II. Economic and Financial Situation Financial Statements

This part of the report refers to the Foundation's economic and financial situation and comprises the publication of its respective Balance Sheet and Accounts and the Auditors' Report.

Economic and Financial Situation

Financial Situation

In 2009, the world economy slowed down due to the effects of the financial and credit crisis that had begun in 2007, and which continued throughout 2008 and 2009. Thus, in 2009, the real growth of the GDP of the developed economies fell by 3.2%, with the real GDP in the USA falling by 2.4%, the real GDP in the Euro Zone by 4.1% and in Japan by 5.3%. In the newly industrialised Asian economies, the fall was less sharp, amounting only to 0.9%, and by the end of the last quarter they were already displaying vigorous growth. China attained a growth rate of 8.7%, which was lower than the one recorded in 2008, but still quite remarkable, especially if we take into consideration the difficulties that were experienced in other economies.

Consumer prices fell in the USA (0.3%) and Japan (1.4%), although they recorded a slight increase in the Euro Zone (0.3%).

Governments maintained their emergency programmes designed to soften the effects of the credit crisis, and, in general, these proved to be effective; however, such measures had a collateral effect, as reflected in a substantial increase in government debts, a situation that will take a number of years to normalise. As a result of this situation, there still remain many doubts about the credit credibility of some states. The effects of this crisis will continue for several years.

The equity markets once again fell quite dramatically at the beginning of 2009, continuing the sharp downward movement noted in the last period of 2008. However, from March onwards, the markets showed signs of a remarkable recovery, which, nonetheless, was insufficient to make up for the losses that had occurred in 2008 and the beginning of 2009. The MSCI World Index therefore rose by 23.8% in 2009, while the S&P 500 Index rose by 20.4%, the Dow Jones Euro Stoxx 50 by 20% and the PSI 20 by 33.5%. The Global Government Bond Index fell by 0.6%, but the European Government Bond Index rose by 4.3%.

The central banks continued to pursue their policy of maintaining very low short-term interest rates. The US central bank maintained the federal funds rate at 0.25% throughout 2009, while the European Central Bank progressively reduced the repo rate from 2.5% at the end of 2008 to 1% at the end of 2009, remaining with the same rate until May 2010 (the date when this report was written).

Investment portfolio

As a result of the falls recorded in the various indices in 2008 and their repercussions on the performance of the Foundation's investment portfolio, it was decided to undertake a profound reassessment of the structure and framework of the investment portfolio. With the sharp fall noted in the markets at the beginning of 2009, it was also decided that venture investments should be abandoned and transferred to liquid assets. After its review of the situation, the Foundation decided to change the structures for the governance of its investment portfolio, cancelling the mandates that it had with some managers, altering the investment guidelines governing the discretionary management of the investment portfolios and creating passive investment funds in shares and bonds. 2009 was therefore a year that was marked by major alterations in the structure of the Foundation's investments.

The Foundation's investment portfolio was therefore unable to benefit from the notable recovery taking place in the markets from mid-March to the end of the summer in 2009, since during most of this period it was not investing in shares and maintained a high exposure to liquidity risk. The return obtained on the investment portfolio in 2009 was 3.8%.

The new investment guidelines sought to obtain a real annual return, before inflation, of 4.5% over a 3 to 5-year period. One of the declared aims was that managers should adopt a long-term vision in their investment decisions: the previous structure tended to favour decisions based on a short-term view of the situation, which did not fit in with the aims of a perpetual organisation such as the Foundation.

The distribution of the portfolio by principal asset classes, at 31 December 2009, was as follows:

Equities	29.6%
Bonds	33.1%
Liquidity	29.5%
Property and other investments	7.7%
Currency hedges	0.1%
	100%

At the beginning of 2010, a significant part of liquidity (500 million euros) was invested in passive management funds of shares and bonds.

The investment portfolio had a market value of 1.778 million euros in 2009, compared with 1.773 million euros in December 2008. Therefore, despite the uncertainties caused by the behaviour of the markets and the changes introduced into the structure of investments during 2009, as well as the withdrawals made to cover operating expenses that were planned in the Foundation's budget, the value of the portfolio was maintained at the same level.

Oil interests

Brent spot oil prices rose by more than 83% in 2009, from USD 42 per barrel at the start of the year to USD 77 per barrel at year end. The average price of USD 96 in 2008 did, however, fall to USD 62 in 2009. The highest price in 2009 was USD 79 per barrel as compared with USD 146 per barrel in 2008.

In particular, as a result of the fall in the average price of oil, the value of the Partex Group's oil and gas sales in 2009 fell by 42% in comparison with 2008.

In 2009, the Partex Group obtained a consolidated profit of USD 49,399,000, as compared with USD 81,600,000 in 2008; the reduction in profit is largely due to the effect of the fall in oil and gas prices, an increase in amortisations and depreciations and a higher level of impairment losses on investments in progress.

Participations in oil companies were revalued at fair value by an independent investment bank at 31 December 2009, in accordance with international reporting standards. These participations were originally valued at fair value in 2001 and net present fair values were recalculated at each year end to ensure that they remained reasonable and up-to-date.

The net consolidated book value of the Partex Oil Gas (Holding) Corporation increased, in USD, by 10.7% over 2009, largely as a result of the investment programme and the revaluation of assets. The operating profit did, however, fall quite substantially due to the drop in average oil prices and the increased costs of impairment resulting from the failure of some exploration activities, particularly in Brazil, and the abandonment of a concession in Portugal.

At the end of 2009, the Group's concessions in Angola, Portugal and Brazil continued to be at an exploration stage, while in Kazakhstan the Dunga full field development plan was still at the implementation stage.

In 2009, an interim dividend was declared of USD 20 million, and an additional and final dividend of USD 3 million was approved in March 2010. Both of these dividends will be paid in 2010.

Implementation of the budget

The data relating to the implementation of the Foundation's Budget and Activities Plan, during 2009, demonstrate the following:

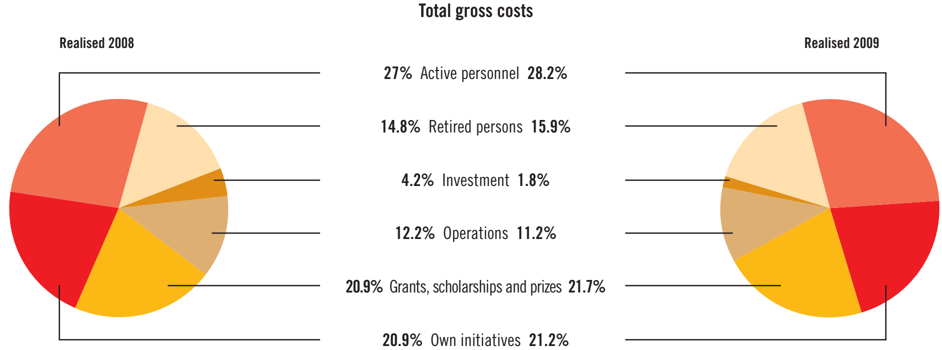
› Overall the implementation of the budget was in keeping with the initial forecasts, although there were a number of unforeseen costs, namely those associated with the moves to new premises of the branches abroad and the launch of the "País Solidário" ("United Country") campaign.
› The level of the Foundation's activity was marked by the stabilisation of its distributive activity (grants, scholarships and prizes) and by the reduction of its own activities, which fell by 1.6% in comparison with 2008. This was in keeping with the budgetary contraction of roughly 4%.
› Personnel costs remained within the budget and even generated a positive balance. In comparison with the previous year, the costs incurred with staff in active employment increased by 1.5%, representing a 2% updating of wage scales and reflecting the effects of promotions and career progressions. At 31 December, 2009, the Foundation had 489 active employees and 22 employees on fixed-term contracts, in addition to the nine Trustees. The number of permanent employees decreased by 14, while there was an increase of 10 in the number of employees on fixed-term contracts.
› The costs incurred with retired persons increased by 4.2%, partly as a consequence of the effects of the updating of wage scales, but also because there were new high-value pensions due for payment and because medical expenses also increased. At 31 December, 2009, the Foundation had 1,030 retired persons, six less than in 2008.

› Investment costs fell by roughly 59% when compared with 2008, representing a deliberate slowing down of the major works planned for the refurbishment of the Foundation's physical structures. However, investment costs did exceed the budgeted amount, because of building work undertaken at the Gulbenkian Institute of Science that had not been provided for in the budget.
› Operating costs fell by 7.4% in comparison with the previous year.
› Income increased, in relation both to 2008 and budget forecasts. External contributions related to scientific research projects continue to be the most significant share of income. The other income-generating activities showed some changes in comparison with the pattern of previous years – most notably the increased receipts from the box offices of museums and exhibitions and the sales of publications.
› Over the last two years, there have been slight changes in the Foundation's cost and income structure. There were small increases in the relative shares of costs incurred with staff in active employment and retired persons. The relative share of activities – grants, scholarships, prizes and own initiatives – also showed a slight increase. The relative shares of both investment and operating costs also fell.

Costs and realised income

				Euros
	Realised	*Realised*	*Change*	
Costs and Income	***2008***	***2009***	***Absolute Value***	***%***
	1	2	3=2-1	4=3/1
Active personnel costs	31 061 535	31 513 042	451 507	1.5
Structural costs	18 899 623	14 523 884	-4 375 739	-23.2
› Investment	4 850 017	1 984 554	-2 865 463	-59.1
› Operations	14 049 606	12 539 330	-1 510 276	-10.7
Grants, scholarships and prizes	24 054 508	24 168 094	113 586	0.5
Own initiatives	24 083 833	23 708 464	-375 369	-1.6
Retired persons	17 058 029	17 778 325	720 296	4.2
Total gross costs	***115 157 528***	***111 691 809***	***-3 465 719***	***-3.0***
Income (-)	11 781 466	13 117 754	1 336 288	11.3
Total net costs	***103 376 062***	***98 574 055***	***-4 802 007***	***-4.6***

Total gross costs



Programmes and New Interventions

There was a significant strengthening of interventions launched under the form of programmes. The Gulbenkian Programmes – "Portuguese Language", "Development Aid", "Environment", "Advanced Medical Training", the "Programme to Combat Failure at School and Early School Leaving" and the "Education for Culture" Programme – were continued, and the "Human Development" and "Next Future" Programmes were created. This latter programme was introduced as a natural corollary of the experience obtained in 2008 with the Gulbenkian Distance and Proximity Programme.

As far as Transverse and Innovative Projects are concerned, the "Interuniversity Programme for Scientific Capacity Strengthening" was continued.

The "New Interventions" budget line was launched, with the aim of supporting innovative activities that met at least two of the following requirements: they were transverse projects cutting across the Foundation's different statutory aims, they took place in more than one country, they were developed in the form of a partnership or involved distributive activities. Six initiatives were selected for support under the scope of the "New Interventions" budget line.

Statutory purposes

Statutory purposes showed slight changes in their distribution structure when compared to the previous year: Charity – 14.8% for Charity; Art – 38%; Education – 27.1%; and Science – 20.1%. There was a fall of 2.2 percentage points in Art expenditure and 1.3 percentage points in Education. Charity and Science, on the other hand, recorded increases of 3 and 0.5 percentage points, respectively.

Division of costs between Portugal and overseas

Considering the activity of the Foundation's departments in Portugal and its branches abroad, the division of costs was 80% in Portugal and 20% overseas.

Distribution of common costs

After closure of the accounts, common costs – shared by the Central Services Department, Accounts Department, Finance and Investment Department, Communication Department and the Budget, Planning and Control Department, as well as the costs incurred with the Board of Trustees – were divided up amongst the other departments and programmes, in order to make it possible to assess the real cost of activities.

As a result of this new distribution, the costs of those departments that had their own direct activities represented 55% of total costs, while the costs of departments with distributive activities represented 31%. After this redistribution, the group of projects, programmes and New Interventions was responsible for 12% of costs.

Projects also funded by outside bodies

Besides the projects registered and implemented under the auspices of the Budget and Activities Plan, there are other interventions that are undertaken with the active participation of the Foundation, but which are wholly or partly funded by outside bodies. The projects that are to be found in this situation are: support for the East Timor Institute of Health Sciences, the Installation of the Health Research Centre in Angola, the Professional Integration of Immigrant Doctors and the "País Solidário" ("United Country") Campaign. The amounts raised for these projects from outside the Foundation were recorded in third party accounts and, in 2009, involved more than 2 million euros.

Personnel in active employment

Staff movements during the year resulted in an overall decrease of 14 permanent employees and 10 more employees being recruited to work on fixed-term contracts (these included six members of staff involved in the modernisation of the Paris Library).

Active personnel	*31.12.2008*	*31.12.2009*	*Change*
Trustees	9	9	0
Permanent	503	489	-14
› General employees	439	429	-10
› Artistic employees	64	60	-4
Fixed-term contracts	12	22	10
› General employees	10	17	7
› Artistic employees	2	5	3

Retired persons

As far as retired persons are concerned, there was a reduction of six people from the total number. The category recording the largest decrease was that of people receiving old age or disability pensions (21 less people), but these figures were also accompanied by an increase of eight new pensions paid to people taking early retirement, which are less expensive on average.

Retired persons	*31.12.2008*	*31.12.2009*	*Change*
Pre-retirements	68	66	-2
Early retirements	254	262	8
Old age or disability pensions	515	494	-21
Pension to widows/widowers	199	208	9
TOTAL	***1 036***	***1 030***	***-6***

Foundation's activities during 2009

The importance and variety of the Foundation's activities – which comprise two separate areas: the award of grants, scholarships and prizes and the realisation of own initiatives – and their impact in terms of the number of beneficiaries of these activities, the number of events and financial support are clearly set out in the following tables.

Distributive activities	*Beneficiaries*	*Direct cost*
	No.	Euros
Grants	1 325	14 694 515
Scholarships	5 149	7 907 761
Prizes	7	355 000
Associated expenses	–	2 708 217

Initiatives	*Events*	*Direct cost*
	No.	Euros
Exhibitions	30	3 592 808
Concerts (No. of sessions)	166	11 950 733
Film shows and other performances (No. of sessions)	30	28 081
Publications	129	2 566 104
Conferences and lectures	352	973 617
Educational activities	2 532	1 336 411
Training courses	108	512 494
Projects	168	4 564 497
Acquisition of works of art	21	391 550
Other initiatives	–	1 239 162

Permanent activities	*Visitors / Users*	*Direct cost*
	No.	Euros
Calouste Gulbenkian Museum	162 779	2 590 774
Modern Art Centre	76 427	1 861 708
Gulbenkian Institute of Science	–	4 984 934
Art Library	4 157	2 232 069
Library of Paris Cultural Centre	1 083	430 168

Beneficiaries and activities

The impact of the activities developed by the Foundation can be measured through the physical indicators shown below:

Audiences benefiting from activities	*2008*	*2009*	*Change*
	No.	No.	%
Recipients of grants	1 604	1 325	-17
Scholarship holders	5 810	5 149	-11
Visitors to museums	236 358	239 206	-1
Visitors to temporary exhibitions	222 568	404 228	82
Attendance at concerts	128 744	113 459	-12
Attendance at film shows and other performances	4 938	3 135	-37
Participants in educational activities	66 603	58 776	-12
Libraries and archives readers/users	5 115	5 240	2

Activities	2008	2009	Change
	No.	No.	No.
Temporary exhibitions	21	30	9
Concerts (No. of sessions)	173	166	-7
Film shows and other performances (No. of sessions)	23	30	7
Publications › Editions	119	129	10
› Copies	119 634	141 922	22 288
Conferences and lectures	271	352	81
Educational activities	2 829	2 532	-297
Training courses	85	108	23
Prizes	6	7	1
Projects	183	168	-15
Acquisition of works of art	10	21	11

Cost of activities

The evolution of the financial support allocated to the development of the Foundation's various activities over the last two years is shown in the following tables:

Distributive activities	2008	2009	Change
	Euros	Euros	%
Grants	14 732 073	14 694 515	0
Scholarships	8 052 440	7 907 761	-2
Prizes	350 000	355 000	1
Associated expenses	2 742 620	2 708 217	-1

Initiatives	2008	2009	Change
	Euros	Euros	%
Exhibitions	2 548 306	3 592 808	41
Concerts	12 401 035	11 950 733	-4
Film shows and other performances	23 408	28 081	20
Publications	2 551 535	2 566 104	1
Conferences and lectures	1 342 626	973 617	-27
Educational activities	1 155 279	1 336 411	16
Training courses	814 490	512 494	-37
Projects	4 444 093	4 564 497	3
Acquisition of works of art	366 481	391 550	7
Other initiatives	1 160 306	1 239 162	7

Permanent activities	2008	2009	Change
	Euros	Euros	%
Calouste Gulbenkian Museum	2 617 121	2 590 774	-1
Modern Art Centre	2 043 193	1 861 708	-9
Gulbenkian Institute of Science	5 451 880	4 984 934	-9
Art Library	2 229 977	2 232 069	0
Library of Paris Cultural Centre	429 740	430 168	0

Analysis of the Consolidated Financial Statements

2009 Financial Year

In 2009, the net equity represented by the capital fund amounted to € 2,429.4 million, which represents an increase of € 32.9 million (1.4%) compared to the previous year.

