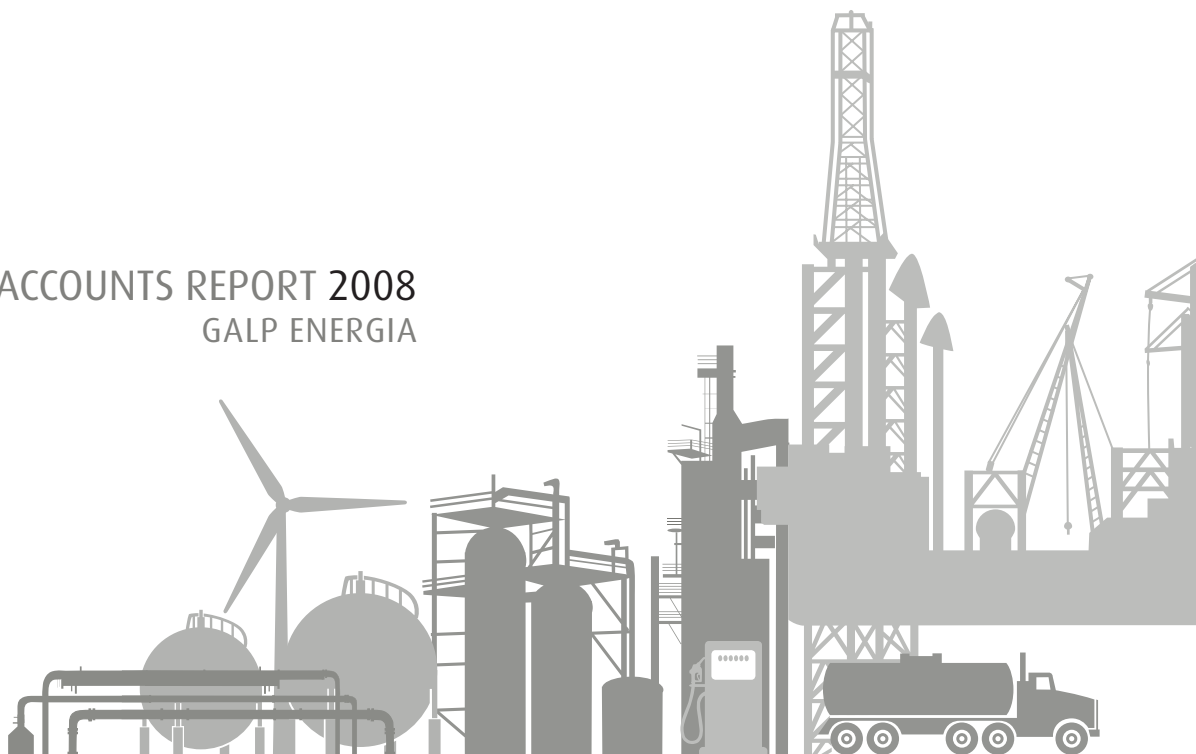


INDIVIDUAL ACCOUNTS REPORT 2008  
GALP ENERGIA



This translation of the Portuguese document was made only for the convenience of non-Portuguese speaking shareholders.  
For all intents and purposes, the Portuguese version shall prevail.



INDIVIDUAL ACCOUNTS  
REPORT 2008  
GALP ENERGIA

Individual accounts	4
Auditors' report	27
Statutory auditors' report	28
Supervisory board's report and opinion	29

# Galp Energia, SGPS, S.A.

## Balance sheet as of 31 December 2008 and 2007

(Amounts expressed in thousands of Euros)

(Translation of financial statements originally issued in Portuguese – Note 54)

Assets	Notes	2008		2007	
		Gross	Amort., Deprec. and Adjustments	Net	Net
<b>Fixed assets:</b>					
<b>Intangible assets:</b>					
Industrial property and other rights	8 and 10	8	(7)	1	2
<b>Tangible assets:</b>					
Machinery and equipment	10	34	(34)	-	-
Transport equipment	10	52	(52)	-	-
Administrative equipment	10	679	(656)	23	35
Other tangible fixed assets	10	1,128	1,118)	10	-
		<b>1,893</b>	<b>(1,860)</b>	<b>33</b>	<b>35</b>
<b>Investments:</b>					
Equity investments in Group companies	10 and 16	2,128,181	(425)	2,127,756	2,168,979
Loans to Group companies	10 and 16	958,864	-	958,864	52,486
Securities and other financial applications	10 and 16	462	-	462	402
Other loans granted	1	90	-	90	90
		<b>3,087,597</b>	<b>(425)</b>	<b>3,087,172</b>	<b>2,221,957</b>
<b>Current assets:</b>					
<b>Current receivables:</b>					
Receivables, current accounts	16	1,925	-	1,925	2,017
Group companies	16	556,646	-	556,646	460,556
Advances to suppliers		14	-	14	20
State and other public entities	28	14,000	-	14,000	32,611
Other debtors	21 and 49	1,348	(286)	1,062	430
		<b>573,933</b>	<b>(286)</b>	<b>573,647</b>	<b>495,634</b>
<b>Bank deposits and cash:</b>					
Bank deposits	51	3,623	-	3,623	534
Cash	51	7	-	7	6
		<b>3,630</b>	<b>-</b>	<b>3,630</b>	<b>540</b>
<b>Accruals and deferrals:</b>					
Accrued income	50	3,887	-	3,887	1,668
Deferred costs	50	629	-	629	422
		<b>4,516</b>	<b>-</b>	<b>4,516</b>	<b>2,090</b>
<b>Total amortisation and depreciation</b>			<b>(1,867)</b>		
<b>Total adjustments</b>			<b>(711)</b>		
<b>Total assets</b>		<b>3,671,577</b>	<b>(2,578)</b>	<b>3,668,999</b>	<b>2,720,258</b>

The accompanying notes form an integral part of the balance sheet as of 31 December 2008.

### The accountant

Carlos Alberto Nunes Barata

### The board of directors

Francisco Luís Murteira Nabo  
 Manuel Ferreira De Oliveira  
 Manuel Domingos Vicente  
 Fernando Manuel dos Santos Gomes  
 José António Marques Gonçalves  
 André Freire de Almeida Palmeiro Ribeiro  
 Carlos Nuno Gomes da Silva  
 Rui Paulo da Costa Cunha e Silva Gonçalves

### João Pedro Leitão Pinheiro de Figueiredo Brito

Alberto Maria Chiarini  
 Claudio De Marco  
 Paolo Grossi  
 Camillo Gloria  
 Fabrizio Dassogno  
 Giuseppe Ricci  
 Luigi Piro  
 Joaquim José Borges Gouveia

Equity and liabilities	Notes	2008	2007
<b>Equity</b>			
Share capital	36 and 40	829,251	829,251
Share premium	40	82,006	82,006
Adjustments in equity investments in subsidiary and associated companies	40	66,828	53,453
Reserves:			
Legal reserve	40	146,967	118,925
Other reserves	40	27,977	27,977
Interim dividends	40	(124,095)	(126,046)
Retained earnings	40	777,565	510,125
Net profit for the year	40	472,973	560,842
<b>Total equity</b>		<b>2,279,472</b>	<b>2,056,533</b>
<b>Liabilities:</b>			
<b>Provisions:</b>			
Other provisions	34	4,388	3,377
<b>Medium and long term liabilities:</b>			
Bank loans	48	658,000	58,000
<b>Current liabilities:</b>			
Bank loans	48	410,472	173,425
Suppliers, current accounts		1,080	621
Group companies	16	301,142	419,899
State and other public entities	28	8,194	555
Other creditors	49	149	2,654
		<b>721,037</b>	<b>597,154</b>
<b>Accruals and deferrals:</b>			
Accrued costs	50	6,102	5,194
<b>Total equity and liabilities</b>		<b>3,668,999</b>	<b>2,720,258</b>

# Galp Energia, SGPS, S.A.

## Income statement by nature for the years ended 31 December 2008 and 2007

(Amounts expressed in thousands of Euros)

(Translation of statements of profit and loss by nature originally issued in Portuguese - Note 54)

Costs	Notes	2008	2007
External supplies and services		8,663	9,265
Personnel costs:			
Remuneration	4,941	4,516	
Social charges:			
Others	253	5,194	283
Others			4,799
Amortisation and depreciation	10	23	15
Provisions	34	969	992
			-
			15
Taxes		602	401
Other operating costs		28	630
			43
<b>(A)</b>		<b>15,479</b>	<b>14,523</b>
Loss on Group and associated companies	45	1,604	1,777
Interest and similar costs:			
Relating to Group companies	45	13,239	18,582
Other	45	26,648	41,491
			11,803
<b>(C)</b>		<b>56,970</b>	<b>46,685</b>
Extraordinary costs	46	838	2,184
<b>(E)</b>		<b>57,808</b>	<b>48,869</b>
Income tax for the year	6	1,105	(2,758)
<b>(G)</b>		<b>58,913</b>	<b>46,111</b>
Net profit for the year		472,973	560,842
		<b>531,886</b>	<b>606,953</b>

The accompanying notes form an integral part of the income statement by nature for the year ended 31 December 2008.

