

RESULTS FOR THE FIRST HALF OF 2010

Rio de Janeiro – August 13, 2010 – Petrobras announces today its consolidated results expressed in millions of Brazilian Reais, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The 2009 information was adjusted for comparative purposes.

Consolidated net income totaled R$8,295 million in the second quarter and R$16,021 million in the first half of 2010

Main Highlights

R$ million							
2nd Quarter					1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)		2010	2009	2010 X 2009
7,726	**8,295**	**8,160**	7	**Consolidated Net Income**	**16,021**	**14,451**	11
2,547	**2,587**	**2,524**	2	**Total Oil and Natural Gas Production (th. barrel/day)**	**2,568**	**2,503**	3
15,076	**15,927**	**17,599**	6	**EBITDA**	**31,003**	**31,104**	
332,381	**256,675**	**323,479**	(23)	**Market Value (Parent Company)**	**256,675**	**323,479**	(21)

- **Net income totaled R$8,295 million in 2Q-2010, 7% up on the previous quarter, when the result was affected by legal contingencies.**
- **Net income increased by 11% over 1H-2009, chiefly due to higher export prices and the 11% upturn in domestic sales volume.**
- **First-half investments totaled R$38,101 million, 17% up year-on-year, mostly allocated to oil and natural gas production, the petrochemical sector and refinery improvements.**
- **Current cash flow is sufficient to maintain projected investments and keep our leverage at an adequate level.**
- **Monthly oil production of 2,033,000 bbl/day in April 2010, a new Brazilian record.**
- **In 2Q-2010, the Company announced light crude discoveries in the Caratinga field. The importance of these discoveries lies in their proximity to already productive fields, thereby benefiting from the capacity of existing installations and, consequently, reducing production costs and ensuring rapid start-up.**
- **Operational start-up in 2Q-2010 of the FPSO Capixaba, in the Cachalote field, a region known as Parque das Baleias, underlining the Company's operational flexibility, as the production unit had been previously allocated to the Golfinho field and was rapidly adapted to operate in this new region.**

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Índice:

Desempenho Financeiro 3
Desempenho Operacional 6
Demonstrações Contábeis 17
Apêndices 27

This document may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act) that merely reflect the expectations of the Company's management. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forward-looking statements. These predictions evidently involve risks and uncertainties, whether foreseen or not by the Company. Therefore, the future results of operations may differ from current expectations, and readers must not base their expectations exclusively on the information presented herein.

Statement by the CEO
José Sergio Gabrielli de Azevedo

Dear shareholders and investors,

We are passing through an exceptional time in our history. In the first six months of 2010, we invested a record amount of R$38.1 billion, 17% more than the same period last year. Spending was allocated to increasing oil and gas production capacity, modernizing and expanding the refineries, and reorganizing our interests in the petrochemical sector, particularly in regard to Braskem.

This substantial increase in capital expenditures is a reflection of the number and quality of projects in our investment portfolio, as reflected in the expansion of our strategic business plan. In June, we released the 2010-2014 Business Plan, in which we project investment spending of US$ 224 billion, or approximately US$ 45 billion per year. In the Plan we have maintained our aggressive production targets, which are based on existing reserves and projects already underway or in the planning stage, without taking into account the output that would result from acquiring the rights to produce five billion barrels of oil, as approved by the Congress in June.

The Exploration and Production segment, which commands the largest share of our capital spend, has been strengthened by recent exploration success and new projects. In April, a new exploratory well confirmed Tupi's light crude potential. In June, the Company announced probable oil reserves in the pre-salt layer in Albacora Leste and new discoveries of light crude in the Brava exploratory area of the Marlim field. On July 14, we began pre-salt production in the Baleia Franca field, in Espírito Santo, less than two years after these reserves were discovered. Initial output was around 13,000 bpd, which should reach the maximum of 20,000 bpd by the end of the year. And in the second half, we will begin the Tupi pilot project, with a capacity of 100,000 bpd.

Despite the E&P segment's evident importance and potential, I must emphasize that our investments are diversified and aimed at integrating our various operations. Petrobras is an energy company primarily focused on the oil and gas production chain, whose segments are integrated in order to optimize efficiencies and returns in the Brazilian market.

This is why we have increased our investments in the Refining, Transportation & Marketing segment, especially refining. Following a lengthy period when our expenditures on these assets were limited to maintenance, we accelerated our investments, not only to increase refining capacity, but also to bring production in line with demand, improve product quality and process the country's heavy crude. Brazil's burgeoning oil output, together with economic growth, has made it imperative to build new capacity to process our heavy crude oil for the domestic market. In addition we must continue to adapt our existing refineries meet the increasing demand for middle distillates and reduced sulfur.

Events in the Gulf of Mexico remind everyone of the importance of a total focus on health, safety and the environment (HSE). In 2009 alone we invested R$ 4.5 billion in HSE. Since 2000, when we implemented one of the most comprehensive HSE programs in the world, we have developed around 4,000 projects for improving operational safety and protecting the environment both in Brazil and abroad. Between 2000 and 2009, we reduced our average annual incidence of spills by 96% and trained 400 workers who are entirely dedicated to responding to any type of accident, seven days a week, 24 hours a day. We also acquired a large amount of specialized equipment to cope with spills and other accidents. We currently have a fleet of 30 OSRVs (oil spill response vessels) and more than 300 km of spill boom. We have created and nurtured a culture that places safety and the environment as the leading concern.

Our financial results for the first half of 2010 are entirely compatible with higher investments and increased profitability, without neglecting social and environmental responsibility. With our dominant position in the Brazilian market, together with our pricing policy that stabilizes prices in the short term while following international prices over the long term, we generated operating cash flow of R$31 billion in the first half of 2010. This is slightly above last year's cash flow for the same period, reflecting the stability created by our policy.

Our future is certainly challenging, but one that is full of opportunities for all our shareholders.

Main Items and Consolidated Economic Indicators

R$ million

2nd Quarter					1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)		2010	2009	2010 X 2009 (%)
63,324	66,884	55,921	6	**Gross Operating Revenues**	130,208	109,557	19
50,412	53,631	44,611	6	**Net Operating Revenues**	104,043	87,241	19
19,310	19,387	20,094		**Gross Profit**	38,697	36,909	5
11,617	12,303	14,095	6	**Operating Profit** [1]	23,920	24,442	(2)
(701)	(630)	(1,378)	(10)	**Financial Result**	(1,331)	(1,719)	(23)
7,726	8,295	8,160	7	**Net Income**	16,021	14,451	11
0.88	0.95	0.93	8	**Net Income per Share**	1.83	1.65	11
				Business Area - Net Results			
7,312	7,649	5,535	5	**. Exploration & Production**	14,961	8,036	86
1,116	(108)	5,540	(110)	**. Supply**	1,008	10,179	(90)
323	349	342	8	**. Gas and Power**	672	200	236
362	268	308	(26)	**. Distribution**	630	535	18
447	533	91	19	**. International**	980	(247)	(497)
(1,262)	(957)	(2,528)	(24)	**. Corporate**	(2,219)	(3,657)	(39)
17,753	20,348	18,120	15	**Consolidated Investments**	38,101	32,500	17
38	36	45	7	**Gross Margin (%)**	37	42	(5)
23	23	32	9	**Operating Margin (%)**	23	28	(5)
15	15	18	3	**Net Margin (%)**	15	17	(2)
15,076	15,927	17,599	6	**EBITDA – R$ million** [2]	31,003	31,104	
76.24	78.30	58.79	3	**Brent (US$/bbl)**	77.27	51.60	50
1.80	1.79	2.07	(1)	**US Dollar Average Price - Sale (R$)**	1.80	2.19	(18)
1.78	1.80	1.95	1	**US Dollar Last Price - Sale (R$)**	1.80	1.95	(8)
				Price Indicators			
157.65	158.72	160.79	1	**Average Oil Products Realization Prices (R$/bbl)**	158.20	162.15	(2)
				Average sale price - Brazil			
72.92	73.79	48.68	1	**. Oil (US$/bbl)**	73.35	40.74	80
14.39	19.73	23.85	37	**. Natural Gas(US$/bbl)**	17.26	27.48	(37)
				Average sale price - International			
62.02	66.20	48.92	7	**. Oil (US$/bbl)**	64.24	44.34	45
14.81	14.82	11.23		**. Natural Gas(US$/bbl)**	14.82	11.98	24

2Q-2010 x 1Q-2010.

