

BRAZILIAN PETROLEUM CORP
Form 6-K
August 19, 2005

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, 2005

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 from the original in
Portuguese)**

QUARTERLY INFORMATION ITR

PETRÓLEO BRASILEIRO S.A. - PETROBRAS

June 30, 2005

(A free translation from the original in Portuguese)

**REPORT OF INDEPENDENT AUDITORS ON
LIMITED REVIEW OF QUARTERLY INFORMATION - ITR**

To the Board of Directors and Shareholders of
Petróleo Brasileiro S.A. - PETROBRAS

1. We have carried out a limited review of the Quarterly Information (ITR) of **Petróleo Brasileiro S.A. PETROBRAS** for the quarter ended June 30, 2005, including the balance sheet, the statement of income, comments on the Company's performance and other relevant information, parent company and consolidated, all prepared in accordance with accounting practices adopted in Brazil.
 2. Our review was conducted in accordance with the specific procedures determined by the Brazilian Institute of Independent Auditors (IBRACON), in conjunction with the Federal Accountancy Board - CFC, and consisted, principally of: (a) making inquiries of, and discussions with, officials responsible for the accounting, financial and operating matters of the Company relating to the procedures adopted for preparing the Quarterly Information and (b) reviewing the relevant information and subsequent events which have, or may have, significant effects on the financial position and results of operations of the Company.
 3. Based on our limited review, we are not aware of any material modification that should be made to the Quarterly Information referred to in paragraph 1 for it to be in accordance with accounting practices adopted in Brazil, applicable to the preparation of Quarterly Information, in accordance with specific regulations established by the Brazilian Securities and Exchange Commission - CVM.
 4. Our limited review was conducted for the purpose of issuing a report on the Quarterly Information referred to in paragraph 1. The statements of cash flow (parent company and consolidated), of value added (parent company and consolidated) and segmentation of business (consolidated), prepared in accordance with the accounting practices adopted in Brazil, are presented for purposes of additional information and are not a required part of the Quarterly Information. Such information has been subjected to the review procedures described in paragraph 2 and we are not aware of any material modification that should be made to these statements for them to be adequately presented in relation to the Quarterly Information taken as a whole.
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5. As mentioned in the note 1, from January 1, 2005, as required by CVM Instruction 408 of August 18, 2004, the Company included its Special Purpose Entities – SPEs on its consolidated financial statements. Aiming the comparability of the quarterly financial information, the previous periods have also been adjusted to include such SPEs on the consolidated financial statements.

Rio de Janeiro, August 11, 2005

ERNST & YOUNG
Auditores Independentes S/S
CRC - 2SP 015.199/O -6 - F - RJ

Paulo José Machado
Accountant CRC - 1RJ 061.

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of - 30/06/2005****Corporate 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 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 2 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 NUMBER 3224-2040 | 8 - PHONE NO. 3224-2041 | 9 - PHONE NO. - | 10 - TELEX |
| 11 AREA CODE 021 | 12 FAX No. 3224-9999 | 13 - FAX No. 3224-6055 | 14 - FAX No. 3224-7784 | |
| 15 - E-MAIL petroinvest@petrobras.com.br | | | | |

01.03 - DIRECTOR OF INVESTOR RELATIONS (BUSINESS ADDRESS)

| | | | | |
|---|-----------------------------|----------------------------|-----------------------------------|------------|
| 1 NAME ALMIR GUILHERME BARBASSA | | | | |
| 2 ADDRESS AV. REPÚBLICA DO CHILE, 65 2 th 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 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

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| CURRENT FISCAL YEAR | | CURRENT QUARTER | | | PREVIOUS QUARTER | | |
|--|------------|-----------------|---------------|------------|------------------|--|------------|
| 1 - BEGINNING | 2 - ENDING | 3 - QUARTER | 4 - BEGINNING | 5 - END | 6 - QUARTER | 7 - BEGINNING | 8 - END |
| 01/01/2005 | 31/12/2005 | 2 | 01/04/2005 | 30/06/2005 | 1 01 | 01/2005 | 31/03/2005 |
| 9- NAME OF INDEPENDENT ACCOUNTING FIRM ERNST&YOUNG AUDITORES INDEPENDENTES S.S. | | | | | | 10 - CVM CODE 00471-5 | |
| 11- NAME OF THE ENGAGEMENT PARTNER PAULO JOSÉ MACHADO | | | | | | 12- CPF (Taxpayers registration) 014.319.648-08 | |

01.05 - CURRENT BREAKDOWN OF PAID-IN CAPITAL

| No. OF SHARES (THOUSANDS) | 1- CURRENT QUARTER 30/06/2005 | 2 - PREVIOUS QUARTER 31/03/2005 | 3 - SAME QUARTER IN THE YEAR 30/06/2004 |
|------------------------------|----------------------------------|------------------------------------|--|
| Capital Paid in | | | |
| 1 - COMMON | 634.168 | 634.168 | 634.168 |
| 2 - PREFERRED | 462.370 | 462.370 | 462.370 |
| 3 - TOTAL | 1.096.538 | 1.096.538 | 1.096.538 |
| 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 INDUSTRIAL, COMMERCIAL, AND OTHERS |
| 2 SITUATION OPERATIONAL |
| 3 - TYPE OF SHARE CONTROL STATE HOLDING COMPANY |
| 4 ACTIVITY CODE 1 01 OIL AND GAS |
| 5 - MAIN ACTIVITY PROSPECTING, OIL/GAS. REFINING AND ENERGY ACTIVITIES |
| 6 TYPE OF CONSOLIDATED TOTAL |
| 7 - TYPE OF SPECIAL REVIEW REPORT UNQUALIFIED |

01.07 - CORPORATIONS/PARTNERSHIPS EXCLUDED FROM THE CONSOLIDATED STATEMENTS

| 1 ITEM | 2 CNPJ (TAXPAYERS RECORD NUMBER) | 3 NAME |
|--------|----------------------------------|--------|
|--------|----------------------------------|--------|

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 |
|--------|---------|-------------------|-----------------------------|-------------------|-------------------|-------------------------|
| 01 | AGO | 31/03/2005 | INTEREST ON CAPITAL PAYABLE | 17/05/2005 | COMMON | 1,000000000 |
| 02 | AGO | 31/03/2005 | INTEREST ON CAPITAL PAYABLE | 17/05/2005 | PREFERRED | 1,000000000 |
| 03 | AGO | 31/03/2005 | DIVIDENDS | 17/05/2005 | COMMON | 0,600000000 |
| 04 | AGO | 31/03/2005 | DIVIDENDS | 17/05/2005 | PREFERRED | 0,600000000 |
| 05 | RCA | 17/06/2005 | INTEREST ON CAPITAL PAYABLE | - | COMMON | 2,000000000 |
| 06 | RCA | 17/06/2005 | | - | PREFERRED | 2,000000000 |

| | | | | | | |
|--|--|--|-----------------------------------|--|--|--|
| | | | INTEREST ON CAPITAL PAYABLE | | | |
|--|--|--|-----------------------------------|--|--|--|

01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

| 1 - ITEM | 2 DATE OF CHANGES | 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\$) |
|-------------|----------------------|----------------------------------|--|--------------------------|---|--------------------------------------|
|-------------|----------------------|----------------------------------|--|--------------------------|---|--------------------------------------|

1.10 - INVESTOR RELATIONS DIRECTOR

| 1 DATE | 2 SIGNATURE |
|------------|-------------|
| 11/08/2005 | |

02.01 UNCONSOLIDATED BALANCE SHEET - ASSETS (THOUSANDS OF REAIS)

| 1 - Code | 2 DESCRIPTION | 3 - 30/06/2005 | 4 31/03/2005 |
|-----------------|--|-----------------------|---------------------|
| 1 | TOTAL ASSETS | 139.243.121 | 140.738.271 |
| 1.01 | CURRENT ASSETS | 35.358.619 | 34.178.838 |
| 1.01.01 | CASH AND CASH EQUIVALENTS | 11.495.056 | 10.019.606 |
| 1.01.01.01 | CASH AND BANKS | 1.687.662 | 2.593.409 |
| 1.01.01.02 | SHORT-TERM INVESTMENTS | 9.807.394 | 7.426.197 |
| 1.01.02 | CREDITS | 8.811.143 | 7.665.076 |
| 1.01.02.01 | TRADE ACCOUNTS RECEIVABLE | 2.712.944 | 2.427.285 |
| 1.01.02.02 | SALES TO SUBSIDIARIES AND AFFILIATED COMPANIES | 5.076.889 | 4.215.568 |
| 1.01.02.03 | OTHER | 1.104.774 | 1.105.971 |
| 1.01.02.04 | ALLOWANCE FOR DOUBTFUL ACCOUNTS | (83.464) | (83.748) |
| 1.01.03 | INVENTORIES | 10.977.927 | 11.118.119 |
| 1.01.04 | OTHER ACCOUNT RECEIVABLES | 4.074.493 | 5.376.037 |
| 1.01.04.01 | DIVIDENDS RECEIVABLE | 187.897 | 374.821 |
| 1.01.04.02 | RECOVERABLE TAXES | 2.102.827 | 2.637.630 |
| 1.01.04.03 | DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION | 390.330 | 489.423 |
| 1.01.04.04 | PREPAID EXPENSES | 801.521 | 1.190.718 |
| 1.01.04.05 | OTHER CURRENT ASSETS | 591.918 | 683.445 |
| 1.02 | NON-CURRENT ASSETS | 39.008.022 | 46.796.995 |
| 1.02.01 | SUNDRY CREDITS | 764.152 | 758.644 |
| 1.02.01.01 | PETROLEUM AND ALCOHOL ACCOUNTS - STN | 757.868 | 752.360 |
| 1.02.01.02 | MARKETABLE SECURITIES | 4.841 | 4.841 |
| 1.02.01.03 | INVESTMENTS IN PRIVATIZATION PROCESS | 1.443 | 1.443 |
| 1.02.02 | CREDITS WITH AFFILIATED COMPANIES | 29.006.557 | 36.778.924 |
| 1.02.02.01 | WITH AFFILIATED COMPANIES | 142.375 | 214.722 |
| 1.02.02.02 | WITH SUBSIDIARIES | 28.837.297 | 36.532.890 |
| 1.02.02.03 | WITH OTHER RELATED PARTIES | 26.885 | 31.312 |
| 1.02.03 | OTHER | 9.237.313 | 9.259.427 |
| 1.02.03.01 | PROJECT FINANCINGS | 2.061.267 | 1.837.663 |
| 1.02.03.02 | DEFERRED TAXES AND SOCIAL CONTRIBUTIONS | 941.160 | 970.756 |
| 1.02.03.03 | ADVANCES TO SUPPLIERS | 714.736 | 899.421 |
| 1.02.03.04 | PREPAID EXPENSES | 1.132.733 | 1.122.197 |
| 1.02.03.05 | COMPULSORY LOAN - ELETROBRAS | 117.488 | 117.420 |
| 1.02.03.06 | JUDICIAL DEPOSITS | 1.290.539 | 1.257.746 |
| 1.02.03.07 | ADVANCES FOR PENSION PLAN | 1.178.345 | 1.258.435 |
| 1.02.03.08 | DEFERRED ICMS (VALUE ADDED TAX) | 1.084.040 | 1.115.759 |
| 1.02.03.09 | OTHER NON-CURRENT ASSETS | 717.005 | 680.030 |
| 1.03 | PERMANENT ASSETS | 64.876.480 | 59.762.438 |
| 1.03.01 | INVESTMENTS | 18.367.849 | 15.197.098 |
| 1.03.01.01 | INVESTMENTS IN AFFILIATED COMPANIES | 250.071 | 262.363 |
| 1.03.01.01.01 | INVESTMENTS IN AFFILIATED COMPANIES | 250.071 | 262.363 |
| 1.03.01.02 | INVESTMENTS IN SUBSIDIARIES | 17.882.542 | 14.699.167 |
| 1.03.01.02.01 | PETROQUISA | 1.653.517 | 1.570.922 |

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| | | | |
|---------------|-----------------------------------|------------|------------|
| 1.03.01.02.02 | BR | 3,418,204 | 3,322,461 |
| 1.03.01.02.03 | GASPETRO | 1,559,469 | 1,354,944 |
| 1.03.01.02.04 | TRANSPETRO | 1,473,187 | 1,351,445 |
| 1.03.01.02.05 | MPX TERMOCEARA | 89,148 | 0 |
| 1.03.01.02.06 | DOWNSTREAM | 1,425,259 | 1,374,151 |
| 1.03.01.02.07 | BRASOIL | 1,531,983 | 1,771,892 |
| 1.03.01.02.08 | IBIRITERMO | 15,117 | 0 |
| 1.03.01.02.09 | FAFEN ENERGIA | 168,736 | 154,124 |
| 1.03.01.02.10 | TERMOBAHIA | 20,675 | 0 |
| 1.03.01.02.11 | E-PETRO | 23,124 | 22,134 |
| 1.03.01.02.12 | PETROBRAS ENERGIA | 329,627 | 287,051 |
| 1.03.01.02.13 | BRASPETRO HOLANDA - PIB BV | 2,855,087 | 2,995,703 |
| 1.03.01.02.14 | PNBV | 182,891 | 131,261 |
| 1.03.01.02.15 | TERMORIO | 2,487,310 | 0 |
| 1.03.01.02.16 | BAIXADA SATISTA ENERGIA | 217,755 | 217,755 |
| 1.03.01.02.17 | SOC. FLUMINENSE ENEGIA ELETROBOLT | 202,974 | 0 |
| 1.03.01.02.18 | OTHERS | 8,057 | 8,047 |
| 1.03.01.02.19 | JOINTLY-OWNED SUBSIDIARIES | 245,006 | 228,519 |
| 1.03.01.02.20 | DISCOUNT IN SUBSIDIARY COMPANY | (24,584) | (91,242) |
| 1.03.01.03 | OTHER INVESTMENTS | 235,236 | 235,568 |
| 1.03.02 | PROPERTY, PLANT AND EQUIPMENT | 46,024,250 | 44,110,493 |
| 1.03.03 | DEFERRED CHARGES | 484,381 | 454,847 |

02.02 UNCONSOLIDATED BALANCE SHEET LIABILITIES (THOUSANDS OF REAIS)

| 1 - Code | 2 DESCRIPTION | 3 30/06/2005 | 4 31/03/2005 |
|-----------------|--|---------------------|---------------------|
| 2 | TOTAL LIABILITIES | 139.243.121 | 140.738.271 |
| 2.01 | CURRENT LIABILITIES | 42.364.610 | 45.151.016 |
| 2.01.01 | LOANS AND FINANCING | 1.248.589 | 1.321.265 |
| 2.01.01.01 | FINANCING | 959.924 | 1.092.087 |
| 2.01.01.02 | INTEREST ON FINANCING | 288.665 | 229.178 |
| 2.01.02 | DEBENTURES | 0 | 0 |
| 2.01.03 | SUPPLIERS | 4.307.279 | 3.042.228 |
| 2.01.04 | TAXES AND CONTRIBUTIONS PAYABLE | 6.187.476 | 7.479.324 |
| 2.01.04.01 | CURRENT TAXES AND SOCIAL CONTRIBUTIONS | 190.155 | 1.202.170 |
| 2.01.04.02 | DEFERRED TAXES AND SOCIAL CONTRIBUTIONS | 951.946 | 957.477 |
| 2.01.04.03 | OTHER TAXES AND CONTRIBUTIONS PAYABLE | 5.045.375 | 5.319.677 |
| 2.01.05 | DIVIDENDS PAYABLE | 2.193.076 | 2.009.002 |
| 2.01.06 | ACCRUALS | 1.394.680 | 2.154.414 |
| 2.01.06.01 | SALARIES, VACATION AND RELATED CHARGES | 832.789 | 834.164 |
| 2.01.06.02 | CONTINGENCY ACCRUAL | 208.173 | 306.846 |
| 2.01.06.03 | PENSION PLAN | 353.718 | 379.361 |
| 2.01.06.04 | PROVISION PLR | 0 | 634.043 |
| 2.01.07 | DEBTS WITH AFFILIATED COMPANIES | 21.217.193 | 23.119.170 |
| 2.01.08 | OTHER | 5.816.317 | 6.025.613 |
| 2.01.08.01 | ADVANCES FROM CUSTOMERS | 212.714 | 466.255 |
| 2.01.08.02 | PROJECT FINANCINGS | 4.777.447 | 4.733.895 |
| 2.01.08.03 | OTHER | 826.156 | 825.463 |
| 2.02 | NON-CURRENT LIABILITIES | 25.000.934 | 26.215.736 |
| 2.02.01 | LOANS AND FINANCING | 7.658.817 | 8.539.166 |
| 2.02.02 | DEBENTURES | 0 | 0 |
| 2.02.03 | ACCRUALS | 13.228.452 | 12.278.557 |
| 2.02.03.01 | HEALTH CARE BENEFITS | 5.890.692 | 5.538.197 |
| 2.02.03.02 | CONTINGENCY ACCRUAL | 233.313 | 251.770 |
| 2.02.03.03 | PENSION PLAN | 1.265.593 | 935.303 |
| 2.02.03.04 | DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION | 5.838.854 | 5.553.287 |
| 2.02.04 | DEBTS WITH AFFILIATED COMPANIES | 2.145.371 | 3.335.366 |
| 2.02.05 | OTHER | 1.968.294 | 2.062.647 |
| 2.02.05.01 | ABANDONMENT PROVISION | 999.184 | 1.012.132 |
| 2.02.05.02 | PROVISION FOR PROGRAMMED STOPPAGES AND DOCKING COSTS | 216.099 | 237.426 |
| 2.02.05.03 | OTHER | 753.011 | 813.089 |
| 2.03 | DEFERRED INCOME | 0 | 0 |
| 2.05 | SHAREHOLDERS' EQUITY | 71.877.577 | 69.371.519 |
| 2.05.01 | CAPITAL | 33.235.444 | 33.235.445 |
| 2.05.01.01 | PAID UP CAPITAL | 32.896.138 | 32.896.138 |

02.02 UNCONSOLIDATED BALANCE SHEET LIABILITIES (THOUSANDS OF REAIS)

| 1 - Code | 2 - DESCRIPTION | 3 30/06/2005 | 4 31/03/2005 |
|-----------------|--|---------------------|---------------------|
| 2.05.01.02 | MONETARY CORRECTION | 339.306 | 339.307 |
| 2.05.02 | CAPITAL RESERVES | 365.236 | 365.235 |
| 2.05.02.01 | AFRMM AND OTHERS | 365.236 | 365.235 |
| 2.05.03 | REVALUATION RESERVES | 65.118 | 67.115 |
| 2.05.03.01 | OWN ASSETS | 65.118 | 67.115 |
| 2.05.03.02 | ASSETS OF SUBSIDIARIES/AFFILIATES | 0 | 0 |
| 2.05.04 | REVENUE RESERVES | 28.405.325 | 30.594.424 |
| 2.05.04.01 | LEGAL | 4.035.410 | 4.035.410 |
| 2.05.04.02 | STATUTORY | 843.640 | 843.640 |
| 2.05.04.03 | CONTINGENCIES | 0 | 0 |
| 2.05.04.04 | UNREALIZED PROFITS | 0 | 0 |
| 2.05.04.05 | RETAINED EARNINGS | 23.526.275 | 25.715.374 |
| 2.05.04.06 | SPECIAL FOR UNDISTRIBUTED DIVIDENDS | 0 | 0 |
| 2.05.04.07 | OTHER REVENUE RESERVES | 0 | 0 |
| 2.05.05 | RETAINED EARNINGS (ACCUMULATED LOSSES) | 9.806.454 | 5.109.300 |

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**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
ITR - QUARTERLY INFORMATION - As of - 30/06/2005
COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY**

Corporate Law

00951-2 PETRÓLEO BRASILEIRO S.A - PETROBRAS

33.000.167/0001-01

04.01 NOTES TO QUARTERLY INFORMATION**01.01 - IDENTIFICATION**

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

03.01 UNCONSOLIDATED STATEMENT OF INCOME (THOUSANDS OF REAIS)

| 1 - Code | 2 DESCRIPTION | 3 - 01/04/2005 to 30/06/2005 | 4 01/01/2005 to 30/06/2005 | 5 - 01/04/2004 to 30/06/2004 | 6 - 01/01/2004 to 30/06/2004 |
|------------|--|---------------------------------------|----------------------------------|---------------------------------------|---------------------------------------|
| 3.01 | GROSS SALES AND SERVICES REVENUE | 35.425.584 | 66.780.767 | 28.721.832 | 54.467.973 |
| 3.02 | DEDUCTIONS FROM GROSS REVENUE | (9.321.322) | (18.110.045) | (8.115.171) | (15.663.229) |
| 3.03 | NET SALES AND SERVICES REVENUE | 26.104.262 | 48.670.722 | 20.606.661 | 38.804.744 |
| 3.04 | COST OF PRODUCTS AND SERVICES SOLD | (14.530.594) | (26.582.638) | (11.526.135) | (21.235.362) |
| 3.05 | GROSS PROFIT | 11.573.668 | 22.088.084 | 9.080.526 | 17.569.382 |
| 3.06 | OPERATING EXPENSES/INCOME | (5.249.799) | (8.119.502) | (2.520.942) | (4.715.041) |
| 3.06.01 | SELLING | (820.899) | (1.679.069) | (659.092) | (1.221.842) |
| 3.06.02 | GENERAL AND ADMINISTRATIVE | (880.185) | (1.649.015) | (602.100) | (1.116.485) |
| 3.06.02.01 | DIRECTORS' FEES | (886) | (1.870) | (795) | (1.598) |
| 3.06.02.02 | ADMINISTRATIVE | (879.299) | (1.647.145) | (601.305) | (1.114.887) |
| 3.06.03 | FINANCIAL | (480.281) | (534.068) | 547.106 | 479.139 |
| 3.06.03.01 | FINANCIAL INCOME | 106.753 | 632.205 | 1.068.101 | 1.538.277 |
| 3.06.03.02 | FINANCIAL EXPENSES | (587.034) | (1.166.273) | (520.995) | (1.059.138) |
| 3.06.04 | OTHER OPERATING REVENUES | 0 | 0 | 0 | 0 |
| 3.06.05 | OTHER OPERATING EXPENSES | (3.155.693) | (5.260.616) | (2.490.075) | (4.003.425) |
| 3.06.05.01 | TAXES | (101.527) | (208.537) | (402.110) | (589.777) |
| 3.06.05.02 | RESEARCH AND TECHNOLOGICAL DEVELOPMENT | (221.813) | (414.554) | (177.593) | (313.634) |
| 3.06.05.03 | EXPLORATORY COSTS FOR THE | (290.086) | (475.667) | (218.614) | (488.898) |

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| | EXTRACTION OF CRUDE OIL AND GAS | | | | |
|------------|---|-------------|-------------|-------------|-------------|
| 3.06.05.04 | NET MONETARY AND EXCHANGE ADJUSTMENTS | (921.626) | (1.039.447) | (390.673) | (504.209) |
| 3.06.05.05 | OTHER OPERATING INCOME/EXPENSES, NET | (1.620.641) | (3.122.411) | (1.301.085) | (2.106.907) |
| 3.06.06 | PARTICIPATION IN THE SHAREHOLDERS' EQUITY OF AFFILIATED COMPANIES | 87.259 | 1.003.266 | 683.219 | 1.147.572 |
| 3.07 | OPERATING INCOME /EXPENSES | 6.323.869 | 13.968.582 | 6.559.584 | 12.854.341 |
| 3.08 | NONOPERATING INCOME / EXPENSES | (64.670) | (216.167) | (56.375) | (130.329) |
| 3.08.01 | INCOME | 8.805 | 10.054 | (4.920) | 1.186 |
| 3.08.02 | EXPENSES | (73.475) | (226.221) | (51.455) | (131.515) |
| 3.09 | INCOME BEFORE TAXES/PARTICIPATIONS | 6.259.199 | 13.752.415 | 6.503.209 | 12.724.012 |
| 3.10 | PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION | (1.151.342) | (2.999.103) | (1.651.847) | (3.053.693) |
| 3.11 | DEFERRED INCOME TAX | (408.725) | (946.858) | (469.516) | (1.241.391) |
| 3.12 | STATUTORY PARTICIPATION/CONTRIBUTIONS | 0 | 0 | 0 | 0 |
| 3.12.01 | PARTICIPATIONS | 0 | 0 | 0 | 0 |
| 3.12.01.01 | PROFIT SHARING FOR EMPLOYEES AND MANAGEMENT | 0 | 0 | 0 | 0 |
| 3.12.02 | CONTRIBUTIONS | 0 | 0 | 0 | 0 |
| 3.13 | REVERSAL OF INTEREST ON SHAREHOLDERS' EQUITY | 0 | 0 | 0 | 0 |
| 3.15 | NET INCOME FOR THE PERIOD | 4.699.132 | 9.806.454 | 4.381.846 | 8.428.928 |
| | NUMBER OF SHARES, EX-TREASURY (THOUSANDS) | 1.096.538 | 1.096.538 | 1.096.538 | 1.096.538 |
| | NET INCOME PER SHARE | 4,28543 | 8,94310 | 3,99607 | 7,68685 |
| | LOSS PER SHARE | | | | |

1) Presentation of the quarterly information**Significant accounting policies**

The quarterly information was prepared in accordance with the accounting practices adopted in Brazil, pursuant to the provisions of Brazilian Corporate Law and the standards and procedures established by Brazilian Securities Commission (CVM).

There has been no change in the significant accounting policies by the Company in relation to those mentioned in the 2004 annual report.

According to CVM Instruction No. 408/04, from January 1, 2005, Special Purpose Entity SPEs, which activities are controlled directly or indirectly by Petrobras, were consolidated in the financial statements. The effect of this instruction adoption are as follows:

| | R\$ Million | |
|--|-----------------------------|---------------------------|
| | April- June/2005 | Jan- June/2005 |
| Net income pro forma before CVM Instruction No. 408/2004 | 5.053 | 9.993 |
| Net income of SPE | 968 | 914 |
| Realization of gain on inventories of prior year | 161 | 403 |
| Gain on inventories | (80) | (241) |
| Adjustments and elimination | (1.172) | (1.118) |
| Consolidated net income | 4.930 | 9.951 |

To facilitate comparability, the 2004 consolidated financial information was changed, for presentation purposes, including the Special Purpose Entity. The related effects are as follows:

| | R\$ Million | |
|---|-----------------------------|---------------------------|
| | April- June/2004 | Jan- June/2004 |
| Net income before CVM Instruction No. 408/2004 | 3.835 | 7.807 |
| Elimination of gain on inventories and realization from the prior quarter | (270) | (449) |
| Realization of gain on inventories of prior period | 179 | 351 |
| Thermoelectric outflows | (174) | (347) |
| Other | (272) | (271) |
| Pró-forma adjusted net income (CVM 408/2004) | 3.298 | 7.091 |

Reconciliation of balance sheet as of June 30, 2005

| | R\$ Thousands | | |
|-------------------------|-----------------------------|--------------------------------------|------------------------------------|
| | Balances as released | Effects of instruction 408/04 | adjusted balances Pro-forma |
| Assets | | | |
| Current assets | 49.472 | 2.248 | 51.720 |
| Non current assets | 17.445 | (2.868) | 14.577 |
| Permanent assets | 74.797 | 15.425 | 90.222 |
| Total assets | 141.714 | 14.805 | 156.519 |
| Liabilities | | | |
| Current | 31.776 | (1.217) | 30.559 |
| Non current liabilities | 50.325 | 15.888 | 66.213 |
| Deferred income | 559 | 0 | 559 |
| Minority interest | 1.858 | 688 | 2.546 |
| Shareholder s Equity | 57.196 | (554) | 56.642 |
| Total liabilities | 141.714 | 14.805 | 156.519 |

Some balances related to prior periods were reclassified for comparability purposes with this period financial statements.

2) Cash and cash equivalents

| | R\$ Thousand | | | |
|---|---------------------|-------------------|-----------------------|-------------------|
| | Consolidated | | Parent company | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Cash and banks | 2.359.000 | 3.344.589 | 1.687.662 | 2.593.409 |
| Short-term investments | | | | |
| Local | | | | |
| Financial investment funds foreign currency | 4.464.749 | 5.111.683 | 4.125.044 | 5.077.075 |
| Financial investment funds DI | 1.817.655 | 3.805.688 | 417.393 | 114.114 |

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| | | | | |
|---------------------------------|------------|------------|------------|------------|
| Other | 653.300 | 354.795 | | |
| | 6.935.704 | 9.272.166 | 4.542.437 | 5.191.189 |
| Foreign | | | | |
| Time deposit | 4.892.738 | 3.785.343 | 3.576.575 | 357.664 |
| Fixed-income securities | 3.007.514 | 1.226.247 | 1.688.382 | 1.877.344 |
| | 7.900.252 | 5.011.590 | 5.264.957 | 2.235.008 |
| Total short-term investments | 14.835.956 | 14.283.756 | 9.807.394 | 7.426.197 |
| Total cash and cash equivalents | 17.194.956 | 17.628.345 | 11.495.056 | 10.019.606 |

Short-term investments are comprised principally of government, foreign currency and DI (Interbank Deposits) securities recorded at market value plus accrued interest, which is recognized proportionately up to the financial statement date at amounts not exceeding their respective market values.

At June 30, 2005, the Company and its subsidiary PIFCo had amounts invested abroad in an exclusive investment fund that held debt securities of some of the PETROBRAS Group companies and certain of the Special Purpose Entity established in connection with the Company's projects, mainly CLEP project, in the amount of R\$ 5.218.802 thousand. This total, referring to consolidated companies were offset against the balance of financing classified under current and long-term liabilities.

3) Accounts receivable, net

Accounts receivable are broken down as follows:

| | R\$ Thousand | | | |
|--|---------------------|-------------------|-----------------------|-------------------|
| | Consolidated | | Parent company | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Customers | | | | |
| Third parties | 11.860.096 | 11.635.964 | 2.712.944 | 2.427.285 |
| Related parties (Note 3a) | 1.247.791 | 975.413 | 34.056.561 (*) | 40.963.180 |
| Other | 1.723.397 | 1.919.363 | 1.131.659 | 1.137.283 |
| | 14.831.284 | 14.530.740 | 37.901.164 | 44.527.748 |
| Less: Provision for uncollectible accounts | (2.362.076) | (2.494.729) | (83.464) | (83.748) |
| | 12.469.208 | 12.036.011 | 37.817.700 | 44.444.000 |
| Less: long-term accounts receivable, net | (1.081.685) | (1.247.048) | (29.006.557) | (36.778.924) |
| Short-term accounts receivable, net | 11.387.523 | 10.788.963 | 8.811.143 | 7.665.076 |

(*) Balances of dividends receivable (R\$ 187.897 thousand) and refunds receivable (R\$ 1.018.737 thousand) are not addressed.

