RESULTS AND CONSOLIDATED INFORMATION

FIRST HALF 2016

Investor Relations

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1. Executive Summary

Main highlights during the first half of 2016

- Consolidated Group Ebitda down 23% year-on-year (YoY), on a replacement cost adjusted (RCA) basis to €631 m, given the lower contribution from the three businesses: Exploration & Production, Refining & Marketing (R&M) and Gas & Power (G&P). These were impacted, respectively, by the lower prices of oil and natural gas and the lower refining margins on the international market, and by the decrease in volumes sold of natural gas.
- RCA net income reached €247 m, a €63 m decrease YoY, and included a positive inventory effect of €61 m, as well as €178 m in non-recurring items mainly related to impairments in the E&P business. International Financial Reporting Standards (IFRS) net income was €8 m.
- Working interest production of oil and natural gas increased 30% YoY to 55.5 kboepd, driven by higher production from Brazil, namely from two new production units in the Lula/Iracema field. It should be highlighted that, during July, FPSO Cidade de Saquarema (FPSO #6) started production in the Lula Central area.
- Galp's refining margin stood at $4.3/boe, compared to $6.6/boe during the first half of 2015, as refining margins decreased on the international market. Marketing of oil products maintained its positive contribution to results.
- Natural gas sold decreased 15% to 3,454 million cubic metres (mm^3), mainly due to the decrease in volumes sold in the trading segment.
- Capital expenditure amounted to €630 m, of which 89% was allocated to the E&P business, mainly to the development of block BM-S-11 in Brazil and block 32 in Angola.
- Net debt at the end of June amounted to €1,891 m, considering the loan to Sinopec as cash and equivalents, with a net debt to Ebitda ratio of 1.6x.
- On July 28, Galp reached an agreement with a consortium led by Marubeni, with the participation of Toho Gas, based on which the consortium will acquire a 22.5% stake in the share capital of Galp Gás Natural Distribuição, S.A. (GGND), for €138 m. Based on the agreed equity price and outstanding liabilities, the implied enterprise value (EV) for 100% of GGND is of c.€1.3 bn, equivalent to a 27% premium over the regulated asset base (RAB). Prior to transaction completion, GGND will raise stand-alone funding to reimburse existing shareholder loans of €568 m, leading to total cash proceeds to Galp of c.€700 m.

2. Key figures

Financial data

€ m (RCA)

	First Half			
	2015	2016	Var.	% Var.
Ebitda RCA	**822**	**631**	**(192)**	**(23.3%)**
Exploration & Production	213	135	(78)	(36.7%)
Refining & Marketing	373	291	(82)	(22.0%)
Gas & Power	220	187	(33)	(14.9%)
Ebit RCA	**531**	**323**	**(209)**	**(39.3%)**
Ebit IFRS	**341**	**128**	**(213)**	**(62.5%)**
Net income RCA	**310**	**247**	**(63)**	**(20.3%)**
Net income IFRS	**71**	**8**	**(63)**	**(88.7%)**
Capex	**596**	**630**	**34**	**5.7%**
Net debt including loan to Sinopec[1]	**1,494**	**1,891**	**397**	**26.6%**
Net debt to Ebitda[2]	**1,2x**	**1,6x**	**-**	**-**

[1] Considering loan to Sinopec as cash and equivalents. [2] Ratio considers net debt including loan to Sinopec of €576 m as cash, plus €169 m corresponding to Sinopec MLT Shareholder Loan to Petrogal Brasil and LTM Ebitda RCA €1,323 m.

Operational data

	First Half			
	2015	2016	Var.	% Var.
Average working interest production (kboepd)	42.7	55.5	12.9	30.2%
Average net entitlement production (kboepd)	39.8	53.0	13.1	33.0%
Oil and gas average sale price (USD/boe)	51.8	32.1	(19.7)	(38.0%)
Raw materials processed (mmboe)	56.0	51.5	(4.5)	(8.0%)
Galp refining margin (USD/boe)	6.6	4.3	(2.3)	(34.6%)
Oil sales to direct clients (mton)	4.6	4.4	(0.2)	(3.5%)
NG supply sales to direct clients (mm^3)	1,918	1,782	(136)	(7.1%)
NG/LNG trading sales (mm^3)	2,146	1,672	(474)	(22.1%)

Market Indicators

	First Half			
	2015	2016	Var.	% Var.
Exchange rate (EUR:USD)	1.12	1.12	0.00	0.0%
Dated Brent price[1] (USD/bbl)	57.8	39.8	(18.0)	(31.2%)
Heavy-light crude price spread[2] (USD/bbl)	(1.0)	(2.3)	(1.2)	s.s.
UK NBP natural gas price[3] (GBp/therm)	45.5	30.2	(15.3)	(33.7%)
LNG Japan and Korea price[1] (USD/mmbtu)	7.5	4.8	(2.7)	(35.9%)
Benchmark refining margin[4] (USD/bbl)	5.3	3.1	(2.2)	(40.9%)
Iberian oil market[5] (mton)	29.6	30.1	0.5	1.8%
Iberian natural gas market[6] (mm^3)	15,959	15,674	(285)	(1.8%)

[1] Source: Bloomberg. [2] Source: Platts. Dated Urals NWE for heavy crude; Dated Brent for light crude. [3] Source: Platts. [4] For a complete description of the method of calculating the benchmark refining margin see "Definitions". [5] Source: Apetro for Portugal; CORES for Spain; the figures include an estimate for June 2016. [6] Source: Galp and Enagás.

3. Market Environment

Dated Brent

During the first half of 2016, the average price of dated Brent was $39.8/bbl, down $18.0/bbl YoY. This decrease was mainly due to surplus production and large inventories, as a result of increased crude oil production by OPEC countries.

During the first half of 2016, the average price spread between Urals and dated Brent widened $1.2/bbl YoY to -$2.3/bbl. The lower price for Urals crude resulted from its increased production, lower runs by the Russian refineries and competition from similar grades from the Middle East.

Natural gas

During the first half of 2016, the average price of NBP was 30.2 GBp/therm, 15.3 GBp/therm lower YoY as a result of lower oil prices, to which natural gas contracts are typically indexed, and of a relatively mild winter in Europe.

During the first half of 2016, JKM averaged $4.8/mmbtu, corresponding to a decrease of $2.7/mmbtu YoY. This decrease was due to lower than expected demand growth and the start of production of several LNG projects, namely in Australia and the USA.

Refining margins

During the first half of 2016, the benchmark refining margin stood at $3.1/bbl, a $2.2/bbl decrease YoY due to the lower cracks for gasoline and middle distillates.

The gasoline crack decreased $11.5/bbl, impacted by high stocks and the maximisation of the refining system to produce light distillates. The diesel crack decreased $7.7/bbl YoY, mainly due to high stocks in the global market.

Iberian market

During the first half of 2016, the Iberian market for oil products rose 1.9% YoY to 30.1 mton, led by higher demand for diesel and jet fuel.

During the first half of 2016, the Iberian natural gas market stood at 15,674 mm^3, a 2% decrease YoY due to the lower demand from the electrical segment which was impacted by high hydroelectric power generation.

4. Exploration & Production

4.1. Development activities

Brazil

During the first half of 2016, Galp Energia, SGPS, S.A. (Galp) and its partners continued with the development works on the Lula/Iracema project. The connection rate of new wells to units already in operation is noteworthy. Drilling and completion performance continued to improve, with average duration on these activities decreasing by around 20% compared to the 2015 average of 110 days.

Production during the period was impacted by maintenance activities during April in the units of Lula Pilot and Lula Northeast areas.

In the Lula Pilot area, FPSO Cidade de Angra dos Reis (#1) had a planned outage for equipment maintenance, which lasted around 11 days. Production from FPSO Cidade de Paraty (#2), in the Lula Northeast area, was also affected by maintenance works, which led to a stoppage of around 15 days.

Both units returned to plateau production once maintenance was concluded.

At FPSO #1 a new producer well was connected in May, which will contribute to a better reservoir management and a higher operational availability.

In the Iracema South area the sixth producer well was connected to FPSO Cidade de Mangaratiba (#3). The unit continues to produce at plateau and its connection to the gas network through the pipeline to Cabiúnas is expected during the fourth quarter of 2016, which will contribute to lower operational restrictions and to allow the marketing of associated gas.

In the Iracema North area, FPSO #4 (Cidade de Itaguaí) is already connected to five producer wells. The fourth well was connected at the end of the first quarter and the fifth in June. This unit is expected to be connected to the gas export network during the third quarter of 2016, which will support the production ramp-up.

In the Lula Alto area, where production began in February, two new producer wells were connected during April and June. At the end of the semester, FPSO Cidade de Maricá (#5) was producing over 90 kbopd from three wells, showing the excellent productivity.

FPSO Cidade de Saquarema (#6) started producing at the beginning of July, in the Lula Central area. This unit has a daily installed production capacity of 150 kbbl and 6 mm^3 of natural gas. The unit is currently producing c.30 kbopd through one well. The development plan for this area includes the connection of nine producer and nine injector wells. Two additional producer wells are expected to be connected by the end of 2016.

Regarding the replicant FPSO units, the first stage of the topsides' integration works of the unit to be allocated to the Lula South area was concluded during the semester. Meanwhile, CO_2 and gas compression and injection modules, built by BJC, arrived at the Keppel Fels shipyard (Brazil) during May, and are already being installed in the unit.

Development wells in the Lula/Iracema areas

	Project	Type of wells	Planned	Drilled	Connected
#1	Lula Pilot	Producers	7	6	6
	FPSO Cidade de Angra dos Reis	Injectors	5	5	5
#2	Lula Northeast	Producers	8	6	6
	FPSO Cidade de Paraty	Injectors	6	6	6
#3	Iracema South	Producers	8	7	6
	FPSO Cidade de Mangaratiba	Injectors	8	7	5
#4	Iracema North	Producers	8	7	5
	FPSO Cidade de Itaguaí	Injectors	9	7	3
#5	Lula Alto	Producers	10	7	3
	FPSO Cidade de Maricá	Injectors	7	6	2
#6	Lula Central	Producers	9	7	1
	FPSO Cidade de Saquarema	Injectors	9	7	0

Mozambique

In Mozambique, the Area 4 partners continue to negotiate the Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) proposals for the offshore Coral project. The consortium is also negotiating the financing solution for the project as well as finalising the sales and purchasing agreement (SPA) for LNG.

Regarding the Mamba onshore project, EPC proposals continue to be analysed. The unitisation process of the Mamba project (Area 4) and of the Prosperidade project (Area 1), which was concluded by the partners during 2015, is still pending approval from the Mozambican Government.

Angola

In block 32, the drilling and completion campaign of the Kaombo project proceeded at good pace. During the first half, conversion works of the two FPSO units, as well as the construction of subsea equipment, progressed.

4.2. Operating performance

€ m (RCA, except otherwise stated; unit figures based on net entitlement production)

	First Half			
	2015	2016	Var.	% Var.
Average working interest production[1] (kboepd)	**42.7**	**55.5**	**12.9**	**30.2%**
Oil production (kbopd)	39.4	52.3	12.8	32.6%
Average net entitlement production[1] (kboepd)	**39.8**	**53.0**	**13.1**	**33.0%**
Angola	7.6	7.5	(0.0)	(0.6%)
Brazil	32.2	45.4	13.2	40.9%
Average realised sale price[2] (USD/boe)	**51.8**	**32.1**	**(19.7)**	**(38.0%)**
Royalties[3] (USD/boe)	**4.8**	**3.3**	**(1.5)**	**(30.4%)**
Production costs (USD/boe)	**9.6**	**9.3**	**(0.2)**	**(2.6%)**
Amortisation[4] (USD/boe)	**17.6**	**15.4**	**(2.3)**	**(13.0%)**
Ebitda RCA	**213**	**135**	**(78)**	**(36.7%)**
Depreciation & Amortisation[4]	114	133	19	16.8%
Provisions	-	(0)	(0)	s.s.
Ebit RCA	**99**	**2**	**(97)**	**(98.0%)**
Ebit IFRS	**14**	**(93)**	**(107)**	**s.s.**
Net Income from E&P Associates	**9**	**11**	**2**	**21%**

[1] Includes natural gas exported; excludes natural gas used or reinjected.
[2] Galp average realised sale price for oil and natural gas, including change in production effects.
[3] Based on production in Brazil.
[4] Includes abandonment provisions.

Operations

During the first half of 2016, working interest production increased 30% YoY to 55.5 kboepd, which was mainly due to the start-up of units #4 and #5 and increased production at FPSO #3 in Brazil.

Net entitlement production increased 33% YoY to 53.0 kboepd. In Angola, despite the decrease of 3% in working interest production, net entitlement production remained stable at 7.5 kbopd, having benefitted from an increase in cost oil production rates, under the production sharing agreements (PSA).

Results

During the first half, RCA Ebitda decreased by €78 m YoY to €135 m, after a drop in the average sale price, which was not offset by the increase in net entitlement production.

The average sale price was $32.1/boe, compared to $51.8/boe during the first half of 2015.

Production costs increased €19 m YoY to €81 m, due to the higher number of production units in Brazil. In unit terms, production costs were down YoY and amounted to $9.3/boe.

Depreciation charges (including abandonment provisions) increased c.€19 m YoY to €133 m, on the back of the increased asset base in Brazil. On a net entitlement basis, unit depreciation charges were $15.4/boe, compared to $17.6/boe the previous year.

RCA Ebit was €2 m in the period, or €97 m lower YoY. IFRS Ebit was negative by €93 m. Non-recurring items of €95 m included c.€76 m of impairment in block 14/14K in block 14/14K in Angola, following the decision to reduce drilling activities.

During the first half of 2016, the contribution of associated companies related to the E&P business increased €2 m YoY to €11 m, following the increase in services rendered by Tupi B.V. to the BM-S-11 consortium.

5. Refining & Marketing

€ m (RCA, except otherwise stated)

	First Half			
	2015	2016	Var.	% Var.
Galp refining margin (USD/boe)	**6.6**	**4.3**	**(2.3)**	**(34.6%)**
Refining cash cost[1] (USD/boe)	**1.6**	**1.8**	**0.3**	**17.2%**
Impact of refining margin hedging[2] (USD/boe)	**(0.9)**	**0.1**	**0.9**	**s.s.**
Raw materials processed (mmboe)	**56.0**	**51.5**	**(4.5)**	**(8.0%)**
Crude processed (mmbbl)	49.5	47.1	(2.3)	(4.7%)
Total refined product sales (mton)	**9.1**	**8.7**	**(0.4)**	**(4.4%)**
Sales to direct clients (mton)	4.6	4.4	(0.2)	(3.5%)
Ebitda RCA	**373**	**291**	**(82)**	**(22.0%)**
Depreciation & Amortisation	137	130	(7)	(5.1%)
Provisions	4	12	9	s.s.
Ebit RCA	**233**	**149**	**(84)**	**(36.0%)**
Ebit IFRS	**144**	**56**	**(88)**	**(61.4%)**
Net Income from R&M Associates	**0**	**0**	**0**	**s.s.**

[1] Excluding impact of refining margin hedging operations.
[2] Impact on Ebitda.

Operations

Raw materials processed during the first half decreased 8% YoY to 51.5 mmboe, given the planned outages at the hydrocracker in Sines during the first quarter and at some units in Matosinhos during the second quarter. Crude oil accounted for 92% of raw materials processed, of which 78% corresponded to medium and heavy crudes.

Gasoline production increased 3 p.p YoY and accounted for 25% of production, while production of middle distillates accounted for 46% of total production. Consumption and losses accounted for 7% of raw materials processed.

Volumes sold to direct clients stood at 4.4 mton, down 3% YoY, impacted by the optimisation of the client portfolio. Volumes sold in the Africa accounted for 8% of total volumes sold to direct clients.

Results

RCA Ebitda for the R&M business during the first half decreased €82 m YoY to €291 m.

Galp's refining margin stood at $4.3/boe during the first half, compared to $6.6/boe the previous year, reflecting the lower margins on the international markets. The spread over the benchmark margin amounted to $1.2/boe, in line YoY, as the previous year had also been impacted by outages in some units.

Refining cash costs increased €6 m YoY to €85 m, due to higher maintenance costs during 2016. In unit terms, cash costs were $1.8/boe.

Hedging operations had a positive impact of €3 m in Ebitda during the first half.

Marketing of oil products maintained its contribution to results.

Amortisations and provisions remained in line YoY at €142 m.

Ebit RCA amounted to €149 m and Ebit IFRS decreased €88 m to €56 m. Inventory effect was negative €71 m and non-recurring items amounted to €23 m and were mainly related to impairments on refining equipment and restructuring charges.

6. Gas & Power

€ m (RCA except otherwise stated)

	First Half			
	2015	2016	Var.	% Var.
NG supply total sales volumes (mm^3)	**4,064**	**3,454**	**(610)**	**(15.0%)**
Sales to direct clients (mm^3)	1,918	1,782	(136)	(7.1%)
Trading (mm^3)	2,146	1,672	(474)	(22.1%)
Sales of electricity (GWh)	**2,247**	**2,421**	**174**	**7.8%**
Ebitda RCA	**220**	**187**	**(33)**	**(14.9%)**
Natural Gas	153	121	(32)	(20.9%)
Infrastructure	66	65	(1)	(1.1%)
Power	1	1	(0)	(0.4%)
Depreciation & Amortisation	32	30	(3)	(7.9%)
Provisions	2	1	(1)	(39.7%)
Ebit RCA	**185**	**156**	**(29)**	**(15.8%)**
Ebit IFRS	**168**	**151**	**(18)**	**(10.4%)**
Net Income from G&P Associates	**34**	**34**	**0**	**0.5%**

Operations

Sales of natural gas in the first half of 2016 totalled 3,454 mm^3, a decrease of 15% YoY which was driven by lower volumes in the trading segment.

Volumes sold in that segment decreased 22% as a result of fewer opportunities in the international markets. During the first half of 2016, 14 LNG trading operations were carried out, compared to 18 the previous year.

Volumes sold to direct clients also dropped, by 7%, impacted by the decrease in volumes sold to the industrial segment, particularly during the first quarter of 2016.

Sales of electricity increased 174 GWh YoY to a total of 2,421 GWh, mainly due to the increased marketing of electricity.

Results

The Ebitda of the G&P segment decreased by €33 m to €187 m during the first half, due to lower results from the natural gas activity.

Ebitda for the natural gas segment decreased 21% YoY to €121 m, due to lower volumes sold, particularly in the international market.

The contribution to results of the regulated infrastructure business remained stable at €65 m.

Ebitda for the power business stood stable at €1 m.

Depreciation and amortisation in the G&P business segment stood at €30 m, in line with the previous year.

Ebit RCA decreased €29 m to €156 m YoY, and included a negative €8 m inventory effect and non-recurring items of -€3 m. Ebit IFRS reached €151 m, down from €168 m the previous year.

Results from associated companies related to the G&P business maintained its €34 m contribution to results.

7. Financial performance

7.1. Income statement

€ m (RCA, except otherwise stated)

	First Half			
	2015	2016	Var.	% Var.
Turnover	8,179	6,095	(2,083)	(25.5%)
Cost of goods sold	(6,606)	(4,710)	(1,897)	(28.7%)
Supply & Services	(609)	(623)	15	2.4%
Personnel costs	(156)	(148)	(8)	(5.0%)
Other operating revenues (expenses)	15	16	(2)	11.0%
Ebitda RCA	**822**	**631**	**(192)**	**(23.3%)**
Ebitda IFRS	**725**	**530**	**(195)**	**(26.9%)**
Depreciation & Amortisation	(282)	(295)	13	4.5%
Provisions	(9)	(13)	5	50.2%
Ebit RCA	**531**	**323**	**(209)**	**(39.3%)**
Ebit IFRS	**341**	**128**	**(213)**	**(62.5%)**
Net income from associated companies	43	45	2	5.1%
Financial results	(60)	18	78	s.s.
Net income before taxes and non-controlling interests	**514**	**386**	**(128)**	**(24.9%)**
Taxes[1]	(179)	(118)	(60)	(33.7%)
Non-controling interests	(26)	(21)	(5)	(18.7%)
Net income RCA	**310**	**247**	**(63)**	**(20.3%)**
Non recurring items	(170)	(178)	(8)	4.9%
Net income RC	**140**	**69**	**(71)**	**(50.9%)**
Inventory effect	(69)	(61)	8	(12.1%)
Net income IFRS	**71**	**8**	**(63)**	**(88.8%)**

[1] Includes the Special Participation tax payable in Brazil and IRP payable in Angola.

During the first half of 2016, turnover amounted to €6,095 m, down 25% YoY. This was mainly due to the decrease in the prices of oil, natural gas and oil products, but also to lower volumes sold in the R&M and G&P businesses.

Operating costs decreased by 26% YoY to €5,465 m, following a 29% fall in the cost of goods sold.

RCA Ebitda amounted to 631 m, down 23% YoY, with a lower contribution across all business segments. IFRS Ebitda fell by €195 m YoY to €530 m.

Thus, RCA Ebit also fell to €323 m, while IFRS Ebit decreased €213 m YoY to €128 m.

Net income from associated companies totalled €45 m, against €43 m the previous year, due to higher contribution from E&P affiliates.

Financial results were positive €18 m, compared to a loss of €60 m YoY, essentially due to a €44 m gain in the mark-to-market mostly related to refining hedging instruments, which compares to a loss of €22 m in the previous period.

Net interest expenses also improved by €9 m YoY, to €55 m.

RCA taxes decreased by €60 m to €118 m, due to lower results.

Non-controlling interests, mainly attributable to Sinopec, decreased by €5 m to €21 m.

RCA net income reached €247 m, a €63 m decrease YoY.

Inventory effect was negative €61 m and non-recurring items, of €178 m, included not only the impairment recorded in the E&P business during the second quarter of 2016, but also the Portuguese Extraordinary Energy Sector Contribution (CESE), which impacts the R&M and G&P businesses. So, IFRS net income was €8 m.

The CESE had a negative impact on IFRS results of around €51 m, of which €27 m related to CESE I, whose annual impact was fully accounted for during the first quarter of the year. This provision related with CESE results from the strict applicability of accounting standards. However, in Galp's opinion, based on the opinion of renowned legal experts, the laws regarding CESE have no legal grounds and, accordingly, such amounts are not due.

7.2. Capital expenditure

	First Half			
	2015	2016	Var.	% Var.
Exploration & Production	558	561	3	0.5%
Exploration and appraisal activities	69	21	(47)	(68.9%)
Development and production activities	489	540	50	10.3%
Refining & Marketing	26	59	33	s.s.
Gas & Power	9	9	1	9.2%
Others	3	1	(2)	(76.6%)
Investment	**596**	**630**	**34**	**5.7%**

During the first half of 2016, capital expenditure totalled €630 m, 89% of which was allocated to E&P.

D&P activities accounted for 96% of capital expenditure in the E&P business, and investment in Brazil accounted for c.75% of that total.

Capital expenditure in downstream and gas activities reached €68 m, including investment in planned maintenance at the refineries.

7.3. Cash Flow

Indirect Method

€ m (IFRS figures)

	First Half	
	2015	2016
Ebit	341	128
Dividends from associates	37	25
Depreciation, Depletion and Amortization (DD&A)	368	383
Change in Working Capital	117	133
Cash flow from operations	**863**	**669**
Net capex	(547)	(612)
Net financial expenses	(64)	(55)
SPT and Corporate taxes	(67)	(80)
Dividends paid	(145)	(175)
Others[1]	151	191
Change in net debt	**(191)**	**61**

[1] Includes CTAs (Cumulative Translation Adjustment) and partial reimbursement of the loan granted to Sinopec.

