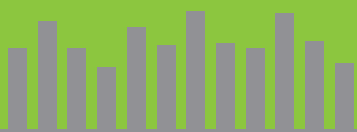


ANNUAL REPORT AND ACCOUNTS 2017



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ACRONYMS

OMIClear

OMIClear, C.C., S.A.

OMIP

OMIP – Pólo Português, S.G.M.R., S.A.

OMIE

OMI – Polo Español, S.A.

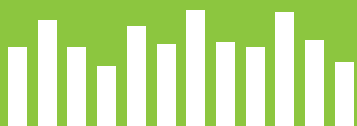
OMIP SGPS

OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.

OMEL

Operador del Mercado Iberico de Energía, Polo Español, S.A.

ANNUAL REPORT AND ACCOUNTS 2017



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MESSAGE FROM THE CHAIRMAN

01

The traded volume and liquidity in electrical energy forward markets across Europe fell sharply in 2017. OTC volumes dropped quite significantly in the main markets, namely 30% in France, 34% in Italy, 28% in the United Kingdom, and slightly more moderately in the German market. The Spanish market was no exception, with a 20% drop compared to 2016. It should be recalled that, from 2014 on, the overall forward market, and OMIClear in particular, showed a sustained increasing trend. The first time the forward trading volume decreased was in 2015, and although it recovered somewhat in 2016, volumes traded in 2017 dropped again, ended up being lower than those of 2015.

The year just ended was also marked by regulatory uncertainty (for example, due to the entry into force of the MIFID II Directive in January 2018) and by increasingly more stringent reporting requirements by market participants. At the same time, some banks and investment funds continued to withdraw from commodities futures, which, combined with the overall shrinkage tendency led to the decrease in the traded volumes of energy futures in European markets. In this context, 2017 saw a waning of the MIBEL Derivatives Market participants' interest, with less demand for hedging. As a Central Counterpart Clearing House of energy derivatives, OMIClear was rather affected by the overall evolution of market liquidity, and also by competition, so much so that the 2017 financial year closed with a negative net result.

Faced with this adverse environment, OMIClear continued its efforts to diversify its activities, in particular with regard to the natural gas market. The second half of 2017 already shows some signs of this endeavour. In November, OMIClear with the collaboration of OMIP launched the clearing service of natural gas OTC contracts registered with OMIP. These are physical delivery financial contracts of a legal

nature, OMIClear being the first European CCP to offer clearing services for natural gas derivatives with delivery in the Spanish virtual balancing point (PVB-ES). Note also the cooperation agreement concluded with MIBGAS, whereby OMIClear assumes the role of central counterpart in transactions made in the derivatives market segment.

This strategy to expand the portfolio designed to meet the needs of the market agents together with the high level of service always provided by OMIClear gives our company the trust and courage needed to face the challenges ahead, in particular the fierce increase in competition.

Consequently, the immediate steps will be to continue to diversify in order to mitigate risks, most of which are beyond our control, and to maintain a very tight cost structure, yet flexible enough to efficiently respond to any opportunity.

Finally, we would like to thank the entire OMIClear team, including the non-executive Directors, for their excellent work in these hard times, and to express our thanks to all the shareholders for their constant support and trust.

Lisbon, 14 March 2018

Ignacio Grangel Vicente
Chairman of the Board of Directors

Artur Trindade
Deputy-Chairman of the Board of Directors

RELEVANT FACTS

02

2017

14 November OMIClear and MIBGAS Derivatives conclude a cooperation agreement to provide clearing and settlement services for MIBGAS Derivatives transactions.

24 November OMIClear launches the clearing and settlement service of bilateral transactions of natural gas futures contracts registered with OMIP.

Table 1 Relevant facts in 2017

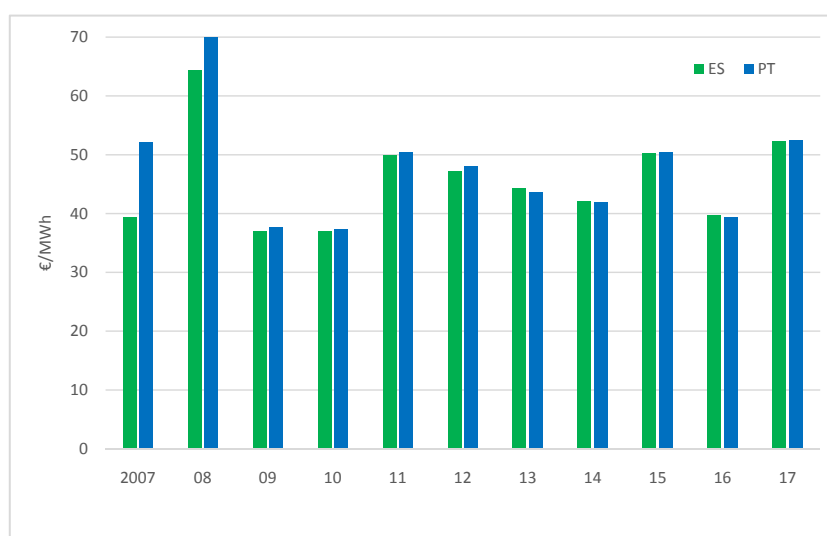
DERIVATIVES MARKET

03

3.1. Background

In 2017, the average annual spot prices of electricity increased, with differences compared to the previous year of 12.58 EUR/MWh and 13.05 EUR/MWh, respectively in the Spanish and Portuguese MIBEL zones.

Figurea 1 Spot prices (€/MWh) 2007 to 2017. Annual average. Spanish and Portuguese zones.



In 2017, the average price in the Portuguese zone was higher than that of the Spanish zone by 0.24€/MWh, a reversal of the situation noted in 2016. This is primarily due to the change in the production mix. In 2017, compared to the previous year, the production of combined-cycle power plants doubled, while hydroelectric power production dropped more than half. The drop in hydroelectric power production is particularly relevant as hydroelectric power in Portugal represents 34% of the installed capacity.

Futures and premium contracts (Following Month, Following Quarter and Following Year) tended to increase slightly in the annual average of the 3 maturities.

As regards monthly contracts, they increased from 43.01€/MWh in 2016 to 52.19 €/MWh in 2017, while quarterly contracts increased from 43.36 €/MWh in 2016 to 50.26 €/MWh in 2017, and the average price of annual contracts increased from 42.29 €/MWh in 2016 to 46.25 €/MWh in 2017.

Figure 2 Price of Futures for the first Contracts (€/MWh). Spanish zone.

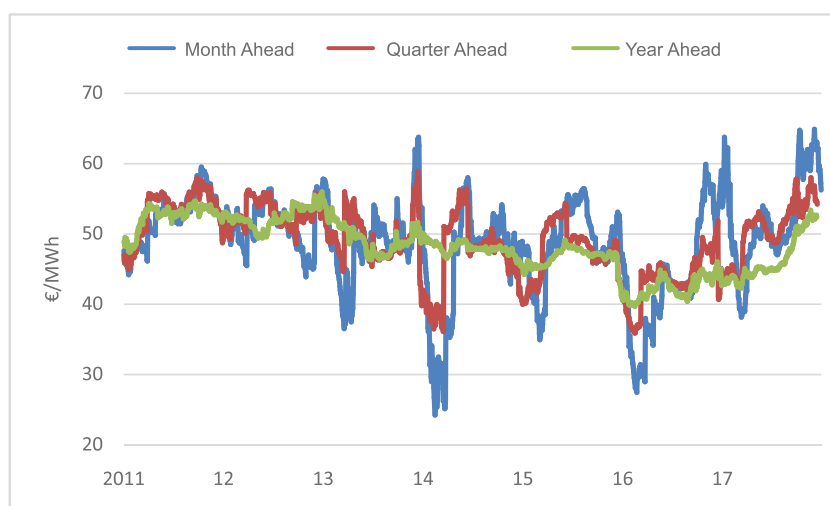
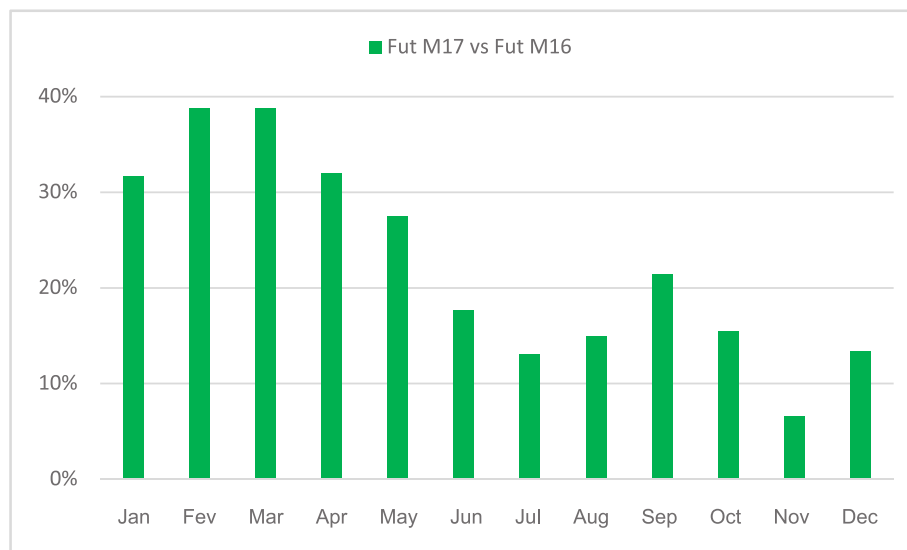


Figure 3 Variation in Average Monthly Futures Prices 2017 vs. 2016. Spanish Zone.



When comparing Futures with the French market, regarding quarterly contracts, in the first half of 2017, prices in the French market were lower than those in the Spanish market, in the second half of the year they converged, and in the last quarter they were practically the same. Regarding annual products, prices of French products were lower than those in the Spanish zone throughout the year.

Figure 4 Prices of the first Quarterly Futures Contract (€/MWh). French Market vs. Spanish Market.

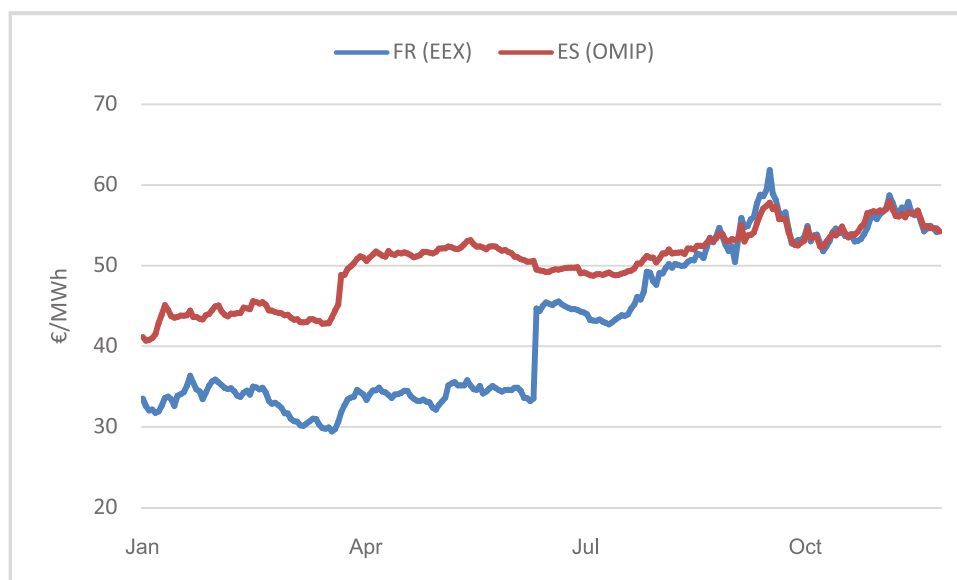
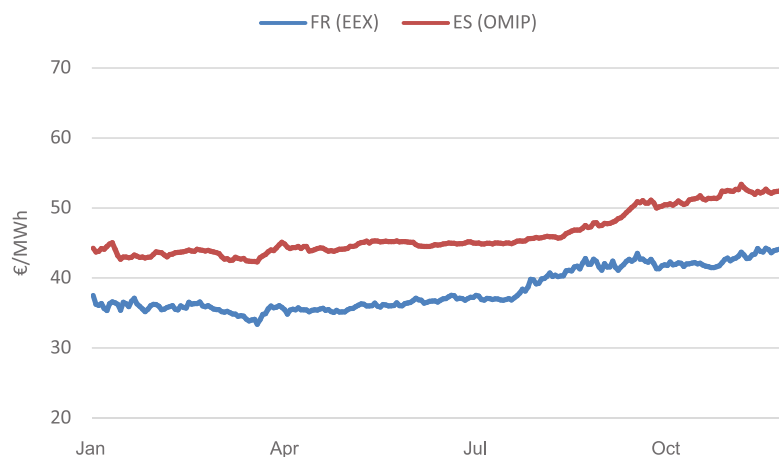


Figure 5 Prices of Futures Contract 2017 (€/MWh). French Market vs. Spanish Market.



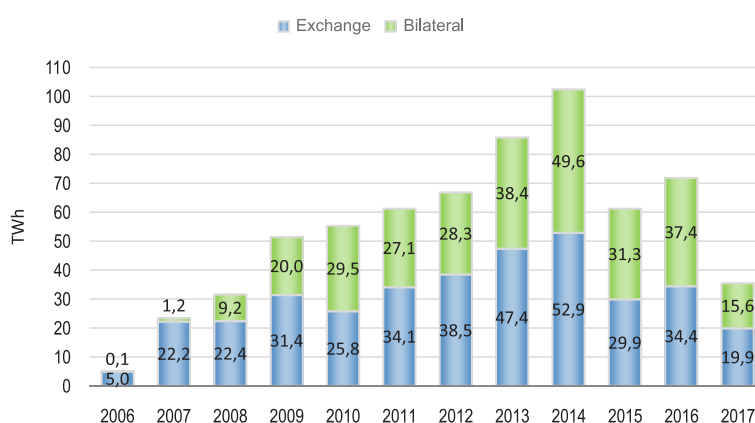
3.2. Clearing and Settlement

The volume recorded and cleared by OMIClear dropped 50.6 % compared to the previous year, from 71.8 TWh to 35.5 TWh, the notional value representing 1 412 million EUR.