- **Net Income**

In 2Q-2010, net income totaled R$8,295 million, 7% up on the quarter before, due to the increase in gas and oil product sales volume, which moved up by 14% and 3%, respectively, and the higher sales price, thanks to the slight upturn in international oil prices. These effects, however, were almost completely offset by the higher expenses with government take, also caused by the international price upturn, and growing demand for diesel, a high value added oil product whose import volume moved up.

Operating expenses fell by 8% in the 2Q-2010. It happened due to higher expenses in 1Q-2010 from provisions for impairment (R$194 million), the write-off of dry or economically unviable wells (R$358 million), and provisions for contingencies (R$848 million). These factors were partially offset by certain expenses, including impairment provisions (R$84 million), besides the additional legal contingency provision of R$ 217 million.

The financial result remained flat over the previous three months, considering the lower Real depreciation during the 2Q-10 and the increase in the financings, aliened with the better hedge operations.

- **EBITDA**

Second-quarter EBITDA came to R$15,927 million, 6% more than in 1Q-2010, chiefly due to the booking of legal contingencies in the latter quarter.

- **Net debt/EBITDA ratio**

The net debt of the Petrobras System increased by 16% over March 31, 2010 and by 31% over December 31, 2009, due to funding operations to finance the intensive investment program. The level of indebtedness, measured by the net debt/EBITDA ratio, increased from 1.35 on March 31, 2010, to 1.52 on June 30, 2010.

- **Net Income**

Net income totaled R$16,021 million in the first half, 11% up year-on-year, reflecting the 3% upturn in total oil and gas production, higher export prices, and the recovery of domestic sales volume, which climbed by 11%. These effects more than offset the reduction in domestic diesel and gasoline prices and the upturn in costs with government take and imports, which were also affected by the higher oil prices.

Operating expenses climbed by 19%. In addition, the Company constituted provisions for contingencies related to the IPI credit-premium assignment (R$459 million), the tax foreclosure suit related to P-36 ICMS-RJ (state VAT) (R$449 million) and ICMS tax debits (R$110 million).

The financial result improved by R$388 million, given the FX gain on assets abroad combined with better commercial hedge operations, partially offset by the increase financial costs due to the raise in debt level.

Minority interests generated a positive impact of R$2,802 million, thanks to the effect of the exchange variation on SPE debt, most of which is dollar-denominated, and the exercise of stock options in certain structured projects, as well as the revision of future receivable flows related to financial leasing operations, both at the end of 2009.

- **EBITDA**

EBITDA came to R$31,003 million, very close to the 1H-2009 figure, due to increased production, higher average export prices and international sales, in addition to higher domestic sales volume. These effects were partially offset by the upturn in unit costs, due to the increased government take and the higher share of imported oil products, and lower domestic sales prices, caused by the reduction in the price of diesel (15%) and gasoline (5%) in June 2009, in addition to higher operating expenses.

RESULTS BY BUSINESS AREA

Petrobras operates in an integrated manner, with the greater part of oil and gas production in the exploration and production area being transferred to other Company areas.

When reporting results per business area, transactions with third parties and transfers between business areas are valued in accordance with the internal transfer prices established between the various areas and assessment methodologies based on market parameters.

EXPLORATION AND PRODUCTION (E&P)

2nd Quarter					1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)	Net Income	2010	2009	2010 X 2009 (%)
7,312	7,649	5,535	5		14,961	8,036	86

(2Q-2010 x 1Q-2010): The upturn in net income was due to:

• Higher domestic oil and natural gas sale/transfer prices (1% and 37% in US$/bbl respectively);
• Lower exploration costs (R$349 million), chiefly due to the write-off of dry or economically unviable wells;
• Provisions for contingencies related to the levying of the ICMS/RJ tax on the P-36 platform (R$449 million) in 1Q-2010.

Part of these effects was offset by higher costs with depletion, caused by the connection of new wells and expenses with corrective interventions.

The spread between the average domestic oil sale/transfer price and the average Brent price widened from US$3.32/bbl in 1Q-2010 to US$4.51/bbl in 2Q-2010.

(1H-2010 x 1H-2009): The increase in net income reflected higher domestic oil prices (80% in US$/bbl), in turn due to the international market appreciation of "heavy" versus "light" crudes and the 2% upturn in daily oil and LNG production.

These effects were partially offset by the higher government take and provisions for contingencies related to the levying of the ICMS/RJ tax on the P-36 platform (R$449 million).

The spread between the average domestic oil sale/transfer price and the average Brent price fell from US$10.86/bbl in 1H-2009 to US$3.92/bbl in 1H-2010.

2nd Quarter					1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)	Domestic Production (th. barrels/day)	2010	2009	2010 X 2009 (%)
1,985	2,010	1,964	1	Oil and NGL	1,998	1,958	2
317	331	319	4	Natural Gas[1]	324	314	3
2,302	**2,341**	**2,283**	2	**Total**	**2,322**	**2,272**	2

(2Q-2010 x 1Q-2010): Increased output from the FPSO – Cidade de Niterói (Marlim Leste), FPSO – Frade (Frade) and FPSO – Cidade de Vitória (Golfinho), the operational startup of FPSO – Capixaba (Cachalote) and the beginning of the extended well test (EWT) in the Tiro field more than offset the decline caused by the scheduled stoppage to the P-43 platform (Barracuda) and the natural decline in the mature fields.

(1H-2010 x 1H-2009): Increased output from P-51 (Marlim Sul), P-53 (Marlim Leste), P-54 (Roncador), P-34 (Jubarte), the EWT in Tiro (SS-11) the EWT in Tupi (FPSO- Cidade de São Vicente), FPSO-Cidade de Niterói (Marlim Leste), FPSO-Frade (Frade), FPSO – Cidade de Vitória (Golfinho) and FPSO – Espírito Santo (Parque das Conchas), more than offset the natural decline in the mature fields.

2nd Quarter					1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)	*Lifting Cost - country*	2010	2009	2010 X 2009 (%)
				US$/barrel:			
9.40	9.79	8.72	4	• • without government participation	9.60	8.27	16
23.73	24.50	19.50	3	• • with government participation	24.12	17.11	41
				R$/barrel:			
16.95	17.54	17.58	3	• • without government participation	17.25	17.74	(3)
43.82	43.91	38.86		• • with government participation	43.87	36.56	20

Lifting Cost Excluding Government Take – US$/barrel

(2Q-2010 x 1Q-2010): Excluding the exchange variation, the unit lifting cost remained virtually flat.

(1H-2010 x 1H-2009): Excluding the exchange variation, the lifting cost climbed by 2% over the 1H-2009 due to the increased number of interventions in the Albacora Leste, Barracuda, Marlim Sul, Roncador, Marlim, Albacora and Bicudo fields, as well as higher personnel expenses.

Lifting Cost Including Government Take – US$/barrel

(2Q-2010 x 1Q-2010): Excluding the exchange variation, the upturn in the lifting cost was due to the higher tax rate in the Marlim Leste field, in turn caused by increased production from the operational start-up of new wells.

(1H-2010 x 1H-2009): Excluding the exchange variation, the unit lifting cost increased as a result of the higher reference price for local oil and the higher tax rate applied to the Marlim Sul and Marlim Leste fields, due to higher production.

REFINING, TRANSPORTATION & MARKETING

2nd Quarter					1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)	Net Income	2010	2009	2010 X 2009 (%)
1,116	(108)	5,540	(110)		1,008	10,179	(90)

(2Q-2010 x 1Q-2010): The quarter-on-quarter reduction in the result was due to the following factors:

• The sale, in 1Q-2010, of inventories formed in a previous period at a lower acquisition cost;

• The higher volume of diesel imports, due to the scheduled stoppage in REPLAN.

These effects were partially offset by higher average domestic and export sales volume and the 1% upturn in domestic market oil product sale prices, reflecting the behavior of those oil products whose prices are pegged to international prices.

(1H-2010 x 1H-2009): The reduction in net income reflected higher oil acquisition/transfer and oil product import costs (Brent, up by 50% in US$/bbl).

These effects were partially offset by the increase in domestic oil product sales volume, chiefly gasoline (19%) and diesel (9%), higher average export prices and the upturn in the domestic price of those oil products whose prices are pegged to international prices, despite the reduction in the price of diesel (15%) and gasoline (5%) in June 2009.

