

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
August 11, 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 August, 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
June 30, 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 June 30, 2014, the related condensed consolidated statement of income, of cash flows and of comprehensive income for the six-month periods ended June 30, 2014 and June 30, 2013 and the condensed statement of changes in shareholders' equity for the six-month periods ended June 30, 2014 and June 30, 2013. This interim financial information is the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 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.

/s/ PricewaterhouseCoopers
Auditores Independentes

CRC 2SP000160/O-5 "F" RJ

Rio de Janeiro, Brazil

August 8, 2014

/s/ Marcos Donizete Panassol

Contador CRC 1SP155975

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Financial Position

June 30, 2014 and December 31, 2013

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

Assets	Note 06.30.2014 12.31.2013	Liabilities	Note 06.30.2014 12.31.2013
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Current
assets

Current liabilities

Cash and cash equivalents	5	26,397	15,868	Trade payables	14	12,509	11,919
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Marketable securities	6	3,739	3,885	Current debt	15	10,667	8,001
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Trade and other receivables, net	7.1	10,630	9,670	Finance lease obligations	16.1	18	16
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Inventories	8	16,984	14,225	Income taxes payable	19.1	380	281
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Recoverable income taxes	19.1	896	1,060	Other taxes payable	19.2	4,640	4,669
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Other recoverable taxes	19.2	2,893	3,911	Dividends payable	21.2	–	3,970
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Advances to suppliers	706	683	Payroll, profit sharing and related charges	2,592	2,052
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Other current assets	1,340	946	Pension and medical benefits	20	867	816
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63,585	50,248	Others	2,227	2,429
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33,900

34,153

Assets classified as held for sale	9.2	1,917	2,407	Liabilities on assets classified as held for sale	9.2	267	1,073
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65,502

52,655

34,167

35,226

Non-current
assets

Non-current
liabilities

Long-term
receivables

Non-current debt 15 128,945 106,235

Trade and other receivables, net	7.1	5,748	4,532	Finance lease obligations	16.1	80	73
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Marketable securities	6	136	131	Deferred income taxes	19.3	12,737	9,906
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Judicial deposits	28	2,904	2,504	Pension and medical benefits	20	13,105	11,757
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Deferred income taxes	19.3	1,079	1,130	Provisions for legal proceedings	28	1,511	1,246
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Other tax assets	19.2	5,199	5,380	Provision for decommissioning costs	18	7,344	7,133
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Advances to suppliers	3,175	3,230	Others	1,034	724
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Others	2,254	1,875
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20,495

18,782

164,756

137,074

Total liabilities	198,923	172,300
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Shareholders' 21
equity

Investments	10.1	7,114	6,666	Share capital	107,380	107,371
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Property, plant and equipment	11.1	253,955	227,901	Additional paid in capital	359	395
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Intangible assets	12.1	16,326	15,419	Profit reserves	78,937	75,689
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297,890	268,768	Accumulated other comprehensive income (loss)	(22,907)	(34,928)
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Attributable to the shareholders of Petrobras	163,769	148,527
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Non-controlling interests	700	596
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Total Equity	164,469	149,123
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Total Assets	363,392	321,423	Total liabilities and shareholder's equity	363,392	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

June 30, 2014 and 2013

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

	Note	Jan-Jun/2014	Jan-Jun/2013
Sales revenues	22	71,404	71,914
Cost of sales		(54,647)	(53,428)
Gross profit		16,757	18,486
Income (expenses)			
Selling expenses		(2,397)	(2,383)
General and Administrative expenses		(2,240)	(2,489)
Exploration costs		(1,454)	(1,225)
Research and development expenses		(520)	(624)
Other taxes		(278)	(232)
Other operating expenses, net	23	(2,696)	(911)
		(9,585)	(7,864)
Net income before financial results, profit sharing and income taxes		7,172	10,622
Finance Income		781	926
Finance Expenses		(1,788)	(1,219)
Foreign exchange and inflation indexation charges		512	(726)
Net finance income (expense)	25	(495)	(1,019)
Share of profit / gains on interest in equity-accounted investments		343	266
Profit sharing	20.1	(282)	(321)
Net income before income taxes		6,738	9,548
Income taxes	19.4	(1,963)	(2,879)
Net income		4,775	6,669
Net income (loss) attributable to: Shareholders of Petrobras		4,505	6,850