Table 2 OMIClear Activity Indicators

	2017	2016
Registered volume (TWh)	35,5	71,8
Nocional amount registered (M€)	1 412	2 637

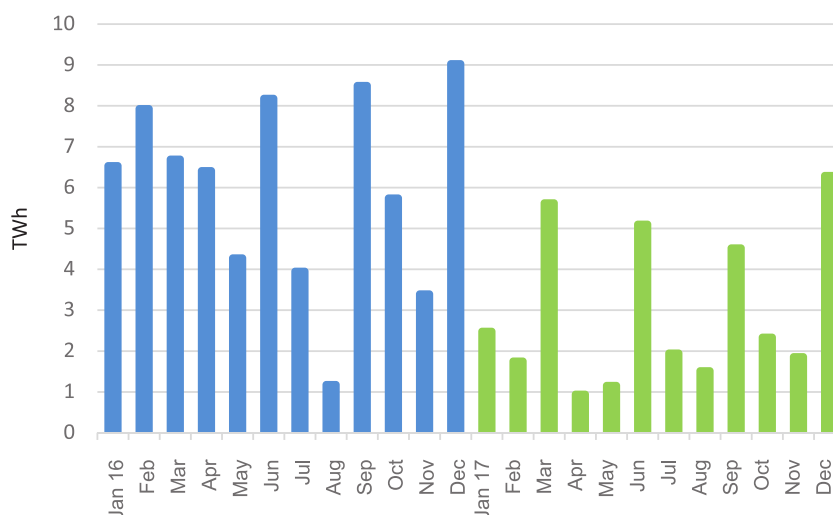
Figurr 6 Annual volumes cleared by OMIClear (TWh)



In 2017, of the total cleared volumes, 19.9 TWh were cleared either through continuous or auctioned by OMIP and 15.6 TWh was done through OTC registrations, directly by OMIClear.

The separate analysis of each month shows that cleared volumes typically show some volatility throughout the year. March and December were the months with the largest volume, while April, May and August were clearly the ones with the least volume registered with the CCP.

Figure 7 Monthly Energy Volumes registered at OMIClear (TWh)



With the aim of continuing to promote market liquidity, OMIClear, in collaboration with OMIP, continued to support the Market Makers programme. In this context, the following aspects are particularly relevant:

- > The setting up of an annual contract with all Market Makers;
- > In 2017, the same companies continued as Market Makers: Endesa, EDF Trading and AXPO Ibérica.
- > In 2017, Market Makers mediated the monthly, quarterly and annual Futures contracts in the Spanish zone, as well as options relating to these contracts.

Figure 8 Market Making in the OMIP market. Spanish Futures Zone

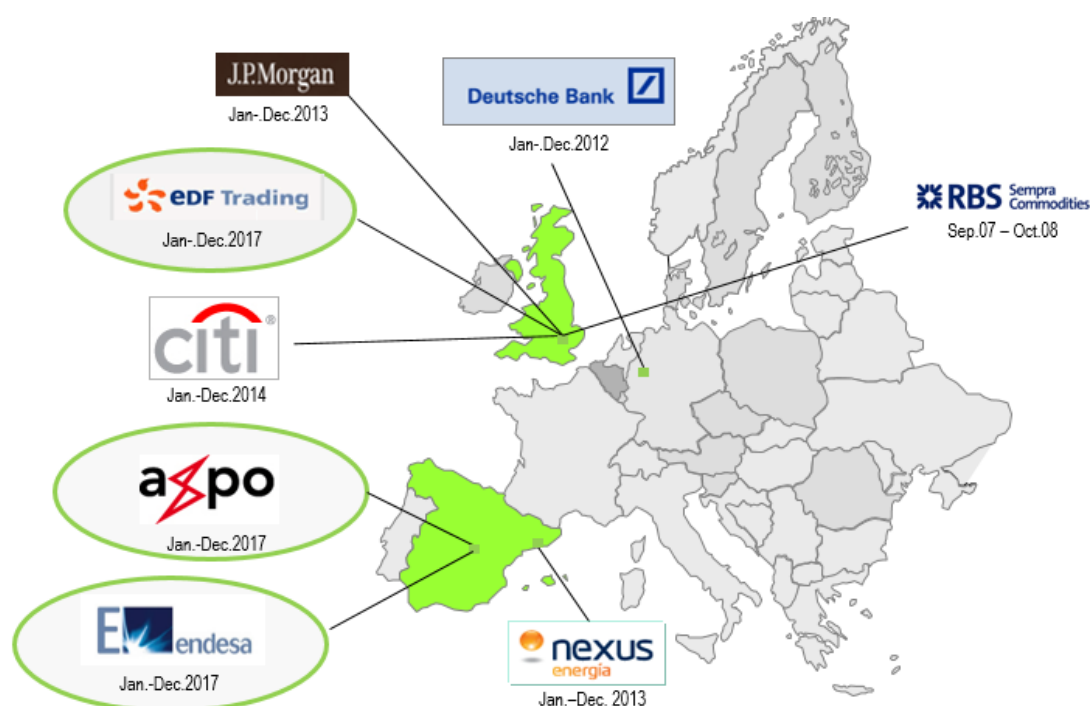
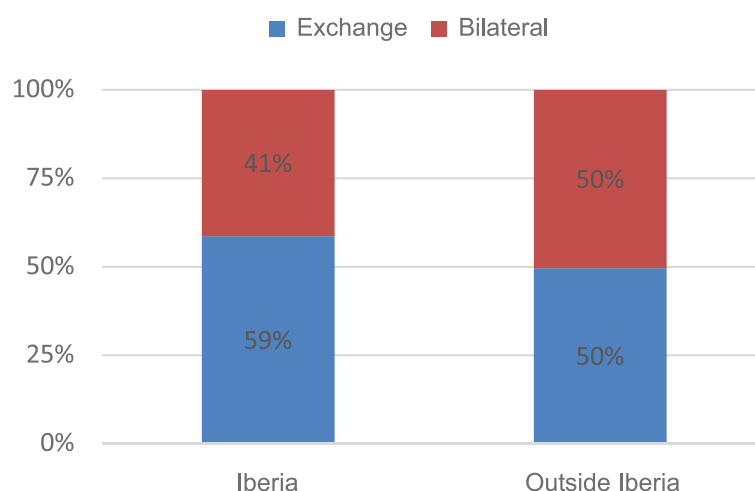


Figure 9 Distribution of volumes cleared by OMIClear. Exchange trading vs. OTC and Iberia vs. Outside Iberia (2017).



The behaviour in both Iberian and Non-Iberian players of the distribution of volumes cleared through the stock market or OTC was similar. A little over a half of registrations with OMIClear in Iberian markets resulted from the volumes traded on the stock market, the rest being from OTCs registered directly at the CCP. The proportion is practically the same for Non-Iberian players.

Regarding contract maturity, contracts with the most volumes cleared by OMIClear are those delivered yearly, with a market share close to 24 % on the market, and close to 55 % in OTCs; contracts with shorter maturities (Days, Weekends and Weeks) are those whose volume has less impact on the total volume registered by OMIClear.

Figure 10 Volumes traded in the market and cleared by OMIClear (MWh). Historical distribution by maturity.

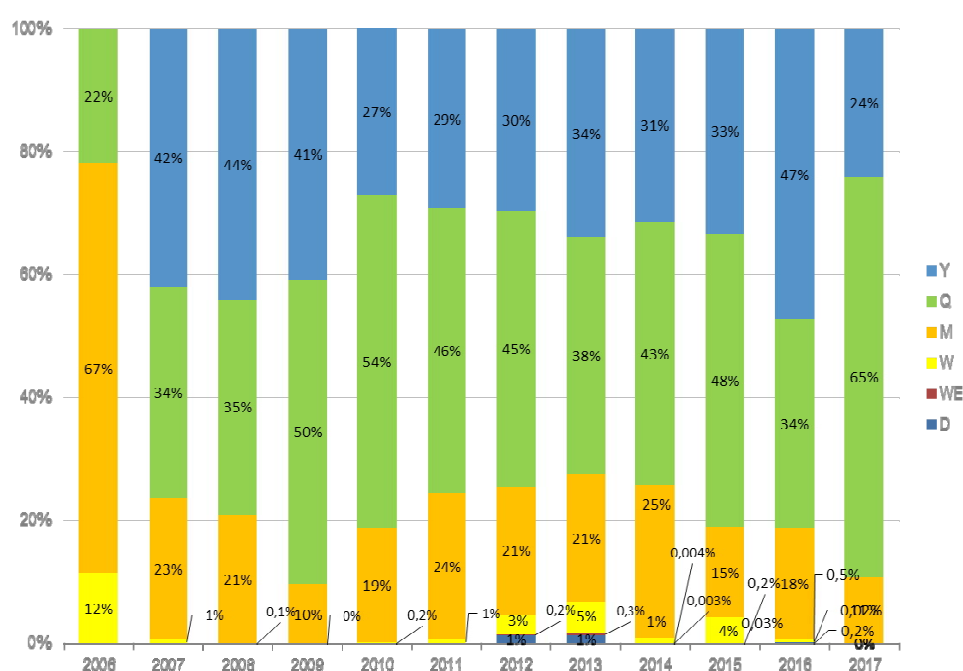
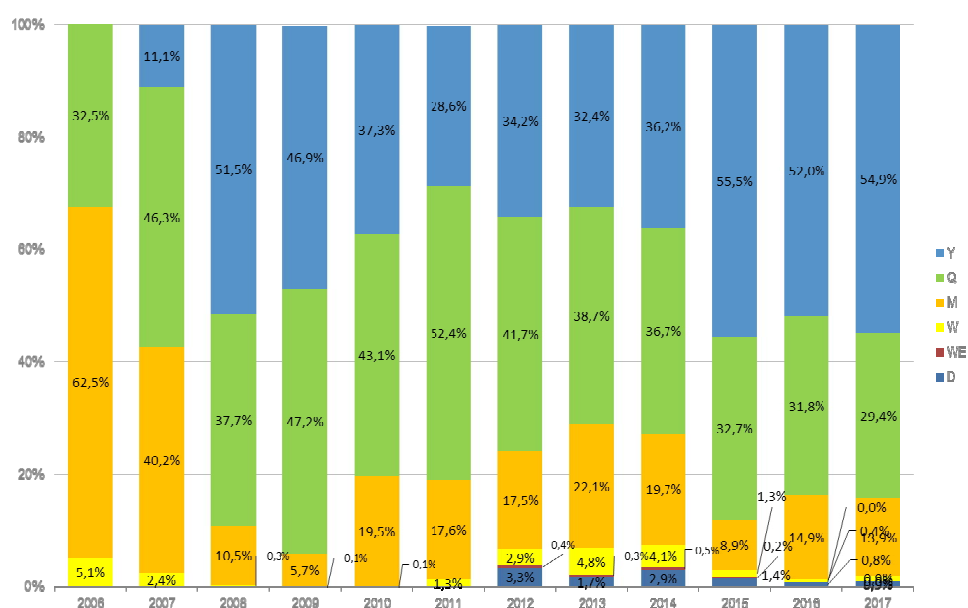
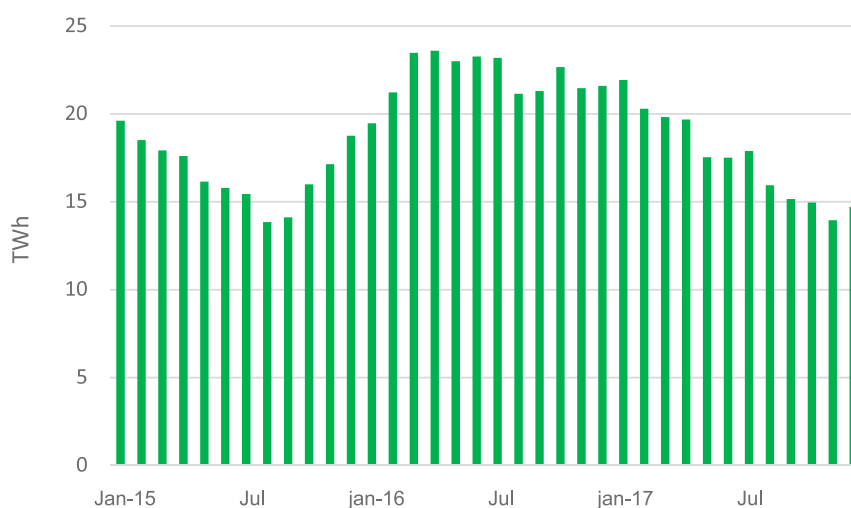


Figure 11 Volume traded on the OTC market and cleared by OMIClear (MWh). Historical distribution by maturity.



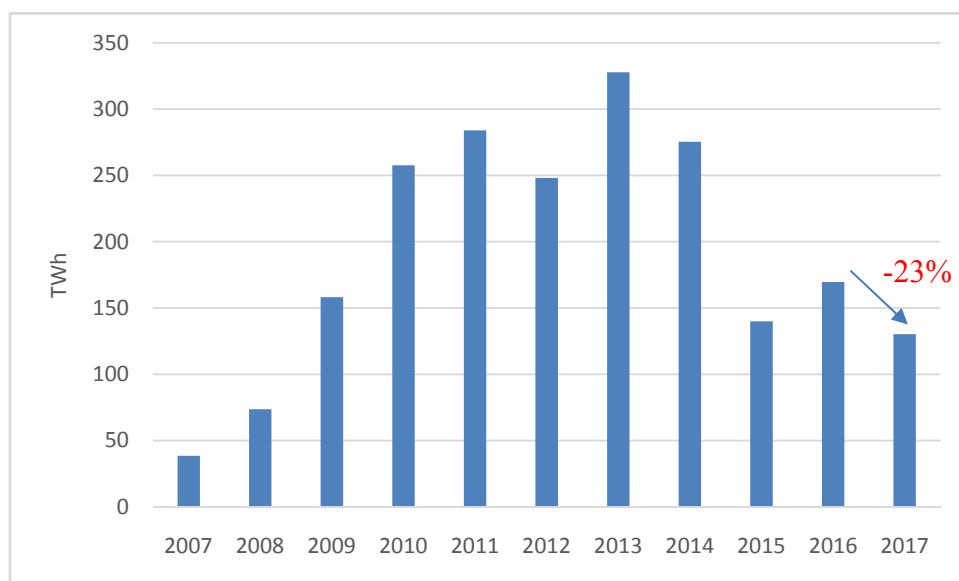
Open Interest positions revealed a downward trend throughout the year.

