PETROBRAS

PETROBRAS DISTRIBUIDORA S.A.
CNPJ 34 274 233/0001-02 - COMPANY OF THE PETROBRAS GROUP



QUARTERLY INFORMATION - ITR
AT SEPTEMBER 30, 2018

Contents

Independent auditors' report on the individual and consolidated interim financial statements 04

Statements of financial position 06

Statements of profit or loss 08

Statements of comprehensive income 09

Statements of changes in equity 10

Statements of cash flows 11

Statements of added value 12

1 General considerations 14

2 Basis of presentation of the interim financial information 16

3 Use of judgments and estimates 17

4 Significant accounting policies 17

5 Cash and cash equivalents 22

6 Trade and other receivables 23

7 Inventories 31

8 Taxes and contributions recoverable 31

9 Deferred income and social contribution taxes 32

10 Advanced bonuses awarded to clients 34

11 Judicial deposits 34

12 Investments 35

13 Property, plant and equipment 38

14 Intangible assets 40

15 Trade accounts payable 43

16 Financing 43

17 Leases 48

18 Customer advances 50

19 Taxes and contributions payable 50

20 Employee benefits 52

21 Shareholders' equity 60

22 Sales revenue 62

23 Other net revenue (expenses) 65

24 Expenses by nature 66

25 Net financial income 70
26 Segment reporting....72
27 Judicial and administrative proceedings and contingencies....79
28 Contractual commitments 89
29 Financial instruments and risk management....90
30 Related-party transactions 99
31 Subsequent events....109
Correlation between notes from December 31, 2017 and September 30, 2018....110
Representation of the Officers about the Interim Financial Statements and Independent Auditors' Report....112
Boards of directors and Executive board....113

KPMG Auditores Independentes
Rua do Passeio, 38 - Setor 2 - 17º andar - Centro
20021-290 - Rio de Janeiro/RJ - Brasil
Caixa Postal 2888 - CEP 20001-970 - Rio de Janeiro/RJ - Brasil
Telefone +55 (21) 2207-9400, Fax +55 (21) 2207-9000
www.kpmg.com.br

Report on the review of quarterly information - ITR

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting policies adopted in Brazil, CVM rules and the International Financial Reporting Standards - IFRS)

To the Board of Directors and Shareholders of
Petrobras Distribuidora S.A
Rio de Janeiro - RJ

Introduction

We have reviewed the interim accounting information, individual and consolidated, of Petrobras Distribuidora S.A. – BR Distribuidora ("the Company"), included in the quarterly information form - ITR for the quarter ended September 30, 2018, which comprises the balance sheet as of September 30, 2018 and the respective statements of income and comprehensive income for the three and nine months period then ended, the changes in shareholders' equity and cash flows for the nine months period then ended, including the explanatory notes.

The Company`s Management is responsible for the preparation of these interim accounting information in accordance with the CPC 21(R1) and the IAS 34 - Interim Financial Reporting, issued by the *International Accounting Standards Board* - IASB, as well as the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of quarterly information - ITR. Our responsibility is to express our conclusion on this interim accounting information based on our review

Scope of the review

We conducted our review in accordance with Brazilian and International Interim Information Review Standards (*NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries primarily of the management responsible for financial and accounting matters and applying analytical procedures and other review procedures. The scope of a review is significantly less than an audit conducted in accordance with auditing standards and, accordingly, it did not enable us to obtain assurance that we were aware of all the material matters that would have been identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the individual interim accounting information

Based on our review, we are not aware of any fact that might lead us to believe that the individual interim accounting information included in the aforementioned quarterly

information was not prepared, in all material respects, in accordance with the CPC 21 (R1), applicable to the preparation of quarterly review - ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated interim accounting information
Based on our review, we are not aware of any fact that might lead us to believe that the consolidated interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with the CPC 21 (R1) and IAS 34, issued by the IASB, applicable to the preparation of quarterly review - ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Emphasis - Impact of the Lava Jato Operation on the Company's results
We draw attention to Note 1.2 of the interim financial information, which describes that no additional information has been identified through the date of this accounting information, which could materially impact the estimation methodology adopted for the write off recorded on September 30, 2014. Our report is not modified as a result of this matter.

Other matters

Statement of value added
The individual and consolidated statements of value added for the nine months period ended September 30, 2018, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's interim financial information. In order to form our conclusion, we evaluated whether these statements were reconciliated to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added were not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.
.

Rio de Janeiro, November 05, 2018

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ
Original report in Portuguese signed by
Carla Bellangero
Accountant CRC 1SP196751/O-4

Petrobras Distribuidora S.A.

Statements of financial position

September 30, 2018 and December 31, 2017

(In millions of reais)

Assets	Note	Consolidated		Parent Company	
		9/30/2018	12/31/2017	9/30/2018	12/31/2017
Current					
Cash and cash equivalents	5	1,500	483	1,277	257
Net accounts receivable	6	5,336	5,528	5,423	5,574
Inventories	7	3,313	3,245	3,284	3,224
Advances to suppliers		35	74	35	74
Income tax and social contribution		106	151	104	150
Taxes and contributions recoverable	8	697	522	635	483
Advanced bonuses awarded to clients	10	557	514	557	514
Prepaid expenses		60	40	59	40
Other current assets		118	146	113	144
		11,722	**10,703**	**11,487**	**10,460**
Non-current					
Long-term					
Net accounts receivable	6	362	376	347	376
Judicial deposits	11	1,052	1,000	1,028	977
Taxes and contributions recoverable	8	594	541	524	469
Deferred income and social contribution tax	9	2,215	3,162	2,196	3,150
Advanced bonuses awarded to clients	10	1,418	1,469	1,418	1,469
Prepaid expenses		185	182	185	182
Loans to related parties	30.1.1	-	-	123	-
Other noncurrent assets		16	24	11	19
		5,842	**6,754**	**5,832**	**6,642**
Capital expenditure	12	32	36	319	334
Property, plant and equipment	13	5,775	5,816	5,275	5,338
Intangible assets	14	462	453	460	451
		12,111	**13,059**	**11,886**	**12,765**
Total Assets		**23,833**	**23,762**	**23,373**	**23,225**

See the accompanying notes to the interim financial information.

Petrobras Distribuidora S.A.

Statements of financial position

September 30, 2018 and December 31, 2017

(In millions of reais)

		Consolidated		Parent Company	
Liabilities	**Note**	**9/30/2018**	**12/31/2017**	**9/30/2018**	**12/31/2017**
Current					
Trade accounts payable	15	2,229	2,682	2,248	2,645
Financing	16	261	185	147	78
Assignment of credit receivables	30.2	244	26	200	-
Financial leases	17.1	30	29	128	126
Customer advances	18	311	363	306	355
Income tax and social contribution		-	1	-	-
Taxes and contributions payable	19	265	277	256	269
Dividends and interest on equity capital	21.3	-	273	-	273
Payroll, vacations, related charges and profit-sharing		326	219	323	217
Voluntary redundancy incentivization plan	20.4	8	8	8	8
Pension and health plan	20.1	140	134	140	134
Other accounts and expenses payable		153	216	173	250
		3,967	**4,413**	**3,929**	**4,355**
Non-current					
Financing	16	5,291	4,455	4,478	3,550
Financial leases	17.1	43	43	439	474
Pension and health plan	20.1	4,120	3,932	4,116	3,928
Provision for judicial and administrative proceedings	27	984	2,079	984	2,078
Other accounts and expenses payable		10	14	9	14
		10,448	**10,523**	**10,026**	**10,044**
		14,415	**14,936**	**13,955**	**14,399**
Equity	21				
Paid-in capital		6,353	6,352	6,353	6,352
Revenue reserves		4,488	3,897	4,488	3,897
Asset and liability valuation adjustments		(1,423)	(1,423)	(1,423)	(1,423)
		9,418	**8,826**	**9,418**	**8,826**
Total Liabilities		**23,833**	**23,762**	**23,373**	**23,225**

See the accompanying notes to the interim financial information.

Petrobras Distribuidora S.A.

Statements of profit or loss

Periods ended September 30, 2018 and 2017

(In millions of reais, except for net income per share)

	Note	Consolidated				Parent Company			
		Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017
Revenue from goods sold and services rendered	22	26,455	72,551	21,839	61,363	26,224	72,015	21,665	60,998
Cost of goods sold and services rendered	24	(24,936)	(68,199)	(20,035)	(56,802)	(24,730)	(67,715)	(19,880)	(56,478)
Gross profit		**1,519**	**4,352**	**1,804**	**4,561**	**1,494**	**4,300**	**1,785**	**4,520**
Operating expenses									
Sales	24	(776)	(2,244)	(747)	(2,210)	(763)	(2,218)	(728)	(2,178)
General and administrative	24	(194)	(582)	(209)	(618)	(189)	(566)	(203)	(604)
Tax	24	(209)	(258)	(92)	(154)	(206)	(255)	(93)	(154)
Other net revenue (expenses)	23	1,082	785	76	(91)	1,080	784	76	(91)
		(97)	**(2,299)**	**(972)**	**(3,073)**	**(78)**	**(2,255)**	**(948)**	**(3,027)**
Net income before financial income/loss and taxes		**1,422**	**2,053**	**832**	**1,488**	**1,416**	**2,045**	**837**	**1,493**
Financial	25								
Expenses		(136)	(313)	(315)	(1,116)	(142)	(343)	(329)	(1,140)
Revenue		554	1,002	62	335	547	983	53	310
Exchange and monetary variance, net		(65)	(113)	21	313	(62)	(83)	37	360
		353	**576**	**(232)**	**(468)**	**343**	**557**	**(239)**	**(470)**
Equity earnings	12	(1)	**(2)**	1	(1)	**14**	**22**	**4**	**(3)**
Income before tax		**1,774**	**2,627**	**601**	**1,019**	**1,773**	**2,624**	**602**	**1,020**
Income tax and social contribution									
Current		-	(1)	(184)	(308)	-	-	(183)	(306)
Deferred charges		(696)	(1,038)	(23)	(91)	(695)	(1,036)	(25)	(94)
		(696)	**(1,039)**	**(207)**	**(399)**	**(695)**	**(1,036)**	**(208)**	**(400)**
Net income for the period		**1,078**	**1,588**	**394**	**620**	**1,078**	**1,588**	**394**	**620**
Basic and diluted net income per common share - R$		0.93	1.36	0.34	0.53	0.93	1.36	0.34	0.53

Share capital consists of 1,165,000,000 common shares

See the accompanying notes to the interim financial information.

Petrobras Distribuidora S.A.

Statements of comprehensive income

Periods ended September 30, 2018 and 2017

(In millions of reais)

	Consolidated				Parent Company			
	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017
Net income for the period	1,078	1,588	394	620	1,078	1,588	394	620
Other comprehensive income	-	-	-	-	-	-	-	-
Comprehensive Income for the period	**1,078**	**1,588**	**394**	**620**	**1,078**	**1,588**	**394**	**620**

See the accompanying notes to the interim financial information.

Petrobras Distribuidora S.A.

Statements of changes in equity

Periods ended September 30, 2018 and 2017

(In millions of reais)

		Consolidated									Parent Company
			Revenue reserves						Other comprehensive income		
	Note	Share capital subscribed and paid in	Legal	Statutory	Profit retention	Additional dividends proposed / interest on shareholders'	Tax incentives	Retained earnings (accum. losses)	Asset and liability valuation adjustments	Total equity	Total equity
At January 01, 2017		**6,352**	**807**	**270**	**1,968**	**-**	**-**	**-**	**(1,987)**	**7,410**	**7,410**
Capital contribution		6,313	-	-	-	-	-	-	-	6,313	6,313
Spin-off		(6,313)	-	-	-	-	-	(26)	-	(6,339)	(6,339)
Net income for the period		-	-	-	-	-	-	620	-	620	620
At September 30, 2017		**6,352**	**807**	**270**	**1,968**	**-**	**-**	**594**	**(1,987)**	**8,004**	**8,004**
Balance at 31 December 2017		**6,352**	**865**	**270**	**1,942**	**819**	**1**	**-**	**(1,423)**	**8,826**	**8,826**
Adjustment – initial adoption of CPC 48		-	-	-	-	-	-	(177)	-	(177)	(177)
At 1 January 2018		**6,352**	**865**	**270**	**1,942**	**819**	**1**	**(177)**	**(1,423)**	**8,649**	**8,649**
Capital increase		1	-	-	-	-	(1)	-	-	-	-
Net income for the period		-	-	-	-		-	1,588	-	1,588	1,588
Additional dividends proposed	21.3.1	-	-	-	-	(433)	-	-	-	(433)	(433)
Interest on shareholders' equity	21.3.1	-	-	-	-	(386)	-	-	-	(386)	(386)
At September 30, 2018		**6,353**	**865**	**270**	**1,942**	**-**	**-**	**1,411**	**(1,423)**	**9,418**	**9,418**

See the accompanying notes to the interim financial information.

Petrobras Distribuidora S.A.
Statements of cash flows
Periods ended September 30, 2018 and 2017
(In millions of reais)

	Note	Consolidated		Parent Company	
		Nine-month period ended September 30,		Nine-month period ended September 30,	
		2018	2017	2018	2017
Cash flows from operating activities					
Net income for the period		1,588	620	1,588	620
Adjustments to:					
Income tax and social contribution		1,039	399	1,036	400
Depreciation and amortization	24	315	343	310	339
Income on the sale/derecognition of assets		(26)	(8)	(26)	(8)
Expected credit losses, net of reversal	6	94	3	99	(2)
Earnings on material interests		2	1	(22)	3
Appropriation of early bonuses awarded to customers		388	418	388	418
Appropriation of insurance, rent and other		60	62	60	62
Net monetary and exchange variance		(671)	478	(660)	467
Actuarial expense on pension and health plans	20.1	328	377	328	376
Provision for legal proceedings	27.1	(1,095)	12	(1,095)	12
Provision for voluntary redundancy incentivization		16	(143)	16	(143)
Other adjustments		(4)	(81)	(4)	(82)
Decrease (increase) in assets					
Trade and other receivables		546	(218)	530	(194)
Inventories		(14)	(149)	(6)	(155)
Advanced bonuses awarded to clients		(380)	(390)	(380)	(390)
Prepaid expenses		(84)	(84)	(83)	(84)
Judicial Deposits		(22)	(2)	(22)	(2)
Other assets		44	(88)	40	(88)
Increase (decrease) in liabilities					
Trade accounts payable		(439)	(501)	(382)	(542)
Income and social contribution taxes paid		(1)	(61)	-	(59)
Taxes, fees and contributions		(296)	(222)	(269)	(208)
Pension and health plan		(134)	(93)	(134)	(93)
Voluntary redundancy incentivization plan		(16)	(292)	(16)	(292)
Other liabilities		(13)	43	(11)	61
Net cash provided by operations		**1,225**	**424**	**1,285**	**416**
Investment activities					
Additions of PPE and intangible assets		(287)	(205)	(270)	(198)
Additions to investments		-	(2)	-	(87)
Receipt from the sale of assets		2	13	2	13
Investments in securities		-	1	-	1
Investments in FIDC		269	2,503	271	2,499
Dividends received		-	-	5	1
Loans to related parties		-	-	(122)	-
Net cash produced by (used in) investment activities		**(16)**	**2,310**	**(114)**	**2,229**
Financing activities					
Capital subscription		-	6,313	-	6,313
Financing					
Borrowing	16.3.1	964	-	944	-
Amortization of principal	16.3.1	(137)	(7,810)	(13)	(7,717)
Amortization of interest	16.3.1	(195)	(1,355)	(141)	(1,295)
Dividends and interest on shareholders' equity paid	21.3.1	(1,034)	-	(1,034)	-
Financial leases	17.1.2	(5)	(5)	(106)	(103)
Assignment of credit receivables - FIDC-NP	30.2.1	215	(10)	199	-
Net cash used in financing activities		**(192)**	**(2,867)**	**(151)**	**(2,802)**
Net change in cash and cash equivalents in the period		**1,017**	**(133)**	**1,020**	**(157)**
Cash and cash equivalents at beginning of period		**483**	**655**	**257**	**442**
Cash and cash equivalents at end of period		**1,500**	**522**	**1,277**	**285**
Transactions not involving cash					
Use of tax credits and judicial deposits in the payment of contingencies		23	22	23	22
Spin-off		-	6,339	-	6,339

See the accompanying notes to the interim financial information.

Petrobras Distribuidora S.A.

Statements of value added

Periods ended September 30, 2018 and 2017

(In millions of reais)

	Consolidated		Parent Company	
	Nine-month period ended September 30,		Nine-month period ended September 30,	
	2018	2017	2018	2017
Revenue				
Sales of products and services and other revenues	89,744	76,416	89,060	75,948
Expected credit losses	(94)	(3)	(99)	2
Revenue relating to construction of assets for use	230	149	204	141
	89,880	**76,562**	**89,165**	**76,091**
Inputs acquired from third parties				
Raw materials and resale goods	68,084	56,833	67,621	56,525
Materials, energy, third-party services and others	674	1,554	615	1,513
Tax credits on consumables acquired	2,533	2,157	2,533	2,157
	71,291	**60,544**	**70,769**	**60,195**
Gross value added	**18,589**	**16,018**	**18,396**	**15,896**
Retentions				
Depreciation and amortization	315	343	310	339
Added value produced by the Company	**18,274**	**15,675**	**18,086**	**15,557**
Transferred value added				
Equity earnings	(2)	(1)	22	(3)
Financial revenue - includes monetary and exchange variance	1,149	768	1,130	739
Rental and royalties	195	208	195	208
	1,342	**975**	**1,347**	**944**
Added value to be distributed	**19,616**	**16,650**	**19,433**	**16,501**

See the accompanying notes to the interim financial information.

Petrobras Distribuidora S.A.
Statements of value added
Periods ended September 30, 2018 and 2017
(In millions of reais)

	Consolidated		Parent Company	
	Nine-month period ended September 30,		Nine-month period ended September 30,	
	2018	2017	2018	2017
Distribution of value added				
Personnel and management				
Direct compensation				
Salaries	569	615	554	603
Profit sharing	67	17	67	17
Performance bonus	71	-	71	-
Benefits				
Advantages	63	69	61	67
Retirement and pension plan	189	199	189	199
Voluntary redundancy incentivization plan	16	(143)	16	(143)
Health care plan	194	229	192	228
Government Severance Indemnity Fund for Employees (FGTS)	43	47	43	46
	1,212	**1,033**	**1,193**	**1,017**
Taxes				
Federal	1,632	803	1,569	762
State	14,315	12,668	14,223	12,604
Municipal	20	22	20	22
	15,967	**13,493**	**15,812**	**13,388**
Financial institution and trade payables				
Interest, monetary and exchange variance	582	1,237	572	1,209
Rental expenses	267	267	268	267
	849	**1,504**	**840**	**1,476**
Shareholders				
Retained earnings	1,588	620	1,588	620
	1,588	**620**	**1,588**	**620**
Added value distributed	**19,616**	**16,650**	**19,433**	**16,501**

See the accompanying notes to the interim financial information.

1 General considerations

1.1 Reporting Entity

Petrobras Distribuidora S.A. ("Company" or "BR") is a mixed-capital company domiciled in Brazil. It was incorporated on November 12, 1971 and is a subsidiary of Petróleo Brasileiro S.A. - "Petrobras". Its core activities are the distribution, transportation, trading, processing and manufacturing of oil based products and other fuels, the production, transportation, distribution and trading of all energy forms, chemical products and asphalt, the provision of related services and the importing and exporting of items related to said products and activities. The company's head office is located in Rio de Janeiro, Rio de Janeiro state.

1.2 Operation Car Wash and its impacts on the Company

In the third quarter of 2014 the Company wrote off capitalized expenditure of R$ 23, related to estimated additional amounts the Company paid to acquire property, plant and equipment assets in previous years. For further information about Operation Car Wash (Lava Jato), see item 1.2 of the annual audited financial statements for the financial year ended December 31, 2017.