R\$ Thousand

| Provision for uncollectible accounts | Consolidated | | Parent company | |
|--------------------------------------|--------------|------------|----------------|------------|
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Balance at beginning of quarter | 2.494.229 | 2.403.449 | 83.748 | 94.840 |
| Addition | 44.748 | 98.402 | 15 | 15 |
| Exclusions | (177.401) | (7.122) | (299) | (11.107) |
| Balance at end of quarter | 2.362.076 | 2.494.729 | 83.464 | 83.748 |
| Short-term | 367.675 | 385.057 | 83.464 | 83.748 |
| Long-term | 1.994.401 | 2.109.672 | | |

4) RELATED PARTIES

a) Assets

PETROBRAS carries out transactions with its subsidiary and associated companies on normal market terms. The transactions for purchase of petroleum and petroleum byproducts from the subsidiary PIFCO carried out by PETROBRAS feature longer term for settlement, since PIFCO is a subsidiary created for this purpose. The value, income and charges in connection with other transactions, especially intercompany loans, are established at arms length and/or in accordance with applicable legislation.

PARENT COMPANY - R\$ Thousands

| | Current assets | | | Non current assets | | | | Total Assets |
|---|--|----------------------|------------------------------|--|-------------------------|------------------|---------------------------|--------------|
| | Account receivables, principally for sales | Dividends receivable | Advance for capital increase | Amounts referring to the construction of platforms and gas pipelines | Intercompany Operations | Other Operations | Reimbursements receivable | |
| PETROQUISA | 9.976 | | | | 4 | | | 9.980 |
| BR DISTRIBUIDORA and Subsidiaries | 627.945 | | | | 164.941 | 1.955.695 | | 2.748.581 |
| GASPETRO and Subsidiaries | 500.987 | 26.275 | | 1.406.413 | 73.250 | 16.221 | | 2.023.146 |
| PIFCO and Subsidiaries | 2.848.745 | | 281.952 | | 15.788.554 | 1.301 | | 18.920.552 |
| PNBV | 4.694 | | 11.560 | | | 8.589 | | 24.843 |
| DOWNSTREAM and Subsidiaries | 63.369 | | | | 921.543 | 11 | | 984.923 |
| TRANSPETRO | 261.227 | 160.409 | | | 3.206 | 383 | | 425.225 |
| PIB-BV HOLANDA and Subsidiaries | 122.913 | | | | | 87.318 | | 209.511 |
| BRASOIL and Subsidiaries | 41.176 | | | 1.584.323 | 5.949.438 | | | 7.574.930 |
| BOC | 28 | | | | | | | 28 |
| PETROBRAS ENERGIA LTDA | 101.243 | | | | | | | 101.243 |
| OTHER SUBSIDIARY AND ASSOCIATED COMPANIES | 495.306 | 1.213 | 315.339 | | 409.541 | 90 | | 1.221.489 |

| | | | | | | | | |
|---|-----------|---------|---------|-----------|------------|-----------|-----------|------------------|
| TOTAL SUBSIDIARY AND ASSOCIATED COMPANIES | 5.076.889 | 187.897 | 608.851 | 2.990.736 | 23.310.477 | 2.069.608 | | 34.244.45 |
| SPC'S | | | | | | | 1.018.737 | 1.018.73 |
| TOTAL RELATED PARTIES AT 6/30/05 | 5.076.889 | 187.897 | 608.851 | 2.990.736 | 23.310.477 | 2.069.608 | 1.018.737 | 35.263.19 |
| TOTAL RELATED PARTIES AT 3/31/05 | 4.215.568 | 374.821 | 946.725 | 3.386.513 | 30.360.917 | 2.053.457 | 833.213 | 42.171.21 |

Intercompany loans

| Index | R\$ thousand | |
|--------------------|--------------|------------|
| | 30.06.2005 | 31.03.2005 |
| TJLP + 5%a.a. | 380.254 | 3.053.429 |
| LIBOR + 1 a 3%a.a. | 21.737.992 | 25.979.726 |
| 101% do CDI | 921.543 | 1.034.118 |
| IGPM + 6%a.a. | 72.166 | 72.522 |
| Other Taxes | 198.522 | 221.122 |
| | 23.310.477 | 30.360.917 |

Bolivia-Brazil Gas pipeline

The Bolivian section of the gas pipeline is the property of GÁS TRANSBOLIVIANO S.A. - GTB, in which PETROBRAS GÁS S.A. - GASPETRO holds an (11%) interest.

A turnkey contract in the amount of US\$ 350 million was signed with Yacimientos Petrolíferos Fiscales - YPFB, which assigned its rights under such contract to GTB, for the construction of the Bolivian section, with payments to be rendered in the subsequent 12 years as from January 2000 in the form of transportation services. At June 30, 2005, the value of the rights to future transportation services, on account of costs already incurred in the construction to that date, including interest of 10,07% p.a., was R\$ 850.622 thousand (R\$ 1.039.175 thousand at March 31, 2005), with R\$ 714.736 thousand shown under noncurrent assets as advances to suppliers(R\$ 899.421 thousand at March 31, 2005) that includes R\$ 158.994 thousand (R\$ 195.427 thousand at March 31, 2005) related to the pre-acquisition of the right to transport 6 million cubic meters of gas over a 40-year period (TCO - Transportation Capacity Option).

The Brazilian section of the gas pipeline is the property of TRANSPORTADORA BRASILEIRA GASODUTO BOLÍVIA-BRASIL S.A. - TBG, a GASPETRO subsidiary. At June 30, 2005, the total receivables of PETROBRAS from TBG for management, recharge of costs and financing relating to the construction of the gas pipeline and pre-acquisition of the right to transport 6 million cubic meters of gas over a 40-year period (TCO) amounted to R\$ 1.406.413 thousand (R\$ 1.632.915 thousand at March 31, 2005) shown under non current assets as accounts receivable, net.

b) Liabilities

| | Parent Company | | | | | | | R\$ Thousand |
|---|---|-------------------------------|---------------------|-----------------------|------------------------|-----------------------|----------------------|--------------|
| | CURRENT LIABILITIES | | | | NONCURRENT LIABILITIES | | | |
| | Suppliers of mainly oil and oil products | Advances from customers | Oil Rigs Freight | Intercompany Loans | Others Operations | Intercompany Loans | Export prepayment | Other |
| PETROQUISA | (18.128) | | | | | | | |
| BR DISTRIBUIDORA and subsidiaries | (133.387) | (13.901) | | | (70.211) | | | |
| GASPETRO and subsidiaries | (174.675) | | | | | | | |
| PIFCO and subsidiaries | (18.098.967) | | | | | | | (2.074.533) |
| PNBV | (20.001) | | (458.172) | | | | | |
| DOWNSTREAM and subsidiaries | (39.829) | | | | (24) | | | |
| TRANSPETRO | (669.084) | | | | (369) | | | |
| PIB-BV HOLANDA and subsidiaries | (102.017) | | | | (139.124) | | | |
| BRASOIL and subsidiaries | (33.319) | (98.006) | (872.028) | | | | (5.098) | |
| BOC | | | | (119.375) | | | | |
| PETROBRAS ENERGIA LTDA | (87.008) | | | | | | | |
| OTHERS SUBSIDIARIES AND AFFILIATES | (69.568) | | | | | | (33.424) | |

TOTAL
SUBSIDIARIES
AND
AFFILIATES

| | | | | | | |
|--------------|-----------|-------------|-----------|-----------|----------|-------------|
| (19.445.983) | (111.907) | (1.330.200) | (119.375) | (209.728) | (38.522) | (2.074.533) |
|--------------|-----------|-------------|-----------|-----------|----------|-------------|

Special Purpose
Company

| | | | | | | | |
|------------|--------------|-----------|-------------|-----------|-----------|----------|-------------|
| 30/06/2005 | (19.445.983) | (111.907) | (1.330.200) | (119.375) | (209.728) | (38.522) | (2.074.533) |
|------------|--------------|-----------|-------------|-----------|-----------|----------|-------------|

| | | | | | | | |
|------------|--------------|-----------|-------------|-----------|-----------|----------|-------------|
| 31/03/2005 | (20.808.727) | (569.270) | (1.380.663) | (133.876) | (226.634) | (38.427) | (3.265.015) |
|------------|--------------|-----------|-------------|-----------|-----------|----------|-------------|

c) Result

| Parent Company - R\$ Thousand | | | | |
|--|--|---|---|-----------------------------|
| Result | | | | |
| | Operating Income, mainly from sales | Financial income (expenses), net | Monetary and exchange variation, net | Total Result net |
| PETROQUISA | 79.278 | | 1.944 | 81.222 |
| BR DISTRIBUIDORA and subsidiaries | 16.060.539 | 166.666 | 9.893 | 16.237.098 |
| GASPETRO and subsidiaries | 1.123.598 | 41.004 | (191.345) | 973.257 |
| PIFCO and subsidiaries | 6.820.007 | (319.996) | (297.461) | 6.202.550 |
| PNBV | | | 49.287 | 49.287 |
| DOWNSTREAM and subsidiaries | 426.117 | 19.573 | (94.083) | 351.607 |
| TRANSPETRO | 195.262 | | 12.139 | 207.401 |
| PIB-BV HOLANDA and subsidiaries | 61.809 | | 43.279 | 105.088 |
| BRASOIL and subsidiaries | | 239.569 | (969.309) | (729.740) |
| BOC | | (2.491) | 14.207 | 11.716 |
| PETROBRAS COMERCIALIZADORA DE ENERGIA LTDA | 115.415 | 2.469 | | 117.884 |
| OTHER SUBSIDIARIES AND AFFILIATES | 4. 4.391.365 | 96.274 | (20.273) | 4.467.366 |
| PETROBRAS BUSINESS | 833 | | 18 | 851 |
| Other and NTN (partnership) | 552 | | 395 | 947 |
| Thermoelectrics | (629) | 97.571 | (25.666) | 71.276 |
| AFILIATES | 4.390.609 | (1.297) | 4.980 | 4.394.292 |
| TOTAL SUBSIDIARIES AND AFFILIATES | 29.273.390 | 243.068 | (1.441.722) | 28.074.736 |

| | | | | |
|-------------------------|------------|---------|-------------|-------------------|
| SPECIAL PURPOSE COMPANY | | | 127.894 | 127.894 |
| 30/06/2005 | 29.273.390 | 243.068 | (1.313.828) | 28.202.630 |
| 31/03/2005 | 13.389.782 | 243.040 | (46.044) | 13.586.778 |

Parent Company - R\$ Thousand

| | Result | | | |
|--|--|---|---|-------------------|
| | Operating Income, mainly from sales | Financial income (expenses), net | Monetary and exchange variation, net | Total Result |
| PETROQUISA | 37.627 | | 2.112 | 39.739 |
| BR DISTRIBUIDORA and subsidiaries | 7.780.389 | 169.820 | (83.441) | 7.866.768 |
| GASPETRO and subsidiaries | 623.696 | 21.778 | 6.920 | 652.394 |
| PIFCO and subsidiaries | 2.692.553 | (138.544) | (45.110) | 2.508.899 |
| PNBV | | | (2.356) | (2.356) |
| DOWNSTREAM and subsidiaries | 151.314 | (5.270) | (15.376) | 130.668 |
| TRANSPETRO | 304 | | 5.480 | 5.784 |
| PIB-BV HOLANDA and subsidiaries | 41.731 | | 9.904 | 51.635 |
| BRASOIL and subsidiaries | | 119.776 | 32.32.559 | 152.335 |
| BOC | | (1.086) | (1.689) | (2.775) |
| PETROBRAS COMERCIALIZADORA DE ENERGIA LTDA | 34.128 | 2.469 | | 36.597 |
| OTHER SUBSIDIARIES AND AFFILIATES | 2.028.040 | 74.097 | 43.440 | 2.415.577 |
| PETROBRAS BUSINESS | | | 8 | 8 |
| Other and NTN (partnership) | 469 | (12.694) | 395 | (11.831) |
| Thermoelectrics | 706 | 87.583 | 40.248 | 128.537 |
| AFILIATES | 2.026.866 | (792) | 2.789 | 2.028.863 |
| TOTAL SUBSIDIARIES AND AFFILIATES | 13.389.782 | 243.040 | (47.557) | 13.585.265 |
| SPECIAL PURPOSE COMPANY | | | 1.513 | 1.513 |

| | | | | |
|------------|-------------------|----------------|-----------------|-------------------|
| 31/03/2005 | 13.389.782 | 243.040 | (46.044) | 13.586.778 |
|------------|-------------------|----------------|-----------------|-------------------|

5) Inventories

| | R\$ Thousand | | | |
|--|---------------------|-------------------|-----------------------|-------------------|
| | Consolidated | | Parent company | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Products: | | | | |
| Oil products (*) | 4.083.594 | 3.574.525 | 3.478.994 | 2.692.941 |
| Fuel alcohol | 169.505 | 167.322 | 50.837 | 31.794 |
| | 4.253.099 | 3.741.847 | 3.529.831 | 2.724.735 |
| Raw materials, mainly crude oil (*) | 5.826.388 | 6.618.071 | 4.546.875 | 5.511.626 |
| Maintenance materials and supplies (*) | 1.807.026 | 1.893.195 | 1.590.850 | 1.609.734 |
| Advances to suppliers | 1.278.336 | 1.303.070 | 1.203.927 | 1.157.574 |
| Other | 1.044.201 | 468.743 | 106.444 | 114.450 |
| Total | 14.209.050 | 14.024.936 | 10.977.927 | 11.118.119 |

(*) includes imports in transit.

6) Petroleum and alcohol account National Treasury Secretariat (STN)**a) Change in the Petroleum and Alcohol Account**

| | R\$ Thousand |
|---------------------------------|---------------------|
| Balance at January 1, 2005 | 748.788 |
| Intercompany loan charges | 9.080 |
| Balance at June 30, 2005 | 757.868 |

b) Settlement of accounts with the Federal Government

The ANP/STN Integrated Audit Committee submitted, through Official Letter No. 11/2004, of June 23, 2004, its final report on the audit performed to certify and approve the balance of the Petroleum and Alcohol Account, enabling the conclusion of the ongoing process for the settlement of accounts between PETROBRAS and the Federal Government.

As defined by Law No. 10.742 dated October 6, 2003, the settlement of accounts with the federal government should have been completed by June 30, 2004. After having provided all information required by the National Treasury Secretariat (STN), PETROBRAS has, through the Ministry of Energy and Mines (MME), sought to resolve the differences between the parties in order to conclude the settlement process as established by Provisional Measure No. 2.181 -45, of August 24, 2001.

On July 2, 2004, the Federal Government deposited R\$ 172.000 thousand referring to National Treasury Notes H series (NTNs-H) expired on June 30, 2004, as a partial guarantee to the balance of the petroleum and alcohol account. Of the total amount, R\$ 8.000 thousand were made available to PETROBRAS and the remaining R\$ 165.000 thousand were deposited in an account open in the Company's name as a deposit linked to the order of STN. The remaining balance may be paid with National Treasury Bonds issued at the same amount as the final balance determined as a result of the process for the settlement of accounts, or other amounts that might be owed by PETROBRAS to the Federal Government, including the relative to taxes or a combination of the foregoing.

7) Marketable securities

Marketable securities, classified as non current assets, are comprised as follows:

| | R\$ Thousand | | | |
|----------------------|---------------------|-------------------|-----------------------|-------------------|
| | Consolidated | | Parent company | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Tax incentives FINOR | 9.797 | 4.815 | 4.815 | 4.815 |
| Certificates B | 338.418 | 415.216 | | |
| Private TDE | 367.370 | 397.830 | | |
| Other | 231.075 | 374.832 | 26 | 26 |
| | 946.660 | 1.192.693 | 4.841 | 4.841 |

B certificates, which were received by BRASOIL on account of the sale of platforms in 2000 and 2001, have semi-annual maturity dates until 2011 and carry interest equivalent to the Libor rate plus 2,5% to 4,25% p.a.

Investments in private TDE refer to securities issued by financial institutions and closely-held companies, maturing up to 2014 and bearing interest from 3,88% p.a. to 10,77% p.a.

8) Project financings

The Company develops projects with domestic and international finance agencies and companies in the oil and energy sector to establish operational partnerships for the purpose of making viable investments necessary in the business areas where PETROBRAS operates.

Additionally, PETROBRAS has been participating in projects to implement thermoelectric power plants in Brazil, through the prepayment of expenses that in the future may be converted into shareholding interests, reimbursed through structured financing arrangements with third parties or incorporated into the productive assets of PETROBRAS.

Under CVM Instruction No. 408, dated August 18, 2004, Special Purpose Companies (SPC s) must be included in the Consolidated Financial Statements when the essence of their relationship with the listed company indicates that the activities of these entities are directly or indirectly controlled, jointly or severally, by the listed company. Therefore, as mentioned in Note 1, the SPCs linked to structured projects were consolidated as from January 1, 2005.

a) Ventures under negotiation

The balance relating to ventures under negotiation includes the disbursements made by PETROBRAS on projects where there are still no defined partners and which are classified under Noncurrent Assets as Structured Projects, as shown below:

| | R\$ Thousand | |
|--------------------------------------|-----------------------|-------------------|
| | Parent Company | |
| | 30.06.2005 | 31.03.2005 |
| Projects | | |
| Usina Termelétrica Nova Piratininga | 973.940 | 968.403 |
| Other | 68.590 | 36.047 |
| Ventures under negotiation | 1.042.530 | 1.004.450 |
| Reimbursements receivable (Note 8b) | 1.018.737 | 833.213 |
| Total project financings | 2.061.267 | 1.837.663 |

In line with CVM Instruction No. 408/2004, these expenses are classified in permanent assets property, plant and equipment in the consolidated financial statements.

b) Reimbursements receivable

The balance receivable, net of advances received corresponding to costs incurred by PETROBRAS respective to projects already negotiated with third parties, is classified under noncurrent assets as project financings and is broken down as follows:

| Project/Company | R\$ Thousand | |
|--|----------------|-------------|
| | Parent Company | |
| | 30.06.2005 | 31.03.2005 |
| Companhia Petrolífera Marlim COM | 39.716 | 39.716 |
| NovaMarlim Petróleo S.A. | 4.899 | 4.899 |
| Fundação Petrobras de Seguridade Social-PETROS | 218.313 | 218.309 |
| Companhia de Recuperação Secundária CRSec | 275.529 | 275.263 |
| EVM Leasing Corporation | 380.533 | 314.722 |
| Cayman Cabiunas Investment Co., Ltd. | 797.997 | 806.332 |
| PDET Offshore S/A | 224.556 | 192.800 |
| Nova Transportadora do Sudeste | 98.642 | 228.703 |
| Nova Transportadora do Nordeste | 104.459 | 108.013 |
| Total | 2.144.644 | 2.188.757 |
| Advances received | (1.125.907) | (1.355.544) |
| Net | 1.018.737 | 833.213 |

c) Project financing obligations**Marlim Project**

Nova Marlim Petróleo S.A has provided funds to the Project, of which the balance, net of operating expenses already made by PETROBRAS of approximately R\$ 1.231.066 thousand and assets transferred of approximately R\$ 49.465 thousand, reached R\$ 883.469 thousand, classified in current liabilities as Structured Projects.

CLEP Project

At June 30, 2005, Companhia Locadora de Equipamentos Petrolíferos (CLEP) had transferred R\$ 5.143.000 thousand to PETROBRAS as advances for the future sale of assets by PETROBRAS. This amount, net of assets sold by PETROBRAS to CLEP in the amount of R\$ 1.727.214 thousand, totaled R\$ 3.415.786 thousand is classified as project financings under current liabilities

d) Accounts payable related with consortium in operation

At June 30, 2005 PETROBRAS presented consortium contracts in order to supplement the development of oil fields production, in connection with which the balance payable to the companies participating in the consortium totaled R\$ 478.192 thousand (R\$ 345.784 thousand, at march 31, 2005), classified as Structured Projects in current liabilities.

| Projects / Companies | Parent Company | |
|---|-----------------------|-------------------|
| | R\$ Thousand | |
| | 30.06.2005 | 31.03.2005 |
| Advances received | | |
| Nova Marlim Petróleo S/A (Note 8c) | 883.469 | 972.325 |
| Cia. Locadora de Equipamentos Petrolíferos (CLEP) (Note 8c) | 3.415.786 | 3.415.786 |
| Total | 4.299.255 | 4.388.111 |
| Accounts payable for consortium in operation | | |
| Companhia Petrolífera Marlim (CPM) | 170.443 | 170.441 |
| Nova Marlim Petróleo S/A | 248.401 | 133.900 |
| Fundação Petrobras de Segurança Social - PETROS | 59.348 | 41.443 |
| Total | 478.192 | 345.784 |
| Total general | 4.777.447 | 4.733.895 |

e) Commitments Taken by Special Purpose Entities - SPE

| Project | R\$ Thousand | |
|---------------------------------|---|-------------------|
| | Commitments taken for assets setup (*) | |
| | 30/06/2005 | 31/03/2005 |
| Nova Transportadora do Sudeste | 415.120 | 693.651 |
| Nova Transportadora do Nordeste | 528.334 | 882.929 |
| PDET Offshore S.A. | 1.699.339 | 1.938.327 |
| Total | 2.642.793 | 3.514.907 |

(*) Consist of contractual commitments taken, net of amounts already assigned to the projects.

f) Special Purpose Entities

| Project | Purpose | Main Guarantees | Investment Amount |
|-------------------|--|---|-------------------|
| Albacora | Consortium between PETROBRAS and Albacora Japão Petróleo Ltda. (AJPL), which furnishes to PETROBRAS oil production assets of the Albacora field in the Campos Basin. | Pledge of assets | US\$ 170 million |
| Albacora | Consortium between PETROBRAS and Fundação PETROS de Seguridade Social, which furnishes to PETROBRAS oil production assets of the Albacora field in the Campos Basin. | Pledge of assets | US\$ 240 million |
| Marlim | Consortium between Companhia Petrolífera Marlim (CPM), which furnishes to PETROBRAS submarine equipment for oil production of the Marlim field. | 70% of the field production limited to 720 days | US\$ 1,5 billion |
| NovaMarlim | Consortium with NovaMarlim Petróleo S.A. (NovaMarlim) which supplies submarine oil production equipment and refunds PETROBRAS for operating costs resulting from the operation and maintenance of field assets. | 30% of the field production limited to 720 days | US\$ 834 million |
| Malhas | Consortium between TRANSPETRO, Transportadora Nordeste Sudeste (TNS), Nova Transportadora do Sudeste (NTS) and Nova Transportadora do Nordeste (NTN). NTS and NTN supply assets related to natural gas transportation. TNS (a 100% GASPETRO company) supplies assets that have already been previously set up. Transpetro is the gas pipes operator. | Prepayments based on transportation capacity to cover any consortium cash insufficiencies | US\$ 1 billion |
| PCGC | Companhia de Recuperação Secundária (CRSec) supplies assets to be used by PETROBRAS in the fields Pargo, Carapeba, Garoupa, Cherne and others through a lease agreement with monthly payments. | Additional lease payment if revenue is not sufficient to cover payables to lenders | R\$ 198 million |
| PDET | PDET Offshore S.A. is the future owner of the Project assets whose objective is that of | Assets set up in connection with the Project of more than US\$ 10 | US\$ 910 million |

improving the infrastructure to transfer oil million
produced in the Campos Basin to the oil
refineries in the Southeast Region and export.
The assets will be later leased to
PETROBRAS for 12 years.

| Project | Purpose | Main Guarantees | Investment Amount |
|--------------------------------|--|--|--|
| CLEP | <p>PETROBRAS will sell assets related to oil production located in the Campos Basin, which will be supplied by Companhia Locadora de Equipamentos Petrolíferos</p> <p>CLEP through a lease agreement for the period of 10 years, and at the end of which period PETROBRAS will have the right to buy shares of the SPC or project assets.</p> | <p>Lease payments in case revenue is not sufficient to cover payables to the lenders</p> | R\$ 5,1 billion |
| EVM | <p>Project with the objective of allowing set up of submarine oil production equipment in the fields Espadarte, Voador, Marimbá and other seven smaller fields in the Campos Basin. EVM Leasing Co. (EVMLC), supplies assets to PETROBRAS under an international lease agreement.</p> | Pledge of certain oil volumes | US\$ 1,076 billion |
| Cabiúnas | <p>Project with the objective of increasing gas production transportation from the Campos Basin. Cayman Cabiunas Investment Co. Ltd. (CCIC), supplies assets to PETROBRAS under an international lease agreement.</p> | Pledge of 10,4 billion m ³ of gas | US\$ 850 million consolidated in the lease agreement |
| Barracuda and Caratinga | <p>To allow development of production in the fields of Barracuda and Caratinga in the Campos Basin the SPC Barracuda and Caratinga Leasing Company B.V. (BCLC), is in charge of building all of the assets (wells, submarine equipment and production units) required by the project.</p> | Pledge of certain oil volumes and payment by BRASOIL if BCLC does not meet its obligations towards the lenders | US\$ 3,1 billion |
| Amazônia | <p>Development of two projects in the Gas and Energy area: construction of a gas pipe with length of 395 km, between Coari and Manaus, under the responsibility of Transportadora Urucu - Manaus S.A. and construction of a thermoelectric plant, in Manaus, with capacity of 715 MW through Companhia de Geração Termelétrica Manauara S.A.</p> | Being negotiated | R\$ 3 billion |

9) JUDICIAL DEPOSITS

At June 30, 2005 and March 31, 2005, the judicial deposits in connection with these suits are presented in accordance with their nature, as follows:

| | Consolidated | | Parent Company | |
|--------------|---------------------|-------------------|-----------------------|-------------------|
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Labor claims | 584.318 | 611.338 | 542.501 | 570.819 |
| Claims | 627.740 | 712.924 | 627.740 | 564.344 |
| Civil claims | 621.494 | 678.111 | 120.059 | 122.344 |
| Others | 155.996 | 6.182 | 239 | 239 |
| Total | 1.989.548 | 2.008.555 | 1.290.539 | 1.257.746 |

Balances at March 31, 2005 were reclassified from non-current assets for comparability purposes.

Search and apprehension of ICMS tax payments considered to be not due/taxpayer substitution

PETROBRAS was sued in court by certain small oil distribution companies under the allegation that it does not pass on to state governments the State Value-Added Tax (ICMS) collected according to the legislation upon fuel sales. These suits were filed in the states of Goiás, Tocantins, Bahia, Pará, Maranhão and in the Federal District.

Of the total amount related to legal actions of approximately R\$ 895.795 thousand, up to June 30, 2005 R\$ 80.159 thousand had been withdrawn from the Company's accounts as a result of judicial rulings of advance relief, which were annulled as a result of an appeal filed by the Company.

PETROBRAS, with the support of state and federal authorities, succeeded in impeding other withdrawals and is endeavoring to obtain refund for the amounts that were unduly withdrawn from its accounts.

Other judicial withdrawals

Further to the withdrawals related to ICMS, the courts allowed withdrawals related to labor claims in the amount of R\$ 283.563 thousand at June 30, 2005 (R\$ 271.651 thousand at March 31, 2005)

10) INVESTMENT**a) Investments in shares traded in the stock market**

As of June 30, 2005, PETROBRAS investments in companies whose shares are traded on the stock market are shown below:

| | In lots of one thousand shares | | Stock Market - R\$ per lot of one thousand shares | Market value R\$ Thousand |
|------------|--------------------------------|-----------|---|---------------------------|
| | Common | Preferred | | |
| PETROQUISA | 10.098.083 | 9.505.390 | 180,00 | 3.528.625 |
| PEPSA | 1.249.717 | | 2,70 | 3.374 |

The market value for these shares does not necessarily reflect the net realizable value of a representative batch of shares.

As the common shares of the subsidiary PETROQUISA traded on the stock market do not have liquidity, the price for preferred shares was used for purposes of determining market values.

b) Goodwill / Discount balance

The discount recorded by PETROBRAS on the acquisition of BR's shares, in the amount of R\$ 62.821 thousand, has been amortized as defined in the related appraisal report (10 years); the discount recorded by PETROBRAS on the acquisition of the share control of FAFEN Energia (80,20%), in the amount of R\$ 15.159 thousand, will be amortized over 25 years, as defined in the related appraisal report.

50% of the shares of TERMORIO, PETROBRAS calculated a discount in the amount of R\$ 38.610 thousand that will only be amortized in accordance with CVM Instruction No. 247/96 upon sale of the investment.

Upon acquisition of TERMOCEARÁ Ltda., a R\$ 104.212 thousand goodwill was determined on expected future results to be repaid in a 10 years' time.

Movements of goodwill/discount:

| | R\$ Thousand | |
|---|----------------------------|---------------------------|
| | <u>Consolidated</u> | Parent Company |
| Balance at December 31, 2004 | 270.696 | 54.337 |
| Discount in the acquisition of TERMORIO | 38.610 | 38.610 |
| Discount in the acquisition of SFE | 39.259 | 39.259 |
| Amortization of discount | (3.410) | (3.410) |
| Balance of discount | 345.155 | 128.796 |
| Goodwill in the acquisition of Termoceará | (104.212) | (104.212) |
| Balance of goodwill/discount at June 30, 2005 | 240.943 | 24.584 |

The balance of the consolidated discount, in the amount of R\$ 345.155 thousand, is presented in the balance sheet as Unearned Income. The balance of the Company's discount, in the amount of R\$ 128.796 thousand, is recorded under Investments.

c) Purchase of shareholdings in TermoRio

In February 2005, the arbitration process of TERMORIO started in December 2003 was completed in connection with payment of US\$ 83 million to NRG and eventual transfer of shares held by NRG to PETROBRAS. Therefore, PETROBRAS became 100% holder of TermoRio's shares.

d) Exchange of Assets PETROBRAS and REPSOL - YPF

On December 28, 2001, an assets exchange agreement was executed by and between PETROBRAS and REPSOL YPF, with contractual mechanisms denominated "escalators", which preserve the economic and financial equilibrium of this exchange, on the agreed-upon terms.

Under the assets exchange contract, the term "escalators" is construed to be the methodology devised to measure evolution of the economic value of the Brazilian company REFAP S.A. and of the Argentinean company EG3 S.A., of which the objective is that of eliminating any differences of up to 40% between the amounts projected at the time of assets exchange and actual amounts for each year, to allow security to both parties as to the agreed business value.

After the review of the assets reference amounts, the value computation will be made through the escalators , which adjust in time the value of the assets during the contractually defined period of 8 (eight) years. Only then, the defined value of assets of EG3 S.A. and of those of REFAP S.A. will be determined, with the adjustments adventitiously necessary to maintain the equilibrium of the agreement between the parties.