Figure 12 Mean monthly value of open positions registered with OMIClear (MWh)



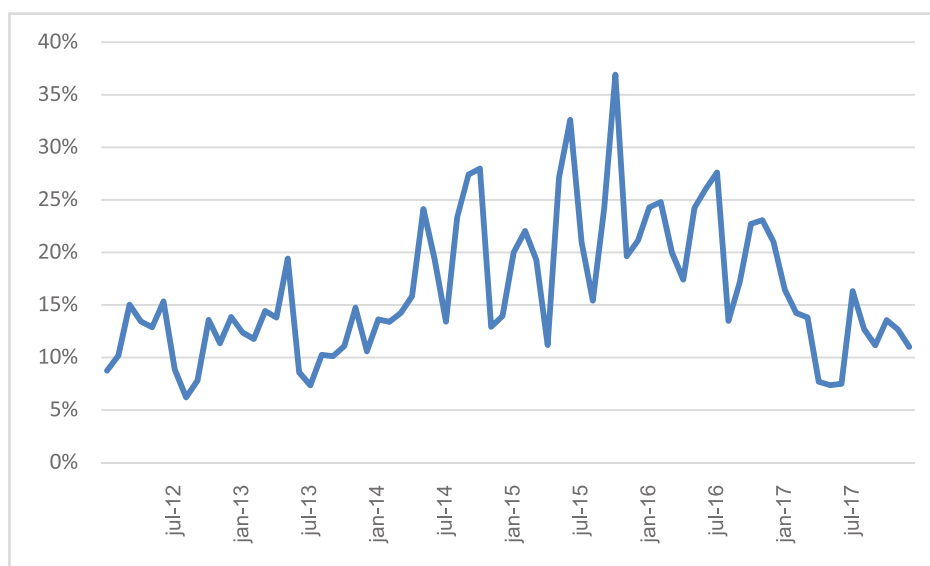
The volume traded on the OTC market decreased 23 % compared to 2016. 2017 is therefore characterised, on the one hand, by the regulatory uncertainty due to the entry into force of the MIFID II Directive in January 2018, and also due to the increasingly more stringent reporting requirements by market participants. In addition to these two factors, the overall shrinkage tendency and the fact that some banks and investment funds withdrew from commodities futures markets contributed to a decrease in the traded volumes of energy futures in European markets.

Figure 13 Total annual OTC value. Data provided by CNMC



OMIClear's market share in terms of OTC registrations dropped slightly to close to 10 %, as a result of the strong competition. It kept, however, its position as one of the main Clearing Houses for Iberian electricity derivative products.

Figure 14 Share of the total volume cleared by OMIClear of the Total OTC market



Given the very competitive environment, OMIClear continued its efforts to diversify its activities, in particular with regard to the natural gas market. The second half of 2017 already shows some signs of this endeavour. In November, OMIClear with the collaboration of OMIP launched the clearing service of natural gas OTC contracts registered with OMIP. These are physical delivery financial contracts of a legal nature, OMIClear being the first European CCP to offer clearing services for natural gas derivatives with delivery in the Spanish virtual balancing point (PVB-ES). A cooperation agreement was also concluded with MIBGAS, whereby OMIClear assumes the role of central counterparty in transactions made in the derivatives market segment.

3.3. Participants

OMIClear has three types of participants: (i) clearing members, which are counterparties in the registered operations; (ii) settlement agents, who only play the complementary role of facilitating or providing settlement services to the clearing members, through the TARGET2 System of European Central Banks in the case of financial settlements, and through OMIE in the case of physical settlements, OMIClear thus not being a counterpart in the transactions; and (iii) registration agents, who are the clients of the clearing members, with whom they deal with, and who are able to register operations cleared or settled by OMIClear through access to the platforms of negotiation, registration or clearing.

No clearing member was admitted in 2017.

At the end of the year, there were a total of 14 clearing members and 52 registration agents. In turn, there were 22 settlement agents, 16 of which dealing with physical settlement and 6 with financial settlement.

The table 3 lists the OMIClear participants as at 31 December 2017, specifying the status of each participant.

Excluding the registration agents, Spain and Portugal account for the majority of companies registered with OMIClear as clearing members and settlement agents, though the distribution is not symmetrical for all functions: general clearing members and financial settlement agents are almost equally distributed between the Iberian region and other European countries, whereas in the case of direct clearing members and physical settlement agents the prevalence of Iberian members is more significant.

Figure 15 Origin of OMIClear's participants (Dec.2017), excluding Registration Agents

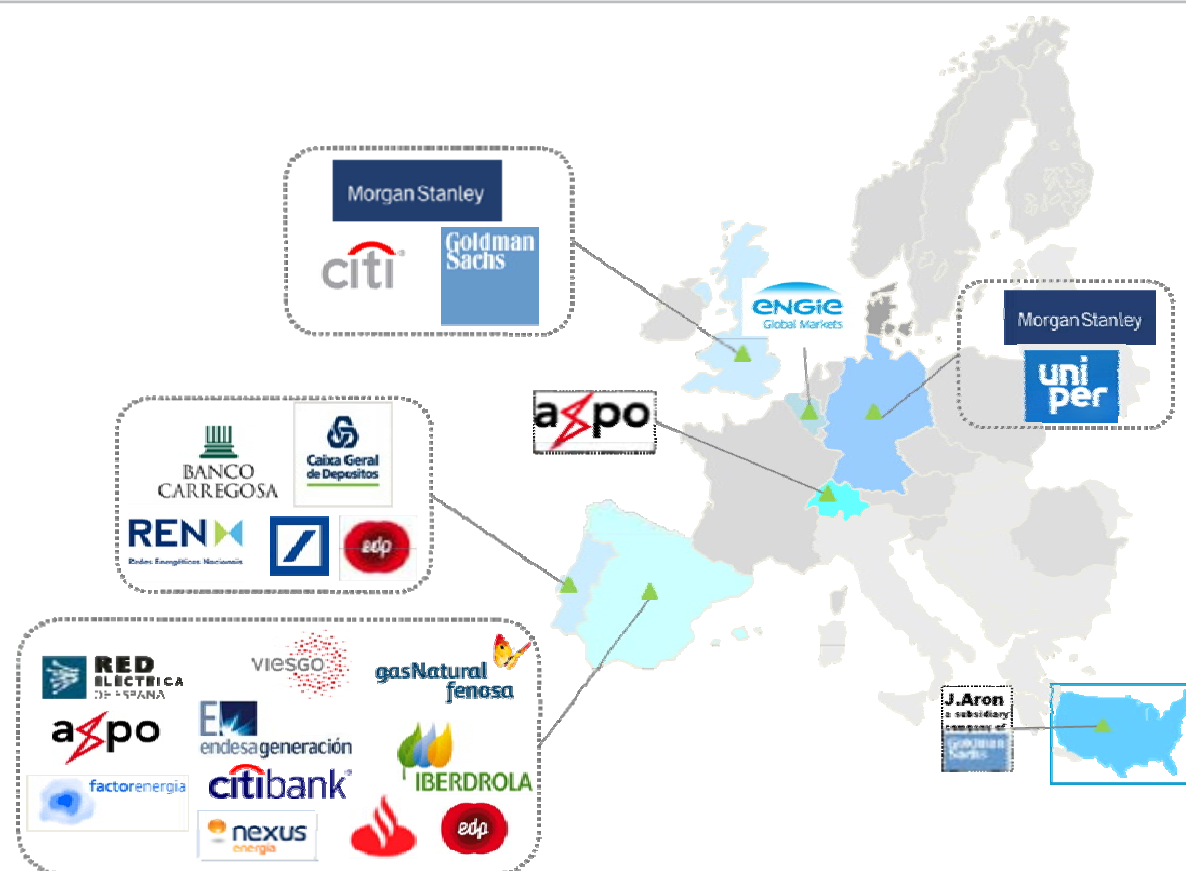


Table 3 List of Participants (31.Dec.2017)

	Direct Clearing Member	General Clearing Member	Financial Settlement Agent	Physical Settlement Agent	Registration Agent
Acciona Green Energy Developments, S.L.					
Alpiq AG					
AXPO Iberia, S.L.					
Banco L.J. Carregosa, S.A.					
Banco Santander, S.A.					
BP Gas Marketing Limited					
Caixa Geral de Depósitos, S.A.					
Celtica Energía, S.L.					
Cepsa Gas y Electricidad					
CIMD – Corretaje e Información Monetaria y de Divisas, S. V., S.A.					
Citadel Financial Products S.à.r.l.					
Citibank International PLC, Sucursal en España					
Citigroup Global Markets Ltd.					
Clidom Energy, S.L.					
Danske Commodities, A/S					
Deutsch Bank, AG – Sucursal em Portugal					
Dreue Electric, S.L.					
Ecochoice SA					
EDF Trading Markets Limited					
EDP - Energias de Portugal, S.A.					
EDP - Serviço Universal, S.A.					
EDP Espanha, S.A.U.					
EGL, A.G.					
Endesa Energía XXI, S.L.					
Endesa Generación, S.A.					
Enérgya VM Gestión de Energía, S.L.U.					
Eni Trading & Shipping					
Engie Global Markets					
Enforcesco SA					
Evergreen Eléctrica SL					
Factor Energía, S.A.					
Fenie Energía, S.A.					
Foener Energía, S.L.					
Fortia Energía Servicios, S.L.					
Fortia Energía, S.L.					
Freepoint Commodities Europe LLP					
Galp Power, S.A.					
Gás Natural Electricidad SDG, S.A.					
Gás Natural SUR SDG, S.A.					
Gás Natural SDG, S.A.					
GeoAtlante, S.L.					
Gesternova S.A.					
Gnera Energía y Tecnología, S.L.					
Goldman Sachs International					
Iberdrola Comercialización de Último Recurso, S.A.U.					
Iberdrola Generación España, S.A.U.					
Jafplus Energía, Lda					
J. Aron & Company					
Kyonysys Century, S.L.U.					
Ledesma Comercializadora Eléctrica, S.L.					
Mercuria Energy Trading S.A.					
Macquarie Bank Limited					
Morgan Stanley Bank, AG					
Nexus Energía, S.A.					
PH Energía Lda					
Red Eléctrica de España, S.A.					
REN - Rede Electrica Nacional, S.A.					
Shell Energy Europe Ltd.					
Switch Energy, S.L.					
Total Gas & Power Ltd.					
Tradition Financial Services Derivatives Ltd.					
TrailStone GmbH					
Tullett Prebon (Securities) Limited					
Uniper Global Commodities SE					
Vertsel Energía, S.L.U.					
Viesgo Comercializadora de Referencia, S.L.					
Viesgo Generación, S.L.					
Viesgo Renovables, S.L.					
Villar Mir Energía S.L.U.					

Table 4 Origin of OMIClear's Participants (Dec.2017), excluding Registration Agents

Origin	Direct Clearing Member	General Clearing Member	Physical Settlement Agent	Financial Settlement Agent
Spain	5	1	13	2
Portugal	1	2	2	3
United Kingdom	1	1	0	0
Germany	1	0	0	1
Switzerland	0	0	1	0
Caiman Islands	1	0	0	0
Belgium	1	0	0	0
USA	0	0	1	0
Total	10	4	17	6
Iberian	6	3	15	5
Non-Iberian	4	1	2	1

As in recent years, a study was carried out among clearing members to analyse the levels of risk taken on by OMIClear. The main conclusions are that both the systems and the management model have responded very adequately to the needs of the market and that each member's risk level lies within very comfortable parameters given the guarantees deposited.

RISK MANAGEMENT SYSTEM

04

RISK MANAGEMENT SYSTEM

OMIClear's risk management system is designed in accordance with the EMIR and the respective implementing legislation.

The Board of Directors is responsible for the implementation of the strategy and for OMIClear's risk management system.

OMIClear breaks down risks into the following categories, each of which is controlled according to specific principles:

- > Credit Risk
- > Operational Risk
- > Liquidity Risk
- > Market Risk
- > Commercial Risk

Given that credit risk is the most relevant risk to which OMIClear is subject, it is fully covered by the margin system. In 2017, the risks measured according to the rules laid down in Commission Delegated Regulation 152/2013 were always hedged by the available funds.

In operational terms, the Board of Directors is directly responsible for assessing commercial risk. In agreement with the risk management principles in force, the follow-up, monitoring and control of credit, liquidity and market risks, as well as the reporting to the Board of Directors and the Risk Committee were carried out by the *Chief Risk Officer* with the support of the clearing department. The monitoring of operational risk continued to be the charge of *Chief Internal Audit*, while reporting to the Board of Directors became the responsibility of the *Chief Risk Officer*.

A risk report, which is the key tool to inform the administration body about the risk situation of OMIClear, is prepared every month. This report is complemented by ad hoc reporting on specific topics whenever materially relevant situations occur. At least three times a year the situation is reported to the Risk Committee.

The Internal Audit office assesses the suitability and operability of the risk management system.

4.1. Credit risk

One of the key elements of the risk strategy is to fully cover the counterparty risk by building several lines of defence, consisting of the following main components:

> Conditions of admission

Only institutions with a sufficient financial capacity and with the appropriate technical and operational conditions to carry out the settlement of the registered operations are admitted as clearing members.

> **Daily settlement of the daily market-to-market**

Daily market-to-market during the trading and delivery period of all products registered and cleared with OMIClear (with the exception of FTR – Financial Transmission Rights Portugal-Spain) are credited or debited to the respective clearing members on a daily basis. In the specific case of FTR contracts, financial settlement occurs monthly, which is why OMIClear requires a settlement margin (covered by guarantees).

> **Margin system of the clearing member**

Clearing members must at all times have constituted guarantees with OMIClear to cover both their own responsibilities and those of their clients.

The responsibilities of each clearing member include a margin (initial margin) that aims to cover the risk of incurring in losses in the closing of positions in a short period of time, arising from the worst estimate of price variation. The parameters used to calculate this margin follow the principles defined in chapter VI (Margins) of the Commission Delegated Regulation (EU) no. 153/2013, namely in terms of: (i) confidence interval (OMIClear: 99 %); (ii) a time horizon that captures a full range of market conditions, including periods of stress (OMIClear: since the first observation – with the exception of Futures SPEL Base, for which the period considered goes from January 2008 to the most recent date when the margin was calculated); (iii) period of liquidation of positions in a default scenario (two days); (iv) margin credits based on evidence of price correlation and in accordance with the limit imposed in Article 27 of said Regulation, and (v) limitation of the procyclicality effect (OMIClear: application of a 25 % weighting factor to stress situations observed in the period under analysis). Furthermore, to calculate the initial margin OMIClear applies aggravating factors over positions that go beyond a specific volume and for which a liquidation period of three days is considered.

> **Autonomous reserve**

The autonomous reserve consists of the amount resulting from the enforcement of fines and pecuniary payments by OMIClear on participants, less costs and charges that OMIClear may have incurred as part of the respective sanction procedures.

The autonomous reserve is a specific OMIClear fund intended to cover default cases and is indicated as such in its balance sheet.

> **Other OMIClear funds (Skin in the game – SIG)**

OMIClear has also established a cash reserve in the amount of 1 875 000 EUR, fully available and intended to cover defaults.

> **Clearing Fund**

The clearing fund is an additional form of security that is shared by all the clearing members. This fund is designed to respond to the default of a clearing member whose costs to solve it are greater than the guarantees provided by the defaulting member for that purpose, namely those constituted as margins and additional collateral.

The amount of the clearing fund is established according to the results of the stress tests carried out daily, in extreme but plausible scenarios. The clearing fund is defined according to the following assumptions: (i) it should allow OMIClear to cover the default of the clearing member to which it is more exposed, or of the second or third clearing members to which it is more exposed, if the total of those exposures is higher, and (ii) along with OMIClear's other own financial resources, (SIG and autonomous reserve), it should cover a default situation of at least two clearing members to which it is more exposed in extreme but realistic market conditions.