During the first half of 2016, net debt increased €61 m compared to the end of 2015, due to higher capex and dividends.

Cash flow from operations benefitted from a further reduction in working capital, which was mainly driven by lower inventories during the first quarter of 2016.

Loan reimbursement by Sinopec totalled €134 m in the period.

Direct Method

€ m

	First Half	
	2015	2016
Cash and equivalents at the beginning of the period[1]	**1,023**	**1,045**
Received from customers	9,094	7,027
Paid to suppliers	(5,854)	(4,062)
Staff related costs	(176)	(182)
Dividends from associated companies	37	25
Taxes on oil products (ISP)	(1,314)	(1,253)
VAT, Royalties, PIS, Cofins, Others	(905)	(790)
Total operating flows	**882**	**764**
Net capex	(574)	(652)
Net Financial Expenses	(71)	(84)
Dividends paid	(145)	(175)
SPT and Corporate taxes	(67)	(80)
Net new loans	(89)	(130)
Sinopec loan reimbursement	129	134
FX changes on cash and equivalents	82	32
Cash and equivalents at the end of the period[1]	**1,169**	**856**

[1] Cash and equivalents differ from the Balance Sheet amounts due to IAS 7 classification rules. The difference refers to overdrafts which are considered as debt in the Balance Sheet and as a deduction to cash in the Cash Flow Statement.

7.4. Financial situation

€ m (IFRS figures)

	31 December, 2015	*30 June, 2016 (prior to GGND reclassification)*[1]	30 June, 2016	Chg. *vs* 31 December, 2015
Net fixed assets	7,892	*8,439*	7,304	(588)
Working capital	510	*377*	365	(145)
Loan to Sinopec	723	*576*	576	(147)
Other assets (liabilities)	(515)	*(624)*	(335)	180
Non current assets/liabilities available for sale	-	-	842	842
Capital employed	**8,610**	***8,768***	**8,752**	**142**
Short term debt	493	*751*	736	243
Medium-Long term debt	3,060	*2,702*	2,667	(393)
Total debt	**3,552**	***3,453***	**3,402**	**(150)**
Cash and equivalents	1,130	*970*	935	(195)
Net debt	**2,422**	***2,483***	**2,467**	**45**
Total equity	**6,188**	***6,285***	**6,285**	**97**
Total equity and net debt	**8,610**	***8,768***	**8,752**	**142**

[1] Figures do not consider non-current assets/liabilities held for sale, in order to make previous periods comparable.
[2] Net debt as at 30 June 2016 excludes net debt of GGND (€16 m), which is considered under non-current assets/liabilities held for sale.

The June 2016 column shown above as prior to GGND reclassification has been prepared on the same basis as December 31, for comparison purposes. On that basis, net fixed assets stood at €8,439 m, a €547 m increase compared to the end of December. Work in progress amounted to €2,347 m, mainly related to the E&P business.

Considering non-current assets/liabilities held for sale of €842 m, related to the subsidiary GGND, net fixed assets at the end of the quarter totalled €7,304 m.

Once this transaction is completed, GGND will cease to be fully consolidated.

7.5. Financial debt

€ m (except otherwise stated)

	31 December, 2015	30 June, 2016	Chg. *vs* 31 December, 2015
Bonds	2,154	2,134	(20)
Bank loans and other debt	1,398	1,268	(130)
Cash and equivalents	(1,130)	(935)	195
Net debt[1]	**2,422**	**2,467**	**45**
Net debt including loan to Sinopec[2]	**1,699**	**1,891**	**192**
Average life (years)	3.1	2.7	(0.3)
Average debt interest rate	3.8%	3.5%	(0.2 p.p.)
Net debt to Ebitda[3]	1,2x	1,6x	-

[1] Net debt at the end of June 2016 excludes net debt related to GGND (€16 m).
[2] Net debt at the end of June 2016 of €1,891 m adjusted for the €576 m loan to Sinopec.
[3] Ratio considers net debt including the €576 m loan to Sinopec as cash, plus €169 m corresponding to Sinopec MLT Shareholder Loan to Petrogal Brasil and LTM Ebitda RCA of €1,323 m.

On 30 June 2016, net debt amounted to €2,467 m, an increase of €45 m compared to the end of December. This excludes €16 m net bank debt related to assets held for sale.

Considering the €576 m balance of the Sinopec loan as cash and equivalents, net debt at the end of June totalled €1,891 m, resulting in a net debt to Ebitda ratio of 1.6x. This ratio also considers Sinopec's €169 m shareholder loan to Petrogal Brasil as of the end of the period.

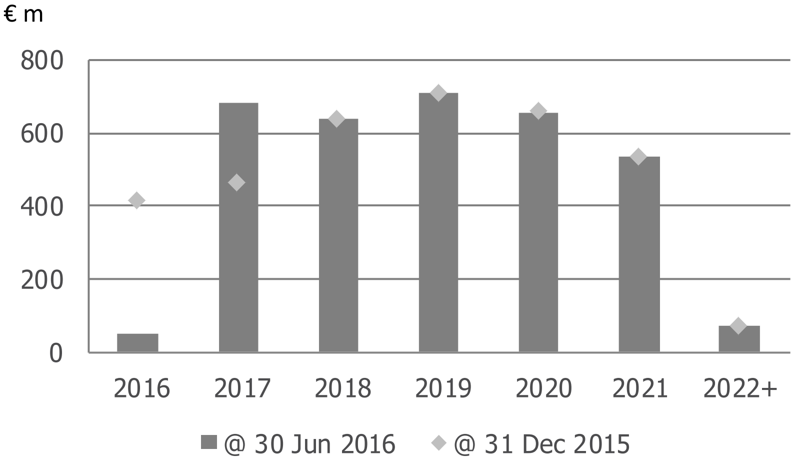
At the end of the first half of 2016, the average interest rate was 3.5%, with 43% of total debt on a fixed-rate basis.

Debt had an average maturity of 2.7 years, and medium and long-term debt accounted for 78% of the total.

As of 30 June 2016, around 60% of total debt was scheduled to mature from 2019 onwards.

At the end of the first half of 2016, Galp had unused credit lines of approximately €1.2 bn. Of this amount, around 60% was contractually guaranteed.

Debt maturity profile



7.6. RCA turnover by business

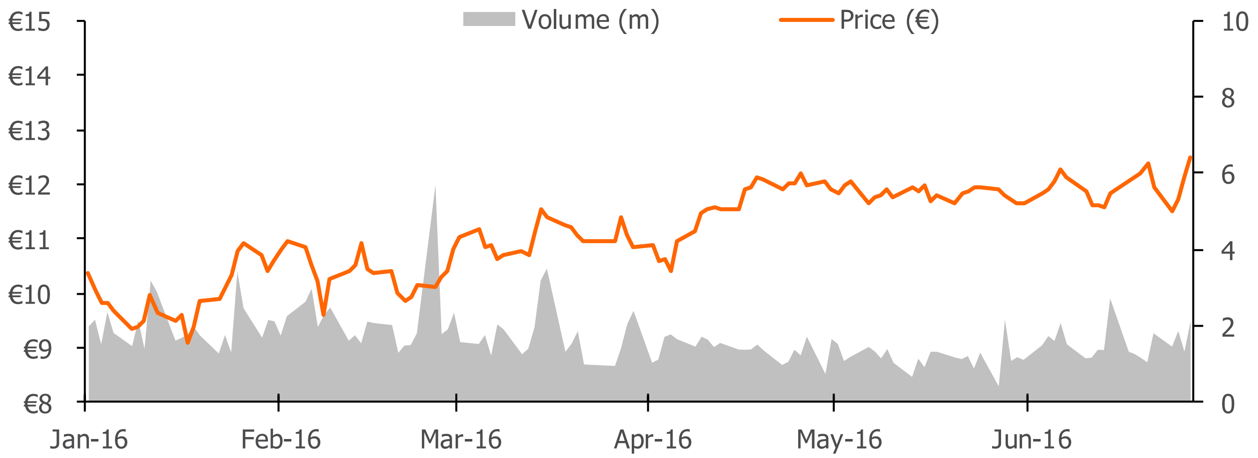
€ m

	First Half			
	2015	2016	Var.	% Var.
RCA Turnover	**8,179**	**6,095**	**(2,083)**	**(25.5%)**
Exploration & Production[1]	327	276	(50)	(15.4%)
Refining & Marketing	6,192	4,824	(1,368)	(22.1%)
Gas & Power	1,810	1,221	(589)	(32.6%)
Other	60	59	(1)	(1.9%)
Consolidation adjustments	(210)	(284)	(74)	35.2%

[1] Does not include change in production. RCA turnover in the E&P segment, including change in production, amounted to €284 m during the first half of 2016.

8. Galp share

Performance of Galp share



Source: Euroinvestor.

During the first half of 2016, Galp's share price increased 17% compared to the closing price of 2015.

The volume of shares traded on regulated markets was 211 m, corresponding to an average daily volume of 1.7 m shares.

Main indicators		
	2015	1H16
Min (€)	7.81	9.03
Max (€)	12.48	12.50
Average (€)	10.17	11.10
Close price (€)	10.72	12.50
Market cap[1] (€m)	8,890	10,366
Regulated markets volume[2] (m shares)	420.7	211.9
Average volume per day (m shares)	1.6	1.7

[1] As of the last trading day of the period.

[2] Volume traded on Euronext Lisbon.

9. Subsequent events

On July 28, Galp Energia, SGPS, S.A. (Galp), through its subsidiary Galp Gas & Power, SGPS, S.A. (GGP), has reached an agreement with a consortium led by Marubeni Corporation, with the participation of Toho Gas, to establish a joint venture covering Galp's natural gas regulated infrastructure business. The consortium will acquire a 22.5% stake in the share capital of Galp Gás Natural Distribuição, S.A. (GGND), for a consideration of €138 m, and share certain governance rights within the joint venture.

Based on the agreed equity price and outstanding liabilities, the implied enterprise value for 100% of GGND is of c.€1.3 bn, equivalent to a 27% premium over the regulated asset base (RAB) and to an enterprise value multiple of 11.5x 2016 expected Ebitda.

Prior to transaction completion, GGND will raise stand-alone funding to reimburse existing shareholder loans of €568 m, leading to total cash proceeds to Galp of c.€700 m.

Following the completion, Galp will cease to fully consolidate GGND into its Group accounts.

10. Additional information

10.1. Basis of presentation

Galp's consolidated financial statements for the semesters ended on 30 June 2016 and 2015, subject to limited revision, have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial information in the consolidated income statement is reported for the semesters ended on 30 June 2016 and 2015. The financial information in the consolidated financial position is reported on 30 June 2016 and on 31 December 2015.

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

Another factor that may affect the Company's results, without being an indicator of its true performance, is the set of non-recurring items, namely 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's operating performance, RCA profit measures exclude non-recurring items and the inventory effect, the latter because the cost of goods sold and materials consumed has been calculated according to the Replacement Cost (RC) valuation method.

Recent changes

Effective on 1 January 2016, exchange rate differences from operating activities are allocated to operating results of the respective business segment. Until the end of 2015, these exchange rate differences were accounted for under financial results.

Following an accounting interpretation from Portuguese Securities Market Commission (CMVM) regarding the accounting treatment for CESE I, Galp started to recognise the total amount of the cost and liability as of 1 January, instead of deferring the cost along the year.

Regarding the energy sector contribution in Spain, to the Fondo Nacional de Eficiência Energética, the impact was also fully accounted for during the first quarter of 2016.

These changes were applied to 2015 figures in order to make periods comparable.

10.2. Reconciliation of IFRS and replacement cost adjusted figures

10.2.1. Replacement cost adjusted Ebitda by segment

€ m

2016	First Half				
	Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurring items	Ebitda RCA
Galp	**530**	**79**	**609**	**22**	**631**
E&P	124	-	124	11	135
R&M	207	71	278	13	291
G&P	181	8	189	(2)	187
Outros	17	-	17	1	18

€ m

2015	First Half				
	Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurring items	Ebitda RCA
Galp	**725**	**91**	**816**	**6**	**822**
E&P	209	-	209	4	213
R&M	293	74	367	6	373
G&P	206	17	223	(3)	220
Outros	17	-	17	(0)	17

10.2.2. Replacement cost adjusted Ebit by segment

€ m

2016	First Half				
	Ebit IFRS	Inventory effect	Ebit RC	Non-recurring items	Ebit RCA
Galp	**128**	**79**	**207**	**116**	**323**
E&P	(93)	-	(93)	95	2
R&M	56	71	126	23	149
G&P	151	8	159	(3)	156
Outros	15	-	15	1	16

€ m

2015	First Half				
	Ebit IFRS	Inventory effect	Ebit RC	Non-recurring items	Ebit RCA
Galp	**341**	**91**	**433**	**99**	**531**
E&P	14	-	14	84	99
R&M	144	74	218	15	233
G&P	168	17	186	(1)	185
Outros	15	-	15	(0)	15

10.3. Non-recurring items

€m

	First Half	
	2015	2016
Non-recurring items impacting Ebitda	**6.2**	**22.0**
Accidents caused by natural events and insurance compensation	(0.9)	(2.2)
Gains/losses on disposal of assets	(2.8)	(0.7)
Asset write-offs	0.3	0.6
Fines	3.7	-
Investment subsidies	(2.6)	-
Employee restructuring charges	8.5	9.7
Compensation early termination rigs agreement	-	10.0
Litigation costs	-	4.5
Non-recurring items impacting non-cash costs	92.4	93.7
Provisions for environmental charges and others	**6.4**	**5.5**
Asset impairments	86.0	88.2
Non-recurring items impacting financial results	**64.4**	**19.4**
Gains/losses on financial investments	15.4	19.4
Provision for impairment of financial investments	48.9	0.0
Non-recurring items impacting taxes	**21.1**	**43.2**
Income taxes on non-recurring items	(31.7)	(7.8)
Energy sector contribution tax	52.8	51.0
Non-controling interest	(14.2)	(0.2)
Total non-recurring items	**169.9**	**178.2**

11. Appendices

11.1. Governing bodies

The composition of the governing bodies of Galp Energia, SGPS, S.A. as of 30 June 2016 is as follows:

Board of Directors

Chairman:

Américo Ferreira de Amorim

Vice-Chairman

Paula Fernanda Ramos Amorim

Vice-Chairman

Carlos Nuno Gomes da Silva

Members:

Filipe Crisóstomo Silva

Thore E. Kristiansen

Sérgio Gabrielli de Azevedo

Abdul Magid Osman

Raquel Rute da Costa David Vunge

Carlos Manuel Costa Pina

Francisco Vahia de Castro Teixeira Rêgo

Miguel Athayde Marques

Jorge Manuel Seabra de Freitas

José Carlos da Silva Costa

Pedro Carmona de Oliveira Ricardo

João Tiago Cunha Belém da Câmara Pestana

Rui Paulo da Costa Cunha e Silva Gonçalves

Luis Manuel Pego Todo Bom

Diogo Mendonça Rodrigues Tavares

Joaquim José Borges Gouveia

Executive Committee

Chairman:

Carlos Gomes da Silva (CEO)

Members:

Filipe Crisóstomo Silva (CFO)

Thore E. Kristiansen

José Carlos da Silva Costa

Tiago Câmara Pestana

Pedro Carmona de Oliveira Ricardo

Carlos Costa Pina

Supervisory Board

Chairman:

Daniel Bessa Fernandes Coelho

Members:

Gracinda Augusta Figueiras Raposo

Pedro Antunes de Almeida

Alternate:

Amável Alberto Freixo Calhau

Statutory Auditors

Standing:

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. Represented by António Joaquim Brochado Correia, or by Ana Maria Ávila de Oliveira Lopes Bertão

Alternate:

José Manuel Henriques Bernardo

General Shareholders Meeting Board

Chairman:

Daniel Proença de Carvalho

Vice-Chairman:

Victor Manuel Pereira Dias

Secretary:

Maria Helena Claro Goldschmidt

Company Secretary

Standing:

Rui de Oliveira Neves

Alternate:

Maria Helena Claro Goldschmidt

Remunerations Committee

Chairman:

Amorim Energia, B.V.

Members:

Jorge Armindo Carvalho Teixeira

Joaquim Alberto Hierro Lopes

11.2. Mandatory notices and statements

Shareholders with qualifying holdings on 30 June 2016

(in accordance with article 20 of the Portuguese Security Code (CVM))

Shareholders	No. of shares	% voting rights
Amorim Energia, B.V.		
Holding	317,934,693	38.34%
Other attributable situations	-	-
Total attributed	317,934,693	38.34%
Parpública - Participações Públicas (SGPS), S.A.		
Holding	58,079,514	7.00%
Other attributable situations	-	-
Total attributed	58,079,514	7.00%
BlackRock, Inc.		
Holding	20,307,726	2.45%
Other attributable situations	-	-
Total attributed	20,307,726	2.45%
Standard Life Investments (Holdings) Limited		
Holding	17,512,906	2.11%
Other attributable situations	-	-
Total attributed	17,512,906	2.11%
Templeton Global Advisors Limited		
Holding	16,870,865	2.03%
Other attributable situations	-	-
Total attributed	16,870,865	2.03%
Schroders plc		
Holding	16,715,797	2.02%
Other attributable situations	-	-
Total attributed	16,715,797	2.02%
The Bank of New York Mellon Corporation		
Holding	-	-
Other attributable situations[1]	16,665,319	2.01%
Total attributed	16,665,319	2.01%

[1]Regarding the management of positions held by funds which are part of The Bank of New York Mellon Corporation.

Amorim Energia, B.V. (Amorim Energia) is based in Netherlands, and its shareholders are Power, Oil & Gas Investments, B.V. (35%), Amorim Investimentos Energéticos, SGPS, S.A. (20%) and Esperaza Holding, B.V. (45%). At the end of the first half of 2016, Amorim Energia held a qualifying holding and corresponding voting rights of 38.34% in Galp's share capital.

Parpública is a state-owned company which manages financial holdings held by the Portuguese State, and which at 30 June held a qualifying holding and corresponding voting rights of 7.00%.

BlackRock, Inc., a multinational investment management company, based in New York and listed in the New York Stock Exchange, had, at the end of the first half of 2016, a qualifying holding of 2.45% in Galp's share capital, which was announced in April 2014.

Standard Life Investments (Holdings) Limited – investment management company with headquarters in Edinburgh and founded in 2006 – and Templeton Global Advisors Limited – investment management company founded in 1992 and with headquarters in Nassau (Bahamas) – held, at the end of the period, a shareholding and voting rights of 2.45% and 2.11%, respectively.

Additionally, Schroders plc, based in London, and The Bank of New York Mellon Corporation, based in New York, held at the end of June a qualifying holding of 2.02% and 2.01%, respectively. However, during July, both institutions announced holdings below the 2% threshold.

It is worth highlighting that, during February, CI Investments Inc. (CI Investments) announced that it decreased its indirect participation in the Galp's share capital, and corresponding voting rights, from 2.01% to 1.96%. This participation included shares, representing 1.75% of Galp's share capital, which were under the management of Black Creek Investment Management Inc. (Black Creek).

During March, Black Creek announced that it decreased its indirect participation on Galp's share capital, and corresponding voting rights, from 2.05% to 1.97%, representing 16,363,517 voting rights.

Treasury shares

During the first half of 2016, Galp did not acquire or sell any treasury shares.

On 30 June 2016, Galp did not hold treasury shares.

Share ownership on 30 June 2016 by current members of the Board of Directors and the supervisory bodies of Galp Energia, SGPS, S.A.

Under the terms of article 477, nr. 5 of the Commercial Companies' Code, it is stated that, on 30 June 2016, the members of Galp Energia, SGPS, S.A.'s Board of Directors and supervisory bodies held the following stakes in the company's share capital:

		Acquisition			Disposal			
		From 1 January to 30 June 2016						
	Total shares as of 31.12.2015	Date	N.º of shares	Value (€/share)	Date	N.º of shares	Value (€/share)	Total shares as of 30.06.2016
Members of the Board of Directors								
Américo Ferreira de Amorim[1]	-							-
Paula Fernanda Ramos Amorim[1]	-							-
Carlos Nuno Gomes da Silva	2.410							2.410
Filipe Crisóstomo Silva	10.000							10.000
Thore E. Kristiansen	-							-
Sérgio Gabrielli de Azevedo	-							-
Abdul Magid Osman	-							-
Raquel Rute da Costa David Vunge	-							-
Carlos Manuel Costa Pina	-							-
Francisco Vahia de Castro Teixeira Rêgo	17.680							17.680
Miguel Athayde Marques	1.800							1.800
Jorge Manuel Seabra de Freitas[1]	-							-
José Carlos da Silva Costa	275							275
Pedro Carmona de Oliveira Ricardo	5.230							5.230
João Tiago Cunha Belém da Câmara Pestana	-							-
Rui Paulo da Costa Cunha e Silva Gonçalves[1]	-							-
Luís Manuel Todo Bom	-							-
Diogo Mendonça Rodrigues Tavares	2.940							2.940
Joaquim José Borges Gouveia	-							-
Members of the Supervisory Board								
Daniel Bessa Fernandes Coelho	-							-
Gracinda Augusta Figueiras Raposo	-							-
Pedro Antunes de Almeida	5							5
Amável Alberto Freixo Calhau	-							-
Statutory Auditors								
PricewaterhouseCoopers & Associados, Lda	-							-
José Manuel Henriques Bernardo	-							-

[1]For the effects of art. 447, nr. 2, line d) of the Commercial Companies' Code, it is further declared that Amorim Energia B.V., in which the mentioned director also exercises the administrative functions, is the holder of 317,934,693 Galp shares.

On 30 June 2016 none of the members of the administrative and supervisory bodies held any bonds issued by the Company.

Main transactions between related parties during the first half of 2016

Article no. 246, paragraph 3 c) of the CVM.

During the first half of 2016 there were no relevant transactions between Galp’s related parties that had a significant effect on its financial situation or respective performance, nor that had an impact on the information included in the annual report concerning the financial year 2015, which were susceptible to have a significant effect on its financial position or on its respective performance over the first six months of the financial year 2016.

11.3. Statement of compliance of information presented

Statement of compliance of the Board of Directors

According to article 246, paragraph 1. c) of the CVM, the Board of Directors of Galp declares that:

To the best of their knowledge, (i) the information presented in the financial statements concerning the first half of the financial year 2016 was produced in conformity with the applicable accounting requirements and gives a true and fair view of Galp's assets and liabilities, financial position and results as well as the companies included in the consolidation as a whole, and (ii) the report and accounts for the first half of 2016 faithfully describes the main develop-ments that occurred during the period and the impact on the income statements, as well as a description of the principal risks and uncertainties for the next six months.

Lisbon, 28 July 2016

The Board of Directors

Chairman:

Américo Ferreira de Amorim

Vice-chairman:

Paula Fernanda Ramos Amorim

Vice-chairman:

Carlos Nuno Gomes da Silva

Members:

Filipe Crisóstomo Silva

Thore E. Kristiansen

Sérgio Gabrielli de Azevedo

Abdul Magid Osman

Raquel Rute da Costa David Vunge

Carlos Manuel Costa Pina

Francisco Vahia de Castro Teixeira Rêgo

Miguel Athayde Marques

Jorge Manuel Seabra de Freitas

José Carlos da Silva Costa

Pedro Carmona de Oliveira Ricardo

João Tiago Cunha Belém da Câmara Pestana

Rui Paulo da Costa Cunha e Silva Gonçalves

Luis Manuel Pego Todo Bom

Diogo Mendonça Rodrigues Tavares

Joaquim José Borges Gouveia

Statement of compliance of the Supervisory Board

According to article 246, paragraph 1. c) of the CVM, each of the members of the Supervisory Board of Galp mentioned below declares that, to the best of their knowledge, the information presented in the financial statements concerning the first half of the financial year 2016 was produced in conformity with the applicable accounting requirements and gives a true and fair view of Galp's assets and liabilities, financial position and results as well as the companies included in the consolidation as a whole, and the report and accounts for the first half of 2016 faithfully describes the main developments that occurred during the period and the impact on the income statements, as well as a description of the principal risks and uncertainties for the next six months.

