



REPORT AND ACCOUNTS

FIRST HALF 2013



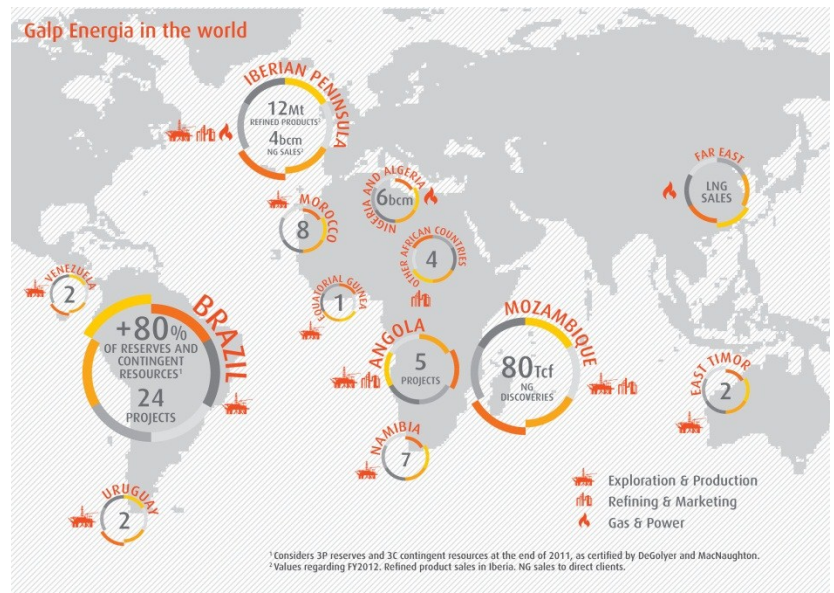
*An integrated energy operator focused
on exploration and production*



GROWING ENERGY TO CREATE SUSTAINABLE VALUE

Who we are

- We are an integrated energy operator focused on exploration and production, with a portfolio of assets which will lead to a unique profitable growth in the industry
- Our exploration and production activities are focused on three core countries: Brazil, Mozambique and Angola
- Our profitable and resilient Iberian businesses will contribute to outstanding growth in exploration and production



Our vision and purpose

To be an integrated energy player renowned for the quality of its exploration activities, delivering sustained value to its shareholders.

Our strategy

To strengthen our exploration and production activities in order to deliver profitable and sustainable growth to shareholders, based on efficient and competitive Iberian business, on solid financial capacity and on highly responsible practices.

Our strategic drivers

- Greater focus on exploration.
- Development of world-class production projects.
- Solid financial capacity.

Our competitive advantages

- We are the national flag carrier.
- We offer integrated know-how.
- We benefit from a solid and flexible organisation.
- We establish successful and enduring partnerships.
- We have acquired skills in some of the most promising projects worldwide.

To learn more visit Galp Energia's website www.galpenenergia.com.

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EXECUTIVE SUMMARY

Galp Energia proceeded in the first half of 2013 with the execution of its strategy, particularly regarding its exploration and development activities in Brazil, Namibia and Mozambique.

Regarding exploration activities, it is worth highlighting that drilling has started in the Potiguar basin, with the Araraúna and Tango wells, and in the Bracuhy well, in the Santos basin, both basins located in Brazil. In Mozambique, it is of note that drilling of the Agulha-1 well started in the period. On the other hand, during the first half the Company announced the results of the Wingat well in Namibia and of the Araraúna well in Brazil, both of which proved the presence of oil, although not in commercial volumes. After the close of the first half, results were announced for the Murombe well in Namibia, which was considered to be dry.

In regard to development activities, the production test in the Lula West area, with the Lula West-2 well, was completed. In Iara field the consortium completed the drilling of the Iara West-2 well, with the formation test in the area, already concluded, and which results confirmed the excellent productivity of the reservoirs.

Replacement cost adjusted (RCA) Ebitda in the first half of 2013 rose €557 million (m) year on year (yoy) to €68 m. This increase followed the improved operating performance of the Refining & Marketing (R&M) and Gas & Power (G&P) business segments, after Galp Energia's refining margin rose following the stabilisation of operations at the hydrocracking complex, and the LNG supply margin in international markets increased, respectively.

RCA net profit in the first half of 2013 decreased €17 m yoy to €162 m, due to higher depreciation and

amortisation, that were due to the start of depreciations related with the hydrocracking complex, and due to weaker financial results, which had been impacted by currency exchange gains of €24 m in the first half of 2012, and started to be affected by the interest costs related to the Sines upgrade project that stopped being capitalised in the second quarter of 2013.

Capital expenditure amounted to €474 m, with exploration and production activities accounting for 70% of the total, namely the development activities in the Brazilian Lula field.

At the end of the first half of 2013 net debt amounted to €2,117 m, or €1,173 m were the loan to Sinopec to be considered as cash and cash equivalents. In this context, the net debt to Ebitda ratio was 1.1x.

OPERATING HIGHLIGHTS IN THE FIRST HALF OF 2013

- Net entitlement production of crude oil and natural gas in the first half of 2013 amounted to 19.8 kboepd, with production from Brazil accounting for 58% of the total;
- Galp Energia's refining margin in the period was \$2.7/bbl, up \$1.0/bbl yoy on stabilisation of operations in the hydrocracking complex;
- Marketing of oil products continued to be affected by a difficult economic environment in the Iberian Peninsula, and had a lower contribution to first half results yoy;
- Natural gas sold amounted to 3,178 million cubic metres (mm³) with trading volumes accounting for approximately 40% of the total.

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KEY FIGURES

FINANCIAL DATA

€ m (RCA)

	First Half			
	2012	2013	Chg.	% Chg.
Ebitda	489	557	68	13.9%
Exploration & Production	187	176	(11)	(5.7%)
Refining & Marketing	140	174	35	24.9%
Gas & Power	158	196	37	23.6%
Ebit	278	299	22	7.8%
Exploration & Production	115	89	(26)	(22.4%)
Refining & Marketing	29	39	10	33.8%
Gas & Power	132	163	31	23.4%
Net profit	178	162	(17)	(9.3%)
Investment	354	474	121	34.1%
Net debt including loan to Sinopec	245	1,173	928	n.m.
Net debt inc. loan to Sinopec to Ebitda	0.3x	1.1x	0.8x	n.m.

OPERATIONAL DATA

	First Half			
	2012	2013	Chg.	% Chg.
Average working interest production (kboepd)	24.2	23.5	(0.7)	(2.9%)
Average net entitlement production (kboepd)	17.7	19.8	2.1	11.8%
Oil and gas average sale price ¹ (USD/boe)	101.3	93.6	(7.7)	(7.6%)
Crude processed (kbbl)	41,720	43,873	2,153	5.2%
Galp Energia refining margin (USD/bbl)	1.7	2.7	1.0	59.6%
Oil sales to direct clients (mton)	5.0	4.8	(0.2)	(4.9%)
NG supply total sales (mm ³)	3,225	3,178	(48)	(1.5%)
NG/LNG trading sales (mm ³)	1,192	1,211	19	1.6%
Sales of electricity to the grid ² (GWh)	636	917	281	44.1%

¹ Reflects underlifting and overlifting positions

² Includes unconsolidated companies where Galp Energia has a significant interest

MARKET INDICATORS

	First Half			
	2012	2013	Chg.	% Chg.
Dated Brent price ¹ (USD/bbl)	113.6	107.5	(6.1)	(5.4%)
Heavy-light crude price spread ² (USD/bbl)	(1.9)	(1.3)	(0.6)	30.3%
UK NBP natural gas price ³ (GBP/therm)	58.4	68.9	10.4	17.9%
LNG Japan and Korea price ¹ (USD/mmbtu)	16.2	16.3	0.2	1.0%
Benchmark refining margin ⁴ (USD/bbl)	2.4	2.1	(0.2)	(9.8%)
Iberian oil market ⁵ (mton)	31.9	28.5	(3.4)	(10.5%)
Iberian natural gas market ⁶ (mm ³)	18,508	16,920	(1,588)	(8.6%)

¹ Source: Platts

² Source: Platts. Urals NWE Dated for heavy crude; Dated Brent for light crude

³ Source: Bloomberg

⁴ For a complete description of the method of calculating the new benchmark refining margin see "Definitions"

⁵ Source: Apetro for Portugal; Cores for Spain and includes estimate for June 2013

⁶ Source: Galp Energia and Enagás. Includes estimate for June

EXPLORATION & PRODUCTION ACTIVITIES

EXPLORATION AND APPRAISAL ACTIVITIES

Galp Energia proceeded in the first half with the exploration and appraisal campaign that was scheduled for 2013 in accordance with the strategy of increasing the resource base through exploration and appraisal activities.

BRAZIL

In the Santos basin's Lula field, the production test in the Lula West area was completed through the previously drilled Lula West-2 well. The consortium continues to review the collected data to optimise the development model for the area. The development schedule provides for the operation of an FPSO at Lula West in 2017.

In the Iara field, the consortium completed the drilling of well Iara West-2 and started the formation test in the area, which was meanwhile concluded. Results obtained confirmed the presence of carbonate reservoirs with excellent porosity and permeability conditions, and confirmed the excellent productivity of the reservoirs, which showed better characteristics than those found in the Iara discovery well. These findings are particularly important in light of the definition of the development plan for the field.

In June the consortium started to drill the first horizontal well in the Iara central area, which should be concluded in the fourth quarter of 2013 and that will be followed by a formation test.

Also in the Santos basin, the consortium started drilling in July the prospect Bracuhy, in block BM-S-24, to investigate the potential of that area in a well-defined structure. The well also aims to study the distribution of fluids that may exist in that area of block BM-S-24.

In the Potiguar basin, a frontier region and accordingly classed as high-risk, Galp Energia proceeded with the drilling activities, which started in February in prospect Araraúna and began to drill a

second well to evaluate the potential of prospect Tango.

The Araraúna well detected oil shows in the drilling mud, which proved the existence of hydrocarbons. Although the discovery was not commercially viable, the fact that the well confirmed the existence of a working hydrocarbon system raised the potential for discovery of a new play in the Brazil's equatorial margin.

The purpose of the Tango well is to investigate the potential of the Cretaceous interval and its target depth exceeds Araraúna's, the first well to be drilled in the region.

MOZAMBIQUE

In the Rovuma basin, the consortium for the exploration and development of Area 4 started drilling the Agulha-1 well to investigate the potential of hydrocarbons, particularly oil in the Paleocene and Cretaceous intervals, in the southern part of the area. After completion of this well, the rig Saipem 10000 will move to the Mamba Northeast-3 area to execute an appraisal well designed to enhance knowledge of that area's reservoir and optimise the plan for development of the resources exclusively located in the Rovuma basin's Area 4.

OTHER EXPLORATION AREAS

In Namibia, where Galp Energia is present since late 2012, the consortium proceeded with its exploration schedule, which includes the drilling of three exploration wells which purpose was to investigate the potential of three independent prospects in the Walvis and Orange basins, that are located in the Cretaceous interval, in carbonate and clastic reservoirs. The Wingat well was completed in the second quarter of 2013 and results indicated the presence of oil, yet in non-commercial volumes. The well also identified two well-developed source rocks,

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rich in organic carbon and both within the oil generation window.

After completion of the Wingat well, drilling of the Murombe well started under the same exploration licence, the PEL 23, with the main purpose of investigating the potential of a basin-floor fan from the Cretaceous. The outcome of this well, which was considered to be dry, was announced after the close of the first half.

In line with the Company's strategy of expanding its exploration portfolio to achieve sustained production growth, Galp Energia participated in May in the eleventh bidding for exploration blocks in Brazil, whereby it acquired 50% stakes in four onshore blocks in the Parnaíba basin, 10% stakes in four blocks in the Barreirinhas offshore basin and a 20% stake in an offshore block in the Potiguar basin.

SCHEDULE OF EXPLORATION AND APPRAISAL ACTIVITIES

Area	Target	Interest	E/ A	Spud date	Duration (# days)	Well status
Brazil¹						
Lula	Lula West-2	10%	A	4Q12	-	Concluded
Iara	Iara West-2	10%	A	4Q12	-	Concluded
Iara	Iara HA	10%	A	Jun-13	120	In progress
BM-S-8	Carcará (extension)	14%	A	4Q13	150	-
BM-S-24	Bracuhy	20%	E	Jul-13	150	In progress
Potiguar	Araraúna	20%	E	Feb-13	120	In progress
Potiguar	Tango	20%	E	May-13	120	In progress
Potiguar	Pitú	20%	E	4Q13	120	-
Mozambique						
Rovuma	Mamba South-3	10%	A	1Q13	-	Concluded
Rovuma	Agulha-1	10%	E	May-13	90	In progress
Rovuma	Mamba Northeast-3	10%	A	3Q13	60	-
Namibia						
PEL 23	Wingat	14%	E	1Q13	-	Concluded
PEL 23	Murombe	14%	E	2Q13	-	Concluded
PEL 24	Moosehead	14%	E	3Q13	90	-
Angola						
Block 14	Menongue	9%	A	4Q13	60	-
Block 32	Cominhos-2	5%	E	3Q13	60	-
Block 32	B-11	5%	A	4Q13	60	-

¹ Petrogal Brasil: 70% Galp Energia, 30% Sinopec

DEVELOPMENT ACTIVITIES

Galp Energia and partners moved ahead in the first half with the development plan for the Lula/Iracema field to ensure execution of the project both on time and on cost.

To this end, FPSO Cidade de Paraty started to operate in Lula NE on June 6th, through one producer well. This FPSO has a production capacity of 120 kbopd and 5 mm³ of natural gas per day. Under the development plan, it is expected that a total of 14 wells are

connected to the FPSO throughout the life of the project, eight of which will be producer wells. Production in the period was limited by gas flaring restrictions, which will be removed by the interconnection of a gas-injection well in the third quarter of 2013. The unit is expected to take around 18 months to reach its total production capacity, and it is expected that it will produce at an exit production rate of 75 kboepd by the end of 2013. The two first wells will be interconnected by a system of flexible risers, and the other ones will use an innovative system of decoupled risers known as buoyancy

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supported risers (BSRs). Nine wells have been drilled in the area for future connection to the FPSO, of which four have been already completed.

FPSO Cidade de Mangaratiba arrived at Brasfels shipyard, in Brazil, from the Cosco shipyard, in China, for the integration works of the topside modules. This FPSO will have a production capacity of 150 kbopd and 8 mm³ of natural gas per day. The development plan for the duration of the project provides for the interconnection of 16 wells, of which eight are producer wells, which will be connected to the platform through a system of flexible risers, already contracted. Work is progressing according to plan, with an execution rate of 65%. The FPSO is expected to come into operation in Iracema South in the fourth quarter of 2014.

The gas cycle in the water-alternating-gas (WAG) injection well for improved oil recovery in the Lula-1 area started in June. The purpose is to deepen reservoir knowledge while studying the effect of this

advanced oil recovery technique in the pre-salt of the Santos basin. The second WAG well was also connected during the second quarter to FPSO Cidade Angra dos Reis, starting operations with the water cycle.

The drilling of five new development wells, from which two injection wells in Iracema South, two producing wells and one injection well in the Lula NE area, was completed in the second quarter. In addition, drilling of a producer well in Iracema South started also in the quarter.

The consortium also proceeded with the execution of its schedule for the drilling of reservoir data acquisition (RDA) wells in the Lula and Iracema areas to gain knowledge about the reservoir, potentially with a favourable impact on oil recovery from the fields. The RDA well in the Lula Alto was completed and drilling started of RDA wells in the Lula Extreme South and Lula North-2 areas. Meanwhile, the RDA well in the Lula Central area was completed.

OPERATING AND FINANCIAL PERFORMANCE

1. MARKET ENVIRONMENT

DATED BRENT

In the first half of 2013, the dated Brent averaged \$107.5/bbl, 5% below a year earlier, when this benchmark price was affected by political unrest in some oil-producing countries and by the US and European embargo on Iranian crude.

In the first half, the average spread narrowed \$0.6/bbl yoy to -\$1.3/bbl.

REFINING MARGINS

In the first half of 2013, the benchmark margin decreased \$0.2/bbl yoy to \$2.1/bbl on lower cracking

and hydrocracking margins in the period, which were down by \$0.3/bbl and \$0.5/bbl, respectively.

THE IBERIAN MARKET

In the first half of 2013, the Iberian market for oil products contracted 11% to 28.5 million tonnes (mton) as a result of adverse economic conditions in both Spain and Portugal.

In the first half of 2013, the Iberian market for natural gas contracted 9% yoy to 16,920 mm³ as demand from the electrical segment tumbled 47%.

2. OPERATING PERFORMANCE

2.1. EXPLORATION & PRODUCTION

€ m (RCA, except otherwise noted)

	First Half			
	2012	2013	Chg.	% Chg.
Average working interest production (kboepd)	24.2	23.5	(0.7)	(2.9%)
Average net entitlement production (kboepd)	17.7	19.8	2.1	11.8%
Angola	8.6	8.4	(0.2)	(2.2%)
Brazil	9.1	11.4	2.3	24.9%
Average realised sale price¹ (USD/boe)	101.3	93.6	(7.7)	(7.6%)
Royalties² (USD/boe)	9.9	8.6	(1.3)	(13.1%)
Operating cost (USD/boe)	12.7	11.8	(0.9)	(7.1%)
Amortisation³ (USD/boe)	25.3	24.3	(1.0)	(4.1%)
Ebitda	187	176	(11)	(5.7%)
Depreciation & Amortisation	63	85	22	35.2%
Provisions	10	3	(7)	(74.1%)
Ebit	115	89	(26)	(22.4%)

¹ Reflects underlifting and overlifting positions.

² Based on production from Brazil

³ Excludes abandonment provisions

OPERATIONS

Working interest production in the first half fell 3% yoy to 23.5 kboepd, as production in Angola fell 20% yoy to 12.1 kboepd primarily following the decline of the Kuito and BBLT fields in block 14, and also impacted by maintenance namely in the first quarter of the year.

Production in Brazil amounted to 11.4 kboepd, up from 9.1 kboepd a year earlier, mainly on the back of rising production from FPSO Cidade de Angra dos Reis, which operated in 2013 close to its total production capacity.

Net entitlement production rose by 12% YoY following increased production in Brazil and higher cost-oil production rates available under the PSA in Angola, which partially offset the decrease in working interest production in that country.

RESULTS

Ebitda for the first half dropped €11 m yoy to €176 m on a lower average sale price of oil and natural gas produced, and on higher operating costs.

The average sale price in the first half was \$93.6/boe, down from \$101.3/boe a year earlier, on lower oil prices in international markets and the increased weight of natural gas in total net entitlement production.

Production costs amounted to €32 m, in line with the first half of 2012. In unit terms, production costs amounted \$11.8/boe from \$12.7/boe a year earlier.

Other operating costs rose €8 m yoy to €28 m on the upward revision of insurance premiums allocated to the activity in Brazil, following the increased activity in the country, and on the expansion of the E&P team.

Depreciation charges rose €3 m yoy to €66 m on increased capital expenditure and production, namely in Brazil. The downward revision of reserves in the Kuito field in the second quarter of 2013 due to the potential discontinuation of the FPSO operations, which impacted depreciation charges, was partly offset by the upward revision of reserves in the country in late 2012. However, on a net entitlement basis, unit depreciation charges dropped to \$24.3/boe in the first half from \$25.3/boe a year earlier as the weight of Brazilian production increased.

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Provisions rose to €21 m from €10 m a year earlier as they were affected by higher abandonment provisions for the Kuito field in anticipation of the potential demobilisation of FPSO operations to late 2013.

RCA Ebit for the first half of 2013 fell €26 m yoy to €89.

2.2. REFINING & MARKETING

€ m (RCA, except otherwise noted)

	First Half			
	2012	2013	Chg.	% Chg.
Galp Energia refining margin (USD/bbl)	1.7	2.7	1.0	59.6%
Refining cash cost (USD/bbl)	2.3	2.6	0.3	14.9%
Crude processed (kbbbl)	41,720	43,873	2,153	5.2%
Total refined product sales (mton)	8.3	8.5	0.2	2.3%
Sales to direct clients (mton)	5.0	4.8	(0.2)	(4.9%)
Exports ¹ (mton)	1.7	2.1	0.5	26.8%
Ebitda	140	174	35	24.9%
Depreciation & Amortisation	102	118	16	15.3%
Provisions	8	18	9	n.m.
Ebit	29	39	10	33.8%

¹ Galp Energia exports exclude sales in the Spanish market

OPERATIONS

Galp Energia started operating the Sines refinery's hydrocracking complex in January 2013, which gave the Company a more integrated and complex refining system, whose operation stabilised towards the end of the first quarter.

In the first half of 2013, raw materials processed increased by 16% yoy, with crude accounting for 84% and which corresponded to an utilisation rate of 73%.

Medium and heavy crude accounted for 80% of total crude oil processed in Galp Energia's refineries in the first half, up from 72% a year earlier.

Gasoline and middle distillates accounted for 20% and 46%, respectively, of total production in the first half of 2013, whereas fuel oil contributed 17%. Own consumption and losses amounted to 9% of crude oil processed in the period.

Volumes sold to direct clients in the first half dropped 5% yoy, following the impact of the adverse economic environment in the Iberian Peninsula on demand for oil products. Volumes of oil products sold to direct clients in Africa accounted for 8% of the total.

Exports from the Iberian Peninsula rose 27% yoy to 2.1 mton, of which diesel, fuel oil and gasoline accounted for 19%, 29% and 30%, respectively.

RESULTS

Ebitda for the first half rose €35 m yoy to €174 m on the back of an improved refining activity.

Galp Energia refining margin in the first half of the year was \$2.7/bbl, up \$1.0/bbl yoy, notwithstanding the negative trend in benchmark refining margins in international markets. The Company's refining margin reflected the start of operations of the hydrocracking complex, which contributed steadily since the end of the first quarter of 2013.

Operating cash costs of the refineries amounted to €87 m in the first half of 2013, €14 m above the previous year figure, on the back of the purchase of licenses for CO₂ emissions, of increased operating costs, mainly variable and which resulted from the higher level of activity and from the start-up of the hydrocracking complex. In unit terms, cash costs were \$2.6/bbl.

The adverse economic conditions in the Iberian Peninsula in the first half of 2013 affected the marketing of oil products in what concerns marketing margins and volumes sold, which thus gave a lower yoy contribution to results in the period.

The first half results were also positively impacted by the contribution of around €24 m from the supply activity, which is related to the refining business.

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Depreciation and amortisation in the first half rose €16 m yoy to €118 m as the depreciation of assets related to the hydrocracking complex started in the second quarter.

Provisions in the first half rose €9 m to €18 m and were mainly related with provisions for doubtful debtors.

Ebit in the first half of 2013 amounted to €39 m, up €10 m from a year earlier, although it was impacted by the increased costs with depreciation and amortisation.

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2.3. GAS & POWER

€ m (RCA, except otherwise noted)

	First Half			
	2012	2013	Chg.	% Chg.
NG supply total sales volumes (mm³)	3,225	3,178	(48)	(1.5%)
Sales to direct clients (mm³)	2,033	1,967	(66)	(3.3%)
Electrical	591	341	(250)	(42.3%)
Industrial	1,072	1,258	186	17.3%
Residential	315	316	1	0.3%
Trading (mm³)	1,192	1,211	19	1.6%
Sales of electricity to the grid¹ (GWh)	636	917	281	44.1%
Ebitda	158	196	37	23.6%
Depreciation & Amortisation	24	30	6	23.0%
Provisions	2	3	1	44.2%
Ebit	132	163	31	23.4%
Supply	71	97	26	36.5%
Infrastructure	48	53	4	9.2%
Power	13	13	0	3.6%

¹ Includes Energin, which does not consolidate but where Galp Energia has a 35% equity holding; this company had, in the first half of 2013, power sales to the grid of 162 GWh.

OPERATIONS

Natural gas sold in the first half fell 48 mm³ yoy to 3,178 mm³.

Volumes sold in the first half dropped as higher volumes sold in the industrial and trading segments could not offset lower demand from the electrical segment. Volumes sold into the industrial segment rose 17% yoy to 1,258 mm³ following higher consumption from Galp Energia's hydrocracking complex in the Sines refinery and the cogeneration plant in the Matosinhos refinery.

In the trading segment, 14 LNG cargoes were sold, two more than a year earlier. Volumes sold into the international market amounted to 1,211 mm³ in the first half of 2013.

Sales of electricity to the grid amounted to 917 GWh, up 281 GWh from a year earlier as the Matosinhos cogeneration came into operation.

RESULTS

Ebitda for the G&P business segment in the first half rose €37 m yoy to €196 m following improved supply activity.

Ebitda for the supply activity rose 38% yoy to €102 m after operating improvements in LNG trading.

The infrastructure and power businesses contributed €94 m to G&P Ebitda, up €10 m from a year earlier. The infrastructure business played an important part in this increase with the full consolidation of Setgás from the third quarter of 2012.

Depreciation and amortisation in the first half rose €6 m yoy to €30 m following the first depreciation charges on account of the Matosinhos cogeneration and the full consolidation of Setgás from the third quarter of 2012.

Provisions of €3 m in the first half were primarily related to doubtful debtors.

Ebit for the G&P business segment rose 23% yoy to €163 m on improved operating performance in all activities, particularly LNG trading.

3. FINANCIAL PERFORMANCE

3.1. INCOME STATEMENT

€ m (RCA, except otherwise noted)

	First Half			
	2012	2013	Chg.	% Chg.
Turnover	9,351	9,095	(256)	(2.7%)
Operating expenses	(8,879)	(8,563)	(317)	(3.6%)
Cost of goods sold	(8,245)	(7,883)	(362)	(4.4%)
Supply and services	(479)	(517)	38	8.0%
Personnel costs	(155)	(163)	7	4.7%
Other operating revenues (expenses)	18	25	8	43.0%
Ebitda	489	557	68	13.9%
Depreciation & Amortisation	(191)	(234)	43	22.6%
Provisions	(20)	(24)	3	15.8%
Ebit	278	299	22	7.8%
Net profit from associated companies	42	31	(11)	(25.8%)
Net profit from investments	0	0	0	n.m.
Financial results	(25)	(57)	(31)	n.m.
Net profit before taxes and minorities interests	294	274	(21)	(7.0%)
Income tax	(95)	(86)	(8)	(9.0%)
<i>Effective income tax</i>	32%	32%	(1 p.p.)	n.m.
Minority Interests	(21)	(26)	5	22.0%
Net profit	178	162	(17)	(9.3%)
Non recurrent items	(15)	(53)	38	n.m.
Net profit RC	163	108	(55)	(33.5%)
Inventory effect	(5)	(81)	(76)	n.m.
Net profit IFRS	157	27	(131)	(83.0%)

Sales and services rendered in the first half of 2013 fell 3% primarily on lower oil product prices.