### The accountant

Carlos Alberto Nunes Barata

### The board of directors

Francisco Luís Murteira Nabo  
 Manuel Ferreira De Oliveira  
 Manuel Domingos Vicente  
 Fernando Manuel dos Santos Gomes  
 José António Marques Gonçalves  
 André Freire de Almeida Palmeiro Ribeiro  
 Carlos Nuno Gomes da Silva  
 Rui Paulo da Costa Cunha e Silva Gonçalves

João Pedro Leitão Pinheiro de Figueiredo Brito

Alberto Maria Chiarini  
 Claudio De Marco  
 Paolo Grossi  
 Camillo Gloria  
 Fabrizio Dassogno  
 Giuseppe Ricci  
 Luigi Piro  
 Joaquim José Borges Gouveia

Income	Notes	2008	2007
Services rendered	16	6,437	6,437
Supplementary income	16	2,030	2,521
<b>(B)</b>		<b>8,467</b>	<b>8,958</b>
Gain on Group and associated companies	45	467,770	572,710
Income from equity investments	45	17	11
Other interest and similar income:			
Relating to Group companies	45	55,191	23,519
Other	45	388	1,661
<b>(D)</b>		<b>531,833</b>	<b>606,859</b>
Extraordinary income	46	53	94
<b>(F)</b>		<b>531,886</b>	<b>606,953</b>
Operating profit / (loss) (B)-(A)		(7,012)	(5,565)
Net financial profit / (loss) (D-B)-(C-A)		481,875	565,739
Current profit / (loss) (D)-(C)		474,863	560,174
Profit / (loss) before income tax (F)-(E)		474,078	558,084
Net profit / (loss) for the year (F)-(G)		472,973	560,842

# Galp Energia, SGPS, S.A.

## Income statements by functions for the years ended 31 December 2008 and 2007

(Translation of income statements of profit and loss by functions originally issued in Portuguese – Note 54)

(Amounts expressed in thousands of Euros)

	Notes	2008	2007
Services rendered	16	6,437	6,437
Cost of services rendered		(6,437)	(6,437)
<b>Gross results</b>		-	-
Other operating income		2,083	2,615
Administrative costs		(6,187)	(4,813)
Other operating costs		(3,694)	(5,457)
<b>Operating profit / (loss)</b>		<b>(7,798)</b>	<b>(7,655)</b>
Net financing income/(costs)		15,693	(5,205)
Gain / (loss) on subsidiary and associated companies	45	466,166	570,933
Gain / (loss) on other investments	45	17	11
<b>Current profit</b>		<b>474,078</b>	<b>558,084</b>
Income tax on current profit	6	(1,105)	2,758
<b>Current profit after taxes and net profit for the year</b>		<b>472,973</b>	<b>560,842</b>
Earnings per share (Euros)		0,57	0,68

The accompanying notes form an integral part of the income statement by functions for the year ended 31 December 2008.

### The accountant

Carlos Alberto Nunes Barata

### The board of directors

Francisco Luís Murteira Nabo  
 Manuel Ferreira De Oliveira  
 Manuel Domingos Vicente  
 Fernando Manuel dos Santos Gomes  
 José António Marques Gonçalves  
 André Freire de Almeida Palmeiro Ribeiro  
 Carlos Nuno Gomes da Silva  
 Rui Paulo da Costa Cunha e Silva Gonçalves

João Pedro Leitão Pinheiro de Figueiredo Brito

Alberto Maria Chiarini  
 Claudio De Marco  
 Paolo Grossi  
 Camillo Gloria  
 Fabrizio Dassogno  
 Giuseppe Ricci  
 Luigi Piro  
 Joaquim José Borges Gouveia



# Galp Energia, SGPS, S.A.

## Cash flow statements for the years ended 31 December 2008 and 2007

(Translation of cash flow statements originally issued in Portuguese – Note 54)

(Amounts expressed in thousand of Euros)

	Notes	2008	2007
<b>Operating activities:</b>			
Cash receipts from customers		10,202	24,404
Cash paid to suppliers		(9,949)	(23,309)
Cash paid to employees		(5,078)	(4,368)
<b>Cash from/(used in) operations</b>		<b>(4,825)</b>	<b>(3,273)</b>
Cash (paid)/received relating to income tax		(65,692)	70,161
Other (payments)/receipts relating to operating activities		(3,835)	(1,137)
<b>Cash flows from/(used in) operating activities</b>		<b>(74,352)</b>	<b>65,751</b>
<b>Investing activities:</b>			
Cash receipts relating to:			
Dividends	10	434,537	702,204
Interest and similar income		16,593	24,815
Loans granted		849,347	762,087
		<b>1,300,477</b>	<b>1,489,106</b>
Cash payments relating to:			
Investments		-	(287)
Loans granted		(1,437,128)	(674,886)
		<b>(1,437,128)</b>	<b>(675,173)</b>
<b>Net cash from/(used in) investing activities (2)</b>		<b>(136,650)</b>	<b>813,933</b>
<b>Financing activities:</b>			
Cash receipts relating to:			
Loans obtained		<b>787,900</b>	<b>802,405</b>
Cash payments relating to:			
Loans obtained		(482,436)	(1,268,745)
Interest and similar costs		(30,031)	(31,960)
Dividends/profit distributions	40	(263,410)	(378,138)
		<b>(775,877)</b>	<b>(1,678,843)</b>
<b>Net cash from/(used in) financing activities (3)</b>		<b>12,023</b>	<b>(876,438)</b>
Net (decrease)/increase in cash and cash equivalents (4) = (1) + (2) + (3)		(198,979)	3,246
Effect of foreign exchange rate changes		(22)	136
Cash and cash equivalents at the beginning of the year (a)	51	(7,840)	(11,267)
Cash and cash equivalents at the end of the year	51	(206,842)	(7,885)

The accompanying notes form an integral part of the cash flow statement for the year ended 31 December 2008.

(a) The difference between cash and cash equivalents at 1 January 2008 as presented in the statement of cash flows, and the balance as of 31 December 2007 as presented in note 51, results from the merger of GDP – Gás de Portugal, SGPS, S.A., with effective date of 1 January 2008 (Note 1).

### The accountant

Carlos Alberto Nunes Barata

### The board of directors

Francisco Luís Murteira Nabo  
 Manuel Ferreira De Oliveira  
 Manuel Domingos Vicente  
 Fernando Manuel dos Santos Gomes  
 José António Marques Gonçalves  
 André Freire de Almeida Palmeiro Ribeiro  
 Carlos Nuno Gomes da Silva  
 Rui Paulo da Costa Cunha e Silva Gonçalves

João Pedro Leitão Pinheiro de Figueiredo Brito

Alberto Maria Chiarini  
 Claudio De Marco  
 Paolo Grossi  
 Camillo Gloria  
 Fabrizio Dassogno  
 Giuseppe Ricci  
 Luigi Piro  
 Joaquim José Borges Gouveia

# Galp Energia, SGPS, S.A.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2008 (Translation of notes originally issued in Portuguese – Note 54) (Amounts expressed in thousands of Euros – tEuros)

## 1. Introductory note

Galp Energia, SGPS, S.A. (hereinafter referred to as Galp or the Company), was incorporated as a Government owned corporation under Decree-Law 137-A/99 of 22 April 1999, with the name “Galp – Petróleos e Gás de Portugal, SGPS, S.A.”, having adopted its present name of Galp Energia, SGPS, S.A. on 13 September 2000.

The Company’s head office is in Lisbon and its corporate objects are the management of other companies having, as of the date of its incorporation, grouped the State’s direct participations in the following companies: Petróleos de Portugal – Petrogal, S.A.; GDP – Gás de Portugal, SGPS, S.A. (merged into the Company effective as of 1 January 2008) and Transgás – Sociedade Portuguesa de Gás Natural, S.A., currently designated Galp Gás Natural, S.A..

The Company’s shareholder structure has changed several times over recent years, its position at 31 December 2008 being shown in Note 37.

The following notes are numbered as defined in the Portuguese Official Chart of Accounts (“Plano Oficial de Contabilidade – POC”). The numbers not included herein are either not applicable to the Company or not significant to the accompanying financial statements.

In May 2008, the subsidiary GDP – Gás de Portugal, SGPS, S.A., a fully owned subsidiary, was merged into the Company with effective date of 1 January 2008. The balance sheet of GDP – Gás de Portugal, SGPS, S.A. as of 31 December 2007 was made up as follows:

<b>Assets</b>	
Tangible fixed assets (Note 10)	80
Investments (Note 10)	787,739
Current receivables	12,433
Bank deposits and cash	44
Accruals and deferrals	370
<b>Total assets</b>	<b>800,666</b>
<b>Equity</b>	
Share capital	132,643
Adjustments in equity investments in subsidiary and associated companies	(14,510)
Reserves	27,613
Retained earnings	423,962
Net profit for the year	227,654
<b>Total equity</b> (Note 45)	<b>797,362</b>
<b>Liabilities</b>	
Other provisions (Note 34)	433
Current liabilities	1,866
Accruals and deferrals	1,005
<b>Total liabilities</b>	<b>3,304</b>
<b>Total equity and liabilities</b>	<b>800,666</b>

## 2. Comparability

In 2008 the Company’s subsidiaries, recorded in accordance with the equity method of accounting (Note 3), changed the method for valuing the cost of consumption and sales of inventories from Last-In-First-Out (LIFO) to weighted average cost basis. If this method had not been changed the Company’s assets, liabilities and net profit for 2008 would have been decreased by tEuros 155,836, tEuros 41,297 and tEuros 114,539, respectively.

