Hellenic Energy Exchange S.A.

ANNUAL FINANCIAL REPORT

2018

(For the period 18/06/2018 to 31/12/2018)

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Energy Exchange Group

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A. REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD 18/06/2018 - 31/12/2018

The Board of Directors of HELLENIC ENERGY EXCHANGE (HEnEx or the Company) presents its Report on the annual separate and consolidated financial statements for the year ended 31/12/2018 pursuant to Law 2190/94.

The annual separate and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union.

REVIEW OF ACTIVITIES OF HEnEx S.A. FOR 2018

1. Wholesale Electricity Market

Hellenic Energy Exchange S.A. (HEnEx) was founded following a spin-off of the Electricity Market division of LAGIE S.A. (presently DAPEEP S.A.) pursuant to the provisions of Law 4512/2018.

The project for the relocation of the division to the HEnEx headquarters on the 4th floor at 110, Athinon Avenue was successfully implemented; the project included the relocation of staff, of the relevant application servers, databases and platforms.

Furthermore, in accordance with Regulation (EU) No 1227/2011 (REMIT), HEnEx continued to report to the Agency for the Cooperation of Energy Regulators (ACER) on behalf of the Greek Energy Market Participants the details of their Day-Ahead Scheduling (DAS) transactions, as well as the details of transactions in non-organized markets relating to bilateral electricity and gas contracts, in cooperation with DAPEEP S.A., which is a Registered Reporting Mechanism (RRM). In addition, HEnEx started to prepare the file to be submitted to ACER for its RRM Registration.

2. Day-Ahead Scheduling (DAS)

HEnEx continued to implement with complete success the DAS financial risk mitigation mechanism, protecting the Company from default of participants and improving its external image (increasing both the transparency in its payments and the information provided to participants).

In the context of the empowering provisions of Law 4001/2011 and in accordance with Article 143, paragraph 3, section (a), subsection (bb), as amended by Law 4414/2016 and pursuant to the relevant provisions of the Power Exchange Code For Electricity (PECE), HEnEx continued to calculate the numerical value of the Virtual System Marginal Price, while the responsibility for the clearing and settlement of transactions of the Special Charge to Load Representatives of the RES/CHP Special Account (LRUCRESSA) remained with DAPEEP S.A. until 31/12/2018, when the charge was abolished.

Furthermore, as part of the amendment of the current regulatory framework, HEnEx submitted to RAE an updated version of the PECE with reference to the following:

- Spin-off of the LAGIE division and establishment of HEnEx.
- Provision for keeping a “Pledge Account”.
- Compensation for the Tertiary Spinning Reserve.
- Introduction of the new scheme for the support of RES and CHP Units pursuant to the provisions of Law 4414/2016.
- Optimization of the economic efficiency of the measure for the use of an alternative fuel (diesel) by thermoelectric power Units using natural gas and the establishment of energy limits on the maximum daily generation of electricity within the context of the Preventive Action Plan in accordance with Regulation (EU) 2017/1938.
- The process of Monthly Clearing and Settlement of DAS Transactions.

In accordance with the above:

HEnEx prepared, in collaboration with the Independent Power Transmission Operator (ADMIE), the functional and technical specifications for the implementation of the appropriate extensions to the DAS Energy Transactions Information System (Market Management System – MMS) in order to support the submission of zero price energy offers from RES and CHP production licence holders having the obligation to participate in the DAS (Sliding FiP Contracts for Differences, RES with sale contracts that have expired) and/or from the RES Aggregators and participated in the relevant acceptance tests for the extensions. Furthermore, HEnEx prepared relevant specifications with respect to the implementation of DAS tie-break rules for the quantities offered by RES units having the obligation to participate in the DAS. Appropriate arrangements were also made in the market settlement system (MSS).

In cooperation with ADMIE, HEnEx undertook the implementation of the necessary changes and extensions to the Energy Transactions Information System in order to include the compensation for the Tertiary Spinning Reserve in accordance with the Reserve Offers submitted by the licence holders for Dispatch Generating Units. For this purpose, extensive testing was performed in IT systems with the examination of various scenarios. Also, provisions were made in order to incorporate the relevant arrangements also to the clearing system.

HEnEx participated in the preparation of the technical and functional specifications of the MMS extensions, as well as in the procedure of certification and technical acceptance testing, for the implementation of the measure for the use of an alternative fuel and the establishment of energy limits.

3. Exchange System for Auctions of Electricity Forward Products with Physical Delivery (SSDPPIE)

HEnEx continued to operate with complete success the "NOME Mechanism" for the primary and secondary market of Electricity Forward Products with Physical Delivery to the DAS, as well as the Supplementary DAS Clearing. In order to improve the effectiveness of the Mechanism, HEnEx submitted in October 2018 an amendment to the provisions for the calculation of the financial object of the supplementary clearing (Article 41 of the Exchange Code for Electricity Forward Products – SSDPPIE) aiming to redefine the use of forward products for exports and to increase their use for consumption in the interconnected network and system. This recommendation, after a series of consultations and amendments, was finally approved by RAE with effect from March 2019.

4. New Energy Markets – Adaptation to the requirements of the European "target model".

a) Electricity

HEnEx was actively engaged, in 2018 as well, in the reorganization of the Greek electricity market for the implementation of the European Regulatory Framework regarding the "Target Model" for the creation of the Single Internal Market for Electricity and Natural Gas.

On 01/07/2018, HEnEx became co-owner of the Pan-European Solving Algorithm (EUPHEMIA), which is used in the regional price coupling mechanism (Price Coupling of Regions – PCR), signing the relevant Agreements. Thus HEnEx became the eighth Energy Exchange participating in the PCR, aiming at the integration of the Day-Ahead Markets of twenty-four (24) European interconnected countries.

In addition, HEnEx actively participated:

In the preparation and submission to the Regulatory Authority for Energy (RAE) of the Day-Ahead and Intraday Markets Operation Regulation (Spot Trading Rulebook) and of the Day-Ahead and Intraday Markets Clearing Regulation (Spot Clearing Rulebook), in the relevant Public Consultations, in their revision and resubmission to RAE.

In the drafting of Technical Decisions of the above mentioned Regulations.

In the project for the planning and implementation of the coupling of the Day-Ahead Markets between Greece and Italy (Italian Borders Working Table – IBWT), the project for the monitoring and operation of the already coupled European Day-Ahead Markets (Multi Regional Coupling – MRC), as well as the project for the development and operation of the Pan-European continuous trading platform (XBID), through the relevant working groups.

In the drafting of the contract documents for the fulfilment of the HEnEx European obligations within the Target Model with Nominated Electricity Market Operators (NEMO), Transmission System Operators (TSO) and other entities, and specifically in ANDOA, DAOA, ANIDOA, IDOA and ANCA contracts.

In November 2018, the Société Anonyme under the name EnEx Clearing House S.A. and the trade name EnExClear was established with HEnEx as the sole shareholder. The purpose of EnExClear is the clearing of transactions in the Day-Ahead Market and the Intraday Market of HEnEx, as well as any other relevant activity in accordance with the provisions of Regulation (EU) 2015/1222 and Law 4425/2016.

The operation of EnExClear as the clearing house for the HEnEx markets aims at the effective and secure operation of the markets and the minimization of the credit risk of the market participants.

b) Natural Gas and Other Markets

Within the context of its business plan and in accordance with the provisions of Law 4512/2018, HEnEx commenced the study for the extension of its activities to the Natural Gas Market. In this Market, HEnEx aims to become a Trading Platform Operator (TPO). HEnEx issued a Request for Proposal (RFP) for the relevant feasibility study, which also includes a proposal for a market model, as well as an implementation plan.

Within the effort for expansion to other markets, HEnEx supported the Expressions of Interest by the Cyprus Stock Exchange (which became a shareholder of HEnEx in December 2018) for undertaking the activities of the Electricity Market Operator for Cyprus.

c) Organizational issues – Licensing

- In the drafting of the contract documents for cooperation with the Athens Exchange Group (ATHEX Group), such as the contract for the provision of Consulting and Technological Services and the IT Systems Licence and for the provision of Operational Support Services.
- In the necessary changes in its company structure and internal organization for the increased effectiveness of its adjustment to the operating standards of the modern European Energy Exchanges and as part of the preparation of the file for the approval of its Operation Regulation (Rulebook) by RAE.

OBJECTIVE OF HEnEx S.A. FOR 2019

1. Wholesale Electricity Market and Day-Ahead Scheduling (DAS)

Within the existing electricity market, the objectives of HEnEx are the following:

- The orderly operation of the Day-Ahead Scheduling (DAS) – until the commencement of operation of the Day-Ahead Market – and the unhindered performance of the relevant Clearing, Settlement and Financial Risk Management activities of the DAS transactions, in order to ensure the smooth operation of the market and the minimization of the credit risk of the Participants.
- The orderly operation of the Exchange System for Electricity Forward Auctions (SSDPPIE), according to the relevant regulatory arrangements.
- The activation of the measure for the use of an alternative fuel and establishment of energy limits to deal with crisis situations of the National Natural Gas System, following the completion of the regulatory, operational and technical amendments effected during the financial year 2018 regarding the Energy Transactions Information System.
- The entry in the Register of Participants of RES and CHP production licence holders having the obligation to participate in the DAS (Sliding FiP Contracts for Differences, RES with sale contracts that have expired) and RES Aggregators, pursuant to the provisions of Law 4414/2016, and the implementation of the relevant provisions for their participation in the DAS.

Furthermore, in accordance with Regulation (EU) No 1227/2011 (REMIT), HEnEx is expected to complete the procedure for the submission of a file to ACER for its RRM Registration.

2. Exchange System for Auctions of Electricity Forward Products with Physical Delivery (SSDPPIE)

With regard to the SSDPPIE, HEnEx will make a relevant recommendation to RAE for the amendment of the Exchange Code for Electricity Forward Auctions, in accordance with Article 140 of Law 4389/2016, so that, with the commencement of operation of the new Electricity Markets, the relevant mechanism for the sale of electricity forward products with physical delivery will be compatible with the organization and operation of the above Markets, particularly with respect to the declarations of use of quantities of forward products in the HEnEx Registration & Nomination Platform and the physical fulfilment and balancing obligations of the parties.

3. New Energy Markets – Adaptation to the requirements of the European "target model".

Within the reorganization of the Greek electricity market for the implementation of the European Regulatory Framework regarding the "Target Model" for the creation of the Single Internal Market for Electricity and Natural Gas, HEnEx aims at the following:

a) Day-Ahead Market and Intraday Market

- The submission of the Requests for Change (RfC), as part of the project for the planning and implementation of the coupling of the Day-Ahead Markets between Greece and Italy (Italian Borders Working Table – IBWT), the Multi-Regional Coupling (MRC) and the Price Coupling of Regions (PCR).
- The completion of design and implementation of the energy trading systems of the Day-Ahead Market and the Intra-Day Market in cooperation with the Athens Exchange Group, the

functional integration of the PCR systems, the performance of the relevant acceptance tests, the training of the Participants and the performance of dry runs.

- The completion of the national and European contractual framework required for the operation of the Italian Borders Market Coupling.
- The extension of the coupling to the borders between Greece and Bulgaria after the completion of the coupling with Italy, within the IBWT.
- The development of the Pan-European continuous trading platform (XBID), through the relevant working groups.
- The completion of the drafting of the Technical Decisions required for the operation of the regulatory framework of these markets.
- The active participation in the national and European working groups required to achieve the above.

b) Energy Derivatives Market

- According to the provisions of Law 4512/2018, HEnEx will establish a market for Energy Financial Instruments. For this purpose, in cooperation with the ATHEX Group, HEnEx will submit to the Hellenic Capital Market Commission an application for authorization as a market operator for the operation of Energy Derivatives Markets, will undertake the drafting of the relevant Rulebook for the Energy Financial Instruments Market, and will organize information events and workshops with potential Members of this market, with the aim to ensure the consensus of the market as to its planning.
- HEnEx will proceed with the completion of the design and implementation of the systems of the Energy Derivatives Market in cooperation with the ATHEX Group with the aim of commencement of operation of the Energy Derivatives Market within three months of commencement of the Electricity SPOT Market.

c) Greek Natural Gas Market

The core of the design will be the feasibility study, which should be completed within the 2nd quarter. The goal of HEnEx, beyond the objects of the study, is to achieve at its preparation the maximum possible agreement with the relevant authorities (Ministry of Environment, Energy and Climate Change (YPEKA), Regulatory Authority for Energy (RAE), Hellenic Gas Transmission System Operator (DESFA)) and dissemination of the aim of HEnEx to become a Trading Platform Operator (TPO).

Based on the results of the study, HEnEx will draw up a plan for further actions, which, most probably and depending on the details of the study, will include the preparation and submission of recommendations regarding the regulatory framework, the promotion of the required agreements and the drafting of Trading and Clearing Regulations for the SPOT Markets and Derivatives of the Natural Gas Market. On the basis of the foregoing, the design and development of the relevant Information Systems (Trading and Clearing Platform) will be carried out.

d) Environmental Markets

HEnEx will explore the further extension of its activities also to the Environmental Markets, in accordance with the provisions of Law 4512/2018.

