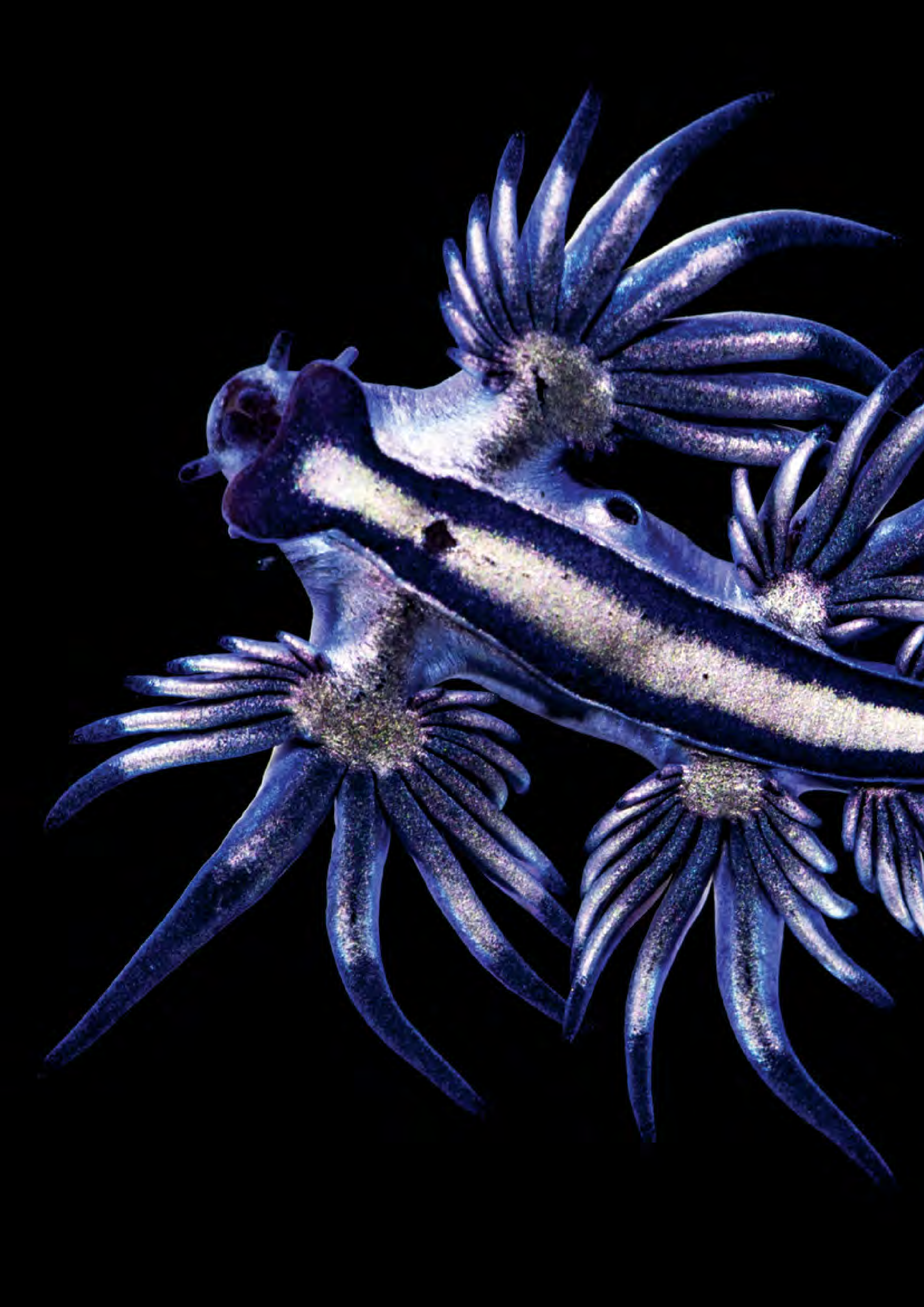
From the ocean's point of view

Annual Report 2018

OCEANO AZUL foundation



2018

Contents

5 Chairman's Message

7 Vision and Mission

11 Statutory Boards

13 Introduction

17 Blue Generation

35 Blue Natural Capital

65 Blue Network

75 Financial Analysis for 2018 Fiscal Year

83 Proposed Earnings Distribution

85 Prospects for 2019

89 Consolidated Financial Statements and Notes

165 Separate Financial Statements and Notes

207 Statutory Auditors Reports

215 Report and Opinion of the Audit Committee

OCEANO AZUL
foundation

Chairman's Message

2018 was a very especial year for the Oceano Azul Foundation. After a long period of inception, with many discussions, papers and studies, the Foundation implemented its Blue Programs and strengthened bounds with stakeholders.

Important steps were taken to the accomplishment of our mission to protect the ocean and contribute to the sustainability of our Planet.

Moving from paperwork to the field inspired the whole Foundation and all those from Oceanário de Lisboa who are involved in our work. Their enthusiasm resulted in an excellent implementation of the programs selected in the Foundation's 2018 Action Plan.

What is even more important is that we have started a trend in several of our key actions where the coalition of interests and the union of efforts between different stakeholders is becoming a pillar and a strength of those actions. The model of work gives people the empowerment for making things happening on their own.

These trends, if consolidated in 2019 and the coming years, can become indeed the model of change of the Oceano Azul Foundation: Building coalitions of the willing, working with like-minded partners and bringing change from the bottom-up.

Finally, 2018 was also a critical year in the building of the Foundation's self-confidence.
We have not saved the oceans. We have not saved its species. But we seem to start to know how to gather efforts to do so.

I am grateful for the efforts of all our collaborators and look forward to continuing working hard in 2019 towards making the ocean a healthier place in the Planet.

José Soares dos Santos

Vision and Mission

Vision

A healthy ocean is essential for human development.

The conservation and sustainable use of the ocean is necessary, not only for the development of humanity, but for its very survival.

Given the significant degradation of marine ecosystems and resources, there is an imperative need for a fundamental shift in human behaviour regarding the ocean. The time has come for an increased awareness about the critical importance of ocean conservation, and an understanding about the inextricable relationship between humans and the sea.

Faced with the inevitable expansion of the economic use of the oceans, we have reached a point in which the economic activities surrounding the ocean must be developed in synergy with its protection. The time is now for us all to understand the relationship between humans and the planet, and to act quickly toward a new sustainable paradigm.

The Oceano Azul Foundation sees a sustainable future, from the ocean's point of view.

Mission

Contribute toward a healthy and productive ocean, for the benefit of our planet.

The mission of Oceano Azul Foundation is to rebuild a healthy and productive ocean for the benefit of the planet, by connecting the dots between education, conservation, and capacity building. The Foundation works to inspire a Blue Generation, value our vital Blue Natural Capital, and strengthen a Blue Network, to create a world in which human activity occurs alongside valuing and protecting our greatest natural resource: the ocean.

The Foundation's mission will be achieved by:

| Increasing awareness and understanding about the the ocean and its sustainable use across all generations, with a special emphasis on youth to become future ocean stewards and members of a blue society; implemented by disseminating knowledge and implementing ocean education programmes.

| Supporting and cultivating the gradual establishment of a new governance of the ocean, based in scientific knowledge and ethical ocean stewardship, by supporting and enabling the implementation of solid regulations, legislation and public policies, while actively participating in and supporting scientific research;

| Instigating the development of a sustainable blue economy, in which economic activity surrounding the oceans will not be correlated to the deterioration of marine environments and will promote the sustainable use of the ocean.

This new sustainable paradigm, incorporating education, conservation, and capacity building, will provide the path towards a sustainable future.

Statutory Boards

The statutory bodies of the Foundation are the Board of Trustees, the Board of Directors, the Executive Committee and the Audit Committee.

Board of Trustees

José Soares dos Santos (Chairman)
Princess Laurentien van Oranje-Nassau
Jane Lubchenco
Kristian Parker
Nuno Vieira Matias
Julie Packard (Special Advisor)
Viriato Soromenho--Marques (Special Advisor)

Board of Directors

José Soares dos Santos (Chairman)
Tiago Pitta e Cunha
Emanuel Gonçalves
R. Andreas Kraemer
João Falcato Pereira
Heather Koldewey (Special Advisor)
Peter Heffernan (Special Advisor)

Executive Commitee

Tiago Pitta e Cunha
Emanuel Gonçalves
João Falcato Pereira

Audit Committee

Ernst & Young Audit & Associados – SROC, represented by João Carlos Miguel Alves (Chairman)

Henrique Soares dos Santos

Paula Prado Rosa

Rui Serra Martins (Alternate)

Introduction

If 2017 was the year in which the Oceano Azul Foundation was established, 2018 was truly YEAR ONE for the organisation, essentially devoted to starting up the programmes included in the Foundation's Action Plan adopted by its Board of Directors and Board of Trustees.

In fact, in addition to the continued efforts in the Foundation's organisation processes, 2018 was marked by the substantial work in the implementation of several programmes, making it possible to discern visible results in the last quarter of the year.

From the Oceano Azul Foundation's three major areas of activity, the start-up of the educational programme aiming to create a new Blue Generation is particularly significant. The first initiatives of the pilot project have started with Basic First Stage children, and the intention is to implement it in collaboration with a series of municipalities in the country, which is, and continues to be, very well accepted among partners and other external entities.

Structuring this programme required the creation of a network of partners, which is expected to bear fruit in the future development of this major programme for the Oceano Azul Foundation, and for the society change it aims to promote.

Still within the context of the Blue Generation, the Oceano Azul Foundation continued supporting school water sports in collaboration with the Ministry for Education, promoting these sports in schools throughout Portugal.

Also worthy of note was the development of an initiative that aims to take the Foundation's mission to the Portuguese youth, through a partnership established with world bodyboarding champion Joana Schenker, who took on her role as a new leader for ocean sustainability.

Under the initiative dedicated to the Blue Natural Capital, the Foundation has promoted, supported and developed a set of conservation initiatives, which includes the Oceano Azul Expedition, carried out in the western part of the Azores archipelago, which established and strengthened important ties of cooperation with several national and international partners. The main results of this expedition were the discovery of a new hydrothermal field (called "Luso"), and its relevant contribution which led to the commitment made by the Regional Government of the Azores in the end of 2018 to dedicate, together with the Oceano Azul Foundation and the Waitt Foundation, 15 % of the Azores archipelago's maritime area to new protected marine areas, during the next 3 years.

This accomplishment is a source of pride, especially considering that this a recently created Foundation, only in its second year of activity.

Various programmes being implemented in the Algarve are also worth mentioning, namely the project that aims to create a marine protected area of community interest in Silves. The participatory, educational and awareness-raising campaign that aims to save the seahorses of Ria Formosa, or the start-up of the pilot project to design a co-management model for artisanal fishery in the Portuguese coast, fall within the scope of intervention that the Foundation has been developing in order to preserve marine biodiversity and promote environmentally sustainable economic activities.

In 2018, the activities developed by the Foundation under the Blue Natural Capital valorisation reached an important mark, with the first edition of the Blue Bio Value programme, which made it possible to accelerate 13 start-ups from seven different countries, including Portugal.

Finally, under the Blue Network Programme, the Oceano Azul Foundation actively promoted and participated in the organisation of several meetings and seminars dedicated to the oceans, climate change and the blue natural capital. The Foundation also held meetings in the Oceanário de Lisboa, at the initiative of various organisations and personalities linked to the sea, such as the International Conference on the Law of the Sea, or the visit of His Majesty the King of Belgium. Also worth highlighting for its relevance and global dimension was the Oceano Azul Foundation's participation in the Our Ocean conference, which took place in Bali.

As can be seen throughout this Annual Report, 2018 has been a year filled with new projects and challenges, which allowed the Oceano Azul Foundation to show its ability to act on different fronts, sowing the seeds that we hope will start to germinate in the coming years.

Blue Generation

Blue Generation

Raise awareness and increase perception of the ocean among citizens.

One of the Oceano Azul Foundation's action pillars is to educate a Blue Generation, one that is aware of the importance of the sustainable use of the sea, and the strategic importance of the ocean to life on Earth. The aim is to raise awareness of the serious threats to the ocean and the importance of the ocean's central value to our economy and society at large, as the blue natural capital on our planet.

The Oceano Azul Foundation is focused on preparing this Blue Generation through education programmes for school children, as well as by increasing awareness among the public, including decision makers, regarding the need for ocean sustainability.

Oceanário de Lisboa

An aquarium dedicated to the ocean and its conservation

Oceanário de Lisboa is one of the key assets owned by the Oceano Azul Foundation, and plays a crucial role in its ocean conservation and educational activities.

Oceanário de Lisboa provides an emotional connection to the oceans, sharing the beauty of the underwater world with the general public, and enabling the Oceano Azul Foundation to communicate with thousands of visitors who come through Oceanário de Lisboa's doors every year. This public aquarium is an invaluable tool for direct and impactful contact with the public, ensuring a meaningful and coherent delivery of conservation and awareness-building messages.

1 438 744
VISITORS

With more than 23 million visitors since 1998, Oceanário de Lisboa is one of the most visited attractions in Portugal, where, everybody is invited to increase their knowledge of the ocean through traveling beneath its surface.

Voted Best Aquarium in the World by TripAdvisor

For the third time, Oceanário de Lisboa was considered the Best Aquarium in the World by TripAdvisor Travelers' Choice. Tripadvisor is the largest travel site in the world, with more than 535 million reviews and opinions. TripAdvisor' Travelers' Choice awards reward the best in the world according to user ratings.

20 year anniversary

The event celebrating Oceanário de Lisboa's 20th anniversary took place on 22 May 2018, with around 300 guests in attendance. The prime Portuguese television channels (RTP, SIC and TVI) opened their evening news live from the central aquarium.

New lobby, gift shop and restaurant

With the goal of creating an engaging, unique environment for its visitors in the spirit of its values and mission, in May 2018, Oceanário de Lisboa inaugurated a reconfigured lobby, and a completely renovated ground floor, with a new gift shop, restaurant and cafeteria, to offer visitors increased comfort, and create space for new exhibits.

EUR 5.1 Million investment to improve equipment

2018 marked the implementation of an important and extensive improvement programme, which resulted in a total investment of EUR 5.1 million, to continue to ensure the highest standards in the management and maintenance of all equipment, facilities and support areas, contributing to the overall quality of the services provided to visitors.

New area of intervention: assessing the extinction risk of marine species

With the creation of an "IUCN Marine RED LIST Officer", Oceanário de Lisboa intends to meaningfully help increase the number of assessed marine species worldwide. Its ambition is also to ensure that all species in its exhibits are assessed regarding their risk of extinction, thus contributing to the dissemination of their protection status, and to their conservation.

The partnership with the Species Survival Commission (SSC) of the International Union for Conservation of Nature (IUCN) added a new dimension and area of intervention to Oceanário de Lisboa within the scope of conservation. In 2018, the new "IUCN Marine RED LIST Officer", devoted to assessing the extinction risk of marine species, completed the pre-assessment of 116 marine species, 10 of which are in Oceanário de Lisboa's collection, and had never before been pre-assessed. This information is currently undergoing review for publication on the IUCN Red List.

#SeaTheFuture

Commitment to sustainability

Within the scope of its mission to raise awareness of ocean sustainability and promote its conservation, Oceanário de Lisboa is committed to having 95% of items in its gift shop be sustainable within three years. The #SeaTheFuture movement was created to redesign the future of the ocean, promoting a society that is actively engaged in sustainable consumption and supports the conservation and protection of the ocean.

158 137

PARTICIPANTS

EDUCATIONAL ACTIVITIES DEDICATED TO THE OCEAN

66 257

PARTICIPANTS

Oceanário de Lisboa Educational Programme

The Oceanário de Lisboa Educational Programme is comprised of a set of paid services and educational activities that participants register for, and is aimed at increasing knowledge about the ocean through a wide programme of educational activities in a unique setting, to shape the minds of children and adults of all ages. There are over 35 activities with different approaches and formats, depending on the target audience, level of education and content.

Since 1999, more than one and a half million participants have already experienced the Oceanário de Lisboa Educational Programme. Through experience accrued over two decades, and the work of dozens of educators, the activities are full of stories, games, challenges and surprises, all with a single goal: to make a positive impact on the future of the oceans.

32 210
PARTICIPANTS

Vaivém Oceanário
brings the ocean to 25 municipalities in Portugal

With a programme targeted at audiences of all ages, the Oceanário shuttle "Vaivém Oceanário" visits the municipalities of Portugal to raise awareness for the conservation of the ocean.

Since its creation, this mobile environmental education project has reached over 266 000 people and visited 223 municipalities.

43 134
PRIMARY AND MIDDLE SCHOOL STUDENTS

Marine Plasticology
alerts children about plastic pollution

This educational activity directly targets school communities, with the aim of influencing behavioural changes regarding one of the greatest threats facing the ocean today, plastic pollution, through workshops held at schools. Targeting primary and middle school students, these activities raise awareness of the pollution generated by the accumulation of plastic in the ocean, and provide tools to minimise our impact and to change our relationship with this material.

Since its creation in 2016, this activity has already reached 80 000 students.

Ocean conservation
reaches 4080 visitors at the São Mateus Fair

Oceanário de Lisboa was present at the São Mateus Fair, in Viseu, with an exhibit and pedagogic activities dedicated to the conservation of the ocean. S. Mateus fair-goers who engaged in educational activities about the ocean had the chance to reflect on topics such as plastic pollution, climate change, overfishing and water scarcity.

Blue Flag Programme
at 332 beaches across Portugal

In partnership with the Blue Flag Programme, Oceanário de Lisboa incorporated a message of conservation at 332 beaches, 18 marinas and recreational ports throughout Portugal, raising awareness of the importance of the ocean in oxygen production. The key message was that "half of the oxygen we breathe is produced in the ocean".

7 203
MIDDLE AND SECONDARY SCHOOL STUDENTS

Leaders for Ocean Sustainability

The Oceano Azul Foundation and Oceanário de Lisboa strengthen their position regarding ocean literacy, through partnerships with Portuguese celebrities, inspiring society to look towards the sea and its use with responsibility, engaging in conservation efforts. Through this initiative and its potential to engage people on an emotional level, athletes, artists, musicians and other personalities, seen as role models in their fields, become leaders for the sustainability of the ocean and pioneers in spreading the vision of the Oceano Azul Foundation and Oceanário de Lisboa to a wider audience.

Lufinha School Tour inspires 6 800 young people to be proactive

Lufinha School Tour is a joint project with kitesurf world record holder Francisco Lufinha, who shares his adventures, and the exciting challenges he has faced off the coast of Portugal, with middle and secondary school students throughout the country, encouraging them to follow their dreams, and to face life, like the oceans around them, with a proactive attitude. Since its inception in 2017, this initiative has already reached 12 740 participants from schools in mainland Portugal, and in the Azores and Madeira Archipelagos.

New ocean leader Joana Schenker | world bodyboard champion shares her concerns about the sea

In 2018, Joana Schenker, world champion and five-time bodyboard champion, became the new ocean leader for the Oceano Azul Foundation and Oceanário de Lisboa. The Schenker School Tour, which began in September, takes Joana Schenker to schools throughout the Algarve, to share her experience on Portugal's beaches, and her concerns about marine litter, engaging with 318 young people in 2018.

108
EASTERN ALGARVE
SCHOOLS

9 032
PRE-SCHOOL AND PRIMARY SCHOOL STUDENTS

Children from the Algarve participate in the "Save the seahorses of ria Formosa" Campaign

Different initiatives within the scope of the campaign have raised awareness and alerted local communities to the problems faced by the seahorse populations of ria Formosa, at one point the largest in the world, which are now under threat. These actions included an outreach educational programme, where pre-school and primary school students were able to discover all about these charismatic and iconic fish, from curiosities about their biology and characteristic behaviours, to the main threats they face, and what can be done to protect them.

Game and book "The sheriff of ria Formosa" as didactic learning tools

The book and game "The sheriff of ria Formosa", written by Ricardo Henriques and illustrated by Ana Seixas, were specifically designed for this campaign. These effective learning tools enable the participants to share what they learned during the campaign with their family, and mobilise all those around them to act in support of seahorse conservation.

18
SCHOOLS
IN THE MUNICIPALITY OF MAFRA

181
TEACHERS TRAINED
IN OCEAN LITERACY

Education for a Blue Generation

unprecedented programme brings ocean literacy to classrooms

The Oceano Azul Foundation and Oceanário de Lisboa created the pilot project "Education for a Blue Generation", with the aim of shaping Portugal's future generations into European citizens within a blue society, committed to sustainability and ocean conservation. The ultimate goal of this first of its kind project is to holistically develop ocean literacy among all children between the ages of 5 and 10 who live in Portugal, by training primary school teachers (the first cycle of basic education).

This pilot project was implemented at all schools in the municipality of Mafra, were it began with the training initiative "EDUCATION FOR A BLUE GENERATION - Strategies for integrating ocean literacy into citizenship education and the curricular autonomy and flexibility project". This 12-hour long session was certified by Portugal's CCPFC and the offer of the first free textbook on the ocean for use in schools, which came with an activity kit. All primary school teachers received this training, so that this action is expected to result in blue literacy for 4 000 students in this municipality.

The second action of this pilot project took place in early 2019, this time aimed at teachers in the municipality of Cascais. Expansion to other municipalities in the country is expected throughout 2019.

«The Ocean, Education for a Blue Generation» Textbook

In order to deepen and develop this theme in schools, the textbook, prepared by Oceanário de Lisboa and the Oceano Azul Foundation, and approved by the Directorate-General for Education, addresses eight key areas knowledge about the ocean, across several fields of knowledge such as literature, ecology, law, strategy, geography, economics, history, physics, and chemistry.

4
NEW LASER-BAHIA TRAINING BOATS

2
ACCESS BOATS SPECIFIC FOR ADAPTED SAILING

15
STAND-UP PADDLE BOARDS

544
STUDENTS IN REGULAR NAUTICAL ACTIVITIES

New equipment promotes the practice of School Water Sports

In 2018, new equipment was purchased with the aim of promoting ocean literacy to young people old enough to be interested in sporting activities. The equipment was gifted to the Directorate General for Education, as support and encouragement for the practice and learning of water sports at national public schools, and equally as a means to raise awareness of responsible attitudes toward ocean conservation among young people.

The training boats gifted in 2017 and 2018 are already in use by the Sports Training Centres at the following Portuguese schools: Frei João (Vila do Conde), Gafanha da Nazaré (Ílhavo), Coimbra Oeste (Coimbra), Portela and Moscavide (Lisbon), Caparica (Almada), Sebastião da Gama (Setúbal), Júlio Dantas (Lagos) and D. Manuel I (Tavira).

8 million
PEOPLE SENSITIZED TO REDUCING LITTER IN THE OCEAN

"If it Doesn't Go in the Bin it Goes in the Sea" Campaign

In 2018, the Oceano Azul Foundation and Oceanário de Lisboa launched the second edition of "If it doesn't go in the bin it goes in the sea", an awareness campaign targeted at the general public, with the aim of raising awareness on marine waste, plastic pollution and the need for more responsible behaviour.

Through 3 short films, illustrating the importance of not littering (cigarette butts, q-tips and ice cream wrappers), the campaign aired from 23 July to 19 August, on television (RTP, SIC, TVI, TVI24, Globo, Hollywood, CMTV and Discovery) and digital media (YouTube, Facebook, Instagram and Google Display). The campaign's view rating on TV was 91 %, corresponding to over 7.7 million people. On digital platforms, the campaign reached about 6 million contacts.

After viewing the campaign....

(Impact study: 750 Portuguese residents over the age of 15 were surveyed)

68 % started separating waste for recycling

40 % will change their behaviour regarding cigarette butts

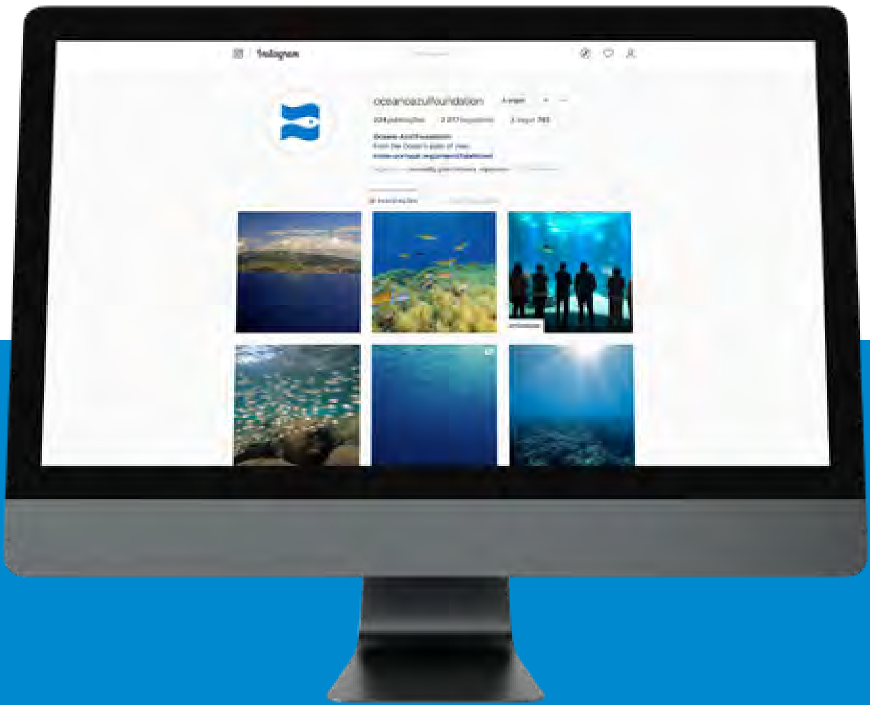
22 % started taking care not to throw rubbish on the floor

6 % will avoid using plastics

Communication and public awareness

Oceano Azul Foundation and Oceanário de Lisboa communications seek to promote knowledge of the ocean and inspire behavioural change among citizens regarding responsible attitudes toward ocean conservation.

To support the dissemination of the mission, strategic goals and core activities of both institutions, a constant presence has been established through national media, our website, Facebook page, Instagram, and institutional Twitter and YouTube channels, which are key for raising awareness and strengthening the positioning of both institutions in the public eye.



22 000
HOURS OF CONTENTS VISUALIZATION

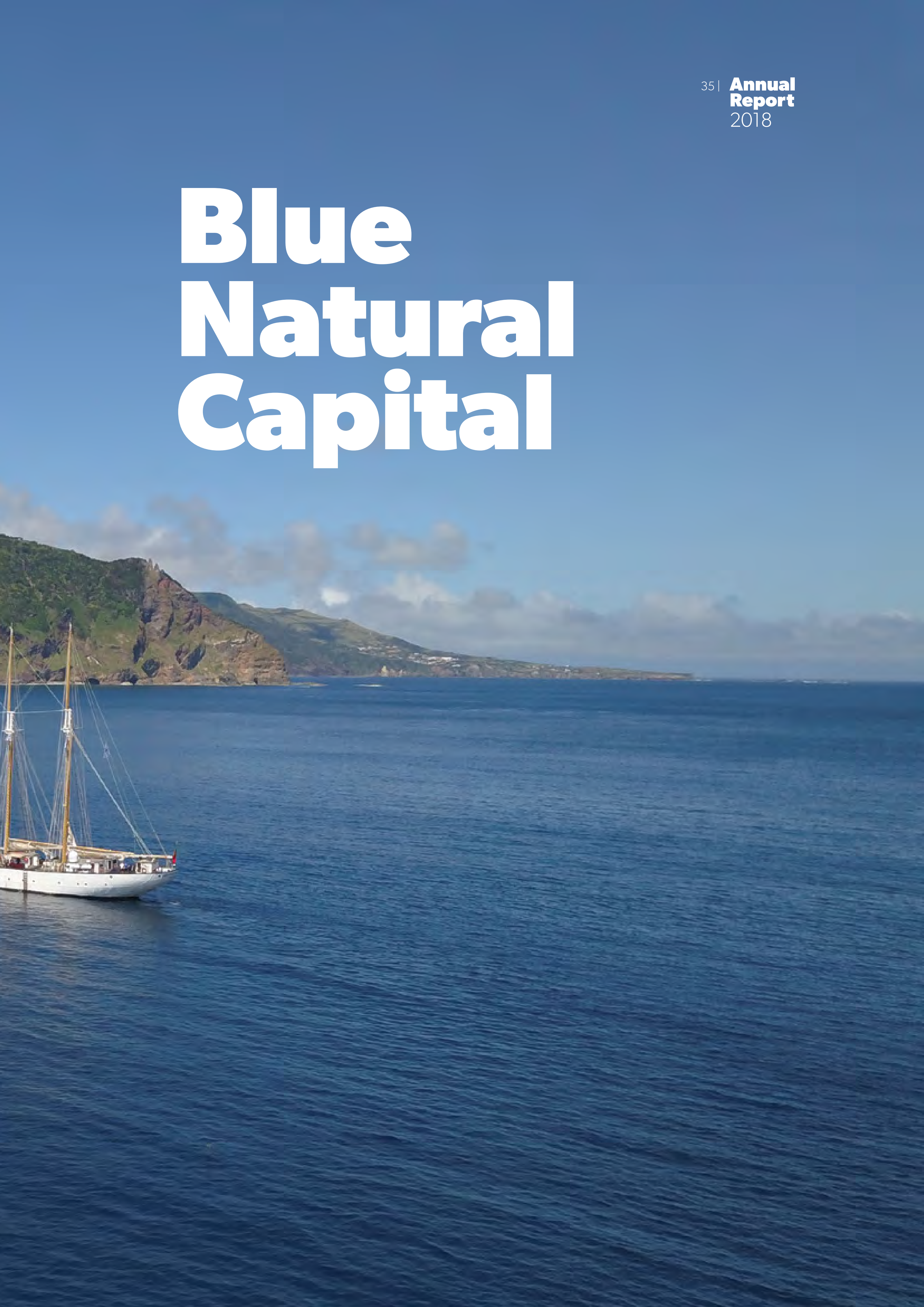
2 643
NEWS

121 820
FACEBOOK FANS

1,5 MILLION
WEBSITES VISITS

3 MILLION
YOUTUBE VIEWS

Blue Natural Capital



Blue Natural Capital

Promote, protect and value blue natural capital, supporting marine protected areas and promoting sustainable use of the ocean.

With a focus on promoting, protecting and valuing blue natural capital, the Oceano Azul Foundation aims to develop integrated programmes for the conservation and sustainable use of the ocean.

Given the current levels of degradation of marine environments incapable of regeneration, and the significant global impact of human activities, it is of utmost important to actively work to work to stop and reverse this detrimental pattern.

The Oceano Azul Foundation has defined three joint objectives to addresses this issue:

1. Preserve the last pristine environments in which marine wildlife are relatively unaffected by creating new Marine Protected Areas and increasing the effectiveness of those that already exist.

2. Promote the recovery of degraded habitats and endangered species, increasing the productivity and biodiversity of the ocean.

3. Improve the ways in which the ocean is managed, by increasing the sustainable use of the ocean, in particular fisheries, enhancing sustainable economic activities of the ocean, and disassosiating environmental degradation from economic development.

Marine Protected Areas

Increase the number of marine protected areas in the ocean.

Marine Protected Areas are an important part of marine conservation and management strategies. MPAs are tools of conservation that, when effectively implemented, have been scientifically proven to stop or reverse the loss of biodiversity and ecosystem services.

The Oceano Azul Foundation aims to contribute to the implementation of new Marine Protected Areas and improve the effectiveness of existing Marine Protected Areas, at a national and international level, establishing partnerships and supporting science-based processes.

BLUE AZORES

SCIENTIFIC EXPEDITION
SOCIO-ECONOMIC STUDY
PREPARATION OF MEMORANDUM OF UNDERSTANDING WITH THE REGIONAL GOVERNMENT OF THE AZORES

In partnership with the Waitt Foundation, and in close collaboration with the Regional Government of the Azores, the Oceano Azul Foundation is creating a wider network of national and international partners, in order to implement a medium-term programme aimed at turning the Azores into a sustainable ocean region in Europe – the Blue Azores programme.

The programme involves a series of other fields of action, including: an assessment of the socio-economic value and services derived from marine ecosystems in the Azores, investment in scientific research that supports conservation, namely through scientific expeditions, international workshops with specialists in marine protected areas, the implementation of a pilot project in the field of sustainable fisheries, the development of blue literacy programmes through the creation of educational and awareness initiatives

BLUE AZORES

Governo dos Açores

OCEANO AZUL foundation

WAITT INSTITUTE

aimed at children, fishermen, journalists and political decision makers, and the implementation of initiatives in sustainable blue economy.

In the future, this integrated and innovative approach may be replicated in other regions in the globe. The successful implementation of the Blue Azores programme should work as a case study and a significant example at international level, demonstrating that protection of the ocean's natural capital is compatible with the sustainable development of human societies.

«Oceano azul» expedition

The Oceano Azul Expedition, one of the most comprehensive expeditions ever put together in Portuguese waters, aimed at exploring some of the least known areas of the Azores sea, covered 650 miles between the central and western groups of the archipelago in 20 days.

Organised by the Oceano Azul Foundation in partnership with the Waitt Foundation and National Geographic Pristine Seas, in collaboration with the Portuguese Navy, through the Hydrographic Institute, the Regional Government of the Azores and the Portuguese Task Force for the Extension of the Continental Shelf (EMEPC) with its "LUSO" ROV, this expedition met its scientific goals of assessing the biological communities in the lesser-known areas of the Azores sea, including coastal, open-sea and deep-sea ecosystems.

The expedition provided a broader scientific view of the value of the ecosystems located in the Azores sea, and was the first expedition organised by a Portuguese institution, led by Portuguese scientists and using Portuguese ships and means to discover a new deep-sea hydrothermal field in its maritime territory.

Several scientists from Portuguese research centres participated in the expedition, from IMAR, MARE, CCMAR, CIBIO, and the University of the Azores, as well as international scientists from the University of Hawaii, University of California Santa Barbara, University of Western Australia, CSIC, IEO and the Ceuta Sea Museum in Spain.

96
PARTICIPANTS

650
MILES TRAVELLED

28
RESEARCHERS

600
DIVES

21,469 km²
OF NEWLY MAPPED SEABED AREA

60
HOURS OF DEEP ECOSYSTEM EXPLORATION WITH THE "LUSO" ROV

- **New "LUSO" hydrothermal field** discovered
- Some potentially **new coral species**
- **New species registered** in the Azores
- **Unique and isolated marine communities** in Flores and Corvo
- **Greater abundance of fish on seamounts** and some non-coastal rocky reefs
- Impact of **human activities, including fisheries**, evident in all ecosystems

TRANSECT research campaign

The Oceano Azul Foundation also collaborated with the French "TRANSECT" research campaign, carried out aboard the ship L'Atalante, on a new trip to the area where the hydrothermal fountain was discovered during the Oceano Azul Expedition, supporting the participation of Azorean scientists and developing more detailed studies of the new "LUSO" hydrothermal field.

Expansion of the Marine Protected Area Around the Selvagens Islands

The Selvagens Islands, in the Autonomous Region of Madeira, are the best preserved marine ecosystems in Macaronesia. They are a rare example of an environment that has not been overburdened or polluted - an area of incomparable beauty. However, the current Nature Reserve is not sufficient to protect its wider marine ecosystem.

Under National Geographic's "Pristine Seas" programme, in partnership with the Waitt Foundation, both partners of the Oceano Azul Foundation, scientific expedition was made to the Selvagens Islands in 2016.

The results of this expedition were submitted to the Portuguese Government, and support the expansion of the current marine protected area surrounding the Selvagens Islands, currently extending over an area of just 92 km2, and protecting the ocean up to a depth of 200 metres. The main recommendations are related to increasing the efficacy with which the islands are monitored and expanding its marine reserve.

In 2018, Oceanário de Lisboa, together with the Oceano Azul Foundation, sponsored a legal study covering the legislative process needed to implement such an expansion, which was submitted to the competent authorities, and is now hoped that the presented proposal be adopted.

Following this work, it was also possible to ensure the inclusion of the Selvagens Islands Marine Reserve in GLORES - The Global Ocean Refuge System, which brings together the world's best protected ocean places.

Marine Protected Area of Community Interest in the Algarve

In the Algarve, in the south of Portugal, there is a reef along the Armação de Pêra Bay area, corresponding to the Algarve coastline at the time of the last glacial period. With the support of the Oceano Azul Foundation, the Centro de Ciências do Mar (Marine Sciences Centre) (CCMAR) at the University of the Algarve carried out an interdisciplinary survey of biological, ecological, geological, oceanographic information, and nearby human activities, revealing that besides being the largest coastal rocky reef in Mainland Portugal, this reef is located in a bay with unique ocean conditions, revealing unparalleled ecological value in the context of the Portuguese coastline.

Based on scientific evidence, this project recognises the reef as one of highest areas of biodiversity and productivity along the Portuguese coast, and is considered one of the best hotspots for marine life. This area, of great importance for the local economy is, however, impacted by several human activities, such as fishing and tourism, which can jeopardise the conservation of this important ecosystem. Other activities planned for the bay, such as the installation of aquacultures and sand extraction may also significantly impact this region.