Non-controlling interests		270	(181)
		4,775	6,669
Basic and diluted earnings per weighted-average of common and preferred share in U.S. dollars	21.3	0.35	0.53

The Notes form an integral part of these Financial Statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Comprehensive Income

June 30, 2014 and 2013

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

	Jan-Jun/2014	Jan-Jun/2013
Net income	4,775	6,669
Items that will not be reclassified to profit or loss:		
Actuarial gains / (losses) on defined benefit pension plans	—	(5)
Cumulative translation adjustments	8,371	(12,102)
	8,371	(12,107)
Items that may be reclassified subsequently to profit or loss:		
Unrealized gains / (losses) on available-for-sale securities		
Recognized in shareholders' equity	—	—
Reclassified to profit or loss	—	(45)
Deferred income tax	—	15
	—	(30)
Unrealized gains / (losses) on cash flow hedge		
Recognized in shareholders' equity	2,943	(3,852)
Reclassified to profit or loss	334	4
Deferred income tax	(1,112)	1,311
	2,165	(2,537)
Share of other comprehensive income of equity-accounted investments	97	(151)
	2,262	(2,718)
Other comprehensive income (loss):	10,633	(14,825)
Total Comprehensive income (loss)	15,408	(8,156)
Comprehensive income (loss) attributable to:		
Shareholders of Petrobras	15,278	(7,919)
Non-controlling interests	130	(237)
Total comprehensive income (loss)	15,408	(8,156)

The Notes form an integral part of these Financial Statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Cash Flows

June 30, 2014 and 2013

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

	Jan-Jun/2014	Jan-Jun/2013
Cash flows from Operating activities		
Net income attributable to the shareholders of Petrobras	4,505	6,850
Adjustments for:		
Non-controlling interests	270	(181)
Share of (profit) loss of equity-accounted investments	(343)	(266)
Depreciation, depletion and amortization	6,471	6,572
Impairment charges on property, plant and equipment and other assets	205	231
Exploration expenditures written off	1,117	605
(Gains) / losses on disposal / write-offs of non-current assets, E&P areas returned and cancelled projects	(125)	(677)
Foreign exchange variation, indexation and finance charges	1,262	1,123
Deferred income taxes, net	1,014	1,587
Pension and medical benefits (actuarial expense)	983	1,366
Decrease / (Increase) in assets		
Trade and other receivables, net	(1,365)	382
Inventories	(2,072)	(833)
Other assets	(954)	(173)
Increase/(Decrease) in liabilities		
Trade payables	84	(28)
Taxes payable	(867)	(1,213)
Pension and medical benefits	(396)	(385)
Other liabilities	605	321
Net cash provided by operating activities	10,394	15,281
Cash flows from Investing activities		
Capital expenditures	(17,336)	(20,432)
Investments in investees	(128)	(56)
Proceeds from disposal of assets (divestment)	451	1,542
Investments in marketable securities	604	(96)
Dividends received	279	70

Net cash (used in) investing activities	(16,130)	(18,972)
Cash flows from Financing activities		
Acquisition of Non-controlling interest	3	(98)
Proceeds from long-term financing	27,341	29,672
Repayment of principal	(4,807)	(11,559)
Repayment of interest	(2,892)	(2,434)
Dividends paid	(3,916)	(1,386)
Net cash provided by financing activities	15,729	14,195
Effect of exchange rate changes on cash and cash equivalents	536	(893)
Net increase/ (decrease) in cash and cash equivalents	10,529	9,611
Cash and cash equivalents at the beginning of the year	15,868	13,520
Cash and cash equivalents at the end of the period	26,397	23,131

The Notes form an integral part of these Financial Statements.

