RESULTS

FIRST HALF AND SECOND QUARTER OF 2012

Solid foundations to deliver sustainable value

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Galp Energia's RCA net profit of €178 million in the first half of 2012 was €64 million ahead of a year earlier on the back of the improved performance of the Exploration & Production and Gas & Power business segments. RCA net profit for the second quarter of 2012 rose 81% yoy to €129 million as all business segments delivered better results.

SUMMARY OF RESULTS – FIRST HALF AND SECOND QUARTER OF 2012

- Net entitlement production of crude oil and natural gas in the first half of 2012 amounted to 17.7 kboepd, 52% of which from Brazil; in the second quarter net entitlement production rose 37% to 18.8 kboepd;

- Galp Energia's refining margin in the first half of 2012 rose to Usd 1.7/bbl from Usd 0.8/bbl a year earlier; in the second quarter the refining margin rose to Usd 2.5/bbl from Usd 0.6/bbl a year earlier, influenced by the upward trend in refining margins in international markets;

- The adverse economic conditions in the Iberian Peninsula led to a weaker performance of the oil product marketing business both in the first half and in the second quarter of 2012 compared with a year earlier;

- Natural gas sold in the first half of 2012 rose 16% yoy to 3,225 million cubic metres, driven by the LNG trading activity; in the second quarter natural gas sold rose 26% to 1,500 million cubic metres;

- RCA EBIT of €269 million in the first half of 2012 was 53% ahead of a year earlier; EBIT of €174 million in the second quarter rose 43% yoy;

- RCA net profit in the first half of 2012 amounted to €178 million, 72% of which was achieved in the second quarter, when earnings per share were €0.16;

- Capital expenditure in the first half of 2012 amounted to €391 million, 70% of which was channelled into the Exploration & Production business segment; in the second quarter of the year, 72% of total capital spending of €190 million was taken up by the Exploration & Production activities in Brazil;

- At the end of the first half of 2012 the net debt to equity ratio was 18% and net debt amounted to €1,221 million, reflecting a sound capital structure.

CONFERENCE CALL

Date:	Friday, 27 July 2012
Time:	14:00 (UK time)
Hosted by:	Manuel Ferreira De Oliveira (CEO) Tiago Villas-Boas (IRO)
Phones:	Portugal: 800 780 153 United Kingdom: +44 207 190 1595 or +44 (0) 800 358 5263 (toll free in the UK)
Chairperson:	Tiago Villas-Boas

KEY FIGURES

FINANCIAL DATA

Million euros

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
278	93	(185)	(66.4%)	EBITDA	635	463	(172)	(27.1%)
233	273	39	16.8%	EBITDA RC[1]	368	474	106	28.7%
232	**281**	**49**	**21.1%**	**EBITDA RCA[2]**	**367**	**481**	**113**	**30.9%**
163	(31)	(194)	n.m.	EBIT	424	233	(190)	(44.9%)
119	148	30	25.2%	EBIT RC[1]	157	245	88	55.7%
122	**174**	**52**	**42.7%**	**EBIT RCA[2]**	**176**	**269**	**93**	**52.6%**
101	(15)	(116)	n.m.	Net profit	293	157	(136)	(46.3%)
69	112	43	62.6%	Net profit RC[1]	102	163	61	59.5%
71	**129**	**57**	**80.8%**	**Net profit RCA[2]**	**114**	**178**	**64**	**56.7%**

[1] Replacement cost figures exclude inventory effects

[2] Replacement cost adjusted figures exclude inventory effects and non-recurrent events

MARKET INDICATORS

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
117.4	108.2	(9.2)	(7.8%)	Average dated Brent price[1] (Usd/bbl)	111.2	113.3	2.2	2.0%
(1.2)	2.3	3.5	n.m.	Benchmark refining margin[2] (Usd/bbl)	(0.9)	0.8	1.7	n.m.
57.7	57.4	(0.3)	(0.4%)	UK NBP natural gas price[3] (GBp/term)	57.4	58.3	1.0	1.7%
1.44	1.28	(0.2)	(10.9%)	Average exchange rate[3] (Eur/Usd)	1.40	1.30	(0.1)	(7.6%)
1.70	0.98	*(0.72 p.p.)*	n.m.	Euribor - six month[3] (%)	1.53	1.16	*(0.37 p.p.)*	*n.m.*

[1] Source: *Platts*

[2] Source: *Platts*. For a complete description of the method for calculating the benchmark refining margin see "Definitions"

[3] Source: *Bloomberg*

OPERATING DATA

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
21.8	25.8	4.0	18.1%	Average working interest production (kboepd)	20.3	24.2	3.9	19.2%
13.8	18.8	5.0	36.7%	Average net entitlement production (kboepd)	11.7	17.7	6.0	51.0%
0.6	2.5	1.9	n.m.	Galp Energia refining margin (Usd/bbl)	0.8	1.7	0.9	108.7%
3.1	3.1	0.1	2.3%	Raw materials processed (million tonnes)	5.1	6.1	1.0	18.5%
2.6	2.5	(0.2)	(6.6%)	Oil sales direct clients (million tonnes)	5.1	5.1	(0.0)	(0.2%)
1,187	1,500	313	26.4%	Natural gas sales (million m^3)	2,792	3,225	433	15.5%
323	317	(6)	(2.0%)	Sales of electricity to the grid [1] (GWh)	547	636	89	16.3%

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

galp energia

BASIS OF PRESENTATION

Galp Energia's consolidated financial statements, and which were subject to limited review, for the six months ended 30 June 2012 and 2011 have been prepared in accordance with IFRS. The financial information in the consolidated income statement is reported for the quarters ended on 30 June 2012 and 2011 and the six months ended on these dates. The financial information in the consolidated financial position is reported at 30 June 2012, 31 March 2012 and 31 December 2011.

Galp Energia's financial statements are prepared in accordance with IFRS and the cost of goods sold is valued at WAC. The use of this valuation method may, when prices of goods and commodities fluctuate, cause volatility in results following gains or losses in inventories that do not reflect the Company's operating performance. This effect is called the *inventory effect*.

Another factor that may affect the Company's results but is not an indicator of its true performance is the set of non-recurrent events, such as gains or losses on the disposal of assets, impairments or reinstatements of fixed assets and environmental or restructuring charges.

For the purpose of evaluating Galp Energia's operating performance, RCA operating and net profit exclude non-recurrent events and the inventory effect, the latter because the cost of goods sold has been calculated according to the replacement cost (RC) valuation method.

RECENT CHANGES

In December 2011, Galp Energia changed the method of accounting for its pension obligations, which were previously recorded according to the so-called *corridor method* in IAS 19, which was revised in 2011. Galp Energia has since recognised all actuarial gains or losses in the accounting period against equity, with an impact on the Company's financial position. This change was applied to the financial statements for the second quarter and first half of 2011, in order to make these periods comparable.

In December 2011 Galp Energia began to include in total production the volumes of natural gas sold from Brazil's Lula field after gas pipeline Lula-Mexilhão started operations at the end of the third quarter of 2011.

MARKET ENVIRONMENT

BRENT

The dated Brent averaged Usd 113.3/bbl in the first half of 2012, up 2% yoy following unrest in Syria, South Sudan and Yemen, which inflated oil prices in the first months of the year. The rise in dated Brent was also influenced by the embargo on Iranian crude by the United States and the European Union.

In the second quarter of 2012 the dated Brent averaged Usd 108.2/bbl, down 8% yoy, as uncertainties developed about the growth prospects of both the European and US economies and about the possibility of a slowdown in the Chinese economy. A year earlier the dated Brent had been supported by strife in Libya, which resulted in supply cutbacks.

The price spread between heavy and light crude oil narrowed yoy by Usd 1.2/bbl to Usd -1.8/bbl in the first half of 2012. In the second quarter of the year this spread was Usd -1.8/bbl, implying an Usd 1.3/bbl decrease year on year. In addition to lower prices of light crude compared with a year earlier, when the supply of Libyan oil was constrained, the reduced spread between the two types of crude was influenced by the tighter supply of heavy crude that resulted from the embargo on Iranian oil.

OIL PRODUCTS

In the first half of 2012 the gasoline crack spread averaged Usd 11.4/bbl, up 48% yoy as supply of this product was cut back, mainly in the United States, following some refinery closures, particularly on the East coast. This offered European refineries opportunities to export to the United States, as well as the Middle East and West Africa. It should be also highlighted the positive effect of the decrease of the oil price during the second quarter of 2012, which positively impacted the evolution of the gasoline crack during the first half of the year. The gasoline arbitrage opportunities to the United States during the second quarter also contributed to the increase of the gasoline crack of 52% yoy to Usd 15.4/bbl.

In the first half of 2012 the diesel crack spread averaged Usd 19.2/bbl, up 10% yoy. In the second quarter of the year the diesel crack spread averaged Usd 19.8/bbl, up 21% yoy, influenced by lower diesel supply from Russia and the closures of the Coryton refinery, in the United Kingdom.

In the first half of 2012, the fuel oil crack spread averaged Usd -4.1/bbl, up Usd 8.6/bbl yoy as supply was impacted by refinery closures in Europe and by increased demand from marine bunkers and power plants, namely in Japan. The stronger demand for fuel oil, coupled with the constrained supply following cutbacks in Russian exports to Europe, supported the increase of the fuel oil crack spread of Usd 8.5/bbl yoy to Usd -2.9/bbl in the second quarter of 2012.

REFINING MARGINS

Galp Energia's benchmark margin of Usd 0.8/bbl in the first half of 2012 was Usd 1.7/bbl higher yoy, which reflected the rise of Usd 2.1/bbl and Usd 3.1/bbl in cracking and hydroskimming margins, respectively, in the period. In the second quarter of 2012 the benchmark margin rose Usd 3.5/bbl to Usd 2.3/bbl yoy on the back of higher crack spreads of refined oil products, namely gasoline and fuel oil.

EUR/USD

In the first half of 2012, the euro/dollar exchange rate averaged 1.30, implying a 8% yoy depreciation of the euro against the dollar. In the second quarter of the year the euro/dollar exchange rate averaged 1.28, a 11% yoy depreciation of the euro against the dollar. The weakening of the single currency reflected primarily the continued sovereign debt crisis in the Eurozone, brought to the edge by the call of a new parliamentary election in Greece, in an attempt to form a stable government, and by the deterioration of the Spanish economy, public finances and banking sector.

