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Individual Accounts Report 2013

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

Individual Accounts Report 2013

Galp Energia, SGPS, S.A.

Statement of financial position as of 31 December 2013 and of 2012

(Amounts stated in thousands of euros – €k)
(Translation of statement of financial position originally issued in Portuguese – Note 37)

ASSETS	Notes	December 2013	December 2012
Non-current assets:			
Tangible assets	12	25	31
Intangible assets	12	-	-
Investments in subsidiaries	4	1,524,030	1,259,542
Investments in associates	4	151	3,294
Other receivables	14	3,405,333	2,530,938
Deferred tax assets	9	585	2,472
Total non-current assets:		**4,930,124**	**3,796,277**
Current assets			
Trade receivables	15	983	1,205
Other receivables	14	244,538	1,028,216
Other financial investments		-	54
Current income tax recoverable	9	96,339	84,555
Cash and cash equivalents	18	5,446	186
Total current assets:		**347,306**	**1,114,216**
Total assets		**5,277,430**	**4,910,493**

EQUITY AND LIABILITIES	Notes	December 2013	December 2012
Equity:			
Share capital	19	829,251	829,251
Share premium		82,006	82,006
Other reserves	20	193,827	193,827
Hedging reserves		(905)	(5,394)
Retained earnings		211,903	403,274
Net profit for the year		364,185	27,552
Total equity:		**1,680,267**	**1,530,515**
Liabilities:			
Non-current liabilities:			
Bank loans	22	1,032,061	912,686
Bonds	22	1,838,812	619,410
Other payables	24	1,000	-
Other financial instruments	27	1,241	6,917
Provisions	25	6,607	6,632
Total non-current liabilities:		**2,879,721**	**1,545,645**
Current liabilities:			
Bank loans and overdrafts	22	97,750	145,076
Bonds	22	146,778	568,669
Trade payables	26	1,073	338
Other payables	24	382,604	1,061,043
Other financial instruments	27	-	722
Current income tax payable	9	89,236	58,486
Total current liabilities		**717,442**	**1,834,333**
Total liabilities		**3,597,163**	**3,379,978**
Total equity and liabilities		**5,277,430**	**4,910,493**

The accompanying notes form an integral part of the statement of financial position for the year ended 31 December 2013.

Galp Energia, SGPS, S.A.

Income statement for the years ended 31 December 2013 and 2012

(Amounts stated in thousands of euros – €k)
(Translation of income statement originally issued in Portuguese – Note 37)

	Notes	2013	2012
Operating income:			
Services rendered	5	9,115	9,322
Other operating income	5	284	298
Total operating income:		**9,399**	**9,620**
Operating costs:			
External supplies and services	6	(6,445)	(6,352)
Employee costs	6	(7,636)	(6,754)
Amortisation, depreciation and impairment loss on tangible assets	6	(5)	(4)
Provision and impairment loss on receivables	6	25	40
Other operating costs	6	(1,619)	(2,362)
Total operating costs:		**(15,680)**	**(15,432)**
Operating profit (loss):		**(6,282)**	**(5,812)**
Financial income	8	137,977	152,231
Financial costs	8	(142,811)	(144,082)
Exchange gain (loss)		-	157
Share of results of investments in associates and jointly controlled entities	4	372,674	25,984
Income (loss) on financial instruments	27	(12)	(70)
Profit before tax:		**361,546**	**28,408**
Income tax	9	2,639	(856)
Net profit	**10**	**364,185**	**27,552**
Earnings per share (in euros)	**10**	**€0.44**	**€0.03**

The accompanying notes form an integral part of the income statement for the year ended 31 December 2013.

Galp Energia, SGPS, S.A.

Statements of changes in equity for the years ended 31 December 2013 and 2012

(Amounts stated in thousands of euros – €k)
(Translation of statements of change in equity originally issued in Portuguese – Note 37)

Movements for the year	Notes	Share capital	Share premium	Other reserves (Note 20)	Hedging reserve	Retained Earnings	Net profit for the year	Total
Balance as of 1 January 2012		**829,251**	**82,006**	**193,827**	**(573)**	**591,482**	**77,152**	**1,773,145**
Net profit for the year	10	-	-		-	-	27,552	27,552
Other gains and losses recognised in equity		-	-	-	(4,821)	-	-	(4,821)
Comprehensive income for the year		**-**	**-**	**-**	**(4,821)**	**-**	**27,552**	**22,731**
Dividends distributed / interim dividends		-	-	-	-	(265,360)	-	(265,360)
Appropriation of profit to reserves		-	-	-	-	77,152	(77,152)	-
Balance as of 31 December 2012		**829,251**	**82,006**	**193,827**	**(5,394)**	**403,274**	**27,552**	**1,530,515**
Balance as of 31 December 2012		**829,251**	**82,006**	**193,827**	**(5,394)**	**403,274**	**27,552**	**1,530,515**
Net profit for the year	10	-	-	-	-	-	364,185	364,185
Other gains and losses recognised in Equity		-	-	-	4,489	-	-	4,489
Comprehensive income for the year		**-**	**-**	**-**	**4,489**	**-**	**364,185**	**368,674**
Dividends distributed / interim dividends	30	-	-	-	-	(218,923)	-	(218,923)
Appropriation of profit to reserves		-	-	-	-	27,552	(27,552)	-
Balance as of 31 December 2013		**829,251**	**82,006**	**193,827**	**(905)**	**211,903**	**364,185**	**1,680,267**

The accompanying notes form an integral part of the financial statements of changes in equity for the year ended 31 December 2013.

Galp Energia, SGPS, S.A.

Statement of comprehensive income for the years ended 31 December 2013 and 2012

(Amounts stated in thousands of euros – €k)
(Translation of statement of comprehensive income originally issued in Portuguese – Note 37)

	Notes	2013	2012
Net profit for the year	**10**	**364,185**	**27,552**
Other income reclassified by profits (losses)			
Increases / decreases in hedging reserves		6,357	(6,791)
Income tax related with gains and losses recognised in equity		(1,868)	1,970
		4,489	**(4,821)**
Other gains and losses recognised in equity net of income tax		**4,489**	**(4,821)**
Comprehensive income		**368,674**	**22,731**

The accompanying notes form an integral part of the statement of comprehensive income for the year ended 31 December 2013.

Galp Energia, SGPS, S.A.

Statements of cash flows for the years ended 31 December 2013 and 2012

(Amounts stated in thousands of euros – €k)
(Translation of cash flow statement originally issued in Portuguese – Note 37)

	Notes	2013	2012
Operating activities:			
Cash receipt from customers		14,686	37,797
Cash paid to suppliers		(7,103)	(8,987)
Cash paid to employees		(2,650)	(3,260)
Income tax received / (paid)		12,541	(30,280)
Other (payments) / receipts from operating activities		(8,718)	(5,171)
Cash flow from operating activities (1)		**8,756**	**(9,902)**
Investing activities:			
Cash receipts related to:			
Investments		29,875	-
Interests and similar income		117,453	180,109
Dividends	4	372,674	25,984
Loans granted		1,004,143	445,246
		1,524,146	**651,338**
Cash payments related to:			
Investments		(291,457)	(37,895)
Tangible assets		-	(37)
Loans granted		(1,472,778)	(630,959)
		(1,764,235)	**(668,891)**
Cash flow from investing activities (2)		**(240,090)**	**(17,553)**
Financing activities:			
Cash receipts related to:			
Loans obtained		9,325,165	20,247,687
Payments for:			
Loans obtained		(8,603,824)	(19,923,267)
Interests and similar costs		(192,090)	(140,973)
Dividends	30	(218,923)	(265,360)
		(9,014,836)	**(20,329,600)**
Cash flow from financing activities (3)		**310,329**	**(81,913)**
Change in cash and cash equivalents (4) = (1) + (2) + (3)		78,994	(109,368)
Exchange rate differences' effects		-	158
Cash and cash equivalents at beginning of the year	18	(78,670)	30,539
Cash and cash equivalents at end of the year	18	324	(78,670)

The accompanying notes form an integral part of the statement of cash flows for the year ended 31 December 2013.

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Galp Energia, SGPS, S.A.

Notes to the financial statements as of 31 December 2013

(Amounts stated in thousands of euros – €k)
(Translation of notes originally issued in Portuguese – Note 37)

1. INTRODUCTION

Galp Energia, SGPS, S.A. (hereinafter referred to as Galp Energia, Group or the Company), was incorporated as a government-owned corporation under Decree-Law No. 137-A/99 of 22 April 1999, under the name Galp – Petróleos e Gás de Portugal, SGPS, S.A., having adopted its present designation of Galp Energia, SGPS, S.A. on 13 September 2000.

The Company's Head Office is in Lisbon and its main purpose is the management of other companies having, as of the date of its incorporation, taken control of the Portuguese state's direct participations in the following companies: Petróleos de Portugal–Petrogal, S.A.; GDP – Gás de Portugal, SGPS, S.A. and Transgás–Sociedade Portuguesa de Gás Natural, S.A., currently designated Galp Gás Natural, S.A.

During the previous years the Company shareholders positions suffered several changes and the Company shareholder position as of 31 December 2013 is stated in Note 19.

Part of the Company's shares, representing 38.32% of its capital, is listed on the NYSE Euronext Lisbon stock exchange.

The following financial statements are presented in euros (functional currency) since this is most commonly used currency in the economic environment in which the Company operates.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PRESENTATION

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

The IAS/IFRS standards approved and published in the Official Journal of the European Union (OJEU) during 2013, applicable to subsequent years are as follows:

Standards and interpretations to be applied in subsequent years, if applicable:

IAS Standard	Publication date in OJEU	Date of accounting application	Period to which it applies	Comments
Amendments to IAS 36: Disclosures on recoverable amounts for non-financial assets	20 December 2013	After 1 January 2014	2014	Under analysis for impacts on required disclosures.
Amendments to IAS 39: Novation of derivatives and continuation of hedge accounting	20 December 2013	After 1 January 2014	2014	No accounting impacts are expected.
Amendments to IFRS 10, IFRS 12 and IAS 27: Investment entities	21 November 2013	After 1 January 2014	2014	Not applicable.
Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated financial statements, joint agreements and disclosures of investments – transition guide	5 April 2013	After 1 January 2014	2014	No accounting impacts are expected.
Amendments to IAS 32 Financial instruments: disclosures – offsetting a financial asset and a financial liability	29 December 2012	After 1 January 2014	2014 Depending on the regulation articles	No accounting impacts are expected.
IFRS 10 Consolidated financial statements	29 December 2012	After 1 January 2014	2014	No accounting impacts are expected.
IFRS 11 Joint arrangements	29 December 2012	After 1 January 2014	2014	No accounting impacts are expected.
IFRS 12 Disclosure of interests in other entities	29 December 2012	After 1 January 2014	2014	No accounting impacts are expected.
IAS 27 Separate financial statements	29 December 2012	After 1 January 2014	2014	No accounting impacts are expected.
IAS 28 Investments in associates and joint ventures	29 December 2012	After 1 January 2014	2014	No accounting impacts are expected.

The approved and published IAS/IFRS standards in the OJEU during 2012 and 2013, applicable to 2013 and subsequent years are as follows:

Standards and interpretations applicable to future period's, if applicable:

IAS Standard	Publication date in OJEU	Date of accounting application	Period to which it applies	Comments
IFRS annual improvements cycle 2009-2011	28 March 2013	After 1 January 2013	2013	No accounting impacts are expected.
Amendments to IFRS 1 First-time adoption of IFRS – government loans	5 March 2013	After 1 January 2013	2013	Not applicable.
Amendments to IFRS 7 Financial instruments: disclosures – offsetting a financial asset and a financial liability	29 December 2012	After 1 January 2013	2013 Depending on the regulation articles	No accounting impacts are expected.
Amendments to IFRS 1 First-time adoption of IFRS – serious hyperinflation and surpressing of fixed dates for first-time adopters	29 December 2012	After 1 January 2013	2013	Not applicable.
IFRS 13 Fair value measurement	29 December 2012	After 1 January 2013	2013	No accounting impacts are expected.
Amendments to IAS 12 Income taxes – deferred taxes: recovery of underlying assets	29 December 2012	After 1 January 2013	2013	No accounting impacts are expected.
IFRIC 20 Stripping costs in the production phase of a surface mine	29 December 2012	After 1 January 2013	2013	Not applicable.
Amendments to IAS 1 Presentation of financial statements – presentation of other items of other comprehensive income	6 June 2012	After 1 July 2012	2013	No accounting impacts are expected.
Amendments to IAS 19 Employee benefits	6 June 2012	After 1 January 2013	2013	No accounting impacts are expected.