Petróleo Brasileiro S.A. – Petrobras

Consolidated Statement of Changes in Shareholders' Equity

June 30, 2014 and 2013

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

	Share Capital	Additional paid in capital income		Accumulated other comprehensive income			Profit
		Incremental costs directly attributable to the issue of new shares	Change in interest in subsidiaries	Cumulative translation adjustment	Actuarial gains (losses) on defined benefit pension plans	Other comprehensive income	
Balance at January 1, 2013	107,362	(279)	628	(6,732)	(7,748)	102	7,364
Capital increase with reserves	9	—	—	—	—	—	—
Realization of deemed cost	—	—	—	—	—	(2)	—
Change in interest in subsidiaries	—	—	22	—	—	—	—
Net income	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	(12,871)	(5)	(2,736)	—
Appropriations:							
Allocation of net income	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—
Balance at June 30, 2013	107,371	(279)	650	(19,603)	(7,753)	(2,636)	7,364
Balance at January 01, 2014	107,371	(279)	674	(28,334)	(2,505)	(4,089)	7,919
Capital increase with reserves	9	—	—	—	—	—	—
	—	—	—	—	—	(2)	—

Realization of deemed cost							
Change in interest in subsidiaries	—	—	(36)	—	—	—	—
Net income	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	9,746	—	2,277	—
Appropriations:							
Allocation of net income	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—
	107,380	(279)	638	(18,588)	(2,505)	(1,814)	7,919
Balance at June 30, 2014	107,380		359			(22,907)	

See the accompanying notes to the financial statements.

Petróleo Brasileiro S.A. – Petrobras

Notes to the financial statements

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

1. The Company and its operations

Petróleo Brasileiro S.A. - Petrobras is dedicated, directly or through its subsidiaries (referred to jointly as “Petrobras” or “the Company”) to prospecting, drilling, refining, processing, trading and transporting crude oil from producing onshore and offshore oil fields and from shale or other rocks, as well as oil products, natural gas and other liquid hydrocarbons. In addition, Petrobras carries out energy related activities, such as research, development, production, transport, distribution and trading of all forms of energy, as well as any other correlated or similar activities. The Company’s head office is located in Rio de Janeiro – RJ, Brazil.

2. Basis of preparation of interim financial information

The consolidated interim financial information has been prepared and is being presented in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (IASB). The information is presented in U.S. dollars.

This interim financial information presents the significant changes which occurred in the period, avoiding repetition of certain notes to the financial statements previously reported. Hence it should be read together with the Company’s annual financial statements for the year ended December 31, 2013, 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 authorized for issue by the Company’s Board of Directors in a meeting held on August 8, 2014.

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

3. Basis of consolidation

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

There were no significant changes in the consolidated entities in the six-month period ended June 30, 2014.

The main disposal of assets and legal mergers are set out in note 9.

Petróleo Brasileiro S.A. – Petrobras

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 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, 2013.

5. Cash and cash equivalents

	06.30.2014	12.31.2013
Cash at bank and in hand	594	951
Short-term financial investments		
- In Brazil		
Single-member funds (Interbank Deposit) and other short-term deposits	3,469	3,493
Other investment funds	40	53
- Abroad	3,509	3,546
Total short-term financial investments	22,294	11,371
Total cash and cash equivalents	25,803	14,917
	26,397	15,868

6. Marketable securities

	06.30.2014	12.31.2013
Trading securities	3,733	3,878
Available-for-sale securities	13	17
Held-to-maturity securities	129	121
	3,875	4,016
Current	3,739	3,885
Non-current	136	131

Trading securities refer mainly to investments in government bonds that have maturities of more than 90 days. These assets are classified as current assets due to the expectation of their realization in the short term.

