1.02.02	Investments	10,699,000	9,948,000
1.02.03	Property, Plant and Equipment	569,235,000	571,876,000
1.02.04	Intangible Assets	10,597,000	10,663,000

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

(R\$ Thousand)

Account Code	Account Description	Current Quarter 03/31/2017	Previous Fiscal Year 12/31/2016
2	Total Liabilities	788,046,000	804,945,000
2.01	Current Liabilities	78,477,000	81,167,000
2.01.01	Payroll, Profit Sharing and Related Charges	6,020,000	7,159,000
2.01.02	Trade Payables	14,925,000	18,781,000
2.01.03	Taxes Obligations	237,000	412,000
2.01.03.01	Federal Taxes Obligations	237,000	412,000
2.01.03.01.01	Income Tax and Social Contribution Payable	237,000	412,000
2.01.04	Current Debt and Finance Lease Obligations	34,971,000	31,855,000
2.01.04.01	Current Debt	34,904,000	31,796,000
2.01.04.03	Finance Lease Obligations	67,000	59,000
2.01.05	Other Liabilities	18,224,000	18,683,000
2.01.05.02	Others	18,224,000	18,683,000
2.01.05.02.04	Other Taxes and Contributions	11,860,000	11,826,000
2.01.05.02.05	Other Accounts Payable	6,364,000	6,857,000
2.01.06	Provisions	2,853,000	2,672,000
2.01.06.02	Other Provisions	2,853,000	2,672,000
2.01.06.02.04	Pension and Medical Benefits	2,853,000	2,672,000
	Liabilities Associated with Non-Current Assets Held for Sale and		
2.01.07	Discontinued	1,247,000	1,605,000
2.01.07.01	Liabilities Associated with Non-Current Assets Held for Sale	1,247,000	1,605,000
2.02	Non-Current Liabilities	449,053,000	471,035,000
2.02.01	Non-Current Debt and Finance Lease Obligations	329,787,000	353,929,000
2.02.01.01	Non-Current Debt	329,059,000	353,193,000
2.02.01.03	Finance Lease Obligations	728,000	736,000
2.02.03	Deferred Taxes	789,000	856,000
2.02.03.01	Deferred Income Tax and Social Contribution	789,000	856,000
2.02.04	Provisions	118,477,000	116,250,000
2.02.04.01	Provisions for Tax Social Security, Labor and Civil Lawsuits	11,907,000	11,052,000
2.02.04.02	Other Provisions	106,570,000	105,198,000
2.02.04.02.04	Pension and Medical Benefits	71,498,000	69,996,000
2.02.04.02.05	Provision for Decommissioning Costs	33,436,000	33,412,000
2.02.04.02.06	Other Provisions	1,636,000	1,790,000
2.03	Shareholders' Equity	260,516,000	252,743,000
2.03.01	Share Capital	205,432,000	205,432,000
2.03.02	Capital Reserves	1,034,000	1,035,000
2.03.04	Profit Reserves	77,800,000	77,800,000
2.03.05	Retained Earnings/Losses	4,451,000	–
2.03.08	Other Comprehensive Income	(30,897,000)	(34,037,000)
2.03.09	Non-Controlling Interests	2,696,000	2,513,000



## Consolidated Interim Accounting Information / Statement of Income

(R\$ Thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2017 to 03/31/2017	Accumulated of the Previous Year 01/01/2016 to 03/31/2016
3.01	Sales Revenues	68,365,000	70,337,000
3.02	Cost of Sales	(44,579,000)	(49,329,000)
3.03	Gross Profit	23,786,000	21,008,000
3.04	Operating Expenses / Income	(8,904,000)	(12,472,000)
3.04.01	Selling Expenses	(2,390,000)	(3,751,000)
3.04.02	General and Administrative Expenses	(2,307,000)	(2,652,000)
3.04.05	Other Operating Expenses	(4,819,000)	(6,457,000)
3.04.05.01	Other Taxes	(291,000)	(542,000)
3.04.05.02	Research and Development Expenses	(337,000)	(503,000)
3.04.05.03	Exploration Costs	(296,000)	(1,147,000)
3.04.05.05	Other Operating Expenses, Net	(3,895,000)	(4,265,000)
3.04.06	Share of Profit / Gains on Interest in Equity-Accounted Investments	612,000	388,000
3.05	Net Income Before Financial Results, Profit Sharing and Income Taxes	14,882,000	8,536,000
3.06	Finance Income (Expenses), Net	(7,755,000)	(8,693,000)
3.06.01	Finance Income	933,000	886,000
3.06.01.01	Finance Income	933,000	886,000
3.06.02	Finance Expenses	(8,688,000)	(9,579,000)
3.06.02.01	Finance Expenses	(5,945,000)	(6,146,000)
3.06.02.02	Foreign Exchange and Inflation Indexation Charges, Net	(2,743,000)	(3,433,000)
3.07	Net Income Before Income Taxes	7,127,000	(157,000)
3.08	Income Tax and Social Contribution	(2,320,000)	(224,000)
3.08.01	Current	(826,000)	(1,637,000)
3.08.02	Deferred	(1,494,000)	1,413,000
3.09	Net Income from Continuing Operations	4,807,000	(381,000)
3.11	Income / Loss for the Period	4,807,000	(381,000)
3.11.01	Attributable to Shareholders of Petrobras	4,449,000	(1,246,000)
3.11.02	Attributable to Non-Controlling Interests	358,000	865,000
3.99	Basic Income per Share (Reais / Share)		
3.99.01	Basic Income per Share		
3.99.01.01	Common	0.34000	(0.10000)
3.99.01.02	Preferred	0.34000	(0.10000)
3.99.02	Diluted Income per Share		
3.99.02.01	Common	0.34000	(0.10000)
3.99.02.02	Preferred	0.34000	(0.10000)



