

BRAZILIAN PETROLEUM CORP  
Form 6-K  
March 04, 2008

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**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 March, 2008**

**Commission File Number 1-15106**

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**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

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**TRANSLATED FROM THE ORIGINAL IN PORTUGUESE****FEDERAL PUBLIC SERVICE****SECURITIES COMMISSION (CVM - Comissão de Valores Mobiliários)****FINANCIAL STATEMENTS - DFP BRAZILIAN CORPORATE LAW****COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****As of -12/31/2007**

<b>THIS REGISTRATION WITH THE CVM DOES NOT IMPLY THAT ANY OPINION IS EXPRESSED ON THE COMPANY. THE INFORMATION PROVIDED IS THE RESPONSABILITY OF THE COMPANY S MANAGEMENT.</b>
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**01.01 - IDENTIFICATION**

1 - CVM CODE <b>00951-2</b>	2 - NAME OF THE COMPANY <b>PETRÓLEO BRASILEIRO S.A. - PETROBRAS</b>	3 - CNPJ (TAXPAYERS RECORD NUMBER) <b>33.000.167/0001-01</b>
4 BOARD OF TRADE INSCRIPTION NUMBER <b>33300032061</b>		

**01.02 - HEAD OFFICE**

1 - ADDRESS (STREET, NUMBER AND FLOOR) AV. REPÚBLICA DO CHILE, 65 2 <sup>nd</sup> floor		2 - QUARTER OR DISTRICT DOWNTOWN		
3 - CEP (ZIP CODE) 20035-900	4 - CITY RIO DE JANEIRO		5 - STATE RJ	
6 - AREA CODE (DDD) 021	7 - PHONE No. 3224-2040	8 - PHONE No. 3224-2041	9 - PHONE No.	10 - TELEX -
11 - AREA CODE 021	12 - FAX 3224-9999	13 - FAX 3224-6055	14 - FAX 3224-7784	
15 - E-MAIL petroinvest@petrobras.com.br				

**01.03 INVESTOR RELATIONS DIRECTOR (BUSINESS ADDRESS)**

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

**01.04 GENERAL INFORMATION / INDEPENDENT ACCOUNTANTS**

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FISCAL YEAR	1- FISCAL YEAR BEGINNING DATE	2- FISCAL YEAR END DATE
1- LAST	01/01/2007	12/31/2007
2 -PENULTIMATE	01/01/2006	12/31/2006
3 - BEFORE THE PENULTIMATE	01/01/2005	12/31/2005
4- NAME OF INDEPENDENT ACCOUNTING FIRM KPMG AUDITORES INDEPENDENTES		5- CVM CODE 00418-9
6 -NAME OF THE ENGAGEMENT PARTNER MANUEL FERNANDES RODRIGUES DE SOUSA		7- PARTNER CPF 783.840.017.15

**01.05 - CURRENT BREAKDOWN OF PAID IN CAPITAL**

N.OF SHARE (THOUSANDS)	1- 12/31/2007	2- 12/31/2006	3- 12/31/2005
<b>PAID-UP CAPITAL</b>			
1 - COMMON	2.536.674	2.536.674	2.536.674
2 - PREFERRED	1.850.364	1.850.364	1.849.478
3 - TOTAL	4.387.038	4.387.038	4.386.152
<b>ON TREASURY</b>			
4 - COMMON	0	0	0
5 - PREFERRED	0	0	0
6 - TOTAL	0	0	0

**1.06 CHARACTERISTICS OF THE COMPANY**

1- TYPE OF COMPANY COMMERCIAL, INDUSTRIAL AND OTHER
2 - SITUATION OPERATIONAL
3 - TYPE OF SHARE CONTROL STATE HOLDING COMPANY
4 - ACTIVITY CODE 101 OIL AND GAS
5 - ACTIVITY PROSPECTING OF OIL AND GAS, PRODUCTION, REFINING AND ENERGY ACTIVITIES
6 TYPE OF CONSOLIDATION TOTAL

**01.07 CORPORATIONS / PARTNERSHIPS EXCLUDED FROM THE CONSOLIDATED STATEMENTS**

1 ITEM	2 CNPJ (TAXPAYERS RECORD NUMBER)	3 NAME OF THE COMPANY

**01.08 DIVIDENDS IN CASH**

1- ITEM	2- EVENT	3 APPROVAL DATE	4 - TYPE	5 PAYMENT BEGINS ON	6 TYPE OF SHARE	7 DIVIDENS PER sSHARE
01	RCA	07/25/2007	Interest on shareholders equity	01/31/2007	ON	0,5000000000
02	RCA	07/25/2007	Interest on shareholders equity	01/31/2007	PN	0,5000000000
03	RCA	09/21/2007	Interest on shareholders equity	03/31/2007	ON	0,5000000000
04	RCA	09/21/2007	Interest on shareholders equity	03/31/2007	PN	0,5000000000
05	AGO	12/27/2007	Interest on shareholders equity	04/30/2008	ON	0,3000000000
06	AGO	12/27/2007	Interest on shareholders equity	04/30/2008	PN	0,3000000000

**01.09 INVESTOR RELATIONS DIRECTOR**

1 DATE 03/17/2006	2 SIGNATURE
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**02.01 - BALANCE SHEET - ASSETS (In thousands of reais)**