Lisbon, 28 July 2016

The Supervisory Board

Chairman:

Daniel Bessa Fernandes Coelho

Members:

Gracinda Augusta Figueiras Raposo

Pedro Antunes de Almeida

11.4. IFRS Consolidated Financial Statements

Galp Energia, SGPS, S.A. and subsidiaries
Consolidated Statement of Financial Position as of 30 June 2016 and 31 December 2015
(Amounts stated in thousand Euros - €K)

ASSETS	Notes	June 2016	December 2015
Non-current assets:			
Tangible assets	12	5,686,148	5,215,723
Goodwill	11	134,280	137,035
Intangible assets	12	264,431	1,402,977
Investments in associates and joint ventures	4	1,188,069	1,113,576
Financial assets available for sale	4	2,536	2,487
Trade receivables	15	601	24,162
Other receivables	14	253,053	298,149
Deferred tax assets	9	391,403	462,134
Other financial investments	17	32,306	24,430
Total non-current assets:		**7,952,827**	**8,680,673**
Current assets:			
Inventories	16	694,420	872,518
Trade receivables	15	869,247	804,880
Loans to Sinopec	14	576,390	722,936
Other receivables	14	604,830	576,960
Other financial investments	17	24,743	4,458
Cash and equivalents	18	938,156	1,130,606
Subtotal current assets:		**3,707,786**	**4,112,358**
Non current assets held for sale		1,297,009	-
Total current assets:		**5,004,795**	**4,112,358**
Total assets:		**12,957,622**	**12,793,031**

EQUITY AND LIABILITIES	Notes	June 2016	December 2015
Equity:			
Share capital	19	829,251	829,251
Share premium		82,006	82,006
Reserves	20	2,835,882	2,682,394
Retained earnings		1,028,518	1,055,861
Consolidated net income for the period	10	7,975	122,566
Total equity attributable to shareholders:		4,783,632	4,772,078
Non-controlling interests	21	1,501,216	1,416,046
Total equity:		**6,284,848**	**6,188,124**
Liabilities:			
Non-current liabilities:			
Bank loans	22	1,005,430	1,151,416
Bonds	22	1,663,619	1,908,109
Other payables	24	298,529	551,287
Post-employment and other employee benefits liabilities	23	344,713	421,540
Deferred tax liabilities	9	91,566	109,384
Other financial instruments	27	351	2,498
Provisions	25	450,162	428,762
Total non-current liabilities:		**3,854,370**	**4,572,996**
Current liabilities:			
Bank loans and overdrafts	22	262,937	246,791
Bonds	22	470,501	245,756
Trade payables	26	729,154	656,346
Other payables	24	826,311	844,333
Other financial instruments	27	9,740	29,471
Current income tax payable	9	64,311	9,214
Subtotal current liabilities:		**2,362,954**	**2,031,911**
Liabilities associated with non current assets held for sale		455,450	-
Total current liabilities:		**2,818,404**	**2,031,911**
Total liabilities:		**6,672,774**	**6,604,907**
Total equity and liabilities:		**12,957,622**	**12,793,031**

The accompanying notes form an integral part of the consolidated statement of financial position as of 30 June 2016.

Galp Energia, SGPS, S.A. and subsidiaries
Consolidated Income Statement for the period of six months ended 30 June 2016 and 2015
(Amounts stated in thousand Euros - €K)

	Notes	June 2016	June 2015 restated	
Operating income:				
Sales	5	5,766,177	7,880,851	(a)
Services rendered	5	329,201	297,715	(a)
Other operating income	5	52,225	47,088	(a)
Total operating income:		**6,147,603**	**8,225,654**	(a)
Operating costs:				
Cost of sales	6	4,788,334	6,697,772	(a)
External supplies and services	6	637,727	608,550	(a)
Employee costs	6	157,861	164,486	(a)
Amortisation, depreciation and impairment losses on fixed assets	6	382,699	368,003	
Provisions and impairment losses on receivables	6	19,007	15,332	
Other operating costs	6	33,823	30,208	(a)
Total operating costs:		**6,019,451**	**7,884,351**	(a)
Operating result:		**128,152**	**341,303**	(a)
Financial income	8	12,649	15,007	
Financial costs	8	(31,722)	(49,466)	
Exchange (losses) gains		(6,853)	(3,507)	(a)
Income from financial investments and impairment losses on Goodwill	4 and 11	25,772	(21,451)	
Income from financial instruments	27	44,315	(22,008)	
Income before taxes:		**172,313**	**259,878**	(a)
Income tax	9	(92,550)	(124,628)	(a)
Energy sector extraordinary contribution	9	(51,023)	(52,754)	(a)
Consolidated net income for the period		**28,740**	**82,496**	(a)
Income attributable to:				
Non-controlling interests	21	**20,765**	**11,634**	(a)
Galp Energia SGPS, S.A. Shareholders	10	**7,975**	**70,862**	(a)
Consolidated net income for the period		**28,740**	**82,496**	(a)
Earnings per share (in Euros)	10	**0.01**	**0.09**	(a)

(a) These amounts were restated considering the changes in the accounting classification referred in Note 2.1.

The accompanying notes form an integral part of the consolidated income statement for the six months period ended 30 June 2016.

energy creates energy

galp

Galp Energia, SGPS, S.A and subsidiaries
Consolidated Statement of Comprehensive Income for the period of six months ended 30 June 2016 and 2015
(Amounts stated in thousand Euros - €K)

		June 2016		June 2015 restated		
	Notes	Atributtable to the Shareholders	Non-controlling interests (Note 21)	Atributtable to the Shareholders	Non-controlling interests (Note 21)	
Consolidated net income for the period	10	**7,975**	**20,765**	**70,862**	**11,634**	(a)
Other comprehensive income for the period which will not be recycled in the future for net income of the period:						
Actuarial Gains and losses - pension fund:						
Actuarial Gains and losses - pension fund	23	26,797	(2)	(18,519)	(7)	
Tax related to actuarial gains and losses - pension fund	9	(4,753)	-	2,974	-	
		22,044	**(2)**	**(15,545)**	**(7)**	
Other comprehensive income for the period which will be recycled in the future for net income of the period:						
Currency exchange differences:						
Currency exchange differences (Group companies)	20	7,790	(1,195)	130,745	75,243	
Currency exchange differences (Associates/ joint ventures)	4 and 20	(13,769)	-	44,218	-	
Currency exchange differences - Goodwill	11 and 20	(480)	-	1,488	-	
Currency exchange differences - Financial allocation ("quasi capital")	20	243,383	104,307	(79,491)	(34,068)	
Deferred tax related to components of Currency exchange differences - Financial allocations ("quasi capital")	9 and 20	(82,751)	(35,464)	27,027	11,583	
		154,173	**67,648**	**123,987**	**52,758**	
Hedging reserves:						
Increases / (decreases) in hedging reserves (Group companies)	27 and 20	(291)	-	2,760	-	
Deferred tax related to hedging reserves components (Group companies)	9 and 20	-	-	(621)	-	
Increases / (decreases) in hedging reserves (Associates/joint ventures)	27 and 20	(466)	-	187	-	
Deferred tax related to hedging reserves components (Associates/joint ventures)	9 and 20	72	-	(51)	-	
		(685)	**-**	**2,275**	**-**	
Other increases/decreases		-	10	-	(462)	
		-	**10**	**-**	**(462)**	
Other Comprehensive income for the period net of taxes		175,532	67,656	110,717	52,289	
Comprehensive income for the period atributtable to shareholders		**183,507**		**181,579**		(a)
Comprehensive income for the period atributtable to non-controlling interests	21		**88,421**		**63,923**	(a)
Total Comprehensive income for the period		**183,507**	**88,421**	**181,579**	**63,923**	(a)

(a) These amounts were restated considering the changes in the accounting classification referred in Note 2.1.

The accompanying notes form an integral part of the consolidated income statement for the six months period ended 30 June 2016.

Galp Energia, SGPS, S.A and subsidiaries
Consolidated Statement of changes in equity for the six months period ended 30 June 2016 and 2015
(Amounts stated in thousand Euros - €K)

Changes in the period	Notes	Share Capital	Share Premium	Translation reserves (Note 20)	Other reserves (Note 20)	Hedging reserves (Note 20)	Retained earnings - actuarial Gains and losses - pension fund (Note 23)	Retained earnings	Consolidated net income for the period	Sub-Total	Non-controlling interests (Note 21)	Total
Balance as of 1 January 2015		**829,251**	**82,006**	**17,669**	**2,684,414**	**(744)**	**(99,570)**	**1,664,905**	**(173,394)**	**5,004,537**	**1,420,184**	**6,424,721**
Consolidated net income for the period	10	-	-	-	-	-	-	-	70,862	70,862	11,634	82,496 (a)
Other gains and losses recognised in Equity		-	-	123,988	-	2,275	(15,545)	-	-	110,718	52,289	163,007
Comprehensive income for the period		-	-	123,988	-	2,275	(15,545)	-	70,862	181,580	63,923	245,503 (a)
Dividends distributed / Interim dividends		-	-	-	-	-	-	(143,295)	-	(143,295)	(1,617)	(144,912)
Increase of reserves by appropriation of profit		-	-	-	-	-	-	(173,394)	173,394	-	-	-
Balance as of 30 June 2015		**829,251**	**82,006**	**141,657**	**2,684,414**	**1,531**	**(115,115)**	**1,348,216**	**70,862**	**5,042,822**	**1,482,490**	**6,525,312** (a)
Balance as of 1 January 2016		**829,251**	**82,006**	**(233)**	**2,684,293**	**(1,666)**	**(120,402)**	**1,176,263**	**122,566**	**4,772,078**	**1,416,046**	**6,188,124**
Consolidated net income for the period	10	-	-	-	-	-	-	-	7,975	7,975	20,765	28,740
Other gains and losses recognised in Equity		-	-	154,173	-	(685)	22,044	-	-	175,532	67,656	243,188
Comprehensive income for the period		-	-	154,173	-	(685)	22,044	-	7,975	183,507	88,421	271,928
Dividends distributed / Interim dividends	30	-	-	-	-	-	-	(171,953)	-	(171,953)	(3,251)	(175,204)
Increase of reserves by appropriation of profit		-	-	-	-	-	-	122,566	(122,566)	-	-	-
Balance as of 30 June 2016		**829,251**	**82,006**	**153,940**	**2,684,293**	**(2,351)**	**(98,358)**	**1,126,876**	**7,975**	**4,783,632**	**1,501,216**	**6,284,848**

(a) These amounts were restated considering the changes in the accounting classification referred in Note 2.1.

The accompanying notes form an integral part of the consolidated income statement for the six months period ended 30 June 2016.

Galp Energia, SGPS, S.A and subsidiaries
Consolidated Statement of Cash Flow for the six months period ended 30 June 2016, 30 June 2015 and 31 December 2015
(Amounts stated in thousand Euros - €K)

	Notes	June 2016	June 2015	December 2015
Operating activities:				
Cash received from customers		7,026,618	9,094,017	17,665,676
Cash (payments) to suppliers		(4,061,993)	(5,853,912)	(11,420,662)
(Payments) relating to Tax on oil products ("ISP")		(1,253,038)	(1,314,300)	(2,632,665)
(Payments) relating to VAT		(667,970)	(845,968)	(1,624,430)
(Payments) relating to Royalties, levies, "PIS" and "COFINS" and Others		(30,314)	(39,011)	(50,022)
Operating gross margin		1,013,303	1,040,826	1,937,897
Salaries, contributions to the pension fund and other benefits (payments)		(99,385)	(92,542)	(209,348)
Withholding to third parties (payments)		(45,907)	(46,298)	(85,246)
Social Security contributions ("TSU")		(36,721)	(37,282)	(76,389)
Payments relating to employees		(182,013)	(176,122)	(370,983)
Other receipts/(payments) relating to the operational activity		(91,292)	(20,078)	(46,074)
Cash flows from operations		739,998	844,626	1,520,840
(Payments)/receipts of income taxes (income tax "IRC", oil income tax "IRP", special participation)		(79,792)	(66,685)	(127,016)
Cash flows from operating activities (1)		**660,206**	**777,941**	**1,393,824**
Investing activities:				
Cash receipts from disposal of tangible and intangible assets		587	68,856	68,893
Cash (payments) for the acquisition of tangible and intangible assets		(531,721)	(512,769)	(989,812)
Cash receipts relating to financial investments		13,000	1	35,370
Cash (payments) relating to financial investments		(133,728)	(130,477)	(308,346)
Net financial investment		(651,862)	(574,389)	(1,193,895)
Cash receipts from loans granted		133,843	128,587	260,784
Cash (payments) relating to loans granted		(559)	(1,083)	(400)
Cash receipts from interests and similar income		8,992	15,680	21,855
Cash receipts relating to dividends	4	24,815	37,177	72,901
Cash flows from investing activities (2)		**(484,771)**	**(394,028)**	**(838,755)**
Financing activities:				
Cash receipts from loans obtained		1,096,689	578,732	1,282,504
Cash (payments) relating to loans obtained		(1,226,058)	(667,363)	(1,407,753)
Cash receipts/(payments) from interests and similar costs		(92,508)	(86,854)	(132,411)
Dividends paid	30	(175,193)	(144,911)	(318,211)
Other financing activities		326	927	1,904
Cash flows from financing activities (3)		**(396,744)**	**(319,469)**	**(573,967)**
Net change in cash and equivalents (4) = (1) + (2) + (3)		(221,309)	64,444	(18,898)
Effect of foreign exchange rate changes in cash and equivalents		32,365	82,589	41,393
Cash changes by changes in the consolidation perimeter	3	-	(1,040)	(1,040)
Cash and equivalents at the beginning of the period	18	1,044,851	1,023,396	1,023,396
Cash and equivalents related to non current assets held for sale	18	(34,242)	-	-
Cash and equivalents at the end of the period	18	821,665	1,169,389	1,044,851

The accompanying notes form an integral part of the consolidated income statement for the six months period ended 30 June 2016.

In the year ended 31 December 2015, the Galp group, when compared with the previous reports, has decided to change the form of presentation of the statement of cash flow, as it considers that will improve its comprehension. The amounts of 30 June 2015 were presented according to the new format.

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Notes to the consolidated financial statements as of 30 June 2016

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, Portugal and its corporate business is the management of equity participations in other companies.

The Company shareholder structure as of 30 June 2016 is stated in Note 19.

The Company is listed on the Euronext Lisbon stock exchange.

b) The Group:

As of 30 June 2016 the Galp group (the Group) consists of Galp and its subsidiaries, which includes, among others: (i) Petróleos de Portugal – Petrogal, S.A. (Petrogal) and its subsidiaries, which carry out their activities in the refining of crude oil and distribution of oil products sector; (ii) Galp Gas & Power, SGPS, S.A. and its subsidiaries, which operate in the natural gas sector, electricity sector and renewable energy sector; (iii) Galp Energia E&P, B.V. and its subsidiaries integrating the oil and gas Exploration & Production activities and biofuels and (iv) Galp Energia, S.A. which includes the corporate support services.

b1) Exploration & Production

The Exploration & Production (E&P) business segment is responsible for the presence of Galp in the oil industry upstream sector, which consists in the supervision and performance of all activities relating to exploration, development and production of hydrocarbons, essentially in Angola, Brazil and Mozambique.

b2) Refining & Marketing

The Refining & Marketing (R&M) business segment 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 business also comprises the oil products storage and transportation infrastructure in Portugal and Spain, for both export/import and marketing of its products to the main consumer centres. This retail marketing activity, using the Galp brand, also includes Angola, Cape Verde, Spain, Gambia, Guinea-Bissau, Mozambique and Swaziland through controlled subsidiaries of the Group.

b3) Gas & Power

The Gas & Power (G&P) business segment encompasses the areas of sourcing, supply, distribution and storage of natural gas and electric and thermal power generation.

Galp group natural gas business encompasses a set of regulated and liberalised activities, including the sourcing in a liberalised regime, the operation of infrastructure in a regulated regime and supply to final customers in the Iberia in liberalised and regulated regime.

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

The sourcing and supply of natural gas segment supplies natural gas to large industrial customers, with annual consumption of more than 2 million m^3, power generation companies, natural gas distribution companies and Autonomous Gas Units (AGU). So as to meet the demand of its customers, Galp has long-term sourcing contracts with companies in Algeria and Nigeria.

The natural gas distribution and supply activity in Portugal includes the natural gas distribution and supply companies. Its purpose is to sell natural gas to those residential, commercial and industrial customers with annual consumptions of less than 2 million m^3.

The natural gas subsidiaries of the Galp group that supply natural gas in Portugal operate based on concession contracts entered into with the Portuguese State. At the end of the concession period, 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.

Under the terms covered by the sectorial regulations applicable in Portugal, approved by the respective regulator ("ERSE" - www.erse.pt), described in the respective regulations in more detail, there are:

Distribution network operators:

- Access to the Natural Gas National Transportation Network (NGNTN) and the Natural Gas National Distribution Network (NGNDN) activities developed by the distribution network operators.
- Natural gas distribution activity exercised by the distribution network operators.

Last resort wholesale retailer

- Natural Gas purchase and sale activity in connection to the management of the long-term sourcing contracts in the Take or Pay (ToP) scheme signed prior to the publication of Directive 2003/55/ EC of 26 June, exercised by the Natural Gas National System (NGNS) supplier.

To cover the planned natural gas requirements in Portugal, a natural gas purchase contract of 2.3 bcm was signed, for a period of 23 years, with Sonatrach, a Company owned by the Algerian State. This contract and the first deliveries of natural gas started in January 1997, simultaneously with the connection of the Europe - Maghreb gas pipeline to the transport and distribution network in Portugal.

Additionally, three contracts were signed for a period of 20 years, with NLNG, a Nigerian Company, to acquire a total of 3.5 bcm of LNG. The supply under these contracts started in 2000, 2003 and 2006, respectively.

Natural Gas and LNG acquisition contracts:

Contracts	Country	Quantity (mm^3/year)	Period (years)	Initial year
NLNG I	Nigeria	420	20	2000
NLNG II	Nigeria	1,000	20	2003
NLNG +	Nigeria	2,000	20	2006
Sonatrach	Algeria	2,300	23	1997

The purchase price of natural gas under long-term purchase agreements is generally calculated according to a set price formula based on the price of alternative fuels, as the benchmark price of crude oil and other elements, including inflation and exchange rates. Typically, the price formula of these contracts foresees the periodic adjustment based on changes on the benchmark.

Usually the long-term natural gas purchase contracts define minimum annual volumes to be acquired and a flexible margin for each year. These contracts usually establish an obligation to take or pay, which obliges the purchase of the agreed quantities of natural gas, regardless of the respective need that may or not occur. These contracts allow the transfer of quantities from one year to another within certain limits, if demand is lower than the established minimum annual levels.

When Galp's capital was listed on the stock exchange, an analysis of these contracts was performed in order to detect any embedded derivatives, namely contractual clauses that could be considered as financial derivatives. Joint analysis carried out by external consultants and the Group did not detect financial derivatives that should be recognised at fair value, since the characteristics of these contracts are intrinsic to the gas activity.

When embedded derivatives are noted in other financial instruments or other contracts, they are treated as separately recognised derivatives in situations where the risks and characteristics are not closely related to contracts and in situations where the contract is not stated at fair value with unrealised gains or losses recorded in the income statement.

Although the maturity of the contracts is of more than 20 years, long-term sourcing contracts provide for the possibility of renegotiation over the term of the contract in accordance with contractually defined rules.

- The natural gas purchase and sale activity for supply to the last resort retailer, developed by the last resort wholesaler, includes the following functions:
  - Natural gas purchase and sale function, resulting from the acquisition of natural gas, directly or through auctions, under long-term sourcing contracts, of the supplier of natural gas national system;
  - Natural gas purchase and sale function in organized markets or through bilateral contracts (not applicable in Galp for the period under review).

Last resort retailers

- The natural gas supply activity, exercised by the last resort retailers, includes the following functions:
  - Natural gas purchase and sale;
  - Purchase and sale of the access to the Natural Gas National Transportation Network (NGNTN) and Natural Gas National Distribution Network (NGNDN);
  - Natural gas supply.

The Group Power business includes power generation through the portfolio of cogeneration plants in Portugal and the supply of electricity to end customers. This business proves to be complementary to the natural gas business, by means of natural gas auto consumptions in cogeneration plants and combined electricity and gas supply.

- The activity of the Power sub- segment currently consists of operating cogeneration plants and wind power.

Geographic markets for G&P activities are as follows:

- Natural gas sourcing;
- Natural gas distribution: Portugal;
- Natural gas and electricity supply: Portugal and Spain;
- Electricity production: Portugal.

2. Significant accounting policies

Galp 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 economic exercise beginning in 1 January 2016. 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 Standing Interpretation Committee (SIC) and International Financial

Reporting Interpretation Committee (IFRIC). These standards and interpretations are hereinafter referred to as "IFRS".

The Board of Directors considers that these consolidated financial statements and the accompanying notes provide a fair presentation of the consolidated interim financial information prepared in accordance with "IAS 34 – Interim Financial Reporting". In preparing the consolidated financial statements estimates were used that affect the reported amounts of assets and liabilities, as well as the amounts of income and costs of the reporting period. The estimates and assumptions used by the Board of Directors were based on the best information available of the events and transactions in process, at the time of approval of the consolidated financial statements.

In respect to the construction contracts under the scope of IFRIC12, the construction of assets under concession contracts is subcontracted to specialised entities which assume their own construction activity risk. Income and expenses associated with the construction of these assets are of equal amounts and are recognised as Other operating income and Other operating costs.

As of 30 June 2016 were disclosed only material changes required by IFRS 7 – Financial Instruments: Disclosures. For all other disclosures under this standard refer to the Company's consolidated financial statements as of 31 December 2015.

As a result of the available storage space, Galp is executing Contango operations. Thus, the inventories acquired under these transactions are valued at fair value thru profit and loss, namely Gross Margin in accordance with IAS 2§5, and the MTM (Mark-to-Market) of the financial derivatives acquired for the operation is also reflected in the same Gross Margin caption.

For a detailed description of the accounting policies adopted by Galp refer to the consolidated financial statements of the Company as of 31 December 2015.

2.1. Change in accounting policies

Galp has changed the accounting treatment for the Energy sector extraordinary contribution (CESE) established by Law 82-B/2014 of 31 December in its interim financial statements (CESE I), following an accounting interpretation from the Portuguese Securities Market Commission issued in 2015, with the objective of standardising the accounting policies followed by the different market players. Thus, Galp started to recognise the total amount of the cost and liability as of 1 January, instead of deferring the cost along the year. Resulting from this change in accounting policy the Company retrospectively reflected the impact on its corresponding figures in accordance with IAS 8.