## Consolidated Interim Accounting Information / Statement of Comprehensive Income

(R\$ Thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2017 to 03/31/2017	Accumulated of the Previous Year 01/01/2016 to 03/31/2016
4.01	Consolidated Net Income for the Period	4,807,000	(381,000)
4.02	Other Comprehensive Income	3,097,000	8,714,000
4.02.03	Cumulative Translation Adjustments	(2,516,000)	(8,477,000)
	Unrealized Gains / (Losses) on Available-for-Sale Securities - Recognized in Shareholders' Equity	(40,000)	–
4.02.04	Unrealized Gains / (Losses) on Cash Flow Hedge - Recognized in Shareholders' Equity	5,461,000	22,013,000
4.02.07	Cash Flow Hedge - Reclassified to Profit or Loss	2,435,000	2,900,000
4.02.08	Deferred Income Tax and Social Contribution on Cash Flow Hedge	(2,684,000)	(8,470,000)
4.02.09	Share of Other Comprehensive Income of Equity-Accounted Investments	441,000	748,000
4.02.10	Total Consolidated Comprehensive Income for the Period	7,904,000	8,333,000
4.03	Attributable to Shareholders of Petrobras	7,591,000	7,919,000
4.03.01	Attributable to Non-Controlling Interests	313,000	414,000
4.03.02			

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

(R\$ Thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2017 to 03/31/2017	Accumulated of the Previous Year 01/01/2016 to 03/31/2016
6.01	Net cash provided by operating activities	23,225,000	17,307,000
6.01.01	Cash provided by operating activities	27,465,000	24,454,000
6.01.01.01	Net Income (loss) for the period	4,807,000	(381,000)
6.01.01.02	Pension and medical benefits (actuarial expense)	2,177,000	2,005,000
6.01.01.03	Results in equity-accounted investments	(612,000)	(388,000)
6.01.01.04	Depreciation, depletion and amortization	10,766,000	12,649,000
6.01.01.05	Impairment of assets (reversal)	(21,000)	294,000
6.01.01.06	Exploratory expenditures write-offs	24,000	579,000
6.01.01.07	Gains and losses on disposals/write-offs of assets	123,000	102,000
6.01.01.08	Foreign exchange, indexation and finance charges	7,854,000	8,751,000
6.01.01.09	Deferred income taxes, Net	1,494,000	(1,413,000)
6.01.01.10	Allowance (reversals) for impairment of trade and others receivables	(6,000)	503,000
6.01.01.11	Inventory write-down to net realizable value	71,000	1,176,000
6.01.01.12	Reclassification of cumulative translation adjustment and other comprehensive income	185,000	–
6.01.01.13	Revision and unwinding of discount on the provision for decommissioning costs	603,000	577,000
6.01.02	Decrease / (increase) in assets / increase/ (decrease) in liabilities	(4,240,000)	(7,147,000)
6.01.02.01	Trade and other receivables, net	1,513,000	3,584,000
6.01.02.02	Inventories	1,214,000	(1,673,000)
6.01.02.03	Judicial deposits	(951,000)	(383,000)
6.01.02.04	Other assets	(454,000)	(788,000)
6.01.02.05	Trade payables	(3,290,000)	(3,775,000)
6.01.02.06	Other taxes payable	300,000	(2,220,000)
6.01.02.07	Pension and medical benefits	(491,000)	(438,000)
6.01.02.08	Income tax and social contribution paid	(264,000)	(271,000)
6.01.02.09	Other liabilities	(1,817,000)	(1,183,000)
6.02	Net cash used in investing activities	(8,262,000)	(14,518,000)
6.02.01	Capital expenditures	(10,024,000)	(14,673,000)
6.02.02	Decrease in investments in investees	(34,000)	(268,000)
6.02.03	Proceeds from disposal of assets - Divestment	1,873,000	11,000
6.02.04	Divestment (investment) in marketable securities	(278,000)	397,000
6.02.05	Dividends received	201,000	15,000
6.03	Net cash used in financing activities	(21,360,000)	(17,359,000)
6.03.01	Non-controlling Interest	(130,000)	146,000

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6.03.02	Proceeds from financing	13,028,000	7,215,000
6.03.03	Repayment of principal	(29,006,000)	(17,098,000)
6.03.04	Repayment of Interest	(5,252,000)	(7,622,000)
6.04	Effect of exchange rate changes on cash and cash equivalents	(1,837,000)	(5,497,000)
6.05	Net increase/ (decrease) in cash and cash equivalents	(8,234,000)	(20,067,000)
6.05.01	Cash and cash equivalents at the beginning of the year	69,108,000	97,845,000
6.05.02	Cash and cash equivalents at the end of the period	60,874,000	77,778,000



