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Individual Accounts Report 2015





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

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Galp Energia, SGPS, S.A.**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2015 AND 2014**

(Amounts stated in thousands euros – € k)

(Translation of statement of financial position originally issued in Portuguese – Note 37)

ASSETS	Notes	2015	2014
Non-current assets:			
Tangible assets	12	17	21
Intangible assets	12	-	-
Investments in subsidiaries	4	3,341,510	3,254,164
Investments in associates	4	201	201
Other receivables	14	1,253,109	1,697,560
Deferred tax assets	9	404	2,327
Total non-current assets:		4,595,241	4,954,273
Current assets			
Trade receivables	15	1,579	2,511
Other receivables	14	507,900	258,199
Current income tax receivable	9	199,949	104,570
Cash and cash equivalents	18	25,031	3,358
Total current assets:		734,459	368,638
Total assets		5,329,700	5,322,911
EQUITY AND LIABILITIES	Notes	2015	2014
Equity:			
Share capital	19	829,251	829,251
Share premium		82,006	82,006
Other reserves	20	193,827	193,827
Hedging reserves		-	-
Retained earnings		261,483	313,382
Net profit for the year		378,654	263,349
Total equity:		1,745,221	1,681,815
Liabilities:			
Non-current liabilities:			
Bank loans	22	878,904	763,341
Bonds	22	1,911,593	2,253,226
Other payables	24	4,746	3,000
Provisions	25	3,377	3,377
Total non-current liabilities:		2,798,620	3,022,944
Current liabilities:			
Bank loans and overdrafts	22	83,498	157,677
Bonds	22	245,756	-
Trade payables	26	346	277
Other payables	24	296,023	357,930
Current income tax payable	9	160,236	102,268
Total current liabilities		785,859	618,152
Total liabilities		3,584,479	3,641,096
Total equity and liabilities		5,329,700	5,322,911

The accompanying notes form an integral part of the statement of financial position for the year ended 31 December 2015.

Galp Energia, SGPS, S.A.**INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014**

(Amounts stated in thousands of euros - € k)

(Translation of income statement originally issued in Portuguese - Note 37)

	Notes	2015	2014
Operating income:			
Services rendered	5	11,388	9,730
Total operating income:		11,388	9,730
Operating costs:			
External supplies and services	6	(4,601)	(5,099)
Employee costs	6	(9,820)	(9,633)
Amortisation, depreciation and impairment loss on fixed assets	6	(4)	(4)
Other operating costs	6	(245)	(716)
Total operating costs:		(14,670)	(15,452)
Operating result:		(3,282)	(5,722)
Financial income	8	75,663	131,035
Financial costs	8	(119,971)	(135,825)
Exchange gain (loss)		-	(17)
Results on investments in subsidiaries and associates	4	416,452	268,375
Profit before tax:		368,861	257,846
Income tax	9	9,793	5,503
Net profit	10	378,654	263,349
Earnings per share (in euros)	10	€0.46	€0.32

The accompanying notes form an integral part of the income statement for the year ended 31 December 2015.

Galp Energia, SGPS, S.A.**STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014**

(Amounts expressed in thousands of euros - € k)

(Translation of statements of change in equity originally issued in Portuguese - Note 37)

Movements for the year	Notes	Share capital	Share premium	Other reserves (Note 20)	Hedging reserves	Retained Earnings	Net profit for the year	Total
Balance as of 1 January 2014		829,251	82,006	193,827	(905)	211,903	364,185	1,680,266
Net profit for the year	10	-	-	-	-	-	263,349	263,349
Other gains and losses recognised in equity		-	-	-	905	-	-	905
Comprehensive income for the year		-	-	-	905	-	263,349	264,254
Dividends distributed / interim dividends		-	-	-	-	(262,706)	-	(262,706)
Appropriation of profit to reserves		-	-	-	-	364,185	(364,185)	-
Balance as of 31 December 2014		829,251	82,006	193,827	-	313,382	263,349	1,681,815
Balance as of 1 January 2015		829,251	82,006	193,827	-	313,382	263,349	1,681,815
Net profit for the year	10	-	-	-	-	-	378,654	378,654
Other gains and losses recognised in equity		-	-	-	-	-	-	-
Comprehensive income for the year		-	-	-	-	-	378,654	378,654
Dividends distributed / interim dividends	30	-	-	-	-	(315,248)	-	(315,248)
Appropriation of profit to reserves		-	-	-	-	263,349	(263,349)	-
Balance as of 31 December 2015		829,251	82,006	193,827	-	261,483	378,654	1,745,221

The accompanying notes form an integral part of the financial statements of changes in equity for the year ended 31 December 2015.

Galp Energia, SGPS, S.A.**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014**

(Amounts stated in thousands euros – € k)

(Translation of statement of comprehensive income originally issued in Portuguese – Note 37)

	Notes	2015	2014
Net profit for the year	10	378,654	263,349
Other income that may be reclassified to income statement			
Increases / decreases in hedging reserves		-	1,241
Income tax related with gains and losses recognised in equity		-	(336)
		-	905
Other gains and losses recognised in equity net of income tax		-	905
Comprehensive income		378,654	264,254

The accompanying notes form an integral part of the statement of comprehensive income for the year ended 31 December 2015.

Galp Energia, SGPS, S.A.**STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014**

(Amounts stated in thousands euros – € k)

(Translation of statements of cash flow originally issued in Portuguese – Note 37)

	Notes	2015	2014
Operating activities:			
Cash receipt from customers		13,215	13,593
Cash paid to suppliers		(6,397)	(7,686)
Cash paid to employees		(3,292)	(3,241)
Income tax received / (paid)		(25,713)	5,144
Other (payments) / receipts from operating activities		897	600
Cash flow from operating activities (1)		(21,290)	8,409
Investing activities:			
Cash receipts related to:			
Investments		881,104	270,053
Interests and similar income		76,327	151,529
Dividends	4	416,218	268,376
Loans granted		204,491	2,220,480
		1,578,139	2,910,437
Cash payments related to:			
Investments		(968,500)	(2,000,000)
Loans granted		(4,378)	(542,677)
		(972,878)	(2,542,677)
Cash flow from investing activities (2)		605,261	367,760
Financing activities:			
Cash receipts related to:			
Loans obtained		4,142,489	5,846,504
		4,142,489	5,846,504
Cash payments related to:			
Loans obtained		(4,269,209)	(5,838,841)
Interests and similar costs		(113,525)	(124,977)
Dividends	30	(315,248)	(262,707)
		(4,697,982)	(6,226,525)
Cash flow from financing activities (3)		(555,493)	(380,020)
Change in cash and cash equivalents (4) = (1) + (2) + (3)		28,478	(3,851)
Exchange rate differences' effects		-	(17)
Cash and cash equivalents at beginning of the year	18	(3,543)	324
Cash and cash equivalents at end of the year	18	24,935	(3,543)

The accompanying notes form an integral part of the statement of cash flows for the year ended 31 December 2015.

Galp Energia, SGPS, S.A.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015**

(Amounts stated in thousands euros - € k)

(Translation of notes originally issued in Portuguese – Note 37)

1. INTRODUCTION

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

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

During the previous years the Company shareholders positions suffered several changes and the Company shareholder position as of 31 December 2015 is stated in Note 19.

Part of the Company's shares, representing 54.66% of its share capital, is listed on the NYSE Euronext Lisbon stock exchange.

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

2. SIGNIFICANT ACCOUNTING POLICIES**2.1. BASIS OF PRESENTATION**

Company' financial statements were prepared on a going concern basis, on a historical cost basis, except for financial derivative instruments which are stated at fair value based on the accounting records of the Company, maintained in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), effective for the year beginning 1 January 2015. These standards include IFRS issued by the International Accounting Standards Board (IASB) and International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and respective interpretations – SIC and IFRIC, issued by the International Financial Reporting Interpretation Committee (IFRIC) and Standing Interpretation Committee (SIC). These standards and interpretations are hereinafter referred to as IFRS.