At 31 December, 2009, the Balance Sheet shows total assets of € 2,800.4 million, which represents an increase of € 63.2 million (2.3%) compared to the previous year. The following factors fundamentally contributed to this result:

› The financial investment portfolio – Current financial assets and part of the non-current financial assets after the deduction of current financial liabilities, as well as other treasury applications – amounting to € 1,778.4 million, which showed an increase of roughly € 0.8 million compared to 2008.

› The investments made in the energy sector – included in non-current financial assets, tangible and intangible fixed assets, advances and deferred tax assets – amounting to € 834.6 million, representing an increase of € 144.3 million (20.9%) over 2008, despite the appreciation of the euro against the USD, which is the basic currency of these assets in the consolidation into euros.

› Cash and liquid assets – Cash and cash equivalents – which showed a decrease of € 74.3 million, falling from € 129.9 million in 2008 to € 55.6 million in 2009.

Liabilities rose from € 340.7 million in 2008 to € 371 million in 2009. This was mainly due to the increase in the item creditors of € 28.2 million in short-term liabilities and of roughly € 11.7 million in long-term liabilities.

In the case of the Statement of Comprehensive Income, the total return – return from oil activities and financial return – rose from - € 329.2 million in 2008 to € 140.3 million in 2009. The return from oil activities fell by € 39.9 million, from € 95.9 million in 2008 to € 56 million in 2009, a situation that was offset by the highly significant increase in the value of the financial return, which rose from - € 425.2 million in 2008 to € 84.3 million in 2009.

Other income amounted to € 13.6 million, which represented a decrease of € 7.9 million in comparison with the previous year, when there was extraordinary income resulting from the sale of a building.

The resources allocated to distribution and direct activities amounted to € 74.1 million, which was € 1.4 million less than in 2008, and administrative and operating costs did not show any notable change: € 32.6 million in 2009 as opposed to € 32.8 million in 2008.

30 April 2010

Financial Statements

Consolidated statement of comprehensive income
for the years ended 31 December, 2009 and 2008

(10^3 Euros)

	Notes	2009	2008
Oil and gas sales		**619 541**	1 022 254
Cost of sales		**(584 386)**	(961 333)
Other oil and gas income	3	**20 836**	34 997
Net oil and gas income		**55 991**	95 918
Results of current financial assets and liabilities		**63 722**	(411 815)
Results of non-current financial assets and liabilities		**571**	1 555
Results of advances		**2 024**	2 224
Other financial results		**18 001**	(17 115)
Net financial income	4	**84 318**	(425 151)
Other income	5	**13 588**	21 523
Distribution and direct activities	6	**(74 163)**	(75 551)
Other administrative and operating costs	7	**(32 565)**	(32 836)
Employee benefits	9	**(20 194)**	(3 149)
Provisions	10	**(366)**	(346)
Impairment	11	**(17 246)**	(6 702)
Amortisations and depreciations	12	**(13 025)**	(8 219)
Income taxes		**(375)**	
Transfer to the Capital Fund		**(4 037)**	(434 513)
Other comprehensive income for the year			
Exchange differences resulting from consolidation		**(18 558)**	24 971
Gifts and legacies		**694**	36
Non-current financial assets			
Profits and losses for the year		**54 910**	31 318
Reclassification of profits and losses included in the statement of comprehensive income		**(76)**	(605)
		54 834	30 713
Total comprehensive income for the year		**32 933**	(378 793)

See accompanying notes to the Financial Statements.

Consolidated balance sheet at 31 December, 2009 and 2008

(10^3 Euros)

	Notes	2009	2008
ASSETS			
Non-current assets			
Intangible assets	13	**134 837**	85 989
Tangible fixed assets	14	**104 451**	84 974
Non-current financial assets	15	**611 156**	547 310
Advances	15	**87 520**	69 350
Deferred tax assets	16	**1 531**	–
		939 495	787 623
Current assets			
Current financial assets	18	**1 213 548**	1 499 604
Other treasury applications	19	**493 845**	225 883
Inventories	20	**3 033**	15 157
Current tax assets		**352**	–
Debtors	21	**94 583**	78 968
Cash and cash equivalents	22	**55 560**	129 942
		1 860 921	1 949 554
Total assets		**2 800 416**	2 737 177
CAPITAL FUND			
Capital received from the Founder	23	**11 747**	11 747
Reserves	24	**2 421 658**	2 819 201
Transfer to the capital fund		**(4 037)**	(434 513)
Total capital fund		**2 429 368**	2 396 435
LIABILITIES			
Non-current liabilities			
Provisions	25	**210 083**	208 423
Deferred tax liabilities	16	**1 752**	–
Creditors and other liabilities	26	**29 250**	1 006
		241 085	209 429
Current liabilities			
Provisions	25	**354**	–
Current financial liabilities	18	**11 071**	25 121
Grants and scholarships	27	**8 487**	7 814
Creditors and other liabilities	28	**110 051**	98 378
		129 963	131 313
Total liabilities		**371 048**	340 742
Total capital fund and liabilities		**2 800 416**	2 737 177

See accompanying notes to the Financial Statements.

Consolidated statement of cash flows for the years ended 31 December, 2009 and 2008

(10³ Euros)

	Notes	2009	2008
Operating activities			
Oil and gas income received		**32 325**	93 403
Proceeds/investments in current financial assets		**335 728**	183 809
Distribution and direct activities		**(71 017)**	(71 875)
Pensions paid		**(18 468)**	(16 780)
Income taxes		**(492)**	–
Other receipts/(payments) relating to operating activities		**1 048**	(26 783)
Cash flows arising from operating activities		**279 124**	161 774
Investment activities			
Non-current financial assets		**(26 571)**	(43 592)
Dividends received		**16 501**	30 477
Acquisitions of fixed assets		**(94 106)**	(41 978)
Other receipts/(payments)		**41 943**	23 367
Cash flows arising from investment activities		**(62 233)**	(31 726)
Net changes in cash and cash equivalents		**216 891**	130 048
Effects of exchange differences		**(23 311)**	–
Cash and cash equivalents at the beginning of the year		**355 825**	225 777
Cash and cash equivalents at the end of the year		**549 405**	355 825
Cash and cash equivalents includes:			
Cash	22	**62**	75
Deposits	22	**55 498**	129 867
Other treasury applications	19	**493 845**	225 883
		549 405	355 825

See accompanying notes to the Financial Statements.

Consolidated statement of changes in the capital fund for the years ended 31 December, 2009 and 2008

(10^3 Euros)

	Total capital fund	Capital received from the Founder	Exchange differences	Fair value reserve	Other reserves
Balance at 31 December, 2007	2 775 228	11 747	(55 828)	377 378	2 441 931
Transfer to the capital fund	(434 513)	–	–	–	(434 513)
Exchange differences	24 971	–	24 971	–	–
Change in the fair value	30 713	–	–	30 713	–
Gifts and legacies	36	–	–	–	36
Total of profits and losses recognised in the year	(378 793)	–	24 971	30 713	(434 477)
Balance at 31 December, 2008	2 396 435	11 747	(30 857)	408 091	2 007 454
Transfer to the capital fund	(4 037)	–	–	–	(4 037)
Exchange differences	(18 558)	–	(18 558)	–	–
Change in the fair value	54 834	–	–	54 834	–
Gifts and legacies	694	–	–	–	694
Total of profits and losses recognised in the year	32 933	–	(18 558)	54 834	(3 343)
Balance at 31 December, 2009	2 429 368	11 747	(49 415)	462 925	2 004 111

See accompanying notes to the Financial Statements.

Individual statement of comprehensive income for the years ended 31 December, 2009 and 2008

(10^3 Euros)

	Notes	2009	2008
Results of current financial assets and liabilities		**63 722**	(411 815)
Results of non-current financial assets and liabilities		**14 378**	31 488
Other financial results		**(326)**	420
Net financial income	4	**77 774**	(379 907)
Other income	5	**13 588**	21 523
Distribution and direct activities	6	**(74 163)**	(75 551)
Other administrative and operating costs	7	**(18 878)**	(20 232)
Employee benefits	9	**(19 838)**	(2 842)
Amortisations and depreciations	12	**(1 867)**	(2 381)
Transfer to the capital fund		**(23 384)**	(459 390)
Other comprehensive income for the year			
Gifts and legacies		**694**	36
Non-current financial assets			
Profits and losses for the year		**55 623**	80 561
Total comprehensive income for the year		**32 933**	(378 793)

See accompanying notes to the Financial Statements.

Individual balance sheet at 31 December, 2009 and 2008

(10^3 Euros)

	Notes	2009	2008
ASSETS			
Non-current assets			
Tangible fixed assets	14	**21 160**	20 167
Non-current financial assets	15	**82 032**	77 231
Investments in subsidiary companies	17	**820 025**	766 925
		923 217	864 323
Current assets			
Current financial assets	18	**1 213 548**	1 499 604
Other treasury applications	19	**493 845**	225 883
Debtors	21	**37 241**	55 594
Cash and cash equivalents	22	**957**	2 209
		1 745 591	1 783 290
Total assets		**2 668 808**	2 647 613
CAPITAL FUND			
Capital received from the Founder	23	**11 747**	11 747
Reserves	24	**2 441 005**	2 844 078
Transfer to the capital fund		**(23 384)**	(459 390)
Total capital fund		**2 429 368**	2 396 435
LIABILITIES			
Non-current liabilities			
Provisions	25	**204 598**	203 946
Creditors and other liabilities		**537**	–
		205 135	203 946
Current liabilities			
Current financial liabilities	18	**11 071**	25 121
Grants and scholarships	27	**8 487**	7 814
Creditors and other liabilities	28	**14 747**	14 297
		34 305	47 232
Total liabilities		**239 440**	251 178
Total capital fund and liabilities		**2 668 808**	2 647 613

See accompanying notes to the Financial Statements.

Statement of cash flows for the years ended 31 December, 2009 and 2008

(10^3 Euros)

	Notes	2009	2008
Operating activities			
Proceeds/investments in current financial assets		**332 322**	168 314
Distribution and direct activities		**(71 017)**	(71 875)
Pensions paid		**(17 265)**	(16 553)
Other receipts/(payments) relating to operating activities		**(10 904)**	(3 778)
Cash flows arising from operating activities		**233 136**	76 108
Investment activities			
Non-current financial assets		**(2 278)**	(6 169)
Dividends received		**22 559**	51 968
Acquisitions of fixed assets		**(5 351)**	(8 983)
Other receipts		**18 644**	(7 239)
Cash flows arising from investment activities		**33 574**	29 577
Net changes in cash and cash equivalents		**266 710**	105 685
Cash and cash equivalents at the beginning of the year		**228 092**	122 407
Cash and cash equivalents at the end of the year		**494 802**	228 092
Cash and cash equivalents includes:			
Cash	22	**62**	75
Deposits	22	**895**	2 134
Other treasury applications	19	**493 845**	225 883
		494 802	228 092

See accompanying notes to the Financial Statements.

Statement of changes in the capital fund for the years ended 31 December, 2009 and 2008

(10^3 Euros)

	Total capital fund	Capital received from the Founder	Fair value reserve	Other reserves
Balance at 31 December, 2007	2 775 228	11 747	695 094	2 068 387
Transfer to the capital fund	(459 390)	–	–	(459 390)
Change in the fair value	80 561	–	80 561	–
Gifts and legacies	36	–	–	36
Total of profits and losses recognised in the year	(378 793)	–	80 561	(459 354)
Balance at 31 December, 2008	2 396 435	11 747	775 655	1 609 033
Transfer to the capital fund	(23 384)	–	–	(23 384)
Change in the fair value	55 623	–	55 623	–
Gifts and legacies	694	–	–	694
Total of profits and losses recognised in the year	32 933	–	55 623	(22 690)
Balance at 31 December, 2009	2 429 368	11 747	831 278	1 586 343

See accompanying notes to the Financial Statements.

Notes to the Individual and Consolidated Financial Statements
31 December, 2009 and 2008

Note 1
Activities

The Calouste Gulbenkian Foundation (the "Foundation") is a non-profit organisation with its head office in Lisbon, Portugal. The Foundation was created by the will of its founder Calouste Sarkis Gulbenkian, and was granted public utility status under Decree Law No. 40690, of 18 July, 1956. The Foundation's mission comprises the award of grants and other distributive activities with the following statutory purposes: Art, Charity, Science and Education.

The activities of its subsidiary companies (the "Group") are related to its oil and gas investments in the Middle East, North Africa, Brazil, Kazakhstan, Angola and Portugal.

Note 2
Accounting policies

2.1 Basis of presentation

The financial statements now presented were approved by the Foundation's Board of Trustees on 6 May, 2010. They reflect the individual and consolidated results of the operations of the Foundation and its subsidiary companies for the years ended on 31 December, 2009 and 2008.

The International Financial Reporting Standards (IFRS) include accounting standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and their respective predecessor bodies.

The Foundation's individual and consolidated financial statements now presented refer to the financial year ended on 31 December, 2009, and were prepared in keeping with the IFRS in force, as adopted in the European Union until 31 December, 2009. The accounting policies used by the Foundation in the preparation of its individual and consolidated financial statements relating to 31 December, 2009, are consistent with the ones used in the preparation of the annual individual and consolidated financial statements relating to 31 December, 2008.

However, as described in Note 33, in preparing the consolidated financial statements relating to 31 December, 2009, the Foundation adopted the accounting standards issued by the IASB and the interpretations issued by IFRIC, the application of which has been mandatory since 1 January 2009. The accounting policies used by the Foundation in the preparation of its consolidated financial statements, described in this note, were adapted in conformity with these interpretations. The new standards and interpretations adopted by the Foundation in 2009 had an impact, above all, at the level of the presentation of the financial statements and their disclosures, with comparative values being presented in relation to the new disclosures required.

The accounting standards that have recently been issued, but which have not yet come into force and which the Foundation has not yet applied in the preparation of its financial statements may also be analysed in Note 33.

The individual and consolidated financial statements are expressed in euros, rounded up or down to the nearest thousand and were prepared in accordance with the historical cost convention, except for the assets and liabilities recorded at their fair value, namely derived financial instruments, current and non-current assets and liabilities.

The preparation of individual and consolidated financial statements in accordance with IFRS standards requires the Foundation to make judgements and estimates, and use assumptions that affect the application of the accounting policies and the reported amounts of income, expenses, assets and liabilities. Any alterations to these assumptions or any differences noted in them in relation to the actual reality may have an impact on the actual estimates and judgements. Matters involving greater judgement or complexity, or where the assumptions and estimates used are considered to be significant in the preparation of the financial statements.

2.2 Basis of consolidation

Reference dates

The consolidated financial statements reflect the assets, liabilities and results of the Foundation and its subsidiaries, as defined in Note 15, for the years ended on 31 December, 2009 and 2008. The accounting policies were applied in a consistent manner by all of the Foundation's companies.

Investments in subsidiaries

Those companies over which the Foundation exercises control are classified as its subsidiaries. Normally control is presumed to exist when the Foundation has more than half of the voting rights. Additionally, control also exists when the Foundation has the power, directly or indirectly, to manage the financial and operating policies of a certain company in order to obtain benefits from its activities, even if its shareholding is less than 50%. Subsidiary companies are fully consolidated from the moment when the Foundation assumes control over their activities until the moment when this control ceases to exist.

When the accumulated losses of a subsidiary company exceed the interest of minorities in the equity of that subsidiary, the excess is attributed to the Foundation as it is incurred. Profits subsequently obtained by this same subsidiary are recognised as income of the Foundation until the prior losses previously recognised have been recovered.

