

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
May 24, 2010

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, 2010

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

(A free translation of the original report in Portuguese)

FEDERAL PUBLIC SERVICE

BRAZILIAN SECURITIES COMMISSION (CVM)

ITR - QUARTERLY INFORMATION - As of - 03/31/2010

Corporation Law

COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY

THE REGISTRATION WITH THE CVM DOES NOT IMPLY THAT ANY OPINION IS EXPRESSED ON THE

COMPANY. THE INFORMATION PROVIDED IS THE RESPONSIBILITY OF THE COMPANY'S MANAGEMENT

1.01 - IDENTIFICATION

1 - CVM CODE 00951-2	2 - NAME OF THE COMPANY PETRÓLEO BRASILEIRO S.A. - PETROBRAS	3 - CNPJ (Taxpayers Record Number) 33.000.167/0001-01
4 - NIRE 33300032061		

01.02 - HEAD OFFICE

1 - ADDRESS Av. República do Chile, 65 - 24 th floor		2 - QUARTER OR DISTRICT Centro		
3 - CEP (ZIP CODE) 20031-912	4 - CITY Rio de Janeiro		5 - STATE RJ	
6 - AREA CODE 021	7 - PHONE 3224-2040	8 - PHONE 3224-2041	9 - PHONE -	10 - TELEX
11 - AREA CODE 021	12 - FAX 3224-9999	13 - FAX 3224-6055	14 - FAX 3224-7784	
15 - E-MAIL petroinvest@petrobras.com.br				

01.03 - DIRECTOR OF INVESTOR RELATIONS (BUSINESS ADDRESS)

1 - NAME Almir Guilherme Barbassa

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2 - ADDRESS Av. República do Chile, 65 - 23 rd floor		3 - QUARTER OR DISTRICT Centro	
4 - CEP (ZIP CODE) 20031-912	5 - CITY Rio de Janeiro		6 - STATE RJ
7 - AREA CODE 021	8 - PHONE NUMBER 3224-2040	9 - PHONE NO. 3224-2041	10 - PHONE NO. -
11 - TELEX			
12 - AREA CODE 021	13 - FAX No. 3224-9999	14 - FAX No. 3224-6055	15 - FAX No. 3224-7784
16 - E-MAIL barbassa@petrobras.com.br			

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANTS

CURRENT FISCAL YEAR			CURRENT QUARTER			PREVIOUS QUARTER	
1 - BEGINNING	2 - ENDING	3 - QUARTER	4 - BEGINNING	5 - END	6 - QUARTER	7 - BEGINNING	8 - END
01/01/2010	12/31/2010	1	01/01/2010	03/31/2010	4	10/01/2009	12/31/2009
9- NAME OF INDEPENDENT ACCOUNTING FIRM KPMG Auditores Independentes						10- CVM CODE 00418-9	
11- NAME OF THE ENGAGEMENT PARTNER Manuel Fernandes Rodrigues de Sousa						12- CPF (Taxpayers registration) 783.840.017-15	

01.05 - CURRENT BREAKDOWN OF PAID-IN CAPITAL

No. OF SHARES (THOUSANDS)	1- CURRENT QUARTER 03/31/2010	2 - PREVIOUS QUARTER 12/31/2009	3 - PREVIOUS YEAR 03/31/2009
Capital Paid-in			
1 - Common	5.073.347	5.073.347	5.073.347
2 - Preferred	3.700.729	3.700.729	3.700.729
3 - Total	8.774.076	8.774.076	8.774.076
Treasury Stock			
4 - Common	0	0	0
5 - Preferred	0	0	0
6 - Total	0	0	0

01.06 - CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY Commercial, Industrial and Other
2 - SITUATION Operational
3 - TYPE OF SHARE CONTROL State Holding Company
4 - ACTIVITY CODE 1010 - Oil and Gas
5 - MAIN ACTIVITY Prospecting Oil/Gas, Refining and Energy Activities
6 - TYPE OF CONSOLIDATION Total
7 - TYPE OF SPECIAL REVIEW REPORT Unqualified opinion

01.07 - CORPORATIONS/PARTNERSHIPS EXCLUDED FROM THE CONSOLIDATED STATEMENTS

1 - ITEM	2 - CNPJ (TAXPAYERS RECORD NUMBER)	3 - NAME
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01.08 - DIVIDENDS/INTEREST ON CAPITAL APPROVED AND/OR PAID DURING AND AFTER THE CURRENT QUARTER

1 - ITEM	2 - EVENT	3 - APPROVAL DATE	4 - TYPE	5 - PET BEGINS ON	6 - TYPE OF SHARE	7 - DIVIDENDS PER SHARE
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01	RCA	03/19/2010	Interest on Capital Payable	04/30/2010	ON	0,1200000000
02	RCA	03/19/2010	Interest on Capital Payable	04/30/2010	PN	0,1200000000
03	AGO	04/22/2010	Dividends	04/30/2010	ON	0,1300000000
04	AGO	04/22/2010	Dividends	04/30/2010	PN	0,1300000000
05	RCA	05/14/2010	Interest on Capital Payable	08/31/2010	ON	0,2000000000
06	RCA	05/14/2010	Interest on Capital Payable	08/31/2010	PN	0,2000000000

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01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF CHANGE	3 - CAPITAL (R\$ Thousand)	4 - AMOUNT OF CHANGE (R\$ Thousand)	5 - REASON FOR CHANGE	7 - NUMBER OF SHARES ISSUED (Thousands)	8 - SHARE ISSUE PRICE (R\$)
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1.10 - INVESTOR RELATIONS DIRECTOR

1 - DATE 05/14/2010	2 - SIGNATURE
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02.01 - UNCONSOLIDATED BALANCE SHEET - ASSETS (IN THOUSAND OF REAIS)

1 - CODE	2 DESCRIPTION	3 - 03/31/2010	4 - 12/31/2009
1	Total Assets	335,214,551	320,052,362
1.01	Current Assets	60,731,838	54,075,785
1.01.01	Cash and Cash Equivalents	17,522,138	16,798,113
1.01.01.01	Cash and Banks	121,473	645,862
1.01.01.02	Short Term Investments	17,400,665	16,152,251
1.01.02	Accounts Receivable, net	16,246,353	12,844,381
1.01.02.01	Customers	16,246,353	12,844,381
1.01.02.01.01	Customers	2,735,184	2,187,257
1.01.02.01.02	Subsidiary and Affiliated Companies	10,428,994	7,790,090
1.01.02.01.03	Other Accounts Receivable	3,393,075	3,173,144
1.01.02.01.04	Allowance for Doubtful Accounts	(310,900)	(306,110)
1.01.02.02	Miscellaneous Credits	0	0
1.01.03	Inventories	15,110,775	14,437,132
1.01.04	Other	11,852,572	9,996,159
1.01.04.01	Dividends Receivable	1,552,031	779,937
1.01.04.02	Recoverable Taxes	4,044,406	4,049,161
1.01.04.03	Prepaid Expenses	1,274,053	1,267,027
1.01.04.04	Other Current Assets	537,505	432,694
1.01.04.05	Marketable Securities	2,861,212	1,717,566
1.01.04.06	Advances to Suppliers	1,583,365	1,749,774
1.02	Non-current Assets	274,482,713	265,976,577
1.02.01	Long-Term Assets	73,725,747	73,468,430
1.02.01.01	Miscellaneous Credits	5,628,334	5,556,351
1.02.01.01.01	Petroleum and Alcohol Accounts STN	817,150	816,714
1.02.01.01.02	Marketable Securities	4,334,507	4,179,820
1.02.01.01.03	Investments in Privatization Process	1,331	1,331
1.02.01.01.04	Other Accounts Receivable	475,346	558,486
1.02.01.02	Accounts Receivable, net	49,326,809	49,183,729
1.02.01.02.01	With Affiliates	0	0
1.02.01.02.02	With Subsidiaries	49,326,809	49,183,729
1.02.01.02.03	Other Companies	0	0
1.02.01.03	Other	18,770,604	18,728,350
1.02.01.03.01	Project Financing	923,420	2,330,497
1.02.01.03.02	Deferred Income Tax and Social Contribution	4,429,747	3,309,932
1.02.01.03.03	Deferred Value-Added Tax (ICMS)	1,885,530	1,898,559
1.02.01.03.04	Deferred PASEP/COFINS	6,866,685	6,431,385
1.02.01.03.05	Judicial Deposits	1,731,432	1,690,787
1.02.01.03.06	Advance for Pension Plan	0	0
1.02.01.03.07	Advances to Suppliers	1,724,442	1,899,651
1.02.01.03.08	Prepaid Expenses	818,863	830,041
1.02.01.03.09	Inventories	63,406	25,617

02.01 - UNCONSOLIDATED BALANCE SHEET - ASSETS (IN THOUSAND OF REAIS)

1 - CODE	2 DESCRIPTION	3 - 03/31/2010	4 - 12/31/2009
1.02.01.03.10	Other Non-Current Assets	327,079	311,881
1.02.02	Fixed Assets	200,756,966	192,508,147
1.02.02.01	Investments	39,750,966	39,373,050
1.02.02.01.01	In Affiliates	322,106	574,975
1.02.02.01.02	In Affiliates - Goodwill	1,692,453	1,692,453
1.02.02.01.03	In subsidiaries	37,038,122	36,407,008
1.02.02.01.04	In subsidiaries - Goodwill	549,665	549,665
1.02.02.01.05	Other investmets	148,620	148,949
1.02.02.02	Property, Plant and Equipment	157,418,323	149,446,792
1.02.02.03	Intangible	3,154,058	3,216,485
1.02.02.04	Deferred Charges	433,619	471,820

02.02 - UNCONSOLIDATED BALANCE SHEET - LIABILITIES (IN THOUSAND OF REAIS)

1 - CODE	2 DESCRIPTION	3 - 03/31/2010	4 - 12/31/2009
2	Liabilities and Stockholders' Equity	335,214,551	320,052,362
2.01	Current Liabilities	84,645,566	79,074,060
2.01.01	Loans and Financing	8,863,310	3,122,983
2.01.01.01	Financings	8,294,514	2,452,406
2.01.01.02	Interest on Financing	568,796	670,577
2.01.02	Debentures	0	0
2.01.03	Suppliers	8,584,868	9,670,467
2.01.04	Taxes, Contribution and Participation	8,038,174	8,267,724
2.01.05	Dividends payable	3,983,629	2,333,053
2.01.06	Accruals	3,917,282	4,353,440
2.01.06.01	Payroll and Related Charges	1,848,622	1,906,782
2.01.06.02	Provision for Contingencies	54,000	54,000
2.01.06.03	Pension plan	651,886	591,686
2.01.06.04	Healthcare benefits plan	531,118	531,118
2.01.06.05	Profit sharing for employees and management	831,656	1,269,854
2.01.07	Debts with Subsidiaries and Affiliated Companies	30,308,514	31,848,600
2.01.07.01	Suppliers	30,308,514	31,848,600
2.01.08	Others	20,949,789	19,477,793
2.01.08.01	Advances from Customers	282,804	133,917
2.01.08.02	Project Financing	412,737	351,302
2.01.08.03	Undertakings with transfer of benefits, risks and control of assets	2,523,389	3,556,808
2.01.08.04	Deferred Income	0	0
2.01.08.05	Credit Rights Assigned - FIDC-NP	16,437,525	14,318,379
2.01.08.06	Others	1,293,334	1,117,387
2.02	Non-Current Liabilities	79,600,477	76,069,829
2.02.01	Long-term Liabilities	79,600,477	76,069,829
2.02.01.01	Loans and Financing	26,554,018	26,003,967
2.02.01.01.01	Financing	26,554,018	26,003,967
2.02.01.02	Debentures	0	0
2.02.01.03	Accruals	32,383,378	30,199,945
2.02.01.03.01	Healthcare Benefits Plan	9,784,292	9,535,187
2.02.01.03.02	Provision for Contingencies	1,172,752	197,650
2.02.01.03.03	Pension Plan	3,664,395	3,612,199
2.02.01.03.04	Deferred Income Tax and Social Contribution	17,761,939	16,854,909
2.02.01.04	Subsidiaries and Affiliated Companies	665,351	904,939
2.02.01.05	Advance for Future Capital Increase	0	0
2.02.01.06	Others	19,997,730	18,960,978
2.02.01.06.01	Provision for Dismantling of Areas	4,405,457	4,418,856
2.02.01.06.02	Undertakings with transfer of benefits, risks and control of assets	11,848,593	10,903,870