IBERIAN MARKET

In the first half of 2012, the Portuguese market for oil products declined 5% yoy to 4.5 million tonnes, mainly driven by the markets for gasoline and diesel, which contracted 9%, to 0.6 million tonnes and 2.3 million tonnes, respectively. The market for jet declined 1% to 0.5 million tonnes. In the second quarter of 2012, the Portuguese market for oil products decreased 7% yoy to 2.3 million tonnes. This decline reflected lower demand for gasoline and diesel, that fell 11% each, to 0.3 million tonnes and 1.1 million tonnes, respectivley. The market for jet diminished 3%, for 0.3 million tonnes.

In the first half of 2012 the Spanish oil product market presented a decrease of 6% yoy to 26.7 million tonnes. This evolution was not only due to the decrease of 8% yoy in the gasoline market to 2.4 million tonnes, but also due to the negative evolution of the diesel and jet markets, which were also impacted by the adverse economic context. In fact, both demand for diesel and jet decreased 7% to 14.0 million and to 2.5 million tonnes, respectively. In the second quarter of 2012, the Spanish oil market declined 5% yoy to 13.2 million tonnes, driven by the gasoline and diesel markets, which decreased 11% and 8%, respectively. The market for jet also posted a negative evolution, decreasing 5% yoy to 1.4 million tonnes.

In the first half of 2012, the Portuguese natural gas market decreased 19% yoy to 2,165 million cubic metres, mainly due to the 36% yoy decline in the natural gas volumes in the electrical segment. This decline followed the higher electricity production through coal and the increased imports of electricity from Spain. In the second quarter of 2012, the Portuguese natural gas market contracted 29% yoy to 912 million cubic metres also due to the negative demand evolution from the electrical segment, as both the electricity production through coal and the imports of electricity from Spain increased.

The Spanish natural gas market demand in the first half of 2012 fell 2% yoy, as the 7% increase in demand from the residential and industrial segments was not able to offset the weaker demand from the electrical segment, which volumes declined 24% yoy as electricity production through coal and nuclear sources increased. In the second quarter of 2012, the Spanish natural gas market contracted 4% yoy, as the 8% increase in demand by the residential and industrial segments was not enough to offset the 32% decline demand from the electrical segment. This decline followed higher electrical generation through coal.

MARKET INDICATORS

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
117.4	108.2	(9.2)	(7.8%)	Dated Brent price[1] (Usd/bbl)	111.2	113.3	2.2	2.0%
(3.1)	(1.8)	(1.3)	(42.9%)	Heavy-light crude price spread[2] (Usd/bbl)	(3.0)	(1.8)	(1.2)	(40.7%)
16.3	19.8	3.5	21.4%	Diesel crack[3] (Usd/bbl)	17.3	19.2	1.8	10.5%
10.1	15.4	5.3	52.4%	Gasoline crack[4] (Usd/bbl)	7.7	11.4	3.7	48.3%
(11.4)	(2.9)	8.5	74.5%	Fuel oil crack[5] (Usd/bbl)	(12.7)	(4.1)	8.6	67.8%
(1.2)	2.3	3.5	n.m.	Benchmark refining margin[1] (Usd/bbl)	(0.9)	0.8	1.7	n.m.
2.4	2.3	(0.2)	(6.9%)	Portuguese oil market[6] (million ton)	4.7	4.5	(0.2)	(4.9%)
13.9	13.2	(0.7)	(5.3%)	Spanish oil market[7] (million ton)	28.3	26.7	(1.6)	(5.5%)
1,281	912	(369)	(28.8%)	Portuguese natural gas market[8] (million m^3)	2,667	2,165	(502)	(18.8%)
7,155	6,865	(290)	(4.1%)	Spanish natural gas market[9] (million m^3)	16,645	16,342	(303)	(1.8%)

[1] Source: Platts
[2] Source: Platts; *Urals NWE Dated* for heavy crude*; Brent Dated* for light crude
[3] Source: Platts; *ULSD 10ppm NWE CIF ARA*
[4] Source: Argus; Unleaded gasoline, *NWE FOB Barges*
[5] Source: Platts; 1% LSFO, NWE FOB Cargoes
[6] Source: DGEG based on the APETRO market
[7] Source: Cores. Includes estimates for May and June
[8] Source: Galp Energia
[9] Source: Enagás

FINANCIAL REVIEW

1. INCOME STATEMENT

Million euros (RCA, except otherwise noted)

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
4,356	4,556	200	4.6%	Turnover	8,151	9,351	1,200	14.7%
(4,144)	(4,283)	138	3.3%	Operating expenses	(7,825)	(8,888)	1,063	13.6%
20	8	(13)	(62.4%)	Other operating revenues (expenses)	41	18	(24)	(57.3%)
232	**281**	**49**	**21.1%**	**EBITDA**	**367**	**481**	**113**	**30.9%**
(110)	(106)	(3)	(3.1%)	D&A and provisions	(191)	(211)	21	10.9%
122	**174**	**52**	**42.7%**	**EBIT**	**176**	**269**	**93**	**52.6%**
15	21	6	40.6%	Net profit from associated companies	36	42	6	17.3%
0	0	(0)	n.m.	Net profit from investments	0	0	(0)	n.m.
(35)	24	59	n.m.	Net interest expenses	(64)	(17)	47	73.7%
102	220	117	115.0%	Profit before tax and minority interests	148	294	146	99.1%
(27)	(72)	44	162.4%	Income tax	(28)	(95)	66	n.m.
(4)	(19)	16	n.m.	Minority Interests	(6)	(21)	16	n.m.
71	**129**	**57**	**80.8%**	**Net profit**	**114**	**178**	**64**	**56.7%**
71	**129**	**57**	**80.8%**	**Net profit**	**114**	**178**	**64**	**56.7%**
(2)	(17)	(14)	n.m.	Non recurrent items	(12)	(15)	(4)	(31.8%)
69	**112**	**43**	**62.6%**	**Net profit RC**	**102**	**163**	**61**	**59.5%**
32	(127)	(159)	n.m.	Inventory effect	191	(5)	(196)	n.m.
101	**(15)**	**(116)**	**n.m.**	**Net profit IFRS**	**293**	**157**	**(136)**	**(46.3%)**

FIRST HALF

RCA net profit of €178 million in the first half of 2012 was €64 million higher yoy, as the Exploration & Production and the Gas & Power business segments improved their performance on the back of rising oil and natural gas production in Brazil and larger volumes of LNG sold through the trading activity. The favourable contribution of financial results more than offset the unfavourable effect of increased minority interests following the sale of new shares in Petrogal Brasil and related companies.

IFRS net profit of €157 million in the first half of 2012 included an unfavourable inventory effect of €5 million due to the evolution of crude and oil product prices in international markets.

SECOND QUARTER

RCA net profit of €129 million in the second quarter of 2012 was 81% ahead of a year earlier as all business segments delivered better results following higher oil and natural gas production in Brazil, higher refining margins and higher volumes of LNG sold through trading activities. Financial results also gave a favourable contribution to profit compared with a year earlier. Net profit was negatively impacted by the increase in minority interests that followed the sale of new shares in Petrogal Brasil and related companies.

The IFRS net loss of €15 million in the second quarter of 2012 included an unfavourable inventory effect of €127 million, due to the fall in crude and oil product prices in international markets.

2. ANALYSIS OF INCOME STATEMENT ITEMS

SALES AND SERVICES RENDERED

Million euros

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
4,356	**4,556**	**200**	**4.6%**	**Sales and services rendered RCA**	**8,151**	**9,351**	**1,200**	**14.7%**
113	130	18	15.8%	Exploration & Production	173	210	38	21.8%
3,898	3,846	(52)	(1.3%)	Refining & Marketing	7,147	7,868	720	10.1%
493	713	221	44.8%	Gas & Power	1,110	1,508	398	35.8%
30	33	2	7.4%	Others	66	60	(6)	(8.9%)
(178)	(167)	11	6.0%	Consolidation adjustments	(345)	(296)	50	14.4%

FIRST HALF

In the first half of 2012 RCA sales and services rendered rose 15% yoy to €9,351 million, following the contribution of all business segments on the back of higher production of crude oil and larger volumes of oil products, natural gas and LNG sold.

SECOND QUARTER

In the second quarter of 2012, RCA sales and services rendered rose 5% yoy to €4,556 million, following the contribution of the Exploration & Production and Gas & Power business segments due to higher production of crude oil and larger volumes of crude, natural gas and LNG sold.

OPERATING COSTS

Million euros

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
4,144	**4,283**	**138**	**3.3%**	**Operational costs RCA**	**7,825**	**8,888**	**1,063**	**13.6%**
3,861	3,972	111	2.9%	Cost of goods sold	7,233	8,245	1,012	14.0%
214	230	17	7.8%	Supply and services	440	479	39	8.8%
70	81	11	15.1%	Personnel costs	152	164	12	7.7%

FIRST HALF

RCA operating costs of €8,888 million in the first half of 2012 were 14% higher than a year earlier as the cost of goods sold rose following the rise in oil products and natural gas sold, and the increase in volumes of crude processed. Supply and services cost rose 9% yoy to €479 million, driven by the rise in costs associated with higher crude oil and natural gas produced in Brazil and the operation of the new units of the Matosinhos refinery's upgrade project.

Personnel costs of €164 million in the first half of 2012 were 8% higher yoy due to variable-pay accruals.

SECOND QUARTER

RCA operating costs of €4,283 million in the second quarter were €138 million higher yoy following the higher cost of goods sold. Despite falling prices of crude, natural gas and oil products in the second quarter of 2012 compared with a year earlier, the cost of goods sold rose 3% to €3,972 million following the rise in volumes of oil products and natural gas sold, and crude processed.

Supply and services cost in the second quarter rose 8% yoy to €230 million following the rise in costs associated with higher production of crude oil and natural gas in Brazil.

Personnel costs of €81 million in the second quarter of 2012 were €11 million ahead of a year earlier primarily due to variable-pay accruals.