2nd Quarter					1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)	Imports and exports (th. barrels/day)	2010	2009	2010 X 2009 (%)
347	330	361	(5)	Crude oil imports	339	393	(14)
274	289	121	5	Oil products imports	281	131	115
621	619	482		**Import of crude oil and oil products**	620	524	18
555	561	512	1	Crude oil exports [7,8]	558	482	16
192	216	237	13	Oil products exports	204	226	(10)
747	777	749	4	**Export of crude oil and oil products** [8]	762	708	8
126	**158**	**267**	25	**Net exports (imports) crude oil and oil products**	**142**	**184**	(23)
6	28	10	367	Other imports	17	7	143
2		1	(100)	Other exports [8]	1	1	

(2Q-2010 x 1Q-2010): The upturn in oil product exports was caused by higher gasoline supply, due to the normalization of ethanol supply following the off-season, and the increase in the ratio of anhydrous ethanol in the gasoline blend to 25%, following its government-decreed reduction to 20% between February and April.

(1H-2010 x 1H-2009): The upturn in oil exports was caused by higher output and increased supply due to lengthier scheduled stoppages in distillation units in 1Q-2010, especially in REPLAN.

The increase in oil product imports reflected growing demand, especially for gasoline, due to the ethanol shortage in 1H-2010, and diesel, thanks to the improved grain harvest in 2010 and the works associated with the Growth Acceleration Program (PAC).

2nd Quarter				Output Oil products (th. barrels/day)	1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)		2010	2009	2010 X 2009 (%)
1,765	1,807	1,778	2	**Output Oil products**	1,786	1,774	1
1,942	1,942	1,942		**Primary Processed Installed Capacity** [9]	1,942	1,942	
90	91	90	1	**Use of Installed Capacity**	90	90	
80	81	79	1	**Domestic crude as % of total feedstock processed**	81	79	2

2nd Quarter				Processed Feedstock – Domestic (Th. barrels/day)	1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)		2010	2009	2010 X 2009 (%)
1,738	1,760	1,747	1		1,749	1,753	

(2Q-2010 x 1Q-2010): Daily processed crude moved up by 1%, basically as a result of the scheduled stoppage to the REVAP refinery's distillation unit in 1Q-2010.

(1H-2010 x 1H-2009): Daily processed crude remained flat over the first half of 2009.

2nd Quarter				Refining Cost – Domestic	1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)		2010	2009	2010 X 2009 (%)
3.64	3.93	3.07	8	**Refining Cost (US$/barrel)**	3.79	2.83	34
6.52	7.03	6.34	8	**Refining Cost (R$/barrel)**	6.78	6.11	11

(2Q-2010 x 1Q-2010): Excluding the exchange variation, refinery costs climbed by 7%, due to scheduled stoppages in the water treatment and coking units.

(1H-2010 x 1H-2009): Excluding the exchange variation, these costs increased by 12%, due to higher personnel expenses, the greater concentration of scheduled stoppages, and outsourced maintenance and technical repair services.

GAS & POWER

Net Income

2nd Quarter				1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)	2010	2009	2010 X 2009 (%)
323	349	342	8	672	200	236

(2Q-2010 x 1Q-2010): The upturn in net income was due to the following factors:

• Higher revenue from power generation;

• Higher sales of natural gas to the thermal generation segment;

• Provisions for impairment losses in 1Q-2010 (R$80 million);

• Reduced operating expenses from thermoelectric plants, reflecting higher output (R$73 million).

These factors were partially offset by higher natural gas import/transfer costs, accompanying the behavior of international prices, and narrower energy commercialization margins, due to the upturn in the average spot market acquisition cost.

(1H-2010 x 1H-2009): The year-on-year improvement was due to the following factors:

• Higher sales of natural gas to the non-thermoelectric segment, accompanying industrial growth;

• Increased fixed revenue from energy auctions (regulated market);

• Higher energy commercialization (free market);

• Increased hydroelectric reservoir levels, reducing the average energy acquisition cost and increasing commercialization margins, chiefly in the first quarter;

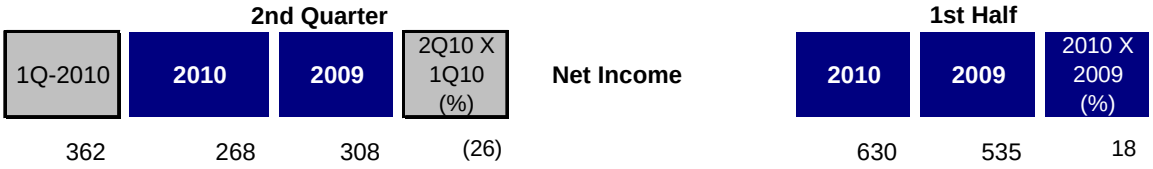
• The reduction in natural gas import/transfer costs, accompanying the behavior of international prices.

These factors were partially offset by the reduction in energy export volume and the increase in selling expenses from LNG regasification vessels.

Gas Imports (Th. barrels/day)

2nd Quarter				1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)	2010	2009	2010 X 2009 (%)
152	168	158	10	160	142	13

DISTRIBUTION



(2Q-2010 x 1Q-2010): The 4% upturn in sales volume was more than offset by non-recurring expenses from the settlement of ICMS tax debits with the state of Rio de Janeiro (R$110 million) and provisions for doubtful debts (R$25 million), causing a reduction in 2Q-2010 net income.

The Company recorded a 38.0% share of the fuel distribution market in 2Q-2010, versus 39.5% in the previous quarter.

(1H-2010 x 1H-2009): The year-on-year upturn in net income was due to the 9% increase in sales margins and sales volume, despite the increase in SG&A expenses (R$212 million).

These effects were partially offset by the settlement of tax debits with the state of Rio de Janeiro (R$110 million).

Distribution market share was 38.7% in the first half of 2010, against 38.4% in the 1H-2009.

INTERNATIONAL

2nd Quarter					1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)	Net Income	2010	2009	2010 X 2009 (%)
447	533	91	19		980	(247)	(497)

(2Q-2010 x 1Q-2010): The increase in net income was chiefly due to higher sales volume in Nigeria;

(1H-2010 x 1H-2009): The reversal of the 1H-2009 loss was due to higher international commodity prices in 1H-2010, increased E&P sales volume and the operational start-up of the Akpo field in Nigeria in March 2009, as well as the 2009 recognition of losses from investments (R$306 million).

2nd Quarter				Intenational Production (th. barrels/day)	1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)		2010	2009	2010 X 2009 (%)
				Consolidated - International Production			
142	146	130	3	Oil and NGL	144	122	18
95	92	101	(3)	Natural Gas [10]	94	98	(4)
237	**238**	**231**		**Total**	**238**	**220**	8
8	**8**	**10**		**Non Consolidated - Internacional Production** [11]	**8**	**11**	(27)
245	**246**	**241**		**Total International Production**	**246**	**231**	6

(2Q-2010 x 1Q-2010): Consolidated oil and LNG production moved up due to the start-up of the new wells in the Akpo field, in Nigeria, offset by the decline of the mature fields in Argentina.

In 2Q-2010, consolidated natural gas production fell due to operational problems in Argentina. This effect was partially offset by higher production in Bolivia, fueled by increased Brazilian demand for Bolivian gas.

(1H-2010 x 1H-2009): Consolidated oil and LNG production moved up due to the start-up of the Akpo field, in Nigeria, in March/09, offsetting the reduced interest in the Guando field, in Colombia, for contractual reasons, and the decline in output from mature wells in Argentina.

In 1H-2010, natural gas production fell due to the decline in output from mature wells and operational problems in Argentina.

Lifting Cost - International *(US$/barrel)*

2nd Quarter					1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)		2010	2009	2010 X 2009 (%)
5.23[12]	5.60	4.93[13]	7		5.42	4.68[13]	16

(2Q-2010 x 1Q-2010): Higher number of well interventions and repairs in Argentina.

(1H-2010 x 1H-2009): Higher operating costs, caused by contractual price adjustments in Argentina.

Processed feedstock – International (th. barrels/day)

2nd Quarter				1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)	2010	2009	2010 X 2009 (%)
212	194	179	(8)	203	189	7

(2Q-2010 x 1Q-2010): Processed crude output fell due to the scheduled stoppage in Japan.

(1H-2010 x 1H-2009): Improved operational performance in the U.S. refinery, due to the plant's increasing operational reliability, and wider margins in Argentina. These effects were offset by the scheduled stoppage in Japan.