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2.02.01.06.03	Deferred Income	60,522	62,121
2.02.01.06.04	Others Accounts and Expenses Payable	3,683,158	3,576,131

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02.02 - UNCONSOLIDATED BALANCE SHEET - LIABILITIES (IN THOUSAND OF REAIS)

1 - CODE	2 DESCRIPTION	3 - 03/31/2010	4 - 12/31/2009
2.03	Deferred income	0	0
2.05	Shareholders Equity	170,968,508	164,908,473
2.05.01	Subscribed and Paid-In Capital	78,966,691	78,966,691
2.05.01.01	Paid in Capital	78,966,691	78,966,691
2.05.02	Capital Reserves	514,857	514,857
2.05.02.01	AFRMM and Other	0	0
2.05.02.02	Fiscal Incentive - Income Tax	514,857	514,857
2.05.03	Revaluation Reserve	0	0
2.05.03.01	Own Assets	0	0
2.05.03.02	Subsidiaries and Affiliated Companies	0	0
2.05.04	Revenue Reserves	85,430,762	85,430,762
2.05.04.01	Legal	10,901,656	10,901,656
2.05.04.02	Statutory	1,294,207	1,294,207
2.05.04.03	For Contingencies	0	0
2.05.04.04	Unrealized Earnings	0	0
2.05.04.05	Retention of Earnings	72,123,265	72,123,265
2.05.04.06	Undistributed Dividends	0	0
2.05.04.07	Others Revenue Reserves	1,111,634	1,111,634
2.05.05	Equity valuation adjustments	(33,617)	(156,982)
2.05.05.01	Adjustments of securities	63,689	6,365
2.05.05.02	Accumulated translation adjustments	(97,306)	(163,347)
2.05.05.03	Adjustments of business combinations	0	0
2.05.06	Retained Earnings/(Accumulated losses)	6,089,815	153,145
2.05.07	Advance for Future Capital Increase	0	0

03.01 - UNCONSOLIDATED STATEMENT OF INCOME FOR THE QUARTER (IN THOUSAND OF REAIS)

1 - CODE	2 DESCRIPTION	3 - 01/01/2010a 03/31/2010	4 - 01/01/2010a 03/31/2010	5- 01/01/2009 to 03/31/2009	6- 01/01/2009 to 03/31/2009
3.01	Gross Operating Revenues	48,246,679	48,246,679	39,982,843	39,982,843
3.02	Sales Deductions	(11,294,772)	(11,294,772)	(9,511,004)	(9,511,004)
3.03	Net Operating Revenues	36,951,907	36,951,907	30,471,839	30,471,839
3.04	Cost of Products and Services Sold	(21,342,361)	(21,342,361)	(17,224,071)	(17,224,071)
3.05	Gross profit	15,609,546	15,609,546	13,247,768	13,247,768
3.06	Operating Expenses	(5,413,190)	(5,413,190)	(4,582,072)	(4,582,072)
3.06.01	Selling	(1,749,911)	(1,749,911)	(1,703,699)	(1,703,699)
3.06.02	General and Administrative	(1,225,155)	(1,225,155)	(1,135,209)	(1,135,209)
3.06.02.01	Management and Board of Directors Remuneration	(1,305)	(1,305)	(1,300)	(1,300)
3.06.02.02	Administrative	(1,223,850)	(1,223,850)	(1,133,909)	(1,133,909)
3.06.03	Financial	(113,309)	(113,309)	378,359	378,359
3.06.03.01	Income	912,279	912,279	1,727,595	1,727,595
3.06.03.02	Expenses	(1,025,588)	(1,025,588)	(1,349,236)	(1,349,236)
3.06.04	Other Operating Income	0	0	0	0
3.06.05	Other Operating Expenses	(3,317,362)	(3,317,362)	(3,463,039)	(3,463,039)
3.06.05.01	Taxes	(80,603)	(80,603)	(67,310)	(67,310)
3.06.05.02	Cost of Research and Technological Development	(379,778)	(379,778)	(331,994)	(331,994)
3.06.05.03	Impairment	0	0	0	0
3.06.05.04	Exploratory Costs for the Extraction of Crude Oil and Gas	(875,821)	(875,821)	(780,999)	(780,999)
3.06.05.05	Healthcare and Pension Plan	(384,088)	(384,088)	(350,385)	(350,385)
3.06.05.06	Monetary and Foreign Exchange Variations, Net	229,190	229,190	(682,768)	(682,768)
3.06.05.07	Other Operating Expenses, Net	(1,826,262)	(1,826,262)	(1,249,583)	(1,249,583)
3.06.06	Equity Pick-up	992,547	992,547	1,341,516	1,341,516
3.07	Operating Income	10.645.021	10.645.021	8.972.945	8.972.945
3.08	Non-operating Income	0	0	0	0
3.08.01	Revenues	0	0	0	0
3.08.02	Expenses	0	0	0	0

03.01 - UNCONSOLIDATED STATEMENT OF INCOME FOR THE QUARTER (IN THOUSAND OF REAIS)

1 - CODE	2 - DESCRIPTION	3- 01/01/2010to 03/31/2010	4- 01/01/2010to 03/31/2010	5- 01/01/2009 to 03/31/2009	6- 01/01/2009 to 03/31/2009
3.09	Income before Taxes/Profit Sharing	10,196,356	10,196,356	8,665,696	8,665,696
3.10	Income Tax and Social Contribution	(2,746,451)	(2,746,451)	(1,753,204)	(1,753,204)
3.11	Deferred Income Tax	241,580	241,580	(631,035)	(631,035)
3.12	Statutory Participations/Contributions	0	0	0	0
3.12.01	Participations	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of Interest on Stockholders Capital	0	0	0	0
3.15	Net Income for the period	7,691,485	7,691,485	6,281,457	6,281,457
	Number of Shares. Ex-Treasury (Thousands)	8,774,076	8,774,076	8,774,076	8,774,076
	Net Income per Share	0,87661	0,87661	0,71591	0,71591
	Loss per Share				

04.01 - STATEMENT OF CASH FLOWS - INDIRECT METHOD (in thousands of reais)

1 - CODE	2 - DESCRIPTION	3- 01/01/2010 to 03/31/2010	4- 01/01/2010 to 03/31/2010	5- 01/01/2009 to 03/31/2009	6- 01/01/2009 to 03/31/2009
4.01	Net Cash - Operating Activities	3,030,236	3,030,236	11,957,308	11,957,308
4.01.01	Cash provided by operating activities	7,986,407	7,986,407	7,147,244	7,147,244
4.01.01.01	Net income for the year	7,691,485	7,691,485	6,281,457	6,281,457
4.01.01.02	Minority interest	0	0	0	0
4.01.01.03	Equity in earnings (losses) of significant investments	(992,547)	(992,547)	(1,341,516)	(1,341,516)
4.01.01.04	Goodwill/discount - Amortization	0	0	0	0
4.01.01.05	Depreciation, exhaustion and amortization	2,288,635	2,288,635	2,154,469	2,154,469
4.01.01.06	Loss on recovery of assets	2,766	2,766	98,687	98,687
4.01.01.07	Write-off of dry wells	576,880	576,880	473,262	473,262
4.01.01.08	Residual value of permanent assets written off	13,283	13,283	4,563	4,563
4.01.01.09	Exchange and monetary variation and charges on financing	(1,352,515)	(1,352,515)	(1,154,713)	(1,154,713)
4.01.01.10	Deferred income and social contribution taxes, net	(241,580)	(241,580)	631,035	631,035
4.01.02	Changes in assets and liabilities	(5,635,218)	(5,635,218)	4,936,526	4,936,526
4.01.02.01	Accounts receivable	(679,928)	(679,928)	(39,249)	(39,249)
4.01.02.02	Inventories	(572,514)	(572,514)	(792,776)	(792,776)
4.01.02.03	Petroleum and alcohol accounts - STN	(436)	(436)	(3,584)	(3,584)
4.01.02.04	Exchange variation of permanent assets	0	0	0	0
4.01.02.05	Accounts payable to suppliers	(1,085,599)	(1,085,599)	(853,190)	(853,190)
4.01.02.06	Taxes, fees and contributions	(831,550)	(831,550)	296,595	296,595
4.01.02.07	Project financing obligations	61,435	61,435	5,002	5,002
4.01.02.08	Healthcare and pension plans	552,364	552,364	248,749	248,749
4.01.02.09	Short term operations with subsidiaries and affiliated company	(3,078,990)	(3,078,990)	6,074,979	6,074,979
4.01.03	Others	679,047	679,047	(126,462)	(126,462)
4.01.03.01	Other assets	14,713	14,713	(376,475)	(376,475)
4.01.03.02	Other liabilities	664,334	664,334	250,013	250,013
4.02	Net Cash - Investment Activities	(10,467,579)	(10,467,579)	(10,342,283)	(10,342,283)
4.02.01	Investments in business segments	(9,549,997)	(9,549,997)	(9,737,534)	(9,737,534)

04.01 - STATEMENT OF CASH FLOWS - INDIRECT METHOD (in thousands of reais)

1 - CODE	2 - DESCRIPTION	3- 01/01/2010 to 03/31/2010	4- 01/01/2010 to 03/31/2010	5- 01/01/2009 to 03/31/2009	6- 01/01/2009 to 03/31/2009
4.02.02	Investments in securities	(1,143,646)	(1,143,646)	81,150	81,150
4.02.03	Other investments	202,965	202,965	(374,344)	(374,344)
4.02.04	Dividends received	0	0	53,416	53,416
4.02.05	Undertakings under negotiation	23,099	23,099	(364,971)	(364,971)
4.03	Net Cash - Financing Activities	8,161,368	8,161,368	2,293,475	2,293,475
4.03.01	Financing and loans, net	6,066,285	6,066,285	1,410,898	1,410,898
4.03.02	Non standard Credit Rights Investment Fund	2,119,146	2,119,146	893,833	893,833
4.03.03	Dividends paid to shareholders	(24,063)	(24,063)	(11,256)	(11,256)
4.04	Exchange variation on cash and cash equivalents	0	0	0	0
4.05	Increase (decrease) in cash and cash equivalents	724,025	724,025	3,908,500	3,908,500
4.05.01	Opening balance of cash and cash equivalents	16,798,113	16,798,113	11,268,314	11,268,314
4.05.02	Closing balance of cash and cash equivalents	17,522,138	17,522,138	15,176,814	15,176,814