<b>1 - CODE</b>	<b>2- DESCRIPTION</b>	<b>3- 12/31/2007</b>	<b>4- 12/31/2006</b>	<b>5- 12/31/2005</b>
1	Total Assets	211.233.010	179.614.554	154.013.146
1.01	Current Assets	40.154.095	49.443.798	44.694.731
1.01.01	Cash and Cash Equivalents	7.847.949	20.098.892	17.481.555
1.01.01.01	Cash and Banks	866.147	2.219.519	2.114.551
1.01.01.02	Short Term Investments	6.981.802	17.879.373	15.367.004
1.01.02	Accounts Receivable, net	12.036.476	10.376.356	10.676.578
1.01.02.01	Customers	12.036.476	10.376.356	10.676.578
1.01.02.01.01	Customers	3.445.477	4.248.112	4.447.097
1.01.02.01.02	Subsidiary and Affiliated Companies	7.899.158	5.105.482	4.600.522
1.01.02.01.03	Other Accounts Receivable	894.533	1.210.244	1.844.634
1.01.02.01.04	Allowance for Doubtful Accounts	(202.692)	(187.482)	(215.675)
1.01.02.02	Miscellaneous Credits	0	0	0
1.01.03	Inventories	12.800.138	12.968.740	10.337.565
1.01.04	Other	7.469.532	5.999.810	6.199.033
1.01.04.01	Dividends Receivable	668.501	777.593	945.676
1.01.04.02	Recoverable Taxes	5.125.217	4.381.752	4.037.175
1.01.04.03	Prepaid Expenses	1.095.815	669.892	680.787
1.01.04.05	Other Current Assets	579.999	170.573	535.395
1.02	Non-current Assets	171.078.915	130.170.756	109.318.415
1.02.01	Long-term assets	63.949.619	45.184.676	37.601.550
1.02.01.01	Miscellaneous Credits	4.834.031	1.418.762	857.198
1.02.01.01.01	Petroleum and Alcohol Accounts	797.851	785.791	769.524
1.02.01.01.02	Marketable Securities	3.386.999	8.062	7.601
1.02.01.01.03	Investments in Privatization Process	1.366	1.366	1.475
1.02.01.01.04	Other Accounts Receivable	647.815	623.543	78.598
1.02.01.02	Accounts Receivable, net	47.555.806	34.282.729	28.116.453
1.02.01.02.01	With Affiliates	0	1.488	141.288
1.02.01.02.02	With Subsidiaries	47.555.806	34.281.241	27.975.165
1.02.01.02.03	Other Companies	0	0	0
1.02.01.03	Other	11.559.782	9.483.185	8.627.899
1.02.01.03.01	Projects Financings	1.503.703	927.830	569.030
1.02.01.03.02	Deferred Income Tax and Social Contribution	1.776.187	1.363.928	1.102.845
1.02.01.03.03	Deferred Value-Added Tax (ICMS)	755.058	693.776	1.230.796
1.02.01.03.04	Deferred PASEP/COFINS	3.026.238	1.704.753	0
1.02.01.03.05	Compulsory Loans - Eletrobrás	0	115.923	117.811
1.02.01.03.06	Judicial Deposits	1.445.658	1.438.384	1.443.834
1.02.01.03.07	Advance for Pension Plan	1.296.810	1.242.268	1.205.358
1.02.01.03.08	Advances to Suppliers	396.781	564.266	684.235
1.02.01.03.09	Prepaid Expenses	809.332	818.953	1.060.967
1.02.01.03.10	Inventories	236.753	464.783	492.777
1.02.01.03.11	Other non-current assets	313.252	148.321	720.246
1.02.02	Fixed Assets	107.129.296	84.986.080	71.716.865
1.02.02.01	Investments	26.068.789	22.776.506	20.366.625

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1.02.02.01.01	In Affiliates	132.444	98.470	2.153
1.02.02.01.02	Goodwill in Affiliates	0	0	0
1.02.02.01.03	In Subsidiaries	23.509.345	22.444.836	20.129.942
1.02.02.01.04	Goodwill in Subsidiaries	0	0	0
1.02.02.01.05	Other Investments	349.852	233.200	234.530
1.02.02.01.06	Rights/Advance Acquisition of Investments	2.077.148	0	0
1.02.02.02	Property, Plant and Equipment	77.252.144	58.682.236	48.187.534
1.02.02.03	Intangible	3.074.677	2.778.773	2.584.531
1.03.02.04	Deferred Charges	733.686	748.565	578.175