7. Trade and other receivables**7.1. Trade and other receivables, net**

	06.30.2014	12.31.2013
Trade receivables		
Third parties	10,282	9,847
Related parties (Note 17)		
Investees	937	658
Receivables from the electricity sector	3,294	2,156
Petroleum and alcohol accounts -Federal Government	381	357
Other receivables	3,030	2,590
	17,924	15,608
Provision for impairment of trade receivables	(1,546)	(1,406)
	16,378	14,202
Current	10,630	9,670
Non-current	5,748	4,532

Petróleo Brasileiro S.A. – Petrobras

Notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***7.2. Changes in the provision for impairment of trade receivables**

	06.30.2014	12.31.2013
Opening balance	1,406	1,452
Additions (*)/ (**)	127	217
Write-offs (*)	(76)	(69)
Cumulative translation adjustment	89	(194)
Closing balance	1,546	1,406
Current	936	800
Non-current	610	606

(*) Includes foreign exchange differences arising from the translation of the provision for impairment of trade receivables of companies abroad.

(**) Amounts recognized in profit or loss as selling expenses.

7.3. Trade and other receivables overdue - Third parties

	06.30.2014	12.31.2013
Up to 3 months	472	840
From 3 to 6 months	272	238
From 6 to 12 months	549	366
More than 12 months	2,128	1,696
	3,421	3,140

As of June 30, 2014, the balance of trade and other receivables past due includes US\$ 1,170 from Companhia de Gás do Amazonas - Cigás (US\$ 682 as of December 31, 2013) related to natural gas sales in the state of Amazonas. Negotiation regarding payment of the receivables past due is underway.

8. Inventories

	06.30.2014	12.31.2013
Crude Oil	7,696	5,849

Oil Products	5,386	4,985
Intermediate products	1,039	924
Natural Gas and LNG (*)	547	401
Biofuels	239	158
Fertilizers	21	26
	14,928	12,343
Materials, supplies and others	2,120	1,935
	17,048	14,278
Current	16,984	14,225
Non-current	64	53

(*) Liquid Natural Gas

Consolidated inventories are presented net of a US\$ 39 allowance reducing inventories to net realizable value (US\$ 88 as of December 31, 2013), mainly due to the volatility of international prices of crude oil and oil products. The amounts recognized in profit or loss as other operating expenses are set out in note 23.

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 US\$ 3,367 (US\$ 2,976 as of December 31, 2013), as set out in note 20.

Petróleo Brasileiro S.A. – Petrobras

Notes to the financial statements

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

9. Disposal of assets and legal mergers

9.1. Disposal of assets

Brasil PCH

On June 14, 2013, Petrobras entered into an agreement with Cemig Geração e Transmissão S.A. (which further assigned the sale and purchase contract to Chipley SP Participações) for the disposal of its entire equity interest in Brasil PCH S.A., equivalent to 49% of its voting stock, for a consideration of US\$ 304, excluding contractual price adjustments.

On February 14, 2014, the remaining conditions precedent for this transaction were met and the disposal was concluded for a total amount of US\$ 301, including contractual price adjustments. A gain of US\$ 274 before taxes was recognized as other operating income (expenses).

Innova S.A.

On August 16, 2013, the Board of Directors of Petrobras approved the disposal of 100% of the share capital of Innova S.A. to Videolar S.A. and its controlling shareholder, at a consideration of U.S.\$ 369, subject to price adjustment before the transaction is concluded.

The transaction was approved in a Shareholders' Extraordinary General Meeting held on September 30, 2013 and its conclusion is subject to certain conditions, including the approval by Conselho Administrativo de Defesa Econômica – CADE.

Due to the pending conditions precedent for conclusion of this transaction, the assets and associated liabilities involved in this transaction were classified as held for sale.

Petrobras Colombia Limited (PEC)

On September 13, 2013, the Board of Directors of Petrobras approved the disposal of 100% of the share capital of Petrobras Colombia Limited (PEC), a subsidiary of Petrobras International Braspetro B.V. (PIB BV), to Perenco Colombia Limited, for a consideration of U.S.\$ 380, subject to price adjustment until the closing of the transaction.

On April 30, 2014 the transaction was concluded, the respective assets and liabilities were transferred to Perenco and a US\$ 101 gain was recognized as other operating income. This gain is subject to price adjustment, as set out in the agreement.

Petrobras Energia Peru S.A.