The Company used all available information in the preparation of the individual and consolidated interim financial statements for the period ended September 30, 2018, there being no further information in its possession that might have affected the calculation methodology used and, consequently, the recording of supplementary write-offs. The Company monitored the Operation Car Wash investigations conducted by the Brazilian authorities, and the internal investigation conducted by independent law firms. No new information has been identified which would change the write-off of additional unduly capitalized expenditure recognized in third quarter of 2014 or that materially impacts the Company's methodology. The Company will continue to monitor the investigations to obtain any additional information and assess its impact on the adjustments made.

The Company may be entitled to receive part of any funds agreed to be returned by companies entering into plea bargaining or cooperation agreements under Operation Car Wash. However, the Company cannot reliably estimate any additional recoverable amount at this time. These amounts will be credited to profit or loss for the year as Other net expenses upon receipt when the realization thereof is basically a foregone conclusion.

We have also taken the measures necessary to reverse the damage caused by the corruption scheme, including the damage to our corporate repute.

With this objective and in conjunction with the Government we filed a public civil action to have the procurement procedure annulled for the Rondonópolis base, and to compensate any losses inflicted on the Company.

By the end of the financial year ended December 31, 2017, the Company had accordingly recognized the reimbursement of Operation Car Wash expenses in the accumulated amount of R$ 5 in Other net expenses. There were no receipts as of September 30, 2018.

The Company is unwavering in its commitment to continue cooperating to clarify the facts and report them to our investors and the general public on a regular basis.

1.3 Material events in the period

On April 30, 2018 the Company signed instruments regarding negotiations with Centrais Elétricas Brasileiras S.A. – Eletrobras and Eletrobras' distribution subsidiaries (Eletrobras Amazonas, Eletrobras Roraima, Eletrobras Rondônia and Eletrobras Acre), in order to enter an agreement for debt resulting from the past supply of oil products for generating energy in the north of Brazil, worth a restated R$ 4.6 billion, and with a historic value of R$ 2.9 billion. As regards the new CCDs taking into account the material changes to their contractual terms, the Company valued the new instrument to have a fair value of zero. The Company had received R$ 765 (note 6.3 and 6.4) by September 2018.

On September 25, 2018, the Company signed an extrajudicial settlement with the State of Mato Grosso related to a tax liability in the amount of R$ 1,372. This agreement resulted in a discharge of said tax liability and, as a result in the closing of administrative discussions, through a disbursement by the Company of R$ 372 and a use of R$ 103 in State tax ICMS credits in the State of Mato Grosso with an offset in up to 24 (twenty-four) months in future operations with the state (notes 19.1 and 27.1).

On July 17, 2018, the financial settlement of the second issue of nonconvertible debentures of the Company occurred, in the amount of R$ 962 (note 16.1).

2 Basis of presentation of the interim financial information

The consolidated interim accounting information is being presented in accordance with the accounting practices adopted in Brazil for interim statements (Technical Pronouncement - CPC 21 (R1) - Interim Financial Reporting) and IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The individual interim accounting information is being presented in accordance with the accounting practices adopted in Brazil for interim statements (Technical Pronouncement - CPC 21 (R1) - Interim Financial Reporting).

This interim individual and consolidated accounting information is being presented with the material changes made in the period, without repeating certain notes disclosed previously. This interim financial information should therefore be read in conjunction with the Company's annual financial statements for the financial year ended December 31, 2017, which include the full set of notes.

The Company's Board of Directors approved the disclosure of these interim individual and consolidated financial statements at a meeting held on November 5, 2018.

2.1 Statement of added value

Brazilian corporate legislation requires listed companies prepare Statements of Added Value - DVAs and disclose them as an integral part of their financial reporting package. These statements have been prepared in accordance with CPC 09 – Statement of Added Value, as approved by CVM Resolution 557/08. The presentation of this statement is not mandatory under IFRS, and said statement is being presented as additional information for the purpose of IFRS.

This statement aims to present information about the wealth created by the Company and the way in which this wealth was distributed.

2.2 Basis of measurement

The interim individual and consolidated financial statements have been prepared on the historical cost basis, except for financial statements at fair value through profit or loss and the defined-benefit actuarial liability, recognized as the fair value of the plan's assets, deducted from the present value of the defined-benefit obligation.

3 Use of judgments and estimates

In preparing these interim individual and consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Company recognizes the depreciation and amortization of its assets based on the rates determined using the estimated useful life of the assets. On September 30, 2018 the Company revised the assets' useful lives, as follows:

Assets		In years	
		9/30/2018	12/31/2017
Property, plant and equipment	Buildings	60	60
	Improvements	25	25
	Equipment and other assets	7 to 31	7 to 31
Intangible assets	Rights and concessions	10 to 33	10 to 33
	Software	9	5

Significant judgments made by management in the application of the accounting policies and the main sources of estimate uncertainties were the same as those applied and disclosed in note 3 to the consolidated financial statements for the financial year ended December 31, 2017.

4 Significant accounting policies

The accounting practices and calculation methods used in the preparation of the interim individual and consolidated quarterly information is the same as that used in the preparation of the Company's annual financial statements for the financial year ended December 31, 2017, except the adoption from January 01, 2018 of the requirements set out in the pronouncements: IFRS 9 Financial Instruments, used as the basis for CPC 48 Financial instruments and IFRS 15 Revenue from Contracts with Customers, used as the basis for CPC 47 Revenue from Contracts with Customers. Other new standards came into force on January 1, 2018 but did not affect the presentation of the Company's interim financial statements.

4.1 IFRS 9 - Financial Instruments

Amongst other requirements, IFRS 9 introduces new requirements for: the classification and measurement of financial assets, the measurement and recognition of financial asset impairment, changes to the terms of financial assets and liabilities, hedge accounting and reporting.

According to the transitory provisions set out in IFRS 9, the Company did not re-present its financial statements for prior periods in relation to the new requirements regarding: the classification and measurement of financial assets, financial asset impairment and changes to the terms of financial assets and liabilities. In this case, the differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 on January 01, 2018 were recognized in retained earnings in the shareholders' equity. Information about the consolidated impacts as of January 1, 2018 can be seen in the statement of changes in equity.

As a result of adopting IFRS 9, the Company adopted amendment to IAS 1 Presentation of Financial Statements which require that results relating to: interest revenue calculated by using the effective interest rate method and impairment losses (including reversals) be presented separately in the statement of income.

See below the main accounting practices adopted from January 01, 2018 adopted due to the requirements of IFRS 9:

4.1.1 Classification and measurement of financial assets

Financial assets are classified and measured based on the business model in which assets are managed and their cash flow characteristics, as follows:

a) Amortized cost: financial asset whose contractual cash flow results only from the receipt of principal and interest on the principal on specific dates and whose business model aims to maintain the asset in order to receive its contractual cash flows;

b) Fair value through other comprehensive income: financial asset whose contractual cash flow results only from the receipt of principal and interest on the principal on specific dates and whose business model aims to both receive its contractual cash flows and sell it; and

c) Fair value through profit or loss: all other financial assets.

4.1.2 Modification of contractual cash flow from financial assets and liabilities

The carrying balances of financial assets or liabilities measured at amortized cost whose contractual terms have been modified do not substantially reflect the present value of their cash flows on the new terms, using the original effective interest rate. The difference between the carrying amount of the remeasured instrument and the non-substantial modification of its terms and its carrying amount immediately prior to such modification is recognized as a gain or loss in profit or loss for the period.

4.1.3 Impairment of financial assets

The provision for expected credit losses is, when applicable, recognized in financial assets measured at amortized cost, including lease receivables and those measured at fair value through other comprehensive income.

The Company recognizes a provision for expected credit losses short-term trade accounts receivable by using the matrix of provisions based on historical experience in unadjusted credit losses when such information is reasonable and supportable, or adjusted based on current observable data to reflect the effects of the current and future conditions providing such data is available without undue cost or effort.

For other financial instruments the Company recognizes a provision at an amount equal to the expected credit loss (whole life) when the credit risk of the financial instrument has risen significantly since initial recognition. If such risk has not risen significantly, the expected credit losses are measured at an amount equal to the expected credit losses for the next 12 months.

Significant increase in credit risk

When assessing the significant increase in credit risk, when applicable, the Company compares the default risk posed by the financial instrument at the reporting date against the default risk in the financial instrument at initial recognition. For this the Company uses the following metrics amongst others: real or expected significant change in the external credit rating of the financial instrument and information about payment delays.

Regardless of how the significant increase in credit risk is assessed, the Company assumes that the credit risk of a financial asset increased significantly since its initial recognition when the contractual payments are more than 30 days overdue, except when there is reasonable and sustainable information available demonstrating otherwise.

The Company assumes that a financial investment's credit risk does not increase significantly since initial recognition when the financial instrument has a low credit risk at the reporting date. For these purposes, the financial instrument's credit risk is deemed low if the financial instrument has a low default risk; the borrower has substantial capacity to honor its contractual cash flow obligations in the short-term and adverse changes to business and economic conditions in the long-term could, but will not necessarily, reduce the borrower's capacity to honor its contractual cash flow obligations.

Definition of default

The Company considers that default occurs for short and long-term trade accounts receivable in the event of a contractual late payment more than 90 (ninety) days past due. For other financial assets, default occurs when the counterparty does not honor the legal obligation to pay its debts when due.

Measurement and recognition of expected credit losses

The expected credit loss on a financial asset is measured as the difference between the contractual cash flows owed to the Company and all the cash flows the Company expects to receive, discounted to the original effective rate, weighted by the respective default risks.

The expected credit loss is measured according to: probability of default, loss assigned to the default (the size of the loss if default occurs) and exposure to default.

Assessing the default probability takes into account the publications of the main risk rating agencies and internal valuation methodologies. The loss assigned to default includes the probability of expected cash flows from enforcing the guarantee (collateral assets) and other credit enhancements comprising the contractual terms, less the costs to obtain and sell the guarantee. Exposure to the default consists of the gross carrying amount of the financial asset at the reporting date.

The Company recognizes the provisions for impairment on financial assets measured at amortized cost as gains or losses in profit or loss.

The Company and its consolidated investees applied the new methodology and identified additional impairment losses in financial assets as of January 01, 2018, especially accounts receivable under client contracts of R$ 268. The impact on shareholders' equity in retained earnings in R$ 177, net of tax.

The table below presents the new measurement categories as of January 1, 2018, pursuant to IFRS 9.

			Consolidated	
Financial Assets	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original value as per IAS 39**	**New balance, following adoption of IFRS 9**
Cash and banks	Loans and receivables	Amortized cost	261	261
Short-term investments			222	222
Accounts receivable (*)			5,880	5,612
Judicial deposits			1,000	1,000

(*) Does not include municipal securities (R$ 24) which are valued at fair value through profit or loss.

The expected credit losses for accounts receivable at January 01, 2018 are presented below:

	Gross accounts receivable	**Expected credit losses**	**Accounts receivable net of Expected credit losses**
Overdue by			
Up to 3 months	296	71	225
3 to 6 months	43	20	23
6 to 12 months	124	52	72
Over 12 months	6,140	5,956	184
Total	**6,603**	**6,099**	**504**
Neither past due nor impaired (excluding FIDC operation)	4,886	124	4,762
FIDC	370	-	370
Total	**11,859**	**6,223**	**5,636**

4.2 IFRS 15 - Revenue from Contracts with Customers

The Company determined when (or how much) and for what amounts revenue from contracts with customers should be recognized according to the five-step model framework below: 1) Identify the contract(s) with a customer; 2) Identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations in the contract; 5) recognize revenue when (or as) the entity satisfies a performance obligation. A performance obligation is considered satisfied when (or to the extent that) the customer retains control over the promised good or service.

The adoption of IFRS 15 will not have an impact on the Company's interim financial statements.

5 Cash and cash equivalents

	Consolidated		Parent Company	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Cash and banks	296	261	290	257
Short-term investments				
Domestic	1,110	222	893	-
Foreign	94	-	94	-
Total	**1,500**	**483**	**1,277**	**257**

The financial investments corresponding primarily to the country's investment funds whose resources are invested in Brazilian federal public securities and are immediately redeemable. If redemption occurs within the first 30 days of the investment, the IOF tax shall apply at the regressive rate.

6 Trade and other receivables

	Consolidated		Parent Company	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Related parties (note 30)				
Credit receivables investment fund - FIDC - NP (note 30.2)	137	370	121	356
Electric sector - Insulated system (a)	103	2,992	103	2,992
Federal government receivables	88	75	88	75
Companies of Petrobras group	278	423	509	603
Total related parties	**606**	**3,860**	**821**	**4,026**
Third parties				
Trade accounts and other receivables (b)	7,500	6,982	7,295	6,819
Electric sector - insulated system - third parties (note 6.2)	1,023	1,017	1,023	1,017
Total third parties	**8,523**	**7,999**	**8,318**	**7,836**
Total accounts receivable (note 6.1)	**9,129**	**11,859**	**9,139**	**11,862**
Expected credit losses				
Third parties	(3,302)	(2,941)	(3,240)	(2,898)
Related-party transactions	(129)	(3,014)	(129)	(3,014)
Total expected credit losses	**(3,431)**	**(5,955)**	**(3,369)**	**(5,912)**
Net accounts receivable	**5,698**	**5,904**	**5,770**	**5,950**
Net accounts receivable (current)	5,336	5,528	5,423	5,574
Net trade receivables (noncurrent)	362	376	347	376

(a) The reduction in the balance in the period is due to the recognition of the asset and respective allowance for expected credit losses under the settlement between Eletrobras and its energy distribution companies (note 6.3 and 6.4).

(b) This includes the balance of tax credit rights with the State Governments of Rio de Janeiro and São Paulo (R$ 22 as of September 30, 2018 and R$ 24 as of December 31, 2017) – note 29.

Change in expected credit losses	Consolidated		Parent Company	
	Nine-month period ended September 30,		Nine-month period ended September 30,	
	2018	2017	2018	2017
Opening balance	**(5,955)**	**(5,995)**	**(5,912)**	**(5,955)**
Adjustment – initial adoption of CPC 48	(268)	-	(244)	-
Adjusted opening balance	**(6,223)**	**(5,995)**	**(6,156)**	**(5,955)**
Net (Additions)/Reversals	(94)	(3)	(99)	2
Write-offs (*)	2,886	-	2,886	-
Closing balance	**(3,431)**	**(5,998)**	**(3,369)**	**(5,953)**
Expected credit losses (current)	(2,348)	(2,040)	(2,286)	(1,995)
Expected credit losses (noncurrent)	(1,083)	(3,958)	(1,083)	(3,958)

(*) The amount of R$ 2,871 denotes the derecognition of accounts receivable, under the agreement between Eletrobras and its energy distribution companies. There was no impact on net income.

The additions, write-offs and reversals of expected credit losses in the net amount of R$ 79 in the consolidated statement and R$ 84 at the parent company (R$ 3 in the consolidated statement and R$ 2 at the parent company as of September 30, 2017) were recognizing in the sales expenses in the statement of profit or loss.

The Company has R$ 3,145 in trade accounts receivable undergoing judicial recovery (R$ 5,714 as of December 31, 2017).

6.1 Breakdown of the accounts receivable balances – past due and not yet due

R$ 98 (R$ 108 as of December 31, 2017) of the balance of R$ 115 not yet due provisioned for losses (R$ 110 as of December 31, 2017) derives from debt acknowledgment agreements (CCD) of the electric sector without security, entered into in 2014.

	Consolidated					
	9/30/2018			12/31/2017 (*)		
	Gross accounts receivable	Expected credit losses	Accounts receivable net of Expected credit losses	Gross accounts receivable	Expected credit losses	Accounts receivable net of Expected credit losses
Overdue by						
Up to 3 months	82	22	60	296	30	266
3 to 6 months	60	9	51	43	-	43
6 to 12 months	147	56	91	124	13	111
Over 12 months	3,394	3,229	165	6,140	5,802	338
Total	**3,683**	**3,316**	**367**	**6,603**	**5,845**	**758**
Neither past due nor impaired (excluding FIDC operation)	5,309	115	5,194	4,886	110	4,776
FIDC	137	-	137	370	-	370
Total	**9,129**	**3,431**	**5,698**	**11,859**	**5,955**	**5,904**

	Parent Company					
	9/30/2018			12/31/2017 (*)		
	Gross accounts receivable	Expected credit losses	Accounts receivable net of Expected credit losses	Gross accounts receivable	Expected credit losses	Accounts receivable net of Expected credit losses
Overdue by						
Up to 3 months	49	15	34	275	30	245
3 to 6 months	54	8	46	41	-	41
6 to 12 months	142	53	89	118	13	105
Over 12 months	3,344	3,185	159	6,091	5,759	332
Total	**3,589**	**3,261**	**328**	**6,525**	**5,802**	**723**
Neither past due nor impaired (excluding FIDC operation)	5,429	108	5,321	4,981	110	4,871
FIDC	121	-	121	356	-	356
Total	**9,139**	**3,369**	**5,770**	**11,862**	**5,912**	**5,950**

(*) The aging list at January 1, 2018 according to the new IFRS 9 methodology can be seen in note 4.1.

6.2 Breakdown – Electric sector (Insulated system)

	Consolidated					
	9/30/2018			12/31/2017		
	Neither past due nor impaired	Overdue	Total	Neither past due nor impaired	Overdue	Total
Trade and other receivables						
Eletrobras group	97	5	102	108	2,884	2,992
Petrobras group	1	-	1	-	-	-
Third parties	26	997	1,023	18	999	1,017
	124	1,002	1,126	126	3,883	4,009
(-) Expected credit losses						
Electric sector - companies comprising Eletrobras group	(97)	(5)	(102)	(108)	(2,884)	(2,992)
Electric sector - third parties	-	(997)	(997)	(2)	(999)	(1,001)
	(97)	(1,002)	(1,099)	(110)	(3,883)	(3,993)
Total	**27**	**-**	**27**	**16**	**-**	**16**
Related parties	1	-	1	-	-	-
Third party	26	-	26	16	-	16

6.3 Changes in trade accounts receivable – Electric sector (Insulated system – Eletrobras and Third Party)

	Current supply (*)	CCD 2014 and 2013	CCD 2018	Total
Balance as of December 31, 2017	16	-	-	16
Billing	156	-	-	156
Receipt	(155)	(18)	(765)	(938)
Interest	-	5	-	5
Write-off of receivables (**)	(2,871)	-	-	(2,871)
(Making) reversal of expected credit losses	9	13	-	22
Write-off of expected credit losses (**)	2,871	-	-	2,871
Credit recovery	-	-	765	765
Balance as of September 30, 2018	**26**	-	-	**26**

(*) Sales not subject to renegotiation under the scope of the CCDs.
(**) Derecognition of asset with no impact on profit or loss.

	Cost	Expected credit losses	Total
Related parties			
Eletrobras Distribuição Amazonas - AME	3	(3)	-
Cia de Eletricidade do Acre	77	(77)	-
Other	22	(22)	-
	102	**(102)**	-
Third party			
Cia de Eletricidade do Amapá - CEA	826	(826)	-
Other	197	(171)	26
	1,023	**(997)**	**26**
Balance as of September 30, 2018	**1,125**	**(1,099)**	**26**
Balance as of December 31, 2017	**4,009**	**(3,993)**	**16**

6.4 Summary of the major events

The Company provides fuel and diesel to subsidiary energy distribution concession operators of Eletrobras and Independent Power Producers (PIEs), which make up the islanded power system in North Brazil. Islanded systems are electricity transmission and production systems not connected to the National Interconnected Grid (SIN).

The cost of these islanded systems is primarily reimbursed by CCC (Fuel Consumption Account), a sector fund regulated and overseen by the National Electricity Regulatory Agency (ANEEL). The CCC is funded by rates paid by all electricity distribution and transmission concession operators in the CDE (Energy Development Account), a fund created to drive energy development across the country. However, CCC and CDE regulatory and administrative issues led to reductions in the CCC's reimbursements from 2013 onwards, directly impacting the payments to the company for supplying fuel to Eletrobras group's concession operators.