DEPRECIATION AND AMORTISATION

Million euros

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
105	**95**	**(10)**	**(9.2%)**	**Depreciation & Amortisation RCA**	**185**	**191**	**6**	**3.2%**
46	33	(14)	(29.6%)	Exploration & Production	71	63	(9)	(12.0%)
47	49	1	3.0%	Refining & Marketing	91	102	11	11.9%
11	13	2	22.6%	Gas & Power	21	24	3	15.1%
1	1	0	23.4%	Others	2	2	0	22.8%

FIRST HALF

In the first half of 2012, RCA depreciation and amortisation rose 3% yoy to €191 million.

In the Exploration & Production business segment, depreciation and amortisation of €63 million was primarily due to asset depreciation in Angola's block 14. The €9 million fall in depreciation and amortisation compared with the first half of 2011 was a result of higher depreciation charges in this period after Angolan reserves were revised downwards in the second quarter of 2011.

In the Refining & Marketing business segment depreciation and amortisation amounted to €102 million, impacted by the start of operations of the new units of the Matosinhos refinery's upgrade project.

In the Gas & Power business segment depreciation and amortisation of €24 million was in line with a year earlier.

SECOND QUARTER

In the second quarter of 2012 RCA depreciation and amortisation fell €10 million yoy to €95 million mainly due to the Exploration & Production business segment.

The €14 million decline in depreciation and amortisation in the Exploration & Production business segment to €33 million, compared with the second quarter of 2011, was a result of higher depreciation charges after Angolan reserves were revised downwards in the second quarter of 2011.

In the Refining & Marketing business segment depreciation and amortisation of €49 million was in line with the second quarter of 2011, influenced by the start of operations of the new units of the Matosinhos refinery's upgrade project.

Depreciation and amortisation of €13 million in the Gas & Power business segment was in line with a year earlier.

PROVISIONS

Million euros

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
4	**11**	**6**	**n.m.**	**Provisions RCA**	**6**	**20**	**15**	**n.m.**
1	5	5	n.m.	Exploration & Production	0	10	9	n.m.
3	4	1	21.2%	Refining & Marketing	5	8	3	54.9%
1	2	1	n.m.	Gas & Power	(0)	2	3	n.m.
0	-	(0)	n.m.	Others	0	(0)	(0)	n.m.

FIRST HALF

In the first half of 2012 RCA provisions of €20 million were €15 million higher than a year earlier primarily as a result of provisions of €10 million in Exploration & Production, mostly related to the planned abandonment of block 14's BBLT field, in Angola.

In Refining & Marketing provisions of €8 million were mainly related to doubtful debtors.

In Gas & Power provisions of €2 million were also related to doubtful debtors.

SECOND QUARTER

In the second quarter RCA provisions of €11 million were primarily made in the Exploration & Production and Refining & Marketing business segments.

In Exploration & Production provisions of €5 million were mostly related to the planned abandonment of block 14's BBLT field, in Angola.

Provisions of €4 million in Refining & Marketing and €2 million in Gas & Power were made on account of doubtful debtors.

OPERATING PROFIT

Million euros

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
122	**174**	**52**	**42.7%**	**EBIT RCA**	**176**	**269**	**93**	**52.6%**
28	61	33	118.4%	Exploration & Production	51	115	64	126.0%
45	51	6	12.7%	Refining & Marketing	22	22	(0)	(1.5%)
48	60	12	24.7%	Gas & Power	100	131	31	30.8%
1	2	1	n.m.	Others	4	2	(2)	n.m.

FIRST HALF

RCA EBIT of €269 million in the first half of 2012 implied a 53% increase yoy, as the Exploration & Production and the Gas & Power business segments improved their performance.

In Exploration & Production RCA EBIT rose €64 million to €115 million as both net entitlement production and the price of crude oil increased year on year.

The Refining & Marketing business segment reported RCA EBIT of €22 million as the favourable impact of a higher refining margin partially offset the shortfall in Iberian marketing of oil products.

The Gas & Power business segment improved its performance yoy and reported a rise of €31 million in RCA EBIT to €131 million primarily following higher volumes of LNG sold through the trading activity.

SECOND QUARTER

RCA EBIT of €174 million in the second quarter of 2012 was 43% higher yoy after all business segments improved their performance.

In Exploration & Production RCA EBIT rose €33 million to €61 million as higher net entitlement production and lower depreciation in Angola more than offset the fall in crude prices compared with a year earlier.

In Refining & Marketing RCA EBIT rose €6 million yoy to €51 million as higher refining margins more than offset the shortfall in Iberian oil product marketing.

The Gas & Power business segment improved its performance yoy and reported a rise of €12 million in RCA EBIT to €60 million on the back of higher volumes of LNG sold through the trading activity.

OTHER RESULTS

Million euros

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
15	21	6	40.6%	Net profit from associated companies	36	42	6	17.3%
0	0	(0)	n.m.	Net profit from investments	0	0	(0)	n.m.
(35)	24	59	n.m.	Financial results	(64)	(17)	47	73.7%

FIRST HALF

Results from associates in the first half of 2012 amounted to €42 million and included €29 million from international gas pipelines EMPL, Gasoducto Al Andalus and Gasoducto Extremadura.

Financial results were negative in €17 million, but still implied a €47 million improvement yoy as net interest expense fell and potential foreign exchange gains rose following the appreciation of the US dollar against the Brazilian real.

SECOND QUARTER

Results from associates in the second quarter of 2012 amounted to €21 million and included €14 million from international gas pipelines EMPL, Gasoducto Al Andalus and Gasoducto Extremadura.

Positive financial results of €24 million implied a €59 million improvement yoy as net interest expense fell and potential foreign exchange gains rose following the appreciation of the US dollar against the Brazilian real.

INCOME TAX

Million euros (except otherwise noted)

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
38	**11**	**(27)**	**(70.7%)**	**Income tax**	**96**	**81**	**(15)**	**(15.6%)**
27%	*78%*	*52 p.p.*	*n.m.*	*Effective income tax*	*24%*	*31%*	*7 p.p.*	*n.m.*
(12)	53	(65)	n.m.	Inventory effect	(75)	6	(82)	n.m.
26	**64**	**38**	**146.1%**	**Income tax RC**	**21**	**87**	**67**	**n.m.**
1	8	6	n.m.	Non recurrent items	8	7	(0)	(1.9%)
27	**72**	**44**	**162.4%**	**Income tax RCA**	**28**	**95**	**66**	**n.m.**
27%	*33%*	*6 p.p.*	*n.m.*	*Effective income tax*	*19%*	*32%*	*13 p.p.*	*n.m.*

FIRST HALF

RCA income tax of €95 million was €66 million higher than a year earlier after results improved, namely in Brazil.

The effective tax rate rose to 32% from 19% a year earlier, which included a reversal of €10 million related to an excess estimate of IRP in previous years.

Tax payable for the period also rose following the increase in the marginal tax rate applicable to companies based in Portugal.

SECOND QUARTER

RCA income tax of €72 million in the second quarter equated to an effective tax rate of 33% - against 27% a year earlier – following rising results in Brazil that were generated by the increased production of crude oil and natural gas.

3. FINANCIAL POSITION

Million euros (except otherwise noted)

	December 31, 2011	March 31, 2012	June 30, 2012	Change vs Dec 31, 2011	Change vs Mar 31, 2012
Fixed assets	6,002	6,120	6,154	152	34
Strategic stock	996	829	754	(242)	(75)
Other assets (liabilities)	(407)	430	516	922	86
Working capital	(146)	227	560	706	333
	6,446	**7,606**	**7,983**	**1,538**	**378**
Short term debt	1,528	1,326	1,566	38	241
Long term debt	2,274	2,326	2,179	(96)	(148)
Total debt	**3,803**	**3,652**	**3,745**	**(58)**	**93**
Cash	298	2,862	2,524	2,226	(338)
Total net debt	**3,504**	**790**	**1,221**	**(2,283)**	**431**
Total shareholder's equity	**2,941**	**6,816**	**6,763**	**3,821**	**(53)**
Capital employed	**6,446**	**7,606**	**7,983**	**1,538**	**378**

Fixed assets of €6,154 million at 30 June 2012 were €34 million higher than at the end of March 2012 after capital expenditure in the second quarter, namely on Exploration & Production activities.

Strategic inventories fell €75 million in comparison with the end of March 2012 following the fall in the amount and price of oil products allocated to these inventories.

The rise in capital employed was driven by the €86 million increase in other assets and liabilities in the second quarter of 2012 to €516 million. This amount was positively impacted by the loan of Petrogal Brasil, to Sinopec of Usd 1.2 billion in the first quarter of 2012 and by the appreciation of the US dollar against the Euro during the second quarter of 2012.

The €333 million rise in working capital requirements to €560 million compared with the end of the first quarter of 2012 was primarily a result of the shorter average settlement of accounts payable.

DEBT

Million euros (except otherwise noted)

	December 31, 2011		March 31, 2012		June 30, 2012		Change vs Dec 31, 2011		Change vs Mar 31, 2012	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	280	905	280	905	420	485	140	(420)	140	(420)
Bank debt	863	1,119	646	1,421	496	1,694	(367)	574	(149)	272
Commercial paper	385	250	400	-	650	-	265	(250)	250	-
Cash	(298)	-	(2,862)	-	(2,524)	-	(2,226)	-	338	-
Net debt	**3,504**		**790**		**1,221**		**(2,283)**		**431**	
Average life (years)	2.13		2.09		4.45		2.32		2.36	
Net debt to equity	119%		12%		18%		(101.1 p.p.)		6.5 p.p.	

Net debt of €1,221 million at 30 June 2012 was €431 million higher than at the end of March 2012 following capital expenditure, increased working capital needs and the payment of dividends in the second quarter of 2012.

At 30 June 2012 the net-debt-to-equity ratio was 18%, against 12% at the end of the first quarter. RCA net debt to EBITDA was 1.3x at the end of the second quarter of 2012, against 0.9x at the end of March 2012.

At the end of June 2012, long-term debt accounted for 58% of total debt, against 64% at the end of March 2012. Forty-two per cent of total medium- and long-term debt was on fixed rate, against 44% at the end of March 2012.

The average life of debt was 4.4 years at the end of June 2012, or 2.4 years longer than at the end of March 2012. This extension came as a result of an 8.5-year loan facility of €560 million signed in June. As such, the bulk of medium and long-term debt reimbursements are concentrated on 2013 and 2014, with no major reimbursements in 2012.