Energy Markets outside Greece

HEnEx will cooperate with the ATHEX Group and the CSE for the submission of a detailed, costed proposal for the undertaking of the activities of the Electricity Market Operator for Cyprus by the CSE with the support of HEnEx and the ATHEX Group. This cooperation will be completed with the signature of the relevant memorandum of cooperation between HEnEx, the ATHEX Group and CSE.

e) Organizational issues – Licensing

In addition, HEnEx aims at:

- The completion, submission and approval of its Operation Regulation (Rulebook) by RAE, in accordance with the relevant provisions of Law 4512/2018.
- The reorganization of the processes for the support of the market Participants/Members, of the processes for their training and certification, and of the other internal processes (Business Continuity Plan, Operational Risk Management Framework, Information Security Policy, Internal Audit Framework, Compliance Policy etc.).
- The further staffing of its business units with the aim of successfully achieving its objectives.

FINANCIAL INFORMATION

Net profit for the first period of operation (18.06.2018 – 31.12.2018) for the Group amounted to €~~93,519.20~~ 103,599.20and for the company to €~~93,104.39~~101,504.39.

Financial Performance Indicators (FPIs) and Non-Financial Performance Indicators (NFPIs) and additional explanations:

Financial indicators worth mentioning are shown below:

	Period from 18/06/2018 to 31/12/2018	
Current Assets	77,154,572.32	97%
Total Assets	~~79,304,473.67~~79,314,553.67	
Fixed Assets	299,389.13	0%
Total Assets	~~79,304,473.67~~79,314,553.67	
Equity	~~5,093,519.20~~5,103,599.20	7%
Total Accounts Payable	74,210,954.47	
Total Accounts Payable	74,210,954.47	93%
Total Liabilities	~~79,304,473.67~~79,314,553.67	
Equity	~~5,093,519.20~~5,103,599.20	6%
Total Liabilities	~~79,304,473.67~~79,314,553.67	
Equity	~~5,093,519.20~~5,103,599.20	1696%
Fixed Assets	299,389.13	
Current Assets	77,154,572.32	104%
Current Liabilities	74,063,521.47	
Working Capital	2,149,901.35	3%
Current Assets	77,154,572.32	
Net Results Before Tax	188,393.94	23%
Equity	~~5,093,519.20~~5,103,599.20	

Environmental issues

The management of the Company has undertaken additional appropriate initiatives for the recycling of consumable materials, such as paper, plastic etc., used in its offices. Apart from these, the business activities of the Company have no direct or indirect effects on the environment.

Work issues

The personnel of the Company consists of staff working under employment contracts or under a remunerated mandate that was transferred with the Electricity Market Divison of LAGIE S.A. contributed at the formation of the Company, as well as of staff hired under employment contracts or under a remunerated mandate and as at 31/12/2018 comprised 11 persons in total.

Major risks – Uncertainties

Interest rate risk: The Company has not entered into any loans with financial institutions and, therefore, is not exposed to risk of changes in interest rates.

Price risk: The Company does not face a price risk as the clearing of transaction is made on the same allocation day for all participants with the System Marginal Price (SMP) for both claims and liabilities.

Financial Risk of Transactions: The Company, operating as a Transaction Manager in the existing trading systems of Day-Ahead Scheduling and Electricity Forward Auctions has legally undertaken to perform the clearing and the cash settlement of the transactions. In order to reduce the risk of occurrence of cases of transaction deficits, the company applies the relevant provisions of the Codes in force (Power Exchange Code For Electricity (PECE) and Exchange Code for Electricity Forward Auctions (SSDPPIE)) receiving relevant guarantees in the form of Letters of Guarantee and/or Cash Collateral, monitoring the changes in the Position of the participants in the transactions and imposing advance payments towards the final amounts receivable. For the exceptional cases of occurrence of DAS transaction deficits, the company applies the relevant provisions of articles 90 and 61 of the PECE, according to which any temporary deficit is allocated proportionally to the producers while any final deficit is allocated to the participating Load Representatives. Furthermore, any transaction deficit in Electricity Forward Auctions does not affect the company as, according to the provisions of the relevant SSDPPIE, the company is required to pay to the Sellers only the amounts that have been collected, applying, in accordance with the relevant provisions of the SSDPPIE, additional measures on the liable Eligible Suppliers and Forward Holders with regard to their participation in the Exchange System for Electricity Forward Products.

Liquidity risk: The company was exposed to liquidity risk due to the time difference between the payment of VAT for the Energy Exchange to the Greek State and the collection of VAT from the Participants liable, according to the relevant provisions of the PECE, and for this reason the company submitted a relevant recommendation to the Regulatory Authority for Energy for the collection of VAT from the Participants on the 15th calendar day of each month instead of the 26th day.

Risk of uninsured fixed assets: There is no such risk as the Company owns no property and all equipment used is insured.

Foreign exchange risk: There is no such risk as the Company owns no property and all equipment used is insured.

Activities in the area of Research and Development

There are no such activities in the Company

Treasury shares

None.

Branch offices

Apart from the head office at 110 Athinon Avenue in Athens, there are no branch offices.

Foreign currency

The Company keeps no cash balances in foreign currency.

B. REPORT BY THE INDEPENDENT CERTIFIED AUDITORS ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of HELLENIC ENERGY EXCHANGE S.A.

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of HELLENIC ENERGY EXCHANGE S.A. (the Company), which comprise the separate and consolidated statement of financial position as at 31 December 2018, the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of HELLENIC ENERGY EXCHANGE S.A. and its subsidiaries (the Group) as at 31 December 2018, their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated into the Greek Legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries throughout our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek Legislation and the ethical requirements that are relevant to the audit of the separate and consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the current legislation and the above-mentioned IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRSs, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated into the Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs as incorporated into the Greek Legislation, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the company and of its subsidiaries audit. We remain solely responsible for our audit opinion.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report, according to the provisions of paragraph 5 of article 2 (part B') of L. 4336/2015, we note that:

a) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of the articles 43a and 107A of cod. L. 2190/1920 and its content corresponds with the accompanying separate and consolidated financial statements for the year ended 31/12/2018.

b) Based on the knowledge we obtained during our audit of HELLENIC ENERGY EXCHANGE S.A. and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, …… June 2019

NIKOLAOS S. NAKOS	**NIKOLAOS A. SYKAS**
Certified Public Accountant Auditor	Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 14071	Institute of CPA (SOEL) Reg. No. 27541

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Member of Crowe Global
3, Fok. Negri Str., 112 57 Athens, Greece
Institute of CPA (SOEL) Reg. No. 125

C. DECLARATIONS BY MEMBERS OF THE BOARD OF DIRECTORS

WE DECLARE THAT

1. To the best of our knowledge, the accompanying annual Financial Statements of the Group and the Company, which have been prepared in accordance with the applicable International Financial Reporting Standards, present truly and fairly the assets and liabilities, the equity as at 31/12/2018 and the results of the financial year 2018 of "HELLENIC ENERGY EXCHANGE S.A." and of the undertakings included in the consolidation taken as a whole.

2. To the best of our knowledge, the accompanying report of the Board of Directors for the financial year 2018 presents truly and fairly the course, performance and position of the Company "HELLENIC ENERGY EXCHANGE S.A." and of the undertakings included in the consolidation taken as a whole, including the description of main risks and uncertainties they are faced with.

3. To the best of our knowledge, the accompanying Financial Statements for the financial year 2018 are those that were approved by the Board of Directors of "HELLENIC ENERGY EXCHANGE SOCIÉTÉ ANONYME" on 04.06.2019 and have been posted on the Internet at www.enexgroup.gr.

Athens, 4 June 2019

THE	THE	THE
CHAIRMAN OF THE BOARD	**CHIEF EXECUTIVE OFFICER**	**MEMBER OF THE BOARD**

D. ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD 18/06/2018 to 31/12/2018

STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP 18/06/2018 31/12/2018 in Euro (€)	COMPANY 18/06/2018 31/12/2018 in Euro (€)
Revenue			
DAS Special Account			
DAS Clearing Charges	1.1	2,107,580,764.90	2,107,580,764.90
Returns from DAS Clearing	1.2	(1,929,173,418.16)	(1,929,173,418.16)
Forward products	1.3	(178,407,346.74)	(178,407,346.74)
		0.00	0.00
HEnEx Administrative and Operating Costs	1.4	2,525,946.26	2,525,946.26
HEnEx Auctions Contributory Fee	1.5	154,939.26	154,939.26
NEMO Fees	1.6	380.96	380.96
Total revenue		**2,681,266.48**	**2,681,266.48**
Expenses			
Personnel remuneration and expenses	1.7	422,562.63	420,529.07
Third party fees and expenses	1.8	349,421.23	342,407.23
Rents	1.9	43,670.85	41,463.56
Other Payments to Third Parties	1.10	388,095.15	381,452.95
Other Expenses	1.11	146,694.53	167,626.53
Depreciation of fixed assets	1.12	49,468.50	49,468.50
Taxes-Duties	1.16	42,777.81	42,777.81
Provisions for Staff Retirement Obligations	1.13	147,433.00	147,433.00
Total Expenses		**1,590,123.70**	**1,593,158.65**
Profit/(Loss) before interest and tax		**1,091,142.78**	**1,088,107.83**
Interest and Related Expenses	1.14	1,565.59	1,565.59
Amount to be settled		**1,089,577.19**	**1,086,542.24**
Amount to be refunded to participants	2.12	**(1,046,542.24)**	**(1,046,542.24)**
Profit for the period 18/06/2018-31/12/2018	1.17	43,034.95	40,000.00
Interest Income	1.15	145,358.99	145,358.99
Profit/(Loss) before tax for the period18/06/2018-31/12/2018		**188,393.94**	**185,358.99**
Income tax (29%)	2.20	(131,732.99)	(129,112.85)
Deferred tax	2.19	46,938.25	45,258.25
Net Profit/(Loss) for the period		**103,599.20**	**101,504.39**
Other comprehensive income not carried forward to following years		0.00	0.00
Other comprehensive income after tax		0.00	0.00
Net comprehensive income		**103,599.20**	**101,504.39**

The notes in chapter E form an integral part of the financial statements of 31.12.2018.

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	GROUP 31/12/2018 in Euro (€)	COMPANY 31/12/2018 in Euro (€)
Non-current assets			
Buildings and technical works	2.1	168,560.20	168,560.20
Furniture and Fixtures	2.1	122,976.78	122,976.78
Other depreciation expenses (Software)	2.1	7,852.15	7,852.15
Participation in EnExClear	2.2	0.00	1,000,000.00
Participation in PCR	2.3	1,813,653.97	1,813,653.97
Deferred tax liabilities	2.19	~~36,858.25~~46,938.25	~~36,858.25~~45,258.25
		~~2,149,901.35~~2,159,981.35	**~~3,149,901.35~~3,158,301.35**
Current Assets			
Trade Receivables	2.4	58,360,560.01	58,360,560.01
Sundry Debtors	2.5	7,161.24	7,161.24
Third party balances in Company's account	2.6	11,076,031.03	11,076,031.03
Cash and cash equivalents	2.7	7,710,820.04	6,710,820.04
		77,154,572.32	**76,154,572.32**
TOTAL ASSETS		**~~79,304,473.67~~79,314,553.67**	**~~79,304,473.67~~79,312,873.67**
EQUITY AND LIABILITIES			
Equity and reserves			
Share Capital	2.8	5,000,000.00	5,000,000.00
Retained earnings	2.9	~~93,519.20~~103,599.20	~~93,104.39~~101,504.39
Total Equity		**~~5,093,519.20~~5,103,599.20**	**~~5,093,104.39~~5,101,504.39**
Non-current liabilities			
Provisions	2.10	147,433.00	147,433.00
		147,433.00	**147,433.00**
Current liabilities			
Trade payables	2.11	60,455,805.56	60,455,805.56
Other creditors	2.12	310,898.88	308,363.83
Liabilities for guarantees	2.6	11,076,031.03	11,076,031.03
Liabilities to participants-amount to be settled	2.13	1,046,542.24	1,046,542.24
Sundry Creditors	2.14	28,164.79	28,164.79
VAT payable	2.15	463,561.78	463,805.14
Taxes and duties payable	2.16	49,423.43	49,267.22
Income Tax	2.20	109,929.14	107,309.00
Payables to Social Security Organizations	2.17	50,618.98	49,951.32
Accrued expenses	2.18	472,545.64	478,696.15
		74,063,521.47	**74,063,936.28**
TOTAL EQUITY AND LIABILITIES		**~~79,304,473.67~~79,314,553.67**	**~~79,304,473.67~~79,312,873.67**

The notes in chapter E form an integral part of the financial statements of 31.12.2018

STATEMENT OF CHANGES IN EQUITY

For the Period ended 31 December 2018

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GROUP in Euro (€)	Paid-up Share Capital	Share premium reserve	Profit for the Period	Total
Start of Establishment of the Company 18/06/2018	0.00	0.00	0.00	0.00
Deposit of Initial Share Capital	5,000,000.00	0.00	0.00	5,000,000.00
Net profit for the Period	0.00	0.00	~~93,519.20~~103,599.20	~~93,519.20~~103,599.20
Issuance of Share Capital	0.00	0.00	0.00	0.00
Total Equity as at 31 December 2018	5,000,000.00	0.00	~~93,519.20~~103,599.20	~~5,093,519.20~~5,103,599.20

COMPANY in Euro (€)	Paid-up Share Capital	Share premium reserve	Profit for the Period	Total
Start of Establishment of the Company 18/06/2018	0.00	0.00	0.00	0.00
Deposition of Initial Share Capital	5,000,000.00	0.00	0.00	5,000,000.00
Net profit for the Period	0.00	0.00	~~93,104.39~~101,504.39	~~93,104.39~~101,504.39
Issuance of Share Capital	0.00	0.00	0.00	0.00
Total Equity as at 31 December 2018	5,000,000.00	0.00	~~93,104.39~~101,504.39	~~5,093,104.39~~5,101,504.39

The notes in chapter E form an integral part of the financial statements of 31.12.2018.