In order to regularize the situation, debt acknowledgment agreements were entered into on December 31, 2014 (2014 CCDs) by the Company and Petrobras with the Eletrobras' subsidiaries in the total amount of R$ 5,344 (R$ 5,194 denoting the Company's portion and R$ 150 denoting Petrobras' portion), embracing debits overdue as of November 30, 2014 to be settled over 120 monthly installments restated by the Selic base interest rate, of which R$ 5,233 (R$ 126 consisting of securities endorsed by Petrobras) is subject to a real guarantee by a pledge on CDE credits. Eletrobras Group has honored the payments of the 2014 CCDs, despite occasional delays.

The Company took out a number of measures to uphold its rights, including filing collection proceedings before the courts to secure all of the post-defaulted 2014 CCD credits and to suspend supplies made on a credit basis. The Extraordinary General Meeting held August 31, 2017 approved the split-off of the Company, with the split-off portion being merged into Downstream Participações Ltda. (a Petrobras subsidiary), in the amount of R$ 6,339, consisting of the credits with the companies comprising Eletrobras group renegotiated in 2014 and the receivables from the clients Breitener Tambaqui and Breitener Jaraqui, both comprising Petrobras group.

As of December 31, 2017 the total balance of electric sector receivables of R$ 2,992 had been accrued in a provision for receivable impairment, especially because of the past default by companies comprising the islanded systems for sales made outside the scope of the 2014 CCDs.

At the end of 2017 of Eletrobras' electricity distribution subsidiaries were included in the Investment Partnership Program - PPI, a program created by the federal government for making greenfield investment in infrastructure and privatization projects, and the privatization process of the Group's distribution concession operators, new negotiations took place in order to reach an agreement to settle the legal disputes and mitigate further default.

Petrobras and the Company accordingly entered into contract with Eletrobras and its energy distribution concession operators to restore the guarantees established in CCDs 2014 and new CCDs (2018 CCDs) embracing the legally demanded receivables. The parties also entered into debt assumption agreements, where a significant portion of the debt will be assumed by Eletrobras in the event the distribution companies are privatized.

The 2018 CCDs consist of receivables subject to legal disputes for oil product supplies payable from December 2014 onwards, in the amount of R$ 4,500, and entail financial settlement over 36 monthly successive installments, restated by 124.75% of the CDI rate. This amount has corporate guarantees from Eletrobras until the distribution companies are privatized, and if they are not privatized the guarantees will be forfeited.

The Company also derecognized receivables under court dispute and with provisions for impairment, without impacting profit or loss. Under the context of the new CCDs and given the substantial changes to the contractual terms based on the agreement dated April 30, 2018, the Company evaluated the new instrument at a fair value equal to zero, recognizing through September 2018 the amount of R$ 765 million of finance income, due to recovering credits under the payments received.

The auction of Eletroacre and Boa Vista is waiting the approbation of CADE and ANEEL, so after that the new concession's agreement can be sign.

The auction of Amazonas Energia would have happened on October 25, 2018, but was postpone to November 11, 2018. Therefore, at the moment there is still no information to conclude if this process will be succeed.

CERON's privatization process was completed after all the conditions established in Auction Notice No. 2/2018-PPI / PND and its annexes were met. (note 31).

In the period January to September 2018, the company recognized expected credit losses of R$ 22 (R$ 145 as of September 30, 2017).

7 Inventories

	Consolidated		Parent Company	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Products for sale				
Petroleum derivatives				
Gasoline	655	534	655	534
Diesel fuel	1,174	1,222	1,174	1,222
Fuel oil	202	213	202	213
Aviation fuel	232	172	232	172
Lubricant	132	140	132	140
Other	148	104	139	104
Biofuels	512	467	512	467
	3,055	2,852	3,046	2,852
Other products	258	393	238	372
Total	**3,313**	**3,245**	**3,284**	**3,224**

No net realizable value reduction in inventory was recorded in September 30, 2018.

8 Taxes and contributions recoverable

	Consolidated		Parent Company	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Current assets				
ICMS	651	482	605	458
IPI	6	4	6	4
Cofins	12	11	-	-
Other taxes	28	25	24	21
Subtotal	**697**	**522**	**635**	**483**
Non-current assets				
ICMS	591	534	524	469
Other	3	7	-	-
Subtotal	**594**	**541**	**524**	**469**
Total	**1,291**	**1,063**	**1,159**	**952**

The increase in the period mainly refers to the Extrajudicial Settlement with the State of Mato Grosso for the use of the ICMS credit paid through state amnesty program (R$ 99) and records of invoices for the acquisition of products with ICMS ST in the refinery in January 2018 (R$ 40).

The Company expects to receive and/or offset the amounts presented.

9 Deferred income and social contribution taxes

(a) Change

	Consolidated				Parent Company
		Recognized in			
Source of the recorded deferred taxes	**12/31/2017**	**Net income**	**Equity**	**9/30/2018**	**9/30/2018**
Accounts receivable	1,024	(1,007)	91	108	92
Advanced bonuses awarded to clients	638	67	-	705	705
Property, plant and equipment	8	(32)	-	(24)	(23)
Financial leases	(63)	(9)	-	(72)	(71)
Voluntary redundancy incentivization program	3	-	-	3	3
Judicial proceedings	707	(372)	-	335	335
Post employment benefits	660	34	-	694	692
Tax loss carryforwards	60	391	-	451	451
Interest on shareholders' equity	131	(131)	-	-	-
Judicial deposits	(110)	(10)	-	(120)	(120)
Hedge	35	16	-	51	51
Other	69	15	-	84	81
Total	**3,162**	**(1,038)**	**91**	**2,215**	**2,196**
Deferred income tax	2,325			1,629	1,615
Deferred social contributions	837			586	581
Deferred tax assets	3,657			2,752	2,733
Deferred tax liabilities	(495)			(537)	(537)

(b) Estimated period of realization

Period	Deferred income tax and CSLL	
	Consolidated	Parent Company
2018	381	373
2019	562	559
2020	177	173
2021	176	174
2022	176	175
2023	164	163
2024	58	57
2025	58	57
2026 to 2028	463	465
September 30, 2018	**2,215**	**2,196**
December 31, 2017	**3,162**	**3,150**

(c) Reconciliation of income tax and social contributions on net income

The reconciliation of taxes determined at the statutory rates and the amount of taxes recognized are shown below:

	Consolidated		Parent Company	
	Nine-month period ended September 30,		Nine-month period ended September 30,	
	2018	2017	2018	2017
Net income before tax	2,627	1,019	2,624	1,020
Income and social contribution taxes at nominal rates (34%)	(893)	(347)	(892)	(347)
Adjustments to determine effective rate:				
· Net permanent additions/exclusions	(85)	15	(86)	15
· Equity in income of subsidiaries	(1)	-	7	(1)
· Tax incentives	-	5	-	5
· Expenses on A.M.S. health benefit for retirement	(58)	(72)	(58)	(72)
· Other items	(2)	-	(7)	-
Income tax and social contribution	**(1,039)**	**(399)**	**(1,036)**	**(400)**
Current IR and CSLL	(1)	(308)	-	(306)
Deferred IR and CSLL	(1,038)	(91)	(1,036)	(94)
	(1,039)	**(399)**	**(1,036)**	**(400)**
Effective income and social contribution tax rate	39.6%	39.2%	39.5%	39.2%

10 Advanced bonuses awarded to clients

	Consolidated
Balance as of December 31, 2016	1,959
Additions	569
Write-off / appropriation to profit or loss	(545)
Balance as of December 31, 2017	**1,983**
Additions	380
Write-off / appropriation to profit or loss	(388)
Balance as of September 30, 2018	**1,975**

11 Judicial deposits

	Consolidated					Parent Company
	Tax	Labor	Civil	Environmental	Total	Total
Balance as of December 31, 2016	**680**	**167**	**94**	**9**	**950**	**928**
Additions, net of reversal	2	33	8	-	43	43
Write-offs	-	(16)	(17)	(3)	(36)	(37)
Monetary restatement	36	5	3	(1)	43	43
Balance as of December 31, 2017	**718**	**189**	**88**	**5**	**1,000**	**977**
Additions, net of reversal	8	21	20	-	49	49
Write-offs	-	(19)	(4)	(4)	(27)	(28)
Monetary restatement - interest	26	1	3	-	30	30
Balance as of September 30, 2018	**752**	**192**	**107**	**1**	**1,052**	**1,028**

The Company has R$ 205 (R$ 203 as of December 31, 2017) in judicial deposits for provisioned lawsuits (note 27.1.1); R$ 537 (R$ 441 as of December 31, 2017) associated with possible contingencies; R$ 95 (R$ 82 as of December 31, 2017) associated with remote contingencies; R$ 146 (R$ 227 as of December 31, 2017) consists of deposits related to proceedings in which the Company is plaintiff and R$ 45 (R$ 24 as of December 31, 2017) consists of other.

12 Investments

12.1 Summary financials on subsidiaries, joint arrangements and associates

The table below presents the total assets, liabilities and results of the investees, not in proportion to the Company's interest.

			Joint arrangements					
	Subsidiaries		Joint operation	Joint ventures				Associate
	Fundo de Investimento Imobiliário FCM	Stratura	Brasil Carbonos	CDGN (a)	Brasil Supply (a)	Energética Camaçari Muricy II (a)	Pecém Energia (a)	BRF Biorefinos (a)
Assets								
Current assets								
Cash and cash equivalents	211	6	12	13	-	-	-	3
Other current assets	129	243	4	5	75	-	-	-
Noncurrent Assets								
Non-current assets	449	127	11	8	1	-	-	-
Capital expenditure	-	-	-	-	-	-	-	-
Property, plant and equipment	391	40	97	38	632	1	1	22
Intangible assets	-	2	-	-	2	-	-	-
Total Assets	**1,180**	**418**	**124**	**64**	**710**	**1**	**1**	**25**
Liabilities								
Current liabilities								
Loans and borrowings	107	-	13	3	101	-	-	-
Other current liabilities	262	115	3	6	99	1	1	-
Non-current liabilities								
Loans and borrowings	812	-	2	11	622	-	-	-
Other noncurrent liabilities	24	89	-	3	174	-	-	-
Equity								
Shareholders' equity attributable to controlling shareholders	(25)	214	106	41	(286)	-	-	25
Total Liabilities	**1,180**	**418**	**124**	**64**	**710**	**1**	**1**	**25**
Results								
Net operating revenue	2	520	33	26	-	-	-	-
Gross profit	2	41	20	5	-	-	-	-
Net income/(loss) for the year	15	3	13	(2)	(167)	(1)	(1)	-
Percentage interest - %	99.01%	100.00%	49.00%	49.00%	0.38%	50.00%	45.00%	49.00%
Depreciation and amortization	-	(2)	(3)	(5)	(1)	-	-	-
Finance income (costs)	16	4	-	-	(155)	-	-	-
(Current and Deferred) Income Tax Expense (Revenue)	-	(2)	(2)	-	-	-	-	-

(a) Period: 8/31/2018

12.2 Changes to investments made in subsidiaries, joint arrangements and associates

		Joint arrangements					
	Subsidiaries	Joint operation	Joint ventures		Associate		
	Stratura	Brasil Carbonos (a)	CDGN	Pecém Energia	BRF Biorefinos	Other investments	Total
Balance as of December 31, 2017	**227**	**72**	**21**	**1**	**12**	**1**	**334**
Write-offs	-	-	-	-	-	(1)	(1)
Equity income	3	7	(1)	(1)	-	-	8
Dividends	-	(5)	-	-	-	-	(5)
Amortization of asset appreciation	-	(1)	-	-	-	-	(1)
Adjustments – adoption of CPC 48	(16)	-	-	-	-	-	(16)
Balance as of September 30, 2018	**214**	**73**	**20**	**-**	**12**	**-**	**319**

	Subsidiaries	Joint enterprise					
		Joint operation	Joint ventures		Associate		
	Stratura	Brasil Carbonos (a)	CDGN	Camaçari Muricy II	BRF Biorefinos	Other investments	Total
Balance as of December 31, 2016	**103**	**69**	**22**	**-**	**22**	**1**	**217**
Capital increase (b)	124	-	-	1	-	-	125
Equity income	(5)	4	(1)	-	-	-	(2)
Dividends	-	(2)	-	-	-	-	(2)
Amortization of asset appreciation	-	(1)	-	-	-	-	(1)
Capital reduction	-	-	-	-	(10)	-	(10)
Balance as of September 30, 2017	**222**	**70**	**21**	**1**	**12**	**1**	**327**

(a) Asset appreciation of R$ 28 was determined on the acquisition of an interest in Brasil Carbonos S.A. in December 2010, which is being amortized over the assets' useful lives. As of September 30, 2018, the balance of R$ 21 (R$ 22 as of December 31, 2017) is classified in consolidated property, plant and equipment.

(b) To enhance its operation in the asphalt sector, the activities in this segment were centralized at Stratura Asfaltos S.A., a wholly-owned subsidiary of the Company, resulting in a contribution of R$ 124.

On September 30, 2018, the balance of the equity interest in the subsidiary FII FCM is zero, due to the unsecured liabilities held by this subsidiary. Losses greater than the investment value were recorded under liabilities, as a provision.

	Nine-month period ended September 30,	
	2018	2017
Balance of provision at beginning of year	40	42
Formation (c)	-	10
Reversal (c)	(15)	(10)
Balance of provision at end of period	**25**	**42**

(c) Amounts recorded in "Income from investments" in profit or loss.

13 Property, plant and equipment

13.1 By asset type

	Consolidated			
	Land (b), Buildings and Improvements	Equipment and Other Assets	Assets under Construction	Total
Balance as of December 31, 2016	**3,054**	**2,057**	**875**	**5,986**
Additions	1	75	171	247
Write-offs	(46)	(6)	(1)	(53)
Depreciation	(127)	(265)	-	(392)
Transfers (a)	104	161	(242)	23
Capitalized interest	-	-	5	5
Balance as of December 31, 2017	**2,986**	**2,022**	**808**	**5,816**
Additions	1	57	185	243
Write-offs	-	(4)	-	(4)
Depreciation	(94)	(185)	-	(279)
Transfers (a)	37	160	(208)	(11)
Capitalized interest	-	-	10	10
Balance as of September 30, 2018	**2,930**	**2,050**	**795**	**5,775**
Cost	4,129	5,070	808	10,007
Depreciation	(1,143)	(3,048)	-	(4,191)
Balance as of December 31, 2017	**2,986**	**2,022**	**808**	**5,816**
Cost	4,140	5,191	795	10,126
Depreciation	(1,210)	(3,141)	-	(4,351)
Balance as of September 30, 2018	**2,930**	**2,050**	**795**	**5,775**

	Parent Company			
	Land (b), Buildings and Improvements	Equipment and Other Assets	Assets under Construction	Total
Balance as of December 31, 2016	**3,008**	**2,016**	**518**	**5,542**
Additions	1	74	164	239
Write-offs	(46)	(7)	(1)	(54)
Depreciation	(125)	(262)	-	(387)
Transfers (a)	89	150	(241)	(2)
Balance as of December 31, 2017	**2,927**	**1,971**	**440**	**5,338**
Additions	-	57	170	227
Write-offs	-	(4)	(1)	(5)
Depreciation	(93)	(182)	-	(275)
Transfers (a)	38	159	(207)	(10)
Balance as of September 30, 2018	**2,872**	**2,001**	**402**	**5,275**
Cost	4,058	4,981	440	9,479
Depreciation	(1,131)	(3,010)	-	(4,141)
Balance as of December 31, 2017	**2,927**	**1,971**	**440**	**5,338**
Cost	4,069	5,100	402	9,571
Depreciation	(1,197)	(3,099)	-	(4,296)
Balance as of September 30, 2018	**2,872**	**2,001**	**402**	**5,275**

(a) As of December 31, 2017 this mainly refers to transfers between other equity groups, such as equipment used as payment of accounts receivable (payment in kind) in the consolidated statements. The parent company statements include the transfer of property, plant and equipment from the asphalt segment for contribution to Stratura Asfalto S.A. as of May 31, 2017. As of September 30, 2018 they primarily denote transfers between other equity groups such as assets held for sale.

(b) As of September 30, 2018, the balance of consolidated land is R$ 378 (R$ 389 as of December 31, 2017) at the parent company and R$ 373 (R$ 384 as of December 31, 2017).

Assets under construction recorded in the consolidated statements mainly comprise the expansion, modernization and improvements of terminals and fuel distribution bases, airports and the lubricant plant.

The Company's property, plant and equipment includes assets resulting from finance lease agreements, amounting to R$ 377 (R$ 382 as of December 31, 2017).

13.2 Breakdown by estimated useful life

	Consolidated		
Estimated useful life	Buildings and improvements	Equipment and other assets	Total
up to 10 years	-	312	312
11 to 20 years	-	1,465	1,465
21 to 30 years	1,941	78	2,019
30 years onwards	611	195	806
Total	**2,552**	**2,050**	**4,602**

14 Intangible assets

14.1 By asset type

	Consolidated			
	Rights and Concessions	Software (b)	Goodwill (c)	Total
Balance as of December 31, 2016	**279**	**153**	**29**	**461**
Additions	7	44	-	51
Amortization	(11)	(49)	-	(60)
Transfers (a)	1	-	-	1
Balance as of December 31, 2017	**276**	**148**	**29**	**453**
Additions	6	38	-	44
Amortization	(9)	(27)	-	(36)
Transfers (a)	-	1	-	1
Balance as of September 30, 2018	**273**	**160**	**29**	**462**
Cost	368	423	29	820
Amortization	(92)	(275)	-	(367)
Balance as of December 31, 2017	**276**	**148**	**29**	**453**
Cost	374	462	29	865
Amortization	(101)	(302)	-	(403)
Balance as of September 30, 2018	**273**	**160**	**29**	**462**

	Parent Company			
	Rights and Concessions	*Software (b)*	*Goodwill (c)*	Total
Balance as of December 31, 2016	**278**	**153**	**29**	**460**
Additions	7	44	-	51
Amortization	(11)	(49)	-	(60)
Balance as of December 31, 2017	**274**	**148**	**29**	**451**
Additions	6	37	-	43
Amortization	(8)	(27)	-	(35)
Transfers (a)	-	1	-	1
Balance as of September 30, 2018	**272**	**159**	**29**	**460**
Cost	364	423	29	816
Amortization	(90)	(275)	-	(365)
Balance as of December 31, 2017	**274**	**148**	**29**	**451**
Cost	370	461	29	860
Amortization	(98)	(302)	-	(400)
Balance as of September 30, 2018	**272**	**159**	**29**	**460**

(a) This mainly denotes transfers between other equity groups, such as property, plant and equipment according to the nature of the investment.

(b) The Company has a balance of software under development of R$ 58 (R$ 40 as of December 31, 2017).

(c) Goodwill on fuel distribution assets, originated under the acquisition of Liquigás S.A., the liquefied petroleum gas (LPG) distribution company. This investee was transferred to Petrobras, in 2012, although the operation related to the goodwill remained at the Company.

14.2 Concession for the exploration and marketing of natural gas in the state of Espírito Santo

The Company is a concession operator for the exclusive exploration of piped gas distribution in the state of Espírito Santo, through the concession agreement signed with the state government for a term of 50 years, through 2043.

The assets, net of amortization, related to the gas concession and recorded as intangible assets as of September 30, 2018 are worth R$ 268 (R$ 270 as of December 31, 2017).

Law 10493/2016 was published in the Official State Gazette of Espírito Santo on February 2, 2016, recognizing the extinction/nullity of the concession agreement for piped gas distribution, due to the application of Article 43 of Federal Law 8987, dated

February 13, 1995.

This law states a procurement shall be held for the concession or a state company created to take over the services, where the concession operator shall pay out the legal indemnification, which the Company contested in the courts.