United by the common interest and will to protect the rich marine ecosystems of this reef, the Municipal Council of Silves, the Parish Council of Armação de Pera, the fishermen association of Armação de Pera, CCMAR and the Oceano Azul Foundation aim to ensure the sustainable use of this bay, promoting sustainable local fisheries and nature tourism, along with the preservation and protection of its natural value, biodiversity and ecosystem services (blue natural capital).

The project, presented to various regional entities and agents in 2018, focuses mainly on awareness-raising, engagement, and requesting support to create and enforce a Marine Protected Area of Community Interest (AMPIC) in the Bay of Armação de Pêra, with measures that effectively promote the sustainability of resources and preserve the marine ecosystem, and equally enable sustainable economic development for the region and the country.

Through a bottom-up participatory process, the intention for 2019 is to involve all stakeholders in the region in the drafting and submission of a proposal to the government, aimed at creating and implementing an "AMPIC in the Bay of Armação de Pêra".

Ecologically or biologically significant areas (EBSAs)

In 2018, the foundation continued to sponsor efforts to "Identify, describe and scientifically study Ecologically or Biologically Significant Areas" (EBSAs) in Portugal, by the Institute for Nature Conservation and Forests.

This initiative aims to contribute to the United Nations Convention on Biological Diversity (CBD) and its process for identifying and describing EBSAs in the northeastern Atlantic. The identification and designation of EBSAs under the CBD is an important objective, since these areas will be fundamental for promoting the protection of the high seas, and for identifying important areas of interest for conservation.

Sustainable Fisheries

Creation of a goose barnacle co-management committee in the Berlenga islands

Within the scope of initiatives to promote the sustainability of small-scale coastal fishing, the Oceano Azul Foundation supported phase 0 of the "Co-Pesca II" project, developed by WWF Portugal together with other entities, including those that will be part of the Management Committee for the Berlengas Nature Reserve. The objective is to implement a co-management committee to manage Goose Barnacle harvesting in the Berlengas Nature Reserve.

The activities supported by the Oceano Azul Foundation included an economic study on the economic value of Goose Barnacles, developed by the Nova School of Business & Economics at Universiadade Nova de Lisboa, the conclusions of which were presented in 2018, and will contribute to define the conditions for harvesting and marketing this resource.

Pilot project for sustainable fisheries

The Oceano Azul Foundation believes that, in these times of profound change, there is a need for policies that both enable human development and guarantee the protection of the ocean. In line to this belief, the "PARTICIPESCA" project aims to implement a co-management success case for small-scale fishing in Portugal, over a 3-year period.

During 2018, a preliminary analysis of small-scale fishing in Portugal was conducted, covering current policy, governance and possible legal barriers to the implementation of a pilot project, that can later be scaled to national level, including the identification of the fisheries and/or geographic zone that best meet the necessary criteria for implementing an effective and sustainable co-management model in Portugal.

The initiative aims to design and implement a co-management pilot case in a selected fishery, in partnership with local NGOs, fishermen, the government, and scientists, to allow the ocean to prosper and increase its resilience. Among other things, it must protect the region's natural capital, and increase the returns of fishing communities for a larger array of fishing resources.

Marine Biodiversity

Ocean Conservation Fund

In 2017, the Oceano Azul Foundation and Oceanário de Lisboa launched the Ocean Conservation Fund to support scientific projects that contribute to the conservation of marine species. Each edition of the Fund will have a different theme, targeting the conservation of different marine species and ecosystems, and supporting conservation projects that include on-site intervention, ensure the scientific quality of information, are sustainable, promote education and have a strong focus on disseminating information, not just to specialists, but also to the general public.

The Oceano Azul Foundation and Oceanário de Lisboa not only aim to promote the protection of endangered species, through funding and supporting scientific knowledge, but also by raising awareness about the importance of balance for the ocean and marine resources, sharing the vision that ocean conservation is everyone's responsibility.

1st Edition | "Rays and sharks. From darkness to the light of science"

Under the theme "Rays and sharks. From darkness to the light of science", the 1st Edition, held in 2017, awarded a total of EUR 100 thousand to the best projects aimed at the conservation of these species, developed both at national or international level. This new Fund sought to raise awareness of the importance of conserving these species, among the most endangered on a global scale, and financed three winning projects. 2018 marked the first year of activity for the winning projects of the 1st edition of the Fund, with a total planned duration of 3 years.

FindRayShark

Assess ray and shark populations and improve the management of habitats and marine resources

The project "FindRayShark - Applying innovative technologies to the conservation of rays and sharks", by MARE – Centro de Ciências do Mar e do Ambiente, aims to contribute to the conservation of rays and sharks worldwide, through assessment of their populations, implementing an innovative and non-invasive technological approach. This approach will also help improve the management of marine habitats and resources, while raising awareness among the public.

Rays and sharks face greater threats in the northeastern Atlantic than anywhere else in the world. Thus, this project aims to target two areas in this region to test the approach in different contexts: The Azores (where rays and sharks are more common) and the Berlengas (where these animals are rarely sighted).

The project aims to:

| Assess the presence, abundance and size of rays and sharks

| Propose management actions and best practices suited to the area under study

| Raise awareness among different audiences, through dissemination activities.

IslandShark

Studying the importance of oceanic islands as an essential habitat for migratory sharks

The project "IslandShark - Oceanic Islands as Essential Habitat for migratory sharks", from University of the Azores / OMA - Observatório do Mar dos Açores, aims to answer the question: are there breeding grounds for sharks surrounding the Macaronesian Archipelagos, and what is their role for the resilience of Atlantic populations?

The project proposes a research plan focusing on two key migratory species that are both vulnerable but have totally different ecological characteristics and behaviours: the hammer shark and the tope shark. The research is based on the use of non-invasive and non-lethal techniques, an essential issue for the well-being and handling of endangered species, and on the application of cutting-edge biotelemetry and genomics technology.

Shark Attract

Create and promote ecological awareness about sharks and rays

Fishing has been recognised as the main factor behind declining shark and ray populations worldwide. The biological and ecological characteristics of most species in this fish group, in particular their low fecundity, slow growth, late maturation, and their position as top predators, among many others, means that fishing them, either as a primary or a secondary species, is hardly sustainable.

The project "Shark Attract - Sharks and rays conservation by enhancing awareness within fishermen communities and society," by the MARE – Centro de Ciências do Mar e do Ambiente, aims to promote the conservation of rays and sharks, creating and promoting ecological awareness of these species, analysing fishing data, engaging fishermen in activities aimed at the dissemination of scientific knowledge, and developing informal education activities. This project is expected to generate substantial knowledge about shark and ray fishing in Portugal, which can help identify ways to mitigate its impact, and increase interest in these endangered species.

2nd Edition | "Threatened Marine Species. From Science to Awareness"

In 2018, the second edition of the Ocean Conservation Fund was based on the theme "Threatened Marine Species. From Science to Awareness", with EUR 150 thousand in funding, assessed conservation projects targeting marine species classified as: "Critically Endangered", "Endangered" and "Vulnerable", according to the IUCN Red List of Threatened Species.

An international jury composed of experts in the conservation field, selected the following two winning projects among the 13 valid applications received.

Eel Trek

Study eels in the azores and the migration of the european eel to the sargasso sea

The "Eel Trek" project, by the Gaspar Frutuoso Foundation, aims to complement scientific knowledge of the oceanic migration and mating behaviour of the European eel (Anguilla anguilla), classified as "Critically Endangered". Studies will be conducted on the distribution, population dynamics and movements of the eels in the Azores. Based on satellite telemetry methods, and genetic and ecological studies, the goal is to understand the factors that determine the migration period of the European eel.

This project aims to confirm, for the first time, the hypothesis that the European eel migrates to the Sargasso Sea, proposed by Johannes Schmidt in 1912.

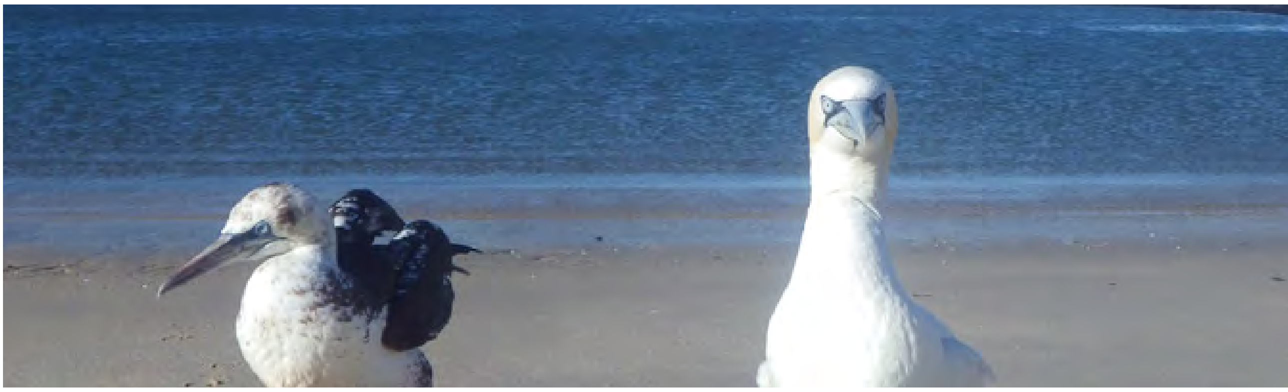
Whale Tales

Increase scientific knowledge about the sperm whale in the madeira archipelago

The "Whale Tales" Project, by the ARDITI – Regional Agency for the Development of Research Technology and Innovation, aims to increase scientific knowledge on how the sperm whale (Physeter macrocephalus) uses its habitat, and its physiological condition, a species classified as "Vulnerable". The project is developed in the insular waters of Macaronesia, with particular focus on the Madeira archipelago, where there is little information on how this species uses its habitat.

This project's methodology is multi-disciplinary and innovative, combining the fields of spatial ecology, ecophysiology and ecotoxicology. The project will use data collected in visual surveys, photo-identification (based on individual marks present on the caudal fin), satellite biomarkers, biopsies, and microplastics found on surface waters.

The general public will be made aware of the relevant issues and goals of the project through multimedia tools, engaging the local community, as well as the different stakeholders.



ECOMARE's Centre for Recovery of Marine Animals

Rehabilitate marine animals and return them to nature

The Centre for the Recovery of Marine Animals (CRAM), in Ílhavo, is the largest centre for the recovery and rescue of marine animals in Europe. CRAM is part of ECOMARE – Laboratory for Innovation and Sustainability of Marine Biological Resources at the University of Aveiro, and is supported by the Portuguese Wildlife Society (SPV), as well as the Oceano Azul Foundation and Oceanário de Lisboa.

Under the collaboration protocol signed with the University of Aveiro for the management of the ECOMARE Centre for Recovery of Marine Animals, located in Ílhavo, in 2018, Oceanário de Lisboa continued to provide annual financial support for the rehabilitation of marine animals and their return to nature.

Every year, hundreds of injured or sick marine animals are found along the coast, many of them victims of human activities at sea. Captured accidentally during fishing, tangled in nets or lines or poisoned with hydrocarbons or plastic, birds, mammals and reptiles are rescued by ECOMARE, rehabilitated and, as soon as they have recovered, returned to nature.

"Save the ria Formosa seahorses" Campaign

In 2002, Ria Formosa had one of the highest densities of seahorses in the world, with an estimated population of two million. By 2008, it was estimated that there were only 300 000 left. The Ria Formosa seahorse community (with two species), runs the risk of disappearing if measures are not taken to stop illegal capture for Asian markets.

9.152 (60 %) 5-9 YEAR OLD STUDENTS INVOLVED
60 ENTITIES INVOLVED
26 NEWS

Oceanário de Lisboa and the Oceano Azul Foundation thus decided to create a campaign to draw attention and alert local, regional and national communities to the importance of Ria Formosa as national natural capital/heritage to be preserved, disseminating the current state of seahorse populations, and contributing to eliminate the threats they face, ensuring their future through behavioural change, and the cooperation of the various stakeholders.

The campaign includes 5 complementary initiatives:

Policy | **Engage public authorities**

Scientific | **Know the current state of seahorse populations**

Social | **Raise awareness among fishing communities**

Education | **Promote behavioural change**

Communication | **Raise awareness of the current critical situation**

A Forum was held in the municipalities that share Ria Formosa, from April to September 2018, at the Olhão Municipal Market, together with the Municipal Council, which brought together more than 60 participants from the Algarve to the table, to discuss and work on mitigating threats, recover the population, and safeguard the future of seahorses in Ria Formosa.

In 2019, this campaign is expected to build on the work done in 2018, leveraging the willingness of local communities and the cooperation of all stakeholders already involved, to find effective management and protection measures for Ria Formosa.

WWF "Ocean Witness" Campaign

"Ocean Witness" is a WWF International platform that aims to build a global community, bringing together institutions and people who depend on the ocean, and giving voice to those who, through their personal stories, seek to join the global ocean conservation movement, becoming ocean witnesses. Short films, with living examples and authentic stories are an effective tool to raise awareness among entities and stakeholders, and reach the defined conservation goals.

1.448 FILM VIEWS
1 NEW FILM PRODUCED

In 2018, as in 2017, the Foundation supported a film from the "Ocean Witness" campaign, and this time discovered the story of Miguel Rodrigues, a marine biologist, the owner of a diving club and current president of the Fishermen Association of Armação de Pera, a perfect "Ocean Witness" for the project to implement a Marine Protected Area of Community Interest in the Bay of Armação de Pêra, Algarve.

The film is planned to be released simultaneously with WWF international, on several platforms (YouTube, Facebook, Instagram, Twitter) and on partner platforms during the participatory stage.

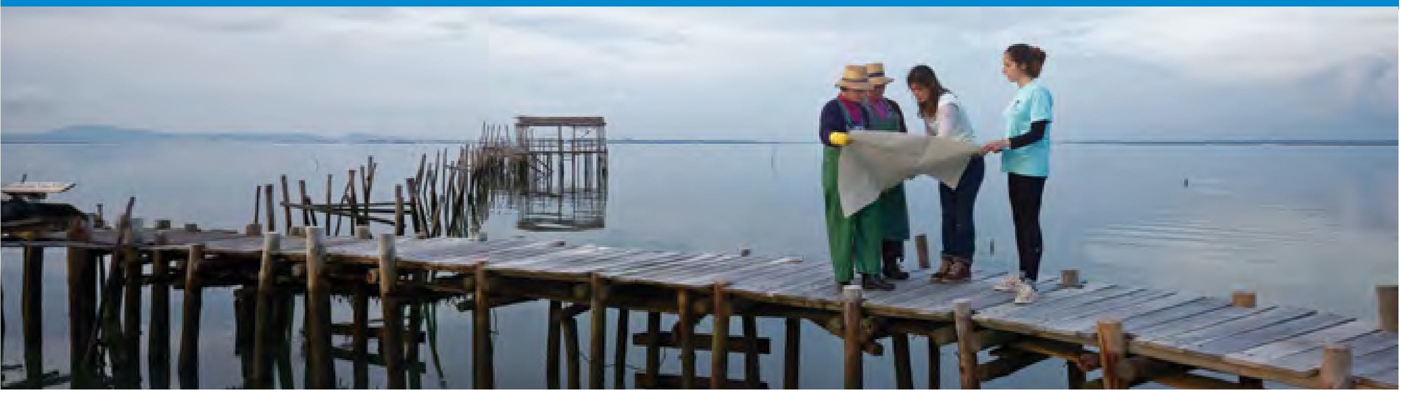
Ocean Alive "Mariscar sem lixo" Campaign

The Oceano Azul Foundation and Oceanário de Lisboa continued to sponsor the "Mariscar SEM Lixo" campaign, promoted by Ocean Alive. By including fisherwomen as community leaders to promote best practices, the aim is to raise awareness among shellfish gatherers and the local community in the Sado estuary, regarding correct practices for harvesting razor clams, and the need to collect the waste that is discarded in this marine landscape.

Within the Sado estuary, there are several different zones with extensive shellfish gathering at low tide. To gather molluscs (razor clams), the fishermen use salt to force them to the surface at low tide. During the gathering of the shellfish, thousands of salt packages are left in the intertidal zone of the estuary.

By acting at a local level, promoting ocean literacy in the general population and enabling fisherwomen to play a key role as leaders for sustainability within their community, support for this project was aligned by the objectives espoused by the Oceano Azul Foundation and Oceanário de Lisboa, and created visibility, at both local and national levels, for the protection of these important ecosystems.

8 THOUSAND SALT PACKAGES COLLECTED
9,1 TONS OF GARBAGE REMOVED
492 VOLUNTEERS
1.945 SHELLFISH GATHERERS ALERTED



As part of its contribution to the survival of biodiversity, a pillar of its mission, the Oceano Azul Foundation and Oceanário de Lisboa continued, throughout 2018, to sponsor ocean conservation, financing projects developed by various national and foreign institutions.

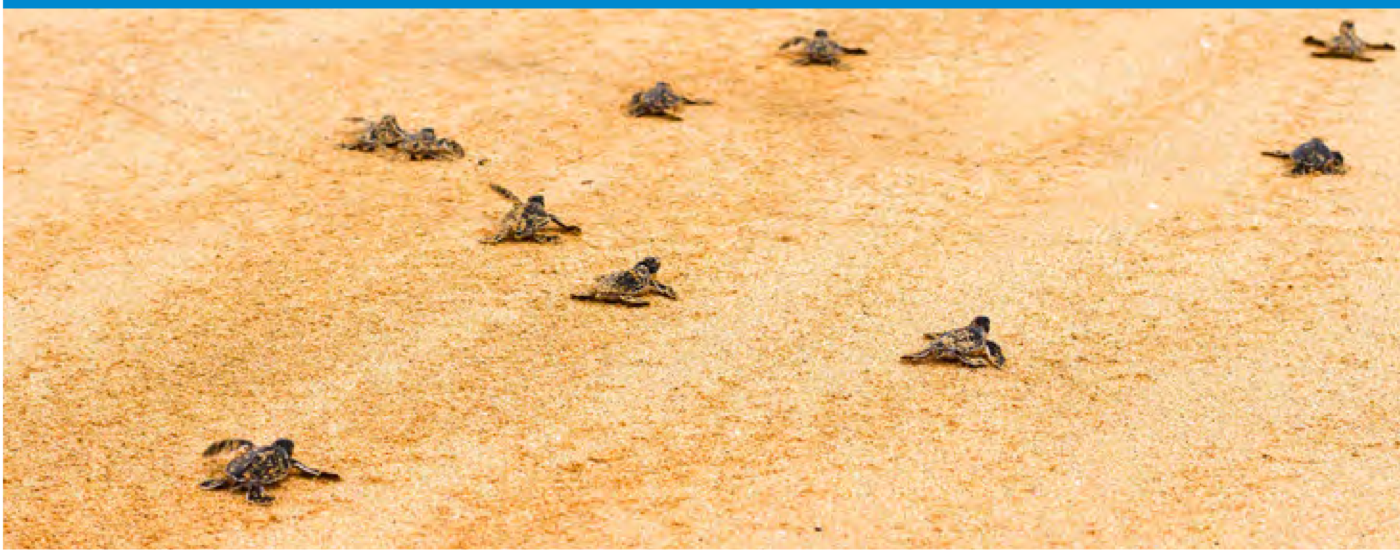
Sea turtle conservation programme in São Tomé e Principe

Ensure the necessary conditions for the survival of sea turtles

Since 2013, Oceanário de Lisboa has sponsored the project of the Association for the Research, Protection and Conservation of Sea Turtles in Lusophone Countries (ATM). The project aims to provide an effective contribution to the conservation of sea turtles in São Tomé and Príncipe. The main activities developed in the 2017/2018 season included:

- Protection, monitoring and management of spawning beaches
- Communication, education and awareness for the conservation of sea turtles
- Engagement and participation of local communities in conservation initiatives targeting turtles
- Empowering the local community, authorities and national technicians
- Project impact assessment

31 MONITORED BEACHES (DAILY, TOTALLING APPROXIMATELY 23 KM)
636 FEMALES MARKED
1.772 REGISTERED NESTS
64.407 BABIES RELEASED



7 ACOUSTIC HYDROPHONES INSTALLED IN THE LA GRACIOSA MARINE RESERVE, LANZAROTE
22 ACOUSTIC TAGS SUCCESSFULLY IMPLANTED IN ADULT SUBJECTS

Angel Shark

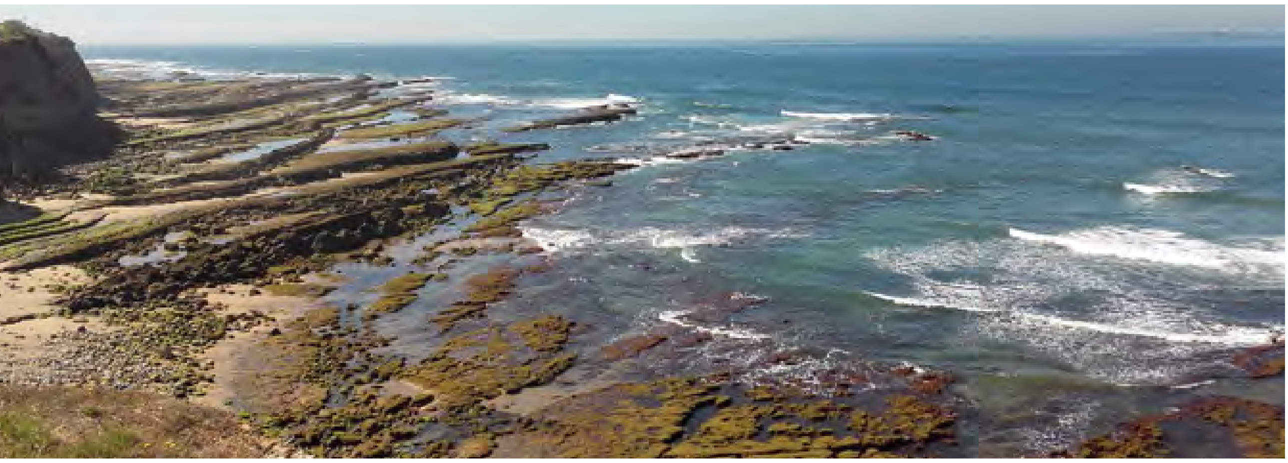
Develop an external electronic marking method to increase scientific knowledge about the angel shark

Developed in the Canary Islands since 2014, as a result of a collaborative partnership between the Zoological Society of London, Universidad de Las Palmas de Grand Canaria, and the Zoological Research Museum Alexander Koenig, with the aim to obtain data about the ecology of this species for conservation purposes, among several other ongoing initiatives.

The support provided by Oceanário de Lisboa enabled the development of a low cost, open source and ethically acceptable tagging method.

After this method was designed and tested during the early summer of 2018, the second phase established the first acoustic telemetry project for angel sharks in the Canary islands.

The acoustic receivers are currently receiving information about tagged individuals, while ways to improve the tagging (implanting) method are studied. The obtained data may prove fundamental to conserve this species, locally, and may later be used to implement conservation measures throughout its geographical distribution area.



Rebreath: Intertidal reefs, nurseries in temperate regions

Monitor the effect of climate change on coastal fish communities

Coordinated by MARE/ISPA-IU, the aim is to monitor the effect of climate change on fish shoals and juvenile invertebrates among rocky intertidal areas in temperate waters.

This project began in 2009 and includes biweekly data collection in Avencas, an area recently classified as a Marine Protected Area. Its results may represent an important contribution to the conservation of local coastal fish shoals, especially those in this Marine Protected Area.

Manta Catalog Azores

Increase knowledge about the presence of mobulas in the azores and in the eastern atlantic

The project, by Okeanos Centro I&D, at the University of the Azores, aims to understand the importance of the Azorean habitats as Essential Fish Habitats (EFH) for Mobula tarapacana and Mobula birostris populations. The results will contribute to further our understanding of the lifestyle and migration patterns of various manta species in Macaronesia and other Atlantic islands.

START OF FIELD WORK WITH COLLECTION OF GENETIC SAMPLES
 # INDIVIDUALS IN THE DATABASE:
137 MOBULA TARAPACANA INDIVIDUALS
29 MOBULA BIROSTRIS INDIVIDUALS

13 INTERNS (9 IN MALTA AND 4 IN THE CANARY ISLANDS)
82 SURVEYS
204 PHOTOS
17 INDIVIDUALS IDENTIFIED
THE PURCHASE OF EQUIPMENT KITS | PRODUCTION OF PRESENTATION VIDEOS FOR THE PROJECT | CREATION OF THE OFFICIAL WEBSITE WWW.FLYWITHBULLRAYS.EU

Fly With Bull Rays

Identify the distribution, abundance, behaviours and ways of life of bull rays

This project by IMAR - Institute of Marine Research of the Azores, aims to increase the knowledge about bull ray (Aetomylaeus bovinus) populations, in its areas of geographic occurrence. This species is classified as "Critically Endangered" in Europe and the Mediterranean under the IUCN Red List of Threatened Species.

One of the objectives is to validate the stability of natural patterns and "scars" in bull rays for the implementation of the first intraspecific photo-identification methodology. In addition to the financial support, Oceanário de Lisboa works directly on the project by collecting data from individual specimens.

These data will be essential for the development and validation of the method to be applied in the natural environment.

The first data for Malta (total of 75 dives) point to clear seasonality, as the species is present during the summer months and absent during the coldest months.

Enabling a new blue bioeconomy

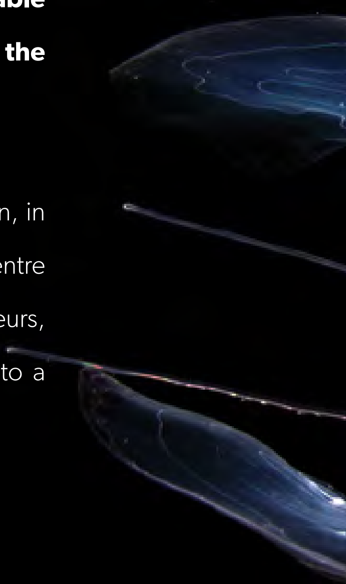
Support the development of natural capital generated by the ocean, encouraging the sustainable biotechnological use of marine bioresources

Ocean conservation can be promoted by fostering new, environmentally responsible uses for the sea. By enabling innovative and sustainable blue economy sectors, the Oceano Azul Foundation is aligned with its mission of disassociating economic development from the degradation of the marine environment, empowering blue growth without compromising the ocean's ecosystems.

Blue Bio Value

The Oceano Azul Foundation believes that facilitating the emergence of new sustainable companies and business sectors promotes a new blue economy, a productive platform that can generate economic growth and employment. At the same time, this is also a way to promote ocean conservation, since these companies have an intrinsically sustainable business model, breaking the paradigm of economic development based on the degradation of natural resources.

The strategic vision of the Blue Bio Value programme, promoted by the Oceano Azul Foundation, in partnership with the Calouste Gulbenkian Foundation, is to transform Portugal into an international centre of excellence for companies operating in the marine bioresources value chain, in which entrepreneurs, investors and public entities will work together to design a new future, and thus "contribute to a productive and healthy ocean for the benefit of our planet".



Blue Bio Value is the first company acceleration programme focused on scaling marine origin bio solutions for market applications in various industries, which extensively incorporates scientific knowledge and innovation. The Foundation believes that the emergence of new highly innovative industries, leaders in a new blue economy paradigm where development does not come at the expense of natural resources, will be critical to protecting the ocean, and the Blue Bio Value programme will contribute to accelerate this development.

It is a business acceleration programme that helps start-ups strengthen their business models, challenge and improve market strategies, and improve their pitch to investors.

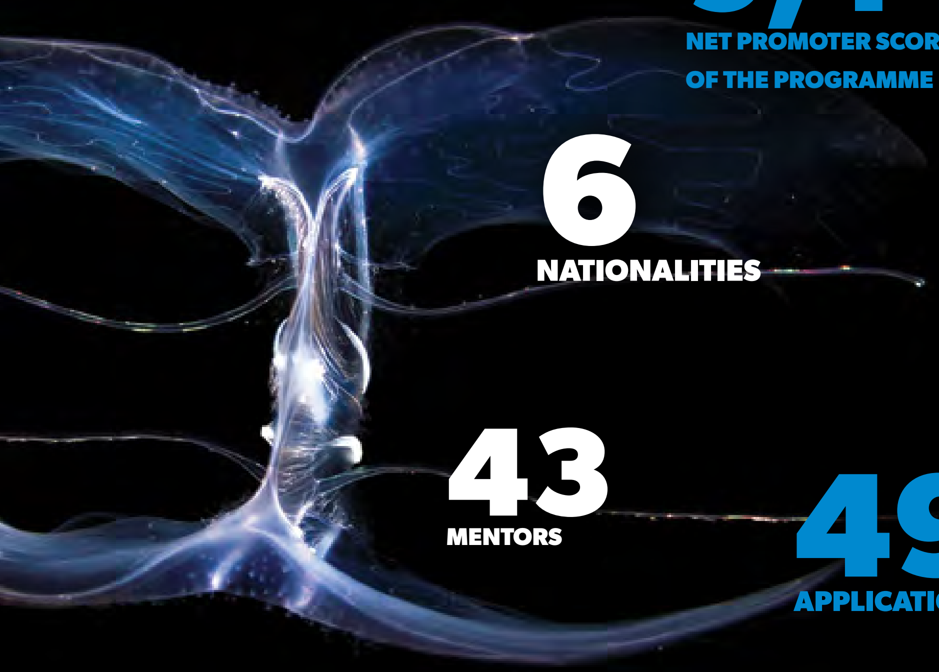
Blue Bio Value relied on the contribution of a group of partners that were instrumental in designing and implementing the programme:

Calouste Gulbenkian Foundation – co-promoter and co-financer of the programme.

Fábrica de Startups – operating partner responsible for implementing the acceleration, owning the methodology and contents.

Bluebio Alliance – trade association representing the cluster of marine bioresources in Portugal, a key link to the national ecosystem, and significantly contributed to adapting the acceleration methodology to the specific needs of "blue bio" companies.

Faber Ventures – venture capital fund that invests in early stage start-ups, and helped design a programme that prepares start-ups to receive funding.



9,44 NET PROMOTER SCORE OF THE PROGRAMME

13 STARTUPS

6 NATIONALITIES

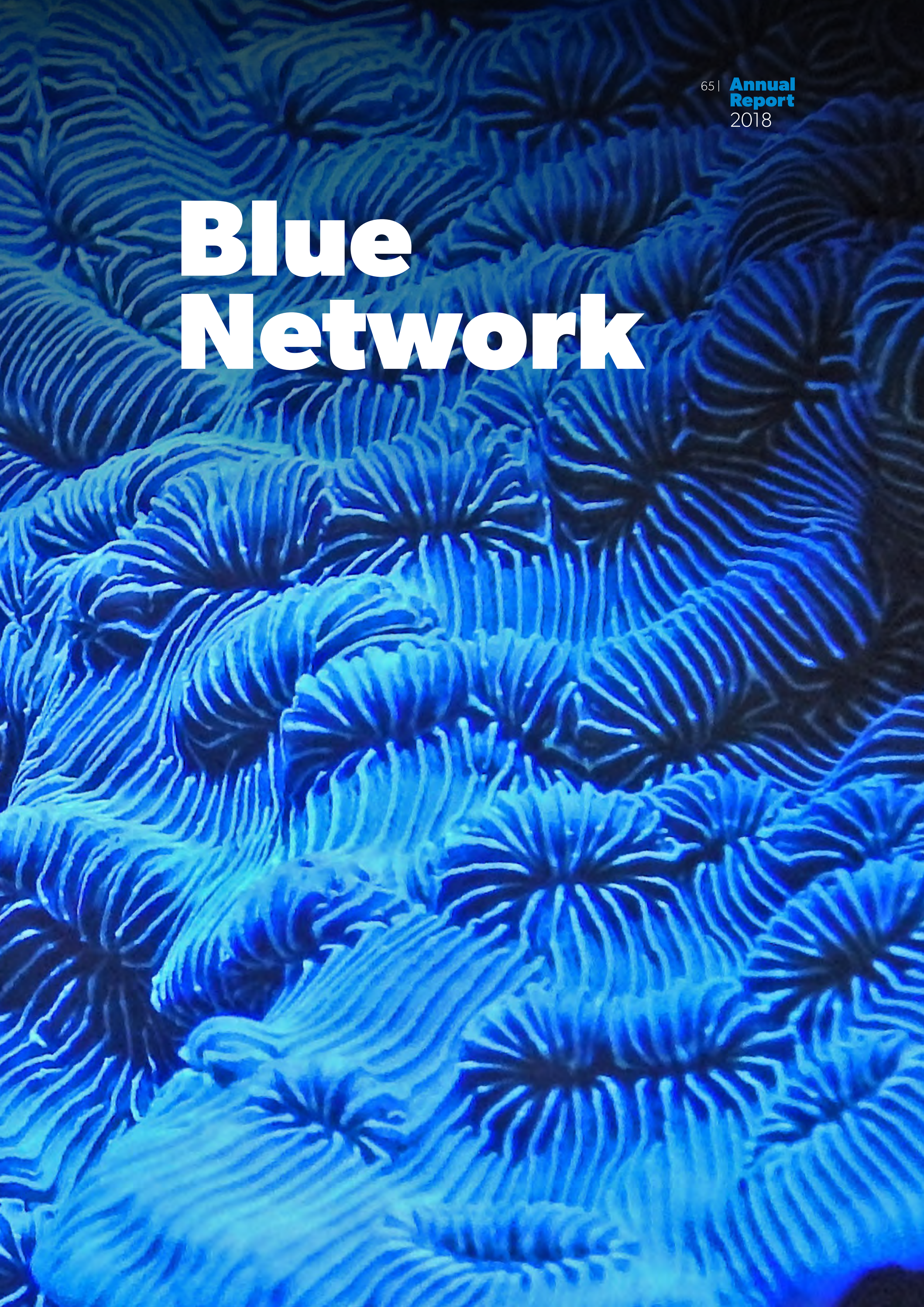
21 TALKS

43 MENTORS

49 APPLICATIONS

8 BOOT CAMPS

Blue Network



Blue Network

An active voice on the great questions facing the ocean.

Since its inception, the Oceano Azul Foundation has had a strong international DNA at its core, the result of many contributions from international organizations and personalities. This support has led the Foundation to transform these contacts into close international relations, often in the form of strategic partnerships, which is not just a key component of the Foundation's work, but also integral to its nature.

Starting in 2017, these partnerships have steadily increased over 2018. Thus, in addition to the partnership with the Waitt Foundation in 2018, the Oceano Azul Foundation also established a partnership with the Calouste Gulbenkian Foundation around the new Blue Bio Value programme. This programme also led to the creation of a partnership with the Bluebio Alliance, the Portuguese cluster of marine biotechnology companies.

Other partnerships in 2018 include the Portuguese Directorate-General for Education, and the municipalities where the Foundation began its pilot project in Portuguese primary schools, "Education for a Blue Generation", namely the municipality of Mafra. Other similar partnerships were established with the main actors in the programme to create a marine protected area of community interest in the Algarve, in the municipality of Silves.

As part of its international agenda, the Foundation continued its partnership with the Global Ocean Forum, jointly launching the Road Map for Ocean and Climate Action (ROCA). In March 2018, this partnership became closer when a Think Tank was held at Oceanário de Lisboa, bringing together a number of partners interested in climate negotiations, and highlighting the importance of the oceans within this issue. A Think Tank was also held on blue natural capital, bringing together some of the most prominent economists dedicated to this subject, but also the major nature conservation organisations on the planet.

Jointly with Credit Suisse, the Foundation also held an event that aimed to raise awareness of ocean conservation among financial organisations. Other events were organized directly or with the support from the Foundation throughout 2018, namely with the the Clube de Lisboa, a diplomatic and international relations think tank.

The Foundation has also taken part in various international meetings on the sustainability of the ocean, like the Our Ocean conference, held in Bali and organized by the Indonesian government. These meetings have allowed the Oceano Azul Foundation to present its ideas and work, as well as to create new partnerships, some of which will materialize in 2019.

Participation in and support for platforms, organizations and meetings on the ocean

Supporting and engaging in meetings, workshops, parallel events, and/or other forums where international ocean topics are presented and discussed is an efficient way for the Oceano Azul Foundation to promote its vision of ocean sustainability and conservation, building a network of partners that can reinforce the Foundation's Action Plan.

In 2018, the Oceano Azul Foundation took part and supported the organisation of the following events dedicated to the ocean:

"Advancing Oceans on Climate Change" Workshop

21-22 March, Lisbon, Portugal

An international workshop organised in partnership by the Oceano Azul Foundation, the Global Ocean Forum, IUCN, Conservation International and ROCA (Roadmap to Oceans and Climate Action). It brought together some 28 ocean and climate experts, with the aim of discussing specific ways to incorporate oceans and coastal areas into the processes of the United Nations Framework Convention on Climate Change (UNFCCC).