## 3. Basis of presentation and principal accounting policies

The accompanying financial statements were prepared on a going concern basis from the accounting records of the Company, maintained in accordance with generally accepted accounting principles in Portugal.

The accompanying financial statements reflect only the Company’s individual accounts, prepared as required by law for approval by the Shareholders’ General Meeting, investments having been recorded in accordance with the equity method as explained in Note 3.c). The Company will prepare separate consolidated financial statements which include the financial statements of the companies in which it has a majority participation or management control. Therefore, equity at 31 December 2008 and net profit for the year then ended included in these individual financial statements reflect the effect of consolidating equity and the results of the subsidiary and associated companies based on their financial statements. However, these financial statements do not reflect the effect of a full consolidation of assets, liabilities, costs and income.

The consolidated financial statements have been prepared in accordance with IFRS – International Financial Reporting Standards as adopted by the European Union. Therefore equity at 31 December 2008 and 2007 and profit for the years then ended in the Company's consolidated financial statements differ from those presented in the individual financial statements.

Financial information relating to the Group and associated companies is shown in Note 16.

The principal valuation criteria used in preparing the financial statements are as follows:

#### a) Intangible fixed assets

Intangible fixed assets, which consist of software utilisation licences, are amortised on a straight-line basis over a period of three years (Note 8).

#### b) Tangible fixed assets

Tangible fixed assets are recorded at cost. Depreciation is provided on a straight-line basis over the following estimated periods of useful life of the assets:

	Years
Administrative equipment	5 to 8
Other tangible assets	8

#### c) Investments

Investments in Group and associated companies are recorded using the equity method of accounting, under which they are initially recorded at cost, which corresponds to the amount attributed for purposes of paying up the capital in kind (Introductory Note), which is then increased or decreased to the amount corresponding to the proportion owned of the net equity of these companies.

In accordance with the equity method investments are adjusted periodically by the amount corresponding to the participation in the net results of the subsidiary and associated companies by corresponding entry to the profit and loss statement for the year (Note 45). In addition dividends received from these companies are recorded as decreases in the amount of the investments.

As mentioned in paragraph h) below, the accumulated effect of currency translation adjustments resulting from the translation of the financial statements of subsidiaries expressed in foreign currencies is recorded in the equity caption "Adjustments in equity investments in subsidiary and associated companies".

Investments corresponding to participations of less than 20% in the capital of other companies are stated at cost in the caption "Securities and other financial applications".

Loans to Group and associated companies are stated at their nominal value.

Estimated losses on the realisation and/or recovery of investments are recorded in the caption "Other provisions" (Note 34).

#### d) Accruals basis

Income and expenses are recorded on an accruals basis, under which they are recorded in the period to which they relate independently of when they are received or paid (Note 50).

#### e) Balance sheet classification

Assets realisable and liabilities payable in more than one year from the balance sheet date are classified as medium and long term assets and liabilities, respectively.

#### f) Vacation and vacation subsidy

Vacation and vacation subsidy and corresponding charges are recognised as cost of the period in which the employees acquire the right to receive them. Consequently, the accrued liability for vacation pay and vacation subsidy and corresponding charges as of the balance sheet date were estimated and recorded in the caption "Accrued costs" (Note 50).

#### g) Income tax

Since 2001 Galp Energia, SGPS, S.A. has been covered by the special regime for the taxation of groups of companies, which covers all the companies in which it has a direct or indirect participation of at least 90% in their capital and are also resident in Portugal and subject to Corporate Income Tax.

Deferred tax refers to timing differences between the amounts of assets and liabilities for accounting and for tax purposes.

Deferred tax assets and liabilities are calculated and periodically valued using the tax rates expected to be in force on the dates the temporary differences revert.

Deferred tax assets are recognised only when there are reasonable expectations of sufficient future taxable profits to use them. On each balance sheet date a reassessment is made of the temporary differences underlying the deferred tax assets so as to recognise the deferred tax assets not recognised previously due to not complying with all the conditions for them to be recorded and/or to reduce the amount of deferred tax assets due to the current expectation of their future recovery (Note 6).

## h) Translation of foreign currency financial statements

Exchange differences arising on the translation to Euros of the foreign currency financial statements of subsidiary and associated companies are included in the equity caption "Adjustments in equity investments in group and associated companies". These financial statements are translated at the following rates:

- (i) exchange rate in force at the balance sheet date for all assets and liabilities;
- (ii) average exchange rate for the year for the statement of profit and loss captions; and
- (iii) historical exchange rate for the remaining equity captions.

## 6. Income tax

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (ten years for social security up to 2000, inclusive, and five years as from 2001). Consequently, the Company's tax returns for the years from 2005 to 2008 are still subject to review.

The Company's management believes that any adjustment to the tax returns that could result from reviews carried out by the tax authorities to these tax returns will not have a significant effect on the financial statements as of 31 December 2008.

Under current Portuguese legislation tax losses can be carried forward for offset against taxable income for a period of six years.

The Company and some of its subsidiaries are taxed on a consolidated basis, in accordance with the special regime for taxation of groups of companies, their taxable results being determined in the Company. However, estimated income tax of the Company and its subsidiaries is recorded based on their taxable results, which for the year ended 31 December 2008 represents an account payable to and receivable from these companies of tEuros 77,632 (Note 16) and tEuros 20,788 (Note 16), respectively.

Following is a reconciliation between the nominal tax rate and income tax recorded in the income statement:

Profit before income tax	474,078
Nominal tax rate	26.5%
<b>Expected tax</b>	<b>125,631</b>
Permanent differences (a)	(123,582)
Reversal of deferred tax on tax gains	(988)
Adjustment to income tax	44
<b>Income tax for the year</b>	<b>1,105</b>

(a) Permanent differences are made up as follows:

Effect of applying the equity method (Note 45)	(466,166)
Insufficiency of estimated income tax (Note 46)	439
Tax losses	(1,100)
Other differences, net	478
	<b>(466,349)</b>
Nominal tax rate	26.5%
	<b>(123,582)</b>

Income tax for the year recorded in the statement of profit and loss by nature is made up as follows:

Estimated current tax (Note 28)	2,093
Deferred tax	(988)
	<b>1,105</b>

The amount of tEuros 988 corresponds to reversal of the deferred tax liability recorded by the Company as a result of the merger of GDP – Gás de Portugal, SGPS, S.A., which corresponded to the gain obtained in preceding years and not taxed in those years.

In accordance with current tax legislation, gains and losses on Group and associated companies resulting from application of the equity method of accounting are not considered for tax purposes in the year they are recorded. In compliance with Portuguese Accounting Directive 28, deferred tax liabilities relating to undistributed profits of subsidiaries were not recorded.

## 7. Average number of employees

Other than the members of the Corporate Boards, at 31 December 2008 the Company had 1 employee.

## 8. Industrial property and other rights

At 31 December 2008 this caption was made up as follows:

	Gross	Accumulated amortisation and depreciation	Net
<b>Industrial property and other rights:</b>			
Industrial property and other rights:	8	(7)	1

## 10. Changes in fixed assets

The changes in intangible and tangible fixed assets and investments, and in the respective accumulated amortisation and depreciation accounts and adjustments for investments in the year ended 31 December 2008 were as follows:

	Beginning balance	Merger (Note 1)	Merger eliminations	Increases	Sales/decreases	Equity method	Gross assets Ending balance
<b>Intangible assets:</b>							
Industrial property and other rights	8	-	-	-	-	-	8
<b>Tangible assets:</b>							
Buildings and other constructions	-	127	-	-	(127)	-	-
Machinery and equipment	-	34	-	-	-	-	34
Transport equipment	-	52	-	-	-	-	52
Administrative equipment	543	136	-	-	-	-	679
Other tangible fixed assets	-	1,128	-	-	-	-	1,128
	<b>543</b>	<b>1,477</b>	<b>-</b>	<b>-</b>	<b>(127)</b>	<b>-</b>	<b>1,893</b>
<b>Investments:</b>							
Investment in Group companies (Note 16)	2,169,404	711,684	(797,430)	18	-	44,505	2,128,181
Loans to Group companies (Note 16)	52,486	75,996	(75,996)	906,378	-	-	958,864
Securities and other financial applications	402	59	-	1	-	-	462
Other loans granted	90	-	-	-	-	-	90
	<b>2,222,382</b>	<b>787,739</b>	<b>(873,426)</b>	<b>906,397</b>	<b>-</b>	<b>44,505</b>	<b>3,087,597</b>

The increase of tEuros 906,378 in the caption "Loans to group companies" includes tEuros 82,268 relating to loans to GDP – Gás de Portugal, SGPS, S.A. (previously designated GDP Distribuição, SGPS, S.A., having changed its designation in the year ended 31 December 2008), tEuros 24,110 loaned to Galp Power, SGPS, S.A. and tEuros 800,000 loaned to Petróleos de Portugal – Petrolgal, S.A. (Note 16).

Elimination of the amount of tEuros 75,996 corresponds to a loan from GDP – Gás de Portugal, SGPS, S.A. to the Company as of the merger date.