Jointly controlled bodies

Jointly controlled bodies, consolidated using the proportional method, are bodies in which the Foundation has control established by contractual agreement. The consolidated financial statements include, under the respective items of assets, liabilities, expenditure and income, the jointly controlled parts, from the date when joint control began to the date when this ended.

Translation of financial statements in foreign currency

The financial statements of the Foundation's foreign subsidiaries are prepared in their functional currency. The consolidated financial statements are prepared in euros, which is the Foundation's functional currency.

The financial statements of the Group's companies that have a different functional currency from the euro are translated into euros according to the following criteria:

› Assets and liabilities are converted at the exchange rate in force at the date of the balance sheet;

› Income and expenses are converted by applying the exchange rates that are closest to the real rates on the date of the transactions;

› The exchange differences calculated between the value of the conversion into euros of shareholders' equity at the beginning of the year and its value when converted at the exchange rate in force at the date of the balance sheet to which the consolidated accounts refer are recorded as reserves. In the same way, in the case of the subsidiary and associated companies, the exchange differences arising from the conversion into euros of their results for the year, between the exchange rates used in the financial statements and the exchange rates in force at the date of the balance sheet, are recorded as reserves. At the date when the company is sold, these differences are recognised in the statement of comprehensive income as an integral part of the profit or loss resulting from the sale.

Accounting of investments in subsidiaries on an individual basis

On an individual basis, investments in subsidiaries which are not classified as held for sale, or included in a group for disposal, classified as held for sale, are recognised at fair value, the changes are recorded in a fair value reserve, and the value of the asset is periodically subjected to impairment tests.

Balances and transactions eliminated on consolidation

Balances and transactions between the Foundation's companies, including unrealised profits or losses resulting from intra-Group operations, are eliminated in preparing the consolidated financial statements, except in those cases when the unrealised losses show the existence of impairment that must be recognised in the consolidated accounts.

Unrealised profits resulting from transactions with associated bodies are eliminated in proportion to the Foundation's share in these. Unrealised losses are also eliminated, but only in those cases when they do not show the existence of impairment.

2.3 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the foreign exchange rates in force at the balance sheet date. The exchange differences arising from this conversion are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities that are recorded at historical cost in a foreign currency are converted using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are converted into euros at the exchange rate in force at the date when the fair value was determined. The resulting exchange differences are recognised in the statement of comprehensive income, except for those differences relating to shares classified as current financial assets, which are recorded as reserves.

2.4 Intangible assets

The Foundation's intangible assets are recorded at acquisition cost, net of the respective accumulated amortisations and impairment losses.

The acquisition costs of oil and gas exploration rights are amortised at constant shares during the remainder of the concession period, which varies between 17 and 33 years.

Costs incurred in the acquisition of software, whose use can be expected to generate future economic benefits extending beyond one financial year, are recognised as intangible assets. The remaining expenses related with information technology services are recognised as costs when they are incurred.

2.5 Tangible fixed assets

Tangible fixed assets are recorded at acquisition cost, net of the respective accumulated depreciations and impairment losses. Government subsidies that are to be used for financing the remodelling of infrastructure and equipment are recorded in the statement of comprehensive income, in keeping with the amortisation rates for the corresponding equipment. Gifts and legacies are initially recorded at fair value.

Subsequent costs are recognised only when it is probable that future economic benefits will flow to the Foundation, so that repairs and maintenance are charged to the statement of comprehensive income during the financial period to which they relate.

Land is not amortised. Depreciation of buildings and motor vehicles is calculated using the straight-line method. The remaining tangible fixed assets are totally depreciated in the year of acquisition. Depreciation is calculated over the following periods, which correspond to their estimated useful life:

	Number of years
Buildings	50
Motor vehicles	4 to 5
Oil equipment	5 to 10
Other equipment	1 to 5

Works undertaken on buildings are amortised over the remaining periods of their useful life.

When there are signs that an asset may be impaired, IAS 36 requires that its recoverable amount is estimated, and an impairment loss must be recognised whenever the net value of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. This latter value is the present value of the future cash flows expected to be derived from the continued use of the asset and its disposal at the end of its useful life.

2.6 Art collections

The Foundation's art collection was donated by Mr. Calouste Sarkis Gulbenkian and is shown in the Financial Statements at a symbolic value.

Works of art acquired subsequently and up to the financial year of 2005 were totally amortised in the year of their acquisition. After 2006, they are recorded at their acquisition value and periodically submitted to impairment tests, in accordance with IAS 36.

2.7 Leases

The classification of lease operations as finance leases or operating leases, established by IAS 17 – Leases, and applied by the Foundation, depends on the substance of the transaction rather than the form of the contract. A lease is classified as a finance lease if it substantially transfers all the risks and rewards incidental to ownership of an asset to the lessee. All other leases are classified as operating leases.

Operating leases

Payments made by the Foundation under the terms of operating lease contracts are recorded as costs in the periods to which they relate.

Finance leases – as lessee

Finance lease contracts are recorded at inception as assets and liabilities, at the acquisition cost of the asset leased, which is equal to the present value of outstanding lease instalments. Such instalments comprise i) the financial charge, which is recognised in the statement of comprehensive income and ii) the amortisation of principal, which is deducted from liabilities. Financial charges are recognised as costs over the lease period, in order to give a constant rate of interest on the remaining balance of the liability in each period.

2.8 Other current and non-current financial assets

The Foundation classifies its other financial assets on acquisition, taking account of their underlying purpose, into the following categories:

Current financial assets

This category includes: i) financial assets held for trading, which are those acquired principally to be sold in the short term, and ii) financial assets that are designated at the time of their initial recognition as being at fair value with value changes put through the profit or loss account.

On initial recognition, the Foundation designates certain financial assets as being current when:

› such financial assets are generated, valued and analysed internally based on their fair value;
› derivative operations are contractually agreed with the aim of covering these assets economically, thus guaranteeing consistency in the valuation of assets and derivatives *(accounting mismatch)*; or
› such financial assets contain embedded derivatives.

Investments held until maturity

These investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, which the Foundation both intends and has the capacity to hold until maturity and which are not designated, on initial recognition, as being current or non-current financial assets.

Non-current financial assets

Non-current financial assets are non-derivative financial assets that i) the Foundation intends to hold for an indefinite period of time, ii) are designated as non-current on initial recognition, or iii) do not fit into any of the aforementioned categories.

Initial recognition, measurement and derecognition

Purchases and sales of i) current financial assets, ii) investments held until maturity and iii) non-current financial assets, are recognised on trade date, i.e. on the date when the Foundation commits to the purchase or sale of the asset.

Financial assets are initially recognised at fair value plus transaction costs, except in the event of current investments, in which case these transaction costs are directly recognised in the statement of comprehensive income.

Financial assets are derecognised when i) the Foundation's contractual rights to receive their cash flows have expired, ii) the Foundation has substantially transferred all risks and rewards of ownership, or iii) although retaining some but not substantially all of the risks and rewards of ownership, the Foundation has transferred control over the assets.

Subsequent measurement

After their initial recognition, current financial assets are valued at fair value, with their changes being recognised in the statement of comprehensive income.

Non-current financial assets are also recorded at fair value. However, profits and losses arising from changes in their fair value are recognised in a fair value reserve, until the financial assets are derecognised or impaired, at which time the cumulative potential profits or losses previously recognised in the fair value reserve are transferred to the statement of comprehensive income. Foreign exchange differences arising from these investments are also recognised in the reserves in the case of shares and other equity securities, and in the statement of comprehensive income in the case of debt instruments. Interest, calculated at the effective interest rate, and dividends are recognised in the statement of comprehensive income.

Investments held until maturity are valued at amortised cost, using the effective rate method, and impairment losses are deducted.

The fair values of listed financial assets are based on current bid prices. For unlisted securities, the Foundation estimates fair value by using valuation techniques, such as the use of the prices of similar recent transactions undertaken under market conditions, discounted cash flow analysis and valuation assumptions based on market information.

Financial assets whose fair value cannot be reliably measured are recorded at their acquisition cost.

Reclassifications between categories

In accordance with IAS 39, after initial recognition, the Foundation does not reclassify a financial instrument into or out of the category of current financial assets.

Impairment

The Foundation periodically assesses whether there is objective evidence that a financial asset, or group of financial assets, is impaired. When evidence of impairment is encountered, the respective recoverable amount of the asset is determined and any impairment losses are recognised through the statement of comprehensive income.

A financial asset, or a group of financial assets, is considered to be impaired whenever there is objective evidence of impairment arising from one or more events that occurred after their initial recognition, such as:

› for shares and other capital instruments, a significant or prolonged decline in its market value below acquisition cost;
› for debt securities, when that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

As far as investments held until maturity are concerned, impairment losses correspond to the differences between the asset's book value and the current value of estimated future cash flows (taking the recovery period into account), discounted at the original effective interest rate of the financial asset. These assets are presented in the balance sheet, net of impairment. In the case of an asset with a variable interest rate, the discount rate to be used to determine the respective impairment loss is the current effective interest rate, determined according to the rules of each contract. In the case of investments held until maturity, should the amount of the impairment loss fall in a subsequent period, and if such a reduction may be objectively related to an event that happened after the recognition of the impairment, this is recognised in the statement of comprehensive income.

When there is evidence that an impairment loss has been incurred on non-current financial assets, the cumulative potential loss shown in the fair value reserve, and measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income, is transferred to the statement of comprehensive income. If, in a subsequent period, the amount of the impairment loss falls in value, the previously recognised impairment loss is recognised in the reserves.

2.9 Current financial liabilities

An instrument is classified as a current financial liability when there is a contractual obligation for its settlement to be effected through the delivery of cash or another financial asset, regardless of its legal form.

These financial liabilities are registered (i) initially at fair value, net of the transaction costs incurred and (ii) subsequently at amortised cost, using the effective rate method.

On initial recognition, the Foundation designates certain current financial liabilities as being at fair value through profit or loss when:

› derivative operations are contractually agreed with the aim of covering these liabilities economically, thus guaranteeing consistency in the valuation of liabilities and derivatives (accounting mismatch); or
› such financial liabilities contain embedded derivatives.

The fair value of listed liabilities is that of their listed value. In the case of unlisted liabilities, the Foundation estimates their fair value by using valuation methodologies that take into account assumptions based on market information, including the actual risk of the issuer.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.11 Derivative financial instruments

Derivatives are recorded at fair value on the trade date. Subsequently, derivative financial instruments are re-measured on a regular basis and the resulting profits or losses on revaluation are recognised directly in the statement of comprehensive income.

Fair values of derivative financial instruments are obtained from market prices, if available, or are determined by third parties using valuation techniques including discounted cash flow models and options pricing models, as appropriate.

2.12 Assets transferred under repurchase agreements and security loans

Securities bought with a resale agreement (reverse repos) at a fixed price or for a price that is equal to the purchase price plus the interest that is inherent in the operating period are not recognised in the balance sheet, with the purchase value being recorded as other treasury applications. The difference between the purchase value and the resale value is treated as interest and is deferred during the validity period of the agreement, using the effective rate method.

Securities transferred through loan agreements are not derecognised in the balance sheet, but are classified and accounted for in accordance with the accounting policy outlined in section 2.8 of this Note. Securities received through loan agreements are not recognised in the balance sheet.

2.13 Debtors

The carrying amounts of debtors are examined annually with the aim of determining if there are any signs of impairment. Should this be the case, the asset's recoverable value is calculated. Impairment losses are recognised in the statement of comprehensive income whenever the asset's carrying value exceeds its recoverable amount.

An asset's impairment loss recognised in previous years should be readjusted if, and only if, an alteration has been made to the estimates used to determine the recoverable amount of the asset since impairment loss was last recognised.

2.14 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and deposits with banks.

2.15 Recognition of costs and income

Costs and income are recognised in the year to which they relate, irrespectively of when they are paid or collected, in accordance with the principles of accrual accounting.

Interest, dividends and other income generated from the Foundation's resources are recognised as income, when it is probable that the economic benefits associated with the transaction will accrue to the Foundation and when such income can be reliably determined. Interest is recognised on an accrual basis unless there are any doubts about its collection. Other income is recognised on an accrual basis in accordance with the substance of the respective agreement.

2.16 Recognition of income from oil and gas activities

Income generated from oil and gas sales is only recognised when the risks and benefits of ownership have been transferred to the purchaser and the respective costs associated with the transaction have been determined.

2.17 Capitalisation of oil production costs

(i) Exploration costs

Costs incurred prior to the exploration phase are recognised in the statement of comprehensive income at the time when they are incurred. Acquisition costs of properties or concessions, successful exploratory wells, development costs, including interest on finance, equipment and support installations for oil activity are capitalised in tangible or intangible fixed assets, depending on their nature. Internally generated costs are recognised as operating costs for the year. The costs incurred on unsuccessful wells are recognised as losses.

The Foundation carries out impairment tests whenever events show that the book value of an asset may exceed its recoverable value. The difference between the book value and the recoverable value, if this is found to exist, is charged to the statement of comprehensive income.

(ii) Assets for oil and gas production

The costs incurred in the drilling of development wells when building production facilities are capitalised, together with the costs of finance incurred during the construction phase, as well as the current value of the future costs for the removal of assets.

The amortisation of assets is determined by the unit-of-production method.

2.18 Inventories

Inventories are valued at the lower of their acquisition cost or net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value corresponds to the estimated selling price in the ordinary course of business, less the respective costs necessary to make the sale.

The cost of crude is determined using the FIFO (First In/First Out) method. The Foundation's inventories essentially consist of crude that is to be found in pipelines or reservoirs, or is stored by transport companies, in which the ownership rights have not been totally transferred to the client.

The average weighted cost method is used to determine the sales of other inventories.

2.19 Taxation

The Calouste Gulbenkian Foundation is exempt from corporation taxes by decision of the Minister of Finance dated 18 July 1989.

Taxes on profits comprise the current taxes and deferred taxes of the subsidiary companies. Taxes on profits are recognised in the statement of comprehensive income, except when they are related to items recognised directly in equity, in which case they are also stated against equity. Taxes recognised in equity resulting from the revaluation of available-for-sale investments and cash flow hedging derivatives are subsequently recognised in the statement of comprehensive income when the gains or losses which gave rise to them are recognised in the statement of comprehensive income.

Current taxes are those which are expected to be paid on the basis of the taxable income determined in accordance with the fiscal rules in force and using the rate of tax approved or substantially approved in each jurisdiction.

Deferred taxes are calculated in accordance with the liabilities method on the basis of the balance sheet, in respect of temporary differences between the accounting values of assets and liabilities and their fiscal basis, using the rates of tax approved or substantially approved at the balance sheet date in each jurisdiction and which are expected to be applied when the temporary differences are reversed.

Deferred tax liabilities are recognised for all temporary taxable differences with the exception of goodwill that is not deductible for fiscal purposes, the differences resulting from initial recognition of assets and liabilities which do not affect either the accounting profit or the fiscal profit, and differences relating to investments in subsidiaries insofar as they will probably not be reversed in the future. Deferred tax assets are recognised only insofar as it is may be expected that taxable profits will exist in the future capable of absorbing the temporary deductible differences.

The Foundation offsets deferred tax assets and liabilities at the level of each subsidiary, whenever i) the income tax of each subsidiary to be paid to the Tax Authorities is determined on a net basis, i.e. by offsetting deferred assets and liabilities, and ii) taxes are levied by the same Tax Authority on the same taxable entity. This offsetting is therefore undertaken at the level of each subsidiary, with the credit balance of the consolidated balance sheet reflecting the sum of the values of the subsidiaries presenting deferred tax assets and the debit balance of the consolidated balance sheet reflecting the sum of the values of the subsidiaries presenting deferred tax liabilities.

2.20 Pension plans

The Foundation has several pension plans, including defined benefit and defined contribution pension plans.

Under a defined benefit pension plan, the Foundation undertook to pay its employees pensions on retirement, pre-retirement or disability, as set out in the “Staff Pension Plan” (1979) and in the “Foundation Pension Plan” (1997). The funding policy of the defined contribution pension plan (“Plano Complementar de Pensões de Contribuição Definida” 2005) is to make contributions to the “Fundo de Pensões Aberto BPI Valorização” and the “Fundo de Pensões Aberto BPI Segurança”, having initially made an extraordinary contribution to the “Fundo de Pensões Aberto BPI Acções”. The employees of the Foundation’s United Kingdom branch have their own pension plan.

