(A free translation of the original in Portuguese)

Petrobras Distribuidora S.A. and subsidiaries

Parent company and consolidated financial statements at December 31, 2014 and independent auditor's report

(A free translation of the original in Portuguese)

Petrobras Distribuidora S.A.

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Independent auditor's report

To the Board of Directors and Stockholders
Petrobras Distribuidora S.A.

We have audited the accompanying parent company financial statements of Petrobras Distribuidora S.A. ("Parent Company" or "Company"), which comprise the balance sheet as at December 31, 2014 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Petrobras Distribuidora S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, Rua do Russel 804, Edifício Manchete, Térreo, 6º e 7º, Rio de Janeiro, RJ, Brasil, 22210-907,
T: (21) 3232-6112, www.pwc.com/br

Petrobras Distribuidora S.A.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Petrobras Distribuidora S.A. and of Petrobras Distribuidora S.A. and its subsidiaries as at December 31, 2014, and the financial performance and cash flows for the year then ended, as well as the consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Emphases of matters

Operação Lava Jato "Operation Car Wash"

We draw attention to Note 2.3 to these financial statements, which describes the effects of the "Operation Car Wash" on the Company, including: (i) the write-off of R$ 23 million in the parent company and consolidated financial statements referring to additional expenditures improperly capitalized in the purchase of property, plant and equipment items; and (ii) the measures that have been adopted in relation to the matter, including the internal investigations that have been conducted by law firms and are led by a Special Committee formed by the Company's controlling stockholder. Our opinion is not qualified in respect of these matters.

Reissue of the financial statements

As mentioned in Note 2.2 to the financial statements, aiming to improve the presentation of its financial statements, the Company's management included additional disclosures in the financial statements for the year ended December 31, 2014, in order to adjust these financial statements to the requirements and standards of the Brazilian Securities Commission (CVM) for the purpose described in the aforementioned Note, as well the restatement of the earnings per share due to the stock split mentioned in Note 21. Accordingly, the aforementioned financial statements are being reissued and, therefore, this report replaces those previously issued on April 22, 2015 and October 16, 2017.

Other matters

Supplementary information - Statements of value added

We have also audited the parent company and consolidated statements of value added for the year ended December 31, 2014, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but it is considered supplementary information for IFRS. The statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Rio de Janeiro, November 21, 2017

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

Alexandre Fermino Alvares
Contador CRC 1SP211793/O-5 "S" RJ

Petrobras Distribuidora S.A.
Statement of Financial Position
Years ended on December 31, 2014 and 2013, and January 1, 2013
(million reais) (A free translation of the original in Portuguese)

		Consolidated			Parent Company		
Asset	**Note**	**2014 (Restated)**	**2013 (Restated)**	**01.01.2013 (Restated)**	**2014 (Restated)**	**2013 (Restated)**	**01.01.2013 (Restated)**
Current							
Cash and cash equivalent	5	742	916	1,051	533	667	659
Securities	6	-	-	298	-	-	298
Trades receivable, net	7	6,863	5,439	6,654	6,896	5,378	6,591
Inventory	8	2,606	2,356	1,846	2,597	2,348	1,838
Advances to suppliers		140	137	124	140	137	124
Recoverable taxes	19.1	502	564	464	478	557	422
Prepaid expenses	10	380	302	239	380	302	239
Other		39	26	42	39	25	42
		11,272	**9,740**	**10,718**	**11,063**	**9,414**	**10,213**
Non-Current							
Trades receivable, net	7	6,051	3,726	2,504	6,016	3,692	2,479
Securities	6	23	22	22	23	22	22
Judicial deposits	9	871	734	625	852	716	608
Recoverable taxes	19.1	314	273	226	281	238	226
Deferred income tax and social contribution	19.3	984	363	513	983	361	510
Prepaid expenses	10	1,490	1,173	900	1,490	1,173	900
Other long-term assets		15	51	34	10	50	34
		9,748	**6,342**	**4,824**	**9,655**	**6,252**	**4,779**
Investments	11	45	20	69	227	191	180
Property, plant and equipment	12	6,100	5,511	4,824	5,405	4,642	4,285
Intangibles	13	454	499	441	452	497	439
		16,347	**12,372**	**10,158**	**15,739**	**11,582**	**9,683**
Total assets		**27,619**	**22,112**	**20,876**	**26,802**	**20,996**	**19,896**

The explanatory notes are an integral part of these financial statements.

Petrobras Distribuidora S.A.
Statement of Financial Position
Years ended on December 31, 2014 and 2013, and January 1, 2013
(million reais) **(continued)**

		Consolidated			Parent Company		
Liabilities and equity	**Note**	**2014 (Restated)**	**2013 (Restated)**	**01.01.2013 (Restated)**	**2014 (Restated)**	**2013 (Restated)**	**01.01.2013 (Restated)**
Current							
Trade payables	14	3,168	3,030	3,518	3,147	3,001	3,483
Borrowing	15	295	149	17	214	27	17
Intragroup loans - controlling shareholder	18.5	6,596	-	-	6,596	-	-
Assignment of receivables	18.3	404	2,655	2,521	380	2,639	2,521
Finance leases	16	42	39	35	57	39	35
Advances from customers		342	292	348	338	286	342
Taxes and contributions payable	19.2	337	269	422	326	262	411
Proposed dividends	21.4	267	506	449	267	506	449
Salaries, accrued vacation and payroll taxes		190	190	171	189	189	169
Voluntary redundancy program		9	-	-	9	-	-
Profit sharing	20.5	61	65	64	60	65	64
Pension and healthcare plans	20	83	84	81	83	84	80
Other payables		143	121	108	161	132	101
		11,937	**7,400**	**7,734**	**11,827**	**7,230**	**7,672**
Non-current							
Borrowing	15	1,072	1,217	1,015	81	277	101
Finance leases	16	97	121	125	385	121	125
Pension and healthcare plans	20	2,001	1,164	2,072	1,998	1,162	2,069
Provision for risks	27	357	279	261	357	278	260
Other payables		34	30	83	33	27	83
		3,561	**2,811**	**3,556**	**2,854**	**1,865**	**2,638**
Total liabilities		**15,498**	**10,211**	**11,290**	**14,681**	**9,095**	**10,310**
Equity	21						
Share capital		5,991	5,991	4,182	5,991	5,991	4,182
Capital reserve		-	-	54	-	-	54
Profit reserves		6,559	5,787	6,057	6,559	5,787	6,057
Accumulated other comprehensive (deficit)		(429)	123	(707)	(429)	123	(707)
		12,121	**11,901**	**9,586**	**12,121**	**11,901**	**9,586**
Total liabilities and equity		**27,619**	**22,112**	**20,876**	**26,802**	**20,996**	**19,896**

The explanatory notes are an integral part of these financial statements.

Petrobras Distribuidora S.A.
Statement of Profit or Loss
Years ended on December 31, 2014 and 2013
(million reais, except for the profit per thousand shares) (A free translation of the original in Portuguese)

	Note	Consolidated		Parent Company	
		2014 (Restated)	2013 (Restated)	2014 (Restated)	2013 (Restated)
Operating revenue	22	98,528	86,497	98,153	86,168
Cost of products sold and services rendered	24	(91,237)	(79,580)	(90,929)	(79,306)
Gross profit		**7,291**	**6,917**	**7,224**	**6,862**
Operating expenses:					
Selling	24	(4,524)	(3,256)	(4,489)	(3,225)
General and administrative	24	(748)	(753)	(734)	(735)
Taxes	24	(160)	(33)	(157)	(29)
Other expenses, net	23	(601)	(114)	(602)	(121)
		(6,033)	**(4,156)**	**(5,982)**	**(4,110)**
Profit before financial income (costs), profit sharing and taxes		**1,258**	**2,761**	**1,242**	**2,752**
Financial income (costs)	25				
Costs		(802)	(251)	(796)	(249)
Income		387	346	369	336
Exchange rate changes and inflation adjustments, net		705	193	719	196
		290	**288**	**292**	**283**
Share of profit (loss) of investees		**(2)**	**(6)**	**5**	**5**
Profit before income tax and social contribution		**1,546**	**3,043**	**1,539**	**3,040**
Income tax and social contribution	19.4				
Current		(881)	(986)	(874)	(983)
Deferred		458	75	458	75
		(423)	**(911)**	**(416)**	**(908)**
Profit for the year		**1,123**	**2,132**	**1,123**	**2,132**
Basic and diluted earnings per shares - R$		0.96	1.83	0.96	1.83

Capital comprised of 1,165,000,000 common shares.(*)

(*) Net income per share, presented before the reverse share split, is evidenced in Note 21.6.

The explanatory notes are an integral part of these financial statements.

Petrobras Distribuidora S.A.
Statement of Comprehensive Income
Years ended on December 31, 2014 and 2013
(million reais) (A free translation of the original in Portuguese)

	Consolidated		Parent Company	
	2014	2013	2014	2013
Profit for the year	1,123	2,132	1,123	2,132
Other comprehensive income:				
Items that will not be reclassified to profit or loss	**(552)**	**890**	**(552)**	**890**
Actuarial gains (losses) - Pension and healthcare plans	(713)	1,143	(713)	1,143
Deferred income tax and social contribution	161	(253)	161	(253)
Items that will be reclassified to profit or loss	**-**	**(60)**	**-**	**(60)**
Unrealized gains on securities available for sale - Transferred to the result	-	(90)	-	(90)
Deferred income tax and social contribution	-	30	-	30
Total comprehensive income (loss) for the year	**571**	**2,962**	**571**	**2,962**

The explanatory notes are an integral part of these financial statements.

Petrobras Distribuidora S.A.
Statement of Changes in Equity
Years ended on December 31, 2014 and 2013
(million reais) (A free translation of the original in Portuguese)

	Consolidated									Parent Company
		Capital reserve	Profit reserves					Accumulated other comprehensive (deficit)		
	Share capital	Tax Incentives	Legal	Statutory	Earnings retention	Additional dividends proposed	Retained earnings (accumulated losses)	Unrealized fair value gain (losses)	Total equity	Total equity
At December 31, 2012	**4,182**	**54**	**644**	**210**	**5,111**	**92**	**-**	**(707)**	**9,586**	**9,586**
Unrealized gains on financial instruments available for sale	-	-	-	-	-	-	-	(60)	(60)	(60)
Unrealized actuarial gains	-	-	-	-	-	-	-	890	890	890
Capital increase	1,809	(54)	-	-	(1,735)	-	-	-	20	20
Profit for the year	-	-	-	-	-	-	2,132	-	2,132	2,132
Allocations:										
Recognition of reserves	-	-	107	30	1,420	-	(1,557)	-	-	-
Dividends	-	-	-	-	-	(92)	(115)	-	(207)	(207)
Interest on capital	-	-	-	-	-	-	(460)	-	(460)	(460)
			751	**240**	**4,796**	**-**				
At December 31, 2013	**5,991**	**-**	**5,787**				**-**	**123**	**11,901**	**11,901**
Unrealized actuarial losses	-	-	-	-	-	-	-	(552)	(552)	(552)
Profit for the year	-	-	-	-	-	-	1,123	-	1,123	1,123
Allocations:										
Recognition of reserves	-	-	56	30	480	-	(566)	-	-	-
Interest on capital / Dividends	-	-	-	-	-	206	(557)	-	(351)	(351)
			807	**270**	**5,276**	**206**				
At December 31, 2014	**5,991**	**-**	**6,559**				**-**	**(429)**	**12,121**	**12,121**

The explanatory notes are an integral part of these financial statements.

Petrobras Distribuidora S.A.
Statement of Cash Flows
Years ended on December 31, 2014 and 2013
(million reais) (A free translation of the original in Portuguese)

	Note	Consolidated		Parent Company	
		2014 (Restated)	2013 (Restated)	2014 (Restated)	2013 (Restated)
Operating activities					
Profit for the year		1,123	2,132	1,123	2,132
Adjustments:					
Income tax and social contribution		423	911	416	908
Depreciation and amortization		403	376	398	372
Gains (losses) on fixed assets disposed of		(40)	(45)	(36)	(44)
Allowance for impairment of receivables, net of reversals	7	1,109	87	1,113	86
Share of (profit) loss of investees		2	6	(5)	(5)
Appropriation of advances - customer bonuses		348	247	348	247
Recognition of insurance, rentals and other		52	61	52	61
Interests, exchange rate changes and inflation adjustments, net		(215)	(157)	(243)	(181)
Actuarial expenses on pension and healthcare plans	20.4	214	329	214	329
Provision for risks		78	18	78	18
Accrued voluntary redundancy program liabilities		158	-	158	
Other adjustments		37	9	39	15
Decrease (increase) in assets					
Trade receivable		(3,649)	(88)	(3,777)	(80)
Inventory		(250)	(510)	(249)	(510)
Prepaid expenses		(902)	(638)	(902)	(638)
Judicial deposits		(83)	(18)	(83)	(17)
Other		15	(26)	13	(22)
Increase (decrease) in liabilities					
Trade payables		124	(557)	132	(549)
Income tax and social contribution paid		(652)	(1,001)	(647)	(1,000)
Taxes and contributions		(226)	(251)	(212)	(245)
Pension and healthcare plans		(92)	(89)	(92)	(89)
Voluntary redundancy incentive plan		(149)	-	(149)	
Other		78	(24)	80	(18)
Cash provided by (used in) operating activities		**(2,094)**	**772**	**(2,231)**	**770**
Investing activities					
Purchase of property, plant and equipment and intangible assets		(959)	(955)	(884)	(778)
Acquisition of investments		(27)	(7)	(28)	(8)
Proceeds from sale of assets		40	44	36	44
Other investments		-	11	-	-
Redemption/(Investment) in bonds and securities and FIDC		(353)	268	(359)	272
Dividends received		-	-	2	1
Net cash used in investing activities		**(1,299)**	**(639)**	**(1,233)**	**(469)**
Financing activities					
Intragroup loans	18.5	6,186	-	6,186	-
Borrowing					
Borrowing		17	211	-	185
Repayment of the principal	15	(43)	(32)	(17)	(17)
Payment of interest	15	(127)	(2)	(17)	-
Assignment of receivables - FIDC-NP	18.3	(2,251)	134	(2,259)	118
Dividends paid		(520)	(555)	(520)	(555)
Other		(43)	(24)	(43)	(24)
Cash provided by (used in) borrowings activities		**3,219**	**(268)**	**3,330**	**(293)**
Changes in cash and cash equivalents for the year		(174)	(135)	(134)	8
Cash and cash equivalents at beginning of year		916	1,051	667	659
Cash and cash equivalents at end of year		**742**	**916**	**533**	**667**

The explanatory notes are an integral part of these financial statements.

Petrobras Distribuidora S.A.
Statement of Value Added
Years ended on December 31, 2014 and 2013
(million reais) (A free translation of the original in Portuguese)

	Consolidated		Parent company	
	2014 (Restated)	2013 (Restated)	2014 (Restated)	2013 (Restated)
Revenue				
Sales of products and services and other revenue	120,902	105,741	120,425	105,323
Impairment of trade receivables	(1,109)	(87)	(1,113)	(86)
Revenue from construction of assets for own use	663	711	518	443
	120,456	**106,365**	**119,830**	**105,680**
Inputs acquired from third parties				
Materials	81	57	-	-
Cost of goods for resale	91,147	79,812	90,944	79,609
Power, outside services and others	3,242	2,456	3,121	2,253
Tax credits on inputs acquired	4,498	3,966	4,499	3,966
	98,968	**86,291**	**98,564**	**85,828**
Gross value added	**21,488**	**20,074**	**21,266**	**19,852**
Retentions				
Depreciation and amortization	403	376	398	372
Net value added produced by the company	**21,085**	**19,698**	**20,868**	**19,480**
Value added received through transfer				
Share of profit (loss) of investees	(2)	(6)	5	5
Finance income, including inflation adjustments and exchange rate changes	1,175	596	1,145	565
Rentals and royalties	239	231	239	231
	1,412	**821**	**1,389**	**801**
Total value added to distribute	**22,497**	**20,519**	**22,257**	**20,281**

The explanatory notes are an integral part of these financial statements.

Petrobras Distribuidora S.A.
Statement of Value Added
Years ended on December 31, 2014 and 2013
(million reais) **(continued)**

	Consolidated		Parent company	
	2014 (Restated)	2013 (Restated)	2014 (Restated)	2013 (Restated)
Distribution of value added				
Personnel and management				
Salaries and wages				
Personnel	726	816	712	803
Profit sharing	61	65	60	65
Benefits				
Advantages	234	81	232	79
Retirement and pension plans	287	232	287	231
Healthcare plan	149	161	148	159
Severance Pay Fund (FGTS)	61	57	61	57
	1,518	**1,412**	**1,500**	**1,394**
Taxes				
Federal	1,120	1,404	1,071	1,362
State	17,372	14,841	17,309	14,785
Municipal	22	18	21	18
	18,514	**16,263**	**18,401**	**16,165**
Financial institutions and suppliers				
Interest, exchange rate changes and inflation adjustments	965	403	853	282
Rental expenses	377	309	380	308
	1,342	**712**	**1,233**	**590**
Shareholders				
Interest on capital	351	460	351	460
Dividends	-	115	-	115
Retained earnings	772	1,557	772	1,557
	1,123	**2,132**	**1,123**	**2,132**
Value added distributed	**22,497**	**20,519**	**22,257**	**20,281**

The explanatory notes are an integral part of these financial statements.

1 General Information

1.1 Overall Notes

Petrobras Distribuidora SA (the Company), which uses the abbreviation BR, is a public limited company headquartered in Brazil. Incorporated on November 12, 1971, it is a subsidiary of and controlled by Petróleo Brasileiro SA (Petrobras) with the purpose of distribution, transportation, trade, processing and industrialization of oil products and other fuels, as well as the production, transportation, distribution and marketing of all forms of energy, chemicals and asphalt products, the provision of related services and import and export related to the aforementioned products and activities. The Company's registered office is located in Rio de Janeiro - RJ.

1.2 Equity Structure

In order to improve its equity structure, the Company has taken actions to reverse the negative working capital needs, as reported on December 31, 2014.

Accordingly, financing agreements were signed with Banco do Brasil in the amount of R$ 4.5 billion on April 14, 2015, with Bradesco, in the amount of R$ 3.0 billion, on June 1, 2015 and with BASA, in the amount of R$ 200, on June 25, 2015. The general conditions of these contracts are described in Note 30 - Events after the reporting period.

2 Basis of reporting of the financial statements

2.1 Compliance Statement (related to IFRS and CPC standards)

Individual Financial Statements

The individual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with the accounting practices adopted in Brazil issued by the Committee of Accounting Pronouncements (CPC).

The accounting practices adopted in Brazil and applied to individual financial statements as at 2014 do not differ from the IFRS applicable to the separate financial statements, since it started to allow the application of the share of the profit (loss) of investees method to subsidiaries in the separate statements. As such, it is also in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). These individual statements are disclosed together with the consolidated financial statements.

Consolidated Financial Statements

The consolidated financial statements have been prepared and are being reported in accordance with the accounting practices adopted in Brazil, including pronouncements issued by the CPC, and in accordance with the International Financial Reporting Standards (IFRS).

The individual and consolidated value added statements (DVA) were prepared in accordance with CPC 09. The DVA reporting is required by the Brazilian corporate laws for publicly-held companies, and IFRS does not require such a statement.

The Company's financial statements include, exclusively and in its entirety, the information deemed relevant by the Board. This information is used by the Board in the management of the Company.

2.2 Basis of Measurement

The financial statements were prepared using historical cost as the value basis, except for financial assets and liabilities measured at fair value.

These financial statements for the year ended December 31, 2014 were initially authorized and reported by the Company on April 22, 2015. Considering, however, the prospect of becoming a public company, the Company's Board decided to restate, on October 16, 2017, these financial statements in order to ensure that its disclosures comply with the accounting requirements applicable to public companies, as well as making any reclassifications deemed necessary for the better reporting of these financial statements, as mentioned in Note 2.4.

In addition, as a result of the management´s decision to grouping the shares, which took place on on November 14, 2017, as presented in note 21 - Equity, the Board of Directors of the Company, at a meeting held on November 21, 2017, authorized the re-issuance of these financial statements. Therefore, these financial statements supersede those previously approved and issued on April 22, 2015 and October 16, 2017.

2.3 "Operation Car Wash" and its impact on the Company

The Company acknowledged in the third quarter of 2014 a write-off of R$ 23, on capitalized expenses related to overpayment amounts related to the acquisition of fixed assets in prior periods.

According to testimony obtained in the course of ongoing criminal investigations by the Brazilian authorities, which became public in October 2014, senior Petrobras officers colluded with contractors, suppliers and other parties who were involved in developing and implementing an illegal cartel scheme. Between 2004 and April 2012, this scheme systematically imposed additional costs on purchases of fixed assets by the Company. Two former directors and a former executive manager of the controlling shareholder, who left

Petrobras in April 2012, were involved in this overpayments scheme and will be treated as "former employees of Petrobras" . The additional amounts paid by Petrobras were used by contractors, suppliers and intermediaries acting on behalf of these companies to finance overpayments to political parties, elected politicians or other political agents, employees of contractors and suppliers, former employees of Petrobras and others involved in the overpayments scheme. The Company did not make any inappropriated payments.

The Company and its controlling shareholder (Petrobras) believe that, in accordance with IAS 16, the amounts that were overpaid in the context of the said overpayments scheme should not have been included in the historical cost of its fixed assets. However, the Company cannot specifically identify the amounts of each payment made within the scope of the agreements with the contractors and suppliers that included additional costs, or the periods during which such additional payments occurred. As a result, the Company adopted a methodology developed jointly with Petrobras to estimate the total amount of additional expenses incurred under the aforementioned overpayments scheme to determine the amount of write-offs to be made, representing the amount by which its assets are overvalued as a result of additional costs imposed by suppliers and contractors and used by them to make overpayments. The circumstances and methodology used are described below.

Background

In 2009, the Brazilian Federal Police launched an investigation called "Operation Car Wash", aiming to investigate money laundering practices by criminal organizations in several Brazilian states. "Operation Car Wash" is an extremely wide-ranging investigation of a variety of criminal practices and has been carried out across multiple fronts, the scope of which involves crimes committed by agents operating nationwide and in different industries.

Throughout 2014, the Federal Public Prosecutor's Office focused some of its investigations on misconduct involving contractors and suppliers of the Petrobras System and discovered an extensive overpayments scheme, involving several participants, including former employees of the Petrobras System. Based on the information available to the Company, this scheme involved a group of 27 companies that, between January 2004 and April 2012, organized themselves into a cartel, winning contracts with companies of the Petrobras System and imposing additional costs on these contracts, which were used by these companies to finance overpayments to political parties, elected politicians or other political agents, employees of contractors and suppliers, former employees of Petrobras and others involved in the overpayments scheme. This scheme will be treated as an "overpayments scheme" and the companies referred to as " cartel members".