	Beginning balance	Merger (Note 1)	Increases	Sales/decreases	Ending balance
<b>Intangible assets (Note 8):</b>					
Industrial property and other rights	6	-	1	-	7
<b>Tangible assets:</b>					
Buildings and other constructions	-	77	-	(77)	-
Machinery and equipment	-	34	-	-	34
Transport equipment	-	52	-	-	52
Administrative equipment	508	135	13	-	656
Other tangible fixed assets	-	1,099	9	10	1,118
	<b>508</b>	<b>1,397</b>	<b>22</b>	<b>(67)</b>	<b>1,860</b>
<b>Investments:</b>					
Adjustments in investments	425	-	-	-	425

## Recovery of investments

Based on the business plans of the subsidiary companies and the results considered therein, the Company believes that the book value of its investments in Group companies at 31 December 2008 does not exceed their estimated realisable value.

The changes during the year ended 31 December 2008 in the caption "Investments in Group companies" were as follows:

<b>Beginning balance</b>	<b>2,169,404</b>
GDP – Gás de Portugal, SGPS, S.A. merger (merger of the investments in GDP – Gás de Portugal, SGPS, S.A.)	711,684
GDP – Gás de Portugal, SGPS, S.A. merger (elimination of the participation in the subsidiary)	(797,430)
	<b>(85,746)</b>
Foundation of the subsidiary Galp Energia E&P, B.V.	18
Effect of applying the equity method to the results for the year (Note 45)	
Positive	467,337
Negative	(1,496)
	<b>465,841</b>
Dissolution of Driftal-Plasticantes Portugal, S.A. (a)	(174)
Effect of applying the equity method relating to other changes in equity of the subsidiaries (Note 40):	
Exchange rate translation adjustments	13,375
<b>Dividends:</b>	
Petróleos de Portugal – Petrogal, S.A.	(138,489)
GDP – Gás de Portugal, SGPS, S.A.	(296,048)
	<b>(434,537)</b>
<b>Ending balance</b>	<b>2,128,181</b>

(a) In 2008 the company Driftal – Plasticantes Portugal, S.A., merged into the Company as a result of the merger of GDP – Gás de Portugal, SGPS, S.A., was liquidated/dissolved, the amount of equity of Driftal – Plasticantes Portugal, S.A. having been received on that date.

## 16. Group companies

Investments in Group and associated companies at 31 December 2008 and 2007 were as follows:

	31 December 2008						2008		2007	
	Head office	Total assets	Total liabilities	Shareholder's equity	Net result	%	Amount	%	Amount	
Petróleos de Portugal – Petrogal, S.A. (a)	Lisbon	4,382,306	2,851,250	1,531,056	294,320	100.00%	1,531,014	100.00%	1,366,413	
GDP – Gás de Portugal, SGPS, S.A. (b)	-	-	-	-	-	-	-	100.00%	797,430	
Galp Energia, S.A.	Lisbon	37,824	29,927	7,897	4,036	100.00%	7,897	100.00%	3,862	
Galp Power, SGPS, S.A.	Lisbon	83,675	83,454	221	(1,478)	100.00%	221	100.00%	1,699	
GDP – Gás de Portugal, SGPS, S.A. (c)	Lisbon	753,175	164,125	589,050	168,165	100.00%	589,050	-	-	
Galp Energia E&P, B.V. (d)	Amsterdam	24	65	(40)	(58)	100.00%	-	-	-	
							<b>2,128,182</b>		<b>2,169,404</b>	

(a) For purposes of applying the equity method, in 2008 equity was adjusted for the effect of the minority participations of these companies in other subsidiaries of the Galp group.

(b) Participation merged into the Company in 2008 (Note 1).

(c) Participation merged into the Company in 2008 as a result of the merger of GDP – Gás de Portugal, SGPS, S.A. (Note 1). On 20 June 2008 this subsidiary changed its designation from GDP Distribuição, SGPS, S.A. to GDP – Gás de Portugal, SGPS, S.A..

(d) This company, founded in 2008, had negative equity at 31 December 2008 and so the effect of applying the equity method was to record a provision of tEuros 40 (Note 34).

Securities and other financial applications at 31 December 2008 and 2007 are made up as follows:

	2008		2007	
	Head office	%	Amount	Amount
Adene – Agência para a Energia, S.A.	Lisbon	10.98%	114	114
OEINERGE – Agência Municipal de Energia e Ambiente de Oeiras	Oeiras	1.45%	1	1
Central E, S.A.	Lisbon	0.70%	2	2
ENACOL – Empresa Nacional de Combustíveis, Lda.	Cape Verde	-	285	285
Omegas – Sociedade D'Etuded du Gazoduc Magreb-Europe (a)	Morocco	5.00%	35	-
Galp Swazilândia (b)	Matsapha	-	-	-
Galp Gambia (b)	Banjul	-	1	-
Other (a)			24	-
			<b>462</b>	<b>402</b>

(a) Securities and other applications of GDP – Gás de Portugal, SGPS, S.A., merged into the Company in 2008 (Note 1).

(b) In 2008 the Company acquired 1 and 3 shares in Galp Swaziland and Galp Gambia, respectively.

The asset and liability balances with the main Group companies at 31 December 2008 were as follows:

	Asset balances			
	Receivables current accounts	Group companies	Loans to Group companies (Note 10)	Accrued income (Note 50)
Dianagás, S.A.	-	5,128	-	-
Duriensegás, S.A.	-	14,314	-	-
CLT – Companhia Logística de Terminais Marítimos, Lda.	-	13,847	-	-
Eival – Soc. Emp. Inv. Ar. Gases, S.A.	4	13	-	-
Fast Access, S.A.	22	-	-	-
Galp Açores, S.A.	-	72	-	-
Galp Energia, S.A.	486	1,711	-	3
Galp Energia E&P, B.V.	-	50	-	-
Galp Energia España, S.A.	8	-	-	-
Galp Exploração Timor Leste, Lda.	-	6,068	-	-
Galp Exploração, Lda.	63	87,773	-	-
Galp Gás Natural, S.A.	163	31,835	-	-
Galp Madeira, S.A.	4	-	-	-
Galp Power, S.A.	363	3,601	-	-
Galp Power, SGPS, S.A.	-	-	76,595	779
Galpgeste, S.A.	-	25	-	-
Gasinsular, S.A.	-	1,219	-	12
GDP – Gás de Portugal, SGPS, S.A. (a)	3	80,868	82,268	232
GDP Serviços, S.A.	160	1,679	-	-
Lisboagás, Comercialização, S.A.	-	20,448	-	-
Lisboagás, S.A.	-	54,297	-	-
Lusitaniagás, S.A.	-	18,000	-	17
Medigás, S.A.	-	9,196	-	-
Paxgás, S.A.	-	1,737	-	-
Petrogal Angola, Lda.	20	335	-	31
Petrogal Cabo Verde	-	335	-	31
Petrogal Guiné-Bissau, Lda.	18	-	-	-
Petrogal Moçambique, Lda.	32	-	-	-
Petrogás Guiné-Bissau, Lda.	16	-	-	-
Petróleos de Portugal – Petrogal, S.A.	479	196,303	800,000	2,782
Petromar – Sociedade Abastecimentos Petrolíferos, Lda.	22	-	-	-
Portcogeração, S.A.	-	2,397	-	-
Sinecogeração – Cogeração da Refinaria de Sines, S.A.	-	747	-	-
SM Internacional, Lda.	-	-	-	-
Soturis, S.A.	-	1,650	-	-
Tagusgás, S.A.	8	-	-	-
Tanquisado -Terminais Marítimos, S.A.	-	569	-	-
Transgás Armazenagem, S.A.	-	303	-	-
Transgás, S.A.	-	2,005	-	-
Tagus Re, S.A.	34	-	-	-
Other Group companies	8	121	1	-
	<b>1,913</b>	<b>556,646</b>	<b>958,864</b>	<b>3,887</b>

(a) Previously designated GDP Distribuição, SGPS, S.A.

The loans of tEuros 958,864 to Group companies bear interest at the Euribor 6 month rate plus a spread of 3% and do not have a defined repayment dates.

	Liability balances		
	Group companies	Suppliers current accounts	Accrued costs
CLT – Comp. Logística Term. Marítimos, Lda.	(999)	-	-
Eival – Soc. Emp. Inv. Ar. Gases, S.A.	(68)	-	-
Duriensegás, S.A.	(243)	-	-
Galp Açores, S.A.	-	-	-
Galp Energia, S.A.	(14,663)	(164)	(27)
Galp Energia España, S.A.	-	-	-
Galp Exploração Timor Leste, S.A.	(116)	-	-
Galp Gás Natural, S.A.	(165,064)	(7)	(6)
Galp Madeira, S.A.	(8,118)	(18)	-
Galp Power, S.A.	(2,379)	-	-
Galp Power, SGPS, S.A.	(2,387)	-	-
Galpgeste, S.A.	(2,533)	-	-
Gasmár, S.A.	(449)	-	-
GDP – Gás de Portugal, SGPS, S.A. (a)	(479)	-	-
GDP Serviços, S.A.	(5,276)	-	-
Lisboagás, S.A.	(11)	(12)	-
Medigás, S.A.	(89)	-	-
Paxgás, S.A.	(108)	-	-
Petróleos de Portugal – Petrogal, S.A.	(13,015)	(48)	(41)
SM Internacional, S.A.	(669)	(2)	-
Sacor Marítima, S.A.	(34,924)	(103)	-
Sinecogeração – Cogeração da Refinaria de Sines, S.A.	(236)	-	-
Soturis, S.A.	(21)	-	-
Tagus Re, S.A.	(24,100)	-	(168)
Tanquisado – Terminais Marítimos, S.A.	(4,754)	-	-
Transgás Armazenagem, S.A.	(2,418)	-	-
Transgás, S.A.	(17,655)	-	-
Tripul, S.A.	(298)	-	-
Other Group companies	(70)	-	-
	<b>(301,142)</b>	<b>(354)</b>	<b>(242)</b>

(a) Previously designated GDP Distribuição, SGPS, S.A.