The IAS/IFRS standards and interpretations published but not yet approved in the Official Journal of the European Union (OJEU) during 2015, applicable to subsequent years are as follows:

Standards and interpretations published by IASB but not yet approved by EU:

IAS Standard	IASB Publication date	Expected date for EU approval	Period to which it applies	Comments
IFRS 14 Regulatory Deferral Accounts	30 January 2014	No forecast	2016	Not applicable
Amendments to IFRS 10, IFRS 12 and IAS 28 - Investments entities: applying the consolidation exception.	18 December 2014	2 nd quarter 2016	2016	Not applicable
Amendments to IAS 12: Income Taxes	1 st quarter 2016	4 th quarter 2016	2017	No predictable accounting impact
IFRS 9: Financial Instruments	15 September 2015	1 st semester 2016	2018	Impact on impairment of accounts receivable
IFRS 15: Revenue from contracts with customers	17 March 2015	2 nd quarter 2016	2018	No predictable accounting impact
IFRS 16: Leases	13 January 2016	No forecast	2019	Impact not yet determined

The IAS/IFRS standards and interpretations approved and published in the Official Journal of the European Union (OJEU) during 2015, applicable to subsequent years are as follows:

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

IAS Standard	IASB Publication date	Expected date for EU approval	Period to which it applies	Comments
Amendments to IAS 27: Separate Financial Statements	23 December 2015	After 18 December 2015	2016	Impact not yet determined
Amendments to IAS 1: Presentation of Financial Statements	19 December 2015	After 18 December 2015	2016	Impact on presentation of financial statements in the respective disclosures
IFRS annual improvements cycle 2012-2014	16 December 2015	After 15 December 2015	2016	No predictable accounting impact
Amendments to IAS 16: Property, Plant and Equipment and IAS 38: Intangible Assets	03 December 2015	After 2 December 2015	2016	Not applicable
Amendments to IFRS 11: Joint Arrangements	25 November 2015	After 24 November 2015	2016	Impact on new joint arrangements
Amendments to IAS 16: Property, Plants and Equipment and IAS 41 Agriculture	24 November 2015	After 23 November 2015	2016	Not applicable
Amendments to IAS 19: Defined benefits plan: employee contributions	9 January 2015	After 23 November 2015	2016	No relevant accounting impacts
IFRS annual improvements cycle 2010-2012	9 January 2015	After 1 February 2015	2016	No relevant accounting impacts

The approved and published IAS/IFRS standards in the OJEU during 2014 and 2015, applicable to 2015 and subsequent years are as follows:

Standards and interpretations adopted, if applicable:

IAS Standard	IASB Publication date	Expected date for EU approval	Period to which it applies	Comments
IFRS annual improvements cycle 2011-2013	19 December 2014	After 1 January 2015	2015	Without relevant accounting impact
IFRIC 21 Levies	14 June 2014	After 17 June 2014	2015	Without relevant accounting impact

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

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

The main accounting principles considered by the Company in the preparation of its separate financial statements are stated below. During the year ended 31 December 2015, there were no significant changes in accounting principles applied compared to those considered in the preparation of financial information for the previous year. Additionally, the company did not record material errors in respect of previous years.

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

2.2. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

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

The participation interests in other companies are presented in Note 4.

Dividends received from subsidiaries and associates are recorded as Results on investments in subsidiaries and associates.

2.3. TANGIBLE ASSETS

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

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

The average depreciation rates used were as follows:

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

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

2.4. IMPAIRMENT OF NON-CURRENT ASSETS, EXCEPT GOODWILL

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

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

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

2.5. PROVISIONS

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

During the year ended 31 December 2015, there were no transactions that should be classified as restructuring provisions.

2.6. FOREIGN CURRENCY BALANCES AND TRANSACTIONS

Transactions are recorded in the separate financial statements of the Company in its functional currency, at the exchange rates in force on the dates of the transactions.

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

As of 31 December 2015 and 2014, the Company had no balances denominated in foreign currency.

2.7. INCOME AND ACCRUAL BASIS

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

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

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

2.8. FINANCIAL COSTS ON LOANS OBTAINED

Financial costs on loans obtained are recorded in accordance with the effective interest rate method.

2.9. INCOME TAX

Since 2001, companies with head offices in Portugal in which the Company has a participation interest greater than 75%, if that participation gives the Company more than 50% of the voting rights, have been taxed in accordance with the special regime for the taxation of groups of companies, taxable income being determined in Galp Energia, SGPS, S.A.

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

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

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

2.10. FINANCIAL INSTRUMENTS

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

a) Investments

Investments are classified as follows:

- Investments held to maturity
- Investments measured at fair value through profit and loss
- Investments available for sale

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

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

Investments are initially recorded at acquisition cost, which is the fair value of the price paid, including transaction costs, except for investments measured at fair value through profit or loss in which transaction costs are recognised in the income statement.

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

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

Investments held to maturity are recognised at amortised cost using the effective interest rate, net of capital repayments and interest received.

b) Receivables

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

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

c) Equity or liability classification

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

d) Loans

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

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

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

e) Trade and other payables

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

f) Derivative instrumentsHedge accounting

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

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

The following criteria are used by the Company to classify derivative instruments as cash flow hedging instruments:

- The hedge is expected to be highly effective in offsetting the changes in the cash flow of the hedged risk;
- The hedging effectiveness can be reliably measured;
- There is adequate documentation of the hedge at the beginning of the operation; and
- The hedged transaction is highly probable.

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

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

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

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

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

g) Cash and cash equivalents

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

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

2.11. STATEMENT OF THE FINANCIAL POSITION CLASSIFICATION

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

2.12. SUBSEQUENT EVENTS

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

2.13. JUDGMENTS AND ESTIMATES

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

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

Provisions for contingencies

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

2.14. RISK MANAGEMENT AND HEDGING

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

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

The accounting policies explained in this section contain more details of these hedges, as well as in the Company's consolidated financial statements.

During the year ended 31 December 2015, only material changes required by IFRS 7 - Financial instruments were disclosed.

2.15. SHARE CAPITAL

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

3. COMPANIES INCLUDED IN THE CONSOLIDATION

Not applicable.

4. INVESTMENTS IN OTHER COMPANIES

4.1. INVESTMENTS IN SUBSIDIARIES

Participation interests held as of 31 December 2015 and 2014 are as follows:

Company	Head Office		Percentage held		Main activity	Acquisition cost	
	City	Country	2015	2014		2015	2014
Galp Energia, S.A.	Lisbon	Portugal	100%	100%	Business management and consultancy services.	6,154	6,154
Petróleos de Portugal - Petrogal, S.A. (a)	Lisbon	Portugal	100%	100%	Refining crude oil and derivatives; transport, distribution and trading of crude oil and derivatives and natural gas; Research and Exploration of crude oil and natural gas; and any other industrial, commercial, research and related services.	2,108,556	3,063,556
Galp Gas & Power, SGPS, S.A. (b)	Lisbon	Portugal	100%	100%	Management of equity investments.	161,765	62,870
Galp Energia E&P, B.V. (c)	Amsterdam	The Netherlands	100%	100%	Exploration and production of oil and natural gas. Trading of oil, natural gas and petroleum products; management of shareholdings of other companies and financing businesses and companies.	1,065,034	121,534
Next Priority SGPS, S.A.(d)	Lisbon	Portugal	-	100%	Management of equity investments.	-	50
						3,341,510	3,254,164

31 December 2015

	Head Office	Total assets	Total liabilities	Equity	Net profit
Galp Energia, S.A.	Lisbon	40,599	37,886	2,713	(17)
Petróleos de Portugal - Petrogal, S.A.	Lisbon	4,853,807	2,589,917	2,263,890	733,210
GDP - Gás de Portugal, SGPS, S.A.	Lisbon	1,030,347	641,901	388,446	342,860
Galp Energia E&P, B.V.	Amsterdam	3,096,712	2,363,104	733,608	(210,419)
		9,021,465	5,632,808	3,388,657	865,634

(a) During the year ended 31 December 2015, the subsidiary Petróleos de Portugal - Petrogal, S.A. reimbursed supplementary capital contributions in the amount of €955,000 k.

(b) During the year ended 31 December 2015 the Company subscribed the amount of €100,000 k under the form of supplementary capital contributions to subsidiary Galp Gás & Power, SGPS, S.A.. Additionally this subsidiary reimbursed supplementary capital contributions the Company in the amount of €1,104 k.

(c) During the year ended 31 December 2015 the Company made a capital increase in the amount of €943,500 k to the subsidiary Galp Energia E&P, BV.

(d) During the year ended 31 December 2015 the Company proceed with the subsidiary Next Priority, S.A. liquidation.