PETROBRAS and REPSOL have been administering the contract and monitoring the evolution of the results of the companies subject matter of the assets exchange agreement. The calculation of escalators requires adjustments and consent of the parties, being currently under negotiation.

e) Purchase of Sociedade Fluminense de Energia Ltda SFE

On April 29, 2005, PETROBRAS acquired Sociedade Fluminense de Energia SFE. This is a plant with net generation capacity of 388 MW/h, of the *merchant* , type, for which PETROBRAS executed between 2001 and 2002 a consortium agreement (Eletrobolt) with a clause for contingent payments related to taxes, charges and tariffs, operational costs, maintenance and investments (*capacity*), if the plant does not generate revenue enough to cover such costs.

PETROBRAS paid for the acquisition US\$ 65,1 million for the units of interest of SFE and assumed the debt of the company of US\$ 98,9 million. After conclusion of the acquisition, PETROBRAS signed a documentation to terminate the Consortium Agreement, thus extinguishing the obligation to make the monthly contingent payments provided for. As such, PETROBRAS started to be the sole beneficiary of the results of this acquisition (operation and physical structure for electric energy trading).

f) Agreement for sale and association with Teikoku Oil Co. Ltd. on operations in Ecuador

In January, 2005, Petrobras Energia S.A. signed a preliminary sale and association agreement with Teikoku whereby, once approval and prior authorization is obtained from the Ecuadorian Ministry of Energy & Mines, it will assign 40% of the rights and obligations under the participation agreements for Blocks 18 and 31.

The parties agreed that Teikoku will acquire 40% of the rights and obligations of Petrobras Energia S.A. arising from the oil transportation agreement signed with the company Oleoduto de Crudos Pesados - OCP, as from the time production from Block 31 reaches an average of 10,000 bpd in a period of 30 consecutive days.

In return, Teikoku will make a down payment of US\$ 5 million and additional disbursement of US\$ 10 million, conditioned to the execution of certain infrastructure projects for development of Block 31. As of June 30, 2005 such work had not been concluded yet.

Moreover, Teikoku is to make additional investments in Block 31, above and beyond its share in the joint venture, which will permit accelerated development of the block and monetization of the reserves.

To complement this, the agreement will allow release of 40% of the letters of credit that Petrobras Energia S.A. maintains on standby in relation to compliance with commercial obligations, linked to the transportation agreement with OCP.

g) Acquisition of Termoceará Ltda.

On June 24, 2005, PETROBRAS acquired Termoceará Ltda. This is a plant with net generation capacity of 220 MW/h, of the *Merchant* type, for which PETROBRAS executed between 2001 and 2002 a contract with a clause for contingent payments related to taxes, charges and tariffs, operational costs, maintenance and investments (*capacity*), in case the plant does not generate revenue sufficient to cover these costs.

The acquisition was for the total amount of US\$ 137 million, of which US\$ 81 million referred to the price of the units of interest and US\$ 56 million referred to settlement of payables to the lenders of the project (BNDES and Eximbank).

As such, PETROBRAS will no longer have to make the contingent payments related to the Consortium Agreement and will be the sole beneficiary of the result from plant acquisition (operation and physical structure for electric energy trading).

OTHER INFORMATION

New Bolivian Law on Hydrocarbons

New Bolivian Law No. 3058 on hydrocarbons was enacted on May 19, 2005, revoking former Law No. 1689 on hydrocarbons dated April 30, 1996.

The new Law establishes a higher tax burden on companies in the sector through royalties of 18% and a direct tax on hydrocarbons (IDH) of 32%, to be directly applied on 100% of the production, which are added to the taxes in force. On the other hand, the new Law requires migration from the shared risk contracts to new contracts based on the modalities established by law, and introduces changes in the distribution of oil byproducts.

On May 20, 2005 Adventitious Association Agreements were executed between the state-owned company YPFB and the oil byproducts distributors to expand the term of the operation up until YPFB obtains the funds necessary to develop this activity in Bolivia. On the other hand, on June 30, 2005, the first payment of the new tax (IDH) took place for a period of 13 days, totaling US\$ 2.726 thousand.

On June 30, 2005, the Bolivian government still had not presented the new contract templates referred to in the Law (operation, shared production and association). The impact for the Company of the migration from the current shared risk contracts will be analyzed after the templates proposed by government are known together with their provisions.

Review of the operating agreements in Venezuela

In April 2005 the Ministry of Energy and Petroleum of Venezuela (MEP) appointed the company Petr6leos de Venezuela S.A. (PDVSA) to review the thirty-two operating agreements executed by branches of PDVSA with oil companies between 1992 and 1997, including the contracts executed by Petrobras Energia Venezuela S.A., a subsidiary of PESA, which regulate the exploitation of the areas of Oritupano Leona, La Concepci6n, Acema and Mata. Under the MEP criterion, these operating agreements contain clauses related to service agreements in conformity with Organic Law of 1975, under which only the State has the right to produce and trade hydrocarbons.

Under the new rules, all the measures necessary to adapt the operating agreements currently in force in the modality of mixed-capital companies must be taken within 6 months, in which the State, through PDVSA, will have participation in excess of 50%. In relation to these agreements, MEP issued instructions to PDVSA that the total amount of accumulated payments made to the hired companies in the calendar year must not be in excess of 66,67% of the amount of hydrocarbons produced under the corresponding agreement. On April 15, 2005, PDVSA communicated this to Petrobras Energia Venezuela S.A. and informed that MEP will soon establish a date for the related discussions to be started.

On June 30, 2005, the Company had started some discussions with PDVSA and Corporación Venezolana de Petróleo, in order to maintain or increase the amount of business transactions of the Company in Venezuela.

Additionally, in June 2005, PDVSA communicated Petrobras Energia Venezuela S.A. that it will pay in bolivares the remuneration provided for in the operating agreements corresponding to the national component of materials and services. These provisions alter those of the operating agreements in force, under which payments by PDVSA should be made in US dollars and abroad. In this operation, and up until PDVSA carries out an audit that allows determining the portion corresponding to the national (Venezuelan) component, it was determined that PDVSA will pay 50% of the amounts previously stipulated in the contracts in US dollars and 50% in bolivares.

Reorganization of TRANSENER S.A. debts

Companhia de Transporte de Energia de Alta Tensão S.A. TRANSENER is an indirect subsidiary of CITELEC, and jointly controlled by Petrobras Energia S.A. PESA.

At June 30, 2005, TRANSENER S.A. concluded the reorganization of its debts, obtaining acceptance from 98,8% of creditors that participated in the debt renegotiation. The renegotiated debt amounted to approximately US\$ 450 million. As a result of the creditors' choice and according to apportionment and concession mechanisms and other conditions of the Debt Reorganization Offer, TRANSENER S.A. issued negotiable bonds and made payments as follows:

- 1) Negotiable bonds issue at no discount with nominal value of approximately US\$ 80 million, with final maturity in December 2016, with interest rate of 3% up to December 2007 and 4% to 7% after this date up to maturity;
- 2) Negotiable bonds issue at a discount with nominal value of approximately US\$ 200 million, with final maturity in December 2015 and interest rate of 9% up to December 2008 and 10% during the remaining period;
- 3) Issue of 76.017.610 class B shares. After elapsing of the period to exercise preferential right to subscribe and acquire class C shares of TRANSENER S.A. by shareholders, the Company will offer to creditors 8.447.500 class B shares or will make payment through replacement of class C shares;
- 4) Payment of approximately US\$ 70 million.

As a result of the financial agreements executed to reorganize its debt, TRANSENER S.A. is subject to a series of restrictions, such as compliance with the limit for issue of debt securities, acquisition of investments, sale of assets and distribution of dividends.

By the time Petrobras Participaciones S.L. PPSL acquired the control of Petrobras Energia Participações S.A. PEPSA, Petrobras Energia S.A. PESA unilaterally committed to sell its interest in CITELEC. Therefore, CITELEC and its parent company TRANSENER are being excluded from the consolidation process of PESA and, consequently, from PETROBRAS.

11) Property, plant and equipment**a) By operating segment****Consolidated**

| | R\$ Thousand | | | |
|----------------------------|---------------------|---------------------------------|-------------------|------------|
| | 30.06.2005 | | 31.03.2005 | |
| | Cost | Accumulated depreciation | Net | Net |
| Exploration and production | 88.288.779 | (36.451.335) | 51.837.444 | 51.638.805 |
| Supply | 28.807.618 | (12.447.454) | 16.360.164 | 16.029.101 |
| Distribution | 3.710.709 | (1.384.066) | 2.326.643 | 2.253.484 |
| Gas and energy | 14.845.532 | (1.838.711) | 13.006.821 | 12.549.983 |
| International | 21.925.801 | (9.526.230) | 12.399.571 | 13.738.313 |
| Corporate | 2.719.490 | (760.766) | 1.958.724 | 1.543.778 |
| | 160.297.929 | (62.408.562) | 97.889.367 | 97.753.464 |

Parent Company

| | R\$ Thousand | | | |
|----------------------------|---------------------|---------------------------------|-------------------|------------|
| | 30.06.2005 | | 31.03.2005 | |
| | Cost | Accumulated depreciation | Net | Net |
| Exploration and production | 61.911.509 | (31.198.784) | 30.712.725 | 29.128.297 |
| Supply | 23.738.004 | (11.472.046) | 12.265.958 | 11.970.873 |
| Gas and energy | 1.351.983 | (277.230) | 1.074.753 | 1.093.976 |
| International | 23.928 | (10.451) | 13.477 | 13.114 |
| Corporate | 2.717.800 | (760.463) | 1.957.337 | 1.904.233 |
| | 89.743.224 | (43.718.974) | 46.024.250 | 44.110.493 |

b) By type of asset**Consolidated**

| | Estimated useful life (years) | R\$ Thousand | | | |
|---|--|---------------------|-------------------------------------|-------------------|------------|
| | | 30.06.2005 | | 31.03.2005 | |
| | | Cost | Accumulated depreciation | Net | Net |
| Buildings and leasehold improvements | 25 a 40 | 4.022.020 | (2.009.228) | 2.012.792 | 1.704.792 |
| Equipment and other assets | 3 a 30 | 76.653.036 | (33.964.789) | 42.688.247 | 44.648.074 |
| Rights and concessions | | 2.631.650 | (459.330) | 2.172.320 | 2.137.228 |
| Land | | 657.762 | - | 657.762 | 673.740 |
| Materials | | 2.176.953 | (8.305) | 2.168.648 | 1.763.560 |
| Advances to suppliers | | 708.679 | (27) | 708.652 | 1.023.270 |
| Expansion projects | | 16.877.726 | (174.805) | 16.702.921 | 16.139.191 |
| Oil and gas exploration and production development costs (E&P) | | 56.570.103 | (25.792.078) | 30.778.025 | 29.663.609 |
| | | 160.297.929 | (62.408.562) | 97.889.367 | 97.753.464 |

Parent Company

| | Estimated useful life (years) | R\$ Thousand | | | |
|---|--|---------------------|-------------------------------------|-------------------|------------|
| | | 30.06.2005 | | 31.03.2005 | |
| | | Cost | Accumulated depreciation | Net | Net |
| Buildings and leasehold improvements | 25 | 2.070.792 | (1.286.851) | 783.941 | 743.122 |
| Equipment and other assets | 4 a 20 | 32.328.276 | (21.804.177) | 10.524.099 | 10.479.059 |
| Rights and concessions | | 2.435.475 | (384.175) | 2.051.300 | 2.022.149 |
| Land | | 271.743 | | 271.743 | 268.421 |
| Materials | | 1.869.469 | | 1.869.469 | 1.692.442 |
| Advances to suppliers | | 410.402 | | 410.402 | 381.010 |
| Expansion projects | | 10.351.277 | | 10.351.277 | 9.514.535 |
| Oil and gas exploration and production development costs (E&P) | | 40.005.790 | (20.243.771) | 19.762.019 | 19.009.755 |
| | | 89.743.224 | (43.718.974) | 46.024.250 | 44.110.493 |

Depreciation of equipment and installations related to oil and gas production is based on the volume of monthly production in relation to the proven developed reserves of each production field. Assets whose estimated useful lives are shorter than the related field are depreciated on a straight-line basis. Depreciation of other equipment and assets not related to the production of oil and gas is based on their estimated useful lives.

c) Oil and gas exploration and development costs

| | R\$ Thousand | | | |
|--|---------------------|-------------------|-----------------------|-------------------|
| | Consolidated | | Parent Company | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Capitalized costs | 56.570.103 | 55.597.637 | 40.005.790 | 38.859.519 |
| Accumulated depreciation | (25.689.226) | (25.842.147) | (20.185.368) | (19.806.897) |
| Amortization of/provision for abandonment costs | (102.852) | (91.881) | (58.403) | (42.867) |
| Net investment | 30.778.025 | 29.663.609 | 19.762.019 | 19.009.755 |

The expenditures on exploration and development of oil and gas production are recorded on the basis of the successful efforts method. Under this method the development costs for all the production wells and the successful exploration wells linked to economically viable reserves are capitalized, while the costs of geological and geophysical work are to be considered as expenses for the period in which they were incurred and the costs of dry exploration wells and those related to un-commercial reserves are to be recorded in results when they are identified as such.

The capitalized costs and related assets are reviewed annually, on a field-to-field basis, to identify potential losses in recovery, based on the estimated future cash flow.

The capitalized costs are depreciated using the units produced method in related to proven and developed reserves. These reserves are estimated by Company geologists and petroleum engineers according to international standards and reviewed annually or when there are indications of significant alterations.

The future obligation to abandon wells and dismantle the production area, at present value less a risk-free rate is fully booked at the commencement of production, as part of the costs of the related assets (property and equipment), with a contrary entry in the form of a provision recorded under liability that will support such expenditures.

The expense on the interest incurred on the provision for the obligation, in the amount of R\$ 79.403 thousand in the period January to June 2005, is classified as an operating expense – exploratory costs for the extraction of crude oil and gas (item 3.06.05.03 of the statement of income – ITR – Parent Company).

d) Depreciation

Depreciation expenses for January to June 2005 and 2004 are shown below:

| | R\$ Thousand | | | |
|---|---------------------|--------------|-----------------------|--------------|
| | Consolidated | | Parent Company | |
| | JAN-JUN/2005 | JAN-JUN/2004 | JAN-JUN/2005 | JAN-JUN/2004 |
| Portion absorbed in costing: | | | | |
| Of assets | 1.525.974 | 1.781.519 | 720.936 | 800.423 |
| Of exploration and production costs | 755.484 | 620.794 | 755.484 | 620.794 |
| Of capitalization of/provision for well abandonment | 116.880 | 11.822 | 32.389 | 11.822 |
| | 2.398.338 | 2.414.135 | 1.508.809 | 1.433.039 |
| Portion recorded directly in income | 435.730 | 294.134 | 272.890 | 170.063 |
| | 2.834.068 | 2.708.269 | 1.781.699 | 1.603.102 |

e) Leasing of platforms and ships

At June 30, 2005 and March 31, 2005, direct and indirect subsidiaries had leasing contracts for offshore platforms and ships chartered to PETROBRAS, and the commitment assumed by the parent company is equivalent to the amount of the contracts. As June 30, 2005 and March 31, 2005 PETROBRAS also had leasing contracts with third parties for other offshore platforms.

The balances of property, plant and equipment, net of depreciation, and liabilities relating to offshore platforms which, if recorded as assets purchased under capital leases, are shown below:

| | R\$ Thousand | | | |
|---|---------------------|-------------------|-----------------------|-------------------|
| | Consolidated | | Parent Company | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Property, plant and equipment, net of depreciation. | 1.392.590 | 1.470.271 | 322.481 | 338.321 |
| Financing | | | | |
| Short-term | 643.945 | 760.505 | 72.798 | 76.966 |
| Long-term | 2.559.059 | 3.159.306 | 475.435 | 565.977 |
| | 3.203.004 | 3.919.811 | 548.233 | 642.943 |

Expenditures on platform charters incurred in periods prior to the operational start-up are recorded by PETROBRAS as prepaid expenses and totaled R\$ 1.196.829 thousand at June 30, 2005 (R\$ 1.186.227 thousand at March 31, 2005), of which R\$ 1.000.297 thousand in noncurrent assets (R\$ 979.642 thousand at March 31, 2005), item No. 1.02.03.04 in the Balance Sheet - ITR.

BRASOIL participates in several contracts relating to the conversion and acquisition of P-36 Platform, which suffered a total loss in 2001 accident. Under these contracts, BRASOIL has committed to depositing any insurance reimbursement, in case of an accident, in favor of a Security Agent for the payment of creditors, in accordance with contractual terms. A legal action brought by companies that claim part of these payments is currently in progress in a London Court, since BRASOIL and PETROBRAS understand to be entitled to such amounts in accordance with the distribution mechanism established in the contract.

In April 2003, BRASOIL provided the Court with a bank guarantee obtained from a financial institution for the payment of insurance indemnity to the Security Agent. In order to facilitate the issue of the bank guarantee, BRASOIL provided the financial institution with counter-guarantees in the amount of US\$ 175 million.

The trial has been divided into two stages. The first stage was initiated in October 2003 with a decision being handed down on February 2, 2004. The terms of the decision are complex and subject to appeal. In summary: (a) neither PETROBRAS nor BRASOIL have been considered to have defaulted their obligations; (b) PETROMEC and MARITIMA are subject to reimbursing BRASOIL for approximately US\$ 58 million plus interest; and (c) PETROMEC and MARITIMA are not liable for delays or unfinished work.

Not only PETROMEC but also PETROBRAS and BRASOIL have been allowed to appeal against the decision at a superior court, which should be carried out in the next months. These appeals are set to be judged between May 18 and 26, 2005, although no ruling had been handed down up to present date.

Following the trial in February 2004, PETROMEC amended the legal suit claiming the amount of US\$ 131 million in additional costs for upgrading procedures, or alternatively for damages for perjury, with no claimed amount being determined. The judgment of such request will occur between January 16 and February 10, 2006. Judgment of the additional costs will likely occur either at the end of 2006 or beginning of 2007.

The final outcome is therefore uncertain.

Pursuant to the construction and conversion of vessels into FPSO - Floating Production, Storage and Offloading and FSO - Floating, Storage and Offloading, considering the contractual default of the constructors, by June 30, 2005, BRASOIL contributed financial resources in the amount of R\$ 595 million, equivalent to R\$ 1.399.040 thousand (R\$ 1.581.385 thousand in March 31, 2005) on behalf of the constructors directly to the suppliers and subcontractors in order to avoid further delays in the construction/conversion activities and consequent losses to BRASOIL.

Based on the opinion of BRASOIL's legal advisers, these expenses can be reimbursed, since they represent a right of BRASOIL with respect to the constructors, for which reason judicial action was filed with international courts to obtain financial reimbursement. However, as a result of the litigious nature of the assets and the uncertainties as regards the probability of receiving all the amounts disbursed, the company conservatively recorded a provision for uncollectible accounts for all credits that are not backed by collateral, in the amount of US\$ 523 million, equivalent to R\$ 1.229.713 thousand at June 30, 2005, (R\$ 1.389.000 thousand in March 31, 2005).

f) Lawsuit in the United States

On July 25, 2002, BRASOIL and PETROBRAS won a lawsuit filed with an American Court by the insurance companies United States Fidelity & Guaranty Company and American Home Assurance Company, which had attempted to obtain since 1997, a legal judgment in the United States to exempt them from the obligation to indemnify BRASOIL for the construction (performance bond) of platforms P-19 and P-31, and from PETROBRAS, the refund of any amounts that they might be ordered to pay in the performance bond proceeding. A court decision by the first level of the Federal Court of the South District of New York recognized the right of BRASOIL and PETROBRAS to receive indemnity for losses and damages in the amount of US\$ 237 million, plus interest and reimbursement of legal expenses on the date of effective payment, relating to the performance bond in a total US\$ 370 million.

The insurance companies have filed appeals against the decision with the United States Court of Appeals for the Second Circuit. A decision was handed down on May 20, 2004, when the Court partly maintained the verdict, confirming the insurance companies liability to pay the performance bonds and exempting the insurance companies from the obligation to pay liquidated damages, attorney s fees and expenses, reducing the indemnity by BRASOIL and PETROBRAS to approximately US\$ 245 million.

The insurance companies appealed against this decision to the full court, which rejected the appeal, thus confirming the unfavorable verdict as mentioned. The parties involved (Insurance companies and BRASOIL) have adopted procedures with a view to actually settling BRASOIL s credit ,which are pending judgment.

12) Loans and Financings**Consolidated**

| | R\$ Thousand | | | |
|--|---------------------|-------------------|--------------------|-------------------|
| | Current | | Non current | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Foreign | | | | |
| Financial institutions | 4.643.114 | 6.677.855 | 15.342.400 | 17.183.424 |
| Bearer notes - "Notes", Global | | | | |
| Notes and Global step-up Notes | 715.303 | 858.778 | 12.553.005 | 13.951.253 |
| Suppliers | 131.424 | 162.158 | 80.060 | 119.979 |
| Trust certificates Senior/Junior | 1.074.753 | 403.893 | 2.074.533 | 3.265.015 |
| Other | 113.181 | 746.810 | 1.801.902 | 1.137.573 |
| Subtotal | 6.677.775 | 8.849.494 | 31.851.900 | 35.657.244 |
| Local | | | | |
| Banco Nacional de Desenvolvimento | | | | |
| Econômico e Social - BNDES | 439.063 | 179.610 | 1.861.223 | 2.500.072 |
| Debêntures | 1.738.112 | 1.391.208 | 3.498.574 | 3.841.081 |
| FINAME Financing for the construction of | | | | |
| Bolívia-Brasil gas pipeline | 98.351 | 122.025 | 579.307 | 711.905 |
| Other | 47.389 | 114.068 | 450.245 | 222.224 |
| Subtotal | 2.322.915 | 1.806.911 | 6.389.349 | 7.275.282 |
| Total | 9.000.690 | 10.656.405 | 38.241.249 | 42.932.526 |
| Interest on financing | (804.536) | (647.579) | | |
| Principal | 8.196.154 | 10.008.826 | | |
| Current portion of long-term debt | (3.396.639) | (5.808.769) | | |
| Total short-term debt | 4.799.515 | 4.200.057 | | |

Parent Company

| | R\$ Thousand | | | |
|---|---------------------|-------------------|--------------------|-------------------|
| | Current | | Non current | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Foreign | | | | |
| Financial institutions | 841.107 | 951.492 | 3.211.248 | 3.807.263 |
| Bearer notes | 28.777 | 42.978 | 969.744 | 1.131.195 |
| Subtotal | 869.884 | 994.470 | 4.180.992 | 4.938.458 |
| Local | | | | |
| Debentures | 276.418 | 202.140 | 2.778.084 | 2.767.313 |
| FINAME Financing for the construction of Bolívia-Brasil gas pipeline | 98.351 | 122.025 | 579.307 | 711.905 |
| Other | 3.936 | 2.630 | 120.434 | 121.490 |
| Subtotal | 378.705 | 326.795 | 3.477.825 | 3.600.708 |
| Total | 1.248.589 | 1.321.265 | 7.658.817 | 8.539.166 |
| Interest on financing | (288.665) | (229.178) | | |
| Principal | 959.924 | 1.092.087 | | |
| Current portion of long-term debt | (959.924) | (1.092.087) | | |
| Total short-term debt financing | | | | |

(a) Long-term debt maturity dates

| | R\$ Thousand | |
|---------------------|---------------------|-----------------------|
| | 30.06.2005 | |
| | Consolidated | Parent Company |
| 2006 | 5.455.903 | 1.066.896 |
| 2007 | 6.565.016 | 1.238.535 |
| 2008 | 5.495.778 | 798.219 |
| 2009 | 3.527.774 | 583.088 |
| 2010 and thereafter | 17.196.778 | 3.972.079 |
| | 38.241.249 | 7.658.817 |

(b) Long-term debt interest rates

| | R\$ Thousand | | | |
|----------------|---------------------|-------------------|-----------------------|-------------------|
| | Consolidated | | Parent Company | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Foreign | | | | |
| Up to 6% | 11.386.280 | 13.226.508 | 2.550.529 | 3.042.293 |
| From 6 to 8% | 8.110.377 | 8.405.326 | 1.026.145 | 1.210.650 |
| From 8 to 10% | 11.053.096 | 12.363.763 | 604.318 | 685.515 |
| From 10 to 12% | 1.154.464 | 1.481.980 | | |
| Other | 147.683 | 171.667 | | |
| | 31.851.900 | 35.657.244 | 4.180.992 | 4.938.458 |
| Local | | | | |
| Up to 6% | 2.235.355 | 2.434.057 | 699.742 | 833.395 |
| From 6 to 8% | 144.165 | 833.395 | | |
| From 8 to 10% | 855.635 | 579.315 | 577.621 | 572.569 |
| From 10 to 12% | 2.992.348 | 3.205.102 | 2.200.462 | 2.194.744 |
| Other | 161.846 | 223.413 | | |
| | 6.389.349 | 7.275.282 | 3.477.825 | 3.600.708 |
| | 38.241.249 | 42.932.526 | 7.658.817 | 8.539.166 |

c) Long-term balances per currency

| | R\$ Thousand | | | |
|--------------|---------------------|-------------------|-----------------------|-------------------|
| | Consolidated | | Parent Company | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| U.S. dollar | 32.144.979 | 37.964.917 | 3.455.528 | 4.049.714 |
| Japanese yen | 879.123 | 1.076.765 | 879.123 | 1.076.765 |
| Euro | 613.644 | 751.667 | 425.648 | 523.883 |
| Real | 3.459.029 | 2.963.148 | 2.898.518 | 2.888.804 |
| Other | 1.144.474 | 176.029 | | |
| | 38.241.249 | 42.932.526 | 7.658.817 | 8.539.166 |

The parent company's long-term debt at June 30, 2005 amounting to R\$ 7.889.248 thousand, has estimated fair values of approximately R\$ 7.658.817 thousand, calculated based on market interest rates, considering loans and financing with same nature, mature timing, and risks.

The derivative financial instrument operations contracted in connection with Notes issued abroad in foreign currency are disclosed in Note 22.

d) Structured finance of exports

PETROBRAS and PETROBRAS FINANCE LTD. - PFL have contracts ("Master Export Contract" and "Prepayment Agreement") between themselves and a special purpose entity not related with PETROBRAS, PF Export Receivables Master Trust (PF Export), relating to the prepayment of export receivables to be generated by PETROBRAS FINANCE LTD. by means of sales on the international market of fuel oil and other products acquired from PETROBRAS.

As stipulated in the contracts, PETROBRAS FINANCE LTD. PFL assigned the rights to future receivables in the amount of US\$ 1.800 million (1st and 2nd tranches) to PF Export, which, in turn, issued and delivered to PETROBRAS FINANCE LTD. - PFL the following securities, also in the amount of US\$ 1.800 million:

- US\$ 1.500 million in Senior Trust Certificates, which were negotiated by PETROBRAS FINANCE LTD. PFL on the international market at face value, and the amount was transferred to PETROBRAS as prepayment for exports to be made to PETROBRAS FINANCE LTD. - PFL, according to the Prepayment Agreement.
- US\$ 300 million in Junior Trust Certificates, which are held in the portfolio of PETROBRAS FINANCE LTD - PFL. If PF Export incurs any losses on the receipt of the exports, transferred by PETROBRAS FINANCE LTD. - PFL, these losses will be compensated by the securities linked to export prepayments. In May 2004, a contractual amendment was made to allow the presentation of the securities linked to the export prepayment, offsetting the debt balance (Junior Trust Certificates) in the balance sheet.

At June 30, 2005, the balance of export prepayments, including amortization for the period, totaled R\$ 3.149.286 thousand (R\$ 3.668.908 thousand, at March 31, 2005), being the amount of R\$ 2.074.533 thousand classified as long-term liabilities, and R\$ 1.074.753 thousand in the current liabilities. (R\$ 3.265.015 thousand and R\$ 403.893 thousand, respectively, at March 31, 2005).

The assignment of rights to future export receivables represents a liability of PETROBRAS FINANCE LTD. - PFL, which will be settled by the transfer of the receivables to PF Export as and when they are generated. This liability will bear interest on the same basis as the Senior and Junior Trust Certificates, as described above.

Petrobras will settle in advance US\$ 330.290 thousand related to the advance received from PETROBRAS FINANCE LTD. PFL as export prepayment. Thus US\$ 304.340 was reclassified from noncurrent liabilities to current liabilities. This advance payment will allow PETROBRAS FINANCE LTD. PFL to pay on September 1, 2005 the securities with floating rates of series A2 and C of the Senior Trust Certificates, issued by PF Export, which would mature in 2010 and 2013, respectively.

e) Other information

The loans and financing are principally intended to fund purchases of raw materials, development of oil and gas production projects, construction of vessels and pipelines and the expansion of industrial plants.

The debentures issued through BNDES - National Bank for Economic and Social Development, for the pre-acquisition of the right to use the Bolivia-Brazil pipeline, over a 40-year period, to transport 6 million cubic meters of gas per day (TCO - Transportation Capacity Option), totaled R\$ 430.000 (43.000 notes with par value of R\$ 10) maturing February 15, 2015. GASPETRO, as the intermediary in the transaction, provided a guarantee to the BNDES, secured on common shares issued by Transportadora Brasileira Gasoduto Bolívia - Brasil S.A - TBG and held by GASPETRO, in respect of these debentures.

PETROBRAS is not required to provide guarantees to foreign financial institutions. Financing obtained from the BNDES - National Bank for Economic and Social Development - is secured by the assets being financed (carbon steel tubes for the Bolívia-Brasil pipeline and vessels).

Respective to the guarantee contract issued by the Federal Government in favor of the Multilateral Credit Agencies, as a result of the loans raised by TBG, counter-guarantee contracts have been signed by the Federal Government, TBG, PETROBRAS, PETROQUISA and Banco do Brasil S.A., whereby TBG undertakes to tie the National Treasury order to its revenues until the liquidation of the obligations guaranteed by the Federal Government.

In the first quarter of 2005, Petrobras Energia S/A., indirect subsidiary of Petróleo Brasileiro S/A. - PETROBRAS, advanced US\$ 334.681 thousand in connection with the settlement of loans obtained through the issuance, in October 2002, of class K and M negotiable obligations.

The obligations were settled with own funds and with new funds obtained at lower costs and a significant terms extension. The settlement of these loans eliminates related collateral obligations and restrictions.

