

QGEP Participações S.A.

*(Convenience Translation into English from
the Original Previously Issued in Portuguese)*

*Individual and Consolidated Interim
Financial Information for the Quarter
Ended March 31, 2015 and
Independent Auditor's Report*

Deloitte Touche Tohmatsu Auditores Independentes

Management Comments

We are pleased to report that QGEP continues to make steady progress in its operating performance, remaining on course during a challenging period for the oil and gas industry, particularly in Brazil. While we look forward to improved market conditions in the medium term, we are prepared to take advantage of the types of opportunities that challenging times often bring. Thus, we continue to move forward with our production, development and exploration work, while maintaining our strong financial position, stable operating cash flow generation and the liquidity of our balance sheet.

First quarter financial indicators represented a strong start to 2015. Revenue performance remained similar to that of last year's first quarter as higher contractual prices mitigated the impact of lower production levels at the Manati Field. EBITDAX margin was 57.7% for the first quarter, reflecting the high profitability levels of our Manati asset, and we expect demand to remain strong enough to support a return to 6MMm³ average daily production when the compression plant is operational in the second half of the year. We are pleased to report the results of the latest independent certification of Manati by Gaffney, Cline & Associates (GCA). The report, dated December 31, 2014 showed 1P reserves net to QGEP 5.5 billion m³ (35 million boe*) and 2P reserves of 6.1 billion m³ (39 million boe*). These results are in line with previous certification reports and production output, demonstrating the stability and visibility around this key asset.

We continued to move forward as the operator of the Atlanta Field. After contracting the FPSO late in 2014, we recently announced the selection of two leading global technology companies, GE Oil and Gas and McDermott International Inc. to provide subsea equipment and installation for the Atlanta Early Production System. These are world class partners that will supply us with the sophisticated solutions and know-how to ensure that we meet our target of first oil in mid-2016.

In our exploration portfolio, our focus is on projects that provide the greatest potential for significant long term value creation. At the Carcará discovery, one of the most important exploratory assets in Brazilian deepwaters, operations are proceeding as scheduled. The second appraisal well is being drilled and final depth will be reached by the end of 2Q15, with testing scheduled for the second half of the year. We also expect to complete drilling at the first extension well in 2015. The data from these two wells will be vital to planning the Carcará Production System. Based on operating performance and results to date, we remain confident about the exploration and eventual development of this important discovery.

Drilling at the Guanxuma prospect, located in the pre-salt section of the Santos Basin, 30km from our Carcará discovery, is expected to begin in the end of 2015. Also, we expect to begin drilling at Block BM-CAL-12 in late 2015 and are actively collecting and processing seismic data related to the eight blocks we acquired in the 11th Bidding Round.

Beyond our current portfolio, we see several opportunities for growth. We are preparing ourselves to evaluate the areas that will be part of the 13th ANP Bidding Round, building on the experience of our technical team. We are also ready to evaluate any opportunities that may arise in Brazilian offshore blocks, including any potential divestments by Petrobras.

Recent events have brought some additional stability to our operating environment. The announcement of Petrobras' fourth quarter results and the next ANP bidding round have improved sentiment in the Brazilian oil and gas industry, while the price of oil in the international markets has shown greater stability. Other macroeconomic and regulatory measures that are being discussed also contribute to an improvement to the business environment in the country.

In summary, QGEP remains differentiated in the marketplace as a Brazilian oil and gas company due to its resilience that allowed it to deliver positive performance even in a period of challenging market conditions. On an operating level, this includes our diversified asset portfolio, and our balance between operatorships and partnership interests and between producing, development and exploratory projects. From a financial standpoint, we are distinguished by our strong balance sheet, net cash position, and positive operating cash flow. Additionally our revenue and near term operational cash flow generation is not linked to oil prices, which provides further cushion against potential oil price volatility.

*1 boe = 159 m³ of gas

Financial Performance

For 1Q15, 1Q14 and 4Q14, the financial statements restated below represent consolidated financial information for the Company. Some percentages and other figures included in this report were rounded to facilitate presentation and therefore may present slight differences in relation to the tables and notes presented in the quarterly information. In addition, for the same reason, the totals presented in certain tables may not reflect the arithmetic sum of the preceding figures.

Consolidated Financial Information (R\$ million) - Restated

	1Q15	1Q14	Δ%	4Q14	Δ%
Net income	95.2	15.7	N/A	66.2	43.8%
Amortization and depreciation	33.8	30.6	10.3%	31.2	8.2%
Net financial income (expenses)	(92.7)	(12.3)	N/A	(46.9)	97.4%
Income tax and social contribution	36.6	16.8	117.6%	(18.0)	-303.6%
EBITDA⁽¹⁾	72.9	50.8	43.6%	32.5	124.3%
Oil and gas exploration expenditure with sub commercial and dry wells ⁽²⁾	(0.2)	31.8	-100.7%	38.6	-100.6%
EBITDAX⁽³⁾	72.7	82.6	-12.0%	71.1	2.3%
EBITDA Margin ⁽⁴⁾	57.9%	39.9%	45.1%	26.3%	119.8%
EBITDAX Margin ⁽⁵⁾	57.7%	64.9%	-11.1%	57.6%	0.2%
Net Cash ⁽⁶⁾	972.2	827.6	17.5%	877.7	10.8%
(Net Debt)/EBITDAX	(3.52)	7.98	-144.9%	(3.33)	14.7%

⁽¹⁾ We calculate EBITDA as profit before taxes and social contributions, net financial results and amortization expenses. EBITDA is not a financial measure according to Brazilian GAAP or IFRS. It should also not be considered in isolation or as a substitute for net income, as a measure of operating performance, or as an alternative to operating cash flow as a measure of liquidity. Other companies may calculate EBITDA differently than us. Furthermore, EBITDA has limitations which inhibit its usefulness as a measure of our profitability as it does not consider certain costs inherent in our business, which could significantly impact our net results, such as net financial income, taxes and amortization. EBITDA is utilized by us as an additional measure of our operating performance.

⁽²⁾ Exploration expenses relating to subcommercial wells or to non operational volumes.

⁽³⁾ EBITDAX is a measure used by the oil and gas industry calculated as follows: EBITDA + exploration expenses with subcommercial and dry wells.

⁽⁴⁾ EBITDA divided by net revenue.

⁽⁵⁾ EBITDAX divided by net revenue.

⁽⁶⁾ Net debt corresponds to total debt, comprising current and long-term loans and financing and derivative financial instruments, less cash and cash equivalents and marketable securities. Net debt is not recognized under Brazilian GAAP, U.S. GAAP, IFRS or any other generally accepted accounting principles. Other companies may calculate net debt in a different manner.

Operating Results

Net revenue for 1Q15 were R\$126.0 million, compared with R\$127.3 million in 1Q14 and R\$123.5 million in 4Q14. The lower year-on-year revenue reflect the temporary decline in Manati gas production, partially offset by contractual adjustments in the price of Manati natural gas. The increase in quarter-on-quarter revenues is the result of annual inflation linked to gas prices readjustments.

Operating costs in the first quarter were R\$62.0 million, slightly above the R\$59.5 million reported in the first quarter 2014 and in line with R\$63.2 million in the fourth quarter of 2014. Below is the breakdown of the operating costs:

Operating costs (R\$ Million) - Restated

	1Q15	1Q14	Δ%	4Q14	Δ%
Depreciation	32.9	29.7	10.5%	31.7	3.8%
Production Costs	14.0	13.1	7.0%	14.5	4.1%
Royalties	9.4	9.7	-2.3%	9.7	-2.4%
Maintenance Costs	2.6	2.7	-6.3%	3.5	-58.9%
Special Participation	2.0	2.9	-32.6%	2.6	-24.2%
R&D	1.3	1.4	-8.2%	1.4	-7.5%
TOTAL	62.0	59.5	4.4%	63.2	-1.9%

Lower maintenance and depreciation costs largely explain the year-on-year and the substantial sequential improvement in gross margin to 55% in the first quarter of 2015.

General and Administrative Expenses

In the first quarter of 2015, total general and administrative expenses were R\$14.7 million, compared with R\$12.2 million in the first quarter of 2014, and R\$20.0 million in 4Q14.

The increase in G&A expenses from a year ago arises mainly from consulting services to enhance the Company's management systems, amongst others.

The decline on quarter-on-quarter expenses is explained primarily by the fact that additional annual profit sharing expenses were booked in 4Q14.

Exploration Expenses

Exploration expenses totaled R\$10.2 million in 1Q15, compared with R\$35.5 million in 1Q14 and R\$38.7 million in 4Q14. Acquisition, processing and interpreting geological and geophysical contracting of the blocks acquired in the 11th Bidding Round account for the majority of these expenses in 1Q15. In 1Q14, QGEP booked a charge of R\$28.1 million, related to the relinquishment of the Biguá area to the ANP, while in the fourth quarter of 2014, a R\$34.3 million write-off was booked due to the relinquishment of Block BM-CAL-5 to the ANP.

Net Financial Income (Restated)

Net financial income for 1Q15 was R\$92.7 million, an increase from R\$12.3 million in 1Q14 and R\$46.9 million in 4Q14.

This increase resulted mainly from a rise in financial revenue totaling R\$88.3 million in 1Q15, compared to R\$12.5 milhões in 1Q14 and R\$47.0 million in 4Q14 and is due to: i) increase in the Company's cash position in 1Q15, which accessed a credit line from BNB; ii) higher yields from the Company's investments in dollar-denominated exchange rate funds, due to higher income rates from funds in reais combined with strong gains from foreign exchange variation on the Company's hedge funds due to the Brazilian Real depreciation.

There was a significant exchange rate variation given a 20.8% PTAX rate devaluation of the Real between quarter end periods.

Income tax and social contribution (Restated)

Income tax and social contribution represented an expense of R\$36.6 million in 1Q15, compared with R\$16.8 million in 1Q14 and credit of R\$8.0 million in 4Q14.

This increase was largely due to the impact of dollar appreciation in 1Q15, with a significant increase in the profitability of the hedge funds.

Net Income (Restated)

Net income in 1Q15 totaled R\$95.2 million, strong increase from R\$15.7 million 1Q14, and 43.8% higher from R\$66.2 million in 4Q14.

The year-on-year and quarter-on-quarter increases are the result of lower exploratory costs and higher financial income in 1Q15, partially offset by higher income tax and social contribution as explained above.

Balance Sheet/Cash Flow Highlights

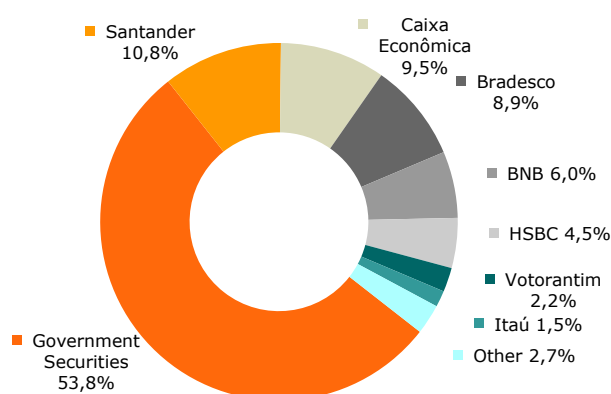
Cash (Cash, Cash Equivalents and Marketable Securities)

At the end of 1Q15, the Company had a consolidated cash balance of R\$1.3 billion, with a net cash position of R\$972.2 million.

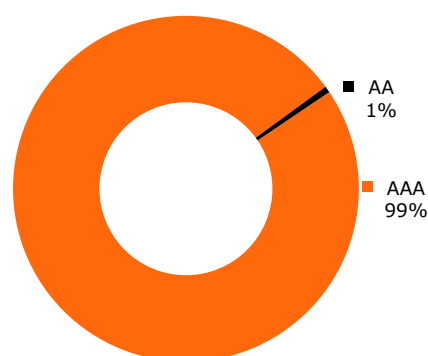
On March 31, 2015, QGEP had R\$374.5 million of its cash invested in exchange funds and offshore investments in order to hedge its medium term US dollar denominated obligations.

The remaining balance was invested in Brazilian real-denominated instruments. As of March 31, 2015 the average annual return of these investments was 102% of the CDI rate and 83% of the funds had daily liquidity. The breakdown of the investments in Brazilian reais is shown on the charts below:

Investment Distribution



Ratings*



*Does not include Government Securities

Debt

Total indebtedness as of March 31, 2015 was R\$368.9 million, up from R\$250.9 million at the end of 4Q14. These borrowings consisted of R\$253.3 million drawn down on the Company's financing package from Financiadora de Estudos e Projetos (FINEP), and R\$117.8 million of borrowings on a credit line from Banco do Nordeste do Brasil.

The FINEP borrowings are part of a financing package to support the development of the Atlanta Field EPS. The financing package consists of two credit lines, one with a fixed rate of 3.5% per year and one with a floating rate linked to TJLP. Both lines feature a 3-year grace period and amortization period of seven years. The credit line available to QGEP is R\$266.1 million.

In September, 2014, QGEP signed a contract with Banco do Nordeste do Brasil for a financing package of R\$232.8 million dedicated to the funding of the exploration of QGEP's assets in the northeast of Brazil. The loan, which currently has an interest rate of 4.71% per year, features a five-year grace period and amortization period of seven years. As of March 31, 2015, the Company had drawn down R\$117.8 million of borrowings from the credit line.

Operating Cash Flow

The Company had operating cash flow of R\$157.0 million in 1Q15, compared with R\$40.6 million in 1Q14, and R\$77.2 million in 4Q14. The slight reduction in Manati production was offset by adjustment in the gas sales price, higher return on the marketable securities due to an increase in the CDI rate and mainly, the appreciation of the U.S. dollar in the quarter.

The consolidated financial information restated of the Company for the quarters ended September 30, 2014 and September 30, 2013 was prepared by the Company in accordance with IFRS as issued by IASB.

Annex I – INCOME STATEMENT

Income Statement (R\$ million)- Restated

	1Q15	1Q14	Δ%	4Q14	Δ%
Net Revenue	126.0	127.3	-1.0%	123.5	2.0%
Operating costs	(62.0)	(59.5)	4.4%	(63.2)	-1.9%
Gross profit	63.9	67.8	-5.8%	60.2	6.2%
Operating income (expenses)					
General and administrative expenses	(14.7)	(12.2)	20.7%	(20.0)	-26.5%
Equity Method	0.1	(0.0)	N/A	(0.2)	-176.3%
Oil and gas exploration expenses	(10.2)	(35.5)	-71.2%	(38.7)	-73.6%
Operating income (loss)	39.1	20.2	94.2%	1.3	N/A
Financial result, net	92.7	12.3	N/A	46.9	97.4%
Income before tax and social contribution	131.8	32.5	305.6%	48.2	173.3%
Deferred income tax and social contribution expenses	(36.6)	(16.8)	117.6%	18.0	-303.6%
Net Income	95.2	15.7	N/A	66.2	43.8%

Annex II – BALANCE SHEET

Restated			
	1Q15	4Q14	Δ%
Assets			
Current Assets	1,421.0	1,343.7	5.8%
Cash and cash equivalents	131.1	117.2	11.9%
Marketable Securities	1,089.7	1,011.4	7.7%
Trade accounts receivable	99.3	101.6	-2.3%
Stocks	54.3	54.5	-0.4%
Recoverable taxes	31.4	37.6	-16.5%
Credit to Partners	11.6	19.3	-40.0%
Other	3.7	2.0	89.8%
Non-current Assets	2,103.7	1,888.6	11.4%
Restricted cash	53.8	27.9	92.9%
Marketable Securities	120.3	-	N/A
Recoverable taxes	2.8	2.7	7.3%
Deferred income tax and social	4.5	19.4	-76.8%
Investments	37.3	22.8	63.1%
Property, plant and equipment	1,244.7	1,178.6	5.6%
Intangible assets	630.1	630.5	-0.1%
Related Parties	6.7	4.9	37.7%
Other	3.3	1.8	84.4%
Total Assets	3,524.7	3,232.2	9.0%
Liabilities and Shareholders' Equity			
Current Liabilities	120.6	110.6	9.1%
Trade accounts payable	35.7	35.2	1.3%
Taxes payable	45.0	30.1	49.6%
Payroll and related taxes	6.8	17.9	-62.3%
Due to related parties	0.3	0.3	1.2%
Borrowings and financing	0.4	0.4	15.0%
Provision for research and development	13.6	12.8	6.4%
Insurances payable	8.4	6.3	33.9%
Other current liabilities	10.5	7.7	36.4%
Non-current Liabilities	710.1	531.6	33.6%
Taxes liabilities payable	2.2	-	N/A
Borrowings and financing	368.4	250.5	47.1%
Provision for abandonment	339.5	281.1	20.8%
Shareholders' Equity	2,693.9	2,590.0	4.0%
Integrated capital stock	2,078.1	2,078.1	0.0%
Other comprehensive income	12.3	5.4	127.5%
Profits reserve	555.9	555.9	0.0%
Capital reserve	(47.5)	(49.4)	-3.7%
Net income for the period	95.2	0.0	N/A
TOTAL Liabilities and Shareholders' Equity	3,524.7	3,232.2	9.0%

Annex III – CASH FLOWS

Cash Flows (R\$ million) - Restated

	1Q15	1Q14	Δ%	4Q14	Δ%
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period	95.2	15.7	N/A	66.2	43.8%
Adjustments to reconcile net income to net cash provided by operating activities:					
Amortization and Depreciation	33.8	30.6	10.3%	31.2	8.2%
Equity Pick-up Method	(0.1)	0.0	N/A	173	-176.5%
Deferred income tax and social contribution	14.9	16.8	-11.4%	(14.8)	-200.7%
Financial charges and exchange rate variation borrowings and financing	2.7	1.5	82.3%	1.2	124.3%
Fixed Assets/Intangibles write-offs	0.1	32.5	-99.8%	38.4	-99.8%
Expenses with stock option plan	1.8	2.7	-32.7%	2.0	-8.7%
Provision for income tax and social contribution	(21.7)	-	N/A	(0.9)	N/A
Provision for research and development	0.8	1.3	-36.0%	1.1	-26.5%
Exchange rate variation/other	(4.5)	9.9	-144.9%	8.9	-150.3%
Increase/decrease in operating assets:	11.2	30.2	-62.9%	(39.0)	-128.7%
Increase/decrease in operating liabilities:	(20.6)	(100.7)	-79.5%	(17.3)	18.8%
Net cash inflows from operating activities	157.0	40.6	286.7%	77.2	103.5%
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash inflows from/used in investing activities	(267.8)	(103.8)	-157.9%	(192.2)	39.4%
CASH FLOWS FROM FINANCING ACTIVITIES					
Net cash inflows from/used in financing activities	117.8	(18.5)	N/A	83.5	41.1%
Total exchange rate variation on cash and cash equivalents	6.9	(0.8)	N/A	2.1	223.1%
Increase (Decrease) in cash and cash equivalents	13.9	(82.6)	-116.8%	(29.3)	-147.3%
Cash and cash equivalents at the beginning of the period	117.2	357.8	-67.2%	146.5	-20.0%
Cash and cash equivalents at the end of the period	131.1	275.2	-52.4%	117.2	11.9%
Increase (Decrease) in cash and cash equivalents	13.9	(82.6)	116.8%	(29.3)	-147.4%

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors and Shareholders of
QGEP Participações S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of QGEP Participações S.A. ("Company") identified as individual and consolidated, respectively, included in the Interim Financial Information Form (ITRs), for the quarter and period ended March 31, 2015, which comprises the balance sheet as of March 31, 2015, and the related income statement, statement of comprehensive income, the statement of changes in equity and statement of cash flows for the three-month period then ended, including the explanatory notes. These individual and consolidated interim financial information was originally approved on May 11, 2015, by the Board of Directors and are being restated as described in Note 2.27.

The Company's Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncements CPC 21 (R1) - Interim Financial Reporting and in accordance with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Interim Financial Information (ITRs). Our responsibility is to express a conclusion on this interim financial information being restated based on our review.