05.01 - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 to 03/31/2010 (IN THOUSANDS OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - CAPITAL	4 - CAPITAL RESERVES	5 - REVALUATION RESERVES	6 - REVENUE RESERVES	7 - RETAINED EARNINGS / (ACCUMULATED LOSSES)	8 - EQUITY VALUATION ADJUSTMENTS
5.01	Opening balance	78,966,691	514,857	350	85,430,762	0	(1,038,815)
5.02	Prior year adjustments	0	0	(350)	0	153,145	8,815
5.03	Adjusted balance	78,966,691	514,857	0	85,430,762	153,145	(1,030,000)
5.04	Income / loss for the period	0	0	0	0	7,691,485	
5.05	Distributions	0	0	0	0	(1,754,815)	
5.05.01	Dividends	0	0	0	0	0	
5.05.02	Interest on shareholders' equity	0	0	0	0	(1,754,815)	
5.05.03	Other distributions	0	0	0	0	0	
5.06	Realization of profit reserves	0	0	0	0	0	
5.07	Equity evaluation adjustments	0	0	0	0	0	1,038,815
5.07.01	Adjustments of marketable securities	0	0	0	0	0	0
5.07.02	Accumulated translation adjustments	0	0	0	0	0	0
5.07.03	Adjustments from business combinations	0	0	0	0	0	0
5.08	Increase / decrease in capital	0	0	0	0	0	0
5.09	Formation / realization of capital reserves	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0
5.12	Others	0	0	0	0	0	0
5.13	Closing balance	78,966,691	514,857	0	85,430,762	6,089,815	(3,068,815)

05.02- STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 to 03/31/2010 (IN THOUSANDS OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - CAPITAL	4 - CAPITAL RESERVES	5 - REVALUATION RESERVES	6 - REVENUE RESERVES	7 - RETAINED EARNINGS / (ACCUMULATED LOSSES)	8 - EQUITY VALUATION ADJUSTMENTS
5.01	Opening balance	78,966,691	514,857	350	85,430,762	0	(1,000,000)
5.02	Prior year adjustments	0	0	(350)	0	153,145	800,000
5.03	Adjusted balance	78,966,691	514,857	0	85,430,762	153,145	(1,000,000)
5.04	Income / loss for the period	0	0	0	0	7,691,485	
5.05	Distributions	0	0	0	0	(1,754,815)	
5.05.01	Dividends	0	0	0	0	0	
5.05.02	Interest on shareholders' equity	0	0	0	0	(1,754,815)	
5.05.03	Other distributions	0	0	0	0	0	
5.06	Realization of profit reserves	0	0	0	0	0	
5.07	Equity evaluation adjustments	0	0	0	0	0	1,000,000
5.07.01	Adjustments of marketable securities	0	0	0	0	0	
5.07.02	Accumulated translation adjustments	0	0	0	0	0	
5.07.03	Adjustments from business combinations	0	0	0	0	0	
5.08	Increase / decrease in capital	0	0	0	0	0	
5.09	Formation / realization of capital reserves	0	0	0	0	0	
5.10	Treasury shares	0	0	0	0	0	
5.11	Other capital transactions	0	0	0	0	0	
5.12	Others	0	0	0	0	0	
5.13	Closing balance	78,966,691	514,857	0	85,430,762	6,089,815	(3,000,000)

08.01 - CONSOLIDATED BALANCE SHEET - ASSETS (THOUSANDS OF REAIS)

1 - Code	2 - Description	3 - 03/31/2010	4 - 12/31/2009
1	Total Assets	365,998,064	350,306,679
1.01	Current Assets	74,459,104	74,373,575
1.01.01	Cash and Cash Equivalents	26,951,326	29,034,228
1.01.01.01	Cash and Banks	2,503,156	2,853,964
1.01.01.02	Short Term Investments	24,448,170	26,180,264
1.01.02	Accounts Receivable, net	16,200,355	14,062,355
1.01.02.01	Customers	16,200,355	14,062,355
1.01.02.01.01	Customers	12,930,238	10,992,121
1.01.02.01.02	Credits with Affiliated Companies	571,016	970,004
1.01.02.01.03	Other Accounts Receivable	4,241,685	3,646,083
1.01.02.01.04	Allowance for Doubtful Accounts	(1,542,584)	(1,545,853)
1.01.02.02	Miscellaneous Credits	0	0
1.01.03	Inventories	20,030,610	19,447,693
1.01.04	Other	11,276,813	11,829,299
1.01.04.01	Dividends Receivable	37,955	17,688
1.01.04.02	Recoverable Taxes	6,545,622	7,022,538
1.01.04.03	Prepaid Expenses	1,114,577	1,288,623
1.01.04.04	Other Current Assets	3,322,996	3,376,626
1.01.04.05	Marketable Securities	255,663	123,824
1.02	Non-current Assets	291,538,960	275,933,104
1.02.01	Long-Term Assets	37,083,657	34,923,056
1.02.01.01	Credits	8,543,043	8,598,611
1.02.01.01.01	Petroleum and Alcohol Accounts	817,150	816,714
1.02.01.01.02	Marketable Securities	4,725,510	4,638,959
1.02.01.01.03	Investments in Privatization Process	2,233	2,233
1.02.01.01.04	Accounts Receivable, net	2,998,150	3,140,705
1.02.01.02	Credits with Affiliated Companies	157,671	147,335
1.02.01.02.01	With Affiliates	157,671	147,335
1.02.01.02.02	With Subsidiaries	0	0
1.02.01.02.03	Other Companies	0	0
1.02.01.03	Other	28,382,943	26,177,110
1.02.01.03.01	Projects Financings	0	0
1.02.01.03.02	Deferred Income Tax and Social Contribution	8,025,513	6,676,029
1.02.01.03.03	Deferred ICMS	2,556,437	2,526,968
1.02.01.03.04	Deferred PASEP/COFINS	7,507,539	6,917,479
1.02.01.03.05	Other Taxes	131,806	110,973
1.02.01.03.06	Judicial Deposits	2,122,764	1,988,688
1.02.01.03.07	Advance for Migration - Pension Plan	0	0
1.02.01.03.08	Advance to Suppliers	5,333,485	5,364,878
1.02.01.03.09	Prepaid Expenses	1,448,217	1,431,565
1.02.01.03.10	Compulsory Loans - Eletrobras	54	54

08.01 - CONSOLIDATED BALANCE SHEET - ASSETS (THOUSANDS OF REAIS)

1 - Code	2 - Description	3 - 03/31/2010	4 - 12/31/2009
1.02.01.03.11	Inventories	79,800	38,933
1.02.01.03.12	Other Non-current Assets	1,177,328	1,121,543
1.02.02	Fixed Assets	254,455,303	241,010,048
1.02.02.01	Investments	5,676,750	5,659,760
1.02.02.01.01	In Affiliates	3,468,346	3,460,634
1.02.02.01.02	In Subsidiaries	0	0
1.02.02.01.03	Other Investments	490,151	486,806
1.02.02.01.06	Discount - Acquisition Investments	0	0
1.02.02.01.07	Goodwill - Acquisition Investments	1,718,253	1,712,320
1.02.02.02	Property, Plant and Equipment	240,384,788	227,079,424
1.02.02.03	Intangible	8,393,765	8,270,864
1.02.02.04	Deferred Charges	0	0

08.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (THOUSANDS OF REAIS)

1 - Code	2 - DESCRIPTION	3 - 03/31/2010	4 - 12/31/2009
2	Liabilities and Stockholders' Equity	365,998,064	350,306,679
2.01	Current Liabilities	60,148,102	54,828,766
2.01.01	Loans and Financings	20,335,481	15,165,535
2.01.01.01	Financings	18,813,493	13,746,575
2.01.01.02	Interest on Financings	1,521,988	1,418,960
2.01.02	Debentures	0	0
2.01.03	Suppliers	16,191,083	17,081,600
2.01.04	Taxes, Contribution and Participation	9,842,337	10,590,141
2.01.05	Dividends Payable	3,983,629	2,333,053
2.01.06	Accruals	4,553,543	5,060,993
2.01.06.01	Payroll and Related Charges	2,229,884	2,303,944
2.01.06.02	Provision for Contingencies	54,000	54,000
2.01.06.03	Pension Plan	686,622	641,774
2.01.06.04	Healthcare benefits plan	565,952	565,952
2.01.06.05	Profit sharing for employees and management	1,017,085	1,495,323
2.01.07	Debts with Subsidiaries and Affiliated Companies	0	0
2.01.08	Other	5,242,029	4,597,444
2.01.08.01	Advances from Customers	718,982	559,657
2.01.08.02	Projects Financings	273,795	212,359
2.01.08.03	Undertakings with transfer of benefits, risks and control of assets	360,149	390,252
2.01.08.04	Deferred Income	7,480	7,474
2.01.08.05	Others	3,881,623	3,427,702
2.02	Non-current Liabilities	132,618,168	128,363,836
2.02.01	Long-term Liabilities	132,618,168	128,363,836
2.02.01.01	Loans and Financings	87,157,511	84,992,180
2.02.01.02	Debentures	0	0
2.02.01.03	Accruals	37,734,882	35,487,429
2.02.01.03.01	Healthcare Benefits Plan	10,478,380	10,208,276
2.02.01.03.02	Contingency Accrual	1,918,836	865,299
2.02.01.03.03	Provision for Pension plan	4,048,642	3,956,070
2.02.01.03.04	Deferred Income Tax and Social Contribution	21,240,483	20,405,737
2.02.01.03.05	Other Deferred Taxes	48,541	52,047
2.02.01.04	Subsidiaries and Affiliated Companies	59,226	52,433
2.02.01.05	Advance for Future Capital Increase	0	0
2.02.01.06	Others	7,666,549	7,831,794
2.02.01.06.01	Provision for Dismantling of Areas	4,700,858	4,790,500
2.02.01.06.02	Undertakings with transfer of benefits, risks and control of assets	344,351	349,482

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2.02.01.06.03	Deferred Income	112,445	231,204
2.02.01.06.04	Others Accounts and Expenses Payable	2,508,895	2,460,608
2.03	Deferred Income	0	0
2.04	Minority Interest	2,932,712	2,909,819

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08.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (THOUSANDS OF REAIS)

1 - Code	2 - DESCRIPTION	3 - 03/31/2010	4 - 12/31/2009
2.05	Shareholders equity	170,299,082	164,204,258
2.05.01	Realized capital	78,966,691	78,966,691
2.05.01.01	Paid in Capital	78,966,691	78,966,691
2.05.02	Capital Reserves	514,857	514,857
2.05.02.01	AFRMM subsidy	0	0
2.05.02.02	Fiscal Incentive - Income Tax	514,857	514,857
2.05.03	Revaluation Reserve	0	0
2.05.03.01	Own Assets	0	0
2.05.03.02	Subsidiaries and Affiliated Companies	0	0
2.05.04	Revenue Reserves	84,879,692	84,879,692
2.05.04.01	Legal	10,901,656	10,901,656
2.05.04.02	Statutory	1,294,210	1,294,210
2.05.04.03	For Contingencies	0	0
2.05.04.04	Unrealized Earnings	0	0
2.05.04.05	Retained Earnings	72,683,826	72,683,826
2.05.04.06	Undistributed Dividends	0	0
2.05.04.07	Others Revenue Reserves	0	0
2.05.05	Equity valuation adjustments	(33,617)	(156,982)
2.05.05.01	Adjustments of securities	63,689	6,365
2.05.05.02	Accumulated translation adjustments	(97,306)	(163,347)
2.05.05.03	Adjustments of business combinations	0	0
2.05.06	Retained Earnings/(Accumulated losses)	5,971,459	0
2.05.07	Advance for Capital Increase	0	0