The ocean has an inextricable link to climate, but despite this, it has been neglected in the context of international climate negotiations, including the Paris Agreement, where it is only mentioned in passing in the preamble.

The Foundation believes in the need to forge alliances, and create a group of partners that can lead the movement to place the ocean at the heart of the climate discussions held annually at the renowned COP. In order to achieve this goal, together with other international partners, the Oceano Azul Foundation organized this informal meeting to prepare the groundwork for the pressing alliances which it must create.

Monaco Blue Initiative 2018

8-9 April, Edinburgh, Scotland

"Marine Protected Area language" Workshop

16-17 April, Washington DC, United States

Impact Roundtable on Marine Conservation

16-17 May, Lisbon, Portugal

Together with Credit Suisse, the Oceano Azul Foundation held an event on blue economy in Lisbon, which brought together a community of philanthropic investors and advertised investment opportunities in the blue economy.

Our Ocean Wealth Summit - Investing in Marine Ireland

28-29 June, Galway, Ireland

Bertarelli Programme in Marine Science, Royal Geographical Society

10-11 September, London, England

Working Breakfast on the "Ocean-Climate Change Interactions"

20 September, New York, United States

Visit of the Norwegian Government

20 September, Lisbon, Portugal

7th Colloquium of the International Association of the Law of the Sea | Global Challenges and the Law of the Sea

20-21 September, Lisbon, Portugal

Lisbon Talk - Sustainability & geopolicy of the oceans

26 September, Lisbon, Portugal

Lisbon Workshop on Blue Natural Capital

2-3 October, Lisbon, Portugal

Workshop organised and promoted by the Oceano Azul Foundation. The aim was to explore ways of integrating the concept of "Blue Natural Capital" into economic sciences, corporate finance, ecosystem management, international policy and processes, and their application to conservation strategies, and business models for a sustainable economy based on the ocean. Approximately 30 participants among academics, economists, legislators, conservationists and members of civil society were in attendance.

European Elasmobranch Association 22nd Annual Conference

12-14 October, Peniche, Portugal

European Syngnathid Meeting

20-21 October, Lisbon, Portugal

Bioeconomy Conference

22 October, Brussels, Belgium

Visit of Their Majesties The King and The Queen of The Belgians

23 October, Lisbon, Portugal

Technology: Transformation of Conservation

25-27 October, Apeldoorn, Netherlands

Our Ocean Conference 2018

29 - 31 October, Bali, Indonesia

"From the Ocean's Point of View" Exhibition on the European Parliament

06-08 November, Brussels, Belgium

8th Annual meeting European Environmental Funders Group

12-13 November, Brussels, Belgium

Fórum Oceano | Business to Sea – "Enhancement of Marine Resources" Workshop

16 November, Oporto, Portugal

Cabo Verde Ocean Week

21- 23 November, Midelo, Cape Verde

24th Conference of the Parties to the United Nations Framework Convention on Climate Change - COP 24

7-10 December, Katowice, Poland

Financial Analysis for 2018 Fiscal Year

Financial Analysis for 2018 Fiscal Year

The Oceano Azul Foundation is a Portuguese non-profit private-law foundation, created by Sociedade Francisco Manuel dos Santos, SGPS, SE (Founder) on 15 December 2016, with headquarters at Oceanário de Lisboa.

The Foundation was recognised by Order No. 1811/2017 of 10 February 2017, issued by the Office of the Assistant Secretary of State and Administrative Modernisation, and began its activity on 1 March 2017.

The Oceano Azul Foundation Group, the subject of these consolidated financial statements comprises the Oceano Azul Foundation and its subsidiary company Oceanário de Lisboa, S.A.

It is important to note that Oceanário de Lisboa, S.A. operates in the context of a public service concession agreement for the operation and management of Oceanário de Lisboa, which began on 9 June 2015 for a period of 30 years.

Financial Situation	2018	2017
Assets		
Oceanário concession	35.630	36.459
Oceanário goodwill	19.773	20.522
Cash and Bank Deposits	4.133	6.345
Other	9.494	5.366
Total assets	**69.030**	**68.692**
Equity Funds		
Funds	7.172	7.172
Net profit for the year	2.095	7.453
Other	7.040	-397
Total Equity Funds	**16.306**	**14.228**
Liabilities		
Contractual obligation to pay rent for the Oceanário concession (30 years)	29.012	29.807
Financing Obtained	18.290	20.537
Other	5.422	4.121
Total Liabilities	**52.724**	**54.465**

thousands of euros

The Asset includes the concession right to Oceanário de Lisboa – the amount recorded under this item refers to the present acquisition price, which the Foundation undertook to pay the Portuguese State, following the conclusion of the concession agreement in 2015 (€ 35.6 million).

The Equity Funds, amounting to € 16.3 million, include € 7.2 million corresponding to the appropriations of the Founder Francisco Manuel dos Santos, SGPS, SE: € 6.9 M of initial endowment in cash pertaining to the transfer of the financial participation in Waterventures and € 0.250 M of endowment in cash.

Liabilities record the financial liabilities associated with the contractual obligation to pay a fixed rent during the 30 year period of the concession agreement for Oceanário de Lisboa (€ 29.0 million).

The total amount under the Financing Obtained item includes the following bank loans:

	Loan Date	Initial value	Repayments already made	Amount outstanding as 31/12/2018
Oceanário de Lisboa	28-09-2015	10.000	2.543	7.465
Oceano Azul Foundation	28-09-2015	15.000	4.175	10.825
Total		**25.000**	**6.717**	**18.290**

thousands of euros

The Oceano Azul Foundation Group took out two bank loans with Santander Totta on 28 September 2015:

1. a bank loan in the initial amount of € 15 million, over a 10-year term.
2. a loan in the initial amount of € 10 million, over a 12-year term, for the initial down payment, the financial offset provided for in the concession agreement concluded with the Portuguese government.

RESULTS	**2018**	**2017**
Operating Income	22.171	24.795
Operating Expenses	-17.777	-14.806
EBIT	**4.394**	**9.990**
Profit before taxes	**2.693**	**8.296**
Net Profit	**2.095**	**7.453**

thousands of euros

The Net Profit for the period reached the amount of € 2.095 million. The decrease of € 5.4 million compared to the previous year's net result includes the fact that in 2017, the incorporation of a total of € 4.5 million in donations from the Founder in the results of Waterventures contributed to the year's result.

The Operating Expenses recorded in 2018 were € 2.9 million higher than in 2017, primarily due to the beginning of the implementation of several of the Foundation's projects and programmes, as well as the development of the new gift shop, restaurant, and cafeteria at Oceanário de Lisboa, which increased operating expenses. Also, the transportation costs for the new otters, and the events and initiatives for the 20th anniversary celebration of Oceanário de Lisboa contributed to this increase in operating expenses.

The following presents the details of the information on the main components of expenses associated with the programmes and activities developed by the Oceano Azul Foundation and by Oceanário de Lisboa over the course of 2018.

Blue Generation	**2018**	**2017**
Oceanário Educational Programme	262	230
Vaivém Oceanário	86	71
Marine Plasticology	74	67
Pilot project for primary education	59	0
School Sea Sports	68	34
Ocean Leaders (Lufinha e Schenker Shcool Tour)	37	36
Support WWFs "Ocean Witness" campaign	25	0
Others	8	0
Total	**619**	**438**

thousands of euros

Blue Natural Capital	2018	2017
Marine Protected Areas		
Blue Azores	340	0
Expedition	284	0
Ecosystem Valuation	46	0
Travel	10	0
Algarve MPA	53	20
Selvagens MPA	20	0
Ecological and Biological significant area	15	0
Sustainable Fisheries		
Pilot Project for sustainable fisheries	108	70
Co-management initiatives with WWF	19	5
Marine biodiversity		
Campaign "If it doesn't go in the bin it goes in the sea"	189	208
Campaign "Save the seahorses in Ria Formosa"	75	4
Campaign "Mariscar sem lixo" of Ocean Alive	0	25
Rehabilitation Centre ECOMARE	100	100
Ocean Conservation Fund	125	50
"FindRayShark"	25	25
"Shark Attract"	14	14
"Island Shark"	12	12
"Eel Trek"	50	0
"Whale Tales"	25	0
Support for conservation projects by Oceanário de Lisboa	54	48
Conservation of sea turtles in São Tomé	20	20
"Angel Shark"	8	0
"Rebreath"	7	0
"Manta Catalog Azores"	0	18
"Fly with Bull rays"	0	10
Others	18	0
Enabling a new blue bioeconomy		
Blue Bio Value	336	0
Others	**1**	**68**
Total	**1.435**	**598**

thousands of euros

Blue Network	2018	2017
International Agenda for the Oceans	6	80
Support other Ocean Meetings and Platforms	119	0
COP	28	0
Advancing Oceans on Climate Exchanges	39	0
Lisbon Workshop on Blue Natural Capital	50	0
Lisbon Talk - Sustain. and geopolicy of the Ocean	1	0
Other Meetings	40	10
Total	**164**	**90**

thousands of euros

From the total amount of € 22.1 million under Operating Income, 83 % relates to income generated by Oceanário de Lisboa.

Operating Income	2018	2017
Revenue generated by Oceanário de Lisboa	**18.344**	**16.864**
Tickets	15.928	14.903
Shop Sales	1.929	1.140
Other provisions of services	487	822
Donations	**3.508**	**7.624**
Gains from stake in Telecabine	**265**	**256**
Other Income and Gains	**53**	**51**
Total Operating Income	**22.171**	**24.795**

thousands of euros

Operating income includes the following donations received:

Donations	2018	2017
Endowments from the Founder (SFMS)	3.000	7.500
Estée Lauder Foundation Donation	186	0
Calouste Gulbenkian Foundation Donation	150	0
Waitt Foundation Donation	172	124
Total Donations	**3.508**	**7.624**

thousands of euros

Some of the indicators of the economic and financial situation are summarised as follows:

Financial Structure	2018	2017
Equity to Assets Ratio (Endowment Funds/Assets)	24%	21%
Equity to Debt Ratio (Endowment Funds/Liabilities)	31%	26%
Non-current asset coverage (Endowment Funds + Non-current liabilities)/Non-current assets	96%	100%

Debt		
Borrowing Capacity (Endowment Funds/Endowment Funds + Non-current liabilities)	0,27	0,23
Cost of Borrowing (Interest paid/Borrowings)	3%	3%
Interest Effect (Profit Before Tax/Operating Results)	61%	83%

Liquidity		
Current ratio (Current assets/Current liabilities)	67%	101%

Profitability		
Economic Profitability (Operating Results/Assets)	6%	15%
Return on Equity (Net Profit/Endowment Funds)	13%	52%

Proposed Earnings Distribution

The Board of Directors proposes that the Net Earnings in individual Oceano Azul Foundation accounts for 2018, amounting to EUR 2 094 725.90, be fully transferred to Retained Earnings.

Prospects for 2019

Prospects for 2019

According to Oceano Azul Foundation's Action Plan for 2019, the prospects for this year are essentially to continue developing the programmes launched in 2018, which require more time to be implemented. In other words, 2019 will not be a year to launch a great number of new programmes, but rather to continue implementing the programmes approved for 2018. This is not to say that there are no new ideas being developed, or that there will be no new initiatives in 2019, such as the Blue Call, or the Save the Future programmes, but in essence, we intend to continue structuring the programmes already under development.

The education programme for primary schools will be a particularly exciting challenge, as the Foundation expects to have it fully in place by the end of the year in all pilot municipalities. Implementing the Blue Azores Programme will also be a huge challenge, which should launch its building foundations, start the selection of marine protected areas, corresponding areas and regulations, and continue developing the education programmes for a sustainable blue economy in that territory.

The Foundation will also explore opportunities under the international ocean agenda, especially with the launching of the "Blue Call" and "Blue Media" initiatives. 2020 will be an important year to the ocean's agenda and the Planet's quest for sustainability.

Finally, the greatest expectation for 2019 is for the Foundation to deepen its concept of "transformational change" (model of change), by creating the demand for ocean sustainability in a "top-down approach", i.e. starting from initiatives with local authorities and civil society associations and moving up towards the public administration authorities and governments concerned. This deeper understanding will emerge from further concrete results, such as creating a marine protected area of community interest in the Algarve, creating a collective co-management of fishing resources, with a view to achieving greater sustainability, or creating a movement of Portuguese coast guardians, dedicated to its cleaning and conservation, based on the articulation with all local organisations already operating separately in the field.

The Board of Directors

José Soares dos Santos

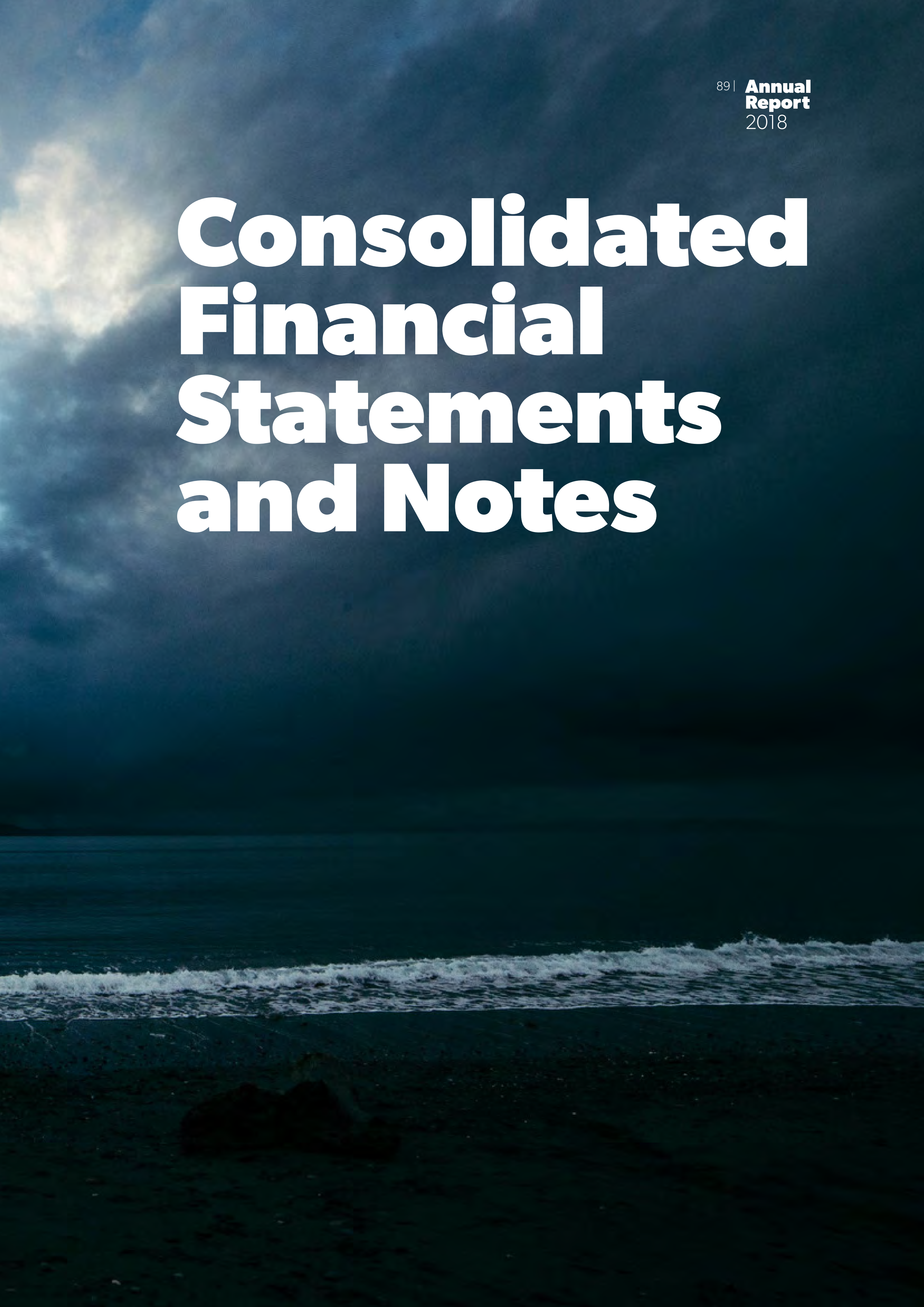
Tiago Pitta e Cunha

Emanuel Gonçalves

R. Andreas Kraemer

João Falcato Pereira

Consolidated Financial Statements and Notes



Consolidated Financial Statements and Notes

Consolidated statement of financial position 92

Consolidated statement of profit and loss and other comprehensive income 93

Consolidated statement of changes in Equity Funds 94

Consolidated cash flow statement 95

Notes to the consolidated financial statements 96

1. Introduction 96

2. Accounting standard used in the preparation of the financial statements 97

3. Main accounting policies 101

4. Consolidation perimeter 115

5. Associates 115

6. Financial risk management policies 115

7. Main estimates and assessments presented 118

8. Tangible assets 121

9. Intangible assets 123

10. Investments in associates 125

11. Goodwill 128

12. Financial assets and liabilities by category 129

13. Fair value of assets and liabilities 130

14. Other Accounts Receivable 131

15. Inventories 132

16. Financial assets at fair value through profit and loss 133

17. Customers 133

18. Income tax receivable / payable 135

19. Cash and cash equivalents 135
20. Equity Funds 136
21. Other reserves and results carried forward 136
22. Other changes in equity funds 137
23. Financing obtained 138
24. Derivative financial instruments 139
25. Other accounts payable 140
26. Suppliers 141
27. Sales and Provision of Services 142
28. Operating donations and bequests 142
29. Cost of goods sold and raw materials consumed 143
30. External supplies and services 143
31. Staff costs 144
32. Other income 144
33. Other expenses 145
34. Financial expenses 145
35. Income tax 146
36. Commitments 147
37. Contingencies 148
38. Related parties 149
39. Subsequent events 152

Consolidated statement of financial position

	Note	31.12.2018	31.12.2017
Assets			
Non-current			
Tangible assets	8	7 876 600.28	3 706 290.52
Intangible assets	9	35 249 679.19	36 524 002.65
Investments in associates	10	897 218.38	893 378.65
Goodwill	11	19 773 257.42	20 521 769.42
Other accounts receivable	14	28 889.33	28 889.33
		63 825 644.60	**61 674 330.57**
Current			
Inventories	15	250 673.72	185 428.74
Financial assets at fair value through profit and loss	16	6 937.59	3 188.86
Customers	17	299 910.61	250 468.23
Other accounts receivable	14	513 385.31	178 739.01
Income tax receivable	18	-	55 645.91
Cash and cash equivalents	19	4 133 431.83	6 345 150.38
		5 204 339.06	**7 018 621.13**
Total Assets		**69 029 983.66**	**68 692 951.70**
Equity Funds			
Funds	20	7 171 829.00	7 171 829.00
Other reserves	21	585 598.53	585 598.53
Other changes in equity funds	22	(277 348.58)	(260 503.01)
Results carried forward	21	6 731 462.00	(721 909.37)
Net income for the fiscal year		2 094 725.90	7 453 371.37
Total Equity		**16 306 266.85**	**14 228 386.52**
Liabilities			
Non-current			
Financing obtained	23	16 011 415.06	18 290 190.09
Derivative financial instruments	24	277 348.58	260 503.01
Other accounts payable	25	28 647 681.83	28 993 216.07
		44 936 445.47	**47 543 909.17**
Current			
Financing obtained	23	2 278 774.36	2 246 879.49
Suppliers	26	1 959 560.54	978 999.82
Income tax payable	18	196 435.02	1 631.18
Other accounts payable	25	3 352 501.42	3 693 145.52
		7 787 271.34	**6 920 656.01**
Total Liabilities		**52 723 716.81**	**54 464 565.18**
Total Equity Funds and Liabilities		**69 029 983.66**	**68 692 951.70**

The notes on pages 96 to 152 are an integral part of these financial statements.

Consolidated statement of profit and loss and other comprehensive income

	Note	31.12.2018	31.12.2017
Operating donations and bequests	28	3 508 175.09	7 624 436.44
Sales and Provision of Services	27	18 344 468.93	16 864 070.25
Profit/loss allocated to subsidiaries, associates and joint ventures	10	265 065.82	256 312.54
Cost of goods sold and raw materials consumed	29	(662 140.86)	(367 377.04)
External supplies and services	30	(10 329 676.80)	(8 254 716.01)
Staff costs	31	(3 311 677.42)	(2 883 119.91)
Depreciation and amortisation expenses/reversals	8 and 9	(2 174 526.92)	(2 183 250.24)
Impairment of non-depreciable/amortisable investments (losses/reversals)	11	(748 512.00)	(748 514.38)
Impairment of accounts receivable (losses/reversals)		-	-
Fair value changes	16	180.03	-
Provisions (increases/reductions)		-	-
Other income	32	53 136.31	50 664.31
Other expenses	33	(550 549.70)	(368 934.77)
Operating income		**4 393 942.48**	**9 989 571.19**
Financial expenses	34	(1 700 924.08)	(1 693 726.77)
Financial income		-	-
Profit / (Loss) of interests in associates		-	-
Income before taxes		**2 693 018.40**	**8 295 844.42**
Income tax	35	(598 292.50)	(842 473.05)
Net income for the fiscal year		**2 094 725.90**	**7 453 371.37**
Other comprehensive income			
Items that do not reclassify by profit and loss			
Change in fair value of cash flow hedging instruments		(16 845.57)	102 425.67
Other comprehensive income - total		**(16 845.57)**	**102 425.67**
Total comprehensive income for the fiscal year		**2 077 880.33**	**7 555 797.04**

The notes on pages 96 to 152 are an integral part of these financial statements.

Consolidated statement of changes in Equity Funds

	Funds	Other reserves	Results carried forward	Other changes in equity funds	Net income for the fiscal year	Total
As at 1 March 2017	**-**	**-**	**-**	**-**	**-**	**-**
Net income for the fiscal year	**-**	**-**	**-**	**-**	**7 453 371.37**	**7 453 371.37**
Funds received from Founders	7 171 829.00	-	-	-	-	7 171 829.00
Other profit and loss recognised directly in equity funds resulting from subsidiaries and associates	-	-	-	-	-	-
Profit and loss adjustments from previous periods	-	-	(721 909.37)	-	-	(721 909.37)
Incorporation and liquidation of subsidiaries	-	585 598.53	-	(362 928.68)	-	222 669.85
Fair value changes of derivative financial instruments	-	-	-	102 425.67	-	102 425.67
	7 171 829.00	**585 598.53**	**(721 909.37)**	**(260 503.01)**	**-**	**6 775 015.15**
As at 31 December 2017	**7 171 829.00**	**585 598.53**	**(721 909.37)**	**(260 503.01)**	**7 453 371.37**	**14 228 386.52**
Net income for the fiscal year	**-**	**-**	**-**	**-**	**2 094 725.90**	**2 094 725.90**
Investment of net income for the fiscal year	-	-	7 453 371.37	-	(7 453 371.37)	-
Fair value changes of derivative financial instruments	-		-	(16 845.57)	-	(16 845.57)
	-	**-**	**7 453 371.37**	**(16 845.57)**	**(7 453 371.37)**	**(16 845.57)**
As at 31 December 2018	**7 171 829.00**	**585 598.53**	**6 731 462.00**	**(277 348.58)**	**2 094 725.90**	**16 306 266.85**

The notes on pages 96 to 152 are an integral part of these financial statements.

Consolidated cash flow statement

	Note	31.12.2018	31.12.2017
Cash flows from operating activities			
Receipts from customers and users		23 101 523.45	20 860 604.51
Payments to suppliers		(14 244 089.51)	(11 139 771.76)
Staff payments		(1 802 016.41)	(1 345 917.52)
Cash from operations		**7 055 417.53**	**8 374 915.23**
Income tax payments/receipts		(303 569.02)	(764 275.26)
Other receipts/payments		(4 103 588.49)	(3 863 940.73)
Net cash flows from operating activities		**2 648 260.02**	**3 746 699.24**
Cash flows from investment activities			
Payments regarding			
Tangible assets		(5 246 957.50)	(1 368 703.10)
Intangible assets		(60 148.92)	(17 035.48)
Other assets		-	(1 953.30)
Receipts from			
Tangible assets		-	14 000.00
Dividends		261 226.09	-
Other assets		-	224 820.64
Net cash flows from investment activities		**(5 045 880.33)**	**(1 148 871.24)**
Cash flows from financing activities			
Receipts from			
Donations		3 000 000.00	3 000 000.00
Payments regarding			
Financing obtained		(2 254 534.00)	(1 529 733.34)
Interests and similar expenses		(559 564.24)	(448 258.81)
Net cash flows from financing activities		**185 901.76**	**1 022 007.85**
Cash and cash equivalent changes		**(2 211 718.55)**	**3 619 835.85**
Opening cash and cash equivalents	19	6 345 150.38	2 725 314.53
Closing cash and cash equivalents	**19**	**4 133 431.83**	**6 345 150.38**

The notes on pages 96 to 152 are an integral part of these financial statements.

Notes to the consolidated financial statements

1. Introduction

The Oceano Azul Foundation (hereinafter also referred to as "Foundation" or "Group") is a non-profit private-law body, created by Sociedade Francisco Manuel dos Santos, SGPS, SE (Founder) on 15 December 2016, with headquarters at the Oceanário de Lisboa, located in Esplanada D. Carlos I – Doca dos Olivais, civil parish of Parque das Nações, in Lisbon.

The Foundation was recognised by Order No. 1811/2017 of 10 February 2017 issued by the Bureau of the Assistant Secretary of State and of Administrative Modernisation and began its activity on 1 March 2017.

The Foundation works to contribute to the conversation and sustainable use of the ocean, namely seeking: (a) to develop blue literacy and to raise society's awareness on the challenges of ocean sustainability; (b) to defend ocean conversation, promoting the enhancement of marine biodiversity and the development of sustainable use; (c) to contribute to a new governance of the ocean, guided by ethical values and based on scientific knowledge, and to encourage, through empowerment actions, an innovative and environmentally sustainable blue economy.

The Foundation received, as an initial endowment in kind from its Founder, shares from the company Waterventures – Consultoria, Projectos e Investimentos, S.A. (hereinafter referred to as "Waterventures"). This entity was set up by Sociedade Francisco Manuel dos Santos, SGPS, SE (SFMS) in order to buy the shares of Oceanário de Lisboa, S.A. (hereinafter referred to as "Oceanário"), given that it would not be possible to complete the process of setting up and recognising the Foundation in good time. In 2017, in order to achieve the initial aim of the Foundation holding the shares in the Oceanário, the Sociedade Francisco Manuel dos Santos, SGPS, SE (SFMS) and the Foundation decided to wind up the Waterventures company and, consequently, the Foundation incorporated the assets (assets and liabilities) of Waterventures, including the Oceanário shares.

The Group subject to these consolidated financial statements ("Group") comprises the Oceano Azul Foundation and its corresponding subsidiaries and associates (Note 4).
The Group is active in promoting the knowledge, conservation and sustainable use of the ocean, as well as in the creation, maintenance and operation of a complex of oceanic aquariums.

It is important to refer that the activity of the Oceanário subsidiary company is conducted in the context of a public service concession agreement for the operation and administration of "Oceanário de Lisboa" (see conditions in Note 3.4) which began on 9 June 2015 for a period of 30 years.

These consolidated financial statements were approved by the Board of Directors, at the meeting held on 14 March 2019. The Board of Directors believes that these consolidated financial statements are a true and accurate representation of the Group's operations, as well as of its financial position, financial performance and cash flows.

The Group's financial statements and corresponding notes to this annex are presented in euros.

2. Accounting standard used in the preparation of the financial statements

2.1 Basis of Preparation

These consolidated financial statements were prepared by the Group in accordance with International financial reporting standards as adopted by the European Union ("IFRS"), issued and in force, or issued and adopted in advance on 1 January 2018.

The accompanying consolidated financial statements were prepared on the going concern basis, from the Group's ledgers and accounting records, having the Group followed the historical cost convention, modified where applicable, by measuring at fair value financial assets at fair value through profit and loss.

The preparation of the consolidated financial statements in compliance with IFRS requires the use of estimates, assumptions and critical judgements in the process of determining the accounting policies to be adopted by the Group, with a significant impact on the book value of assets and liabilities, as well as on the income and expenses of the reporting period.

Although these estimates are based on the experience of the Board of Directors and on their best expectations in relation to current and future events and actions, current and future results may differ from these estimates. The areas involving a higher degree of decision or complexity, or areas in which assumptions and estimates are significant, are presented in Note 7.

Published standards (new and amendments) whose application is mandatory for annual periods beginning on or after 1 January 2018, already endorsed by the European Union:

a. IFRS 9 (new), 'Financial instruments'. IFRS 9 replaces the requirements of IAS 39, namely: (i) the classification and measuring of financial assets and liabilities; (ii) the recognition of impairment on receivables (through the expected loss model); and (iii) the requirements for hedge accounting classification and recognition. The adoption of this standard did not have significant impacts. The Group adopted this new standard following the retrospective method as from January 1, 2018, the date on which the standard became effective, without restatement of the comparative information, nor any effect recognized in the Retained Earnings of the Group at that date. The comparative information continues to be reported in accordance with IAS 39.

b. IFRS 15 (new), 'Revenue from contracts with customers'. This new standard applies only to contracts for the delivery of products or provision of services, and requires the entity to recognise the revenue when the contractual obligation to deliver assets or provide services is satisfied and for the amount that reflects the consideration to which the entity is entitled to, as provided for in "5-step methodology". The adoption of this standard did not have significant impacts. The Group adopted this new standard as of January 1, 2018, using the modified retrospective method, and the cumulative effect of the adoption of this standard recognized in the Retained Earnings of the Group as of that date. From the adoption, there was no effect on the Retained Earnings of the Group at that date. The comparative information has not been restated and continues to be reported in accordance with IAS 11, IAS 18 and Related Interpretations.

c. IFRS 4 (amendment), 'Insurance Contracts (application of IFRS 4 with IFRS 9)'. This amendment entitles entities that

negotiate insurance contracts to reclassify the volatility that can result from applying IFRS 9 before the new standard for insurance contracts is published in Other comprehensive income instead of Income. In addition, there is a temporary exemption from applying IFRS 9 until 2021 for entities whose predominant activity is that of insurer. This exemption is optional and does not apply to the consolidated financial statements that include an insurance entity.
There was no impact regarding this standard.

d. Amendments to IFRS 15, 'Revenue from Contracts with Customers'. These amendments relate to the following additional indications for determining the obligations of performance of a contract, at the time of the revenue recognition of an intellectual property licence, the review of the indicators for the classification of main relationship versus agent and to the new arrangements provided for in order to simplify the transition. The adoption of this standard did not have significant impacts.

e. IFRS 1, 'First-time Adoption of International Financial Reporting Standards'. This improvement eliminates the temporary exemptions for IFRS 7, IFRS 10 and IAS 19, since they are no longer applicable.
IFRS 12, 'Disclosure of Interests in Other Entities'. This improvement clarifies that its scope includes investments classified under IFRS 5, and that the only exemption concerns disclosure of summarised financial information for these entities.
IAS 28, 'Investments in Associates and Joint Ventures'. This improvement clarifies that investments in associates or joint ventures held by a risk capital company can be measured at fair value in accordance with IFRS 9, on an individual basis. This improvement also clarifies that an entity that is not an investment entity but has investments in associates and joint ventures that are investment entities can maintain fair value measurement of the investment of the associate or joint venture in their own subsidiaries.

f. IAS 40 (amendment) 'Transfers of Investment Property'. This amendment clarifies that assets can only be transferred to and from the investment property category when there is an evident change in use. A mere change in management's intentions is not sufficient for the transfer.
There was no impact regarding this standard.

d. IFRS 2 (amendment), 'Classification and Measurement of Share-based Payment Transactions' (applicable to fiscal years starting on or after 1 January 2018). This amendment is still subject to the endorsement process by the European Union. This amendment clarifies the measurement basis for transactions of share-based payments settled financially ("cash-settled") and the accounting for modifications to a payment plan based on shares that change their classification from settled financially ("cash-settled") to settled with equity ("equity-settled"). In addition, it introduces an exception to the principles of IFRS 2, which requires a share-based payment plan to be treated as if it were fully settled with equity ("equity-settled") when the employer is obliged to retain an amount of tax from the employee and pay said amount over to the tax authority. There was no impact regarding this standard.

Interpretations

a. IFRIC 22 (new), 'Foreign Currency Transactions and Advance Consideration'. This is an interpretation of IAS 21 'The Effects of Changes in Foreign Exchange Rates' and refers to determining the "transaction date" when an entity pays or receives an advance consideration for contracts in foreign currency. The "transaction date" determines the exchange rate to be used for converting transactions in foreign currency. This interpretation had no materially relevant impact on the consolidated financial statements.

Published standards (new and amendments) and interpretations whose application is mandatory for annual periods beginning on or after 1 January 2019, already endorsed by the European Union:

a. IFRS 16 (new), 'Leases' (applicable to fiscal years starting on or after 1 January 2019). This new standard replaces IAS 17, with a significant impact on accounting by lessees who are now required to recognise a liability reflecting future lease payments and lease "right-of-use" for all lease contracts, except certain short-term and low-value assets. The definition of a lease contract was also changed and is based on the "right to control the use of an identified asset". As regards the transitional regime, the new standard can be applied retrospectively or a modified retrospective approach can be followed. According to the analysis performed by the company, adoption of this standard will have no significant impact. For current commitments with operating leases, at the time of adoption the Group will adopt the modified retrospective method, it is estimated that the amount of use rights and leasing liabilities is not material.

b. IFRS 9 (amendment), 'Prepayment Features with Negative Compensation' (applicable to fiscal years starting on or after 1 January 2019). These amendments enable entities to measure at amortised cost some prepayable financial assets with negative compensation, provided that specific conditions have been met, instead of being classified at fair value through profit and loss. The Group is yet to determine the impact this standard may have. However, no significant impacts are expected.

Interpretations

a. IFRIC 23 (new), 'Uncertainty over Income Tax Treatments' (applicable to fiscal years starting on or after 1 January 2019). This is an interpretation of IAS 12 – 'Income Taxes', referring to the measurement and recognition requirements to be applied when there are uncertainties as to the acceptance by a specific tax treatment by Tax Authorities concerning Income tax. When there is uncertainty over the position of Tax authorities regarding a specific transaction, said entity must make its best estimate and record income tax assets and liabilities according to IAS 12 and not IAS 37 – "Provisions, Contingent Liabilities and Contingent Assets", based on the expected or most probable value. The application of IFRIC 23 can be done retrospectively or retrospectively with amendments. This standard is not expected to have an impact on the entity since the Group has a prudent attitude towards tax situations with uncertainty.

Published standards (new and amendments) and interpretations whose application is mandatory for annual periods beginning on or after 1 January 2019, not yet endorsed by the European Union:

Standards

a. IAS 19 (amendment), 'Amendment, curtailment or settlement of defined benefit plans' (applicable to fiscal years starting on or after 1 January 2019). This amendment is still subject to the endorsement process by the European Union. This amendment to IAS 19 requires an entity to: (i) use updated assumptions to determine the current service cost and net interest for the remaining period after the amendment, curtailment or settlement of the plan; and (ii) recognise in the income statement as part of the cost with past services, or as profit or loss with settlement of any reduction of surplus hedging, even if the surplus hedge has not been previously recognised due to the impact on the asset ceiling. Impact on the asset ceiling is always recorded under the 'Other Comprehensive Income' item and may not be recycled in the income statement.

The Group is yet to determine the impact this standard may have. However, no significant impacts are expected.

b. IAS 28 (amendment), 'Long-term Investment in Associates and Joint Ventures" (applicable to fiscal years starting on or after 1 January 2019). This amendment is still subject to the endorsement process by the European Union. This amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investment in associates and joint ventures), which are not being measured through equity method, are accounted for under IFRS 9, and are subject to impairment model for estimates losses, prior to any impairment testing to the investment as a whole. The Group has a shareholding measured by the Equity Method, thus this change has no impact on the Group.

c. IFRS 3 (amendment), 'Definition of a Business' (applicable to fiscal years starting on or after 1 January 2020). This amendment is still subject to the endorsement process by the European Union. This change constitutes a revision to the definition of a business for the purposes of accounting for the concentrations of business activities. The new definition requires that an acquisition includes an input and a substantial process that, together, generate outputs. Outputs are defined as goods and services that are provided to customers, who generate income from equity holdings and securities and other income, excluding the returns in the form of cost reductions and other benefits for shareholders. 'Concentration tests' to determine whether a transaction regarding the acquisition of an asset or of a business are now allowed. The Group is yet to determine the impact this standard may have. However, no significant impacts are expected.

d. IAS 1 and **IAS 8** (amendment), 'Definition of material' (applicable to fiscal years started on or after 1 January 2020). This amendment is still subject to the endorsement process by the European Union. This amendment introduces a change to the concept of material. It includes clarifications regarding the reference to unclear information, corresponding to situations where the effect thereof is similar to omission or distortion of information, in the overall context of the financial statements; and clarifications regarding the term 'main users of financial statements', where these are defined as 'current and future investors, funders and creditors' that depend on the financial statements to obtain a significant part of the information they need. The Group is yet to determine the impact this standard may have. However, no significant impacts are expected.

e. Improvements to the 2015 - 2017 standards (applicable to fiscal years starting on or after 1 January 2019). This cycle of improvements is still subject to the endorsement process by the European Union. This cycle of improvement affects the following standards: IAS 23, IAS 12, IFRS 3 and IFRS 11.