The Board of Directors believes that the separate accompanying financial statements and notes provide a fair view of the Company's financial information. Estimates that affect the amounts of assets, liabilities, income and costs, at the reporting date, were used in preparing the accompanying financial statements. The estimates and assumptions used by the Board of Directors were based on the best information available regarding events and transactions in process at the time of approval of the financial statements.

In the preparation and presentation of separate financial statements, the Company declares that it complies with the IAS/IFRS and their interpretations SIC/IFRIC as adopted by the EU.

The main accounting principles considered by the Company in the preparation of its separate financial statements are stated below. During the year ended 31 December 2013, there were no significant changes in accounting principles applied compared to those considered in the preparation of financial information for the previous year. Additionally, the company did not record material errors in respect of previous years.

The financial statements presented refer to the Company's separate financial statements and were prepared according to the legal terms so that they may be approved at the general shareholders meeting, considering that investments are recorded at acquisition cost as explained in note 2.2. The Company will prepare and separately present consolidated financial statements including the financial statements of the companies it controls.

2.2. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are recorded at the acquisition cost net of impairment losses, when applicable.

The investments in subsidiaries are presented in Note 4.

Dividends received from subsidiaries are recorded as share of results of investments in associates and jointly controlled entities.

2.3. TANGIBLE ASSETS

Tangible fixed assets are recorded at acquisition cost net of depreciation and impairment losses.

Depreciation of the acquisition cost is calculated on a straight-line basis, as from the date the assets are available for operating, at the rates considered most appropriate to depreciate the assets during their estimated economic useful life.

The average depreciation rates used were as follows:

	Useful life (in years)
Administrative equipment	5 a 8
Other tangible assets	8

The capital gain/loss resulting from the write-off or disposal of tangible assets is determined by the difference between the sale price and the net book value as of the date of the write-off/disposal. The net book value includes accumulated impairment losses. The resulting accounting capital gain/loss is recorded in the income statement under captions "Other operating income" or "Other operating costs", respectively.

2.4. IMPAIRMENT OF NON-CURRENT ASSETS, EXCEPT GOODWILL

Impairment tests are made as of the financial statements date and whenever a decline in the asset value is identified. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded to the income statement caption "Amortisation, depreciation and impairment loss on tangible assets".

The recoverable amount is the greater of the net selling price and the value in use. Net selling price is the amount that would be obtained from selling the asset in a transaction between independent knowledgeable parties, less the costs directly attributable to the sale. Value in use corresponds to the present value of the future cash flows generated by the asset during its estimated economic useful life. The recoverable amount is estimated for the asset or cash generating unit to which it belongs. The discount rate used reflects the Weighted Average Cost of Capital (WACC) used by the Galp Energia Group.

Impairment losses recognised in prior periods are reversed when they no longer exist or have decreased. Such tests are made whenever there are indications that an impairment recognised in an earlier period has reverted. Reversal of impairment is recognised as a decrease in the income statement caption "Amortisation, depreciation and impairment loss of tangible assets". However, impairment losses are only reversed up to the book value that the asset would present (net of amortisation or depreciation), if the impairment loss had not been recorded.

2.5. PROVISIONS

Provisions are recorded when, and only when, the Group has a present obligation (legal, contractual or constructive) resulting from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed and adjusted at each reporting date so as to reflect the best estimate at that date. Provisions for restructuring costs are recognised by the Group whenever there is a formal detailed restructuring plan.

During the year ended 31 December 2013, there were no transactions that should be classified as restructuring provisions.

2.6. FOREIGN CURRENCY BALANCES AND TRANSACTIONS

Transactions are recorded in the separate financial statements of subsidiaries in their functional currencies, at the exchange rates in force on the dates of the transactions.

Gains and losses resulting from differences between the exchange rates in force on the dates of the transactions and those prevailing at the date of collection, payment or at the end of the reporting period are recorded as income and expenses, respectively, in the income statement caption "Exchange gain/(loss)".

As of 31 December 2013 and of 2012, the Company had no balances denominated in foreign currency.

2.7. INCOME AND ACCRUAL BASIS

Costs and income are recorded in the period to which they relate, independently of when they are paid or received. Where the actual amounts of costs and income are not known they are estimated.

The "Other current assets" and "Other current liabilities" captions include the costs and income from the current period for which the financial receipt or disbursement will only occur in future periods, as well as financial receipts or disbursements that have already occurred, relating to future periods, and that will be charged to the income statement in the respective periods.

The revenue from dividends is recognised when the right of the Company to recognise the amount is established.

2.8. FINANCIAL COSTS ON LOANS OBTAINED

Financial costs on loans obtained are recorded as financial costs on an accrual basis.

2.9. INCOME TAX

Since 2001, companies with head offices in continental Portugal in which the Group has a participation greater than 90% have been taxed in accordance with the special regime for the taxation of groups of companies, taxable income being determined in Galp Energia, SGPS, S.A.

Deferred taxes are calculated based on the liability method and reflect the temporary differences between the amounts of assets and liabilities for accounting purposes and their amounts for tax purposes.

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

Deferred tax assets are recorded only when there is reasonable expectation of sufficient future taxable income to use them or whenever there are taxable temporary differences that offset the deductible temporary differences in the period they revert. Temporary differences underlying deferred tax assets are reviewed at each reporting date in order to recognise deferred tax assets that were not recorded in prior years as they did not fulfil all requisites and/or to reduce the amounts of deferred tax assets recorded based on the current expectation of their future recovery.

2.10. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recorded on the statement of financial position when the Group becomes a contractual party to the financial instrument.

a) Investments

Investments are classified as follows:

Investments at fair value through profit and loss

Investments measured at fair value through profit or loss are classified as current investments if maturity or expected realisation is less than 12 months, otherwise they are classified as non-current investments.

All purchases and sales of these investments are recorded on the date of signing the respective purchase and sale contracts, independently of the financial settlement date.

Investments are initially recorded at acquisition cost, which is the fair value of the price paid, including transaction costs.

After initial recognition, investments measured at fair value through profit or loss are re-valued at fair value with reference to their market value at reporting date, with no deduction for transaction costs which could be incurred upon sale. Equity instruments not listed on a regulated market and where it is not possible to reliably estimate their fair value, are maintained at cost less any non-reversible impairment losses.

Gains and losses resulting from changes in the fair value of investments at fair value through profit and loss are recognised in the income statement.

b) Receivables

Receivables are initially recorded at fair value and subsequently measured at amortised cost, less any impairment losses, presented in caption "Impairment losses on receivables".

Usually, the amortised cost of these assets does not differ from their nominal value.

c) Equity or liability classification

Financial liabilities and equity instruments are classified in accordance with their contractual substance, regardless of their legal form.

d) Loans

Loans are recorded as liabilities based on the nominal amount received, net of related costs.

Financial costs are calculated at the effective interest rate and recognised in the income statement on an accrual basis.

Financial costs include interest and any arrangement fees incurred relating to the assembly and structuring of the loans.

e) Trade and other payables

Accounts payable are recorded at amortised cost. Usually, the amortised cost of these liabilities does not differ from their nominal value.

f) Derivative instruments

Hedge accounting

The Company uses derivative instruments to manage its financial risks as a way to hedge those risks. Derivative instruments to hedge financial risks are not used for trading purposes.

Derivative instruments used by the Company to hedge cash flows mainly relate to interest rate hedging instruments on loans obtained. The coefficients, calculation conventions, interest rate re-fixing dates and interest rate hedging instrument repayment schedules are in all ways identical to the conditions established in the underlying contracted loans, and as such represent perfect hedges.

The following criteria are used by the Company to classify derivative instruments as cash flow hedging instruments:
- The hedge is expected to be highly effective in offsetting the changes in the cash flow of the hedged risk;
- The hedging effectiveness can be reliably measured;
- There is adequate documentation of the hedge at the beginning of the operation; and
- The hedged transaction is highly probable.

Interest rate hedging instruments are initially recorded at cost, if any, and subsequently re-valued to fair value, calculated by independent external entities using generally accepted methods (such as discounted cash flows, the Black-Scholes model, Binomial a Trinomial model, and Monte-Carlo simulations, among others, depending on the type and characteristics of the financial derivative). Changes in the fair value of these instruments are presented in the equity caption "Hedging reserves", being transferred to the income statement when the hedged instrument affects profit and loss.

Hedge accounting is discontinued when the derivative instruments mature or are sold. Where the derivative instrument stops qualifying as a hedging instrument, the accumulated fair value differences deferred in the equity caption "Hedging reserves" are transferred to the income statement or added to the book value of the asset which gave rise to the hedging transaction, and subsequent revaluations are recognised directly in the income statement.

A review was made of the Company's existing contracts so as to detect embedded derivatives, namely contractual clauses that could be considered as financial derivatives. No financial derivatives that should be recognised at fair value have been identified.

When embedded derivatives exist in other financial instruments or other contracts, they are recognised as separate derivatives in situations in which the risks and characteristics are not intimately related to the contracts and in situations in which the contracts are not reflected at fair value with unrealised gains and losses reflected in the income statement.

In addition, in specific situations the Group also contracts interest rate derivatives to hedge fair value. In such situations the derivatives are recorded at fair value through the profit and loss. When the hedged instrument is not measured at fair value (namely loans measured at amortised cost), the effective portion of the hedge is adjusted in the hedged instrument's book value through the profit and loss.

g) Cash and cash equivalents

The amounts included in caption "Cash and cash equivalents" includes cash, bank deposits, term deposits and other treasury applications that mature in less than three months, and that can be realised immediately with insignificant risk of change in their value.

For cash flow statement purposes caption "Cash and cash equivalents" also includes bank overdrafts included in the statement of financial position caption "Bank loans and overdrafts".

2.11. STATEMENT OF THE FINANCIAL POSITION CLASSIFICATION

Realisable assets and liabilities payable in more than one year from the date of the financial statement are classified as non-current assets and non-current liabilities, respectively.

2.12. SUBSEQUENT EVENTS

Events that occur after the balance sheet date that provide additional information on conditions that existed at the end of the reporting period are recognised in the financial statements. Events that occur after the balance sheet date that provide information on conditions that exist after the balance sheet date, if material, are disclosed in the notes to the financial statements.

2.13. JUDGMENTS AND ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates to be made that affect the recorded amount of assets and liabilities, the disclosure of contingent assets and liabilities at the end of each year and income and costs recognised each year. The actual results could be different depending on the estimates made.

Certain estimates are considered critical if: (i) the nature of the estimates is considered to be significant due to the level of subjectivity and judgment required to record situations in which there is great uncertainty or are very susceptible to changes in these situations; and (ii) the impact of the estimates on the financial situation or operating performance is significant.

Provisions for contingencies

The final cost of legal processes, settlements and other litigation can vary due to estimates based on different interpretations of the rules, opinions and final assessment of the losses. Consequently, any change in circumstances relating to these types of contingency can have a significant effect on the recorded amount of the provision for contingencies.

2.14. RISK MANAGEMENT AND HEDGING

The Galp Energia Group's operations lead to the exposure to risks of: (i) market risk, as a result of the volatility of prices of oil, natural gas and its derivatives, exchange rates and interest rates; (ii) credit risk as a result of its commercial activity; and (iii) liquidity risk as the Group could have difficulty in obtaining financial resources to cover its commitments.