On August 12, 2016, the Company signed a Memorandum of Understanding with the Government of Espírito Santo State in order to look into the creation of a State-owned company to carry out the public distribution of piped natural gas.

As stipulated in the MoU, over the course of 2017 the business plan and modeling were created that apply to the new company's studies, and a specialist firm appraised the concession assets, which was finished and submitted to the Public Services Regulatory Agency (ARSP) to assess and publish the opinion.

In May 2018 the parties signed the conditional commitment (ICC) in order to reconcile the existing legal proceedings against their ratification at the Permanent Center of Consensual Methods for Settling Conflicts (NUPEMEC/TJES).

In view of the terms of the Conditional Commitment and progress made in the NUPEMEC reconciliation, the governor of Espírito Santo State sent the ES' Legislative Assembly (ALES) a draft law in order to create a state company to distribute piped natural gas.

At September 30, 2018 the draft law was progressing through ALES.

The Company made no provisions for loss, as to date the carrying amount as at September 30, 2018 is guaranteed by the indemnification established in said Law.

15 Trade accounts payable

	Consolidated		Parent Company	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Companies comprising Petrobras Group (Note 30.1)	1,369	1,448	1,396	1,418
Third parties	860	1,234	852	1,227
Total	**2,229**	**2,682**	**2,248**	**2,645**

The balance of Trade payables - Companies of the Petrobras Group is mainly comprised of invoices payable to Petrobras for the acquisition of oil products and services (including freight).

16 Financing

16.1 By Financial Institution

	Consolidated		Parent Company	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Banco do Brasil	7	12	-	-
Banco IBM	35	56	35	56
Banco Itaú - Debentures	3,630	3,572	3,630	3,572
	3,672	3,640	3,665	3,628
Real Estate Receivables Certificates (CRI)	920	1,000	-	-
Debentures - Agribusiness Receivables Certificates (CRA)	960	-	960	-
Total	**5,552**	**4,640**	**4,625**	**3,628**
Current	261	185	147	78
Non-current	5,291	4,455	4,478	3,550

Debentures - Agribusiness Receivables Certificates (CRA)

On May 22, 2018 the Company made its second nonconvertible, ordinary debentures issuance in three series in the amount of R$ 962. The debentures were subsequently assigned and transferred to Cibrasec – Companhia Brasileira de Securitização, which acquired these credit receivables in order to underlie the issuance of Agribusiness Receivables Certificates (CRA). The financial settlement occurred on July 17, 2018.

The main terms are as follows:

Series 1
Nominal unit value: R$ 1,000.00
Final maturity: July 15, 2022
Payment of nominal value: Lump sum at final maturity
Yield: 98.0% of CDI
Payment of yield: Semi-annual

Series 2
Nominal unit value: R$ 1,000.00
Final maturity: July 15, 2024
Payment of nominal value: Lump sum at final maturity
Yield: 100.0% of CDI
Payment of yield: Semi-annual

Series 3
Nominal unit value: R$ 1,000.00
Final maturity: July 15, 2025
Payment of nominal value: Lump sum at final maturity
Yield: IPCA + 5.59%
Payment of yield: Annually

Banco Itaú

On August 10, 2015, the Company signed a non-convertible debentures agreement with Banco Itaú BBA in the amount of R$ 3,500, for a five-year term.

Interest is amortized semi-annually, and the principal will be amortized in a lump sum at the end of the agreement on April 15, 2020.

The charges on the compensation payable by the debentures stand at 111.57% of the CDI rate.

The underlying collateral is ethanol purchases. The transaction is exempt from the IOF tax, pursuant to Law 6313/75. Petrobras is the guarantor.

16.2 Contractual obligations (covenants)

The Company's financing agreements contain covenants (nonfinancial), all of which had been fully met as of September 30, 2018. These include the requirement to present financial statements by the deadlines agreed with the institutions; the requirement not to incur protests for payables in previously determined amounts; the requirement not to default to any lender or any financial or credit institution, as per the agreed amounts; and other clauses.

16.3 Transactions

			Consolidated	Parent Company
	Banking Market	Capital Market (CRIs and Debentures)	Total	Total
Non-current				
Domestic				
Opening balance at January 01, 2017	**7,522**	**4,487**	**12,009**	**11,036**
Provision for interest	5	-	5	5
Transfer between current and non-current	12	(146)	(134)	9
Prepayments of long-term debt	(7,500)	-	(7,500)	(7,500)
Monetary variance	-	75	75	-
Closing balance at December 31, 2017	**39**	**4,416**	**4,455**	**3,550**
Current				
Domestic				
Opening balance at January 01, 2017	**610**	**195**	**805**	**697**
Provision for interest	703	386	1,089	1,088
Amortization of principal	(223)	(89)	(312)	(217)
Amortization of interest	(841)	(492)	(1,333)	(1,273)
Transfer between current and non-current	(12)	146	134	(9)
Prepayments of long-term debt	(208)	-	(208)	(208)
Monetary variance	-	10	10	-
Closing balance at December 31, 2017	**29**	**156**	**185**	**78**
Closing balance at December 31, 2017	**68**	**4,572**	**4,640**	**3,628**

	Consolidated			Parent Company
	Banking Market	Capital Market (CRIs and Debentures)	Total	Total
Non-current				
Domestic				
Opening balance at January 01, 2018	**39**	**4,416**	**4,455**	**3,550**
Addition (entry of new plant)	-	944	944	944
Provision for interest	1	18	207	206
Transfer between current and non-current	(22)	(168)	(378)	(222)
Monetary variance	-	63	63	-
Closing balance at September 30, 2018	**18**	**5,273**	**5,291**	**4,478**
Current				
Domestic				
Opening balance at January 01, 2018	**29**	**156**	**185**	**78**
Addition (entry of new plant)	20	-	20	-
Provision for interest	2	188	2	1
Amortization of principal	(38)	(99)	(137)	(13)
Amortization of interest	(11)	(184)	(195)	(141)
Transfer between current and non-current	22	168	378	222
Monetary variance	-	8	8	-
Closing balance at September 30, 2018	**24**	**237**	**261**	**147**
Closing balance at September 30, 2018	**42**	**5,510**	**5,552**	**4,625**

16.3.1 Reconciliation of financing against cash flows deriving from financing activities

	Consolidated	
	9/30/2018	9/30/2017
Opening balance	**4,640**	**12,814**
Cash flow		
Additions	964	-
Payments (*)	(332)	(9,165)
Noncash changes		
Interest and monetary variance	280	1,083
Closing balance	**5,552**	**4,732**

(*) Includes principal and interest payments.

16.4 Summarized information on financing maturities

									Consolidated	Parent Company
	2018	2019	2020	2021	2022	2023	2024	2025 onwards	Total	Total
Financing in Reais (R$):										
Indexed to floating rates	116	145	3,647	121	599	135	258	531	5,552	4,625
Average financing rate in Reais	5.86%	7.98%	7.72%	13.40%	11.70%	12.38%	11.19%	12.12%	10.29%	7.77%
Total as of September 30, 2018	**116**	**145**	**3,647**	**121**	**599**	**135**	**258**	**531**	**5,552**	**4,625**

The fair values of financing are mainly determined using derivatives from observable market prices (Level 2). The fair value of financing as of September 30, 2018 is R$ 4,918 (R$ 4,045 at the Parent Company).

The financial instruments sensitivity analysis can be seen in note 29.2.1.1.

17 Leases

17.1 Finance leases

The Company has financial commitments towards FII FCM, managed by Rio Bravo Investimentos DTVM Ltda., due to receivables arising from leasing transactions for real estate and equipment and the construction of bases and terminals, restated by the IPCA price index. The balance payable as of September 30, 2018 amounts to R$ 73 (note 17.1.1).

Real estate credits originating from Private Purchase and Sale Agreements secured the issuance of Real Estate Receivables Certificates (CRI) by RB Capital Securitizadora S.A.

The Company leases equipment from the investee CDGN, and leases this equipment to the customers Suzano Papel e Celulose S.A. and Fiat Automóveis Ltda. The balance receivable under these leases amounts to R$ 23 (note 17.1.1).

17.1.1 Flow of payments and receipts under finance leases

	Consolidated					
	Receipts			Payments		
Estimated commitments	Future value	interest	Present value	Future value	interest	Present value
2018	2	(1)	1	38	(11)	27
2019	7	(2)	5	47	(18)	29
2020 - 2022	19	(8)	11	19	(8)	11
2023 onwards	11	(5)	6	11	(5)	6
At September 30, 2018	**39**	**(16)**	**23**	**115**	**(42)**	**73**
Current			4			30
Non-current			19			43
At September 30, 2018			**23**			**73**
Current			4			29
Non-current			21			43
At December 31, 2017			**25**			**72**

17.1.2 Reconciliation of finance leases against cash flows deriving from financing activities

	Consolidated	
	9/30/2018	9/30/2017
Opening balance	**72**	**95**
Cash flow		
Payments	(5)	(5)
Noncash changes		
Interest and monetary variance	6	7
Closing balance	**73**	**97**

17.2 Operating leases

On September 30, 2018 the Company paid R$ 217 (R$ 211 as of September 30, 2017) to honor contractual commitments under operating leases, of which R$ 135 consists of fixed installments and R$ 82 of variable installments. These leases mature on various dates through 2050.

Operating leases primarily comprise land, administrative offices and buildings used as fueling stations and power supply equipment.

The Company has contractual commitments towards Confidere OGB Imobiliária e Incorporadora regarding the leasing of the Edifício Lubrax building for the period 2018 to 2031, for a total estimated remaining amount of R$ 963.

The estimated minimum lease payments to be made by the Company in the years ahead are as follows:

	Consolidated	Parent Company
2018	61	61
2019	152	152
2020 - 2022	289	289
2023 onwards	312	312
Total	**814**	**814**

18 Customer advances

	Consolidated		Parent Company	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Marketing funds (a)	142	155	142	155
Customer advances	161	199	156	191
Other	8	9	8	9
Total	**311**	**363**	**306**	**355**

(a) Advances received from accredited customers, such as retailers, franchisees and business partners, for advertising and promotional initiatives carried out by the Company.

19 Taxes and contributions payable

	Consolidated		Parent Company	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Current Liabilities				
ICMS	175	175	174	174
PIS/COFINS	54	36	54	36
Income and social contribution taxes withheld at source	15	29	15	29
Tax Recovery Program	-	11	-	11
Other	21	26	13	19
Total	**265**	**277**	**256**	**269**

19.1 State Amnesty Programs

On September 30, 2018 and December 31, 2017, the Company settled various state ICMS tax debts, through Amnesty Programs.

			9/30/2018		
State	**State Law / Decree**	**Incentives secured**	**Existing debts**	**Reduction incentive**	**Amount to be paid after the benefit**
TO	3,346/18	90% decrease in debits whose total amounts derive exclusively from fine or interest or both	18	11	7
MT	MT State Law 10433/16 and State Decree 1630/18	75% decrease in the fine and interest. (*)	405	188	217
Total			**423**	**199**	**224**

(*) See note 27.1

			12/31/2017		
State	**State Law / Decree**	**Incentives secured**	**Existing debts**	**Reduction incentive**	**Amount to be paid after the benefit**
MG	22,549/2017	Reduction of up to 95% of the interest and fines guaranteed by the legislation, in addition to release from debits worth approximately R$ 900 million relating to QAV transfer operations pursuant to ICMS arrangement 10/17.	91	20	71
PE	362/2017	85% decrease in the fine and 90% in the interest guaranteed by the legislation.	7	4	3
CE	16,259/2017	100% decrease in the fine and interest guaranteed by the legislation.	23	20	3
MA	10,681/17	100% decrease in the fine and interest guaranteed by the legislation.	1	-	1
Total			**122**	**44**	**78**

19.2 Special Tax Regularization Program – PERT

In 2017 the Company entered the Special Tax Regularization Program (PERT) introduced by Law 13496 on October 24, 2017, for PIS/COFINS, IPI and INSS debts demanded by the government.

Until September 30, 2018, the Company settled PERT in the total amount of R$ 11.

20 Employee benefits

20.1 Pension and health care plans

The detailed description of the pension and health care plans sponsored by the Company for employees (active and inactive and their dependents in Brazil) can be seen in note 21 to the financial statements for the financial year ended December 31, 2017.

Plan to repair the deficit of the Petrobras Group Petros Plan (PPSP)

The deficit of R$ 22.6 billion accumulated by FY 2015, restated through December 2017, based on the actuarial target (IPCA + 5.70% p.a.), for R$ 27.3 billion is being settled based on the rules established in the deficit repair plan (PED), approved by Petros' Board of Trustees on September 12, 2017 and examined by the Petrobras' Board of Directors and the Office for Management and Governance of Government-Owned Companies (SEST).

Extra contributions by participants and sponsors began in March 2018, except for those stayed by legal decision. In the period March to September 2018 the Company disbursed R$ 30 in PED contributions.

Pursuant to Supplementary Laws 108/2001 and 109/2001 and the Resolution issued by the Supplementary Pensions Management Council - CGPC 26/2008, the deficit should be equally repaired among the sponsors (Petrobras, Petrobras Distribuidora and Fundação Petros) and participants and assisted participants of PPSP. Petrobras is therefore entitled to a total of R$ 12.8 billion and the Company R$ 0.9 billion.

Spin-off of the Petros Plan of Petrobras Group (PPSP)

On February 15, 2018 the National Pension Plans Oversight Board (Previc) authorized the spin-off of the Petros Plan of Petrobras Group (PPSP), which occurred on April 01, 2018, splitting it into two independent plans: PPSP - Renegotiated (PPSP-R) and PPSP - Non-renegotiated (PPSP-NR), without changing the actuarial assumptions.

The spin-off originated in the processes to renegotiating the rules of the Petros Plan of Petrobras group (PPSP), in 2006-2007 and 2012, when the participants could choose between changing or not changing the rules for restating their benefit. In this process some 75% of the plan's participants agreed to change the form of restatement and began restating their benefit for inflation only (change IPCA price index). And the others, who did not renegotiate, continue with the benefits linked to pay rises of active Petrobras employees and other plan sponsors.

The balance of Plano Petros was transferred to the new plans in proportion to the future commitments to each group of participants. As there was no change to the benefits rule, the respective actuarial liabilities will be recalculated individually by independent actuaries in the next annual actuarial assessment for FY 2018.

The change in benefits awarded to employees can be seen below:

	9/30/2018							
	Consolidated							Parent Company
	Defined-benefit							
	Petros	Petros Renegotiated	Petros Not Renegotiated	Other	Variable-Contribution	Healthcare plan	Total	Total
Balance as of December 31, 2016	1,846	-	-	3	70	2,392	4,311	4,308
(+) Effects of remeasurement recognized in OCI	(65)	-	-	-	(69)	(475)	(609)	(609)
(+) Costs incurred during the period	9	-	-	-	8	26	43	42
(-) Payment of contributions	(62)	-	-	-	-	(77)	(139)	(139)
(+) Net interest on net liability	197	-	-	-	8	255	460	460
Balance as of December 31, 2017	**1,925**	-	-	**3**	**17**	**2,121**	**4,066**	**4,062**
Current	60	-	-	-	-	74	134	134
Noncurrent	1,865	-	-	3	17	2,047	3,932	3,928
	1,925	-	-	**3**	**17**	**2,121**	**4,066**	**4,062**
(+) Costs incurred during the period	6	-	-	-	1	7	14	14
(+) Net interest on net liability	45	-	-	-	-	50	95	95
(-) Payment of contributions	(16)	-	-	-	-	(22)	(38)	(38)
Balance as of March 31, 2018	**1,960**	-	-	**3**	**18**	**2,156**	**4,137**	**4,133**
(+) Costs incurred during the period	-	10	1	-	3	15	29	29
(+) Net interest on net liability	-	68	22	-	-	100	190	190
(-) Payment of contributions	-	(39)	(14)	-	-	(43)	(96)	(96)
Transfer of balance via Spin-off	(1,960)	1,352	608	-	-	-	-	-
Balance as of September 30, 2018	-	**1,391**	**617**	**3**	**21**	**2,228**	**4,260**	**4,256**
Current	-	47	20	-	-	73	140	140
Noncurrent	-	1,344	597	3	21	2,155	4,120	4,116
	-	**1,391**	**617**	**3**	**21**	**2,228**	**4,260**	**4,256**

The net expense on pension and health care plans includes the following components:

	Nine-month period ended September 30, 2018						
	Consolidated						Parent Company
	Pension Plan						
	Petros (*)	Petros Renegotiated	Petros Not Renegotiated	Variable-Contribution	Healthcare plan	Total	Total
Service cost	6	10	1	4	22	43	43
Net interest on net liability	45	68	22	-	150	285	285
Net cost in Jan-Sep/2018	**51**	**78**	**23**	**4**	**172**	**328**	**328**
Relating to active employees:							
Absorbed in the cost of activities	1	1	-	-	2	4	4
Directly to income	12	19	4	4	48	87	87
Relating to inactive members:	38	58	19	-	122	237	237
Net cost in Jan-Sep/2018	**51**	**78**	**23**	**4**	**172**	**328**	**328**
Net cost in Jan-Sep/2017	**155**	-	-	**11**	**211**	**377**	**376**

	Current quarter (7/1/2018 to 9/30/2018)						
	Consolidated						Parent Company
	Pension Plan						
	Petros (*)	Petros Renegotiated	Petros Not Renegotiated	Variable-Contribution	Healthcare plan	Total	Total
Service cost	-	6	-	1	7	14	14
Net interest on net liability	-	33	11	-	51	95	95
Net cost in current quarter	-	**39**	**11**	**1**	**58**	**109**	**109**
Relating to active employees:							
Absorbed in the cost of activities	-	1	-	-	1	2	2
Directly to income	-	9	2	1	16	28	28
Relating to inactive members:	-	29	9	-	41	79	79
Net cost in current quarter	-	**39**	**11**	**1**	**58**	**109**	**109**
Net cost in quarter of previous year	**53**	-	-	**3**	**70**	**126**	**125**

(*) Denotes the plan expense before the spin-off on April 1, 2018.

On September 30, 2018, the balances of the Financial Commitments (TCF) signed in 2008 by the Company and Petros to cover plan obligations amounted to R$ 430 in the parent company and consolidated statements. On this date, Petrobras had an inventory of oil and/or derivatives pledged as security for the Financial Commitments - TCFs signed in 2008 with Petros in the amount of R$ 18,021 (R$ 13,454 as of December 31, 2017).

The Petros 2 Plan has a defined-contribution portion whose payments are recognized in profit or loss. In the period January to September 2018 the Company's contribution to the defined-contribution portion of the Petros 2 Plan was R$ 31 (R$ 34 up to September 30, 2017).

20.2 Profit sharing

Employee profit sharing (PLR) is based on current legal provisions, as well as the guidelines established by the Office for Management and Governance of Government-Owned Companies - Sest, of the Ministry of Planning, Budget and Management, by the Ministry of Mines and Energy, by Petrobras and the performance of corporate indicators.

The Collective Bargaining Agreement - ACT, which addresses profit sharing, sets out corporate indicators defining the amount to be paid as PLR, based on the calculation base of Petrobras Group's net income. The ACT also stipulates the rules for paying out profit shares in the event the Company does not make a profit but its corporate indicators are achieved.

Under article 48 of the Bylaws, Law 10101/2000 and other normative regulations in force as of September 30, 2018, the Company has provisioned for R$ 67 to be distributed to its employees equal to 4% of the profit before profit shares, subject to the limits established by Resolution 10/95 issued by the State Company Control and Management Board - CCE.

The PLR for the financial year as of December 31, 2017 in the amount of R$ 26 was settled after the General Shareholders' Meeting held April 25, 2018.

20.3 Performance bonus

20.3.1 Payment of employee bonuses

In 2017 the Company approved the employee bonus program aligned with the Net income figure, which explains the promotion of a meritocracy based culture and results based, potentially embracing all Company employees.

