

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
May 12, 2017
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of May, 2017

Commission File Number 1-15106

PETRÓLEO BRASILEIRO S.A. - PETROBRAS
(Exact name of registrant as specified in its charter)

Brazilian Petroleum Corporation - PETROBRAS
(Translation of Registrant's name into English)

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Avenida República do Chile, 65
20031-912 - Rio de Janeiro, RJ
Federative Republic of Brazil

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

INTERIM FINANCIAL

STATEMENTS

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March 31, 2017 and 2016 with report of independent

registered public accounting firm



Petróleo Brasileiro S.A. – Petrobras

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Petróleo Brasileiro S.A. – Petrobras

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders

Petróleo Brasileiro S.A. - Petrobras

We have reviewed the interim consolidated statement of financial position of Petróleo Brasileiro S.A. – Petrobras and subsidiaries (the “Company”) as of March 31, 2017, and the related interim consolidated statements of income, comprehensive income, cash flows and changes in shareholders’ equity for the three-month period ended March 31, 2017. These interim consolidated financial statements are the responsibility of the Company’s management.

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

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

We draw attention to Note 3 of the interim consolidated financial statements, which describes that: i) no additional information has been identified through this date which could materially impact the estimation methodology adopted for the write off recorded on September 30, 2014; and ii) the internal investigations being conducted by outside legal counsel under the supervision of a Special Committee created by the Company and the investigation conducted by the Securities and Exchange Commission are still on going, nevertheless to date no additional impact to those already disclosed in the interim financial statements has been identified. We also draw attention to Note 28.4 of the interim consolidated financial statements which describes class actions filed against the Company, for which it is unable to make a reliable estimate of loss.

The consolidated financial statements of the Company as of and for the year ended December 31, 2016, were audited by other accountants whose report dated March 21, 2017, expressed an unqualified opinion on those consolidated financial statements. Such consolidated financial statements were not audited by us and, accordingly, we do not express an opinion or any form of assurance on the information set forth in the accompanying consolidated statement of financial position as of December 31, 2016. Additionally, the interim consolidated statements of income, comprehensive income, cash flows and changes in shareholders’ equity for the three-month period ended March 31, 2016, were not reviewed or audited by us, and accordingly, we do not express an opinion or any form of assurance on them.

/s/

KPMG Auditores Independentes

Rio de Janeiro, Brazil

May 11, 2017

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Petróleo Brasileiro S.A. – Petrobras
Interim Consolidated Statement of Financial Position
March 31, 2017 and December 31, 2016

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

Assets	Note	03.31.2017	12.31.2016	Liabilities	Note	03.31.2017	12.31.2016
Current assets				Current liabilities			
Cash and cash equivalents	6	19,213	21,205	Trade payables	14	4,711	5,762
Marketable securities	6	918	784	Finance debt	15	11,016	9,755
Trade and other receivables, net	7	4,432	4,769	Finance lease obligations	16.1	21	18
Inventories, net	8	8,260	8,475	Income taxes payable	19.1	75	127
Recoverable income taxes	19.1	670	602	Other taxes payable	19.1	3,743	3,628
Other recoverable taxes	19.1	1,908	1,900	Payroll and related charges		1,900	2,197
Advances to suppliers		141	166	Pension and medical benefits	20	900	820
Others		1,804	1,140	Others		2,008	2,104
		37,346	39,041			24,374	24,411
Assets classified as held for sale	9.3	4,965	5,728	Liabilities related to assets classified as held for sale	9.3	393	492
		42,311	44,769			24,767	24,903
Non-current assets				Non-current liabilities			
Long-term receivables				Finance debt	15	103,857	108,371
Trade and other receivables, net	7	4,580	4,551	Finance lease obligations	16.1	230	226
Marketable securities	6	225	90	Deferred income taxes	19.3	249	263
Judicial deposits	28.2	4,426	3,999	Pension and medical benefits	20	22,566	21,477
Deferred income taxes	19.3	3,137	4,307	Provisions for legal proceedings	28.1	3,758	3,391
Other tax assets	19.1	3,212	3,141	Provision for decommissioning costs	18	10,553	10,252
Advances to suppliers		1,154	1,148	Others		518	550
Others		3,294	3,184			141,731	144,530
		20,028	20,420				
				Total liabilities		166,498	169,433
Investments	10	3,377	3,052	Shareholders' equity			
Property, plant and equipment	11	179,660	175,470	Share capital (net of share issuance costs)	21.1	107,101	107,101
Intangible assets	12	3,345	3,272	Capital transactions		628	628
				Profit reserves		54,561	53,143
		206,410	202,214	Accumulated other comprehensive (deficit) attributable to the shareholders of Petrobras	21.2	(80,918)	(84,093)
						81,372	76,779