In addition to the overpayments scheme described above, investigations have highlighted specific cases in which other companies charged additional costs and allegedly used these amounts to finance payments to certain former employees of the Petrobras System. These companies were not cartel members and acted individually. These specific cases will be referred to as "non-cartel related payments". In connection with the investigation of the

overpayments scheme, in March 2014, former Petrobras Supply Director Paulo Roberto Costa was arrested and later reported for money laundering and passive corruption. Other former Petrobras officers, including Renato de Souza Duque (former Director of Services), Nestor Cerveró (former Director of the International Area) and Pedro José Barusco Filho (former Executive Manager of the International Area), as well as former officers of the contractors and companies supplying goods and services for the Petrobras System have been or may be reported as a result of the investigation.

When the Company disclosed its annual financial statements for 2013, the Company was not aware of the involvement of Petrobras employees in the "Car Wash" investigations, and the existence of the overpayments scheme had not been made public. Had this been known, this could have altered the Company's conclusion that those statements adequately represented its assets.

Sources of information available to the Company

On October 8, 2014, Paulo Roberto Costa and Alberto Youssef testified before the 13th Federal Criminal Court of Curitiba, describing the overpayments scheme. Since then, testimony from various participants in the overpayments scheme who have signed cooperation agreements with the Brazilian authorities have been made public. The Company's understanding of the overpayments scheme and the methodology used to measure its impact are based on these testimonies, which include the full testimony of two of Petrobras' former employees (Paulo Roberto Costa and Pedro José Barusco Filho), the complete testimony of one of the individuals who acted as an intermediary in the overpayments scheme (Alberto Youssef and Julio Gerin de Almeida Camargo), parts of the testimony of another individual who acted as an intermediary in the overpayments scheme (Shinko Nakandakari) and the full testimony of a representative of one of the contractors (Augusto Ribeiro de Mendonça Neto).

The Federal Prosecutor's Office (based on full investigative information) filed administrative misconduct lawsuits on February 20, 2015 against five cartel member companies, based on the existence of the overpayments scheme and based on the same methodology used by the Company and its controlling shareholder to measure material damages related to the overpayments scheme.

The information available to the Company is generally consistent in terms of the existence of the overpayments scheme, the companies involved, the former employees of Petrobras involved, the period during which the scheme operated, in addition to the maximum amounts involved in the overpayments scheme related to the total value of the contracts impacted by the scheme.

The Company, together with its controlling shareholder, will monitor the results of the investigations and provide other information regarding the overpayment scheme and, if information is made available that indicates with sufficient accuracy that the estimates described above should be adjusted, the Company will evaluate whether the adjustment is

material and assume it is material, the company will perform the accouting adjustments. However, the Company does not expect additional information regarding the issues described above to be or become available from internal sources.

Further information obtained in the course of the "Car Wash" investigations, including part of Shinko Nakandakari's testimony, was not made public. However, the Company believes that the risk is currently low of new information arising that materially changes the facts already known or that materially impacts the adjustments made. This certainty is strongly based on the fact that, once a significant amount of information has become public, it is unlikely that the Brazilian authorities (who have access to all of the information from the investigations) have kept contradictory information confidential. It is also important to note that the authorities used the same methodology to measure the material damages related to the overpayments scheme in civil and criminal proceedings already filed, and that there is a significant degree of consistency between the statements made by people involved in the scheme in different positions and with different motivations, including two of Petrobras' former employees, alleged intermediaries of the overpayment scheme and representatives of suppliers and contractors.

The Company's response to the issues discovered in ongoing investigations

Internal and external investigations are still ongoing, but the Company, through its controlling shareholder, is taking legal measures with the Brazilian authorities to seek indemnification for damages, including to its reputation. As the "Car Wash" investigations result in leniency agreements with cartel members or cooperation agreements with individuals who agree to reimburse funds, the Company and its controlling shareholder may be entitled to receive a part of such funds.

Measures will also include civil lawsuits against cartel members, in which the Company and Petrobras have the right to be plaintiffs and expect to do so, which usually result in three types of indemnification: property damages, civil damages and moral damages. The Company would be entitled to amounts related to material damages and possibly civil fines. The part relating to moral damages would normally be directed to a federal fund. However, once the Company joins as a plaintiff in these lawsuits, it may also claim moral damages.

The Company and its controlling shareholder do not tolerate corruption or any illegal business practices by its suppliers or the involvement of its employees in such practices and, in this sense, it has been taking a range of actions, both in order to deepen investigate misconducts and to improve its corporate governance system, as described below:

- The Company has set up investigation teams (GTAs) to investigate events that may be considered as representing non-compliance with corporate rules, procedures or regulations and will provide the findings of the working groups to the Brazilian authorities.

- On October 24-25, 2014, the controlling shareholder hired two independent law firms: the US based Gibson, Dunn & Crutcher LLP, and the Brazilian office of Trench, Rossi and Watanabe Advogados, to conduct an independent internal investigation.

- The Company, through its controlling shareholder, has fully cooperated with the Federal Police, the Federal Public Prosecutor's Office, the Judiciary and other Brazilian authorities, such as the Federal Court of Audit (TCU) and the Federal Controller's Office (CGU).

- The controlling shareholder established committees to evaluate the sanctions to be applied on suppliers and contractors (CAASE) and imposed preventive blocking on cartel member companies identified in the testimonies that were made public.

- The Company prepared and adopted a set of measures for the improvement of governance, control and risk management, documented in the Standards and Minutes of the Executive Board and the Board of Directors, which establish the procedures, methods, competence and other instructions to incorporate such measures into the Company's practices.

- Establishing of a Special Committee by the controlling shareholder to act independently and serve as liaison between the Board of Directors and the law firms conducting independent internal investigations. The Special Committee is chaired by Ellen Gracie Northfleet, retired Judge of the Federal Supreme Court Justice, and comprised of Andreas Pohlmann, Chief Compliance Officer of Siemens AG from 2007 to 2010, and the Director of Governance, Risk and Compliance, João Adalberto Elek Junior.

2.3.1 Description of the overpayments scheme and its impact on the Company's financial statements

The following description and other descriptions of the overpayment scheme in this document are based on the information available to Petrobras and the Company, and should not be construed as accusations against any person or company, or a confession of any offense or a corroboration of any description herein.

2.3.1.1 The overpayments scheme and the need to adjust the book values of certain fixed assets

According to information available to the Company described above, in the overpayments scheme, several contractors and suppliers, in collusion with the former employees of Petrobras, collaborated to impose additional costs under contracts for the construction of property and the supply of goods and services to the Company, and used the amounts paid by the Company to make overpayments to political parties, current politicians and other political agents, employees of contractors and suppliers, and former employees of Petrobras.

In addition, investigations also identified other specific instances where companies imposed additional costs on the Company on acquisitions of property. These amounts were also used to finance overpayments made by suppliers and contractors to former employees of Petrobras, not related to the overpayments scheme described above.

2.3.1.2 Impossibility of quantifying the exact amounts by which assets were overvalued and the periods to be amended

Identifying the exact dates and amounts of additional costs imposed by suppliers and contractors to the Company is not possible in view of the limitations described below:

- The information available to the Company throu its controlling shareholder, throu testimonies, identifies only the companies involved in the overpayments scheme and the period of time during which the scheme operated, but do not specify all of the contracts targeted by the illegal acts, the specific payments made under the contracts and which incorporated additional costs, as well as the periods during which the payments incorporating additional costs were made.

- The Company did not make any of these overpayments. As they were made by contractors and suppliers, the exact amounts that were spent additionally by the Company and used to finance overpayments cannot be identified. Information to enable the determination of the amount additionally charged to the Company by the cartel members is not in the Company's accounting records,

which fully reflect the terms of the contracts signed by it with its suppliers. These contracts had their prices raised due to the collusion of the cartel members and former employees of Petrobras. Since the Company cannot identify the amounts of additional expenses included in each payment under the supply contracts or the specific period in which the additional expenses occurred, it is not possible to determine the period over which the fixed assets should be adjusted.

- Two law firms are conducting an independent internal investigation that is likely to last for more than one year and is not expected to disclose quantitative information of a nature sufficient to support an adjustment to the financial statements. This is because the information available to investigators is limited to the internal information of the Petrobras System, and therefore it will not be possible to identify specific information regarding the amount that was additionally charged to the Company. As the alleged money laundering activities were intended to hide the sources of funds and the amounts involved, specific records of these activities are not likely to exist.

- The ongoing investigations by the Brazilian authorities are focused on determining the criminal liability of defendants and not on obtaining details of the exact amounts of additional costs that were charged to the Company by cartel members or the amounts used to make overpayments. In addition, the process of investigation and evaluation of all evidence and allegations may last for several years.

- The Brazilian authorities have filed lawsuits against contractors and suppliers and their respective representatives seeking indemnification for administrative misconduct. In these lawsuits, the authorities applied 3% in addition to the value of the contracts with the contractors and suppliers to measure the material damages related to the overpayments scheme, consistently with the methodology used by the Company and its controlling shareholder to account for their impacts. Within the scope of these lawsuits, it is also not expected that complete details of all the over payments will be produced, even considering the long period of time required for the investigations conducted by the Brazilian authorities. Additionally, Brazilian laws do not allow access to internal records and the documents of suppliers in civil lawsuits, and therefore it is not expected that these lawsuits will produce new information compared to that obtained from criminal investigations and lawsuits.

As described above, despite the aforementioned limitations, the set of information available to the Company is generally consistent regarding the agents and companies involved in the scheme, the period during which it operated, and the percentage of additional costs applied by suppliers on the total value of contracts under the scheme to finance overpayments and used by these companies to finance overpayments.

2.3.1.3 Approach adopted for revaluation of assets impacted by additional expenses

Due to the unfeasibility of identifying the periods and amounts of additional expenses incurred, the Company used all the available information (described above) to quantify the impact of the overpayments scheme.

When Petrobras released its interim financial statements for the third quarter of 2014, which were not reviewed by the independent auditors, it did not at the time have sufficient information to support the adjustments in its financial statements. This was due to several documents, the existence of which was known to Petrobras, but which had not yet been made public, especially the testimonies made under the agreements of Pedro José Barusco Filho, Paulo Roberto Costa and Alberto Youssef.

On January 28, 2015, additional relevant evidence was made public, corroborating and amplifying the information previously available:

- Testimony by Pedro José Barusco Filho;
- Testimony provided under the cooperation agreements of Paulo Roberto Costa and Alberto Youssef, which were kept confidential;
- Part of Shinko Nakandakari's testimony;
- The Federal Public Prosecutor's Office filed administrative misconduct lawsuits against cartel members for material damages related to the overpayment scheme;
- The Federal Public Prosecutor's Office filed other criminal lawsuits against individuals involved in the overpayments scheme, such as representatives of Petrobras' contractors, intermediaries or former employees; and
- The leniency agreement of the company Setal Engenharia e Construções, a member of the cartel, with the Brazilian authorities.

The amounts paid by the Company under the contracts with the suppliers and contractors involved in the scheme described above were fully included in the historical cost of the Company's fixed assets. However, the Management believes that the share of yhr payments it made to these companies which represents additional costs incurred under the overpayment scheme should not have been capitalized.

Testimony identified 27 (twenty-seven) cartel members (Brazilian suppliers and contractors who belonged to the scheme) and several suppliers and contractors who acted by themselves, charging additional amounts of the Company that were used to make overpayments, but outside ofthe scope of the cartel.

Regarding the period of the cartel, the testimony clarified that the overpayments scheme would have been effective from 2004 and April 2012. The Company also assessed the possibility that the scheme impacted periods prior to 2004. However, in addition to testimonies that did not suggest that the scheme occurred before 2004, the impact of any additional amounts charged on the acquisition of goods and services prior to 2004 would not be material, since most of the current balance of the Company's fixed assets was built between 2004 and 2014

(the fixed assets balance was R$ 1,297 as at December 31, 2003) and that the assets which existed in 2003 were substantially depreciated by 2014.

In summary, based on the information previously described, the Company concluded that the additional share of the costs incurred in building its fixed assets as a result of the contractors and suppliers in the cartel charging additional amounts and using these amounts to make overpayments should not have been capitalized. In order to account for the impact of these additional expenses, a methodology was developed to estimate the adjustment that should be made to fixed assets, which involves the five steps described below:

1) Identification of the counterparty of the contract: all companies mentioned as cartel members in the testimonies made public were listed and, based on this information, the individual companies and economic groups involved were identified.

2) Identification of the period: it was concluded, based on the testimonies, that the period of the overpayments scheme was from 2004 to April 2012.

3) Contract identification: all contracts signed with the counterparties identified in step (1) during the period described in step (2) have been identified, including additions to contracts originally signed between 2004 and April 2012. The fixed assets to which they relate were then identified.

4) Identification of payments: the total value of contracts identified in step (3) was calculated.

5) Calculation of a fixed percentage over the total value of contracts defined in step (4): the percentage of 3% indicated in the testimonies was used to estimate the additional costs applied to the total amount of contracts identified.

The calculation considered all amounts recorded in the Company's ledger records between 2004 and September 2014, referring to the contracts initially signed between January 2004 and April 2012, as well as any additions entered into between the companies of the Petrobras System and the cartel members (individually or in a consortium). This broad scope of contracts was adopted to generate the best estimate of the additional costs, even though there was no evidence that all contracts signed with the foregoing companies had been subject to the overpayments scheme. The Company did not identify payments to investigated companies that were not cartel members.

The Company has projects under construction where the original contract was signed between 2004 and April 2012. The approach to making the adjustments considers that the amounts charged were applied to the total value of the contract, i.e. including payments that will be incurred in future periods. As it is not feasible to allocate the additional costs imposed by these companies to specific time periods, the share of additional expenses related to payments that will be made in the future by the Company may already have been charged in advance. Thus, the write-off of unduly capitalized additional expenses incorporates the total value of the contracts signed and not only the amounts related to payments already made. However, as mentioned above, based on the information available, the controlling shareholder believes that the cartel ceased to operate after April 2012 and that, due to recent developments in criminal investigations, overpayments under the scheme stopped.

The Company and its controlling shareholder consider that it has adopted a methodology that produces the best estimate of how much its fixed assets are overvalued as a result of the over payments scheme, since it was based on a threshold value selected from among the estimates considered reasonable. In its estimation, the Company and the controlling shareholder considered that all contracts with the identified counterparties were impacted, and the 3% charge represents the additional amounts imposed by the contractors and suppliers used by these companies to make overpayments. The two assumptions are corroborated by the testimonies, but some testimonies indicate lower percentages related to certain contracts, shorter periods of performance of the cartel (2006 to 2011), as well as the involvement of a smaller number of suppliers and contractors.

In addition to the write-off of fixed assets, impacts on income for the period include the reversal of part of the depreciation of the said assets, as of their respective commencement of operations dates.

As indicated above, the testimonies do not provide sufficient information to enable the Company to determine the specific period during which each additional amount spent was incurred. As a result, the write-off of unduly capitalized additional expenses was incorporated in the third quarter of 2014, due to the impossibility of determining the specific impacts in each period in the past. The Company believes that this approach is the most appropriate under international accounting standards (IFRS) to resolve the error.

In addition, the Company has assessed, based on two assumptions, the materiality of the impact of the overpayment scheme on the prior period financial information that is reported for comparative purposes. One of the assumptions was to consider that the allocation of the additional costs imposed by the suppliers had been occurred over time and, consequently, the costs were capitalized, in the same proportion as the Company paid the amounts under the contracts. Thefere, this had occurred on a *pro rata* basis. The other assumption was that overpayments were to be made in full at the time when the contracts were signed. In no case would writing off unduly capitalized additional expenses materially impact the prior periods reported for comparative purposes.

The Company has not yet recovered any amount related to overpayments made by suppliers and cannot reliably estimate any recoverable amounts at this time. Any recoverable amount will be accounted for as income when received (or when its realization becomes almost certain).

The Company has carefully considered all available information and, as indicated above, does not believe that new information arising from investigations by the Brazilian authorities, from independent internal investigations by law firms, or from new internal investigating commissions that may be established (or reviews already completed by the internal committees) may impact or change the methodology adopted in a relevant manner. Notwithstanding this expectation, the Company will continue to monitor the investigations to obtain additional information and evaluate its potential impact on the adjustments made.

The total impact of the adjustments evaluated in the Company, as described above, is reported below:

	Write-off of expenses improperly capitalized
	2014
Payment scheme:	
Total value of contracts	793
Estimate of the total amount of additional expenses (3%)	24
Reversal of depreciation of these assets	(1)
Write-off of expenses improperly capitalized (net effect)	(23)

2.4 Restatements in assets and income for the year

Restatement of financial statements for the year ended December 31, 2014

On April 22, 2015, the financial statements for the year ended December 31, 2014 were initially authorized and reported by the Company. Considering, however, the prospect ofinitial public offering (IPO), the Company's Board decided to restate these financial statements in order to: (1) adjust its disclosures to comply with the requirements of the local Securities and Exchange Commission (CVM), as well as to; (2) reclassify the interest included in the price of products sold to clients from "sales revenue" to "finance income" (R$ 386); (3) reclassify investments in the Credit Rights Investment Fund - FIDC-NP from "Cash and cash equivalents" to "Trade receivables" (R$ 419); (4) reclassify the balances of assignments of credit rights from the reduction account of “trade accounts receivables” to “current liabilities” (R$ 380); (5) reclassify the amounts of early subsidies granted to clients classified as trade receivables to prepaid expenses (R$ 85); (6) reclassify the share of recoverable taxes (R$ 245) and prepaid expenses (R$ 331) from current to non-current; (7) reclassify the balance of lawsuit deposits from current to non-current (R$ 159); and (8) reclassify the expenses related to pension plans (R$ 111) and profit sharing - PLR (R$ 61) to “Other Net Expenses”.

	Consolidated December 31, 2014								
	Originally presented on April 22, 2015	FIDC Reclassification of "Cash and cash equivalents" to "Trade receivables"	Reclassification of "Assignment of Receivables" from Assets to Liabilities	Reclassification of "Provision for risks" from Short to Long term	Reclassification of "Recoverable taxes" from Short to Long term	Reclassification of "Prepaid expenses" from Long to Short term	Reclassification of unreleased portion of conditional subsidies to "Prepaid expenses"	Other reclassifications	Restated
Financial Statement									
Asset									
Current									
Cash and cash equivalents	1,161	(419)	-	-	-	-	-	-	742
Trade receivables, net	6,040	419	380	-	-	-	-	24	6,863
Inventory	2,606	-	-	-	-	-	-	-	2,606
Advances to suppliers	76	-	-	-	-	-	-	64	140
Recoverable taxes	747	-	-	-	(245)	-	-	-	502
Prepaid expenses	49	-	-	-	-	331	-	-	380
Other	103	-	-	-	-	-	-	(64)	39
Total current assets	10,782	-	380	-	(245)	331	-	24	11,272
Non-Current									
Trade receivables, net	6,136	-	-	-	-	-	(85)	-	6,051
Securities	23	-	-	-	-	-	-	-	23
Judicial deposits	871	-	-	-	-	-	-	-	871
Recoverable taxes	69	-	-	-	245	-	-	-	314
Deferred income tax and social contribution	984	-	-	-	-	-	-	-	984
Prepaid expenses	1,736	-	-	-	-	(331)	85	-	1,490
Other	6,614	-	-	-	-	-	-	-	6,614
Total non-current assets	16,433	-	-	-	245	(331)	-	-	16,347
Total assets	27,215	-	380	-	-	-	-	24	27,619
Liabilities and equity									
Current liabilities									
Suppliers	3,144	-	-	-	-	-	-	24	3,168
borrowing	295	-	-	-	-	-	-	-	295
Intragroup loans - controlling shareholder	6,596	-	-	-	-	-	-	-	6,596
Assignment of receivables	-	-	380	-	-	-	-	24	404
Finance leases	42	-	-	-	-	-	-	-	42
Advances from customers	342	-	-	-	-	-	-	-	342
Taxes and contributions payable	344	-	-	-	-	-	-	(7)	337
Dividends / interest on capital proposed	267	-	-	-	-	-	-	-	267
Salaries, accrued vacations and payroll taxes	176	-	-	-	-	-	-	14	190
Voluntary redundancy program	-	-	-	-	-	-	-	9	9
Profit sharing	61	-	-	-	-	-	-	-	61
Pension and healthcare plans	83	-	-	-	-	-	-	-	83
Provision for risks	159	-	-	(159)	-	-	-	-	-
Other payables	183	-	-	-	-	-	-	(40)	143
Total current liabilities	11,692	-	380	(159)	-	-	-	24	11,937
Total non-current liabilities	3,402	-	-	159	-	-	-	-	3,561
Total liabilities	15,094	-	380	-	-	-	-	24	15,498
Net Worth	12,121	-	-	-	-	-	-	-	12,121
Total liabilities and equity	27,215	-	380	-	-	-	-	24	27,619

	Consolidated							
	December 31, 2014							
	Originally presented on April 22, 2015	Interest embedded in the prices charged to customers	FIDC Reclassification of "Cash and cash equivalents" to "Trade receivables"	Reclassification of "Assignment of Receivables" from Assets to Liabilities	Transfer of line "Pension and healthcare plans" to "Other expenses, net"	Transfer of line "Profit sharing" to "Other expenses, net"	Other	Restated
Statement of income								
Sales revenue	98,914	(386)	-	-	-	-	-	98,528
Costs of sold products	(91,237)	-	-	-	-	-	-	(91,237)
Gross profit	7,677	(386)	-	-	-	-	-	7,291
Selling	(4,524)	-	-	-	-	-	-	(4,524)
General and administrative	(748)	-	-	-	-	-	-	(748)
Taxes	(160)	-	-	-	-	-	-	(160)
Impairment of assets	-	-	-	-	-	-	-	-
Pension and healthcare plans	(111)	-	-	-	111	-	-	-
Other expenses, net	(429)	-	-	-	(111)	(61)	-	(601)
Profit (loss) before financial income (costs), profit sharing and taxes	1,705	(386)	-	-	-	(61)	-	1,258
Financial income (costs)								
Costs	(1,188)	386	-	-	-	-	-	(802)
Income	368	-	-	-	-	-	19	387
Exchange rate changes and inflation adjustments, net	724	-	-	-	-	-	(19)	705
Share of profit (loss) of investees	(2)	-	-	-	-	-	-	(2)
Profit sharing	(61)	-	-	-	-	61	-	-
Profit (loss) before income tax and social contribution	1,546	-	-	-	-	-	-	1,546
Income tax and social contribution	(423)	-	-	-	-	-	-	(423)
Profit (loss) for the year	1,123	-	-	-	-	-	-	1,123
Statement of cash flow								
Net cash used in operating activities	(4,296)	-	(57)	2,259	-	-	-	(2,094)
Net cash used in investing activities	(946)	-	(353)	-	-	-	-	(1,299)
Net cash used in financing activities	5,478	-	-	(2,259)	-	-	-	3,219
Increase in cash and cash equivalents	236	-	(410)	-	-	-	-	(174)
Statements of value added								
Income	120,842	(386)	-	-	-	-	-	120,456
Supplies purchased from third parties	(98,968)	-	-	-	-	-	-	(98,968)
Retention	(403)	-	-	-	-	-	-	(403)
Value added received through transfer	1,393	-	-	-	-	-	19	1,412
Value added to be distributed	22,864	(386)	-	-	-	-	19	22,497
Personnel and management	1,518	-	-	-	-	-	-	1,518
Taxes	18,514	-	-	-	-	-	-	18,514
Financial institutions and suppliers	1,709	(386)	-	-	-	-	19	1,342
Dividends / interest on capital	351	-	-	-	-	-	-	351
Retained profit (loss) for the year	772	-	-	-	-	-	-	772
Value added to be distributed	22,864	(386)	-	-	-	-	19	22,497

Restatement of periods prior to the year ended December 31, 2014

In 2014, prior year adjustments (reclassifications) were identified for the following events.

a) Appropriation of conditional subsidies and reimbursable financing

Subsidies granted through advance subsidies granted to clients were reclassified from sales expenses to gross revenue deductions because they were, in essence, discounts on sales prices granted by fulfilling certain contractual conditions, such as minimum volume. Once the conditions were fulfilled, these subsidies become unenforceable if the client fulfills the contractual conditions agreed with the Company, with a total of R$ 528 in 2014 (R$ 383 in 2013). The Company understands that resources historically do not return to their cash flow and are commercial subsidies in essence.

