

Sete Brasil Participações S.A.
Interim condensed financial statements at
March 31, 2014
and independent auditors review report



Review report on interim condensed financial statements

To Board of Directors and Stockholders
Sete Brasil Participações S.A.

Introduction

We have reviewed the accompanying interim condensed balance sheet of Sete Brasil Participações S.A. (the "Company"), as at March 31, 2014 and the related statements of condensed operations and comprehensive income (loss) for the quarter then ended, and the condensed statements of changes in equity and cash flows for the period of three months then ended.

We have also reviewed the accompanying interim consolidated balance sheet of Sete Brasil Participações S.A. and its subsidiaries ("Consolidated") as at March 31, 2014 and the related statements of condensed consolidated operations and comprehensive income (loss) for the quarter, and the condensed consolidated changes in equity and cash flows for the period of three months then ended.

Management is responsible for the preparation and fair presentation of these condensed intermediate individual financial statements in accordance with the accounting standard CPC 21 - "Interim Financial Report" and these condensed intermediate consolidated financial statements in accordance with CPC 21 - "Interim Financial Report" and the International Accounting Standard (IAS) 34 - "Interim Financial Reporting", of the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion about these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and ISRE 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the parent company condensed interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company condensed interim financial statements referred to above do not present fairly, in all material respects, in compliance with the accounting standard CPC 21 - "Interim Financial Report".



Sete Brasil Participações S.A.

Conclusion on the consolidated condensed interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements referred to above do not present fairly, in all material respects, in compliance with the accounting standard CPC 21 - "Interim Financial Report" and the International Accounting Standard (IAS) IAS 34 - "Interim Financial Report", issued by the International Accounting Standards Board (IASB).

Emphasis

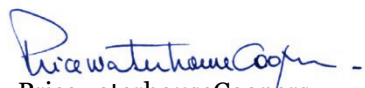
We draw attention to Note 1 in the condensed interim financial statements which states that the Company presented excess of liabilities over current assets in the quarter ended March 31, 2014 of R\$ 9,794 million. This situation indicates the existence of a material uncertainty which may cast significant doubt about the going concern of the Company. Management's plans to raise long-term funds are described in Note 1. Our opinion is not qualified in respect of this matter.

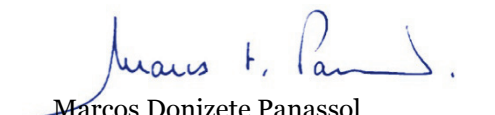
Other matters

Condensed statements of value added

We reviewed also the condensed individual and consolidated statements of value added for the three-month period ended March 31, 2014, prepared under the responsibility of the Company's management, and presented as supplementary information. These statements were submitted to the same review procedures described above and based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the interim condensed financial statements taken as a whole.

Rio de Janeiro, May 14, 2014


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


Marcos Donizete Panassol
Contador CRC 1SP155975/O-8 "S" RJ

Sete Brasil Participações S.A.

Interim condensed balance sheet in thousands of Reais

Assets	Note	Parent Company		Consolidated		Liabilities and stockholders' equity	Nota	Parent Company		Consolidated	
		March 31, 2013	December 31, 2013	March 31, 2013	December 31, 2013			March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Current Assets						Current liabilities					
Cash and Cash equivalents	4	150,805	197,548	855,845	1,002,476	Suppliers and other accounts payable	11	2,731	7,376	1,266,741	1,516,756
Restricted funds	5		476,004		476,004	Short-term Debt	13			9,381,902	8,478,432
Taxes recoverable		10,759	8,790	10,828	8,865	Social and labor obligations	12	12,822	19,002	12,822	19,002
Sundry advances		795	572	797	572	Tax obligations		458	420	458	420
		<u>162,359</u>	<u>682,914</u>	<u>867,470</u>	<u>1,487,917</u>			<u>16,011</u>	<u>26,798</u>	<u>10,661,923</u>	<u>10,014,610</u>
Non-current Assets						Non-current liabilities					
Long-term						Suppliers and other accounts payable	11			331,494	381,443
Prepaid expenses	6	16,268	15,268	200,866	215,225	Long-term Debt	13			285,194	295,221
Related parties	17(d)	1,477,270	1,446,624		4,874	Debentures	13	2,135,099	2,050,519	2,135,099	2,050,519
Guarantee fund of shipbuilding sector-FGCN	7			39,944	41,384			<u>2,135,099</u>	<u>2,050,519</u>	<u>2,751,787</u>	<u>2,727,183</u>
		<u>1,493,538</u>	<u>1,461,892</u>	<u>240,810</u>	<u>261,483</u>			<u>2,151,110</u>	<u>2,077,317</u>	<u>13,413,710</u>	<u>12,741,793</u>
Investments	8	3,056,783	2,665,037			Total liabilities					
Fixed assets	10	7,381	7,888	15,082,035	13,952,276	Stockholders' equity					
Intangible assets	9	4,404	4,897	4,404	4,897	Attributed to Parent company stockholders					
		<u>4,562,106</u>	<u>4,139,714</u>	<u>15,327,249</u>	<u>14,218,656</u>	Paid-in capital	14(a)	2,529,500	2,529,500	2,529,500	2,529,500
						Expenses for issuing shares	14(a)	(50,766)	(50,766)	(50,766)	(50,766)
						Revenue reserves		109,742	109,742	109,742	109,742
						Carrying value adjustments	14(c)	109,382	156,835	109,383	156,835
						Loss for the period		(124,503)		(124,503)	
						Parent companies Stockholders equity		<u>2,573,355</u>	<u>2,745,311</u>	<u>2,573,356</u>	<u>2,745,311</u>
						Non-controlling stockholders participation				207,653	219,468
						Total of stockholders equity		<u>2,573,355</u>	<u>2,745,311</u>	<u>2,781,009</u>	<u>2,964,780</u>
Total assets		<u>4,724,465</u>	<u>4,822,628</u>	<u>16,194,719</u>	<u>15,706,573</u>	Total of liabilities and stockholders' equity		<u>4,724,465</u>	<u>4,822,628</u>	<u>16,194,719</u>	<u>15,706,573</u>

The accompanying notes are an integral part of the interim condensed financial statements

Sete Brasil Participações S.A.

Statement of interim condensed operations Periods of three-month ended March 31 In thousand Reais

	Note	Parent Company		Consolidated	
		2014	2013	2014	2013
Administrative expenses	15	(23,440)	(19,774)	(28,231)	(22,259)
Participation in results of subsidiaries	8	(137,394)	(7,018)		
Other operating expenses		(443)	(208)	(650)	(1,757)
Operating loss		<u>(161,277)</u>	<u>(27,000)</u>	<u>(28,881)</u>	<u>(24,016)</u>
Finance income	16	38,690	6,485	8,817	9,159
Finance costs	16	(1,919)	(4,143)	(3,073)	(5,904)
Exchange gains and losses	16	3		(120,628)	(6,718)
Finance income (costs) net		<u>36,774</u>	<u>2,342</u>	<u>(114,884)</u>	<u>(3,463)</u>
Loss for the Period		<u>(124,503)</u>	<u>(24,658)</u>	<u>(143,765)</u>	<u>(27,479)</u>
Attributable to:					
The Company stockholders				(124,503)	(24,658)
Participation of non-controlling stockholders				(19,262)	(2,821)
				<u>(143,765)</u>	<u>(27,479)</u>

The accompanying notes are an integral part of the interim condensed financial statements

Sete Brasil Participações S.A.

Statements of interim condensed
comprehensive income (loss)
Periods of three-month ended March 31
In thousand Reais

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Loss of the year	(124,503)	(24,658)	(143,765)	(27,479)
Other comprehensive results				
Items to be reclassified later in the loss				
Foreign exchange variation of investees located abroad	(47,040)	(13,009)	(56,479)	(15,493)
Loss in assets available for sale	(413)		(504)	
Adjustment to equity evaluation		593		
Total comprehensive loss	<u>(171,956)</u>	<u>(37,074)</u>	<u>(200,748)</u>	<u>(42,972)</u>
Attributable to:				
Company Stockholders			(171,956)	(37,074)
Participation of non-controlling stockholders			<u>(28,792)</u>	<u>(5,898)</u>
			<u>(200,748)</u>	<u>(42,972)</u>

The accompanying notes are an integral part of the interim condensed financial statements

Sete Brasil Participações S.A.

Statements of interim condensed changes in equity In thousand Reais

	Paid-up capital	Stock issuance expenses	Revenue reserves	Accumulated deficit	Carrying value adjustments	Total	Participation of non-controlling stockholders	Stockholders ' equity
At January 1, 2013	2,021,000	(41,105)		(84,684)	(4,369)	1,890,842	162,152	2,052,994
Total of comprehensive income (loss) for the period								
Loss for the period				(24,658)		(24,658)	(2,821)	(27,479)
Exchange gains/losses of investees abroad (Note 8)					(13,009)	(13,009)	(2,484)	(15,493)
Carrying value adjustments (Note 8)					593	593	(593)	
Total of comprehensive result for the year				(24,658)	(12,416)	(37,074)	(5,898)	(42,972)
Stockholders' Contributions								
Payment of capital (Note 14(a))							21,507	21,507
Total of stockholders contributions and distribution to stockholders								
Total transactions with stockholders								
At March 31, 2013	2,021,000	(41,105)		(109,342)	(16,785)	1,853,768	177,761	2,031,529
At January 1, 2014	2,529,500	(50,766)	109,742		156,835	2,745,311	219,469	2,964,780
Total of comprehensive income (loss) for the period								
Loss of the period				(124,503)		(124,503)	(19,263)	(143,766)
Exchange gains/losses of investees abroad (Note 8)					(47,040)	(47,040)	(9,439)	(56,479)
Gain (loss) in assets maintained for sale					(413)	(413)	(91)	(504)
Total of comprehensive result for the period				(124,503)	(47,453)	(171,956)	(28,793)	(200,749)
Stockholders Contributions								
Payment of capital							16,978	16,978
Total of Stockholders Contributions							16,978	16,978
At March 31, 2014	2,529,500	(50,766)	109,742	(124,503)	109,382	2,573,355	207,654	2,781,009

The accompanying notes are an integral part of the interim condensed financial statements

Sete Brasil Participações S.A.