## Consolidated Interim Accounting Information / Statement of Changes in Shareholders' Equity - 01/01/2017 to 03/31/2017

(R\$ Thousand)

Account Code	Account Description	Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Retained Earnings / Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Non-controlling interest	Shareholders' Equity
5.01	Balance at the Beginning of the Period	205,432,000	1,035,000	77,800,000	–	(34,037,000)	250,230,000	2,513,000	252,743,000
5.03	Adjusted Opening Balance	205,432,000	1,035,000	77,800,000	–	(34,037,000)	250,230,000	2,513,000	252,743,000
5.04	Capital Transactions with Owners	–	(1,000)	–	2,000	(2,000)	(1,000)	(130,000)	(131,000)
5.04.08	Change in Interest in Subsidiaries	–	(1,000)	–	–	–	(1,000)	(130,000)	(131,000)
5.04.09	Realization of the Deemed Cost	–	–	–	2,000	(2,000)	–	–	–
5.05	Total of Comprehensive Income	–	–	–	4,449,000	3,142,000	7,591,000	313,000	7,904,000
5.05.01	Net Income for the Period	–	–	–	4,449,000	–	4,449,000	358,000	4,807,000
5.05.02	Other Comprehensive Income	–	–	–	–	3,142,000	3,142,000	(45,000)	3,097,000
5.07	Balance at the End of the Period	205,432,000	1,034,000	77,800,000	4,451,000	(30,897,000)	257,820,000	2,696,000	260,517,000

## Consolidated Interim Accounting Information / Statement of Changes in Shareholders' Equity - 01/01/2016 to 03/31/2016

(R\$ Thousand)

Account Code	Account Description	Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Retained Earnings / Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Non-controlling interest	Shareholders' Equity
5.01	Balance at the Beginning of the Period	205,432,000	21,000	92,612,000	–	(43,334,000)	254,731,000	3,199,000	257,930,000
5.03	Adjusted Opening Balance	205,432,000	21,000	92,612,000	–	(43,334,000)	254,731,000	3,199,000	257,930,000
5.04	Capital Transactions with Owners	–	16,000	–	3,000	(3,000)	16,000	104,000	120,000
5.04.06	Dividends	–	–	–	–	–	–	(5,000)	(5,000)
5.04.08	Change in Interest in Subsidiaries	–	16,000	–	–	–	16,000	109,000	125,000
5.04.09	Realization of the Deemed Cost	–	–	–	3,000	(3,000)	–	–	–
5.05	Total of Comprehensive Income	–	–	–	(1,246,000)	9,165,000	7,919,000	414,000	8,333,000
5.05.01	Net Income for the Period	–	–	–	(1,246,000)	–	(1,246,000)	865,000	(381,000)
5.05.02	Other Comprehensive Income	–	–	–	–	9,165,000	9,165,000	(451,000)	8,714,000
5.07	Balance at the End of the Period	205,432,000	37,000	92,612,000	(1,243,000)	(34,172,000)	262,666,000	3,717,000	266,383,000

## Consolidated Interim Accounting Information / Statement of Added Value

(R\$ Thousand)

Account Code	Account Description	Accumulated of the Current Year 01/01/2017 to 03/31/2017	Accumulated of the Previous Year 01/01/2016 to 03/31/2016
7.01	Sales Revenues	97,523,000	105,598,000
7.01.01	Sales of Goods and Services	86,485,000	89,895,000
7.01.02	Other Revenues	2,338,000	2,495,000
7.01.03	Revenues Related to the Construction of Assets to be Used in Own Operations	8,694,000	13,711,000
7.01.04	Allowance / Reversal for Impairment of Trade Receivables	6,000	(503,000)
7.02	Inputs Acquired from Third Parties	(31,716,000)	(42,179,000)
7.02.01	Cost of Sales	(12,616,000)	(18,161,000)
7.02.02	Materials, Power, Third-Party Services and Other Operating Expenses	(14,119,000)	(17,620,000)
7.02.03	Impairment Charges / Reversals of Assets	21,000	(294,000)
7.02.04	Others	(5,002,000)	(6,104,000)
7.02.04.01	Tax Credits on Inputs Acquired from Third Parties	(4,931,000)	(4,928,000)
7.02.04.02	Inventory Write-Down to Net Realizable Value (Market Value)	(71,000)	(1,176,000)
7.03	Gross Added Value	65,807,000	63,419,000
7.04	Retentions	(10,766,000)	(12,649,000)
7.04.01	Depreciation, Amortization and Depletion	(10,766,000)	(12,649,000)
7.05	Net Added Value Produced	55,041,000	50,770,000
7.06	Transferred Added Value	1,633,000	1,353,000
7.06.01	Share of Profit of Equity-Accounted Investments	612,000	388,000
7.06.02	Finance Income	933,000	886,000
7.06.03	Others	88,000	79,000
7.07	Total Added Value to be Distributed	56,674,000	52,123,000
7.08	Distribution of Added Value	56,674,000	52,123,000
7.08.01	Employee Compensation	7,753,000	7,609,000
7.08.01.01	Salaries	4,854,000	4,653,000
7.08.01.02	Fringe Benefits	2,535,000	2,599,000
7.08.01.03	Unemployment Benefits (FGTS)	364,000	357,000
7.08.02	Taxes and Contributions	27,286,000	25,342,000
7.08.02.01	Federal	15,941,000	12,223,000
7.08.02.02	State	11,194,000	12,912,000
7.08.02.03	Municipal	151,000	207,000
7.08.03	Return on Third-Party Capital	16,828,000	19,553,000
7.08.03.01	Interest	10,219,000	11,055,000
7.08.03.02	Rental Expenses	6,609,000	8,498,000
7.08.04	Return on Shareholders' Equity	4,807,000	(381,000)
7.08.04.03		4,449,000	(1,246,000)