**02.02 - BALANCE SHEET - LIABILITIES (In thousands of reais)**

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1 - CODE	2- DESCRIPTION	3- 12/31/2007	4- 12/31/2006	5- 12/31/2005
2	Liabilities and Stockholders' equity	211.233.010	179.614.554	154.013.146
2.01	Current Liabilities	60.385.858	51.183.457	48.065.619
2.01.01	Loans and Financings	748.518	1.279.445	1.655.721
2.01.01.01	Financings	625.922	1.141.352	1.499.012
2.01.01.02	Interest on Financings	122.596	138.093	156.709
2.01.02	Debentures	0	0	0
2.01.03	Suppliers	7.413.054	5.427.331	4.481.558
2.01.04	Taxes, Contribution and Participation	8.493.492	6.854.934	7.292.508
2.01.05	Dividends Payable	6.580.557	7.896.669	7.017.843
2.01.06	Accruals	3.090.081	2.963.043	2.823.654
2.01.06.01	Payroll and Related Charges	1.375.912	1.137.832	978.222
2.01.06.02	Provision for Contingencies	54.000	54.000	167.645
2.01.06.03	Pension Plan	386.091	391.783	461.848
2.01.06.04	Health Care Benefits Plan	429.666	386.428	369.939
2.01.06.05	Employee and Management Participations	844.412	993.000	846.000
2.01.07	Debts with Subsidiaries and Affiliated Companies	29.043.500	23.473.128	20.383.557
2.01.07.01	Suppliers	29.043.500	23.473.128	20.383.557
2.01.08	Other	5.016.656	3.288.907	4.410.778
2.01.08.01	Advances from customers	120.326	1.119.891	1.054.783
2.01.08.02	Projects Financings	408.234	1.565.296	2.421.806
2.01.08.03	Other	4.488.096	603.720	934.189
2.02	Non-current Liabilities	34.834.917	29.048.763	25.244.261
2.02.01	Non-current Liabilities	34.834.917	29.048.763	25.244.261
2.02.01.01	Loans and Financings	4.811.988	5.094.223	6.408.872
2.02.01.01.01	Financings	4.811.988	5.094.223	6.408.872
2.02.01.02	Debentures	0	0	0
2.02.01.03	Accruals	21.335.040	17.873.052	14.351.765
2.02.01.03.01	Health Care Benefits Plan	8.554.276	7.382.761	6.107.188
2.02.01.03.02	Provision for Contingencies	208.415	190.671	225.251
2.02.01.03.03	Pension Plan	4.138.672	2.777.184	1.749.036
2.02.01.03.04	Deferred Income Tax and Social Contribution	8.433.677	7.522.436	6.270.290
2.02.01.04	Subsidiaries and Affiliated Companies	2.374.256	2.506.957	1.925.046
2.02.01.05	Advance for Future Capital Increase	0	0	0
2.02.01.06	Other	6.313.633	3.574.531	2.558.578
2.02.01.06.01	Provision for Dismantling of Areas	5.854.072	2.979.031	1.807.730
2.02.01.06.02	Provision for Programmed Maintenance	0	0	0
2.02.01.06.03	Other Accounts and Expenses Payable	459.561	595.500	750.848
2.02.02	Deferred Income	0	0	0
2.04	Shareholders Equity	116.012.235	99.382.334	80.703.266
2.04.01	Capital	52.644.460	48.263.983	33.235.445
2.04.01.01	Subscribed and Paid-in Capital	52.644.460	48.263.983	32.896.138
2.04.01.02	Monetary Restatement of Capital	0	0	339.307
2.04.02	Capital Reserves	1.553.831	372.064	372.064



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2.04.02.01	AFRMM and Subventions	169.142	158.298	158.298
2.04.02.02	Fiscal Incentive Income Tax	1.384.689	213.766	213.766
2.04.03	Revaluation Reserve	61.520	66.423	60.120
2.04.03.01	Own Assets	0	0	0
2.04.03.02	Subsidiaries and Affiliated Companies	61.520	66.423	60.120
2.04.04	Revenue Reserves	61.752.424	50.679.864	47.035.637

<b>1 - CODE</b>	<b>2- DESCRIPTION</b>	<b>3- 12/31/2007</b>	<b>4- 12/31/2006</b>	<b>5- 12/31/2005</b>
2.04.04.01	Legal	7.612.508	6.511.073	5.207.914
2.04.04.02	Statutory Reserves	504.544	1.249.441	1.008.119
2.04.04.03	For Contingencies	0	0	0
2.04.04.04	Unrealized Earnings	0	0	0
2.04.04.05	Retention of Earnings	53.635.372	42.919.350	40.819.604
2.04.04.06	Undistributed Dividends	0	0	0
2.04.04.07	Other Revenue Reserves	0	0	0
2.04.05	Retained Earnings/ (Accumulated Losses)	0	0	0
2.04.06	Advance for Future Capital Increase	0	0	0

**03.01 - STATEMENT OF INCOME (In Thousands of Reais)**

<b>1 - CODE</b>	<b>2- DESCRIPTION</b>	<b>3- 12/31/2007</b>	<b>4- 12/31/2006</b>	<b>5- 12/31/2005</b>
3.01	Gross Operating Revenues	170.244.954	162.225.973	143.665.730
3.02	Sales Deductions	(43.477.953)	(42.508.173)	(37.843.204)
3.03	Net Operating Revenues	126.767.001	119.717.800	105.822.526
3.04	Cost of Products and Services Sold	(70.444.686)	(65.942.183)	(57.512.113)
3.05	Gross Profit	56.322.315	53.775.617	48.310.413
3.06	Operating Expenses	(23.898.643)	(16.000.058)	(14.810.467)
3.06.01	Selling	(5.314.132)	(4.975.402)	(4.195.157)
3.06.02	General and Administrative	(4.488.210)	(3.607.991)	(3.453.753)
	Management and Board of Directors			
3.06.02.01	Remuneration	(4.034)	(3.898)	(4.089)
3.06.02.02	Administrative	(4.484.176)	(3.604.093)	(3.449.664)
3.06.03	Financial	1.678.641	812.195	126.439
3.06.03.01	Income	4.662.159	3.038.657	2.369.097
3.06.03.02	Expenses	(2.983.518)	(2.226.462)	(2.242.658)
3.06.04	Other Operating Income	0	0	0
3.06.05	Other Operating Expenses	(15.113.361)	(8.652.855)	(9.070.019)
3.06.05.01	Taxes	(717.092)	(679.756)	(443.415)
	Cost of Research and Technological			
3.06.05.02	Development	(1.700.342)	(1.575.723)	(932.627)
3.06.05.03	Impairment	(45.248)	(40.395)	(49.368)
	Exploratory Costs for the Extraction of Crude			
3.06.05.04	Oil and Gas	(1.211.923)	(1.118.839)	(1.876.411)
3.06.05.05	Health Care and Pension Plan	(2.359.108)	(1.823.391)	(1.888.903)
	Monetary and Foreign Exchange Variations,			
3.06.05.06	Net	(4.713.938)	(778.277)	(1.187.233)
3.06.05.07	Other Operating Expenses, Net	(4.365.710)	(2.636.474)	(2.692.062)
3.06.06	Equity Pickup	(661.581)	423.995	1.782.023
3.07	Operating Income	32.423.672	37.775.559	33.499.946
3.08	Non-operating Income	(340.701)	(111.650)	(199.982)
3.08.01	Revenues	74.691	1.082	1.256.194
3.08.02	Expenses	(415.392)	(112.732)	(1.456.176)
3.09	Income before Taxes/Participations	32.082.971	37.663.909	33.299.964
3.10	Income Tax and Social Contribution	(8.590.720)	(9.366.173)	(8.581.490)
3.11	Deferred Income Tax	(619.148)	(1.241.563)	(422.392)
3.12	Statutory Participations/Contributions	(844.412)	(993.000)	(846.000)
3.12.01	Participations	(844.412)	(993.000)	(846.000)
3.12.02	Contributions	0	0	0
3.13	Reversal of Interest on Stockholders Capital	0	0	0
3.15	Net Income for the year	22.028.691	26.063.173	23.450.082
	Number of Shares, Ex-Treasury (Thousands)	4.387.038	4.387.038	4.386.152
	Net Income per Share (Reais)	5,02131	5,94095	5,34639
	Loss per Share (Reais)			



