

BRAZILIAN PETROLEUM CORP
Form 6-K
August 19, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of August, 2005

Commission File Number 1-15106

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

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

Avenida República do Chile, 65
20031-912 - Rio de Janeiro, RJ
Federative Republic of Brazil
(Address of principal executive office)

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

Form 20-F Form 40-F

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

Yes No

**(A free translation from the original in
Portuguese)**

QUARTERLY INFORMATION ITR

PETRÓLEO BRASILEIRO S.A. - PETROBRAS

June 30, 2005

(A free translation from the original in Portuguese)

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

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

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

Rio de Janeiro, August 11, 2005

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

Paulo José Machado
Accountant CRC - 1RJ 061.

(A free translation from the original in Portuguese)

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

THE REGISTRATION WITH THE CVM DOES NOT IMPLY THAT ANY OPINION IS EXPRESSED ON THE COMPANY. THE INFORMATION PROVIDED IS THE RESPONSIBILITY OF THE COMPANY'S MANAGEMENT

1 CVM CODE 00951-2	2 NAME OF THE COMPANY PETRÓLEO BRASILEIRO S.A. PETROBRAS	3 - CNPJ (Taxpayers Record Number) 33.000.167/0001-01
4 NIRE 33300032061		

01.02 - HEAD OFFICE

1 ADDRESS AV. REPÚBLICA DO CHILE, 65 2 th floor		2 QUARTER OR DISTRICT CENTRO		
3 CEP (ZIP CODE) 20031-912	4 - CITY RIO DE JANEIRO		5 STATE RJ	
6 - AREA CODE 021	7 PHONE NUMBER 3224-2040	8 - PHONE NO. 3224-2041	9 - PHONE NO. -	10 - TELEX
11 AREA CODE 021	12 FAX No. 3224-9999	13 - FAX No. 3224-6055	14 - FAX No. 3224-7784	
15 - E-MAIL petroinvest@petrobras.com.br				

01.03 - DIRECTOR OF INVESTOR RELATIONS (BUSINESS ADDRESS)

1 NAME ALMIR GUILHERME BARBASSA				
2 ADDRESS AV. REPÚBLICA DO CHILE, 65 2 th floor			3 - QUARTER OR DISTRICT CENTRO	
4 CEP (ZIP CODE) 20031-912	5 CITY RIO DE JANEIRO		6 - STATE RJ	
7 AREA CODE 021	8 PHONE NUMBER 3224-2040	9 - PHONE NO. 3224-2041	10 - PHONE NO. -	11 - TELEX
12 AREA CODE 021	13 FAX 3224-9999	14 - FAX No. 3224-6055	15 - FAX No. 3224-7784	
16 E-MAIL barbassa@petrobras.com.br				

01.04 GENERAL INFORMATION / INDEPENDENT ACCOUNTANTS

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

01.05 - CURRENT BREAKDOWN OF PAID-IN CAPITAL

No. OF SHARES (THOUSANDS)	1- CURRENT QUARTER 30/06/2005	2 - PREVIOUS QUARTER 31/03/2005	3 - SAME QUARTER IN THE YEAR 30/06/2004
Capital Paid in			
1 - COMMON	634.168	634.168	634.168
2 - PREFERRED	462.370	462.370	462.370
3 - TOTAL	1.096.538	1.096.538	1.096.538
Treasury Stock			
4 - COMMON	0	0	0
5 - PREFERRED	0	0	0
6 - TOTAL	0	0	0

01.06 - CHARACTERISTICS OF THE COMPANY

1 TYPE OF COMPANY INDUSTRIAL, COMMERCIAL, AND OTHERS
2 SITUATION OPERATIONAL
3 - TYPE OF SHARE CONTROL STATE HOLDING COMPANY
4 ACTIVITY CODE 1 01 OIL AND GAS
5 - MAIN ACTIVITY PROSPECTING, OIL/GAS. REFINING AND ENERGY ACTIVITIES
6 TYPE OF CONSOLIDATED TOTAL
7 - TYPE OF SPECIAL REVIEW REPORT UNQUALIFIED

01.07 - CORPORATIONS/PARTNERSHIPS EXCLUDED FROM THE CONSOLIDATED STATEMENTS

1 ITEM	2 CNPJ (TAXPAYERS RECORD NUMBER)	3 NAME
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01.08 - DIVIDENDS/INTEREST ON CAPITAL APPROVED AND/OR PAID DURING AND AFTER THE CURRENT QUARTER