	Retained Earnings / (Losses) for the Period		
7.08.04.04	Non-controlling Interests on Retained Earnings / (Losses)	358,000	865,000

## Notes to the financial statements

(Expressed in millions of Reais, unless otherwise indicated)

### 1. The Company and its operations

Petróleo Brasileiro S.A. - Petrobras is a company controlled by the Brazilian government dedicated, directly or through its subsidiaries (referred to jointly as “Petrobras”, “the Company”, or “Petrobras Group”), either independently or through joint ventures or similar arrangements with third parties, 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 Company’s head office is located in Rio de Janeiro – RJ, Brazil.

### 2. Basis of preparation of interim financial information

This 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) and also in accordance with the accounting practices adopted in Brazil for interim financial reporting (CPC 21 - R1).

This parent company interim financial information has been prepared and is being presented in accordance with the accounting practices adopted in Brazil for interim financial reporting (CPC 21 - R1) and does not differ from the consolidated information.

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. Certain information about the parent company are also included. Hence, this interim financial information should be read together with the Company’s audited annual financial statements for the year ended December 31, 2016, which include the full set of notes.

The Company’s Board of Directors in a meeting held on May 11, 2017 authorized the issuance of these consolidated interim financial information.

#### 2.1. Accounting estimates

The preparation of interim financial information 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 allowance for impairment of trade

receivables. Although our management uses assumptions and judgments that are periodically reviewed, the actual results could differ from these estimates.

For further information on accounting estimates, see note 5 to the Company's annual financial statements for the year ended December 31, 2016.

### 3. The "Lava Jato (Car Wash) Operation" 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 estimated amounts that Petrobras overpaid for the acquisition of property, plant and equipment in prior years. For further information see note 3 to the Company's December 31, 2016 audited consolidated financial statements.

In preparing its financial statements for the period ended March 31, 2017, the Company considered all available information and did not identify any additional information in the investigations related to the "Lava Jato" (Car Wash) Operation by the Brazilian authorities or by the independent law firms conducting an internal investigation that could materially impact or change the methodology adopted to recognize the write-off taken in the third quarter of 2014. The Company continues to monitor the investigations for additional information and will review their potential impacts on the adjustment made.

To the extent that any of the proceedings resulting from the Lava Jato investigation involve leniency agreements with cartel members or plea agreements with individuals pursuant to which they agree to return funds, Petrobras may be entitled to receive a portion of such funds and will recognize them as other income when received. Nevertheless, the Company is unable to reliably estimate further recoverable amounts at this moment. Any recoverable amount will be recognized as income when received or when their economic benefits become virtually certain.

Notes to the financial statements

(Expressed in millions of Reais, unless otherwise indicated)

Accordingly, the Company recognized through 2016 the accumulated amount of R\$ 661 as compensations for damages relating to the “Lava Jato” Operation (R\$ 432 in 2016 and R\$ 229 in 2015). In the first quarter of 2017, there was no amount received with respect to the Lava Jato Operation.

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 also by the Brazilian Supreme Court. As a result, we have entered into 32 criminal proceedings as an assistant to the prosecutor. In addition, we have entered into five 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

4. Basis of consolidation

The consolidated interim financial information includes the interim information of Petrobras, its subsidiaries, its assets and liabilities within joint operations and consolidated structured entities.

There were no significant changes in the Company’s basis of consolidation of entities in the period ended March 31, 2017 when compared to December 31, 2016.

5. 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, 2016.

Formal Notice from CVM – Hedge accounting

Since mid-May 2013, the Company has designated cash flow hedging relationships, as described in note 33.2 to the Company’s audited consolidated financial statements for the year ended December 31, 2016, in which (a) the hedged items are portions of our highly probable future monthly export revenues in U.S. dollars, (b) the hedging instruments are portions of our long term debt obligations denominated in U.S. dollars, and (c) the risk hedged is the effect of changes in exchange rates between the U.S. dollar and our functional currency, the real. Further information on this policy is presented in note 30.2.

In March 2017, the Company received an official communication from Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários – CVM) requiring the restatement of the Company’s financial statements for all periods since the beginning of hedge accounting policy application involving hedging relationships to account for the effects of the existing hedge between its long-term debt obligations denominated in U.S. dollars and its highly probable U.S. dollar denominated future export revenues. The Company reaffirms that its accounting policy has been correctly applied and has taken all measures to safeguard its interests. The effects of this communication are currently suspended awaiting the CVM’s Collegiate Body evaluation on the merits of the appeals.

