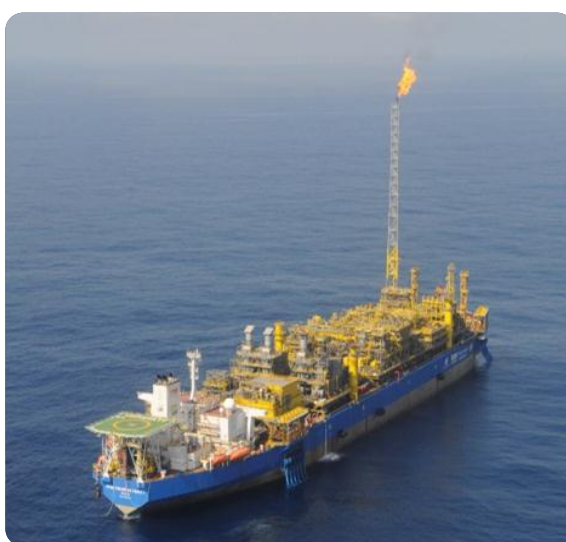




# RESULTS AND CONSOLIDATED INFORMATION

NINE MONTHS OF 2014



*An integrated energy operator focused  
on exploration and production*

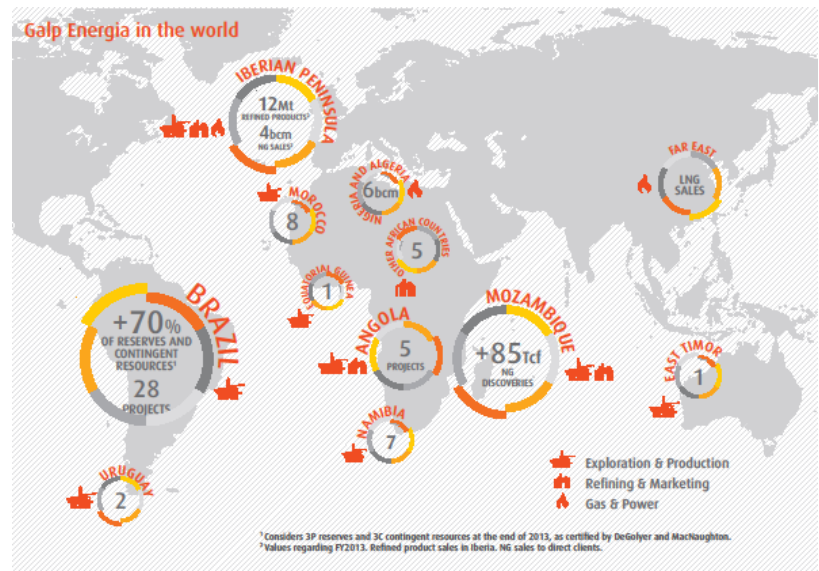
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In Collaboration with RobecoSAM

# Results and consolidated information – Nine months of 2014

## GALP ENERGIA: DEVELOPING ENERGY

### Who we are

- An integrated energy operator focused on exploration and production, with a portfolio of assets which will lead to a unique growth within the industry.
- Exploration and production activities focused on three core countries: Brazil, Angola and Mozambique.
- Iberian businesses, with their cash flow, will enable Galp Energia to maintain a solid financial capacity.



### Our vision and purpose

To be an integrated energy player recognised for its exploration and production activities, delivering sustainable value.

### Our strategy

To strengthen our exploration and production activities in order to deliver profitable and sustainable growth, based on efficient and competitive Iberian businesses, by a solid financial capacity.

### Our strategic drivers

- Focus on E&P businesses.
- Development of world-class upstream projects.
- Financial discipline.

### Our competitive advantages

- National flag carrier.
- Enduring and successful partnerships.
- Integrated skills and know-how.
- Solid and flexible organisation.
- Experience in some of the most promising projects worldwide.

To learn more, visit at [www.galpenenergia.com](http://www.galpenenergia.com).

# Results and consolidated information – Nine months of 2014

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## EXECUTIVE SUMMARY

During the first nine months of 2014, Galp Energia continued to implement its strategy, focused on the growth of its Exploration & Production (E&P) business and on optimising the Refining & Marketing (R&M) and Gas & Power (G&P) businesses.

Regarding exploration and appraisal, it should be noted, in Brazil, the ongoing execution of the Iara evaluation plan, in BM-S-11, as well as the conclusion of the drilling of the Apollonia appraisal well in block BM-S-24, which confirmed both the extension of the Júpiter discovery and the quality of the reservoir. Also in the pre-salt of Santos basin, Galp Energia and its partners resumed the drilling of the Carcará Extension appraisal well in September which aims to assess the resource potential of the Carcará discovery. In Mozambique, it is worth mentioning the conclusion of the Coral-4 appraisal well in Area 4 of the Rovuma basin. In Morocco, Galp Energia concluded the drilling of the TAO-1 well, where no hydrocarbons were found.

Development activities proceeded in the period, namely in the Lula/Iracema field, in block BM-S-11, where FPSO Cidade de Paraty (FPSO #2) reached full production capacity. The FPSO Cidade de Mangaratiba (FPSO #3) arrived at the Iracema South area in the third quarter, where it started production during October.

Replacement cost adjusted (RCA) Ebitda during the first nine months of 2014 increased 5% year on year

(yoy) to €915 million (m) as the results from the E&P and G&P businesses improved, following the increased production of oil and natural gas and the increase of LNG sales in the international markets.

Capital expenditure in the first nine months of 2014 amounted to €776 m, of which c.90% were allocated to exploration and production activities, namely to the development of Brazil's Lula/Iracema field.

Net debt at the end of September 2014 amounted to €2,438 m, or €1,583 m considering the loan to Sinopec as cash and equivalents, in which case, net debt to Ebitda was 1.3x.

## OPERATING HIGHLIGHTS OF THE FIRST NINE MONTHS OF 2014

- Net entitlement production of oil and natural gas amounted to 24.9 kboepd, of which Brazilian production accounted for 72%;
- Galp Energia's refining margin reached \$2.4/bbl, mainly as a result of the improvement in the third quarter of 2014 of the refining margins in international markets; the marketing of oil products maintained its positive contribution to results;
- Natural gas sold of 5,586 million cubic metres (mm<sup>3</sup>) benefited from the increase in LNG volumes sold in the international market, with traded volumes amounting to 2,796 mm<sup>3</sup>.

# Results and consolidated information – Nine months of 2014

## KEY FIGURES

### FINANCIAL DATA

€ m (RCA)

	Nine Months			
	2013	2014	Chg.	% Chg.
<b>Ebitda</b>	<b>869</b>	<b>915</b>	<b>46</b>	<b>5.3%</b>
Exploration & Production	287	342	55	19.3%
Refining & Marketing	247	221	(27)	(10.8%)
Gas & Power	319	337	17	5.4%
<b>Ebit</b>	<b>441</b>	<b>516</b>	<b>76</b>	<b>17.2%</b>
Exploration & Production	141	231	90	63.6%
Refining & Marketing	25	(6)	(31)	n.m.
Gas & Power	262	279	17	6.6%
<b>Net profit</b>	<b>218</b>	<b>236</b>	<b>18</b>	<b>8.0%</b>
<b>Capex</b>	<b>728</b>	<b>776</b>	<b>49</b>	<b>6.7%</b>
<b>Net debt including loan to Sinopec<sup>1</sup></b>	<b>1,305</b>	<b>1,583</b>	<b>278</b>	<b>21.3%</b>
<b>Net debt inc. loan to Sinopec to Ebitda<sup>1</sup></b>	<b>1.2x</b>	<b>1.3x</b>	<b>0.2x</b>	<b>n.m.</b>

<sup>1</sup> Loan to Sinopec considered as cash and cash equivalents.

### OPERATIONAL DATA

	Nine Months			
	2013	2014	Chg.	% Chg.
Average working interest production (kboepd)	24.3	28.5	4.3	17.5%
Average net entitlement production (kboepd)	20.5	24.9	4.4	21.6%
Oil and gas average sale price (USD/boe)	98.2	98.8	0.5	0.5%
Crude processed (kbbl)	66,180	55,052	(11,128)	(16.8%)
Galp Energia refining margin (USD/bbl)	2.3	2.4	0.1	4.0%
Oil sales to direct clients (mton)	7.0	6.9	(0.1)	(1.2%)
NG supply sales to direct clients (mm <sup>3</sup> )	2,925	2,791	(134)	(4.6%)
NG/LNG trading sales (mm <sup>3</sup> )	2,225	2,796	571	25.7%
Sales of electricity to the grid <sup>1</sup> (GWh)	1,417	1,216	(201)	(14.2%)

### MARKET INDICATORS

	Nine Months			
	2013	2014	Chg.	% Chg.
Dated Brent price <sup>1</sup> (USD/bbl)	108.5	106.5	(1.9)	(1.8%)
Heavy-light crude price spread <sup>2</sup> (USD/bbl)	(1.2)	(1.8)	0.7	56.8%
UK NBP natural gas price <sup>3</sup> (GBP/therm)	68.2	49.3	(18.9)	(27.8%)
LNG Japan and Korea price <sup>1</sup> (USD/mmbtu)	16.1	14.7	(1.5)	(9.1%)
Benchmark refining margin <sup>4</sup> (USD/bbl)	1.6	0.5	(1.1)	(66.8%)
Iberian oil market <sup>5</sup> (mton)	43.5	43.5	0.0	0.0%
Iberian natural gas market <sup>6</sup> (mm <sup>3</sup> )	23,764	21,728	(2,036)	(8.6%)

<sup>1</sup> Source: Platts.

<sup>2</sup> Source: Platts. Dated Urals NWE for heavy crude; Dated Brent for light crude.

<sup>3</sup> Source: Bloomberg.

<sup>4</sup> For a complete description of the method of calculating the benchmark refining margin, see "Definitions".

<sup>5</sup> Source: *Apetro* for Portugal, *Cores* for Spain; the figures include an estimate for September 2014.

<sup>6</sup> Source: Galp Energia and Enagás.

### EXPLORATION AND PRODUCTION ACTIVITIES

#### Exploration and appraisal

##### BRAZIL

During the first nine months of 2014, Galp Energia concluded the Apollonia appraisal well in block BM-S-24, which confirmed both the extension of the Júpiter discovery and the quality of the reservoir, and whereby fluids were found with similar properties to those found in previously drilled wells such as Júpiter, Júpiter NE and Bracuhý. It is also worth noting the start of the drill stem test (DST) in the Bracuhý well, which aims to evaluate the oil flow potential of this area of the reservoir.

The consortium resumed the first drilling phase of the Carcará Extension appraisal well in September after it had been suspended in January 2014 due to technical issues with the rig's performance. The purpose of drilling this well is to appraise the resource potential of the Carcará discovery as well as to perform a DST. The second phase is scheduled for the second half of 2015 using a rig with managed pressure drilling (MPD) equipment to ensure that this high-pressure reservoir is safely drilled according to the industry's best practice.

##### MOZAMBIQUE

The consortium concluded in the third quarter of 2014 the drilling of the Coral-4 appraisal well, located in Area 4 of the Rovuma basin, to increase knowledge of the reservoir prior to defining the development plan for the area.

##### ANGOLA

Drilling of the Cominhos-3 appraisal well in Angola, which started in June, proceeded with the goal of testing the reservoir in the Oligocene and Eocene intervals and of increasing knowledge for a potential development of this area of block 32.

##### MOROCCO

Galp Energia concluded in the third quarter of 2014 the drilling of exploration well TAO-1, located in the Tarfaya Offshore area, where no hydrocarbons were found. The primary objective of the well was to appraise the resource potential of the Trident prospect, located in the Middle Jurassic interval. The Assaka prospect, located in the Upper Jurassic interval, was also tested but no hydrocarbons were found.

This was the first offshore well drilled by Galp Energia as the operator, and it is worth noting that these activities were conducted according to plan and had no safety, health or environmental hazards.



# Results and consolidated information – Nine months of 2014

## SCHEDULE OF EXPLORATION AND APPRAISAL ACTIVITIES

Area	Target	Interest	E/A <sup>1</sup>	Spud date	Duration (# days)	Well status
<b>Brazil<sup>2</sup></b>						
BM-S-8	Carcará (extension) <sup>3</sup>	14%	A	<b>Sep-14</b>	120	In progress
BM-S-24	Apollonia	20%	A	<b>2Q14</b>	120	Concluded
BM-S-24	Elida <sup>4</sup>	20%	A	<b>4Q14</b>	120	-
<b>Mozambique</b>						
Rovuma	Agulha-2	10%	A	<b>1Q14</b>	60	Concluded
Rovuma	Dugongo-1	10%	E	<b>2Q14</b>	60	Concluded
Rovuma	Coral-4	10%	A	<b>2Q14</b>	60	Concluded
<b>Angola</b>						
Block 32	Cominhos-2	5%	A	<b>1Q14</b>	60	Concluded
Block 32	Cominhos-3	5%	A	<b>Jun-14</b>	60	In progress
<b>Morocco</b>						
Tarfaya	Trident	50%	E	<b>2Q14</b>	90	Concluded

<sup>1</sup> E – Exploration well; A – Appraisal well.

<sup>2</sup> Petrogal Brasil: 70% Galp Energia; 30% Sinopec.

<sup>3</sup> First phase.

<sup>4</sup> Appraisal well to be drilled in the Júpiter area.

## DEVELOPMENT ACTIVITIES

### BRAZIL

During the first nine months of 2014, Galp Energia and its partners proceeded with development activities in the Lula/Iracema area.

During the first nine months of 2014, FPSO Cidade de Paraty reached maximum production capacity, 15 months after it started operations. The fourth permanent producer well was connected to this FPSO #2 and started production in August through BSR South. The third producer well began production in September once the downhole safety valve (DHSV) issue was solved. The consortium expects the fifth producer well to be connected in the fourth quarter, which will improve production flexibility and reservoir management.

Already during the fourth quarter, FPSO Cidade de Mangaratiba started production on October 14. This FPSO, which has been allocated to the Iracema South area, will be connected to eight producing and eight injection wells. The first well connected to the FPSO has a potential productivity above 30 kbopd, although

production will be restricted until the first gas injector well is connected, which is expected in December. The production of this FPSO is anticipated to reach its peak in the first half of 2016.

Construction of the remaining FPSO units to be allocated to the Lula/Iracema field proceeded in the period.

The hull of FPSO Cidade de Itaguaí (FPSO #4), the unit which is scheduled to start production during the fourth quarter of 2015 in the Iracema North area, was converted in a Cosco shipyard, in China, and will soon sail away to the Brasfels shipyard in Angra dos Reis, in Brazil, where the topsides will be integrated. The hull of the FPSO units which will be allocated to the Lula Alto and Lula Central areas, FPSO Cidade de Maricá and FPSO Cidade de Saquarema, respectively, which are scheduled to start operations in the first half of 2016, are being converted in the Chengxi shipyards, also in China.

As for the replicant FPSO units, works on the hull of P-66 are ongoing and it is expected to set sail to the Brasfels shipyard in Angra dos Reis, in Brazil, until the end of November 2014. The works related to the

## Results and consolidated information – Nine months of 2014

integration of the blocks of the P-67 and P-69 hull are underway in the dry dock of the Rio Grande do Sul shipyard, and works on the P-68 are in progress in the Cosco shipyard, in China.

Galp Energia and its partners proceeded with the well development plan in the Lula/Iracema area. Under the development plan for the Lula NE area, 11 wells have been drilled so far, six of which are producer wells. In the Lula-1 area, three complementary wells, one producer and two injector wells, are planned for drilling and subsequent connection to support production from FPSO Cidade Angra dos Reis (FPSO#1). In the first nine months of 2014, the drilling and completion of one of the planned injector wells was concluded, and is expected to be connected in November. The high-angle well P8H is also expected to be connected to FPSO #1 in November 2014.

Regarding the Iracema South development plan, the drilling of 12 wells has been concluded until the end of the period.

Regarding the areas subsequent to Iracema South, the consortium has concluded the drilling of 23 wells under the Lula/Iracema development plan.

The second reservoir data acquisition (RDA) well in the lara area started to be drilled in the first nine months of 2014 with the aim of testing the quality of the carbonate reservoirs and of confirming the oil-water contact (OWC) in the flank of the lara area. Drilling is expected to be concluded until the end of 2014.

The extended well test (EWT), that began in the lara West area in June will last until the end of 2014. While operating, the EWT recorded an average production of 29 kbopd, having been subject to short interruptions for testing and data collection. The EWT is being performed by FPSO Dynamic Producer.

### ANGOLA

In the Tômbua-Lândana (TL) field, the drilling of a producer well was concluded in the first nine months of 2014.

### DEVELOPMENT WELLS IN THE LULA/IRACEMA AREA

Project	Type of wells	Execution rate		
		Total planned	Drilled	In progress
Lula 1	Producers	7	6	-
FPSO Cidade de Angra dos Reis	Injectors	5	4	-
Lula NE	Producers	8	6	-
FPSO Cidade de Paraty	Injectors	6	5	-
Iracema South	Producers	8	6	-
FPSO Cidade de Mangaratiba	Injectors	8	6	-



## OPERATING AND FINANCIAL PERFORMANCE

### 1. MARKET ENVIRONMENT

#### DATED BRENT

During the first nine months of 2014, dated Brent averaged \$106.5/bbl, down \$1.9/bbl from a year earlier.

In the first nine months of 2014, the average heavy-light price differential widened \$0.7/bbl yoy to -\$1.8/bbl.

#### REFINING MARGINS

During the first nine months of 2014, Galp Energia's benchmark refining margin decreased \$1.1/bbl yoy to \$0.5/bbl as the hydrocracking and cracking margins fell \$1.0/bbl and \$0.8/bbl, respectively.

### IBERIAN MARKET

During the first nine months of 2014, the Iberian market for oil products remained stable YoY at 43.5 mton.

During the period, the Iberian market for natural gas contracted 9% yoy to 21,728 mm<sup>3</sup> as the industrial and residential segments cut back demand.

# Results and consolidated information – Nine months of 2014

## 2. OPERATING PERFORMANCE

### 2.1 EXPLORATION & PRODUCTION

€ m (RCA, except otherwise noted)

	Nine Months			
	2013	2014	Chg.	% Chg.
<b>Average working interest production<sup>1</sup> (kboepd)</b>	<b>24.3</b>	<b>28.5</b>	<b>4.3</b>	<b>17.5%</b>
Oil production (kbopd)	22.3	27.1	4.8	21.5%
<b>Average net entitlement production (kboepd)</b>	<b>20.5</b>	<b>24.9</b>	<b>4.4</b>	<b>21.6%</b>
Angola	8.5	6.9	(1.5)	(18.2%)
Brazil	12.0	18.0	6.0	49.8%
<b>Average realised sale price (USD/boe)</b>	<b>98.2</b>	<b>98.8</b>	<b>0.5</b>	<b>0.5%</b>
<b>Royalties<sup>2</sup> (USD/boe)</b>	<b>9.2</b>	<b>9.6</b>	<b>0.4</b>	<b>4.1%</b>
<b>Production costs (USD/boe)</b>	<b>12.9</b>	<b>14.3</b>	<b>1.3</b>	<b>10.4%</b>
<b>Amortisation<sup>3</sup> (USD/boe)</b>	<b>26.3</b>	<b>19.6</b>	<b>(6.7)</b>	<b>(25.4%)</b>
<b>Ebitda</b>	<b>287</b>	<b>342</b>	<b>55</b>	<b>19.3%</b>
Depreciation & Amortisation	144	112	(31)	(21.8%)
Provisions	2	(1)	(3)	n.m.
<b>Ebit</b>	<b>141</b>	<b>231</b>	<b>90</b>	<b>63.6%</b>

<sup>1</sup> Includes natural gas exported, excludes natural gas used or injected.

<sup>2</sup> Based on production in Brazil.

<sup>3</sup> Excludes abandonment provisions.

### OPERATIONS

During the first nine months of 2014, average working interest production increased 18% yoy to 28.5 kboepd, following the higher contribution from Brazil, which increased 50% yoy to 18.0 kboepd. This increase was supported by the rising production from FPSO #2 and the contribution from the EWTs performed in the Lula Central, Lula South and Iara areas, which had an average combined production of 1.9 kbopd. FPSO #1 operated steadily during the period.

Working interest production in Angola decreased 14% as production from the Kuito field, in block 14, declined. Nonetheless, production from the BBLT field increased around 9% yoy as new wells came into production.

Net entitlement production increased around 22% yoy to 24.9 kboepd, primarily on the back of higher production in Brazil.

### RESULTS

Ebitda for the first nine months of 2014 increased €55 m yoy to €342 m following higher net entitlement production.

The average sale price in the period was \$98.8/boe, up from \$98.2/boe in the first nine months of 2013. This was due to the lower weight of natural gas in total production, despite lower oil prices in the international markets.

Production costs of €72 m were €17 m higher than a year earlier following the start of production of FPSO #2 in June 2013 and the operation of the EWTs in Brazil's Lula Central, Lula South and Iara areas. On the other hand, production costs decreased €5 m yoy in Angola as a decrease of production and of the decommissioning of Kuito FPSO, in December 2013. In unit terms, production costs increased \$1.3/boe yoy to \$14.3/boe.

Other operating costs amounted to €43 m, down €4 m yoy.

## Results and consolidated information – Nine months of 2014

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Depreciation, excluding abandonment charges, decreased €13 m yoy to €98 m as the Kuito FPSO was decommissioned in the Kuito field and notwithstanding the higher depreciation charges in Brazil that followed from a larger asset base and increasing production. In unit terms, depreciation charges decreased \$6.7/boe yoy to \$19.6/boe.

Abandonment charges during the period were €13 m, down from €34 m a year earlier.

As a result, Ebit for the E&P business segment during the first nine months of 2014 amounted to €231 m, up €90 m from a year earlier.

# Results and consolidated information – Nine months of 2014

## 2.2 REFINING & MARKETING

€ m (RCA, except otherwise noted)

	Nine Months			
	2013	2014	Chg.	% Chg.
<b>Galp Energia refining margin (USD/bbl)</b>	<b>2.3</b>	<b>2.4</b>	<b>0.1</b>	<b>4.0%</b>
<b>Refining cash cost (USD/bbl)</b>	<b>2.7</b>	<b>3.1</b>	<b>0.5</b>	<b>18.2%</b>
<b>Crude processed (kbbl)</b>	<b>66,180</b>	<b>55,052</b>	<b>(11,128)</b>	<b>(16.8%)</b>
<b>Total refined product sales (mton)</b>	<b>12.8</b>	<b>12.2</b>	<b>(0.5)</b>	<b>(4.2%)</b>
Sales to direct clients (mton)	7.0	6.9	(0.1)	(1.2%)
Exports <sup>1</sup> (mton)	3.3	2.7	(0.6)	(17.8%)
<b>Ebitda</b>	<b>247</b>	<b>221</b>	<b>(27)</b>	<b>(10.8%)</b>
Depreciation & Amortisation	188	213	25	13.4%
Provisions	35	14	(21)	(60.4%)
<b>Ebit</b>	<b>25</b>	<b>(6)</b>	<b>(31)</b>	<b>n.m.</b>

<sup>1</sup> Exports from the Galp Energia Group, excluding sales in the Spanish market.

## OPERATIONS

Crude oil processed in the period decreased 17% to 55.1 mbbl, impacted by the planned outage for maintenance of the Sines refinery in the first half of 2014, and by the sourcing constraints caused by bad weather conditions, which affected some units of the Matosinhos refinery during the first quarter.

Medium and heavy crude accounted for 78% of total crude oil processed in Galp Energia's refineries.