Statement of interim condensed cash flows Periods of three-month ended March 31 In thousand Reals

	Parent Company		Consolidated	
	2014	2013	2014	2013
Operating Activities Cash Flows				
Result of the period	(124,503)	(24,658)	(143,765)	(27,479)
Adjustments for				
Depreciation and amortization	1,011	575	1,011	575
Equity income	137,394	7,018		
Interests of debt	(30.647)			
Exchange gain/loss, net	(2)		120.628	6,718
	(16,747)	(17,065)	(22,126)	(20.186)
Variations in assets and liabilities				
Decrease (increase) in taxes recoverable	(1,969)	59	(1,961)	158
Increase in sundry advances	(225)	(42)	(225)	(42)
Decrease (increase) in prepaid expenses	(1,000)	(403)	14,359	(22,814)
Increase (Decrease) in Suppliers and other Accounts Payable	(4,747)	(4,029)	(30.734)	(7,120)
Increase (decrease) in tax obligations	38	(45)	38	(4,064)
Decrease in Social and Labor Obligations	(6,181)	(2,433)	(6,181)	(2,433)
Increase (Decrease) in other liabilities	107	2	107	2
Net cash applied in operations	(30.724)	(23,956)	(46,723)	(56,499)
Paid Interest on debt			(60.247)	
Net cash applied in operating activities	(30.724)	(23,956)	(106,970)	(56,499)
Cash flows of Investments activities				
Acquisition of fixed assets	(8)	(659)	(1,702,115)	(1,775,350)
Acquisition of intangible assets	(2)	(28)	(3)	(28)
Restricted funds	475,858	(925,000)	475,858	(1,097,790)
Increase in related parties		(120.630)		(6,354)
Investments FGCN				(18,223)
Capital increase in subsidiaries	(491,837)	(241,025)		
Net cash used in investments activities	(15,989)	(1,287,342)	(1,226,260)	(2,897,745)
Cash flows of financing activities				
Debt	(30)	1,833,725	1,151,799	3,319,196
Debt payment				(95,649)
Increase of non-controlling stockholders			21,852	21,507
Net cash generated by financing activities	(30)	1,833,725	1,173,651	3,245,055
Increase (decrease) of Cash and Cash equivalents	(46,743)	522,427	(159,579)	290.811
Cash and Cash equivalents at the beginning of the period	197,548	87,951	1,002,476	566,910
Effect of exchange rate variations on Cash and cash equivalents			12,948	(19,494)
Cash and Cash equivalents at the end of the period	150.805	610.378	855,845	838,227

The accompanying notes are an integral part of the interim condensed financial statements

Sete Brasil Participações S.A.

Statements of interim condensed value added Periods of three-month ended March 31 Em milhares de Reais

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Inputs acquired from third-parties				
Materials, power, outsourced services and others	(5,224)	(6,535)	(10,013)	(9,020)
Loss/recovery of assets	(1)		(1)	
Other expenses	(442)	(208)	(650)	(1,757)
Gross value added	(5,667)	(6,743)	(10,664)	(10,777)
Depreciation and amortization	(1,011)	(575)	(1,011)	(575)
Net value added produced by the entity	(6,678)	(7,318)	(11,675)	(11,352)
Value added received through transfer				
Financial revenue	38,690	6,485	8,817	9,159
Participation in results of subsidiaries	(137,394)	(7,018)		
Total value added to distribute	(105,382)	(7,851)	(2,859)	(2,193)
Distribution of value added				
Salaries and social charges	(10,755)	(7,503)	(10,755)	(7,503)
Managements fees	(3,083)	(1,572)	(3,083)	(1,572)
Federal taxes, charges and contributions	(2,085)	(2,843)	(2,085)	(2,843)
Interest and exchange variations	(1,916)	(4,143)	(123,701)	(12,622)
Rents	(1,282)	(746)	(1,282)	(746)
Loss for the period	124,503	24,658	143,765	27,479
Distributed value added	105,382	7,851	2,859	2,193

The accompanying notes are an integral part of the interim condensed financial statements

Sete Brasil Participações S.A.

Notes to interim condensed financial statements at March 31, 2014

In thousands of Reais unless otherwise stated

1 General Information

Sete Brasil Participações S.A. ("Company" or "Sete Brasil") is a privately held company founded on December 22, 2010 with its headquarters in the City of Rio de Janeiro.

The Company and its subsidiaries (The Group) were created in order to provide the construction of assets for exploring oil and gas in the Pre-Salt layer. The Pre-Salt became an important component of the worldwide oil industry, with the exploration of oil in ultra deep-sea waters and the extraction of oil in recently discovered regions.

The objective of the Company is the portfolio management of assets for exploring the oil and gas sector. The Company business model is based on partnerships with specialized and experienced companies in operating assets in every working sector.

The Company stockholders are: Petróleo Brasileiro S.A. - Petrobras, which holds a 5% participation, and Fundo de Investimento em Participações Sondas - FIP Sondas, which holds a 95% participation. FIP Sondas has, as quotaholders, the pension funds Petros - Fundação Petrobras de Seguridade Social, Previ - Caixa de Previdência dos Funcionários do Banco do Brasil, Funcef - Fundação dos Economistas Federais e Valia - Fundação Vale do Rio Doce de Seguridade Social and banks BTG Pactual S.A. and Santander - Banco Santander S.A., Strong Fundo de Investimento em Cotas de Fundos de Investimento Multimercado, represented by its manager Banco Bradesco BBI S.A., the fund of American private equity EIG and the Brazilian investments company Luce Venture Capital, and Investment fund of Government severance indemnity fund for employees - FI - FGTS, besides Petrobras itself.

On March 31, 2014, the Company presented an excess of liabilities over current assets of R\$ 9.794 million. According to the Company Business Plan, the short-term obligations on March 31, 2014 related to debts with shipbuilders and short-term financings will be liquidated through short and long-term fund raising in a negotiation with several financial institutions where discussions and negotiations are going ahead. The conclusion of these negotiations depends on fulfilling some prior conditions and this indicates the existence of a material uncertainty which can cause significant doubts about the Company's continuing operations. The management considers the preparation of these interim financial statements as appropriate based on the assumption of it continuing operations. The management plan to raise long term funds is described below:

- BNDESPAR: subscription of convertible debentures into shares still to be issued by Sete Brasil of R\$ 1.2 billion.
- The Company obtained a prioritization from FMM funding to raise the long term financing of R\$ 10.3 billion. Until August 2014, prior conditions will have to be met to sign the contract and for the disbursement of funds.

Sete Brasil Participações S.A.

Notes to interim condensed financial statements at March 31, 2014

In thousands of Reais unless otherwise stated

- BNDES Management approved the granting of financing for the subsidiaries: Arpoador Drilling B.V., Copacabana Drilling B.V.; Grumari Drilling B.V.; Urca Drilling B.V.; Frade Drilling B.V.; Ondina Drilling B.V.; Guarapari Drilling B.V.; Camburi Drilling B.V.; and Cassino Drilling B.V., amounting to a total of around US\$ 3.7 billion where the fixed prior conditions for the operation and signature of the respective Financing Contract must have been fulfilled by December 2014.

The Company is also assessing the opportunities for raising funds in domestic and international capital markets as an alternative for refinancing and extending the short-term debt. In addition, the Company has an amount volume of capital committed by its stockholders corresponding to around R\$ 5.7 billion.

The issuance of these interim consolidated financial statements of the Group was authorized by the Management on May 14, 2014.

2 Basis of preparation

(a) Interim condensed consolidated financial statements

The interim condensed consolidated financial statements were prepared and they are being presented in compliance with the accounting practices including the pronouncements issued by the Comitê de Pronunciamentos Contábeis (Accounting Pronouncements Committee) CPC 21 (R1) Interim statements.

The interim condensed consolidated financial statements were also prepared and they are being presented in compliance with the *International Financial Reporting Standards (IFRS)* issued by the *International Accounting Standards Board - IAS 34 - Interim Financial Reporting*.

(b) Interim condensed individual financial statements

The interim condensed individual financial statements of the Parent Company were prepared in compliance with the accounting practices adopted in Brazil and issued by the Accounting Pronouncements Committee CPC 21 (R1) - Interim statements and they are published with the interim condensed consolidated financial statements.

In the individual financial statements, the subsidiaries are accounted for on the equity accounting method. The same adjustments are made in the individual financial statements and the consolidated to reach the same profit or loss and equity attributable to the owners of the parent entity.

The financial charges incurred on debentures whose resources were raised by the Parent Company for financing the Company's investments program which involves the construction of 29 drilling rigs for deep sea water, were capitalized and presented in the parent company financial statements in investments to show the same profit or loss and equity attributable to the owners of the parent entity that are presented in the consolidated financial statements.

Sete Brasil Participações S.A.

Notes to interim condensed financial statements at March 31, 2014

In thousands of Reais unless otherwise stated

This adjustment, corresponding to the financial charges appropriated to the units which are in the construction phase, is presented in Property, plant and equipment in the interim consolidated financial statements.

In the case of Sete Brasil Participações S.A., the accounting practices adopted in Brazil applicable in the parent company financial statements differ from IFRS applicable to the separate financial statements only in relation to the evaluation of investments in subsidiaries based on the equity accounting method, instead of cost or fair value as in accordance with IAS 34.

(c) Changes in accounting policies and disclosures

There are no new CPCs/IFRS pronouncements or interpretations effective as from April 1, 2014 that would be expected to have a material impact on the Company's financial statements.

(d) Main accounting policies

The main accounting policies applicable in the preparation of these interim condensed consolidated and individual financial statements did not undergo any changes in relation to the consolidated financial statements audited at December 31, 2013

(e) Financial risk management

In the period presented, there was no change in relation to the financial risks or the capital management disclosed in the financial statements audited at December 31, 2013

(f) Accounting Pronouncements

Pronouncements, interpretations or updates issued by IASB with application on January 1, 2014

- *Novation of Derivatives and Continuation of Hedge Accounting* - In June 2013, IASB issued an update for pronouncement IAS 39 - *Financial Instruments: Recognition and Measurement*, which, among other items, understands that a *hedge accounting* does not cease when a derivative instrument of *hedge accounting*, by a legal determination or specific regulation, terminates and it is renewed by a new derivative. This pronouncement does not produce any effect on these accounting statements.
- *IFRIC 21 Levies*- In May 2013, IASB issued a new interpretation which deals with recognizing the obligations imposed by governmental agents. This pronouncement does have any effect on these accounting statements.
- *Recoverable Amount Disclosures for Non-Financial Assets* - In May 2013, IASB issued an update for pronouncement IAS 36 - *Impairment of Assets*, which details in a better way the intentions of the committee about the aspects of disclosing the impairment of non-financial assets. This pronouncement does have any effect on these accounting statements.