## Notes to the financial statements

(Expressed in millions of Reais, unless otherwise indicated)

## 6. Cash and cash equivalents and Marketable securities

## Cash and cash equivalents

	Consolidated	
	03.31.2017	12.31.2016
Cash at bank and in hand	1,183	1,926
Short-term financial investments		
- In Brazil		
Brazilian interbank deposit rate investment funds and other short-term deposits	10,510	3,845
Other investment funds	164	427
	10,674	4,272
- Abroad		
Time deposits	11,867	10,053
Automatic investing accounts and interest checking accounts	25,862	31,875
Treasury bonds	7,348	17,004
Other financial investments	3,940	3,978
	49,017	62,910
Total short-term financial investments	59,691	67,182
Total cash and cash equivalents	60,874	69,108

Short-term financial investments in Brazil comprise investments in funds holding Brazilian Federal Government Bonds that mature in three months or less from the date of their acquisition. Short-term financial investments abroad comprise time deposits that mature in three months or less from the date of their acquisition, highly-liquid automatic investment accounts, interest checking accounts and other short-term fixed income instruments, including U.S. Treasury bills.

## Marketable securities

	Consolidated	
	03.31.2017	12.31.2016
Trading securities	2,909	2,556
Available-for-sale securities	416	1
Held-to-maturity securities	297	292
Total	3,622	2,849
Current	2,909	2,556
Non-current	713	293

Trading securities refer mainly to investments in Brazilian Federal Government Bonds. These financial investments have maturities of more than three months and are mostly classified as current assets due to their maturity or the expectation of their realization in the short term.



Available-for-for sale securities refer substantially to São Martinho's common shares granted to the wholly-owned subsidiary Petrobras Biocombustível S.A. - PBIO (24 million of shares) in exchange and in proportion to the shares that PBIO held in Nova Fronteira. Further information on this transaction is presented in note 9.1.

7. Trade and other receivables

7.1. Trade and other receivables, net

	Consolidated	
	03.31.2017	12.31.2016
Trade receivables		
Third parties	19,883	21,182
Related parties		
Investees (note 17.7)	1,711	1,809
Receivables from the electricity sector (note 7.4)	16,203	16,042
Petroleum and alcohol accounts - receivables from Brazilian Government	828	875
Other receivables	7,494	8,149
	46,119	48,057
Allowance for impairment of trade receivables	(17,566)	(17,682)
<b>Total</b>	<b>28,553</b>	<b>30,375</b>
Current	14,042	15,543
Non-current	14,511	14,832

## Notes to the financial statements

(Expressed in millions of Reais, unless otherwise indicated)

## 7.2. Trade receivables overdue - Third parties

	Consolidated	
	03.31.2017	12.31.2016
Up to 3 months	882	1,313
From 3 to 6 months	163	218
From 6 to 12 months	434	1,339
More than 12 months	9,453	8,637
<b>Total</b>	<b>10,932</b>	<b>11,507</b>

## 7.3. Changes in the allowance for impairment of trade receivables

	Consolidated	
	03.31.2017	12.31.2016
Opening balance	17,682	14,274
Additions (*)	146	4,532
Write-offs	(1)	(28)
Reversals	(152)	(595)
Cumulative translation adjustment	(109)	(501)
<b>Closing balance</b>	<b>17,566</b>	<b>17,682</b>
Current	6,612	6,551
Non-current	10,954	11,131

(\*) In 2016, additions include: R\$ 1,242 from electricity sector and R\$ 2,045 from losses on advances to suppliers, as well as assumed debt and termination costs relating to the agreement with the Ecovix shipyard.

## 7.4. Trade receivables – electricity sector (isolated electricity system in the northern region of Brazil)

	As of 12.31.2016	Amounts Sales received	Transfers (* )	Recognition, net of reversals	Allowance for impairment		Inflation indexation	Consolidated
					Transfers (*)	As of 03.31.2017		
Related parties (Eletrobras Group)								
AME(**)	8,065	312 (514)	119	24	–	223		8,229
Ceron(***)	1,201	– (15)	–	–	–	34		1,220

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Others	313	29	(40)	–	3	–	13	318
Subtotal	9,579	341	(569)	119	27	–	270	9,768
Third parties								
Cigás	468	591	(502)	(119)	–	–	11	449
Celpa (****)	73		(153)	–	80	–	–	–
Others	15	126	(122)	–	2	–	–	21
Subtotal	483	790	(777)	(119)	82	–	11	470
Trade								
receivables, net	10,062	1,131	(1,346)	–	109	–	281	10,237
Trade receivables								
- Eletrobras								
Group	16,042	341	(569)	119			270	16,203
(-) Allowance for impairment	(6,463)				27	–		(6,436)
Subtotal	9,579	341	(569)	119	27	–	270	9,768
Trade receivables								
- Third parties								
(-) Allowance for impairment	(1,200)				82	–		(1,118)
Subtotal	483	790	(777)	(119)	82	–	11	470
Trade receivables								
- Total								
(-) Allowance for impairment	(7,663)	–	–	–	109	–	–	(7,554)
Trade								
receivables, net	10,062	1,131	(1,346)	–	109	–	281	10,237

(\*) Transfer of overdue receivables from Cigás to AME, pursuant to the purchase and sale agreement of natural gas (upstream and downstream) entered into by Petrobras, Cigás and AME.