Scope of Review of Interim Financial Information being restated

We conducted our review in accordance with Brazilian and International standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information 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 the 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 Interim Financial Information being restated

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITRs referred to above and being restated are not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Interim Financial Information (ITRs), and presented in accordance with the standards issued by CVM.

Emphasis of matter paragraph

On May 5, 2014, we issued an unqualified review report, but with an emphasis matter paragraph related to the transfer of exploration of oil and natural gas concession contracts from Petróleo Brasileiro S.A. (“Petrobras”) to the Company, in respect to certain blocks that were pending from ANP approval (“ANP - Agência Nacional de Petróleo, Gás Natural e Biocombustíveis”), for the three months interim financial information ended March 31, 2014, also approved on May 05, 2014 by the Board of Directors. For the reasons disclosed in Note 2.27, the interim financial information presented for comparative purposes, are being adjusted and restated as defined by CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Our conclusion does not contain modification related to this matter.

Other matters being

Statements of Value Added (DVA)

We have also reviewed the individual and consolidated statements of value added (“DVA”), for the threemonth period ended May 31, 2015 and 2014, prepared under the responsibility of the Company's management, the presentation of which is required by the standards issued by CVM, applicable to the preparation of Interim Financial Information (ITRs), and considered as a supplemental information for IFRS, that does not require the presentation of DVA. These statements being restates to contemplate the accounting adjustments described in Note 2.27, were subject 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, consistent to the interim financial information taken as a whole.

The accompanying financial information has been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, March 7, 2016


DELOITTE TOUCHE TOHMATSU
Auditores Independentes


John Alexander Harold Auton
Engagement Partner

QGEP PARTICIPAÇÕES S.A.

BALANCE SHEET AT MARCH 31, 2015

(In thousands of Brazilian reais - R\$)

	Note	Parent company			Consolidated		
ASSETS		03/31/2015 (Restated)	12/31/2014 (Restated)	12/31/2013 (Restated)	03/31/2015 (Restated)	12/31/2014 (Restated)	12/31/2013 (Restated)
CURRENT ASSETS							
Cash and cash equivalents	4	75	1	268	131,087	117,191	357,765
Short-term investments	4	1,389	2,897	-	1,089,661	1,011,417	647,954
Accounts receivable	5	-	-	-	99,264	101,627	99,446
Inventories	7	-	-	-	54,261	54,477	47,769
Recoverable taxes	10.1	62	25	27	31,422	37,636	12,091
Dividends receivable	11.2	3,277	3,277	4,310	-	-	-
Credit to partners	6	-	-	-	11,613	19,344	116,185
Others		114	-	3	3,734	1,967	4,724
Total current assets		4,917	6,200	4,608	1,421,042	1,343,659	1,285,934
NONCURRENT ASSETS							
Restricted cash	9	-	-	-	53,838	27,916	4,167
Long-term investments	4	-	-	-	120,279	-	-
Recoverable taxes	10.1	-	-	-	2,848	2,654	337
Deferred income tax and social contribution							
	10.4	-	-	-	4,490	19,392	22,477
Related parties	8	-	-	-	6,719	4,878	479
Investments	11.2	2,689,478	2,583,948	2,437,073	37,253	22,843	10,428
Property, plant and equipment	12	-	-	-	1,244,736	1,178,616	1,114,155
Intangible	13	-	-	-	630,148	630,470	631,350
Others non current assets		-	1	-	3,337	1,810	2,401
Total noncurrent assets		2,689,478	2,583,949	2,437,073	2,103,648	1,888,579	1,785,794
TOTAL ASSETS		2,694,395	2,590,149	2,441,681	3,524,690	3,232,238	3,071,728
LIABILITIES AND NET EQUITY							
CURRENT LIABILITIES							
Suppliers		354	47	137	35,658	35,199	160,245
Borrowings and financing	14	-	-	-	445	387	238
Taxes payable	10.2	53	48	42	44,965	26,313	30,059
Payroll and related taxes		47	50	38	6,760	17,914	19,367
Related party transactions	8	2	-	-	340	336	8
Provision for research and development		-	-	-	13,582	12,760	8,577
Insurance		-	-	-	8,374	6,256	3,129
Other obligations		-	-	-	10,500	11,442	12,081
Total current liabilities		456	145	217	120,624	110,607	233,704
NONCURRENT LIABILITIES							
Provision for abandonment	16	-	-	-	339,494	281,099	228,894
Borrowings and financing	14	-	-	-	368,429	250,528	167,666
Other taxes obligations		-	-	-	2,204	-	-
Total noncurrent assets		-	-	-	710,127	531,627	396,560
NET EQUITY							
Capital stock	24	2,078,116	2,078,116	2,078,116	2,078,116	2,078,116	2,078,116
Capital reserve		33,478	31,632	22,628	33,478	31,632	22,628
Shares held in treasury		(81,007)	(81,007)	(62,501)	(81,007)	(81,007)	(62,501)
Retained earnings		555,853	555,853	401,030	555,853	555,853	401,030
Others comprehensive income		12,308	5,410	2,191	12,308	5,410	2,191
Net income for the year		95,191	-	-	95,191	-	-
Total net equity		2,693,939	2,590,004	2,441,464	2,693,939	2,590,004	2,441,464
TOTAL LIABILITIES AND NET EQUITY		2,694,395	2,590,149	2,441,681	3,524,690	3,232,238	3,071,728

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

QGEF PARTICIPAÇÕES S.A.

STATEMENT OF INCOME AT MARCH 31, 2015

(In thousands of Brazilian reais - R\$)

	Note	Parent company		Consolidated	
		01/01/2015 to	01/01/2014 to	01/01/2015 to	01/01/2014 to
		03/31/2015	03/31/2014	03/31/2015	03/31/2014
		(Restated)	(Restated)	(Restated)	(Restated)
NET REVENUE	17	-	-	125,984	127,305
COSTS	18	-	-	(62,046)	(59,460)
GROSS PROFIT		-	-	63,938	67,845
OPERATING INCOME (EXPENSES)					
General and administrative expenditure	18	(1,236)	(1,104)	(14,718)	(12,197)
Equity method	11	96,357	16,741	132	(27)
Oil and gas exploration expenditure	19	-	-	(10,208)	(35,464)
		95,121	15,637	39,144	20,157
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME					
FINANCIAL INCOME, NET	20	70	29	92,651	12,334
INCOME BEFORE INCOME TAX					
SOCIAL CONTRIBUTION		95,191	15,666	131,795	32,491
Current Income tax and social contribution	10.3	-	-	(21,702)	-
Deferred Income tax and social contribution	10.3	-	-	(14,902)	(16,825)
NET INCOME FOR THE YEAR		95,191	15,666	95,191	15,666
NET INCOME PER SHARE - BASIC AND DILUTED		0.37	0.06	0.37	0.06

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

QGEF PARTICIPAÇÕES S.A.

STATEMENT OF COMPREHENSIVE INCOME AT MARCH 31, 2015

(In thousands of Brazilian reais - R\$)

	Note	Parent company		Consolidated	
		01/01/2015 to	01/01/2014 to	01/01/2015 to	01/01/2014 to
		03/31/2015	03/31/2014	03/31/2015	03/31/2014
		(Restated)	(Restated)	(Restated)	(Restated)
Net income for the year		95,191	15,666	95,191	15,666
Other comprehensive income					
Other comprehensive income					
Comprehensive income					
of investees recognized by the equity method	11	6,898	1,355	6,898	1,355
Total comprehensive income for the year		<u>102,089</u>	<u>17,021</u>	<u>102,089</u>	<u>17,021</u>

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

QGEPI PARTICIPAÇÕES S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS AT MARCH 31, 2015

(In thousands of Brazilian reais - R\$)

	Note	Capital stock	Capital Reserves		Income Reserve		Other comprehensive income	Retained earnings	Total
			Stock options	Shares held in treasury	Legal reserve	Investment reserve			
BALANCE AT DECEMBER 31, 2013 (Restated)		2,078,116	22,627	(62,500)	20,123	380,907	2,191	-	2,441,464
Net income for the year		-	-	-	-	-	-	15,666	15,666
Shares held in treasury	25	-	-	(18,507)	-	-	-	-	(18,507)
Cumulative translation adjustments		-	-	-	-	-	(836)	-	(836)
Stock option	24	-	2,744	-	-	-	-	-	2,744
BALANCE AT MARCH 31, 2014 (Restated)		2,078,116	25,371	(81,007)	20,123	380,907	1,355	15,666	2,440,531
BALANCE AT DECEMBER 31, 2014 (Restated)		2,078,116	31,632	(81,007)	28,426	527,426	5,410	-	2,590,004
Net income for the year		-	-	-	-	-	-	95,191	95,191
Cumulative translation adjustments		-	-	-	-	-	6,898	-	6,898
Stock option	24	-	1,846	-	-	-	-	-	1,846
BALANCE AT MARCH 31, 2015 (Restated)		2,078,116	33,478	(81,007)	28,426	527,426	12,308	95,191	2,693,939

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

QGEF PARTICIPAÇÕES S.A.

STATEMENTS OF CASH FLOW AT MARCH 31, 2015

(In thousands of Brazilian reais - R\$)

		Parent company		Consolidated	
		01/01/2015 to	01/01/2014 to	01/01/2015 to	01/01/2014 to
	Note	03/31/2015	03/31/2014	03/31/2015	03/31/2014
		(Restated)	(Restated)	(Restated)	(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the year		95,191	15,666	95,191	15,666
Adjustments to reconcile net income					
to net cash provided by (used in) operating activities:					
Equity method	11.2	(96,357)	(16,741)	(132)	27
Depreciation and amortization	12/13	-	-	33,777	30,617
Deferred income tax and social contribution	10.4	-	-	14,902	16,825
Financial charges and exchange rate (gain) loss					
on borrowings and financing		-	-	2,658	1,458
Reduction of fixed assets and intangibles	12/13	-	-	70	32,527
Stock option plan	24	-	-	1,846	2,744
Provision for income tax and social contribution	10.3	-	-	21,702	-
Provision for research and development		-	-	822	1,285
Exchange rate and others	16	-	-	(4,458)	9,933
(Increase) decrease in operating assets:					
Trade accounts receivable	5	-	-	2,363	(934)
Recoverable taxes	10.1	(37)	(6)	6,019	85
Other assets		(113)	(97)	2,811	31,036
Increase (decrease) in operating liabilities:					
Suppliers		307	(9)	(7,234)	(92,364)
Taxes payable	10.2	5	2	(783)	6,913
Interest paid	14	-	-	(2,600)	(1,335)
Income tax and social contribution paid		-	-	-	(5,622)
Related parties	8	2	-	4	7
Other liabilities		(3)	(1)	(9,977)	(8,275)
Net cash provided by (used in) operating activities		(1,005)	(1,186)	156,982	40,593
CASH FLOWS FROM INVESTING ACTIVITIES					
Restricted cash	9	-	-	(25,922)	(5,700)
Short term investments	4	1,508	-	(198,523)	(72,513)
Increase capital in foreign company		-	-	(8,386)	(2,078)
Payment of investment		(429)	20,507	(5,892)	1,509
Payment of property, plant and equipment	12	-	-	(29,046)	(24,715)
Payment of intangible	13	-	-	(50)	(347)
Net cash provided by (used in) investing activities		1,079	20,507	(267,819)	(103,844)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of financing	14	-	-	117,835	-
Shares held in treasury	24	-	(18,508)	-	(18,508)
Payment of dividends		-	-	-	-
Net cash provided by (used in) financing activities		-	(18,508)	117,835	(18,508)
Cumulative translation of adjustment of foreign companies		-	-	6,898	(836)
Total of cumulative translation of adjustment of foreign companies		-	-	6,898	(836)
Increase (decrease) in cash and cash equivalents		74	813	13,896	(82,595)
Cash and cash equivalents at beginning of year		1	268	117,191	357,765
Cash and cash equivalents at end of year		75	1,081	131,087	275,170
Increase (decrease) in cash and cash equivalents		74	813	13,896	(82,595)

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

QGEF PARTICIPAÇÕES S.A.

STATEMENTS OF VALUE ADDED AT MARCH 31, 2015
(In thousands of Brazilian reais - R\$)

	Note	Parent company		Consolidated	
		01/01/2015 to 31/03/2015 (Restated)	01/01/2014 to 03/31/2014 (Restated)	01/01/2015 to 03/31/2015 (Restated)	01/01/2014 to 03/31/2014 (Restated)
REVENUES		-	-	186,219	185,569
Gas sales	17	-	-	156,866	160,439
Other revenues		-	-	307	415
Revenues related to own assets of construction	12	-	-	29,046	24,715
INPUTS ACQUIRED FROM THIRD PARTIES (including Tax - ICMS, IPI, PIS and COFINS)		394	418	59,550	76,539
Gas production and service costs		-	-	27,562	52,105
Material, energy and other service		394	418	27,676	20,036
Others		-	-	4,268	4,398
GROSS VALUE-ADDED		(394)	(418)	126,723	109,030
DEPRECIATION, AMORTIZATION AND EXHAUSTION	12/13	-	-	33,822	30,674
NET VALUE-ADDED PRODUCED BY THE ENTITY		(394)	(418)	92,892	78,356
VALUE-ADDED RECEIVED IN TRANSFER		96,430	16,772	92,923	12,484
Equity income and dividends	11.2	96,357	16,741	132	(27)
Financial income	20	73	31	88,323	12,511
Others		-	-	4,468	-
TOTAL VALUE-ADDED TO BE DISTRIBUTED		<u>96,036</u>	<u>16,354</u>	<u>185,814</u>	<u>90,840</u>
VALUE-ADDED DISTRIBUTION					
PERSONEL:					
Personnel		668	528	10,080	12,519
Benefits		40	45	2,758	1,116
Charges and fees		-	-	(627)	535
		<u>708</u>	<u>573</u>	<u>12,211</u>	<u>14,170</u>
TAXES:					
Federal		134	106	52,029	32,865
State		-	-	14,190	14,335
Municipal		-	-	(21)	27
ANP (Bonus e royalties)		-	-	11,385	12,548
		<u>134</u>	<u>106</u>	<u>77,583</u>	<u>59,775</u>
PAYMENT OF THIRD PARTY CAPITAL:					
Interest		-	2	-	114
Rentals		-	-	690	957
Bank charges		3	7	135	158
Monetary/Exchange variation		-	-	4	-
		<u>3</u>	<u>9</u>	<u>839</u>	<u>1,229</u>
SHAREHOLDERS					
Net income for the year		<u>95,191</u>	<u>15,666</u>	<u>95,191</u>	<u>15,666</u>
		<u>95,191</u>	<u>15,666</u>	<u>95,191</u>	<u>15,666</u>
DISTRIBUTION OF VALUE ADDED		<u>96,036</u>	<u>16,354</u>	<u>185,815</u>	<u>90,840</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

QGEP PARTICIPAÇÕES S.A.

NOTES TO INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE QUARTER ENDED MARCH 31, 2015

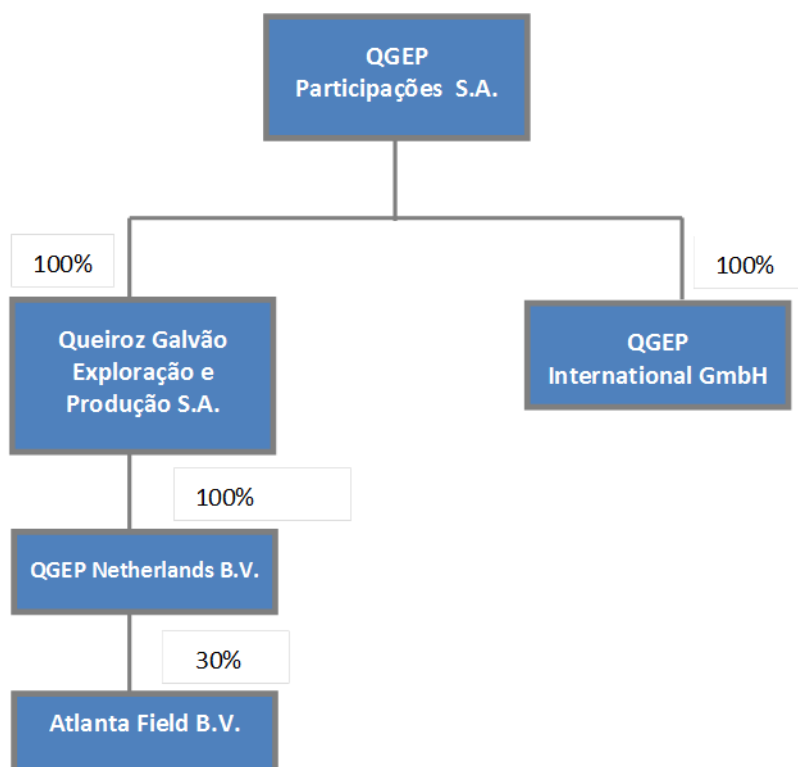
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1. GENERAL INFORMATION

Ownership Structure

QGEP Participações S.A. is headquartered at Almirante Barroso Avenue 52, room 1.301 - Centro, Rio de Janeiro (“Company” or “QGEPP”), and its corporate purpose is to hold interests in companies that are primarily engaged in the exploration, production and sale of oil, natural gas and their byproducts, either as a partner or shareholder, or through other forms of association, with or without separate legal personality.

On March 31, 2015, the Company's ownership structure was as follows:



Constituted on October 16, 2009, the objective of Queiroz Galvão Exploração e Produção S.A. (QGEP) is exploration for oil and gas, production and trade of oil, natural gas and their derivatives, and investment in other entities substantially focused on related activities. Such investments may be as partner, shareholder or through other forms of association, with or without separate legal identity.

On January 31, 2013, QGEP Netherlands B.V. (“QGEP B.V.”) was established as the QGEP’s wholly-owned subsidiary, which is headquartered in Rotterdam, in the Netherlands, whose objective is to incorporate, manage and supervise companies; carry all types of commercial and industrial activities, and other related activities.

On November 2, 2012, Atlanta Field B.V. (“AFBV”) was established as an indirect subsidiary of QGEP and direct subsidiary of QGEP B.V., which is headquartered in Rotterdam, in the Netherlands, and its objective is the acquisition, budgeting, construction, purchase, sale, rental, lease or charter of materials and equipment to be used for the exploration and exploitation of the Concession Area and also acquire, manage, operate equipment, including equipment recorded to support the activities of the Group.

On February 21, 2013, OGX Netherlands Holding B.V and FR Barra 1 S.à r.l., partners in concession Block BS-4, entered the structure, holding 40% and 30%, respectively, of participation in AFBV. Thereafter, QGEP B.V. holds 30% participation in AFBV.

On October 3, 2013, QGEP International GmbH (“QGEP International”) was established as the QGEP’s wholly-owned subsidiary, which is headquartered in Vienna, Austria, and its objective is acquisition of companies in Austria and abroad, constitution and management of subsidiaries in Austria and abroad, and asset management.

Operations

The E&P business is regulated by the Brazilian Oil, Natural Gas and Biofuel Agency (“ANP”). The company and its subsidiaries (QGEP, QGEP B.V. and AFBV) are referred to in the interim financial information as “the Group”.

On March 31, 2015, the Group’s portfolio included a participation in thirteen E&P concessions located offshore of the Brazilian Continental Margin (Note 21). All concessions belong to QGEP. See subsequent events note (Note 31), for new concessions acquired during the year ended December 31, 2015.

The BCAM-40 and BS-4 concessions are under development and under production, respectively. Manati and Camarão Norte fields, both located in BCAM-40, are currently under production and under production development, respectively. The Atlanta and Oliva fields, located in the BS-4 block, are under production development.

