

BRAZILIAN PETROLEUM CORP
Form 20-F/A
July 26, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F/A
(Amendment No. 1)

ANNUAL REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

for the fiscal year ended December 31, 2003

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)

The Federative Republic of Brazil
(Jurisdiction of incorporation or organization)

Avenida República do Chile, 65

20035-900 - Rio de Janeiro - RJ

Brazil

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common Shares, without par value* American Depositary Shares (as evidenced by American Depositary Receipts), each representing 1 Common Share	New York Stock Exchange
Preferred Shares, without par value* American Depositary Shares (as evidenced by American Depositary Receipts), each representing 1 Preferred Share	New York Stock Exchange

* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock

as of the close of the period covered by this Annual Report:

At December 31, 2003, there were outstanding:

634,168,418 Common Shares, without par value

462,369,507 Preferred Shares, without par value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

Explanatory Note

This Amendment No. 1 to our annual report on Form 20-F for the fiscal year ended December 31, 2003 filed on June 30, 2004, or Amendment No. 1, is being filed solely for the purpose of amending Item 18 and Item 19, as follows:

to add the Report of Independent Registered Public Accounting Firm from PricewaterhouseCoopers Auditores Independentes dated February 13, 2003 with respect to the financial statements for the two years ended December 31, 2002 in Item 18 Financial Statements and to correct the numbering of the footnote on page F-126 in Item 18 Financial Statements. The other portions of Item 18 were filed as part of our original filing and are being refiled as part of this Amendment No. 1, without change; and

to add Exhibit 15.2 in Item 19 Exhibits, the consent of PricewaterhouseCoopers Auditores Independentes to the incorporation by reference in the Registration Statement on Form F-3 (No. 333-92044) of Petróleo Brasileiro S.A. - PETROBRAS of its report dated February 13, 2003.

This Amendment No. 1 consists of a cover page, this explanatory note, Item 18 (as amended), Item 19 (as amended), the signature page and the required certifications of our chief executive officer and the chief financial officer.

Except as described above, no change has been made to our annual report on Form 20-F. The filing of this amended annual report does not, and does not purport to, amend, update or restate the information in any other item of the annual report on Form 20-F filed on June 30, 2004 or reflect any events that have occurred after the annual report on Form 20-F was filed on June 30, 2004.

ITEM 18. FINANCIAL STATEMENTS

See pages F-3 through F-134, incorporated herein by reference.

ITEM 19. EXHIBITS

<u>No.</u>	<u>Description</u>
1.1	Amended By-Laws of Petr�leo Brasileiro S.A.-Petrobras (together with an English version).
2.1	Deposit Agreement dated as of July 14, 2000, among Petrobras and Citibank, N.A., as depositary, and registered holders and beneficial owners from time to time of the American Depositary Shares, representing the common shares of Petrobras (incorporated by reference to exhibit of Petrobras Registration Statement on Form F-6 filed with the Securities and Exchange Commission on July 17, 2000 (File No. 333-123000)).
2.2	Amended and Restated Deposit Agreement dated as of February 21, 2001, among Petrobras and Citibank, N.A., as depositary, and the registered holders and beneficial owners from time to time of the American Depositary Shares, representing the preferred shares of Petrobras (incorporated by reference to exhibit 4.1 of Amendment No. 1 to Petrobras Registration Statement on Form F-1 filed with the Securities and Exchange Commission on July 3, 2001 (File No. 333-13660)).
2.3	Amendment No. 1, dated as of March 23, 2001, to the Amended and Restated Deposit Agreement, dated as of February 21, 2001, among Petrobras, Citibank N.A., as depositary, and the registered holders and beneficial owners from time to time of the American Depositary Shares representing the preferred shares of Petrobras (incorporated by reference to Exhibit 4.2 of Amendment No. 1 to Petrobras Registration Statement on Form F-1 filed with the Securities and Exchange Commission on July 3, 2001 (File No. 333-13660)).
2.4	Indenture, dated as of July 19, 2002, between Petrobras and JPMorgan Chase Bank, as Trustee (incorporated by reference to exhibit 4.4 of the Registration Statement of Petrobras International Finance Company and Petrobras on Form F-3, filed with the Securities and Exchange Commission on July 5, 2002, and amendments to which were filed on July 19, 2002 and August 14, 2002 (File No. 333-92044-01)).
2.5	Indenture, dated as of July 19, 2002, between Petrobras International Finance Company and JPMorgan Chase Bank, as Trustee (incorporated by reference to exhibit 4.5 of the Registration Statement of Petrobras International Finance Company and Petrobras on Form F-3, filed with the Securities and Exchange Commission on July 5, 2002, and amendments to which were filed on July 19, 2002 and August 14, 2002 (File No. 333-92044-01)).
2.6	First Supplemental Indenture, dated as of March 31, 2003, between Petrobras International Finance Company (PIFCo) and JPMorgan Chase Bank, as Trustee, relating to the 9.00% Global Step-Up Notes due 2008 (incorporated by reference to exhibit 2.6 of Petrobras annual report on Form 20-F for the fiscal year ended December 31, 2002, filed with the Securities and Exchange Commission on June 19, 2002 (File No. 1-15106)).
2.7	Second Supplemental Indenture, dated as of July 2, 2003, between Petrobras International Finance Company (PIFCo) and JPMorgan Chase Bank, as Trustee, relating to the 9.125% Global Notes due 2013.
2.8	Amended and Restated Second Supplemental Indenture, initially dated as of July 2, 2003, as amended and restated as of September 18, 2003, between Petrobras International Finance Company (PIFCo) and JPMorgan Chase Bank, as Trustee, relating to the 9.125% Global Notes due 2013.
2.9	Third Supplemental Indenture, dated as of December 10, 2003, between Petrobras International Finance Company (PIFCo) and JPMorgan Chase Bank, as Trustee, relating to the 8.375% Global Notes due 2018.