With regard to financing repayable, due to its nature, the Company understands that revenue and expenses related to these loans are also not classified as sales expenses and have been reclassified to finance income or costs (Notes 23 and 24) with a total of R$ 35 in 2014 (R$ 27 in 2013).

b) Special awards and discounts on sales

Special awards and discounts on sales were reclassified from sales expenses to gross revenue deductions, due to the granting of credits to clients for the fulfilment of contractual clauses agreed with the Company, with a total of R$ 42 in 2014 (R$ 34 in 2013).

c) Reclassification of advances rebates granted to its customers

Balances of early rebates granted to its customers , corresponding to the disbursement of cash, were reclassified from trade receivables to prepaid expenses. The Company understands that these rebates are not featured as financial assets, since they do not represent an unconditional right of the Company to receive cash. Rebates granted through these programm are linked to the consumption of volumes agreed with clients. As this consumption level is reached, subsidies are amortized and recorded as gross revenue deductions. The reclassified balances are R$ 1,627 in 2014 and R$ 1,299 in 2013.

d) Classification of joint ventures

The joint ventures CDGN and Brasil Supply were reclassified from joint ventures to jointly controlled ventures. The Company has reassessed its rights and obligations, the contractual terms agreed upon and other facts and circumstances involved in these holdings and understands that they are not featured as joint ventures. Assets, liabilities and P&L, reported on a line by line basis in the consolidated statements, are now reported based on the share of profit (loss) of investees method.

e) Restatement of actuarial adjustments

As of the effective date of the amendments introduced by IAS 19 - Employee Benefits (CPC 33 - R1), the possibility of deferring actuarial losses on pension and health plans (the "corridor" method) was eliminated, and the net interest calculation was required to be based on the application of the discount rate to the balance of net liabilities of assets of plan assets.

As a result of this change, the Company assumed in its consolidated financial statements as at December 31, 2012 an increase in the net actuarial liability of R$ 1,060, offset by an increase in deferred tax assets of R$ 287, and a decrease of R$ 773 in its net equity.

f) Reclassification of the Credit Rights Fund (FIDC-NP)

The balances of the Credit Rights Investment Fund (FIDC-NP) of R$ 419 (R$ 9 as at December 31, 2013) in the consolidated financial statement were reclassified from Cash and Cash Equivalents to Trade Receivables, net.

g) Reclassification of credit rights assignments

The balances of credit rights assignments were reclassified from a reduction account of trade receivables to liabilities. The reclassified balances were R$ 380 in 2014 and R$ 2,639 in 2013.

h) Segregation between current and non-current

Segregations were made to adjust the reporting of the balance sheet, being: (1) recoverable taxes (R$ 180); (2) prepaid expenses (R$ 246); and (3) lawsuits balance (R$ 115).

i) Reclassifications to Other Expenses, net

Expenses related to pension plans (R$ 87) and profit or loss (R$ 65) were reclassified from their ledger accounts to Other Expenses, net.

Impact of restatements

Impacts of restatements are summarized in the following tables:

	Consolidated								
	December 31, 2013								
Financial Statement	**Originally presented on February 25, 2014**	**Reclassification of "Assignment of Receivables" from Assets to Liabilities**	**Change of classification of investment in jointly-owned subsidiaries**	**Change to classification of advances - customer bonuses from "trade receivables" to "Prepaid expenses"**	**Reclassification of "Provision for risks" from Short to Long term**	**Reclassification of "Recoverable taxes" from Short to Long term**	**Reclassification of "Prepaid expenses" from Long to Short term**	**Other reclassifications**	**Restated**
Assets									
Current									
Cash and cash equivalents	931	-	(6)	-	-	-	-	(9)	916
Trade receivables, net	2,714	2,639	(4)	(12)	-	-	-	102	5,439
Inventory	2,356	-	-	-	-	-	-	-	2,356
Advances to suppliers	129	-	(1)	-	-	-	-	9	137
Recoverable taxes	746	-	(2)	-	-	(180)	-	-	564
Prepaid expenses	44	-	-	12	-	-	246	-	302
Other	34	-	1	-	-	-	-	(9)	26
Total current assets	6,954	2,639	(12)	-	-	(180)	246	93	9,740
Non-current									
Trade receivables, net	4,999	-	-	(1,287)	-	-	-	14	3,726
Securities	22	-	-	-	-	-	-	-	22
Judicial deposits	734	-	-	-	-	-	-	-	734
Recoverable taxes	94	-	(1)	-	-	180	-	-	273
Deferred income tax and social contribution	361	-	2	-	-	-	-	-	363
Prepaid expenses	132	-	-	1,287	-	-	(246)	-	1,173
Other	6,129	-	(34)	-	-	-	-	(14)	6,081
Total non-current assets	12,471	-	(33)	-	-	180	(246)	-	12,372
Total assets	19,425	2,639	(45)	-	-	-	-	93	22,112
Liabilities and equity									
Current liabilities									
Suppliers	3,019	-	(2)	-	-	-	-	13	3,030
Borrowing	165	-	(16)	-	-	-	-	-	149
Assignment of receivables	-	2,639	-	-	-	-	-	16	2,655
Finance leases	37	-	2	-	-	-	-	-	39
Advances from customers	212	-	-	-	-	-	-	80	292
Taxes and contributions payable	278	-	(3)	-	-	-	-	(6)	269
Dividends / interest on capital proposed	506	-	-	-	-	-	-	-	506
Salaries, accrued vacations and payroll taxes	166	-	(1)	-	-	-	-	25	190
Voluntary redundancy program	-	-	-	-	-	-	-	-	-
Profit sharing	65	-	-	-	-	-	-	-	65
Pension and healthcare plans	84	-	-	-	-	-	-	-	84
Provision for risks	115	-	-	-	(115)	-	-	-	-
Other payables	159	-	(3)	-	-	-	-	(35)	121
Total current liabilities	4,806	2,639	(23)	-	(115)	-	-	93	7,400
Total non-current liabilities	2,718	-	(22)	-	115	-	-	-	2,811
Total liabilities	7,524	2,639	(45)	-	-	-	-	93	10,211
Net Worth	11,901	-	-	-	-	-	-	-	11,901
Total liabilities and equity	19,425	2,639	(45)	-	-	-	-	93	22,112

	Consolidated At January 1, 2013								
	Originally presented on February 4, 2013	Reclassification of "Assignment of Receivables" from Assets to Liabilities	Change to classification of advances - customer bonuses from "trade receivables" to "Prepaid expenses"	Reclassification of "Provision for risks" from Short to Long term	Reclassification of "Recoverable taxes" from Short to Long term	Reclassification of "Prepaid expenses" from Long to Short term	Effects of CPC 33 - R1 revision	Other reclassifications	Restated
Financial Statement									
Assets									
Current									
Cash and cash equivalents	1,056	-	-	-	-	-	-	(5)	1,051
Trade receivables, net	4,078	2,521	(17)	-	-	-	-	72	6,654
Inventory	1,846	-	-	-	-	-	-	-	1,846
Advances to suppliers	124	-	-	-	-	-	-	-	124
Recoverable taxes	676	-	-	-	(212)	-	-	-	464
Prepaid expenses	50	-	17	-	-	172	-	-	239
Other	357	-	-	-	-	-	-	(17)	340
Total current assets	8,187	2,521	-	-	(212)	172	-	50	10,718
Non-current									
Trade receivables, net	3,418	-	(945)	-	-	-	-	31	2,504
Securities	22	-	-	-	-	-	-	-	22
Judicial deposits	625	-	-	-	-	-	-	-	625
Recoverable taxes	14	-	-	-	212	-	-	-	226
Deferred income tax and social contribution	441	-	-	-	-	-	287	(215)	513
Prepaid expenses	127	-	945	-	-	(172)	-	-	900
Other	5,399	-	-	-	-	-	-	(31)	5,368
Total non-current assets	10,046	-	-	-	212	(172)	287	(215)	10,158
Total assets	18,233	2,521	-	-	-	-	287	(165)	20,876
Liabilities and equity									
Current liabilities									
Trade payables	3,518	-	-	-	-	-	-	-	3,518
Borrowing	17	-	-	-	-	-	-	-	17
Assignment of receivables	-	2,521	-	-	-	-	-	-	2,521
Finance leases	35	-	-	-	-	-	-	-	35
Advances from customers	182	-	-	-	-	-	-	166	348
Taxes and contributions payable	428	-	-	-	-	-	-	(6)	422
Dividends / interest on capital proposed	449	-	-	-	-	-	-	-	449
Salaries, accrued vacations and payroll taxes	165	-	-	-	-	-	-	6	171
Voluntary redundancy program	-	-	-	-	-	-	-	-	-
Profit sharing	64	-	-	-	-	-	-	-	64
Pension and healthcare plans	81	-	-	-	-	-	-	-	81
Provision for risks	94	-	-	(94)	-	-	-	-	-
Other payables	224	-	-	-	-	-	-	(116)	108
Total current liabilities	5,257	2,521	-	(94)	-	-	-	50	7,734
Total non-current liabilities	2,617	-	-	94	-	-	1,060	(215)	3,556
Total liabilities	7,874	2,521	-	-	-	-	1,060	(165)	11,290
Equity	10,359	-	-	-	-	-	(773)	-	9,586
Total liabilities and equity	18,233	2,521	-	-	-	-	287	(165)	20,876

	Consolidated December 31, 2013						
	Originally presented on February 25, 2014	Reclassification of "Assignment of Receivables" from Assets to Liabilities	Transfer of line "Pension and healthcare plans" to "Other expenses, net"	Transfer of line "Profit sharing" to "Other expenses, net"	Reclassification adjustment of advances - customer bonuses and premiums	Other	Restated
Statement of income							
Sales revenue	86,947	-	-	-	(417)	(33)	86,497
Costs of sold products	(79,608)	-	-	-	-	28	(79,580)
Gross profit	7,339	-	-	-	(417)	(5)	6,917
Selling	(3,701)	-	-	-	444	1	(3,256)
General and administrative	(759)	-	-	-	-	6	(753)
Taxes	(33)	-	-	-	-	-	(33)
Pension and healthcare plans	(87)	-	87	-	-	-	-
Other expenses, net	39	-	(87)	(65)	-	(1)	(114)
Profit (loss) before financial income (costs), profit sharing and taxes	2,798	-	-	(65)	27	1	2,761
Financial income (costs)							
Costs	(228)	-	-	-	(27)	4	(251)
Income	322	-	-	-	-	24	346
Exchange rate changes and inflation adjustments, net	217	-	-	-	-	(24)	193
Share of profit (loss) of investees	(1)	-	-	-	-	(5)	(6)
Profit sharing	(65)	-	-	65	-	-	-
Profit (loss) before income tax and social contribution	3,043	-	-	-	-	-	3,043
Income tax and social contribution	(911)	-	-	-	-	-	(911)
Profit (loss) for the year	2,132	-	-	-	-	-	2,132
Statement of cash flow							
Net cash used in operating activities	910	(118)	-	-	-	(20)	772
Net cash used in investing activities	(641)	-	-	-	-	2	(639)
Net cash used in financing activities	(394)	118	-	-	-	8	(268)
Increase in cash and cash equivalents	(125)	-	-	-	-	(10)	(135)
Statements of value added							
Income	106,826	-	-	-	(417)	(44)	106,365
Supplies purchased from third parties	(86,757)	-	-	-	444	22	(86,291)
Retention	(380)	-	-	-	-	4	(376)
Value added received through transfers	802	-	-	-	-	19	821
Value added to be distributed	20,491	-	-	-	27	1	20,519
Personnel and management	1,421	-	-	-	-	(9)	1,412
Taxes	16,270	-	-	-	-	(7)	16,263
Financial institutions and suppliers	668	-	-	-	27	17	712
Dividends / interest on capital	575	-	-	-	-	-	575
Retained profit (loss) for the year	1,557	-	-	-	-	-	1,557
Value added to be distributed	20,491	-	-	-	27	1	20,519

2.5 New standards and interpretations

The main standards issued by the IASB that have not yet come into force and have not been adopted by the Company up to December 31, 2014 are as follow:

IFRS 9 - "Financial Instruments"

Establishes a new model for the classification of financial assets, based on the cash flow features and the business model used to manage the asset. Changes in the principles for accouting the impairment losses from incurred for the model based on expected losses. Establishes new requirements related to hedge accounting. Effective date January 1, 2018.

The Company is assessing the impact of the standard, mainly in relation to the provision for doubtful accounts related to trade receivables, using a provision matrix based on historical experience which will assume a prospective approach. The analyses are being prepared and will be measured and disclosed in the financial statements for the year ended December 31, 2017.

IFRS 15 - "Revenue from Contracts with Clients"

Establishes new principles for assuming, measuring and disclosing revenue from clients. The requirements of IFRS 15 stipulate that revenue is to be recognized when the client takes control over the goods or services sold, changing the current model, which is based on the transfer of risks and benefits. In addition, the new standard provides further clarification on revenue recognition in complex cases. Its effective date is January 1, 2018.

So far, based on the studies carried out, the Company does not expect material impacts, however, the final conclusion depends on the progress of the analysis.

IFRS 16 - "Leasing"

On January 13, 2016, IASB issued IFRS 16 "Leasing", which will be effective as at January 1, 2019 and will replace IAS 17 "Leasing" and related interpretations.

IFRS 16 contains principles for the identification, recognition, measurement, reporting and disclosure of leases by both lessees and lessors.

Among the changes for lessees, IFRS 16 will eliminate the classification between financial and operating leases required by IAS 17. Thus, there will be a single model under which all leases will result in the recognition of assets related to the rights of use of the leased assets. If payments provided for in commercial leases are due over time, financial liabilities should also be recognized.

For lessors, IFRS 16 will maintain the classification between financial and operating leases required by IAS 17. Accordingly, IFRS 16 should not substantially change the way in which commercial leases will be accounted for by lessors compared to IAS 17.

The Company has a large number of lease agreements as a leaseholder of several assets, such as equipment, real estate and land (mainly the locations of service stations).

The Company is currently estimating the impact of this new standard on such contracts. In this analysis, the estimated lease term is included, considering the non-cancellable period and the additional periods covered if the option to extend the lease is exercised for those cases in which there is reasonable certainty regarding the option to extend the term, which will largely depend on the expected use of the Company's assets.

In addition to the term of the lease, assumptions will be used to calculate the discount rate, which will depend mainly on the incremental financing rate for the estimated periods.

Due to the complexity of the estimates and the high number of contracts, the Company has not yet completed the implementation process, so that at the closing date of the year ended December 31, 2016 it is not possible reasonably to estimate the impact of the application of this standard. However, considering the volume of existing contracts, the Company estimates that the impact of the implementation of IFRS 16 on its financial statements will be significant, including the recognition of the right of use and the corresponding obligations related to contracts that, according to the current standard, are classified as operating leases. In addition, the depreciation of the right to use the assets and the recognition of interest on the lease obligation will replace a significant share of the amount recognized as expenses in the operating lease statement.

3 Consolidation Basis

Subsidiaries are consolidated as of the date on which control is obtained until the date on which this control ceases, using accounting practices consistent with those adopted by the Company.

Control is obtained when the Company has: i) power over the investee; ii) exposure to, or rights to, variable returns arising from its involvement with the investee; and iii) the ability to use its power over the investee to impact the value of its returns.

The subsidiaries and joint operations included in the consolidation process are as follow:

	Participation in capital - Subscribed, paid-in and voting - %	
	2014	2013
Subsidiaries (Note 11.2)		
FCM Real Estate Investment Fund (FII)	99.01	99.01
Stratura Asfaltos S.A.- Stratura	100.00	100.00
Joint ventures (Note 11.3)		
Brasil Carbonos S.A. (*)	49.00	49.00

(*) Brasil Carbonos is consolidated at the percentage of 49%.

4 Summary of main accounting practices

The same accounting practices have been consistently applied by the Company in the individual and consolidated financial statements reported.

Assets and liabilities with settlement or maturity within 12 months are reported as current assets or liabilities, and other assets and liabilities as are presented as non-current.

4.1 Operating Currency

The operating and reporting currency of the Company, as well as that of its investees, is the Brazilian Real.

4.2 Cash and Cash Equivalents

These are represented by physical cash, available bank deposits and short term, highly liquid financial investments subject to insignificant risk of changes in value, which are readily convertible into cash, maturing within three months of the date of acquisition.

4.3 Marketable Securities

These are measured subsequently to acquisition at amortized cost, using the effective interest rate method.

4.4 Trade Receivables

Trade receivables are receivables from the sale of goods or services in the ordinary course of the Company's business.

They are initially accounted for at the fair value of the consideration to be received and subsequently measured at amortized cost using the effective interest rate method, and are deducted from the estimated losses on the allowance for doubtful debts.

The Company expects to receive overdue credits without establishing losses as a result of collection policy actions that are developed and also as a result of guarantees reported by clients.

4.5 Prepaid Expenses

Prepaid expenses correspond to expenses related to insurance, rents and rebates granted to customers. These amounts are appropriated to the results of the exercise in a linear manner over the term of the agreement.

4.6 Other Non-Derivative Financial Instruments

They are classified as follow: financial assets held to maturity, assets measured at fair value through profit or loss (financial assets held for trading) and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The Board determines the classification of the Company's financial assets upon early recognition.

Held-to-Maturity Financial Assets

Those assets which the Company has the intention and the financial capacity to hold to maturity, measured at purchase cost and, after early recognition, added interest and monetary restatement.

Assets Measured at Fair Value through Profit or Loss - Held for Trading

These assets are measured at fair value upon early and subsequent recognition. Interest, monetary restatement and changes arising from the fair value measurement are recorded in the Statement of Income when they are incurred.

Loans and Receivables

These are financial assets with fixed or calculable payments that are not quoted on active markets and include trade receivables, financing receivables, cash and cash equivalents and other assets. These assets are initially recognized at the fair value of the consideration to be received, net of any related transaction costs. After early recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less estimated losses on the allowance for doubtful debts.

4.7 Inventory

Inventory is shown as follow:

- Petroleum products, biofuels and raw materials are reported at the lower of the average acquisition cost and net realizable value;

- Materials and supplies represent production inputs and operating and consumption materials that will be used in the Company's activities, and are stated at the average purchase cost, which does not exceed the replacement cost.

This includes expenses incurred in the acquisition of inventory, production and processing costs (raw materials and direct labor), and other direct and indirect costs incurred to bring inventory to their existing locations and conditions, based on their regular operating capacity.

4.8 Judicial Deposits

Judicial deposits are reported and updated according to the nature of the corresponding causes.

4.9 Subsidiaries, joint ventures and affiliates

They are represented by investments in subsidiaries, joint ventures and affiliates, which are recorded as non-public capital.

Subsidiaries

In the individual statements, investments in subsidiaries are recognized based on the share of profits (losses) of investees method. The Company controls the investee when it is exposed or has rights to variable returns arising from its involvement with the investee and has the ability to impact those returns through its power over the investee.

Joint Ventures

The joint venture may be a joint venture or a jointly controlled venture, depending on the rights and obligations of the parties and the facts and circumstances relating to the business.

Income, assets and liabilities of joint ventures are recognized based on the share of profits (losses) of investees method in the individual and consolidated statements.

The Company recognizes its share of income and expenses, as well as the assets and liabilities held in the joint venture, in the consolidated statements.

Affiliate

The investment in the affiliate is recognized by the share of profit (loss) of investees method in the individual and consolidated financial statements.

Affiliates are entities over which the Company has significant influence, defined as the power to participate in the decisions on the financial and operating policies of an investee, but without individual or joint control over these policies.

4.10 Property, plant and equipment

Stated at the acquisition cost or building cost and depreciated using the linear method, at the determined rates over the estimated lifespan of the assets, as reported in Note 12.3. Land is not depreciated.

The cost of buildings includes the cost of materials and direct labor, loan costs on qualifying assets, and any other costs required to put the asset in the place and in the condition necessary for it to be able to operate as intended.

Repair and maintenance expenses are recognized in income for the year during which they are incurred.

Profits and losses on sales of fixed assets are determined by comparing the proceeds from the sale with the book value of the fixed assets, and are recognized in other operating income (expenses).

The depreciation methods and lifespan are reviewed annually. In 2014, there were no changes in lifespan.

Leases including terms under which the Company assumes risks, benefits and control over assets are classified as financial leases. Upon early recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. After early recognition, the asset is measured in accordance with the accounting policy applicable to the asset.

Leased assets are amortized for the shorter period between the term of the lease and the asset's lifespan, if there is no reasonable certainty that the lessee will obtain the property at the end of the lease term. When it is certain that the lessee will obtain the property at the end of the contract, assets are amortized over the estimated lifespan.

The Company's assets include equipment substantially made up of tanks, pumps and aircraft supply units, as well as offices, factories, buildings, improvements and assets under construction.

The book value of an asset is immediately reduced to its recoverable value when this is greater than its estimated recoverable amount (Note 4.12).

4.11 Intangible Assets

These are represented by expenses on rights and assignments, goodwill and software.

Amortization uses the linear method, at the determined rates, over the estimated lifespan of the assets.

The amortization of the intangible asset represented by the assignment of Natural Gas of the State of Espírito Santo occurs for a term of 50 years, due in 2043.

Software maintenance costs are recognized in the Statement of Income as they are incurred. Development costs directly related to software are recognized as intangibles when they are identifiable, can be controlled by and generate future economic benefits for the Company.

Goodwill resulting from the acquisition of subsidiaries is included in intangible assets (Note 13).

4.12 Impairment of Assets

The Company evaluates fixed assets and intangible assets with a defined lifespan when there are indications of the non-recoverability of their book value.

When applying the impairment test, the book value of an asset or cash-generating unit is compared to its recoverable amount. The recoverable amount is the higher of the net fair sales value of an asset and its value in use. Considering the specific aspects of the Company's assets, the recoverable amount used for valuation in impairment testing is the value in use.

The value in use is estimated using the present value of the future cash flow, based on the best estimates of the Company. Cash flow arising from the continued use of the related assets is adjusted for the specific risks and uses a pre-tax discount rate. This rate is derived from the post-tax rate as part of the Weighted Average Cost of Capital (WACC). The main assumptions regarding cash flow are: prices based on the latest disclosed strategic plan, production curves associated with existing projects in the Company's portfolio, market operating costs and investments required to carry out the projects. These valuations are carried out at the lowest level of assets for which there is separately identifiable cash flow.