Operating costs also fell 4% despite the rise in supply and service costs relating to the production of oil and natural gas in Brazil.

Ebitda for the first half amounted to €557 m, up €68 m from a year earlier on improved performance of the R&M and G&P business segments.

Ebit for the first half of €299 m was 8% above a year earlier although it was adversely affected by higher depreciation and amortisation in the period. In fact, these increased by €43 m, mainly on the back of the E&P and R&M business segments.

Results from associates fell €11 m to €31 m on the full consolidation of Setgás from the third quarter of 2012 and on the negative contribution of Tupi BV and

Belém Bioenergy, which are still in early operating phase.

Financial results in the first half deteriorated by €31 m yoy as they did not benefit from the favourable exchange differences of €24 m achieved a year earlier. Exchange differences in the first half of 2013 were close to nil. Net interest expense of €80 m was in line with 2012.

Financial results were also adversely affected by the fact that interest costs related to the Sines upgrade project capital spending, stopped to be capitalised in the second quarter of 2013, which had a negative impact of €15 m in the period.

Income tax in the first half amounted to €86 m, of which €35 m were related to tax arising from the concession agreements for exploration and production of oil in Angola and Brazil. The effective

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tax rate for the quarter was 32%, which was in line with a year earlier.

Following the capital increase subscribed by Sinopec in Galp Energia's subsidiary Petrogal Brasil, and related companies, in March 2012, minority interests amounted to €26 m in the first half of 2013, up €5 m from a year earlier.

Therefore, the net profit for the first half of 2013 amounted to €162 m, down 9% from a year earlier.

RC net profit amounted to €108 m, as it was impacted by non-recurrent events that related to impairments that followed dry and non-commercial wells, and which were accounted for in the second quarter of the year.

3.2. CAPITAL EXPENDITURE

€ m

	First Half			
	2012	2013	Chg.	% Chg.
Exploration & Production	253	346	92	36.5%
Exploration and appraisal activities	118	130	12	10.4%
Development and production activities	135	216	80	59.2%
Refining & Marketing	70	64	(5)	(7.5%)
Gas & Power	29	64	35	n.m.
Others	2	0	(1)	(94.0%)
Investment¹	354	474	121	34.1%

¹Figures for financial year 2012 were restated to exclude capitalised costs

Capital spending in the first half amounted to €474 m, of which €346 m, around 70% of the total, and €92 m ahead of a year earlier, were allocated to the E&P business segment.

Development activities, primarily related to Lula/Iracema field in Brazil's block BM-S-11, accounted for 62% of the amount spent in the E&P business. The remaining 38%, were allocated to exploration and appraisal activities in Brazil, namely in the Potiguar basin, to the Mozambique's Rovuma

basin and to the exploration campaign that started in Namibia in 2013.

Capital expenditure in the R&M and G&P businesses amounted to €129 m in the first half and it was mainly channelled for maintenance activities, to the conclusion of the project for the cogeneration installed at the Matosinhos refinery, and to the investment in cushion gas for the new natural gas underground storage facility.

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3.3. CASH FLOW

€ m (IFRS figures)

	First Half	
	2012	2013
Ebit	242	119
Dividends from associated companies	33	35
Depreciation, depletion and amortisation (DD&A)	209	284
Change in working capital	(464)	(143)
Cash flow from operations	20	296
Net investment ¹	2,593	(465)
Financial interest	(77)	(82)
Taxes	(38)	(71)
Dividends paid	(166)	(103)
Others	(47)	7
Cash flow	2,283	(420)

¹ The amount of €2,593 m includes €2,946 m, which resulted from the share capital increase at Petrogal Brasil and related companies subscribed by Sinopec in 2012.

Despite an improved operating performance, namely in downstream and natural gas activities, the Company had in the first half of 2013 net cash outflow of €420 m following the investment in non-current assets in the period.

The increase in working capital, mainly in the first quarter, and the dividend payment in the second quarter of the year, had an adverse effect on cash flow generation in the first half.

3.4. FINANCIAL POSITION

€ m (except otherwise noted)

	31 December, 2012	31 March, 2013	30 June, 2013	Change vs. 31 Dec, 2012	Change vs. 31 Mar, 2013
Non-current assets	6,599	6,862	6,838	239	(25)
Other assets (liabilities)	(451)	(551)	(479)	(28)	72
Loan to Sinopec ¹	931	959	944	12	(16)
Working capital ¹	1,324	1,553	1,467	143	(86)
Capital employed	8,403	8,824	8,770	366	(55)
Short term debt	1,106	894	649	(457)	(245)
Medium-Long term debt	2,477	3,214	3,432	955	218
Total debt	3,583	4,108	4,081	498	(27)
Cash	1,886	2,222	1,964	78	(258)
Net debt	1,697	1,887	2,117	420	230
Total equity	6,706	6,938	6,653	(53)	(285)
Total equity and net debt	8,403	8,824	8,770	366	(55)
Total net debt including loan to Sinopec	766	927	1,173	407	246

¹ At 31 December 2012 the amount of the loan to Sinopec was changed from €918 m to €931 m so as to include the short-term portion of the loan, which was previously recorded under working capital, whose amount changed from €1,338 m to €1,324 m

Non-current assets of €6,838 m at 30 June 2013 were €239 m above in relation to 31 December 2012. This increase was mainly supported by capital expenditure in the first half of 2013, notwithstanding the negative impact of depreciation and impairment charges,

which mainly arose from exploration wells that were considered to be dry and non-commercial within the E&P segment.

Capital employed of €8,770 m at the end of the first half of 2013 included the loan extended by Galp

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Energia to Sinopec following the share capital increase in Petrogal Brasil and related companies. At

the end of the period that loan amounted to €944 m.

3.5. FINANCIAL DEBT

€ m (except otherwise noted)

	31 December, 2012		31 March, 2013		30 June, 2013		Change vs. 31 Dec, 2012		Change vs. 31 Mar, 2013	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	566	619	147	1.293	146	1.670	(421)	1.051	(1)	377
Bank debt	539	1.609	747	1.671	503	1.370	(36)	(238)	(244)	(301)
Commercial paper	-	250	-	250	-	392	-	143	-	142
Cash and equivalents	(1.886)	-	(2.222)	-	(1.964)	-	(336)	-	258	-
Net debt	1.697		1.887		2.117		420		230	
Net debt including loan to Sinopec¹	766		927		1.173		407		246	
Average life (years)	2,6		2,9		3,5		0,86		0,52	
Net debt to Ebitda	1,7x		1,8x		1,9x		0,3x		0,2x	
Net debt inc. loan to Sinopec to Ebitda ¹	0,7x		0,9x		1,1x		0,3x		0,2x	

¹ At 31 December 2012 net debt including the loan to Sinopec changed from €780 m to €766 m following reclassification of the short-term portion of the loan, €14 m, previously recorded under working capital

Net debt of €2,117 m at 30 June 2013 was €420 m ahead of net debt at 31 December 2012, following investment in non-current assets and the payment, in May, of the final dividend regarding the financial 2012 period.

Adjusted net debt at 30 June 2013 amounted to €1,173 after considering as cash and cash equivalents the €944 m lent to Sinopec, following the share capital increase in Petrogal Brasil and related companies.

Net debt to Ebitda at 30 June 2013 was 1.1x considering the loan to Sinopec as cash and cash equivalents.

At the end of June 2013 medium- and long-term debt accounted for 84% of the total, up from 69% at the end of 2012. Twenty-five per cent of medium- and long-term debt was on fixed rate at the end of the first half of 2013.

After having announced a total €1.3 billion (bn) related with the refinancing of debt during the first quarter of 2013, Galp Energia secured around €200 m in new debt issuances until the end of June, thus totalling €1.5 bn in the first half of 2013.

Therefore, and according to the debt reimbursement profile at the end of June 2013, which is shown below, Galp Energia has been extending its debt maturity, so that debt reimbursement is better aligned with the expected cash flow generation profile of the Company.

The average cost of debt at the end of June 2013, 4.5%, was in line with the cost at the end of 2012.

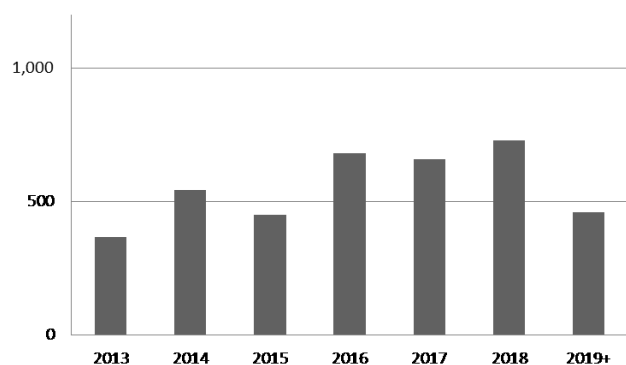
Cash and cash equivalents attributable to minority interests at 30 June 2013 amounted to €50 m, most of which recorded at the subsidiary Petrogal Brasil.

At the end of June 2013, Galp Energia had contracted, but not used, credit lines of €1.3 bn. From this amount, 30% was firmed with international banks and 50% was contractually guaranteed.

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DEBT REIMBURSEMENT PROFILE AT 30 JUNE 2013

€ m



After the end of the first half of 2013, Galp Energia contracted an additional \$200 m in debt, with a five-year maturity.

It is of note that at the end of June 2013, Galp Energia announced the sale of the 5% stake it held on CLH, an oil logistics company in the Spanish market, at a price of €111 m. It is expected that the capital gain, c.€50 m, from this operation will be accounted for as non-recurrent in the Company's third quarter of 2013 results.

4. SHORT-TERM OUTLOOK

The purpose of this chapter is to disclose Galp Energia's view on a few key variables that influence its short-term operational performance. However, these variables are not all controlled by the Company as some of them are exogenous.

MARKET ENVIRONMENT

Galp Energia anticipates that the price of dated Brent will remain stable in the third quarter of 2013 when compared with the previous quarter, as market demand is well supplied, namely from non-OPEC countries, in particular from North America.

Benchmark refining margin is expected to increase quarter on quarter (qoq), mainly supported by a positive trend in gasoline crack spread, whereas the diesel crack spread is expected to remain stable qoq. The price of gasoline should continue to be affected by the limited supply of gasoline components which have a high level of octanes and by the higher price of RINs (Renewable Identification Number), whilst also being supported by the seasonal effect arising from the driving season.

OPERATING ACTIVITY

In the E&P business segment, working interest production of oil and natural gas is expected to increase in the third quarter of 2013 to around 27

kboepd, following the contribution of production from the FPSO Cidade de Paraty during the full quarter, as well as the normalised operations of the FPSO Cidade de Angra dos Reis.

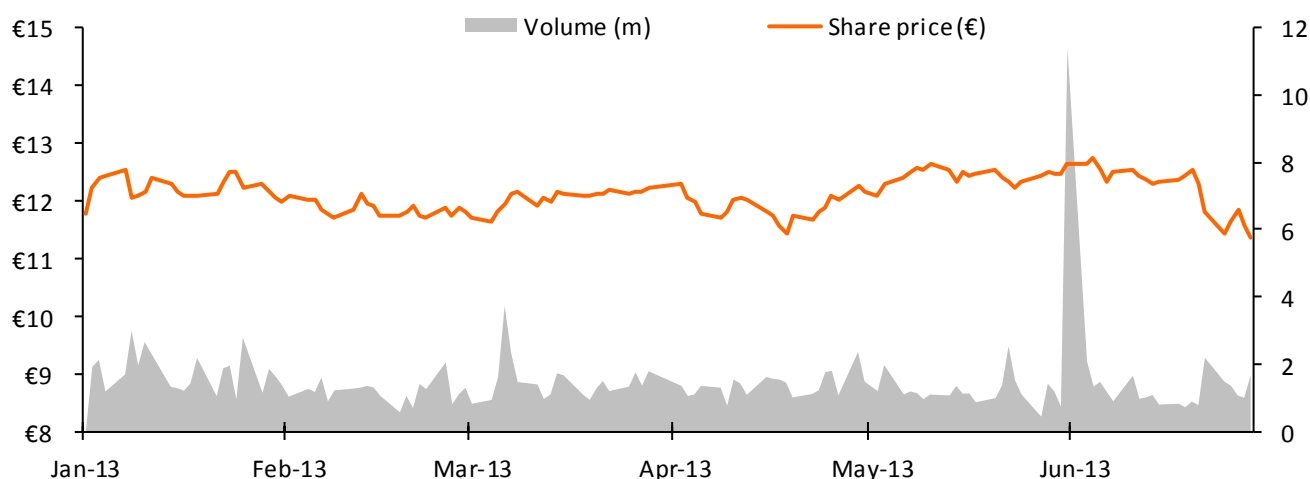
In the R&M business segment, it is expected that in the third quarter of 2013 the volume of crude processed increases by around 10% qoq, despite the partial outages that are scheduled for maintenance of the vacuum and visbreaker units at the Sines refinery. Volumes of crude processed will be positively influenced by the stable operations of the hydrocracking complex.

Sales of oil products to direct clients are expected to decrease in the third quarter of 2013 when compared to a year earlier, on the back of a continued adverse economic environment in the Iberian Peninsula, although is expected a slowdown in the contraction of the market.

In the G&P business, it is expected that volumes of natural gas sold remain stable compared to those in the second quarter of 2013, as sales will continue to be supported by the LNG trading activity on the international market.

THE GALP ENERGIA SHARE

PERFORMANCE OF THE GALP ENERGIA SHARE



Source: Euroinvestor

The Galp Energia stock lost 3% in the first half, when 751 m shares were traded, of which 183 m on the regulated NYSE Euronext Lisbon market. The average volume of shares traded benefited from the placement of an 8% stake in Galp Energia share

capital by Eni, of which 6.7% was placed through an accelerated book-building. The average daily volume in the first half amounted to 6.0 m shares, of which 1.5 m on NYSE Euronext Lisbon.

Main indicators		
	2012	2013
Min (€)	8,33	11,28
Max (€)	13,78	12,93
Average (€)	11,79	12,11
Close price (€)	11,76	11,38
Volume (m shares) ¹	321,6	182,9
Average volume per day (m shares) ¹	1,3	1,5
Market cap (€m)	9.752	9.433

¹ NYSE Euronext Lisbon.

ADDITIONAL INFORMATION

1. BASIS OF PRESENTATION

Galp Energia's consolidated financial statements, and which were subject to limited review, for the six months ended on 30 June 2013 and 2012 have been prepared in accordance with IFRS. The financial information in the consolidated income statement is reported for the six-month periods ended on 30 June 2013 and 2012. The financial information in the consolidated financial position is reported at 30 June and 31 March 2013, and 31 December 2012.

Galp Energia's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and the cost of goods sold is valued at weighted-average cost (WAC). The use of this valuation method may, when goods and commodities prices fluctuate, cause volatility in results through gains or losses in inventories, which do not reflect the Company's operating performance. This effect is called the *inventory effect*.

Another factor that may affect the Company's results but is not an indicator of its true performance is the set of non-recurrent items, such as gains or losses on the disposal of assets, impairments or reinstatements of fixed assets and environmental or restructuring charges.

For the purpose of evaluating Galp Energia's operating performance, replacement cost adjusted (RCA) profit measures exclude non-recurrent items and the inventory effect, the latter because the cost of goods sold has been calculated according to the Replacement cost (RC) valuation method.

RECENT CHANGES

Galp Energia changed, effective from 1 January 2013, the method of recognising provisions for the abandonment of assets used in the production of crude oil and natural gas. Obligations are now totally recognised against an asset depreciated, like before, at an UOP (units-of-production) rate. The effect on results is neutral as provisions are simply replaced by depreciation charges. This change was not reflected in the financial statements of the first half of 2012.

Also effective from 1 January 2013, Galp Energia started recognising net interest expense related to its defined-benefit post-employment plans under financial results, while they were previously recognised under staff costs. This change was reflected in the financial statements of the first half of 2012 so as to make periods comparable.

Galp Energia completed on 1 August 2012 the acquisition of a 21.9% equity stake in Setgás, which holds a regulated concession for the distribution of natural gas, thereby raising its share of the company to 66.9%. As from this date Galp Energia started to fully consolidate Setgás, which was previously accounted for under results from associates. This change was not reflected in the financial statements of the first half of 2012.

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2. RECONCILIATION OF IFRS AND REPLACEMENT COST ADJUSTED FIGURES

2.1. REPLECEMENT COST ADJUSTED EBITDA BY SEGMENT

€ m

2013	First Half				
	Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
Ebitda	429	117	547	10	557
E&P	176	-	176	1	176
R&M	45	119	164	10	174
G&P	198	(1)	196	(0)	196
Others	10	-	10	0	10

€ m

2012	First Half				
	Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
Ebitda	471	12	483	7	489
E&P	181	-	181	6	187
R&M	120	19	139	0	140
G&P	166	(8)	158	0	158
Others	4	-	4	0	4

2.2. REPLECEMENT COST ADJUSTED EBIT BY SEGMENT

€ m

2013	First Half				
	Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
Ebit	119	117	237	63	299
E&P	36	-	36	53	89
R&M	(91)	119	28	11	39
G&P	165	(1)	163	(1)	163
Others	9	-	9	0	9

€ m

2012	First Half				
	Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
Ebit	242	12	253	24	278
E&P	91	-	91	24	115
R&M	10	19	29	0	29
G&P	139	(8)	132	0	132
Others	2	-	2	0	2

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3. REPLACEMENT COST ADJUSTED SALES AND SERVICES RENDERED

€ m

	First Half			
	2012	2013	Chg.	% Chg.
Sales and services rendered RCA	9.351	9.095	(256)	(2,7%)
Exploration & Production ¹	210	262	52	24,6%
Refining & Marketing	7.868	7.674	(194)	(2,5%)
Gas & Power	1.508	1.542	34	2,3%
Others	60	63	2	3,8%
Consolidation adjustments	(296)	(446)	(151)	(51,0%)

¹Doesn't include change in production. RCA sales and services rendered in the E&P business segment, including change in production, amounted to €255 m in the first half of 2013.

4. NON-RECURRENT ITEMS

EXPLORATION & PRODUCTION

€ m

	First Half	
	2012	2013
Exclusion of non-recurrent items		
Gains / losses on disposal of assets	(0,0)	0,0
Assets write-offs	-	0,6
Assets impairments	17,9	50,4
Provision and impairment of receivables	-	1,7
Other services rendered - Brazil increased capital studies	5,9	-
Non-recurrent items of Ebit	23,8	52,7
Non-recurrent items before income taxes	23,8	52,7
Income taxes on non-recurrent items	(7,0)	(3,9)
Minority interest	(1,5)	(2,3)
Total non-recurrent items	15,2	46,6

REFINING & MARKETING

€ m

	First Half	
	2012	2013
Exclusion of non-recurrent items		
Accidents caused by natural facts and insurance compensation	(1,0)	0,2
Gains / losses on disposal of assets	(1,3)	(0,4)
Assets write-offs	0,1	0,8
Employees contracts rescission	2,4	9,5
Provisions for environmental charges and others	(0,0)	0,5
Assets impairments	(0,0)	(0,0)
Non-recurrent items of Ebit	0,1	10,5
Capital gains / losses on disposal of financial investments	-	0,1
Non-recurrent items before income taxes	0,1	10,6
Income taxes on non-recurrent items	(0,3)	(3,3)
Total non-recurrent items	(0,1)	7,3

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GAS & POWER

€ m

	First Half	
	2012	2013
Exclusion of non-recurrent items		
Gains / losses on disposal of assets	(0,0)	-
Assets write-offs	-	(0,0)
Employees contracts rescission	0,1	(0,4)
Provisions for environmental charges and others	-	-
Assets impairments	-	(0,4)
Non-recurrent items of Ebit	0,1	(0,8)
Non-recurrent items before income taxes	0,1	(0,8)
Income taxes on non-recurrent items	(0,0)	0,2
Total non-recurrent items	0,1	(0,6)

OTHER

€ m

	First Half	
	2012	2013
Exclusion of non-recurrent items		
Accidents caused by natural facts and insurance compensation	(0,1)	-
Employees contracts rescission	0,4	0,1
Non-recurrent items of Ebit	0,3	0,1
Non-recurrent items before income taxes	0,3	0,1
Income taxes on non-recurrent items	(0,1)	(0,0)
Total non-recurrent items	0,2	0,1

CONSOLIDATED SUMMARY

€ m

	First Half	
	2012	2013
Exclusion of non-recurrent items		
Accidents caused by natural facts and insurance compensation	(1,1)	0,2
Gains / losses on disposal of assets	(1,3)	(0,4)
Assets write-offs	0,1	1,4
Employees contracts rescission	2,9	9,2
Provisions for environmental charges and others	(0,0)	0,5
Provision and impairment of receivables	-	1,7
Assets impairments	17,9	50,0
Other services rendered - Brazil increased capital studies	5,9	-
Non-recurrent items of Ebit	24,4	62,6
Capital gains / losses on disposal of financial investments	-	0,1
Non-recurrent items before income taxes	24,4	62,7
Income taxes on non-recurrent items	(7,4)	(7,0)
Minority interest	(1,5)	(2,3)
Total non-recurrent items	15,4	53,4

5. CONSOLIDATED FINANCIAL STATEMENTS

5.1. IFRS CONSOLIDATED INCOME STATEMENT

€ m

	First Half	
	2012	2013
Operating income		
Sales	9.128	8.845
Services rendered	223	250
Other operating income	57	80
Total operating income	9.408	9.174
Operating costs		
Inventories consumed and sold	(8.257)	(8.000)
Material and services consumed	(485)	(517)
Personnel costs	(158)	(172)
Other operating costs	(37)	(56)
Total operating costs	(8.937)	(8.745)
Ebitda	471	429
Amortisation and depreciation cost	(209)	(284)
Provision and impairment of receivables	(20)	(26)
Ebit	242	119
Net profit from associated companies	42	31
Net profit from investments	0	(0)
Financial results		
Financial profit	30	58
Financial costs	(78)	(114)
Exchange gain (loss)	24	(0)
Profit and cost on financial instruments	(1)	1
Other gains and losses	(1)	(1)
Profit before taxes	258	94
Income tax expense	(81)	(43)
Profit before minority interest	177	50
Profit attributable to minority interest	(20)	(23)
Net profit for the period	157	27
Earnings per share (in Euros)	0,19	0,03

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5.2. CONSOLIDATED FINANCIAL POSITION

€ m

	31 December, 2012	31 March, 2013	30 June, 2013
Assets			
Non-current assets			
Tangible fixed assets	4.490	4.687	4.596
Goodwill	232	232	232
Other intangible fixed assets ¹	1.458	1.460	1.527
Investments in associates	399	463	403
Investments in other participated companies	3	3	3
Assets available for sale	-	-	58
Other receivables ²	1.078	1.042	850
Deferred tax assets	252	252	299
Other financial investments	19	20	21
Total non-current assets	7.932	8.159	7.990
Current assets			
Inventories	1.976	1.946	1.761
Trade receivables	1.351	1.502	1.402
Other receivables	755	818	1.026
Other financial investments	7	20	8
Current Income tax recoverable	(0)	0	0
Cash and cash equivalents	1.887	2.219	1.965
Total current assets	5.976	6.505	6.162
Total assets	13.909	14.663	14.152
Total assets	13.909	14.663	14.152
Exploration & Production	6.234	6.523	6.307
Refining & Marketing	7.401	7.478	7.320
Gas & Power	2.575	2.759	2.545
Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	(48)	62	(75)
Other reserves	2.685	2.685	2.684
Hedging reserves	(6)	(5)	(4)
Retained earnings	1.516	1.859	1.796
Profit attributable to equity holders of the parent	343	62	27
Equity attributable to equity holders of the parent	5.401	5.575	5.340
Minority interest	1.305	1.363	1.313
Total equity	6.706	6.938	6.653
Liabilities			
Non-current liabilities			
Bank loans and overdrafts	1.858	1.921	1.763
Bonds	619	1.293	1.670
Other payables	534	537	533
Retirement and other benefit obligations	327	339	312
Deferred tax liabilities	131	134	130
Other financial instruments	7	7	4
Provisions	138	179	182
Total non-current liabilities	3.614	4.410	4.594
Current liabilities			
Bank loans and overdrafts	539	747	503
Bonds	566	147	146
Trade payables	1.469	1.368	1.254
Other payables	1.005	1.050	997
Other financial instruments	9	4	6
Income tax	0	(0)	(0)
Total current liabilities	3.588	3.316	2.906
Total liabilities	7.203	7.726	7.499
Total equity and liabilities	13.909	14.663	14.152

¹ Includes concession agreements for the distribution of natural gas

² Includes the medium-term portion of the loan to Sinopec

BOARD OF DIRECTORS STATEMENT

According to article 246º, first paragraph c) of the Portuguese Securities Code (CMV), the Board of Directors of Galp Energia SGPS, S.A. declares that:

To the best of their knowledge, the information mentioned in article 246, first paragraph of the CVM was prepared in compliance with the applicable accounting requirements and gives a true and fair view of the assets, liabilities, financial position and

profit or loss of Galp Energia and the companies included in the consolidation as a whole, and includes a fair review of the main developments that occurred during the period and the impact in the income statements, as well as a description of the principal risks and uncertainties for the next six months.