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Notes to interim condensed financial statements at March 31, 2014

In thousands of Reais unless otherwise stated

Pronouncements, interpretations or updates issued by IASB with application after January 1, 2014

- *IFRS 14 Regulatory Deferral Accounts* - In January 2014, IASB issued pronouncement IFRS 14 - *Regulatory Deferral Accounts* which enables the company that adopts IFRS for the first time, within the scope of the pronouncement, to continue accounting the regulatory deferral accounts in the first accounting statement in IFRS in compliance with the previous accounting practice. This pronouncement becomes effective for annual periods starting on or after January 1, 2016 and the Company will not have effects on its Accounting Statements.
- *IFRS 9 Financial Instruments* - it deals with classification, measurement and recognition of financial assets and liabilities. IFRS 9 was issued in November 2009 and it replaced the passages of IAS 39 related to classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets in two categories: measured at fair value and measured at amortized cost. The determination is made on the initial recognition. The classification basis depends on the entity business model and the contractual characteristics of cash flows of financial instruments. In relation to financial liability, the norm maintains most of requirements adopted for financial liabilities, the portion of change in fair value due to credit risk of the entity itself is registered in other comprehensive results and not in the statement of results, except when resulting in accounting mismatching. The Group is assessing the total impact of IFRS 9. The norm is applicable as from January 1, 2015.

(g) Analysis of additional sensitivity required by CVM

We present below the impacts which would be generated by changes in the variables of relevant risks to which the short-term debt of the Group are exposed at the end of the period. The variables of relevant risks in the period, taking into consideration the forecast term of three months for this assessment, are its exposure to American dollar fluctuation and its exposure to fluctuation in interests rate Libor 3 months, Libor 6 months, Libor 12 months and inflation index IPCA. The management understands that the probable background for the American dollar quotation and for IPCA inflation will follow the market expectation published by the Central Bank of Brazil on April 17, 2014. However, for the quotations of Libor 3, 6, and 12 months, an increase of 1% was considered in relation to the closing on March 31, 2014. The other risks factors were considered irrelevant for the result of financial instruments.

Sete Brasil Participações S.A.

Notes to interim condensed financial statements at March 31, 2014

In thousands of Reais unless otherwise stated

	<u>Equity Balances</u>				<u>Risk</u>	<u>Background</u>				
	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>March 31, 2014</u>	<u>Dec 31, 2013</u>		<u>Probable</u>	<u>+25%</u>	<u>+50%</u>	<u>-25%</u>	<u>-50%</u>
	<u>Liability</u>	<u>Liability</u>	<u>Notional</u>	<u>Notional</u>						
Loans										
IPCA	2,135,099	2,050,519	1,850,000	1,850,000	Increase of IPCA ¹	(64,565)	(71,787)	(78,926)	71,787	78,926
Libor 3 months	4,225,349	5,869,600	4,243,123	5,722,319	Increase of 3 months ²	(26,680)	(27,138)	(27,595)	27,138	27,595
Libor 6 months	4,512,312		4,455,235	-	Increase of 6 months ³	(20,876)	(21,326)	(21,771)	21,326	21,771
Libor 12 months	929,435	2,904,053	929,145	2,928,250	Increase of 12 months ⁴	(22,475)	(23,014)	(23,554)	23,014	23,554
	<u>11,802,195</u>	<u>10,824,172</u>	<u>11,477,503</u>	<u>10,500,569</u>		<u>(134,596)</u>	<u>(143,265)</u>	<u>(151,846)</u>	<u>143,265</u>	<u>151,846</u>
Loans										
In US\$	9,667,186	8,773,653	9,627,503	8,650,569	Increase of US\$	(114,866)	(2,550,459)	(4,986,051)	2,550,459	4,986,051
	<u>9,667,186</u>	<u>8,773,653</u>	<u>9,627,503</u>	<u>8,650,569</u>		<u>(114,866)</u>	<u>(2,550,459)</u>	<u>(4,986,051)</u>	<u>2,550,459</u>	<u>4,986,051</u>
The considered interests rates were:										
IPCA ⁽¹⁾	6.69 %	8.36 %	10.04 %							
LIBOR 3 months ⁽²⁾	0.23291 %	0.29113 %	0.34936 %							
LIBOR 6 months ⁽³⁾	0.32890 %	0.41113 %	0.49335 %							
LIBOR 12 months ⁽⁴⁾	0.56368 %	0.70460 %	0.84552 %							

The rates shown above were a basis for the calculation. They were used in the 3 months of the calculation or until the maturity date, which occurs first.

In the items below, the assumptions are detailed for obtaining the probable background rates:

- (1) It refers to annual accumulated variation expected until December 31, 2014, published by the Banco Central do Brasil on April 17, 2014.
- (2) It refers to Libor rates of 3 months, published by BBA (British Bankers Association) on March 31, 2014, with an increase of 1%.
- (3) It refers to Libor rates of 6 months, published by BBA (British Bankers Association) on March 31, 2014, with an increase of 1%
- (4) It refers to Libor rates of 12 months published by BBA (British Bankers Association) on March 31, 2014, with an increase of 1%.

In exposure values, the transaction costs are not deducted and the balances of interest on March 31, 2014 were not considered either when they do not interfere in the calculations of future effects.

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Notes to interim condensed financial statements at March 31, 2014

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3 Financial instruments by category

3.1 Classification of financial instruments

The financial instruments of the Group by category are shown as follows:

	Consolidated		
	Loans and Receivables	Available for sale	Total
December 31, 2013			
Assets according to balance sheet			
Accounts receivable with related parties	4,874		4,874
Shipbuilding guarantee fund		41,384	41,384
Restricted funds	476,004		476,004
Cash and Cash equivalents	<u>1,002,476</u>		<u>1,002,476</u>
	<u>1,483,354</u>	<u>41,384</u>	<u>1,524,738</u>
			Consolidated
	Other financial liabilities		Total
December 31, 2013			
Liabilities according to balance sheet			
Debt, financing and debentures		10.824,173	10.824,173
Suppliers and others accounts payable		<u>1,917,620</u>	<u>1,917,620</u>
		<u>12,741,793</u>	<u>12,741,793</u>
			Consolidated
	Loans and receivables	Available for sale	Total
March 31, 2014			
Assets according to balance sheet			
Shipbuilding guarantee fund		39,944	39,944
Cash and Cash equivalents	855,845		855,845
	<u>855,845</u>	<u>39,944</u>	<u>895,789</u>
			Consolidated
	Other financial liabilities		Total
March 31, 2014			
Liabilities according to balance sheet			
Debt, financings and debentures		11,802,195	11,802,195
Suppliers and other accounts payable		<u>1,611,515</u>	<u>1,611,515</u>
		<u>13,413,710</u>	<u>13,413,710</u>

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Notes to interim condensed financial statements at March 31, 2014

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4 Cash and Cash equivalents

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Resources at the bank and in cash (i)	123		38,645	14,852
Short-term bank deposits (ii)	<u>150,682</u>	<u>197,548</u>	<u>817,200</u>	<u>987,624</u>
	<u>150,805</u>	<u>197,548</u>	<u>855,845</u>	<u>1,002,476</u>

- (i) From the amount of R\$ 855,845 of Cash and Cash equivalents shown in the consolidated, R\$ 703,252 (2013: R\$ 663,425) are denominated in US dollars, R\$ 679 (2013: R\$ 1,392) in Euros and R\$ 151,914 (2013: R\$ 337,659) are denominated in Reais.
- (ii) The short-term bank deposits refer to Bank Deposits Certificates ("CDBs"), which are nominative registered certificates issued by banks and sold to the public as a form of fund raising. The average remuneration of CDBs of the Company is 104.31% of the variation of Interbanks Deposit Certificate - CDI.

5 Restricted funds

They correspond to resources in financial application coming from raising loans and debentures as shown in the table below:

<u>Parent Company and consolidated</u>	<u>Financial Institution</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Denominated in R\$			
Sete Brasil Participações S.A.	FI - FGTS		<u>476,004</u>
			<u>476,004</u>

The values above were withheld to meet the clauses of funding contracts. The resources applied in FI-FGTS coming from raising debentures (Note 13), are applied in government bonds whose remuneration is Selic. The total amount of restricted funds on December 31, 2013 was available on January 20, 2014 and it met the issuance clauses.

Sete Brasil Participações S.A.

Notes to interim condensed financial statements at March 31, 2014

In thousands of Reais unless otherwise stated

6 Prepaid expenses

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Stock issuance expenses (i)	6,228	6,228	11,820	6,228
Construction risk insurance (ii)			161,479	179,809
Expenses with proceeds from borrowings and financing	10,040	9,040	24,751	25,859
Civil responsibility insurance			<u>2,816</u>	<u>3,329</u>
	<u>16,268</u>	<u>15,268</u>	<u>200.866</u>	<u>215,225</u>

- (i) In 2012, an amount of R\$ 15,889 was disbursed, this amount refers to the cost of attracting on capital issuing the second subscription bulletin of stocks. On May 13, 2013, the installment which corresponds to the costs of the issuance of shares of R\$ 9,661, was transferred to stockholders equity due to the payment of part of the committed resources
- (ii) The subsidiaries Arpoador, Guarapari, Urca, Copacabana, Grumari, Frade, Ondina, Cassino, Camburi, Ipanema and Bracuhy contracted insurance in order to mitigate the operating risks in the construction of their respective drilling rigs and thus the group Sete Brasil has 11 insured units

The amount of the premium paid totaled US\$ 93.2 million, equivalent to R\$ 210.9 million in the period ended March 31, 2014, while the portion that refers to the period of insurance used was transferred to fixed assets, totaling US\$ 20.6 million equivalent to R\$ 46.6 million.

7 Guarantee fund for shipbuilding - FGCN

The guarantee fund for shipbuilding (FGCN) is a private fund, with an equity divided in quotas, separated from the quotaholders equity, being responsible for issuing the guarantees in order to cover the risks of financing operation credits on construction or production of ships and the risk of performance of the Brazilian shipyard.

According to the regulation of the fund, the participants must acquire the quantity of quotas equivalent to 1% of a maximum of 50% of target financing of the guarantee through the issuance of a letter of guarantee.