**04.01 - STATEMENT OF CHANGES IN FINANCIAL POSITION (In Thousands of Reais)**

<b>1 - CODE</b>	<b>2- DESCRIPTION</b>	<b>3- 12/31/2007</b>	<b>4- 12/31/2006</b>	<b>4- 12/31/2005</b>
4.01	Financial resources were provided by:	39.039.298	36.258.637	33.047.828
4.01.01	Operations	37.300.977	36.193.587	30.168.628
4.01.01.01	Net income for the year	22.028.691	26.063.173	23.450.082
4.01.01.02	Figures not affecting working capital	15.272.286	10.130.414	6.718.546
4.01.01.02.01	Participation in relevant investments	641.238	(411.993)	(1.816.395)
4.01.01.02.02	Gain (loss) from changes in relevant investments	0	0	0
4.01.01.02.03	Dividends	975.508	954.437	990.935
4.01.01.02.04	Goodwill/negative goodwill amortization	20.343	(12.002)	34.372
4.01.01.02.05	Depreciation and amortization	5.798.802	4.934.119	3.739.373
4.01.01.02.06	Operations with subsidiaries and affiliated companies	0	0	0
4.01.01.02.07	Monetary and exchange adjustments net	2.977.147	(6.067)	(768.921)
4.01.01.02.08	Net book value of asset disposals	517.487	452.160	1.106.798
4.01.01.02.09	Income from the sale of platforms, ships and equipments	0	0	(6.453)
4.01.01.02.10	Deferred income tax and social contribution net	735.740	968.490	491.471
4.01.01.02.11	Employee benefits and other provisions	3.606.021	3.077.259	2.928.199
4.01.01.02.12	Other	0	174.011	19.167
4.01.02	Shareholders	0	16.314	0
4.01.02.01	Capital payment	0	16.314	0
4.01.03	Third	1.738.321	48.736	2.879.200
4.01.03.01	Financing	500.000	0	373.199
4.01.03.02	Proceeds of sale of equipment - vessels	0	0	2.488.610
4.01.03.03	Credits and subventions for investments	1.181.767	0	17.391
4.01.03.04	Other	56.554	48.736	0
4.02	Financial resources were used for :	57.531.402	34.627.408	23.554.697
4.02.01	Investments	5.720.941	2.101.870	3.041.246
4.02.02	Property, plant and equipment	21.616.308	15.140.515	11.992.251
4.02.03	Intangible	559.378	392.249	726.581
4.02.04	Deferred charges	302.242	265.624	204.812
4.02.05	Transactions with subsidiaries and affiliated companies	16.046.737	6.559.580	(3.277.858)
4.02.06	Transfer of financing and suppliers to current liabilities	663.226	1.152.061	1.719.940
4.02.07	Increase in non-current assets	659.870	(123.635)	639.817
4.02.08	Dividends	6.580.557	7.896.669	7.017.843
4.02.09	Increase in ventures under negotiation	638.250	354.212	907.459
4.02.10	Decrease in other non-current liabilities	1.432.674	888.263	582.606
4.02.11	Marketable securities	3.311.219	0	0
4.03	Changes in working capital	(18.492.104)	1.631.229	9.493.131
4.04	Current assets variations	(9.289.703)	4.749.067	9.251.461

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4.04.01	At the beginning of the year	49.443.798	44.694.731	35.443.270
4.04.02	At the end of the year	40.154.095	49.443.798	44.694.731
4.05	Current Liabilities variations	9.202.401	3.117.838	(241.670)
4.05.01	At the beginning of the year	51.183.457	48.065.619	48.307.289
4.05.02	At the end of the year	60.385.858	51.183.457	48.065.619

**05.01 - STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY 01/01/2007 to 12/31/2007 (In thousands reais)**

1- CODE	2- DESCRIPTION	3- SUBSCRIBED AND PAID-UP CAPITAL	4- CAPITAL RESERVES	5- REVALUATION RESERVE	6- REVENUE RESERVES	7- RETAINED EARNINGS	8- TOTAL STOCKHOLDERS EQUITY
5.01	At December 31, 2006	48.263.983	372.064	66.423	50.679.864	0	99.3
5.02	Prior years adjustments	0	0	0	0	0	
5.03	Capital increase/decrease	4.380.477	0	0	(4.380.477)	0	
5.04	Realization of reserves	0	0	(4.903)	0	4.903	
5.05	Treasury Shares	0	0	0	0	0	
5.06	Net income for the year	0	0	0	0	22.028.691	22.0
5.07	Appropriation	0	0	0	15.453.037	(22.033.594)	(6.5
5.07.01	Dividends	0	0	0	0	(6.580.557)	(6.5
5.07.02	Appropriation of net income to reserves	0	0	0	15.448.134	(15.448.134)	
5.07.03	Retention of earnings	0	0	0	4.903	(4.903)	
5.08	Other	0	1.181.767	0	0	0	1.1
5.08.01	Income tax funds used	0	1.170.923	0	0	0	1.1
5.08.02	AFRMM funds used	0	10.844	0	0	0	
5.09	At December 31, 2007	52.644.460	1.553.831	61.520	61.752.424	0	116.0