(\*\*) Amazonas Distribuidora de Energia

(\*\*\*) Centrais Elétricas do Norte

(\*\*\*\*) Centrais Elétricas do Pará

The Company supplies fuel oil, natural gas, and other products to entities that operate in the isolated electricity system in the northern region of Brazil, such as thermoelectric power plants controlled by Eletrobras, state-owned natural gas distribution companies and independent electricity producers (Produtores Independentes de Energia – PIE). The isolated electricity system provides the public service of electricity distribution in the northern region of Brazil as the Brazilian National Interconnected Power Grid (Sistema Interligado Nacional) has not yet met the demand for electricity due to technical or economic reasons.

Notes to the financial statements

(Expressed in millions of Reais, unless otherwise indicated)

A significant portion of the funds used by those companies to pay for products supplied by the Company came from the Fuel Consumption Account (Conta de Consumo de Combustível – CCC), which provides funds to cover a portion of the costs related to the supply of fuel to thermoelectric power plants located in the northern region of Brazil (operating in the isolated electricity system). However, as a result of changes in the CCC regulations over time, principally relating to the Provisional Measure 579/2012 which significantly changed the sources of funds that were used to cover the cost of electricity generated in the Isolated Electricity System, funds transferred from the CCC to these electricity companies have not been sufficient for them to meet their financial obligations and, as a result, some have not been able to pay the total amount for the products supplied by the Company, increasing the default rate of those customers to the Company.

The Company intensified the negotiations with the state-owned natural gas distribution companies, the independent electricity producers (PIEs), other private companies and entities controlled by Eletrobras. As a result, on December 31, 2014, the Company entered into a debt acknowledgement agreement with subsidiaries of Eletrobras with respect to the balance of its receivables as of November 30, 2014. Eletrobras acknowledged it owed R\$ 8,601 to the Company, of which R\$ 7,380 were collateralized. This amount has been adjusted by the Selic interest rate (Brazilian short-term interest rate) on a monthly basis. Under this agreement, the first of 120 monthly installments was paid in February 2015 and these payments have continued.

The contractual amortization clauses established in the debt acknowledgement agreement determine the payment of 15% of the amount of renegotiated debt within 36 months and the remaining 85% to be paid in 84 installments beginning in January 2018. Therefore, the Company expects the balance of trade receivables from the electricity sector will decrease from 2018 onwards as the amounts to be received will be higher than sales and inflation indexation on debt acknowledgement agreements.

In order to mitigate an increase in default rates, on September 1, 2015 the Brazilian National Electricity Agency (Agência Nacional de Energia Elétrica - ANEEL) enacted the Normative Instruction 679 enabling the Company to receive funds directly from the CCC, as these funds would be paid directly from the CCC for products supplied in the prior month with a limit of 75% of the average payments made by the CCC in the previous three months.

The Company had expected that the abovementioned rule would have strengthened the financial situation of the companies in the electricity sector. However, this had not occurred and the level of these defaults had increased. Accordingly, in 2016 the Company recognized R\$ 1,242 as allowance for impairment of trade receivables (R\$ 1,876 in 2015), net of reversals, with respect to uncollateralized outstanding receivables.

Accordingly, the Company has adopted the following measures:

- judicial collection of overdue receivables with respect to natural gas supplied to Amazonas Distribuidora de Energia (AME), Eletrobras and Cigás;

- judicial collection of overdue receivables with respect to fuel oil supplied by the wholly-owned subsidiary BR Distribuidora to companies of Eletrobras Group (Amazonas, Acre, Rondônia and Roraima);

- suspension of fuel oil supply on credit, except when legally enforced;

- the wholly-owned subsidiary Petrobras Distribuidora registered entities controlled by Eletrobras as delinquent companies in the Brazilian Central Bank files and as delinquent companies in ANEEL files;

- Petrobras parent company registered AME as a delinquent company in ANEEL files.

In the first quarter of 2017, the Company accounted for a reversal of allowances for impairment of trade receivables previously recognized in the amount of R\$ 109 mainly due to overdue receivables paid by CELPA - Centrais Elétricas

do Pará. In the same period in 2016, the Company wrote-down R\$ 544 as allowance for impairment of trade receivables (net of reversals).

## Notes to the financial statements

(Expressed in millions of Reais, unless otherwise indicated)

## 8. Inventories

	Consolidated	
	03.31.2017	12.31.2016
Crude oil	10,438	11,485
Oil products	8,254	8,634
Intermediate products	2,213	2,281
Natural gas and LNG (*)	305	435
Biofuels	576	686
Fertilizers	234	85
Total products	22,020	23,606
Materials, supplies and others	4,190	4,053
<b>Total</b>	<b>26,210</b>	<b>27,659</b>
Current	26,172	27,622
Non-current	38	37

(\*) LNG - Liquid Natural Gas

The amount of inventories is presented net of R\$ 19 reducing inventories to net realizable value (R\$ 92 as of December 31, 2016), mainly due to changes in international prices of crude oil and oil products. In the three-month period ended March 31, 2017, the Company recognized as cost of sales R\$ 71 reducing inventories to net realizable value, net of reversals (R\$ 1,176 in the same period of 2016).

A portion of the crude oil and/or oil products inventories have been pledged as security for the Terms of Financial Commitment (TFC) signed by Petrobras and Petros in the amount of R\$ 6,646 (R\$ 6,449 as of December 31, 2016), as set out in note 20.1.