Middle distillates and gasoline accounted for 47% and 20%, respectively, of total production, in line with a year earlier, while fuel oil accounted for 18%. Consumption and losses in the period were 8%.

Volumes sold to direct clients decreased 1% yoy following the Sines refinery outage during the first half of 2014. Volumes sold in Africa accounted for 8% of total volumes sold to direct clients in the period.

Exports to non-Iberian countries decreased 18% yoy to 2.7 mton, due to lower availability of products resulting from the planned outage of the Sines refinery. Fuel oil, gasoline and diesel accounted for 37%, 21% and 19% of total exports, respectively.

## RESULTS

Ebitda for the R&M business segment in the period dropped €27 m yoy to €221 m.

Galp Energia's refining margin was \$2.4/bbl, compared to \$2.3/bbl a year earlier as refining margins increased in the first nine months of 2014 and in spite of the adverse effect of the general outage at the Sines refinery in the first half of the year.

Refining cash costs amounted to €128 m, or \$3.1/bbl in unit terms, up from \$2.7/bbl a year earlier. This increase followed from the operating costs associated to the outage for maintenance of the Sines refinery in the first half of 2014 and from the lower volumes of crude processed, which had an adverse effect on the dilution of fixed costs.

Marketing of oil products maintained its positive contribution to results, on the back of lower operating costs.

Depreciation charges increased €25 m yoy to €213 m as the assets related to the hydrocracking complex started to be depreciated in the second quarter of 2013.

On the other hand, provisions dropped €21 m yoy to €14 m.

Despite the improvement of the refining environment during the first nine months of 2014, Ebit for the R&M business segment during the first nine months of 2014 was still negative by €6 m, or €31 m lower than the same period of 2013.

## Results and consolidated information – Nine months of 2014

### 2.3. GAS & POWER

€ m (RCA, except otherwise noted)

	Nine Months			
	2013	2014	Chg.	% Chg.
<b>NG supply total sales volumes (mm<sup>3</sup>)</b>	<b>5,149</b>	<b>5,586</b>	<b>437</b>	<b>8.5%</b>
<b>Sales to direct clients (mm<sup>3</sup>)</b>	<b>2,925</b>	<b>2,791</b>	<b>(134)</b>	<b>(4.6%)</b>
Electrical	532	537	5	1.0%
Industrial	1,964	1,913	(51)	(2.6%)
Residential	370	304	(66)	(17.9%)
<b>Trading (mm<sup>3</sup>)</b>	<b>2,225</b>	<b>2,796</b>	<b>571</b>	<b>25.7%</b>
<b>Sales of electricity to the grid (GWh)</b>	<b>1,417</b>	<b>1,216</b>	<b>(201)</b>	<b>(14.2%)</b>
<b>Ebitda</b>	<b>319</b>	<b>337</b>	<b>17</b>	<b>5.4%</b>
Depreciation & Amortisation	45	48	2	5.4%
Provisions	12	10	(2)	(19.1%)
<b>Ebit</b>	<b>262</b>	<b>279</b>	<b>17</b>	<b>6.6%</b>
Supply & Trading	161	184	23	14.4%
Infrastructure	79	87	8	9.6%
Power	21	8	(14)	(64.1%)

### OPERATIONS

Natural gas sold in the period increased 8% yoy to 5,586 mm<sup>3</sup> as volumes of LNG traded in international markets increased 571 mm<sup>3</sup> yoy.

In contrast, volumes sold to direct clients decreased 5% following lower demand from both the residential and industrial segments. Whereas volumes sold to the residential segment were impacted by increased competition in the Iberian market, the contraction in the industrial segment followed the rationalisation of portfolio of clients and from the decrease in own consumptions during the general outage at the Sines refinery. The volumes sold to the electrical segment were in line with a year earlier.

Sales of electricity to the grid fell 201 GWh yoy to 1,216 GWh due to the shutdown of the Energin cogeneration.

### RESULTS

Ebitda for the G&P business increased 5% yoy to €337 m primarily on the back of better results from the supply & trading activity.

The regulated infrastructure and power businesses generated a combined Ebitda of €141 m, which reflected the stable contribution of these activities to results.

Depreciation and amortisation increased €2 m yoy to €48 m after the Matosinhos cogeneration started operations at the end of the first quarter of 2013.

Provisions of €10 m were in line with a year earlier.

As a result, Ebit for the G&P business segment in the first nine months of 2014 increased 7% yoy to €279 m.

# Results and consolidated information – Nine months of 2014

## 3. FINANCIAL PERFORMANCE

### 3.1. PROFIT & LOSS

€ m (RCA, except otherwise noted)

	Nine Months			
	2013	2014	Chg.	% Chg.
Turnover	14,903	13,434	(1,469)	(9.9%)
Operating expenses	(14,066)	(12,542)	(1,524)	(10.8%)
Cost of goods sold	(13,037)	(11,462)	(1,576)	(12.1%)
Supply and services	(783)	(839)	56	7.2%
Personnel costs	(245)	(241)	(4)	(1.7%)
Other operating revenues (expenses)	32	24	(8)	(26.4%)
<b>Ebitda</b>	<b>869</b>	<b>915</b>	<b>46</b>	<b>5.3%</b>
Depreciation & Amortisation	(379)	(375)	(4)	(1.0%)
Provisions	(49)	(23)	(26)	(53.0%)
<b>Ebit</b>	<b>441</b>	<b>516</b>	<b>76</b>	<b>17.2%</b>
Net profit from associated companies	47	46	(2)	(3.4%)
Net profit from investments	0	1	1	n.m.
Financial results	(90)	(96)	(6)	(6.1%)
<b>Net profit before taxes and non-controlling interests</b>	<b>398</b>	<b>468</b>	<b>70</b>	<b>17.6%</b>
Taxes <sup>1</sup>	(137)	(181)	44	32.2%
Non-controlling interests	(43)	(51)	8	19.7%
<b>Net profit</b>	<b>218</b>	<b>236</b>	<b>18</b>	<b>8.0%</b>
Non recurrent items	(32)	(94)	62	n.m.
Net profit RC	186	142	(44)	(23.8%)
Inventory effect	(47)	(66)	(20)	42.5%
Net profit IFRS	140	76	(64)	(45.8%)

<sup>1</sup> Includes tax related to the production of oil and natural gas, such as the Special Participation tax payable in Brazil and IRP payable in Angola.

Turnover fell 10% yoy to €13,434 m as the volume of oil products sold decreased, and as the price for oil and oil products declined in international markets.

Operating costs also fell by 11% yoy to €12,542 m, as the cost of goods sold declined. Supply and services cost increased 7% to €839 m, namely after the increase in variable costs related to the production of oil and natural gas, and the increase in international freight rates.

Ebitda increased €46 m yoy to €915 m as the results from the E&P and G&P business segments improved following the increased production of oil and natural gas and the increase of LNG sales in international markets.

Ebit increased 17% yoy to €516 m, reflecting the improved operating performance of the E&P and G&P businesses as well as the lower depreciation charges

in the E&P business and lower provisions in the R&M business.

Results from associates amounted to €46 m, with the international gas pipelines contributing with €38 m in the period.

Net financial expense increased €6 m yoy to €96 m mainly as a result of unfavourable exchange differences of €22 m, up from €8 m a year earlier. This effect was partly offset by lower net interest expenses, which amounted to €96 m in the period.

Taxes increased €44 m to €181 m as the E&P business increased its contribution to Group results.

Non-controlling interests increased €8 m yoy to €51 m.

As a result, RCA net profit for the first nine months of 2014 amounted to €236 m, up €18 m from a year earlier.

## Results and consolidated information – Nine months of 2014

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IFRS net profit of €76 m was adversely impacted by non-recurrent items of €94 m, primarily related to impairments in the E&P business, and by inventory effects.



## Results and consolidated information – Nine months of 2014

### 3.2 CAPITAL EXPENDITURE

€ m

	Nine Months			
	2013	2014	Chg.	% Chg.
Exploration & Production	557	683	126	22.7%
Exploration and appraisal activities	228	190	(38)	(16.5%)
Development and production activities	329	493	164	49.9%
Refining & Marketing	96	68	(28)	(29.1%)
Gas & Power	74	21	(52)	(70.9%)
Others	1	3	3	n.m.
<b>Investment</b>	<b>728</b>	<b>776</b>	<b>49</b>	<b>6.7%</b>

Capital expenditure in the period amounted to €776 m, 88% of which was allocated to the E&P business.

The investment in development activities, mainly in the Lula/Iracema field in block BM-S-11, accounted for 72% of the total capital expenditure in the E&P business segment.

The remaining 28% was allocated to the exploration and appraisal campaign conducted in the year,

particularly in Brazil's Santos basin, Mozambique and Morocco.

Capital expenditure in the R&M and G&P businesses amounted to €90 m and was primarily allocated to the maintenance of the Sines refinery and to the natural gas distribution network.

## Results and consolidated information – Nine months of 2014

### 3.3. CASH FLOW

€ m (IFRS figures)

	Nine Months	
	2013	2014
Ebit	285	346
Dividends from associates	44	55
Depreciation, depletion and amortisation (DD&A)	448	451
Change in working capital	(79)	10
<b>Cash flow from operations</b>	<b>697</b>	<b>863</b>
Net capex <sup>1</sup>	(608)	(776)
Net financial expenses	(116)	(100)
Taxes paid	(130)	(120)
Dividends paid	(223)	(267)
Others <sup>2</sup>	(115)	136
<b>Change in net debt</b>	<b>(494)</b>	<b>(265)</b>

<sup>1</sup> The 2013 figures include the amount of €111 m from the 5% stake sale in CLH.

<sup>2</sup> Including CTA's (Cumulative Translation Adjustment) and refunds of loan granted to Sinopec.

Net debt was up €265 m in the first nine months of 2014, primarily due to investment made in fixed assets.

Cash flow from operations of €863 m was primarily a result of the improved operating performance in the third quarter of 2014.

# Results and consolidated information – Nine months of 2014

## 3.4. FINANCIAL POSITION

€ m (IFRS figures)

	31 December 2013	30 June 2014	30 September 2014	Change vs. 31 Dec. 2013	Change vs. 30 Jun. 2014
Non-current assets	6,883	7,219	7,413	530	194
Working capital	1,294	1,459	1,284	(10)	(175)
Loan to Sinopec	871	807	855	(16)	49
Other assets (liabilities)	(460)	(509)	(451)	9	58
<b>Capital employed</b>	<b>8,589</b>	<b>8,975</b>	<b>9,101</b>	<b>513</b>	<b>126</b>
Short term debt	373	229	228	(146)	(1)
Medium-Long term debt	3,304	3,146	3,639	336	493
<b>Total debt</b>	<b>3,677</b>	<b>3,375</b>	<b>3,867</b>	<b>190</b>	<b>492</b>
Cash	1,504	943	1,429	(75)	486
<b>Net debt</b>	<b>2,173</b>	<b>2,432</b>	<b>2,438</b>	<b>265</b>	<b>6</b>
<b>Total equity</b>	<b>6,416</b>	<b>6,544</b>	<b>6,663</b>	<b>248</b>	<b>120</b>
<b>Total equity and net debt</b>	<b>8,589</b>	<b>8,975</b>	<b>9,101</b>	<b>513</b>	<b>126</b>
<b>Net debt including loan to Sinopec<sup>1</sup></b>	<b>1,302</b>	<b>1,625</b>	<b>1,583</b>	<b>281</b>	<b>(43)</b>

<sup>1</sup> Loan to Sinopec considered as cash and equivalents.

On 30 September 2014, non-current assets amounted to €7,413 m, up €194 m from the end of June 2014 following the capital expenditure in the period.

Capital employed at the end of September 2014 amounted to €9,101 m including the loan to Sinopec, whose balance on 30 September 2014 was €855 m.

## 3.5. FINANCIAL DEBT

€ m (except otherwise noted)

	31 December 2013		30 June 2014		30 September 2014		Change vs. 31 Dec. 2013		Change vs. 30 Jun. 2014	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	147	1,839	-	1,830	-	2,326	(147)	487	-	496
Bank loans and other debt	227	1,465	229	1,316	228	1,314	1	(151)	(1)	(2)
Cash and equivalents	(1,504)	-	(943)	-	(1,429)	-	75	-	(486)	-
<b>Net debt</b>	<b>2,173</b>	<b>2,432</b>	<b>2,438</b>	<b>2,438</b>	<b>265</b>	<b>6</b>				
<b>Net debt including loan to Sinopec<sup>1</sup></b>	<b>1,302</b>	<b>1,625</b>	<b>1,583</b>	<b>1,583</b>	<b>281</b>	<b>(43)</b>				
Average life (years)	3.6	3.7	3.8	3.8	0.19	0.16				
Average interest rate of debt	4.6%	4.5%	4.3%	4.3%	(0.3 p.p.)	(0.2 p.p.)				
Net debt to Ebitda	1.9x	2.2x	2.1x	2.1x	0.2x	(0.1x)				
Net debt inc. loan to Sinopec to Ebitda <sup>1</sup>	1.1x	1.5x	1.3x	1.3x	0.2x	(0.1x)				

<sup>1</sup> Loan to Sinopec considered as cash and equivalents.

Net debt on 30 September 2014 amounted to €2,438 m, which was stable when compared to the end of June 2014, as investment in fixed assets and the payment of the interim dividend related to the 2014 fiscal year were offset by the strong cash flow from operating activities.

Net debt at the end of the first nine months of 2014 amounted to €1,583 m, considering the €855 m balance of the loan to Sinopec as cash and equivalents.

Net debt to Ebitda at the end of September 2014 was 1.3x, considering the loan to Sinopec as cash and equivalents.

On 30 September 2014, 41% of the debt was on a fixed-rate basis. Medium- and long-term debt accounted for 94% of the total, in line with the end of June 2014.

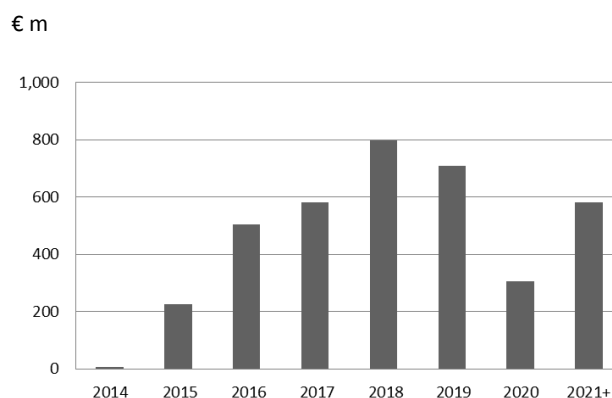
The average interest rate at the end of the first nine months of 2014 was 4.3% and debt at the end of the period had an average maturity of 3.8 years.

## Results and consolidated information – Nine months of 2014

Around 65% of the debt outstanding on 30 September 2014 matures from 2018 onwards, in accordance with the objective to align debt repayment with the Company's expected cash flow profile.

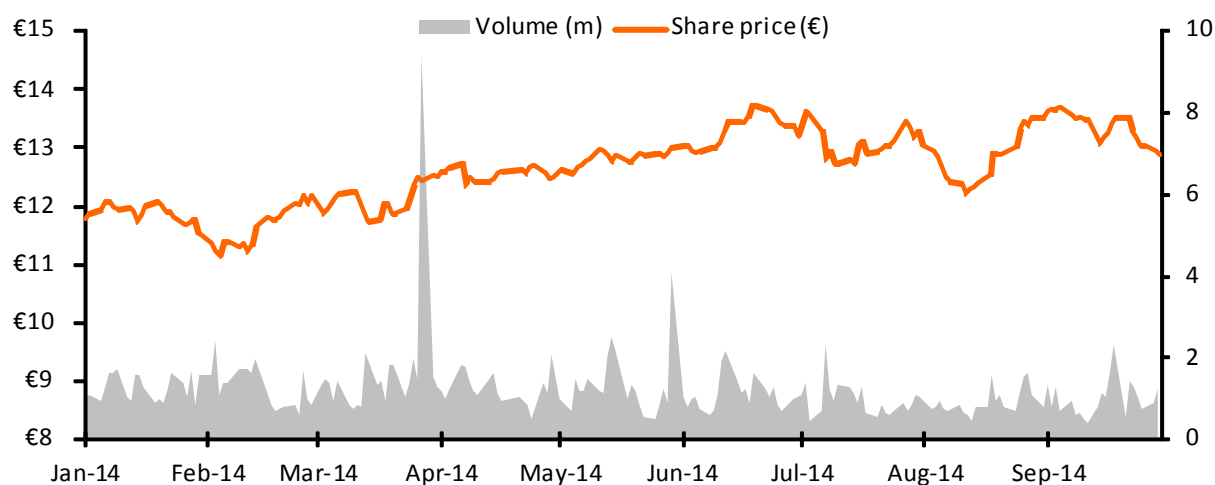
At the end of the first nine months of 2014, Galp Energia had unused credit lines of €1.2 bn, 60% of which were contractually guaranteed.

### DEBT MATURITY PROFILE ON 30 SEPTEMBER 2014



## THE GALP ENERGIA SHARE

### PERFORMANCE OF THE GALP ENERGIA SHARE



Source: Euroinvestor

During the first nine months of 2014, the Galp Energia share gained 8%, with 367 m shares traded in regulated markets. It should be noted that volumes were impacted by the Eni's placement of a stake of

8% in Galp Energia on the market. The average volume traded daily in regulated markets amounted to 1.9 m shares, of which 1.2 m on Euronext Lisbon.

Main indicators		
	2013	9M14
Min (€)	10.76	10.20
Max (€)	13.40	13.75
Average (€)	12.19	12.62
Close price (€)	11.92	12.87
Regulated markets volume (m shares)	501.6	367.3
Average volume per day (m shares)	2.0	1.9
<i>Of which Euronext Lisbon (m shares)</i>	<i>1.3</i>	<i>1.2</i>
Market cap (€m)	9,881	10,672

## ADDITIONAL INFORMATION

### 1. BASIS OF PRESENTATION

Galp Energia's consolidated financial statements for the nine months ended on 30 September 2014 and 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial information in the consolidated income statement is reported for the nine months ended on 30 September 2014 and 2013. The financial information in the consolidated financial position is reported on 30 September 2014, 30 June 2014 and 31 December 2013.

Galp Energia's financial statements are prepared in accordance with IFRS and the cost of goods sold is valued at weighted-average cost. The use of this valuation method may, when goods and commodities prices fluctuate, cause volatility in results through

gains or losses in inventories, which do not reflect the Company's operating performance. This effect is called the *inventory effect*.

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

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

## Results and consolidated information – Nine months of 2014

### 2. RECONCILIATION OF IFRS AND REPLACEMENT COST ADJUSTED FIGURES

#### 2.1. REPLACEMENT COST ADJUSTED EBITDA BY SEGMENT

€ m

2014	Nine Months				
	Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
<b>Ebitda</b>	<b>816</b>	<b>88</b>	<b>904</b>	<b>11</b>	<b>915</b>
E&P	342	-	342	0	342
R&M	116	95	211	10	221
G&P	343	(7)	336	0	337
Others	15	-	15	1	16

€ m

2013	Nine Months				
	Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
<b>Ebitda</b>	<b>786</b>	<b>72</b>	<b>859</b>	<b>11</b>	<b>869</b>
E&P	286	-	286	1	287
R&M	168	70	238	10	247
G&P	317	2	319	0	319
Others	16	(0)	16	0	16

#### 2.2. REPLACEMENT COST ADJUSTED EBIT BY SEGMENT

€ m

2014	Nine Months				
	Ebit IFRS	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
<b>Ebit</b>	<b>346</b>	<b>88</b>	<b>434</b>	<b>82</b>	<b>516</b>
E&P	153	-	153	78	231
R&M	(110)	95	(15)	9	(6)
G&P	287	(7)	281	(2)	279
Others	16	-	16	(2)	13

€ m

2013	Nine Months				
	Ebit IFRS	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
<b>Ebit</b>	<b>285</b>	<b>72</b>	<b>357</b>	<b>83</b>	<b>441</b>
E&P	71	-	71	70	141
R&M	(59)	70	11	14	25
G&P	260	2	262	(0)	262
Others	13	(0)	13	0	13



# Results and consolidated information – Nine months of 2014

## 3. REPLACEMENT COST ADJUSTED TURNOVER

€ m

	Nine Months			
	2013	2014	Chg.	% Chg.
<b>Sales and services rendered RCA</b>	<b>14,903</b>	<b>13,434</b>	<b>(1,469)</b>	<b>(9.9%)</b>
Exploration & Production <sup>1</sup>	419	536	117	28.0%
Refining & Marketing	12,403	10,532	(1,871)	(15.1%)
Gas & Power	2,435	2,745	310	12.7%
Others	90	87	(3)	(3.5%)
Consolidation adjustments	(444)	(466)	23	5.1%

<sup>1</sup> Does not include change in production. RCA turnover in the E&P segment, including change in production, amounted to €496 m in the first nine months of 2014.