IAS 23, 'Borrowing costs' (applicable to fiscal years starting on or after 1 January 2019). This cycle of improvements is still subject to the endorsement process by the European Union. This improvement clarifies that specific loans obtained which remain open, after the assets within the investment universe to which they relate are can be used or sold, must be added to the generic loans in order to calculate the average interest rate of capitalisation in other qualifying assets.

IAS 12, 'Income taxes' (applicable to fiscal years starting on or after 1 January 2019). This cycle of improvements is still subject to the endorsement process by the European Union. This improvement clarifies that the tax impacts of dividends are recognised on the date the entity records the liability for the payment of dividends. These are recognised in the income statement, in the other comprehensive income or in the capital, depending on the transaction or event that gave rise to said dividends.

IFRS 3, 'Concentrations of business activities' and IFRS 11, 'Joint Agreements' (applicable to fiscal years starting on or after 1 January 2019). This cycle of improvements is still subject to the endorsement process by the European

Union. These improvements clarify that: i) when obtaining control over a business that is a joint operation, interests previously held by the investor are remeasured at fair value; and ii) when an investor in a joint transaction without joint control acquires joint control in a business that is a joint operation, previously held interest is not remeasured.

f. Conceptual framework, 'Amendments in reference to other IFRS' (applicable for fiscal years starting on or after 1 January 2020). These amendments are still subject to the endorsement process by the European Union. As a result of the publication of the new Conceptual Framework, the IASB introduced changes in the wording of several standards and interpretations, such as: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions for assets/liabilities and of expense/income, in addition to some of the characteristics of financial disclosure. These changes apply retrospectively, unless this is impractical. The Group is yet to determine the impact this standard may have. However, no significant impacts are expected.

g. IFRS 17 (new), 'Insurance Contracts' (applicable to fiscal years starting on or after 1 January 2021). This standard is still subject to the endorsement process by the European Union. This new standard replaces IFRS 4 and applies to all entities that issue insurance, reinsurance and investment contracts with discretionary participation characteristics. IFRS 17 relies on the current measurement of the technical responsibilities, at each reporting date. Current measurements can be based on a complete model (building block approach) or on a simplified model (premium allocation approach). Recognition of the technical margin differs depending on whether this is positive or negative. IFRS 17 is applied retrospectively. No impact is expected regarding this standard.

3. Main accounting policies

The main accounting policies applied in the preparation of the consolidated financial statements are those described below. Given the Foundation began its activity in 2017, the statement of financial position, the statement of profit and loss and other comprehensive income, the Equity funds statement and the cash flow statement for the 2017 comparative period only considers 10 months of Foundation's activity and 12 months of Oceanário's activity.

3.1 Basis of Consolidation

The consolidated financial statements presented herein reflect the assets, liabilities and profit and loss of the Foundation and its subsidiary and the equity and results attributable through the shareholding in its associate as at 31 December 2018.

1 Concentration of Business Activities

Changes in the Group's shareholding in companies already controlled, which does not result in loss of control, are recorded under equity. Consequently, the Group's interests and the uncontrolled interests regarding those companies are adjusted to reflect the changes in the control of subsidiaries. Differences between the amount of uncontrolled interests acquired or disposed of and the fair value of the acquisition or disposal, respectively, are recognised under equity.

2 Equity holdings in subsidiaries

Shareholdings in subsidiaries in which the Group has control are consolidated by the full consolidation method from the date on which the Group takes control over their financial and operating activities until such control ceases. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect such returns through the exercise of power over the entity.

The Group applies the purchase method when accounting for its business acquisitions. The amount transferred upon acquisition of the subsidiary is the fair value of the delivered assets, liabilities assumed with the previous owners and the equity issued by the Group. The amount transferred includes the fair value of any assets and liabilities resulting from any contingent agreements. The acquired identifiable assets and liabilities and contingent liabilities assumed in a business acquisition are measured initially at fair value on the date of acquisition. Costs directly attributable to the acquisition are recognised in profit and loss when incurred.

In cases where the Group does not hold 100 % of the subsidiaries' share capital, an uncontrolled interest is recognised regarding the portion of profit and loss and net value of the assets attributable to third parties.

When the Group loses control over a subsidiary, the subsidiary's assets and liabilities, as well as any non-controlled interests and other equity components are derecognised. Any resulting profit or loss is recognised in the income statement. Any interest retained in the entity is measured at fair value when control is lost.

3 Equity holdings in associates

Associates are all entities over which the Group has significant influence. The Group has significant influence when it has the power to participate in the financial and operating policy decisions of the investee without, however, exercising a control or joint control over such policy.

The excess acquisition costs in relation to the fair value share of the identifiable assets and liabilities acquired (goodwill) is recognised as part of the financial investment in the associates. If the acquisition cost is less than the fair value of the acquired assets and liabilities of the acquired entities, the difference is recognised as profit directly in the statement of profit and loss and other comprehensive income.

In the consolidated financial statements, investments in associates are measured by the value resulting from the application of the equity method. Investments in these entities are initially measured at cost in the consolidated financial statements, its book value being subsequently increased or reduced, through recognition of the Group's share in the total profit and loss and comprehensive income from the date on which the significant influence begins until such time as it effectively ends.

Dividends allocated by associates are reduced to the value of the investments in the consolidated statement of financial position. When the share in the losses of these entities exceeds the value of the investment in the Associates, the Group recognises additional losses if it has assumed obligations or if it has made payments on behalf of these entities.

4 Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of identifiable assets and liabilities attributable to the Group at the date of acquisition or first consolidation. If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary, the difference is directly recorded in the income statement in the statement of profit and loss and other comprehensive income.

Goodwill is recorded as an asset and is not subject to depreciation. It is presented separately in the consolidated statement of financial position. Goodwill values are subject to impairment tests conducted every year or whenever there are indications of a possible loss in value. The recognised Goodwill value is compared with the recoverable amount, which is the higher value between the value in use and the fair value less costs of sale. Any impairment loss is recorded immediately as expense in the consolidated statement of profit and loss and other comprehensive income for the period, and is not susceptible to subsequent reversal (Note 11).

Upon disposal of a subsidiary, the corresponding goodwill is included in gains or losses, except when the business to which this Goodwill is associated continues to generate benefits for the Group.

5 Loss of control or significant influence

When the Group ceases to hold significant control or influence, any residual holding in equity is remeasured to its market value, with the changes being recognised in the income statement. The fair value is the initial book value for the purposes of subsequent accounting processing of such participation as a financial asset.

6 Elimination of Balances

Balances and transactions between companies controlled by the Foundation, including any unrealised profits or losses resulting from operations conducted within the group, are eliminated in the consolidation process, except when unrealised losses indicate the existence of impairments that should be recognised in the consolidated accounts.

3.2 Currency conversion

I. Functional and reporting currency

The items included in the consolidated financial statements are measured using the currency of the economic environment in which the Group operates (functional currency), the euro. The Group's financial statements and corresponding notes to this annex are presented in euros, unless otherwise expressly stated, corresponding to the Group's functional and reporting currency.

II. Transactions and balances

Transactions in currencies other than in euros are converted to the functional currency using the exchange rates on the transaction dates. Currency profit or loss resulting from payments/receipts from transactions as well as from conversions at the exchange rate on the balance sheet date and monetary assets and liabilities in foreign currency are recognised in the statement of profit and loss and other comprehensive income under the 'financing costs' item, when related to loans or other operating profits or losses, for all other balances/transactions.

III. Exchange rates

Foreign currency rates used to convert the balances presented in foreign currency were as follows:

Foreign Currency Rates	Average Exchange Rate		Closing Exchange Rate	
Currency	**2018**	**2017**	**31.12.2018**	**31.12.2017**
USD	1,1810	1,1297	1,1450	1,1993
GBP	0,8847	0,8767	0,8945	0,8872
JPY	130,4000	126,7100	125,8500	135,0100

3.3 Tangible assets

Tangible assets are recognised at cost net of accrued depreciation and impairment losses.

The acquisition cost includes the purchase price of the asset, the expenses directly attributable to its acquisition and the charges incurred with the preparation of the asset in order to make it usable. The financial expenses incurred with financing obtained for the construction of tangible assets are recognised as part of the construction cost of the asset.

Subsequent costs incurred with renovations and major repairs, which increase the assets' useful life or the ability to generate economic benefits, are recognised under cost of the asset.

Charges with current repairs and maintenance are recognised as an expense for the period in which they are incurred.

Expenses incurred with dismantling or removing assets in third-party property are considered as part of the initial cost of the corresponding assets, when they constitute significant amounts.

The estimated useful lives for the most significant tangible assets are as follows:

	Years
Buildings and other structures	From 4 to 50 years
Basic equipment	From 2.5 to 10 years
Transport equipment	From 4 to 8 years
Office equipment	From 3 to 10 years
Other tangible fixed assets	From 4 to 10 years

Given that by the end of the concession, the Group is entitled to a "compensation at book value, net of subsidies, of the goods (...) designed, built, acquired or installed in the fulfilment of the contract", the useful lives assigned by the Board of Directors are not conditioned to the 30 year-period of the concession contract.

Whenever there is evidence of loss in value of tangible assets, impairment tests are conducted in such a way as to estimate the recoverable amount of the asset and, when necessary, record an impairment loss. The recoverable amount is determined by the higher amount between the asset's fair value less costs of sale, and the value in use, the latter being calculated based on the current amount of estimate future cash flows, arising from the continued use and disposal of the asset at the end of its defined useful life.

Profit or loss on the disposal of assets is determined by the difference between the realisable value and the book value of the assets. This is recognised in the statement of profit and loss and other comprehensive income.

3.4 Intangible assets

Intangible assets are only recognized when: i) they are identifiable; ii) it is probable that future economic benefits will arise from them; and iii) its cost can be measured reliably.

When purchased separately, intangible assets are recognised at cost, which includes: i) the purchase price, including costs with intellectual rights and fees after the deduction of any discounts; and ii) any cost directly attributable to preparing the asset for its intended use.

After the initial accounting, the Group measures its intangible assets according to the cost model.
Assets generated internally, including internal development costs, are recorded as expense when incurred, whenever it is not possible to distinguish the research phase from the development phase, or it is not possible to reliably determine the costs incurred in each phase or the probable economic benefits to the Group.

Expenditures with studies and assessments carried out in the course of operating activities are recognised in the income statement in which they are incurred.

The Group has recorded the following intangible assets:

I. Computer programs – amounts spent on the acquisition of computer application rights and parameterisation costs incurred to support the activity developed. Upgrades made to the applications or the introduction of new features are also capitalised as intangible assets.

Use and maintenance licences are recognised as expense in the statement of profit and loss and other comprehensive income, pro-rata of the period to which they refer to.

II. Concession rights – acquisition cost of the right to operate the Oceanário de Lisboa, pursuant to the concession agreement concluded with the Portuguese government.

The main contractual conditions of the concession agreement are as follows:

/ The public concession agreement is in force for a period of 30 years and defines that the concession is comprised of movable, immovable, intangible and "biological assets";

/ The concessionaire must "carry out all repair and conservation works resulting from the normal use of the assets assigned in the Concession and ensure these goods remain in good operating conditions";

/ All investments to replace the assets assigned to the concession that are necessary or convenient according to their useful life, good practices and compliance with performance, quality, and security standards required under the terms of the concession agreement;

/ The concession revenues are those resulting from ticket sales, commercial activities related to the operation of the Oceanário and capital interest rates and financial investments;

/ Ticket prices "are freely set by the Concessionaire, and are subject to the public service obligations and the implementation of the social responsibility policy";

/ Upon award of the concession, the concessionaire agrees to pay a financial contribution in accordance with clause No. 26, consisting of: i) "a down payment component in the amount of 10 million"; II) an annual component consisting of a fixed amount of € 1.3 million, updated according to the Consumer Price Index ("CPI") payable in 12 monthly equal instalments; and iii) a "variable component of 5 % of the Concession revenues".

The Group determines the useful life and the intangible asset depreciation method based on the estimate of economic benefits associated with the asset, having defined on this date the following useful lives:

	Years
Computer programs	3 years
Concession rights	30 years
Other Intangible assets	From 3 to 30 years

3.5 Impairment of non-financial assets

Non-financial assets such as tangible and intangible assets with a defined useful life are subject to impairment tests, when and only when the occurrence of certain events or circumstances indicate that the book value of the assets may not be recoverable.

When the recoverable amount is below the book value of the asset, the corresponding impairment is recorded.

An impairment loss is recognised by the excess of the asset's accounting amount compared to its recoverable amount, and the recoverable amount is the higher of the asset's fair value less costs of sale and value in use. To determine the existence of impairment, assets are allocated at the lowest level for which there are identifiable separate cash flows (cash-generating units).

The calculation of the fair value less costs of sale may be based on: i) sale price contractually agreed in a transaction between unrelated third parties, net of costs of sale; ii) market price if the asset is traded in an active market; or iii) fair value calculated as an estimate of future cash flows that any market agent would expect to obtain from the asset.

In the calculation of the value in use, the methodology of discounted cash flows is used, including the following elements:

a. an estimate of incoming cash flows that the Group expects to obtain from the asset;
b. expected fluctuations of the values and timeliness of these cash flows;
c. the time effect of money, measured by applying the discount rate before taxes, derived from the WACC; and
d. other factors that should be considered in this analysis, such as the lack of liquidity that market participants may reflect on the incoming cash flows that the Group expects from the asset.

The participation in Oceanário was subject to an Impairment Test conducted on 30 June 2016, using a WACC base rate of 7.66 %. The study was based on the estimates of the 5-Year Budget and Activities Plan, and the estimated cash flow after the first 5, showing an expected growth of 1 % by 2024 and 2 % by 2025.

It is considered that there are no significant changes in the assumptions used in this analysis.

Non-financial assets, other than goodwill, which have been subject to impairment losses, are evaluated on each reporting date, as to possible reversal of impairment losses. Impairment losses recognised for goodwill are not reversible.

When there is place for an impairment loss or its reversal, depreciation/amortisation of the corresponding assets is recalculated prospectively in accordance with the adjusted recoverable amount of the recognised impairment.

3.6 Inventories

Inventories include goods for sale at the Oceanário and are initially measured at the purchase price plus expenditure directly related to the acquisition.

Inventory values must be reduced to their net realisable value, through the recognition of impairment losses, whenever the difference between the net realisable value and the cost is negative. Impairment on inventories should be reviewed at each reporting date.

The cost is determined using the weighted average cost method, and is recognised when the inventory is consumed, as "Cost offset of goods sold and raw materials consumed". Inventory is also derecognised when it is considered obsolete by the Group. In this case, its book value is unknown by "Other expenses" offset.

3.7 Financial assets

The Board of Directors determines the classification of financial assets, on the initial recognition date, according to the purpose of their acquisition.

The financial assets can be classified as:

I. Financial assets at fair value through profit and loss - these include non-derivative financial assets held for trading, with regard to short-term investments and assets at fair value through income on the date of initial recognition;

II. Loans granted and accounts receivable – these include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market;

III. Investments held to maturity – these include non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Group intends to and can hold to maturity;

IV. Available-for-sale financial assets – these include non-derivative financial assets designated as available for sale at the time of initial recognition, or are not classified in any of the above categories. They are recognised as non-current assets unless there is intention to sell them within 12 months of the balance sheet.

Purchases and sales of investments in financial assets are recorded on the transaction date, in other words, on the date on which the Group undertakes to buy or sell the asset.

Financial assets at fair value through profit or loss are initially recognised at fair value, with the transaction costs recognised in profit and loss. These assets are subsequently measured at fair value, and the profit and loss resulting from changes in fair value is recognised in profit or loss for the period in which they occur under net financial expenses, which also includes the amounts of interests income and dividends obtained.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs. In subsequent periods, they are measured at fair value, with the change in fair value recognised in the fair value reserve in equity. Dividends and interest obtained from available-for-sale financial assets are recognised in profit and loss for the period in which they occur, under the 'Other operating profits' item, when the right to receive is established.

Loans made and accounts receivable are classified in the statement of financial position as "Customers" (Note 17) and "Other accounts receivable" (Note 14) and are recognised initially at fair value and subsequently at depreciated cost, using the effective interest rate method, excluding any impairment loss. Adjustments to accounts receivable through impairment occurs when there is objective evidence that the Group will not receive the amounts due in accordance with the initial conditions of the transactions that gave rise to it.

On each reporting date, the Group assesses these assets' impairment. Where there is objective evidence of impairment, the Group recognises an impairment loss in the statement of profit and loss and other comprehensive income.

The objective evidence that a financial asset or a group of assets may be impaired took into account observable data indicating possible loss events:

/ Significant financial difficulties of the debtor;

/ Breach of contract, such as non-payment or payment default of the interest payment or debt depreciation;

/ The Group, for economic or legal reasons related to the financial difficulty of the debtor, offers the debtor discounts that would otherwise not be considered;

/ It becomes probable that the debtor will declare bankruptcy or other form of financial reorganisation;

/ Observable information indicating a decrease in the measurement of the estimate of future cash flows in a group of financial assets from their initial recognition.

Significant financial assets are assessed individually for impairment purposes.

With regard to investments in equity fund instruments, classified as available-for-sale financial assets, a significant or prolonged fall in their fair value below their cost is considered an indicator that the assets are impaired.

If there is evidence of impairment of available-for-sale financial assets, the accumulated loss, calculated as the difference between the acquisition cost and the current fair value, less the effect of any impairment losses, previously recognised in profit and loss, is deducted from the Equity Fund and recognised in the income statement. Impairment losses associated with debt instruments recognised in the income statement are reversible through profit and loss. Impairment losses associated with equity fund instruments, recorded in the statement of profit and loss and other comprehensive income, are not reversible through profit and loss.

Financial assets are derecognised when the rights to receive the cash flows deriving from these investments expire or are transferred, as well as all the risks and benefits associated with their possession.

3.8 Fair value of assets and liabilities

When determining the fair value of an asset or liability, the approach must be based on a hypothetical transaction carried out in the most active market of the asset or liability or, in its absence, the most advantageous market (in other words, the market that maximises the value that the Group would receive by selling the asset or minimises the amount that would be paid to transfer the liability within that market, after considering transaction and transport costs, if applicable). This corresponds to a Level 1 in the fair value hierarchy, provided the market prices used are not adjusted.

Assets and liabilities classified at a Level 2 of the fair value hierarchy do not have active markets - these items are measured using an input-based method, different from the observable Level 1 quoted prices (e.g. interest rates, exchange rates, etc.), commonly used in the market.

The Group can also have assets and/or liabilities that are classified at Level 3 of the fair value hierarchy. This fair value level is characterised by an absence of observable market data - as such, the Entity applies methods based on the best available information, given the particular circumstances of each asset and liability, which may include internal data such as assumptions and estimates.

3.9 Customers and Other accounts receivable

These items mainly include customer balances resulting from services rendered under the Group's activities. Balances are classified as current assets when the estimated collection occurs within a 12-month period. Balances are classified as non-current assets when the estimated collection occurs 12 months after the reporting date.

The 'Customers' and 'Other accounts receivable' items are measured initially at fair value, being subsequently measured at depreciated cost, less impairment adjustments (if applicable). Impairment losses of customers and other accounts receivable are recorded whenever there is an objective evidence that the amounts are not recoverable under the initial transaction terms. Impairment losses identified are registered in the statement of profit and loss and other comprehensive income under the 'Impairment of accounts receivable' items, being subsequently reversed through profit and loss should the impairment indicators be reduced or no longer exist. Loans to shareholders and related parties through shareholders are valued at cost or depreciated cost less impairment.

3.10 Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits and other short-term highly liquid investments with initial maturities of up to 3 months, which can be immediately converted into cash, and subject to an insignificant risk of changes in value.

Bank overdrafts are presented in the statement of financial position under 'Current liabilities', under the 'Financing obtained' item and are considered as cash and cash equivalents in the preparation of the cash flow statement.

3.11 Equity Funds

The Founder's initial endowments, as defined in the Foundation statutes, are recorded in Capital Fund and recorded on the date of confirmation of their allocation.

3.12 Financial liabilities

Financial liabilities are classified under two categories:

I. Financial liabilities at fair value through profit and loss;
II. Other financial liabilities

Other financial liabilities include "Financing obtained" (Note 23), "Derivative financial instruments" (Note 24) "Suppliers" (Note 26) and "Other accounts payable" (Note 25). Liabilities classified as 'Suppliers' and 'Other accounts payable' are initially measured at fair value and subsequently measured at depreciated cost according to the effective interest rate.

Financial liabilities are derecognised when the related obligations are settled, cancelled or expire.

When a financial hedging instrument expires or is sold, or when a hedging no longer meets the criteria required for the hedge accounting, changes in the fair value of the derivative accumulated in other comprehensive income are recognised in profit and loss when the transaction covered also affects the results.

3.13 Offsetting of financial instruments

Financial assets and liabilities are offset, and their net amounts reported in the statement of financial position only when there is a legally exercisable right to offset these amounts and when there is an intention to settle on a net basis, or when the asset is realised, and the liability settled simultaneously. There is a legal right to offset when it is exercisable at any time during the normal course of the activity and is not contingent on the occurrence of future events or cases of default, insolvency or bankruptcy of the Entity.

3.14 Financing obtained

Financing obtained is initially recognised at fair value, net of transaction and assembly expenditure incurred. Financing are subsequently measured at amortised cost with the difference between the nominal value and the initial fair value recognised in the statement of profit and loss and other comprehensive income throughout the period of the loan, using the effective interest rate method.

Financing obtained is classified as current liabilities, unless the Group has an unconditional right to defer the payment of liabilities for at least 12 months after the balance sheet date, in which case they are classified as non-current liabilities.

3.15 Suppliers and Other accounts payable

This item generally includes balances from suppliers of goods and services that the Group has acquired during the normal course of its activity. Its items will be classified as current liabilities if the payment is due within 12 months or less, otherwise the 'Suppliers' and 'Other accounts payable' items will be classified as non-current liabilities.

These financial liabilities are initially recognised at fair value. Subsequent to their initial recognition, the 'Suppliers' and 'Other accounts payable' items are measured at amortised cost, using the effective interest method.

3.16 Costs with loans obtained

Interest and other costs incurred by the Group in connection with loans to support the Group's activities, whether general or specific, directly attributable to the construction of qualifying assets (assets which normally need a substantial period of time to be ready for its intended use or sale) are added to the cost of these assets until they are ready for its use or sale.

Interests incomes from the temporary investments of specific loans that have not yet been applied to pay suppliers of qualifying assets are deducted from the costs of loans eligible for capitalisation.

With the exception of capitalisation in qualifying assets, all other costs with loans are recognised in profit and loss, in the periods in which they are incurred.

3.17 Derivative financial instruments

The Foundation uses cash flow derivative hedging instruments to manage the financial risks to which it is exposed, not using derivatives with the objective of speculation.

Derivative financial instruments used for hedging may be classified as hedges for accounting purposes as long as they meet all the following cumulative conditions:

a. on the start date of the transaction, the hedging relationship is identified and formally documented, including identification of the hedged item, the hedging instrument and the evaluation of the hedge effectiveness;
b. the hedge relationship is expected to be highly effective, on the transaction start date (prospectively) and throughout the operation (retrospectively);
c. The hedge's effectiveness can be measured reliably at the date of the transaction and over the life of the operation;
d. For cash flow hedges, there must be a strong likelihood that the cash flows will occur.

To measure derivatives, the Foundation uses the assessments provided by counter parties as a basis for recognition of their fair value on the accounting date.

Operations that qualify as cash flow hedging instruments are recorded on the balance sheet by fair value and, to the extent that they are considered effective hedges, changes in the fair value of the instruments are recorded in other comprehensive income. Amounts accumulated in equity are reclassified to profit and loss in the periods in which the items covered also affect profit and loss (for example, when a planned transaction or event that was hedged takes place). Profit and loss related to the ineffective portion are recognised immediately in profit and loss. In this way and in net terms, costs associated with hedge financing are recognised at the rate associated with the hedging operation entered into.

3.18 Income tax

Income tax for the period comprises current taxes and deferred taxes. Income taxes are recorded in the statement of profit and loss and other comprehensive income, except when they relate to items that are recognised directly in Equity Fund.

Current tax - Foundation

The Foundation is a non-profit entity and for the purposes of tax law it is an entity that does not primarily engage in commercial, industrial or agricultural activity. This means that the current tax payable is determined based on its overall income adjusted according to tax regulations in force. Under current tax legislation, tax returns are subject to review and correction by the Tax Authorities for a period of 4 years.

The Foundation is subject to a Corporate income tax at the rate of 21 %.

Current tax – Subsidiaries

The amount of current tax payable is determined on the basis of income before taxes, adjusted in accordance with the tax legislation in force. Under current tax legislation, tax returns are subject to review and correction by the Tax Authorities for a period of 4 years.

Companies are subject to Corporate Income Tax at the rate of 21 % plus Municipal Surtax at the maximum rate of 1.5 % on Taxable Income. In addition, the Entity is subject to State Surtax, when taxable income exceeds € 1.5 million, with the following incidence:

- 3 % for taxable income between € 1.5 million and € 7.5 million;
- 5 % for taxable income between € 7.5 million and € 35 million;
- 9 % for taxable income over € 35 million.

Deferred taxes

Deferred taxes are recognised using the liability method based on the statement of financial position, considering temporary differences resulting from the difference between the tax base of assets and liabilities and their amounts in the financial statements.

Deferred taxes are calculated based on the tax rate in force or already officially announced on the balance sheet date and estimated to be applicable on the date of realisation of the deferred tax assets or on the date of payment of the deferred tax liabilities.

Deferred tax assets are recognised to the extent that it is probable there will be future taxable profits available for use of difference temporary. Deferred tax liabilities are recognised on all taxable temporary differences, except those relating to: i) initial recognition of goodwill; or ii) initial recognition of assets and liabilities that do not derive from a business combination and which at the transaction date do not affect accounting balance or the fiscal balance.

3.19 Provisions and contingent liabilities

Provisions are recognised when the Group has: i) a present legal or constructive obligation as a result of past events; ii) for which it is probable that an outflow of internal resources will be required to settle the obligation; and iii) the amount can be reliably estimated.

Whenever one of the criteria is not complied with or the existence of the obligation is dependent on the occurrence (or not) of a particular future event, the Group discloses this as contingent liabilities, in accordance with Note 37, unless the probability of an outflow of resources to settle the event it is considered remote.

Provisions are measured at the present value of the estimated costs to pay the obligation using a pre-tax interest rate that reflects the market assessment of the discount rate and the risks specific to the provision.

Legal proceedings

Provisions related to judicial proceedings, opposing the Group to third parties, are set up in accordance with internal risk assessments by the Board, with the support and advice of its legal advisers.

Onerous contracts

The group records a provision for onerous contracts when it has a contractual obligation to supply a product or service, for which the cost of meeting the obligation assumed exceeds the estimated economic benefits to be received. The provision is measured at the lower of the costs of performance of the contract and any penalties or compensation that the Foundation may have to pay for non-performance of the contract.

3.20 Contingent assets

Contingent assets are "possible" assets generated by past events, whose existence derives from confirmation of the future occurrence of one or more uncertain events over which the Group does not have control.

These assets are not recognised in the Group's financial statements, but are disclosed in the accompanying notes, as note 37, when their occurrence is probable.

3.21 Leases

Group as lessee

Leases of tangible fixed assets, for which the Group assumes substantially all the risks and benefits of ownership of the asset are classified as financial leases. Agreements in which analysis of one or more matters of the agreement suggest this nature are also classified as financial leases. All other leases are classified as operating leases.

Financial leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum payments, each determined at the date the contract commenced. A debt arising from a financial lease is recorded net of financial charges, under the 'Financing obtained' item. Financial charges included in the rent and the depreciation of leased assets are recognised in the separate statement of profit and loss and other comprehensive income in the period to which they relate.

The tangible fixed assets acquired under financial leases are depreciated over the shorter of the useful life of the asset and the lease term, when the Group does not have a purchase option at the end of the contract, or over the estimated useful life when the Group intends to acquire the assets at the end of the contract.

In operating leases, outstanding rents are recognised as a cost in the statement of profit and loss and other comprehensive income on a straight-line basis, over the lease term.

Group as lessor

When a lease transaction is made under a financial lease system, the leased asset must be derecognised, and at the same time the net investment in the lease must be recognised as an account receivable. The difference between the gross receivable amount and the discounted value of the net investment is recognised as income to be recognised. Income from this kind of financial leases is recognised over the term of the lease, through the net investment method, which reflects a constant periodic rate of return.

Assets leased to third parties under an operating lease are considered tangible fixed assets in the consolidated statement of financial position. These items are depreciated over their estimated useful life. Rental income (net of any incentives granted to the lessee) are recognised on a straight-line base over term of the lease.

3.22 Expenses and income

Income and expenses are recorded in the period to which they refer regardless of their payment or receipt, in accordance with the accrual principle. Any differences between the amounts received and paid and the corresponding income and expenses are recognised as assets or liabilities, when they qualify as such.

3.23 Revenue

Revenue corresponds to the fair value of the amount received or receivable relating to the sale of entry tickets to the Group's exhibitions, merchandise from the Oceanário gift shop and other provision of services during the normal course of the Group's business, such as space leases, leases/concessions and donations received, among others. Revenue is recorded net of any taxes, commercial discounts and financial discounts.

Revenue from the sale of products is recorded when: i) a substantial part of the risks and benefits of the goods has been transferred to the buyer; the value of the revenue can be reliably estimated; and iii) it is probable that economic benefits flow to the Group.

Revenue from the provision of services is recognised on the date of provision of single, specific service or according to the percentage of completion or based on the contract period when said provision of services is not associated with specific activities, but with the ongoing provision of the service.

The Group's Revenue corresponds mainly to the tickets office obtained from visitors' entrance to the Oceanário and theme exhibitions, leases obtained for the concession of the gift shop and restaurant spaces in the Oceanário support building, as well as donations received. Revenue from ticket sales is recognised at the date on which the visit occurs; revenue from space leases is recognised over the period of the contract and donations received, to finance statutory purposes, are fully accounted for under period income.

3.24 Subsequent events

Subsequent events refer to the accounting treatment to be given to events occurring after the balance sheet date and before the issue date of the consolidated financial statements.

Events occurring after the reporting date and before the issuance of the consolidated financial statements that provide additional information or confirm situations pending on the reporting date are adjusted in this set of financial statements.

Events occurring after the balance sheet date and before the issuance of these consolidated financial statements that are not related to situations existing on the reporting date do not give rise to adjustments in the consolidated financial statements and are disclosed if considered material.

4. Consolidation perimeter

4.1 Companies included

The Group is controlled by the parent entity, Oceano Azul Foundation.

Companies included in the consolidation by the full consolidation method, their headquarters and proportion of capital held on 31 December 2018 and 2017 are as follows:

Company name	Activity	Headquarters	% Control
Oceanário de Lisboa S.A.	91041	Esplanada Dom Carlos I s/nº, 1990-005 Lisboa	100,00%

4.2 Changes to the consolidation perimeter

There are no changes to the consolidation perimeter to report.

5. Associates

Equity holdings and securities in associates are measured by the equity method. Their headquarters and proportion of capital held on 31 December 2018 and 2017 by the Group are as follows:

Company name	Activity	Headquarters	% retained capital
Telecabine Lisboa Limitada	49310	Passeio das Tágides, Estação Norte 1990-280 Lisboa	30%

This shareholding in Telecabine is owned by Oceanário.

6. Financial risk management policies

6.1 Financial risk factors

The Group's activities are exposed to a variety of financial risk factors, including the effects of changes in market prices: credit risk, liquidity risk and cash flow risks associated with interest rate, among others.

The Group's risk management is controlled by the financial department in accordance with policies approved by the Board of Directors. Given this, the Board of Directors has set in writing the main principles of overall risk management, as well as specific policies for some areas, such as the coverage of interest rate risk, liquidity risk and credit risk.

The Board of Directors sets principles for risk management as a whole and policies that cover specific areas, such as currency risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, as well as investment of surplus liquidity.

I. Foreign exchange rate risk

The Group's operating activities are mainly developed in Portugal and consequently the vast majority of its transactions are carried out in the country's currency, the euro, which substantially reduces foreign exchange risk.

II. Credit risk

The Group's credit risk results essentially from i) the risk of recovery of the monetary assets in the custody of third parties and ii) the risk of recovery of claims from third parties.

The credit risk is monitored through the risk assessment carried out before the application and during its evolution.

The credit quality of financial institutions, in relation to the Group's bank deposits, classified as 'Cash and cash equivalents' withdrawn, is as follows:

	31.12.2018	31.12.2017
Bank deposits		
AA+	-	-
AA-	-	-
A	4.090.901,03	-
A-	-	6.287.336,79
Other without rating	42.530,80	57.813,59
Bank deposits (cash and cash equivalents)	**4.133.431,83**	**6.345.150,38**
Bank deposits		
AA	-	-
AA-	-	-
A+	-	-
A	-	-
Other without rating	842.185,25	458.096,57
Other financial assets	**842.185,25**	**458.096,57**

(Source: Standard & Poor's)

As a general rule, the Group's customers and other accounts receivable do not have a credit rating.

III. Liquidity risk

Cash requirements are managed by the Group's finance department.

Liquidity risk may occur if sources of finance, for example operating cash flows, disinvestment, credit lines and cash flows obtained from financing operations, do not meet the financing needs, such as cash outflows for operating and financing activities and investments.

The following table analyses the Group's financial liabilities by relevant maturity group, based on the remaining period to contractual maturity, on the balance sheet date. The amounts presented in the table are non-discounted contractual cash flows including interest due:

	Less than 1 year	Between 1 to 5 years	More than 5 years
31 December 2018			
Financing obtained:			
- bank loans	2.811.524,23	10.287.378,30	6.762.274,11
- bank overdrafts	-	-	-
- other financing	-	-	-
Suppliers and other accounts payable	6.145.335,41	5.687.520,60	39.075.123,65
	8.956.859,64	**15.974.898,90**	**45.837.397,76**

	Less than 1 year	Between 1 to 5 years	More than 5 years
31 December 2017			
Financing obtained:			
- bank loans	2.858.842,13	11.180.303,41	9.795.690,58
- bank overdrafts	-	-	-
- other financing	-	-	-
Suppliers and other accounts payable	5.757.355,65	5.719.956,07	42.358.437,00
	8.616.197,79	**16.900.259,48**	**52.154.127,58**

IV. Interest rate risk

The risk associated with interest rate fluctuation has an impact on the servicing of the debt taken out. Interest rate risks are essentially related to the interest incurred on the contracting of various loans with variable interest rates.

However, for some financing obtained, part of these risks is managed using fixed interest rates, which exposes the Group to fair value risk.

Sensitivity analysis of the financial expenses towards interest rate variations:

A sensitive analysis was carried out based on the financing obtained by the Group at variable rates, with reference to 31 December 2018 and 2017.

31st December 2018:

Considering the debt regarding financing obtained by the Group as at 31 December 2018 as reference, an additional 1 % on the interest rate would result in an increase of the annual net financial expenses of approximately € 370 030.11.

31st December 2017:

Considering the debt regarding financing obtained by the Group as at 31 December 2017 as reference, an additional 1 % on the interest rate would result in an increase of the annual net financial expenses of approximately € 455 143.99.

6.2 Capital risk management

The Group's objective in relation to capital management, which is a broader concept than the capital shown in the first page of the statement of financial position, is to maintain an optimised capital structure through the prudent use of debt.

Contracted debt is analysed periodically by weighing factors such as the cost of financing and investment needs in subsidiaries.

The gearing ratios as at 31 December 2018 and 2017 were as follows:

	31.12.2018	31.12.2017
Financing obtained (Note 23)	18.290.189,42	20.537.069,58
Less: Cash and cash equivalents (Note 19)	4.133.431,83	6.345.150,38
Net Debt	14.156.757,59	14.191.919,20
Equity	16.306.266,85	14.228.386,84
Total Capital	**30.463.024,44**	**28.420.306,04**
Gearing	**46%**	**50%**

7. Main estimates and assessments presented

Estimates and assessments impacting the Group's financial statements are continually assessed, representing the best estimate of the Board of Directors at each reporting date, taking into account the historical performance, accumulated experience and expectations of future events that, under the circumstances, are believed to be reasonable.