The program underlies the corporate goals and metrics of the 2017-2021 Business and Management Plan (PNG), where activation has the following prerequisites:

a) achievement of the top metric targets in the 2017 PNG -2021>= ≥90% (weighted average);
b) Existence of net income in FY 2017; and
c) The oil and derivatives leakage metric – VAZO should not exceed the maximum acceptable limit for FY 2017.

In respect of 2017, the activation pre-requisites were achieved and the Company paid R$ 48 in the 3rd quarter of 2018, as a premium for employees with an overall performance result from 90%.

On September 30, 2018 the Company has provisioned for the amount of R$ 21 for payment of the bonuses to employees for the year 2018.

20.3.2 Payment of bonuses to executive board members

In 2017, the Company approved the bonus program for members of the Executive Board in order to recognize efforts made in achieving the results, in addition to motivating them to perform strategic goals.

Entitlement to this program was subject to the following prerequisites:

(I) paying profit shares (PLR) to employees in 2018;
(II) existence of net income in FY 2017;
(III) payment of dividends and/or interest on equity (JCP) to shareholders in 2018; and
(IV) not exceeding the maximum acceptable limit for 2017 in the oil and derivatives leakage metric – VAZO.

The program is related to the senior corporate targets and goals in the management and business plan (PNG) 2017-2021, amongst other metrics.

In respect of 2017, all the pre-requisites necessary to distribute the bonuses were achieved. In the 3rd quarter of 2018 the Company accordingly paid the Executive Board members the amount of R$ 1.3 as the upfront payment under the program (60% of the total).

20.4 Voluntary Redundancy Incentivization Program (PIDV)

In October 2016, the Company implemented the 2016 BR Voluntary Redundancy Incentivization Program (PIDV), in order to adjust the Company's headcount to the divestment plan implemented by the Parent Company Petróleo Brasileiro S.A. and the performance goals set out in the 2017-2021 Business and Management Plan.

The program closed the enrollment period on December 30, 2016 with 1,105 enrollments. The redundancy period for the program's employees ran from January 17 to July 31, 2017, as per the action plan for the management of knowledge or managerial succession inherent to each employee's processes and activities.

Employees who signed up to the PIDV program had been working at the Company for at least 10 years as of December 30, 2016, regardless of their position or function. The 2016 BR PIDV regulations state that employees may withdraw at any time, in which case they would forfeit the financial incentive.

The financial incentive offered to employees electing for voluntary redundancy under the PIDV program was capped at R$ 800 thousand (eight hundred thousand reais) with a minimum of R$ 250 thousand (two hundred and fifty thousand reais), in addition to legal and corporate advantages.

The Company recorded the provision on December 31, 2016 for the compensation payable to employees choosing redundancy, subject to the periodic review of possible withdrawals, restated compensation due to collective bargaining agreements up to the employees' effective redundancy date and the restatement of minimum and maximum compensation packages by the IPCA price index.

The program was reactivated on January 29, 2018 for employees who canceled their enrollment during the enrollment period or who had formerly withdrawn from the program. Enrollments were voluntary for withdrawing employees and were made by March 2, 2018.

83 of the 407 eligible employees reactivated their enrollment into the program by March 2, 2018. By September 2018 there had been 43 withdrawals by employees who had reactivated their enrollment and 38 were terminated on April 6, 2018.

The Company estimated a provision of R$ 31 in the 1st quarter of 2018 for the compensation payable to employees who had reactivated their enrollment, subject to periodic revision due to the occurrence of possible withdrawals and restatement of the minimum and maximum compensation packages by the IPCA price index.

In 2018 the Company recorded 45 severances and 40 withdrawals were reversed as result of reopening the 2016 PIDV BR.

The provision for PIDV was classified under current liabilities.

Balance as of December 31, 2017	**8**
Withdrawals	(15)
Reopening of Program-Reenrolments	31
Use through dismissal	(16)
Balance as of September 30, 2018	**8**

Employees who remained enrolled in the program after the last dismissal date of April 6, 2018 come under the rules set out in PIDV BR - 2016, which address cases of employees who had their employment agreements suspended or who even after their effective dismissal are awaiting the findings of the investigation conducted by the Internal Investigations Commission - CIA or the General Controllership - CGU in which their names are involved. The indemnification established in the remaining balance of the provision will be paid as and when these cases are concluded. People in the second group could be eliminated from the program, in which case they will not be entitled to the compensation.

The regulations of PIDV BR - 2016 state that the deadline for compensation payments in any situation is January 17, 2019. After this date, PIDV BR- 2016 will be discontinued for good.

21 Shareholders' equity

21.1 Paid-in capital

As of September 30, 2018 the fully subscribed and paid-in share capital of R$ 6,352 consists of 1,165,000,000 book-entered common shares with no par value.

21.2 - Profit reserves

(a) Legal reserve

The Company creates a legal reserve at the rate of 5% of the net income for the year, up to the limit of 20% of the capital in accordance with article 193 of Brazilian corporation law.

(b) Statutory reserve

Created with the technical justification and approval of the Board of Directors and Audit Committee in respect of amounts and allocation, to ensure investments compatible with the development of the Company's business, consisting of up to 100% (one hundred percent) of the balance of net income, after funds have been allocated to the Legal Reserve, the Contingencies Reserve, the Mandatory Dividend, the Unrealized Earnings Reserve and the Profit Retention Reserve, up to 80% (eighty percent) of the capital, in accordance with article 50 of the Company's Bylaws.

(c) Appropriated retained earnings

This reserve is used to make the investments established in the capital budget, mainly in the distribution of oil products, ethanol, support infrastructure, capital contributions and financing for customers, in accordance with article 196 of Brazilian Corporation Law.

(d) Tax incentive reserve

This reserve receives part of the net income for the year, equal to tax incentives deriving from government subsidies or donations, in due accordance with article 195-A of Brazilian Corporation Law. This reserve can only be used to absorb losses or capital increases.

21.3 Dividends and interest on shareholders' equity

Shareholders are entitled to a mandatory dividend of 25% of adjusted net income for the year, under Article 50 of the Company's Bylaws and article 202 of Brazilian Corporation Law.

21.3.1 Changes in dividends and interest on shareholders' equity

	Consolidated	
	Nine-month period ended September 30,	
	2018	2017
Opening balance	273	635
Addition (a)	819	-
Payment (b)	(1,034)	-
Income tax withheld at source	(101)	-
Restatement	43	51
Closing balance	-	**686**

(a) Entails the reclassification of interest on shareholders' equity in 2017 and dividends, as per the statement of changes in equity.

(b) Refers to payments of interest on shareholders' equity of R$ 585 made on July 19, 2018 and an additional dividends of R$ 449 made on September 4, 2018.

21.4 - Equity appraisal adjustments

Actuarial gains or losses net of income taxes, determined by independent actuaries at the end of each financial year.

21.5 Earnings per share

	Parent Company	
	Nine-month period ended September 30,	
	2018	2017
Net income	1,588	620
Weighted average free float - (n°. of shares)	1,165,000,000	1,165,000,000
Basic and diluted net income per common share	**1.36**	**0.53**

22 Sales revenue

	Consolidated				Parent Company			
	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017
Products, services and energy								
Petroleum derivatives								
Diesel	14,459	39,518	12,044	33,231	14,459	39,518	12,043	33,230
Gasoline	8,815	26,758	8,450	24,826	8,815	26,758	8,450	24,826
Fuel oil	1,803	3,605	1,532	3,534	1,803	3,605	1,532	3,534
Aviation fuel	3,017	7,852	1,904	5,626	3,017	7,852	1,904	5,626
Lubricant	545	1,514	520	1,459	545	1,514	520	1,459
Asphalt	288	668	220	677	-	-	-	226
Coke	630	1,695	415	1,362	630	1,695	415	1,362
Other products	339	939	278	778	339	938	278	779
Ethanol	2,103	5,692	1,343	3,531	2,103	5,692	1,343	3,531
Natural gas	543	1,509	423	1,203	543	1,509	423	1,203
Supply-House products (a)	320	912	301	959	320	912	301	959
Services, energy and other	24	56	15	48	18	40	10	31
	32,886	90,718	27,445	77,234	32,592	90,033	27,219	76,766
Interest embedded in products prices	(105)	(266)	(84)	(273)	(105)	(266)	(84)	(273)
Advanced bonuses awarded to clients	(131)	(388)	(153)	(418)	(131)	(388)	(153)	(418)
Performance bonus (b)	(68)	(184)	(61)	(190)	(68)	(184)	(61)	(190)
Sales prizes and discounts	(82)	(249)	(14)	(33)	(82)	(249)	(14)	(33)
Sales charges	(6,045)	(17,080)	(5,294)	(14,957)	(5,982)	(16,931)	(5,242)	(14,854)
Sales revenue	**26,455**	**72,551**	**21,839**	**61,363**	**26,224**	**72,015**	**21,665**	**60,998**

(a) This derives from the sale of chemical products and services to the exploration and production sector, supplying platforms, drill rigs, FPSOs and onshore facilities with the essential products required by operations and other activities, with the main client being Petrobras.

(b) Amounts awarded to customers in exchange for meeting contractually agreed deadline and performance targets.

22.1 Revenue Breakdown

	Consolidated				
	Nine-month period ended September 30, 2018				
	Retail	Consumer Market	Aviation Market	Special Markets	Total
Domestic					
North	3,698	2,554	411	59	6,722
Northeast	10,070	4,044	1,103	355	15,572
Midwest	4,888	1,804	742	27	7,461
Southeast	16,537	7,701	2,824	3,215	30,277
South	7,636	3,031	502	274	11,443
Foreign	-	57	1,385	22	1,464
Total (*)	**42,829**	**19,191**	**6,967**	**3,952**	**72,939**

(*) Transfer at a specific moment in time.

	Consolidated				
	Current quarter (7/1/2018 to 9/30/2018)				
	Retail	Consumer Market	Aviation Market	Special Markets	Total
Domestic					
North	1,369	903	159	23	2,454
Northeast	3,667	1,849	432	146	6,094
Midwest	1,753	699	303	3	2,758
Southeast	5,469	2,921	1,060	1,167	10,617
South	2,688	1,092	191	123	4,094
Foreign	-	14	546	9	569
Total (*)	**14,946**	**7,478**	**2,691**	**1,471**	**26,586**

(*) Transfer at a specific moment in time.

	Consolidated				
	Nine-month period ended September 30, 2017				
	Retail	Consumer Market	Aviation Market	Special Markets	Total
Domestic					
North	3,014	2,772	282	49	6,117
Northeast	8,260	3,178	813	271	12,522
Midwest	4,154	1,509	524	25	6,212
Southeast	15,023	6,700	2,070	2,814	26,607
South	6,457	2,233	384	262	9,336
Foreign	-	39	911	37	987
Total (*)	**36,908**	**16,431**	**4,984**	**3,458**	**61,781**

(*) Transfer at a specific moment in time.

	Consolidated				
	Quarter of the Prior Year (7/1/2017 to 9/30/2017)				
	Retail	Consumer Market	Aviation Market	Special Markets	Total
Domestic					
North	1,119	908	95	15	2,137
Northeast	2,912	1,314	270	96	4,592
Midwest	1,456	544	185	12	2,197
Southeast	5,209	2,565	703	919	9,396
South	2,299	829	131	82	3,341
Foreign	-	16	307	6	329
Total (*)	**12,995**	**6,176**	**1,691**	**1,130**	**21,992**

(*) Transfer at a specific moment in time.

The amortization of the advanced bonuses of R$ 388 (R$ 418 as September 30, 2017) is not being included in the revenue breakdown, as per note 26 - Segment Reporting.

23 Other net revenue (expenses)

	Consolidated				Parent Company			
	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017
Rental expenses	(28)	(93)	(32)	(98)	(28)	(93)	(32)	(98)
Reversal of provision for tax credit loss - ICMS - Bahia	-	-	60	60	-	-	60	60
Profit sharing	(67)	(67)	(17)	(17)	(67)	(67)	(17)	(17)
Judicial losses and provisions	1,210	1,043	77	(104)	1,210	1,043	77	(104)
Voluntary Redundancy Incentivization Program (PIDV)	-	(16)	29	143	-	(16)	29	143
Pension and health plan - inactive	(79)	(237)	(99)	(297)	(79)	(237)	(99)	(297)
Rental and royalties revenue	66	195	65	208	66	195	65	208
Joint storage revenue	30	63	13	40	30	63	13	40
Recovery of tax credits - PIS and COFINS	10	39	9	37	10	39	9	37
Institutional relations and cultural projects	(53)	(89)	(40)	(97)	(53)	(89)	(40)	(97)
ICMS Rebate - GAS Espírito Santo	-	-	18	18	-	-	18	18
Income on the sale/derecognition of permanent assets	16	26	1	8	16	26	1	8
Performance bonus	(21)	(71)	-	-	(21)	(71)	-	-
Other	(2)	(8)	(8)	8	(4)	(9)	(8)	8
Total	**1,082**	**785**	**76**	**(91)**	**1,080**	**784**	**76**	**(91)**

24 Expenses by nature

	Consolidated											
	Nine-month period ended September 30, 2018						Nine-month period ended September 30, 2017					
	Cost of goods sold and services rendered	Sales expenses	General and administrative expenses	Other net revenue (expenses)	Tax expenses	Total	Cost of goods sold and services rendered	Sales expenses	General and administrative expenses	Other net revenue (expenses)	Tax expenses	Total
Raw materials and resale goods	(68,083)	-	-	-	-	(68,083)	(56,833)	-	-	(2)	-	(56,835)
Outsourced services, freight and rental expenses	(64)	(1,239)	(154)	(100)	-	(1,557)	(70)	(1,268)	(157)	(107)	-	(1,602)
Personnel expenses	(37)	(504)	(362)	(396)	-	(1,299)	(40)	(537)	(377)	(176)	-	(1,130)
Expected credit losses and uncollectible invoices	-	(94)	-	-	-	(94)	-	(8)	-	-	-	(8)
Depreciation and amortization	(9)	(274)	(32)	-	-	(315)	(10)	(288)	(45)	-	-	(343)
Change in inventory (*)	68	-	-	-	-	68	158	-	-	-	-	158
Institutional relations and cultural projects	-	-	-	(89)	-	(89)	-	-	-	(97)	-	(97)
Tax	(1)	-	-	37	(258)	(222)	1	(1)	-	118	(154)	(36)
Judicial losses and provisions	-	-	-	1,043	-	1,043	-	-	-	(104)	-	(104)
Franchise, rental and royalties revenue	-	-	-	195	-	195	-	-	-	208	-	208
Other	(73)	(133)	(34)	95	-	(145)	(8)	(108)	(39)	69	-	(86)
Total	**(68,199)**	**(2,244)**	**(582)**	**785**	**(258)**	**(70,498)**	**(56,802)**	**(2,210)**	**(618)**	**(91)**	**(154)**	**(59,875)**

(*) This is the result of the difference in the final inventory over the initial inventory presented in the Statement of Financial Position.

	Consolidated											
	Current quarter (7/1/2018 to 9/30/2018)						Quarter of the Prior Year (7/1/2017 to 9/30/2017)					
	Cost of goods sold and services rendered	Sales expenses	General and administrative expenses	Other net revenue (expenses)	Tax expenses	Total	Cost of goods sold and services rendered	Sales expenses	General and administrative expenses	Other net revenue (expenses)	Tax expenses	Total
Raw materials and resale goods	(25,024)	-	-	-	-	(25,024)	(20,531)	-	-	(2)	-	(20,533)
Outsourced services, freight and rental expenses	(22)	(430)	(54)	(30)	-	(536)	(28)	(431)	(57)	(34)	-	(550)
Personnel expenses	(12)	(168)	(121)	(168)	-	(469)	(12)	(171)	(123)	(89)	-	(395)
Expected credit losses and uncollectible invoices	-	(42)	-	-	-	(42)	-	(9)	-	-	-	(9)
Depreciation and amortization	(3)	(90)	(9)	-	-	(102)	(3)	(97)	(16)	-	-	(116)
Change in inventory (*)	159	-	-	-	-	159	553	-	-	-	-	553
Institutional relations and cultural projects	-	-	-	(53)	-	(53)	-	-	-	(40)	-	(40)
Tax	1	-	-	11	(209)	(197)	-	(1)	-	86	(92)	(7)
Judicial losses and provisions	-	-	-	1,210	-	1,210	-	-	-	77	-	77
Franchise, rental and royalties revenue	-	-	-	66	-	66	-	-	-	65	-	65
Other	(35)	(46)	(10)	46	-	(45)	(14)	(38)	(13)	13	-	(52)
Total	**(24,936)**	**(776)**	**(194)**	**1,082**	**(209)**	**(25,033)**	**(20,035)**	**(747)**	**(209)**	**76**	**(92)**	**(21,007)**

(*) This is the result of the difference in the final inventory over the initial inventory presented in the Statement of Financial Position.

	Parent Company											
	Nine-month period ended September 30, 2018						Nine-month period ended September 30, 2017					
	Cost of goods sold and services rendered	Sales expenses	General and administrative expenses	Other net revenue (expenses)	Tax expenses	Total	Cost of goods sold and services rendered	Sales expenses	General and administrative expenses	Other net revenue (expenses)	Tax expenses	Total
Raw materials and resale goods	(67,620)	-	-	-	-	(67,620)	(56,525)	-	-	(2)	-	(56,527)
Outsourced services, freight and rental expenses	(58)	(1,220)	(147)	(100)	-	(1,525)	(64)	(1,254)	(152)	(107)	-	(1,577)
Personnel expenses	(30)	(498)	(353)	(396)	-	(1,277)	(33)	(532)	(372)	(176)	-	(1,113)
Expected credit losses and uncollectible invoices	-	(99)	-	-	-	(99)	-	(3)	-	-	-	(3)
Depreciation and amortization	(6)	(273)	(31)	-	-	(310)	(7)	(287)	(45)	-	-	(339)
Change in inventory (*)	60	-	-	-	-	60	154	-	-	-	-	154
Institutional relations and cultural projects	-	-	-	(89)	-	(89)	-	-	-	(97)	-	(97)
Tax	(1)	-	-	37	(255)	(219)	1	(1)	-	118	(154)	(36)
Judicial losses and provisions	-	-	-	1,043	-	1,043	-	-	-	(104)	-	(104)
Franchise, rental and royalties revenue	-	-	-	195	-	195	-	-	-	208	-	208
Other	(60)	(128)	(35)	94	-	(129)	(4)	(101)	(35)	69	-	(71)
Total	**(67,715)**	**(2,218)**	**(566)**	**784**	**(255)**	**(69,970)**	**(56,478)**	**(2,178)**	**(604)**	**(91)**	**(154)**	**(59,505)**

(*) This is the result of the difference in the final inventory over the initial inventory presented in the Statement of Financial Position.

	Parent Company											
	Current quarter (7/1/2018 to 9/30/2018)						Quarter of the Prior Year (7/1/2017 to 9/30/2017)					
	Cost of goods sold and services rendered	Sales expenses	General and administrative expenses	Other net revenue (expenses)	Tax expenses	Total	Cost of goods sold and services rendered	Sales expenses	General and administrative expenses	Other net revenue (expenses)	Tax expenses	Total
Raw materials and resale goods	(24,828)	-	-	-	-	(24,828)	(20,399)	-	-	(2)	-	(20,401)
Outsourced services, freight and rental expenses	(20)	(422)	(51)	(30)	-	(523)	(24)	(423)	(54)	(34)	-	(535)
Personnel expenses	(10)	(166)	(118)	(168)	-	(462)	(10)	(169)	(121)	(89)	-	(389)
Expected credit losses and uncollectible invoices	-	(42)	-	-	-	(42)	-	(4)	-	-	-	(4)
Depreciation and amortization	(2)	(90)	(8)	-	-	(100)	(2)	(96)	(16)	-	-	(114)
Change in inventory (*)	153	-	-	-	-	153	556	-	-	-	-	556
Institutional relations and cultural projects	-	-	-	(53)	-	(53)	-	-	-	(40)	-	(40)
Tax	1	-	-	11	(206)	(194)	-	(1)	-	86	(93)	(8)
Judicial losses and provisions	-	-	-	1,210	-	1,210	-	-	-	77	-	77
Franchise, rental and royalties revenue	-	-	-	66	-	66	-	-	-	65	-	65
Other	(24)	(43)	(12)	44	-	(35)	(1)	(35)	(12)	13	-	(35)
Total	**(24,730)**	**(763)**	**(189)**	**1,080**	**(206)**	**(24,808)**	**(19,880)**	**(728)**	**(203)**	**76**	**(93)**	**(20,828)**

(*) This is the result of the difference in the final inventory over the initial inventory presented in the Statement of Financial Position.