Goodwill has the recovery of its value tested annually, regardless of whether there are indications of loss of value.

The annual goodwill test is based on assumptions related to the Company's future strategic plan and estimates of future cash flow, projected for the years from 2015 to 2030, the latter being used as a perpetual growth rate, considering an actual discount rate of 5.3% (4.6% in 2013). The average growth rate of cash flow is 3.82%.

Based on the Board's analysis, no impairment were identified during the the Company's assessment, based on the Cash Generating Units.

4.13 Leases

Obligations under lease agreements involving the substantial transfer of benefits, risks and control of assets are recognized in liabilities as financial leases. Liabilities are initially recognized at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Finance charges are appropriated expensed over the term of the lease, producing a constant periodic interest rate on the remaining balance of the liability.
When the Company is a lessor, customer accounts receivables is established at the amount igual to the net investment in the lease.

Leases under which a significant share of the risks and benefits of ownership remain with the lessor are classified as operating, and payments are recognized as expenses in the statement of income over the term of the agreement.

4.14 Income tax and social contribution

Current income tax and social contribution are calculated based on the taxable income, applying the current rates at the end of the reporting period.

The Board periodically evaluates the positions taken during the determination of income tax in situations in which the applicable tax regulations give rise to interpretations and establish provisions, when appropriate, based on the estimated amounts of payments to the tax authorities.

Deferred tax and social contribution are recognized based on temporary differences. Deferred income tax and social contribution on assets are recognized only in proportion to the probability that future taxable income will be available against which temporary differences can be used.

The Company reports deferred income and social contribution taxes on a net basis in assets or liabilities, considering the balances of each of the consolidated companies (Note 18). Deferred income tax and social contribution on assets and liabilities are offset when there is a legal ability to offset current asset taxes against current liability taxes, and when deferred tax assets and liabilities are related to the tax expenses of the same tax authority.

4.15 Provisions and Contingent Liabilities

Provisions for lawsuits (labor, civil and tax) are recognized when: (i) the Company has a present or non-formalized obligation (a constructive obligation) as a result of events that have already occurred; (ii) it is likely that an outflow of funds will be required to settle the obligation; and (iii) the value can be reliably estimated.

Provisions are recorded based on the best estimates available for the risks involved.

Contingent liabilities are not recognized in the balance sheet, but are disclosed in the notes to the financial statements when there is a likelihood of an outflow of funds being required, including where the amounts cannot be estimated.

The Company reports, in Note 27.2, contingent liabilities for which there is a likelihood of an outflow of funds being required.

4.16 Financing

Recognized at the net fair value of the transaction costs incurred and, after early recognition, measured at amortized cost using the effective interest rate method.

Loan costs directly related to the acquisition or construction of qualifying assets are capitalized as part of the cost of these assets. Loan costs are added to the cost of the assets until such assets are ready for use. A qualifying asset is an asset that necessarily requires a substantial period of time to prepare for use.

The costs of eligible capitalization loans are reduced by the financial income from the temporary investment of funds raised and not yet used for the acquisition or construction of qualifying assets.

All other loan costs are recognized in income for the year in which they are incurred.

4.17 Trade payables

Trade payables to suppliers are obligations to pay for goods or services that were acquired in the ordinary course of business.

They are initially recorded at the fair value of the products or services acquired in the normal course of business and subsequently measured at amortized cost using the effective interest rate method.

4.18 Benefits granted to employees

The actuarial commitments under the pension and retirement benefit plans and the medical assistance plans are provisioned based on an actuarial calculation prepared annually by an independent actuary, in accordance with the projected credit unit method, net of the plan's guarantee assets, when applicable .

The projected credit unit method considers each period of service as a trigger for an additional benefit unit, and these are accumulated for the calculation of the final obligation.

Changes to the net defined benefit obligation (asset) are recognized when they are incurred, as follows: i) cost of services and net interest, in the income for the year, and; ii) in other comprehensive income, remeasures, which are not reclassified to the income statement in future periods.

The cost of service comprises: i) the current service cost, which is the increase in the present value of the defined benefit obligation resulting from the service provided by the employee in the current period; (ii) the past service cost, which is the change in the present value of the defined benefit obligation relating to service provided by employees in prior periods, resulting from a change (introduction, changes or cancellation of a defined benefit plan), or reduction (a significant reduction by the entity in the number of employees covered by a plan); iii) any gain or loss on settlement.

The net interest on the defined benefit liability (asset) value is the change, during the period, in the defined benefit liability (asset) value resulting from the passage of time.

Remeasurement of the net amount of defined benefit liabilities (assets) is comprised of:
i) Actuarial gains and losses; ii) Return on plan assets, except amounts included in net interest over the net amount of defined benefit liabilities (assets); and (iii) Any change in the effect of the *asset ceiling*, except for amounts included in net interest over the net amount of defined benefit liabilities (assets).

Actuarial assumptions include: biometric and economic estimates, medical cost estimates, as well as historical data on employee expenditure and contributions.

The Company also contributes to defined contribution plans, the percentages of which are based on the payroll, and these contributions are posted to income.

4.19 Prepayments from Clients

Correspond to contractual obligations arising from prepayments received from clients for the future delivery of products and for setting up the marketing fund.

Prepayments from clients are recognized as revenue when products are actually delivered.

The marketing fund is constituted by the contributions of reseller stations, where each reseller benefits from the publicity and promotion initiatives developed by the Company.

The values of the fund are settled through payments of marketing initiatives, and are not posted in income.

4.19.1 Petrobras Premmia Program

Petrobras Premmia – the Company's loyalty program is one of the main programs that are funded by marketing funds available.

These funds are used to purchase promotional products of multiple types (airway miles, events, products, among other) that are made available to the participants, which is always limited to the quantity offered.

The Company may also enter into partnerships with other companies, through which participants may obtain discounts on the acquisition of goods and/or services offered by them.

In no case will the Company be liable to the participants for the fulfillment of the obligations assumed by such companies in the partnerships mentioned in the previous item.

Partnerships of the Petrobras Premmia Program may be terminated or suspended by the Company, at its sole discretion, regardless of previous notice to participants.

Program partners are responsible for the products and/or services they provide for redemption.

4.20 Share Capital and Shareholder Compensation

The share capital is represented by common shares, classified as net equity.

Compensation to shareholders is made in the form of dividends and/or interest on shareholders' equity, based on the limits defined in the Company's Bylaws.

Mandatory minimum dividends comply with the limits set forth in the Company's Bylaws and are recognized as liabilities.

The tax benefit of interest on shareholders' equity is recognized in income for the year.

4.21 Recognition of Revenue, Costs and Expenses

Revenue, costs and expenses are recorded on an accruals basis.

The Company markets fuels such as gasoline, diesel, aviation kerosene, ethanol, natural gas, fuel oil and lubricants, among others. These products are mainly purchased from Petrobras and are resold to service stations, industrial customers, airlines, governments, transportation companies, thermoelectric plants, transporters and retailers, among other consumers.
Revenue is measured at the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the Company’s business. Revenue is reported net of taxes and charges on sales, returns, discounts and subsidies.

Revenue is recognized when the amount can be measured reliably, and when there is convincing evidence that the most significant risks and benefits inherent in the ownership of the goods have been transferred to the buyer, which usually occurs upon delivery.

Finance income and monetary restatement are recognized according to the period elapsed on an accruals basis, using the effective interest rate method.

4.22 Information by Segment

Information by operating segment is reported in a manner consistent with the internal report provided to the main operating decision maker. The main operating decision maker, responsible for the allocation of funds and performance evaluation of operating segments, is the Executive Management.

The accounting information by operating segment (business area) of the Company is prepared based on items related directly to the segment, as well as those that can be allocated on a reasonable basis.

For the calculation of the segmented income, transactions with third parties are considered.

There are no transfers between business areas.

The information on the business areas of the Company are segmented into the following areas:

Station Network

Sells fuels derived from petroleum, lubricants, vehicular natural gas, biofuels and convenience products of the Company, aiming at achieving market share and profitability goals, as well as creating favorable conditions for its sustainable growth.

Large Consumers

Sells fuels, lubricants and provides associated services in all segments of the Company's large consumers market.

Aviation Products

Sells aviation products and services at the country's airport facilities to airlines operating domestic and international flights.

Items that cannot be allocated to other areas are allocated to the group of corporate bodies, especially those related to corporate financial management, overheads related to Central Management and other expenses, including actuarial expenses related to pension and health plans for retirees and beneficiaries.

4.23 Use of Estimates and Judgments

The preparation of financial statements requires the use of estimates and judgment for certain operations, and their impact on assets, liabilities, revenue and expenses. The assumptions used are based on historical data and other factors considered relevant, periodically reviewed by Management, and the actual results may differ from the estimated values.

Estimates and accounting judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events, which are considered reasonable given the circumstances.

The following is information on accounting practices and estimates that require a high level of judgment or complexity in their application and that may materially impact the Company's financial position and income.

a) Pension benefits and other post-employment benefits

Actuarial commitments and the costs of defined benefit pension and retirement plans and medical care depend on a series of economic and demographic assumptions, the following being the main ones:

- Discount rate - comprises the market-based inflation curve plus actual interest rates calculated through an equivalent rate that combines the maturity profile of pension and health obligations with the future yield curve of the longest term securities of the Brazilian government; and

- Rate of change in medical and hospital costs - assumption represented by a projected set of annual rates considering the historical progress of *per capita* disbursements of the health plan, observed in the previous five years, to define the starting point of the curve that gradually decreases over 30 years to reach the general inflation rate of the economy.

These and other estimates are reviewed annually, and may differ from actual income due to changes in market and economic conditions, in addition to the actual behavior of actuarial assumptions.

The sensitivity analysis of discount rates and changes in medical and hospital costs, as well as additional information on the assumptions, are disclosed in Note 19.

b) Estimates related to lawsuits and contingencies

The Company is a party to several legal and administrative proceedings involving civil, tax, labor and environmental matters arising in the normal course of its operations, whose estimates for determining the amounts of the obligations and the likelihood of outflow of funds are made by the Company, based on the opinion of its legal advisors and the judgment of Management.

Information on reserves for lawsuits and contingencies are reported in Note 27.

c) Estimated losses on the allowance for doubtful debts

The Company recognizes the estimated losses on the allowance for doubtful debts when there is objective evidence of impairment as a result of one or more events that occurred after the early recognition of the asset that impacts the estimated future cash flow that can be reliably estimated. Evidence of losses includes cases of significant financial difficulties and a significant likelihood of the client filing for bankruptcy or judicial recovery. The loss is recognized in profit or loss as sales expenses.

4.23.1 Write-off - overpayments incorrectly capitalized

As described in Note 2.3, in the third quarter of 2014, the Company wrote off R$ 23 of capitalized costs, representing the estimated amounts that the Company had overpaid for the acquisition of property, plant and equipment.

To account for these overpayments, the Company developed an estimation methodology, as set out in Note 2.3. The Company acknowledges the degree of uncertainty involved in the estimation methodology and continues to monitor the ongoing investigations and the availability of other information concerning the amounts that it may have overpaid in the context of the payment scheme. If reliable information becomes available that indicates with sufficient precision that the Company's estimates should be modified, it will evaluate the materiality and adjust if appropriate.

However, as previously discussed, the Company believes it has used the most appropriate methodology and assumptions to determine the amounts of overpayments incorrectly capitalized, and there is no evidence that would indicate the possibility of a material change in the amounts written off.

5 Cash and cash equivalents

	Consolidated		Parent Company	
	2014	2013	2014	2013
Cash and banks	543	670	533	667
Financial investments	199	246	-	-
Increase in cash and cash equivalents	**742**	**916**	**533**	**667**

6 Marketable securities

	Consolidated		Parent Company	
	2014	2013	2014	2013
Held to maturity – non-current assets				
FIDC Shares - FCM	18	18	18	18
NTN-P	5	4	5	4
Total	**23**	**22**	**23**	**22**

FIDC Shares - FCM Investment Fund in Commercial Credit Rights and Services

The Company keeps R$ 18 invested in the Investment Fund for Commercial Credit Rights and Services (FCM), established as a closed condominium, with funds intended for the acquisition of receivables from acquisitions of goods and services carried out with the suppliers of the Company.

The structure of the fund includes the Company as the sole drawee and the qualifying suppliers as assignors. The Company has the intention and capacity to hold these securities until their maturity on December 31, 2040.

7 Trade receivables

	Consolidated		Parent Company	
	2014	2013	2014	2013
Related Parties				
Trade receivables investment fund - FIDC - NP (Note 18.3)	419	9	416	-
Electricity sector - isolated system (Note 7.2)	6,289	3,033	6,289	3,033
Federal government customers	99	95	99	95
Companies of the Petrobras system, except for the electricity sector - isolated system	448	377	526	374
Total related parties	**7,255**	**3,514**	**7,330**	**3,502**
Third parties				
Customers and other trade receivables (a)	7,022	6,303	6,938	6,209
Electricity sector - Isolated system - third parties (Note 7.2)	1,037	639	1,037	639
Total third parties	**8,059**	**6,942**	**7,975**	**6,848**
Total Trade receivables	**15,314**	**10,456**	**15,305**	**10,350**
Impairment of trade receivables				
Third parties	(2,220)	(1,291)	(2,213)	(1,280)
Related Parties	(180)	-	(180)	-
Total impairment of trade receivables	**(2,400)**	**(1,291)**	**(2,393)**	**(1,280)**
Trade receivables - net	**12,914**	**9,165**	**12,912**	**9,070**
Trade receivables (current), net	6,863	5,439	6,896	5,378
Trade receivables (non-current), net	6,051	3,726	6,016	3,692

	Consolidated		Parent Company	
Change in provision for impairment of trade receivables	2014	2013	2014	2013
Beginning balance	**(1,291)**	**(1,204)**	**(1,280)**	**(1,194)**
Increases	(1,180)	(151)	(1,180)	(150)
Decreases	71	64	67	64
Closing balance	**(2,400)**	**(1,291)**	**(2,393)**	**(1,280)**
Impairment of trade receivables (current)	(1,384)	(1,291)	(1,377)	(1,280)
Impairment of trade receivables (non-current)	(1,016)	-	(1,016)	-

(a) Includes balance of financing receivables (R$ 909 in 2014 and R$ 1,055 in 2013) - Note 7.3.

The estimated losses on the allowance for doubtful debts for the year, in the amount of R$ 1,109 (R$ 1,113 in the Parent Company), were recognized as sales expenses.

7.1 Breakdown of trade receivables - due and past due

On December 31, 2014, trade receivables due from clients amount to R$ 3,719 (R$ 3,668 in the Parent Company), of which R$ 2,295 (R$ 2,288 in the Parent Company) are provisions for losses. Of the balance of trade receivables due, R$ 105 (R$ 105 in the Parent Company) is subject to a provision for loss.

	Consolidated					
	12/31/2014			12/31/2013		
	Trade receivables, gross	Impairment of trade receivables	Trade receivables, net of impairment of trade receivables	Trade receivables, gross	Impairment of trade receivables	Trade receivables, net of impairment of trade receivables
Overdue						
Up to 3 months	1,163	274	889	1,224	-	1,224
3 to 6 months	261	146	115	504	-	504
6 to 12 months	264	169	95	848	84	764
Over 12 months	2,031	1,706	325	2,519	1,186	1,333
Total	**3,719**	**2,295**	**1,424**	**5,095**	**1,270**	**3,825**
Outstanding (excluding FIDC transaction)	11,176	105	11,071	5,352	21	5,331
FIDC	419	-	419	9	-	9
Total	**15,314**	**2,400**	**12,914**	**10,456**	**1,291**	**9,165**

	Parent Company					
	12/31/2014			12/31/2013		
	Trade receivables, gross	Impairment of trade receivables	Trade receivables, net of impairment of trade receivables	Trade receivables, gross	Impairment of trade receivables	Trade receivable, net of impairment of trade receivables
Overdue						
Up to 3 months	1,153	274	879	1,217	-	1,217
3 to 6 months	260	146	114	500	-	500
6 to 12 months	261	169	92	844	84	760
Over 12 months	1,994	1,699	295	2,484	1,175	1,309
Total	**3,668**	**2,288**	**1,380**	**5,045**	**1,259**	**3,786**
	-					
Outstanding (excluding FIDC transaction)	11,221	105	11,116	5,305	21	5,284
FIDC	416	-	416	-	-	-
Total	**15,305**	**2,393**	**12,912**	**10,350**	**1,280**	**9,070**

7.2 Trade Receivables – Electricity Sector

7.2.1 Composition - Electricity Sector

	Consolidated					
	12/31/2014			12/31/2013		
	Outstanding	Overdue	Total	Outstanding	Overdue	Total
Clients						
Eletrobras System	5,793	410	6,203	462	2,445	2,907
Petrobras System	-	86	86	9	117	126
Third parties	71	966	1,037	101	538	639
	5,864	1,462	7,326	572	3,100	3,672
(-) Impairment of trade receivables						
Electricity sector - Petrobras System companies	(167)	(13)	(180)	-	-	-
Electricity sector - Third parties	(55)	(865)	(920)	-	(4)	(4)
	(222)	(878)	(1,100)	-	(4)	(4)
Total	5,642	584	6,226	572	3,096	3,668
Related Parties	5,626	483	6,109	471	2,558	3,029
Third parties	16	101	117	101	538	639

As at December 31, 2014, the Company had receivables from the power industry with a total of R$ 7,326 (R$ 3,672 as at December 31, 2013), of which R$ 6,544 was classified as non-current assets. The net amount of provisions for losses under the Eletrobras System is R$ 6,023.

The Company supplies fuel oil for thermal power plants (Eletrobras subsidiaries), state utilities and Independent Power Producers (PIEs) located in the Northern region of the country. Part of the fuel supply costs for these thermal plants is supported by funds from the Fuel Consumption Account (CCC), managed by Eletrobras.

Since the amounts transferred by the CCC have not been sufficient for companies in the power industry located in the Northern region of the country to settle their debts, some of these clients have faced financial difficulties settling the obligations of products supplied by the Company.

The Company and the companies of the Eletrobras System (Amazonas Distribuidora de Energia SA, Centrais Elétricas de Rondônia S.A. - CERON, Companhia de Eletricidade do Acre - Eletroacre and Eletrobras Roraima - Boavista Energia S.A.) entered into debt settlement agreements, as at December 31, 2014, in the amount of R$ 5,344, restated at the SELIC rate (R$ 5,194 refers to the share of the Company, and R$ 150 to Petrobras' share).

The debt agreements cover overdue debts up to November 30, 2014, restated by SELIC until December 31, 2014. Payments will be made in 120 installments, starting in February 2015. R$ 715 of monetary restatement was recognized from January to December 2014, calculated over R$ 5,194 of debt agreements (Company's share).

Part of the debt agreement was guaranteed by a pledge of credits in the amount of R$ 5,233 (R$ 126 referring to securities endorsed by Petrobras) from the Energy Development Account (CDE), whose purpose is to provide funds for the CCC's expenditure related to power generation in the isolated system, among others.

The actual guarantee of CDE credits was cause by the recognition, in February 2015, by the National Electric Power Agency (ANEEL), of the credits arising from the reimbursement of fuel costs related to the provision of the public power distribution service in the isolated system.

As of the beginning of 2015, given the change in the tariff policy for the power industry (tariff realism), with increases already implemented in the first quarter, greater financial balance was expected for the companies in the industry, and therefore a decrease in delinquency related to fuel supply in the second quarter. However, this did not occur in practice. Due to the time it takes for the distributors to increase the energy bills of final consumers, the financial balance of the companies in the industry is being achieved, but the funding of the CCC funds is slower than expected, delaying the reimbursement of costs to power generators.

For other receivables from companies that did not have a guarantee, after Management's evaluation, the amount of R$ 1,096 was recognized as an estimated loss on the allowance for doubtful debts in 2014.

According Note 30 - Subsequent Events in the financial statements for the year ended December 31, 2014, the Extraordinary General Shareholders' Meeting on August 31, 2017 approved the partial splitting of the Company, with the incorporation of the split portion into Downstream Participações Ltda. (a Petrobras subsidiary), in the amount of R$ 6,339 million. Despite this, the negociations with Eletrobras are ongoing to obtain new real guarantees which will allow the Company to have a new settlement agreement .

The partial split did not include the receivables from the sale of goods after November 30, 2014, the amounts of which are 100% covered by the allowance for doubtful accounts.

7.2.2 Transactions - Power Industry (Eletrobras System)

	Balance at December 31, 2013	Revenue	Receivables	Impairment of trade receivables	Inflation Adjustment	Balance at December 31, 2014
Related parties (Eletrobras System)						
Amazonas Distribuidora de Energia	2,403	2,543	(1,011)	(93)	573	4,415
Centrais Elétricas de Rondônia - CERON	240	1,242	(369)	-	72	1,185
Centrais Elétricas do Norte - ELETRONORTE	101	507	(482)	-	-	126
Cia de Eletricidade do Acre - ELETROACRE	134	166	(119)	(67)	34	148
Eletrobras Roraima (Boa Vista Energia S.A.)	29	119	(15)	(20)	36	149
Trade receivables Eletrobras System, net	**2,907**	**4,577**	**(1,996)**	**(180)**	**715**	**6,023**
Related parties (Petrobras System)						
Breitener Jaraqui	61	4	(17)	-	-	48
Breitener Tambaqui	39	5	(21)	-	-	23
Manauara	26	30	(41)	-	-	15
Trade receivables Petrobras System, net	**126**	**39**	**(79)**	**-**	**-**	**86**
Third parties						
Alcoa World Alumina Brasil LTDA	12	23	(21)	-	-	14
Amapari Energia	21	19	(26)	(14)	-	-
Centrais Elétricas do Pará - CELPA	167	354	(311)	(117)	-	93
Centrais Elétricas Matogrossenses - CEMAT	1	8	(8)	-	-	1
Cia de Eletricidade do Amapá - CEA	277	314	(1)	(590)	-	-
Cia de Energia de Pernambuco - CELPE	-	11	(10)	-	-	1
Cia de Energia de Roraima - CER	20	23	(10)	(33)	-	-
Geradora de Energia do Amazonas - GERA	26	32	(22)	(33)	-	3
Rio Amazonas Energia - RAESA	110	61	(37)	(129)	-	5
Trade receivables Third parties, net	**634**	**845**	**(446)**	**(916)**	**-**	**117**
Total Trade receivables, net	**3,667**	**5,461**	**(2,521)**	**(1,096)**	**715**	**6,226**

7.3 Loans Receivable

The amount of R$ 909 (R$ 1,055 in 2013) refers to loan receivables, related to loans in cash and products, with actual guarantees, endorsements or sureties, with the main purpose of implementation or modernization of service stations, as well as the deferred payment of overdue debts in installments.

Interest charges corresponding mainly to the IGPM or Reference Rate variation, plus interest of 1% per month, and amortization periods are established based on economic-financial analyses of each negotiation and agreed upon in the contracts.