The quotas can be withdrawn after 5 years of their purchase after the following conditions are met:

- (i) solvency of the fund;
- (ii) liquidity of portfolio assets; and
- (iii) extinction of credit risk guaranteed by FGCN.

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On March 31, 2014, the group had an amount of R\$ 39,944 applied in quotas of the FGCN according to the table below:

<u>Consolidated</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Arpoador	4,051	4,236
Copacabana	1,914	1,967
Grumari	1,929	1,983
Ipanema	1,880	1,890
Leblon	1,884	1,894
Leme	1,886	1,896
Marambaia	1,793	1,874
Urca	3,707	3,875
Guarapari	2,414	2,524
Bracuhy	767	802
Portogalo	825	863
Mangaratiba	462	483
Botinas	470	492
Ondina	2,629	2,748
Pituba	911	952
Boipeba	918	960
Interlagos	438	458
Itapema	393	411
Comandatuba	405	423
Frade	934	976
Camburi	1,373	1,435
Itaoca	1,177	1,231
Itaunas	1,171	1,224
Siri	451	472
Sahy	461	482
Cassino	2,034	2,089
Curumim	1,412	1,452
Salinas	1,255	1,292
	<u>39,944</u>	<u>41,384</u>

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In thousands of Reais unless otherwise stated

8 Investments - Parent Company

At January 1, 2013	1,785,015
Capital increase in subsidiary	353,263
Participation in results of subsidiaries	191,408
Sale of equity	(1,239)
Accumulated translation adjustments	151,550
Gain (loss) on assets maintained for sale	(7,259)
Carrying value adjustments	<u>18,154</u>
	2,490.892
Appropriated financial charges (*)	<u>174,145</u>
At December 31, 2013	2,665,037
Capital increase in subsidiary	491,837
Participation in results of subsidiaries	(137,394)
Accumulated translation adjustments	(47,040)
Gain (loss) on assets maintained for sale	<u>(413)</u>
	2,972,027
Appropriated financial charges (*)	<u>84,756</u>
At March 31, 2014	<u><u>3,056,783</u></u>

(*) Sete Brasil raised financial funds subject to interest (Note 14), which are applied in indirect subsidiaries for financing their construction projects of drilling rigs. The financial charges of these funds obtained by the parent company and related to units under construction by SPEs are presented under this heading. In the consolidated balance sheet, they were reclassified to fixed assets under the title "ongoing works" whose movement is presented in Note 10.

In January 2014, the Company set up three new subsidiaries entirely by Sete Brasil as follows:

- On January 3 and 23, 2014, Sete Investments 1 S.A and Sete Investments 2 S.A were set up to meet the Group strategy and facilitate financial operations focused on fund raising in the national capital market.
- On January 8, 2014, Sete Netherlands BV was set up to enable the segregation of assets involved in the fund raising. Thus, the Administration understands that this subsidiary can, besides contributing to the structure of project financiers, manage the administrative costs inherent to the maintenance of the operations constituted in the Netherlands.

Sete Brasil Participações S.A.

Notes to interim condensed financial statements at March 31, 2014

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Name	Country	Business	Percentage	
			Direct participation in common stocks	Indirect participation in common stocks
Sete Investments 1	Brazil	Participations in assets of Oil and Gas sector	100%	
Sete Investments 2	Brazil	Participations in assets of Oil and Gas sector	100%	
Sete Netherlands	The Netherlands	Financial Operations	100%	
Sete Holding GmbH	Austria	Participations in assets of Oil and Gas sector	100%	
Sete Finco GmbH	Austria	Financial Operations	100%	
Sete International GmbH	Austria	Participations in assets of Oil and Gas sector	100%	
ArpoadorDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
CopacabanaDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
GrumariDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
IpanemaDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
LeblonDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
LemeDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
MarambaiaDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
UrcaDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
GuarapariDrilling B.V.	The Netherlands	Drilling rigs chartering		80%
BracuchyDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
PortogaloDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
MangaratibaDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
BotinasDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
OndinaDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
PitubaDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
BoipebaDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
InterlagosDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
ItapemaDrilling B.V.	The Netherlands	Drilling rigs chartering		75%
ComandatubaDrilling B.V.	The Netherlands	Drilling rigs chartering		75%
FradeDrilling B.V.	The Netherlands	Drilling rigs chartering		85%
CamburiDrilling B.V.	The Netherlands	Drilling rigs chartering		70%
ItaocaDrilling B.V.	The Netherlands	Drilling rigs chartering		80%
ItaunasDrilling B.V.	The Netherlands	Drilling rigs chartering		70%
SiriDrilling B.V.	The Netherlands	Drilling rigs chartering		80%
SahyDrilling B.V.	The Netherlands	Drilling rigs chartering		70%
CassinoDrilling B.V.	The Netherlands	Drilling rigs chartering		75%
CurumimDrilling B.V.	The Netherlands	Drilling rigs chartering		75%
SalinasDrilling B.V.	The Netherlands	Drilling rigs chartering		75%
JoatingaDrilling B.V.	The Netherlands	Drilling rigs chartering		100%

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Below is the Company's participation in the results of its direct and indirect subsidiaries:

	<u>Assets</u>	<u>Liabilities</u>	<u>Result</u>
Sete Investments 1			(1)
Sete Investments 2			(1)
Sete Netherlands	679	679	
Sete Holding GmbH	2,796,628	2,796,628	(137,365)
Sete Finco GmbH	898	898	(28)
Sete International GmbH	7,281,963	7,281,963	(174,047)
Arpoador Drilling B.V.	1,257,125	1,257,125	(63)
Copacabana Drilling B.V.	774,970	774,970	(225)
Grumari Drilling B.V.	642,733	642,733	(161)
Ipanema Drilling B.V.	546,379	546,379	(65)
Leblon Drilling B.V.	480,536	480,536	(65)
Leme Drilling B.V.	475,985	475,985	(65)
Marambaia Drilling B.V.	489,996	489,996	(64)
Urca Drilling B.V.	1,232,387	1,232,387	(1,312)
Guarapari Drilling B.V.	1,018,665	1,018,665	64
Bracuhy Drilling B.V.	238,656	238,656	(33)
Portogalo Drilling B.V.	212,526	212,526	(59)
Mangaratiba Drilling B.V.	210,981	210,981	(32)
Botinas Drilling B.V.	211,665	211,665	(32)
Ondina Drilling B.V.	866,347	866,347	(532)
Pituba Drilling B.V.	402,239	402,239	(23)
Boipeba Drilling B.V.	347,493	347,493	1,824
Interlagos Drilling B.V.	324,065	324,065	(10)
Itapema Drilling B.V.	329,953	329,953	(10)
Comandatuba Drilling B.V.	318,061	318,061	(10)
Frade Drilling B.V.	886,777	886,777	(209)
Camburi Drilling B.V.	517,365	517,365	187
Itaoca Drilling B.V.	399,490	399,490	(62)
Itaunas Drilling B.V.	379,969	379,969	(64)
Siri Drilling B.V.	376,874	376,874	(27)
Sahy Drilling B.V.	370,673	370,673	(7)
Cassino Drilling B.V.	702,993	702,993	26
Curumim Drilling B.V.	511,336	511,336	(50)
Salinas Drilling B.V.	436,665	436,665	(71)
Joatinga Drilling B.V.	415,170	415,170	(37)

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9 Intangible assets

	<u>Parent Company and consolidated</u>		
	<u>Construction license and chartering</u>	<u>Software licenses</u>	<u>Total</u>
At January 1, 2013			
Cost	3,157	3,718	6,875
Amortization	(1,184)	(709)	(1,893)
Net book value	<u>1,973</u>	<u>3,009</u>	<u>4,982</u>
Year ended December 31, 2013			
Opening balance	1,973	3,009	4,982
Acquisitions		1,554	1,554
Amortization	(789)	(850)	(1,639)
Net book value	<u>1,184</u>	<u>3,713</u>	<u>4,897</u>
At December 31, 2013			
Cost	3,157	5,272	8,429
Accumulated amortization	(1,973)	(1,559)	(3,532)
Net book value	<u>1,184</u>	<u>3,713</u>	<u>4,897</u>
At March 31, 2014			
Opening balance	1,184	3,713	4,897
Acquisitions		3	3
Amortization	(197)	(299)	(496)
Net book value	<u>987</u>	<u>3,417</u>	<u>4,404</u>
At March 31, 2014			
Cost	3,157	5,275	8,432
Amortization	(2,170)	(1,858)	(4,028)
Net book value	<u>987</u>	<u>3,417</u>	<u>4,404</u>

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10 Property, Plant and Equipment

	<u>Machinery and equipment</u>	<u>Computer equipment</u>	<u>Furniture and utensils</u>	<u>Improvements in third parties property</u>	<u>Assets under construction</u>	<u>Total</u>	<u>Parent Company</u>
On January 1, 2013							
Cost	302	995	1,460	1,441	2,265	6,463	
Accumulated depreciation and amortization	(48)	(126)	(123)	(358)		(655)	
Net book value	<u>254</u>	<u>869</u>	<u>1,337</u>	<u>1,083</u>	<u>2,265</u>	<u>5,808</u>	
On December 31, 2013							
Opening balance	254	869	1,337	1,083	2,265	5,808	
Acquisitions	205	1,577	374	1,098	260	3,514	
Transfers				2,528	(2,528)		
Write-offs	(1)	(77)	(10)	(3)		(91)	
Depreciation and amortization	(50)	(243)	(162)	(888)		(1,343)	
Net book value	<u>408</u>	<u>2,126</u>	<u>1,539</u>	<u>3,818</u>	<u>(3)</u>	<u>7,888</u>	
On December 31, 2013							
Cost	506	2,495	1,824	5,064	(3)	9,886	
Accumulated depreciation and amortization	(98)	(369)	(285)	(1,246)		(1,998)	
Net book value	<u>408</u>	<u>2,126</u>	<u>1,539</u>	<u>3,818</u>	<u>(3)</u>	<u>7,888</u>	
On March 31, 2014							
Opening balance	408	2,126	1,539	3,818	(3)	7,888	
Acquisitions	10					10	
Transfers			(3)		3		
Write-offs	(2)					(2)	
Depreciation and amortization	(22)	(125)	(46)	(322)		(515)	
Net book value	<u>394</u>	<u>2,001</u>	<u>1,490</u>	<u>3,496</u>		<u>7,381</u>	
Non March 31, 2014							
Cost	514	2,495	1,821	5,064		9,894	
Accumulated depreciation and amortization	(120)	(494)	(331)	(1,568)		(2,513)	
Net book value	<u>394</u>	<u>2,001</u>	<u>1,490</u>	<u>3,496</u>		<u>7,381</u>	