Oil Products – International (th. barrels/day)

2nd Quarter					1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)		2010	2009	2010 X 2009 (%)
225	208	196	(8)	**Output Oil products**	216	208	4
281	281	281		**Primary Processed Installed Capacity**	281	281	
73	63	60	(10)	**Use of Installed Capacity (%)**	68	64	4

Refining Cost – International (US$/barrel)

2nd Quarter				1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)	2010	2009	2010 X 2009 (%)
3.32	3.68	5.90[14]	11	3.49	5.27[14]	(34)

(2Q-2010 x 1Q-2010): Refinery costs were impacted by reduced production caused by the scheduled stoppage in the Japanese refinery.

(1H-2010 x 1H-2009): The improved operational reliability of the Pasadena refinery led to a reduction in expenses with maintenance and repairs, increasing the volume of processed crude.

Sales Volume – thousand barrels/day

2nd Quarter					1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)		2010	2009	2010 X 2009 (%)
733	802	753	9	Diesel	768	703	9
410	374	331	(9)	Gasoline	392	330	19
104	101	98	(3)	Fuel Oil	102	101	1
149	151	165	1	Nafta	150	158	(5)
203	221	212	9	GLP	212	203	4
84	85	74	1	QAV	84	73	15
168	164	136	(2)	Other	166	123	35
1,851	**1,898**	**1,769**	3	**Total Oil Products**	**1,874**	**1,691**	11
81	93	92	15	Alcohol, Nitrogens and other	87	88	(1)
257	292	244	14	Natural Gas	275	234	18
2,189	**2,283**	**2,105**	4	**Total domestic market**	**2,236**	**2,013**	11
749	777	750	4	Exports	763	709	8
569	644	466	13	International Sales	607	580	5
1,318	**1,421**	**1,216**	8	**Total international market**	**1,370**	**1,289**	6
3,507	**3,704**	**3,321**	6	**Total**	**3,606**	**3,301**	9

First-half domestic sales volume moved up by 11% over 1H-2009, chiefly due to sales of the following products:

- Diesel (increase of 9%) – due to the economic recovery, higher grain production and increased investments in infrastructure.
- Gasoline (increase of 19%) – due to increased use of flex-fuel vehicles, as a result of the ethanol shortage at the beginning of 2010, the reduction in the ratio of anhydrous ethanol in the gasoline mix in February 2010, and higher urban consumption.
- Natural gas (increase of 18%) – due to higher consumption by the non-thermal market, fueled by the industrial recovery.
- Jet fuel (increase of 15%) – also influenced by the economic recovery affecting the domestic airline market.

Increased production caused by the operational start-up of several platforms in 1H-2010, combined with scheduled stoppages in the refineries, pushed up oil exports up by 8%.

International sales climbed by 5%, chiefly due to higher output in Nigeria and market opportunities in 2010.

Corporate Overhead (US$ million)

2nd Quarter				1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)	2010	2009	2010 X 2009 (%)
651	725	567	11	1,376	1,045	32

(2Q-2010 x 1Q-2010): Excluding the exchange variation, corporate overhead increased by 11% over the previous quarter, due to higher expenses from marketing, advertising, rent, software licenses and sponsorship. Part of the expenses with sponsorship and advertising are recovered by a reduction in income tax payments.

(1H-2010 x 1H-2009): Excluding the exchange variation, corporate overhead climbed by 12%, due to higher personnel, rent, sponsorship and advertising expenses. Part of the expenses with sponsorship and advertising are recovered by a reduction in income tax payments.

Consolidated Investments

In compliance with the goals outlined in its strategic plan, Petrobras continues to prioritize investments in the expansion of its oil and natural gas production capacity by investing its own funds and by structuring ventures with strategic partners.

R$ million	1st Half				
	2010	%	2009	%	Δ %
• Own Investments	**36,277**	**95**	**29,198**	**90**	**24**
Exploration & Production	15,745	41	14,793	45	6
Supply	13,781	36	6,415	20	115
Gas & Power	2,416	6	2,716	8	-11
International (I)	2,530	7	4,171	13	-39
Distribution	257	1	249	1	3
Corporate 16	1,548	4	854	3	81
• Special Purpose Companies (SPCs) (II)	**1,824**	**5**	**2,559**	**8**	(29)
• Projects under Negotiation			**743**	**2**	
Total Investments	**38,101**	**100**	**32,500**	**100**	**17**
(1) International	**2,530**	**100**	**4,171**	**100**	**(39)**
Exploration & Production	2,320	92	1,825	44	27
Supply	126	5	1,163	28	(89)
Gas & Power	44	2	115	3	(62)
Distribution	28	1	1,054	25	(97)
Other	12		14		(14)
(2) Projects Developed by SPCs	**1,824**	**100**	**2,559**	**100**	**(29)**
Exploration & Production	243	13	442	17	(45)
Supply	237	13	468	18	(49)
Gas & Power	1,344	74	1,649	65	(18)

In line with its strategic objectives, Petrobras acts in consortiums with other companies as a concessionaire of oil and gas exploration, development and production rights. Currently the Company is a member of 101 consortiums, of which it operates 69.

Consolidated Debt

	R$ million		
	06.30.2010	03.31.2010	12.31.2009
Short-term Debt [17]	25,981	20,695	15,556
Long-term Debt [17]	92,430	87,502	85,341
Total	118,411	108,197	100,897
Cash and cash equivalents	24,210	26,951	29,034
Net Debt [18]	94,201	81,246	71,863
Net Debt/(Net Debt + Shareholder's Equity) [17]	34%	32%	30%
Total Net Liabilities [19]	357,820	339,047	321,273
Capital Structure (third parties net / total liabilities net)	50%	45%	48%

	R$ million		
	06.30.2010	03.31.2010	12.31.2009
Short-term Debt	14,422	11,620	8,934
Long-term Debt	51,307	49,131	49,013
Total	65,729	60,751	57,947
Net Debt	52,290	45,618	41,272

Income Statement – Consolidated

R$ million					
2nd Quarter				1st Half	
1Q-2010	2010	2009		2010	2009
63,324	66,884	55,921	**Gross Operating Revenues**	130,208	109,557
(12,912)	(13,253)	(11,310)	Sales Deductions	(26,165)	(22,316)
50,412	53,631	44,611	**Net Operating Revenues**	104,043	87,241
(31,102)	(34,244)	(24,517)	Cost of Goods Sold	(65,346)	(50,332)
19,310	19,387	20,094	**Gross profit**	38,697	36,909
			Operating Expenses		
(2,072)	(2,276)	(1,746)	Sales	(4,348)	(3,612)
(1,829)	(1,897)	(1,826)	General and Administratives	(3,726)	(3,575)
(1,003)	(626)	(718)	Exploratory Cost	(1,629)	(1,652)
(194)			Losses on recovery of assets	(194)	
(391)	(415)	(368)	Research & Development	(806)	(705)
(153)	(225)	(176)	Taxes	(378)	(327)
(408)	(380)	(329)	Pension and Health Plan	(788)	(700)
(1,643)	(1,265)	(836)	Other	(2,908)	(1,896)
(7,693)	(7,084)	(5,999)		(14,777)	(12,467)
11,617	12,303	14,095	**Operating Income before Financial Result and Participation in Equity Income**	23,920	24,442
			Net Financial Expenses		
760	922	900	Income	1,682	1,686
(884)	(815)	(893)	Expenses	(1,700)	(1,544)
(571)	(380)	7	Net Monetary Variation	(950)	(110)
(6)	(357)	(1,392)	Net Exchange Variation	(363)	(1,751)
(701)	(630)	(1,378)		(1,331)	(1,719)
(8,394)	(7,714)	(7,377)		(16,108)	(14,186)
(179)	(231)	379	Participation in Equity Income	(410)	25
10,737	11,442	13,096	**Operating Profit**	22,179	22,748
(2,940)	(3,105)	(2,452)	Income Tax & Social Contribution	(6,045)	(5,382)
7,797	**8,337**	**10,644**	**Net Income**	**16,134**	**17,366**
(71)	(42)	(2,484)	Income attributed to non controllers	(113)	(2,915)
7,726	**8,295**	**8,160**	**Net Income**	**16,021**	**14,451**