8 Inventory

	Consolidated		Parent Company	
	2014	2013	2014	2013
Products for Sale				
Oil derivatives				
Gasoline	284	285	284	285
Diesel oil	989	883	989	883
Fuel oil	215	196	215	196
Other	541	561	542	561
Biofuels	255	237	255	237
	2,284	2,162	2,285	2,162
Other products	322	194	312	186
Total	**2,606**	**2,356**	**2,597**	**2,348**

Part of the Company's inventory serves as guarantee for lawsuits in which the Company is a defendant. The total inventory pledged as guarantee on December 31, 2014 is R$ 312 (R$ 316 in 2013).

No decrease in the net realizable value of inventory was recognized in 2014 and 2013.

Products for sale, materials and supplies for maintenance recognized in income and included in cost of sales amounted to R$ 90,433 (R$ 78,851 in 2013).

9 Judicial deposits

	Consolidated		Parent Company	
	2014	2013	2014	2013
Tax	690	579	672	561
Labor	104	86	104	86
Civil	68	61	68	61
Environmental	9	8	8	8
Total	**871**	**734**	**852**	**716**

10 Prepaid expenses

	Consolidated		Parent Company	
	2014	2013	2014	2013
Advances - customer bonuses	1,712	1,299	1,712	1,299
Rentals	148	159	148	159
Insurance premiums	2	1	2	1
Other	8	16	8	16
	1,870	**1,475**	**1,870**	**1,475**
Current	380	302	380	302
Non-current	1,490	1,173	1,490	1,173

Prepaid rebates granted to clients correspond to the sharecash or product made available under pre-established conditions with clients and which, once fulfilled, become unenforceable and are absorbed by the Company.

The Company recognizes in its income the absorbable shares, proportional to the terms of the contracts, recorded as a decrease in gross revenue of R$ 528 (R$ 383 in 2013) in the Consolidated and the Parent Company (Notes 2.4 and 21). Of the R$ 528, R$ 348 is related to the appropriation of prepaid contracts, and R$ 180 to the performance bonus contracts (R$ 247 and R$ 136 in 2013).

11 Investments

11.1 Summary Accounting Information on Subsidiaries, Joint Ventures and Affiliates

The table below presents the total assets, liabilities and income of the investees, not proportional to the Company's interest.

			Joint arrangements					
	Subsidiaries		Joint operation	Joint ventures				Associate
	FCM Real Estate Investment Fund (*)	Stratura	Brasil Carbonos	CDGN (**)	Brasil Supply (**)	Energética Camaçari Muricy II	Pecém Energia	BRF Biorefinos
Asset								
Current assets								
Cash and cash equivalents	191	13	18	13	4	1	-	34
Other	57	83	6	29	35	-	-	-
Long-term assets	370	87	11	3	228	-	-	-
Property, plant and equipment	605	15	102	64	250	-	-	9
Intangible	-	1	-	-	-	-	-	-
	1,223	**199**	**137**	**109**	**517**	**1**	-	**43**
Liability								
Current liabilities								
Loans and financing	69	6	12	11	61	-	-	-
Other current liabilities	135	69	5	22	149	-	-	-
Non-current liabilities								
Loans and financing	969	-	46	27	321	-	-	-
Other non-current liabilities	82	3	-	3	3	-	-	-
Stockholders' equity attributable to parent company	(32)	121	74	46	(17)	1	-	43
	1,223	**199**	**137**	**109**	**517**	**1**	-	**43**
Results								
Net revenue	4	353	44	99	77	-	-	-
Gross profit	4	56	24	22	15	-	-	-
Profit (loss) for the year	(7)	9	13	7	(41)	(1)	(1)	(1)
Depreciation and amortization	-	(1)	(4)	(8)	(8)	-	-	-
Interest income	12	6	1	-	3	-	-	-
Interest expenses	(10)	(4)	(4)	(3)	(34)	-	-	-
Expenses (Revenue) of Income Tax (Current and Deferred)	-	(5)	(4)	-	-	-	-	-
Subscribed capital at December 31, 2014	-	-	18	-	9	1	1	22
Thousands of shares (common shares/quotas)	47	88,410	36,916	21,515	1,053,200	524	524	44,920
Ownership percentage - %	99.01%	100.00%	49.00%	49.00%	6.68%	50.00%	45.00%	49.00%

(*) Shares.
(**) Position: November 30, 2014

Share interests held by the Company do not have shares traded on the stock exchange.

The Company has commitments to make capital contributions to its investees, when agreed with the other partners.

11.2 Description of Subsidiaries' Activities

(a) Real Estate Investment Fund (FII FCM)

The purpose of this fund is to acquire and/or build, through purchase and sale agreements, properties related to terminals, bases, fuel stations and lubricants factory, owned by the Company. The FCM - FII Real Estate Investment Fund is managed by Rio Bravo Investimentos S.A. Distribuidora de Títulos e Valores Mobiliários.

By regulatory determination, the FII FCM cannot grant loans or advances to its quotaholders.

The Company is required to provide funds in the event that FII FCM has no funds to bear the costs and expenses related to any payment or indemnification due under the terms of its bylaws and prospectuses for the issuance of Real Estate Receivables Certificates (CRIs).

(b) Stratura Asfaltos S.A. - Stratura

The main activities are the manufacture and sale of emulsions and products derived from asphalt in general, chemicals, lubricating oils, greases, as well as the provision of administrative and technical services, including paving and other related activities.

Raw materials used in its production process are acquired mainly from Petrobras.

Stratura is subject to potential restrictions issued by the Department of Coordination and Governance of Government Companies (DEST), an agency of the Ministry of Planning that issues its opinion on state companies' requests, regarding the salary policy, approval and possible modifications to the pension plans of these companies and their number of employees.

11.3 Description of the Joint Operation

Brasil Carbonos S.A.

Its main activity is the building and/or operation of storage and processing plants for green petroleum coke, and it can produce , mix and process - in all forms - carbonaceous products and solid fuels sourced domestically or abroad.

The participation in Brasil Carbonos allows the Company to play the role of logistics operator of green petroleum coke for the Petrobras System. The product that is industrialized, processed and stored by Brasil Carbonos is distributed to the refineries of the Petrobras System.

The services of Brasil Carbonos are provided solely to the Company. There is a contract with a take or pay clause for the services rendered at the Taubaté/SP plant.

The contract establishes the provision of processing services for 21,703 thousand tons of green petroleum coke by December 2032.

11.4 Changes in Investments in Subsidiaries, Joint Ventures and Affiliates

	Subsidiary *	Joint arrangements			Associate			
		Joint operation	Jointly ventures		BRF Biorefinos			
	Stratura	Brasil Carbonos	CDGN	Brasil Supply *		Other investments	2014	2013
At beginning of the year	115	56	14	3	2	1	191	180
Acquisition and contribution of capital	-	-	7	-	21	-	28	10
Equivalence in earnings	9	7	2	(3)	(2)	-	13	5
Dividends	(3)	(1)	-	-	-	-	(4)	(2)
Amortization of added value of assets	-	(1)	-	-	-	-	(1)	(1)
Decrease of added value of assets								
Decrease of ownership	-	-	-	-	-	-	-	(1)
At end of the year	**121**	**61**	**23**	**-**	**21**	**1**	**227**	**191**

*The balance of participation in FII FCM on December 31, 2014 and 2013, and in Brasil Supply on December 31, 2014 is zero, due to the recognition of losses exceeding the investments in these interests, of R$ 8 in 2014 (R$ 17 in 2013) in liabilities.

In the acquisition of a stake in Brasil Carbonos S.A., in December 2010 an asset appreciation of R$ 28 was calculated, which is amortized over the lifespan of the assets. In December 2014, the balance of R$ 24 is classified as fixed assets in the Consolidated.

12 Property, plant and equipment

12.1 By Asset Type

	Consolidated			
	Land, Buildings and Improvements	Equipment and other assets	Assets under construction	Total
At January 1, 2013	**1,957**	**1,532**	**1,335**	**4,824**
Increases	43	244	562	849
Decreases	(4)	(4)	-	(8)
Depreciation	(86)	(243)	-	(329)
Transfers	317	224	(541)	-
Capitalized interest	-	-	95	95
Other	15	34	31	80
At December 31, 2013	**2,242**	**1,787**	**1,482**	**5,511**
Increases	20	328	520	868
Decreases	(5)	(3)	-	(8)
Depreciation	(104)	(253)	-	(357)
Transfers	565	50	(615)	-
Capitalized interest	-	-	79	79
Other	-	11	(4)	7
At December 31, 2014	**2,718**	**1,920**	**1,462**	**6,100**
Cost	2,897	3,942	1,482	8,321
Depreciation	(655)	(2,155)	-	(2,810)
At December 31, 2013	**2,242**	**1,787**	**1,482**	**5,511**
Cost	3,474	4,282	1,462	9,218
Depreciation	(756)	(2,362)	-	(3,118)
At December 31, 2014	**2,718**	**1,920**	**1,462**	**6,100**
Estimated lifetime	4 to 47 years (*)	5 to 30 years		

(*) except Land.

	Parent Company			
	Land, Buildings and Improvements	Equipment and other assets	Assets under construction	Total
At January 1, 2013	**1,946**	**1,524**	**815**	**4,285**
Increases	42	242	388	672
Decreases	(4)	(4)	-	(8)
Depreciation	(84)	(242)	-	(326)
Transfers	289	210	(499)	-
Other	-	13	6	19
At December 31, 2013	**2,189**	**1,743**	**710**	**4,642**
Increases	19	326	454	799
Decreases	(4)	(4)	-	(8)
Depreciation	(103)	(250)	-	(353)
Transfers	570	50	(620)	-
Other	-	12	313	325
At December 31, 2014	**2,671**	**1,877**	**857**	**5,405**
Cost	2,840	3,883	710	7,433
Depreciation	(651)	(2,140)	-	(2,791)
At December 31, 2013	**2,189**	**1,743**	**710**	**4,642**
Cost	3,423	4,221	857	8,501
Depreciation	(752)	(2,344)	-	(3,096)
At December 31, 2014	**2,671**	**1,877**	**857**	**5,405**
Estimated lifetime	10 to 47 years (*)	5 to 30 years		

(*) except Land.

The amount of R$ 21 (R$ 31 in 2013) was given as guarantee for tax, civil and labor lawsuits.

Fixed assets under the Consolidated and Parent Company include assets from financial lease agreements, in the amount of R$ 471 (R$ 168 and R$ 162 on December 31, 2013).

Assets under construction in the Consolidated refer mainly to: (i) the building of BASUL - Cruzeiro do Sul Base/AC and the expansion and modernization of the lubricants factory; and (ii) real estate improvements.

The works of Fuel Distribution Base of Porto Nacional (BAPON)/TO were completed in June 2014. This base, which was recorded as an asset under construction under the FII FCM, was transferred to the Company and recognized to as a right to use buildings in the amount of R$ 320, due to the financial lease agreement entered into between the parties.

For the completion of the works of BASUL, FII FCM has commitments already signed with contractors and other suppliers that amount to R$ 11. These commitments will be fulfilled using funds raised through the issuance of real estate receivables certificates, which occurred in 2012 and maturing in 2025 and 2032. The estimated disbursements arising from the redemption of real estate receivables certificates are included in the nominal flow of Note 28.3.2.

12.2 By Estimated Lifespan

Consolidated				
Buildings and improvements, equipment and other assets				
Estimated lifetime	**Cost**	**Accumulated depreciation**	**2014**	**2013**
In 5 years	161	(102)	59	56
6 - 10 years	2,008	(1,066)	942	588
11 - 15 years	1,316	(667)	649	576
16 - 20 years	196	(86)	110	113
21 - 25 years	686	(336)	350	337
26 - 30 years	2,549	(650)	1,899	1,723
30 years onward	451	(212)	239	243
	7,367	**(3,119)**	**4,248**	**3,636**
Buildings and improvements	3,085	(757)	2,328	1,850
Equipment and other assets	4,282	(2,362)	1,920	1,786

Parent Company				
Buildings and improvements, equipment and other assets				
Estimated lifetime	Cost	Accumulated depreciation	2014	2013
In 5 years	161	(102)	59	55
6 - 10 years	2,006	(1,064)	942	587
11 - 15 years	1,316	(666)	650	576
16 - 20 years	137	(71)	66	70
21 - 25 years	685	(335)	350	337
26 - 30 years	2,549	(650)	1,899	1,724
30 years onward	407	(209)	198	203
	7,261	**(3,097)**	**4,164**	**3,552**
Buildings and improvements	3,040	(753)	2,287	1,809
Equipment and other assets	4,221	(2,344)	1,877	1,743

13 Intangibles

13.1 By Asset Type

	Consolidated				
	Rights and Concessions	**Software purchased**	**Software developed internally**	**Other**	**Total**
At January 1, 2013	**299**	**107**	**6**	**29**	**441**
Increases	39	28	16	-	83
Amortization	(21)	(17)	(9)	-	(47)
Other	21	-	1	-	22
At December 31, 2013	**338**	**118**	**14**	**29**	**499**
Increases	32	29	18	-	79
Decreases	(75)	-	-	-	(75)
Amortization	(23)	(14)	(9)	-	(46)
Other	(2)	-	(1)	-	(3)
At December 31, 2014	**270**	**133**	**22**	**29**	**454**
Cost	421	227	67	29	744
Amortization	(83)	(109)	(53)	-	(245)
At December 31, 2013	**338**	**118**	**14**	**29**	**499**
Cost	328	256	84	29	697
Amortization	(58)	(123)	(62)	-	(243)
At December 31, 2014	**270**	**133**	**22**	**29**	**454**
Estimated lifetime - years	5 to 33	5 to 10	5	Undefined	

	Parent Company				
	Rights and Concessions	Software purchased	Software developed internally	Other	Total
At January 1, 2013	**297**	**107**	**6**	**29**	**439**
Increases	39	28	16	-	83
Amortization	(21)	(16)	(9)	-	(46)
Other	20	-	1	-	21
At December 31, 2013	**335**	**119**	**14**	**29**	**497**
Increases	31	29	18	-	78
Decreases	(75)	-	-	-	(75)
Amortization	(21)	(15)	(9)	-	(45)
Other	(2)	-	(1)	-	(3)
At December 31, 2014	**268**	**133**	**22**	**29**	**452**
Cost	417	227	67	29	740
Amortization	(82)	(108)	(53)	-	(243)
At December 31, 2013	**335**	**119**	**14**	**29**	**497**
Cost	325	256	84	29	694
Amortization	(57)	(123)	(62)	-	(242)
At December 31, 2014	**268**	**133**	**22**	**29**	**452**
Estimated lifetime - years	10 to 33	5	5	Undefined	

* Goodwill of fuel distribution assets, originated from the acquisition of Liquigás S.A., distributor of Liquefied Petroleum Gas (LPG). This investee was transferred to Petrobras, in 2012.

The annual amortization of R$ 46 (R$ 45 in the Parent Company) was recognized in the cost of products sold and services rendered, in sales expenses and administrative expenses.

13.2 Granting for the Exploration and Commercialization of Natural Gas in the State of Espírito Santo

The Company has an award for the exclusive exploration of the public service distribution of piped gas in the State of Espírito Santo, under a contract signed with the government of that State, for a term of 50 years, maturing in 2043. The contract can be extended for an equal period, through the express agreement of the parties.

The award provides for the provision of distribution services to users in the industrial, individual and collective residential, commercial, vehicle, air conditioning, cogeneration, raw materials and thermal segments. The Government of the State of Espírito Santo monitors the performance of the award contract through the regulatory agency (Public Energy Agency of the State of Espírito Santo - ASPE).

As an utility company, the Company is responsible for making the necessary investments to provide the services and to keep updated the inventory of assets acquired and facilities built for this purpose.

Upon termination of the award, the agreement requires the indemnification to the Company of the shares of investments related to reversible assets, according to surveys, evaluations and settlements to be performed for the purpose of determining the amount of the said indemnification.

Services must be provided to all users who request them, by paying the current tariffs, in accordance with current regulatory provisions, and observing the economic, technical and operational criteria for the installation and expansion of the distribution network - which serves the municipalities of Vitória, Serra, Vila Velha, Cariacica, Anchieta, Viana, Aracruz, Itapemirim, Cachoeiro de Itapemirim and Linhares.

The Company's compensation corresponds to the value of tariffs charged for the volume of gas distributed, which are subject to restatements and reviews specified in the award agreement.

The amount of assets, net of amortization, linked to the gas award and recorded as intangible on December 31, 2014 is R$ 267 (R$ 248 in 2013). The increase of R$ 19 (net of amortization of R$ 10) in the balance represents the investments made during the year 2014.

The Company does not calculate the margin on construction, recognizing revenue and construction costs of R$ 29 in 2014 (R$ 33 in 2013).

14 Trade payables

	Consolidated		
	Petrobras System Companies (Note 18.1)	Third parties	Total
Outstanding	2,010	922	2,932
Overdue			
Up to 3 months	28	58	86
3 to 6 months	89	3	92
Over 6 months	52	6	58
At December 31, 2014	**2,179**	**989**	**3,168**
At December 31, 2013	**2,001**	**1,029**	**3,030**

	Parent Company		
	Petrobras System Companies (Note 18.1)	Third parties	Total
Outstanding	1,995	916	2,911
Overdue			
Up to 3 months	28	58	86
3 to 6 months	89	3	92
Over 6 months	52	6	58
At December 31, 2014	**2,164**	**983**	**3,147**
At December 31, 2013	**1,978**	**1,023**	**3,001**

Suppliers' balances mature in up to 12 months.

15 Financing

	Consolidated			Parent
Non-current	**Banking Market (includes BNDES and Bank Credit Notes)**	**Capital markets (CRIs)**	**Total**	**Total**
In the country				
Beginning balance at January 1, 2013	101	914	1,015	101
Increase (new loans)	191	-	191	185
Provision for interest	7	-	7	7
Transfer from long term to short term	(16)	(117)	(133)	(16)
Exchange rate changes and inflation adjustments	-	116	116	-
Other	22	(1)	21	-
Final balance at December 31, 2013	305	912	1,217	277
Current				
In the country				
Beginning balance at January 1, 2013	17	-	17	17
Increase (new loans)	20	-	20	-
Provision for interest	11	-	11	9
Amortization of principal and interest	(34)	-	(34)	(17)
Transfer from long term to short term	19	116	135	18
Final balance at December 31, 2013	33	116	149	27
Total balance at December 31, 2013	338	1,028	1,366	304

			Consolidated	Parent Company
Non-Current	**Banking Market (includes BNDES and Bank Credit Notes)**	**Capital markets (CRIs)**	**Total**	**Total**
In the country				
Beginning balance at January 1, 2014	305	912	1,217	277
Provision for interest	8	-	8	8
Transfer from long term to short term	(209)	(62)	(271)	(204)
Exchange rate changes and inflation adjustments	-	118	118	-
Final balance at December 31, 2014	104	968	1,072	81
Current				
In the country				
Beginning balance at January 1, 2014	33	116	149	27
Increase (new loans)	17	-	17	-
Provision for interest	17	-	17	15
Amortization of principal and interest	(52)	(118)	(170)	(34)
Transfer from long term to short term	209	62	271	204
Exchange rate changes and inflation adjustments	2	9	11	2
Final balance at December 31, 2014	226	69	295	214
Final total at December 31, 2014	330	1,037	1,367	295

	Consolidated		Parent Company	
	2014	**2013**	**2014**	**2013**
Current				
Short-term debt	-	4	-	-
Current portion of long-term debt	273	134	202	17
Interest on financing	22	11	12	10
	295	149	214	27

15.1. Summarized Information on Financing Maturities

	Up to 1 years	Over 1 up to 2 years	Over 2 up to 3 years	Over 3 up to 4 years	Over 4 up to 5 years	5 years on	Consolidated Total	Parent Company Total
Financing in Reais (R$):								
Indexed at floating rates	295	100	102	104	103	663	1,367	295
Indexed at flat rates	-	-	-	-	-	-	-	-
Average rate of Financing in Reais	5.91%	5.28%	5.29%	5.31%	5.32%	4.72%	5.23%	9.73%
Total at December 31, 2014	**295**	**100**	**102**	**104**	**103**	**663**	**1,367**	**295**
Total at December 31, 2013	**149**	**269**	**89**	**91**	**93**	**675**	**1,366**	**304**

At December 31, 2014, the average maturity of financing is 10 years in the Consolidated and 4 years in the Parent Company

Brasil Carbonos is subject to restrictive clauses in financing agreements, based on certain economic-financial indicators. As at December 31, 2014, these clauses were fully complied with.

The Real Estate Receivables Certificates (CRIs) issued by FII FCM represent 75.9% of the Consolidated balance. These CRIs, updated by the IPCA, are backed by the financial leases receivable from BR (Note 16.1).

15.2 Guarantees

Brasil Carbonos has fixed assets in the amount of R$ 8, given as guarantees (fiduciary alienation) for the financing raised by FINAME.

16 Leases

16.1 Financial Leases (with transfer of benefits, risks and controls)

The Company has financial commitments to FII FCM, managed by Rio Bravo Investimentos DTVM Ltda., as a result of the rights arising from leases of real estate and equipment, and the construction of bases and terminals, updated by the IGPM and IPCA.

The real estate credits originating in the Private Purchase and Sale Agreements served as a guarantee for the issuance of Real Estate Receivables Certificates (CRIs) by RB Capital Securitizadora S.A. CRIs are registered for trading on the secondary market on BOVESPA FIX, managed by BM&F Bovespa SA – the Stock Exchange, Commodities and Futures Exchange, and by CETIP.

The Company is a lessee of equipment fromthe investee CDGN, and the lessor of this equipment to Suzano Papel e Celulose S.A. These financial lease and sublease operations have a term of 10 years, due in 2023, at the end of which the equipment will be acquired by Suzano. The present value of payments to be made by Suzano, in the amount of R$ 16 (Note 7), is recognized in trade receivables, and will be monetarily restated by the IGPM.

At the same time, the Company entered into an unconditional contract with Suzano to supply fuel oil for the operation of the leased equipment.

16.2 Operating Leases (without transfer of benefits, risks and controls)

In 2014, the Company paid R$ 295 (R$ 254 in 2013) for the agreement commitments of operating leases, of which R$ 197 refers to fixed installments and R$ 98 refers to variable installments.

The following is an estimate of disbursements over the coming years.

	Consolidated	Parent Company
2015	142	142
2016 - 2019	367	367
2020 onward	627	627

17 Advances from Clients

	Consolidated		Parent Company	
	2014	2013	2014	2013
Marketing funds (a)	56	19	56	19
Advances from customers	267	245	263	239
Other	19	28	19	28
Total	**342**	**292**	**338**	**286**

(a) Advances received from covenant clients, such as resellers, franchisees and commercial partners, for use in advertising and promotional initiatives developed by the Company.