**05.02 - STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY 01/01/2006 to 12/31/2006 (In thousands reais)**

1- CODE	2- DESCRIPTION	3- SUBSCRIBED AND PAID-UP CAPITAL	4- CAPITAL RESERVES	5- REVALUATION RESERVE	6- REVENUE RESERVES	7- RETAINED EARNINGS	8- TOTAL STOCKHOLDERS EQUITY
5.01	At December 31, 2005	33.235.445	372.064	60.120	47.035.637	0	80.7
5.02	Prior years adjustments	0	0	0	0	480.366	4
5.03	Capital increase/decrease	15.028.538	0	0	(15.012.224)	0	
5.04	Realization of reserves	0	0	(9.581)	0	9.581	
5.05	Treasury shares	0	0	0	0	0	
5.06	Net income for the year	0	0	0	0	26.063.173	26.0
5.07	Appropriation	0	0	0	18.656.451	(26.553.120)	(7.8
5.07.01	Dividends	0	0	0	0	(7.896.669)	(7.8
5.07.02	Appropriation of net income to reserves	0	0	0	18.166.504	(18.166.504)	
5.07.03	Retention of earnings	0	0	0	489.947	(489.947)	
5.08	Other	0	0	15.884	0	0	
5.08.01	AFRMM funds used	0	0	0	0	0	
5.08.02	Reserve constitution	0	0	15.884	0	0	
5.09	At December 31, 2006	48.263.983	372.064	66.423	50.679.864	0	99.3



**05.03 - STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY 01/01/2005 to 12/31/2005 (In thousands reais)**

1- CODE	2- DESCRIPTION	3- SUBSCRIBED AND PAID-UP CAPITAL	4- CAPITAL RESERVES	5- REVALUATION RESERVE	6- REVENUE RESERVES	7- RETAINED EARNINGS	8- TOTAL STOCKHOLDERS EQUITY
5.01	At December 31, 2004	33.235.445	354.673	69.094	30.594.424	0	64.2
5.02	Prior years adjustments	0	0	0	0	0	
5.03	Capital increase/decrease	0	0	0	0	0	
5.04	Realization of reserves	0	0	(8.974)	0	8.974	
5.05	Treasury shares	0	0	0	0	0	
5.06	Net income for the year	0	0	0	0	23.450.082	23.4
5.07	Appropriation	0	0	0	16.441.213	(23.459.056)	(7.0
5.07.01	Dividends	0	0	0	0	(7.017.843)	(7.0
5.07.02	Appropriation of net income to reserves	0	0	0	16.432.239	(16.432.239)	
5.07.03	Retention of earnings	0	0	0	8.974	(8.974)	
5.08	Other	0	17.391	0	0	0	
5.08.01	AFRMM funds used	0	17.391	0	0	0	
5.09	At December 31, 2005	33.235.445	372.064	60.120	47.035.637	0	80.7

**06.01 CONSOLIDATED BALANCE SHEET - ASSETS (In thousands of reais)**

<b>1 - CODE</b>	<b>2- DESCRIPTION</b>	<b>3- 12/31/2007</b>	<b>4- 12/31/2006</b>	<b>5- 12/31/2005</b>
1	Total Assets	231.227.800	210.538.129	183.521.108
1.01	Current Assets	53.373.766	67.219.423	60.235.190
1.01.01	Cash and Cash Equivalents	13.070.849	27.829.105	23.417.040
1.01.01.01	Cash and Banks	2.329.575	3.686.866	3.651.644
1.01.01.02	Short Term Investments	10.741.274	24.142.239	19.765.396
1.01.02	Accounts Receivable, net	11.328.967	13.432.524	13.029.325
1.01.02.01	Customers	11.328.967	13.432.524	13.029.325
1.01.02.01.01	Customers	10.451.975	11.735.593	10.719.005
1.01.02.01.02	Credits with Affiliated Companies	314.927	573.293	757.192
1.01.02.01.03	Other Accounts Receivable	1.885.561	2.375.051	2.020.770
1.01.02.01.04	Allowance for Doubtful Accounts	(1.323.496)	(1.251.413)	(467.642)
1.01.03	Inventories	17.599.001	15.941.033	13.606.679
1.01.04	Other	11.374.949	10.016.761	10.182.146
1.01.04.01	Dividends Receivable	80.596	47.462	41.907
1.01.04.02	Recoverable Taxes	7.781.536	6.825.757	6.550.997
1.01.04.03	Prepaid Expenses	1.429.829	998.477	941.016
1.01.04.04	Other Current Assets	1.493.200	1.165.430	1.529.487
1.01.04.05	Marketable Securities	589.788	979.635	1.118.739
1.02	Non-current Assets	177.854.034	143.318.706	123.285.918
1.02.01	Long-term Assets	22.022.837	16.360.511	14.102.228
1.02.01.01	Credits	6.776.599	2.800.551	2.439.865
1.02.01.01.01	Petroleum and Alcohol Accounts	797.851	785.791	769.524
1.02.01.01.02	Marketable Securities	3.922.370	409.531	618.091
1.02.01.01.03	Investments in Privatization Process	3.228	3.228	3.454
1.02.01.01.04	Accounts Receivable, net	2.053.150	1.602.001	1.048.796
1.02.01.02	Credits with Affiliated Companies	848.752	174.429	538.975
1.02.01.02.01	With Affiliates	848.752	174.429	538.975
1.02.01.02.02	With Subsidiaries	0	0	0
1.02.01.02.03	Other Companies	0	0	0
1.02.01.03	Other	14.397.486	13.385.531	11.123.388
1.02.01.03.01	Projects Financings	0	0	0
1.02.01.03.02	Deferred Income tax and Social Contribution	3.921.534	3.496.368	2.617.516
1.02.01.03.03	Deferred ICMS	990.878	959.602	1.477.460
1.02.01.03.04	Deferred PASEP/COFINS	3.145.403	1.704.753	0
1.02.01.03.05	Compulsory Loans - Eletrobrás	0	203.728	117.811
1.02.01.03.06	Judicial Deposits	1.693.495	1.750.119	1.818.185
1.02.01.03.07	Advance for Migration Pension Plan	1.296.810	1.242.268	1.205.358
1.02.01.03.08	Advance to Suppliers	396.781	706.746	684.235
1.02.01.03.09	Prepaid Expenses	1.514.301	1.838.778	1.362.800
1.02.01.03.10	Inventories	236.753	464.783	492.777
1.02.01.03.11	Other Taxes	275.675	237.809	242.385
1.02.01.03.12	Other Non-current Assets	925.856	780.577	1.104.861
1.02.02	Fixed Assets	155.831.197	126.958.195	109.183.690