25 Net financial income

	Consolidated			
	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017
Expenses				
Loans and borrowings	(81)	(209)	(271)	(1,023)
Financial leases	(1)	(4)	(1)	(5)
Absorption of cash reimbursable financing	(1)	(9)	(12)	(18)
Bank commission	(15)	(44)	(21)	(45)
Tax	(32)	(34)	(12)	(14)
Other	(6)	(13)	2	(11)
	(136)	**(313)**	**(315)**	**(1,116)**
Revenue				
FIDC	11	30	33	182
Customer arrears interest	29	93	21	82
Customer financing	43	88	10	25
Judicial deposits	7	29	8	29
Income on Commodities Hedge	(9)	(30)	(16)	(16)
Credit recovery - Eletrobras sector - Islanded system - Eletrobras Group (note 6.3)	461	765	-	-
Short-term investments	12	21	5	24
Other	-	6	1	9
	554	**1,002**	**62**	**335**
Monetary variance				
Asset				
Restatement of receivables - Electric sector - Insulated system - Eletrobras group	2	5	40	399
Taxes	11	11	17	18
Deposits	1	3	1	6
Other	2	4	1	1
	16	**23**	**59**	**424**
Liability				
Financial leases	-	(2)	-	(1)
Restatement of dividends payable	(11)	(43)	(15)	(51)
Loans and borrowings	(18)	(61)	(16)	(58)
Taxes	(51)	(55)	(4)	(4)
Other	1	1	(1)	(2)
	(79)	**(160)**	**(36)**	**(116)**
Exchange variance				
Hedge	(20)	(16)	6	6
Cash and banks	(1)	15	(7)	(5)
Trade receivables	5	23	(4)	(3)
Trade payables	4	(10)	2	2
Short-term investments	7	8	-	-
Other	3	4	1	5
	(2)	**24**	**(2)**	**5**
Exchange and monetary variance, net	**(65)**	**(113)**	**21**	**313**
Finance income (costs)	**353**	**576**	**(232)**	**(468)**

	Parent Company			
	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017
Expenses				
Loans and borrowings	(80)	(207)	(270)	(1,021)
Financial leases	(12)	(40)	(18)	(40)
Absorption of cash reimbursable financing	(1)	(9)	(12)	(18)
Bank commission	(15)	(44)	(21)	(45)
Tax	(32)	(34)	(12)	(14)
Other	(2)	(9)	4	(2)
	(142)	**(343)**	**(329)**	**(1,140)**
Revenue				
FIDC	11	30	32	181
Customer arrears interest	26	86	17	76
Customer financing	43	88	10	25
Judicial deposits	7	29	8	29
Income on Commodities Hedge	(9)	(30)	(16)	(16)
Credit recovery - Eletrobras sector - Islanded system - Eletrobras Group (note 6.3)	461	765	-	-
Short-term investments	8	11	-	8
Other	-	4	2	7
	547	**983**	**53**	**310**
Monetary variance				
Asset				
Restatement of receivables - Electric sector - Insulated system - Eletrobras group	2	5	40	399
Taxes	11	11	17	18
Deposits	1	3	1	6
Other	1	3	1	1
	15	**22**	**59**	**424**
Liability				
Financial leases	(15)	(34)	(2)	(9)
Restatement of dividends payable	(11)	(43)	(15)	(51)
Loans and borrowings	-	-	-	-
Taxes	(51)	(55)	(4)	(4)
Other	1	2	-	(1)
	(76)	**(130)**	**(21)**	**(65)**
Exchange variance				
Hedge	(20)	(16)	6	6
Cash and banks	(1)	15	(7)	(5)
Trade receivables	5	23	(4)	(3)
Trade payables	4	(10)	2	2
Short-term investments	7	8	-	-
Other	4	5	2	1
	(1)	**25**	**(1)**	**1**
Exchange and monetary variance, net	**(62)**	**(83)**	**37**	**360**
Finance income (costs)	**343**	**557**	**(239)**	**(470)**

Financing charges (interest and monetary variance) of the consolidated amounted to R$ 280 (note 16.3) in the period, with R$ 270 recognized in profit or loss and R$ 10 as capitalized interest.

26 Segment reporting

Responsible for making operating decisions, the Executive Board views the business from the perspective of the profile/market of its customers with respect to Gas Stations. In terms of client profile, Management considers separately the activities of the Gas Stations, Corporate Customers and Aviation.

Retail

This chain markets the Company's oil products, lubricants, compressed natural gas, biofuels and convenience store products for the purpose of achieving established market and profitability goals, as well as creating favorable conditions for sustainable growth.

Consumer Market

This area markets fuels and lubricants and provides associated services to all operating segments of the Company's major consumers market.

Aviation Market

This area markets aviation products and services at the country's airport facilities for airlines operating transportation services abroad and the domestic market.

Special Markets

Other segments related to the sale of chemicals, asphalt and power generation were aggregated, as reportable operating segments, since they did not achieve the quantitative criteria required by the IFRS/CPC for individual reportable segments.

The Company's consolidated income from Brazilian customers is R$ 71,475 (R$ 60,794 from January to September 2017), and total revenue from foreign customers, based on the country where the sale was made, is R$ 1,464 (R$ 987 from January to September 2017).

The Company's assets, notably the bases, terminals and other fixed assets, are not reported by segment to the Executive Board, since they are used by all of the business units without segmentation. Similarly, liabilities are not reported by segment, since they are managed by the central treasury.

See below the core financial information assessed by the Executive Board:

Consolidated statement of Net Income by Business Sector - Sep/18

	Retail	Consumer Market	Aviation Market	Special Markets	Corporate	Total segments	Reconciliation with financial statements		Total
Sales Revenue	42,829	19,191	6,967	3,952	-	72,939	(388)	(a)	72,551
Cost of goods sold	(40,481)	(18,171)	(6,259)	(3,279)	-	(68,190)	(9)	(b)	(68,199)
Gross profit	**2,348**	**1,020**	**708**	**673**	-	**4,749**	**(397)**		**4,352**
Expenses									
General, administrative and sales	(1,253)	(579)	(358)	(221)	(133)	(2,544)	(282)	(c)	(2,826)
Tax	(4)	-	(2)	(7)	(36)	(49)	(209)	(d)	(258)
Other net revenue (expenses)	70	(10)	7	21	(330)	(242)	1,027	(e)	785
Equity earnings	-	-	-	-	(2)	(2)	-		(2)
Net finance income	-	-	-	-	-	-	576	(f)	576
Adjusted EBITDA	**1,161**	**431**	**355**	**466**	**(501)**	**1,912**			
Net income (loss) before tax							**715**		**2,627**

Consolidated statement of Net Income by Business Sector - Current quarter (7/1/2018 to 9/30/2018)

	Retail	Consumer Market	Aviation Market	Special Markets	Corporate	Total segments	Reconciliation with financial statements		Total
Sales Revenue	14,946	7,478	2,691	1,471	-	26,586	(131)	(a)	26,455
Cost of goods sold	(14,195)	(7,068)	(2,434)	(1,236)	-	(24,933)	(3)	(b)	(24,936)
Gross profit	**751**	**410**	**257**	**235**	-	**1,653**	**(134)**		**1,519**
Expenses									
General, administrative and sales	(462)	(199)	(119)	(68)	(28)	(876)	(94)	(c)	(970)
Tax	2	-	(1)	(4)	(14)	(17)	(192)	(d)	(209)
Other net revenue (expenses)	12	(11)	5	10	(144)	(128)	1,210	(e)	1,082
Equity earnings	-	-	-	-	(1)	(1)	-		(1)
Net finance income	-	-	-	-	-	-	353	(f)	353
Adjusted EBITDA	**303**	**200**	**142**	**173**	**(187)**	**631**			
Net income (loss) before tax							**1,143**		**1,774**

Consolidated statement of Net Income by Business Sector - Sep/17

	Retail	Consumer Market	Aviation Market	Special Markets	Corporate	Total segments	Reconciliation with financial statements		Total
Sales Revenue	36,908	16,431	4,984	3,458	-	61,781	(418)	(a)	61,363
Cost of goods sold	(34,196)	(15,159)	(4,479)	(2,958)	-	(56,792)	(10)	(b)	(56,802)
Gross profit	**2,712**	**1,272**	**505**	**500**	-	**4,989**	**(428)**		**4,561**
Expenses									
General, administrative and sales	(1,231)	(689)	(350)	(250)	(120)	(2,640)	(188)	(c)	(2,828)
Tax	(5)	(1)	(3)	(5)	(20)	(34)	(120)	(d)	(154)
Other net revenue (expenses)	156	13	10	39	(348)	(130)	39	(e)	(91)
Equity earnings	-	-	-	-	(1)	(1)	-		(1)
Net finance income	-	-	-	-	-	-	(468)	(f)	(468)
Adjusted EBITDA	**1,632**	**595**	**162**	**284**	**(489)**	**2,184**			
Net income (loss) before tax							**(1,165)**		**1,019**

Consolidated statement of Net Income by Business Sector - Quarter of the Prior Year (7/1/2017 to 9/30/2017)

	Retail	Consumer Market	Aviation Market	Special Markets	Corporate	Total segments	Reconciliation with financial statements		Total
Sales Revenue	12,995	6,176	1,691	1,130	-	21,992	(153)	(a)	21,839
Cost of goods sold	(11,895)	(5,669)	(1,518)	(950)	-	(20,032)	(3)	(b)	(20,035)
Gross profit	**1,100**	**507**	**173**	**180**	**-**	**1,960**	**(156)**		**1,804**
Expenses									
General, administrative and sales	(416)	(219)	(113)	(81)	(42)	(871)	(85)	(c)	(956)
Tax	2	-	(1)	(2)	(3)	(4)	(88)	(d)	(92)
Other net revenue (expenses)	38	3	2	26	(99)	(30)	106	(e)	76
Equity earnings	-	-	-	-	1	1	-		1
Net finance income	-	-	-	-	-	-	(232)	(f)	(232)
Adjusted EBITDA	**724**	**291**	**61**	**123**	**(143)**	**1,056**			
Net income (loss) before tax							**(455)**		**601**

Reconciliation with financial statements	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017
(a) Sales Revenue				
Appropriation of early bonuses awarded to customers				
Sales revenue is adjusted by the early bonuses granted to resellers of service stations to which the Company distributes fuels and lubricants corresponding to the portion provided mainly in kind and held under the terms established in advance with such parties, which once completed, become nonreturnable, being absorbed as expenses by the Company. This corresponds to a target scheme which, once met, exempt the recipients – resellers of service stations – from returning to the Company these amounts advanced as bonuses. They are classified in profit or loss in proportion to their due dates.	(131)	(388)	(153)	(418)
(b) Cost of goods sold				
Depreciation and amortization	(3)	(9)	(3)	(10)
(c) General, administrative and sales				
Depreciation and amortization	(99)	(306)	(114)	(333)
Expected credit losses				
The adjusted values refer to the provisions relating to receivables owed to the Company by the thermal companies of islanded and interconnected power systems, a segment for which the Company substantially provides service, and which lately has been facing financial difficulties.	5	24	29	145

Reconciliation with financial statements	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017
(d) Taxes				
Tax adjustments denote tax amnesties and tax charges on financial revenue.				
Tax amnesties: payment provisions for joining the amnesty programs established by State Laws and the Special Tax Regularization Program (PERT) from the Federal Government concerning tax liabilities related to ICMS and federal taxes with the State and Federal Government, respectively The Company considers the adjustment adequate because it provides investors additional information not deriving from our main operations.	(187)	(189)	(77)	(80)
Tax charges on revenue: the adjustments refer to expenditure on IOF PASEP and COFINS, levied on the Company's revenue and which are classified as tax expenses.	(5)	(20)	(11)	(40)
(e) Other net revenue (expense)				
Judicial losses and provisions				
The adjusted amounts consist of losses incurred in final and unappealable lawsuits, as well as the provisions made on the basis of the opinions obtained from the lawyers responsible for handling the lawsuits or by the Company's Legal Department.	1,210	1,043	77	(104)
Voluntary redundancy incentivization plan				
The adjustment denotes amounts that affected the Company's earnings given the provision for the estimated expenditure on indemnities related to the plan, as well as the reversal of the provision due to the withdrawal from the plan, which took place in the respective periods.	-	(16)	29	143
(f) Net financial income	353	576	(232)	(468)
Total	**1,143**	**715**	**(455)**	**(1,165)**

27 Judicial and administrative proceedings and contingencies

27.1 Judicial and administrative proceedings provisioned for

On September 25, 2018 the Company signed the Extrajudicial Settlement Agreement (*Termo de Acordo Extrajudicial - TAE*) with the State of Mato Grosso and the Prosecution Office of the State of Mato Grosso, with the participation and approval of the Interinstitutional Committee for the Recovery of Assets (CIRA-MT), related to a tax liability in the amount of R$ 1,372, of which R$ 405 was due to the amnesty program and the remainder due to the TAE. The net amount of Income Tax is R$ 906.

This agreement results in the discharge of said tax liability through a disbursement of R$ 217 according to the State Amnesty Program established by Law 10,433 / 16 and Decree 1,630/18 (note 19.1) and R$ 155 of civil fine on infractions according to TAE. In addition, the Company, through the Settlement Agreement, will use R$ 103 in State tax ICMS credits in the State of Mato Grosso, with an offset in up 24 (twenty four) months in future operations with the State. On September, the Company has already offset the amount of R$ 4 (note 8).

The Company and its investees establish sufficient provisions to cover reliably estimated probable losses.

The main proceedings are as follows:

Tax Claims

(i) denotes the collection of ICMS as a result of not including ICMS – Tax substitution in its calculation base (R$ 43 as of September 30, 2018 and R$ 53 as of December 31, 2017).

Civil Proceedings

(i) a lawsuit filed by Valpar claiming that the Company failed to comply with the Transportation and Loan Agreement, resulting in losses and impairing the operations of the plaintiff's fueling stations (R$ 89 as of September 30, 2018 and R$ 86 as of December 31, 2017);

(ii) lawsuit filed by the company Dislub, due to the alleged unilateral interruption of the distribution contract by the Company; The plaintiff is requesting the contract's termination, including the release of guarantees and the payment of the contractual

fine, indemnification for losses and damages and moral damages (R$ 82 as of September 30, 2018 and R$ 76 as of December 31, 2017); and

(iii) lawsuit filed by Único Combustíveis Ltda., requesting the Company be ordered to pay a fine agreed in a Commercial Purchase and Sale agreement, as well as compensation for moral damages due to the interrupted fuel supply (R$ 77 as of September 30, 2018 and R$ 69 as of December 31, 2017).

The provisions are presented according to the nature of the underlying proceedings:

	Consolidated									
	Nine-month period ended September 30,									
	2018					2017				
	Tax	Labor	Civil	Environmental	Total	Tax	Labor	Civil	Environmental	Total
Opening balance	**1,400**	**238**	**432**	**9**	**2,079**	**1,415**	**225**	**441**	**9**	**2,090**
Addition, net of reversal	(1,327)	74	49	2	(1,202)	(94)	59	52	(3)	14
Use	-	(28)	(23)	-	(51)	-	(31)	(60)	-	**(91)**
Restatement	127	11	20	-	158	89	-	-	-	**89**
Closing balance	**200**	**295**	**478**	**11**	**984**	**1,410**	**253**	**433**	**6**	**2,102**

	Parent Company									
	Nine-month period ended September 30,									
	2018					2017				
	Tax	Labor	Civil	Environmental	Total	Tax	Labor	Civil	Environmental	Total
Opening balance	**1,399**	**238**	**432**	**9**	**2,078**	1,414	225	441	9	**2,089**
Addition, net of reversal	(1,326)	74	49	2	(1,201)	(94)	60	52	(3)	**15**
Use	-	(28)	(23)	-	(51)	-	(31)	(60)	-	**(91)**
Restatement	127	11	20	-	158	89	-	-	-	**89**
Closing balance	**200**	**295**	**478**	**11**	**984**	**1,409**	**254**	**433**	**6**	**2,102**

Expenses related to judicial and administrative proceedings, including restatements, are classified under other net revenue (expenses).

In the preparation of the interim financial statements for the period ended September 30, 2018, the Company took into account all the information available regarding the proceedings to which it is party in order to estimate the obligations and the probability of an outflow of funds. However, given the nature of long-term legal provisions, we cannot estimate when these funds will be disbursed.

27.1.1 Provisioned for judicial proceedings and judicial deposits

	Consolidated					
	9/30/2018			12/31/2017		
	Judicial proceedings	Judicial deposits	Proceedings net of judicial deposits	Judicial proceedings	Judicial deposits	Proceedings net of judicial deposits
Labor claims	295	126	169	238	126	112
Tax claims	200	11	189	1,400	12	1,388
Civil claims	479	67	412	432	65	367
Environmental claims	10	1	9	9	-	9
Total	**984**	**205**	**779**	**2,079**	**203**	**1,876**

27.1.2 Guarantees

A portion of the Company's inventory and property, plant and equipment has been pledged as guarantees for judicial proceedings in which the Company is a defendant.