The pensions relating to the 1979 and 1997 plans are complementary to those paid by the Social Security Services and are based on the employee’s length of service. A provision has been set up, which represents an estimate of the capital required to cover the future cost of paying benefits to current pensioners and the future benefits to current employees.

The Foundation has financed its pension liabilities through the creation of a provision which reflects an estimate of the capital required to cover the future cost of paying benefits to current pensioners and the future benefits to current employees.

The Foundation’s liabilities with retirement pensions are calculated on an annual basis, at the balance sheet date, by external and independent actuaries.

The calculation is made using the projected unit credit method and following actuarial and financial assumptions, in accordance with the requirements of IAS 19.

Current and past service costs, together with the provision calculated, are charged to the statement of comprehensive income.

The Foundation’s liability in respect of defined benefit pension plans is calculated by estimating the amount of future benefits that each employee has earned in current and prior periods. The benefit is discounted in order to determine its present value. The discount rate is the yield, at the balance sheet date, on risk-free bonds that have maturity dates similar to the end dates of the plan’s obligations.

Actuarial profits and losses are calculated on an annual basis and result from i) differences between actuarial and financial assumptions used and the values actually recorded, and from ii) changes introduced in actuarial assumptions. These are recognised as an asset or a liability and their accumulated amount is charged to the statement of comprehensive income using the corridor method, in accordance with the requirements of IAS 19.

This method establishes that accumulated actuarial profits and losses at the beginning of the year that are greater than 10% of the liabilities also brought forward at the beginning of the year are to be recognised as a profit or loss to be charged to the costs or income account in the year in which they occur. Accumulated actuarial profits and losses at the beginning of the year that are within the above limit are recognised in the corridor of the pension plan and are not amortised.

Annually, the Foundation recognises as a cost, in the statement of comprehensive income, the net amount, which includes i) current service costs, ii) interest cost and iii) a portion of the actuarial profits and losses determined using the aforementioned corridor method.

2.21 Recognition of dividends

The income from capital instruments (dividends) is recognised when the right to receive its payment is established.

2.22 Provisions

Provisions are created when: i) the Foundation has present legal or constructive liability, ii) it is probable that payment will be required and iii) a reliable estimate can be made of the amount of the liability.

2.23 Main estimates and judgements used in preparing the Financial Statements

IFRS standards set out a range of accounting treatments and require the Board of Trustees to apply judgements and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Foundation's reported results and related disclosures. A broader description of the main accounting policies used by the Foundation is presented in the previous sections of Note 2 to the Individual and Consolidated Financial Statements.

In many cases, there are several alternatives to the accounting treatment chosen by the Board of Trustees, and the Foundation's reported results would be changed if a different treatment were chosen. The Board of Trustees believes that the choices made are appropriate and that the financial statements present the Foundation's financial position and results fairly in all material respects.

Impairment of non-current financial assets

The Foundation determines that non-current financial assets are impaired when there has been a significant or prolonged decline in the fair value below their cost or when there is expected to be an impact on the future cash flows of its assets. This determination of what is significant or prolonged requires judgement, in which the Foundation collates and analyses all the data that are relevant for the formulation of such a decision, namely information relating to the normal volatility of the prices of financial instruments.

The Foundation determines the fair value through a valuation made by independent experts or through mark-to-market prices. The valuation reflects the net present value of future estimated cash flows using market assumptions.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses being recognised, with a consequent impact on the Foundation's statement of comprehensive income.

Fair value of financial instruments

Fair values are based on listed market prices when available or are determined either by the use of the prices of similar recent transactions undertaken under market conditions, or by the use of pricing models, based on the net present value of estimated future cash flows, which take account of market conditions, the time leffect, the yield curve and volatility factors. These pricing models may require assumptions or judgements in estimating the fair values.

Consequently, the use of a different model or different assumptions or judgements in applying a particular model may have produced financial results that differ from those reported.

Pension plans

Determining pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investment, and other factors that could have an impact on the costs and level of liability of the pension plan.

Changes in these assumptions could materially affect these values.

Taxes on profits

The Foundation is subject to the payment of taxes on profits in several jurisdictions. Determining the overall amount of taxes on profits calls for certain interpretations and estimations to be made. There are various transactions and calculations for which it is not possible to accurately determine the final value of the tax to be paid during the normal business cycle.

Other interpretations and estimations could result in a different level of taxes on both the current and deferred profits recognised in the period.

Crude oil reserves

Estimations of crude oil reserves are an integral part of the decision-making process relating to the assets of the activity of crude oil research and development. The volume of proven reserves of crude oil is used to calculate the depreciation of the assets involved in the activity of oil exploration and production in accordance with the unit of production method, as well as to assess impairment on investments in the assets associated with this activity.

The estimation of proven reserves is subject to future reviews, based on such new information as may be made available, for example information relating to the activities of development, drilling or production, exchange rates, prices, contract termination dates or development plans. The impact of changes in the estimated proven reserves on amortisations and provisions for abandonment costs is treated in a prospective manner, with the remaining net value of assets being amortised and the provision for abandonment costs being reinforced, respectively, depending on the forecasts for future production.

Environmental assets

The Foundation makes estimates and judgments to calculate the provisions made for environmental concerns, which are based on current information relating to costs and expected intervention plans. These costs may vary due to alterations in the legislation and regulations, or changes in the conditions of a certain site.

Changes in these assumptions could have a significant impact on certain values.

Note 3
Other oil and gas income

Other oil and gas income is made up as follows:

(€10³)

	Consolidated	
	2009	**2008**
Dividends	16 501	30 477
Services rendered	4 335	4 520
	20 836	**34 997**

Note 4
Net financial income

The policy of the Foundation is to obtain a rate of return on its investment portfolio, net of commissions. This rate is agreed annually with its investment fund managers, within guidelines established by the Foundation.

The net financial income obtained in 2009 and 2008 in the Consolidated Account is made up as follows:

(€10³)

	Income	Costs	Total	Income	Costs	Total
			2009			**2008**
Current financial assets and liabilities						
Bonds and other fixed-yield securities						
From public issuers	48 300	(48 389)	(89)	169 641	(147 069)	22 572
From other issuers	44 842	(29 231)	15 611	53 231	(69 447)	(16 216)
Shares						
Other variable-yield securities	163 208	(134 305)	28 903	119 656	(455 945)	(336 289)
Investment funds						
Liquidity	1 827	(110)	1 717	2 869	(46)	2 823
Shares	29 596	(18 004)	11 592	9 309	(56 332)	(47 023)
Bonds	8 350	(6 769)	1 581	19 740	(33 492)	(13 752)
Others	13 744	(10 474)	3 270	3 763	(19 742)	(15 979)
Derivatives						
Forwards	107 579	(115 284)	(7 705)	192 524	(217 526)	(25 002)
Futures	36 960	(28 415)	8 545	29 885	(13 297)	16 588
Options	1 801	(1 664)	137	3 058	(410)	2 648
Warrants	1 590	(1 430)	160	555	(2 740)	(2 185)
	457 797	**(394 075)**	**63 722**	**604 231**	**(1 016 046)**	**(411 815)**
Non-current financial assets						
Investment funds	571	–	571	1 555	–	1 555
	571	**–**	**571**	**1 555**	**–**	**1 555**
Advances						
Investments in oil and gas companies	1 591	–	1 591	1 978	–	1 978
Other companies	433	–	433	246	–	246
	2 024	**–**	**2 024**	**2 224**	**–**	**2 224**
Other treasury applications	14 513	(9 144)	5 369	11 239	(2 037)	9 202
Commissions	–	(5 557)	(5 557)	–	(6 184)	(6 184)
Exchange differences	19 636	(1 447)	18 189	3 677	(23 810)	(20 133)
	34 149	**(16 148)**	**18 001**	**14 916**	**(32 031)**	**(17 115)**
	494 541	**(410 223)**	**84 318**	**622 926**	**(1 048 077)**	**(425 151)**

The net financial income obtained in 2009 and 2008 in the Foundation's Account is made up as follows:

(€10^3)

	Income	Costs	Total	Income	Costs	Total
			2009			2008
Current financial assets and liabilities						
Bonds and other fixed-yield securities						
From public issuers	48 300	(48 389)	(89)	169 641	(147 069)	22 572
From other issuers	44 842	(29 231)	15 611	53 231	(69 447)	(16 216)
Shares						
Other variable-yield securities	163 208	(134 305)	28 903	119 656	(455 945)	(336 289)
Investment funds						
Liquidity	1 827	(110)	1 717	2 869	(46)	2 823
Shares	29 596	(18 004)	11 592	9 309	(56 332)	(47 023)
Bonds	8 350	(6 769)	1 581	19 740	(33 492)	(13 752)
Others	13 744	(10 474)	3 270	3 763	(19 742)	(15 979)
Derivatives						
Forwards	107 579	(115 284)	(7 705)	192 524	(217 526)	(25 002)
Futures	36 960	(28 415)	8 545	29 885	(13 297)	16 588
Options	1 801	(1 664)	137	3 058	(410)	2 648
Warrants	1 590	(1 430)	160	555	(2 740)	(2 185)
	457 797	(394 075)	63 722	604 231	(1 016,046)	(411 815)
Non-current financial assets						
Subsidiary companies	13 883	–	13 883	30 538	–	30 538
Investment Funds	495	–	495	950	–	950
	14 378	–	14 378	31 488	–	31 488
Other treasury applications	13 919	(9 144)	4 775	6 166	(1 181)	4 985
Commissions	–	(5 557)	(5 557)	–	(6 184)	(6 184)
Exchange differences	1 903	(1 447)	456	3 677	(2 058)	1 619
	15 822	**(16 148)**	**(326)**	**9 843**	**(9 423)**	**420**
	487 997	**(410 223)**	**77 774**	**645 562**	**(1 025,469)**	**(379 907)**

Note 5
Other income

Other income is made up as follows:

	Consolidated		Foundation	
	2009	**2008**	**2009**	**2008**
Sale of publications	1 204	1 053	1 204	1 053
Sale of tickets	2 271	2 137	2 271	2 137
Contributions from third parties	7 190	7 477	7 190	7 477
Other items	2 923	10 856	2 923	10 856
	13 588	**21 523**	**13 588**	**21 523**

The account "Contributions from third parties" refers to contributions made to scientific research projects and in the area of artistic activities.

At 31 December, 2008, the account "Other items" includes the amount of € 5,091,000 relating to profits made with the sale of tangible fixed assets.

Note 6
Distribution and direct activities

Expenditure on the Foundation's statutory purposes is divided as follows:

(€10³)

	Consolidated		Foundation	
	2009	**2008**	**2009**	**2008**
Charity	10 507	8 735	10 507	8 735
Art	29 155	31 206	29 155	31 206
Education	19 968	21 217	19 968	21 217
Science	14 533	14 393	14 533	14 393
	74 163	**75 551**	**74 163**	**75 551**

The account "Distribution and direct activities" includes the amounts of € 2,473,000 (2008: € 2,851,000) and € 21,005,000 (2008: € 20,763,000) relating to amortisation and depreciation costs and personnel costs, respectively.

Note 7
Other administrative and operating costs

Other administrative and operating costs are made up as follows:

(€10³)

	Consolidated		Foundation	
	2009	**2008**	**2009**	**2008**
Personnel costs	21 048	19 888	10 757	10 597
Specialised works	4 459	4 921	3 601	4 288
Conservation and repair	544	1 043	544	1 043
Other supplies and services	4 856	5 229	3 718	4 019
Other operating costs	1 658	1 755	258	285
	32 565	**32 836**	**18 878**	**20 232**

At 31 December 2009, the item "Specialised works" includes the sum of € 553,000 (2008: € 704,000) relating to auditing and consultancy work.

At 31 December 2009, the item "Specialised works" also includes the sum of € 884,000 (2008: € 862,000) relating to the maintenance and conservation of equipment.

At 31 December 2009, the item "Specialised works" also includes the sum of € 467,000 (2008: € 623,000) relating to investment custody.

Note 8
Personnel costs

Personnel costs are
made up as follows:

(€10³)

	Consolidated		Foundation	
	2009	**2008**	**2009**	**2008**
Remuneration of the Board of Trustees	1 326	1 477	1 148	1 144
Wages and salaries of employees	31 390	30 281	23 491	23 117
Social charges	6 397	6 109	5 184	4 975
Other personnel costs	2 940	2 784	1 939	2 124
	42 053	**40 651**	**31 762**	**31 360**

The number of full-time employees
is analysed as follows:

(€10³)

	Consolidated		Foundation	
	2009	**2008**	**2009**	**2008**
Board of Trustees	9	9	9	9
Staff				
Permanent staff	534	548	489	503
Contract staff	50	39	22	12
	593	**596**	**520**	**524**

Personnel costs include an amount of € 21,005,000 (2008: € 20,763,000), which is allocated to Distribution and direct activities (see Note 6).

The item "Other personnel costs" includes an amount of € 124,000 (2008: € 172,000) relating to contributions to the defined contribution pension plan of the Foundation's employees.

Note 9
Employee benefits

In the Consolidated Account, employee
benefits are analysed as follows:

(€10³)

	Consolidated		Foundation	
	2009	**2008**	**2009**	**2008**
Pension	19 476	2 741	19 387	2 564
Other benefits	718	408	451	278
	20 194	**3 149**	**19 838**	**2 842**

The change in the item "Pensions" essentially reflects the recording, in 2008, in the Consolidated and Foundation accounts of net actuarial gains, in the amounts of € 10,511,000 and € 10,316,000 respectively, which were due, above all, to the change in the discount rate used to calculate liabilities, as mentioned in Note 2.20.

Note 10
Provisions

The provisions made in the Consolidated
account are made up as follows:

(€10³)

	Consolidated	
	2009	**2008**
Provisions	366	346
	366	346

The net movement of Provisions for the year in the Consolidated account include the reinforcement of € 366,000 relating to the amounts to be paid to operators for concessions that have ended or are due to come to an end.

At 31 December 2008, the net movement of Provisions for the year to the amount of € 346,000 relates to contingencies arising from the demands made by the authorities in Kazakhstan.

Note 11
Impairment

Impairment for the year is made up as follows:

(€10³)

	Consolidated	
	2009	2008
Impairment on intangible assets	(17 246)	(3 306)
Impairment on non-current financial assets	–	(3 396)
	(17 246)	(6 702)

The item "Impairment on intangible assets", amounting to € 17,246,000 (2008: € 3,306,000), arises from the oil concessions in Portugal and Brazil, as explained in Note 13.

At 31 December 2008, the item "Impairment on non-current financial assets", amounting to € 3,396,000, arises from investments made in the Middle East.

Note 12
Amortisations and depreciations

Amortisations and depreciations are made up as follows:

(€10³)

	Consolidated		Foundation	
	2009	2008	2009	2008
Intangible assets				
Exploration rights	2 072	1 928	–	–
Concession rights	3 497	–	–	–
Software	467	693	448	680
	6 036	2 621	448	680
Tangible fixed assets				
Real estate	1 106	1 083	1 106	1 083
Equipment	2 820	3 446	2 703	3 349
Oil and gas production	5 149	3 594	–	–
Other assets	387	326	83	120
	9 462	8 449	3 892	4 552
Amortisations and depreciations allocated to				
Distribution and direct activities	(2 473)	(2 851)	(2 473)	(2 851)
	13 025	8 219	1 867	2 381

Amortisations and depreciations for the year include the amount of € 2,473,000 (2008: € 2,851,000), which is allocated to Distribution and direct activities, as mentioned in Note 6.

Note 13
Intangible assets

Intangible assets are made up as follows:

(€10³)

	Consolidated		Foundation	
	2009	2008	2009	2008
Cost:				
Exploration rights	53 938	52 878	–	–
Oil and gas exploration	53 949	37 885	–	–
Concession rights	54 231	–	–	–
Software	2 208	1 716	2 083	1 635
Other intangible assets	338	343	338	338
	164 664	**92 822**	**2 421**	**1 973**
Accumulated amortisation and impairment losses:				
Accumulated amortisation	(12 581)	(6 833)	(2 421)	(1 973)
Impairment losses	(17 246)	–	–	–
	(29 827)	**(6 833)**	**(2 421)**	**(1 973)**
	134 837	**85 989**	**–**	**–**

The item "Exploration rights" refers to costs incurred with oil and gas exploration and production rights existing in Brazil, Angola, Oman and Kazakhstan and jointly controlled by the Group, which are amortised during the remaining period of the licence.