Balance Sheet – Consolidated

Assets	R$ million	
	06.30.2010	12.31.2009
Current Assets	**71,980**	**74,374**
Cash and Cash Equivalents	24,210	29,034
Accounts Receivable	15,962	14,062
Inventories	19,680	19,448
Marketable Securities	744	124
Taxes Recoverable	6,865	7,023
Other	4,519	4,683
Non Current Assets	**310,050**	**275,933**
Long-term Assets	**38,027**	**34,923**
Petroleum & Alcohol Account	818	817
Advances to Suppliers	5,416	5,365
Marketable Securities	4,641	4,639
Deferred Taxes and Social Contribution	18,272	16,231
Prepaid Expenses	1,733	1,432
Accounts Receivable	3,354	3,288
Deposits - Legal Matters	2,385	1,989
Other	1,408	1,162
Investments	**8,489**	**5,660**
Fixed Assets	**255,024**	**227,079**
Intangible	**8,510**	**8,271**
Total Assets	**382,030**	**350,307**

Liabilities	R$ million	
	06.30.2010	12.31.2009
Current Liabilities	**63,321**	**54,829**
Short-term Debt	25,619	15,166
Suppliers	16,340	17,082
Taxes and Social Contribution	8,966	10,590
Salaries, Benefits and Charges	2,557	2,304
Dividends	1,755	2,333
Pension and Health Plan	1,197	1,208
Project Finance	313	212
Other	6,574	5,934
Non Current Liabilities	**138,802**	**128,364**
Long-term Debt	92,154	84,992
Deferred Taxes and Social Contribution	22,439	20,458
Health Plan	10,727	10,208
Provision for well abandonment	4,729	4,791
Pension Plan	4,099	3,956
Deferred Income	199	231
Other	4,455	3,728
Shareholders' Equity	**176,974**	**164,204**
Capital Stock	85,108	78,967
Reserves/Net Income	91,866	85,237
Minority Interest	**2,933**	**2,910**
Shareholders Equity	**179,907**	**167,114**
Total Liabilities	**382,030**	**350,307**

Statement of Cash Flow – Consolidated

R$ million					
2nd Quarter				1st Half	
1Q-2010	2010	2009		2010	2009
7,726	**8,295**	**8,160**	**Net Income**	**16,021**	**14,451**
1,950	4,964	954	(+) Adjustments	6,914	7,066
3,265	3,624	3,504	Depreciation & Amortization	6,889	6,662
1,116	1,265	(1,392)	Charges on Financing and Connected Companies	2,381	(1,227)
71	41	2,484	Minority interest	112	2,915
179	231	(380)	Result of Equity Income	410	(25)
(446)	1,541	(1,408)	Income Tax and deffered contributions	1,095	(868)
(563)	191	(2,141)	Inventory Variation	(372)	(321)
(2,062)	12	(896)	Accounts Receivable Variation	(2,050)	(754)
(837)	69	(444)	Supplier Variation	(768)	(1,444)
600	243	211	Pension and Health Plan Variation	844	476
(1,077)	(2,097)	870	Tax Variation	(3,174)	1,206
632	274	203	Write-off of dry wells	906	765
310	204	(106)	Impairment	514	138
762	(634)	449	Other Adjustments	127	(457)
9,676	**13,259**	**9,114**	**(=) Cash Generated by Operating Activities**	**22,935**	**21,517**
(16,013)	**(19,638)**	**(17,750)**	**(-) Cash used in Investment Activities**	**(35,651)**	**(32,176)**
(7,286)	(7,700)	(7,628)	Investment in E&P	(14,538)	(14,663)
(4,934)	(9,365)	(3,879)	Investment in Refining and Transportation	(13,978)	(8,069)
(2,294)	(1,399)	(2,753)	Investment in Gas & Power	(3,693)	(4,569)
(90)	(136)	(116)	Investiments in Distribution	(226)	(218)
(1,395)	(899)	(3,074)	Investment in International Segment	(2,294)	(4,024)
(14)	(1,103)	(562)	Other investments [20]	(922)	(633)
(6,337)	**(6,379)**	**(8,636)**	**(=) Free cash flow**	**(12,716)**	**(10,659)**
4,188	**3,581**	**(461)**	**(-) Cash used in Financing Activities**	**7,770**	**5,137**
4,212	7,292	5,937	Financing	11,505	11,546
(24)	(3,711)	(6,398)	Dividends	(3,735)	(6,409)
66	57	(382)	(+) FX effect in cash and cash equivalents	122	(280)
(2,083)	**(2,741)**	**(9,479)**	**(=) Cash generated in the period**	**(4,824)**	**(5,802)**
29,034	26,951	19,776	Cash at the Beginning of Period	29,034	16,099
26,951	24,210	10,297	Cash at the End of Period	24,210	10,297

Statement of Added Value – Consolidated

	R$ million 1st Half	
	2010	2009
Revenue		
Sale of products and services [21]	132,081	111,621
Assets construction	32,407	24,809
	164,488	136,430
Materials acquisitions from third parties		
Raw Materials Used	(19,876)	(16,118)
Products for Resale	(19,723)	(10,513)
Energy, Services & Other	(34,350)	(30,449)
Tax	(10,144)	(7,660)
Impairment	(514)	(138)
	(84,607)	(64,878)
Gross Added Value	79,881	71,552
Retentions		
Depreciation & Amortization	(6,889)	(6,662)
Net Added Value produced by company	72,992	64,890
Added Value Received		
Equity Income Result	(410)	25
Financial Revenue - including monetary and exchange variation	1,682	1,686
Rent and Royalties and other	597	615
	1,869	2,326
Added Value to Distribute	**74,861**	**67,216**
Distribution of Added Value		
Personnel and administratives		
Salaries/Sharing Profit		
Salaries	6,182	5,476
Benefits		
Advantages	353	376
Health, Retirement and Pension Plan	1,500	1,245
FGTS	355	321
	8,390	7,418
Tax		
Federal Government	26,561	21,410
States	12,793	12,020
Municipal	103	101
Foreign states	2,570	2,445
	42,027	35,976
Financial Institutions and Suppliers		
Interest, FX Rate and Monetary Variation	5,012	3,670
Rent and freight expenses	3,298	2,787
	8,310	6,457
Shareholders		
Interest on Own Capital	3,510	2,632
Minority Interest	112	2,915
Retained Earnings	12,512	11,818
	16,134	17,365
Distributed Added Value	**74,861**	**67,216**

Consolidated Statement by Business Area - 1H 2010 [22, 23]

	R$ MILLION							
	E&P	SUPPLY	GAS AND POWER	DISTRIB.	INTERN.	CORP.	ELIMIN.	TOTAL
Net Operating Revenues	**46,900**	**85,525**	**6,485**	**30,976**	**12,150**		**(77,993)**	**104,043**
Intersegments	46,646	27,373	819	655	2,500		(77,993)	
Third Parties	254	58,152	5,666	30,321	9,650			104,043
Cost of Goods Sold	(21,256)	(80,247)	(4,030)	(28,257)	(9,390)		77,834	(65,346)
Gross Profit	**25,644**	**5,278**	**2,455**	**2,719**	**2,760**		**(159)**	**38,697**
Operating Expenses	**(3,012)**	**(3,164)**	**(1,375)**	**(1,763)**	**(1,463)**	**(4,135)**	**135**	**(14,777)**
Sales, General & Administrative	(359)	(2,661)	(921)	(1,656)	(809)	(1,760)	92	(8,074)
Taxes	(112)	(49)	(24)	(14)	(75)	(104)		(378)
Exploratory Costs	(1,403)				(226)			(1,629)
Impairment			(80)		(114)			(194)
Research and Development	(414)	(138)	(56)	(4)	(1)	(193)		(806)
Health and Pension Plans						(788)		(788)
Other	(724)	(316)	(294)	(89)	(238)	(1,290)	43	(2,908)
Operating Profit (Loss)	**22,632**	**2,114**	**1,080**	**956**	**1,297**	**(4,135)**	**(24)**	**23,920**
Net of Interest Income (Expenses)						(1,331)		(1,331)
Equity Income		(343)	(12)	(1)	(12)	(42)		(410)
Income (Loss) Before Taxes and Minority Interests	**22,632**	**1,771**	**1,068**	**955**	**1,285**	**(5,508)**	**(24)**	**22,179**
Income Tax & Social Contribution	(7,695)	(719)	(367)	(325)	(213)	3,261	13	(6,045)
Minority Interests	24	(44)	(29)		(92)	28		(113)
Net Income (Loss)	**14,961**	**1,008**	**672**	**630**	**980**	**(2,219)**	**(11)**	**16,021**