The average cost of debt for the first quarter of 2012 was 4.4%, or 34 basis points higher than a year earlier following the increase in the cost of credit.

At 30 June 2012, net debt attributable to minority interests amounted to minus €26 million.

At the end of June 2012, Galp Energia had contracted, but not used, credit lines of €1.5 billion, of which 50% signed with international banks and 60% contracted guaranteed.

4. CASH FLOW

Second quarter			First half	
2011	2012		2011	2012
163	(31)	EBIT	424	233
110	113	Non cash costs	208	209
65	131	Change in operational stock	34	(218)
101	75	Change in strategic stocks	(256)	242
440	**288**	**Sub total**	**409**	**467**
(30)	(4)	Interest expenses	(51)	(40)
(31)	(17)	Taxes	(58)	(35)
(153)	(464)	Change in working capital excluding operational stock	(23)	(488)
226	**(196)**	***Cash flow from operating activities***	**277**	**(96)**
(300)	(152)	Net capital expenditures and disposals[1]	(595)	(357)
(86)	(133)	Dividends paid / received	(86)	(133)
31	50	Others	33	2,869
(130)	**(431)**	**Total**	**(371)**	**2,283**

[1] *Net capital expenditures and disposals* includes financial investments

FIRST HALF

Cash flow in the first half of 2012 amounted to €2,283 million after the capital raising by Petrogal Brasil and related companies generated proceeds that more than offset net capital expenditure, dividend payments and the increase in operating inventories and working capital.

Cash flow from operating activities was minus €96 million despite the favourable impact of the Exploration & Production and Gas & Power business segments' operating performance. The reason for this was the adverse effect of higher oil product volumes in operating inventories and of higher working capital resulting from the longer average collection days of receivables and the shorter payables settlements. Net capital expenditure of €357 million and dividends of €166 million paid in May had a negative impact on cash flow in the period.

SECOND QUARTER

Cash flow in the second quarter of 2012 was minus €431 million following the increase in working capital, net capital expenditure and dividend payments.

Although cash flow from operating activities in the second quarter of 2012 was favourably influenced by the fall in both operating and strategic inventories following decreases in the volume and price of their content, the increase in working capital – mostly from shorter payables settlements – led to negative cash flow of €196 million in the period.

Net capital expenditure of €152 million and dividends of €166 million, or €0.20 per share, paid in May had a negative impact on cash flow in the period.

5. CAPITAL EXPENDITURE

Million euros

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
81	137	56	68.4%	Exploration & Production	151	274	122	81.0%
182	37	(145)	(79.6%)	Refining & Marketing	412	85	(327)	(79.3%)
12	14	2	15.1%	Gas & Power	24	31	7	27.1%
2	1	(1)	(32.5%)	Others	2	2	(1)	(36.1%)
278	**190**	**(88)**	**(31.7%)**	**Investment**	**590**	**391**	**(199)**	**(33.7%)**

FIRST HALF

Capital expenditure in the first half of 2012 amounted to €391 million, 70% of which was channelled into the Exploration & Production business segment, in line with the outlined strategy. The Refining & Marketing business segment, which up to the end of 2011 was the main recipient of capital spending, accounted for just 20% of the total in the period.

In Exploration & Production capital expenditure of €274 million was €122 million higher than a year earlier and was mostly channelled into development activities in Brazil, where block BM-S-11 absorbed €116 million. Around 50% of the investment in the segment went into exploration activities. Expenditure in Mozambique totalled €33 million and was channelled into exploration and appraisal activities in Area 4, namely in the Mamba complex.

Combined capital expenditure in the Refining & Marketing and Gas & Power business segments amounted to €116 million, of which the former business segment absorbed €85 million. The €327 million fall in spending in Refining & Marketing in the first half of 2012 was related to completion of the refinery upgrade project. Capital expenditure of €31 million in Gas & Power was mostly allocated to the natural gas distribution network and the cogeneration plant at the Matosinhos refinery.

SECOND HALF

In the second quarter of 2012 capital expenditure fell €88 million to €190 million, mostly on account of the Refining & Marketing business segment after the upgrade project was completed.

In the Exploration & Production business segment capital expenditure in the second quarter of 2012 rose €56 million yoy to €137 million, from which the block BM-S-11 in Brazil absorbed €51 million. From the total capital expenditure in the period, around 50% was channelled into exploration activities. In Mozambique capital expenditure reached €16 million and was focused on seismic and appraisal activities on the Mamba complex.

The Refining & Marketing business segment absorbed €37 million, that is, 20% of total capital expenditure in the period.

The Gas & Power business segment took up 7% of total capital expenditure in the second quarter of 2012, in line with a year earlier.

SEGMENT REVIEW

1. EXPLORATION & PRODUCTION

Million euros (except otherwise noted)

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
21.8	**25.8**	**4.0**	**18.1%**	**Average working interest production (kboepd)**	**20.3**	**24.2**	**3.9**	**19.2%**
13.8	**18.8**	**5.0**	**36.7%**	**Average net entitlement production (kboepd)**	**11.7**	**17.7**	**6.0**	**51.0%**
10.1	8.5	(1.6)	(16.0%)	Angola	9.1	8.6	(0.6)	(6.3%)
3.7	10.4	6.7	n.m.	Brazil	2.6	9.1	6.5	n.m.
108.4	**96.4**	**(12.0)**	**(11.1%)**	**Average realized sale price[1] (Usd/boe)**	**105.4**	**101.3**	**(4.0)**	**(3.8%)**
13.8	**8.9**	**(4.9)**	**(35.7%)**	**Operating cost[1] (Usd/boe)**	**15.8**	**12.7**	**(3.1)**	**(19.6%)**
53.0	**24.4**	**(28.6)**	**(54.0%)**	**Amortisation[1] (Usd/boe)**	**47.3**	**25.3**	**(21.9)**	**(46.4%)**
1,329	**5,947**	**4,618**	**n.m.**	**Net total assets**	**1,329**	**5,947**	**4,618**	**n.m.**
94	128	34	36.2%	Turnover[2]	158	251	92.3	58.3%
75	**99**	**24**	**32.4%**	**EBITDA RCA**	**122**	**187**	**64.7**	**52.8%**
28	**61**	**33**	**118.4%**	**EBIT RCA**	**51**	**115**	**64**	**126.0%**

[1] Based on net entitlement production

[2] Considers sales and change in production

ACTIVITIES

FIRST HALF

Working interest production in the first half of 2012 rose 19% yoy to 24.2 kboepd. This rise was primarily due to higher production in Brazil's Lula field, namely from FPSO Cidade de Angra dos Reis and the production test in the Iracema Sul area, which started in the first quarter of 2012. Production in Brazil reached 9.1 kboepd, 16% of which consisting of natural gas. Working interest production in Angola fell 15% yoy to 15.1 kbopd after production declined in block 14's fields, which have reached maturity.

Net entitlement production rose 51% yoy to 17.7 kboepd as production rose in Brazil. Although production in Angola decreased 6.3% yoy, it benefited from the increase in production rates related to the cost recovery mechanism in Angola's PSA. The latter factor was more significant in the BBLT field as cost recovery prior to abandonment started through cost oil in the first quarter of 2012.

SECOND QUARTER

Working interest production in the second quarter of 2012 rose 18% yoy to 25.8 kboepd as production in Brazil mounted. Brazilian production rose to 10.4 kboepd from 3.7 kboepd a year earlier after three additional producing wells were connected to FPSO Cidade de Angra dos Reis, against one single well in the same period in 2011. The Lula field reached an important milestone in June, when production from the FPSO achieved average net production to Galp Energia of 11 kboepd, close to the FPSO's total processing capacity. In Angola working interest production fell 15% yoy to 15.4 kbopd after production declined in the BBLT field, which has reached maturity while undergoing maintenance in the quarter.

Net entitlement production in the second quarter of 2012 rose 37% yoy to 18.8 kboepd, the highest average quarterly production ever. Brazil accounted for 55% of the quarter's total net entitlement production.

RESULTS

FIRST HALF

RCA EBIT of €115 million in the first half of 2012 was €64 million ahead of a year earlier as net entitlement production rose 51%.

Brazil's contribution to the segment's RCA EBIT rose to 61% from 54% a year earlier in line with the geographic production profile evolution.

Production costs increased €8 million yoy to €32 million following the rise in activity in Brazil. On a net entitlement basis, unit costs fell to Usd 12.7/boe from Usd 15.8/boe a year earlier.

Depreciation charges fell to €63 million from €71 million in the first half of 2011, when they were inflated by the downwards revision of reserves. However, depreciation charges in Brazil rose following the increase in production and the start of operations by the Lula-Mexilhão gas pipeline at the end of the third quarter of 2011. In unit terms, on a net entitlement basis, depreciation charges fell to Usd 25.3/boe from Usd 47.3/boe in the first half of 2011.

SECOND QUARTER

RCA EBIT of €61 million in the second quarter of 2012 was €33 million ahead of a year earlier, which resulted primarily from a 37% increase in net entitlement production and lower depreciation in Angola.

Brazil contributed 61% to the business segment's RCA EBIT, which was in line with a year earlier. Although the segment's RCA EBIT was favourably influenced by higher production in the Lula field, it was also helped by lower depreciation in Angola, which thus boosted its weight in the segment's RCA EBIT.

Production costs amounted to €12 million, in line with a year earlier. Unit production costs fell from Usd 13.8/boe in the second quarter of 2011 to Usd 8.9/boe as capacity utilisation of Brazil's FPSO Cidade de Angra dos Reis mounted.

Depreciation charges fell to €33 million from €46 million in the second quarter of 2011, although capital expenditure and Brazilian production increased between periods. The fall in depreciation charges was due to higher depreciation in the first half of 2011 as Angola's reserves were revised downwards in the second quarter of 2011. Unit depreciation charges on a net entitlement basis fell from Usd 53.0/boe in the second quarter of 2011 to Usd 24.4/boe.