CASH FLOW STATEMENT

For the period from 18/06/2018 to 31/12/2018

	Note	GROUP 31/12/2018	COMPANY 31/12/2018
Cash flow from operating activities			
Profit/(Loss) before tax		188,393.94	185,358.99
Plus/(Minus) adjustments for:			
Depreciation/amortization and impairment of tangible and intangible assets	1.12	49,468.50	49,468.50
Provisions for employee compensation	1.13	147,433.00	147,433.00
Interest received	1.15	(145,358.99)	(145,358.99)
Interest paid and related expenses	1.14	1,565.59	1,565.59
Total		53,108.10	53,108.10
Plus(Minus) Changes in Working Capital			
Increase in Receivables		(58,367,721.25)	(58,367,721.25)
Increase in Payables		61,759,746.71	61,762,781.66
Refund to participants total	2.13	1,046,542.24	1,046,542.24
		4,438,567.70	4,441,602.65
Payments of interest and related expenses	1.14	(1,565.59)	(1,565.59)
Total inflows/(outflows) from operating activities		4,678,504.15	4,678,504.15
Cash flow from investing activities			
Payments for acquisition of assets		(299,389.13)	(299,389.13)
Interest received	1.15	145,358.99	145,358.99
Payment for participation in PCR	2.3	(1,813,653.97)	(1,813,653.97)
Payment for participation in EnExClear	2.2	0	(1,000,000)
Total inflows/(outflows) from investing activities		(1,967,684.11)	(2,967,684.11)
Cash Flows from Financing Activities			
Payment of Share Capital		5,000,000.00	5,000,000.00
Cash Flows from Financing Activities	2.8	5,000,000.00	5,000,000.00
Net Change in Cash and Cash Equivalents for the Period		7,710,820.04	6,710,820.04
Cash and cash equivalents at the beginning of the period 18/06/2018		0.00	0.00
Cash and cash equivalents at the end of the period 31/12/2018		7,710,820.04	6,710,820.04

The notes in chapter E form an integral part of the financial statements of 31.12.2018.

E. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 18/06/2018 TO 30/09/2018

E.1. General Information about the Company

With the spin-off of the “Day-Ahead Scheduling” division (hereinafter, the “division”, as outlined below in Section E.2.) from the Société Anonyme under the name “Operator of Electricity Market S.A.” and the trade name “LAGIE S.A.”, with General Electronic Commercial Registry No. 044658007000, and its contribution, the Société Anonyme under the name “Hellenic Energy Exchange S.A.” and the trade name “HEnEx S.A.” was formed.

The spin-off of the Division and it contribution for the formation of “Hellenic Energy Exchange S.A.” were carried out in accordance with the provisions of Articles 117B, 117C, 117D and 117E of Law 4001/2011, of Articles 68 to 79 of Codified Law 2190/1920 and of Articles 1 to 5 of Law 2166/1933 (A 137), by way of derogation from point (e) of paragraph 1 of Article 1 of this Law and based on all assets of the Parent Company, which operationally were part of the activities of the Division and constituted the contributed Division together with the assets attributed to it, as listed in the Report for the Assessment of the Carrying Value of 30/04/2018, prepared by the Certified Auditor, Nikolaos Tsardoulias, of SOL S.A., according to the transformation balance sheet dated 30/09/2017.

The contribution of the Division was carried out in accordance with the procedure and provisions of Articles 1 to 5 of Law 2166/1993, with certain derogations.

In documents in a foreign language and in the transactions of the Company abroad, the Company uses the name “Hellenic Energy Exchange S.A.” and the trade name “HEnEx S.A.”

The Registered Office of the Company is situated in the Municipality of Athens, Attica.

The duration of the Company has been set at fifty (50) years, commencing on the date of filing of the Articles of Association of the Company in the General Electronic Commercial Registry (G.E.MI.) and expiring on the same date after the end of the period of fifty (50) years.

Share capital

The Share Capital of the Company at its formation was set at five million Euro (€5,000,000.00) divided into fifty thousand (50,000) shares of a nominal value of one hundred Euro (€100) each.

The shares of the Company are registered and indivisible and are issued in certificates for one or more shares.

The Share Capital of the Company, which in Article 5 of the Articles of Association is set at 5,000,000.00 Euro, was subscribed by the founding shareholders of the Company as follows: a) with the contribution of the Electricity Market division of the company “Operator of Electricity Market S.A.” and the trade name “LAGIE S.A.”, with General Electronic Commercial Registry No. 044658007000, the carrying value of which amounted to 18,011.01 Euro, according to the Report for the Assessment of the Carrying Value of 30/04/2018 by the Certified Auditor, Nikolaos Tsardoulias, of SOL S.A., b) with cash paid by “LAGIE S.A.” to bring its shareholding to 22% of the share capital of the Company, and c) by cash paid by the other founding shareholders.

Specifically, the share capital of the Company was subscribed by each of the founding shareholders as follows:

a) The Société Anonyme under the name "Operator of Electricity Market S.A." contributed the above mentioned division amounting to 18,011.01 Euro and 1,081,988.99 Euro in cash and acquired 11,000 registered Shares, which represent 22% of the Share Capital.

b) The Société Anonyme under the name "INDEPENDENT POWER TRANSMISSION OPERATOR S.A." contributed 1,000,000 Euro in cash and acquired 10,000 registered shares, which represent 20% of the Share Capital.

c) The Société Anonyme under the name "HELLENIC GAS TRANSMISSION SYSTEM OPERATOR S.A." contributed 350,000 Euro in cash and acquired 3,500 registered shares, which represent 7% of the Share Capital.

d) The Société Anonyme under the name "HELLENIC EXCHANGES - ATHENS STOCK EXCHANGE S.A." contributed 1,550,000 Euro in cash and acquired 15,500 registered shares, which represent 31% of the Share Capital.

e) The Société Anonyme under the name "EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT" ("EBRD") contributed 1,000,000 Euro in cash and acquired 10,000 registered shares, which represent 20% of the Share Capital.

The Share Capital of the Company was fully paid by the shareholders by 09/07/2018.

ATHEX transferred 10% of the share capital of the Company (of its 31% shareholding at the formation of the Company), i.e. 5,000 shares of a nominal value of €500,000, to the Cyprus Stock Exchange on 18/12/2018.

The financial year is a period of twelve months, beginning on the first (1st) day of January and ending on the thirty-first (31st) day of December each year. Exceptionally, the first financial year begins on the date of legal formation of the Company with its registration in the General Electronic Commercial Registry (G.E.M.I.) (18 June 2018) and ends on 31 December 2018.

The Company prepares annual financial statements in accordance with the International Accounting Standards and the International Financial Reporting Standards, as applicable at the time.

The first Board of Directors of the Company, which was appointed in accordance with the Articles of Association, was composed of the following:

1. Athanasios Savvakis, Chairman
2. Michael Philippou, Chief Executive Officer
3. Aristeidis Tasoulis, Member
4. Ioannis Kampouris, Member
5. Gerasimos Avlonitis, Member
6. Dimitrios Karaiskakis, Member
7. Hannes Takacs, Member
8. Marinos Christodoulidis, Member
9. Dimitrios Papantonis, Member

By decision made at its meeting No.7 of 30/10/2018, the Board of Directors of HenEx S.A. elected Mr Konstantinos Mavromatos to replace Mr Ioannis Kampouris who had resigned.

At the Unsolicited General Meeting of 08/03/2019, a new eleven-member Board of Directors was elected, which was formed as a body at its meeting No.10 of 08/03/2019 as follows:

1. Athanasios Savvakis, Chairman
2. Michael Philippou, Chief Executive Officer
3. Aristeidis Tasoulis, Member
4. Konstantinos Mavromatos, Member
5. Gerasimos Avlonitis, Member
6. Dimitrios Karaiskakis, Member
7. Hannes Takacs, Member
8. Marinos Christodoulidis, Member
9. Dimitrios Papantonis, Member
10. Ioannis Vougiouklakis
11. Vaia Karathodorou

The details of the company in which HEnEx participates with its relevant activity and shareholding percentage, included in the consolidated financial statements (applying the full consolidation method), are the following:

Company	**EnEx Clearing House S.A.** With the trade name **EnExClear**
Registered office	**Athens**
Activity	1. The clearing of transactions in the Day-Ahead and Intraday Markets, within the meaning of Article 5 of Law 4425/2016, as well as any other relevant activity in accordance with the provisions of Regulation (EU) 2015/1222 and Law 4425/2016. 2. As to the clearing activities, in accordance with the provisions of paragraphs 1 to 3 of Article 12 of Law 4425/2016, the Company applies accordingly the following: • the provisions of Law 3301/2004, with respect to any collateral deposited by the participants in the clearing of transactions in the Electricity Markets; • the provisions of Law 2789/2000, with respect to the operation of the systems of the Company. 3. The Company may establish, as a safeguard against risk associated with its clearing activities, a default fund, applying accordingly the provisions of Articles 76, paragraphs 1 to 5, and 82 of Law 3606/2007. 4. The Company may in any instance adopt measures and arrangements similar to those laid down by the provisions of Regulation (EU) 648/2012. The relevant measures and arrangements should be set forth in the Clearing Rulebook of the Company. 5. The Company and the Operator of the Hellenic Electricity Transmission System (HETS), where this necessary in order to deal with situations of default or insolvency, immediately notify RAE of such situations and of the measures they have taken to deal with them. 6. To achieve the purposes set forth in this Article of the Articles of Association of the Company, in Law 4425/2016 and in Regulation (EU) 2015/1222, the Company may carry out any supplemental or ancillary action, cooperate with any natural person or legal entity in any way, participate in any undertaking of any business form, having the same or a similar purpose and generally pursuing purposes relevant or ancillary to the activity of the Company, participate in associations of persons in Greece and abroad, establish subsidiaries, provide and/or ensure legal assistance of associated companies, provide support services to associated companies, such as, for example, financial administration and general accounting support, organization and management of quality, IT, marketing, logistics and human resources, provide to associated companies general head office services and personnel, for example under a work contracts or on loan, carry out training activities relating to subjects of energy markets, such as market products and services, clearing and settlement systems and market operation in general, provide consulting services on matters relevant to its activities to other operators or energy exchanges against a fee, and participate in research projects and in EU financed projects, provided that the proper performance of its tasks is not hindered.

7. The Company, in general, carries out any other activity relevant or similar to the above in accordance with the law and in accordance with the applicable Regulations and Codes.

% of direct participation	31/12/2018
HEnEx (Company)	100%
HEnEx GROUP:	100%

The subsidiary company EnExClear was established on 02/11/2018 and until 31/12/2018 it had not commenced business nor had been fully staffed (see notes 1.7 and 2.2).

E.2 Spinoff and contributed Division

The Division spun off comprises the following activities:

(a) The performance of the "Day-Ahead Scheduling" and specifically:

(aa) The planning of the injections of electricity into the HETS, as well as of the absorption of electricity from the system, in accordance with the provisions of the Power Exchange Code For Electricity.

(bb) The calculation of the System Marginal Price.

(cc) The management of credit and foreign exchange risk and the clearing of transactions as part of the Day-Ahead Scheduling.

(b) The cooperation with the Operators of the Hellenic Electricity Transmission System (HETS), the Hellenic Electricity Distribution Network (HEDN) and the Athens International Airport (AIA) in accordance with the specific provisions of the Power Exchange Code For Electricity and the relevant Operation Codes.

(c) The maintenance of a special Register of Participants in the Day-Ahead Scheduling and the registration of the Participants, in accordance with the specific provisions of the Power Exchange Code For Electricity.