Consolidated Statement by Business Area - 1H/2009 [22, 23]

	R$ MILLION							
	E&P	SUPPLY	GAS AND POWER	DISTRIB.	INTERN.	CORP.	ELIMIN.	TOTAL
Net Operating Revenues	**32,759**	**70,196**	**6,486**	**27,592**	**9,410**		**(59,202)**	**87,241**
Intersegments	32,048	24,156	1,041	798	1,159		(59,202)	
Third Parties	711	46,040	5,445	26,794	8,251			87,241
Cost of Goods Sold	(18,337)	(52,069)	(5,153)	(25,294)	(7,608)		58,129	(50,332)
Gross Profit	**14,422**	**18,127**	**1,333**	**2,298**	**1,802**		**(1,073)**	**36,909**
Operating Expenses	**(2,264)**	**(2,970)**	**(935)**	**(1,446)**	**(1,496)**	**(3,526)**	**170**	**(12,467)**
Sales, General & Administrative	(354)	(2,416)	(493)	(1,444)	(891)	(1,683)	94	(7,187)
Taxes	(37)	(48)	(13)	(17)	(84)	(128)		(327)
Exploratory Costs	(1,395)				(257)			(1,652)
Research and Development	(280)	(165)	(15)	(6)	(1)	(238)		(705)
Health and Pension Plans						(700)		(700)
Other	(198)	(341)	(414)	21	(263)	(777)	76	(1,896)
Operating Profit (Loss)	**12,158**	**15,157**	**398**	**852**	**306**	**(3,526)**	**(903)**	**24,442**
Net of Interest Income (Expenses)						(1,719)		(1,719)
Equity Income		328	85	(27)	(364)	3		25
Income (Loss) Before Taxes and Minority Interests	**12,158**	**15,485**	**483**	**825**	**(58)**	**(5,242)**	**(903)**	**22,748**
Income Tax & Social Contribution	(4,133)	(5,154)	(135)	(290)	(48)	4,070	308	(5,382)
Minority Interests	11	(152)	(148)		(141)	(2,485)		(2,915)
Net Income (Loss)	**8,036**	**10,179**	**200**	**535**	**(247)**	**(3,657)**	**(595)**	**14,451**

EBITDA [24] Consolidated Statement by Business Area - 1H 2010 [25, 26]

	R$ MILLION							
	E&P	SUPPLY	GAS & POWER	DISTRIB.	INTERN.	CORP.	ELIMIN.	TOTAL
Operating Profit	22,632	2,114	1,080	956	1,297	(4,135)	(24)	(23,920)
Depreciation / Amortization	4,125	921	504	177	901	261		6,889
Impairment			80		114			194
EBITDA	**26,757**	**3,035**	**1,664**	**1,133**	**2,312**	**(3,874)**	**(24)**	**(31,003)**

(1) Operating income before the financial result and equity income, excluding depreciation/amortization.

Statement of Other Operating Income (Expenses) - 1H 2010 [25, 26]

	R$ MILLION							
	E&P	SUPPLY	GAS & POWER	DISTRIB.	INTERN.	CORP.	ELIMIN.	TOTAL
Losses and Contingencies related to Lawsuit	(489)	(146)	(9)	(160)	(11)	(548)		(1,363)
Institutional relations and cultural projects	(31)	(19)	(10)	(26)	(2)	(433)		(521)
Inventory adjustment		(38)			(281)	(2)		(321)
Non programmed stoppages in installations and production equipment	(207)	(13)	(56)					(276)
Operational expenses with thermoelectric			(243)					(243)
HSE Expenses	(38)	(33)	(2)			(100)		(173)
Incentive, Donations and Governamental Subvention	75	216	7					298
Others	(34)	(283)	19	97	56	(207)	43	(309)
	(724)	**(316)**	**(294)**	**(89)**	**(238)**	**(1,290)**	**43**	**(2,908)**

Statement of Other Operating Income (Expenses) - 1H 2009 [25, 26]

	R$ MILLION							
	E&P	SUPPLY	GAS & POWER	DISTRIB.	INTERN.	CORP.	ELIMIN.	TOTAL
Losses and Contingencies related to Lawsuit	(18)	(125)	(25)	(23)	(5)	(29)		**(225)**
Institutional relations and cultural projects	(32)	(12)	(8)	(21)		(347)		**(420)**
Inventory adjustment		(194)			(246)	(14)		**(454)**
Non programmed stoppages in installations and production equipment	(247)	(18)	(49)					**(314)**
Operational expenses with thermoelectric			(319)					**(319)**
HSE Expenses	(31)	(21)	(2)			(95)		**(149)**
Incentive, Donations and Governamental Subvention	47	283	12					**342**
Others	83	(254)	(23)	65	(12)	(292)	76	**(357)**
	(198)	**(341)**	**(414)**	**21**	**(263)**	**(777)**	**76**	**(1,896)**

Consolidated Assets by Business Area - 06.30.2010 [27, 28]

	R$ MILLION							
	E&P	SUPPLY	GAS & POWER	DISTRIB.	INTERN.	CORP.	ELIMIN.	TOTAL
ASSETS	**144,565**	**101,228**	**47,292**	**11,480**	**31,082**	**57,123**	**(10,740)**	**382,030**
CURRENT ASSETS	**6,924**	**27,811**	**4,292**	**6,293**	**5,483**	**30,380**	**(9,203)**	**71,980**
CASH AND CASH EQUIVALENTS						24,210		24,210
OTHER	6,924	27,811	4,292	6,293	5,483	6,170	(9,203)	47,770
NON-CURRENT ASSETS	**137,641**	**73,417**	**43,000**	**5,187**	**25,599**	**26,743**	**(1,537)**	**310,050**
LONG-TERM ASSETS	7,941	5,262	3,059	911	3,088	19,303	(1,537)	**38,027**
INVESTIMENTS	1	5,511	273	14	1,760	930		**8,489**
PROPERTY, PLANTS AND EQUIPMENT	127,845	62,379	38,434	3,571	17,306	5,489		**255,024**
INTANGIBLE	1,854	265	1,234	691	3,445	1,021		**8,510**

Consolidated Assets by Business Area - 12.31.2009 [27, 28]

	R$ MILLION							
	E&P	SUPPLY	GAS & POWER	DISTRIB.	INTERN.	CORP.	ELIMIN.	TOTAL
ASSETS	**132,171**	**87,853**	**44,939**	**10,950**	**28,378**	**56,555**	**(10,539)**	**350,307**
CURRENT ASSETS	**6,515**	**27,412**	**5,076**	**5,668**	**5,128**	**33,989**	**(9,414)**	**74,374**
CASH AND CASH EQUIVALENTS						29,034		29,034
OTHER	6,515	27,412	5,076	5,668	5,128	4,955	(9,414)	45,340
NON-CURRENT ASSETS	**125,656**	**60,441**	**39,863**	**5,282**	**23,250**	**22,566**	**(1,125)**	**275,933**
LONG-TERM ASSETS	7,487	4,387	2,815	1,060	2,776	17,523	(1,125)	**34,923**
INVESTIMENTS		3,330	273	25	1,882	150		**5,660**
PROPERTY, PLANTS AND EQUIPMENT	116,369	52,456	35,666	3,503	15,252	3,833		**227,079**
INTANGIBLE	1,800	268	1,109	694	3,340	1,060		**8,271**

Consolidated Results by International Business Area - 1H 2010

	R$ MILLION INTERNATIONAL						
	E&P	SUPPLY	GAS & POWER	DISTRIB.	CORP.	ELIMIN.	TOTAL
ASSETS (06.30.2010)	**21,923**	**5,330**	**3,522**	**1,271**	**3,321**	**(4,285)**	**31,082**
Income Statement							
Net Operating Revenues	**3,255**	**6,462**	**1,078**	**3,460**		**(2,105)**	**12,150**
Intersegments	2,641	1,786	172	32		(2,131)	2,500
Third Parties	614	4,676	906	3,428		26	9,650
Operating Profit (Loss)	**1,334**	**(43)**	**184**	**58**	**(221)**	**(15)**	**1,297**
Net Income (Loss)	**1,123**	**(35)**	**111**	**53**	**(257)**	**(15)**	**980**