2. REFINING & MARKETING

Million euros (except otherwise noted)

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
(1.2)	**2.3**	**3.5**	**n.m.**	**Benchmark refining margin[1] (Usd/bbl)**	**(0.9)**	**0.8**	**1.7**	**n.m.**
0.6	**2.5**	**1.9**	**n.m.**	**Galp Energia refining margin (Usd/bbl)**	**0.8**	**1.7**	**0.9**	**108.7%**
1.8	**2.3**	**0.5**	**24.9%**	**Refinery cash cost (Usd/bbl)**	**2.3**	**2.3**	**(0.1)**	**(2.5%)**
20,895	**21,456**	**561**	**2.7%**	**Crude processed (k bbl)**	**34,467**	**41,720**	**7,252**	**21.0%**
3.1	**3.1**	**0.1**	**2.3%**	**Raw material processed (million tonnes)**	**5.1**	**6.1**	**1.0**	**18.5%**
4.2	**4.0**	**(0.2)**	**(3.9%)**	**Total refined product sales (million tonnes)**	**7.9**	**8.3**	**0.4**	**5.0%**
2.6	**2.5**	**(0.2)**	**(6.6%)**	**Sales to direct clients (million tonnes)**	**5.1**	**5.1**	**(0.0)**	**(0.2%)**
1.5	1.5	(0.0)	(3.0%)	Wholesale	2.9	3.0	0.1	1.8%
0.8	0.8	(0.1)	(9.9%)	Retail	1.6	1.5	(0.1)	(8.2%)
0.1	0.1	(0.0)	(0.2%)	LPG	0.2	0.2	(0.0)	(3.9%)
0.2	0.2	(0.0)	(22.0%)	Others	0.4	0.4	0.1	20.7%
0.8	**0.8**	**0.0**	**6.4%**	**Exports[2] (million tonnes)**	**1.2**	**1.7**	**0.5**	**42.6%**
1,525	**1,492**	**(33)**	**(2.2%)**	**Number of service stations**	**1,525**	**1,492**	**(33)**	**(2.2%)**
614	**594**	**(20)**	**(3.3%)**	**Number of c-stores**	**614**	**594**	**(20)**	**(3.3%)**
6,995	**7,673**	**678**	**9.7%**	**Net total assets**	**6,995**	**7,673**	**678**	**9.7%**
3,898	3,846	(52)	(1.3%)	Turnover	7,147	7,868	720	10.1%
96	**104**	**8**	**8.2%**	**EBITDA RCA**	**119**	**132**	**14**	**11.4%**
45	**51**	**6**	**12.7%**	**EBIT RCA**	**22**	**22**	**(0)**	**1.5%**

[1] Source: Platts. For a complete description of the method for calculating benchmark refining margin, see "Definitions"

[2] Galp Energia exports excluding sales in the Spanish market

ACTIVITIES

FIRST HALF

In refining, 42 million barrels of crude oil were processed in the first half of 2012, up 7 million barrels from the first half of 2011, when the Sines refinery was affected by a technical outage for maintenance and interconnections associated with the upgrade project. Refinery capacity was utilised at 69% in the period, against 58% a year earlier.

Crude oil accounted for 92% of raw materials processed, with light crude and condensates accounting for 28%, medium crude for 56% and heavy crude for 16%.

In the production profile, diesel accounted for 34%, followed by gasoline with 21%. Fuel oil and jet accounted for 20% and 8% of total production, respectively, and own consumption and losses for 7%.

Despite the adverse economic conditions that continued to affect the Iberian market for oil products, volumes sold to direct clients stabilised at 5.1 million tonnes compared with the first half of 2011. Marketing of oil products in Africa represented 7% of total volumes sold to direct clients during the first half of 2012.

Exports from the Iberian Peninsula of 1.7 million tonnes in the first half of 2012 were 0.5 million tonnes ahead of a year earlier, when production available for export was negatively affected by the technical outage in the Sines refinery. Gasoline accounted for 30% and fuel oil for 27% of total exports as these products benefited from the favourable movement in crack spreads and, in the case of gasoline, arbitrage opportunities with the United States.

SECOND QUARTER

In the second quarter of 2012, which was affected by technical outages in May, 21 million barrels of crude oil were refined. Once the hydrocracker had not started operations yet, Sines refinery operated at suboptimal capacity utilization levels during the period. Refinery capacity was utilised at 71% in the period, in line with a year earlier.

Crude oil accounted for 92% of raw materials processed, with light crude and condensates weighing 27%, medium crude 59% and heavy crude 14%.

In the production profile, diesel accounted for 33%, followed by gasoline with 20%. Fuel oil and jet accounted for 23% and 8%, respectively, of total production and own consumption and losses for 7%.

Volumes sold to direct clients fell 7% yoy to 2.5 million tonnes, reflecting an adverse market for oil products in the Iberian Peninsula. In the second quarter of 2012, marketing of oil products in Africa represented 7% of total volumes sold to direct clients.

Exports from the Iberian Peninsula of 0.8 million tonnes in the second quarter of 2012 were 6% higher than a year before with the positive contribution of diesel exports. The weight of fuel oil, gasoline and diesel in total exports was 31%, 22% and 13%, respectively.

RESULTS

FIRST HALF

In the first half of 2012 the Refining & Marketing business segment achieved RCA EBIT of €22 million, which was in line with a year earlier. Results relied to a lesser extent on the contribution from oil product marketing, as economic conditions in the Iberian Peninsula remained depressed. This lower contribution was, however, offset by refining activities following higher refining margins and larger volumes of crude processed.

Galp Energia's refining margin in the first half of 2012 was Usd 1.7/bbl, up from Usd 0.8/bbl a year earlier, reflecting a favourable international environment in the refining sector, namely in gasoline, fuel oil and diesel crack spreads.

In the first half of 2012 Galp Energia's refining margin was at a premium of Usd 0.9/bbl over the benchmark against Usd 1.7/bbl a year earlier. This fall was mainly due to the narrowing difference between the prices of light and heavy crude, coupled with sub-optimisation and sub-utilisation, due to some technical outages, of the Sines refinery.

In the first half of 2012 the refineries' operating cash costs amounted to €73 million, or Usd 2.3/bbl in unit terms, in line with a year earlier.

The adverse economic environment in the Iberian Peninsula in the first half of 2012 led to a lower contribution to results from Iberian oil product marketing compared with a year earlier. The African oil products business continued to give a positive contribution to the RCA EBIT generated in the period.

SECOND QUARTER

In the second quarter of 2012 the Refining & Marketing business segment achieved RCA EBIT of €51 million, an increase of €6 million yoy that reflected better results from refining activities as a result of the higher refining margin.

Galp Energia's refining margin in the second quarter of 2012 was Usd 2.5/bbl, or Usd 1.9/bbl ahead of a year earlier, in line with the favourable direction of refining margins in international markets.

In the second quarter of 2012 Galp Energia's refining margin was at a premium of Usd 0.3/bbl over the benchmark, or Usd 1.6/bbl lower than a year earlier. This fall was a result of the narrowing difference between the prices of light and heavy crude, coupled with sub-optimisation, and sub-utilisation, due to some technical outages, of the Sines refinery.

In the second quarter of 2012 the refineries' operating cash costs amounted to €39 million, or Usd 2.3/bbl in unit terms, up from Usd 1.8/bbl a year earlier.

The adverse economic environment in the Iberian Peninsula affected the marketing of oil products negatively and lowered its contribution to results compared with a year earlier. The marketing of oil products in Africa gave a positive contribution to the RCA EBIT generated in the period.

3. GAS & POWER

Million euros (except otherwise noted)

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
1,187	**1,500**	**313**	**26.4%**	**NG supply total sales volumes (million m³)**	**2,792**	**3,225**	**433**	**15.5%**
1,141	**868**	**(273)**	**(23.9%)**	**Sales to direct clients (million m³)**	**2,456**	**2,033**	**(423)**	**(17.2%)**
487	223	(264)	(54.2%)	Electrical	989	591	(398)	(40.2%)
532	515	(18)	(3.3%)	Industrial	1,015	1,072	57	5.6%
103	102	(0)	(0.3%)	Residential	387	315	(72)	(18.6%)
18	28	10	52.6%	Other supply companies	65	55	(11)	(16.3%)
46	**632**	**586**	**n.m.**	**Trading (million m³)**	**335**	**1,192**	**857**	**n.m.**
1,319	**1,303**	**(16)**	**(1.2%)**	**NG clients[1] (thousands)**	**1,319**	**1,303**	**(16)**	**(1.2%)**
323	**317**	**(6)**	**(2.0%)**	**Sales of electricity to the grid[2] (GWh)**	**547**	**636**	**89**	**16.3%**
1,050	**1,061**	**11**	**1.1%**	**Natural gas net fixed assets[3]**	**1,050**	**1,061**	**11**	**1.1%**
2,118	**2,454**	**336**	**15.9%**	**Net total assets**	**2,118**	**2,454**	**336**	**15.9%**
493	713	221	44.8%	Turnover	1,110	1,508	398	35.8%
59	**75**	**15**	**25.5%**	**EBITDA RCA**	**121**	**157**	**37**	**30.3%**
48	**60**	**12**	**24.7%**	**EBIT RCA**	**100**	**131**	**31**	**30.8%**
9	29	21	n.m.	Supply[4]	24	70	46	188.0%
31	24	(7)	(23.1%)	Infrastructure	64	48	(15)	(24.2%)
8	7	(2)	(19.8%)	Power	12	13	1	4.8%

[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. This company had in the first half and second quarter of 2012 sales of power to the grid of 149 GWh and 68 GWh, respectively

[3] Excludes financial investments; net fixed assets are on a consolidated basis

[4] Includes liberalised and regulated supply

ACTIVITIES

FIRST HALF

Sales of natural gas in the first half of 2012 rose 16% yoy to 3,225 million cubic metres following primarily higher sales through trading.

Sales to direct clients fell 17% yoy to 2,033 million cubic metres after sales to the electrical and residential segments slumped. The fall of 398 million cubic metres in the electrical segment came as a result of the increased weight of coal in a context of lower electricity generation in Portugal year on year as electricity imports from Spain mounted. Mild temperatures in the period affected demand from the residential segment negatively.

Sales to the industrial segment rose 6% yoy to 1,072 million cubic metres after demand increased from the cogeneration plant at the Sines refinery, where production was partly discontinued in the first quarter of 2011, and the Matosinhos refinery and new clients.