## 4. NON-RECURRENT ITEMS

### EXPLORATION & PRODUCTION

€ m

	Nine Months	
	2013	2014
<b>Exclusion of non-recurrent items</b>		
Gains / losses on disposal of assets	(0.0)	0.0
Assets write-offs	0.6	0.1
Assets impairments	68.0	77.5
Provision and impairment of receivables	1.5	-
<b>Non-recurrent items of Ebit</b>	<b>70.2</b>	<b>77.5</b>
Capital gains / losses on disposal of financial investments	-	(0.0)
<b>Non-recurrent items before income taxes</b>	<b>70.2</b>	<b>77.5</b>
Income taxes on non-recurrent items	(3.7)	(6.2)
Non-controlling interest	(2.1)	(2.9)
<b>Total non-recurrent items</b>	<b>64.4</b>	<b>68.4</b>

### REFINING & MARKETING

€ m

	Nine Months	
	2013	2014
<b>Exclusion of non-recurrent items</b>		
Sale of strategic stock	-	(117.4)
Cost of sale of strategic stock	-	113.5
Accidents caused by natural phenomena and insurance compensation	0.2	0.2
Gains / losses on disposal of assets	(0.6)	1.0
Assets write-offs	0.8	0.9
Non taxed-related fines	2.6	-
Employees contracts rescission	15.6	11.6
Accidents	(8.9)	-
Provisions for environmental charges and others	1.5	0.2
Provisions for accounts receivables	1.1	-
Assets impairments	1.2	(1.1)
<b>Non-recurrent items of Ebit</b>	<b>13.6</b>	<b>8.8</b>
Capital gains / losses on disposal of financial investments	(52.1)	(1.2)
<b>Non-recurrent items before income taxes</b>	<b>(38.5)</b>	<b>7.6</b>
Income taxes on non-recurrent items	6.0	(2.2)
Energy sector contribution tax	-	12.4
Non-controlling interest	-	(0.6)
<b>Total non-recurrent items</b>	<b>(32.5)</b>	<b>17.2</b>

# Results and consolidated information – Nine months of 2014

## GAS & POWER

€ m

	Nine Months	
	2013	2014
<b>Exclusion of non-recurrent items</b>		
Gains / losses on disposal of assets	-	(0.0)
Write-off assets	(0.0)	0.0
Employees contracts rescission	0.1	0.4
Provisions for environmental charges and others	-	(1.9)
Assets impairments	(0.6)	(0.3)
<b>Non-recurrent items of Ebit</b>	<b>(0.4)</b>	<b>(1.7)</b>
Gains / losses on disposal of financial stakes	0.1	0.2
Provision for impairment of financial investments	-	2.8
<b>Non-recurrent items before income taxes</b>	<b>(0.3)</b>	<b>1.2</b>
Income taxes on non-recurrent items	0.2	(0.1)
Energy sector contribution tax	-	9.1
Non-controlling interest	-	(0.8)
<b>Total non-recurrent items</b>	<b>(0.1)</b>	<b>9.5</b>

## OTHER

€ m

	Nine Months	
	2013	2014
<b>Exclusion of non-recurrent items</b>		
Employees contracts rescission	0.1	0.8
Provisions for environmental charges and others	-	(3.2)
<b>Non-recurrent items of Ebit</b>	<b>0.1</b>	<b>(2.4)</b>
Capital gains / losses on disposal of financial investments	-	1.3
<b>Non-recurrent items before income taxes</b>	<b>0.1</b>	<b>(1.1)</b>
Income taxes on non-recurrent items	(0.0)	(0.2)
<b>Total non-recurrent items</b>	<b>0.1</b>	<b>(1.3)</b>

## CONSOLIDATED SUMMARY

€ m

	Nine Months	
	2013	2014
<b>Exclusion of non-recurrent items</b>		
Sale of strategic stock	-	(117.4)
Cost of sale of strategic stock	-	113.5
Accidents caused by natural facts and insurance compensation	0.2	0.2
Gains / losses on disposal of assets	(0.6)	1.0
Assets write-offs	1.4	1.0
Employees contracts rescission	15.8	12.9
Accidents	(8.9)	-
Provisions for environmental charges and others	1.5	(4.9)
Provision and impairment of receivables	2.6	-
Assets impairments	68.7	76.1
Non-taxed fines	2.6	-
<b>Non-recurrent items of Ebit</b>	<b>83.4</b>	<b>82.2</b>
Capital gains / losses on disposal of financial investments	(51.9)	0.3
Provision for impairment of financial investments	-	2.8
Other financial results	-	-
<b>Non-recurrent items before income taxes</b>	<b>31.4</b>	<b>85.2</b>
Income taxes on non-recurrent items	2.6	(8.6)
Energy sector contribution tax	-	21.5
Non-controlling interest	(2.1)	(4.4)
<b>Total non-recurrent items</b>	<b>31.9</b>	<b>93.8</b>

# Results and consolidated information – Nine months of 2014

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### 5.1. IFRS CONSOLIDATED INCOME STATEMENT

€ m

	Nine Months	
	2013	2014
<b>Operating income</b>		
Sales	14,525	13,162
Services rendered	378	389
Other operating income	117	70
<b>Total operating income</b>	<b>15,020</b>	<b>13,621</b>
<b>Operating costs</b>		
Inventories consumed and sold	(13,110)	(11,663)
Materials and services consumed	(783)	(839)
Personnel costs	(261)	(254)
Other operating costs	(80)	(49)
<b>Total operating costs</b>	<b>(14,234)</b>	<b>(12,805)</b>
<b>Ebitda</b>	<b>786</b>	<b>816</b>
Amortisation and depreciation cost	(448)	(451)
Provision and impairment of receivables	(54)	(18)
<b>Ebit</b>	<b>285</b>	<b>346</b>
Net profit from associated companies	47	46
Net profit from investments	52	(2)
<b>Financial results</b>		
Financial profit	48	36
Financial expenses	(134)	(117)
Exchange gain (loss)	(8)	(22)
Gains and losses on financial instruments	3	6
Other gains and losses	-	-
<b>Profit before taxes</b>	<b>294</b>	<b>295</b>
Taxes <sup>1</sup>	(113)	(150)
Energy sector contribution tax	-	(22)
<b>Profit before non-controlling interest</b>	<b>181</b>	<b>123</b>
Profit attributable to non-controlling interest	(41)	(47)
<b>Net profit for the period</b>	<b>140</b>	<b>76</b>

<sup>1</sup> Includes tax related to the production of oil and natural gas activity, namely Special Participation Tax payable in Brazil and IRP payable in Angola.

# Results and consolidated information – Nine months of 2014

## 5.2. CONSOLIDATED FINANCIAL POSITION

€ m

	31 December 2013	30 June 2014	30 September 2014
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible fixed assets	4,565	4,823	4,926
Goodwill	233	231	233
Other intangible fixed assets <sup>1</sup>	1,545	1,531	1,522
Investments in associates	516	599	700
Investments in other participated companies	3	3	3
Assets available for sale	-	-	-
Other receivables <sup>2</sup>	944	859	902
Deferred tax assets	271	274	289
Other financial investments	25	35	34
<b>Total non-current assets</b>	<b>8,102</b>	<b>8,355</b>	<b>8,608</b>
<b>Current assets</b>			
Inventories <sup>3</sup>	1,846	1,660	1,597
Trade receivables	1,327	1,466	1,297
Other receivables	897	905	905
Other financial investments	10	13	21
Current Income tax recoverable	33	(0)	0
Cash and cash equivalents	1,503	944	1,429
<b>Total current assets</b>	<b>5,616</b>	<b>4,987</b>	<b>5,249</b>
<b>Total assets</b>	<b>13,717</b>	<b>13,342</b>	<b>13,857</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	(284)	(195)	(18)
Other reserves	2,680	2,680	2,680
Hedging reserves	(1)	(1)	(0)
Retained earnings	1,666	1,753	1,609
Profit attributable to equity holders of the parent	189	75	76
<b>Equity attributable to equity holders of the parent</b>	<b>5,161</b>	<b>5,223</b>	<b>5,258</b>
Non-controlling interest	1,255	1,320	1,405
<b>Total equity</b>	<b>6,416</b>	<b>6,544</b>	<b>6,663</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank loans and overdrafts	1,465	1,316	1,314
Bonds	1,839	1,830	2,326
Other payables	545	547	553
Retirement and other benefit obligations	338	344	348
Liabilities from financial leases	0	0	0
Deferred tax liabilities	129	120	123
Other financial instruments	2	0	0
Provisions	154	152	170
<b>Total non-current liabilities</b>	<b>4,471</b>	<b>4,309</b>	<b>4,832</b>
<b>Current liabilities</b>			
Bank loans and overdrafts	227	229	228
Bonds	147	-	-
Trade payables	1,510	1,228	1,175
Other payables <sup>4</sup>	937	987	947
Other financial instruments	10	4	1
Income tax	(0)	41	9
<b>Total current liabilities</b>	<b>2,830</b>	<b>2,489</b>	<b>2,361</b>
<b>Total liabilities</b>	<b>7,302</b>	<b>6,798</b>	<b>7,193</b>
<b>Total equity and liabilities</b>	<b>13,717</b>	<b>13,342</b>	<b>13,857</b>

<sup>1</sup> Includes concession agreements for the distribution of natural gas.

<sup>2</sup> Includes the medium- and long-term portion of the loan to Sinopec.

<sup>3</sup> Includes €151 m of stocks from third parties on 30 September 2014.

<sup>4</sup> Includes €58 m of advance payments related to stocks from third parties on 30 September 2014.

# Results and consolidated information – Nine months of 2014

## 6. ADDITIONAL INFORMATION – CONSOLIDATED FINANCIAL STATEMENTS

### Galp Energia, SGPS, S.A. and subsidiaries

#### STATEMENT OF FINANCIAL POSITION AS ON 30 SEPTEMBER 2014 AND 31 DECEMBER 2013

(Amounts expressed in thousands of euros – €k)

ASSETS	Notes	September 2014	December 2013
<b>Non-current assets:</b>			
Tangible assets	12	4,925,648	4,565,289
Goodwill	11	233,333	233,137
Intangible assets	12	1,521,694	1,544,901
Investments in associates and jointly controlled entities	4	699,762	515,565
Assets held for sale	4	2,870	2,863
Trade receivables	15	24,242	24,322
Loans to Sinopec	14	675,131	706,993
Other receivables	14	202,261	212,968
Deferred tax assets	9	288,981	271,074
Other investments	17	34,137	24,530
<b>Total non-current assets:</b>		<b>8,608,059</b>	<b>8,101,642</b>
<b>Current assets:</b>			
Inventories	16	1,596,648	1,845,607
Trade receivables	15	1,297,061	1,326,563
Loans to Sinopec	14	180,292	164,500
Other receivables	14	724,708	732,706
Other investments	17	20,875	10,128
Current income tax recoverable	9	-	32,788
Cash and cash equivalents	18	1,428,988	1,503,390
<b>Total current assets:</b>		<b>5,248,572</b>	<b>5,615,682</b>
<b>Total assets:</b>		<b>13,856,631</b>	<b>13,717,324</b>
EQUITY AND LIABILITIES	Notes	September 2014	December 2013
<b>Equity:</b>			
Share capital	19	829,251	829,251
Share premium		82,006	82,006
Reserves	20	2,662,032	2,394,913
Retained earnings		1,609,310	1,666,075
Consolidated net profit for the period	10	75,797	188,661
<b>Equity attributable to equity holders of the parent:</b>		<b>5,258,396</b>	<b>5,160,906</b>
Non-controlling interests	21	1,405,050	1,254,894
<b>Total equity:</b>		<b>6,663,446</b>	<b>6,415,800</b>
<b>Liabilities:</b>			
<b>Non-current liabilities:</b>			
Bank loans	22	1,313,525	1,464,910
Bonds	22	2,325,958	1,838,812
Other payables	24	552,736	544,904
Retirement and other benefits liabilities	23	347,526	338,495
Deferred tax liabilities	9	122,722	128,577
Other financial instruments	27	178	1,538
Provisions	25	169,816	154,149
<b>Total non-current liabilities:</b>		<b>4,832,461</b>	<b>4,471,385</b>
<b>Current liabilities:</b>			
Bank loans and overdrafts	22	227,722	226,542
Bonds	22	-	146,778
Trade payables	26	1,174,791	1,509,633
Other payables	24	947,322	936,716
Other financial instruments	27	1,410	10,470
Current income tax	9	9,479	-
<b>Total current liabilities:</b>		<b>2,360,724</b>	<b>2,830,139</b>
<b>Total liabilities:</b>		<b>7,193,185</b>	<b>7,301,524</b>
<b>Total equity and liabilities:</b>		<b>13,856,631</b>	<b>13,717,324</b>

The accompanying notes form an integral part of the consolidated statement of financial position as on 30 September 2014.

# Results and consolidated information – Nine months of 2014

## Galp Energia, SGPS, S.A. and subsidiaries

### CONSOLIDATED INCOME STATEMENT FOR THE PERIODS ENDED ON 30 SEPTEMBER 2014 AND 2013

(Amounts expressed in thousands of euros – €k)

	Notes	September 2014	September 2013
<b>Operating income:</b>			
Sales	5	13,162,459	14,524,662
Services rendered	5	388,508	378,309
Other operating income	5	70,465	117,145
<b>Total operating income:</b>		<b>13,621,432</b>	<b>15,020,116</b>
<b>Operating costs:</b>			
Cost of sales	6	11,663,112	13,109,798
External supplies and services	6	839,229	783,206
Employee costs	6	253,996	261,056
Amortisation, depreciation and impairment loss	6	451,498	447,706
Provision and impairment loss on receivables	6	18,352	53,666
Other operating costs	6	48,926	79,702
<b>Total operating costs:</b>		<b>13,275,113</b>	<b>14,735,134</b>
<b>Operating profit:</b>		<b>346,319</b>	<b>284,982</b>
Financial income	8	36,477	48,334
Financial costs	8	(116,574)	(133,708)
Exchange gain (loss)		(21,728)	(8,330)
Share of results of investments in associates and jointly controlled entities	4	45,451	99,325
Income (cost) on financial instruments	27	4,698	3,405
Other gains (losses)		-	-
<b>Profit before income tax:</b>		<b>294,643</b>	<b>294,008</b>
Income tax	9	(150,473)	(113,437)
Extraordinary contribution on the energy sector	9	(21,529)	-
<b>Profit before non-controlling interests:</b>		<b>122,641</b>	<b>180,571</b>
Profit attributable to non-controlling interests	21	(46,844)	(40,616)
<b>Consolidated net profit for the period:</b>		<b>75,797</b>	<b>139,955</b>
	10	<b>0.09</b>	<b>0.17</b>

(a) These amounts were restated considering the changes in classification described in Note 2.1.

The accompanying notes form an integral part of the consolidated income statement as on 30 September 2014.

# Results and consolidated information – Nine months of 2014

## Galp Energia, SGPS, S.A. and subsidiaries

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED ON 30 SEPTEMBER 2014 AND 2013

(Amounts expressed in thousands of euros – €k)

Changes in the period	Notes	Share capital	Share premium	Conversion reserve (Note 20)	Other reserves (Note 20)	Hedging reserves (Note 20)	Retained earnings – remensuration (Note 23)	Retained earnings	Consolidated net profit for the period	Sub-total	Non-controlling interests (Nota 21)	Total
<b>Balance as at 1 January 2013</b>		829,251	82,006	(47,624)	2,684,537	(6,365)	(98,503)	1,614,572	343,300	5,401,174	1,304,800	6,705,974
Consolidated net profit for the period	10	-	-	-	-	-	-	-	139,955	139,955	40,616	180,571
Changes in consolidation perimeter		-	-	-	-	-	-	-	-	-	(1,139)	(1,139)
Other gains and losses recognised in equity		-	-	(133,893)	-	3,572	35,757	-	-	(94,564)	(134,374)	(228,938)
Comprehensive income for the period		-	-	(133,893)	-	3,572	35,757	-	139,955	45,391	(94,897)	(49,506)
Dividends distributed / interim dividends		-	-	-	-	-	-	(218,922)	-	(218,922)	(4,173)	(223,095)
Increase of equity in subsidiaries		-	-	-	(123)	-	-	-	-	(123)	3,871	3,748
Appropriation of profit to reserves		-	-	-	-	-	-	343,300	(343,300)	-	74,624	74,624
<b>Balance as on 31 December 2013</b>		829,251	82,006	(181,517)	2,684,414	(2,793)	(62,746)	1,738,950	139,955	5,227,520	1,284,225	6,511,745
<b>Balance as on 1 January 2014</b>		829,251	82,006	(284,118)	2,680,439	(1,408)	(72,875)	1,738,950	188,661	5,160,906	1,254,894	6,415,800
Consolidated net profit for the period	10	-	-	-	-	-	-	-	75,797	75,797	46,844	122,641
Other gains and losses recognised in Equity		-	-	266,164	-	955	17,281	-	-	284,400	98,347	382,747
Comprehensive income for the period		-	-	266,164	-	955	17,281	-	75,797	360,197	145,191	505,388
Dividends distributed / interim dividends	30	-	-	-	-	-	-	(262,707)	-	(262,707)	(4,330)	(267,037)
Increase of equity in subsidiaries		-	-	-	-	-	-	-	-	-	9,295	9,295
Appropriation of profit to reserves		-	-	-	-	-	-	188,661	(188,661)	-	-	-
<b>Balance as on 30 September 2014</b>		829,251	82,006	(17,954)	2,680,439	(453)	(55,594)	1,664,904	75,797	5,258,396	1,405,050	6,663,446

The accompanying notes form an integral part of the consolidated changes in equity as at 30 September 2014.



# Results and consolidated information – Nine months of 2014

## Galp Energia, SGPS, S.A. and subsidiaries

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED ON 30 SEPTEMBER 2014 AND 2013

(Amounts expressed in thousands of euros – €k)

	Notes	September 2014	September 2013
<b>Consolidated net profit for the period:</b>	10	<b>75,797</b>	<b>139,955</b>
<u>Other comprehensive income of the period which in the future will not be recycled through results:</u>			
Remeasurement		17,281	32,351
Remeasurement – tax component	9	-	3,406
		17,281	35,757
<u>Other comprehensive income of the period which in the future will be recycled through results:</u>			
Currency exchange differences (Group companies)	20	229,864	(110,629)
Currency exchange differences (associated companies / jointly controlled)	4 and 20	50,885	15,507
Currency exchange differences – goodwill	11 and 20	196	(220)
Currency exchange differences – financial endowment (quasi equity)	20	(22,150)	(58,494)
Deferred tax associated with the components of currency conversion differences – financial endowments *quasi equity)	9 and 20	7,369	19,943
		266,164	(133,893)
Other increases / decreases in hedging reserves (Group companies)	27 and 20	1,209	4,778
Deferred tax associated with the components of hedging reserves (Group companies)	9 and 20	(293)	(1,379)
Other increases / decreases in hedging reserves (associated companies / jointly controlled)	27 and 20	81	241
Deferred tax associated with the components of hedging reserves (associated companies / jointly controlled)	9 and 20	(42)	(68)
		955	3,572
<b>Comprehensive income net of income tax</b>		<b>284,400</b>	<b>(94,564)</b>
<b>Comprehensive income before non-controlling interests:</b>		<b>360,197</b>	<b>45,391</b>
Comprehensive income of non-controlling interests		145,191	(94,897)
<b>Total comprehensive income</b>		<b>505,388</b>	<b>(49,506)</b>

The accompanying notes form an integral part of the consolidated comprehensive income as on 30 September 2014.

# Results and consolidated information – Nine months of 2014

## Galp Energia, SGPS, S.A. and subsidiaries

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED ON 30 SEPTEMBER 2014 AND 2013

(Amounts expressed in thousands of euros – €k)

	Notes	September 2014	September 2013	December 2013
<b>Operating activities:</b>				
Cash receipts from trade receivables		15,272,344	15,947,057	8,098,206
Cash paid to trade payables		(11,015,949)	(11,972,308)	(5,923,985)
Cash paid to employees		(118,025)	(175,508)	(88,339)
Cash (paid) / received relating to tax on oil products		(1,824,979)	(1,683,807)	(785,567)
Cash (paid) / received relating to income tax		(120,075)	(129,606)	(53,470)
Contributions to the pension fund	23	(599)	(1,474)	(376)
Cash paid to early retired and pre-retired employees	23	(6,756)	(12,953)	(4,053)
Cash paid relating to insurance costs of retired employees	23	(64)	(8,321)	(35)
Other (payments) / receipts relating to operating activities		(1,710,168)	(1,475,641)	(930,063)
<b>Net cash provided by / used in operating activities (1)</b>		<b>475,729</b>	<b>487,439</b>	<b>312,318</b>
<b>Investing activities:</b>				
Cash receipts relating to:				
Investments	4	-	129,459	-
Tangible assets		664	626	538
Government grants	13	2	-	-
Interest and similar income		18,897	40,781	9,617
Dividends	4	55,083	44,284	5,523
Loans granted		111,466	125	81,030
		<b>186,112</b>	<b>215,275</b>	<b>96,708</b>
Cash payments relating to:				
Investments	4	(151,691)	(155,711)	(63,314)
Tangible assets		(481,886)	(549,361)	(249,521)
Intangible assets		(24,920)	(83,625)	(13,414)
Loans granted		(990)	(806)	(2,248)
		<b>(659,487)</b>	<b>(789,503)</b>	<b>(328,497)</b>
<b>Net cash provided by / used in investing activities (2)</b>		<b>(473,375)</b>	<b>(574,228)</b>	<b>(231,789)</b>
<b>Financing activities:</b>				
Cash receipts relating to:				
Loans obtained		512,938	1,576,962	10,573
Interest and similar income		1,417	1,847	369
Discounted notes		4,091	7,432	2,467
		<b>518,446</b>	<b>1,586,241</b>	<b>13,409</b>
Cash payments relating to:				
Loans obtained		(382,899)	(1,266,229)	(298,914)
Interest on loans obtained		(71,310)	(114,759)	(34,049)
Dividends	30	(267,037)	(223,095)	(120,305)
Repayment of discounted notes		(2,015)	(991)	(1,779)
Payment of finance lease contracts and respective interests		-	(5)	-
Interest on bonds		(39,822)	(36,629)	(28,226)
		<b>(763,083)</b>	<b>(1,641,708)</b>	<b>(483,273)</b>
<b>Net cash provided by / used in financing activities (3)</b>		<b>(244,637)</b>	<b>(55,467)</b>	<b>(469,864)</b>
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		(242,283)	(142,256)	(190,910)
Effect of foreign exchange rate changes		128,489	(85,229)	10,123
Cash and cash equivalents at the beginning of the period	18	1,405,238	1,733,199	1,733,199
Change in consolidation perimeter		693	(2,124)	693
Cash and cash equivalents at the end of the period	18	1,292,137	1,505,590	1,405,238

The accompanying notes form an integral part of the consolidated cash flows as on 30 September 2014.

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## **GALP ENERGIA, SGPS, S.A. AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS ON 30 JUNE 2014**

(Amounts expressed in thousands of euros – €k)

#### **1. INTRODUCTION**

##### **a) Parent company:**

Galp Energia, SGPS, S.A. (hereinafter referred to as Galp Energia, Group or Company) has its Head Office in Rua Tomás da Fonseca in Lisbon and its corporate goal is to manage equity participations in other companies.

The Company shareholder position as on 30 September 2014 is stated in Note 19.

The Company is listed on the NYSE Euronext Lisbon stock exchange.

##### **b) The Group:**

As on 30 September 2014 the Galp Energia Group (the Group) was made up of Galp Energia and its subsidiaries, which include, among others: (i) Petróleos de Portugal Petrogal, S.A. (Petrogal) and its subsidiaries, which operate upstream and downstream in the crude oil and related derivatives sector; (ii) GDP Gás de Portugal, SGPS, S.A. and its subsidiaries, which operate in the natural gas sector; (iii) Galp Power, SGPS, S.A. and its subsidiaries, which operate in the electricity and renewable energy sector; and (iv) Galp Energia, S.A. which integrates the corporate support services.

##### **b1) Crude oil upstream operations**

The Exploration & Production (E&P) business segment is responsible for the presence of Galp Energia in the oil and gas industry upstream sector, which consists of the supervision and performance of all activities relating to exploration, development and production of hydrocarbons, essentially in Angola, Brazil, Morocco, Mozambique, Namibia, Portugal, Timor-Leste, Uruguay and Venezuela.

##### **b2) Crude oil downstream operations**

The Refining & Marketing (R&M) business segment owns the two only existing refineries in Portugal and also includes all activities relating to the retail and wholesale marketing of oil products (including LPG). The R&M segment also controls the majority of oil products storage and transportation infrastructure in Portugal, which is strategically located, for both export and marketing of its main products to the consumption centres. This retail marketing activity, using the Galp Energia brand, also includes Angola, Cape Verde, Spain, Gambia, Guinea-Bissau, Mozambique and Swaziland through fully owned subsidiaries of the Group.

##### **b3) Natural gas activity and electricity production and commercialisation**

The Gas & Power (G&P) business segment encompasses the areas of procurement, supply, distribution and storage of natural gas and electric and thermal power generation.

The operations of the Galp Power Group subsidiaries consist in producing and trading electric, thermal and wind power in Portugal and Spain.

The Power activity generates electricity and thermal power, which is supplied to large industrial customers and residential ones.

Galp Energia presently participates in wind farms and in six cogeneration plants, one being under construction, with a total installed capacity of 254 MW.

# Results and consolidated information – Nine months of 2014

The natural gas activity includes (i) procurement and supply and (ii) distribution and supply.

The procurement and supply of natural gas segment supplies natural gas to large industrial customers, with annual consumptions of more than 2 mm<sup>3</sup>, power cogeneration companies, natural gas distribution companies and Autonomous Gas Unit (AGU). So as to meet the demand of its customers, Galp Energia has long-term supply contracts with companies in Algeria and Nigeria.