The Company decided to change its accounting policy regarding the presentation of exchange differences in the income statement arising from Other receivables balances in foreign currency (trade receivables and other receivables) and Other accounts payable balances in foreign currency (trade payables and other payables). Such exchange differences were presented in the Financial Income, along with other exchange differences generated during the financial year. Thus, from 2016 exchange differences generated on Other accounts receivable foreign currency balances and Other payable foreign currency balances referred above will be presented in the same operational nature income statement caption where the income and losses associated with these transactions are reflected. The Company believes that this change in accounting policy follows the recommendations of IAS 8§14 par. b) and better reflects the operational and financial events of the Group. As such, and in accordance with the standard IAS8§19 par. b), the Company retrospectively reflected the impact on their corresponding figures.

In addition, the Group reclassified €35,610 k that were recorded under the caption "External Supplies and services – Transport of goods" to the caption "Cost of sales". The Company believes that this reclassification better reflects the nature of the operation as it is related with charges incurred for the purchase of raw materials.

The consolidated financial statements were restated as of 30 June 2015, with the effects on the statement of financial position and income statement presented below:

Income statement:

(€ k)

	Notes	June 2015	Restatement Reclassifications	Restatement Exchange differences	Restatement CESE	June 2015 restated
Operating income:						
Sales	05	7,879,468	-	1,383	-	7,880,851
Services rendered	05	296,690	-	1,025	-	297,715
Other operating income	05	46,912	-	176	-	47,088
Total operating income:		**8,223,070**	**-**	**2,584**	**-**	**8,225,654**
Operating costs:						
Cost of sales	06	6,641,749	35,610	20,413	-	6,697,772
External supplies and services	06	642,714	(35,610)	1,446	-	608,550
Employee costs	06	164,323	-	163	-	164,486
Amortisation, depreciation and impairment losses on fixed assets	06	368,003	-	-	-	368,003
Provisions and impairment losses on receivables	06	15,332	-	-	-	15,332
Other operating costs	06	28,000	-	2,208	-	30,208
Total operating costs:		**7,860,121**	**-**	**24,230**	**-**	**7,884,351**
Operating result:		**362,949**	**-**	**(21,646)**	**-**	**341,303**
Financial income	08	15,007	-	-	-	15,007
Financial costs	08	(49,466)	-	-	-	(49,466)
Exchange (losses) gains		(25,184)	-	21,677	-	(3,507)
Income from financial investments and impairment losses on Goodwill	04 and 11	(21,451)	-	-	-	(21,451)
Income from financial instruments	27	(22,008)	-	-	-	(22,008)
Income before taxes:		**259,847**	**-**	**31**	**-**	**259,878**
Income tax	09	(124,597)	-	(31)	-	(124,628)
Energy sector extraordinary contribution	09	(33,139)	-	-	(19,615)	(52,754)
Consolidated net income for the period		**102,111**	**-**	**-**	**(19,615)**	**82,496**
Income attributable to:						
Non-controlling interests	21	12,062	-	-	(428)	11,634
Galp Energia SGPS, S.A. Shareholders		90,049	-	-	(19,187)	70,862
Consolidated net income for the period	10	**102,111**	**-**	**-**	**(19,615)**	**82,496**
Earnings per share (in Euros)	10	**0.11**	**-**	**-**	**(0.02)**	**0.09**

Statement of financial position:

(€ k)

ASSETS	June 2015	restatement	June 2015 restated
Non-current assets:			
Tangible assets	5,221,256	-	5,221,256
Goodwill	139,458	-	139,458
Intangible assets	1,417,642	-	1,417,642
Investments in associates and joint ventures	949,475	-	949,475
Financial assets held for sale	2,512	-	2,512
Trade receivables	24,162	-	24,162
Loans to Sinopec	-	-	-
Other receivables	301,530	-	301,530
Deferred tax assets	377,941	-	377,941
Other financial investments	23,028	-	23,028
Total non-current assets:	**8,457,004**	**-**	**8,457,004**
Current assets:			
Inventories	1,047,021	-	1,047,021
Trade receivables	1,167,149	-	1,167,149
Loans to Sinopec	835,492	-	835,492
Other receivables	708,580	-	708,580
Other financial investments	5,632	-	5,632
Non current assets held for sale	28,933	-	28,933
Cash and cash equivalents	1,272,043	-	1,272,043
Total current assets:	**5,064,850**	**-**	**5,064,850**
Total assets:	**13,521,854**	**-**	**13,521,854**

EQUITY AND LIABILITIES	June 2015	restatement	June 2015 restated
Equity:			
Share capital	829,251	-	829,251
Share premium	82,006	-	82,006
Reserves	2,827,602	-	2,827,602
Retained earnings	1,233,101	-	1,233,101
Consolidated net income for the period	90,049	(19,187)	70,862
Total equity attributable to shareholders:	**5,062,009**	**(19,187)**	**5,042,822**
Non-controlling interests	1,482,918	(428)	1,482,490
Total equity:	**6,544,927**	**(19,615)**	**6,525,312**
Liabilities:			
Non-current liabilities:			
Bank loans	1,002,131	-	1,002,131
Bonds	1,953,979	-	1,953,979
Other payables	567,447	-	567,447
Post-employment and other employee benefits liabilities	421,859	-	421,859
Deferred tax liabilities	111,651	-	111,651
Other financial instruments	581	-	581
Provisions	398,484	13,910	412,394
Total non-current liabilities:	**4,456,132**	**13,910**	**4,470,042**
Current liabilities:			
Bank loans and overdrafts	348,077	-	348,077
Bonds	296,724	-	296,724
Trade payables	919,776	-	919,776
Other payables	888,070	5,705	893,775
Other financial instruments	35,884	-	35,884
Current income tax payable	32,264	-	32,264
Total current liabilities:	**2,520,795**	**5,705**	**2,526,500**
Total liabilities:	**6,976,927**	**19,615**	**6,996,542**
Total equity and liabilities:	**13,521,854**	**-**	**13,521,854**

3. Consolidated companies

During the period ended 30 June 2016, the following changes occurred in the consolidation perimeter:

a) Corporate restructuring:

The subsidiary Petróleos de Portugal - Petrogal, S.A., holds financial participations in companies based on the African continent operating in the oil marketing segment. In the context of the corporate restructuring of the Group, its intended to allocate these financial interests under the control of the subsidiary Galp Marketing Internacional, S.A..

In 29 April 2016 Petróleos de Portugal – Petrogal, S.A. disposed to Galp Marketing Internacional, S.A. the participation held in the subsidiary Empresa Nacional de Combustíveis - Enacol, S.A.R. (48.2871%), which respectively holds participation interests in the subsidiaries i) Enamar - Sociedade Transportes Marítimos, Sociedade Unipessoal, S.A. (100%) and ii) EnacolGest, Ld.ª (100%).

Given that the transaction referred above is between Group companies, there was no impact on the consolidated financial statements of the group.

3.1. Non-current assets held for sale

Galp Energia, SGPS, through Galp Gás & Power SGPS, is available to partially dispose the share capital of Galp Gás Natural Distribuição ("GGND"), presently held at 100%. For this purpose, Galp is considering the loss of full control over the GGND group, with the companies that comprise this subgroup becoming jointly controlled. As a result of this decision, the Assets and Liabilities of the GGND group were presented in the consolidated financial statements of Galp Energia, SGPS as Non-current assets held for sale and Liabilities associated with Non-current assets held for sale.

energia cria energia
galp

(€ k)

				subsidiaries										associates
Statement of financial position as of 30 June 2016	Non-current assets held for sale	Galp Intragroup Eliminations	Subgroup - Galp Gás Natural Distribuição, S.A. Subsidiaries	Galp Gás Natural Distribuição, S.A. Intrasubgroup eliminations	Galp Gás Natural Distribuição, S.A.	Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A.	Lusitaniagás - Companhia de Gás do Centro, S.A.	Setgás - Sociedade de Produção e Distribuição de Gás, S.A.	Beiragás - Companhia de Gás das Beiras, S.A.	Dianagás - Soc. Distrib. de Gás Natural de Évora, S.A.	Duriensegás - Soc. Distrib. de Gás Natural do Douro, S.A.	Medigás - Soc. Distrib. de Gás Natural do Algarve, S.A.	Paxgás - Soc. Distrib. de Gás Natural de Beja, S.A.	Tagusgás - Empresa de Gás do Vale do Tejo, S.A.
Non-current assets:														
Tangible assets	(554)	(1)	(553)	1	-	-	-	(554)	-	-	-	-	-	-
Goodwill	(2,275)	-	(2,275)	-	(2,275)	-	-	-	-	-	-	-	-	-
Intangible assets	(1,116,692)	3,382	(1,120,074)	(1)	-	(524,007)	(280,018)	(173,027)	(70,791)	(11,880)	(36,637)	(18,122)	(5,591)	-
Investments in associates and joint ventures	(14,843)	-	(14,843)	262,012	(262,012)	-	-	-	-	-	-	-	-	(14,843)
Assets held for sale	(3)	-	(3)	-	-	-	-	(3)	-	-	-	-	-	-
Other receivables	(40,787)	(1)	(40,786)	540,109	(545,117)	(18,048)	(10,166)	(4,652)	(2,333)	(234)	(196)	(143)	(6)	-
Deferred tax assets	(20,151)	(840)	(19,311)	(1)	(1)	(15,781)	(557)	(623)	(711)	(284)	(981)	(346)	(26)	-
Total non-current assets:	(1,195,305)	2,540	(1,197,845)	802,120	(809,405)	(557,836)	(290,741)	(178,859)	(73,835)	(12,398)	(37,814)	(18,611)	(5,623)	(14,843)
Current assets:														
Inventories	(1,589)	(1)	(1,588)	-	-	(667)	(264)	(126)	(248)	(40)	(144)	(76)	(23)	-
Trade receivables	(8,567)	5,524	(14,091)	(1,413)	3,342	(8,188)	(2,868)	(1,550)	(1,298)	(399)	(1,138)	(406)	(173)	-
Other receivables	(57,227)	25,199	(82,426)	17,892	(12,230)	(47,623)	(19,365)	(9,544)	(2,892)	(2,900)	(3,429)	(1,584)	(751)	-
Current income tax receivable	-	-	-	6,879	(582)	-	(6,266)	(5)	(1)	-	(3)	(22)	-	-
Cash and cash equivalents	(34,321)	-	(34,321)	(2)	(9,463)	(2,292)	(7,373)	(5,834)	(7,456)	(293)	(973)	(397)	(238)	-
Subtotal current assets:	(101,704)	30,722	(132,426)	23,356	(18,933)	(58,770)	(36,136)	(17,059)	(11,895)	(3,632)	(5,687)	(2,485)	(1,185)	-
Non current assets held for sale	1,297,009	(33,262)	1,330,271	(825,476)	828,338	616,606	326,877	195,918	85,730	16,030	43,501	21,096	6,808	14,843
Total current assets:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities:														
Non-current liabilities:														
Bank loans	(35,066)	1	(35,067)	(1)	-	(18,462)	(5,755)	-	(10,849)	-	-	-	-	-
Other payables	(252,258)	567,871	(820,129)	540,110	(567,871)	(370,068)	(210,254)	(126,324)	(19,910)	(12,218)	(31,568)	(17,285)	(4,741)	-
Post-employment and other employee benefits liabilities	(54,944)	(1)	(54,943)	2	(3)	(53,790)	(227)	(583)	(288)	(16)	(20)	(12)	(6)	-
Deferred tax liabilities	(10,587)	(1)	(10,586)	-	-	(3,562)	(2,392)	(3,922)	(309)	(144)	(148)	(90)	(19)	-
Provisions	(31,298)	1	(31,299)	-	-	(16,188)	(7,363)	(4,084)	(1,919)	(288)	(871)	(433)	(153)	-
Total non-current liabilities:	(384,153)	567,871	(952,024)	540,111	(567,874)	(462,070)	(225,991)	(134,913)	(33,275)	(12,666)	(32,607)	(17,820)	(4,919)	-
Current liabilities:														
Bank loans and overdrafts	(15,316)	-	(15,316)	-	(1)	(6,165)	(2,369)	(4,081)	(2,700)	-	-	-	-	-
Trade payables	(10,128)	3,408	(13,536)	3,394	(427)	(4,558)	(6,907)	(3,048)	(1,125)	(144)	(341)	(287)	(93)	-
Other payables	(42,669)	32,093	(74,762)	13,085	(21,903)	(26,023)	(22,059)	(7,440)	(4,500)	(1,625)	(2,723)	(1,129)	(445)	-
Current income tax payable	(3,184)	14,259	(17,443)	6,881	(124)	(9,007)	(9,502)	(1,670)	(1,523)	(364)	(1,380)	(572)	(182)	-
Subtotal current liabilities:	(71,297)	49,760	(121,057)	23,360	(22,455)	(45,753)	(40,837)	(16,239)	(9,848)	(2,133)	(4,444)	(1,988)	(720)	-
Liabilities associated with non-current assets held for sale	455,450	(617,631)	1,073,081	(563,471)	590,329	507,823	266,828	151,152	43,123	14,799	37,051	19,808	5,639	-
Total current liabilities:	384,153	(567,871)	952,024	(540,111)	567,874	462,070	225,991	134,913	33,275	12,666	32,607	17,820	4,919	-
Total liabilities:	-	-	-	-	-	-	-	-	-	-	-	-	-	-

4. Financial investments

4.1. Investments in joint ventures

Changes in the caption "Investments in joint ventures" for the period ended 30 June 2016, reflected by the equity method, were as follows:

(€ k)

Companies		Initial balance	Increase in investment	Gains / Losses (Note 4.4)	Translation adjustment	Hedging reserves adjustment	Dividends (Note 4.5)	Ending balance
Investments								
Tupi B.V.	(a)	890,515	117,662	10,589	(17,340)	-	-	1,001,426
Belem Bioenergia Brasil, S.A.	(b)	57,599	12,289	(9,684)	10,947	-	-	71,151
C.L.C. - Companhia Logística de Combustíveis, S.A.	(c)	20,157	(13,000)	1,715	-	-	(3,257)	5,615
Galp Disa Aviacion, S.A.		7,184	-	583	-	-	-	7,767
Parque Eólico da Penha da Gardunha, Lda.		1,600	-	-	-	-	-	1,600
Moçamgalp Agroenergias de Moçambique, S.A.		456	-	-	45	-	-	501
Asa - Abastecimento e Serviços de Aviação, Lda.		28	-	15	-	-	(6)	37
		977,539	**116,951**	**3,218**	**(6,348)**	**-**	**(3,263)**	**1,088,097**
Provisions for investments in joint ventures (Note 25)								
Ventinveste, S.A.		(1,604)	-	1,101	-	(466)	-	(969)
Caiageste - Gestão de Áreas de Serviço, Lda.	(d)	(27)	28	(20)	-	-	-	(19)
		(1,631)	**28**	**1,081**	**-**	**(466)**	**-**	**(988)**
		975,908	**116,979**	**4,299**	**(6,348)**	**(466)**	**(3,263)**	**1,087,109**

(a) €117,662 k corresponds to the capital increase made by Galp Sinopec Brazil Services BV. Control of Tupi BV is shared between: Galp Sinopec Brazil Services BV, Petrobras Netherlands BV and BG Overseas Holding Ltd, which hold respectively 10%, 65% and 25% of its share capital.

(b) €12,289 k corresponds to the capital increase made in Belem Bioenergia Brasil, S.A.. The control of Belem Bioenergia Brasil, S.A. is shared between: Galp Bioenergy B.V. and Petrobras Biocombustiveis SA , holding each 50% of its share capital.

(c) €13,000 k corresponds to the decrease of share capital made in C.L.C. - Companhia Logística de Combustíveis, S.A..

(d) €28 k corresponds to the supplementary capital contributions made by Galpgeste - Gestão de Áreas de Serviço, S.A.. The control of Caiageste - Gestão de Áreas de Serviço, Lda. is shared between Galpgeste - Gestão de Áreas de Serviço, S.A. and Gespost - Gestão e Administração de Postos de Abastecimento, Unipessoal, Lda., holding each 50% of its share capital.

4.2. Investments in associates

The changes in the caption "Investments in associates" for the period ended 30 June 2016 were as follows:

(€ k)

Companies		Initial balance	Increase in investment	Gains / Losses (Note 4.4)	Translation adjustment	Hedging reserves adjustment	Dividends (Note 4.5)	Transfers / Adjustments	Assets held for sale Note 3.1	Ending balance
Investments										
EMPL - Europe Magreb Pipeline, Ltd		61,579	-	12,461	(1,176)	-	(20,045)	-	-	52,819
Gasoduto Al-Andaluz, S.A.		20,706	-	3,085	-	-	(9,402)	-	-	14,389
Gasoduto Extremadura, S.A.		17,456	-	3,323	-	-	(9,515)	-	-	11,264
Tagusgás - Empresa de Gás do Vale do Tejo, S.A.		14,169	-	643	-	31	-	-	(14,843)	-
Sonangalp - Sociedade Distribuição e Comercialização de Combustíveis, Lda.		10,807	-	2,443	(2,954)	-	-	-	-	10,296
Metragaz, S.A.		1,347	-	161	(10)	-	-	-	-	1,498
Terparque - Armazenagem de Combustíveis, Lda.		546	-	11	-	-	(118)	-	-	439
C.L.C. Guiné Bissau – Companhia Logística de Combustíveis da Guiné		943	-	171	-	-	-	-	-	1,114
IPG Galp Beira Terminal Lda	a)	4,094	3,695	(490)	(2,268)	-	-	-	-	5,031
Sodigás-Sociedade Industrial de Gases, S.A.R.L		516	-	(2)	-	-	-	72	-	586
Galp IPG Matola Terminal Lda		3,874	-	(325)	(1,013)	-	-	-	-	2,536
Aero Serviços, SARL - Sociedade Abastecimento de Serviços Aeroportuários		-	-	-	-	-	-	-	-	-
Energin - Sociedade de Produção de Electricidade e Calor, S.A.		-	-	-	-	-	-	-	-	-
		136,037	**3,695**	**21,481**	**(7,421)**	**31**	**(39,080)**	**72**	**(14,843)**	**99,972**
Provision for investment in associates (Note 25)										
Energin - Sociedade de Produção de Electricidade e Calor, S.A.		(2,416)	-	-	-	-	-	-	-	(2,416)
Aero Serviços, SARL - Sociedade Abastecimento de Serviços Aeroportuários		(67)	-	(8)	-	-	-	-	-	75
		(2,483)	**-**	**(8)**	**-**			**-**	**-**	**(2,491)**
		133,554	**3,695**	**21,473**	**(7,421)**	**31**	**(39,198)**	**72**	**(14,843)**	**97,481**

a) The amount of €3,695 k presented in increase in investment corresponds to supplementary capital contributions made by the subsidiary Petrogal Moçambique, Lda..

The positive Goodwill related with associates and joint ventures, included in the caption "Investments in associates and joint ventures", is detailed as follows as of 30 June 2016 and 31 December 2015:

		(€ k)
	June 2016	December 2015
Parque Eólico da Penha da Gardunha, Lda.	1,939	1,939
	1,939	1,939

4.3. Financial assets held for sale

During the period ended 30 June 2016, no significant changes occurred in the caption "Financial assets held for sale", when compared with the consolidated financial statements of the Company as of 31 December 2015. For additional clarifications refer to the consolidated financial statements of the Company as of 31 December 2015, and respective notes.

4.4. Income from financial investments

The caption "Income from financial investments and impairment losses on Goodwill", presented in the consolidated income statement for the period ended 30 June 2016 and 30 June 2015 are comprised as follows:

		(€ k)
	June 2016	June 2015
Effect of applying the equity method:		
Associates (Note 4.2)	21,473	35,696
Joint ventures (Note 4.1)	4,299	7,239
Effect of the disposal of investments in group companies and associates:		
Loss on disposal of 100% of the investment held in Madrileña Suministro de Gas SL	-	(16,102)
Gain on disposal of 100% of the investment held in Madrileña Suministro de Gas SUR SL	-	655
Gain on disposal of 4.60% of the investment held in EMPL - Europe Magreb Pipeline, Ltd.		
Gain on disposal of the investment held in Compañia Logística de Hidrocarburos CLH, S.A.	-	2
Effect of the liquidation of group companies:		
Liquidation of the subsidiary Next Priority, SGPS, S.A.	-	(1)
Effect of Group companies Goodwill impairments:		
Goodwill Impairment of the subsidiary Galp Distribuicíon Oil España, SAU, which is recorded in the caption Goodwill (Note 11)	-	(35,028)
Goodwill Impairment of the subsidiary Galp Comercializacíon España, SL, which is recorded in the caption Goodwill (Note 11)	-	(6,152)
Goodwill Impairment of the subsidiary Petróleos de Valencia, SA, Sociedad Unipersonal which is recorded in the caption Goodwill (Note 11)	-	(7,759)
Others	-	(1)
	25,772	**(21,451)**

4.5. Dividends from financial investments

The caption "Investments in associates and joint ventures" (Note 4.1 and 4.2) includes the total amount of €42,343 k related to dividends corresponding to amounts approved in the General meetings of the respective companies. The dividends received in the period of six months ended 30 June 2016 amounted to €24,815 k.

The difference between the amount received and the amount recognised in the caption "Investments in associates and joint ventures" of €17,528 k is related to: i) €145 k of negative exchange differences occurring in the payment date which were reflected in the caption "Exchange gains (losses)", in the income statement; (ii) €1,244 k of dividends received from Assets held for sale;(iii) €18,917 k from dividends approved in the General meeting of the respective companies and not yet settled; and (iv) €268 k related to dividends received referring to amounts approved in previous years.

4.6. Joint-operations

During the period ended 30 June 2016, no significant changes occurred in Joint Operations, by geographic area and interest held. For additional clarifications refer to the consolidated financial statements of the Company, as of 31 December 2015, and respective notes.

5. Operating income

The Group's operating income for the periods ended 30 June 2016 and 2015 is as follows:

		(€ k)	
Captions	**2016**	**2015**	
Sales:			
Goods	2,501,400	3,566,040	
Products	3,266,016	4,313,428	
Exchange differences	(1,239)	1,383	(a)
	5,766,177	**7,880,851**	**(a)**
Services rendered	329,240	296,690	
Exchange differences	(39)	1,025	(a)
	329,201	**297,715**	**(a)**
Other operating income			
Supplementary income	30,616	23,968	
Revenues arising from the construction of assets under IFRIC12	8,504	7,898	
Operating government grants	-	37	
Capitalized own costs	(75)	(76)	
Investment government grants (Note 13)	4,948	7,624	
Gains on fixed and intangible assets	748	2,870	
Exchange differences	(243)	176	(a)
Others	7,727	4,591	
	52,225	**47,088**	**(a)**
	6,147,603	**8,225,654**	**(a)**

(a) These amounts were restated considering the changes in the accounting classification referred in Note 2.1.

Fuel sales include the Portuguese Tax on Oil Products ("ISP").