The receivable and payable balances with Group companies are made up as follows:

	Receivable	Payable
Special regime for taxing groups of companies	77,632	20,788
Loans conceded and obtained:		
Petróleos de Portugal – Petrogal, S.A.	164,009	-
Galp Exploração, S.A.	87,773	-
GDP – Gás de Portugal, SGPS, S.A. (a)	79,846	-
Lisboagás, S.A.	48,755	-
Lisboagás Comercialização, S.A.	20,305	-
Lusitaniagás, S.A.	18,000	-
Duriensegás, S.A.	14,060	-
CLT – Companhia Logística de Terminais Marítimos, Lda.	13,847	-
Medigás, S.A.	9,132	-
Galp Exploração Timor Leste, S.A.	6,068	-
Dianagás, S.A.	5,127	-
Galp Power, S.A.	3,539	-
Portcogeração, S.A.	2,397	-
Paxgás, S.A.	1,734	-
Soturis, S.A.	1,546	-
Gasinsular, S.A.	1,219	-
Sinecogeração, S.A.	744	-
Petrogal Angola, Lda.	335	-
Petrogal Cabo Verde, Lda.	335	-
Galp Açores, S.A.	72	-
Galp Energia E&P B.V.	50	-
Galp Gás Natural, S.A.	-	164,976
Sacor Marítima, S.A.	-	34,924
Tagus Re, S.A.	-	24,100
Transgás, S.A.	-	17,652
Galp Energia, S.A.	-	13,205
Galp Madeira, S.A.	-	8,118
GDP Serviços, S.A.	-	5,276
Tanquisado – Terminais Marítimos, S.A.	-	4,754
Galpgeste, S.A.	-	2,407
Transgás Armazenagem, S.A.	-	2,392
Galp Power, SGPS, S.A.	-	1,134
SM Internacional, S.A.	-	669
Gasmar, S.A.	-	449
Tripul, S.A.	-	298
	<b>478,893</b>	<b>280,354</b>
Others	121	-
	<b>556,646</b>	<b>301,142</b>

(a) Previously designated GDP Distribuição, SGPS, S.A.

The amount of tEuros 478,893 reflected as a receivable in the caption Group companies includes tEuros 437,204 relating to cash pooling of the Company with Group companies and tEuros 41,689 relating to short term loans. The loans conceded are remunerated at normal market rates.

The amount of tEuros 280,354 reflected in the payable caption Group companies includes tEuros 256,254 relating to cash pooling of the Company with Group companies and tEuros 24,100 relating to other short term loans. The loans obtained are remunerated at normal market rates.

The asset and liability captions relating to Group companies include amounts receivable and payable resulting from the adoption of the special regime for taxation of groups of companies, as follows (Note 6):

	Group companies	
	Receivable	Payable
<b>Relating to prior years:</b>		
CLT, Lda.	-	98
Eival – Soc. de Empreend., Inv. e Arm. de Gases, S.A.	13	68
Galp Power, SGPS, S.A.	-	941
Galp Energia, S.A.	-	1,457
Galpgeste, S.A.	25	-
GDP – Gás de Portugal, SGPS, S.A. (a)	80	479
Lisboagás, S.A.	73	-
Medigás, S.A.	-	89
Petróleos de Portugal – Petrogal, S.A.	1,626	11,318
Galp Power, S.A.	62	1,660
Sinecogeração – Cogeração da Refinaria de Sines, S.A.	-	192
Soturís, S.A.	13	21
Galp Gás Natural, S.A.	47	-
Transgás Armazenagem, S.A.	-	24
Paxgás, S.A.	-	56
Other companies	6	22
	<b>1,945</b>	<b>16,425</b>
<b>Payments on account:</b>		
Petróleos de Portugal – Petrogal, S.A.	(13,392)	-
Lisboagás, S.A.	(2,232)	-
Galp Gás Natural, S.A.	(8,928)	-
Transgás, S.A.	(3,348)	-
Duriensegás, S.A.	-	243
Combustíveis Líquidos, Lda.	-	3
	<b>(27,900)</b>	<b>246</b>
<b>Relating to 2008</b> (Note 28):		
CLT, Lda.	-	901
Dianagás, S.A.	1	-
Duriensegás, S.A.	254	-
Combustíveis Líquidos, Lda.	-	12
Galp Power, SGPS, S.A.	-	312
Galp Energia, S.A.	1,711	1
Galpgeste, S.A.	-	126
GDP – Gás de Portugal, SGPS, S.A. (a)	942	-
GDP – Serviços, S.A.	1,679	-
Lisboagás, S.A.	7,701	11
Lisboagás Comercialização, S.A.	143	-
Medigás, S.A.	63	-
Petróleos de Portugal – Petrogal, S.A.	44,061	1,697
Galp Power, S.A.	-	719
Sinecogeração – Cogeração da Refinaria de Sines, S.A.	-	44
Soturís, S.A.	91	-
Tanquisado – Terminais Marítimos, S.A.	569	-
Galp Gás Natural, S.A.	40,716	88
Transgás Armazenagem, S.A.	303	2
Transgás, S.A.	5,353	1
Paxgás, S.A.	-	52
Portogeração, S.A.	-	17
Galp Exploração Timor Leste, S.A.	-	116
Galp Central de Ciclo Combinado de Sines, S.A.	-	18
	<b>103,587</b>	<b>4,117</b>
	<b>77,632</b>	<b>20,788</b>

(a) Previously designated GDP Distribuição, SGPS, S.A.

Transactions with Group companies in the year ended 31 December 2008 were as follows:

	External supplies and services	Interest expense (Note 45)	Services rendered	Supplementary income	Transactions Interest income (Note 45)
CLC – Companhia Logística de Combustíveis, S.A.	-	-	-	6	-
CLT – Comp. Logística Term. Marítimos, Lda.	-	34	-	-	204
Dianagás, S.A.	-	-	-	-	232
Duriensegás, S.A.	-	-	-	-	456
Fast Access, S.A.	-	-	-	-	8
Galp Açores, S.A.	-	67	-	-	79
Galp Energia España, S.A.	1	-	-	8	-
Galp Energia, S.A.	2,576	161	-	421	22
Galp Exploração Timor Leste, Lda.	-	-	-	-	207
Galp Exploração, Lda.	-	252	633	-	2,053
Galp Gás Natural, S.A.	61	8,309	-	331	-
Galp Madeira, S.A.	-	308	-	-	20
Galp Power, S.A.	-	-	820	235	104
Galp Power, SGPS, S.A.	-	55	-	-	4,267
Galpgeste, S.A.	-	151	-	-	-
Gasinsular, S.A.	-	-	-	2	81
Gasmar, S.A.	-	4	-	-	27
GDP – Gás de Portugal, SGPS, S.A. (a)	-	-	-	-	11,730
GDP Serviços, S.A.	-	72	1,604	5	125
Lisboagás Comercialização, S.A.	-	59	-	-	666
Lisboagás, S.A.	-	6	-	-	2,042
Lusitaniagás – Comp. Gás do Centro, S.A.	-	-	-	-	2,315
Medigás, S.A.	-	-	-	-	470
Paxgás, S.A.	-	-	-	-	77
Petrogal Angola, Lda.	-	-	-	2	20
Petrogal Cabo verde, Lda.	-	-	-	-	20
Petrogás Guiné-Bissau, Lda.	-	-	-	3	-
Petrogal Moçambique, Lda.	-	-	-	4	-
Petróleos de Portugal – Petrogal, S.A.	577	26	3,380	964	29,600
Portcogeração, S.A.	-	-	-	-	71
SAAGA – Sociedade Açoreana de Armazenagem, Lda.	-	-	-	4	-
Sacor Marítima, S.A.	-	1,858	-	-	-
Sinecogeração, S.A.	-	3	-	-	3
SM – Internacional, Lda.	-	4	-	-	44
Soturis, S.A.	-	4	-	-	69
Tagus RE, S.A.	-	562	-	45	-
Tanquisado – Terminais Marítimos, S.A.	-	300	-	-	-
Transgás Armazenagém, S.A.	-	94	-	-	-
Transgás, S.A.	-	903	-	-	179
Tripul, S.A.	-	7	-	-	-
	<b>3,215</b>	<b>13,239</b>	<b>6,437</b>	<b>2,030</b>	<b>55,191</b>

(a) Previously designated GDP Distribuição, SGPS, S.A.

Services rendered in the amount of tEuros 6,437 correspond essentially to management services rendered by the Company to Group companies.