The natural gas distribution and supply activity in Portugal includes the natural gas distribution and supply companies in which Galp Energia has a significant stake. Its purpose is to sell natural gas to those residential, commercial and industrial customers with annual consumptions of less than 2 mm<sup>3</sup>. Galp Energia is also a player in the Spanish regulated market, supplying low pressure natural gas, through its subsidiaries, to 38 neighbouring municipalities of Madrid. This activity includes the supply of natural gas to end customers, both regulated and nonregulated, in the area covered by the distribution activity.

The natural gas subsidiaries of Galp Energia Group that store and supply natural gas in Portugal operate based on concession contracts entered into with the Portuguese State, which end in 2045 for the storage activity and in 2047 for the supply activity. At the end of these periods, the assets relating to the concessions will be transferred to the Portuguese State and the companies will receive an amount corresponding to the book value of these assets at that date, net of depreciation, financial co-participation and Government grants.

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

The values are presented in thousands of euros, unless otherwise stated.

## 2. SIGNIFICANT ACCOUNTING POLICIES

Galp Energia's consolidated financial statements were prepared on a going concern basis, at historical cost except for financial derivative instruments which are stated at fair value, on the accounting records of the companies included in the consolidation maintained in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), effective for the year beginning 1 January 2014. 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 Board of Directors believes that the consolidated financial statements and the accompanying notes provide for a fair presentation of the consolidated interim financial information prepared in accordance with IAS 34 Interim Financial Reporting. Estimates that affect the amounts of assets and liabilities and income and costs were used in preparing the consolidated 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 consolidated financial statements.

In respect to the construction contracts contemplated by the IFRIC12, construction activity for assets under concession is subcontracted to specialised entities which assume their own construction activity risk. Income and expenses associated with the construction of these assets are of equal amounts and are recognised as other operating costs and other operating income.

As on 30 September 2014 only material changes required by IFRS 7 were disclosed. For all other disclosures under this standard refer to the Company's consolidated financial statements as on 31 December 2013.

### 2.1. CHANGES IN ACCOUNTING POLICIES

Resulting from the mandatory application from 1 January 2014, on Galp Energia Group, of IFRS 11 – Joint Arrangements, the Group identified (i) Sigás Armazenagem de Gás, ACE; and (ii) Multiserviços Galp Barcelona, UTE, as entities in which the

## Results and consolidated information – Nine months of 2014

shareholders have the joint operational and financial control over the assets and liabilities of the companies. Accordingly, the assets, liabilities, gains and losses were integrated in each owner company in the corresponding percentage held, i.e. 60% and 50%, respectively. The impacts on the financial statements are presented in Note 3.

As on 30 September 2014, the group reclassified gains and losses relating to Energy Trading operations (time value of future CO<sub>2</sub> and electricity contracts) from the caption of "Other financial income and expenses" to the caption "Financial instruments". Comparative amounts have been restated as on 30 September 2013, with the effects on the income statement shown in the tables below:

### Income statement:

	Note	September 2013	Adjustments	September 2013 restated
Financial income	8	79,839	(31,505)	48,334
Financial expense	8	(167,688)	33,980	(133,708)
Exchange gains (losses)		(8,330)	-	(8,330)
Results of investments in associates and jointly controlled entities	4	99,325	-	99,325
Results of financial instruments	27	7,031	(3,626)	3,405
Other gains and losses		(1,151)	1,151	-
<b>Financial results</b>		<b>9,026</b>	<b>-</b>	<b>9,026</b>

### 3. CONSOLIDATED COMPANIES

During the period ended on 30 September 2014, the scope of consolidation changed compared to the year ended on 31 December 2013.

#### **a) Established companies:**

- The subsidiary Petróleo de Portugal – Petrogal, S.A. subscribed and paid 100% of the capital Galp Marketing Internacional, S.A., which was established in February 2014.

#### **b) Acquired companies:**

- In May 2014, through its subsidiary GDP – Gás de Portugal, SGPS, S.A., the Group acquired from Jorge Mendes, a 0.032% stake in the subsidiary Lusitaniagás - Companhia de Gás do Centro, S.A. by the amount of € 23k. With this acquisition the Group now holds 96.8429% of the shares in the subsidiary.

The subsidiary Lusitaniagás – Companhia de Gás do Centro, S.A, was already controlled by the Group and consolidated by the full consolidation method (owned 96.8109%). The difference between the amount paid and the book value of equity at the acquisition date, was recognised in the statement of consolidated results under the heading "Results of investments in associates and jointly controlled entities" in the amount of € 2k (Note 4.2).

#### **c) Dissolved and liquidated companies:**

- On 27 June 2014, Petrogal Trading Limited, a subsidiary of Petróleos de Portugal – Petrogal, S.A., was dissolved. The group recognised an amount of €260,000 in its consolidated financial statements (Note 4.2) which is related to the exchange rate differences while converting the financial statements of the subsidiary Petrogal Trading Limited,

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expressed in a foreign currency (USD), that were accounted for in the heading equity, in the item of conversion reserves.

- For the period that ended on 30 September 2014, Petrogal Cabo Verde, Lda. a subsidiary controlled by Petróleos de Portugal – Petrogal, S.A. (95%) and by Galp Exploração e Produção Petrolífera, S.A. (5%), was dissolved. Due to this operation the group recognised in its consolidated financial statements the amount of €39,000 (Note 4.2).

### d) Merged companies:

On 12 September 2014 the company Soturis – Sociedade Imobiliária e Turística, S. A. merged with Petróleos de Portugal - Petrogal, S. A. without any impact on the group's consolidated financial statements.

### e) IFRS 11 – Joint arrangements:

With the application of IFRS 11 – Joint arrangements, the subsidiaries (i) Sigás Armazenagem de Gás, ACE; and (ii) Multiserviços Galp Barcelona, began to be integrated into the individual accounts of the shareholders of its capital by the percentage held, and consequently started to be included in the consolidated financial statements (Note 4.1).

The entries on the perimeter for the period ended on 31 December 2013 had the following impact on the consolidated financial statements of Galp Energia Group:

### Statement of financial position

	Note	Total
<b>Non-current assets</b>		
Tangible assets	12	6,491
Intangible assets	12	467
<b>Current assets</b>		
Trade receivables		595
Other receivables		1,156
Cash and cash equivalents		693
<b>Total assets</b>		<b>9,402</b>
<b>Equity</b>		
Share capital	4.1	(1,500)
Retained earnings	4.1	352
<b>Total equity</b>	4.1	<b>(1,148)</b>
<b>Non-current liabilities</b>		
Bank loans		(6,911)
<b>Current liabilities</b>		
Other payables		(1,343)
<b>Total liabilities</b>		<b>(8,254)</b>
<b>Total acquired / incorporated</b>		<b>-</b>

The amounts presented in the table above were not considered material, as such no restatement to the financial statements was done with reference to 31 December 2013.

### f) Corporate Restructuring:

The Group is organised in four business segments defined by the type of products sold and services rendered, with the following business units (Gas & Power, Refining & Marketing of oil products, Exploration & Production and Others). In order to obtain a



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more simplified structure the companies are connected by business under the same sub-holding. The following operations were made considering the organisational restructuring of the Group:

- The subsidiary Petróleos de Portugal – Petrogal, S.A., has subsidiaries that operate in the distribution segment and that have their headquarters in the African continent. Within the organic restructuring of the Group, it is intended to allocate those holdings to a new company that is 100% held by Petróleos de Portugal – Petrogal, S.A. For this purpose Petróleos de Portugal – Petrogal, S.A. subscribed and paid for 100% of the capital of Galp Marketing Internacional, S.A., which was created on February 2014.
- On 20 June 2014, Petróleos de Portugal – Petrogal, S.A. sold to its subsidiary Galp Marketing Internacional, S.A., 95.84% of the capital held in Petrogal Guiné-Bissau, Lda.
- In December 2013 Galp Energia Portugal Holding, B.V. held 100% of the subsidiary Galp Energia Rovuma, B.V. which controlled the investments made in Mozambique (Area 4).

Considering the organisational structure of the Group for the E & P business, Galp East Africa, B.V. was created as a subsidiary of Galp Energia E&P, B.V. in order to control the investments made in Mozambique (Area 4).

For the period ended on the 30<sup>th</sup> of September 2014, through the increase in capital made by Galp East Africa, B.V., the subsidiary Galp Energia Rovuma, B.V. is now held by the subsidiary Galp East Africa, B.V. in 75% and by the subsidiary Galp Energia Portugal Holding, B.V. in 25%.

- On 20 June 2014 Petróleos de Portugal – Petrogal, S.A. sold to its subsidiary Galpgeste – Gestão de Áreas de Serviço, S.A., 4% of the capital held at Tagus Re, S.A. With this operation the subsidiaries Petróleos de Portugal - Petrogal, S.A. and Galpgeste – Gestão de Áreas de Serviço, S. A. now hold 94% and 6% of the capital and voting rights in the subsidiary Tagus Re, S.A., respectively.
- In December 2013, Galp Energia Portugal Holding, B.V. held 100% of the subsidiary Galp Trading, S.A., whose goal is to develop the trading activity for crude oil, oil products, petrochemical products and natural gas; chartering activity of ships for the sea shipping of products incorporating the trading activity.

Due to the business of the company, the currency in which the operations are made, and its operating model, the Group realised that was more adequate its positioning close to the upstream companies. Therefore, on 15 April 2014, Galp Energia Portugal Holding, B.V. sold to its subsidiary Galp Energia E&P, B.V. 100% of its holdings of the subsidiary Galp Trading, S.A.

- Considering the organisational structure of the Group for the natural gas distribution business, the Group realised that was more appropriate that the subsidiary Galp Gás Natural Distribuição, SGPS, S.A. gather all the investments on the distribution network operators. For this effect the following operations were made:

On 4 September 2014, the subsidiary Petróleos de Portugal – Petrogal, S.A. sold to its subsidiary Galp Gás Natural Distribuição, SGPS, S.A., 11.554% of its holdings in Setgás – Sociedade de Produção e Distribuição de Gás, S.A.;

GDP – Gás de Portugal, SGPS, S.A. had an increase in capital through non-monetary contributions on Galp Gás Natural Distribuição, SGPS, S.A. This increase was carried out by handing over the shares representative of its holdings in the subsidiaries Lusitaniagás - Companhia de Gás do Centro, S.A., LisboaGás GDL - Sociedade Distribuidora de Gás Natural Lisboa, S.A. and Setgás - Sociedade de Produção e Distribuição de Gás, S.A.

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- The objective of Galp Exploração Serviços do Brasil, Lda. is render services of management support in activities related to crude oil, natural gas and its derivatives research. In December 2013, the subsidiary was held in 95% by Galp Exploração e Produção Petrolífera, SGPS, and held in 5% by Petróleos de Portugal - Petrogal, S.A. Due to its nature, the Group realised that was more adequate to position the referred to above company closer to the companies that are in the exploration and production business sectors.

On 7 August 2014, Galp Exploração Serviços do Brasil, Lda. and Petróleos de Portugal - Petrogal, S.A. sold their holdings and the subsidiaries Petrogal Brasil, S.A. and Petrogal Brasil, B.V. acquired, respectively, 99.99714% and 0.002% of the capital of the subsidiary Galp Exploração e Produção Petrolífera, SGPS. The remaining 0.00086% were acquired by the company Sinopec Exploration and Production (Brasil) Ltda. (Grupo Sinopec).

Petrogal Brasil, S.A.'s objective is the research and exploration of crude oil and natural gas. In December 2013 this subsidiary was held by Petróleos de Portugal - Petrogal, S.A. (49.09%) and by Petrogal Brasil, B.V. (20.91%). Due to its nature, the Group realised that was more adequate to position the referred to above company closer to the companies that are in the exploration and production business sectors. In 14 August 2014, Petróleos de Portugal - Petrogal, S.A. sold its holdings to the subsidiary Petrogal Brasil, B.V., which now holds 70% of the capital of the subsidiary Petrogal Brasil, S.A.

Once these were operations between companies of the Group, there was no impact on the consolidated financial statements of the Group.

### **g) Other operations:**

- On 24 January 2014 Galp Gás Natural Distribuição, SGPS, S.A. was renamed to Galp Gás Natural Distribuição, S.A.

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## 4. INVESTMENTS IN ASSOCIATES

### 4.1 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

The movement that occurred in the item financial participations in jointly controlled companies in the period ended on 30 September 2014, that are reflected by the equity method, was as follow:

Company		Opening balance	Increase in participation	Gain / Loss	Conversion adjustment	Hedging reserves adjustment	Dividends	Transfers / adjustments	Ending balance
<b>Investments</b>									
Tupi, B.V.	(a)	316,785	136,669	5,788	41,272	-	-	-	500,514
Belem Bioenergia Brasil, S.A.	(b)	43,492	4,177	(2,052)	2,478	-	-	-	48,095
C.L.C. — Companhia Logística de Combustíveis, S.A.		25,022	-	3,421	-	-	(5,523)	-	22,920
Galp Disa Aviación, S.A.		7,399	-	1,263	-	-	-	-	8,662
Parque Eólico da Penha da Gardunha, Lda.		1,648	-	(20)	-	-	-	-	1,628
Galpbúzi — Agro-Energia, S.A.	(c)	351	70	(57)	8	-	-	-	372
Moçamgalp Agroenergias de Moçambique, S.A.		690	-	-	62	-	-	-	752
Asa — Abastecimento e Serviços de Aviação, Lda.		21	-	13	-	-	-	-	34
Belem Bio Energy, B.V.		-	-	(251)	261	-	-	-	10
Caiageste — Gestão de Áreas de Serviço, Lda.	(d)	-	43	(9)	-	-	-	(34)	-
Multiservicios Galp Barcelona	(e)	1,148	-	-	-	-	-	(1,148)	-
Sigás — Armazenagem de Gás, A.C.E.	(e)	-	-	-	-	-	-	-	-
		<b>396,556</b>	<b>140,959</b>	<b>8,096</b>	<b>44,081</b>	<b>-</b>	<b>(5,523)</b>	<b>(1,182)</b>	<b>582,987</b>
<b>Provisions for investments in jointly controlled entities (Note 25)</b>									
Ventinveste, S.A.		(1,746)	-	(217)	-	(65)	-	-	(2,028)
Caiageste — Gestão de Áreas de Serviço, Lda.		(34)	-	-	-	-	-	34	-
		<b>(1,780)</b>	<b>-</b>	<b>(217)</b>	<b>-</b>	<b>(65)</b>	<b>-</b>	<b>34</b>	<b>(2,028)</b>
		<b>394,776</b>	<b>140,959</b>	<b>7,879</b>	<b>44,081</b>	<b>(65)</b>	<b>(5,523)</b>	<b>(1,148)</b>	<b>580,959</b>

- (a) €136,669 k corresponds to the capital increase registered by Galp Sinopec Brazil Services, B.V. The control of the subsidiary Tupi, B.V. is shared between: Galp Sinopec Brazil Services, B.V., Petrobras Netherlands, B.V. and BG Overseas Holding Ltd., that hold respectively 10%, 65% and 25% of the equity.
- (b) €4,177 k corresponds to the capital increase made in Belém Bioenergia Brasil, S.A. Control of the subsidiary Belém Bioenergia Brasil, S.A. is shared between: Galp Bioenergy B.V. and Petrobrás Biocombustíveis S.A., each holding 50% of its share capital.
- (c) €70 k corresponds to supplementary payments made by Galp Exploração e Produção Petrolífera, SGPS, S.A. Control of the subsidiary Galpbúzi - Agro-Energia, S.A. is shared between: Galp Exploração e Produção Petrolífera, SGPS, S.A., Companhia do Búzi, S.A. and Jorge Manuel Catarino Petiz, which respectively hold 89.97%, 10.02% and 0.01% of its share capital.
- (d) €43 k corresponds to supplementary payments made by Galpgeste - Gestão de Áreas de Serviço, S.A. Control of the subsidiary Caiageste - Gestão de Áreas de Serviço, Lda., is shared between: Galpgeste - Gestão de Áreas de Serviço, S.A. and Gespost - Gestão e Administração de Postos de Abastecimento, Unipessoal, Lda, each holding 50% of its share capital.
- (e) With the application of IFRS 11 - Joint Arrangements, the subsidiaries Sigás - Armazenagem de Gás, A.C.E. and Multiservícios Galp Barcelona began to be integrated into the individual financial statements of the companies which hold its share capital by the percentages held (Nota 3 e)).

Control of the subsidiary Sigás - Armazenagem de Gás, A.C.E., is shared between: Petróleos de Portugal - Petrogal, S.A., BP Portugal, S.A. and Repsol Polímeros, S.A. which hold, respectively, 60%, 35% e 5% of its share capital.

Control of the subsidiary Multiservícios Galp Barcelona, is shared between: Galp Energia España, S.A., and Multiservícios Aeroportuarios S.A. which hold, 50% of its share capital.

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## 4.2 INVESTMENTS IN ASSOCIATED COMPANIES

The changes in the caption “Investments in associates and jointly controlled entities” for the period ended on 30 September 2014 were as follows:

Company	Opening balance	Gain / Loss	Conversion adjustment	Hedging reserves adjustment	Dividends	Transfers / adjustments	Ending balance
<b>Investments</b>							
EMPL — Europe Magreb Pipeline, Ltd.	59,795	31,727	4,773	-	(39,121)	-	57,174
Gasoduto Al-Andaluz, S.A.	18,480	3,024	-	-	(4,004)	-	17,500
Gasoduto Extremadura, S.A.	15,586	3,039	-	-	(4,314)	-	14,311
Tagusgás — Empresa de Gás do Vale do Tejo, S.A.	11,483	981	-	6	-	-	12,470
Sonangal — Sociedade Distribuição e Comercialização de Combustíveis, Lda.	9,352	148	1,419	-	-	-	10,919
Metragaz, S.A.	1,204	117	-	-	(230)	23	1,114
Terparque — Armazenagem de Combustíveis, Lda.	942	64	-	-	(194)	-	812
C.L.C. Guiné Bissau — Companhia Logística de Combustíveis da Guiné Bissau, Lda.	798	(181)	-	-	-	5	622
IPG Galp Beira Terminal, Lda.	640	-	227	-	-	-	867
Sodigás-Sociedade Industrial de Gases, S.A.R.L	346	-	-	-	-	(65)	281
Galp IPG Matola Terminal, Lda.	320	-	385	-	-	-	705
Aero Serviços, SARL — Sociedade Abastecimento de Serviços Aeroportuários	63	(57)	-	-	-	(6)	-
	<b>119,009</b>	<b>38,862</b>	<b>6,804</b>	<b>6</b>	<b>(47,863)</b>	<b>(43)</b>	<b>116,775</b>
<b>Provision for investment in associates (Note 25)</b>							
Energin — Sociedade de Produção de Electricidade e Calor, S.A.	(1,350)	(999)	-	-	-	-	(2,349)
Aero Serviços, SARL — Sociedade Abastecimento de Serviços Aeroportuários	-	-	-	-	-	(70)	(70)
	<b>117,659</b>	<b>37,863</b>	<b>6,804</b>	<b>6</b>	<b>(47,863)</b>	<b>(113)</b>	<b>114,356</b>

The caption of “Results of investments in associated and jointly controlled entities” recorded in the consolidated results for the period ended on 30 September 2014 is as follows:

### Effect of applying the equity method:

Associates	37,863
Jointly controlled entities	7,879
<u>Differences in acquisition of equity shares of Group companies and associates (Note 3):</u>	
Aquisition of 0.032% of the share in Lusitaniagás — Companhia de Gás do Centro, S.A.	2
<b>Group companies settlement effect:</b>	
Exchange differences write off related to the conversion of financial statements denominated in foreign currency of the subsidiary Petrogal Cabo Verde, Lda., which were recorded in equity under hedging reserves heading (Note 3 c)).	(39)
Exchange differences write off related to the conversion of financial statements denominated in foreign currency of the subsidiary Petrogal Trading, Ltd., which were recorded in equity under hedging reserves heading (Note 3 c)).	(260)
Other	6
	<b>45,451</b>

It is reflected in the item financial participations in jointly controlled and associated companies (Note 4.1 and 4.2), the total amount of €53,386 k related to dividends corresponding to the approved amounts in the companies' general shareholders meeting. The dividends received during the period ended on 30 September 2014 were €55,084 k.

The difference between the received and recognised amounts in the item financial participations in jointly controlled and associated companies of €1,697 k refers to: (i) €245 k unfavourable exchange rates, that occur at the time of the payment and that were reflected on the item of exchange gains (losses) in the cash flow statement; and (ii) €1,452 k in respect of dividends received from assets available for sale.

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The positive goodwill related to associated companies, which is included under the caption “Investments in associates and jointly controlled entities” was subject to impairment tests using the cash generating unit method, the detail of which as on 30 September 2014 and 31 December 2013 was:

	2014	2013
Parque Eólico da Penha da Gardunha, Lda.	1,939	1,939

### 4.3 ASSETS AVAILABLE FOR SALE

During the period ended on 30 September 2014, there were no significant changes in the caption “Assets held for sale”, compared to the consolidated financial statements of the Company on 31 December 2013. For further clarification, refer to the consolidated financial statements of the Company as on 31 December 2013 and the respective Notes.

### 5. OPERATING INCOME

The Group’s operating income for the periods ended on 30 September 2014 and 2013 is as follows:

Captions	2014	2013
Sales		
Merchandise	6,045,356	6,651,355
Products	7,117,103	7,873,307
	<b>13,162,459</b>	<b>14,524,662</b>
Services rendered	<b>388,508</b>	<b>378,309</b>
Other operating income:		
Supplementary income	34,370	38,895
Revenues arising from the construction of assets under IFRIC12	19,201	41,776
Operating government grants	(4)	4,757
Internally generated assets	165	1,784
Investment government grants (Note 13)	7,691	7,732
Gain on fixed assets	1,077	742
Other	7,965	21,459
	<b>70,465</b>	<b>117,145</b>
	<b>13,621,432</b>	<b>15,020,116</b>

Sales of fuel include the Portuguese Tax on Oil Products (ISP).

The variation on the caption “Sales” is mainly due to a decrease in the amount of crude oil processed in the case of product sales, which was offset by an increase in gas trading for export.

The regulated revenue to be refunded in 2013-2014 gas year was approved by the Portuguese Energy Regulator (ERSE); therefore the Group recognises in the consolidated income statement the reversal of the amount of the approved tariff deviation.