Consolidated Results by International Business Area

	R$ MILLION INTERNATIONAL						
	E&P	SUPPLY	GAS & POWER	DISTRIB.	CORP.	ELIMIN.	TOTAL
ASSETS (12.31.2009)	**19,950**	**5,068**	**3,470**	**1,163**	**3,910**	**(5,183)**	**28,378**
Income Statement 1H 2009							
Net Operating Revenues	**2,444**	**5,526**	**1,104**	**2,310**	**4**	**(1,978)**	**9,410**
Intersegments	1,569	1,354	164	50		(1,978)	1,159
Third Parties	875	4,172	940	2,260	4		8,251
Operating Profit (Loss)	**492**	**(99)**	**175**	**35**	**(360)**	**63**	**306**
Net Income (Loss)	**347**	**(323)**	**150**	**28**	**(512)**	**63**	**(247)**

Income Statement – Parent Company

R$ million					
2nd Quarter				1st Half	
1Q-2010	2010	2009		2010	2009
48,247	50,528	43,595	**Gross Operating Revenues**	98,775	83,578
(11,295)	(11,614)	(9,908)	Sales Deductions	(22,909)	(19,419)
36,952	38,914	33,687	**Net Operating Revenues**	75,866	64,159
(21,342)	(23,925)	(18,032)	Cost of Products Sold	(45,267)	(35,256)
15,610	14,989	15,655	**Gross Profit**	30,599	28,903
			Operating Expenses		
(1,750)	(2,148)	(1,587)	Sales	(3,898)	(3,291)
(1,225)	(1,280)	(1,251)	General & Administrative	(2,505)	(2,386)
(876)	(527)	(615)	Exploratory Cost	(1,403)	(1,396)
(380)	(384)	(366)	Research & Development	(764)	(698)
(81)	(75)	(92)	Taxes	(156)	(159)
(384)	(355)	(309)	Health and Pension Plans	(739)	(659)
(1,826)	(867)	(691)	Other	(2,693)	(1,941)
(6,522)	(5,636)	(4,911)		(12,158)	(10,530)
9,088	9,353	10,744	**Operating Income before Financial Result and Participation in Equity Income**	18,441	18,373
			Net Financial		
912	898	1,835	Income	1,811	3,563
(1,026)	(783)	(1,516)	Expenses	(1,809)	(2,865)
(219)	(157)	521	Net Monetary Variation	(377)	385
448	(9)	(4,552)	Net Exchange Variation	439	(5,099)
115	(51)	(3,712)		64	(4,016)
(6,407)	(5,687)	(8,623)		(12,094)	(14,546)
993	1,408	2,297	Paticipation in Equity Income	2,401	3,638
10,196	10,710	9,329	**Operating Income**	20,906	17,995
(2,505)	(2,473)	(1,006)	Income Tax / Social Contribution	(4,978)	(3,391)
7,691	**8,237**	**8,323**	**Net Income**	**15,928**	**14,604**

Balance Sheet – Parent Company

Assets	R$ million	
	06.30.2010	12.31.2009
Current Assets	**59,968**	**54,076**
Cash and Cash Equivalents	17,842	16,798
Marketable Securities	2,647	1,718
Accounts Receivable	15,916	12,844
Advances to Suppliers	1,454	1,750
Inventories	15,001	14,437
Dividends Receivable	1,012	780
Taxes Recoverable	4,282	4,049
Other	1,814	1,700
Non-current Assets	**284,557**	**265,976**
Long-term Assets	**65,822**	**73,467**
Oil & Alcohol Account	818	817
Subsidiaries and affiliated companies	41,285	48,889
Structured Projects	850	2,330
Advances to Suppliers	1,386	1,900
Marketable Securities	4,364	4,180
Taxes & Social Contribution Payable	13,115	11,640
Judicial Deposits	1,981	1,691
Anticipated Expenses	1,083	830
Other	940	1,190
Investments	**44,273**	**39,373**
Property, plant and equipment	**170,873**	**149,447**
Intangible	**3,230**	**3,216**
Deferred	**359**	**473**
Total Assets	**344,525**	**320,052**

Liabilities	R$ million	
	06.30.2010	12.31.2009
Current Liabilities	**78,103**	**79,074**
Short-term Debt	9,801	3,123
Risk and assets control	2,886	3,557
Suppliers	33,973	41,519
Taxes & Social Contribution Payable	7,017	8,268
Dividends / Interest on Own Capital	1,755	2,333
Structured Projects	452	351
Health and Pension Plans	1,129	1,123
Clients Anticipation	325	134
Receivable Cash Flow	16,094	14,318
Other	4,671	4,348
Long-term Liabilities	**88,837**	**76,070**
Long-term Debt	30,421	26,004
Risk and assets control	16,085	10,904
Subsidiaries and affiliated companies	809	905
Pension plan	3,719	3,612
Health Care Benefits	10,012	9,535
Deferred Taxes & Social Contribution	18,893	16,855
Provision for abandonment	4,431	4,419
Other	4,467	3,836
Shareholders' Equity	**177,585**	**164,908**
Capital	85,109	78,967
Capital Reserves	92,476	85,941
Total Liabilities	**344,525**	**320,052**

1. Adoption of international financial reporting standards

The Company prepared its opening balance with January 1, 2009 as the transition date for the mandatory exceptions to and certain optional exemptions from the retroactive application of IFRS, in accordance with CPC 37 – Initial Adoption of International Accounting Standards.

A summary of those procedures that resulted in changes to the Company's financial statements in 2009 is presented in the 1Q-2010 earnings release, available on our investor relations website.

We present below the effects of these adjustments on the consolidated and parent company financial statements:

a) Reconciliation of Net Income

	1H 2009	
	Consolidated	**Parent**
Net income as divulged	**13,550**	**14,050**
Capitalized loan costs	1,403	1,403
Deferred taxes	(299)	(280)
Accrual of subsidiary unsecured liabilities		(623)
Others	(203)	54
Net income adjusted to IFRS	**14,451**	**14,604**

b) Reconciliation with the Consolidated Results

	Results		**Net Income**	
	06.30.2010	**12.31.2010**	**Jan-Jun 2010**	**Jan-Jun 2009**
Consolidated - IFRS	**179,907**	**167,114**	**16,134**	**17,366**
Minority Interest	(2,933)	(2,910)	(112)	(2,915)
Net Income	**176,974**	**164,204**	**16,021**	**14,451**
Deffered expenses not considering fiscal effect	611	704	(93)	153
Controlled adjusted to CPC accounting standards	**177,585**	**164,908**	**15,928**	**14,604**

2. Analysis of Gross Profit (2Q-2010 x 1Q-2010)

Gross Profit Analysis - Main Items		R$ million Change 2Q-2010 x 1Q-2010 Net Revenues	Cost of Goods Sold	Gross Profit
. Domestic Market:	- volumes sold	1,358	(629)	729
	- domestic prices	137		137
. International Market:	- export volumes	744	(948)	(204)
	- export price	33		33
. (Increase) decrease in expenses:[ii]			(742)	(742)
. Increase (decrease) in profitability of distribution segment		376	(333)	43
. Increase (decrease) in profitability of trading operations		437	(488)	(51)
. Increase (decrease) in international sales		129	(43)	86
. FX effect on controlled companies abroad		(35)	33	(2)
. Other		41	7	48
		3,220	(3,143)	77

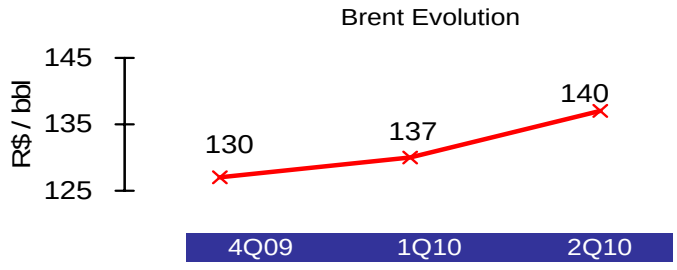
(*) Expenses Composition:	Value
- import of oil, oil products and gas	(1,478)
- salaries, benefits and charges	26
- domestic Government Take	52
- non-oil products, including alcohol, biodiesel and other	81
- materials, services, rents and depreciation	253
- transportation: maritime and pipelines [29]	324
	(742)

Due to the average inventory period of 60 days, international oil and oil product prices, as well as the impact of the exchange rate on imports and government take are not fully reflected in the cost of goods sold in the actual period, but in the subsequent period.