The item "Oil and gas exploration" refers to investments made in oil and gas concessions in Brazil, Angola and Portugal, which are jointly controlled. In the case of the oil and gas concessions in Brazil, the amount of € 5,881,000 was transferred, in 2009, to the "Tangible fixed assets" account, as mentioned in Note 14.

The item "Concession rights" refers to the values agreed for the establishment of agreements for the production of natural gas in Abu Dhabi, as mentioned in Note 26.

Impairment losses amounted to € 17,246,000 (2008: € 3,306,000), as mentioned in Note 11, and were determined in 2009 based on the success of exploratory wells and the market conditions in the oil and gas concessions of Portugal and Brazil (2008: Brazil and Algeria), as mentioned in Note 2.17. During 2008, the Group deducted the amount of € 5,886,000 from oil and gas investments that were affected by impairment loss. The additions of Software at the Foundation amounting to € 448,000 (2008: € 680,000) in value were totally amortised during the year, as mentioned in Note 2.4.

The movements on consolidated intangible assets during 2009 and 2008 are analysed as follows:

(€10^3)

	Exploration rights	Oil and gas exploration	Concession rights	Software	Other assets	Total
Acquisition cost:						
Balance at 31 December 2007	**52 104**	**37 009**	**–**	**955**	**338**	**90 406**
Accruals	–	12 571	–	712	–	13 283
Deductions	–	(5 886)	–	–	–	(5 886)
Transfers	(58)	58	–	57	5	62
Exchange differences	832	(5 867)	–	(8)	–	(5 043)
Balance at 31 December 2008	**52 878**	**37 885**	**–**	**1 716**	**343**	**92 822**
Accruals	576	13 609	55 951	468	–	70 604
Deductions	–	–	–	–	(5)	(5)
Transfers	–	(5 881)	–	28	–	(5 853)
Exchange differences	484	8 336	(1 720)	(4)	–	7 096
Balance at 31 December 2009	**53 938**	**53 949**	**54 231**	**2 208**	**338**	**164 664**
Amortisations:						
Balance at 31 December 2007	**1 259**	**4 368**	**–**	**955**	**338**	**6 920**
Amortisations for the year	1 928	–	–	693	–	2 621
Deductions	–	(5 886)	–	–	–	(5 886)
Transfers	1 788	(1 788)	–	27	5	32
Exchange differences	(154)	–	–	(6)	–	(160)
Impairment	–	3 306	–	–	–	3 306
Balance at 31 December 2008	**4 821**	**–**	**–**	**1 669**	**343**	**6 833**
Amortisations for the year	2 072	–	3 497	467	–	6 036
Deductions	–	–	–	–	(5)	(5)
Transfers	–	–	–	13	–	13
Exchange differences	344	(531)	(108)	1	–	(296)
Impairment	–	17 246	–	–	–	17 246
Balance at 31 December 2009	**7 237**	**16 715**	**3 389**	**2 148**	**338**	**29 827**
Net balance at 31 December 2008	**48 057**	**37 885**	**–**	**47**	**–**	**85 989**
Net balance at 31 December 2009	**46 701**	**37 234**	**50 842**	**60**	**–**	**134 837**

Note 14
Tangible fixed assets

Tangible fixed assets are made up as follows:

(€10³)

	Consolidated		*Foundation*	
	2009	**2008**	**2009**	**2008**
Cost:				
Real estate	34 861	33 732	34 861	33 732
Equipment	42 594	40 686	42 015	40 178
Works of art	4 520	3 435	4 520	3 435
Oil and gas production	99 333	76 540	–	–
Other assets	3 598	3 920	1 063	980
	184 906	**158 313**	**82 459**	**78 325**
Accumulated depreciation	(80 455)	(73 339)	(61 299)	(58 158)
	104 451	**84 974**	**21 160**	**20 167**

The item "Oil and gas production" includes investments made in the "Dunga Oil Field" project where a 20% share is held in partnership with Maersk (the operator) and the Oman Oil Company Ltd., in the amount of € 65,989,000 (2008: € 59,573,000).

This item also includes investments made in the "Mukhaizna Oil Field" project where a 1% share is held in partnership with other entities, with the operator being the Occidental Petroleum Co., in the amount of € 22,009,000 (2008: € 16,967,000).

This item also includes the amount of € 11,148,000, which corresponds to the investments made in the "Colibri" and "Cardeal" oil fields in Brazil. In 2009, these investments moved from the exploration phase to the development phase, with the amount of € 5,881,000 having been transferred from Tangible fixed assets to the Oil and gas production account, as mentioned in Note 13.

The movements on Consolidated tangible fixed assets during 2009 and 2008 are made up as follows:

(€10³)

	Real estate	Equipment	Works of art	Oil and gas production	Other assets	Total
Acquisition cost:						
Balance at 31 December 2007	**30 134**	**39 008**	**3 069**	**48 845**	**3 766**	**124 822**
Accruals	4 621	3 458	366	20 030	220	28 695
Deductions/Sales	(1 023)	(1 817)	–	–	(23)	(2 863)
Transfers	–	25	–	3 477	(81)	3 421
Exchange differences	–	12	–	4 188	38	4 238
Balance at 31 December 2008	**33 732**	**40 686**	**3 435**	**76 540**	**3 920**	**158 313**
Accruals	1 129	2 772	1 085	20 315	597	25 898
Deductions/Sales	–	(859)	–	–	(927)	(1 786)
Transfers	–	–	–	5 881	(28)	5 853
Exchange differences	–	(5)	–	(3 403)	36	(3 372)
Balance at 31 December 2009	**34 861**	**42 594**	**4 520**	**99 333**	**3 598**	**184 906**
Depreciation:						
Balance at 31 December 2007	**15 436**	**38 178**	**1 514**	**4 472**	**3 266**	**62 866**
Depreciation for the year	1 083	3 446	–	3 594	326	8 449
Deductions/Sales	(330)	(1 805)	–	–	(23)	(2 158)
Transfers	–	32	–	3 489	(70)	3 451
Exchange differences	–	13	–	669	49	731
Balance at 31 December 2008	**16 189**	**39 864**	**1 514**	**12 224**	**3 548**	**73 339**
Depreciations for the year	1 106	2 820	–	5 149	387	9 462
Deductions/Sales	–	(859)	–	–	(927)	(1 786)
Transfers	–	–	–	–	(13)	(13)
Exchange differences	–	(2)	–	(572)	27	(547)
Balance at 31 December 2009	**17 295**	**41 823**	**1 514**	**16 801**	**3 022**	**80 455**
Net balance at 31 December 2008	**17 543**	**822**	**1 921**	**64 316**	**372**	**84 974**
Net balance at 31 December 2009	**17 566**	**771**	**3 006**	**82 532**	**576**	**104 451**

At 31 December 2009, the Group recognised a future obligation with the abandonment of wells and environmental problems at the end of concessions, in the amount of € 1,650,000. This obligation is valued at fair value, as a cost of the intangible related assets (oil and gas production) and recorded as a provision, as mentioned in Note 25.

The movements occurring in the Foundation's tangible fixed assets account during 2009 and 2008 are made up as follows:

(€10³)

	Real estate	Equipment	works of art	Other assets	Total
Acquisition cost:					
Balance at 31 December 2007	**30 134**	**38 546**	**3 069**	**860**	**72 609**
Accruals	4 621	3 403	366	120	8 510
Deductions/Sales	(1 023)	(1 771)	–	–	(2 794)
Balance at 31 December 2008	**33 732**	**40 178**	**3 435**	**980**	**78 325**
Accruals	1 129	2 588	1 085	83	4 885
Deductions/Sales	–	(751)	–	–	(751)
Balance at 31 December 2009	**34 861**	**42 015**	**4 520**	**1 063**	**82 459**
Depreciation:					
Balance at 31 December 2007	**15 436**	**37 897**	**1 514**	**860**	**55 707**
Depreciation for the year	1 083	3 349	–	120	4 552
Deductions/Sales	(330)	(1 771)	–	–	(2 101)
Balance at 31 December 2008	**16 189**	**39 475**	**1 514**	**980**	**58 158**
Depreciation for the year	1 106	2 703	–	83	3 892
Deductions/Sales	–	(751)	–	–	(751)
Balance at 31 December 2009	**17 295**	**41 427**	**1 514**	**1 063**	**61 299**
Net balance at 31 December 2008	**17 543**	**703**	**1 921**	**–**	**20 167**
Net balance at 31 December 2009	**17 566**	**588**	**3 006**	**–**	**21 160**

The Foundation finances the acquisition of transport equipment through finance lease contracts.

At 31 December 2009, the gross value of tangible fixed assets financed through financial lease contracts amounted to € 2,099,000 (2008: € 1,990,000), accumulated amortisation to € 1,510,000 (2008: € 1,287,000) and the respective instalments due to € 984,000 (2008: € 1,207,000), as follows:

	Total	Less than one year	From one to five years	Total	Less than one year	From one to five years
			2009			2008
Principal	929	392	537	1 104	379	725
Interest owing	55	31	24	103	48	55
Instalments due	**984**	**423**	**561**	**1 207**	**427**	**780**

Note 15
Non-current financial assets and advances

Non-current financial assets and advances are made up as follows:

(€10³)

	Consolidated		Foundation	
	2009	2008	2009	2008
Shares				
Investments in oil and gas companies	440 927	397 428	–	–
Other companies	36 969	25 724	–	–
Investment funds	133 260	124 158	82 032	77 231
	611 156	**547 310**	**82 032**	**77 231**
Advances				
Investments in oil and gas companies	75 115	58 984	–	–
Other companies	12 405	10 366	–	–
	87 520	**69 350**	**–**	**–**
	698 676	**616 660**	**82 032**	**77 231**

The difference between the acquisition value and the fair value is recorded in the fair value reserve of the Capital Fund, as mentioned in Note 24.

Shares in investments in oil and gas companies are recorded at fair value, as described in Note 2.8.

Valuations are carried out by independent bodies and represent the current net value of estimated future cash flows, based on market assumptions.

Advances in investments in oil and gas companies are made in order to finance long-term assets, which are reimbursed at the end of the agreements for these advances and not remunerated during this period. These advances are recorded at their current discounted value, as mentioned in Note 2.8.

At 31 December, 2009 and 2008, the consolidated non-current financial assets are made up as follows:

(€10³)

	Cost	Fair value reserve	Impairment losses	Book value
				2009
Shares				
ADPC/ADCO	10 003	44 141	–	54 144
PDO/POHOL	1 607	224 895	–	226 502
OLNG	2 184	154 209	–	156 393
Other investments	3 084	1 527	(723)	3 888
	16 878	**424 772**	**(723)**	**440 927**
Other companies	22 935	14 034	–	36 969
Investment funds				
Fundo NovEnergia II	38 443	11 200	–	49 643
Office Park Expo	45 000	9 484	–	54 484
Logística & Distribuição	8 214	1 641	–	9 855
Other funds	17 484	1 794	–	19 278
	109 141	**24 119**	**–**	**133 260**
Balance at 31 December 2009	**148 954**	**462 925**	**(723)**	**611 156**

(€10³)

	Cost	Fair value reserve	Impairment losses	Book value
				2008
Shares				
ADPC/ADCO	10 355	41 884	–	52 239
PDO/POHOL	1 664	196 295	–	197 959
OLNG	2 261	142 526	–	144 787
Other investments	7 178	–	(4 735)	2 443
	21 458	**380 705**	**(4 735)**	**397 428**
Other companies	14 283	11 441	–	25 724
Investment funds				
Fundo NovEnergia 2010	39 793	5 480	–	45 273
Office Park Expo	45 000	7 393	–	52 393
Logística & Distribuição	8 214	1 574	–	9 788
Other funds	15 206	1 498	–	16 704
	108 213	**15 945**	**–**	**124 158**
Balance at 31 December 2008	**143 954**	**408 091**	**(4 735)**	**547 310**

At 31 December 2009 and 2008, the consolidated advances are made up as follows:

(€10³)

	Consolidated	
	2009	2008
Advances		
Investments in oil and gas companies	75 115	58 984
Other companies	12 405	10 366
	87 520	69 350

The assumptions made for calculating the current discounted value of advances in investments in oil and gas companies are presented within the intervals shown below:

2009	2008	Maturity
1.7% – 4.7%	2.8% – 4.7%	4–15 years

The movements occurring in the "Impairment losses" account in non-current financial assets are presented as follows:

(€10³)

	Consolidated	
	2009	2008
Balance at 1 January	4 735	1 217
Charge for the year	–	3 396
Funds used	(3 972)	(138)
Exchange differences	(40)	260
Balance at 31 December	**723**	**4 735**

At 31 December 2009 and 2008, the Foundation's non-current financial assets are made up as follows:

(€10³)

	Cost	Fair value reserve	Book value
			2009
Investment funds			
Office Park Expo	45 000	9 484	54 484
Logística & Distribuição	8 214	1 641	9 855
Other funds	17 484	209	17 693
Balance at 31 December 2009	**70 698**	**11 334**	**82 032**

(€10³)

	Cost	Fair value reserve	Book value
			2008
Investment funds			
Office Park Expo	45 000	7 393	52 393
Logística & Distribuição	8 214	1 574	9 788
Other funds	15 206	(156)	15 050
Balance at 31 December 2008	**68 420**	**8 811**	**77 231**

The Group has an investment in the closed fund NovEnergia II, in the amount of € 38,443,000 (2008: € 39,793,000), with the fair value of the fund being valued at € 49,643,000 (2008: € 45,273,000). The aim of this fund is to invest in projects that use renewable energies as an energy source and in companies that are involved in their development.

The Foundation has an investment in the amount of € 45,000,000 in the closed property investment fund Office Park Expo – Fundo de Investimento Imobiliário Fechado. The aim of this fund is to purchase land and buildings, and to rent or sell land and buildings in Parque das Nações in Lisbon.

In the case of both listed and unlisted securities, the consolidated non-current financial assets and advances are made up as follows:

(€10³)

	Listed	Unlisted	Total
			2009
Shares			
Investments in oil and gas companies	–	440 927	440 927
Other companies	–	36 969	36 969
Investment funds	**75 001**	**58 259**	**133 260**
Advances			
Investments in oil and gas companies	–	75 115	75 115
Other companies	–	12 405	12 405
	75 001	**623 675**	**698 676**

(€10³)

	Listed	Unlisted	Total
			2008
Shares			
Investments in oil and gas companies	–	397 428	397 428
Other companies	–	25 724	25 724
Investment funds	**72 454**	**51 704**	**124 158**
Advances			
Investments in oil and gas companies	–	58 984	58 984
Other companies	–	10 366	10 366
	72 454	**544 206**	**616 660**

At the Foundation, the unlisted investment funds amount to € 7,031,000 (2008: € 4,777,000) and the listed investment funds amount to € 75,001,000 (2008: € 72,454,000).

The Foundation's non-current financial assets and liabilities are valued according to the hierarchy outlined in Note 18.

At 31 December 2009 and 2008, non-current financial assets had the following periods to maturity:

(€10³)

	Consolidated		*Foundation*	
	2009	**2008**	**2009**	**2008**
From 3 months to 1 year	–	1 410	–	–
From 1 year to 5 years	81 303	6 172	70 486	–
Over 5 years	140 502	245 747	11 546	77 231
Indeterminate duration	476 871	363 331	–	–
	698 676	**616 660**	**82 032**	**77 231**

Note 16
Deferred tax assets and liabilities

As stated in Note 2.19, the Calouste Gulbenkian Foundation is exempt from corporation taxes. Consequently, the taxes that are presented relate to the subsidiary companies.

The Foundation's subsidiary companies with head offices in Portugal are subject to the payment of corporation taxes and the corresponding municipal surcharge. The calculation of current and deferred taxes for 2009 was based on a nominal rate of corporation tax and municipal surcharge of 26.5%, under the terms of Law No. 107–B/2003, of 31 December, and Law No. 2/2007, of 15 January, (which approved the Local Finance Law).