Lisbon, 26 July 2013

The Board of Directors

Chairman:

Américo Amorim

Vice- Chairmans:

Manuel Ferreira De Oliveira

Luís Palha da Silva

Members:

Paula Amorim

Filipe Crisóstomo Silva

Carlos Gomes da Silva

Sérgio Gabrielli de Azevedo

Stephen Whyte

Vítor Bento

Abdul Magid Osman

Luís Campos e Cunha

Baptista Sumbe

Miguel Athayde Marques

Carlos Costa Pina

Rui Paulo Gonçalves

Luís Manuel Pego Todo Bom

Fernando Gomes

Diogo Mendonça Tavares

Joaquim José Borges Gouveia

José Carlos da Silva Costa

Jorge Manuel Seabra de Freitas

APPENDICES

1. GOVERNING BODIES

The current composition of the governing bodies of Galp Energia SGPS, S. A. is as follows:

BOARD OF DIRECTORS

Chairman

Américo Amorim¹

Vice- Chairman

Manuel Ferreira De Oliveira¹

Vice-Chairman

Luís Palha da Silva²

Members

Paula Amorim¹

Filipe Crisóstomo Silva²

Carlos Gomes da Silva¹

Sérgio Gabrielli de Azevedo²

Stephen Whyte¹

Vítor Bento¹

Abdul Magid Osman²

Luís Campos e Cunha³

Baptista Sumbe¹

Miguel Athayde Marques³

Carlos Costa Pina¹

Rui Paulo Gonçalves¹

Luís Manuel Todo Bom³

Fernando Gomes¹

Diogo Mendonça Tavares¹

Joaquim José Borges Gouveia¹

José Carlos da Silva Costa³

Jorge Manuel Seabra de Freitas³

EXECUTIVE COMMITTEE

Chairman

Manuel Ferreira De Oliveira (CEO)⁴

Vice- Chairman

Luís Palha da Silva⁵

Members

Filipe Crisóstomo Silva (CFO)⁵

Carlos Gomes da Silva⁴

Stephen Whyte⁴

Carlos Costa Pina⁴

José Carlos da Silva Costa⁶

SUPERVISORY BOARD

Chairman

Daniel Bessa Fernandes Coelho

Members

Gracinda Augusta Figueiras Raposo

Pedro Antunes de Almeida⁷

Deputy

Amável Alberto Freixo Calhau

STATUTORY AUDITORS

Standing

P. Matos Silva, Garcia Jr., P. Caiado & Associados, SROC , Lda., represented by

Pedro João Reis de Matos Silva

Deputy

António Campos Pires Caiado

GENERAL SHAREHOLDERS MEETING BOARD

Chairman

Daniel Proença de Carvalho

Vice- Chairman

Victor Manuel Pereira Dias

Secretary

Maria Helena Claro Goldschmidt⁸

COMPANY SECRETARY

Standing

Rui Maria Diniz Mayer

Deputy

Maria Helena Claro Goldschmidt

REMUNERATIONS COMMITTEE

Chairman⁹

Members

Amorim Energia, B. V.,

represented by Francisco Rêgo

Jorge Armindo Carvalho Teixeira¹⁰

¹Elected at the general shareholders meeting held on 24 April 2012.

²Appointed by agreement at the Board of Directors' meeting held on 26 July 2012, ratified in the general shareholders meeting held on 23 November 2012 following the resignation of the following from their respective roles, Claudio De Marco, Fabrizio Dassogno, Stefano Goberti and Luigi Spelli.

³Elected at the general shareholders meeting on 23 November 2012 following the resignation from their roles, Maria Rita Galli, Luca Bertelli, Giuseppe Ricci, Paolo Grossi and Barbara Benzonni.

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⁴Appointed to join the Executive Committee at the Board of Directors' meeting held on 24 April 2012.

⁵Appointed to join the Executive Committee at the Board of Directors' meeting held on 26 July 2012.

⁶Appointed to join the Executive Committee at the Board of Directors' meeting held on 14 December 2012.

⁷Elected at the general shareholders meeting held on 23 November 2012, for the 2011-2014 term, replacing Manuel Maria Simões Nunes Agria, following his resignation on 1 September 2012.

⁸Elected at the general shareholders meeting held on 23 November 2012, following the end of the previous Secretary's term, Pedro Antunes de Almeida, held on 6 April 2012.

⁹The position of chair member of the Remuneration Committee is vacant following the resignation presented by CGD, S. A. on 11 January 2013.

¹⁰Elected at the general shareholders meeting on 23 November 2012, for the 2011-2014 term, after a resignation from the role held by Eni.

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2. MANDATORY NOTICES AND STATEMENTS

SHAREHOLDERS WITH MAJOR DIRECT OR INDIRECT HOLDINGS AT 30 JUNE 2013

Article 448, paragraph 4, of the Portuguese Commercial Companies Code (CSC) and article 20 of CVM

Shareholders	No. of shares	% Capital	% Vote
Amorim Energia, B.V.	317,934,693	38.34%	38.34%
Eni, S.p.A.	135,497,095	16.34%	16.34%
Parública - Participações Públicas	58,079,514	7.00%	7.00%
Other shareholders	317,739,333	38.32%	38.32%
Total	829,250,635	100%	-

On 31 May, Eni sold, through an accelerated bookbuilding process, 55,452,341 ordinary shares, corresponding to around 6.7% of Galp Energia share capital, to qualified institutional investors, at a price of €12.22 per share.

Following the settlement of the sale, on 5 June, Eni holds 16.34% of Galp Energia's outstanding share capital, of which 8% underlying the exchangeable bonds issued on 30 November 2012 and due on 30 November 2015 and 8.34% subject to certain rights exercisable by Amorim Energia B.V.

TREASURY SHARES

Article 66 d) and 325-A, paragraph 1, of the CSC

During the first half of 2013 Galp Energia did not acquire or sell any treasury shares.

At 30 June 2013 Galp Energia did not held treasury shares.

SHARE OWNERSHIP AT 30 JUNE 2013 BY CURRENT MEMBERS OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BODIES OF GALP ENERGIA, SGPS, S. A.

In accordance with article 447, paragraph 5, of the CSC.

Members of the Board of Directors	Total shares at 31.12.2012	Acquisition			Disposal			Total shares at 30.06.2013
		Date	No. of shares	Price (€/share)	Date	No. of shares	Price (€/share)	
Américo Ferreira de Amorim	-	-	-	-	-	-	-	-
Manuel Ferreira De Oliveira	85,640	-	-	-	-	-	-	85,640
Luís Palha da Silva	3,350	-	-	-	-	-	-	3,350
Paula Fernanda Ramos Amorim	-	-	-	-	-	-	-	-
Filipe Crisóstomo Silva	-	-	-	-	-	-	-	-
Carlos Gomes da Silva	2,410	-	-	-	-	-	-	2,410
Sérgio Gabrielli de Azevedo	-	-	-	-	-	-	-	-
Stephen Whyte	-	-	-	-	-	-	-	-
Vitor Bento	-	-	-	-	-	-	-	-
Abdul Magid Osman	-	-	-	-	-	-	-	-
Luís Campos e Cunha	-	-	-	-	-	-	-	-
Baptista Muhongh Sumbe	-	-	-	-	-	-	-	-
Miguel Athayde Marques	1,800	-	-	-	-	-	-	1,800
Carlos Manuel Costa Pina	-	-	-	-	-	-	-	-
Rui Paulo da Costa Cunha e Silva Gonçalves	-	-	-	-	-	-	-	-
Luís Manuel Todo Bom	-	-	-	-	-	-	-	-
Fernando Manuel dos Santos Gomes	1,900	-	-	-	-	-	-	1,900
Diogo Mendonça Rodrigues Tavares	2,940	-	-	-	-	-	-	2,940
Joaquim José Borges Gouveia	-	-	-	-	-	-	-	-
José Carlos da Silva Costa	275	-	-	-	-	-	-	275
Jorge Manuel Seabra de Freitas	-	-	-	-	-	-	-	-
Members of the Supervisory Board								
Daniel Bessa Fernandes Coelho	-	-	-	-	-	-	-	-
Gracinda Augusta Figueiras Raposo	-	-	-	-	-	-	-	-
Pedro Antunes de Almeida	1,505	-	-	-	02-01-2013	1,500	12.07	5
Amável Alberto Freixo Calhau	-	-	-	-	-	-	-	-
Statutory Auditor Firm								
P. Matos Silva, Garcia Jr., P. Calado & Associados, SROC	-	-	-	-	-	-	-	-
António Campos Pires Calado	-	-	-	-	-	-	-	-

MAIN TRANSACTIONS BETWEEN RELATED PARTIES IN THE FIRST HALF OF 2013

Article 246, paragraph 3 c), of the CVM

During the first half of 2013, there were not relevant transactions between related parties.

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3. CONSOLIDATED FINANCIAL STATEMENTS

Galp Energia, SGPS, S.A. and subsidiaries

CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED 30 JUNE 2013 AND 2012

(Amounts stated in thousands of Euros - €k)
(Translation of income statements originally issued in Portuguese - Note 37)

	Notes	JUNE 2013	JUNE 2012
Operating income:			
Sales	5	8,844,875	9,127,801
Services rendered	5	249,673	223,225
Other operating income	5	79,833	57,218
Total operating income:		9,174,381	9,408,244
Operating costs:			
Cost of sales	6	8,000,430	8,256,915
External supplies and services	6	516,768	484,571
Employee costs	6	171,997	158,362 (a)
Amortisation, depreciation and impairment loss	6	284,080	208,862
Provision and impairment loss on receivables	6	25,900	20,442
Other operating costs	6	56,033	37,411
Total operating costs:		9,055,208	9,166,563
Operating profit		119,173	241,681
Financial income	8	58,178	29,880
Financial costs	8	(114,245)	(77,928) (a)
Exchange gain (loss)		(328)	24,415
Share of results of investments in associates and jointly controlled entities	4	31,006	41,876
Income (cost) on financial instruments	27	571	(788)
Other gains (losses)		(812)	(884)
Profit before income tax		93,543	258,252
Income tax	9	(43,352)	(81,231)
Profit before non-controlling interests		50,191	177,021
Profit attributable to non-controlling interests	21	(23,451)	(19,545)
Consolidated net profit for the year		26,740	157,476
Earnings per share (in Euros)	10	0.03	0.19

(a) These amounts were restated taking as a result of changes in classification described in Note 2.1.

The accompanying notes form an integral part of the consolidated income statements as of 30 June 2013

THE ACCOUNTANT:

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS:

Chairman: Américo Amorim

Vice-Chairman: Manuel Ferreira De Oliveira

Luis Palha da Silva

Members: Carlos Gomes da Silva

Stephen Whyte

Carlos Costa Pina

Filipe Crisóstomo Silva

Paula Ramos Amorim

Baptista Sumbe

Vitor Bento

Sérgio Gabrielli de Azevedo

Abdul Magid Osman

Rui Paulo Gonçalves

Diogo Mendonça Tavares

Fernando Gomes

Joaquim José Borges Gouveia

Miguel Athayde Marques

José Carlos da Silva Costa

Luis Campos e Cunha

Luis Manuel Todo Bom

Jorge Manuel Seabra de Freitas

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Galp Energia, SGPS, S.A. and subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 JUNE 2013 AND 31 DECEMBER 2012

(Amounts stated in thousands of Euros - €k)
(Translation of statements of financial position originally issued in Portuguese - Note 37)

ASSETS	Notes	JUNE 2013	DECEMBER 2012
Non-current assets:			
Tangible assets	12	4,595,953	4,489,919
Goodwill	11	231,826	232,046
Intangible assets	12	1,527,318	1,458,089
Investments in associates and jointly controlled entities	4	403,056	399,323
Assets held for sale	4	2,897	2,894
Non-current assets held for sale	4	58,310	-
Trade receivables	15	24,322	24,402
Loans to Sinopec	14	695,099	917,558
Other receivables	14	130,974	136,540
Deferred tax assets	9	298,800	252,206
Other investments	17	21,272	19,307
Total non-current assets:		7,989,827	7,932,284
Current assets:			
Inventories	16	1,760,553	1,976,125
Trade receivables	15	1,401,954	1,351,189
Loans to Sinopec	14	248,471	13,643
Other receivables	14	770,360	731,445
Other investments	17	8,454	7,346
Current income tax recoverable	9	6,959	9,819
Cash and cash equivalents	18	1,965,226	1,886,723
Total current assets:		6,161,977	5,976,290
Total assets:		14,151,804	13,908,574
EQUITY AND LIABILITIES			
Equity:			
Share capital	19	829,251	829,251
Share premium		82,006	82,006
Reserves	20	2,606,308	2,630,548
Retained earnings		1,795,631	1,516,069
Consolidated net profit for the period		26,740	343,300
Equity attributable to equity holders of the parent:		5,339,936	5,401,174
Non-controlling interests	21	1,312,702	1,304,800
Total equity:		6,652,638	6,705,974
Liabilities:			
Non-current liabilities:			
Bank loans	22	1,762,636	1,858,427
Bonds	22	1,669,615	618,902
Other payables	24	532,668	534,039
Retirement and other benefits liabilities	23	311,595	327,293
Deferred tax liabilities	9	130,114	130,616
Other financial instruments	27	4,495	7,346
Provisions	25	182,433	137,556
Total non-current liabilities:		4,593,556	3,614,179
Current liabilities:			
Bank loans and overdrafts	22	503,000	539,338
Bonds	22	145,731	566,256
Trade payables	26	1,254,452	1,469,231
Other payables	24	996,665	1,004,516
Other financial instruments	27	5,762	9,080
Total current liabilities:		2,905,610	3,588,421
Total liabilities:		7,499,166	7,202,600
Total equity and liabilities:		14,151,804	13,908,574

The accompanying notes form an integral part of the consolidated statement of financial position as of 30 June 2013

THE ACCOUNTANT:

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS:

Chairman:	Américo Amorim
Vice-Chairman:	Manuel Ferreira De Oliveira
Members:	Luis Palha da Silva
	Stephen Whyte
	Filipe Crisóstomo Silva
	Baptista Sumbe
	Sérgio Gabrielli de Azevedo
	Rui Paulo Gonçalves
	Fernando Gomes
	Miguel Athayde Marques
	Luís Campos e Cunha
	Jorge Manuel Seabra de Freitas

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Galp Energia, SGPS, S.A. and subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 30 JUNE 2013 AND 2012

(Amounts stated in thousands of Euros - €k)
(Translation of statements of cash flows originally issued in Portuguese - Note 37)

	Notes	June 2013	June 2012	December 2012
Operating activities:				
Cash receipts from trade receivables		10,067,395	10,275,461	20,295,479
Cash paid to trade payables		(7,526,365)	(8,344,258)	(15,512,127)
Cash paid to employees		(122,705)	(111,768)	(236,663)
Cash (paid)/received relating to tax on petroleum products		(1,072,177)	(994,933)	(1,969,067)
Cash (paid)/received relating to income tax		(71,391)	(34,591)	(131,918)
Contributions to the pension fund	23	-	(190)	(21,109)
Cash paid to early retired and pre-retired employees	23	(8,456)	(8,548)	(17,648)
Cash paid relating to insurance costs of retired employees	23	(5,533)	(6,597)	(11,903)
Other (payments)/receipts relating to operating activities		(1,056,972)	(799,347)	(2,092,525)
Net cash provided by / used in operating activities (1)		203,796	(24,771)	302,519
Investing activities:				
Cash receipts relating to:				
Investments		18,339	-	19,421
Tangible assets		252	339	1,970
Intangible assets		-	-	429
Government grants	13	6	-	355
Interest and similar income		18,561	12,892	38,119
Dividends	4	35,490	33,199	65,262
Loans granted		20,584	23,348	5,466
		93,232	69,778	131,022
Cash payments relating to:				
Investments		(89,216)	(41,180)	(183,337)
Tangible assets		(398,980)	(118,391)	(802,801)
Intangible assets		(14,734)	(22,107)	(48,099)
Loans granted		(631)	(975,875)	(932,272)
		(503,561)	(1,157,553)	(1,966,509)
Net cash provided by / used in investing activities (2)		(410,329)	(1,087,775)	(1,835,487)
Financing activities:				
Cash receipts relating to:				
Loans obtained		3,708,338	1,677,817	2,598,063
Capital increases, supplementary capital contributions and share premium	20	-	3,597,280	3,597,357
Interest and similar income		10,913	848	2,800
Discounted notes		5,578	9,303	22,051
		3,724,829	5,285,248	6,220,271
Cash payments relating to:				
Loans obtained		(3,236,863)	(1,468,714)	(2,487,779)
Interest on loans obtained		(88,481)	(44,609)	(133,158)
Interest and similar costs		-	(28,975)	-
Dividends	30	(103,098)	(166,060)	(269,702)
Repayment of discounted notes		(364)	(1,943)	(2,361)
Payment of finance lease contracts and respective interests		(4)	(13)	(27)
Interest on bonds		(28,048)	(31,633)	(54,027)
		(3,456,858)	(1,741,947)	(2,947,054)
Net cash provided by (used in) financing activities (3)		267,971	3,543,301	3,273,217
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		61,438	2,430,755	1,740,249
Effect of foreign exchange rate changes		(8,397)	(172,228)	(18,153)
Cash and cash equivalents at the beginning of the period	18	1,733,199	25,480	25,480
Change in consolidation perimeter	3	(2,124)	(52)	(14,377)
Cash and cash equivalents at the end of the period	18	1,784,116	2,283,955	1,733,199

The accompanying notes form an integral part of the consolidated cash flows as of 30 June 2013

THE ACCOUNTANT:

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS:

Chairman:	Américo Amorim
Vice-Chairman:	Manuel Ferreira De Oliveira
	Luis Palha da Silva
Members:	Carlos Gomes da Silva
	Stephen Whyte
	Carlos Costa Pina
	Filipe Crisóstomo Silva
	Paula Ramos Amorim
	Baptista Sumbe
	Vitor Bento
	Sérgio Gabrielli de Azevedo
	Abdul Magid Osman
	Rui Paulo Gonçalves
	Diogo Mendonça Tavares
	Fernando Gomes
	Joaquim José Borges Gouveia
	Miguel Athayde Marques
	José Carlos da Silva Costa
	Luis Campos e Cunha
	Luis Manuel Todo Bom
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Galp Energia, SGPS, S.A. and subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS 30 JUNE 2013 AND 2012

(Amounts stated in thousands of Euros - €k)
(Translation of statements of comprehensive income originally issued in Portuguese - Note 37)

	Notes	June 2013	June 2012
Consolidated net profit for the period:	10	26,740	157,476
<u>Other comprehensive income of the period:</u>			
Differences arising on translation of foreign currency financial statements (Group companies)	20	(21,059)	92,264
Differences arising on translation of foreign currency financial statements (Associated companies)	4 e 20	(5,824)	3,268
		(26,883)	95,532
Other increases / decreases in hedging reserves	27	3,687	(5,260)
Other gains and losses recognised in equity from associates and jointly controlled entities	27	147	(245)
Other taxes recognized in Equity		(39)	59
Income tax related with the components of hedging reserves	9	(1,060)	1,524
		2,735	(3,921)
Actuarial Gains and losses		32,351	(42,932)
Income tax related with actuarial gains and losses		3,421	6,513
		35,772	(36,419)
Comprehensive income net of income tax		11,624	55,192
Comprehensive income before non-controlling interests		38,364	212,668
Other gains (losses) of Non-controlling interests		7,997	52,919
Total comprehensive income		46,361	265,587

The accompanying notes form an integral part of the consolidated comprehensive income as of 30 June 2013

THE ACCOUNTANT:

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS:

Chairman: Américo Amorim

Vice-Chairman: Manuel Ferreira De Oliveira

Luis Palha da Silva

Members: Carlos Gomes da Silva

Stephen Whyte

Carlos Costa Pina

Filipe Crisóstomo Silva

Paula Ramos Amorim

Baptista Sumbe

Vitor Bento

Sérgio Gabrielli de Azevedo

Abdul Magid Osman

Rui Paulo Gonçalves

Diogo Mendonça Tavares

Fernando Gomes

Joaquim José Borges Gouveia

Miguel Athayde Marques

José Carlos da Silva Costa

Luís Campos e Cunha

Luís Manuel Todo Bom

Jorge Manuel Seabra de Freitas

Report and Accounts - First half of 2013

Galp Energia, SGPS, S.A. and subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED JUNE 30, 2013 and 2012

(Amounts stated in thousands of Euros - €k)

(Translation of statements of changes in equity originally issued in Portuguese - Note 37)

Changes in the period	Notes	Share capital	Share premium	Translation reserve (Note 20)	Other reserves (Note 20)	Hedging reserves	Retained earnings - Actuarial Gains and Losses	Retained earnings	Consolidated net profit for the period	Sub-Total	Non-controlling interests (Note 21)	Total
Balance as of 1 January 2012		829,251	82,006	10,979	193,384	(1,001)	(106,359)	1,444,541	432,682	2,885,483	55,972	2,941,455
Consolidated net profit for the period	10	-	-	-	-	-	-	-	157,476	157,476	19,545	177,021
Other gains and losses recognised in Equity		-	-	95,532	-	(3,921)	(36,419)	-	-	55,192	33,374	88,566
Comprehensive income for the period		-	-	95,532	-	(3,921)	(36,419)	-	157,476	212,668	52,919	265,587
Dividends distributed / Interim dividends		-	-	-	-	-	-	(165,850)	-	(165,850)	(2,214)	(168,064)
Increase of equity in subsidiaries		-	-	-	2,493,074	-	-	-	-	2,493,074	-	2,493,074
Appropriation of profit to reserves		-	-	-	-	-	-	432,682	(432,682)	-	1,230,565	1,230,565
Balance as of 30 June 2012		829,251	82,006	106,511	2,686,458	(4,922)	(142,778)	1,711,373	157,476	5,425,375	1,337,242	6,762,617
Balance as of 1 January 2013		829,251	82,006	(47,624)	2,684,537	(6,365)	(98,503)	1,614,572	343,300	5,401,174	1,304,800	6,705,974
Consolidated net profit for the period	10	-	-	-	-	-	-	-	26,740	26,740	23,451	50,191
Changes in consolidation perimeter	3 e 21	-	-	-	-	-	-	-	-	-	(1,139)	(1,139)
Other gains and losses recognised in Equity		-	-	(26,883)	-	2,735	35,772	-	-	11,624	(14,315)	(2,691)
Comprehensive income for the period		-	-	(26,883)	-	2,735	35,772	-	26,740	38,364	7,997	46,361
Dividends distributed / Interim dividends	30	-	-	-	-	-	-	(99,510)	-	(99,510)	(750)	(100,260)
Increase of equity in subsidiaries		-	-	-	(92)	-	-	-	-	(92)	-	(92)
Appropriation of profit to reserves		-	-	-	-	-	-	343,300	(343,300)	-	655	655
Balance as of 30 June 2013		829,251	82,006	(74,507)	2,684,445	(3,630)	(62,731)	1,858,362	26,740	5,339,936	1,312,702	6,652,638

The accompanying notes form an integral part of the consolidated changes in equity as of 30 June 2013

THE ACCOUNTANT:

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS:

Chairman:

Américo Amorim

Vice-Chairman:

Manuel Ferreira De Oliveira

Luis Palha da Silva

Members:

Carlos Gomes da Silva

Stephen Whyte

Carlos Costa Pina

Filipe Crisóstomo Silva

Paula Ramos Amorim

Baptista Sumbe

Vitor Bento

Sérgio Gabrielli de Azevedo

Abdul Magid Osman

Rui Paulo Gonçalves

Diogo Mendonça Tavares

Fernando Gomes

Joaquim José Borges Gouveia

Miguel Athayde Marques

José Carlos da Silva Costa

Luis Campos e Cunha

Luís Manuel Todo Bom

Jorge Manuel Seabra de Freitas

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GALP ENERGIA, SGPS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2013

(Amounts expressed in thousands of Euros - €k)

1. INTRODUCTION

a) Parent company:

Galp Energia, SGPS, S.A. (hereinafter referred to as Galp or the Company) has its head Office in Rua Tomás da Fonseca in Lisbon and its corporate object is to manage equity participations in other companies.

The Company shareholder position as of 30 June 2013 is stated in Note 19.

The Company is listed on the Euronext Lisbon stock exchange.

b) The Group:

As of 30 June 2013 the Galp Group ("the Group") was made up of Galp and its subsidiaries, which include, among others: (i) Petróleos de Portugal – Petrogal, S.A. ("Petrogal") and its subsidiaries, which operate upstream and downstream in the crude oil and related derivatives sector; (ii) GDP – Gás de Portugal, SGPS, S.A. and its subsidiaries, which operates in the natural gas sector; (iii) Galp Power, SGPS, S.A. and its subsidiaries, which operate in the electricity and renewable energy sector; and (iv) Galp Energia, S.A. which integrates the corporate support services.

b1) Crude oil upstream operations

The Exploration & Production business segment ("E&P") is responsible for the presence of Galp Energia in the oil and gas industry upstream sector, which consists of the supervision and performance of all activities relating to exploration, development and production of hydrocarbons, essentially in Angola, Brazil, Morocco, Mozambique, Namibia, Portugal, Timor-Leste, Uruguay and Venezuela.

b2) Crude oil downstream operations

The Refining & Marketing business segment ("R&M") owns the two only existent refineries in Portugal and also includes all activities relating to the retail and wholesale marketing of oil products (including LPG). The R&M segment also controls the majority of oil products storage and transportation infrastructure in Portugal, which is strategically located, for both export and distribution of its main products to the consumption centres. This retail marketing activity, using the Galp brand, also includes Angola, Cape Verde, Spain, Gambia, Guinea-Bissau, Mozambique and Swaziland through fully owned subsidiaries of the Group.

b3) Natural gas activity and electricity production and commercialisation

The Gas & Power business segment encompasses the areas of procurement, supply, distribution and storage of natural gas and electric and thermal power generation.

The operations of the Galp Power Group subsidiaries consist in producing and trading electric, thermal power and wind power in Portugal and in Spain.

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The Power activity generates electricity and thermal power, which it supplies to large industrial customers and residential customers. Galp Energia presently participates in five cogeneration plants, one being under construction, with a total installed capacity of 175 MW and wind farms.

The natural gas activity includes (i) Procurement and supply and (ii) Distribution and supply.

The procurement and supply of natural gas activity supplies natural gas to large industrial customers, with annual consumptions of more than 2 million m³, power cogeneration companies, and natural gas distribution companies and AGU ("Autonomous Gas Unit"). So as to meet the demand of its customers, Galp Energia has long term supply contracts with companies in Algeria and Nigeria.