## 19. Market value of current assets

On 31 December 2008 there were no significant differences between the amounts reflected in the current assets captions calculated in accordance with valuation criteria used by the Company (Note 3) and their respective market value, that are not adequately adjusted.

## 21. Adjustments to the amount of current assets

The following changes were made in 2008 to the captions of adjustments to current assets:

Caption	Beginning balance	Increases	Ending balance
Other doubtful debtors (Note 49)	-	286	286
	-	<b>286</b>	<b>286</b>

## 25. Receivables from and payables to employees

At 31 December 2008 and 2007 the Company had the following receivables from and payables to employees:

	2008	2007
Receivables from (Note 49)	139	189
Payables to (Note 49)	(69)	(61)

## 28. State and other public entities

At 31 December 2008 and 2007 there were no overdue accounts payable to the State and other Public Entities.

The balances with these entities were made up as follows:

	2008	2007
<b>Recoverable balances</b>		
VAT – Value Added Tax recoverable	907	-
Corporate Income tax recoverable	13,022	10,701
Corporate Income Tax – estimated tax	-	21,910
Corporate Income Tax – amounts withheld by third parties	71	-
	<b>14,000</b>	<b>32,611</b>
<b>Payable balances</b>		
Corporate Income Tax – estimated tax	7,513	-
Corporate Income Tax payable	378	-
VAT – Value Added Tax payable	175	360
Personal Income Tax withheld	115	182
Social security	13	13
	<b>8,194</b>	<b>555</b>

The liability caption “Corporate Income Tax – estimated tax” at 31 December 2008 is made up as follows:

	Corporate income tax for 2008 relating to			Total
	The Company (Note 6)	Subsidiaries (Note 16)		
		Receivable	Payable	
Estimated Corporate Income Tax	(2,093)	2,300	(103,587)	(103,380)
Corporate income tax withheld by third parties	91	1,817	-	1,908
Corporate Income Tax – Payments on account	93,713	246	-	93,959
<b>Total</b>	<b>91,711</b>	<b>4,363</b>	<b>(103,587)</b>	<b>(7,513)</b>

## 32. Bank guarantees

As a result of appearing of additional tax assessments resulting from tax inspections of the company’s included in the special regime for the taxation of groups of companies, bank guarantees in the amount of tEuros 18,274, constituted in BPI, were given to the tax authorities.

As a result of the merger of GDP – Gás de Portugal, SGPS, S.A., on 31 December 2008 a bank guarantee of tEuros 19,952 (Note 53) in favour of the Court of Lisbon, 2<sup>nd</sup> Department – 1<sup>st</sup> Section, was transferred to the Company.

Bank guarantees totalling tEuros 3,882 in favour of a municipality as guarantee in a tax execution processes. The processes relate to the group company Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A. and so they do not represent a contingent liability of the Company.

## 34. Changes in provisions

During the year ended 31 December 2008 there were the following changes in provisions

Caption	Beginning balance	Merger (Note 1)	Increases	Decreases (Note 45)	Ending balance
<b>Provisions:</b>					
Provisions: for taxes	3,377	-	-	-	3,377
Provision for legal processes in progress	-	-	969	-	969
Other provisions	-	-	2	-	2
	<b>3,377</b>	<b>-</b>	<b>971</b>	<b>-</b>	<b>4,348</b>
Equity investments (Notes 16 and 45)	-	433	40	(433)	40
	<b>3,377</b>	<b>433</b>	<b>1,011</b>	<b>(433)</b>	<b>4,388</b>

The provision for taxes in the amount of tEuros 3,377 is to cover contingencies relating to the sale of ONI, SGPS, S.A. to Galp Energia, S.A..

The increase of tEuros 2 to other provisions was recorded by corresponding charge to the statement of profit and loss caption "Personnel costs".

## 36. Share capital

The Company's capital at 31 December 2008 consisted of 829,250,635 shares of one Euro each, 40,000,000 shares being A shares and the remaining 789,250,635 shares being B shares. The A shares have the following special rights:

- (i) Election of the President of the Board of Directors can only be approved by a majority of A share votes;
- (ii) Any decision aimed at authorising the signing of parity group or subordination contracts, and any decisions which in any way can endanger the safety of the supply of petroleum, gas, electricity or related products, cannot be approved in a first or second calling against a majority of class A votes.

## 37. Shareholders

The shareholder structure was affected by the following changes in 2008 in relation to 31 December 2007, given that in 2008 Banco BPI, S.A. and Iberdrola, S.A. sold in different transactions on the Euronext Lisbon regulated market, shares of Galp Energia SGPS, S.A.. After the sales the qualified participations of Banco BPI and Iberdrola, calculated in terms of voting rights in accordance with article 20 of the Portuguese Securities Market Code (Código dos Valores Mobiliários), became less than 2%.

As a result of the above mentioned the Company's fully subscribed and paid up share capital at 31 December 2008 was held by the following entities:

	N.º of shares	% of Capital
Amorim Energia, B.V.	276,472,161	33.34%
Caixa Geral de Depósitos, S.A.	8,292,510	1.00%
Eni, S.p.A.	276,472,160	33.34%
Parpública - Participações Públicas, SGPS, S.A.	58,079,514	7.00%
Other shareholders	209,934,290	25.32%
	<b>829,250,635</b>	<b>100.00%</b>

## 40. Changes in equity

The changes in the equity captions in the year ended 31 December 2008 were as follows:

	Beginning balance	Increases	Decreases	Appropriation of profits	Ending balance
Share capital	829,251	-	-	-	829,251
Share premium account	82,006	-	-	-	82,006
Adjustments in equity investments in Group and associated companies (Note 10)	53,453	13,375	-	-	66,828
Legal reserve	118,925	-	-	28,042	146,967
Other reserves	27,977	-	-	-	27,977
Interim dividends	(126,046)	-	(124,095)	126,046	(124,095)
Retained earnings	510,125	-	-	267,440	777,565
Net profit for the year	560,842	472,973	-	(560,842)	472,973
	<b>2,056,533</b>	<b>486,348</b>	<b>(124,095)</b>	<b>(139,314)</b>	<b>2,279,472</b>

By decision of the Shareholders' General Meeting held on 6 May 2008, profit for the year ended 31 December 2007 was appropriated as follows:

Legal reserve	28,042
Retained earnings	267,440
Dividends	265,360
	<b>560,842</b>

In the year ended 31 December 2008 the Company paid the dividends not previously paid relating to profit for 2007 in the amount of tEuros 139,314. In addition, by decision of the Directors' Meeting held on 24 September 2008, interim dividends of tEuros 124,095 were paid out of net profit for 2008.

### Legal reserve

In accordance with the Commercial Company Code (Código das Sociedades Comerciais) the Company must transfer a minimum of 5% of its annual net profit to a legal reserve until the reserve reaches 20% of share capital. The legal reserve cannot be distributed to the shareholders but may in certain circumstances be used to increase capital or to absorb losses after all the other reserves have been used up.

### Adjustments in equity investments in subsidiary and associated companies

The opening balance of the caption "Adjustments in equity investments in Group and associated companies" corresponds essentially to the effect of adjustments made directly by the subsidiaries of Petróleos de Portugal – Petrogal, S.A. and GDP – Gás de Portugal, SGPS, S.A. to their shareholders' equity accounts when they recorded deferred taxes for the first time, in the amount of tEuros 78,830. In addition, the opening balance and amounts recorded in this caption in 2008 correspond to the variation between years of the accumulated currency translation adjustments resulting from translation of the foreign currency financial statements of subsidiaries and other changes in equity of the subsidiaries.

## 43. Remuneration of the members of the corporate boards

The remuneration of the members of the corporate boards in 2008 and 2007 amounted to tEuros 4,884 and tEuros 4,477, respectively, of which tEuros 3,078 and tEuros 2,839 corresponds to base remuneration, tEuros 1,214 and tEuros 1,145 to bonuses and tEuros 592 and tEuros 493 to payments to defined contribution pension plans.

Remuneration of the Administrators of Galp Energia designated by the shareholders Eni, S.p.A., Amorim Energia, B.V. and Iberdrola S.A. are included in the caption "External supplies and services" and amounted to tEuros 1,905 and tEuros 1,711 for the years ending 31 December 2008 and 2007, respectively.

In accordance with the current policy, remuneration of the administrators of Galp Energia includes all the remuneration due for the year for positions held in the Galp Energia group.