Additionally, a minimum individual contribution of 150 000 EUR is established for each clearing member.

> Additional liability in the clearing fund

Each clearing member takes on an additional liability in an amount equal to its reference value used to set up the clearing fund, therefore the value of its overall liability is equal to twice the reference value. This liability is only required in a default situation where the amount of the contribution to the clearing fund (pre-collateralised as guarantee) is not sufficient.

> Establishment of guarantees and haircut applied to guarantee value

OMIClear only accepts guarantees in the form of cash and financial instruments representative of public debt. To avoid the exchange rate risk, only amounts in EUR are accepted. Price fluctuation of financial instruments is covered by applying properly evaluated haircuts. Guarantees are re-evaluated daily and the risk of concentration is taken into consideration.

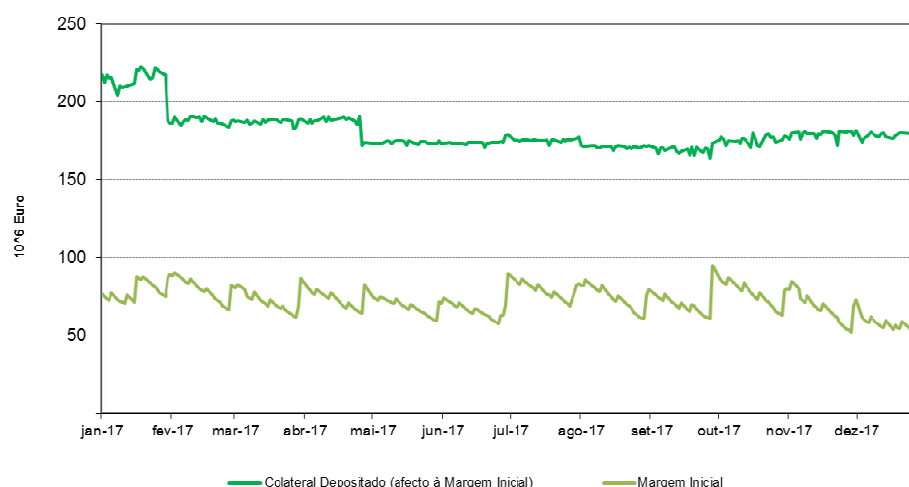
Additionally, there is a counterpart credit risk arising from the enforcement of the cash guarantees received from clearing members. For this reason, these funds are used (i) in repo operations against titles with a low risk and high liquidity, (ii) in short term collateralised deposits with a low risk and high liquidity titles, or (iii) in non-collateralised one-day deposits, and in every case with credit institutions recognised by OMIClear (subject to an external credit risk evaluation carried out by OMIClear, in agreement with its internal policy).

The counterpart risk in 2017 – measured by the initial margins required of the clearing members – peaked at 99.2 million EUR on 29 December, with a mean value of 72.4 million EUR, compared to the mean value of 72.9 million EUR in 2016.

Throughout 2017, the total value of guarantees deposited with OMIClear to meet the liabilities taken on by the clearing members by way of margins represented, on average, 3.6 times the total value required as initial margins. Note that the average calculated for the various members was of 5.6.

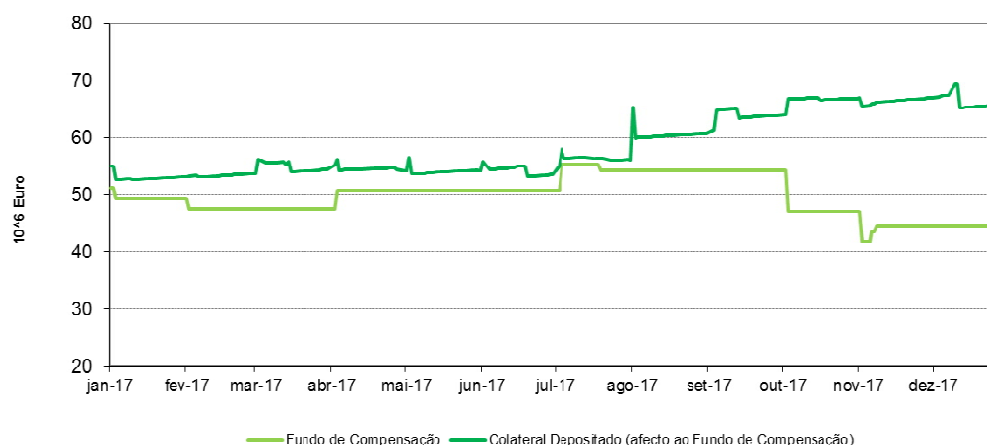
In 2017 the evolution of the total initial margin and of the guarantee deposited to meet the liabilities of clearing members by way of margins developed as shown below:

Figure 16 Evolution of the total initial margin and of collateral deposited allocated to this margin in 2017



In 2017, the evolution of the Clearing Fund and of the amounts deposited by members with OMIClear to cover this liability was as follows:

Figure 17 Evolution of the Clearing Fund and of the collateral deposited allocated to the Clearing Fund in 2017



Regarding the Daily Operative Limit (DOL), which essentially indicates the value of collateral available to be used in additional margins, no negative situation occurred.

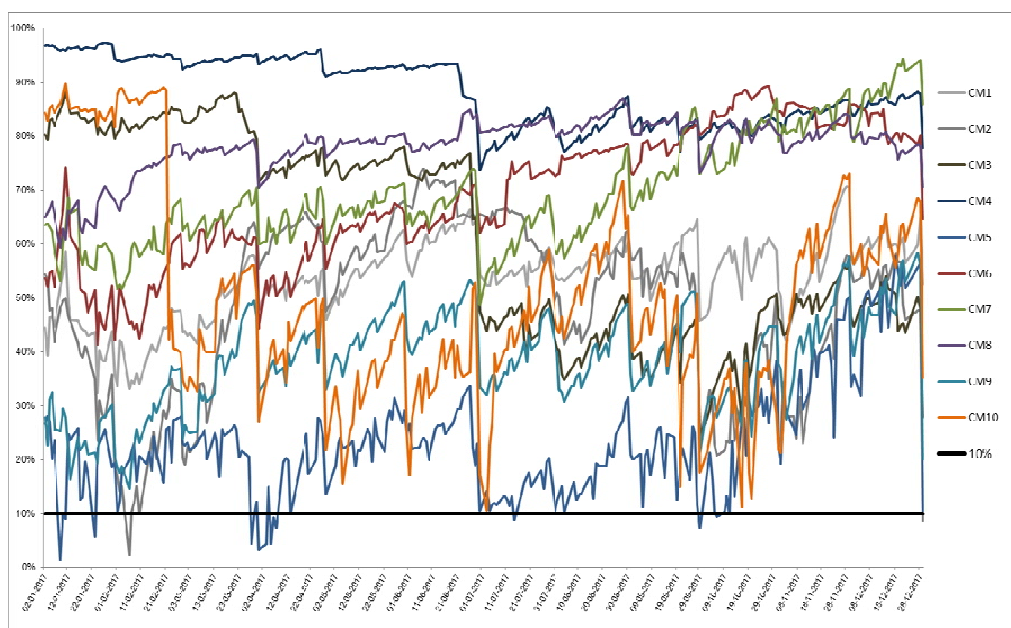
For risk control purposes, OMIClear monitors, on a daily basis, for clearing each member, the percentage (%) represented by the DOL in relation to the respective guarantee deposited. Whenever this percentage falls below 10 %, OMIClear contacts the entity in question and advises it to increase the guarantee deposit.

Below are the DOL values for all OMIClear's clearing members in the period under analysis, excluding those whose activity is limited to FTR and to the two clearing members that since last March 2016 have only secured guarantees to cover the liability relating to the clearing fund (as at present they do not intend to open positions), for which the aforementioned DOL references do not apply.

Since 14 July 2014, as a result of the change of OMIClear's rules, four general clearing members (GCM) started distinguishing between their own guarantees and those of their clients through two distinct guarantee accounts – own guarantee account and clients' guarantee account. Furthermore, at the level of the responsibilities used to calculate the DOL, a separation was also introduced between the GCM's own responsibilities and those of its clients. Given that (i) these four GCM's own responsibilities only correspond to their contribution for the clearing fund, which is stable throughout the month, and (ii) OMIClear recommends a DOL ratio over the guarantee deposited of more than 10 % only for members who present responsibilities arising from open position, the results presented below only take into consideration: the amounts referring to the accounts of these GCM's clients and the own accounts of the remaining direct clearing members.

The development of the DOL/collateral deposited ratio (%) in 2017, per clearing member, is described as follows:

Figure 18 Evolution of the DOL/deposited collateral ratio (%) in 2017



Two clearing members achieved, for seventeen times, a DOL/ deposited collateral ratio lower than the minimum limit of 10 % as recommended by OMIClear. Seven of those cases occurred on a Friday, which is the day when the initial margin increases due to the start of the trading week days of the following week, while in the other case it was due to losses registered by the member during the session. In all cases, the said ratio was again more than 10 % after the daily financial settlement of the following clearing day.

By the end of the year, the assets handed as guarantee in transactions in which OMIClear assumes the counterpart risk (MIBEL Derivatives Market) were distributed as follows:

Table 5 Assets held as guarantee (31.December.2017)

Type of Asset	Derivatives Market of MIBEL
Cash	264 182 958 Euros
Securities	-
TOTAL	264 182 958 Euros

4.2. Operational risk

Operational risk is defined by the potential losses arising from the following situations:

- > Faults in the protection and processing of information produced;
- > Non-compliance with applicable laws and regulations;
- > Inadequacy of human resources, in terms of number and quality thereof;
- > Errors or non-compliance by external service providers;
- > Faults in procedures, operation analysis, processing or settlement;
- > Fraud;
- > Unserviceability of the physical infrastructure.

The risk strategy aims to minimise operational risks by increasing the automation of operations coupled with strict and thorough testing procedures. The risk arising from the use of external service providers is minimised by assessing the service quality before procurement.

OMIClear implemented back-ups for critical transactions, which are regularly tested.

Internal procedures of relevant processes are properly documented. Control sheets are available for some of these procedures with the purpose of reducing errors or omissions.

Legal and non-compliance risks are minimised through the strict observation and compliance of the applicable laws together with the use of predefined contractual templates and forms.

4.3. Liquidity risk

Liquidity risk may arise from the daily settlement process or from the default of a clearing member.

The business management strategy takes into consideration the fact that settlements arising from daily transactions do not generate materially relevant time differences. In this sense, OMIClear's risk management strategy aims to avoid time differences between assets and liabilities through a suitable policy of allocation of liquidity surplus. The financing needs to settle current expenses (including the disbursement of results) are planned and covered in the context of medium term liquidity planning.

The risk of default of a clearing member and the potential impact that this situation may have on liquidity are controlled through the stringent stipulations of convertibility of guarantees in cash, through haircuts applied to guarantees received and the limiting of the risk of concentration regarding the guarantees received. Additionally, OMIClear negotiated credit lines that are designed to meet the liquidity needs arising from the simultaneous default of the two clearing members with the most substantial potential losses.

4.4. Market risk

Since the clearing members positions are constantly evaluated at market values, they do not present this type of risk.

The risk arising from price fluctuations of securities acquired in repo transactions is covered by the application of duly evaluated haircuts.

Below is a summary of the hedging of the values applied in repo transactions:

Table 6 Values applied in repo transactions

Amount invested	Market value of securities	Haircut Value	- %	Securitie value after haircut
259.735.290	274.046.763	13.998.330	5,11%	260.048.433
% of cover	106%			100%

Note that the value applied includes guarantees in cash presented by the clearing members and OMIClear's own funds, and that the applicable regulation stipulates, for both cases, the obligation to collateralise a minimum of 95%.

4.5. Commercial risk

OMIClear, whose core business consists of providing clearing and settlement services of energy derivative financial products in the Iberian Peninsula, France and Germany, has its commercial risk associated to the volumes cleared in these contracts.

As a central counterpart, and as part of its activity, it is also highly exposed to the direct competition from other central counterparties.

The income from commissions is closely linked with the volume of transactions registered with OMIClear. Consequently, commercial risk arises from the income's dependence on a limited number of products, relating to the potential drop in volumes at the same time that fixed costs remain unchanged. Since commercial risk is mostly centered on the reduction of profits through possible variations in the volume of registered transactions, in a scenario of decreased volumes it will be more difficult to offset this situation by adjusting the fixed costs within a reasonable period of time.

With this in mind, OMIClear's strategy involves monitoring this risk by constantly overseeing the evolution of income, to avoid incurring in fixed costs, opting, where possible, for variable costs.

OMIClear aims to consistently reduce its exposure to the risks inherent to its economic activity by adopting management measures specifically aimed at strengthening the client base, both in terms of numbers and of geographical spread, and at increasing the number of services provided to market participants.

4.6. Summary of OMIClear's risk situation

The authorisation granted to OMIClear to operate as a central counterpart is conditional upon the maintenance of a minimum amount of capital. The capital, including retained earnings and reserves, must at all times be proportional to the risk arising from its activities, so as to ensure that the company is adequately capitalised against credit, counterpart, market, operational, legal and commercial risks that are not already covered by specific financial resources, and has the ability to duly settle or restructure its activities if necessary.

Potential losses arising from the default of clearing members are covered by OMIClear's margin system.

OMIClear's own capital, minus the reserves intended to address default situations, which as at 31 December 2017 amounted to 8 914 325 EUR, is about 3.7 times as much as the capital needed to deal with risk assumed, calculated according to the rules stipulated in the Delegated Regulation (EU) no. 152/2013 of the Commission.

The overall assessment of 2017 does not show any threat to business continuity either as a result of individual risks or of the aggregated risks. The Board of Directors does not foresee major changes to the company's risk profile in the course of 2018.