Regarding the construction contracts subject to IFRIC12, construction activity of the concession assets is subcontracted to specialised entities which assume their own construction activity risk. Income and expenses associated with the construction of these assets are of equal amounts and are immaterial when compared to total revenues and operating costs and can be detailed as follows:

	2014	2013
Costs arising from the construction of assets under IFRIC12 (Note 6)	(19,201)	(41,776)
Revenues arising from the construction of assets under IFRIC12	19,201	41,776
<b>Margin</b>	<b>-</b>	<b>-</b>

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## 6. OPERATING COSTS

The results for the periods ended on 30 September 2014 and 2013 were affected by the following items of operating costs:

Captions	2014	2013
<b>Cost of sales:</b>		
Raw and subsidiary materials	6,675,401	7,235,229
Merchandise	2,937,518	3,849,456
Tax on oil products	1,897,220	1,878,513
Variation in production	147,911	145,657
Impairment in inventories (Note 16)	444	(2,624)
Financial derivatives (Note 27)	4,618	3,567
	<b>11,663,112</b>	<b>13,109,798</b>
<b>External supplies and services:</b>		
Subcontracts — gas network usage	235,912	212,730
Subcontracts	5,968	1,635
Transport of merchandise	122,998	97,808
Storage and filling	52,984	52,130
Rental costs	65,615	60,923
Blocks production costs	106,823	54,945
Maintenance and repairs	44,199	40,248
Insurance	33,180	36,348
Royalties	35,122	23,484
IT services	17,505	18,935
Commissions	13,141	14,663
Publicity	8,964	6,745
Electricity, water and communications	14,604	31,436
Technical assistance and inspection	9,607	7,862
Port services and fees	5,693	5,963
Other specialised services	43,299	49,652
Other external supplies and services	18,232	19,680
Other costs	5,383	48,019
	<b>839,229</b>	<b>783,206</b>
<b>Employee costs:</b>		
Statutory boards remuneration (Note 29)	6,096	6,456
Employee remuneration	169,986	174,657
Social charges	40,663	40,674
Retirement benefits — pensions and insurance (Note 23)	27,643	28,622
Other insurance	7,074	8,280
Capitalisation of employee costs	(4,663)	(5,627)
Other costs	7,197	7,994
	<b>253,996</b>	<b>261,056</b>
<b>Amortisation, depreciation and impairment:</b>		
Amortisation and impairment of tangible assets (Note 12)	394,738	375,713
Amortisation and impairment of intangible assets (Note 12)	25,467	41,601
Amortisation and impairment of concession arrangements (Note 12)	31,293	30,392
	<b>451,498</b>	<b>447,706</b>
<b>Provision and impairment of receivables:</b>		
Provisions and reversals (Note 25)	(4,344)	9,965
Provisions for pensions	(14)	-
Impairment loss on trade receivables (Note 15)	22,296	42,166
Impairment loss (gain) on other receivables (Note 14)	414	1,535
	<b>18,352</b>	<b>53,666</b>
<b>Other operating costs:</b>		
Other taxes	12,984	11,478
Costs arising from the construction of assets under IFRIC 12 (Note 5)	19,201	41,776
Loss on tangible assets	3,049	1,519
Donations	1,196	2,965
CO <sub>2</sub> Licenses	4,378	5,223
Other operating costs	8,118	16,741
	<b>48,926</b>	<b>79,702</b>
	<b>13,275,113</b>	<b>14,735,134</b>

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The variation in the caption “Cost of sales” is mainly due to a reduction in the amount of crude oil processed in the case of product sales, which was offset by an increase in trading gas for export.

The caption “Subcontracts – gas network usage” refers to charges for:

- Distribution network usage(URD);
- Transportation network usage (URT);
- Global system usage (UGS).

The amount of €235,912 k recorded in this caption includes the amount of €58,264 k charged by Ren Gasodutos, €71,390 k charged by EDP Distribuição Energia and €46,089 k charged by Madrileña Red de Gas.

## 7. SEGMENT REPORTING

### Business segments

The Group is organised into four business segments which were defined based on the type of products sold and services rendered, with the following business units:

- Gas & Power;
- Refining & Marketing of oil products;
- Exploration & Production; and
- Other.

For the business segment "Others", the Group considered the holding company Galp Energia, SGPS, S.A., and companies with different activities including Tagus Re, S.A. and Galp Energia, S.A., a reinsurance company and a provider of services at the corporate level, respectively.

Note 1 presents a description of the activities of each business segment.

Below is the financial information on the previously identified segments, as on 30 September 2014 and 2013:

	Gas & Power		Refining & Marketing		Exploration & Production		Other		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Income</b>												
Sales and services rendered	2,745,030	2,434,732	10,649,189	12,403,318	536,200	418,783	86,639	89,824	(466,091)	(443,686)	13,550,967	14,902,971
Inter-segments	238,681	206,958	2,964	7,864	153,636	154,876	70,810	73,988	(466,091)	(443,686)	-	-
External	2,506,349	2,227,774	10,646,225	12,395,454	382,564	263,907	15,829	15,836	-	-	13,550,967	14,902,971
<b>Ebitda (1)</b>	<b>343,167</b>	<b>316,926</b>	<b>115,982</b>	<b>167,589</b>	<b>342,172</b>	<b>286,234</b>	<b>14,848</b>	<b>15,605</b>	<b>-</b>	<b>-</b>	<b>816,169</b>	<b>786,354</b>
<b>Non-cash costs</b>												
Amortisation and impairment losses	(47,560)	(44,835)	(211,727)	(188,885)	(189,676)	(211,567)	(2,535)	(2,419)	-	-	(451,498)	(447,706)
Provisions	(8,159)	(12,447)	(13,964)	(37,343)	541	(3,929)	3,230	53	-	-	(18,352)	(53,666)
<b>Segment results</b>	<b>287,448</b>	<b>259,644</b>	<b>(109,709)</b>	<b>(58,639)</b>	<b>153,037</b>	<b>70,738</b>	<b>15,543</b>	<b>13,239</b>	<b>-</b>	<b>-</b>	<b>346,319</b>	<b>284,982</b>
Results of investments in associates	37,652	38,164	2,052	59,643	5,745	1,519	2	(1)	-	-	45,451	99,325
Other non-operating results	(25,146)	(19,658)	(117,252)	(101,474)	25,592	58,998	19,679	(28,165)	-	-	(97,127)	(90,299)
Income tax	(63,677)	(84,800)	43,439	38,867	(131,326)	(74,002)	1,091	6,498	-	-	(150,473)	(113,437)
Extraordinary contribution on the energy sector	(9,141)	-	(12,388)	-	-	-	-	-	-	-	(21,529)	-
Non-controlling interest	(2,988)	(3,855)	(2,048)	(2,440)	(41,808)	(34,321)	-	-	-	-	(46,844)	(40,616)
<b>Consolidated net profit</b>	<b>224,148</b>	<b>189,495</b>	<b>(195,906)</b>	<b>(64,043)</b>	<b>11,240</b>	<b>22,932</b>	<b>36,315</b>	<b>(8,429)</b>	<b>-</b>	<b>-</b>	<b>75,797</b>	<b>139,955</b>
<b>On 30 September 2014 and 31 December 2013</b>												
<b>Other information</b>												
<b>Assets by segment (2)</b>												
Investment (3)	104,206	108,205	96,621	92,230	501,636	317,824	169	169	-	-	702,632	518,428
Other assets	2,659,049	3,037,792	6,224,598	6,682,484	5,174,698	4,746,423	4,110,541	3,806,730	(5,014,887)	(5,074,533)	13,153,999	13,198,896
<b>Total consolidated assets</b>	<b>2,763,255</b>	<b>3,145,997</b>	<b>6,321,219</b>	<b>6,774,714</b>	<b>5,676,334</b>	<b>5,064,247</b>	<b>4,110,710</b>	<b>3,806,899</b>	<b>(5,014,887)</b>	<b>(5,074,533)</b>	<b>13,856,631</b>	<b>13,717,324</b>
<b>Total consolidated liabilities</b>	<b>2,013,792</b>	<b>2,046,388</b>	<b>5,574,746</b>	<b>5,983,288</b>	<b>921,632</b>	<b>750,619</b>	<b>3,697,902</b>	<b>3,595,763</b>	<b>(5,014,887)</b>	<b>(5,074,534)</b>	<b>7,193,185</b>	<b>7,301,524</b>
<b>Investment in tangible and intangible assets</b>	<b>21,491</b>	<b>75,535</b>	<b>63,841</b>	<b>83,951</b>	<b>569,753</b>	<b>470,208</b>	<b>3,431</b>	<b>694</b>	<b>-</b>	<b>-</b>	<b>658,516</b>	<b>630,388</b>

(1) Ebitda = Segment results / EBIT + Amortisation + Provisions

(2) Net amount

(3) In accordance with the equity method.

Note: the process for determining segment results and its assets and liabilities has changed, which originated a restatement to the year 2013

## Results and consolidated information – Nine months of 2014

### Inter-segmental sales and services rendered

Segments	Gas & Power	Refining & Marketing	Exploration & Production	Other	TOTAL
Gas & Power	n a	2,005	-	16,742	18,747
Refining & Marketing of oil products	238,681	n a	153,636	47,670	439,987
Exploration & Production	-	816	n a	6,398	7,214
Other	-	143	-	-	143
	<b>238,681</b>	<b>2,964</b>	<b>153,636</b>	<b>70,810</b>	<b>466,091</b>

The main inter-segmental transactions of sales and services rendered are primarily related to:

- Gas & Power: natural gas sales for the refining process of Leixões and Sines refineries (refining and marketing of oil products);
- Refining & Marketing: supply of fuel to all Group company vehicles;
- Exploration & Production: sales of crude to the Refining & Marketing of oil products segment; and
- Other: back-office and management services.

The commercial and financial transactions between related parties are performed according to the usual market conditions similar to transactions performed with independent companies.

The assumptions underlying the determination of prices in transactions between Group companies rely on the consideration of the economic realities and characteristics of the situations at hand, that is, comparing the characteristics of operations or companies that might have impact on the intrinsic conditions of the commercial transactions in analysis. In this context, among other, the goods and services traded, the functions performed by the parties (including the assets used and risks assumed), the contractual terms, the economic situation of the parties as well as their negotiation strategies, are analysed.

Compensation, in the context of related parties, corresponds to what is appropriate, by rule, to the functions performed by each company involved, taking into account the assets used and risks assumed. Thus, to determine such compensation the Group identifies the activities, the risks faced by companies in the value creating chain of goods/services traded in accordance with their functional profile, particularly, in what concerns the functions they perform - import, manufacturing, distribution, and retail.

In conclusion, market prices are determined not only by analysing the functions performed, the assets used and the risks incurred by one entity, but also considering the contribution of those elements to the Company's profitability. This analysis assesses whether the profitability indicators of the companies involved fall within the estimated ranges on the basis of the assessment of a panel of functionally comparable independent companies, thus allowing the prices to be fixed in order to respect the competition principle.



# Results and consolidated information – Nine months of 2014

## 8. FINANCIAL INCOME AND COSTS

Financial income and financial costs for the periods ended on 30 September 2014 and 2013 are as follows:

Captions	September 2014	September 2013
<b>Financial income:</b>		
Interest on bank deposits	21,990	33,228
Interest and other income — related companies	11,718	13,689
Other financial income	2,769	1,417 (a)
	<b>36,477</b>	<b>48,334 (a)</b>
<b>Financial costs:</b>		
Interest on bank loans, overdrafts and other	(105,544)	(118,306)
Interest — related companies	(5,202)	(5,677)
Interest capitalised in fixed assets (Note 12)	33,002	37,966
Interest on retirement benefits and other benefits	(8,769)	(10,465)
Charges regarding bank loans	(17,484)	(25,024)
Other financial costs	(12,577)	(12,202) (a)
	<b>(116,574)</b>	<b>(133,708) (a)</b>
	<b>(80,097)</b>	<b>(85,374)</b>

(a) These amounts were restated taking into account the changes in classification referred to in Note 2.1.

During the period ended on 30 June 2014, the Group capitalised fixed assets in progress in the amount of €33,002 k regarding interests on loans to finance capital expenditure on tangible and intangible assets during their construction phase (Note 12).

## 9. INCOME TAX

Income tax for the periods ended on 30 September 2014 and 2013 is as follows:

Captions	September 2014	September 2013
Current income tax	136.462	105.207
IRP — Tax on oil income	9.394	-
Insufficiency / (excess) of income tax for the preceding year	2.578	13.721
Deferred tax	2.039	(5.491)
	<b>150.473</b>	<b>113.437</b>
Energy sector contribution tax	21.529	-
	<b>172.002</b>	<b>113.437</b>

The publication of Law 83 C/2013 of 31 December Article 228 introduced the Extraordinary Contribution on the Energy Sector (CESE) into Portuguese legislation.

Based on this law, the Group estimated for the first semester of 2014 an amount of €21,529 k.

The Group has recorded current income tax payable in the amount of €9,479 k.

# Results and consolidated information – Nine months of 2014

## Deferred taxes

The balance of deferred tax assets and liabilities as on 30 September 2014 is as follows:

Captions	Deferred tax September 2014 – Assets					
	Opening balance	Effect in results	Effect in equity	Effect of foreign currency exchange	Other adjustments	Ending balance
Adjustments to accruals and deferrals	10,330	(1,711)	-	-	-	8,619
Adjustments to tangible and intangible assets	24,802	(6,061)	-	453	-	19,194
Adjustments to inventories	471	(36)	-	-	-	435
Overlifting adjustments	119	(1,227)	-	1,107	1	-
Retirement benefits and other benefits	89,442	3,371	-	-	-	92,813
Double economical taxation	12,171	-	-	-	-	12,171
Financial instruments	335	-	(335)	-	-	-
Tax losses carried forward	13,137	(3,294)	-	1	-	9,844
Regulated revenue	7,807	2,666	-	-	-	10,473
Non deductible provisions	27,087	45	-	146	1,118	28,396
Non deductible financial expenses	18,070	(3,400)	-	-	-	14,670
Potential foreign exchange differences Brazil	51,513	(10,641)	10,569	8,759	-	60,200
Other	15,790	16,358	-	3	15	32,166
	<b>271,074</b>	<b>(3,930)</b>	<b>10,234</b>	<b>10,469</b>	<b>1,134</b>	<b>288,981</b>

Captions	Deferred tax September 2014 – Liabilities					
	Opening balance	Effect in results	Effect in equity	Effect of foreign exchange differences	Other adjustments	Ending balance
Adjustments to accruals and deferrals	(265)	233	-	(2)	3	(31)
Adjustments to tangible and intangible assets	-	(9,369)	-	(719)	-	(10,088)
Adjustments to tangible and intangible assets fair value	(20,091)	2,178	-	-	-	(17,913)
Adjustments to inventories	-	(290)	-	-	-	(290)
Underlifting adjustments	(4,816)	1,557	-	(343)	-	(3,602)
Dividends	(61,070)	10,196	-	-	-	(50,874)
Financial instruments	(38,890)	2,295	-	-	-	(36,595)
Accounting revaluations	(3,076)	156	-	-	7	(2,913)
Other	(369)	(48)	-	1	-	(416)
	<b>(128,577)</b>	<b>6,908</b>	<b>-</b>	<b>(1,063)</b>	<b>10</b>	<b>(122,722)</b>

Potential foreign exchange differences from Brazil result from the tax option to tax potential foreign exchange differences only when they are realised. The amount of €10,569 k reflected in equity includes €7,369 k regarding deferred taxes resulting from currency exchange differences of financial endowments that are similar to “quasi” equity (Note 20) and €3,200 k regarding non-controlling interests.

Due to the publication of the Real Decreto-Ley 20/2012 of 13 July, a limiting clause on the deduction of net financial charges amounting to 30% of operating income with certain conditions was introduced in the Spanish tax legislation, and also noted that it is allowed the tax recognition of net financial charges of €1,000 k regardless of the operating result obtained.

The impact of financial charges not fiscally accepted on the Group's subsidiaries established in Spanish territory amounted to a tax amount of approximately €14,670 k.

Given that the previously mentioned law decree establishes a compensation period for such costs of 18 years and given that the Company believes that the recovery will take place during this timeline, a deferred tax asset by the same amount was recorded.

## Results and consolidated information – Nine months of 2014

During the first nine months of 2014, the Group recognised deferred assets amounting to €5,017 k (R\$15,567,400.00), associated with Block BM-S-11, due to the difference between the tax basis determined in accordance with the Special Participation Tax (SPT) and the accounting basis of abandonment provision, depreciation and signing bonus.

### 10. EARNINGS PER SHARE

Earnings per share for the periods ended on 30 September 2014 and 2013 are as follows:

	September 2014	September 2013
<b><u>Net income</u></b>		
Net income for purposes of calculating earnings per share (consolidated net profit for the period)	75,797	139,955
<b><u>Number of shares</u></b>		
Weighted average number of shares for purposes of calculation earnings per share (Note 19)	829,250,635	829,250,635
<b><u>Basic earnings per share (amounts in euros):</u></b>	0.09	0.17

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

# Results and consolidated information – Nine months of 2014

## 11. GOODWILL

The difference between the amounts paid to acquire a stake in Group companies and the fair value of the acquired company's equity was in 30 September 2014, as follows:

Subsidiary	Aquisition year	Aquisition cost	Proportion of equity acquired at the acquisition date		Movement in goodwill			
			%	Amount	2013	Exchange rate differences (d)	2014	
<b>Galp Energia España, S.A.</b>								
Galp Comercialización Oil España, S.L.	(a)	2008	176,920	100.00%	129,471	47,449	-	47,449
Petróleos de Valência, S.A. Sociedad Unipersonal	(a)	2005	13,937	100.00%	6,099	7,838	-	7,838
Galp Distribución Oil España, S.A.U.	(b)	2008	172,822	100.00%	123,611	49,211	-	49,211
					<b>104,498</b>	<b>-</b>	<b>104,498</b>	
<b>Petróleos de Portugal - Petrogal, S.A.</b>								
Galp Comercialização Portugal, S.A.	(c)	2008	146,000	100.00%	69,027	50,556	-	50,556
					<b>50,556</b>	<b>-</b>	<b>50,556</b>	
Madrileña Suministro de Gas, S.L.		2010	43,356	100.00%	12,641	29,766	-	29,766
Galp Swaziland (PTY), Ltd.		2008	18,117	100.00%	651	18,422	(326)	18,096
Madrileña Suministro de Gas SUR, S.L.		2010	12,523	100.00%	3,573	8,686	-	8,686
Galpgest — Petrogal Estaciones de Servicio, S.L.U.		2003	6,938	100.00%	1,370	5,568	-	5,568
Galp Gambia, Ltd.		2008	6,447	100.00%	1,693	4,966	12	4,978
Empresa Nacional de Combustíveis — Enacol, S.A.R.L		2007 and 2008	8,360	15.77%	4,031	4,329	-	4,329
Galp Moçambique, Lda.		2008	5,943	100.00%	2,978	2,858	510	3,368
Duriensegás — Soc. Distrib. de Gás Natural do Douro, S.A.		2006	3,094	25.00%	1,454	1,640	-	1,640
Lusitaniagás — Companhia de Gás do Centro, S.A.		2002/3 and 2007/8/9	1,440	1.543%	856	584	-	584
Probigal — Ligantes Betuminosos, S.A.		2007	720	10.00%	190	530	-	530
Gasinsular — Combustíveis do Atlântico, S.A.		2005	50	100.00%	(353)	403	-	403
Saaga — Sociedade Açoreana de Armazenagem de Gás, S.A.		2005	858	67.65%	580	278	-	278
Beiragás — Companhia de Gás das Beiras, S.A.		2003/6 and 2007	152	0.94%	107	51	-	51
Galp Sinopec Brazil Services (Cyprus)		2012	3	100.00%	1	2	-	2
						<b>233,137</b>	<b>196</b>	<b>233,333</b>

- (a) The subsidiaries Petróleos de Valência, S.A. Sociedad Unipersonal and Galp Comercialización Oil España, S.L. were incorporated in Galp Energia España, S.A., through a merger process, during the year ended on 31 December 2010.
- (b) The subsidiary Galp Distribución Oil España, S.A.U., was incorporated in Galp Energia España, S.A. through a merger process, during the year ended on 31 December 2011.
- (c) The subsidiary Galp Comercialização Portugal, S.A., was incorporated in Petróleos de Portugal - Petrogal, S.A. through a merger process, during the year ended on 31 December 2010.
- (d) The exchange differences arise from the conversion of goodwill recorded in local companies' currency to Group's reporting currency (euros) at the exchange rate prevailing on the date of the financial statements (Note 20).

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## 12. TANGIBLE AND INTANGIBLE ASSETS

Composition of tangible and intangible assets on 30 September 2014 and on 31 December 2013:

	September 2014			December 2013		
	Assets – Gross	Accumulated depreciation, depreciation and impairment	Assets – Net	Assets – Gross	Accumulated depreciation, depreciation and impairment	Assets – Net
<b>Tangible assets</b>						
Land and natural resources	275,520	(1,919)	273,601	275,076	(2,062)	273,014
Buildings and other constructions	931,839	(652,359)	279,480	911,375	(619,064)	292,311
Machinery and equipment	6,895,728	(4,298,292)	2,597,436	6,571,457	(3,895,755)	2,675,702
Transport equipment	31,914	(27,866)	4,048	32,877	(28,041)	4,836
Tools and utensils	4,493	(3,982)	511	4,523	(3,939)	584
Administrative equipment	175,241	(159,479)	15,762	172,768	(148,740)	24,028
Reusable containers	160,578	(147,569)	13,009	158,605	(145,261)	13,344
Other tangible assets	92,409	(82,037)	10,372	99,899	(86,387)	13,512
Tangible assets in progress	1,731,415	-	1,731,415	1,267,812	-	1,267,812
Advances to suppliers of tangible assets	14	-	14	146	-	146
	<b>10,299,151</b>	<b>(5,373,503)</b>	<b>4,925,648</b>	<b>9,494,538</b>	<b>(4,929,249)</b>	<b>4,565,289</b>
<b>Intangible assets</b>						
Research and development costs	285	(273)	12	285	(266)	19
Industrial property and other rights	556,328	(296,085)	260,243	542,965	(271,366)	271,599
Reconversion of consumption to natural gas	551	(429)	122	551	(423)	128
Goodwill	19,432	(10,200)	9,232	19,514	(10,282)	9,232
Other intangible assets	498	(498)	-	582	(505)	77
Concession arrangements	1,784,143	(571,806)	1,212,337	1,766,149	(540,614)	1,225,535
Intangible assets in progress of concession arrangements	4,269	-	4,269	3,340	-	3,340
Intangible assets in progress	35,479	-	35,479	34,971	-	34,971
	<b>2,400,985</b>	<b>(879,291)</b>	<b>1,521,694</b>	<b>2,368,357</b>	<b>(823,456)</b>	<b>1,544,901</b>

Tangible and intangible assets are accounted for in accordance with the accounting policy defined by the Group which is described in the accompanying notes to the consolidated financial statements on 31 December 2013 (Note 2.3 and Note 2.4). The depreciation / amortisation rates are disclosed in the same note.

### Main occurrences during the period ended on 30 September 2014:

The net change of increases and decreases in the caption “Tangible and intangible assets” for the period ended on 30 September 2014 amounts to €337,152 k, which includes:

	Tangible		Intangible		Total		Net book value
	Gross value	Accumulated depreciation	Gross value	Accumulated amortisation	Gross value	Accumulated depreciation / amortisation	
<b>Opening balance (1 January 2014)</b>	<b>9,494,538</b>	<b>(4,929,249)</b>	<b>2,368,357</b>	<b>(823,456)</b>	<b>11,862,895</b>	<b>(5,752,705)</b>	<b>6,110,190</b>
Additions	653,536	-	29,304	-	682,840	-	682,840
Additions by financial costs capitalisation (Note 8)	33,002	-	-	-	33,002	-	33,002
Write-offs / sales	(30,755)	15,814	(1,555)	1,181	(32,310)	16,995	(15,315)
Impairment variations	(61,174)	(374)	(13,941)	546	(75,115)	172	(74,943)
Adjustments	177,256	(119,459)	18,153	(262)	195,409	(119,721)	75,688
Amortisation of the period	-	(314,895)	-	(57,100)	-	(371,995)	(371,995)
Changes in the consolidation perimeter (Note 3)	32,748	(25,340)	667	(200)	33,415	(25,540)	7,875
<b>Total movements</b>	<b>804,613</b>	<b>(444,254)</b>	<b>32,628</b>	<b>(55,835)</b>	<b>837,241</b>	<b>(500,089)</b>	<b>337,152</b>
<b>Closing balance (30 September 2014)</b>	<b>10,299,151</b>	<b>(5,373,503)</b>	<b>2,400,985</b>	<b>(879,291)</b>	<b>12,700,136</b>	<b>(6,252,794)</b>	<b>6,447,342</b>

Increases in the amount of €682,840 k mainly include:

- i) Exploration & Production segment
- €324,708 k regarding exploration and development investments in blocks in Brazil;

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- €72,488 k regarding exploration investments in Block 32 in Angola;
  - €57,580 k regarding exploration and development investments in Blocks 14 and 14K in Angola;
  - €50,559 k regarding exploration investments in Morocco;
  - €47,903 k relativos a despesas de pesquisa do Bloco 4 em Moçambique;
  - €4,263 k regarding oil exploration on the Portuguese coast; and
- ii) Gas & Power segment
- €19,201 k regarding natural gas infrastructure construction (network, plot and other infrastructures) covered by IFRIC 12 (Notes 5 e 6).
- iii) Refining & Marketing segment
- The Sines and Porto refineries conducted industrial investments amounting to €39,533 k, which include €29,986 k relating to the general outage of Sines; and
  - €16,575 k relating to the Retail Business Unit and are essentially due to the remodelling of stations, convenience stores, expansion of activities and development of information systems.