On November 13, 2013, the Board of Directors of Petrobras approved the disposal of 100% of Petrobras Energia Peru S.A. by Petrobras de Valores Internacional de España S.L. – PVIE and Petrobras International Braspetro B.V. – PIB BV to China National Petroleum Corporation (CNPC), for U.S.\$ 2,647, subject to price adjustment until the transaction is concluded.

The transaction is subject to certain conditions precedent, including approval by the Chinese and Peruvian governments, as well as compliance with the procedures under their "Joint Operating Agreement (JOA)", where applicable.

Due to the pending conditions precedent for the conclusion of this transaction, the assets and corresponding liabilities were classified as held for sale.

Petróleo Brasileiro S.A. – Petrobras

Notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***UTE Norte Fluminense**

On April 11, 2014 Petrobras disposed of its 10% interest in Usina Termelétrica Norte Fluminense (UTE - NF) to the Électricité de France (EDF) group for US\$ 82, recognizing a US\$ 37 gain as other operating income. There is no condition precedent regarding approval by Brazilian authorities.

9.2. Assets classified as held for sale

Assets classified as held for sale and associated liabilities, classified under the Company's current assets and current liabilities are comprised of the following items and business segments:

					Consolidated	
					06.30.2014	12.31.2013
	Exploration and Production	Refining, Transport. & Marketing	International	Others	Total	Total
Assets classified as held for sale						
Property, plant and equipment	52	127	1,343	–	1,522	1,780
Trade receivables	–	95	26	–	121	136
Inventories	–	96	10	–	106	121
Investments	–	10	10	–	20	54
Cash and Cash Equivalents	–	2	37	–	39	121
Others	–	33	76	–	109	195
	52	363	1,502	–	1,917	2,407
Liabilities on assets classified as held for sale						
Trade Payables	–	(30)	(19)	–	(49)	(164)
Provision for decommissioning costs	–	–	(10)	–	(10)	(30)

Non-current debt	–	(20)	–	–	(20)	(612)
Others	–	(29)	(159)	–	(188)	(267)
	–	(79)	(188)	–	(267)	(1,073)

9.3. Legal mergers

On April 2, 2014, the Shareholders' Extraordinary General Meeting of Petrobras approved the mergers of Termoçu S.A., Termoçar Ltda. and Companhia Locadora de Equipamentos Petrolferos – CLEP into Petrobras. These mergers did not increase share capital or required any additional paid in capital.

The objective of these mergers is to simplify the corporate structure of the Company, reduce costs and capture synergies. These mergers did not affect the consolidated financial statements.

Petróleo Brasileiro S.A. – Petrobras

Notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***10. Investments****10.1. Investments in associates and joint ventures**

	06.30.2014	12.31.2013
Investments measured using equity method		
Braskem S.A.	2,440	2,201
Petrobras Oil & Gas B.V - PO&G	1,716	1,707
State-controlled Natural Gas Distributors	590	533
Guarani S.A.	546	510
Petroritupano S.A.	197	198
Nova Fronteira Bioenergia S.A.	188	170
Petrowayu S.A.	184	185
Other petrochemical investees	94	84
UEG Araucária Ltda	85	59
Transierra S.A.	74	68
Petrokariña S.A.	66	66
Other associates	914	863
	7,094	6,644
Other investees	20	22
	7,114	6,666

10.2. Investments in listed companies

Company	Thousand-share lot		Type	Quoted stock exchange prices (US\$ per share)		Market value	
	06.30.2014	12.31.2013		06.30.2014	12.31.2013	06.30.2014	12.31.2013
Indirect subsidiary							
Petrobras							
Argentina	1,356,792	1,356,792	Common	0.80	0.80	1,091	1,083
						1,091	1,083

Associate

Braskem	212,427	212,427	Common	5.11	7.04	1,085	1,496
			Preferred				
Braskem	75,793	75,793	A	6.40	8.96	485	680
						1,570	2,176

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

Braskem S.A. - Investment in publicly traded associate:

Braskem's shares are publicly traded on stock exchanges in Brazil and abroad. The quoted market value as of June 30, 2014, was US\$ 1,570, based on the quoted values of both Petrobras' share in common stock (47% of the outstanding shares), and preferred stock (22% of the outstanding shares). However, there is extremely limited trading of the common shares, since non-signatories of the shareholders' agreement hold only approximately 3% of the common shares.