(d) The organization and conduct of auctions for the sale of electricity forward products with physical delivery, in accordance with the provisions of Law 4389/2016.

(e) The participation in joint operations, in particular with transmission system operators, as well as electricity exchanges and other similar entities, with the aim of creating regional markets within the internal energy market.

(f) The collection from the Participants of fees or other charges for the management and operation of the Electricity Market and for keeping the necessary accounts, in accordance with the specific provisions of the Power Exchange Code For Electricity.

(g) The implementation of the methodology in accordance with the provisions in Article 23, paragraph 2, section (bb) of Law 4414/2016 regarding the charge to load representatives.

(h) The participation in associations, organizations or companies, members of which are electricity market operators and electricity exchanges, the purpose of which is to develop and formulate common rules for action contributing, in the context of the EU legislation, to the creation of a single internal electricity market.

(i) The assignment to third parties, with the agreement of RAE, of various services, particularly with respect to the management of the settlement of monetary transactions as part of the Day-Ahead Scheduling.

(j) The settlement of monetary transactions as part of the Day-Ahead Scheduling, in cooperation with the Operators of the HETS, the HEDN and the AIA.

(k) The provision to the Electricity Market Participants of the information necessary for their participation in the market.

Specifically, at the contribution of the Division, the fixed assets of the Contributing Company relating to the Division contributed, including the historical data and details (energy offers, load declarations and results) of the Day-Ahead Scheduling solution, are transferred to the company formed under the name "Hellenic Energy Exchange S.A."

The assets of the Division contributed that were transferred, in accordance with the procedures and conditions of the applicable legislation, to the Company formed are those listed in the Report for the Assessment of the Carrying Value of 30/04/2018 by the Certified Auditor, Nikolaos Tsardoulias, of SOL S.A., based on the transformation balance sheet (Accounting Statement) of 30/09/2017, according the provisions of Article 117B, paragraph 1 of Law 4001/2011.

Specifically, the Accounting Statement of 30/09/2017 and the Report for the Assessment of the Carrying Value of 30/04/2018 are as follows:

ACCOUNTING STATEMENT of 30/09/2017 of the SPINOFF DIVISION contributed for the formation of the Company "HELLENIC ENERGY EXCHANGE"

LAGIE S.A. ***ACCOUNTING STATEMENT of 30/09/2017 of the SPINOFF DIVISION contributed to the Company "HELLENIC ENERGY EXCHANGE S.A."***	
ASSETS	30/09/2017
Non-current assets	
Tangible assets (property, plant and equipment)	
Other equipment	13,539.57
Total	13,539.57
Intangible assets	
Other intangible assets	4,471.44
Total	4,471.44
Total non-current assets	18,011.01
Current assets	
Financial assets and advance payments	0
Total current assets	0
Total Assets	18,011.01
PROVISIONS - LIABILITIES	30/09/2017
Provisions	0
Total Provisions	0
Payables	
Current Liabilities	0
Total Accounts Payable	0
Total Provisions and Liabilities	0
EQUITY	30/09/2017
Special Reserve	0
Total Equity	0
EQUITY OF CONTRIBUTED DIVISION	30/09/2017
Equity of Contributed Division	18,011.01
Total Net Equity of Contributed Division	18,011.01

The costs and expenses of any kind required for the establishment and operation of "Hellenic Energy Exchange S.A." as an operator of energy markets and energy financial markets, as well as for any necessary preparatory action, which are incurred until the registration of its establishment in GE.M.I., are undertaken by the same within three months of its establishment. The payment of any of the above costs and expenses during the above period by its founding shareholders constitutes a legal obligation of "Hellenic Energy Exchange S.A." towards them, which must be paid within the above three-month period.

E.3. Purpose and Scope of Activities

The purpose of the Company is:

The management and operation of Day-Ahead and Intraday Electricity Markets, Natural Gas Markets, Environmental Markets and Energy Financial Markets, as well as any other relevant activity.

The Company may carry out all the activities set forth in Regulation (EU) 2015/1222, other than clearing, if this is carried out by the Clearing House.

The above mentioned purpose and the activities of the Company include specifically the following:

(a) the establishment of or participation in legal entities with the specific purpose of carrying out activities or operations within its scope of business; and/or

(b) the assignment of tasks or functions relating to its activities to one or more third parties, if the third party is able to perform the relevant function at least equally effectively, with the prior approval of RAE, whenever necessary;

(c) the proper and correct performance of the relevant tasks and functions, so as to ensure in the above mentioned instances (a) and (b) the compliance of any third party with the obligations arising from the law;

(d) The collection from the Participants of fees or other charges for the management and operation of the Electricity Markets and the maintenance of the necessary accounts, in accordance with the specific provisions of the Power Exchange Code For Electricity, of the Exchange Code for Electricity Forward Auctions and of the Market Regulations;

e) the cooperation with any other energy exchanges or market operators in general, the Operators of the HETS, the HEDN and the AIA for the smooth operation of the Electricity Markets in accordance with the specific provisions of the Power Exchange Code For Electricity, the Energy Exchange Regulation, the Exchange Code for Electricity Forward Auctions, the Balancing Rulebook and the relevant Operation Codes;

(f) the timely provision and in any appropriate manner to the Participants in Electricity Markets of the information necessary for their participation in the markets;

(g) the application of transparent, objective and unbiased standards in the provision of services and the avoidance of any discrimination among Participants in Electricity Markets;

(h) the maintenance of the necessary accounts in accordance with the specific provisions of the Energy Exchange Rulebook;

(i) The participation in associations, organizations or companies, members of which are electricity market operators and electricity exchanges, the purpose of which is to develop and formulate common rules for action contributing, in the context of the EU legislation, to the creation of a single internal electricity market;

(j) the participation in joint operations, in particular with transmission system operators, as well as electricity exchanges and other similar entities, with the aim of creating regional markets within the internal energy market;

(k) the monitoring and inspection of compliance with the rules of operation of the Electricity Markets that the Company operates;

(k) the performance of the “Day-Ahead Scheduling” and specifically:

(aa) the planning of the injections of electricity into the HETS, as well as of the absorption of electricity from the system, in accordance with the provisions of the Power Exchange Code For Electricity;

(bb) the calculation of the System Marginal Price;

(cc) the management of credit and foreign exchange risk and the clearing of transactions as part of the Day-Ahead Scheduling;

(dd) the maintenance of a special Register of Participants in the Day-Ahead Scheduling and the registration of the Participants, in accordance with the specific provisions of the Power Exchange Code For Electricity;

(ee) the settlement of monetary transactions as part of the Day-Ahead Scheduling, in cooperation with the Operators of the HETS, the HEDN and the AIA;

(m) the implementation of the methodology in accordance with the provisions in Article 23, paragraph 2, section (bb) of Law 4414/2016 regarding the charge to load representatives;

(n) the organization and conduct of auctions for the sale of electricity forward products with physical delivery (NOME auctions), in accordance with the provisions of Law 4389/2016.

i. The Company may carry out the clearing of transactions in the Day-Ahead and Intraday Markets, in accordance with Article 12 of Law 4425/2016. The Company may establish, in accordance with Article 12 of Law 4425/2016, a legal entity, which will assume the status of a Clearing House. The clearing of transactions in the Electricity Markets mainly involves the following functions:
   - the calculation in a transparent manner of the quantities of sale and purchase of energy and power and of the respective positions, including the calculation of net obligations;
   - the calculation of the monetary value of the Debits and Credits to Participants in Electricity Markets;
   - the assumption and management of credit risk of the transactions within the operation of the Electricity Markets and the settlement of any deficit in these transactions.

ii. The Company may carry out the settlement of the transactions in the Electricity Markets, in accordance with the provisions in paragraph 3 of Article 12 of Law 4425/2016. The settlement concerns the reconciliation of the financial result of the clearing of the above transactions and the conduct of banking transactions for debiting and crediting the accounts of the Participants, as well as any other relevant work.

iii. To achieve the purposes set forth in this Article of the Articles of Association of the Company, in Law 4425/2016 and in Regulation (EU) 4001/2011, the Company may carry out any supplemental or ancillary action, cooperate with any natural person or legal entity in any way, participate in any undertaking of any business form, having the same or a similar purpose and generally pursuing purposes relevant or ancillary to the activity of the Company, participate in associations of persons in Greece and abroad, establish subsidiaries, provide and/or ensure legal assistance of associated companies, provide support services to associated companies, such as, for example, financial administration and general accounting support, organization and management of quality, IT, marketing, logistics and human resources, provide to associated companies general head office services and personnel, for example under a work contracts or on loan, carry out training activities relating to subjects of energy markets, such as market products and services, clearing and settlement systems and market operation in general, provide consulting services on matters relevant to its activities to other operators or energy exchanges against a fee, and participate in research projects and in EU financed projects, provided that the proper performance of its tasks is not hindered.

iv. The Company, in general, carries out any other activity relevant or similar to the above in accordance with the law and in accordance with the applicable Regulations and Codes.

E.4. Basis of Presentation of the Financial Statements

The interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and in accordance with their relevant interpretations published by the IASB Standards Interpretation Committee, which have been adopted by the European Union and are mandatory for financial years ending on 31 December 2018, in addition to the new standards and interpretations adopted, the application of which is mandatory for financial years after 1 January 2019. No standards and interpretations of standards have been applied before the date they went into effect.

The accompanying interim financial statements have been prepared on a historical cost basis, as modified by the revaluation at fair value of specific assets (tangible assets and assets available for sale), and according to the going concern principle.

The preparation of the interim Financial Statements in accordance with the International Financial Reporting Standards requires the Management of the Group to make significant assumptions and accounting estimates that affect the balances of the Asset and Liability accounts, the disclosure of contingent claims and liabilities as at the date of preparation of the interim Financial Statements, as well as the revenues and expenses presented in the reporting period. Despite the fact that these estimates are based on the best possible knowledge of the Management as regards the current conditions, actual results may differ eventually from these estimates.

The estimates and the judgements and assumptions are continuously evaluated and are based on empirical data and other factors, including the expectations for future events that are considered probable in reasonable conditions.

The basic accounting principles adopted by the Company for the preparation of the accompanying financial statements are described in detail below.

E.5. Basic Accounting Principles

The basic accounting principles adopted by the Group and the Company for the preparation of the attached financial statements are as follows:

Basis for Consolidation

(a) Subsidiaries

The Consolidated Financial Statements include the Financial Statements of the Group and its subsidiaries. Subsidiaries are all companies (including special purpose vehicles) whose operation the Group controls. The Group controls a company when it is exposed to, or has rights to, various returns of the company due to its participation in it, and has the ability to affect these returns through its authority over the company.

Subsidiaries are fully consolidated from the date that control is transferred to the Group and cease being consolidated from the date that this control no longer exists.

The Group is using the acquisition method to account for business combinations. The acquisition price for a subsidiary is calculated as the total of the fair values of the assets transferred, liabilities assumed and participation titles issued by the Group. The consideration of the transaction also includes the fair value of the assets or liabilities that arise from a contingent consideration agreement.

In a business combination the costs related to the acquisition are expensed. The identifiable assets acquired, the liabilities and contingent liabilities are measured at fair value on the acquisition date. In case of a non-controlling participation, the Group either recognizes it at fair value, or at the equity share value of the company acquired.

If an acquisition takes place in stages, the book value of the assets of the company that is acquired and possessed by the Group on the acquisition date is revalued at fair value. The profit or loss from the revaluation at fair value is recognized in the profit and loss statement.

Each contingent consideration provided by the Group is recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent consideration, which is considered an asset or a liability, are recognized either in accordance with IAS 39, in the profit and loss statement, or as a change in other comprehensive income. The contingent consideration that is classified as an asset is not revalued and subsequent arrangements take place in equity.

Goodwill initially recognized in the acquisition cost is the excess amount from the total consideration that was paid and the amount recognized as a non-controlling participation, against the net assets that were acquired and the liabilities assumed. Provided that the fair value of assets is greater than the total consideration, the profit from the transaction is recognized in the Statement of Comprehensive Income.

Following the initial recognition, goodwill is measured at cost minus accumulated impairment losses. For the purposes of an impairment test, goodwill created from company acquisitions is distributed after the acquisition date to each cash generating unit of the Group that is expected to benefit from the acquisition, irrespective on whether the assets or liabilities of the acquired firm are transferred to that unit.

If goodwill is allocated to a cash generating unit and part of the activity of that unit is sold, goodwill associated with that part of the activity is included in the book value when determining profit and loss from the sale. In that case, goodwill sold is calculated based on the relative values of the activity sold and the part of the cash flow generating unit that is maintained.

Any losses are distributed to non-controlling participations, even if the balance becomes negative.

In the Statement of Financial Position of the Company, investments in subsidiaries are shown at the acquisition value less any impairment losses. The acquisition value is adjusted in order to incorporate the changes in the consideration from the changes in the contingent consideration.