The natural gas distribution and supply activity in Portugal includes the natural gas distribution and supply companies in which Galp Energia has a significant stake. Its purpose is to sell natural gas to those residential, commercial and industrial customers with annual consumptions of less than 2 million m³. Galp is also a player in the Spanish regulated market, in the low pressure distribution of natural gas, through its subsidiaries, to 38 adjacent municipalities of the city of Madrid. This activity includes the supply of natural gas to end customers, both regulated and non-regulated, in the area covered by the distribution activity.

The natural gas subsidiaries of Group Galp that store and distribute natural gas in Portugal, operate based on concession contracts entered into with the Portuguese State, which end in 2045 in the case of the storage activity and in 2047, in the case of the distribution activity. At the end of these periods, the assets relating to the concessions will be transferred to the Portuguese State and the companies will receive an amount corresponding to the book value of these assets at that date, net of depreciation, financial co-participation and Government grants.

The accompanying financial statements are presented in the functional currency Euros, as this is the currency preferentially used in the financial environment in which the Company operates.

The values are presented in thousands of Euros, unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

Galp Energia's consolidated financial statements were prepared on a going concern basis, at historical cost except for financial derivative instruments which are stated at fair value, on the accounting records of the companies included in the consolidation maintained in accordance with International Financial Reporting Standards as adopted by the European Union, effective for the year beginning 1 January 2013. These standards include International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and respective interpretations – SIC and IFRIC, issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"). These standards and interpretations are hereinafter referred to as "IFRS".

The Board of Directors believes that the consolidated financial statements and the accompanying notes provide for a fair presentation of the consolidated interim financial information prepared in accordance with IAS 34 - Interim Financial Reporting. Estimates that affect the amounts of assets and liabilities and income and costs were used in preparing the consolidated financial statements. The estimates and assumptions used by the Board of Directors were based on the best information available regarding events and transactions in process at the time of approval of the consolidated financial statements.

In respect to the construction contracts contemplated by the IFRIC12, construction activity for assets under concession is subcontracted to specialized entities which assume their own construction activity risk. Income and expenses associated with the construction of these assets are of equal amounts and are recognized as other operating costs and other operating income.

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As of 30 June 2013 only material changes required by IFRS 7 were disclosed. For all other disclosures under this standard consult the Company's consolidated financial statements as of 31 December 2012.

2.1. Changes in accounting policies

Galp Energia Group decided to change its accounting policy from 1 January 2013 regarding defined benefit post-employment plans net interest, that include interest rate used to discount the liability and interests on expected return on assets. Post-employment plans' net interest are from that date accounted for as financial results rather than Personnel costs, as they were previously classified. Galp Energia Group believes that this reclassification will improve financial statements reliability, aligning with the spirit of the new IAS 19 and the new concept of net interest. Galp Energia applied this retrospectively reclassification so that the accounting information is comparable. Personnel Costs amounts restated as financial results, as of June 2012, amounted to €8,357 k.

3. CONSOLIDATED COMPANIES

During the period ended 30 June 2013, the scope of consolidation changed compared to the year ended in 31 December 2012.

Companies sold:

During the first half of 2013 the subsidiary Petróleos de Portugal - Petrogal S.A. sold 100% of the interest held in Galp Serviexpress - Serviços de Distribuição e Comercialização de Produtos Petrolíferos, S.A. and recognized in the consolidated income statement a loss amounting to €75 k (note 4.2).

Other changes:

The participations in subsidiaries Galpbúzi - Agro-Energia, S.A. and Moçamgalp Agroenergias de Moçambique, S.A. began to be accounted for under the equity method due to Shareholder Agreements which confer joint control of operational and financial management of the company (Note 4.1).

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4. INVESTMENTS IN ASSOCIATES

4.1. Investments in jointly controlled entities

The changes in the caption investments in jointly controlled entities for the period ended 30 June 2013 which are reflected by the equity method were as follows:

Company	Beginning balance	Increase in participation	Disposal of participation	Gain / Loss	Translation adjustment	Hedging reserves adjustment	Dividends	Transfers / adjustments	Ending balance
Investments									
Tupi B.V.	(a) 165,302	55,315	-	(1,154)	1,396	40	-	-	220,899
Belem Bioenergia Brasil, S.A.	(b) -	32,775	-	(230)	(8,826)	-	-	-	23,719
C.L.C. - Companhia Logística de Combustíveis, S.A.	28,754	-	-	2,413	-	-	(9,254)	-	21,913
Galp Disa Aviação, S.A.	7,373	-	-	615	-	-	-	-	7,988
Parque Eólico da Penha da Gardunha, Lda.	1,671	-	-	(12)	-	-	-	-	1,659
Multiserviços Galp Barcelona	594	750	-	(58)	-	-	-	-	1,286
Galpbúzi - Agro-Energia, S.A.	(c) -	-	-	(111)	(20)	-	-	1,119	988
Moçamgalp Agroenergias de Moçambique, S.A.	(d) -	-	-	(52)	(14)	-	-	872	806
Belem Bio Energy B.V.	(e) 18,404	-	(18,339)	(1,487)	1,647	-	-	-	225
Sigás - Armazenagem de Gás, A.C.E.	-	-	-	60	-	-	-	-	60
Asa - Abastecimento e Serviços de Aviação, Lda.	51	-	-	3	-	-	-	-	54
	222,149	88,840	(18,339)	(13)	(5,817)	40	(9,254)	1,991	279,597
Provisions for investments in jointly controlled entities (Note 25)									
Ventinveste, S.A.	(1,624)	-	-	(195)	-	56	-	-	(1,763)
Caiageste - Gestão de Áreas de Serviço, Lda.	(55)	60	-	(22)	-	-	-	-	(17)
	(1,679)	60	-	(217)	-	56	-	-	(1,780)
	220,470	88,900	(18,339)	(230)	(5,817)	96	(9,254)	1,991	277,817

(a) €55,315 k corresponds to the capital increase in Galp Sinopec Brazil Services B.V.. The control of the subsidiary's Tupi B.V. is shared between: Galp Sinopec Brazil Services B.V., Petrobras Netherlands B.V. and BG Overseas Holding Ltd, that hold, respectively 10%, 65% and 25% of its share capital.

(b) From the amount of €32,775 k in the increased participation caption, €18,410 k respects to the acquisition value of 50% of the financial investment and €14,365 k to capital increase by Galp Bioenergy BV.

In the period ended March 31, 2013, resulting from a restructuring process, the subsidiary Belém Bioenergy B.V. sold 100% interest held in subsidiary Belém Bioenergia Brasil, S.A. to Galp Bioenergy BV (50%) and Petrobras Biocombustíveis S.A. (50%). The control of the subsidiary Belém Bioenergia Brasil, S.A. thus became shared directly between Galp and Petrobras Biocombustíveis SA., each holding 50% of its share capital.

(c) The amount of €1,119 k, corresponds to the book value of equity of the subsidiary at 31 December 2012 and that was transferred to retained interests in jointly controlled entities (Note 3).

The control of the subsidiary Galpbúzi - Agro-Energia, S.A., is shared between Galp Exploração e Produção Petrolífera, S.G.P.S., S.A., the Companhia do Búzi, S.A. and Jorge Manuel Catarino Petiz, which respectively hold 89.97%, 10.02% and 0.01% of its share capital.

(d) The amount of €872 k corresponds to the subsidiary equity book value at 31 December 2012 and that was transferred to investments in jointly controlled entities (Note 3).

The control of the subsidiary Moçamgalp Agroenergias de Moçambique, S.A., is shared between: Galp Exploração e Produção Petrolífera, S.G.P.S., S.A., Ecomoz – Energias Alternativas Renováveis, Lda, and PETROMOC S.A.R.L, which hold respectively 50%, 49% and 1% of its share capital.

(e) The control of the subsidiary Belém Bioenergy B.V. is shared between: Galp Bioenergy B.V. and Petrobras Netherlands B.V., each holding 50% of its share capital.

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4.2. Investments in associates

The changes in the caption investments in associates for the period ended 30 June 2013 were as follows:

Company	Beginning balance	Gain / Loss	Translation adjustment	Hedging reserves adjustment	Dividends	Transfers / adjustments	Ending balance
Investments							
EMPL - Europe Magreb Pipeline, Ltd	65,350	20,933	656	-	(24,473)	-	62,466
Compañia Logística de Hidrocarburos CLH, S.A. (a)	56,434	3,515	-	-	(1,638)	(58,310)	-
Gasoduto Al-Andaluz, S.A.	17,994	2,086	-	-	-	-	20,080
Gasoduto Extremadura, S.A.	15,116	2,269	-	-	-	-	17,385
Tagusgás - Empresa de Gás do Vale do Tejo, S.A.	9,543	1,124	-	51	-	-	10,718
Sonangal - Sociedade Distribuição e Comercialização	9,277	1,338	(702)	-	(505)	-	9,408
Metragaz, S.A.	1,027	88	7	-	-	-	1,122
Terparque - Armazenagem de Combustíveis, Lda.	1,003	(18)	-	-	(125)	-	860
C.L.C. Guiné Bissau - Companhia Logística de Combustíveis da Guiné Bissau, Lda.	717	60	-	-	-	-	777
Sodigás-Sociedade Industrial de Gases, S.A.R.L.	314	-	32	-	-	-	346
Gásfomento - Sistemas e Instalações de Gás, S.A.	336	(102)	-	-	-	-	234
Aero Serviços, SARL - Sociedade Abastecimento de Serviços Aeroportuários	63	-	-	-	-	-	63
	177,174	31,293	(7)	51	(26,741)	(58,310)	123,459
Provision for investment in associates (Note 25)							
Energin - Sociedade de Produção de Electricidade e Calor, S.A.	(1,171)	18	-	-	-	-	(1,153)
	176,003	31,311	(7)	51	(26,741)	(58,310)	122,306

(a) Following an agreement for the sale of the interest held by Galp Energia Group in Compañia Logística de Hidrocarburos CLH, S.A. ("CLH"), the investment was reclassified to non-current assets held for sale.

During the second quarter of 2013, the company Petrogal Moçambique, Lda. acquired two participations of 45% in companies IPG-Galp Beira Terminal, Lda. and Galp-IPG Matola Terminal, Lda..

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4.3. Assets held for sale

The Group's investments in other companies, the head office of the companies and the percentage of interest held as of 30 June 2013 and 31 December 2012 are as follows:

Company	Head office		Percentage of interest held		Book Value	
	City	Country	2013	2012	2013	2012
Corporación de Reservas Estratégicas de Productos Petrolíferos	Madrid	Spain	n.d.	n.d.	1,808	1,808
Inov Capital - Sociedade de Capital de Risco, S.A.	Porto	Portugal	1.82%	1.82%	499	499
PME Investimentos - Sociedade de Investimento, S.A.	Lisbon	Portugal	1.82%	1.82%	499	499
Adene - Agência para a Energia, S.A.	Amadora	Portugal	10.98%	10.98%	114	114
Omégas - Soc. D'Étude du Gazoduc Magreb Europe	Tânger	Morocco	5.00%	5.00%	35	35
Ressa - Red Española de Servicios, S.A.	Barcelona	Spain	n.d.	n.d.	23	23
Ambélis - Agência para a modernização Económica de Lisboa, S.A.	Lisbon	Portugal	2.00%	2.00%	20	20
Clube Financeiro de Vigo	Vigo	Spain	-	-	19	19
P.I.M.-Parque Industrial da Matola, SARL	Maputo	Mozambique	1.50%	1.50%	17	17
ADEPORTO Agência de Energia do Porto	Porto	Portugal	-	-	13	13
Imopetro - Importadora Moçambicana de Petróleos, Lda.	Maputo	Mozambique	15.38%	15.38%	10	10
Cooperativa de Habitação da Petrogal, CRL	Lisbon	Portugal	0.07%	0.07%	7	7
OIL Insurance Limited	Hamilton	Bermuda	1.00%	1.00%	8	8
Others	-	-	n.d.	n.d.	45	43
					<u>3,117</u>	<u>3,115</u>
Impairment of other companies						
Ambélis - Agência para a modernização Económica de Lisboa, S.A.					(7)	(7)
Inov Capital - Sociedade de Capital de Risco, S.A.					(52)	(52)
PME Investimentos - Sociedade de Investimento, S.A.					(144)	(145)
P.I.M.-Parque Industrial da Matola, SARL					(17)	(17)
					<u>(220)</u>	<u>(221)</u>
					<u>2,897</u>	<u>2,894</u>

Investments were recorded at acquisition cost. The net book value of these investments amounts to €2,897 k.

4.4. Non-current assets held for sale

Company	Beginning balance	Gain / Loss	Translation adjustment	Hedging reserves adjustment	Dividends	Transfers / adjustments	Ending balance
Non-current assets held for sale							
Compañía Logística de Hidrocarburos CLH, S.A.	-	-	-	-	-	58,310	58,310
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,310</u>	<u>58,310</u>

Following an agreement for the sale of the interest held by Galp Energia Group in Compañía Logística de Hidrocarburos CLH, S.A. ("CLH"), the investment was reclassified to non-current assets held for sale (see Note 4.2).

The consolidated income statement caption share of results of investments in associates and jointly controlled entities for the period ended 30 June 2013 is as follows:

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Effect of applying the equity method:

Associates	31,311
Jointly controlled entities	(230)

Effect of the disposal of assets available for sale / Investments in associates:

Loss on sale of 100% interest in Galp Serviexpress - Serv. de Distrib. e Comercialização de Produtos Petrolíferos, S.A.	(75)
	31,006

The total amount of €505 k corresponding to dividends amounts approved by the general shareholders meeting of the respective companies and not yet received was reflected in the caption investments in associates and jointly controlled entities (Note 4.1 and 4.2).

The goodwill in associates and jointly controlled entities, as of 30 June 2013 and 31 December de 2012 included in the caption Investments in associates and jointly controlled entities, was subject to impairment test in the respective cash generating unit and is as follows:

	2013	2012
Compañia Logística de Hidrocarburos CLH, S.A.	-	47,545
Parque Eólico da Penha da Gardunha, Lda.	1,939	1,939
	1,939	49,484

5. OPERATING INCOME

The Group's operating income for the periods ended 30 June 2013 and 2012 is as follows:

Captions	2013	2012
Sales:		
Merchandise	3,616,687	4,112,080
Products	5,228,188	5,015,721
	8,844,875	9,127,801
Services rendered	249,673	223,225
Other operating income:		
Supplementary income	26,738	22,681
Revenues arising from the construction of assets under IFRIC12 (Note 6)	31,890	16,369
Operating government grants	5,218	4,092
Internally generated assets	198	470
Investment government grants (Note 13)	5,180	4,610
Gain on fixed assets	457	1,490
Other	10,152	7,506
	79,833	57,218
	9,174,381	9,408,244

Sales of fuel include the Portuguese Tax on Oil Products (ISP).

The change in Sales is mainly due to the increase in selling prices as a result of the rise in refined products quote prices in international markets.

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Since the regulated revenue to refund in 2012-2013 gas year was approved, the Group is recognizing in the income statement the reversal of the amount of tariff deviation approved by ERSE.

The caption other for the period ended in 30 June 2013 includes the amount of €983 k returned by the Spanish Tax Authorities, regarding an inspection of "IVA asimilado a la importación" in Galp Energia Espanha.

In respect to the construction contracts contemplated by the IFRIC12, construction activity for assets under concession is subcontracted to specialized entities which assume their own construction activity risk. Income and expenses associated with the construction of these assets are of equal amounts, are recognized as other operating costs and other operating income and are immaterial when compared to total revenues and operating costs below that can be detailed as follows:

	2013	2012
Costs arising from the construction of assets under IFRIC12	(31,890)	(16,369)
Revenues arising from the construction of assets under IFRIC12 (Note 6)	31,890	16,369
Margin	-	-

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6. OPERATING COSTS

The results for the periods ended 30 June 2013 and 2012 were affected by the following items of operating costs:

Captions	2013	2012
Cost of sales:		
Raw and subsidiary materials	4,117,436	4,147,762
Merchandise	2,548,731	2,890,462
Tax on Oil Products	1,222,388	1,125,689
Variation in production	108,472	21,485
Decrease (impairment) in inventories (Note 16)	(5,121)	68,757
Financial derivatives (Note 27)	8,524	2,760
	8,000,430	8,256,915
External supplies and services:		
Subcontracts - gas network usage	148,938	118,709
Subcontracts	1,041	4,463
Transport of merchandise	60,598	55,085
Storage and filling	34,167	42,804
Rental costs	40,610	38,453
Blocks production costs	32,262	31,446
Maintenance and repairs	25,253	26,399
Insurance	21,418	14,334
Royalties	14,016	5,523
IT services	14,179	12,090
Commissions	9,971	11,937
Publicity	3,635	9,574
Electricity, water and communications	25,825	20,397
Technical assistance and inspection	4,859	4,752
Port services and fees	3,589	3,926
Other specialized services	33,278	32,451
Other external supplies and services	12,317	12,385
Other costs	30,812	39,843
	516,768	484,571
Employee costs:		
Statutory boards remuneration (Note 29)	5,015	3,390
Employee remuneration	116,241	112,725
Social charges	26,948	25,315
Retirement benefits - pensions and insurance (Note 23)	15,896	10,913 (a)
Other insurance	5,561	5,457
Capitalisation of employee costs	(4,069)	(3,951)
Other costs	6,405	4,513
	171,997	158,362
Amortisation, depreciation and impairment:		
Amortisation and impairment of tangible assets (Note 12)	249,331	175,512
Amortisation and impairment of intangible assets (Note 12)	14,458	16,072
Amortisation and impairment of concession arrangements (Note 12)	20,291	17,278
	284,080	208,862
Provision and impairment of receivables:		
Provisions and reversals (Note 25)	7,740	11,452
Impairment loss on trade receivables (Note 15)	17,688	9,025
Impairment loss (gain) on other receivables (Note 14)	472	(35)
	25,900	20,442
Other operating costs:		
Other taxes	7,430	10,125
Costs arising from the construction of assets under IFRIC12 (Note 5)	31,890	16,369
Loss on tangible assets	1,506	287
Donations	1,279	3,178
CO2 Licenses	5,223	-
Other operating costs	8,705	7,452
	56,033	37,411
	9,055,208	9,166,563

(a) These amounts were restated to reflect the accounting classification changes described in Note 2.1.

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The change in cost of sales caption is mainly due to the increase of purchase prices as a result of the refined products' international prices increase.

The caption Subcontracts – network usage (gas and electricity) refers to charges for the use of:

- Distribution network usage (URD);
- Transportation network usage (URT); and
- Global System usage (UGS).

The amount of €148,938 k recorded in this caption includes, mainly, the amount of €42,708 k charged by Ren Gasodutos and €53,280 k charged by Madrileña Red de Gas.

7. SEGMENT REPORTING

Business segments

The group is organized into four business segments which were defined based on the type of products sold and services provided, with the following business units:

- Gas & Power;
- Refining & Marketing of oil products;
- Exploration & Production; and
- Other.

For the business segment "Others", the group considered the holding company Galp Energia, SGPS, S.A., and companies with different activities including Tagus Re, S.A. and Galp Energia, S.A., a reinsurer and provider of services at the corporate level, respectively.

Note 1 presents a description of the activities of each business segment.

Below is the financial information on the previously identified segments, as of 30 June 2013 and 2012:

	Gas & Power		Refining & Marketing of oil products		Exploration & Production		Other		Eliminations		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Income												
Sales and services rendered	1,542,380	1,508,214	7,673,587	7,867,574	262,245	210,486	62,560	60,271	(446,224)	(295,519)	9,094,548	9,351,026
Inter-segments	205,891	130,534	43,840	30,804	144,601	77,458	51,892	56,723	(446,224)	(295,519)	-	-
External	1,336,489	1,377,680	7,629,747	7,836,770	117,644	133,028	10,668	3,548	-	-	9,094,548	9,351,026
EBITDA (1)	197,759	166,052	45,351	120,119	175,735	181,242	10,308	3,642	-	(70)	429,153	470,985
Non cash costs												
Amortisation and impairment losses	(29,410)	(24,204)	(117,696)	(102,078)	(135,316)	(80,724)	(1,658)	(1,856)	-	-	(284,080)	(208,862)
Provisions	(3,481)	(2,414)	(18,215)	(8,355)	(4,229)	(9,713)	25	40	-	-	(25,900)	(20,442)
Segment results	164,868	139,434	(90,560)	9,686	36,190	90,805	8,675	1,826	-	(70)	119,173	241,681
Results of investments in associates	26,198	29,787	6,125	12,141	(1,317)	(52)	-	-	-	-	31,006	41,876
Other non-operating results	(14,957)	(15,391)	(74,860)	(85,148)	47,728	54,918	(14,547)	20,246	-	70	(56,636)	(25,305)
Income tax	(53,877)	(48,669)	43,752	32,324	(36,845)	(58,941)	3,618	(5,945)	-	-	(43,352)	(81,231)
Non Controlling Interest	(2,432)	(1,397)	(1,452)	(1,630)	(19,567)	(16,518)	-	-	-	-	(23,451)	(19,545)
Consolidated net profit	119,800	103,764	(116,995)	(32,627)	26,189	70,212	(2,254)	16,127	-	-	26,740	157,476
In 30 June 2013 and 31 December 2012												
Other information												
Assets by segment (2)												
Investment (3)	113,667	111,041	69,424	107,302	222,693	183,705	169	169	-	-	405,953	402,217
Other assets	2,380,249	2,463,625	7,250,086	7,294,124	6,084,367	6,050,343	3,737,498	3,698,946	(5,706,349)	(6,000,681)	13,745,851	13,506,357
Total consolidated assets	2,493,916	2,574,666	7,319,510	7,401,426	6,307,060	6,234,048	3,737,667	3,699,115	(5,706,349)	(6,000,681)	14,151,804	13,908,574
Total consolidated liabilities	1,531,781	1,473,591	7,028,623	7,020,448	1,089,580	1,313,968	3,555,531	3,395,275	(5,706,349)	(6,000,682)	7,499,166	7,202,600
Investment in tangible and intangible assets	64,153	31,047	50,038	85,161	290,334	232,514	94	1,553	-	-	404,619	350,275

(1) EBITDA = Segment results/EBIT + Amortisation+Provisions

(2) Net amount.

(3) In accordance with the equity method.

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Inter-segmental sales and services rendered

Segments	Gas & Power	Refining & Marketing of oil products	Exploration & Production	Other	TOTAL
Gas & Power	na	43,523	-	12,456	55,979
Refining & Marketing of oil products	205,891	na	144,601	35,759	386,251
Exploration & Production	-	127	na	3,677	3,804
Other	-	190	-	na	190
	205,891	43,840	144,601	51,892	446,224

The main inter-segmental transactions of sales and services rendered are primarily related to:

- Gas & Power: natural gas sales to the refining process of Leixões and Sines refineries (refining and marketing of oil products);
- Refining & Marketing of oil products: supply of fuel to all group companies vehicles;
- Exploration & Production: crude sales to the Refining and marketing of oil products segment; and
- Other: back-office and management services.

The commercial and financial transactions between related parties are performed according to usual market conditions similar to transactions performed with independent companies.

The assumptions underlying the determination of prices in transactions between Group companies rely on the consideration of the economic realities and characteristics of the situations that is, comparing the characteristics of operations or companies that might have impact on the intrinsic conditions of the commercial transactions in analysis. In this context, the goods and services traded, the functions performed by the parties (including the assets used and risks assumed), the contractual terms, the economic situation of the parties as well as their negotiation strategies, among other, are analysed.

Compensation, in the context of related parties, corresponds to what is appropriate, by rule, to the functions performed by each company involved, taking into account the assets used and risks assumed. Thus, to determine such compensation the Group identifies the activities, the risks faced by companies in the value chain of goods/services traded, in accordance with their functional profile, particularly, in what concerns the functions they perform – import, manufacturing, distribution, and retail.

In conclusion, market prices are determined not only by analysing the functions performed, the assets used and the risks incurred by one entity, but also considering the contribution of those elements to the company's profitability. This analysis assesses whether the profitability indicators of the companies involved fall within the estimated ranges on the basis of the assessment of a panel of functionally comparable independent companies, thus allowing the prices to be fixed in order to respect the competition principle.

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8. FINANCIAL INCOME AND COSTS

Financial income and financial costs for the periods ended 30 June 2013 and 2012 are as follows:

Captions	2013	2012
<u>Financial income:</u>		
Interest on bank deposits	23,161	17,943
Other financial income	23,556	5,777
Interest and other income - related companies	11,461	6,160
	58,178	29,880
<u>Financial costs:</u>		
Interest on bank loans, overdrafts and other	(79,146)	(83,562)
Interest on retirement benefits and other benefits (Note 23)	(6,976)	(8,357) (a)
Interest capitalized in fixed assets	29,585	37,664
Other financial costs	(53,674)	(21,450)
Interest - other shareholders	-	(150)
Interest - related companies	(4,034)	(2,073)
	(114,245)	(77,928)

(a) These amounts were restated to reflect the accounting classification changes described in Note 2.1.

During the period ended 30 June 2013, the Group capitalized in fixed assets in progress, the amount of €29,585 k, regarding interests on loans to finance capital expenditure on tangible and intangible assets during their construction phase (Note 12).

The captions other financial income and other financial costs include the amounts of €22,091 k and €28,318 k respectively, regarding Energy Trading operations, trading future contracts on CO₂ and electricity in the ICE Exchange (Ice Futures Europe Exchange) and OMIP Futures.

9. INCOME TAX

Income tax for the periods ended 30 June 2013 and 2012 are made up as follows

Captions	June 2013	June 2012
Current income tax	55,232	67,811
Insufficiency / (excess) of income tax for the preceding year	13,301 (a)	2,667
Deferred tax	(25,181)	10,753
	43,352	81,231

(a) This amount corresponds to temporary deductible differences not accepted in 2012, that will be deductible to future income tax and for which deferred tax assets were accounted in the current year.

The effective tax rate on 30 June 2013 and 2012 was 46% and 31%, respectively.