The Manati Field was developed through the drilling of six wells completed with Wet Christmas Trees (WCT). These wells produce for a fixed production platform (PMNT-1) which pumps gas along a 24” diameter pipeline, approximately 125 km long, to the treatment station, which stabilizes and condenses the gas (Geologist Vandemir Ferreira Plant). See subsequent events notes (Note 31) for beginning of operation for new compression plant on August 20, 2015.

In the fourth quarter of 2014, QGEP received ANP approval for an Evaluation Plan (EP) for Block BM-J-2, a shallow water block situated in Bacia de Jequitinhonha, of which QGEP is the operator and sole owner. Under this Plan, QGEP committed to seismic reprocessing and geological reinterpretation of the block. These activities must be completed by the end of 2015, when a decision regarding the following steps of the project will be taken. The EP relates to the August 2013 Notice of Discovery filed with the ANP based potential pay zones identified in the pre-salt section of its Alto de Canavieiras (1-QG-5A-BAS) well. See subsequent events note 31, related to the disclosure of the write-off of block BM-J-2 on December 21, 2015, due to its commercial unviability.

The Block BS-4 is already under development and comprises Oliva and Atlanta fields. Oliva is a post-salt oil field located in BS-4 Block, 17 km distant from Atlanta Field. On August 21, 2013, the Company obtained the approval of a development plan for Oliva Field. The approved Development Plan provides for the drilling of a well for acquiring reservoir data in 2016, followed by a test, in such a way to support the reserve estimate and the production curve. This development plan also includes the drilling of five producing wells and three injection wells. All of these wells will be horizontal and will be connected to the facilities at Atlanta Field. The first oil from Oliva Field is expected in 2021. The development plan for Atlanta Field includes an Early Production System (EPS) with two horizontal wells, already drilled and tested in the first semester of 2014. At the end of 2014, the Company signed the contract of the Petrojarl I floating, production, storage, and offloading vessel ("FPSO"), chartered for the Atlanta Field Development. The vessel is being customized in the Netherlands to the Field's specifications and is scheduled to be on site in the first semester of 2016. Production is scheduled to begin in mid-2016. The CAPEX estimated for this EPS is US\$733 million, of which US\$220 million net relate to QGEP. This amount refers to a system of three production wells and the drilling of the last well is expected to begin at the end of 2015. As of March 31, 2015, the Company had disbursed US\$139 million of the total EPS CAPEX.

QGEP is in the process of contracting the acquisition of 3D seismic data for the blocks in the Foz do Amazonas, Pará-Maranhão, Ceará, Pernambuco-Paraíba and Espírito Santo basins that were awarded in the ANP's 11th Bidding Round. The total amount until March 31, 2015 is R\$24,862. Well drilling, which we have a commitment to initiate in the first period, is scheduled for 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the individual and consolidated interim financial information being restated comprise:

2.1. Statement of Compliance

The consolidated interim financial information of the Company comprises:

- The individual and consolidated financial information have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

The accounting practices adopted comprise the policies set out in Brazilian Corporate Law and the pronouncements, guidance, and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC) and the Brazilian Securities and Exchange Commission (CVM), as well as those issued by the International Accounting Standards Board (IASB).

2.2. Basis of preparation

The interim financial information being restated has been prepared using the historical cost, except for certain financial instruments measured at fair value, as described in the accounting policies below. The historical cost is generally based on the fair value of the consideration paid in exchange for an asset.

The quarterly financial information of QGEPP are being presented in accordance with technical orientation No. OCPC 07, which deals with the basic requisites of preparation and evidence to be observed upon the disclosure of financial reporting, especially in the notes thereto. Management confirms that evidence is being provided of all relevant information that is appropriate for disclosure and that such information corresponds to the data used in managing the holding Company.

The summary of the significant accounting policies adopted by the Group is described below:

2.3. Basis of consolidation and investments in subsidiaries

The consolidated interim financial information includes the interim financial information of the Company and its subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The profit or loss of subsidiaries acquired, sold or merged during the year is included in the consolidated income statement and statement of comprehensive income beginning the actual acquisition, sale and merger date, as applicable.

In the Company's individual financial information, the financial information on direct and indirect subsidiaries is recognized under the equity method.

When necessary, the subsidiaries' financial information is adjusted to comply with the accounting policies of the Group. All intragroup transactions, balances, revenue and expenses are fully eliminated in consolidation, except for the investment in its joint venture.

Company's equity interests in subsidiaries

As at March 31, 2015, the Company's interim financial information includes the financial information of its direct and indirect subsidiaries listed below:

	<u>Country of operation</u>	<u>Control</u>	<u>Equity interest - %</u>	
			<u>03/31/2015</u>	<u>12/31/2014</u>
QGEP	Brazil	Direct	100%	100%
QGEP International	Austria	Direct	100%	100%
QGEP B.V.	The Netherlands	Indirect	100%	100%

2.4. Interests in joint ventures

A joint venture is a contractual agreement whereby the Company and other parties undertake an economic activity that is subject to joint control. Joint control exists when the strategic financial and operating decisions relating to the joint venture's activity require the unanimous consent of the venturers sharing the control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer holds an interest are called jointly controlled entities.

Indirect subsidiary QGEF B.V. states in its interim financial information the interest held in a joint venture using the equity method.

Company interests in joint arrangements

	<u>Country of operation</u>	<u>Control</u>	<u>Type of arrangement</u>	<u>Equity interest - %</u>	
				<u>03/31/2015</u>	<u>12/31/2014</u>
AFBV	The Netherlands	Indirect	Joint venture	30%	30%

2.5. Segment information

The Management conducted an analysis and concluded that QGEPP operates within a single segment: oil and gas Exploration and Production (E&P). Additionally, net sales revenue is substantially derived from transactions with Petrobras in Brazil.

2.6. Cash and cash equivalents

Held to meet short-term cash commitments and consist of cash, bank deposits and highly liquid short-term investments subject to an insignificant risk of change in value.

2.7. Inventories

Represented by assets acquired from third parties in the form of materials and supplies to be used in the exploratory drilling and development campaign. After these materials are used, they are reclassified from inventories to property, plant and equipment. Material inventories of are recorded at cost and adjusted to their realizable value, when applicable (Note 7).

2.8. Current and noncurrent assets and liabilities

Current and noncurrent assets and liabilities are stated at their realizable values and settlement amounts, respectively, and include inflation adjustments or exchange rate changes, and income earned and charges incurred, when applicable, recognized on a pro rata basis through the end of the reporting period.

2.9. Oil and gas exploration, development and production costs

For exploration, development and production costs, the Group uses, for accounting practices adopted in Brazil purposes, accounting criteria consistent with IFRS 6 *Exploration for and Evaluation of Mineral Assets*.

Material maintenance costs of the production units, which include, but are not limited to, spare parts and assembly services, are recorded in property plant and equipment, if the recognition criteria in IAS 16 (CPC 27) are met. These maintenances occur, on average, every five years and costs are depreciated until the beginning of the next stop and recorded as cost of production.

IFRS 6 allows Management to determine the accounting policy for the recognition of exploration assets used to explore mineral resources. The Management has defined the accounting policy for exploration and evaluation of mineral reserves considering the criteria that represent the best judgment aspects of business environment and reflect more adequately financial and equity position. The main accounting principles adopted are:

- Exploration concession rights and signature bonus are recorded as intangible assets;
- Drilling costs from the feasibility studies not yet concluded remain recorded in property, plant and equipment until conclusion. Exploratory costs of all production wells and of successful exploration wells related to economically viable reserves are capitalized while non-viable ("dry hole") are recorded directly in income on account for oil and gas exploration expenditures.
- Other exploration costs not related to the signature bonus are recorded in the income statement as exploration costs for oil and gas extraction (costs related to the acquisition, processing and interpretation of seismic, drilling campaign planning, licensing studies, area occupation and retention costs, environmental impact, etc.).
- For farm-in transactions where the Company has entered into contracts to fund the exploration costs of the partner who sold its stake in the exploration blocks (Farmor) and/or carry over: these committed expenditures are disclosed in the interim financial information to reflect future exploration costs.

Property, plant and equipment represented by natural gas exploration, development and production assets are recorded at cost and amortized under the unit-of-production method, which consists of a ratio between the annual volume produced and the total proved reserve of the producing field. The proven reserves used to calculate amortization (in relation to the monthly production volume) are estimated by in-house geologists and outside petroleum engineers in accordance with international standards, and revised annually or when there is evidence of significant change. Currently, only the costs related to the Manati field are being amortized since it is the only field in production phase.

Property, plant and equipment is stated at cost, plus interest and other charges on borrowings and financing used in the construction of qualifying assets, less accumulated depreciation and amortization.

The gain or loss arising from the disposal or sale of a property, plant and equipment item is determined by the difference between revenue earned, if applicable, and the corresponding residual value of the asset, and is recognized in profit or loss.

The Group basically includes in intangible assets the costs on the acquisition of exploration concessions and signature bonuses corresponding to the bids to obtain oil or natural gas. These are recorded at acquisition cost, adjusted, as applicable, to recoverable value and amortized under the unit of production method in relation to proved reserves.

Management annually assesses its oil and gas exploration assets on a qualitative basis so as to identify facts and circumstances that indicate that such assets are impaired, as follows:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area/block is neither budgeted nor planned by the Company or its partners;
- Exploration for and evaluation of mineral resources have not led to the discovery of commercially viable quantities of mineral resources and Management has decided to discontinue such activities in specific areas/blocks.
- Sufficient data exists to indicate that, although a development in the specific area/block is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Regarding assets under development and producing assets, the Company evaluates the existence of impairment loss based on future cash flows considering assumptions of remaining useful life. The test consists in comparing the asset's estimated present value with its carrying value. Other assumptions such as reserves, exchange rate, discount rate and oil prices are also considered.

The asset retirement obligation (ARO) of a production area is recorded at the time the well is drilled, after the declaration of commercial viability for each field, and as soon as there is a legal or constructive obligation to decommission the area and also when costs can be reliably measured as part of related assets' cost (property, plant and equipment), as a contra entry to the provision for abandonment recorded in liabilities, which supports such future costs (Note 16). The provision for abandonment is revised annually by Management by adjusting the assets and liabilities already accounted for, when applicable. Revisions of the calculation basis of the cost estimates are recognized as property, plant and equipment costs and timing effects (such as reverse of discount rate) in the financial model of recognition of future obligation are allocated directly to profit or loss for the period (Net Financial Income).

2.10. Appraisal of asset impairment

Under CPC 01 (*Redução do Valor Recuperável dos Ativos*, or Impairment of Assets) and the criteria defined in note 2.9, property, plant, and equipment items, intangible assets, and other noncurrent assets, when applicable, are tested for impairment annually or whenever significant events or material changes in circumstances indicate that their carrying amount might not be recoverable.

When applicable, when the carrying amount of an asset exceeds its recoverable amount, defined as the higher of its value in use and its net sales value, an impairment loss is recognized in profit or loss for the quarter.

The Company's management did not identify changes in circumstances or evidence that the assets used in operations might be impaired, and concluded that as at March 31, 2015 there was no need to recognize an allowance for impairment loss on its assets.

2.11. Borrowings and financing

Borrowings and financing are initially recognized at their fair values when funds are received, net of transaction costs, where applicable. They are subsequently measured at amortized cost, i.e., including charges, interest, inflation adjustments and exchange differences incurred, as contractually prescribed, through the balance sheet date.

2.12. Provision for lawsuits

Provisions for tax, civil and labor lawsuits are recognized for contingencies whose likelihood of loss is assessed as probable, based on the opinion of the Company's management and outside legal counsel; amounts are recorded based on the estimated costs that may arise on the termination of such lawsuits. Contingencies whose likelihood of loss is assessed as possible are disclosed by Management but are not accounted for (Note 15).

2.13. Legal obligations

Amounts related to disputes concerning legal and constitutional aspects of taxation are accrued regardless of its estimated success rate and therefore are fully recognized in financial reports under "Other tax obligations" in non-current liabilities. The counter parts are accounted under "Tax and court deposits" in non-current assets and include monetary restatement according to SELIC, in conformity with current legislation.

2.14. Revenue and expense recognition

Revenues and expenses are recognized on the accrual basis. Sales revenue is recognized when ownership and risks are transferred to third parties.

2.15. Income tax and social contribution

Income tax and social contribution are calculated and recognized based on the tax rates prevailing at the end of the reporting year. Deferred taxes are recognized for temporary differences and tax loss carryforwards, where applicable, only when and up to the amount whose realization is considered probable by Management.

2.16. Tax incentives

2.16.1. Federal

As the owner of Manati Field, which is located in the region under the jurisdiction of the Northeast Development Authority (SUDENE), QGEP is entitled to an income tax relief of 75%, calculated on its operating profit during a ten-year period and started to enjoy this benefit since year ended December 31, 2008. These amounts were first recognized in the income statement and subsequently transferred to income reserves, in net equity.

Regarding investment subventions, it is necessary to observe the restrictions imposed by Article 30, Law 12.973/2014.

2.16.2. State

According to the Decree 13844/12, passed by the Government of Bahia, QGEP benefits from a subvention of up to 20% of presumed ICMS state tax credit arising from gas transportation, granted to gas extracting companies that invest in compression units to maintain production levels. The subvention will expire in 2022.

These subventions are included in the income statement under “sales tax” and, upon year end closing, are accounted as “government subventions for investments” under capital reserves in equity.

Regarding investment subventions, it is necessary to observe the restrictions imposed by Article 30, Law 12.973/2014.

2.17. Share-based payment arrangements

The employees’ equity settled share-based payment plan is measured at the fair value of the equity instruments at the grant date, as described in Note 24 iii.

The fair value determined at the grant date of the equity-settled stock options is recorded as expenses for the period under the accelerated method over their vesting period, based on the Company’s estimates of which options will eventually vest, with a corresponding increase in equity. At the end of each period, the Company reviews its estimates on the number of equity instruments to be vested. The impact of the review of the original estimates, if any, is recognized in profit or loss for the year so that the accumulated expense reflects the revised estimates with the corresponding adjustment to equity, in line item ‘Stock option plan’.

2.18. Shares held in treasury

These are own equity instruments that are bought back and recognized at cost, and deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issuance or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration is recognized in other capital reserves.

2.19. Financial instruments

Financial assets and liabilities are recognized when the Group is a party to the underlying contract.

Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities are added to or deducted from the fair value of financial assets and financial liabilities after the initial recognition, if applicable. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are immediately recognized in profit or loss.

2.20. Financial assets

Financial assets are classified in the following specific categories: (i) financial assets at fair value through profit or loss; (ii) held-to-maturity investments; and (iii) loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined upon initial recognition. All regular-way purchases or sales of financial assets are recognized or derecognized on the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2.20.1. Financial assets measured at fair value through profit or loss

Include financial assets held for trading (i.e., acquired primarily for the purpose of sale in the short term), or those designated at fair value through profit or loss. Interest, inflation adjustment, foreign exchange changes and changes arising from the adjustment to fair value are recognized in profit or loss under finance income or finance costs, when earned or incurred. The Group has cash equivalents (CDBs, debentures under repurchase agreements, and exclusive investment funds) and short-term investments classified in this category.

2.20.2. Investments held-to-maturity

Include non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the contractual obligation, positive intent, and ability to hold to maturity. After the initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest rate method, less possible impairment losses. The Group has restricted cash and financial assets classified in this category.

2.20.3. Loans and receivables

Loans and receivables are represented by non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less impairment losses, if any.

Interest revenue is recognized by applying the effective interest rate, except for short-term receivables, for which the recognition of interest would be insignificant. The Group has trade receivables, cash and bank deposits (in line item cash equivalents) classified in this category.

2.20.4. Impairment of financial assets

Financial assets, except those measured at fair value through profit or loss, are valued using impairment indicators at the end of each reporting period. Impairment losses are recognized if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with an impact on the estimated future cash flows.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or obligor; or
- Breach of contract, in the form of default or delinquency in interest or principal payments; or
- Likelihood that the borrower will go into bankruptcy or financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets measured at amortized cost, the impairment amount corresponds to the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the original effective interest rate of the financial asset.

For financial assets recorded at cost, the recorded impairment value corresponds to the difference between the carrying amount of the asset and the present value of future estimated cash flows, discounted at the current return rate of a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The financial asset's carrying amount is directly written down by the impairment loss for all financial assets, except for trade receivables, in which case the carrying amount is written down by an allowance account. Subsequent recoveries of amounts previously written off are credited to the provision account. Changes in the carrying amount of the provision are recognized in profit or loss.

2.21. Financial liabilities

Financial liabilities are classified either as "Financial liabilities at fair value through profit or loss" or "Other financial liabilities". The Group has no financial liabilities at fair value.

2.21.1. Other financial liabilities

Other financial liabilities (including borrowings and financing) are stated at amortized cost.

The effective interest method is used to calculate the amortized cost of a financial liability and allocate its interest expense to the related period. The effective interest rate is the rate that discounts exactly estimated future cash flows (including fees paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the financial liability or, where appropriate, by a shorter period to the net carrying amount at initial recognition. The Group has loans and borrowings under this category.

2.21.2. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the obligations are discharged or cancelled or when they expire.

2.22. Functional currency

The functional currency of QGEPP and its operating Brazilian subsidiary QGEP used in preparation of the interim financial information is the Brazilian currency - real (R\$), which best reflects the economic environment in which the group operates and the way it is actually managed. All subsidiaries (direct and indirect) use the north American dollar (US\$) as functional currency. The interim financial information of subsidiaries and joint ventures are presented in Brazilian reais (R\$), which is the functional and presentation currency of QGEPP.

This definition of functional currency was based on the analysis of the following indicators, as described in CPC 02 (R2):

- The currency that mostly influences the prices of goods and services;
- The currency in which the funds from financing activities are substantially obtained or invested;
- The currency in which the funds from operating activities are usually retained (sale of oil by-products).

2.22.1. Foreign currency translation

The individual and consolidated interim financial information are presented in Brazilian reais (R\$), which is the Parent's functional and presentation currency. The assets and liabilities of the foreign subsidiaries are translated into Brazilian reais based on the exchange rate prevailing at the end of the reporting year and the corresponding income statements are translated using the average monthly exchange rate at the transaction date. Exchange differences arising on such translation are separately recognized in equity, in the statement of comprehensive income, in line item 'Other comprehensive income'.

2.23. Statement of value added (SVA)

This statement is intended to disclose the wealth created by the Group and its distribution during a certain period, and is presented by the Company, as required by Brazilian corporate law, as part of its individual interim financial information and as supplemental information to the consolidated interim financial information, since it is neither provided for nor mandatory under IFRSs.

SVA was prepared based on information obtained in the accounting records that serve as basis for the preparation of interim financial information and in accordance with the provisions of CPC 09 - *Demonstração do Valor Adicionado* (Statement of Value Added). The first part of the SVA presents the wealth created by the Company, represented by revenues (gross sales revenue, including taxes levied thereon, other income and the effects of the allowance for doubtful accounts), inputs purchased from third parties (cost of sales and purchases of materials, energy and outside services, including the taxes included upon purchase, the effects of impairment and recovery of assets, and depreciation and amortization) and the value added received from third parties (share of profits (losses) of subsidiaries, finance income and other income). The second part of the SVA presents the distribution of wealth among employees, taxes and contributions, compensation to third parties and shareholders.

2.24. Statement of cash flows

The statement of cash flows is prepared as prescribed by CPC03 (R2)/IAS7, using the indirect method. The company classifies in line item cash and cash equivalents the balances of amounts immediately convertible into cash and highly-liquid investments (usually with maturities under three months), subject to an insignificant risk of changes in value.

2.25. Earnings per share

Basic and diluted earnings per share are calculated by dividing profit for the year by the weighted average number of common shares held by shareholders, less treasury shares during the year.

