



RESULTS

SECOND QUARTER AND FIRST HALF 2009

Extending success into new challenges



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EXECUTIVE SUMMARY

Galp Energia's replacement cost adjusted (RCA) net profit in the first half of 2009 fell 52.7% year on year (yoy) to €101 million as an adverse economy affected operating performance negatively. However, RCA net profit of €52 million in the second quarter showed an improvement of 5.4% compared with the previous quarter.

First-half results were influenced by the fall in dated Brent and the deterioration in refining margins which had a significant impact in the results of Exploration & Production and Refining & Marketing, respectively. The Gas & Power business segment was separately hit by lower sales of natural gas in comparison with the first half of 2008.

SUMMARY OF RESULTS – SECOND QUARTER AND FIRST HALF 2009

- The working interest production of crude oil in the first half of 2009 dropped 9.1% yoy to 13.3 thousand barrels a day following maintenance works and production cuts by OPEC; in the second quarter, production was basically unchanged quarter on quarter (qoq) at 13.4 thousand barrels a day;
- Galp Energia's refining margin in the first half fell 41.6% yoy to Usd 2.1/bbl as middle distillates crack spreads dropped on international markets and the spread between heavy and light crude oil shrank. In the second quarter, the refining margin fell Usd 1.2/bbl qoq to Usd 1.6/bbl;
- The cover of refining by marketing of oil products soared to 95.6% in the first half of 2009 from 70.1% a year earlier; this sharp rise stemmed both from lower production at the Sines refinery following the incident in the utilities factory in the

first quarter of the year and larger volumes sold following the completed acquisition of Agip's and ExxonMobil's Iberian subsidiaries. In the second quarter, the ratio was 86.9%, up from 67.3% a year earlier;

- Sales of natural gas in the first half dropped 25.8% yoy to 2,189 million cubic metres; this was primarily due to falling sales in the liberalised market, particularly in the electrical and trading segments; in the second quarter, sales recovered 3.7% qoq to 1,115 million cubic metres;
- Replacement cost adjusted (RCA) EBITDA dropped in the first half 37.5% yoy to €281 million. In the second quarter, RCA EBITDA was €130 million;
- The RCA net profit of €101 million in the first half was equivalent to €0.12 per share, with the second quarter contributing €0.06 per share; in IFRS terms, the net profit for the first half was €137 million, or €0.16 per share;
- 63.7% of the total investment of €264 million occurred in the second quarter and was channelled to Refining & Marketing, particularly the refinery conversion project.

EARNINGS RELEASE

Date and time: Wednesday 5 August, 5:00pm GMT (6:00pm CET)
Venue: Galp Energia Head Office – Tower A – Auditorium 1

CONFERENCE CALL

Date: Thursday 6 August 2009
Time: 9:00am GMT (10:00am CET)
Hosted by: Manuel Ferreira De Oliveira (CEO)
Claudio De Marco (CFO)
Tiago Villas-Boas (IRO)
Phones: UK:+44 (0) 203 14 74 600
Portugal: 707 785 662
Chairperson: Tiago Villas-Boas

KEY FIGURES

Financial data

Second quarter					First half			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
399	171	(228)	(57.1%)	EBITDA	743	311	(433)	(58.2%)
211	115	(96)	(45.4%)	EBITDA RC ¹	444	260	(184)	(41.4%)
216	130	(86)	(39.8%)	EBITDA RCA²	449	281	(169)	(37.5%)
345	104	(241)	(69.8%)	Operating profit	621	169	(452)	(72.8%)
157	48	(109)	(69.2%)	Operating profit RC ¹	322	119	(203)	(63.1%)
148	57	(91)	(61.5%)	Operating profit RCA²	316	132	(185)	(58.4%)
250	93	(158)	(63.0%)	Net profit	446	137	(309)	(69.4%)
112	52	(60)	(53.7%)	Net profit RC ¹	218	96	(122)	(55.8%)
105	52	(53)	(50.5%)	Net profit RCA²	214	101	(113)	(52.7%)

¹ Replacement cost figures exclude inventory effects

² Adjusted figures exclude inventory effects and other non recurrent items

Market indicators

Second quarter					First half			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
2.7	1.1	(1.6)	(59.5%)	Rotterdam cracking refining margin ¹ (Usd/bbl)	1.7	2.0	0.4	22.9%
(1.7)	(0.6)	1.1	65.1%	Rotterdam hydroskimming + aromatics + base oil refining margin ¹ (Usd/bbl)	(2.0)	1.0	2.9	n.m.
61.0	27.6	(33.4)	(54.7%)	UK NBP natural gas price ² (GBP/term)	57.1	37.2	(19.8)	(34.8%)
56.9	37.0	(19.9)	(35.0%)	Spanish pool price ² (€/MWh)	61.4	40.0	(21.4)	(34.8%)
121.4	58.8	(62.6)	(51.6%)	Average Brent dated price ³ (Usd/bbl)	109.1	51.6	(57.5)	(52.7%)
1.56	1.36	(0.2)	(12.7%)	Average exChg. rate ⁴ (Eur/Usd)	1.53	1.33	(0.2)	(12.9%)
4.93	1.51	(3 p.p.)	n.m.	Euribor - six month ⁴ (%)	4.71	1.81	(3 p.p.)	n.m.

Source: Platts. For a complete description of the method for calculating Rotterdam margins see "Definitions"

Source: Bloomberg

Source: Platts

Source: European Central Bank, Euribor 360

Operating data

Second quarter					First half			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
15.5	13.4	(2.2)	(13.9%)	Average working interest production (kbbbl/day)	14.7	13.3	(1.3)	(9.1%)
11.3	9.3	(2.0)	(17.7%)	Average net entitlement production (kbbbl/day)	10.6	8.9	(1.7)	(16.3%)
4.0	1.6	(2.4)	(59.6%)	Galp Energia refining margin (Usd/bbl)	3.5	2.1	(1.5)	(41.6%)
3.6	3.2	(0.4)	(10.0%)	Raw materials processed (million tonnes)	7.1	5.2	(1.9)	(26.6%)
2.3	2.8	0.5	21.8%	Oil sales direct clients (million tonnes)	4.6	5.6	1.0	21.1%
1,478	1,115	(364)	(24.6%)	Natural gas sales (million m ³)	2,950	2,189	(760)	(25.8%)
109	137	28	25.4%	Electric power generation ¹ (GWh)	245	284	38	15.5%

¹ Includes unconsolidated companies where Galp Energia has a significant interest

BASIS OF PRESENTATION

Galp Energia's unaudited, consolidated financial statements for the six months ended 30 June 2008 and 2009 have been prepared in accordance with IFRS. The financial information relating to the consolidated income statement is reported for the quarters ended on 30 June 2009 and 30 June 2008 and the half-years ended on these dates. The financial information relating to the consolidated balance sheet is reported at 30 June 2009, 31 March 2009 and 31 December 2008.

Galp Energia's financial statements are prepared in accordance with IFRS whereby the cost of goods sold has since 1 November 2008 been valued at weighted-average cost (WAC). A detailed description of the change in this accounting principle is given in the recent changes section. Using this valuation criterion may cause volatility in earnings when commodity and goods prices fluctuate as gains or losses are made on inventories which do not reflect the company's operating performance. In this document, this effect is called the *inventory effect*.

Another factor that may affect the company's results without being an indicator of its true performance is the set of non recurrent events which includes gains or losses on the disposal of assets, impairments or reinstatements of fixed assets and environmental or restructuring charges.

For the purpose of evaluating the operating performance of Galp Energia's business, replacement cost adjusted (RCA) operating and net profits exclude non recurrent events and the inventory effect, the latter through the use of the replacement cost method.

RECENT CHANGES

In January 2009, Galp Energia adopted the equity method for accounting for its jointly-controlled equity stakes. These had up to the end of 2008 been consolidated by the proportionate method. This

change followed the publication of Exposure Draft 9 by the International Accounting Standards Board (IASB) which recommended the use of the equity method when accounting for equity stakes in jointly-controlled entities and was scheduled to be effective from the first quarter of 2009. The change in this accounting policy was not applied to the financial statements relating to the first half and the second quarter of 2008, the reason they are not directly comparable with the financial statements for the first half and the second quarter of 2009.

The inventory valuation method was changed from FIFO to WAC in the fourth quarter of 2008. Up to switching to IAS/IFRS accounting in 2004, Galp Energia used FIFO. However, considering the company's breadth of inventories and their diverse geographical locations, the conclusion was drawn that WAC, a method widely-used by peers, would be the most suitable one. To make periods comparable, these changes were impacted on the results of the first half and the second quarter of 2008.

The acquisition of Agip's and ExxonMobil's Iberian subsidiaries, which were completed on 1 October and 1 December 2008, respectively, affected the comparability of results. Agip's operations have been consolidated since 1 October 2008 and ExxonMobil's since 1 January 2009.

MARKET ENVIRONMENT

BRENT

In a movement that picked up speed in the second quarter, dated Brent climbed 86.2% in the first half of 2009. The average price in the first half was Usd 51.6/bbl, 52.7% down from a year earlier, when crude oil prices reached high levels.

In the first quarter of 2009, dated Brent was markedly volatile, first rising as expectations rose of OPEC cutting production, then falling as demand weakened and inventories mounted and finally rising again as sentiment of a recovering world economy improved.

In the second quarter, the rising trend set in at the end of the previous quarter gained momentum, particularly from May, when dated Brent averaged Usd 58.8/bbl, up 32.4% qoq. This rise was supported in the first half's last two months by better economic data, higher demand from the refineries after stops for maintenance, the start of the US driving season and OPEC's adherence to the production targets set at the end of May.

OIL PRODUCTS

The average gasoline crack spread dropped in the first half of the year 10.9% yoy to Usd 13.9/bbl. However, the spread rose consistently month on month from December 2008 and averaged Usd 20.8/bbl in June. Lower gasoline supply following lower capacity utilisation as refineries adapted to lower crack spreads for middle distillates, coupled with higher demand in the second quarter as the driving season started in the US, drove the rise in the gasoline crack in the first half. Rising demand for European gasoline from Nigeria and the Middle East and higher demand for Asian gasoline from Africa and the US West Coast also contributed to the rise.

The diesel crack spread tumbled 61.2% yoy in the first half of 2009. Lower world demand following lower activity in the industrial and transport sectors weighed on the spread in the first quarter. While the average

crack spread in April was on a par with March, high stockpiles in May and June, both onshore and offshore, kept the spread from stabilising.

The average fuel oil crack spread improved in the first half to Usd -13.8/bbl from Usd -37.9/bbl a year earlier. Although the crack benefited from the impaired competitiveness of natural gas and lower production of heavier crude oil by OPEC, the negative spread widened in the second quarter as the dated Brent rose.

REFINING MARGINS

Average cracking and hydroskimming margins improved yoy in the first half of 2009 to Usd 2.0/bbl and Usd -0.3/bbl by Usd 0.4/bbl and Usd 3.2/bbl, respectively. In spite of the improvement over the first half, the second quarter showed a less favourable pattern than the first one as the cracking margin averaged Usd 1.1/bbl and the hydroskimming margin Usd -1.6/bbl. The steep rise in dated Brent in the second quarter, coupled with steadily deteriorating crack spreads for middle distillates, was at the source of this declining trend. In spite of their improvement year on year, the fuel oil crack spreads could not halt the fall in middle distillates and dragged hydroskimming margins to negative terrain, that is, negative monthly averages from March 2009.

EUR/USD

In the first half of 2009, the average euro/dollar exchange rate was, at Usd 1.33, 12.9% lower yoy and 5.7% lower than in the second half of 2008. While the euro bottomed out at Usd 1.26 in early March, it rose in the second quarter consistently, leading it to peak for the year at Usd 1.42 in early June. The valuation of dollar was due to an increased optimism regarding the economic recovery followed by an increase in risk appetite relative to safe-haven assets, such as the dollar.

THE IBERIAN MARKET

The Portuguese market for oil products contracted 2.1% yoy in the first half of 2009 to 5.2 million tonnes. By product, the market for diesel expanded 1.7% yoy to 2.6 million tonnes whereas the markets for gasoline and jet contracted 1.9% and 9.5% to 0.7 and 0.4 million tonnes, respectively.

While the year-on-year negative change in the Portuguese market for oil products reached 3.6% in the first quarter of 2009, in the second quarter the year-on-year change recovered to -0.7% and a volume of 2.6 million tonnes. By product, the year-on-year changes in gasoline, jet and diesel all recovered, particularly the last one which improved from 2008 figures.

The Spanish market for oil products fell by 6.2% yoy in the first half of 2009 to 30.0 million tonnes.

In the first quarter, the Spanish market for oil products contracted 6.1% yoy to 15.2 million tonnes. The shrinkage affected gasoline, diesel and jet, albeit to differing degrees: 6.9%, 7.2% and 16.5%, respectively. In the second quarter, demand also deteriorated, 6.4% yoy, to 14.7 million tonnes. By

product, the year-on-year losses in this second half of the period were: for gasoline 4.1% to 1.1 million tonnes, diesel 6.5% to 6.5 million tonnes and jet 14.8% to 1.0 million tonnes.

The Portuguese market for natural gas shrank 12.5% yoy in the first half of 2009 to 2,098 million cubic metres. This loss followed from lower demand from electricity producers, who used hydro power instead of natural gas, particularly in the first quarter of the year, as rainfall peaked. Lower demand from the industrial sector was caused by the slowdown in economic activity.

In the second quarter of the year, the market for natural gas recovered 3.4% qoq to 1,066 million cubic metres. Year on year, the market still shrank 7.9% as coal boosted its role in power generation and demand from the industrial segment slumped.

Market indicators

Second quarter					First half			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
121.4	58.8	(62.6)	(51.6%)	Average Brent dated price ¹ (Usd/bbl)	109.1	51.6	(57.5)	(52.7%)
36.4	8.8	(27.6)	(75.8%)	Diesel crack ² (USD/bbl)	29.8	11.6	(18.2)	(61.2%)
17.4	18.2	0.8	4.7%	Gasoline ³ crack (Usd/bbl)	15.6	13.9	(1.7)	(10.9%)
(42.3)	(15.2)	27.1	64.0%	Fuel oil crack ⁴ (Usd/bbl)	(37.9)	(13.8)	24.1	63.5%
2.7	1.1	(1.6)	(59.5%)	Rotterdam cracking refining margin ¹ (Usd/bbl)	1.7	2.0	0.4	22.9%
(2.9)	(1.6)	1.3	44.6%	Rotterdam hydroskimming refining margin ¹ (Usd/bbl)	(3.5)	(0.3)	3.2	91.6%
2.7	2.6	(0.0)	(0.7%)	Portuguese oil market ⁵ (million ton)	5.3	5.2	(0.1)	(2.1%)
15.7	14.7	(1.0)	(6.4%)	Spanish oil market ⁶ (million ton)	32.0	30.0	(2.0)	(6.2%)
1,158	1,066	(91)	(7.9%)	Portuguese natural gas market ⁷ (million m ³)	2,398	2,098	(300)	(12.5%)

¹ Source: *Platts*

² Source: *Platts*; *ULSD 10ppm NWE CIF ARA* (ULSD 50 ppm up to the end of October 2008)

³ Source: *Platts*; *Unleaded gasoline, NWE FOB Barges*

⁴ Source: *Platts*; 1% LSFO, NWE FOB Cargoes

⁵ Source: DGEG

⁶ Source: Cores. In 2009 the data for June is estimated on the basis of accumulated data up to and including May. Data for the second quarter of 2008 and the first half of 2008 has been adjusted to be comparable with the corresponding data for 2009, which includes the marine bunker segment

⁷ Source: Galp Energia

FINANCIAL REVIEW

1. INCOME STATEMENT

Million euros								
Second quarter					First half			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
4,044	2,866	(1,177)	(29.1%)	Turnover	7,537	5,793	(1,744)	(23.1%)
(3,646)	(2,704)	(942)	(25.8%)	Operating expenses	(6,811)	(5,512)	(1,299)	(19.1%)
2	9	7	n.m.	Other operating revenues (expenses)	17	29	12	68.5%
399	171	(228)	(57.1%)	EBITDA	743	311	(433)	(58.2%)
(54)	(67)	(13)	(24.0%)	D&A and provisions	(122)	(142)	19	15.8%
345	104	(241)	(69.8%)	Operating profit	621	169	(452)	(72.8%)
10	27	16	161.0%	Net profit from associated companies	22	44	22	98.2%
(0)	0	0	n.m.	Net profit from investments	(0)	0	0	n.m.
(4)	(15)	(11)	(240.2%)	Net interest expenses	(14)	(33)	(20)	(144.1%)
351	116	(235)	(67.0%)	Profit before tax and minority interests	629	180	(450)	(71.5%)
(100)	(22)	78	77.9%	Income tax	(180)	(40)	140	77.7%
(1)	(1)	(0)	(46.2%)	Minority Interests	(3)	(3)	0	0.8%
250	93	(158)	(63.0%)	Net profit	446	137	(309)	(69.4%)
250	93	(158)	(63.0%)	Net profit	446	137	(309)	(69.4%)
(138)	(41)	(97)	(70.5%)	Inventory effect	(228)	(40)	187	82.4%
112	52	(60)	(53.7%)	Net profit RC	218	96	(122)	(55.8%)
(7)	(0)	7	99.7%	Non recurrent items	(5)	5	9	n.m.
105	52	(53)	(50.5%)	Net profit RCA	214	101	(113)	(52.7%)

FIRST HALF

IFRS-based net profit in the first half of 2009 fell by €309 million yoy to €137 million partly as a result of a lower positive inventory effect compared with a year earlier.

Replacement cost adjusted (RCA) net profit also fell, to €101 million from €214 million a year earlier. This was mainly due to lower operating profits across all business segments, an outcome that was mitigated by a larger contribution from associates and a lower effective tax rate that was partly caused by lower IRP payable in Angola.

SECOND QUARTER

IFRS net profit in the second quarter fell by 63.0% yoy to €93 million, partly as a consequence of the positive inventory effect being, at €41 million, €97 million lower than a year earlier.

In RCA terms, the 50.5% fall in net profit yoy to €52 million reflected the deteriorating operating performance that followed from the unfavourable results in Exploration & Production and Gas & Power. This was partly offset by a lower effective tax rate, itself partly a result of a lower IRP. Quarter on quarter, RCA net profit improved by 5.4% as both Exploration & Production and Gas & Power picked up.

2. ANALYSIS OF INCOME STATEMENT ITEMS

SALES AND SERVICES RENDERED

Million euros								
Second quarter				First half				
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
4,044	2,866	(1,177)	(29.1%)	Sales and services rendered	7,537	5,793	(1,744)	(23.1%)
(24)	-	24	n.m.	Non recurrent items	(24)	-	24	n.m.
4,020	2,866	(1,153)	(28.7%)	Sales and services rendered RCA	7,512	5,793	(1,720)	(22.9%)
89	43	(46)	(52.0%)	Exploration & Production	155	53	(101)	(65.6%)
3,563	2,589	(974)	(27.3%)	Refining & Marketing	6,620	5,100	(1,519)	(23.0%)
466	296	(170)	(36.6%)	Gas & Power	916	725	(191)	(20.9%)
30	34	4	14.0%	Others	58	63	5	8.6%
(129)	(96)	33	25.8%	Consolidation adjustments	(236)	(148)	87	37.0%

FIRST HALF

Adjusted sales and services rendered dropped 22.9% yoy to €5,793 million. Whereas the fall in Exploration & Production stemmed from falling crude prices, the negative change in Refining & Marketing was caused by contracting markets for oil products and lower prices on international markets. Even so, sales in this business segment were favourably affected by the acquisition of Agip's and ExxonMobil's Iberian subsidiaries. In the Gas & Power business segment, sales and services rendered were adversely affected by lower volumes sold, as overall demand sagged, and also by falling prices of natural gas. As an example, the price at the UK's NBP tumbled 34.8% yoy.

SECOND QUARTER

As volumes fell, year-on-year changes in the second quarter turned negative across all business segments. Refining & Marketing sales, however, benefited from the positive effect of the AGIP and ExxonMobil acquisitions. The falling volumes and prices of crude, oil products and natural gas ultimately affected total sales in the quarter.

OTHER NET OPERATING REVENUES

Million euros								
Second quarter				First half				
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
2	9	7	n.m.	Other net operating revenues	17	29	12	68.5%
8	5	(4)	(43.0%)	Non recurrent items	8	(0)	(8)	n.m.
10	13	3	35.3%	Adjusted other net operating revenues	25	29	4	14.2%

Other net operating revenues in the first half of 2009 advanced €12 million yoy to €29 million. This increase was influenced by the €9 million charge in 2008 in connection with the abandonment of 10 onshore blocks in Brazil.

Other net operating revenues in the second quarter of 2009 increased to €9 million (€13 million in adjusted terms). Non recurrent events in the second quarter reflected the write-off of dry wells in the Brazilian onshore, which was partly offset by non recurrent

income related to indemnities regarding Sines refinery

incident.

OPERATING COSTS

Million euros								
Second quarter					First half			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
3,646	2,704	(942)	(25.8%)	Operational costs	6,811	5,512	(1,299)	(19.1%)
188	56	(132)	(70.3%)	Inventory effect	299	50	(249)	(83.2%)
3,835	2,760	(1,075)	(28.0%)	Operational costs RC	7,110	5,562	(1,548)	(21.8%)
(20)	(10)	10	n.m.	Non recurrent items	(20)	(20)	(1)	n.m.
3,815	2,750	(1,065)	(27.9%)	Operational costs RCA	7,090	5,541	(1,549)	(21.8%)
3,815	2,750	(1,065)	(27.9%)	Operational costs RCA	7,090	5,541	(1,549)	(21.8%)
3,596	2,489	(1,107)	(30.8%)	Cost of goods sold	6,645	5,024	(1,621)	(24.4%)
154	186	33	21.3%	Supply and services	309	364	56	18.1%
64	74	10	15.5%	Personnel costs	135	153	18	13.1%

FIRST HALF

RCA operating costs in the first half of 2009 decreased by 21.8% yoy to €5,541 million. This reduction was related to a lower cost of goods sold that was only partly offset by higher supply and services and personnel costs. Lower prices of crude oil and natural gas compared with a year earlier were a key factor in the lower cost of goods sold. The year-on-year rise in supply and services was mainly due to costs of €42 million as the acquired Agip and ExxonMobil operations were consolidated. The 13.1% rise in personnel costs was also related to the consolidation of the Iberian subsidiaries, which contributed €24 million to this cost item.

The non recurrent events are related to the incident in the Sines refinery and the personnel restructuring programme.

SECOND QUARTER

RCA operating costs in the second quarter of 2009 dropped 27.9% and, like for the half-year, the lower cost of goods sold was partly offset by increases in supply and services and personnel costs following the acquisition of the Agip and ExxonMobil operations, which had an impact of €19 million and €12 million, respectively.

Negative non recurrent events of €10 million were related to charges for restructuring the personnel base, particularly early retirement initiatives in Refining & Marketing and Gas & Power.

EMPLOYEES

	December 31, 2008	March 31, 2009	June 30, 2009	Change vs Dec 31, 2008	Change vs Mar 31, 2009
Exploration & Production	70	75	77	7	2
Refining & Marketing	6,686	6,610	6,660	(26)	50
Gas & Power	476	473	470	(6)	(3)
Corporate & Others	585	588	590	5	2
Total on site employees	7,817	7,746	7,797	(20)	51
Service stations employees	3,918	3,864	3,931	13	67
Total off site employees	3,899	3,882	3,866	(33)	(16)

At the end of June 2009, Galp Energia had 7,797 employees, 3,931 at service stations. The reduction of 16 off-site employees compared with the end of

March of 2009 is primarily related to the Refining & Marketing business segment.

DEPRECIATION AND AMORTISATION

Million euros								
Second quarter				First half				
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
47	56	9	18.3%	Depreciation & amortisation	105	121	16	15.1%
14	3	(12)	(81.9%)	Non recurrent items	12	(1)	(13)	n.m.
62	58	(3)	(5.3%)	Adjusted depreciation & amortisation	117	120	3	2.6%
62	58	(3)	(5.3%)	Adjusted depreciation & amortisation	117	120	3	2.6%
17	7	(10)	(56.8%)	Exploration & Production	29	20	(8)	(29.2%)
36	44	8	23.3%	Refining & Marketing	71	86	15	20.6%
9	7	(2)	(23.6%)	Gas & Power	17	13	(3)	(20.3%)
0	0	0	n.m.	Others	0	0	0	45.4%

FIRST HALF

Depreciation and amortisation in the first half of 2009 rose by 15.1% yoy to €121 million, which was close to the adjusted amount for the item in the period. Adjusted depreciation and amortisation in Exploration & Production fell by 29.2% yoy following the upward revision of net entitlement reserves as the price of crude oil fell. In Refining & Marketing, depreciation and amortisation increased by €15 million to €86 million as the Agip and ExxonMobil assets were acquired and additional investments related to the scheduled stop of the Sines refinery in the fourth quarter of 2008. Lower depreciation and amortisation in the Gas & Power business segment resulted from the extension to 40 years, until 2048, of the

concession agreement for the distribution of natural gas.

SECOND QUARTER

Depreciation and amortisation in the second quarter of 2009 increased to €56 million yoy or €58 million excluding non recurrent events. Lower non recurrent events were primarily related to the reversal of charges for the drilling of dry wells in the Brazilian onshore after they were written off. In adjusted terms, Exploration & Production had the steepest decline in depreciation and amortisation of 56.8% after the falling price of crude oil led to a lower depreciation rate as net entitlement reserves were revised

upwards. The Refining & Marketing and Gas & Power business segments reported percentage decreases in line with those for the half-year.

PROVISIONS

Million euros								
Second quarter				First half				
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
7	11	4	63.8%	Provisions	17	21	3	20.3%
(0)	4	4	n.m.	Non recurrent items	(1)	9	10	n.m.
7	15	8	119.0%	Adjusted provisions	16	29	13	79.9%
7	15	8	119.0%	Adjusted provisions	16	29	13	79.9%
1	2	1	67.9%	Exploration & Production	2	3	2	83.0%
(1)	6	7	n.m.	Refining & Marketing	0	12	12	n.m.
7	6	(1)	(9.8%)	Gas & Power	15	13	(2)	(11.9%)
(1)	0	1	n.m.	Others	(1)	1	1	n.m.

Provisions in the first half of 2009 increased 20.3% yoy to €21 million. Non recurrent events of €9 million were related to the reversal of provisions for doubtful debtors and the environment. Adjusted provisions of €29 million in the first half included: (i) provision relating to the NLNG II contract for the supply of

natural gas, currently under renegotiation, (ii) provisions for the cost of abandoning the BBLT and Kuito fields in Angola's Block 14 and (iii) provisions for doubtful debtors in the businesses of distribution of oil products and natural gas.

OPERATING PROFIT

Million euros								
Second quarter				First half				
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
345	104	(241)	(69.8%)	Operating profit	621	169	(452)	(72.8%)
(188)	(56)	132	70.3%	Inventory effect	(299)	(50)	249	83.2%
157	48	(109)	(69.2%)	Operating profit RC	322	119	(203)	(63.1%)
(9)	9	18	n.m.	Non recurrent items	(5)	13	18	n.m.
148	57	(91)	(61.5%)	Operating profit RCA	316	132	(185)	(58.4%)
148	57	(91)	(61.5%)	Operating profit RCA	316	132	(185)	(58.4%)
52	20	(32)	(61.2%)	Exploration & Production	94	21	(73)	(77.4%)
7	(9)	(16)	n.m.	Refining & Marketing	45	28	(18)	(38.9%)
85	38	(46)	(54.5%)	Gas & Power	170	71	(99)	(58.3%)
4	7	4	93.4%	Others	8	12	5	59.2%

FIRST HALF

IFRS-based operating profit in the first half of 2009 fell 72.8% yoy to €169 million. This drop resulted partly from the smaller inventory effect of €50 million in 2009 compared with the first half of 2008 of €299

million which was due to a smaller rise in the prices of crude and oil products in 2009.

In RCA terms, operating profit dropped 58.4% yoy to €132 million which was due to the weak performance

of all three business segments, reflecting not only the adverse economic environment but also the fall in the prices of crude, cracks of oil products and natural gas and the incident in the Sines refinery in the first quarter of 2009. These effects were, however, mitigated by the positive contribution of the Iberian subsidiaries acquired from Agip and ExxonMobil.

The €12 million contribution from Others is mainly related to cost savings benefits at corporate service level, whose role is to support the business segments

activities. The benefits will be allocated to business segments in the following periods.

SECOND QUARTER

IFRS operating profit in the second quarter of 2009 fell 69.8% to €104 million in line with the half-yearly change. The RCA operating profit fell 61.5% to €57 million as the difficult economic climate affected the performance of all business segments unfavourably, only mitigated by the contribution from Agip's and ExxonMobil's acquired operations.

OTHER RESULTS

Million euros								
Second quarter				First half				
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
10	27	16	161.0%	Net profit from associated companies	22	44	22	98.2%
(0)	0	0	n.m.	Net profit from investments	(0)	0	0	n.m.
(4)	(15)	(11)	n.m.	Financial results	(14)	(33)	(19)	n.m.

FIRST HALF

Results from associates in the first half of 2009 rose 98.2% yoy to €44 million. Several factors contributed to this: (i) the change in CLC's consolidation method from the proportionate to the equity method which had a favourable effect of €5 million, (ii) the results from the equity holdings in international gas pipelines EMPL, Metragaz, Gasoducto Al Andalus and Gasoducto Extremadura which contributed €22 million and (iii) the business added by ExxonMobil's Portuguese subsidiary which contributed €8 million.

Net financial losses deepened to €33 million primarily because of rising interest costs that resulted from the increase in average debt from €848 million in the first half of 2008 to €2,244 million in the first half of 2009,

despite the fall in the average cost of debt of 1.54 p.p. to 3.49%.

SECOND QUARTER

Results from associates in the second quarter of 2009 advanced €16 million to €27 million which was due to (i) the CLC's consolidation by the equity method which contributed €2 million, (ii) the results from the stakes in international gas pipelines with an effect of €11 million and (iii) the results of ExxonMobil's former Portuguese subsidiary which contributed €8 million including a capital gain of €6 million on the disposal of a plot of land, which was considered a non recurrent event.

Net financial losses went up to €15 million as average debt rose yoy and interest costs climbed as a result.

INCOME TAX

Million euros (except otherwise noted)								
Second quarter				First half				
2008	2009	Chg.	% Chg.		2008	2009	% Chg.	
100	22	(78)	(77.9%)	Income tax IFRS¹	180	40	(140)	(77.7%)
28%	19%	(9 p.p.)	n.m.	Effective income tax	29%	22%	(6 p.p.)	n.m.
(50)	(15)	(35)	n.m.	Inventory effect	(72)	(10)	(61)	n.m.
50	7	(43)	(86.2%)	Income tax RC¹	109	30	(79)	(72.3%)
(2)	3	5	n.m.	Non recurrent items	(1)	3	3	n.m.
48	10	(38)	(79.9%)	Income tax RCA¹	108	33	(76)	(69.8%)
31%	15%	(16 p.p.)	n.m.	Effective income tax	33%	24%	(9 p.p.)	n.m.

¹ Includes oil tax (IRP) payable in Angola

FIRST HALF

Income tax according to IFRS declined in the first half of 2009 77.7% yoy to €40 million. In RCA terms, it dropped 69.8% yoy to €33 million. The decline was caused by the fall in operating profit and the €40 million drop yoy to €12 million related to Angola's IRP. The effective RCA tax rate fell to 23.9% in the first half of 2009 from 33.3% a year earlier. Without the IRP's inclusion in the income tax, the effective RCA tax rate would have been 16.4%.

IFRS-based income tax in the second quarter of 2009 fell 77.9% yoy to €22 million. In RCA terms, it fell 79.9% yoy to €10 million as the IRP dropped to €6 million from €29 million a year earlier. The effective RCA tax rate fell to 15.3% from 31.0% in the second quarter of 2008. The sharper decrease in the effective tax rate in the second quarter compared with the entire first half was primarily due to (i) the recognition in the quarter of tax credits related to 2008 and (ii) the increased contribution of income already taxed to profit before tax as the consolidation of associates changed from the proportionate to the equity method.

SECOND QUARTER

3. CONSOLIDATED BALANCE SHEET

Million euros (except otherwise noted)					
	December 31, 2008	March 31, 2009	June 30, 2009	Change vs Dec 31, 2008	Change vs Mar 31, 2009
Fixed assets	3,881	3,698	3,824	(57)	126
Strategic stock	480	595	603	123	7
Other assets (liabilities)	(29)	(48)	(82)	(52)	(34)
Working capital	(249)	162	(27)	222	(189)
	4,082	4,408	4,318	236	(89)
Short term debt	687	636	242	(445)	(394)
Long term debt	1,304	1,592	1,985	681	392
Total debt	1,991	2,229	2,227	236	(2)
Cash	127	86	126	(1)	40
Total net debt	1,864	2,143	2,101	237	(42)
Total shareholder's equity	2,219	2,265	2,217	(1)	(47)
Capital employed	4,082	4,408	4,318	236	(89)

Capital spending in the second quarter boosted fixed assets by €126 million between the end of the first quarter and the end of the first half of 2009.

Efficient working capital management, however, reduced this item by €189 million in the second quarter.

Despite rising prices of oil products in international markets, the strategic stock remained stable compared with the end of the first quarter of 2009 as strategic obligations diminished.

DEBT

Million euros (except otherwise noted)										
	December 31, 2008		March 31, 2009		June 30, 2009		Change vs Dec 31, 2008		Change vs March 31, 2009	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	2	-	2	-	2	700	-	700	-	700
Bank debt	485	754	535	1,042	240	1,035	(245)	281	(294)	(8)
Commercial paper	200	550	100	550	-	250	(200)	(300)	(100)	(300)
Cash	(127)	-	(86)	-	(126)	-	1	-	(40)	-
Net debt	1,864		2,143		2,101		237		(42)	
Average life (years)	2.68		3.25		3.56		0.88		0.31	
<i>Net debt to equity</i>	84%		95%		95%		10.8 p.p.		0.1 p.p.	

Net debt at the end of the first half of 2009 declined to €2,101 million from €2,143 million at the end of March 2009 despite dividend payments of €141 million in May 2009.

At the end of June 2009, the net debt to equity ratio remained unchanged at 95% in comparison with 31 March 2009.

The average maturity of the debt lengthened to 3.56 years at the end of June 2009 compared with 3.25 years three months earlier. At the end of the first half of 2009, 89.1% of total debt was long term against 71.4% at the end of the first quarter of the year. This change reflected the issuance of a 4-year €700 million bond in the second quarter.

At 30 June 2009, 35.7% of the medium and long term debt was on a fixed-rate basis.

Following the drop in benchmark rates, the average cost of debt in the first half of 2009 fell to 3.49%, a decrease of 1.54 p.p. from a year earlier.

Galp Energia's debt at the end of June 2009 was entirely denominated in euros.

Net debt attributable to minority interests at the end of the first half was €34 million.

4. CASH FLOW

Million euros				
Second quarter			First half	
2008	2009		2008	2009
345	104	Operating profit	621	169
47	56	Non cash costs	105	121
(22)	9	Change in operational stock	(87)	(57)
(194)	(7)	Change in strategic stocks	(283)	68
177	162	Sub total	357	301
(9)	(18)	Interest expenses	(18)	(33)
(46)	(9)	Taxes	(58)	(14)
(101)	180	Change in working capital excluding operational stock	(29)	(125)
21	315	Cash flow from operating activities	251	129
(112)	(169)	Net capital expenditures and disposals ¹	(204)	(295)
(124)	(128)	Dividends paid / received	(124)	(128)
1	23	Others	(2)	56
(215)	42	Total	(78)	(237)

¹ Net capital expenditure and disposals include financial investments

FIRST HALF

Net cash outflow in the second half of 2009 increased to €237 million from €78 million a year earlier. This was primarily due to the fall in operating profit in Exploration & Production and Gas & Power and the increase in working capital. This increase of €125 million resulted from payments to suppliers in the first quarter following the acquisition of the Agip and ExxonMobil subsidiaries and from the outcome of arbitration of the LNG contract. Paid taxes reflected mainly the €9 million of IRP in the first half, down from €50 million a year earlier.

Higher interest costs as debt rose led to larger cash outflows.

Net cash outflow from investing activities increased to €295 million from €204 million a year earlier primarily as a result of execution of the conversion project in Refining & Marketing.

SECOND QUARTER

In the second quarter of 2009, net cash inflow of €42 million contrasted with net cash outflow of €215 million a year earlier. This was due to the lower operating profit being offset by the lower investment in strategic stock following the fall in the prices of oil products. The lower cash outflow on account of taxes resulted primarily from lower IRP on oil sales. The IRP payment in the quarter was €4 million, down from €43 million a year earlier. Efficient working capital management impacted favourably on cash flow from operating activities, which reached €315 million in the quarter.

Net cash outflow from investing activities was slightly above the amount a year earlier, as capital spending for the conversion project was stepped up.

In the second quarter, the dividend cash outflow of €128 million was mainly due to the May payment to shareholders.

5. CAPITAL EXPENDITURE

Million euros								
Second quarter					First half			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
54	39	(15)	(27.7%)	Exploration & Production	118	72	(46)	(38.7%)
47	106	59	127.6%	Refining & Marketing	68	151	84	123.6%
17	22	6	33.5%	Gas & Power	30	39	9	28.2%
0	1	1	n.m.	Others	0	2	1	n.m.
117	168	51	43.5%	Investment	216	264	48	22.2%

FIRST HALF

Capital expenditure of €264 million in the first half of 2009 was allocated to the three business segments as follows: 57.3% to Refining & Marketing, 27.4% to Exploration & Production and 14.7% to Gas & Power.

Capital spending in the Exploration & Production business segment included €38 million in Angola, primarily in Block 14, in the development of Tômbua-Lândana field with €19 million and BBLT field with €9 million. Twenty four million euros were spent on Brazil's offshore activities, of which the Santos Basin accounted for €18 million, with the Tupi field absorbing €15 million of this amount. On the Brazilian onshore capital expenditure was mainly channelled to Potiguar basin. In addition €6 million went into the signing bonus for the tenth bidding round of exploration licences in the country.

In Refining & Marketing, capex was primarily channelled to the conversion project, which absorbed €83 million. Twenty-one million euros were spent on marketing of oil products, of which €12 million in Portugal, €4 million in Spain and the remainder in the African operations.

Capital expenditure on Gas & Power was mainly allocated to the distribution of natural gas as the network was extended a further 294 km.

SECOND QUARTER

Capital expenditure advanced to €168 million in the second quarter, with Refining & Marketing raising its

share to 63.0% while Exploration & Production and Gas & Power were allocated 23.2% and 13.2% of the total, respectively.

In Exploration & Production, spending was primarily channelled to Angola's Block 14 - €10 million on Tômbua-Lândana and €7 million on the BBLT - and Brazil, mainly to the Tupi offshore field (€10 million). In the Tupi, both production costs and production from the extended well testing (EWT) will be capitalised during the testing stage. This will imply that the difference between the revenue from crude oil sales and the corresponding operating costs will be accounted for as capital expenditure.

Capex in Refining & Marketing was allocated mainly to the conversion project with €57 million and the marketing of oil products with €12 million.

Capital spending in Gas & Power was focused on the recurring activity of extending the network for distribution of natural gas.

SEGMENT REVIEW

1. EXPLORATION & PRODUCTION

Million euros (except otherwise noted)								
Second quarter				First half				
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
15.5	13.4	(2.2)	(13.9%)	Average working interest production (kbbbl/day)	14.7	13.3	(1.3)	(9.1%)
11.3	9.3	(2.0)	(17.7%)	Average net entitlement production (kbbbl/day)	10.6	8.9	(1.7)	(16.3%)
1.0	0.8	(0.2)	(17.7%)	Total net entitlement production (million bbl)	1.9	1.6	(0.3)	(16.7%)
0.1	0.1	(0.0)	(1.7%)	Kuito (million bbl)	0.2	0.2	0.0	4.2%
0.9	0.7	(0.2)	(24.2%)	BBLT (million bbl)	1.7	1.3	(0.4)	(21.3%)
0.0	0.1	0.0	116.3%	Tômbua-Lândana (million bbl)	0.1	0.1	0.0	31.9%
117.3	57.8	(59.6)	(50.8%)	Average realized sale price¹ (Usd/bbl)	112.9	51.0	(61.9)	(54.8%)
8.8	7.0	(1.8)	(21.0%)	Operating cost¹ (Usd/bbl)	11.2	10.2	(1.0)	(8.6%)
25.7	11.9	(13.8)	(53.9%)	Amortisation¹ (Usd/bbl)	22.7	16.8	(5.9)	(25.9%)
0.9	1.0	0.1	10.5%	Total sales² (million bbl)	1.9	1.0	(0.9)	(47.5%)
-	-	-	-	Net total assets	700	823	122	17.5%
89	43	(46)	(52.0%)	Turnover	155	53	(101)	(65.6%)
45	16	(29)	(64.0%)	Operating profit	85	14	(71)	(83.7%)
6	4	(3)	(40.8%)	Non recurrent items	9	7	(2)	(20.1%)
52	20	(32)	(61.2%)	Operating profit RCA	94	21	(73)	(77.4%)

¹ Based on net entitlement production

² Considers actual sales

EXPLORATION AND PRODUCTION ACTIVITIES

FIRST HALF

Working interest production in the first half of 2009 fell 9.1% yoy to 13.3 thousand barrels a day as maintenance works proceeded and production was cut by OPEC.

The BBLT remained the largest producing field with a 79.4% share of the total and a production of 10.6 thousand barrels a day in the first half of 2009.

Net entitlement production fell 16.3% yoy to 8.9 thousand barrels a day due to lower working interest production and the production-sharing agreement (PSA) in place. With 7.2 thousand barrels a day, the BBLT accounted for 81.2% of total net entitlement production.

SECOND QUARTER

Working interest production in the second quarter of 2009 fell 13.9% yoy to 13.4 thousand barrels a day as

OPEC cut production. In net entitlement terms, production fell 17.7% to 9.3 thousand barrels a day, of which 7.4 thousand barrels came from the BBLT. Net entitlement production rose 10.6% qoq with the BBLT and Tômbua-Lândana fields contributing the largest shares.

In June 2009, a cargo of 997 thousand barrels was sold from the BBLT production. Given that crude oil from this field has a quality similar to that of dated Brent, it was sold at a Usd 1.0/bbl discount from the benchmark. Considering this sale and the underlifting position, the average sale price was, at Usd 57.8/bbl, 31.7% higher than in the previous quarter.

In May, the production from EWT started in the Santos Basin's Tupi field. At the end of June, the first production from the field was offloaded, meaning a first cargo of 315 thousand barrels of crude oil. Neither the production costs nor the production will impact the income statement as both will be capitalised during the test phase.

OPERATING PROFIT

FIRST HALF

RCA operating profit in the first half of 2009 fell to €21 million from €94 million a year earlier as dated Brent fell, 45.7% yoy in euro terms, and net entitlement production slumped 16.7%.

Operating costs declined 12.7% yoy to €12 million, or 24.0% in dollar terms as the euro depreciated against the dollar. In unit terms, operating costs decreased 8.6% yoy to Usd 10.2/bbl due to the maintenance costs at the BBLT in the first half of 2008.

Depreciation for the period, adjusted for non recurrent events, declined €8 million yoy to €20 million. In unit terms, depreciation fell to Usd 16.8/bbl from Usd 22.7/bbl a year earlier. This fall resulted from the downward revision of the dated Brent compared with 31 December 2008 which decreased the depreciation rate following the upward adjustment of net entitlement reserves.

The segment's operating profit was also affected by the year-on-year rise of €2 million in provisions for the cost of abandoning production fields Kuito and BBLT. In Brazil, a €7 million charge was taken against four dry onshore wells – three in the Espírito Santo Basin and one in the Sergipe-Alagoas Basin. The respective blocks have been returned to Brazilian energy regulator ANP and the charge was classed as a non recurrent event.

SECOND QUARTER

RCA operating profit for the Exploration & Production business segment in the second quarter of 2009 fell €32 million yoy to €20 million. This fall resulted from lower crude oil prices and lower net entitlement production in the period. Quarter on quarter, however, operating profit advanced to €20 million from €1 million in the first quarter.

Year on year, the fall in RCA operating profit was contained by lower production costs and depreciation. Production costs fell 25.5% yoy to €4 million, which reflected maintenance and prevention work in the BBLT in 2008. Therefore, despite lower production that impaired the spread of fixed costs, unit production costs fell 21.0% to Usd 7/bbl.

Adjusted depreciation fell to €7 million from €17 million a year earlier. In unit terms, this meant a decrease to Usd 11.9/bbl from Usd 25.7/bbl in 2008 and reflected the impact of the lower price of crude oil on the calculation of net entitlement reserves compared with 31 December 2008, which decreased the depreciation rate.

In Brazil, the return to ANP of four onshore blocks in the Espírito Santo and Sergipe-Alagoas basins led to a write-off of €8 million. This cost was, however, offset by the reversal of a non recurrent charge of €4 million previously taken against the drilling of the dry wells.

2. REFINING & MARKETING

Million euros (except otherwise noted)								
Second quarter					First half			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
2.7	1.1	(1.6)	(59.5%)	Rotterdam cracking refining margin ¹ (Usd/bbl)	1.7	2.0	0.4	22.9%
(1.7)	(0.6)	1.1	65.1%	Rotterdam hydroskimming + aromatics + base oil refining margin ¹ (Usd/bbl)	(2.0)	1.0	2.9	n.m.
4.0	1.6	(2.4)	(59.6%)	Galp Energia refining margin (Usd/bbl)	3.5	2.1	(1.5)	(41.6%)
1.6	1.9	0.3	18.0%	Refinery cash cost (Usd/bbl)	1.9	2.3	0.4	21.5%
25,119	21,348	(3,771)	(15.0%)	Crude processed (k bbl)	48,768	34,684	(14,084)	(28.9%)
3.6	3.2	(0.4)	(10.0%)	Raw material processed (million tonnes)	7.1	5.2	(1.9)	(26.6%)
4.1	4.2	0.1	2.8%	Total refined product sales (million tonnes)	8.0	8.2	0.2	2.1%
2.3	2.8	0.5	21.8%	Sales to direct clients (million tonnes)	4.6	5.6	1.0	21.1%
1.1	1.4	0.3	30.5%	Wholesale	2.2	2.8	0.7	30.7%
0.6	0.9	0.3	49.8%	Retail	1.2	1.8	0.6	45.4%
0.1	0.1	0.0	10.5%	LPG	0.2	0.2	0.0	10.3%
0.5	0.4	(0.1)	(23.8%)	Others	1.1	0.8	(0.3)	(24.9%)
0.7	0.6	(0.1)	(17.1%)	Exports (million tonnes)	1.4	1.0	(0.4)	(26.0%)
-	-	-	-	Number of service stations	1,024	1,471	447	43.7%
-	-	-	-	Number of c-stores	225	448	223	99.1%
-	-	-	-	Net total assets	4,605	4,559	(46)	(1.0%)
3,588	2,589	(998)	(27.8%)	Turnover	6,644	5,100	(1,544)	(23.2%)
209	69	(140)	(67.1%)	Operating profit	351	107	(244)	(69.5%)
(186)	(81)	105	56.4%	Inventory effect	(291)	(77)	214	73.7%
(16)	3	19	n.m.	Non recurrent items	(15)	(3)	13	n.m.
7	(9)	(16)	n.m.	Operating profit RCA	45	28	(18)	(38.9%)

¹ Source: Platts. For a complete description of the method for calculating Rotterdam margins, see "Definitions"

REFINING AND MARKETING ACTIVITIES

FIRST HALF

In the first half of 2009, 5.2 million tonnes of raw materials were processed, down from 7.1 million tonnes a year earlier. This decrease followed the incident in the utilities factory at the Sines refinery on 17 January, which discontinued raw material processing for an approximate period of six weeks, thereby impairing production in the first quarter of the year. Primarily as a result of this, capacity utilisation at the refinery tumbled to 61.8% in the first half of 2009 compared with 86.4% a year earlier.

Crude oil accounted for 90.0% of processed raw materials. Light crude and condensates stood for 37.8% of the production structure, whereas medium and heavy grades accounted for 43.0% and 19.2%, respectively.

The production profile was in line with a year earlier and had the following distribution: 16.8% fuel oil, 6.2% jet, 35.1% diesel and 23.5% gasoline.

Own consumption and losses improved to 8.2% compared with 8.4% a year earlier.

Sold volumes rose 2.1% yoy to 8.2 million tonnes. This included 1.3 million tonnes from the Agip and ExxonMobil marketing subsidiaries which were acquired in the last quarter of 2008.

Exports fell 26.0% yoy as gasoline tumbled 39.4% and fuel oil 32.0% following the incident at Sines and the scheduled reduction of capacity utilisation against a backdrop of falling refining margins.

The cover of refining by the marketing of oil products soared to 95.6% from 70.1% a year earlier. Yet the

ratio for the first quarter of 2009 was heavily influenced by the incident in the Sines refinery's utilities unit and the addition of oil product sales from the former Agip and ExxonMobil subsidiaries.

Sales to direct clients rose 21.1% yoy reflecting the added contribution of the Agip and ExxonMobil operations.

At the end of June 2009, the number of service stations declined to 1,471, a decrease of 26 compared with the end of the first quarter of 2009. This reflected a streamlined network following the acquisition of the Agip and ExxonMobil assets. The yoy increase of 447 service stations was also a consequence of this acquisition.

The number of Galp Energia's convenience stores in the Iberian Peninsula increased by 20 from the end of the first quarter of the year to 448 at the end of June 2009. Compared with a year earlier, the increase was 223 as a result of the acquisition.

SECOND QUARTER

In the second quarter of 2009, the volume of processed raw materials fell 10.0% yoy to 3.2 million tonnes, with the amount of crude oil processed falling by 15%. Utilisation of the refineries' capacity fell to 75.7% from 89.0% a year earlier as low refining margins in the quarter took their toll.

The cover of refining by marketing of oil products in the second quarter of 2009 rose yoy to 86.9% from 67.3% a year earlier. This reflected not only the rise in sold volumes following the acquisition of the Agip and ExxonMobil assets but also lower capacity utilisation in the quarter as crude processing levels were optimised considering the fall in international refining margins.

Sales of oil products rose 2.8% yoy to 4.2 million tonnes as the acquired Agip and ExxonMobil operations added 0.6 million tonnes in the quarter. The acquisition also contributed to the increase of 21.8% in sales to direct clients to 2.8 million tonnes.

OPERATING PROFIT

FIRST HALF

Operating profit according to IFRS amounted to €107 million including a favourable inventory effect of €77 million and a positive non recurrent item of €3 million which was mainly due to costs and revenues related to the incident in the Sines refinery.

RCA operating profit fell 38.9% yoy to €28 million as the Sines incident implied the temporary stop of the alkylation and FCC units until the end of the first quarter.

Operating profit for the first half of 2009 was also affected by the fall in Galp Energia's unit refining margin to Usd 2.1/bbl from Usd 3.5/bbl a year earlier, a development which was in line with the international refining margins. The fall stemmed from narrower crack spreads for oil products on international markets and a tighter spread between light and heavy crude oil which also led to a narrowing spread between Galp Energias's refining margin and benchmark margins.

The refining activities' weaker performance was offset by the results achieved by marketing of oil products, which evidenced not only their resilience of results from the latter but also the positive contribution from the acquired Agip and ExxonMobil operations including synergies in procurement and logistics in Spain.

In the first half of 2009, the company posted an unfavourable time lag effect of €39 million.

Operating cash costs increased 21.5% yoy to Usd 2.3/bbl as the volume of crude oil processed was 28.9% lower than a year earlier. In euros, the increase was 39.5% to €1.7/bbl as the dollar appreciated against the single currency.

SECOND QUARTER

IFRS-based operating profit in the second quarter of 2009 dropped from €209 million a year earlier to €69 million, a result that included a favourable inventory effect of €81 million.

In RCA terms, the Refining & Marketing business segment posted an operating loss of €9 million in the second quarter of 2009 as an adverse international setting impacted negatively on refining margins. Galp Energia's refining margin fell 59.6% yoy to Usd 1.6/bbl primarily due to the narrower spread between light and heavy crude oil.

The weaker performance of refining activities was partly offset by the results from marketing of oil products including the contribution from the Agip and ExxonMobil operations and the synergies in procurement and logistics.

The time lag effect for the quarter improved to minus €24 million from minus €54 million a year earlier.

The operating cash costs of refining rose to Usd 1.9/bbl from Usd 1.6/bbl a year earlier. The change in euros was larger, 35.2%, as the euro depreciated against the dollar. The lower volume of crude oil processed in the second quarter compared to the same period last year decreased the base for spreading fixed costs.

3. GAS & POWER

Million euros (except otherwise noted)									
Second quarter					First half				
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.	
1,478	1,115	(364)	(24.6%)	NG supply total sales volumes (million m³)	2,950	2,189	(760)	(25.8%)	
881	774	(108)	(12.2%)	Liberalised market sales volumes (million m³)	1,706	1,263	(443)	(25.9%)	
560	515	(45)	(8.1%)	Electrical	1,155	927	(228)	(19.8%)	
19	257	237	n.m.	Industrial	35	333	298	n.m.	
302	2	(300)	(99.4%)	Trading	517	4	(512)	(99.2%)	
597	341	(256)	(42.9%)	Regulated market sales volumes (million m³)	1,243	926	(317)	(25.5%)	
477	220	(257)	(53.9%)	Industrial	967	623	(344)	(35.6%)	
17	27	9	54.1%	Commercial	40	58	18	45.2%	
42	43	1	2.5%	Residential	109	120	11	10.5%	
61	52	(10)	(15.7%)	Other supply companies	127	125	(3)	(2.2%)	
-	-	-	-	NG distribution clients¹ (thousands)	841	891	50	5.9%	
109	137	28	25.4%	Electric power generation² (GWh)	245	284	38	15.5%	
108	134	26	24.1%	Sales of electricity to the grid²	241	277	35	14.7%	
-	-	-	-	Natural gas net fixed assets³	740	764	24	3.3%	
-	-	-	-	Net total assets	1,707	1,614	(94)	(5.5%)	
466	296	(170)	(36.6%)	Turnover	916	725	(191)	(20.9%)	
87	12	(75)	(86.4%)	Operating profit	177	43	(134)	(75.8%)	
(3)	25	28	n.m.	Inventory effect	(8)	26	35	n.m.	
0	2	1	n.m.	Non recurrent items	1	2	1	n.m.	
85	38	(46)	(54.5%)	Operating profit RCA	170	71	(99)	(58.3%)	
65	20	(45)	(69.0%)	Supply	118	19	(99)	(84.0%)	
19	19	0	0.5%	Infrastructure	51	52	1	2.0%	
1	(1)	(2)	n.m.	Power	1	0	(1)	(88.8%)	

¹ Includes unconsolidated companies where Galp Energia has a significant interest

² Includes Energin, which does not consolidate but where Galp Energia has a 35% holding. In the first half of 2009, this company generated electric power of 140 GWh and electricity sales to the grid of 136 GWh. In the second quarter of 2009, electric power generation amounted to 66 GWh and electricity sales to the grid 64 GWh

³ Excludes financial investments. Net fixed assets are on a consolidated basis

GAS AND POWER ACTIVITIES

FIRST HALF

Sales of natural gas in the first half of 2009 fell 25.8% yoy to 2,189 million cubic metres as both the liberalised market, which accounted for 58.3% of the decrease, and the regulated market slumped. Falling volumes sold were primarily due to: (i) a fall of 19.8% in volumes sold to the electrical sector as hydro-generated power rose with the rainfall in the first quarter and coal was increasingly used in the second quarter and (ii) falling volumes in trading as the attraction of this segment suffered from the fall in sales margins that resulted from lower international demand for natural gas.

Overall, that is, considering both the liberalised and the regulated markets, the industrial segment contracted 4.6% following the slowdown in economic activity.

Sales to the Spanish industrial market more than doubled to 87 million cubic metres in the first half of 2009 compared with a year earlier.

The volume of natural gas transported through the networks belonging to the distribution companies totalled 709 million cubic metres.

Electricity production in the first half of 2009 rose 15.5% yoy to 284 GWh which was mainly due to the stop for maintenance in the first quarter of 2008 in the cogeneration plant at Carriço and the unscheduled stop at Energin in May and June 2008. For this production 84 million cubic metres of natural gas were used in Galp Energia's cogeneration plants, which accounted for 9.7% of the Portuguese industrial market. Sales of electricity to the grid rose 14.7% to 277 GWh.

SECOND QUARTER

Sales of natural gas in the second quarter of 2009 fell 24.6% yoy to 1,115 million cubic metres as demand tumbled from both the electrical and industrial markets.

Quarter on quarter, volumes sold recovered 3.7% following lower hydro power generation as rainfall receded.

In distribution, volumes transported reached 342 million cubic metres.

In Power, generation advanced 25.4% yoy but retreated 6.8% qoq. Sales of electricity to the grid reached 134 GWh, which was in line with generation levels.

OPERATING PROFIT

FIRST HALF

IFRS operating profit in the first half of 2009 was €43 million while RCA operating profit fell to €71 million from €170 million a year earlier.

The steep fall in RCA operating profit stemmed primarily from the weak performance of the supply business which delivered a net profit of €19 million, or €99 million lower than a year earlier. This reduction was mainly due to: (i) lower volumes sold, (ii) lower margins due to time lag effect between sourcing and marketing natural gas contracts, (iii) the higher cost of natural gas following the revision in late 2008 of the terms of the LNG+ contract and (iv) the regulation of tariffs in last-resort selling activities from the second half of 2008.

The infrastructure business reported results of €52 million, in line with a year earlier, which again confirmed the stable profile of this activity.

In the power business, the unit margin declined to €8.8/MWh from €9.4/MWh a year earlier and sales to the grid were made at an average price of €96.6/MWh.

SECOND QUARTER

IFRS operating profit in the second quarter of 2009 was €12 million. In RCA terms, operating profit of €38 million fell 54.5% yoy but recovered 18.8% qoq. The year-on-year fall was caused by the yoy decrease of 69.0% in the supply business to €20 million. The main factors influencing this annual change were: (i) lower

volumes sold, namely to the electrical sector, (ii) lower margins in the liberalised market after the supply contracts were revised in late 2008 and (iii) the regulation of tariffs in the last-resort selling business since the second half of 2008.

A resilient infrastructure business reported RCA operating profit of €19 million, in line with a year earlier, demonstrating its contribution for Gas & Power business segment results.

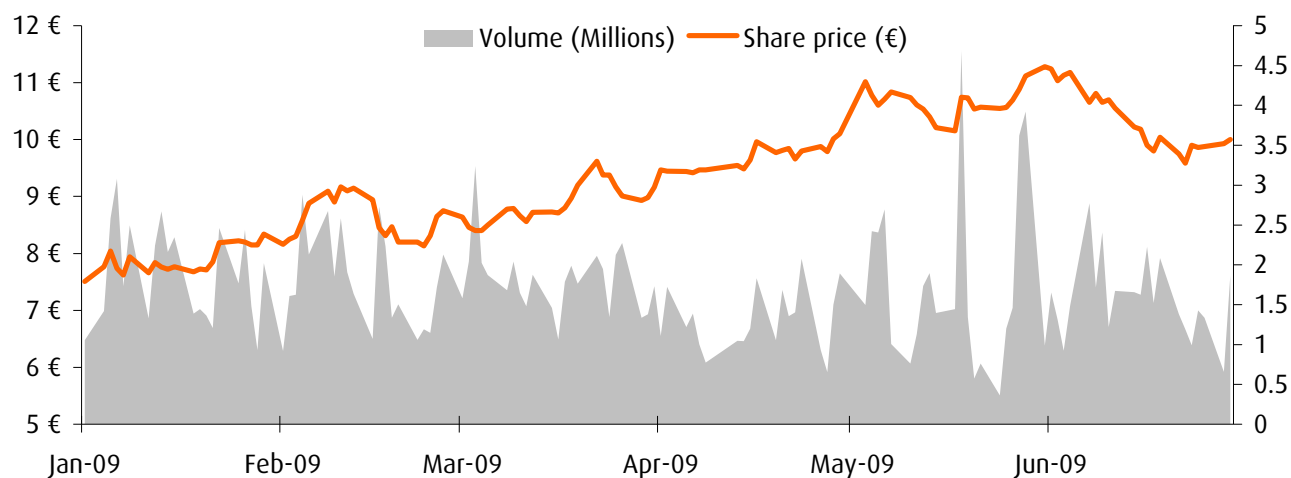
RCA operating profit advanced 18.8% qoq which was primarily due to the joint effect of recovering margins

and higher volumes sold in the liberalised market. Natural gas margins were influenced by (i) the partial reversal of the time lag between the fixing of sales and purchasing prices and (ii) more attractive terms for the acquisition of natural gas on spot markets.

In the power business, the unit margin improved to €7.1/MWh from €5.4/MWh a year earlier. Sales to the grid were made at the price of €85.7/MWh.

THE GALP ENERGIA SHARE

Performance of the Galp Energia stock



Source: Bloomberg

FIRST HALF

The Galp Energia stock performed favourably in the first half of 2009 as it gained 39.3% and closed the period at €10.0 after peaking at €11.5. Since it started trading at the Euronext on 23 October 2006 up to 30 June 2009, the stock gained 72.1%. Over this period, 212.6 million shares were traded, the equivalent of a daily average of 1.7 million shares. At 30 June 2009,

Galp Energia had a market capitalisation of €8,293 million.

SECOND QUARTER

In the second quarter of 2009, the stock gained 11.4% and 97.0 million shares changed hands at an average daily rate of 1.6 million shares.

Share detail

ISIN	PTGALOAM0009
Reuters	GALP.LS
Bloomberg	GALP PL
Number of shares	829,250,635

Main indicators

	2008	2Q 2009	2009
Min (€)	5.95	8.91	7.22
Max (€)	18.95	11.48	11.48
Average (€)	13.05	10.23	9.33
Close price (€)	7.18	10.00	10.00
Volume (M shares)	643.6	97.0	212.6
Average volume per day (M shares)	2.5	1.6	1.7
Market cap (M€)	5,954	8,293	8,293

MATERIAL EVENTS IN THE SECOND QUARTER OF 2009

GENERAL MEETING

RESOLUTIONS BY THE ANNUAL GENERAL MEETING (AGM)

Galp Energia informed on 27 April 2009 that the items on the agenda of the AGM of that same day had been approved as follows:

1. The consolidated management report and the separate and consolidated accounts for financial 2008 as well as the remaining reporting documents;
2. The corporate governance report;
3. The proposed allocation of net profit providing for
 - The transfer of €18,884 thousand (5%) to the legal reserve;
 - The payment of a dividend of €0.32 per share, or €265,360 thousand in total
 - Retained earnings of €188,729 thousand
 - A total amount of €472,973 thousand
4. A vote of recognition to the board of directors and the supervisory bodies – both the audit board and the chartered accountants – and to each of their members individually;
5. The election of Pedro Antunes de Almeida as secretary of the general meeting board for the current 2008-2010 term;
6. The amendment of article 10, third paragraph, of Galp Energia's articles of association, which shall hereinafter read as follows:

Article 10

(...) 3. Each share is entitled to one vote.

DIVIDEND PAYMENT

Galp Energia announced on 30 April the payment, as from 25 May 2009, of the final dividend of €0.17035 per share relating to financial 2008.

CORPORATE

GALP ENERGIA SECURES FUNDING OF €700 MILLION

On 20 May 2009, Galp Energia issued a €700 million corporate bond with a final maturity of four years which was placed under a club deal in which 14 domestic and international banks participated. This borrowing is part of Galp Energia's funding strategy.

ANNOUNCEMENT OF THE FUNDING STRATEGY

On 27 May 2009, Galp Energia announced its funding strategy, thereby strengthening its commitment to maintaining a solid capital structure while pursuing the execution of its transformational projects.

EXPLORATION & PRODUCTION

FPSO BW CIDADE DE SÃO VICENTE STARTS EXTENDED WELL TESTING IN THE TUPI

Galp Energia announced on 1 May 2009 that the FPSO BW Cidade de São Vicente had started extended well testing (EWT) in the Tupi field, in Brazil's Santos Basin.

NEW WELL CONFIRMS THE EXISTENCE OF LIGHT OIL IN TUPI

Galp Energia announced on 4 June 2009 that a well drilled in the Tupi area of Block BM-S-11 in the Santos Basin's ultra deep water and informally known as Iracema had supported the estimates of 5 to 8 billion barrels of oil and natural gas recoverable from reservoirs in the area's pre-salt layer. The Iracema, which is located 33 km from the pioneering well Tupi, confirmed the presence of good-quality reservoirs of oil similar to the Tupi.

FIRST CARGO OF OIL FROM THE TUPI

Galp Energia announced on 25 June a cargo of the first oil production from the Tupi. This first oil cargo consisted of 315,000 barrels that were offloaded from the FPSO Cidade de São Vicente to tanker Nordic Spirit bound for the port of S. Sebastião in Brazil's São Paulo State. At this first stage, the whole production will be obtained from the Tupi-Sul, a well producing 14,000 barrels of oil a day, under an extended well testing programme that will last for 15 months.

EVENTS AFTER THE CLOSE OF THE FIRST HALF OF 2009

CORPORATE

APPOINTMENT OF NEW MEMBERS OF THE BOARD OF DIRECTORS

On July 31 Galp Energia announce that following the resignation presented by Mr. Luigi Piro and Mr. Alberto Chiarini, to their positions of members of the Board of Directors of Galp Energia, the Board of Directors approved the appointment of Mr. Luigi Spelli and Mr. Massimo Mondazzi, in replacement of those members respectively.

The decision of the Board of Directors will have to be confirmed at the next General Shareholder Meeting.

REFINING & MARKETING

GALP ENERGIA AGREES TO SELL SOME OPERATIONS RECENTLY ACQUIRED TO EXXONMOBIL

On July 31, Galp Energia agreed with Gestmin, SGPS, S.A. the sale of a number of petroleum products distribution operations in Portugal recently acquired from ExxonMobil Group. Gestmin is a holding owned by Mr. Manuel Champalimaud, which has participations in several sectors, including Maritime & Harbour activities, Energy, Telecommunications, Biomedicine, Real State and Tourism.

Banco Santander de Negócios and the law firm PLMJ were the advisors of this transaction that was performed in order to fulfil the commitments made by Galp Energia to the European Commission in relation to the purchase of ExxonMobil's Iberian operations that occurred at the end of 2008. Considering the particular legal context of this transaction, its execution was supervised by the bank ING as trustee of the European Commission.

The agreement includes the following business and assets previously controlled by ExxonMobil Group: Trafaria terminal, bulk and bottled LPG business (excluding the piped LPG), the share capital of COMG – Comercialização de Gás, S.A. (former Esso Gás, Lda.),

part of the aviation fuel business at Porto airport and the entire business at Lisbon and Faro airports (including some shareholding in certain airport joint ventures). The sale price of these operations will amount to €46 million.

The agreement signed is subject to the approval by the relevant competition authorities, including the European Commission.

AWARDS WON

Galp Energia won the award of Best Annual Report in the Non-Financial Sector in a contest sponsored by Deloitte which recognises best professional practice in investor relations in Portugal.

ASSOCIATES

1. MAJOR ASSOCIATES

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%	Equity
CLH - Companhia Logística de Hidrocarbonos, S.A.	Spain	R&M	5%	Equity
GDP, Gás de Portugal, SGPS, S.A.	Portugal	G&P	100%	Full
Galp Gás Natural, S.A.	Portugal	G&P	100%	Full
Transgás, S.A.	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, S.A.	Portugal	G&P	100%	Full
Lusitaniagás, S.A.	Portugal	G&P	85%	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

2. RESULTS FROM ASSOCIATES

Million Euros								
Second quarter					First half			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
1.8	2.0	0.1	5.9%	CLH	3.6	3.6	(0.0)	(1.2%)
-	2.4	2.4	n.m.	CLC	-	4.8	4.8	n.m.
9.1	10.9	1.8	20.0%	International Pipelines	18.5	21.9	3.4	18.2%
0.3	0.9	0.6	232.6%	Setgás - Natural Gas Distribution Company	1.3	2.2	0.9	72.3%
0.4	11.3	11.0	n.m.	Others	0.5	11.2	10.8	n.m.
11.6	27.6	16.0	138.4%	Sub total	23.9	43.7	19.8	82.7%
(1.4)	(1.0)	0.4	n.m.	Consolidation adjustments	(1.9)	0.0	1.9	n.m.
10.2	26.6	16.4	161.0%	Total	22.1	43.7	21.7	98.2%

RECONCILIATION OF REPORTED AND *REPLACEMENT COST* ADJUSTED FIGURES

1. REPLACEMENT COST ADJUSTED OPERATING PROFIT BY SEGMENT

Million euros										
Second quarter					2009	First half				
Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA		Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA
104	(56)	48	9	57	Operating profit	169	(50)	119	13	132
16	-	16	4	20	E&P	14	-	14	7	21
69	(81)	(12)	3	(9)	R&M	107	(77)	31	(3)	28
12	25	37	2	38	G&P	43	26	69	2	71
7	(0)	7	-	7	Others	5	-	5	7	12

Million euros										
Second quarter					2009	First half				
Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA		Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA
345	(188)	157	(9)	148	Operating profit	621	(299)	322	(5)	316
45	-	45	6	52	E&P	85	-	85	9	94
209	(186)	23	(16)	7	R&M	351	(291)	61	(15)	45
87	(3)	84	0	85	G&P	177	(8)	169	1	170
4	-	4	0	4	Others	8	-	8	0	8

2. REPLACEMENT COST ADJUSTED EBITDA BY SEGMENT

Million euros										
Second quarter					2009	First half				
EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA		EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA
171	(56)	115	15	130	EBITDA	311	(50)	260	20	281
22	-	22	8	29	E&P	38	-	38	7	45
117	(81)	36	5	42	R&M	198	(77)	121	5	126
25	25	50	2	51	G&P	69	26	96	2	97
8	(0)	8	-	8	Others	6	-	6	7	13

Million euros										
Second quarter					2008	First half				
EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA		EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA
399	(188)	211	5	216	EBITDA	743	(299)	444	5	449
61	-	61	9	70	E&P	115	-	115	9	124
233	(186)	47	(4)	43	R&M	411	(291)	121	(4)	117
103	(3)	100	(0)	100	G&P	210	(8)	201	(0)	201
3	-	3	0	3	Others	7	-	7	0	7

3. NON RECURRENT ITEMS

Exploration & Production

Million Euros				
Second quarter			First half	
2008	2009		2008	2009
		Exclusion of non recurrent items		
-	(0.0)	Gains / losses on disposal of assets	-	(0.0)
9.3	7.8	Assets write offs	9.3	7.4
(2.9)	(4.0)	Assets impairments	-	0.0
-	-	Provisions for environmental charges and others	-	-
-	-	Others	-	-
6.4	3.8	Non recurrent items of operating profit	9.3	7.4
-	-	Other financial results	-	-
6.4	3.8	Non recurrent items before income taxes	9.3	7.4
(2.2)	(1.3)	Income taxes on non recurrent items	(3.2)	(2.5)
4.2	2.5	Total non recurrent items	6.2	4.9

Refining & Marketing

Million Euros				
Second quarter			First half	
2008	2009		2008	2009
		Exclusion of non recurrent items		
(24.1)	-	Sale of strategic stock	(24.1)	-
20.4	-	Sale of strategic stock cost	20.4	-
-	-	Monobuoy costs	-	-
	(4.1)	Accidents caused by natural facts	-	(5.6)
0.1	(0.5)	Gains / losses on disposal of assets	0.1	(1.8)
0.0	0.0	Assets write offs	0.1	0.1
0.5	6.6	Employees contracts rescission	0.5	7.4
-	3.5	Sines refinery fire - accidents	-	4.5
(0.1)	(3.6)	Provisions for environmental charges and others	0.0	(8.7)
(11.6)	1.4	Assets impairments	(11.5)	1.4
(1.3)	-	Others	(0.9)	-
(15.9)	3.2	Non recurrent items of operating profit	(15.4)	(2.8)
-	(5.9)	Capital gains / losses on disposal of financial investments	-	(5.9)
(15.9)	(2.6)	Non recurrent items before income taxes	(15.4)	(8.7)
4.3	(1.0)	Income taxes on non recurrent items	4.2	0.4
(11.6)	(3.6)	Total non recurrent items	(11.3)	(8.3)

Gas & Power

Million Euros				
Second quarter			First half	
2008	2009		2008	2009
		Exclusion of non recurrent items		
-	-	Services rendered	-	-
(0.2)	(0.0)	Gains / losses on disposal of assets	(0.2)	(0.1)
0.1	0.0	Assets Write offs	0.1	0.0
-	-	Collections related to the sale of land	-	-
-	-	Accidents caused by natural facts	-	(0.0)
-	1.6	Employees contracts rescission	-	1.6
0.1	0.0	Provisions for environmental charges and others	0.8	0.0
0.0	1.5	Non recurrent items of operating profit	0.8	1.5
-	-	Capital gains / losses on disposal of financial investments	-	-
-	-	Other financial results	-	-
0.0	1.5	Non recurrent items before income taxes	0.8	1.5
(0.0)	(0.4)	Income taxes on non recurrent items	(0.2)	(0.4)
(0.0)	1.1	Total non recurrent items	0.5	1.1

Other

Million Euros				
Second quarter			First half	
2008	2009		2008	2009
		Exclusion of non recurrent items		
-	-	Gains / losses on disposal of assets	-	-
		Sines refinery fire - accidents	-	7.0
0.0	-	Assets write-offs	0.0	-
0.0	(0.0)	Provisions for environmental charges and others	0.0	(0.0)
0.0	(0.0)	Non recurrent items of operating profit	0.0	7.0
-	-	Capital gains / losses on disposal of financial investments	-	-
0.0	(0.0)	Non recurrent items before income taxes	0.0	7.0
-	-	Income taxes on non recurrent items	-	-
0.0	(0.0)	Total non recurrent items	0.0	7.0

Consolidated summary

Million Euros				
Second quarter			First half	
2008	2009		2008	2009
		Exclusion of non recurrent items		
(24.1)	-	Sale of strategic stock	(24.1)	-
20.4	-	Sale of strategic stock cost	20.4	-
-	-	Monobuoy costs	-	-
	(4.1)	Accidents caused by natural facts	-	(5.6)
(0.1)	(0.6)	Gains / losses on disposal of assets	(0.1)	(1.9)
9.5	7.8	Assets write off	9.6	7.5
0.5	8.1	Employees contracts rescission	0.5	9.0
-	3.5	Sines refinery fire - accidents	-	11.5
0.0	(3.6)	Provisions for environmental charges and others	0.8	(8.7)
(14.5)	(2.6)	Assets impairments	(11.5)	1.4
(1.3)	-	Others	(0.9)	-
(9.5)	8.5	Non recurrent items of operating profit	(5.3)	13.1
-	(5.9)	Capital gains / losses on disposal of financial investments	-	(5.9)
-	-	Other financial results	-	-
(9.5)	2.7	Non recurrent items before income taxes	(5.3)	7.3
2.1	(2.7)	Income taxes on non recurrent items	0.7	(2.5)
(7.4)	(0.0)	Total non recurrent items	(4.5)	4.8

CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED INCOME STATEMENT

Million euros				
Second quarter			First half	
2008	2009		2008	2009
		Operating income		
4,011	2,794	Sales	7,472	5,634
33	72	Services rendered	65	159
18	26	Other operating income	39	56
4,062	2,892	Total operating income	7,575	5,849
		Operating costs		
(3,428)	(2,433)	Inventories consumed and sold	(6,366)	(4,974)
(154)	(188)	Material and services consumed	(309)	(376)
(65)	(82)	Personnel costs	(136)	(162)
(47)	(56)	Amortisation and depreciation cost	(105)	(121)
(7)	(11)	Provision and impairment of receivables	(17)	(21)
(17)	(17)	Other operating costs	(21)	(27)
(3,717)	(2,788)	Total operating costs	(6,954)	(5,680)
345	104	Operating profit	621	169
10	27	Net profit from associated companies	22	44
(0)	0	Net profit from investments	(0)	0
		Financial results		
3	2	Financial profit	7	6
(12)	(20)	Financial costs	(24)	(39)
4	3	Exchange gain (loss)	5	1
0	-	Profit and cost on financial instruments	(0)	0
(0)	(0)	Other gains and losses	(1)	(1)
351	116	Profit before taxes	629	180
(100)	(22)	Income tax expense	(180)	(40)
251	94	Profit before minority interest	449	139
(1)	(1)	Profit attributable to minority interest	(3)	(3)
250	93	Net profit for the period	446	137
0.30	0.11	Earnings per share (in Euros)	0.54	0.16

2. CONSOLIDATED BALANCE SHEET

Million euros			
	December 31, 2008	March 31, 2009	June 30, 2009
Assets			
Non current assets			
Tangible fixed assets	2,760	2,718	2,818
Goodwill	172	185	186
Other intangible fixed assets	409	433	439
Investments in associates	297	361	378
Investments in other participated companies	1	2	3
Other receivables	84	99	94
Deferred tax assets	200	203	197
Other financial investments	5	1	1
Total non current assets	3,928	4,001	4,116
Current assets			
Inventories	1,076	1,067	1,065
Trade receivables	988	882	929
Other receivables	500	583	523
Other financial investments	3	5	1
Current Income tax recoverable	-	-	-
Cash and cash equivalents	127	86	126
Total current assets	2,695	2,623	2,644
Total assets	6,623	6,624	6,760
Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	(27)	(21)	(18)
Other reserves	174	175	193
Hedging reserves	(2)	(7)	(8)
Retained earnings	1,020	1,137	977
Profit attributable to equity holders of the parent	117	44	137
Equity attributable to equity holders of the parent	2,194	2,239	2,193
Minority interest	25	26	24
Total equity	2,219	2,265	2,217
Liabilities			
Non current liabilities			
Bank loans and overdrafts	1,304	1,592	1,285
Bonds	-	-	700
Other payables	56	68	68
Retirement and other benefit obligations	256	259	270
Deferred tax liabilities	18	21	27
Other financial instruments	3	10	10
Provisions	99	107	105
Total non current liabilities	1,737	2,058	2,465
Current liabilities			
Bank loans and overdrafts	685	635	240
Bonds	2	2	2
Trade payables	993	738	830
Other payables	982	922	994
Other financial instruments	2	2	1
Income tax	4	3	11
Total current liabilities	2,667	2,301	2,077
Total liabilities	4,404	4,359	4,543
Total equity and liabilities	6,623	6,624	6,760

ADDITIONAL INFORMATION

GLOSSARY

EBITDA EBITDA is defined as net operating income plus depreciation, amortisation and provisions. EBITDA is not a standard measure, the reason it should not be used in comparisons between companies. EBITDA is not a direct liquidity measure and should be analyzed jointly with the actual cash flows resulting from operating activities and taking into account existing financial commitments

Galp Energia, company or group Galp Energia, SGPS, S.A. and associates

IRP Tax on revenue generated by the sale of oil in Angola

Rotterdam cracking refining margin Rotterdam Cracking refining margin: -100% Dated Brent, +2.3% LGP FOB Seagoing (50% Butane + 50% Propane), +25.4% PM UL NWE FOB Bg., +7.4% Naphtha NWE FOB Bg., +8.5% Jet NWE CIF, +33.3% ULSD 50 ppm NWE CIF Cg. and +15.3% LSFO 1% FOB Cg.; C&L: 7.7%; Terminal rate: 1 \$/ton; Ocean loss: 0.15% over Dated Brent; Freight 2008: WS Aframax (80 kts) Route Sullom Voe / Rotterdam - Flat 5.13 \$/ton. Yields in % of weight.

Rotterdam hydroskimming + aromatics + base oils refining margin Rotterdam hydroskimming refining margin: -100% Dated Brent, +2.1% LGP FOB Seagoing (50% Butane + 50% Propane), +15.1% PM UL NWE FOB Bg., +4.0% Naphtha NWE FOB Bg., +9% Jet NWE CIF Cg., +32.0% ULSD 10 ppm NWE CIF Cg. and +33.8% LSFO 1% FOB NWE Cg.; C&L: 4.0%; Terminal rate: 1 \$/ton; Ocean loss: 0.15% over Dated Brent; Freight 2008: WS Aframax (80 kts) Route Sullom Voe / Rotterdam - Flat 5.13 \$/ton.

Rotterdam aromatics refining margin: -60% PM UL NWE FOB Bg., -40% Naphtha NWE FOB Bg., +37% Naphtha NWE FOB Bg., +16.5% PM UL NWE FOB Bg., +6.5% Benzene Rotterdam FOB Bg., +18.5% Toluene Rotterdam FOB Bg., +16.6% Paraxylene Rotterdam FOB Bg., +4.9% Ortoxylene Rotterdam FOB Bg.. Consumptions: -18% LSFO 1% CIF NEW. Yields in % of weight.

Base Oils refining margin: -100% Arabian Light, +3.5% LGP FOB Seagoing (50% Butane + 50% Propane), +13.0% Naphtha NWE FOB Bg., +4.4% Jet NWE CIF, 34.0% ULSD 10 ppm NWE CIF, +4.5% VGO 1.6% NWE FOB Cg., +14% Base Oils FOB, +26% HSFO 3.5% NWE Bg.; Consumptions: -6.8% LSFO 1% NWE FOB Cg.; Losses: 0.6%; Terminal rate: 1 \$/ton; Ocean loss: 0.15% over Dated Brent; Freight 2008: WS Aframax (80 kts) Route Sullom Voe / Rotterdam - Flat 5.13 \$/ton. Yields in % of weight.

Rotterdam hydroskimming + Aromatics + Base oils refining margin = 65%

Rotterdam hydroskimming refining margin + 15% Rotterdam aromatics refining margin + 20% Base Oils refining margin.

Replacement cost (“RC”)

According to this method of valuing inventories, the cost of goods sold is valued at *the cost of replacement*, i.e. at the average cost of raw materials on the month when sales materialise irrespective of inventories at the start or end of the period. The Replacement Cost Method is not accepted by accounting standards – either Portuguese GAAP or IFRS – and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

ACRONYMS

Bbl: barrels; BBLT: Benguela, Belize, Lobito and Tomboco; bbl/d: barrels a day; Bg: *Barges*; Cg: *Cargoes*; CIF: *Cost, Insurance and Freight*; CLC: Companhia Logística de Combustíveis; CLH: Companhia Logística de Hidrocarburos, S.A.; DGEG: Direcção Geral de Energia e Geologia; E&P: Exploration & Production; €: Euro; FCC: Fluid Catalytic Cracking; FIFO: First In First Out (inventory valuation method); FOB: *Free on Board*; G&P: Gas & Power; IAS: International Accounting Standards; IEA: International Energy Agency; IFRS: International Financial Reporting Standards; LIFO: Last In First Out (inventory valuation method); LNG: Liquefied Natural Gas; LSFO: *Low sulphur fuel oil*; m³: cubic metres; n.m.: not meaningful; OMIP: Iberian Energy Market Operator; PM UL: *Premium unleaded*; PSA: Production Sharing Agreement; R&M: Refining & Marketing; RCA: Replacement Cost Adjusted; SXEP: DJ Europe Oil&Gas Index; TL: Tômbua Lândana; ULSD CIF Cg: *Ultra Low sulphur diesel CIF Cargoes*; USA: United States of America; Usd: US dollar; OPEC - *Organization of the Petroleum Exporting Countries*; WAC: Weighted Average Cost (inventory valuation method).

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