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1.02.02.01	Investments	7.822.074	4.755.148	2.280.702
1.02.02.01.01	In Affiliates	2.460.567	3.335.235	1.386.132
1.02.02.01.02	Goodwill in Affiliates	0	0	0
1.02.02.01.03	In Subsidiaries	851.062	13.188	8.037
1.02.02.01.04	Goodwill in Subsidiaries	1.686.038	1.127.758	489.167
1.02.02.01.05	Other Investments	747.259	278.967	397.366
1.02.02.01.06	Right/Advance Acquisition of Investments	2.077.148	0	0
1.02.02.02	Property, Plant and Equipment	139.940.726	114.103.091	100.824.365
1.02.02.03	Intangible	5.532.053	5.651.646	4.604.989
1.02.02.04	Deferred Charges	2.536.344	2.448.310	1.473.634

**06.02 CONSOLIDATED BALANCE SHEET - LIABILITIES (In thousands of reais)**

<b>1 - CODE</b>	<b>2- DESCRIPTION</b>	<b>3- 12/31/2007</b>	<b>4- 12/31/2006</b>	<b>5- 12/31/2005</b>
2	Liabilities and Stockholders' Equity	231.227.800	210.538.129	183.521.108
2.01	Current Liabilities	47.555.011	48.564.250	42.749.609
2.01.01	Loans and Financings	8.501.230	12.522.276	10.502.998
2.01.01.01	Financings	7.853.781	11.932.301	8.589.629
2.01.01.02	Interest on Financings	647.449	589.975	1.913.369
2.01.02	Debentures	0	0	0
2.01.03	Suppliers	13.791.198	11.510.166	8.976.359
2.01.04	Taxes, Contribution and Participation	10.006.272	8.413.040	8.931.341
2.01.05	Dividends Payable	6.580.557	7.896.669	7.017.843
2.01.06	Accruals	3.634.869	3.524.226	3.241.891
2.01.06.01	Payroll and related charges	1.688.960	1.451.660	1.196.281
2.01.06.02	Provision for Contingencies	54.000	54.000	167.645
2.01.06.03	Pension Plan	424.259	414.821	482.942
2.01.06.04	Health Care Benefits Plan	455.736	406.827	389.459
2.01.06.05	Employee and Management Participations	1.011.914	1.196.918	1.005.564
2.01.06.06	Other	0	0	0
2.01.07	Debts with Subsidiaries and Affiliated Companies	0	0	0
2.01.08	Other	5.040.885	4.697.873	4.079.177
2.01.08.01	Advances from Customers	493.217	1.991.177	1.626.854
2.01.08.02	Projects Financings	41.470	34.163	28.135
2.01.08.03	Other	4.506.198	2.672.533	2.424.188
2.02	Non-current Liabilities	63.512.565	56.967.832	55.807.409
2.02.01	Long-term Liabilities	62.120.777	56.554.454	55.324.135
2.02.01.01	Loans and Financings	29.806.589	31.542.849	34.439.489
2.02.01.02	Debentures	0	0	0
2.02.01.03	Accruals	24.825.051	20.690.284	17.616.129
2.02.01.03.01	Health Care Benefits Plan	9.272.183	8.012.344	6.641.480
2.02.01.03.02	Provision for Contingencies	613.969	513.880	614.568
2.02.01.03.03	Pension Plan	4.520.145	3.047.789	1.898.360
2.02.01.03.04	Deferred Tax and Social Contribution	10.352.712	9.116.271	8.461.721
2.02.01.03.05	Other Deferred Taxes	66.042	0	0
2.02.01.04	Subsidiaries and Affiliated Companies	94.664	46.555	39.954
2.02.01.05	Advance for Future Capital Increase	0	0	0
2.02.01.06	Other	7.394.473	4.274.766	3.228.563
2.02.01.06.01	Provision for Dismantling of Areas	6.132.359	3.148.398	1.969.072
2.02.01.06.02	Provision for Programmed Maintenance	0	0	0
2.02.01.06.03	Other Accounts and Expenses Payable	1.262.114	1.126.368	1.259.491
2.02.02	Deferred Income	1.391.788	413.378	483.274
2.03	Minority Interest	6.306.097	7.475.399	6.178.854
2.04	Shareholders Equity	113.854.127	97.530.648	78.785.236
2.04.01	Capital	52.644.460	48.263.983	33.235.445
2.04.01.01	Subscribed and Paid-up Capital	52.644.460	48.263.983	32.896.138