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In thousands of Reais unless otherwise stated

	Consolidated					
	Machinery and equipment	Computer equipment	Furniture and utensils	Improvement in third parties property	Assets under construction	Total
On January 1, 2013						
Cost	302	995	1,458	1,441	6,070.352	6,074,548
Accumulated depreciation and amortization	(48)	(126)	(123)	(358)		(655)
Net book value	<u>254</u>	<u>869</u>	<u>1,335</u>	<u>1,083</u>	<u>6,070.352</u>	<u>6,073,893</u>
On December 31, 2013						
Opening balance	254	869	1,335	1,083	6,070.352	6,073,893
Acquisitions	205	1,577	376	1,098	6,517,574	6,520,830
Transfers				2,528	(2,528)	
Write-offs	(1)	(77)	(10)	(3)		(91)
Exchange differences					1,358,987	1,358,987
Depreciation and amortization	(50)	(243)	(162)	(888)		(1,343)
Net book value	<u>408</u>	<u>2,126</u>	<u>1,539</u>	<u>3,818</u>	<u>13,944,385</u>	<u>13,952,276</u>
On December 31, 2013						
Cost	506	2,495	1,824	5,064	13,944,385	13,954,274
Accumulated depreciation and amortization	(98)	(369)	(285)	(1,246)		(1,998)
Net book value	<u>408</u>	<u>2,126</u>	<u>1,539</u>	<u>3,818</u>	<u>13,944,385</u>	<u>13,952,276</u>
On March 31, 2014						
Opening balance	408	2,126	1,539	3,818	13,944,385	13,952,276
Acquisitions	10				1,671,327	1,671,337
Transfers			(3)			(3)
Write-offs	(2)					(2)
Exchange differences					(541,058)	(541,058)
Depreciation and amortization	(22)	(125)	(46)	(322)		(515)
Net book value	<u>394</u>	<u>2,001</u>	<u>1,490</u>	<u>3,496</u>	<u>15,074,654</u>	<u>15,082,035</u>
On March 31, 2014						
Cost	514	2,495	1,821	5,064	15,074,654	15,084,548
Accumulated depreciation and amortization	(120)	(494)	(331)	(1,568)		(2,513)
Net book value	<u>394</u>	<u>2,001</u>	<u>1,490</u>	<u>3,496</u>	<u>15,074,654</u>	<u>15,082,035</u>

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In the quarter ended March 31, 2014, the Group capitalized in fixed assets an amount of R\$ 167,005 (R\$ 477,083 at December, 2013) of costs of loans. From the capitalized amount in 2014, R\$ 84,756 come from the debt of the Parent Company and R\$ 82,249 are from bridge loans obtained by subsidiaries.

11 Suppliers and other accounts payable

	Parent Company		Consolidated	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Accounts payable shipbuilders			1,559,696	1,829,033
Accounts payable service providers	2,624	7,375	38,432	69,164
Other accounts payable	107	1	107	2
	2,731	7,376	1,598,235	1,898,199
Current asset installment	(2,731)	(7,376)	(1,266,741)	(1,516,756)
Non-current asset installment			331,494	381,443

At March 31, 2014, the installment of obligations classified in non-current liability represented the services performed by the Estaleiro Enseada do Paraguaçu which will be paid in a period longer than twelve months according to the flow of payments contractually defined.

12 Social and labor obligations

	Parent Company		Consolidated	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Provisions for variable compensation of employees	6,063	15,081	6,063	15,081
Vacation pay provisions	3,069	2,162	3,069	2,162
Provisions for 13 th and 14 th salary	2,679	1,073	2,679	1,073
National Institute of Social Security- INSS	698	521	698	521
Government Severance Indemnity Fund or Employees- FGTS	174	165	174	165
Social Security	139		139	
	12,822	19,002	12,822	19,002

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13 Debt

<u>Creditor</u>	<u>Borrower</u>	<u>Rate</u>	<u>Maturity</u>	<u>Total contracted</u>	<u>Principal</u>	<u>Charges</u>	<u>Funding costs</u>	<u>Total</u>
Denominated in R\$ FI - FGTS	Sete Brasil Participações S.A.	IPCA + 8.00% p.a.	15,08,2033	1,850.000	1,850.000	300,309	(15,210)	2,135,099
Denominated in US\$ Sumitomo Mitsui Banking The Bank of Nova Scotia Standard Chartered Bank Bradesco BBICitibank (3)	Sete International GmbH	Libor 3M + 3.00% p.a.	19,09,2014	2,828,750	2,828,750	252	(15,679)	2,813,323
Luce Venture Capital - Drilling Series		Libor 3M + 4.75% p.a.	Dec 31, 2015	282,875	282,875	2,938	(619)	285,194
Denominated in US\$ Banco Itaú BBA S.A. Banco do Brasil S.A. (1)	Copacabana Drilling B.V. Grumari Drilling B.V. Ipanema Drilling B.V. Leblon Drilling B.V. Leme Drilling B.V.	Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 12M + 3.9% p.a. Libor 12M + 3.9% p.a. Libor 12M + 3.9% p.a.	Aug 20, 2014 Aug 20, 2014 Feb 02, 2015 Feb 02, 2015 Feb 02, 2015	326,357 329,289 309,715 309,715 309,715	326,357 329,289 309,715 309,715 309,715	1,389 1,401 1,533 1,533 1,533	(795) (802) (1,437) (1,436) (1,436)	326,951 329,888 309,811 309,812 309,812
Denominated in US\$ Banco Bradesco S.A. Banco do Brasil S.A. Banco Santander S.A. (2)	Arpoador Drilling B.V. Urca Drilling B.V. Frade Drilling B.V. Bracuhy Drilling B.V. Portogalo Drilling B.V. Guarapari Drilling B.V. Ondina Drilling B.V. Pituba Drilling B.V. Boipeba Drilling B.V. Camburi Drilling B.V. Itaoca Drilling B.V. Cassino Drilling B.V. Curumim Drilling B.V. Salinas Drilling B.V.	Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a. Libor 6M + 3.5% p.a.	May 08, 2014 May 08, 2014 May 08, 2014 May 08, 2014 May 08, 2014 May 08, 2014 May 08, 2014 May 08, 2014 May 08, 2014 May 08, 2014 May 08, 2014 Apr 28, 2014 Apr 28, 2014 Apr 28, 2014	649,654 710,093 92,090 69,893 69,084 412,962 456,888 100,805 99,696 201,468 160,459 357,431 225,213 193,853	649,654 710,093 92,090 69,893 69,084 412,962 456,888 100,805 99,696 201,468 160,459 357,431 225,213 193,853	10,014 10,946 1,420 1,077 1,065 6,366 7,043 1,554 1,537 3,106 2,473 5,934 3,739 3,219	(548) (605) (196) (108) (105) (420) (441) (115) (114) (251) (153) (268) (150) (135)	659,120 720,434 93,314 70,862 70,044 418,908 463,490 102,244 101,119 204,323 162,779 363,097 228,802 196,937
Denominated in US\$ Banco Itaú BBA S.A. Banco do Brasil S.A. (4)	Marambaia Drilling B.V. Interlagos Drilling B.V. Itapema Drilling B.V. Comandatuba Drilling B.V. Itaunas Drilling B.V. Siri Drilling B.V. Sahy Drilling B.V.	Libor 12M + 3.9% p.a. Libor 12M + 3.9% p.a. Libor 12M + 3.9% p.a. Libor 12M + 3.9% p.a. Libor 12M + 3.9% p.a. Libor 12M + 3.9% p.a. Libor 12M + 3.9% p.a.	Mar 10, 2015 Mar 10, 2015 Mar 10, 2015 Mar 10, 2015 Mar 10, 2015 Mar 10, 2015 Mar 10, 2015	344,349 83,731 76,942 76,942 216,875 171,988 160,671	344,349 83,731 76,942 76,942 216,875 171,988 160,671	766 186 171 171 490 383 359	(2,312) (555) (519) (519) (1,279) (1,035) (973)	342,803 83,362 76,594 76,594 216,086 171,336 160,057
				<u>11,477,503</u>	<u>11,477,503</u>	<u>372,907</u>	<u>(48,215)</u>	<u>11,802,195</u>
							Current	<u>(9,381,902)</u>
							Non-current	<u>2,420,293</u>

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The funds were raised to provide immediate cash to comply with EPC payment flows to contracted shipbuilding companies for the construction of drilling units.

(1) Bridge Facility Agreement 1 - administrative agent *: Banco Itaú BBA

On February 20, 2014, there was an extension of the maturity term of the loan for SPEs Copacabana, Grumari, Ipanema, Leblon and Leme. The accrued interest up to this date, was incorporated into the principal of the debt amounting to US\$ 13,668 equivalent to R\$ 30,929 (US\$ 2,814 equivalent to R\$ 6,369 for Copacabana, US\$ 2,840 equivalent to R\$ 6,426 for Grumari, US\$ 2,671 equivalent to R\$ 6,044 for Ipanema, US\$ 2,671 equivalent to R\$ 6,044 for Leblon and US\$ 2,671 equivalent to R\$ 6,044 for Leme).

(2) Bridge Facility Agreement 2 - administrative agent *: Deutsche Bank

On November 8, 2013, there was an extension of the maturity term of the loan for eleven SPEs, Arpoador, Urca, Frade, Bracuhy, Portogalo, Guarapari, Ondina, Pituba, Boipeba, Camburi and Itaoca. The accrued interest up to this date, was incorporated into the principal of the debt amounting to US\$ 35,658 equivalent to R\$ 83,532 (US\$ 8,596 equivalent to R\$ 20,138 for Arpoador, US\$ 7,924 equivalent to R\$ 18,562 for Urca, US\$ 4,404 equivalent to R\$ 10,317 for Guarapari, US\$ 885 equivalent to R\$ 2,073 for Bracuhy, US\$ 528 equivalent to R\$ 1,236 for Portogalo, US\$ 4,775 equivalent to R\$ 11,186 for Ondina, US\$ 1,465 equivalent to R\$ 3,432 for Pituba, US\$ 975 equivalent to R\$ 2,283 for Boipeba, US\$ 693 equivalent to R\$ 1,625 for Frade, US\$ 3,007 equivalent to R\$ 7,045 for Camburi and US\$ 2,405 equivalent to R\$ 5,635 for Itaoca).