09.01 - CONSOLIDATED STATEMENT OF INCOME FOR THE QUARTER (THOUSANDS OF REAIS)

1 - Code	2 - DESCRIPTION	3 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2009 to 03/31/2009	6 - 01/01/2009 to 03/31/2009
3.01	Gross Operating Revenues	63,323,785	63,323,785	53,635,715	53,635,715
3.02	Sales Deductions	(12,911,715)	(12,911,715)	(11,005,274)	(11,005,274)
3.03	Net Operating Revenues	50,412,070	50,412,070	42,630,441	42,630,441
3.04	Cost of Products and Services Sold	(31,101,669)	(31,101,669)	(25,815,731)	(25,815,731)
3.05	Gross profit	19,310,401	19,310,401	16,814,710	16,814,710
3.06	Operating Expenses	(8,573,624)	(8,573,624)	(7,163,615)	(7,163,615)
3.06.01	Selling	(2,072,394)	(2,072,394)	(1,865,393)	(1,865,393)
3.06.02	General and Administrative	(1,829,000)	(1,829,000)	(1,749,134)	(1,749,134)
	Management and Board of Directors				
3.06.02.01	Remuneration	(9,256)	(9,256)	(14,585)	(14,585)
3.06.02.02	Administrative	(1,819,744)	(1,819,744)	(1,734,549)	(1,734,549)
3.06.03	Financial	(124,488)	(124,488)	134,129	134,129
3.06.03.01	Income	759,818	759,818	785,596	785,596
3.06.03.02	Expenses	(884,306)	(884,306)	(651,467)	(651,467)
3.06.04	Other Operating Income	0	0	0	0
3.06.05	Other Operating Expenses	(4,368,461)	(4,368,461)	(3,328,471)	(3,328,471)
3.06.05.01	Taxes	(153,427)	(153,427)	(150,874)	(150,874)
	Cost of Research and Technological				
3.06.05.02	Development	(391,360)	(391,360)	(336,212)	(336,212)
3.06.05.03	Impairment	(193,754)	(193,754)	0	0
	Exploratory Costs for The Extraction of Crude				
3.06.05.04	Oil and Gas	(1,002,668)	(1,002,668)	(934,019)	(934,019)
3.06.05.05	Healthcare and Pension Plan	(408,103)	(408,103)	(371,226)	(371,226)
3.06.05.06	Net Monetary and Exchanges Variation	(576,504)	(576,504)	(475,422)	(475,422)
3.06.05.07	Other Operating Expenses, Net	(1,642,645)	(1,642,645)	(1,060,718)	(1,060,718)
3.06.06	Equity Pick-up	(179,281)	(179,281)	(354,746)	(354,746)
3.07	Operating income	10,736,777	10,736,777	9,651,095	9,651,095
3.08	Non-operating income	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0

09.01 - CONSOLIDATED STATEMENT OF INCOME FOR THE QUARTER (THOUSANDS OF REAIS)

1 - Code	2 - DESCRIPTION	3 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2009 to 03/31/2009	6 - 01/01/2009 to 03/31/2009
3.09	Income before Taxes/Employee profit sharing	10,736,777	10,736,777	9,651,095	9,651,095
3.10	Income Tax and Social Contribution	(3,386,217)	(3,386,217)	(2,389,229)	(2,389,229)
3.11	Deferred Income Tax	446,287	446,287	(540,452)	(540,452)
3.12	Profit Sharing/ Statutory Contribution	0	0	0	0
3.12.01	Participations	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of Interest on Stockholders capital	0	0	0	0
3.14	Minority Interest	(70,573)	(70,573)	(430,545)	(430,545)
3.15	Net Income/loss for the period	7,726,274	7,726,274	6,290,869	6,290,869
	Number of Shares. Ex-Treasury (Thousands)	8,774,076	8,774,076	8,774,076	8,774,076
	Net income per Share (Reais)	0,88058	0,88058	0,71698	0,71698
	Loss per Share (Reais)				

10.01 CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD (IN THOUSANDS OF REAIS)

1 - CODE	2 - DESCRIPTION	3- 01/01/2010 to 03/31/2010	4- 01/01/2010 to 03/31/2010	5- 01/01/2009 to 03/31/2009	6- 01/01/2009 to 03/31/2009
4.01	Net Cash - Operating Activities	9,676,257	9,676,257	12,403,123	12,403,123
4.01.01	Cash provided by operating activities	13,123,099	13,123,099	11,860,548	11,860,548
4.01.01.01	Net income for the year	7,726,274	7,726,274	6,290,869	6,290,869
4.01.01.02	Minority interest	70,573	70,573	430,545	430,545
4.01.01.03	Equity in earnings (losses) of significant investments	179,281	179,281	354,746	354,746
4.01.01.04	Goodwill/discount - Amortization	0	0	0	0
4.01.01.05	Depreciation, exhaustion and amortization	3,264,506	3,264,506	3,158,969	3,158,969
4.01.01.06	Loss on recovery of assets	310,446	310,446	244,131	244,131
4.01.01.07	Write-off of dry wells	632,186	632,186	562,270	562,270
4.01.01.08	Residual value of permanent assets written off	269,920	269,920	114,092	114,092
4.01.01.09	Exchange and monetary variation and charges on financing	1,116,200	1,116,200	164,474	164,474
4.01.01.10	Deferred income and social contribution taxes, net	(446,287)	(446,287)	540,452	540,452
4.01.02	Changes in assets and liabilities	(3,877,165)	(3,877,165)	1,564,437	1,564,437
4.01.02.01	Accounts receivable	(2,450,239)	(2,450,239)	222,995	222,995
4.01.02.02	Inventories	(562,565)	(562,565)	1,819,752	1,819,752
4.01.02.03	Petroleum and alcohol accounts - STN	(436)	(436)	(3,584)	(3,584)
4.01.02.04	Exchange variation of permanent assets	0	0	0	0
4.01.02.05	Accounts payable to suppliers	(899,882)	(899,882)	(1,001,080)	(1,001,080)
4.01.02.06	Taxes, fees and contributions	(1,077,070)	(1,077,070)	335,922	335,922
4.01.02.07	Project financing obligations	61,435	61,435	5,002	5,002
4.01.02.08	Healthcare and pension plans	600,124	600,124	264,967	264,967
4.01.02.09	Short term operations with subsidiaries / affiliated companies	451,468	451,468	(79,537)	(79,537)
4.01.03	Others	430,323	430,323	(1,021,862)	(1,021,862)
4.01.03.01	Other assets	414,901	414,901	(1,346,824)	(1,346,824)
4.01.03.02	Other liabilities	15,422	15,422	324,962	324,962
4.02	Net Cash - Investment Activities	(16.013.202)	(16.013.202)	(14.426.355)	(14.426.355)
4.02.01	Investments in business segments	(15.998.949)	(15.998.949)	(14.092.668)	(14.092.668)

10.01 CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD (IN THOUSAND OF REAIS)

1 - CODE	2 - DESCRIPTION	3- 01/01/2010 to 03/31/2010	4- 01/01/2010 to 03/31/2010	5- 01/01/2009 to 03/31/2009	6- 01/01/2009 to 03/31/2009
4.02.02	Investments in securities	9,153	9,153	84,875	84,875
4.02.03	Other investments	(64,399)	(64,399)	(436,613)	(436,613)
4.02.04	Dividends received	40,993	40,993	18,051	18,051
4.02.05	Undertakings under negotiation	0	0	0	0
4.03	Net Cash - Financing activities	4,188,214	4,188,214	5,598,333	5,598,333
4.03.01	Financing and loans, net	4,212,277	4,212,277	5,609,589	5,609,589
4.03.02	Non standard Credit Rights Investment Fund	0	0	(11,256)	(11,256)
4.03.03	Dividends paid to shareholders	(24,063)	(24,063)	0	0
4.04	Exchange variation on cash and cash equivalents	65,829	65,829	101,692	101,692
4.05	Increase (decrease) in cash and cash equivalents	(2,082,902)	(2,082,902)	3,676,793	3,676,793
4.05.01	Opening balance of cash and cash equivalents	29,034,228	29,034,228	16,099,008	16,099,008
4.05.02	Closing balance of cash and cash equivalents	26,951,326	26,951,326	19,775,801	19,775,801

11.01 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 to 03/31/2010 (IN THOUSANDS OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - CAPITAL	4 - CAPITAL RESERVES	5 - REVALUATION RESERVES	6 - REVENUE RESERVES	7 - RETAINED EARNINGS / (ACCUMULATED LOSSES)	8 - EQUITY VALUATION ADJUSTMENTS
5.01	Opening balance	78,966,691	514,857	0	84,879,692	0	(1,754,815)
5.02	Prior year adjustments	0	0	0	0	0	0
5.03	Adjusted balance	78,966,691	514,857	0	84,879,692	0	(1,754,815)
5.04	Income / loss for the period	0	0	0	0	7,726,274	0
5.05	Distributions	0	0	0	0	(1,754,815)	0
5.05.01	Dividends	0	0	0	0	0	0
5.05.02	Interest on shareholders' equity	0	0	0	0	(1,754,815)	0
5.05.03	Other distributions	0	0	0	0	0	0
5.06	Realization of profit reserves	0	0	0	0	0	0
5.07	Equity evaluation adjustments	0	0	0	0	0	0
5.07.01	Adjustments of marketable securities	0	0	0	0	0	0
5.07.02	Accumulated translation adjustments	0	0	0	0	0	0
5.07.03	Adjustments from business combinations	0	0	0	0	0	0
5.08	Increase / decrease in capital	0	0	0	0	0	0
5.09	Formation / realization of capital reserves	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0
5.12	Others	0	0	0	0	0	0
5.13	Closing balance	78,966,691	514,857	0	84,879,692	5,971,459	(3,506,630)

11.02 - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 to 31/03/2010 (IN THOUSANDS OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - CAPITAL	4 - CAPITAL RESERVES	5 - REVALUATION RESERVES	6 - REVENUE RESERVES	7 - RETAINED EARNINGS / (ACCUMULATED LOSSES)	8 - EQUITY VALUATION ADJUSTMENTS
5.01	Opening balance	78,966,691	514,857	0	84,879,692	0	(1,754,815)
5.02	Prior year adjustments	0	0	0	0	0	0
5.03	Adjusted balance	78,966,691	514,857	0	84,879,692	0	(1,754,815)
5.04	Income / loss for the period	0	0	0	0	7,726,274	0
5.05	Distributions	0	0	0	0	(1,754,815)	0
5.05.01	Dividends	0	0	0	0	0	0
5.05.02	Interest on shareholders' equity	0	0	0	0	(1,754,815)	0
5.05.03	Other distributions	0	0	0	0	0	0
5.06	Realization of profit reserves	0	0	0	0	0	0
5.07	Equity evaluation adjustments	0	0	0	0	0	0
5.07.01	Adjustments of marketable securities	0	0	0	0	0	0
5.07.02	Accumulated translation adjustments	0	0	0	0	0	0
5.07.03	Adjustments from business combinations	0	0	0	0	0	0
5.08	Increase / decrease in capital	0	0	0	0	0	0
5.09	Formation / realization of capital reserves	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0
5.12	Others	0	0	0	0	0	0
5.13	Closing balance	78,966,691	514,857	0	84,879,692	5,971,459	(3,500,000)

**FEDERAL PUBLIC SERVICE (FOR USE BY THE COMPANY FOR SIMPLE CHECKING)
BRAZILIAN SECURITIES COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) Corporate Law
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES March 31, 2010**

00951-2 PETRÓLEO BRASILEIRO S.A. - PETROBRAS

33.000.167/0001-01

06.01 - NOTES TO QUARTERLY INFORMATION

1 The Company and its operations

Petróleo Brasileiro S.A. - Petrobras is a Brazilian petroleum company and, directly or through its subsidiaries, it is engaged in exploring, prospecting and producing petroleum, bituminous schist and other minerals, and in refining, processing, trading and transporting oil, oil products, natural gas and other hydrocarbon fluids, as well as other activities related to energy. Petrobras may also undertake research, development, production, transport, distribution and trading of all types of energy, as well as other correlated or similar activities.