18 Related Parties

18.1 Business Transactions and Other Operations

18.1.1 By Operation

							Consolidated
							2014
			Asset			Liability	
		Overall	Current	Non-current	Total	Current	Total
Overall							
Revenue, mostly from sales		9,957					
Exchange rate changes and inflation adjustments, net		(20)					
Net financial income (expenses)		309					
Asset							
Trade receivables, mostly from sales			1,159	5,578	6,737		
Liability							
Suppliers (Note 14)						2,179	2,179
Intragroup loans						6,596	6,596
Dividends / Interest on Capital						267	267
	In 2014	**10,246**	**1,159**	**5,578**	**6,737**	**9,042**	**9,042**
	In 2013	**7,918**	**850**	**2,560**	**3,410**	**2,506**	**2,506**

		Parent Company					
		2014					
			Asset			Liability	
	Overall	Current	Non-Current	Total	Current	Non-Current	Total
Overall							
Revenue, mostly from sales	9,965						
Exchange rate changes and inflation adjustments, net	(20)						
Net financial income (expenses)	309						
Asset							
Trade receivables, mostly from sales		1,237	5,578	6,815			
Dividends receivable		3	-	3			
Liability							
Suppliers (Note 14)					2,164	-	2,164
Intragroup loans					6,596	-	6,596
Dividends / interest on capital					267	-	267
Finance leases					40	370	410
In 2014	**10,254**	**1,240**	**5,578**	**6,818**	**9,067**	**370**	**9,437**
In 2013	**7,980**	**846**	**2,561**	**3,407**	**2,521**	**106**	**2,627**

Purchases made by Petrobras reached R$ 78,563 (R$ 69,279 in 2013). Transactions with related parties are carried out based on commercial terms and conditions defined between the parties, observing the prices prevailing as at the date of the operations.

18.1.2 By Company

	Consolidated					
	2014					
		Asset			Liability	
	Overall	Current	Non-Current	Total	Current	Total
Subsidiaries and joint ventures of the Petrobras System and Electricity sector (Eletrobras System)						
Electricity companies (Eletrobras System)	5,471	710	5,493	6,203	-	-
Petrobras	1,837	260	-	260	8,947	8,947
Arembepe	547	68	-	68	-	-
Camaçari Muricy	482	60	-	60	-	-
Termocabo	176	25	-	25	-	-
Transpetro	44	13	-	13	6	6
Petrobras Paraguay Operaciones y Logistica	13	3	-	3	16	16
Other	232	14	85	99	41	41
	8,802	1,153	5,578	6,731	9,010	9,010
Affiliates of the Petrobras System						
Suape II	1,151	-	-	-	7	7
Braskem	209	4	-	4	2	2
Guarani S.A.	61	2	-	2	23	23
Other affiliates	23	-	-	-	-	-
	1,444	6	-	6	32	32
In 2014	**10,246**	**1,159**	**5,578**	**6,737**	**9,042**	**9,042**

	Parent Company						
	2014						
		Asset			Liability		
	Overall	Current	Non-Current	Total	Current	Non-Current	Total
Subsidiaries and joint ventures of the Petrobras System and Electricity sector (Eletrobras System)							
Electricity companies (Eletrobras System)	5,471	710	5,493	6,203	-	-	-
Petrobras	1,837	257	-	257	8,925	-	8,925
Arembepe	547	68	-	68	-	-	-
Camaçari Muricy	482	60	-	60	-	-	-
Transpetro	44	13	-	13	6	-	6
Petrobras Paraguay Operaciones y Logistica	15	3	-	3	16	-	16
Termocabo	176	25		25	-	-	-
FCM Real Estate Inv. Fund	-	81	-	81	42	370	412
Other	238	17	85	102	46	-	46
	8,810	1,234	5,578	6,812	9,035	370	9,405
Affiliates of the Petrobras System							
Suape II	1,151	-	-	-	7	-	7
Braskem	209	4	-	4	2	-	2
Guarani S.A.	61	2	-	2	23	-	23
Other affiliates	23	-	-	-	-	-	-
	1,444	6	-	6	32	-	32
In 2014	**10,254**	**1,240**	**5,578**	**6,818**	**9,067**	**370**	**9,437**

18.2 Transactions with Government Entities

These transactions resulted in the following balances:

	Consolidated			
	2014		2013	
	Asset	Liability	Asset	Liability
Government Securities	5	-	4	-
Banco do Brasil S.A.	379	34	300	33
Basa	-	194	-	194
Escrow deposits for court proceedings (CEF and BB) (Note 9)	681	-	606	-
Electricity sector - Eletrobras System (Note 7.2)	6,203	-	2,907	-
Government Customers	99	160	95	146
	7,367	**388**	**3,912**	**373**
Current	1,188	366	858	161
Non-current	6,179	22	3,054	212

	Consolidated			
	2014		2013	
	Asset	Liability	Asset	Liability
Current	**1,188**		**858**	
Cash and cash equivalents	379		300	
Accounts receivable	809		558	
Non-current	**6,179**		**3,054**	
Securities	5		4	
Judicial deposits	681		606	
Accounts receivable	5,493		2,444	
Current		**366**		**161**
Borrowing		206		15
Advances to customers		160		146
Non-current		**22**		**212**
Borrowing		22		212
	7,367	**388**	**3,912**	**373**

	Parent Company			
	2014		2013	
	Asset	Liability	Asset	Liability
Government securities	5	-	4	-
Banco do Brasil S.A.	361	-	292	-
Basa	-	194	-	194
Escrow deposits for court proceedings (CEF and BB) (Note 9)	662	-	588	-
Electricity sector - Eletrobras System (Note 7.2)	6,203	-	2,907	-
Government Customers	99	160	95	146
	7,330	**354**	**3,886**	**340**
Current	1,170	354	850	155
Non-current	6,160	-	3,036	185

	Parent Company			
	2014		2013	
	Asset	Liability	Asset	Liability
Current	**1,170**		**850**	
Cash and cash equivalents	361		292	
Accounts receivable	809		558	
Non-current	**6,160**		**3,036**	
Securities	5		4	
Judicial deposits	662		588	
Accounts receivable	5,493		2,444	
Current		**354**		**155**
Borrowing		194		9
Advances to customers		160		146
Non-current		-		185
Borrowing		-		185
	7,330	**354**	**3,886**	**340**

18.3 Non-Standardized Credit Rights Investment Fund - FIDC-NP

	Consolidated		Parent Company	
	2014	2013	2014	2013
Accounts receivable	419	9	416	-
Total classified in current assets	**419**	**9**	**416**	**-**
Financial costs to be recognized	-	11	-	11
Assignment of performing receivables	(380)	(2,650)	(380)	(2,650)
Assignment of non-performing receivables	(24)	(16)	-	-
Total classified in current liabilities	**(404)**	**(2,655)**	**(380)**	**(2,639)**
Financial income FIDC-NP	57	2	57	2
Financial Expense FIDC-NP	(283)	(137)	(283)	(137)
Net earnings	**(226)**	**(135)**	**(226)**	**(135)**

The Non-Standardized Credit Rights Investment Fund (FIDC-NP) of the Petrobras System is primarily intended for the acquisition of "performed" and/or "non-performing" receivables from operations carried out by the Petrobras System subsidiaries.

The Petrobras System subsidiaries have 100% senior shares of FIDC-NP and, historically, all requests for redemptions from subsidiaries have been fulfilled.

The assignments of performed and non-performing credit rights are classified in current liabilities. The discount rate on the assignment of credit rights of FIDC NP Petrobras is 100.5% of CDI of the day before the transaction, and there is no IOF and WHT on the operations.

18.4 Contractual Commitments - Petrobras

The Company has unconditional purchase commitments with Petrobras for the period from 2015 to 2025 of approximately 8.7 billion m³ of natural gas, which corresponds to an estimated total value of R$ 6,000.

18.5 Intercompany Loans

On July 18, 2014, the Company raised R$ 5,336 from Petrobras to meet its working capital needs. The originally scheduled payment deadline is July 18, 2015.

Additional funding was provided on September 22 and October 13, 2014, in the amounts of R$ 350 and R$ 500, respectively. The estimated due date for payment is one year after the contracting dates.

The IOF charge on funding was R$ 116 and represents the total tax expenses for 2014. A rate of 140% of the daily CDI is charged on intercompany loans, which produced a finance cost of R$ 410. The debt balance as at December 31, 2014 is R$ 6,596.

18.6 Compensation of Managers and Employees (in Reais)

The Company's Career & Salary Plan and Benefits & Advantages Plan, as well as specific legislation, establish criteria for all of the compensation granted by the Company to its employees and managers.

The compensation of employees, including the subsidies of the managers and directors of the Company for the months of December 2014 and 2013 were as follow:

	Consolidated		Parent Company	
In Reais	2014	2013	2014	2013
Compensation per employee				
Lowest compensation	1,738.00	1,659.91	3,074.85	2,680.52
Average compensation	7,499.35	8,264.19	12,105.13	10,059.26
Highest compensation	65,401.43	31,017.72	65,401.43	31,017.72
Compensation per Company official (highest)	116,892.04	87,355.55	94,055.84	87,355.55
(Amounts expressed in Reais)				

The total compensation of short term benefits to key personnel of the Company during 2014 was R$ 7,141,847.51 (R$ 7,686,297.23 in 2013) in the Parent Company, and R$ 11,015,361.80 (R$ 9,872,015.78 in 2013) in the Consolidated.

In 2014, directors' and board members' compensation in the Consolidated reached R$ 8,131,175.75 (R$ 8,440,748.72 in 2013).

As at December 31, 2014, the Company had five members on the Executive Board and nine members on the Board of Directors.

19 Taxes and Contributions

19.1 Taxes Recoverable

	Consolidated		Parent Company	
	2014	2013	2014	2013
Current assets				
ICMS	472	406	457	403
PIS/COFINS	5	44	1	42
Income tax	3	57	-	57
Social contribution	1	16	-	15
Other taxes	21	41	20	40
	502	**564**	**478**	**557**
Non-current assets				
Deferred ICMS	8	5	7	5
ICMS - Tax substitution	175	153	175	153
ICMS	131	109	99	74
Other taxes	-	6	-	6
	314	**273**	**281**	**238**
	816	**837**	**759**	**795**

19.2 Taxes and Contributions Payable

	Consolidated		Parent Company	
	2014	2013	2014	2013
Current Liabilities				
ICMS	213	208	213	207
PIS/COFINS	16	11	16	11
Income tax and social contribution deducted at source	28	29	28	29
Income tax and social contribution, current	60	1	54	-
Other	20	20	15	15
	337	**269**	**326**	**262**

19.3 Deferred Income and Social Contribution Taxes – non-current

The fundamentals and expectations for the settlement of assets and liabilities are reported below:

(a) Deferred Income and Social Contribution Taxes, net

Nature	Consolidated		Parent Company		Grounds for realization
	2014	2013	2014	2013	
Absorption of conditional financing	296	211	296	211	End of financing contracts
Impairment of trade receivables	386	41	386	41	Receipt or realization of loss
Provision for risks	122	95	121	95	Legal cases with an expectation of loss to the Company considered probable
Obligation to PETROS - Inactive futures	132	111	131	111	As a percentage based on actuarial report, which is updated annually
Provisions for shareholdings on profits	-	22	-	22	Effective payment
Discount on Judicial guarantees	14	17	14	17	Due to settlement of bonds
Finance leases	116	49	116	49	Payment of contractual commitments
Income from the sale of Certificates of Real Estate Receivables (CRIs)	10	12	10	12	Due to realization of revenue
Actuarial Losses - CPC 33	194	33	194	33	Annually, at time of new calculation
Interest on National Treasury Notes	(1)	(1)	(1)	(1)	Due to sale or redemption of National Treasury Notes type "P"
Rights to use - financial leases	(124)	(55)	(123)	(55)	Realization for depreciation, disposal or incorporation
Depreciation - lifetime review	(94)	(75)	(92)	(73)	Due to depreciation of property, plant and equipment (corporate depreciation adjustments in relation to tax deduction allowed)
Update of escrow deposits	(119)	(109)	(118)	(109)	On the occasion upon winning lawsuit
Unrealized gains - financial instruments available for sale	-	-	-	-	On the liquidation of securities
Other	52	12	49	8	
	984	**363**	**983**	**361**	

(b) Changes in deferred income and social contribution taxes, net

	Consolidated							Parent Company
Origin of deferred income tax and social contribution entry	**Property, plant and equipment**	**Trade receivables / payables, prepaid expenses and borrowing and financing**	**Finance leases**	**Provision for risks**	**Post-employment benefits**	**Other**	**Total**	**Total**
At January 1, 2013	**(58)**	**184**	**12**	**89**	**341**	**(55)**	**513**	**510**
Recognized in profit or loss for the financial year	(20)	68	(6)	6	58	(31)	75	75
Recognized in equity	-	-	-	-	(255)	32	(223)	(223)
Other	(1)	-	-	-	-	(1)	(2)	(1)
At December 31, 2013	**(79)**	**252**	**6**	**95**	**144**	**(55)**	**363**	**361**
Recognized in profit or loss for the financial year	(18)	430	(4)	27	21	2	458	458
Recognized in equity	-	-	-	-	161	-	161	161
Other	-	-	-	-	-	2	2	3
At December 31, 2014	**(97)**	**682**	**2**	**122**	**326**	**(51)**	**984**	**983**

(c) Estimated settlement of deferred income and social contribution taxes, net

	2014	
	Deferred income tax and CSLL, net	
	Consolidated	Parent Company
Period	Assets	Assets
2015	149	149
2016	438	438
2017	105	105
2018	105	105
2019	33	33
2020	28	28
2021	21	20
2022 onward	105	105
At December 31, 2014	**984**	**983**

	2013	
	Deferred income tax and CSLL, net	
	Consolidated	Parent Company
Period	Assets	Assets
2014	98	98
2015	60	61
2016	61	61
2017	61	60
2018	9	8
2019	9	8
2020	9	8
2021 onward	56	57
At December 31, 2013	**363**	**361**

19.4 Reconciliation of income and social contribution taxes on profits

The reconciliation of taxes on income calculated at nominal rates and the amount of taxes recorded in 2014 and 2013 are as follows:

	Consolidated		Parent Company	
	2014	2013	2014	2013
Profit before income tax and social contribution	1,546	3,043	1,539	3,040
Income tax and social contribution at nominal rates (34%)	(526)	(1,035)	(523)	(1,034)
Adjustments for calculation of the effective rate:				
• Interest on capital	190	156	190	156
• Permanent additions/exclusions, net	(92)	(57)	(94)	(59)
• IT and CSSL adjustments, earlier years	(16)	-	(16)	-
• Equity in earnings	(1)	(2)	2	(3)
• Tax Incentives	25	32	25	32
• Other items	(3)	(5)	-	-
Expenses for recognition of provision for income tax and social contribution	**(423)**	**(911)**	**(416)**	**(908)**
Current IT and CSLL	(881)	(986)	(874)	(983)
Deferred IT and CSLL	458	75	458	75
	(423)	**(911)**	**(416)**	**(908)**
Actual income tax and social contribution rate	27.4%	29.9%	27.0%	29.9%

20 Benefits granted to employees

Balances related to the pension and health plans are reported as follow:

	Consolidated		Parent Company	
	2014	2013	2014	2013
Liability				
Pension plans	1,030	512	1,027	510
Healthcare plans	1,054	736	1,054	736
	2,084	**1,248**	**2,081**	**1,246**
Current	83	84	83	84
Non-current	2,001	1,164	1,998	1,162

20.1 Pension Plans in the Country - Defined Benefit and Variable Contribution

The management of the Company's pension plans is the responsibility of Petrobras Foundation for Social Security (Petros), which was established by Petrobras as a non-profit private legal entity with administrative and financial autonomy.

(a) Petros Plan - Petrobras Social Security Foundation

The Petros Plan is a defined benefit pension plan which was established by Petrobras in July 1970, providing participants with a supplement to the benefit granted by Social Security, and is currently aimed at employees of Petrobras and the Company. The plan is restricted to employees hired up to September 2002.

The evaluation of the funding plan of Petros is carried out by independent actuaries, under capitalization method, for the majority of benefits. Sponsors make regular contributions at amounts equal to the amounts of contributions of participants (employees, assisted parties and retirees), that is, on a basis of parity.

If any deficit in the defined benefit plan is calculated, this should be supplemented by the participants and sponsors, according to Constitutional Amendment No. 20/1998 and Complementary Law No. 109/2001, observing the proportion of the normal contributions made in the year in which that result was determined.

On December 31, 2014, balances of the Financial Commitment Terms (TCF), signed in 2008 by the Company and Petros, reached R$ 297 (R$ 297 in the Parent Company), of which R$ 19 (R$ 19 in the Parent Company) of interest was due in 2015. Commitments under the TCF are due over 20 years, with semi-annual interest payments of 6% p.a. on the updated balance payable. At the same date, Petrobras had a stock of oil and/or derivatives pledged as guarantee for the TCF in the amount of R$ 6,972, replacing the long term National Treasury Notes, in July 2012.

The expected contributions of the Company for 2015 total R$ 48 (R$ 48 in the Parent Company).

The average term of the plan's actuarial liability as at December 31, 2014 is 12.10 years.

Petros Plan 2 - Petrobras Social Security Foundation

The Petros Plan 2 was implemented in July 2007, in the form of variable contribution, by Petrobras and some subsidiaries that assumed the past service of the contributions corresponding to the period in which participants didn't have a plan, as at August 2002, or the admission later on, up to August 29, 2007. The plan is open to new recruits, but there will be no past service payments.

The portion of this plan with defined benefit characteristics refers to the coverage of risks of disability and death, guaranteeing a minimum benefit and life annuity, and related actuarial commitments are recorded according to the projected credit unit method. The share of the plan with a defined contribution characteristic is intended to form a reserve for scheduled retirement, contributions to which are recognized in the income statement according to the payment. In 2014, the Company's contribution to the defined contribution share reached R$ 32 (R$ 32 in the Parent Company).

The share of the defined benefit contribution is suspended between July 1, 2012 and June 30, 2015, as decided by the Deliberative Board of the Petros Foundation, which was based on the recommendation of the Foundation's Actuarial Consulting. In this way, all contributions for this period are being allocated to the individual account of the participant.

The average term of the plan's actuarial liability on December 31, 2014 is 41.80 years.

20.2 Assets of Pension Plans

The investment strategy for the assets of benefit plans reflects a long term vision, an assessment of the risks inherent in the various asset classes, as well as the use of diversification as a risk reduction mechanism for the portfolio. The plan's assets portfolio shall comply with the standards defined by the National Monetary Council.

The Petros Foundation creates Investment Policies that play the role of guiding investment management for periods of five years, which are reviewed annually. The Asset and Liability Management (ALM) model is used to solve net cash flow mismatches of the benefit plans it manages, considering liquidity and solvency parameters, adopting a 30-year horizon for simulations.

The allocation limits on assets determined in the Investment Policy of the Petros Plan of Petrobras System in the period between 2015 to 2019 are: 30% to 60% in fixed income, 30% to 45% in variable income, 3% to 8% in real estate, 0% to 15% in loans to participants, 4% to 13% in structured investments, and 0% to 1% % in global variable income. The allocation limits of the Petros Plan 2 for the same period are: 30% to 90% in fixed income, 5% to 25% in variable income, 0% to 8% in real estate, 0% to 15% in loans to participants, 0% to 10% in structured investments, and 0% to 3% % in global variable income.

	Consolidated					
	2014				2013	
Asset Category	Fair values quoted in an active markets	Fair values not quoted in an active markets	Total fair value	%	Total fair value	%
Fixed income	**866**	**270**	**1,136**	**38%**	**1,086**	**37%**
Private securities	-	55	55		68	
Government bonds	866	-	866		832	
Other investments	-	215	215		186	
Variable income	**1,226**	**53**	**1,279**	**43%**	**1,339**	**46%**
Spot stock	1,226	-	1,226		1,295	
Other investments	-	53	53		44	
Structured investments	-	**236**	**236**	**8%**	**202**	**7%**
Private Equity Funds	-	210	210		187	
Venture Capital Funds	-	3	3		5	
Real estate funds	-	23	23		10	
Property	-	**211**	**211**	**7%**	**177**	**6%**
	2,092	**770**	**2,862**	**96%**	**2,804**	**97%**
Loans to participants			106	4%	97	3%
			2,968	**100%**	**2,901**	**100%**

20.3 Health Plan

(a) Multidisciplinary Healthcare (AMS)

The Company, Petrobras, Petrobras Transporte S.A. - Transpetro, Petrobras Biocombustível and Transportadora Brasileira Gasoduto Brasil-Bolivia S.A. - TBG have a medical care plan (AMS) that covers all employees of the companies in Brazil (active and inactive) and their dependents. Its management is based on the principle of self-sustainability of the benefit, and has preventive and healthcare programs. The main risk associated with health benefits is related to the pace of growth of medical costs due to the implementation of new technologies and the inclusion of new coverage, as well as increased of medical consumption. In this regard, Petrobras seeks to mitigate this risk through the continuous improvement of its technical and administrative procedures, as well as improvements to the various programs offered to beneficiaries.

Employees contribute a pre-defined monthly installment for high risk coverage, and a share of the expenses incurred related to other coverage, both established according to participation tables based on certain parameters, including salary levels, in addition to the pharmacy benefit, which provides special prices for the acquisition, in participating pharmacies nationwide, of certain medicines. The healthcare plan is not covered by collateral. The payment of benefits is made by the Company based on the costs incurred by participants.

The average term of the plan's actuarial liability on December 31, 2014 is 22 years.

20.4 Net Actuarial Liabilities and Expenses, Calculated by Independent Actuaries, and the Fair Value of Plan Assets

Information on all defined benefit plans has been aggregated, as it contains similar assumptions. All pension plans have accumulated benefit obligations exceeding the plan assets.