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Deferred taxes

The balance of deferred tax assets and liabilities as of 30 June 2013 and 2012 are made up as follows:

Deferred tax June 2013 - Assets							
Captions	Beginning balance	Effect in results	Effect in equity	Effect of foreign currency translation	Changes in perimeter	Other adjustments	Ending balance
Adjustments to accruals and deferrals	7,619	(1,845)	-	-	-	-	5,774
Adjustments to tangible and intangible assets	30,933	2,381	-	(1,147)	-	-	32,167
Adjustments to inventories	-	901	-	-	-	-	901
Overlifting adjustments	3,388	514	-	51	-	(97)	3,856
Retirement benefits and other benefits	81,106	4,118	3,421	-	-	-	88,645
Double economical taxation	11,340	-	-	-	-	-	11,340
Financial instruments	2,318	-	(1,060)	-	-	-	1,258
Tax losses carried forward	14,136	-	-	(298)	-	-	13,838
Regulated revenue	4,333	3,177	-	-	-	-	7,510
Provisions non deductible	43,417	1,615	-	88	-	-	45,120
Financial expenses non deductible	14,586	-	-	-	-	-	14,586
Potential Foreign exchange differences Brazil	31,722	(2,193)	22,032	817	-	-	52,378
Other	7,308	16,168	-	(2,048)	-	-	21,428
	252,206	24,836	24,393	(2,538)	-	(97)	298,800

Deferred tax June 2013 - Liabilities							
Captions	Beginning balance	Effect in results	Effect in equity	Effect of foreign currency translation	Changes in perimeter	Other adjustments	Ending balance
Adjustments to accruals and deferrals	(41)	(49)	-	-	-	-	(90)
Adjustments to tangible and intangible assets Fair value	(23,133)	1,193	-	-	-	(17)	(21,957)
Adjustments to inventories	(133)	133	-	-	-	-	-
Underlifting adjustments	(6,287)	4,774	-	(34)	-	180	(1,367)
Retirement benefits and other benefits	(4,231)	(279)	-	-	-	-	(4,510)
Dividends	(54,029)	(6,648)	-	-	-	-	(60,677)
Financial instruments	(38,378)	487	-	-	-	(1)	(37,892)
Accounting revaluations	(3,686)	227	-	13	-	-	(3,446)
Other	(698)	507	-	9	-	7	(175)
	(130,616)	345	-	(12)	-	169	(130,114)

The changes in deferred tax reflected in Equity in the amount of €3,421 k respects to deferred taxes change with actuarial gains and losses.

The changes in deferred tax reflected in Equity in the amount of €1,060 k respects to deferred taxes changes related with hedging reserves.

Potential foreign exchange differences from Brazil result from the tax option to tax potential foreign exchange differences only when they are realised. The amount of €22,032 reflected in equity includes, €14,972 k regarding deferred taxes resulting from foreign exchange differences of financial allocations similar to "quasi equity" (Note 20) and €7,060 k regarding non-controlling interests.

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10. EARNINGS PER SHARE

Earnings per share for the periods ended 30 June 2013 and 2012 are as follows:

	June 2013	June 2012
Net income		
Net income for purposes of calculating earnings per share (consolidated net profit for the year)	26,740	157,476
Number of shares		
Weighted average number of shares for purposes of calculation earnings per share (Note 19)	829,250,635	829,250,635
Basic earnings per share (amounts in Euros):	0.03	0.19

As there are no situations that give rise to dilution, the diluted earnings per share are the same as the basic earnings per share.

11. GOODWILL

During the period ended 30 June 2013, there were no significant changes in Goodwill, given the Company's consolidated financial statements at 31 December 2012 the change relate only to the exchange rate change. For additional information refer to the consolidated financial statements of the Company, on 31 December 2012 and its notes.

12. TANGIBLE AND INTANGIBLE ASSETS

Composition of tangible and intangible assets at 30 June 2013 and 31 December 2012:

	June 2013			December 2012		
	Assets - Gross	Accumulated Depreciation, Depreciation and Impairment	Assets - Net	Assets - Gross	Accumulated Depreciation, Depreciation and Impairment	Assets - Net
Tangible assets						
Land and natural resources	277,821	(1,921)	275,900	277,351	(2,208)	275,143
Buildings and other constructions	902,978	(603,476)	299,502	874,605	(593,040)	281,565
Machinery and equipment	6,404,496	(3,771,954)	2,632,542	4,785,612	(3,561,423)	1,224,189
Transport equipment	32,648	(27,821)	4,827	32,447	(27,578)	4,869
Tools and utensils	4,502	(3,837)	665	4,442	(3,882)	560
Administrative equipment	176,572	(146,739)	29,833	181,807	(147,130)	34,677
Reusable containers	159,554	(145,984)	13,570	160,257	(145,768)	14,489
Other tangible assets	100,578	(84,730)	15,848	100,382	(83,707)	16,675
Tangible assets in progress	1,322,825	-	1,322,825	2,637,016	-	2,637,016
Advances to suppliers of tangible assets	441	-	441	736	-	736
	9,382,415	(4,786,462)	4,595,953	9,054,655	(4,564,736)	4,489,919
Intangible assets						
Research and development costs	263	(258)	5	257	(257)	-
Industrial property and other rights	528,575	(255,259)	273,316	456,145	(243,312)	212,833
Reconversion of consumption to natural gas	551	(419)	132	551	(415)	136
Goodwill	19,514	(10,282)	9,232	19,514	(10,282)	9,232
Other intangible Assets	498	(498)	-	498	(498)	-
Concession Arrangements	1,705,886	(520,411)	1,185,475	1,695,243	(500,111)	1,195,132
Intangible assets in progress of Concession Arrangements	43,461	-	43,461	22,667	-	22,667
Intangible assets in progress	15,697	-	15,697	18,089	-	18,089
	2,314,445	(787,127)	1,527,318	2,212,964	(754,875)	1,458,089

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Tangible and intangible assets are recorded in accordance with the accounting policy set by the Group which is described in the accompanying notes to the consolidated financial statements at 31 December 2012 (Note 2.3 and Note 2.4). The depreciation / amortisation rates are disclosed in the same note.

Main occurrences during the period ended 30 June 2013:

The net change of increases and decreases in the caption assets gross - tangible and intangible assets for the period ended 30 June 2013 amounting to €429,241 k includes increases in the amount of €468,351 k which mainly include:

i) Exploration & Production segment

- €185,412 k regarding exploration and development investments in blocks in Brazil;
- €72,267 k regarding the capitalization of costs of well abandonments in Brazil and Angola;
- €51,185 k regarding exploration and development investments in Angola;
- €24,779 k regarding exploration investments in Block 4 in Mozambique;
- €1,594 k regarding oil exploration investments on Portuguese coast; and
- €31 k regarding exploration investments in blocks 3 and 4 in Uruguay.

ii) Gas & Power segment

- €33,567 k regarding the development of windfarms, cogeneration and photovoltaic plants; and
- €31,890 k regarding natural gas infrastructure construction (network, plot and other infrastructures) covered by IFRIC 12 (Note 5 and 6).

iii) Refining & Marketing segment

- €29,337 k regarding industrial investments in Porto and Sines refineries;
- €18,366 k regarding the wholesale business unit investments namely, its expansion, development of information systems and improvements in service stations and convenience stores; and
- €12,816 k concerning the conversion of Sines and Porto refineries and other industrial projects.

In the period ended 30 June 2013 tangible and intangible goods were sold and disposed amounting to €39,870 k as a result of updating the register of fixed assets which was carried out in this period and were primarily due to the remodelling of service stations, convenience stores, expansion of activities and development of information systems that were mostly totally amortized in the amount of €28,923 k and the amount of €10,947 k related to the total return of the area of the block ES-M-592 in Brazil

Impairments of fixed assets amounting to €173,394 k were recorded, which mainly include:

- €50,569 k regarding impairment in the retail network in Portugal and Spain;
- €44,640 k regarding impairment of operated and non-operated blocks in Brazil;
- €38,954 k regarding impairment of blocks in Namibia;
- €18,966 k regarding impairment of blocks in East Timor;
- €8,371 k regarding impairment of combined cycle power plants;
- €6,818 k regarding impairment of research in Aljubarrota; and
- €2,345 k regarding impairment of research in Angola.

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Changes in the perimeter resulted in exit of tangible assets. During the period the following subsidiaries were excluded from the consolidated perimeter (Note 3):

	Tangible assets		Intangible assets		Total		Net value
	Gross	Depreciation	Gross	Depreciation	Gross	Depreciation	
Galpbúzi - Agro-Energia, S.A.	1,076	(412)	254	(4)	1,330	(416)	914
Moçamgalp Agroenergias de Moçambique, S.A.	1,312	(300)	2	-	1,314	(300)	1,014
Galp Serviexpress - Serv. de Distrib. e Comercialização de Produtos I	1,073	(863)	-	-	1,073	(863)	210
	<u>3,461</u>	<u>(1,575)</u>	<u>256</u>	<u>(4)</u>	<u>3,717</u>	<u>(1,579)</u>	<u>2,138</u>

Depreciation / amortisation for the periods ended 30 June 2013, 30 June 2012 and 31 December 2012 are as follows:

	June 2013			June 2012			December 2012		
	Tangible assets	Intangible assets	Total	Tangible assets	Intangible assets	Total	Tangible assets	Intangible assets	Total
Amortisation and depreciation for the period	200,250	13,517	213,767	158,214	15,495	173,709	292,650	33,051	325,701
Amortisation and depreciation for the period - Concession Arrangements	-	20,291	20,291	-	17,278	17,278	-	37,123	37,123
Increase in impairment	49,317	1,088	50,405	17,298	577	17,875	54,884	9,014	63,898
Decrease in impairment	(42)	(367)	(409)	-	-	-	(253)	-	(253)
Amortisation and depreciation (Note 6)	<u>249,525</u>	<u>34,529</u>	<u>284,054</u>	<u>175,512</u>	<u>33,350</u>	<u>208,862</u>	<u>347,281</u>	<u>79,188</u>	<u>426,469</u>

The caption amortisation / depreciation and impairment of assets for the period includes an amount of €6,555 k regarding the depreciation costs of abandoned of blocks (Note 25).

The increase in impairment in the period ended amounting to €50,405 k refers essentially to:

- Brazil: increase in impairment of operated and non-operated blocks in the amount of €11,405 k; and
- Namibia: increase in impairment amounting to €38,954 k due to the completion of the block exploration, the second of which was considered.

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Tangible and intangible assets in progress (including advances on tangible and intangible assets less impairment losses) in the period ending 30 June 2013 were as follows:

	Assets
Research and exploration of petroleum in Brazil	658,975
Research and exploration of petroleum in Angola and Congo	292,852
Industrial investment relating to refineries	101,309
Research in Mozambique	99,463
Research in Portugal	44,182
Underground storage of natural gas	41,429
Research of gas in Angola and Guinea	35,275
Conversion projects of the Sines and Porto refineries	31,499
Renewal and expansion of the network	27,689
Floating LNG-Brazil	19,483
Industrial Unit of biofuels	7,764
Petroleum Exploration in Blocks 3 and 4 in Uruguay	1,333
Cogeneration plants in Sines and Oporto	175
Other projects	20,996
	1,382,424

Investments in progress in the period ended 30 June 2013 include an amount of €29,585 k recognizing the capitalization of financial expenses (Note 8).

13. GOVERNMENT GRANTS

Government grants received (accumulated) as of 30 June 2013 and 31 December 2012 were as follows:

Program	Amount received	
	June 2013	December 2012
Economic Operational Program	285,871	285,871
Energy Program	114,919	114,919
Desulphurisation of Sines	39,513	39,513
Desulphurisation of Porto	35,307	35,307
Protede	19,708	19,708
Interreg II	19,176	19,176
Regional Center Operational Program	2,102	2,102
Algarve Operational Program	174	174
Innovation incentives system	102	102
Other	21,792	21,729
	538,664	538,601
Accumulated amount recognized as income	(257,493)	(252,313)
Government grants - receivable (Note 14)	1	1
Government grants to be recognized (Note 24)	281,172	286,289

During the periods ended 30 June 2013 and 31 December 2012 the income statement includes the amounts of €5,180 k and €9,924 k, respectively regarding Government grants recognition (Note 5).

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14. OTHER RECEIVABLES

The non-current and current caption "Other receivables" and loans to Sinopec as of 30 June 2013 and 31 December 2012 was as follows:

Captions	June 2013		December 2012	
	Current	Non-current	Current	Non-current
State and Other Public Entities:				
Corporate Income Tax	4,048	-	2,269	-
Value Added Tax - Reimbursement requested	737	-	1,515	-
Others	606	-	96	-
Loans to Sinopec Group (Note 28)	248,471	695,099	13,643	917,558
Advances to suppliers of fixed assets	157,864	-	135,831	-
Subsoil Rates	50,638	-	40,697	-
Advances to trade suppliers	17,915	-	11,097	-
Underlifting	16,470	-	40,080	-
Over cash-call from partner Petrobrás in operated blocks	12,402	-	17,232	-
Means of payment	11,753	-	7,711	-
Operating grants receivable	6,110	-	4,478	-
Spanish Bitumen process	2,568	-	2,568	-
ISP - Portuguese Tax on oil products	2,388	-	21,553	-
Personnel	1,984	-	1,924	-
Other receivables - associated, related and participated companies (Note 28)	905	8,532	3,811	8,532
Loans to clients	638	1,599	682	1,637
Pension fund payment recovery	155	-	356	-
Ceding rights contract to use telecommunications infrastructures	105	-	259	-
Government grants - receivable (Note 13)	1	-	1	-
Loans to associated, jointly controlled related and participated companies (Note 28)	-	29,643	-	29,265
Other receivables	95,894	15,224	62,238	14,955
	631,652	750,097	368,041	971,947
Accrued income:				
Sales and services rendered not yet invoiced	169,602	-	165,959	-
Adjustment to tariff deviation - Regulated revenue - ERSE regulation	75,437	-	81,161	-
Adjustment to tariff deviation - "pass through" - ERSE regulation	37,604	-	32,425	-
Adjustment to tariff deviation - Energy tariff - ERSE regulation	11,604	75,971	11,333	82,151
Financial neutrality - regulation ERSE	8,853	-	12,689	-
Accrued interest	4,980	-	13,996	-
Accrued management and structure costs	2,836	-	289	-
Sale of finished goods to be invoiced by the service stations	1,414	-	1,546	-
Commercial discount on purchases	664	-	738	-
Compensation for the uniform tariff	328	-	224	-
Other	9,112	-	4,035	-
	322,434	75,971	324,395	82,151
Deferred costs:				
Costs relating to service station concession contracts	36,281	-	33,617	-
Prepaid insurance	12,465	-	953	-
Catalyser costs	5,618	-	4,943	-
Prepaid rent	2,598	-	2,349	-
Interest and other financial costs	134	-	2,535	-
Other deferred costs	15,531	5	15,684	-
	72,627	5	60,081	-
	1,026,713	826,073	752,517	1,054,098
Impairment of other receivables	(7,882)	-	(7,429)	-
	1,018,831	826,073	745,088	1,054,098

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The movements occurred in the caption impairments of other receivables for the period ending 30 June 2013 were as follows:

Caption	Beginning balance	Increase	Decrease	Utilisation	Adjustments	Ending balance
Other receivables	7,429	573	(101)	(119)	100	7,882

The increase and decrease of the caption Impairment of other receivables in the net amount of €472 k was recorded in the caption provisions and impairments – other receivables (Note 6)

The balance of other receivables overdue that were not impaired correspond to claims for which there are payment agreements, are covered by credit insurance or for which there is an expectation of partial or total liquidation.

The caption Loans to Sinopec Group includes the amount of €939,317 k (US\$1,228,626,253.42) regarding the loan that Galp Energia Brazil Service (Cyprus) Limited granted to Tip Top Energy, SARL (included in Sinopec Group) in 28 March 2012, for a period of 4 years of which €248,471 k (U.S. \$ 325 million) in current and €690,846 k (U.S. \$ 903,626,253.42) in non-current, which earns a three month LIBOR interest rate plus a "spread". This caption also includes the value of €4,253 k (U.S. \$ 5,562,605.36) in non-current regarding capitalized interests. In the period ended 30 June 2013 in the caption interest, respect to interests on loans granted to related companies, in the amount of €8,472 k.

The caption subsoil rates amounting to €50,638 k refers to rates of subsoil occupation already paid to municipalities. In accordance with natural gas distribution concession agreement between the Portuguese Government and the Group companies, and with Cabinet Council Resolution No. 98/2008, dated 8 April, companies have the right to pass on to commercialisation entities or to end customers, the full amount of subsoil rates paid to the local authorities in the concessioned area.

The amount of €4,048 k recorded in Other receivables – ISP respects to the amount receivable from the Customs concerning the exemption of ISP on bio fuels that are under the tax suspension regime as stated in circular No 79/2005 of December 6.

The caption operating grants receivable includes the amount of €6,110 k regarding the compensation awarded by the Government of Mozambique to Petrogal Mozambique, due to price fixing of fuel sales.

The amount of €16.470 k recorded in other receivables - Underlifting corresponds to amounts receivable by the Group as result of lifting crude oil barrels below the production quota ("underlifting") and is measured at the lower amount of market price at the time the underlifting occurred or at 30 June 2013.

The caption means of payment in the amount of €11,753 k respects to amounts receivable for sales made with resource to Visa/ATM cards, which as of 30 June 2013 were pending collection.

The amount of €9,437 k recorded in the caption other receivables current and non-current – associated jointly controlled entities, related and participated companies refers to amounts receivable from companies which were not consolidated.

The caption other receivables non-current includes €10,000 k receivable from Gestmin, SGPS, S.A., for the purchase of COMG – Comercialização de Gás, S.A on 3 December 2009 and earns a six month Euribor interest rate plus a spread of 3,12% per year, and is expected to be received on 3 December 2016.

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The accrued income - sales and services rendered and not invoiced includes natural gas and electricity consumption and other income provided in June to invoice to customers in July. The most relevant accruals are as follows:

Company	TOTAL	Natural Gas	Electricity
Galp Gás Natural, S.A.	86,540	86,540	-
Galp Energia España, S.A., Unipessoal	15,559	11,043	4,516
Galp Power, S.A.	11,260	3,966	7,294
Lisboagás Comercialização, S.A.	7,695	7,695	-
Madrileña Suministro de Gas	7,199	7,199	-
Madrileña Suministro de Gas SUR	6,524	6,524	-
Lusitaniagás Comercialização, S.A.	4,447	4,447	-
Setgás Comercialização, S.A.	1,890	1,890	-
Transgás, S.A.	1,722	1,722	-
	142,836	131,026	11,810

The amount of €1,414 k in the caption sale of finished goods to be invoiced by the service stations relates to sales made up to 30 June 2013 through Galp Frota cards, which will be invoiced in the following months.

Expenses recorded in the caption deferred costs - costs in the amount of €36,281 k, respects to advance payments of income related to service station rental contracts are expensed during the concession period, which ranges between 17 and 32 years.

The caption "Adjustment to tariff deviation – regulated revenue" amounting to €75,437 k regards the difference between the estimated regulated revenue published for each regulated activity and the invoiced amount. These amounts are remunerated at a three months Euribor interest rate.

Galp Energia held collateral guarantees on accounts receivable, namely bank guarantees and security deposits, amounting to €84,962 k as of 30 June 2013.

15. TRADE RECEIVABLES

The caption "Trade receivables" as of 30 June 2013 and 31 December 2012 was as follows:

Caption	June 2013		December 2012	
	Current	Non-current	Current	Non-current
Trade receivables - current accounts	1,367,134	24,322	1,338,484	24,402
Trade receivables - doubtful accounts	197,721	-	157,026	-
Trade receivables - notes receivable	9,135	-	10,544	-
	1,573,990	24,322	1,506,054	24,402
Impairment of trade receivables	(172,036)	-	(154,865)	-
	1,401,954	24,322	1,351,189	24,402

The balance of non-current clients, amounting to €24,322 k, respects to the payment agreement of debts from customers with maturities greater than 1 year which were recognized at their discounted value.

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The changes in the caption “Impairment of trade receivables” as of the period ended 30 June 2013 were as follows:

Caption	Opening Balance	Increases	Decreases	Utilisation	Adjustments	Changes in perimeter	Ending Balance
Impairment of trade receivables	154,865	18,285	(597)	(720)	251	(48)	172,036

The increase and decrease in the caption “Impairment of trade receivables” in the net amount of €17,688 k was recorded in the caption “Provision and impairment loss on receivables” (Note 6).

Overdue balances which have not been subject to adjustments respect to receivables, for which there are payment agreements or a total or partial recovery expectation.

The amount of €48 k under changes in perimeter corresponds to the exit by sale, of the associate Galp Serviexpress - Serviços de Distribuição e Comercialização de Produtos Petrolíferos, S.A..

16. INVENTORIES

Inventories as of 30 June 2013 and 31 December 2012 were as follows:

CAPTIONS	June 2013	December 2012
Raw and subsidiary materials:		
Crude oil	157,368	245,632
Other raw materials	54,698	56,462
Raw material in transit	310,226	249,843
	522,292	551,937
Adjustments to raw and subsidiary materials	(10,327)	(9,629)
	511,965	542,308
Finished and semi-finished products:		
Finished products	323,455	335,780
Semi-finished products	358,523	445,598
Finished products in transit	3,143	7,869
	685,121	789,247
Adjustments to finished and semi-finished products	(959)	(6,829)
	684,162	782,418
Work in progress	45	169
	45	169
Merchandise	566,580	653,154
Merchandise in transit	191	478
	566,771	653,632
Adjustments to merchandise	(2,390)	(2,402)
	564,381	651,230
Advances on account of purchases	-	-
	1,760,553	1,976,125

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Merchandise as of 30 June 2013, in the amount of €566,771 k mainly relates to natural gas in pipelines in the amount of €125,495 k, inventories of crude oil derivative products of the subsidiaries Galp Energia España, S.A., Empresa Nacional de Combustíveis – ENACOL, S.A.R.L. and Petrogal Moçambique, Lda. in the amounts of €405,216 k, €18,826 k and €4,423 k respectively.

As of 30 June 2013, the Group's liability to competitors for strategic reserves, which can only be satisfied by product delivery, amounted to €153,232 k and €194,341 k respectively and are reflected in the caption advances on account of sales (Note 24).

In November 2004, under Decree-law 339-D/2001 of December, Petrogal together with Petrogal Trading Limited entered into a contract to purchase, sell and exchange crude oil for finished products for the constitution of strategic reserves with "Entidade Gestora de Reservas Estratégicas de Produtos Petrolíferos, EPE" ("EGREP"). Under the contract entered into in 2004 the crude oil acquired by EGREP, which is not reflected in the financial statements, is stored in a non-segregated form in Petrogal's installations, where it must remain so that EGREP can audit it in terms of quantity and quality, whenever it so wishes. In accordance with the contract, Petrogal must, when so required by EGREP, exchange the crude sold for finished products, receiving in exchange an amount representing the refining margin as of the date of exchange.

The changes in the caption "Impairment of inventories" in the period ended 30 June 2013 were as follows:

Captions	Beginning balance	Increases	Decreases	Adjustments	Ending balance
Impairment of raw and subsidiary materials	9,629	828	(74)	(56)	10,327
Impairment of Finished and semi-finished products	6,829	599	(6,471)	2	959
Impairment of merchandise	2,402	32	(35)	(9)	2,390
	<u>18,860</u>	<u>1,459</u>	<u>(6,580)</u>	<u>(63)</u>	<u>13,676</u>

The net increase in impairment, amounting to €-5,121 k was recorded against the operating cost caption cost of sales in the income statement (Note 6).

17. OTHER INVESTMENTS

Current and non-current investments as of 30 June 2013 and 31 December 2012 were as follows:

	June 2013		December 2012	
	Current	Non-current	Current	Non-current
Other investments				
Financial instruments at fair value through profit and loss (Note 27)				
Swaps over Commodities	3,146	1,805	1,483	8
Swaps over interest rate	-	-	54	-
Swaps over currency	4,666	-	4,770	-
	<u>7,812</u>	<u>1,805</u>	<u>6,307</u>	<u>8</u>
Bank deposits (Note 18)				
Term deposits	642	-	1,039	-
	<u>640</u>	<u>-</u>	<u>1,039</u>	<u>-</u>
Other Financial Assets				
Other	-	19,467	-	19,299
	<u>-</u>	<u>19,467</u>	<u>-</u>	<u>19,299</u>
	<u>8,454</u>	<u>21,272</u>	<u>7,346</u>	<u>19,307</u>

As of 30 June 2013 and 31 December 2012 the financial instruments are recorded at their fair value at those dates (Note 27).

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18. CASH AND CASH EQUIVALENTS

The caption cash and cash equivalents as of 30 June 2013 and 31 December 2012 was as follows:

Captions	June 2013	December 2012	June 2012
Cash	6,837	7,856	10,014
Current account	569,694	171,266	489,825
Term deposits	2,273	2,974	3,309
Other negotiable securities	217,687	409,879	538,785
Other treasury applications	1,168,735	1,294,748	1,489,115
Cash and cash equivalents in the consolidated statement of financial position	1,965,226	1,886,723	2,531,048
Other current investments (Note 17)	642	1,039	1,541
Bank overdrafts (Note 22)	(181,752)	(154,563)	(248,634)
Cash and cash equivalents in the consolidated statement of cash flow	1,784,116	1,733,199	2,283,955

The caption other negotiable securities mainly includes:

- €211,045 k regarding bank deposit certificates;
- €3,489 k on electricity futures;
- €1,800 k on commodities futures (Brent); and
- €1,351 k on CO₂ futures.

These futures are recorded in this caption due to their high liquidity (Note 27).