2 Presentation of the financial statements

Consolidated financial statements

The consolidated quarterly information was prepared and is being presented in accordance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board, and these are the first financial statements presented by the Company in accordance with IFRS.

Individual financial statements

The individual quarterly information was prepared and is being presented in accordance with accounting practices generally accepted in Brazil, observing the provisions contained in the Corporation Law and it incorporates the changes introduced through Law 11638/07 and Law 11941/9 (Provisional Measure 449/08), complemented by new pronouncements, interpretations and orientations of the Accounting Pronouncements Committee (CPC), approved by resolutions of the Federal Accounting Council (CFC) and rules of the Brazilian Securities Commission (CVM) during 2009, with application as from 2010.

The pronouncements, interpretations and orientations of the Accounting Pronouncements Committee (CPC), approved by the resolutions of the Federal Accounting Council (CFC) and the rules of the Brazilian Securities Commission are converging with the international accounting rules issued by the International Accounting Standard Board (IASB). Some adjustments were made in the individual financial statements aiming at aligning and adjusting them to the consolidated financial statements in accordance with international financial reporting standards (IFRS), as required by CVM Resolution 610/09 (CPC 43 - Initial Adoption of the Technical Pronouncements). Accordingly, the individual financial statements do not present differences in relation to the consolidated statements according to IFRS, except for the maintenance of deferred charges, as established in CPC 43. The reconciliations of shareholders' equity and results of the parent company with consolidated are described in note 3.4.

Financial statements for 2009

Until December 31, 2009, Petrobras presented its individual and consolidated financial statements in accordance with accounting practices generally accepted in Brazil, which incorporated the changes introduced through Law 11638/07 and Law 11941/09 (Provisional Measure 449/08), complemented by the pronouncements of the Accounting Pronouncements Committee (CPC), approved by resolutions of the Federal Accounting Council (CFC) and rules of the Brazilian Securities Commission (CVM) until December 31, 2008.

As established in CVM Resolution 609/09 (CPC 37 – Initial Adoption of International Accounting Standards), the international standards were implemented retroactively to January 1, 2009. Accordingly, the accounting information originally disclosed was adjusted and is being presented in accordance with international accounting standards.

The comparison of the balance on the date of adoption of IFRS and of the other adjusted information for 2009 with the amounts disclosed on those dates is presented in notes 3.2 and 3.3.

3 Adoption of international accounting standards

In the balance for adoption of IFRS as of January 1, 2009, exceptions were applied and certain optional exemptions for retroactive application of the IFRS were applied in accordance with CPC 37 and are presented as follows:

3.1 Transition of the accounting practices a) Exchange variations recorded in a specific shareholders' equity account

The Company adopted CVM Resolution 534/08 (CPC 02 – Effects of changes in the exchange rates and translation of the financial statements), equivalent to IAS 21, in fiscal year 2008. However, due to the date of the opening balance of January 1, 2009, the balance of accumulated translation adjustments existing as of December 31, 2008 was transferred to retained earnings in the amount of R\$ 636,264 thousand, aiming at equivalence with the exemption of IFRS 1 from not calculating retroactively the exchange variations of investments in subsidiaries and affiliated companies with a functional currency different from the parent company.

b) Capitalization of loan costs

The Company capitalized financial charges only for the loans directly linked to a construction project, pursuant to CVM Resolution 193/96, in force until December 31, 2008. From January 1, 2009 onwards, the Company has also capitalized financial charges based on an average funding rate applied to the balance of work in progress, thus adopting the exemption established in IFRS 1 of not changing retroactively the criteria for computing capitalizable costs.

c) Business combinations

Business combinations occurring up till December 31, 2008 were recorded in the accounting pursuant to CVM Instruction 247/96. On adopting IFRS, the Company chose not to apply the requirements of CPC 15 Business combinations (IFRS 3) retroactively, as permitted by IFRS 1. Therefore, the goodwill existing at December 31, 2008, net of amortization, was maintained and is no longer amortized. The balances of negative goodwill existing as of December 31, 2008, in the amount R\$ 815.655 thousand, were recognized against retained earnings on the date of transition to IFRS, also resulting in the reversal of amortizations recognized in the Company's income statement.

Additionally, the purchase options for Specific Purpose Entities (SPE), exercised by Petrobras during fiscal year 2009, were recorded in the accounting pursuant to CVM Instruction 247/96. However, for IFRS purposes, they are considered as transactions with partners, as owners, since the Company already controlled their operating activities and, consequently, consolidated its financial statements pursuant to CVM Instruction 408/04. Pursuant to CPC 36 Consolidated statements (IAS 27), the amount of R\$ 1,936,114 thousand was recognized directly against retained earnings in 2009.

d) Provision for abandonment of wells and dismantling of areas

The costs for abandonment of assets and the dismantling of areas are calculated considering the future costs discounted at a rate free of risk and recorded in assets and liabilities when the obligation is incurred.

Until December 31, 2008, Petrobras adopted as an accounting practice SFAS 143 Accounting for Asset Retirement Obligations of the Financial Accounting Standards Board (FASB), pursuant to which the future obligation with abandonment of wells and dismantling of production areas should be recorded in the accounting at its present value as a provision, which should not be reviewed between periods due to changes in the current discount rate. The provision for abandonment of wells and dismantling of areas should reflect the effects of the changes in the discount rate from one period to another, pursuant to ICPC 12 Changes in liabilities for deactivation, restoration and other similar liabilities (IFRIC 1).

The Company recorded the amount of R\$ 2.186.419 thousand in retained earnings on the transition date, adopting the exemption from not using the provision at the time that the obligation was incurred, so that the cost of property, plant and equipment reflects the changes in the balance of the provision.

e) Post-retirement benefits

There is no difference in accounting practices for the valuation of post-employment benefits between CVM Resolution 371/00, in force until December 31, 2008, CPC 33 Employee benefits (IAS 19), since on the adoption of IFRS the Company chose to maintain the corridor method for the recording of actuarial gains and losses in the income statement. Accordingly, the moment of initial adoption of these pronouncements, different from the date of creation of the plans, could produce different balances for unrecognized actuarial gains and losses.

The balance of unrecognized actuarial gains and losses at December 31, 2008, in the amount of R\$ 580.000 thousand, was fully recorded against retained earnings on the transition date, thus adopting the exemption established in IFRS 1. Actuarial gains and losses generated after the transition date will be recognized in the income statement by the corridor method.

f) Deferred expenses and revenues

Law 11941/09 extinguished deferred assets, permitting maintaining the balance as of December 31, 2008, which will continue to be amortized in up to 10 years, subject to impairment testing, which was adopted by the Company in the individual accounting statements, in accordance with what is established by CPC 43.

Pursuant to IFRS, pre-operating expenses and gains should be recorded as expenses and revenues, respectively, when incurred. With the adoption of IFRS, the amount of R\$ 1,035,983 thousand was recorded in retained earnings in consolidated.

g) Public service concession

The Company exercises shared control over state gas distributors, which are consolidated in proportion to the stake Petrobras holds in the capital of these companies. These distributors operate under concessions and their activities are classified within the requirements of IFRIC 12 Service Concession Arrangements . Consequently, rights presented as part of the property, plant and equipment of these companies, in the amount of R\$ 575.499 thousand, are now addressed as intangible assets.

h) Reclassifications

The following reclassifications were made aiming at adjusting the Company's presentation to the requirements of IFRS.

Advances to suppliers that used to be presented as part of inventories or property, plant and equipment were classified to specific lines for advances in current and non-current assets;

Net deferred assets from the tax effects income tax and social contribution, which used to be presented under current assets and liabilities, were reclassified to non-current assets and liabilities and, when applicable, are presented at their net amounts;

Certain balances presented as part of deferred assets that met the criteria for recognition in IFRS were reclassified to prepaid expenses.

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3.2 Comparison of the financial statements adjusted to IFRS and those published**3.2.1 Consolidated balance sheet**

	R\$ thousand			
	01/01/2009 (*)		31/12/2009	
	As published	Adjusted to IFRS	As published	Adjusted to IFRS
Assets				
Current				
Cash and cash equivalents	15,888,596	16,099,008	28,795,714	29,034,228
Marketable securities	288,751	288,751	123,824	123,824
Trade accounts receivable, net	14,903,732	14,968,941	13,984,270	14,062,355
Dividends receivable	20,101	20,101	17,688	17,688
Inventories	19,977,171	18,391,281	21,424,651	19,447,693
Taxes, contributions and profit-sharing	9,641,247	7,912,950	9,650,733	7,022,538
Prepaid expenses	1,393,879	1,395,172	1,287,454	1,288,623
Other current assets	1,461,801	3,014,457	1,389,681	3,376,626
	63,575,278	62,090,661	76,674,015	74,373,575
Non-current				
Long-term receivables				
Trade accounts receivable, net	1,326,522	1,330,819	3,285,420	3,288,040
Petroleum and alcohol account - STN	809,673	809,673	816,714	816,714
Marketable securities	4,066,280	4,066,280	4,638,959	4,638,959
Deposits in court	1,853,092	1,853,092	1,988,688	1,988,688
Prepaid expenses	1,400,072	1,635,240	1,294,277	1,431,565
Deferred income tax and social contribution	10,238,308	12,967,379	12,931,807	16,231,449
Inventories	303,929	113,740	180,618	38,933
Other long-term receivables	1,256,967	6,354,179	1,243,548	6,488,708
	21,254,843	29,130,402	26,380,031	34,923,056
Investments	5,106,495	5,674,147	3,148,357	5,659,760
Property, plant and equipment	190,754,167	185,693,589	230,230,518	227,079,424
Intangible assets	8,003,213	9,592,456	6,808,331	8,270,864
Deferred charges	3,469,846	-	2,365,998	-
	228,588,564	230,090,594	268,933,235	275,933,104
	292,163,842	292,181,255	345,607,250	350,306,679