The financial statements of the subsidiaries are prepared on the same date and use the same accounting principles as the parent Company. Intra-group transactions, balance and accrued profits/ losses in transactions between the companies of the Group are eliminated.

(b) Changes in the participation in subsidiaries without change in control

Transactions with non-controlling participations that result in control of a subsidiary by the Group being maintained are considered equity transactions, i.e. transactions between owners. The difference between the fair value of the consideration paid and the part of the book value of the net assets of the subsidiary company that has been acquired is also recognized in equity.

(c) Sale of subsidiaries

When the Group ceases to have control, any remaining participation is revalued at fair value, while any differences that arise compared to the book value is recognized in the results. Then the asset is recognized as an associate company, joint venture or financial asset at that fair value.

In addition, relevant amounts previously recognized in other comprehensive income concerning that company, are accounted using the same method that the Group would have used in case the assets or liabilities had been liquidated, i.e. they may be transferred to the results.

(d) Participation in affiliated companies

Affiliates are the companies in which the Group exercises material influence under the provisions of IAS 28 but does not exercise control. In general, material influence arises when the Group holds between 20% and 50% of the voting rights. The existence and influence of potential voting rights that are directly exercisable or convertible is taken into account in the assessment of the exercise of material influence by the Group.

Investments in affiliated companies are valued using the equity method. Investments in affiliated companies are initially recorded in the statement of financial position at cost, which is increased or decreased by the proportion of the Group in the results of the affiliated company after the acquisition date. The Group checks on each reporting date, whether there is an indication that an investment in an affiliate is impaired. If there is such an indication, an impairment test is performed, comparing the recoverable amount of the investment with the book value of the investment. If the book value of the investment exceeds its recoverable value, the book value is reduced to the recoverable value.

Impairment losses recognized in previous fiscal years, may be reversed only if there is a change in the assumptions used to determine the recoverable amount of the investor, since the last time that an impairment loss was recognized. In that case, the book value of the investment is increased to the recoverable amount and the increase is a reversal of the impairment loss.

The share of the Group in the results of the affiliated company is recognized in the consolidated Profit & Loss Statement and the share in the reserves is recognized in the reserves of the Group. The accumulated changes in the reserves / results adjust the book value of the investment in the affiliated company. When the share of the Group in the losses of an affiliated company is equal to, or exceeds the participation amount in it, the Group does not recognize any further losses, unless it has incurred obligations, or made payments on behalf of the affiliated company.

Significant gains and losses from transactions between the affiliated company and the Group are eliminated by the percentage held by the Group in it.

Gains or losses from the sale of stakes in affiliated companies are recognized in the Consolidated Profit & Loss Statement. If there is a loss of substantial influence in an affiliated company, the Group measures at fair value any remaining investment in the affiliated company. The difference between the book value of the investment and the fair value on the date the substantial influence was lost is recognized in the results. The fair value of the company that ceases being affiliated, is considered to be the fair value that was determined when the investment was recognized as a financial asset.

Conversion of foreign currencies

Functional and presentation currency

The data in the Financial Statements of the companies of the Group are measured in the currency of the financial environment in which each company functions (functional currency). The consolidated Financial Statements are presented in euro, the functional currency of the parent company.

Transactions and balances

Transactions in foreign currency are converted to the functional currency using the exchange rates in effect on the date of the transactions. Profits and losses that arise from the settlement of transactions in foreign currency, as well as from the valuation, at the end of the fiscal year, of the currency assets and liabilities that are expressed in foreign currency, are booked in the Statement of Comprehensive Income. Foreign exchange differences from non-currency assets that are valued at fair value are considered part of the fair value and are therefore booked just like differences in fair value.

Tangible Assets

Investments in real estate

Investments in real estate are those assets which are owned either for rental income or for capital gains or both. Plots of land and buildings are the only investments considered investments in real estate.

Investments in real estate are initially measured at cost. Initial cost includes transaction expenses: professional and legal expenses, transfer taxes and other direct costs.

Following the initial measurement, investments in real estate are measured at cost minus accumulated depreciation.

Transfers to investments in real estate only take place when the purpose of their use changes, as demonstrated with the end of their use, the start of a long term financial lease to third parties or the completion of their construction or development. Transfers from investments in real estate only take place when there is a change in use, as demonstrated by the start of their use by the Group or the start of development with the intent to sell.

For a transfer from investments in real estate that is presented at fair value to owner-occupied property, the cost of the property for subsequent accounting treatment (in accordance with IAS 16), is the acquisition cost minus accumulated depreciation.

Depreciation of investments in real estate (except plots of land which are not depreciated) is calculated using the straight line method for the duration of their useful life, which is estimated at 25 years.

The useful life of investments in real estate and their salvage values are revised annually. When the book value of investments in real estate exceeds their recoverable value, the difference (impairment) is recognized as an expense in the Statement of Comprehensive Income.

Tangible owner-occupied assets

Real estate (plots of land – buildings) belonging to fixed assets are recorded at their adjusted values, during the first application of IFRS, and subsequently at fair value which is based on estimated made by independent estimators, less future building depreciation. Estimations are made regularly in order for the fair value of the adjusted asset not to differ significantly from its book value.

Other tangible assets used are recorded in the financial statements at acquisition cost minus accumulated depreciation and any value impairment provisions. The acquisition cost includes all the direct expenses for the acquisition of the assets.

Later expenses are recognized as an increase in the book value of the tangible fixed assets or as a separate asset only if it is probable that future financial benefits will flow to the Group, and the cost can be reliably measured.

The cost of repairs and maintenance is recognized in the Statement of Comprehensive Income when incurred.

Depreciation of other tangible assets (except plots of land which are not depreciated) is calculated using the straight line method during their useful life.

The useful lives of tangible assets are shown below:

	Useful life
Buildings and construction	25 years ή 4%
Machinery	5 years ή 20%
Means of transportation	6.25 years ή 16%
Other equipment	5-10 years ή 20-10%

The useful life of tangible assets and their salvage values are revised annually. When the book value of the fixed assets exceeds their recoverable value, the difference (impairment) is recognized as an expense in the Statement of Comprehensive Income.

When tangible assets are retired or sold, the associated cost and the accumulated depreciation are eliminated from the relevant accounts at the time the asset is retired or sold, and the associated profits or losses are recognized in the Statement of Comprehensive Income.

Intangible Assets

Intangible assets include software licenses valued at the acquisition cost minus accumulated depreciation and any impairment. Depreciation is calculated using the straight line method during the useful life of these assets, which is budgeted to 5 years.

It is noted that the depreciation rate applied by the Group for development – upgrade of its core systems is 20%.

Impairment of non-financial assets

The Company and the Group examine at each date of the financial statements, whether there are impairment indications for non-financial assets. The book values of assets are revised for any impairment, whenever events or changed circumstances indicate that the book value may not be recoverable. When the book value of an asset exceeds its recoverable value, an impairment loss is recognized in the Statement of Comprehensive Income. The recoverable amount is calculated as the greater of the fair value less sale expenses and value-in-use.

The fair value less sale expenses is the amount that results from the sale of an asset in an independent transaction between informed and willing parties, after subtracting all additional direct sale expenses, while the value-in-use is the present value of the estimated future cash flows that are expected to occur from the continuous use of the asset and its disposal at the end of its useful life. In order to evaluate the impairment, the assets are grouped at the lowest level for which there are discrete recognizable cash flows.

Financial Instruments

A financial instrument is any contract that simultaneously creates a financial asset for one financial entity and a financial liability or participatory title for another financial entity.

Initial recognition and subsequent measurement of financial assets

Starting on 1 January 2018, financial assets are classified, when initially recognized, and subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through results. The classification of financial assets when initially recognized is based on the contractual cash flows of the financial assets and the business model within which the financial asset is kept.

Excluding client claims, the Group initially values a financial asset at fair value plus the transaction costs, in case of a financial asset that is not valued at fair value through results. Client claims are initially valued at transaction cost as specified by IFRS 15.

In order to classify and value a financial asset (excluding equity securities) at amortized cost or at fair value through other comprehensive income, cash flows that constitute “exclusively principal and interest payments” on the outstanding balance of capital. This assessment is known as SPPI ("Solely Payments of Principal and Interest") criterion and is made at the level of the individual financial instrument.

Following initial recognition, financial assets are classified in three categories

- At amortized cost
- At fair value through other comprehensive income
- At fair value through results

The Group and the Company do not possess assets that are value at fair value through results on 31 December 2018.

Financial assets are amortized cost

Financial assets recorded at amortized cost are later valued based on the Effective Interest Rate (EIR) method and are subject to an impairment test of their value. Profits and losses are recognized in the results when the asset ceases to be recognized, modified or impaired.

Financial assets classified at fair value through comprehensive income

At initial recognition, the Group can choose to irrevocably classify participatory investments as participatory titles at fair value through comprehensive income when they fulfil the definition of equity position in accordance with IAS 32 Financial instruments: Presentation, and are not held for trading. Classification takes place for each financial instrument individually.

Profits and losses from these financial assets are never recycled in profits or losses. Dividends are recognized as other revenue in the profit and loss statement when the right to payment has been established, unless the Group benefits from that revenue to recuperate part of the cost of the financial asset, in which case this income is recognized in the statement of comprehensive income. Equity instruments identified at fair value through comprehensive income are not subject to an impairment test.

Impairment of financial assets

The Group and the Company evaluate at each reporting date information concerning whether the value of a financial asset or a group of financial assets has been impaired as follows:

For client claims and contractual assets, the Group and the Company apply the simplified approach to calculate expected credit losses. Therefore, at each reporting date, the Group and the Company measure the loss provision for a financial asset in an amount equal to the expected credit losses for the duration, without monitoring changes in credit risk.

Derecognition of financial assets

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to the inflow of cash resources have expired
- The Group or the Company retains the right to the inflow of cash flows from the financial asset, but has also assumed the obligation to pay them to third parties in full, without substantial delay, in the form of a transfer agreement, or
- The Group or the Company has transferred the right to the inflow of cash flows from the asset and at the same time has either (a) essentially transferred all risks and benefits from it, or (b) has not essentially transferred all risks and benefits, but has transferred control of the asset.

When the Group or the Company transfers the cash inflow rights from an asset or concludes a transfer contract, it assesses the extent to which it maintains the risks and benefits of ownership of the asset. When the Group neither transfers nor substantially maintains all risks and benefits of the asset being transferred and maintains control of the asset, then the asset is recognized to the extent that there is continuous participation of the Group in that asset. In that case, the Group also recognizes a related obligation. The transferred asset and the related liability are measured on a basis that reflects the rights and commitments that the Group or the Company have maintained.

Initial recognition and subsequent measurement of financial obligations

All financial liabilities are initially valued at fair value less transaction costs in case of loans and payables.

Derecognition of financial obligations

A financial obligation is deleted when the commitment resulting from the obligation is cancelled or expires. When an existing financial obligation is replaced by another one by the same creditor but with substantially different conditions, or the conditions of an existing obligation are substantially altered, this exchange or amendment is treated as a derecognition of the original obligation and a recognition of a new obligation. The difference in the corresponding accounting values is recognized in the income statement.

Offsetting financial claims and obligations

Financial claims and liabilities are offset and the net amount is shown in the statement of financial position only when the Group or the Company has a legal right to do so and intends to offset them on a net basis between them or claim the asset and settle the obligation at the same time. The legal right must not depend on future events and must be able to be enforced in the normal course of the work even in the event of default, insolvency or bankruptcy of the company or counterparty.

Other long term claims

Other long term claims may include rent guarantees, guarantees to utilities (OTE, PPC etc.) and other long term duration amounts. Other long term claims are valued at book value using the real interest rate method.

Clients and other trade receivables

Client receivables are initially recognized at fair value, and subsequently valued at amortized cost using the real interest rate, less any impairment losses. On each financial reporting date, all past due or doubtful debts are evaluated in order to determine whether or not a provision for doubtful debts is required. The balance of the particular provision for doubtful debts is appropriately adjusted on each closing date of the financial statements in order to reflect the possible risks.

It is the policy of the Group almost never to write-off any such claims until all possible legal recourse for their collection has been exhausted. Commercial and other short term client claims and debtors are usually settled by the Group and the Company within 60 days, while if they become past due, no late payment fees are charged to clients.

Cash and cash equivalents

Cash and cash equivalents include cash at hand, sight deposits and short term (up to 3 months) investments, having high liquidity and low risk.

For the purposes of preparing the Statement of Cash Flows, cash assets consist of cash and bank deposits, as well as cash equivalents as described above.

Share Capital

Share capital includes the 50,000 common stock of the Company.

The acquisition cost as well as the associated expenses of acquiring treasury stock is, in accordance with IFRS, shown in equity, reducing share capital.

The acquisition cost of treasury stock is shown as reducing Company equity, up until the treasury stock is sold or cancelled.

Current and deferred income tax

Current and deferred tax is calculated based on the Financial Statements in accordance with the tax laws in effect in Greece. Income tax is calculated based on the profits of each company as adjusted in their tax declarations, any additional income tax that is assessed by the tax audits of the tax authorities, and from deferred income taxes based on the enacted tax rates.