PREPAYMENT OF OBLIGATIONS NEGOTIABLE WITH COMPAÑIA MEGA

At March 31, 2005, Compañía Mega partially prepaid notes of Series G, amounting to nearly US\$ 110 million, plus interest and premium (*Make Whole Amount*) set forth in the loan agreement amounting to nearly US\$ 30,8 million. PETROBRAS's portion on these amounts is as follows: nearly US\$ 37,4 million for principal, US\$ 179 thousand for interest and US\$ 10,5 million for premium.

AGREEMENTS EXECUTED IN JAPAN TO FUND STRATEGIC PROJECTS

On May 27, 2005, PETROBRAS disclosed in the market the execution of four agreements in Japan with Japanese financial institutions related to partnerships to finance strategic projects of the Company till 2010 with incentive to the export of fuel alcohol.

Strategic Partnership Agreement with JBIC (Japan Bank for International Cooperation)

This agreement establishes a strategic partnership to consolidate the relationship between the two companies and to identify and establish areas of cooperation and strengthen the mechanisms to monitor the relationship between the two companies.

It formalizes the important contribution of financing from JBIC for PETROBRAS projects in the areas of drilling, production and refining of natural gas.

Agreement for REVAP Modernization.

For the Project for Modernization of refinery Henrique Lage REVAP, establishing the terms and the conditions of the financing of up to US\$ 900 million, involving construction of a Cracking Unit and another for Diesel hydro-treatment. The works will start in the third 2005 quarter, with start up of operations scheduled for the first 2008 quarter.

The parties signing this agreement were Japan Bank for International Cooperation (JBIC), Nippon Export and Investment Insurance (NEXI), Sumitomo Mitsui Banking Corporation (SMBC), Mitsui Co & Ltd., Itochu Corporation and PETROBRAS.

The terms and conditions of the financing establish that the debt is to be paid within 15 years, with grace period of three years and a half. The US\$ 900 million will arise from the following sources: JBIC (US\$ 486 million); a pool of banks led by SMBC and with insurance from NEXI (US\$ 324 million) and Mitsui and Itochu (US\$ 90 million).

Agreement to Finance the Investment Program of the Strategic Plan.

Executed with Nippon Export and Investment Insurance (NEXI) and Sumitomo Mitsui Banking Corporation (SMBC), defining the terms and conditions for a loan of up to US\$ 300 million destined to fund part of PETROBRAS investment program of the Strategic Plan for the period 2004-2010.

The terms and conditions of said loan stipulate repayment within up to 12 years, with a grace period of 4 years. They also establish that the US\$ 300 million will arise from a pool of banks led by SMBC and with insurance from NEXI.

Agreement for Fuel Alcohol Export

This was executed with Companhia Vale do Rio Doce (CVRD) and Mitsui in order to study the possibility of reducing in Brazil logistic costs in the export of fuel alcohol to Japan, to make of it an alternative fuel to reduce Japan's dependence on oil on an economical and sustained basis.

13) FINANCIAL INCOME (EXPENSES), NET

Financial charges and net monetary and exchange variation, allocated to income in the period from January to June of 2005 and 2004, are as follows:

| | R\$ Thousand | | | |
|--|---------------------|---------------------|------------------------|---------------------|
| | Consolidated | | Parente Company | |
| | JAN-JUN/2005 | JAN-JUN/2004 | JAN-JUN/2005 | JAN-JUN/2004 |
| Financial expenses | | | | |
| Loans and financing | (1.847.617) | (2.005.768) | (337.106) | (362.105) |
| Suppliers | (69.811) | (32.173) | (811.117) | (644.270) |
| Capitalized interest | 8.826 | 6.595 | 8.826 | 6.595 |
| Other | (506.447) | (926.856) | (26.876) | (59.358) |
| | (2.415.049) | (2.958.202) | (1.166.273) | (1.059.138) |
| Financial income | | | | |
| Short-term investments | (250.076) | 1.074.970 | (528.498) | 792.764 |
| Subsidiaries, affiliates, jointly-owned and associated companies | | | 1.042.678 | 631.368 |
| Advances to suppliers | 47.699 | 47.576 | 45.166 | 47.576 |
| Advances for migration costs | | | | |
| Pension Plan | 26.755 | 35.802 | 26.755 | 35.802 |
| Other | 370.016 | 302.040 | 46.104 | 30.767 |
| | 194.394 | 1.460.388 | 632.205 | 1.538.277 |
| Net monetary and exchange variation | 518.041 | (1.141.857) | (1.039.447) | (504.209) |
| | (1.702.614) | (2.639.671) | (1.573.515) | (25.070) |

14) OTHER OPERATING INCOME (EXPENSES)

| | R\$ Thousand | | | |
|---|---------------------|---------------------|-----------------------|---------------------|
| | Consolidated | | Parent Company | |
| | Jan-Jun/2005 | Jan-Jun/2004 | Jan-Jun/2005 | Jan-Jun/2004 |
| Pension and health care benefit costs pensioners and retirees | (971.251) | (640.642) | (912.968) | (612.460) |
| Proceeds from the lease of assets and facilities | (226.941) | (243.255) | (250.676) | (258.861) |
| Institutional relations and cultural projects | (312.612) | (236.105) | (312.612) | (236.105) |
| Gains (losses) on thermoelectric business | (632.561) | (160.141) | (632.561) | (114.463) |
| Contractual losses on transportation services (Ship or Pay) | (100.766) | (248.368) | (102.291) | (143.502) |
| Unscheduled stoppages - plant and equipment | (139.912) | (135.463) | (136.169) | (133.226) |
| Losses and contingencies - legal cases | (348.659) | (24.525) | (327.795) | (32.299) |
| Others | (246.547) | (124.747) | (447.339) | (575.991) |
| | (2.979.249) | (1.813.246) | (3.122.411) | (2.106.907) |

15) TAXES, CONTRIBUTIONS AND PARTICIPATIONS**a) Recoverable Taxes**

| | R\$ Thousand | | | |
|---------------------------------|---------------------|-------------------|-----------------------|-------------------|
| | Consolidated | | Parent Company | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Current assets | | | | |
| Local: | | | | |
| ICMS recoverable | 1.581.620 | 2.038.803 | 1.373.197 | 1.724.284 |
| PASEP/COFINS recoverable | 431.741 | 355.572 | 280.746 | 281.506 |
| Income tax recoverable | 534.941 | 584.513 | 102.855 | 287.171 |
| Social contribution recoverable | 150.921 | 100.052 | 11.244 | 11.244 |
| Other recoverable taxes | 697.948 | 812.746 | 334.785 | 333.425 |
| | 3.397.171 | 3.891.686 | 2.102.827 | 2.637.630 |
| Foreign: | | | | |
| Tax on value added IVA | 7.501 | 6.501 | | |
| Other recoverable taxes | 413.315 | 453.818 | | |

420.816

460.319

3.817.987

4.352.005

2.102.827

2.637.630

b) Other payable taxes and contributions

| | R\$ Thousand | | | |
|--|---------------------|-------------------|-----------------------|-------------------|
| | Consolidated | | Parent Company | |
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Current liabilities | | | | |
| ICMS - Value Added Tax on Sales and Services | 1.694.675 | 2.059.600 | 1.519.067 | 1.963.334 |
| COFINS - Tax for Social Security Financing | 470.107 | 486.175 | 317.255 | 356.663 |
| CIDE- Contribution on Intervention in Economic Domains | 621.280 | 598.323 | 578.188 | 598.133 |
| PASEP- Public Service Employee Savings | 90.267 | 97.543 | 55.861 | 69.052 |
| Special participation program/royalties | 2.267.148 | 1.993.441 | 2.059.447 | 1.955.791 |
| Withholding income tax | 272.317 | 212.084 | 250.393 | 67.865 |
| Withholding Social Contribution | 137.848 | 128.305 | 137.848 | 128.305 |
| Other taxes | 177.676 | 528.439 | 127.316 | 180.534 |
| | 5.731.318 | 6.103.910 | 5.045.375 | 5.319.677 |

Petrochemical Naphta

The São Paulo State Finance Authorities filed a tax collection proceeding to collect ICMS on operations with petrochemical naphta in that state, related to the period from September 1984 to February 1989.

The proceeding went through all court levels to result in a ruling against the theory supported by the Company, in the sense that in this specific case ICMS would be levied on such operations.

The Company executed an agreement to pay R\$ 286.256 thousand, which together with applicable legal increases, totaled R\$ 353.256 thousand, for payment in 60 equal monthly and consecutive installments as from April 2005.

c) Deferred income tax and social contribution

The grounds and expectations for realization of the deferred tax assets and liabilities are presented as follows:

Deferred income tax and social contribution assets**R\$ Thousand****30.06.2005**

| Nature | Consolidated | Parent Company | Basis for realization |
|---|--------------|-------------------|--|
| Provisions for contingencies and uncollectible accounts | 514.592 | 214.767 | Due to recognition of loss, filing of the proceedings and overdue credits. |
| Provision for profit sharing | 158.899 | 122.181 | By payment. |
| Programmed maintenance | 83.846 | 65.272 | Through the effective maintenance. |
| PETROS-Pension plan (Sponsor's installment) | 680.429 | 673.614 | By payment of the contributions. |
| Tax losses | 226.425 | | Future taxable income. |
| Unrealized profit | 790.398 | | Due to assets depreciation/realization Profits |
| Others | 567.268 | 255.656 | |
| Total | 3.021.857 | 1.331.490 | |
| Long-term | 2.418.022 | 941.160 | |
| Current | 603.835 | 390.330 | |

Deferred income tax and social contribution liabilities**R\$ thousand****30.06.2005**

| Nature | Consolidated | Parent Company | Basis for realization |
|--|---------------------|-----------------------|---|
| Cost of prospecting and drilling activities for oil extraction (net of depreciation) | 6.530.879 | 6.530.879 | Depreciation based on the unit-of production method in relation to the proven developed reserves on the oil fields. |
| Difference between tax and accounting depreciation criterion | 890.069 | | Depreciation/amortization differences used for tax and accounting purposes |
| Income tax and social contribution - foreign operations | 296.820 | 219.483 | Through occurrence of triggering events that generate income. |
| Special accelerated depreciation | 37.182 | 37.182 | By means of depreciation according to the asset's useful life or disposal. |
| Investments in subsidiary and affiliated companies | 218.253 | | Through occurrence of triggering events that generate income. |
| Other | 335.262 | 3.256 | |
| Total | 8.308.465 | 6.790.800 | |
| Long-term | 7.193.908 | 5.838.854 | |
| Current | 1.114.557 | 951.946 | |

Realization of deferred income tax and CSLL

At the parent company, realization of deferred tax credits amounting of R\$ 1.331.490 thousand does not depend on future income since these credits will be absorbed annually by realizing the deferred tax liability.

Based on forecasts, the management of subsidiaries expect to offset the consolidated credit amounts in excess of the balance recorded by the parent company where applicable within a 10-year period.

R\$ Thousand

| | Consolidated | | Realization expectation Parent Company | |
|--------------------------|---|---|---|---|
| | Deferred income tax and social contribution assets | Deferred income tax and social contribution liabilities | Deferred income tax and social contribution assets | Deferred income tax and social contribution liabilities |
| 2005 | 626.586 | 1.098.195 | 390.331 | 951.946 |
| 2006 | 402.815 | 996.849 | 126.623 | 853.637 |
| 2007 | 278.136 | 986.115 | 126.623 | 853.637 |
| 2008 | 177.859 | 961.449 | 77.725 | 853.637 |
| 2009 | 206.011 | 942.141 | 77.725 | 853.637 |
| 2010 | 397.930 | 955.554 | 298.993 | 853.450 |
| 2011 | 114.039 | 968.682 | 77.725 | 853.063 |
| 2012 and thereafter | 818.481 | 1.399.480 | 155.745 | 717.793 |
| Amount accounted for | 3.021.857 | 8.308.465 | 1.331.490 | 6.790.800 |
| Amount not accounted for | 1.303.743 | | 107.110 | |
| Total | 4.325.600 | 8.308.465 | 1.438.600 | 6.790.800 |

At June 30, 2005, TBG, a subsidiary of GASPETRO, had accumulated income tax losses carryforwards amounting to R\$ 337.521 thousand, which may be offset against taxes up to a limit of 30% of annual taxable income, based on Law No. 9.249/95, which, in the opinion of TBG management, will occur within the useful life of the Bolivia-Brazil Gas Pipeline project. However, considering the accounting for deferred tax assets in accordance with CVM Instruction No. 371 insofar as it relates to the determination of taxable income in three of the past five financial years and the long term estimate for utilization, these credits are not recorded in the consolidated financial statements for June 30, 2005. The accounting recognition of these credits will be reviewed annually.

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Subsidiary Petrobras Energía S.A. - PESA has tax credits from tax loss carryforward amounting to nearly R\$ 859.112 thousand not recorded in assets. Due to specific tax legislation in force in Argentina and in other countries where PESA holds investments, which subject such credits to running of statute of limitations, only the following amounts can be used to offset taxes payable in the future: R\$ 755.370 thousand by no later than 2007; R\$ 45.387 thousand by no later than 2010; R\$ 58.355 thousand from 2011 onwards.

d) The reconciliation of income tax and social contribution

The reconciliation of income tax and social contribution determined in accordance with statutory rates and the related amounts recorded in January to June 2005 and 2004 is summarized below:

Consolidated

| | R\$ Thousand | |
|--|---------------------|---------------------|
| | JAN-JUN/2005 | JAN-JUN/2004 |
| Income before taxes | | |
| Employee s participation | 16.195.631 | 11.725.053 |
| Income tax and social contribution at nominal rates (34%) | (5.506.515) | (3.986.517) |
| Adjustments to determine effective rate: | | |
| Permanent additions, net | (305.645) | (383.061) |
| Equity pickup | (74.359) | 159.906 |
| Credit due to inclusion of JSCP as operating expense | 745.655 | |
| Amortization of goodwill/discount | (22.019) | (4.405) |
| Reversal of credits above ten years | (31.654) | (161.147) |
| Tax incentives | 20.060 | 11.393 |
| Adjustment of prior years income and social contribution taxes | 1.312 | 43.210 |
| Tax losses not recorded in the year | | 4.420 |
| Reversal of income from foreign operations, net | 12.949 | (43.569) |
| Other items | 249.149 | (5.178) |
| Provision for income tax and social Contribution | (4.911.067) | (4.364.948) |
| Deferred income tax and social contribution | (1.002.861) | (1.078.384) |
| Current income tax and social contribution | (3.908.206) | (3.286.564) |
| | (4.911.067) | (4.364.948) |

Parent Company

| | R\$ Thousand | |
|---|---------------------|---------------------|
| | JAN-JUN/2005 | JAN-JUN/2004 |
| Income before social contributions and income tax | 13.752.415 | 12.724.012 |
| Income tax and social contribution at nominal rates (34%) | (4.675.821) | (4.326.164) |
| Adjustments to determine effective rate: | | |
| Permanent additions, net | (330.485) | (247.534) |
| Equity pickup | 353.956 | 391.126 |
| Credits for inclusion of interest on equity | 745.655 | |
| Discount amortization | (12.846) | (952) |
| Reversal of credits above ten years | (31.654) | (161.147) |
| Tax incentives | 19.790 | 11.393 |
| IRPJ and CSLL prior year adjustments | 1.312 | 43.210 |
| Foreign gains | (15.880) | (5.028) |
| Other items | 12 | 12 |
| Provision for income tax and social Contribution | (3.945.961) | (4.295.084) |
| Deferred income tax and social contribution | (946.858) | (1.241.391) |
| Current income tax and social contribution | (2.999.103) | (3.053.693) |
| | (3.945.961) | (4.295.084) |

16) EMPLOYEE BENEFITS

(a) Pension Plan - Fundação Petrobras de Seguridade Social - PETROS

Fundação Petrobras de Seguridade Social - PETROS and the current benefits plan (PETROS Plan)

The PETROS plan is a defined-benefit pension plan and was introduced by PETROBRAS in July of 1970 to ensure members a supplement to the benefits provided by Social Security. In 2001, subsequent to a process of separating participant groups, the PETROS Plan was transformed into several distinct defined benefit plans.

At June 30, 2005, PETROS Plan of Petrobras System comprised the following sponsoring companies: Petróleo Brasileiro S.A. - PETROBRAS, subsidiaries Petrobras Distribuidora S.A. - BR, Petrobras Química S.A. - PETROQUISA, and Alberto Pasqualini - REFAP S.A., a subsidiary of Downstream Participações S.A.

The sponsoring companies that comprise the PETROS Plan make monthly contributions to PETROS equivalent to 12.93% on payroll of members of the plan and contributions to employees and retired employees, and accrue interest on contributions invested. The ratio between contributions from sponsors and participants in the PETROS Plan, only considering those attributable to PETROBRAS and its subsidiaries, at June 30, 2005 was 1,03 (1,08 in June 2004).

The PETROS plan funding is valued by independent actuaries on a capitalization basis, which is adopted in general.

The actuarial commitments to private pension plans and those related to post-employment medical assistance for life are accrued in the Company's balance sheet based on the calculation made by an independent actuary. Pursuant to CVM Regulation No. 371, the projected unit method is the actuarial method for calculation of liabilities. The amount of liabilities is stated net of assets pledged for the plan, which therefore increases liabilities from a year to another proportionally to the employees' length of services during their labor period. Assets pledged for the pension plan are stated as a reducing item of the net actuarial liabilities. Therefore, net liabilities at June 30, 2005, pursuant to the projected credit unit method, amounted to R\$ 1.775.105 thousand - Consolidated and R\$ 1.619.311 thousand - Parent Company.

In the verification of eventual deficit in the defined benefit pension plan, in accordance to the actuarial cost method adopted by Petros, Brazilian law for pension plan of mixed capital establishes that deficit funding, though normal contributions, will be shared equally between participants and sponsors

New plan of benefits

In 2001, a mixed private pension plan was created - PETROBRAS VIDA, intended for the current and new employees, which has been on hold since that year though, as a result of preliminary injunctions on petition filed for writ of mandamus by unions. A sentence was handed down in 2004 on the merits of the legal action, declaring null the act of the MPAS Private Pension Plan Secretary that had approved the new plan and declaring invalid any changes to the Petros Plan on the grounds of that approval. The action is underway at the lower courts.

In June 2005, the Judge of the 7th Federal Court of Rio de Janeiro determined that PETROBRAS and PETROS should be summoned to "provide proof of their employer contributions to PETROS PLAN for all employees hired after August 2002, or alternatively to offset the actuarial deficit presented in the balance sheets under penalty for pecuniary liability, calculated on a daily basis, to be arbitrated .

In view of this ruling, PETROS filed a petition informing the Court that PETROBRAS had made a contribution to offset the actuarial deficit arrived at upon closing of the Plan . On the same date, PETROS filed an appeal of decision requesting apology and full retraction of the allegations made by the Judge due to the information that was furnished.

PETROBRAS, in relation to the performance of the contribution, based itself on the information furnished by PETROS, and also filed an appeal of decision for it to be reviewed. The Union, by which the proceeding had been started, filed its contestation to said appeal of decision, and the court records are currently with the reporting judge for a decision to be handed down.

At June 30, 2005, the balance of advances for the pension plan recorded by PETROBRAS amounted to R\$ 1.178.435 thousand (R\$ 1.258.435 thousand in March 31, 2005). The impact of joining the new plan and the cost of the benefits stipulated in the new plan will be valued according to the standards established in CVM Resolution No. 371/00 and will only be computed and recognized in the accounts when the litigation has been resolved.

The PETROS Plan is closed to new employees of the PETROBRAS System, and the Company took out a group life insurance to cover all employees hired subsequently. This insurance will be in force until a new private pension plan is not implemented.

In 2003, PETROBRAS set up a work group composed of representatives from the General Union of Oil Workers FUP in order to perform technical evaluations of alternative private pension plan for the Company, including the analysis of agreed upon ways to settle the actuarial deficit proposals negotiated for strengthen of economics finance sustainability, viability analysis of attending the specific requests of such representative entities and to definitely equate the actuarial balance of the actual Petros Plan.

TRANSPETRO

TRANSPETRO sponsors through PETROS a defined contribution private pension plan named TRANSPETRO Plan, which pools monthly contributions equivalent to 5,32% of payroll of the members still active and is equal to the amount of members' contributions.

PETROBRAS ENERGIA S.A.

Defined Contribution Private Pension Plan

PESA, a PETROBRAS indirect subsidiary in Argentina, contributes to a defined contribution private pension plan applicable to all company employees whose salaries do not exceed a certain level. Based on this plan, PESA made additional contributions for amounts equivalent to those made by employees who exceeded the amounts required by law, which were inputted to results for the periods in which such contributions were made. Due to important changes in the macroeconomic scenario as from the end of 2001 and to the uncertainties on the economic unfolding in Argentina, PESA temporarily suspended this benefit as from January 2002. The benefit will be resumed as a provisional savings method is found for such purpose.

Defined Benefit Pension Plan

This benefit can be granted to all those employees of PESA who have participated in the contribution plan on a continuous basis and that have joined the Company before May 31, 1995, and have the length of service required. The benefit is calculated on the basis of the latest salary of workers participating in the plan and on the number of years of service. The plan is of a supplementary nature. This means that the benefit received by the employee consists of the amount determined in accordance with the provisions of plans, after deducting the benefits granted in connection with the contribution plan and with the public system of retirement, so that the addition of total benefits received by each employee is equivalent to that set forth in the plan. Upon retirement, the employees are entitled to receive a fixed monthly amount.

The plan requires Company to make contributions to a fund, but no contributions are required from employees, since these are required to contribute to the official retirement system, whether public or private, based on their total salaries. The assets of the fund have been contributed to a trustee, whose assumptions of investments obligatorily address preservation of capital in U.S. dollars, maintenance of liquidity and obtainment of maximum market profitability for 30-day investments. Bank of New York is the fiduciary agent, and Watson Wyatt is the administrator. The Company determines the liabilities corresponding to this plan by using actuarial calculation methods. The assumptions used in the actuarial calculation are the same as those adopted for the other PETROBRAS System companies.

b) Health care benefits - Assistência Multidisciplinar de Saúde (AMS)

PETROBRAS and its subsidiaries maintain a health care benefit plan (AMS), which offers defined benefits and covers all employees of the companies in Brazil (active and inactive) together with their dependents. The plan is managed by the Company, with the employees contributing a fixed amount to cover the principal risks and a portion of the costs relating to other types of coverage in accordance with participation tables defined by certain parameters including salary levels.

The health care plan is not funded by collateral assets. Payment of benefits is made by the Company based on costs incurred by the plan participants.

LIQUIGÁS DISTRIBUIDORA S.A.

Liquigás grants its employees a health care plan committed to future expenses on post-employment medical assistance for life. In the first half of 2005, R\$ 2.214 thousand was recorded directly in the Company's P&L.

c) Movement of provisioned amounts

| | R\$ thousand | | | |
|------------------------------|---------------------|---|-----------------------|---|
| | Consolidated | | Parent Company | |
| | Pensions | Supplementary Medical Assistance | Pensions | Supplementary Medical Assistance |
| Balance at December 31, 2004 | 1.137.647 | 5.673.650 | 1.016.212 | 5.214.410 |
| (+) Costs for the period | 829.016 | 847.887 | 771.504 | 792.000 |
| (-) Contributions made | (189.084) | (124.837) | (168.405) | (115.718) |
| (-) Others | (2.474) | | | |
| Balance at June 30, 2005 | 1.775.105 | 6.396.700 | 1.619.311 | 5.890.692 |
| Current liabilities | 385.474 | | 353.718 | |
| Noncurrent liabilities | 1.389.631 | 6.396.700 | 1.265.593 | 5.890.692 |

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The net expense associated with the pension and retirement benefits granted and to be granted to employees, retirees and pensioners for the period January to June of 2005, according to the actuarial calculation made by an independent actuary, includes the following components:

| | R\$ thousand | | | |
|-------------------------------------|---------------------|-----------------------------|-----------------------|-----------------------------|
| | Consolidated | | Parent Company | |
| | Pensions | Health care benefits | Pensions | Health care benefits |
| Current service cost | 179.531 | 89.956 | 162.462 | 80.201 |
| Interest cost | 1.679.086 | 594.794 | 1.584.308 | 555.544 |
| Estimated return on plan assets | (1.126.720) | | (1.065.090) | |
| Amortization of unrecognized losses | 273.983 | 163.137 | 258.229 | 156.255 |
| Contributions from participants | (177.047) | | (168.405) | |
| Other | 183 | | | |
| | | | | |
| Net cost for the 1st 2005 half | 829.016 | 847.887 | 771.504 | 792.000 |

The restatement of the provisions was recorded under income for the quarter, as described below:

| | R\$ thousand | | | |
|---|---------------------|-----------------------------|-----------------------|-----------------------------|
| | Consolidated | | Parent Company | |
| | Pensions | Health care benefits | Pensions | Health care benefits |
| Related with active employees: | | | | |
| Absorbed in the cost of operating activities | 366.382 | 208.475 | 332.915 | 185.905 |
| Directly to income | 61.490 | 127.588 | 37.445 | 94.271 |
| | | | | |
| Related with inactive members (recorded under other operating income and expenses) | 401.144 | 511.824 | 401.144 | 511.824 |
| | 829.016 | 847.887 | 771.504 | 792.000 |

d) Assumptions

On February 4, 2005, the Executive Board of PETROBRAS approved a review of the actuarial assumptions of the pension and healthcare plans in Brazil with a view to monitoring the changes in the profile of employees, retirees and pensioners, based on longevity, age of invalidity and invalid mortality tables. The purpose of this review is principally to strengthen benefit plans in order to align them to a greater beneficiary life expectancy.

The main assumptions adopted by the Brazilian companies in the actuarial calculation were the following:

| Type | Current assumption |
|---------------------------------------|--|
| Benefit plan | Defined benefit |
| Actuarial valuation method | Projected credit unit |
| Mortality table | AT 2000 * |
| Disability | ZIMMERMANN adjusted by GLOBALPREV |
| Disabled pensioners table | AT 49 * |
| Average turnover up to age 47 | 0% p.a. |
| Average turnover after age 47 | 0% p.a. |
| Discount rate for actuarial liability | Interest: 6% p.a. + inflation: 5% p.a. |
| Expected return on plan assets | Interest: 6% p.a. + inflation: 5% p.a. |
| Salary growth | 2,01% p.a. + inflation: 5% p.a. |

* Unisex mortality assumptions: 85% male; 15% female.

17) Shareholders equity**a) Capital**

At June 30, 2005 the Company's subscribed and paid in capital, in the amount of R\$ 32.896.138 thousand is comprised of 634.168.418 common shares and 462.369.507 preferred shares, all book entry shares without par value.

b) Dividends

The dividends for the year 2004, approved by the Annual Shareholders Meeting held on March 31, 2005, amounting to R\$ 1.754.460 thousand (net of remuneration to shareholders prepaid on February 15, 2005, amounting to R\$ 3.289.614 thousand), were released to shareholders on May 17, 2005.

On June 17, 2005, the Company's Board of Directors approved the distribution of remuneration to shareholders as interest on shareholders' equity, amounting to R\$ 2.193.076 thousand, pursuant to article 9 of Law No. 9.249/95 and Decrees N°. 2.673/98 and 3.381/00.

Such remuneration will be released to shareholders by January 31, 2006, based on their shareholding status at June 30, 2005, equivalent to R\$ 2,00 per common and preferred share, and will be discounted from the dividends to be determined on adjusted net income for the year 2005, indexed by the change in Selic rate, if paid before December 31, 2006, provided that actual payment is made no later than year-end. If paid in 2005, the amount to be distributed will be indexed by the change in Selic rate from December 31, 2005 to the date of beginning of payment.

18) Judicial actions and contingencies**a) Provisions for lawsuits**

In the normal course of their operations, PETROBRAS and its subsidiaries are involved in lawsuits of a civil, tax, labor and environmental nature which, when applicable, are covered by deposits in court. The Company has set up provisions for possible losses on these suits, estimated and updated by management based on the opinion of its legal counsel. As of June 30, 2005, such provisions are broken down as follows, according to the nature of the corresponding cases:

| | Consolidated | | Parent Company | |
|--------------------------------------|---------------------|-------------------|-----------------------|-------------------|
| | 30.06.2005 | 31.03.2005 | 30.06.2005 | 31.03.2005 |
| Contingencies for joint liability - | | | | |
| INSS | 154.173 | 252.846 | 154.173 | 252.846 |
| Other social security contingencies | 54.000 | 54.000 | 54.000 | 54.000 |
| Civil claims | | | | |
| Contingencies in current liabilities | 208.173 | 306.846 | 208.173 | 306.846 |
| Labor claims | 77.005 | 69.474 | 1.543 | 1.543 |
| Tax claims | 195.296 | 228.989 | 16.169 | 16.169 |
| Civil claims | 295.030 | 346.858 | 184.300 | 202.757 |
| Other | 97.740 | 106.110 | 31.301 | 31.301 |
| Long-term litigation | 665.071 | 751.431 | 233.313 | 251.770 |
| Total | 873.244 | 1.058.277 | 441.486 | 558.616 |

Notifications from the INSS - joint liability

PETROBRAS received various tax assessments related with social security charges as a result of irregular presentation of documentation required by the INSS, to eliminate its joint liability in contracting civil construction and other services, stipulated in paragraphs 5 and 6 of article 219 and paragraphs 2 and 3 of article 220 of Decree No. 3.048/99.

Since 2002, the Company has been conservatively accruing a provision for this contingency which at June 30, 2005 totals R\$ 643.258 thousand (R\$ 612.779 thousands at March 31, 2005), because it considers as remote the chances of a favorable outcome on the defense filed in the administrative proceeding with said authorities.

Out of the total provisioned, PETROBRAS spent up to June 30, 2005, the amount of R\$ 489.085 thousand (R\$ 359.933 thousand up to March 31, 2005), in connection with the administrative proceedings filed by INSS which attributed joint liability to the Company.

Internal procedures adopted were reviewed to improve monitoring of contracts and request proper presentation of documents required in legislation to prove payment of INSS due by contractors.