INFORMATION SYSTEMS

05

In 2017, the information systems area focused on four key components:

- 1. Management of the relationship with external suppliers;**
 - > Support the communication between supplier and operational departments;
 - > Maintain the service support infrastructure;
 - > Manage service levels.
- 2. Support and maintenance of applications and internal and external services:**
 - > Specification and testing of new technical functionalities or change of existing functionalities;
 - > Coordinate the implementation of changes in a productive environment or in non-productive environments;
 - > Support and communication with agents to notify changes or solve problems;
 - > First line of support in the resolution of technical problems (helpdesk service);
 - > Analysis and adjustment to regulatory changes.
- 3. Design, specification and implementation of new solutions and functionalities, and upgrading of applications in use;**
- 4. Maintain business continuity as well as the company's information security management system:**
 - > Document verification and updating;
 - > Carry out periodical tests on systems and infrastructure

The following events took place in 2017 and were carried out by or had the help of the Information System Department:

- > Amendments to the EMIR regulation::
 - Migration of Aii instrument coding to ISIN coding;
 - Adapting to new ESMA formats and specifications for the reporting of transactions, positions and liability;
- > Launching of a new gas product with delivery at the Virtual Balancing Point (PVB):
 - Adapting the MiClear system to support this product's features;
 - Integration with Enagás to carry out the nominations in the SL-ATR information system;
- > Renewal of the hardware infrastructure:
 - Acquisition of new servers for productive services with critical performance or time-keeping needs to comply with regulatory requirements;
 - Remaining productive services on a virtualised ONI platform;
 - Recovery and re-use of some of the old infrastructure's servers for the virtualisation of non-productive servers and services;
- > Migration of productive and disaster recovery (DR) datacenter service providers:
 - Migration of NOS Sistemas (Productive) and Claranet (DR) providers to exclusively ONI (Productive+ DR) provider;
 - More cohesive, economical and resilient solution to the need for disaster recovery;
 - Increase bandwidth in all accesses
- > Renewal of the switchboard system:
 - System hosted remotely at ONI in a service provision model;
 - It included the contract for the mobile broadband, previously with Vodafone;
- > Renewal of the mobile communications contract with NOS;
- > Renewal of all printers and printing contracts with the Copivarela supplier;
- > Auditing of the information technology systems and of the information security framework by BDO;

ORGANISATION

06

6.1 Shareholders

OMIP – Pólo Português, S.G.M.R., S.A. (50%)

OMI – Polo Español, S.A. (50%)

6.2 Governing bodies

Board of the Shareholder's General Meeting (3-year period 2015-2017)

Rafael Lapeña Galán.....Chairman

Pedro Filipe Raio Félix.....Secretary

Board of Directors (3-year period 2018-2020)

Ignacio Grangel Vicente.....Chairman

Artur Álvaro Laureano Homem da Trindade.....Deputy-Chairman

Antonio Elias Rey.....Voting Member

José Manuel Amado da Silva.....Voting Member

Gonzalo Solana González.....Voting Member

Paulo Alexandre da Rocha Henriques.....Voting Member

Audit and Compliance Committee (3-year period 2018-2020)

Gonzalo Solana González.....Chairman

José Manuel Amado da Silva.....Deputy-Chairman

Remunerations Committee (3-year period 2018-2020)

Antonio Elias Rey.....Chairman

Gonzalo Solana González.....Voting Member

José Manuel Amado da Silva.....Voting Member

Supervisory Board/Statutory Auditor (3-year period 2015-2017)

PricewaterhouseCoopers & Associados, Lda. (SROC).....Executive

José Manuel Henriques Bernardo (ROC).....Alternate

6.3 Risk Committee

Pursuant to Article 28 of Regulation (EU) no. 648/2012 of the European Parliament and of the Council, of 4 July 2012 (EMIR), OMIClear established a Risk Committee formed by the two independent members of the Board of Directors, three representatives of its clearing members, and two representatives of its clients.

In 2017, the Risk Committee comprised the following members:

José Manuel Amado da Silva (Independente)	Chairman
Gonzalo Solana González (Independente)	Deputy-Chairman
Cristóbal Lovera (Endesa Generación, S.A.)	Voting Member
Julián Calvo Moya (Iberdrola Generación España, S.A.U.)	Voting Member
Mario Hélaire Margarita Claeys (Uniper Global Commodities SE)	Voting Member
Olmo Garcia Pepin (Enérgya VM Gestión de Energía, S.L.U.)	Voting Member
Ricardo Covas (EDP Energias de Portugal, S.A.)	Voting Member

All members have solid expertise and knowledge of OMIClear's areas of activity.

The functions of the Risk Committee are set out in Article 28 of the EMIR and involve advising the Board of Directors on matters related to the different types of risks to which the central counterparty is exposed, as well as its risk management structure, organisation and procedures. The Risk Committee met four times in 2017, and gave its opinion on a broad number of issues, namely the new margin system, the methodology used to test market risks, new products, the credit risk policy and the liquidity plan.

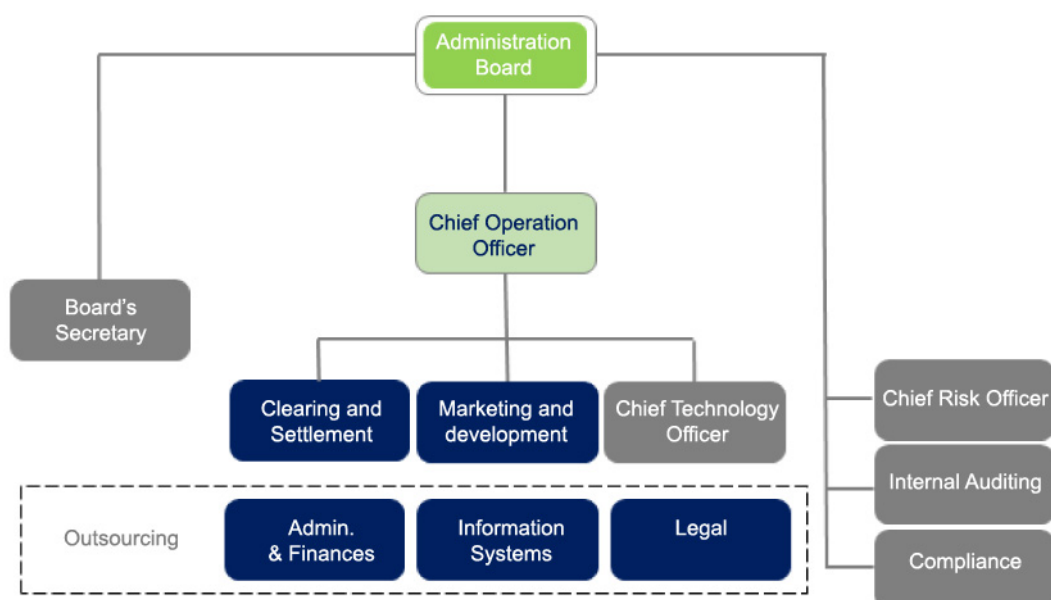
With the exception of the two independent members, whose term of office ends in December 2020, the term of office of the Risk Committee members ends in June 2018.

6.4. Staff

In terms of organisational structure, OMIClear has a specific operational area dedicated to the central management of the clearing house, including all the inherent functions and, in particular, risk management.

OMIClear benefits from a set of services in some support areas, which, according to the limits and the conditions set out in the applicable legislation, are contracted to other companies of the group.

Figure 19 Organisational chart



As at 31 December 2017, OMIClear had, apart from the six members of the Board of Directors, ten staff, 4 male and 6 female, four of which working exclusively with clearing and settlement.

OUTLOOK FOR 2018

07

Business development in 2018 poses several challenges to OMIClear. Given the very competitive environment, OMIClear will continue its efforts to diversify its activities, in particular with regard to the natural gas market. The launch of clearing services for natural gas derivatives was a relevant milestone for the diversification of the services provided. In addition to its actual effect on the increase in clearing volumes, should also contribute to the increase in the number of participants and of the cleared volume in electricity derivatives.

In the electricity market, OMIClear will remain vigilant so as to ensure the high service level that has been provided to market participants, and also in the development of new solutions and functionalities specifically requested by participants, in particular for the clearing of special regime generation. OMIClear will continue to support OMIP in the clearing of products traded in auctions, such as auctions of financial transmission rights Portugal-Spain and in the production of energy under a special regime (PRE) for the Portuguese MIBEL zone.

By focusing on a strategy to expand its portfolio, with a view to meeting the needs of the market agents together with the high level of service always provided by OMIClear gives our company the trust and courage needed to face the challenges ahead, in particular the fierce increase in competition. Consequently, the immediate steps will be to continue to diversify in order to mitigate risks, most of which are beyond our control, and to maintain a very tight cost structure, yet flexible enough to efficiently respond to any opportunity. OMIClear will therefore continue to work according to the highest standards of efficiency and innovation, to meet the increasing needs of its members and the requirements of the business sector in which the company operates, and will continue to maintain the high level of requirement as imposed by EMIR and the subsequent implementing regulations.

In terms of international cooperation, OMIClear will continue to participate actively in the activities carried out by the various international associations, including the European Association of Clearing Houses (EACH) of which it is a member.

PROPOSED APPROPRIATION OF PROFITS

08

The Board of Directors, under the terms and for the purposes of Article 25 of the Company Statutes, decided to propose that the net results for 2017, in the negative amount of 241 899.14 Euros (two hundred and forty-one thousand, eight hundred and ninety-nine euros and fourteen cents), be appropriated as follows:

To retained earnings.....(241 899,14) Euros

Lisbon, 14 March 2018

Manuela Lopes dos Santos

Manuela Lopes dos Santos
Certified Accountant, no. 85946

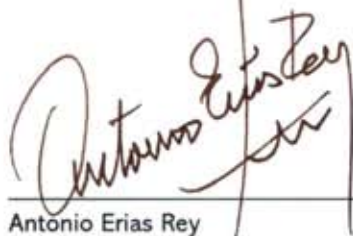
The Board of Directors,



Ignacio Grangel Vicente



Artur Álvaro Laureano Homem da Trindade



Antonio Elias Rey



José Manuel Amado da Silva



Gonzalo Solana González



Paulo Alexandre da Rocha Henriques

FINANCIAL STATEMENTS

09

FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2017

Balance sheet as at 31 December 2017

		Currency: Euros	
	Note	31-12-2017	31-12-2016
Assets			
Non-current			
Property, plant and equipment	7	28.086	27.403
Intangible assets	8	540.339	668.424
Other financial investments	9	4.640	2.987
Deferred tax assets	10	64.302	-
		637.367	698.814
Current			
Clients	11	38.526	113.889
State and other public entities	12	64.861	42.547
Other receivables	13	364.661	123.154
Deferrals	14	34.180	28.723
Other financial assets	15	264.106.475	281.575.347
Cash and bank deposits	5	10.391.770	11.018.287
		275.000.473	292.901.947
Total assets		275.637.840	293.600.761
Equity capital			
Paid-up capital	16	7.500.000	7.500.000
Supplementary payments	17	525.835	-
Legal reserves	18	231.858	221.391
SIG.B reserve	18	1.875.000	1.875.000
Other reserves	18	66.895	66.895
Retained earnings		898.531	804.327
		11.098.119	10.467.613
Net result for the period		(241.899)	104.671
Total equity capital		10.856.220	10.572.284
Liabilities			
Non-current			
Loans obtained	19	-	530.440
		-	530.440
Current			
Suppliers	20	17.939	28.439
State and other public entities	12	33.317	73.494
Loans obtained	19	4.265	141.958
Other accounts payable	21	623.447	678.804
Other financial liabilities	15	264.102.652	281.575.342
		264.781.620	282.498.037
Total liabilities		264.781.620	283.028.477
Total equity capital and liabilities		275.637.840	293.600.761

Statement of profit and loss by nature as at 31 December 2017

	Note	Currency: Euros	
		31-12-2017	31-12-2016
Sales and services rendered	22	1.045.861	1.597.246
Supplies and external services	23	(588.579)	(557.663)
Staff costs	24	(1.055.657)	(1.131.863)
Other income	25	821.351	882.967
Other expenses	26	(326.831)	(460.560)
Results before depreciation, financial expenses and taxes		(103.855)	330.127
(Expenses) / reversal depreciation and amortisation	7 e 8	(157.908)	(152.459)
Operational result (before financial expenses and taxes)		(261.763)	177.668
Interest and similar earnings	27	(33.994)	(32.162)
Pre-tax results		(295.757)	145.506
Income tax for the period	28	53.858	(40.835)
Net result		(241.899)	104.671
Basic earnings per share:		(0,32)	0,14

Statement of Changes in Equity in 2017

	Note	Paid-up Capital	Supplementary Payments	Legal Reserves	SIG.B Reserve	Other Reserves	Retained Earnings	Net Result for the Period	Total
On 1 January 2016		7.500.000	-	218.101	1.875.000	216.895	624.718	32.899	10.467.613
Changes in the period									
Other changes recognised in equity capital		-	-	3.290	-	-	29.609	(32.899)	-
		-	-	3.290	-	-	29.609	(32.899)	-
Net result for the period		-	-	-	-	-	-	104.671	104.671
Integral result		-	-	-	-	-	-	104.671	104.671
Operations with equity holders in the period									
Distributions		-	-	-	-	-	-	-	-
Other variations		-	-	-	-	(150.000)	150.000	-	-
		-	-	-	-	(150.000)	150.000	-	-
On 31 December 2016		7.500.000	-	221.391	1.875.000	66.895	804.327	104.671	10.572.284
Changes in the period									
Other changes recognised in equity capital	17 & 18	-	525.835	10.467	-	-	94.204	(104.671)	525.835
		-	525.835	10.467	-	-	94.204	(104.671)	525.835
Net result for the period		-	-	-	-	-	-	(241.899)	(241.899)
Integral result		-	-	-	-	-	-	(241.899)	(241.899)
Operations with equity holders in the period									
Other variations		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
On 31 December 2017		7.500.000	525.835	231.858	1.875.000	66.895	898.531	(241.899)	10.856.220

Statement of Cash Flow as at 31 December 2017

	Note	Currency: Euros	
		31-12-2017	31-12-2016
Cash flow of operating activities			
Receivables from clients		(16.388.613)	92.614.777
Payments to suppliers		16.723.028	(94.383.497)
payments to staff		(1.092.596)	(974.328)
Cash flow generated by the operations		(758.181)	(2.743.048)
(Payment) / refund of income tax		(48.116)	54.154
Other (payments) / receipts		(140.352)	2.070.898
Cash flow generated by the operations		(946.649)	(617.997)
Cash flows of investment activities			
Receipts from:			
Property, plant and equipment		-	-
Interest and similar income		471.398	640.759
Cash flows of investment activities		471.398	640.759
Cash flows of financial activities			
Receipts from:			
Other financing operations		-	746.648
Payments regarding:			
Interest and similar expenses		(19.332)	(49.732)
Dividends		-	-
Other financial activities		(131.938)	(83.815)
Cash flows of financial activities		(151.272)	613.101
Variation of cash flow and its equivalents		(626.523)	635.863
Cash and cash equivalents at the start of the period	5	11.018.287	10.382.474
Cash and cash equivalents at the end of the period	5	10.391.770	11.018.287

The headings "Receivables from clients" and "Payments to suppliers", on 31 December 2017 and 2016 include the transactions of "Deposits of Guarantees to be Paid" and "Deposits of Guarantees to be Received" which total -17 179 647.58 Euros (2016: 82 712 868.24 Euros)

ANNEX TO THE FINANCIAL STATEMENTS

1. Identification of the company and reporting period

OMIClear – C.C., S.A., whose previous name was OMIClear – Sociedade de Compensação de Mercados de Energia, S.G.C.C.C.C., S.A, with its registered office at Avenida Casal Ribeiro, n.º 14 – 8.º piso, in Lisbon, was duly constituted under Article 488(1) of the *Código das Sociedades Comerciais* (Commercial Companies Code) and had its public deed signed on 6 April 2004.