During the years ended 31 December 2015 and 2014, the movements occurred in caption "Results on investments in subsidiaries and associates" refers mainly to dividends attributed by the following subsidiaries:

	2015	2014
Dividends received		
Galp Energia, S.A.	1,228	697
Galp Power, SGPS, S.A.	-	9,392
Galp Gás & Power, SGPS, S.A.	372,516	254,929
Galp Energia E&P, B.V.	42,472	3,357
	416,216	268,375
Losses	(1)	-
Other	237	-
	416,452	268,375

4.2. INVESTMENTS IN ASSOCIATES

Participations in associates as of 31 December 2015 and 2014 were as follows:

Company	Head Office		Percentage held		Acquisition cost	
	City	Country	2015	2014	2015	2014
Adene - Agência para a Energia, S.A.	Lisbon	Portugal	10.98%	10.98%	114	114
OEINERGE - Agência Municipal de Energia e Ambiente	Oeiras	Portugal	1.45%	1.45%	1	1
Enerfuel, S.A.	Lisbon	Portugal	5.56%	5.56%	50	50
Omegas - Sociedade D'Etuded du Gazoduc Magreb-Europe		Morocco	-	-	35	35
Galp Gâmbia		Gambia	-	-	1	1
Galp Swazilândia		Swaziland	-	-	-	-
					201	201

5. OPERATING INCOME

The operating income of the Company for the years ended 31 December 2015 and 2014 were as follows:

CAPTIONS	2015	2014
Services rendered	11,388	9,730
	11,388	9,730

The services rendered in the amount of €11,388 k, are essentially related to management services provided to other Group companies.

The services rendered by the Company in 2015 and 2014 by geographical market are distributed as follows:

CAPTIONS	2015	2014
Domestic market	10,561	8,800
Foreign market	827	930
	11,388	9,730

6. OPERATING COSTS

The results for the years ended 31 December 2015 and 2014 were affected by the following items of operating costs:

CAPTIONS	2015	2014
External supplies and services		
Other specialised services	2,514	3,666
Legal services	878	303
Travel and accomodation	538	453
Insurance	177	187
Rents	115	135
Comunication	78	103
IT services	50	80
Representation costs	20	37
Fuel	27	36
Litigation and notaries	28	15
Office supplies	20	14
Studies and projects	-	8
Maintenance and repairs	12	4
Gifts	4	4
Fees	48	-
Books and technical documentation	-	1
Other costs	92	53
	4,601	5,099
Employee costs:		
Remuneration of Statutory Board members (Note 29)	7,936	7,268
Remuneration of personnel	676	719
Indemnities to personnel	-	518
Social chages	1,021	985
Other insurance	78	63
Other costs	109	80
	9,820	9,633
Amortisation, depreciation and impairment:		
Depreciation and impairment of tangible assets (Note 12)	4	4
	4	4
Other operating costs		
Other taxes	130	616
Other operating costs	115	100
	245	716
	14,670	15,452

Other specialised services mainly include remuneration costs of the Statutory Board members and other key management personnel, in the amount of €520 k (Note 29), and corporate services, including accounting services, personnel management, general services, financial services and audit services, invoiced by the subsidiary Galp Energia, S.A. (Note 28).

7. SEGMENT REPORTING

Not applicable.

8. FINANCIAL INCOME AND COSTS

Financial income and financial costs for the years ended 31 December 2015 and 2014 are detailed as follows:

Financial income and costs	2015	2014
Financial income and costs		
Interest - related parties (Note 28)	75,640	130,784
Interest - other	23	251
	75,663	131,035
Financial costs		
Interest - related parties (Note 28)	3,350	9,654
Interest - other	109,610	120,402
Commissions	7,011	5,769
	119,971	135,825

9. INCOME TAX

The company and several of its subsidiaries are taxed in accordance with the special regime for the taxation of groups of companies, taxable income being determined in Galp Energia, SGPS, S.A. However, estimated income tax of the Company and its subsidiaries is recorded based on their individual tax results which, for the year ended in 31 December 2015, amounted to an account payable and receivable from these Group companies of €136,562 k and €185,713 k (Note 28), respectively.

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

- In accordance with current Portuguese legislation, corporate income tax returns are subject to review and correction by the tax authorities for a period of four years (social security can be reviewed for five years), except when there are tax losses carried forward, tax benefits have been granted or there are claims or appeals in progress where, depending on the circumstances, the period can be extended or suspended;
- Galp' tax returns for the years 2012 to 2015 are still subject to review. However, Galp' Board of Directors believes that any corrections arising from inspections by the tax authorities of these tax returns will not have a significant impact on the separate financial statements as of 31 December 2015 and 2014.

As of 31 December 2015 and 2014, receivable and payable income tax was as follows:

	Assets		Liabilities	
	2015	2014	2015	2014
Group companies:				
Income tax receivable / payable (Note 28)	185,713	89,856	136,562	98,134
State:				
Tax receivable / payable	14,236	14,714	23,674	4,134
	199,949	104,570	160,236	102,268

The estimated income tax of the Company based on its taxable income in the fiscal year ended 31 December 2015 represents a tax receivable in the amount of €9,793 k and was calculated as follows:

	2015	2014
Current tax	(11,735)	(1,440)
Insufficiency / (excess) of income tax estimated in previous years	100	1,244
Deferred tax	1,842	(2,077)
Provisions for taxes	-	(3,230)
	(9,793)	(5,503)

The reconciliation of the income tax for the years ended 31 December 2015 and 2014 is presented below:

	2015	Rate	Income Tax	2014	Rate	Income Tax
Profit before tax:	368,861	21.00%	77,461	257,846	24.50%	63,172
Adjustments to income tax:						
Dividends received		(23.71%)	(87,455)		(25.50%)	(65,752)
Insufficiency / (excess) of income tax estimated in previous years		0.03%	100		0.48%	1,244
Autonomous taxation		0.02%	76		0.02%	45
Provisions for taxes		-	-		(1.25%)	(3,230)
Other increases and deductions		0.01%	25		0.08%	200
Deferred Taxes		-	-		(0.11%)	(1,182)
Effective tax rate		(2.66%)	(9,793)		(0.42%)	(5,503)

Deferred taxes

The balance of deferred tax assets as of 31 December 2015 and 2014 was as follows:

	Assets	
	2015	2014
Tax losses carryforward	160	895
Others	244	1,432
	404	2,327

The movements occurred in deferred taxes for the years ended 31 December 2015 and 2014 were as follows:

	Assets	
	2015	2014
Opening balance	2,327	585
Effect on results:		
Tax losses carryforward	(735)	895
Other	(1,188)	1,182
Effect on equity:		
Financial derivatives	-	(335)
Ending balance	404	2,327

10. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2015 and 2014 were as follows:

	2015	2014
Net income		
Net income for purposes of calculating earnings per share	378,654	263,349
Number of shares		
Weighted average number of shares for purposes of calculation of net earnings per share (Note 19)	829,250,635	829,250,635
Basic earnings per share (amounts in euros)	€0.46	€0.32

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

11. GOODWILL

Not applicable.

12. TANGIBLE AND INTANGIBLE ASSETS

Tangible assets are recorded in accordance with the accounting policy explained in Note 2.3. The depreciation rates being used are disclosed in the same note. In the years 2015 and 2014 tangible assets had the following changes:

	2015					2014				
	Basic equipment	Transport equipment	Administrative equipment	Other tangible assets	Total tangible assets	Basic equipment	Transport equipment	Administrative equipment	Other tangible assets	Total tangible assets
Acquisition cost:										
Acquisition cost as of 1 Januray	33	52	325	1,009	1,419	33	52	325	1,009	1,419
Additions	-	-	-	-	-	-	-	-	-	-
Acquisition cost as of 31 December	33	52	325	1,009	1,419	33	52	325	1,009	1,419
Balance as of 31 December	33	52	325	1,009	1,419	33	52	325	1,009	1,419
Depreciations:										
Accumulated depreciations as of 1 Januray	(33)	(52)	(304)	(1,009)	(1,398)	(33)	(52)	(300)	(1,009)	(1,394)
Depreciation for the year (Note 6)	-	-	(4)	-	(4)	-	-	(4)	-	(4)
Accumulated depreciations as of 31 December	(33)	(52)	(308)	(1,009)	(1,402)	(33)	(52)	(304)	(1,009)	(1,398)
Balance as of 31 December	(33)	(52)	(308)	(1,009)	(1,402)	(33)	(52)	(304)	(1,009)	(1,398)
Net amount:	-	-	17	-	17	-	-	21	-	21
Balance as of 31 December	-	-	17	-	17	-	-	21	-	21

As of 31 December 2015 and 2014 intangible assets had the following changes:

	2015		2014	
	Industrial property and other rights	Total intangible assets	Industrial property and other rights	Total intangible assets
Acquisition cost:				
Acquisition cost as of 1 Januray	8	8	8	8
Acquisition cost as of 31 December	8	8	8	8
Amortisation:				
Accumulated amortisation as of 1 Januray	(8)	(8)	(8)	(8)
Accumulated amortisation as of 31 December	(8)	(8)	(8)	(8)
Net amount:	-	-	-	-
Balance as of 31 December	-	-	-	-

13. GOVERNMENT GRANTS

Not applicable.