Estimates' intrinsic nature means that, for balance sheet purposes, actual outcomes of the estimated situations may differ from the estimated amounts. Estimates and assessments that present a significant risk of causing a material adjustment to the book value of assets and liabilities within the next fiscal year are as follows:

Assessments

7.1 Classification of the concession contract

As mentioned in Note 1 and Note 3.4, the Group has assigned a Public concession agreement for the operation and administration of the Oceanário de Lisboa. Under the application of IFRS, there is an interpretation in IFRIC 12 - 'Service Concession Arrangements', which determines the accounting of investments made and liabilities assumed under the concession when certain conditions are cumulatively met:

a. the purpose of the agreement is to provide a public service;
b. the grantor controls or regulates what services to render, to whom they are rendered and at what price; and
c. the grantor controls any significant residual interest in the infrastructure.

The assessment carried out by the management concluded that: i) despite the agreement being designated as public service, the operation of the Oceanário de Lisboa is a leisure activity, thus not corresponding to the provision of an essential service to the livelihood of citizens under the existing social conditions, as provided for in IFRIC 12. It was also verified that the Portuguese government does not exercise any direct or indirect control over the prices charged by the Group.

Therefore, management has concluded that the principles underlying the application of IFRIC 12 do not apply to the concession agreement concluded with the Portuguese government.

7.2 Contractual obligations assumed

Within the scope of the public concession agreement for the operation and administration of Oceanário de Lisboa, the Group is responsible for "all investments to replace the assets assigned to the concession that are necessary or convenient according to their useful life, good practices and compliance with performance, quality and safety standards required under the concession agreement".

Management assessed whether these contractual conditions constitute a contractual obligation to be recorded at the start of the concession agreement as a provision against the intangible asset and concluded that the concession agreement for the operation and administration does not meet the conditions to be classified as a service concession agreement under IFRIC 12 - Service Concession Arrangements, and consequently the underlying accounting treatment, namely for the following reasons:

I. Oceanário de Lisboa is free to set the prices of the service it provides, and the said price includes the recovery of the investment made in replacement goods;
II. the responsibility for replacing concession assets does not only occur at the end of the contract but throughout the concession and whenever it is necessary to maintain/restore the quality and safety of the service; and
III. Oceanário de Lisboa is entitled to receive the Accounting Net Value these assets have at the end of the concession

7.3 Classification of Assets - Fish/animals

Under the concession agreement, the Group was granted access, for the purposes of the public service provision, to certain animals pursuant to Chapter IV of the concession agreement, which constitute assets of the Grantor.

As regards animals acquired by the Group after the granting date, if the Groups does not intend to use them for animal and algae production for subsequent sale but instead intends to use them for exhibition in aquariums and permanent exhibitions, the management believes that these should not be classified as biological assets, but rather as tangible fixed assets, in cases in which their respective lifetime is greater than 12 months.

In view of the materiality of the amounts involved, the physical size of the animals, the type of species and their average longevity, determined by the Group's biologists, based on the conditions of the aquariums, the average lifespan of the species, and the existing history on log since 1998, the management decided to record the amounts spent as expenses in the period.

7.4 Exercise of significant influence

The Group holds an interest in Telecabine de Lisboa, Lda. The Group exercises significant influence over this entity, as its 30 % shareholding allows them to appoint a manager.

Estimates

7.5 Tangible and intangible assets

Determination of the useful lives of assets and the depreciation/amortisation method to be applied are essential to determine the amount of depreciation/amortisation to be recognised in the statement of profit and loss and other comprehensive income for each fiscal year.

These two parameters are defined according to the best judgement of the Board of Directors for the assets and business in question, also considering practices adopted by international companies in the area.

7.6 Fair value of financial instruments

The fair value of financial instruments not quoted in an active market is determined on the basis of valuation methods. The use of valuation methodologies requires the use of assumptions, some of which require the use of estimates. Thus, changes in these assumptions may result in a change in the fair value reported.

7.7 Impairment of investments in subsidiaries

As a general rule, impairment is recorded in an investment in accordance with IFRS when the balance sheet value of the investment exceeds the current value of future cash flows. The calculation of the estimated current value of cash flows and the decision to consider impairment involve assessments and are substantially based on management analysis of the future development of the subsidiaries. Since the concession of the right to operate the facilities that comprise Oceanário began on 9 June 2015 and has a limited duration of thirty years, the group chose to consider an impairment corresponding to the proportion of the concession period elapsed. Given this, a total annual loss of € 748 512 was considered.

7.8 Income tax

Reviews of tax statements by the Tax Authority may lead to the recognition of liabilities relating to additional tax payments, including interest and other penalties. These reviews may impact income tax and provisions for taxes in the accounting periods in which they occur.

Deferred tax assets are recognised for all recoverable losses when it is probable that taxable income will be available against which the losses can be used.

Given the current context of crisis and the impact this may have on future profits, the following factors must be taken into account by Directors to determine the amount of deferred tax assets that can be recognised:

/ The probable date and amount of future taxable profits; and

/ Future tax planning strategies set by the Board of Directors

8. Tangible assets

In the fiscal years ended on 31 December 2018 and 2017, the 'Tangible assets' item had the following breakdown:

	Buildings and other structures	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Ongoing assets	Total
1 January 2018							
Acquisition cost	3.773.305,35	3.338.665,11	105.985,62	763.564,42	469.413,32	508.137,89	8.959.071,71
Accumulated depreciation	(1.775.719,93)	(2.455.949,37)	(81.828,79)	(584.266,92)	(355.016,18)	-	(5.252.781,19)
Net value	**1.997.585,42**	**882.715,74**	**24.156,83**	**179.297,50**	**114.397,14**	**508.137,89**	**3.706.290,52**
2018 Breakdown							
Additions	1.700.119,73	141.924,32	51.529,60	464.039,91	133.588,78	2.509.482,81	5.000.685,15
Disposals	-	-	-	(6.348,60)	-	-	(6.348,60)
Transfers and write-offs	1.653.878,24	213.849,00	-	(6.344,98)	(64.233,87)	(1.881.025,49)	(83.877,10)
Depreciation - fiscal year	(475.319,50)	(186.627,30)	(13.785,70)	(98.252,28)	(38.117,12)	-	(812.101,90)
Depreciation - disposals	-	-	-	952,29	-	-	952,29
Depreciation - transfers and write-offs	-	427,90	-	6.323,56	64.248,46	-	70.999,92
Net value	**4.876.263,89**	**1.052.289,66**	**61.900,73**	**539.667,40**	**209.883,39**	**1.136.595,21**	**7.876.600,28**
31 December 2018							
Acquisition cost	7.127.303,32	3.694.438,43	157.515,22	1.214.910,75	538.768,23	1.136.595,21	13.869.531,16
Accumulated depreciation	(2.251.039,43)	(2.642.148,77)	(95.614,49)	(675.243,35)	(328.884,84)	-	(5.992.930,88)
Net value	**4.876.263,89**	**1.052.289,66**	**61.900,73**	**539.667,40**	**209.883,39**	**1.136.595,21**	**7.876.600,28**

	Buildings and other structures	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Ongoing assets	Total
1 January 2017							
Acquisition cost	2.927.967,07	3.071.957,13	118.987,35	694.927,77	421.789,82	46.364,44	7.281.993,58
Acquisition cost Waterventures incorporation	-	-	-	3.233,56	-	-	3.233,56
Accumulated impairment	-	-	-	-	-	-	-
Accumulated depreciation	(1.477.685,81)	(2.052.690,49)	(98.019,46)	(513.804,89)	(332.967,92)	-	(4.475.168,57)
Accumulated depreciations Waterventures incorporation	-	-	-	(1.167,64)	-	-	(1.167,64)
Net value	**1.450.281,26**	**1.019.266,64**	**20.967,89**	**183.188,80**	**88.821,90**	**46.364,44**	**2.808.890,93**
2017 Breakdown							
Additions	845.338,28	182.399,57	25.771,85	74.342,69	48.605,12	552.525,36	1.728.982,87
Disposals	-	-	(38.773,58)	-	-	-	(38.773,58)
Transfers and write-offs	-	84.308,41	-	(8.939,60)	(981,62)	(90.751,91)	(16.364,72)
Impairment - fiscal year	-	-	-	-	-	-	-
Depreciation - fiscal year	(298.034,12)	(406.438,80)	(17.772,56)	(79.295,37)	(23.029,88)	-	(824.570,73)
Depreciation - disposals	-	-	33.963,23	-	-	-	33.963,23
Depreciation - transfers and write-offs	-	3.179,92	-	10.000,98	981,62	-	14.162,52
Net value	**1.997.585,42**	**882.715,74**	**24.156,83**	**179.297,50**	**114.397,14**	**508.137,89**	**3.706.290,52**
31 December 2017							
Acquisition cost	3.773.305,35	3.338.665,11	105.985,62	763.564,42	469.413,32	508.137,89	8.959.071,71
Accumulated depreciation	(1.775.719,93)	(2.455.949,37)	(81.828,79)	(584.266,92)	(355.016,18)	-	(5.252.781,19)
Net value	**1.997.585,42**	**882.715,74**	**24.156,83**	**179.297,50**	**114.397,14**	**508.137,89**	**3.706.290,52**

Tangible assets essentially comprise works on buildings, basic equipment necessary for the operation of the Oceanário and the sea building, office equipment and transportation equipment.

Part of the office equipment (computers) were received by the Group in 2017, following the incorporation of the assets of Waterventures at the time of its liquidation.

The most significant amounts included in 'Ongoing assets' item relate to the following:

2018

/ Infrastructure for the temporary exhibition 'Portuguese Sea' to open in 2020.

2017

/ Execution of the stained-glass façade to close the atrium of the support building in the amount of € 243 951; and

/ Construction contract and special atrium closure project in the amount of € 96 881.

Depreciation of tangible fixed assets are recognised in the 'Expenses/(reversals) of depreciation and amortisation' item of the statement of profit and loss and other comprehensive income in its entirety.

In the fiscal years of 2018 and 2017, fixed asset write-offs amounted to € 83 877.10 and € 16 364.72, respectively, regarding several assets that were in poor condition and without possibility of use. As a result of these write-offs, a loss in the amount of € 12 877.18 and € 2 202.20 was recorded, respectively, for the assets that were not fully depreciated.

9. Intangible assets

In the periods ended on 31 December 2018 and 2017, the 'Intangible assets' item had the following breakdown:

	Development projects	Computer programs	Concession rights	Other Intangible Assets	Ongoing intangible assets	Total
As at 1 January 2018						
Acquisition cost	145.964,08	158.631,93	29.803.619,41	10.151.379,76	40.038,61	40.299.633,79
Accumulated impairment	-	-	-	-	-	-
Accrued amortization	(145.964,08)	(148.701,44)	(2.483.634,95)	(997.330,67)	-	(3.775.631,14)
Net value	-	**9.930,49**	**27.319.984,46**	**9.154.049,09**	**40.038,61**	**36.524.002,65**
Additions	-	24.684,13	-	24.217,43	39.200,00	88.101,56
Transfers and write-offs	-	35.720,71	-	23.517,90	(59.238,61)	-
Impairment - fiscal year	-	-	-	-	-	-
Amortization for the fiscal year	-	(20.824,27)	(993.453,98)	(348.146,77)	-	(1.362.425,02)
Net value	-	**49.511,06**	**26.326.530,48**	**8.853.637,65**	**20.000,00**	**35.249.679,19**
31 December 2018						
Acquisition cost	145.964,08	219.036,77	29.803.619,41	10.199.115,09	20.000,00	40.387.735,35
Accumulated impairment	-	-	-	-	-	-
Accrued amortization	(145.964,08)	(169.525,71)	(3.477.088,93)	(1.345.477,44)	-	(5.138.056,16)
Net value	-	**49.511,06**	**26.326.530,48**	**8.853.637,65**	**20.000,00**	**35.249.679,19**

	Development projects	Computer programs	Concession rights	Other Intangible Assets	Ongoing intangible assets	Total
1 January 2017						
Acquisition cost	145.964,08	145.759,30	29.803.619,41	10.139.941,01	36.338,61	40.271.622,41
Acquisition cost - Waterventures incorporation	-	9.226,00	-	-	-	9.226,00
Accumulated impairment	-	-	-	-	-	-
Accrued amortization	(145.964,08)	(118.187,98)	(1.490.180,97)	(659.361,11)	-	(2.413.694,14)
Accrued amortization - Waterventures incorporation	-	(3.257,45)	-	-	-	(3.257,45)
Net value	-	**33.539,87**	**28.313.438,44**	**9.480.579,90**	**36.338,61**	**37.863.896,82**
Additions	-	3.646,63	-	11.438,75	3.700,00	18.785,38
Impairment - fiscal year	-	-	-	-	-	-
Amortization for the fiscal year	-	(27.255,97)	(993.453,98)	(337.969,56)	-	(1.358.679,51)
Net value	-	**9.930,53**	**27.319.984,46**	**9.154.049,09**	**40.038,61**	**36.524.002,69**
31 December 2017						
Acquisition cost	145.964,08	158.631,93	29.803.619,41	10.151.379,76	40.038,61	40.299.633,79
Accumulated impairment	-	-	-	-	-	-
Accrued amortization	(145.964,08)	(148.701,44)	(2.483.634,95)	(997.330,67)	-	(3.775.631,14)
Net value	-	**9.930,49**	**27.319.984,46**	**9.154.049,09**	**40.038,61**	**36.524.002,65**

I. Concession right - the amount recorded in this item refers to the present acquisition price payable by the Group to the Portuguese government, following the conclusion of the concession agreement.

II. Other intangible assets - corresponds to the net amount referring to the initial value paid to the Portuguese State for the right to the Oceanário de Lisboa concession, which is depreciated for the concession period.

III. Ongoing intangible assets – refer essentially to the architectural project of € 20 000 regarding the Oceanário de Lisboa's Expansion Project, in 2018, and an "Upgrade of the Technical Management System" in the amount of € 35 721, in 2017.

IV. Part of the value recorded in intangible assets, in the 'Computer Programs' item, corresponds to programs received in 2017, with the incorporation of Waterventures' assets following its liquidation.

10. Investments in associates

Investments in associates in 2018 and 2017 had the following breakdown:

	2018	2017
1 January	**893.378,65**	**861.886,75**
Acquisitions	-	-
Profit / (Loss) using the equity method	265.065,82	256.312,54
Impairment losses	-	-
Dividends received	(261.226,09)	(224.820,64)
31 December	**897.218,38**	**893.378,65**

As at 31 December 2018 and 2017, investments in associates refer to investments in Telecabine de Lisboa, Lda. as follows:

31.12.2018

Company name	Activity	Country of domicile and main place of business	% held	Shareholding	Impairment loss	Total investment	Goodwill included
Telecabine	49310	Passeio das Tágides, Estação Norte 1990-280 Lisboa	30%	897.218,38	-	897.218,38	291.698,38
				897.218,38	**-**	**897.218,38**	**291.698,38**

31.12.2017

Company name	Activity	Country of domicile and main place of business	% held	Shareholding	Impairment loss	Total investment	Goodwill included
Telecabine	49310	Passeio das Tágides, Estação Norte 1990-280 Lisboa	30%	893.378,65	-	893.378,65	291.698,38
				893.378,65	**-**	**893.378,65**	**291.698,38**

The assets and liabilities, income and expenses generated in the fiscal year, as recognised in the financial statements of Telecabine, are as follows:

	31.03.2018	31.03.2017
	Telecabine	Telecabine
Assets		
Non-current	195.328,21	292.401,66
Current	2.098.574,33	1.829.233,79
	2.293.902,54	**2.121.635,45**
Liabilities		
Non-current	-	-
Current	223.148,92	172.233,33
	223.148,92	**172.233,33**
Equity	2.070.753,62	1.949.402,12
	2.070.753,62	**1.949.402,12**

	2018	2017
	Telecabine	Telecabine
Activity for the fiscal year	**Apr-Dec**	**Apr-Nov**
Income	2.040.838,69	1.887.246,00
Expenses	(995.200,87)	(847.761,00)
Income tax	-	
Net income	**1.045.637,82**	**1.039.485,00**
Other comprehensive income	-	-
Total comprehensive income	**1.045.637,82**	**1.039.485,00**

Operations for the year are for the period from April to December, for Telecabine, but the income recorded for the Group refers to the period from January to December.

The reconciliation of the financial disclosure selected with the book value of investments in associates is as follows:

	2018	2017
	Telecabine	**Telecabine**
Net assets as at 1 January	1.200.000,00	1.200.000,00
Net income	810.369,31	805.600,92
Net assets as at 31 December	**2.010.369,31**	**2.005.600,92**
% shareholding	30,00%	30,00%
Shareholding in associates	603.110,79	601.680,27
Goodwill	291.698,38	291.698,38
Other adjustments	2.409,21	-
Net amount calculated	**897.218,38**	**893.378,65**
Net carrying amount*	**897.218,38**	**893.378,65**
Reconciliation differences	-	-

The aforementioned liquid assets relate to the periods from 1 April to 31 December 2018 and from 1 April to 30 November 2017, the last accounts provided by the associate. No significant variations to the values as at 31 December 2017 are expected.

11. Goodwill

Over the fiscal years of 2018 and 2017, the movements occurred in the item goodwill are detailed as follows:

	Oceanário de Lisboa
As at 1 January 2018	
Gross value	22.205.926,51
Accumulated impairment	(1.684.157,09)
Net value	**20.521.769,42**
Additions	
Impairment - fiscal year	(748.512,00)
Net value	**19.773.257,42**
31 December 2018	
Gross value	22.205.926,51
Accumulated impairment	(2.432.669,09)
Net value	**19.773.257,42**

	Oceanário de Lisboa
As at 1 March 2017	
Gross amount - Waterventures incorporation	22.205.926,51
Accumulated impairment - Waterventures incorporation	(935.642,71)
Net value	**21.270.283,80**
Additions	
Impairment - fiscal year	(748.514,38)
Net value	**20.521.769,42**
31 December 2017	
Gross value	22.205.926,51
Accumulated impairment	(1.684.157,09)
Net value	**20.521.769,42**

The Group performs impairment tests to assess the recoverability of goodwill resulting from acquisitions made and recorded in the balance sheet.

12. Financial assets and liabilities by category

The categories of financial assets and liabilities defined according to the categories of IFRS 9 were allocated as follows:

31.12.2018	Amortised cost	Fair value – derivative financial hedging instruments	Assets/ Liabilities at fair value through profit and loss	Other financial liabilities	Non-financial assets / liabilities	Total
Assets						
Cash and cash equivalents	4.133.431,83	-	-	-	-	4.133.431,83
Customers	299.910,61	-	-	-	-	299.910,61
Other accounts receivable	542.274,64	-	-	-	-	542.274,64
Financial assets at fair value through profit and loss	–	-	6.937,59	-	-	6.937,59
Available-for-sale financial assets	-	-	-	-	-	
Total financial assets	**4.975.617,08**	-	**6.937,59**	-	**-**	**4.982.554,67**
Other non-financial assets	-	-	-	-	64.047.428,99	64.047.428,99
Total assets	**4.975.617,08**	-	**-**	-	**64.047.428,99**	**69.029.983,66**
Liabilities	-	-	-		-	-
Financing obtained	-	-	-	18.290.189,42	-	18.290.189,42
Derivative financial instruments	-	277.348,58	-	-	-	277.348,58
Suppliers	-	-	-	1.959.560,54	-	1.959.560,54
Other accounts payable	-	-	-	32.000.183,25	-	32.000.183,25
Total financial liabilities	**-**	**277.348,58**	**-**	**52.249.933,21**	**-**	**52.527.281,79**
Other non-financial liabilities	-	-	-	-	196.435,02	196.435,02
Total liabilities	**-**	**277.348,58**	**-**	**52.249.933,21**	**196.435,02**	**52.723.716,81**

31.12.2017	Amortised cost	Fair value – derivative financial hedging instruments	Assets/ Liabilities at fair value through profit and loss	Other financial liabilities	Non-financial assets / liabilities	Total
Assets						
Cash and cash equivalents	6.345.150,38	-	-	-	-	6.345.150,38
Customers	250.468,23	-	-	-	-	250.468,23
Other accounts receivable	207.628,34	-	-	-	-	207.628,34
Financial assets at fair value through profit and loss	–	-	3.188,86	-	-	3.188,86
Available-for-sale financial assets	-	-	-	-	-	-
Total financial assets	**6.803.246,95**	-	**3.188,86**	-	**-**	**6.806.435,81**
Other non-financial assets	-	-	-	-	61.886.515,89	61.886.515,89
Total assets	**6.803.246,95**	-	**-**	-	**61.886.515,89**	**68.692.951,70**
Liabilities						
Financing obtained	-	-	-	20.537.069,58	-	20.537.069,58
Derivative financial instruments	-	260.503,01	-	-	-	260.503,01
Suppliers	-	-	-	978.999,82	-	978.999,82
Other accounts payable	-	-	-	32.686.361,59	-	32.686.361,59
Total financial liabilities	**-**	**260.503,01**	**-**	**54.202.430,99**	**-**	**54.462.934,00**
Other non-financial liabilities	-	-	-	-	1.631,18	1.631,18
Total liabilities	**-**	**260.503,01**	**-**	**54.202.430,99**	**1.631,18**	**54.464.565,18**

13. Fair value of assets and liabilities

Financial assets and liabilities

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit and loss	6.937,59	-	-	6.937,59
	6.937,59	-	-	6.937,59
Financial Liabilities				
Derivative financial instruments	-	277.348,58	-	277.348,58
	-	**277.348,58**	**-**	**277.348,58**

31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit and loss	3.188,86	-	-	3.188,86
	3.188,86	-	-	3.188,86
Financial Liabilities				
Derivative financial instruments	-	260.503,01	-	260.503,01
	-	**260.503,01**	**-**	**260.503,01**

Measurement of the fair value of derivative financial instruments (Swap) is based on the valuations provided by Banco Santander Totta.

14. Other Accounts Receivable

In the fiscal years ended on 31 December 2018 and 2017, the 'Other accounts receivable' item had the following breakdown:

			31.12.2018			31.12.2017
	Current	Non-current	Total	Non-current	Non-current	Total
Accrued income i)	57.226,19	-	57.226,19	11.365,00	-	11.365,00
State and other public entities ii)	114.342,66	-	114.342,66	5.870,84	-	5.870,84
Deferred assets iii)	75.381,97	28.889,33	104.271,30	24.447,95	28.889,33	53.337,28
Other debtors iv)	38.779,41	-	38.779,41	34.358,21	-	34.358,21
Advance payment to suppliers	227.655,08	-	227.655,08	102.697,01	-	102.697,01
Staff	-	-	-	-	-	-
	513.385,31	**28.889,33**	**542.274,64**	**178.739,01**	**28.889,33**	**207.628,34**
Impairment	-	-	-	-	-	-
Other accounts receivable	**513.385,31**	**28.889,33**	**542.274,64**	**178.739,01**	**28.889,33**	**207.628,34**

I. Accrued income – this sub-item has the following breakdown:

			31.12.2018			31.12.2017
	Current	Não corrente	Total	Current	Non-current	Total
Interest Receivables	-	-		2.625,00	-	2.625,00
Other Income	57.226,19	-	57.226,19	8.740,00	-	8.740,00
Accrued income	**57.226,19**	**-**	**542.274,64**	**11.365,00**	**-**	**11.365,00**

II. State and other public entities - this item records the balances of taxes receivable / recoverable from the State. This sub-item has the following breakdown:

	31.12.2018		31.12.2017	
	Current	Non-current	Current	Non-current
VAT	114.342,66	-	5.870,84	-
	114.342,66	**-**	**5.870,84**	**-**

III. Deferred assets - the deferred assets item as at 31 December 2017 and 2018 had the following breakdown:

			31.12.2018			31.12.2017
	Current	Non-current	Total	Current	Non-current	Total
Expenses with external supplies and services	25.363,54	28.889,33	54.252,87	21.726,85	-	21.726,85
Staff costs	1.854,05	-	1.854,05	0,01	-	0,01
Other expenses	48.164,38	-	48.164,38	2.721,09	-	2.721,09
Deferred assets	**75.381,97**	**28.889,33**	**104.271,30**	**24.447,95**	**-**	**24.447,95**

IV. Deferred assets - as at 31 December 2017 and 2018, the 'Deferred assets' item had the following breakdown:

			31.12.2018			31.12.2017
	Current	Non-current	Total	Current	Non-current	Total
Other debtors - non-group	38.779,41	-	38.779,41	34.358,21	-	34.358,21
Other debtors	**38.779,41**	**-**	**38.779,41**	**34.358,21**	**-**	**34.358,21**

As at 31 December 2018 and 2017, no impairment losses were recorded over balances receivable from third parties.

For the period presented, there are no significant differences between the book values and their fair value.

15. Inventories

In the fiscal years ended on 31 December 2018 and 2017, the 'Inventories' item had the following breakdown:

	31.12.2018	31.12.2018
Goods	250.673,72	185.428,74
Total inventories	**250.673,72**	**185.428,74**

Merchandise means items for sale in the Oceanário de Lisboa gift shop.

The cost of inventories recognised in the income statement for 2018 and 2017 included under the 'Cost of goods sold and raw materials consumed' item amounted to € 662 140.86 and € 367 377.04, respectively.

16. Financial assets at fair value through profit and loss

The financial assets at fair value through the Group's profit and loss correspond to the contributions made to the Workmen's Compensation Fund ('FCT').

Financial assets at fair value through profit and loss are recorded at fair value, and the subsequent changes in fair value are recorded in the income statement.

The 'Financial assets at fair value' item through profit and loss had the following breakdown:

	2018	2017
As at 1 January	**3.188,86**	**1.379,48**
Endowments	3.568,70	1.809,38
Fair value changes	180,03	-
Uses	-	-
As at 31 December	**6.937,59**	**3.188,86**

17. Customers

In the fiscal years ended on 31 December 2018 and 2017, the 'Customers' item had the following breakdown:

			31.12.2018			31.12.2017
	Current	Non-current	Total	Current	Non-current	Total
Customers - Non-group	299.910,61	-	299.910,61	250.468,23	-	250.468,23
Doubtful debtors	31.864,25	-	31.864,25	31.864,25	-	31.864,25
	331.774,86	**-**	**331.774,86**	**282.332,48**	**-**	**282.332,48**
Customers impairment	(31.864,25)	-	(31.864,25)	(31.864,25)	-	(31.864,25)
Total Customers	**299.910,61**	**-**	**299.910,61**	**250.468,23**	**-**	**250.468,23**

In the 2018 and 2017 periods, the 'Impairment losses' item had the following breakdown:

	2018	2017
As at 1 January	**(31.864,25)**	**(31.864,25)**
Increases	-	-
Uses	-	-
Reductions	-	-
As at 31 December	**(31.864,25)**	**(31.864,25)**

The ageing of the overdue balances with impairment for the periods presented is as follows:

	2018	2017
not due	-	-
between 6 and 12 months	-	-
between 12 and 18 months	-	-
between 18 and 24 months	-	-
more than 24 months	31.864,25	31.864,25
Total	**31.864,25**	**31.864,25**

The ageing of the overdue balances without impairment for the periods presented is as follows:

	2018	2017
not due	299.497,11	29.538,67
up to 6 months	413,50	210.566,14
between 6 and 12 months	-	10.363,42
between 12 and 24 months	-	-
more than 24 months	-	-
Total	**299.910,61**	**250.468,23**

For the periods presented, there are no significant differences between the book values and their fair value. Non-current balances receivable earns interests at market rates.

18. Income tax receivable / payable

In the fiscal years ended on 31 December 2018 and 2017, the current income tax had the following balance breakdown:

	31.12.2018		31.12.2017	
	Debit	Credit	Debit	Credit
Income tax - IRC (Corporate Income Tax)	-	196.435,02	55.645,91	1.631,18
	-	**196.435,02**	**55.645,91**	**1.631,18**

For the periods presented, the IRC balances had the following breakdown:

	2018	2017
Current Tax		
Payments on account	361.902,00	491.952,00
Taxes withheld at source	43.212,51	76.629,20
IRC estimate	(601.549,53)	(514.566,47)
Total	**(196.435,02)**	**54.014,73**

19. Cash and cash equivalents

As at 31 December 2018 and 2017, the 'Cash and cash equivalents' item had the following breakdown:

	31.12.2018	31.12.2017
Cash	42.530,80	57.813,59
Bank deposits	4.090.901,03	6.287.336,79
Cash and cash equivalents	**4.133.431,83**	**6.345.150,38**

The closing balance of the 'Cash and cash equivalents' item for the purposes of drawing up the cash flow statement for the fiscal years ended on 31 December 2018 and 2017 had the following breakdown:

	31.12.2018	31.12.2017
Cash	42.530,80	57.813,59
Bank deposits	4.090.901,03	6.287.336,79
Cash and cash equivalents (Assets)	**4.133.431,83**	**6.345.150,38**
Bank overdrafts	-	-
Cash and cash equivalents (Liabilities)	-	-
	4.133.431,83	**6.345.150,38**

20. Equity Funds

As at 31 December 2018, Oceano Azul Foundation's funds amounting to € 7 171 829 were fully subscribed and paid-up. These refer to endowments from the Founder Sociedade Francisco Manuel dos Santos, SGPS, SE and have the following breakdown:

Endowment in kind: € 6 921 829
Endowment in cash: € 250 000

Initial endowment from the Founder in kind refers to the transmission of a shareholding from the entity Waterventures.

21. Other reserves and results carried forward

21.1 Other reserves

In the fiscal years ended on 31 December 2018 and 2017, the 'Other reserves' item had the following breakdown:

	Other Reserves
As at 1 March 2017	
Waterventures incorporation	585.598,53
As at 31 December 2017	**585.598,53**
Other	-
As at 31 December 2018	**585.598,53**

As at 2017, the 'Other Reserves' item amounted to € 585 598.53, referring to the amount recorded in Equity Funds resulting from the incorporation of Waterventures.

These amounts will only be available for distribution when the originating elements or rights are sold, exercised, eliminated or settled (Art. 32(2) of the CCC).

21.2 Results carried forward

In the fiscal years ended on 31 December 2018 and 2017, the 'Results carried forward' item had the following breakdown:

	Results carried forward
As at 1 March 2017	
Appropriation of profit and loss from previous periods - Waterventures	128.019,39
IFRS Transition Oceanário	(849.928,76)
As at 31 December 2017	**(721.909,37)**
Investment of net income 2017	7.453.371,37
As at 31 December 2018	**6.731.462,00**

22. Other changes in equity funds

In the fiscal years ended on 31 December 2018 and 2017, the 'Other changes in equity funds' item had the following breakdown:

	Other changes in equity funds	Total
As at 1 March 2017		
Waterventures incorporation - Swap	(362.928,68)	(362.928,68)
Fair value swap variation	102.425,67	102.425,67
As at 31 December 2017	**(260.503,01)**	**(260.503,01)**

	Other changes in equity funds	Total
As at 1 January 2018	**(260.503,01)**	**(260.503,01)**
Fair value swap variation	(16.845,57)	(16.845,57)
As at 31 December 2018	**(277.348,58)**	**(277.348,58)**

The amount of € 362 928.68 refers to the value of the derivative hedging instrument on the date of incorporation of Waterventures into the Foundation. The fair value of the derivative hedging instrument (swap) for the periods ended 31 December 2018 and 2017 decreased by EUR 16 845.57 and EUR 102 425.67, respectively.

23. Financing obtained

The classification of financing obtained according to their term (current and non-current) and by nature of the loan, at the end of the 2018 and 2017 fiscal years, is as follows:

			31.12.2018			31.12.2017
	Current	Non-current	Total	Current	Non-current	Total
Bank loans i)						
Santander Totta	2.278.774,36	16.011.415,06	18.290.189,42	2.246.879,49	18.290.190,09	20.537.069,58
	2.278.774,36	**16.011.415,06**	**18.290.189,42**	**2.246.879,49**	**18.290.190,09**	**20.537.069,58**

I. The Group took out two bank loans with Santander Totta on 28 September 2015.

a. a bank loan in the initial amount of € 15 million, over a 10-year term.
For this bank financing, a hedging derivative was entered into with Banco Santander Totta in order to hedge the risk of change in the interest rate of the contracted financing and its cash flows.
This financing was originally entered into by Waterventures with the aim of acquiring the shares of Oceanário de Lisboa, S.A. With the liquidation of Waterventures and the incorporation of its assets and liabilities into the Oceano Azul Foundation, the latter assumed the obligation in respect of this funding.

b. a loan in the initial amount of € 10 million, over a 12-year term, necessary for the initial down payment, the financial offset provided for in the concession agreement concluded with the Portuguese government.

An additional short-term funding line to the amount of EUR 3 million was set up, which has yet to be used.

The Group's financing maturities are as follows:

	2018	2017
Up to 1 year	2.278.774,36	2.246.879,49
Between 2 and 5 years	9.392.836,82	9.316.418,88
More than 5 years	6.618.578,24	8.973.771,21
	18.290.189,42	**20.537.069,58**

The Group's financing present the following changes:

	SantanderTotta
1 January 2018	
Opening balance	20.537.069,58
2018 Breakdown	
Decreases:	
Financing cash flows	(2.254.534,00)
Amortised cost IS	7.653,84
31 December 2018	-
Closing balance	**18.290.189,42**

	SantanderTotta
1 March 2017	
Opening balance	9.115.674,70
2017 Breakdown	
Increases:	
Waterventures incorporation	12.942.800,00
Decreases:	
Financing cash flows	(1.529.733,34)
Amortised cost IS	8.328,22
31 December 2017	
Closing balance	**20.537.069,58**

24. Derivative financial instruments

As at the 31st of December of 2018 and 2017, the 'Derivative financial instruments' item had the following breakdown:

	31.12.2018				31.12.2017			
		Liabilities				Liabilities		
	Notional	Current	Non-current	Total	Notional	Current	Non-current	Total
Swap interest rate	10.825.200,00	-	277.348,58	277.348,58	12.246.400,00	-	260.503,01	260.503,01
		-	**277.348,58**	**277.348,58**	**12.246.400,00**	**-**	**260.503,01**	**260.503,01**

Cash flow hedges - Interest rate swaps

The Group ensures a fixed rate for a portion of some future loan interest payments, by contracting interest rate swaps. The risk hedged is the variable reference rate associated with the loans. The purpose of this hedge is to transform the variable interest rate loans in fixed interest rate loans. The credit risk of the loan is not hedged.

25. Other accounts payable

As at 31 December 2018 and 2017, the 'Other accounts payable' item had the following breakdown:

			31.12.2018			31.12.2017
	Current	Non-Current	Total	Current	Non-Current	Total
Investment suppliers i)	706.395,70	28.647.681,83	29.354.077,53	818.586,66	28.993.216,07	29.811.802,73
Accrued expenses ii)	2.413.311,89	-	2.413.311,89	2.561.728,71	-	2.561.728,71
State and other public entities iii)	165.335,04	-	165.335,04	260.792,33	-	260.792,33
Advance payment from Customers	8.157,96	-	8.157,96	1.038,32	-	1.038,32
Deferred liabilities iv)	7.116,43	-	7.116,43	20.794,20	-	20.794,20
Other staff expenses	12,48	-	12,48	30,50	-	30,50
Other creditors	52.171,92	-	52.171,92	30.174,80	-	30.174,80
Other debts payable	**3.352.501,42**	**28.647.681,83**	**32.000.183,25**	**3.693.145,52**	**28.993.216,07**	**32.686.361,59**

I. Investment suppliers – the balance of this item includes the financial liabilities associated with the contractual obligation to pay a fixed lease amount updated by inflation during the 30 years period of the concession agreement. The recorded value corresponds to the discounted value of the leases payable considering an incremental interest rate that the Group would obtain in a financing for the same term, value and collateral.

II. Accrued expenses – as at 31 December 2018 and 2017, this sub-item had the following breakdown:

			31.12.2018			31.12.2017
	Current	Non-Current	Total	Current	Non-Current	Total
Staff costs	873.058,58	-	873.058,58	783.169,09	-	783.169,09
Expenses external supplies and services	1.492.071,29	-	1.492.071,29	1.716.824,35	-	1.716.824,35
Financing expenses	16.183,48	-	16.183,48	10.239,89	-	10.239,89
Other expenses	31.998,54	-	31.998,54	51.495,38	-	51.495,38
Accrued expenses	**2.413.311,89**	**-**	**2.413.311,89**	**2.561.728,71**	**-**	**2.561.728,71**

III. State and other public entities – as at 31 December 2018 and 2017, the 'State and other public entities' item had the following breakdown:

	31.12.2018			31.12.2017		
	Current	Non-Current	Total	Current	Non-Current	Total
Income tax withheld	56.346,47	-	56.346,47	38.103,25	-	38.103,25
VAT	45.797,67	-	45.797,67	174.357,50	-	174.357,50
Social security contributions	63.190,90	-	63.190,90	48.331,58	-	48.331,58
	165.335,04	**-**	**165.335,04**	**260.792,33**	**-**	**260.792,33**

IV. Deferred assets - the deferred assets item as at 31 December 2017 and 2018 had the following breakdown:

	31.12.2018			31.12.2017		
	Current	Non-Current	Total	Current	Non-Current	Total
Other income to be recognised	7.116,43	-	-	20.794,20	-	-
	7.116,43	**-**	**-**	**20.794,20**	**-**	**-**

In accordance with the new IFRS 15, as at 31 December 2018, Oceanário's forward sales amount to EUR 6 516.42.