The charges incurred with taxes on profits, with reference to 2009 in the Consolidated Account are made up as follows:

(€10³)

	Consolidated
	2009
Current tax	**140**
Deferred tax	
Tax losses brought forward	(9 315)
Exchange differences originating from loans	6 208
Provisions not accepted for tax purposes	(88)
Tangible and intangible fixed assets	3 430
	235
	375

The deferred tax assets and liabilities recognised in the balance sheet at 31 December 2009 are made up as follows:

(€10^3)

	Assets	Liabilities	Net
	2009	**2009**	**2009**
Tax losses brought forward	9 068	–	9 068
Exchange differences originating from loans	–	(6 049)	(6 049)
Provisions not accepted for tax purposes	85	–	85
Tangible and intangible fixed assets	–	(3 325)	(3 325)
	9 153	**(9 374)**	**(221)**
Set-off of deferred tax assets/liabilities	(7 622)	7 622	–
	1 531	**(1 752)**	**(221)**

The movements on the deferred tax items in the balance sheet were offset as follows:

(€10^3)

	2009
Opening balance	**–**
Recognised in the statement of comprehensive income	235
Exchange differences	(14)
Closing balance	**221**

The Foundation does not recognise deferred tax assets in relation to tax losses brought forward that are incurred by certain subsidiaries, as it cannot be expected that these losses will be recovered in the near future.

A detail of the tax losses brought forward for which deferred tax assets were not recognised is shown below:

(€10^3)

Limit yeat for deduction	Tax losses brought forward at	
	2009	**2008**
2012	3	3
2013	143	150
2014	1 026	–
	1 172	**153**

Note 17
Investments in subsidiaries

Investments in subsidiaries are as follows:

(€10^3)

	Foundation	
	2009	**2008**
Partex Oil and Gas (Holdings) Corporation	819 999	766 901
Economic and General Secretariat Limited	26	24
	820 025	**766 925**

The value of these investments was reassessed at 31 December, 2009, increasing the fair value reserve to € 819,944,000 (2008: € 766,844,000).

The difference between the acquisition value and the fair value is recorded in the fair value reserve of the Capital Fund, as mentioned in Note 24.

At 31 December 2009, the subsidiary companies consolidated by using the integral consolidation method were as follows:

(€10^3)

Subsidiary	Head office	Capital	Currency	Assets	Liabilities	Equity	Income	Net income	%	Economic activity
Directly held:										
Partex Oil and Gas (Holdings) Corporation	Cayman Islands	50 000	USD	973 403	153 404	819 999	643 070	33 230	100	c)
Economic and General Secretariat Limited (*)	UK	4 000	GBP	26	–	26	–	–	100	b)
Indirectly held: (through Partex Oil and Gas (Holdings) Corporation)										
Participations and Explorations Corporation	Panama	2 800	USD	351 794	236 021	115 773	387 449	4 619	100	a)
Partex (Oman) Corporation	Panama	2 500	USD	681 906	15 999	665 907	214 498	31 078	100	a)
Partex Gas Corporation	Panama	2 000 000	USD	79 663	55 474	24 189	26 326	(2 556)	100	a)
Partex (Kazakhstan) Corporation	Cayman Islands	5 000	USD	76 025	85 735	(9 710)	10 319	411	100	a)
Partex Services Corporation	Panama	2 300 000	USD	3 806	1 592	2 214	9 718	50	100	b)
PMO Services S.A.	Liechtenstein	500 000	CHF	1 501	45	1 456	1 561	41	100	b)
Partex Brasil, Ltda.	Brazil	1 000 000	BRL	54 985	79 485	(24 500)	20 438	1 314	100	a)
Partex (Brazil) Corporation	Cayman Islands	50 000	USD	57 815	55 170	2 645	285	(305)	100	c)
Partex (Algeria) Corporation	Cayman Islands	50 000	USD	0	343	(343)	–		100	a)
Partex (Angola) Corporation	Cayman Islands	50 000	USD	31 811	33 610	(1 799)	6	(963)	100	a)
Partex Services Brasil Petrolíferos Ltda.	Brazil	1 000 000	BRL	1 112	316	796	1 749	214	100	b)
Partex (Iberia), S.A.	Portugal	50 000	EUR	5 426	6 530	(1 104)	172	(1 011)	100	a)
(through Partex Services Corporation)										
Partex Services Portugal – Serviços para a Indústria Petrolífera, S.A.	Portugal	50 000	EUR	1 341	976	365	5 928	113	100	b)

a) Companies with interests in oil concessions or contractual operations.

b) Provider of services to the Group's companies.

c) Financial investment.

* This subsidiary is currently dormant.

Note 18
Current financial assets and liabilities

Current financial assets and liabilities are made up as follows:

(€10³)

	Consolidated		Foundation	
	2009	2008	2009	2008
Bonds and other fixed-yield securities				
From public issuers	309 971	517 132	309 971	517 132
From other issuers	281 597	299 736	281 597	299 736
Shares				
Other variable-yield securities	320 968	353 872	320 968	353 872
Investment funds				
Liquidity	83 281	68 270	83 281	68 270
Shares	178 486	71 990	178 486	71 990
Bonds	–	64 900	–	64 900
Others	26 375	66 727	26 375	66 727
Derivatives				
Financial instruments with positive fair value				
Forwards	12 342	51 041	12 342	51 041
Futures	528	463	528	463
Options	–	2 084	–	2 084
Warrants	–	3 389	–	3 389
	1 213 548	**1 499 604**	**1 213 548**	**1 499 604**
Derivatives				
Financial instruments with negative fair value				
Forwards	(11 070)	(23 212)	(11 070)	(23 212)
Futures	(1)	(1 909)	(1)	(1 909)
	(11 071)	**(25 121)**	**(11 071)**	**(25 121)**
	1 202 477	**1 474 483**	**1 202 477**	**1 474 483**

At 31 December 2009 and 2008, current financial assets and liabilities had the following periods to maturity:

(€10³)

	Consolidated		Foundation	
	2009	2008	2009	2008
Up to 3 months	57 527	115 235	57 527	115 235
From 3 months to 1 year	82 360	103 453	82 360	103 453
From 1 year to 5 years	341 203	385 520	341 203	385 520
Over 5 years	112 234	253 427	112 234	253 427
Indeterminate duration	609 153	616 848	609 153	616 848
	1 202 477	**1 474 483**	**1 202 477**	**1 474 483**

At 31 December 2009 and 2008, in the case of listed and unlisted securities, current financial assets and liabilities are made up as follows:

(€10³)

	Listed	Unlisted	Total
			2009
Bonds and other fixed-yield securities			
From public issuers	309 971	–	309 971
From other issuers	278 263	3 334	281 597
Shares			
Other variable-yield securities	320 968	–	320 968
Investment funds			
Liquidity	83 281	–	83 281
Shares	178 486	–	178 486
Others	11 702	14 673	26 375
Derivatives			
Forwards	–	1 272	1 272
Futures	527	–	527
	1 183 198	**19 279**	**1 202 477**

(€10³)

	Listed	Unlisted	Total
			2008
Bonds and other fixed-yield securities			
From public issuers	517 132	–	517 132
From other issuers	268 121	31 615	299 736
Shares			
Other variable-yield securities	353 872	–	353 872
Investment funds			
Liquidity	68 270	–	68 270
Shares	71 990	–	71 990
Bonds	64 900	–	64 900
Others	45 354	21 373	66 727
Derivatives			
Forwards	–	27 829	27 829
Futures	(1 446)	–	(1 446)
Options	2 084	–	2 084
Warrants	3 389	–	3 389
	1 393 666	**80 817**	**1 474 483**

The Foundation's financial assets and liabilities are valued in accordance with the following hierarchy:

Listed securities – this category includes securities with prices that are available on official markets and are quoted by those bodies that normally provide transaction prices for these assets/liabilities.

Unlisted securities – this category includes securities whose prices are based on the use of valuation models, namely discounted cash flow models, that imply the use of estimates and require judgments that vary according to the complexity of the products that are being valued. Notwithstanding, they are used as inputs in the variable models made available by the market, such as interest rate curves, credit spreads, price volatility and price indexes.

At 31 December 2009 and 2008, derivative financial assets and liabilities are made up as follows:

(€10^3)

	Notional	Fair value	
		Assets	Liabilities
			2009
Foreign exchange contracts			
Forward purchase	781 820	12 342	(11 070)
Forward sale	(781 820)		
	–	**12 342**	**(11 070)**
Share contracts/indexes			
Futures	4 047	528	(1)
	4 047	**528**	
	4 047	**12 870**	**(11 071)**

(€10^3)

	Notional	Fair value	
		Assets	Liabilities
			2008
Foreign exchange contracts			
Forward purchase	1 174 191	51 041	(23 212)
Forward sale	(1 174 191)		
	–	**51 041**	**(23 212)**
Share contracts/indexes			
Futures	2 287	463	(1 909)
Options	1 545	2 084	–
Warrants	6	3 389	–
	3 838	**5 936**	**(1 909)**
	3 838	**56 977**	**(25 121)**

At 31 December 2009 and 2008, derivative financial assets and liabilities had the following periods to maturity:

(€10^3)

	Consolidated		*Foundation*	
	2009	2008	2009	2008
Up to 3 months	502	14 735	502	14 735
From 3 months to 1 year	1 297	16 501	1 297	16 501
From 1 year to 5 years	–	620	–	620
	1 799	**31 856**	**1 799**	**31 856**

Note 19
Other treasury applications

Other treasury applications, amounting to € 493,845,000 (2008: € 225,883,000), refer to treasury applications with a period to maturity of up to or less than 3 months, which are recorded at their amortised cost.

Note 20
Inventories

Inventories are made up as follows:

(€10³)

	Consolidated	
	2009	2008
Crude oil	125	12 509
Other materials	2 908	2 648
	3 033	**15 157**

Note 21
Debtors

Debtors are made up as follows:

(€10³)

	Consolidated		Foundation	
	2009	2008	2009	2008
Subsidiaries	–	–	13 940	30 581
Debtors (oil and gas companies)	67 336	48 047	–	–
Income receivable	719	295	719	295
Pension plan corridor	19 902	21 550	20 136	21 544
Expenses with deferred costs	651	1 190	651	1 190
Other debtors	6 227	8 138	2 047	2 236
	94 835	**79 220**	**37 493**	**55 846**
Impairment losses	(252)	(252)	(252)	(252)
	94 583	**78 968**	**37 241**	**55 594**

Subsidiaries are made up as follows:

(€10³)

	Foundation	
	2009	2008
Dividends payable	13 883	30 538
Advances	57	43
	13 940	30 581

At 31 December, 2009, the item "Pension plan corridor", in both the Consolidated and the Foundation's accounts, amounting to € 19,902,000 (2008: € 21,550,000) and € 20,136,000 (2008: € 21,544,000) respectively, refers to the amount of the corridor identified in accordance with Note 2.20.

The item "Other debtors" includes the amount of € 107,000 (2008: € 95,000) relating to an extraordinary contribution to the open pensions fund "Fundo de Pensões Aberto BPI Acções", in accordance with the Complementary Defined Contribution Pensions Plan (PCPCD).

Note 22
Cash and cash equivalents

Cash and cash equivalents are made up as follows:

(€10³)

	Consolidated		Foundation	
	2009	2008	2009	2008
Cash	62	75	62	75
Deposits	55 498	129 867	895	2 134
	55 560	**129 942**	**957**	**2 209**

At 31 December 2009, the item "Deposits", in the amount of € 55,498,000 (2008: € 129,867,000), includes the amount of € 11,902,000 (2008: € 12,320,000), which is allocated to bank guarantees provided by financial institutions.

Note 23
Capital received from the Founder

Capital received from the Founder, amounting to € 11,746,690 refers to the amount received from the Founder, Mr. Calouste Sarkis Gulbenkian.

Note 24
Reserves

The fair value reserve represents the gains and losses on the portfolio of non-current financial assets, net of impairment losses recognised in the results of this and/or previous years.

During 2009 and 2008, the movements under these items in the Consolidated accounts were as follows:

(€10³)

	Fair value reserve	Other reserves	Exchange differences	Total
Balance at 31 December 2007	**377 378**	**2 374 314**	**(55 828)**	**2 695 864**
Changes in fair value	30 713	–	–	30 713
Exchange differences	–	–	24 971	24 971
Gifts and legacies	–	36	–	36
Formation of reserves	–	67 617	–	67 617
Balance at 31 December 2008	**408 091**	**2 441 967**	**(30 857)**	**2 819 201**
Changes in fair value	54 834	–	–	54 834
Exchange differences	–	–	(18 558)	(18 558)
Gifts and legacies	–	694	–	694
Formation of reserves	–	(434 513)	–	(434 513)
Balance at 31 December 2009	**462 925**	**2 008 148**	**(49 415)**	**2 421 658**

During 2009 and 2008, the movements under these items in the Foundation's accounts were as follows:

(€10³)

	Fair value reserve			
	Subsidiaries	Non-current financial assets	Other reserves	Total
Balance at 31 December 2007	**692 725**	**2 369**	**2 039 969**	**2 735 063**
Changes in fair value	74 119	6 442	–	80 561
Gifts and legacies	–	–	36	36
Formation of reserves	–	–	28 418	28 418
Balance at 31 December 2008	**766 844**	**8 811**	**2 068 423**	**2 844 078**
Changes in fair value	53 100	2 523	–	55 623
Gifts and legacies	–	–	694	694
Formation of reserves	–	–	(459 390)	(459 390)
Balance at 31 December 2009	**819 944**	**11 334**	**1 609 727**	**2 441 005**

The fair value reserve in 2009 and 2008, in both the Consolidated and the Foundation's accounts, is explained as follows:

(€10³)

	Consolidated		*Foundation*	
	2009	**2008**	**2009**	**2008**
Subsidiaries	–	–	819 944	766 844
Non-current financial assets	462 925	408 091	11 334	8 811
	462 925	**408 091**	**831 278**	**775 655**

The changes in the fair value reserve in 2009 and 2008 in both the Consolidated and the Foundation's accounts are explained as follows:

(€10³)

	Consolidated		*Foundation*	
	2009	**2008**	**2009**	**2008**
Balance at 1 January	408 091	377 378	775 655	695 094
Changes in fair value	54 910	31 318	55 623	80 561
Sales during the year	(76)	(605)	–	–
Balance at 31 December	**462 925**	**408 091**	**831 278**	**775 655**

The fair value reserve records at the balance sheet date the accumulated changes in the fair value of non-current financial assets and investments in subsidiaries.

The item "Exchange differences" arising on consolidation shows the effect of changes in the share capital recorded in local currency for each consolidated company.

At 31 December 2009, the item "Other reserves" includes the amount of € 694,000 relating to donations of works of art to the Foundation.

The exchange rates used in the preparation of the Financial Statements are analysed as follows:

(€10³)

Currency	Exchange rates in 2009 Year-end average	Exchange rates in 2009 Exchange rate	Exchange rates in 2008 Year-end average	Exchange rates in 2008 Exchange rate
Dollar – USD	1,4406	1,3963	1,3917	1,4726
Pound sterling – GBP	0,8881	0,8900	0,9525	0,8026
Swiss franc – CHF	1,4836	1,5076	1,4850	1,5786
Brazilian real – BRL	2,5113	2,7642	3,2436	2,6774

Note 25
Provisions

Provisions are made up as follows:

(€10³)

	Consolidated		*Foundation*	
	2009	**2008**	**2009**	**2008**
Provision for pension plans	204 074	203 704	202 073	201 359
Provision for other employee benefits	4 005	4 353	2 525	2 587
Provision for removal and restoration	1 650	–	–	–
Other provisions	708	366	–	–
	210 437	**208 423**	**204 598**	**203 946**
Non-current	210 083	208 423	204 598	203 946
Current	354	–	–	–
	210 437	**208 423**	**204 598**	**203 946**

Provision for pension plans

The Foundation has undertaken the responsibility to pay pensions to employees on their retirement, through old age, disability or early retirement, as set out in the "Regulations of the Staff Pension Plan" (1979) and in the "Pensions Plan" (1997).

These pensions are complementary to the pensions awarded by the Social Security and are calculated according to the length of service of each employee. A provision has been created to cover this liability based on an estimate of the capital required to pay the benefits to existing pensioners and future benefits to current employees.

The number of participants in these pension plans is as follows:

	Consolidated		*Foundation*	
	2009	**2008**	**2009**	**2008**
Active employees	472	490	468	486
Early retirement	64	68	64	68
Pensioners	931	939	926	934
	1 467	**1 497**	**1 458**	**1 488**

The movements in the provision for the pension plans have the following breakdown:

(€10³)

	Consolidated		Foundation	
	2009	**2008**	**2009**	**2008**
Balance at 1 January	**203 704**	**218 031**	**201 359**	**215 437**
Charge for the year	19 476	2 741	19 387	2 564
Provisions used	(17 455)	(16 780)	(17 265)	(16 553)
Exchange differences	(3)	(16)	–	–
Transfers	(1 648)	(272)	(1 408)	(89)
Balance at 31 December	**204 074**	**203 704**	**202 073**	**201 359**

The item "Transfers" refers to the amount of actuarial losses considered under "Debtors", within the corridor limit of the Pensions Plan.