In relation to the internal procedure adopted, PETROBRAS is analyzing each of the assessment notices received to try to recover the amounts from the service providers.

b) Lawsuits not provided for

The chart shows the situation of the main lawsuits not considered as probable losses and already disclosed to the market in the annual report for the year 2004:

| Description | Nature | Probability of Loss | Current Situation |
|--|-------------------|---------------------|---|
| <p>Plaintiff : Kallium Mineração S.A</p> <p>Suit for indemnities before the Courts of the State of Rio de Janeiro, for alleged losses and damages and business interruption, due to termination of agreement.</p> | Civil | Remote | <p>After the case was considered groundful by lower court, both parties lodged appeals which were dismissed. PETROBRAS is awaiting judgment of the appeal to the Supreme Court.</p> |
| <p>Plaintiff : Porto Seguro Imóveis Ltda</p> <p>Suit for damages resulting from the privatization of PETROQUISA subsidiaries</p> | Civil | Possible | <p>Porto Seguro filed motions for reconsideration which were judged by the 4th Civil Court of Rio de Janeiro, which handed down a ruling against PETROBRAS.</p> <p>In case the Company does not prevail, the estimated loss amounts to R\$ 1.723.345 thousand. PETROBRAS is awaiting judgment of the Interlocutory Appeal converted into Special Appeal by the High and Supreme Courts.</p> |
| <p>Plaintiff : Rio de Janeiro State Federation of Fishermen</p> <p>Ordinary lawsuit before the courts of the State of Rio de Janeiro, for recovery of various damages due to the oil spillage which occurred in Guanabara Bay on January 18, 2000.</p> | Civil | Possible | <p>After the appeal to high and supreme court were dismissed PETROBRAS filed an interlocutory appeal, which was dismissed.</p> <p>An expert was appointed for purposes of settlement of the case by arbitration, which is in progress.</p> |
| <p>Plaintiff : Oil Workers Union (Rio de Janeiro, São Paulo and Sergipe)</p> <p>Labor suits claiming full incorporation into employee salaries of the official inflation indices in the years 1987, 1989 and 1990 (Bresser, Verão and Collor economic stabilization plans).</p> | Labor | Remote | <p>The proceedings filed by the Unions of Rio de Janeiro and Sergipe are in the phase of expert inspection for confirmation of the calculations for a ruling to settle the case to be handed down. In relation to the proceeding in São Paulo, the interlocutory appeal filed by the Union is pending judgment.</p> |
| <p>Plaintiff : Federal Revenue Service (SRF) Agency in Rio de Janeiro</p> <p>Assessment notice relating to Withholding Income Tax (IRRF) on remittances of payment for chartering of vessels.</p> | Assessment Notice | Possible | <p>Assessment of R\$ 3.156.861 thousand confirmed by the lower administrative court. The appeal filed by PETROBRAS was dismissed by the high administrative court. PETROBRAS will file an appeal to the High Board of Tax Appeals.</p> |
| | Tax | Possible | |

| | | | |
|---|------------|-----------------|---|
| <p>Plaintiff : Rio de Janeiro State Treasury Secretary VAT (ICMS) - Sinking of P-36 Oilrig</p> | | | <p>At the lower court level (1st instance), the assessment was upheld. PETROBRAS filed a Voluntary Appeal, which is pending examination by the next court level. In order to make the appeal viable, a deposit was made in court, in the amount of R\$43.661 thousand and bank guarantee in the amount of R\$65.491 thousand.</p> |
| <p>Plaintiff : Macaé State Treasury Secretary Import Duties (II) and Excise Tax (IPI) - Sinking of P-36 Oilrig</p> | <p>Tax</p> | <p>Possible</p> | <p>Assessment considered groundful. PETROBRAS filed an appeal at the administrative level which is pending judgment. Through a writ of mandamus PETROBRAS obtained a ruling suspending the collection.</p> |

b.1) Environmental issues

The Company is subject to various environmental laws and regulations. These laws regulate activities involving the discharge of oil, gas and other materials, and establish that the effects caused to the environment by Company operations should be remedied or mitigated by the Company.

As a result of the July 16, 2000 oil spill at the São Francisco do Sul Terminal of Presidente Vargas refinery - REPAR, located about 24 kilometers from Curitiba, capital of Paraná state, approximately 1,06 million liters of crude oil were spilled in the neighborhood. Approximately R\$ 74.000 thousand were expensed in the clean up of the affected area and to cover the fines applied by the environmental bodies. The following suits and proceedings refer to this spill:

| Description | Nature | Probability of Loss | Current Situation |
|---|---------------|----------------------------|--|
| Plaintiff: AMAR Association for Environmental Defense of Araucária Indemnification for pain and suffering and damages to environment. | Civil | Possible | Pending a lower court ruling. |
| Plaintiff : Federal and State Prosecutors (State of Paraná) Various public civil suits filed against the Company, claiming indemnity for alleged damages caused to the environment. | Civil | Remote | Pending a lower court ruling. |
| Plaintiff: Federal Public Prosecutor Criminal charges filed against former Company President and former Superintendent of Paraná Refinery (REPAR). | Criminal | Not applicable | Case suspended until such time as Hábeas Corpus request is decided by Federal Supreme Court. |

On February 16, 2001, the Company's pipeline Araucária - Paranaguá, ruptured due to a seismic movement and caused the spill of approximately 15,059 gallons of fuel oil in several rivers in the State of Paraná. On February 20, 2001 the clean up services of the river were concluded, recovering approximately, 13,738 gallons of oil. As a result of the accident, the following suits were filed against the Company:

| Description | Nature | Probability of Loss | Current Situation |
|---|---------------|---------------------|---|
| Plaintiff: Paraná Environmental Institute - IAP Fine levied on alleged environmental damages. | Civil | Remote | Pending a lower court ruling. |
| Plaintiff: Federal and State Prosecutors Public civil suit claiming indemnities for alleged environmental damages. | Civil | Remote | Pending a lower court ruling. |
| Plaintiff: District Civil Police Station, City of Paranaguá - Paraná Police investigation to determine existence of any illegal acts that may have been perpetrated by PETROBRAS. | Investigation | Not applicable | In phase of determining responsibilities. |

b.2) Asset Contingency - Recovery of PIS and COFINS

Petrobras and its subsidiary Gaspetro filed a civil suit against the Federal Government / National Treasury before the Federal Judicial Section of Rio de Janeiro seeking to recover, through offset, the PIS and COFINS amounts paid on financial income and foreign exchange variation recoverable during the period between February 1999 and December 2002, claiming unconstitutionality of paragraph 1 of article 3 of Law N° 9.718/98 for having expanded the concept of gross revenue to cover any and all revenue.

This asset contingency of nearly R\$ 1.404 million, although a potential right to recover a tax paid, it is not reflected in the Financial Statements, in compliance with Conservatism (Prudence) Convention and with CVM Opinion N° 15/87.

19) Commitments undertaken by the energy segment and by SPC's

a) Commitments undertaken by the energy segment

The Company has commitments for the purchase of energy, supply of gas and reimbursement of operating expenses with thermoelectric plants included in the Priority Thermoelectric Energy Program, summarized as follows:

(i) Merchant Thermoelectric Plants

PETROBRAS understands that the economic and financial equitability of the agreements involving Macaé Merchant power plants has been seriously impacted, considering that, under the related contractual conditions, these contributions should be made occasionally rather than permanently and regularly, which has been the case as a result of a structural change in the market, thereby being excessively costly to the Company.

Negotiations are being conducted with El Paso, owner of the Macaé Merchant thermoelectric, although it was not possible to reach an agreement for reduction of the contingency amounts, culminating in the commencement of arbitration proceedings in March, 2005.

On July 5, 2005, the arbitration court handed down an interlocutory order for PETROBRAS to make the payments to El Paso, which should be conditional upon furnishing of prior bank guarantee issued by a first rate bank, and the acceptance of the guarantee by PETROBRAS. Said guarantee must allow its immediate enforcement, with applicable financial charges, if the decision on the merit of the case comes to be in favor of PETROBRAS.

The amount of payments and the corresponding guarantee totaled R\$ 227.337 thousand, amount which shall further include, every month, the contingent contributions referring to future maturities, up until a ruling on the merit of the case is handed down, which is forecast for November 2005.

PETROBRAS is awaiting the guarantee to be provided by El Paso for it to be analyzed and for applicable measures to be taken.

In relation to Termoceaná, an agreement (term sheet) was executed on March 24, 2005 with MPX, containing the conditions for the suspension of arbitration and the judicial proceedings pending judgment. After a due diligence process and detailing of the purchase operation, a Participation Agreement was executed, which was converted into a purchase and sale agreement. The total price of the company agreed by the parties was of US\$ 137 million, including settlement of debts.

On June 24, 2005, the operation was completed, and title to Termo Ceará was transferred to PETROBRAS. With this purchase, the contingent payments resulting from the Consortium Agreement were extinguished together with all other liabilities arising therefrom.

In relation to the Eletrobolt Consortium, all the documentation for the purchase of Sociedade Fluminense de Energia (SFE), owner of the plant, was executed on April 29, 2005, thus concluding the acquisition process of that company. The agreed price for its units of interest was US\$ 65 million. With this purchase the Consortium Agreement was terminated together with all the liabilities arising therefrom.

ii) Thermoelectric Power Plants in which the energy produced belongs to PETROBRAS (market risk)

PETROBRAS leased the IBIRITERMO and TERMOBAHIA plants and took over their operations and maintenance (under O&M Agreements). At the end of the 20-year periods of the two agreements, the thermoelectric power plants will be transferred to PETROBRAS ownership. The price disbursed each month takes into account the remuneration of the capital invested by the shareholders.

In February 2005, the arbitral proceeding related to TERMORIO was concluded with payment of US\$ 83 million to NRG and the consequent transfer of its shares to PETROBRAS. When holding all shares of TERMORIO, PETROBRAS will be exempt from paying for the provided capacity, irrespective of the electric power that may be generated by the plant.

The commitments assumed with third parties regarding the Três Lagoas, Canoas and Nova Piratininga power plants, basically O&M Agreements, have been substantially reduced and are being settled and recorded on the appropriate accrual basis.

(iii) Contingent financial exposure

Based on the above, the expectation of future losses on the energy business recorded by the Company for 2005 and thereafter was reversed, with no provisions for future losses having been established.

b) Commitments assumed by the Special Purpose Entities - SPE s

| Project | R\$ Thousands | |
|------------------------|--|-------------------|
| | Amounts committed for Assets constitution (*) | |
| | 30.06.2005 | 31.03.2005 |
| Nova Transportadora SE | 415.120 | 693.651 |
| Nova Transportadora NE | 528.334 | 882.929 |
| PDET Offshore S.A. | 1.699.339 | 1.938.327 |
| Total | 2.642.793 | 3.514.907 |

(*) Refers to commitments assumed in the agreements, net of the amounts already allocated to the projects.

20) Guarantees on concession contracts for oil exploration

PETROBRAS granted, up to June 30, 2005, R\$ 4.236.115 thousand to the National Petroleum Agency (ANP) in guarantee of the minimum exploration and/or expansion programs defined in the concession contracts for exploration areas. Of this total, R\$ 3.478.664 thousand represent a pledge on the oil to be extracted from previously identified fields already in production, and PETROBRAS has given guarantees to a total of R\$ 757.451 thousand.

21) Segment information

PETROBRAS is an operationally integrated company, and the greater part of the production of crude oil and gas of the Exploration and Production Segment is transferred to other segments of PETROBRAS.

In the statement of segmentation, the Company's operations are presented according to the new Organization Structure approved on October 23, 2000 by the Board of Directors of PETROBRAS, comprising the following business units:

(a) Exploration and production: covers, by means of PETROBRAS, BRASOIL, PNBV, PIFCo, PIB BV and SPC s, exploration, production development and production activities of oil, liquefied natural gas and natural gas in Brazil, for the purpose of supplying the refineries in Brazil as a priority, and also commercializing the surplus oil as well as byproducts produced at their natural gas processing plants.

(b) Supply: contemplates, by means of PETROBRAS, DOWNSTREAM (REFAP S.A), TRANSPETRO, PETROQUISA, BRASOIL, PIFCo, PIB BV and PNBV, refining, logistics, transport and sale activities of oil products and alcohol, in addition to interests in petrochemical companies in Brazil and two fertilizer plants;

(c) Gas and Energy: includes, by means of PETROBRAS, GASPETRO, PETROBRAS COMERCIALIZADORA DE ENERGIA, BR DISTRIBUIDORA, SPC's and thermoelectric, the transport and sale of natural gas produced in Brazil or imported, the production and sale of power, equity interests in natural gas transport and distribution companies and in thermoelectric plants;

(d) Distribution: responsible for the distribution of oil products and alcohol in Brazil, basically represented by the operations of BR DISTRIBUIDORA and LIQUIGAS;

(e) International: covers, by means of PIB Netherlands BV, BRASOIL, PIFCo, BOC and PETROBRAS, the exploration and production of oil and gas, the supply of gas and energy and distribution in 13 countries around the world.

The items that cannot be attributed to the other areas are allocated to the group of corporate entities, especially those linked with corporate financial management, overhead related with central administration and other expenses, including actuarial expenses related with the pension and health care plans intended for employees, retirees and beneficiaries.

The accounting information by business area was prepared based on the assumption of controllability, for the purpose of attributing to the business areas only items over which these areas have effective control.

We set forth below the main criteria used in determining net income by business segments:

(a) Net operating revenues: these were considered to be the revenues from sales to third parties, plus revenues between the business segments, based on the internal transfer prices established by the areas, the calculation methods for which are focused on market parameters.

(b) Operating income includes net operating revenue, the costs of products and services sold, calculated per business segment, based on the internal transfer price and the other operating costs of each segment, as well as operating expenses, based on the expenses actually incurred in each segment.

(c) Assets: covers the assets referring to each segment.

22) Derivative instruments, hedging and risk management activities

In 2004, PETROBRAS Executive Board organized a Risk Management Committee comprising executive managers of all business areas and of several corporate areas for the purpose of ensuring an integrated management of risk exposures and formalizing the main guidelines adopted by the Company to handle uncertainties regarding its activities.

The Risk Management Committee has been created with a view to concentrating risk management information and discussions, facilitating communications with the Board of Directors and the Executive Board concerning corporate governance best practices.

Since the beginning of the year, several commissions created by the Risk Management Committee have been developing specific policies for management of risks related to credit, assets and liabilities, commodities price, foreign exchange and interest rates in order to make the Company's operating and commercial activities comply with its corporate risk management policy.

Characteristics of the markets where PETROBRAS operates

The Company is exposed to a number of market risks arising from the normal course of business. Such risks principally involve the possibility that changes in commodity prices, currency exchange or interest rates will adversely affect the value of the Company's financial assets and liabilities or future cash flows and earnings. PETROBRAS maintains an overall risk management policy that is evolving under the direction of the Company's executive officers.

Most of PETROBRAS' revenues are obtained in the Brazilian market through the sale of oil products, in reais. Other revenues flow from product exports and sales of products through international activities where, in both cases, prices keep close similarity to those in the international markets.

In Brazil, with the oil price deregulation implemented as of January 2002, most prices charged locally also keep close ties with those in the international market. Since then, exchange rate and international market reference price variations are compensated in the local market prices, even where certain differences occur.

As a consequence of the characteristics of the markets where PETROBRAS operates, the following aspects apply:

- A considerable amount of PETROBRAS' total debt and future operating cash flow is expressed in dollars, or else also in currencies closely tied to it;
- A devaluation of the real against the dollar has a relevant short-term impact in the financial statements. In the medium term, the Company's operating cash flow contributes to mitigating foreign currency risks, considering that the Company's revenues in US dollars are significantly higher than costs and expenses denominated in that currency.

Financial Risk Management Policy

The risk management policy adopted by PETROBRAS aims at seeking an adequate balance between the Company's growth and return perspectives and the related risk level exposure, whether these risks underlie the Company's own activities or arise from the context in which it operates, in such a way that the Company can attain its strategic goals by effectively allocating its physical, financial and human resources.

In addition to ensuring adequate cover for the Company's fixed assets, facilities, operations and management and to managing exposure to financial, tax, regulatory, market and credit risks, among others, the objective of the risk management policy adopted by PETROBRAS is to supplement structural actions that will create solid financial and economic foundations in order to ensure that growth opportunities will be used, regardless of adverse external conditions.

This policy's objective is to guide decisions on risk transfer, and is supported by structures that are grounded on capital discipline processes and on debt management, including:

- Low cost production – capital discipline guarantees competitive costs to all products traded;
- Definition of future investment levels in a realistic manner, considering the balance among profitability, growth and strategic adherence to the project portfolio, and maintenance of the strength of the Company's balance sheet, thus creating the conditions necessary to ensure sustainable growth;
- Wise debt management, seeking to link operating cash flow to debts, including volumes, currencies, maturity, indices, and consequently reducing insolvency risks.

Other important risk management characteristics of PETROBRAS:

- Integrated management of market risks, quantifying total exposures, observing the existence of natural hedges and acting on the Company's liquid exposure, avoiding isolated actions of the Business Units that do not contribute to corporate risk enhancement;
- Respecting the concepts of efficient market and diversification. PETROBRAS believes that it operates in some of the most liquid global markets, where the possibility of systematic forecast of future prices is very restricted. As a result, PETROBRAS' risk management policy focuses on eliminating undesirable extreme events instead of minimizing the variance of results, cash flows, etc.;
- High transparency standards in disclosing the Company's potential exposures.

Risk Assessment

The risk assessment regarding the Company's strategic plan financing is conducted by means of a probabilistic analysis of its cash flow forecast for a 2-year period.

Should there be future cash balances at amounts less than the minimum adequate level, actions to reduce this risk to acceptable grounds are proposed, thereby minimizing the possibility of postponing or interrupting the Company's investment plan.

The benchmark for risk management (Cash Flow at Risk or CFaR) considers the changes in the most significant aspects for cash generation: price, quantities (production and markets), currency exchange and interest.

Basically, cash balances are projected for numerous scenarios considering the main risk factors through the Monte Carlo Simulation process. Thus, the estimated cash balance is defined for the intended level of reliability, and the periods during which cash may be below minimum adequate levels are identified.

Among the various alternative options to preserve the minimum pre-defined cash balance, derivative transactions, additional funding and optimized distribution of disbursement periods are to be noted.

Economic and financial estimates are restated annually during the strategic planning review process.

Operations involving derivative instruments are not exclusively associated to the above-described processes. As previously mentioned, the Company's risk philosophy relies on the strength of some corporate foundations, which consider that derivatives are important tools used in the protection of transactions and in the consistency of assets and liabilities.

Exposures relating specifically to treasury investments are assessed by a traditional value at risk (VaR) system and the economic proceeds from investment projects are, in some specific cases, assessed by risk assessment models that are adequate to each business segment based on the Monte Carlo Simulation.

(a) Commodity price risk management

Like all of its peers, PETROBRAS is subject to the volatility of the international energy prices (mainly oil), which may materially affect the Company's cash flow.

Following the criterion of not considering only the consolidated net exposure related to oil and oil byproducts price risk, the operations with derivatives in general aim at hedging the result of specific short-term transactions (up to six months). These hedge operations involve futures contracts, swaps and options. These operations are always linked to those carried out in the physical market, i.e. they are non-speculative hedge operations in which positive or negative variations are fully or partially offset by an opposite result in the physical position.

From January to March 2005, economic hedge transactions were carried out for 13,82% of the total volume traded (imports and exports). At June 30, 2005, the open positions on the futures market, when compared to their market value, would represent a negative result of approximately R\$ 2.800 thousand, if liquidated on that date.

In compliance with specific business conditions, an exceptional long-term economic hedge operation, still outstanding, was effected by the sale of put options for 52 million barrels of West Texas Intermediate (WTI) oil over the period from 2004 to 2007, to obtain price protection for this quantity of oil to provide the funding institutions of the Barracuda/Caratinga project with a minimum guaranteed margin to cover the debt servicing. At June 30, 2005 this transaction, if settled at market values, would represent a cost of approximately R\$ 68.400 thousand.

Petrobras Energia S.A. - PESA, an indirect subsidiary of PETROBRAS, in the capacity of crude oil producer, is exposed to the related price risks and utilizes financial instruments to mitigate its exposure to the risk. These instruments take as reference the West Texas Intermediate (WTI) price, which is primarily used to determine the sales price at the physical market.

The results arising from derivatives are deferred and recorded as financial results.

For the period January to June 2005, Petrobras Energia S.A. - PESA hedged oil volumes reached 3.620 thousand barrels. These hedge instruments generated a loss of US\$ 117.393 thousand (R\$ 275.920 thousand).

Market value of contracts effective as from June 30, 2005 would be negative by nearly US\$ 144.000 thousand (R\$ 338.000 thousand), which will be recognized symmetrically with the results of hedged volumes.

The aforesaid operations expose Petrobras Energia S.A. - PESA. to a credit risk, which is mitigated, among others, by agreements for collection and prepayments by those operations and by offset of collection and payment.

(b) Foreign currency risk management

In 2000, PETROBRAS contracted economic hedge operations to cover Notes issued abroad in Italian lira and Austrian shilling, in order to reduce its exposure to the appreciation of these currencies in relation to the U.S. dollar.

The economic hedge operations are known as Zero Cost Collar purchase and sale of options, with no initial cost, and establish a minimum and a ceiling for the variation of one currency against another, limiting the loss on the devaluation of the U.S. dollar, while making it possible to take advantage of some part of the appreciation of the future curve of the American currency.

The economic hedges of the loans in Italian lira and Austrian shilling were based on the EURO, as the two currencies only circulated until February 28, 2002.

The hedge of the shilling-denominated loan was settled in December. The hedge transaction of the Italian lira-denominated debt had a positive fair value of R\$ 35.770 thousand at June 30, 2005.

The fair value of derivatives is based on usual market conditions, at values prevailing at the closing of the period considered for relevant underlying quotations.

(c) Interest rate risk management

The Company's interest rate risk is a function of its long-term debt and, to a lesser extent, of its short-term debt. The Company's foreign currency floating rate debt is principally subject to fluctuations in LIBOR and the Company's floating rate debt denominated in Reals is principally subject to fluctuations in the Brazilian long-term interest rate (TJLP), as fixed by the Central Bank of Brazil. The Company currently does not use any derivative financial instruments to manage its exposure to fluctuations in interest rates. The one exception is the indirect subsidiary Petrobras Energia S.A. - PESA, which uses several derivative financial instruments with a view to reducing exposure to certain risks associated with the volatility of interest rates.

At June 30, 2005, the subsidiary holds an interest-rate economic hedge contract to manage the volatility of the Libor rate implied in a Class C negotiable instrument, establishing the respective interest rate at 7,93% p.a. The results arising from derivatives are deferred and recorded in the period the hedged items are recognized in P&L.

Market value of contracts of PESA at June 30, 2005 was negative by nearly US\$ 141 thousand (R\$ 331 thousand).

(d) Derivative instruments

The Company may use derivative and non-derivative instruments to implement its overall risk management strategy. However, by using derivative instruments, the Company exposes itself to credit and market risk. Credit risk is the failure of a counterparty to perform under the terms of the derivative contract. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates, currency exchange rates, or commodity prices. The Company addresses credit risk by restricting the counterparties to such derivative financial instruments to major financial institutions. Market risk is managed by the Company's executive officers. The Company does not hold or issue financial instruments for trading purposes.

(e) Natural Gas Derivative Contract

A hedge contract for imported natural gas (Natural Gas Price Volatility Reduction Contract - PVRC) was entered into in October 2002, with a view to reducing the risk of local and import price volatility. The hedge operation was negotiated with one of the producers of natural gas supplied to Petrobras and has the same maturity term as the Gas Supply Agreement.

Considering that there is no market quotation for natural gas to cover such a long-term contract as the CRVPGN, the fair value of this derivative instrument has been calculated based on a simulation that used the reserve model developed by the Company. In addition, taking into consideration the complexity for defining the parameters used in the stochastic model and to adjust the value estimated resulting from the model, we adopt the policy of applying to such result the average difference of results from applicable sensitivity analyses.

As of June 30, 2005 the fair value of CRVP reached approximately R\$ 1.115.000 thousands.

Any gains that may be realized by the difference between prices established in the two contracts related to the quantities effectively transported will be reflected in the Company's price policy, applied to the distribution of gas, with a view to sustained development of the natural gas market in Brazil.

23) SAFETY, ENVIRONMENT AND HEALTH (SEH)

Petrobras investments in the safety, environmental and health areas, with a consequent reduction in the risks involved in its operations contributed for the Company to obtain in May a recurrent reduction in the price of the operational insurance of its refineries and oil rigs. The amount of US\$ 25,2 million paid in 2004, was reduced in 2005 to US\$ 21,6 million, in the insurance policies against petroleum, large fire and operational risks. This is the third consecutive year in which there is insurance price decrease, corresponding to an insured value of US\$ 24,2 billion.

In the first six months of the year, the oil spill volume at the Company, including its operations abroad totaled 133 m³, one of the lowest for the period since 2000.

In the International Stevie Business Awards 2005, in New York, Petrobras was considered the best company in Latin America, as a result, according to the judging commission, of the care of the Company with environment and its commitment to the well being of the communities in the areas in which it operates.

In a ceremony carried out in the headquarter of the Rio de Janeiro State government, Petrobras received from Feema, a local environmental agency, the license to operate Duque de Caxias Refinery - Reduc, which is now compliant with the new Brazilian environmental legislation. Till then Reduc did not have this license, because when it was inaugurated this requirement was not in force.

With investment of approximately US\$ 750 million, Petrobras launched Diesel 500, with reduction of 75% in sulphur content. This product will be sold in the metropolitan regions where there is concentration of pollutants, such as São Paulo, Rio de Janeiro, Campinas, Baixada Santista, São José dos Campos, Belo Horizonte and Volta Redonda.

Following a policy to increase care with environment by its foreign premises, Petrobras inaugurated in Bahia Blanca, Argentina, its tenth Center for Environment Protection (CEP), the first outside Brazil. Working 24 hours a day, this CEP reinforces the contingency system in the region of the Ricardo Eliçabe refinery, making actions even more swift and effective in case of oil spills.

24) Subsequent events

a) Moody's increases rating of debt in local currency from Baa 1 to A2

On July 08, 2005, PETROBRAS communicated that Moody's Investor Services increased the rating of PETROBRAS debt in local currency from Baa1 to A2. This increase reflects the application of the new Moody's rating methodology for government-related issuers -GRIs.

In foreign currency, the rating was maintained as Ba1 (positive prospects), i.e. only one level below the investment grade.

b) Shares split

On July 22, 2005, the Extraordinary General Meeting approved the split of each Company share into four shares, resulting in free distribution of 3 (three) new shares of the same species for each share held, based on the shareholding structure at 31/08/2005, and the amendment to Article 4 of the Company's articles of incorporation to make capital be divided into 4.386.151 thousand shares, of which 2.536.673 thousand are common and 1.849.478 thousand are preferred shares, with no nominal value.

The proportion between American Depository Receipt (*ADR*) and shares of each class will be changed from one to four shares for one *ADR*.

c) Partial spin off not proportional of Downstream

The Board of Directors approved the conditions of the partial spin-off not proportional of Downstream Participações Ltda. (Downstream) and the takeover of the spun-off portion by PETROBRAS.

Said operation of spin-off followed by takeover will not result in any change in Petrobras capital and will not have any significant effects for Company shareholders, of which the sole objective is to reorganize assets so that participation in 5283 , asset related to the international area be segregated from the other assets of Downstream related to national activities in the supply area.

Except for the spun-off portion, which will be transferred to Petrobras, all the other assets and liabilities, rights and obligations of Downstream will be maintained by it.

PETROBRAS will assume only the rights and liabilities related to the spun-off portion, together with Downstream, for all the purposes and effects of sole paragraph of article 233 of Law No. 6.404/76.

d) Acquisition of CEG-RIO

PETROBRAS, through its subsidiary Petrobras Gás S/A - GASPETRO, concluded on July 11, 2005 the acquisition of 12,41% of the shares (common and preferred) of Distribuidora de Gás Natural Canalizado CEG-RIO, for R\$ 39.334 thousand (US\$ 16.540 thousand). With this acquisition, the shareholdings of GASPETRO in said company are increased to 37,41%, characterizing as from that date shared control as prescribed by CVM Instruction No. 247/96.

e) Approval of Shelf Registration by Securities and Exchange Commission SEC

On July 28, Securities and Exchange Commission SEC approved the Shelf Registration that enabled PETROBRAS and its subsidiary Petrobras Internacional Finance e Company to issue fixed or variable marketable securities worth as high as US\$ 6,5 billion over the next 24 months.

The volume of potential issues is in line with PETROBRAS investments expected for the coming years, and with the financial leverage limits set forth in the Company's strategic planning.

Once all procedures and legal registration required by SEC are completed, PETROBRAS will be able to perform in the foreign market at its convenience.

Net Income

PETROBRAS reported net income of R\$ 9.806 million in the 1S-2005, with income from operations for 30% of the net operating income (30% in 1S-2004).

| R\$ million | | | | | | | |
|-------------|----------------|--------|-------|-----------------------------|----------------|--------|-------|
| 2nd Quarter | | | | 1st Six months | | | |
| 1Q-2005 | 2005 | 2004 | Δ % | | 2005 | 2004 | Δ % |
| 31.355 | 35.426 | 28.722 | 23 | Gross operating revenues | 66.781 | 54.468 | 23 |
| 22.566 | 26.105 | 20.607 | 27 | Net operating revenues | 48.671 | 38.805 | 25 |
| 6.901 | 7.637 | 5.721 | 33 | Operating profit (1) | 14.538 | 11.732 | 24 |
| (172) | (1.402) | 156 | (999) | Financial income (expenses) | (1.574) | (25) | 6.196 |
| 916 | 87 | 683 | (87) | Equity pickup | 1.003 | 1.147 | (13) |
| 5.107 | 4.699 | 4.382 | 7 | Net income for the period | 9.806 | 8.429 | 16 |
| 4,66 | 4,28 | 4,00 | 7 | Net income per share | 8,94 | 7,69 | 16 |
| 122.208 | 126.543 | 90.094 | 40 | Market value | 126.543 | 90.094 | 40 |

(1) Before financial income and expenses and equity pickup.

Major factors that contributed to build up net income in 1S-2005:

- Increase in the average realization price (PMR) of basic oil products in the local market (specially gas and Diesel) and increase in the PMR for exports, reflecting the major crude oil quotes in the foreign market, which contributed to an increase (25%) in Net Operating Revenues in 1S-2005, as compared to the same period in 2004.
- Increase in the Brazilian crude oil and NGL production (12%) over 1S-2004, generating an increase in the participation of national crude oil in the total volume processed by the refineries (80% in 1S-2005 as compared to 75% in the same 2004 period).
- Increase in health care costs (Assistência Médica Suplementar (AMS)) and pension costs (Petros Plan), as a result of the actuarial calculation review carried out at the end of 2004.

- Litigation costs as a result of unfavorable decisions or judicial agreements and contingencies in the amount of R\$ 328 million.
- Non-commercial or dry well expenditures charged to income for the six-month amounting to R\$ 127 million.
- Equity in significant investments in Petrobrás System represented a gain of R\$ 1.003 million in income for the first six-month period of 2005.
- Decrease in Tax Expenses, as a result of changes, as from August /04, in legislation on PASEP/COFINS, which reduced the rates on financial income to zero.
- Tax economy of R\$ 746 million, resulting from accrual, in June 2005, of interest on shareholders' equity.