(a) **Changes in actuarial liabilities, the fair values of assets and the amounts recognized in the balance sheet**

	2014				
	Consolidated				Parent Company
	Pension Plan				
	Defined Benefit	Variable Contribution	Health Plan	Total	Total
Current value of actuarial liabilities					
Actuarial liability at beginning of year	3,369	44	736	4,149	4,147
Cost of interest	443	5	102	550	550
Current service cost	13	5	19	37	37
Contributions from participants	23	-	-	23	23
Benefits paid	(132)	(1)	(42)	(175)	(175)
Re-measurement: (Gains)/ Actuarial losses - demographic experience	215	18	150	383	383
Re-measurement: (Gains)/ Actuarial losses - demographic assumptions	(233)	(6)	(137)	(376)	(376)
Re-measurement: (Gains)/ Actuarial losses - demographic assumptions	221	14	226	461	460
Actuarial liability at the end of the year	**3,919**	**79**	**1,054**	**5,052**	**5,049**
Changes in the fair value of plan assets					
Plan assets at the beginning of the year	2,877	24		2,901	2,901
Interest earnings	370	3	-	373	373
Contributions paid by the company	50	-	-	50	50
Contributions from participants	23	-	-	23	23
Benefits paid	(132)	(1)	-	(133)	(133)
Re-measurement: Return on assets in excess of interest income	(263)	17	-	(246)	(246)
Plan assets at the end of the year	**2,925**	**43**	**-**	**2,968**	**2,968**

	2014				
	Consolidated				Parent Company
	Pension Plan				
	Defined Benefit	Variable Contribution	Health Plan	Total	Total
Amounts recognized in the balance sheet					
Present value of funded obligations	3,919	79	1,054	5,052	5,049
(-) Fair value of plan assets	(2,925)	(43)	-	(2,968)	(2,968)
Net actuarial liability as at December 31, 2014	994	36	1,054	2,084	2,081
Actuarial liabities rollforward – net of assets					
Balance at December 31, 2013	492	20	736	1,248	1,246
(+) Recalculation effects recognized in OCI	467	8	240	715	715
(+) Costs incurred in the period	13	5	19	37	37
(-) Payment of contributions	(51)	-	(42)	(93)	(94)
(+) Net interest on net liabilities	73	3	101	177	177
Balance at December 31, 2014	994	36	1,054	2,084	2,081

	2013				
	Consolidated				Parent Company
	Pension Plan				
	Defined Benefit	Variable Contribution	Health Plan	Total	Total
Current value of actuarial liabilities					
Actuarial liability at beginning of year	4,078	101	1,044	5,223	5,219
Cost of interest	378	9	96	483	483
Current service cost	79	21	33	133	133
Contributions from participants	26	-	-	26	26
Benefits paid	(99)	-	(41)	(140)	(140)
Re-measurement: (Gains)/ Actuarial losses - demographic experience	223	(32)	(104)	87	14
Re-measurement: (Gains)/ Actuarial losses - demographic assumptions	35	(4)	-	31	31
Re-measurement: (Gains)/ Actuarial losses - financial assumptions	(1,351)	(51)	(292)	(1,694)	(1,619)
Actuarial liability at the end of the year	**3,369**	**44**	**736**	**4,149**	**4,147**
Changes in the fair value of plan assets					
Plan assets at the beginning of the year	3,050	20	-	3,070	3,070
Interest earnings	285	2	-	287	287
Contributions paid by the company	48	-	-	48	48
Contributions from participants	25	-	-	25	25
Benefits paid	(99)	-	-	(99)	(99)
Re-measurement: Return on assets in excess of interest income	(432)	2	-	(430)	(430)
Plan assets at the end of the year	**2,877**	**24**	**-**	**2,901**	**2,901**

	2013				
	Consolidated				Parent Company
	Pension Plan				
	Defined Benefit	Variable Contribution	Health Plan	Total	Total
Amounts recognized in the balance sheet					
Present value of funded obligations	3,369	44	736	4,149	4,147
(-) Fair value of plan assets	(2,877)	(24)	-	(2,901)	(2,901)
Net actuarial liability as at December 31, 2016	492	20	736	1,248	1,246
Actuarial liabities rollforward – net of assets					
Balance at January 1, 2013	1,028	81	1,044	2,153	2,149
(+) Recalculation effects recognized in OCI	(672)	(87)	(385)	(1,144)	(1,143)
(+) Costs incurred in the period	77	21	33	131	131
(-) Payment of contributions	(48)	(1)	(41)	(90)	(89)
(+) Net interest on net liabilities	107	6	85	198	198
Balance at December 31, 2013	492	20	736	1,248	1,246

(b) Components of defined benefit cost

	2014				
	Consolidated				Parent Company
	Pension Plan				
	Defined Benefit	Variable Contribution	Health Plan	Total	Total
Cost of the services	13	5	19	37	36
Net interest on the net liabilities	73	2	102	177	178
Net cost for the year	86	7	121	214	214
On active employees:					
Absorbed in the funding of operational activitie	3	-	2	5	5
Directly in the result	36	7	55	98	97
Inactive employees:	47	-	64	111	112
Net cost for the year	86	7	121	214	214

	2013				
	Consolidated				Parent Company
	Pension Plan				
	Defined Benefit	Variable Contribution	Health Plan	Total	Total
Cost of the services	78	21	33	132	132
Net interest on the net liabilities	94	7	96	197	197
Net cost for the year	172	28	129	329	329
On active employees:					
Absorbed in the funding of operational activitie	9	1	4	14	14
Directly in the result	127	27	75	229	228
Inactive employees:	36	-	50	86	87
Net cost for the year	172	28	129	329	329

(c) Sensitivity analysis

A 1 b.p. variation in the assumed medical costs would have the following impacts:

	Consolidated					
	Discount rate				Medical costs	
	Pension		Healthcare		Healthcare	
	+ 1 p.p.	- 1 p.p.	+ 1 p.p.	- 1 p.p.	+ 1 p.p.	- 1 p.p.
Actuarial obligation	(392)	475	(127)	158	175	(130)
Cost of service and interest	(26)	32	(3)	3	7	(5)

(d) Actuarial assumptions adopted in the calculation

	2014	2013
Discount rate (Actual)	6.14% [1] /6.20% [2] /6.15% [3]	6.56% [1] /6.65% [2] /6.58% [3]
Inflation (IPCA)	6.50% [1][2][3][4]	5.93% [1][2][3]
Nominal discount rate (Real + inflation)	13.04% [1] /13.10% [2] /13.05% [3]	12.88% [1] /12.97% [2] /12.90% [3]
Rate of salary increase (Actual)	1.761% [1] / 3.77% [2]	1.981% [1] / 4.044% [2]
Rate of nominal salary increase (Actual + inflation)	8.37% [1] / 10.52% [2]	8.03% [1] / 10.21% [2]
Turnover rate of health plans	0.642% p.a [6]	0.590% p.a [6]
Turnover rate of pension plans	Zero	Zero
Rate of change of medical and hospital costs	14.47% to 3.00% p.a [7]	11.62% to 4.09% p.a [7]
General mortality table	EX-PETROS 2013 (both genders) [8]	Basic AT 2000, sex-specific and smoothed in 20% [8]
Disability entry table	TASA 1927 [9]	TASA 1927 [9]
Disabled mortality table	Male AT 49 aggravated in 10% [10]	Winklevoss per gender smoothed in 20% [10]
Age of entry into retirement	Men, 57 years/ Women, 56 years [11]	Man, 56 years/ Women, 55 years [1][11] Men, 53 years/ Women, 48 years [4]

[1] Petrobras System Petros Plan
[2] Petros 2 Plan
[3] AMS Plan
[4] Inflation curve projected based on the market at 6.30% for 2015 and reaching 3.00% in 2030
[5] Decreasing rate reaching 3.395% from 2015
[6] Average turnover only of Petrobras, as the sponsor, which varies according to age and length of service
[7] Decreasing rate reaching over the next 30 years the expected inflation projected on the long-term. Refers only to sponsor fee
[8] Except for Petros 2 Plan, to which the Female AT-2000 Mortality Table smoothed in 10% (2014) and Male AT 2000 (80% male + 20% female) smoothed in 10% (2013) were
[9] Except for Petros 2 Plan, for which the Álvaro Vindas Tables of Entry in Disability were used
[10] Except for Petros 2 Plan, to which the IAPB 1957 Disabled Mortality Tables were applied
[11] Except for the Petros 2 Plan, for which eligibility was used according to the rules of the General Social Security Regime (RGPS)

Regarding the actuarial assumption of general mortality, the Company started to use the General Mortality Table EX-PETROS 2013 (for both genders), replacing the AT 2000 Mortality Table, which was used in the actuarial valuation for the year 2013. The EX-PETROS Table has two-dimensional characteristics, through which both mortality by age and longevity gains of age are evidenced over the years. This Table, now duly recognized in the actuarial technical entities, was formulated based on expressive data regarding the long term experience of participants of the Petros Plan of the Petrobras System. From the EX-PETROS Table, the independent actuary of the Petros Foundation collected the position of the year 2013 as the observation of the annual series most statistically reflective of the population characteristics of the participants.

(e) Obligation maturity profile

Expected payment of benefits at end of fiscal year	
2015	257
2016	253
2017	253
2018	249
2019 onward	4,040
	5,052

20.5 Profit Sharing

Employee profit sharing (PLR) is based on the legal provisions in force, as well as the guidelines established by the Department of Coordination and Governance of Government Companies (DEST) of the Ministry of Planning, Budget and Management, by the Ministry of Mines and Energy, and Petrobras.

Accordingly, pursuant to Article 42 of the Bylaws, Law 10101/2000 and other regulations in force, on December 31, 2014, the Company made a provision of R$ 60 (R$ 65 in 2013) for the payment to its employees, corresponding to 5.1% of the profits before participation, respecting the limits established by Resolution no. 10/95 of the Government Companies Coordination and Control Board (CCE).

The directors' participation in profits was decided upon by the Extraordinary Shareholders' Meeting held on May 25, 2015, as set forth in Article 47 of the Company's Bylaws and by specific federal regulations.

20.6 Voluntary Dismissal Incentive Plan - PIDV

In January 2014, the Company implemented the Voluntary Dismissal Incentive Plan (PIDV), aligned with the Petrobras program, aiming to contribute to the achievement of the performance goals of the Business and Management Plan.

The enrollment period in the PIDV ended on March 31, 2014 and covered 712 employees. After enrollment, these employees were classified into groups according to their length of employment: (I) up to 3 months; (II) from 3 to 24 months; and (III) employees with a length of employment conditioned to a replacement for the position, according to the knowledge management action plan or management succession plan

Employees who enrolled in the PIDV were at least 55 years old and were already retired on March 31, 2014, as provided in the Plan, and may withdraw at any time, in which case they would not be entitled to the financial incentive.

The financial incentive to be paid to employees who comply with the action plan includes fixed installments equivalent to ten montly salaries, with a ceiling pf R$ 600 thousand (six hundred thousand Reais) and a floor of R$ 180 thousand (one hundred and eighty thousand Reais), with variable installments from 15% to 25% of the monthly compensation, from the 7th month of employment until the date of termination, and other legal and corporate benefits.

The Company recognized the provision as at April 30, 2014, subject to change due to the occurrence of possible waiver, and updating of compensation through labor union agreements up to the employee termination date, the updating of the minimum and the ceiling amount by the IPCA, in addition to the recognition of variable installments.

In the period from April to December 2014, the Company recorded 645 dismissals and 50 waiver from employees enrolled in the PIDV. The rollforward of the provision is demonstrated below:

	Parent Company
Balance at April 30, 2014	166
Review of provision (*)	(8)
Use for termination	(149)
Balance at December 31, 2014	**9**

(*) Includes withdrawals, salary adjustments and the restatement of the minimum and ceiling values by the IPCA

21 Equity

21.1 Share Capital

At the Extraordinary General Meeting held on March 19, 2013, the share capital increase was approved through the application of the excess of the profit reserve (R$ 1,735) and the incorporation of the tax incentive reserve (R$ 54).

At the Extraordinary General Meeting held on May 31, 2013, a share capital increase was approved by means of an investment in Petrobras assets (R$ 20).

At the Extraordinary Shareholders' Meeting held on November 14, 2017, and based on the terms of articles 12 and 122 of Law 6404/76, the proposal for grouping shares of the Company's capital stock was approved, in the proportion of 29,8521666575107:1, so that each set of 29,8521666575107 shares were grouped into a single share. The amendment on the article 4, from the By-laws was also approved to reflect the change in the number of shares, from 34,777,774,156 shares (unchanged from 2013) to 1,165,000,000 common shares, representing in book-entry form and with no nominal value.

The share capital on December 31, 2014 and December 31, 2013 is R$ 5,991, fully subscribed and paid in.

21.2 Capital Reserves

At the Extraordinary General Meeting held on March 19, 2013, the capitalization of the total balance of existing capital reserves on December 31, 2012, in the amount of R$ 54, was authorized.

21.3 Profit Reserves

(a) Legal reserves

Constituted through the appropriation of 5% of the net income for the year, not exceeding 20% of the share capital, in accordance with Article 193 of the Brazilian Corporation Law.

(b) Statutory reserves

Constituted through the appropriation of the net income of each year at an amount equivalent to at least 0.5% of the paid-in share capital at the end of the year, and used to fund research and technological development programs. The balance of this reserve may not exceed 5% of the paid-in share capital, in accordance with Article 46 of the Company's Bylaws.

(c) Profit retention reserves

Intended for investments in the capital budget, mainly in relation to distribution activities of petroleum derivatives, ethanol, support infrastructure, capital contributions and financing to clients, in accordance with Article 196 of the Brazilian Corporation Law.

The capital budget for the year 2015, approved by the Board of Directors, shall be submitted to the approval of the Extraordinary Shareholders' Meeting, at a date to be defined, and provides for investments of funds in the amount of R$ 1,587.

In the proposed allocation of income for the year ended December 31, 2014, a profit retention of R$ 480 is foreseen.

On December 31, 2014, the balance of the Company's profits reserves exceeded the share capital by R$ 361.

21.4 Dividends and Interest on Shareholders' Equity

Shareholders are guaranteed a mandatory dividend of 25% of the adjusted net income for the year, in accordance with Article 7 of the Company's Bylaws and pursuant to Article 202 of the Brazilian Corporation Law. The proposal for dividends related to the year 2014 is being submitted by the Company's Management to the approval of the shareholders at the Extraordinary Shareholders' Meeting.

The calculation of the proposed dividends is as follows:

	2014	2013
Profit for the year	1,123	2,132
Appropriation		
Legal reserves	(56)	(107)
Basic profit for determination of dividends	**1,067**	**2,025**
Dividends payable - Recognized under current liabilities		
Equivalent to 25% (25% in 2013) of basic profit	267	506
Composition of the dividends payable, additional dividends proposed and interest on capital:		
Interest on capital	557	460
Dividends	(206)	115
Total of dividends distributed	**351**	**575**
Withholding tax on interest on capital	(84)	(69)
Total proposed dividends	**267**	**506**
Dividends per thousand shares	0.23	0.43

Dividends will be monetarily restated as at December 31, 2014 until the date of settlement, in accordance with the variations of the SELIC rate.

Interest on shareholders' capital is subject to withholding income tax of 15%, as established in Law 9249/95 and the amendments thereto. Such interest was charged on the dividends for the year, as provided for in the Company's Bylaws, recorded in operating income, as required by the tax legislation, and reversed against retained earnings, as determined by CVM Deliberation No. 683/12, resulting in a tax benefit of income and social contribution taxes in the amount of R$ 190 (R$ 156 in 2013).

21.5 Accumulated other comprehensive (deficit)

Refers to the recognition of actuarial gains or losses, net, calculated by independent actuaries at the end of each year.

21.6 Earnings per Share

	Parent Company	
	2014	2013
Net profit	1,123	2,132
Weighted average of number of shares in circulation (number of shares)	1,165,000,000	1,165,000,000
Basic and diluted net income per share (R$ per shares)	**0.96**	**1.83**

The basic and diluted net income per thousand shares, previously presented, considering 34,777,774,156 common shares was R$ 32.29 on December 31, 2014 (R$ 61.30 on December 2013).

22 Sales Revenue

	Consolidated		Parent Company	
	2014	2013	2014	2013
Revenue				
Oil derivates	108,311	93,991	108,311	93,991
Ethanol	4,502	3,900	4,502	3,900
Natural gas	1,717	1,475	1,700	1,466
Asphalt	1,230	1,083	849	743
Lubricants	1,977	1,797	1,977	1,797
Other	3,924	3,721	3,848	3,652
Anticipation of receivables	(386)	-	(386)	-
Advances - customer bonuses	(528)	(383)	(528)	(383)
Sales Charges	(22,219)	(19,087)	(22,120)	(18,998)
Sales revenue	**98,528**	**86,497**	**98,153**	**86,168**

23 Other Income (Expenses), net

	Consolidated		Parent Company	
	2014	2013	2014	2013
Rentals and royalties	239	231	239	231
Operating leases	(124)	(89)	(124)	(89)
Expenses with shared costs and expenses	(130)	-	(130)	-
Gratuity	(58)	(50)	(58)	(50)
Contractual and regulatory fines	20	19	20	19
Operation Car Wash (Note 2.3)	(23)	-	(23)	-
Profit sharing	(61)	(65)	(60)	(65)
Loss on recovery of ICMS tax credits	-	(41)	-	(41)
Losses and provisions related to lawsuits	(111)	(54)	(111)	(52)
Voluntary redundancy program - PIDV	(157)	-	(157)	-
Pension and healthcare plans - inactive employees	(111)	(87)	(111)	(87)
Joint storage revenue	66	69	66	69
Recovery of Tax Credits	-	48	-	48
Institutional relations and cultural projects	(190)	(150)	(190)	(150)
Contract renegotiation with clients	-	(53)	-	(53)
Result of the disposal of permanent assets	40	45	36	44
Reversal of overpaid taxes	9	64	9	64
Other	(10)	(1)	(8)	(9)
	(601)	**(114)**	**(602)**	**(121)**

24 Expenses by Nature

	Consolidated											
	2014						2013					
	Cost of products and services sold	Sale expenses	Administrative and General Expenses	Other expenses, net	Tax expenses	Total	Cost of products and services sold	Sale expenses	Administrative and General Expenses	Other expenses, net	Tax expenses	Total
Raw materials and products for resale	(91,228)	-	-	-	-	(91,228)	(79,869)	-	-	-	-	(79,869)
Third party services, freight costs and rentals	(163)	(2,065)	(220)	103	-	(2,345)	(127)	(1,781)	(212)	134	-	(1,986)
Personnel Expenses	(64)	(749)	(445)	(420)	-	(1,678)	(72)	(812)	(459)	(217)	-	(1,560)
Impairment of trade receivables	-	(1,109)	-	-	-	(1,109)	-	(87)	-	-	-	(87)
Depreciation and amortization	(10)	(357)	(36)	-	-	(403)	(8)	(331)	(37)	-	-	(376)
Variations of inventory	249	-	-	-	-	249	510	-	-	-	-	510
Institutional relations and cultural projects	-	-	-	(190)	-	(190)	-	-	-	(150)	-	(150)
Taxes	-	-	-	(5)	(160)	(165)	-	-	-	112	(33)	79
Losses and provisions related to lawsuits	-	-	-	(111)	-	(111)	-	-	-	(53)	-	(53)
Other	(21)	(244)	(47)	22	-	(290)	(14)	(245)	(45)	60	-	(244)
Total	**(91,237)**	**(4,524)**	**(748)**	**(601)**	**(160)**	**(97,270)**	**(79,580)**	**(3,256)**	**(753)**	**(114)**	**(33)**	**(83,736)**

	Parent Company											
	2014						2013					
	Cost of products and services sold	Sale expenses	Administrative and General Expenses	Other expenses, net	Tax expenses	Total	Cost of products and services sold	Sale expenses	Administrative and General Expenses	Other expenses, net	Tax expenses	Total
Raw materials and products for resale	(90,944)	-	-	-	-	(90,944)	(79,609)	-	-	-	-	(79,609)
Third party services, freight costs and rentals	(157)	(2,041)	(213)	103	-	(2,308)	(122)	(1,761)	(206)	134	-	(1,955)
Personnel Expenses	(55)	(744)	(437)	(420)	-	(1,656)	(65)	(807)	(451)	(217)	-	(1,540)
Impairment of trade receivables	-	(1,113)	-	-	-	(1,113)	-	(86)	-	-	-	(86)
Depreciation and amortization	(8)	(356)	(34)	-	-	(398)	(7)	(330)	(35)	-	-	(372)
Variations of inventory	249	-	-	-	-	249	510	-	-	-	-	510
Institutional relations and cultural projects	-	-	-	(190)	-	(190)	-	-	-	(150)	-	(150)
Taxes	-	-	-	(5)	(157)	(162)	-	-	-	112	(29)	83
Losses and provisions related to lawsuits	-	-	-	(111)	-	(111)	-	-	-	(52)	-	(52)
Other	(14)	(235)	(50)	21	-	(278)	(13)	(241)	(43)	52	-	(245)
Total	**(90,929)**	**(4,489)**	**(734)**	**(602)**	**(157)**	**(96,911)**	**(79,306)**	**(3,225)**	**(735)**	**(121)**	**(29)**	**(83,416)**

25 Finance Income, net

	Consolidated		Parent Company	
	2014	2013	2014	2013
Costs				
Finance leases	(10)	(10)	(10)	(10)
Bank charges	(20)	(15)	(20)	(15)
Loans and financing	(25)	(18)	(23)	(16)
FIDC	(284)	(138)	(283)	(137)
Loans payable	(35)	(27)	(35)	(27)
Mutual	(410)	-	(410)	-
Other	(18)	(43)	(15)	(44)
	(802)	**(251)**	**(796)**	**(249)**
Income				
FIDC	58	3	57	2
Interest and customer financing	269	245	263	240
Securities	1	86	1	86
Other	59	12	48	8
	387	**346**	**369**	**336**
Monetary variations				
Asset				
Update of receivables - Electricity sector - Isolated System - Eletrobras System	715	-	715	-
Deposits	27	133	27	133
Recoverable taxes	3	84	3	84
Other	8	9	8	9
	753	**226**	**753**	**226**
Liability				
Finance leases	(8)	(11)	(29)	(11)
Update of dividends to be paid to Petrobras	(18)	(14)	(18)	(14)
Loans and financing	(50)	(24)	(2)	-
Other	(6)	(8)	(7)	(8)
	(82)	**(57)**	**(56)**	**(33)**
Exchange differences	**34**	**24**	**22**	**3**
Exchange rate changes and inflation adjustments, net	**705**	**193**	**719**	**196**
Net earnings	**290**	**288**	**292**	**283**

26 Segment Information

The Executive Board, an operational decision making group, considers the business from the profile/market perspective of its clients related to the Gas Stations Network. In terms of the profile of clients, the Management separately considers the activities of the Retail Stations, Large Consumers and Aviation segments.

Other segments related to the sale of chemicals, sale of asphalt and power generation were aggregated into "Others" as a reportable operating segment, as they did not meet the quantitative criteria required by IFRS/CPC for separate reportable segments.

The Company's revenue from clients in Brazil amounts to R$ 96,411 (R$ 84,473 in 2013), and total revenue from foreign clients, based on the country of destination of the sale, amounts R$ 2,117 (R$ 2,024 in 2013).

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, without segmentation, by all business units. Likewise, liabilities are not reported by segment, since they are managed by the central treasury.