## 45. Financial income and costs

Financial income and financial costs for the years ended 31 December 2008 and 2007 is made up as follows:

	2008	2007
<b>Expenses:</b>		
Interest – bank loans	24,608	10,595
Interest – Subsidiary and associated companies (Note 16)	13,239	18,582
Loss on Group and associated companies	1,604	1,777
Exchange rate loss	-	81
Other	2,040	1,127
	<b>41,491</b>	<b>32,162</b>
<b>Net financial income</b>	<b>481,875</b>	<b>565,739</b>
	<b>523,366</b>	<b>597,901</b>
<b>Income:</b>		
Interest on bank deposits	258	63
Interest income – Group and associated companies (Note 16)	55,191	23,519
Interest income – other	130	160
Gain on Group and associated companies	467,770	572,710
Exchange rate gain	-	1,438
Other	17	11
	<b>523,366</b>	<b>597,901</b>

The loss and gain on Group and associated companies in 2008 is made up as follows::

	Loss	Gain
Petróleos de Portugal – Petrogal, S.A.	-	294,496
GDP SGPS, S.A.	-	168,629
Adjustment on merge of investment (GDP SGPS, S.A.)	68	-
Dissolution of Driftal – Plásticos de Portugal, S.A.	-	609
Galp Energia, S.A.	-	4,036
Galp Power, SGPS, S.A.	1,478	-
Galp Energia E&P, B.V.	58	-
	<b>1,604</b>	<b>467,770</b>

The total loss of tEuros 1,604 was recorded by corresponding entry of tEuros 40 to other provisions (Note 34), and tEuros 1,496 and tEuros 68, relating to the difference between the investment held on 31 December 2007 in the subsidiary GDP – Gás de Portugal, SGPS, S.A. in the amount of tEuros 797,430 and the equity incorporated of tEuros 797,362 (Note 10) resulting from the merger of GDP – Gás de Portugal, SGPS, S.A. into the Company were recorded by corresponding entry to the caption “Investments” (Note 1).

The gain of tEuros 467,770 in Group and associated companies includes tEuros 467,337 (Note 10) recorded as an increase in the amount of investments, as explained in Note 3. c) and tEuros 433 recorded as a decrease in the provision for the investment in the subsidiary Driftal – Plásticos de Portugal, S.A. (Note 34) which was merged into the Company on the date of the merger of GDP – Gás de Portugal, SGPS, S.A. (Note 1).

## 46. Extraordinary income and costs

Extraordinary income and extraordinary costs for the years ended 31 December 2008 and 2007 are made up as follows:

	2008	2007
<b>Costs:</b>		
Donations	150	197
Loss on fixed assets	49	1
Bonuses granted by subsidiaries to employees	-	917
Insufficiency of estimated income tax (Note 6)	439	1,003
Prior year adjustments	101	-
Other	99	66
	<b>838</b>	<b>2,184</b>
<b>Net extraordinary items</b>	<b>(785)</b>	<b>(2,090)</b>
	53	94
<b>Income:</b>		
Gain on fixed assets	1	1
Prior year adjustments	26	84
Other	26	9
	<b>53</b>	<b>94</b>

## 48. Loans

At 31 December 2008 and 2007 this caption was made up as follows:

	2008		2007	
	Short term	Medium and long term	Short term	Medium and long term
<b>Bank loans</b>				
Domestic loans	-	108,000	-	58,000
Commercial paper	200,000	550,000	165,000	-
Bank overdrafts (Note 51)	210,472	-	8,425	-
	<b>410,472</b>	<b>658,000</b>	<b>173,425</b>	<b>58,000</b>

The Company contracted a medium and long term loan from the European Investment Bank for the exclusive purpose of funding the construction and operation of a co-generating installation in the Sines refinery, totalling tEuros 58,000. The loan bears interest at the Euribor six month rate plus a variable spread and is repayable as follows:

Year	1 <sup>st</sup> instalment	2 <sup>nd</sup> instalment	Total
2010	2,391	574	2,965
2011	2,519	1,197	3,716
2012	2,656	1,260	3,916
2013	2,800	1,328	4,128
2014	2,956	1,402	4,358
2015	3,112	1,478	4,590
2016	3,280	1,556	4,836
2017	3,459	1,642	5,101
2018	3,647	1,729	5,376
2019	3,845	1,824	5,669
2020	4,056	1,925	5,981
2021	4,279	2,029	6,308
2022	-	1,056	1,056
	<b>39,000</b>	<b>19,000</b>	<b>58,000</b>

In 2008 the Company contracted a new medium and long term loan of tEuros 50,000 from the European Investment Bank for the exclusive purpose of funding the realisation and operation of a project to construct and operate a co-generating plant in the Porto refinery. The loan bears interest at the revisable fixed rate regime and is repayable as follows:

- In 26 consecutive half yearly instalments during the period from 15 April 2012 to 15 October 2024; or
- In a single payment on 15 October 2017.

The European Investment Bank and Galp Energia, SGPS, S.A. agreed that the following ratios based on its consolidated financial statements would be complied:

- An average (last 3 years) coverage ratio of financial charges (ratio between EBITDA and net financial charges) of not less than 4.5: 1.00;
- An average (last 3 years) debt ratio (ratio between financial debt and EBITDA) not exceeding 3.50: 1.

At 31 December 2008 the Company subscribed for underwritten commercial paper programs totalling tEuros 1,165,000, of which tEuros 600,000 was medium and long term and tEuros 565,000 was short term. Of these amounts available the Company had used up tEuros 550,000 on medium and long term loans as it is the Company intention to maintain them up to 2012, renewal of which depends only on it, and short term loans of tEuros 200,000. The loans bear interest at the Euribor rate for the period of the emissions in force on the second business day prior to the date of subscription, plus variable spreads defined in the contractual conditions of the commercial paper programs subscribed by the Company. The interest rate applies to the amount of the emission and remains unchanged during the period of the emission.

## 49. Other debtors and creditors

At 31 December 2008 and 2007 these captions were made up as follows:

	2008	2007
<b>Other debtors</b>		
Personnel (Note 25)	139	189
Guarantees	-	213
Other doubtful debtors (Note 21)	286	-
Others	923	28
	<b>1,348</b>	<b>430</b>
<b>Other creditors</b>		
Personnel (Note 25)	69	61
Others	80	2,593
	<b>149</b>	<b>2,654</b>

The amount of tEuros 923 reflected in the other debtors caption "Others" includes essentially the amount of tEuros 748 relating to a guarantee given by the Company in benefit of the courts regarding the re-privatisation process of Drifital – Plásticos de Portugal, S.A., which is still in process.



## 50. Accruals and deferrals

At 31 December 2008 and 2007 these captions were made up as follows

	2008	2007
<b>Accrued income</b> (Note 16):		
Interest	3,297	1,668
Other	590	-
	<b>3,887</b>	<b>1,668</b>
<b>Deferred costs:</b>		
Insurance	232	-
Others	397	422
	<b>629</b>	<b>422</b>
<b>Accrued costs:</b>		
Cost of personnel ceded	2,725	1,462
Interest	1,801	2,993
External supplies and services	632	-
Performance bonus	475	247
Vacation pay and vacation bonus	453	415
Others	16	77
	<b>6,102</b>	<b>5,194</b>

## 51. Cash and cash equivalents

Cash and cash equivalents at 31 December 2008 and 2007 are made up as follows

	2008	2007
Cash	7	6
Demand deposits	3,623	534
Bank overdrafts (Note 48)	(210,472)	(8,425)
	<b>(206,842)</b>	<b>(7,885)</b>

## 52. Other information

Following the sale in 1999 of 20% of OPTEP, SGPS, S.A. share capital, corresponding to 220,000 shares with a nominal value of 5 Euros per share, the base selling price of tEuros 94,772 was established contractually, the amount of tEuros 37,409 having been established for the 093X segment and tEuros 57,363 for the E3G/Edinet segment.

The sale by GDP – Gás de Portugal, SGPS, S.A. (for purposes of the merger carried out in 2008) to EDP, S.A. was established with the condition that if OPTEP SGPS, S.A., 093X or any other entity directly or indirectly controlled or participated in by EDP sells or in any other way disposes of, to a third party, a participation equivalent to 5% of Optimus, that is 450,000 shares with a nominal value of Euros 5 per share, during a period of 3 years as from the date of signature of the agreement (24 June 1999), the difference between the amount of tEuros 37,409 and the sales price would be divided between the parties, as follows:

	tEuros	EDP	GDP group
Between 37,409 and 42,397		0%	100%
Between 42,397 and 52,373		25%	75%
More than 52,373		75%	25%

On 28 September 2000 the parties EDP, S.A. and the GDP group made an amendment to the agreement, under which the deadline for dividing any potential gain on the future sale of Optimus shares was extended to 31 December 2003.

On 22 March 2002 EDP, S.A. announced the sale of the participation in OPTEP SGPS, S.A., the company that holds a 25.49% participation in Optimus, to Thorn Finance, S.A.. The sales price was fixed at tEuros 315,000, which means that Thorn Finance valued Optimus at tEuros 1,235,779, which is higher than the value established between the parties, which was tEuros 748,197. Therefore, there will be an upside of tEuros 15,126 payable by EDP, S.A., to GDP – Gás de Portugal, SGPS, S.A..

Contacts between the parties continued in 2008, the parties essentially maintaining their positions.

As a result of the foundation of Transgás SGPS, S.A., currently merged into GDP – Gás de Portugal, SGPS, S.A. (formerly – GDP Distribuição, SGPS, S.A.), through payments in kind, the company became holder of the 220,000 shares in OPTEP previously held by Transgás – Sociedade Portuguesa de Gás Natural, S.A., (currently designated Galp Gás Natural, S.A.).

As EDP, S.A. has not agreed to the Company's expectations, this upside receivable has not been recorded.

## 53. Contingent liabilities

At 31 December 2008, as a result of the merger of GDP – Gás de Portugal, SGPS, S.A., the Company has a contingent liability relating to a legal process in progress, regarding the re-privatisation of Driftal, involving an indemnity of tEuros 19,952. The process results from a legal action brought by the company Companhia Petroquímica do Barreiro, Lda., in January 2001, in which it claims its right to acquire the capital of Driftal – Plásticos de Portugal, S.A., as well as payment of indemnity for loss of profits. The Company's Board of Directors, based on the opinion of its lawyer, believes that this process will not result in any payment by the Company, and so no provision for this has been recorded, the Company having, however, given a bank guarantee of that amount (Note 32).