* Date of initial adoption

Liabilities	R\$ thousand			
	01/01/2009 (*)		31/12/2009	
	As published	Adjusted to IFRS	As published	Adjusted to IFRS
Current				
Financing	12,451,137	12,688,871	13,571,170	13,746,575
Interest on financing	823,330	950,825	1,316,041	1,418,960
Contractual commitments with transfer of benefits, risks and control of assets	585,045	585,045	390,252	390,252
Accounts payable to suppliers	17,027,579	17,168,421	16,980,678	17,081,600
Taxes, contributions and profit-sharing	12,741,382	8,563,605	12,747,880	10,590,141
Proposed dividends	9,914,707	9,914,707	2,333,053	2,333,053
Project financing	188,858	188,858	212,359	212,359
Pension plan	627,988	627,988	641,774	641,774
Healthcare plan	523,714	523,714	565,952	565,952
Salaries, vacation pay and charges	2,016,430	2,027,008	2,293,528	2,303,944
Provision for contingencies	54,000	54,000	54,000	54,000
Advances from clients	666,107	666,107	556,208	559,657
Provision for profit-sharing for employees and officers	1,344,526	1,344,526	1,495,323	1,495,323
Deferred income	5,929	5,929	7,474	7,474
Other accounts and expenses payable	3,586,429	2,984,350	4,863,945	3,427,702
	62,557,161	58,293,954	58,029,637	54,828,766
Non- current				
Financing	50,049,441	50,438,874	84,702,691	84,992,180
Contractual commitments with transfer of benefits, risks and control of assets	804,998	804,998	349,482	349,482
Subsidiaries and affiliated companies	49,289	49,289	52,433	52,433
Deferred income tax and social contribution	13,165,132	17,632,684	17,290,995	20,457,784
Pension plan	3,475,581	3,891,041	3,561,330	3,956,070
Healthcare plan	10,296,679	9,309,086	11,184,849	10,208,276
Provision for contingencies	890,326	912,343	844,951	865,299
Provision for dismantling of areas	6,581,618	5,417,312	4,896,343	4,790,500
Deferred income	1,292,906	229,373	1,232,227	231,204
Other accounts and expenses payable	1,982,355	2,226,387	2,387,546	2,460,608
	88,588,325	90,911,387	126,502,847	128,363,836

Shareholders' equity

Subscribed and paid in capital	78,966,691	78,966,691	78,966,691	78,966,691
Capital reserves	514,857	514,779	514,857	514,857
Revaluation reserve	10,284	-	350	-
Profit reserves	58,643,049	61,623,889	79,521,014	84,879,692
Accumulated translation adjustments	636,264	-	455,322	(163,347)
Equity valuation adjustments	(405,863)	(405,863)	6,365	6,365
	138,365,282	140,699,496	159,464,599	164,204,258
Minority interest	2,653,074	2,276,418	1,610,167	2,909,819
Total shareholders' equity	141,018,356	142,975,914	161,074,766	167,114,077
	292,163,842	292,181,255	345,607,250	350,306,679

* Date of initial adoption

3.2.2 Reconciliation of consolidated shareholders equity

	R\$ thousand	
	01/01/2009	12/31/2009
	(*)	
Shareholders equity as published	138,365,282	159,464,599
Capitalization of loan costs		2,493,675
Business combinations	815,655	2,247,811
Provision for abandonment of wells and dismantling of areas	1,273,149	434,227
Post-retirement benefits	580,000	587,133
Deferred expenses and revenues	(1,035,983)	(950,660)
Deferred taxes	611,366	(158,185)
Others	90,027	85,658
Parent company adjusted to IFRS	140,699,496	164,204,258

* Date of initial adoption

3.2.3 Consolidated income statement

	R\$ thousand	
	First quarter 2009	
	As published	Adjusted to IFRS
Gross operating income		
Sales		
Products	53,428,198	53,488,505
Services, mainly freight	147,210	147,210
	53,575,408	53,635,715
Sales charges	(10,979,836)	(11,005,274)
Net operating income	42,595,572	42,630,441
Cost of goods and services sold	(25,780,270)	(25,815,731)
Gross profit	16,815,302	16,814,710
Operating income (expenses)		
Sales	(1,864,142)	(1,865,393)
Administrative and general expenses		
Officers' and board of directors' fees	(14,585)	(14,585)
Administrative	(1,738,434)	(1,734,549)
Tax	(150,874)	(150,874)
Cost of research and technological development	(336,212)	(336,212)
Provision for loss on recoverable value of assets		
Exploration costs for the extraction of crude oil and gas	(1,011,410)	(934,019)
Health care and pension plans	(368,848)	(371,226)
Other operating income and expenses, net	(1,110,037)	(1,060,718)
	(6,594,542)	(6,467,576)
Financial results		
Revenues	783,769	785,596
Expenses	(1,217,553)	(651,467)
Exchange and monetary variations, net	(415,589)	(475,422)
	(849,373)	(341,293)
Equity in earnings of investments	(370,972)	(354,746)
Net income before income tax and social contribution	9,000,415	9,651,095

Income tax and social contribution		
Current	(2,389,840)	(2,389,229)
Deferred charges	(452,734)	(540,452)
	(2,842,574)	(2,929,681)
Net income	6,157,841	6,721,414
Net income attributable to minority interests	(342,069)	(430,545)
Net income attributable to shareholders of Petrobras	5,815,772	6,290,869
Basic and diluted income per share	0.66	0.71

3.2.4 Reconciliation of consolidated net income

	R\$ thousand
	First quarter 2009
Net income as published	5,815,772
Capitalization of loan costs	630,774
Deferred taxes	(102,804)
Others	(52,873)
Net income in IFRS	6,290,869

3.2.5 Consolidated cash flows

	R\$ thousand	
	First quarter 2009	
	As	Adjusted to
	published	IFRS
Net income	5,815,772	6,290,869
Adjustments to reconcile the net income	5,955,069	5,569,679
Changes in assets and liabilities	587,964	542,575
Cash provided by operating activities:	12,358,805	12,403,123
Investments in business segments	(14,426,355)	(14,426,355)
Cash used in financing activities	5,598,333	5,598,333
Effect of exchange variation on cash and cash equivalents	112,987	101,692
Use of cash in the period	3,643,770	3,676,793
Cash at beginning of period	15,888,596	16,099,008
Cash at end of period	19,532,364	19,775,801

3.3 Effects of the adoption of international standards on the individual financial statements

	<u>R\$ thousand</u>	
	01/01/2009	12/31/2009
	(*)	
Parent company shareholders' equity as published	144,051,139	163,879,051
Capitalization of loan costs	0	2,493,675
Business combinations	815,655	2,247,811
Provision for abandonment of wells and dismantling of areas	1,273,149	434,227
Post-retirement benefits	580,000	587,133
Absorption of unsecured liabilities of a subsidiary (**)	(4,160,317)	(3,584,428)
Deferred taxes	308,549	(404,629)
Profit on the sale of products in inventories in subsidiaries (**)	(1,525,539)	(830,024)
Others	90,027	85,658
Parent company adjusted to international accounting standards (CPC)	141,432,663	164,807,016

(**) As required by CPC 18 Investment in affiliated companies and subsidiaries

	<u>R\$ thousand</u>
	03/31/2010
Parent company net income as published	6,160,963
Capitalization of loan costs	630,774
Deferred taxes	(111,933)
Others	(398,345)
Parent company net income adjusted to international accounting standards (CPC)	6,281,459

3.4 Reconciliation of the balance sheet and net income of consolidated with those of the parent company

	<u>R\$ thousand</u>			
	Shareholders equity		Net income	
	03.31.2010	12.31.2009	03.31.2010	12.31.2009
Consolidated - IFRS	170,299,082	164,204,258	7,726,274	6,290,869
Net deferred assets from the tax effects	669,425	704,216	(34,789)	(9,410)
Parent company adjusted to IFRS	170,968,507	164,908,474	7,691,485	6,281,459

The consolidated statements presented in tables 08.01, 08.02, 09.01 and 10.01 were prepared in accordance with the CPC and IFRS, and the only difference is the treatment of deferred assets, which pursuant to the CPC remain recorded in the individual statements and pursuant to IFRS, should be recorded as expenses and revenue, respectively, when incurred, and, therefore, were written off in the consolidated statements.

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4 Description of significant accounting policies

4.1 Changes in accounting practices

In addition to the changes in accounting practices for adaptation to international standards, mentioned in note 3, the company reviewed the useful economic life of the assets related to the Supply segment and to the thermoelectric power stations of the Gas and Energy segment, based on the reports of external appraisers, which resulted in the following changes in rates:

Estimated useful life	Former	Current
Industrial equipment and apparatus for refining	10 years	4 to 31 years (average of 20 years)
Ducts	10 years	31 years
Tanks for storage of products	10 years	26 years
Thermoelectric power stations	20 years	10 to 33.3 years (average of 23 years)

The effects of these changes in estimates of useful life for these assets were recognized as from 2010.

4.2 Below, we describe in detail the other accounting practices adopted by the Company that did not undergo changes with respect to fiscal year 2009:

4.2.1 Functional currency

The Company's functional currency, as established by management, is the Real.

The exchange variations on investments in subsidiaries and affiliated companies with a functional currency different from the parent company are recorded in shareholders' equity, as an accumulated translation adjustment and are transferred to the statement of income upon realization of the investments.

The statements of income and cash flows of the invested companies in a stable economic environment with a functional currency different from the parent company are translated into Reais by the monthly average exchange rate, assets and liabilities are translated by the final rate and the other items of shareholders' equity are translated at the historic rate.

4.2.2 Accounting estimates

In the preparation of the financial statements it is necessary to use estimates for certain assets, liabilities and other transactions. These estimates include: petroleum and gas reserves, liabilities of pension and health plans, depreciation, depletion and amortization, abandonment costs, provisions for contingent liabilities, market value of financial instruments, income tax and social contribution. Although Management uses assumptions and judgments that are reviewed periodically, the actual results may differ from these estimates.

4.2.3 Calculation of results

Income, recognized on the accrual basis, includes income, charges and monetary or exchange gains and losses at official indices or rates, due on current and non-current assets and liabilities, including, when applicable, the effects of adjustments to present value of significant transactions, adjustments to market value or realization value, as well as the allowance for doubtful accounts recorded at a limit considered sufficient to cover possible losses on the realization of accounts receivable.

Revenue from the sale of products is recognized in the statement of income when the risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognized in the statement of income in proportion to the stage of completion of the service.

4.2.4 Cash and cash equivalents

Cash and cash equivalents are represented by short-term investments of high liquidity which are readily convertible into cash, with maturity within three months or less of the date of acquisition.

4.2.5 Marketable securities

The Company classifies marketable securities on initial recognition, based on Management's strategies for these securities in the following categories:

Securities for trading are stated at fair value. Interest, monetary updating and changes resulting from the valuation to fair value are recorded in the income statement when incurred.

Securities available for sale are stated at fair value. Interest and monetary updating are recorded in the income statement, when incurred, while the changes resulting from valuation to fair value are recorded in equity valuation adjustments, in shareholders' equity, and transferred to the income statement for the year, upon settlement.

Securities held until maturity are stated at cost of acquisition, plus interest and monetary updating, which are recorded in the income statement when incurred.

4.2.6 Inventories

Inventories are presented as follows:

Raw material comprises mainly the stocks of petroleum, which are stated at the average value of the costs for importing and production, adjusted, when applicable, to their realization value;

Oil and alcohol products are stated at the average cost of refining or purchase, adjusted, when applicable, to their realization value;

Materials and supplies are stated at the lower of average purchase cost and replacement cost. Imports in transit are stated at the identified cost and advances are stated to the identified cost.

4.2.7 Corporate investments

Investments in subsidiaries, jointly controlled subsidiaries and also in affiliated companies over which management has significant influence, and in other companies which are part of the same group or under common control, are valued by the equity accounting method.

4.2.8 Property, plant and equipment

They are stated at the cost of acquisition, restated monetarily until December 31, 1995 for the companies headquartered in Brazil, and until fiscal year 2002 for the companies headquartered in Argentina, and the rights that have as objects tangible assets intended for the maintenance of the Company's activities, resulting from transactions that transfer the benefits, risks and control of these assets, are stated at fair value or, if lower, by the present value of the minimum payments of the contract.