14. OTHER RECEIVABLES

The non-current and current caption "Other receivables" as of 31 December 2015 and 2014 had the following detail:

Captions	2015		2014	
	Current	Non-current	Current	Non-current
State and other public entities:				
Value added tax - Reimbursement requested	46	-	46	-
Other receivables - related parties (Note 28)	5,232	-	7,293	-
Loans to related parties (Note 28)	492,527	1,253,109	242,096	1,697,560
Advances to suppliers	5	-	10	-
Personnel	111	-	111	-
Other receivables	489	-	459	-
	498,410	1,253,109	250,015	1,697,560
Accrued income:				
Accrued interest (Note 28)	7,550	-	8,392	-
Other accrued income	11	-	9	-
	7,561	-	8,401	-
Deferred costs:				
Interest and other financial costs	2,215	-	69	-
	2,215	-	69	-
	508,186	1,253,109	258,485	1,697,560
Impairment of other receivables	(286)	-	(286)	-
	507,900	1,253,109	258,199	1,697,560

15. TRADE RECEIVABLES

As of 31 December 2015 and 2014, caption "Trade Receivables" had balances in the amount of €1,579 k e €2,511 k, respectively, regarding exclusively to related parties (Note 28).

16. INVENTORIES

Not applicable.

17. OTHER INVESTMENTS

Not applicable.

18. CASH AND CASH EQUIVALENTS

Caption "Cash and cash equivalents" as of 31 December 2015 and 2014, had the following detail:

CAPTIONS	2015	2014
Cash	7	6
Bank deposits	25,024	3,352
Cash and cash equivalents in the statement of financial position	25,031	3,358
Bank overdrafts (Note 22)	(96)	(6,901)
Cash and cash equivalents in the statement of cash flows	24,935	(3,543)

19. SHARE CAPITAL

Capital structure

The share capital of Galp is comprised of 829,250,635 shares. Of these, 771,171,121, meaning, 93% of the share capital, are traded in the Euronext Lisbon stock exchange. The remaining 58,079,514 shares, representing some 7% of the share capital, are indirectly held by the Portuguese State through Parpública – Participações Públicas, SGPS, S.A. (Parpública) and are not available for trade.

In 2015 there was an increase in the free float of the Company, when compared to the end of 2014, from 46.66% to 54.66%, after completion of the sale of shares of the Company by Eni SpA (Eni), that no longer holds a participation in the share capital.

This increase in the free float has contributed to the Company's visibility in the capital markets. Indeed, various entities now hold qualifying participations in the share capital of Galp, as disclosed by the Company in accordance with articles 16 and 17 of the Portuguese Securities Code (CVM).

In October 2015, Eni placed on the market, shares representing approximately 4% of Galp's share capital, announcing in November the disposal of the remaining participation in the share capital of the Company through an accelerated book building to institutional investors, corresponding to approximately 4% of the share capital. This way, Eni, that in 2012 held participation interests corresponding to 33.34% of the share capital, no longer holds any shareholding position in Galp.

The agreements signed between Amorim Energia, Caixa Geral de Depósitos, S.A. (CGD) and Eni, ceased their effects in relation to CGD and to Eni, when these companies disposed their participations in the share capital of Galp. These agreements established, under the terms in paragraph 1.c) of article 20 of the CVM, that the voting rights corresponding to shares held by each of those Parties were allocated to the remaining. Thus, at the end of 2015, Amorim Energia held qualified participation and voting rights of 38.34% in the share capital of Galp.

The qualified participations in the share capital of Galp, are calculated in accordance with article 16 and 20 of the Portuguese Securities Code. In accordance with these articles, the shareholders of Galp have to notify the Company whenever their participations reach, exceed or are reduced in relation to certain limits. These limits are 2%, 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 and 90% of the voting rights.

The Company's capital structure at the end of the year is summarized in the table below.

Capital Structure as of 31 December 2015:

	Nr. of shares	% of capital	% of voting rights
Amorim Energia, B.V.	317,934,693	38.34%	38.34%
Parública – Participações Públicas, SGPS, S.A.	58,079,514	7.00%	7.00%
Free-float	453,236,428	54.66%	54.66%
Total	829,250,635	100.00%	-

20. OTHER RESERVES

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

As of 31 December 2015 and 2014 these captions were as follows:

	2015	2014
Legal reserve	165,850	165,850
Free reserve	27,977	27,977
	193,827	193,827

On 31 December 2015 and 2014, the legal reserve is fully provided for in accordance with the commercial legislation.

21. NON-CONTROLLING INTERESTS

Not applicable.

22. LOANS

Loans detail

Loans obtained as of 31 December 2015 and 2014 had the following detail:

Captions	2015		2014	
	Current	Non-current	Current	Non-current
Bank loans:				
Commercial paper issuance	-	490,000	100,000	290,000
Foreign loans - EIB	84,836	389,490	54,591	474,326
Bank overdrafts (Note 18)	96	-	6,901	-
	84,932	879,490	161,492	764,326
Origination fees	(1,434)	(586)	(3,815)	(985)
	83,498	878,904	157,677	763,341
Notes and Bond loans:				
Bond Loans	250,000	920,000	-	1,270,000
Notes	-	1,000,000	-	1,000,000
	250,000	1,920,000	-	2,270,000
Origination fees	(4,244)	(8,407)	-	(16,774)
	245,756	1,911,593	-	2,253,226
	329,254	2,790,497	157,677	3,016,567

Description of the main loans**Commercial Paper Issuance**

On 31 December 2015, the Company has contracted underwritten commercial paper programs totalling €1,065,000 k, which are split into €490,000 k of medium and long-term and €575,000 k of short term. Of these amounts, €490,000 k were used at medium and long-term.

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

Bank loans

As of 31 December 2015, loans contracted with European Investment Bank (EIB) have the following detail:

Entity	Amount due	Interest rate	Maturity	Reimbursement
BEI (OPorto cogeneration)	50,000	Fixed rate	October 2017	October 2017
BEI (Installment A - Sines cogeneration)	22,565	Fixed rate	September 2021	Semi-annual installments beginning in March 2010
BEI (Installment B - Sines cogeneration)	11,761	Euribor 6m + spread	March 2022	Semi-annual installments beginning in September 2010
BEI (Installment A - Refinery conversion)	234,000	Revisable fixed rate	February 2025	Semi-annual installments beginning in August 2012
BEI (Installment B - Refinery conversion)	156,000	Fixed rate	February 2025	Semi-annual installments beginning in August 2012

Loans contracted with European Investment Bank (EIB), with the exception of instalment B of the conversion project of the refineries of Sines and Porto, were contracted with Petróleos de Portugal – Petrogal, S.A. corporate guaranties.

The remaining loan with the EIB, in the amount of €156,000 k, is guaranteed by a bank syndicate.

Bonds

As of 31 December 2015, issued bonds have the following detail:

Issue	Amount due	Interest rate	Maturity	Reimbursement
GALP ENERGIA / 2013 - €600 m. FRN-2017	500,000	Euribor 6m + spread	May 2017	50% @ May 2016 50% @ May 2017
GALP ENERGIA / 2012 - FRN - 2018	260,000	Euribor 3m + spread	February 2018	February 2018
GALP ENERGIA / 2013 - 2018	110,000	Euribor 3m + spread	March 2018	March 2018
GALP ENERGIA / 2013 - €200 m. - 2018	200,000	Euribor 6m + spread	April 2018	April 2018
GALP ENERGIA / 2012-2020	100,000	Euribor 6m + spread	June 2020	June 2020

Issue of notes

Galp established in 2013, under its financing plan, a Euro Medium Term Note Programme (€5,000,000,000 EMTN).