In the period ended on 30 September 2014 tangible and intangible assets that were sold and disposed of amount to €32,310 k, of which €10,875 k are related to write-off due to the abandonment of blocks in Brazil and the remaining amount is the result of updating the register of fixed assets, mainly due to write-offs relating to the Retail Business Unit of which most were fully amortised.

In the period ended on 30 September 2014, impairments of fixed assets amount to €235,229 k, which mainly include:

- €65,318 k regarding impairment of blocks in Namibia;
- €50,559 k regarding impairment of blocks in Morocco;
- €43,271 k regarding impairment in the retail network in Portugal and Spain;
- €20,858 k regarding impairment of operated and non-operated blocks in Brazil;
- €10,320 k regarding impairment of combined cycle power plants;
- €9,823 k regarding impairment of research in Angola;
- €8,446 k regarding impairment on the oceanic terminal of Leixões;
- €4,548 k regarding impairment of blocks in East Timor;

The caption “Adjustments” is composed essentially by exchange differences on the opening balance that match with the revaluation of opening balances of subsidiaries’ intangible assets, recorded in foreign currencies and converted into euros.

Depreciation / amortisation for the periods ended on 30 September 2014 and 2013 are as follows:

	September 2014			September 2013		
	Tangible	Intangible	Total	Tangible	Intangible	Total
Amortisation / Depreciation of the period	318,328	25,808	344,136	324,747	23,899	348,646
Amortisation of the period — concessional arrangements	-	31,293	31,293	-	30,392	30,392
Impairment increases	78,408	307	78,715	49,871	20,414	70,285
Impairment decreases	(1,998)	(648)	(2,646)	(1,066)	(551)	(1,617)
Amortisation, depreciations and impairments (note 6)	<u>394,738</u>	<u>56,760</u>	<u>451,498</u>	<u>373,552</u>	<u>74,154</u>	<u>447,706</u>

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The change on the consolidation perimeter consisted in the entrance of fixed assets at the date of the perimeter changes. During the period ended on 30 September 2014 the following was included in the consolidated perimeter (Note 3):

	Tangible assets		Intangible assets		Total		Net value
	Gross	Depreciation	Gross	Depreciation	Gross	Depreciation	
Sigás — Armazenagem de Gás, A.C.E.	31,732	(25,241)	667	(200)	32,399	(25,441)	6,958
UTE Multiservicios Galp BCN	1,016	(99)	-	-	1,016	(99)	917
	<b>32,748</b>	<b>(25,340)</b>	<b>667</b>	<b>(200)</b>	<b>33,415</b>	<b>(25,540)</b>	<b>7,875</b>

Tangible and intangible assets in progress (including advances on tangible and intangible assets) in the period ending 30 September 2014 were as follows:

	In progress	Impairment	Net
Research and exploration of oil in Brazil	1.028.132	(20.660)	1.007.472
Research and exploration of oil in Angola and Congo	357.475	(9.492)	347.983
Research in Mozambique	178.575	-	178.575
Industrial investment relating to refineries	70.014	-	70.014
Research in Portugal	58.581	(8.742)	49.839
Research of gas in Angola and Guinea	35.906	(1.336)	34.570
Renewal and expansion of the network	26.384	(161)	26.223
Floating LNG-Brazil	21.090	-	21.090
Sines and Porto refineries upgrade project	7.431	-	7.431
Transportation and logistics	7.077	-	7.077
Research in Morocco	10.021	(8.371)	1.650
Energy and steam production	1.144	-	1.144
Underground storage of natural gas	51.169	(50.559)	610
Research in Namibia	33.431	(33.211)	220
Research in East Timor	2.555	(2.555)	-
Other projects	17.279	-	17.279
	<b>1.906.264</b>	<b>(135.087)</b>	<b>1.771.177</b>

### 13. GOVERNMENT GRANTS

Government grants received (accumulated) as on 30 September 2014 and 31 December 2013 were as follows:

Programme	Amount received	
	September 2014	December 2013
Economic Operational Programme	285,871	285,871
Energy Programme	114,919	114,919
Desulphurisation of Sines	39,513	39,513
Desulphurisation of Porto	35,307	35,307
Protede	19,708	19,708
Interreg II	19,176	19,176
Regional Centre Operational Programme	2,102	2,102
Regional North Operational Programme	550	550
Algarve Operational Programme	174	174
Innovation incentives system	66	73
Other	21,947	21,806
	<b>539,333</b>	<b>539,199</b>
Accumulated amount recognised as income	(270,356)	(262,664)
Government grants — receivable (Note 14)	1	1
Government grants to be recognised (Note 24)	<b>268,978</b>	<b>276,536</b>

During the periods ended on 30 September 2014 and on 31 December 2013 the income statement includes the amounts of €7,692 k and €7,733 k, respectively, regarding government grants recognition (Note 5).

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## 14. OTHER RECEIVABLES

The non-current and current caption “Other receivables” as on 30 September 2014 and on 31 December 2013 was as follows:

Captions	September 2014		December 2013	
	Current	Non-current	Current	Non-current
State and other public entities:				
ISP – Portuguese tax on oil products	6,193	-	6,833	-
VAT – reimbursement requested	640	-	667	-
Others	189	-	122	-
Loans to Sinopec group	180,292	675,131	164,500	706,993
Advances to suppliers of fixed assets	121,294	-	155,225	-
Underlifting	53,541	-	31,071	-
Subsoil rates	19,690	32,771	18,728	32,771
Carry of interest of State participations	17,119	-	11,347	-
Over cash-call from partner Petrobrás in operated blocks	12,810	-	10,057	-
Guarantees	11,146	-	11,090	-
Advances to suppliers	8,622	-	40,203	-
Means of payment	7,887	-	8,371	-
Personnel	1,892	-	2,030	-
Spanish bitumen process	385	-	385	-
Other receivables – associated, related and participated companies	339	143	6,360	13,011
Loans to associated, jointly controlled related and participated companies (Note 28)	270	25,749	-	27,878
contract for the cession of rights to use telecommunications infrastructures	222	-	251	-
Loans to clients	119	1,550	70	1,561
Government grants – receivable (Note 13)	1	-	1	-
Receivable concerning the consortium of Block 14 in Angola (receivable “profit-oil” excess)	-	-	1,648	-
Other receivables	112,276	8,553	64,975	5,172
	554,927	743,897	533,934	787,386
crued income				
Sales and services rendered not yet invoiced	189,602	-	208,967	-
Adjustment to tariff deviation – “pass through” – ERSE regulation	37,685	-	38,128	-
Adjustment to tariff deviation – regulated revenue – ERSE regulation	32,887	52,617	34,324	50,752
Adjustment to tariff deviation – Energy tariff – ERSE regulation	28,025	31,525	28,025	45,537
Financial neutrality – regulation ERSE	7,943	-	15,133	-
Accrued interest	4,080	-	1,614	-
Compensation for the uniform tariff	1,794	-	917	-
Management charges not yet invoiced	1,295	-	1,683	-
Sale of finished goods to be invoiced by the service stations	1,082	-	1,100	-
Commercial discount on purchases	747	-	1,503	-
Other	8,924	31	7,623	31
	314,064	84,173	339,017	96,320
ffered costs				
Custos com catalisadores	11,599	-	6,223	-
Catalyser costs	10,361	-	797	-
Prepaid rent relating to service station concession contracts	2,810	29,020	2,478	31,339
Costs relating to prepaid rent	2,651	-	601	-
Interest and other financial costs	202	-	9,244	-
Retirement benefits (Note 23)	-	20,302	-	4,916
Other deferred costs	15,830	-	11,902	-
	43,453	49,322	31,245	36,255
	912,444	877,392	904,196	919,961
Impairment of other receivables	(7,444)	-	(6,990)	-
	905,000	877,392	897,206	919,961

The movements occurred in the caption “Impairments of other receivables” for the period ended on 30 September 2014 were as follows:

Captions	Opening Balance	Increase	Decrease	Utilisation	Adjustments	Ending balance
Other receivables	6,990	459	(45)	-	40	7,444

The increase and decrease of the caption “Impairment of other receivables” in the net amount of €414 k was recorded in the caption “Provisions and impairments – other receivables” (Note 6).

The caption “Loans granted” includes the amount of €855,423 k (\$1,076,379,285.81) regarding the loan that the Group granted to Tip Top Energy, SALR (included in Sinopec Group) on 28 March 2012, for a period of four years, of which €180,292 k (\$226,861,950.00) in current and €675,131 k (\$849,617,875.81) in non-current, which earns a three-month LIBOR interest rate



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plus a spread. This caption also includes the value of €29,215 k (\$36,761,072.39) in non-current regarding capitalised interests. In the period ended on 30 September 2014 the records show the amount of €10,895 k in the caption “Interest”, which corresponds to interests on loans granted to related companies.

The caption “Subsoil rates” amounting to €52,461 k refers to rates of subsoil occupation already paid to municipalities. According to the natural gas supply concession agreement between the Portuguese Government and the Group companies, and with the Council of Ministers decision No. 98/2008, dated 8 April, companies have the right to pass on to commercialisation entities or to end customers, the full amount of subsoil rates paid to the local authorities in the concession area.

The amount of €53,541 k recorded in “Other receivables – underlifting” represents the amounts receivable by the Group for lifting barrels of crude oil production under quota (underlifting) and is valued at the lower price between the market price at the date of sale and the market price on 30 September 2014.

The item of carry of interests of state participations, in the amount of €17,119 k is related to the recoverable amount of the state partners for the period of exploration. The agreed Farm-in with the partners foresee that, during the period of exploration, the Group is responsible for the paid investment with cash call and requested by the operator of the state until its participation.

The caption “Means of payment” in the amount of €7,887 k corresponds to amounts receivable for sales made with resource to Visa/ATM cards, which as on 30 September 2014 were pending collection.

The amount of €482 k recorded in the current and non-current caption “Other receivables associated, related and participated companies” refers to amounts receivable from companies which were not consolidated.

The item Guarantees in the amount of €11,146 k includes the balance of €9,843 k referring to payments on account and the negotiation of guarantees for the support of the transactions and operations in the Spanish and French electrical market.

The non-current caption “Other receivables” includes €3,746 k receivable from Gestmin, SGPS, S.A. for the purchase of COMG Comercialização de Gás, S.A. on 3 December 2009 and earns a six-month Euribor interest rate plus a spread of 3.12% per year, and is expected to be received every semester and until 3 December 2016.

The caption “Accrued income sales and services rendered and not yet invoiced” includes natural gas and electricity consumption and other income provided in September and to be invoiced to customers in October. The most relevant accruals are as follows:

Company	TOTAL	Natural gas	Power
Galp Gás Natural, S.A.	98.206	98.206	-
Galp Power, S.A.	18.938	9.595	9.343
Galp Energia España, S.A., Unipessoal	7.262	6.963	299
Lusitaniagás Comercialização, S.A.	7.364	7.364	-
Lisboagás Comercialização, S.A.	4.465	4.465	-
Madrileña Suministro de Gas	5.197	5.197	-
Sinecogeração, S.A.	5.443	-	5.443
Portogeração, S.A.	5.792	-	5.792
Madrileña Suministro de Gas SUR	4.353	4.353	-
Transgás, S.A.	514	514	-
Carriço Cogeração, S.A.	-	-	-
Setgás Comercialização, S.A.	1.016	1.016	-
Powercer, S.A.	423	-	423
Agroger, S.A.	458	-	458
	<b>159.431</b>	<b>137.673</b>	<b>21.758</b>

The amount of €1,082 k in the caption “Sale of finished goods to be invoiced by the service stations” relates to sales made up to 30 September 2014 through “Galp Frota” cards, which will be invoiced in the following months.

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Expenses recorded in the caption “Deferred costs” in the amount of €31,830 k, are in respect of advance payments of income related to service station rental contracts which are expensed during the concession period, which ranges between 17 and 32 years.

Galp Energia has recovered during 2014 an amount of €14,012 k related with energy tariff deviation. This recovery is in accordance with the estimated recovery of the tariff deficit for a six year period, as published by ERSE.

The caption “Adjustments to tariff deviation – regulated revenue” amounting to €85,504 k respects to the difference between the estimated regulated revenue published for each regulated activity and the invoiced amount. These amounts are remunerated at a three-month Euribor interest rate.

Payable or receivable amounts in respect of each regulated gas year are presented for each activity on a net basis, depending on their nature each gas year, given that this is the method for approval of deviations from regulated revenue by ERSE.

From 2010 onwards, the regulated Financial Statements (ERSE Accounts) started being reported in accordance with the calendar year. Therefore the opening balances have been reclassified according to this change.

The total recoverable amount was included by ERSE in the recoverable regulated revenue Gas Year 2013-2014, therefore the Group recognises in the income statement the reversal of the amount which corresponds to the approved tariff deviation.

The caption “Accrued income – financial neutrality – ERSE regulation” concerns the gradual reposition of financial neutrality associated with the extinction of the mechanism of smoothing capital cost on the first regulatory period, resulting from the difference between the cost of capital smoothed and not smoothed, to be recovered during six years. Accrued amounts relate to the recoverable amounts from gas tariff in the 13-14 and 14-15 regulatory gas year.

The Group considers as amounts not yet due, the balance of other receivables that are not in arrears and the captions “Accruals of income” and “Deferred costs” amounting to €491,013 k and €502,837 k in 2014 and 2013, respectively.

The balance of other receivables overdue which has not suffered impairment corresponds to credits which have payment agreements, are covered by credit insurance or for which there is an expectation of partial or total liquidation.

Accounts receivable are collateralised, namely with bank guarantees and other collaterals which amount, approximately, to €86,639 k as on 30 September 2014.

### 15. TRADE RECEIVABLES

The caption “Trade receivables” as on 30 September 2014 and 31 December 2013 was as follows:

Caption	September 2014		December 2013	
	Current	Non-current	Current	Non-current
Trade receivables – current accounts	1,287,402	24,242	1,317,791	24,322
Trade receivables – doubtful accounts	224,972	-	201,375	-
Trade receivables – notes receivable	5,512	-	7,075	-
	<b>1,517,886</b>	<b>24,242</b>	<b>1,526,241</b>	<b>24,322</b>
Impairment of trade receivables	(220,825)	-	(199,678)	-
	<b>1,297,061</b>	<b>24,242</b>	<b>1,326,563</b>	<b>24,322</b>

The balance of non-current receivables, amounting to de €24,242 k e €24,322 k, in the period ended on 30 September 2014 and on 31 December 2013 respectively, corresponds to payment agreements with customers with maturities greater than one year.

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The changes in the caption “Impairment of trade receivables” in the period ended on 30 September 2014 were as follows:

Caption	Opening balance	Increases	Decreases	Utilisation	Adjustments	Ending balance
Impairment of trade receivables	199,678	32,464	(10,168)	(1,678)	529	220,825

The increase and decrease in the caption “Impairment of trade receivables” in the net amount of €22,296 k was recorded in the caption “Provision and impairment loss on receivables” (Note 6).

Overdue balances which have not suffered impairment correspond to claims which have payment agreements, are covered by credit insurance or for which there is an expectation of partial or total liquidation.

### 16. INVENTORIES

Inventories as on 30 September 2014 and 31 December 2013 were as follows:

Caption	September 2014	December 2013
Raw and subsidiary materials:		
Crude oil	185,015	53,840
Other raw materials	48,885	41,980
Raw material in transit	263,022	622,017
	<b>496,922</b>	<b>717,837</b>
Adjustments to raw and subsidiary materials	(11,295)	(11,019)
	<b>485,627</b>	<b>706,818</b>
Finished and semi-finished products:		
Finished products	175,325	244,254
Semi-finished products	297,107	325,271
Finished products in transit	688	12,083
	<b>473,120</b>	<b>581,608</b>
Adjustments to finished and semi-finished products	(164)	(23)
	<b>472,956</b>	<b>581,585</b>
Work in progress	167	91
	<b>167</b>	<b>91</b>
Merchandise	638,812	558,784
Merchandise in transit	85	100
	<b>638,897</b>	<b>558,884</b>
Adjustments to merchandise	(999)	(1,771)
	<b>637,898</b>	<b>557,113</b>
	<b>1,596,648</b>	<b>1,845,607</b>

Merchandise as on 30 September 2014, in the amount of €638.897 k is mainly comprised of natural gas in pipelines in the amount of €154,702 k, inventories of crude oil derivative products of the subsidiaries Galp Energia España, S.A., Petrogal Moçambique and Empresa Nacional de Combustíveis – Enacol, S.A.R.L., Lda. in the amounts of €440,900 k, €13,847 k e €12,709 k respectively.

As on 30 September 2014 and 31 December 2013, the Group’s liability towards competitors strategic reserves, which can only be satisfied by product delivery, amounted to €58,216 k and €149,312 k respectively and are recorded in the caption “Advances on sales” (Note 24).

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The changes in the caption “Impairment of inventories” in the period ended on 30 September 2014 were as follows:

Captions	Opening balance	Increases	Decreases	Utilisations	Adjustments	Ending balance
Impairment of raw and subsidiary materials	11,019	276	-	-	-	11,295
Impairment of finished and semi-finished products	23	134	-	-	7	164
Impairment of merchandise	1,771	50	(16)	(27)	(779)	999
	<u>12,813</u>	<u>460</u>	<u>(16)</u>	<u>(27)</u>	<u>(772)</u>	<u>12,458</u>

The net increase in impairment, amounting to €444 k was recorded against the caption “Cost of sales – impairment in inventories” in the income statement (Note 6).

### 17. OTHER INVESTMENTS

Current and non-current investments as on 30 September 2014 and 31 December 2013 were as follows:

Other investments	September 2014		December 2013	
	Current	Non-current	Current	Non-current
<b>Financial instruments at fair value through profit and loss (Note 27)</b>				
Swaps over commodities	5,297	13,901	9,383	6,066
Swaps over interest rate	-	-	-	-
Swaps over currency	15,393	-	105	-
	<u>20,690</u>	<u>13,901</u>	<u>9,488</u>	<u>6,066</u>
<b>Bank deposits (Note 18)</b>				
Term deposits	185	-	640	-
	<u>185</u>	<u>-</u>	<u>640</u>	<u>-</u>
<b>Other financial assets</b>				
Other	-	20,236	-	18,464
	<u>-</u>	<u>20,236</u>	<u>-</u>	<u>18,464</u>
	<u>20,875</u>	<u>34,137</u>	<u>10,128</u>	<u>24,530</u>

As on 30 September 2014 and 31 December 2013 derivative financial instruments are recorded at their fair value at those dates (Note 27).

### 18. CASH AND CASH EQUIVALENTS

The caption “Cash and cash equivalents” as on 30 September 2014 and 31 December 2013 was as follows:

Captions	September 2014	December 2013	September 2013
Cash	9,179	3,961	5,818
Current account	388,849	154,635	286,327
Term deposits	1,301	5,394	2,374
Other negotiable securities	112,646	72,100	129,653
Other treasury applications	917,013	1,267,300	1,239,221
<b>Cash and cash equivalents in the consolidated statement of financial position</b>	<u>1,428,988</u>	<u>1,503,390</u>	<u>1,663,393</u>
Other current investments (Note 17)	185	640	640
Bank overdrafts (Note 22)	(137,036)	(98,792)	(160,443)
<b>Cash and cash equivalents in the consolidated statement of cash flow</b>	<u>1,292,137</u>	<u>1,405,238</u>	<u>1,503,590</u>

The caption “Other negotiable securities” mainly includes:

- €105,400 k regarding bank deposit certificates;
- €4,300 k on electricity futures;
- €2,185 k on CO<sub>2</sub> futures; and
- €757 k negative commodities futures (Brent).

These futures are recorded in this caption due to their high liquidity (Note 27).

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The caption “Other treasury applications” includes applications of cash surplus, with maturities less than three months, of the following Group companies:

	September 2014	December 2013
Galp Energia E&P, B.V.	837,427	1,146,987
Galp Sinopec Brazil Services, B.V.	50,068	-
Galp Gás Natural, S.A.	9,302	24,654
CLCM — Companhia Logística de Combustíveis da Madeira, S.A.	5,900	8,550
Beiragás — Companhia de Gás das Beiras, S.A.	4,900	2,075
Galp Exploração Serviços do Brasil, Lda.	2,370	1,863
Sempre a Postos — Produtos Alimentares e Utilidades, Lda.	2,200	700
Powercer — Sociedade de Cogeração da Vialonga, S.A.	1,950	2,340
Galp East Africa, B.V.	1,589	-
Carriço Cogeração — Sociedade de Geração de Electricidade e Calor, S.A.	1,100	6,300
Galp Energia Brasil, S.A.	207	6,396
Petróleos de Portugal — Petrogal, S.A.	-	67,435
	<b>917,013</b>	<b>1,267,300</b>

### 19. SHARE CAPITAL

#### Capital structure

In 2012, after the shareholders agreement in place since March 2006 between Amorim Energia, CGD and Eni, collectively referred to as the Parties, agreements were signed which stipulated the conditions under which Eni could sell its stake in Galp Energia. Eni, which at year-end 2011 held a stake of 33.34%, thus acquired the right to sell in the market up to 20% of the share capital of the Company. In turn, CGD was now able to exercise a tag along right, referring to its 1% stake in the share capital of Galp Energia.

On 27 November 2012, Eni placed on the market shares representing approximately 4% of Galp Energia’s share capital through an accelerated bookbuilding, while CGD exercised its tag-along right. On that date, Eni also issued bonds exchangeable into Galp Energia shares, corresponding to approximately 8% of the Company’s share capital.

Also under the agreement signed in 2012, Amorim Energia acquired from Eni a 5% stake on Galp Energia’s share capital, at a price of €14.25 per share, thus holding a 38.34% interest in the Company. Furthermore, Amorim Energia, or a designated third party, had the right to purchase, until the end of 2013, a 5% stake, as well as a right of first refusal over a stake of 3.34% or 8.34%, depending on whether the first right would be exercised or not.

At the end of May 2013, Eni announced the sale of a 6.7% interest in Galp Energia’s share capital. In the meantime, Eni had already sold an interest of approximately 1.3% directly in the regulated market.

On 28 March 2014, Eni placed in the market shares representing approximately 7% of the share capital of Galp Energia through an accelerated bookbuilding process, having sold in the meantime, on regulated market, shares representing approximately 0.34% of Galp Energia’s share capital. On both sales Amorim Energia, did not exercise the right of first refusal.