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The amount of long-term debt securities of Petrobras authorized under any given instrument does not exceed 10% of its total assets on a consolidated basis. Petrobras hereby agrees to furnish to the SEC, upon its request, a copy of any instrument defining the rights of holders of its long-term debt or of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.

- 4.1 Form of Concession Agreement for Exploration, Development and Production of crude oil and natural gas executed between Petrobras and ANP (incorporated by reference to Exhibit 10.1 of Petrobras Registration Statement on Form F-1 filed with the Securities and Exchange Commission on July 14, 2000 (File No. 333-12298)).
- 4.2 Purchase and Sale Agreement of natural gas, executed between Petrobras and Yacimientos Petroliferos Fiscales Bolivianos-YPFB (together with and English version) (incorporated by reference to Exhibit 10.2 to Petrobras Registration Statement on Form F-1 filed with the Securities and Exchange Commission on July 14, 2000 (File No. 333-12298)).
- 8.1 For our organizational structure, including a list of subsidiaries, their jurisdiction of incorporation and names under which they do business, see Item 4. Information on the Company Organizational Structure.
- 10.1 Consent letter of DeGolyer and MacNaughton.
- 12.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 15.1 Ernst & Young Auditores Independentes S/S consent to the incorporation by reference in the Registration Statement (Form F-3 No. 333-92044) of Petroleo Brasileiro S.A. PETROBRAS (Petrobras) of its report dated February 13, 2004, with respect to the consolidated financial statements for the year ended December 31, 2003 of Petrobras and its subsidiaries included in this Annual Report (Form 20-F) for the year ended December 31, 2003.
- 15.2 PricewaterhouseCoopers Auditores Independentes consent to the incorporation by reference in the Registration Statement (Form F-3 No. 333-92044) of Petroleo Brasileiro S.A. PETROBRAS (Petrobras) of its report dated February 13, 2003, with respect to the financial statements for the two years ended December 31, 2002 of Petrobras, which appears in Amendment No. 1 to the 2003 Annual Report on Form 20-F, filed with the Securities and Exchange Commission on July 26, 2004.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant, Petróleo Brasileiro S.A.-PETROBRAS, hereby certifies that it meets all the requirements for filing on Form 20-F/A and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rio de Janeiro, on July 26, 2004.

Petróleo Brasileiro S.A. - PETROBRAS

By: /s/ JOSÉ EDUARDO DE BARROS DUTRA

Name: José Eduardo De Barros Dutra
Title: Chief Executive Officer

By: /s/ JOSÉ SÉRGIO GABRIELLI DE AZEVEDO

Name: José Sérgio Gabrielli de Azevedo
Title: Chief Financial Officer

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PETRÓLEO BRASILEIRO S.A. PETROBRAS

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

PETRÓLEO BRASILEIRO S.A. - PETROBRAS:

We have audited the accompanying consolidated balance sheet of PETRÓLEO BRASILEIRO S.A. - PETROBRAS and subsidiaries as of December 31, 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of PETRÓLEO BRASILEIRO S.A. - PETROBRAS and subsidiaries at December 31, 2003, and the consolidated results of their operations and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Effective January 1, 2003, the Company adopted SFAS No. 143 - Accounting for Asset Retirement Obligations (SFAS 143). Additionally, at December 31, 2003 the Company adopted FIN 46 Consolidation of Variable Interest Entities as discussed in Note 3.