Deferred income tax is determined using the liability method and arises from the temporary differences between the book value and the tax basis of the assets and liabilities.

Deferred tax is not recognized when it arises at the initial recognition of an asset or a liability from a transaction that is not a business combination and at the time of the transaction it affects neither the accounting nor the taxable result (profit / loss).

Deferred tax is determined using the tax rates (and tax laws) that have been implemented or effectively implemented until the date of the Financial Statements and are expected to be implemented when the asset in question is recovered or the liability settled.

Deferred tax claims are recognized to the extent that there will be a future tax gain for the offset of the temporary difference that creates the deferred tax claim.

Deferred income tax is determined on the temporary differences that arise from investments in subsidiaries and associated companies, with the exception of the case when reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax claims and liabilities are offset when there is a legally enforceable right to offset current tax claims and liabilities, and when the deferred tax claims and liabilities concern income tax that is imposed by the same tax authority either to the same taxable entity or to different taxable entities when there is the intention to settle the balances on a net basis.

Employee benefits

Current benefits

Current benefits to employees in cash and in kind are recognized as an expense when they accrue.

Staff retirement obligations

Staff retirement obligations include both defined contributions plans as well as defined benefits plans.

Defined contribution plan

Under the defined contributions plan, the obligation of the company (legal) is limited to the amount agreed to be contributed to the organization (social security fund) which manages the contributions and grants the benefits (pensions, health care etc.).

The accrued cost of the defined contributions schemes is recognized as an expense in the corresponding period.

Defined benefits plan

The defined benefits plan of the Group concerns its legal obligation to pay a lump sum indemnity to each employee upon retirement.

The liability recognized in the Statement of Financial Position for this plan is the present value of the obligation for the defined benefit depending on the accrued right of the employees and in relation to the specific point of time that this benefit is expected to be paid.

The present value of the defined benefit liability is calculated by discounting the future cash outflows with a discount rate equal to the interest rate of long-term, high credit rating corporate bonds that have a duration approximately equal to the pension plan.

The actuarial profits or losses that arise from the adjustments based on historical data are directly recognized in Other Comprehensive Income (note 1.13).

Government grants

Government grants related to the subsidy of tangible assets are recognized when there is reasonable assurance that the grant will be collected and that the Company will comply with the terms and conditions that have been set for payment. When government grants are related to an asset, the fair value is recorded in long term liabilities as deferred revenue and is transferred to the Statement of Comprehensive Income in equal annual installments based on the expected useful life of the relevant asset that was subsidized. When the grant is related to an expense, it is recognized as revenue in the fiscal year required in order for the grant to correspond on a systematic basis to the expenses it is intended to compensate. Grant depreciation is recorded in “Other Revenue” in the Statement of Comprehensive Income.

Provisions and contingent liabilities

Provisions are recognized when:

- the Company has a current commitment (legal or inferred) as a result of a past event;
- it is likely that an outflow of resources incorporating financial benefits will be required to settle the commitment and it is possible to reliably estimate the amount of the commitment.

Provisions are re-examined on the preparation date of the financial statements and are adjusted so as to reflect the best possible estimates.

If the effect of the time value of money is significant, the provisions are recognized on a discounted basis by using an interest rate before taxes that reflects that current market estimates about the time value of money and the risks associated with the liability. When provisions are discounted, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent liabilities are not recognized in the financial statements, but are published, unless the possibility of an outflow of resources which incorporate financial benefits is minimal. Contingent claims are not recognized in the financial statements, but are published provided the inflow of financial benefit is likely.

Revenue Recognition

Administrative and Operating Costs

The Hellenic Energy Exchange allocates its annual administrative costs to the electricity suppliers and exporters participating in the Day-Ahead Scheduling. In other words, essentially the Company recovers all its administrative costs plus a reasonable profit.

These costs, including depreciation and amortization, are fully budgeted for. The HEnEx budget at this stage of operation is submitted to and approved by the RAE

Contributory Fee

According to the empowering provision of paragraph 1 of Article 140 of Law 4389/2016, the Energy Exchange is responsible for the organization and conduct of auctions of electricity forward products with physical delivery (NOME auctions). In accordance with the provisions of Article 10 of the Exchange Code for Electricity Forward Auctions (SSDPPIE) (RAE Decision 510/2018, Government Gazette 2036B of 18/06/2018), in order to participate in the SSDPPIE, Eligible Suppliers pay to the Energy Exchange a Contributory Fee calculated annually taking into account the annual cost of the Auctions and the Annual Quantity made available through the Auctions and approved by the RAE following the recommendation of the Energy Exchange. Each Eligible Supplier pays an amount proportionate to the Quantity of Forward Products Dispatched to the Eligible Supplier in each Auction.

Interest income

Interest income is recognized on an accrual basis and with the use of the real interest rate. When there is an impairment indication about claims, their book value is reduced to their recoverable amount, which is the present value of the expected future cash flows, discounted by the initial real interest rate. Next, interest is assessed at the same interest rate on the impaired (new book) value.

Dividends

Dividend income is recognized when the right to collect by the shareholders is finalized; that is, on approval by the General Meeting.

Commercial and other liabilities

Supplier balances and other liabilities are recognized at the cost associated with the fair value of the future payment for the purchase of services rendered. Commercial and other short term liabilities are not interest bearing and are usually settled within 60 days by the Group and the Company.

Expenses

Expenses are recognized in the Statement of Comprehensive Income (“Income Statement”) on an accrued basis.

Dividend distribution

The distribution of dividends to shareholders is recognized directly to equity, net of any relevant income tax benefit (until the approval of the financial statements), and is recorded as a liability in the financial statements when distribution is approved by the General Meeting of shareholders.

Profits / (losses) per share

Basic profits / (losses) per share are calculated by dividing the net profits / (losses) that correspond to the shareholders of the parent company by the average weighted number of shares that are in circulation during each year, excluding the average of the common stock that was acquired by the Group as treasury stock.

The adjusted profits / (losses) per share are calculated by dividing the net profit that is distributed to Parent company shareholders (after it is adjusted for the effects of all potential shares that dilute participation) by the weighted average number of shares in circulation during the year (adjusted for the effect of all potential shares that dilute participation), excluding the average of the common stock that was acquired by the Group as treasury stock.

Research and development

Expenditures for research activities that take place with the intention of the Group to acquire new technical knowledge and expertise are recognized in the Statement of Comprehensive Income as an expense when they occur. Development activities presuppose the drafting of a study or a plan for the production of new or significantly improved products, services and processes. Development costs are capitalized only when the cost of development can be reliably measured, the product or the process is productive, feasible technically and commercially, future financial benefits are expected, and the Group has the intention, having at the same time sufficient means at its disposal, to complete the development and use or sell the asset.

The capitalization of expenditures includes the cost of direct consulting service expenses, direct work performed and the appropriate share of general expenses. Other development costs are recognized in the Statement of Comprehensive Income as an expense when they occur.

Development costs that have been capitalized are valued at the acquisition cost less accumulated depreciation and accumulated impairment losses and there is no impairment indication.

Subsequent expenditures are capitalized only when they increase the expected future economic benefits that are incorporated in the specific asset to which they refer. All other expenditures, including expenditures for internally created surplus value and trademarks, are recognized in the Statement of Comprehensive Income.

Depreciation is recognized in the Statement of Comprehensive Income using the straight line method for the duration of the useful life of the intangible assets, starting on the date they are available for use. The useful life for the current and the comparative period in the capitalization of development costs is 5 years

The profit or loss that arises from derecognizing an intangible asset is determined as the difference between the net disposal proceeds, if they exist, and the book value of the asset. This profit or loss is recognized in the Statement of Comprehensive Income when the asset is derecognized.

Lease policy

The determination of whether an arrangement contains a lease or not is based on the substance of the transaction on the date the relevant contract is concluded, namely on whether fulfilment of the arrangement depends on the use of one or more assets or whether the arrangement assigns the right to use the asset.

The Group as lessee

Asset leases by third parties where the Group does not assume all risk and asset ownership benefits are treated as operating, and the lease payments are recognized as an expense in the statement of comprehensive income on a consistent basis during the lease.

All leases of the Group are treated as operating leases. They concern office rentals etc.

Determination of fair value

The fair value of a financial asset is the price that someone would obtain from the sale of an asset, or someone would pay for transferring the obligation in a real transaction between market participants on the measurement date. The fair value of financial assets in the financial statements on 31 December 2018 was determined using the best possible estimates by management. When there is no data available, or data from active markets is limited, the fair value valuations are derived from management estimates in accordance with the information that is available.

The Group makes the required disclosures concerning fair value measurement through a three-tier hierarchy:

Tier 1: Traded (non-adjusted) prices in active markets for similar assets or liabilities,

Tier 2: Other techniques for which all inflows that have a significant impact in recorded at fair value are observable, either directly or indirectly,

Tier 3: Techniques that use data that have a significant impact on the recorded fair value and are not based on observable market data.

During the fiscal year there were no transfers between tiers 1 and 2, nor transfers into and out of tier 3 when measuring fair value. In addition, during the same period there was no change in the purpose of any financial asset that would lead to a different classification of that asset.

The amounts with which cash & cash equivalents, claims and short term liabilities are shown in the Statement of Financial Position approach their corresponding fair values due to their short term maturity. As a result, there are no differences between fair values and the corresponding book values of financial assets and liabilities. The Company does not use financial derivative products.

New standards, amended standards and interpretations

Specific new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after 1.1.2018. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows.

Standards and Interpretations effective for the current financial year

IFRS 9 *"Financial Instruments"*

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model that was applied under IAS 39. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model in IAS 39. Adoption of this standard by the Group and the Company has no effect.

IFRS 15 *"Revenue from Contracts with Customers"*

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity recognizes revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. Adoption of this standard by the Group and the Company has no effect.

IFRS 4 (Amendments) ***"Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts"***

The amendments introduce two approaches. The amended standard: a) gives all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) gives companies, whose activities are predominantly connected with insurance, an optional temporary exemption from applying IFRS 9 until 2021. The entities that have elected to defer the application of IFRS 9 continue to apply the existing financial instruments standard—IAS 39. Adoption of this standard by the Group and the Company has no effect.

IFRS 2 (Amendments) ***"Classification and measurement of Shared-based Payment transactions"***

The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. Adoption of this standard by the Group and the Company has no effect.

IAS 40 (Amendments) ***"Transfers of Investment Property"***

The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. Adoption of this standard by the Group and the Company has no effect.

IFRIC 22 "Foreign currency transactions and advance consideration"

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. Adoption of this standard by the Group and the Company has no effect.

Annual Improvements to IFRS 2014 (2014 – 2016 Cycle)

IAS 28 "Investments in associates and Joint ventures"

The amendments clarified that when venture capital organizations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

Standards and Interpretations effective for subsequent periods

IFRS 9 (Amendments) ***"Prepayment Features with Negative Compensation"*** (effective for annual periods beginning on or after 1 January 2019)

The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss.

IFRS 16 ***"Leases"*** (effective for annual periods beginning on or after 1 January 2019)

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Under this approach the Group will a) recognize a lease liability and will measure that lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application and b) recognize a right-of-use asset and measure that right-of-use asset by an amount equal to the lease liability. Subsequent to initial recognition, the Group will a) measure the right-of-use asset by applying the cost model and depreciate it on a straight line basis up to the end of the lease term and b) measure the lease liability by increasing and reducing the carrying amount to reflect interest on the lease liability and lease payments made, respectively. The cumulative effect of adopting IFRS 16, if such need arises, will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4. Furthermore, the Group will use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

IFRS 17 ***"Insurance contracts"*** (effective for annual periods beginning on or after 1 January 2021)

IFRS 17 has been issued in May 2017 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been endorsed by the EU.

IAS 28 (Amendments) ***"Long term interests in associates and joint ventures"*** (effective for annual periods beginning on or after 1 January 2019)

The amendments clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9.

IFRIC 23 ***"Uncertainty over income tax treatments"*** (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

IAS 19 (Amendments) ***"Plan amendment, curtailment or settlement"*** (effective for annual periods beginning on or after 1 January 2019)

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments have not yet been endorsed by the EU.

IFRS 3 (Amendments) *"Definition of a business"* (effective for annual periods beginning on or after 1 January 2020)

The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments have not yet been endorsed by the EU.

IAS 1 and IAS 8 (Amendments) "Definition of a material" (effective for annual periods beginning on or after 1 January 2020)

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS. The amendments have not yet been endorsed by the EU.

Annual Improvements to IFRS (2015 – 2017 Cycle) (effective for annual periods beginning on or after 1 January 2019)

The amendments set out below include changes to four IFRSs. The amendments have not yet been endorsed by the EU.