The Company has an organisation and systems that enable it to identify, measure and control the different risks to which it is exposed and uses several financial instruments to hedge them in accordance with the corporate directives common to the whole Group. The contracting of these instruments is centralised.

The accounting policies explained in this section contain more details of these hedges.

During the year ended 31 December 2013, only material changes required by IFRS 7 – Financial instruments were disclosed.

2.15. SHARE CAPITAL

Common shares are classified as equity. The costs directly attributable to the issuance of new shares or other equity instruments are presented as a deduction, net of taxes, of the amount received resulting from the issuance.

3. COMPANIES INCLUDED IN THE CONSOLIDATION

Not applicable.

4. INVESTMENTS IN ASSOCIATES

4.1. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as of 31 December 2013 and of 2012 are as follows:

	Head Office		Percentage held			Acquisition cost	
Company	**City**	**Country**	**2013**	**2012**	**Main activity**	**2013**	**2012**
Galp Energia, S.A.	Lisbon	Portugal	100%	100%	Business managment and consultancy services.	6,154	6,154
Next Priority SGPS, S.A.	Lisbon	Portugal	100%	100%	Management of equity participations.	50	50
Petróleos de Portugal – Petrogal, S.A. (a)	Lisbon	Portugal	100%	100%	Refining crude oil and derivatives; transport, distribution and trading of crude oil and derivatives and natural gas; and any other industrial, commercial, research and related services.	1,063,556	803,556
GDP – Gás de Portugal, SGPS, S.A. (b)	Lisbon	Portugal	100%	100%	Management of equity investments	315,047	344,922
Galp Power , SGPS, S.A.	Lisbon	Portugal	100%	100%	Management of equity investments as an indirect way of exercising business activities	12,376	12,376
Galp Energia E&P, B.V. (c)	Amsterdam	The Netherlands	100%	100%	Exploration and production of oil and natural gas. Trading of oil, natural gas and petroleum products; management of shareholdings of other companies and financing businesses and companies.	121,534	68,906
Enerfuel, S.A. (d)	Lisbon	Portugal	100%	1%	Studies, projects, installation, production and marketing of biofuels, treatment and recovery of residues, equipment buy and sale.	5,313	-
Galp Bioenergy, B.V. (c)	Amsterdam	The Netherlands	-	100%	Production and trading of biofuels.	-	23,578
						1,524,030	**1,259,542**

		31 December 2013			
Company	**Head Office**	**Total assets**	**Total liabilities**	**Equity**	**Net profit**
Galp Energia, S.A.	Lisbon	30,001	26,900	3,101	391
Next Priority SGPS, S.A.	Lisbon	1,288	1,237	51	45
Petróleos de Portugal – Petrogal, S.A.	Lisbon	5,852,605	4,914,620	937,985	(70,214)
GDP – Gás de Portugal, SGPS, S.A.	Lisbon	796,295	301,343	494,952	232,928
Galp Power, SGPS, S.A.	Lisbon	264,965	238,478	26,487	6,392
Galp Energia E&P, B.V.	Amesterdam	2,610,894	2,485,944	124,950	124,950
Enerfuel, S.A.	Lisbon	12,508	7,184	5,324	(185)
		9,568,556	**7,975,706**	**1,592,850**	**294,307**

(a) During the year ended 31 December 2013 the Company delivered the amount of €260,000 k to subsidiary Petróleos de Portugal – Petrogal, S.A., on account of supplementary payments.

(b) During the year ended 31 December 2013 the Company reimbursed supplementary payments in the amount of €29,875 k of subsidiary GDP – Gás de Portugal, SGPS, S.A.

(c) During the year ended 31 December 2013 the Company made a capital increase in its subsidiary Galp Energia E&P, B.V. in the amount of €52,628 k, by handing 180 shares held in subsidiary Galp Bioenergy, B.V.

(d) During the year ended 31 December 2013 the Company acquired 99% of the share capital of company Enerfuel, S.A., for the amount of €49.5 k, thus holding 100% of that subsidiary. Additionally, the Company delivered the amount of €2,121 k, on account of supplementary payments.

During the years ended 31 December 2013 and 2012, the movements occurred in caption "Results regarding investments in subsidiaries and associates" can be detailed as follows:

	2013	2012
Dividends received	372,674	25,984
	372,674	**25,984**

4.2. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Participations in associates and jointly controlled entities as of 31 December 2013 and of 2012 were as follows:

	Head Office		Percentage held		Acquisition cost	
Company	**City**	**Country**	**2013**	**2012**	**2013**	**2012**
Adene – Agência para a Energia, S.A.	Lisbon	Portugal	10.98%	10.98%	114	114
OEINERGE-Agência Municipal de Energia e Ambiente	Oeiras	Portugal	1.45%	1.45%	1	1
Enerfuel, S.A.	Lisbon	Portugal	100.00%	1.00%	-	3,143
Omegas-Sociedade D'Etuded du Gazoduc Magreb-Europe		Morocco	-	-	35	35
Galp Gâmbia		Gambia	-	-	1	1
Galp Swazilândia		Swaziland	-	-	-	-
					151	**3,294**

5. OPERATING INCOME

The operating income of the Company for the year ended 31 December 2013 and 2012 were as follows:

Captions	2013	2012
Services rendered	9,115	9,322
Other operating income:		
Supplementary income	284	298
	9,399	**9,620**

The services rendered in the amount of €9,115 k, are essentially related to management services provided to other Group companies.

Supplementary income refers mainly to charges to other Group companies, for expenses incurred on their behalf.

The services rendered by the Company in 2013 and 2012 by geographical market are distributed as follows:

	2013	2012
Domestic market	6,940	6,566
Foreign market	2,175	2,756
	9,115	**9,322**

6. OPERATING COSTS

The results for the years ended 31 December 2013 and 2012 were affected by the following items of operating costs:

CAPTIONS	2013	2012
External supplies and services		
Other specialised services	4,480	4,591
Travel and accomodation	479	440
Studies and projects	264	56
Legal services	262	262
Litigation and notaries	246	61
Insurance	223	175
Rents	126	188
Commuication	102	106
Representation costs	57	75
Gifts	56	18
IT services	-	46
Fuel	44	60
Office supplies	16	26
Maintenance and repairs	4	7
Fees	1	1
Books and technical documentation	-	7
Advertising and publicity	-	5
Marketing and communication	-	2
Other costs	85	226
	6,445	**6,352**
Employee costs:		
Remuneration of Statutory Board members (Note 29)	6,356	5,703
Remuneration of personnel	765	779
Social chages	320	150
Other insurance	116	78
Other costs	79	44
	7,636	**6,754**
Amortisation, depreciation and imparity:		
Depreciation and impairment of tangible assets (Note 12)	5	4
	5	**4**
Provisions and impairment of receivables		
Provisions and reversals (Note 25)	(25)	(40)
	(25)	**(40)**
Other operating costs		
Other taxes	1,470	2,183
Other operating costs	149	179
	1,619	**2,362**
	15,680	**15,432**

Other specialised services mainly include remuneration costs of the Statutory Board members and other key management personnel, €956 k (Note 29), and corporate services, including accounting services, personnel management, general services, financial services and audit services, invoiced by the subsidiary Galp Energia, S.A. (Note 28).

7. SEGMENT REPORTING

Not applicable.

8. FINANCIAL INCOME AND COSTS

Financial income and financial costs for the years ended 31 December 2013 and 2012 are detailed as follows:

Financial income and costs	**2013**	**2012**
Financial income		
Interest – related parties (Note 28)	137,809	152,091
Interest – other	168	140
	137,977	**152,231**
Financial costs		
Interest – related parties (Note 28)	26,205	27,807
Interest – other	114,843	104,857
Commissions	1,160	10,808
Other financial costs	603	610
	142,811	**144,082**

9. INCOME TAX

The company and several of its subsidiaries are taxed in accordance with the special regime for the taxation of groups of companies, taxable income being determined in Galp Energia, SGPS, S.A. However, estimated income tax of the Company and its subsidiaries is recorded based on their individual tax results which, for the year ended in 31 December 2013, amounted to an account payable and receivable from these Group companies of €89,236 k and €62,704 k (Note 28), respectively.

The following matters could affect income tax payable in the future:

(i) In accordance with current Portuguese legislation, corporate income tax returns are subject to review and correction by the tax authorities for a period of four years (social security can be reviewed for five years), except when there are tax losses carried forward, tax benefits have been granted or there are claims or appeals in progress where, depending on the circumstances, the period can be extended or suspended;
(ii) The Group's tax returns for the years 2010 to 2013 are still subject to review. Galp Energia's Board of Directors believes that any corrections arising from inspections by the tax authorities of these tax returns will not have a significant impact on the separate financial statements as of 31 December 2013 and of 2012.

Income tax for the years ended 31 December 2013 and 2012 were as follows:

	Assets		**Liabilities**	
	2013	**2012**	**2013**	**2012**
Group companies:				
Income tax receivable / payable (Note 28)	62,704	60,374	89,236	58,486
State:				
Tax receivable / payable	33,635	24,181	-	-
	96,339	**84,555**	**89,236**	**58,486**

The estimated income tax of the Company based on its taxable income in the fiscal year ended 31 December 2013 represents a tax payable in the amount of €2,639 k and was calculated as follows:

Income taxes

	2013	**2012**
Current tax	(2,654)	820
Insuficiency / (excess) of income tax estimated in previous years	(3)	63
Deferred tax	18	(27)
	(2,639)	**856**

The reconciliation of the income tax for the years ended 31 December 2013 and 2012 is presented below:

	2013	**Rate**	**Income tax**	**2012**	**Rate**	**Income tax**
Profit before income tax in accordance with the IFRS/IAS	361,546	26.50%	95,810	28,408	26.50%	7,528
Adjustments to income tax:						
Dividends received		(27.32%)	(98,759)		(24.24%)	(6,886)
Insuficiency / (excess) of income tax estimated in previous years		(0.00%)	(3)		0.22%	63
Autonomous taxation		0.02%	67		0.22%	63
Other increases and deductions		0.07%	246		0.31%	88
Effective tax rate		**(0.73%)**	**(2,639)**		**3.01%**	**856**

Deferred taxes

The balance of deferred tax assets and liabilities as of 31 December 2013 and of 2012 was as follows:

	Assets	
	2013	**2012**
Financial Instruments	335	2,203
Adjustments to tangible and intangible assets	6	6
Others	244	263
	585	2,472

The movements occurred in deferred taxes for the years ended 31 December 2013 and 2012 were as follows:

	Assets	
	2013	2012
Opening balance	2,472	775
Effect on results:		
Others	(18)	27
	(18)	27
Effect on equity:		
Financial derivates	(1,868)	1,670
Ending balance	585	2,472

10. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2013 and 2012 were as follows:

	2013	2012
Net income		
Net income for purposes of calculating earnings per share (net profit for the year)	364,185	27,552
Number of shares		
Weighted average number of shares for purposes of calculation of net earnings per share (Note 19)	829,250,635	829,250,635
Basic earnings per share (amounts in euros)	0.44 €	0.03 €

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

11. GOODWILL

Not applicable.

12. TANGIBLE AND INTANGIBLE ASSETS

Tangible assets and depreciations are recorded in accordance with the accounting policies explained in Note 2.3.

