



galp energia

FIRST HALF
2007
REPORT

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

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01. ACTIVITY SUMMARY

Galp Energia is Portugal's leading operator in oil products and natural gas markets. On top of the Portuguese market, Galp

Energia operates also in Spain, Cape Verde, Mozambique, Guinea-Bissau, Angola and Brazil.



Galp Energia's operations cover primarily three business segments:

	EXPLORATION & PRODUCTION	REFINING & MARKETING	GAS & POWER
Activity	Exploration, appraisal, evaluation, development and production of crude oil and natural gas.	Supply of crude oil and other raw materials, refining and sale of refining products.	Sourcing, commercialization and distribution of natural gas and electricity thermal generation.
Major Assets	<ul style="list-style-type: none"> • 54 blocks in Brazil; • 5 blocks in Angola; • 7 blocks in Portugal; • 1 block in Mozambique; • 5 blocks in East Timor; • Reserves of 50 million barrels. 	<ul style="list-style-type: none"> • Oporto refinery (90,000 bbl/day); • Sines refinery (220,000 bbl/day); • 1,042 service stations; • 208 convenience stores. 	<ul style="list-style-type: none"> • Supply of natural gas to Portugal; • Around 808 thousand clients; • 9,188 Km of natural gas distribution network.
Key Indicators First half 2007	<ul style="list-style-type: none"> • Production of 17.1 kbbbl/day; • Crude sales of 1.9 million of bbl. 	<ul style="list-style-type: none"> • 7.1 million tonnes of raw material processed; • Sale of 8.0 million tonnes of refined products. 	<ul style="list-style-type: none"> • Natural gas sales of 2.5 billion m³; • 781 GWh of power generation.

02. KEY FIGURES

OPERATIONAL INDICATORS

	FIRST HALF		
	2006	2007	% CH.
Average working production (kbbbl/day)	5.9	17.1	191.3
Average equity production (kbbbl/day)	4.2	13.8	227.7
Crude sales (million bbl)	-	1.9	n.m.
Galp Energia refining margin (Usd/bbl)	5.2	6.6	25.5
Refined product sales (million tonnes)	8.0	8.0	(0.2)
Service stations in Iberia	1,043	1,042	(0.1)
Natural gas sales (million m ³)	2,223	2,466	10.9
Natural gas clients (thousands)	761.8	807.5	6.0
Power generation (GWh)	777	781	0.5
On site employees	5,949	5,864	(1.4)
Off site employees	3,681	3,549	(3.6)

RATIOS¹

	FIRST HALF		
	2006	2007	% CH.
EBITDA margin	8%	10%	2.2 p.p.
Debt to equity	39%	42%	2.8 p.p.
Gearing	27%	28%	1.0 p.p.
Market capitalization as of 30.06.2007 (M€)	-	8,251	-
Share price as of 30.06.2007 (€)	-	9.95	-
Share price evolution	-	43%	-

ECONOMIC AND FINANCIAL INDICATORS¹

	MILLION EUROS		
	FIRST HALF		
	2006	2007	% CH.
Turnover	6,054	5,890	(2.7)
EBITDA - IFRS	615	627	2.0
EBITDA	404	481	19.2
Operating result - IFRS	475	498	4.8
Operating result	264	360	36.4
Of which:			
Exploration & Production	2	56	n.m.
Refining & Marketing	123	191	55.3
Gas & Power	137	109	(20.0)
Results from associates	19	31	59.4
Net income - IFRS	354	401	0.1
Net income	167	285	71.0
Net assets	6,268	5,446	(13.1)
Shareholders' equity	2,515	2,186	(13.1)
Net debt	985	918	(6.8)
Average capital employed	3,477	2,939	(15.5)
Capital expenditure	121	162	34.1

¹ Apart from the results with IFRS, results presented exclude inventory effects and other non recurrent events.

03. MESSAGE OF THE CHIEF EXECUTIVE OFFICER



Manuel Ferreira De Oliveira
Vice-chairman of the Board of Directors
Chief Executive Officer
Galp Energia

As a result of its growing responsibility towards its stakeholders, namely employees, shareholders, investors, suppliers and primarily its clients, Galp Energia is publishing for the first time a management report for the first half of the year.

Galp Energia achieved adjusted net income of 285 million euros in the first half of 2007, up 71% on the first half of 2006. This performance gives me genuine satisfaction as it results from increased contribution from all business areas, in their current scope, better financial performance and a larger contribution from our associates.

In Exploration & Production, adjusted operating result was 56 million euros and working production reached an average of 17.1 kbbl per day, roughly the double of 2006.

Beyond growing production operations, the first half of 2007 has confirmed the huge potential of Galp Energia's portfolio. In Angola, six commercial finds have been announced. On Block 14 we have announced a significant find called *Lucapa - 1* for which, given the obtained results, we have applied for a development area status. On Block 32, five commercial finds have been announced – *Salsa-1*, *Manjeriçã-1*, *Caril-1*,

Cominhos-1 and *Louro-1* – which have all confirmed the good expectations we have about the development of this block.

The potential of our Brazilian portfolio was clearly identified after the announcement on Block BM-S-11 on the Santos basin, namely the results of the Tupi find, announced in October 2006, with an oil-in-place estimate between 1.7 and 10 billion barrels. Also in Brazil, we have started a drilling campaign on the onshore blocks located on the Potiguar basin, where we have obtained two positive results which are currently under evaluation.

In addition, Galp Energia signed new agreements with both the Portuguese State and ENI, which led to the addition of 13 blocks to our portfolio.

Between February and May, we signed three important contracts that allowed us to consolidate our presence in exploration and production projects. In February, the consortium where we are joined by Tullow Oil and Partex signed three contracts for the concession of exploration, appraisal, development and production rights on the Alentejo coast. In April, Galp Energia agreed with ENI the acquisition of a 10% stake in the projects led by the company in both Timor and Mozambique, with five blocks and one block, respectively. In the following month, a consortium including Galp Energia, Petrobras and Partex signed with the Portuguese State four contracts for the concession of exploration, appraisal, development and production rights on four blocks on the *Lusitaniana* basin.

Refining & Marketing operations reported in this first half adjusted operating result of 191 million euros, 55% ahead of 2006. This followed from higher refining margins internationally which offset lower volumes of processed raw materials.

Key strategic decisions were made in the first half of the year, namely regarding Galp Energia's refining base. The company went ahead with a number of structural investments such

as the conversion of production at both the Matosinhos (Oporto) and Sines refineries in order to bring it in line with market needs. This project, scheduled for roll-out in 2011, aims to increase the production of diesel by around 2.5 million tonnes while decreasing the production of fuel, following on current demand trends.

At the same time, Galp Energia announced its intention to become a relevant player in the biofuel sector, namely in the production of second-generation biodiesel obtained by catalytic hydrogenation and isomerisation of vegetable oils, by building two units at its both refineries. To attain our goals, we want to integrate our operations vertically so as to ensure the recurring supply of vegetable oils in an economic and sustainable way.

In marketing of oil products, another premium product – the Gforce 95 gasoline – was launched in the first half, which placed Galp Energia on the innovation frontline and made it the first operator in Portugal to provide a complete range of high-performance products.

Gas & Power achieved adjusted operating result of 109 million euros as natural gas sales to more than 808 thousand clients increased by 10% compared with 2006. As part of our operations in this segment has been sold to REN, results in 2006 and 2007 are not comparable.

In this first half we continued to prepare for a new phase of the market for natural gas where we welcome other players from 2008. Considering the Iberian rationale of our operations, we have started the legal process for obtaining a licence to market natural gas in the Spanish market, which is ten times as large as the Portuguese market and is now totally liberalised, where we expect good results considering the quality of our procurement contracts and our long presence in Spain.

Power operations focused primarily on the development of ongoing projects. In the 400 MW wind power project we were shortlisted and expect the project to start in the second half of the year. We proceeded with all necessary studies for obtaining a licence to build a combined-cycle plant at Sines and we have made the decision to go ahead with the

construction of a cogeneration plant for 82 MW at the Matosinhos refinery, which will allow emissions of SO₂ to be reduced by more than 50%.

The implementation of Galp Energia's business plan is therefore making good progress, will all projects classed as strategic one year ago now under execution. I am undoubtedly proud of this development, particularly given the complexity of these projects. At the same time, this performance has led us to raise our standards and we are therefore taking Galp Energia to a new, higher level with a view to turning the company into a benchmark in the markets where it operates.

As the shares of Galp Energia have been trading on Euronext Lisbon since 23 October 2006, it is our duty to ensure transparency in our relations with equity markets so that the company's current and future activities are clearly perceived.

I would like to express a word of thanks to the employees of Galp Energia as this performance would not have been possible without their commitment and dedication and also to our shareholders for their trust in the team which I am proud to be part of.



04. GOVERNING BODIES



Executive Committee

From left to right (back): André Freire de Almeida Palmeiro Ribeiro, Massimo Giuseppe Rivara, João Pedro Leitão Pinheiro de Figueiredo Brito, Fernando Manuel dos Santos Gomes.
From left to right (in front): Giancarlo Rossi, Manuel Ferreira De Oliveira, José António Marques Gonçalves.

As of 30 June 2007, the governing bodies of Galp Energia, SGPS, S.A. for the 2005-2007 period are the following:

Board of Directors

Chairman:
Francisco Luís Murteira Nabo
Vice-chairmen:
Manuel Ferreira De Oliveira
Giancarlo Rossi
Directors:
José António Marques Gonçalves
André Freire de Almeida Palmeiro Ribeiro
Fernando Manuel dos Santos Gomes
João Pedro Leitão Pinheiro de Figueiredo Brito
Massimo Giuseppe Rivara
Manuel Domingos Vicente
Joaquim Augusto Nunes de Pina Moura
Camillo Gloria
Diogo Mendonça Rodrigues Tavares
Angelo Taraborrelli
Carlos Nuno Gomes da Silva
Marco Alverà
Alberto Alves de Oliveira Pinto
Pedro António do Vadre Castellino e Alvim
Alberto Maria Alberti

Executive Committee

Chairman:
Manuel Ferreira De Oliveira
Vice-chairmen:
Giancarlo Rossi
José António Marques Gonçalves
Directors:
André Freire de Almeida Palmeiro Ribeiro
Fernando Manuel dos Santos Gomes
João Pedro Leitão Pinheiro de Figueiredo Brito
Massimo Giuseppe Rivara

Supervisory Board

Chairman:
Daniel Bessa Fernandes Coelho
Members:
José Gomes Honorato Ferreira
José Maria Rego Ribeiro da Cunha
Deputy member:
Amável Alberto Freixo Calhau

Statutory Auditor

Deloitte & Associados, SROC, S.A., with head office at Edifício Atrium Saldanha, Praça Duque de Saldanha, 1 - 6.º - 1050-094 Lisboa, member No. 43 of the Institute of Statutory Auditors and No. 231 of CMVM, represented by Jorge Carlos Batalha Duarte Catulo, member No. 992 of the referred institute;
Deputy:
Carlos Luís Oliveira de Melo Loureiro, member No. 572 of the Institute of Statutory Auditors.

General Meeting Board

Chairman:
Rui Manuel Parente Chancelerelle de Machete
Vice-chairman:
Victor Manuel Pereira Dias
Secretary:
Carlos Manuel Baptista Lobo

Company Secretary

Secretary:
Rui Maria Diniz Mayer
Deputy Secretary:
Maria Helena Claro Goldschmidt

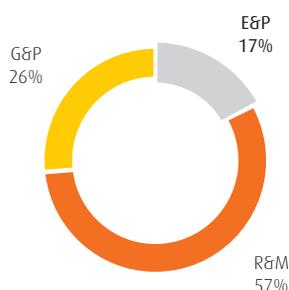
Remuneration Committee

Chairman:
Caixa Geral de Depósitos
represented by Dr. António Maldonado Gonelha
Members:
ENI, S.p.A.
represented by Dr. Giancarlo Cepollaro
Amorim Energia, B.V.
represented by Comendador Américo Amorim.

05. OPERATIONS BY BUSINESS SEGMENTS

5.1. EXPLORATION & PRODUCTION

WEIGHT OF THE BUSINESS SEGMENT (Adjusted EBITDA)



MAJOR EVENTS

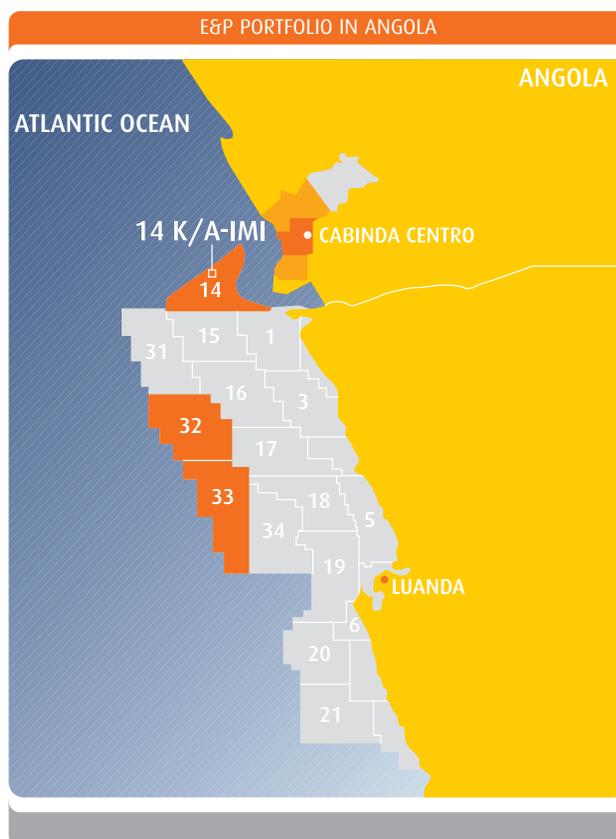
- New finds on Blocks 14 and 32 in Angola;
- Confirmation of the major find on Block BM-S-11 (Tupi) and start of the appraisal well Tupi Sul, 10 km from the initial find;
- Agreement with the Portuguese state for the exploration of oil off Alentejo's shore and on the *Lusitania* Basin, in a total of seven blocks;
- Agreement with ENI for the exploration of five blocks in East Timor and one in Mozambique.

Operations

Angola

Upon conclusion of one new exploration well *Lucapa-1* which evidenced significant oil finds, the relevant application was submitted to the Angolan authorities for its designation as development area.

On the *Kuito* field, studies started on managing the post-2009 project whose main objective is to identify the best solution for the development of this field when the Floating Production Storage and Offloading ("FPSO") contract expires at the end of 2009



On the Benguela-Belize-Lobito-Tomboco ("BBLT") field, execution of the development wells proceeded according to plan. Technical work covering among other items the drilling equipment was conducted in the light oil processing facilities with a view to exceeding initial nominal capacity.

The Engineering, Procurement, Construction and Installation ("EPCI") stage of the *Tombua-Landana* ("TL") development project involving the simultaneous manufacture of structures and equipments in several parts of the world proceeded as scheduled.

GALP STAKES IN ANGOLA

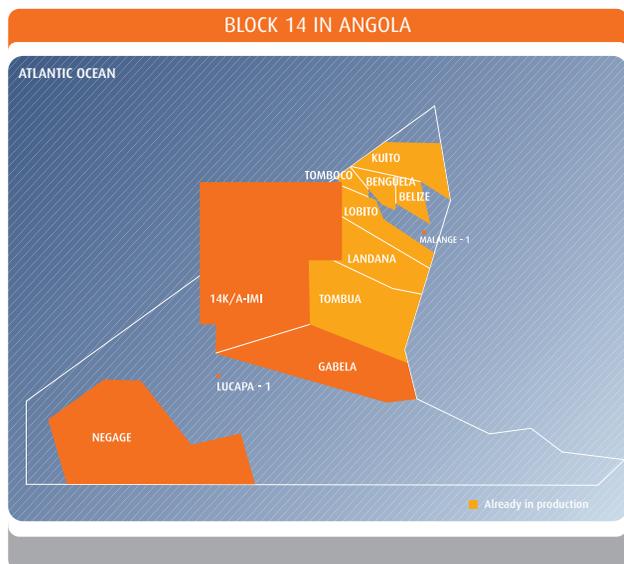
BLOCK	GALP STAKE	OPERATOR
Block 14	9.0%	Chevron
Block 32	5.0%	Total
Block 14 K/A - IMI	4.5%	Chevron
Cabinda Centro	20.0%	Devon
Block 33	5.0%	Exxon
Block 1	10.0%	ENI

The *Negage* project advanced with feasibility studies on the tie-back to an adjacent block, whereupon it was found that the development solution should be an autonomous one that would make use of FPSO, potentially under a staggered scheme.

The *Gabela* project progressed on the basis of the information obtained in the Gabela-2A well, drilled in late 2006, while feasibility studies proceeded.

Tests conducted with *Drag Reducing Agents* (“DRA”) proved to be beneficial for production levels on the Kuito field, which led to their application to all active wells on the field.

On the BBLT field, technical work on processing facilities led to higher processed volumes of light oil, above initially set nominal capacity, which in turn led to production levels above initial estimates.



Production at the *Landana Norte* well on the TL field was somewhat lower than expected, primarily due to the delay in execution of LDN3, an injection well.

BLOCK 14 – WORKING PRODUCTION kbbbl/day



Block 14 achieved in the first half of 2007 a working production of 17,100 barrels a day, largely above the level in 2006 when production was 5,900 barrels a day. The BBLT field was the main contributor to the increase, with a working production of 13,700 barrels a day or close to 80% of the total for the block.

On Block 32 exploration continued throughout the first half of the year in spite of the exploration period agreed with the Angolan authorities having expired on 31 March 2007. Seven appraisal wells were drilled that would reveal five new promising oil finds.

Long Offset (“LO”) seismic acquisition proceeded on the unexplored surface of this block pending official renewal of the exploration period for an additional two years, during which the appraisal programme is expected to be complemented. In addition, technical feasibility studies continued on existing finds, in particular the integration of the *Louro* find in a future development pole.

On *Cabinda Centro*, Devon, the block operator, announced its intention to abandon operations in Angola. Following this announcement, Sonangol, in its capacity as concession holder, suspended the Production Sharing Agreement (“PSA”) for this block while it reviews possible solutions.

On Block 14K, work proceeded in accordance with the Conceptual Development Plan (“CDP”) submitted to the Interstate Committee (“ISC”). Pre-development well KX-4 was drilled, which allowed the potential of reservoirs contiguous to the *Landana Oeste* area on Block 14 to be appraised. The tax architecture for the project that resulted from an agreement between the involved parties was submitted to the ISC for approval.

Operations on Block 33 – PDA Calúlu were suspended pending the concession holder’s formal consent to replacement of the operator and approval of a programme for appraising the Calúlu find.

On Block 1/82 the search continued for contractors to remove the production structure and the piping lines resting on the sea bed.

Brazil

GALP STAKES ONSHORE BRAZIL		
BASINS	GALP STAKE	OPERATOR
Espírito Santo basin		
5 Blocks	50.0%	Galp Energia
7 Blocks	50.0%	Petrobras
Potiguar basin		
20 Blocks	50.0%	Galp Energia
8 Blocks	50.0%	Petrobras
Sergipe/Alagoas basin		
4 Blocks	50.0%	Galp Energia

Probing started in the first half of 2007 on the onshore blocks operated by Galp Energia. Three wells were drilled on three blocks on the Potiguar basin, two of which led to hydrocarbon finding notices. Additional programmes for appraising these finds are scheduled for the last quarter of the year. The drilling campaign on this basin will be completed in the second half of 2007 with seven more wells, four of which are located on the blocks operated by Galp Energia and the other three on the blocks operated by Petrobras.

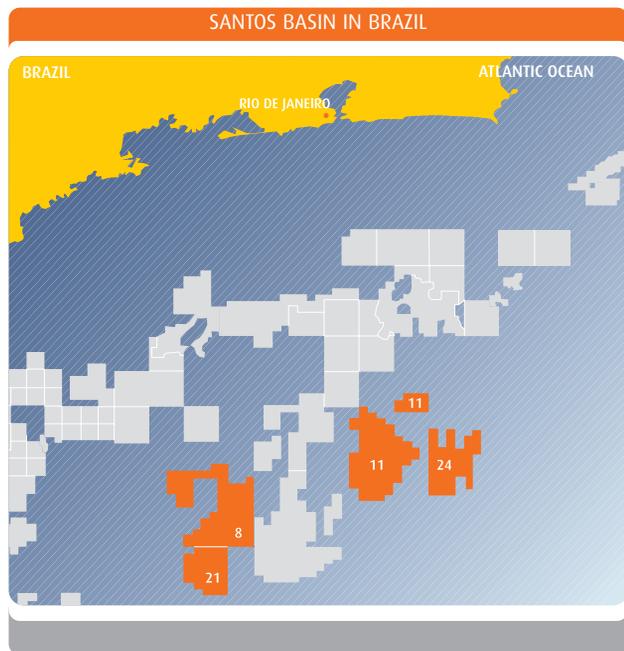
In addition, seismic acquisition work was completed on the seventh round blocks located on the Potiguar and Sergipe basins. The data are currently under processing and their interpretation is scheduled for the third quarter of 2007.

On the Sergipe/Alagoas basin, locations were selected for drilling two wells in the last quarter of the year.

On the Espírito Santo basin, after the seismic acquisition was processed and interpreted, several objectives were identified that will now be validated by probing.

GALP STAKES OFFSHORE BRAZIL		
BASINS	GALP STAKE	OPERATOR
Espírito Santo basin		
1 Block	20.0%	Petrobras
Potiguar basin		
5 Blocks	20.0%	Petrobras
Santos basin		
1 Block	10.0%	Petrobras
1 Block	14.0%	Petrobras
2 Blocks	20.0%	Petrobras

On the offshore blocks operated by Petrobras, the first appraisal well started to be drilled in May on Block BM-S-11 on the Santos basin for the purpose of testing the Tupi-1 find in 2006. This appraisal well is located 10 kilometres south of the Tupi-1 well and is scheduled for completion in the third quarter of the year. On the remaining Santos basin blocks, preparations proceeded towards drilling the first exploration wells in the second half, subject to the availability of probing equipment.



On Espírito Santo basin’s block BM-ES-31, 3D seismic data started to be reprocessed, with completion scheduled for the second quarter of 2008.

Portugal

Galp Energia participates in two consortia that signed exploration contracts with the Portuguese government for seven deep-water blocks on the Alentejo basin and the so-called *Lusitania* basin.

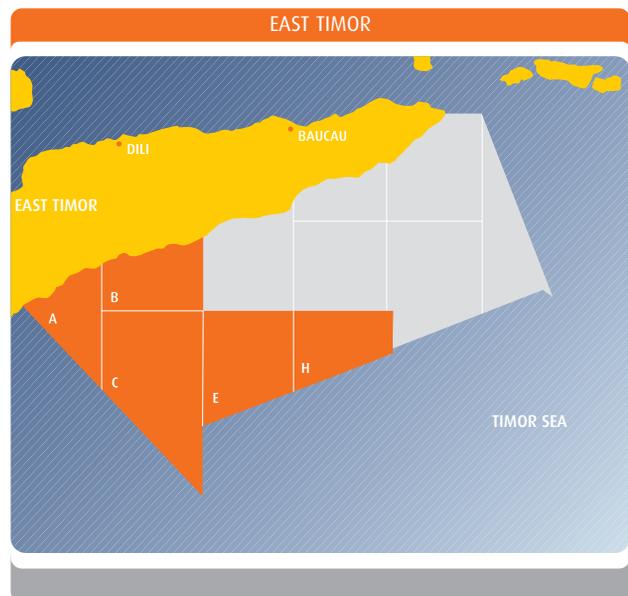


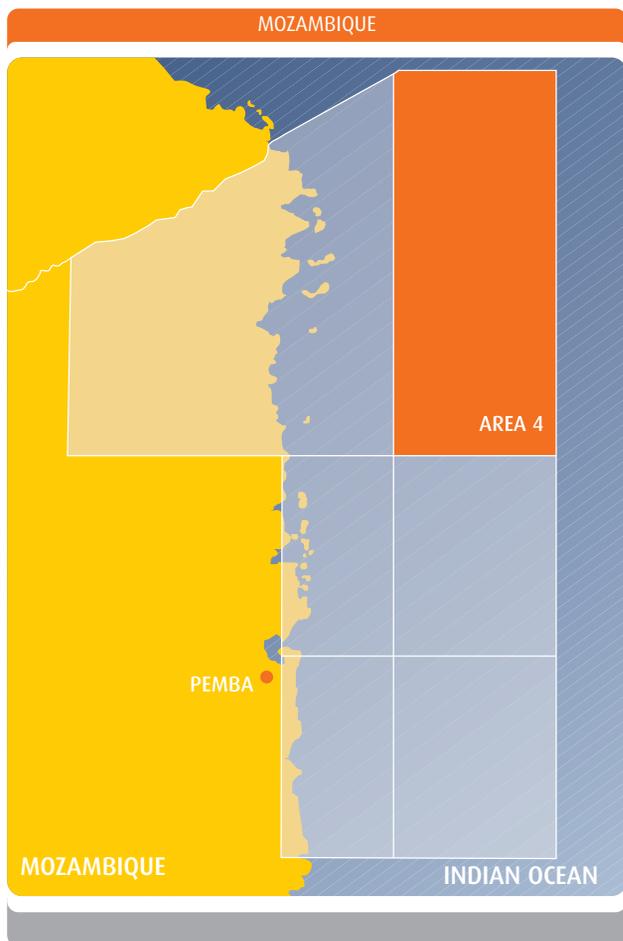
In February a contract was signed for the three concessions on the Alentejo basin occupying an area of 9,000 sq. kilometres. Galp Energia's share in the consortium is 10% and the operator is the Irish-based Tullow Oil. The contract provides for an eight-year exploration period for seismic acquisition, its processing and interpretation and exploratory drilling. A production period of thirty years is also part of the contract.

The contracts for the *Lusitania* basin's four blocks were signed in May. This basin, stretching over an area in excess of 12,000 sq. kilometres, is located off Peniche. Galp Energia's share is 30% and Petrobras is the operator of the blocks. These contracts also provide for eight years' exploration and thirty years' production.

East Timor and Mozambique

Galp Energia has agreed with ENI to buy a 10% share in the consortia that will explore five blocks on East Timor's territorial waters and one block on the deep-water Rovuma basin in Mozambique.



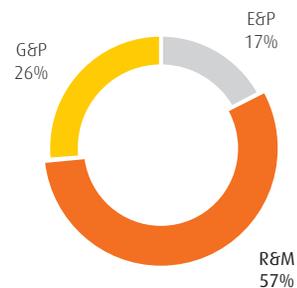


East Timor's five blocks are operated by ENI and occupy an area of 12,100 sq. kilometres. The contract for these blocks provides for a three-year exploration period, with an option for a further four years, and a production period of 25 years. Acquisition of 2D seismic data over 3,150 sq. km and 3D seismic data over 8,404 sq. km for the exploration period has already been planned as well as the drilling of two exploration wells in the first three years.

In Mozambique, agreed terms provide for a four-year exploration period, renewable for an equal period, and a thirty-year production period. Acquisition of 2D seismic data over 2,000 sq. kilometres and 3D seismic data over 1,000 sq. km has also been agreed. ENI operates the block which occupies an area in excess of 17,000 sq. kilometres.

5.2. REFINING & MARKETING

WEIGHT OF THE BUSINESS SEGMENT (Adjusted EBITDA)



MAJOR EVENTS

- Approval of the conversion project and selection of the entities licensing the most important equipment;
- Formulation of strategy for biofuels;
- Exports to the US, primarily gasoline, rose to 8%, adding value to the export mix;
- Premium products gained penetration with the launch of Gforce 95, a new type of gasoline.

Refining

Operations

In the first half of 2007 the refinery conversion project progressed according to plan, with the preparation of the requirements handbooks, the tender for acquiring the licences for the new units and the start of the relevant basic designs. At Sines, the licences for the VGO hydrocracker and the steam reformer were selected. At Oporto, licensing focused on the vacuum, the visbreaker and the de-sulphuring of diesel oil.

The first stage of Sines' energy efficiency project progressed through the selection of 13 sub-projects on process studies and basic engineering. The second stage approved 11 technical and economic feasibility sub-projects and the engineering, procurement, construction and supervision ("EPCS") were awarded, with the bulk of the works to be performed during the forthcoming overall stop at Sines in September/October 2008.

On 29 September the Oporto refinery will stop for maintenance for a period of 50 days, expected to vary from unit to unit. The main objectives of this stop are to extend equipment life cycles, restore efficiency levels, change catalysts, overhaul and replace equipment, prepare linkages to future projects and execute projects/changes that cannot be completed while the plant is operating.

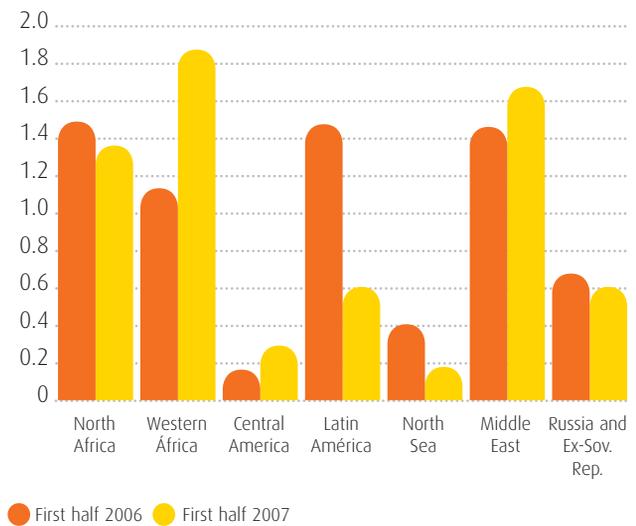
In the wake of the Portuguese government's announced target of incorporating 10% in biofuels by 2010 – earlier than the European Union's goal – Galp Energia plans to invest in the production of second-generation biodiesel by using innovative technology. In this context, Galp Energia aims to build on its refineries two units for the production of biodiesel by catalytic hydrogenation and isomerisation of vegetable oils, an alternative to the use of FAME. Since 2006 Galp Energia has been incorporating in the diesel sold in the Portuguese market FAME-type biodiesel from independent domestic producers. As the incorporation of FAME biodiesel is, for technical reasons, limited to 5%, the 10% goal cannot be achieved from this source alone.

Therefore, Galp Energia signed in May, a memorandum of understanding, in order to secure at least 50% of its vegetable oil needs. The memorandum of understanding provides for the annual production of 600,000 tonnes of Brazilian vegetable oils and the production, marketing and distribution of biodiesel in the Portuguese and European markets.

Operating Performance

In the first half of 2007, 7.1 million tonnes of raw materials, of which 91% was crude, were processed at the Galp Energia refineries. Overall, there was a 4% fall in processed volumes compared to the same period of 2006 which was related to the stops for maintenance at the Sines and Oporto refineries. This effect impacted the refining system's utilisation rates which declined from 85.5% in the first half of 2006 to 82.9% in the first half of 2007.

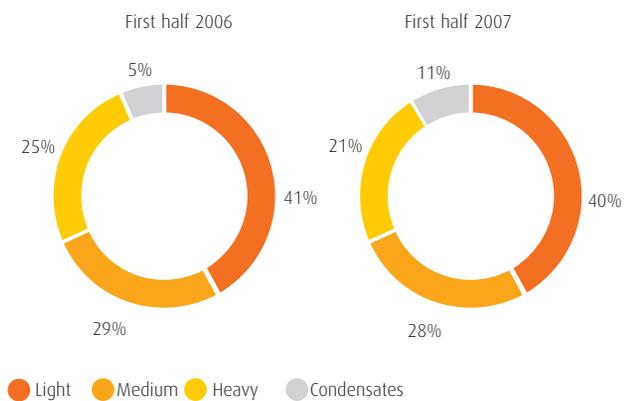
CRUDE ORIGINS (million tonnes)



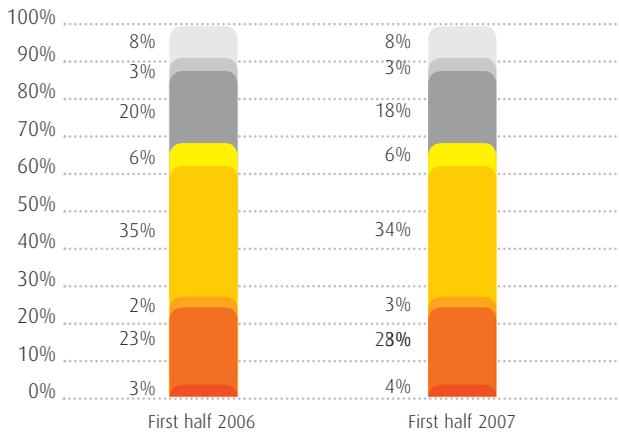
In the first half, imported crude came primarily from northern Africa, Western Africa and the Middle East, which together accounted for 75% of the total.

Light crudes had the largest share of processed crudes, with 40% of the total, which was in line with their share in the first half of 2006. Heavy crudes stood for 21% of the total processed volume.

CRUDE TYPES



PRODUCTION YIELD

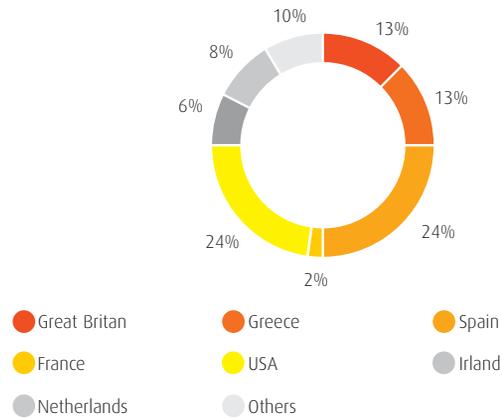


Middle distillates and gasoline continued to weigh heaviest in production, around 63% of global production, with 40% and 23% of the total, respectively.

Sales matched the 8 million tonnes reached in the first half of 2006, with 58% going to direct clients, 16% to exports and the remainder to other operators.

The 2% rise in sales to direct clients, to 4.7 million tonnes, led to a 12% reduction in exports to 1.3 million tonnes, with gasoline and fuel accounting for 37% and 34% of the total, respectively. Although exports declined overall, sales to the US - mainly gasoline - rose 8%, thereby adding value to the export mix.

EXPORTS BY COUNTRY IN FIRST HALF 2007



DISTRIBUTION OF OIL PRODUCTS

Operations

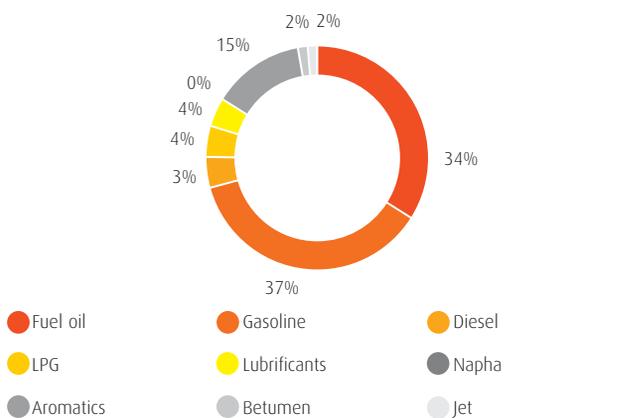
The first half of 2007 featured the launch of the Gforce 95 gasoline. The gasoline market showed a preference for 95-octane gasoline, which created an opportunity for Galp Energia to market the first premium 95-octane gasoline to be launched in Portugal, thus strengthening the company's innovative profile.

Galp Energia is currently marketing the Gforce 95 at 210 stations over the whole country and the sales target in two years is a 15% penetration of the gasoline segment, closer to the European average against the current 7% in Portugal. Sales so far have exceeded initial expectations and Galp Energia aims by the end of the year to broaden coverage of this product to 300 filling stations.

With a view to promoting sales, attracting new clients and strengthening client loyalty, Galp Energia launched the *Galpmilhões* campaign, based on the original and differentiating idea of a game where lots are drawn for super-prizes.

In order to counter the decline in the LPG market by stimulating demand through new products and services adding value to consumers, Galp Energia has promoted the development of a new LPG product, named *Cookspot*, a gas-driven outdoor barbecue. This innovative product, which has a modern design and is more ecological than the traditional charcoal grill, strengthens Galp Energia's innovation positioning. At the same time, it has helped to project the

EXPORTS BY PRODUCTS IN FIRST HALF 2007



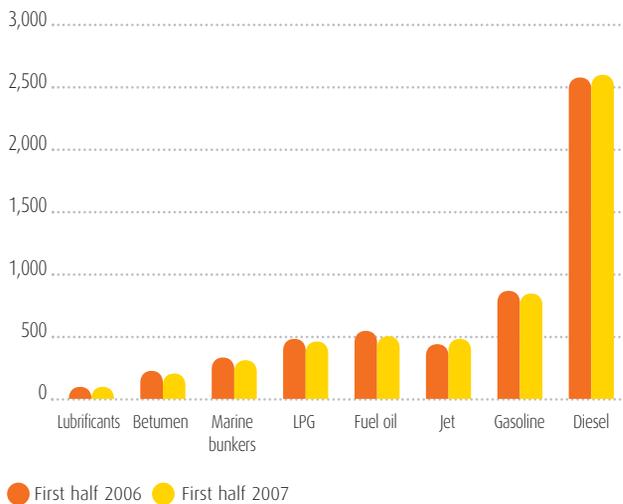
company's image as a leader in responding to new market trends.

In the non-fuel business, the *Orange* project made good progress. The purpose of the project is to raise profitability of the *M24* stores by identifying new revenue sources and new lines of business and lightening up their cost structure through steps towards operational excellence. The project will lead to redesigned store layouts that will accommodate the new business lines and enhance operational efficiency.

Operating Performance

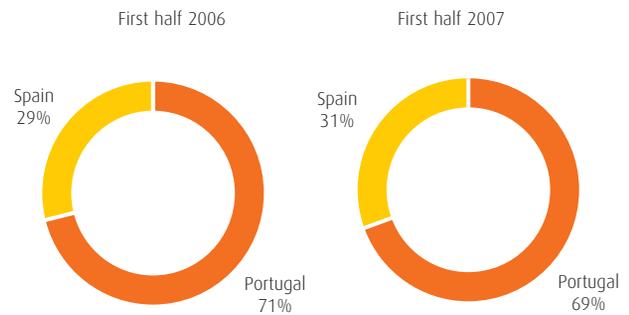
In the first half of 2007 the market for oil products contracted by 2.9% across the board except for jets (+8.2%), diesel (+0.3%) and lubricants (+2.2%). Marine bunkers fell 7.6%, fuel oil 12.8%, LPG 5.7%, bitumen 14.1% and gasoline broadly 4.8%, with the overall trend pointing to deteriorated conditions against a backdrop of rising oil prices.

OIL MARKET IN PORTUGAL (thousand tonnes)



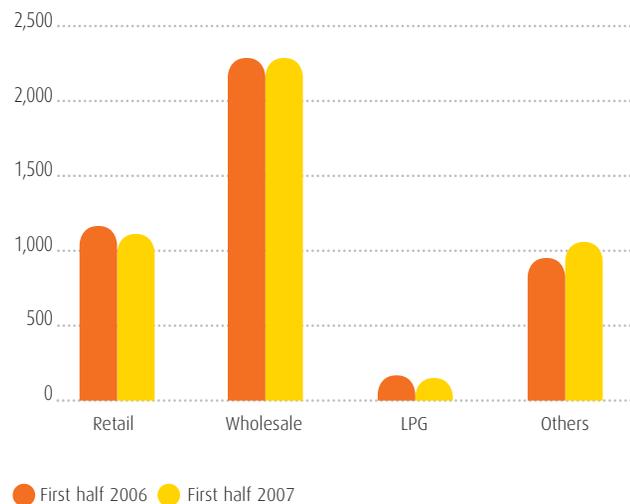
In spite of the slump in the market for oil products, Galp Energia's market share in the Retail sub-segment showed an improvement compared to the year before as a result of a 1.4% rise in diesel sales. In the domestic market for distribution of oil products, the company kept its leadership position.

SALES PER COUNTRY



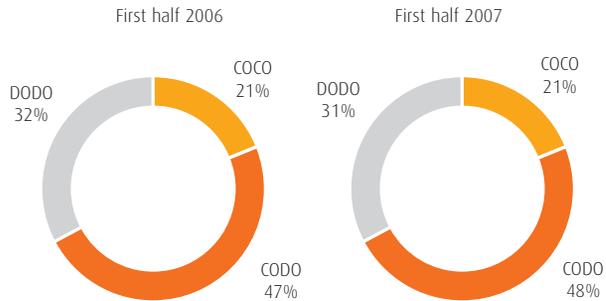
Total sales rose 2%, with the 1% decline in Portugal offset by a 9% rise in Spain where sales now account for 31% of the total, two percentage points ahead of 2006, primarily a result of doubled jet sales in that country. In terms of segments, Retail and LPG suffered most, with the Business sector remaining stable between the two half-year periods. In terms of products, the company raised its share of the domestic market in fuels, bitumen and lubricants, thereby raising its presence in these markets. Jet sales increased 8.2% and the market share was unchanged. In LPG, the fall in sales was deeper than on the broader market, which led to a decline in market share.

SALES PER SEGMENT (thousand tonnes)



Between 2006 and 2007, Galp Energia improved coverage of its refining operations, meaning it raised sales in the Iberian market to the detriment of exports, thereby achieving value-added sales. Coverage reached 65% in the first half of 2007 in comparison with 62% in 2006.

SERVICE STATION BY TYPE

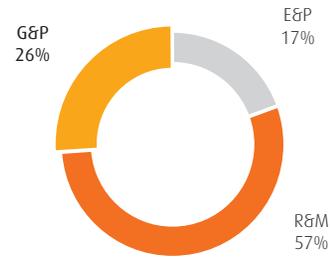


At the end of the first half of 2007, Galp Energia had 1,042 service stations, one station less than at the end of the first half of 2006. The stations were predominantly – 48% of the total – company-owned, dealer-operated (CODOs), with no significant change between the periods.

In the non-fuel business the store network continued to expand and consists now of 208 outlets. Between the two periods this business delivered significant sales growth of 5%.

5.3. GAS & POWER

WEIGHT OF THE BUSINESS SEGMENT (Adjusted EBITDA)



MAJOR EVENTS

- Engagement with the regulator;
- Preparation of the natural gas business for liberalisation;
- Award, in a wind power tender, of 400 MW to the Galp Energia-led Ventinveste consortium;
- Award of the production licence for Sines' combined-cycle plant with an 800 MW capacity.

Natural Gas

Operations

In anticipation of a liberalised sector and its consequential challenges and changes, Galp Energia made all efforts towards preparing itself for the new business reality. Actions were taken across the organisation including legal and organisational changes such as renaming Transgás SPGN, S.A. to Comercializadora Livre – Galp Gás Natural, S.A. and branding and client relationship initiatives such as the launch of the Galp Energia Gás Natural brand.

CALENDAR FOR THE LIBERALIZATION OF THE NATURAL GAS SECTOR IN PORTUGAL



Against this background, one major action taken in the first half of 2007 was a new valuation, as initially agreed, of the assets sold to REN in September 2006. The three banks' asset valuations for determining the final price of the transaction suggest a €23 million adjustment. Galp Energia has expressed its disagreement with the valuations and the final price while other matters relating to the transaction are still under discussion.

Another crucial development was the publication by *Entidade Reguladora dos Serviços Energéticos* ("ERSE"), the industry regulator, of the first regulated tariffs relating to the regasification, transportation and storage of natural gas and their consequences for Galp Energia, as the incumbent operator. This new framework led to a review and adjustment of the procedures by several companies in the natural gas industry.

In procurement, the first half featured the start of the regular price renegotiations for the current procurement contracts. 2007 was also the build-up year for the latest liquefied natural gas ("LNG") procurement contract and the total of contracted natural gas reached 5,700 million cubic metres per year.

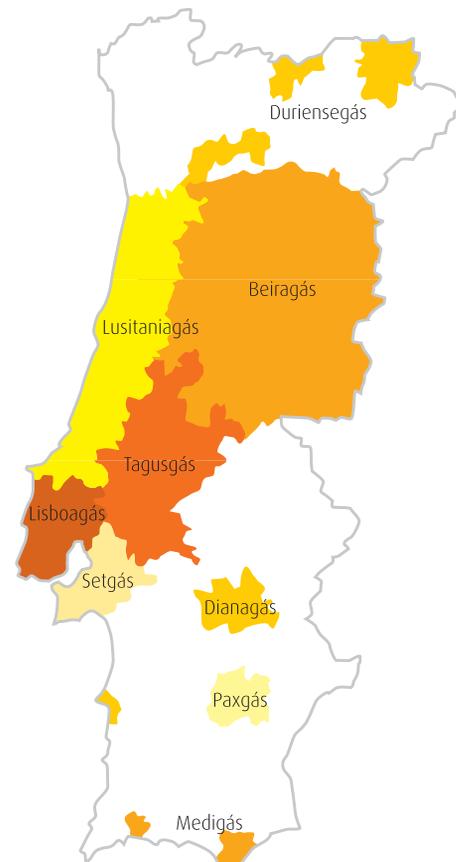
In natural gas marketing and the electricity sub-segment 2007 brought market liberalisation for quantities above Take or Pay ("ToP"), namely at existing domestic plants.

In the industrial sub-segment, the Last Resource Supplier was created and Transgás Indústria, S.A. was renamed Transgás, S.A. to which all segment clients were transferred. To this end, more than 20 supply contracts from Last Resource Supplier were renegotiated while the offer of technical services to clients was diversified.

Liberalised supply from 2008 to clients buying more than one million cubic metres a year will pose new challenges for which the company has started to prepare by making new solutions available to its clients.

In the Spanish market, a full liberalized market, Galp Energia initiated the legal process to obtain a natural gas commercialization license, in a market ten times larger than the Portuguese market.

NATURAL GAS DISTRIBUTION CONCESSION AREAS



Three new autonomous gas units (UAGs in the Portuguese terminology) at Peso da Régua, Póvoa do Lanhoso and Alpiarça came on stream and the contract with Paxgás for the supply of LNG to the Beja UAG was approved.

In natural gas storage, the repair and tests on TGC-2, the second cavern, were concluded. Authorisation was given by the *Direcção Geral de Energia e Geologia* ("DGEG") for the cavern, with a storage capacity of 45 million sq. metres of natural gas, to be lixiviated, a process that is expected to start in the third quarter of 2007.

In natural gas distribution, ongoing unbundling operations included the legal separation of distribution and last-resort marketing activities for operators with more than 100,000 clients, that is, Lisboagás, Lusitaniagás and Setgás, the accounting separation of regulated activities and the restructuring of files to ensure compliance with the new sector regulations.

Under the renegotiation of the concession agreements with distributors an initial proposal was sent to the DGEG while the sale to the distributors of the medium-pressure mains and UAGs owned by Galp Gás Natural was prepared according to the legislation.

In terms of expansion, the distribution network between the cities of Olhão and Faro was built and gasified, thereby allowing the supply to Faro from the Olhão UAG.

Operating Performance

Sales of natural gas increased 242 million cubic metres or 11% to 2,466 million cubic metres, with all sub-segments except for electricity reporting increases. Following low demand in the electricity sub-segment in the first quarter of the year, sales rose in the second quarter as low rainfall in the period favoured the use of natural gas in electricity production. This effect contributed to sales in the sub-segment closing at 826 million cubic metres for the first half, down 8% on the same period of 2006 but significantly better than the 29% fall at the end of the first quarter.



In the industrial sub-segment, sales increased 4% to 802 million cubic metres as demand by industrial clients rose close to 6% and sales to cogeneration plants increased 2%. The sales to natural gas distributors reached 401 million cubic metres, an increase of 6%. Sales in the trading sub-segment reached 437 million cubic metres on the back of favourable conditions in international markets. This opportunity helped to reduce the effect of lower sales in the electricity sub-segment.

In natural gas distribution including Galp Energia's subsidiaries, demand reached 290 million cubic metres, 6% ahead of 2006, driven by the residential and industrial sub-segments. The number of clients reached 808,000.

Power

In the first half of 2007 Ventinveste, a Galp Energia-led consortium, was shortlisted in a public tender for the production of electrical power on wind parks. Ventinveste, which is composed of Galp Energia (34%), Martifer (33%), Enersis (30%), Efacec (2%) and Repower Systems (1%).

06. GALP ENERGIA PERFORMANCE IN FIRST HALF 2007

6.1. MARKET ENVIRONMENT

The Brent

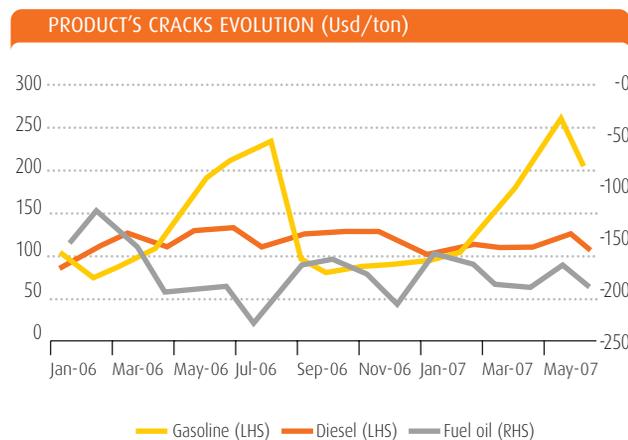
After falling by almost 10 Usd/bbl since the end of 2006 to 50 Usd/bbl in late January, the dated Brent reversed the trend and climbed back to 60 Usd/bbl at the end of February. The main reasons for this reversal were heightened geopolitical tensions in Lebanon, Palestine and Iran, and the weather conditions in the US, which led to rising sales of heating fuels and natural gas.



At the end of March, as international pressure on Iran intensified following rumours of an impending conflict with the US, the dated Brent rose by almost 9 Usd/bbl to 68.6 Usd/bbl. In April and May the Brent hovered around 67 Usd/bbl as it was supported by geopolitical conflicts, namely insecurity in Nigeria - leading to a cut in production of 1 million barrels a day - and an increasingly tight gasoline market due to refinery stoppages for maintenance, as usual at this time of the year, and unscheduled stoppages, which considerably impaired production capacity. At the end of May the Brent dated topped 70 Usd/bbl where it stayed until the end of June due to strong demand for end products in world markets.

Oil Products

The crack of middle distillates rose in the first quarter of the year as a consequence of the unexpected temperature drop in the US which led to rising demand for heating oil at a time when refineries had already changed their production profiles in anticipation of the driving season. In the second quarter of 2007, middle distillates, in terms of both crack and absolute value, were virtually unchanged. In Europe, diesel inventories were above the average of the last five years as new hydrocracking units came on stream, thereby reducing the need to import this product.



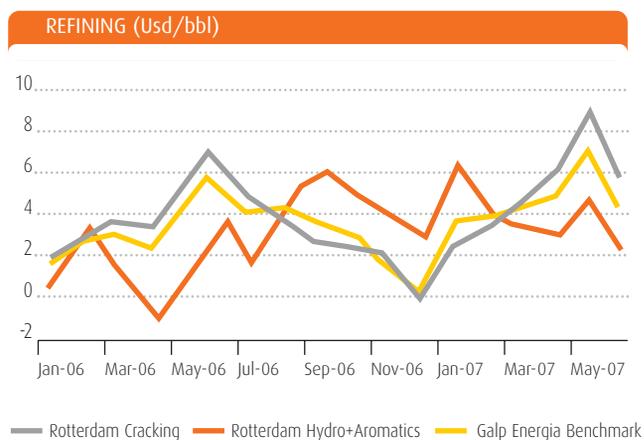
Simultaneously, the shorter supply of gasoline led to a sharp fall in US inventories and a steep rise from mid-February in the crack of gasoline, which reached an average of 22.3 Usd/bbl in March compared to 16 Usd/bbl in February. In early May the price of gasoline reached its highest level since the Katrina and Rita hurricanes, reflected in a crack spread of 40 Usd/bbl. The mentioned refinery stoppages and the rising seasonal demand largely contributed to this increase. In a rare development, European cracks traded at a premium over US cracks, which discouraged imports of this product and led to falling inventories. In early June, gasoline cracks declined to levels close to 30 Usd/bbl as the market

for crude strengthened on the back of higher refinery activity and pressure on gasoline markets diminished following the rise in inventories.

Since the end of 2006 until mid-January, fuel oil crack spreads rose from -25 Usd/bbl to -19.5 Usd/bbl in international markets as OPEC cuts targeted heavier crudes suited for fuel oil production and lower temperatures set in. From February onwards, lower fuel oil demand - large enough to offset OPEC cuts - coupled with a rise in the price of crude, led to fuel oil cracks retreating to -28.3 Usd/bbl at the end of March. In April and May the fuel crack rose to -19 Usd/bbl as a result of rising demand in Japan after temperatures fell and shorter supply due to refinery stoppages in the Asia-Pacific region.

Refining Margins

Refining margins increased in January and stayed on average at higher levels than in the last two months of 2006 as the fall in crude prices was larger than the decline in the price of refined products. This was the result of lower demand for crude as reduced refining margins in late 2006 led less competitive refineries to cut crude processing and consequently reduce crude demand. Meanwhile, trends for cracking margins to strengthen and hydroskimming margins to weaken were unchanged.



In February cracking margins stayed on average above the levels of January, 3.44 Usd/bbl against 2.68 Usd/bbl driven by the US gasoline crack and the sustained rise in jet and diesel cracks. In March, continued strong demand for gasoline outstripped supply, raising the crack for this product as the fuel oil crack weighed further on hydroskimming margins, -0.81 Usd/bbl in February compared to -0.89 Usd/bbl in March. Refining margins increased in April as a result of rising gasoline prices. In an unusual development, hydroskimming margins reached sustained gains in May, 1.58 Usd/bbl, something that had not occurred since August 2006, and highs since October 2005 after hurricanes Katrina and Rita. This development reflected not only rising gasoline prices but also higher prices for jet, naphtha and fuel oil. Cracking margins also rose to high levels in May - close to 10 Usd/bbl. In early June margins declined, with hydroskimming margins falling to negative levels as the gasoline crack fell.

The Iberian Market

The Portuguese market for oil products continued its falling trend in the first half of 2007 and contracted by 4% as prices stayed at historically high levels. Nevertheless, the decline in the second quarter of 2007 was less pronounced than in the first quarter of the year, 3% against 5% in the first quarter. In Spain the market for oil products rose by 1% in comparison with the first half of 2006, with the rise in the second quarter reaching 3%. Different final prices affected by tax effects accounted partly for the behaviour differential between the two markets with impact at demand level

In the first half of 2007 the Portuguese natural gas market contracted by 1% in comparison with the same period of 2006 driven by the high levels of rainfall during the first quarter. On the other hand, demand between the first and the second quarters increased by close to 9%, in particular in the electricity segment where lower rainfall led to the production of higher volumes of electrical energy from natural gas.

MARKET INDICATORS

	FIRST HALF		
	2006	2007	% CH.
Average brent dated price ¹ (Usd/bbl)	65.7	63.3	(3.7)
Diesel crack ² (Usd/bbl)	15.5	14.9	(4.2)
Gasoline ³ crack (Usd/bbl)	19.9	23.8	19.8
Fuel oil crack ⁴ (Usd/bbl)	(22.9)	(24.4)	6.7
Rotterdam cracking refining margin ¹ (Usd/bbl)	3.9	5.1	31.3
Rotterdam hydroskimming refining margin ¹ (Usd/bbl)	(0.3)	(0.0)	(93.6)
Portuguese oil market ⁵ (million ton)	5.6	5.4	(3.8)
Spanish oil market ⁶ (million ton)	25.2	25.4	1.0
Portuguese natural gas market ⁷ (million m ³)	2,044	2,029	(0.8)

1 Source: Platts.

2 Source: Platts; ULSO NWE CIF ARA.

3 Source: Platts; Premium unleaded, NWE CIF ARA.

4 Source: Platts; 1% LSFO, NWE CIF ARA.

5 Source: Apetro.

6 Source: Cores.

7 Source: Galp Energia.

6.2. ECONOMIC PERFORMANCE

	MILLION EUROS		
	FIRST HALF		
	2006	2007	% CH.
Turnover	6,130	5,894	(3.9)
Operating expenses	(5,517)	(5,274)	(4.4)
Other operating revenues (expenses)	2	7	379.7
EBITDA	615	627	2.0
Depreciation and provisions	(140)	(129)	(7.6)
Operating result	475	498	4.8
Adjusted operating result	264	360	36.4
Of which:			
Exploration & Production	2	56	n.m.
Refining & Marketing	123	191	55.3
Gas & Power	137	109	(20.0)
Results from associates	19	31	59.4
Net interest expenses	(18)	(19)	10.7
Income tax	(121)	(107)	(12.0)
Minority interests	(2)	(3)	42.7
Net income	354	401	13.4
Inventory effect	(179)	(118)	(33.8)
Net income replacement cost	175	283	61.8
Non recurrent items	(8)	3	n.m.
Adjusted net income	167	285	71.0

Operating results

Operating result in the first half of 2007 reached €498 million and €360 million in adjusted terms, i.e. excluding inventory effects and non-recurrent events, which represented a 36% increase on the year before.

The rise in adjusted operating result was driven by substantially better results in the Exploration & Production and Refining & Marketing business segments which offset lower results in the Gas & Power after the scope of operations of this business segment was reduced by the sale of Natural Gas Regulated Assets to REN.

Exploration & Production

Operating result reached €52 million, which largely surpassed the €2 million of the preceding year, when other accounting criteria were used until the first quarter of 2006. Should the accounting criteria for the first half of 2007 have been used in 2006, EBITDA and operating result would have reached €27 million and €15 million, respectively.

In addition, if non-recurrent events in the first half of 2007 relating to asset impairment of €4.4 million were excluded, operating result would have risen to €56 million. The impaired assets were three dry wells in Brazil and two dry wells on Angola's Block 32.

The main operating cost items included production costs of €8.6 million or 4.6 Usd/bbl, oil tax of €19 million or 10.1 Usd/bbl and non-cash depreciation costs of €22.1 million or 11.8 Usd/bbl.

Refining & Marketing

Operating result reached €343 million, the same as in the first half of 2006. In adjusted terms, operating performance improved by €68 million to €191 million which compared with the €123 million of the first half of 2006.

Higher adjusted operating result reflected improved refining margins from 5.2 Usd/bbl to 6.6 Usd/bbl. These were,

however, partly offset by the depreciation of the US dollar to the euro which reduced the margin improvement to 0.7 €/bbl. This increase in the unitary refining margin made up for the 4% reduction in processed volumes compared to the first half of 2006.

Another favourable contribution to this operating improvement was the 2% rise in sales to direct clients boosted by an increase of 9% in Spain.

Gas & Power

The Gas & Power business segment posted operating result of €100 million, down €27 million on 2006. Adjusted net operating income was €109 million.

Lower operating result reflected the sale of transport, regasification and storage operations of natural gas, occurred in Gas & Power business segment, which had an unfavourable impact on net income as costs increased by €68.5 million, €50.2 million in respect of transport and storage, booked as current costs, and €18.3 million in respect of regasification, booked under cost of sales. These costs did not exist in the first half of 2006.

The sale of natural gas activities also reduced costs for this business segment, particularly (i) staff costs of €4.8 million, (ii) maintenance costs of €1.4 million and (iii) depreciation charges of €13.8 million.

The unitary margin of the Power sub-segment increased in the first half of 2007 by 4% to 13.97 €/MWh in the first half of 2007. Electricity was sold to the grid at a tariff of 88.26 €/MWh, representing a 2% decrease compared to the same period of 2006.

Results from Associates

Results from associates included primarily results from the equity holdings in companies operating international gas pipelines such as EMPL, Metragaz, Gasoducto Al Andaluz and

Gasoducto Extremadura, which contributed €17.4 million in the first half of 2007. The 5% holding in CLH contributed €7.8 million. In addition, the holdings in Setgás and Tagusgás, two natural gas distribution companies, contributed €2 million in the first half of 2007.

Net Financial Income

The company posted a net financial loss of €19 million, less €2 million than in the first half of 2006. This variation was not significant however some items changed in an asymmetric way. Exchange differences deteriorated by €6.3 million from a loss of €2.1 million in the first half of 2007 to a gain of €4.3 million in the same period last year. This effect was partly offset by €5.8 million lower interest charges due to lower bank indebtedness.

The depreciation of the US dollar to the euro led to further adverse exchange differences, in particular the Refining & Marketing business, resulting from losses related with assets denominated in US dollar, of which €2.9 million from cash and equivalents.

Income Tax

Income tax in the first half of 2007 amounted to €107 million, down €15 million on the first half of 2006. The effective tax rate was 21%, compared to 25% in the first half of 2006, reflecting favourable effects relating to (i) better results in the Exploration & Production business, which is exempt from income tax until 2011, (ii) lower results in the Gas & Power business segment and (iii) the legal change from 2007 in the calculation of local income tax.

Net Income

Net income reached €401 million and €285 million in adjusted terms, up 71% on the first half of 2006. This increase reflected (i) improved net operating income, in spite of the transport and regasification operations being spun off in September 2006, (ii) better results from associates and (iii) a favourable effect from the effective tax rate being lowered by 4.5 p.p. to 21%.

6.3. FINANCIAL PERFORMANCE

Consolidated Balance Sheet

MILLION EUROS (except otherwise noted)			
	DEC 31 2006	JUNE 30 2007	CHANGE
Fixed assets	2,413	2,459	46
Strategic stock	453	477	24
Other assets (liabilities)	(148)	(174)	(26)
Working capital	205	342	137
	2,924	3,104	180
Short term debt	587	600	13
Long term debt	513	499	(14)
Total debt	1,099	1,099	(0)
Cash	212	181	(31)
Total net debt	887	918	31
Total Shareholder's equity	2,037	2,186	150
Capital employed	2,924	3,104	180
Debt to equity	44%	42%	(2 p.p.)

Fixed assets at the end of the first half of 2007 amounted to €2,459 million, up €46 million on the end of 2006. This increase was primarily due to capital expenditure in the first six months of 2007.

Strategic stocks amounted to €477 million, which was €24 million more than at the end of 2006. The rise mainly reflected higher gasoline and diesel prices in international markets in the first half of 2007 and more than offset a 6% volume decline in strategic stock in all product classes.

Other liabilities increased by €26 million and included a €24 million effect relating to the change in income tax estimate.

Working capital rose by €137 million to €342 million which resulted primarily from a €64 million increase in operational stocks and a €48 million increase in client receivables that was partly the result of average collection times increasing to 26 days in comparison with 24 days at the end of 2006.

Net debt at the end of the first half of 2007 amounted to €918 million, up €31 million on 31 December 2006. The increase in relation to the first quarter of 2007 reflected a dividend payment of €252 million in June. The debt-to-equity ratio was 42%, a reduction compared to the end of 2006.

At 30 June 2007 floating-rate long term bank debt amounted to €417 million.

The average life of Galp Energia debt was approximately 2.39 years at the end of the first half of 2007.

Cash Flow

MILLION EUROS		
	FIRST HALF	
	2006	2007
Operating result	475	498
Non cash costs	125	119
Change in working capital	(156)	(137)
Cash flow from operating activities	445	480
Net capital expenditures and disposals	(114)	(166)
Change in strategic stocks holdings	(53)	(24)
Cash flow from investing activities	(168)	(190)
Financial investments	(1)	1
Interest expenses	(25)	(18)
Taxes	(56)	(88)
Subsidies	6	7
Dividends paid/received	13	(230)
Others	(8)	8
Cash flow from financing activities	(70)	(321)
Total	(207)	(31)

Net cash inflow from operating activities amounted to €480 million in the first half of 2007 against €445 million in the first half of 2006. The most significant changes were the €23 million rise in net operating income and the €19 million reduction in working capital investment.

Net cash outflow from investing activities amounted to €190 million and was in line with capital expenditure in the period and the higher valuation of strategic inventories.

Net cash outflow from financing activities amounted to €321 million in the first half of 2007 or €251 million more than in the first half of 2006, which was primarily explained by net dividend payments of €230 million. In 2006 dividends for the 2005 financial year were not paid until July. In addition, €35 million higher tax payments reflected higher 2006 earnings.

6.4. CAPITAL EXPENDITURE

MILLION EUROS			
	FIRST HALF		
	2006	2007	% CH.
Exploration & Production	42	81	94.0
Refining & Marketing	30	41	34.6
Gas & Power	49	38	(21.5)
Others	0	2	n.m.
	121	162	34.1

Total capital expenditure by Galp Energia in the first half of 2007 rose by €41 million or 34% in comparison with the first half of 2006 to a total of €162 million, of which the Exploration & Production business segment accounted for €81 million or 50%.

Expenditure by Exploration & Production business segment was mainly channelled to Angola's Blocks 14 and 32. On Block 14 the following works were performed: (i) exploration, (ii) evaluation of the Negage and Gabela fields and (iii) development of the TL field and, to a lesser extent, the BBLT field. On Block 32, expenditure was primarily channelled to

exploratory wells and 3D seismic works. In Brazil expenditure on the blocks where Galp Energia is the operator focused on drilling five exploration wells on the Potiguar basin and preparing and performing the 3D seismic campaign on two blocks in the Sergipe Alagoas basin. On the blocks operated by Petrobras investment spending was mainly oriented towards preparing the drilling of onshore wells and the Tupi Sul wells in the Santos basin.

The Refining & Marketing business segment invested €41 million. In refining spending was mainly on (i) general-purpose investments in the refineries, namely energy rationalisation projects and environmental licensing, (ii) the upgrade of the Leixões oil terminal, (iii) the preparation of the turnaround of the Oporto refinery, (iv) the acquisition of a barge for the local transportation of goods and (v) the construction of strategic storage. In marketing, expenditure focused on the construction and upgrade of service stations, the acquisition of new LPG *Pluma* bottles and the expansion of piped LPG.

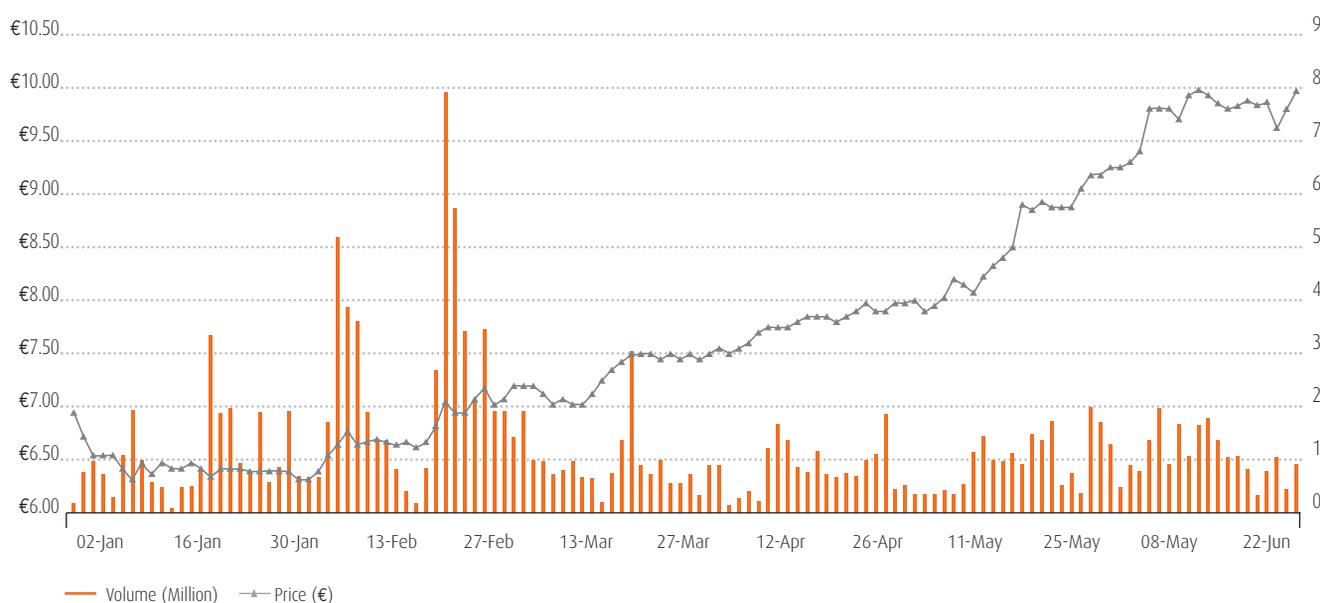
The Gas & Power business segment invested €38 million. In natural gas distribution 370 km of secondary network were completed and approximately 13 thousand clients were converted. In Power, the construction of a cogeneration plant at the Sines refinery was the most significant investment.

07. GALP ENERGIA SHARE

Galp Energia share increased by 43% in the first half of 2007, the maximum value attained in this period being €10.17, on the 18th of June. The valorisation since the beginning of the IPO, which occurred on the 23rd of October of 2006, reaches 71%.

Regarding traded volume, approximately 162.4 million of shares were traded, corresponding to a daily average of 1.3 million shares. At 30 June 2007 Galp Energia had a market capitalisation of €8.251 million.

GALP ENERGIA SHARE EVOLUTION



08. MANDATORY DISCLOSURES

8.1. MAJOR HOLDINGS

Shareholders with direct or indirect major holdings (Article 448, n^o 4 of the companies code and Article 20 of the securities code)

SHAREHOLDERS	No. SHARES	% CAPITAL	% VOTE
ENI, S.p.A	276,472,160	33.34	33.34
Amorim Energia, B.V.	276,472,161	33.34	33.34
Caixa Geral de Depósitos, S.A.	8,292,510	1.00	1.00
Parública - Participações Públicas, (SGPS), S.A.	58,079,514	7.00	7.00
Iberdrola, S.A.	33,170,025	4.00	4.00
Banco BPI S.A.	17,150,010	2.07	2.07
CXG Corporación Caixa Galicia, S.A.U.	16,585,012	2.00	2.00
Other shareholders	143,029,243	17.25	17.25
Total	829,250,635	100.00	-

On 3 September 2007, Galp Energia was informed by Banco BPI, S.A. that following several acquisitions on the stock exchange by Banco BPI, S.A. and affiliates such as Banco Português de Investimento, S.A., Fundo de Pensões do Banco BPI and BPI Vida – Companhia de Seguros Vida, S.A., Banco BPI, S.A. now holds 42,220,051 shares in Galp Energia, representing 5.09% of its share capital and voting rights.

8.2. HOLDINGS BY MEMBERS OF THE GOVERNING BODIES

Shares owned at 31 December 2006 by members of the executive and supervisors bodies of Galp Energia (according to article 447 nº 5 of the companies code)

BOARD MEMBERS	TOTAL SHARES 31.12.2006	AQUISITION			DISPOSAL			TOTAL SHARES 30.06.2007
		DATE	NUMBER OF SHARES	VALUE	DATE	NUMBER OF SHARES	VALUE	
Francisco Luís Murteira Nabo	1,900	-	-	-	01.03.2007	1,900	7.01	-
Manuel Ferreira De Oliveira		04.01.2007	735	6.81	-	-	-	
		04.01.2007	747	6.70	-	-	-	
		02.02.2007	780	6.40	-	-	-	
		02.03.2007	690	7.25	-	-	-	
		05.03.2007	715	7.10	-	-	-	
		11.04.2007	665	7.52	-	-	-	
		02.05.2007	626	7.99	-	-	-	
	28,640	01.06.2007	540	9.28	-	-	-	34,138
Giancarlo Rossi	-	-	-	-	-	-	-	-
José António Marques Gonçalves	3,900	-	-	-	-	-	-	3,900
Fernando Manuel dos Santos Gomes	1,900	-	-	-	-	-	-	1,900
André Freire de Almeida Palmeiro Ribeiro	950	-	-	-	-	-	-	950
João Pedro Leitão Pinheiro de Figueiredo Brito	-	-	-	-	-	-	-	-
Massimo Giuseppe Rivara	610	-	-	-	-	-	-	610
Manuel Domingos Vicente	-	-	-	-	-	-	-	-
Joaquim Augusto Nunes de Pina Moura		04.01.2007	1.000	6.70	-	-	-	
		04.01.2007	1.500	6.68	-	-	-	
	850	05.01.2007	1.000	6.63	-	-	-	4,350
Camillo Gloria	-	-	-	-	-	-	-	-
Diogo Mendonça Rodrigues Tavares	940	-	-	-	-	-	-	940
Angelo Taraborrelli	-	-	-	-	-	-	-	-
Carlos Nuno Gomes da Silva	2,410	-	-	-	-	-	-	2,410
Marco Alverà	-	-	-	-	-	-	-	-
Alberto Alves de Oliveira Pinto	-	07.02.2007	15.000	6.41	-	-	-	15,000
Pedro António do Vadre Castellino e Alvim	-	-	-	-	-	-	-	-
Alberto Maria Alberty	-	-	-	-	-	-	-	-
SUPERVISORY BOARD MEMBERS								
Daniel Bessa Fernandes Coelho	-	-	-	-	-	-	-	-
José Gomes Honorato Ferreira	-	-	-	-	-	-	-	-
José Maria Rego Ribeiro da Cunha	-	-	-	-	-	-	-	-
Amável Alberto Freixo Calhau	-	-	-	-	-	-	-	-
STATUTORY AUDITOR								
Deloitte & Associados, SROC, S.A.	-	-	-	-	-	-	-	-

Lisbon, 19 September 2007

THE BOARD OF DIRECTORS

BOARD OF DIRECTORS

CHAIRMAN:

Francisco Luís Murteira Nabo

VICE-CHAIRMEN:

Manuel Ferreira De Oliveira

Giancarlo Rossi

DIRECTORS:

José António Marques Gonçalves

André Freire de Almeida Palmeiro Ribeiro

Fernando Manuel dos Santos Gomes

João Pedro Leitão Pinheiro de Figueiredo Brito

Massimo Giuseppe Rivara

Manuel Domingos Vicente

Joaquim Augusto Nunes de Pina Moura

Camillo Gloria

Diogo Mendonça Rodrigues Tavares

Angelo Taraborrelli

Carlos Nuno Gomes da Silva

Marco Alverà

Alberto Alves de Oliveira Pinto

Pedro António do Vadre Castellino e Alvim

Alberto Maria Alberti

APPENDIX

9.1. BASIS OF PRESENTATION

The consolidated financial statements of Galp Energia, SGPS, S.A., as of 30 June 2007 and 2006, have been prepared in accordance with IAS/IFRS. Following a common practice in the industry, Galp Energia uses the management perspective when reviewing its performance. This perspective is based on adjusted results, whose difference from the results according to the legal IFRS perspective is calculated as follows:

- By using the replacement-cost criterion to value the cost of goods sold; according to this method, the cost of goods sold is calculated at the market value of raw materials at the moment the sales are realised irrespective of the inventories' valuation or its effective cost. Adopting this method adjusts results for the fluctuations of crude and oil products prices in international markets and their impact on inventory valuation according to the FIFO method adopted by the company. The replacement-cost criterion is not accepted by accounting standards, either Portuguese GAAP or IFRS; for this reason, it is not adopted for valuing inventories and does not reflect the replacement cost of other assets;
- By excluding non-recurrent items, defined as unusual events that have occurred in the company's operating cycle and generated a materially relevant impact on results; this definition does not imply that some of these items have not occurred in the past or may not occur in the future.

9.2. CONSOLIDATED ACCOUNTS

GALP ENERGIA, SGPS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2007 AND 31 DECEMBER 2006 (IFRS/IAS)

(Amounts expressed in thousands of Euros - tEuros) (Translation of balance sheets originally issued in Portuguese - Note 29)

ASSETS	NOTES	JUNE 2007	DECEMBER 2006
Non-current assets:			
Tangible fixed assets	11	1,969,554	1,927,247
Goodwill		17,150	17,032
Other intangible fixed assets	11	323,037	324,767
Investments in associates		152,440	147,362
Investments in other companies		1,009	1,017
Other receivables	13	104,256	106,757
Deferred tax assets		129,394	145,497
Other investments		2,283	1,395
Total non-current assets		2,699,123	2,671,074
Current assets:			
Inventories	15	1,190,506	1,065,264
Trade receivables	14	1,007,762	960,279
Other receivables	13	351,376	318,702
Other investments	16	15,814	14,023
Cash and cash equivalents	17	181,672	212,468
Total current assets		2,747,130	2,570,736
Total assets		5,446,253	5,241,810
EQUITY AND LIABILITIES	NOTES	JUNE 2007	DECEMBER 2006
Equity:			
Share capital	18	829,251	829,251
Share premium		82,006	82,006
Translation reserve		(12,961)	(10,385)
Other reserves		146,438	107,024
Hedging reserves		1,674	710
Retained earnings		717,562	254,757
Consolidated net profit attributable to equity holders of the parent	10	401,014	754,774
Equity attributable to equity holders of the parent		2,164,984	2,018,137
Minority interest		21,347	18,537
Total equity		2,186,331	2,036,674
Liabilities:			
Non-current liabilities:			
Loans	19	273,137	287,089
Bonds	19	225,772	225,772
Other payables	20	68,407	70,598
Retirement and other benefit obligations		249,444	242,180
Deferred tax liabilities		116,826	92,927
Other financial instruments	22	-	252
Provisions	21	84,542	82,643
Total non-current liabilities		1,018,128	1,001,461
Current liabilities:			
Bank loans and overdrafts	19	600,006	566,081
Bonds	19	-	20,435
Trade payables		664,314	692,379
Other payables	20	915,701	843,454
Other financial instruments	22	7,514	2,927
Income tax		54,259	78,399
Total current liabilities		2,241,794	2,203,675
Total liabilities		3,259,922	3,205,136
Total equity and liabilities		5,446,253	5,241,810

The accompanying notes form an integral part of the consolidated balance sheet as of 30 June 2007.

THE ACCOUNTANT

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS

Francisco Luís Murteira Nabo
Manuel Ferreira De Oliveira
Giancarlo Rossi
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Alberto Maria Alberti

GALP ENERGIA, SGPS, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS FOR THE HALF YEARS ENDED 30 JUNE 2007 AND 2006

(Amounts expressed in thousands of Euros - tEuros) (Translation of consolidated cash flow statements originally issued in Portuguese - Note 29)

	NOTES	JUNE 2007	JUNE 2006
Operating activities:			
Cash receipts from customers		5,750,016	6,404,461
Cash paid to suppliers		(3,737,492)	(4,534,587)
Cash paid to employees		(93,768)	(102,922)
Cash paid/received relating to tax on petroleum products		(1,275,986)	(1,238,505)
Cash generated from operations		642,770	528,447
Cash (paid)/received relating to income tax		(87,635)	(55,986)
Cash paid to early retired and pre-retired personnel		(7,035)	(5,992)
Cash paid relating to insurance costs of retired personnel		(5,340)	(4,896)
Other (payments)/receipts relating to operating activities		(173,081)	(81,494)
Cash used in operations		(273,091)	(148,368)
Net cash from operating activities (1)		369,679	380,079
Investing activities:			
Cash receipts relating to:			
Investments	4	1,500	35
Tangible fixed assets		3,703	7,531
Intangible fixed assets		-	134
Investment subsidies	12	6,575	5,930
Interest and similar income		2,895	9,192
Dividends	4	21,714	15,141
Loans granted		168	2,215
		36,555	40,178
Cash payments relating to:			
Investments		(836)	(897)
Tangible fixed assets		(152,205)	(118,946)
Intangible fixed assets		(14,319)	(19,593)
Loans granted		-	(3,111)
		(167,360)	(142,547)
Net cash used in investing activities (2)		(130,805)	(102,369)
Financing activities:			
Cash receipts relating to:			
Loans obtained		13,357	155,110
Capital increases, supplementary capital contributions and share premium		-	350
Interest and similar income		1,317	707
Discounted notes		5,266	3,045
		19,940	159,212
Cash payments relating to:			
Loans obtained		(48,287)	(298,758)
Interest on loans obtained		(7,197)	(23,300)
Interest and similar costs		(13,802)	(9,401)
Dividends/profit distributions	23	(252,206)	(2,075)
Repayment of discounted notes		(4,480)	(5,328)
Payment of principal and interest on finance lease contracts		(46)	(61)
Interest on finance lease contracts		(1)	-
Interest on bonds		(772)	(5,132)
		(326,791)	(344,055)
Net cash used in financing activities (3)		(306,851)	(184,843)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(67,977)	92,867
Effect of foreign exchange rate changes		(2,164)	(3,651)
Cash and cash equivalents at the beginning of the period	17	822	93,634
Cash and cash equivalents at the end of the period	17	(69,319)	182,850

The accompanying notes form an integral part of the consolidated cash flow statement for the half year ended 30 June 2007.

THE ACCOUNTANT

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS

Francisco Luís Murteira Nabo
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GALP ENERGIA, SGPS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS BY NATURE FOR THE HALF YEARS ENDED 30 JUNE 2007 AND 2006 (IFRS/IAS)

(Amounts expressed in thousands of Euros - tEuros) (Translation of consolidated income statements by nature originally issued in Portuguese - Note 29.)

	NOTES	JUNE 2007	JUNE 2006
Operating income:			
Sales	5	5,823,681	6,041,722
Services rendered	5	70,018	88,659
Other operating income	5	40,310	20,759
Total operating income		5,934,009	6,151,140
Operating costs:			
Cost of sales	6	4,837,088	5,120,632
External supplies and services	6	306,697	255,687
Employee costs	6	129,778	140,590
Amortisation, depreciation and impairment losses on fixed assets	6	119,044	125,324
Provisions and impairment of receivables	6	10,239	14,616
Other operating costs	6	33,088	19,250
Total operating costs		5,435,934	5,676,099
Net operating income		498,075	475,041
Financial income	8	7,480	6,931
Financial costs	8	(25,131)	(31,605)
Exchange gain (loss)		(2,070)	4,231
Share of results of associates	9	31,925	19,459
Income on financial instruments	22	793	3,493
Other gains and losses		(521)	(521)
Net income before tax		510,551	477,029
Income tax expense	7	(106,639)	(121,242)
Net income before minority interest		403,912	355,787
Net income attributable to minority interest		(2,898)	(2,031)
Net income attributable to equity holders of the parent		401,014	353,756
Earnings per share (in Euros)	10	0.48	0.43

The accompanying notes form an integral part of the consolidated statement of income by nature for the half year ended 30 June 2007.

THE ACCOUNTANT

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS

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GALP ENERGIA, SGPS, S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEARS ENDED 30 JUNE 2007 AND 2006 (IFRS/IAS)

(Amounts stated in thousands of Euros - tEuros) (Translation of consolidated statements of changes in equity originally issued in Portuguese - Note 29)

CHANGES IN THE PERIOD	NOTES	SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE
Balance at 1 January 2006		829,251	82,006	(1,879)
Appropriation of profit to reserves		-	-	-
Dividends distributed		-	-	-
Other increases/decreases in hedging reserves		-	-	-
Other changes	22	-	-	-
Adjustments relating to the recognition of deferred taxes on financial derivatives		-	-	-
Differences arising on translation of foreign currency financial statements (Group companies)		-	-	(2,999)
Differences arising on translation of foreign currency financial statements (Associated companies)		-	-	(3,154)
Changes in minority interest		-	-	-
Total increases/decreases directly in equity		-	-	(6,153)
Net income attributable to the shareholders and minority interest		-	-	-
Balance at 30 June 2006		829,251	82,006	(8,032)
Balance at 31 December 2006		829,251	82,006	(10,385)
Appropriation of profit to reserves		-	-	-
Dividends distributed	23	-	-	-
Other changes	22	-	-	-
Adjustments relating to the recognition of deferred taxes on financial derivatives		-	-	-
Differences arising on translation of foreign currency financial statements (Group companies)		-	-	(1,509)
Differences arising on translation of foreign currency financial statements (Associated companies)		-	-	(1,067)
Changes in minority interest		-	-	-
Total increases/decreases directly in equity		-	-	(2,576)
Net income attributable to the shareholders and minority interest	10	-	-	-
Balance at 30 June 2007		829,251	82,006	(12,961)

The accompanying notes form an integral part of the statement of changes in equity for the half year ended 30 June 2007.

THE ACCOUNTANT

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS

Francisco Luís Murteira Nabo
Manuel Ferreira De Oliveira
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OTHER RESERVES	HEDGING RESERVES	RETAINED EARNINGS	NET PROFIT FOR THE PERIOD	SUB-TOTAL	MINORITY INTEREST	TOTAL
84,926	(2,905)	669,150	700,657	2,361,206	24,645	2,385,851
22,098	-	678,559	(700,657)	-	-	-
-	-	(222,239)	-	(222,239)	-	(222,239)
-	-	-	-	-	-	-
-	3,459	-	-	3,459	-	3,459
-	(802)	-	-	(802)	-	(802)
-	-	-	-	(2,999)	-	(2,999)
-	-	-	-	(3,154)	-	(3,154)
-	-	-	-	-	(1,239)	(1,239)
22,098	2,657	456,320	(700,657)	(225,735)	(1,239)	(226,974)
-	-	-	353,756	353,756	2,031	355,787
107,024	(248)	1,125,470	353,756	2,489,227	25,437	2,514,664
107,024	710	254,757	754,774	2,018,137	18,537	2,036,674
39,877	-	714,897	(754,774)	-	-	-
-	-	(252,092)	-	(252,092)	-	(252,092)
(463)	1,232	-	-	769	-	769
-	(268)	-	-	(268)	-	(268)
-	-	-	-	(1,509)	-	(1,509)
-	-	-	-	(1,067)	-	(1,067)
-	-	-	-	-	(88)	(88)
39,414	964	462,805	(754,774)	(254,167)	(88)	(254,255)
-	-	-	401,014	401,014	2,898	403,912
146,438	1,674	717,562	401,014	2,164,984	21,347	2,186,331

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GALP ENERGIA, SGPS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2007

(Translation of notes originally issued in Portuguese - Note 29.)
(Amounts stated in thousands of Euros - tEuros)

01. INTRODUCTORY NOTE

a) PARENT COMPANY

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

The Company's head Office is in Lisbon and its corporate object is to manage equity participations in other companies, having, as of the date of its foundation, grouped the State's directly owned 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. ("Transgás, S.A." now called Galp Gás Natural, S.A.).

Over the years the Company has undergone several changes which, together with its position as of 30 June 2007, are explained in Note 18.

Some of the Company's share are listed in the Euronext Lisbon stock exchange.

b) THE GROUP

At 30 June 2007 the Galp group ("the Group") was made up of Galp and its subsidiaries, which included: (i) Petróleos de Portugal - Petrogal, S.A. ("Petrogal") and its subsidiaries, which operate upstream and downstream in the crude oil and related derivatives sector; (ii) GDP - Gás de Portugal, SGPS, S.A. and its subsidiaries, which operate in the natural gas sector; (iii) Galp Power, SGPS, S.A. and its subsidiaries, which operate in the electricity and renewable energy sector; and (iv) Galp Energia, S.A. which provides all the corporate support services.

b1) CRUDE OIL UPSTREAM AND DOWNSTREAM OPERATIONS

Petrogal is the only company operating in the petroleum refining sector in Portugal and it has majority control over the distribution of refined petroleum products through the Galp brand. Petrogal and its subsidiaries operate in the oil exploration area (upstream), essentially in Angola and Brazil, and in the refining and distribution of petroleum and derivative products area (downstream) in Portugal, Spain, Mozambique, Guinea-Bissau and Angola.

b2) NATURAL GAS OPERATIONS

The natural gas transport and distribution subsidiaries of the GDP - Gás de Portugal, SGPS, S.A. group which operate in the acquisition, distribution and commercialisation of natural gas, namely LisboaGás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A., Transgás, S.A., Lusitaniagás - Companhia de Gás do Centro, S.A. and Beiragás - Companhia de Gás das Beiras, S.A., operate based on concession contracts entered into with the Portuguese State, which end in 2028 (2034 in the case of Beiragás). At the end of this period the assets relating to the concessions will be transferred to the Portuguese State, the companies receiving an indemnity corresponding to the book value of these assets.

b3) ELECTRICITY GENERATING OPERATIONS

The operations of the Galp Power group subsidiaries consist of generating and commercialising electric power and thermal electricity.

c) OPERATIONS

The Galp Energia group's operations consist of the following:

- The exploration and production segment ("E&P") is responsible for Galp Energia's upstream operations in the petroleum industry, consisting of the supervision and performance of all the activities relating to the exploration, development and production of hydrocarbons, essentially in Angola and Brazil;
- The Petroleum Product Refining and Distribution segment ("Refining and Distribution") has the only two refineries in Portugal and also includes all the activities relating to the retail and wholesale commercialisation of petroleum products (including LNG). The Refining and Distribution segment also controls the majority of the petroleum product storage and transport infrastructures in Portugal, which are strategically located for both exporting and distribution of the products to the main consumption centres. In addition, the Group has petroleum derivative retail operations in Spain, Mozambique, Angola and Guinea-Bissau;
- The Gas segment covers the Purchasing, Commercialising and Distribution of Natural Gas.
- The Purchasing, Commercialising and Distribution of Natural Gas area supplies Natural Gas to large industrial customers that consume more than 2 million m³ per annum, the electricity generating companies and the natural gas distribution companies and UAG's ("natural gas distributors"). So as to satisfy the demand of its customers, Galp Energia also has long term purchase contracts with companies in Algeria and Nigeria.
- The Natural Gas Distribution area, together with the natural gas distribution companies in which Galp Energia has a significant participation, sell natural gas to residential, commercial and industrial customers that consume less than 2 million m³.
- The Power segment covers the generation of electricity.
- The Power area, which currently generates electric and thermal power, sells to large industrial customers. Galp Energia presently has participations in three co-generation plants with an installed capacity of 80 MW.

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

02. MAIN ACCOUNTING POLICIES

The Galp Energia group's consolidated financial statements were prepared on a going concern basis, at historical cost except for financial derivative instruments which are stated at fair value, from the accounting records of the companies included in the consolidation (Notes 3 and 4), maintained in accordance with generally accepted accounting principles in Portugal, adjusted in the consolidation process to conform to International Financial Reporting Standards as adopted by the European Union, effective for the years beginning 1 January 2005. These standards include International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and respective SIC and IFRIC interpretations, 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 Company's Board of Directors believes that the accompanying consolidated financial statements and notes that follow fairly present the interim consolidated financial information in accordance with IAS 34 – Interim Financial Reporting. Therefore, estimates were used that affect the reported amounts of Assets and Liabilities, as well as the reported amounts of Income and Costs for the reported period. However, the estimates and assumptions used by

the Board of Directors were based on the best information available regarding the events and transactions in progress as of the time of approval of the financial statements.

In the half year ended 30 June 2007 Galp Energia adopted a new criterion for classifying financial derivatives hedging refining margin, price of crude and refined products. The impact of this change in classification between the income statement captions is shown in Note 22, the consolidated income statement for the half year ended 30 June 2006 having been restated.

Additional information on the other accounting policies used in preparing the interim consolidated financial statements can be found in the Company's consolidated financial statements as of 31 December 2006 and accompanying notes.

03. COMPANIES INCLUDED IN THE CONSOLIDATION

In the half year ended 30 June 2007 the consolidation perimeter was changed as follows in relation to the preceding year:

- (a) Acquisition by the Group of an additional 0.03% participation in Beiragás - Companhia de Gás das Beiras, S.A. for tEuros 7, including goodwill of tEuros 3, increasing the Group's participation to 59.505%;
- (b) Acquisition by the Group of an additional 0.161% participation in Lusitaniagás - Companhia de Gás do Centro, S.A. for tEuros 229, including goodwill of tEuros 105, increasing the Group's participation to 85.199%;
- (c) The subsidiary Petrogal, S.A. subscribed for the full amount of the share capital of Galp Exploração e Produção Timor Leste, S.A., which was founded on 29 May 2007 to commercialise

and industrialise petroleum, including prospecting for and research and exploration of hydrocarbons;

- (d) The subsidiary Petrogal, S.A. acquired 33.33% of the share capital of Fast Access – Operações e Serviços de Informação e Comércio Electrónico, S.A., becoming the sole shareholder of that subsidiary;
- (e) The subsidiary Galp Power, SGPS, S.A. subscribed for all the share capital of Portcogeração, S.A., which was founded on 19 March 2007 to produce, transmit and distribute electric and thermal power generated by co-generation and renewable energy systems.

04. INVESTMENTS IN ASSOCIATES

In January 2007 the Group sold the investment in the associated company Número Um – Reparação Automóvel, Lda., corresponding to 49% participation in its capital, for tEuros 1,500, which had a book value of tEuros 555 at 31 December 2006 (Note 9).

In the half year ended 30 June 2007 the Group acquired an additional 5% participation in Enacol – Empresa Nacional de Combustíveis, S.A. for tEuros 1,996, including goodwill of tEuros 124, increasing its participation to 37.5%.

Dividends received in the half year ended 30 June 2007 amounted to tEuros 21,714, including tEuros 10,120 received from Companhia Logística de Hidrocarburos CLH, S.A. ("CLH"), tEuros 6,822 from EMPL - Europe Maghreb Pipeline, Ltd., tEuros 2,705 from Gasoducto Extremadura, S.A. and tEuros 2,067 from Gasoducto Al Andaluz, S.A.

As defined contractually, tEuros 8,032 of the total dividends received from the subsidiary CLH, must be returned to the shareholders as of the date of acquisition of the investment in the subsidiary.

05. OPERATING INCOME

The Group's operating income for the half years ended 30 June 2007 and 2006 is made up as follows:

CAPTIONS	JUNE 2007	JUNE 2006
Sales:		
of merchandise	2,021,324	2,055,614
of products	3,802,357	3,986,108
	5,823,681	6,041,722
Services rendered	70,018	88,659
Other operating income:		
Supplementary income	23,549	5,793
Gain of fixed assets	3,049	3,652
Operating subsidies	2,057	2,833
Others	11,655	8,481 (a)
	40,310	20,759
	5,934,009	6,151,140

(a) This amount was restated considering the changes in accounting classification referred to in Notes 2. and 22..

Sales of fuel include Tax on Petroleum Products (ISP).

The caption "Supplementary income" includes essentially, income relating to operating rates, publicity space rates and automatic washing rates among other rates charged to retailers for using the Galp brand.

06. OPERATING COSTS

Operating costs for the half years ended 30 June 2007 and 2006 are made up as follows:

CAPTIONS	JUNE 2007	JUNE 2006
Cost of sales:		
Merchandise	1,155,442	1,083,286
Raw and subsidiary materials	2,509,299	2,885,737
Tax on Oil Products	1,244,451	1,160,026
Variation in production	(81,363)	(23,353)
Decrease in inventories	4,307	6,437
Financial derivatives	4,952	8,499 (a)
	4,837,088	5,120,632
External supplies and services:		
Subcontracts	60,116	5,365
Electricity, water and communications	11,743	10,074
Cleaning and surveillance	4,138	3,983
Fuel	556	844
Office material	882	662
Rent and leasing	36,407	30,888
Maintenance and repairs	23,300	25,406
Publicity	11,296	15,775
Travelling expenses	3,098	3,197
Employee transportation	452	420
Merchandise transportation	32,064	36,666
Insurance	19,677	22,174
IT services	12,156	11,955
Studies and projects	4,318	4,393
Comission	5,783	4,543
Fees and court expenses	1,834	1,498
Legal services	428	132
Consultancy services	4,248	1,994
Metering, invoicing and collection services	3,150	3,129
Technical assistance and inspection	2,788	2,833
Production of blocks	8,632	4,493
Storage and filling	25,600	21,766
Port services and taxes	7,006	4,552
Utilisation of terminals and oil pipelines	3,295	5,138
Other specialised services	13,483	11,660
Other costs	10,247	22,147
	306,697	255,687
Employee costs:		
Remuneration of the statutory boards (Note 24)	2,295	2,609
Remuneration of personnel	87,095	94,031
Social charges	17,901	18,875
Retirement benefits - pensions and insurance	18,211	19,646
Other insurance	3,515	3,732
Other costs	761	1,697
	129,778	140,590
Amortisation, depreciation and impairment:		
Amortisation and impairment of tangible fixed assets	105,177	111,594
Amortisation and impairment of intangible fixed assets	13,867	13,730
	119,044	125,324

CAPTIONS	JUNE 2007	JUNE 2006
Provision and impairment of receivables:		
Provisions and reversals	5,339	5,801
Impairment loss on trade receivables (Note 14)	4,846	9,509
Impairment loss on other receivables (Note 13)	54	(694)
	10,239	14,616
Other operating costs:		
Other taxes	4,574	3,533
Loss on fixed assets	152	1,486
Other operating costs	28,362	14,231
	33,088	19,250
	5,435,934	5,676,099

(a) This amount was restated considering the changes in accounting classification referred to in Notes 2. and 22..

The caption "Other operating costs" for the half years ended 30 June 2007 and 2006 includes tEuros 19,036 and tEuros 3,203, respectively relating to Tax on Petroleum Income (Imposto sobre o Rendimento do Petróleo - IRP) on the sale of crude oil by the subsidiary Galp Exploração e Produção Petrolífera, Lda., calculated based on the tax regimes applicable to the production sharing contracts in which the Group participates.

The external supplies and services caption "Subcontracts" increased significantly in relation to the preceding period due to the natural gas passage contracts between Galp Gás Natural, S.A. and REN. In the half year ended 30 June 2006 the high pressure gas transport infrastructure and the Sines liquid gas terminal belonged to the Group and so the costs of these infrastructures were recognised essentially in the captions "Depreciation" and "Employee costs".

07. SEGMENT REPORTING

BUSINESS SEGMENTS

For strategic reasons the Group is currently organised in the following four business segments, with the following business units:

- Natural gas;
- Refining and Distribution of Petroleum Products;
- Exploration and Production;
- Electricity;
- Others.

The Group considered the parent company Galp Energia, SGPS, S.A. and the companies with distinctly different operations, namely, Drifal - Plásticos de Portugal, S.A., Tagus Re, S.A. and Galp Energia, S.A. in the "Others" business segment.

Following is financial information for the segments identified above, regarding operating results for the half years ended 30 June 2007 and 2006 and balances as of 30 June 2007 and 31 December 2006:

	NATURAL GAS		REFINING AND DISTRIB. OF PETROLEUM		EXPLORATION AND PRODUCTION		ELECTRICITY		OTHERS		ELIMINATIONS		CONSOLIDATED	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Income:														
Sales and services rendered	651,257	665,811	5,240,097	5,441,380	93,233	22,324	14,457	14,873	57,933	58,537	(163,278)	(72,544)	5,893,699	6,130,381
Inter-segment	21,339	21,403	1,589	2,257	92,770	-	-	-	47,580	48,884	(163,278)	(72,554)	-	-
External	629,918	644,408	5,238,508	5,439,123	463	22,324	14,457	14,873	10,353	9,653	-	-	5,893,699	6,130,381
EBITDA	116,986	157,034	424,713	437,944	80,423	14,710	1,234	2,618	3,958	2,826	44	(151)	627,358	614,981
Non cash costs:														
Amortisation, depreciation and adjustments	(13,794)	(28,788)	(76,725)	(86,343)	(26,481)	(8,280)	(1,472)	(1,452)	(572)	(461)	-	-	(119,044)	(125,324)
Provisions (net)	(2,633)	(1,746)	(5,347)	(8,508)	(2,254)	(4,370)	(5)	-	-	8	-	-	(10,239)	(14,616)
Segment results	100,559	126,500	342,641	343,093	51,688	2,060	(243)	1,166	3,386	2,373	44	(151)	498,075	475,041
Net financial items	21,773	5,438	(7,239)	(4,871)	6,082	2,204	(587)	(398)	(7,509)	(536)	(44)	151	12,476	1,988
Income tax	(27,361)	(32,177)	(79,157)	(87,639)	(971)	(363)	577	(133)	273	(930)	-	-	(106,639)	(121,242)
Minority interest	(2,080)	(2,306)	(475)	682	-	-	(343)	(407)	-	-	-	-	(2,898)	(2,031)
Net income IFRS/IAS	92,891	97,455	255,770	251,265	56,799	3,901	(596)	228	(3,850)	907	-	-	401,014	353,756

AT 30 JUNE 2007 AND 31 DECEMBER 2006

	NATURAL GAS		REFINING AND DISTRIB. OF PETROLEUM		EXPLORATION AND PRODUCTION		ELECTRICITY		OTHERS		ELIMINATIONS		CONSOLIDATED	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Other Information														
Assets by segment (1)														
Investments (2)	79,714	73,191	72,245	74,348	-	13	1,375	568	115	259	-	-	153,449	148,379
Other assets	1,387,731	1,660,502	3,770,655	3,396,241	492,399	503,336	68,373	67,067	910,373	816,122	(1,336,727)	(1,349,837)	5,292,804	5,093,431
Total consolidated assets	1,467,445	1,733,693	3,842,900	3,470,589	492,399	503,349	69,748	67,635	910,488	816,381	(1,336,727)	(1,349,837)	5,446,253	5,241,810
Total consolidated liabilities	803,184	739,102	2,664,612	2,393,637	185,020	129,811	65,763	63,394	878,070	1,229,029	(1,336,727)	(1,349,837)	3,259,922	3,205,136

(1) Net amount.

(2) In accordance with the equity method.

Income tax for the first half of 2007 amounted to tEuros 106,639, which represents a decrease of tEuros 14,603 in relation to the half year ended 30 June 2006. The effective rate of tax was 21%, which represents a decrease in relation to 25% for the half year ended 30 June 2006 due to the favourable effect of: (i) an increase in the results of the Exploration and Production

segment, which is exempt from income tax up to 2011 and (ii) a change in the form of calculating Municipal Surcharge, which as from 2007 is determined based net income.

08. FINANCIAL INCOME AND FINANCIAL COSTS

Financial income and financial costs for the half years ended 30 June 2007 and 2006 are made up as follows:

	JUNE 2007	JUNE 2006
Financial income:		
Interest on bank deposits	4,066	4,257
Other financial income	1,999	1,441
Interest and other income relating to related companies	1,415	1,233
	7,480	6,931
Financial costs:		
Interest on bank loans and overdrafts	(13,770)	(19,695)
Interest capitalised in fixed assets	169	-
Securitisation of accounts receivable - Financial costs (Note 19.)	(5,308)	(3,659)
Other financial costs	(5,983)	(8,081)
Interest - related companies	(239)	(170)
	(25,131)	(31,605)

The Group has the policy of capitalising in tangible and intangible fixed assets in construction, interest on loans obtained. The percentage of interest capitalised is proportional to the amount of capital expenditure incurred, in accordance with the standard of borrowing costs.

09. RESULTS RELATING TO PARTICIPATIONS IN ASSOCIATED COMPANIES

The results of participations in associated companies in the half years ended 30 June 2007 and 2006 were as follows:

	JUNE 2007	JUNE 2006
EMPL - Europe Maghreb Pipeline, Ltd.	14,676	15,474
CLH - Companhia Logística de Hidrocarburos, S.A.	7,795	2,157
Gasoducto Extremadura, S.A.	1,446	1,667
Gasoducto Al Andaluz, S.A.	1,102	1,319
Número Um - Reparação de Automóveis, Lda.	945	68
Outras (losses)/gains, net	5,961	(1,226)
	31,925	19,459

In the half year ended 30 June 2007 the participation in Número Um - Reparação de Automóveis, Lda. was sold at a profit of tEuros 945 (Note 4).

10. EARNINGS PER SHARE

Earnings per share for the half years ended 30 June 2007 and 2006 are as follows:

	JUNE 2007	JUNE 2006
Net income		
Net income for purposes of calculating earnings per share (net profit for the half year)	401,014	353,756
Number of shares		
Weighted average number of shares for earnings per shares calculation (Note 18.)	829,250,635	829,250,635
Basic earnings per share (amounts in Euros)	0.48	0.43

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

11. TANGIBLE AND INTANGIBLE FIXED ASSETS

	JUNE 2007			DECEMBER 2006		
	GROSS COST	ACUMULATED DEPRECIATION AND IMPAIRMENT	NET CARRYING AMOUNT	GROSS COST	ACUMULATED DEPRECIATION AND IMPAIRMENT	NET CARRYING AMOUNT
TANGIBLE FIXED ASSETS						
Land and natural resources	197,312	(3,218)	194,094	198,365	(3,111)	195,254
Buildings and other constructions	686,201	(414,543)	271,658	683,462	(400,246)	283,216
Machinery and equipment	3,919,783	(2,790,350)	1,129,433	3,890,215	(2,760,830)	1,129,385
Transport equipment	23,356	(20,924)	2,432	23,040	(21,206)	1,834
Tools and utensils	4,331	(3,795)	536	4,299	(3,706)	593
Administrative equipment	128,893	(114,229)	14,664	127,176	(110,929)	16,247
Reusable Containers	149,789	(133,805)	15,984	149,436	(131,461)	17,975
Other tangible assets	106,187	(61,764)	44,423	104,348	(58,414)	45,934
Tangible assets in progress	292,930	-	292,930	233,801	-	233,801
Advances on account of tangibles assets	3,400	-	3,400	3,008	-	3,008
	5,512,182	(3,542,628)	1,969,554	5,417,150	(3,489,903)	1,927,247
INTANGIBLE ASSETS						
Installation Costs	3,076	(2,946)	130	3,074	(2,978)	96
Research and development costs	2,953	(1,883)	1,070	2,943	(1,670)	1,273
Industrial property and other rights	237,688	(117,072)	120,616	238,099	(114,731)	123,368
Re-conv. of consumption to natural gas	253,488	(68,668)	184,820	248,268	(64,108)	184,160
Goodwill	10,654	(10,222)	432	10,261	(10,153)	108
Intangible assets in progress	15,969	-	15,969	15,762	-	15,762
	523,828	(200,791)	323,037	518,407	(193,640)	324,767

Tangible and intangible fixed assets are recorded in accordance with the accounting policies defined by the Group, which are explained in the Notes to the financial statements as of 31 December 2006.

The non repayable subsidies granted to the Group to finance tangible and intangible fixed assets (essentially re-conversions to natural gas) are reflected as deductions from the corresponding assets and recognised in the consolidated income statement as a deduction from depreciation and amortisation for the year, in proportion to depreciation and amortisation of the subsidised assets.

MAIN OCCURRENCES IN THE HALF YEAR ENDED 30 JUNE 2007

The main changes in the half year in the gross tangible and intangible fixed assets of the GDP sub-group (acquisition, transport, distribution and commercialisation of natural gas) were as follows:

- Increase of tEuros 11,373 in the company LisboaGás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A., tEuros 7,027 relating to networks, branches, meters and other infrastructures, the remaining tEuros 4,346 relating to the re-conversion of consumption to natural gas;
- Increase of tEuros 7,753 in the company Lusitaniagás – Companhia de Gás do Centro, S.A., tEuros 4,379 relating to networks, branches, meters and other infrastructures, the remaining tEuros 3,374 relating to the re-conversion of consumption to natural gas;
- Decrease of tEuros 4,760 in the company LisboaGás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, of which tEuros 3,324 corresponds to gas meters and tEuros 1,436 to items of the low pressure network. At 31 December 2006 these assets had a net book value of tEuros 60;
- Transfer of tEuros 20,636 relating to the TGC-15 underground strategic gas storage tank in Carriço. Of this amount tEuros 5,472 corresponds to “Cushion Gas” needed to maintain the pressure in the tank and tEuros 15,164 to construction costs.

The main changes in the half year in the gross tangible and intangible fixed assets of the Petrogal sub-group (exploration, production, refining and distribution of petroleum products) were as follows:

- Increase of tEuros 3,003 in Galp Energia España, relating mostly to the purchase of gas bottles in the amount of tEuros 169, and propane gas installations in customers and investment made in the service station network in the amounts of tEuros 1,117 and tEuros 1,530, respectively;
- Crude oil exploration and development costs in Angola Blocks 32 and 14 in the amounts of tEuros 9,215 and 47,003, respectively;
- tEuros 6,025 relating essentially to the modernisation of service station equipment, convenience stores, expansion of operations and development of the information systems;
- tEuros 12,305 relating to investment in the Sines and Oporto refineries;
- tEuros 4,481 relating to modernisation of the gas bottle filling line, to adapt the networks and acquire new gas bottles;
- In the first half of 2007 tangible and intangible fixed assets in the net amounts of tEuros 2,906 and tEuros 68, respectively, which were mostly fully depreciated or amortised, were written off as a result of updating the fixed assets records.

Tangible and intangible fixed assets in progress at 30 June 2007 are made up as follows:

	GROSS	INVESTMENT SUBSIDIES	NET ASSET
Petroleum research in blocks 32, 33, A-IMI & Blocks 14 - Congo and Angola	96,306	-	96,306
Petroleum research and exploration in the Potiguar, Sergipe/Alagoas, Espírito Santo and Santos - Brazil basins	54,790	-	54,790
Construction of network infrastructures and re-conversion to natural gas	30,606	907	29,699
Renewal and expansion of the network	28,648	-	28,648
Co-generation plant in Sines	16,647	-	16,647
Industrial investment relating to the refineries	11,334	-	11,334
Leixões - Replacement of pipelines - Oporto Refinery	8,505	-	8,505
Construction of infrastructures for strategic storage	6,103	1,531	4,572
Studies and licenses - Oporto and Sines Refinery	2,973	-	2,973
Fire protection system - Oporto Refinery	2,415	-	2,415
Industrial equipment - Oporto Refinery	1,990	-	1,990
Increase of the capacity of the basins storm - Oporto Refinery	1,915	-	1,915
Construction and reconversion to natural gas - UAG's	1,816	233	1,583
"Monobóia" - installation and spare parts	1,127	-	1,127
Additive project	1,100	-	1,100
Remodelling of bitumen warehouse/shipping - Sines Refinery	910	-	910
Other projects	44,605	220	44,385
	311,790	2,891	308,899

12. SUBSIDIES

Investment subsidies received and receivable at 30 June 2007 and 31 December 2006 are as follows:

PROGRAM	GDP	PETROGAL	OTHERS	2007	2006
Energia Program					
Amount received	116,469	-	-	116,469	116,236
Amount receivable	-	-	-	-	201
	116,469	-	-	116,469	116,437
Interreg II					
Amount received	19,275	-	-	19,275	19,275
Amount receivable	-	-	-	-	-
	19,275	-	-	19,275	19,275
Protede					
Amount received	19,708	-	-	19,708	19,708
	19,708	-	-	19,708	19,708
Operating Economy Program					
Amount received	200,983	-	300	201,283	194,941
Amount receivable	169	-	-	169	1,861
	201,152	-	300	201,452	196,802
Desulphurisation of Sines					
Amount received	-	13,203	-	13,203	13,203
Amount receivable	-	26,310	-	26,310	26,310
	-	39,513	-	39,513	39,513
Desulphurisation of Oporto					
Amount received	-	11,797	-	11,797	11,797
Amount receivable	-	23,510	-	23,510	23,510
	-	35,307	-	35,307	35,307
Others					
Amount received	-	11,891	-	11,891	11,891
Amount receivable	-	-	-	-	-
	-	11,891	-	11,891	11,891
Total	356,604	86,711	300	443,615	438,933

Investment subsidies of tEuros 6,575 were received in the first half of 2007.

Subsidies receivable of tEuros 49,989, recorded in the caption "Other receivables", include tEuros 49,820 relating to subsidies receivable from the Portuguese State for capital expenditure incurred in the desulphurisation of diesel fuel in the Sines and Oporto refineries, which were received in July 2007 (Notes 13 and 28), and tEuros 169 relating to incentive programs for the expansion of the natural gas network.

13. OTHER RECEIVABLES

The non-current and current "Other receivables" caption at 30 June 2007 and 31 December 2006 is made up as follows:

CAPTIONS	JUNE 2007		DECEMBER 2006	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
State and other public entities:				
Corporate Income Tax - Special payments on account	148	-	220	-
VAT- Reimbursements requested	7,995	-	15,722	-
Social Security	228	-	188	-
Tax on Petroleum Products - ISP	144	-	102	-
Others	141	-	157	-
Loans to associated, related and participated companies	-	56,116	-	55,927
Other operations - associated, related and participated companies	1,609	-	1,243	-
Other debtors - associated, related and participated companies	4,262	-	1,940	807
Portuguese State (Note 12.)	49,820	-	49,820	-
Subsidies receivable (Note 12.)	169	-	2,062	-
Natural gas trading operations	-	-	22,496	-
EDP - Electricidade de Portugal Group	29	-	29	-
Means of payment	10,882	-	9,609	-
Contract ceding the rights to use telecommunications infrastructures	7,196	12,866	6,602	13,080
Advances to suppliers of fixed assets	22,598	-	11,930	-
Loan to Sonangol under the Block 14 production contract	4,227	-	4,531	-
Advances to suppliers	4,857	-	2,892	-
Tax on Petroleum Products ("ISP")	18,261	-	19,241	-
Personnel	2,044	-	2,028	-
Pension Fund - recovery of payments	1,648	-	8,676	-
Debit balances with suppliers	165	-	1,260	-
VAT - Settlements made abroad	1,226	-	1,731	-
Loans to customers	588	2,820	541	2,819
Bank deposits linked to EIB loan	-	3,372	-	3,872
Others	24,766	1,558	26,245	830
	163,002	76,731	189,265	77,335
Accrued income:				
Sales and services rendered not yet invoiced	106,842	-	58,815	-
Accrued interest	9,077	-	7,833	-
Sale of finished products by the service stations to be invoiced	5,104	-	3,775	-
Trade discount receivable on purchases made	1,313	-	1,992	-
Other accrued income	7,976	-	10,536	-
	130,312	-	82,951	-
Deferred costs:				
Costs relating to service station concession contracts	39,237	-	39,624	-
Retirement benefits	-	27,152	4	28,998
Interest and other financial costs	2,130	28	1,967	33
Cataliser costs	2,851	-	3,063	-
Prepaid rent	259	-	341	-
Prepaid insurance	10,563	-	2	-
Other deferred costs	7,600	345	6,033	390
	62,640	27,525	51,034	29,421
Impairment of other accounts receivable	(4,578)	-	(4,548)	-
	351,376	104,256	318,702	106,757

The changes in the caption "Impairment of other receivables" in the half year ended 30 June 2007 were as follows:

CAPTIONS	BEGINNING BALANCE	INCREASE	DECREASE	UTILISATION	TRANSFERS/ADJUSTMENTS	ENDING BALANCE
Other receivables	4,548	151	(97)	(10)	(14)	4,578
	4,548	151	(97)	(10)	(14)	4,578

The increases and decreases in impairment losses on other receivables in the net negative amount of tEuros 54 were recognised in the caption "Provision for impairment of receivables" (Note 6.).

The non-current loans to associated companies correspond essentially to loans to the following subsidiaries:

- Loans of tEuros 17,700 and tEuros 12,349 by Galp Gás Natural, S.A. to Gasoductos Al Andaluz and Extremadura, respectively. Interest on these loans for the half year ended 30 June 2007 amounted to tEuros 715, of which tEuros 294 corresponds to Gasoducto Extremadura and tEuros 421 to Gasoducto Al Andaluz;
- Loans of tEuros 7,166 and tEuros 2,655 by GDP Distribuição, SGPS, S.A., to Setgás - Sociedade de Produção e Distribuição de Gás, S.A. and Tagusgás - Empresa Gás do Vale do Tejo, S.A., respectively. Interest on these loans for the half year ended 30 June 2007 amounted to tEuros 342, of which tEuros 246 relates to Setgás - Sociedade de Produção e Distribuição de Gás, S.A. and tEuros 96 to Tagusgás - Empresa Gás do Vale do Tejo, S.A.;
- Loan of tEuros 2,446 by Petróleos de Portugal - Petrogal, S.A. to Setgás - Sociedade de Produção e Distribuição de Gás, S.A.. Interest on this loan for the half year ended 30 June 2007 amounted to tEuros 84;
- Loan of tEuros 13,007 by Galp Power, SGPS, S.A. to Energin - Sociedade de Produção de Electricidade e Calor, S.A.. Interest on this loan for the half year ended 30 June 2007 amounted to tEuros 273.

These loans bear interest at normal market rates and do not have defined repayment dates.

The amount of tEuros 1,609 reflected in the asset caption "Other operations - Associated, related and participated companies" relates to companies that were not consolidated by the full integration method and includes essentially accounts receivable from Empresa Nacional de Combustíveis - Enacol, S.A.R.L..

The amount of tEuros 4,262 reflected in the asset caption "Other debtors - Associated, related and participated companies" corresponds to companies that were not consolidated by the full integration method and includes essentially accounts receivable from Tagusgás - Empresa Gás do Vale do Tejo, S.A..

Under the "Shareholders' Agreement between the State and Petrocontrol regarding compensation due to Petrogal" dated 21 December 1998, at 30 June 2007 Petrogal still had tEuros 49,820 receivable from the Ministry of the Economy. This amount is to subsidise the investments made by Petrogal to desulphurise diesel fuel in the Oporto and Sines refineries. The corresponding entry to this receivable is reflected as a deduction from the amount of fixed assets. The Company received this amount in July 2007 (Notes 12 and 28).

The caption "Means of payment" in the amount of tEuros 10,882 corresponds to amounts receivable for sales by visa/multibanco cards, which at 30 June 2007 were pending collection.

The amounts of tEuros 7,196 reflected under current assets and tEuros 12,866 reflected under non-current assets results from Contracts Ceding the Rights to Use Telecommunications Infrastructures entered into on 1 July 1999 for a 20 year period, and is being received in successive equal annual instalments of tEuros 5,903 up to 31 July 2009, each instalment being increased by interest at market rates. Income resulting from this contract is recorded in deferred income and recognised in the income statement on a

straight-line basis over the period of the contract, which ends on 1 June 2019. Deferred income at 30 June 2007 to be recognised in future years amounts to tEuros 58,012 (Note 20).

The significant increase in the caption "Advances to suppliers of fixed assets" is due essentially to amounts paid to the operator Cabinda Gulf Oil Company, Ltd. for the exploration and production of Block 14.

The loan of tEuros 4,227 to Sonangol is based on an agreement made between all the members of the Block 14 Joint Venture. The loan has not been repaid since the first oil of Kuito, in which it was being repaid by appropriation by Galp Exploração, of the part of the Block 14 oil production corresponding to Sonangol. The loan will be repaid in full in the second half of 2007.

The amount of tEuros 18,261 in the caption "Other debtors - ISP" corresponds to the amount receivable by the Customs House relating to exemption of bio-fuels from ISP, which is under a tax suspense regime in accordance with Circular 79/2005 of 6 December.

The "Other debtors" caption "Recovery of payments", in the amount of tEuros 1,648, corresponds to amounts not yet reimbursed by the Pension Fund, relating to pensions processed and paid directly by the Group in June.

The accrued income caption "Sales and services rendered not yet invoiced" refers essentially to invoices for natural gas consumed, to be issued in the following month. The significant increase in the caption is due essentially to the deferral of invoicing for the last months of the first half of 2007 due to the start up of the new natural gas invoicing system for some distributor companies.

The amount of tEuros 9,077 reflected in the accrued income caption "Accrued interest", includes tEuros 5,439 relating to interest to be invoiced to E3G - Telecomunicações, S.A. for ceding the right to use infrastructures.

The amount of tEuros 5,104 in the caption "Sale of finished goods by the service stations to be invoiced" relates to amounts purchased in 2007 through Galp Frota cards, only invoiced in the second half of 2007.

Deferred costs relating to service station concession contracts in the amount of tEuros 39,237 are amortised over the period of the concessions, which varies from 20 to 25 years.

The amount of tEuros 10,563 reflected in the caption "Prepaid insurance" corresponds to insurance premiums paid annually in the first half of 2007 to be expensed in the second half of 2007.

14. TRADE RECEIVABLES

The caption "Trade receivables" at 30 June 2007 and 31 December 2006 is made up as follows:

CAPTIONS	JUNE 2007	DECEMBER 2006
Clients, current accounts	990,940	939,331
Clients - doubtful accounts	76,701	73,503
Clients - notes receivable	4,586	7,410
	1,072,227	1,020,244
Impairment of trade receivables	(64,465)	(59,965)
	1,007,762	960,279

The changes in the caption "Impairment of trade receivables" in the first half of 2007 were as follows:

CAPTIONS	BEGINNING BALANCE	INCREASE	DECREASE	UTILISATION	TRANSFERS/ADJUSTMENTS	ENDING BALANCE
Impairment of trade receivables	59,965	11,496	(6,650)	(1,078)	732	64,465
	59,965	11,496	(6,650)	(1,078)	732	64,465

The increase and decrease in the caption "Impairment of trade receivables" in the net amount of tEuros 4,846 was recorded in the caption "Provision and impairment of receivables" (Note 6).

15. INVENTORIES

Inventories at 30 June 2007 and 31 December 2006 are made up as follows:

CAPTIONS	JUNE 2007	DECEMBER 2006
Raw, subsidiary and consumable materials:		
Crude oil	312,456	194,568
Other raw materials	45,738	32,913
Raw material in transit	218	83,662
	358,412	311,143
Adjustments to raw, subsidiary and consumable materials	(9,653)	(5,372)
	348,759	305,771
Finished and semi-finished products:		
Finished products	365,728	328,127
Tax on Petroleum Products - ISP	18,185	17,855
Semi-finished products	197,211	164,420
Finished products in transit	-	55
	581,124	510,457
Adjustments to finished and semi-finished products	(8)	(8)
	581,116	510,449
Work in process	233	143
Merchandise	257,069	244,217
Tax on Petroleum Products - ISP	4,297	5,460
Merchandise in transit	312	497
	261,678	250,174
Adjustments to merchandise	(1,404)	(1,398)
	260,274	248,776
Advances on account of purchases	124	125
	1,190,506	1,065,264

Merchandise at 30 June 2007, in the amount of tEuros 261,768, includes essentially to natural gas in the pipelines in the amount of tEuros 58,806 and inventories of crude oil derivative products of the subsidiary Galp Energia España, S.L.U. in the amount of tEuros 181,512.

At 30 June 2007 the Group's responsibility to competitors for strategic reserves, which can only be satisfied by the delivery of products, amounted to tEuros 290,359 and is recorded in the caption "Advances on account of sales" (Note 20).

In November 2004, under Decree-law 339-D/2001 of 28 December, Petrogal and Petrogal Trading Limited entered into a contract to purchase, sell and exchange crude for finished products for the constitution of strategic reserves with "Entidade Gestora de Reservas Estratégicas de Produtos Petrolíferos, EPE" ("EGREP"). Under the contract entered into in 2004 the crude acquired by EGREP, which is not reflected in the financial statements, is stored in a non-segregated form in Petrogal's installations, where it must remain so that EGREP can audit it in terms of quantity and quality, whenever it so wishes. In accordance with the contract, Petrogal must, when so required by EGREP, exchange the crude sold for finished products, receiving in exchange an amount representing the refining margin as of the date of exchange.

16. OTHER INVESTMENTS

Other investments at 30 June 2007, 31 December 2006 and 30 June 2006 are made up as follows:

CAPTIONS	JUNE 2007	DECEMBER 2006	JUNE 2006
Commodities	10,602	6,874	14,851
Financial	443	269	-
Financial instruments (Note 22.)	11,045	7,143	14,851
Equity investments in participated companies	11	11	4,558
Other negotiable securities	1,712	904	-
Term deposits	1,757	1,793	-
Other treasury applications	1,289	4,172	6,742
Other current investments (Note 17.)	4,769	6,880	11,300
	15,814	14,023	26,151

Financial instruments at 30 June 2007, 31 December 2006 and 30 June 2006 are recorded at fair value as of those dates (Note 22).

17. CASH AND CASH EQUIVALENTS

The caption "Cash and cash equivalents" at 30 June 2007, 31 December 2006 and 30 June 2006 is made up as follows:

CAPTIONS	JUNE 2007	DECEMBER 2006	JUNE 2006
Cash	16,166	6,435	12,806
Demand deposits	129,662	83,537	143,188
Term deposits	6,774	11,133	13,657
Other negotiable securities	7,662	-	510
Other treasury applications	21,408	111,363	105,435
Cash and cash equivalents in the balance sheet	181,672	212,468	275,596
Other current investments (Note 16.)	4,769	6,880	11,300
Bank overdrafts (Note 19.)	(255,760)	(218,526)	(104,046)
Cash and cash equivalents in the cash flow statement	(69,319)	822	182,850

The captions "Other treasury applications" and "Other negotiable securities" include applications of cash surplus of the following Group companies:

Other treasury applications:	
CLCM - Companhia Logística de Combustíveis da Madeira, S.A.	8,600
Petrogal Brasil, Lda.	3,232
Carrico Cogeração Sociedade de Geração de Electricidade e Calor, S.A.	3,300
Galp Exploração Serviços do Brasil, Lda.	3,596
Powercer - Sociedade da Cogeração da Vialonga, S.A.	1,700
Galp Gás Natural, S.A.	978
Petróleos de Portugal - Petrogal, S.A.	2
	21,408
Other negotiable securities:	
Petróleos de Portugal - Petrogal, S.A. (Nota 22.)	2,137
C.L.C. - Companhia Logística de Combustíveis, S.A.	5,525
	7,662

18. CAPITAL

The Company's capital structure at 30 June 2007 was changed as follows in relation to 31 December 2006:

- In 2007 the Portuguese State sold to Parpública, SGPS, S.A. 40,000,000 type A shares and 1,494,501 type B shares, representing 5.0% of Galp Energia, SGPS, S.A.'s share capital. After this acquisition Parpública became holder of 58,079,514 shares, representing 7% of the voting rights, as from that date the Portuguese State no longer being a direct shareholder of the Company. The type A shares also guarantee the special rights established in article 4 of Galp Energia, SGPS, S.A.'s by laws.

As a result of these changes the Company's fully subscribed and paid up capital at 30 June 2007 was held by the following entities

	N.º OF SHARES	NOMINAL VALUE	% CAPITAL
Amorim Energia, B.V.	276,472,161	1 Euro	33.34
ENI, S.p.A.	276,472,160	1 Euro	33.34
Parpública - Participações Públicas, (SGPS), S.A.	58,079,514	1 Euro	7.00
Iberdrola, S.A.	33,170,025	1 Euro	4.00
Banco BPI, S.A.	17,150,010	1 Euro	2.07
CXG Corporación Caixa Galicia, S.A.U.	16,585,012	1 Euro	2.00
Caixa Geral de Depósitos, S.A.	8,292,510	1 Euro	1.00
Other shareholders	143,029,243	1 Euro	17.25
	829,250,635		100.00

19. LOANS

DETAILS OF LOANS

Loans obtained at 30 June 2007 and 31 December 2006 are made up as follows:

	JUNE 2007		DECEMBER 2006	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bank loans:				
Domestic loans	279,793	91,358	284,574	90,064
Foreign loans	60,445	181,202	59,682	195,721
Bank overdrafts (Note 17.)	255,760	-	218,526	-
Discounted notes	2,464	-	1,716	-
	598,462	272,560	564,498	285,785
Other loans:				
IAPMEI	1,544	1,356	1,583	2,149
	600,006	273,916	566,081	287,934
Project Finance Fees	-	(779)	-	(845)
	600,006	273,137	566,081	287,089
Bonds:				
GDP, SGPS, S.A. - 1997 Issue	-	-	20,435	-
Lisboagás, S.A. - 1998 Issue	-	15,772	-	15,772
Galp Investment Fund - 2003 Issue	-	210,000	-	210,000
	-	225,772	20,435	225,772
	600,006	498,909	586,516	512,861

The non-current loans at 30 June 2007 are repayable as follows:

2008	230,959
2009	38,075
2010	37,609
2011	26,054
2012 and subsequent years	166,991
	499,688

NATURE OF THE MAIN LOANS

Following is a summary of the main loans included in the above captions:

> Bank loans

The main bank loans, excluding bank overdrafts, at 30 June 2007 are as follows:

COMPANY	TOTAL AMOUNT	CURRENCY	BEGINNING	END	AMOUNT DUE
Beiragás - Companhia de Gás das Beiras, S.A.	27,000	EUR	27.12.2005	15.12.2020	20,900
Beiragás - Companhia de Gás das Beiras, S.A.	1,640	EUR	29.12.2005	29.12.2007	1,640
Carrigo Cogeração Sociedade de Geração de Electricidade e Calor, S.A.	17,779	EUR	20.09.2003	20.09.2012	12,665
Powercer - Sociedade de Cogeração da Vialonga, S.A.	5,175	EUR	22.11.2004	20.11.2013	4,502
Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A.	80,000	EUR	15.02.2002	15.06.2020	80,000
Lusitaniagás - Companhia de Gás do Centro, S.A.	54,868	EUR	28.10.1995	15.03.2020	41,247
Galp Energia, SGPS, S.A.	92,909	USD	16.06.2004	06.12.2007	11,466
Galp Energia, SGPS, S.A.	39,000	EUR	21.12.2006	15.09.2021	39,000
Galp Energia, SGPS, S.A.	25,000	EUR	29.06.2007	27.09.2007	25,000
Galp Energia, SGPS, S.A.	20,000	EUR	27.06.2007	17.09.2007	20,000
Galp Energia, SGPS, S.A.	30,000	EUR	19.06.2007	17.09.2007	30,000
Galp Energia, SGPS, S.A.	50,000	EUR	21.06.2007	19.07.2007	50,000
Galp Energia, SGPS, S.A.	50,000	EUR	19.06.2007	19.07.2007	50,000
Galp Energia, SGPS, S.A.	50,000	EUR	19.06.2007	19.07.2007	50,000
Galp Energia, SGPS, S.A.	50,000	EUR	27.06.2007	27.07.2007	50,000
Petróleos de Portugal - Petrogal, S.A.	66,941	EUR	16.03.1993	15.12.2007	4,957
Petróleos de Portugal - Petrogal, S.A.	10,323	USD	14.06.2004	06.12.2007	1,274
Galp Energia España, S.L.U.	10,000	EUR	08.06.2007	07.08.2007	10,000
C.L.C. - Companhia Logística de Combustíveis, S.A.	89,783	EUR	02.12.1996	15.09.2008	10,290
C.L.C. - Companhia Logística de Combustíveis, S.A.	10,000	EUR	15.12.2006	15.06.2014	4,335
CLCM - Companhia Logística de Combustíveis da Madeira, S.A.	58,000	EUR	20.07.2005	15.12.2023	55,000
Probialp - Ligantes Betuminosos, S.A.	150	EUR	2006	2007	125
Petrogal Angola, Lda.	700	USD	31.12.2006	31.12.2011	493
Galp Gás Natural, S.A. (*)	80,983	EUR	15.12.1994	15.03.2011	38,083
Petrogal Moçambique, Lda.	2,320	USD	31.10.2003	31.10.2013	1,387
Petromar - Soc. Abastecimentos Petrolíferos, Lda.	229,585	CFA	2006	2007	310
Other Loans					2,588
					615,262

(*) Formerly Transgás - Sociedade Portuguesa de Gás Natural, S.A.

The loans from the European Investment Bank, in the amount of tEuros 141,111, are guaranteed by Bank Syndicates.

Petrogal has issued comfort letters to third parties in favour of Group and associated companies, relating to short term credit lines, in the amount of tEuros 599,410.

> Bonds

i) GDP - Gás de Portugal, SGPS, S.A. - 1997 Issue

On 25 June 1997 GDP - Gás de Portugal, SGPS, S.A. issued bonds totalling tEuros 49,880, at par, for private subscription, which were fully subscribed for and paid up.

The bonds were redeemed at par, the amount of tEuros 29,445 in 2006 and the remaining balance in the first half of 2007, the final term of the issue.

The bonds bore interest payable half yearly in arrears at a rate indexed to the Euribor 6 month rate plus 7.5 basis points, rounded up to the closest 1/16 of a basis point.

ii) Lisboagás GDL- Sociedade Distribuidora de Gás Natural de Lisboa, S.A. - 1998 Issue

On 12 August 1998 Lisboagás, GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A. issued bonds totalling tEuros 49,880 at par, for private subscription, which were fully subscribed for and paid up.

The bonds are redeemable at par in five equal annual instalments on the due dates of the 22nd, 24th, 26th, 28th, and 30th coupons.

However, the bonds can be redeemed early, in part or in full, at par, at the issuer's option (call option), as from the due date of the 10th coupon, inclusive and on the respective interest payment dates.

The bondholders can also demand early redemption of the bonds or of the remaining outstanding principal of the bonds, at par, on the due dates of the 22nd, 24th, 26th and 28th coupons.

If the Portuguese State ceases to be direct or indirect majority shareholder of GDP - Gás de Portugal, SGPS, S.A. or if GDP - Gás de Portugal, SGPS, S.A. ceases to have a direct majority participation in Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A., the bondholders can demand early redemption of their bonds.

As the Portuguese State stopped being the major shareholder in Galp Energia, SGPS, S.A., the Company published the corresponding announcement on 22 September 2006 and received requests for early redemption of bonds in the amount of tEuros 34,107 and so the amount of the bonds is now tEuros 15,772.

Interest is payable half yearly in arrears at a rate corresponding to the Euribor 6 month rate in force on the second to last working day preceding the beginning of each interest period plus 8 basis points.

The Bond issue was underwritten by a Syndicate of Banks composed by the following banks:

BANKS	AMOUNT	%
Banco Espírito Santo Investimento	13,517	27.10
Banco Português de Investimento	13,567	27.20
Millennium BCP (formerly CISF)	13,567	27.20
Caixa Geral de Depósitos (formerly BNU)	7,482	15.00
BMI	1,247	2.50
Banco Bilbao Vizcaya y Argentaria	500	1.00
	49,880	100.00

iii) Galp Investment Fund - 2003 Issue

In 2003 Petrogal, S.A. entered into an accounts receivable securitisation operation with Galp investment Fund, PLC ("the Fund"), in the amount of tEuros 210,000, with an expected maturity term of 5 years and a legal maturity term of 7 years. In order to cover this amount, the Fund issued tEuros 199,500 of "A Notes" and tEuros 10,500 of "B Notes", which bear interest at the Euribor rate plus 50 basis points and 95 basis points, respectively. In the half year ended 30 June 2007 Petrogal incurred financial expenses of tEuros 5,308 with this operation (Note 8.).

20. OTHER PAYABLES

The non-current and current caption "Other payables" at 30 June 2007 and 31 December 2006 is made up as follows:

CAPTIONS	JUNE 2007		DECEMBER 2006	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
State and Other Public Entities:				
Tax on Petroleum products - ISP	186,126	-	177,205	-
VAT payable	159,071	-	140,393	-
Other taxes	6,417	-	6,316	-
Social security	6,546	-	4,089	-
Corporate Income Tax withheld by third parties	5,063	-	4,055	-
Others	-	14	-	12
Advances on account of sales (Note 15.)	290,359	-	252,862	-
Suppliers of fixed assets	67,707	621	69,129	684
Overlifting - Blocks 1 and 14 partners	10,191	-	26,602	-
Guarantee deposits and guarantees received	14,840	-	14,460	-
Advances from customers	9,536	-	8,390	-
Credit balances of customers	657	-	1,631	-
Personnel	2,688	-	1,177	-
Loans - Associated, participated and related companies	-	6,685	84	7,259
Other creditors	23,602	4,404	26,583	4,295
	782,803	11,724	732,976	12,250
Accrued costs:				
Vacation pay, vacation subsidy and corresponding personnel costs	18,441	-	25,996	-
External supplies and services	44,186	-	17,818	-
Productivity bonus	8,123	-	15,099	-
Trade discount and bonus allowed	8,722	-	6,819	-
Fast Galp prizes	6,163	-	6,799	-
Accrued personnel costs - others	257	-	3,070	-
Financial costs	2,036	-	2,152	-
Accrued interest	2,940	-	1,296	-
Accrued insurance premiums	1,079	-	-	-
Other accrued costs	15,894	-	14,148	-
Deferred income:				
Rights of passage - Fibre optics (Note 13.)	3,908	54,104	4,751	58,166
Services rendered	15,071	-	358	-
Others	6,078	2,579	12,172	182
	132,898	56,683	110,478	58,348
	915,701	68,407	843,454	70,598

The amount of tEuros 10,191 in the caption "Overlifting - Blocks 1 and 14 partners" corresponds to the Group's liability for lifting crude in excess of its production quota and is stated at market value.

The amount of tEuros 14,840 reflected in the caption "Guarantee deposits and guarantees received" includes tEuros 12,998 relating to Petrogal's liability at 30 June 2007 for guarantees received for ceding gas bottles, recorded at cost, which corresponds, approximately, to their fair value.

The amount of tEuros 6,685 in the caption "Non-current loans - associated, participated and related companies" is made up as follows:

- tEuros 2,902 relating to shareholders' loans to Eni, S.p.A., by the subsidiary Lusitaniagás - Companhia de Gás do Centro, S.A., which bear interest at market rates and do not have defined repayment dates;
- tEuros 835, tEuros 835 and tEuros 417 relating to shareholders' loans to E.E.M. - Empresa de Electricidade da Madeira, S.A., Procomlog - Combustíveis e Logística, Lda. and AIE - Atlantic Island Electricity (Madeira) Produção, Transporte e Distribuição de Energia, S.A. by the subsidiary CLCM - Companhia Logística de Combustíveis da Madeira, S.A., which bear interest at market rates and do not have defined repayment dates;

- tEuros 1,253 relating to shareholders' loans to Companhia Portuguesa de Produção de Electricidade, S.A. by the subsidiary Carriço Cogeração Sociedade de Electricidade e Calor, S.A., which bear interest at market rates and do not have defined repayment dates;

- tEuros 443 relating to shareholders' loans to Companhia Finerge - Gestão de Projectos Energéticos, S.A. by the subsidiary Powercer - Sociedade de Cogeração da Vialonga, S.A., which bear interest at market rates and do not have defined repayment dates.

The amounts in the accrued costs caption "Supplies and services" at 30 June 2007 and 31 December 2006 correspond to the accrual of several cost for which the Group had not yet received the corresponding invoices at those dates.

The amount of tEuros 6,163 in the accrued costs caption "Fast Galp prizes" corresponds to Petrogal's liability for Fast Galp card points issued but not yet claimed at 30 June 2007, which are expected to be exchanged for prizes in subsequent years.

Income relating to the cession of rights to use telecommunications infrastructures contract reflected in the "Deferred income" caption is recognised in the income statement over the period of the contract. Deferred income at 30 June 2007 to be recognised in future years amounts to tEuros 58,012.

21. PROVISIONS

The caption provisions at 30 June 2007 and 31 December 2006 is made up as follows:

CAPTIONS	JUNE 2007	DECEMBER 2006
Legal processes	21,210	21,589
Investments	6,469	5,332
Taxes	14,455	14,030
Environment	10,888	11,034
Other risks and charges	31,520	30,658
	84,542	82,643

> Legal processes

The amount of tEuros 21,210 in the caption "Legal processes" includes essentially tEuros 10,019 (Note 25) relating to the liability for processes regarding the payment of subsoil occupation rates of the GDP group and tEuros 4,397 relating to the liability for processes regarding the payment of subsoil occupation rates of the of the Petrogal group.

> Investments

The provision for investments represents the Group's joint commitment to the following associated companies that have negative equity:

Central E, S.A.	2,646
Sonangalp - Soc. Distrb. e Com. Combustíveis, Lda.	3,823
	6,469

The increase of tEuros 441 in the provision is recorded by corresponding entry to the caption "Share of results of associates".

> Taxes

The caption "Taxes" in the amount of tEuros 14,455 includes essentially: (i) tEuros 3,251 relating to Municipal Property Tax (Imposto Municipal sobre Imóveis - IMI) for the years 1998 to 2006 and increase of tEuros 14 in 2007 relating to the transport of natural gas, transferred to REN - Rede Eléctrica Nacional, S.A. in 2006 for which the liability remains with Galp Gás Natural, S.A., the amount of Municipal Property Tax payable still not having been determined by the appropriate authorities; (ii) tEuros 3,377 to cover the tax risk relating to the sale of the participation in ONI, SGPS to Galp Energia, S.A. and (iii) tEuros 7,394 to cover the tax contingency of the subsidiary Petrogal, S.A. for the years 2001 and 2002.

> Environment

The amount of tEuros 10,888 in the caption "Environment" is to cover costs of decontaminating the soil of some installations occupied by the Company where, in compliance with legal requirements, a decision has already been taken to decontaminate.

> Other risks and charges

The provision of tEuros 31,520 for other risks and charges at 30 June 2007 corresponds essentially to:

- tEuros 9,253 to cover the cost of abandoning Blocks 1 and 14. The provision is to cover all the costs to be incurred by Galp Exploração at the end of the useful life of the oil fields. The provision for costs of abandoning of Block 14 have been estimated by applying, to the total estimated abandonment cost, a coefficient corresponding to the proportion of the volume of production in each amortisation period, to the volume of proven developed reserves at the end of that period plus production for the period;
- tEuros 5,625 to cover additional IRP tax assessments in Angola;
- tEuros 6,563 to cover penalties under the EU competition rights;
- tEuros 2,612 to cover a claim for flushing services of the Leixões Ocean Terminal;
- tEuros 1,727 to cover a claim by EDP relating to safety reserves;
- tEuros 1,150 relating to interest due to the non acceptance of the write off of the Leixões Ocean Terminal as tax deductible cost in 2002;
- tEuros 1,000 to cover differences regarding insurance premiums for the transport of crude and finished products;
- tEuros 660 to cover costs relating to retail posts;
- tEuros 495 to cover costs of discharging effluents by the Sines refinery.

22. OTHER FINANCIAL INSTRUMENTS – FINANCIAL DERIVATIVES

The Group has the policy of using financial derivatives to hedge interest rate and refining margin fluctuation risks, namely risks of variation in crude oil prices, finished products and refining margins, which affect the amount of assets and future cash flows resulting from its operations.

In addition, the Group is exposed to market fluctuation risks, namely risks of variation in crude oil prices, finished products and refining margins, which affect the amount of assets and future cash flows resulting from its operations.

The decrease of tEuros 1,129 in the fair value reflected in Assets and Liabilities, and consequently in the fair value of Equity in the half year ended 30 June 2007 is due essentially to interest rate financial derivatives hedging cash flows. Therefore the fair value of the efficient portion of the hedge, in the amount of tEuros 1,232 attributable to the shareholders, less tEuros 223 attributable to the minority interests, plus tEuros 326 relating to fair value fluctuations of associated companies is reflected in the equity caption "Hedging reserves".

The changes in fair value reflected in equity in the half year ended 30 June 2007 amounted to tEuros 3,434, of which tEuros 3,459 corresponds to the shareholders, less tEuros 25 which corresponds to minority interests.

The changes in the Group's derivative financial instruments in the half years ended 30 June 2007 and 2006 are as follows:

DERIVATIVE OVER INTEREST RATE	ASSETS		LIABILITIES	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Fair value at 1 January 2006	52	32	(5,458)	-
Purchased during the year	-	-	-	-
Sold during the year	-	-	-	-
Increase/(decrease) on the sale reflected in the income statement	-	-	-	-
Increase/(decrease) in fair value reflected in the income statement	1,883	65	1,313	-
Increase/(decrease) in fair value reflected in equity	908	(97)	2,623	-
Fair value at 30 June 2006	2,843	-	(1,522)	-
Fair value at 31 December 2006	1,121	269	(252)	(665)
Purchased during the year	-	-	-	-
Sold during the year	-	-	-	-
Increase/(decrease) on the sale reflected in the income statement	-	-	-	-
Increase/(decrease) in fair value reflected in the income statement	-	152	64	577
Increase/(decrease) in fair value reflected in equity	893	22	188	26
Fair value at 30 June 2007 (Note 16.)	2,014	443	0	(62)

As the Galp Energia group considers that the gain and loss of certain financial derivatives contracted to hedge refining margin should be considered as part of Gross Margin (in the Cost of sales caption), the gain and loss which had previously been considered under financial income and costs, was changed. The Galp Energia group considers that this change in accounting classification reflects more correctly the accounting nature of these financial derivatives. Although these financial derivatives have been classified to the Cost of Sales caption, they continue to be recorded as "Macrohedging" in accordance with IAS 39.

The accounting impact on Cost of Sales at 30 June 2007 and 2006 is as follows:

DERIVATIVE OVER COMMODITIES	ASSETS	LIABILITIES
	CURRENT	CURRENT
Fair value at 1 January 2006	2,145	(1,864)
Purchased during the year	4,723	-
Sold during the year	(4,384)	2,213
Increase/(decrease) on the sale reflected in the income statement	4,384	(2,213)
Increase/(decrease) in fair value reflected in the income statement	7,983	(18,466)
Increase/(decrease) in fair value reflected in equity	-	-
Fair value at 30 June 2006	14,851	(20,330)
Fair value at 31 December 2006	6,874	(2,260)
Purchased during the year	2,747	-
Sold during the year	1,171	-
Increase/(decrease) on the sale reflected in the income statement	(1,171)	-
Increase/(decrease) in fair value reflected in the income statement	981	(5,192)
Increase/(decrease) in fair value reflected in equity	-	-
Fair value at 30 June 2007 (Note 16.)	10,602	(7,452)

The Galp Energia group also trades derivative financial instruments known as Futures over Commodities. Because of their great liquidity, due to the fact that they are traded on the Stock Market, they are reflected in the caption Cash. The gain and loss on Futures over Commodities, which were previously classified under Other operating income and costs, were also reclassified to Cost of Sales. As the Futures are traded on the Stock Market, subject to the Clearing House, the gains and losses are recorded on a continuous basis in the Income Statement, as follows:

FUTURES OVER COMMODITIES	ASSETS	LIABILITIES
	CURRENT	CURRENT
Fair value at 1 January 2006	1,223	-
Purchased during the year	22,930	-
Sold during the year	(23,456)	-
Increase/(decrease) on the sale reflected in the income statement	187	-
Fair value at 30 June 2006	510	-
Fair value at 31 December 2006	904	-
Purchased during the year	12,137	-
Sold during the year	(10,226)	-
Increase/(decrease) on the sale reflected in the income statement	(678)	-
Fair value at 30 June 2007 (Note 17.)	2,137	-

The financial instruments on June 30, 2007 present the following characteristics:

TYPE OF DERIVATIVE OVER INTEREST RATE	INTEREST RATE	NOMINAL VALUE	MATURITY	FAIR VALUE OF THE DERIVATIVES (TEUROS)
Assets				
Cash-flow hedge				
Caps	Pay between Cap 3.25% and 4% Receive between Euribor 3m and 6m	tEUR 49,610	2008 and 2010	852
Swap with cap with "Knock out"	Pay Euribor 12m with Cap 3.49% with "knock-out" 5.25% Receive Euribor 3m	tEUR 6,906	2010	101
Interest Rate Swaps	Pay between 3.17% and 3.89% Receive between Euribor 3m and 6m	tEUR 46,528	2008 and 2011	1,044
Interest Rate Swaps	Pay between 4.07% and 6.24% Receive Euribor 6m	tEUR 28,602	2008 and 2013	38
Other financial derivatives				
Interest Rate Swaps	Pay between 3.37% and 3.94% Receive Euribor 3m	tEUR 40,000	2008 and 2009	422
				2,457
Liabilities				
Cash-flow hedge				
Caps	Pay 4% Receive between Euribor 3m and 6m	tEur 15,000	2008	(11)
Other financial derivatives				
Caps	Pay 4% Receive Euribor 3m	tEUR 80,000	2008	(51)
				(62)

TYPE OF DERIVATIVE OVER COMMODITIES	CHARACTERISTIC	MATURITY	FAIR VALUE OF THE DERIVATIVES (TEUROS)
Assets			
Options	Refining margin	2007	6,995
Swaps	Refining margin	2007	3,607
			10,602
Liabilities			
Options	Refining margin	2007	(4,919)
Swaps	Refining margin	2007	(2,533)
			(7,452)
Total Assets			13,059
Non-Current			2,014
Current (Note 16.)			11,045
Total Liabilities			(7,514)
Non-Current			()
Current			(7,514)

Fair value was determined by banking entities based on generally accepted models and valuation techniques.

23. DIVIDENDS

Dividends out of net profit for 2006 paid to the Group shareholders in June 2007 amounted to tEuros 252,092 in accordance with a decision of the Shareholders' General Meeting held on 28 May 2007.

In addition, in the half year ended 30 June 2007 the amount of tEuros 114 was paid by the Petrogal group to minority shareholders.

Therefore, in the half year ended 30 June 2007 the Galp Energia group paid dividends totalling tEuros 252,206.

24. REMUNERATION OF THE CORPORATE BOARDS

Remuneration of the Directors of Galp Energia in the half years ended 30 June 2007 and 2006 totalled tEuros 2,295 and tEuros 2,609, respectively (Note 6), of which tEuros 1,597 and tEuros 1,770 corresponds to basic remuneration, tEuros 310 and tEuros 599 corresponds to bonuses, tEuros 245 and tEuros 146 corresponds to payments to the pension funds under the defined contribution plan and tEuros 142 and tEuros 94 corresponds to other benefits, respectively.

Remuneration paid to the Directors of Galp Energia assigned by the shareholders ENI, S.p.A., Amorim Energia, B.V. and Iberdrola, S.A. is included in the caption "External supplies and services and amounted to tEuros 779 and tEuros 385 for the half years ended 30 June 2007 and 2006, respectively.

In accordance with the policy currently in force, remuneration of the Directors of Galp Energia includes all the remuneration due for the positions held in the Galp Energia group companies.

25. CONTINGENT ASSETS AND LIABILITIES

> Contingent liabilities

At 30 June 2007 the Company and subsidiaries had the following contingent liabilities:

- i) At 30 June 2007 the Company had a contingent liability under a court action regarding the re-privatisation process of Drifital - Plásticos de Portugal, S.A. involving a claim for indemnity of tEuros 19,952. The Company's Board of Directors, supported by the opinion of its lawyers, believes that the Company will not incur any costs as a result of this process and so no provision has been recorded for this matter. However a bank guarantee of that amount has been given;
- ii) The Municipal Council of Lisbon is demanding, from the subsidiary Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A., payments totalling tEuros 15,026 of which tEuros 1,891 for 1994/95, tEuros 1,016 for 1996, tEuros 1,044 for 1997, tEuros 1,069 for 1998, tEuros 1,093 for 1999, tEuros 1,145 for 2001, tEuros 1,189 for 2002, tEuros 1,238 for 2003, tEuros 1,288 for 2004, tEuros 1,319 for 2005, tEuros 1,347 for 2006 and tEuros 1,387 for 2007, relating to licences for occupying the public thoroughfare with underground gas pipes;
- iii) The Municipal Council of Vila Franca de Xira is demanding, from Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A., payments totalling tEuros 707 of which tEuros 104 for 1994/95, tEuros 70 for 2002, tEuros 77 for 2003, tEuros 216 for 2005 and tEuros 240 for 2006 relating to rates for occupying the subsoil in those years;
- iv) The Municipal Council of Oeiras is demanding, from Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A., payments totalling tEuros 82 of which tEuros 23 for 1998, tEuros 26 for 2001 and tEuros 33 for 2006 relating to rates for occupying the subsoil in those years;
- v) The Municipal Council of Sintra is demanding, from Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A., payments totalling tEuros 4,276 of which tEuros 11 for 1998, tEuros 47 for 1999, tEuros 275 for 2000, tEuros 417 for 2001, tEuros 469 for 2002, tEuros 490 for 2003, tEuros 545 for 2004, tEuros 614 for 2005, tEuros 708 for 2006 and tEuros 700 for 2007, relating to rates for occupying the subsoil in those years;
- vi) The Municipal Council of Cascais is demanding, from Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A., payments totalling tEuros 927 relating to rates for occupying the subsoil, of which tEuros 403 for 2001 and tEuros 524 for 2006;
- vii) The Municipal Council of Amadora is demanding payment of tEuros 6,994 relating to rates for occupying the subsoil in 2006.

Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A., based on legal opinions, decided to legally contest in the Tax Court, the payments demanded by the Municipal Councils, the requests for stay of execution having been granted and execution suspended until the case is judged.

The Board of Directors of Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A. believes that as a result of these processes GDL will only be required to pay a maximum of tEuros 10,019, due to the nature of the processes rather than their merit, for which a provision has been recorded (Note 21).

viii) The Municipal Council of Covilhã is demanding, from Beiragás, payment of tEuros 113 under a legal process relating to a "licence to occupy the public thoroughfare" with the existing underground gas pipes.

The management of Beiragás believes that the above process will not result in a liability for the Company.

ix) The Municipal Council of Mealhada is demanding from Lusitaniagás payment of tEuros 8 for 2006 and tEuros 214 for 2007, relating to rates for occupying the subsoil in those years.

The management of Lusitaniagás believes that the above process will not result in a liability for the Company.

In accordance with Law 53-E/2006 of 29 December, as from 1 January 2007 the Municipalities can demand payment of underground rates in accordance with the principles of proportion and within the regulations approved by the deciding body of the respective Municipalities.

The Group's management believes that these costs should be reflected in the natural gas rates and so no liability has been recognised relating to the underground rates fixed for the first half of 2007.

> Contingent assets

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 Euros 5 per share, the base selling price of tEuros 189,544 was established contractually, of which tEuros 74,818 was attributed to the 093X segment and tEuros 114,726 to the E3G/Edinet segment.

The sale by GDP, SGPS, S.A. and Transgás - Sociedade Portuguesa de Gás Natural, S.A. (currently called 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, that is 450,000 shares with a nominal value of Euros 5 per share, during a period of 3 years as from the date of signature of the agreement (24 June 1999), the difference between the amount of tEuros 74,818 and the sales price would be divided between the parties, as follows:

tEUROS 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 the parties (GDP, SGPS, S.A., Transgás, SGPS, S.A., Transgás, S.A. and EDP, S.A.) made an amendment to the agreement, under which the deadline for dividing the 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 tEuros 315,000, which means that Thorn Finance valued Optimus at tEuros 1,235,779, which is higher than the value established between EDP, S.A., GDP, SGPS, S.A. and Transgás, S.A., which was tEuros 748,197. Therefore, there will be an upside of tEuros 30,253 for the GDP group companies, to be paid by EDP, which will be divided equally

between GDP, SGPS, S.A. and Transgás, SGPS, S.A. (currently called GDP Distribuição, SGPS, S.A. for purposes of the merger carried out in 2006).

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

This matter has already been discussed with EDP, SGPS, S.A., which expressed a position contrary to that of Galp. Therefore Galp decided to resort to legal instances to obtain a decision on the matter.

> Other financial commitments

The financial commitments of the GDP sub-group, not included in the balance sheet as of 30 June 2007 are as follows:

- tEuros 23,117 relating to liabilities covered by the GDP pension fund;
- tEuros 4,100 and tEuros 841 relating to the liability under the pension plan and for healthcare, life assurance and defined contribution plan minimum benefit, respectively, not reflected in the financial statements as they are within the 10% "corridor" limit or because they correspond to the "corridor" excess not yet recognised in the income statement.

The financial commitments assumed by the Petrogal sub-group, not included in the balance sheet at 30 June 2007 are as follows:

- tEuros 19,048 relating to orders of tangible fixed assets not yet delivered;
- tEuros 2,002 relating to notes receivable not yet due, discounted in the banking system;
- tEuros 336,534 relating to liabilities covered by the Petrogal pension fund;
- tEuros 34,459 and tEuros 34,596 relating to the liability under the pension plan and for healthcare, life assurance and defined contribution plan minimum benefit, respectively, not reflected in the financial statements as they are within the 10% "corridor" limit or because they correspond to the "corridor" excess not yet recognised in the income statement;
- Petrogal has been carrying out an Environmental and Process Reconfiguration of Domestic Refining - Auto-Oil - project under the European Union legislation, in order to comply, on the one hand, with fuel specifications, namely petrol and diesel fuel and, on the other hand, for the environmental performance of its Refineries to comply with the planned legislation. The total amount spent on this project is approximately tEuros 147,900;
- Conscious of its responsibilities to the environment, in September 1998 Petrogal committed itself publicly to protect the environment by signing a Continuous Improvement of Environmental Performance Protocol with the Ministry of the Economy and Ministry of the Environment. The only items to be implemented under this protocol, which establishes a large number of environmental protection actions - Environmental Action Program - are process changes to be made in the 2007/2008 period for the refineries to comply with the conditions established in legislation (PCIP, GIC's);
- In addition, in 2006 the Company continued to carry out the re-qualification program of its service stations for them to comply with the legal requirements and those established in Petrogal's Continuous Improvement of Environmental Performance Protocol. In 2006 tEuros 771 was invested in eligible fixed assets projects under this program and tEuros 1,300 is expected to be invested up to the end of 2007.

Considering the increase in interest rates in the first half of 2007, the Group decided to change some actuarial assumptions, namely to increase the discount rate from 4.6% to 5%. As a result of this adjustment there was a total actuarial gain in the retirement benefit liability (retirement plan and life and health insurance) amounting to approximately tEuros 29,080.

Because of the "corridor" mechanism, the actuarial gain will only have an accounting impact in 2008.

> **Guarantees given**

At 30 June 2007 the guarantees given amounted to tEuros 124,014 and tUSD 128,542 made up essentially of the following:

- i) Guarantees of tEuros 7,751 in favour of the Lisbon Tax Court of the 1st Instance – 5th Court – 1st Section, in guarantee of a payment demanded by the Municipal Council of Lisbon, under legal processes relating to occupation rates of the subsoil;
- ii) Guarantees of tEuros 21,187 given to Municipal Councils under legal processes;
- iii) Guarantees of tEuros 13,573 given to the Portuguese State with respect to the obligations and duties resulting from the Concession Contract to operate the natural gas regional distribution networks of Lisboagás, GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A., Lusitaniagás – Companhia de Gás do Centro, S.A. and Beiragás – Companhia de Gás das Beiras, S.A.;
- iv) Guarantee of tEuros 5,000 given to the Portuguese State with respect to the obligations and duties resulting from the public service Concession Contract relating to the underground storage of natural gas given to Transgás Armazenagem, S.A.;
- v) Guarantees of tEuros 12,379 in favour of the Tax Authorities;

vi) Guarantees and pledges relating to the following credits granted to EMPL - Europe Maghreb Pipeline, Limited:

	TYPE	TOTAL LOAN tUSD	TRANSGÁS' PART tUSD
EIB	Bank	278,382	90,182
ICO	Bank	140,000	38,360
		418,382	128,542

At 30 June 2007 there were guarantees totalling tEuros 43,405 given to third parties on account of group and associated companies.

vii) Guarantee of tEuros 19,952 given to the Lisbon Court, 2nd Jurisdiction, 1st Section under a legal process relating to re-privatisation of Driftal.

26. INFORMATION REGARDING ENVIRONMENTAL MATTERS

The principal challenges facing refining operations are compliance with the objectives of reducing greenhouse gas emissions in the period from 2008 to 2012 defined in the Kyoto Protocol, reduction of the proportion of sulphur in fuel consumed in the facilities and increasing energy efficiency.

Decree-Law 233/2004 of 14 December with the text given to it by 243-A/2004 of 31 December and as amended by Decree-Law 230/2005 of 29 December establishes the greenhouse gas emissions commercial regime (Diploma CELE), which applies to the industrial activity gas emissions listed on Appendix I thereof, which includes Galp Energia group's installations.

The installations covered by Emissions Trading in the three year 2005 to 2008 period are the Sines and Porto refineries, both of Petrogal, and the Co-generating installations of the companies Carriço Cogeração - Sociedade de Geração de Electricidade e Calor, S.A. and Powercer - Sociedade de Cogeração da Vialonga, S.A. of the Galp Power group.

Joint Order 686-E/2005 of 13 September 2005 approved the list of existing emission trading participants and allocation of their respective emission licences for the 2005/2008 period.

Therefore annual licences were allocated to the installations of the following companies:

COMPANY	INSTALLATIONS	LICENCES Ton/CO ₂ ATTRIBUTED
Petrogal	Sines Refinery	2,313,908
	Oporto Refinery	951,969
	Subtotal Petrogal group	3,265,877
Carriço Cogeração Powercer	Co-generation	139,284
	Co-generation	38,831
	Subtotal Galp Power	178,115
	Total Galp Energia group	3,443,992

Order 19 649/2006 approved a change in the emission licences to be attributed for the 2005-2007 period, which covers Powercer - Sociedade de Cogeração de Vialonga, S.A., of the Galp Power group. An additional 333 Ton/CO₂ was attributed for the 2005-2007 three year period.

In the first half of 2007 the following quantities of greenhouse gases (Ton/CO₂) were emitted by the above installations:

COMPANY	INSTALLATIONS	GASES EMITTED IN FIRST HALF OF 2007 (a)	ACCUMULATED Ton/CO ₂ LICENCES FOR 2007	2007 ANNUAL FORECAST OF EMISSION OF GASES
Petrogal	Sines Refinery	1,156,954	2,761,813	2,313,908
	Oporto Refinery	475,984	1,008,408	951,969
	Subtotal Petrogal group	1,632,938	3,770,221	3,265,877
Carrigo Cogeração Powercer	Co-generation	60,112	182,302	119,412
	Co-generation	22,216	35,128	42,643
	Subtotal Galp Power	82,328	217,430	162,055
	Total Galp Energia group	1,715,266	3,987,651	3,427,932

(a) These amounts were verified by an entity specialised in environment auditing.

The Galp Energia group has not recognised in its financial statements, the possible valuation or devaluation of these licences. If it purchases or sells licences, it will record them.

However, if an insufficiency of licences occurs the appropriate provisions will be recorded, if that becomes appropriate. As shown above, the licences allocated are for less than the volume

of gas emitted only in the case Powercers' installations and for a quantity considered to be insignificant for purposes of the financial statements. The licences allocated to the Group at 30 June 2007 exceed the volume of gases emitted and so no provision was recorded in the period.

27. UNBUNDLING

On 6 July 2007 REN – Rede Eléctrica Nacional, S.A. sent a letter to Galp containing three cheques totalling tEuros 24,026, of which tEuros 23,335 was to pay the adjustment of the selling price of the Regulated Natural Gas Assets covered by the promissory purchase and sales contract signed on 30 August 2006 and tEuros 691 was to pay interest fixed in accordance with items 9 and 11, clause 6 of that contract, following valuations presented last June.

In reply, Galp Energia expressed its disagreement with the valuations in letters dated 26 June 2007 and 16 July 2007.

In addition, several items relating to the price adjustment are under negotiation, the final amount of the operation between Galp Energia and REN being uncertain.

Retroactive application of the tariff, the net liability of REN Gasodutos to Galp Energia, personnel remuneration and bonuses, tax matters, correction of several assets, settlement of subsidies, among others, are to be agreed.

Considering the uncertainties still existing, Galp Energia was unable to recognise the amount of tEuros 24,026, corresponding to the amount of the cheques received, as part of the sales price of the Regulated Natural Gas Assets.

28. SUBSEQUENT EVENTS

During July 2007 the Portuguese State paid Petrogal – Petróleos de Portugal, S.A. tEuros 49,820 (Note 12) corresponding to the amount owed under the "Shareholders' Agreement between the State and Petrocontrol relating to compensation to be paid to Petrogal" dated 21 December 1998. This payment is to subsidise the amounts invested by Petrogal in the Porto and Sines refineries, relating to desulphurisation of diesel fuel.

On 23 July 2007, under the Group's restructuring process, the Board of Directors of Galp Energia decided to liquidate the company DRIFTAL – Plásticos de Portugal, S.A..

29. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese.
In the event of discrepancies, the Portuguese language version prevails.

THE ACCOUNTANT

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS

Francisco Luis Murteira Nabo
Manuel Ferreira De Oliveira
Giancarlo Rossi
José António Marques Gonçalves
André Freire de Almeida Palmeiro Ribeiro
Fernando Manuel dos Santos Gomes
João Pedro Leitão Pinheiro de Figueiredo Brito
Massimo Giuseppe Rivara
Manuel Domingos Vicente
Joaquim Augusto Nunes Pina Moura
Camillo Gloria
Diogo Mendonça Rodrigues Tavares
Angelo Taraborrelli
Carlos Nuno Gomes da Silva
Marco Alverà
Alberto Alves de Oliveira Pinto
Pedro António do Vadre Castelino e Alvim
Alberto Maria Alberti

9.3. LIMITED REVIEW REPORT

LIMITED REVIEW REPORT ON THE HALF YEAR CONSOLIDATED FINANCIAL INFORMATION PREPARED BY AN AUDITOR REGISTERED IN THE SECURITIES MARKET COMMISSION (COMISSÃO DO MERCADO DE VALORES MOBILIÁRIOS)

(Translation of a report originally issued in Portuguese – Note 29.)
(Amounts expressed in thousands of Euros – tEuros)

INTRODUCTION

1. For the purposes of the Securities Market Code (Código dos Valores Mobiliários) we hereby present our review report on the consolidated financial information of Galp Energia, SGPS, S.A. ("the Company") for the half year ended 30 June 2007 included in the: Director's Report, consolidated balance sheet (that reflects a total of 5,446,253 tEuros and shareholders' equity of 2,186,331 tEuros, including consolidated net profit attributable to the Company's shareholders of 401,014 tEuros) and consolidated statement of profit and loss by nature, statement of changes in shareholders' equity and consolidated statement of cash flows for the half year then ended and in the corresponding notes.
2. The amount in the financial statements, as well as that of the additional financial information, were extracted from the accounting records of the Company and its subsidiaries.

RESPONSIBILITIES

3. The Company's Board of Directors is responsible for: (i) the preparation of consolidated financial information that presents a true and fair view of the financial position of the companies included in the consolidation, the consolidated results of their operations, changes in the shareholders' equity and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with International Financial Reporting Standards endorsed by the European Union ("IAS/IFRS") and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria; (iv) the maintenance of an appropriate system of internal control; and (v) informing any significant facts that have influenced their operations, financial positions or results.
4. Our responsibility is to verify the financial information contained in the documents of account referred to above, namely if, in all material respects, it is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and issue a professional and independent report which provides moderate assurance on that information, based on our work.

SCOPE

5. Our work had the objective of obtaining moderate assurance about whether the financial information referred to above is exempt from material errors. Our work was performed in accordance with the Technical Review/Audit Standards ("Normas Técnicas e Directrizes de Revisão/Auditoria") issued by Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), was planned in accordance with that objective and consisted principally of enquiries and analytical procedures to review: (i) the reliability of the disclosures included in the financial information; (ii) the adequacy of the accounting policies adopted, taking into consideration the circumstances and their consistent application; (iii) the applicability, or not, of the going concern concept; (iv) the presentation of the financial information; and (v) if, in all material respects, the consolidated financial information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code.
6. Our work also included verifying the consistency of the consolidated financial information included in the Directors' Report with the remaining documents referred to above.
7. We believe that our work provides a reasonable basis for issuing this limited review report on the half year information.

OPINION

8. Based on our work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated financial information for the half year ended 30 June 2007, referred to in paragraph 1 above of Galp Energia, SGPS, S.A., is not exempt from material errors that affect its conformity with International Financial Reporting Standards endorsed by the European Union and that, in accordance with the definitions included in the standards referred in the paragraph 5 above, it is not complete, true, up-to-date, clear, objective and licit.

Lisbon, 19 September 2007

DELOITTE & ASSOCIADOS, SROC, S.A.
Represented by Jorge Carlos Batalha Duarte Catulo

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DESIGN AND CONCEPTION

STRATDESIGN ➤