	Consolidated		Parent Company	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Inventories	248	250	248	250
Property, plant and equipment	17	17	17	17
	265	**267**	**265**	**267**

27.2 Proceedings not provisioned for (possible losses)

	Consolidated		Parent Company	
Nature	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Tax	7,675	7,091	7,614	7,027
Civil - General	2,410	2,127	2,403	2,127
Labor	308	186	308	186
Civil - Environmental	122	27	122	27
Total	**10,515**	**9,431**	**10,447**	**9,367**

See below the main proceedings not provisioned for:

a) Tax proceedings

	Description of tax proceedings	9/30/2018	12/31/2017
	Plaintiffs: State of Rio de Janeiro		
1)	Collection of the rate difference in internal operations involving aviation fuel. Rio de Janeiro state awarded a tax incentive, reducing the rate of ICMS payable on kerosene. This decrease was considered to be unconstitutional. Rio de Janeiro state is presently demanding this difference from distribution companies for sales made to airlines.	1,248	1,196
	Plaintiffs: States of Goiás, Pará, Rio de Janeiro, Roraima, Santa Catarina, São Paulo and Tocantins		
2)	Recovery of ICMS-ST on consignment and symbolic return of jet fuel for resale; consideration of establishment as wholesaler retailer, blacklisting of tax documents.	1,494	1,376
	Plaintiffs: States of Amazonas, Bahia, Ceará, Goiás, Mato Grosso do Sul, Mato Grosso, Pará, Paraíba, Piauí, Rio Grande do Norte, Sergipe and São Paulo and Distrito Federal		
3)	Cases where the company is contesting the lack of ICMS incidence on the variation in fuel volumes due to leftovers and inventory shortages arising from the operation and transportation of products. The Company receives products from the oil refinery invoiced based on a temperature of 20º C. When sold to customers, the Company sells the product at room temperature, resulting in a variation in inventory due to natural volumetric variations caused by temperature.	910	860
	Plaintiffs: States of AP, BA and SP, Discom E Transportadora Amazônia Diesel Ltda		
4)	Cases where the Company is contesting who is liable for the payment of ICMS not withheld through tax substitution based on injunctions obtained by the buyers, but which now is due because the buyers eventually lost the lawsuits filed against the State.	704	631
	Plaintiff: States of Amazonas, Bahia, Ceará and Pernambuco		
5)	Collection of ICSM on alleged aviation fuel sales, with no ICMS tax for national and foreign airlines, for flights to other states or abroad.	505	470
	Plaintiff: State of Pernambuco		
6)	Cases where the tax authority is accusing the Company of having appropriated/use credit in operations in which credits are not entitled. Disputes whether the regulations set out in art. 32 (3) of State Law 10259/1989 and art. 34 (21) of Decree 14876/1991, which provide for the possibility of appropriating and maintaining ICMS tax credits, were or were not tacitly revoked by State Law 11408/1996.	499	484
	Plaintiffs: States of Bahia, Ceará, Goiás, Mato Grosso do Sul, Mato Grosso, Pará, Pernambuco Piauí, Rio de Janeiro, Rio Grande do Norte, Roraima and Santa Catarina, Distrito Federal and the Federal Government		
7)	Punishment applied for non-compliance with auxiliary obligations related to collection and crediting of ICMS, IRPJ, CSLL, PIS and COFINS payable on operations in general by the Company.	298	272
	Plaintiff: Government		
8)	Processes under which Company is disputing the incidence of IPI on oil products and the possibility of maintaining IPI credits on the acquisition of inputs used in the production of oil products.	586	571
	Plaintiff: State of Rio de Janeiro		
9)	Cases where the Company has been assessed for using NCM classification (Mercosur Common Nomenclature) with which the State does not agree.	262	236
	Plaintiff: State of Rio de Janeiro		
10)	Case disputing the appropriation of ICMS credit, considering that the State assessed the Company for allegedly duplicating recorded credits.	101	94

	Description of tax proceedings	9/30/2018	12/31/2017
	Plaintiff: Government		
11)	Case where the Company is contesting the Social Security Contribution on profit shares and performance bonuses paid to employees.	142	116
	Plaintiffs: State of Amazonas, Bahia, Ceará, Goiás, Paraíba, Piauí, Rondônia and São Paulo		
12)	Cases where the company is contesting whether or not there is a right to credit the ICMS paid when the CIF freight in interstate operations is tax exempt. Distinction between transportation operation and service.	114	110
	Plaintiffs: States of Amazonas, Bahia, Ceará, Goiás, Paraíba, Pernambuco, Piauí, Rondônia, Rio Grande do Sul and São Paulo		
13)	Cases where the tax authority is accusing the Company of having appropriated/use credit in operations in which credits are not entitled, such as the improper application of the noncumulative principle.	91	84
	Plaintiff: Government		
14)	Cases in which the Company is disputing the incidence of social security contributions on compensation paid to freelancers providing services to the Company.	40	61
	Plaintiffs: States of Amazonas, Ceará, Espírito Santo, Goiás, Mato Grosso do Sul, Minas Gerais, Mato Grosso, Pará, Pernambuco, Piauí, Rio de Janeiro, Rondônia and Sao Paulo		
15)	Cases where the Company is charged for alleged omissions in the provision of information via SCANC, which allegedly resulted in non-payment or insufficient payment of ICMS to the assessing federal authority.	67	56
	Plaintiffs: States of Mato Grosso and Pará		
16)	Cases where the Company was assessed by the tax authority, demanding ICMS on deliveries resulting from interestablishment transfers.	66	57
	Plaintiff: Government		
17)	Cases where the Company is contesting who is liable for the payment of PIS and COFINS not withheld through tax substitution based on injunctions obtained by the buyers, but which now is due because the buyers eventually lost the lawsuits filed against the State.	42	55
	Plaintiff: Government		
18)	Cases where the Company is assessed as jointly liable for the payment of social security contributions.	51	49
	Plaintiffs: State of PA and government		
19)	Case where the Company was assessed for untimely payment without restating the amounts as required by the Audit.	83	7
	Plaintiffs: States of PR and SP		
20)	Tax war between states entailing tax incentives at source and the possibility of appropriating credits on interstate sales.	57	10
	Plaintiffs: Mato Grosso state		
21)	Case discussing the incidence of ICMS as a result of the company selling to the customer formerly located in Pará State an amount of produce greater than its consumption capacity. As a result of the state, the product therefore remained in Mato Grosso.	41	35
	Various tax proceedings	274	261
	Total	**7,675**	**7,091**

b) Civil proceedings

	Description of civil proceedings	9/30/2018	12/31/2017
	Plaintiff: WTorre Engenharia E Construção S.A..		
1)	Arbitration procedure filed by the plaintiffs arising from alleged fraud to the unenforceability of bidding for contracting atypical lease (BTS) for the operation of the Rondonópolis Terminal. Status: The Company filed a petition performing the timeframe for the contestation and rebuttal, upon receiving the arbitration. A procedural strategy is being adopted to have the arbitration stayed.	798	708
	Plaintiff: CADE - Administrative Council for Economic Defense		
2)	This entails the investigation into alleged cartels for the resale and distribution of fuel in Belo Horizonte and surrounding areas. Case distributed to the reporting justice in the CADE Administrative Tribunal. Status: On 5/18/2018 the Company submitted its statement regarding the report issued by the Secretary General and the ProCADE report, and will in due course submit a statement about the data submitted by the ANP to the case. The Company commissioned an economic report from a consultancy firm specializing in economic and procurement matters, comprised of former members of its own board, and notified the case's reporting justice that this report was available in order to address not only the legal matters involved but also economic matters inherent to the distribution market. Notifications shall be sent to the other councilors in order to clarify all legal and economic matters involved in the case. The CADE collegiate tribunal will now therefore analyze the elements set out in the case records, and may or may not agree with the position of the management board, where the company can submit other statements to this case and possibly refer the matter to the judiciary branch. CADE might therefore deliver an unfavorable final administrative decision, the substance of which can be disputed again before the courts.	286	130
	Plaintiff: Forte Comércio, Importação, Exportação e Administração		
3)	Civil suit before the courts of the São Paulo state, with an application for the termination of contracts and indemnity for losses and damages, based on the allegation that the Company failed to comply with the obligations undertaken for the formation of the Forte Group. Status: 8/23/2018 - The Company's Special Appeal was tried by the Collegiate and by 4 votes to 1, with the reported justice being defeated, the High Court of Appeal partially accepted the Company's appeal to overturned the appeal decision issued by the São Paulo Appeal Court, which had rejected the Company's Motion for Clarification and said the case records back to the original Court of Appeal to properly try the aforesaid motion.	270	262
	Plaintiff: Francisco Messias Cameli		
4)	Civil action before the courts of the State of Amazonas for collection of rent, due to the demurrage of vessels at the Secondary Distribution Base of Cruzeiro do Sul (BASUL). Status: 7/13/2018 - The case records of the Conflict of Jurisdiction were referred to the new president of the TJAM and reporting justice.	184	179
	Plaintiff: DISCOM Distribuidora de Combustíveis e Comércio Ltda		
5)	DISCOM claims that since October 1997 the Company had entered into a purchase and sale commitment, which includes the Company's obligation to supply products. It alleges that the Company had failed to perform the agreement without cause, suspending the delivery of products on May 25, 2000, thus violating the agreement signed, causing numerous losses for DISCOM. It is claiming indemnification for losses and damages and the loss of profits and indemnification for moral damages Status: Discom submitted a contestation against the pledge record.	184	170

	Description of civil proceedings	9/30/2018	12/31/2017
	Plaintiff: Borborema Energética S.A.		
6)	Plaintiff is claiming an error in the company's price formation when preparing the contract, which did not comply with the respective ANEEL Resolution. The Company claims its prices complied with the ANEEL Resolution and that its price formation included the restatement established in this resolution. Status: 9/24/2018 - The Judge determined the expert be summoned to answer new supplemental questions and addressed our technical opinion, so the Company founded a petition requesting: (i) submission of the additional fees slip, (ii) addressing the late submission of issues in the decision and (iii) requesting the scheduling of a preliminary hearing to hear the expert.	154	149
	Plaintiff: Derivados de Petróleo Santa Izabel Ltda		
7)	Claim seeking compensation for property damages and pain and suffering. The complainant claimed to have protests against invoices and indemnification for property damages and pain and suffering, on the grounds that the protested invoices were improperly issued by the Company (invoices and trade notes with the purpose of charging ICMS), causing substantial property and other losses. Status: The Company contested the enforcement of the award and filed an interlocutory appeal, in short claiming that the payment order contravened the principle of claim preclusion, in addition to the right to adversary proceedings and full defense, where the final and unappealable decision determined that the value of the material damages should be determined during the award determination, where the realisation of a private expert analysis engaged by the executing creditor did not apply. In a lower court decision, the reporting justice of the interlocutory appeal accepted the application for a stay filed by the Company to stay the appeal decision until the final judgment of the appeal. The appeal is pending judgment . The lower-court judge summoned the executing creditor to state their position about the contestation of the execution of the award presented by the Company, with the case records sent to judge for the decision.	144	134
	Plaintiff: Borborema Energética S.A		
8)	Case in which the plaintiff is claiming the annulment of several contractual causes in the purchase and sale agreement entered into on 12/29/2009, such as the exclusivity clause, the limitation on the supply of fuel oil to Borborema and Borborema compensation of the Company for investments made by Petrobras group to make the supply feasible. Status: Discovery stage (production of evidence) has commenced.	7	56
	Various civil proceedings	383	339
	Total	**2,410**	**2,127**

c) Environmental proceedings

	Description of environmental proceedings	9/30/2018	12/31/2017
	Plaintiff: Goiás State Public Prosecutor's Office		
1)	Public Civil Action by which the Goiás State Public Prosecutor's Office (MP-GO) is seeking the conviction of the Company, the hauler Transportadora ITA and the Goiânia municipal government for environmental damages resulting from the spill of 12,000 liters of asphalt into rivers in Goiás state, due to an accident that took place during the unloading of the tanker truck at the Goiânia Works Office, which is the Status: 9/20/2018 - Notification instructing the appointed expert to submit a fees proposal within 10 (ten) days.	80	-
	Various environmental proceedings	42	27
	Total	**122**	**27**

28 Contractual commitments

a) Commitments to Petrobras

The Company has unconditional purchase commitments to Petrobras for the period September 30, 2018 to 2025 of approximately 939 million m³ of natural gas, equal to a total estimated remaining value of R$ 593.

b) Take or pay agreements

The Company has take-or-pay agreements for the purchase of oil products and services, as shown below:

Purchase of oil products for the period of 5 years, amounting to an estimated total of R$ 964 with Petrobras and R$ 61 with Refinaria de Petróleo Riograndense;

Purchase of natural gas for the period of 5 years, worth an estimated R$ 70 from SCGAS, R$ 54 from SULGAS and R$ 26 from COMPAGÁS;

Services provided by Brasil Carbonos at the Taubaté/SP and Cosmópolis plants. The agreement stipulates the provision of processing services for 21,080,000 tons of green petroleum coke, with an estimated value of R$ 580 through October 2033; and

Storage services for the period of 3 years, worth an estimated R$ 64 from Terminal Químico de Aratu, R$ 59 from AGEO Terminais and R$ 24 from Cattalini Terminais.

c) Transportation contracts

The Company has contractual commitments towards Logum Logística S.A. for the transportation by pipeline of ethanol, worth an estimated total of R$ 390 through March 2029. The contract involves supplies for the bases in São Paulo and Rio de Janeiro and establishes a take-or-pay volume for each section.

The Company has a contractual commitment for railway transportation services for a 3-year period worth an estimated R$ 220 with Rumo S.A and R$ 66 with VLI Multimodal S.A..

29 Financial instruments and risk management

Financial instruments held by the Company are managed through internal controls and operational strategies, focusing on liquidity, regarding the choice of counterparties, the profitability and security of commercial areas for which such transactions are made.

The control policy consists of continuous monitoring of contracted rates versus current market rates, with the ultimate goal of preserving the margins obtained through the hedging policy jointly established with the commercial areas. The Company does not invest in derivatives or any other risky assets on a speculative basis.

Due to the nature of its business, the Company is primarily exposed to credit risk, with part of this exposure restated by applying interest rates to customer financing. The Company is also subject to risks related to liquidity, market and exchange rate variance.

See below the main financial instruments included in the statement of financial position:

	Notes	Fair value hierarchy level	Consolidated		Parent Company	
			9/30/2018	12/31/2017	9/30/2018	12/31/2017
Amortized cost						
Assets						
Cash and bank deposits	5		296	261	290	257
Short-term investments	5		1,204	222	987	-
Accounts receivable	6		5,676	5,880	5,748	5,926
Judicial deposits	11		1,052	1,000	1,028	977
NTN-P (Other noncurrent assets)			2	2	2	2
			8,230	**7,365**	**8,055**	**7,162**
Amortized cost						
Liabilities						
Trade payables	15		2,229	2,682	2,248	2,645
Financing	16		5,552	4,640	4,625	3,628
Assignment of credit receivables	30.2		244	26	200	-
Financial leases	17.1.1		73	72	567	600
			8,098	**7,420**	**7,640**	**6,873**
Fair value through profit or loss						
Assets						
Tax credit rights (Accounts receivable - Noncurrent)	6	2	22	24	22	24
Hedge Commodities (Other - Current Assets)		1	-	6	-	6
Forex Hedge (Other - Current Assets)		2	7	2	7	2
			29	**32**	**29**	**32**
Fair value through profit or loss						
Liabilities						
Hedge Commodities (Other - Current liabilities)		1	11	79	11	79
Forex Hedge (Other - Current Liabilities)		2	7	2	7	2
			18	**81**	**18**	**81**

29.1 Risk management objectives and strategies

The main forum to discuss the Company's credit risk management is the Credit Committee, which sets the main parameters and guidelines for the credit policy. Credit application analyses have specific procedures and growing requirements depending on the level of exposure and the amount of credit requested, and certain cases are referred to the decision of the Executive Board.

The policy for managing foreign exchange exposure is set by the Executive Board, with joint management of the financial and commercial departments responsible for international billing.

29.2 Market risk

29.2.1 Interest rate risk

The Company's interest rate risk on liabilities is mainly associated with the CDI rate and the IPCA price index, which are the indexes of the mainly financing agreements (Debentures, Real Estate Receivables Certificates (CRI) and Debentures of Agribusiness Receivables Certificates (CRA)).

29.2.1.1 Interest rate risk management

The Company and its consolidated investees are not currently using derivative financial agreements to manage its exposure to interest rate fluctuations.

See below the sensitivity analysis on the main financial assets and liabilities subject to floating interest rates as of September 30, 2018.

					Consolidated
		Risk	Scenario I - probable	Scenario II - possible (*)	Scenario III - remote (*)
	Display at September 30, 2018	CDI	6.70%	8.37%	10.05%
		IPCA	3.98%	4.98%	5.97%
		SELIC	6.81%	8.52%	10.22%
		IGPM	4.46%	5.57%	6.69%
		INPC	3.94%	4.92%	5.91%
Financial instrument assets					
Short-term investments - CDI	893	CDI	60	75	90
Investments - FIDC	137	CDI	9	11	14
Short-term investments - SELIC	161	SELIC	11	14	16
CDI financing receivable - 100%	54	CDI	4	5	5
IGP-M financing receivable - 100%	283	IGPM	13	16	19
INPC financing receivable - 100%	100	INPC	4	5	6
SELIC financing receivable - 100%	101	SELIC	7	9	10
Payable financial instruments					
Debentures	(3,630)	CDI	(271)	(339)	(407)
9th Series debentures	(478)	CDI	(31)	(39)	(47)
10th Series debentures	(203)	CDI	(14)	(17)	(20)
11th Series debentures	(279)	IPCA	(11)	(14)	(17)
Real estate receivables certificates (CRI)	(920)	IPCA	(37)	(46)	(55)
Net financial income, as per estimates					
Gain/(loss)			(257)	(321)	(385)

Criteria

Probable scenario - includes the projected rates for 2019, as per the market forecast system of the Brazilian Central Bank. CETIP was used as the source for the CDI.

(*) Scenarios II and III - consider deteriorations in the projected rate in the probable scenario of 25% and 50%, respectively.

The sensitivity analysis only took into account the deterioration in the interest rate in relation to the outstanding balance as of September 30, 2018, considering it to be constant.

29.2.2 Exchange risk

The foreign exchange risk is one of the risks to which the Company is exposed as result of making sales to overseas customers and importing products.

29.2.2.1 Exchange risk management

The Company uses forex hedges to cover commercial margins on aviation fuel sales made to foreign customers. It also uses hedges to protect against exchange variance on fuel imports. In the former case the hedge is used to ensure the commercial margins agreed with customers are maintained while the negotiated prices are in force and during the commercial payment term. In the latter case, the hedge is used to protect the cost of the imported products.

Between January and September 2018 hedges were taken out for exports amounting to USD 472.7 million and USD 588 million for imports. The hedges procured accounted for 99% of the US dollar export revenue grossed from the aviation segment in the same period. The hedges procured for imports accounted for 91% between January and September 2018 for the cargo on the on behalf and by order basis - which presents foreign exchange exposure.

The Company's financial risk management policy stipulates the procurement of forex hedges to cover a maximum of 100% of both exports and imports.

The settlement of all forex hedges between January and September 2018 led to a loss for the Company of R$ 16.

Note that the Company did not use any other derivative instruments in relation to forex hedges besides NDFs, pursuant to article 2 of CVM Resolution 550 issued in 2008.

None of these hedges required guarantee margin deposits.

	Reference Value (notional)		Fair value		
	USD (k)		R$ (k)		
NDFs	9/30/2018	12/31/2017	9/30/2018	12/31/2017	Maturity
Long Position	-	55	-	1	1Q18
Long Position	-	-	-	-	4Q18
Short Position	-	78	-	(1)	1Q18
Short Position	103	-	33	-	4Q18
Short Position	20	-	57	-	1Q19

The forex hedge registered at fair value is classified as Level 2.

The following sensitivity analysis was conducted for the fair value of the foreign currency derivatives. The probable scenario is the fair value as of September 30, 2018 and the possible and remote scenarios consider the deterioration in the risk variable of 25% and 50%, respectively, with respect to the same date. The fair value in the probable scenario is calculated based on the selling PTAX rate on the last working date restated by the free coupon obtained from the B3 site, which adjusts the value according to the maturity of each contract. Intermediate dates are interpolated.

Foreign Exchange Derivatives	Risk (*)	Probable Scenario at 9/30/2018 (**)	Possible Scenario (Δ of + 25%)	Remote Scenario (Δ of + 50%)
NDFs	Appreciation of Dollar over Real	-	(124)	(249)

(*) The Company has more long positions than short positions in USD.
(**) R$ 90 thousand (ninety thousand reais)

29.2.3 Price risk management

In July 2017 Petrobras published a new price policy for diesel and gasoline. In addition to taking into account factors such as productive refining capacity, this policy intended to bring oil product prices in line with international prices. As a result, domestic fuel prices have experienced daily changes ever since.

International oil and oil products sale prices are influenced by several factors related to the macroeconomy, geopolitics, OPEC production levels, environmental impacts and the development of new technologies and alternative energy sources, amongst others. On account of these various factors which are beyond the Company's control and in order to mitigate the commodity risk and avoid revenue and expense mismatches, the Company began hedging international purchases. The company therefore believes that

its costs and revenue are more aligned with its plans, thereby preserving cash flow and profitability.

In accordance with the risk management policy, all commodity derivative transactions are secured by commercial supply dividends.

See below the sensitivity analysis:

Contracts (in cents per gallon)				(in millions of reais)		
Type	Quantity	Average Sale Price	Closed on 9/30/2018	MTM (Contract value)	Possible Scenario (Δ of 25%)	Remote Scenario (Δ 50%)
RBOB DEC 2018 (Gasoline)	289	815.90	831.09	(1.84)	(27.06)	(52.28)
RBOB JAN 2019 (Gasoline)	290	813.14	830.45	(2.11)	(27.40)	(52.68)

The Ptax rate at 9/28/2018 (4.0039) was used to calculate the aforesaid figures.