As of 31 December 2015, the issuances are detailed as follows:

Issue	Amount due	Interest rate	Maturity	Reimbursement
Galp 4,125% 01.2019	500,000	Fixed rate 4.125%	January 2019	January 2019
Galp 3,000% 01.2021	500,000	Fixed rate 3.000%	January 2021	January 2021

23. POST EMPLOYMENT AND OTHER EMPLOYEE LIABILITIES

Not applicable.

24. OTHER PAYABLES

The caption "Other payables" as of 31 December 2015 and 2014, have the following detail:

Captions	Current		Non-Current	
	2015	2014	2015	2014
State and other public entities:				
Value added tax	468	469	-	-
Social security contributions	103	118	-	-
Personnel and corporate income tax withheld	181	152	-	-
Personnel	53	55	-	-
Other payables - related parties (Note 28)	-	2,243	-	-
Loans - related parties (Note 28)	246,964	312,996	-	-
Other creditors	8	25	-	-
	247,778	316,058	-	-
Accrued costs:				
Holiday pay, holiday subsidy and corresponding personnel costs	569	689	-	-
External supplies and services	18	150	-	-
Productivity bonus	1,008	976	-	-
Medium and long term incentives	-	-	4,746	3,000
Accrued interest	46,375	39,781	-	-
Financial costs	15	14	-	-
Other accrued costs	261	261	-	-
	48,246	41,872	4,746	3,000
	296,023	357,930	4,746	3,000

25. PROVISIONS

The changes in provisions in the periods ended 31 December 2015 and 2014 were as follows:

2015			
Captions	Opening balance	Ending balance	
Taxes	3,377	3,377	
	3,377	3,377	

2014			
Rubricas	Opening balance	Decreases (Note 9)	Ending balance
Taxes	6,607	(3,230)	3,377
	6,607	(3,230)	3,377

Caption "Taxes" in the amount of €3,377 k was recognised due to the fiscal risk associated with the participation in ONI, SGPS, S.A. sold to Galp Energia, SGPS, S.A.

26. TRADE PAYABLES

As of 31 December 2015 and 2014, caption "Trade payables" had the following detail:

Captions	2015	2014
Trade payables - current account	121	226
Trade payables - invoices pending	225	51
	346	277

27. OTHER FINANCIAL INSTRUMENTS – DERIVATIVES

Not applicable.

28. RELATED PARTIES

Balances and transactions with related parties in the years ended 31 December 2015 and 2014 were as follows:

Receivables:

Company	2015						
	Non-current		Current				
	Total related parties	Loans granted (Note 14)	"Trade Receivables	Loans Granted (Note 14)	Other receivables (Note 14)	Current income tax receivable (Nota 9)	Accruals and deferrals (Note 14)
Petrogal, S.A.	1,105,495	685,000	735	400,835	2,893	9,671	6,361
Galp Gás & Power, SGPS, S.A.	638,478	568,019	-	66,894	2,241	135	1,189
Galp Gás Natural, SA	123,912	-	394	-	-	123,518	-
Lisboagás, S.A.	28,625	-	-	-	-	28,625	-
Galp Exploração, S.A.	20,065	-	-	19,146	-	919	-
Lusitaniagás, S.A.	6,275	-	-	-	-	6,275	-
Portcogeração, S.A.	5,956	-	-	3,998	-	1,958	-
Galp Madeira, Lda.	2,184	-	14	-	-	2,170	-
Galp Energia, S.A.	2,048	-	-	-	-	2,048	-
GDP Gás de Portugal, S.A.	1,898	-	306	-	-	1,592	-
Galpgeste, S.A.	1,304	-	-	-	-	1,304	-
Duriensegás, S.A.	1,285	-	-	-	-	1,285	-
Galp Açores, S.A.	1,217	-	12	1,204	-	-	-
Galp Gás Natural Distribuição, S.A.	967	-	-	-	-	967	-
Transgás, S.A.	886	-	-	-	-	886	-
Sempre a Postos, Lda	837	-	-	-	-	837	-
GásInsular, Lda.	698	-	-	-	-	698	-
Transgás Armazenagem, S.A.	587	-	-	-	-	587	-
Medigás, S.A.	569	-	-	-	-	569	-
Agroger, S.A.	450	-	-	450	-	-	-
Tanquisado S.A.	413	-	-	-	-	413	-
Dianagás, S.A.	383	-	-	-	-	383	-
Lisboagás CUR, S.A.	313	-	-	-	5	308	-
Paxgás, S.A.	229	-	-	-	-	229	-
CLT, Lda	177	-	-	-	-	177	-
Lusitaniagás CUR, S.A.	126	-	-	-	-	126	-
Adene-Agência para a Energia, S.A.	90	90	-	-	-	-	-
Galp Energia España, S.A.	69	-	69	-	-	-	-
Petrogal Moçambique, Lda.	44	-	25	-	19	-	-
Agroger, S.A.	29	-	-	-	-	29	-
Galp Marketing International, S.A.	24	-	24	-	-	-	-
Tagusgás, S.A.	20	-	8	-	11	-	-
Galp Energia Rovuma BV	14	-	-	-	14	-	-
Petrogal Angola, Lda.	7	-	-	-	7	-	-
Petromar, Lda.	6	-	-	-	6	-	-
Galp Exploração Timor Leste, S.A.	3	-	-	-	-	3	-
Beiragás, S.A.	3	-	-	-	3	-	-
Galpfer, S.L.	3	-	-	-	3	-	-
Sonangal	1	-	-	-	1	-	-
Enerfuel, S.A.	27	-	-	-	27	-	-
ASA - Abast. e Serv. Aviação, S.A.	1	-	-	-	1	-	-
CLC, S.A.	1	-	1	-	-	-	-
Sacor Maritima	(2)	-	(2)	-	-	-	-
Petrogal Brasil	(8)	-	(8)	-	-	-	-
	1,945,711	1,253,109	1,579	492,527	5,232	185,713	7,550

The amount of €1,253,109 k recorded in non-current loans granted, essentially respects to shareholder loans granted to related parties which bear market interests rates and do not have a defined repayment plan. According to the Board of Directors' expectations, the loans will not be received in the short term.

From the amount of €492,527 k recorded in current loans granted, €324,450 k are related to loans granted to the subsidiary Petrogal, S.A. with expectation of reimbursement in 2016 and €168,077 k respect to cash pooling loans granted to Group companies.

The amount of €7,550 k recorded in accruals and deferrals, in current assets, refers to accrued interest on loans granted, on 31 December 2015, to other Group companies.