## 9. Disposal of Assets and other changes in organizational structure

## 9.1. Disposal of Assets

## Disposal of distribution assets in Chile

On July 22, 2016, the Company signed a sale and purchase agreement with the Southern Cross Group for the sale of 100% of Petrobras Chile Distribución Ltda (PCD), held through Petrobras Caribe Ltda.

This transaction was concluded on January 4, 2017 and the net proceeds from this sale were US\$ 470 million, of which US\$ 90 million were received via distribution of dividends after taxes on December 9, 2016 and the remaining US\$ 380 million were paid by Southern Cross at the transaction closing. Accordingly, the Company recognized a gain of R\$ 2 as other expenses, net, in the first quarter of 2017, taking into account the impairment of R\$ 266 at December 31, 2016.

In addition, a R\$ 248 loss was recycled from shareholders' equity to other expenses, net within the income statement, reflecting the reclassification of cumulative translation adjustments resulting from the depreciation of the Chilean Peso against the U.S Dollar from the time of the acquisition of this investment to its disposal (see note 21.2).

Disposal of interest in Nova Transportadora do Sudeste (NTS) and related changes in organizational structure

After a corporate restructuring intended to concentrate the transportation assets of the southeastern region in Nova Transportadora do Sudeste - NTS (Rio de Janeiro, Minas Gerais and São Paulo), the Company's Board of Directors approved on September 22, 2016 the sale of a 90% interest in NTS to Brookfield Infrastructure Partners (BIP) and its affiliates, through a Private Equity Investment Fund (FIP) whose other shareholders are British Columbia Investment Management Corporation (BCIMC), CIC Capital Corporation (wholly-owned subsidiary of China Investment Corporation - CIC) and GIC Private Limited (GIC).

The following changes in organizational structure occurred as part of this process:

¶The Extraordinary General Meeting of NTS, held on October 21, 2016, approved an increase to its share capital in the amount of R\$ 2.31 billion, based on independent expert report dated on October 14, 2016, through net assets of the Company's subsidiary Transportadora Associada de Gás S.A. - TAG. This capital increase requires the approval of the National Petroleum, Natural Gas and Biofuels Agency - ANP through the issuance of Permissions of Provisional Operation (Autorizações de Operação Provisórias);

¶The Extraordinary General Meeting of the TAG, held on October 21, 2016, approved a reduction to its share capital, via a capital surplus, in the amount of its investment in NTS (R\$ 2.6 billion) and transfer of all of its interest in NTS to Petrobras, as occurred on

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Notes to the financial statements

(Expressed in millions of Reais, unless otherwise indicated)

October 24, 2016 pursuant to Permissions of Provisional Operation (Autorizações de Operação Provisórias), as occurred on October 24, 2016.

This transaction prescribes the maintenance of charge capacity and also the same terms of five Firm Gas Transportation Agreements including 100% ship-or-pay clauses. These agreements have terms of 20 years from 2016 and their rates are indexed to the Brazilian General Market Price Index (IGP-M) and regulated by ANP.

At March 31, 2017, the related assets and liabilities remained classified as held for sale as the completion of this transaction was still subject to certain customary conditions precedent, including the approvals by relevant regulators.

On April 4, 2017, after performing all conditions precedent and adjustments provided for in the purchase and sale agreement, this transaction was completed in the amount of US\$ 5.08 billion upon the payment of US\$ 4.23 billion on this date, of which US\$ 2.59 billion refers to an escrow account in the amount of US\$ 100 pledged as collateral for charges associated with pipelines repair, and to the sale of shares and US\$ 1.64 billion refers to the issuance of convertible debentures by NTS, maturing in 10 years, as a replacement of the debt to PGT. The remaining balance (US\$ 850 million, also referring to the sale of shares) will be paid in the fifth year, bearing annual interests at a fixed rate, as established in the purchase and sale agreement.

The Company estimates a gain before taxes on this transaction amounting to R\$ 6.7 billion, to be recognized in the second quarter of 2017. The estimated amount is subject to price adjustment according to the purchase and sale agreement.

#### Disposal of Liquigás

On November 17, 2016 the Company's Board of Directors approved the disposal of its wholly-owned subsidiary Liquigás Distribuidora S.A. to Companhia Ultragaz S.A., a subsidiary of Ultrapar Participações S.A. The amount of this transaction is indexed to the CDI rate (Brazilian interbank interest rate), from the signing to the closing date, and remains subject to adjustments based on Liquigás' working capital changes, net debt and market value of its inventories, from December 31, 2015 to the transaction closing.

In January 2017, this sale was approved at Ultrapar's and Petrobras' Shareholders' Meetings in the amount of R\$ 2.7 billion.

At March 31, 2017, the related assets and liabilities remained classified as held for sale because some of the conditions precedent were not yet performed, including the approval by the Brazilian Antitrust Regulator (CADE).

#### Disposal of Guarani

On December 28, 2016, the Company's wholly-owned subsidiary Petrobras Biocombustível S.A. (PBIO) disposed of its interests in the associate Guarani S.A. (45.97% of share capital) to Tereos Participations SAS, an entity of the French group Tereos.

On February 3, 2017, this transaction was concluded pursuant to the payment of US\$ 203 million, after all conditions precedent were performed by Tereos Participations SAS. At December 31, 2016, an impairment loss amounting to R\$ 578 was accounted for.