On October 28, 2013, there was an extension of the maturity term of the loan for three SPEs, Cassino, Curumim and Salinas. The accrued interest up to this date, was incorporated into the principal of the debt amounting to US\$ 12,261 equivalent to R\$ 28,724 (where US\$ 5,077 equivalent to R\$ 11,895 for Cassino, US\$ 3,721 equivalent to R\$ 8,716 for Curumim and US\$ 3,463 equivalent to R\$ 8,113 for Salinas).

(3) Bridge Facility Agreement 3 - administrative agent *: Sumitomo Mitsui

On September 19, 2013, the Company, through its subsidiary Sete International, raised new funds for short-term financing for the construction of drilling rigs. This new *bridge facility agreement*, has as creditors the following banks Sumitomo Mitsui Banking Corporation, The Bank of Nova Scotia, Standard Chartered Bank, Bradesco BBI and Citibank.

(4) Bridge Facility Agreement 4 - administrative agent *: Deutsche Bank

On February 28, 2014, the Company raised new funds for financing assets. This new financing amounting to US\$ 500 million, whose creditors are Banco Itaú and Banco do Brasil, was raised by the indirect subsidiaries Marambaia, Interlagos, Itapema, Comandatuba, Itaunas, Siri and Sahy.

* The administrative agent is responsible for releasing the disbursements and receiving the payments from borrowers of resources with the creditors of each debt.

The amount of funding costs totaled approximately US\$ 87.7 million, equivalent to R\$ 198.5 million in the period of ending March 31, 2014 (US\$ 81.2 million, equivalent to R\$ 190.3 at December 31, 2013), and where an installment of US\$ 47.2 million equivalent to R\$ 106.8 million (US\$ 38.3 million equivalent to R\$ 89.6 million at December 31, 2013) has been transferred to fixed assets.

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The fair value of loans classified in current assets is close to its carrying value since the impact of the discount is not significant. The fair value of the liability component included in non-current debt was calculated by using the cash flows discounted at a rate based on the loans rate of Libor 3M+ 4.75%, and, on March 31, 2014, amounted to R\$ 308,850.

Issuance of Simple Debentures - FI-FGTS

In an Extraordinary General Meeting dated February 1, 2013, the Company approved the issuance of 1,850 debentures, issued in a single series with real guarantees, non-convertible into shares, with a unit value of one million Reais (R\$ 1 million) totaling an amount of R\$ 1,850 million.

The resources are required for financing the Company's investments program which involves the construction of 29 drilling rigs for ultra deep water to be built in Brazil and chartered by the subsidiaries to Petrobras. The expenditures related to maintenance, costing and consumption of the Company and other investment plans which have not been previously approved in writing by the bondholders, are not eligible for including them in the use of these resources.

The issuance is not recorded with the Securities Commission (Comissão de Valores Mobiliários - CVM), since the debentures had a private placement without any effort of sale to investors. The debentures, except anticipated maturity, have a term of 20 years and six months as from the issuance date which took place on February 15, 2013.

As from February 19, 2013, the debentures are subject to remunerative interest of 8% (eight percent) per year. Until the sixtieth month, stating on the issuance date, the interest will be incorporated into the debentures value (grace period) and as from this date, they will be paid every six months, together with the 16 installments (paid every six months) during the payment of the debentures.

As part of the costs of this funding, the Company paid on February 21, 2013 a remuneration of R\$ 16,250 for each debenture and presented net in the balance under the title of debentures.

They are guarantees for issuance, in favor of the debenturist, the shares and their rights for capital of the consenting intervening party, Sete International GmbH, as well as accounts receivables of the guarantor intervening parties Itapema Drilling B.V. and Comandatuba Drilling B.V.

The fair value of the liability component of non-convertible debt on March 31, 2014 totals R\$ 2,213,839. The fair value was calculated by using the cash flows discounted at a rate based on the loans rate of IPCA + 8%.

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14 Paid-in capital and reserves

(a) Paid-up capital

The capital is represented by 2,529,500 thousand nominative ordinary stock without nominal value, amounting to R\$ 2,529,500,000.00 (two billion and five hundred and twenty nine million and five hundred thousand Reais). All issued stocks are paid-up and have the same voting rights in meetings and for receiving dividends.

	<u>Amount</u>	<u>Value</u>
FIP Sondas	2,403,025,000	2,403,025,000
Petrobras S.A.	<u>126,475,000</u>	<u>126,475,000</u>
Balance at December 31, 2013	<u>2,529,500.000</u>	<u>2,529,500.000</u>
Paid-up capital in 2014		
FIP Sondas		
Petrobras S.A.		
Balance on March 31, 2014	<u>2,529,500.000</u>	<u>2,529,500.000</u>

The proportional installment of costs for issuing shares was recorded in a reduction account of net equity as expenses for stock issuance, as shown below:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Total costs with consulting in transaction - 2 nd subscription	15,889	15,889
Committed capital (i)	794,460	794,460
Paid-up capital	<u>483,075</u>	<u>483,075</u>
Proportional % of funds raised and paid-up - %	60.81	60.81
Installment of costs allocated in equity	9,661	9,661
Installment of costs recorded in non-current prepaid expenses	6,228	6,228

- (i) It refers to the commitment undertaken by stockholders of Sete Brasil in the Company capital increase. The increases will occur as there is a need to obtain resources.

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(b) Revenue reserves

(i) Legal Reserve

The legal reserve is credited annually with 5% of the profit for the year and cannot not exceed 20% of the capital. The legal reserve is to protect capital and it can only be used to off set losses and increase capital.

In 2013, an amount of R\$ 9,721 was appropriated to the legal reserve as approved in the ordinary general meeting of stockholders which took place on April 30, 2014.

Reserve for profits to be realized

The reserve for profits to be realized was constituted for the non-distribution of mandatory minimum dividends. The Company is in an incompatible financial situation for distributing dividends. As established in Article 197 § 2nd, this reserve should be used only for paying the mandatory minimum dividends or for compensating future losses. In 2013, an amount of R\$ 100,021 was appropriated for constituting the reserve for profits to be realized as approved in the ordinary general meeting of stockholders which took place on April 30, 2014.

(c) Carrying value adjustments

Carrying value adjustments refer to exchange gains and losses resulting from the conversion of the financial statements of subsidiaries drawn up in a foreign currency.

(d) Dividends

The stockholders have the right to receive mandatory dividends of 25% of net income, according to Article 202 of the Brazilian Corporate Law.

15 Administrative expenses

	Parent Company		Consolidated	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Personnel	15,924	11,918	15,924	11,918
Consulting and auditing services	1,108	2,655	5,898	5,136
Taxes and contributions	205	125	206	129
Depreciation and amortization	1,011	575	1,011	575
Rent expenses	1,281	746	1,281	746
Advertising	896	404	896	404
Travel	435	432	435	432
Software maintenance	355	797	355	797
Utilities (power, water and sewer, telephony)	277	276	277	276
Management and cleaning	222	294	222	294
Transportation	1,157	1,117	1,157	1,117
Insurance	41	43	41	43
Other general expenses	528	392	528	392
	<u>23,440</u>	<u>19,774</u>	<u>28,231</u>	<u>22,259</u>

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16 Net income

	Parent Company		Consolidated	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Finance costs				
Tax on financial operations - IOF	(11)	(3,192)	(11)	(3,192)
Expenses with exchange operations	(1,906)	(933)	(1,906)	(933)
Interests expenses	(2)		(2)	
Bank charges		(1)	(1,138)	(1,762)
Other financial expenses		(17)	(16)	(17)
	<u>(1,919)</u>	<u>(4,143)</u>	<u>(3,073)</u>	<u>(5,904)</u>
Finance income				
Income on financial applications	7,818	6,446	8,592	9,120
Income on Intercompany loans	30,647			
Other financial income	<u>225</u>	<u>39</u>	<u>225</u>	<u>39</u>
	<u>38,690</u>	<u>6,485</u>	<u>8,817</u>	<u>9,159</u>
Exchange net gain/losses				
Other net exchange gains/losses	<u>3</u>		<u>(120,628)</u>	<u>(6,718)</u>
Net finance result	<u>36,774</u>	<u>2,342</u>	<u>(114,884)</u>	<u>(3,463)</u>

17 Transactions with related parties

(a) Contracts between related parties

The subsidiaries have contracts for drilling rigs for a term of 10 to 20 years with Petrobras, a shareholder of the Company, which are detailed in Note 18 Commitments.

(b) Remuneration of administrators

The remuneration of the Company administrators for the period ended March 31, 2014 was R\$ 2,859 (R\$ 1,220 March 31, 2013).

(c) Costs of issuing stock and proceeds from borrowings and financing

Total costs with consulting regarding the transaction of issuing the stock and obtaining borrowings and financing in the period ended March 31, 2014, of R\$ 1,524 (R\$ 394 March 31, 2013) were paid to Lakeshore Financial Partners Participações Ltda.

(d) Loans between related parties

• Sete International GmbH

Sete International has loan contracts with its subsidiaries in order to meet the financial model of each of the SPEs. This structure determines that the financing resources of each project should be raised through 80% from capital of third parties and 20% from equity.