Non-controlling interests	851	771
Total equity	82,223	77,550

Total assets	248,721	246,983	Total liabilities and shareholder's equity	248,721	246,983
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The notes form an integral part of these financial statements.

Petróleo Brasileiro S.A. – Petrobras
Interim Consolidated Statement of Income
March 31, 2017 and 2016

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

	Note	Jan-Mar/2017	Jan-Mar/2016
Sales revenues	22	21,737	17,989
Cost of sales		(14,174)	(12,616)
Gross profit		7,563	5,373
Income (expenses)			
Selling expenses		(760)	(959)
General and administrative expenses		(733)	(678)
Exploration costs	13	(94)	(293)
Research and development expenses		(107)	(129)
Other taxes		(92)	(139)
Other expenses, net	23	(1,239)	(1,091)
		(3,025)	(3,289)
Income before finance income (expense), results in equity-accounted investments and income taxes		4,538	2,084
Finance income		297	227
Finance expenses		(1,890)	(1,572)
Foreign exchange gains (losses) and inflation indexation charges		(872)	(878)
Net finance income (expense)	25	(2,465)	(2,223)
Results in equity-accounted investments	10	195	99
Net income (loss) before income taxes		2,268	(40)
Income taxes	19.4	(737)	(57)
Net income (loss) for the period		1,531	(97)
Net income (loss) attributable to:			
Shareholders of Petrobras		1,417	(318)
Non-controlling interests		114	221
Net income (loss) for the period		1,531	(97)
Basic and diluted earning (loss) per weighted-average of common and preferred share - in U.S. dollars	21.2	0.11	(0.02)

The notes form an integral part of these financial statements.

Petróleo Brasileiro S.A. – Petrobras
Interim Consolidated Statement of Comprehensive Income
March 31, 2017 and 2016

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

	Jan-Mar/2017	Jan-Mar/2016
Net Income (Loss) for the period	1,531	(97)
Items that may be reclassified subsequently to the statement of income:		
Unrealized gains / (losses) on available-for-sale securities		
Recognized in shareholders' equity	(13)	-
	(13)	-
Unrealized gains / (losses) on cash flow hedge - highly probable future exports		
Recognized in shareholders' equity	1,736	5,630
Reclassified to the statement of income	774	742
Deferred income tax	(853)	(2,166)
	1,657	4,206
Unrealized gains on cash flow hedge - others		
Recognized in shareholders' equity	1	-
	1	-
Cumulative translation adjustments (*)		
Recognized in shareholders' equity	1,361	4,463
Reclassified to the statement of income	37	-
	1,398	4,463
Share of other comprehensive income in equity-accounted investments		
Recognized in shareholders' equity	118	191
Reclassified to the statement of income	22	-
	140	191
Total other comprehensive income:	3,183	8,860
Total comprehensive income	4,714	8,763
Comprehensive income attributable to:		
Shareholders of Petrobras	4,593	8,568
Non-controlling interests	121	195
Total comprehensive income	4,714	8,763

(*) Includes US\$ 14 (US\$ 138 in the first quarter of 2016) of cumulative translation adjustments in associates and joint ventures.