The caption "Other treasury applications" includes applications of cash surplus, with maturities less than three months, of the following Group companies:

	June 2013	December 2012
Galp Energia E&P, B.V.	944,315	1,204,136
Petróleos de Portugal - Petrogal, S.A.	151,376	24,329
Galp Energia Overseas BV	42,118	-
Galp Gás Natural, S.A.	10,735	-
CLCM - Companhia Logística de Combustíveis da Madeira, S.A.	9,200	5,300
Sacor Marítima, S.A.	3,823	758
Galp Exploração Serviços do Brasil, Lda.	2,668	2,968
Powercer - Sociedade de Cogeração da Vialonga, S.A.	2,500	300
Carriço Cogeração - Sociedade de Geração de Electricidade e Calor, S.A.	2,000	1,400
Galp Sinopec Brazil Services B.V.	-	51,815
Beiragás - Companhia de Gás das Beiras, S.A.	-	1,900
Galp Energia Overseas B.V.	-	1,462
Sempre a Postos - Produtos Alimentares e Utilidades, Lda.	-	380
	1,168,735	1,294,748

19. SHARE CAPITAL

Capital Structure

On 25 July 2011 the decree-law No 90/2011 was published, which stipulates the repeal of the special rights of the shareholder State in participated entities, previously contained in article 4 of decree law No 261-A/99 from 7 July – 1st privatization phase of Galp Energia, SGPS, S.A.. Following the publication of legislation, the Company convened a shareholders general meeting that took place on 3 August 2011, to amend the statutes, where those special rights were enshrined.

Therefore, share capital, fully subscribed and paid up represented by 829,250,635 common shares (Note 10) with nominal value of 1 Euro, now has a subdivision of 58,079,514 shares that are a special category of shares subject to a privatization process.

The shares of the category subject to the privatization process can be converted into ordinary shares through the simple request addressed to the Society by the respective holder(s). The referred conversion will have immediate effect, not requiring the approval of any Company body.

The ownership of the category shares subject to privatization process must belong to a government entity, in accordance with nº 2 e) of the article nº1 of law No 71/88, from 24 May.

Under the terms agreed on 29 March 2012, Amorim Energia, B.V. ("Amorim Energia") fulfilled on 20 July 2012 the obligation acquisition of ENI, S.p.A. ("Eni") shares representing 5% (41,462,532 shares) of the share capital of Galp Energia, SGPS, SA, and thus directly holds 38.34% (317,934,693 shares) of the share capital of that company. ENI now holds 28.34% (235,009,629 shares) of the share capital of Galp Energia, SGPS, S.A..

With this acquisition, the Galp Energia shareholders' agreement between Amorim Energia, ENI and Caixa Geral de Depósitos, S.A. ("CGD") and in effect since 29 March 2006, terminated its effects in relation to ENI.

In connection with the financing of that acquisition, Amorim Energia performed with Banco Santander Totta, SA, in time subsequent to the acquisition of ENI, a swap operation of 2.21674% of the share capital of Galp Energia, while Amorim Energia BV kept voting rights and rights to dividends, inherent to financial participation.

Due to the sale by Eni on the regulated market (Euronext Lisbon) of 33,170,025 shares of share capital of Galp Energia on 27 November 2012, the stake held by the shareholder Eni on Galp Energia was reduced to 201,839,604 shares representing 24.34% of the share capital and voting rights of Galp Energia.

CGD sold 8,295,510 shares of Galp Energia, representing 1% of the share capital and voting rights of Galp Energia ("Participation"). The sale of the Participation was made outside the market following the placement of the Participation through an accelerated book building, realised and communicated to the market on 26 November 2012, and after CGD exercised its tag along right on Eni under Consent & Waiver Agreement between CGD, Eni and Amorim Energia on 29 March 2012 and announced to the market at the same date.

As established in the Consent & Waiver Agreement, the sale of the Participation determined the automatic termination of the shareholder agreement between CGD and Amorim Energia on Galp Energia, and as such, as from that date, the voting rights attached to Galp Energia shares held directly by Amorim Energia, are no longer attributable to CGD, as well as the voting rights attributable to Amorim Energia under any of the subparagraphs of Article 20. of the CVM, in particular the voting rights attached to the shares of Galp Energia held directly by Eni.

Due to the sale by Eni to institutional investors through an accelerated bookbuilding process, of 55,452,341 shares representing the capital of Galp Energia on 31 May 2013, the shareholding of Galp Energia held by Eni was reduced to 135,497,095 shares representing 16.34% of the share capital and voting rights of Galp Energia.

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As result of the above, the Company's fully subscribed and realised share capital as of 30 June 2013 was held as follows:

	N.º of Shares	% of Capital
Amorim Energia, B.V.	317,934,693	38.34%
ENI S.P.A	135,497,095	16.34%
Parpública – Participações Públicas, SGPS, S.A.	58,079,514	7.00%
Remaining shareholders	317,739,333	38.32%
	829,250,635	100.00%

20. TRANSLATION RESERVE AND OTHER RESERVES

As of 30 June 2013 and 31 December 2012 the caption translation reserve and other reserves is detailed as follows:

	June 2013	December 2012
<u>Translation reserves:</u>		
Reserves - financial allocations ("quasi equity")	(105,600)	(62,686)
Reserves - Tax on financial allocations ("quasi equity") (Note 9)	47,969	32,997
	(57,631)	(29,689)
Reserves - Conversion of financial statements	(16,625)	(17,904)
Reserves - Goodwill rate update	(251)	(31)
	(74,507)	(47,624)
<u>Hedging reserves:</u>		
Reserves - financial derivatives	(4,920)	(8,754)
Reserves - Deferred tax on financial derivatives	1,290	2,389
	(3,630)	(6,365)
<u>Other reserves:</u>		
Legal reserve	165,850	165,850
Free distribution reserves	27,977	27,977
Special reserves	(443)	(443)
Reserves - Capital increase in subsidiaries Petrogal Brazil, S.A. and Galp Brazil Services BV	2,493,088	2,493,088
Reserves - Increase of 11.0972% stake in the share capital of subsidiary Lusitaniagás - Companhia de Gas del Centro, S.A.	(2,027)	(1,935)
	2,684,445	2,684,537
	2,606,308	2,630,548

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Translation reserve:

The change occurred in the caption translation reserve, is as follows:

- i) €16,625 k regarding negative exchange rate differences resulting from the conversion of the financial statements in foreign currency to Euro;
- ii) €57,631 k regarding negative exchange rate differences of the financial allocations of Galp Exploração e Produção Petrolífera, S.A., Petróleos de Portugal - Petrogal, S.A. and Winland International Petroleum, SARL (W.I.P.) to Petrogal Brasil, Lda., in Euros and US Dollars, which are not remunerated and for which there is no intention of reimbursement similar to share capital ("quasi capital"), thus integrating the net investment in that foreign operational unit in accordance with IAS 21; and
- iii) €251 k regarding negative exchange rate differences resulting from Goodwill exchange rate update.

Hedging reserve:

Hedging reserves reflect changes that have occurred in financial derivatives on interest rates that are contracted for hedging changes in interest rate loans ("cash flow hedge") and their respective deferred taxes.

In the year ended 30 June 2013 the amount of €3,630 k includes €4,885 k regarding negative changes occurring in financial derivatives – cash flow hedge and €1,255 k regarding the impact of deferred tax assets on the variations occurred.

Other reserves:

Legal reserves

In accordance with the CSC, the Company must transfer a minimum of 5% of its annual net profit to a legal reserve until the reserve reaches 20% of share capital. The legal reserve cannot be distributed to the shareholders but may in certain circumstances be used to increase capital or to absorb losses after all the other reserves have been utilised. In 2013 the caption did not change as the legal reserves have already achieved 20% of share capital.

Special reserves

The amount of €443 k in the caption special reserves includes €463 k relating to a deferred tax correction – revaluation of equity in the subsidiary Lisboa GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A. and the negative amount of €20 k relating to a donation reserve in subsidiary Gasinsular – Combustíveis do Atlântico, S.A..

Reserves - Capital increases in Petrogal Brazil, SA and Galp Brazil Services BV

On 28 March 2012 the company Winland International Petroleum, SARL (W.I.P.), a subsidiary of Tip Top Energy, SARL. (Sinopec Group), subscribed and made an increase in capital in the amount of U.S.\$4,797,528,044.74 in subsidiaries Petrogal Brasil, S.A and Galp Sinopec Brazil Services B.V (formerly Galp Brazil Services BV), holding 30% of shares and voting rights of both subsidiaries.

With the operation of the capital increase, Galp Group kept the operational and financial control of the Company, which now owns 70% of capital and voting rights, continuing, under IAS 27 to consolidate their assets by the integral method. Thus the difference between the amount realised from the capital increase and the book value of equity at the date of the increase was recognized in equity in reserves by the amount €2,493,088 k.

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Reserves - Increase of 11.0972% stake in the capital of subsidiary Lusitaniagás - Companhia de Gás do Centro, S.A

In July 2012, the Group acquired 10.7532% stake in subsidiary Lusitaniagás - Companhia de Gás do Centro, S.A., which was previously controlled by the Group and consolidated using the integral method. Thus the difference between the amount paid and the book value of equity at the acquisition date, is recognized in equity in reserves by the amount €1,935 k.

In May 2013, the Group acquired 0.344% stake in subsidiary Lusitaniagás - Companhia de Gás do Centro, S.A. to Revigrés – Indústria de Revestimentos de Grés, Lda. and recognized in equity reserves the amount of €92 k due to the difference between the amount paid and the book value.

21. NON-CONTROLLING INTERESTS

The equity caption “Non-controlling interests” as of 30 June 2013 and 31 December 2012 refers to the following subsidiaries:

	Balance at December 2012	Capital and reserves	Changes in perimeter (Note 3)	Dividends granted (a)	Prior year results	Translation reserves	Hedging reserves	Retained earnings-Actuarial Gains and Losses	Net result for the year	Balance at June 2013
Galp Sinopec Brazil Services B.V.	1,010,266	-	-	-	-	8,835	-	-	7,304	1,026,405
Petrogal Brasil, S.A.	233,997	-	-	-	-	(19,964)	-	-	12,262	226,295
Setgás - Sociedade de Produção e Distribuição de Gás, S.A.	20,361	-	-	-	(1)	-	-	6	1,282	21,648
Empresa Nacional de Combustíveis - Enacol, S.A.R.L.	18,593	-	-	-	(748)	(393)	-	-	1,021	18,473
Beiragás - Companhia de Gás das Beiras, S.A.	12,096	-	-	-	-	-	-	1	641	12,738
Lusitaniagás - Companhia de Gás do Centro, S.A.	2,794	-	-	-	(707)	-	-	-	240	2,327
Sopor - Sociedade Distribuidora de Combustíveis, S.A.	2,128	-	-	-	-	-	-	-	14	2,142
Petromar - Sociedade de Abastecimentos de Combustíveis, Lda.	1,572	-	-	-	(229)	-	-	-	412	1,755
Saaga - Sociedade Açoreana de Armazenagem de Gás, S.A.	1,503	655	-	-	(1,140)	-	-	7	137	1,162
Carriço Cogeração - Sociedade de Geração de Electricidade e Calor, S.A.	1,332	-	-	-	(413)	-	-	-	286	1,205
Setgás Comercialização, S.A.	1,048	-	-	-	-	-	-	-	(238)	810
Sempre a Postos - Produtos Alimentares e Utilidades, Lda.	898	-	-	-	(14)	-	-	-	(111)	773
Powercer - Sociedade de Cogeração da Vialonga, S.A.	419	-	-	-	(300)	-	3	-	221	343
CLCM - Companhia Logística de Combustíveis da Madeira, S.A.	1,007	-	-	(750)	-	-	-	-	346	603
Moçamgalp Agroenergias de Moçambique, S.A.	(a) 298	-	(900)	-	690	(88)	-	-	-	-
Galpbúzi - Agro-Energia, S.A.	(b) 84	-	(239)	-	152	3	-	-	-	-
Enerfuel S.A.	24	-	-	-	(15)	-	-	-	(138)	(129)
Petrogás Guiné Bissau - Importação, Armazenagem e Distribuição de Gás, Lr (c)	(239)	-	-	-	-	-	-	-	-	(239)
Probisgalp - Ligantes Betuminosos, S.A.	(c) (3,381)	-	-	-	-	-	-	-	(228)	(3,609)
	1,304,800	655	(1,139)	(750)	(2,725)	(11,607)	3	14	23,451	1,312,702

- (a) The holding in the subsidiary Moçamgalp Agroenergias de Moçambique, S.A. is now accounted for by the equity method due to the Shareholder Agreements which confer joint control of operational and financial management of the company (Note 3 and 4.2).

The decrease in the amount of €900 k corresponds to non-controlling interests of the share capital and supplementary capital contributions; and

The amount of €690 k corresponds to non-controlling interests of retained earnings items until the date interests were transferred.

- (b) The holding in the subsidiary Galpbúzi - Agro-Energia, S.A. is now accounted for by the equity method due to the Shareholder Agreements which confer joint control of operational and financial management of the company (Note 3 and 4.2).

The decrease in the amount of €239 k corresponds to non-controlling interests of share capital and supplementary capital contributions;

The amount of €152 k corresponds to non-controlling interests of retained earnings items until the date interests were transferred;

The amount of €3 k corresponds to non-controlling interests of foreign currency translation reserves arising from the translation of financial statements in foreign currency (Meticais for Euros) until the date interests were transferred; and

The amount of €88 k corresponds to non-controlling interests of foreign currency translation reserves arising from the translation of financial statements in foreign currency (Meticais for Euros) to the date interests were transferred.

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(c) As of 30 June 2013, the subsidiaries have negative equity. Thus, the Group only recognized accumulated losses in proportion to the capital in that subsidiary, which is why the minority interests have a debit balance.

(d) The amount of €750 k corresponds to dividends attributed, not yet paid as of 30 June 2013 (Note 30).

22. LOANS

Loans detail

Loans obtained as of 30 June 2013 and 31 December 2012 were as follows:

	June 2013		December 2012	
	Current	Non-current	Current	Non-current
Bank loans:				
Loans	258,162	1,359,585	322,862	1,418,656
Bank overdrafts (Note 18)	181,752	-	154,563	-
Discounted Notes	6,411	-	6,535	-
	421,325	1,384,585	483,960	1,418,656
Origination Fees	(909)	(8,088)	(595)	(966)
	420,416	1,376,497	483,365	1,417,690
Other loans obtained:				
IAPMEI	2	210	2	210
CESCE	65,883	428,236	65,883	461,178
	65,885	428,446	65,885	461,388
Origination Fees	(8,301)	(17,307)	(9,912)	(20,651)
	57,584	411,139	55,973	440,737
	478,000	1,787,636	539,338	1,858,427
Bonds:				
Galp Energia, SGPS, S.A., 2009 issue	-	-	420,000	-
Galp Energia, SGPS, S.A., 2010 issue	150,000	150,000	150,000	150,000
Galp Energia, SGPS, S.A., 2011 issue	-	185,000	-	185,000
Galp Energia, SGPS, S.A., 2012 issue	-	290,000	-	290,000
Galp Energia, SGPS, S.A., 2013 issue	-	1,060,000	-	-
	150,000	1,685,000	570,000	625,000
Origination Fees	(4,269)	(15,385)	(3,744)	(6,098)
	145,731	1,669,615	566,256	618,902
	623,731	3,457,251	1,105,594	2,477,329

The non-current loans, excluding origination fees, as of 31 June 2013 had the following repayment plan:

2014	982,594
2015	138,720
2016	615,158
2017	643,521
2018	728,967
2019	135,291
2020 and subsequent years	228,780
	3,473,031

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Domestic and foreign loans as of 30 June 2013 and 31 December 2012 are expressed in the following currencies:

		June 2013		December 2012	
Currency		Total amount	Amount due (€k)	Total amount	Amount due (€k)
United States Dollars	USD	176,933	33,553	132,320	98,691
Cape Verde francs	CVE	386,565	3,506	241,321	2,189
Euros	EUR	1,680,355	1,580,688	1,827,551	1,640,588
Lilangeni Suazi	SZL	-	-	472	34
Meticais	MZM	-	-	7,839	16
			1,617,747		1,741,518

The average cost of loans in the first half of 2013, including spread and commissions amounted to Euribor plus 3.9%.

Under the contracts with financial institutions and according to current laws and regulations for competition and practices observed in the market, neither Galp Energia nor its counterparts are authorized to disclose other information regarding the characteristics and contents of financing transactions to which such contracts relate, without prejudice to the freedom conferred to the parties to identify the counterparty and the loans obtained from each entity.

Description of the main loans

Commercial paper issuance

On 30 June 2013, the Group has contracted commercial paper underwritten totaling €1,165,000 k, which are divided into €515,000 k of medium and long term and €650,000 k of short term. Of these amounts, €390,000 k are used at medium and long term.

These emissions bear interests at a Euribor rate for the respective period of issuance, plus variable spreads defined in the contractual terms of the commercial paper programs underwritten by the Group. The specified interest rate refers to the amount of each issue and remains unchanged during the respective period of the issue.

In this first half, a commercial paper program underwritten was contracted in the amount of €140,000 k with Caixa Central de Crédito Agrícola Mútuo, C.R.L. This program has a term of six years and bears interests at a Euribor rate plus a spread.

Bank Loans

In the first half of 2013, the Group has contracted two new non-current loans. The loan contracted with Banco do Brasil AG - Branch in Portugal, amounting to €115,000 k, has a maturity of five years and the repayment of capital effected in five semi-annual amortisations starting in the third year and bears interests at a three-month Euribor rate plus a spread.

The loan contracted with ITAU BBA INTERNATIONAL LIMITED, in the amount of \$126,000 k, will be disbursed in three disbursements, the first in the amount of \$45,000 k occurred on May 2013. The repayment of this loan will occur in two equal installments in April 2016 and the maturity of the loan in April 2017, and bears interests at a LIBOR rate plus a spread.

During 2012, the Group has contracted two loans, of medium and long term, in the amount of €99,816 k (U.S.\$130,000,000) and €65,000 k. The first loan was contracted with Banco BTG Pactual S.A. - Cayman Branch, 50% will be reimbursed after three years and the remaining 50% will be repaid after four years at maturity of the loan and bears interests at a six-month LIBOR rate plus a spread. The second loan was contracted with Banco do Brasil AG - Portugal branch, which has a maturity of three years and the repayment in a single instalment at maturity and bears interest at a three months EURIBOR rate plus spread.

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Additionally, the Group recorded the amount of €751,520 k in internal non-current loans obtained by: Galp Energia, S.G.P.S., S.A., Galp Energia E&P, B.V., CLCM – Companhia Logística de Combustíveis da Madeira, S.A. and Beiragás – Companhia de Gás das Beiras, S.A..

The Group obtained a non-current loan of €58,000 k from the European Investment Bank for the exclusive purpose of implementing a project relating to the construction and administration of a cogeneration unit at the Sines refinery. The loan was received in two instalments of €39,000 k and €19,000 k, in 2006 and 2007 respectively, and it bears interest at a six month Euribor rate added by a variable spread adjusted periodically. The loan is repayable in semester instalments, with the last on 15 September 2021 and 15 March 2022, respectively.

In 2008 the Group contracted an additional non-current loan of €50,000 k with the European Investment Bank for the exclusive purpose of implementing a project relating to the construction and administration of a cogeneration plant in the Porto refinery. The loan bears interest at a revisable fixed rate adjusted periodically and has a maturity of nine years.

The Group contracted a non-current loan of €500,000 k with the European Investment Bank, with the purpose of financing the conversion of the Sines and Oporto refineries. The loan was received in two instalments of €300,000 k and €200,000 k, bears interests at a revisable fixed rate with the repayment plan in semiannual instalments beginning on 15 August 2012 and ending on 15 February 2025.

The loan contracted with the European Investment Bank, with the purpose of financing the conversion of the Sines and Porto refineries and the instalment of €300,000 k are granted under a signed contract with Petrogal, S.A.

The remaining loan with the European Bank of Investment, in the amount of €266,365 k, is granted under a signed contract with the Bank Syndicate.

Petrogal issued comfort letters to third parties in benefit of the group companies and associates, relating to current credit lines, in the amount of €527,350 k.

Bonds

2010 Issue – Galp Energia, SGPS, S.A.

On 12 November 2010, Galp Energia SGPS, S.A. issued bonds totaling €300,000 k, for private subscription, to finance its investment plan. The bonds bear interest at six month Euribor rate added of a variable spread and are reimbursed in 50% on 12 November 2013 and 50% on 12 November 2014.

The issuance was subscribed by a group of six international banks: Citibank International plc, ING Belgium SA/NV – branch in Portugal, Banco Itaú Europa, S.A. – Sucursal Financeira Internacional, Banco Español de Crédito S.A. (Banesto), Caixa d'Estalvis i Pensions de Barcelona "la Caixa" and BB Securities Limited.

2011 Issue – Galp Energia, SGPS, S.A.

On 3 August 2011, Galp Energia SGPS, S.A. issued bonds totalling €185,000 k, through private placement. The bonds bear variable interest based on six month Euribor, and have a maturity of three years.

The issuance was subscribed by a group of three international banks in the quality of Joint Lead Managers: Banco Bilbao Vizcaya Argentaria, S.A., J.P. Morgan Securities Ltd. and Banco Itaú BBA International, S.A. – London Branch.

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2012 issue – Galp Energia, SGPS, S.A.

- a) On 7 December 2012, the company issued bonds totalling €80,000 k, through private placement, to finance its investment plan. The bonds bear interest at a six month Euribor rate added by a variable spread with reimbursement on 7 December 2017.

The issuance was organised and subscribed by Caixa Económica Montepio Geral.

- b) On 18 December 2012, the company issued bonds totalling €110,000 k, through private placement, to finance its investment plan. The bonds bear interest at a six month Euribor rate added by a variable spread with reimbursement on 18 February 2018.

The issuance was organised and subscribed by Deutsche Bank AG, London Branch.

- c) On 27 December 2012, the company issued bonds totalling €100,000 k, through private placement, to finance its investment plan. The bonds bear interest at a six month Euribor rate added by a variable spread with reimbursement on 27 December 2016.

The issuance was organised by Caixa - Banco de Investimento, S.A. and subscribed by Caixa Geral de Depósitos, S.A..

2013 issue – Galp Energia, SGPS, S.A.

- a) On 18 February 2013 the Company issued bonds through private placement, amounting to €150,000 k, for the financing of its investment plan. The bonds bear interest at a three-month Euribor rate plus a spread, and have reimbursement on 18 February 2018. This issue will be fungible with the issue by Galp Energia on 18 December 2012 in the amount of €110,000 k, making the total amount of the issue, from 18 February 2013, of €260,000 k.

The issuance was organised and subscribed by Deutsche Bank AG, London Branch.

- b) On 8 March 2013 the Company issued bonds through private placement, amounting to €110,000 k, for the financing of its investment plan. The bonds bear interest at a three-month Euribor rate plus a spread, and have reimbursement on 8 March 2018.

The issuance was organised and subscribed by Banco Espírito Santo de Investimento, S.A.

- c) On 15 April 2013 the Company, issued bonds through private placement, amounting to €200,000 k. The bonds have a maturity of 5 years and a coupon indexed to 6-month Euribor plus a spread.

The issuance was organised and subscribed by Banco BPI, S.A.

- d) On May 20, 2013, the Company issued a bond, through private placement, amounting to €600,000 k, intended in part to refinance the second amortisation in the amount of €420,000 k of the bond of €700,000 k. The bonds bear interests at a six-month Euribor rate plus a variable spread, and have reimbursements of 50% on 20 May 2016 and 50% on 20 May 2017.

The issuance was organised and subscribed by: BNP Paribas, Banco Santander Totta, BBVA, Caixa - Banco de Investimento, ING and Société Générale.

Other loans obtained

The Group has contracted a loan in the amount of €560,001 k for a period of 8.5 years, under a European Export Credit Facility with credit insurance issued by Compañía Española de Seguros de Créditos a la Exportación, S.A., Cía de Seguros y Reaseguros (CESCE). This operation is intended to finance the upgrade project of the Sines refinery. The loan will be repaid in semiannual

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instalments beginning on 15 December 2012 and maturing on 15 December 2020 and bears interests at six months Euribor rate plus a spread. This funding, was participated by nine international banks, with Banco Santander SA acting as financial advisor and mandated lead arranger, Banco Bilbao Vizcaya Argentaria, S.A. and Société Générale as lead arrangers and CaixaBank, Banco Popular, Bankia, Banesto, Bankinter and KfwIplex-Bank acting as lenders.

23. RETIREMENT AND OTHER EMPLOYEE BENEFITS

As of 30 June 2013 and 31 December 2012 the Petrogal Pension Fund, Sacor Marítima Pension Fund and GDP Pension Fund assets measured at fair value, in accordance with the report of the fund management entity were as follows:

	June 2013	December 2012
Bonds	221,467	227,981
Shares	67,793	66,660
Other investments	10,435	10,398
Real estate	34,137	36,532
Liquidity	7,411	10,576
	341,243	352,147

As of 30 June 2013, the Group had recorded the following amounts relating to retirement and other benefit liabilities:

Caption	Liabilities	Equity
Retirement benefits:		
Relating to the Pension Fund	16,469	24,551
Retired employees	(5,259)	1,446
Pre-retirement	(40,112)	1,714
Early retirement	(55,744)	(6,021)
Retirement bonus	(6,696)	(376)
Voluntary social insurance	(1,801)	2,589
Other	(564)	(167)
Other benefits:		
Healthcare	(209,900)	55,169
Life insurance	(3,275)	230
Defined contribution plan minimum benefit	(4,713)	(1,412)
	(311,595)	77,723

The caption retirement benefits relating to the Pension Fund includes the amount of €336 k to cover the early retirements already agreed which will only be effective in the second half of 2013.

The caption retired employees in the amount of €5,259 k includes €112 k to cover retirement plan already agreed which will only be effective in the second half of 2013.

The caption pre-retirement amounting to €40,112 k includes €1,820 k essentially from Lisboagás to cover the early retirements already agreed which will only be effective in the second half of 2013.

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The employee cost caption retirement benefits amounting to €15,896 k (Note 6) mainly includes: (i) €2,333 k relating to benefits affected to the fund; (ii) €10,014 k relating to other retirement benefits; (iii) a cost of €2,330 k from other benefits; and (iv) €1,030 k relating to the defined contribution plan.

The caption interest on retirement benefits amounting to €6,976 k (Note 8) mainly includes: (i) €550 k relating to benefits affected to the fund; (ii) €1,995 k of other retirement benefits; and (iii) a cost of €4,431 k of other benefits.

The difference of €14,992 k, in the detail of the Equity presented above and the caption retained earnings – actuarial gains and losses in the consolidated statement of financial position relates to the amount of deferred tax.