Sales through the trading segment rose 857 million cubic metres yoy to 1,192 million cubic metres as they benefited from rising demand for LNG, particularly from Asia and Latin America.

Electricity sold to the grid in the first half of 2012 amounted to 636 GWh, up from 547 GWh a year earlier, when operations at the Sines and Energin cogeneration plants were partly discontinued.

SECOND QUARTER

Natural gas sold in the second quarter of 2012 rose 26% yoy to 1,500 million cubic metres following stronger sales through trading.

Sales to direct clients fell 24% yoy to 868 million cubic metres after sales to the electrical and industrial segments receded. The decrease of 264 million cubic metres in the electrical segment resulted primarily from the increased weight of coal in electricity generation and from rising electricity imports compared with a year earlier. Lower sales to the industrial segment stemmed from weaker demand from the Sines refinery and the Sines cogeneration and from the loss of clients in the period.

Sales through the trading segment soared to 632 million cubic metres in the second quarter of 2012, an increase of 586 million cubic metres compared with a year earlier. Volumes sold through this segment benefited from rising demand for natural gas, particularly from Asia and Latin America.

Electricity sold to the grid in the second quarter of 2012 amounted to 317 GWh, down from 323 GWh a year earlier. Galp Energia's first wind farm, located at Vale Grande, Arganil (central Portugal), generated 8 GWh of electricity after starting operations in the fourth quarter of 2011.

RESULTS

FIRST HALF

RCA EBIT for the first half of 2012 rose €31 million yoy to €131 million as results from the sale of LNG improved, particularly in the international market.

RCA EBIT for natural gas supply advanced €46 million yoy to €70 million primarily as a result of the additional 857 million cubic metres sold, the higher marketing margins and the larger volumes sold of LNG to the international market.

The infrastructure business generated RCA EBIT of €48 million, down €15 million yoy, partly after the recovery of part of the difference between the methods with and without smoothing in respect of gas years 2008/2009 and 2009/2010, which had been recorded in the first half of 2011. The discontinued seasonal weighting of allowed revenues among quarters also had an impact on the decrease in results. From gas year July 2011-2012, allowed revenues became equally distributed among quarters, which had a negative effect on the allowed revenues of the first half of 2012 in comparison with a year earlier.

RCA EBIT for the power business amounted to €13 million, which was broadly in line with the €12 million a year earlier.

SECOND QUARTER

RCA EBIT for the second quarter of 2012 rose 25% yoy to €60 million as results from the sale of LNG in the international market improved.

RCA EBIT for natural gas supply advanced €21 million yoy to €29 million primarily as a result of the additional 586 million cubic metres sold and the higher marketing margins obtained from sales of LNG into the international market.

The infrastructure business achieved RCA EBIT of €24 million, down €7 million yoy. This was partly due to the recovery of part of the difference between the methods with and without smoothing in respect of gas years 2008/2009 and 2009/2010, which had been recorded in the second quarter of 2011. The discontinued seasonal weighting of allowed revenues among quarters also had an impact on the decrease in results.

RCA EBIT for the power business fell 20% yoy to €7 million after the higher cost of natural gas to the Sines cogeneration was not totally offset by higher revenues of the plant.

SHORT-TERM OUTLOOK

This chapter aims to disclose Galp Energia's view on a range of key variables that influence its short-run operational performance. However, all these variables are not controlled by Galp Energia as some of them are exogenous.

MARKET ENVIRONMENT

Galp Energia anticipates that the dated Brent price will decrease slightly in the third quarter of 2012. In fact, despite the embargo on Iran and the slowdown of the refinery maintenance period, the market has goods levels of stocks. Additionally, the Euro zone crisis, the signs of slower economic growth of China and the slow economic recovery in the USA should limit the potential upward price movement.

Gasoline cracks should decrease during the third quarter of 2012, with the end of the driving season in the USA.

During the third quarter of 2012, the seasonal upward diesel price movement should be in part compensated by the weak European demand due to the Euro zone crisis

The fuel oil crack should be positively impacted, during the third quarter of 2012, by the Japanese demand as an alternative to nuclear energy, however environmental pressures will continue to cause structural decline in demand.

Although benchmark refining margins have experienced higher levels during July when compared with the second quarter of 2012, they should still be subject to strong volatility and cautious outlook.

OPERATING ACTIVITY

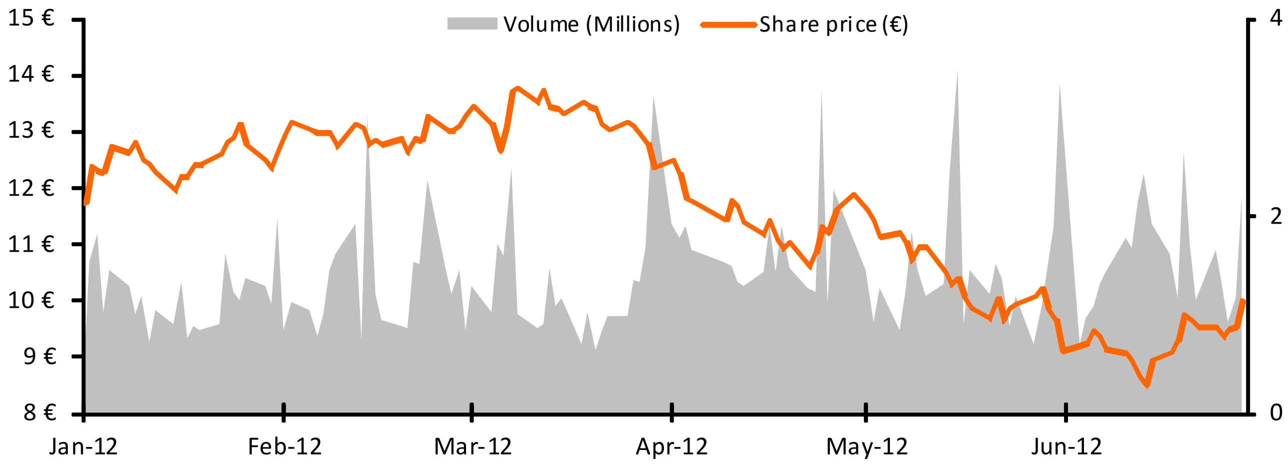
In the third quarter of 2012, in the Exploration & Production business segment, the working interest production should reach c.26 kboepd, in line with the previous quarter, with the increase in production from the FPSO Cidade de Angra dos Reis, which was almost at full production in June, to be compensated by the reduction in Angolan production.

In the Refining & Marketing business segment, the crude processed should increase slightly when compared to the second quarter of 2012. The sales to direct clients should increase, benefiting from the seasonality in the third quarter of the year, although still negatively impacted by the adverse Iberian economic environment, given the programmes of austerity measures in place.

In the Gas & Power business segment, the natural gas volumes should remain stable qoq in the third quarter of 2012, supported by the sales to the electrical segment and trading. The infrastructure activity should have a stable contribution when compared with the second quarter of 2012.

THE GALP ENERGIA STOCK

PERFORMANCE OF THE GALP ENERGIA STOCK



Source: Euroinvestor

FIRST HALF

In the first half of 2012 the Galp Energia stock fell 12% and closed the quarter at €10.00. From the initial public offering on 23 October 2006 until 30 June 2012 the stock gained nearly 72%. The share price hit a peak of €13.78 and a low of €8.33 in the period. Approximately 177 million shares, or a daily average of 1.4 million, were traded in the period. At 30 June 2012 Galp Energia had a market capitalisation of €8,293 million.

SECOND QUARTER

In the second quarter of 2012 the Galp Energia stock shed 19% compared with the close of the first quarter of the year, with 96.3 million, or a daily average of 1.6 million, shares traded in the period.

Share detail	
ISIN	PTGAL0AM0009
Reuters	GALP.LS
Bloomberg	GALP PL
Number of shares	829,250,635

Main indicators			
	2011	2Q12	2012
Min (€)	11.26	8.33	8.33
Max (€)	16.97	12.62	13.78
Average (€)	14.31	10.34	11.63
Close price (€)	11.38	10.00	10.00
Volume (M shares)	341.2	96.3	177.0
Average volume per day (M shares)	1.3	1.6	1.4
Market cap (M€)	9,437	8,293	8,293

EVENTS IN THE SECOND QUARTER OF 2012

CORPORATE

RESOLUTIONS OF THE GENERAL SHAREHOLDERS MEETING

Galp Energia, announced on April 24 the approval of the following items proposed on the agenda of the general shareholders meeting:

1. Election of the Company's board of directors for the 2012-2014 triennium;

2. Amendment and restructuring of the Articles of Association of Galp Energia, SGPS, S.A. – Public Company;

3. Extension, to four years, of the current mandates of the supervisory board, the statutory auditors and the remuneration committee.

RESOLUTIONS OF THE ANNUAL GENERAL SHAREHOLDERS MEETING

Galp Energia announced on May 7 that the annual general meeting approved the items proposed on the agenda as follows:

1. The management report, individual and consolidated accounts, for the year 2011, as well as the remaining reporting documents;
2. The proposal for application of profits:
    - Distribution of the 2011 net profit of 77,152 thousand euros;
    - Distribution of retained earnings in the amount of 88,698 thousand euros, which corresponds to a total dividend distribution of 165,850 thousand euros (€ 0.20 per share);
3. The corporate governance report for the year 2011;
4. A resolution expressing the shareholders' vote of thanks and consideration to the board of directors, the supervisory board, the statutory auditors and each one of their members.

DIVIDEND PAYMENT

On May 8 Galp Energia announced the payment as from May 24, 2012 of the dividend related with the financial year of 2011 amounting to €0.20 per share

FINANCING CONTRACT OF €560 MILLION WITH AN 8.5 YEAR TENOR

Galp Energia announced on June 11 the signature of an Euro Export Credit Facility with credit insurance, in the amount of €560 million with a tenor of 8.5 years. This transaction, signed with competitive conditions, aims to finance the Sines refinery upgrade project, which is at its final stage.