26. Suppliers

As at 31 December 2018 and 2017, the 'Suppliers' item had the following breakdown:

Description	2018	2017
Suppliers - Non-group	1.959.560,54	978.999,82
Suppliers - Group	-	-
Suppliers total balance	**1.959.560,54**	**978.999,82**

27. Sales and Provision of Services

The amount of sales and provision of services recognised in the statement of profit and loss and other comprehensive income in 2018 and 2017 has the following breakdown:

	2018	2017
Products Sales		
Goods	1.928.886,98	1.139.996,25
Subtotal	**1.928.886,98**	**1.139.996,25**
Provision of Services		
Ticket office	15.928.512,39	14.902.514,98
Sponsorships	115.000,00	187.439,02
Leases / Concessions	257.381,54	541.507,70
Space leases	85.218,02	60.015,34
ACE / Sieocean	29.400,00	29.400,00
Other provision of services	70,00	3.196,96
Subtotal	**16.415.581,95**	**15.724.074,00**
Sales and provision of services	**18.344.468,93**	**16.864.070,25**

28. Operating donations and bequests

During the periods ended on 31 December 2018 and 2017, the following donations were allocated to income:

	2018	2017
Founders' Donations	3.000.000,00	7.500.000,00
Donations - third parties	508.175,09	124.436,44
	3.508.175,09	**7.624.436,44**

The 'Donations' item made by the Founder Sociedade Francisco Manuel dos Santos, SGPS, SE in the amount of € 3 million and € 7.5 million, in the periods of 2018 and 2017 respectively, refers to the commitment mentioned in the terms of the Contribution of Funds contract concluded with the parent entity, and has the following breakdown:

2018

/ € 3 million received from Sociedade Francisco Manuel dos Santos, SGPS, SE in 2018.

2017

/ € 3 million received from Sociedade Francisco Manuel dos Santos, SGPS, SE in 2017.

/ € 4.5 million paid to Waterventures as unpaid supplies and SFMS SE waived the refund of this amount at the time of liquidation of Waterventures in September 2017.

29. Cost of goods sold and raw materials consumed

The cost of goods sold and raw materials consumed recognised in the statement of profit and loss and other comprehensive income for 2018 and 2017 is detailed as follows:

	2018	2017
Opening stock	185.428,74	-
Purchases	755.986,34	554.040,12
Inventory settlement	(28.600,50)	(1.234,34)
Closing stock	(250.673,72)	(185.428,74)
	662.140,86	**367.377,04**

30. External supplies and services

In the fiscal years of 2018 and 2017, the 'External supplies and services' item had the following breakdown:

	31.12.2018	31.12.2017
Specialised work	3.371.060,21	2.004.203,33
Advertising and promotions	556.627,57	604.507,01
Surveillance and security	392.040,90	317.231,88
Fees	469.004,68	394.839,42
Commissions	131.853,87	109.650,62
Maintenance and repairs	1.097.839,41	1.143.963,97
Material	74.639,29	77.651,18
Energy and fluids	1.341.522,24	1.252.669,63
Travel, accommodation and transport	409.421,64	219.733,21
Rents and leases	1.377.442,32	1.008.480,52
Communication	47.014,74	32.553,65
Insurance	75.655,52	62.679,91
Litigation and notaries	1.227,23	395,00
Representation expenses	173.700,62	71.132,96
Cleaning, hygiene and comfort	351.062,07	287.429,31
Other services	459.564,49	667.594,41
External supplies and services	**10.329.676,80**	**8.254.716,01**

31. Staff costs

Staff expenses incurred in the 2018 and 2017 fiscal years were as follows:

	31.12.2018	31.12.2017
Remunerations		
Governing bodies	545.442,15	625.391,50
Staff	2.022.773,55	1.697.524,54
Subtotal	**2.568.215,70**	**2.322.916,04**
Other charges		
Compensations	83.778,01	-
Charges on remunerations	492.124,60	402.274,84
Occupational accident insurance	27.696,45	18.079,49
Social action expenses	12.830,00	18.344,36
Other	127.032,66	121.505,18
Subtotal	**743.461,72**	**560.203,87**
Staff costs	**3.311.677,42**	**2.883.119,91**

The average number of Group employees in 2018 was 77 (2017: 65).

As at 31 December 2018 and 2017, the Group had 81 and 68 employees, respectively. In 2018, 4 employees are not paid monthly, 1 on a quarterly basis and 3 on a semi-annual basis.

The 'Social action expenses' item refers to day-care checks given to employees during this fiscal year.

32. Other income

As of 2018 and 2017, the 'Other income' item had the following breakdown:

	31.12.2018	31.12.2017
Favourable exchange rate differences	4.633,36	2.471,05
Gains from disposal of intangible assets	-	9.002,66
Prompt payment discounts obtained	253,82	41,54
Corrections from previous periods	28.804,57	23.764,93
Other unspecified	19.444,56	15.384,13
	53.136,31	**50.664,31**

33. Other expenses

As of 2018 and 2017, the 'Other expenses' item had the following breakdown:

	31.12.2018	31.12.2017
Taxes	28.487,41	33.003,95
Write-offs from non-financial investments	12.877,18	2.202,20
Donations	396.325,95	274.768,27
Levies	26.631,45	24.933,28
Unfavourable exchange rate differences	13.065,94	4.383,82
Inventory losses	19.246,28	360,00
Other unspecified	52.669,18	29.283,25
Losses from disposal of intangible assets	1.246,31	-
	550.549,70	**368.934,77**

34. Financial expenses

As of 2018 and 2017, the 'Financial expenses' item had the following breakdown:

	31.12.2018	31.12.2017
Financial expenses		
Interests paid		
Bank loans	596.305,00	642.170,65
Other financial expenses	1.104.619,08	1.051.556,12
	1.700.924,08	**1.693.726,77**

The 'Other financial expenses' item refers to the financial effect of the financial liability update regarding the fixed component of the public concession agreement public for the operation and administration of Oceanário de Lisboa (see conditions in Note 3.4) which began on 9 June 2015 for a period of 30 years, concluded with the Portuguese government.

35. Income tax

The amount of income tax recognised in profit and loss for the fiscal years of 2018 and 2017 has the following breakdown:

	31.12.2018	31.12.2017
Current income tax	598.292,50	561.581,66
Deferred income tax	-	280.891,39
Income tax	**598.292,50**	**842.473,05**

The reconciliation of the tax amount for the fiscal year is as follows:

	31.12.2018	31.12.2017
Overall Income	2.693.018,40	8.295.844,42
Tax Rate	21,0%	21,0%
	565.533,86	**1.742.127,33**
Non-deductible expenses	233.095,41	91.640,77
Accounting/fiscal capital gains/losses	-	(123,00)
Cancellation effects using the equity method	(55.663,82)	(53.825,63)
Non-taxable income	(736.716,77)	(1.601.131,65)
Differences without deferred tax	529.614,11	(1.656,75)
Tax benefits	(16.419,81)	(11.795,28)
Adjustments from the application of the fair value	(37,81)	-
IFRS adjustments	-	-
Positive changes in equity - IFRS transition	-	424.639,82
Negative changes in equity - IFRS transition	-	(663.503,00)
Differences without deferred tax	-	521.153,20
Autonomous taxation	31.085,84	17.934,42
Surtax	63.568,26	50.582,13
IRC insufficiency / excess estimate	(3.258,37)	45.634,42
Other	(12.508,40)	(95,12)
	598.292,50	**561.581,66**
Current income tax	598.292,50	561.581,66
Deferred income tax	-	280.891,39
Income tax	**598.292,50**	**842.473,05**
	22,2%	**10,2%**

The tax rate used to determine the amount of tax on current income is as follows:

	31.12.2018	31.12.2017
Tax rate	21,00%	21,00%
Surtax	1,50%	1,50%
State surtax	3,00%	3,00%
	25,50%	**25,50%**

As the parent entity is a Foundation (non-profit entity), and as mentioned in note 3.18, the Surtax and State Surtax do not apply. However, they apply to its subsidiary Oceanário.

36. Commitments

The commitments undertaken by the Group at the balance sheet date for the fiscal years ended on 31 December 2018 and 2017 are as follows:

36.1 Group's obligations arising from the variable commitment concerning the Concession Agreement on the Operation and Management of the Oceanário de Lisboa

Following the conclusion of the concession agreement, in addition to the intangible asset payment (see Notes 9 and 3.4), the Oceanário de Lisboa assumed a contractual obligation to pay a variable financial compensation calculated on 5 % of the concession revenues, including revenues from the ticket office and other commercial activities, co-payments and other taxes to which the Group is entitled by law, and interest or capital payments and financial investments made by the same.

Given that its calculation is variable, this obligation is not recorded in the Group's financial statements.

36.2 Operating lease commitments

Summary of rentals due related to operating lease contracts in force as at 31 December 2018 and 2017:

2017	< 1 year	1 -5 years	> 5 years
Vehicles	18.437,97	48.973,67	-
	18.437,97	**48.973,67**	**-**

2018	< 1 year	1 -5 years	> 5 years
Vehicles	27.545,47	31.185,23	-
	27.545,47	**31.185,23**	**-**

37. Contingencies

37.1 Contingent liabilities

The Group has the following contingent liabilities deriving from the bank guarantees provided, as follows:

I. Bank guarantee, beginning on 28 September 2015, in the amount of € 2 million to the Portuguese government, to ensure the exact and timely fulfilment of its legal and contractual obligations, including those relating to contractual penalties, under the concession agreement concluded with the Portuguese government.

II. To guarantee the long-term bank loan obtained, the Foundation established a financial pledge over the right to receive financial endowments from Sociedade Francisco Manuel dos Santos, SGPS, SE and the balance of the parent entity's bank account and income from the balance of that account.

III. To guarantee the long-term bank loan obtained by the Group in order to pay the Portuguese government the initial component of the concession agreement for the right to operate the Oceanário infrastructure, the Foundation established a financial pledge in favour of Banco Santander Totta on the Oceanário shares and on any amounts it may be due from the Oceanário. With the same objective, the subsidiary Oceanário established a financial pledge of its bank accounts and the income from their balances.

37.2 Guarantees issued by third parties

The Group has the following bank guarantees provided by third parties, as follows:

Beneficiário	Objeto	Início	2018	2017
Cerger	**Contractual Obligations**	08-02-2011	24.000,00	24.000,00
Engitetra	**Contractual Obligations**	31-01-2011	16.930,44 €	16.930,44
FCM	**Contractual Obligations**	12-02-2015	5.127,80	5.127,80
2GM	**Contractual Obligations**	23-09-2014	6.599,30	6.599,30
Prestibel	**Contractual Obligations**	09-11-2016	46.425,60	46.425,60
Saniambiente	**Contractual Obligations**	07-08-2012	29.773,58	29.773,58
Siemens	**Contractual Obligations**	16-01-2016	15.763,13	15.763,13
Sogefran	**Contractual Obligations**	17-12-2013	20.000,00	20.000,00
Solidecrew	**Contractual Obligations**	01-07-2012	64.750,95	64.750,95
			229,370.80	**229,370.80**

37.3 Contingent assets

The parent entity, under the terms of the agreement for Contribution of Funds entered into with Sociedade Francisco Manuel dos Santos, SGPS, SE has the right to receive as Foundation Endowment a total of € 30 million. Of this amount, € 10.5 million have already been paid and the remaining € 19.5 million are to be paid by 2025.

38. Related parties

The Foundation was created by its Founder Sociedade Francisco Manuel dos Santos, SGPS, SE.

Remuneration of the Board of Directors

Remunerations received by the Board of Directors amounted to € 481.107,68 during the fiscal year ended on 31 December 2018 (31 December 2017: € 358 215.86).

Remuneration of the Audit Committee

The remuneration received by the Statutory Auditor amounted to € 21.425,03 during the fiscal year ended on 31 December 2018 (31 December 2017: € 21 256.73).

Transactions between related parties

a. Nature of the relationship with the related parties

Founding members

Sociedade Francisco Manuel dos Santos, SGPS, SE.

Related parties via founding members

Pingo Doce

Fundação Francisco Manuel dos Santos

Unilever Fima

Associates

Telecabine de Lisboa, Lda.

Other entities - ACE Shareholding

Sieocean

b. pending balances and transactions

I. Founding Members

Sales and purchase of services

During the fiscal year, the Group carried out the following transactions with the founding member:

	2018	2017
Income		
Provision of services/Other income/Donations		
Sociedade Francisco Manuel dos Santos, SGPS, SE	3.013.815,00	7.512.300,00
	3.013.815,00	**7.512.300,00**

	2018	2017
Gastos		
Purchase of services/Other expenses		
Sociedade Francisco Manuel dos Santos SGPS, SE	20.600,00	20.600,00
	20.600,00	**20.600,00**

II. Related parties via founding members

	31.12.2017	31.12.2017
Income		
Provision of services/Other income		
Pingo Doce	115.000,00	183.523,74
Fundação Francisco Manuel dos Santos	3.515,53	360,00
Unilever Fima	116.197,35	15.325,00
	234.712,88	**199.208,74**

	31.12.2018	31.12.2017
Purchases		
Inventories		
Pingo Doce	145,70	-
	145,70	**-**

	31.12.2018	31.12.2017
Expenses		
Purchase of services/Other expenses		
Unilever Fima	62.742,30	-
	62.742,30	**-**

Debit and credit balances

For the fiscal years ended on 2018 and 2017, balances from transactions with related parties are as follows:

	31.12.2018	31.12.2017
Debit balances		
Customers		
Unilever Fima	28.754,19	-
Fundação Francisco Manuel dos Santos	1.506,75	-
Other credits receivable		
Unilever Fima	-	14.100,00
	30.260,94	**14.100,00**

	2018	2017
Credit balances		
Other debts payable		
Unilever Fima	498,93	15,10
	498,93	**15,10**

III. Associated companies

Sales and purchase of services

During the fiscal year, the Group carried out the following transactions with associates:

	31.12.2018	31.12.2017
Expenses		
Purchase of services/Other expenses		
Telecabine	1.050,03	639,60
	1.050,03	**639,60**

IV. Other entities - ACE Shareholding

Sales and purchase of services

During the fiscal year, the Group carried out the following transactions with the ACE:

	31.12.2018	31.12.2017
Income		
Provision of services/Other income		
Sieocean	33.999,44	61.830,77
	33.999,44	**61.830,77**

	31.12.2018	31.12.2017
Expenses		
Purchase of services/Other expenses		
Sieocean	929.051,56	901.370,22
	929.051,56	**901.370,22**

Debit and credit balances

For the fiscal years ended on 2018 and 2017, balances from transactions with related parties are as follows:

	31.12.2018	31.12.2017
Debit balances		
Customers		
Sieocean	248,31	20.949,83
	248,31	**20.949,83**

	31.12.2018	31.12.2017
Credit balances		
Suppliers		
Sieocean	65.230,79	-
	65.230,79	**-**

39. Subsequent events

Up to the date of approval of these consolidated financial statements, there are no subsequent events since 1 January 2019 that are known to the Board of Directors and, in accordance with IAS 10, should be recorded or disclosed in these consolidated financial statements.

The Chartered Accountant

João Pedro Eloi Lopes Banza, number 37215

The Board of Directors

José Soares dos Santos

Tiago Pitta e Cunha

Emanuel Gonçalves

R. Andreas Kraemer

João Falcato Pereira

Separate Financial Statements and Notes

Separate Financial Statements and Notes

Statement of financial position 158

Statement of profit and loss and other comprehensive income 159

Statement of Changes in Equity Funds 160

Cash flow statements 161

Notes to the financial statements 162

1.Introduction 162

2. Accounting standard used in the preparation of the financial statements 162

3. Main accounting policies 167

4. Financial risk management policies 178

5. Main estimates and assessments presented 180

6. Tangible assets 182

7. Intangible assets 183

8. Investments in subsidiaries 184

9. Financial assets and liabilities by category 187

10.Fair value of assets and liabilities 188

11. Financial assets at fair value through profit and loss 189

12. Customers 189

13. Other accounts receivable 190

14. Cash and cash equivalents 191

15. Equity Funds 191

16. Other reserves 192

17. Other changes in equity funds 192

18. Financing obtained 193

19. Derivative financial instruments 194

20. Suppliers 195

21. Income tax receivable / payable 195

22. Other accounts payable..196

23. Operating donations and bequests 196

24. External supplies and services 197

25. Staff costs..198

26. Other income..198

27. Other expenses 199

28. Financial expenses 199

29. Income tax 199

30. Commitments..200

31. Contingencies 201

32. Related parties 202

33. Subsequent events 204

Statement of financial position

	Note	31.12.2018	31.12.2017
Assets			
Non-current			
Tangible assets	6	6.654,61	988.09
Intangible assets	7	908,39	4,606.19
Investments in subsidiaries	8	28.832.782,20	27,702,404.38
		28.840.345,20	**27,707,998.66**
Current			
Financial assets at fair value through profit and loss	11	943,36	-
Customers	12	3.243,56	-
Other accounts receivable	13	79.072,12	25.511,32
Cash and cash equivalents	14	1.250.533,70	1.494.084,84
		1.333.792,74	**1,519,596.16**
Total Assets		**30.174.137,94**	**29,227,594.82**
Equity Funds			
Funds	15	7.171.829,00	7.171.829,00
Other reserves	16	(264.330,23)	(264.330,23)
Other changes in equity funds	17	(277.348,58)	(260.503,01)
Results carried forward		7.581.390,76	128.019,39
Net income for the period		2.094.725,90	7.453.371,37
Total Capital Fund		**16.306.266,85**	**14.228.386,52**
Liabilities			
Non-current			
Provisions		-	-
Financing obtained	18	11.472.800,00	10.825.200,00
Derivative financial instruments	19	277.348,58	260.503,01
Other accounts payable		-	-
Deferred tax liabilities		-	-
		11.750.148,58	**11,085,703.01**
Current			
Financing obtained	18	1.452.400,00	3,521,200.00
Suppliers	20	177.489,46	40,595.99
Income tax payable	21	12.991,92	1,631.18
Other accounts payable	22	474.841,13	350,078.12
		2.117.722,51	**3,913,505.29**
Total Liabilities		**13.867.871,09**	**14,999,208.30**
Total Equity Funds and Liabilities		**30.174.137,94**	**29,227,594.82**

The notes on pages 162 to 204 are an integral part of these financial statements.

Statement of profit and loss and other comprehensive income

	Note	2018	2017
Operating donations and bequests	23	3.508.175,09	7,624,436.44
Profit/loss allocated to subsidiaries, associates and joint ventures	8	1.878.889,82	1,037,948.46
External supplies and services	24	(1.386.566,52)	(325,508.76)
Staff costs	25	(597.424,52)	(508,576.42)
Depreciation and amortisation expenses/reversals	6 e 7	(6.403,23)	(1,193.88)
Impairment of non-depreciable/amortisable investments (losses/reversals)	8	(748.512,00)	(187,128.59)
Other income	26	1.166,02	6.40
Other expenses	27	(128.290,14)	(43,054.83)
Operating income		**2.521.034,52**	**7,596,928.82**
Financial expenses	28	(413.315,36)	(141,926.27)
Income before taxes		**2.107.719,16**	**7,455,002.55**
Income tax	29	(12.993,26)	(1,631.18)
Net income for the fiscal year		**2.094.725,90**	**7,453,371.37**
Other comprehensive income:			
Items that may be reclassified by income			
Change in fair value of cash flow hedging instruments	17	(16.845,57)	102,425.67
Other comprehensive income - total		**(16.845,57)**	**102,425.67**
Total comprehensive income for the fiscal year		**2.077.880,33**	**7,555,797.04**

The notes on pages 162 to 204 are an integral part of these financial statements.

Statement of Changes in Equity Funds

	Note	Funds	Other reserves	Results carried forward	Other changes in equity funds	Net income for the fiscal year	Total
As at 1 March 2017		-	-	-	-	-	-
Net income for the fiscal year						**7,453,371.37**	7,453,371.37
Funds received from Founders	15	7,171,829.00	-	-	-	-	7,171,829.00
Other profit and loss recognised directly in equity funds resulting from subsidiaries and associates	16	-	(849,928.76)	-	-	-	(849,928.76)
Other profit and loss recognised in the income statement carried over resulting from subsidiaries		-	-	128,019.39	-	-	128,019.39
Incorporation and liquidation of subsidiaries		-	585,598.53	-	(362,928.68)	-	222,669.85
Fair value changes of derivative financial instruments	17	-	-	-	102,425.67	-	102,425.67
As at 31 December 2017		**7,171,829.00**	**(264,330.23)**	**128,019.39**	**(260,503.01)**	**7,453,371.37**	**14,228,386.52**
Net income for the fiscal year						**2.094.725,90**	2.094.725,90
Investment of net income for the fiscal year		-	-	7.453.371,37	-	(7.453.371,37)	-
Fair value changes of derivative financial instruments	17	-	-	-	(16.845,57)	-	(16.845,57)
		-	-	**7.453.371,37**	**(16.845,57)**	**(7.453.371,37)**	**(16.845,57)**
As at 31 December 2018		**7,171,829.00**	**(264,330.23)**	**7.581.390,76**	**(277.348,58)**	**2.094.725,90**	**16.306.266,85**

The notes on pages 162 to 204 are an integral part of these financial statements.

Cash flow statements

	Note	2018	2017
Cash flows from operating activities			
Receipts from customers and users		508.175,09	374,436.44
Payments to suppliers		(1.282.985,39)	(239,548.79)
Staff payments		(321.959,69)	(146,348.28)
Cash from operations		**(1.096.769,99)**	**(11,460.63)**
Income tax payments/receipts		(1.632,52)	(13,344.96)
Other receipts/payments		(333.419,51)	(140,520.79)
Net cash flows from operating activities		**(1.431.822,02)**	**(165,326.38)**
Cash flows from investment activities			
Payments regarding			
Tangible assets		(8.371,95)	-
Intangible assets		-	(1.868,63)
Other assets		-	(900.000,00)
Receipts from			
Other assets		-	465,052.30
Net cash flows from investment activities		**(8.371,95)**	**(436,816.33)**
Cash flows from financing activities			
Receipts from			
Donations		3,000,000.00	3,000,000.00
Payments regarding			
Financing obtained		(1.421.200,00)	(696,400.00)
Interest and similar expenses		(382.157,17)	(207,372.45)
Net cash flows from financing activities		**1.196.642,83**	**2,096,227.55**
Cash and cash equivalent changes		(243.551,14)	1.494.084,84
Opening cash and cash equivalents	14	1,494,084.84	-
Closing cash and cash equivalents	**14**	**1.250.533,70**	**1,494,084.84**

The notes on pages 162 to 204 are an integral part of these financial statements.

Notes to the financial statements

1. Introduction

The Oceano Azul Foundation (hereinafter also referred to as "Foundation" or "Entity") is a non-profit private-law body, created by Sociedade Francisco Manuel dos Santos, SGPS, SE (Founder) on 15 December 2016, with headquarters at the Oceanário de Lisboa, located in Esplanada D. Carlos I – Doca dos Olivais, civil parish of Parque das Nações, in Lisbon.

The Foundation was recognised by Order No. 1811/2017 of 10 February 2017 issued by the Bureau of the Assistant Secretary of State and of Administrative Modernisation and began its activity on 1 March 2017.

The Foundation works to contribute to the conversation and sustainable use of the ocean, namely seeking: (a) to develop blue literacy and to raise society's awareness on the challenges of ocean sustainability; (b) to defend ocean conversation, promoting the enhancement of marine biodiversity and the development of sustainable use; (c) to contribute to a new governance of the ocean, guided by ethical values and based on scientific knowledge, and to encourage, through empowerment actions, an innovative and environmentally sustainable blue economy.

The Foundation received, as an initial endowment in kind from its Founder, shares from the company Waterventures – Consultoria, Projectos e Investimentos, S.A. (hereinafter referred to as "Waterventures"). This entity was set up by Sociedade Francisco Manuel dos Santos, SGPS, SE (SFMS) in order to buy the shares of Oceanário de Lisboa, S.A. (hereinafter referred to as "Oceanário"), given that it would not be possible to complete the process of setting up and recognising the Foundation in good time. In 2017, in order to achieve the initial aim of the Foundation holding the shares in the Oceanário, the Sociedade Francisco Manuel dos Santos, SGPS, SE (SFMS) and the Foundation decided to liquidate the Waterventures company and, consequently, the Foundation incorporated the assets (assets and liabilities) of Waterventures, including the Oceanário shares.

These financial statements were approved by the Conselho de Administração, at the meeting held on 14 de março de 2019. The Board of Directors believes that these financial statements are a true and accurate representation of the Foundation's operations, as well as of its financial position, financial performance and cash flows.

The Foundation's financial statements and corresponding notes to this annex are presented in euros.

2. Accounting standard used in the preparation of the financial statements

2.1 Basis of Preparation

These financial statements were prepared by the Entity in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"), issued and in effect or issued and adopted in advance as of 1 January 2018, adjusted in terms of terminology, given the legal nature of the Entity (Foundation).

The accompanying financial statements were prepared on the going concern basis, from the Foundation's ledgers and accounting records, having the Entity followed the historical cost convention, modified where applicable, by measuring at fair value "financial assets at fair value through profit and loss".

The preparation of the financial statements in compliance with IFRS requires the use of estimates, assumptions and critical judgements in the process of determining the accounting policies to be adopted by the Entity, with a significant impact on the book value of assets and liabilities, as well as on the income and expenses of the reporting period.

Although these estimates are based on the experience of the Board of Directors and on their best expectations in relation to current and future events and actions, current and future results may differ from these estimates. The areas involving a higher degree of decision or complexity, or areas where assumptions and estimates are significant, are presented in Note 5.

Published standards (new and amendments) whose application is mandatory for annual periods beginning on or after 1 January 2018, already endorsed by the European Union:

a. IFRS 9 (new), 'Financial instruments'. IFRS 9 replaces the requirements of IAS 39, namely: (i) the classification and measuring of financial assets and liabilities; (ii) the recognition of impairment on receivables (through the expected loss model); and (iii) the requirements for hedge accounting classification and recognition.
The Entity has determined that all hedging relationships designated as hedging under IAS 39 continued to qualify as hedge accounting under IFRS 9, so that the application of the IFRS 9 requirements had no significant impact on the Financial Statements. The Group adopted this new standard following the retrospective method as from January 1, 2018, the date on which the standard became effective, without restatement of the comparative information, nor any effect recognized in the Retained Earnings of the Group at that date. The comparative information continues to be reported in accordance with IAS 39.

b. IFRS 15 (new), 'Revenue from contracts with customers'. This new standard applies only to contracts for the delivery of products or provision of services, and requires the entity to recognise the revenue when the contractual obligation to deliver assets or provide services is satisfied and for the amount that reflects the consideration to which the entity is entitled to, as provided for in "5-step methodology". The adoption of this standard did not have significant impacts. The Group adopted this new standard as of January 1, 2018, using the modified retrospective method, and the cumulative effect of the adoption of this standard recognized in the Retained Earnings of the Group as of that date. From the adoption, there was no effect on the Retained Earnings of the Group at that date. The comparative information has not been restated and continues to be reported in accordance with IAS 11, IAS 18 and Related Interpretations.

c. IFRS 4 (amendment), 'Insurance Contracts (application of IFRS 4 with IFRS 9)'. This amendment entitles entities that negotiate insurance contracts to reclassify the volatility that can result from applying IFRS 9 before the new standard for insurance contracts is published in Other comprehensive income instead of Income. In addition, there is a temporary exemption from applying IFRS 9 until 2021 for entities whose predominant activity is that of insurer. This exemption is optional and does not apply to the consolidated financial statements that include an insurance entity.
There was no impact regarding this standard.

d. Alterações à IFRS 15,'Revenue from Contracts with Customers'. These amendments relate to the following additional indications for determining the obligations of performance of a contract, at the time of the revenue recognition of an intellectual property licence, the review of the indicators for the classification of main relationship versus agent and to the new arrangements provided for in order to simplify the transition. The adoption of this standard did not have significant impacts.

e. IFRS 1, 'First-time Adoption of International Financial Reporting Standards'. This improvement eliminates the temporary exemptions for IFRS 7, IFRS 10 and IAS 19, since they are no longer applicable.
IFRS 12, 'Disclosure of Interests in Other Entities'. This improvement clarifies that its scope includes investments classified under IFRS 5, and that the only exemption concerns disclosure of summarised financial information for these entities.

IAS 28, 'Investments in Associates and Joint Ventures'. This improvement clarifies that investments in associates or joint ventures held by a risk capital company can be measured at fair value in accordance with IFRS 9, on an individual basis. This improvement also clarifies that an entity that is not an investment entity but has investments in associates and joint ventures that are investment entities can maintain fair value measurement of the investment of the associate or joint venture in their own subsidiaries.

f.IAS 40,(amendment) 'Transfers of Investment Property'. This amendment clarifies that assets can only be transferred to and from the investment property category when there is an evident change in use. A mere change in management's intentions is not sufficient for the transfer.
There was no impact regarding this standard.

g. IFRS 2 (amendment), 'Classification and Measurement of Share-based Payment Transactions' (applicable to fiscal years starting on or after 1 January 2018). This amendment is still subject to the endorsement process by the European Union. This amendment clarifies the measurement basis for transactions of share-based payments settled financially ("cash-settled") and the accounting for modifications to a payment plan based on shares that change their classification from settled financially ("cash-settled") to settled with equity ("equity-settled"). In addition, it introduces an exception to the principles of IFRS 2, which requires a share-based payment plan to be treated as if it were fully settled with equity ("equity-settled") when the employer is obliged to retain an amount of tax from the employee and pay said amount over to the tax authority. There was no impact regarding this standard.

Interpretations

a.IFRIC 22,(new), 'Foreign Currency Transactions and Advance Consideration'. This is an interpretation of IAS 21 'The Effects of Changes in Foreign Exchange Rates' and refers to determining the "transaction date" when an entity pays or receives an advance consideration for contracts in foreign currency. The "transaction date" determines the exchange rate to be used for converting transactions in foreign currency. This interpretation had materially relevant impacts on the Entity's financial statements.

Published standards (new and amendments) and interpretations whose application is mandatory for annual periods beginning on or after 1 January 2019, already endorsed by the European Union:

a.IFRS 16,(new), 'Leases' (applicable to fiscal years starting on or after 1 January 2019). This new standard replaces

IAS 17, with a significant impact on accounting by lessees who are now required to recognise a liability reflecting future lease payments and lease "right-of-use" for all lease contracts, except certain short-term and low-value assets. The definition of a lease contract was also changed and is based on the "right to control the use of an identified asset". As regards the transitional regime, the new standard can be applied retrospectively or a modified retrospective approach can be followed. The Entity is yet to ascertain the impact that this standard may have. However, it does not foresee significant impacts.
According to the analysis performed by the company, adoption of this standard will have no significant impact.
For current commitments with operating leases, at the time of adoption the Group will adopt the modified retrospective method, it is estimated that the amount of use rights and leasing liabilities is not material.

b.IFRIC 9 (amendment), 'Prepayment Features with Negative Compensation' (applicable to fiscal years starting on or after 1 January 2019). These amendments enable entities to measure at amortised cost some prepayable financial assets with negative compensation, provided that specific conditions have been met, instead of being classified at fair value through profit and loss. The Entity is yet to determine the impact this standard may have. However, no significant impacts are expected.

Interpretations

a.IFRIC 23 (new), 'Uncertainty over Income Tax Treatments' (applicable to fiscal years starting on or after 1 January 2019). This is an interpretation of IAS 12 – 'Income Taxes', referring to the measurement and recognition requirements to be applied when there are uncertainties as to the acceptance by a specific tax treatment by Tax Authorities concerning Income tax. When there is uncertainty over the position of Tax authorities regarding a specific transaction, said entity must make its best estimate and record income tax assets and liabilities according to IAS 12 and not IAS 37 – "Provisions, Contingent Liabilities and Contingent Assets", based on the expected or most probable value. The application of IFRIC 23 can be done retrospectively or retrospectively with amendments. This standard is not expected to have an impact on the entity since the Entity has a prudent attitude towards tax situations with uncertainty.

Published standards (new and amendments) and interpretations whose application is mandatory for annual periods beginning on or after 1 January 2019, not yet endorsed by the European Union:

Standards

a.IAS 19 (amendment), 'Amendment, curtailment or settlement of defined benefit plans' (applicable to fiscal years starting on or after 1 January 2019). This amendment is still subject to the endorsement process by the European Union. This amendment to IAS 19 requires an entity to: (i) use updated assumptions to determine the current service cost and net interest for the remaining period after the amendment, curtailment or settlement of the plan; and (ii) recognise in the income statement as part of the cost with past services, or as profit or loss with settlement of any reduction of surplus hedging, even if the surplus hedge has not been previously recognised due to the impact on the asset ceiling. Impact on the asset ceiling is always recorded under the 'Other Comprehensive Income' item and may not be recycled in the income statement.
The Entity is yet to determine the impact this standard may have. However, no significant impacts are expected.

b.IAS 28 (amendment), 'Long-term Investment in Associates and Joint Ventures" (applicable to fiscal years starting on or after 1 January 2019). This amendment is still subject to the endorsement process by the European Union.

This amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investment in associates and joint ventures), which are not being measured through equity method, are accounted for under IFRS 9, and are subject to impairment model for estimates losses, prior to any impairment testing to the investment as a whole. The Foundation has a shareholding in a Subsidiary entity measured by the equity method, thus this change has no impact on the Entity.

c.IFRS 3 (amendment), 'Definition of a Business' (applicable to fiscal years starting on or after 1 January 2020). This amendment is still subject to the endorsement process by the European Union. This change constitutes a revision to the definition of a business for the purposes of accounting for the concentrations of business activities. The new definition requires that an acquisition includes an input and a substantial process that, together, generate outputs. Outputs are defined as goods and services that are provided to customers, who generate income from equity holdings and securities and other income, excluding the returns in the form of cost reductions and other benefits for shareholders. 'Concentration tests' to determine whether a transaction regarding the acquisition of an asset or of a business are now allowed. The Entity is yet to determine the impact this standard may have. However, no significant impacts are expected.

d.IAS 1 e IAS 8 (amendment), 'Definition of material' (applicable to fiscal years started on or after 1 January 2020). This amendment is still subject to the endorsement process by the European Union. This amendment introduces a change to the concept of material. It includes clarifications regarding the reference to unclear information, corresponding to situations where the effect thereof is similar to omission or distortion of information, in the overall context of the financial statements; and clarifications regarding the term 'main users of financial statements', where these are defined as 'current and future investors, funders and creditors' that depend on the financial statements to obtain a significant part of the information they need. The Entity is yet to determine the impact this standard may have. However, no significant impacts are expected.

e. Improvements to the 2015 - 2017 standards (applicable to fiscal years starting on or after 1 January 2019). This cycle of improvements is still subject to the endorsement process by the European Union. This cycle of improvement affects the following standards: IAS 23, IAS 12, IFRS 3 and IFRS 11.

IAS 23, 'Borrowing costs' (applicable to fiscal years starting on or after 1 January 2019). This cycle of improvements is still subject to the endorsement process by the European Union. This improvement clarifies that specific loans obtained which remain open, after the assets within the investment universe to which they relate are can be used or sold, must be added to the generic loans in order to calculate the average interest rate of capitalisation in other qualifying assets.

IAS 12, 'Income taxes' (applicable to fiscal years starting on or after 1 January 2019). This cycle of improvements is still subject to the endorsement process by the European Union. This improvement clarifies that the tax impacts of dividends are recognised on the date the entity records the liability for the payment of dividends. These are recognised in the income statement, in the other comprehensive income or in the capital, depending on the transaction or event that gave rise to said dividends.

IFRS 3, 'Concentrations of business activities' and IFRS 11, 'Joint Agreements' (applicable to fiscal years starting on or after 1 January 2019). This cycle of improvements is still subject to the endorsement process by the European Union. These improvements clarify that: i) when obtaining control over a business that is a joint operation, interests previously held by the investor are remeasured at fair value; and ii) when an investor in a joint transaction without joint control acquires joint control in a business that is a joint operation, previously held interest is not remeasured.

f. Conceptual framework , 'Amendments in reference to other IFRS' (applicable for fiscal years starting on or after 1 January 2020). These amendments are still subject to the endorsement process by the European Union. As a result of the publication of the new Conceptual Framework, the IASB introduced changes in the wording of several standards and interpretations, such as: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions for assets/liabilities and of expense/income, in addition to some of the characteristics of financial disclosure. These changes apply retrospectively, unless this is impractical. The Entity is yet to determine the impact this standard may have. However, no significant impacts are expected.

g. IFRS 17 (new), 'Insurance Contracts' (applicable to fiscal years starting on or after 1 January 2021). This standard is still subject to the endorsement process by the European Union. This new standard replaces IFRS 4 and applies to all entities that issue insurance, reinsurance and investment contracts with discretionary participation characteristics. IFRS 17 relies on the current measurement of the technical responsibilities, at each reporting date. Current measurements can be based on a complete model (building block approach) or on a simplified model (premium allocation approach). Recognition of the technical margin differs depending on whether this is positive or negative. IFRS 17 is applied retrospectively. No impact is expected regarding this standard.