The company began its activity on 7 April 2004, its purpose being the management of a clearing house and of a settlement system, as well as playing the role of central counterpart in spot and futures market operations, namely: futures, forwards, swaps and options, whose underlying assets are electricity, other energy-related commodities or equivalents, real or notional, electricity indices of energy-based products or other equivalent assets, regardless of whether settlement is by delivery or merely financial.

The company may also engage in activities that are subsidiary or accessory to its main purpose, provided that these do not constitute an intermediary financial activity, namely:

- (i) Managing systems of book-entry accounts and calculation of net positions;
- (ii) Providing members of the systems under its management with the services which are required for the intervention of such members in markets or systems managed by a foreign similar entity in another country;
- (iii) Providing consultancy services related to the systems under its management;
- (iv) Participation in research studies, preparation, distribution and commercialisation of market-related information;
- (v) Development, management and marketing of computer hardware and software, as well as data transmission networks for the contracting and transmission of orders and/or data.

The company may also participate in other companies with similar or complementary corporate purpose, even if governed by special laws, as well as in complementary groups of companies.

OMIClear has a share capital of 7.5 million EUR, represented by 750 000 shares each with a nominal value of 10 EUR, which, on 31 December 2016 were 50 % owned by OMIP – Pólo Português, S.G.M.R., S.A., and 50 % by the lawfully registered Spanish company OMI – Polo Español, S.A. (OMIE).

The entry of OMIE into the shareholding structure in September 2013 was possible after it agreed to a capital increase, fully paid up by this company, in the amount of 6 200 000 EUR, of which 3 000 000 EUR were allocated to share capital and the remaining 3 200 000 EUR to share premiums.

The share premiums were later used as follows: 1.5 million EUR in a capital increase and the remaining 1.7 million EUR in the establishment of a reserve (SIG B), provided for in Article 35 of the Commission Delegated Regulation (EU) 153/2013, of 19 December 2012, which supplements Regulation (EU) 648/2012 of the European Parliament and of the Council concerning the regulatory technical standard requirements for central counterparties.

On 22 November 2010 OMIClear opened its Spanish branch with tax identification number W0106378C under the name OMIClear – Sociedade de Compensação de Mercados de Energia, Sociedade Gestora de Câmara de Compensação com assunção de Contraparte Central (SGCCCC), S.A., Sucursal en España, with registered office at Calle Ribera de Loira, 46, 28046 Madrid, Spain.

The activities described below constitute the main business objectives of the Spanish branch, which are partially similar to the corporate objectives of its parent company:

- (i) The management of a clearing house and a settlement system, as well as playing the role of central counterpart in spot and futures market operations, namely: futures, forwards, swaps and options, whose underlying assets are electricity, other energy-related commodities or equivalents, real or notional, electricity indices of energy-based products or other equivalent assets, regardless of whether settlement is by delivery or merely financial;
- (ii) Engage in activities that are subsidiary or accessory to its main objective, provided that these are not a financial intermediation activity, in particular: a) manage book-entry account systems and calculation of net positions; b) provide members of the systems under its management services which are required for the intervention of such members in markets or systems managed by a foreign similar entity in another country, c) provide consultancy services related to the systems under its management; d) participate in research studies, preparation, distribution and commercialisation of market-related information, and e) develop, manage and market computer hardware and software, as well as data transmission networks for the contracting and transmission of orders and/or data;
- (iii) The branch may also participate in other companies with similar or complementary corporate purpose, even if governed by special laws, as well as in complementary groups of companies;
- (iv) The branch may grant loans and other forms of lending and provide supplementary benefits to subsidiary companies.

The initial cash assets of the company totalled 5 000 EUR, which were transferred by OMIClear to a bank account opened in the name of the Branch at a credit institution domiciled in Spain. The Branch may exist for an indefinite period of time, but may not go beyond the duration of OMIClear.

These financial statements were approved by the Board of Directors on 21 March 2017 and are subject to the approval of the shareholders. In the opinion of the Board, these financial statements reflect a true and fair view of the operations carried out by OMIClear, as well as its financial position, performance and cash flows.

2 Accounting standards for financial reporting

2.1 Basis of preparation

These financial statements were prepared in agreement with the rules on accounting and financial reporting (NCRF), issued and in force or issued and adopted as at 31 December 2016.

The preparation of financial statements in agreement with the SNC calls for the use of estimates, assumptions and critical judgements when determining the accounting policies to be adopted by OMIClear, with a significant impact on the accounting value of assets and liabilities, and on income and expenses for the reporting period.

Although these estimates are based on the Board's best knowledge and expectations of current and future events and activities, the current and future results may be different. Note 4.17 presents the areas involving greater judgement calls and complexity, or the areas in which the assumptions and estimates are relevant to the financial statements.

2.2 Derogation to the SNC provision (Accounting Standardisation System)

During the period covered by these financial statements there were no exceptional cases directly requiring the derogation to any SNC provision.

2.3 Comparability of financial statements

All the information in these financial statements is comparable to that of the previous year.

4 Significant Accounting Policies

The significant accounting policies used to prepare the financial statements are described below. Unless otherwise stated, these policies have consistently been applied to all topics presented.

4.1 Currency translation

i) FUNCTIONAL AND PRESENTATION CURRENCY

Unless otherwise stated, the financial statements of OMIClear and the notes to this annex are presented in EUR.

ii) TRANSACTIONS AND BALANCES

Transactions made in a currency other than EUR are translated into the functional currency at the exchange rates on the dates of the transactions. Exchange gains or losses arising from the payment/receipt of transactions and of the translation by the currency rate at the balance sheet date of the cash assets and liabilities denominated in a foreign currency are recorded in the statement of profit and loss, under Interest and similar income obtained and Interest and similar expenses incurred, if related to loans or Other income and gains or Other expenses and losses, for all other balances/transactions.

iii) EXCHANGE RATES USES

The foreign currency exchange rates used in the translation of balances denominated in foreign currency are the following:

Currency	2017	2016
USD	1,1979	1,0536
GBP	0,8877	0,8564

4.2 Property, plant and equipment

Property, plant and equipment are valued at cost deducted from accumulated depreciation and accumulated impairment losses. This cost includes the estimated cost at the date of transition to IFRS, and the acquisition costs for assets acquired after that date.

The acquisition cost includes the purchase price of the asset, costs directly attributable to its acquisition and those incurred in preparing the asset for its commissioning.

Subsequent expenses incurred with renovations and major repairs that may extend the lifespan of the assets are accounted for in the asset cost.

Current cost of repairs and maintenance services are recorded as expenses in the period in which they occurred.

Property, plant and equipment are depreciated systematically for the duration of their estimated lifespan according to the straight line method.

	<u>Years</u>
Vehicles	Between 4 and 6 years
Office equipment	Between 3 and 10 years
Other property, plant and equipment	Between 3 and 10 years

The lifespan of each asset is reviewed at the end of every year so as to ensure that the depreciation is in agreement with its consumption patterns. Changes in lifespan are treated as changes to the accounting estimate and are applied prospectively.

Gains or losses resulting from the disposal of assets are calculated as the difference between the net realizable value and the book value of the asset and are recorded in the statement of profit and loss.

4.3 Impairment of assets

Assets with a finite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the determined recoverable amount is less than the book value of assets, the company will assess whether the loss situation is permanent or definite, and if so it will record the impairment loss. Where the loss is not considered permanent and definite, the grounds for this decision must be disclosed.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. To determine whether or not there is impairment, the assets are allocated to the lowest level for which there are separate identifiable cash flows (cash generating units).

Non-financial assets, other than goodwill, for which impairment losses were recorded, are calculated at each reporting date on the possible reversal of impairment losses.

When impairment is recorded or reversed, asset amortisation and depreciation is recalculated prospectively based on the recoverable amount.

4.4 Financial assets

The Board of Directors determines the classification of financial assets on the date of initial record, according to the purpose of their purchase, and reassesses this classification at each reporting date.

Financial assets can be classified as:

- a) Financial assets at fair value through profit or loss – they include non-derivative financial assets held for trading regarding short-term investments and assets at fair value through profit or loss on the date on which they were first recognised;
- b) Loans granted and accounts receivable – they include non-derivative financial assets with fixed or determinable payments not quoted in an active market;
- c) Investments held to maturity – they include non-derivative financial assets with fixed or determinable payments and fixed maturities for which the entity has the intention and capacity to hold until maturity;
- d) Financial assets held for sale – they include available-for-sale non-derivative financial assets that are designated as available for sale on initial recognition or that do not fit the above categories. They are recorded as non-current assets except if there is intention to sell them within 12 months after the balance sheet date.

Financial assets at fair value through profit or loss are initially recorded at fair value, with transaction costs recorded in profit and loss. These assets are subsequently measured at fair value, and the gains and losses resulting from the change in fair value are posted in profit or loss for the period in which they arise under the heading "Net financial costs", which also includes interest and dividends received.

Available-for-sale financial assets are initially recorded at fair value plus transaction costs. In the subsequent periods, they are measured at fair value and the fair value variation is posted in fair value reserve in equity. Interest and dividends from available-for-sale financial assets are recorded in profit or loss in the period in which they arise under the heading "Other operating gains", where the right to receive it is established.

Accounts receivable are classified on the balance sheet as "Other receivables". A provision for the impairment of accounts receivable is established when there is objective evidence that the company will not be able to collect all amounts due in accordance with the original terms of the transactions that gave rise to them.

4.5 Clients and Other accounts receivable

The items "Clients" and "Other accounts receivable" constitute rights receivable for the sale of assets or services in the normal course of OMIClear's business, and are initially recorded at fair value and subsequently measured at amortised cost, less impairment adjustments (where applicable). If there is a formal agreement for the deferral of amounts receivable, the fair value is determined in line with the effective interest rate method, which is the rate that exactly discounts estimated future cash payments through the expected repayment date.

Impairment losses on "Clients" and "Other accounts receivable" are recorded when there is objective evidence that they will not be recovered under the initial terms of the transaction. The identified impairment losses are recorded in the statement of profit and loss, under Impairment in accounts receivable, and are subsequently reversed through profit or loss if the impairment indicator ceases to exist.

4.6 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits, other short-term high liquidity financial investments with original maturities of up to three months, bank guarantees and overdrafts. The latter are presented in the Balance Sheet in the current or not current liabilities depending on whether they are short term or medium long term, under the heading "Loans granted", and are taken into consideration in the preparation of the statements of cash flow, as cash or cash equivalents.

4.7 Share Capital

Ordinary shares are registered under equity capital.

Costs directly attributable to the issue of new shares or options are presented in own capital as a deduction, net of taxes, to the amount issued.

4.8 Suppliers and Other accounts payable

The items "Suppliers" and "Other accounts payable" constitute obligation to pay for the acquisition of assets or services and are initially recorded at fair value, and subsequently measured at amortised cost using the effective interest rate method.

4.9 Financial liabilities

The Board of Directors determines the classification of financial liabilities on the date when they are first recorded, in accordance with IFRS 27 – Financial instruments.

Financial liabilities may be recorded / measured:

- (a) At cost or at amortized cost deducted of any impairment loss;

(b) At fair value with changes in fair value being recorded in the statement of profit and loss.

OMIClear records and measures at cost or at amortized cost, financial liabilities: i) that are short-term or have a defined maturity; ii) whose interest yield may be flat-rated, fixed-rated or variable-rated as indexed to market indices; and iii) where there is no contractual clause which could alter the liability of refunding the nominal value and the accrued interest payable.

For liabilities recorded at amortized cost, the interest earned in each period, is determined according to the effective interest rate method, which is the rate that deducts exactly the estimated future cash payments throughout the expected lifespan of the financial instrument.

Financial liabilities which result from financing obtained, accounts payable (suppliers, other creditors, etc.) and equity capital instruments as well as any associated derivative contracts not traded on an active market or whose fair value cannot be accurately determined, are recorded at cost or amortized cost.

An entity must derecognise a financial liability (or part of a financial liability) only when it is extinguished, that is, when the obligation set up under contract is paid, is cancelled or expires.

4.10 Income tax

The company is subject to corporate income tax (IRC) at a rate of 17 % over the taxable amount up to 15 000.00 EUR, with the 21 % rate applying to the remaining taxable amount. To the corporate income tax thus obtained is added a surplus applicable to the taxable income, whose rate can vary up to 1.5 %, as well as the autonomous tax on charges, in agreement with the rates stated in Article 88 of the Corporate Income Tax Code. To determine the taxable amount, to which the mentioned tax rate is applied, the amounts not accepted fiscally are added to and subtracted from the accounting result. The difference between the accounting and tax result may be temporary or permanent.

Income tax for the period comprises current taxes and deferred taxes. Taxes on income are recorded in the statement of profit and loss, except if they relate to items directly recorded in the equity capital. The amount of current income tax payable is determined based on total income before tax, adjusted in agreement with tax regulations.

Payments on account and special payments on account were recorded in the company accounts and will be deducted from tax payable.

Deferred tax is recorded using the liability method, which is based on the balance sheet and takes into account temporary differences arising from the difference between the tax bases of assets and liabilities and their carrying values in the financial statements.

Deferred taxes are calculated according to the tax rates in force or officially announced at the balance sheet date, and which are expected to be applicable on the effective date of deferred tax assets, or on the date when the deferred tax liabilities are paid.

Deferred tax assets are recorded to the extent that it is likely that future taxable profits will be available to cover the temporary difference. Deferred tax liabilities are recorded for all temporary taxable differences, except for those relating to: (i) the initial recognition of goodwill; or (ii) the initial recording of assets and liabilities that do not result from a concentration of activities, and that, at the time of transaction, will affect neither the accounting nor the tax results. However, in relation to temporary taxable differences related to investments in subsidiaries, these must not be recorded because: (i) the parent company is able to control the timing for reversal of the temporary difference; and (ii) it is likely that the temporary difference will not be reversed in the near future.

4.11 Provisions, contingent liabilities and contingent assets

Provisions are recorded when OMIClear has: i) a present legal or constructive liability resulting from past events; ii) for which it is more likely that an outflow of internal funds will not be required to pay that liability; and iii) the amount can be reasonably estimated. Whenever one of the criteria is not met or the liability is conditional on the occurrence (or non-occurrence) of a future event, OMIClear discloses it as a contingent liability, unless the evaluation of the enforceability of the outflow of funds for the payment thereof is considered remote.

Provisions are measured at the current value of estimated expenses needed to pay the liability using a pre-tax rate that reflects market evaluation for the discount period and for the risk of provisions in question.

Contingent liabilities are not recorded in the financial statements, but are always disclosed when the possibility of an outflow of funds embodying economic benefits is not remote.

Contingent assets are not recorded in the financial statements, but are disclosed when a future inflow of funds is likely to occur.

4.12 Leases

Leases of tangible fixed assets in relation to which OMIClear substantially holds all the risks and benefits inherent to asset ownership are classified as financial leases. Agreements where the analysis of one or more specific situations of the contract point to that nature are also classified as financial leases. All other leases are recorded as operating leases.