ERNST & YOUNG

Auditores Independentes S/S

Paulo José Machado

Partner

Rio de Janeiro, Brazil

February 13, 2004

Report of Independent Registered

Public Accounting Firm

To the Board of Directors and Stockholders

PETRÓLEO BRASILEIRO S.A. - PETROBRAS

In our opinion, the accompanying consolidated balance sheet as of December 31, 2002 and the related consolidated statements of income, of cash flows and of changes in stockholders' equity for each of the two years in the period ended December 31, 2002 present fairly, in all material respects, the financial position, results of operations and cash flows of Petróleo Brasileiro S.A. - PETROBRAS and its subsidiaries at December 31, 2002 and for each of the two years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

February 13, 2003

PricewaterhouseCoopers

Audidores Independentes

Rio de Janeiro, Brazil

PETRÓLEO BRASILEIRO S.A. - PETROBRAS**AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS

December 31, 2003, and 2002

Expressed in Millions of United States Dollars

	As of December 31,	
	2003	2002
Assets		
Current assets		
Cash and cash equivalents (Note 5)	9,610	3,301
Accounts receivable, net (Note 7)	2,905	2,267
Inventories (Note 8)	2,947	2,540
Deferred income tax (Note 4)	256	271
Recoverable taxes	917	672
Advances to suppliers	504	794
Other current assets	761	477
	<u>17,900</u>	<u>10,322</u>
Property, plant and equipment, net (Note 9)	<u>30,805</u>	<u>18,224</u>
Investments in non-consolidated companies and other investments (Note 10)	<u>1,173</u>	<u>334</u>
Other assets		
Accounts receivable, net (Note 7)	528	369
Advances to suppliers	416	450
Petroleum and alcohol account receivable from Federal Government (Note 11)	239	182
Government securities (Note 6)	283	176
Marketable securities	340	208
Unrecognized pension obligation (Note 17)		61
Restricted deposits for legal proceedings and guarantees (Note 22 (a))	543	290
Recoverable taxes	467	156
Goodwill in PEPSA and PELSA (Note 19)	183	
Investment in PEPSA and PELSA (Note 19)		1,073
Prepaid expenses	190	100
Other assets	545	209
	<u>3,734</u>	<u>3,274</u>
Total assets	<u>53,612</u>	<u>32,154</u>

PETRÓLEO BRASILEIRO S.A. - PETROBRAS**AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

December 31, 2003, and 2002

Expressed in Millions of United States Dollars

	As of December 31,	
	2003	2002
Liabilities and shareholders equity		
Current liabilities		
Trade accounts payable	2,261	1,702
Income tax	148	119
Taxes payable, other than income taxes	2,157	1,682
Short-term debt (Note 12)	1,329	671
Current portion of long-term debt (Note 12)	1,145	727
Current portion of project financings (Note 14)	842	239
Current portion of capital lease obligations (Note 15)	378	349
Accrued interest	181	120
Dividends and interest on capital payable (Note 18)	1,139	307
Contingencies (Note 22)	84	318
Payroll and related charges	581	283
Advances from customers	258	119
Ventures under consortium agreements	166	106
Employee benefits obligation - Pension (Note 17)	160	89
Other payables and accruals	392	432
	<u>11,221</u>	<u>7,263</u>
Long-term liabilities		
Long-term debt (Note 12)	11,888	6,987
Project financings (Note 14)	5,066	3,800
Employee benefits obligation - Pension (Note 17)	1,895	1,363
Employee benefits obligation - Health care (Note 17)	1,580	1,060
Capital lease obligations (Note 15)	1,242	1,907
Deferred income tax (Note 4)	1,122	259
Provision for abandonment of wells (Note 3 (a))	396	
Thermoelectric liabilities (Note 3 (b))	1,142	
Contingencies (Note 22)	271	50
Other liabilities	270	300
	<u>24,872</u>	<u>15,726</u>
Minority interest	367	(136)
Shareholders equity		
Shares authorized and issued (Note 18)		

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Preferred share - 2003 - 462,369,507 shares (2002 - 451,935,669 shares)	2,973	2,459
Common share - 2003 and 2002 - 634,168,418 shares	4,289	3,761
Capital reserve (Note 18)	118	89
Retained earnings		
Appropriated (Note 18)	10,696	5,585
Unappropriated	14,957	16,085
Accumulated other comprehensive income		
Cumulative translation adjustments	(14,450)	(17,306)
Amounts not recognized as net periodic pension cost, net of tax (Note 17)	(1,588)	(1,361)
Unrealized gains (losses) on securities, net of tax	157	(11)
	<u>17,152</u>	<u>9,301</u>
Total liabilities and shareholders equity	53,612	32,154

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PETRÓLEO BRASILEIRO S.A. - PETROBRAS**AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF INCOME

December 31, 2003, 2002 and 2001

Expressed in Millions of United States Dollars (except number of shares and earnings per share)

	Year ended December 31,		
	2003	2002	2001
Sales of products and services	42,690	32,987	34,145
Less:			
Value-added and other taxes on sales and services	(6,348)	(5,241)	(8,627)
Contribution of intervention in the economic domain charge - CIDE	(5,545)	(5,134)	
Specific parcel price - PPE			(969)
Net operating revenues	30,797	22,612	24,549
Cost of sales	15,416	11,506	12,807
Depreciation, depletion and amortization	1,785	1,930	1,729
Exploration, including exploratory dry holes	512	435	404
Selling, general and administrative expenses	2,091	1,741	1,751
Impairment (Note 9 (b))	70	75	145
Research and development expenses	201	147	132
Total costs and expenses	20,075	15,834	16,968