3. Main accounting policies

The main accounting policies applied in the preparation of the financial statements are described below. Given the Foundation began its activity on 1 March 2017, the statement of financial position, the statement of profit and loss and other comprehensive income, the Equity funds statement and the cash flow statement for the 2017 comparative period only considers 10 months of activity.

3.1 Equity holdings in subsidiaries

Subsidiaries are all entities over which the Foundation has control. The Foundation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through the exercise of power over the entity.

The excess of acquisition costs in relation to the asset fair value share and identifiable assets and liabilities, is recognised as part of the financial investment in subsidiaries. If the acquisition cost is less than the fair value of the acquired assets and liabilities of the acquired entities, the difference is recognised as profit directly in the statement of profit and loss and other comprehensive income.

In financial statements, investments in subsidiaries are measured by the value resulting from the application of the equity method. Investments in these entities are initially measured at cost in the financial statements, its book value being subsequently increased or reduced, through recognition of the Entity's share in the total profit and loss recognised in comprehensive income, from the date on which the significant influence begins until such time as it effectively ends.

Dividends allocated by associates are reduced to the value of the investments in the consolidated statement of financial position. When the share in the losses of these Entities exceeds the value of the investment in the

Subsidiaries, the Foundation recognises additional losses if it has assumed obligations or if it has made payments on behalf of these entities.

3.2 Currency conversion

I. Functional and reporting currency

The items included in the financial statements are measured using euros, the currency of the economic environment in which the Foundation operates (functional currency). The Entity's financial statements and corresponding notes to this annex are presented in euros, unless otherwise expressly stated, corresponding to the Foundation's functional and reporting currency.

II. Transactions and balances

Transactions in currencies other than in euros are converted to the functional currency using the exchange rates on the transaction dates. Currency profit or loss resulting from payments/receipts from transactions as well as from conversions at the exchange rate on the balance sheet date and monetary assets and liabilities in foreign currency are recognised in the statement of profit and loss and other comprehensive income under the 'Financing costs' item, when related to loans or other operating profits or losses, for all other balances/transactions.

III) Exchange rates

Foreign currency rates used to convert the balances presented in foreign currency were as follows:

Foreign Currency Rates	Average Exchange Rate		Closing Exchange Rate	
Currency	**2018**	**2017**	**31.12.2018**	**31.12.2017**
USD	1,1810	1,1297	1,1450	1,1993
GBP	0,8847	0,8767	0,8945	0,8872

3.3 Tangible assets

Tangible assets are recognised at cost net of accrued depreciation and impairment losses.

The acquisition cost includes the purchase price of the asset, the expenses directly attributable to its acquisition and the charges incurred with the preparation of the asset in order to make it usable. The financial expenses incurred with financing obtained for the construction of tangible assets are recognised as part of the construction cost of the asset.

Subsequent costs incurred with renovations and major repairs, which increase the assets' useful life or the ability to generate economic benefits, are recognised under cost of the asset.

Charges with current repairs and maintenance are recognised as an expense for the period in which they are incurred.

Expenses incurred with dismantling or removing assets in third-party property are considered as part of the initial cost of the corresponding assets, when they constitute significant amounts.

The estimated useful lives for the most significant tangible assets are as follows:

	Years
Office equipment	3 yars

Whenever there is evidence of loss in value of tangible assets, impairment tests are conducted in such a way as to estimate the recoverable amount of the asset and, when necessary, record an impairment loss. The recoverable amount is determined by the higher amount between the asset's fair value less costs of sale, and the value in use, the latter being calculated based on the current amount of estimate future cash flows, arising from the continued use and disposal of the asset at the end of its defined useful life.

Profit or loss on the disposal of assets is determined by the difference between the realisable value and the book value of the assets. This is recognised in the statement of profit and loss and other comprehensive income.

3.4 Intangible assets

Intangible assets are only recognized when: i) they are identifiable; ii) it is probable that future economic benefits will arise from them; and iii) its cost can be measured reliably.

When purchased separately, intangible assets are recognised at cost, which includes: i) the purchase price, including costs with intellectual rights and fees after the deduction of any discounts; and ii) any cost directly attributable to preparing the asset for its intended use.

After the initial calculation, the Foundation measures its intangible assets using the cost model.

Assets generated internally, including internal development costs, are recorded as expense when incurred, whenever it is not possible to distinguish the research phase from the development phase, or it is not possible to reliably determine the costs incurred in each phase or the probable economic benefits to the Foundation.

Expenditures with studies and assessments carried out in the course of operating activities are recognised in the income statement in which they are incurred.

The Entity has recorded the following as intangible assets:

I. Computer programs – amounts spent on the acquisition of computer application rights and parameterisation costs incurred to support the activity developed. Upgrades made to the applications or the introduction of new features are also capitalised as intangible assets.

Use and maintenance licences are recognised as expense in the statement of profit and loss and other comprehensive income, pro-rata of the period to which they refer to.

The Foundation determines the useful life and the intangible asset depreciation method based on the estimate of economic benefits associated with the asset, having defined on this date the following useful lives:

	Years
Computer programs	3 years

3.5 Impairment of non-financial assets

Non-financial assets such as tangible and intangible assets with a defined useful life are subject to impairment tests, when and only when the occurrence of certain events or circumstances indicate that the book value of the assets may not be recoverable.

When the recoverable amount is below the book value of the asset, the corresponding impairment is recorded.

An impairment loss is recognised by the excess of the asset's accounting amount compared to its recoverable amount, and the recoverable amount is the higher of the asset's fair value less costs of sale and value in use. To determine the existence of impairment, assets are allocated at the lowest level for which there are identifiable separate cash flows (cash-generating units).

The calculation of the fair value less costs of sale may be based on: i) sale price contractually agreed in a transaction between unrelated third parties, net of costs of sale; ii) market price if the asset is traded in an active market; or iii) fair value calculated as an estimate of future cash flows that any market agent would expect to obtain from the asset.

In the calculation of the value in use, the methodology of discounted cash flows is used, including the following elements:

a. an estimate of future cash flows that the entity expects to obtain from the asset;

b. expected fluctuations of the values and timeliness of these cash flows;

c. the time effect of money, measured by applying the discount rate before taxes, derived from the WACC; and

d. other factors that should be considered in this analysis, such as the lack of liquidity that market participants may reflect on the future cash flows that the entity expects from the asset.

The participation in Oceanário was subject to an Impairment Test conducted on 30 June 2016, using a WACC base rate of 7.66 %. The study was based on the estimates of the 5-Year Budget and Activities Plan, and the estimated cash flow after the first 5, showing an expected growth of 1 % by 2024 and 2 % by 2025.

It is considered that there are no significant changes in the assumptions used in this analysis.

Non-financial assets, other than goodwill, which have been subject to impairment losses, are evaluated on each reporting date, as to possible reversal of impairment losses. Impairment losses recognised for goodwill are not reversible, except on their disposal.

When there is place for an impairment loss or its reversal, depreciation/amortisation of the corresponding assets is recalculated prospectively in accordance with the adjusted recoverable amount of the recognised impairment.

3.6 Financial Assets

The Board of Directors determines the classification of financial assets, on the initial recognition date, according to the purpose of their acquisition.

The financial assets can be classified as:

I. Financial assets at fair value through profit and loss - these include non-derivative financial assets held for trading, with regard to short-term investments and assets at fair value through income on the date of initial recognition;

II. Loans granted and accounts receivable – these include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market;

III. Investments held to maturity – these include non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Entity intends to and can hold to maturity;

Purchases and sales of investments in financial assets are recorded on the transaction date, in other words, on the date on which the Entity undertakes to buy or sell the asset.

Financial assets at fair value through profit or loss are initially recognised at fair value, with the transaction costs recognised in profit and loss. These assets are subsequently measured at fair value, and the profit and loss resulting from changes in fair value is recognised in profit or loss for the period in which they occur under net financial expenses, which also includes the amounts of interests income and dividends obtained.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs. In subsequent periods, they are measured at fair value, with the change in fair value recognised in the fair value reserve in equity. Dividends and interest obtained from available-for-sale financial assets are recognised in profit and loss for the period in which they occur, under the 'Other operating profits' item, when the right to receive is established.

Loans granted and accounts receivable are classified in the statement of financial position as 'Trade receivables' (Note 12) and 'Other accounts receivable' (Note 13) and are recognised initially at fair value and subsequently at amortised cost, using the effective interest rate method, excluding any impairment loss. Adjustments to accounts receivable through impairment occurs when there is objective evidence that the Entity will not receive the amounts due in accordance with the initial conditions of the transactions that gave rise to it.

On each reporting date, the Entity assesses these assets' impairment. Where there is objective evidence of impairment, the Entity recognises an impairment loss in the statement of profit and loss and other comprehensive income.
The objective evidence that a financial asset or a group of assets may be impaired took into account observable data indicating possible loss events:

/ Significant financial difficulties of the debtor;

/ Breach of contract, such as non-payment or payment default of the interest payment or debt depreciation;

/ The Entity, for economic or legal reasons related to the financial difficulty of the debtor, offers the debtor discounts that would otherwise not be considered;

/ It becomes probable that the debtor will declare bankruptcy or other form of financial reorganisation;

/ Observable information indicating a decrease in the measurement of the estimate of future cash flows in a group of financial assets from their initial recognition.

Significant financial assets are assessed individually for impairment purposes.

With regard to investments in equity fund instruments, classified as available-for-sale financial assets, a significant or prolonged fall in their fair value below their cost is considered an indicator that the assets are impaired.

If there is evidence of impairment of available-for-sale financial assets, the accumulated loss, calculated as the difference between the acquisition cost and the current fair value, less the effect of any impairment losses, previously recognised in profit and loss, is deducted from the Equity Fund and recognised in the income statement. Impairment losses associated with debt instruments recognised in the income statement are reversible through profit and loss. Impairment losses associated with equity fund instruments, recorded in the statement of profit and loss and other comprehensive income, are not reversible through profit and loss.

Financial assets are derecognised when the rights to receive the cash flows deriving from these investments expire or are transferred, as well as all the risks and benefits associated with their possession.

3.7 Fair value of assets and liabilities

When determining the fair value of an asset or liability, the approach must be based on a hypothetical transaction carried out in the most active market of the asset or liability or, in its absence, the most advantageous market (in other words, the market that maximises the value that the Foundation would receive by selling the asset or minimises the amount that would be paid to transfer the liability within that market, after considering transaction and transport costs, if applicable). This corresponds to a Level 1 in the fair value hierarchy, provided the market prices used are not adjusted.

Assets and liabilities classified at a Level 2 of the fair value hierarchy do not have active markets - these items are measured using an input-based method, different from the observable Level 1 quoted prices (e.g. interest rates, exchange rates, etc.), commonly used in the market.

The Group can also have assets and/or liabilities that are classified at a Level 3 of the fair value hierarchy. This fair value level is characterised by an absence of observable market data - as such, the Entity applies methods based on the best available information, given the particular circumstances of each asset and liability, which may include internal data such as assumptions and estimates.

3.8 Customers and Other accounts receivable

These items mainly include customer balances resulting from services provided/donated under the Foundation's activities. Balances are classified as current assets when the estimated collection occurs within a 12-month period. Balances are classified as non-current assets when the estimated collection occurs 12 months after the reporting date.

The 'Customers' and 'Other accounts receivable' items are measured initially at fair value, being subsequently measured at depreciated cost, less impairment adjustments (if applicable). Impairment losses of customers and other accounts receivable are recorded whenever there is an objective evidence that the amounts are not recoverable under the initial transaction terms. Impairment losses identified are registered in the statement of profit and loss and other comprehensive income under the 'Impairment of accounts receivable' items, being subsequently reversed through profit and loss should the impairment indicators be reduced or no longer exist. Loans to shareholders and related parties through shareholders are valued at cost or depreciated cost less impairment.

3.9 Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits and other short-term highly liquid investments with initial maturities of up to 3 months, which can be immediately converted into cash, and subject to an insignificant risk of changes in value.

Bank overdrafts are presented in the statement of financial position under 'Current liabilities', under the 'Loans obtained' item and are considered as cash and cash equivalents in the preparation of the cash flow statement.

3.10 Equity Funds

The Founder's initial endowments, as defined in the Foundation statutes, are recorded in Capital Fund and recorded on the date of confirmation of their allocation.

3.11 Financial liabilities

Financial liabilities are classified under two categories:

I. Financial liabilities at fair value through profit and loss;

II. Other financial liabilities

Other financial liabilities include the items 'Financing obtained' (Note 18), 'Derivative financial instruments' (Note 19) 'Suppliers' (Note 20) and 'Other accounts payable' (Note 22). Liabilities classified as 'Suppliers' and 'Other accounts payable' are initially measured at fair value and subsequently measured at depreciated cost according to the effective interest rate.

Financial liabilities are derecognised when the related obligations are settled, cancelled or expire.

When a financial hedging instrument expires or is sold, or when a hedging no longer meets the criteria required for the hedge accounting, changes in the fair value of the derivative accumulated in other comprehensive income are recognised in profit and loss when the transaction covered also affects the results.

3.12 Offsetting of financial instruments

Financial assets and liabilities are offset, and their net amounts reported in the statement of financial position only when there is a legally exercisable right to offset these amounts and when there is an intention to settle on a net basis, or when the asset is realised, and the liability settled simultaneously. There is a legal right to offset when it is exercisable at any time during the normal course of the activity and is not contingent on the occurrence of future events or cases of default, insolvency or bankruptcy of the Entity.

3.13 Financing obtained

Financing obtained is initially recognised at fair value, net of transaction and assembly expenditure incurred. Financing are subsequently measured at amortised cost with the difference between the nominal value and the initial fair value recognised in the statement of profit and loss and other comprehensive income throughout the period of the loan, using the effective interest rate method.

Financing obtained is classified as current liabilities, unless the Entity has an unconditional right to defer the payment of liabilities for at least 12 months after the reporting date, in which case they are classified as non-current liabilities.

3.14 Suppliers and Other accounts payable

This item generally includes balances from suppliers of goods and services that the Foundation has acquired during the normal course of its activity. Its items will be classified as current liabilities if the payment is due within 12 months or less, otherwise the 'Suppliers' and 'Other accounts payable' items will be classified as non-current liabilities.

These financial liabilities are initially recognised at fair value. Subsequent to their initial recognition, the 'Suppliers' and 'Other accounts payable' items are measured at amortised cost, using the effective interest method.

3.15 Costs with loans obtained

Interest and other costs incurred by the Foundation in connection with loans to support the Foundation's activities, whether general or specific, directly attributable to the construction of qualifying assets (assets which normally need a substantial period of time to be ready for its intended use or sale) are added to the cost of these assets until they are ready for its use or sale.

Interests incomes from the temporary investments of specific loans that have not yet been applied to pay suppliers of qualifying assets are deducted from the costs of loans eligible for capitalisation.

With the exception of capitalisation in qualifying assets, all other costs with loans are recognised in profit and loss, in the periods in which they are incurred.

3.16 Derivative financial instruments

The Foundation uses cash flow derivative hedging instruments to manage the financial risks to which it is exposed, not using derivatives with the objective of speculation.
Derivative financial instruments used for hedging may be classified as hedges for accounting purposes as long as

they meet all the following cumulative conditions:

a. only the foreseen hedging instruments and hedged items are permitted;

b. The hedging relationship and its documentation must be formally designated;

c. The requirements for the effectiveness of the hedging must be met.

To measure derivatives, the Foundation uses the assessments provided by counter parties as a basis for recognition of their fair value on the accounting date.

Operations that qualify as cash flow hedging instruments are recorded on the balance sheet by fair value and, to the extent that they are considered effective hedges, changes in the fair value of the instruments are recorded in other comprehensive income. Amounts accumulated in equity are reclassified to profit and loss in the periods in which the items covered also affect profit and loss (for example, when a planned transaction or event that was hedged takes place). Profit and loss related to the ineffective portion are recognised immediately in profit and loss. In this way and in net terms, costs associated with hedge financing are recognised at the rate associated with the hedging operation entered into.

3.17 Income tax

Income tax for the period comprises current taxes and deferred taxes. Income taxes are recorded in the statement of profit and loss and other comprehensive income, except when they relate to items that are recorded directly in the Asset Fund.

Current tax

The Foundation is a non-profit entity and for the purposes of tax law it is an entity that does not primarily engage in commercial, industrial or agricultural activity. This means that the current tax payable is determined based on its overall income adjusted according to tax regulations in force. Under current tax legislation, tax statements are subject to review and correction by the Tax Authorities for a period of 4 years.

The Foundation is subject to a Corporate income tax at the rate of 21 %.

Deferred taxes

Deferred taxes are recognised using the liability method based on the statement of financial position, considering temporary differences resulting from the difference between the tax base of assets and liabilities and their amounts in the financial statements.

Deferred taxes are calculated based on the tax rate in force or already officially announced on the balance sheet date and estimated to be applicable on the date of realisation of the deferred tax assets or on the date of payment of the deferred tax liabilities.

Deferred tax assets are recognised to the extent that it is probable there will be future taxable profits available for use of difference temporary. Deferred tax liabilities are recognised on all taxable temporary differences, except those relating to: i) initial recognition of goodwill; or ii) initial recognition of assets and liabilities that do not derive from a business combination and which at the transaction date do not affect accounting balance or the fiscal balance.

3.18 Provisions and contingent liabilities

Provisions are recognised when the Entity has: i) a present legal or constructive obligation as a result of past events; ii) for which it is probable that an outflow of internal resources will be required to settle the obligation; and iii) the amount can be reliably estimated.

Whenever one of the criteria is not complied with or the existence of the obligation is dependent on the occurrence (or not) of a particular future event, the Group discloses this as contingent liabilities, in accordance with Note 31, unless the probability of an outflow of resources to settle the event it is considered remote.

Provisions are measured at the present value of the estimated costs to pay the obligation using a pre-tax interest rate that reflects the market assessment of the discount rate and the risks specific to the provision.

Legal proceedings
Provisions related to judicial proceedings, opposing the Foundation to third parties, are set up in accordance with internal risk assessments by the Board, with the support and advice of its legal advisers.

Onerous contracts
The Foundation records a provision for onerous contracts when it has a contractual obligation to supply a product or service, for which the cost of meeting the obligation assumed exceeds the estimated economic benefits to be received. The provision is measured at the lower of the costs of performance of the contract and any penalties or compensation that the Foundation may have to pay for non-performance of the contract.

3.19 Contingent assets

Contingent assets are “possible” assets generated by past events, whose existence derives from confirmation of the future occurrence of one or more uncertain events over which the Foundation does not have control.
These assets are not recognised in the Foundation’s financial statements, but are disclosed in the accompanying notes, when their occurrence is probable.

3.20 Leases

Foundation as lessee
.Leases of tangible fixed assets, for which the Foundation assumes substantially all the risks and benefits of ownership of the asset are classified as financial leases. Agreements in which analysis of one or more matters of the agreement suggest this nature are also classified as financial leases. All other leases are classified as operating leases.

Financial leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum payments, each determined at the date the contract commenced. A debt arising from a financial lease is recorded net of financial charges, under the ‘Financing obtained’ item. Financial charges included in the rent and the depreciation of leased assets are recognised in the separate statement of profit and loss and other comprehensive income in the period to which they relate.

The tangible fixed assets acquired under financial leases are depreciated over the shorter of the useful life of the asset and the lease term, when the Entity does not have a purchase option at the end of the contract, or over the estimated useful life when the Entity intends to acquire the assets at the end of the contract.

In operating leases, outstanding rents are recognised as a cost in the statement of profit and loss and other comprehensive income on a straight-line basis, over the lease term.

3.21 Expenses and income

Income and expenses are recorded in the period to which they refer regardless of their payment or receipt, in accordance with the accrual principle. Any differences between the amounts received and paid and the corresponding income and expenses are recognised as assets or liabilities, when they qualify as such.

3.22 Revenue

Revenue corresponds to the fair value of the amount received or receivable related to the sale and provision of services during the normal course of the Entity's activity.

Revenue from the sale of products is recorded when: i) a substantial part of the risks and benefits of the goods has been transferred to the buyer; ii) the value of the revenue can be reliably estimated; and iii) it is probable that economic benefits flow to the Entity.

Revenue from the provision of services is recognised on the date of provision of single, specific service or according to the percentage of completion or based on the contract period when said provision of services is not associated with specific activities, but with the ongoing provision of the service.

Donations from the Founder and/or other entities, aimed at achieving the statutory purposes, are fully accounted for as revenue for the period

The Foundation's income corresponds mainly to donations from the Founder to finance the achievement of the statutory purposes of the Foundation.

3.23 Subsequent events

Subsequent events refer to the accounting treatment to be given to events occurring after the reporting date and before the issue date of the financial statements.

Events occurring after the reporting date and before the issuance of the financial statements that provide additional information or confirm situations pending on the reporting date are adjusted in this set of financial statements.

Events occurring after the balance sheet date and before the issuance of these financial statements that are not related to situations existing on the reporting date do not give rise to adjustments in the financial statements and are disclosed if considered material.

4. Financial risk management policies

4.1 Financial risk factors

The Foundation's activities are exposed to a variety of financial risk factors, including the effects of changes in market prices: credit risk, liquidity risk and cash flow risks associated with interest rate, among others.

The Foundation's risk management is controlled by the financial department in accordance with policies approved by the Board of Directors. Given this, the Board of Directors has set in writing the main principles of overall risk management, as well as specific policies for some areas, such as the coverage of interest rate risk, liquidity risk and credit risk.

The Board of Directors sets principles for risk management as a whole and policies that cover specific areas, such as currency risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, as well as investment of surplus liquidity.

I. Foreign exchange rate risk

The Foundation's operating activities are mainly developed in Portugal and consequently the vast majority of its transactions are carried out in euros, the country's currency, which substantially reduces foreign exchange risk.

II. Credit risk

The Entity's credit risk results essentially from i) the risk of recovery of the monetary assets in the custody of third parties and ii) the risk of recovery of claims from third parties.

The credit risk is monitored through the risk assessment carried out before the application and during its evolution.

The credit quality of financial institutions, in relation to the Foundation's bank deposits, classified as 'Cash and cash equivalents' withdrawn, is as follows:

	31.12.2018	31.12.2017
Bank deposits		
AA+	-	-
AA-	-	-
A	1.249.533,70	-
A-	-	1.494.084,84
Other without rating	1.000,00	-
Bank deposits (cash and cash equivalents)	**1.250.533,70**	**1.494.084,84**
Other financial assets		
AA	-	-
AA-	-	-
A+	-	-
A	-	-
Other without rating	82.315,68	25.511,32
Other financial assets	**82.315,68**	**25.511,32**

(Source: Standard & Poor's)

As a general rule, the Foundation's customers and other accounts receivable do not have a credit rating.

III. Liquidity risk

Cash requirements are managed by the Foundation's finance department.

Liquidity risk may occur if sources of finance, for example operating cash flows, disinvestment, credit lines and cash flows obtained from financing operations, do not meet the financing needs, such as cash outflows for operating and financing activities and investments.

The following table analyses the Foundation's financial liabilities by relevant maturity group, based on the remaining period to contractual maturity, on the reporting date. The amounts presented in the table are non-discounted contractual cash flows including interest due:

	Less than 1 year	Between 1 to 5 years	More than 5 years
31 December 2018			
Financing obtained:			
bank loans	1.815.926,48	9.067.551,49	3.428.946,11
bank overdrafts	-	-	-
other financing	-	-	-
Suppliers and other accounts payable	**607.874,37**	**-**	**-**
	2.423.800,85	**9.067.551,49**	**3.428.946,11**

	Less than 1 year	Between 1 to 5 years	More than 5 years
31 December 2017			
Financing obtained:			
bank loans	3.918.897,10	7.027.145,98	5.148.625,14
bank overdrafts	-	-	-
other financing	-	-	-
Suppliers and Other accounts payable	**371.265,39**	**-**	**-**
	4.290.162,49	**7.027.145,98**	**5.148.625,14**

IV. Interest rate risk

The risk associated with interest rate fluctuation has an impact on the servicing of the debt taken out. Interest rate risks are essentially related to the interest incurred on the contracting of various loans with reference interest rates, which exposes the Foundation to cash flow risk. Part of these risks are managed using fixed interest rates, which exposes the Foundation to fair value risk.

4.2 Capital risk management

The Entity's objective in relation to capital management, which is a broader concept than the capital shown in the first page of the statement of financial position, is to maintain an optimised capital structure through the prudent use of debt.

Contracted debt is analysed periodically by weighing factors such as the cost of financing and investment needs in subsidiaries.

The gearing ratios as at 31 December 2018 and 2017 were as follows:

	31.12.2018	31.12.2017
Financing obtained (Note 18)	**12.925.200,00**	**14.346.400,00**
Less: Cash and cash equivalents (Note 14)	1.250.533,70	1.494.084,84
Net debt	**11.674.666,30**	**12.852.315,16**
Equity Funds	16.306.266,85	14.228.386,52
Total Assets	**27.980.933,15**	**27.080.702,00**
Gearing	**42%**	**47%**

5. Main estimates and assessments presented

Estimates and assessments impacting the Entity's financial statements are continually assessed, representing the best estimate of the Board of Directors at each reporting date, taking into account the historical performance, accumulated experience and expectations of future events that, under the circumstances, are believed to be reasonable.

Estimates' intrinsic nature means that, for balance sheet purposes, actual outcomes of the estimated situations may differ from the estimated amounts. Estimates and assessments that present a significant risk of causing a material adjustment to the book value of assets and liabilities within the next fiscal year are as follows:

5.1 Tangible and intangible assets

Determination of the useful lives of assets and the depreciation/amortisation method to be applied are essential to determine the amount of depreciation/amortisation to be recognised in the statement of profit and loss and other comprehensive income for each fiscal year.

These two parameters are defined according to the best judgement of the Board of Directors for the assets and business in question, also considering practices adopted by international companies in the area.

5.2 Fair value of financial instruments

The fair value of financial instruments not quoted in an active market is determined on the basis of valuation methods. The use of valuation methodologies requires the use of assumptions, some of which require the use of estimates. Thus, changes in these assumptions may result in a change in the fair value reported.

5.3 Impairment of investments in subsidiaries

As a general rule, impairment is recorded in an investment in accordance with IFRS when the balance sheet value of the investment exceeds the current value of future cash flows. The calculation of the estimated current value of cash flows and the decision to consider impairment involve assessments and are substantially based on management analysis of the future development of the subsidiaries. Since the concession of the right to operate the facilities that comprise Oceanário began on 9 June 2015 and has a limited duration of thirty years, the entity chose to consider an impairment corresponding to the proportion of the concession period elapsed. Given this, a total annual loss of € 748 512 will be considered.

5.4 Income tax

Reviews of tax statements by the Tax Authority may lead to the recognition of liabilities relating to additional tax payments, including interest and other penalties. These reviews may impact income tax and provisions for taxes in the accounting periods in which they occur.

Deferred tax assets are recognised for all recoverable losses when it is probable that taxable income will be available against which the losses can be used.

Given the current context of crisis and the impact this may have on future profits, the following factors must be taken into account by Directors to determine the amount of deferred tax assets that can be recognised:

- The probable date and amount of future taxable profits; and
- Future tax planning strategies set by the Board of Directors

6. Tangible assets

In the fiscal years ended on 31 December 2018 and 2017, the 'Tangible assets' item had the following breakdown:

	Office equipment	Total
1 January 2018		
Acquisition cost	3.233,56	3.233,56
Accumulated impairment	-	-
Accumulated depreciation	(2.245,47)	(2.245,47)
Net value	**988,09**	**988,09**
2018 Breakdown		
Additions	8.371,95	8.371,95
Additions - shareholding in subsidiaries	-	-
Depreciation - fiscal year	(2.705,43)	(2.705,43)
Depreciation - shareholding in subsidiaries	-	-
Net value	**6.654,61**	**6.654,61**
31 December 2018		
Acquisition cost	11.605,51	11.605,51
Accumulated impairment	-	-
Accumulated depreciation	(4.950,90)	(4.950,90)
Net value	**6.654,61**	**6.654,61**

The office equipment comprises computers and other computer equipment.

Depreciation of tangible fixed assets are recognised in the 'Expenses/(reversals) of depreciation and amortisation' item of the statement of profit and loss and other comprehensive income in its entirety.

7. Intangible assets

Changes recorded in the 'Intangible assets' item for the periods presented are as follows:

	Computer programs	Total
As at 1 January 2018		
Acquisition cost	11.094,63	11.094,63
Accumulated impairment	-	-
Accrued amortization	(6.488,44)	(6.488,44)
Net value	**4.606,19**	**4.606,19**
Additions	-	-
Amortization for the fiscal year	(3.697,80)	(3.697,80)
Net value	**908,39**	**908,39**
31 December 2018		
Acquisition cost	11.094,63	11.094,63
Accumulated impairment	-	-
Accrued amortization	(10.186,24)	(10.186,24)
Net value	**908,39**	**908,39**

Intangible assets of the Foundation refer to computer programs.

8. Investments in subsidiaries

Investments in subsidiaries in 2018 and 2017 had the following breakdown:

	2018	2017
1 January	**27.702.404,38**	-
Acquisitions	-	-
Acquisitions/donations - initial endowment in kind founders	-	6.921.829,00
Waterventures acquisitions/incorporation	-	30.635.924,83
Increases - Supplementary capital contributions	-	900.000,00
Profit / (Loss) using the equity method	1.878.889,82	1.037.948,46
Profit / (Loss) using the equity method - previous fiscal years	-	128.019,39
Impairment losses	(748.512,00)	(187.128,59)
Impairment losses - Waterventures incorporation	-	(1.497.028,50)
Other movements recognised using equity method in equity	-	(627.258,91)
Subsidiary extension (Waterventures)	-	(9.609.901,30)
31 December	**28.832.782,20**	**27.702.404,38**

As at 31 December 2018 and 2017, investments in subsidiaries refer to investments in the Oceanário de Lisboa, S.A. as follows:

31.12.2018

Company name	Activity	Country of domicile and main place of business	% held	Shareholding	Impairment loss	Total investment	Goodwill included
Oceanário de Lisboa	91041	Esplanada Dom Carlos I s/ nº, 1990-005 Lisboa	100.00%	31.265.451,29	(2.432.669,09)	28.832.782,20	19.773.257,42
				31.265.451,29	**(2.432.669,09)**	**28.832.782,20**	**19.773.257,42**

31.12.2017

Company name	Activity	Country of domicile and main place of business	% held	Shareholding	Impairment loss	Total investment	Goodwill included
Oceanário de Lisboa	91041	Esplanada Dom Carlos I s/ nº, 1990-005 Lisboa	100.00%	29.386.561,47	(1.684.157,09)	27.702.404,38	20.521.769,42
				29.386.561,47	**(1.684.157,09)**	**27.702.404,38**	**20.521.769,42**

The 100 % shareholding in the subsidiary Oceanário de Lisboa was received by the Foundation through the incorporation of its subsidiary Waterventures which was liquidated on 29 September 2017.

As at 31 December 2018, the holding, in the amount of € 31 265 451.29, includes a gross amount of € 22 205 926.51 regarding goodwill, for which an accumulated impairment loss of € 2 432 669.09 was recorded, resulting in a net goodwill of € 19 773 257.42.

The assets and liabilities, income and expenses generated in the fiscal year, as recognised in the financial statements of the subsidiaries, are as follows:

	2018	2017	
	Oceanário de Lisboa	Oceanário de Lisboa	Waterventures
Assets			
Non-current	46.144.824,18	41.146.966,87	-
Current	3.924.502,82	7.617.561,31	-
	50.069.327,00	**48.764.528,18**	**-**
Liabilities			
Non-current	35.286.296,89	36.458.206,16	-
Current	5.723.505,33	5.125.687,06	-
	41.009.802,22	**41.583.893,22**	**-**
Equity	**9.059.524,78**	**7.180.634,96**	**-**
	9.059.524,78	**7.180.634,96**	**-**

	2018	2017	
	Oceanário de Lisboa	Oceanário de Lisboa	Waterventures
Activity for the fiscal year			
Income	18.687.734,54	17.207.265,70	1.915.000,00
Expenses	(16.223.545,48)	(13.873.465,12)	(259.348,60)
Income tax	(585.299,24)	(839.461,10)	(59,42)
Net income	**1.878.889,82**	**2.494.339,48**	**1.655.591,98**
Other comprehensive income	-	-	(83.498,00)
Total comprehensive income	**1.878.889,82**	**2.494.339,48**	**1.572.093,98**

The amounts considered in the subsidiary Waterventures refer to the period from 1 July to 29 September 2017, given that the subsidiary had a tax period beginning on 1 July and was liquidated on 29 September 2017.

The reconciliation of the financial information selected with the book value of investments in associates is as follows:

	2018	2017	
	Oceanário de Lisboa	Oceanário de Lisboa	Waterventures
Opening net assets	**7.180.634,96**	**5.536.224,24**	**6.921.829,00**
Net income	1.878.889,82	2.494.339,48	1.437.383,06
Net income previous years	-	-	128.019,39
Other comprehensive income	-	-	222.669,85
Other movements in equity	-	(849.928,76)	900.000,00
Differences in exchange rates	-	-	-
Net assets as at 31 December	**9.059.524,78**	**7.180.634,96**	**9.609.901,30**
% shareholding	100%	100%	100%
Shareholding in subsidiaries	9.059.524,78	7.180.634,96	9.609.901,30
Goodwill	19.773.257,42	20.521.769,42	-
Assessed net value	**28.832.782,20**	**27.702.404,38**	**9.609.901,30**
Extension of subsidiary	-	-	(9.609.901,30)
Net book value*	**28.832.782,20**	**27.702.404,38**	**-**
Reconciliation differences	-	-	-

The amount of the opening net assets of Waterventures presented in the table above refer to 30 June 2016, which amounts were used to calculate the fair value of Waterventures at the date of establishment of the Foundation.

Additionally, the amount shown in the 'Net income of the subsidiary Waterventures' item in the amount of € 1 437 383.06 refers to the profit and loss for the periods from 1 January to 30 June 2017 and from 1 July to 29 September 2017. The 'Net income from previous fiscal years' item in the amount of € 128 019.39 refers to the profit and loss of the subsidiary Waterventures for the period from 1 July 2016 to 31 December 2016 that was appropriated (in results carried forward) by the Foundation in 2017, given that the Waterventures shares received by the Founder were valued at equity as at 30 June 2016.

The Profit/Loss attributed to subsidiaries, associates and joint ventures and presented in the statement of profit and loss and other comprehensive income for the 2018 and 2017 period is presented as follows:

	2018	2017		
	Oceanário de Lisboa	Oceanário de Lisboa	Waterventures	Total
Net income	1.878.889,82	2.494.339,48	1.437.383,06	3.931.722,54
Net income already considered in the Waterventures' MEP on 29/09/2017	-	(2.893.774,08)	-	(2.893.774,08)
Profit/loss allocated to subsidiaries, associates and joint ventures	**1.878.889,82**	**(399.434,60)**	**1.437.383,06**	**1.037.948,46**

9. Financial assets and liabilities by category

The categories of financial assets and liabilities defined according to the categories of IFRS 9 were allocated as follows:

31.12.2018	Fair value - hedging derivative financial instruments	Amortised cost	Other financial liabilities	Non-financial assets /liabilities	Total
Assets					
Cash and cash equivalents	-	1.250.533,70	-	-	1.250.533,70
Customers	-	3.243,56	-	-	3.243,56
Other accounts receivable	-	79.072,12	-	-	79.072,12
Financial assets at fair value through profit and loss	-	943,36	-	-	943,36
Total Financial Assets	**-**	**1.333.792,74**	**-**	**-**	**1.333.792,74**
Other non-financial assets	-	-	-	28.840.345,20	28.840.345,20
Total assets	**-**	**1.333.792,74**	**-**	**28.840.345,20**	**30.174.137,94**
Liabilities					
Financing obtained	-	-	12.925.200,00	-	12.925.200,00
Derivative financial instruments	277.348,58	-	-	-	277.348,58
Suppliers	-	-	177.489,46	-	177.489,46
Other accounts payable	-	-	474.841,13	-	474.841,13
Total financial liabilities	**277.348,58**	-	**13.577.530,59**	**-**	**13.854.879,17**
Other non-financial liabilities	-	-	-	12.991,92	12.991,92
Total liabilities	**277.348,58**	**-**	**13.577.530,59**	**12.991,92**	**13.867.871,09**

31.12.2017	Fair value - hedging derivative financial instruments	Amortised cost	Other financial liabilities	Non-financial assets / liabilities	Total
Assets					
Cash and cash equivalents	-	1.494.084,84	-	-	1.494.084,84
Customers	-	-	-	-	-
Other accounts receivable	-	25.511,32	-	-	25.511,32
Total financial assets	**-**	**1.519.596,16**	**-**	**-**	**1.519.596,16**
Other non-financial assets	-	-	-	27.707.998,66	27.707.998,66
Total assets	**-**	**1.519.596,16**	**-**	**27.707.998,66**	**29.227.594,82**
Liabilities					
Financing obtained	-	-	14.346.400,00	-	14.346.400,00
Derivative financial instruments	260.503,01	-	-	-	260.503,01
Suppliers	-	-	40.595,99	-	40.595,99
Other accounts payable	-	-	350.078,12	-	350.078,12
Total financial liabilities	**260.503,01**	-	**14.737.074,11**	**-**	**14.997.577,12**
Other non-financial liabilities	-	-	-	1.631.18	1.631,18
Total liabilities	**260.503,01**	**-**	**14.737.074,11**	**1.631.18**	**14.999.208,30**

10. Fair value of assets and liabilities

Financial assets and liabilities

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit and loss	943,36	-	-	943,36
	943,36	**-**	**-**	**943,36**
Financial liabilities				
Derivative financial instruments	-	277.348,58	-	277.348,58
	-	**277.348,58**	**-**	**277.348,58**

31 December 2017	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Derivative financial instruments	-	260.503,01	-	260.503,01
	-	**260.503,01**	**-**	**260.503,01**

The value of financial assets as at 31 December 2018 refers to amounts paid to the workmen's compensation fund (FCT) under Decree Law No. 70/2013 of 30 August.

