

CONSOLIDATED FINANCIAL STATEMENTS

Galp Gás Natural Distribuição, S.A.

30 JUNE 2016

Galp Gás Natural Distribuição, S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN 30 JUNE 2016 AND 31 DECEMBER 2015

(Amounts expressed in thousands of Euros - € k)

ASSETS	june 2016	december 2015
Non-current assets:		
Tangible assets	553	562
Goodwill	2.275	2.275
Intangible assets	1.120.074	1.132.240
Investments in associates and joint ventures	14.843	14.169
Assets held for sale	3	3
Other receivables	40.786	49.189
Deferred tax assets	19.311	15.453
Total non-current assets:	1.197.845	1.213.891
Current assets:		
Inventories	1.588	1.239
Trade receivables	14.091	14.745
Other receivables	82.426	95.544
Cash and cash equivalents	34.321	28.526
Total current assets:	132.426	140.054
Total assets:	1.330.271	1.353.945
EQUITY AND LIABILITIES	june 2016	december 2015
Equity:		
Share capital	89.529	89.529
Reserves	3.149	2.670
Retained earnings	132.183	115.489
Consolidated net result for the year	13.150	29.620
Total equity attributable to shareholders:	238.011	237.308
Non-Controlling Interests	19.179	19.245
Total equity:	257.190	256.553
Liabilities:		
Non-current liabilities:		
Bank loans	35.067	42.710
Shareholder Loans - Galp Gás & Power, SGPS, S.A.	567.800	587.800
Other payables	252.329	246.599
Post-employment and other employee benefits liabilities	54.943	50.494
Deferred tax liabilities	10.586	15.788
Provisions	31.299	22.572
Total non-current liabilities:	952.024	965.963
Current liabilities:		
Bank loans and overdrafts	15.316	17.517
Trade payables	13.536	8.926
Other payables	74.762	65.340
Current income tax payable	17.443	39.646
Total current liabilities:	121.057	131.429
Total liabilities:	1.073.081	1.097.392
Total equity and liabilities:	1.330.271	1.353.945

Galp Gás Natural Distribuição, S.A.
CONSOLIDATED INCOME STATEMENT FOR THE PERIODS ENDED 30 JUNE 2016 AND 30 JUNE 2015

(Amounts expressed in thousands of Euros - € k)

	<u>June 2016</u>	<u>June 2015</u>
Operating income:		
Sales	4.257	4.889
Services Rendered	104.426	104.318
Other operating income	13.640	12.996
Total operating income:	<u>122.323</u>	<u>122.203</u>
Operating costs:		
Cost of sales	2.281	3.262
Supplies and external services	36.740	34.792
Employee costs	9.183	10.279
Amortisation, depreciation and impairment loss on fixed assets	20.670	20.293
Provisions and impairment losses on receivables	(545)	422
Other operating costs	8.770	8.215
Total operating costs:	<u>77.099</u>	<u>77.263</u>
Operating result:	<u>45.224</u>	<u>44.940</u>
Financial income	243	266
Financial costs	(14.953)	(15.428)
Results from financial investments and impairment losses on Goodwill	644	519
Result before taxes:	<u>31.158</u>	<u>30.297</u>
Income tax	(7.668)	(4.646)
Energy sector extraordinary contribution	(9.338)	(9.778)
Consolidated net result for the year	<u>14.152</u>	<u>15.873</u>
Result attributable to:		
Non-controlling interests	1.002	2.009
Galp Gás Natural Distribuição, S.A. Shareholder	13.150	13.864
Consolidated net income for the period	<u>14.152</u>	<u>15.873</u>
Earnings per share (in Euros)	<u>0,15</u>	<u>0,15</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS AT
30 JUNE 2016**

(Amounts expressed in thousands of Euros - € k)

	<u>Notes</u>	<u>june 2016</u>	<u>december 2015</u>
Operating activities:			
Receipts from customers (including VAT and ISP Taxes)		193.831	351.473
Paid to suppliers (including VAT)		(50.988)	(127.854)
Payment of tax on oil products (ISP)		(250)	(359)
Payment of Value-Added Tax (VAT)		(25.291)	(47.318)
Cash gross margin		117.303	175.942
Payment of Wages and employee benefits		(5.481)	(11.114)
Payment of IRS staff income tax withheld		(3.315)	(5.717)
Payment of TSU social security charges		(2.600)	(5.761)
Payments related to employees		(11.396)	(22.592)
Other payments/receipts relating to operating activities		(11.111)	6.660
Operating cash flow		94.796	160.010
Payments/Receipts relating to income tax		(37.732)	(4.923)
Net cash (used in)/provided by operating activities (1)		57.064	155.087
Investing activities:			
Payments relating to Tangible and Intangible assets		(11.096)	(19.913)
Payments relating to Investments		-	(84.955)
Net cash investment		(11.096)	(104.868)
Receipts relating to Loans granted		145	-
Payments relating to Loans granted		-	(22.754)
Receipts relating to Interest and similar income		8	125
Net cash (used in)/provided by investing activities (2)		(10.943)	(127.497)
Financing activities:			
Loans obtained		-	144.300
Loans repaid		(28.049)	(40.632)
Payments relating to Interest on loans and bonds		(426)	(31.053)
Capital increases/decreases and other equity instruments	20	-	(3.100)
Payments relating to Dividends	30	(9.580)	(56.646)
Net cash (used in)/provided by financing activities (3)		(38.055)	12.869
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		8.066	40.459
Cash and cash equivalents at the beginning of the year	18	26.176	(14.283)
Cash and cash equivalents at the end of the year	18	34.242	26.176