Economic indicators

The business undertaken by PETROBRAS in 1S-2005 amounted to R\$ 16.3 billion in earnings before interest, equity participation, taxes, depreciation and amortization (EBITDA), a 21% increase over the same 2004 period.

| 1Q-2005 | 2Q | | | 1st Six months | |
|---------|--------------|-------|-----------------------------|----------------|--------|
| | 2005 | 2004 | | 2005 | 2004 |
| 47 | 44 | 45 | Gross margin (%) | 45 | 45 |
| 30 | 29 | 27 | Operating margin (%) | 30 | 30 |
| 23 | 18 | 22 | Net margin (%) | 20 | 22 |
| 7.803 | 8.552 | 6.686 | EBITDA R\$ million | 16.355 | 13.505 |

In 1S-2005 gross margin remained stable when compared to the same prior-year period, as the effects of increases of basic derivatives in the domestic and external market were offset by the increase in the cost of products sold, due to higher expenses with Governmental Participation, import and sea and pipeline transportation.

01.01 - 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 |
|-------------------------------------|---|--|

06.01 CONSOLIDATED BALANCE SHEET - ASSETS (THOUSANDS OF REAIS)

| 1 - Code | 2 - DESCRIPTION | 3 - 30/06/2005 | 4 - 31/03/2005 |
|-----------------|---|-----------------------|-----------------------|
| 1 | TOTAL ASSETS | 165.577.252 | 167.330.809 |
| 1.01 | CURRENT ASSETS | 50.468.881 | 52.288.004 |
| 1.01.01 | CASH AND CASH EQUIVALENTS | 17.194.956 | 17.628.345 |
| 1.01.02 | CREDITS | 11.387.523 | 10.788.963 |
| 1.01.02.01 | ACCOUNTS RECEIVABLE, NET | 11.387.523 | 10.788.963 |
| 1.01.03 | INVENTORIES | 14.209.050 | 14.024.936 |
| 1.01.04 | OTHER | 7.677.352 | 9.845.760 |
| 1.01.04.01 | RECOVERABLE TAXES | 3.817.987 | 4.352.005 |
| 1.01.04.02 | DEFERRED TAXES AND CONTRIBUTIONS | 603.835 | 802.970 |
| 1.01.04.03 | PREPAID EXPENSES | 945.372 | 1.371.719 |
| 1.01.04.04 | MARKETABLE SECURITIES | 673.499 | 1.287.069 |
| 1.01.04.05 | OTHER CURRENT ASSETS | 1.636.659 | 2.031.997 |
| 1.02 | NON-CURRENT ASSETS | 13.935.428 | 14.419.552 |
| 1.02.01 | SUNDRY CREDITS | 2.834.113 | 3.415.956 |
| 1.02.01.01 | PETROLEUM AND ALCOHOL ACCOUNTS - STN | 757.868 | 752.360 |
| 1.02.01.02 | MARKETABLE SECURITIES | 946.660 | 1.192.693 |
| 1.02.01.03 | INVESTMENTS IN PRIVATIZATION PROCESS | 379.209 | 345.578 |
| 1.02.01.04 | ACCOUNTS RECEIVABLE, NET | 750.376 | 1.215.325 |
| 1.02.02 | CREDITS WITH AFFILIATED COMPANIES | 331.309 | 121.723 |
| 1.02.02.01 | WITH AFFILIATED COMPANIES | 331.309 | 121.723 |
| 1.02.02.02 | WITH SUBSIDIARIES | 0 | 0 |
| 1.02.02.03 | WITH OTHER RELATED PARTIES | 0 | 0 |
| 1.02.03 | OTHER | 10.770.006 | 10.881.873 |
| 1.02.03.01 | DEFERRED TAXES AND SOCIAL CONTRIBUTIONS | 2.418.022 | 2.446.375 |
| 1.02.03.02 | ADVANCES TO SUPPLIERS | 714.736 | 899.421 |
| 1.02.03.03 | PREPAID EXPENSES | 1.558.862 | 1.521.925 |
| 1.02.03.04 | COMPULSORY LOANS - ELETROBRAS | 117.488 | 117.420 |
| 1.02.03.05 | JUDICIAL DEPOSITS | 1.989.548 | 2.008.555 |
| 1.02.03.06 | ADVANCES FOR PENSION PLAN MIGRATION | 1.178.345 | 1.258.435 |
| 1.02.03.07 | DEFERRED ICMS (VALUE ADDED TAX) | 1.262.515 | 1.246.205 |
| 1.02.03.08 | RECOVERABLE TAXES | 190.365 | 211.531 |
| 1.02.03.09 | OTHER NON-CURRENT ASSETS | 1.340.125 | 1.172.006 |
| 1.03 | PERMANENT ASSETS | 101.172.943 | 100.623.253 |
| 1.03.01 | INVESTMENTS | 2.135.701 | 2.056.176 |
| 1.03.01.01 | INVESTMENTS IN AFFILIATED COMPANIES | 1.210.229 | 1.222.560 |
| 1.03.01.02 | INVESTMENTS IN SUBSIDIARIES | 498.776 | 391.240 |

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| | | | |
|---------------|-------------------------------|------------|------------|
| 1.03.01.02.01 | IN SUBSIDIARIES | 8.038 | 8.059 |
| 1.03.01.02.02 | GOODWILL OF SUBSIDIARIES | 490.738 | 383.181 |
| 1.03.01.03 | OTHER INVESTMENTS | 426.696 | 442.376 |
| 1.03.02 | PROPERTY, PLANT AND EQUIPMENT | 97.889.367 | 97.753.464 |
| 1.03.03 | DEFERRED CHARGES | 1.147.875 | 813.613 |

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06.02 CONSOLIDATED BALANCE SHEET LIABILITIES (THOUSANDS OF REAIS)

| 1 - Code | 2 - DESCRIPTION | 3 - 30/06/2005 | 4 31/03/2005 |
|-----------------|---|-----------------------|---------------------|
| 2 | TOTAL LIABILITIES | 165.577.252 | 167.330.809 |
| 2.01 | CURRENT LIABILITIES | 32.450.822 | 35.748.438 |
| 2.01.01 | LOANS AND FINANCING | 9.000.690 | 10.656.405 |
| 2.01.01.01 | FINANCING | 8.196.154 | 10.008.826 |
| 2.01.01.02 | INTEREST ON FINANCING | 804.536 | 647.579 |
| 2.01.02 | DEBENTURES | 0 | 0 |
| 2.01.03 | SUPPLIERS | 8.383.513 | 7.689.800 |
| 2.01.04 | TAXES AND CONTRIBUTIONS PAYABLE | 7.658.233 | 8.881.935 |
| 2.01.04.01 | CURRENT TAXES AND SOCIAL CONTRIBUTIONS | 812.358 | 1.677.062 |
| 2.01.04.02 | DEFERRED TAXES AND SOCIAL CONTRIBUTIONS | 1.114.557 | 1.100.963 |
| 2.01.04.03 | OTHER TAXES AND CONTRIBUTIONS PAYABLE | 5.731.318 | 6.103.910 |
| 2.01.05 | DIVIDENDS PAYABLE | 2.270.594 | 2.115.213 |
| 2.01.06 | ACCRUALS | 1.656.883 | 2.527.318 |
| 2.01.06.01 | SALARIES, VACATION AND RELATED CHARGES | 1.015.155 | 1.083.393 |
| 2.01.06.02 | CONTINGENCY ACCRUAL | 208.173 | 306.846 |
| 2.01.06.03 | OTHER | 433.555 | 1.137.079 |
| 2.01.07 | DEBTS WITH AFFILIATED COMPANIES | 0 | 0 |
| 2.01.08 | OTHER | 3.480.909 | 3.877.767 |
| 2.01.08.01 | PENSION PLAN | 385.474 | 406.090 |
| 2.01.08.02 | ADVANCES FROM CUSTOMERS | 576.173 | 1.104.456 |
| 2.01.08.03 | PROJECT FINANCINGS | 59.348 | 41.443 |
| 2.01.08.04 | OTHER | 2.459.914 | 2.325.778 |
| 2.02 | NON-CURRENT LIABILITIES | 56.554.623 | 60.166.724 |
| 2.02.01 | LOANS AND FINANCING | 38.241.249 | 42.932.526 |
| 2.02.02 | DEBENTURES | 0 | 0 |
| 2.02.03 | ACCRUALS | 8.183.327 | 7.918.574 |
| 2.02.03.01 | HEALTH CARE BENEFITS | 6.396.700 | 6.019.174 |
| 2.02.03.02 | CONTINGENCY ACCRUAL | 665.071 | 751.431 |
| 2.02.03.03 | PROVISION FOR WELL ABANDONMENT | 1.121.556 | 1.147.969 |
| 2.02.04 | DEBTS WITH AFFILIATED COMPANIES | 93.177 | 32.731 |
| 2.02.05 | OTHER | 10.036.870 | 9.282.893 |
| 2.02.05.01 | DEFERRED TAXES AND SOCIAL CONTRIBUTIONS | 7.193.908 | 7.039.076 |
| 2.02.05.02 | PENSION PLAN | 1.389.631 | 1.042.429 |
| 2.02.05.03 | OTHER | 1.453.331 | 1.201.388 |
| 2.03 | DEFERRED INCOME | 520.583 | 514.413 |

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| | | | |
|------------|-------------------------------------|------------|------------|
| 2.04 | MINORITY INTEREST | 5.950.766 | 3.731.274 |
| 2.05 | SHAREHOLDERS' EQUITY | 70.100.458 | 67.169.960 |
| 2.05.01 | CAPITAL | 33.235.444 | 33.235.444 |
| 2.05.01.01 | PAID UP CAPITAL | 32.896.138 | 32.896.138 |
| 2.05.01.02 | MONETARY CORRECTION | 339.306 | 339.306 |
| 2.05.02 | CAPITAL RESERVES | 365.236 | 365.236 |
| 2.05.02.01 | AFRMM AND OTHERS | 365.236 | 365.236 |
| 2.05.03 | REVALUATION RESERVES | 65.118 | 67.115 |
| 2.05.03.01 | OWN ASSETS | 0 | 0 |
| 2.05.03.02 | ASSETS OF SUBSIDIARIES/AFFILIATES | 65.118 | 67.115 |
| 2.05.04 | REVENUE RESERVES | 26.483.592 | 28.480.857 |
| 2.05.04.01 | LEGAL | 4.035.410 | 4.035.410 |
| 2.05.04.02 | STATUTORY | 843.640 | 843.640 |
| 2.05.04.03 | CONTINGENCIES | 0 | 0 |
| 2.05.04.04 | UNREALIZED PROFITS | 0 | 0 |
| 2.05.04.05 | RETAINED EARNINGS | 21.604.542 | 23.601.807 |
| 2.05.04.06 | SPECIAL FOR UNDISTRIBUTED DIVIDENDS | 0 | 0 |
| 2.05.04.07 | OTHER | 0 | 0 |
| 2.05.05 | RETAINED EARNINGS | 9.951.068 | 5.021.308 |

07.01 CONSOLIDATED STATEMENT OF INCOME (THOUSANDS OF REAIS)

| 1 - Code | 2 - DESCRIPTION | 3 - 01/04/2005 to 30/06/2005 | 4 - 01/01/2005 to 30/06/2005 | 5 - 01/04/2004 to 30/06/2004 | 6 - 01/01/2004 to 30/06/2004 |
|-----------------|---|---|---|---|---|
| 3.01 | GROSS SALES AND SERVICES REVENUE | 42.646.179 | 82.444.113 | 37.772.622 | 70.300.855 |
| 3.02 | DEDUCTIONS FROM GROSS REVENUE | (10.287.009) | (20.188.019) | (9.766.906) | (19.084.392) |
| 3.03 | NET SALES AND SERVICES REVENUE | 32.359.170 | 62.256.094 | 28.005.716 | 51.216.463 |
| 3.04 | COST OF PRODUCTS AND SERVICES SOLD | (17.938.756) | (34.448.851) | (16.951.161) | (29.719.911) |
| 3.05 | GROSS PROFIT | 14.420.414 | 27.807.243 | 11.054.555 | 21.496.552 |
| 3.06 | OPERATING EXPENSES / INCOME | (5.957.648) | (11.406.169) | (5.432.330) | (9.632.977) |
| 3.06.01 | SELLING | (1.251.550) | (2.521.364) | (1.085.386) | (1.955.251) |
| 3.06.02 | GENERAL AND ADMINISTRATIVE | (1.260.923) | (2.500.811) | (1.021.759) | (1.930.330) |
| 3.06.02.01 | DIRECTORS' FEES | (5.630) | (13.793) | (8.232) | (17.380) |
| 3.06.02.02 | ADMINISTRATIVE | (1.255.293) | (2.487.018) | (1.013.527) | (1.912.950) |
| 3.06.03 | FINANCIAL | (1.143.532) | (2.220.655) | (621.793) | (1.497.814) |
| 3.06.03.01 | FINANCIAL INCOME | (80.325) | 194.394 | 997.721 | 1.460.388 |
| 3.06.03.01.01 | FINANCIAL INCOME | (80.325) | 194.394 | 997.721 | 1.460.388 |
| 3.06.03.02 | FINANCIAL EXPENSES | (1.063.207) | (2.415.049) | (1.619.514) | (2.958.202) |
| 3.06.04 | OTHER OPERATING REVENUES | 0 | 0 | 0 | 0 |
| 3.06.05 | OTHER OPERATING EXPENSES | (1.816.812) | (3.879.873) | (3.023.958) | (4.706.936) |
| 3.06.05.01 | COST OF CRUDE OIL PROSPECTION AND DRILLING | (341.362) | (584.472) | (253.112) | (625.311) |
| 3.06.05.02 | RESEARCH AND TECHNOLOGICAL DEVELOPMENT | (222.573) | (416.173) | (180.115) | (318.318) |
| 3.06.05.03 | TAXES | (199.428) | (418.020) | (517.164) | (808.204) |
| 3.06.05.04 | NET MONETARY AND EXCHANGE ADJUSTMENTS | 514.495 | 518.041 | (928.054) | (1.141.857) |
| 3.06.05.05 | OTHER EXPENSES /REVENUE | (1.567.944) | (2.979.249) | (1.145.513) | (1.813.246) |
| 3.06.06 | PARTICIPATION IN THE SHAREHOLDERS' EQUITY OF AFFILIATED COMPANIES | (484.831) | (283.466) | 320.566 | 457.354 |
| 3.07 | OPERATING INCOME | 8.462.766 | 16.401.074 | 5.622.225 | 11.863.575 |
| 3.08 | NON-OPERATING EXPENSES/INCOME | (79.370) | (205.443) | (89.169) | (138.522) |
| 3.08.01 | INCOME | 8.703 | 9.033 | 153 | 35.313 |
| 3.08.02 | EXPENSES | (88.073) | (214.476) | (89.322) | (173.835) |
| 3.09 | INCOME BEFORE TAXES/PARTICIPATIONS | 8.383.396 | 16.195.631 | 5.533.056 | 11.725.053 |
| 3.10 | INCOME TAX AND SOCIAL CONTRIBUTION | (1.636.236) | (3.908.206) | (1.735.839) | (3.286.564) |
| 3.11 | DEFERRED INCOME TAX | (467.331) | (1.002.861) | (421.594) | (1.078.384) |
| 3.12 | STATUTORY PARTICIPATION/CONTRIBUTIONS | 0 | 0 | 0 | 0 |
| 3.12.01 | PARTICIPATIONS | 0 | 0 | 0 | 0 |

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| | | | | | |
|---------|--|-------------|-------------|-----------|-----------|
| 3.12.02 | CONTRIBUTIONS | 0 | 0 | 0 | 0 |
| 3.13 | REVERSAL OF INTEREST ON SHAREHOLDERS' EQUITY | 0 | 0 | 0 | 0 |
| 3.14 | MINORITY INTEREST | (1.350.069) | (1.333.496) | (76.954) | (268.749) |
| 3.15 | NET INCOME FOR THE PERIOD | 4.929.760 | 9.951.068 | 3.298.669 | 7.091.356 |
| | NUMBER OF SHARES, EX-TREASURY (THOUSANDS) | 1.096.538 | 1.096.538 | 1.096.538 | 1.096.538 |
| | NET INCOME PER SHARE | 4,49575 | 9,07499 | 3,00826 | 6,46704 |
| | LOSS PER SHARE | | | | |

PETROBRAS reported a consolidated net income of R\$ 4.930 million in 2Q-2005, 49% higher than the net income reported in 2Q-2004. Consolidated net operating income was R\$ 32.359 million, with exports being responsible for R\$ 5.765 million, 40% higher than in 2Q-2004. EBITDA in 2Q-2005 was R\$ 11.809 million, a result 36% higher than the R\$ 8.652 million registered in 2Q-2004. In 2Q-2005, the PETROBRAS System invested R\$ 5.709 million, a 12% growth in relation to 2Q-2004.

- Net income in 2Q-2005 was R\$ 4.930 million, due to the profitability obtained in the period, which corresponded to a gross margin of 45% (39% in 2Q-2004), as a result of the average realization prices in the internal market in the second quarter of 2004 of some oil products, mainly gasoline and diesel oil, and to the increases in exports, which was a reflection of higher oil prices in the international market and greater volumes sold.
- This increase was reduced, in part, by growth in the cost of products sold, where higher expenses with oil products imports and government take, technical services and salaries and benefits stood out.
- In the consolidated balance sheet, the 12% appreciation of the *real* against the dollar in 2Q-2005, resulted in a gain over net monetary liabilities linked to the dollar from the controlled companies headquartered in Brazil. The Controller's exchange rate losses on net monetary assets from operations with controlled companies abroad are not eliminated in the consolidation process.
- In 2Q-2005, the consolidated gross and net revenues were R\$ 42.646 million and R\$ 32.359 million, respectively. Growth in consolidated gross and net revenues over 2Q-2004 was R\$ 4.873 million (13%) and R\$ 4.353 million (16%), respectively.
- Total production of oil, LNG and natural gas rose 15% over 2Q-2004, reaching an average of 2,279 thousand barrels of oil equivalent per day, due in part to the start-up of FPSO-MLS (Marlim Sul) in June 2004, and of platforms P-43 (Barracuda) and P-48 (Caratinga), in December 2004 and February 2005, respectively. The production of oil and LNG in the country reached an average of 1,730 thousand barrels/day, with 84% coming from the Campos basin (1,446 thousand barrels/day). Production of oil products in the country in 2Q-2005 remained stable in relation to 2Q-2004, reaching an 83% nominal capacity utilization rate in the refineries.
- Net financial debt of the PETROBRAS System fell from R\$ 39.883 million on March 31, 2005 to R\$ 33.316 million on June 30, 2005, reflecting the appreciation of the *real* against the dollar in the quarter. In 2Q-2005, the net debt corresponded to 48% of the shareholders' equity. The Net Debt/EBITDA ratio was 0.75.
- In 2Q-2005, the generation of operating cash (measured by EBITDA) was R\$ 11.809 million, a 36% growth over 2Q-2004 (R\$ 8.652 million).
- The Company's market value on June 30, 2005 was R\$ 126.543 million, a 40% increase over June 30, 2004, and was representative of 176% of the Holding Company's shareholders' equity (R\$ 71.877 million).
- In 1H-2005, the PETROBRAS System invested R\$ 10.990 million, with R\$ 5.786 million of that going towards the development of its oil and natural gas production capacity. These investments include those incurred by Special Purpose Entities (SPEs) totaling R\$ 1.008 million.
- In 1H-2005, the PETROBRAS System generated an added value of R\$ 53.641 million (R\$ 45.482 million in 1H-2004), with R\$ 29.706 million (R\$ 27.815 million in 1H-2004) destined towards government take and federal, state and municipal taxes, R\$ 8.532 million (R\$ 7.347 million in 1H-2004) to financial institutions and suppliers for payment of financial expenses, rent and freight, R\$ 11.284 million (R\$ 7.360 million in 1H-2004) to the shareholders and R\$ 4.119 million (R\$ 2.960 million in 1H-2004) to salaries and benefits.

PETROBRAS SYSTEM Operating Performance
Net Income and Consolidated Economic Indicators

PETROBRAS, its subsidiaries and controlled companies, reported net income of R\$ 9.951 million in the first half of 2005, 40% higher than net income reported in the first half of 2004.

| R\$ Million | | | | | | | |
|------------------|----------------|----------|------|---------------------------------------|----------------|----------------|------|
| 1Q - 2005 (1) | Second Quarter | | | | First Half | | |
| | 2005 (1) | 2004 (2) | Δ% | | 2005 (1) | 2004 (2) | Δ% |
| 39.798 | 42.646 | 37.773 | 13 | Gross Operating Revenue | 82.444 | 70.301 | 17 |
| 29.897 | 32.359 | 28.006 | 16 | Net Operating Revenue | 62.256 | 51.217 | 22 |
| 8.811 | 9.576 | 6.853 | 40 | Operating Profit (3) | 18.387 | 14.047 | 31 |
| (1.073) | (630) | (1.550) | (59) | Financial Result | (1.703) | (2.640) | (35) |
| 5.021 | 4.930 | 3.299 | 49 | Net Income | 9.951 | 7.091 | 40 |
| 4,58 | 4,50 | 3,01 | 49 | Net Income per Share | 9,07 | 6,47 | 40 |
| | | | | Market Value (Parent | | | |
| 122.208 | 126.543 | 90.094 | 40 | Company) | 126.543 | 90.094 | 40 |
| 45 | 45 | 39 | 6 | Gross Margin (%) | 45 | 42 | 3 |
| 29 | 30 | 24 | 6 | Operating Margin (%) | 30 | 27 | 3 |
| 17 | 15 | 12 | 3 | Net Margin (%) | 16 | 14 | 2 |
| 10.484 | 11.809 | 8.652 | 36 | EBITDA R\$ million (4) | 22.293 | 17.258 | 29 |
| | | | | Financial and Economic | | | |
| | | | | Indicators | | | |
| 47.5 | 51.59 | 35.36 | 46 | Brent (US\$/bbl) | 49.54 | 33.66 | 47 |
| | | | | US Dollar Average Price - Sale | | | |
| 2,6672 | 2,4822 | 3,0423 | (18) | (R\$) | 2,5741 | 2,9707 | (13) |
| | | | | US Dollar Last Price - Sale | | | |
| 2,6662 | 2,3504 | 3,1075 | (24) | (R\$) | 2,3504 | 3,1075 | (24) |

- (1) As of January 1, 2005, the Special Purpose Entities, whose activities are directly or indirectly controlled by Petrobras, are included in the Consolidated Financial Statements, as per CVM Instruction Number 408/2004.
- (2) To facilitate comparison, the Special Purpose Entities were also included in the 2Q 2004 and 1H-2004 financial statements.
- (3) Earnings before financial revenues and expenses, equity in results of non-consolidated companies and taxes.
- (4) Operating income before financial result and equity in results of non-consolidated companies + depreciation/amortization/abandonment of wells.

EBITDA COMPONENTS

| R\$ Million | | | | | |
|--------------|----------------|--------------|---|---------------|---------------|
| 1Q-2005 | Second Quarter | | | First Half | |
| | 2005 | 2004 | | 2005 | 2004 |
| 7.939 | 8.462 | 5.623 | Operating Income as per Brazilian Company Law | 16.401 | 11.864 |
| 1.073 | 630 | 1.550 | (-) Financial Result | 1.703 | 2.640 |

| | | | | | |
|---------------|---------------|--------------|---|---------------|---------------|
| (201) | 484 | (320) | (-) Equity in results of non-consolidated companies | 283 | (457) |
| 8.811 | 9.576 | 6.853 | Operating Profit | 18.387 | 14.047 |
| 1.673 | 2.233 | 1.799 | Depreciation & Amortization | 3.906 | 3.211 |
| 10.484 | 11.809 | 8.652 | EBITDA | 22.293 | 17.258 |

The main factors that contributed to consolidated net income in 1H-2005, compared to 1H-2004, were:

- R\$ 6.310 million increase in gross income, as per the following:

| Analysis of Gross Income - Main Items | | Net Revenues | Cost of Goods Sold | Gross Income |
|---|----------------------------------|--------------|--------------------|--------------|
| . Domestic market: | - Increase in volumes sold | 876 | (508) | 368 |
| | - Increase in price | 6.515 | - | 6.515 |
| . Intl. Market: | - Increase in export volumes | 1.127 | (544) | 583 |
| | - Increase in export price | 1.329 | - | 1.329 |
| . Increased expenses: | - Oil and oil products imports | - | (970) | (970) |
| | - Third-party services | - | (381) | (381) |
| | - Government take in the country | - | (1.141) | (1.141) |
| | - Salaries and benefits | - | (323) | (323) |
| . Increase of BR Distribuidora's gross profit | | 505 | - | 505 |
| . Increased operations of commercialization abroad | | 764 | (732) | 32 |
| . Increase (reduction) in international sales | | - | (460) | (460) |
| . FX effect on the Controlled's revenues and costs abroad | | (104) | 176 | 72 |
| . Others | | 27 | 154 | 181 |
| | | 11.039 | (4.729) | 6.310 |

Increase in Sales Expenses (R\$ 566 million), due to the increase in commercialized volume and sea freight, considering the increase in exports.

Increase in General and Administrative Expenses (R\$ 571 million), following higher salary and benefits expenses projected in the 2004/2005 Collective Bargaining Agreement, the larger workforce and expenses related to the pension and health plans due to the actuarial revision in December 2004, plus expenses for network maintenance and software licenses

Increase in other operating expenses (R\$ 1.166 million), mainly due to the losses or legal accords and an additional provision for contingencies (R\$ 242 million), expenses related to institutional relations and cultural projects (R\$ 100 million), and with the health and pension plans of retirees and pensioners due to the actuarial revision in December 2004 (R\$ 430 million).

Reduced tax expenses (R\$ 390 million), because of the change in legislation as of August 2004 (Decree Number 5,164/04), which reduced to zero the PIS/PASEP and COFINS amounts levied on financial revenues.

R\$ 937 million improvement in the financial result, highlighting the following:

Positive exchange rate and monetary variation (R\$ 1.660 million effect), which includes, in part, the effects of the *real* appreciation against the dollar from January to June 2005 (11%), when compared to the depreciation of the *real* in the same period of the previous year (8%). This was offset by the R\$ 723 million increase in net financial expenses, mainly due to the decrease in financial revenues resulting from reduced short-term investments, as well as the profitability of the funds applied in the

country, primarily linked to the exchange rate variation.

Reduction in the result from participation in relevant investments, loss of R\$ 283 million in the first half of 2005, and a R\$ 457 million gain in the first half of 2004 due to exchange rate losses on net equity of subsidiaries abroad, resulting from the 11% appreciation of the *real* against the dollar in the first half of 2005 (8% depreciation in 1H-2004).

R\$ 546 million increase in the provision for income taxes and social contribution on profit, due to the increase in the net income which serves as the base for taxation, despite the provisioning of Interest on Own Capital on June 2005. This R\$ 746 million improvement in profitability in the period was a consequence of its deductibility from the calculation base for the provision for income tax and social contribution on profit.

| 1Q-2005 | Second Quarter | | | | | First Half | | |
|--|----------------|-------|-----|-----------------------------------|-------|------------|------|----|
| | 2005 | 2004 | Δ% | | | 2005 | 2004 | Δ% |
| Exploration & Production - Thousand bpd | | | | | | | | |
| 1,707 | 1,897 | 1,630 | 16 | Oil and LNG production | 1,802 | 1,637 | 10 | |
| 1,543 | 1,730 | 1,461 | 18 | Domestic | 1,637 | 1,468 | 12 | |
| 164 | 167 | 169 | (1) | International | 165 | 169 | (2) | |
| 364 | 382 | 356 | 7 | Natural Gas production (1) | 373 | 355 | 5 | |
| 266 | 284 | 262 | 8 | Domestic | 275 | 262 | 5 | |
| 98 | 98 | 94 | 4 | International | 98 | 93 | 5 | |
| 2,071 | 2,279 | 1,986 | 15 | Total production | 2,175 | 1,992 | 9 | |

(1) Does not include liquid gas and includes reinjected gas

Average Sales Price - US\$ per bbl

| | | | | Oil (US\$/bbl) | | | | |
|-------|-------|-------|----|------------------------|-------|-------|----|--|
| 37.48 | 43.04 | 32.88 | 31 | Brazil ⁽²⁾ | 40.39 | 31.17 | 30 | |
| 31.30 | 34.05 | 24.37 | 40 | International | 32.65 | 24.97 | 31 | |
| | | | | Natural Gas (US\$/bbl) | | | | |
| 11.71 | 12.23 | 11.42 | 7 | Brazil ⁽³⁾ | 11.98 | 11.39 | 5 | |
| 8.01 | 9.16 | 6.90 | 33 | International | 8.59 | 6.94 | 24 | |

(2) Average of exports and internal transfer prices from E&P to Supply

(3) Internal transfer price from E&P to Gas and Energy

Refining, Transport and Supply - Thousand bpd

| | | | | | | | | |
|-------|-------|-------|-------|---|-------|-------|------|--|
| 322 | 333 | 493 | (32) | Crude oil imports | 328 | 455 | (28) | |
| 46 | 83 | 62 | 34 | Oil products imports | 65 | 68 | (4) | |
| | | | | Import of gas, alcohol and others | 125 | 116 | 8 | |
| 115 | 137 | 128 | 7 | | | | | |
| 161 | 343 | 189 | 81 | Crude oil exports | 252 | 190 | 33 | |
| 235 | 221 | 266 | (17) | Oil products exports | 228 | 230 | (1) | |
| 11 | 9 | 6 | 50 | Other exports | 10 | 5 | 100 | |
| 76 | (20) | 222 | (109) | Net imports | 28 | 214 | (87) | |
| 1,816 | 1,767 | 1,766 | - | Output of oil products | 1,791 | 1,796 | - | |
| 1,708 | 1,668 | 1,670 | - | Brazil | 1,688 | 1,698 | (1) | |
| 108 | 99 | 96 | 3 | International | 103 | 98 | 5 | |
| | | | | Primary Processed Installed Capacity | 2,114 | 2,114 | - | |
| 2,114 | 2,114 | 2,114 | - | | | | | |
| 1,985 | 1,985 | 1,985 | - | Brazil ⁽⁴⁾ | 1,985 | 1,985 | - | |
| 129 | 129 | 129 | - | International | 129 | 129 | - | |
| | | | | Use of Installed Capacity(%) | | | | |
| 87 | 83 | 84 | (1) | Brazil | 85 | 85 | - | |
| 83 | 75 | 74 | 1 | International | 79 | 74 | 5 | |

| | | | | | | | |
|---|-----------|----|---|---|-----------|----|---|
| 79 | 81 | 73 | 8 | Domestic crude as % of total feedstock processed | 80 | 75 | 5 |
| (4) As per registration recognized by ANP. | | | | | | | |

Costs - US\$/barrel

| | | | | | | | |
|-------|--------------|-------|----|---|--------------|------|----|
| | | | | Lifting Costs: | | | |
| | | | | Brazil⁽⁵⁾ | | | |
| 5.95 | 4.88 | 4.15 | 18 | without government take | 5.39 | 4.22 | 28 |
| 13.54 | 13.29 | 10.07 | 32 | with government take | 13.40 | 9.90 | 35 |
| 2.55 | 2.74 | 2.50 | 10 | International | 2.65 | 2.47 | 7 |
| | | | | Refining cost | | | |
| | | | | Brazil⁽⁵⁾ | | | |
| 1.82 | 2.01 | 1.32 | 52 | International | 1.91 | 1.27 | 50 |
| 1.13 | 1.34 | 1.12 | 20 | International | 1.23 | 1.08 | 14 |
| | | | | Overhead Corporativo (US\$ million) - Controller | | | |
| 317 | 338 | 215 | 57 | | 654 | 419 | 56 |

(5) Considers revision of accounting criteria of the indicator through appropriation of expenses made for scheduled stops and accumulation of expenses for the Pension and Health Plans as per US GAAP.

| 1Q-2005 | Second Quarter | | | | First Half | | |
|-------------------------------------|----------------|--------------|-------------|-----------------------------------|--------------|--------------|-------------|
| | 2005 | 2004 | Δ% | | 2005 | 2004 | Δ% |
| Sales Volume - Thousands bpd | | | | | | | |
| 1,589 | 1,665 | 1,619 | 3 | Total Oil Products | 1,627 | 1,576 | 3 |
| 29 | 23 | 26 | (12) | Alcohol, Nitrogen and others | 26 | 27 | (4) |
| 214 | 222 | 205 | 8 | Natural Gas | 218 | 200 | 9 |
| 1,832 | 1,910 | 1,850 | 3 | Total Domestic Market | 1,871 | 1,803 | 4 |
| 406 | 572 | 461 | 24 | Exports | 490 | 425 | 15 |
| 419 | 334 | 452 | (26) | International Sales | 376 | 418 | (10) |
| 825 | 906 | 913 | (1) | Total International Market | 866 | 843 | 3 |
| 2,657 | 2,816 | 2,763 | 2 | Total | 2,737 | 2,646 | 3 |

Exploration and Production Th. Barrels/day

Production of domestic oil and LNG in the 1H-2005 increased 12% over the 1H-2004, due to the start-up of FPSO-MLS (Marlim Sul) in June 2004, and platforms P-43 (Barracuda) and P-48 (Caratinga) in December 2004 and February 2005, respectively.