1 ITEM	2 EVENT	3 - APPROVAL DATE	4 - TYPE	5 - PET BEGINS ON	6 - TYPE OF SHARE	7 - DIVIDENDS PER SHARE
01	AGO	31/03/2005	INTEREST ON CAPITAL PAYABLE	17/05/2005	COMMON	1,000000000
02	AGO	31/03/2005	INTEREST ON CAPITAL PAYABLE	17/05/2005	PREFERRED	1,000000000
03	AGO	31/03/2005	DIVIDENDS	17/05/2005	COMMON	0,600000000
04	AGO	31/03/2005	DIVIDENDS	17/05/2005	PREFERRED	0,600000000
05	RCA	17/06/2005	INTEREST ON CAPITAL PAYABLE	-	COMMON	2,000000000
06	RCA	17/06/2005		-	PREFERRED	2,000000000

			INTEREST ON CAPITAL PAYABLE			
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01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

1 - ITEM	2 DATE OF CHANGES	3 - CAPITAL (R\$ THOUSAND)	4 - AMOUNT OF CHANGE (R\$ THOUSAND)	5 - REASON FOR CHANGE	7 - NUMBER OF SHARES ISSUED (THOUSANDS)	8 - SHARE ISSUE PRICE (R\$)
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1.10 - INVESTOR RELATIONS DIRECTOR

1 DATE	2 SIGNATURE
11/08/2005	

02.01 UNCONSOLIDATED BALANCE SHEET - ASSETS (THOUSANDS OF REAIS)

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

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

02.02 UNCONSOLIDATED BALANCE SHEET LIABILITIES (THOUSANDS OF REAIS)

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

02.02 UNCONSOLIDATED BALANCE SHEET LIABILITIES (THOUSANDS OF REAIS)

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

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

Corporate Law

00951-2 PETRÓLEO BRASILEIRO S.A - PETROBRAS

33.000.167/0001-01

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

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

03.01 UNCONSOLIDATED STATEMENT OF INCOME (THOUSANDS OF REAIS)

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

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

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

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

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

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

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

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

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

Reconciliation of balance sheet as of June 30, 2005

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

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

2) Cash and cash equivalents

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

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

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

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

3) Accounts receivable, net

Accounts receivable are broken down as follows:

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

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

R\$ Thousand

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

4) RELATED PARTIES

a) Assets

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

PARENT COMPANY - R\$ Thousands

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

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

Intercompany loans

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

Bolivia-Brazil Gas pipeline

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

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

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

b) Liabilities

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

TOTAL SUBSIDIARIES AND AFFILIATES	(19.445.983)	(111.907)	(1.330.200)	(119.375)	(209.728)	(38.522)	(2.074.533)
Special Purpose Company							
30/06/2005	(19.445.983)	(111.907)	(1.330.200)	(119.375)	(209.728)	(38.522)	(2.074.533)
31/03/2005	(20.808.727)	(569.270)	(1.380.663)	(133.876)	(226.634)	(38.427)	(3.265.015)

c) Result

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

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

Parent Company - R\$ Thousand

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

31/03/2005	13.389.782	243.040	(46.044)	13.586.778
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5) Inventories

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

(*) includes imports in transit.

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

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

b) Settlement of accounts with the Federal Government

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

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

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

7) Marketable securities

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

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

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

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

8) Project financings

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

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

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

a) Ventures under negotiation

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

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

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

b) Reimbursements receivable

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

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

c) Project financing obligations**Marlim Project**

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

CLEP Project

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

d) Accounts payable related with consortium in operation

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

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

e) Commitments Taken by Special Purpose Entities - SPE

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

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

f) Special Purpose Entities

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

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

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

9) JUDICIAL DEPOSITS

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

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

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

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

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

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

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

Other judicial withdrawals

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

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

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

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

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

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

b) Goodwill / Discount balance

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

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

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

Movements of goodwill/discount:

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

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

c) Purchase of shareholdings in TermoRio

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

d) Exchange of Assets PETROBRAS and REPSOL - YPF

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

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

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

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

e) Purchase of Sociedade Fluminense de Energia Ltda SFE

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

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

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

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

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

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

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

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

g) Acquisition of Termoceará Ltda.

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

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

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

OTHER INFORMATION

New Bolivian Law on Hydrocarbons

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

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

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

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

Review of the operating agreements in Venezuela

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

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

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

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

Reorganization of TRANSENER S.A. debts

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

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

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

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

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

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

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

Parent Company

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

b) By type of asset**Consolidated**

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

Parent Company

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

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

c) Oil and gas exploration and development costs**R\$ Thousand**