Company	2014						
	Non-current		Current				
	Total related parties	Loans granted (Note 14)	Trade Receivables (Note 15)	Loans Granted (Note 14)	Other receivables (Note 9 and 14)	Income tax payable (Note 9)	Accruals and deferrals (Note 14)
Petrogal, S.A.	1,225,609	1,129,450	495	81,837	5,531	1,162	7,134
GDP Gás de Portugal, SGPS, SA	632,624	568,019	-	61,882	1,437	28	1,258
Galp Gás Natural, SA	62,343	-	-	-	-	62,343	-
Galp Power, SA	31,918	-	-	31,918	-	-	-
Galp Gás Natural Distribuição, SA	21,671	-	-	20,704	-	967	-
Galp Exploração	20,461	-	131	19,348	-	982	-
Transgás, S.A.	16,231	-	-	15,362	-	869	-
Lisboagás, S.A.	13,089	-	-	-	-	13,089	-
Portocogeração, S.A.	12,378	-	-	10,420	-	1,958	-
Lusitaniagás, S.A.	1,903	-	-	-	-	1,903	-
Petrogal Sucursal Espanha	1,604	-	1,550	-	54	-	-
Galp Açores, Lda.	1,349	-	13	221	-	1,115	-
Galpgeste, S.A.	1,273	-	-	404	-	869	-
Galp Energia, S.A.	1,255	-	(14)	-	39	1,230	-
GDP Gás de Portugal, S.A.	1,227	-	279	-	-	948	-
Transgás Armazenagem, S.A.	795	-	-	-	-	795	-
Duriensegás, S.A.	427	-	-	-	-	427	-
Sempre a Postos, Lda	397	-	-	-	-	397	-
Tanquisado, S.A.	214	-	-	-	-	214	-
Medigás, S.A.	171	-	-	-	-	171	-
Dianagás, S.A.	165	-	-	-	-	165	-
Next Priority, S.A.	137	-	(21)	-	137	21	-
Paxgás, S.A.	117	-	-	-	-	117	-
Adene-Agência para a Energia, S.A.	90	90	-	-	-	-	-
Petrogal Moçambique, Lda.	58	-	39	-	19	-	-
Gasinsular, S.A.	37	-	-	-	-	37	-
Petrogás Guiné-Bissau, Lda.	33	-	16	-	17	-	-
Lusitaniagás Comercialização, S.A.	26	-	-	-	-	26	-
Agroger, S.A.	23	-	-	-	-	23	-
Tagusgás, S.A.	19	-	8	-	11	-	-
Galp Madeira, Lda.	14	-	14	-	-	-	-
Galp Energia Rovuma BV	14	-	-	-	14	-	-
Sacor Maritima	12	-	(2)	-	14	-	-
Galp Energia E&P, B.V.	9	-	9	-	-	-	-
Petrogal Angola, Lda.	7	-	-	-	7	-	-
Petromar, Lda.	6	-	-	-	6	-	-
Petrogal Cabo Verde, Lda.	4	-	-	-	4	-	-
Beiragás	3	-	-	-	3	-	-
CLC, S.A.	1	-	1	-	-	-	-
Petrogal Brasil	(7)	-	(7)	-	-	-	-
	2,047,708	1,697,560	2,511	242,096	7,293	89,856	8,392

The amount of €1,697,560 k recorded in non-current loans granted, essentially respects to shareholder loans granted to related parties which bear market interests rates and do not have a defined repayment plan. According to the Board of Directors' expectations, the loans will not be received in the short term.

The amount of €242,096 k recorded as current loans granted, relates to cash pooling loans granted to Group companies.

The amount of €8,392 k recorded in accruals and deferrals, in current assets, refers to accrued interest on loans granted, on 31 December 2014, to other Group companies.

Payables:

Company	2015				
	Current				
	Total related parties	Trade payables	Loans obtained (Note 24)	Income tax payable (Note 9)	Other Payables (Note 24)
Galp Gás Natural, SA	143,575	2	143,542	31	-
Petrogal, S.A.	120,484	41	-	120,443	-
Galp Energia E&P, B.V.	41,768	-	41,768	-	-
Lisboagás CUR, S.A.	10,738	-	10,727	11	-
GDP Gás de Portugal, S.A.	10,188	-	10,188	-	-
Sacor Marítima, S.A.	9,967	-	9,967	-	-
Galp Power, SA	8,062	-	5,587	2,475	-
Galp Gás & Power, SGPS, SA	7,336	-	-	7,336	-
Galp Marketing Internacional, S.A.	5,333	-	4,628	705	-
Galp Madeira, Lda.	4,520	-	4,520	-	-
Transgás Armazenagem, S.A.	3,770	-	3,747	23	-
Galp Energia, S.A.	3,763	57	3,472	215	18
CLT Lda	3,448	-	2,979	469	-
Transgás, S.A.	2,263	-	1,348	915	-
Tanquisado, S.A.	2,091	-	2,091	-	-
Portcogeração, S.A.	2,057	-	-	2,057	-
Galpgeste, S.A.	1,247	-	1,074	173	-
Lusitaniagás CUR, S.A.	1,159	-	1,159	-	-
Galp Gás Natural Distribuição, S.A.	710	-	145	565	-
Galp Exploração, S.A.	500	-	-	500	-
Duriensegás, S.A.	301	-	-	301	-
Agroger, S.A.	123	-	-	123	-
Dianagás, S.A.	115	-	-	115	-
Sempre a Postos, Lda	72	-	-	72	-
Galp Exploração Timor Leste, S.A	32	-	23	9	-
Medigás, S.A.	12	-	-	12	-
Lisboagás, S.A.	6	-	-	6	-
Galp Alentejo, S.A.	5	-	-	5	-
	383,644	100	246,964	136,562	18

The amount of €246,964 k recorded as current loans obtained includes €41,768 k related with loans obtained from Galp Energia E&P, B.V., and €205,196 k from cash pooling obtained from related parties. These loans bear normal market interest rates.

The amount of €136,562 k recorded in income tax payable, related to income tax payable to Group companies under the special taxation regime for groups of companies (Note 9).

2014

Company	Current				
	Total related parties	Trade payables	Loans obtained (Note 24)	Income tax payable (Note 9)	Other payables (Nota 24)
Galp Energia E&P, B.V.	178,000	-	178,000	-	-
Petrogal, S.A.	89,206	56	-	89,150	-
Galp Gás Natural, S.A.	98,966	3	96,918	12	2,033
Galp Marketing Internacional, S.A	9,900	-	9,900	-	-
GDP Gás de Portugal, SGPS,SA	6,576	-	-	6,576	-
Galp Madeira, S.A.	6,659	-	6,659	-	-
Sacor Marítima, S.A.	6,176	-	6,176	-	-
GDP Serviços	4,918	-	4,918	-	-
Galp Exploração Timor Leste, S.A.	3,444	-	3,438	6	-
Tanquisado S.A.	3,197	-	3,196	1	-
Galp Power, S.A.	999	-	-	999	-
Lusitaniagás Comercialização, S.A.	1,284	-	1,284	-	-
Galp Energia, S.A.	1,118	178	759	181	-
CLT Lda	887	-	673	214	-
Lisboagas Comercial, S.A.	915	-	904	11	-
Transgás, S.A.	305	-	-	305	-
Duriensegás, S.A.	291	-	-	291	-
Galpgeste, S.A.	168	-	-	168	-
Dianagás, S.A.	115	-	-	115	-
Agroger, S.A.	105	-	105	-	-
Transgás Armazenagem, S.A.	89	-	66	23	-
Sempre a Postos, Lda	68	-	-	68	-
Enerfuel, S.A.	210	-	-	-	210
Medigás, S.A.	6	-	-	6	-
Lisboagás, S.A.	6	-	-	6	-
Portocogeração, S.A.	2	-	-	2	-
Next Priority, S.A.	-	-	-	-	-
	413,610	237	312,996	98,134	2,243

The amount of €312,996 k recorded as current loans obtained includes €187,900 k related with loans obtained from Galp Energia E&P, B.V. and Galp Marketing Internacional, S.A., and €125,096 k from cash pooling obtained from related parties. These loans bear normal market interest rates.

The amount of €147,728 k recorded in income tax payable, relates to income tax payable to companies under the special taxation regime for groups of companies (Note 9).

Transactions		2015		
Company	Operating costs	Operating income (Note 5)	Financial costs (Note 8)	Financial income (Note 8)
Petrogal, S.A.	589	(7,089)	-	(42,470)
Galp Gás & Power, SGPS, S.A.	-	-	-	(30,402)
Galp Gás Natural Distribuição, S.A.	-	-	-	(39)
GDP Gás de Portugal, S.A.	-	(2,984)	-	(1)
Galp Exploração, S.A.	-	-	-	(1,560)
Galp Energia España, S.A.	-	(827)	-	-
Galp Gás Natural, SA	-	-	3	(159)
Transgás, S.A.	-	-	-	(349)
Galp Power, SA	-	-	-	(318)
Galp Madeira, Lda.	-	(140)	-	(20)
PortCogeração, S.A.	-	-	-	(152)
Galp Açores, Lda.	-	(115)	-	(4)
Galp Marketing Internacional, S.A.	-	(233)	-	-
Sacor Maritima, S.A.	-	-	-	(7)
Transgás Armazenagem, S.A.	-	-	-	(10)
CLT Lda	-	-	-	(9)
AGROGER, S.A.	-	-	-	(9)
Lisboagás CUR	-	-	-	(7)
Galpgeste, S.A.	-	-	-	(2)
Lusitaniagás CUR	-	-	-	(1)
Amorim, B.V.	520	-	-	-
Galp Energia, S.A.	1,696	-	-	(121)
Galp Energia E&P, B.V.	-	-	3,347	-
	2,805	(11,388)	3,350	(75,640)

The amount of €2,805 k recorded as operating costs, includes the amount of €520 k related with Board costs charged by shareholder Amorim BV, and the amount of €1,696 k related with services rendered by subsidiary Galp Energia, S.A., namely, consulting services and management support in the areas of accounting, treasury, financial management, administrative and logistics, purchasing and procurement, fixed assets, auditing, information systems, human resources and training.