In 2Q-2005, domestic oil and LNG production increased 12% over 1Q-2005 production, a consequence of increased operations at platforms P-43 and P-48 in the Barracuda and Caratinga fields. In June 2005, the Company reached a new oil production record of 1,834 thousand barrels per day, 23% higher than the volume reached in May 2005 (1,493 thousand barrels per day).

In 1H-2005, international oil production fell 2% in comparison to 1H-2004, due to interventions in some wells in Argentina and Venezuela. Gas production rose 5% due to increased production at the Bolivia unit, following the increase in gas demand in Brazil and Argentina.

In comparison to 1Q-2005, international oil production increased 2% because of the gradual development in production in block 18 in Ecuador. Gas production remained stable.

Refining, Transport and Supply Th. Barrels/day

Processed throughput (primary processing) in the refineries in the country fell 2% in 1H-2005, compared to 1H-2004, due to the programmed stop at REPLAN and RECAP, at the distillation units, and at the cracking and propane units, respectively.

Costs

Lifting Cost (US\$/barrel)

The lifting cost in the country without government take in 1H-2005 increased 28% over 1H-2004, due mainly to higher expenses for technical services for restoration and maintenance, mobilization and construction of structures and equipments, personnel transport, support for vessels, undersea operations, platform freight with third parties, consumption of chemical products to clear out and eliminate toxic gases principally at Marlim, plus the increases in salaries and benefits in the 2004/2005 Collective Bargaining Agreement, the larger workforce and the actuarial revision at the end of 2004, which increased the expenses provisioned for the health and pension plans. Discounting the effects of the *real*'s 13% appreciation, associated with the percent of expenses in domestic currency over the expenses related to this activity, the unit lifting cost increased 16% in relation to 1H-2004.

The 18% decrease in the unit lifting cost in the country without government take in 2Q-2005 in relation to 2Q-2004 is mainly due to higher expenses in the first quarter because of the stops at the fixed platforms in the Namorado 1 and 2 fields, in the Cherne 1 and 2 fields, in the Garoupa 1 field, and the in the Corvina field, plus the general stop at platform P-19 (Marlim) for a change of gas flaring equipment. These effects were partially offset by higher expenses in 2Q-2005 for the use of well intervention services and undersea line maintenance, and in access routes to production fields. Discounting the effects of the 7% appreciation of the *real*, the unit lifting cost fell 24% in relation to 1Q-2005.

In 1H-2005, the unit lifting cost in the country with government take grew 35% over 1H-2004, a result of the already-mentioned higher operating expenses, and the larger expenses with government take due to the increase in the average reference price for domestic oil, based on the variations in international market prices, and the 13% appreciation of the *real* against the U.S. dollar. In comparison to 1Q-2005, the 2Q-2005 lifting price in Brazil, considering government take, fell 2% due to the mentioned decrease in expenses. This fall was partially offset by the higher average reference price for domestic oil.

In 2Q-2005, the international unit lifting cost rose 7% over 1Q-2005, because of higher expenses for third-party services, materials, personnel and electricity consumption at the fields in Argentina and Venezuela. At the Colombia unit, expenses related to third-party services for equipment maintenance, expenses for chemical treatment of water and vehicle leasing contributed to the increase.

Refining Cost (US\$/barrel)

The unit refining cost in the country in 1H-2005 increased 50% over 1H-2004, due to higher expenses for corrective maintenance at RPBC, RLAM, REDUC and REPLAN, plus the higher personnel expenses arising from the increases incurred in salaries and benefits approved in the 2004/2005 Collective Bargaining Agreement, and the actuarial revision, at the end of 2004, and to the expenses provisioned for the health and pension plans. Discounting the effects of the 13% appreciation of the *real* associated to the percentage of expenses in domestic currency on the expenses of this activity, the unit refining cost increased 34% over 1H-2004.

In comparison to 1Q-2005, the unit refining cost in the country in 2Q-2005 rose 10%, due to the greater consumption of materials and use of contracted services for realization of programmed stops at REDUC, REGAP, REPLAN, RPBC and REPAR.

In 1H-2005, the average international unit refining cost increased 14% in relation to 1H-2004, due to higher expenses for personnel, electricity and contracted services at the refineries in Argentina, plus the expenses for equipment maintenance, electricity and personnel in Bolivia.

The average international refining cost in 2Q-2005 rose 19% in relation to 2Q-2004, mainly due to the programmed stops at the Bahia Blanca and San Lorenzo units in Argentina, plus the expenses for materials, industrial installations, personnel, third-party services, security and equipment maintenance in Bolivia.

Overhead (US\$ million)

In comparison to 1H-2004, corporate overhead in 1H-2005 grew 56%, due to higher expenses with contracted services, mainly linked to data processing, health, safety and environment, sponsorship, institutional advertising and publicity, expenses for property rental, and the increased expenses for salaries and benefits approved in the 2004/2005 Collective Bargaining Agreement, and revision of the actuarial calculation linked to the health and pension plans. Discounting the effects of the 13% appreciation of the *real*, and considering that all expenses are in *reais*, overhead increased 34% over 1H-2004.

Corporate overhead in 2Q-2005 rose 7% over 1Q-2005, mainly because of the appreciation of the real against the U.S. dollar (7%) on expenses in Brazilian currency.

Sales Volume Thousands Barrels/day

The sales volume of oil products remained stable in the domestic market in 1H-2005 in relation to 1H-2004, highlighting the increased sales of gasoline and diesel, which were offset by reduced sales of naphtha and fuel oil. Retraction of fuel oil consumption in 1H-2005 compared to 1H-2004 was due to strong competition from substitute products such as coal, coke, biomass and wood.

Consolidated Statement of Results by Business Area

| Result by Business Area | | | | | | | | R\$ million (1) | | |
|-------------------------|----------------|-------|-------|-------------------|---------|------------|-------|-----------------|--|--|
| 1Q-2005 | Second Quarter | | | | | First Half | | | | |
| | 2005 | 2004 | Δ% | | | 2005 | 2004 | Δ% | | |
| | | | | | | | | (3) | | |
| 4.584 | 5.807 | 4.460 | 30 | EXPLORATION & | 10.391 | 7.476 | 39 | | | |
| 1.559 | 1.941 | 410 | 373 | PRODUCTION | 3.500 | 1.445 | 142 | | | |
| (59) | 212 | (274) | (177) | SUPPLY | 153 | (326) | (147) | | | |
| 160 | 123 | 140 | (12) | GAS & ENERGY | 283 | 246 | 15 | | | |
| 351 | 168 | 101 | 66 | DISTRIBUTION (3) | 519 | 258 | 101 | | | |
| (1.204) | (1.826) | (940) | 94 | INTERNATIONAL (2) | (3.030) | (1.960) | 55 | | | |
| | | | | CORPORATE | | | | | | |
| (370) | (1.495) | (598) | 150 | ELIMINATIONS AND | (1.865) | (48) | 3.785 | | | |
| | | | | ADJUSTMENTS | | | | | | |
| 5.021 | 4.930 | 3.299 | 49 | CONSOLIDATED NET | 9.951 | 7.091 | 40 | | | |
| | | | | INCOME | | | | | | |

- (1) The financial statements by business area and their respective comments are presented beginning on page 19.
- (2) In the international business area, comparability between the periods is influenced by the exchange rate variation, considering that all operations are performed abroad, in dollars or in the currency of the country in which each company is headquartered, and significant variations in *reais* may occur, mainly due to the effects of the exchange rate.
- (3) In the distribution business, comparability between the periods is influenced by the LIQUIGÁS (Ex-AGIP) business, acquired by Petrobras Distribuidora - BR on August 9, 2004, and included in Petrobras consolidated statements as of August 2004.

RESULTS BY BUSINESS AREA

Petrobras is a company that operates in an integrated manner, with the major part of oil and gas production of the Exploration and Production area being transferred to other areas of the Company.

The following highlights the main criteria used to report the results by business area:

- a) Net operating revenues: considered to be the revenues related to sales made to external clients, plus the billing and transfers between the business areas, using the internal transfer prices defined between the areas as reference, with reporting methods based on market parameters.
- b) Included in operating profit are the net operating revenues, costs of goods and services sold which are reported by business area considering the internal transfer price and the other operating costs of each area, as well as the operating expenses, which include the expenses effectively incurred by each area.
- c) Assets: include the assets identified in each area.

E&P In 1H-2005, the net income reported by the Exploration & Production area was R\$ 10.391 million, 39% higher than the net income reported in the same period of the prior year (R\$ 7.476 million), due to the R\$ 4.710 million increase in gross income reported with the sales and transfers of oil, reflecting the higher international prices and the 12% rise in oil and LNG production, and the 5% increase in natural gas, despite the 13% appreciation in the average rate of the *real* against the U.S. dollar and the lower valuation of heavy crude in the international market in comparison to the lighter crudes.

The spread between the average price of domestic oil sold/transferred and the average Brent price rose from US\$ 2.49/bbl in 1H-2004 to US\$ 9.16/bbl in 1H-2005.

In 2Q-2005 the net income reported by the Exploration & Production area was R\$ 5.807 million, 27% higher than the net income reported in the previous quarter (R\$ 4.584 million), due to the R\$ 2.569 million growth in gross income, reflecting the increase in international oil prices as well as the 12% increase in oil and LNG production, and the 7% increase in natural gas production, despite the 7% appreciation of the average rate of the *real* against the U.S. dollar and the lower valuation of heavy crude in the international market compared to lighter crude.

The spread between the average price of domestic oil sold and transferred, and the average Brent price, fell from US\$ 10.02/bbl in 1Q-2005 to US\$ 8.55/bbl in 2Q-2005.

SUPPLY In 1H-2005, the net income reported by the Supply area was R\$ 3.500 million, 142% higher than the net income reported in the same period of the prior year (R\$ 1.445 million), a result of the R\$ 3.221 million increase in the gross income, with highlight for the following factors:

- Rise in the average realization value of oil products commercialized in the internal and external markets;
- Increase of 3% in the volume of oil products sold in the internal market;
- Improved production profile at the refineries, decreasing the need to import higher value- added oil products;
- 5% increase in the share of domestic oil in the load processed by the refineries.

These items were partially offset by the following:

- Increase in the acquisition and transfer cost of oil and oil products, pressured by higher international prices, despite the 13% appreciation in the average rate of the *real* against the U.S. dollar and the widening of the spread between heavy and light crude;
- Increase in sea freight costs;
- Higher refining costs.

Another factor that contributed to offsetting the increase in the gross income was the R\$ 135 million rise in sales expenses, due to the increase in volumes commercialized and sea freight.

In 2Q-2005, the net income reported by the Supply area was R\$ 1.941 million, 25% higher than the net income reported in the previous quarter (R\$ 1.559 million), due to the R\$ 495 million increase in gross income, which was impacted by the following:

- Increase in the average realization value of oil products in the internal and external markets;
- Increase of 5% in the volume of oil products sold in the internal market.

Another factor that contributed to the improved result from the Supply area was the R\$ 256 million reduction in operating expenses, which in the previous quarter was impacted by R\$ 289 million in contingencies for legal proceedings.

These items were partially offset by the 5% reduction in the volume of oil products sold in the external market.

GAS AND ENERGY In 1H-2005 the Gas and Energy business area reported profit of R\$ 153 million, against a loss of R\$ 326 million reported in the same period of the previous year, a function of the following:

- Increase of R\$ 414 million in the gross income, considering the 9% increase in the volume of natural gas sold, a result of expansion of the Brazilian market in the industrial, automotive and thermal energy segments, as well as the 17% increase in revenues related to energy commercialization, due to the higher projected volume in the current contracts, as well as the increase in shares in Fafen Energia (from 20% to 100% in December 2004) and in Termorio (from 50% to 100% in February 2005);
- Net financial revenues of R\$ 440 million, reflecting the 12% appreciation in the final rate of the *real* against the U.S. dollar, principally on indebtedness related to construction of the Bolivia-Brazil Gas Pipeline. In 1H-2004, a net financial expense of R\$ 452 million was reported, due to the exchange rate devaluation of 8%.

These items were partially offset by the R\$ 316 increase in operating expenses, due to the R\$ 306 million increase in operating expenses for thermoelectric plants, mainly related to idleness, as well as the R\$ 228 million growth in the participation on non-controlling shareholders, considering the better results reported by Transportadora Brasileira Gasoduto Bolívia Brasil-TBG.

In 2Q-2005, the net income reported by the Gas and Energy business area was R\$ 212 million, compared to the R\$ 59 million loss reported in the previous quarter. This result was due to the net financial revenues of R\$ 538 million, considering the 12% appreciation of the final rate of the *real* against the U.S. dollar. A net financial expense of R\$ 98 million was reported in the previous quarter.

This result was partially offset by the R\$ 229 million increase in expenses related to participation of non-controlling shareholders, due to the better results reported by Transportadora Brasileira Gasoduto Bolívia Brasil-TBG.

DISTRIBUTION In line with the strategic objectives to increase participation in the GLP Distribution segment and consolidation of the distribution market for automotive fuel in determined regions of Brazil, the distribution businesses now include the operations of Liquigás Distribuidora S.A., as of its acquisition in August 2004 by Agip do Brasil S.A.

In 1H-2005, the Distribution business area reported a net income of R\$ 283 million, 15% higher than the net income reported in the same period of the previous year (R\$ 246 million), due to the R\$ 529 million increase in the gross income, noting the consolidation of the company Liquigás, which had positive impacts on the volume sold, 22% greater in relation to the same period of the previous year.

These items were partially offset by the R\$ 459 million increase in operating expenses, particularly the increased expenses for commercialization and distribution of products and with personnel, which were also affected by the consolidation of Liquigás.

The Company's share in the fuel distribution market in 1H-2005 was 34.7%, including the company Liquigás, while in the same period of the prior year it was 32.3% .

The effects of consolidation in August 2004 of Liquigás resulted in an increase of R\$ 265 million in the gross income, and a R\$ 35 million decrease in the net income in the segment.

In relation to the previous quarter when the net income reported by the Distribution business area was R\$ 160 million, the net income in 2Q-2005 was 23% lower, due to the R\$ 27 million reduction in the gross income, and the R\$ 71 million increase in the operating expenses, particularly the increased expenses in the commercialization and distribution of products and for the additional provision for doubtful debtors.

The market share for fuel was 34.3% in 2Q-2005, including the company Liquigás, and 35.1% in 1Q-2005.

INTERNATIONAL In 1H-2005 the International business area reported a net income of R\$ 519 million, 101% higher than the net income of R\$ 258 million reported in the same period of the prior year.

This increase in net income is due to the following:

- R\$ 75 million increase in the gross income, due to the higher international oil prices, elevated gas sales from Bolivia to Brazil, and the start in June 2004 of the contract for sale of Bolivian gas to Argentina. These items were partially offset by

the appreciation of the *real* against the U.S. dollar (24%).

- Decrease of R\$ 141 million in the financial expenses due to the FX effect. Losses from operations with oil products at PEPSA were R\$ 276 million (R\$ 298 million in losses in 1H-2004).

In 2Q-2005 the International business area reported a net income of R\$ 168 million, 52% lower than the net income of R\$ 351 million reported in the previous quarter, due to the R\$ 235 million reduction in gross income, which was impacted by the lower sales volume. This was partially offset by the R\$ 66 million decrease in financial expenses, and both were mainly due to the effect of the appreciation of the *real* against the U.S. dollar (12%) in the process of exchange rate conversion.

CORPORATE The units that comprise the Corporate area of the Petrobras System generated a loss of R\$ 3.030 million in 1H-2005, 55% greater than the loss reported in 1H-2004 (R\$1.960 million), with highlight for the following factors:

- Increased corporate overhead due to higher expenses for personnel, institutional publicity and advertising, and the actuarial revision of expenses provisioned for the Health Plan (AMS) and the Pension Plan for retirees and Pensioners;
- Increase of R\$ 740 million in net financial expenses, due to the decrease in short-term investments and profitability from the funds applied in the country, backed mainly by securities;
- Loss of R\$ 511 million in the exchange rate conversion on company investments abroad in 1H-2005, due to the 12% appreciation of the final rate of the *real* against the dollar. In 1H- 2004, a gain of R\$ 373 million was reported, considering the exchange rate devaluation of 8%.

These items were partially offset by the following:

- Fiscal savings of R\$ 746 million, from the provision of interest on own capital in June 2005;
- Reduction of R\$ 385 million in tax expenses, because of the entry into effect on August 2, 2004 of Decree 5,164/04, which reduces to zero the rate contribution for PIS/PASEP and COFINS levied on financial revenues.

In 2Q-2005, the loss reported by the Corporate area was R\$ 1.826 million, 52% higher than the loss reported in the previous quarter (R\$ 1.204 million), highlighting the following aspects:

- R\$ 688 million increase in net financial expenses, due to the decrease in short-term investments and profitability from the funds applied in the country, backed mainly by securities;
- Loss of R\$ 638 million in the exchange rate conversion of company investments abroad in 2Q-2005, following the 12% appreciation of the *real* against the dollar. In 1H-2005, a gain of R\$ 127 million was reported.

These items were partially offset by fiscal savings of R\$ 746 million, due to the provision of interest on own capital in June 2005.

PETROBRAS SYSTEM **Financial Statements**

Consolidated Debt

| | R\$ Million | | |
|---|-------------|-----------|------|
| | 6/30/2005 | 3/31/2005 | % |
| Short-term Debt (1) | 9.645 | 11.419 | (16) |
| Long-term Debt (1) | 40.866 | 46.092 | (11) |
| Total | 50.511 | 57.511 | (12) |
| Net Debt | 33.316 | 39.883 | (16) |
| Net Debt/(Net Debt + Shareholders' Equity) (1) | 32% | 37% | (5) |
| Total Net Liabilities (1) (2) | 151.651 | 153.625 | (1) |
| Capital Structure | | | |
| (Third Parties Net / Total Liabilities Net) | 54% | 56% | (2) |

(1) Includes debt contracted through Leasing contracts: R\$ 3.269 million as of 6.30.2005, and R\$ 3.922 million as of 3.31.2005.

(2) Total liabilities net of cash/cash equivalents.

The Net Debt/EBITDA ratio fell from 0.95 on 3.31.2005, to 0.75 on 06.30.2005. The appreciation of the *real* against the dollar contributed to the debt reduction. Net debt of the Petrobras System on 6.30.2005 was R\$ 33.316 million, a 16% reduction from 3.31.2005.

The capital structure represented by third parties was 54% on June 30, 2005, a reduction of 2 percentage points from March 31, 2005.

Consolidated Investments

| | R\$ Million | | | | |
|--|---------------|------------|--------------|------------|-------------|
| | | | First Half | | |
| | 2005 | % | 2004 | % | % |
| Direct Investments | 9.790 | 89 | 8.208 | 92 | 19 |
| Exploration & Production | 5.786 | 53 | 5.165 | 58 | 12 |
| Supply | 1.350 | 12 | 1.723 | 19 | (22) |
| Gas and Energy | 940 | 9 | 102 | 1 | 822 |
| International | 1.231 | 11 | 861 | 10 | 43 |
| Distribution | 242 | 2 | 141 | 2 | 72 |
| Corporate | 241 | 2 | 216 | 2 | 12 |
| Special Purpose Entities (SPEs) | 1.008 | 9 | 391 | 4 | 158 |
| Ventures under Negotiation | 111 | 1 | 232 | 3 | (52) |
| Project Finance | 81 | 1 | 115 | 1 | (30) |
| Exploration & Production | 81 | 1 | 115 | 1 | (30) |
| Espadarte/Marimbá/Voador | 52 | 1 | 17 | - | 206 |
| Cabiúnas | - | - | 45 | 1 | - |
| Marlim / NovaMarlim Petróleo | - | - | 13 | - | - |
| Others | 29 | - | 40 | - | (28) |
| Total Investments | 10.990 | 100 | 8.946 | 100 | 23 |

| | R\$ Million | | | | |
|--------------------------|--------------|------------|------------|------------|-----------|
| | | | First Half | | |
| | 2005 | % | 2004 | % | % |
| International | 1.231 | 100 | 861 | 100 | 43 |
| Exploration & Production | 1.076 | 87 | 721 | 84 | 49 |
| Supply | 67 | 5 | 17 | 2 | 294 |
| Gas and Energy | 46 | 4 | 41 | 5 | 12 |
| Distribution | 11 | 1 | 17 | 2 | (35) |
| Others | 31 | 3 | 65 | 7 | (52) |
| Total Investments | 1.231 | 100 | 861 | 100 | 43 |

| | R\$ Million | | | | |
|--|--------------|------------|------------|------------|------------|
| | | | First Half | | |
| | 2005 | % | 2004 | % | % |
| Special Purpose Entities (SPEs) | 1.008 | 100 | 391 | 100 | 158 |

| | | | | | |
|--------------------------|--------------|------------|------------|------------|------------|
| PDET Off-Shore | 276 | 27 | - | - | - |
| Barracuda & Caratinga | 259 | 26 | 374 | 96 | (31) |
| Malhas | 407 | 40 | - | - | - |
| Cabiúnas | 6 | 1 | 17 | 4 | (65) |
| Amazônia | 60 | 6 | - | - | - |
| Total Investments | 1.008 | 100 | 391 | 100 | 158 |

In line with its strategic objectives, Petrobras acts in consortiums with other companies as a concessionaire with rights to explore, develop and produce oil and natural gas. The Company currently maintains partnerships in 101 blocks through 63 consortiums. Total investments on the order of US\$ 8,052 million are projected for these undertakings.

In fulfilling the goals outlined in its strategic plan, Petrobras continues prioritizing its investments in the development of its oil and natural gas production capacity, through its own investments and the structuring of undertakings with partners. In 1H-2005, total investments were R\$ 10.990 million, an increase of 23% over the resources applied during the same period of 2004. In 1H-2005, 68% of own investments in the country went towards oil and natural gas exploration activities.

PETROBRAS SYSTEM

Appendices

1. Analysis of Consolidated Gross Margin

NET OPERATING REVENUES - 2Q05/1Q05 VARIATION
MAIN IMPACTS

| R\$ Million | | |
|---|---------|--------------|
| | Holding | Consolidated |
| . FX effect on net operating revenues related to international businesses, after eliminations from Consolidated results | - | (993) |
| . Effect of adjustments to billing prices in the internal market | 604 | 604 |
| . Effect of sales prices in the domestic market | 1.071 | 1.071 |
| . Effect of prices on export revenues | (211) | (211) |
| . Effect of volumes sold on export revenues | 1.969 | 1.969 |
| . Others | 106 | 22 |
| Total | 3.539 | 2.462 |

COST OF GOODS SOLD 2Q05/1Q005 VARIATION
MAIN IMPACTS

| R\$ Million | | |
|--|----------|--------------|
| | Holding | Consolidated |
| . FX effect on sales related to international businesses, after eliminations from Consolidated results | - | 813 |
| . FX effect, international prices or oil production on government take in Petrobras' COGS | (444) | (444) |
| . Effect of personnel and third-party expenses on Petrobras' cost of goods sold | (66) | (66) |
| . Impact of oil and oil product imports on cost of goods sold (volume x price) | (219) | (219) |
| . Impact of volumes sold (domestic markets) on cost of goods sold | (562) | (562) |
| . Impact of volumes sold (export) on cost of goods sold | (988,00) | (988,00) |
| . Others | (200) | 37 |
| Total | (2.479) | (1.429) |

2. Consolidated Taxes and Contributions

The economic contribution of Petrobras to the country, measured by the generation of taxes, charges and current social contributions, totaled R\$ 20.497 million in 1H-2005.

| R\$ million | | | | | | | | |
|---------------|----------------|---------------|------|--|---------------|---------------|----|------|
| 1Q-2005 | Second Quarter | | | | First Half | | | |
| | 2005 | 2004 | Δ% | | 2005 | 2004 | Δ% | |
| | | | | Economic Contribution - Country | | | | |
| 3.717 | 3.571 | 3.880 | (8) | Value Added Tax (ICMS) | 7.288 | 6.988 | | 4 |
| 1.780 | 1.862 | 1.871 | - | CIDE ⁽¹⁾ | 3.642 | 3.900 | | (7) |
| 2.425 | 2.475 | 3.139 | (21) | PASEP/COFINS | 4.900 | 5.824 | | (16) |
| | | | | Income Tax & Social | | | | |
| 2.089 | 1.630 | 1.634 | - | Contribution | 3.719 | 3.249 | | 14 |
| 464 | 484 | 369 | 31 | Others | 948 | 807 | | 17 |
| 10.475 | 10.022 | 10.893 | (8) | Subtotal | 20.497 | 20.768 | | (1) |
| | | | | Economic Contribution - Foreign | | | | |
| 1.007 | 758 | 1.102 | (31) | | 1.765 | 2.009 | | (12) |
| 11.482 | 10.780 | 11.995 | (10) | Total | 22.262 | 22.777 | | (2) |

(1) CIDE CONTRIBUIÇÃO DE INTERVENÇÃO DO DOMÍNIO ECONÔMICO (CONTRIBUTION OF INTERVENTION IN ECONOMIC DOMAIN).

3. Government Take

| R\$ million | | | | | | | | |
|--------------|----------------|--------------|------|-----------------------|--------------|--------------|----|------|
| 1Q-2005 | Second Quarter | | | | First Half | | | |
| | 2005 | 2004 | Δ% | | 2005 | 2004 | Δ% | |
| | | | | Country | | | | |
| 1.305 | 1.580 | 1.121 | 41 | Royalties | 2.885 | 2.230 | | 29 |
| 1.582 | 1.658 | 1.362 | 22 | Special Participation | 3.240 | 2.412 | | 34 |
| 19 | 15 | 26 | (42) | Surface Rental Fees | 34 | 43 | | (21) |
| 2.906 | 3.253 | 2.509 | 30 | Subtotal | 6.159 | 4.685 | | 31 |
| 134 | 148 | 161 | (8) | Foreign | 282 | 286 | | (1) |
| 3.040 | 3.401 | 2.670 | 27 | Total | 6.441 | 4.971 | | 30 |

The government stake in the country increased 31% in 1H-2005 over the same period of 2004, reflecting the 32% increase in the reference price for domestic oil, which reached the average price of US\$ 36.12 (US\$ 27.44 in 2004).

4. Reconciliation of Shareholders' Equity and Consolidated Net Income

| | R\$ Million | |
|---|-------------------------|--------|
| | Shareholders' Equity | Result |
| . According to Petrobras information as of June 30, 2005 | 71.877 | 9.806 |
| . Profit from sales of products in affiliated company inventories | (275) | (275) |
| . Reversal of profits on inventory in previous years | - | 185 |
| . Capitalized interest | (391) | 46 |
| . Absorption of negative Shareholders' Equity in affiliated companies (*) | (237) | 273 |
| . Other eliminations | (874) | (84) |
| | | |
| . According to consolidated information as of June 30, 2005 | 70.100 | 9.951 |

*** As per CVM Instruction Number 247/96, the losses that are considered to be of a non-permanent type (temporary) on investments evaluated by the equity in results of non-consolidated companies method, whose invested company does not show signs of paralysis or need for financial help from the investor company, should be limited to the value of the controlling company's investment. Therefore, the losses occasioned by unfunded liabilities (negative net shareholder's equity) of controlled companies did not affect the results and the net shareholder's equity of Petrobras in 1H-2005, generating a conciliatory item between the Financial Statements of Petrobras and the Consolidated Financial Statements.**

5. Dividends and Interest on Own Capital

On June 17, 2005, the Board of Directors approved a distribution of remuneration to shareholders in the form of interest on own capital, as set forth in Article 9 of Law 9,249/95 and Decree Numbers 2,673/98 and 3,381/00. The R\$ 2.194 million amount to be distributed corresponds to a gross value of R\$ 2,00 per ordinary and preferred share and is being provisioned in the financial statements of June 30, 2005, to be paid out until January 31, 2006, based on the shareholder position on June 30, 2005.

As per the terms of Decree Numbers 2,673/98 and 3,381/00, if payment occurs after December 31, 2005, variation in the SELIC rate will be applied, from December 31, 2005 to the date of the effective payment. This interest on own capital must be discounted from the remuneration to be distributed at the end of 2005, and is subject to a 15% (fifteen per cent) withholding income tax, except for the shareholders that declare that they are exempt or immune.