The fair value of the commodity derivative is classified as level 1.

29.3 Liquidity risk

The Company predominantly uses its funds for operating expenditure. The conditions are usually met by using internal funding. Financing is occasionally used in light of opportunities in the financial market to finance projects or as a response to a specific liquidity event.

29.3.1 Liquidity risk management

The compilation of cash flow projections is centralized at the Company's financial department. The department uses an annual cash flow, which is monitored through monthly projection reviews discussed in representative forums and executive committees.

It intends to ensure sufficient cash flow to meet the Company's operating, funding and investment requirements, whilst always maintaining a minimum cash balance sufficient to cover the daily cash flow.

Surplus cash is invested in quotas of FIDC-NP, an exclusive corporate fund of Petrobras Group that yields interest. Events that place a strain on cash generation, up to the limit of cash flow, are remedied with corporate funds.

Moreover, there is always room for financial structuring to enhance capital structure and cost, in addition to bolstering cash flow in specific situations.

The nominal flow of principal and interest on financing is as follows:

	Consolidated		
Period	Principal	Interest	Total
2018	1	124	125
2019	123	365	488
2020	3,646	237	3,883
2021	133	99	232
2022	628	93	721
2023	164	56	220
2024 onwards	981	145	1,126
Total	**5,676**	**1,119**	**6,795**

The flow of payments from finance leases is presented in note 17.1.1 along with the flow of receipts.

29.4 Credit risk

The Company's exposure to credit risk arises from the forward sale of products, resulting from usual commercial transactions. This risk is caused by the possibility of not receiving payment for sales made.

29.4.1 Credit risk management

The Company's Credit and Collection Policy establishes approval limits for each customer based on the amount requested, and establishes limit terms, thereby enabling the periodic reassessment of each customer's status in terms of the risk they may pose.

The analysis includes the payments track record of the customer and its economic group, market constraints, guarantees (mortgages), personal guarantees (sureties) and balance sheet analyses. The Company uses the competence limit table, approved by Management, to grant credit.

Credit granted to financial institutions in relation to hedging activities is distributed among the main international banks rated by international risk rating agencies as Investment Grade, and all major Brazilian banks.

The Company's commercial loans portfolio is highly diversified, serving customers from the automotive sector and major consumers, consisting mainly of industries, carriers, government clients and the air sector. Credit risk exposure is mainly represented by the balance of accounts receivable.

The Company's credit limit portfolio amounted to approximately R$ 10.9 billion as of September 30, 2018.

29.5 Capital management

Capital management is the set of procedures that aims to ensure an adequate capital base for the Company to operate, allowing it to honor all of its financial commitments and risks.

Capital management and monitoring entail:

- daily cash flow control
- projection and monitoring of the Company's short and medium term cash flow realization, structuring the Financial Plan that will support the budget processes;
- monitoring the balance, maturity and cost of the Company's debt and the variables impacting the leverage thereof;
- analysis of the cash flow cycle and working capital requirement; and
- monitoring the variables that affect working capital, integrating the initiatives related to managing the working capital requirement.

	Consolidated		Parent Company	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Financing loans (note 16)	5,552	4,640	4,625	3,628
Financial leases (note 17)	73	72	567	600
Assignment of credit receivables (note 30.2)	244	26	200	-
Total indebtedness	5,869	4,738	5,392	4,228
Less: cash and cash equivalents (note 5)	(1,500)	(483)	(1,277)	(257)
Less: Credit receivables investment fund - FIDC - NP (note 6)	(137)	(370)	(121)	(356)
Net debt	4,232	3,885	3,994	3,615
Shareholders' equity attributed to controlling shareholders (note 21)	9,418	8,826	9,418	8,826
Net debt /(net debt + shareholders' equity)	**31%**	**31%**	**30%**	**29%**

29.6 - Fair value measurement

Fair value measurements are classified at different levels in a hierarchy, as described below, based on the degree to which the fair value measurement information can be observed:

- Level 1 – quoted prices (without adjustments) in active markets for identical assets or liabilities to which the entity could have access at the measurement date;

- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

- Level 3 - inputs for the asset or liability that are not based on observable market data.

As of September 30, 2018 the estimated fair value for the Company's financing calculated at market rates in force is presented in note 16.4.

The fair values of cash and cash equivalents and other financial assets and liabilities are equal to or closely approximate their carrying amounts.

30 Related-party transactions

The Company has a policy for related-party transactions, approved by the Board of Directors, which establishes rules to ensure that all decisions involving related parties and potential conflict of interest situations comply with the law, including the laws of the countries where the Company operates and the parties involved in the transactions.

30.1 Commercial transactions and other transactions

30.1.1 By transaction

	Consolidated 9/30/2018						
		Asset			Liabilities		
	Net income	Current	Non-current	Total	Current	Non-current	Total
Net income							
Revenue	2,116						
Net monetary and exchange variance	(26)						
Net financial revenue (expense)	816						
Other income and expenses	20						
Asset							
Account receivable (note 6), exc. FIDC		383	86	469			
Securities (*)		-	2	2			
Cash and cash equivalents		1,228	-	1,228			
Judicial deposits		-	806	806			
Liabilities							
Trade payables (Note 15)					1,369	-	1,369
Financing loans (note 16.1)					6	1	7
Advances from customers					47	-	47
Financial leases					4	19	23
At 9/30/2018	**2,926**	**1,611**	**894**	**2,505**	**1,426**	**20**	**1,446**
January to September/2017	**2,853**						
At 12/31/2017		**838**	**3,738**	**4,576**	**1,754**	**26**	**1,780**

(*) Classified in Other noncurrent assets

		Parent Company 9/30/2018					
		Asset			Liabilities		
	Net income	Current	Non-current	Total	Current	Non-current	Total
Net income							
Revenue	2,130						
Net monetary and exchange variance	(58)						
Net financial revenue (expense)	780						
Other income and expenses	20						
Asset							
Account receivable (note 6), exc. FIDC		614	86	700			
Securities (*)		-	2	2			
Cash and cash equivalents		1,216	-	1,216			
Loans to related parties		-	123	123			
Judicial deposits		-	782	782			
Liabilities							
Trade payables (Note 15)					1,396	-	1,396
Advances from customers					47	-	47
Financial leases					128	439	567
At 9/30/2018	**2,872**	**1,830**	**993**	**2,823**	**1,571**	**439**	**2,010**
January to September/2017	**2,901**						
At 12/31/2017		**1,008**	**3,715**	**4,723**	**1,839**	**474**	**2,313**

(*) Classified in Other noncurrent assets

Purchases made amounted to R$ 53,608 (R$ 43,059 through September 2017), with R$ 52,727 (R$ 42,506 through September 2017) from Petrobras, R$ 495 (R$ 432 through September 2017) from Braskem and R$ 386 (R$ 121 through September 2017) from Refinaria de Petróleo Riograndense.

Petrobras guarantees a number of the Company's financing loans, as stated in note 16.1.

The Company has 5-year contracts with Petrobras for the purchase of oil products, equal to a total estimated value of R$ 19,398.

On March 01, 2016 the Company entered into a new 5-year contract with Petrobras for the acquisition of 3.5 million tonnes of green petroleum coke per year (amount changed to reflect the third amendment signed on May 28, 2018, from 3.5 million to 2.5 million) commencing on the date it was signed, that can be extended for equal term, for the estimated amount of R$ 5,500, for the first contractual period.

In the third quarter of 2018, the Company took out loans totaling R$ 122 from Stratura. These amounts are restated at the rate of 115.8 % of the CDI rate.

30.1.2 By company

Consolidated

	Net income		Asset				Liabilities			
			9/30/2018				9/30/2018			
	9/30/2018	9/30/2017	Current	Non-current	Total	12/31/2017	Current	Non-current	Total	12/31/2017
Electric sector companies - Insulated system (Eletrobras group)	**770**	**1,079**	**16**	**86**	**102**	**2,992**	**-**	**-**	**-**	**1**
Petrobras and Subsidiaries of Petrobras Group										
Petrobras	1,199	1,207	206	-	206	327	1,301	-	1,301	1,564
Petrobras Global Trading BV	-	-	-	-	-	45	1	-	1	25
Transpetro	29	45	11	-	11	17	17	-	17	16
Petrobras Paraguay Operaciones y Logistica	29	19	2	-	2	2	-	-	-	-
Other	29	25	7	-	7	5	1	-	1	2
	1,286	**1,296**	**226**	**-**	**226**	**396**	**1,320**	**-**	**1,320**	**1,607**
Joint ventures of Petrobras group										
Termocabo	48	31	27	-	27	5	-	-	-	-
Petrocoque	47	43	1	-	1	-	-	-	-	-
Logum Logística	-	-	-	-	-	-	8	-	8	6
CDGN	(2)	(3)	-	-	-	-	4	19	23	25
Other	24	20	-	-	-	1	16	-	16	15
	117	**91**	**28**	**-**	**28**	**6**	**28**	**19**	**47**	**46**
Associated companies of Petrobras group										
Suape II	308	340	20	-	20	55	-	-	-	-
Braskem	17	54	5	-	5	10	25	-	25	15
Other associated companies	9	8	-	-	-	1	-	-	-	-
	334	**402**	**25**	**-**	**25**	**66**	**25**		**25**	**15**
Government entities										
Government securities	-	-	-	2	2	2	-	-	-	-
State-owned banks	52	(367)	1,228	806	2,034	1,039	6	1	7	12
Federal government receivables	367	352	88	-	88	75	47	-	47	99
	419	(15)	1,316	808	2,124	1,116	53	1	54	111
Total	**2,926**	**2,853**	**1,611**	**894**	**2,505**	**4,576**	**1,426**	**20**	**1,446**	**1,780**

Parent Company

	Net income		Asset				Liabilities			
			9/30/2018				9/30/2018			
	9/30/2018	9/30/2017	Current	Non-current	Total	12/31/2017	Current	Non-current	Total	12/31/2017
Electric sector companies - Insulated system (Eletrobras group)	**770**	**1,079**	**16**	**86**	**102**	**2,992**	**-**	**-**	**-**	**1**
Petrobras and Subsidiaries of Petrobras Group										
Petrobras	1,200	1,205	206	-	206	326	1,294	-	1,294	1,496
Stratura	9	89	2	123	125	1	-	-	-	-
Transpetro	29	45	11	-	11	17	17	-	17	16
Petrobras Paraguay Operaciones y Logistica	29	19	2	-	2	2	-	-	-	-
Fundo Invest.Imobiliário FCM	(66)	(43)	230	-	230	179	156	420	576	608
Petrobras Global Trading BV	-	-	-	-	-	45	1	-	1	25
Other	29	29	6	-	6	6	-	-	-	2
	1,230	**1,344**	**457**	**123**	**580**	**576**	**1,468**	**420**	**1,888**	**2,147**
Joint ventures of Petrobras group										
Brasil Carbonos	-	-	-	-	-	-	3	-	**3**	**5**
Joint ventures of Petrobras group										
Termocabo	48	31	27	-	27	5	-	-	-	-
Petrocoque	47	43	1	-	1	-	-	-	-	-
Logum Logística	-	-	-	-	-	-	8	-	8	6
CDGN	(2)	(3)	-	-	-	-	5	19	24	25
Other	23	20	-	-	-	1	15	-	15	15
	116	**91**	**28**	**-**	**28**	**6**	**28**	**19**	**47**	**46**
Associated companies of Petrobras group										
Suape II	308	340	20	-	20	55	-	-	-	-
Braskem	17	54	5	-	5	10	25	-	25	15
Other associated companies	12	8	-	-	-	1	-	-	-	-
	337	**402**	**25**	**-**	**25**	**66**	**25**	**-**	**25**	**15**
Government entities										
Government securities	-	-	-	2	2	2	-	-	-	-
State-owned banks	52	(367)	1,216	782	1,998	1,006	-	-	-	-
Federal government receivables	367	352	88	-	88	75	47	-	47	99
	419	(15)	1,304	784	2,088	1,083	47	-	47	99
Total	**2,872**	**2,901**	**1,830**	**993**	**2,823**	**4,723**	**1,571**	**439**	**2,010**	**2,313**

Transactions with state-controlled banks were mainly performed with Banco do Brasil.

30.2 Non-standard credit receivables investment fund - FIDC-NP

	Consolidated		Parent Company	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Account receivable (note 6)	137	370	121	356
Total classified in the current assets	**137**	**370**	**121**	**356**
Assignment of performed and unperformed receivables	(244)	(26)	(200)	-
Total classified in current liabilities	**(244)**	**(26)**	**(200)**	-

	Nine-month period ended September 30,		Nine-month period ended September 30,	
	2018	2017	2018	2017
FIDC-NP finance income	30	182	30	181
FIDC-NP finance expense	(2)	(2)	(1)	-
Finance income (costs)	**28**	**180**	**29**	**181**

Performed and non-performed assignments of receivables are classified in current liabilities.

Non-performed means credits whose receipts still rely on some form of payment or provision from the originator or assignment, i.e. on the future delivery of products and services. Performed means invoiced credits, where the assignor has performed their obligations (services provided for goods delivered and in any case accepted), their simply remaining the obligation on the debtor to make the payment.

The discount rate on the assignment of Petrobras FIDC-NP receivables is 105% of the CDI rate; IOF and income taxes are not due.

Investments in FIDC-NP shares are classified under current assets, in accounts receivable. The interest rate used is 100% CDI. If redemption occurs within the first 30 days of the investment, the IOF tax shall apply at the regressive rate.

Petrobras Group subsidiaries hold 100% of the senior FIDC-NP shares. Historically, all redemption requests by subsidiaries have been met.

30.2.1 Reconciliation of the nonstandardized credit receivables investment fund - FIDC-NP with cash flows deriving from the financing activities

	Consolidated		Parent Company	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Opening balance	26	31	-	-
Addition	2,185	246	2,129	220
Write-offs	(1,970)	(256)	(1,930)	(220)
Interest	3	2	1	-
Closing balance	**244**	**23**	**200**	**-**

30.3 Key executive compensation

Compensation paid to all members of the Company's board of directors and executive board was as follows:

	Parent Company					
	Nine-month period ended September 30,					
	2018			2017		
	Executive Board	Board of Directors	Total	Executive Board	Board of Directors	Total
Wages and benefits	5.7	1.0	6.7	4.9	0.8	5.7
Payroll charges	1.6	0.2	1.8	1.8	0.2	2.0
Supplementary pensions	0.5	-	0.5	0.5	-	0.5
Performance bonus	1.3	-	1.3	-	-	-
Benefits due to leaving the post	0.1	-	0.1	-	-	-
Total	**9.2**	**1.2**	**10.4**	**7.2**	**1.0**	**8.2**

As of September 30, 2018 the consolidated expense on director and officer fees amounted to R$ 9 (R$ 9 as of September 30, 2017).

At September 30, 2018 the Company had five members on the Executive Board and ten members on the Board of Directors.

31 Subsequent Events

Privatization of the Centrais Elétricas de Rondônia (CERON)

On October 30, 2018, after fulfilling all the conditions established in the auction No. 2/2018-PPI / PND and its annexes ("Notice"), for the concession of a public electric power distribution concession, Eletrobras transferred to Energisa S / A (Purchaser) all the common shares issued by CERON, owned by it, representing approximately 90% of the share capital of CERON, thereby concluding the privatization process of the distributor.

Accordingly, the debt assumption instrument signed on April 30, 2018, together with the debt confession contracts, which was conditional on a possible privatization, becomes effective and Eletrobras assume a portion of the debt with a forecast of more solid guarantee, consubstantiated in the assignment of credits of contracts with companies of the Eletrobras system. Regarding the part of the debt that remains in CERON, Energisa should present fiduciary guarantees in substitution to those provided by Eletrobras.

CERON's debt as of October 31, 2018 is R$ 1,220 (Eletrobras of R$ 880 and Energisa of R$ 340). The Company is evaluating the impacts of this privatization on the fair value of the financial instrument and any impacts will be recognized in the fourth quarter of 2018.

Correlation between the notes as of December 31, 2017 and September 30, 2018

	Number of notes to the financial statements	
Titles of notes	**2017 Annual**	**ITR Q3-2018**
General considerations	1	1
Basis of presentation of the financial statements	2	2
Use of judgments and estimates	3	3
Significant accounting policies	4	4
Cash and cash equivalents	6	5
Net accounts receivable	7	6
Inventories	8	7
Taxes and contributions recoverable	9	8
Deferred income and social contribution tax	10	9
Advanced bonuses awarded to clients	11	10
Judicial deposits	12	11
Capital expenditure	13	12
Property, plant and equipment	14	13
Intangible assets	15	14
Trade accounts payable	16	15
Financing	17	16
Leases	18	17
Advances from customers	19	18
Taxes and contributions payable	20	19
Employee benefits	21	20
Equity	22	21
Sales revenue	23	22
Other net revenue (expenses)	24	23
Expenses by nature	25	24
Net finance income	26	25
Segment reporting	27	26
Judicial and administrative proceedings and contingi	28	27
Contractual commitments	29	28
Financial instruments and risk management	30	29
Related parties	31	30
Subsequent Events	33	31

The notes to the 2017 annual report which have been removed from the ITR as of September 30, 2018 due to not presenting any material changes and not being applicable to the interim information are as follows:

Titles of notes	notes to the financial statements
New standards and interpretations	5
Description of the subsidiaries' activities	13.2
Description of the joint operation	13.3
Description of the activities of joint ventures	13.4
Description of the associate's activities	13.5
Pension plan assets	21.2
Net actuarial obligations and expenses, calculated by independent actuaries, and the fair value of the plans' assets	21.4
Insurance	32

Petrobras Distribuidora S.A.

Representation of the Officers about the Interim Financial Statements and Independent Auditors' Report

Pursuant to article 25 (V,VI) of CVM Directive 480 issued December 7, 2009, the CEO and officers of Petrobras Distribuidora S.A - BR, a listed company having its registered office at the address Rua Correia Vasques, 250, Rio de Janeiro, RJ, corporate taxpayer number (CNPJ) 34.274.233/0001-02, hereby represent that they have:

(i) reviewed, discussed and agree with the Company's interim financial statements for the period ended September 30, 2018;

(ii) reviewed, discussed and accept the opinions expressed in the report issued by KPMG Auditores Independentes relating to the Company's interim financial statements for the period ended September 30, 2018.

Rio de Janeiro, November 05, 2018.

Ivan de Sá Pereira Junior
CEO

Alípio Ferreira Pinto Junior
Executive Officer for Operations and Logistics

Gustavo Henrique Braga Coulo
Executive Officer of the Corporate and Lubricants Market

José Roberto Lelierre
CFO & Investor Relations Officer

Marcelo Fernandes Bragança
Executive Officer of the Chain of Gas Stations and Retail

BOARD OF DIRECTORS

AUGUSTO MARQUES DA CRUZ FILHO
CEO

ALEXANDRE MAGALHÃES DA SILVEIRA
Director

BRUNO CESAR DE PAIVA E SILVA
Director

CÉSAR SUAKI SANTOS
Director

CLEMIR CARLOS MAGRO
Director

DURVAL JOSÉ SOLEDADE SANTOS
Director

FERNANDO ANTÔNIO RIBEIRO SOARES
Director

GREGORY LOUIS PICCININNO
Director

ROBERTO DE OLIVEIRA DE LIMA
Director

SHAKHAF WINE
Director

EXECUTIVE BOARD

IVAN DE SÁ PEREIRA JUNIOR
CEO

ALÍPIO FERREIRA PINTO JUNIOR
Executive Officer for Operations and Logistics

GUSTAVO HENRIQUE BRAGA COUTO
Executive Officer of the Corporate and Lubricants Market

JOSÉ ROBERTO LETIERRE
CFO & Investor Relations Officer

MARCELO FERNANDES BRAGANÇA
Executive Officer of the Chain of Gas Stations and Retail

ACCOUNTING MANAGEMENT

LUÍS CLÁUDIO SACRAMENTO BISPO
Accountant - CRC - RJ – 077.292/O-2