On 23 June 2014 Eni announced the completion of the sale on the regulated market of common shares representing approximately 1% of the share capital of Galp Energia, and corresponding to the residual portion of shares subject to the first offer right of Amorim Energia as established in the agreement previously announced to the market, which was not exercised by that company. Thus, following this transaction, Eni held 66,337,592 ordinary shares representing approximately 8% of the share capital of Galp Energia as an asset underlying the convertible bonds issued by Eni on 30 November 2012.

Following these changes in Galp Energia’s owner structure, free-float went from 38.32% by the end of 2013 up to 46.66% in the first semester of 2014.

Under the agreements signed between the Parties, and under paragraph 1. c) of article 20 of the Portuguese Securities Code (CVM), the voting rights attached to the shares held by each of the parties of the shareholders’ agreement were attributed to

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the others. This ceased to apply to CGD when it sold its stake of 1% of Galp Energia's share capital. Regarding Amorim Energia and Eni, the Italian company notified Galp Energia on 26 July 2013 that the voting rights attached to the qualified holdings of Amorim Energia were not considered attributable to Eni, despite the fact that the voting rights held by Eni were still attributable to Amorim Energia.

Thus, at the end of the first nine month of 2014, Eni held a qualified holding of 8.00% of Galp Energia's share capital, and the corresponding voting rights, while a total percentage of 46.34% were attributable to Amorim Energia.

As result of the above, the Company's capital structure as on 30 September 2014 was as follows:

	No. of shares	% of capital	Voting rights (%)
Amorim Energia, B.V.	317,934,693	38.34%	46.34%
Eni, S.p.A.	66,337,592	8.00%	8.00%
Parública – Participações Públicas, SGPS, S.A.	58,079,514	7.00%	7.00%
Free-float	386,898,836	46.66%	46.66%
<b>Total</b>	<b>829,250,635</b>	<b>100.00%</b>	<b>-</b>

## 20. RESERVES

As on 30 September 2014 and 31 December 2013 the caption "Conversion reserve and other reserves" is detailed as follows:

	September 2014	December 2013
<b><u>Conversion reserves:</u></b>		
Reserves – Financial allocations (quasi equity )	(155,635)	(133,485)
Reserves – Tax on financial allocations (quasi equity ) (Note 9)	64,634	57,265
	(91,001)	(76,220)
Reserves – Conversion of financial statements	71,791	(208,958)
Reserves – Goodwill exchange rate update (Note 11)	1,256	1,060
	(17,954)	(284,118)
<b><u>Hedging reserves:</u></b>		
Reserves – Financial derivatives	(453)	(1,743)
Reserves – Deferred tax on financial derivatives (Note 9)	-	335
	(453)	(1,408)
<b><u>Other reserves:</u></b>		
Legal reserve	165,850	165,850
Free distribution reserves	27,977	27,977
Special reserves	(443)	(443)
Reserves – Capital increase in subsidiaries Petrogal Brasil, S.A. and Galp Sinopec Brazil Services, B.V.	2,493,088	2,493,088
Reserves – Increase of 10.7532% in 2012 and 0.3438% in 2013 in the share capital of subsidiary Lusitaniagás – Companhia de Gás do Centro, S.A.	(2,027)	(2,027)
Reserves – Increase of 40% in the capital of subsidiary Probigal – Ligantes Betuminosos, S.A.	(3,975)	(3,975)
Reserves – Increase of 99% in the capital of subsidiary Enerfuel, S.A.	(31)	(31)
	2,680,439	2,680,439
	<b>2,662,032</b>	<b>2,394,913</b>

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## Translation reserve:

The change occurred in the caption “Translation reserve”, is as follows:

- i) €71,791 k regarding negative exchange rate differences resulting from the conversion of the financial statements in foreign currency to Euro;

	Exchange rate on 31 December 2013	Opening balance	Movement	Closing balance	Exchange rate on 30 September 2014
<b><u>Conversion reserves – by currency:</u></b>					
Gambian dalasi	51.69	(743)	180	(563)	49.39
USA Dollar	1.38	(122,330)	283,836	161,506	1.26
Cape Verdean escudo	110.27	(69)	-	(69)	110.27
West African CFA franc	655.96	(202)	-	(202)	655.96
Angolan kwanza	134.47	(1,774)	509	(1,265)	124.11
Swazi lilangeni	14.40	(436)	72	(364)	14.22
Mozambican metical	41.53	(5,525)	2,120	(3,405)	38.82
Brazilian real	3.26	(77,879)	(5,968)	(83,847)	3.08
		<b>(208,958)</b>	<b>280,749</b>	<b>71,791</b>	

- ii) €91,001 k regarding negative exchange rate differences of the financial allocations of Galp Exploração e Produção Petrolífera, S.A., Petróleos de Portugal – Petrogal, S.A. and Winland International Petroleum, SARL (W.I.P.) to Petrogal Brasil, S.A., in euros and US Dollars, which are not remunerated and for which there is no intention of reimbursement, thus being similar to share capital (quasi capital) and integrating the net investment in that foreign operational unit in accordance with IAS 21;
- iii) On 5 September 2013 and 29 January 2014, the subsidiary Petrogal Brasil, B.V. and WIP, shareholders of Petrogal Brasil, S.A. subscribed a capital increase totalling €306,394 k and €131,312 k respectively and, simultaneously, Petrogal Brasil, SA repaid loans that were recorded in equity in the amount of €431,257 k (\*). These operations do not affect the accounting classification of exchange differences, thus remaining in the same caption, Cumulative Translation Adjustments (CTA) in equity.

(\*) Loans that essentially have equity characteristics, integrating the net investment in that operational unit.

- iv) €1,256 k regarding negative exchange rate differences resulting from Goodwill exchange rate update.

## Hedging reserves:

Hedging reserves reflect changes that have occurred in financial derivatives on interest rates that are contracted for hedging changes in interest rate loans (cash flow hedge) and their respective deferred taxes.

In the period ended on 30 September 2014 the amount of €453 k corresponds to negative variations occurred in the financial derivatives – cash flow hedge.

## Other reserves:

### Legal reserves

In accordance with the Company's Bylaws and the Commercial Code, the Company must transfer a minimum of 5% of its annual net profit to a legal reserve until the reserve reaches 20% of the 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 utilised. In 2014 the caption did not change as the legal reserve has already reached 20% of the share capital.

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## Special reserves

The amount of €443 k in the caption “Special reserves” includes €463 k relating to a deferred tax correction – revaluation of equity in the subsidiary Lisboa GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A. and the negative amount of €20 k relating to a donation reserve in subsidiary Gasinsular – Combustíveis do Atlântico, S.A.

## Reserves – Capital increases in Petrogal Brazil, S.A. and Galp Brazil Services, B.V.

On 28 March 2012 the company WIP, a subsidiary of Tip Top Energy, SARL. (Sinopec Group), subscribed and paid for an increase in capital in the amount of \$4,797,528,044.74 in subsidiaries Petrogal Brasil, S.A. and Galp Sinopec Brazil Services, B.V. (formerly Galp Brazil Services B.V.), thus holding 30% of shares and voting rights of both subsidiaries.

With this capital increase operation, the Galp Energia Group kept the operational and financial control of the Company, owning 70% of capital and voting rights, and continuing, under IAS 27, to consolidate their assets by the integral method. Therefore, the difference between the amount realised from the capital increase and the book value of equity at the date of the increase was recognised in equity in reserves by the amount of €2,493,088 k.

## Reserves – Increase of 11.097% stake in the capital of subsidiary Lusitaniagás – Companhia de Gás do Centro, S.A.

In July 2012, the Group acquired 10.7532% stake in subsidiary Lusitaniagás – Companhia de Gás do Centro, S.A., which was previously controlled by the Group and consolidated using the integral method. Thus the difference between the amount paid and the book value of equity at the acquisition date is recognised in equity in reserves by the amount of €1,935 k.

In May 2013, the Group acquired a 0.3438% stake in subsidiary Lusitaniagás – Companhia de Gás do Centro, S.A. from Revigrés – Indústria de Revestimentos de Grés, Lda. and recognised in equity reserves in the amount of €92 k due to the difference between the amount paid and the book value.

## Reserves – 40% increase in the share capital of the subsidiary Probigalp – Ligantes Betuminosos, S.A.

In September 2013, the Group acquired a 40% stake in subsidiary Probigalp – Bituminous Binders, SA, which was previously controlled by the Group and consolidated by the full consolidation method. Thus the difference between the amount paid and the book value of equity at the acquisition date was recognised in equity in reserves by the amount of €3,975 k.

## Reserves – Increase of 99% in the capital of subsidiary Enerfuel, S.A.

Under the agreement dated July 2013 under which the Group had agreed to purchase the remaining capital participation at the conclusion of the industrial unit project, the Group acquired 99% of the share capital of Enerfuel, S.A. However, as it was previously controlled by the Group, it was already consolidated using the integral method. Thus the difference between the amount paid and the book value of equity at the acquisition date, is recognised in equity in reserves by the amount of €31 k.



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## 21. NON-CONTROLLING INTERESTS

The equity caption “Non-controlling interests” as on 30 September 2014 and 31 December 2013 refers to the following subsidiaries:

	Balance in December 2013	Capital and reserves	Dividends granted (d)	Prior year results	Conversion reserves	Net result for the year	Balance in September 2014
Galp Sinopec Brazil Services, B.V.	981,838	-	-	-	95,076	12,486	1,089,400
Petrogal Brasil, S.A. (a)	205,356	9,302	-	183	3,317	29,322	247,480
Setgás — Sociedade de Produção e Distribuição de Gás, S.A.	23,151	-	(1,159)	-	-	1,165	23,157
Empresa Nacional de Combustíveis — Enacol, S.A.R.L.	19,222	-	-	(204)	-	991	20,009
Beiragás — Companhia de Gás das Beiras, S.A.	13,846	-	-	-	-	1,104	14,950
Petromar — Sociedade de Abastecimentos de Combustíveis, Lda. (b)	2,362	(7)	-	-	-	859	2,809
Lusitaniagás — Companhia de Gás do Centro, S.A.	1,950	-	-	(16)	-	249	2,588
Sempre a Postos — Produtos Alimentares e Utilidades, Lda.	1,428	-	(16)	-	-	237	1,121
Saaga — Sociedade Açoreana de Armazenagem de Gás, S.A.	1,338	-	(314)	(7)	-	171	1,100
Setgás Comercialização, S.A.	1,250	-	-	-	-	76	960
CLCM — Companhia Logística de Combustíveis da Madeira, S.A.	1,004	-	(854)	-	-	516	666
Sopor — Sociedade Distribuidora de Combustíveis, S.A.	900	-	-	-	-	(736)	602
Powercer — Sociedade de Cogeração da Vialonga, S.A.	884	-	(580)	-	-	429	447
Carriço Cogeração — Sociedade de Geração de Electricidade e Calor, S.A.	598	-	(1,407)	-	-	(36)	(15)
Petrogás Guiné Bissau — Importação, Armazenagem e Distribuição de Gás, (c)	(233)	-	-	(2)	-	11	(224)
	<b>1,254,894</b>	<b>9,295</b>	<b>(4,330)</b>	<b>(46)</b>	<b>98,393</b>	<b>46,844</b>	<b>1,405,050</b>

(a) On 29 January 2014, the subsidiary Petrogal Brasil, B.V. and WIP, shareholders of Petrogal Brasil, S.A. subscribed a capital increase totalling €21,705 k and €9,302 k respectively. The amount of €9,302 k corresponds to the change of non-controlling share interests reflected on share issue premium caption.

(b) The subsidiary Lusitaniagás — Companhia de Gás do Centro, SA, which was previously owned in 96.8109% is now owned in 96.84293% by the Group. Due to the increase of 0.032%, a negative amount of €23 k was recorded under the heading Non-controlling interests, corresponding to the change of the percentage held by the Group (Note 3).

The negative amount of €7 k corresponds to the change on non-controlling interests on the captions of “Share capital” and “Share premium issue”.

The negative amount of €16 k corresponds to the change on non-controlling interests on the captions of accumulated results until the capital increase date.

(c) As on 30 September 2014, the subsidiary has negative equity. Thus, the Group only recognised accumulated losses in proportion to the capital owned in that subsidiary, which is why the minority interests have a debit balance.

(d) The amount of €4,330 k corresponds to attributed dividends, already paid as on 30 September 2014 (Note 30).

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### 22. LOANS

#### Loans detail

Loans obtained as on 30 September 2014 and 31 December 2013 were as follows:

	September 2014		December 2013	
	Current	Non-current	Current	Non-current
Bank loans:				
Loans	88,947	1,317,233	129,407	1,466,909
Bank overdrafts (Note 18)	137,036	-	98,792	-
Discounted notes	3,848	-	5,118	-
	<b>229,831</b>	<b>1,317,233</b>	<b>233,317</b>	<b>1,466,909</b>
Origination fees	(2,111)	(3,886)	(6,777)	(2,193)
	<b>227,720</b>	<b>1,313,347</b>	<b>226,540</b>	<b>1,464,716</b>
Other loans obtained:				
IAPMEI	2	178	2	194
	<b>2</b>	<b>178</b>	<b>2</b>	<b>194</b>
Origination fees	-	-	-	-
	<b>2</b>	<b>178</b>	<b>2</b>	<b>194</b>
	<b>227,722</b>	<b>1,313,525</b>	<b>226,542</b>	<b>1,464,910</b>
Bonds and notes:				
Bonds	-	1,350,000	150,000	1,350,000
Notes	-	1,000,000	-	500,000
	<b>-</b>	<b>2,350,000</b>	<b>150,000</b>	<b>1,850,000</b>
Origination fees	-	(24,042)	(3,222)	(11,188)
	<b>-</b>	<b>2,325,958</b>	<b>146,778</b>	<b>1,838,812</b>
	<b>227,722</b>	<b>3,639,483</b>	<b>373,320</b>	<b>3,303,722</b>

The non-current loans, excluding origination fees, as on 30 September 2014 had the following repayment plan:

	Loans		
	Total	Current	Non-current
2014	18,591	18,591	-
2015	228,377	70,358	158,018
2016	505,870	-	505,870
2017	582,147	-	582,147
2018	798,953	-	798,953
2019	709,432	-	709,432
2020	306,999	-	306,999
2021 and subsequent years	605,992	-	605,992
	<b>3,756,360</b>	<b>88,949</b>	<b>3,667,411</b>

Domestic and foreign loans as on 30 September 2014 and 31 December 2013 are expressed in the following currencies:

		September 2014		December 2013	
Currency		Total amount	Amount due (€k)	Total amount	Amount due (€k)
USA Dollar	USD	460,140	365,726	456,673	329,737
Cape Verdean escudo	CVE	487,011	4,417	146,338	1,327
Euros	EUR	1,248,888	1,033,014	1,888,432	1,265,252
Metical	MZM	160,000	3,023	-	-
			<b>1,406,180</b>		<b>1,596,316</b>

The average interest rate of loans and bank overdraft supported by the Group in the first nine months of 2014 amounted to 4.3% and 5.49% if the exchange rates are included. It is important to note that these rates exclude early reimbursement commissions of loans.

# Results and consolidated information – Nine months of 2014

## Description of the main loans

### Commercial paper issuance

As on 30 September 2014, the Group has contracted commercial paper totalling €965,000 k. Of this amount, €390,000 k is being used with medium and long term maturity.

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

### Bank loans

Detail of the main bank loans as on 30 September 2014:

Entity	Amount	Interest rate	Maturity	Reimbursement
BTG Pactual	103,314	Libor 6M + spread	December 2016	50% @ December 2015 50% @ December 2016
Banco Itaú	100,135	Libor 6M + spread	April 2017	50% @ April 2016 50% @ April 2017
ICBC	158,945	Libor 6M + spread	December 2018	December 2018

Additionally, the Group recorded the amount of €44,413 k in non-current loans obtained by: Agrocere – Sociedade de Cogeração do Oeste S.A., Beiragás – Companhia de Gás das Beiras, S.A, CLCM – Companhia Logística de Combustíveis da Madeira, S.A.

Detail of the loans obtained from the European Investment Bank (EIB) as on 30 September 2014:

Entity	Amount	Interest rate	Maturity	Reimbursement
EIB (Porto cogeneration)	50,000	Fixed Rate	October 2017	October 2017
EIB (Tranche A – Sines cogeneration)	25,678	Fixed Rate	September 2021	Semi-annual instalments starting in March 2010
EIB (Tranche B – Sines cogeneration)	13,239	Euribor 6M + Spread	March 2022	Semi-annual instalments starting in September 2012
EIB (Tranche A – Refineries upgrade)	264,000	Revisable fixed rate	February 2025	Semi-annual instalments starting in August 2012
EIB (Tranche B – Refineries upgrade)	176,000	Fixed Rate	February 2025	Semi-annual instalments starting in August 2012

Additionally, the Group has other loans obtained from EIB in the amount of €58,636 k.

Loans contracted with the EIB, with the purpose of financing the cogeneration projects in the Sines and Porto refineries and instalment A of the Sines and Porto refineries upgrade project were granted under Petrogal, S.A. guarantees.

The remaining loan with the EIB, in the amount of €234,636 k, is guaranteed by a Bank Syndicate.

# Results and consolidated information – Nine months of 2014

## Bonds

Bonds' detail as on 30 September 2014:

Emission	Amount	Interest rate	Maturity	Reimbursement
GALP ENERGIA / 2013 – €600 m FRN – 2017	600,000	Euribor 6M + spread	May 2017	50% @ May 2016 50% @ May 2017
GALP ENERGIA / 2012 – 2017	80,000	Euribor 6M + spread	December 2017	December 2017
GALP ENERGIA / 2012-FRN – 2018	260,000	Euribor 6M + 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

## Notes issue

Galp Energia has established, as part of its financing plan, one EMTN Programme (€5,000,000,000 EMTN Programme).

On 15 November 2013, Galp Energia held its first issuance of notes under the EMTN Programme, amounting to €500,000 k, maturing on 25 January 2019 and a coupon of 4.125%, which are admitted to trading on the London Stock Exchange.

On this transaction, BBVA, BNP Paribas, Caixa – Banco de Investimento, Deutsche Bank and JP Morgan acted as Joint Bookrunners.

On 7 July 2014, Galp Energia issued notes, under the EMTN programme, which amounted to €500,000 k, with maturity on 14 January 2021 and a 3% coupon rate, which are being negotiated at the London Stock Exchange.

The Joint-Bookrunners of this transaction were the Bank of America Merrill Lynch, ING, Millennium, Santander and Societe Generale.

## 23. RETIREMENT AND OTHER EMPLOYEE BENEFITS

During the period ended on 30 September 2014, there were no significant changes compared to the consolidated financial statements of the Company on 31 December 2013. For additional queries refer to the consolidated financial statements of the Company on 31 December 2013 and the corresponding Notes.

## Results and consolidated information – Nine months of 2014

### 24. OTHER PAYABLES

The non-current and current caption “Other payables” as on 30 September 2014 and 31 December 2013 is as follows:

Captions	September 2014		December 2013	
	Current	Non-current	Current	Non-current
State and other public entities:				
VAT payables	246,779	-	257,732	-
IRP — Tax on oil products	71,464	-	75,229	-
Personnel and corporate income tax withheld	7,820	-	8,250	-
Social Security contributions	6,186	-	6,530	-
Extraordinary contribution (tax) for the energy sector (Note 9)	2,970	-	-	-
Other taxes	19,344	-	27,261	-
Suppliers — tangible and intangible assets	132,357	96,998	139,329	98,938
Advances on sales (Note 16)	58,216	-	149,312	-
Overlifting	37,704	-	4,889	-
ISP — congeners debit	10,324	-	4,615	-
Personnel	5,466	-	7,433	-
Trade receivables credit balances	3,726	-	2,989	-
Guarantee deposits and guarantees received	2,779	-	2,666	-
Trade receivables advances	1,637	-	978	-
Other payables — other shareholders	1,237	-	1,235	-
Loans — associated, participated and related companies (Note 28)	365	149,545	365	135,319
Other payables — associated, participated and related companies (Note 28)	3	-	2,238	-
Loans — other shareholders	-	12,447	-	12,648
Other payables	43,027	4,115	27,875	3,717
	<b>651,404</b>	<b>263,105</b>	<b>718,926</b>	<b>250,622</b>
Accrued costs:				
External supplies and services	95,280	-	72,729	-
Accrued interest	45,884	-	23,276	-
Vacation pay, vacation subsidy and corresponding personnel costs	33,466	-	29,877	-
Adjustment to tariff deviation — other activities — ERSE regulation	18,724	-	15,399	-
Adjustment to tariff deviation — regulated revenue — ERSE regulation (Note 14)	18,166	7,789	5,618	13,309
Productivity bonus	9,787	4,064	15,570	2,814
Fast GALP gifts	7,506	-	7,836	-
Overdrafts interest	6,928	-	5,486	-
Accrued insurance premiums	2,691	-	2,510	-
Financial costs	993	-	940	-
Financial neutrality — ERSE regulation	209	-	394	-
Accrued personnel costs — other	73	-	74	-
Adjustment to tariff deviation — energy tariff — ERSE regulation (Note 14)	-	17,534	-	10,138
Other accrued costs	21,668	-	11,593	-
	<b>261,375</b>	<b>29,387</b>	<b>191,302</b>	<b>26,261</b>
Deferred income:				
Services rendered	13,559	-	5,016	-
Investment government grants (Note 13)	10,345	258,633	10,384	266,153
Optic fiber	351	1,549	404	1,799
Other	10,288	62	10,684	69
	<b>34,543</b>	<b>260,244</b>	<b>26,488</b>	<b>268,021</b>
	<b>947,322</b>	<b>552,736</b>	<b>936,716</b>	<b>544,904</b>

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The caption “Advances on sales” includes the amount of €58,216 k in respect of Group liabilities towards competitors from strategic reserves (Note 16).

The caption “Suppliers – non-current tangible and intangible assets” refers essentially to surface rights.

The amount of €37,704 k in caption “Overlifting” represents the Group’s liability for crude oil lifted in excess of its production quota and is measured as described in Note 2.7 e) of the accompanying notes to the consolidated financial statements of the Company as on 31 December 2013.

The amount of €2,779 k recorded in the caption “Guarantee deposits and guarantees received” includes €2,106 k relating to Petrogal’s liability as on 30 September 2014 for customer deposits received on gas containers in use that were recorded at acquisition cost, which is, approximately, their fair value.

The amount of €149,545 k recorded in the caption “Loans - Associated, participated and related companies” concerns:

- In March 2012, WIP granted loans in the amount of €149,545 k (\$188,873,000). The amount recorded under “Loans – Other shareholders” (non-current) comprises loans obtained by the subsidiary Petrogal Brasil, S.A. that bear interest at market rates and have defined maturity of 10 years. In the period ended on 30 September 2014 the amount of €17,614 k was recognised under “Interest caption” regarding loans obtained concerning related companies.

The amount of €12,447 k in the caption “Loans – Other shareholders” mainly relates to:

- €8,938 k recorded as non-current payable to Enagás, SGPS, S.A. for shareholders loans obtained by subsidiary Setgás – Sociedade de Distribuição de Gás Natural, S.A., which bear interest at market rate;
- €1,205 k recorded as non-current payable to EDP Cogeração, S.A. related to shareholders loans obtained by the subsidiary Carriço Cogeração Sociedade de Geração de Electricidade e Calor, S.A., which bear interests at market rate; and
- €2,281 k recorded as non-current payable to Visabeira Telecomunicações, SGPS, S.A., relates to shareholder loans obtained by the subsidiary Beiragás – Companhia de Gás das Beiras, S.A., which bear interest at market rates.