2.26. New and revised standards and interpretations

- a) New and revised standards and interpretations effective for annual periods beginning on or after January 1, 2015

The standards listed below, related to the Company's financial report, have been issued and are mandatory for accounting periods beginning on or after January 1, 2015:

<u>Pronouncement or interpretation</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
IAS 19 / CPC 33 (R1)	Employee benefits	July 1, 2014

- b) New and revised standards and interpretations not yet effective and which were not adopted on an early basis by the Company

The Company did not early adopt the following new and revised standards and interpretations, related to its operations, already issued but not yet effective:

<u>Standard or interpretation</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 9 / (CPC 14)	Financial Instruments - Measurement and Classification	January 1, 2018
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017

The Brazilian CPC has not yet issued pronouncements equivalent to these IFRS, through there are expectations that it will do so prior to the dates they are scheduled to take effect. Adoption of the IFRS pronouncements in Brazil is contingent upon prior approval in a normative act by the CVM. The Company is reviewing the potential effects of such pronouncements, except for IFRS 14, which Management believes is not applicable to QGEPP's operations.

2.27. CPC 23 - Accounting policies, changes in estimates and correction of errors.

Company Management has identified the need to restate the individual and consolidated interim financial information for the quarters ended March 31, 2015 and 2014, which were previously approved and authorized for publication on May 11, 2015 and May 5, 2014, respectively.

The aim of such re-presentation is to correct the effects of the accounting recognition of the provision for asset retirement obligation (ARO), when applicable, in light of the interpretation of CPC 25 (Provisions, Contingent Liabilities and Contingent Assets) and ICPC12 (Changes in Liabilities due to Deactivation, Restoration and Other Similar Liabilities).

The modifications in the financial statements presented on the following pages of this section result from the effects of the recognition of exchange variation for the US\$, one of the premises used in remeasuring the provision for ARO in hydrocarbon development and production areas. The effect of such exchange variation had been recorded as net financial results, but is now recognized with a contra entry under PP&E (fixed assets) in the interim financial information for the quarter ended March 31, 2015 and in the comparative financial statements that are being restated for the quarter ended March 31, 2014.

The accounting impacts in consolidation resulting from the recording of the exchange variation on fixed assets, recalculation of depreciation/amortization and remeasurement of income tax expenses / taxes and contributions recoverable, as well as the accounting impacts at the Parent Company in the line items investments in noncurrent assets and equity results in investee, are being restated as required by CPC 23 - Accounting policies, changes in estimates and correction of errors.

a) Restated balance sheets as of March 31, 2015 , December 31, 2014 and 2013:

	Parent Company		
	12/31/2013 (Originally presented)	Adjustments	12/31/2013 (Restated)
<u>ASSETS</u>			
<u>Current assets</u>			
Current assets	4,608	-	4,608
Total current assets	4,608	-	4,608
<u>Noncurrent assets</u>			
Investments	2,404,666	32,407	2,437,073
Other noncurrent assets	-	-	-
Total noncurrent Assets	2,404,666	32,407	2,437,073
Total assets	2,409,274	32,407	2,441,681
<u>Current liabilities</u>			
Current liabilities			
Total current liabilities			
Noncurrent liabilities	217	-	217
Total noncurrent liabilities	217	-	217
Total shareholders' equity	2,409,057	32,407	2,441,464
Total liabilities and equity	2,409,274	32,407	2,441,681

	Consolidated	
	12/31/2013 (Originally presented)	Adjustments 12/31/2013 (Restated)
<u>ASSETS</u>		
<u>Current assets</u>		
Taxes and contributions recoverable	10,380	1,711
Current assets	1,273,843	-
Total current assets	1,284,223	1,711
<u>Noncurrent assets</u>		
Fixed assets (PP&E)	1,083,459	30,696
Other noncurrent assets	671,639	-
Total noncurrent assets	1,755,098	30,696
Total assets	3,039,321	32,407
<u>LIABILITIES AND EQUITY</u>		
<u>Current liabilities</u>		
Current liabilities	233,704	-
Total current liabilities	233,704	-
Noncurrent liabilities	396,560	-
Total noncurrent liabilities	396,560	-
Total shareholders' equity	2,409,057	32,407
Total liabilities and equity	3,039,321	32,407

	Parent Company	
	12/31/2014 (Originally presented)	Adjustments 12/31/2014 (Restated)
<u>Current assets</u>		
Current assets	6,200	-
Total current assets	6,200	-
<u>Noncurrent assets</u>		
Investments	2,522,772	61,176
Other noncurrent assets	1	-
Total noncurrent assets	2,522,773	61,176
Total assets	2,528,973	61,176
<u>LIABILITIES AND EQUITY</u>		
<u>Current liabilities</u>		
Current liabilities	145	-
Total current liabilities	145	-
Noncurrent liabilities	-	-
Total noncurrent liabilities	-	-
Total shareholders' equity	2,528,828	61,176
Total liabilities and equity	2,528,973	61,176

	Consolidated		
	12/31/2014 (Originally presented)	Adjustments	12/31/2014 (Restated)
<u>ASSETS</u>			
<u>Current assets</u>			
Taxes and contributions recoverable	33,692	3,943	37,635
Current assets	1,306,023	-	1,306,023
Total current assets	1,339,715	3,943	1,343,658
<u>Noncurrent assets</u>			
Fixed assets (PP&E)	1,121,384	57,233	1,178,617
Other noncurrent assets	709,963	-	709,963
Total noncurrent assets	1,831,347	57,233	1,888,530
Total assets	3,171,062	61,176	3,232,238
<u>LIABILITIES AND EQUITY</u>			
<u>Current liabilities</u>			
Current liabilities	110,607	-	110,607
Total current liabilities	110,607	-	110,607
<u>Noncurrent liabilities</u>			
Noncurrent liabilities	531,627	-	531,627
Total noncurrent liabilities	531,627	-	531,627
Total shareholders' equity	2,528,828	61,176	2,590,004
Total liabilities and equity	3,171,062	61,176	3,232,238

	Parent Company		
	31/03/2015 (Originally presented)	Adjustments	31/03/2015 (Restated)
<u>ASSETS</u>			
<u>Current assets</u>			
Total current assets	4,917	-	4,917
<u>Noncurrent assets</u>			
Investments	2,562,010	127,468	2,689,478
Other noncurrent assets	-	-	-
Total noncurrent assets	2,689,478	127,468	2,689,478
Total assets	2,566,927	127,468	2,694,395
<u>LIABILITIES AND EQUITY</u>			
<u>Current liabilities</u>			
Total current liabilities	456	-	456
<u>Noncurrent liabilities</u>			
Total noncurrent liabilities	-	-	-
Total shareholders' equity	2,566,471	127,468	2,693,939
Total liabilities and equity	2,566,927	127,468	2,694,395

<u>ASSETS</u>	Consolidated		
	<u>31/03/2015</u> (Originally presented)	<u>Adjustments</u>	<u>31/03/2015</u> (Restated)
<u>Current assets</u>			
Taxes and contributions recoverable	27,479	3,944	31,422
Current assets	<u>1,389,620</u>	<u>-</u>	<u>1,389,620</u>
Total current assets	<u>1,417,099</u>	<u>3,944</u>	<u>1,421,042</u>
<u>Noncurrent assets</u>			
Fixed assets (PP&E)	1,130,023	114,713	1,244,736
Other noncurrent assets	<u>858,912</u>	<u>-</u>	<u>858,912</u>
Total noncurrent assets	<u>1,988,035</u>	<u>114,713</u>	<u>2,103,648</u>
Total assets	<u>3,406,934</u>	<u>118,656</u>	<u>3,524,690</u>
<u>LIABILITIES AND EQUITY</u>			
<u>Current liabilities</u>			
Taxes and contributions recoverable	<u>36,152</u>	<u>8,813</u>	<u>44,965</u>
Current liabilities	<u>75,659</u>	<u>-</u>	<u>75,659</u>
Total current liabilities	<u>111,811</u>	<u>8,813</u>	<u>120,624</u>
Noncurrent liabilities			
Noncurrent liabilities	<u>710,127</u>	<u>-</u>	<u>710,127</u>
Total noncurrent liabilities	<u>710,127</u>	<u>-</u>	<u>710,127</u>
Total shareholders' equity	<u>2,566,475</u>	<u>127,464</u>	<u>2,693,939</u>
Total liabilities and equity	<u>3,388,413</u>	<u>136,277</u>	<u>3,524,690</u>

The individual and consolidated balance sheets for the year ended on December 31, 2013 are being disclosed in order to be aligned with CPC 23 requirements.

b) Restated statement of income for the period ended on March 31, 2014 and 2015:

	Parent Company		
	<u>03/01/2014</u> <u>to 03/31/2014</u> (originally presented)	<u>Adjustments</u>	<u>01/01/2014</u> <u>to 03/31/2014</u> (Restated)
Net revenues	-	-	-
Cost of merchandise sold	-	-	-
Gross profit	-	-	-
Operating revenues / expenses	25,071	(9,434)	15,637
Operating results before financial results	25,071	(9,434)	15,637
Net financial results	29	-	29
Results before income tax (IRPJ) and social contribution (CSLL)	25,100	(9,434)	15,666
Current IRPJ and CSLL	-	-	-
Deferred IRPJ and CSLL	-	-	-
Net Income for the Year	25,100	(9,434)	15,666
Net earnings per share (Reais and centavos)	0,09	<u>-</u>	<u>0,06</u>

	Consolidated		
	01/01/2014 to 03/31/2014 (originally presented)	Adjustments	01/01/2014 to 03/31/2014 (Restated)
Net revenues	127,305	-	127,305
Cost of merchandise sold	(57,804)	(1,656)	(59,460)
Gross profit	69,501	(1,656)	67,845
Operating revenues / expenses	(47,688)	-	(47,688)
Operating results before financial results	21,813	(1,656)	20,157
Net financial results	20,112	(7,778)	12,334
Results before income tax (IRPJ) and social contribution (CSLL)	41,925	(9,433)	32,492
Current IRPJ and CSLL	-	-	-
Deferred IRPJ and CSLL	(16,825)	-	(16,825)
Net Income for the Year	<u>25,100</u>	<u>(9,433)</u>	<u>15,667</u>

	Parent Company		
	01/01/2015 to 03/31/2015 (originally presented)	Adjustments	01/01/2015 to 03/31/2015 (Restated)
Net Revenues	-	-	-
Cost of merchandise sold	-	-	-
Gross Profit	-	-	-
Operating revenues / expenses	<u>29,829</u>	<u>62,292</u>	<u>95,121</u>
Operating results before financial results	<u>29,829</u>	<u>62,292</u>	<u>95,121</u>
Net financial results	<u>70</u>	<u>-</u>	<u>70</u>
Results before income tax (IRPJ) and social contribution (CSLL)	<u>29,899</u>	<u>62,292</u>	<u>95,191</u>
Current IRPJ and CSLL	-	-	-
Deferred IRPJ and CSLL	-	-	-
Net Income for the Year	<u>29,899</u>	<u>62,292</u>	<u>95,191</u>
Net earnings per share (Reais and centavos)	<u>0,11</u>	<u>-</u>	<u>0,36</u>

	Consolidated		
	01/01/2015 to 03/31/2015 (originally presented)	Adjustments	01/01/2015 to 03/31/2015 (Restated)
Net Revenues	125,984	-	125,984
Cost of merchandise sold	<u>(56,672)</u>	<u>(5,374)</u>	<u>(62,046)</u>
Gross Profit	<u>69,312</u>	<u>(5,374)</u>	<u>63,938</u>
Operating revenues / expenses	<u>(24,794)</u>	<u>-</u>	<u>(24,794)</u>
Operating results before financial results	<u>44,518</u>	<u>(5,374)</u>	<u>39,144</u>
Net financial results	<u>29,798</u>	<u>62,853</u>	<u>92,651</u>
Results before income tax (IRPJ) and social contribution (CSLL)	<u>74,316</u>	<u>57,480</u>	<u>131,795</u>
Current IRPJ and CSLL	(30,515)	8,813	(21,702)
Deferred IRPJ and CSLL	<u>(14,902)</u>	<u>-</u>	<u>(14,902)</u>
Net Income for the Year	<u>28,899</u>	<u>66,293</u>	<u>95,191</u>

- c) Restated statement of comprehensive income for the period ended on March 31, 2014 and 2015:

	Parent Company and Consolidated		
	01/01/2014 to 03/31/2014 (originally presented)	Adjustments	01/01/2014 to 03/31/2014 (Restated)
Net Income for the Year	25,100	(9,433)	15,667
Currency translation adjustments (CTA) of overseas companies	<u>1,355</u>	<u>-</u>	<u>1,355</u>
Comprehensive Income for the Year	<u>26,455</u>	<u>(9,433)</u>	<u>17,022</u>

	Parent Company and Consolidated		
	01/01/2015 to 03/31/2015 (originally presented)	Adjustments	01/01/2015 to 03/31/2015 (Restated)
Net Income for the year	<u>28,899</u>	<u>66,293</u>	<u>95,192</u>
Other comprehensive income			
Currency translation adjustments (CTA) of overseas companies	<u>6,898</u>	<u>-</u>	<u>6,898</u>
Comprehensive Income for the Year	<u>35,797</u>	<u>66,293</u>	<u>102,090</u>

- d) Restated statements of changes in shareholders' equity for the years ended December 31, 2014 and 2013 and quarters ended on March, 31, 2015 and 2014:

	Parent Company and Consolidated		
	12/31/2013 (originally presented)	Adjustments	12/31/2013 (Restated)
Capital stock	2,078,116	-	2,078,116
Capital reserves	(39,873)	-	(39,873)
Earnings reserves	368,623	32,407	401,030
Other comprehensive income	<u>2,191</u>	<u>-</u>	<u>2,191</u>
Total	<u>2,409,057</u>	<u>32,407</u>	<u>2,441,464</u>

	Parent Company and Consolidated		
	03/31/2014 (originally presented)	Adjustments	03/31/2014 (Restated)
Capital stock	2,078,116	-	2,078,116
Capital reserves	(55,636)	-	(55,636)
Earnings reserves	368,623	32,407	401,030
Other comprehensive income	<u>1,355</u>	<u>-</u>	<u>2,191</u>
Net Profit	<u>25,100</u>	<u>(9,434)</u>	<u>15,606</u>
Total	<u>2,417,558</u>	<u>27,973</u>	<u>2,440,531</u>

	Parent Company and Consolidated		
	<u>12/31/2014</u> (Originally presented)	<u>Adjustments</u>	<u>12/31/2014</u> (Restated)
Capital stock	2,078,116	-	2,078,116
Capital reserves	(49,375)	-	(49,375)
Earnings reserves	494,677	61,176	555,853
Other comprehensive income	<u>5,410</u>	<u>-</u>	<u>5,410</u>
Total	<u>2,528,828</u>	<u>61,176</u>	<u>2,590,004</u>

	Parent Company and Consolidated		
	<u>03/31/2015</u> (originally presented)	<u>Adjustments</u>	<u>03/31/2015</u> (Restated)
Capital stock	2,078,116	-	2,078,116
Capital reserves	(47,529)	-	(47,529)
Earnings reserves	494,677	61,175	555,852
Other comprehensive income	12,308	-	12,308
Net Profit	<u>28,899</u>	<u>66,292</u>	<u>95,191</u>
Total	<u>2,566,471</u>	<u>127,469</u>	<u>2,693,940</u>

e) Restated cash flow statement for the period ended on March 31, 2014 and 2015:

	Parent Company		
	<u>01/01/2014</u> to <u>03/31/2014</u> (originally presented)	<u>Adjustments</u>	<u>01/01/2014</u> to <u>03/31/2014</u> (Restated)
Cash flows from operating activities			
Net income for the year	25,100	(9,434)	15,666
Adjustments to:			
Equity method	(26,175)	9,434	(16,741)
(Increase) decrease in operating assets:			
Operating assets	(103)	-	(103)
Increase (decrease) in operating liabilities:			
Operating liabilities	(8)	-	(8)
Net cash used in operating activities	<u>(1,186)</u>	<u>-</u>	<u>(1,186)</u>
Net cash provided by investing activities	20,507	-	20,507
Net cash used in financing activities	(18,508)	-	(18,508)
Cash and cash equivalents at beginning of period	<u>268</u>	<u>-</u>	<u>268</u>
Cash and cash equivalents at end of period	<u>1,081</u>	<u>-</u>	<u>1,081</u>
Increase in cash and cash equivalents	<u>813</u>	<u>-</u>	<u>813</u>

	Consolidated		
	<u>01/01/2014</u> to <u>03/31/2014</u> (originally presented)	<u>Adjustments</u>	<u>01/01/2014</u> to <u>03/31/2014</u> (Restated)
Cash flows from operating activities			
Net income for the year	25,100	(9,434)	15,666
Adjustments to:			
Equity method	27	-	27
Amortization and depreciation	28,961	1,656	30,617
Deferred income tax and social contribution	16,825	-	16,825
Financial charges and exchange variation on borrowings and financings	1,458	-	1,458

	Consolidated		
	01/01/2014 to 03/31/2014 (originally presented)	Adjustments	01/01/2014 to 03/31/2014 (Restated)
Write-off (derecognition) of fixed and intangible assets	32,527	-	32,527
Expense on stock option plan	2,744	-	2,744
Provision for research and development	1,285	-	1,285
Exchange variation and complement to provision for ARO	2,155	7,778	9,933
(Increase) decrease in operating assets:			
Operating assets	30,187	-	30,187
Increase (decrease) in operating liabilities:			
Operating liabilities	(100,676)	-	(100,676)
Net cash used by operations	40,593	-	40,593
Net cash used in investing activities	(103,844)	-	(103,844)
Net cash used in financing activities	(18,508)	-	(18,508)
Cumulative translation of adjustment of foreign companies	(836)	-	(836)
Cash and cash equivalents at beginning of year	357,765	-	357,765
Cash and cash equivalents at end of year	275,170	-	275,170
Decrease in cash and cash equivalents	(82,595)	-	(82,595)

	Parent Company		
	01/01/2015 to 03/31/2015 (originally presented)	Adjustments	01/01/2015 to 03/31/2015 (Restated)
Cash flows from operating activities			
Net income for the year	28,899	66,292	95,191
Adjustments to:			
Equity method	(30,065)	(66,292)	(96,357)
(Increase) decrease in operating assets:			
Operating assets	(150)	-	(150)
Increase (decrease) in operating liabilities:			
Operating liabilities	311	-	311
Net cash used in operating activities	(1,005)	-	(1,005)
Net cash provided by investing activities	1,079	-	1,079
Net cash provided by financing activities	74	-	74
Cash and cash equivalents at beginning of period	1	-	1
Cash and cash equivalents at end of period	75	-	75
Increase in cash and cash equivalents	74	-	74

	Consolidated		
	01/01/2015 to 03/31/2015 (originally presented)	Adjustments	01/01/2015 to 03/31/2015 (Restated)
Cash flows from operating activities			
Net income for the year	28,899	66,292	95,191
Adjustments to:			
Equity method	(132)	-	(132)
Amortization and depreciation	28,403	5,374	33,777
Deferred income tax and social contribution	14,902	-	14,902
Financial charges and exchange variation on borrowings and financings	2,658	-	2,658
Write-off (derecognition) of fixed and intangible assets	70	-	70

	Consolidated		
	01/01/2015 to 03/31/2015 (originally presented)	Adjustments	01/01/2015 to 03/31/2015 (Restated)
Expense on stock option plan	1,846	-	1,846
Provision for income tax and social contribution	30,515	(8,813)	21,702
Provision for research and development	822	-	822
Exchange variation and complement to provision for ARO	58,395	(62,853)	(4,458)
(Increase) decrease in operating assets:			
Operating assets	11,194	-	11,194
Increase (decrease) in operating liabilities:			
⌘ Operating liabilities	<u>(20,590)</u>	<u>-</u>	<u>(20,590)</u>
Net cash provided by operations	<u>156,983</u>	<u>-</u>	<u>156,983</u>
Net cash used in investing activities	<u>(267,819)</u>	<u>-</u>	<u>(267,819)</u>
Net cash provided in financing activities	<u>117,835</u>	<u>-</u>	<u>117,835</u>
Cumulative translation of adjustment of foreign companies	<u>6,898</u>	<u>-</u>	<u>6,898</u>
Cash and cash equivalents at beginning of year	<u>117,191</u>	<u>-</u>	<u>117,191</u>
Cash and cash equivalents at end of year	<u>131,087</u>	<u>-</u>	<u>131,087</u>
Decrease in cash and cash equivalents	<u>(13,896)</u>	<u>-</u>	<u>(13,896)</u>

f) Restated statement of value added for the period ended March 31, 2014 and 2015:

	Parent Company		
	01/01/2014 to 03/31/2014 (originally presented)	Adjustments	01/01/2014 to 03/31/2014 (Restated)
Inputs acquired from third parties [including state (ICMS) and federal taxes (IPI) and federal contributions (PIS/COFINS)]	<u>418</u>	<u>-</u>	<u>418</u>
Gross value added (used)	<u>(418)</u>	<u>-</u>	<u>(418)</u>
Net value added produced (used) by the entity	<u>(418)</u>	<u>-</u>	<u>(418)</u>
Value added received in transfer	26,206	(9,434)	16,772
Results of equity method and dividends	26,175	(9,434)	16,741
Financial revenues	31	-	31
Other items	<u>-</u>	<u>-</u>	<u>-</u>
Total value added for distribution	<u>25,788</u>	<u>(9,434)</u>	<u>16,354</u>
Distribution of value added			
Personnel	<u>573</u>	<u>-</u>	<u>573</u>
Taxes, fees and contributions	<u>106</u>	<u>-</u>	<u>106</u>
Remuneration of third party capital	<u>9</u>	<u>-</u>	<u>9</u>
Net income for the year	<u>25,100</u>	<u>(9,434)</u>	<u>15,666</u>
Total value added distributed	<u>25,788</u>	<u>(9,434)</u>	<u>16,354</u>

	Consolidated		
	01/01/2014 to 03/31/2014 (originally presented)	Adjustments	01/01/2014 to 03/31/2014 (Restated)
Revenue	<u>185,569</u>	-	<u>185,569</u>
Inputs acquired from third parties [including state (ICMS) and federal taxes (IPI) and federal contributions (PIS/COFINS)]	76,539	-	76,539
Gross value added (used)	<u>109,030</u>	-	<u>109,030</u>
Net value added produced (used) by the entity	<u>29,018</u>	<u>1,656</u>	<u>30,674</u>
Value added received in transfer	80,012	1,656	78,357
Results of equity method and dividends			
Financial revenues	12,484	-	12,484
Other items			
Total value added to be distributed	<u>92,496</u>	<u>(1,656)</u>	<u>90,841</u>
Distribution of value added			
Personnel:	14,170	-	14,170
Taxes, fees and contributions:	59,775	-	59,775
Remuneration of third party capital:			
Other	1,229	-	1,229
Monetary/exchange variation	<u>(7,778)</u>	<u>7,778</u>	<u>-</u>
	<u>(6,549)</u>	<u>7,778</u>	<u>1,229</u>
Remuneration of capital invested by shareholders			
Net income for the year	<u>25,100</u>	<u>(9,433)</u>	<u>15,667</u>
Total value added distributed	<u>92,496</u>	<u>(1,656)</u>	<u>90,840</u>

	Parent Company		
	01/01/2015 to 03/31/2015 (originally presented)	Adjustments	01/01/2015 to 03/31/2015 (Restated)
Gross value added (used)	<u>(394)</u>	-	<u>(394)</u>
Net value added produced (used) by the entity	<u>(394)</u>	-	<u>(394)</u>
Value added received in transfer	30,138	66,292	96,430
Results of equity method and dividends	30,065	66,292	96,357
Financial revenues	73	-	73
Total value added for distribution	<u>29,799</u>	<u>66,292</u>	<u>96,036</u>
Distribution of value added			
Personnel:	708	-	708
Taxes, fees and contributions:	<u>134</u>	-	<u>134</u>
Remuneration of third party capital	<u>3</u>	-	<u>3</u>
Remuneration of capital invested by shareholders			
Net income for the year	<u>28,899</u>	<u>66,292</u>	<u>95,191</u>
Total value added distributed	<u>29,744</u>	<u>66,292</u>	<u>96,036</u>

	Consolidated		
	01/01/2015 to 03/31/2015	Adjustments	01/01/2015 to 03/31/2015
Revenue	<u>186.219</u>	-	<u>186.219</u>
Inputs acquired from third parties [including state (ICMS) and federal taxes (IPI) and federal contributions (PIS/COFINS)]	59.506	-	59.506
Gross value added (used)	<u>126.713</u>	-	<u>126.713</u>
Depreciation, depletion and amortization	<u>28.447</u>	<u>5.374</u>	<u>33.821</u>
Net value added produced (used) by the entity	98.266	<u>5.374</u>	92.892
Total value added to be distributed	<u>191.189</u>	<u>5.374</u>	<u>185.815</u>
Distribution of value added			
Personnel:	12.211		12.211
Taxes	86.396	(8.813)	77.583
Remuneration of third party capital:			
Other	826	-	826
Monetary/exchange variation	<u>62.857</u>	<u>(62.853)</u>	<u>4</u>
	<u>63.683</u>	<u>(62.853)</u>	<u>830</u>
Remuneration of capital invested by shareholders			
Net income for the year	<u>28.899</u>	<u>66.293</u>	<u>95.192</u>
Total value added distributed	<u>191.189</u>	<u>(5.374)</u>	<u>185.815</u>

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies described in note 2, Management makes judgments and estimates regarding the reported assets and liabilities' carrying amounts which are not easily obtained from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

The main estimates used refer the recognition of the effects arising on the provision for tax, civil and labor lawsuits, the depreciation and amortization of property, plant and equipment and intangible assets, the assumptions for determining the provision for area abandonment and decommissioning, the expected realization of tax credits and other assets, the provision for income tax and social contribution, the valuation of financial instruments, and the determination of the fair value of derivatives, including held-to-maturity financial assets.

Estimates and assumptions are reviewed on an ongoing basis. The effects resulting from the revision of accounting estimates are prospectively recognized.

3.1. Main judgments in applying accounting policies

3.1.1. Held-to-maturity investments

Management has reviewed the Group's financial assets in the light of its capital maintenance and liquidity requirements, and has confirmed the Group's positive intent and ability to hold those assets to maturity. The carrying amount of held-to-maturity financial assets as at March 31, 2015 is R\$53,838. Details on these assets are provided in Note 9.

3.2. Key sources of estimation uncertainty

The following are the key assumptions with respect to the future and other key sources of estimation uncertainty which can lead to significant adjustments to the carrying amounts of assets and liabilities in the subsequent periods:

3.2.1 Measurement of financial instruments

The Group uses valuation techniques that include the use of inputs that are not based on observable market data to estimate the fair values of certain types of financial instruments, including stock options, Notes 23 and 24 contain detailed information on the main assumptions used to measure the fair values of financial instruments and a sensitivity analysis of such assumptions.

Management believes that the selected valuation techniques and the assumptions used are appropriate to determine the fair values of financial instruments.

3.2.2 Useful lives of property, plant and equipment and intangible assets

As described in Note 2,9, Management reviews annually, at the end of each period, the estimated useful lives of property, plant and equipment. Management concluded that the useful lives of property, plant and equipment items and intangible assets are appropriate and no adjustments were required.

3.2.3 Deferred income tax and social contribution

Deferred tax assets are recognized only to the extent that the Group expects to generate sufficient future taxable income for their realization based on projections and forecasts prepared by Management. Such projections and forecasts statements include several assumptions related to foreign exchange rates, production volume, exploration costs, commitments, and other factors that may differ from current estimates.

Under the prevailing Brazilian tax law, there is no statute of limitations for the utilization of tax loss carryforwards. However, tax loss carryforwards can only be offset against up to 30% of annual taxable income.

3.2.4 Provision for lawsuits

The provision for tax, civil and labor lawsuits is recognized and/or disclosed unless the likelihood of an unfavorable outcome is considered remote by our legal counsel. Contingencies are disclosed in a note to the interim financial information (Note 15).

The booking of the provision for tax, civil and labor contingencies of a particular liability on the interim financial information is made when the loss amount can be reasonably estimated. Due to its nature, contingencies will be settled when one or more future events occur or no longer occur. Normally, the occurrence of these events or not does not rely upon our performance, which prevents the obtaining of accurate estimates on the precise date in which these events will occur.

The assessment of these liabilities, in particular within the cautious Brazilian legal environment, and in other jurisdictions, involves significant estimates and judgments by Management on the result of future events.

3.2.5 Amortization of property, plant and equipment and intangible assets and provision for area abandonment and decommissioning

The estimates of proven reserves and probable reserves are periodically evaluated and updated. The proven reserves and probable reserves are determined using generally accepted geologic estimation techniques. The calculation of reserves requires the Company to assume positions on uncertain future conditions, including future oil prices, exchange rates, inflation rates, license availability, and production costs. Changes in any of these assumed positions could have a significant impact on the recognized proven reserves and probable reserves.

The estimated reserve volume is the basis for calculating the portion of amortization and its estimated useful life is a major factor to quantify the provision for area abandonment and decommissioning when a property, plant and equipment item is derecognized. Any change in reserve volume estimates and the useful lives on the related assets could have a significant impact on amortization charges recognized in the interim financial information as cost of sales. Changes in the estimated useful lives could have a significant impact on the estimated provision for abandonment (Note 2,9), its recovery when it is derecognized from property, plant and equipment, and the impairment tests.

The methodology for calculating this provision for abandonment consists of estimating on the date of presentation how much the Company would disburse on the decommissioning of areas under development and production areas.

This provision for abandonment is revised annually by Management by prospectively adjusting the assets and liabilities already accounted for. Revisions in provision for abandonment estimates are prospectively recognized as property, plant and equipment cost, timing effects (denominated reversal of discount tax) are allocated directly to profit or loss (Note 16).

Exploration costs (expenses on successful drilling or wells under evaluation) and signature bonuses are capitalized and maintained pursuant to the accounting policy as described in Note 2,9. The initial capitalization of costs and maintenance costs is based on qualitative judgment of Management that their viability will be confirmed by the current exploration activities in progress and the exploration planned by the consortium's operations committee.

3.2.6 Accrued profit sharing

Profit sharing paid to employees (including key management personnel) is based on the attainment of annually set performance metrics, financial and quality indicators, and individual goals of employees. The amount is provisioned monthly and recalculated at the end of the year, based on the best estimate for the goals reached, according to the Company's annual budget process.

4. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

a) Cash and cash equivalents

	Parent		Consolidated	
	<u>03/31/2015</u>	<u>12/31/2014</u>	<u>03/31/2015</u>	<u>03/31/2015</u>
Cash and bank deposits	75	1	36,250	17,444
CDBs and debentures	-	-	63,784	69,548
Exclusive investment fund	<u>-</u>	<u>-</u>	<u>31,053</u>	<u>30,199</u>
Total	<u>75</u>	<u>1</u>	<u>131,087</u>	<u>117,191</u>

Cash and cash equivalents consist of floating rate Bank Certificates of Deposit (CDBs), repurchase agreements (backed by debentures) and exclusive investment fund units. The yield is indexed to the interbank deposit rate (CDI). These investments are highly liquid and without low risk of significant changes in principal and yield when redeemed.

Fund composition:

	Consolidated	
<u>Product</u>	<u>03/31/2015</u>	<u>12/31/2014</u>
CDB/CDI (floating rate)	<u>31,053</u>	<u>30,199</u>
Securities classified as cash and cash equivalents	<u>31,053</u>	<u>30,199</u>

b) Short-term & Long-term investments

	Parent		Consolidated	
	<u>03/31/2015</u>	<u>12/31/2014</u>	<u>03/31/2015</u>	<u>12/31/2014</u>
CDB (a)	-	-	120,279	-
Exchange-traded funds	-	-	345,869	285,176
Exclusive investment fund	-	-	743,792	726,241
Other investments	<u>1,389</u>	<u>2,897</u>	<u>-</u>	<u>-</u>
Total	<u>1,389</u>	<u>2,897</u>	<u>1,209,940</u>	<u>1,011,417</u>
Current	<u>1,389</u>	<u>2,897</u>	<u>1,089,661</u>	<u>1,011,417</u>
Non-current	<u>-</u>	<u>-</u>	<u>120,279</u>	<u>-</u>

(a) Bank Deposit Certificates (CDB) are a fixed income bonds classified by the Company as non-current assets, considering they will be held through maturity, which is 2017,

The Company has one exclusive multimarket investment fund, without prospects of using the related funds within less than 90 days after the investment date, that invests exclusively in units of fixed income funds, backed by government securities, indexed to the Selic (Central Bank of Brazil's policy rate), and private sector securities indexed to the CDI, and a foreign exchange fund to meet the Company's protection policy. The portfolios of the exclusive investment funds consist of the following securities and balances:

Fund composition:

<u>Product</u>	<u>Consolidated</u>		<u>Consolidated</u>	
	<u>03/31/2015</u>	<u>12/31/2014</u>	<u>03/31/2015</u>	<u>12/31/2014</u>
Repurchase commitments (debentures)	1,389	2,897	67,215	66,900
CDB/CDI (floating rate)	-	-	205,876	86,999
Government securities (LFT/NTN - exclusive fund)	-	-	364,621	344,887
Government securities (LFT and LTN - exchange-traded fund)	-	-	345,869	285,176
Financial bills*	-	-	<u>226,359</u>	<u>227,455</u>
Securities classified as short term investments	<u>1,389</u>	<u>2,897</u>	<u>1,209,940</u>	<u>1,011,417</u>

(*) Financial bills from Bancos Alfa, Banco do Brasil, Banrisul, Bradesco, CEF, HSBC, Itaú, Santander and Votorantim

c) Average yield

The average yield of cash equivalents and short-term investments was equivalent to 102,00% of the cumulative CDI Selic for the year ended March 31, 2015, (102,34% for the year ended December 31, 2014).

The variance of the exchange-traded fund was 21,27% for the quarter ended March 31, 2015, as compared 20,77% of PTAX (official exchange rate), For the quarter ended March 31, 2014, the variance of the exchange-traded fund was -4% (PTAX -3,40%).

5. TRADE RECEIVABLES

QGEF entered into a long-term agreement in 2007 (maturity through June 2030) to supply a minimum annual gas volume to Petrobras, for a price in Brazilian reais that is adjusted annually based on an index specified in the respective contract.

The balances of trade receivables refer basically to the sale of gas to Petrobras, for which there is no history of default or late payments. No allowance for doubtful debts was recognized since trade receivables comprise only the balances receivable within approximately 40 days.

6. RECEIVABLES FROM BUSINESS PARTNERS

Refer to the expenses incurred on E&P activities that are billed (cash calls) or will be billed to non-operator partners in the related consortiums, or allocated by the operator partners to the Company in the blocks not operated by QGEF.

Out of the R\$11,613 recognized as at March 31, 2015, R\$3,564 refers to the share of consortium member OGX and the remaining amount refers to other consortium members and consortiums (R\$8,049). The outstanding amounts are not overdue.

Considering the current situation of OGX, which is under judicial recovery, QGEF is monitoring the judicial recovery proceeding to mitigate possible risks related to OGX's ability to discharge its payment obligations and its investment commitments. See subsequent event note 31 related to the disclosure of the matter related to cash call 01/2016 Block BS-4.

7. INVENTORIES

	Consolidated	
	<u>03/31/2015</u>	<u>12/31/2014</u>
Materials	<u>54,261</u>	<u>54,477</u>
Total	<u>54,261</u>	<u>54,477</u>

The change refers basically to the consumption of materials needed to carry out the BS-4 exploration drilling and development campaign.

8. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries (Note 11) have been eliminated in consolidation and are not presented in this note. The balances of the transactions between the Company and other related parties are as follows:

	Consolidated	
	<u>03/31/2015</u>	<u>12/31/2014</u>
<u>Assets - noncurrent</u>		
Receivables - AFBV (a)	<u>6,719</u>	<u>4,878</u>
Total	<u>6,719</u>	<u>4,878</u>

	Parent		Consolidated	
	<u>31/03/2015</u>	<u>31/12/2014</u>	<u>31/03/2015</u>	<u>31/12/2014</u>
<u>Liabilities - current</u>				
Payables - QGOG (b)	-	-	7	8
Payables - AFBV (c)	-	-	333	328
Payables - Queiroz Galvão S.A. (d)	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>2</u>	<u>-</u>	<u>340</u>	<u>336</u>

	Consolidated	
	<u>01/01/2015</u>	<u>01/01/2014</u>
<u>Profit or loss</u>		
General and administrative expenses (b)	(23)	(22)
Sale of property, plant and equipment	-	12

- (a) Refers to technical advisory services provided by QGEP to AFBV for the acquisition of subsea equipment by the foreign subsidiary (wet Christmas tree and VSD). These amounts are indexed to the US dollar.
- (b) Insurance services provided by QGOG to QGEP. The expenses incurred were charged based on apportionment criteria taking into consideration the efforts allocated to each corporate activity, maturing within 35 days. In the event of delay in payment, interest of 1% p.m.
- (c) Refers to exploration and development costs incurred by AFBV to be received by the parent Company (QGEP). These amounts are indexed to the US dollar.
- (d) The amount refers to minimum mandatory dividends for the year ended December 31, 2014 to Queiroz Galvão S.A. (QG S.A.).

Under the Round 11 Concession Agreements, the Company provided financial guarantees to ANP in order to secure obligations under the Minimum Exploratory Programs, or PEMs,

The Company executed a loan agreement with Banco do Nordeste do Brasil S.A. ("BNB") to finance 3 exploration wells in blocks BM-CAL-5, BM-CAL-12 e BM-J-2, which are located in the Brazilian Northeast Region.

QGEP's loans with FINEP and BNB are secured by corporate guarantees issued by QGEPP.

8.1. Management compensation

Management compensation includes fixed compensation (salaries and fees, vacation pay, 13th salary, and pension fund), payroll taxes (social security contributions - INSS, FGTS, among others), and key management personnel's variable compensation and stock option plan, as follows:

	Parent	
	<u>01/01/2015 to 03/31/2015</u>	<u>01/01/2014 to 03/31/2014</u>
Short-term benefits	835	663

	Consolidated	
	<u>01/01/2014 to 03/31/2015</u>	<u>01/01/2014 to 03/31/2014</u>
Short-term benefits	1,951	2,789
Stock option plan	902	1,481

The Company does not offer postemployment benefits, other long-term benefits and/or severance benefits, except for the pension plan described in Note 27.

9. RESTRICTED CASH

	Consolidated	
	<u>03/31/2015</u>	<u>12/31/2014</u>
Loan - guarantees (a)	15,763	-
Abandonment fund (b)	<u>38,075</u>	<u>27,916</u>
Total restricted cash	<u>53,838</u>	<u>27,916</u>

(a) Guarantees to secure the loan according to Note 14.

(b) The abandonment fund is represented by investments held for the payment of the provision for the Manati Field abandonment (abandonment fund - see Note 16) which are managed by Petrobras and fully invested in Banco Bradesco. The average fund profitability was 7,32% for the quarter ended March 31, 2015 (8,86% for the year ended December 31, 2014 and 1,47 negative percentage points for the quarter ended March 31, 2014).