Regarding the construction contracts under IFRIC12, the construction of the concession assets is subcontracted to specialised entities which assume their own construction activity risk. Income and expenses associated with the construction of these assets are of equal amounts and are immaterial when compared to total revenues and operating costs and can be detailed as follows:

		(€ k)
Captions	**2016**	**2015**
Costs arising from the construction of assets under IFRIC12 (Note 6)	(8,504)	(7,898)
Revenues arising from the construction of assets under IFRIC12	8,504	7,898
Margin	**-**	**-**

6. Operating costs

The results for the periods ended 30 June 2016 and 2015 were affected by the following items of operating costs:

CAPTIONS	2016	2015 (€ k)	
Cost of sales:			
Raw and subsidiary materials	1,988,515	3,258,640	(a)
Goods	1,411,082	2,131,472	
Tax on Oil Products	1,341,265	1,293,848	
Variation in production	10,661	58,629	
Impairment in inventories (Note 16)	(15,612)	(98,754)	
Financial derivatives (Note 27)	52,411	33,524	
Exchange differences	12	20,413	(a)
	4,788,334	**6,697,772**	(a)
External supplies and services:			
Subcontracts - network use	192,491	196,830	
Subcontracts	2,186	5,187	
Transport of goods	62,305	64,409	(a)
Storage and filling	26,637	29,812	
Rental costs	46,433	40,265	
Blocks production costs	90,527	61,497	
Maintenance and repairs	26,647	26,094	
Insurance	24,696	23,118	
Royalties	24,670	25,141	
IT services	12,350	12,462	
Commissions	5,394	7,111	
Advertising	6,205	1,664	
Electricity, water, steam and communications	30,093	33,224	
Technical assistance and inspection	1,363	3,495	
Port services and fees	4,125	4,333	
Other specialised services	32,199	30,009	
Other external supplies and services	11,750	11,866	
Exchange differences	(3,877)	1,446	(a)
Other costs	41,533	30,587	
	637,727	**608,550**	(a)
Employee costs:			
Statutory board salaries (Note 29)	864	3,811	
Employee salaries	108,327	112,491	
Social charges	27,123	27,229	
Retirement benefits - pensions and insurance	16,109	16,254	
Other insurances	4,642	4,679	
Capitalisation of employee costs	(2,565)	(3,859)	
Exchange differences	(244)	163	(a)
Other costs	3,605	3,718	
	157,861	**164,486**	(a)
Amortisation, depreciation and impairment:			
Depreciation and impairment of tangible assets (Note 12)	347,380	323,764	
Amortisation and impairment of intangible assets (Note 12)	14,741	23,626	
Amortisation and impairment of concession arrangements (Note 12)	20,578	20,613	
	382,699	**368,003**	
Provision and impairment losses on receivables:			
Provisions and reversals (Note 25)	6,440	6,969	
Impairment losses on trade receivables (Note 15)	12,565	8,493	
Impairment losses (gains) on other receivables (Note 14)	2	(130)	
	19,007	**15,332**	
Other operating costs:			
Other taxes	7,835	6,735	
Exchange differences - Other taxes	(2)	(51)	(a)
Costs arising from the construction of assets under IFRIC12 (Note 5)	8,504	7,898	
Loss on tangible and intangible assets	672	397	
Donations	264	357	
CO_2 Licenses (Note 35)	3,434	3,577	
Exchange differences	(82)	2,259	(a)
Other operating costs	13,198	9,036	
	33,823	**30,208**	(a)
	6,019,451	**7,884,351**	(a)

(a) These amounts were restated considering the changes in the accounting classification referred in Note 2.1.

The variation in the caption “Cost of sales” is mainly related with a reduction in the prices of purchased products.

The caption “Subcontracts – network use” refers to charges for the use of:

- Distribution network use (“URD”);
- Transportation network use (“URT”);
- Global system use (“UGS”).

The subcontracts heading includes the effect of regulated tariffs for UGS and URT, charged by the transportation system operator (REN) to the Distribution Operators who, in turn, through the compensation mechanism of the network access, by the uniform tariff, bill (pass-through) to trading companies (Note 14).

The amount of €192,491 k recorded under this caption mainly includes the amount of €4,154 k charged by Madrileña Red de Gas, €97,756 k charged by EDP Distribuição Energia and €22,901 k charged by Ren Gasodutos.

The amount of €24,670 k of royalties presented in “External supplies and services” mainly relates to the exploration and production of oil and gas activities in Brazil.

7. Segment reporting

Business Segments

The Group is organized into three business segments which have been defined based on the type of products sold and services rendered, by the following business units:

- Exploration & Production;
- Refining & Marketing;
- Gas & Power;
- Others.

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 reinsurance company and a provider of shared services at the corporate level, respectively.

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

The financial information for the previously identified segments, as of 30 June 2016 and 2015 is presented as follows:

	Exploration & Production		Refining & Marketing		Gas & Power		Others		Eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Income												
Sales and Services Rendered	276,129	326,570	4,823,582	6,191,889	1,220,877	1,810,164	59,265	60,421	(284,475)	(210,478)	6,095,378	8,178,566
Inter-segmental	168,407	47,928	1,054	580	68,135	115,842	46,879	46,128	(284,475)	(210,478)	-	-
External	107,722	278,642	4,822,528	6,191,309	1,152,742	1,694,322	12,386	14,293	-	-	6,095,378	8,178,566
Cost of Sales	8,000	8,112	(4,226,252)	(5,507,644)	(783,245)	(1,325,593)	-	(69)	213,163	127,422	(4,788,334)	(6,697,772)
Cost of goods sold and materials consumed	1,619	382	(4,200,836)	(5,430,528)	(791,619)	(1,336,349)	-	(69)	213,163	127,421	(4,777,673)	(6,639,143)
Variation in Production	6,381	7,730	(25,416)	(77,116)	8,374	10,757	-	-	-	-	(10,661)	(58,629)
EBITDA (1)	**124,001**	**208,964**	**207,329**	**292,703**	**181,342**	**205,924**	**17,188**	**17,047**	**(2)**	**-**	**529,858**	**724,638**
Non payable expenses												
Amortisation, depreciation and impairments	(212,092)	(194,737)	(139,386)	(139,013)	(28,954)	(32,027)	(2,267)	(2,226)	-	-	(382,699)	(368,003)
Depreciation and Amortisation	(133,025)	(113,925)	(129,718)	(136,738)	(29,512)	(29,079)	(2,267)	(2,226)	-	-	(294,522)	(281,968)
Impairments	(79,067)	(80,812)	(9,668)	(2,275)	558	(2,948)	-	-	-	-	(88,177)	(86,035)
Provisions and Impairments	(5,113)	-	(12,405)	(9,918)	(1,489)	(5,414)	-	-	-	-	(19,007)	(15,332)
Provisions	(5,150)	-	(1,949)	(7,953)	(341)	(226)	-	-	-	-	(7,440)	(8,179)
Impairments	37	-	(13,073)	(10,379)	(3,596)	(5,346)	-	-	-	-	(16,632)	(15,725)
Provisions - Reversals	-	-	297	1,102	701	106	-	-	-	-	998	1,208
Impairments - Reversals	-	-	2,320	7,312	1,747	52	-	-	-	-	4,067	7,364
EBIT	**(93,204)**	**14,227**	**55,538**	**143,772**	**150,899**	**168,483**	**14,921**	**14,821**	**(2)**	**-**	**128,152**	**341,303**
Income from financial investments	10,588	8,761	(5,592)	(48,107)	20,774	17,896	-	(1)	2	-	25,772	(21,451)
Other financial income	47,544	42,475	14,973	(69,335)	(22,089)	(3,181)	(22,039)	(29,933)	-	-	18,389	(59,974)
Interest expense	35,262	25,124	(24,985)	(34,165)	(16,700)	(19,030)	(55,386)	(65,398)	-	49,484	(61,809)	(43,985)
Interest income	11,139	20,451	2,193	2,159	961	1,103	33,719	37,972	-	(48,600)	48,012	13,085
O. Financial charges	1,143	(3,100)	37,765	(37,329)	(6,350)	14,746	(372)	(2,507)	-	(884)	32,186	(29,074)
Income tax	(42,799)	(65,948)	(24,203)	(26,950)	(29,922)	(35,965)	4,374	4,235	-	-	(92,550)	(124,628)
Energy sector extraordinary contribution	-	-	(27,446)	(29,005)	(23,577)	(23,749)	-	-	-	-	(51,023)	(52,754)
Non-controlling interests	(17,926)	(11,237)	(1,921)	(65)	(918)	(332)	-	-	-	-	(20,765)	(11,634)
Consolidated net income for the period	**(95,797)**	**(11,722)**	**11,349**	**(29,690)**	**95,167**	**123,152**	**(2,744)**	**(10,878)**	**-**	**-**	**7,975**	**70,862**

As of 30 June 2016 and 31 December 2015	E&P 2016	E&P 2015	R&M 2016	R&M 2015	G&P 2016	G&P 2015	Others 2016	Others 2015	Elim. 2016	Elim. 2015	Consol. 2016	Consol. 2015
OTHER INFORMATIONS												
Segment Assets (2)												
Financial investments (3)	1,001,926	890,971	106,887	108,055	81,622	116,866	170	171	-	-	1,190,605	1,116,063
Non current assets held for sale	-	-		-	1,297,009	-	-	-	-	-	1,297,009	-
Other Assets	5,102,249	4,977,938	4,682,212	4,934,275	1,171,432	2,648,981	1,984,551	2,113,399	(2,470,436)	(2,997,625)	10,470,008	11,676,968
Total Consolidated Assets	**6,104,175**	**5,868,909**	**4,789,099**	**5,042,330**	**2,550,063**	**2,765,847**	**1,984,721**	**2,113,570**	**(2,470,436)**	**(2,997,625)**	**12,957,622**	**12,793,031**
Liabilities associated with non current assets held for sale	-	-	-	-	455,450	-	-	-	-	-	455,450	-
Other Liabilities	945,198	930,461	2,938,398	2,957,499	1,535,720	2,113,939	3,268,443	3,600,633	(2,470,436)	(2,997,625)	6,217,324	6,604,907
Total Consolidated Liabilities	**945,198**	**930,461**	**2,938,398**	**2,957,499**	**1,991,170**	**2,113,939**	**3,268,443**	**3,600,633**	**(2,470,436)**	**(2,997,625)**	**6,672,774**	**6,604,907**
Investment in Tangible and Intangible Assets	**494,806**	**494,164**	**42,747**	**17,085**	**9,371**	**8,585**	**731**	**3,125**			**547,656**	**522,959**

(1) EBITDA = Segment income/EBIT + Amortisations + Provisions

(2) Net amount.

(3) at the Equity method.

Inter-segmental Sales and Services Rendered

(€ k)

Segments	Exploration & Production	Refining & Marketing	Gas & Power	Others	TOTAL
Gas & Power	-	680	-	13,007	13,687
Refining & Marketing	168,407	-	68,134	26,831	263,372
Exploration & Production	-	231	-	7,040	7,271
Others	-	143	1	1	145
	168,407	**1,054**	**68,135**	**46,879**	**284,475**

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

- Gas & Power: natural gas sales for the production process of Matosinhos and Sines refineries (refining and marketing of oil products);
- Refining & Marketing: supply of fuel to all Group company vehicles;
- Exploration & Production: sales of crude oil to the R&M business; and
- Other: back-office and management services.

The commercial and financial transactions between related parties are performed according to the usual market conditions similar to transactions performed between 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 in question, in other words, from comparing the characteristics of operations or companies that might have an impact on the intrinsic conditions of the commercial transactions in analysis. In this context are analysed, amongst others, 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.

In a related party's context the remuneration thus corresponds to what is considered appropriate, as a rule, to the functions performed by each participant company, taking into account the assets used and risks assumed. Thus, in order to determine the level of remuneration, the activities and risks taken by companies within the chain value of goods/services transacted are identified according to their functional profile, particularly with regard to the functions that 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 by also considering the contribution of these elements to the Company's profitability. This analysis assesses whether the profitability indicators of the companies involved fall within the calculated ranges based on an evaluation of a panel of functionally comparable but independent companies, thus allowing the prices to be fixed in order to comply with the arm's length principle.

8. Financial income and costs

Financial income and financial costs for the periods ended 30 June 2016 and 2015 are as follows:

(€ k)

Captions	June 2016	June 2015
Financial income:		
Interest on bank deposits	8,266	10,547
Interest and other income with related companies	3,075	2,541
Other financial income	1,308	1,919
	12,649	**15,007**
Financial costs:		
Interest on bank loans, overdrafts and others	(56,803)	(63,463)
Interest with related parties	(4,203)	(3,917)
Interests capitalised in fixed assets (Note 12)	45,753	38,701
Net interest on retirement benefits and other benefits	(4,996)	(5,072)
Charges relating to loans	(6,427)	(10,159)
Other financial costs	(5,046)	(5,556)
	(31,722)	**(49,466)**
	(19,073)	**(34,459)**

During the period ended 30 June 2016, the Group capitalised under the caption Fixed assets in progress, the amount of €45,753 k, regarding interests on loans obtained to finance capital expenditure on tangible and intangible assets during their construction phase (Note 12).

For the periods ended 30 June 2016 and 2015, the amounts capitalised correspond to 81% and 61% of the total interests incurred by the group, in the amount of € 56,803 k and € 63,463 k, respectively. The amount of capitalised interests is prorated by the investments in progress.

9. Income taxes

Income tax and Energy sector extraordinary contribution recognised in the period ended 30 June 2016 and 2015 are as follows:

(€ k)

Captions	June 2016	June 2015	
Current income tax	82,511	62,060	
"IRP" - Oil Tax in Angola	5,276	10,195	
"SPT" - Special Participation Tax	40,790	46,341	
(Excess)/Insuficiency of income tax for the preceding year	(1,108)	(9,437)	
Deferred tax	(34,915)	15,438	
Exchange differences	(4)	31	(a)
Income tax	**92,550**	**124,628**	(a)
Energy sector extraordinary contribution	**51,023**	**52,754**	(a)

(a) These amounts were restated considering the changes in the accounting classification referred in Note 2.1.

As at 30 June 2016 and 31 December 2015, the Group has income tax payable amounting to €64,311 k and €9,214 k respectively.

Deferred taxes

The tax rates used by Galp group take into account the risk of substantively enacted tax rates do not become effective, which essentially depends on the reliability associated with the legal certainty of the legislative production.

This analysis takes into account the associated jurisdiction, the respective political risk and its legislative history.

As at 30 June 2016, the balance of deferred tax assets and liabilities is as follows:

(€ k)

Captions	Deferred Taxes June 2016 - Assets						
	Initial balance	Effect in profit and loss	Effect in equity	Effect of currency translation	Other adjustments	Assets held for sale Note 3.1	Ending balance
Adjustments to accruals and deferrals	6,512	513	-	-	-	(841)	6,184
Adjustments to tangible and intangible assets	41,214	1,835	-	343	(1,428)	(7)	41,957
Adjustments to inventories	631	206	-	-	-	-	837
Overlifting adjustments	927	(728)	-	(22)	-	-	177
Retirement benefits and other benefits	102,402	(440)	(4,753)	-	-	(12,192)	85,017
Double economical taxation	2,752	-	-	-	-	-	2,752
Financial instruments	254	-	72	-	-	-	326
Tax losses carried forward	102,430	(25,449)	-	1,898	1,426	-	80,305
Regulated revenue	8,541	3,488	-	-	240	(5,026)	7,243
Non deductible provisions	33,036	6,409	-	3,232	-	(1,221)	41,456
Potential foreign exchange differences Brazil	133,192	11,995	(118,215)	41,285	243	-	68,500
Others	30,243	25,259	-	2,008	3	(864)	56,649
	462,134	**23,088**	**(122,896)**	**48,744**	**484**	**(20,151)**	**391,403**

(€ k)

Captions	Deferred Taxes June 2016 - Liabilities				
	Initial balance	Effect in profit and loss	Effect of currency translation	Liabilities held for sale Note 3.1	Ending balance
Adjustments to accruals and deferrals	(13)	-	4	-	(9)
Adjustments to tangible and intangible assets	(40,132)	7,875	(4,600)	-	(36,857)
Adjustments to tangible and intangible assets Fair Value	(15,081)	573	-	3,489	(11,019)
Adjustments in Inventories	(181)	133	-	-	(48)
Underlifting Adjustments	(389)	(1,144)	2	-	(1,531)
Dividends	(27,612)	(508)	-	-	(28,120)
Regulated revenue	(22,622)	4,857	-	5,915	(11,850)
Accounting revaluations	(2,386)	104	-	1,182	(1,100)
Others	(968)	(63)	(2)	1	(1,032)
	(109,384)	**11,827**	**(4,596)**	**10,587**	**(91,566)**

Changes in deferred taxes reflected in Equity, correspond to:

- €4,753 k for changes in deferred taxes related to actuarial gains and losses;
- €72 k for changes in deferred taxes related to hedge reserves components;
- €118,215 k including €82,751 k related to the deferred taxes on the Exchange rate differences resulting from the financial contributions which are similar to "quasi capital" (Note 20) and €35,464 k related to non-controlling interests.

Potential foreign exchange differences in Brazil result from the tax option to tax potential foreign exchange differences only when they are realised.

For more information see the notes to the financial statements as of 31 December 2015.

10. Earnings per share

Earnings per share for the periods ended 30 June 2016 and 2015 are as follows:

(€ k)

	June 2016	June 2015	
Income			
Income for purposes of calculating earnings per share (Consolidated net income of the period)	7,975	70,862	(a)
Number of shares			
Weighted average number of shares for purposes of calculation earnings per share (Note 19)	829,250,635	829,250,635	
Basic and diluted earnings per share (amounts in Euros):	**0.01**	**0.09**	

(a) These amounts were restated considering the changes in the accounting classification referred in Note 2.1.

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

11. Goodwill

The difference between the amounts paid to acquire an equity share in Group companies and the fair value of the acquired companies' equity as at 30 June 2016 was as follows:

(€ k)

				Equity proportion at the acquisition date		Goodwill movement			
Subsidiaries		Acquisition year	Acquisition cost	%	Amount	December 2015	Currency exchange differences (d)	Assets held for sale Note 3.1	June 2016
Galp Energia España, S.A.									
Galp Comercializacion Oil España, S.L.	(a)	2008	176,920	100.00%	129,471	37,725	-	-	37,725
Galp Distribuición Oil España, S.A.U.	(b)	2008	172,822	100.00%	123,611	11,092	-	-	11,092
						48,817	**-**	**-**	**48,817**
Petróleos de Portugal - Petrogal, S.A.									
Galp Comercialização Portugal, S.A.	(c)	2008	146,000	100.00%	69,027	50,556	-	-	50,556
						50,556	**-**	**-**	**50,556**
Galp Swaziland (PTY) Limited		2008	18,117	100.00%	651	20,914	(405)	-	20,509
Galpgest - Petrogal Estaciones de Servicio, S.L.U.		2003	6,938	100.00%	1,370	5,568	-	-	5,568
Empresa Nacional de Combustíveis - Enacol, S.A.R.L		2007 and 2008	8,360	15.77%	4,031	4,329	-	-	4,329
Galp Moçambique, Lda.		2008	5,943	100.00%	2,978	3,893	(75)	-	3,818
Duriensegás - Soc. Distrib. de Gás Natural do Douro, S.A.		2006	3,094	25.00%	1,454	1,640	-	(1,640)	-
Lusitaniagás - Companhia de Gás do Centro, S.A.		2002/3 and 2007/8/9	1,440	1.543%	856	584	-	(584)	-
Gasinsular - Combustíveis do Atlântico, S.A.		2005	50	100.00%	(353)	403	-	-	403
Saaga - Sociedade Açoreana de Armazenagem de Gás, S.A.		2005	858	67.65%	580	278	-	-	278
Beiragás - Companhia de Gás das Beiras, S.A.		2003/6 and 2007	152	0.94%	107	51	-	(51)	-
Galp Sinopec Brazil Services (Cyprus)		2012	3	100.00%	1	2	-	-	2
						137,035	**(480)**	**(2,275)**	**134,280**

(a) The subsidiary Galp Comercializacion Oil España, S.L. was incorporated in Galp Energia España, S.A., through a merger process, during the year ended 31 December 2010.

(b) The subsidiary Galp Distribuición Oil España, S.A.U., was incorporated in Galp Energia España, S.A. through a merger process, during the year ended 31 December 2011.

(c) The subsidiary Galp Comercialização Portugal, S.A., was incorporated in Petróleos de Portugal - Petrogal, S.A. through a merger process, during the year ended 31 December 2010.

(d) The exchange differences result from the conversion of Goodwill recorded in local companies' currency to Group's reporting currency (Euros) at the exchange rate prevailing on the date of the financial statements (Note 20).

12. Tangible and intangible assets

Tangible and intangible assets as of 30 June 2016 and 31 December 2015 are comprised as follows:

(€ k)

	June 2016			December 2015		
	Gross acquisition cost	Accumulated amortisation, depreciation and impairment losses	Net Assets	Gross acquisition cost	Accumulated amortisation, depreciation and impairment losses	Net Assets
Tangible assets						
Land and natural resources	273,721	(1,823)	271,898	275,715	(1,947)	273,768
Buildings and other constructions	921,680	(685,898)	235,782	921,343	(675,855)	245,488
Machinery and equipment	7,956,269	(5,127,713)	2,828,556	7,473,925	(4,860,488)	2,613,437
Transport equipment	30,351	(27,925)	2,426	30,474	(27,705)	2,769
Tools and utensils	4,569	(4,103)	466	4,612	(4,070)	542
Administrative equipment	177,922	(169,388)	8,534	176,338	(167,146)	9,192
Reusable containers	158,929	(145,750)	13,179	159,212	(145,272)	13,940
Other tangible assets	89,843	(81,386)	8,457	89,336	(80,337)	8,999
Tangible assets in progress	2,316,843	-	2,316,843	2,047,588	-	2,047,588
Advances to suppliers of tangible assets	7	-	7	-	-	-
	11,930,134	**(6,243,986)**	**5,686,148**	**11,178,543**	**(5,962,820)**	**5,215,723**
Intangible assets						
Research and development costs	280	(280)	-	280	(279)	1
Industrial property and other rights	552,640	(319,631)	233,009	548,760	(305,555)	243,205
Reconversion of consumption to natural gas	551	(443)	108	551	(439)	112
Goodwill	11,858	(10,206)	1,652	11,858	(10,206)	1,652
Other intangible Assets	498	(498)	-	498	(498)	-
Service Concession Arrangements	-	-	-	1,743,641	(616,567)	1,127,074
Intangible assets in progress - Service Concession Arrangements	-	-	-	1,701	-	1,701
Intangible assets in progress	29,662	-	29,662	29,232	-	29,232
	595,489	**(331,058)**	**264,431**	**2,336,521**	**(933,544)**	**1,402,977**

Tangible and intangible assets are recorded in accordance with the accounting policy defined by the Group and disclosed in the notes to the consolidated financial statements as of 31 December 2015 (Note 2.3 and Note 2.4). The depreciation/amortisation rates that are being applied are disclosed in the same note.