The amount of €7,506 k recorded under “Accrued costs – Fast Galp gifts” corresponds to Petrogal’s liability for Fast Galp card points issued but not yet claimed until 30 September 2014, which are expected to be exchanged by gifts in subsequent periods.

Investment government grants are to be recognised as income over the useful life of the assets. The amount to be recognised in future periods amounts to €268,978 k (Note 13).

Income from the contract of assignment of rights to use telecommunication infrastructures is recorded in caption “Deferred income – optic fiber” and is recognised in earnings during the period of the contract. The balance of deferred income at 30 September 2014 to be recognised in future periods amounts to €1,900 k.

### 25. PROVISIONS

The changes in provisions in the period ended on 30 September 2014 were as follows:

Caption	Opening balance	Increases	Decreases	Utilisation	Adjustments	Ending balance
Legal processes	14,256	668	(652)	(1,359)	14	12,927
Investments (Note 4)	3,130	1,216	-	-	101	4,447
Taxes	32,890	9,394	(5,322)	(21,257)	650	16,355
Environment	3,781	-	-	(328)	-	3,453
Abandonment costs	88,227	14,154	-	(8,277)	8,718	102,822
Other risks and charges	11,865	20,241	(720)	(1,600)	26	29,812
	154,149	45,673	(6,694)	(32,821)	9,509	169,816

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The increase in provisions, net of the decreases, was recorded against the following captions of the consolidated income statement:

Provisions (Note 6)	(4,344)
Capitalisation of costs of provision for abandonment of blocks	14,154
Increase for IRP – oil income tax (Angola)	9,394
Results in investments in associates and jointly controlled entities (Note 4)	1,216
Extraordinary contribution on the energy sector	18,559
	<u>38,979</u>

### Legal processes

The provisions for current “legal processes” in the amount of €12,927 k.

### Financial investments

The provision for investments reflects the statutory commitment of the Group to its associates that present negative equity as detailed in note 4.

### Taxes

The caption tax provisions, in the amount of €16,355 k includes mainly:

- i) €7,394 k concerning a tax contingency, related with corrections to 2001 and 2002 corporate income tax of the subsidiary Petrogal;
- ii) €3,377 k concerning the tax risk associated with the sale of the interests in ONI, SGPS, to Galp Energia, SGPS, S.A.

The reduction in the provision for taxes in the amount of €5,322 k was originated by a favourable court decision in respect of the legal process of corrections made to the tax base, resulting from the inspection to the income tax return of 2005 and 2006 of Galp Energia, SGPS, S.A. and the subsidiary GDP – Gás de Portugal, SGPS, S.A. The tax contingency was related to the interpretation of the taxation of capital gains in pre-2000 periods.

The utilisation amounting to €21,257 k corresponds to an additional collection of income tax (IRP) in Angola.

### Environmental

The amount of €3,453 k in the caption environmental provisions aims to sustain the costs related with legally mandatory soil decontamination of some facilities occupied by the Group where by legal enforcement there is a decision for decontamination. During the period ended on 30 September 2014 an amount of €328 k was used on refinery's soil decontamination.

### Abandonment of blocks

The amount of €102,822 k recorded in provisions for the abandonment of blocks includes, essentially, the amount of €84,435 k for facilities located in blocks 1 and 14 in Angola and the remaining amount of €18,387 k for Brazilian facilities. This provision aims to cover all costs to be incurred with the dismantling of assets and soil decontamination at the end of the useful life of those areas. During the period ended on 30 September 2014 increases of €7,948 k and €6,206 k were recorded for Angola and Brazil, respectively.

# Results and consolidated information – Nine months of 2014

## Other risks and charges

On 30 September 2014 the caption “Provisions – Other risks and charges”, amounting to €29,812 k, mainly comprises:

€4,561 k concerning processes related to “sanctions” applied by Customs Authorities due to the late submission of the customs destination declaration of some shipments received at Sines;

€2,364 k to address impairment of assets of subsidiaries, Moçamgalp Agroenergias de Moçambique, S.A. and Galpbúzi – Agro-Energia, S.A. in the amount of €1,844 k and €520 k, respectively;

- i) €1,790 k related to charges made by Administração do Porto de Lisboa during 2012 for the land occupation (in Cabo Ruivo); and
- ii) €18,559 k regarding a provision for the extraordinary contribution on the energy sector.

## 26. TRADE PAYABLES

As on 30 September 2014 and 31 December 2013 the amounts recorded in the caption suppliers were as follows:

Captions	September 2014	December 2013
Trade payables – current accounts	403,190	859,334
Trade payables – invoices pending	771,601	650,299
	<b>1,174,791</b>	<b>1,509,633</b>

The balance of the caption “Trade payables – pending invoices” corresponds mainly to the purchase of crude oil raw material, natural gas and goods in transit.

## 27. OTHER FINANCIAL INSTRUMENTS – DERIVATIVES

The Group uses financial derivatives to hedge interest rate and market fluctuation risks, namely risks of change in crude oil prices, finished products and refining margins, as well as risks of change in natural gas and electricity prices, which affect the amount of assets and future cash flows resulting from its operations.

Financial derivatives are defined, in accordance with IAS/IFRS, as “financial assets at fair value through profit and loss” or “financial liabilities at fair value through profit and loss”. The interest rate financial derivatives that are contracted to hedge the change in interest rates on borrowings are designated as “cash flow hedges”. Interest rate financial derivatives that are contracted to hedge changes in the fair value of borrowings or to cover other risks that might affect the profit and loss are designated as “fair value hedges”.

The fair value of financial derivatives was determined by financial entities, applying generally accepted techniques and evaluation models.

In accordance with IFRS 13 an entity must classify the fair value measurement based on a hierarchy that reflects the meaning of the inputs used in measurement. The fair value hierarchy must have the following levels:

- Level 1 – quoted prices (not adjusted) for similar instruments;
- Level 2 – other directly or indirectly observable market inputs for the asset or the liability; and
- Level 3 – inputs for the asset or the liability not based on observable market data (not observable).

The fair value of financial derivatives (swaps) was determined by financial entities using observable market inputs and using generally accepted techniques and models (Level 2). Futures are traded on the stock exchange and subject to a Clearing House, and as such their valuation is determined by quoted prices (Level 1).



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Derivative financial instruments in the Group's portfolio on 30 September 2014 and 2013 are presented in the following table:

unit: €k	Fair value 30 September 2014				Fair value 31 December 2013			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
<b>Derivatives on interest rate</b>								
Swaps	-	-	-	-	-	-	-	(1,241)
	-	-	-	-	-	-	-	(1,241)
<b>Derivatives on commodities</b>								
Swaps	5,241	13,895	(187)	(173)	9,350	6,066	(456)	(297)
Options	56	6	(7)	(6)	33	-	(40)	-
Futures	7,242	-	-	-	6,947	-	-	-
	12,539	13,901	(194)	(179)	16,330	6,066	(496)	(297)
<b>Derivatives on currency</b>								
Non-deliverable forwards	2,577	-	-	-	20	-	-	-
Forwards	-	-	(1,216)	-	85	-	-	-
Currency interest rate swaps	15,393	-	-	-	-	-	(9,974)	-
	17,970	-	(1,216)	-	105	-	(9,974)	-
	30,509	13,901	(1,410)	(179)	16,435	6,066	(10,470)	(1,538)

As on 30 September 2014 the Galp Energia Group does not have any open positions in financial derivatives on interest rates.

The accounting impact as on 30 September 2014 and 2013 in the income statement is presented below:

unit: €k	30 September 2014				30 September 2013			
	Income statement		Equity	Potencial (MTM)	Income statement		Equity	Potencial (MTM)
	Potencial (MTM)	Real	MTM + Real		Potencial (MTM)	Real	MTM + Real	
<b>Derivatives on interest rate</b>								
Swaps	-	(1,417)	(1,417)	1,241	(13)	(4,103)	(4,116)	4,777
	-	(1,417)	(1,417)	1,241	(13)	(4,103)	(4,116)	4,777
<b>Derivatives on commodities</b>								
Swaps	4,113	5,134	9,247	-	9,614	2,919	12,533	-
Options	56	-	56	-	-	-	-	-
Futures	1,102	(9,755)	(8,653)	-	(7,491)	(6,486)	(13,977)	-
	5,271	(4,621)	650	-	2,123	(3,567)	(1,444)	-
<b>Derivatives on currency</b>								
Non-deliverable forwards	2,559	(6,093)	(3,534)	-	4,551	-	4,551	-
Forwards	(1,301)	(983)	(2,284)	-	(679)	-	(679)	-
Currency interest rate swaps	24,448	(9,833)	14,615	-	(1,427)	1,583	156	-
	25,706	(16,909)	8,797	-	2,445	1,583	4,028	-
	30,977	(22,947)	8,030	1,241	4,555	(6,087)	(1,532)	4,777

## Notes:

MTM — change on Mark-to-Market from January until the reporting date.

Real — value of closed positions.

## Results and consolidated information – Nine months of 2014

The potential value of mark-to-market (MTM) recognised under “Income on financial instruments” includes the potential valuation of derivatives and interest rate derivatives on commodities, amounting to €3,303 k, as shown in the table below:

unit: €k	September 2014
<b>Income from financial instruments</b>	
<b>Derivatives on commodities</b>	
Swaps	4,113
Options	56
Futures	730
<b>Derivatives on currency</b>	
Currency interest rate swaps (interest)	(1,596)
<b>Other trading operations</b>	1,395
	<b>4,698</b>

\* Interest component in the negative amount of €1,596 k included in the positive variation of the MTM exchange rate derivative amounting to €24,448 k. The positive difference in the amount of €26,044 k for the change of MTM is reflected in exchange rate differences.

The real value of financial derivatives recognised under “Cost of sales” amounted to €4,621 k comprising derivatives on commodities.

Movements in the fair value reflected in equity, resulting from a cash flow hedge, are as follows:

Change in fair value on equity	September 2014	September 2013
Group companies	1,241	4,777
Non-controlling interests	-	(7)
	<b>1,241</b>	<b>4,770</b>
Associated companies	80	241
	<b>1,321</b>	<b>5,011</b>

## Results and consolidated information – Nine months of 2014

Outstanding financial derivatives have the following nominal values:

unit: €k		30 September 2014	
		Maturity	
		< 1 year	> 1 year
<b>Derivatives on interest rate</b>			
Swaps	Buy	-	-
	Sell	-	-
<b>Derivatives on commodities</b>			
Swaps	Buy	48,163	15,502
	Sell	8,494	12,016
Options	Buy	1,344	951
	Sell	1,279	862
Futures	Buy	19,689	-
	Sell	13,489	-
<b>Derivatives on currency</b>			
Non-deliverable forwards	Buy	47,197	-
	Sell	-	-
Forwards	Buy	-	-
	Sell	33,351	-
Currency interest rate swaps	Buy	499,593	-
	Sell	-	-
		<u>672,599</u>	<u>29,331</u>

Note: equivalent nominal value in thousands of euros.

Group Galp Energia transacts financial instruments denominated as futures. Due to their high liquidity, arising from the fact that they are traded on the stock exchange, they are classified as financial assets at fair value through profit and are part of cash and cash equivalents. Gains and losses on futures on commodities (Brent and electricity) are classified under “Cost of sales”, while futures on CO<sub>2</sub> are classified under “Other operating costs”. Changes in the fair value of open positions are recorded in financial results. Given that futures are traded on the Stock Exchange, subject to the Clearing House, gains and losses are recorded continuously in the Income Statement.

As on 30 September 2014, Galp Power, S.A. has a portfolio of 1,900 lots of CO<sub>2</sub> futures maturing in December 2014. These futures represent 1,900,000 tons/CO<sub>2</sub> recorded as on 30 September 2014 by an amount of €2,185 k and classified as financial assets at fair value through results - held for trading presented under the caption “Cash and cash equivalents” (Note 18).

### 28. RELATED PARTIES

During the period ended on 30 September 2014, there were no significant changes in related parties comparing with the consolidated financial statements as on 31 December 2013. For additional information refer to the consolidated financial statements of the Company, on 31 December 2013 and the respective accompanying notes.

# Results and consolidated information – Nine months of 2014

## 29. REMUNERATION OF THE BOARD

The remuneration of Galp Energia corporate board members for the periods ended on 30 September 2014 and 30 September 2013 is detailed as follows:

	September 2014						September 2013					
	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
<b>Corporate boards of Galp Energia, SGPS, S.A.</b>												
Executive management	2,654	585	229	1,435	40	4,943	2,549	593	112	1,539	20	4,813
Non-Executive management	538	-	-	-	-	538	542	-	-	-	-	542
Supervisory Board	68	-	-	-	-	68	68	-	-	-	-	68
General shareholders meeting	2	-	-	-	-	2	2	-	-	-	-	2
	<b>3,262</b>	<b>585</b>	<b>229</b>	<b>1,435</b>	<b>40</b>	<b>5,551</b>	<b>3,161</b>	<b>593</b>	<b>112</b>	<b>1,539</b>	<b>20</b>	<b>5,425</b>
<b>Corporate Boards of associate companies</b>												
Executive management	1,401	-	4	6	-	1,411	1,631	-	3	27	-	1,661
General shareholders meeting	-	-	-	-	-	-	87	-	-	-	-	87
	<b>1,401</b>	<b>-</b>	<b>4</b>	<b>6</b>	<b>-</b>	<b>1,411</b>	<b>1,718</b>	<b>-</b>	<b>3</b>	<b>27</b>	<b>-</b>	<b>1,748</b>
	<b>4,663</b>	<b>585</b>	<b>233</b>	<b>1,441</b>	<b>40</b>	<b>6,962</b>	<b>4,879</b>	<b>593</b>	<b>115</b>	<b>1,566</b>	<b>20</b>	<b>7,173</b>

The amounts of €6,962 k and €7,173 k, recorded in the periods ended on 30 September 2014 and 2013, respectively, include €6,096 k and €6,456 k recorded as employee costs (Note 6) and €866 k and €717 k recorded as external supplies and services.

In accordance with the current policy, remuneration of Galp Energia corporate board members includes all the remuneration due for the positions held in Galp Energia Group and all accrued amounts.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. According to Galp Energia's interpretation, only the members of the Board of Directors meet these conditions.

The information related to the amount invoiced by the Certified Public Accountant and the external audit is disclosed on the Corporate Governance Report.

## 30. DIVIDENDS

Dividends were attributed to the Group's shareholders, resulting from 2013 net profit, amounted to €238,824 k in accordance with the decision taken on the general shareholders meeting of 28 April 2013. On 18 September 2013, interim dividends were paid in the amount of €119,412 k and on 22 May 2014 the remaining €119,412 k were paid.

Additionally the Board of Directors approved the payment of an interim dividend of €143,295 k that was fully paid on 18 September 2014.

During the period ended on 30 September 2014, dividends in the amount of €4,330 k were paid to minority shareholders of the Galp Energia Group subsidiaries (Note 21. d)).

As a consequence of this, during the period ended on 30 September 2014, the Group paid dividends of €267,037 k in total.

## 31. OIL AND GAS RESERVES

The information regarding Galp Energia's oil and gas reserves is subject to independent assessment by a suitably qualified company with the methodology established in accordance with the Petroleum Resources Management System (PMRS), approved in March 2007 by the Society of Petroleum Engineers (SPE), the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

## Results and consolidated information – Nine months of 2014

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The information on reserves is included in the document entitled "Supplementary Information on Oil and Gas (unaudited)" attached to the notes of the consolidated financial statements at 31 December 2013.

### 32. FINANCIAL RISK MANAGEMENT

During the period ended on 30 September 2014, there were no significant changes in the management of financial risks, compared to the already disclosed in the consolidated financial statements of the Company on 31 December 2013. For additional information refer to the consolidated financial statements of the Company, on 31 December 2013 and the corresponding accompanying notes.

### 33. CONTINGENT ASSETS AND LIABILITIES

During the period ended on 30 September 2014, there were no significant changes in contingent assets and liabilities. For additional information refer to the consolidated financial statements of the Company, on 31 December 2013 and the corresponding accompanying notes.

### 34. INFORMATION REGARDING ENVIRONMENTAL MATTERS

As at 30 September 2014, Galp Power, S.A. holds 1.900 lots of CO<sub>2</sub> futures with maturity in December 2014 (Note 27). These futures represent 1,900,000 ton/CO<sub>2</sub>. The futures acquired are expected to be sufficient to address any shortfalls that might exist in licenses.

For other information on environmental matters, refer to the accompanying notes to the consolidated financial statements of the Company on 31 December 2013.

### 35. SUBSEQUENT EVENTS

There are no relevant subsequent events between the reporting date of the accounting period and the approval date of the financial statements.

# Results and consolidated information – Nine months of 2014

## 36. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 24 October 2014.

### THE BOARD OF DIRECTORS

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Chairman:

Américo Amorim

Vice-Charmen:

Manuel Ferreira De Oliveira

Luís Palha da Silva

Members:

Paula Amorim

Filipe Crisóstomo Silva

Carlos Gomes da Silva

Sérgio Gabrielli de Azevedo

Thore E. Kristiansen

Abdul Magid Osman

Luís Manuel Moreira de Campos e Cunha

Raque Rute da Costa David Vunge

Miguel Athay de Marques

Carlos Costa Pina

Rui Paulo Gonçalves

Luís Manuel Pego Todo Bom

Fernando Gomes

Diogo Mendonça Rodrigues Tavares

Joaquim José Borges Gouveia

José Carlos da Silva Costa

Jorge Manuel Seabra de Freitas

### THE ACCOUNTANT:

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Carlos Alberto Nunes Barata

## 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.

# Results and consolidated information – Nine months of 2014

## DEFINITIONS

### CRACK SPREAD

Difference between the price of an oil product and the price of dated Brent.

### EBIT

Operating profit.

### EBITDA

Operating profit plus depreciation, amortisation and provisions.

### EBT

Earnings before taxes.

### GALP ENERGIA, COMPANY OR GROUP

Galp Energia, SGPS, S. A. and associates.

### BENCHMARK REFINING MARGIN

The benchmark refining margin is calculated with the following weighting: 45% hydrocracking margin + 42.5% Rotterdam cracking margin + 7% Rotterdam base oils + 5.5% Aromatics.

### ROTTERDAM HYDROCRACKING MARGIN

The Rotterdam hydrocracking margin has the following profile: -100% dated Brent, +2.2% LPG FOB Seagoing (50% Butane + 50% Propane), +19.1% PM UL NWE FOB Bg, +8.7% Naphtha NWE FOB Bg, +8.5% Jet NWE CIF, +45.1% ULSD 10 ppm NWE CIF and +8.9% LSFO 1% FOB Cg.; C&Q: 7.9%; Terminal rate: 1\$/ton; Ocean loss: 0.15% over Brent; Freight 2013: WS Aframax (80 kts). Route Sullom Voe / Rotterdam – Flat \$6.23/ton. Yields in % of weight.

### ROTTERDAM CRACKING MARGIN

The Rotterdam cracking margin has the following profile: -100% dated Brent, +2.3% LPG FOB Seagoing (50% Butane + 50% Propane), +25.4% PM UL NWE FOB Bg, +7.5% Naphtha NWE FOB Bg, +8.5% Jet NWE CIF, +33.3% ULSD 10 ppm NWE CIF and +15.3% LSFO 1% FOB Cg.; C&Q: 7.4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Brent; Freight 2013: WS Aframax (80 kts). Route Sullom Voe / Rotterdam - Flat \$6.23/ton. Yields in % of weight.

### ROTTERDAM BASE OILS MARGIN

Base oils refining margin: -100% Arabian Light, +3.5% LPG FOB Seagoing (50% Butane + 50% Propane), +13% Naphtha NWE FOB Bg, +4.4% Jet NWE CIF, +34% ULSD 10 ppm NWE CIF, +4.5% VGO 1.6% NWE FOB Cg, +14.0% Base oils FOB, +26% HSFO 3.5% NWE Bg.; Consumptions: -6.8% LSFO 1% CIF NWE; Losses: 7.4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Arabian Light; Freight 2013: WS Aframax (80 kts) Route Sullom Voe / Rotterdam - Flat \$6.23/ton. Yields in % of weight.

## Results and consolidated information – Nine months of 2014

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### ROTTERDAM AROMATICS MARGIN

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

### REPLACEMENT COST (RC)

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

### REPLACEMENT COST ADJUSTED (RCA)

In addition to using the replacement cost method, adjusted profit excludes non-recurrent events such as capital gains or losses on the disposal of assets, impairment or reinstatement of fixed assets and environmental or restructuring charges which may affect the analysis of the Company's profit and do not reflect its operational performance.



# Results and consolidated information – Nine months of 2014

## ABBREVIATIONS:

**APETRO:** *Associação portuguesa de Empresas petrolíferas* (Portuguese association of oil companies)

**bbl:** oil barrel

**BBLT:** Benguela, Belize, Lobito and Tomboco

**Bg:** Barges

**bn:** billion

**boe:** barrels of oil equivalent

**BSR:** Buoyancy Supported Risers

**Cg:** Cargoes

**CIF:** Costs, Insurance and Freights

**CORES:** *Corporacion de reservas estratégicas de produtos petrolíferos*

**DHSV:** *Down Hole Safety Valve*

**D&A:** Depreciation & amortisation

**DST:** Drill stem test

**E&P:** Exploration & Production

**EUR/€:** Euro

**EWT:** Extended well test

**FOB:** Free on board

**FPSO:** Floating, production, storage and offloading unit

**G&P:** Gas & Power

**GBp:** Great British pence

**GWh:** Gigawatt per hour

**IFRS:** International Financial Reporting Standards

**LSFO:** Low sulphur fuel oil

**k:** thousand

**kbbbl:** thousand barrels

**kboepd:** thousand barrels of oil equivalente per day

**kbopd:** thousand barrels of oil per day

**LNG:** liquefied natural gas

**m:** million

**m<sup>3</sup>:** cubic metres

**mbbl:** million barrels

**mmbtu:** million british thermal units

**mm<sup>3</sup>:** million cubic metres

**mton:** million tonnes

**n.m.:** not meaningful

**NBP:** National balancing point

**NYSE:** New York Stock Exchange

**OWC:** Oil-water contact

**PM UL:** Premium unleaded

**p.p.:** percentage points

**R&M:** Refining & Marketing

**RC:** Replacement Cost

**RCA:** Replacement Cost Adjusted

**RDA:** Reservoir Data Acquisition

**Tcf:** trillion cubic feet

**TL:** Tômbua-Lândana

**Ton:** tonnes

**ULSD CIF Cg:** Ultra Low sulphur diesel CIF Cargoes

**USD/\$:** Dollar of the United States of America

**USA/US:** United states of America

## DISCLAIMER:

This report has been prepared by Galp Energia, SGPS, S.A. (“Galp Energia” or the “Company”) and may be amended and supplemented.

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This report may include forward-looking statements. Forward-looking statements are statements other than in respect of historical facts. The words “believe”, “expect”, “anticipate”, “intends”, “estimate”, “will”, “may”, “continue”, “should” and similar expressions usually identify forward-looking statements. Forward-looking statements may include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; energy demand and supply; developments of Galp Energia’s markets; the impact of regulatory initiatives; and the strength of Galp Energia’s competitors.

The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records and other data available from third parties. Although Galp Energia believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Important factors that may lead to significant differences between the actual results and the statements of expectations about future events or results include the Company’s business strategy, industry developments, financial market conditions, uncertainty of the results of future projects and operations, plans, objectives, expectations and intentions, among others. Such risks, uncertainties, contingencies and other important factors could cause the actual results of Galp Energia or the industry to differ materially from those results expressed or implied in this report by such forward-looking statements.

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Bloomberg: GALP PL