10. TAXES

10.1. Recoverable taxes

	Parent Company		
	<u>31/03/2015</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
WIT (IRRF) on short-term investments (a)	-	-	-
WIT on short-term investments (a)	34	25	27
Taxes recoverable (b)	28	-	-
PIS/COFINS credit (c)	-	-	-
ICMS on PP&E acquisitions	-	-	-
Total	<u>62</u>	<u>25</u>	<u>27</u>
Current	<u>62</u>	<u>25</u>	<u>27</u>
Noncurrent	-	-	-

	Consolidated		
	<u>31/03/2015</u> (Restated)	<u>31/12/2014</u> (Restated)	<u>31/12/2013</u> (Restated)
Prepaid income tax and social contribution	-	8,652	1,711
WIT on short-term investments (a)	2,601	18,169	9,676
Taxes recoverable (b)	21,272	3,256	426
PIS/COFINS credit (c)	9,957	9,722	615
ICMS on PP&E acquisitions	440	490	-
Total	34,270	40,289	12,428
Current	31,422	37,635	12,091
Noncurrent	2,848	2,654	337

- (a) For the year ended December 31, 2014, the amount refers basically to a credits arising on the income tax semiannually collection system on the profitability of investments funds, called “come cotas”. This withheld tax is calculated based on the lower tax rate levied on each type of fund (20% tax rate for short-term funds and 15% tax rate for long-term funds).
- (b) Refers to the negative balance of corporate income tax and social contribution.
- (c) Refers to credits arising from the PIS & COFINS taxes on inputs and property, plant and equipment

10.2. Taxes payable

	Parent Company		
	<u>31/03/2015</u> (restatated)	<u>31/12/2014</u> (restatated)	<u>31/12/2013</u> (restatated)
State WIT	53	48	42
Total	<u>53</u>	<u>48</u>	<u>42</u>
Current	<u>53</u>	<u>48</u>	<u>42</u>

	Consolidated		
	<u>31/03/2015</u> (restated)	<u>31/12/2014</u> (restated)	<u>31/12/2013</u> (restated)
State VAT (ICMS) (a)	4,803	4,739	5,170
Social Contribution (b)	3,984	-	1,534
Federal IRRP(b)	12,425	-	-
Federal PIS/COFINS (a)	13,248	13,154	13,788
Other legal obligations (c)	2,204	-	-
State WIT	3,699	938	1,233
Royalties (d)	3,250	3,236	3,309
Special take (d)	2,104	2,514	2,946
Other (e)	<u>1,452</u>	<u>1,732</u>	<u>2,079</u>
Total	<u>47,169</u>	<u>26,313</u>	<u>30,059</u>
Current	<u>44,965</u>	<u>26,313</u>	<u>30,059</u>
Non current	<u>2,204</u>	<u>-</u>	<u>-</u>

- (a) Refers basically to the taxes levied on the sales of natural gas produced in the Manati field, net of tax grants disclosed in Note 17 (specifically to VAT (ICMS)).
- (b) For the year ended December 31, 2014, IRPJ and CSLL were nil due to tax losses/negative basis.
- (c) Lawsuit claiming the exemption of ICMS over PIS and COFINS on sales.
- (d) Government taxes on the gas produced in the Manati field, as described in Note 21.
- (e) Refer to social security contribution (INSS) withheld on self-employed workers; withholding PIS, COFINS and social contribution; ISS withheld on services provided by third parties, and Economic Intervention Contribution (CIDE) on service imports.

10.3 Reconciliation of income tax and social contribution in profit for the year:

	Parent	
	01/01/2015 to 03/31/2015 (Restated)	01/01/2014 to 03/31/2014 (Restated)
Income before income tax and social contribution	95,191	15,666
Statutory tax rates	<u>34%</u>	<u>34%</u>
Income tax and social contribution at statutory rates	(32,365)	(45,326)
Adjustment to effective tax rate:		
Equity in subsidiaries	32,761	5,692
Unrecognized tax loss carryforwards (a)	(398)	(369)
Nondeductible expenses/nontaxable income		
Temporary	2	3
Deferred income tax/social contribution	<u>-</u>	<u>-</u>
Current income tax/social contribution	<u>-</u>	<u>-</u>

- (a) Refers to tax losses and negative basis, On March 31, 2015, QGEPP has tax loss carryforwards in the amount of R\$68,863 (R\$67,693 at December 31, 2014), for which no deferred income tax social contribution assets arising from tax loss carryforwards are recorded as there is no history of taxable income to date and the Company is a holding company.

	Consolidated	
	01/01/2015 a 03/31/2015 (Restated)	01/01/2014 a 03/31/2014 (Restated)
Profit before income tax and social contribution	131,795	32,491
Statutory tax rates	<u>34%</u>	<u>34%</u>
Income tax and social contribution at statutory rates	(44,810)	(11,047)
Adjustment to effective tax rate:		
Tax incentives (a)	12,020	-
Nondeductible net expenses/nontaxable net income:		
Permanent (b)	(537)	(2,873)
Temporary (c)	(2,738)	(2,532)
Unrecognized tax loss carryforwards (d)	<u>(539)</u>	<u>(373)</u>
Income tax and social contribution	<u>(36,604)</u>	<u>16,825</u>
Current income tax/social contribution	(21,702)	-
Deferred income tax/social contribution	(14,902)	(16,825)

- (a) Tax incentive calculated on the operating profits arising on the Manati field operations and tax benefits from Law 11.916/06 (innovation and technology) - Note 2.15.
- (b) Main add-back refers to the stock option plan.
- (c) On March 31, 2015, main additions refer to the amortization of the provision for abandonment.
- (d) Refers basically to QGEPP tax loss carryforwards.

10.4. Deferred income tax and social contribution

Deferred income tax and social contribution assets arise from temporarily nondeductible provisions recorded in profit or loss of subsidiary QGEF, which will be deducted from taxable income and the social contribution tax base in future years for tax calculation purposes, and we have calculated the deferred social contribution on the balance of prior years' tax loss carryforwards.

	Consolidated	
	<u>2015</u>	<u>2014</u>
<u>Deferred asset composition</u>		
Profit sharing	114	4,428
Provision for reduction of fixed assets	-	11,689
Other provisions	<u>6,214</u>	<u>5,111</u>
Total	<u>6,328</u>	<u>21,228</u>

	Consolidated
<u>Deferred assets</u>	
Balance at December 31, 2014	21,228
Temporary differences rising on provisions and reversed provisions:	
Reversal of allowance for well derecognition	(11,689)
Profit sharing - realized	(4,315)
Payable provisions - temporary add-back	<u>1,104</u>
Balance at March 31, 2015	<u>6,328</u>
<u>Liabilities</u>	
Balance at December 31, 2014	<u>(1,836)</u>
Exclusões temporais	-
Balance at March 31, 2015	<u>(1,836)</u>

The Company estimates that the deferred tax assets constituted on March 31, 2015 will be realized within the next 12 months, prorated to the realization of the provisions and the final outcome of future events, both included in Management projections and approved by the competent bodies (Note 3.2.3).

10.5. Law 12.973/2014

Management performed a preliminary assessment of the provisions of Law 12.973/2014 resulting from the conversion into law of MP 627 of November 11, 2013 ("MP 627") and Regulatory Instruction (IN) 1397, of September 16, 2013, as amended by IN 1422 of December 19, 2013 ("IN 1397 "). Even though Law 12973/2014 becomes effective on January 1, 2015, taxpayers can opt for its early adoption (irrevocably), beginning January 1, 2014.

Management decided not to opt for early adoption, given the understanding that there would be no effect on the Company.

11. INVESTMENTS

11.1. Composition

The following is the detailed information on the Company's subsidiaries at the end of the reporting:

Participation	Subsidiary	Place of establishment and operation	Interests and voting capital held - %
Direct	Queiroz Galvão Exploração e Produção S.A.	Brazil	100%
Direct	QGEF International GmbH	Austria	100%
Indirect	QGEF B.V.	The Netherlands	100%
Indirect	Atlanta Field B.V.	The Netherlands	30%

11.2. Accounted for under the equity method

As at March 31, 2015, investments and financial information for calculation of equity in direct and indirect subsidiaries are broken down as follows (in R\$):

	<u>QGEF</u> (Restated)	<u>QGEF</u> <u>International</u>	<u>QGEF B.V.</u>	<u>AFBV</u>
Number of common shares	191,262,711	1	1,000	3,000
Equity interest - %	100%	100%	100%	30%
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$ (*)</u>
Share capital	2,042,553	109	2	20
Equity	2,691,630	53	58,457	124,242
Profit (loss) for the year	496,747	(389)	105	441
Assets	3,530,042	53	58,542	131,901
Liabilities	838,412	-	85	7,659
Net revenue	125,984	-	-	1,062

(*) Amounts refer to total of AFBV.

The movements in QGEPP investments stated in the individual and consolidated interim financial information are as follows:

	<u>Parent</u> <u>QGEF</u>			<u>Consolidated</u>
	<u>QGEF</u>	<u>International</u>	<u>Total</u>	
Balance at December 31, 2014 (Restated)	2,583,920	28	2,583,948	76,078
Capital increase	-	429	429	27,953
Stock option plan	1,846	-	1,846	-
Cumulative translation adjustments	6,913	(15)	6,898	19,706
Equity in earnings of subsidiaries (a)	<u>496,748</u>	<u>(389)</u>	<u>96,357</u>	<u>441</u>
Balance at March 31, 2015	<u>2,689,425</u>	<u>53</u>	<u>2,689,478</u>	<u>124,178</u>

(a) Profit/loss of subsidiaries for the year ended March 31, 2015, (QGEF Restated)

12. PROPERTY, PLANT AND EQUIPMENT

		Consolidated				
		03/31/2015 (Restated)			12/31/2014 (Restated)	12/31/2013 (Restated)
	Depreciation and amortization rate - %	Cost	Depreciation and amortization	Net	Net	Net
Corporate segment						
Furniture and fixtures	10%	2,763	(504)	2,259	2,035	1,719
Vehicles	20%	1,362	(371)	991	866	666
Improvement in third parties properties	20%	4,112	(1,702)	2,410	2,623	5,989
Improvements	10%	1,556	(106)	1,450	1,552	-
Computers - Hardware	20%	2,286	(1,137)	1,149	1,246	1,471
Real Estate	4%	6,363	(52)	6,311	6,321	-
Land	-	173	-	173	173	120
Subtotal		18,615	(3,872)	14,743	14,816	9,965
Upstream segment						
Expenditure on exploration of natural resources in progress (i)	-	429,792	-	429,792	421,989	456,509
Expenditure on exploration of natural resources (ii)	-	16,844	(11,,305)	5,539	1,264	3,018
Expenditure on development of oil and gas production in progress (iv) and (v)		279,660	-	279,660	268,735	103,112
Expenditure on development of oil and gas production	(ii)	1,122,044	(607,042)	515,002	471,812	541,551
Subtotal		1,848,340	(618,347)	229,993	163,800	1,104,190
Total		1,866,955	(622,219)	244,736	1,178,617	1,114,155

(i) Expenditure on exploration in progress is not being amortized until the completion of the exploration process.

(ii) Refers to discovery and delimiting wells of the Manati field, which are already on operation.

(iii) The proved reserves used to calculate amortization (in relation to the monthly production volume) are estimated by external geologists and petroleum engineers in accordance with international standards, and revised annually or when there is evidence of significant change (Note 21(b)). The effects of changes in reserves as compared to their amortization are recorded prospectively, they do not affect previously recognized amounts.

(iv) Expenditure on development in progress is not amortized until the beginning of production.

(v) Until the quarter ended March 31, 2015, R\$10,177 was capitalized as borrowing costs (R\$7,452 at December 31, 2014) on the FINEP financing. The related rates are listed in Note 14.

<u>Cost</u>	Consolidated					Total
	Corporate PP&E costs	Expenditure on exploration of natural resources in progress	Expenditure on exploration of natural resources	Expenditure on development of oil and gas production in progress	Expenditure on development of oil and gas production	
Balance at 31/12/2013 (Restated)	12,385	456,509	16,844	103,112	992,714	1,581,564
(+) Additions in the year	9,229	31,310 (a)	-	165,621 (b)	49,004 (c)	255,166
(-) Disposals in the year	(3,468)	(65,830) (d)	-	-	-	(69,298)
<u>Balance at 31/12/2014 (Restated)</u>	<u>18,146</u>	<u>421,989</u>	<u>16,844</u>	<u>268,735</u>	<u>1,041,718</u>	<u>1,767,432</u>
(+) Additions in the year	539	7,803 (e)	-	10,925 (f)	80,326 (g)	99,593
(-) Disposals in the year	(70)	-	-	-	-	(70)
Balance at 31/03/2015 (Restated)	<u>18,615</u>	<u>429,792</u>	<u>16,844</u>	<u>279,660</u>	<u>1,122,044</u>	<u>1,866,955</u>

On December 31, 2014, the main additions and exclusions disposals of property, plant and equipment in the year were: (a) BM-J-2 amounting to R\$4,443 and BM-S-8 amounting to R\$27,205, (b) BS-4 amounting to R\$162,520, which include drilling costs, (c) Manati Field amounting to R\$18,693, and (d) relinquish of the Biguá well and the Carcará extension well, both located in the BM-S-8 Block, amounting to R\$29,446 and R\$2,328, respectively, relinquish of the CAL-M-312 Block, part of the BM-CAL-12 concession, amounting to R\$824 and relinquish of the BM-CAL-5 amounting to R\$33,232.

On March 31, 2015, the main additions and exclusions disposals of property, plant and equipment in the year refer to: (a) BM-S-8 (b) BS-\$ and (c) Manati Field.

<u>Depreciation and amortization</u>	Depreciation of corporate PP&E	Amortization of expenditure on exploration of natural resources	Amortization of expenditure on development of oil and gas production	Total
Balance at 12/31/2013(Restated)	(2,420)	(13,826)	(451,163)	(467,409)
(-) Additions in the year	(2,620)	(1,754)	(118,741)	(123,115)
(+) Disposals in the year	<u>1,710</u>	<u>-</u>	<u>-</u>	<u>1,710</u>
Balance at 03/31/2014	(3,330)	(15,580)	(569,904)	(588,814)
(-) Additions in the year	(586)	(420)	(32,447)	(33,450)
(+) Disposals in the year	<u>44</u>	<u>4,696</u>	<u>(4,696)</u>	<u>44</u>
Balance at 03/31/2015	(3,872)	(11,305)	(607,047)	(622,219)

13. INTANGIBLE ASSETS

	Consolidated				
	Amortization rate %	Cost	Amortization	03/31/2015	12/31/2014
Acquisition of exploration concession (i)	-	529,399	-	529,399	529,399
Signature bonus (ii)	-	96,324	-	96,324	96,324
Software	20%	<u>7,473</u>	(3,048)	<u>4,425</u>	<u>4,747</u>
Total		<u>633,196</u>	(3,048)	<u>630,148</u>	<u>630,470</u>

Cost and amortization	Consolidated			
	Acquisition of exploration concession	Signature bonus	Software	Total
Balance at 12/31/2013	529,399	97,675	4,276	631,350
(+) Additions (cost)	-	-	1,840	1,840
(-) Disposals (cost) (iii)	-	(1,351)	-	(1,351)
(-) Additions (amortization)	<u>-</u>	<u>-</u>	<u>(1,369)</u>	<u>(1,369)</u>
Balance at 12/31/2014	<u>529,399</u>	<u>96,324</u>	<u>4,747</u>	<u>630,470</u>
(+) Additions (cost)	-	-	50	50
(-) Additions (amortization)	<u>-</u>	<u>-</u>	<u>(372)</u>	<u>(372)</u>
Balance at 03/31/2015	<u>529,399</u>	<u>96,324</u>	<u>4,425</u>	<u>630,148</u>

- (i) Refers to the participation rights of 10% in the BM-S-8 Block, located in the Santos Basin offshore, amounting to R\$278,692 (US\$175,000) and the participation right of 30% in the Atlanta and Oliva fields (BS-4), located in the Santos Basin offshore, amounting to R\$250,707 (US\$157,500).
- (ii) Expenditures on the acquisition of exploration rights in ANP auctions, which are not being amortized yet since they refer to the concession areas in exploration stage (Note 21).
- (iii) On December 31, 2014, the disposals refer to the signature bonus of both Block CAL-M-312, part of the BM-CAL-12 concession, and Block BM-CAL-5 amounting to R\$206 and R\$1,146, respectively. The decision was based on the low attractiveness appointed by feasibility studies.

14. BORROWINGS AND FINANCING

The loan intended primarily to fund evaluation projects and/or the development of oil and natural gas reserves, and capital expenditures normally incurred on drilling and other services related to the Company's core business.

	03/31/2015	12/31/2014	Consolidated		
			Charges	Payment method - interest	Maturity
<u>Local currency</u>					
BNB - Banco do Nordeste	117,864	=	4,71% p.a. + compliance bonus 15%	Monthly	Jul/2026
FINEP- Financiadora de Estudos e Projetos	<u>253,254</u>	<u>253,225</u>	Subloan A: 3.5% p.a Subloan B: TJLP + (5% p.a - 6,5% p.a) (a)	Monthly	Sep/2023
Total	<u>371,118</u>	<u>253,225</u>		Monthly	Sep/2023
Current	445	387			
Non-current	<u>370,673</u>	<u>252,838</u>			
Total consolidated	<u>371,118</u>	<u>253,225</u>			

<u>Description</u>	<u>Mar - 15</u>
Annual TJLP	<u>5,5%</u>

- (a) The principal of Subloan A is subject to compound interest of 3,5% per year on a prorated basis. The principal of Subloan B subject to compound interest equivalent to the TJLP plus spread of 5% per year, less equalization equivalent to 6,5% per year.

Changes in borrowings and financing:

Balance on 12/31/2014	253,225
(+) Borrowings	117,835
(+) Interest charged	2,658
(-) Interest paid	<u>(2,600)</u>
Total before borrowing costs	371,118
(-) Borrowing costs	<u>(2,244)</u>
Closing balance as at 03/31/2015	<u>368,874</u>
Current	<u>445</u>
Noncurrent	<u>368,429</u>

The noncurrent portion of borrowings and financing matures as follows:

<u>Maturities</u>	<u>03/31/2015</u>
2016	11,898
2017	35,695
2018	35,695
2019-2026	<u>287,385</u>
Total	<u>370,673</u>

Pursuant to the loan agreement terms, principal must be paid to FINEP in 85 consecutive monthly payments. The maturity of the first payment will be on 09/15/2016 and the others on the same day of the following months, the last occurring on 09/15/2023. The agreement does not contain financial covenants. The loan is guaranteed by the parent company, QGEPP.

According to the contract signed with BNB, the debt's principal shall be repaid in 84 consecutive monthly installments. The first and last payments are due on 10/20/2019 and 09/29/2026, respectively. There are no financial covenants on the contract. The Company must have a corresponding amount of at least three months' worth of principal plus interest, based on the largest installment, on a reserve account (Note 9). In case the debt's underlying projects are discontinued and returned to ANP, the contract includes a clause of acceleration of debt repayment, to at least 24 monthly instalments that cannot exceed September 2022.

15. TAX, CIVIL AND LABOR LAWSUITS

Management, based on the opinion of its external legal counsel and/or the terms of the relevant consortium agreements, based on the opinion of the related Block Operator (which is responsible for monitoring each claim), has concluded that there are no lawsuits for which the likelihood of an unfavorable outcome for the Company is probable; therefore, no provision has been recognized in this interim financial information.

The lawsuits assessed as possible losses that have not been provided for in the interim financial information are:

IMA

Tax Foreclosure N°. 0087249-25.2010.805.0001 resulting from the fine imposed under Tax Assessment Notice No. 2006-007365/TEC/AIMU-0343, issued on November 22, 2006. The offense relates to breach of condition determined by the Environment Institute (IMA), resulting in erosion and siltation of streams, when the installation of the pipeline between the cities of Guaibin and São Francisco do Conde, whose fine, updated, is R\$316.

IRRF, PIS, COFINS and CIDE over affreightment

Nonpayment of Withholding Income Tax (IRRF) and Economic Intervention Contribution (CIDE) on remittances abroad for payment of platform's affreightment, in 2008 and 2009, and nonpayment of withholding IRRF, CIDE and income taxes (PIS and COFINS) on remittances abroad for payment of platform's affreightment, in 2010. This claim involves lawsuits at administrative stage in which the Company is accompanying the legal actions under responsibility of operator Petrobras. Regarding QGEF's share, the amounts under discussion are approximately R\$33,709, for 2008 and 2009, and R\$ 250, for 2010.