In the years 2013 and 2012 tangible assets had the following changes:

	2013					2012				
	Basic equipment	Transport equipment	Administrative equipment	Other tangible assets	Total tangible assets	Basic equipment	Transport equipment	Administrative equipment	Other tangible assets	Total tangible assets
Acquisition cost:										
Balance as of 1 Januray	33	52	325	1,009	1,419	33	52	295	1,009	1,389
Additions	-	-	-	-	-	-	-	30	-	30
Gross cost as of 31 December	33	52	325	1,009	1,419	33	52	325	1,009	1,419
Balance as of 31 December	33	52	325	1,009	1,419	33	52	325	1,009	1,419
Depreciations:										
Balance as of 1 Januray	(33)	(52)	(294)	(1,009)	(1,388)	(33)	(52)	(290)	(1,009)	(1,384)
Depreciation for the year (Note 6)	-	-	(5)	-	(5)	-	-	(4)	-	(4)
Balance as of 31 December	(33)	(52)	(300)	(1,009)	(1,394)	(33)	(52)	(294)	(1,009)	(1,388)
Accumulated balance	(33)	(52)	(300)	(1,009)	(1,394)	(33)	(52)	(294)	(1,009)	(1,388)
Net amount as of 31 December	-	-	25	-	25	-	-	31	-	31

As of 31 December 2013 and of 2012 intangible assets had the following changes:

	2013		2012	
	Industrial property and other rights	Total intangible assets	Industrial property and other rights	Total intangible assets
Acquisition cost:				
Balance on 1 January	8	8	8	8
Balance at 31 December	8	8	8	8
Depreciation:				
Balance on 1 January	(8)	(8)	(8)	(8)
Balance on 31 December	(8)	(8)	(8)	(8)
Net amount				
Balance on 31 December	-	-	-	-

13. GOVERNMENT GRANTS

Not applicable.

14. OTHER RECEIVABLES

The non-current and current caption "Other receivables" as of 31 December 2013 and of 2012 had the following detail:

	2013		2012	
Captions	**Current**	**Non-current**	**Current**	**Non-current**
State and other public entities:				
VAT – Reimbursement requested	46	-	462	-
Other				
Other receivables – associated, jointly controlled, related and participated companies (Note 28)	31,730	-	1,642	-
Loans to associated, jointly controlled, related and participated companies (Note 28)	198,892	3,405,333	1,006,679	2,530,938
Advances to suppliers	6	-	16	-
Personnel	111	-	108	-
Other receivables	850	-	453	-
	231,635	**3,405,333**	**1,009,360**	**2,530,938**
Accrued income:				
Accrued interest (Note 28)	13,113	-	16,673	-
Other accrued income	7	-	6	-
	13,120	-	**16,679**	-
Deferred costs:				
Interest and other financial costs	69	-	2,393	-
Prepaid insurance	-	-	70	-
	69	-	**2,463**	-
	244,824	**3,405,333**	**1,028,501**	**2,530,938**
Impairment of other receivables	(286)	-	(286)	-
	244,538	**3,405,333**	**1,028,216**	**2,530,938**

15. TRADE RECEIVABLES

As of 31 December 2013 and of 2012, caption "Trade receivables" had balances in the amount of €983 k and €1,205 k, respectively, regarding exclusively to related parties (Note 28).

16. INVENTORIES

Not applicable.

17. OTHER INVESTMENTS

Not applicable.

18. CASH AND CASH EQUIVALENTS

Caption "Cash and cash equivalents" as of 31 December 2013 and of 2012, had the following detail:

Captions	**2013**	**2012**
Cash	7	8
Current accounts	5,439	178
Cash and cash equivalents in the statement of financial position	**5,446**	**186**
Bank overdrafts (Note 22)	(5,122)	(78,856)
Cash and cash equivalents in the cash flow statement	**324**	**(78,670)**

19. SHARE CAPITAL

Capital structure

Galp Energia's capital structure has undergone several changes during 2013, compared to the year ended 2012, with a rise in free float from 30.32% to 38.32%.

In 2012, after the shareholders' agreement in place since March 2006 between Amorim Energia, B.V. (Amorim Energia), Caixa Geral de Depósitos (CGD) and Eni, collectively the "Parties", agreements were signed which stipulated under what conditions Eni could sell its stake in Galp Energia. Eni, which at year-end 2011 held a stake of 33.34%, thus acquired the right to sell in the market up to 20% of the share capital of the Company. In turn, CGD was now able to exercise a right of joint selling, referring to its 1% stake in the share capital of Galp Energia. On 27 November 2012, Eni placed on the market, shares representing approximately 4% of Galp Energia's share capital through an accelerated book building, while CGD exercised its tag-along right. On that date, Eni also issued convertible bonds into Galp Energia shares, corresponding to approximately 8% of the Company's share capital.

Also under the agreement signed in 2012, Amorim Energia acquired from Eni a 5% interest on Galp Energia's share capital, at a price of €14.25 per share, thus holding a 38.34% interest in the Company. Furthermore, Amorim Energia, or a designated third party, had the right to acquire, until the end of 2013, a 5% interest, as well as a right of first option to buy a 3.34% or 8.34% interest, depending on exercising of the former. Since Amorim Energia did not exercise its right to acquire until the end of 2013, according to publicly available information, that company now has a right of first option to buy a 8.34% interest in Galp Energia's share capital, currently held by Eni.

At the end of May 2013, Eni announced the sale of a 6.7% interest in Galp Energia's share capital. Considering that Eni had sold in the meantime an interest of approximately 1.3% directly in the regulated market, Eni's holding in Galp Energia's share capital was, by the end of 2013, 16.34%, from which 8% were the underlying asset to the convertible bonds issued at the end of 2012, and the remaining 8.34% were subject to certain rights exercisable by Amorim Energia.

Following these changes in Galp Energia's capital structure, free float went from 30.32% by the end of 2012 up to 38.32% by the end of 2013.

Under the agreements signed by the Parties which, under the terms in paragraph 1.c) of article 20 of the Portuguese Securities Code (CVM), contemplated that the voting rights corresponding to shares held by each of those Parties were allocated to the remaining, this fact ceased its effects in relation to CGD when the latter sold its 1% interest in Galp Energia's share capital. Regarding Amorim Energia and Eni, on 26 July 2013, the Italian company informed Galp Energia that the inherent voting rights from the qualified holding held by Amorim Energia, were not allocable to Eni, despite voting rights held by Eni were still allocable to Amorim Energia.

By the end of 2013, Eni held a qualified holding of 16.34% of Galp Energia's share capital, and the corresponding voting rights, while a total percentage of 54.68% of voting rights were allocable to Amorim Energia.

Capital structure as of 31 December 2013:

	Nr. of shares	% of capital	% of voting rights
Amorim Energia, B.V.	317,934,693	38.34%	54.68%
Eni, S.p.A.	135,497,095	16.34%	16.34%
Parpública – Participações Públicas, SGPS, S.A.	58,079,514	7.00%	7.00%
Free-float	317,739,333	38.32%	38.32%
Total	**829,250,635**	**100.00%**	-

20. OTHER RESERVES

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

As of 31 December 2013 and of 2012 these captions were as follows:

	2013	2012
Legal reserve	165,850	165,850
Free reserve	27,977	27,977
	193,827	**193,827**

On 31 December 2013 and 2012, the legal reserve is fully provided for in accordance with the commercial legislation.

21. NON-CONTROLLING INTERESTS

Not applicable.

22. LOANS

Loans detail

Loans obtained as of 31 December 2013 and of 2012 had the following detail:

	2013		2012	
	Current	Non-current	Current	Non-current
Bank loans:				
Domestic loans	65,000	505,000	42,606	307,500
Foreign loans	34,358	528,917	24,128	605,775
Bank overdrafts (Note 18)	5,122	-	78,856	-
	104,480	**1,033,917**	**145,591**	**913,275**
Origination fees	(6,730)	(1,856)	(515)	(589)
	97,750	**1,032,061**	**145,076**	**912,686**
Bond loans				
2009 Issue	-	-	420,000	-
2010 Issue	150,000	-	150,000	150,000
2011 Issue	-	-	-	185,000
2012 Issue	-	290,000	-	290,000
2013 Issue	-	1,560,000	-	-
	150,000	**1,850,000**	**570,000**	**625,000**
Origination fees	(3,222)	(11,188)	(1,331)	(5,590)
	146,778	**1,838,812**	**568,669**	**619,410**
	244,528	**2,870,873**	**713,745**	**1,532,096**

Description of the main loans

Underwriting of commercial paper

On 31 December 2013, the Group has contracted commercial paper underwritten totalling €1,065,000 k, which are divided into €515,000 k of medium and long term and €550,000 k of short term. Of these amounts, €390,000 k were used at medium and long term.

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

In 2013, a commercial paper programme underwritten was contracted in the amount of €140,000 k with Caixa Central de Crédito Agrícola Mútuo, CRL. This programme has a term of six years and bears interests at a Euribor rate plus a spread.

Bank loans
As of 31 December 2013, bank loans have the following detail:

Entity	Amount due	Interest rate	Maturity	Reimbursement
Banco do Brasil	65,000	Euribor 3M + spread	December 14	December 14
Banco do Brasil	115,000	Euribor 3M + spread	February 18	Semi-annual installments beginning on March 16

During the year ended 31 December 2013 the Company contracted a medium and long term loan with Banco do Brasil AG – Portuguese branch, in the amount of €115,000 k.

As of 31 December 2013, loans contracted with European Investment Bank (EIB) have the following detail:

Entity	Amount due	Interest rate	Maturity	Reimbursement
BEI (Installment A – Sines cogeneration)	28,634	Fixed rate	September 21	Semi-annual installments beginning on March 10
BEI (Installment B – Sines cogeneration)	14,641	Euribor 6M + spread	March 22	Semi-annual installments beginning on September 10
BEI (Porto cogeneration)	50,000	Revisable fixed rate	October 17	October 17
BEI (Installment A – Refinery conversion)	282,000	Revisable fixed rate	February 25	Semi-annual installments beginning on August 10
BEI (Installment B – Refinery conversion)	188,000	Fixed rate	February 25	Semi-annual installments beginning on August 12

These loans with EIB, with the exception of instalment B, are granted under a signed contract with Petrogal, S.A.

The remaining loan with the EIB, in the amount of €188,000 k, is granted under a signed contract with a bank syndicate.

Bonds
As of 31 December 2013, issued bonds have the following detail:

Entity	Amount due	Interest rate	Maturity	Reimbursement
GALP ENERGIA/2010 – €300 M FRN DUE 2014	150,000	Euribor 6M + spread	November 14	50% @ November 13 50% @ November 14
GALP ENERGIA/2013 – €600 M FRN-2010	600,000	Euribor 6M + spread	May 17	50% @ May 16 50% @ May 17
GALP ENERGIA/2012-2017	80,000	Euribor 6M + spread	December 17	December 17
GALP ENERGIA/2012-FRN-2018	280,000	Euribor 6M + spread	February 18	February 18
GALP ENERGIA/2012-2016	100,000	Euribor 6M + spread	December 16	December 16
GALP ENERGIA/2013-2018	110,000	Euribor 6M + spread	March 18	March 18
GALP ENERGIA/2013 – €200 M – 2018	200,000	Euribor 6M + spread	April 18	April 18

2013 issues

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

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

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

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

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

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

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

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

Issue of notes
Galp Energia established, under its financing plan, an Euro Medium Term Note Programme (€5,000,000,000 EMTN).

On 15 November 2013, under the EMTN Programme, Galp Energia issued notes in the amount of €500,000 k, due on 25 January 2019 with a coupon of 4.125%, which are admitted for negotiation at the London Stock Exchange.

The following acted as joint-bookrunners in this transaction, BBVA, BNP Paribas, Caixa – Banco de Investimento, Deutsche Bank and JP Morgan.

23. RETIREMENT AND OTHER EMPLOYEE BENEFITS

Not applicable.