## 54. Explanation added for translation

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with generally accepted accounting principles in Portugal and the format and disclosures required by the Official Chart of Accounts ("Plano Oficial de Contabilidade – POC"), some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

### The accountant

Carlos Alberto Nunes Barata

### The board of directors

Francisco Luís Murteira Nabo

Manuel Ferreira De Oliveira

Manuel Domingos Vicente

Fernando Manuel dos Santos Gomes

José António Marques Gonçalves

André Freire de Almeida Palmeiro Ribeiro

Carlos Nuno Gomes da Silva

Rui Paulo da Costa Cunha e Silva Gonçalves

João Pedro Leitão Pinheiro de Figueiredo Brito

Alberto Maria Chiarini

Claudio De Marco

Paolo Grossi

Camillo Gloria

Fabrizio Dassogno

Giuseppe Ricci

Luigi Piro

Joaquim José Borges Gouveia

# Auditors' report

## Individual accounts

(Translation of a report originally issued in Portuguese – Note 54)

### Introduction

1. In compliance with article 245.<sup>o</sup> of the Portuguese Securities Market Code (Código dos Valores Mobiliários), we hereby present our Auditors' Report on the financial information contained in the Board of Directors' Report and the accompanying financial statements of Galp Energia, SGPS, S.A. ("the Company"), for the year ended December 31, 2008, which comprise the balance sheet that presents a total of 3,668,999 thousand Euros and shareholders' equity of 2,279,472 thousand Euros, including a net profit of 472,973 thousand Euros, the income statement by nature and by functions and the cash flow statement for the year then ended and the corresponding Notes.

### Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of financial statements that present a true and fair view of the financial position of the Company, the results of its operations and its cash flows; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles that is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate system of internal control and; (iv) the disclosure of any significant facts that have influenced its operations, financial position or results of operations.

3. Our responsibility is to examine the financial information contained in the documents of account referred to above, including verifying that, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our work.

### Scope

4. Our examination was performed in accordance with the Auditing Standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation. Our examination also included assessing the adequacy of the accounting policies used and their disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, assessing the adequacy of the overall presentation of the financial statements and assessing that, in all material respects, the information is complete, true, timely, clear, objective and licit. Our examination also included verifying that the information included in the Board of Directors' Report is consistent with the other documents of account. We believe that our examination provides a reasonable basis for expressing our opinion.

### Opinion

5. In our opinion, the financial statements referred to in paragraph 1 above, present fairly in all material respects for the purposes explained in paragraph 6 below, the financial position of Galp Energia, SGPS, S.A. as of December 31, 2008 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal consistently applied between years, except for the matter referred to in Note 2 of the Notes of the financial statements, and the financial information contained therein is, in terms of the definitions included in the auditing standards referred to in paragraph 4 above, complete, true, timely, clear, objective and licit.

### Emphasis

6. The financial statements referred to in paragraph 1 above refer to the Company's operations on an individual basis and were prepared in conformity with generally accepted accounting principles in Portugal for publication in accordance with current legislation. As explained in Note 3.c) to the financial statements, the investments in group and associated companies are recorded in accordance with the equity method, that has considered changes on accounting principles referred to in paragraph 5 above. In accordance with current legislation the Company prepared consolidated financial statements, in conformity with the International Financial Reporting Standards as adopted in the European Union, for separate publication.

Lisbon, March 25, 2009

Deloitte & Associados, SROC S.A.

Represented by Jorge Carlos Batalha Duarte Catulo

# Statutory auditors' report

## Individual accounts

(Translation of a report originally issued in Portuguese)

### Introduction

1. We have examined the individual financial statements of Galp Energia, SGPS, S.A. ("Company") for the year end December, 31, 2008, which comprise the balance sheet as of 31 December 2008 (that presents a total of 3,668,999 thousand euros and shareholder's equity of 2,279,472 thousand euros, including net profit of 472,973 thousand euros), the income statement by nature and by functions, the cash flow statement and the corresponding notes. These financial statements refer to the Company's operations on an individual basis and were prepared in conformity with generally accepted accounting principles in Portugal.

### Responsibilities

2. The Company's Board of Directors is responsible for the preparation of financial statements that present a true and fair view of the financial position of the Company, the results of its operations and its cash flows, the adoption of adequate accounting policies and criteria and the maintenance of appropriate systems of internal control and the disclosure of any significant facts that have influenced the Company's operations, financial position and results of operations.

3. Our responsibility is to issue a professional and independent opinion based on our examination of those financial statements.

### Scope

4. Our examination was performed in accordance with the Auditing Standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the financial statements and assessing the estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation. Our examination also included assessing the adequacy of the accounting policies used, their application and their disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, assessing the adequacy of the overall presentation of the financial statements.

5. Our examination also included verifying that the financial information included in the Board of Directors' Report is consistent with the financial statements.

6. We believe that our examination provides a reasonable basis for expressing our opinion.

### Opinion

7. In our opinion, the financial statements referred above, present fairly in all material respects, the financial position of Galp Energia, SGPS, S.A. as of 31 December 2008, the result of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal, their uniform application between years, except for the situation described in Note 2. of the Notes.

Lisbon, March 25, 2009

P. Matos Silva, Garcia Jr., P. Caiado & Associados, SROC,  
Represented by Pedro João Reis de Matos Silva

# Supervisory board's report and opinion

## Individual accounts

(Translation of a report originally issued in Portuguese)

Dear shareholders,

1. In compliance with the law and the articles of association and performing its duties, the supervisory board of Galp Energia, SGPS, S.A., has examined the management report and the individual financial statements, which comprise the balance sheet, the income statement by nature and by functions, the cash flow statement and the corresponding notes. We here by submit to your approval our opinion and report.
2. We would like to inform that on the General Meeting held on May 6, 2008, the shareholders approved a new supervision model, according with the Companies Code. This model is based on a supervisory body, a statutory auditor and also an external auditor appointed among international companies.
3. The current supervisory board was elected by the shareholders to perform the duties included in the law and in the articles of association, for the period between 2008 and 2011.
4. Galp Energia operates in the oil and natural gas sector; in performing our role, we followed closely the development of its operations and its management, having obtained, by the board of directors and Corporate Services, explanations considered to be fully satisfactory for the performance of its duties.
5. Our work consisted on the examination of the financial statements, accounting records as well as the underlying documents, according with the accounting principles and valuation criteria included in the general accepted accounting principles.
6. The supervisory board met on a monthly basis, in the company's head office, having developed several actions, in particular the following:
  - 1º - Follow up of the management and operations of Galp Energia through frequent meetings with the board of directors and also through the minutes of the meetings of this board, having been asked and answered all the clarifications deemed necessary;
  - 2º - Analysis of the financial information disclosed;
  - 3º - Verification of the compliance of the financial statements with the accounting records;
  - 4º - Appreciation of the accounting principles adopted by Galp Energia in terms of its adequacy and consistency;
  - 5º - Appreciation, together with the statutory auditor and the external auditor of the internal control effectiveness, the risk management and the adjustments to the accounts.
7. The supervisory board perused the legal certification of accounts issued by the statutory auditor in respect of the individual financial statements with which we agree.
8. In performing our work, we checked that the report of the board of directors was made in accordance with legal requirements, mentions the most significant facts of the management and complements the accounts.
9. In our opinion the balance sheet, the income statement by nature and by functions, the cash flow statement and the corresponding notes present fairly the financial position and the results of 2008 financial year.
10. Based on the above report, we are of the opinion that:
  - 1º - The management report and the individual financial statements of Galp Energia, SGPS, S.A. for the financial year ended 31 December 2008, which have been presented by the board of directors, should be approved;
  - 2º - The allocation of net profits for 2008 should be approved;
  - 3º - A vote of praise and confidence to the board of directors for their skilful and effective conduct of the business affairs of Galp Energia, should be approved.

11. The supervisory board also declares that to the best of their knowledge the information mentioned on the article 245, first paragraph a) of the Portuguese Securities Code for the individual financial statements (i) was prepared in compliance with the applicable accounting requirements and give a true and fair view of the assets, liabilities, financial position and profit or loss of Galp Energia, (ii) includes a fair review of the development of the business and the performance and position of Galp Energia, SGPS, S.A. and (iii) includes a accurate description of the principal risks that Galp Energia's operations face.

Lisbon, April 6, 2009

**Chairman** – Daniel Bessa Fernandes Coelho

**Member** – José Gomes Honorato Ferreira

**Member** – José Maria Rego Ribeiro da Cunha

+ Edition



+ Design and conception







Galp Energia, SGPS, S.A.  
Public Company  
Investor Relations and Corporate Communication Division

Rua Tomás da Fonseca, Torre C  
1600-209 Lisboa  
Telephone: +351 217 240 866  
Fax: +351 217 242 965  
e-mail: [investor.relations@galpenergia.com](mailto:investor.relations@galpenergia.com)  
[www.galpenergia.com](http://www.galpenergia.com)