Contracts with QGOG

Under an agreement entered into on October 28, 2010, the Company has agreed to indemnify Queiroz Galvão Óleo e Gás ("QGOG") for any contingency related to E&P activities that may be imputed to that Company. On the other hand, on January 18, 2011 the Company entered into a contract with QGOG and Constellation Overseas Ltd. ("Constellation") whereby these companies are required to indemnify any losses in respect of all existing liabilities and contingent liabilities not related to E&P activities that are imputed to the Company. Based on the opinion of its outside legal counsel, the Company concluded that there are no lawsuits subject to a probable unfavorable outcome related to these contracts with QGOG and Constellation and, therefore, no provision was recognized for the reporting year in the interim financial information.

16. PROVISION FOR ABANDONMENT

As at March 31, 2015, this provision reflects the revision of the estimates of costs to be incurred, including, but not limited: (i) plugging of wells; and (ii) removing production equipment, (iii) other related costs

Abandonment costs were projected based on an average inflation of 2,8% a year industry (in US dollars) to the expected date of actual abandonment, and were brought to present value at a risk free rate in US dollars Americans, for Brazilian assets, of 5,4% per year.

As mentioned in Note 2,27, the Administration has identified that changes in the exchange rate should be treated as changes in the nominal value of the estimates made in the provision for abandonment. Therefore adjustments from exchange variation resulting in an increase or decrease in liabilities (accounting practice already adopted) and its counterpart should be an increase or decrease of the corresponding assets in equal value.

Changes in the provision for abandonment for the period ended on March 31, 2015:

	<u>Consolidated</u>
Balance at December 31, 2014	281,099
Exchange differences and other	<u>58,396</u>
Balance at March 31, 2015	<u>339,495</u>

17. NET REVENUE

	<u>Consolidated</u>	
	<u>01/01/15 to 03/31/15</u>	<u>01/01/14 to 03/31/14</u>
Gross revenue	156,866	160,439
Tax on revenue (PIS)	(2,222)	(2,576)
Tax on revenue (COFINS)	(10,236)	(11,859)
State VAT (ICMS)	(17,692)	(17,875)
Presumed credit ICMS (*)	3,538	3,575
Discounts - contractual reductions	(4,270)	(4,399)
Total deductions	<u>(30,882)</u>	<u>(33,134)</u>
Net revenue	<u>125,984</u>	<u>127,305</u>

(*) ICMS tax benefit, as explained in note 2.15.2.

18. COSTS AND GENERAL AND ADMINISTRATIVE EXPENSES

18.1. Costs

	Consolidated	
	01/01/15 to 03/31/15	01/01/14 to 03/31/14
Extraction costs	(16,511)	(15,775)
Royalties and special participation	(11,385)	(12,549)
Research and development	(1,286)	(1,401)
Amortization and depreciation	(32,864)	(29,735)
Total	(62,046)	(59,460)

18.2. General and administrative expenses

	Parent	
	01/01/2015 a 03/31/2015	01/01/2014 a 03/31/2014
Payroll	(842)	(679)
Services from third parties	(95)	(90)
Taxes and fees	(22)	(4)
Advertising and publications	(260)	(285)
Other expenses	(17)	(46)
Total	(1,236)	(1,104)

	Consolidated	
	01/01/2015 to 03/31/2015	01/01/2014 to 03/31/2014
Payroll	(15,036)	(16,367)
Services from third parties	(3,569)	(1,380)
Insurance	(206)	(318)
Taxes and fees	(2,187)	(248)
Advertising and publications	(263)	(432)
Sponsorship	-	(10)
Shared services	(23)	(22)
Depreciation	(956)	(939)
Maintenance	(740)	(252)
Rental	(691)	(957)
Other expenses	(150)	(866)
Allocation of E&P projects (a)	9,103	9,594
Total	(14,718)	(12,197)

- a) This amount refers to the apportionment of expenses incurred in Blocks operated by QGEF among its partners.

19. OIL AND GAS EXPLORATION COSTS

	Consolidated	
	01/01/2015 to 03/31/2015	01/01/2014 to 03/31/2014
<u>Exploration costs</u>		
Relinquish of Biguá well	(6)	(29,065)
Relinquish of Carcará well - extension	-	(2,709)
Seismic data acquisition/processing	(4,270)	(325)
Geology and Geophysics expenditure	(958)	(1,425)
General and administrative expenses	(1,231)	(1,081)
Safety, environmental and administrative expenses	(606)	(52)
Other research	(622)	(386)
Invoice accrual	(1,132)	-
Other	<u>(1,383)</u>	<u>(421)</u>
Total	<u>(10,208)</u>	<u>(35,464)</u>

20. FINANCE INCOME NET

	Parent	
	01/01/2015 to 03/31/2015	01/01/2014 to 03/31/2014
Income from short-term investments	73	31
Other revenue and Financial expenses	<u>(3)</u>	<u>(2)</u>
Total	<u>70</u>	<u>29</u>

	Consolidated	
	01/01/2015 to 03/31/2015 (Restated)	01/01/2014 to 03/31/2014
Income from short-term investments (*)	88,323	12,462
Other revenue and financial expenses	<u>(4,328)</u>	<u>(128)</u>
Total	<u>92,651</u>	<u>12,334</u>

(*) Reflects financial income such as payment of CDI rate for corporate bonds, payment of SELIC rate for government securities and variance in American currency for exchange fund (Note 4).

21. SUPPLEMENTAL INFORMATION ON THE OIL AND GAS EXPLORATION AND PRODUCTION ACTIVITIES

a) Rights and obligations with the ANP

The Group has concessions for the exploration and production of oil and natural gas in the following blocks:

Stage	Basin	Block/field	Concession date	Equity interest	%
Development and production	Camamu BCAM-40	Manati Camarão Norte	08/06/1998	Petrobras (operator) Queiroz Galvão Exploração e Produção Geopark Brasol	35 45 10 10
	Santos	Atlanta and Oliva (BS-4)	08/06/1998	OGX Barra Energia Queiroz Galvão Exploração e Produção (operator)	40 30 30
Exploration	Camamu-Almada	CAL-M-372	11/24/2004	Petrobras (operator) Queiroz Galvão Exploração e Produção EP Energy(ii)	60 20 20
	Santos	BM-S-8	09/15/2000	Petrobras (operator) Petrogal Barra Energia Queiroz Galvão Exploração e Produção	66 14 10 10
	Jequitinhonha	BM-J-2	09/02/2002	Queiroz Galvão Exploração e Produção (operator)	100
	Foz do Amazonas	FZA-M-90 (ii)	08/30/2013	Queiroz Galvão Exploração e Produção (operator) Premier Oil Pacific Brasil	35 35 30
	Espírito Santo	ES-M-598 (ii)	08/30/2013	Queiroz Galvão Exploração e Produção Statoil Brasil (operator) Petrobras	20 40 40
	Espírito Santo	ES-M-673 (ii)	08/30/2013	Queiroz Galvão Exploração e Produção Statoil Brasil (operator) Petrobras	20 40 40
	Pará-Maranhão	PAMA-M-265 (ii)	08/30/2013	Queiroz Galvão Exploração e Produção (operator) Pacific Brasil	30 70
	Pará-Maranhão	PAMA-M-337 (ii)	08/30/2013	Queiroz Galvão Exploração e Produção (operator) Pacific Brasil	50 50
	Ceará	CE-M-661 (ii)	08/30/2013	Queiroz Galvão Exploração e Produção Total (operator) OGX	25 40 35
	Pernambuco-Paraíba	PEPB-M-894 (ii)	09/17/2013	Queiroz Galvão Exploração e Produção (operator) Petra Energia	30 70
	Pernambuco-Paraíba	PEPB-M-896 (ii)	09/17/2013	Queiroz Galvão Exploração e Produção (operator) Petra Energia	30 70

Deadlines for Concessions rights in these blocks are 27 years from the date of approval of the development plan. In exploratory phase, which precedes development plan, terms are defined in the relevant Concession Agreement.

- (i) Under approval transfer process from ANP to Petrobras.
- (ii) On May 14, 2013, subsidiary Queiroz Galvão Exploração e Produção S.A. acquired stakes in eight blocks in the ANP's 11th Bidding Round QGEF paid R\$94,9 million in signature bonuses for the acquisition of the stakes in eight exploration blocks and is the operator in five concessions, QGEF's net investment in seismic data acquisition is estimated at approximately US\$30-40 million over the next two years. Additionally, the Company plans to drill at least four exploration wells beginning 2017. The blocks acquired by QGEF are located over five different basins and total an area of 5,785 sq. km.

The table below shows the commitments assumed under the Group's current portfolio of interests in oil and natural gas exploration and production projects:

Block/field	PEM guarantee (QGEF %)	Contract year	Signatures bonus	Area sq. km	Royalties	Area retention rate per sq. km (amounts in Brazilian Reais)		
	R\$ million					Exploration	Development	Production
Manati	-	2000	-	75,650	7,5%	100,00	200,00	1,000,00
Camarão Norte	-	2000	-	16,470	7,5%	100,00	200,00	1,000,00
BM-J-2	-	2002	855	742,051	10%	174,43	348,86	1,744,30
CAL-M-372	6,3	2004	562	745,031	10%	239,00	478,00	2,390,00
PEPB-M-896	7,2	2013	637	722,400	10%	93,75	187,50	937,50
PEPB-M-894	3,6	2013	239	721,200	10%	93,75	187,50	937,50
FZA-M-90	48,9	2013	18,945	768,500	10%	644,80	1,289,60	6,448,00
PAMA-M-265	9,1	2013	3,020	766,300	10%	62,50	125,00	625,00
PAMA-M-337	68,6	2013	35,206	769,300	10%	214,93	429,86	2,149,30
ES-M-598	27,8	2013	14,182	769,300	10%	214,93	429,86	2,149,30
ES-M-673	9,0	2013	12,562	507,200	10%	31,25	62,50	312,50
CE-M-661	33,9	2013	10,116	760,900	10%	31,25	62,50	312,50
BM-S-8	-	2000	-	392,000	10%	396,02	792,04	3,960,20
Atlanta and Oliva (BS-4)	-	2000	-	199,6	7,8%	200,00	400,00	2,000,00
Total	<u>214,4</u>		<u>96,324</u>					

As of March 31, 2015, the remaining Minimum Exploration Program ("PEM") commitments of the concessions described in table above comprise the drilling of one pioneering well in BM-CAL-12 (CAL-M-372 Block), scheduled to start in 2015.

For the blocks acquired in the ANP's 11th bidding round, there is a commitment to drill wells in the FZA-M-90, EC-M-661, M-PAMA-337 and ES-M-598 blocks, and drilling operations are scheduled to start in 2017.

The commitments with discovery evaluation comprise: (i) drilling two wells (Carcará and Guanxuma), and (ii) conducting a formation test and a long-term life test in BM-S -8.

Subsidiary QGEF holds 45% of the Manati field, which started its production in January 2007 and has decommissioning obligations.

The following payments of government and third-party are expected to be made to QGEF:

- **Royalties** - equivalent to 7,5% of the higher of the benchmark price or the sales revenue, payable from the start of production of the concession area. In the quarter ended March 31, 2015, R\$9,430 in royalties was accrued (R\$9,650 on March 31, 2014) on the production of the Manati field, of which R\$3,250 (R\$3,236 on December 31, 2014) remains in liabilities at that date. This expenditure is recognized in the income statement as costs.
- **Special Participation** - The special participation provided for by Article 45, III, of Law 9478/97, consists of the financial compensation due by oil and natural gas production concessionaires, in the case of a large production volume or high profitability, as defined in the regulating Decree, and is paid for each field in a given concession area as from the quarter in which such field starts production. In the quarter ended March 31, 2015, the Company recognized R\$1,955 (R\$2,899 on December 31, 2014) as special participation and his expenditure is recognized in the income statement as costs, of which R\$2,104 (R\$2,514 on December 31, 2014) remains in trade payables at that date.

- Payment for concession area occupation and retention - During the exploration, development and production stage the Company disbursed R\$152 for the quarter ended March 31, 2015, recognized in the income statement as operating costs and exploration costs (R\$299 on December 31, 2014).

b) Information on reserves (not reviewed by independent auditors)

The net proven gas reserves of subsidiary QGEP in the Manati field were prepared in accordance with the criteria set out by the FASB - Accounting Standards Codification (ASC) 932 *Extractive Industries - Oil and Gas*.

These reserves are the estimated quantities of gas that based on geological analysis and engineering information can be estimated with reasonable certainty under defined economic conditions established methods of operation and prevailing regulatory conditions.

The estimate of reserves is subject to uncertainties, and therefore changes in such estimates may occur as knowledge is increased based on new information collected.

The estimated gas reserve is as follows:

	<u>Total field reserve</u> MMm ³ (not reviewed by independent auditors)
Proven reserve estimated by Gaffney, Cline & Associates at 03/31/2015 (*)	<u>7,011</u>

(*) The proven and contracted reserves were estimated based on the reserves in December 2014 certified by experts, less monthly production up until said period, (Note 31-subsequent events)

c) Guarantees

On March 31, 2015, the Group has guarantees, through guarantee insurance, filed with the ANP in the amount of R\$293,433. These guarantees include objects for the Minimum Exploration Programs established in the concession contracts areas of exploration in amount of R\$214,383 and operation of disabling of early production system in Atlanta Field (BS-4) in amount of R\$63,828 and development of Atlanta Field (BS-4) in amount of R\$15,223.

22. COMMITMENTS

On March 31, 2015 the Group had contracts with suppliers that involve technical advisory services, the supply of materials and supplies, and equipment operation with various maturities for the exploration and development campaign, as follows:

	<u>Consolidated (*)</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Commitments - total	<u>149,806</u>	<u>118,734</u>	<u>289,897</u>

(*) The amount represents QGEP's stake in the consortiums operated by QGEP.

23. FINANCIAL INSTRUMENTS

a) General considerations

The Company's financial instruments include cash and cash equivalents, short-term investments, restricted cash, trade receivables, trade payables, related parties, and borrowings and financing.

The Company does not use derivative instruments for speculative purposes, thus reasserting its commitment with the conservative cash management policy, either with respect to its financial liabilities or cash and cash equivalents.

b) Categories of financial instruments

03/31/2015				
	Parent		Consolidated	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial assets</u>				
Held to maturity				
Restricted cash (i)	-	-	53,838	53,838
Loans and receivables				
Cash and banks	75	75	36,250	36,250
Trade receivables (ii)	-	-	99,264	99,264
Related parties	-	-	6,719	6,719
Fair value through profit or loss				
Cash equivalents (iii)	-	-	94,837	94,837
Short-term investments (ii)	-	-	1,209,940	1,209,940
<u>Financial liabilities</u>				
Trade payables (i)	354	354	35,658	35,658
Related parties	-	-	340	340
Borrowings and financing (ii)	-	-	368,429	297,360
12/31/2014				
	Parent		Consolidated	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial assets</u>				
Held to maturity				
Restricted cash	-	-	27,916	27,916
Loans and receivables				
Cash and bank deposits	1	1	17,444	17,444
Trade receivables (i)	-	-	101,627	101,627
Related parties	-	-	4,878	4,878
Fair value through profit or loss				
Cash equivalents (ii)	-	-	99,747	99,747
Short-term investments (ii)	-	-	1,011,417	1,011,417
<u>Financial liabilities</u>				
Suppliers (i)	47	47	35,199	35,199
Related parties	-	-	336	336
Borrowings and financing (ii)	-	-	250,528	210,452

CPC 46 / IFRS 13 defines fair value as the value/price that would be received on the sale of an asset or paid on the transfer of a liability in an ordinary transaction between market players on measurement date. The standard sets out that the fair value should be based on assumptions used by market players when determining the value/price of an asset or liability and sets a hierarchy that prioritizes inputs used to develop these assumptions,

The fair value hierarchy places higher importance to available market inputs (i.e, observable data) and lower importance to non-transparent data (i.e, unobservable data). Additionally, the standards requires that the Company takes into consideration all aspects of the nonperformance risk, including the Company's own credit, when measuring the fair value of a liability.

CPC 40 / IFRS 7 establishes a three-level fair value hierarchy to measure and disclose the fair value. The classification in the fair value hierarchy is based on the lowest level of significant input used when measuring fair value. The three-level fair value hierarchy is described below:

Level 1 - Inputs are determined based on prices quoted in active markets for identical assets and liabilities on measurement date. Additionally, the Company should be authorized to conduct transactions in such active market and the price cannot be adjusted by the Company.

Level 2 - Inputs used are the prices quoted in Level 1, which are observable for an asset or liability, either directly or indirectly. Level 2 inputs include prices quoted in an active market for similar assets or liabilities, prices quoted in an inactive market for identical assets or liabilities; or inputs that are observable or can corroborate a market data by means of correlation or other methods for substantially all the asset or liability.

Level 3 - Unobservable inputs are those arising from few or no market activity. These inputs correspond to the Company's management best estimate of how market players can determine a value/price for these assets or liabilities. Level 3 assets and liabilities are usually measured using pricing models, discounted cash flows or similar methodologies that require significant judgment or estimate.

The fair values estimated by Management for Level 2 were calculated as follows:

- (i) The amounts related to trade receivables and trade payables do not differ significantly from their fair values as the receipt/payment term of these amounts does not exceed 60 days.
 - (ii) Fair value measurements are calculated based on other directly observable variables (that is prices) or indirectly observable variables (derived from prices).
- c) Liquidity risk

The Company manages its liquidity risk maintaining adequate reserves and approved credit facilities it considers appropriate, through the continuous monitoring of expected and actual cash flows, and through the alignment of the maturity profiles of financial assets and financial liabilities.

The table below shows in detail the maturity of outstanding financial liabilities:

	Parent	
	Up to 1 year	Total
Suppliers	<u>354</u>	<u>354</u>
Total	<u>354</u>	<u>354</u>

	Consolidated				
	Up to 1 month	1 to 3 months	Up to 1 year	Up to 10 years	Total
Suppliers	30,702	3,472	-	1,484	35,658
Related parties	-	-	340	-	340
Borrowings and financing	-	-	<u>445</u>	<u>368,429</u>	<u>368,874</u>
Total	<u>30,702</u>	<u>3,472</u>	<u>785</u>	<u>369,913</u>	<u>404,872</u>

d) Credit risk

The credit risk is minimized by the fact that the Company's sales are basically made to Petrobras (95,8% in the quarter ended March 31, 2015 and 95,5% in the year ended December 31, 2014). The risk represented by the fact that most transactions are conducted with one customer (Petrobras) is considered by the Company's management as immaterial since Petrobras was awarded the investment grade by rating agencies, it is controlled by the Federal Government, and historically does not record any default or late payments. In the quarter ended March 31, 2015 no losses on receivables from Petrobras were recorded.

The credit risk in transactions with the consortium members and consortiums is described in Note 6.

e) Interest rate risk

The Company uses funds raised in the initial public offering and generated by operating activities to manage its operations and ensure its investments and growth. Financial investments are basically pegged to the floating rate CDI.

Interest rate sensitivity analysis (Restated)

<u>Transaction</u>	<u>Balance at 03/31/2015</u>	<u>Risk</u>	<u>Probable scenario (a)</u>	<u>Scenario I 25% stress</u>	<u>Scenario II 50% stress</u>
Effective rate on March 31, 2015 (12,53%)					
Effective cash equivalents and short-term investments	958,908	CDI decrease			
Annual CDI estimated for December 31, 2015			14,25%	10,69%	7,13%
Estimated cash equivalents and short-term investments		CDI decrease	1,095,553	1,056,524	1,017,495
Revenue estimated for December 31, 2015			136,664	97,615	58,586
Estimated effect on income from financial investments for December 31, 2015			-	(36,029)	(78,058)

(a) Probable CDI interest rate scenario for the year ending December 31, 2016, according to the *Focus* report of February 26, 2016, published by the Central Bank of Brazil.