The change net of increases and decreases noted in the caption Tangible and Intangible net assets for the period ended 30 June 2016 in the amount of €668,121 k is comprised by the following movements:

(€ k)

	Assets in progress	Impairments	Net
Research and exploration of oil in Brazil	1,369,454	(20,258)	1,349,196
Research and exploration of oil in Angola and Congo	691,220	(144,098)	547,122
Research in Mozambique	282,039	(6,894)	275,145
Research in Portugal	68,652	(8,753)	59,899
Industrial investment relating to refineries	52,367	-	52,367
Renewal and expansion of the network	36,738	(226)	36,512
Transportation and logistics	4,600	-	4,600
Conversion projects of the Sines and Oporto refineries	975	-	975
Research in Namibia	38,981	(38,606)	375
Production of energy and steam	56	-	56
Research in Morocco	80,472	(80,472)	-
Research of oil in Blocks 3 and 4 in Uruguay	7,670	(7,670)	-
Research in Timor	2,642	(2,642)	-
Other projects	20,265	-	20,265
	2,656,131	**(309,619)**	**2,346,512**

The amortisation and depreciation for the periods ended 30 June 2016 and 2015 (note 6) and for the year ended 31 December 2015 are comprised as follows:

(€ k)

	June 2016			June 2015			December 2015		
	Tangible	Intangible	Total	Tangible	Intangible	Total	Tangible	Intangible	Total
Amortisation/depreciation for the period	259,202	14,741	273,943	224,562	14,674	239,236	473,169	29,340	502,509
Amortisation for the period - Service Concession Arrangements	-	20,578	20,578	-	20,613	20,613	-	41,211	41,211
Impairments	88,178	-	88,178	99,202	8,952	108,154	161,657	14,258	175,915
Amortisation, depreciation and impairments (Note 6)	347,380	35,319	382,699	323,764	44,239	368,003	634,826	84,809	719,635

Main events occurring during the period ended 30 June 2016:

The increases noted in tangible and intangible assets captions, amounting to €565,873 k, mainly include:

i) Exploration & Production business

- €363,662 k regarding exploration and development investments in blocks in Brazil;
- €106,995 k regarding exploration investments in block 32 in Angola;
- €27,739 k regarding exploration and development investments in block 14 in Angola and
- €11,589 k regarding exploration investments in Area 4 in Mozambique.

ii) Gas & Power business

- €9,225 k regarding natural gas infrastructure construction (network, plot and other infrastructures) of which the amount of €8,504 k is covered by IFRIC 12 (Note 5 and 6).

iii) Refining & Marketing business

- €9,325 k related with the retail activity and is due mainly to the improvement of service stations, convenience stores, expansion of activities and development of IT systems.
- €8,225 k related to partial outages for maintenance at the Matosinhos refinery during 2016;
- €7,814 k related to the Monobuoy intervention and TLP project;
- €6,075 k related to industrial investments in the Sines and Matosinhos refineries and
- €5,077 k related to the stoppage of the Sines refinery.
- In the period ended 30 June 2016, tangible and intangible assets amounting to a net €4,824 k were disposed and written-off, as a result of the update of the assets register that was performed in this period, mainly related to write-offs related to exploration and development expenses in blocks in Brazil amounting to €3,472 k and investments in the Retail business unit, due to improvements in stations, convenience stores, expansion activities and development of information systems, the majority of which were fully amortised.

In the period ended 30 June 2016, impairments on tangible and intangible assets have been recognised amounting to €438,139 k which mainly include:

- €165,064 k for impairment losses on non-operated and operated blocks and other assets in Brazil and Angola;

- €87,115 k for impairment losses in exploration in Morocco;
- €76,219 k for impairment losses in the retail network in Portugal and Spain;
- €74,996 k for impairment losses in blocks in Namibia;
- €8,753 k for impairment losses in exploration in Aljubarrota (Portugal);
- €6,894 k for impairment losses in exploration in Mozambique and
- €4,635 k for impairment losses in blocks in East Timor.

The split of tangible and intangible assets in progress (including advances to suppliers on tangible and intangible assets net of impairment losses) in the period ended 30 June 2016 is as follows:

(€ k)

	Assets in progress	Impairments	Net
Research and exploration of oil in Brazil	1,369,454	(20,258)	1,349,196
Research and exploration of oil in Angola and Congo	691,220	(144,098)	547,122
Research in Mozambique	282,039	(6,894)	275,145
Research in Portugal	68,652	(8,753)	59,899
Industrial investment relating to refineries	52,367	-	52,367
Renewal and expansion of the network	36,738	(226)	36,512
Transportation and logistics	4,600	-	4,600
Conversion projects of the Sines and Oporto refineries	975	-	975
Research in Namibia	38,981	(38,606)	375
Production of energy and steam	56	-	56
Research in Morocco	80,472	(80,472)	-
Research of oil in Blocks 3 and 4 in Uruguay	7,670	(7,670)	-
Research in Timor	2,642	(2,642)	-
Other projects	20,265	-	20,265
	2,656,131	**(309,619)**	**2,346,512**

13. Government grants

As of 30 June 2016 and 31 December 2015 the amounts to be recognised as government grants in future years amount to €8,008 k and €253,679 k, respectively (Note 24), being the variation presented by some €240 m related to the intention to dispose part of the assets allocated to the subsidiary Galp Gás Natural Distribuição.

During the periods ended 30 June 2016 and 2015 government grants of €4,948 k and €7,624 k, respectively, were recognised in the income statement (Note 5).

14. Other receivables

The non-current and current caption "Other receivables" as of 30 June 2016 and 31 December 2015 is detailed as follows:

(€ k)

Captions	June 2016 Current	June 2016 Non current	December 2015 Current	December 2015 Non current
State and Other Public Entities:				
Value Added Tax - Reimbursement requested	626	-	539	-
"ISP" - Tax on Oil Products	187	-	558	-
Others	23,338	-	16,769	-
Loans granted to Sinopec Group	576,390	-	722,936	-
Advances to tangible and intangible suppliers	143,104	-	99,795	-
Underlifting	31,046	-	27,792	-
Carry from public participations interests	27,570	-	22,937	-
Other receivables - associates, joint ventures and other related parties	25,469	-	5,821	90
Over cash-call from partner Petrobras in operated blocks	19,499	-	18,817	-
Guarantees	12,490	-	12,541	-
Means of payment	5,118	-	7,276	-
Advances to suppliers	2,721	-	2,457	-
Personnel	1,496	-	1,588	-
Loans to costumers	78	1,277	124	1,355
Loans to associates, joint ventures and other related parties	-	24,690	-	30,271
Subsoil levies	-	-	24,750	28,068
Spanish Bitumen process	-	-	385	-
Ceding rights contract of telecommunications infrastructures usage	-	-	86	-
Other receivables	73,702	37,101	45,259	28,294
	942,834	**63,068**	**1,010,430**	**88,078**
Accrued income:				
Sales and services rendered not yet invoiced - Natural gas	64,518	-	109,809	-
Sales and services rendered not yet invoiced - Electricity	36,063	-	28,698	-
Adjustment to tariff deviation - "pass through" - ERSE regulation	23,863	-	29,424	-
Sales and services rendered not yet invoiced	17,365	-	7,903	-
Accrued management and structure costs	2,335	-	7,581	-
Compensation for the uniform tariff	1,019	-	1,032	-
Commercial discount on purchases	982	-	884	-
Sale of finished goods to be invoiced by the service stations	917	-	724	-
Accrued interest	600	-	1,691	-
Adjustment to tariff deviation - Regulated revenue - ERSE regulation	234	1,361	23,231	17,551
Adjustment to tariff deviation - Energy tariff - ERSE regulation	-	61,639	-	61,639
Financial neutrality - regulation ERSE	-	-	6,102	-
Other accrued income	9,786	32	8,531	63
	157,682	**63,032**	**225,610**	**79,253**
Deferred charges:				
Energy sector extraordinary contribution	22,555	96,793	23,370	107,663
Prepaid insurance	20,437	-	1,033	-
Catalyser charges	17,046	-	20,070	-
Prepaid rent relating to service stations concession contracts	3,855	27,463	2,894	25,633
Prepaid rent	3,323	-	2,448	-
Interest and other financial costs	2,039	-	180	-
Retirement benefits (Note 23)	-	5,320	-	176
Other deferred costs	19,581	130	21,957	99
	88,836	**129,706**	**71,952**	**133,571**
	1,189,352	**255,806**	**1,307,992**	**300,902**
Impairment of other receivables	(8,132)	(2,753)	(8,096)	(2,753)
	1,181,220	**253,053**	**1,299,896**	**298,149**

The movement occurred in the caption "Impairment of other receivables" for the period ended 30 June 2016 was as follows:

(€ k)

Captions	Initial balance	Increases	Decreases	Adjustments	Assets held for sale	Ending balance
Other accounts receivable - Current	8,096	2	-	37	(3)	8,132
Other accounts receivable - Non-current	2,753	-	-	-	-	2,753
	10,849	2	-	37	(3)	10,885

The increase and decrease in the caption "Impairment of other receivables" in the net amount of €2 k is included in the caption "Provisions and impairment losses on receivables" (Note 6).

The caption "Loans granted" includes the amount of €576,390 k (US$639,908 k) relating to a loan granted by the Group to Tip Top Energy, SARL (Company from Sinopec Group) on 28 March 2012, renewable every three months until September 2017, remunerated at a three-month LIBOR interest rate plus a spread and registered as a current asset.

The movement occurred in the caption Loans granted to Tip Top Energy, SARL, from the establishment of the contract to the period ended 30 June 2016 was as follows:

	USD	Exchange rate 30/06/2016	(€ k)
Loan 28/03/2012	1,228,626,253	1.1102	1,106,671
Interest capitalisation	66,302,144	1.1102	59,721
Interest receipts	(61,012,963)	1.1102	(54,957)
Partial receipts	(594,007,500)	1.1102	(535,045)
Accounts receivable	**639,907,935**	**1.1102**	**576,390**

During the period ended 30 June 2016 an amount of €2,532 k has been recognised under the caption Interest relating to loans granted to related companies.

For more information see the notes to the consolidated financial statements as of 31 December 2015.

The amount of €31,046 k recorded in the caption "Other receivables – underlifting" represents the amounts to be received by the Group for the lifting of barrels of crude oil below the production quota (underlifting) and is valued at the lower of the market price at the sale date and the market price on 30 June 2016.

The caption "Carry from public participation interests" amounting to €27,570 k refers to amounts receivable from public partners during the exploration period. Farm-in contracts agreed with partners consider that, during the exploration period, the Group is responsible for investment through cash calls and requested by the operator to the public partner up to their participation limit.

The caption "Means of payment" amounting to €5,118 k refers to amounts receivable for sales made with Visa/debit cards, which as of 30 June 2016 were pending receipt.

The amount of €25,469 k recorded in the current and non-current caption "Other receivables– associates, joint ventures, affiliates and related entities" refers to amounts receivable from non-consolidated companies. This caption includes €9,515 k and €9,402 k of dividends receivable from the companies Gasoduto Extremadura, S.A. and Gasoduto Al-Andaluz, S.A., respectively (Note 4.5).

The caption "Guarantees" amounting to €12,490 k includes €11,663 k from payments on account and negotiated guarantees to support transactions and operations in the Spanish and French electricity markets.

The caption "Accrued income - sales and services rendered not yet invoiced – Natural gas and electricity", amounting to €100,581 k, is mainly related with the billing of natural gas and electricity consumption in June, to be issued to customers in July and is detailed as follows:

(€ k)

Company	TOTAL	Natural gas	Electricity
Galp Gás Natural, S.A.	48,583	48,583	-
Galp Power, S.A.	36,062	8,756	27,306
Petróleos de Portugal - Petrogal, S.A.	4,483	-	4,483
Portcogeração, S.A.	3,564	-	3,564
Lisboagás Comercialização, S.A.	3,550	3,550	-
Lusitaniagás Comercialização, S.A.	1,556	1,556	-
Galp Energia España, S.A.	1,297	837	460
Setgás Comercialização, S.A.	857	857	-
Transgás, S.A.	379	379	-
Agroger-Sociedade de Cogeração do Oeste S.A.	247	-	247
Carriço Cogeração - Sociedade de Geração de Electricidade e Calor, S.A.	3	-	3
	100,581	**64,518**	**36,063**

The caption "Accrued income - sale of finished goods to be invoiced by the service stations" amounting to €917 k relates to consumptions up until 30 June 2016 through the Galp Frota loyalty card scheme and which will be invoiced in the following months.

Expenses recorded in deferred costs amounting to €31,318 k, relate to prepayments of rents regarding service station leases and are registered as a cost over the respective concession period, which varies between 17 and 32 years.

Galp holds collateral guarantees on receivables, namely bank guarantees and security deposits, which as of 30 June 2016, amount to approximately €105,839 k.

For additional comments on the Energy Sector Extraordinary Contribution (CESE) please refer to Note 25.

15. Trade receivables

The caption "Trade receivables" as of 30 June 2016 and 31 December 2015 includes the following detail:

(€ k)

Captions	June 2016		December 2015	
	Current	Non-current	Current	Non-current
Trade receivables - current accounts	864,971	601	797,927	24,162
Trade receivables - doubtful accounts	211,825	-	202,120	-
Trade receivables - notes receivable	2,714	-	4,261	-
	1,079,510	**601**	**1,004,308**	**24,162**
Impairment on trade receivables	(210,263)	-	(199,428)	-
	869,247	**601**	**804,880**	**24,162**

The non-current caption "Trade receivables - current accounts", amounting to €601 k and €24,162 k for the periods ended 30 June 2016 and 31 December 2015, respectively, relates to debts payment agreements from customers with maturities over one year.

The movements in the caption "Impairment of trade receivables" for the period ended 30 June 2016 were as follows:

(€ K)

Captions	Initial balance	Increases	Decreases	Utilisation	Adjustments	Assets held for sale	Ending balance
Trade receivables	199,428	16,632	(4,067)	(221)	(385)	(1,124)	210,263

The increase and decrease in the caption "Impairment of trade receivables" in the net amount of €12,565 k was recorded in the caption "Provision and impairment losses on receivables" (Note 6).

16. Inventories

Inventories as of 30 June 2016 and 31 December 2015 are detailed as follows:

(€ k)

CAPTIONS	June 2016	December 2015
Raw, subsidiary and consumable materials:		
Crude oil	142,344	126,476
Other raw materials	53,203	48,435
Raw material in transit	(10,823)	30,850
	184,724	**205,761**
Impairment on raw, subsidiary and consumable materials	(11,365)	(11,639)
	173,359	**194,122**
Finished and semi-finished products:		
Finished products	90,928	141,965
Semi-finished products	145,664	188,573
Finished products in transit	22	3,986
	236,614	**334,524**
Impairment on finished and semi-finished products	(555)	(3,677)
	236,059	**330,847**
Work in progress	185	156
	185	**156**
Goods	285,735	359,849
Goods in transit	718	1,477
	286,453	**361,326**
Impairment on goods	(1,636)	(13,933)
	284,817	**347,393**
	694,420	**872,518**

The caption "Crude Oil" amounting to €142,344 k as of 30 June 2016 includes product valued at fair value in accordance with the accounting policy described in 2 related to the Contango operations. The product valued at Fair Value amounts to €61,071 k, being the acquisition cost of €45,158 k. The caption "Crude Oil" also includes crude oil produced in Brazil, valued at the NRV (Net Realisable Value) by the amount of €12,911 k, as described in the accounting policies adopted by Galp disclosed in the notes to the financial statements for the year ended 31 December 2015.

As of 30 June 2016, the caption "Goods", amounting to €285,735 k, corresponds mainly to the natural gas stored in pipelines in the amount of €36.363 k, stock of oil derivative products from the subsidiaries Galp Energia España, S.A., Empresa Nacional de Combustíveis - Enacol, S.A.R.L. and Petrogal Moçambique, Lda. in the amounts of €229,420 k, €4,389 k and €4,069 k respectively.

As of 30 June 2016 and 31 December 2015, the Group's liability to competitors in relation to strategic reserves, which are satisfied by sales in advance, amounted to €31,527 k and €30,002 k respectively (Note 24).

The subsidiary Petróleos de Portugal – Petrogal, SA (Petrogal) has a contract with the National Authority for the Fuel Market ("ENMC") in Portugal for the storage and exchange of crude oil and for the storage of refined products, for the country's strategic reserve. The ENMC's crude oil and refined products are stored in Petrogal's facilities, in such a way that allows ENMC to audit them whenever it so wishes, in terms of quantity and quality. In accordance with the contract, Petrogal must, when so required by ENMC, exchange the stored crude oil for refined products, receiving in exchange an amount representing the refining margin as of the date of exchange. Crude oil and refined products stored in the facilities of Petrogal under this contract are not reflected in the Group financial statements.

The movement in Inventories impairment captions for the period ended 30 June 2016 is as follows:

(€ K)

Captions	Initial balance	Increases	Decreases	Adjustments	Assets held for sale	Ending balance
Impairment on raw, subsidiary and consumable materials	11,639	2,349	(2,468)	-	(155)	11,365
Impairment on finished and semi-finished products	3,677	433	(3,508)	(47)	-	555
Impairment on goods	13,933	33	(12,451)	121	-	1,636
	29,249	2,815	(18,427)	74	(155)	13,556

The net balance of increases and decreases, amounting to €15,612 k was recorded against the caption "Cost of sales - Impairment in inventories" in the income statement (Note 6). This decrease is mainly related to the evolution of market prices.

17. Other financial investments

Other financial investments as of 30 June 2016 and 31 December 2015 are detailed as follows:

(€ k)

Captions	June 2016 Current	June 2016 Non-current	December 2015 Current	December 2015 Non-current
Financial derivatives at fair value through profit and loss (Note 27)				
Swaps and Options over Commodities	24,743	9,370	4,458	1,041
	24,743	**9,370**	**4,458**	**1,041**
Other Financial Assets				
Other	-	22,936	-	23,389
	-	**22,936**	**-**	**23,389**
	24,743	**32,306**	**4,458**	**24,430**

As of 30 June 2016 and 31 December 2015, the derivative financial instruments are valued at their fair value on those dates (Note 27).

18. Cash and equivalents

For the periods ended 30 June 2016, 31 December 2015 and 30 June 2015 the caption "Cash and equivalents" is detailed as follows:

(€ k)

Captions	June 2016	December 2015	June 2015
Cash	4,856	3,589	8,561
Cash Deposits	264,251	263,519	251,192
Term deposits	24,819	5,866	798
Other tradeable securities	101,181	69,147	54,379
Other treasury applications	543,049	788,485	957,113
Cash and cash equivalents in the consolidated statement of financial position	**938,156**	**1,130,606**	**1,272,043**
Bank overdrafts (Note 22)	(116,491)	(85,755)	(102,654)
Cash and cash equivalents in the consolidated statement of cash flow	**821,665**	**1,044,851**	**1,169,389**

The caption "Other tradeable securities" mainly includes:

- €96,911 k regarding bank deposit certificates;
- €4,266 k of electricity futures, CO_2 futures and futures over commodities (Brent).

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

The caption "Other treasury applications" includes applications of surplus cash, with maturities up to three months, in respect of the following Group companies:

(€ k)

Companies	June 2016	December 2015
Galp Energia E&P, B.V.	342,332	666,662
Galp Sinopec Brazil Services B.V.	180,148	91,853
Petróleos de Portugal - Petrogal, S.A. Sucursal en España	5,500	13,000
Petrogal Brasil, S.A.	4,368	589
Galp Gás Natural, S.A.	3,153	-
Sempre a Postos - Produtos Alimentares e Utilidades, Lda.	3,100	3,700
Galp Exploração Serviços do Brasil, Lda.	2,448	1,881
CLCM - Companhia Logística de Combustíveis da Madeira, S.A.	2,000	6,800
Beiragás - Companhia de Gás das Beiras, S.A.	-	4,000
	543,049	**788,485**

The funds that Galp has classified as Cash and equivalents, in various geographies, have no restrictions or relevant legal conditions in order to be used or distributed as dividends to their shareholders (subject to the legal requirements of the Commercial Company Code in each country).

19. Share capital

Capital structure

The share capital of Galp is comprised of 829,250,635 shares. Of these, 771,171,121, meaning 93% of the share capital, are traded in the Euronext Lisbon stock exchange. The remaining 58,079,514 shares, representing around 7% of the share capital, are indirectly held by the Portuguese State through Parpública – Participações Públicas, SGPS, S.A. (Parpública) and are not available for trade.

The qualified holdings in the share capital of Galp are calculated in accordance with article 16 and 20 of the Portuguese Securities Code. In accordance with these articles, the shareholders of Galp have to notify the Company whenever their participations reach, exceed or are reduced in relation to certain limits. These limits are 2%, 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 and 90% of the voting rights.

The Company's shareholder structure as of 30 June 2016 and 31 December 2015 was held as follows:

2016

	Number of shares	% of Capital	% of Voting rights
Amorim Energia,BV	317,934,693	38.34%	38.34%
Parpública - Participações Públicas, SGPS, S.A.	58,079,514	7.00%	7.00%
Free float	453,236,428	54.66%	54.66%
Total	**829,250,635**	**100.00%**	**-**

2015

	Number of shares	% of Capital	% of Voting rights
Amorim Energia, B.V.	317,934,693	38.34%	38.34%
Parpública – Participações Públicas, SGPS, S.A.	58,079,514	7.00%	7.00%
Free-float	453,236,428	54.66%	54.66%
Total	**829,250,635**	**100.00%**	**-**

20. Reserves

As of 30 June 2016 and 31 December 2015 "Translation reserves" and "Other reserves" are detailed as follows:

(€ k)

Captions	June 2016	December 2015
Translation reserves:		
Reserves - financial allocations ("quasi capital")	(183,140)	(426,523)
Reserves - Tax on financial allocations ("quasi capital") (Note 9)	73,986	156,737
	(109,154)	(269,786)
Reserves - Translation of financial statements	259,199	265,178
Reserves - Goodwill currency update (Note 11)	3,895	4,375
	153,940	(233)
Hedging reserves:		
Reserves - financial derivatives (Note 27)	(2,677)	(1,920)
Reserves - Deferred tax on financial derivatives (Note 9)	326	254
	(2,351)	(1,666)
Other reserves:		
Legal reserves	165,850	165,850
Free distribution reserves	27,977	27,977
Special reserves	(443)	(443)
Reserves - Capital increase in subsidiaries Petrogal Brasil, S.A. and Galp Sinopec Brazil Services B.V.	2,493,088	2,493,088
Reserves - Increase of 10.7532% in 2012 and 0.3438% in 2013 in the participation in the share capital of the subsidiary Lusitaniagás - Companhia de Gas do Centro, S.A.	(2,027)	(2,027)
Reserves - Increase of 33.05427% in 2015 in the participation in the share capital of the subsidiary Setgás - Sociedade de Produção e Distribuição de Gás, S.A.	(571)	(571)
Reserves - Increase of 33.0541% in 2015 in the participation in the share capital of the subsidiary Setgás Comercialização, S.A.	450	450
Reserves - Increase of 99% in the participation in the share capital of the subsidiary Enerfuel, S.A.	(31)	(31)
	2,684,293	2,684,293
	2,835,882	**2,682,394**

Translation reserves:

The caption "Translation reserve" reflects the exchange rate fluctuations:

- €259,199 k relating to positive exchange differences resulting from the translation of financial statements in foreign currency to Euros;
- €109,154 k relating to negative exchange differences on the financial allocations from Galp Exploração e Produção Petrolífera, S.A., Petróleos de Portugal - Petrogal, S.A., Petrogal Brazil, B.V., Galp Sinopec Brazil Services B.V. and Winland International Petroleum, SARL (W.I.P.) to Petrogal Brasil, S.A. stated in Euros and US Dollars, remunerated and not remunerated, and for which there is no intention of reimbursement, and as such are similar to share capital ("quasi capital"), thus being considered an integral part of the net investment in that foreign operational unit in accordance with IAS 21;
- €3,895 k regarding positive exchange differences resulting from the translation of Goodwill.

Hedging reserves:

Hedging reserves reflects changes that have occurred in financial derivatives on commodities (e.g. electricity) from Galp Power and interest rates of joint ventures and associates that are contracted to hedge the price variation and the changes in interest rate on loans (cash flow hedge) and their respective deferred taxes.

In the period ended 30 June 2016, the amount of €2,677 k is related with the fair value of financial derivatives - cash flow hedges and €326 k relates to the respective tax impact (note 9).

Other reserves:

During the period ended 30 June 2016, no significant changes have occurred in Other Reserves. For more information see the notes to the financial statements as of 31 December 2015.