IFRS 3 "Business combinations"

The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint arrangements"

The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income taxes"

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 "Borrowing costs"

The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Effect from the adoption of new IFRSs

The Group implemented, for the first time, IFRS 15 "Income from Contracts with Customers" and IFRS 9 "Financial Instruments" with the method of cumulative effect (i.e. the modified retroactive approach), with the effect of the adoption of these Standards being recognized on the date of initial application (i.e. 1 January 2018).

IFRS 15 Revenue from contracts with customers

IFRS 15 replaces IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations and applies to all revenue arising from contracts with customers, unless such contracts fall within the scope of other standards. The new Standard establishes a five-stage model to measure revenue arising from contracts with customers, as follows:

1. Determination of contract (s) with the customer
2. Determination of the performance obligations.

3. Determination of the transaction price.
4. Allocating the transaction price to the performance obligations of the contract.
5. Recognition of revenue when (or while) an entity fulfils a performance obligation.

The basic principle is that an entity will recognize revenue in a way that reflects the transfer of goods or services to customers in the amount it expects to be entitled in return for these goods or services. It also includes the principles that an entity must apply to determine the measurement of revenue and the time it is recognized. According to IFRS 15, revenue is recognized when the customer gains control over the goods or services, specifying the time of the transfer of the check-either in a given time or in the long term.

The Group adopted the new standard by applying the modified retroactive approach without any adjustment to comparative information. The new Standard did not have a significant impact on the consolidated financial statements at its application, since there were no significant differences in the implementation of the new accounting policies. Therefore, the application of IFRS 15 did not have any impact retained earnings nor were adjustments necessary for the transition to it.

Most invoices are pre collected, so a provision of doubtful debts has not been made.

IFRS 9 Financial instruments

IFRS 9 replaces the provisions of IAS 39 concerning the classification and measurement of financial assets and financial liabilities and also includes a model of expected credit losses which replaces the model of the realized credit losses.

The new provisions for impairment losses, in some cases, result in the expected losses being recognized earlier.

(a) Classification and measurement

IFRS 9 maintains to a large extent the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous categories of IAS 39 for financial assets: held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 had no effect on the Group's accounting policies concerning financial liabilities.

According to IFRS 9, financial assets after initial recognition will be measured at fair value through the income statement, amortized cost or fair value through the statement of other comprehensive income. The classification is based on the following two criteria: The business model that is followed by the Group for the management of the specific data and the characteristics of their contractual cash flows.

Financial assets (investments in equity instruments) which the Group had designated as available for sale under IAS 39, are now classified as investments in equity instruments and will be measured at fair value through the statement of other comprehensive income. Changes from the valuation of equity instruments are included in the "items that will not be sorted in the future in the profit and loss statement". IFRS 9 allows companies the irrevocable option to measure an investment in an equity instrument title that is not held for trading at fair value through other comprehensive income.

(b) Impairment

The adoption of IFRS 9 may result in the future in a change in the Group’s accounting practices to deal with financial instrument impairment losses as it replaced the handing of IAS 39 for the recognition of incurred losses by recognizing expected credit losses.

E.6 Comparative period

The Company was established on 18/06/2018 and the first financial year ends on 31/12/2018; therefore, the results, as well as the assets and liabilities, cannot be compared with a previous period.

As a result, throughout the financial report, no comparative figures are shown for the income and expenditure accounts, as well as for the assets and liabilities accounts.

E.7 Risk Management

Financial Risk of Transactions: The Company, operating as a Transaction Manager in the existing trading systems of Day-Ahead Scheduling and Electricity Forward Auctions has legally undertaken to perform the clearing and the cash settlement of the transactions. In order to reduce the risk of occurrence of cases of transaction deficits, the Company applies the relevant provisions of the Codes in force (Power Exchange Code For Electricity (PECE) and Exchange Code for Electricity Forward Auctions (SSDPPIE)) receiving relevant guarantees in the form of Letters of Guarantee and/or Cash Collateral, monitoring the changes in the Position of the participants in the transactions and imposing advance payments towards the final amounts receivable. For the exceptional cases of occurrence of DAS transaction deficits, the Company applies the relevant provisions of articles 90 and 61 of the PECE, according to which any temporary deficit is allocated proportionally to the producers while any final deficit is allocated to the participating Load Representatives. Furthermore, any transaction deficit in Electricity Forward Auctions does not affect the Company as, according to the provisions of the relevant SSDPPIE, the Company is required to pay to the Sellers only the amounts that have been collected, applying, in accordance with the relevant provisions of the SSDPPIE, additional measures on the liable Eligible Suppliers and Forward Holders with regard to their participation in the Exchange System for Electricity Forward Products.

F. DETAILED NOTES TO ACCOUNTS OF THE FINANCIAL STATEMENTS

1. Detailed notes to accounts of the Statement of Comprehensive Income

1.1. DAS Clearing Charges

The value of Day-Ahead Scheduling (DAS) clearing in the period 18/06/2018 to 31/12/2018 is broken down as follows:

	GROUP	COMPANY
DAS supply value	1,881,514,982.66	1,881,514,982.66
DAS exports value	226,065,724.00	226,065,782.24
	2,107,580,764.90	**2,107,580,764.90**

DAS supply value relates to the value of the cleared quantities of energy resulting from the Load Declarations included in the DAS for representation of Consumers of the Interconnected System and Network during the above mentioned period.

DAS exports value relates to the value of the cleared quantities of energy resulting from the Load Declarations included in the DAS for imports during the above mentioned period.

1.2. Returns from DAS Clearing

The returns form the Day-Ahead Scheduling (DAS) during the period 18/06/2018 to 31/12/2018 are broken down below.

	GROUP	COMPANY
DAS production value	1,486,983,366.52	1,486,983,366.52
DAS imports value	405,879,454.41	405,879,454.41
Advance payment of declared quantity	36,310,597.23	36,310,597.23
	1,929,173,418.16	**1,929,173,418.16**

DAS production value relates to the value of the cleared quantities of energy resulting from the Energy Offers included in the DAS from production units during the above mentioned period.

DAS imports value relates to the value of the cleared quantities of energy resulting from the Energy Offers included in the DAS for exports during the above mentioned period.

1.3. Forward Products

Pursuant to the empowering provisions of Law 4389/2016, in the period from 18/06/2018 to 31/12/2018 HEnEx held auctions of electricity forward products with physical delivery (NOME auctions) in accordance with the provisions of the Exchange Code for Electricity Forward Auctions. The value of forward products is broken down below:

	GROUP	COMPANY
Advance collection		
of Forward product	14,941,131.34	14,941,131.34
Advance collection of declared quantity		
of Forward product	21,369,465.87	21,369,465.87
Advance payment		
of Forward product	(14,941,131.34)	(14,941,131.34)
Advance payment of declared quantity		
of Forward product	(21,369,465.87)	(21,369,465.87)
Daily sub-forwards	(178,407,346.74)	(178,407,346.74)
Forward products	(178,407,346.74)	(178,407,346.74)

1.4. Revenue for covering Administrative and Operating Costs

The Hellenic Energy Exchange allocates its annual administrative and operating costs to the Load Representatives (electricity suppliers and exporters), the load declarations of which are included in the Day-Ahead Scheduling. In this manner, the Company recovers all its administrative costs plus a reasonable profit.

These costs, including depreciation and amortization, are fully budgeted for. The HEnEx budget at this stage of operation is approved by the RAE. The budget approved for the period of HEnEx operation from 18/06/2018 to 31/12/2018 amounted to €2,525,946.26.

1.5. Contributory Fee

According to the empowering provision of paragraph 1 of Article 140 of Law 4389/2016, the Energy Exchange is responsible for the organization and conduct of auctions of electricity forward products with physical delivery (NOME auctions). In accordance with the provisions of Article 10 of the Exchange Code for Electricity Forward Products (SSDPPIE) (RAE Decision 510/2018, Government Gazette 2036B of 18/06/2018), in order to participate in the SSDPPIE, Eligible Suppliers pay to the Energy Exchange a Contributory Fee calculated annually taking into account the annual cost of the Auctions and the Annual Quantity made available through the Auctions and approved by the RAE following the recommendation of the Energy Exchange. Each Eligible Supplier pays an amount proportionate to the Quantity of Forward Products Dispatched to the Eligible Supplier in each Auction.

In the initial period of the HEnEx operation (18/06/2018 to 31.122018) the contributory fee amounted to €154,939.26.

1.6. NEMO Fees

Revenue earned as part of the responsibilities of HEnEx as a Nominated Electricity Market Operator (NEMO) and related to the fee received by HEnEx for the provision of services to a working group under the INCA agreement, which governs the cooperation among the NEMOs of the 26 Member States and concerns the performance of the common functions/procedures/projects specified by CACM. In the initial period of the HEnEx operation (18/06/2018 to 31.122018) this revenue amounted to €380.96.

1.7. Personnel remuneration and expenses

Personnel remuneration and expenses amounted to €422.562,23 for the Group, with the relevant amount for the Company amounting to €420.529,07, and concern the permanent staff of the

Company, which on 31/12/2018 comprised 12 employees for the Group and 11 employees for the Company.

	GROUP	COMPANY
Regular remuneration	307,761.75	306,135.68
Ancillary benefits	14,974.30	14,974.30
Employer charges	99,826.58	99,419.09
	422,562.63	**420,529.07**

1.8. Third party fees and expenses

The amount for the Group came to €349.421,23 and relates to fees of partners providing services to the Company under a works contract issuing invoices for services rendered, amounting to €170,539.85, ADMIE fee amounting to €100,283.08, provision for fees to auditors - €36,000.00, remuneration of members of the Board of Directors amounting to €27,430.44, EY fees for consulting services amounting to €9,240, as well as fees for lawyers amounting to €3,300 and Hewitt fee amounting to € 600.00. The relevant amount of the Company came to €312,407.23.

1.9. Rents

Rents for the reporting period came to €43,670.85 for the Group and €41,463.56 for the Company. The amount for the company concerns a provision for the proportional rent for the period from 15/06/2018 to 31/12/2018. The Company rents the 4th floor of the ATHEXCSD building at 110 Athinon Avenue.

1.10. Other payments to third parties

Other payments to third parties came to €388,095.15 for the Group and €381,452.95 for the Company and are broken down as follows:

	GROUP	COMPANY
Provision of human resources and administrative support services	52,870.32	49,201.00
Accounting and financial services	40,751.42	37,858.00
Technical support services	49,821.00	49,821.00
Expenses for NEMO Services	185,223.51	185,223.51
Business consulting services (transfer of DAPEEP staff)	57,843.35	57,843.35
Other expenses (maintenance, cleaning, courier)	1,585.55	1,506.09
	388,095.15	**381,452.95**

1.11. Other expenses

Other expenses for the reporting period came to €146,694.53 for the Group and €161,626.53 for the Company and are broken down as follows:

	GROUP	COMPANY
Formation expenses	76,443.13	76,443.13
Transportation expenses	2,037.35	2,037.35
Travel expenses	7,778.99	7,778.99
Promotion and advertising expenses	7,795.71	7,795.71
Subscriptions-contributions	3,189.25	3,189.25
Printed materials-stationery	2,934.89	2,934.89
Other expenses	46,515.21	67,447.21
	146,694.53	**167,626.53**

1.12. Depreciation of fixed assets

The depreciation of fixed assets amounting to €49,468.50 relates to facilities in buildings of third parties, furniture, computer hardware and software for the reporting period.

1.13. Provisions for Staff Retirement Obligations

In accordance with the actuarial valuation of the independent actuary, an estimate was made of the provision that the Company must record for the benefit of Law 2112 (net liability recognized in the balance sheet) according to the amended IAS 19 as at 31/12/2018. The provision came to the amount of €147,433 and was recorded as an expense for the year and as a liability recognized in the Statement of Financial Position of 31/12/2018 (see note 2.10).

Actuarial assumptions	Valuation date 31/12/2018
Discount rate	1.76%
Increase in salaries (long term)	1.00%
Inflation rate	1.00%
Mortality	EVK 2000 (Swiss table)
Personnel turnover rate	0.50%
Normal retirement age	Retirement terms established by the social security fund of the employee
Duration of liability	8.86

Cash flows	
Expected benefits from the plan in the next fiscal year	31.12.2018

Sensitivity scenaria for the economic and demographic assumptions used	
Sensitivity 1 – Discount rate plus 0.5% - % difference in liability present value (PV)	(4.00)%
Sensitivity 2 - Discount rate minus 0.5% - % difference in liability PV	4.40%
Sensitivity 3 – Annual inflation plus 0.5% - % difference in liability PV	4.40%
Sensitivity 4 - Annual inflation minus 0.5% - % difference in liability PV	(4.00)%
Sensitivity 5 - Assumption: salary increase plus 0.5% - % difference in liability PV	2.20%
Sensitivity 6 – Assumption: salary increase minus 0.5% - % difference in liability PV	(2.70)%

1.14. Interest and related expenses

The account came to €1,565.59 and concerns bank expenses and commissions paid on remittances as well as on interbank transfers.