The notes form an integral part of these financial statements.

Petróleo Brasileiro S.A. – Petrobras
Interim Consolidated Statement of Cash Flows
March 31, 2017 and 2016

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

	Jan-Mar/2017	Jan-Mar/2016
Cash flows from Operating activities		
Net income (loss) for the period	1,531	(97)
Adjustments for:		
Pension and medical benefits (actuarial expense)	692	513
Results in equity-accounted investments	(195)	(99)
Depreciation, depletion and amortization	3,423	3,235
Impairment of assets (reversal)	(7)	75
Exploratory expenditures write-offs	8	148
Gains and losses on disposals/write-offs of assets	39	26
Foreign exchange, indexation and finance charges	2,497	2,238
Deferred income taxes, net	475	(361)
Allowance (reversals) for impairment of trade and others receivables	(2)	129
Inventory write-down to net realizable value	23	301
Reclassification of cumulative translation adjustment and other comprehensive income	59	–
Revision and unwinding of discount on the provision for decommissioning costs	192	148
Decrease (Increase) in assets		
Trade and other receivables, net	481	917
Inventories	386	(428)
Judicial deposits	(302)	(98)
Other assets	(144)	(202)
Increase (Decrease) in liabilities		
Trade payables	(1,046)	(965)
Other taxes payable	95	(568)
Pension and medical benefits	(156)	(112)
Income taxes paid	(84)	(69)
Other liabilities	(581)	(303)
Net cash provided by operating activities	7,384	4,428
Cash flows from Investing activities		
Capital expenditures	(3,187)	(3,753)
Decrease in investments in investees	(11)	(69)
Proceeds from disposal of assets - Divestment	596	3
Divestment (Investment) in marketable securities	(88)	102
Dividends received	64	4
Net cash used in investing activities	(2,626)	(3,713)
Cash flows from Financing activities		
Investments by non-controlling interest	(41)	37
Financing and loans, net:		
Proceeds from financing	4,142	1,845
Repayment of principal	(9,223)	(4,373)

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Repayment of interest	(1,670)	(1,949)
Net cash used in financing activities	(6,792)	(4,440)
Effect of exchange rate changes on cash and cash equivalents	42	522
Net decrease in cash and cash equivalents	(1,992)	(3,203)
Cash and cash equivalents at the beginning of the year	21,205	25,058
Cash and cash equivalents at the end of the period	19,213	21,855

The notes form an integral part of these financial statements.

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Petróleo Brasileiro S.A. – Petrobras
Interim Consolidated Statement of Changes in Shareholders' Equity
March 31, 2017 and 2016

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

	Share capital (net of share issuance costs)		Accumulated other comprehensive income (deficit) and deemed cost				Profit Reserves				
	Share Capital	Share issuance costs	Capital Transactions	Cumulative translation adjustment	Cash flow hedge - highly probable future exports	Actuarial gains (losses) on defined pension plans	Other comprehensive income (loss) and deemed cost	Legal	Tax incentives	Profit retention	
Balance at January 1, 2016	107,380	(279)	321	(71,220)	(20,288)	(7,362)	(1,293)	7,919	2,182	720	47,156
Realization of deemed cost	-	-	-	-	-	-	(1)	-	-	-	-
Capital transactions	-	-	4	-	-	-	-	-	-	-	-
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	4,489	4,206	-	191	-	-	-	-
Appropriations: Dividends	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2016	107,380	(279)	325	(66,731)	(16,082)	(7,362)	(1,103)	7,919	2,182	720	47,156
Balance at January 1, 2017	107,380	(279)	628	(60,248)	(11,297)	(11,600)	(948)	7,919	2,182	720	42,322
Realization of deemed cost	-	-	-	-	-	-	(1)	-	-	-	-
Capital transactions	-	-	-	-	-	-	-	-	-	-	-