EXPLORATION & PRODUCTION

WELL CONFIRMS DISCOVERY EXTENSION IN PRE-SALT OF SANTOS BASIN

On April 10, Galp Energia, partner of the Consortium for the exploration of block BM-S-11, announced that it completed the drilling of the Iara Oeste exploration well, located in the Iara Evaluation Area, in the pre-salt of Santos basin. The results obtained, and proved through good quality oil samples ranging from 21º and 26º API in carbonate reservoirs of the pre-salt, demonstrated the high potential of the pre-salt reservoirs of this area.

SUCCESS OF CORAL-1 WELL OPENS UP A NEW PLAY IN AREA 4

Galp Energia announced on May 16 a new giant natural gas discovery at the Coral-1 exploration prospect, in Area 4 in Rovuma basin. This new discovery further improves the potential of the

Mamba complex in Area 4 now estimated at between 47 tcf and 52 tcf of gas in place, from which 15 tcf to 20 tcf are located exclusively in Area 4.

NEW WELL CONFIRMS OIL PRESENCE IN BLOCK BM-S-8

Galp Energia announced on May 31 that the new data obtained with the drilling of the well 4-SPS-86B (4-BRSA-971-SPS), informally known as Carcará, confirmed the presence of high quality oil.

FARM-IN AGREEMENT WITH PORTO ENERGY

Galp Energia announced on June 29 that it has entered into a definitive farm-in agreement with Porto Energy, for the acquisition of a 50% participating interest in the Aljubarrota-3 concession, totalling approximately US$4.3 million, in exchange for payment of Porto Energy's sunk costs in that concession. The Aljubarrota-3 concession comprises approximately 300,000 acres, onshore Portugal, where, the Alcobaça #1 pre-salt well is scheduled to be drilled.

GAS & POWER

ACQUISITION OF ENI'S STAKES IN THE NATURAL GAS DISTRIBUTION COMPANIES

On May 8, Galp Energia announced that it has signed an agreement with Eni, S.p.A (ENI) for the acquisition of ENI's stakes of 21.9% of Setgás and 10.6% of Lusitaniagás. This acquisition amounted to €40.5 million.

EVENTS AFTER THE CLOSE OF THE SECOND QUARTER OF 2012

CORPORATE

QUALIFIED SHAREHOLDING

On July 20 and pursuant the terms agreed on March 29 2012 between Eni, Amorim Energia, and Caixa Geral de Depósitos, Amorim Energia fulfilled its obligation to acquire to Eni shares representing 5% of Galp Energia share capital, holding directly, 38.34% of Galp Energia's share capital. Regarding the financing of such operation, Amorim Energia executed, but following the acquisition to Eni, an equity swap with Banco Santander Totta, over 2.21674% of Galp Energia's share capital. To see a summary of the terms of the agreement, follow the link:

http://www.galpenergia.com/EN/Investidor/Noticias/Paginas/QualifiedShareholdingofAmorimEnergiaBV.aspx

NEW MEMBERS OF GALP ENERGIA'S BOARD OF DIRECTORS

Galp Energia informed, on July 26, about the appointment of four new board members and the new composition of the executive committee, as well as each executive board member role.

The new members of the board of directors are: Luís Palha da Silva, Filipe Crisóstomo Silva, Sérgio Gabrielli de Azevedo and Abdul Magid Osman.

EXPLORATION & PRODUCTION

AWARD OF CONTRACTS FOR THE PRE-SALT FPSO

On July 20 Galp Energia announced that, together with its partners, it has approved the signature of ten contracts, totaling US$4.5 billion, for the construction of the first six topside modules and integration packages of the eight Replicant FPSO (floating, production, storage and offloading unit) which are being constructed in Brazil for the pre-salt projects in blocks BM-S-9 and BM-S-11 in Santos Basin.

EMPLOYEES

	December 31, 2011	March 31, 2012	June 30, 2012	Change vs Dec 31, 2011	Change vs Mar 31, 2012
Exploration & Production	95	97	100	5	3
Refining & Marketing	6,131	6,090	6,202	71	112
Gas & Power	509	498	497	(12)	(1)
Corporte & Others	646	719	726	80	7
Total employees	**7,381**	**7,404**	**7,525**	**144**	**121**
Service stations and biofuels employees	3,264	3,291	3,413	149	122
Total employees offsite	**4,117**	**4,113**	**4,112**	**(5)**	**(1)**

RESULTS FROM ASSOCIATES

Million Euros

Second quarter					First half			
2011	2012	Chg.	% Chg.		2011	2012	Chg.	% Chg.
1.9	1.3	(0.6)	(32.4%)	CLH	4.0	2.9	(1.1)	(26.8%)
1.3	1.2	(0.1)	(6.8%)	CLC	2.5	2.5	(0.0)	(0.4%)
10.9	14.3	3.3	30.3%	International Pipelines	23.3	28.7	5.4	23.3%
0.7	0.9	0.2	32.2%	Setgás - Natural Gas Distribution Company	2.0	1.7	(0.3)	(14.2%)
0.4	3.8	3.4	n.m.	Others	3.9	6.0	2.1	53.9%
15.2	**21.4**	**6.2**	**40.6%**	**Total**	**35.7**	**41.9**	**6.2**	**17.3%**

RECONCILIATION OF REPORTED AND REPLACEMENT COST ADJUSTED FIGURES

1. REPLACEMENT COST ADJUSTED EBIT BY SEGMENT

Second quarter					2012	First half				
EBIT	Inventory effect	EBIT RC	Non recurrent items	EBIT RCA		EBIT	Inventory effect	EBIT RC	Non recurrent items	EBIT RCA
(31)	**179**	**148**	**26**	**174**	**EBIT**	**233**	**12**	**245**	**24**	**269**
37	-	37	24	61	E&P	91	-	91	24	115
(136)	185	50	2	51	R&M	3	19	22	0	22
66	(6)	60	0	60	G&P	138	(8)	131	0	131
2	(0)	2	0	2	Others	2	-	2	0	2

Million euros

Second quarter					2011	First half				
EBIT	Inventory effect	EBIT RC	Non recurrent items	EBIT RCA		EBIT	Inventory effect	EBIT RC	Non recurrent items	EBIT RCA
163	**(45)**	**119**	**4**	**122**	**EBIT**	**424**	**(266)**	**157**	**19**	**176**
23	0	23	5	28	E&P	27	0	27	23	51
88	(40)	47	(2)	45	R&M	286	(261)	25	(3)	22
52	(4)	48	0	48	G&P	107	(5)	101	(1)	100
1	-	1	-	1	Others	4	-	4	-	4

2. REPLACEMENT COST ADJUSTED EBITDA BY SEGMENT

Million euros

Second quarter					2012	First half				
EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA		EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA
93	**179**	**273**	**8**	**281**	**EBITDA**	**463**	**12**	**474**	**7**	**481**
93	-	93	6	99	E&P	181	-	181	6	187
(83)	185	102	1	104	R&M	113	19	132	0	132
80	(6)	74	0	75	G&P	165	(8)	157	0	157
3	(0)	3	0	3	Others	3	-	3	0	4

Million euros

Second quarter					2011	First half				
EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA		EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA
278	**(45)**	**233**	**(2)**	**232**	**EBITDA**	**635**	**(266)**	**368**	**(1)**	**367**
75	0	75	0	75	E&P	122	0	122	0	122
138	(40)	98	(2)	96	R&M	382	(261)	121	(3)	119
64	(4)	59	0	59	G&P	125	(5)	120	1	121
2	-	2	-	2	Others	5	-	5	-	5

3. NON RECURRENT ITEMS

EXPLORATION & PRODUCTION

Million Euros

Second quarter			First half	
2011	2012		2011	2012
		Exclusion of non recurrent items		
(0.0)	(0.0)	Gains / losses on disposal of assets	(0.0)	(0.0)
0.2	-	*Assets write offs*	0.2	-
5.2	18.1	Assets impairments	23.2	17.9
-	5.9	Others - Studies related to the capital increase in Brazil	-	5.9
5.4	**24.0**	**Non recurrent items of EBIT**	**23.4**	**23.8**
5.4	**24.0**	**Non recurrent items before income taxes**	**23.4**	**23.8**
(1.9)	(7.1)	Income taxes on non recurrent items	(8.0)	(7.0)
-	(1.5)	Minority interest	-	(1.5)
3.6	**15.4**	**Total non recurrent items**	**15.5**	**15.2**

REFINING & MARKETING

Million Euros

Second quarter			First half	
2011	2012		2011	2012
		Exclusion of non recurrent items		
(3.7)	0.0	Accidents caused by natural facts and insurance compensation	(5.8)	(1.0)
(0.3)	(0.8)	Gains / losses on disposal of assets	(0.3)	(1.3)
0.2	0.1	*Assets write offs*	0.3	0.1
1.8	2.1	Employees contracts rescision	3.3	2.4
0.5	0.1	Provisions for environmental charges and others	0.4	(0.0)
(0.4)	(0.0)	Assets impairments	(0.6)	(0.0)
(1.8)	**1.5**	**Non recurrent items of EBIT**	**(2.8)**	**0.1**
0.0	-	Capital gains / losses on disposal of financial investments	0.0	-
(1.8)	**1.5**	**Non recurrent items before income taxes**	**(2.8)**	**0.1**
0.5	(0.6)	Income taxes on non recurrent items	0.8	(0.3)
(1.3)	**0.9**	**Total non recurrent items**	**(2.0)**	**(0.1)**

GAS & POWER

Million Euros

Second quarter 2011	Second quarter 2012		First half 2011	First half 2012
		Exclusion of non recurrent items		
-	(0.0)	Gains / losses on disposal of assets	(0.0)	(0.0)
0.1	-	*Assets Write offs*	1.2	-
-	0.1	Employees contracts rescision	-	0.1
(0.0)	0.0	Provisions for environmental charges and others	(2.6)	-
0.1	**0.1**	**Non recurrent items of EBIT**	**(1.4)**	**0.1**
0.1	**0.1**	**Non recurrent items before income taxes**	**(1.4)**	**0.1**
(0.0)	(0.0)	Income taxes on non recurrent items	(0.3)	(0.0)
0.1	**0.1**	**Total non recurrent items**	**(1.7)**	**0.1**