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The assumptions used to calculate the retirement benefits are those considered by the Group and the entity specialized in the actuarial studies as those that best meet the obligations established in the pension plan and the respective liability for retirement benefits are as follows:

	Group in Portugal	
	2013	2012
Assumptions		
Rate of return on assets	3.75%	4.50%
Technical interest rate	3.75%	4.50%
Rate of increase in salaries	1.00%	In the first 5 years: 2%; After: 3%
Rate of increase in pensions	[0% - 0,5%]	0.00%
Current personnel and pre-retirees mortality table	INE 2009-2011	INE 2009-2011
Retired personnel mortality table	INE 2009-2011	INE 2009-2011
Disability table	50% EVK 80	50% EVK 80
Common age for retirement	65	65
Method	Projected credit unit	Projected credit unit
Changes in past service liability (PSL)		
PSL at the end of the previous period	376,571	370,480
Current service cost	1,387	2,862
Interest cost	8,180	18,752
Actuarial (gain) / loss	(51,301)	5,803
Benefit payments made by the Fund	(11,389)	(26,245)
Cut back - Early retirements	1,086	5,284
Cut back - Pre-retirement	(14)	(42)
Liquidations	(126)	-
Other adjustments	-	(323)
PSL at the end of the current period	324,394	376,571
Changes in coverage of financial assets (pension fund)		
Assets at the end of the previous period	352,147	318,392
Expected return	7,630	17,537
Associate's Contribution	-	21,006
Benefit payments	(11,389)	(26,245)
Financial gains / (losses)	(7,145)	21,457
Assets at the end of the current period	341,243	352,147
Conciliation of gains and losses		
(Gain) / loss from actuarial experience	-	8,773
(Gain) / loss by actuarial assumptions change	(51,301)	(2,971)
Financial (Gain) / loss	7,145	(21,457)
Other impacts	44,156	15,655
(Gains) / losses to be recognized in the year-end	-	-
Conciliation to the Statement of Financial Position		
(Gains) / losses to be recognized at the beginning of the year	(24,424)	(52,088)
Net cost of the period	(2,883)	(9,320)
Associate's Contribution	-	21,006
Gains / (losses) recognized - through Comprehensive Income	44,156	15,655
Other impacts	-	323
Total recognized at period end - Assets / (Liabilities)	16,849	(24,424)
Net cost of the year		
Current service cost	1,387	2,862
Interest cost	8,180	18,752
Expected return	(7,630)	(17,536)
Net cost of the period before special events	1,937	4,078
Cut back impact - Early Retirement	1,086	5,284
Cut back impact - Pre-retirement	(14)	(42)
Liquidations impacts	(126)	-
Net cost of the year	2,883	9,320
Reconciliation of gains and loss recognized- through Comprehensive Income		
(Gains) / losses to be recognized at the beginning of period	66,151	81,826
Actuarial (Gains) and Losses from experience	(44,156)	(15,655)
Other impacts	-	(20)
(Gains) / losses to be recognized at the end of period	21,995	66,151

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Other retirement benefits that not related to the pension fund:

	Group in 2013						
	Retired	Pre-retirement	Early Retirement	Retirement bonuses	Voluntary social insurance	Other	Total
Assumptions							
Technical interest rate	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	
Salary increase rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Pension increase rate	[0,00% - 0,5%]	[0,00% - 0,5%]	[0,00% - 0,5%]	[0,00% - 0,5%]	[0,00% - 0,5%]	[0,00% - 0,5%]	
Current personnel and pre-retirees mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	
Retired personnel mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	
Disability table	50% EVK 80	50% EVK 80	50% EVK 80	50% EVK 80	50% EVK 80	50% EVK 80	
Common age for retirement	65	65	65	65	65	65	
Method	Projected credit unit	Projected credit unit	Projected credit unit	Projected credit unit	Projected credit unit	Projected credit unit	
Changes in past service liability (PSL)							
PSL at the end of the previous period	4,852	27,000	55,707	7,325	1,881	655	97,420
Current service cost	-	4	266	115	-	10	395
Interest cost	100	512	1,168	161	39	15	1,995
Actuarial (gain) / loss for the year	118	(550)	(1,309)	(671)	34	(73)	(2,451)
Benefits paid by the company	(321)	(4,837)	(3,422)	(135)	(153)	(43)	(8,911)
Cut back - Early retirement	211	-	3,736	(67)	-	-	3,880
Cut back - Pre-retirement	187	16,163	(402)	16	-	-	15,964
Liquidations	-	-	-	(48)	-	-	(48)
PSL at the end of the current period	5,147	38,292	55,744	6,696	1,801	564	108,244
Conciliation to the Statement of Financial Position							
T total recognized at the beginning of the period - Assets / (Liabilities)	(4,852)	(27,000)	(55,707)	(7,325)	(1,881)	(655)	(97,420)
Net cost of the period	(498)	(16,679)	(4,768)	(177)	(39)	(25)	(22,186)
Benefits paid directly by the company	321	4,837	3,422	135	153	43	8,911
Gains/(Loss) recognized - through Comprehensive Income	(118)	550	1,309	671	(34)	73	2,451
Total recognized at period end - Assets / (Liabilities)	(5,147)	(38,292)	(55,744)	(6,696)	(1,801)	(564)	(108,244)
Net cost of the period							
Current service cost	-	4	266	115	-	10	395
Interest cost	100	512	1,168	161	39	15	1,995
Net cost of the period before special events	100	516	1,434	276	39	25	2,390
Cut back effect - Early Retirement	211	-	3,736	(67)	-	-	3,880
Cut back effect - Pre-retirement	187	16,163	(402)	16	-	-	15,964
Liquidations impacts	-	-	-	(48)	-	-	(48)
Net cost of the period	498	16,679	4,768	177	39	25	22,186
Conciliation of gains and loss recognized- through Comprehensive							
(Gains) / losses to be recognized at the beginning of period	1,329	2,264	(4,712)	295	2,555	(94)	1,637
Actuarial (Gains) and Losses from experience	118	(550)	(1,309)	(671)	34	(73)	(2,451)
(Gains) / losses to be recognized at the end of period	1,447	1,714	(6,021)	(376)	2,589	(167)	(814)
Non-controlling interests (Note 21)	-	(2)	-	-	-	-	(2)
(Gains) / losses to be recognized at the end of period	1,447	1,716	(6,021)	(376)	2,589	(167)	(812)

The amount of €10,014 k regarding other retirement benefits is recorded in employee costs. This amount consists of the initial constitution costs of €20,191 k, increased liability for past services and a decrease of €10,177 k for costs already recognized in December 2012 as a result of the restructuring.

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	Group in 2012						Total
	Retired	Pre-retirement	Early Retirement	Retirement bonuses	Voluntary social insurance	Other	
Assumptions							
Technical interest rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	
Salary increase rate	In the first 5 years: 2%; After: 3%	In the first 5 years: 2%; After: 3%	In the first 5 years: 2%; After: 3%	In the first 5 years: 2%; After: 3%	In the first 5 years: 2%; After: 3%	In the first 5 years: 2%; After: 3%	
Pension increase rate	[0% - 2%]	[0% - 2%]	[0% - 2%]	[0% - 2%]	[0% - 2%]	[0% - 2%]	
Current personnel and pre-retirees mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	
Retired personnel mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011	
Disability table	50% EVK 80	50% EVK 80	50% EVK 80	50% EVK 80	50% EVK 80	50% EVK 80	
Common age for retirement	65	65	65	65	65	65	
Method	Projected credit unit	Projected credit unit	Projected credit unit	Projected credit unit	Projected credit unit	Projected credit unit	
Changes in past service liability (PSL)							
PSL at the end of the previous period	4,716	31,732	54,828	8,903	2,177	808	103,164
Current service cost	-	6	648	271	-	39	964
Interest cost	230	1,428	2,729	453	107	31	4,978
Actuarial (gain) / loss for the year	425	227	(4,495)	(1,726)	(163)	(16)	(5,748)
Benefits paid by the company	(704)	(9,733)	(6,518)	(367)	(275)	(51)	(17,648)
Transfer of responsibility between companies	-	(191)	191	-	-	-	-
Cut back - Early retirement	-	-	8,697	(216)	35	-	8,516
Cut back - Pre-retirement	185	3,199	(373)	7	-	64	3,082
Other Adjustments	-	332	-	-	-	(220)	112
PSL at the end of the current period	4,852	27,000	55,707	7,325	1,881	655	97,420
Cconciliation to the Statement of Financial Position							
Total recognized at the beginning of the period - Assets / (Liabilities)	(4,716)	(31,732)	(54,828)	(8,903)	(2,177)	(808)	(103,164)
Net cost of the period	(415)	(4,633)	(11,701)	(515)	(142)	(134)	(17,540)
Benefits paid directly by the company	704	9,733	6,518	367	275	51	17,648
Gains/(Loss) recognized - through Comprehensive Income	(425)	(227)	4,495	1,726	163	16	5,748
Transfer of responsibility between companies	-	191	(191)	-	-	-	-
Other adjustments effect	-	(332)	-	-	-	220	(112)
Total recognized at period end - Assets / (Liabilities)	(4,852)	(27,000)	(55,707)	(7,325)	(1,881)	(655)	(97,420)
Net cost of the period							
Current service cost	-	6	648	271	-	39	964
Interest cost	230	1,428	2,729	453	107	31	4,978
Net cost of the period before special events	230	1,434	3,377	724	107	70	5,942
Cut back effect - Early Retirement	-	-	8,697	(216)	35	-	8,516
Cut back effect - Pre-retirement	186	3,199	(373)	7	-	64	3,083
Net cost of the period	416	4,633	11,701	515	142	134	17,541
Cconciliation of gains and loss recognized- through Comprehensive							
(Gains) / losses to be recognized at the beginning of period	954	2,275	(217)	2,021	2,718	(329)	7,422
Actuarial (Gains) and Losses from experience	425	227	(4,495)	(1,726)	(163)	(16)	(5,748)
Other impacts	(50)	(238)	-	-	-	251	(37)
(Gains) / losses to be recognized at the end of period	1,329	2,264	(4,712)	295	2,555	(94)	1,637
Non-controlling interests	-	3	-	-	-	-	3
(Gains) / losses to be recognized at the end of period	1,329	2,261	(4,712)	295	2,555	(94)	1,634

As explained in Note 2.10, in the accompanying notes to the consolidated financial statements as of 31 December 2012, on 31 December 2002 the Portuguese Insurance Institute authorized Galp Energia to create a defined contribution Pension Fund, giving the employees the possibility of choosing between the new defined contribution pension plan and the existing defined benefits plan. In 2013, €1,030 k were recorded in the caption employee costs, relating to contributions for the year from companies associated with the Galp Energia defined contribution Pension Fund, in benefit of their employees, by transferring the amount to the fund manager.

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Other Retirement Benefits – Healthcare, life insurance and defined contribution minimum benefit plan (disability and survivor):

As explained in Note 2.11, in the accompanying notes to the consolidated financial statements of the Company as of 31 December 2012, as of 30 June 2013 the Group had a provision to cover its liability for healthcare, life insurance of current personnel past service and the total liability for the remaining population and with minimum benefit defined contribution plan. The present value of past service liability and actuarial assumptions used in the calculation are as follows:

	Group in 2013			
	Healthcare	Life insurance	Defined contribution plan minimum benefit	Total
Assumptions				
Technical interest rate	3.75%	3.75%	3.75%	
Salary increase rate	4.00%	1.00%	1.00%	
Current personnel and pre-retirees mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	
Retired personnel mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	
Disability table	50% EVK 80	50% EVK 80	50% EVK 80	
Common age for retirement	65	65	65	
Method	Projected credit unit	Projected credit unit	Projected credit unit	
Changes in past service liability (PSL)				
PSL at the end of the previous period	192,781	3,619	5,866	202,266
Current service cost	1,721	79	530	2,330
Interest cost	4,220	79	132	4,431
Actuarial (gain) / loss	16,449	(392)	(1,815)	14,242
Benefits paid by the company	(5,271)	(110)	-	(5,380)
PSL at the end of the current period	209,900	3,276	4,713	217,889
Conciliation to the Statement of Financial Position				
Total recognized at the beginning of the period - Assets / (Liabilities)	(192,781)	(3,619)	(5,866)	(202,266)
Net cost of the period	(5,941)	(158)	(662)	(6,761)
Benefits paid directly by the company	5,271	110	-	5,380
Gains/(Loss) recognized - through Comprehensive Income	(16,449)	392	1,815	(14,242)
Total recognized at period end - Assets / (Liabilities)	(209,900)	(3,276)	(4,713)	(217,889)
Net cost of the period				
Current service cost	1,721	79	530	2,330
Interest cost	4,220	79	132	4,431
Net cost of the period	5,941	158	662	6,761
Conciliation of gains and loss recognized- through Comprehensive Income				
(Gains) / losses to be recognized at the beginning of period	38,720	622	403	39,745
Actuarial (Gains) and Losses from experience	16,449	(392)	(1,815)	14,242
(Gains) / losses to be recognized at the end of period	55,169	230	(1,412)	53,987
Non-controlling interests (Note 21)	1	(3)	17	15
(Gains) / losses to be recognized at the end of period	55,168	233	(1,429)	53,972

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	Group in 2012			
	Healthcare	Life insurance	Defined contribution plan minimum benefit	Total
Assumptions				
Technical interest rate	4.50%	4.50%	4.50%	
Salary increase rate	4.00%	In the first 5 years: 2%; After: 3%	In the first 5 years: 2%; After: 3%	
Current personnel and pre-retirees mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	
Retired personnel mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	
Disability table	50% EVK 80	50% EVK 80	50% EVK 80	
Common age for retirement	65	65	65	
Method	Projected credit unit	Projected credit unit	Projected credit unit	
Changes in past service liability (PSL)				
PSL at the end of the previous period	198,650	3,373	4,292	206,315
Current service cost	3,042	122	896	4,060
Interest cost	10,135	174	225	10,534
Actuarial (gain) / loss	17,279	115	497	17,891
Benefits paid by the company	(11,651)	(207)	(44)	(11,902)
Other Adjustments	(24,674)	42	-	(24,632)
PSL at the end of the current period	192,781	3,619	5,866	202,266
Conciliation to the Statement of Financial Position				
T total recognized at the beginning of the period - Assets / (Liabilities)	(198,650)	(3,373)	(4,292)	(206,315)
Net cost of the period	11,497	(296)	(1,120)	10,081
Benefits paid directly by the company	11,651	207	43	11,901
Gains/(Loss) recognized - through Comprehensive Income	(17,279)	(115)	(497)	(17,891)
Other adjustments effect	-	(42)	-	(42)
T total recognized at period end - Assets / (Liabilities)	(192,781)	(3,619)	(5,866)	(202,266)
Net cost of the period				
Current service cost	3,042	122	896	4,060
Interest cost	10,135	174	224	10,533
Other adjustments	(24,674)	-	-	(24,674)
Net cost of the period	(11,497)	296	1,120	(10,081)
Conciliation of gains and loss recognized- through Comprehensive Income				
(Gains) / losses to be recognized at the beginning of period	21,394	504	(94)	21,804
Actuarial (Gains) and Losses from experience	17,279	115	497	17,891
Other impacts	47	3	-	50
(Gains) / losses to be recognized at the end of period	38,720	622	403	39,745
Non-controlling interests (Note 21)	(1)	3	26	28
(Gains) / losses to be recognized at the end of period	38,721	619	377	39,717

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24. OTHER PAYABLES

The non-current and current caption other payables as of 30 June 2013 and 31 December 2012 are as follows:

Captions	June 2013		December 2012	
	Current	Non-current	Current	Non-current
State and other public entities:				
Value Added Tax payables	201,994	-	223,905	-
Tax on petroleum products	68,734	-	122,661	-
Social Security contributions	9,194	-	6,128	-
Personnel and Corporate Income Tax Withheld	8,986	-	7,563	-
Other taxes	22,637	-	21,843	-
Suppliers - tangible and intangible assets	160,015	98,609	128,592	99,790
Advances on sales (Note 16)	153,232	-	194,341	-
Overlifting	30,385	-	17,332	-
Personnel	11,620	-	12,029	-
Trade receivables credit balances	3,150	-	2,928	-
Guarantee deposits and guarantees received	2,600	-	2,579	-
Other payables - Other shareholders	1,949	-	2,242	-
ISP - Congeners debit	1,537	-	1,400	-
Trade receivables advances	1,216	-	1,208	-
Loans - Associated, participated and related companies (Note 28)	450	144,267	-	142,229
Loans - Other shareholders	-	11,577	-	11,577
Payable from the Block 14 consortium in Angola (insufficiency of "profit-oil" payable)	-	-	1,106	-
Other payables - Associated, participated and related companies (Note 28)	-	-	668	-
Other creditors	38,974	3,055	27,724	2,952
	716,673	257,508	774,249	256,548
Accrued costs:				
External supplies and services	90,238	-	68,835	-
Accrued interest	27,342	-	26,982	-
Vacation pay, vacation subsidy and corresponding personnel costs	24,704	-	31,501	-
Adjustment to tariff deviation - Regulated revenue - ERSE regulation (Note 14)	19,858	-	13,855	-
Adjustment to tariff deviation - Other activities - ERSE regulation	13,471	-	16,965	-
Productivity bonus	10,574	-	13,667	-
Accrued insurance premiums	9,388	-	4,691	-
Fast GALP prizes	8,067	-	8,360	-
Discounts, bonuses and volume discounts on sales	7,772	-	5,258	-
Adjustment to tariff deviation - Energy tariff - ERSE regulation (Note 14)	4,318	-	3,661	-
Financial costs	1,241	-	1,202	-
Financial neutrality - ERSE regulation	275	-	320	-
Accrued personnel costs - other	102	-	127	-
Other accrued costs	18,961	2,394	8,740	-
	236,311	2,394	204,164	-
Deferred income:				
Services rendered	21,736	-	3,367	-
Investment government grants (Note 13)	10,481	270,691	11,080	275,210
Fibre optics	404	2,001	404	2,203
Other	11,060	74	11,252	78
	43,681	272,766	26,103	277,491
	996,665	532,668	1,004,516	534,039

The caption advances on sales includes the amount of €153,232 k in respect of Group liabilities for competition from strategic reserves (Note 16).

The caption suppliers – non current tangible and non-tangible assets refers essentially to the surface rights.

The amount of €30,385 k in caption “Overlifting” represents the Group’s liability for crude oil lifted in excess of its production quota and is measured as described in Note 2.7 e) of the accompanying notes to the consolidated financial statements of the Company as of 31 December 2012.

The amount of €2,600 k recorded in the caption “Guarantee deposits and guarantees received” includes €2,061 k relating to Petrogal’s liability as of 30 June 2013 for customer deposits received on gas containers in use that were recorded at acquisition cost, which is, approximately, their fair value.

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The amount of €144,267 k recorded in the caption Loans - Associated, participated and related companies concerns:

- In March 2012, Winland International Petroleum Company, SARL granted, , loans totaling €275,137 k (US\$358,873,000): i) €144,267 k regarding loans obtained by subsidiary Petrogal Brazil SA, that bear interest at market rates and have defined maturity of 10 years, are recorded in the caption loans - other shareholders (non-current), ii) €130,871 k don't bear interest and there is no intention of repayment thus being similar as share capital ("quasi equity"), as such are recorded in the caption of non-controlling interests (Notes 20 and 21). The amount recorded under Loans - Other shareholders (non-current) amounts at 30 June 2013, to €144,267 k, as result of the exchange rate update. In the period ended 30 June 2013 the amount of €3,527 k regarding loans obtained concerning related companies is recognized under interest caption.

The amount of €11,577 k in the caption "Loans – Other shareholders" mainly relates to:

- €8,938 k recorded in non-current payable to ENAGÁS, S.G.P.S., S.A. for loans obtained by subsidiary SETGÁS - Sociedade de Distribuição de Gás Natural, S.A., which bear interest at market rate;
- €1,205 k recorded as non-current payable to EDP Cogeração, S.A. related to shareholders loans obtained by the subsidiary Carriço Cogeração Sociedade de Geração de Electricidade e Calor, S.A., which bear interests at market rate; and
- €1,434 k recorded as non-current payable to Visabeira Telecomunicações, SGPS, S.A., relates to shareholder loans obtained by the subsidiary Beiragás –Companhia de Gás das Beiras, S.A., which bears interest at market rates.

The amount of €8,067 k recorded under accrued costs – Fast Galp prizes is Petrogal's liability for Fast Galp card points issued but not yet claimed until 30 June 2013, which are expected to be exchanged for prizes in subsequent periods.

Investment government grants are to be recognized as income over the useful life of the assets. The amount to be recognized in future periods amounts to €281,172 k (Note 13).

Income from the contract of assignment of rights to use telecommunication infrastructures is recorded in caption deferred income - fiber optics and is recognized in earnings during the period of the contract. The balance of deferred income at 30 June 2013, to be recognized in future periods amounts to €2,405 k.

25. PROVISIONS

The changes in provisions in the period ended 30 June 2013 were as follows:

Caption	Beginning balance	Increases	Decreases	Utilisation	Transfers	Adjustments	Perimeter changes	Ending balance
Legal processes	18,061	3,714	(384)	(3,866)	-	(5)	-	17,520
Investments (Note 4)	2,850	199	-	(60)	-	(56)	-	2,933
Taxes	16,511	-	-	-	17,547	-	-	34,058
Environment	4,233	-	-	-	-	-	-	4,233
Abandonment Costs	51,376	72,981	-	(23,742)	-	2,061	-	102,676
Other risks and charges	44,525	4,410	-	(10,371)	(17,547)	(2)	(2)	21,013
	<u>137,556</u>	<u>81,304</u>	<u>(384)</u>	<u>(38,039)</u>	<u>-</u>	<u>1,998</u>	<u>(2)</u>	<u>182,433</u>

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The increase in provisions, net of the decreases, was recorded against the following caption of the consolidated income statement:

Provisions (Note 6)	7,740
Capitalization of costs of provision for abandonment blocks (Note 12)	72,981
Results in investments in associates and jointly controlled entities (Note 4)	199
	<u>80,920</u>

Legal processes

The provisions for current “legal processes” in the amount of €17,520 k mainly includes: €8,646 k regarding liabilities concerning the subsoil occupation taxes of the subsidiary Petróleos de Portugal – Petrogal, S.A., in respect of the process against Municipal Council of Matosinhos and €1,705 k related to the non-compliance with the contractual conditions of service station management by Galp Energia España, S.A. The provision utilization in the period ended 30 June 2013 includes the amount of €2,000 k due to the merger of Galp Distribuição Portugal, S.A in Petróleos de Portugal - Petrogal, S.A. subsidiary as result of Recheio – Cash & Carry process.

Financial investments

The provision for investments reflects the statutory commitment of the Group to its associates that present negative equity as detailed in note 4.

Taxes

The caption tax provisions, in the amount of €34,058 k includes mainly:

- i) €17,547 k of additional liquidations of PIT (Petroleum Income Tax);
- ii) €7,394 k concerning a tax contingency, related with corrections to 2001 and 2002 corporate income tax of the subsidiary Petrogal;
- iii) €5,322 k related with corrections to Galp Energia, SGPS, S.A. and its subsidiary GDP – Gás de Portugal, SGPS, S.A. 2005 and 2006 corporate income tax as result of tax assessment to the respective income tax declaration. The tax contingency is related with the interpretation of the taxation rules for capital gains before 2000; and
- iv) €3,377 k concerning the tax risk associated with the sale of the interests in ONI, SGPS, to Galp Energia, SGPS, S.A..

Environmental

The amount of €4,233 k in the caption environmental provisions aims to sustain the costs related with legally mandatory soil decontamination of some facilities occupied by the Group.

Abandonment blocks

The amount of €102,676 k recorded in provisions for the abandonment of blocks includes essentially, the amount of €90,730 k for facilities located in Blocks 1 and 14 in Angola and the remaining amount of €11,946 k for Brazilian facilities. This provision aims to cover all costs to be incurred with the dismantling of assets and soil decontamination at the end of the useful life of those areas.

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The provision is capitalized in tangible assets and the respective cost is depreciated over the estimated useful life of the exploration by the UOP method. As result of this matter, for the period ended 30 June 2013 an amount of €72,981 k was recorded (Note 12).

Other risks and charges

On 30 June 2013 the caption provisions – Other risks and charges, amounting to €21,013 k, mainly comprises:

- i) €4,561 k concerning processes related to “sanctions” applied by Customs Authorities due to the late submission of the customs destination declaration of some shipments received at Sines;
- ii) €1,202 k concerning petroleum tax on biofuels; and
- iii) €1,150 k regarding compensation interest regarding the non-acceptance of Leixões Ocean Terminal monobuoy write-off as a tax deductible cost in 2002.

The main changes in the period ended 30 June 2013 regarding other provisions amounting to €23,512 k, refer essentially to the use of restructuring provision amounting to €10,000 k and a transfer in the amount of € 17,547 k for additional PIT liquidations.

The amount recorded in perimeter variation refers to the exit of the associate Galpbúzi - Agro-Energia, S.A. (Note 3).

26. TRADE PAYABLES

As of 30 June 2013 and 31 December 2012 the amounts recorded in the caption suppliers were as follows:

Captions	June 2013	December 2012
Trade payables - current accounts	352,896	716,698
Trade payables - invoices pending	901,556	752,533
	1,254,452	1,469,231

The balance of the caption trade payables – invoices pending corresponds mainly to the purchase of crude oil raw material, natural gas and goods in transit.

27. OTHER FINANCIAL INSTRUMENTS – DERIVATIVES

The Group uses financial derivatives to hedge interest rate and market fluctuation risks, namely risks of change in crude oil prices, finished products and refining margins, as well as risks of change in natural gas and electricity prices, which affect the amount of assets and future cash flows resulting from its operations.

Financial derivatives are defined, in accordance with IAS/IFRS, as “financial assets at fair value through profit and loss” or “financial liabilities at fair value through profit and loss”. The interest rate financial derivatives that are contracted to hedge the change in interest rates on borrowings are designated as “cash flow hedges”. Interest rate financial derivatives that are contracted to hedge changes borrowings fair value or other risks that might affect the profit and loss are designated as “fair value hedges”.