1.15. Interest income

The Company recorded an interest income of €145,358.99 derived from the placement of the cash balances of energy transactions in interest-bearing bank accounts.

1.16. Taxes - Duties

Non-deductible Value Added Tax, and other taxes that burden the cost of services amounted to €42,777.81 and includes property tax €1,492.69.

1.17. Result for the period 18.6.2018-31.12.2018

The Company's budget in its current phase is approved by RAE. The Company recovers its operating costs through monthly pricing of participants according to the approved budget for the year. Any resulting difference is returned to the participants, except for a small amount, i.e reasonable profit, which remains in the Company. For 2018, the reasonable profit approved by RAE for Hellenic Energy Exchange is € 40,000. At consolidation level, the reasonable profit is aggregated with the result of ENEX Clearing House which for the year 2018 amounted to a profit of € 3,034.95. The result before taxes on a consolidated basis amounted to € 43,034.95.

2. Detailed notes to accounts of the Statement of Financial Position

2.1. Fixed assets

The fixed assets of the company are recognized at the undepreciated value and are broken down in the following table:

	Book Value	Depreciation and amortization	Undepreciated/ Unamortized value
Facilities in buildings of third parties	169,720.23	1,160.03	168,560.20
Furniture and fixtures	97,615.00	27,412.09	70,202.91
Computers	68,711.99	15,938.12	52,773.87
Software programmes	12,489.44	4,637.29	7,852.15
Total	**348,536.66**	**49,147.53**	**299,389.13**

2.2. Participation in EnExClear

At the meeting No. 5 of 3.10.2018 of the Board of Directors of the HELLENIC ENERGY EXCHANGE (HEnEx) a decision was made for the establishment of a subsidiary Company in order to undertake the clearing of transactions in the Day-Ahead and Intraday Markets as a Clearing House in accordance with the provisions of Articles 12 and 13 of Law 4225/2016. Specifically it was decided to establish a HEnEx subsidiary under the name "EnEx CLEARING HOUSE" and the trade name "EnExClear S.A." with a share capital of €1,000,000, with a 100% participation of HEnEx in the share capital for the fulfilment of the provisions of Articles 12, 13 and 14 of Law 4425/2016. The Articles of Association of EnExClear were decided at the same meeting of the Board of Directors.

In documents in a foreign language and in the transactions of the Company abroad, the Company will use the name "EnEx Clearing House S.A." and the trade name "EnExClear S.A." (see note E.1).

2.3. Participation in PCR

The cooperation for a single day-ahead market coupling of the European regions initially began in 2009 with a first discussion between the European exchanges EPEX SPOT, OMIE and Nord Pool, which carried out an initial technical assessment for the development of a mechanism (a technical solution) for regional price coupling, a solution to which they gave the name Price Coupling of Regions, hereinafter, "PCR"). The PCR initiative worked on existing technical solutions and algorithms in operation (coupling of the Central West Europe region and the COSMOS algorithm) with the aim of further developing these infrastructures so as to become the single pan-European solution for price coupling. The technical solutions developed by the joint venture of Power Exchanges and Market Operators as part of the PCR were subsequently adopted by the Multi-Regional Coupling (MRC) initiative, a project of a similar concept between Power Exchanges and Transmission System Operators (hereinafter, "TSOs"), coordinated by the European Union.

As part of the above cooperation for the implementation of a single day-ahead market coupling of European regions, on 13 June 2012 the European energy exchanges APX, Belpex, EPEX SPOT, GME, OMIE and NPS (Nord Pool) signed the Cooperation Agreement for the PCR.

For the participation of HEnEx S.A. in the PCR, relevant Agreements were signed in 2018 between HEnEx S.A. and the electricity exchanges already participating (PCR Cooperation Agreement and PCR Co-Ownership Agreement). Based on the above Agreements, as a result of the participation of HEnEx in the PCR, there was a cost of accession undertaken by HEnEx for its participation as a Co-owner in the PCR, which was calculated up to 30 June 2018 (Adherence Date) and the allocation of which was made based on the number of energy exchanges that participated from time to time in the co-ownership of the PCR, as well as a cost for the participation of HEnEx, as a PCR co-owner, in the PCR budget for 2018, for the period 01/07/2018 to 31/12/2018.

In 2018, the amount paid for PCR came to €1,813,653.97.

2.4. Trade Receivables

Debtors came to €58,360,560.01 and relate to receivables from the electricity market participants collected in January 2019.

2.5. Sundry debtors

Sundry debtors	amount
HEnEx receivables from EnExClear	1,209.69
Expenses-accruals account	5,951.55
	7,161.24

2.6. Guarantees

The financial guarantees received as at 31/12/2018, which are kept in the collaterals account of a Systemic Bank came to the amount of €11,076,031.03.

2.7. Cash and cash equivalents

The cash balances of the Group as at 31/12/2018 amounted to €7,710,820.04 while those of the Company amounted to € 6,710,820.04 and are in total kept at the accounts of a Systemic Bank.

2.8. Share capital

The share capital of the Company amounts to €5,000,000.00 and is divided into 50,000 shares with a value of €100 each and is fully paid up.

2.9. Profit and loss for the period

In the reporting period, the Group and the Company recorded a profit of €~~93,519.20~~103,599.20 and €~~93,104.39~~101,504.39 respectively, as shown in the statement of comprehensive income for the period 18/06/2018 to 31/12/2018.

2.10. Provisions for Staff Retirement Obligations

This account concerns the calculation of the deferred benefit obligation and represents the present value of the accumulated liability of the Company, which corresponds to the service of the staff members to date (i.e. the established rights of the employees). The amount was calculated at €147,433 (see note 1.13).

2.11. Trade payables

Creditors came to €60,455,805.56 and mainly concern liabilities to electricity market participants that were paid in January.

2.12. Creditors

Creditors as at 31/12/2018 came to €310,898.88 for the Group (the major creditors being: HELLENIC CENTRAL SECURITIES DEPOSITORY S.A. €153,720.93, RES OPERATOR €69,800.64, HELLENIC EXCHANGES-ATHENS STOCK EXCHANGE S.A. €43,681.75, INTERSYS S.A. €19,530.00) and to €308,363.83 for the Company.

2.13. Amount to be settled

The amount to be settled came to €1,046,542.24 and concerns an amount to be offset or refunded to the participants. It is derived from the remainder left from the amount invoiced monthly to the energy participants (based on the budget approved by RAE) after subtraction of the operating expenses for the financial year and the reasonable profit that has been approved.

2.14. Sundry creditors

Sundry creditors came to €28,164.79 and include:

Sundry creditors	amount
Personnel remuneration due	2,906.93
Board of Directors	19,147.86
HEnEX Liability to ATHEX	6,110.00
	28,164.79

2.15. VAT payable

VAT for December 2018 amounted to €463,561.78 for the Group and €463.805.14 for the Company and was paid in the end of January 2019 to the Athens Tax Office for Limited Companies.

2.16. Taxes and duties payable

Taxes and duties amounted to €49,423.43 and consist of income tax, payroll tax and tax on third party fees. For the Company the relevant amount came to €49,267.22.

2.17. Payables to Social Security Organizations

The amount of social security contributions withheld on 31.12.2018 and came to €50,618.98. For the Company the corresponding amount came to €49,951.32.

2.18. Accrued expenses

This account includes various expenses recorded for the more accurate allocation and calculation of the results for the period. These expenses came to €436,545.64 (€442,696.15 for the Company) and are broken down in the following table:

	GROUP	COMPANY
Renting offices	43,670.85	41,463.56
Human resources and administrative support services	52,870.32	49,201.00
Accounting and financial services	40,751.42	37,858.00
Technical support services	49,821.00	49,821.00
Formation expenses (transfer of DAPEEP staff)	25,500.00	25,500.00
Consulting-Legal Services	18,087.73	18,087.73
Expenses for NEMO Services	38,265.96	38,265.96
PCR Expenses	28,546.29	28,546.29
NORDPOOL Expenses	18,326.57	18,326.57
Rent revenue stamp-other expenses	2,124.42	2,044.96
ADMIE and Hewitt fees	100,883.08	100,883.08
Expenses for tax and accounting audit	36,000.00	30,000.00
Administrative expenses to ENEXCLEAR	0.00	21,000.00
Relocation expenses	17,698.00	17,698.00
Total	**472,545.64**	**478,696.15**

2.19. Deferred Tax

Deferred tax account came to €~~36,858.25~~ 46,938.25and concerns 25% on provisions of actuarial study for staff compensation amounting to €147,433.00.

2.20. Current income tax

According to the tax legislation (Law 4334/2015), the tax rate applied by the companies was 29% for the year 2018.

According to amendment 1811/4 - 27.11.2018 regarding article 58 of Law 4172/2013 the tax rate will gradually decrease by one unit per year till 2022.

Thus the year 2019 will be 28%

For the year 2020 it will be 27%

For the year 2021 will be formed at 26%

For the year 2022 it will be formed at 25%

The income tax obligation of €107,309.00 for the Company, as reflected in the Statement of Financial Position, concerns an income tax obligation of €129,112.85 reduced by the amount of tax withheld from interest income - €21,803.85.

Non-deductible expenses include provisions, various expenses, as well as amounts considered by the Company to be unjustified as production costs in potential tax audit and which are reclassified by the management in the calculation of income tax.

The income tax reconciliation with earnings before tax, based on the applicable rates and tax expense, is as follows:

Income tax expense	Group 31.12.2018	Company 31.12.2018
Income tax	121,292.99	129,112.85
Deferred tax	~~-36,858.25~~ -46,938.25	~~-36,858.25~~ -45,258.25
Income tax expense	**~~84,434.74~~84,794.74**	**~~92,254.60~~83,854.60**

Income tax	31.12.2018	31.12.2018
Profits before taxes	188,393.94	185,358.99
Income tax rate	29%	29%
Expected income tax expense	54,634.24	53,754.11
Tax effect of non-deductible expenses	~~29,800.50~~30,160.50	~~38,500.49~~30,100.49
Income tax expense	**~~84,434.74~~84,794.74**	**~~92,254.60~~83,854.60**

For the fiscal year 2018 the Company has been subject to the tax audit of SOL S.A, according to provisions of Article 65A of Law 4174/2013. This audit is in progress and the relevant tax certificate is due to be issued after the publication of the financial statements for the year 2018. If additional tax liabilities are established before the completion of the tax audit, we assume that they will not have a material effect on the financial statements.

3. Related party disclosures

The transactions with related parties are broken down as follows:

- The remuneration of executives and members of BoD amounted to €306,301.48.
- The Company paid on 18/12/2018 the amount of €1,000,000 as share capital of EnEx Clearing House S.A.
- The ENEX Clearing House S.A had recovered from the parent company ENEX €21,000 to cover operating expenses till 31.12.2018.

4. Segment Information

In accordance with the provisions of IFRS 8, the determination of operating segments is based on a “management approach.” Based on this approach, information that is disclosed for operating segments must be that which is based on internal organizational and managerial structures of the Group and the Company, and in the main accounts of the internal financial reports that are being provided to the chief operating decision makers. The chief business decision market of the Group is the Chief Executive Officer (Executive member of the BoD).

An operating segment is defined as a group of assets and operations exploited in order to provide products and services, each of which has different risks and returns from other business segments. For the Group, the main interest focuses on energy segment.

On 31 December 2018 the core activities of the Group were broken down in the following operating segments:

	Energy
Revenue	2,110,262,031.38
Capital income	145,358.99
Expenses	-2,109,172,454.19
Liabilities to participants-amount to be settled	-1,046,542.24
Taxes	~~-94,874.74~~ -84,794.74
Earnings after tax	**~~93,519.20~~103,599.20**
Assets	299,389.13
Cash and cash equivalents	18,786,851.07
Other assets	~~60,218,233.47~~60,228,313.47
Total assets	**~~79,304,473.67~~79,314,553.67**
Total liabilities	**74,210,954.47**

5. Earnings per share and dividends payable

The net profit of the Group for the financial year 2018 (18/06/2018 to 31/12/2018) reached €~~93,519.20~~103,599.20 or €~~1.87~~2.07 per share, while the net profit of the Company reached €~~93,104.39~~101,504.39 or €~~1.86~~2.03 per share. The Company has 50,000 shares.

6. Contingent liabilities

The Group and the Company have not been involved in legal proceedings with employees, energy market participants, or with third parties.

7. Events after the date of the financial statements

No event with material impact on the results of the Company and the Group occurred or was concluded after 31/12/2018, the date of the annual financial report for 2018 (from 18/06/2018 to 31/12/2018) and until the approval of the annual financial report by the Board of Directors of the Company on 04/06/2019.

Athens, 4 June 2019

Athanasios Savvakis

Chairman

Michael Philippou

Chief Executive Officer

Vasilis Gkovaris

Chief Financial Officer - ATHEX

Christos Magioglou

Director of Financial Management - ATHEXCSD

Charis Antonatos

Deputy Director of Financial Control, Budgeting

and Investor Relations - ATHEXCSD