In addition, given the operational relationship between Petrobras and Braskem, the recoverable amount of the investment, for impairment testing purposes, was determined based on value in use, considering the Company's share of the future cash flows projected for Braskem. As the recoverable amount was higher than the carrying amount, no impairment losses were recognized for this investment.

The main assumptions on which cash flow projections were based to determine Braskem's value in use are set out in note 14 to our audited consolidated financial statements for the year ended December 31, 2013.

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Notes to the financial statements

*(Expressed in millions of US Dollars, unless otherwise indicated)***11. Property, plant and equipment****11.1. By class of assets**

	Land, buildings and improvement	Equipment and other assets	Assets under construction (*)	Exploration and development costs (Oil and producing properties)	Total
Balance at January 1, 2013	8,164	81,708	81,663	33,366	204,901
Additions	68	1,794	36,125	663	38,650
Additions to / review of estimates of decommissioning costs	–	–	–	(629)	(629)
Capitalized borrowing costs	–	–	3,909	–	3,909
Business combinations	17	31	16	–	64
Write-offs	(4)	(121)	(2,399)	(25)	(2,549)
Transfers (***)	1,224	23,626	(29,620)	25,896	21,126
Depreciation, amortization and depletion	(518)	(7,513)	–	(4,939)	(12,970)
Impairment recognition (****)	–	(11)	(6)	(85)	(102)
Impairment reversal (****)	–	49	–	72	121
Cumulative translation adjustment	(1,083)	(9,158)	(9,930)	(4,449)	(24,620)
Balance at December 31, 2013	7,868	90,405	79,758	49,870	227,901
Cost	10,729	133,368	79,758	77,117	300,972
Accumulated depreciation, amortization and depletion	(2,861)	(42,963)	–	(27,247)	(73,071)
Balance at December 31, 2013	7,868	90,405	79,758	49,870	227,901
Additions	7	755	15,501	163	16,426

Additions to / review of estimates of decommissioning costs	–	–	–	(21)	(21)
Capitalized borrowing costs	–	–	1,882	–	1,882
Write-offs	(7)	(27)	(1,384)	(66)	(1,484)
Transfers	1,154	7,166	(10,683)	5,531	3,168
Depreciation, amortization and depletion	(287)	(3,794)	–	(2,288)	(6,369)
Cumulative translation adjustment	500	4,180	4,784	2,988	12,452
Balance at June 30, 2014	9,235	98,685	89,858	56,177	253,955
Cost	12,551	146,765	89,858	87,146	336,320
Accumulated depreciation, amortization and depletion	(3,316)	(48,080)	–	(30,969)	(82,365)
Balance at June 30, 2014	9,235	98,685	89,858	56,177	253,955
Weighted average of useful life in years	25 (25 to 40) (except land)	20 (3 to 31) (**)		Units of production method	

(*) See note 27 for assets under construction by business area

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

(***) Includes the amount of US\$ 22,134, reclassified from Intangible Assets to Property, Plant and Equipment as a result of the declaration of commerciality of areas of the Assignment Agreement (Franco and Sul de Tupi).

(****) Impairment charges and reversals are recognized in profit or loss as other operating expenses.

As of June 30, 2014, property, plant and equipment includes assets under finance leases of US\$ 88 (US\$ 86 at December 31, 2013).

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Notes to the financial statements

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

12. Intangible assets

12.1. By class of assets

	Rights and Concessions	Softwares Acquired	Developed in-house	Goodwill	Total
Balance at January 1, 2013	38,513	188	577	461	39,739
Addition	2,931	33	128	–	3,092
Capitalized borrowing costs	–	–	12	–	12
Write-offs	(80)	(2)	(3)	–	(85)
Transfers (**)	(22,222)	(15)	(14)	(17)	(22,268)
Amortization	(38)				