24. OTHER PAYABLES

The non-current and current caption "Other payables" as of 31 December 2013 and of 2012, have the following detail:

	Current		Non-current	
Captions	**2013**	**2012**	**2013**	**2012**
State and other public entities:				
Value added tax	520	-	-	-
Social security contributions	24	35	-	-
Personnel and corporate income tax withheld	136	1,464	-	-
Personnel	123	50	-	-
Loans – associated, related and participated companies (Note 28)	361,307	1,026,547	-	-
Interest payable – associated companies, subsidiaries and related companies (Note 28)	-	12,816	-	-
Other creditors	27	27	-	-
	362,137	**1,040,939**	**-**	**-**
Accrued costs:				
Holiday pay, holiday subsidy and corresponding personnel costs	644	552	-	-
External supplies and services	69	39	-	-
Productivity bonus	930	643	-	-
Medium and long term incentives	-	-	1,000	-
Accrued insurance premiums	-	65	-	-
Accrued interest	18,673	18,504	-	-
Financial costs	40	40	-	-
Other accrued costs	111	261	-	-
	20,467	**20,104**	**1,000**	**-**
	382,604	**1,061,043**	**1,000**	**-**

25. PROVISIONS

The changes in provisions in the periods ended 31 December 2013 and 2012 were as follows:

	2013		
Captions	**Opening balance**	**Decreases (Note 6)**	**Ending balance**
Legal actions	25	(25)	-
Taxes	6,607	-	6,607
	6,632	**(25)**	**6,607**

	2012			
Captions	**Opening balance**	**Increases**	**Decreases (Note 6)**	**Ending balance**
Legal actions	333	(268)	(40)	25
Taxes	6,607	-	-	6,607
	6,940	**(268)**	**(40)**	**6,632**

Caption "Taxes" in the amount of €6,607 k mainly includes:

(i) €3,230 k to address tax result adjustments made during the tax inspection regarding income tax for the years 2005 and 2006 of Galp Energia, SGPS, S.A. The fiscal contingency is related to the interpretation of the taxation regime on gains obtained in periods prior to year 2000 (Note 9 and 33);

(ii) €3,377 k due to the fiscal risk associated with the participation in ONI, SGPS, S.A. sold to Galp Energia, SGPS, S.A.

26. TRADE PAYABLES

As of 31 December 2013 and of 2012, caption "Suppliers" had the following detail:

Captions	**2013**	**2012**
Trade payables – current account	1,050	315
Trade payables – invoices pending	23	23
	1,073	**338**

27. OTHER FINANCIAL INSTRUMENTS – DERIVATIVES

As of 31 December 2013, financial derivatives had the following characteristics:

Type of derivative over interest rate	Interest Rate	Nominal value	Maturity	Fair value of the derivatives in €k
Liability Swaps	**Cash flow hedge** Pays between 1.48% and 1.59% Receives Euribor 6m	€ 122,500 k	2014	(1,241)
				(1,241)

Interest rate swaps

The Company's derivatives financial portfolio, classified as financial assets or liabilities at fair value through profit and loss, as of 31 December 2013 and of 2012 had the following variances:

	Assets		Liabilities	
Interest rate derivatives	**Current**	**Non-current**	**Current**	**Non-current**
Fair value at 1 January 2012	**-**	**1,032**	**-**	**(1,756)**
Purchased during the year	-	-	-	-
Payment / (receipt) of interest during the year	-	-	-	1,923
Receipt / (payment) of interest reflected in the income statement	-	-	-	(1,923)
Increase / (decrease) in fair value reflected in the income statement	54	-	(124)	-
Increase / (decrease) in fair value reflected in equity	-	(1,032)	(598)	(5,161)
Fair value at 31 December 2012	**54**	**-**	**(722)**	**(6,917)**
Fair value at 1 January 2013	**54**	**-**	**(722)**	**(6,917)**
Purchased during the year				
Payment / (receipt) of interest during the year	-	-	6,242	-
Receipt / (payment) of interest reflected in the income statement	-	-	(6,242)	-
Increase / (decrease) in fair value reflected in the income statement	-	-	(12)	-
Increase / (decrease) in fair value reflected in equity	(54)	-	734	5,677
Fair value at 31 December 2013	**-**	**-**	**-**	**(1,241)**

Financial derivatives are defined in accordance with IAS/IFRS, as "financial assets as at fair value through profit and loss" or "financial liabilities at fair value through profit and loss". The interest rate financial derivatives that are contracted to hedge the variance in interest rates on borrowings are defined as "cash flow hedges". Interest rate financial derivatives that are contracted to hedge changes in fair value or other risks that might alter the effects on profit and loss arising from borrowings are defined as "fair value hedges".

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

The fair value of financial derivatives (swaps) was determined by financial entities using observable market inputs and using generally accepted techniques and models (Level 2).

28. RELATED PARTIES

Balances and transactions with related parties in the years ended 31 December 2013 and 2012 were as follows:

Receivables:

	2013					
		Non-current	Current			
Company	Total of related parties	Loans granted (Note 14)	Trade Receivables (Note 15)	Loans Granted (Note 14)	Other receivables (Notes 9 and 14)	Accruals and deferrals (Note 14)
Petrogal, S.A.	2,439,714	2,290,000	373	117,214	21,521	10,606
Petrogal Sucursal Espanha	616,554	611,613	57	-	4,235	649
GDP Gás de Portugal, SGPS, S.A.	298,592	279,240	-	12,608	6,094	650
Galp Power, SGPS, S.A.	226,989	224,390	-	477	914	1,208
Lusitaniagás, S.A.	44,000	-	-	44,000	-	-
Galp Gás Natural, S.A.	34,654	-	12	-	34,642	-
Lisboagás, S.A.	18,281	-	-	10,854	7,427	-
Lisboagás CUR, S.A.	6,769	-	-	4,889	1,880	-
Galp Açores, S.A.	4,814	-	32	4,782	-	-
Enerfuel, S.A.	3,020	-	-	-	3,020	-
Sinecogeração, S.A.	2,654	-	-	728	1,926	-
Galp Madeira, S.A.	2,301	-	14	-	2,287	-
Galpgeste, S.A.	2,133	-	-	1,332	801	-
GDP Serviços, S.A.	1,636	-	226	-	1,410	-
Portocogeração, S.A.	3,476	-	-	1,360	2,116	-
Transgás, S.A.	1,232	-	-	-	1,232	-
Galp Energia, S.A.	983	-	-	-	983	-
Next Priority, S.A.	812	-	-	-	812	-
Galp Power, S.A.	755	-	-	-	755	-
Tanquisado, S.A.	655	-	-	-	655	-
Lusitaniagás Comercialização, S.A.	537	-	-	479	58	-
Duriensegás, S.A.	528	-	-	-	528	-
Transgás Armazenagem, S.A.	445	-	-	-	445	-
Dianagás, S.A.	290	-	-	164	126	-
CLT, Companhia Logística de Terminais Marítimos, S.A.	114	-	-	-	114	-
Tagus Re, S.A.	106	-	-	-	106	-
Paxgás, S.A.	96	-	-	-	96	-
Petrogal Brasil	95	-	95	-	-	-
Adene – Agência para a Energia, S.A.	90	90	-	-	-	-
Gasinsular – Combustíveis do Atlântico	83	-	-	-	83	-
Galp Exploração	149	-	77	-	72	-
Petrogal Moçambique, S.A.	58	-	39	-	19	-
Petrogás Guiné-Bissau, S.A.	33	-	16	-	17	-
Fast Access, S.A.	26	-	22	-	4	-
Tagusgás, S.A.	19	-	8	-	11	-
Soturis, S.A.	18	-	-	5	13	-
Numero Um	15	-	4	-	11	-
Galp Energia E&P, B.V.	9	-	9	-	-	-
Petrogal Angola, S.A.	7	-	-	-	7	-
Petromar, S.A.	6	-	-	-	6	-
Petrogal Cabo Verde, S.A.	4	-	-	-	4	-
Beiragás	3	-	-	-	3	-
Medigás, S.A.	1	-	-	-	1	-
CLC, Companhia Logística de Combustíveis, S.A.	1	-	1	-	-	-
Sacor Marítima	(2)	-	(2)	-	-	-
	3,712,755	**3,405,333**	**983**	**198,892**	**94,434**	**13,113**

The amount of €3,405,333 k recorded in non-current loans granted, essentially respects to shareholder loans granted to related parties which bear market interests rates and do not have a defined repayment plan. According to the Board of Directors' expectations, the loans will not be received in the short term.

The amount of €198,892 k recorded as current loans granted, includes €154,892 k which respect to cash pooling loans granted to Group companies, and €44,000 k which respect to loans granted to Group companies to reimburse during 2014. These loans bear normal market interest rates.

The amount of €94,434 k recorded in current – other receivables, includes €62,704 k which relate to income tax receivable from companies under the special taxation regime for groups of companies (Note 9), and €31,730 k which relate to other accounts receivable from Group companies (Note 14).

The amount of €13,113 k recorded in accruals and deferrals, in current assets, refers to accrued interest on loans granted, on 31 December 2013, to other Group companies.

	2012					
		Non-current	Current			
Company	Total of related parties	Loans granted (Note 14)	Trade receivables (Note 15)	Loans granted (Note 14)	Other receivables (Notes 9 and 14)	Accruals and deferrals (Note 14)
Petrogal, S.A.	3,156,509	2,205,000	392	934,811	1,160	15,146
Galp Power, SGPS, S.A.	174,941	166,509	-	7,229	-	1,203
GDP Gás de Portugal, SGPS,S.A.	161,610	159,339	-	1,085	862	324
Galp Gás Natural, S.A.	43,173	-	-	-	43,173	-
Galp Madeira, S.A.	24,529	-	14	22,458	2,057	-
Galp Power, S.A.	20,008	-	-	20,008	-	-
Lisboagás, S.A.	2,171	-	-	-	2,171	-
Galp Açores, S.A.	6,344	-	29	6,315	-	-
Lisboagás CUR, S.A.	10,299	-	-	5,673	4,626	-
Transgás Armazenagem, S.A.	3,725	-	-	2,056	1,669	-
GDP Serviços, S.A.	2,664	-	150	1,133	1,381	-
Sinecogeração, S.A.	2,388	-	-	-	2,388	-
Lusitaniagás Comercialização, S.A.	1,600	-	-	1,600	-	-
Dianagás, S.A.	1,287	-	-	1,287	-	-
Galpgeste, S.A.	1,150	-	-	686	464	-
Medigás, S.A.	938	-	-	937	1	-
Soturis, S.A.	866	-	-	853	13	-
Galp Energia, S.A.	693	-	-	-	693	-
Tanquisado, S.A.	549	-	-	-	549	-
Duriensegás, S.A.	341	-	-	341	-	-
Galp Sinopec Brazil Services, B.V.	225	-	225	-	-	-
Paxgás, S.A.	155	-	-	71	84	-
Serviexpress Portugal, S.A.	133	-	-	-	133	-
Petrogal Sucursal Espanha	108	-	108	-	-	-
Petrogal Brasil	117	-	100	-	17	-
Gasinsular – Combustíveis do Atlântico	100	-	-	100	-	-
Galp Exploração	143	-	98	-	45	-
Adene – Agência para a Energia, S.A.	90	90	-	-	-	-
Petrogal Moçambique, S.A.	58	-	39	-	19	-
Next Priority, S.A.	384	-	-	-	384	-
Galp Logistica de Aviação, S.A.	52	-	-	-	52	-
Portocogeração, S.A.	36	-	-	36	-	-
Galp Energia Rovuma, B.V.	26	-	-	-	26	-
Petrogás Guiné-Bissau, S.A.	33	-	16	-	17	-
Fast Access, S.A.	26	-	22	-	4	-
Numero Um	4	-	4	-	-	-
Tagusgás, S.A.	19	-	8	-	11	-
Petrogal Angola, S.A.	7	-	-	-	7	-
Petromar, S.A.	6	-	-	-	6	-
Petrogal Cabo Verde, S.A.	4	-	-	-	4	-
Sacor Maritima	2	-	2	-	-	-
CLC, Companhia Logística de Combustíveis, S.A.	1	-	1	-	-	-
Gasfomento, S.A.	(3)	-	(3)	-	-	-
	3,617,511	**2,530,938**	**1,205**	**1,006,679**	**62,016**	**16,673**

The amount of €2,530,938 k recorded in non-current granted loans, essentially respects to shareholder loans granted to related parties which bear market interests rates and do not have a defined repayment plan. According to the Board of Directors' expectations, the loans will not be received in the short term.

The amount of €1,006,679 k recorded as current loans granted, includes €562,551 k which respect to cash pooling loans granted to Group companies, and €444,128 k which respect to loans granted to Group companies to reimburse during 2013. These loans bear normal market interest rates.

The amount of €62,016 k recorded in current – other receivables, includes €60,374 k which relate to income tax receivable from companies under the special taxation regime for groups of companies (Note 9), and €1,642 k which relate to other accounts receivable from Group companies (Note 14).

The amount of €16,673 k recorded in accruals and deferrals refers to accrued interest on loans granted on 31 December 2012, to other Group companies.

Payables:

	2013			
		Current		
Company	Total of related parties	Trade payables	Loans obtained (Note 24)	Income tax payable (Note 9)
Galp Energia E&P, B.V.	270,075	-	270,075	-
Petrogal, S.A.	84,016	213	-	83,803
Galp Gás Natural, S.A.	49,234	3	49,231	-
Sacor Maritima, S.A.	6,352	2	6,350	-
Tanquisado S.A.	6,217	-	6,217	-
Transgás, S.A.	5,478	-	5,478	-
CLT, Companhia Logística de Terminais Marítimos, S.A.	5,273	-	5,273	-
Transgás Armazenagem, S.A.	5,061	-	5,038	23
Galp Madeira, S.A.	4,249	-	4,249	-
Galp Power, S.A.	4,073	-	4,072	1
Galp Exploração Timor-Leste, S.A.	3,641	-	8	3,633
GDP Serviços	2,548	-	2,548	-
Galp Exploração, S.A.	1,530	-	1,530	-
Galp Power, SGPS, S.A.	1,439	-	-	1,439
Galp Energia, S.A.	672	284	387	1
Medigás, S.A.	510	-	455	55
Galpgeste, S.A.	168	-	-	168
Duriensegás, S.A.	164	-	164	-
Paxgás	137	-	137	-
Tripul, S.A.	95	-	95	-
Sinecogeração, S.A.	55	-	-	55
Soturis, S.A.	34	-	-	34
Galp Logistica de Aviação, S.A.	16	-	-	16
Galp Gás Natural Distribuição, SGPS, S.A.	8	-	-	8
	451,045	**502**	**361,307**	**89,236**

The amount of €361,307 k recorded as "Current – loans obtained" includes €270,075 k related with loans obtained from Galp Energia E&P, B.V., and €91,232 k from cash pooling obtained from related parties. These loans bear normal market interest rates.

The amount of €89,236 k recorded in "Current – other payables", respects to income tax payable to companies under the special taxation regime for groups of companies (Note 9).

	2012					
		Current				
Company	Total of related parties	Trade payables	Loans obtained (Note 24)	Income tax payable (Note 9)	Interest payable (Note 24)	Accruals and deferrals
Galp Energia E&P, B.V.	840,196	-	827,380	-	12,816	-
Galp Gás Natural, S.A.	92,198	(3)	92,201	-	-	-
Petrogal, S.A.	51,564	60	-	51,450	-	54
Galp Exploração, S.A.	27,062	-	24,796	2,266	-	-
Transgás, S.A.	26,332	-	25,894	438	-	-
Sacor Maritima, S.A.	20,176	-	20,176	-	-	-
Galp Energia, S.A.	13,269	226	13,032	2	-	9
Tanquisado S:A.	7,701	2	7,698	1	-	-
Lisboagás, S.A.	7,551	-	7,551	-	-	-
Sinecogeração, S.A.	5,621	-	5,566	55	-	-
CLT, Companhia Logística de Terminais Marítimos, S.A.	1,715	-	1,000	715	-	-
Galp Power, SGPS, S.A.	1,329	-	-	1,329	-	-
Galp Exploração Timor-Leste, S.A.	1,145	-	1,142	3	-	-
Galp Power, S.A.	705	-	-	705	-	-
Galpgeste, S.A.	684	-	-	684	-	-
Medigás, S.A.	372	-	-	372	-	-
Eni, S.p.A.	317	56	-	-	-	261
Duriensegás, S.A.	173	-	-	173	-	-
Dianagás, S.A.	124		-	124	-	-
Tripul, S.A.	111		111	-	-	-
Portocogeração, S.A.	49	-	-	49	-	-
Serviexpress Portugal, S.A.	46	-	-	46	-	-
Soturis, S.A.	25	-	-	25	-	-
Transgás Armazenagem, S.A.	23	-	-	23	-	-
Next Priority, S.A.	14	-	-	14	-	-
Galp Gás Natural Distribuição, SGPS, S.A.	7	-	-	7	-	-
Gasfomento, S.A.	1	(4)	-	5	-	-
	1,098,511	**338**	**1,026,547**	**58,486**	**12,816**	**324**

The amount of €1,026,547 k recorded as "Current – loans obtained" includes €827,380 k related with loans obtained from Galp Energia E&P, B.V., and €199,167 k from cash pooling obtained from related parties. These loans bear normal market interest rates.

The amount of €58,486 k recorded in "Current – other payables", refers to income tax payable to other Group companies, under the special taxation regime for groups of companies (Note 9).

The amount of €12,816 k recorded in interest payable, refers to accrued interests in the year ended 31 December 2013, payable to subsidiary Galp Energia E&P, B.V. (Note 24).

The amount of €428,810 k recorded as "Current – loans obtained" includes €135,500 k related with loans obtained from Galp Energia Portugal Holding, B.V., €28,400 k obtained from Tagus, Re, S.A. and €264,910 k from cash pooling obtained from related parties. These loans bear normal market interest rates.

The amount of €31,317 k recorded in "Current – other payables", respects to income tax payable to companies under the special taxation regime for groups of companies (Note 9).

Transactions

	2013			
Company	**Operating costs**	**Operating income**	**Financial costs (Note 8)**	**Financial income (Note 8)**
Amorim, B.V.	1,503	-	-	-
CLT, Companhia Logística de Terminais Marítimos, S.A.	-	-	2	(12)
Dianagás, S.A.	-	-	-	(46)
Duriensegás, S.A.	-	-	1	(2)
Eni, S.p.A.	(90)	-	-	-
Galp Exploração Timor-Leste, S.A.	-	-	1	-
Galp Açores, S.A.	-	(115)	-	(173)
Galp Sinopec Brasil Serviços, B.V.	-	(152)	-	-
Galp Energia E&P, B.V.	-	(100)	26,008	-
Galp Bioenergy, B.V.		-	-	(31)
Galp Energia, S.A.	1,710	(4)	4	(70)
Galp Exploração, S.A.	-	(793)	40	(11)
Galp Gás Natural, S.A.	-	(114)	75	(157)
Galp Madeira, S.A.	-	(140)	4	(126)
Galp Power, S.A.	-	-	-	(1,608)
GALP Power, SGPS, S.A.	-	-	-	(8,062)
Galpgeste, S.A.	-	-	-	(59)
GásInsular, S.A.	-	-	-	(3)
GDP Gás de Portugal, SGPS, S.A.	-	-	1	(8,377)
GDP Serviços, S.A.	-	(2,204)	2	(5)
Lisboagás CUR, S.A.	-	-	1	(74)
Lisboagás, S.A.	-	-	17	(24)
Medigás, S.A.	-	-	-	(14)
Lusitaniagás, S.A.	-	-	-	(933)
Lusitaniagás CUR	-	-	-	(50)
Paxgás, S.A.	-	-	1	-
Petrogal Brasil	-	(1,237)	-	-
Petrogal, S.A.	886	(3,636)	4	(111,218)
Petrogal, Sucursal España	-	(688)	-	(5,807)
PortCogeração, S.A.	-	-	-	(218)
Sacor Maritima, S.A.	-	-	23	-
Sinecogeração, S.A.	-	-	2	(151)
Soturis, S.A.	-	-	-	(26)
Tagus Re, S.A.	-	(213)	-	-
Tanquisado S.A.	-	-	10	(1)
Transgás Armazenagem, S.A.	-	-	-	(479)
Transgás, S.A.	-	-	9	(72)
	4,009	**(9,396)**	**26,205**	**(137,809)**

The amount of €4,009 k recorded as operating costs, includes the amount of €1,503 k related with Board costs charged by shareholder Amorim Energia, and the amount of €1,710 k related with services rendered by subsidiary Galp Energia, S.A., namely, consulting services and management support in the areas of accounting, treasury, financial management, administrative and logistics, purchasing and procurement, auditing, information systems, human resources and training.

The amount of €9,396 k recorded as operating income includes the amount of de €9,115 k related with management services and €284 k of recharged expenses paid on behalf of other Group companies.

The amount of €137,809 k refers to accrued interest on loans granted to related parties during 2013.

	2012			
Company	**Operating costs**	**Operating income**	**Financial costs (Note 8)**	**Financial income (Note 8)**
Amorim, B.V.	779	-	-	-
CLT, Companhia Logística de Terminais Marítimos, S.A.	-	-	1	(29)
Galp Energia Rovuma, B.V.	-	(26)	-	-
Dianagás, S.A.	-	-	1	(3)
Duriensegás, S.A.	-	-	1	(7)
Eni, S.p.A.	1,243	-	-	-
Galp Exploração Timor-Leste, S.A.	-	-	5	-
Galp Açores, S.A.	-	(115)	-	(139)
Galp Sinopec Brasil Serviços, B.V.	-	(150)	-	-
Galp Energia E&P, B.V.	-	-	26,324	-
Galp Energia Portugal Holding, B.V.		-	475	-
Galp Energia, S.A.	2,237	(3)	12	(12)
Galp Exploração, S.A.	-	(1,079)	292	(40)
Galp Gás Natural, S.A.	(6)	(18)	248	(196)
Galp Madeira, S.A.	-	(140)	8	(282)
Galp Power, S.A.	-	-	-	(540)
Galp Power, SGPS, S.A.	-	-	3	(7,273)
Galpgeste, S.A.	-	-	2	(24)
GásInsular, S.A.	-	-	-	(15)
Gasmar, S.A.	-	-	1	-
GDP Gás de Portugal, SGPS, S.A.	-	-	25	(11,350)
GDP Serviços, S.A.	-	(1,480)	8	(2)
Lisboagás CUR, S.A.	-	-	27	(17)
Lisboagás, S.A.	-	-	3	(185)
Medigás, S.A.	-	-	1	-
Lusitaniagás, S.A.	-	-	-	(1)
Paxgás, S.A.	-	-	-	(3)
Petrogal Brasil	-	(1,300)	-	-
Petrogal, S.A.	710	(3,918)	95	(131,238)
Petrogal, Sucursal España	-	(1,307)	-	(17)
PortCogeração, S.A.	-	-	1	(484)
S.M. Internacional, S.A.	-	-	2	-
Sacor Maritima, S.A.	-	-	58	-
Sinecogeração, S.A.	-	-	114	(2)
Soturis, S.A.	-	-	-	(1)
Tagus Re, S.A.	-	(39)	47	-
Tanquisado S.A.	-	-	34	-
Transgás Armazenagem, S.A.	-	-	-	(74)
Transgás, S.A.	-	-	18	(157)
Tripul, S.A.	-	-	1	-
	4,963	**(9,575)**	**27,807**	**(152,091)**

The amount of €4,963 k recorded as operating costs, includes €2,022 k related with Board costs charged by shareholders Eni, S.p.A. and Amorim Energia, and the amount of €2,237 k from services rendered by subsidiary Galp Energia, S.A., namely consulting services and management support in the areas of accounting, treasury, financial management, administrative and logistics, purchasing and procurement, assets, auditing, information systems, human resources and training.

The amount of €9,575 k recorded as other operating income includes the amount of €9,321 k related with management services and €254 k of charged expenses paid on behalf of other Group companies.

The amount of €152,091 k refers to accrued interest on loans granted to related parties during 2012.

29. REMUNERATION OF THE BOARD

The remuneration of Galp Energia's Corporate Board members for the years ended 31 December 2013 and 2012, had the following detail:

	December 2013						December 2012					
	Salary	Pension plans	Allowances for rent and travels	Bonuses	Other charges and adjustments	Total	Salary	Pension plans	Allowances for rent and travels	Bonuses	Other charges and adjustments	Total
Corporate Boards of Galp Energia, SGPS, S.A.												
Executive management	3,482	810	149	2,020	23	6,484	3,547	822	158	1,179	575	6,281
Non-executive management	733	-	-	-	-	733	1,169	145	31	-	-	1,345
Supervisory Board	92	-	-	-	-	92	93	-	-	-	-	93
General shareholders meeting	2	-	-	-	-	2	6	-	-	-	-	6
	4,309	**810**	**149**	**2,020**	**23**	**7,311**	**4,815**	**967**	**189**	**1,179**	**575**	**7,725**

The amounts of €7,311 k and €7,725 k, recorded in the years ended 31 December 2013 and 2012, respectively, include €6,355 k and €5,703 k recorded as employee costs (Note 6) and €956 k and €2,022 k recorded as "External supplies and services".

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

Information related to charged fees by the statutory and external auditor is disclosed in the Group governance report.

30. DIVIDENDS

Dividends attributed to the Company's shareholders amounted to €199,020 k, in accordance with the decision of the general shareholders meeting of 22 April 2013, include €27,552 k relating to net profit for 2012 and €171,468 k relating to retained earnings. From this amount, €99,510 k were paid in September 2012.

Additionally, the Board of Directors approved the payment of an interim dividend, in the amount of €119,412 k. The amount was fully paid on 18 September 2013.

31. OIL AND GAS RESERVES

Not applicable.

32. FINANCIAL RISK MANAGEMENT

Risk management

Galp Energia is exposed to several types of market (interest rate), liquidity and credit risks, inherent to the oil and natural gas industries, which affect the Group's results.

Market risks

Interest rate risk
The total interest rate position is managed centrally. Interest rate exposure relates mainly to bank loans. Exposure to interest rate is mostly related with interest bearing bank debt. The goal of managing interest rate risk is to reduce the volatility of financial costs in the income statement. The interest rate risk management policy is aimed at reducing exposure to variable rates fixing interest rate risk on loans, using simple derivatives such as swaps.

Liquidity risk
Liquidity risk is defined as the amount by which profit and/or cash flow of the business are affected as a result of the Group's constraint to obtain the financial resources necessary to meet its operating and investment commitments.

Galp Energia Group's finances itself through cash flows generated by its operations, and also maintains a diversified portfolio of loans. The Group has access to credit amounts that are not fully used but that are at its disposal. These credits can cover all loans that are repayable in 12 months. The available short and medium-long term lines of credit that are not being used are sufficient to meet any immediate demand.

Credit risk
Credit risk results from potential non-compliance by one of the parties, of contractual obligations to pay and so the risk level depends on the financial credibility of the counterparty. In addition, counterparty credit risk exists on monetary investments and hedging instruments. Credit risk limits are established by Galp Energia and are implemented in the various business segments. The credit risk limits are defined and documented and credit limits for certain counterparties are based on their credit ratings, period of exposure and monetary amount of the exposure to credit risk.

Impairment of accounts receivable is explained in Notes 14 and 15.

33. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets

(i) Following the sale in 1999 of 40% of OPTEP SGPS, S.A.'s share capital, corresponding to 440,000 shares with a nominal value of €5 per share, the base selling price of €189,544 k was contractually established, of which €74,818 k was attributed to the 093X segment and €114,726 k to the E3G/Edinet segment.

The sale by GDP, SGPS, S.A. (currently designated Galp Energia, SGPS, S.A. for purposes of the merger carried out in 2008) and Transgás, S.A. (currently designated Galp Gás Natural, S.A.) 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, being 450,000 shares with a nominal value of €5 per share, during a period of three years as from the date of signature of the agreement (24 June 1999), the difference between the amount of €74,818 k and the sale price would be divided between the parties, as follows:

€ for each 220,000 shares	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, GDP SGPS, S.A., Transgás SGPS, S.A., (currently designated GDP Distribuição, SGPS, S.A. for purposes of the merger carried out in 2006), Transgás, S.A. and EDP, S.A. 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 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 €315,000 k, which means that Thorn Finance valued Optimus at €1,235,779 k, which is higher than the value established between the parties of €748,197 k. Therefore, an upside of €30,253 k payable by EDP, S.A., to be divided equally between GDP, SGPS, S.A. (merged into Galp Energia, SGPS, S.A. effective as of 1 January 2008) and Transgás SGPS, S.A. (currently called GDP Distribuição, SGPS, S.A. as a result of the merger in 2006).

In December 2012, Galp Energia, SGPS, S.A. and GDP Gás de Portugal, SGPS, S.A., filed a request for arbitration relating to the sale of an indirect interest in Optimus, which is pending new developments.

As EDP has not agreed to the GDP Group's expectations, this account receivable has not been recorded.

Pledged guarantees

As of 31 December 2013, responsibilities with pledged guarantees amounted to €50,043 k being constituted essentially by:

- Guarantees of €49,980 k in benefit of the tax administration;
- Guarantees of €60 k in benefit of the Sines port authority;
- Guarantees of €3 k in benefit of the Lisbon port authority.

As of 31 December 2013, there were standby letter unused import credits totalling $16,678 k related to insurance premiums.

34. INFORMATION REGARDING ENVIRONMENTAL MATTERS

Not applicable.

35. SUBSEQUENT EVENTS

There were no subsequent events after 31 December 2013 with relevant material impact.

36. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors on 14 March 2014.

37. EXPLANATION ADDED FOR TRANSLATION

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

THE ACCOUNTANT
Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS
Chairman:
Américo Amorim
Vice-chairmen:
Manuel Ferreira De Oliveira
Luís Palha da Silva
Members:
Paula Amorim
Filipe Crisóstomo Silva
Carlos Gomes da Silva
Sérgio Gabrielli de Azevedo
Stephen Whyte
Vítor Bento
Abdul Magid Osman
Luís Manuel Moreira de Campos e Cunha
Miguel Athayde Marques
Carlos Costa Pina
Rui Paulo Gonçalves
Luís Manuel Todo Bom
Fernando Gomes
Diogo Mendonça Tavares
Joaquim José Borges Gouveia
José Carlos da Silva Costa
Jorge Manuel Seabra de Freitas

AUDIT REPORT FOR STOCK EXCHANGE REGULATORY PURPOSES ON THE INDIVIDUAL FINANCIAL INFORMATION

(Free translation from the original in Portuguese)

Introduction

1. As required by law, we present the audit report for stock exchange regulatory purposes on the financial information included in the accounts report and in the attached financial statements of Galp Energia, SGPS, S.A., comprising the statement of financial position as at 31 December 2013 (which shows total assets of €5,277,430 k and total shareholder's equity of €1,680,267 k including a net profit of €364,185 k), the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the corresponding notes to the accounts.

Responsibilities

2. It is the responsibility of the Company's Board of Directors: (i) to prepare the accounts report and the financial statements which present a true and fair view of the financial position of the Company, the results and the comprehensive income of its operations, the changes in equity and the cash flows; (ii) to prepare historic financial information in accordance with the IFRS as adopted by the EU and which is complete, true, up-to-date, clear, objective and lawful, as required by the CVM; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an appropriate system of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company.

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

Scope

4. We conducted our audit in accordance with the Portuguese Statutory Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the financial statements; (ii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

5. Our audit also covered the verification that the information included in the accounts report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of article 451 of the CSC.

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

Opinion

7. In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of Galp Energia, SGPS, S.A. as at 31 December 2013, the results and the comprehensive income of its operations, the changes in equity and the cash flows for the year then ended, in accordance with IFRS as adopted by the EU and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8. It is also our opinion that the information included in the directors' report is consistent with the financial statements for the year and that the corporate governance report includes the information required under article 245–A of the CVM.

18 March 2014

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

António Joaquim Brochado Correia, ROC

STATUTORY AUDITORS' OPINION ON THE STAND ALONE FINANCIAL STATEMENTS

(Free translation from the original in Portuguese)

Introduction

1. We have examined the individual financial statements of Galp Energia, SGPS, S.A. (the Company) for the fiscal year ended on 31 December 2013, comprising the balance sheet as of 31 December 2013 (which reflect total assets of €5,277,430 k and a total equity of €1,680,267 k, including a net income for the year of €364.185 k), the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows for the year then ended, and the related notes to the individual financial statements. These financial statements relate to the Company's activity on a stand-alone basis and have been prepared in accordance with the IFRS, as adopted by the EU.

Responsibilities

2. The Board of Directors is responsible for the preparation of the individual financial statements that present a true and fair view of the financial position of the Company, the results and comprehensive income of its operations, the changes in shareholders' equity and its cash flows, the adoption of adequate accounting policies and criteria and the maintenance of an appropriate system of internal control, as well as the disclosure of any significant facts that have influenced its operations, financial position or results.

3. It is our responsibility to report our independent professional opinion, based on our audit of such financial statements.

Scope

4. Our examination was made in accordance with generally accepted Portuguese Statutory Auditing Standards, which require our audit to be planned and performed in order to provide reasonable assurance that the individual financial statements are free from material misstatements. Therefore, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements, and assessment of the significant estimates, which were based on judgements and criteria defined by the Board of Directors, used in the preparation of the financial statements, assessment of the adequacy of the accounting policies adopted and related disclosures, in the circumstances, examination of the adequacy of the going concern basis of preparation of the financial statements, and evaluation of the overall adequacy of the presentation of the financial statements.

5. Our examination also included verifying that the financial information included in the accounts report is consistent with the stand-alone financial statements, as well as the verification of the matters mentioned in paragraphs 4 and 5 of article 451 of the CSC.

6. We consider that the audit that we performed provides a reasonable basis for the expression of our opinion.

Opinion

7. In our opinion, the individual financial statements mentioned above, present a true and fair view, in all material respects, of the stand-alone financial position of Galp Energia, SGPS, S.A. as of 31 December 2013, the results and comprehensive income of its operations, changes in shareholders' equity and cash flows for the year then ended, in accordance with IFRS, as adopted by the EU.

Reporting on other legal requirements

8. It is also our opinion that the information included in the accounts report is consistent with the individual financial statements and that the Company's corporate governance report includes the disclosures required by article 245-A of the CVM.

Lisbon, 18 de March 2014

P. Matos Silva, Garcia Jr., P. Caiado & Associados
– Sociedade de Revisores Oficiais de Contas, Lda.
represented by

Pedro Matos Silva, ROC

SUPERVISORY BOARD'S REPORT AND OPINION

(Free translation from the original in Portuguese)

Dear shareholders,

According to the current legislation and the Company's articles of association, and under our mandate, we hereby present our opinion on the accounts report, the individual and consolidated financial statements, as well as the proposed allocation of net profit presented by the Board of Directors of Galp Energia SGPS, S.A., with regards to the year ended 31 December 2013.

We have met several times both with the statutory auditor and with the external auditor, monitoring both the audit activities and the legal certification of the accounts, as well as supervising their independence and competence. We have reviewed and agreed with both the legal certification of the accounts as well as the audit report of the individual and consolidated accounts.

Under the scope of our mandate, we have verified and we hereby declare to the best of our knowledge that:

a) the individual and consolidated financial statements and their corresponding notes allow for an adequate understanding of the Company's financial position and results, as well as of the subsidiaries which are included in the consolidation remit;

b) the accounting principles and the metrical criteria used follow the IFRS, as adopted by the EU, and are adequate as to guarantee a correct representation of both the Company's and the Group's assets and results;

c) the accounts report includes a fair review of the business development just as of the position of the Company and other companies included in the consolidation, clearly highlighting the most significant aspects of the business, as well as a description of the main risks that Galp Energia is exposed to in its operations;

Accordingly, taking into consideration the information received by the Board of Directors and other Company departments, as well as the conclusions set out in the legal certification of the accounts and the audit report about the individual and consolidated financial statements, we hereby express our agreement with the accounts report, the individual and consolidated financial statements, as well as the proposed allocation of net profit for the financial year 2013, and we are of the opinion that these should be approved in the general shareholders meeting.

Lastly, the Supervisory Board wishes to express its gratitude to the Board of Directors and to the Executive Committee of Galp Energia, SGPS, S.A., whose cooperation greatly simplified, at all times, the exercise of the Supervisory Board's duties.

Lisbon, 24 March 2014

Daniel Bessa Fernandes Coelho

Gracinda Augusta Figueiras Raposo

Pedro Antunes de Almeida

Enclosed: declarations endorsed by the Supervisory Board for the purposes of paragraph 1 c) of article 245 of the CVM.

Declaration

Daniel Bessa Fernandes Coelho, Chairman of the Supervisory Board of Galp Energia, SGPS, S.A., hereby declares that, under terms and the purposes of paragraph 1 c) of article 245 of the CVM, to the best of his knowledge, the accounts report, the financial statements, legal certification of the accounts and further accounting documents, were prepared in compliance with the applicable accounting requirements, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of Galp Energia and the companies included in the consolidation as a whole, and the accounts report includes a fair review of the development of the business and the performance and position of Galp Energia and the undertakings included in the consolidation taken as a whole; and includes an accurate description of the principal risks faced by Galp Energia's operations.

Lisbon, 24 de March 2014

Daniel Bessa Fernandes Coelho

Declaration

Gracinda Augusta Figueiras Raposo, member of the Supervisory Board of Galp Energia, SGPS, S.A., hereby declares that, under terms and the purposes of paragraph 1 c) of article 245 of the CVM, to the best of his knowledge, the accounts report, the financial statements, legal certification of the accounts and further accounting documents, were prepared in compliance with the applicable accounting requirements, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of Galp Energia and the companies included in the consolidation as a whole, and the accounts report includes a fair review of the development of the business and the performance and position of Galp Energia and the undertakings included in the consolidation taken as a whole; and includes an accurate description of the principal risks faced by Galp Energia's operations.

Lisbon, 24 de March 2014

Gracinda Augusta Figueiras Raposo

Declaration

Pedro Antunes de Almeida, member of the Supervisory Board of Galp Energia, SGPS, S.A., hereby declares that, under terms and the purposes of paragraph 1 c) of article 245 of the CVM, to the best of his knowledge, the accounts report, the financial statements, legal certification of the accounts and further accounting documents, were prepared in compliance with the applicable accounting requirements, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of Galp Energia and the companies included in the consolidation as a whole, and the accounts report includes a fair review of the development of the business and the performance and position of Galp Energia and the undertakings included in the consolidation taken as a whole; and includes an accurate description of the principal risks faced by Galp Energia's operations.

Lisbon, 24 de March 2014

Pedro Antunes de Almeida

ANNUAL ACTIVITY REPORT OF THE SUPERVISORY BOARD FOR THE FINANCIAL YEAR 2013

In accordance with article paragraph 1 g) of article 420 of the CSC and of paragraph 1 g) of article 8 of the the Supervisory Board regulations of Galp Energia, SGPS, S.A. (hereinafter referred to as Galp Energia or Company), the Board hereby presents its report on the supervisory activities performed in 2013.

I. Introduction

In keeping with the corporate governance model implemented by Galp Energia, the Latin model laid down in paragraph 1 a) of article 278 and paragraph 1 b) of article 278, both from the CSC, the Supervisory Board is responsible for supervising the Company's activities.

The Supervisory Board in office was elected at the general shareholders meeting held on 30 May 2011, for the 2011-2013 term of office, a term that was extended to four years (2011 to 2014) by a resolution passed at the general shareholders meeting of 24 April 2012, and comprises three independent members, in accordance with the criteria set out in paragraph 5 of article 414 of the CSC.

All members of the Supervisory Board meet the compatibility criteria for the performance of their duties as laid down in paragraph 1 of article 414-A of the CSC.

The main duties of the Supervisory Board, as described in the respective regulation which is available via the Company's website, lie within the following key areas:

a) Permanently monitoring the Company's activities, monitoring compliance with the law and articles of association, and overseeing the Company's management;

b) Monitoring compliance with accounting policies and practices, as well as the preparation and disclosure of financial information, and supervising the audit of the accounts included in the Company's accounting documents;

c) Monitoring the effectiveness of the risk-management and internal-control systems, annually assessing with the Executive Committee the internal-control and audit procedures and any issues raised about the accounting practices adopted by the Company, addressing such recommendations as it may deem fit to that Committee;

d) Overseeing the adoption by the Company of the principles and policies for the identification and management of the key risks of a financial and operational nature related to the Company's business, and monitoring and performing adequate and timely control and disclosure of such risks;

e) Receiving reports of irregularities made by shareholders, Company employees or others;

f) Proposing to the general shareholders meeting the appointment of the Statutory Auditor or firm of auditors and monitoring their independence, notably as regards the provision of additional services;

g) Appointing or dismissing the Company's External Auditor and assessing its activity each year through a critical appraisal of the reports and documentation that it draws up in the performance of its duties.

II. Activity performed by the Supervisory Board concerning the financial year 2013

During 2013 the Supervisory Board held 12 meetings and implemented several measures within the scope of its duties, of which the following are highlighted:

1. Permanently monitoring the Company's activity, monitoring compliance with the law and articles of association, and overseeing the Company's management

Ongoing monitoring of the Company during 2013 was undertaken, in particular, through regular meetings with the heads of the Internal Auditing division, of the Risk-Management Committee, the Investor Relations Division, the Statutory Auditor and the External Auditor, as well as the Executive Director responsible for the area of finance, the Company Secretary and the heads of Accounts and of Planning and Corporate Control.

On the other hand, Supervisory Board members were present in meetings with the Board of Directors in which quarterly, half-year and annual accounts were approved, as well as the annual plan and budget.

During 2013, the Supervisory Board also monitored the working of Galp Energia's corporate governance system and its compliance with legal and statutory requirements, as well as legislative and regulatory developments in the field of corporate governance, in particular those issued by the CMVM, including recommendations relevant to the performance of its duties, having submitted proposals for the improvement of corporate governance, notably through internal-procedure proposals.

Also within the context of monitoring corporate governance matters, the Supervisory Board has reviewed the corporate governance report for 2013, and confirmed that the report includes the information required by article 245-A of the CVM and by the CMVM regulation no. 4/2013.

2. Monitoring compliance with the accounting policies and practices and with the process of preparation and disclosure of the financial information and of the legal audit of the accounts

The Supervisory Board has monitored the accounting policies, criteria and practices and the reliability of the financial information through a review of the reports of the Statutory Auditor and External Auditor, and through an appraisal of the findings of the audits and of the procedure evaluations performed during the year by the Statutory Auditor and the External Auditor.

In fact, the Supervisory Board has reviewed the 2013 audit and legal certification of the accounts, having issued a favourable opinion thereon.

Access to the financial information by the Supervisory Board was conducted on a regular and adequate basis, and there were no constraints to its duties.

3. Monitoring and overseeing the effectiveness of the internal-control and risk-management systems, and annual review of the working of the systems and internal procedures

It is of the Supervisory Boards to monitor the effectiveness of the risk-management, internal-control and internal-audit systems, the creation and implementation of which are the responsibility of the Executive Committee, as well with an annual assessment of the working of the systems and respective internal procedures.

During 2013 the Supervisory Board performed several measures directed at the monitoring, supervision and evaluation of the working and adequacy of Galp Energia's internal-control, risk-management and internal-audit systems, having submitted to the Executive Committee recommendations and proposed amendments to the working of those systems as deemed justified and necessary.

Within the scope of its supervisory duties, the Supervisory Board was also charged with supervising the implementation by the Company of principles and policies for the identification and management of key financial and operational risks associated with Galp Energia's business, having supervised the measures to monitor, control and disclose the risks.

The Supervisory Board believes that the Executive Committee and the Board of Directors have attributed increasing importance to the development and improvement of the risk-management, internal-control and internal-audit systems, in line with the CMVM recommendations in relation to the Corporate Governance Code.

4. Supervision of the activity of the Internal Auditing division

The Supervisory Board has supervised the activity of the Internal Auditing division during 2013, which reports functionally to this Board, through regular monitoring of the implementation of the respective annual plan of activities for the assessment of the risks of the sundry processes and systems of the business units, and the conclusions as to how risks are managed and resources allocated, having received from the division periodic reports and information concerning matters related to the submission of accounts, identification or resolution of conflicts of interest and the detection of potential illegalities.

Evaluation of the proper working of the risk-management and internal-control systems, and assessment of the effectiveness and efficiency of the implementation of controls and mitigation systems were performed by the Central Management of Internal Auditing independently and systematically, having regularly informed and drawn the attention of the Supervisory Board to the more relevant observations and recommendations, detailing opportunities for improvement and corrective measures.

The Supervisory Board further considers that, in implementing the established work plan, the assessment of the internal control systems and of compliance with established procedures, as well as the use of the resources allocated, were performed efficiently.

5 Annual assessment of the activity of the Company's External Auditor

The Supervisory Board performed its duties as the Company's interlocutor with the External Auditor and as the first recipient of the information it draws up, having provided the External Auditor with the information and other appropriate conditions required for the effective performance of its activity.

During 2013 the Supervisory Board assessed the activity of the External Auditor, having monitored it on a regular basis, in particular through critical appraisal of the reports and documentation that it produced in the performance of its duties, and also appraised the procedure-alteration recommendations made by the External Auditor.

In its annual assessment, the Supervisory Board considers that the External Auditor provided its services in a satisfactory manner in accordance with the defined work plan, having complied with the applicable rules and regulations, revealed technical rigour in its activities, quality in its conclusions – particularly with regard to the legal audit of the accounts – timeliness and efficiency in the recommendations presented and competence in its procedures.

Within the scope of its verification of compliance by the External Auditor with the rules of independence, the Supervisory Board monitored, during 2013, the provision of services not related with audits, for which the prior opinion of this Board is required, and confirmed that the independence of the External Auditor had been safeguarded.

As such, CMVM recommendation IV.2 was complied with, in that the 30% limit for the provision by the External Auditor to the Company, or to any entity in a controlling relationship with it, of services other than audit services has not been exceeded, to the extent that they amounted to 15.1% of the total value of the services rendered.

The process of approval of internal regulations governing the procedures for hiring an external auditor for services other than audit services is currently in progress.

6. Company business with related parties

The corporate governance report for 2013 contains information on significant relations of a commercial nature between the Company and holders of qualifying holdings, as well as on related-party transactions subject to the prior opinion of the Supervisory Board, in respect of 2013.

In fact, the Supervisory Board undertook prior verification of one such deal in respect of which there was a need for such intervention, having issued its favourable opinion on 7 November 2013.

The process of approval of the regulation on procedures for related-party transactions is under way.

7. Reporting irregularities

In accordance with best corporate governance practices and applicable market rules, as well as in line with the principles of fairness, correctness, honesty, transparency and integrity on the basis of which Galp Energia conducts its business, the Galp Energia policy governing the reporting of irregularities, available on its official website, governs the mechanism for reporting to the body responsible, the Supervisory Board, irregularities occurring at Galp Energia Group companies.

The irregularities-reporting policy aims to allow any shareholder, employee, customer or supplier to report freely any irregularities they detect or of which they take cognisance or have reasoned suspicion, occurring at Galp Energia or its subsidiaries, in particular as regards compliance with current legislation, standards and internal regulations, the code of ethics and the anti-corruption policy, and ancillary procedures.

To support the work of the Supervisory Board in the matter reporting irregularities, the Supervisory Boards' support office was set up in 2013, on which it has delegated the operational management and smooth operation of the mechanism for reporting irregularities under the terms of the respective regulation.

No potential cases of irregularities within the Galp Energia Group were reported to the Supervisory Board in 2013.

Lastly, the Supervisory Board would like to express its thanks to the Board of Directors and to the Executive Committee of Galp Energia SGPS, S.A. for the co-operation provided in the performance of their duties.

Lisbon, 24 March 2014

Chairman – Daniel Bessa Fernandes Coelho

Member – Gracinda Augusta Figueiras Raposo

Member – Pedro Antunes de Almeida

EDITION

galp energia

UNCREDITED PHOTOGRAPHS THROUGHOUT
THE REPORT
MANUEL AGUIAR

DESIGN AND CONCEPTION
PLOT CONTENT

Galp Energia, SGPS, S.A.
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Corporate Strategy and
Investor Relations Division

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