At 31 December 2009 and 2008, the responsibilities for past services related to these pension plans are as follows:

(€10³)

	Consolidated		Foundation	
	2009	**2008**	**2009**	**2008**
Responsibilities at 1 January	203 704	218 031	201 359	215 437
Current services expenses	1 985	2 344	1 925	2 284
Interest expenses	10 886	10 633	10 754	10 507
Benefits paid	(17 455)	(16 793)	(17 265)	(16 553)
Actuarial losses/(gains)	4 954	(10 511)	5 300	(10 316)
Responsibilities at 31 December	**204 074**	**203 704**	**202 073**	**201 359**
Responsibilities for future services	**207 586**	**194 878**	**207 020**	**194 204**

In accordance with the accounting policy described in Note 2.20, the responsibilities for retirement pensions on the Consolidated Account at 31 December 2009 and 2008, calculated using the projected unit credit method, are made up as follows:

(€10³)

	2009	2008	2007	2006	2005
Responsibilities for projected benefits					
Consolidated	204 074	203 704	218 031	218 851	222 279
Foundation	202 073	201 359	215 437	216 326	219 553

The actuarial assumptions used in calculating the pension liabilities were altered at 31 December 2009 following a review of market indicators, especially forecast inflation and longer term interest rates for the Euro Zone, and the age profile of the employees. The comparative analysis of the actuarial assumptions is as follows:

	2009	2008
Nominal rate of increase in salaries	2.75%	2.75%
Nominal rate of increase in pensions	1.50%	1.50%
Discount rate	5.50%	5.50%
Mortality tables		
Male	TV 73/77(M)	TV 73/77(M)
Female	TV 88/90(F)	TV 88/90(F)
Disability table	EKV 80	EKV 80
Actuarial valuation method	Projected unit credit method	

During 2009, the Consolidated and the Foundation's accounts recognised as retirement pension costs the amounts of € 19,476,000 (2008: € 2,741,000) and € 19,387,000 (2008: € 2,564,000), respectively.

The movements in the item "Pension plan corridor", relating to pensions for the years 2009 and 2008, are as follows:

(€10³)

	Consolidated		Foundation	
	2009	**2008**	**2009**	**2008**
Balance at 1 January	21 550	21 822	21 544	21 633
Transfers	(1 648)	(272)	(1 408)	(89)
Balance at 31 December	**19 902**	**21 550**	**20 136**	**21 544**

Provision for other employee benefits

The provision for other employee benefits refer to commitments with the Social Security during the period of pre-retirement or early retirement and indemnities for end of service benefits payable to employees on termination of their contracts abroad.

The movements relating to provisions for other employee benefits are as follows:

(€10³)

	Consolidated		*Foundation*	
	2009	**2008**	**2009**	**2008**
Balance at 1 January	4 353	4 427	2 587	2 814
Reinforcement of provisions	718	408	451	278
Discount effect	(22)	–	–	–
Use of provisions	(991)	(579)	(513)	(505)
Exchange differences	(53)	97	–	–
Balance at 31 December	**4 005**	**4 353**	**2 525**	**2 587**

Provision for removal and restoration

The movements relating to provisions for removal and restoration are as follows:

(€10³)

	Consolidated	
	2009	**2008**
Balance at 1 January	–	–
Capitalisation of tangible assets	1 702	–
Exchange differences	(52)	–
Balance at 31 December	**1 650**	**–**

At 31 December 2009, the Foundation recognised a future obligation, amounting to € 1,650,000, with the removal and restoration of production areas in Oman, Kazakhstan and Brazil. This provision is valued at fair value, as a cost of the related assets (intangible fixed assets) and recorded as a provision, as mentioned in Note 14.

Other provisions

The movements in other provisions are analysed as follows:

	Consolidated	
	2009	**2008**
Balance at 1 January	366	–
Reinforcement of provisions	366	346
Exchange differences	(24)	20
Balance at 31 December	**708**	**366**
Non-current	354	366
Current	354	–
	708	366

“Other provisions” include the amount of € 354,000 (2008: € 366,000), to be paid in 2010, relating to contingencies arising from the requirements demanded by the Kazakhstan authorities.

“Other provisions” also include the amount of € 354,000, relating to the amounts to be paid to operators for concessions that have ended or are due to come to an end.

Note 26
Creditors and other non-current liabilities

The item “Creditors and other non-current liabilities” in the amount of € 29,250,000 includes the amount of € 26,527,000 to be paid to ADNOC in 2010 and 2011, which is recorded at its amortised cost.

On 31 March 2009, the Group renewed the Joint Venture Agreement with Abu Dhabi Gas Industries Ltd. (GASCO) for an additional 20-year period, effective as from 1 October 2008.
The original Joint Venture Agreement was signed in 1978 for a period of 30 years. Due to the renewal of this agreement, the Group agreed to pay Abu Dhabi National Oil Company

(ADNOC) concession rights amounting to USD 78,125,000. This sum is to be paid in equal instalments in 2009, 2010, 2011 and 2012.

At 31 December 2008, the item "Creditors and other non-current liabilities", in the amount of € 1,006,000, refers to social projects to be paid in 2010 under the terms of the oil block concession in Angola.

Note 27
Grants and scholarships

The item "Grants and scholarships", in the amount of € 8,487,000 (2008: € 7,814,000), refers to grants and scholarships already approved by the Board of Trustees but not yet paid, for reasons not attributable to the Foundation.

Note 28
Creditors and other current liabilities

Creditors and other current liabilities are analysed as follows:

(€10³)

	Consolidated		Foundation	
	2009	**2008**	**2009**	**2008**
Creditors (oil and gas companies)	64 926	71 412	–	–
Financial-lease liability	392	1 104	392	1 104
Sundry creditors				
Suppliers	2 370	3 402	2 370	3 402
State	2 218	3 850	909	952
Costs payable	7 331	6 821	6 372	5 872
Deferred income	759	1 012	759	1 012
Concession rights	13 558	–	–	–
Other creditors	18 497	10 777	3 945	1 955
	110 051	**98 378**	**14 747**	**14 297**

The item "State" includes the amount of € 868,000 relating to social projects to be paid in 2010 under the terms of the oil block concession in Angola.

Due to the renewal of the Joint Venture Agreement with Abu Dhabi Gas Industries Ltd. (GASCO), signed on 31 March 2009, the Foundation agreed to pay Abu Dhabi National Oil Company (ADNOC) the sum of USD 78,125,000.
The item "concession rights", in the amount of € 13,588,000, refers to the amount to be paid to ADNOC in 2010, as mentioned in Note 26.

At 31 December 2009, the item "Other creditors" includes the amount of € 11,759,000 (2008: € 4,327,000) relating to the expenses incurred with oil blocks not operated by the Group in Brazil, in proportion to its interests in the respective consortia.

Note 29
Transactions with related parties

At 31 December 2009 and 2008, the value of the Foundation's transactions with related parties, conducted on an individual basis and cancelled in the consolidation, is analysed as follows:

(€10³)

	Assets	Liabilities	Guarantees	Costs	Income
					2009
Partex Oil and Gas (Holdings) Corporation					
	13 883	–	14 518	–	13 883
Participations and Explorations Corporation					
	57	–	–	–	–
	13 940	–	14 518	–	13 883

(€10³)

	Assets	Liabilities	Guarantees	Costs	Income
					2008
Partex Oil and Gas (Holdings) Corporation					
	30 538	–	4 952	–	30 538
Participations and Explorations Corporation					
	43	–	–	–	–
	30 581	–	4 952	–	30 538

Note 30
Fair value of financial assets and liabilities

At 31 December 2009 and 2008, there were no significant differences between the book value and the fair value of financial assets and liabilities.

Cash and cash equivalents
Bearing in mind that these are normally short-term assets, the amount stated on the balance sheet is a reasonable estimate of their fair value.

Debtors, grants and scholarships and creditors and other liabilities
Bearing in mind that these are normally short-term assets and liabilities, the amount stated for the various items on the balance sheet is considered a reasonable estimate of their fair value at the balance sheet date.

Advances and creditors and other non-current liabilities
Bearing in mind that these assets and liabilities are recorded at their current value, the amount stated for the various items on the balance sheet is considered to be a reasonable estimate of their fair value at the balance sheet date.

Note 31
Commitments

At 31 December 2009 and 2008, the commitments in the Consolidated and the Foundation's accounts are analysed as follows:

(€10^3)

	Consolidated		*Foundation*	
	2009	**2008**	**2009**	**2008**
Bank guarantees	24 727	15 644	14 610	5 172
Revocable commitments	14 721	15 273	13 664	15 273
	39 448	**30 917**	**28 274**	**20 445**

Bank guarantees include the amount of € 24,635,000 (2008: € 15,424,000) from "performance guarantees" issued by various banks relating to commitments made through concessions in Brazil and Angola.

The Group signed an agreement with the government of the Republic of Kazakhstan in which the Partex (Kazakhstan) Corporation undertakes to fulfil its obligations in relation to the Dunga oil-field concession.

The revocable commitments relate to subscriptions to be made in closed investment funds.

Note 32
Management of risk activities

The Foundation has investments in the oil and gas business and in financial instruments. It is therefore exposed to various risks, most notably operational risk, market risk, foreign exchange risk and liquidity risk.

Operational risk

The Group actively participates in oil and gas exploration and production, and therefore runs the risk of its activity being unsuccessful.

Market risk

Market risk represents the possible loss resulting from an adverse change in the prices of crude oil and natural gas, interest rates, exchange rates and share prices.

The Foundation's oil and gas interests are mainly concentrated in the Middle East and Brazil. The production of crude oil and natural gas is sold through contracts that are signed each year, making it possible to reduce exposure to short-term fluctuations. The Foundation supervises the management of the risk associated with its financial assets and liabilities.

Foreign exchange risk

Foreign exchange risk occurs when an entity undertakes transactions in a currency that is different from its functional currency. The Foundation's functional currency is the Euro, while most of its subsidiaries have the US dollar as their functional currency.

At 31 December 2009 and 2008, the breakdown of assets and liabilities by currency in the Consolidated account is as follows:

(€10^3)

	Book value	Euro	US dollar	Pound sterling	Other currencies
					2009
ASSETS					
Non-current financial assets	611 156	524 544	86 612	–	–
Advances	87 520	12 405	75 115	–	–
Current financial assets	1 213 548	898 685	199 295	67 563	48 005
Other treasury applications	493 845	490 755	2 235	523	332
Cash and cash equivalents	55 560	14 097	41 463	–	–
	2 461 629	**1 940 486**	**404 720**	**68 086**	**48 337**
LIABILITIES					
Current financial liabilities	**11 071**	**–**	**9 922**	**642**	**507**

(€10^3)

	Book value	Euro	US dollar	Pound sterling	Other currencies
					2008
ASSETS					
Non-current financial assets	547 310	476 313	70 997	–	–
Advances	69 350	10 366	58 984	–	–
Current financial assets	1 499 604	930 151	402 994	93 387	73 072
Other treasury applications	225 883	164 059	56 833	512	4 479
Cash and cash equivalents	129 942	12 640	116 299	1 003	–
	2 472 089	**1 593 529**	**706 107**	**94 902**	**77 551**
LIABILITIES					
Current financial liabilities	**25 121**	**298**	**669**	**1 806**	**22 348**

At 31 December 2009 and 2008, the breakdown of assets
and liabilities by currency in the Foundation's account is as follows:

(€10³)

	Book value	Euro	US dollar	Pound sterling	Other currencies
					2009
ASSETS					
Non-current financial assets	82 032	82 032	–	–	–
Investments in subsidiaries	820 025	–	819 999	26	–
Current financial assets	1 213 548	898 685	199 295	67 563	48 005
Other treasury applications	493 845	490 755	2 235	523	332
Cash and cash equivalents	957	957	–	–	–
	2 610 407	**1 472 429**	**1 021 529**	**68 112**	**48 337**
LIABILITIES					
Current financial liabilities	**11 071**	**–**	**9 922**	**642**	**507**

(€10³)

	Book value	Euro	US dollar	Pound sterling	Other currencies
					2008
ASSETS					
Non-current financial assets	77 231	77 231	–	–	–
Investments in subsidiaries	765 346	–	765 322	24	–
Current financial assets	1 499 604	930 151	402 994	93 387	73 072
Other treasury applications	225 883	164 059	56 833	512	4 479
Cash and cash equivalents	2 209	1 231	(25)	1 003	–
	2 570 273	**1 172 672**	**1 225 124**	**94 926**	**77 551**
LIABILITIES					
Current financial liabilities	**25 121**	**298**	**669**	**1 806**	**22 348**

Liquidity risk

The liquidity risk is reflected in the Foundation's incapacity to obtain the necessary funding for its activities. The Foundation considers that the liquidity risk is low.

At 31 December 2009 and 2008, the assets and liabilities of the Consolidated account had the following periods to maturity:

(€10^3)

	Book value	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Not sensitive
						2009
ASSETS						
Non-current financial assets	611 156	–	–	70 486	63 799	476 871
Advances	87 520	–	–	10 817	76 703	–
Current financial assets	1 213 548	66 059	84 899	341 203	112 234	609 153
Other treasury applications	493 845	493 845	–	–	–	–
Cash and cash equivalents	55 560	55 560	–	–	–	–
	2 461 629	**615 464**	**84 899**	**422 506**	**252 736**	**1 086 024**
LIABILITIES						
Current financial liabilities	**11 071**	**8 532**	**2 539**	**–**	**–**	**–**

(€10^3)

	Book value	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Not sensitive
						2008
ASSETS						
Non-current financial assets	547 310	–	–	–	99 166	448 144
Advances	69 350	–	1 410	6 172	61 768	–
Current financial assets	1 499 604	140 071	103 453	385 805	253 427	616 848
Other treasury applications	225 883	225 883	–	–	–	–
Cash and cash equivalents	129 942	129 942	–	–	–	–
	2 472 089	**495 896**	**104 863**	**391 977**	**414 361**	**1 064 992**
LIABILITIES						
Current financial liabilities	**25 121**	**24 836**	**–**	**285**	**–**	**–**

At 31 December 2009 and 2008, the assets and liabilities of the Foundation's account had the following periods to maturity:

($€10^3$)

	Book value	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Not sensitive
						2009
ASSETS						
Non-current financial assets	82 032	–	–	70 486	11 546	–
Investments in subsidiaries	820 025	–	–	–	–	820 025
Current financial assets	1 213 548	66 059	84 899	341 203	112 234	609 153
Other treasury applications	493 845	493 845	–	–	–	–
Cash and cash equivalents	957	957	–	–	–	–
	2 610 407	**560 861**	**84 899**	**411 689**	**123 780**	**1 429 178**
LIABILITIES						
Current financial liabilities	**11 071**	**8 532**	**2 539**	**–**	**–**	**–**

($€10^3$)

	Book value	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Not sensitive
						2008
ASSETS						
Non-current financial assets	77 231	–	–	–	77 231	–
Investments in subsidiaries	765 346	–	–	–	–	765 346
Current financial assets	1 499 604	140 071	103 453	385 805	253 427	616 848
Other treasury applications	225 883	225 883	–	–	–	–
Cash and cash equivalents	2 209	2 209	–	–	–	–
	2 570 273	**368 163**	**103 453**	**385 805**	**330 658**	**1 382 194**
LIABILITIES						
Current financial liabilities	**25 121**	**24 836**	**–**	**285**	**–**	**–**

Note 33

Recently issued accounting standards and interpretations

In preparing its consolidated financial statements at 31 December 2009, the Foundation adopted the following accounting standards and interpretations, the application of which has been mandatory since 1 January 2009:

IFRS 2 (amended) – Share-based payments: conditions of acquisition

In January 2008, the International Accounting Standards Board (IASB) made a change to IFRS 2, which became effective as from 1 January 2009.

This change to IFRS 2 (i) has made it possible to clarify that the conditions for the acquisition of the rights inherent in a share-based payments plan are limited to conditions of service or performance, (ii) introduces the concept of "non-vesting conditions" and (iii) determines that any cancellation of such programmes, either by the entity or by third parties, is given the same treatment in the respective accounts.

This standard had no impact on the Foundation's financial statements.