The equipment and facilities for petroleum and gas production, related to the respective developed wells are appreciated according to the monthly volume of production in relation to the proven and developed reserves of each field. The straight line method is used for assets with a useful life shorter than the life of the field or for assets that are linked to fields in various stages of production. Other equipment and assets not related to petroleum and gas production are appreciated by the straight line method according to their estimated useful life.

Expenditure on exploration and development of petroleum and gas production is recorded according to the successful efforts method. This method establishes that the development costs of the production wells and the successful exploration wells, linked to economically viable reserves, are capitalized, while the geology and geophysics costs are considered expenses for the period in which they occur and the cost of dry exploration wells and the costs linked to non-commercial reserves should be recorded in the income statement when they are thus identified.

Capitalized costs are depreciated using the method of units produced in relation to the proven, developed reserves. These reserves are estimated by the Company's geologists and petroleum engineers according to international standards and are reviewed annually or when there are indications of material changes.

Material expenses incurred with maintenance of the industrial units and ships, which include spare parts, dismantling and assembly services, amongst others, are recorded in property, plant and equipment. These stoppages occur in programmed periods, on average every four years, and the respective expenses are depreciated as a production cost until the beginning of the following stoppage.

4.2.9 Intangible assets

They are stated at the cost of acquisition, less accumulated amortization and impairment. They comprise rights and concessions that include, mainly, the signing bonus paid for obtaining concessions for exploration of petroleum or natural gas and public service concessions, in addition to trademarks and patents, software and goodwill from expectations of future profitability resulting from acquisition of a controlling interest (subsidiaries and jointly controlled subsidiaries). Goodwill resulting from acquisition of an interest in affiliated companies is presented in the investment.

The signing bonuses are amortized by the unit of production method in relation to the total proven reserves, while the other intangible assets are amortized on a straight line basis according to their estimated useful life.

4.2.10 Deferred charges

The Company maintained the balance of deferred assets as of December 31, 2008 in the individual statement, which will continue to be amortized in up to 10 years, subject to impairment testing in conformity with Law 11941/09.

4.2.11 Decrease to recoverable value (Impairment)

The Company values the items of property, plant and equipment, intangible assets with a definite useful life and deferred charges (individual) when there are indications they will not recover their book values. The assets that have an indefinite useful life, such as goodwill for expectations of future profitability, are tested for impairment annually, regardless of whether there are indications of impairment or not.

In the application of the test for decrease in the recoverable value of assets (impairment), the carrying amount of an asset or cash generating unit is compared with its recoverable value. The recoverable value is the higher value between the net sales value of an asset and its value in use. Considering the particularities of the company's assets, the recoverable value used for valuing the tests of reduction in recoverable value is the value in use, except when specifically indicated.

This use value is estimated based on the present value of future cash flows, resulting from the company's best estimates. The cash flows resulting from continuous use of the related assets are adjusted by the specific risks and use the pre-tax discount rate. This rate is derived from the structured post-tax rate in the weighted average cost of capital (WACC). The main assumptions for the cash flows are: prices based on the last strategic plan published, production curves associated with existing products in the company's portfolio, market operating costs and investments needed for carrying out the projects.

These evaluations are made at the lowest level of assets for which there are identifiable cash flows. Assets linked to the exploration and development of petroleum and gas production are reviewed annually, field by field, in order to identify possible losses on recovery based on the estimated future cash flow.

Reversal of previously recognized losses is permitted, except in relation to the decrease in the value of goodwill for expectations of future profitability.

4.2.12 Loans and financing

They are initially recognized at fair value less transaction costs incurred and, after initial recognition, are stated at amortized cost using the effective interest rate method.

4.2.13 Contracts with transfer of benefits, risks and control of assets

The Company records the rights that have as their objects tangible assets intended for the maintenance of the Company's activities resulting from operations that transferred the benefits, risks and control of these assets, as well as their correlated liability, in its property, plant and equipment at their fair value or, if lower, at the present value of the minimum payments of the contract.

4.2.14 Abandonment of wells and dismantling of areas

The future liability for abandonment of wells and dismantling the production area is stated at its present value, discounted at a risk free rate and is fully recorded at the time of the declaration of commercial viability of each field, as part of the costs of the related assets (property, plant and equipment) as a balancing item to the provision recorded in the liabilities that will bear these expenses. The interest incurred through the updating of the provision is classified as financial expenses.

4.2.15 Derivative financial instruments and hedge operations

All the derivative instruments were recognized in the Company's balance sheet, both in assets and in liabilities, and are stated at fair value.

In the operations with derivatives, for hedge against changes in the prices of oil and oil products and currency, the gains and losses resulting from the changes in fair value are recorded in the financial results.

For cash flow hedges, the gains and losses resulting from the changes in their fair value are recorded in equity valuation adjustments, in shareholders' equity, until their settlement.

4.2.16 Income tax and social contribution

These taxes are calculated and recorded based on the effective rates in force on the date of preparation of the financial statements. Deferred taxes are recognized as a result of temporary differences, tax loss carry forwards and negative basis of social contribution, when applicable.

4.2.17 Employee benefits

Provisions are recorded for the actuarial commitments with pension and retirement plans and the healthcare plan, based on an actuarial calculation prepared annually by an independent actuary, in accordance with the projected credit unit method, net of the guarantor assets of the plan, when applicable, and the costs referring to the increase in the present amount of the liability, resulting from the service provided by the employee, recognized during the employees time of service.

The projected credit unit method considers each period of service as a triggering event for an additional unit of benefit, which are accumulated for the computation of the final obligation. Additionally, other actuarial assumptions are used, such as estimates of the evolution of costs with healthcare benefits, biological and economic hypotheses and, also, past data on expenses incurred and contributions from employees.

The actuarial gains and losses resulting from adjustments based on experience and on changes in the actuarial assumptions are included or excluded, respectively, when determining the net actuarial commitment and are amortized over the average period of service remaining for the active active employees in accordance with the corridor method.

The Company also contributes to the national pension and social security plans of international subsidiaries, whose percentages are based on the payroll, and these contributions are taken to the income statement when incurred.

4.2.18 Government subsidies and assistance

Government subsidiaries for investments are recognized as revenue throughout the period, compared with the expenses that it intends to offset on a systematic basis, and are applied in Petrobras in the following manner:

Subsidies for re-investments: in the same proportion as the depreciation of the asset, and

Direct subsidies related to the operating profit: directly in the income statement.

The amounts allocated in the income statement will be distributed to the tax incentive reserve, in shareholders equity.

5 Cash and cash equivalents

	R\$ thousand			
	Consolidated		Parent company	
	03.31.2010	12.31.2009	03.31.2010	12.31.2009
Cash and banks	2,503,156	2,853,964	121,473	645,862
Interest-earning bank accounts		0	0	0
- In Brazil		0	0	0
Exclusive investment funds:		0	0	0
.Exchange			0	0
.Interbank deposit	9,707,870	10,636,809	7,541,083	8,428,509
Government bonds	5,817,052	6,992,964	0	0
Credit rights		0	4,439,964	3,442,384
Financial investment funds:		0	0	0
.Exchange	3,396	4,008	0	0
.Interbank deposit	1,424,923	1,283,825	0	0
Others	230,212	205,567	99,977	114,085
	17,183,453	19,123,173	12,081,024	11,984,978
- Abroad				
. Time deposit	5,978,531	5,423,782	4,933,260	3,950,737
. Fixed interest security	1,286,186	1,633,309	386,381	216,536
	7,264,717	7,057,091	5,319,641	4,167,273
Total financial investments	24,448,170	26,180,264	17,400,665	16,152,251
Total cash and cash equivalents	26,951,326	29,034,228	17,522,138	16,798,113

The financial investments in Brazil have immediate liquidity and comprise quotas in exclusive funds, whose proceeds are invested in federal government bonds and financial derivative operations, executed by the managers of the funds, with the US dollar futures contracts and interbank deposits (DI) guaranteed by the Brazilian Futures and Commodities Exchange (BM&F). The exclusive funds do not have material financial obligations and are limited to the obligations of daily adjustments of the positions on the BM&F, audit services, service fees related to the custody of assets and execution of financial operations and other administrative expenses. Financial investment balances are recorded at cost, plus accrued income, which is recognized proportionally up to the balance sheet date at amounts not exceeding their respective market values.

At March 31, 2010, the Parent company had amounts invested in the Petrobras System's nonstandard credit investment fund (FIDC-NP). This investment fund is intended predominantly for acquiring performing and/or non-performing credit rights from operations carried out by companies of the Petrobras System, and aims at optimizing the financial management of the cash of the Parent company and its subsidiaries. The assignments of credit rights recorded in the current liabilities of the Parent Company in the amount of R\$ 16,437,525 thousand (R\$ 14,318,379 thousand at December 31, 2009) were offset in Consolidated with the amounts invested in the FIDC-NP. The investments in government bonds in the FIDC-NP are recorded under cash and cash equivalents (Consolidated) according to their respective realization terms.

At March 31, 2010 and at December 31, 2009, the Company and its subsidiaries PifCo and Brasoil had amounts invested abroad in an investment fund that held, amongst others, debt securities of companies of the Petrobras System and a specific purpose entity related to the Company's projects, mainly the CLEP, Malhas, Marlim Leste (P-53) and Gasene projects, equivalent to R\$ 14,316,798 thousand (R\$ 12,724,142 thousand at December 31, 2009.) These amounts refer to the consolidated companies and were offset against the balance of financing in current and non-current liabilities.

6 Accounts receivable

6.1 Trade accounts receivable, net

	R\$ thousand			
	Consolidated		Parent company	
	03.31.2010	12.31.2009	03.31.2010	12.31.2009
Clients				
Third parties	16,476,001	15,129,275	2,735,184	2,187,257
Related parties (Note 8.1)	728,687	1,117,339	59,755,803 (*)	56,973,820 (*)
Others	4,717,032	3,646,083	3,868,421	3,731,629
	21,921,720	19,892,697	66,359,408	62,892,706
Less: allowance for doubtful accounts	(2,565,544)	(2,542,302)	(310,900)	(306,110)
	19,356,176	17,350,395	66,048,508	62,586,596
Less: non-current trade accounts receivable, net	(3,155,821)	(3,288,040)	(49,802,155)	(49,742,215)
Short-term accounts receivable, net	16,200,355	14,062,355	16,246,353	12,844,381

(*)Does not include the balances of the dividends receivable of R\$ 1,552,031 thousand as of March 31, 2010 (R\$ 2,508,981 thousand as of December 31, 2009), reimbursements receivable of R\$ 785.957 thousand as of March 31, 2010 (R\$ 1,511,022 thousand as of December 31, 2009) and Credit Assignment Investment Fund of R\$ 6,859,154 thousand at March 31, 2010 (R\$ 4,678,719 thousand at December 31, 2009).

It includes receivables from CEG RIO of R\$ 12,425 thousand at March 31, 2010 which are not included in note 7.1 Related party transactions, as they were offset by Petrobras' obligations with CEG RIO.

6.2 Changes in the provision for doubtful loans

	R\$ thousand			
	Consolidated		Parent company	
	03.31.2010	12.31.2009	03.31.2010	12.31.2009
Balance at the beginning of the quarter	2,542,302	2,813,902	306,110	291,265
Additions (*)	149,808	246,126	4,790	36,909
Write-offs (*)	(126,566)	(517,726)	0	(22,064)
Balance at the end of the quarter	2,565,544	2,542,302	310,900	306,110
Current	1,542,584	1,545,853	310,900	306,110
Non-current	1,022,960	996,449	0	

(*) Includes positive exchange variation on provision for doubtful accounts recorded in companies abroad.