21. Non-controlling interests

As of 30 June 2016 and 2015, the caption "Non-controlling interests" included in equity refers to the following subsidiaries:

(€ k)

		% Non-controlling interests December 2015	December 2015	Allocated Dividends (b)	Prior year results	Translation reserves	Retained earnings - Actuarial gains and losses	Net income for the period	June 2016	% Non-controlling interests June 2016
Galp Sinopec Brazil Services B.V.		30.00%	1,268,700	-	-	(24,504)	-	12,749	1,256,945	30.00%
Petrogal Brasil, S.A.		30.00%	105,140	-	-	92,152	-	5,177	202,469	30.00%
Setgás - Sociedade de Produção e Distribuição de Gás, S.A.		0.07%	59	(30)	-	-	-	1	30	0.07%
Empresa Nacional de Combustíveis - Enacol, S.A.R.L		51.71%	19,703	(624)	10	-	-	737	19,826	51.71%
Beiragás - Companhia de Gás das Beiras, S.A.		40.50%	17,096	(810)	-	-	-	918	17,204	40.50%
Petromar - Sociedade de Abastecimentos de Combustíveis, Lda.		20.00%	2,874	(490)	-	-	-	595	2,979	20.00%
Lusitaniagás - Companhia de Gás do Centro, S.A.		3.16%	1,999	(225)	-	-	-	84	1,858	3.16%
Sempre a Postos - Produtos Alimentares e Utilidades, Lda.		25.00%	1,236	(353)	-	-	-	143	1,026	25.00%
Saaga - Sociedade Açoreana de Armazenagem de Gás, S.A.		32.35%	1,039	(238)	-	-	(2)	112	911	32.35%
CLCM - Companhia Logística de Combustíveis da Madeira, S.A.		25.00%	631	(481)	-	-	-	326	476	25.00%
Carriço Cogeração - Sociedade de Geração de Electricidade e Calor, S.A.	(a)	35.00%	(2,240)	-	-	-	-	(85)	(2,325)	35.00%
Petrogás Guiné Bissau - Importação, Armazenagem e Distribuição de Gás, Lda.	(a)	35.00%	(191)	-	-	-	-	8	(183)	35.00%
			1,416,046	**(3,251)**	**10**	**67,648**	**(2)**	**20,765**	**1,501,216**	

(€ k)

	% Non-controlling interests December 2014	December 2014	Allocated Dividends (b)	Prior year results	Translation reserves	Retained earnings - Actuarial gains and losses	Net income for the period (*)	June 2015 (*)	% Non-controlling interests June 2015
Galp Sinopec Brazil Services B.V.	30.00%	1,127,303	-	-	95,894	-	7,150	1,230,347	30.00%
Petrogal Brasil, S.A.	30.00%	225,790	-	-	(43,136)	-	4,091	186,745	30.00%
Setgás - Sociedade de Produção e Distribuição de Gás, S.A.	33.12%	23,804	-	-	-	(3)	1,040	24,841	33.12%
Empresa Nacional de Combustíveis - Enacol, S.A.R.L	51.71%	20,247	(608)	-	-	-	(827)	18,812	51.71%
Beiragás - Companhia de Gás das Beiras, S.A.	40.50%	15,653	-	(1)	-	-	705	16,357	40.50%
Petromar - Sociedade de Abastecimentos de Combustíveis, Lda.	20.00%	2,622	-	(457)	-	-	314	2,479	20.00%
Lusitaniagás - Companhia de Gás do Centro, S.A.	3.16%	1,771	-	-	-	-	84	1,855	3.16%
Sempre a Postos - Produtos Alimentares e Utilidades, Lda.	25.00%	1,180	(297)	-	-	-	157	1,040	25.00%
Saaga - Sociedade Açoreana de Armazenagem de Gás, S.A.	32.35%	1,100	(219)	(4)	-	(4)	121	994	32.35%
Setgás Comercialização, S.A.	33.05%	999	-	-	-	-	(97)	902	33.05%
CLCM - Companhia Logística de Combustíveis da Madeira, S.A.	25.00%	643	(493)	-	-	-	308	458	25.00%
Carriço Cogeração - Sociedade de Geração de Electricidade e Calor, S.A. (a)	35.00%	(709)	-	-	-	-	(1,401)	(2,110)	35.00%
Petrogás Guiné Bissau - Importação, Armazenagem e Distribuição de Gás, Lda. (a)		(219)	-	-	-	-	(11)	(230)	35.00%

(*) These amounts were restated considering the changes in the accounting classification referred in Note 2.1.

(a) As of 30 June 2016 and 2015, the subsidiary presents negative equity. Accordingly, the Group only recognised accumulated losses in the proportion of the capital held in that subsidiary, reason why the non-controlling interest's presents a debtor balance.

(b) Of the amount of €3,251 k of allocated dividends, €3.240 k were paid in the period ended 30 June 2016 (Note 30).

22. Loans

Detail of loans

Loans obtained as of 30 June 2016 and 31 December 2015 were as follows:

(€ k)

	June 2016		December 2015	
	Current	Non-current	Current	Non-current
Bank loans:				
Loans	145,843	1,006,956	162,439	1,152,214
Bank overdrafts (Note 18)	116,491	-	85,755	-
Discounted notes	1,298	-	2,174	-
	263,632	**1,006,956**	**250,368**	**1,152,214**
Origination Fees	(696)	(1,910)	(3,578)	(1,183)
	262,936	**1,005,046**	**246,790**	**1,151,031**
Other loans obtained:				
IAPMEI	1	384	1	384
	1	**384**	**1**	**384**
	262,937	**1,005,430**	**246,791**	**1,151,415**
Bonds and Notes:				
Bonds	477,500	670,000	250,000	920,000
Notes	-	1,000,000	-	1,000,000
	477,500	**1,670,000**	**250,000**	**1,920,000**
Origination Fees	(6,999)	(6,381)	(4,244)	(11,890)
	470,501	**1,663,619**	**245,756**	**1,908,110**
	733,438	**2,669,049**	**492,547**	**3,059,525**

Current and non-current loans, excluding origination fees, bank overdrafts and discounted notes, have the following repayment plan as of 30 June 2016:

(€ k)

	Loans		
Maturity	Total	Current	Non-current
2016	44,515	44,515	-
2017	673,080	578,829	94,251
2018	628,695	-	628,695
2019	698,988	-	698,988
2020	649,372	-	649,372
2021	535,091	-	535,091
2022	25,943	-	25,943
2023 and subsequent years	45,000	-	45,000
	3,300,684	**623,344**	**2,677,340**

As of 30 June 2016 and 31 December 2015, Loans obtained are expressed in the following currencies:

		June 2016		**December 2015**	
Currency		Total initial amount	Due amount (€k)	Total initial amount	Due amount (€k)
United States Dollars	USD	126,000	56,747	126,000	115,734
Cape Verde Escudos	CVE	-	-	48,377	439
Euro	EUR	4,035,353	3,243,937	3,662,172	3,368,865
			3,300,684		**3,485,038**

The average interest rate of the loans, including costs associated with overdrafts, incurred by the Group, on the first semester of 2016 and in the year 2015 amounted to 3.52% and 3.75%, respectively.

Description of the main loans

Commercial paper issuance

As of 30 June 2016, the Group has contracted commercial paper programs amounting to €940,000 k which are fully underwritten, and split into €490,000 k medium and long-term and €450,000 k short term. Of these amounts the Group has used the €490,000 k medium and long-term program.

These instruments bear interest at the Euribor rate applicable for the respective period of issuance, plus variable spreads defined in the contractual terms of the commercial paper programs subscribed to by the Group. The referred interest rates are applicable to the amount of each issuance and remain unchanged during the respective period of the issue.

Galp Energia, SGPS, S.A. | Public Company | Head Offices: Rua Tomás da Fonseca Torre C, 1600-209 Lisbon
Share Capital: 829,250,635 Euros | Registered at the Commercial Registry Office of Lisbon | Company tax number 504 499 777

Bank loans

Detail of the main bank loans as of 30 June 2016:

(€ k)

Entity	Due amount	Interest rate	Maturity	Reimbursement
Banco Itaú	56,747	Libor 6M + spread	April 17	April 17
UniCredit Bank Austria	150,000	Euribor 6M + spread	April 20	April 20
	206,747			

Additionally, the Group has recorded loans amounting to €24,113 k, obtained by the companies Agroger - Sociedade de Cogeração do Oeste S.A. and CLCM – Companhia Logística de Combustíveis da Madeira, S.A.

Detail of the loans obtained from the European Investment Bank (EIB) as of 30 June 2016:

(€ k)

Entity	Due amount	Interest rate	Maturity	Reimbursement
EIB (Matosinhos cogeneration)	50,000	Fixed rate	October '17	October '17
EIB (Instalment A - Sines cogeneration)	20,947	Fixed rate	September '21	Semi-annual instalments beginning in March '10
EIB (Instalment B - Sines cogeneration)	10,993	Euribor 6M + Spread	March '22	Semi-annual instalments beginning in September '10
EIB (Instalment A - refinery conversion)	210,000	Revisable fixed rate	February '25	Semi-annual instalments beginning in August '12
EIB (Instalment B - refinery conversion)	140,000	Fixed rate	February '25	Semi-annual instalments beginning in August '12
	431,940			

Loans contracted with the EIB, for the purpose of financing the cogeneration projects in the Sines and Oporto refineries and Instalment A for the conversion project of the Sines and Matosinhos refineries, are guaranteed by guarantee contracts signed by Petróleos de Portugal - Petrogal, S.A..

The remaining loan with the EIB, amounting to €140,000 k, is guaranteed by a bank syndicate.

Bonds

Detailed information for bonds as of 30 June 2016:

(€ k)

Emission	Due amount	Interest rate	Maturity	Reimbursement
GALP ENERGIA/2013-2017 €600 M. FRN	22,500	Euribor 6M + spread	May 17	May 17
GALP ENERGIA/2016-2017 €455 M. FRN	455,000	Euribor 6M + spread	May 17	May 17
GALP ENERGIA/2012-2018 FRN	260,000	Euribor 3M + spread	February 18	February 18
GALP ENERGIA/2013 - 2018	110,000	Euribor 3M + Spread	March 18	March 18
GALP ENERGIA/2013-2018 €200 M.	200,000	Euribor 6M + spread	April 18	April 18
GALP ENERGIA/2012-2020	100,000	Euribor 6M + spread	June 20	June 20
	1,147,500			

Notes issuance

Galp has established, as part of its financing plan, an EMTN Programme ("€5,000,000,000 Euro Medium Term Note Programme").

Detail by issuance, as of 30 June 2016:

(€ k)

Emission	Due amount	Interest rate	Maturity	Reimbursement
Galp 4.125% 01.2019	500,000	Fixed rate 4.125%	January 2019	January 2019
Galp 3.000% 01.2021	500,000	Fixed rate 3.000%	January 2021	January 2021
	1,000,000			

23. Post-employment and other employee benefits

On 30 June 2016 and 31 December 2015, the net assets of the Petrogal Pension Fund and Sacor Maritima Pension Fund, valued at fair value, were as follows according to the reports submitted by the respective fund management companies:

(€ k)

	June 2016	December 2015
Bonds	171,727	182,803
Shares	48,359	61,862
Alternative Investments	9,708	10,066
Real Estate	33,173	32,840
Liquidity	31,232	30,039
Total	**294,199**	**317,610**

On 30 June 2016 and 31 December 2015, the Group had the following amounts related to liabilities for retirement benefits and other benefits:

(€ k)

Captions	June 2016 Assets (Note 14)	June 2016 Liabilities	June 2016 Equity	December 2015 Assets (Note 14)	December 2015 Liabilities	December 2015 Equity
Post employment benefits:						
Relating to the Pension Fund	5,320	(1,003)	34,357	176	(4,835)	42,009
Retired Employees	-	(1,270)	2,001	-	(3,433)	2,001
Pre-retirement	-	(61,609)	9,006	-	(67,175)	9,006
Early retirement	-	(62,568)	5,806	-	(83,152)	5,806
Retirement bonus	-	(6,848)	43	-	(6,919)	43
Voluntary social insurance	-	(2,112)	3,543	-	(2,319)	3,543
Other	-	401	(91)	-	(406)	(91)
Other benefits:						
Healthcare	-	(198,078)	66,625	-	(241,635)	85,769
Life insurance	-	(2,704)	66	-	(3,129)	66
Defined contribution plan minimum benefit	-	(8,922)	(1,621)	-	(8,537)	(1,621)
	5,320	**(344,713)**	**119,735**	**176**	**(421,540)**	**146,531**

The changes occurred in equity in the period ended 30 June 2016 were as follows:

(€ k)

	December 2015	Gains/Losses	June 2016
Actuarial gains and losses - Pension fund	146,531	(26,796)	119,735
Tax related to the actuarial gains and losses component - Pension fund	(26,129)	4,752	(21,377)
Retained earnings - Actuarial gains and losses - Pension fund	**120,402**	**(22,044)**	**98,358**

As of June 2016, Galp performed an evaluation on the discount rate applicable to liabilities for retirement benefits and other benefits, having decided to maintain the discount rate used as of December 2015. This decision is mainly driven by the uncertainty installed in the financial markets, as a consequence of the United Kingdom decision to exit the European Union and the debt issuance made in June by the European Central Bank. Galp will reassess this situation at year end, evaluating the need to make any adjustment considering the performance of the reference rates.

For more information see the notes to the financial statements as of 31 December 2015.

24. Other payables

As of 30 June 2016 and 31 December 2015 the non-current and current captions "Other payables" were as follows:

(€ k)

Captions	June 2016 Current	June 2016 Non-current	December 2015 Current	December 2015 Non-current
State and other public entities:				
Value Added Tax payables	190,902	-	175,698	-
"ISP" - Tax on oil products	117,786	-	90,904	-
Social Security contributions	8,210	-	6,301	-
Personnel and Corporate Income Tax Withheld	7,655	-	8,500	-
Other taxes	23,839	-	19,519	-
Tangible and intangible assets suppliers	134,982	87,068	146,116	88,182
Advances on sales (Note 16)	31,527	-	30,002	-
Overlifting	15,761	-	21,447	-
Personnel	4,624	-	4,946	-
Guarantee deposits and guarantees received	2,652	-	2,723	-
Trade receivables credit balances	2,390	-	3,782	-
"ISP" - Congeners debit	1,876	-	1,821	-
Trade receivables advance payments	1,289	-	2,999	-
Other payables - Associates, affiliates and related companies	413	121	3,652	121
Loans - Associates, affiliates and related companies	365	169,495	365	172,842
Loans - Other shareholders	-	1,205	-	1,653
Other payables - Other shareholders	-	-	3,495	-
Other creditors	38,136	3,668	25,966	3,536
	582,407	**261,557**	**548,236**	**266,334**
Accrued costs:				
External supplies and services	105,568	-	111,293	-
Accrued interest	30,694	-	53,582	-
Holiday , holiday allowance and corresponding contributions	21,596	-	28,967	-
Productivity bonuses	8,645	3,077	28,457	8,369
Adjustment to tariff deviation - other activities - "ERSE" regulation	5,178	-	16,707	-
Adjustment to tariff deviation - regulated revenue - "ERSE" regulation	4,752	10,607	7,559	16,174
Discounts, bonuses and rappel related to sales	2,986	-	2,139	-
Financial costs	863	-	876	-
Accrued personnel costs - other	468	-	64	-
Accrued insurance premiums	435	-	992	-
Fastgalp prizes	226	-	2,576	-
Adjustment to tariff deviation - energy tariff - "ERSE" regulation	-	16,384	-	15,831
Financial neutrality - "ERSE" regulation	-	-	161	-
Other accrued costs	19,857	-	16,351	-
	201,268	**30,068**	**269,724**	**40,374**
Deferred income:				
Services rendered	25,097	-	4,322	-
Investment government grants (Note 13)	1,150	6,858	10,142	243,537
Optic fibre	-	-	404	991
Others	16,389	46	11,505	51
	42,636	**6,904**	**26,373**	**244,579**
	826,311	**298,529**	**844,333**	**551,287**

(a) These amounts were restated considering the changes in the accounting classification referred in Note 2.1.

The caption "Advances on sales" amounting to €31,527 k is related with Group liabilities with competitors for strategic reserves (Note 16).

The non-current caption "Tangible and intangible assets suppliers" refers essentially to land use rights.

The amount of €15,761 k presented in the caption "Other payables - Overlifting" represents the Group's liability in respect of excess crude oil lifted considering its production quota and is measured as described in Note 2.7 e) of the notes to the consolidated financial statements for the year ended 31 December 2015.

The amount of €1,876 k recorded in the caption "ISP – Congeners Debit" is related to the fact that the bonded warehouse is confined to Galp. Therefore, it is Galp's responsibility to collect the "ISP" (tax on oil products applicable in Portugal) from counterparties (partners/competitors) and to deliver it over to the State.

The amount of €2,652 k recorded in the caption "Guarantee deposits and guarantees received" includes €2,143 k relating to Petrogal's liability as of 30 June 2016 for customer deposits received for gas containers in use, that were recorded at acquisition cost, which corresponds to their approximate fair value.

The amount of €169,495 k recorded in the caption "Loans – associates, affiliates and related companies" refers to the following:

- In March 2012, Winland International Petroleum, SARL, granted loans amounting to €169,495 k (US$188,173,000). This amount is recorded in the caption "Loans – associates, affiliates and related companies" (non-current) and is related to shareholders loans obtained by the subsidiary Petrogal Brasil, S.A.. This loan bears interest at market rates and has a maturity of 10 years. In the period ended 30 June 2016 the amount of €4,178 k is recognised under the caption "Interest with related parties".

The amount of €1,205 k presented in the caption "Loans – other shareholders" is related to an amount 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 bears interest at market rates and does not have a defined maturity.

The amount of €226 k recorded under "Accrued costs – Fast Galp prizes" refers to Petrogal's liability for Fast Galp loyalty card points issued but not yet claimed by 30 June 2016, and that are expected to be swapped for prizes in subsequent periods.

Government investment grants are recognised as income over the useful life of the assets. The amount to be recognised in future periods amounts to €8,008 k (Note 13).

25. Provisions

The changes in provisions in the period ended 30 June 2016 were as follows:

(€ k)

Captions	Initial balance	Increases	Decreases	Utilisation	Transfers	Adjustments	Assets held for sale	Ending Balance
Lawsuits	29,179	343	(3,772)	(126)	(55)	3,575	(453)	28,691
Financial investments (Note 4)	4,115	28	(1,101)	-	-	437	-	3,479
Taxes	33,405	2,599	-	-	-	(800)	-	35,204
Environment	2,208	-	-	-	-	-	-	2,208
Abandonment of blocks	128,795	25,791	-	-	-	(3,540)	-	151,046
Other risks and charges	231,060	29,578	(146)	-	55	(168)	(30,845)	229,534
	428,762	58,339	(5,019)	(126)	-	(496)	(31,298)	450,162

The increase in provisions, net of the decreases, in the period ended 30 June 2016 was as follows:

	(€ k)
Energy sector extraordinary contribution - CESE I	26,666
Capitalisation of blocks abandonment costs provision	20,246
Provisions for the period (Note 6)	6,440
Estimate for additional payments of Petroleum income tax in Angola	2,599
Energy sector extraordinary contribution - CESE II	671
Income from investments in associates and joint ventures (Note 4)	(1,073)
Estimate for additional payments of Special participation in Brazil	(2,229)
	53,320

Lawsuits

The provision for current lawsuits amounts to €28,691 k and includes mainly: an amount of €4,180 k relating to a liability for fines imposed by the Portuguese Competition Authority relating to contracts with distributors in the LPG business and an amount of €18,782 k related to the provision of the estimate for payment of an additional amount of the special participation tax in Brazil. The amount of €3,575 k in the caption "Adjustments" corresponds to exchange differences arising from the translation of the functional currency to the reporting currency of the Group (EUR), mainly related to that provision.

The caption "Assets held for sale" in the amount of €453 k corresponds to the provision reclassified in accordance with note 3.

Financial investments

The provision for financial investments reflects the joint commitment of the Group in respect of its associates and joint ventures that have reported negative equity (Note 4).

Taxes

The caption Tax provisions, amounting to €35,204 k includes mainly:

- €23,960 k of additional liquidations of Oil Tax in Angola (IRP);
- €7,394 k concerning a tax contingency, related with a correction to the 2001 and 2002 corporate income tax of the subsidiary Petrogal; and
- €3,377 k concerning the tax risk associated with the sale of the participation held in ONI, SGPS to Galp Energia, SGPS, S.A..

The adjustment reflected in the caption "Taxes" in the negative amount of €800 k mainly corresponds to the exchange difference of the initial balance of Oil Tax in Angola (IRP) additional liquidations.

Environmental issues

The amount of €2,208 k presented in the caption Environmental provisions is related to the costs associated with the soil decontamination of certain facilities occupied by the Group, where due to legal obligation a decision has already been taken to carry out the decontamination.

Abandonment of blocks

The amount of €151,046 k recorded in provisions for the abandonment of blocks is destined 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. The changes in provisions for the abandonment of blocks in the period ended were as follows:

(€ k)

	Initial balance	Increases	NPV interests increase	Exchange differences (CTAs) (a)	Exchange differences (P&L) (b)	Ending balance
Blocks in Brazil						
- Lula and Gaspeline	24,328	10,329	409	4,893	(6,489)	33,470
- Andorinha	618	-	11	124	-	753
- Rabo Branco	704	-	5	141	(567)	283
- Iracema	18,371	7,957	315	3,695	(3,836)	26,502
	44,021	18,286	740	8,853	(10,892)	61,008
Blocks in Angola						
- Block 1	1,209	5,545	-	-	118	6,872
- Block 14 - Kuito	15,949	-	233	(309)	-	15,873
- Block 14 - BBLT	14,406	-	210	(279)	-	14,337
- Block 14 - TL	51,321	-	749	(994)	-	51,076
- Block 14 - K	1,889	-	28	(37)	-	1,880
	84,774	5,545	1,220	(1,619)	118	90,038
Total	128,795	23,831	1,960	7,234	(10,774)	151,046

(a) Exchange differences resulting from conversion of the functional currency to the Group's currency (Euro) are recorded in equity under caption Translation reserves (CTAs)
(b) The provision is recorded in USD, the currency valuation for the functional currency of the company(ies) is recorded in the income statement (P&L) under Exchange (loss)/ gains.

Other risks and charges

As at 30 June 2016 the caption "Provisions – other risks and charges", amounting to €229,534 k, mainly comprises:

- €4,561 k concerning processes related to sanctions applied by customs authorities due to the late submission of the customs destination declaration of some cargo shipments received in Sines;
- €51,006 k relating to the provision to cover the Energy sector extraordinary contribution "CESE I" in Portugal:
  - For the year ended 31 December 2014, the Group was subject to a special tax (Energy Sector Extraordinary Contribution "CESE I"), pursuant to Article 228 of Law 83C/2013 of 31 December,

which states that the energy companies that detain net assets in certain activities as at 1 January 2014 are subject to a tax calculated on the amount of net assets at that date.

- As it intends to challenge the Law, the Group decided to record the total value of the liability amounting to €79,693 k under the "Provisions" caption, having reflected the amount of €28,688 k in the caption "Assets held for sale". The total value of the liability on 31 December 2015 amounted to €53,027 k. In the period ended 30 June 2016, the provision was reinforced by €26,666 k (Note 9), and recognised in the income statement under the caption Energy sector extraordinary contribution;

- €158,490 k relating to the provision to cover the Energy sector extraordinary contribution "CESE II" in Portugal:

  - In the period ended 31 December 2015, the Group was subject to a special tax (Energy Sector Extraordinary Contribution "CESE II"), pursuant to Law 33/2015 of 27 April and Order No. 157 - B/2015 of 28 May, which focuses on the value of future sales, based on the four existing long term sourcing contracts which are on a take-or-pay basis. Resulting from the respective Law and Order, Galp recorded a total payable amount of € 158,490 k, which will be settled in installments of € 52,052k in May of each of the years 2015, 2016 and 2017, respectively, and accrued the amount of €2,334 k related to interest.