The amount of €11,388 k recorded as operating income relates to management services.

Transactions		2014		
Company	Operating costs	Operating income	Financial costs (Note 8)	Financial income (Note 8)
Agroger, S.A.	-	-	1	(6)
Amorim, B.V.	1,288	-	-	-
CLT, Lda	-	-	6	(6)
Dianagás, S.A.	-	-	-	(12)
Duriensegás, S.A.	-	-	2	-
Galp Exploração Timor Leste, S.A.	-	-	-	(2)
Galp Açores, Lda.	-	(115)	-	(77)
Galp Energia E&P, BV	-	(103)	9,093	-
Galp Energia Portugal Holding, BV	-	-	273	-
Galp Energia, S.A.	1,664	(654)	1	(109)
Galp ER BV-Suc Moçambique	-	(14)	-	-
Galp Exploração, S.A.	-	(1,279)	35	(371)
Galp Gás Natural Distribuição, S.A.	-	-	-	(4)
Galp Gás Natural, SA	-	-	136	(110)
Galp Madeira, Lda.	-	(140)	11	-
Galp Marketing Internacional	-	-	6	-
Galp Power, S.A.	-	-	6	(278)
Galpgeste, S.A.	-	(3)	1	(10)
GDP Gás de Portugal, SGPS, S.A.	-	-	28	(27,301)
GDP Serviços, S.A.	-	(2,740)	7	(18)
Lisboagás CUR, S.A.	-	-	-	(188)
Lisboagás, S.A.	-	(9)	8	(49)
Lusitaniagás CUR	-	-	1	(8)
Lusitaniagás, S.A.	-	-	-	(1,202)
Medigás, S.A.	-	-	1	-
Petrogal, S.A.	718	(4,688)	1	(87,413)
Petrogal, Sucursal España	-	(827)	-	(13,225)
PortCogeração, S.A.	-	-	-	(276)
Sacor Marítima, S.A.	-	(17)	3	(4)
Setgás, S.A.	-	(1)	-	-
Tagus Re, S.A.	-	(31)	-	-
Tanquisado S.A.	-	(1)	1	(4)
Transgás Armazenagem, S.A.	-	-	8	-
Transgás, S.A.	-	-	26	(111)
	3,670	(10,622)	9,654	(130,784)

The amount of €3,670 k recorded as operating costs, includes the amount of €1,288 k related with Board costs charged by shareholder Amorim BV, and the amount of €1,664 k related with services rendered by subsidiary Galp Energia, S.A., namely, consulting services and management support in the areas of accounting, treasury, financial management, administrative and logistics, purchasing and procurement, fixed assets, auditing, information systems, human resources and training.

The amount of €10,622 k recorded as operating income includes the amount of de €9,730 k related with management services and €892 k of recharged expenses paid on behalf of other Group companies.

29. REMUNERATION OF THE BOARD

The remuneration of Galp Corporate Board members for the years ended 31 December 2015 and 2014, had the following detail:

	December 2015						December 2014					
	Salary	Pension plans	Allowances for rent and travels	Bonuses	Other charges and adjustments	Total	Salary	Pension plans	Allowances for rent and travels	Bonuses	Other charges and adjustments	Total
Corporate Boards of Galp Energia, SGPS, S.A.												
Executive management	3,832	807	297	2,848	58	7,842	3,711	803	292	2,783	178	7,767
Non-executive management	530	-	-	-	-	530	695	-	-	-	-	695
Supervisory Board	79	-	-	-	-	79	92	-	-	-	-	92
General shareholders	4	-	-	-	-	4	2	-	-	-	-	2
	4,445	807	297	2,848	58	8,455	4,500	803	292	2,783	178	8,556

The amounts of €8,455 k and €8,556 k, recorded in the years ended 31 December 2015 and 2014, respectively, include €7,936 k and €7,268 k recorded as employee costs (Note 6), €520 k and €1,288 k recorded as "External supplies and services".

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

30. DIVIDENDS

In accordance with the decision of the general shareholders meeting of 16 April 2015, were attributed to the Company's shareholders dividends in the amount of €208,765 k relating to net profit for 2014 and retained earnings in the amount of €77,824 k, in a total amount of €286,589 k, which corresponds to a dividend of €0.3456 per share. Dividends were distributed and paid on 18 September 2014 in the amount of €143,295 k and the remaining €143,294 k on 12 May 2015.

Additionally, the Board of Directors approved the payment of an interim dividend, in the amount of €171,953 k. The amount was fully paid on 24 September 2015.

31. OIL AND GAS RESERVES

Not applicable.

32. FINANCIAL RISK MANAGEMENT

Risk management

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

Market risks

Interest rate risk

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

Liquidity risk

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

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

Credit risk

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

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

33. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Pledged guarantees

As of 31 December 2015, responsibilities with pledged guarantees amounted to €51,977 k being constituted essentially by:

- Guarantees of €48,799 k in benefit of the tax administration;
- Guarantees of €3 k in benefit of the Lisbon port authority;
- Guarantees of €344 k in benefit of Lisbon Court;
- Guarantees of €1,650 k in benefit of REN – Rede Eléctrica Nacional, S.A.
- Guarantees of €1,181 k in benefit of Costumes authorities.

As of 31 December 2015, there were standby letters of unused import credits totalling USD 13,605 k related to insurance premiums.

34. INFORMATION REGARDING ENVIRONMENTAL MATTERS

Not applicable.

35. SUBSEQUENT EVENTS

There were no subsequent events after 31 December 2015 with relevant material impact.

36. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors on 1 April 2016.

37. EXPLANATION ADDED FOR TRANSLATION

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

THE ACCOUNTANT:

Carlos Alberto Nunes Barata

THE BOARD OF DIRECTORS

Chairman:

Américo Amorim

Vice-Chairmen:

Paula Ramos Amorim

Carlos Nuno Gomes da Silva

Members:

Filipe Crisóstomo Silva

Thore E. Kristiansen

Sérgio Gabrielli de Azevedo

Abdul Magid Osman

Raquel Rute da Costa David Vunge

Carlos Manuel Costa Pina

Francisco Vahia de Castro Teixeira Rêgo

Miguel Athayde Marques

Jorge Manuel Seabra de Freitas

José Carlos da Silva Costa

Pedro Carmona de Oliveira Ricardo

João Tiago Cunha Belém da Câmara Pestana

Rui Paulo da Costa Cunha e Silva Gonçalves

Luis Manuel Pego Todo Bom

Diogo Mendonça Rodrigues Tavares

Joaquim José Borges Gouveia

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

(Free translation from the original in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached financial statements of Galp Energia S.G.P.S., S.A, comprising the statement of financial position as at December 31, 2015 (which shows total assets of Euro 5,329,700 thousand and total shareholder's equity of Euro 1,745,221 thousand including a net profit of Euro 378,654 thousand), the statement of income by nature, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the corresponding notes to the accounts.

Responsibilities

- 2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the financial statements which present fairly, in all material respects, the financial position of the Company, the results and the comprehensive income of its operations, the changes in equity and the cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an appropriate system of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company.
- 3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

- 4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgments and criteria of the Board of Directors used in the preparation of the financial statements; (ii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.
- 5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the CSC.
- 6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

- 7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of Galp Energia S.G.P.S., S.A as at December 31, 2015, the results and the comprehensive income of its operations, the changes in equity and the cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

- 8 It is also our opinion that the information included in the Directors' Report is consistent with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º-A of the Portuguese Securities Code.

April 1, 2016

PricewaterhouseCoopers & Associados

- Sociedade de Revisores Oficiais de Contas, Lda.

Registered in the Comissão do Mercado de Valores Mobiliários with no. 20161485

represented by:

António Joaquim Brochado Correia, R.O.C.

SUPERVISORY BOARD'S REPORT AND OPINION

Dear shareholders,

According to the legislation in force and the Company's articles of association, and under our mandate, we hereby present our opinion on the corporate governance report, the management report, the individual and consolidated financial statements and the proposed allocation of net profit presented by the Board of Directors of Galp Energia SGPS, S.A., with regards to the year ended 31 December 2015.