7 Related party transactions

Petrobras carries out commercial transactions with its subsidiaries and special purpose entities under normal market conditions. The transactions for the purchase of oil and oil products carried out by Petrobras with its subsidiary PifCo have longer settlement terms due to the fact that PifCo is a subsidiary created for this purpose, with the levying of the due charges in the period. The passing on of prepayments for exports is carried out at the same rates as those obtained by the subsidiary. Intercompany loans are made in accordance with market conditions and applicable legislation.

At March 31, 2010 and December 31, 2009, losses were not expected on the realization of these accounts receivable.

7.1 Assets

RS thousand
PARENT COMPANY

CURRENT ASSETS**NON-CURRENT ASSETS**

	Accounts receivable, mainly for sales	Cash and cash equivalents and securities	Dividends receivable	Advance for future capital increase	Amounts related to construction of gas pipeline	Loans	Other operations	Reimbursement receivable
<u>SUBSIDIARIES</u>								
(*)								
Petroquisa	25,390	0	143,114	0	0	0	0	0
BR Distribuidora	1,148,530	0	364,100	0	0	202,993	0	0
Gaspetro	1,059,831	0	357,067	3	970,434	14,941	0	0
PifCo	4,046,178	0	0	0	0	9,921,296	3,269	0
PNBV	14,655	0	0	8,758	0	0	6,932	0
Downstream	179,995	0	0	0	0	227,853	0	0
Transpetro	291,683	0	353,365	0	0	0	0	0
PIB-BV								
Netherlands	222,099	0	0	0	0	142,588	66,636	0
Brasoil	10,291	0	0	0	0	37,090,397	4,426	0
BOC	0	0	0	0	0	136,689	360	0
Real estate investment fund	28,932	0	0	0	0	0	0	0
Petrobras Comercializadora Energia Ltda								
	40,840	0	44,051	0	0	0	0	0
Petrobras Biocombustível S.A.								
	33,756	0	0	57,451	0	0	0	0
Marlim Participações S.A								
	0	0	6,722	0	0	0	0	0
Thermoelectric power plants								
	1,239,343	0	124,731	92,381	0	225,764	0	0
Abreu e Lima Refinery								
	264,300	0	3	0	0	0	0	0
Cia Locadora de Equipamentos Petrolíferos								
	0	0	151,871	0	0	0	0	0
Cayman Cabiunas Investment								
	0	0	0	0	0	0	0	241,885
Other subsidiaries	48,373	0	7,007	0	0	140,122	16	0

	8,654,196	0	1,552,031	158,593	970,434	48,102,643	81,639	241,885
<u>SPECIFIC PURPOSE ENTITIES</u>								
Nova Transportadora do Nordeste - NTN	481,111	0	0	0	0	0	0	71,236
Nova Transportadora do Sudeste - NTS	468,060	0	0	0	0	0	0	34,623
Transportadora Urucu Manaus - TUM	321,030	0	0	0	0	0	0	0
PDET Off Shore	0	0	0	0	0	0	0	438,085
Cayman Cabiúnas Investment	0	0	0	0	0	0	0	0
Transportadora Gasene S.A	37,116	0	0	0	0	0	0	0
Credit Rights Investment Fund (**)	(442,023)	7,301,177	0	0	0	0	0	0
Other SPEs	0	0	0	0	0	0	0	128
	865,294	7,301,177	0	0	0	0	0	544,072
<u>AFFILIATED COMPANIES</u>	455,056	0	0	13,500	0	0	0	0
03/31/2010	9,974,546	7,301,177	1,552,031	172,093	970,434	48,102,643	81,639	785,957
12/31/2009	7,308,859	5,159,950	2,508,981	295,107	973,404	47,837,083	78,137	1,511,022

(*) Includes its subsidiaries and jointly controlled subsidiaries

(**) Composed of (R\$ 815,608 thousand) in assigned / performed receivables and R\$ 373,585 thousand in prepaid expenses.

R\$ thousand
Interest rates for active loans

Index	03.31.2010	12.31.2009
TJLP + 5% p.a.	47,843	49,432
LIBOR + 1 to 3% p.a.	44,120,801	44,797,544
1.70% p.a.	227,853	223,917
101% of CDI	170,090	171,474
14.5% p.a.	77,259	77,175
IGPM + 6% p.a.	148,505	146,223
Other rates	3,310,292	2,371,318
	48,102,643	47,837,083

Bolivia-Brazil gas pipeline

The section of the Bolivia-Brazil gas pipeline in Bolivia is the property of the company Gás Transboliviano S.A. (GTB), in which Gaspetro holds a minority interest (11%).

A US\$ 350 million turnkey contract for the construction of the Bolivian section of the pipeline was entered into with Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), which was subsequently passed on to GTB, and it will be paid off in the form of transport services over 12 years starting in January 2000.

At March 31, 2010 the balance of the rights for future transport services, on account of costs already incurred in the construction up to that date, plus interest of 10.7% p.a., is R\$ 328,834 thousand (R\$ 338,558 thousand at December 31, 2009), of which R\$ 225,460 thousand is classified in long term receivables as an advance to suppliers (R\$ 231,045 thousand at December 31, 2009) which includes the amount of R\$ 103,641 thousand (R\$ 101,912 thousand at December 31, 2009) related to the acquisition in advance of the right to transport 6 million cubic meters of gas for a period of 40 years (TCO - Transportation Capacity Option).

The Brazilian section of the gas pipeline is the property of Transportadora Brasileira Gasoduto Bolívia-Brasil S.A. (TBG), a subsidiary of Gaspetro. At March 31, 2010, Petrobras total receivable from TBG for management, forwarding of costs and financing related to the construction of the gas pipeline and the acquisition in advance of the right to transport 6 million cubic meters of gas for a period of 40 years (TCO) was R\$ 970,434 thousand (R\$ 973,404 thousand at December 31, 2009), and is classified under long-term assets as accounts receivable, net.

7.2 Liabilities

	RS thousand							
	CURRENT LIABILITIES					PARENT COMPANY		NON-CURRENT LIABILITIES
	Suppliers, mainly for purchases of oil and oil products	Advances from clients	Affreightment of Platforms	Contractual commitments with transfer of benefits, risks and control of assets	Assigned receivables flow FIDC	Other operations	Contractual commitments with transfer of benefits, risks and control of assets	Loans
SUBSIDIARIES								
(*)								
Petroquisa	(30,553)						(27)	
BR								
Distribuidora	(191,860)	(11,905)						
Gaspetro	(261,013)	(272,355)						
PifCo	(26,204,750)	(104,386)						
PNBV	(72,779)		(1,679,244)					
Downstream	(87,800)							
Transpetro	(547,047)						(50)	
PIBBV								
Netherlands	(403,411)	(7,074)					(5)	
Brasoil	(4,633)		(21,670)					
Thermoelectric power plants	(244,877)			(27,273)			(586,375)	
Marlim Participações S.A				(358,023)			(306,160)	
Petrobras Biocombustível S.A.	(47,607)	(5,662)						
Cia Locadora de Equipamentos Petrolíferos				(1,286,498)			(2,603,418)	
Cayman Cabiunas Investment Co.								
Other subsidiaries	(4,278)	(32)		(15,314)			(158,497)	

	(28,100,608)	(401,414)	(1,700,914)	(1,687,108)		(82)	(3,654,450)	
SPECIFIC PURPOSE ENTITIES								
PDET Offshore Nova Transportadora do Nordeste NTN Nova Transportadora do Sudeste				(177,164)		(138,943)	(1,478,942)	
NTS Cayman Cabiunas Investment Co.								
Charter Development LLC				(157,155)			(3,105,664)	
Barracuda Caratinga Leasing Co BV				(183,289)				
Gasene Participações S/A				(58,912)			(1,258,276)	
Credit Rights Investment Fund					(16,437,525)			
Other SPEs				(780,327)	(16,437,525)	(138,943)	(8,194,143)	
AFFILIATED COMPANIES	(113,724)							(50,658)
03/31/2010	(28,214,332)	(401,414)	(1,700,914)	(2,467,435)	(16,437,525)	(139,025)	(11,848,593)	(50,658)
12/31/2009	(29,723,334)	(751,716)	(1,394,118)	(3,502,082)	(14,318,379)	(139,027)	(10,903,870)	(49,359)

(*) Includes its subsidiaries and jointly controlled subsidiaries

7.3 Results

	Parent company			TOTAL RESULTS
	Operating income, mainly from sales	Results Net financial income (expenses)	Exchange and monetary variations, net	
<u>SUBSIDIARIES (*)</u>				
Petroquisa	56,829	11	4,237	61,077
BR Distribuidora	13,500,064	(3,641)	16,949	13,513,372
Gaspetro	1,088,880	8,441	23,288	1,120,609
PifCo	5,873,298	(247,062)	(294,036)	5,332,200
PNBV	0	(334)	(15,121)	(15,455)
Downstream	736,600	1,437	2,934	740,971
Transpetro	129,119	0	10,461	139,580
PIB-BV Netherlands	22,484	109	847	23,440
Brasoil	0	310,807	725,297	1,036,104
BOC	0	1,874	5,004	6,878
Petrobras Comercializadora Energia Ltda	61,321	0	4,802	66,123
Thermoelectric power plants	1,984	(22,736)	9,323	(11,429)
Marlim Participações S.A	0	(13,364)	698	(12,666)
Cia Locadora de Equipamentos Petrolíferos	0	(115,538)	15,309	(100,229)
Abreu e Lima Refinery	62,970	0	0	62,970
Petrobras Biocombustível	(55)	0	38	(17)
Cayman Cabiunas Investment Co.	0	(2,782)	(3,462)	(6,244)
Other subsidiaries	55,389	(12,299)	(4,066)	39,024
	21,588,883	(95,077)	502,502	21,996,308
<u>SPECIFIC PURPOSE ENTITIES</u>				
Nova Transportadora do Nordeste - NTN	0	(29,542)	0	(29,542)
Nova Transportadora do Sudeste - NTS	0	(25,252)	0	(25,252)
Transportadora Urucu Manaus - TUM	24,716	0	0	24,716
Cia. Locadora de Equipamentos Petrolíferos	0	0	0	0
PDET Offshore	0	(23,156)	0	(23,156)
Charter Development LLC	0	(255,051)	(60,979)	(316,030)
Cayman Cabiunas Investment Co.	0	0	0	0

Gasene Participações S/A	0	(33,661)	0	(33,661)
Transportadora Gasene	14,599	0	0	14,599
Barracuda & Caratinga Leasing	0	(2,466)	(9,469)	(11,935)
Credit Rights Investment Fund	0	94,159	0	94,159
Other SPEs	0	(901)	0	(901)
	39,315	(275,870)	(70,448)	(307,003)
<u>AFFILIATED COMPANIES</u>	2,507,059	(644)	(1,151)	2,505,264
03/31/2010	24,135,257	(371,591)	430,903	24,194,569
03/31/2009	18,261,419	242,941	(621,193)	17,883,167

(*) Includes its subsidiaries and jointly controlled subsidiaries

7.4 Guarantees obtained and granted

Petrobras has a policy of granting guarantees to its subsidiaries for certain financial operations carried out abroad.

The guarantees offered by Petrobras are made based on contractual clauses that support the financial operations between the subsidiaries and third parties, guaranteeing the purchase of the debt in the event of default on the part of the subsidiaries.

At March 31, 2010 and December 31, 2009, the financial operations carried out by these subsidiaries and guaranteed by Petrobras present the following balances to be settled: