NINE MONTHS 2007
RESULTS

Your positive energy

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Adjusted net income for the first nine months of 2007 was €377 million, up 18.2% from 2006 on a pro forma basis.

This result was, however, achieved with a smaller business portfolio following the spin-off of part of the natural gas operation and in an adverse international environment, namely with the dollar falling against the euro. These effects were offset by expanding Exploration & Production operations. Excluding the sold natural gas operations, adjusted operating result rose 15% on a pro forma basis.

ABRIDGED RESULTS – 9 MONTHS UP TO 30 SEPTEMBER 2007

- Working crude production of 17.5 thousand barrels a day, 126% above the 7.7 thousand barrels a day in the first nine months of 2006;
- 4% rise in Galp Energia's refining margin to 5.7 Usd/bbl, with the depreciating dollar reducing the refining margin in euros to 4.3 Eur/bbl or 3%;
- Rise in the cover of refining by marketing activities from 65% to 71%;
- 3% rise in the sale of oil products to direct clients, with the Portuguese and Spanish markets both growing;
- 5% rise in natural gas sales to a total of 3,765 million cubic metres;
- 5% decline of adjusted EBITDA to €712 million, excluding the €90.7 million unbundling effect, adjusted EBITDA rose 9% on a pro forma basis;
- Net income of €589 million or €0.71 per share - in adjusted terms, €377 million or €0.45 per share;
- For dividend calculation purposes, earnings per share of €0.48 at replacement cost.

EARNINGS RELEASE

PRESS-CONFERENCE

Date: Wednesday, 14 November, 17:00 CMT (18:00 CET)

Local: Centro Cultural de Bélem, Lisbon – Fernando Pessoa Room

CONFERENCE CALL

Hosted by: Manuel Ferreira De Oliveira (CEO)
Francesco Antonietti (CFO)
Tiago Villas-Boas (IR)

Date: Thursday, 15 November, 2007

Time: 09:00 GMT (10:00 CET)

Phones: UK: +44 (0) 203 14 74 600
Portugal: 707 785 662

Chairperson: Tiago Villas-Boas

KEY FIGURES

Financial data

Million euros

Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
3,263	3,242	(21)	(0.6%)	Sales and services rendered	9,393	9,136	(258)	(2.7%)
532	283	(249)	(46.7%)	EBITDA	1,150	930	(220)	(19.2%)
605	216	(389)	(64.3%)	EBITDA replacement cost	1,023	721	(302)	(29.5%)
339	**211**	**(128)**	**(37.8%)**	**Adjusted EBITDA[1]**	**746**	**712**	**(35)**	**(4.7%)**
458	218	(240)	(52.3%)	Operating result	936	735	(201)	(21.5%)
531	151	(380)	(71.6%)	Operating result replacement cost	809	527	(282)	(34.9%)
261	**147**	**(114)**	**(43.8%)**	**Adjusted operating result[1]**	**528**	**526**	**(2)**	**(0.5%)**
369	188	(181)	(49.1%)	Net income	723	589	(134)	(18.5%)
442	118	(324)	(73.3%)	Net income replacement cost	616	401	(216)	(35.0%)
207	**91**	**(116)**	**(55.9%)**	**Adjusted net income[1]**	**374**	**377**	**3**	**0.7%**

[1] Adjusted figures exclude inventory effects and other non recurrent items.

Market indicators

Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
3.8	3.9	0.1	3.4%	Rotterdam cracking refining margin[1] (Usd/bbl)	3.8	4.7	0.8	22.1%
4.2	1.7	(2.5)	(60.5%)	Rotterdam hydroskimming + aromatics refining margin[1] (Usd/bbl)	2.5	3.4	0.9	37.3%
6.1	6.2	0.1	1.0%	Henry hub natural gas price[2] (Usd/MMbtu)	6.8	7.0	0.2	3.1%
69.5	74.9	5.4	7.7%	Average brent dated price[3] (Usd/bbl)	67.0	67.1	0.2	0.3%
1.27	1.37	0.1	7.8%	Average exchange rate[4] (Eur/Usd)	1.24	1.34	0.1	8.0%
3.4	4.6	1.2	33.9%	Euribor - six month[4] (%)	3.1	4.2	1.2	37.8%

[1] Source: Platts. For a complete description of the calculation methodology of Rotterdam margins, see “Definitions”.
[2] Source: Reuters.
[3] Source: Platts.
[4] Source: European Central Bank. Euribor 360.

Operating data

Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
11.5	18.3	6.8	59.7%	Average working production (kbbl/day)	7.7	17.5	9.7	125.6%
8.9	14.9	6.0	67.1%	Average equity production (kbbl/day)	5.8	14.1	8.4	144.5%
6.0	4.1	(1.9)	(31.8%)	Galp Energia refining margin (Usd/bbl)	5.5	5.7	0.2	4.4%
3.8	3.6	(0.2)	(4.5%)	Raw materials processed (million tonnes)	11.2	10.7	(0.4)	(4.0%)
2.2	2.4	0.1	6.1%	Oil sales direct clients (million tonnes)	6.8	7.0	0.2	3.2%
1,377	1,299	(78)	(5.7%)	Natural gas sales (million m^3)	3,601	3,765	164	4.6%
392	406	14	4%	Power generation[1] (GWh)	1,169	1,187	18	1.6%

[1] Includes unconsolidated companies where Galp Energia has a significant interest.

BASIS OF PRESENTATION

Galp Energia's unaudited consolidated financial statements for the nine months ended 30 September 2007 and 2006 have been prepared in accordance with IFRS. The information contained in the consolidated income statement is presented for the quarters ended 30 September 2007 and 2006 and the nine-month periods ended on those dates. The information contained in the consolidated balance sheet is presented at 30 September 2007, 30 June 2007 and 31 December 2006.

As the financial statements have been prepared according to IFRS the cost of sales is calculated on a FIFO basis which may lead to substantial earnings volatility when commodity prices fluctuate thereby generating inventory gains or losses that do not reflect true performance. In this document we call this effect the *inventory effect*.

Non-recurrent events can also affect earnings while not reflecting true performance. Instances of this are gains or losses from asset disposals, impairment or reinstatement of fixed assets and environmental or restructuring charges.

In order to ascertain how Galp Energia's business is performing, adjusted operating result and net income exclude the inventory effect - by valuing inventories at replacement cost – as well as non-recurrent events.

RECENT CHANGES

In the third quarter of 2007 the method of accounting for *IRP* payable in Angola, was changed. In order to better specify the nature of costs, this tax – formerly accounted for under other operating costs – was entered as an income tax item. This change will impact the calculation of consolidated operating result as well as earnings for the Exploration & Production business segment. In order to make the periods comparable, these changes have been introduced in the first nine months of 2006 and 2007 and in the third quarter of 2006.

MARKET ENVIRONMENT

THE BRENT

In the first quarter of 2007, heightened geopolitical tensions in Lebanon, Palestine and Iran as well as weather conditions in the US leading to increased sales of heating fuels and natural gas supported dated Brent prices around 60 Usd/bbl.

In the second quarter of the year, unchanged geopolitical conditions coupled with continued strong world demand for end products led dated Brent prices higher to 70 Usd/bbl.

In mid-July, the Brent climbed above 79 Usd/bbl, supported by extended supply-side constraints such as the lower supply of crude by non-OPEC countries and OPEC's clear intention to contain production as well as continued strong demand in spite of high prices. In August crude corrected from its all-time high in July and dropped considerably to reach 67.4 Usd/bbl on 22 August in tandem with the fall in US capital markets. For a while demand and supply conditions remained stable as maintenance operations on oilfields subsided and OPEC increased supply above expectations. In late August and for the whole month of September the price of crude recovered and reached a new all-time high of 81.095 Usd/bbl on 28 September. This development was supported by renewed tensions between the US and Iran, Israel and Syria and the threat of terrorist attacks in Europe. The hurricane season in September threatened production fields in the Gulf of Mexico which despite a limited impact showed that the lack of disturbances such as those occurred in 2006 is not the rule in this region.

OIL PRODUCTS

At the same time, the lower supply of gasoline led to a sharp fall in US inventories and a rise from mid-February in the gasoline crack spread 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 a new peak since the Katrina and Rita hurricanes and the gasoline crack spread climbed to 40 Usd/bbl, primarily driven by refinery stops and seasonally growing demand. In early June the gasoline crack spread dropped to levels around 30 Usd/bbl as the market for crude picked up in response to rising refinery activity and pressure lightened on gasoline markets as inventories rose.

In July gasoline performed poorly in the market for refined products compared to middle distillates. Although low supply pushed inventories in the US, Japan and Europe below the average of recent years, crack spreads deteriorated significantly, in particular in Europe, falling from 26.7 Usd/bbl in early July to 17.6 Usd/bbl at the end of the month. As the driving season came to an end, markets were expected to focus on middle distillates. Notwithstanding, depleted gasoline inventories towards the end of the quarter led to increased production of gasoline. Reflecting seasonally lower demand, the gasoline crack spread declined in September reaching 14.2 Usd/bbl at the end of the month.

The crack spread of middle distillates rose in the first quarter of the year following the unexpected temperature drop in the US which led to rising demand for heating oil at a time when most refineries had already changed their production profiles in anticipation of the driving season. In the second quarter middle distillates were virtually unchanged in terms of crack spreads and prices. In Europe diesel inventories remained above the average of the last five years as new hydrocracking units came into operation, thereby lowering import requirements. In the third quarter the crack spread of middle distillates rose as a result of (i) a shortfall in US and European inventories, (ii) the increased purchase of these products by Asia and Latin America in the wake of an abnormally cold winter and (iii) the strong demand for road transportation fuel. In July the diesel crack spread was 12.95 Usd/bbl, in August 17.18 Usd/bbl and in September 18.40 Usd/bbl.

The crack spread of fuel oil in international markets rose from late 2006 until mid-January, from –25.0 Usd/bbl to –19.5 Usd/bbl, following OPEC cuts in heavier crude for fuel oil production and lower seasonal temperatures. However, from February onwards, reduced demand for fuel oil, enough to make up for OPEC cuts, coupled with the higher price of crude, led to even more negative spreads, around –28.3 Usd/bbl at the end of March. In April and May the crack spread of fuel oil rose and reached –19 Usd/bbl as lower temperatures in Japan drove demand and supply receded in the wake of refinery stops across the Asia-Pacific region.

In July the price of fuel oil rose from 43.5 Usd/bbl to 49.1 Usd/bbl as demand from electricity plants increased, namely after the close-down of a nuclear plant in Japan and after changes in fuel oil specifications for marine bunkers in the North Sea which led to lower sulphur content from 11 August. In late August and early September fuel oil crack spreads weakened to around 29 Usd/bbl as peaking summer demand by utilities subsided and refinery utilisation rates increased after the stops for maintenance in Asia in July and August.

REFINING MARGINS

In January refining margins improved and were, on average, higher than in the last two months of 2006. Notwithstanding, the trend for positive cracking spreads and negative hydroskimming spreads was unchanged.

In February cracking margins hovered above January levels – 3.44 Usd/bbl versus 2.68 Usd/bbl – influenced by the gasoline crack spread in the US and the sustained rise in the crack spread of jet fuel and diesel. Refining margins rose in April with higher gasoline prices. Quite unusually, hydroskimming margins achieved sustained positive levels in May, around 1.58 Usd/bbl, which had not happened since August 2006, and reached the highest levels since October 2005, after hurricanes Katrina and Rita. This development reflected the rise not only in the price of gasoline but also in the prices of jet fuel, naphta and fuel oil. Cracking margins achieved high levels, around 10 Usd/bbl. In early June margins shrank and hydroskimming margins fell to negative levels as the gasoline crack spread declined.

Refining margins dropped in July when the cracking margin declined to 2.98 Usd/bbl from 6.82 Usd/bbl in June. Particularly in the United States, low gasoline prices and high crude prices as a result of reduced supply from OPEC had a large impact on refining margins, which became negative in some places. Margins rose in August, with the cracking margin reaching 5.74 Usd/bbl, driven by the rise in the crack spread of middle distillates. This trend did not continue into September, when for instance hydroskimming margins dropped from -0.03 Usd/bbl in August to -1.33 Usd/bbl in September when fuel oil crack spreads deteriorated.

THE IBERIAN MARKET

In Portugal the market for oil products followed a downward path in the first nine months of the year and contracted 3%, a trend countered by diesel which expanded 1%. The third quarter had, however, a smaller decrease than the second quarter – 1% and 3%, respectively – as rising tourism led to increased jet fuel sales. In Spain, the market for oil products expanded 1.5% compared to the first nine months of 2006. This expansion was even larger in the third quarter of 2007 – close to 2.5%.

In the first nine months of 2007 the Portuguese market for natural gas contracted by 2% compared to the same period of 2006. The 11% reduction in demand by the electricity segment, influenced by heavy rainfall in late 2006, was partly offset by increases in the industrial and residential segments, 5% and 7%, respectively. In comparison with the previous quarter demand declined by 4%, particularly in the residential segment, around 20%, which was normal for the season, when higher temperatures do not favour the consumption of natural gas and the holiday period impacts demand in both the industrial and residential segments.

Market indicators

Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
69.5	74.9	5.4	7.7%	Average brent dated price[1] (Usd/bbl)	67.0	67.1	0.2	0.3%
16.5	16.1	(0.3)	(2.0%)	Diesel crack[2] (USD/bbl)	15.8	15.3	(0.5)	(3.5%)
21.5	20.3	(1.2)	(5.5%)	Gasoline[3] crack (Usd/bbl)	20.4	22.6	2.2	10.9%
(27.8)	(24.1)	3.7	(13.2%)	Fuel oil crack[4] (Usd/bbl)	(24.5)	(24.3)	0.2	(0.8%)
3.8	3.9	0.1	3.4%	Rotterdam cracking refining margin[1] (Usd/bbl)	3.8	4.7	0.8	22.1%
(1.2)	(0.4)	0.9	(69.6%)	Rotterdam hydroskimming refining margin[1] (Usd/bbl)	(0.6)	(0.1)	0.5	(77.9%)
2.8	2.8	(0.0)	(0.8%)	Portuguese oil market[5] (million ton)	8.5	8.2	(0.3)	(3.0%)
12.8	13.1	0.3	2.5%	Spanish oil market[6] (million ton)	38.0	38.6	0.6	1.5%
1,065	1,010	(55)	(5.1%)	Portuguese natural gas market[7] (million m^3)	3,109	3,039	(70)	(2.3%)

[1] Source: Platts.
[2] Source: Platts; ULSD 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.

FINANCIAL REVIEW

1. PROFIT AND LOSS ACCOUNT

Million euros								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
3,263	3,242	(21)	(0.6%)	Sales and services rendered	9,393	9,136	(258)	(2.7%)
(3,028)	(2,982)	46	(1.5%)	Operating expenses	(8,545)	(8,256)	289	(3.4%)
297	24	(273)	(92.0%)	Other operating revenues (expenses)	302	50	(252)	(83.4%)
532	**283**	**(249)**	**(46.7%)**	**EBITDA**	**1,150**	**930**	**(220)**	**(19.2%)**
(74)	(65)	9	(11.9%)	Depreciation and provisions	(214)	(194)	19	(9.1%)
458	**218**	**(240)**	**(52.3%)**	**Operating result**	**936**	**735**	**(201)**	**(21.5%)**
10	15	5	51.7%	Net income from associated companies	30	46	17	56.8%
(20)	21	41	n.m.	Net income from investments	(20)	22	42	n.m.
(10)	(13)	(2)	22.5%	Net interests expenses	(28)	(32)	(4)	15.0%
438	242	(196)	(44.7%)	Income before tax and minority interests	918	772	(147)	(16.0%)
(68)	(53)	14	(21.1%)	Income tax	(192)	(179)	13	(6.8%)
(1)	(1)	0	(44.6%)	Minority Interests	(3)	(3)	(0)	12.5%
369	**188**	**(181)**	**(49.1%)**	**Net income**	**723**	**589**	**(134)**	**(18.5%)**
369	**188**	**(181)**	**(49.1%)**	**Net income**	**723**	**589**	**(134)**	**(18.5%)**
72	(70)	(143)	n.m.	Inventory effect	(107)	(189)	(82)	76.9%
442	118	(324)	(73.3%)	Net income replacement cost	616	401	(216)	(35.0%)
(235)	(27)	208	(88.6%)	Non recurrent items	(242)	(24)	219	n.m.
207	**91**	**(116)**	**(55.9%)**	**Adjusted net income**	**374**	**377**	**3**	**0.7%**

NINE MONTHS

Net income for the first nine months of the year was €589 million and €377 million in adjusted terms, 1% ahead of 2006. Although adjusted operating result remained unchanged after part of the natural gas business was spun off in September 2006, the performance of associates raised adjusted net income. Excluding the unbundling, adjusted net income increased by 18% on a pro forma basis.

THIRD QUARTER

Net income for the third quarter of the year was €188 million and €91 million in adjusted terms, 56% down on the third quarter of 2006. This result followed from the strong operating performance in 2006 due to favourable conditions for trading in the Gas & Power segment and the unfavourable path of the refining margin and the dollar in 2007.

OPERATING RESULTS

Million euros								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
34	48	14	41.4%	Exploration & Production	39	118	79	203.8%
84	134	51	60.7%	Refining & Marketing	427	477	50	11.8%
343	36	(306)	(89.4%)	Gas & Power	470	136	(334)	(71.0%)
(2)	(0)	1	(87.0%)	Others	1	3	2	329.7%
458	**218**	**(240)**	**(52.3%)**	**Operating result**	**936**	**735**	**(201)**	**(21.5%)**
458	**218**	**(240)**	**(52.3%)**	**Operating result**	**936**	**735**	**(201)**	**(21.5%)**
73	(67)	(140)	n.m.	Inventory effect	(127)	(209)	(82)	64.2%
531	**151**	**(380)**	**(71.6%)**	**Operating result replacement cost**	**809**	**527**	**(282)**	**(34.9%)**
(270)	(4)	266	(98.4%)	Non recurrent items	(281)	(1)	280	(99.7%)
261	**147**	**(114)**	**(43.8%)**	**Adjusted operating result**	**528**	**526**	**(2)**	**(0.5%)**

NINE MONTHS

In the first nine months of 2007, operating result amounted to €735 million. Adjusted for non-recurrent events and the inventory effect, operating result was €526 million which was in line with the year before.

The increase in adjusted operating result for the Exploration & Production business offset lower results for the Refining & Marketing and the Gas & Power segments, the latter suffering from the effect of the spin-off of part of its business. Excluding the spin off, adjusted operating result increased by 15% on a pro forma basis.

THIRD QUARTER

In the third quarter of the year adjusted operating result was €147 million, a 44% decrease compared to the third quarter of 2006.

In contrast to the accumulated results, the Refining & Marketing segment was mainly to blame for the drop in adjusted operating result.

2. ANALYSIS OF PROFIT AND LOSS ACCOUNT ITEMS

SALES AND SERVICES RENDERED

Million euros								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
50	52	2	4.0%	Exploration & Production	73	145	73	100.5%
2,884	2,902	18	0.6%	Refining & Marketing	8,326	8,142	(184)	(2.2%)
391	342	(49)	(12.6%)	Gas & Power	1,072	1,008	(64)	(6.0%)
29	30	1	4.1%	Others	88	88	1	0.7%
(92)	(84)	8	(8.3%)	Consolidation adjustments	(165)	(248)	(83)	50.5%
3,263	**3,242**	**(21)**	**(0.6%)**		**9,393**	**9,136**	**(258)**	**(2.7%)**

Sales and services rendered amounted to €9,136 million or 3% down on the year before. The contraction of activities affected primarily the Refining & Marketing and Gas & Power segments.

OTHER NET OPERATING REVENUES

Million euros								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
297	**24**	**(273)**	**(92.0%)**	**Other net operating revenues**	**302**	**50**	**(252)**	**(83.4%)**
(275)	(5)	270	(98.2%)	Non recurrent items	(279)	(11)	268	(95.9%)
22	**19**	**(3)**	**(13.1%)**	**Adjusted other net oper. revenues**	**23**	**39**	**16**	**70.6%**

Other net operating revenues for the first nine months of 2007 amounted to €50 million against the €302 million in 2006 that included non-recurrent events relating to (i) the €241.2 million capital gain on the sale of natural gas assets to REN and (ii) the €38.9 million reinstatement of the monobuoy at the Oporto refinery.

In 2007, non-recurrent events were primarily related to (i) a sum received on account of a sale of land, (ii) capital gains on the disposal of assets, namely the sale of a ship by Sacor Marítima, the Galp Energia unit handling shipping activities, (iii) a sum received from REN for part of the adjustment of the price paid for the sold natural gas assets and (iv) charges for clearing crude in Angola. The charges will now be recoverable under the Production Sharing Agreement ("PSA").

Excluding non-recurrent events, other net operating revenues were €39 million or €16 million above the year before, primarily due to revenues from the lease of optical fibre and the provision of services related to mandatory reserves of natural gas.

OPERATING COSTS

Million euros								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
2,809	2,756	(53)	(1.9%)	Cost of goods sold	7,929	7,593	(336)	(4.2%)
135	159	24	17.4%	Supply and services	391	466	75	19.1%
84	67	(16)	(19.7%)	Personnel costs	224	197	(27)	(12.2%)
3,028	**2,982**	**(46)**	**(1.5%)**		**8,545**	**8,256**	**(289)**	**(3.4%)**

NINE MONTHS

Operating costs in the first nine months of 2007 amounted to €8,256 million or 3% lower than in 2006.

Thre cost of sales was €7,593 million or 92% of total costs. At replacement cost and excluding the cost of a sale to EGREP classed as non-recurrent the cost of sales in 2006 was €7,987 million, corresponding to a €189 million reduction in 2007.

In addition, the cost of sales in the first nine months of 2007 includes €26.8 million in respect of the regasification of liquefied natural gas, an item that did not exist in 2006.

Supply and services costs were €466 million or €75 million above the previous year. These costs included (i) €73 million of transportation and storage costs incurred after gas assets were unbundled and (ii) a reduction, estimated at €2.1 million, in costs for maintenance of the sold assets. Excluding these effects totalling €70.9 million, supply and services costs increased €4 million or 1%.

While the cost increase was almost immaterial, significant changes occurred in variable costs, of which the most important were (i) the €5.9 million in production costs for E&P, (ii) the €6.8 million for storage and filling operations and (iii) the costs for the transportation of goods. The main reductions affected marketing and advertising with €9.5 million and maintenance and repairs of €5 million the latter mainly in the refineries.

Personnel costs fell 12% to €197 million compared to the same period of 2006. The reduction includes restructuring charges for non-recurrent events - €1.7 million in 2007 and €9.6 million in 2006. Excluding these effects the reduction in personnel costs was €19 million or 9% for which the main reasons were (i) €10.6 million lower remuneration and related charges following the sale of natural gas assets to REN of €7 million and the sale of 80% in Gasfomento, a company with 35 employees, (ii) the decrease in post-employment benefits and (iii) the allocation of variable remuneration costs to 2006.

THIRD QUARTER

Operating costs in the third quarter amounted to €2,982 million, €46 million less than in the third quarter of 2006. A €53 million drop in the cost of sales and a €16 million reduction in personnel costs more than offset the €24 million increase in supply and services costs.

The cost of sales according to the replacement cost method behaved differently in the quarter compared to the first nine months and went up 3%. This increase reflected 8% higher prices in the third quarter of 2007 – with dated Brent at 74.9 Usd/bbl – in comparison with the third quarter of 2006.

Supply and services costs increased €24 million primarily due to the €22.1 million net impact of the unbundling transaction - €22.9 million in costs for the transportation and storage of natural gas less €0.8 million in lower costs for network maintenance and repair. Without this effect, supply and services costs would have been aligned with those for the third quarter of 2006.

Personnel costs amounted to €67 million or €16 million less than in the third quarter of 2006. Excluding the non-recurrent restructuring charges of €9.6 million in the third quarter of 2006, the €6 million decline in personnel costs is primarily explained by (i) lower remuneration and related charges, of which €2.2 million following the spin-off of the natural gas assets, (ii) lower post-employment benefits and (iii) the reallocation of variable remuneration costs.

EMPLOYEES

	December 31, 2006	June 30, 2007	September 30, 2007	Change vs Dec 31, 2006	Change vs June 30, 2007
Exploration & Production	48	56	59	11	3
Refining & Marketing	4,790	4,825	4,807	17	(18)
Gas & Power	491	461	460	(31)	(1)
Corporte & Others	540	522	527	(13)	5
Total on site employees	**5,869**	**5,864**	**5,853**	**(16)**	**(11)**
Service stations employees	2,245	2,315	2,277	32	(38)
Total off site employees	**3,624**	**3,549**	**3,576**	**(48)**	**27**

At 30 September 2007, Galp Energia employed 5,853 staff, of which 3,576 off site. The main change was in service station staff, with a reduction of 38 employees compared to 30 June 2007. Of these, 22 were from

Spanish service stations following the summer holiday period. The number of off-site staff increased by 27, primarily in international operations, namely in Mozambique where 21 new staff were hired as the fuel retail business in the country expanded.

DEPRECIATION

Million euros								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
7	13	6	92.3%	Exploration & Production	15	39	24	162.5%
56	39	(17)	(30.3%)	Refining & Marketing	143	116	(27)	(18.7%)
(0)	8	8	n.m.	Gas & Power	30	23	(7)	(22.1%)
0	0	(0)	(11.7%)	Others	1	1	0	9.2%
63	**60**	**(2)**	**(3.9%)**		**188**	**179**	**(9)**	**(4.6%)**
63	**60**	**(2)**	**(3.9%)**	**Depreciations**	**188**	**179**	**(9)**	**(4.6%)**
5	0	(5)	n.m.	Non recurrent items	5	(4)	(9)	n.m.
68	**60**	**(8)**	**(11.1%)**	**Adjusted depreciations**	**193**	**176**	**(18)**	**(9.1%)**

Depreciation charges in the first nine months of 2007 amounted to €179 million, €9 million less than in the year before. Depreciation in 2007 included the cost of impaired assets in the Exploration & Production business segment related to the drilling of five dry wells, two in Angola, on Block 32, and three in Brazil, on the Potiguar basin.

In 2006, non-recurrent events included a favourable unbundling-related effect of €15 million, partly cancelled by €9.3 million of assets impairment, namely service stations, and depreciation of the monobuoy.

In adjusted terms, depreciation charges fell by €18 million to €176 million reflecting (i) lower depreciation in the Refining & Marketing segment as some assets approached the end of accounting depreciation and (ii) lower depreciation charges in the Gas & Power segment after the sale of the regulated natural gas assets. These effects more than offset higher depreciation charges in the Exploration & Production segment as production increased and net entitlement reserves declined.

PROVISIONS

Million euros								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
1	1	0	57.9%	Exploration & Production	5	3	(2)	(34.3%)
9	2	(7)	(79.8%)	Refining & Marketing	18	7	(11)	(59.5%)
1	2	1	86.1%	Gas & Power	3	4	2	62.9%
-	-	-	n.m.	Others	0	-	(0)	n.m.
11	**5**	**(6)**	**(57.9%)**		**26**	**15**	**(11)**	**(41.9%)**
11	**5**	**(6)**	**(57.9%)**	**Provisions**	**26**	**15**	**(11)**	**(41.9%)**
(1)	(1)	(0)	n.m.	Non recurrent items	(1)	(5)	(4)	n.m.
10	**4**	**(6)**	**(62.0%)**	**Adjusted provisions**	**25**	**10**	**(15)**	**(59.3%)**

Provisions for the first nine months of 2007 amounted to €15 million and included non-recurrent events relating to a provision for €2.2 million on account of litigation and another for €2.7 million in respect of services provided for the building of strategic reserves by the Gas & Power business segment.

In adjusted terms, provisions fell by €15 million reflecting lower provisions for doubtful accounts compared to 2006.

This reduction had a stronger impact on the third quarter of 2007 when provisions for doubtful accounts were €1.8 million against €6.3 million in 2006.

RESULTS FROM ASSOCIATES

The results of associates amounted to €46.3 million in the first nine months of the year or €17 million up on the same period of 2006. The main contributors were the international gas pipelines EMPL, Metragaz, Gasoducto Al Andalus and Gasoducto Extremadura with a combined sum of €27.1 million and CLH – in which Galp Energia owns 5% - which contributed €9.2 million, €3.9 million of which relating to a capital gain from an asset sale at the end of 2006. Setgás e Tagusgás, the two natural gas local distribution companies, contributed €2 million.

In the third quarter of 2007 the results of associates amounted to €15.5 million or €5.3 million more than in the same period of 2006. This was primarily due to a €2.4 million improvement in the results of the international gas pipelines.

RESULTS ON INVESTMENTS

Results on investments in the first nine months of 2007 were €22 million, of which €20.8 million were related to the non-recurring adjustment of the price received for the sale of natural gas assets to REN in the third quarter of 2006. In the previous year results on investments had been minus €20 million due to a non-recurrent effect of the above mentioned sale. If these results in each period are left out, results on investments become marginal.

NET FINANCIAL INCOME

Net financial income for the first nine months of 2007 deteriorated further by €4 million to a net financial loss of €32 million. Exchange losses were €7.5 million compared to exchange gains of €3.1 million in 2006. Negative differences stemmed primarily from purchases of crude and products and the mark-to-market of loans. The rise in the Euribor of close to 1% led to higher funding costs. These effects were partly offset by a €8.6 million reduction in interest charges as bank indebtedness declined.

In the third quarter of the year the company posted a net financial loss of €13 million compared to a loss of €10 million in 2006. The change resulted primarily from €4.3 million in further unfavourable exchange differences, partly offset by a €2.9 million reduction in interest charges.

INCOME TAX

As mentioned under Bases of Presentation above, accounting for the IRP was changed in the third quarter of 2007 whereby it was entered as an income tax item rather than other operating cost as before. In the first nine months of 2007 IRP was €39 million, of which €31 million was IRP on Exploration & Production's normal operations. The balance consists of a cost reallocation for change in recoverable rates in the Exploration & Production business segment. In the first nine months of 2006 IRP accounted for €13 million.

Income tax in the first nine months of 2007 was €179 million, which compared to the €192 million in 2006 that included €18.5 million in tax relating to non-recurrent events. Excluding this effect, income tax is 2% above the income tax level of last year at €178 millions.

The effective tax rate in the first nine months of 2007 was 23% - or 19% if we exclude the IRP – 1 percentage point less than in the year before. This resulted primarily from the fact that the tax-exempt Exploration & Production business segment has raised its weight in Galp Energia's income before taxes from 4% to 16%.

3. CONSOLIDATED BALANCE SHEET

Million euros (except otherwise noted)	Dec 31, 2006	June 31, 2007	September, 30 2007	Change vs Dec 31, 2006	Change vs June 30, 2007
Fixed assets	2,413	2,459	2,514	100	55
Strategic stock	453	477	505	52	28
Other assets (liabilities)	(156)	(184)	(138)	18	46
Working capital	213	352	208	(5)	(144)
	2,924	**3,104**	**3,089**	**166**	**(15)**
Short term debt	587	600	358	(228)	(242)
Long term debt	513	499	492	(21)	(7)
Total debt	**1,099**	**1,099**	**850**	**(249)**	**(249)**
Cash	212	182	132	(80)	(49)
Total net debt	**887**	**918**	**718**	**(169)**	**(200)**
Total shareholder's equity	**2,037**	**2,186**	**2,371**	**335**	**185**
Capital employed	**2,924**	**3,104**	**3,089**	**166**	**(15)**

Due to new capital expenditure fixed assets went up by €100 million to €2,514 in the first nine months of 2007.

Compared to the end of 2006, the value of strategic inventories rose by €52 million to €505 million. Despite a 5% reduction in volume – primarily diesel, jet fuel and gasoline – the value of inventories rose on the back of higher prices at the end of September 2007 when compared with December 2006.

Working capital decreased by €5 million to €208 million. The net change was not significant because the two main changes were of opposite sign: while operating inventories went down €33 million, client receivables went up €38 million as the average collection time increased to 25 days, one day longer than in 2006.

Between June and September 2007, working capital dropped €144 million as operating inventories were reduced and other debtors changed as a result of the subsidy received by the Portuguese state, in the amount of €49.8 million, for the investments in diesel desulphuration.

DEBT

Million euros (except otherwise noted)	December 31, 2006		September 30, 2007		Change vs Dec 31, 2006	
	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	20	226	-	226	(20)	-
Bank debt	291	287	223	266	(68)	(21)
Commercial paper	275	-	135	-	(140)	-
Cash	(212)	-	(132)	-	80	-
Net debt	**887**		**718**		**(169)**	
Average life	2.39		2.81		0.42	
Debt to equity	44%		30%		(13 p.p.)	

At 30 September 2007 net debt stood at €718 million, a €169 million decline since 31 December 2006 which brought the debt-to-equity ratio down to 30% from 44% at the end of 2006.

At 30 September 2007 close to €411 million of long-term bank debt carried floating interest. In exchange terms, only €15.5 million of bank debt was denominated in US dollars.

At the end of September, the average life of the debt carried by the Galp Energia group of companies was 2.81 years.

Debt attributable to minority interests was €34 million at the end of September.

4. CASH FLOW

Third quarter 2006	Third quarter 2007	Million euros	Nine months 2006	Nine months 2007
458	218	Operating Result	936	735
63	60	Non cash costs	188	179
22	144	Change in working capital	(136)	5
543	**422**	**Cash flow from operating activities**	**988**	**920**
618	(93)	Net capital expenditures and disposals	503	(259)
14	(28)	Change in strategic stocks holdings	(40)	(52)
632	**(121)**	**Cash flow from investing activities**	**464**	**(311)**
12	1	Financial Investments	11	1
(7)	(7)	Interests expenses	(32)	(25)
(102)	(132)	Taxes	(158)	(237)
10	-	Subsidies	16	7
(1,091)	-	Dividends paid / received	(1,077)	(230)
(34)	36	Others	(42)	44
(1,212)	**(102)**	**Cash flow from financing activities**	**(1,282)**	**(440)**
(37)	**200**	**Total**	**170**	**169**

NINE MONTHS

Operating cash flow in the first nine months of the year was €920 million or €68 million lower than in the same period of 2006. This resulted primarily from (i) lower operating result which was impacted in 2006 by the capital gain generated by the sale of natural gas assets and (ii) a change in working capital which was influenced in 2006 by a sharp rise in operating inventories reflecting the steep price rise in the first nine months of 2006.

Net cash outflow from investing activities, which primarily reflected capital expenditure in the first nine months of the year, amounted to €311 million. This marked a reversal compared to 2006 when the sale of natural gas assets to REN generated a cash inflow of €731 million.

Net cash inflow from financing activities amounted to €440 million, which compared to €1,282 million in the year before, when €1,093 million in dividends and distributable reserves were paid out.

THIRD QUARTER

In the third quarter of 2006, Galp Energia sold natural gas assets to REN. This transaction impacted cash flow in the quarter in terms of operating result which includes the €256 million capital gain and net investment for the amount of sold assets. In the third quarter of 2006 dividends and distributable reserves were paid that influenced the cash flow from financing activities.

5. CAPITAL EXPENDITURE

Million euros								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
24	44	20	84.0%	Exploration & Production	62	125	63	102.4%
28	29	1	4.7%	Refining & Marketing	58	70	12	20.6%
31	25	(6)	(19.3%)	Gas & Power	81	63	(18)	(22.1%)
-	(1)	(1)	n.m.	Others	-	0	0	n.m.
83	**97**	**14**	**16.9%**		**201**	**259**	**58**	**28.8%**

Total capital expenditure in the first nine months of the year was €259 million, a 29% or €58 million increase compared to 2006. The main increases were in the Exploration & Production business segment which, at €125 million, accounted for 48% of Galp Energia's capital expenditure.

Capital expenditure in the Exploration & Production business segment was primarily channelled to Blocks 14 and 32 in Angola. On Block 14, expenditure centred on development of the TL field and, to a lesser extent, the BBLT field. On Block 32, the focus was on exploratory and appraisal drilling.

In Brazil, on the blocks where Galp Energia is the operator, expenditure concentrated on the drilling of ten exploratory wells in the Potiguar basin. On the blocks not operated by the company, expenditure was mainly oriented to preparatory work for onshore drilling in the Potiguar basin and the drilling of the Tupi Sul well in the Santos basin.

Capital expenditure by the Refining & Marketing business segment was €70 million. In refining, expenditure was mainly channelled to (i) general-purpose investments in the refineries, namely for energy rationalisation, environmental licensing and the adoption of new specifications, (ii) the general overhaul of the Leixões Oil Terminal, (iii) the preparation of the general stop of the Porto refinery, (iv) the acquisition of a barge for the local transportation of products, (v) the construction of strategic storage space and (vi) the preparation of conversion of the two refineries. In marketing, the company invested mainly in the construction and refurbishment of service stations, the acquisition of new *Pluma* LPG bottles and expansion of the piped LPG business.

Capital expenditure by the Gas & Power business segment was €63 million. In natural gas distribution, investments led to the conclusion of close to 556 km of secondary network and the connection of approximately 51 thousand clients (new and converted clients). In Power, the construction of a cogeneration plant at the Sines refinery was the most significant investment.

SEGMENT REVIEW

1. EXPLORATION & PRODUCTION

Million euros (except otherwise noted)								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
50	52	2	4.0%	Sales and services rendered	73	145	73	100.5%
34	**48**	**14**	**41.4%**	**Operating result**	**39**	**118**	**79**	**203.8%**
-	(2)	(2)	n.m.	Non recurrent items	-	2	2	n.m.
34	**46**	**12**	**35.5%**	**Adjusted operating result**	**39**	**121**	**82**	**209.7%**
11.5	**18.3**	**6.8**	**59.7%**	**Average working production (kbbl/day)**	**7.7**	**17.5**	**9.7**	**125.6%**
8.9	**14.9**	**6.0**	**67.1%**	**Average equity production (kbbl/day)**	**5.8**	**14.1**	**8.4**	**144.5%**
0.8	**1.4**	**0.5**	**67.1%**	**Total equity production (million bbl)**	**1.6**	**3.9**	**2.3**	**144.5%**
0.2	0.2	(0.0)	(17.3%)	Kuito (million bbl)	0.7	0.5	(0.2)	(26.9%)
0.6	1.2	0.6	100.7%	BBLT (million bbl)	0.9	3.3	2.4	274.6%
0.0	0.0	(0.0)	(26.2%)	TL (million bbl)	0.0	0.1	0.0	105.5%
69.2	66.6	(2.6)	(3.8%)	Average realized sale price[1] (Usd/bbl)	56.6	62.0	5.4	9.5%
0.9	**1.0**	**0.0**	**2.2%**	**Total sales[2] (million bbl)**	**0.9**	**2.9**	**2.0**	**210.1%**
-	**-**	**-**	**-**	**Net total assets**	**412**	**487**	**75**	**18.1%**

[1] Considers the effective sales and the loans granted and received .
[2] Considers effective sales.

EXPLORATION & PRODUCTION OPERATIONS

NINE MONTHS

In the first nine months of the year the working production was 17.5 thousand barrels a day, more than double the 7.7 thousand barrels a day of 2006. From the BBLT field alone came 14.2 thousand barrels a day.

In terms of total accumulated equity production, 3.9 million barrels were produced, with the BBLT field accounting for 85% of the total. At Kuito, 0.5 million barrels or 12% of the total were produced.

Crude sales totalled 2.9 million barrels, 1 million barrels less than the equity production. The difference was used to repay loans of 0.6 million barrels taken up in 2006, to extend loans of 0.2 million barrels to the consortium and to store as inventory. Considering sales and underlifting, the average sales price was 62.0 Usd/bbl. In the first nine months of 2007, the premium over Brent agreed for each cargo was on average –0.34 Usd/bbl, compared to -4.94 Usd/bbl in 2006, which resulted from higher production at the BBLT field, where crude has higher API density than in the Kuito field.

THIRD QUARTER

Working production in the third quarter kept a growing trend, quarter on quarter, and achieved 18.3 thousand barrels a day with a peak in August of 18.7 thousand barrels a day due to the high production rate of the new fields. The production rate in the third quarter was 60% higher than in the same quarter of 2006 and also larger than production in the previous quarter when 17.0 thousand barrels were produced daily. The total equity production for the third quarter was 1.4 million barrels.

OPERATING RESULT

NINE MONTHS

As mentioned above, the Exploration & Production business segment changed the method of accounting for the IRP. This tax started to be entered as an income tax item and ceased to affect operating result. All quarters used as comparison were restated so as to make the results for this business segment comparable.

Adjusted operational results were €121 million compared to €39 million in the year before.

The increase in results from higher production and prices was partly offset by the €5.9 million rise in production costs to €13.5 million, 4.7 Usd/bbl, and the €19.9 million increase in depreciation excluding impairment to €34.9 million, 12.2 Usd/bbl.

THIRD QUARTER

Operating result for the third quarter of 2007 was €48 million and included the recharge to the operator of crude clearing costs incurred in Angola in 2000-2006. Under the PSA, these costs are now recoverable. Excluding this effect, adjusted operating result was €46 million, 35% or €12 million higher than in the third quarter of 2006. Like in the first nine months of the year, higher production and international oil prices were the main drivers of the increase.

The most relevant operating costs in the quarter include production costs of €4.9 million, close to 4.9 Usd/bbl, and depreciation of €12.7 million, approximately 12.8 Usd/bbl.

The result for the third quarter includes a cost reallocation arising from the change in recoverable rates, cost oil, for the Kuito and BBLT fields. This change will lead to a rise in profit oil, thereby generating a decrease in equity production but an increase in the IRP since this tax is payable on profit oil. This reallocation had an impact of €17.5 million, of which €9.5 million on operating result and the balance on the IRP.

Even after considering this effect, the operating performance of the third quarter was better than in the preceding quarter, when the operating result was €44 million.

2. REFINING & MARKETING

Million euros (except otherwise noted)								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
2,884	2,902	18	0.6%	Sales and services rendered	8,326	8,142	(184)	(2.2%)
84	**134**	**51**	**60.7%**	**Operating result**	**427**	**477**	**50**	**11.8%**
79	(68)	(147)	(185.7%)	Inventory holding effect	(130)	(220)	(90)	69.6%
(21)	(1)	20	n.m.	Non recurrent items	(31)	0	31	n.m.
142	**66**	**(77)**	**(53.9%)**	**Adjusted operating result**	**265**	**257**	**(9)**	**(3.2%)**
3.8	**3.9**	**0.1**	**3.4%**	Rotterdam cracking refining margin[1] (Usd/bbl)	**3.8**	**4.7**	**0.8**	**22.1%**
4.2	1.7	(2.5)	(60.5%)	Rotterdam hydroskimming + aromatics refining margin[1] (Usd/bbl)	2.5	3.4	0.9	37.3%
6.0	4.1	(1.9)	(31.8%)	Galp Energia refining margin (Usd/bbl)	5.5	5.7	0.2	4.4%
24,785	24,549	(236)	(1.0%)	Crude processed (k bbl)	74,445	72,822	(1,623)	(2.2%)
3.8	**3.6**	**(0.2)**	**(4.5%)**	Raw material processed (million tonnes)	**11.2**	**10.7**	**(0.4)**	**(4.0%)**
4.2	**4.2**	**0.0**	**(0.3%)**	**Total refined product sales (million tonnes)**	**12.2**	**12.2**	**(0.0)**	**(0.2%)**
2.2	**2.4**	**0.1**	**6.1%**	**Sales to direct clients (million tonnes)**	**6.8**	**7.0**	**0.2**	**3.2%**
1.2	1.2	0.0	3.6%	Wholesale	3.4	3.5	0.0	1.1%
0.6	0.6	(0.0)	(0.8%)	Retail	1.8	1.7	(0.1)	(3.9%)
0.1	0.1	(0.0)	(2.1%)	LPG	0.3	0.3	(0.0)	(4.1%)
0.4	0.5	0.1	26.1%	Others	1.3	1.6	0.3	20.3%
0.9	**0.7**	**(0.2)**	**(23.0%)**	**Exports (million tonnes)**	**2.3**	**2.0**	**(0.4)**	**(16.1%)**
-	-	-	-	**Number of service stations**	**1,046**	**1,040**	**(6)**	**(0.6%)**
-	-	-	-	**Number of c-stores**	**198**	**208**	**10**	**5.1%**
-	-	-	-	**Net total assets**	**3,812**	**3,686**	**(126)**	**(3.3%)**

[1] Source: Platts. For a complete description of the calculation methodology of Rotterdam margins, see "Definitions".

REFINING & MARKETING OPERATIONS

NINE MONTHS

In the first nine months of 2007 10.7 million tonnes of raw materials were processed, 4% less than in the same period of 2006. Crude represented 91% of the processed raw materials and according to API density criteria light crude accounted for 39% of the total, medium/heavy crude for 49% and condensates for 12%.

Despite the 2% shortfall in total processed crude, the increase in the processing of condensates prompted a decrease in the use of other raw materials, mainly imported diesel.

Due to its high API density, condensates allow the extraction of lighter products with lower residues, thereby reducing the need for de-sulphuring.

Generally, the reduction in processed raw materials and crude reflected the scheduled refinery stops for maintenance at Sines and Porto in the first half of the year. As a result of these stops, utilisation rates for the atmospheric distillation units fell from 84.9% to 82.9% in the first nine months of the year.

The production structure remained stable, with middle distillates and gasoline accounting for 63% of total production, 40% and 23%, respectively.

Total sales for the first nine months of the year were 12 million tonnes. The difference between production and sales was covered by purchases, mainly in Spain, under product swaps with other operators. The most purchased products were diesel, gasoline and jet fuel.

Between 2006 and 2007, Galp Energia raised the cover of refining activity by the marketing of oil products from 65% to 71%.

The distribution of sales in the first nine months of the year was the following: 58% to direct clients, 26% to other operators and 16% for export. The weight of sales to direct clients has been increasing to the detriment of exports, which favours the company's results due to direct sales' higher added value. Sales to direct clients increased 3% to seven million tonnes, with Spain the main driver of this progression with a 9% increase. Sales also increased in Portugal, albeit in a smaller scale, countering the broad market trend.

At 30 September 2007 Galp Energia had 1,040 service stations, two stations short of the number at the end of the first half of the year. Compared to the end of the third quarter of 2006 the reduction was six service stations, mainly in Portugal, following a strategy for improving station profitability.

At the end of September 2007 there were 208 non-fuel stores, 10 more than at the end of September 2006. This growth occurred in both Portugal and Spain which led to the growing weight of the non-fuel business in the results for the segment.

Exports reached two million tonnes or 16% less than in 2006. Gasoline became the most exported product with 40% of the total. Fuel oil was the second most exported product, mainly to Greece and United Kingdom, with a 32% share of the total.

THIRD QUARTER

The volume of raw materials processed in the refineries in the third quarter of the year was 3.6 million tonnes, which compared to the 3.8 million tonnes in the third quarter of 2006. In the third quarter of last year international markets provided a favourable setting, namely in terms of the margins for hydroskimming and aromatics following the fall in the price of gasoline which led to the lower cost of reformate, an important raw material processed in the Porto refinery. This background led to larger volumes being processed in the refineries in the third quarter of 2006 for maximum advantage of the production yield.

Third-quarter sales were in line with the 4.2 million tonnes achieved in the third quarter of 2006. Sales to direct clients increased 6% to 2.4 million tonnes while exports of mainly fuel oil and gasoline fell 23%.

The slowdown in gasoline exports spread to US sales. Unlike previous quarters, exports to the United States tumbled 51% which reflected falling differentials between RBOB and unleaded gasoline.

OPERATING RESULT

NINE MONTHS

Operating result for the first nine months of 2007 was €477 million which compared to €427 million in 2006. In adjusted terms, operating result was €257 million, 3% or €9 million lower than in the previous year.

In a difficult international context, namely in terms of the euro/dollar relationship, Galp Energia could maintain the level of operating result in the Refining & Marketing segment. Although unit refining margins expressed in US dollars were 0.2 Usd/bbl or 4% higher than in 2006, their conversion to euros reduced refining margins by 3% to 4.3 Eur/bbl. The results of the refining area were also negatively affected by lower volumes of processed raw materials and the segment's results could only be stabilised by the growth in marketing activities, particularly in Spain.

THIRD QUARTER

Operating result for the third quarter of 2007 was €134 million and €66 million in adjusted terms, 54% down on the same period of 2006.

This reduction is basically explained by two effects: the shortfall in the refining margin and the time lag. Galp Energia's unit refining margin was 4.1 Usd/bbl or

32% lower than in the third quarter of 2006. In addition, the depreciation of the dollar against the euro had a compounding effect on the unit refining margin pressing it to a 37% lower level compared to the third quarter of 2006. Trading margins came under the negative effect of the time lag between price changes in international markets and the agreement of prices with end clients. The weight of the fixed cost structure also contributed for a decrease in refining results.

The marketing of oil products continued to grow in Spain. In Portugal, volumes sold grew in the third quarter, which countered the stagnation in the first six months of the year. The markets with the highest growth rates were diesel, jet fuel and fuel bunkers.

3. GAS & POWER

Million euros (except otherwise noted)								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
391	342	(49)	(12.6%)	Sales and services rendered	1,072	1,008	(64)	(6.0%)
343	**36**	**(306)**	**(89.4%)**	**Operating result**	**470**	**136**	**(334)**	**(71.0%)**
(6)	1	7	(113.6%)	Inventory holding effect	3	11	9	334.4%
(255)	(2)	253	(99.3%)	Non recurrent items	(254)	(3)	251	n.m.
82	**35**	**(46)**	**(56.8%)**	**Adjusted operating result**	**218**	**145**	**(74)**	**(33.8%)**
1,377	**1,299**	**(78)**	**(5.7%)**	**NG supply sales volumes (million m^3)**	**3,601**	**3,765**	**164**	**4.6%**
585	491	(94)	(16.1%)	Electrical	1,482	1,317	(164)	(11.1%)
356	383	27	7.6%	Industrial	1,124	1,184	60	5.4%
124	136	12	9.9%	Local distribution companies	503	537	34	6.8%
313	289	(23)	(7.4%)	Trading	492	726	234	47.6%
92	**96**	**4**	**4.3%**	**NG distribution sales volumes[1] (million m^3)**	**366**	**385**	**19**	**5.3%**
56	56	0	0.9%	Industrial	202	210	8	4.0%
8	8	0	5.3%	Commercial	34	36	2	6.8%
28	31	3	11.3%	Residential	130	139	10	7.4%
-	-	-	-	**NG distribution clients[1] (thousands)**	**778**	**822**	**44**	**5.7%**
392	**406**	**14**	**3.7%**	**Power generation[2] (GWh)**	**1,169**	**1,187**	**18**	**1.6%**
140	**148**	**8.0**	**5.7%**	**Sales of electricity to the grid[2]**	**419**	**432**	**13**	**3.0%**
-	-	-	-	**Natural gas net fixed assets[3]**	**706**	**745**	**39**	**5.5%**
-	-	-	-	**Net total assets**	**1,720**	**1,543**	**(178)**	**(10.3%)**

[1] Includes unconsolidated companies where Galp Energia holds a significant interest.
[2] Includes Energin ,a company consolidated under the equity method, where Galp Energia holds 35%. In the first nine months of 2007 Energin power generation and sales to grid were 677 GWh and 236 GWh respectively.
[3] Excludes financial investment.

GAS & POWER OPERATIONS

NINE MONTHS

Sales of natural gas reached 3,765 million cubic metres, a 5% increase. The main increase was in the trading sub-segment where more than 234 million cubic metres were sold which more than offset the shortfall of 164 million cubic metres in the electricity sub-segment.

In the industrial sub-segment, the increase of 60 million cubic metres in the first nine months of the year was the result of stepped-up sales to industry – 43 million cubic metres or 6% - and cogeneration plants – 17 million cubic metres or 4% - which were particularly active in the third quarter.

The natural gas distribution business continued to grow and the number of clients reached 822 thousand. Demand rose by 5% to 385 million cubic metres, with the main increases coming from the residential with 7% and large clients with 4%.

The cogeneration plants partly owned by Galp Energia produced 1,187 GWh, 2% more than in the year before. For this production 130 million cubic metres of natural gas were used.

THIRD QUARTER

In the third quarter of 2007, 1,299 million cubic metres were sold, a 6% shortfall compared to the third quarter of 2006. This quarter was favourably influenced by trading activities and low rainfall which boosted demand for natural gas for the production of electricity. Demand by the electricity sub-segment reached 585 million cubic metres while trading sales accounted for 313 million cubic metres.

The third quarter of 2007 was a positive period for cogeneration activities, with energy production of 406 GWh, 4% above the third quarter of 2006.

OPERATING RESULT

NINE MONTHS

The Gas & Power business segment achieved adjusted operating result of €145 million or 34% down on the €218 million reached in the year before.

The sale of natural gas assets was mainly to blame for the lower results as it led to €73 million higher transportation and storage costs, booked under supply and services, and €26.8 million in regasification costs, classed under cost of sales. This combined effect was partly offset by reductions in cash costs, namely personnel costs of €7 million and maintenance and repair costs of €2.1 million. The main impact on non-cash items was lower depreciation of €20.7 million.

Even after considering the €70 million negative net effect of the unbundling transaction and the growth in results in natural gas distribution and Power, the results of the Gas & Power segment dropped in comparison with the year before in the wake of a fall in unit margins, primarily in trading, due to the favourable environment for this activity in 2006, when hydro reserves were at low levels.

The operating performance of natural gas distribution continued to improve as a result of the 5% increase in sold volumes.

The Power business also bettered its results due to a 6% increase in the unit margin to 14.14 Eur/MWh. Total electricity sales to the grid of 432 GWh were made at the price of 89.1 €/GWh.

THIRD QUARTER

In the third quarter of 2007, adjusted operating result was €35 million in comparison with €82 million in the third quarter of 2006. Excluding the €21.5 million net impact of the unbundling transaction, the reduction in adjusted operating result would have been €25 million or 41% lower than in the year before.

The main explanation for this reduction is the favourable environment for trading sales in the third quarter of 2006. The low rainfall in both Portugal and Spain in the nine months of 2006 reduced hydro levels which contributed to higher sales at higher margins.

In addition, the depreciation of the dollar against the euro contributed to the reduction of margins in some sub-segments.

Operating result for the third quarter of 2007 dropped €17 million compared to the previous quarter. This decrease reflected mainly the fall in results for natural gas distribution following a 21% seasonal drop in sales. Summer months are a traditional impediment to this activity in so far as the high temperatures and the holiday period reduce specific and overall demand, respectively.

In the third quarter of 2007, Power raised its unit margin by 9% to 14.44 Eur/MWh in comparison with the third quarter of 2006. A total of 148 GWh was sold to the grid at the price of 90.6 Eur/MWh.

The industrial sub-segment also receded in the quarter as many companies close in August.

In the third quarter of 2007, negotiations started with the main suppliers for the supply of natural gas, as provided for in the agreements.

GALP ENERGIA SHARE

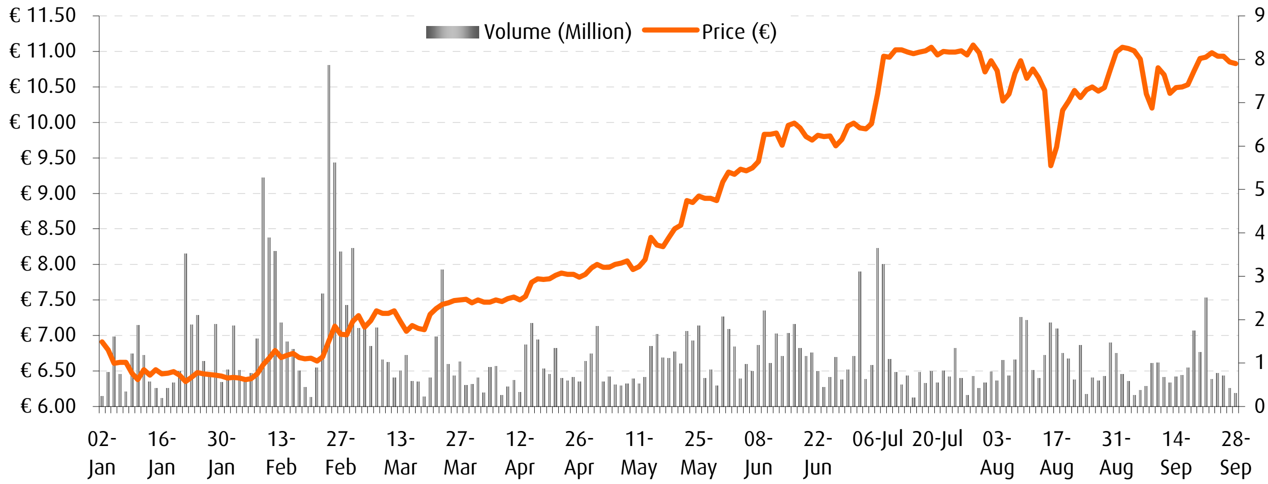
NINE MONTHS

The Galp Energia share gained 56% in the first nine months of 2007 and peaked on 30 July at €11.09. The gain from 23 October 2006, when the share was floated, has been 86%. In terms of volume, 227 million shares have been traded at a daily average of 1.2 million shares. At 28 September 2007, Galp Energia's market capitalisation was €8,981 million.

THIRD QUARTER

In this period, the Galp Energia share gained 8.8%, with 64.6 million shares traded at a daily average of 1.0 million shares.

Galp Energia share evolution



RELEVANT EVENTS OCCURED IN THE THIRD QUARTER OF 2007

MAJOR HOLDING

On 3 September Banco BPI S.A. announced it had through a number of transactions on the stock exchange raised its stake and attendant voting rights in Galp Energia to 5.09%.

APPOINTMENT OF NEW DIRECTORS

On 19 September the board of directors appointed Francesco Antonietti as executive director in charge of finance – Chief Financial Officer – in replacement for Giancarlo Rossi. Mr Antonietti took also the roles of vice-chairman of the board of directors and the executive committee. At the same meeting Angelo Fanelli was appointed as non-executive director in replacement for Angelo Taraborrelli.

EXPLORATION & PRODUCTION

NEW OIL FINDING ON BLOCK 32 IN ANGOLA: *COLORAU - 1*

On 7 August the consortium exploring Block 32 in ultra-deep water on the Angolan offshore, in which Galp Energia has a 5% stake, announced the twelfth oil finding with the appraisal well named *Colorau-1*.

ELEVENTH OIL FINDING ON BLOCK 14 IN ANGOLA: *MALANGE - 1*

On 9 August the consortium exploring Block 14 in deep water on the Angolan offshore, in which Galp Energia has a 9% stake, announced the eleventh oil finding with the *Malange-1* well.

RESULTS ON TUPI – SUL APPRAISAL WELL

The consortium formed by Petrobras, BG Group and Galp Energia for exploring block BM-S-11 in deep water on the Santos basin in Brazil announced on 20 September the *Tupi Sul* well had confirmed the southward extension of the oil finding announced in 2006 in the *Tupi-1* well. This appraisal well is located 9.5 km south-west of the Tupi-1 well, in a water depth of 2,166 meters, 286 km off the southern shore of the city of Rio de Janeiro.

REFINING & MARKETING

GALP ENERGIA AND PETROBRAS AGREE JOINT STRATEGY IN BIOFUELS

Galp Energia and Petrobras signed on 4 July an agreement providing for the annual production of 600,000 tonnes of vegetable oils in Brazil as well as the production, marketing and distribution of biodiesel in the Portuguese and European markets.

GAS & POWER

REGULATED NATURAL GAS ACTIVITIES

The valuations requested from three internationally renowned banks to ascertain the final price of the assets sold to REN point to an adjustment of €23 million. Galp Energia has expressed its disagreement with the valuations.

GALP ENERGIA OBTAINS LICENCE FOR MARKETING NATURAL GAS IN SPAIN

On 20 September Galp Energia announced it had obtained a licence for marketing natural gas in Spain allowing it to enter a highly attractive market showing vigorous growth.

Galp Energia intends to start operations in the Spanish industrial sector, a market with 15 billion m^3 in annual demand, i.e. ten times as large as the Portuguese industrial market.

ELECTRICITY TRADING LICENCE

Galp Power, a Galp Energia company, was awarded on 7 August a licence for trading electricity, encompassing selling and purchasing transactions on a wholesale and retail basis.

GALP ENERGIA OBTAINS PRODUCTION LICENCE FOR THE COMBINED-CYCLE PLANT AT SINES

On 17 September Galp Energia was notified by the General Division of Energy and Geology ("DGEG"), a government body at the Department of Economy and Innovation, that, following environmental clearance, a production/establishment licence had been awarded for the combined-cycle plant to be built at Sines with two 408 MW power groups .

VENTINVESTE, S.A. SIGNS AGREEMENT FOR "PHASE B" OF THE WIND TENDER

Ventinveste, S.A. and DGEG signed on 18 September an agreement on "Phase B" of the tender launched by the Portuguese government for the award of 400 MW of injection capacity and the relevant reception points linked to the production of electrical power at wind plants. The consortium was the winner of the public tender.

POST CLOSING EVENTS

MAJOR HOLDING

On 9 October Caixa Galicia announced that it had through a number of transactions on the stock exchange reduced to 1.95% its stake and attendant voting rights in Galp Energia.

DIVIDEND PAYMENT

Galp Energia announced on 19 October the payment of a dividend of 0.152 euros per share on 7 November 2007.

EXPLORATION & PRODUCTION

GALP ENERGIA AND PDVSA SIGN A MEMORANDUM OF UNDERSTANDING FOR JOINT PROJECTS

Galp Energia and PDVSA signed on 2 October a memorandum of understanding for the development of joint projects in the energy sector and the establishment of ways of cooperation between the two companies, including the possibility of developing activities relating to the exploration, production and supply of oil and gas.

The most important short-, medium- and long-term projects to be analysed include (i) the possibility for Galp Energia to join oil exploration and production projects currently under way in Venezuela, (ii) Galp Energia's participation in quantifying and certifying oil reserves in the Orinoco Oil Belt and (iii) the possibility for Galp Energia to participate in a project for the development of gas on Venezuela's offshore and in a terminal for liquefying natural gas.

GALP ENERGIA UPDATES RESULTS FROM THE *TUPI SUL* WELL

Petrobras, the operator of a consortium for exploring block BM-S-11 in deep water on the Santos basin in Brazil, in which Galp Energia has a stake of 10%, announced on 8 November it had concluded an analysis of tests of the second well – Tupi Sul – on an area named Tupi and estimated the recoverable volume of 28º API light crude at between 5 and 8 billion barrels of oil and natural gas.

REFINING & MARKETING

GALP ENERGIA AGREES TO BUY AGIP ESPAÑA AND AGIP PORTUGAL FROM ENI

On 19 October Galp Energia agreed with Eni to buy the operations for marketing oil products the latter owns in Portugal and Spain through AGIP Portugal and AGIP España, respectively. The price of the transaction will be determined by three investment banks to be jointly selected by the parties. The choice of this method aims to ensure a transparent process as well as a transaction priced at fair market value, in accordance with international best practice. Execution of the transaction is subject to approval by the relevant authorities.

With this acquisition Galp Energia will manage more than 500 service stations in Spain and sales will top 5 million tonnes a year.

GALP ENERGIA SIGNS AGREEMENTS FOR THE EXECUTION OF THE CONVERSION PROJECT

Galp Energia signed on 19 October the contracts for refinery conversion. Técnicas Reunidas, S.A. will develop the Sines project and Fluor Ltd. will be charged with the Porto project.

HOLDINGS

1. MAJOR HOLDINGS

Company	Country	Business Segment	Equity Share	Consolidation method
Petróleos de Portugal, Petrogal, S.A.	Portugal	R&M	100%	Full
Galp Energia España, S.A.	Spain	R&M	100%	Full
Galp Exploração e Produção Petrolífera, S.A..	Portugal	E&P	100%	Full
CLCM - Companhia Logística da Madeira, S.A.	Portugal	R&M	75%	Full
CLC - Companhia Logística de Combustíveis, S.A.	Portugal	R&M	65%	Proportional
CLH - Compañia Logística de Hidrocarboros, S.A.	Spain	R&M	5%	Equity
GDP, Gás de Portugal, SGPS, S.A.	Portugal	G&P	100%	Full
Galp Gás Natural, S.A.[1]	Portugal	G&P	100%	Full
Transgás, S.A.[2]	Portugal	G&P	100%	Full
Transgás, Armazenagem, S.A.	Portugal	G&P	100%	Full
EMPL - Europe MaghrebPipeline, Ltd	Spain	G&P	27%	Equity
Gasoduto Al-Andaluz, S.A.	Spain	G&P	33%	Equity
Gasoduto Extremadura, S.A.	Spain	G&P	49%	Equity
GDP Distribuição, SGPS, S.A.	Portugal	G&P	100%	Full
Lisboagas, SA	Portugal	G&P	100%	Full
Lusitaniagás, S.A.	Portugal	G&P	100%	Full
Setgás, S.A.	Portugal	G&P	45%	Equity
Beiragás, S.A.	Portugal	G&P	59%	Full
Duriensegás, S.A.	Portugal	G&P	100%	Full
Tagusgás, S.A.	Portugal	G&P	41%	Equity
Galp Power, SGPS, S.A.	Portugal	G&P	100%	Full
Galp Energia, S.A.	Portugal	Others	100%	Full

[1] Fomer Transgás, S.A.
[2] Former Transgás Industria, S.A.

2. INCOME FROM ASSOCIATED COMPANIES

Million Euros								
Third quarter					Nine months			
2006	2007	Change	% Ch.		2006	2007	Change	% Ch.
2.9	2.3	(0.6)	(21.4%)	CLH	4.9	5.7	0.7	14.8%
7.3	9.7	2.4	32.5%	International Pipelines	26.0	27.1	1.1	4.4%
0.5	0.2	(0.3)	(64.4%)	Setgás - Natural Gas Distribution Company	1.9	1.8	(0.1)	(4.1%)
(0.9)	1.7	2.6	n.m.	Others	(0.4)	2.5	2.9	n.m.
9.9	**13.9**	**4.0**	**40.4%**	**Sub total**	**32.4**	**37.1**	**4.7**	**14.5%**
0.3	1.6	1.3	n.m.	Consolidation adjustments	(2.8)	9.3	12.1	n.m.
10.2	**15.5**	**5.3**	**51.7%**	**Total**	**29.6**	**46.4**	**16.8**	**56.8%**

RECONCILIATION OF REPORTED AND ADJUSTED FIGURES

1. ADJUSTED OPERATING RESULT BY BUSINESS SEGMENT

Million euros										
Third quarter					2007	Nine months				
Operating result	Inventory effect	Operating result at replacement cost	Non recurrent items	Adjusted operating result		Operating result	Inventory effect	Operating result at replacement cost	Non recurrent items	Adjusted operating result
218	**(67)**	**151**	**(4)**	**147**	**Operating result**	**735**	**(209)**	**527**	**(1)**	**526**
48	-	48	(2)	46	E&P	118	-	118	2	121
134	(68)	66	(1)	66	R&M	477	(220)	257	0	257
36	1	37	(2)	35	G&P	136	11	148	(3)	145
(0)	-	(0)	-	(0)	Others	4	-	4	-	4

Million euros										
Third quarter					2006	Nine months				
Operating result	Inventory effect	Operating result at replacement cost	Non recurrent items	Adjusted operating result		Operating result	Inventory effect	Operating result at replacement cost	Non recurrent items	Adjusted operating result
458	**73**	**531**	**(270)**	**261**	**Operating result**	**936**	**(127)**	**809**	**(281)**	**528**
34	-	34	-	34	E&P	39	-	39	-	39
84	79	163	(21)	142	R&M	427	(130)	297	(31)	265
343	(6)	336	(255)	82	G&P	470	3	473	(254)	218
(2)	-	(2)	5	3	Others	0	-	0	5	5

2. ADJUSTED EBITDA BY BUSINESS SEGMENT

Million euros										
Third quarter					2007	Nine months				
EBITDA	Inventory effect	EBITDA at replacement cost	Non recurrent items	Adjusted EBITDA		EBITDA	Inventory effect	EBITDA at replacement cost	Non recurrent items	Adjusted EBITDA
283	**(67)**	**216**	**(5)**	**211**	**EBITDA**	**930**	**(209)**	**721**	**(9)**	**712**
62	-	62	(2)	59	E&P	161	-	161	(2)	159
175	(68)	107	(0)	107	R&M	600	(220)	380	(1)	379
46	1	47	(3)	44	G&P	164	11	175	(6)	169
0	-	0	-	0	Others	4	-	4	-	4

Million euros										
Third quarter					2006	Nine months				
EBITDA	Inventory effect	EBITDA at replacement cost	Non recurrent items	Adjusted EBITDA		EBITDA	Inventory effect	EBITDA at replacement cost	Non recurrent items	Adjusted EBITDA
532	**73**	**605**	**(266)**	**339**	**EBITDA**	**1,150**	**(127)**	**1,023**	**(276)**	**746**
41	-	41	-	41	E&P	59	-	59	-	59
149	79	229	(31)	198	R&M	587	(130)	457	(41)	416
343	(6)	337	(240)	97	G&P	503	3	505	(240)	265
(1)	-	(1)	5	4	Others	1	-	1	5	6

3. NON RECURRENT ITEMS

Exploration & Production

Million Euros				
Third quarter			Nine months	
2006	2007		2006	2007
-	**-**	**Exclusion of non recurrent items**	**-**	**-**
-	0.3	Assets impairments	-	4.6
-	(2.3)	Others		(2.3)
-	**(2.0)**	**Non recurrent items of operating result**	**-**	**2.3**
-	(1.5)	Other financial results	-	(1.5)
-	**(3.6)**	**Non recurrent items before income taxes**	**-**	**0.8**
-	(0.8)	Income taxes on non recurrent items	-	(0.8)
-	**(4.3)**	**Total non recurrent items**	**-**	**0.0**

Refining & Marketing

Million Euros				
Third quarter			Nine months	
2006	2007		2006	2007
-	**-**	**Exclusion of non recurrent items**	**-**	**-**
0.0	-	Sale of strategic stock	(7.1)	0.3
(38.9)	-	Monobuoy restatment	(38.9)	-
(0.3)	(0.1)	Gains / losses on disposal of assets	(2.5)	(3.1)
0.0	0.0	Assets write offs	0.2	0.0
8.6	(0.0)	Employees contracts rescission	8.6	1.7
0.5	(0.2)	Provisions for environmental charges	0.5	2.0
9.3	(0.3)	Assets impairments	9.3	(0.8)
-	0.0	Others	(1.5)	0.0
(20.7)	**(0.6)**	**Non recurrent items of operating result**	**(31.4)**	**0.1**
0.0	-	Capital gains / losses on disposal of financial investments	-	(1.1)
(20.7)	**(0.6)**	**Non recurrent items before income taxes**	**(31.4)**	**(1.1)**
5.8	0.1	Income taxes on non recurrent items	8.8	0.3
(14.9)	**(0.5)**	**Total non recurrent items**	**(22.6)**	**(0.8)**

Gas & Power

Third quarter			Nine months	
2006	2007	Million Euros	2006	2007
		Exclusion of non recurrent items		
(241.1)	(2.6)	Gains / losses on disposal of assets	(241.2)	(2.6)
-	(0.0)	Assets Write offs	0.0	0.1
-	-	Collections related to the sale of land	-	(3.5)
1.0	-	Employees contracts rescission	1.0	-
-	-	Restructuring provision	0.1	2.7
-	0.9	Provisions for environmental charges	-	-
(14.5)	-	Unbundling depreciations	(14.5)	-
(254.6)	**(1.7)**	**Non recurrent items of operating result**	**(254.5)**	**(3.3)**
20.0	(20.8)	Capital gains / losses on disposal of financial investments	20.0	(20.8)
(234.5)	**(22.5)**	**Non recurrent items before income taxes**	**(234.5)**	**(24.1)**
9.7	0.6	Income taxes on non recurrent items	9.7	1.0
(224.9)	**(21.9)**	**Total non recurrent items**	**(224.8)**	**(23.1)**

Others

Third quarter			Nine months	
2006	2007	Million Euros	2006	2007
		Exclusion of non recurrent items		
5.0	0.0	Gains / losses on disposal of assets	5.0	-
(0.0)	0.0	Assets write-offs	-	-
0.1	-	Provisions for environmental charges	-	-
5.1	**0.0**	**Non recurrent items of operating result**	**5.0**	**-**
-	-	Capital gains / losses on disposal of financial investments	-	-
5.1	**0.0**	**Non recurrent items before income taxes**	**5.0**	**-**
0.0	-	Income taxes on non recurrent items	0.0	-
5.1	**0.0**	**Total non recurrent items**	**5.0**	**-**

Consolidated

Million Euros				
Third quarter			Nine months	
2006	2007		2006	2007
		Exclusion of non recurrent items		
0.0	-	Sale of strategic stock	(7.1)	0.3
(38.9)	-	Monobuoy restatment	(38.9)	-
(236.3)	(2.7)	Gains / losses on disposal of assets	(238.7)	(5.7)
0.0	0.0	Assets write off	0.3	0.1
-	-	Collections related to the sale of land	-	(3.5)
9.6	(2.3)	Employees contracts rescission	9.6	1.7
0.0	-	Restructuring costs	0.1	-
0.5	0.7	Provisions for environmental charges	0.5	4.7
9.3	(0.1)	Assets impairments	9.3	3.7
(14.5)	-	Unbundling depreciations	(14.5)	-
-	0.0	Others	(1.5)	(2.3)
(270.3)	**(4.3)**	**Non recurrent items of operating result**	**(280.9)**	**(0.9)**
20.1	(20.8)	Capital gains / losses on disposal of financial investments	20.0	(22.0)
-	(1.5)	Other financial results	-	(1.5)
(250.2)	**(26.7)**	**Non recurrent items before income taxes**	**(260.9)**	**(24.4)**
15.5	(0.1)	Income taxes on non recurrent items	18.5	0.5
(234.7)	**(26.8)**	**Total non recurrent items**	**(242.4)**	**(23.9)**

FINANCIAL STATEMENTS

1. CONSOLIDATED INCOME STATEMENT

Million euros				
Third quarter			Nine months	
2006	2007		2006	2007
		Operating income		
3,237	3,205	Sales	9,279	9,029
25	37	Services rendered	114	107
339	28	Other operating income	359	68
3,601	**3,270**	**Total operating income**	**9,753**	**9,204**
		Operating costs		
(2,809)	(2,756)	Inventories consumed and sold	(7,929)	(7,593)
(135)	(159)	Material and services consumed	(391)	(466)
(84)	(67)	Personnel costs	(224)	(197)
(63)	(60)	Amortisation and depreciation cost	(188)	(179)
(11)	(5)	Provision and impairment of receivables	(26)	(15)
(42)	(4)	Other operating costs	(58)	(18)
(3,143)	**(3,051)**	**Total operating costs**	**(8,816)**	**(8,468)**
458	**218**	**Operating profit**	**936**	**735**
7	5	Financial income	14	13
(14)	(12)	Financial costs	(46)	(37)
(1)	(5)	Exchange gain (loss)	3	(7)
(10)	36	Result of participation in associates	10	68
(2)	(0)	Income and cost on financial instruments	2	1
(0)	(0)	Other gains and losses	(1)	(1)
438	**242**	**Profit before taxes**	**918**	**772**
(68)	(53)	Income tax expense	(192)	(179)
370	**189**	**Profit before minority interest**	**726**	**593**
(1)	(1)	Profit attributable to minority interest	(3)	(3)
369	**188**	**Net profit for the period**	**723**	**589**
0.45	**0.23**	**Earnings per share (in Euros)**	**0.87**	**0.71**

2. CONSOLIDATED BALANCE SHEET

Million euros	Dec 31, 2006	Jun 30, 2007	Sep 30, 2007
Assets			
Non current assets			
Tangible fixed assets	1,927	1,970	2,001
Goodwill	17	17	18
Other intangible fixed assets	325	323	323
Investments in associates	147	152	172
Investments in other participated companies	1	1	1
Other receivables	107	104	96
Deferred tax assets	145	129	130
Other financial investments	1	2	1
Total non current assets	**2,671**	**2,699**	**2,741**
Current assets			
Inventories	1,065	1,191	1,114
Trade receivables	960	1,008	998
Other receivables	318	351	280
Other financial investments	14	16	23
Current Income tax recoverable	0	0	0
Cash and cash equivalents	212	182	132
Total current assets	**2,571**	**2,747**	**2,547**
Total assets	**5,242**	**5,446**	**5,289**
Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	(10)	(13)	(16)
Other reserves	107	146	146
Hedging reserves	1	2	1
Retained earnings	255	718	718
Profit attributable to equity holders of the parent	755	401	589
Equity attributable to equity holders of the parent	**2,018**	**2,165**	**2,350**
Minority interest	19	21	22
Total equity	**2,037**	**2,186**	**2,371**
Liabilities			
Non current liabilities			
Bank loans and overdrafts	287	273	266
Bonds	226	226	226
Other payables	70	68	66
Retirement and other benefit obligations	242	249	251
Deferred tax liabilities	93	117	115
Other financial instruments	0	0	0
Provisions	83	85	82
Total non current liabilities	**1,001**	**1,018**	**1,006**
Current liabilities			
Bank loans and overdrafts	566	600	358
Bonds	20	-	-
Trade payables	692	664	663
Other payables	843	916	880
Other financial instruments	3	8	8
Income tax	78	54	3
Total current liabilities	**2,204**	**2,242**	**1,912**
Total liabilities	**3,205**	**3,260**	**2,917**
Total equity and liabilities	**5,242**	**5,447**	**5,289**

ADDITIONAL INFORMATION

DEFINITIONS

BBLT	Benguela, Belize, Lobito and Tomboco
CLH	Companhia Logística de Hidrocarburos, S.A.
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation. Refers to a measurement that we use to measure operating performance. EBITDA represents operating results plus amortisation, depreciation and provisions. EBITDA is presented because we believe that it is frequently used by securities analysts, investors and other interested parties as a measure of a company's operating performance and debt servicing ability given that it assists in comparing a company's performance on a consistent basis without regard to depreciation and amortisation, which can vary significantly depending on accounting methods or non-operating factors (such as the use of historical costs).
EGREP	Empresa Gestora de Reservas Estratégicas, EPE;
ENI	ENI, S.p.A.
FIFO	First In First Out;
Galp Energia, company or group	Galp Energia, SGPS, S.A. and associated companies
IFRS	International Financial Reporting Standards;
IPO	Initial Public Offering
IRP	Tax on crude oil sales in Angola;
Natural Gas Regulated Assets	Natural gas transportation and storage assets and liquefied natural gas regasification assets;

Parpública	Parpública – Participações Públicas (SGPS), S.A.
REN	Rede Eléctrica Nacional, S.A.;
Replacement Cost	Under this methodology, the cost of goods sold is valued at "replacement cost", that is, the cost of goods at the time the sales occur and independently of inventories held at the beginning or end of periods. "Replacement cost" is not a recognised GAAP measure, is not adopted for purposes of valuing inventories and does not reflect the replacement cost of other assets.
Rotterdam cracking margins	Rotterdam Cracking refining margin yield is composed of: -100% Brent Dated, +25,4% PM UL FOB Bg, +7,1% Naphtha FOB Bg, +8,5% Jet CIF Cg, +38% ULSD CIF Cg and +14% LSFO FOB Cg. Rotterdam margins include fuel & losses and freights. Freight for rout TD7 of 0.59 Usd/bbl in 2006.
Rotterdam hydroskimming + aromatics refining margin	Rotterdam Hydroskimming + aromatics refining margin is calculated using 70% of Rotterdam Hydroskimming refining margin and 30% of aromatics margins. The yield of Rotterdam Hydroskimming refining margin is composed of: -100% Brent Dated, +15,1% PM UL FOB Bg, +5,1% Naphtha FOB Bg, +9% Jet CIF Cg, +36,5% ULSD CIF Cg and +30,3% LSFO FOB Cg. Aromatics margin yield is -100% PM UL FOB Bg, -12% LSFO CIF NEW, +37% Naphtha FOB Bg, +16,5% PM UL FOB Bg, +6,5% Benzene FOB Bg, +18,5% Toluene FOB Bg, +16,5% Paraxylene FOB Bg and +4,9% Ortoxylene FOB Bg. Rotterdam margins include fuel & losses and freights. Freight for rout TD7 of 0.59 Usd/bbl in 2006.
TL	Tombua Lândana
US	United States of America;

ABBREVIATIONS

bbl: barrel(s); bbl/d: barrel(s) per day; Bg: Barges; Cg: Cargoes; CIF: Costs, Insurance and Freights; E&P: Exploration and Production; Eur: euro; FOB: Free on Board; G&P: Gas & Power; LSFO: Low sulphur fuel oil; m3: cubic meters; n.m.: not meaningful; PM UL: Premium unleaded; R&M: Refining & Marketing including petrochemicals; ULSD CIF Cg: Ultra Low sulphur diesel CIF Cargoes; Usd: US dollar; OPEC- Organization of the Petroleum Exporting Countries.

Investor Relations
Phone: +351 21 724 08 66
Fax: +351 21 724 29 65
E-mail: investor.relations@galpenergia.com
Website: www.galpenergia.com

Galp Energia, SGPS, S.A.
Public Company
Head Officce: Rua Tomás da Fonseca Torre C, 1600-209 Lisbon
Share Capital: 829.250.635 Euros
Registered at the commercial registry Office of Lisbon
Company tax number 504 499 777