<u>Transaction</u>	<u>Balance at 03/31/2015</u>	<u>Risk</u>	<u>Probable scenario (a)</u>	<u>Scenario I 25% stress</u>	<u>Scenario II 50% stress</u>
Effective rate at March 31, 2015 (12,53%)					
Restricted cash:					
Provision of abandonment fund	38,075	CDI decrease	14,25%	10,69%	7,13%
Annual CDI estimated for December 31, 2015					
Provision of abandonment fund - estimated	38,075	CDI decrease	43,501	41,951	40,401
Revenue estimated for December 31, 2015			5,426	3,876	2,326
Estimated effect on income from financial investments for December 31, 2015			-	(1,550)	(3,099)
(a) Probable CDI interest rate scenario for the year ending December 31, 2016, according to the Focus report of February, 26, 2016, published by the Central Bank of Brazil.					

<u>Transaction</u>	<u>Balance at 03/31/2015</u>	<u>Risk</u>	<u>Probable scenario (a)</u>	<u>Scenario I 25% stress</u>	<u>Scenario II 50% stress</u>
Effective rate at March 31, 2015 (5,50%)					
Borrowings and financing:	128,739				
FINEP	(b)	TJLP increase	128,739	128,739	128,739
Borrowings and financing:					
TJLP estimated for December 31, 2015		TJLP increase	7%	,8,750%	10,5%
Costs estimated for December 31, 2015			137,751	140,161	142,572
Borrowings and financing - estimated for December 31, 2015			9,012	11,422	13,833
Estimated effect on borrowings and financing costs for December 31, 2015:			-	2,411	4,821
(a) According with the website of Banco Nacional do Desenvolvimento Econômico (BNDES).					
(b) Value refers only to the portion of FINEP Subloan B.					

f) Foreign exchange risk

These risks are basically derived from the effect of an exchange rate appreciation on foreign currency transactions.

Exchange rate sensitivity analysis (Restated)

The table below shown the sensitivity analysis in the case of a US dollar appreciation against the real (R\$) and the impact on Company transactions denominated in US dollars.

<u>Transaction</u>	<u>US\$ depreciation</u>	<u>Consolidated 03/31/2015</u>			
		<u>Probable scenario (a)</u>		<u>Scenario</u>	
		<u>Balance in US\$</u>	<u>Balance in R\$</u>	<u>Possible (25%)</u>	<u>Remote (50%)</u>
Effective US\$ rate at March 31, 2015 (R\$3,21)					
Exchange fund - assets		107,747	345,869	345,869	345,869
Annual US\$ rate estimated for December 31, 2015			4,19	3,14	2,10
Exchange fund - estimated for December 31, 2015			451,461	338,596	225,731
Impact on profit or loss of each USD appreciation against the real (net effect on assets and liabilities):					
Net loss estimated for December 31, 2015			105,592	(7,273)	(120,138)
Estimated net effect on finance income at December 31, 2015			-	(112,865)	(225,731)
(a) Probable exchange rate scenario for the year ending December 31, 2015, according to the Focus report of February 26, 2016, published by the Central Bank of Brazil.					

24. EQUITY

i. Capital

The Company's paid-in capital as of March 31, 2015 is R\$2,078,116, represented by 265,806,905 registered common shares without par value, net of R\$57,380 in share issuance costs. The breakdown of the share capital at March 31, 2015 is as follows:

<u>Shareholder</u>	<u>Number of common shares</u>	<u>Equity interest - %</u>
Queiroz Galvão S.A.	167,459,291	63,0
FIP Quantum	18,606,588	7,0
Free Float	71,577,110	26,9
Shares held in treasury	7,954,632	3,0
Management	208,232	0,1
Supervisory Board	<u>552</u>	<u>0,0</u>
Total	<u>265,806,905</u>	<u>100</u>

ii. Earnings per share

Basic earnings per share are determined by dividing profit for the period by the weighted average number of all classes of shares outstanding during the period. Diluted earnings per share are determined including stock options, where applicable, granted to key officers and employees using the treasury stock method when the effect is dilutive.

The equity instruments that will or could be settled with Company shares are included in the calculation only when their settlement has a dilutive impact on earnings per share.

	<u>01/01/2015 to 03/31/2015</u> (Restated)	<u>01/01/2014 to 03/31/2014</u> (Restated)
<u>Basic and diluted earnings per share</u>		
Numerator:		
Profit for the year	95,191	15,666
Denominator (in thousands of shares):		
Weighted average number of common shares	<u>259,325</u>	<u>260,004</u>
Basic and diluted earnings per share	<u>0,37</u>	<u>0,06</u>

Basic earnings and diluted earnings per common share is the same since as at March 31, 2015 the stock options are out of money and, therefore, do not affect the calculation of diluted earnings per share.

iii. Stock option plan

The Company's Board of Directors, within the scope of its duties and in conformity with the Company's Stock Option Plan, approved the grant of preferred stock options to the Company's management and key senior executive officers, 20% of the stock options of the 2011 to 2015 grants become vested in the first year, an additional 30% in the second year, and the remaining 50% in the third year. The stock options under the 2011 to 2015 Plans can be exercised within seven (7) years after the grant date.

The fair value of the stock options was estimated at the stock option grant date using the binomial pricing model and amounts to R\$1,96 for the 2015 Plan, R\$2,65 for the 2014 Plan, R\$4,11 for the 2013 Plan, R\$5,31 and R\$3,87 for the 2012 Plans, and R\$9,87 for the 2011 Plan.

The Board of Directors' meetings and the assumptions used in the pricing model are as follows:

	03/12/2015 stock option plans	02/24/2014 stock option plans	03/14/2013 stock option plans	05/29/2012 stock option plans	03/26/2012 stock option plans	04/29/2011 stock option plans
Board of Directors' meeting date	03/12/2015	02/24/2014	03/11/2013	05/28/2012	03/23/2012	04/29/2011
Total stock options granted	2,334,915	2,373,330	2,120,319	550,000	1,941,517	1,097,439
Stock option strike price	R\$6,36	R\$8,98	R\$12,83	R\$12,81	R\$14,17	R\$19,00
Fair value on grant date	R\$1,96	R\$2,65	R\$4,11	R\$3,87	R\$5,31	R\$9,87
Estimated share price volatility	36,36%	43,36%	43,92%	49,88%	53,24%	59,24%
Expected dividend	2,47%	3,84%	1,89%	1,93%	1,93%	2,35%
Risk-free return rate	6,39%	6,20%	3,81%	4,06%	4,69%	6,36%
Duration of option (in years)	7	7	7	7	7	7

Changes in stock options as at March 31, 2015 are as follows:

	Stock option	Weighted average strike price
Outstanding options as at December 31, 2013	<u>5,709,275</u>	<u>14,70</u>
Granted in the period - 02/24/2014	<u>2,373,330</u>	<u>8,98</u>
Outstanding options as at December 31, 2014	<u>8,082,605</u>	<u>13,56</u>
Granted in the period - 03/12/2015	<u>2,334,915</u>	<u>8,98</u>
Outstanding options as at March 31, 2015	<u>10,417,520</u>	<u>13,56</u>

The strike price range and the average maturity of outstanding options, as well as the strike price range for the exercisable options for the year ended March 31, 2015, are summarized below:

Plan	Outstanding options			Vested options	
	Options outstanding in Mar/ 2015	Average remaining maturity in years	Strike price	Vested options in Mar/2015	Average strike price (*)
2015 Plan	2,334,915	7	6,36	-	6,36
2014 Plan	2,373,330	7	8,98	-	9,67
2013 Plan	2,120,319	7	12,83	-	14,69
2012 Plan - 2 nd grant	550,000	7	12,81	110,000	14,53
2012 Plan - 1 st grant	1,941,517	7	14,17	388,303	17,45
2011 Plan	1,097,439	7	19,00	548,720	22,60

(*) Adjusted annually using the National Consumer Price Index (INPC).

For the year ended March 31, 2015, the Company recognized in equity a share based compensation result amounting to R\$1,846, including R\$406 of the 2012 plan 1st grant and R\$89 of the 2nd grant, R\$627 of the 2013 plan, R\$603 of the 2014 plan and R\$121 of the 2015 plan, with a contra entry in the income statement as personnel cost. As compared to 2014, the amount of March 31, 2015 was reduced due to the amendment of assumptions regarding “service conditions” of previous stock option plans, such as the estimated number of holders exercising the option as well as the expiry of the 2011 plan.

iv. Appropriation of profit for the year:

Management proposed the distribution of additional dividends to the minimum mandatory dividends of net income for the quarter ended March 31, 2015 in the amount of R\$38,676.

25. SHARES HELD IN TREASURY

The Company authorized a share buyback program of book-entry, registered common shares without nominal value, to be held in treasury and subsequently cancelled or sold to implement the Stock Option Plan for the period 2011-2014.

	<u>Authorization date</u>	<u>Shareamount</u>
2011 Plan	04/24/2012	1,097,439
2012 Plan	07/09/2012	2,491,517
2013 Plan	06/05/2013	2,120,319
2014 Plan	02/24/2013	2,245,357

The treasury shares position is as follows:

	<u>Common shares (*)</u>	<u>Amount - R\$ thousand</u>
Balance at December 31, 2011	-	-
Changes in the period		
Grant of stock options in 2011	1,097,439	9,107
Grant of stock options in 2012	2,491,517	29,792
Balance at December 31, 2012	<u>3,588,956</u>	<u>38,899</u>
Grant of stock options in 2013	2,120,319	23,601
Balance at December 31, 2013	<u>5,709,275</u>	<u>62,500</u>
Grant of stock options in 2014	2,245,357	18,507
Balance at December 31, 2014	<u>7,954,632</u>	<u>81,007</u>
Grant of stock options in 2015	-	-
Balance at March 31, 2015	<u>7,954,632</u>	<u>81,007</u>

(*) Number of shares

Historical cost on acquisition of shares held in treasury (R\$ per share)	<u>03/31/2015</u>
Minimum	7,88
Average	10,60
Maximum	13,39

Market value of shares held in treasury

The market value of shares held in treasury at year-end is as follows:

	<u>03/31/2015</u>
	<u>Common</u>
Number of treasury shares	7,954,632
Share quotation on BM&FBOVESPA (R\$)	<u>6,58</u>
Market value (R\$ thousands)	<u><u>52,341</u></u>

The number of treasury shares represents 3,0% of total common shares held by the Company as at March 31, 2015.

26. INSURANCE

The main assets or interests covered by insurance and the related amounts are summarized as follows:

<u>Line</u>	<u>Maturity</u>	<u>Insured amounts</u> <u>Dec 2014</u>
General civil liability	09/30/2015	436,408
Petroleum and operating risks	09/30/2015	<u>1,489,326</u>
Total		<u><u>1,925,734</u></u>

The insurance policies were renewed in 2014 and are effective until September 30, 2015. After this due date, the insurance were renewed until January 21, 2017.

27. PENSION PLAN BENEFITS

Direct subsidiary QGEP offers a private pension plan to all employees and directors. It refers to a defined contribution plan, of which up to 12% of the monthly salary is contributed by the employee and up to 6,5% by the employer, according to the hierarchical level. The plan is managed by Bradesco Vida e Previdência under two regimes: progressive and regressive. When employees leave the plan before the end of the minimum contribution period, the contributions payable are reduced to the amount already paid by the Company. The only obligation of the Company in relation to the retirement plan is to make the specified contributions.

The total expense of R\$293 as at March 31, 2015 (R\$271 at March 31, 2014), recognized in the consolidated income statement, refers to contributions to be paid as rates specified by the rules of these plans.

28. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in assets and liabilities not affecting the Company's cash flows are as follows:

	<u>03/31/2015</u>	<u>12/31/2014</u>
(Restated)		
Property, plant and equipment suppliers	7,693	6,134
Accrual for abandonment and PPE	<u>57,479</u>	<u>26,536</u>
Capitalized interest	<u>10,177</u>	<u>7,452</u>
Total	<u>75,349</u>	<u>40,122</u>

29. SEASONALITY

The Company's E&P activities are not seasonally affected throughout the period, except for particular exploration areas subject to environmental restrictions during certain times of the year.

30. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The quarterly financial information restated were approved and authorized for filing with the CVM by the Board of Directors at March 07, 2016.

31. SUBSEQUENT EVENTS

- (i) As Gaffney, Cline & Associates report dated May 7, 2015, for the year ended December 31, 2014, showed 1P reserves, net to QGEP 5,5 billion m3 (35 million boe) and 2P reserves of 6,1 billion m3 (39 million boe). These results are in line with the previous certification report, considering the annual production, demonstrating the stability and visibility of this important asset.
- (ii) On 16 July 2015, QGEP signed the amendment to the gas sale contract Manati Field. Since 2007, the consortium has a contract for the field of gas sale to Petrobras, which provided for the purchase of the volume of 23 billion cubic meters of gas, with take or pay clause. The price is denominated in Reais and adjusted on an annual basis according to contractual terms. The amendment brings the total contracted volume for the entire field reserve, keeping the other terms and conditions of the original contract.
- (iii) On October 7th, 2015, QGEPP announced that its wholly owned subsidiary Queiroz Galvão Exploração e Produção S.A. has been awarded two blocks at the 13th Bidding Round hosted by the ANP.

The blocks acquired by QGEP, SEAL-M-351 and SEAL-M-428, are located in ultra-deep waters in the Sergipe-Alagoas Basin, between 80 to 100 km off the coast, and encompass a total area of 1,512 km2, QGEP was awarded 100% participating interest in both blocks.

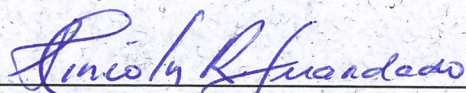
QGEPP committed a total of R\$100 million as signature bonus for the two exploratory blocks: R\$63,9 million related to Block SEAL-M-351, and R\$36,1 million related to Block SEAL-M-428. In both cases, this was the minimum bonus required to bid, QGEPP expects to expense approximately US\$15-20 million for the acquisition of seismic data at the blocks over the next five years.

- (iv) On October 26th, 2015, QGEPP announced that its subsidiary QGEPP has signed a Crude Oil Sales Agreement (COSA) with Shell Western Supply and Trading Ltd. ("Shell") for the Early Production System (EPS) of the Atlanta Field. This contract refers to QGEPP's 30% share in the production from the field, which corresponds to the QGEPP's working interest in the Consortium. The other consortium members of the Atlanta Field celebrated the same kind of sales agreement with Shell. The COSA is for a period of three years, with the possibility of extending the contract for an additional year. The oil sales will be Free on Board (FOB) in the Floating Production Storage and Offloading vessel (FPSO) for Shell, with a netback price mechanism. Production from the EPS is scheduled to begin in mid-2016. During this first phase, oil production potential is estimated at 25kbbbl/d, based on the two production wells which have already been drilled and equipped with wet Christmas trees and submersible pumps. The Consortium is considering drilling a third production well, which would increase average oil production to 30kbbbl/d. The Petrojarl I unit will have storage capacity of 180 kbbbl.
- (v) On December 2015 the Company, together with its partners, reviewed the abandonment provision for the Camarão Norte Field, Atlanta Field and Manati Field effecting the reversal of R\$ 137,358 on December 31, 2015 financial statements. The reversal reflects a forward-looking review of the main abandonment of spending considering new technologies available and the new level of cost of service providers to the oil and gas industry.
- (vi) For Block BM-J-2, the review of the technical and economic feasibility of the project studies, incorporating the results of the drilling of well 1-QG-5-A and the reprocessing of 3D seismic data indicated the economic infeasibility of continuity of the project, which led the write-off on December 21, 2015. It was also delivered on that date the Final Report of the PAD. The amounts recorded as write-off for Block BM-J-2 under the heading of exploratory costs for oil and gas extraction on December 31, 2015 were in the amount of R\$ 332,487.
- (vii) On January 19, 2016 cash call No. 01/2016 was issued in relation to the operations of Block BS-4 in the total amount of R\$ 19,563, falling due February 3, 2016. Of this total, the amount of R\$ 8,794 refers to partner OGX. Up to the date for approval of the financial statements (see Note 29) Management did not identify the receipt of this credit in relation to the month of January, 2016.
- (viii) On February 23, 2016, the Company authorized the sixth Stock Option Plan for 2016 of 2,334,915 book-entry, registered common shares without nominal value, with a buyback deadline of 365 days from the date of approval.

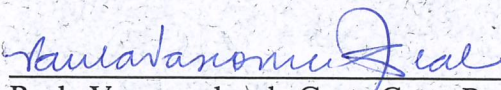
STATEMENT FROM THE BOARD OF EXECUTIVE OFFICERS ON THE FINANCIAL STATEMENTS - SUBSECTION VI OF ARTICLE 25 OF CVM INSTRUCTION 480/09

We declare, as Directors of QGEP PARTICIPAÇÕES S.A., based on Avenida Almirante Barroso, nº 52, sala 1301 (parte), Centro, Cidade do Rio de Janeiro, Estado do Rio de Janeiro, registered on number 11.669.021/0001-10 ("Company") pursuant to subsection VI of Article 25 of CVM Instruction 480 of December 7, 2009, that it has reviewed, discussed and agreed to the Company's Financial Statements for the period ended March 31, 2015, authorizing their conclusion as of this date, as restated on this date.

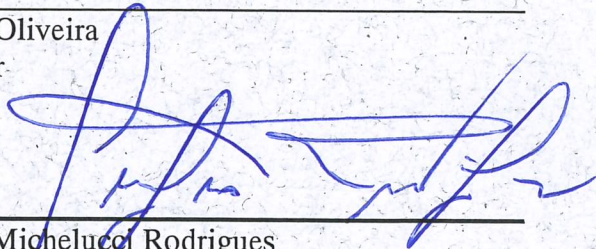
March 7, 2016.



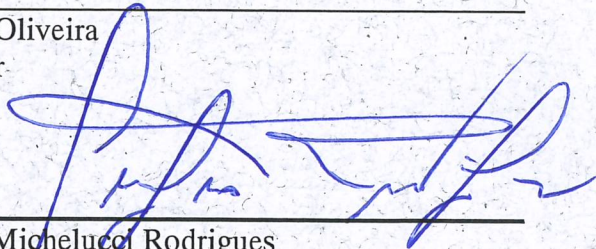
Lincoln Rumenos Guardado
CEO



Paula Vasconcelos da Costa Corte-Real
CFO



Danilo Oliveira
Director

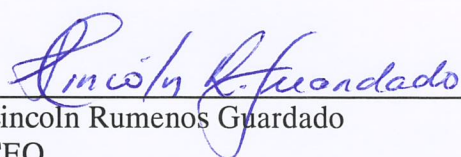


Sérgio Michelucci Rodrigues
Director

DECLARATION OF THE BOARD OF EXECUTIVE OFFICERS ON THE REPORT OF THE
INDEPENDENT AUDITORS - SUBSECTION VI OF ARTICLE 25 OF CVM INSTRUCTION 480/09

In conformity with sub-item V of article 25, CVM Instruction 480 of December 7 2009, the Board of Executive Officers of QGEP PARTICIPAÇÕES S.A. declares that it has reviewed and discussed the content and opinion expressed in the report of the Independent Auditors on the Company's Financial Statements for the period ended March 31, 2015, as restated on this date.

March 9, 2016.

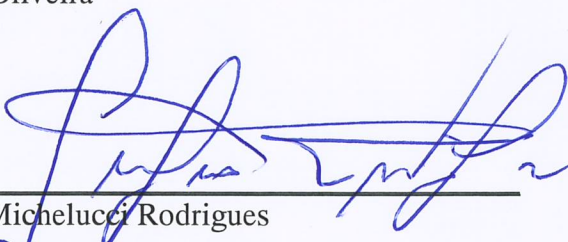


Lincoln Rumenos Guardado
CEO



Paula Vasconcelos da Costa Corte-Real
CFO

Danilo Oliveira
Director



Sérgio Michelucci Rodrigues
Director