  - As it intends to challenge the Law and Regulation, Galp group has accounted for the total value of the liability amounting to €158,490 k under the "Provisions" caption and the respective cost is being deferred under the caption "Other receivables - Deferred costs" over the useful life of the contracts. In the period ended 30 June 2016, the Group recognised in the income statement under the caption Energy sector extraordinary contribution the amount of €11,685 k (Note 9) and the current and non-current captions "Other receivables - Deferred costs" amounts to €22,555 k and €96,793 k, respectively (Note 14).

- In the period ended 30 June 2016 the amount of €12,000 k (Note 9) was also paid and recognised in the income statement under the caption Energy sector extraordinary contribution, relating to the National Fund for Energetic Efficiency in Spain ("Fondo Nacional de Eficiência Energética (FNEE)"), in relation to the Group companies headquartered in that country.

- €10,256 k as a result of the purchase and sale contract signed between Galp and Endesa relating to the subsidiaries Madrileña Suministro de Gas and Madrileña Suministro de Gas Sur. In accordance with this contract, the selling companies, Petróleos de Portugal – Petrogal, S.A. - Sucursal en España and Galp Energia España, are liable to pay to the buyers, any payments due by the Madrileñas to the distribution companies, as a result of the dispute concerning the differences in pipelines gas measurements;

- €1,844 k to cover the impairment of the assets of the affiliate Moçamgalp Agroenergias de Moçambique, S.A.; and

- €2,153 k to cover charges received for the year 2012 made by the Lisbon Port Administration, for the use of the Cabo Ruivo land occupation as claimed by the Company, which was reclassified to the caption "Assets held for sale".

26. Trade payables

As of 30 June 2016 and 31 December 2015 the amounts recorded in the caption "Trade payables" were as follows:

(€ k)

Captions	June 2016	December 2015
Trade payables - current accounts	369,462	367,891
Trade payables - pending invoices	359,692	288,455
	729,154	**656,346**

The balance of the caption "Trade payables –pending invoices" mainly corresponds to the purchase of crude oil, natural gas and goods in transit at those dates.

27. Other financial instruments – financial derivatives

The Group uses financial derivatives to hedge interest rate risk, market fluctuation risks, particularly the risks of variation in crude oil prices, finished products and refining margins, as well as price variation risk of natural gas and electricity which affect the financial value of the assets and the future cash flows expected from its activities.

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".

Financial derivatives on commodities that are contracted to hedge the fair value variability or to address any risks that may affect the results of customer contracts of exercise are termed as "fair value hedge". On the other hand, financial derivatives on commodities that are contracted to hedge cash flow of customer contracts are termed as "cash flow hedges".

In accordance with IFRS 13 an entity must classify the fair value measurement, based on a fair value hierarchy that reflects the meaning of the inputs used in measurement. The fair value hierarchy must have the following levels:

- Level 1 - the fair value of assets or liabilities is based on active liquid market quotation at the date of the statement of financial position;
- Level 2 - the fair value of assets or liabilities is determined through valuation models based on observable market inputs;
- Level 3 - the fair value of assets or liabilities is determined through valuation models, whose main inputs are not observable in the market.

The fair value of financial derivatives was determined by external and independent financial entities, applying evaluation models (such as Discounted cash flows, Black-Scholes model, Binomial and Trinomial models and Monte-Carlo simulations, among other models depending on the type and characteristics of the financial derivative under analysis) based on generally accepted principles.

Futures are traded in the stock exchange and subject to a Clearing House, and as such their valuation is determined by quoted prices (Level 1).

The fair value of the remaining financial derivatives (Swaps, Forwards and Options) booked were determined by financial entities using observable market inputs and using generally accepted techniques and models (Level 2).

Derivative financial instruments portfolio as of 30 June 2016 and 31 December 2015 are detailed as follows:

(€ k)

	Fair value as of 30 June 2016					Fair value as of 31 December 2015				
	Assets		Liabilities		Equity	Assets		Liabilities		Equity
	Current	Non-current	Current	Non-current		Current	Non-current	Current	Non-current	
Commodities Financial Derivatives										
Swaps	24,743	9,370	(6,920)	(351)	590	4,458	1,041	(29,091)	(2,498)	-
Futures	4,266	-	-	-	860	4,241	-	-	-	(1,134)
	29,009	**9,370**	**(6,920)**	**(351)**	**1,450**	**8,699**	**1,041**	**(29,091)**	**(2,498)**	**(1,134)**
Currency Financial Derivatives										
Non-deliverable Forwards	-	-	(2,820)	-	-	-	-	(277)	-	-
Forwards	-	-	-	-	-	-	-	(103)	-	-
			(2,820)	**-**	**-**	**-**	**-**	**(380)**		**-**
	29,009	**9,370**	**(9,740)**	**(351)**	**1,450**	**8,699**	**1,041**	**(29,471)**	**(2,498)**	**(1,134)**

The MTM (Mark-to-Market) of the derivative financial liabilities amounts to €10,091 k. Of this amount, €9,740 k are classified as current liabilities and will be realised over one year. The amount presented in non-current liabilities, amounting to €351 k will be realised over the period of two years (meaning, in 2018).

The accounting impact as of 30 June 2016 and 30 June 2015 in the income statement is presented in the following table:

	30 June 2016				30 June 2015			
	Income statement			Equity	Income statement			Equity
	Potential (MTM)	Real	MTM+Real	Potential (MTM)	Potential (MTM)	Real	MTM+Real	Potential (MTM)
Commodities Financial Derivatives								
Swaps	52,164	(11,464)	40,700	(590)	(21,902)	(43,667)	(65,569)	-
Swaps Fair value hedge	(7,671)	-	(7,671)	-	(3,005)	-	(3,005)	-
Options	-	-	-	-	49	-	49	-
Futures	(94)	(41,031)	(41,125)	268	(733)	10,143	9,410	2,760
	44,399	**(52,495)**	**(8,096)**	**(322)**	**(25,591)**	**(33,524)**	**(59,115)**	**2,760**
Currency Financial Derivatives								
Non-deliverable Forwards	(2,543)	(4,589)	(7,131)	-	(907)	186	(721)	-
Forwards	103	1,897	2,000	-	573	2,692	3,265	-
Currency Interest Rate Swaps	-	-	-	-	(3,191)	20,516	17,325	-
	(2,440)	**(2,692)**	**(5,131)**	**-**	**(3,525)**	**23,394**	**19,869**	**-**
	41,959	**(55,187)**	**(13,227)**	**(322)**	**(29,116)**	**(10,130)**	**(39,246)**	**2,760**

Note:
MTM - variation of the Mark-to-Market from January until the reporting date
Real – value of close positions.

The potential value of MTM (Mark-to-Market) recognised under the caption "Income from financial instruments" includes the potential value of the interest component of Currency Interest Rate Swaps financial derivatives and Commodities derivatives, in the positive amount of €44,315 k, as shown in the following table:

		(€ k)
	June 2016	**June 2015**
Income on Financial Instruments		
Commodities Financial Derivatives		
Swaps	44,510	(24,907)
Options	-	49
Futures	(196)	(733)
Currency Financial derivatives		
Currency Interest Rate Swaps (Interest)	-	50
Other trading operations	-	3,533
	44,315	**(22,008)**

The real value of financial derivatives recognised in the "Cost of sales" caption amounts to negative €52,495 k comprising financial derivatives over commodities.

The difference between potential (MTM) and the amount reflected in the table above is recognised in the caption "Exchange gains/(losses)" in the income statement in the negative amount of €2,440 k and in "Cost of Sales" in the positive amount of €84 k in connection with the Contango operations.

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

(€ k)

Fair Value changes in Equity	June 2016	December 2015
Group companies	(322)	(1,134)
Non-controlling interests	-	-
	(322)	**(1,134)**
Associates and joint ventures	(797)	(42)
	(1,119)	**(1,176)**

Financial derivatives open positions have the following nominal values:

		30 June 2016	
		Maturity	
		< 1 year	> 1 year
Commodities Financial Derivatives			
Swaps	Buy	63,299	29,771
	Sell	61,199	36,453
Futures	Buy	61,888	13,057
	Sell	16,772	-
Currency Financial Derivatives			
Non-deliverable Forwards	Buy	43,350	-
	Sell	-	-
		90,566	**6,375**

Note: Equivalent nominal value in thousand Euro

Galp group has financial derivatives over commodities recognised as fair value hedge (fair value hedge and cash-flow hedge). These financial derivatives have been contracted for the reduction of risks associated with contracts signed with customers and suppliers. Accordingly, during the first semester of 2016 was recorded in the income statement, under the MTM (Mark-to-market) caption and in Accruals and Deferrals captions the negative amount of €7,671 k, related to the fair value hedge and in Equity, under the caption Hedging reserves, the negative amount of €322 k relating to cash-flow hedge.

Galp group trades financial instruments denominated as futures. Given their high liquidity, as they are traded on a Stock Exchange, they are classified as financial assets at fair value through profit and loss and included in "Cash and equivalents" caption. The gains and losses on commodity futures (Brent, natural gas and electricity) are classified in the caption "Cost of sales". Changes in the fair value of open positions are recorded in financial income. As these futures are traded on a Stock Exchange, subject to a Clearing House, gains and losses are continuously recorded in the income statement.

28. Related parties

During the period ended 30 June 2016, there were no significant changes in the Related parties, when compared to the consolidated financial statements of the Group on 31 December 2015. For more information see the notes to the financial statements as of 31 December 2015.

29. Remuneration of the governing bodies

The remuneration of the governing bodies of Galp for the periods ended 30 June 2016 and 2015 is detailed as follows:

(€ k)

	June 2016						June 2015					
	Salary	Pension plans	Allowances for rent, travel expenses and others	Bonuses	Other charges and adjustments	Total	Salary	Pension plans	Allowances for rent, travel expenses and others	Bonuses	Other charges and adjustments	Total
Governing bodies of Galp Energia SGPS												
Executive management	1,528	368	138	(2,011)	30	53	1,732	481	158	775	219	3,365
Non-executive management	273	-	-	-	-	273	320	-	-	-	-	320
Supervisory Board	46	-	-	-	-	46	40	-	-	-	-	40
General Shareholders Meeting Board	-	-	-	-	-	-	4	-	-	-	-	4
	1,847	**368**	**138**	**(2,011)**	**30**	**372**	**2,096**	**481**	**158**	**775**	**219**	**3,729**
Governing bodies of subsidiaries												
Executive management	604	-	-	(35)	-	569	716	-	-	5	-	721
General Shareholders Meeting Board	7	-	-	-	-	7	-	-	-	-	-	-
	611	**-**	**-**	**(35)**	**-**	**576**	**716**	**-**	**-**	**-**	**-**	**721**
	2,458	**368**	**138**	**(2,046)**	**30**	**948**	**2,812**	**481**	**158**	**780**	**219**	**4,450**

Of the total amount of €948 k recorded in the period ended 30 June 2016, the amount of €864 k was recorded as employee costs (Note 6) and €84 k was recorded as external supplies and services. Of the total amount of €4,450 k recorded in the period ended 30 June 2015, the amount of €3,811 k was recorded as employee costs (Note 6) and €639 k was recorded as external supplies and services.

The negative amount of €2,046 k in the caption Bonuses as of 30 June 2016 corresponds to the adjustment of the excessive estimate of long-term incentives (LTI).

In accordance with the current policy, remuneration of the Galp governing bodies includes all the remuneration due for the positions occupied in Group companies and all accrued amounts related to the current period.

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 non-executive) of the entity. According to Galp's interpretation of this standard only the members of the Board of Directors meet these characteristics.

30. Dividends

In accordance with the deliberation of the General Shareholders Meeting held on 5 May 2016, a total dividend of €343,907 k has been paid to shareholders of Galp Energia, SGPS, SA, relating to the distribution of net results of 2015 and retained earnings, with dividends amounting to €171,954 having been paid in 24 September 2015, and the remaining €171,953 k paid in 27 May 2016.

In the period of six months ended 30 June 2016, dividends amounting to €3,240 k were paid by subsidiaries of the Galp Group to non-controlling interests (Note 21 b)).

As a consequence of the above, during the period ended 30 June 2016, the Group paid dividends amounting to €175,193 k.

31. Oil and gas reserves

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.

Information on reserves can be found in the attached document to the consolidated financial statements, as of 31 December 2015, entitled "Supplementary Information on Oil and Gas (unaudited)".

32. Financial risk management

During the period ended 30 June 2016, there were no situations other than those already mentioned in the financial risk management note disclosed in the consolidated financial statements of the Group as of 31 December, 2015. For further information refer to the consolidated financial statements of the Group at 31 December 2015 and its respective notes.

33. Contingent assets and liabilities

During the period ended 30 June 2016, there were no significant changes in contingent assets and liabilities, as compared to the consolidated financial statements of the Company on 31 December 2015. For further information refer to the Group's consolidated financial statements as of 31 December 2015 and its respective notes.

34. Financial assets and liabilities at book value and fair value

The captions “Financial assets” and “Financial liabilities” are recorded at carrying value and do not present differences to their fair value, with the exception of the bonds. The fair value of the bonds was measured based on observable market inputs, thus the classification of the fair value hierarchy was Level 2.

Assets held for sale (which are equity instruments not admitted to trading on regulated markets) are recorded at cost.

For more information see the notes to the financial statements as of 31 December 2015.

35. Information on environmental matters

Cost incurred with CO_2 emissions measured at the respective acquisition costs, is accounted for in Operating costs and amounts to €3,434 k as of June 2016.

Galp acquired Futures on CO_2 reaching maturity as of December 2016, for the acquisition of 1,829,000 ton of CO_2 with an average price of € 5.23/ton of CO_2.

Since Galp holds in its portfolio sufficient licenses to address the obligations arising from CO_2 emissions, no provisions were recognised to fill any existing deficits.

No other significant changes noted during the first semester of the year.

For more information on environmental matters see the notes to the financial statements as of 31 December 2015.

36. Subsequent events

On 28 July 2016, Galp has reached an agreement to partially sell the share capital of Galp Gás Natural Distribuição, SGPS, SA, as referred in Section 9 – Subsequent events of the Management report.

37. Approval of the financial statement

The consolidated financial statements were approved by the Board of Directors on 28 July 2016.

38. Explanation added for translation

These financial statements are a translation of the financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union (Note 2) some of which may not conform to generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

THE BOARD OF DIRECTORS:

Chairman:

Américo Amorim

Vice-Chairmen:

Paula Ramos Amorim

Carlos Nuno Gomes da Silva

Members:

Filipe Crisóstomo Silva

Thore E. Kristiansen

Sérgio Gabrielli de Azevedo

Abdul Magid Osman

Raquel Rute da Costa David Vunge

Carlos Manuel Costa Pina

Francisco Vahia de Castro Teixeira Rêgo

Miguel Athayde Marques

Jorge Manuel Seabra de Freitas

José Carlos da Silva Costa

Pedro Carmona de Oliveira Ricardo

João Tiago Cunha Belém da Câmara Pestana

Rui Paulo da Costa Cunha e Silva Gonçalves

Luís Manuel Pego Todo Bom

Diogo Mendonça Rodrigues Tavares

Joaquim José Borges Gouveia

THE ACCOUNTANT:

Carlos Alberto Nunes Barata

11.5. Reports and opinions

Limited Review Report Prepared by Auditor Registered with the Securities Market Commission (CMVM) on the Consolidated Half Year Information

(Free translation from the original in Portuguese)

Introduction

1. In accordance with the Portuguese Securities Market Code (CVM), we present our limited review report on the consolidated financial information for the six-month period ended June 30, 2016 of Galp Energia S.G.P.S., S.A. included in the Directors' Report, consolidated statement of financial position (which shows total assets of Euro 12,957,622 thousand and total shareholders' equity of Euro 6,284,848 thousand, including non-controlling interests of Euro 1,501,216 thousand and a net profit of Euro 7,975 thousand), consolidated income statement by nature, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and the corresponding notes to the accounts.
2. The amounts in the consolidated financial statements, as well as those in the additional financial information, are derived from the respective accounting records.

Responsibilities

3. It is the responsibility of the Board of Directors: (a) to prepare consolidated financial information which present fairly, in all material respects, the financial position of the companies included in the consolidation, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (b) to prepare historical financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful as required by the CVM; (c) to adopt appropriate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any significant matters which have influenced the activity, financial position or results.
4. Our responsibility is to verify the financial information included in the documents 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 work.

Scope

5. Our work was performed with the objective of obtaining moderate assurance about whether the financial information referred to above is free from material misstatement. Our work was performed in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors, planned according to that objective, and consisted: (a) primarily, in enquiries and analytical procedures, to review: (i) the reliability of the assertions included in the financial information; (ii) the appropriateness and consistency of the accounting principles used, as applicable; (iii) the applicability, or not, of the going concern basis of accounting; (iv) the presentation of the financial information; and (v) as to whether the consolidated financial information is complete, true, up-to-date, clear, objective and lawful.
6. Our work also covered the verification that the information included in the consolidated Directors' Report is consistent with the remaining documents referred to above.
7. We believe that the work performed provides a reasonable basis for the issue of this limited review report on the half year information.

Conclusions

8. Based on the work, which was performed with the objective of obtaining a moderate level of assurance, nothing has come to our attention that leads us to conclude that the consolidated financial information for the six-month period ended June 30, 2016 contain material misstatements that affect its conformity with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and that it is not complete, true, up-to-date, clear, objective and lawful.

Report on other requirements

9. Based on the work, nothing has come to our attention that leads us to believe that the information included in the Directors' Report is not consistent with the consolidated financial information for the period.

July 29, 2016

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
registered in the Comissão do Mercado de Valores Mobiliários with no. 20161485
represented by:

António Joaquim Brochado Correia, R.O.C.

12. Definitions

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% Brent dated, +2.2% LGP 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 Cg. +8.9% LSFO 1% FOB Cg; Terminal rate: $1/ton; Ocean loss: 0.15% over Brent dated; Freight 2015: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat $7.60/ton. Yields in % of weight.

Rotterdam cracking margin
The Rotterdam cracking margin has the following profile: -100% Brent dated, +2.3% LGP 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 Cg. and +15.3% LSFO 1% FOB Cg.; C&L: 7.4%; Terminal rate: $1/ton; Ocean loss: 0.15% over Brent dated; Freight 2015: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat $7.60/ton. Yields in % of weight.

Rotterdam aromatics margin
Rotterdam aromatics margin: -60% PM UL NWE FOB Bg., -40% Naphtha NWE FOB Bg., +37% Naphtha NWE FOB Bg., +16.6% 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% Ortoxylene Rotterdam FOB Bg. Consumption: -18% LSFO 1% CIF NEW. Yields in % of weight.

Rotterdam base oils margin
Base oils refining margin: -100% Arabian Light, +3.5% LGP FOB Seagoing (50% Butane + 50% Propane), +13.0% Naphtha NWE FOB Bg., +4.4% Jet NWE CIF, +34.0% ULSD 10 ppm NWE CIF, +4.5% VGO 1.6% NWE FOB Cg.,+ 14%; Base Oils FOB, +26% HSFO 3.5% NWE Bg.; Consumptions: -6.8% LSFO 1% CIF NWE Cg.; Losses: 7.4%; Terminal rate: $1/ton; Ocean loss: 0.15% over Arabian L

Replacement cost (RC)
According to this method of valuing inventories, the cost of goods sold is valued at the cost 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 the Portuguese 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, RCA items exclude 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.

ABBREVIATIONS

APETRO: *Associação Portuguesa de Empresas Petrolíferas* (Portuguese association of oil companies)
bbl: barrel of oil
BBLT: Benguela, Belize, Lobito and Tomboco
bcm: billion cubic metres
Bg: Barges
BJC: BJC Heavy Industries Plc.
bn: billion
boe: barrels of oil equivalent
CESE: *Contribuição Extraordinária sobre o Sector Energético* (Portuguese Extraordinary Energy Sector Contribution)
Cg: Cargoes
CIF: Costs, Insurance and Freights
CMVM: Portuguese Securities Market Commission
CORES: *Corporación de Reservas Estratégicas de Produtos Petrolíferos*
CTA: Cumulative Translation Adjustment
D&P: Development & Production
E&P: Exploration & Production
Ebit Earnings before interest and taxes.
Ebitda: Ebit plus depreciation, amortisation and provisions.
EMPL: Europe Maghreb Pipeline
EPCIC: Engineering, Procurement, Construction, Installation and Commissioning
EUR/€: Euro
FOB: Free on Board
FPSO: Floating, production, storage and offloading unit
Galp, Company or Group: Galp Energia, SGPS, S.A., subsidiaries and participated companies
G&P: Gas & Power
GWh Gigawatt per hour
IAS: International Accounting Standards
IBAMA: Brazilian Institute of the Environment and Renewable Natural Resources
IFRS: International Financial Reporting Standards.
IRP: Oil income tax
ISP: Tax on oil products
JKM: Japan Korea Marker
k: thousand
kbbl: thousands of barrels
kboe: thousands of barrels of oil equivalent
kboepd: thousands of barrels of oil equivalent per day
kbopd: thousands of barrels of oil per day
LNG: liquid natural gas
LSFO: low sulphur fuel oil
m: million
mmbbl: millions of barrels
mmboe: millions of barrels of oil equivalent
mmbtu: million British thermal units
mm^3: million cubic metres
mton: millions of tonnes
MW: megawatt
NBP: National Balancing Point
NG: natural gas
NGNDN: Natural Gas National Distribution Network
NGNS: Natural Gas National System
NGNTN: Natural Gas National Transportation Network
n.m.: no meaning
NWE: Northwestern Europe
OPEC: Organization of Petroleum Exporting Countries
p.p.: percentage points
PSA: Production Sharing Agreement
R&M: Refining & Marketing
RC: Replacement Cost
RCA: Replacement Cost Adjusted
SPA: Sales and purchasing agreement
TL: Tômbua-Lândana
T: tonnes
USA: United States of America
USD/$: Dollar of the United States of America
VGO: vacuum gas oil
WAC: weighted-average cost
YoY: year-on-year

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Share Capital: 829,250,635 Euros | Registered at the Commercial Registry Office of Lisbon | Company tax number 504 499 777

CAUTIONARY STATEMENT

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

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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's markets; the impact of regulatory initiatives; and the strength of Galp'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 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. No assurance, however, can be given that such expectations will prove to have been correct. 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 or the industry to differ materially from those results expressed or implied in this report by such forward-looking statements.

Real future income, both financial and operating; an increase in demand and change to the energy mix; an increase in production and changes to Galp's portfolio; the amount and various costs of capital, future distributions; increased resources and recoveries; project plans, timing, costs and capacities; efficiency gains; cost reductions; integration benefits; ranges and sale of products; production rates; and the impact of technology can differ substantially due to a number of factors. These factors may include changes in oil or gas prices or other market conditions affecting the oil, gas, and petrochemical industries; reservoir performance; timely completion of development projects; war and other political or security disturbances; changes in law or government regulation, including environmental regulations and political sanctions; the outcome of commercial negotiations; the actions of competitors and customers; unexpected technological developments; general economic conditions, including the occurrence and duration of economic recessions; unforeseen technical difficulties; and other factors.

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 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.

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