Additionally, a gain of R\$ 132 was recycled from shareholders' equity to other expenses, net within the income statement, reflecting the reclassification of cumulative translation adjustment resulting from the appreciation of Mozambican Metical against the Brazilian Real from the acquisition of this investment to its disposal (see note 21.2). This gain was partially offset by a R\$ 69 loss also recycled from shareholders' equity to other expenses, net, reflecting cumulative losses relating to cash flow hedge accounting.

#### Disposal of Suape and Citepe petrochemical plants

On December 28, 2016, the Company's Board of Directors approved the disposal of its interests in the wholly-owned subsidiaries Companhia Petroquímica de Pernambuco (PetroquímicaSuape) and Companhia Integrada Têxtil de Pernambuco (Citepe) to Grupo Petrotex S.A. de C.V. and Dak Americas Exterior, S.L., both subsidiaries of Alpek, S.A.B. de C.V., which is a company from Grupo Alfa S.A.B. de C.V. (a Mexican public company), in the amount of US\$ 385 million, which will be totally disbursed at the transaction closing. This amount is still subject to adjustments relating to working capital, net debt and recoverable taxes.

On February 21, 2017, the operation was approved at the Grupo Alfa's Board of Directors Meeting and, on March 27, 2017, at Petrobras' Shareholders' Meeting. However, this transaction closing remains subject to the approval of the Brazilian Antitrust Regulator (CADE), as well as to the fulfillment of certain other customary conditions precedent. Therefore, the respective assets and liabilities remained classified as held for sale at March 31, 2017.

Notes to the financial statements

(Expressed in millions of Reais, unless otherwise indicated)

Strategic alliance with Total

On December 21, 2016, the Company entered into a master agreement with Total, in connection with the Strategic Alliance established in the Memorandum of Understanding signed on October 24, 2016. Accordingly, certain assets were classified as held for sale at December 31, 2016 due to the share of interests established in this agreement, as described below:

- Transfer of the Company's 22.5% stake in the concession area named as Iara, comprising Sururu, Berbigão and West of Atapu fields, which are subject to unitization agreements with Entorno de Iara (an area under the Assignment Agreement in which the Company holds 100% interests and is located in the Block BM-S-11). The Company will continue to operate the block;
- Transfer of the Company's 35% stake in the concession area of Lapa field, located in the Block BM-S-9. Total will also become the operator and the Company will retain a 10% interest in this area; and
- Transfer of the Company's 50% interests in the power plants Celso Furtado and Rômulo Almeida. In 2016, the Company recognized an impairment loss on this transaction in the amount of R\$ 156.

On February 28, 2017, the Company and Total signed purchase and sale agreements with respect to the aforementioned assets. Total will pay to the Company the amount of US\$ 1,675 million in cash for assets and services, as well as contingent payments in the amount of US\$ 150 million, associated with the production volume in Iara field. In addition, a long-term line of credit in the amount of US\$ 400 million will be provided by Total, which may be used to fund the Company's investments in the Iara fields.

The aforementioned agreements adds up to the ones already executed on December 21, 2016, such as: (i) option for Petrobras to purchase a 20% interest in block 2 of the Perdido Foldbelt area, in the Mexican sector of the Gulf of Mexico, (ii) joint exploration studies in the exploratory areas of Equatorial Margin and in Santos Basin; and (iii) Technological partnership agreement in the areas of digital petrophysics, geological processing and subsea production systems.

These transactions are still subject to approval by the relevant authorities, to the potential exercise of preemptive rights by current Iara partners, as well as other customary conditions precedent. Accordingly, the related assets and liabilities remained classified as held for sale at March 31, 2017.

## 9.2. Other changes in organizational structure

### Merger of Nova Fronteira Bioenergia

On December 15, 2016, the Company's wholly-owned subsidiary Petrobras Biocombustível S.A. (PBIO) entered into an agreement with São Martinho group which establishes the merger of PBIO's interests in Nova Fronteira Bioenergia S.A. (49%) into São Martinho.

On February 23, 2017, this transaction was concluded as São Martinho granted to PBIO an additional 24 million of its common shares, corresponding to 6.593% of its voting and total paid in capital, in exchange and in proportion to the shares that PBIOs held in Nova Fronteira. These shares will not be subject to any kind of lock-up and their sale will occur in 4 years through a structured process.

## Notes to the financial statements

(Expressed in millions of Reais, unless otherwise indicated)

## 9.3. Assets classified as held for sale

						Consolidated	
						03.31.2017	12.31.2016
						Gas	
						&	
	E&P	Distribution	RT&M	Power	Total	Total	
Assets classified as held for sale (*)							
Cash and Cash Equivalents	–	–	29	–	29	355	
Trade receivables	–	–	466	–	466	667	
Inventories	–	–	388	–	388	560	
Investments	–	–	15	–	15	1,233	
Property, plant and equipment	3,491	3	961	9,382	13,837	14,409	
Others	–	–	899	98	997	1,445	
<b>Total</b>	<b>3,491</b>	<b>3</b>	<b>2,758</b>	<b>9,480</b>	<b>15,732</b>	<b>18,669</b>	

Liabilities on assets classified as held for sale (\*)