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2.04.01.02	Monetary Restatement of Capital	0	0	339.307
2.04.02	Capital Reserves	1.553.831	372.064	372.064
2.04.02.01	AFRMM Subsidy	169.142	158.298	158.298
2.04.02.02	Fiscal Incentive Income Tax	1.384.689	213.766	213.766
2.04.03	Revaluation Reserves	61.520	66.423	60.120
2.04.03.01	Own Assets	0	0	0
2.04.03.02	Subsidiaries and Affiliated Companies	61.520	66.423	60.120
2.04.04	Revenue Reserves	59.594.316	48.828.178	45.117.607
2.04.04.01	Legal	7.612.508	6.511.073	5.207.914
2.04.04.02	Statutory	504.544	1.249.441	1.008.119
2.04.04.03	For Contingencies	0	0	0
2.04.04.04	Unrealized Earnings	0	0	0
2.04.04.05	Retained Earnings	51.477.264	41.067.664	38.901.574
2.04.04.06	Undistributed Dividends	0	0	0
2.04.04.07	Other Revenue Reserves	0	0	0
2.04.05	Retained Earnings (Accumulated losses)	0	0	0
2.04.06	Advance for Capital Increase	0	0	0

**07.01 CONSOLIDATED STATEMENT OF INCOME (In thousands of reais)**

<b>1 - CODE</b>	<b>2- DESCRIPTION</b>	<b>3- 12/31/2007</b>	<b>4- 12/31/2006</b>	<b>5- 12/31/2005</b>
3.01	Gross Sales and Services Revenue	218.254.174	205.403.037	179.065.284
3.02	Sales Deductions	(47.676.449)	(47.164.218)	(42.460.206)
3.03	Net Operating Revenues	170.577.725	158.238.819	136.605.078
3.04	Cost of Products and Services Sold	(104.398.043)	(94.933.511)	(77.107.946)
3.05	Gross Profit	66.179.682	63.305.308	59.497.132
3.06	Operating Expenses	(30.201.878)	(22.632.816)	(22.817.235)
3.06.01	Selling	(6.059.734)	(5.790.648)	(5.477.419)
3.06.02	General and Administrative	(6.427.892)	(5.429.296)	(5.430.798)
	Management and Board of Directors			
3.06.02.01	Remuneration	(29.259)	(31.035)	(28.845)
3.06.02.02	Administrative	(6.398.633)	(5.398.261)	(5.401.953)
3.06.03	Financial	(785.459)	(1.341.554)	(3.213.363)
3.06.03.01	Income	2.506.543	2.378.793	1.351.410
3.06.03.02	Expenses	(3.292.002)	(3.720.347)	(4.564.773)
3.06.04	Other Operating Income	0	0	0
3.06.05	Other Operating Expenses	(16.248.138)	(9.838.103)	(8.445.531)
3.06.05.01	Taxes	(1.255.511)	(1.262.936)	(895.208)
	Cost of Research and Technological			
3.06.05.02	Development	(1.712.338)	(1.586.489)	(934.600)
3.06.05.03	Impairment	(446.129)	(45.063)	(126.032)
	Exploratory Costs for the Extraction of Crude			
3.06.05.04	Oil and Gas	(2.569.724)	(2.036.838)	(2.222.792)
3.06.05.05	Health Care and Pension Plan	(2.494.510)	(1.940.582)	(2.011.016)
3.06.05.06	Net Monetary and Exchanges Variations	(3.146.547)	9.359	370.536
3.06.05.07	Other Operating Expenses, Net	(4.623.379)	(2.975.554)	(2.626.419)
3.06.06	Equity Pickup	(680.655)	(233.215)	(250.124)
3.07	Operating Income	35.977.804	40.672.492	36.679.897
3.08	Non-operating Income (Expenses)	(438.517)	(66.950)	(124.531)
3.08.01	Income	0	29.906	(576)
3.08.02	Expenses	(438.517)	(96.856)	(123.955)
3.09	Income before Taxes/ Participations	35.539.287	40.605.542	36.555.366
3.10	Income Tax and Social Contribution	(10.795.524)	(11.130.072)	(10.300.520)
3.11	Deferred Income Tax	(477.234)	(766.329)	(501.636)
3.12	Statutory Participation/Contribution	(1.011.914)	(1.196.918)	(1.005.564)
3.12.01	Participations	(1.011.914)	(1.196.918)	(1.005.564)
3.12.02	Contributions	0	0	0
3.13	Reversal of Interest on Stockholders Capital	0	0	0
3.14	Minority Interest	(1.742.826)	(1.593.303)	(1.022.923)
3.15	Net Income for the year	21.511.789	25.918.920	23.724.723
	Number of Shares. Ex-Treasury (Thousands)	4.387.038	4.387.038	4.386.152
	Net Income per Share (Reais)	4,90349	5,90807	5,40901
	Loss per Share (Reais)			