6. Petrobras Stock Split

The General Extraordinary Assembly, which met on July 22, 2005, deliberated and approved: a stock split representing 300% of the existing shares comprising the Company's corporate capital, resulting in the free distribution of 3 (three) new same-type shares for each 1 (one) share, based on the shareholder position on August 31, 2005. Thus, the corporate capital in the amount of R\$ 32.896 million will be divided into 4,386 million shares without nominal value on September 1, 2005, with 2,537 million in ordinary shares and 1,849 million in preferred shares, and the relationship between the American Depositary Receipts (ADR) and the shares corresponding to each type will be altered from the current one share per one ADR, to four shares per one ADR.

7. Activity of Petrobras Shares and ADRs

| Nominal Valuation | | | | | |
|-------------------|----------------|---------|----------------------------|------------|--------|
| 1Q-2005 | Second Quarter | | | First Half | |
| | 2005 | 2004 | | 2005 | 2004 |
| 10.33% | 3.24% | -11.79% | Petrobras ON | 13.91% | 1.90% |
| 6.18% | 4.02% | -9.58% | Petrobras PN | 10.45% | 1.19% |
| 11.06% | 17.99% | -16.21% | ADR- Level III - ON | 31.05% | -4.00% |
| 6.24% | 19.68% | -14.69% | ADR- Level III - PN | 27.15% | -5.48% |
| 1.58% | -5.86% | -4.49% | IBOVESPA | -4.37% | -4.89% |
| -2.59% | -2.18% | 0.75% | DOW JONES | -4.71% | -0.18% |
| -8.10% | 2.89% | 2.69% | NASDAQ | -5.45% | 2.22% |

The book value of a Petrobras share on June 30, 2005 reached R\$ 65,55.

8. Exchange Rate Exposure

The exchange rate exposure of the Petrobras System is measured as per the following table:

| Assets | R\$ Million | |
|--|-------------|-----------|
| | 6/30/2005 | 3/31/2005 |
| Current Assets | 18.780 | 19.218 |
| Cash and Cash Equivalents | 6.626 | 7.392 |
| Other Current Assets | 12.154 | 11.826 |
| Non-current Assets | 3.221 | 3.977 |
| Fixed Assets | 28.556 | 32.536 |
| Investments | 193 | 214 |
| Property, Plant & Equipment | 27.794 | 32.193 |
| Other Fixed Assets | 569 | 129 |
| Total Assets | 50.557 | 55.731 |
| | | |
| Liabilities | R\$ Million | |
| | 6/30/2005 | 3/31/2005 |
| Current Liabilities | 16.061 | 17.277 |
| Short-term Debt | 7.656 | 9.535 |
| Suppliers | 5.277 | 5.089 |
| Other Current Liabilities | 3.128 | 2.653 |
| Long-term Liabilities | 35.637 | 40.160 |
| Long-term Debt | 34.104 | 38.469 |
| Other Long-term Liabilities | 1.533 | 1.691 |
| Total Liabilities | 51.698 | 57.437 |
| Net Liabilities in <i>Reais</i> | (1.141) | (1.706) |
| (+) Investment Funds - Exchange | 4.465 | 5.112 |
| (-) FINAME Loans - Dollar-indexed <i>Reais</i> | 678 | 834 |
| Net Assets in Reais | 2.646 | 2.572 |

| | | |
|------------------------------|--------|--------|
| Net Assets in Dollars | 1.126 | 965 |
| Exchange Rate ⁽¹⁾ | 2,3504 | 2,6662 |

(1) Considers the conversion of the value in *reais* by the dollar sell rate on the closing date of the period (6.30.2005 R\$ 2,3504 and 3.31.2005 R\$ 2,6662).

Includes Company amounts abroad that do not influence expenses related to exchange rate variations.

01.01 - IDENTIFICATION

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

10.01 - CHARACTERISTICS OF THE PUBLIC OR PRIVATE ISSUE OF DEBENTURES

| | | |
|----|---------------------------------------|-------------------|
| 01 | ITEM | 01 |
| 02 | ISSUANCE ORDER NUMBER | 1 |
| 03 | CVM REGISTRATION NUMBER | |
| 04 | DATE OF REGISTRATION WITH CVM | |
| 05 | DEBENTURE SERIES ISSUED | 1 |
| 06 | TYPE | SIMPLE |
| 07 | NATURE | PRIVATE |
| 08 | ISSUE DATE | FEBRUARY 15, 1998 |
| 09 | DUE DATE | FEBRUARY 15, 2015 |
| 10 | TYPE OF DEBENTURE | VARIABLE |
| 11 | CURRENT REMUNERATION TERMS | TJLP plus 2.5% |
| 12 | PREMIUM/DISCOUNT | |
| 13 | FACE VALUE (REAIS) | 10.000,00 |
| 14 | AMOUNT ISSUED (IN THOUSANDS OF REAIS) | 430.000 |
| 15 | NUMBER OF DEBENTURES ISSUED (UNITS) | 43.000 |
| 16 | DEBENTURES IN CIRCULATION (UNITS) | 43.000 |
| 17 | DEBENTURES IN TREASURY (UNITS) | 0 |
| 18 | DEBENTURES REDEEMED (UNITS) | 0 |
| 19 | DEBENTURES CONVERTED (UNITS) | 0 |
| 20 | DEBENTURES FOR PLACEMENT (UNITS) | 0 |
| 21 | DATE OF THE LAST REPRICING | |
| 22 | DATE OF THE NEXT EVENT | AUGUST 15, 2005 |

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| | | |
|----|---------------------------------------|------------------------|
| 01 | ITEM | 02 |
| 02 | ISSUANCE ORDER NUMBER | 2 |
| 03 | CVM REGISTRATION NUMBER | CVM/SRE/DEB/2002/035 |
| 04 | DATE OF REGISTRATION WITH CVM | AUGUST 30, 2002 |
| 05 | DEBENTURE SERIES ISSUED | 1 |
| 06 | TYPE | SIMPLE |
| 07 | NATURE | PUBLIC |
| 08 | ISSUE DATE | AUGUST 1, 2002 |
| 09 | DUE DATE | AUGUST 1, 2012 |
| 10 | TYPE OF DEBENTURE | VARIABLE |
| 11 | CURRENT REMUNERATION TERMS | IGPM plus 11% per year |
| 12 | PREMIUM/DISCOUNT | |
| 13 | FACE VALUE (REAIS) | 1.000,00 |
| 14 | AMOUNT ISSUED (IN THOUSANDS OF REAIS) | 750.000 |
| 15 | NUMBER OF DEBENTURES ISSUED (UNITS) | 750.000 |
| 16 | DEBENTURES IN CIRCULATION (UNITS) | 750.000 |
| 17 | DEBENTURES IN TREASURY (UNITS) | 0 |
| 18 | DEBENTURES REDEEMED (UNITS) | 0 |
| 19 | DEBENTURES CONVERTED (UNITS) | 0 |
| 20 | DEBENTURES FOR PLACEMENT (UNITS) | 0 |
| 21 | DATE OF THE LAST REPRICING | |
| 22 | DATE OF THE NEXT EVENT | AUGUST 1, 2005 |

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| | | |
|----|---------------------------------------|--------------------------|
| 01 | ITEM | 03 |
| 02 | ISSUANCE ORDER NUMBER | 3 |
| 03 | CVM REGISTRATION NUMBER | CVM/SRE/DEB/2002/037 |
| 04 | DATE OF REGISTRATION WITH CVM | OCTOBER 31, 2002 |
| 05 | DEBENTURE SERIES ISSUED | 1 |
| 06 | TYPE | SIMPLE |
| 07 | NATURE | PUBLIC |
| 08 | ISSUE DATE | OCTOBER 4, 2002 |
| 09 | DUE DATE | OCTOBER 1, 2010 |
| 10 | TYPE OF DEBENTURE | VARIABLE |
| 11 | CURRENT REMUNERATION TERMS | IGPM plus 10.3% per year |
| 12 | PREMIUM/DISCOUNT | |
| 13 | FACE VALUE (REAIS) | 1.000,00 |
| 14 | AMOUNT ISSUED (IN THOUSANDS OF REAIS) | 775.000 |
| 15 | NUMBER OF DEBENTURES ISSUED (UNITS) | 775.000 |
| 16 | DEBENTURES IN CIRCULATION (UNITS) | 775.000 |
| 17 | DEBENTURES IN TREASURY (UNITS) | 0 |
| 18 | DEBENTURES REDEEMED (UNITS) | 0 |
| 19 | DEBENTURES CONVERTED (UNITS) | 0 |
| 20 | DEBENTURES FOR PLACEMENT (UNITS) | 0 |
| 21 | DATE OF THE LAST REPRICING | |
| 22 | DATE OF THE NEXT EVENT | OCTOBER 1, 2005 |

(A free translation of the original Quarterly Information in Portuguese prepared in accordance with accounting practices adopted in Brazil)

FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
ITR QUARTERLY INFORMATIONS
COMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY

Corporate Law
As of - 30/06/2005

00951-2 PETRÓLEO BRASILEIRO S.A - PETROBRAS

33.000.167/0001-01

16.01 - OTHER INFORMATION THE COMPANY CONSIDERED SIGNIFICANT

STATEMENT OF VALUE ADDED

| | R\$ THOUSAND | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | CONSOLIDATED | | PARENT COMPANY | |
| | 30.06.2005 | 30.06.2004 | 30.06.2005 | 30.06.2004 |
| Sales of products and/or services and non-operating income (*) | 82.505.562 | 70.149.399 | 66.816.599 | 54.565.603 |
| Consumed raw material | (5.663.536) | (6.451.034) | (5.092.636) | (6.759.008) |
| Cost of products and services sold | (7.649.759) | (10.592.568) | (2.605.427) | (2.038.380) |
| Energy, services and others | (11.425.361) | (7.201.128) | (10.332.162) | (6.320.895) |
| GROSS VALUE ADDED | 57.766.906 | 45.904.669 | 48.786.374 | 39.447.320 |
| Depreciation, and amortization | (3.906.479) | (3.211.064) | (1.816.867) | (1.646.558) |
| Equity pickup | (219.322) | 468.587 | 1.041.048 | 1.150.371 |
| Financial income/monetary and foreign exchange variations | (191.860) | 2.137.189 | (110.980) | 2.060.645 |
| Discount amortization | (64.762) | (11.233) | (37.782) | (2.799) |
| Rentals and royalties | 256.761 | 193.811 | 210.311 | 193.811 |
| TOTAL VALUE ADDED AVAILABLE FOR DISTRIBUTION | 53.641.244 | 45.481.959 | 48.072.104 | 41.202.790 |
| DISTRIBUTION OF VALUE ADDED | 53.641.244 | 45.481.959 | 48.072.104 | 41.202.790 |
| Personnel | 4.119.369 | 2.959.553 | 3.138.656 | 2.154.274 |
| Salaries, benefits and charges | 4.119.369 | 2.959.553 | 3.138.656 | 2.154.274 |
| Government entities | 29.705.994 | 27.815.091 | 28.960.997 | 25.754.377 |

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| | | | | |
|---|-------------------|------------------|------------------|------------------|
| Taxes, charges and contributions | 22.261.860 | 21.765.992 | 21.855.404 | 19.828.409 |
| Deferred income/social contribution tax | 1.002.861 | 1.078.384 | 946.858 | 1.241.391 |
| Government participations | 6.441.273 | 4.970.715 | 6.158.735 | 4.684.577 |
| Financial institutions and suppliers | 8.531.317 | 7.347.210 | 6.165.997 | 4.865.211 |
| Financial expenses (interest and exchange variations) | 1.770.907 | 4.775.938 | 1.462.534 | 2.085.715 |
| Leasing expenses | 6.760.410 | 2.571.272 | 4.703.463 | 2.779.496 |
| Shareholders: | 11.284.564 | 7.360.105 | 9.806.454 | 8.428.928 |
| Minority interests | 1.333.496 | 268.749 | | |
| Retained earnings | 7.757.992 | 7.091.356 | 7.613.378 | 8.428.928 |
| Prepaid interest and dividends | 2.193.076 | 0 | 2.193.076 | |

(*) Includes allowance for doubtful accounts.

STATEMENT OF CASH FLOW

| | R\$ Thousand | | | |
|--|---------------------|-------------------|-----------------------|-------------------|
| | CONSOLIDATED | | PARENT COMPANY | |
| | 30.06.2005 | 30.06.2004 | 30.06.2005 | 30.06.2004 |
| Results for the period | 9.951.068 | 7.091.356 | 9.806.454 | 8.428.928 |
| (+) Adjustments | 8.789.498 | 3.480.391 | (272.267) | 2.151.583 |
| Depreciation, amortization | 3.906.479 | 3.211.064 | 1.816.867 | 1.646.558 |
| Petroleum and alcohol accounts | (9.080) | (60.181) | (9.080) | (60.181) |
| Operation with supply of petroleum and oil products - foreign | | | (1.025.753) | 2.813.644 |
| Financing charges, related companies and structured projects | | | | |
| (Project Finance) | (2.967.783) | 4.356.690 | 50.967 | (852.162) |
| Minority interests | 1.333.496 | 268.749 | | |
| Result of participations in significant investments | 283.466 | (457.354) | (1.003.266) | (1.147.572) |
| Foreign exchange variation on permanent assets | 3.964.771 | (2.070.215) | | |
| Residual value of permanent assets disposed of permanent assets | 745.522 | 1.608.522 | 119.287 | 169.415 |
| Deferred income and social contribution taxes | 1.002.861 | 1.078.384 | 946.858 | 1.241.391 |
| Inventories variation | (104.869) | (2.557.482) | 577.700 | (2.434.497) |
| Variation of accounts receivable from third parties and related companies | (564.030) | (1.620.285) | (1.191.374) | (1.337.077) |
| Suppliers variation | (1.086.179) | (1.753.322) | (1.114.803) | 2.016.473 |
| Taxes and contributions variation | (478.196) | (151.241) | (848.478) | 81.236 |
| Variation of structured projects | | | 302.690 | 615.962 |
| Variation of other assets and liabilities | 2.763.019 | 1.580.345 | 1.106.118 | (601.607) |
| Effect in cash and cash equivalents resulting from merger of subsidiaries and affiliated companies | 12 | 46.717 | | |
| (=) Cash from Operating Activities | 18.740.557 | 10.571.747 | 9.534.187 | 10.580.511 |
| (-) Cash used in Investment Activities | (11.060.870) | (9.528.638) | (6.550.776) | (5.084.309) |
| Investments in exploration and production | (6.943.670) | (6.349.394) | (4.404.142) | (3.840.157) |
| Investment in refining and transportation | (1.609.565) | (1.716.922) | (1.069.025) | (1.339.057) |
| Investment in gas and energy | (701.312) | (367.217) | (839.596) | (42.222) |
| Structured projects (Project Finance) | | | (280.828) | (102.316) |
| Ventures under negotiation | | | | |
| Dividends received | 41.268 | 66.607 | 297.168 | 560.317 |
| Other investments | (1.847.591) | (1.161.712) | (254.353) | (320.874) |

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| | | | | |
|--|--------------------|--------------------|------------------|--------------------|
| (=) Net cash flow | 7.679.687 | 1.043.109 | 2.983.411 | 5.496.202 |
| (-) Cash used in financing activities | (8.695.857) | (6.626.478) | (3.068.643) | (10.123.439) |
| (=) Cash generated (used) in the period | (1.016.170) | (5.583.369) | (85.232) | (4.627.237) |
| Cash at the beginning of the period | 18.211.126 | 27.577.431 | 11.580.288 | 20.223.379 |
| Cash at the end of the period | 17.194.956 | 21.994.062 | 11.495.056 | 15.596.142 |

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CONSOLIDATED SEGMENT INFORMATION AS OF JUNE 30, 2005.**Consolidated Assets by Operating Segment 30/06/2005**

| | R\$ MILLION | | | | | | | |
|-------------------------------|--------------------|-------------------|-------------------------|------------------|-------------------|-------------------|---------------------|--------------------|
| | E&P | SUPPLY | GAS & ENERGY | DISTR. | INT L | CORPOR. | ELIMIN. | TOTAL |
| ASSETS | 60.013.141 | 39.510.809 | 20.408.620 | 8.474.167 | 19.759.438 | 33.641.176 | (16.230.099) | 165.577.252 |
| CURRENT ASSETS | 5.213.041 | 20.972.749 | 3.344.338 | 4.786.983 | 5.590.154 | 17.401.763 | (6.840.147) | 50.468.881 |
| Cash and cash equivalents | 1.321.595 | 1.145.082 | 721.569 | 238.424 | 1.354.410 | 12.413.876 | - | 17.194.956 |
| Other current assets | 3.891.446 | 19.827.667 | 2.622.769 | 4.548.559 | 4.235.744 | 4.987.887 | (6.840.147) | 33.273.925 |
| NON-CURRENT ASSETS | 4.389.529 | 1.596.409 | 1.168.226 | 939.590 | 862.477 | 14.024.681 | (9.045.484) | 13.935.428 |
| Petroleum and alcohol account | - | - | - | - | - | 757.868 | - | 757.868 |
| Marketable securities | 361.438 | 4.982 | - | 1.510 | 105.825 | 992.342 | (519.437) | 946.660 |
| Other non-current assets | 4.028.091 | 1.591.427 | 1.168.226 | 938.080 | 756.652 | 12.274.471 | (8.526.047) | 12.230.900 |
| FIXED ASSETS | 50.410.571 | 16.941.651 | 15.896.056 | 2.747.594 | 13.306.807 | 2.214.732 | (344.468) | 101.172.943 |

Consolidated Statement of Income by Operating Segment 30/06/2005

| | R\$ THOUSAND | | | | | | | |
|-------------------------------|---------------------|--------------------|-------------------------|--------------------|------------------|--------------------|---------------------|--------------------|
| | E&P | SUPPLY | GAS & ENERGY | DISTR. | INT L | CORPOR. | ELIMIN. | TOTAL |
| Net Operating Revenues | 31.711.573 | 49.420.789 | 3.714.688 | 17.906.795 | 5.446.337 | - | (45.944.088) | 62.256.094 |
| Intersegment | 29.666.086 | 13.887.272 | 1.119.214 | 272.714 | 998.802 | - | (45.944.088) | |
| Third parties | 2.045.487 | 35.533.517 | 2.595.474 | 17.634.081 | 4.447.535 | - | - | 62.256.094 |
| Cost of Goods Sold | (13.500.154) | (41.962.474) | (2.663.616) | (16.131.721) | (3.408.180) | - | (43.217.294) | (34.448.851) |
| Gross Profit | 18.211.419 | 7.458.315 | 1.051.072 | 1.775.074 | 2.038.157 | - | (2.726.794) | 27.807.243 |
| Operating Expenses | (1.286.457) | (2.004.592) | (781.050) | (1.285.429) | (790.180) | (3.132.138) | (140.243) | (9.420.089) |
| | (452.401) | (1.450.312) | (348.363) | (1.126.449) | (537.605) | (1.107.045) | - | (5.022.175) |

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| | | | | | | | | |
|---|-------------------|------------------|----------------|----------------|------------------|--------------------|--------------------|-------------------|
| Sales, General & Administrative Taxes | (6.817) | (39.932) | (30.280) | (80.904) | (55.263) | (204.824) | - | (418.020) |
| Prospecting & Drilling | (475.666) | - | - | - | (108.806) | - | - | (584.472) |
| Research & Development | (156.736) | (55.404) | (26.435) | (1.619) | (1.748) | (174.231) | - | (416.173) |
| Other Operating Income (Expenses) | (194.837) | (458.944) | (375.972) | (76.457) | (86.758) | (1.646.038) | (140.243) | 2.979.249 |
| Operating Profit (Loss) | 16.924.962 | 5.453.723 | 270.022 | 489.645 | 1.247.977 | (3.132.138) | (2.867.037) | 18.387.154 |
| Interest Expenses, net | (112.468) | (239.907) | 439.794 | (46.060) | (509.799) | (1.239.853) | 5.679 | (1.702.614) |
| Gains from investments in subsidiaries | - | 140.954 | (16.304) | - | 102.812 | (510.928) | - | (283.466) |
| Balance sheet monetary restatement | - | - | - | - | - | - | - | - |
| Non-operating income (expenses) | (191.892) | 22.078 | (45.667) | (1.550) | 9.753 | 1.835 | - | (205.443) |
| Income before taxes and minority interests | 16.620.602 | 5.376.848 | 647.845 | 442.035 | 850.743 | (4.881.084) | (2.861.358) | 16.195.631 |
| Income Tax and Social Contribution | (5.314.864) | (1.824.307) | (176.873) | (159.452) | (282.479) | (1.851.269) | 995.639 | (4.911.067) |
| Minority Interests | (913.929) | (52.238) | (317.776) | - | (49.553) | - | - | (1.333.496) |
| Employee benefits expenses | - | - | - | - | - | - | - | - |
| Net Income (Loss) | 10.391.809 | 3.500.303 | 153.196 | 282.583 | 518.711 | (3.029.815) | (1.865.719) | 9.951.068 |

- (1) The International and Supply Net Operating Income and the Cost of Goods Sold, relating 2004 exercise were reclassified. The reclassifications refer to the offshore operations that were being allocated at the International segment. Considering that the margins of these operations are usually very low, there were no significant impacts on the income of these segments.
- (2) In order to adapt the Statement of Income by Segment to the new procedures coming from the implementation of SAP/R3, from 2005 and on, the income from the commercialization of oil to third parties are being allocated according to the sale's expedition point, that may belong to the E&P or Supply segments. Until 2004, the

commercialization of oil was allocated only at the E&P segment.

Considering that the oil transference internal price methodology is based in market parameters and that all oil commercialized by the Supply segment comes from the E&P segment, by transference, this adaptation basically doesn't bring any effects to the segment's income. There is an increase in the Net Operational Income between-segments of E&P and a decrease in the same Net Operational Income of third-parties. Also, there is an increase at the Net Operational Income of third-parties and Cost of Goods Sold of Supply segment.

Another change coming from the implementation of SAP/R3 is about the natural gas (UPGN) transferred from Gas & Energy segment to Supply, in order to specification in units of processing of natural gas and later commercialization by the Gas & Energy segment. Knowing that transference internal prices used in these transactions are the same, these changes don't result in any impact in the Gross Profit of Supply and Gas & Energy segments, only an increase at the Income between-segments and at the Cost of Goods.

Consolidated Statement by International Operating Segment 30/06/2005

| | R\$ THOUSAND INTERNATIONAL | | | | | | |
|--------------------------------|---------------------------------------|------------------|-----------------------------|------------------|------------------|--------------------|-------------------|
| | E&P | SUPPLY | GAS & ENERGY | DISTR. | CORPOR. | ELIMIN. | TOTAL |
| INTERNATIONAL | | | | | | | |
| ASSETS | 13.267.346 | 3.230.517 | 3.989.796 | 489.952 | 5.322.754 | (6.540.927) | 19.759.438 |
| INCOME STATEMENT | | | | | | | |
| Net Operating Revenues | 2.641.487 | 2.663.843 | 1.084.939 | 1.233.664 | 1.892 | (2.179.488) | 5.446.337 |
| Intersegment | 1.540.581 | 1.472.799 | 161.482 | 3.428 | - | (2.179.488) | 998.802 |
| Third parties | 1.100.906 | 1.191.044 | 923.457 | 1.230.236 | 1.892 | - | 4.447.535 |
| Operating Profit (Loss) | 1.204.489 | 139.143 | 205.282 | (41.806) | (251.955) | (7.176) | 1.247.977 |
| Net Income (Loss) | 513.023 | 111.866 | 190.188 | (33.931) | (258.194) | (4.241) | 518.711 |

- (1) The International and Supply Net Operating Income and the Cost of Goods Sold, relating 2004 exercise were reclassified. The reclassifications refer to the offshore operations that were being allocated at the International segment. Considering that the margins of these operations are usually very low, there were no significant impacts on the income of these segments.

Statement of Other Operating Income (Expenses) 30/06/2005

| | R\$ THOUSAND | | | | | | | |
|--|---------------------|---------------|-----------------------------|---------------|--------------|----------------|----------------|--------------|
| | E&P | SUPPLY | GAS & ENERGY | DISTR. | INT L | CORPOR. | ELIMIN. | TOTAL |
| Pension and health care benefit costs pensioners and retirees | | | | | | (1.069.545) | | (1.069.545) |
| Operational expenses with thermoelectric | | | (492.323) | | | | | (492.323) |
| Losses on judicial proceedings | 7.861 | (292.500) | (13.093) | (28.064) | (11.012) | (46.472) | | (383.280) |
| Cultural projects and institutional relations | | (3.675) | (56) | (37.642) | | (312.768) | | (354.141) |
| Unscheduled stoppages plant and equipment | (83.897) | (57.501) | | | | | | (141.398) |

| | | | | | | | | |
|--|-----------|-----------|-----------|----------|----------|-------------|-----------|-------------|
| Contractual losses on transportation services (Ship or Pay) | | | | (67.734) | | | | (67.734) |
| Hedge gain (losses) | | (3.219) | 94.168 | | | | | 90.949 |
| Rental revenues | | | | 28.920 | | | | 28.920 |
| Other | (118.801) | (102.049) | 35.332 | (39.671) | (8.012) | (217.253) | (140.243) | (590.697) |
| | (194.837) | (458.944) | (375.972) | (76.457) | (86.758) | (1.646.038) | (140.243) | (2.979.249) |

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION****COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****Corporate Law****As of 30/06/2005****00951-2 PETRÓLEO BRASILEIRO S.A - PETROBRAS****33.000.167/0001-01****04.01 REPORT OF INDEPENDENT AUDITORS - UNQUALIFIED****PETROBRAS SHAREHOLDERS BREAKDOWN**

| Shareholder | Capital Paid-in Breakdown (31/12/2004) | | Capital Paid-in Breakdown (31/07/2005) | |
|--|--|---------------|--|---------------|
| | Shares | % | Shares | % |
| Common Shares | 634.168.418 | 100,0% | 634.168.418 | 100,0% |
| Federal Union | 353.314.557 | 55,7% | 353.314.557 | 55,7% |
| BNDESPar | 12.062.731 | 1,9% | 12.062.731 | 1,9% |
| ADR Level 3 | 169.391.203 | 26,7% | 176.206.304 | 27,5% |
| FMP - FGTS Petrobras | 31.165.943 | 4,9% | 30.314.086 | 4,8% |
| Foreigners (Resolution nº 2689 C.M.N) | 18.022.454 | 2,8% | 16.635.427 | 2,8% |
| Other natural person and companies (1) | 50.211.530 | 7,9% | 45.635.313 | 7,3% |
| Preferred Shares | 462.369.507 | 100,0% | 462.369.507 | 100,0% |
| BNDESPar | 72.893.991 | 15,8% | 72.893.991 | 15,8% |
| ADR. Level 3 and 144 A Rule | 171.968.613 | 37,2% | 175.558.511 | 38,2% |
| Foreigners (Resolution nº 2689 C.M.N) | 70.204.571 | 15,2% | 72.610.860 | 18,5% |
| Other natural person and companies (1) | 147.302.332 | 31,9% | 141.306.145 | 27,6% |
| Capital Paid-in | 1.096.537.925 | 100,0% | 1.096.537.925 | 100,0% |
| Federal Union | 353.314.557 | 32,2% | 353.314.557 | 32,2% |
| BNDESPar | 84.956.722 | 7,7% | 84.956.722 | 7,7% |
| ADR (ON Shares) | 169.391.203 | 15,4% | 176.206.304 | 15,9% |
| ADR (PN Shares) | 171.968.613 | 15,7% | 175.558.511 | 16,1% |
| FMP - FGTS Petrobras | 31.165.943 | 2,8% | 30.314.086 | 2,8% |
| Foreigners (Resolution nº 2689 C.M.N) | 88.227.025 | 8,0% | 89.246.287 | 9,4% |
| Other natural person and companies (1) | 197.513.862 | 18,0% | 186.941.458 | 15,9% |

(1) Includes Bovespa custody and other entities

(A free translation from the original in Portuguese)

**REPORT OF INDEPENDENT AUDITORS ON
LIMITED REVIEW OF QUARTERLY INFORMATION - ITR**

To the Board of Directors and Shareholders of
Petróleo Brasileiro S.A. - PETROBRAS

1. We have carried out a limited review of the Quarterly Information (ITR) of **Petróleo Brasileiro S.A. PETROBRAS** for the quarter ended June 30, 2005, including the balance sheet, the statement of income, comments on the Company's performance and other relevant information, parent company and consolidated, all prepared in accordance with accounting practices adopted in Brazil.
2. Our review was conducted in accordance with the specific procedures determined by the Brazilian Institute of Independent Auditors (IBRACON), in conjunction with the Federal Accountancy Board - CFC, and consisted, principally of: (a) making inquiries of, and discussions with, officials responsible for the accounting, financial and operating matters of the Company relating to the procedures adopted for preparing the Quarterly Information and (b) reviewing the relevant information and subsequent events which have, or may have, significant effects on the financial position and results of operations of the Company.
3. Based on our limited review, we are not aware of any material modification that should be made to the Quarterly Information referred to in paragraph 1 for it to be in accordance with accounting practices adopted in Brazil, applicable to the preparation of Quarterly Information, in accordance with specific regulations established by the Brazilian Securities and Exchange Commission - CVM.

4. Our limited review was conducted for the purpose of issuing a report on the Quarterly Information referred to in paragraph 1. The statements of cash flow (parent company and consolidated), of value added (parent company and consolidated) and segmentation of business (consolidated), prepared in accordance with the accounting practices adopted in Brazil, are presented for purposes of additional information and are not a required part of the Quarterly Information. Such information has been subjected to the review procedures described in paragraph 2 and we are not aware of any material modification that should be made to these statements for them to be adequately presented in relation to the Quarterly Information taken as a whole.
5. As mentioned in the note 1, from January 1, 2005, as required by CVM Instruction 408 of August 18, 2004, the Company included its Special Purpose Entities - SPEs on its consolidated financial statements. Aiming the comparability of the quarterly financial information, the previous periods have also been adjusted to include such SPEs on the consolidated financial statements.

Rio de Janeiro, August 11, 2005

ERNST & YOUNG
Auditores Independentes S/S
CRC - 2SP 015.199/O -6 - F - RJ

Paulo José Machado
Accountant CRC - 1RJ 061.469/O 4

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 19, 2005

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By: */s/ José Sergio Gabrielli de
Azevedo*

**José Sergio Gabrielli de
Azevedo
Chief Financial Officer and
Investor Relations Director**

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.