IFRS 7 (amended) – Financial Instruments: disclosures

In March 2009, the International Accounting Standards Board (IASB) issued IFRS 7 (amended) – Financial Instruments: disclosures, the application of which was mandatory as from 1 January 2009. This amendment to IFRS 7 requires additional information to be provided in the disclosures about (i) fair value measurements, establishing that these must be presented in three hierarchical levels that are defined in the same standard and (ii) about liquidity risk.

In view of the nature of these amendments, their impact on the Foundation's financial statements was exclusively at the level of disclosures.

IFRS 8 – Operating segments

On 30 November 2006, the International Accounting Standards Board (IASB) issued IFRS 8 – Operating segments, which was adopted for use in the European Union on 21 November 2007.

IFRS 8 defines the presentation of information about operating segments of an entity. This standard specifies how an entity must report its information in its annual financial statements, and, as a consequence, it alters IAS 34 – Interim Financial Reporting, with regard to the information to be selected for interim financial reporting. An entity will also have to make a description of the information provided for each segment, namely of its results and operations, as well as a brief description of how the segments are constructed.

This standard became mandatory as from 1 January 2009.

The adoption of this standard had no impact on the Foundation's financial statements.

IAS 1 (amended) – Presentation of Financial Statements

In September 2007, the International Accounting Standards Board (IASB) issued IAS 1 (amended) – Presentation of Financial Statements, which became mandatory as from 1 January 2009.

IAS 1 (amended) requires that financial information is to be aggregated in the preparation of financial statements, according to its basic characteristics, and introduces the demonstration of "comprehensive income".

As a result of the changes imposed by this standard, the users of financial statements will be able to more easily distinguish changes in the Foundation's Capital Fund.

Furthermore, whenever the comparative information is rewritten or reclassified, namely following the introduction of new accounting standards, it becomes necessary to include a balance sheet reported at the start date of the comparative period in the financial statements.

The changes imposed by IAS 1 only affected the presentation of the Foundation's financial statements.

IAS 23 (amended) – Borrowing costs

In March 2007, the International Accounting Standards Board (IASB) issued IAS 23 (amended) – Borrowing costs, which became mandatory as from 1 January 2009.

This standard requires borrowing costs that are directly attributable to the acquisition, construction or production cost of a qualifying asset to be capitalised as part of the acquisition, construction or production cost of that asset. Thus the option of recording such costs directly in the statement of comprehensive income is now removed.

Qualifying assets correspond to those assets that necessarily take a substantial period of time to get ready for their intended use or sale.

The adoption of this standard had no impact on the Foundation's financial statements.

Amendment to IAS 32 – Financial instruments: presentation – Puttable financial instruments and obligations arising on liquidation

In February 2008, the International Accounting Standards Board (IASB) issued a change to IAS 32 – Financial instruments: presentation – Puttable financial instruments and obligations arising on liquidation, which became mandatory as from 1 January 2009.

This change affects the classification of puttable financial instruments and obligations arising on liquidation. According to the current requirements of IAS 32, financial instruments that (i) require settlement in cash or another financial asset or (ii) give the holder a right to demand that the issuer reacquires them ("puttable" instruments) are classified as financial liabilities. The change that has now been introduced to this standard implies that some instruments, which are currently classified as financial liabilities are now recognised as capital instruments if these same instruments present certain characteristics, namely: (i) they represent the last residual interest in an entity's liquid assets, (ii) they are part of a class of instruments that is subordinate to all other classes of financial instruments issued by the entity and (iii) all the instruments of that class have the same terms and conditions.

The IASB has also amended IAS 1 – Presentation of Financial Statements, having introduced additional requirements regarding disclosure of this type of instrument.

The adoption of this standard had no impact on the Foundation's financial statements.

IFRIC 13 – Customer Loyalty Programmes

IFRIC 13 – Customer Loyalty Programmes was issued in July 2007 and came into force for financial years beginning after 1 July 2008, so that it was only relevant for the Foundation as from 1 January 2009.

This interpretation applies to customer loyalty programmes in which credits are awarded to customers as an integral part of a sale or rendering of services, which these same customers may then exchange in the future for services or goods either free of charge or with a discount.

The adoption of this standard had no impact on the Foundation's financial statements.

IFRIC 15 – Agreements for the Construction of Real Estate

IFRIC 15 – Agreements for the Construction of Real Estate, came into force for financial years beginning as from 1 January 2009.

This interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 18 – Revenue Recognition or IAS 11 – Construction Contracts, with it being expected that IAS 18 is applicable to a wider number of transactions.

The adoption of this standard had no impact on the Foundation's financial statements.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation applies to financial years beginning as from 1 October 2008.

This interpretation seeks to clarify that:
› the hedge of an investment in a foreign operation may only be applied to foreign exchange differences arising from the conversion of the financial statements of the subsidiaries in their functional currency to the functional currency of the parent entity, and only by an amount equal to or less than the subsidiary's net assets;
› the hedging instrument may be issued by any entity within the Group, except by the entity that is subject to the hedge; and
› when the subsidiary that is subject to the hedge is sold, the accumulated profit and loss relating to the effective component of the hedge is reclassified for the profit and loss account from equity to profit or loss.

This interpretation makes it possible for an entity using the step-by-step method of consolidation to choose an accounting policy that allows adjustment of the accumulated exchange conversion that is reclassified to profit and loss on the sale of the subsidiary, as it would do if the direct method was the consolidation method adopted. This interpretation has a prospective application.

The adoption of this standard had no impact on the Foundation's financial statements.

Annual Improvement Project

In May 2008, the IASB published the Annual Improvement Project, which amended certain standards that were in force at that time.

The main changes arising from the Annual Improvement Project can be summarised as follows:

› Amendment to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, with effect for periods starting on or after 1 July 2009. This alteration has clarified that all the assets and liabilities of a subsidiary should be classified as non-current assets held for sale under IFRS 5 if there is a plan for partial disposal of the subsidiary resulting in a loss of control. The introduction of this amendment will have no effect on the Foundation's financial statements.

› Amendment to IAS 1 – Presentation of financial statements, which came into effect as from 1 January 2009. The alteration clarifies that only certain financial instruments classified as trading instruments, and not all, are examples of current assets and liabilities. The adoption of this amendment had no impact on the Foundation's financial statements.

› Amendment to IAS 16 – Property, plant and equipment, which came into effect as from 1 January 2009. The alteration sets rules for classifying (i) revenues from the disposal of assets held for rental and subsequently sold and (ii) the same assets during the time from termination of the lease to the date of disposal. The adoption of this amendment had no impact on the Foundation's financial statements.

› Amendment to IAS 19 – Employee benefits, which came into effect as from 1 January 2009. The alterations made clarify (i) the concept of the negative past service cost resulting from alteration of the defined benefits plan, (ii) the interaction between the expected return on assets and the plan administration costs, and (iii) the distinction between short and medium and long-term benefits. The adoption of this amendment had no impact on the Foundation's financial statements.

› Amendment to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, which came into effect as from 1 January 2009. This alteration establishes that benefits from the obtaining of government loans at below-market interest should be measured as the difference between the fair value of the liability at the date of contracting, determined under IAS 39 – Financial instruments: recognition and measurement of the value received. This benefit should subsequently be recorded in accordance with IAS 20. The adoption of this amendment had no impact on the Foundation's financial statements.

› Amendment to IAS 23 – Borrowing Costs, which came into effect as from 1 January 2009. The concept of borrowing costs has been altered so as to clarify that these costs should be determined in accordance with the effective rate method prescribed in IAS 39 – Financial instruments: recognition and measurement, thereby eliminating the inconsistency between IAS 23 and IAS 39. The adoption of this amendment had no impact on the Foundation's financial statements.

› Amendment to IAS 27 – Consolidated and separate financial statements, which came into effect as from 1 January 2009. The alteration made to this standard means that in cases where investment in a subsidiary is recorded at fair value in the individual accounts, in accordance with IAS 39 – Financial instruments: recognition and measurement, and this investment qualifies for classification as a non-current asset held for sale in accordance with IFRS 5 – Non-current assets held for sale and discontinued operations, it should continue to be measured under the terms of IAS 39. The adoption of this amendment had no impact on the Foundation's financial statements.

› Amendment to IAS 28 – Investments in Associates, which came into effect as from 1 January 2009. The alterations made to IAS 28 were designed to clarify that (i) an investment in an associate should be treated as a single asset for the purposes of impairment tests to be carried out under IAS 36 – Impairment of assets, (ii) any impairment loss to be recognised should not be allocated to specific assets, namely to goodwill and, (iii) that reversals of impairment are recorded as an adjustment to the balance sheet value of the associate provided that, and insofar as, the recoverable value of the investment increases. The adoption of this amendment had no impact on the Foundation's financial statements.

› Amendment to IAS 38 – Intangible assets, which came into effect as from 1 January 2009. This alteration has determined that an expense with deferred cost, incurred in the context of promotional or advertising activities, can only be recognised in the balance sheet when an advance payment has been made for goods or services which will be received at a future date. Recognition should occur when the entity has the right of access to the goods and the services are received. The adoption of this amendment had no impact on the Foundation's financial statements.

› Amendment to IAS 39 – Financial instruments: recognition and measurement, which came into effect as from 1 January 2009. These alterations consisted fundamentally of (i) clarifying that it is possible to reclassify instruments out from and into the category of at fair value through profit or loss in the case of derivatives whenever they start or end a hedging relationship in the form of a hedge for cash flow or net investment in an associate or subsidiary, (ii) alteration of the definition of financial instruments at fair value through profit or loss with regard to the category of trading instruments, laying down that in the case of portfolios of financial instruments managed jointly or for which there is evidence of recent activities with a view to realising short-term gains, these portfolios should be classified as held for trading on first recognition, (iii) alteration of the requirements for documentation and effectiveness testing for hedges established in relation to the operating segments determined through application of IFRS 8 – Operating Segments, and (iv) clarifying that measurement of a financial liability at amortised cost, after interruption of the respective fair value hedge, should be effected on the basis of the new effective rate calculated at the date of interruption of the hedging relationship. The adoption of this amendment had no impact on the Foundation's financial statements.

› Amendment to IAS 40 – Investment properties, which came into effect as from 1 January 2009. As a result of this alteration, properties being built or developed with a view to subsequent use as investment properties are now included under IAS 40 (having previously fallen under IAS 16 – Property, Plant and Equipment). Such property under construction may now be recorded at fair value unless this cannot be reliably measured, in which case it is to be recorded at acquisition cost. The adoption of this amendment had no impact on the Foundation's financial statements.

The new accounting standards and interpretations that have been issued, but are not yet effective, and which the Foundation has not yet applied in the preparation of its financial statements can be analysed below. The Foundation will adopt these standards when they are made mandatory.

IFRS 1 (amended) – First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements

The amendments made to IFRS 1 – First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – are effective for financial years beginning after 1 July 2009.

These amendments have allowed first-time adopters of IFRS, in their separate financial statements, to use a deemed cost option for determining the cost of an investment in a subsidiary, jointly controlled entity or associate. Deemed cost is either the respective fair value at the date of transition to IFRS or the carrying amount under previous accounting practice.

The Foundation does not expect the adoption of this standard to have any significant impact on its accounts.

IFRS 3 (revised) – Business combinations and IAS 27 (amended) – Consolidated and separate financial statements

In January 2008, the International Accounting Standards Board (IASB) issued IFRS 3 (revised) – Business combinations, and made a change to IAS 27 – Consolidated and separate financial statements.

The main impacts of the changes to these standards correspond to: (i) the accounting of partial acquisitions, in which non-controlling interests (formerly called minority interests) may be measured at fair value (which implies the total recognition of goodwill as representing the non-controlling interests) or as the attributable part of the fair value of the net assets acquired (which is the current requirement); (ii) step acquisition, in which, in the calculation of goodwill, the new rules call for the remeasurement, in the statement of comprehensive income, of the fair value of any non-controlling interest held prior to the acquisition leading to the obtaining of control; (iii) the recording of the costs directly related with the acquisition of a subsidiary, which are now to be directly imputed to the statement of comprehensive income; (iv) contingent prices, where the alteration to their estimate over time is now recorded in the statement of comprehensive income and does not affect goodwill; and (v) the alterations of the percentages of the subsidiaries held that do not result from the loss of control, which are now to be recorded as equity movements.

Furthermore, the amendments to IAS 27 also mean that the accumulated losses at a subsidiary will now be attributed to the non-controlling interests (recognition of negative non-controlling interests), and that, when a subsidiary is sold, leading to a loss of control, any non-controlling interest that is retained is measured at fair value determined on the date of the sale.

This revised version of IFRS 3 and the amendment to IAS 27 became effective for financial years beginning after 1 July 2009.

This standard is not expected to have any significant impact at the level of the Foundation's financial statements.

IFRS 9 – Financial Instruments

In November 2009, the International Accounting Standards Board (IASB) issued IFRS 9 – Financial Instruments part 1: Classification and Measurement, which must be applied for financial years beginning after 1 January 2013, with early adoption permitted. This standard has not yet been adopted by the European Union.

This standard forms part of the first phase of the IASB's overall project and covers the themes of the classification and measurement of financial assets. The main aspects considered are as follows:

› Financial assets will now be classified under two categories: either at amortised cost or at fair value. This decision will be made on initial recognition of the financial assets. Their classification depends on the business model adopted by the entity for managing these financial assets and the contractual cash flow characteristics of each financial asset;
› Only debt instruments whose contractual cash flow characteristics represent only principal and interest can be measured at amortised cost, i.e. they must contain only basic debt characteristics, and the entity must hold those financial assets in its business model with the aim of capturing only the respective cash flows. All other debt instruments are recognised at fair value;
› Equity instruments issued by third parties are recognised at fair value with subsequent changes being recognised in the statement of comprehensive income. However, an entity may irrevocably choose to have equity instruments on initial recognition for which fair value changes and the realised gain or loss are recognised in fair value reserves. Gains and losses recognised in fair value reserves cannot be recycled to the statement of comprehensive income. This is a discretionary decision, and does not imply that all the equity instruments should be treated on this basis. The dividends received are recognised as income for the year.

The Foundation does not expect the adoption of this standard to have any significant impact at the level of its financial statements.

IAS 39 (amended) – Financial instruments: recognition and measurement – eligible hedged items

The International Accounting Standards Board (IASB) issued an amendment to IAS 39 – Financial instruments: recognition and measurement – eligible hedged items, which is mandatory for financial years beginning after 1 July 2009.

This amendment clarifies the application of the existing principles that determine which risks or cash flows are eligible for inclusion in a hedging operation.

This amendment to IAS 39 is not expected to have any significant impact at the level of the Foundation's financial statements.

IFRIC 12 – Service Concession Arrangements

In July 2007, the International Financial Reporting Interpretations Committee (IFRIC) issued an amendment to IFRIC 12 – Service Concession Arrangements, which is mandatory for financial years beginning after 1 January 2008, with early adoption permitted. This interpretation was only adopted by the European Union in 2009, so that its application will only be mandatory for the Group as from 1 January 2010.

IFRIC 12 applies to public-private service concession arrangements and only covers situations in which the grantor (i) controls or regulates the services provided by the operator and (ii) controls the residual interests in the property at the end of the arrangement.

The Foundation does not expect the adoption of this standard to have any significant impact at the level of its financial statements.

IFRIC 17 – Distributions of Non-cash Assets to Owners

IFRIC 17 – Distributions of Non-cash Assets to Owners applies to financial years beginning after 1 July 2009.

This interpretation seeks to clarify how an entity should measure distributions of assets other than cash when it pays dividends to its owners. Thus it establishes that the dividend payable should be measured at the fair value of the net assets to be distributed, and that the difference between the dividend paid and the carrying amount of the net assets distributed should be recognised in the statement of comprehensive income.

The Foundation does not expect this interpretation to have any significant impact on its financial statements.

IFRIC 18 – Transfers of Assets from Customers

IFRIC 18 – Transfers of Assets from Customers applies to financial years beginning after 1 July 2009.

This interpretation seeks to clarify the accounting treatment to be given to agreements in which an entity receives assets from a customer for its own use and with a view to later connecting the customer to a network or to providing the customer with ongoing access to a supply of goods or services.

The interpretation clarifies:
› the circumstances in which the definition of an asset is met;
› the recognition of the asset and its measurement on initial recognition;
› the identification of the separately identifiable services (one or more services in exchange for the transferred asset);
› the recognition of revenue;
› the accounting for transfers of cash from customers.

The Foundation does not expect this interpretation to have any significant impact on its financial statements.