The main financial information evaluated by the Executive Board is as follows:

Consolidated Statement of Result per Business Area - 2014

	Retail Stations	Major Customers	Aviation Products	Other	Corporate	Total of segments	Reconciliation with Financial Statement		Total
Sales Revenue	49,990	33,271	9,610	6,022	(17)	98,876	(348)	(a)	98,528
Cost of sales	(46,968)	(30,303)	(8,929)	(5,021)	(6)	(91,227)	(10)	(b)	(91,237)
Gross profit	**3,022**	**2,968**	**681**	**1,001**	**(23)**	**7,649**	**(358)**		**7,291**
Expenses						-	-		
Sales, general and administrative	(1,518)	(1,113)	(486)	(450)	(216)	(3,783)	(1,489)	(c)	(5,272)
Taxes	(4)	-	-	(9)	(15)	(28)	(132)	(d)	(160)
Other income (expenses), net	139	32	-	37	(517)	(309)	(292)	(e)	(601)
Share of profit (loss) of investees	-	-	-	(3)	1	(2)	-		(2)
Net financial result	-	-	-	-	-	-	290	(f)	290
Adjusted EBITDA	**1,639**	**1,887**	**195**	**576**	**(770)**	**3,527**			
Profit (loss) before taxes							**(1,981)**		**1,546**

Consolidated Statement of Result per Business Area - 2013

	Retail Stations	Major Customers	Aviation Products	Other	Corporate	Total of segments	Reconciliation with Financial Statement		Total
Sales Revenue	44,608	27,591	9,011	5,561	(27)	86,744	(247)	(a)	86,497
Cost of sales	(41,584)	(24,971)	(8,360)	(4,655)	(2)	(79,572)	(8)	(b)	(79,580)
Gross profit	**3,024**	**2,620**	**651**	**906**	**(29)**	**7,172**	**(255)**		**6,917**
Expenses						-	-		
Sales, general and administrative	(1,439)	(986)	(542)	(393)	(277)	(3,637)	(372)	(c)	(4,009)
Taxes	(3)	-	(1)	(9)	(13)	(26)	(7)	(d)	(33)
Other income (expenses), net	215	(1)	26	87	(388)	(61)	(53)	(e)	(114)
Share of profit (loss) of investees	-	-	-	5	(11)	(6)	-		(6)
Net financial result	-	-	-	-	-	-	288	(f)	288
Adjusted EBITDA	**1,797**	**1,633**	**134**	**596**	**(718)**	**3,442**			
Profit (loss) before taxes							**(399)**		**3,043**

Reconciliation with the financial statements	**12/31/2014**	**12/31/2013**
(a) Sales Revenue		
Appropriation of early bonuses granted to customers		
Sales Revenue is adjusted by the bonus advances granted to resellers of service stations to which the Company distributes fuels and lubricants corresponding to the installment made available mainly in kind and held under the terms established in advance with such parties, which once completed, become unenforceable, being absorbed as expenses by the Company. This corresponds to a target scheme which, once met, exempts the recipients - resellers of service stations - from returning to the Company these amounts advanced as bonuses. They are classified as prepaid expenses and are recognized in the recorded in the statement in proportion to their due dates.	(348)	(247)
(b) Cost of sold goods		
Depreciation and amortization	(10)	(8)
(c) Sales, general and administrative		
Depreciation and amortization	(393)	(368)
Provision for impairment of trade receivables		
The adjusted values refer to the provisions relating to receivables owed to the Company by the thermal companies of isolated and interconnected power systems, a segment to which the Company substantially provides service, and which has lately faced financial difficulties.	(1,096)	(4)
(d) Taxes		
Tax charges on revenue: the adjustments refer to expenditure with IOF PASEP and COFINS, levied on the Company's revenue and which are classified as tax expenses.	(132)	(7)
(e) Other revenue (expenses), net		
Losses and provisions related to lawsuits		
The adjusted amounts refer to 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.	(111)	(53)
Voluntary Dismissal Incentive Plan		
The adjustment refer to amounts that affected the Company's profits given the provision of 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.	(158)	-
Lava-jato (Car Wash)		
The Company concluded that as a result of the alleged participation of contractors and suppliers in collusion to charge additional amounts of the Company, part of the costs incurred in the construction of certain fixed assets were derived from such additional expenses with suppliers participating in the collusion, and should not have been recognized and therefore were unduly capitalized.	(23)	-
(f) Net financial result	290	288
Total	**(1,981)**	**(399)**

27 Lawsuits and contingencies

27.1 Lawsuits Provisions

The Company and its investees, in the normal course of their business, are parties to legal, tax, civil, labor and environmental lawsuits. The Company and its investees establish provisions for lawsuits at amounts considered sufficient to cover probable losses, based on an analysis by the legal counsel and by Management.

These provisions are reported according to the nature of the corresponding causes:

	Consolidated		Parent Company	
	2014	2013	2014	2013
Labor claims	128	107	128	106
Tax claims	40	30	39	29
Civil claims	181	135	181	135
Environmental claims	8	7	9	8
Total	**357**	**279**	**357**	**278**

	Consolidated		Parent Company	
	2014	2013	2014	2013
Beginning balance	**279**	**261**	**278**	**260**
Addition of provision	108	75	108	75
Use for payments	(19)	(29)	(18)	(28)
Interest update	8	18	8	17
Reversal of provision	(19)	(46)	(19)	(46)
Closing balance	**357**	**279**	**357**	**278**

Expenses related to lawsuits are recognized in other operating expenses.

27.1.1 Provisioned Lawsuits and Judicial Deposits

	Consolidated					
	2014			2013		
	Judicial proceedings	Escrow deposits	Net proceedings of escrow deposits	Judicial proceedings	Escrow deposits	Net proceedings of escrow deposits
Labor claims	128	66	62	107	52	55
Tax claims	40	8	32	30	5	25
Civil claims	181	49	132	135	36	99
Environmental claims	8	4	4	7	4	3
Total	**357**	**127**	**230**	**279**	**97**	**182**

27.2 Non-provisioned Lawsuits (potential losses)

	Consolidated		Parent Company	
Nature	**2014**	**2013**	**2014**	**2013**
Tax	4,335	2,902	4,313	2,887
Civil - General	959	923	959	923
Labor	123	112	123	112
Civil - Environmental	10	11	10	10
	5,427	**3,948**	**5,405**	**3,932**

We present the main non-provisioned lawsuits as follow:

(a) Tax Lawsuits

	Description of tax proceedings	2014
	Plaintiffs: States of MG and RJ	
1)	Collection of the difference in the rate on internal transactions with aviation kerosene. The States have enacted a special regime for airlines, reducing the ICMS rate. Today, the Company charges this rate difference from distributors related to the sales to airlines companies and/or transfers between the Company's facilities.	850
	Plaintiffs: States of AL, BA, MT, SC, and TO	
2)	Proceedings in which the company was fined by Tax Services, demanding differences (add-on) in relation to the calculation of ICMS/ST.	523
	Plaintiffs: States of GO , AL, BA, MT, SC, and TO	
3)	Collection of ICMS-ST on consignment and symbolic return of aviation kerosene for resale; consideration of wholesale premise as retailer; blacklisting of tax documents.	371
	Plaintiff: Federal Government	
4)	Legal proceedings in which the Company is charged with supposedly failing to collect taxes on credit, foreign exchange and insurance operations, or relative to securities, resulting from qualified operations by Tax Authorities, over the montly cash remittance to Petrobras and loans to several contributors (fuel stations).	362
	Plaintiffs: States of AP, BA, MG and SP	
5)	Proceedings in which the company disputes who stands to be sued in regard to the payment of ICMS not withheld for tax substitution due to injunctions obtained by buyers, but which are now due as a result of final failure of such buyers in the demands they initiated against the State.	308

	Description of tax proceedings	2014
	Plaintiffs: The States GO, MS, MT, PA, PB, PE, and SP and the Federal District	
6)	Proceedings in which the Company disputes the non-applicability of ICMS on variation in fuel volumes for leftovers and inventory shortages arising from the operation and transportation of products. The company receives oil refinery products invoiced at a temperature of 20ºC. When sold to customers, the Company sells the product at room temperature, resulting in variation in inventory arising from natural volumetric variations due to temperature.	296
	Plaintiffs: States of AP, BA, ES, GO, MG, PA, PE, PR, RJ, RN, RO and TO	
7)	Proceedings in which Revenue Services accuses the Company of having taken/used credits in operations that would not generate such a credit entitlement, such as in cases of misapplication of the principle of non-cumulative taxation.	285
	Plaintiffs: States of AM, BA, MT, PA, RJ, RN, RO and SP and the Federal Government	
8)	Punishment applied for the breach of accessory obligations related to the payment and crediting of ICMS, IRPJ, CSLL ICMS, PIS and COFINS, levied on transactions in general by the Company.	188
	Plaintiff: Federal Government	
9)	Proceedings in which the Company disputes the applicability of IPI to products derived from oil and the possibility of maintaining IPI credits on acquisition of inputs used in the production of oil derivates.	428
	Plaintiff: States of AM and PE	
10)	ICMS charges in alleged sales of aviation kerosene without ICMS highlight for national and foreign airlines, for flights to other states or abroad.	138
	Plaintiff: Federal Government	
11)	Proceedings in which Petrobras is the main party responsible for of social security contributions, but the Company is assessed as jointly liable.	82

	Description of tax proceedings	2014
	Plaintiff: Federal Government	
12)	Proceeding in which the Company disputes the applicability of social security contribution on the remuneration of freelancers who provided services to the Company.	70
	Plaintiff: Federal Government	
13)	Proceedings in which the company is contesting who is liable for the payment of PIS and COFINS not withheld for tax substitution due to injunctions obtained by buyers, but which are now due as a result of final failure of such buyers in the demands they initiated against Federal Government.	69
	Plaintiff: States of MT, PA, PB, PE, and SP and the Federal District	
14)	ICMS levied on direct sales to final consumers, where one of the traditional retail chains do not exist.	51
	Plaintiffs: States of BA, CE, GO and RO	
15)	Proceedings in which the Company disputes whether or not it is entitled to credit for ICMS paid on CIF freight in interstate operations covered by immunity. Distinction between operation and transport service.	49
	Plaintiff: States of AL, BA, MT, SC, and TO	
16)	Proceedings in which the Company disputes whether the composition of the calculation basis of ICMS-ST in interstate operations with oil derivates should include ICMS itself.	47
	Plaintiff: Federal Government	
17)	Proceedings in which the Company disputes whether the payment of PIS and COFINS for tax substitution is due on sales of aviation kerosene at airports that had no fixed price.	43
	Miscellaneous tax proceedings	175
		4,335

(b) Civil Lawsuits

	Description of civil proceedings	2014
	Plaintiff: C A Soares da Costa	
1)	Civil action before the courts of Rondônia, seeking indemnity for damages and losses under the claim of breach of transportation contract by the Company. Current status: the Court of Rondônia upheld the earlier decision, in favor of the Company. The plaintiff filed a special appeal, referred to the Superior Court of Justice – STJ.	122
	Plaintiff: Francisco Messias Cameli	
2)	Civil action before the Courts of the State of Amazonas for rental charges, due to vessel demurrage on the Cruzeiro Sul Secondary Distribution Base (BASUL). Current Status: The Prosecutor's Office has filed a petition, informing to have no interest in the demand. The process is at the Rapporteur's Office, awaiting trial scheduling.	164
	Plaintiff: Forte Comércio, Importação, Exportação e Administração	
3)	Civil action before the Court of the State of São Paulo, with a request for the termination of contracts and compensation for damages, under claim that the Company has failed to fulfill an obligation that it allegedly undertook for the incorporation of Grupo Forte. Current Status: Pending trial of the special appeal filed by the Company.	134
	Miscellaneous civil proceedings	539
		959

28 Financial instruments and risk management

The financial instruments held by the Company are managed through operational strategies and internal controls, aiming at liquidity, reflecting the choice of counterparties, and the profitability and safety of the commercial areas in which operations are carried out.

The Company does not make speculative investments in derivatives or any other high risk assets.

Due to the nature of its business, the Company is mainly exposed to credit risk, and part of this exposure is restated by applying the interest rates on client financing. The Company is also subject to liquidity, market and foreign exchange rate risks.

The descriptions of the financial instruments included in the balance sheet are as follow:

		Consolidated		Parent Company	
	Notes	2014	2013	2014	2013
Loans and receivables					
Cash and banks	5	543	670	533	667
Financial investments	5	199	246	-	-
Accounts receivable	7	12,914	9,165	12,912	9,070
Judicial deposits	9	871	734	852	716
		14,527	**10,815**	**14,297**	**10,453**
Financial assets held to maturity					
FIDC Supplier	6	18	18	18	18
NTN-P	6	5	4	5	4
		23	**22**	**23**	**22**
Financial liabilities measured at amortized cost					
Suppliers	14	3,168	3,030	3,147	3,001
Borrowing	15	1,367	1,366	295	304
Intragroup loans with the Parent Company	18.5	6,596	-	6,596	-
Assignment of receivables	18.3	404	2,655	380	2,639
Finance leases	28.3.3	139	160	442	160
		11,674	**7,211**	**10,860**	**6,104**

28.1 Risk Management Objectives and Strategies

The Company's credit risk management has as its main discussion forum the Credit Committee, which defines the main parameters and guidelines for the lending policy. The analyses of credit applications, according to the levels of value, have specific procedures and increasing demands according to the level of exposure, and some cases require a decision from the Executive Board.

Regarding the foreign exchange exposure, the management policy for this type of risk is defined by the Executive Board, with joint management of the financial and commercial areas responsible for international revenue.

28.2 Market Risk

28.2.1 Credit Risk

The Company's exposure to credit risk arises mainly from the supply of products for term payments arising from its usual commercial operations. Such risks include the possibility of non-receipt for sales made.

28.2.1.1 Credit Risk Management

The Company's Credit and Collection Policy defines the approval levels for each client based on the amount requested, and establishes due dates for the credit limits granted , in order to allow a periodic reassessment of the risk that each client may represent.

The Company uses an authority limits chart, approved by the Executive Board, to determine approval levels.

In the credit analysis, the client's payment behavior and the market restrictions are assessed.

The credit approval criteria set out in the Credit and Collection Policy encompass actual guarantees, personal guarantees, an analysis of the balance sheets or the nature of the business, taking into account the relationship with the Company.

The Company's commercial credit portfolio is very diversified, serving clients of the automotive network and large consumers, mainly represented by industrial and government clients.

Exposure to risk is mainly represented by trade receivables balance. as at December 31, 2014, there was no foreign exchange hedge for the total balance of trade receivables from foreign clients in the aviation segment due to the Company's assessment that the most likely scenario is a depreciation of the Brazilian Real against the US Dollar, considering the horizon of the settlement period of trade receivables.

Exposure to risk is mainly represented by trade receivables balance. The Company's portfolio amounted to approximately R$ 15 billion on December 31, 2014.

28.2.2 Interest Rate Risk

The interest rate risk on the Company's liabilities is mainly associated with the CDI, which is the index for loans from Petrobras (Note 17.5), and the IGPM and IPCA rates, which are the indices of Real Estate Receivables Certificates. Most of the assets are financed by client loans, which are generally linked to the IGPM, and by trade receivables from the Power Industry - Eletrobras System, restated by the SELIC rate.

28.2.2.1 Interest Rate Risk Management

The Company currently does not use financial derivative instruments to manage its exposure to floating interest rates.

The sensitivity analysis of interest on the main financial assets and liabilities of the Consolidated figures on December 31, 2014 is as follows.

Instruments	Exposure (R$ thousands)	Note	Risk	Financial (expense)/ income in scenario I (*)	Financial result with 25% decrease to index	Financial result with 50% decrease to index	Financial result with 25% increase to index	Financial result with 50% increase to index
Confession of debt contract - Electricity sector - Isolated system - Eletrobras system	5,336		Reduction of SELIC	715	536	358	894	1,073
Trade receivables - Related parties - current	612	7	Reduction of ICTM	6	5	3	8	9
Investments in FIDC	419	18.3	Reduction of CDI	57	43	29	71	86
FIDC (Assignment of receivables)	(404)	18.3	Increase of CDI	(283)	(212)	(142)	(354)	(425)
CRIs	(1,037)	15	Increase of IGPM	(127)	(95)	(64)	(159)	(191)
Borrowing from banks IBM and BASA	(295)	15	Increase of CDI	(25)	(19)	(13)	(31)	(38)
Mutual	(6,596)	18.5	Increase of IGPM	(410)	(308)	(205)	(513)	(615)

(*) Scenario I corresponds to the effect recognized in profit or loss for the financial year considering, the December 31, 2014 base line.

28.3 Liquidity Risk

28.3.1 Liquidity Risk Management

The cash flow forecast is carried out centrally by the Company's financial area. An annual flow is considered, which is monitored through monthly projection reviews, discussed in forums and representative Executive Boards.

The objective is to ensure sufficient cash generation to meet the operational, costing and investment needs of the Company, always striving to maintain a minimum cash balance capable of meeting the daily flow needs.

Excess cash is invested in shares of FIDC-NP, an exclusive, corporate fund of the Petrobras System, subject to interest. Exceptional events that may impact the cash generation and liquidity of the Company are supported by resources from the corporate fund, with intercompany loan operations with Petrobras and through funding from financial institutions.

Likewise, there is always room for financial structuring that can improve the structure and cost of capital, in addition to reinforcing the cash flow in specific situations.

28.3.2 Nominal Flow of Principal and Interest on Financing

Period	Consolidated		
	Principal	Interests	Total
2015	281	77	358
2016	103	66	169
2017	114	72	186
2018	125	70	195
2019	140	70	210
2020 onward	1,612	381	1,993
Total	**2,375**	**736**	**3,111**

28.3.3 Flow of Payments and Receipts from Financial Leases (with transfer of benefits, risks and controls)

	2014			
	Consolidated		Parent Company	
	Minimum receipts	Minimum payments	Minimum receipts	Minimum payments
2015	3	46	3	79
2016 - 2019	13	151	14	320
2020 onward	14	13	13	846
Future receipts/ payments of estimate commitments	**30**	**210**	**30**	**1,245**
Minus amount of annual interest	(14)	(71)	(14)	(803)
Present value of the minimum receipts/ payments	**16**	**139**	**16**	**442**
Current	2	42	2	57
Non-Current	14	97	14	385
At December 31, 2014	**16**	**139**	**16**	**442**
Current	2	39	2	39
Non-Current	14	121	14	121
At December 31, 2013	**16**	**160**	**16**	**160**

28.4 Capital Management

Capital management is a set of processes aimed at ensuring that the Company maintains an appropriate capital base for the development of its activities, given its financial commitments and risks.

The Company's capital structure, as well as its cash management, should always be based ultimately on the optimal capital structure and financial management from the perspective of Petrobras, selecting the options that best the greatest synergy to the Petrobras System.

The management and follow-up of capital take place through:

- Control of daily cash flow;
- Projection and follow-up of the Company's short- and mid term cash flow, structuring a Financial Plan that will support the budget processes;
- Analysis of the cash cycle and the need for working capital;
- Follow-up on variables that impact working capital, integrating initiatives related to the management of working capital needs;
- Analysis and proposal of financial leverage/deleveraging strategies aimed at optimizing the Company's capital structure and reducing the associated cost.

The financial leverage index on December 31, 2014 and 2013 was calculated as follows:

	Consolidated		Parent Company	
	2014	2013	2014	2013
Borrowing (Note 15)	1,367	1,366	295	304
Financial leases (Note 28.3.3)	139	160	442	160
Intragroup loans from the Parent Company	6,596	-	6,596	-
Assignment of receivables (Note 18.3)	404	2,655	380	2,639
Total Indebtedness	8,506	4,181	7,713	3,103
Less: Cash and cash equivalents (Note 5)	(742)	(916)	(533)	(667)
Net Indebtedness	7,764	3,265	7,180	2,436
Net equity attributable to controlling shareholders (Note 21)	12,121	11,901	12,121	11,901
Net debt/(net debt + net equity)	**39%**	**22%**	**37%**	**17%**

The increase in the index was driven by fundraising from intercompany loans from Petrobras, as described in Note 17.5.

The Company has been taking actions to improve the capital structure, with the consequent reversal of the negative working capital requirement reported on December 31, 2014. Accordingly, on April 14, 2015, a loan agreement of R$ 4.5 billion was signed with Banco do Brasil, the terms of which are described in Note 30.

29 Insurance

The Company and its subsidiaries adopt an insurance policy that mainly takes into account the concentration of risks, the relevance and the value of replacement of assets.

The Parent company's facilities, equipment and products have fire insurance coverage, with an insured amount as at December 31, 2014 of R$ 7,781 (R$ 7,649 in 2013). There is full coverage of transfers of products between the Company's establishments, sales and products purchased from other suppliers, which is the responsibility of the Company. In the Consolidated, the insured amount reached R$ 11,528 on December 31, 2014 (R$ 11,248 in 2013).

The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements and, therefore, have not been examined by our independent auditors.

The main information on insurance coverage in force as at December 31, 2014 is as follows:

		2014		2013	
		Amount Insured		Amount Insured	
Asset	Type of coverage	Consolidated	Parent Company	Consolidated	Parent Company
Facilities, equipment and inventory products	Fire risks	7,810	7,781	7,821	7,649
General civil liability	Operations, products, environmental pollution, etc.	664	664	581	581
Civil liability - Downstream		2,656	2,656	2,343	2,343
Other		398	396	503	480
Total		**11,528**	**11,497**	**11,248**	**11,053**

The Company does not have insurance against loss of profits.

30 Events after the reporting period

Award for the exploration and commercialization of natural gas in the State of Espírito Santo

On February 2, 2016, Law 10493/2016 was published in the Official Newpaper from Espírito Santo State, recognizing the termination of the contract for the distribution of piped gas (see Note 13.2).

On August 12, 2016, the Company signed a dMemorandum of Understanding with the Government of the State of Espírito Santo aiming to evaluate the creation of a state-owned state company to provide public services related to the distribution of piped natural gas.

The Company did not make any provision for losses, as the existing book value is guaranteed by the indemnification provided for in the said Law.

Capital Increase

On August 31, 2017, the Extraordinary General Meeting approved the Company's capital increase in cash of R$ 6,313 million, which will result in administrative and economic benefits, leading to improvements in its financial indicators such as liquidity and solvency.

Prepayment of Credit Notes

On August 31, 2017, the Company settled in advance the Export Credit Notes (NCE) issued in favor of Banco do Brasil and Bradesco, in the total amount of R$ 7,708 million.

Partial Spin-Off

On August 31, 2017, the Extraordinary General Meeting approved the partial spin-off of the Company, with the merger of the spun off portion into Downstream Participações Ltda (Petrobras subsidiary), in the amount of R$ 6,939 million, related to credits from Eletrobras companies restated in 2014 and receivables from Breitener Tambaqui and Breitener Jaraqui, both of the Petrobras system, aiming at improving the management of the capital structure of the companies' economic group. This transaction, in addition to the benefits to shareholders arising from the valuation of its assets and businesses, will result in administrative and economic benefits for the spun-off Company, leading to improvements in its financial indicators such as liquidity and solvency.

Lawsuits

IOF

Due to a decision from the reviewing court favorable to the Company in an administrative lawsuit in which the Company was assessed by alleged non-payment of the tax on credit operations (IOF) arising from qualified operations by the tax authorities as a remittance of cash to Petrobras and intercompany loans to reseller stations, the Company amended its expectation of loss and significantly reduced the financial risk from a possible loss of R$ 352 on December 31, 2014 to a probable loss of R$ 0.3 on July 31, 2017, referring to the IOF collection share on intercompany loans to reseller stations.

BOARD OF DIRECTORS

AUGUSTO MARQUES DA CRUZ FILHO
President

BRUNO CESAR DE PAIVA E SILVA
Member of the Board

CLEMIR CARLOS MAGRO
Member of the Board

DURVAL JOSÉ SOLEDADE SANTOS
Member of the Board

FRANCISCO ARRUDA VIEIRA DE MELO FILHO
Member of the Board

JERÔNIMO ANTUNES
Member of the Board

JORGE CELESTINO RAMOS
Member of the Board

REINALDO GUERREIRO
Member of the Board

SEGEN FARID ESTEFEN
Member of the Board

EXECUTIVE BOARD

IVAN DE SÁ PEREIRA JUNIOR
President

MARCELO FERNANDES BRAGANÇA
Chief Operating and Logistics Officer and Chief Gas Station Network Officer

GUSTAVO HENRIQUE BRAGA COUTO
Chief Consumer Market Officer

RAFAEL SALVADOR GRISOLIA
Chief Financial and Investor Relations Officer

ACCOUNTING MANAGEMENT

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