The chart below shows the estimated impact on COGS:

	1Q10	2Q10	\ (*)
Effect of the weighted average cost (Real MM)	271	402	131

( ) Sales Cost increase



(*) The effect of sale of inventories formed at lower unit costs in previous periods was higher in 2Q-2010 than in 1Q-2010, despite the less accentuated upturn in international prices. Other factors compounded this effect, including the concentration of operations along the quarters (production, imports, sales), inventory volumes and the evolution of other expenses.

3. Analysis of Gross Profit (1H-2010 x 1H-2009)

Gross Profit Analysis - Main Items		R$ million Change 1H 2010 X 1H 2009 Net Revenues	Cost of Goods Sold	Gross Profit
. Domestic Market:	- volumes sold	4,698	(1,668)	3,030
	- domestic prices	(1,705)		(1,705)
. International Market:	- export volumes	640	(262)	378
	- export price	5,139		5,139
. Increase (decrease) in expenses:[(I)]			(5,852)	(5,852)
. Increase (decrease) in profitability of distribution segment		3,605	(3,185)	420
. Increase (decrease) in profitability of trading operations		3,435	(3,867)	(432)
. Increase (decrease) in international sales		3,067	(1,803)	1,264
. FX effect on controlled companies abroad		(2,491)	2,071	(420)
. Other		414	(448)	(34)
		16,802	(15,014)	1,788

(*) Expenses Composition:	Valor
- import of crude oil and oil products and gas	(3,484)
- domestic Government Take	(2,338)
- oil products (domestic purchases)	(214)
- salaries, benefits and charges	(72)
- generation and purchase of energy for commercialization	65
- transportation: maritime and pipelines [30]	88
- nitrogens	103
	(5,852)

4. Consolidated Taxes and Contributions

The economic contribution of Petrobras to the country, measured through the generation of current taxes, duties and social contributions, totaled R$31,785 million.

R$ million							
	2nd Quarter				1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)		2010	2009	2009 X 2008 (%)
				Economic Contribution - Country			
6,117	6,683	6,274	9	Value Added Tax on Sales and Services (ICMS)	12,800	12,032	6
1,519	1,601	1,186	5	**CIDE (1)**	3,120	2,238	39
3,193	3,254	3,109	2	**PASEP/COFINS**	6,447	6,137	5
2,750	2,993	1,701	9	**Income Tax & Social Contribution**	5,743	4,406	30
621	730	832	18	**Other**	1,351	1,500	(10)
14,200	**15,261**	**13,102**	7	**Subtotal Country**	**29,461**	**26,313**	12
1,216	1,108	1,105	(9)	**Economic Contribution - Foreign**	2,324	2,184	6
15,416	**16,369**	**14,207**	6	**Total**	**31,785**	**28,497**	12

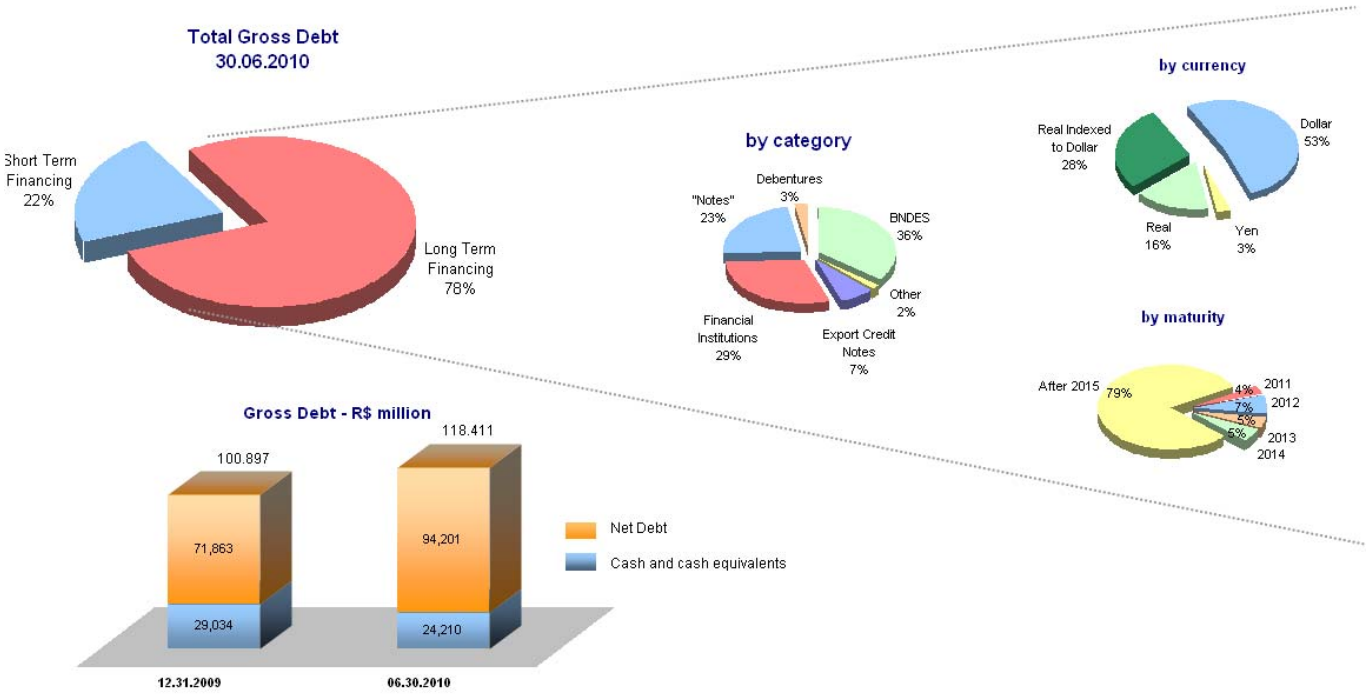
5. Government Take

R$ million							
	2nd Quarter				1st Half		
1Q-2010	2010	2009	2Q10 X 1Q10 (%)		2010	2009	2010 X 2009 (%)
				Country			
2,333	2,396	1,954	3	*Royalties*	4,729	3,600	31
2,610	2,598	1,939		Special Participation	5,208	3,217	62
32	29	37	(9)	Surface Rental Fees	61	66	(8)
4,975	**5,023**	**3,930**	1	**Subtotal Country**	**9,998**	**6,883**	45
125	121	108	(3)	**Foreign**	246	204	21
5,100	**5,144**	**4,038**	1	**Total**	**10,244**	**7,087**	45

The government take in the country in 2Q-2010 remained stable over the previous quarter, despite the higher tax rate applied to the Marlim Leste field, partially offset by the lower average reference price of local oil, which came to R$123.05 (US$68.75) in 2Q-2010, versus R$124.27 (US$69.00) in the previous quarter, reflecting international oil prices and the exchange variation.

The government take in the country in 1H-2010 increased by 45% over 1H-2009, due to the 31% upturn in the reference price for local oil, which averaged R$123.66 (US$68.88) in 1H-2010, versus R$94.38 (US$43.62) in the same period in 2009, reflecting international oil prices and the higher tax rate in the Marlim Sul and Marlim Leste fields.

6. Indebtedness (Graphs)



7. Foreign Exchange Exposure

Assets	R$ million	
	06.30.2010	12.31.2009
Current Assets	**9,446**	**5,581**
Cash and Cash Equivalents	7,309	4,035
Other Current Assets	2,137	1,546
Non-current Assets	**19,932**	**17,876**
Amounts invested abroad by partner companies, in the international segment, in E&P equipments to be used in Brazil and in commercial activities.	18,585	16,759
Others Long-term Assets	1,329	1,117
Total Assets	**29,378**	**23,457**

Liabilities	R$ million	
	06.30.2010	12.31.2009
Current Liabilities	**(11,445)**	**(11,978)**
Short-term Financing	(10,163)	(10,303)
Suppliers	(622)	(1,088)
Others Current Liabilities	(660)	(587)
Long-term Liabilities	**(23,850)**	**(15,203)**
Long-term Financing	(23,837)	(15,125)
Others Long-term Liabilities	(13)	(78)
Total Liabilities	**(35,295)**	**(27,181)**
Net Assets (Liabilities) in Reais	**(5,917)**	**(3,724)**
(-) FINAME Loans - dollar indexed reais	(148)	(179)
(-) BNDES Loans - dollar indexed reais	(25,849)	(25,368)
Net Assets (Liabilities) in Reais	**(31,914)**	**(29,271)**