Financial leases are capitalised at the beginning of the lease for the current value of minimum lease payments, each determined at the start of the contract. The resulting debt of a financial lease contract is recorded net of financial charges under the heading "Loans". Financial charges included in the rent and the depreciation of leased assets are recorded in the statement of profit and loss in the period to which they relate.

Tangible assets acquired through financial leases are depreciated over the shorter of the lifespan of the asset and the leasing period when the company has no purchase option at the end of the contract, or for the estimated lifespan of the asset when the company has intention to acquire the assets at the end of the contract.

In operating leases, rents owed are recorded as cost in the statement of profit and loss on a straight-line basis over the lease term.

4.13 Expenses and income

Expenses and income are recorded in the period to which they relate, regardless of having been paid or received, in agreement with the principles of accrual accounting periods. The differences between the amounts received and paid and the corresponding income and expenses are recorded as assets or liabilities if they qualify as such.

4.14 Revenue

Revenue is the fair value of the amount received or receivable for the sale of goods and/or services in the normal course of OMIClear's activity. Revenue is presented net of any real or estimated amounts, or both, for sales returns, commercial discounts, quantity discounts, and pre or cash payments. These amounts are estimated based on historical information, specific contractual terms, or future expectations regarding the evolution of revenue, which are deducted when the revenue is recorded, by stating the appropriate liabilities. Where there is a formal agreement for the deferral of amounts receivable, the fair value of the revenue is determined based on the effective interest rate method, which is the rate that exactly discounts estimated future cash payments or receipts for the expected reimbursement period.

Revenue from the sale of products is recorded when: i) the revenue amount can be reliably estimated; ii) the economic benefits are likely to flow to OMIClear; and iii) a significant part of risks and benefits have been transferred to the buyer.

Revenue from services provided is recorded according to the percentage of completion or based on the contract period, when the service provision is not associated with the performance of specific activities, but rather to the continuing provision of service.

4.15 Distribution of dividends

The distribution of dividends to OMIClear shareholders is recorded as a liability in the financial statements in the period in which the dividends are approved by its members.

4.16 Netting of balances and transactions

Assets, liabilities, income and expenses are not netted unless required or permitted by the IFRS.

4.17 Significant estimates and assumptions presented

Estimates and assumptions with impact on OMIClear's financial statements are continually evaluated, representing at each reporting date the Board's best estimate, taking into account the historical performance, accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable.

The intrinsic nature of the estimates may cause the actual reflection of the estimated situations, for financial reporting purposes, to differ from the estimated amounts. The estimates and assumptions with a significant risk of causing a material adjustment to the carrying amount of assets and liabilities during the subsequent period are the following:

RELEVANT ACCOUNTING ESTIMATES

4.17.1. PROVISIONS

OMIClear periodically analyses any liabilities arising from past events that should be recorded or disclosed.

The subjectivity inherent to the determination of probability and of the internal resources required to pay the liabilities may lead to significant adjustments, because of the varying assumptions used or due to the future recording of provisions previously disclosed as contingent liabilities.

4.17.2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The determination of the lifespan of assets and the depreciation/amortisation method to use is key to determining the amount of depreciation/amortisation recorded in the statement of profit and loss for each period.

These two parameters are defined according to the Board's best discretion for assets and businesses in question, taking into account, where possible, the practices adopted by sector companies at international level.

4.17.3. IMPAIRMENT

The determination of an eventual impairment loss may be triggered by various events, many of which outside OMIClear's sphere of influence, such as: i) future availability of funding; and ii) the cost of capital or any other changes internal or external to OMIClear.

The identification of impairment indicators, the estimation of future cash flows and the determination of the fair value of assets imply a high degree of judgement by the Board as regards the identification and evaluation of the different impairment indicators, expected cash flows, applicable discount rates, lifespan and residual values.

4.18 Events after the balance sheet

The events after the financial statement dates that provide additional information about the existing conditions at the time of the financial statements are shown in the company's financial statements. Material events after the date of the financial statements that provide information about the conditions occurring after the financial statements are disclosed in the notes to the financial statements.

5 Cash flows

5.1 Cash and cash equivalents not available for use

OMIClear has no cash balance or cash equivalent with restrictions of use for the periods presented.

5.2 Breakdown of values posted in "Cash"

On 31 December 2016, the breakdown of cash and cash equivalents was the following:

	31-12-2017	31-12-2016
Cash	2.013	1.778
Bank deposits	10.389.757	11.016.509
	10.391.770	11.018.287

The breakdown of the amount considered as final balance under "Cash and cash equivalents" for the purpose of preparing the cash flow statement for the period ending on 31 December 2017 and 31 December 2016 was the following:

	31-12-2017	31-12-2016
Cash resources		
- Cash	2.013	1.778
	2.013	1.778
Bank deposits		
- Checking accounts	2.084.620	369.216
- Savings accounts	8.305.137	10.647.293
	10.389.757	11.016.509
	10.391.770	11.018.287

6 Accounting policies, changes in accounting estimates and errors

6.1 Changes in rules

During the period in question, no new rules, changes or interpretations of existing rules were published that should be considered by OMIClear.

6.2 Changes in accounting policies

During the period in question, there were no changes in the accounting policies considered in the preparation of these financial statements.

6.3 Changes in accounting estimates

During the period in question, there were no changes in the accounting estimates considered in the preparation of these financial statements.

6.4 Prior period errors

During the period in question, no errors were identified that concerned prior periods.

7 Property, plant and equipment

During the period ending 31 December 2016 the changes recorded under the heading of property, plant and equipment were as follows:

Changes in property, plant and equipment – 2016

	Vehicles	Office equipment	Other property, plant and equipment	Total
1 January 2016				
Acquisition cost	40.192	1.785.869	6.532	1.832.593
Accumulated depreciation	(16.747)	(1.774.077)	(1.021)	(1.791.845)
Net book value	23.445	11.792	5.512	40.748
Additions	-	3.768	(857)	2.910
Depreciation for the period	(10.048)	(5.624)	(584)	(16.255)
Depreciation - disposals	-	-	-	-
Net book value	13.397	9.936	4.071	27.403
31 December 2016				
Acquisition cost	40.192	1.789.637	5.675	1.835.503
Accumulated depreciation	(26.795)	(1.779.701)	(1.604)	(1.808.100)
Net book value	13.397	9.936	4.071	27.403

During the period ending 31 December 2017 the changes recorded under the heading of property, plant and equipment were as follows:

Changes in property, plant and equipment – 2017

	Vehicles	Office equipment	Other property, plant and equipment	Total
1 January 2017				
Acquisition cost	40.192	1.789.637	5.675	1.835.503
Accumulated depreciation	(26.795)	(1.779.701)	(1.604)	(1.808.100)
Net book value	13.397	9.936	4.071	27.403
Additions	-	15.857	-	15.857
Depreciation for the period	(10.048)	(4.542)	(584)	(15.174)
Net book value	3.349	21.251	3.487	28.086
31 December 2017				
Acquisition cost	40.192	1.805.494	5.675	1.851.360
Accumulated depreciation	(36.843)	(1.784.243)	(2.188)	(1.823.274)
Net book value	3.349	21.251	3.487	28.086

Depreciation of property, plant and equipment are fully recorded under the heading Expenses/ reversals of depreciation and amortisation in the statement of profit and loss.

Additions to property, plant and equipment made in the period ending 31 December 2017 relate mainly to administrative equipment.

On 31 December 2017 and 31 December 2016, OMIClear used the following asset acquired under financial lease:

Financial Leases	31-12-2017	31-12-2016
Gross value	40.192	40.192
Accumulated depreciation	(36.843)	(26.795)
	3.349	13.397

8 Intangible fixed assets

During the period ended 31 December 2016, the changes recorded under intangible assets were as follows:

Changes in intangible fixed assets – 2016

	Development projects	Computer programmes	Other intangible assets	Total
1 January 2016				
Acquisition cost	-	-	30.000	30.000
Accumulated depreciation	-	-	(1.667)	(1.667)
Net book value	-	-	28.333	28.333
Additions	23.210	7.500	746.647	777.357
Depreciation - disposals	(1.834)	(1.042)	(134.390)	(137.266)
Net book value	21.376	6.458	640.590	668.424
31 December 2016				
Acquisition cost	23.210	7.500	776.647	807.357
Accumulated depreciation	(1.834)	(1.042)	(136.057)	(138.933)
Net book value	21.376	6.458	640.590	668.424

During the period ended 31 December 2017, the changes recorded under intangible assets were as follows:

Changes in intangible fixed assets – 2017

	Development projects	Computer programmes	Other intangible assets	Total
1 January 2017				
Acquisition cost	23.210	7.500	776.647	807.357
Accumulated depreciation	(1.834)	(1.042)	(136.057)	(138.933)
Net book value	21.376	6.458	640.590	668.424
Additions	-	14.649	-	14.649
Depreciation in the period	(5.844)	(2.500)	(134.390)	(142.734)
Net book value	15.532	18.607	506.200	540.339
31 December 2017				
Acquisition cost	23.210	22.149	776.647	822.006
Accumulated depreciation	(7.678)	(3.542)	(270.447)	(281.667)
Net book value	15.532	18.607	506.200	540.339

The asset under intangible assets relates to the Sungard project.

9 Other financial investments

On 31 December 2017 and 31 December 2016 the amount of other investments corresponds to the monthly contributions made by the company to the Labour Compensation Fund (FCT – Fundo de Compensação do Trabalho), under Law 70/2013.

10 Deferred taxes

The Company records deferred taxes resulting from temporary differences between asset and liability amounts for accounting and tax purposes.

On 31 December 2016 no situations generated deferred tax assets or liabilities. As at 31 December 2017, the Company recognised deferred tax assets associated with the tax loss for the year, in the amount of 64 302 Euros, which can be deducted from the tax to be paid in the next 7 years. Based on future projections, it was considered that the conditions for recovering this amount are met; therefore the associated deferred tax asset was recognised in 2017.

	Tax losses
As at 1 January 2017	-
Period ended 31 December	
Reversal through profit and loss	-
Increase through profit and loss	64.302
Change in the period	64.302
As at 31 December 2017	64.302

On 31 December 2017 and 2016, no situations generated deferred tax liabilities.

11 Clients

In the periods ended 31 December 2017 and 31 December 2016, the heading “Clients” was broken down as follows:

	31-12-2017			31-12-2016		
	Current	Non-current	Total	Current	Non-current	Total
Clients - Related parties (Note 33)	-	-	-	66.000	-	66.000
Clients - Third parties	502	-	502	1.183	-	1.183
Third party clients - Branch	38.024	-	38.024	46.706	-	46.706
	38.526		38.526	113.889		113.889
Impairment	-	-	-	-	-	-
	38.526	-	38.526	113.889	-	113.889

During these periods, there were no differences between the book values and their fair value.

12 State and other public entities

In the periods ended 31 December 2017 and 31 December 2016, the balances of the heading “State and other public entities” are as follows:

	31-12-2017		31-12-2016	
	Devedor	Credor	Devedor	Credor
Imposto sobre o rendimento - IRC	14.655	-	-	23.146
Imposto sobre o rendimento - IRC- Sucursal	272	-	-	1.924
Imposto sobre o rendimento - IRS	-	10.927	-	22.475
Imposto sobre o rendimento - IRS - Sucursal	-	1.061	-	457
Imposto sobre o valor acrescentado - IVA	49.934	-	42.547	-
Imposto sobre o valor acrescentado - IVA - Sucursal	-	6.332	-	8.267
Contribuições para a segurança social	-	14.151	-	15.535
Contribuições para a segurança social - Sucursal	-	846	-	1.692
	64.861	33.317	42.547	73.494

Corporate tax income (IRC) for the reported periods is broken down as follows:

	31-12-2017	31-12-2016
Payments on account	16.678	-
Payments on account - Branch	693	-
Special payment on account	3.875	-
Withholding tax	2.325	10.792
Corporate tax estimate	(8.223)	(33.938)
Corporate tax estimate - Branch	(421)	(1.924)
	14.927	(25.070)

13 Other receivables

In the periods ended 31 December 2017 and 31 December 2016, the heading “Other Receivables” is broken down as follows:

	31-12-2017			31-12-2016		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments	6.375	-	6.375	-	-	-
Other debtors						
OMIP SGMR (Note 33)	72.506	-	72.506	-	-	-
OMIP SGPS (Note 33)	8.377	-	8.377	-	-	-
Enagás (guarantee)	150.000	-	150.000	-	-	-
Other	(45)	-	(45)	241	-	241
Accrued income						
Interest receivable	53.111	-	53.111	58.863	-	58.863
Other	74.337	-	74.337	64.050	-	64.050
	364.661	-	364.661	123.154	-	123.154
Impairment	-	-	-	-	-	-
	364.661	-	364.661	123.154	-	123.154

The amount of 53 111 Euros refers to the accrued interest on guarantee deposits for December 2017, which the company will only receive in January 2018. (2016: 58 863 Euros).

The heading "Others" is broken down as follows:

ECC - Q4-17	29.778
Mibgás Spot	43.475
Emir - Galp Dec 2017	1.000
Other	84
	74.337

During these periods, there were no differences between the accounting values and their fair value.

14 Deferrals

As at 31 December 2017 and 31 December 2016, OMIClear recorded the following balances under the heading "Deferrals":

Deferred costs

	31-12-2017	31-12-2016
Insurance	4.082	4.459
Rents	3.244	3.405
Other	26.854	20.859
	34.180	28.723

15 Other financial assets and liabilities

Cash collateral is recorded under the headings of assets and liabilities.

On 31 December 2017 and 31 December 2016, the amounts recognised in the balance sheet are as follows:

	31-12-2017	31-12-2016
Guarantee deposits of participants	264.106.475	281.575.347
Amounts to be paid to participants	(264.102.652)	(281.575.342)
	3.823	5

The difference between the guarantees payable to the members and the guarantee deposit in 2017 refers to interest relating to a bank entity, which only accrue quarterly. In 2016, the difference related to bank charges.

16 Share capital

On 31 December 2017 and 31 December 2016, OMIClear's share capital, in the amount of 7 500 000 EUR, was fully subscribed and paid for, represented by 750 000 shares, each with a par value of 10 EUR.

On 31 December 2017 and 31 December 2016 the share capital is broken down as follows:

	% share	Capital
OMIP SGMR, SA	50,00%	3.750.000
OMIE	50,00%	3.750.000
	100,00%	7.500.000

17 Supplementary payments

In December 2017, the shareholders agreed to increase the Company's equity through supplementary payments.

These payments resulted from the conversion of all remaining loan credits (excluding interest), of an equal amount, contributed by the shareholders to the Company under the loan contracts concluded in December 2015, in the overall amount of 525 835 Euros (five hundred and twenty-five thousand, eight hundred and thirty-five euros).