**08.01 CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (In Thousands of Reais)**

<b>1 - CODE</b>	<b>2- DESCRIPTION</b>	<b>3- 12/31/2007</b>	<b>4- 12/31/2006</b>	<b>5- 12/31/2005</b>
4.01	Financial resources were provided by:	55.648.419	51.348.872	47.094.993
4.01.01	Operations	45.954.214	45.369.438	40.824.117
4.01.01.01	Net income for the year	21.511.789	25.918.920	23.724.723
4.01.01.02	Figures not affecting capital	24.442.425	19.450.518	17.099.394
4.01.01.02.01	Minority Interest	1.742.826	1.593.303	1.022.923
4.01.01.02.02	Participation in relevant investments	582.742	189.936	158.529
4.01.01.02.03	Dividends	70.872	101.509	172.977
4.01.01.02.04	Depreciation and amortization	10.695.825	9.823.557	8.034.718
4.01.01.02.05	Exchange and monetary variations in fixed assets	6.923.023	2.252.194	3.999.654
4.01.01.02.06	Monetary variations and net yield	(1.542.245)	(698.938)	(4.083.087)
4.01.01.02.07	Net book value of asset disposals	1.760.875	2.292.040	2.411.575
4.01.01.02.08	Income from the write off of platforms, ships and equipment	0	0	0
4.01.01.02.09	Deferred income tax and social contribution net	618.323	608.173	1.983.578
4.01.01.02.10	Employee benefits and other provisions	3.699.957	3.456.550	3.306.932
4.01.01.02.11	Goodwill/discount - amortization	97.913	43.279	91.595
4.01.01.02.12	Other	(207.686)	(211.085)	0
4.01.02	Shareholders	0	0	0
4.01.03	Third	9.694.205	5.979.434	6.270.876
4.01.03.01	Financing	8.452.955	5.930.698	5.747.298
4.01.03.02	Proceeds of sale of equipment - vessels	0	0	506.187
4.01.03.03	Credits and subventions for investments	1.189.844	0	17.391
4.01.03.04	Other	51.406	48.736	0
4.02	Financial resources were used for :	68.484.837	50.179.280	45.669.725
4.02.01	Investments	5.314.688	3.126.484	0
4.02.02	Property, plant and equipment	40.284.299	26.177.926	25.436.045
4.02.03	Intangible	849.453	1.568.699	1.135.903
4.02.04	Deferred charges	665.913	763.810	360.839
4.02.05	Transfer of financing to current liabilities	4.789.112	7.541.273	9.879.227
4.02.06	Decrease in other non-current liabilities	5.730.307	2.623.416	1.451.086
4.02.07	Increase in non-current assets	825.388	523.997	1.111.201
4.02.08	Dividends	6.580.557	7.896.669	7.017.843
4.02.09	Increase in ventures under negotiation	0	0	0
4.02.10	Increase in the petroleum and alcohol accounts - STN	0	0	18.727
4.02.11	Marketable securities	3.445.120	(42.994)	(741.146)
4.03	Changes in working capital	(12.836.418)	1.186.960	1.814.727
4.04	Current assets variations	(13.845.657)	6.984.233	7.448.990
4.04.01	At the beginning of the year	67.219.423	60.235.190	52.786.200
4.04.02	At the end of the year	53.373.766	67.219.423	60.235.190
4.05	Current liabilities variations	(1.009.239)	5.814.641	6.023.722



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4.05.01	At the beginning of the year	48.564.250	42.749.609	36.725.887
4.05.02	At the end of the year	47.555.011	48.564.250	42.749.609

**09.01 REPORT OF INDEPENDENT AUDITORS UNQUALIFIED OPINION**

Independent auditors report

(A free translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil)

To  
The Board of Directors and Shareholders of  
Petróleo Brasileiro S.A. - Petrobras  
Rio de Janeiro - RJ

We have examined the accompanying balance sheet of Petróleo Brasileiro S.A. - Petrobras and the consolidated balance sheet of Petróleo Brasileiro S.A. - Petrobras and its subsidiaries as of December 31, 2007 and 2006 and the related statements of income, changes in shareholders' equity and changes in financial position for the years then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.

Our examinations were conducted in accordance with auditing standards generally accepted in Brazil and included: (a) planning of the audit work, considering the materiality of the balances, the volume of transactions and the accounting systems and internal accounting controls of the Company and its subsidiaries; (b) verification, on a test basis, of the evidence and records which support the amounts and accounting information disclosed; and (c) evaluation of the most significant accounting policies and estimates adopted by Company management and its subsidiaries, as well as the presentation of the financial statements taken as a whole.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Petróleo Brasileiro S.A. - Petrobras and the consolidated financial position of Petróleo Brasileiro S.A. - Petrobras and its subsidiaries as of December 31, 2007 and 2006, and the results of its operations, changes in its shareholders' equity and changes in its financial position for the years then ended, in conformity with accounting practices adopted in Brazil.

Our examinations were performed with the objective of expressing an opinion on the aforementioned financial statements taken as a whole. The statements of cash flows, added value, segmentation of business, and the social balance sheet, for the years ended December 31, 2007 and 2006, are supplementary to the aforementioned financial statements, are not required by the accounting practices adopted in Brazil and have been included to facilitate additional analysis. These supplementary information were subject to the same audit procedures as applied to the financial statements referred to in the first paragraph and, in our opinion, are presented fairly, in all material respects, in relation to the financial statements taken as a whole.

March 3, 2008

KPMG Auditores Independentes  
CRC-SP-14.428/O -6-F-RJ

Manuel Fernandes Rodrigues de Sousa  
Accountant CRC-RJ-052.428/O-2

Bernardo Moreira Peixoto Neto  
Accountant CRC-RJ-064.887/O-8



**10.01 ADMINISTRATION REPORT**

## **11.01 NOTES**

### **1 Presentation of the financial statements**

The individual and consolidated financial statements were prepared in accordance with accounting practices derived from the Brazilian Corporation Law and rules of the Brazilian Securities Commission - CVM.

Certain amounts relating to prior years were reclassified in order to properly compare the financial statements between the years.

The authorization for the conclusion of the preparation of those financial statements occurred at the Board of Directors Meeting on March 03, 2008.

In order to improve the information provided to the market, the Company is presenting the following supplementary information with respect to the Parent Company and the consolidated financial statements:

#### **1.1 Segment reporting**

The information by business segment, presented additionally, has been prepared in accordance with the US accounting standard SFAS-131 issued by the Financial Accounting Standards Board.

In the business segment statements, the Company&#1