OTHER

Million Euros

Second quarter 2011	Second quarter 2012		First half 2011	First half 2012
		Exclusion of non recurrent items		
-	-	Accidents caused by natural facts and insurance compensation	-	(0.1)
-	0.4	Employees contracts rescision	-	0.4
-	**0.4**	**Non recurrent items of EBIT**	**-**	**0.3**
-	**0.4**	**Non recurrent items before income taxes**	**-**	**0.3**
-	(0.1)	Income taxes on non recurrent items	-	(0.1)
-	**0.3**	**Total non recurrent items**	**-**	**0.2**

CONSOLIDATED SUMMARY

Million Euros

Second quarter 2011	Second quarter 2012		First half 2011	First half 2012
		Exclusion of non recurrent items		
(3.7)	0.0	Accidents caused by natural facts and insurance compensation	(5.8)	(1.1)
(0.3)	(0.9)	Gains / losses on disposal of assets	(0.4)	(1.3)
0.5	0.1	*Assets write off*	1.7	0.1
1.8	2.6	Employees contracts rescission	3.3	2.9
0.5	0.1	Provisions for environmental charges and others	(2.2)	(0.0)
4.9	18.1	Assets impairments	22.7	17.9
-	5.9	Others	-	5.9
3.7	**26.0**	**Non recurrent items of EBIT**	**19.3**	**24.4**
0.0	-	Capital gains / losses on disposal of financial investments	0.0	-
3.7	26.0	**Non recurrent items before income taxes**	**19.3**	**24.4**
(1.4)	(7.8)	Income taxes on non recurrent items	(7.6)	(7.4)
-	(1.5)	Minority interest	-	(1.5)
2.3	**16.6**	**Total non recurrent items**	**11.7**	**15.4**

CONSOLIDATED FINANCIAL STATEMENTS

1. IFRS CONSOLIDATED INCOME STATEMENT

Million euros

Second quarter			First half	
2010	2011		2011	2012
		Operating income		
4,260	4,444	Sales	7,955	9,128
96	112	Services rendered	197	223
49	25	Other operating income	91	57
4,404	**4,580**	**Total operating income**	**8,242**	**9,408**
		Operating costs		
(3,816)	(4,151)	Inventories consumed and sold	(6,967)	(8,257)
(214)	(236)	Material and services consumed	(440)	(485)
(72)	(83)	Personnel costs	(155)	(167)
(110)	(113)	Amortisation and depreciation cost	(208)	(209)
(5)	(11)	Provision and impairment of receivables	(3)	(20)
(25)	(16)	Other operating costs	(45)	(37)
(4,241)	**(4,611)**	**Total operating costs**	**(7,818)**	**(9,175)**
163	**(31)**	**EBIT**	**424**	**233**
15	21	Net profit from associated companies	36	42
0	0	Net profit from investments	0	0
		Financial results		
4	24	Financial profit	13	30
(35)	(28)	Financial costs	(64)	(70)
(6)	29	Exchange gain (loss)	(10)	24
1	(1)	Profit and cost on financial instruments	(2)	(1)
(0)	(0)	Other gains and losses	(1)	(1)
143	**14**	**Profit before taxes**	**395**	**258**
(38)	(11)	Income tax expense	(96)	(81)
105	**3**	**Profit before minority interest**	**299**	**177**
(4)	(18)	Profit attributable to minority interest	(6)	(20)
101	**(15)**	**Net profit for the period**	**293**	**157**
0.12	**(0.02)**	**Earnings per share (in Euros)**	**0.35**	**0.19**

2. CONSOLIDATED FINANCIAL POSITION

Million euros

	December 31, 2011	March 31, 2012	June 30, 2012
Assets			
Non current assets			
Tangible fixed assets	4,159	4,249	4,274
Goodwill	232	232	232
Other intangible fixed assets	1,301	1,300	1,293
Investments in associates	304	326	352
Investments in other participated companies	3	14	3
Other receivables	171	1,085	1,134
Deferred tax assets	198	183	225
Other financial investments	3	1	1
Total non current assets	**6,372**	**7,390**	**7,515**
Current assets			
Inventories	1,875	2,056	1,850
Trade receivables	1,066	1,292	1,321
Other receivables	541	763	937
Other financial investments	2	6	46
Current Income tax recoverable	-	(0)	0
Cash and cash equivalents	298	2,861	2,531
Total current assets	**3,783**	**6,977**	**6,685**
Total assets	**10,155**	**14,367**	**14,200**
Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	11	(5)	107
Other reserves	193	2,692	2,686
Hedging reserves	(1)	(5)	(5)
Retained earnings	1,338	1,771	1,569
Profit attributable to equity holders of the parent	433	172	157
Equity attributable to equity holders of the parent	**2,885**	**5,536**	**5,425**
Minority interest	56	1,280	1,337
Total equity	**2,941**	**6,816**	**6,763**
Liabilities			
Non current liabilities			
Bank loans and overdrafts	1,369	1,421	1,694
Bonds	905	905	485
Other payables	360	500	504
Retirement and other benefit obligations	366	348	394
Deferred tax liabilities	84	89	123
Other financial instruments	2	4	5
Provisions	111	105	101
Total non current liabilities	**3,197**	**3,372**	**3,305**
Current liabilities			
Bank loans and overdrafts	1,248	1,046	1,146
Bonds	280	280	420
Trade payables	1,365	1,650	1,503
Other payables	1,034	1,176	1,055
Liabilities from financial lease	0	0	0
Other financial instruments	90	4	7
Income tax	0	24	0
Total current liabilities	**4,017**	**4,180**	**4,132**
Total liabilities	**7,214**	**7,551**	**7,437**
Total equity and liabilities	**10,155**	**14,367**	**14,200**

ADDITIONAL INFORMATION

DEFINITIONS

Crack

Spread between a given oil product price and the price of dated Brent.

EBIT

Operating profit

EBITDA

Operating profit plus depreciation, amortisation and provisions. EBITDA is not a direct measure of liquidity and should be analysed jointly with the actual cash flows from operating activities and taking into account existing financial commitments

Galp Energia, Company or Group

Galp Energia, SGPS, S.A. and associates

IRP

Income tax on oil sales in Angola

Benchmark refining margin

Benchmark refining margin is calculated based on the following profile: 70% Rotterdam cracking margin + 30% Hydroskimming margin+ Aromatics + Rotterdam base oils

Rotterdam cracking margin

The Rotterdam cracking margin has the following profile: -100% dated Brent, +2.3% LPG 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 10 ppm NWE CIF Cg and +15.3% LSFO 1% FOB Cg.; C&Q: 7.7%; Terminal rate: 1$/ton; Ocean loss: 0.15% over dated Brent; Freight 2012: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 6.81$/ton (Freight 2011: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 5.98$/ton). Yields in % of weight.

Hydroskimming margin+ Aromatics + Rotterdam base oils

Rotterdam hydroskimming margin: -100% dated Brent, +2.1% LPG 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% NWE FOB Cg.; C&Q: 4.0%; Terminal rate: 1$/ton; Ocean loss: 0.15% over dated Brent; Freight 2012: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 6.81$/ton (Freight 2011: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 5.98$/ton).

Rotterdam aromatics margin: -60% PM UL NWE FOB Bg., -40.0% 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% LPG 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., +14.0% 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 losses: 0.15% over dated Brent; Freight 2012: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 6.81 $/ton (Freight 2011: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 5.98 $/ton). Yields in % of weight.

Hydroskimming Margin+ Aromatics + Rotterdam base oils = 65% Rotterdam hydroskimming margin + 15% Rotterdam aromatics 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.

ABBREVIATIONS:

APETRO: Associação Portuguesa de Empresas Petrolíferas;

bbl: barrels;

BBLT: Benguela, Belize, Lobito and Tomboco;

boe: barrels of oil equivalent;

Bg: Barges;

Cg: Cargoes;

CIF: Costs, Insurance and Freight;

CLC: Companhia Logística de Combustíveis;

CLH: Companhia Logística de Hidrocarburos, S.A.;

CORES: Corporación de Reservas Estratégicas de Productos Petrolíferos;

D&A: Depreciation & Amortisation;

DGEG: *Direcção Geral de Energia e Geologia*;

E&P: Exploration & Production;

€: Euro;

FOB: Free on Board;

FPSO: Floating Production Storage and Offloading;

G&P: Gas & Power;

IAS: International Accounting Standards;

IFRS: International Financial Reporting Standards;

kbopd: thousand barrels of oil per day;

kboepd: thousand barrels of oil equivalent per day;

LNG: Liquefied Natural Gas;

LSFO: Low sulphur fuel oil;

m^3: cubic metres;

NWE: Northwest Europe;

N.M.: not meaningful;

PM UL: Premium unleaded;

p.p.: percentage points;

PSA: Production Sharing Agreement;

qoq: quarter on quarter;

R&M: Refining & Marketing;

RCA: Replacement cost adjusted;

RC: Replacement cost;

SXEP: DJ Europe Oil & Gas stock index;

TL: Tômbua-Lândana;

ULSD CIF Cg: Ultra Low sulphur diesel CIF Cargoes;

Usd ($): dollar of the United States;

US or USA: United States of America;

WAC: Weighted-average cost;

yoy: year on year.

DISCLAIMER:

This report contains forward-looking statements about the activities and results of Galp Energia as well as some Company plans and objectives. The terms “anticipates”, “believes”, “estimates”, “expects”, “predicts”, “aims”, “plans” and other similar ones aim to identify such forward-looking statements.

As a result of their nature, forward-looking statements involve risks and uncertainties as they are associated with events and circumstances that may occur in the future. Real outcomes and developments may as a result of several factors differ significantly from outcomes, either express or implicit, in the statements. These include but are not limited to changes in costs, economic conditions or regulatory framework.

Forward-looking statements only refer to the date when they were made and Galp Energia has no obligation to update them in the light of new data or future developments or otherwise explain the reasons actual outcomes are possibly different.

Galp Energia, SGPS, S.A.

Investor Relations

Tiago Villas-Boas, Head of IR
Cátia Lopes
Inês Santos
Maria Borrega
Pedro Pinto
Samuel Dias

Contacts:

Tel: +351 21 724 08 66

Fax: +351 21 724 29 65

Address: Rua Tomás da Fonseca, Torre A, 1600-209 Lisboa, Portugal

Website: www.galpenergia.com

Email: investor.relations@galpenergia.com

Reuters: GALP.LS
Bloomberg: GALP PL