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The fair value of financial derivatives was determined by financial entities, applying generally accepted techniques and evaluation models.

In accordance with IFRS 7 an entity must classify the fair value measurement, in a hierarchy that reflects the meaning of the inputs used measurement. The fair value hierarchy must have the following levels:

- Level 1 – quoted prices (not adjusted) for similar instruments;
- Level 2 – other directly or indirectly observable market inputs for the asset or the liability, than Level 1 inputs namely prices and derivatives prices, respectively; and
- Level 3 – inputs for the asset or the liability not based on observable market data (not observable).

The fair value of financial derivatives (swaps) was determined by financial entities using observable market inputs and using generally accepted techniques and models (Level 2). Futures are traded on the stock exchange and subject to a Clearing House, and as such their valuation is determined by quoted prices (Level 1).

Financial Derivatives – Swaps

Interest rate swaps

The Interest Rate Swaps as of 30 June 2013 presented the following characteristics:

Type of derivative over Interest rate	Interest Rate	Nominal value	Maturity	Fair value of the derivatives in €k
<u>Liability</u>	<u>Cash-flow hedge</u>			
Swaps	Pays between 1.48% and 6.24% Receives Euribor 6m	€395,621 k	2013-2014	(4,338)
				<u>(4,338)</u>

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Interest rate derivative financial instruments in portfolio present during the period ended 30 June 2013 and 31 December 2012 the following changes:

Interest rate derivatives	Assets		Liabilities	
	Non-current	Current	Non-current	Current
Fair value at 1 January 2012	-	1,032	-	(1,806)
Purchased during the year	-	-	-	-
Payment / (Receipt) of interest during the year	-	(533)	-	13
Receipt / (Payment) of interest reflected in the income statement	-	533	-	(13)
Increase /(decrease) in fair value reflected in the income statement	167	(157)	(120)	74
Increase /(decrease) in fair value reflected in equity	-	(875)	(659)	(3,724)
Fair value at 30 June 2012	167	-	(779)	(5,456)
Fair value at 1 January 2013	54	-	(745)	(7,326)
Purchased during the year	-	-	-	-
Payment / (Receipt) of interest during the year	-	-	14	3,329
Receipt / (Payment) of interest reflected in the income statement	(54)	-	(14)	(3,329)
Increase /(decrease) in fair value reflected in the income statement	-	-	42	-
Increase /(decrease) in fair value reflected in equity	-	-	693	2,998
Fair value at 30 June 2013 (Note 17)	-	-	(10)	(4,328)

Interest incurred and obtained from interest rate derivatives are accounted for in the captions financial costs and financial income.

The changes in cash flow hedges fair value reflected in Equity, are as follows:

Fair value change in equity	June 2013	June 2012
Subsidiaries	3,692	(5,256)
Non-controlling interest	(5)	(4)
	3,687	(5,260)
Associates	147	(245)
	3,834	(5,505)

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Commodities Swaps

Swaps on commodities at 30 June 2013 presented the following characteristics:

Types of derivative on Commodities	Characteristics	Nominal value	Maturity	Fair value of derivatives in €k
Assets	Fair value through profit and loss			
Swaps	Natural Gas	Sell 57,126 MWh	2013-2014	233
Swaps	Natural Gas	Buy 898,365 MWh	2013-2014	331
Option - Collar	Natural Gas - Price range 6.8%	Buy 10,000 MWh	2013	2
Swaps	Oil refining margin	Buy 13,150,000 BBL	2013-2015	4,378
Swaps	High Sulphur Fuel Oil	Buy 4,000 mt	2013	7
Liabilities	Fair value through profit and loss			
Swaps	Electricity	Buy 691,970 MWh	2013-2014	(2,402)
Swaps	Natural Gas	Sell 177,152 MWh	2013-2014	(158)
Swaps	Natural Gas	Buy 1,130,791 MWh	2013-2015	(1,286)
Option - Collar	Natural Gas - Price range 6.8%	Sell 46,000 MWh	2013	(15)
Swaps	Oil refining margin	Buy 1,200,000 BBL	2015	(135)
Swaps	High Sulphur Fuel Oil	Buy 20,000 mt	2013	(109)
				846

The impact as of 30 June 2013 and 2012 in the caption cost of sales is as follows:

Derivatives on Commodities	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Fair value at 1 January 2012	2,240	750	(90,489)	-
Purchased during the year	27	-	-	-
Sold during the year	-	-	89,566	-
Increase/ decrease on the sale accounted for in the income statement	200	-	(3,024)	-
Increase /(decrease) in fair value reflected in the income statement	(770)	(95)	3,393	(16)
Increase /(decrease) in fair value reflected in equity	-	-	-	-
Fair value at 30 June 2012	1,697	655	(554)	(16)
Fair value at 1 January 2013	1,483	8	(1,803)	(20)
Purchased during the year	-	-	-	-
Sold during the year	(1,395)	-	1,860	-
Increase/ decrease on the sale accounted for in the income statement	1,395	-	(1,357)	-
Increase /(decrease) in fair value reflected in the income statement	1,663	1,797	(2,638)	(147)
Increase /(decrease) in fair value reflected in equity	-	-	-	-
Fair value at 30 June 2013 (Note 17)	3,146	1,805	(3,938)	(167)

MTM - Mark-to-market of derivatives on commodities is reflected in financial results, while their realisation is recognized in cost of sales.

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Cross Currency Swaps

The cross currency swaps in the portfolio at 30 June 2013 presented the following characteristics:

Type of Derivative on Exchange Rate	Characteristics	Nominal value	Maturity	Fair value of derivatives in €k
Assets	Fair value through profit and loss			
Cross Currency Interest Rate Swap	Pays Euribor 3m + 2% Receives US Libor 3m + Spread between 2.05% and 2.09%	USD 770,000 k / € 587,095 k	2013	3,622
Liabilities	Fair value through profit and loss			
Non-Deliverable Forward	Delivers BRL Receives USD	BRL 280,000 k / USD 128,736 k	2013	(764)
Forwards	Delivers USD Receives EUR	USD 6,153 k / EUR 4,697 k	2013	(5)
				2,853

The impact as of 30 June 2013 and 2012 in caption results is as follows:

Derivatives on Exchange Rate	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Fair value at 1 January 2012	-	-	-	-
Increases / (decreases) during the period	-	-	(34,524)	-
Increase / (decrease) resulting from currency translation	-	-	-	-
Increase / (decrease) in fair value reflected in financial results	(750)	-	-	-
Increase / (decrease) in fair value reflected in exchange rate results	41,695	-	28,434	-
Increase / decrease in fair value reflected in translation reserves	1,217	-	381	-
Fair value at 30 June 2012	42,162	-	(5,709)	-
Fair value at 1 January 2013	4,770	-	(6,532)	-
Increases / (decreases) during the period	1,041	-	(4,805)	-
Increase / (decrease) resulting from currency translation	-	-	-	-
Increase / (decrease) in fair value reflected in financial results	126	-	-	-
Increase / (decrease) in fair value reflected in exchange rate results	(1,290)	-	9,577	-
Increase / decrease in fair value reflected in translation reserves	19	-	(53)	-
Fair value at 30 June 2013 (Note 17)	4,666	-	(1,813)	-

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Financial Derivatives – Futures

Galp Energia Group also trades commodity futures. Given their high liquidity, as they are traded on the stock exchange, they are classified as financial assets at fair value through profit and loss included in cash and cash equivalents caption. The gains and losses on commodity futures (Brent) are classified in the caption cost of sales. As the futures are traded on the stock exchange, subject to a Clearing House, the gains and losses are continuously recorded in the income statement as follows:

Commodity futures (Brent)	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Fair value at 1 January 2012	2,329	-	-	-
Purchased during the year	30,633	-	-	-
Sold during the year	(29,153)	-	-	-
Increase /(decrease) on the sale reflected in the income statement	(2,439)	-	-	-
Fair value at 30 June 2012	1,370	-	-	-
Fair value at 1 January 2013	2,294	-	-	-
Purchased during the year	30,291	-	-	-
Sold during the year	(26,384)	-	-	-
Increase /(decrease) on the sale reflected in the income statement	(4,401)	-	-	-
Fair value at 30 June 2013 (Note 18)	1,800	-	-	-

Beside the above mentioned futures, the Group trades electricity futures, which are designated as financial assets at fair value through profit and loss – held for sale. The Futures MTM – Market-to-Market gains and losses are classified as financial results. However, the realisation of these futures is recognized in cost of sales. These gains and losses are recorded continuously in the consolidated income statement, as follows:

Electricity derivatives	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Fair value at 1 January 2012	1,209	-	-	-
Purchased during the year	3,909	-	-	-
Sold during the year	(3,857)	-	-	-
Increase /(decrease) on the sale reflected in the income statement	(255)	-	-	-
Fair value at 30 June 2012	1,006	-	-	-
Fair value at 1 January 2013	2,557	-	-	-
Purchased during the year	7,421	-	-	-
Sold during the year	46	-	-	-
Increase / (decrease) in sales reflected in cost of sales	(4,159)	-	-	-
Increase /(decrease) on the sale reflected in the income statement	(2,376)	-	-	-
Fair value at 30 June 2013 (Note 18)	3,489	-	-	-

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As of 30 June 2013, Galp Power, S.A., holds 1,500 CO₂ lot Futures with maturity in December 2013. These Futures represent 1,500,000 ton/CO₂ with a value of €1,351 k recorded as at 30 June 2013 and are classified as financial assets at fair value through profit and loss – held for sale. The MTM – Market-to-Market gains and losses are recorded in the caption financial income and losses of the consolidated financial statements, as follows:

CO2 Futures	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Fair value at 1 January 2012	122	-	-	-
Purchased during the year	974	-	-	-
Sold during the year	(607)	-	-	-
Increase /(decrease) on the sale reflected in the income statement	(308)	-	-	-
Fair value at 30 June 2012	181	-	-	-
Fair value at 1 January 2013	1,351	-	-	-
Purchased during the year	3,690	-	-	-
Sold during the year	-	-	-	-
Increase /(decrease) on the sale reflected in the income statement	(3,690)	-	-	-
Fair value at 30 June 2013 (Note 18)	1,351	-	-	-

28. RELATED PARTIES

During the period ended 30 June 2013, there were no significant changes in related parties comparing with the consolidated financial statements at 31 December 2012. For additional information refer to the consolidated financial statements of the Company, on 31 December 2012 and the respective accompanying notes.

29. REMUNERATION OF THE BOARD

The remuneration of Galp Energia corporate board members for the periods ended 30 June 2013 and 30 June 2012 is detailed as follows:

	June 2013						June 2012					
	Salary	Pension Plans	Allowances for rent and travels	Bonuses	Other charges and adjustments	Total	Salary	Pension Plans	Allowances for rent and travels	Bonuses	Other charges and adjustments	Total
Corporate boards of Galp Energia SGPS												
Executive management	1,627	405	76	1,961	16	4,085	1,609	418	93	606	29	2,755
Non-executive management	350	-	-	-	-	350	723	143	27	55	-	948
Supervisory board	43	-	-	-	-	43	43	47	-	-	-	90
Shareholder's Assembly	2	-	-	-	-	2	4	-	-	-	-	4
	2,022	405	76	1,961	16	4,480	2,379	608	120	661	29	3,797
Corporate boards of associate companies												
Executive management	1,098	-	2	21	-	1,121	673	-	30	15	-	718
Shareholder's Assembly	13	-	-	-	-	13	5	-	-	-	-	5
	1,111	-	2	21	-	1,134	678	-	30	15	-	723
	3,133	405	78	1,982	16	5,614	3,057	608	150	676	29	4,520

The amounts of €5,614 k and €4,520 k, recorded in the periods ended 30 June 2013 and 2012 respectively, include €5,015 k and €3,390 k recorded as employee costs (Note 6) and €599 k and €1,130 k recorded as external supplies and services.

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The caption bonuses in 2013 includes the amount of €1,500 k regarding the multi annual management premium accrual payable in the year 2015.

In accordance with the current policy, remuneration of Galp Energia corporate board members includes all the remuneration due for the positions held in Galp Energia Group and all accrued amounts.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. According to Galp Energia's interpretation only the members of the Board of Directors meet these features.

30. DIVIDENDS

Dividends attributed to the Group's shareholders, of the 2012 net profit, amounted to €199,020 k in accordance with the decision of the Shareholders Meeting of 22 April 2013. On September 18, 2012, interim dividends were paid in the amount of €99,510 k and on May 16, 2013 the remaining €99,510 k were paid.

31. OIL AND GAS RESERVES

The information regarding Galp's oil and gas reserves is subject to independent assessment by a suitably qualified company with the methodology established in accordance with the Petroleum Resources Management System ("PMRS"), approved in March 2007 by the Society of Petroleum Engineers ("SPE"), the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

The information on reserves is included in the document entitled "Supplementary Information on Oil and Gas (unaudited)" attached to the notes of the consolidated financial statements at 31 December 2012.

32. FINANCIAL RISK MANAGEMENT

During the period ended 30 June 2013, there were no significant changes in the management of financial risks, given the already disclosed in the consolidated financial statements of the Company on 31 December 2012. For additional information refer to the consolidated financial statements of the Company, on 31 December 2012 and the corresponding accompanying notes.

33. CONTINGENT ASSETS AND LIABILITIES

During the period ended 30 June 2013, Galp Energia participated in the eleventh round of bidding for exploration blocks promoted by the Agência Nacional do Petróleo, Gás e Biocombustíveis ("ANP"). Galp Energia acquired nine blocks: four on the Parnaíba basin, four in Barreirinhas basin and one in the Potiguar basin. Having paid the amount of 37.85 million of Brazilian reais for all of those blocks.

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There were no further significant changes in assets and contingent liabilities in relation to the consolidated financial statements of the Company on 31 December 2012. For additional information refer to the consolidated financial statements of the Company, on 31 December 2012 and the corresponding accompanying notes.

34. INFORMATION REGARDING ENVIRONMENTAL MATTERS

As of 30 June 2013, Galp Power, S.A., holds 1,500 CO₂ lot Futures with maturity in December 2013 (Note 27). These Futures represent 1,500,000 ton/CO₂. The futures acquired are expected to be sufficient to address any shortfalls that might exist in licenses.

For other information on environmental matters, refer to the accompanying notes to the consolidated financial statements of the Company at 31 December 2012.

35. SUBSEQUENT EVENTS

Galp Energia, through its subsidiary Galp Energia España, S.A., signed an agreement to sell its 5% stake in the company Compañía Logística de Hidrocarburos CLH, S.A. ("CLH") to British Columbia Investment Management Corporation ("bcIMC") at an agreed price of €111 million.

It is anticipated that the transaction is to be completed in July 2013. A gain of approximately €50 million will be recorded in financial results.

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36. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on July 26, 2013.

However, they are still subject to approval by the General Meeting of Shareholders, under the commercial code in place in Portugal. The Board of Directors believes that these financial statements fairly reflect the company's operations, financial performance and cash flows.

THE ACCOUNTANT:

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS:

Chairman:

Américo Amorim

Vice-Chairmen:

Manuel Ferreira De Oliveira

Luis Palha da Silva

Members:

Paula Amorim

Filipe Crisóstomo Silva

Carlos Gomes da Silva

Sérgio Gabrielli de Azevedo

Stephen Whyte

Vitor Bento

Abdul Magid Osman

Luis Manuel Moreira de Campos e Cunha

Baptista Sumbe

Miguel Athayde Marques

Carlos Costa Pina

Rui Paulo Gonçalves

Luis Manuel Pego Todo Bom

Fernando Gomes

Diogo Mendonça Rodrigues Tavares

Joaquim José Borges Gouveia

José Carlos da Silva Costa

Jorge Manuel Seabra de Freitas

37. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union (Note 2.1) some of which may not conform to generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

4. REPORTS AND OPINIONS

LIMITED REVIEW REPORT FOR STOCK EXCHANGE REGULATORY PURPOSES ON THE FIRST HALF CONSOLIDATED FINANCIAL INFORMATION

(Free translation from the original in Portuguese)

Introduction

1. Under the terms of CMV, we present our Limit Review Report about the consolidated information of Galp Energia SGPS, S.A. in the six month period ended on 30 June 2013, included in: the consolidated accounts report, the consolidated statement of financial position (which shows total assets of €14,151,804 k and total shareholder's equity of €6,652,638 k, including non-controlling interests of €1.312.702 k and a net profit of €26.740 k), in the consolidated income statement, in the consolidated statement of comprehensive income, in the consolidated statement of changes in equity and in the consolidated cash flows statement for the period ended, and the corresponding notes to the accounts.

2. The amounts in the consolidated financial statements, as well as those contained in additional financial information, are presented in the accounting records.

Responsibilities

3. It is the responsibility of the Company's Board of Directors (i) to prepare the consolidated accounts report and the consolidated financial statements which present fairly, in an appropriated manner, the financial position of the Company and its subsidiaries, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (ii) to prepare historic financial information in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU and which is complete, true, up-to-date, clear, objective and lawful, as required by the CVM; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company and its subsidiaries.

4. Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the CVM, for the purpose of issuing an independent and professional report based on our scope of review.

Scope

5. The review was executed in order to obtain reasonable assurance on whether the consolidated financial statements do not contain any material misstatement. Our review was conducted in accordance with the Technical Standards and Review/Audit Guidelines issued by the Portuguese Statutory Auditing Standards, which was planned for that goal, and consisted mainly in inquiries and analytical procedures to review: (i) reliability of the assertions contained in the financial information; (ii) appropriateness of the accounting principles used, taking into account the circumstances and the consistency of their application; (iii) the applicability of the going concern basis of accounting; (iv) presentation of the consolidated financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

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6. Our review also covered the verification that the information included in the consolidated accounts report is consistent with the remaining documents mentioned above.

7. We believe that our review provides a reasonable basis for our opinion about the first half period information.

Opinion

8. Based on the review performed, which was executed in order to obtain moderate assurance, nothing came to our attention that causes us to believe that the consolidated financial information for the six months ended on 30 June, 2013 contains any materially relevant distortions to affect its compliance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted in the European Union and that it is not complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

9. Based on the work review performed, there is nothing to our knowledge that leads us to conclude that the information included in the consolidated accounts report is not consistent with the consolidated financial information of the period.

2 August 2013

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077

represented by:

António Joaquim Brochado Correia, ROC.

SUPERVISORY BOARD STATEMENT ABOUT THE ACCORDANCE OF THE PRESENTED INFORMATION

ARTICLE 246º, FIRST PARAGRAPH C) OF THE PORTUGUESE SECURITIES CODE

In accordance with the article 246º, first paragraph c) of Portuguese Securities Code, the Supervisory Board of Galp Energia, SGPS, S.A. (Galp Energia) declares that: To the best of its knowledge, the information provided in the first paragraph a) of article 246º of the Portuguese Securities Code was prepared in compliance with applicable accounting requirements, and gives a true and fair view of the assets, liabilities, financial position and results of Galp Energia and the companies included in the consolidation, and that the interim management report includes a fair review of the important events that occurred in the period and the respective impact on the financial statements, as

well as a description of the main risks and uncertainties for the next six months.

Lisbon, 26 July 2013

The Supervisory Board

Cairman:

Daniel Bessa Fernandes Coelho

Members:

Gracinda Augusta Figueiras Raposo

Pedro Antunes de Almeida

Deputy:

Amável Alberto Freixo Calhau

5. ADDITIONAL INFORMATION

DEFINITIONS

Crack spread

Difference between the price of an oil product and the price of Dated Brent.

EBIT

Operating profit.

EBITDA

Operating profit plus depreciation, amortisation and provisions.

GALP ENERGIA, COMPANY OR GROUP

Galp Energia, SGPS, S. A. and associates.

IRP

Income tax on oil sales in Angola.

BENCHMARK REFINING MARGIN

The benchmark refining margin is calculated with the following weighting: 45% hydrocracking margin + 42,5% Rotterdam cracking margin + 7% Rotterdam base oils + 5,5% Aromatics.

ROTTERDAM HYDROCRACKING MARGIN

The Rotterdam hydrocracking margin has the following profile: -100% dated Brent, +2.2% LPG FOB Seagoing (50% Butane + 50% Propane), +19.1% PM UL NWE FOB Bg, +8.7% Naphtha NWE FOB Bg., +8.5% Jet NWE CIF, +45.1% ULSD 10 ppm NWE CIF and +8.9% LSFO 1% FOB Cg.; C&Q: 7.9%; Terminal rate: 1\$/ton; Ocean loss: 0.15% over Brent; Freight 2012: WS Aframax (80 kts). Route Sullom Voe / Rotterdam – Flat \$6.80/ton. Yields in % of weight.

ROTTERDAM CRACKING MARGIN

The Rotterdam cracking margin has the following profile: -100% dated Brent, +2.3% LPG FOB Seagoing (50% Butane + 50% Propane), +25.4% PM UL NWE FOB Bg, +7.5% Naphtha NWE FOB Bg, +8.5% Jet NWE CIF, +33.3% ULSD 10 ppm NWE CIF and +15.3% LSFO 1% FOB Cg.; C&Q: 7,4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Brent; Freight 2012: WS Aframax (80 kts). Route Sullom Voe / Rotterdam – Flat \$6.80/ton. Yields in % of weight.

ROTTERDAM BASE OILS MARGIN

Base oils refining margin: -100% Arabian Light, +3.5% LPG FOB Seagoing (50% Butane + 50% Propane), +13% Naphtha NWE FOB Bg., +4.4% Jet NWE CIF, +34% ULSD 10 ppm NWE CIF, +4.5% VGO 1.6% NWE FOB Cg, +14.0% Base oils FOB, +26% HSFO 3.5% NWE Bg.; Consumptions: -6.8% LSFO 1% CIF NWE; Losses: 7.4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Arabian Light; Freight 2013: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$6.80/ton. Yields in % of weight.

ROTTERDAM AROMATICS MARGIN

Rotterdam aromatics margin: -60% PM UL NWE FOB Bg, - 40.0% Naphtha NWE FOB Bg., + 37% Naphtha NWE FOB Bg., + 16.5% PM UL NWE FOB Bg + 6.5% Benzene Rotterdam FOB Bg + 18.5% Toluene Rotterdam FOB Bg + 16.6% Paraxylene Rotterdam FOB Bg + 4.9% Ortoxylyene Rotterdam FOB Bg.; Consumptions: - 18% LSFO 1% CIF NEW. Yields in % of weight.

REPLACEMENT COST (RC)

According to this method of valuing inventories, the cost of goods sold is valued at the of replacement, i.e. at the average cost of raw materials on the month when sales materialise irrespective of inventories at the start or end of the period. The Replacement Cost Method is not accepted by accounting standards – either Portuguese GAAP or IFRS – and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

REPLACEMENT COST ADJUSTED (RCA)

In addition to using the replacement cost method, adjusted profit excludes non-recurrent events such as capital gains or losses on the disposal of assets, impairment or reinstatement of fixed assets and environmental or restructuring charges which may affect the analysis of the Company's profit and do not reflect its operational performance.

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ABBREVIATIONS:

APETRO: Associação Portuguesa de Empresas Petrolíferas (Portuguese association of oil companies)

bbl: oil barrel

BBLT: Benguela, Belize, Lobito and Tomboco

bn: billion

boe: barrels of oil equivalent

Bg: Barges

Cg: Cargoes

CIF: Costs, Insurance and Freight

CORES: *Corporación de Reservas Estratégicas de Productos Petrolíferos*

D&A: Depreciation & amortisation

DGEG: Direção Geral de Energia e Geologia

E&P: Exploration & Production

€: Euro

FOB: Free on Board

FPSO: Floating, production, storage and offloading unit

G&P: Gas & Power

GWh: Gigawatt hour

IAS: International Accounting Standards

IFRS: International Financial Reporting Standards

LSFO: Low sulphur fuel oil

k: thousand

kbbl: thousand barrels

kboe: thousand barrels of oil equivalent

kboepd: thousand barrels of oil equivalent per day

kbopd: thousand barrels of oil per day

LNG: liquefied natural gas

m: million

m³: cubic metres

mbbl: million barrels

mboepd: million barrels of oil equivalent per day

mbopd: million barrels of oil per day

mm³: million cubic metres

mton: million tonnes

NBP: National Balancing Point

NYSE: New York Stock Exchange

n.m.: not meaningful

PM UL: Premium unleaded

p.p.: percentage point

PSA: Production sharing agreement

R&M: Refining & Marketing

RC: replacement cost

RCA: replacement cost adjusted

Ton: tonnes

ULSD CIF Cg: Ultra Low sulphur diesel CIF Cargoes

USD/\$: Dollar of the United States of America

USA or US: United States of America

WAC: Weighted-average cost

DISCLAIMER:

This report has been prepared by Galp Energia, SGPS, S.A. (“Galp Energia” or the “Company”) and may be amended and supplemented.

This report does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or otherwise acquire securities of the Company or any of its subsidiaries or affiliates in any jurisdiction or an inducement to enter into investment activity in any jurisdiction. Neither this report nor any part thereof, nor the fact of its distribution, shall form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever in any jurisdiction.

This report may include forward-looking statements. Forward-looking statements are statements other than in respect of historical facts. The words “believe”, “expect”, “anticipate”, “intends”, “estimate”, “will”, “may”, “continue”, “should” and similar expressions usually identify forward-looking statements. Forward-looking statements may include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; energy demand and supply; developments of Galp Energia’s markets; the impact of regulatory initiatives; and the strength of Galp Energia’s competitors. The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records and other data available from third parties. Although Galp Energia believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Important factors that may lead to significant differences between the actual results and the statements of expectations about future events or results include the Company’s business strategy, industry developments, financial market conditions, uncertainty of the results of future projects and operations, plans, objectives, expectations and intentions, among others. Such risks, uncertainties, contingencies and other important factors could cause the actual results of Galp Energia or the industry to differ materially from those results expressed or implied in this report by such forward-looking statements.

The information, opinions and forward-looking statements contained in this report speak only as at the date of this report, and are subject to change without notice. Galp Energia and its respective representatives, agents, employees or advisors do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this report to reflect any change in events, conditions or circumstances.

Galp Energia, SGPS, S. A.

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