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Subsidiary	Currency	Rate p.a	Principal	Charges	Total
Arpoador Drilling B.V.	US\$	10.41%	62,743	5,843	68,586
Arpoador Drilling B.V.	US\$	Libor + 5.5%	88,478	2,215	90,693
Arpoador Drilling B.V.	US\$	Libor + 4.48%	238,193	3,901	242,094
Copacabana Drilling B.V.	US\$	10.41%	58,202	5,192	63,394
Copacabana Drilling B.V.	US\$	Libor + 5.5%	39,093	901	39,994
Copacabana Drilling B.V.	US\$	Libor + 4.48%	162,586	2,407	164,993
Grumari Drilling B.V.	US\$	10.41%	58,467	4,849	63,316
Grumari Drilling B.V.	US\$	Libor + 4.48%	107,895	1,386	109,281
Grumari Drilling B.V.	US\$	Libor + 5.5%	14,257	16	14,273
Ipanema Drilling B.V.	US\$	10.41%	54,954	4,498	59,452
Ipanema Drilling B.V.	US\$	Libor + 4.48%	61,372	1,078	62,450
Ipanema Drilling B.V.	US\$	Libor + 5.5%	1,528	2	1,530
Leblon Drilling B.V.	US\$	10.41%	43,185	3,092	46,277
Leblon Drilling B.V.	US\$	Libor + 4.48%	22,841	348	23,189
Leblon Drilling B.V.	US\$	Libor + 5.5%	4,752	5	4,757
Leme Drilling B.V.	US\$	Libor + 4.48%	22,842	351	23,193
Leme Drilling B.V.	US\$	Libor + 5.5%	1,358	15	1,373
Leme Drilling B.V.	US\$	10.41%	42,052	3,069	45,121
Marambaia Drilling B.V.	US\$	10.41%	47,547	3,162	50,709
Urca Drilling B.V.	US\$	12.00%	78,692	6,691	85,383
Urca Drilling B.V.	US\$	Libor + 5.5%	129,228	2,084	131,312
Guarapari Drilling B.V.	US\$	12.00%	80,409	7,426	87,835
Guarapari Drilling B.V.	US\$	Libor + 5.5%	275,095	4,446	279,541
Guarapari Drilling B.V.	US\$	Libor + 5.5%	53,407	60	53,467
Bracuhy Drilling B.V.	US\$	Libor + 5.5%	111,566	3,230	114,796
Bracuhy Drilling B.V.	US\$	Libor + 5.5%	1,132	1	1,133
Bracuhy Drilling B.V.	US\$	12.00%	31,456	2,605	34,061
Portogalo Drilling B.V.	US\$	Libor + 5.5%	93,575	2,807	96,382
Portogalo Drilling B.V.	US\$	Libor + 5.5%	566	1	567
Portogalo Drilling B.V.	US\$	12.00%	26,884	1,891	28,775
Mangaratiba Drilling B.V.	US\$	12.00%	25,119	1,718	26,837
Mangaratiba Drilling B.V.	US\$	Libor + 5.5%	91,652	2,729	94,381
Mangaratiba Drilling B.V.	US\$	Libor + 5.5%	70,652	2,395	73,047
Botinas Drilling B.V.	US\$	Libor + 5.5%	69,445	2,875	72,320
Botinas Drilling B.V.	US\$	12.00%	25,119	1,737	26,856
Botinas Drilling B.V.	US\$	Libor + 5.5%	92,783	2,763	95,546
Ondina Drilling B.V.	US\$	12.00%	78,485	5,968	84,453
Ondina Drilling B.V.	US\$	Libor + 5.5%	91,588	1,168	92,756
Ondina Drilling B.V.	US\$	Libor + 5.5%	80,563	90	80,653
Pituba Drilling B.V.	US\$	Libor + 5.5%	54,320	1,975	56,295
Pituba Drilling B.V.	US\$	Libor + 5.5%	141,438	3,248	144,686
Pituba Drilling B.V.	US\$	12.00%	50,638	5,039	55,677
Boipeba Drilling B.V.	US\$	12.00%	47,070	6,224	53,294
Boipeba Drilling B.V.	US\$	Libor + 5.5%	59,291	66	59,357
Interlagos Drilling B.V.	US\$	12.00%	50,804	6,583	57,387
Itapema Drilling B.V.	US\$	12.00%	51,596	6,796	58,392
Comandatuba Drilling B.V.	US\$	12.00%	51,596	6,796	58,392
Frade Drilling B.V.	US\$	12.00%	81,533	5,056	86,589
Frade Drilling B.V.	US\$	Libor + 5.5%	533,570	12,946	546,516
Frade Drilling B.V.	US\$	Libor + 5.5%	67,791	76	67,867
Camburi Drilling B.V.	US\$	Libor + 5.5%	38,167	921	39,088
Camburi Drilling B.V.	US\$	Libor + 5.5%	143,474	2,647	146,121
Camburi Drilling B.V.	US\$	12.00%	81,727	8,707	90,434
Itaoca Drilling B.V.	US\$	12.00%	60,513	6,503	67,016
Itaoca Drilling B.V.	US\$	Libor + 5.5%	48,655	132	48,787
Itaoca Drilling B.V.	US\$	Libor + 5.5%	39,150	810	39,960
Itaunas Drilling B.V.	US\$	12.00%	60,626	6,169	66,795
Siri Drilling B.V.	US\$	12.00%	83,939	9,659	93,598
Sahy Drilling B.V.	US\$	12.00%	85,722	9,897	95,619
Cassino Drilling B.V.	US\$	12.00%	68,603	7,690	76,293
Cassino Drilling B.V.	US\$	Libor + 4.83%	139,627	1,973	141,600
Cassino Drilling B.V.	US\$	Libor + 5.5%	24,771	28	24,799
Curumim Drilling B.V.	US\$	Libor + 4.83%	36,543	1,146	37,689
Curumim Drilling B.V.	US\$	Libor + 4.83%	81,242	1,544	82,786
Curumim Drilling B.V.	US\$	12.00%	69,273	7,232	76,505
Salinas Drilling B.V.	US\$	12.00%	39,603	4,877	44,480
Salinas Drilling B.V.	US\$	Libor + 4.83%	130,349	2,404	132,753
Salinas Drilling B.V.	US\$	Libor + 5.5%	5,658	6	5,664
Joatinga Drilling B.V.	US\$	Libor + 5.5%	11,768	356	12,124
Joatinga Drilling B.V.	US\$	Libor + 5.5%	308,410	5,879	314,289
			5,387,228	228,400	5,615,628

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• Sete Brasil Participações S.A.

The Parent Company Sete Brasil has a loan contract with Sete International in order to repass the resources obtained from borrowings and financings with third parties. The agreed conditions are the following:

<u>Subsidiary</u>	<u>Rate p.a.</u>	<u>Principal</u>	<u>Charges</u>	<u>Total</u>
Denominated in R\$ Sete International	10%	1,387,500	89,771	1,477,271

(e) Contract management and supervision of construction

The subsidiaries have contracts for managing and supervising the construction of drilling rigs. The amount to pay referring to these contracts with related parties is distributed as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Petrobras	10.100	10.747
Atlas Perfuração Ltda. - Seaworthy	546	4.040
Constellation Services - QGOG	1,142	1,488
Lantz - Petroserv	732	818
Odebrecht Oleo e Gas - OOG	926	425
Seadrill	644	2,403
	<u>14,090</u>	<u>19,921</u>

18 Commitments

(a) Commitments for the acquisition of assets

(i) *Engineering, Procurement and Construction Contract ("EPC")*

The Group has contracts for the construction of assets agreed under the EPC method of procedure which aims at restricting the risk of construction and delay in delivery of each asset. This procedure foresees that all the management for the execution of service and acquisition of equipment will be the responsibility of the contracted party.

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Up to March 31, 2014, Sete Brasil, through its subsidiaries, has EPC contracts signed with the shipbuilding companies for the construction of 29 assets as shown below:

Subsidiary	Date of signature	Supplier	At March 31, 2014	
			Contracted (in US\$)	Paid (in US\$)
Arpoador Drilling B.V.	Nov 28, 2012	Estaleiro Jurong Aracruz Ltda.	792,497,580	513,401,448
Copacabana Drilling B.V.	June 15, 2011	Estaleiro Atlântico Sul S.A.	662,428,590	287,401,971
Grumari Drilling B.V.	June 15, 2011	Estaleiro Atlântico Sul S.A.	662,428,590	235,714,910
Ipanema Drilling B.V.	June 15, 2011	Estaleiro Atlântico Sul S.A.	662,428,590	191,283,372
Leblon Drilling B.V.	June 15, 2011	Estaleiro Atlântico Sul S.A.	662,428,590	179,152,276
Leme Drilling B.V.	June 15, 2011	Estaleiro Atlântico Sul S.A.	662,428,590	177,123,066
Marambaia Drilling B.V.	June 15, 2011	Estaleiro Atlântico Sul S.A.	662,428,590	177,123,066
Urca Drilling B.V.	Dec 16, 2011	Fernavale Pte. Ltd.	809,288,000	419,376,620
Guarapari Drilling B.V.	Feb 3, 2012	Estaleiro Jurong Aracruz Ltda.	792,497,580	381,996,921
Cassino Drilling B.V.	Mar 9, 2012	Ecovix - Engevix Construções Oceânicas S.A.	778,000,000	259,020,367
Curumim Drilling B.V.	Mar 9, 2012	Ecovix - Engevix Construções Oceânicas S.A.	778,000,000	189,266,163
Salinas Drilling B.V.	Mar 9, 2012	Ecovix - Engevix Construções Oceânicas S.A.	778,000,000	172,245,504
Botinas Drilling B.V.	Mar 22, 2012	Estaleiro BrasFELS Ltda.	823,448,000	83,271,508
Bracuchy Drilling B.V.	Mar 22, 2012	Estaleiro BrasFELS Ltda.	823,448,000	83,280,946
Frade Drilling B.V.	Mar 22, 2012	Estaleiro BrasFELS Ltda.	823,448,000	361,038,629
Mangaratiba Drilling B.V.	Mar 22, 2012	Estaleiro BrasFELS Ltda.	823,448,000	83,280,946
Portogalo Drilling B.V.	Mar 22, 2012	Estaleiro BrasFELS Ltda.	823,448,000	83,580,946
Camburi Drilling B.V.	Mar 28, 2012	Estaleiro Jurong Aracruz Ltda.	792,497,580	197,041,401
Itaoca Drilling B.V.	Mar 28, 2012	Estaleiro Jurong Aracruz Ltda.	792,497,580	126,304,900
Itaunas Drilling B.V.	Mar 28, 2012	Estaleiro Jurong Aracruz Ltda.	792,497,580	120,764,574
Sahy Drilling B.V.	Mar 28, 2012	Estaleiro Jurong Aracruz Ltda.	792,497,580	109,588,144
Siri Drilling B.V.	Mar 28, 2012	Estaleiro Jurong Aracruz Ltda.	792,497,580	112,336,391
Boipeba Drilling B.V.	Apr 18, 2012	Estaleiro Enseada do Paraguaçu S.A.	798,500,000	101,406,206
Comandatuba Drilling B.V.	Apr 18, 2012	Estaleiro Enseada do Paraguaçu S.A.	798,500,000	60,708,291
Interlagos Drilling B.V.	Apr 18, 2012	Estaleiro Enseada do Paraguaçu S.A.	798,500,000	60,706,872
Itapema Drilling B.V.	Apr 18, 2012	Estaleiro Enseada do Paraguaçu S.A.	798,500,000	60,709,801
Ondina Drilling B.V.	Apr 18, 2012	Estaleiro Enseada do Paraguaçu S.A.	798,500,000	260,907,660
Pituba Drilling B.V.	Apr 18, 2012	Estaleiro Enseada do Paraguaçu S.A.	798,500,000	146,213,754
Joatinga Drilling B.V.	Nov 28, 2012	Estaleiro Atlântico Sul S.A.	662,428,590	164,552,202
			<u>22,236,011,190</u>	<u>5,398,798,855</u>

(ii) Construction Management Agreement("CMA")

Sete Brasil, through its subsidiaries, has contracts with Petrobras for managing and supervising the construction of drilling rigs. This contract aims at following up the EPC contracts, mitigating/monitoring the chronogram of works and ensuring the fulfillment of the specifications agreed on in the contract. For full success, the contracted parties will be responsible for providing qualified and experienced professionals, as required, to carry out the obligations resulting from the agreement.