Measurement of the fair value of Derivative Financial Instruments (Swap) is based on the valuations provided by Banco Santander Totta.

11. Financial assets at fair value through profit and loss

The financial assets at fair value through the Foundation's profit and loss correspond to the contributions made to the Workmen's Compensation Fund ('FCT').

Financial assets at fair value through profit and loss are recorded at fair value, and the subsequent changes in fair value are recorded in the income statement.

The 'Financial assets at fair value' item through profit and loss had the following breakdown:

	2018	2017
As at 1 January	**-**	**-**
Endowments	943,36	-
Fair value changes	-	-
Uses	-	-
As at 31 December	**943,36**	**-**

12. Customers

In the fiscal years ended on 31 December 2018 and 2017, the 'Customers' item had the following breakdown:

	31.12.2018			31.12.2017		
	Current	Non-current	Total	Current	Non-current	Total
Customers - Group	-	-	-	-	-	-
Customers - Non-group	3.243,56	-	3.243,56	-	-	-
Doubtful debtors	-	-	-	-	-	-
	3.243,56	**-**	**3.243,56**	**-**	**-**	**-**
Customers impairment	-	-	-	-	-	-
Total Customers	**3.243,56**	**-**	**3.243,56**	**-**	**-**	**-**

The ageing of the overdue balances without impairment for the periods presented is as follows:

	2018	2017
not due	3.243,56	-
between 6 and 12 months	-	-
between 12 and 18 months	-	-
between 18 and 24 months	-	-
more than 24 months	-	-
Total	**3.243,56**	**-**

For the periods presented, there are no significant differences between the book values and their fair value. Non-current balances receivable earns interests at market rates.

13. Other accounts receivable

In the fiscal year ended on 31 December 2018 and 2017, the 'Other accounts receivable' item had the following breakdown:

			31.12.2018			31.12.2017
	Current	Non-current	Total	Current	Non-current	Total
Deferred assets i)	29.649,75	-	29.649,75	1.083,81	-	1.083,81
Other debtors	4.626,82	-	4.626,82	-	-	-
Advance payment to suppliers	44.795,55	-	44.795,55	24.427,51	-	24.427,51
	79.072,12	**-**	**79.072,12**	**25.511,32**	**-**	**25.511,32**
Impairment	-	-	-	-	-	-
Other accounts receivable	**79.072,12**	**-**	**79.072,12**	**25.511,32**	**-**	**25.511,32**

i) Deferred assets - as at 31 December 2017 and 2018, the 'Deferred assets' item had the following breakdown:

			31.12.2018			31.12.2017
	Current	Non-current	Total	Current	Non-current	Total
Expenses with external supplies and services	-	-	-	690,35	-	690,35
Other expenses	29.649,75	-	29.649,75	393,46	-	393,46
Deferred assets	**29.649,75**	**-**	**29.649,75**	**1.083,81**	**-**	**1.083,81**

As at 31 December 2018 and 2017, no impairment losses were recorded over balances receivable from third parties.

For the periods presented, there are no significant differences between the book values and their fair value.

14. Cash and cash equivalents

As at 31 December 2018 and 2017, the 'Cash and cash equivalents' item had the following breakdown:

	31.12.2018	31.12.2017
Cash	1.000,00	-
Bank deposits	1.249.533,70	1.494.084,84
Cash and cash equivalents	**1.250.533,70**	**1.494.084,84**

The closing balance of the 'Cash and cash equivalents' item for the purposes of drawing up the cash flow statement for the fiscal years ended on 31 December 2018 and 2017 had the following breakdown:

	31.12.2018	31.12.2017
Cash	1.000,00	-
Bank deposits	1.249.533,70	1.494.084,84
Cash and cash equivalents (Assets)	**1.250.533,70**	**1.494.084,84**
Bank overdrafts	-	-
Cash and cash equivalents (Liabilities)	-	-
	1.250.533,70	**1.494.084,84**

15. Equity Funds

As at 31 December 2018, Oceano Azul Foundation's funds amounting to € 7 171 829 were fully subscribed and paid-up. These refer to endowments from the Founder Sociedade Francisco Manuel dos Santos, SGPS, SE and have the following breakdown:

Endowment in kind: € 6 921 829
Endowment in cash: € 250 000

Initial endowment from the Founder in kind refers to the transmission of a shareholding from the entity Waterventures.

16. Other reserves

As at 31 December 2018, the 'Other reserves' item had the following breakdown:

	Adjustments in financial assets	Other	Total
Adjustments from equity method	(849.928,76)	-	(849.928,76)
Waterventures incorporation	-	585.598,53	585.598,53
As at 31 December 2017	**(849.928,76)**	**585.598,53**	**(264.330,23)**
Earnings distribution	-	-	-
Adjustments from equity method	-	-	-
As at 31 December 2018	**(849.928,76)**	**585.598,53**	**(264.330,23)**

On 2017, the 'Adjustments in financial assets' item reflects differences resulting from the application of the equity method, namely those related to appropriation of equity of subsidiaries.

As at 2017, the 'Other' item amounted to € 585 598.53, referring to the amount recorded in Equity Funds resulting from the incorporation of Waterventures.

These amounts will only be available for distribution when the originating elements or rights are sold, exercised, eliminated or settled (Art. 32(2) of the CCC)..

17. Other changes in equity funds

In the fiscal years ended on 31 December 2018 and 2017, the 'Other changes in equity funds' items had the following breakdown:

	Other changes in equity funds	Total
As at 1 March 2017		
Waterventures incorporation - Swap	(362.928,68)	(362.928,68)
Fair value swap variation	102.425,67	102.425,67
As at 31 December 2017	**(260.503,01)**	**(260.503,01)**

	Other changes in equity funds	Total
As at 1 January 2018	(260.503,01)	(260.503,01)
Fair value swap variation	(16.845,57)	(16.845,57)
As at 31 December 2018	**(277.348,58)**	**(277.348,58)**

The amount of € 362 928.68 refers to the value of the derivative hedging instrument on the date of incorporation of Waterventures into the Foundation. The fair value of the derivative hedging instrument (swap) for the periods ended 31 December 2018 and 2017 decreased by € 16 845.57 and € 102 425.67, respectively.

18. Financing obtained

The classification of financing obtained according to their term (current and non-current) and by nature of the loan, at the end of the fiscal year, is as follows:

	31.12.2018			31.12.2017		
	Current	Non-current	Total	Current	Non-current	Total
Bank loans i)						
Santander Totta	1.452.400,00	9.372.800,00	10.825.200,00	1.421.200,00	10.825.200,00	12.246.400,00
Financing between group companies ii)						
Oceanário de Lisboa	-	2.100.000,00	2.100.000,00	2.100.000,00	-	2.100.000,00
	1.452.400,00	**11.472.800,00**	**12.925.200,00**	**3.521.200,00**	**10.825.200,00**	**14.346.400,00**

i) The bank loan was obtained from Santander Totta on 28 September 2015 for an initial amount of € 15 million, over a 10-year term.

For this bank financing, a hedging derivative was entered into with Banco Santander Totta in order to hedge the risk of change in the interest rate of the contracted financing and its cash flows.

This financing was originally entered into by Waterventures with the aim of acquiring the shares of Oceanário de Lisboa, S.A. With the liquidation of Waterventures and the incorporation of its assets and liabilities into the Oceano Azul Foundation, the latter assumed the obligation in respect of this funding.

ii) The amount of € 2.1 million of funding between companies of the group as at 31 December 2018 and 2017 refers to a loan obtained from Oceanário de Lisboa, S.A. The loan bears interest at Euribor 12M + 1.25 % and has a maturity of 2 years. The financing initially obtained had a 2-year maturity ending in January 2018, and was then extended for 2 more years.

Loans

The Foundation's financing have the following maturities:

	2018	2017
Up to 1 year	1.452.400,00	3.521.200,00
Between 2 and 5 years	8.180.000,00	5.959.600,00
More than 5 years	3.292.800,00	4.865.600,00
	12.925.200,00	**14.346.400,00**

The Foundation's financing present the following changes:

	SantanderTotta	Oceanário
1 January 2018		
Opening balance	12.246.400,00	2.100.000,00
2018 Breakdown		
Increases:		
Loan renewal	-	2.100.000,00
Decreases:		
Financing cash flows	(1.421.200,00)	-
Loan maturity	-	2.100.000,00
31 December 2018		
Closing balance	**10.825.200,00**	**2.100.000,00**

19. Derivative financial instruments

As at the 31st of December of 2018 and 2017, the 'Derivative financial instruments' item had the following breakdown:

	31.12.2018				31.12.2017			
		Liabilities				Liabilities		
	Notional	Current	Non-current	Total	Notional	Current	Non-current	Total
Derivatives designated as cash flow hedges								
Swap interest rate	10.825.200,00	-	277.348,58	277.348,58	12.246.400,00	-	260.503,01	260.503,01
Total derivatives designated as hedging		**-**	**277.348,58**	**277.348,58**		**-**	**260.503,01**	**260.503,01**
Total derivatives		**-**	**277.348,58**	**277.348,58**		**-**	**260.503,01**	**260.503,01**

Cash flow hedges - Interest rate swaps

The Foundation ensures a fixed rate for a portion of future loan interest payments, by contracting interest rate swaps. The risk hedged is the variable reference rate associated with the loans. The purpose of this hedge is to transform the variable interest rate loans in fixed interest rate loans. The credit risk of the loan is not hedged.

20. Suppliers

As at 31 December 2018 and 2017, the 'Suppliers' item had the following breakdown:

	2018	2017
Suppliers - Non-group	153.283,91	40.595,99
Suppliers - Group	24.205,55	-
Suppliers total balance	**177.489,46**	**40.595,99**

21. Income tax receivable / payable

In the fiscal years ended on 31 December 2018 and 2017, the current income tax had the following balance breakdown:

	31.12.2018		31.12.2017	
	Debit	Credit	Debit	Credit
Income tax - IRC (Corporate Income Tax)	-	12.991,92	-	1.631,18
	-	**12.991,92**	**-**	**1.631,18**

For the periods presented, the IRC balances had the following breakdown:

	2018	2017
Current Tax		
Payments on account	-	-
Taxes withheld at source	-	-
IRC estimate	12.991,92	1.631,18
Total	**12.991,92**	**1.631,18**

22. Other accounts payable

As at 31 December 2018 and 2017, the 'Other accounts payable' item had the following breakdown:

	31.12.2018			31.12.2017		
	Current	Non-current	Total	Current	Non-current	Total
Accrued expenses i)	411.081,35	-	411.081,35	327.221,70	-	327.221,70
State and other public entities ii)	44.456,22	-	44.456,22	19.408,72	-	19.408,72
Other creditors	19.303,56	-	19.303,56	3.447,70	-	3.447,70
Other debts payable	**474.841,13**	**-**	**474.841,13**	**350.078,12**	**-**	**350.078,12**

i) Accrued expenses – this sub-item has the following breakdown:

	31.12.2018			31.12.2017		
	Current	Non-current	Total	Current	Non-current	Total
Staff costs	158.205,16	-	158.205,16	200.870,32	-	200.870,32
Expenses external supplies and services	224.588,53	-	224.588,53	99.423,99	-	99.423,99
Financing expenses	28.287,66	-	28.287,66	26.427,39	-	26.427,39
Other expenses	-	-	-	500,00	-	500,00
Accrued expenses	**411.081,35**	**-**	**411.081,35**	**327.221,70**	**-**	**327.221,70**

ii) State and other public entities – as at 31 December 2018 and 2017, the 'State and other public entities' item had the following breakdown:

	31.12.2018		31.12.2017	
	Current	Non-current	Current	Non-current
Income tax withheld	21.025,67	-	11.548,00	-
VAT	8.035,44	-	-	-
Social security contributions	15.395,11	-	7.860,72	-
	44.456,22	**-**	**19.408,72**	**-**

23. Operating donations and bequests

During the period ended on 31 December 2018 and 2017, the following donations were allocated to income:

	2018	2017
Founders' Donations	3.000.000,00	7.500.000,00
Donations - third parties	508.175,09	124.436,44
	3.508.175,09	**7.624.436,44**

The 'Donations' item made by the Founder Sociedade Francisco Manuel dos Santos, SGPS, SE in the amount of € 3 million and € 7.5 million, in the periods of 2018 and 2017 respectively, refers to the commitment mentioned in the terms of the Contribution of Funds contract concluded with the parent entity, and has the following breakdown:

2018

/ € 3 million received from Sociedade Francisco Manuel dos Santos, SGPS, SE in 2018.

2017

/ € 3 million received from Sociedade Francisco Manuel dos Santos, SGPS, SE in 2017.

/ € 4.5 million paid to Waterventures as unpaid supplies and SFMS SE waived the refund of this amount at the time of liquidation of Waterventures in September 2017.

In 2018 the Foundation received donations in the amount of EUR 508 175.09 from third parties, namely: Tides, the Calouste Gulbenkian Foundation and the Waitt Foundation. In 2017, the Foundation received a donation in the amount of EUR 124 436.44 from a third party, the Waitt Foundation.

24. External supplies and services

In the fiscal years of 2018 and 2017, the 'External supplies and services' item had the following breakdown:

	2018	2017
Specialised work	765.474,98	185.591,53
Advertising and promotions	28.387,89	62.999,88
Surveillance and security	269,06	-
Fees	40.735,35	150,00
Quick-wear tools and utensils	13.414,25	-
Office supplies	2.153,20	1.021,52
Gift items	6.864,96	-
Energy and fluids	8.902,83	1.519,58
Travel, accommodation and transport	130.330,17	44.717,43
Rents and leases	240.590,98	11.421,92
Communication	7.978,86	324,26
Insurance	11.267,77	561,16
Litigation and notaries	434,73	160,00
Representation expenses	127.450,44	16.311,77
Other services	2.311,05	729,71
External supplies and services	**1.386.566,52**	**325.508,76**

25. Staff costs

Staff expenses incurred in 2018 and 2017 were as follows:

	2018	2017
Remunerations		
Governing Bodies	311.572,60	450.686,12
Staff	174.374,59	-
Sub-total	**485.947,19**	**450.686,12**
Other charges		
Charges on remunerations	104.379,06	56.627,77
Occupational accident insurance	2.817,80	1.202,53
Other	4.280,47	60,00
Sub-total	**111.477,33**	**57.890,30**
Staff costs	**597.424,52**	**508.576,42**

The average number of Foundation employees in 2018 was 9 (2017: 3).

As at 31 December 2018 and 2017, the Foundation had 9 and 4 employees, respectively, of whom 5 (2017: 2) were paid on a monthly basis, 1 on a quarterly basis and 3 on a semi-annual basis.

26. Other income

As of 2018 and 2017, the 'Other income' item had the following breakdown:

	2018	2017
Favourable exchange rate differences	99,52	6,40
Other unspecified	1.066,50	-
	1.166,02	**6,40**

27. Other expenses

As of 2018 and 2017, the 'Other expenses' item had the following breakdown:

	2018	2017
Taxes	10.526,79	12.238,32
Corrections relating to previous periods	742,60	-
Donations	114.369,47	30.000,00
Levies	600,03	600,00
Unfavourable exchange rate differences	655,32	59,18
Other unspecified	1.395,93	157,33
	128.290,14	**43.054,83**

28. Financial expenses

As of 2018 and 2017, the 'Financial expenses' item had the following breakdown:

	2018	2017
Financial expenses		
Interests paid		
Bank loans	386.438,26	133.876,27
Loans group companies	26.877,10	8.050,00
	413.315,36	**141.926,27**

29. Income tax

The amount of income tax recognised in profit and loss for the fiscal years of 2018 and 2017 has the following breakdown:

	2018	2017
Current income tax	12.993,26	1.631,18
Deferred income tax	-	-
Income tax	**12.993,26**	**1.631,18**

	2018	2017
Overall Income	**2.107.719,16**	**7.455.002,55**
Adjustment for tax purposes		
Non-deductible expenses	750.650,53	187.285,75
Cancellation effects using the equity method	(1.878.889,82)	(1.037.948,46)
Non-taxable income	(3.508.175,09)	(7.624.436,44)
	(2.528.695,22)	**(1.020.096,60)**
Non-taxable income	1.166,02	-
Tax rate	21,0%	21,0%
	244,86	**-**
Autonomous taxation	**12.748,40**	**1.631,18**
Current income tax	12.993,26	1.631,18
Deferred income tax	-	-
Income tax	**12.993,26**	**1.631,18**
Effective tax rate	**0,62%**	**0,02%**

The tax rate used to determine the amount of tax on current income is as follows:

	2018	2017
Tax rate	21,00%	21,00%
	21,00%	**21,00%**

30. Commitments

The commitments undertaken by the Entity at the date of financial reporting for the fiscal years ended on 31 December 2018 and 2017 are as follows:

30.1 Operating lease commitments

Summary of rentals due related to operating lease contracts in force as at 31 December 2018 and 2017:

2018	< 1 year	1 -5 years	> 5 years
Vehicles	12.320,32	22.942,27	
	12.320,32	**22.942,27**	**-**

2017	< 1 year	1 -5 years	> 5 years
Vehicles	11.969,88	34,912.15	
	11.969,88	**34.912,15**	**-**

31. Contingencies

31.1 Contingent liabilities

To guarantee the long-term bank loan obtained, the Foundation established a financial pledge over the right to receive financial endowments from Sociedade Francisco Manuel dos Santos, SGPS, SE and the balance of its bank account and income from the balance of that account.

To guarantee the long-term bank loan obtained by its subsidiary Oceanário de Lisboa S.A. in order to pay the Portuguese government the initial component of the concession agreement for the right to operate the Oceanário infrastructure, the Foundation established a financial pledge in favour of Banco Santander Totta on the Oceanário shares and on any amounts it may be due from the Oceanário. With the same objective, the Oceanário established a financial pledge of its bank accounts and the income resulting from their balances.

31.2 Guarantees issued by third parties

As at 31 December 2018 and 2017, the Foundation did not have any guarantees issued by third parties.

31.3 Contingent assets

The Foundation, under the terms of the agreement for Contribution of Funds entered into with Sociedade Francisco Manuel dos Santos, SGPS, SE has the right to receive as Foundation Endowment a total of € 30 million. Of this amount, € 10.5 million have already been paid and the remaining € 19.5 million are to be paid by 2025.

32. Related parties

The Foundation was created by its Founder Sociedade Francisco Manuel dos Santos, SGPS, SE

Remuneration of the Board of Directors

Remunerations received by the Foundation's Board of Directors amounted to € 260.000,16 during the fiscal year ended on 31 December 2018 (31 December 2017: € 197 142.96).

Remuneration of the Audit Committee

Remuneration received by the Audit Committee amounted € 9 225, during the fiscal year ended on 31 December 2018 (31 December 2017: € 8 456.25).

Transactions between related parties

a. Nature of the relationship with the related parties:

Founding members

Sociedade Francisco Manuel dos Santos, SGPS, SE.

Subsidiaries

Oceanário de Lisboa, S.A.;

Waterventures, S.A. (em 2017)

Related parties through founding shareholders

Unilever Fima

b. Pending balances and transactions

I. Founding Members

Sales and purchase of services:

During the 2018 and 2017 fiscal years, the Group carried out the following transactions with the founding member:

	2018	2017
Income		
Provision of services/Other income/Donations		
Sociedade Francisco Manuel dos Santos, SGPS, SE	3.000.000,00	7.500.000,00
	3.000.000,00	**7.500.000,00**

II. Subsidiaries

Sales and purchase of services:

During the 2018 and 2017 fiscal years, the entity carried out the following transactions with the Oceanário de Lisboa, S.A.:

	2018	2017
Expenses		
Financial expenses		
Oceanário de Lisboa, S.A	26.877,10	32.983,00
Services/Other expenses		
Oceanário de Lisboa, S.A	27 137.61	-
	54.014,71	**32.983,00**

In 2017, the amount of € 32 893.00 in financial expenses refers to interest on the loans granted by Oceanário de Lisboa to the subsidiary Waterventures for the amount of € 2.1 million. As a result of the Foundation having incorporated Waterventures, the Foundation took responsibility towards that loan. In view of the above, the Foundation's 'Financial expenses' item recorded expenses for the period from October to December 2017 amounting to € 8 050.00. The remaining amount was recorded in Waterventures' accounts.

Debit and credit balances

For the 2018 and 2017 fiscal years, balances from transactions with related parties are as follows:

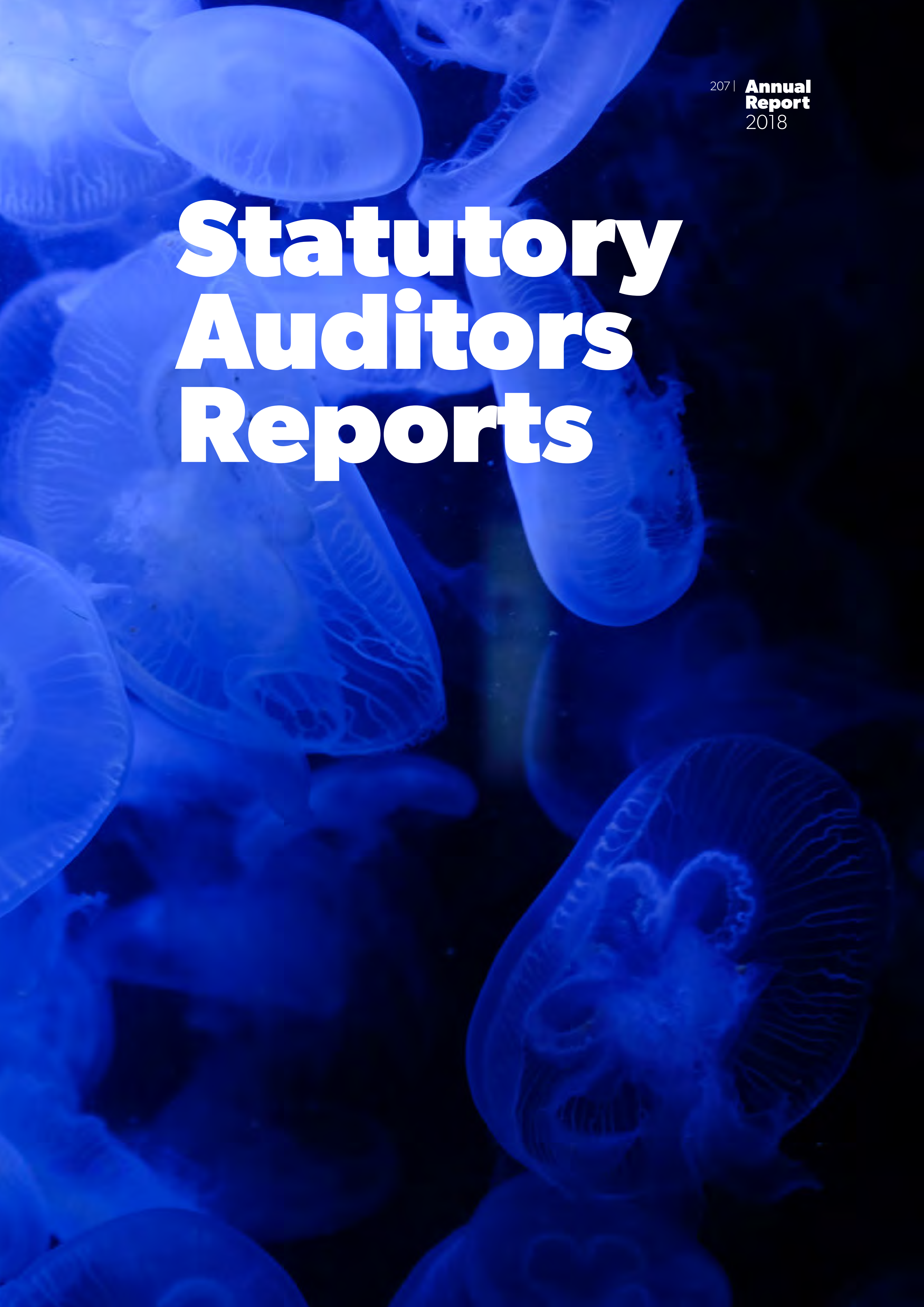
	2018	2017
Credit balances		
Other debts payable		
Oceanário de Lisboa, S.A	17.646,77	2.348,84
	17.646,77	**2.348,84**
Suppliers		
Oceanário de Lisboa, S.A	24.205,55	-
	24.205,55	**-**
Financing obtained		
Group Companies		
Oceanário de Lisboa, S.A	2.100.000,00	2.100.000,00
	2.100.000,00	**2.100.000,00**
Interest payable		
Oceanário de Lisboa, S.A	12.104,18	14.525,00
	12.104,18	**14.525,00**

33. Subsequent events

Up to the date of approval of these financial statements, there are no subsequent events since 1 January 2019 that are known to the Board of Directors and, in accordance with IAS 10, should be recorded or disclosed in these financial statements.

The Chartered Accountant	The Board of Directors
João Pedro Eloi Lopes Banza, number 37215	José Soares dos Santos
	Tiago Pitta e Cunha
	Emanuel Gonçalves
	R. Andreas Kraemer
	João Falcato Pereira

© Rosan Harmens/Unsplash



Statutory Auditors Reports

Building a better working world

Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da República, 90-6º
1600-206 Lisboa
Portugal

Tel: +351 217 912 000
Fax: +351 217 957 586
www.ey.com

(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Fundação Oceano Azul (the Group), which comprise the Consolidated Financial Position as at 31 December 2018 (showing a total of 69.029.983,66 euros and a total equity of 16.306.266,85 euros, including a net profit for the year of 2.094.725,90 euros), the Consolidated Income Statement and the Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and annex to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Fundação Oceano Azul as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements " section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the supervisory body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group´s financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion; and
- communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the Management Report is consistent with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

Lisbon, 14 March 2019

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

João Carlos Miguel Alves - ROC nr. 896
Registered with the Portuguese Securities Market Commission under license nr. 20160515

Building a better
working world

Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da República, 90-6º
1600-206 Lisboa
Portugal

Tel: +351 217 912 000
Fax: +351 217 957 586
www.ey.com

(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of de Fundação Oceano Azul (the Entity), which comprise the Financial Position as at 31 December 2018 (showing a total of 30.174.137,94 euros and a total equity of 16.306.266,85 euros, including a net profit for the year of 2.094.725,90 euros), the Income Statement and the Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the annex to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Fundação Oceano Azul as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the supervisory body for the financial statements

Management is responsible for:

- the preparation of financial statements that presents a true and fair view of the Entity´s financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the Management Report is consistent with the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatement.

Lisbon, 14 March 2019

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

João Carlos Miguel Alves - ROC nr. 896
Registered with the Portuguese Securities Market Commission under license nr. 20160515

© Rosan Harmens/Unsplash

Report and Opinion of the Audit Committee

REPORT AND OPINION OF THE AUDIT COMMITTEE

To the Board of Trustees,

Under the terms of the legal and statutory provisions and in the course of our duties, we hereby present the report on our supervisory activities and present our opinion on the accounting documents submitted by the Board of Directors of the **Oceano Azul Foundation** (hereinafter Foundation), for the period ended 31 December 2018.

We supervised the development of the Foundation's activities, checking their accounting records and supporting documents, having always obtained any explanations, information and documents that we requested from the Board of Directors.

We verified that the financial statements, included among the accounting documents, were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"), thus accurately reflecting the net worth of the Foundation.

We also analysed the Management Report which describes the most significant aspects of the activities and actions that were and will be carried out by the Foundation.

We emphasise that our opinion is supported by the opinion issued (appended) on the financial statements referred to above by the auditor, Ernst & Young Audit & Associados – SROC, S.A., in accordance with the responsibilities attributed considering the required technical expertise.

In view of the above, it is our opinion that the Annual Report issued by the Board of Directors and the financial statements for the period ended 31 December 2018 should be approved.

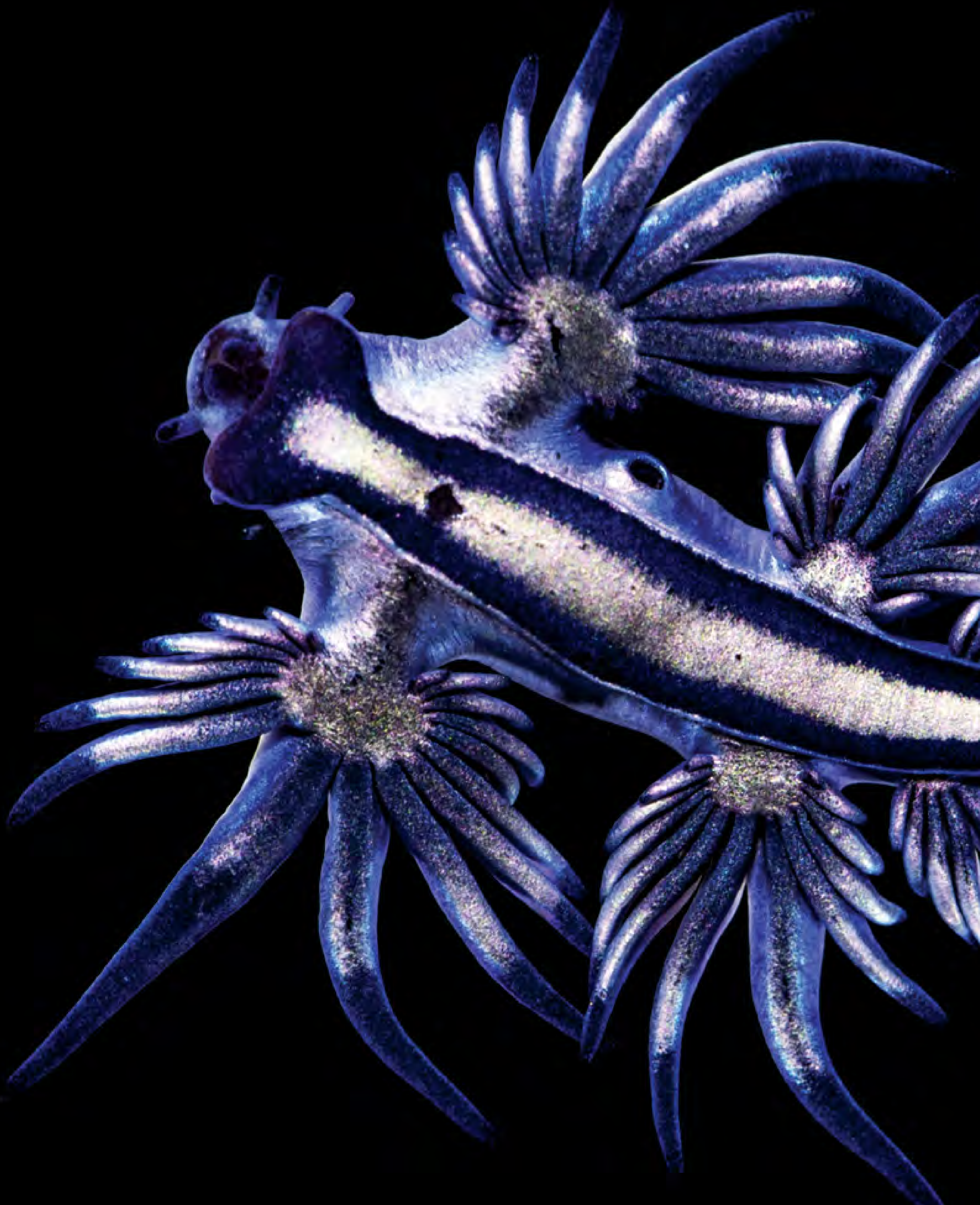
Lisbon, 14 March 2019

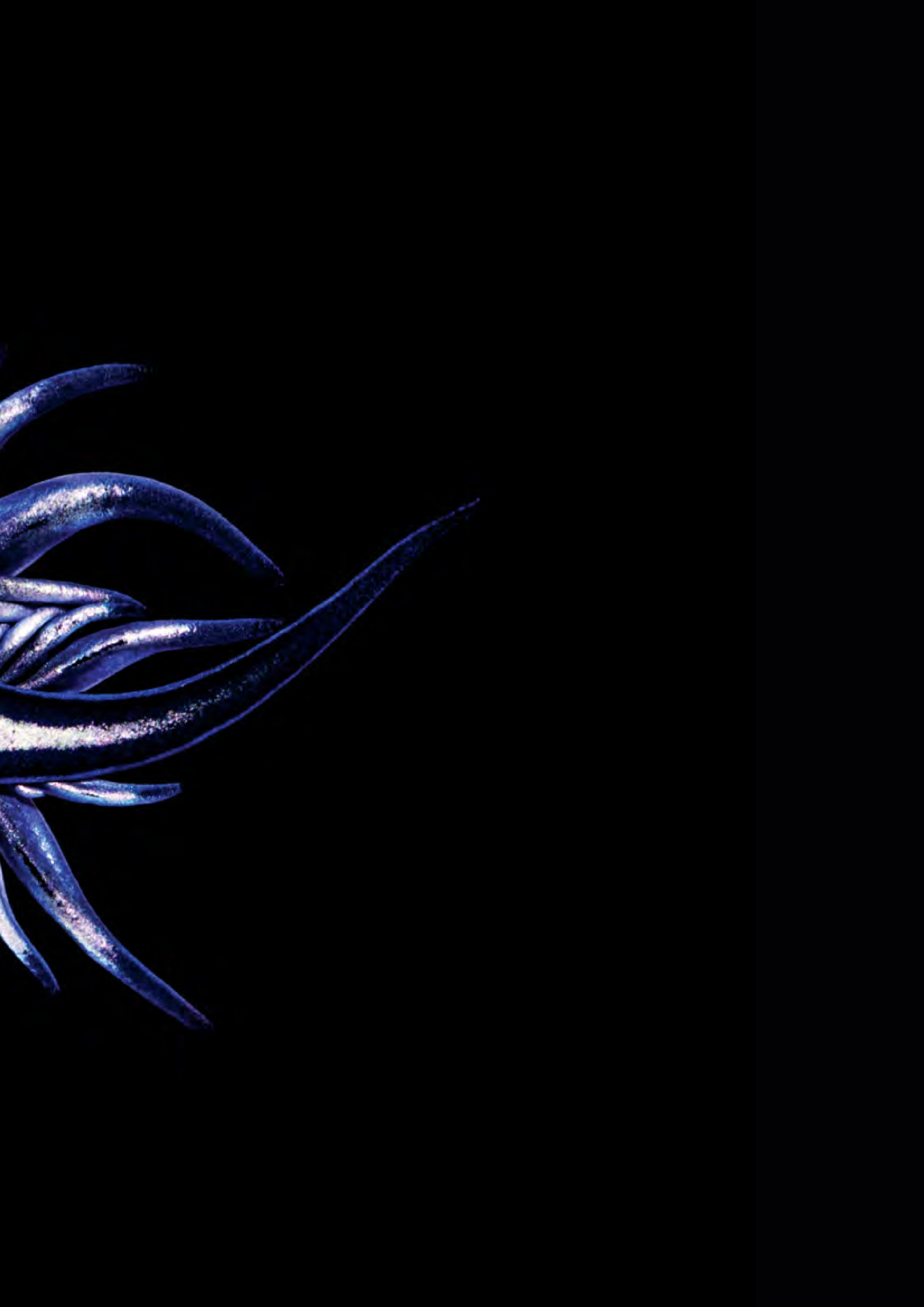
THE AUDIT COMMITTEE,

Ernst & Young Audit & Associados – SROC, S.A.
Represented by João Carlos Miguel Alves
Chairman

Henrique Soares dos Santos
Member

Paula Prado Rosa
Member





From the ocean's point of view

Annual Report 2018

OCEANO AZUL foundation