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

We have reviewed both the legal certification of the accounts as well as the audit report of the individual and consolidated accounts regarding the year of 2015, which deserve our agreement.

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

- a) the management accounts includes a fair view of the business development and of the position of the Company and other companies included in the consolidation perimeter, highlighting in a clear manner the most significant aspects of their business, as well as a description of the main risks the Company and the other companies are exposed to in their operations;
- b) the individual and consolidated financial statements and their corresponding notes allow for an adequate understanding of the Company's financial position and results, as well as that of the subsidiaries which are included in the consolidation perimeter;
- c) the accounting principles and the metrical criteria used follow the IFRS, as adopted by the EU, and are adequate as to guarantee an appropriate representation of both the Company's and the other companies' included in the consolidation perimeter assets and results;
- d) the corporate governance report regarding the year of 2015 includes all the information required by article 245-A of the Portuguese Securities Code.

Accordingly, taking into consideration the information received from the Board of Directors and other Company departments, as well as the conclusions set out in the legal certification of the accounts and the audit report about the individual and consolidated financial statements, we express our agreement to the management report, to the individual and consolidated financial statements and to the proposal of application of net profit for the financial year 2015, so we are of the opinion that those documents should be approved by the General Shareholders Meeting.

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

Lisbon, 1 April 2016

Daniel Bessa Fernandes Coelho

Gracinda Augusta Figueiras Raposo

Pedro Antunes de Almeida

Attached: Declarations issued by the members of the Supervisory Board under paragraph 1 c) of article 245 of the Portuguese Securities Code.

Declaration

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

Lisbon, 1 April 2016

Daniel Bessa Fernandes Coelho

Declaration

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

Lisbon, 1 April 2016

Gracinda Augusta Figueiras Raposo

Declaration

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

Lisbon, 1 April 2016

Pedro Antunes de Almeida

ANNUAL ACTIVITY REPORT OF THE SUPERVISORY BOARD FOR THE FINANCIAL YEAR 2015

In accordance with article paragraph 1 g) of article 420 of the Portuguese Commercial Companies Code (CSC) and of paragraph 1 g) of article 8 of the Supervisory Board regulations of Galp Energia, SGPS, S.A. (hereinafter referred to as Galp or Company), the Board hereby presents its report on the supervisory activities performed during 2015.

I. Introduction

According to the corporate governance model implemented by Galp, which consists in the Latin model set out in paragraph 1 a) of article 278 and paragraph 1 b) of article 413, both from the CSC, the Supervisory Board is responsible for supervising the Company's activities.

The Supervisory Board in office was elected at the general shareholders meeting held on 16 April 2015, for the 2015-2018 term of office, and comprises three members, which two are independent in accordance with the criteria set out in paragraph 5 of article 414 of the CSC.

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

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

- a) Permanently monitoring the Company's activities, monitoring compliance with the law and articles of association, and overseeing the Company's management;
- b) Monitoring compliance with accounting policies and practices, as well as the preparation and disclosure of financial information, and supervising the audit of the accounts included in the Company's accounting documents;
- c) Monitoring the effectiveness of the risk-management and internal-control systems, annually assessing with the Executive Committee the internal-control and audit procedures and any issues raised about the accounting practices adopted by the Company, addressing to that Committee such recommendations as it may deem fit;
- d) Overseeing the adoption by the Company of the principles and policies for the identification and management of the key risks of a financial and operational nature related to the Company's business, and monitoring and performing adequate and timely control and disclosure of such risks;
- e) Receiving reports of irregularities made by shareholders, Company employees or others;
- f) Proposing to the general shareholders meeting the appointment of the Statutory Auditor and monitoring its independence, notably as regards the provision of additional services;
- g) Appointing or dismissing the Company's External Auditor and assessing its activity each year through a critical appraisal of the reports and documentation that it draws up in the performance of its duties.

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

During 2015 the Supervisory Board held 15 meetings and implemented several measures within the scope of its duties, of which the following are highlighted:

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

Ongoing monitoring of the Company during 2015 was undertaken, in particular, through regular meetings with the heads of the Internal Auditing division, of the Risk-Management Committee, the Investor Relations Division, the Statutory Auditor and the External Auditor, as well as the Executive Director responsible for the area of finance, the Company Secretary and the head of Accounts.

On the other hand, members of the Supervisory Board attended meetings of the Board of Directors on the quarterly, half-yearly and annual accounts were approved, and the annual plan and budget.

During 2015, the Supervisory Board also monitored Galp's corporate governance system and its compliance with legal and statutory requirements, as well as legislative and regulatory developments in the field of corporate governance, in particular those issued by the CMVM, including recommendations relevant to the performance of its duties, having accompanied the process of corporate governance improvement.

Also within the context of monitoring corporate governance matters, the Supervisory Board has reviewed the corporate governance report for 2015, and confirmed that the report includes the information required by article 245-A of the Portuguese Securities Code and by the CMVM regulation no. 4/2013.

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

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

In fact, the Supervisory Board has reviewed the 2015 audit and legal certification of the accounts, having issued a favourable opinion thereon.

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

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

The Supervisory Board monitors the effectiveness of the risk-management, internal-control and internal-audit systems, the creation and implementation of which are the responsibility of the Executive Committee, as well as assesses on annual basis the working of the systems and respective internal procedures.

During 2015 the Supervisory Board performed several measures directed at monitoring, supervising and evaluating the working and adequacy of Galp's internal-control, risk-management and internal-audit systems, having submitted recommendations and proposed amendments to the working of those systems as deemed justified and necessary.

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

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

4. Supervision of the activity of the Internal Auditing division

The Supervisory Board has supervised the activity of the Internal Auditing division during 2015, which reports functionally to this Board, through regular monitoring of the implementation of the respective annual plan of activities for the assessment of the risks of the processes and systems of the business units and of the conclusions as to how risks are managed and resources allocated, having received from the division periodic reports and information concerning matters related to the submission of accounts, identification or resolution of conflicts of interest and the identification of potential illegalities.

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

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

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

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

During 2015 the Supervisory Board assessed the activity of the External Auditor, having monitored its activity on a regular basis, in particular through critical appraisal of the reports and documentation that it produced in the performance of its duties, and also appraised the procedure-alteration recommendations made by the External Auditor.

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

Within the scope of its verification of compliance by the External Auditor with the rules of independence, the Supervisory Board accompanied, during 2015, the provision of services other than audit services, which depends of a prior appraisal by the Supervisory Board, having confirmed the independence of the External Auditor. The Supervisory Board notes that the amount of services other than assurance corresponds to 29,4% of the total of services provided by the External Auditor, complying with the recommendation IV.2 of the CMVM Corporate Governance Code approved in 2013.

6. Company business with related parties

During 2015 there weren't related-party transactions subject to the prior opinion of the Supervisory Board under "Regulation applicable to related-party Galp group's transactions".

7. Reporting irregularities

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

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

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

The Supervisory Board has prepared a report in relation to the irregularities notified and the procedures resulting therefrom during 2015, in accordance to the information duty set out in item 2 of the policy on communication of irregularities in force in 2015 and has made such report available to the Board of Directors. Considering the communications received, the conclusion was that they did not have impact regarding matters related with accounting, financial, internal control and audit. On the other hand, there was a small number of irregularities communicated through the respective mechanism.

With the entry into force of the new Galp Code of Ethics and Conduct on 18 December 2015, the Procedure on Reporting Irregularities was revised, renamed to Communication Procedure Irregularities - Ethics Line, and the Committee of Ethics and Conduct was created, whose role, among others, is to carry out the reception and processing of information reported under Communication Procedure Irregularities in force in Galp and Affiliated Companies, respecting the alleged irregularities or breaches of the Code of Ethics or the rules that develop or that deal with the matters listed in it, in the fields of accounting, internal accounting controls, auditing, fight against corruption and banking and financial crime.

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

Lisbon, 1 April 2016

Daniel Bessa Fernandes Coelho

Gracinda Augusta Figueiras Raposo

Pedro Antunes de Almeida



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

Rua Tomás da Fonseca, Torre C
1600- 209 Lisbon
Tel.: +351 217 240 866
Fax: +351 217 242 965
e-mail: investor.relations@galpenergia.com
galp.com