Sete Brasil Participações S.A.

Notes to intermediate condensed financial statements at March 31, 2014 In thousands of Reais unless otherwise stated

					At March 31, 2014	
Subsidiary	Supplier	Date of signature	Contracted (in US\$)	Paid (in US\$)		
Arpoador Drilling B.V.	Petrobras	June 15, 2011	8,000,000	2,888,833		
Copacabana Drilling B.V.	Petrobras	June 15, 2011	8,000,000	3,702,968		
Grumari Drilling B.V.	Petrobras	June 15, 2011	8,000,000	2,388,561		
Ipanema Drilling B.V.	Petrobras	June 15, 2011	8,000,000	1,000,000		
Leblon Drilling B.V.	Petrobras	June 15, 2011	8,000,000			
Leme Drilling B.V.	Petrobras	June 15, 2011	8,000,000			
Marambaia Drilling B.V.	Petrobras	June 15, 2011	8,000,000			
Boipeba Drilling B.V.	Odebrecht Oil e Gás - OOG	Jan 2, 2013	16,175,367	2,179,484		
	Petrobras	June 17, 2013	17,771,691	321,216		
Botinas Drilling B.V.	Queiroz Galvão Óleo e Gás - QGOG	Jan 1, 2013	7,711,965	1,845,572		
	Odebrecht Oil e Gás - OOG	Jan 1, 2013	3,760,558	794,277		
	Ventura Petróleo S.A.	Jan 1, 2013	7,284,019	1,453,365		
	Petrobras	June 17, 2013	16,843,244			
Bracuhy Drilling B.V.	Queiroz Galvão Óleo e Gás - QGOG	Jan 1, 2013	7,711,965	1,845,572		
	Odebrecht Oil e Gás - OOG	Jan 1, 2013	3,760,558	794,277		
	Ventura Petróleo S.A.	Jan 1, 2013	7,284,019	1,453,365		
	Petrobras	June 20, 2013	16,843,244	1,874,337		
Camburi Drilling B.V.	Seadrill	Jan 2, 2013	22,092,912	4,022,700		
	Petrobras	June 17, 2013	14,185,044	2,391,547		
Cassino Drilling B.V.	Atlas	June 20, 2013	20,939,566	5,631,154		
	Petrobras	June 14, 2013	20,470,942	4,138,772		
Comandatuba Drilling B.V.	Atlas	June 20, 2013	22,913,594	1,233,180		
	Petrobras	June 14, 2013	17,771,691			
Curumim Drilling B.V.	Atlas	June 20, 2013	20,939,566	5,631,154		
	Petrobras	June 14, 2013	20,470,942	3,219,045		
Frade Drilling B.V.	Queiroz Galvão Óleo e Gás - QGOG	Jan 1, 2013	7,711,965	1,845,572		
	Odebrecht Oil e Gás - OOG	Jan 1, 2013	3,760,558	794,277		
	Ventura Petróleo S.A.	Jan 1, 2013	7,284,019	1,453,365		
	Petrobras	June 14, 2013	16,843,244	2,837,777		
Guarapari Drilling B.V.	Odfjell Galvão	Jan 2, 2013	22,092,912	4,856,915		
	Petrobras	June 14, 2013	14,185,044	2,714,729		
Interlagos Drilling B.V.	Odebrecht Oil e Gás - OOG	Jan 2, 2013	16,175,367	2,179,484		
	Petrobras	June 17, 2013	17,771,691			
Itaoca Drilling B.V.	Odfjell Galvão	Jan 2, 2013	22,092,912	4,686,030		
	Petrobras	June 14, 2013	14,185,044	1,586,169		
Itapema Drilling B.V.	Atlas	June 20, 2013	22,913,594	1,233,180		
	Petrobras	June 14, 2013	17,771,691			
Itaunas Drilling B.V.	Seadrill	Jan 2, 2013	22,092,912	3,726,172		
	Petrobras	Jan 2, 2013	14,185,044			
Mangaratiba Drilling B.V.	Queiroz Galvão Óleo e Gás - QGOG	Jan 1, 2013	7,711,965	1,845,572		
	Odebrecht Oil e Gás - OOG	Jan 1, 2013	3,760,558	794,277		
	Ventura Petróleo S.A.	Jan 1, 2013	7,284,019	1,453,365		
	Petrobras	June 20, 2013	16,843,244			
Ondina Drilling B.V.	Odebrecht Oil e Gás - OOG	Jan 2, 2013	16,175,367	2,179,484		
	Petrobras	June 17, 2013	17,771,691	3,397,850		
Pituba Drilling B.V.	Odebrecht Oil e Gás - OOG	Jan 2, 2013	16,175,367	2,179,484		
	Petrobras	June 17, 2013	17,771,691	2,674,904		
Portogalo Drilling B.V.	Queiroz Galvão Óleo e Gás - QGOG	Jan 1, 2013	7,711,965	1,845,572		
	Odebrecht Oil e Gás - OOG	Jan 1, 2013	3,760,558	794,277		
	Ventura Petróleo S.A.	Jan 1, 2013	7,284,019	1,453,365		
	Petrobras	June 14, 2013	16,843,244			
Sahi Drilling B.V.	Seadrill	Jan 2, 2013	22,092,912	3,548,256		
	Petrobras	June 17, 2013	14,185,044			
Salinas Drilling B.V.	Atlas	June 20, 2013	20,939,566	5,631,154		
	Petrobras	June 14, 2013	20,470,942	1,117,225		
Siri Drilling B.V.	Odfjell Galvão	Jan 2, 2013	22,092,912	4,469,257		
	Petrobras	June 14, 2013	14,185,044			
Urca Drilling B.V.	Queiroz Galvão Óleo e Gás - QGOG	Jan 1, 2013	7,711,965	1,845,572		
	Odebrecht Oil e Gás - OOG	Jan 1, 2013	3,760,558	794,277		
	Ventura Petróleo S.A.	Jan 1, 2013	7,284,019	1,453,365		
	Petrobras	June 20, 2013	16,843,244	3,972,887		
			<u>828,656,778</u>	<u>118,173,192</u>		

Sete Brasil Participações S.A.

Notes to intermediate condensed financial statements at March 31, 2014 In thousands of Reais unless otherwise stated

(b) Chartering contracts for Drilling Rigs

The subsidiaries have chartering contracts with Petrobras with terms of between 20 years (for two drilling rigs), 15 years (for 21 drilling rigs) and 10 years (for five drilling rigs) with a possibility for renewal for an additional 5 to 10 years, and with delivery terms for the drilling rigs to Petrobras between 2015 and 2020,

<u>Subsidiary</u>	<u>Signature Date</u>	<u>Term</u>
Arpoador Drilling B.V.	June 15, 2011	20 years
Copacabana Drilling B.V.	June 15, 2011	20 years
Gumari Drilling B.V.	June 15, 2011	10 years
Ipanema Drilling B.V.	June 15, 2011	10 years
Leblon Drilling B.V.	June 15, 2011	10 years
Leme Drilling B.V.	June 15, 2011	10 years
Marambaia Drilling B.V.	June 15, 2011	10 years
Urca Drilling B.V.	Aug 3, 2012	15 years
Guarapari Drilling B.V.	Aug 3, 2012	15 years
Cassino Drilling B.V.	Aug 10, 2012	15 years
Curumim Drilling B.V.	Aug 10, 2012	15 years
Salinas Drilling B.V.	Aug 10, 2012	15 years
Botinas Drilling B.V.	Aug 3, 2012	15 years
Bracuhy Drilling B.V.	Aug 3, 2012	15 years
Frade Drilling B.V.	Aug 3, 2012	15 years
Mangaratiba Drilling B.V.	Aug 3, 2012	15 years
Portogalo Drilling B.V.	Aug 3, 2012	15 years
Camburi Drilling B.V.	Aug 3, 2012	15 years
Itaoca Drilling B.V.	Aug 3, 2012	15 years
Itaunas Drilling B.V.	Aug 3, 2012	15 years
Sahy Drilling B.V.	Aug 3, 2012	15 years
Siri Drilling B.V.	Aug 3, 2012	15 years
Boipeba Drilling B.V.	Aug 10, 2012	15 years
Comandatuba Drilling B.V.	Aug 10, 2012	15 years
Interlagos Drilling B.V.	Aug 10, 2012	15 years
Itapema Drilling B.V.	Aug 10, 2012	15 years
Ondina Drilling B.V.	Aug 10, 2012	15 years
Pituba Drilling B.V.	Aug 10, 2012	15 years

19 Subsequent Events

On May 8, 2014, the maturity date of the second bridge loan of fourteen SPEs was extended, which has this contracted line of financing. They are: Arpoador, Urca, Frade, Bracuhy, Portogalo, Guarapari, Ondina, Pituba, Boipeba, Camburi, Itaoca, Cassino, Curumim and Salinas. The new agreed terms of the maturity dates are respectively, November 4, 2014 for SPEs, Arpoador, Camburi, Frade, Guarapari, Ondina and Urca, April 17, 2015 for SPEs Boipeba, Bracuhy, Itaoca, Pituba, Portogalo, Curumim and Salinas, and, October 25, 2015 for SPE Cassino.