18 Legal reserves and Other reserves

“Legal reserves” and “Other reserves” recorded the following changes during the periods ended 31 December 2017 and 31 December 2016:

	Legal reserve	SIG.B Reserve	Other reserves	Total
1 January 2016	218.101	1.875.000	216.895	2.309.996
Appropriation of results for the period	3.290	-	-	3.290
Other operations	-	-	(150.000)	(150.000)
31 December 2016	221.391	1.875.000	66.895	2.163.286
Appropriation of results for the period	10.467	-	-	10.467
Other operations	-	-	-	-
31 December 2017	231.858	1.875.000	66.895	2.173.753

Pursuant to the law in force, at least 10 % of the net annual income must be appropriated to increase the legal reserve until it represents 20 % of capital. This reserve cannot be distributed unless the company is liquidated, and can only be used to cover losses after other reserves are used, or added to capital.

The transfer to Legal reserves was made following the approval of appropriation of net income for 2016 by the General Meeting on 19 April 2017.

Under the law in force, the SIG.B reserve in the amount of 1 875 000.00 EUR constitutes OMIClear's own resources to be used in against the cascading effect of a default.

19 Funding obtained

During the periods ended 31 December 2017 and 31 December 2016, the heading “Funding” was broken down as follows:

	31-12-2017			31-12-2016		
	Current	Non-current	Total	Current	Non-current	Total
Loans (Note 33)	-	-	-	131.938	525.835	657.773
Financial leases	4.265	-	4.265	10.020	4.605	14.625
	4.265	-	4.265	141.958	530.440	672.398

LOANS:

This amount corresponds to the loans received from the OMIP SGMR and OMIE shareholders in connection with the financing of the Sungard project, in the total amount of 746 648 EUR, to be reimbursed in monthly payments. In 2017, 121 940 Euros were repaid (2016: 88 875 Euros).

As mentioned in note 17, the Board of Directors proposed that the General Shareholders Meeting should decide on using the amount owed to increase the equity, which is why these payments were no longer made.

FINANCIAL LEASES

The repayment plan is as follows:

	31-12-2017	31-12-2016
2017	-	10.020
2018	4.265	4.605
	4.265	14.625

20 Suppliers

During the periods ended 31 December 2017 and 31 December 2016, the heading including all current "Suppliers" is as follows:

	31-12-2017	31-12-2016
Suppliers	17.939	28.439
	17.939	28.439

21 Other accounts payable

On 31 December 2017 and 31 December 2016, the breakdown of the heading "Other accounts payable" is as follows:

	31-12-2017			31-12-2016		
	Current	Non-current	Total	Current	Non-current	Total
Suppliers - investments						
Suppliers	-	-	-	5.141	-	5.141
	-	-	-	5.141	-	5.141
Other creditors						
OMIP SGPS (Nota 33)	75.650	-	75.650	33.506	-	33.506
OMIP SGMR (Nota 33)	245.631	-	245.631	217.179	-	217.179
Other	39.151	-	39.151	4.740	-	4.740
	360.432	-	360.432	255.425	-	255.425
Other creditors						
ADM, SL	-	-	-	514	-	514
Other	-	-	-	530	-	530
	-	-	-	1.044	-	1.044
Creditors due to accrued expenses						
Holidays and holiday bonuses	31.352	-	31.352	36.309	-	36.309
Other staff costs	24.423	-	24.423	53.550	-	53.550
Productivity bonuses	104.501	-	104.501	221.717	-	221.717
Remuneration paid to members of governing bodies	64.950	-	64.950	24.950	-	24.950
Other	37.789	-	37.789	80.668	-	80.668
	263.015	-	263.015	417.194	-	417.194
	623.447	-	623.447	678.804	-	678.804

The item "Other" refers to:

- Services provided by market makers	17.880
- Services provided by IOBS	16.979
- CMMM	1.500
- Other	1.430
	37.789

22 Service provision

Services provided and recognised in the statement of profit and loss are broken down as follows:

	31-12-2017	31-12-2016
Market fees	667.071	1.146.918
Services provided in Natural Gas - Branch	169.175	38.600
EEX agreement	106.815	197.223
Services rendered - Energy	62.500	62.500
Services rendered - Natural Gas	-	89.145
EMIR Reporting	40.300	29.460
Training	-	33.400
	1.045.861	1.597.246

23 Supplies and external services

The breakdown of the costs incurred with supplies and external services is as follows:

	31-12-2017	31-12-2016
Specialised works	391.556	345.102
Travel and accommodation	67.792	76.531
Rentals	48.850	49.245
Fees	17.900	17.017
Insurance	15.670	17.680
Representation expenses	14.340	20.399
Banking services	10.949	10.502
Accounting and human resources - Branch	5.100	3.314
Cleaning, hygiene and comfort	4.620	4.236
Electricity	3.445	1.584
Other (each under 5 000 Euros)	8.357	12.052
	588.579	557.663

The most relevant heading in the category “Supplies” are specialised tasks that essentially include (i) maintenance of systems and access to IT platforms and (ii) management fees that offset within the Group the efforts dedicated to OMIClear by other Group employees.

24 Staff costs

Staff costs incurred during the periods ended 31 December 2017 and 2016 were as follows:

	31-12-2017	31-12-2016
Remunerations		
Governing bodies	303.455	271.536
Staff	551.914	649.229
Staff - Branch	28.125	16.144
	883.494	936.909
Social charges	158.659	186.312
Other	13.504	8.642
	172.163	194.954
	1.055.657	1.131.863

The increase in costs with governing bodies was due to the fact that in 2017 the term of office of executive bodies was longer than in 2016. Moreover, the Deputy-Chairman received compensation on leaving the Company.

There were two reasons for the drop in staff costs: (i) two employees left and were not replaced, and (ii) the Company's Director did not receive the variable bonus in 2017.

In 2017, the average number of OMIClear staff was 11 (2016: 13).

25 Other income and gains

The heading "Other income and gains" is as follows:

	31-12-2017	31-12-2016
Guarantees	652.646	709.279
Management fees (Note 33)	165.892	168.487
Other	2.813	5.201
	821.351	882.967

"Income from guarantees" refers to operating income and relates to capital income received for the management of guarantees deposited with OMIClear.

The heading "Management fees" includes debits relating to the work provided by OMIClear employees in OMIP management tasks.

26 Other expenses and losses

The breakdown of “Other expenses and losses” is as follows:

	31-12-2017	31-12-2016
Services provided by group companies (Note 33)	218.000	228.000
Costs with market operations	85.488	201.740
Contributions/levies	18.200	12.500
Taxes	3.684	3.473
Corrections of previous years' balances	8	561
Costs and losses in subsidiaries, associate companies and joint ventures	-	11.894
Other	1.451	2.392
	326.831	460.560

Costs with market operations in December 2017 and 2016 resulted from fixed commissions charged by Market Makers and IOBs.

27 Financial expenditure

The heading “Financial expenditure” for 2017 and 2016 is as follows:

	31-12-2017	31-12-2016
Interest and similar earnings		
Interest paid	(33.994)	(32.162)
	(33.994)	(32.162)
	(33.994)	(32.162)

28 Income tax

As at 31 December 2017 and 31 December 2016, the heading “Income tax” is as follows:

	31-12-2017	31-12-2016
Current income tax	8.644	35.862
Deferred income tax	(64.302)	-
(Over) / under taxation estimate	1.800	4.973
	(53.858)	40.835

28.1 Deferred taxes

On 31 December 2016, no situations generated deferred tax assets or liabilities. On 31 December 2017, the Company recognised deferred tax assets associated with the tax loss for the year, in the amount of 64 302 Euros. No situation generated deferred tax liabilities as at 31 December 2017.

28.2 Reconciliation of tax rate

The reconciliation of the effective tax rate for the periods ended 31 December 2017 and 2016 is shown below:

	31-12-2017		31-12-2016	
Pre-tax results	(15.000)	(280.757)	15.000	130.506
Tax rate	17,0%	21,0%	17,0%	21,0%
	(2.550)	(58.959)	2.550	27.406
	(61.509)		29.956	
Non-deductible expenses	799		1.124	
Non-taxable income	(3.592)		(6.027)	
Surcharge	-		1.832	
Autonomous taxation	8.223		7.052	
Under/Over taxation estimate	1.800		4.973	
Impact of branch tax	421		1.924	
	(53.858)		40.835	
Current income tax	8.223		33.938	
Impact of branch tax	421		1.924	
Under/Over taxation estimate	1.800		4.973	
Deferred tax asset	(64.302)		-	
Income tax	(53.858)		40.835	
Effective tax rate	0,00%		28,06%	

The tax rate used for determining the amount of tax in the financial statements is as follows:

	31-12-2017	31-12-2016
Tax rate up to 15 000 Euros	17,00%	17,00%
Tax rate for remaining value	21,00%	21,00%
Surcharge	1,50%	1,50%
	20,50%	20,50%

29 Dividends

As in 31 December 2016, OMIClear did not pay dividends during the period ended 31 December 2017.

30 Commitments

On 31 December 2017 and 31 December 2016, there were no other commitments undertaken by the company and not reflected in the financial statements.

31 Contingencies

CONTINGENT LIABILITIES

On 31 December 2017 and 31 December 2016, OMIClear did not record any contingent liabilities.

CONTINGENT ASSETS

On 31 December 2017 and 31 December 2016 OMIClear did not record any contingent assets.

32 Information requires by law

Under Article 21(1) of Decree-law 411/91, of 17 October, OMIClear confirms that it does not owe any contributions to Social Security or to Treasury.

33 Related parties

On 31 December 2017 and 2016, 50 % of OMIClear was held by OMIP – Polo Português, S.G.M.R., S.A. and 50 % by OMI – Polo Español, S.A. (OMIE).

NATURE OF THE RELATIONSHIP WITH THE RELATED PARTIES

SHAREHOLDERS:

- OMIP – Polo Português, SGMR, SA
- OMI – Polo Español, SA (OMIE)

OTHER RELATED PARTIES:

- OMIP – Operador do Mercado Ibérico (Portugal), SGPS, SA
- OMEL – Operador del Mercado Ibérico de Energia, Polo Español, SA
- REN – Redes Energéticas Nacionais, SA.
- REN – Serviços, SA.
- Caixa Geral de Depósitos
- Banco Comercial Português, SA

33.1 Transactions with shareholders

In the periods concerned, OMIClear made the following transactions with its shareholders:

	31-12-2017	31-12-2016
Services provided		
OMIE	43.475	88.575
OMIP SGMR	145.344	147.939
	188.819	236.514
Services acquired		
OMIP SGMR	180.000	242.408
OMIE	(10.000)	-
	170.000	242.408

33.2 Debit and credit balances with shareholders

For the periods ended 31 December 2017 and 31 December 2016, the balances resulting from transactions made with the shareholders are as follows:

	31-12-2017	31-12-2016
Clients		
OMIE	-	66.000
	-	66.000
Other accounts receivable		
OMIP SGMR	72.506	-
	72.506	-
Other accounts payable		
OMIP SGMR	245.631	217.179
	245.631	217.179
Financing obtained		
OMIP SGMR	-	328.886
OMIE	-	328.886
	-	657.772

33.3 Transactions with other related parties:

During the periods concerned, OMIClear made the following transactions with the entities below:

	31-12-2017	31-12-2016
Services provided		
OMIP SGPS	20.548	20.548
	20.548	20.548
Services acquired		
OMIP SGPS	48.000	48.000
	48.000	48.000

33.4 Debit and credit balances with other related parties:

At the end of the periods ending 31 December 2017 and 31 December 2016, the balances resulting from transactions made with other related parties are as follows:

	31-12-2017	31-12-2016
Other accounts receivable		
OMIP SGPS	8.377	-
	8.377	-
Other accounts payable		
OMIP SGPS	75.650	33.506
	75.650	33.506

33.5 Management remunerations

During the periods ended 31 December 2017 and 2016, the remunerations earned by the members of OMI-Clear's Board of Directors were as follows:

	<u>31-12-2017</u>	<u>31-12-2016</u>
Remunerations	109.044	91.644
Gratuities and bonuses	40.911	22.892
	<u>149.955</u>	<u>114.536</u>

34 Subsequent events

Up to the date on which these financial statements were approved, the Board of Directors had no knowledge of any subsequent events that should be recorded or disclosed herein.

35 Proposed appropriation of profits

The Board of Directors, under the terms and for the purposes of Article 25 of the Company Statutes, decided to propose that the net result for 2017, in the negative amount of 241 899.14 Euros (two hundred and forty-one thousand, eight hundred and ninety-nine euros and fourteen cents), be appropriated as follows:

To retained earnings.....(241 899.14) Euros

Lisbon, 14 March 2018

Manuela Lopes dos Santos

Manuela Lopes dos Santos
Contabilista Certificada, n.º 85946

O Conselho de Administração,



Ignacio Grangel Vicente



Artur Álvaro Laureano Homem da Trindade



Antonio Elias Rey



José Manuel Amado da Silva



Gonzalo Solana González



Paulo Alexandre da Rocha Henriques

ANNEX

10

STATUTORY AUDIT REPORT

01/03



Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of OMIClear – C.C., S.A. (the Entity), which comprise the balance sheet as at December 31, 2017 (which shows total assets of Euro 275,637,840 and total shareholders' equity of Euro 10,856,220 including a net loss of Euro 241,899), the statement of income by nature, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of OMIClear – C.C., S.A. as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles in Portugal.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

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 financial statements

Management is responsible for:

- a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with generally accepted accounting principles in Portugal;
- b) the preparation of the Directors' Report in accordance with the applicable law and regulations;

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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

STATUTORY AUDIT REPORT

03/03

e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

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

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements.

Report on other legal and regulatory requirements***Director's report***

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

March 28, 2018

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Rui Jorge dos Anjos Duarte, R.O.C.

REPORT AND OPINION OF THE SUPERVISORY BODY

01/02



Report and Opinion of the Supervisory Body

(Free translation from the original in Portuguese)

To the Shareholders,

In accordance with the law and our mandate, we herewith present the report on our supervisory activity and our opinion on the Directors' Report and financial statements as presented by the Board of Directors of OMIClear – C.C., S.A. with respect to the year ended December 31, 2017.

During the year, we have accompanied the evolution of the Company's activity, as and when deemed necessary. We have verified the timeliness and adequacy of the accounting records and respective supporting documentation, as well as the effectiveness of the internal control system, only to the extent that the controls are of relevance for the control of the Company's activity and the presentation of the financial statements. We have also ensured that the law and the Company's articles of association have been complied with.

As a consequence of our work, we have issued the attached Statutory Audit Report.

Within the scope of our mandate, we have verified that:

- i) the balance sheet, the statement of income by nature and by functions, the statement of changes in equity, the statement of cash flows and the corresponding notes to the accounts, permit an adequate understanding of the financial position, the results, the changes in equity and cash flows of the Company;
- ii) the accounting policies and valuation methods applied are appropriate except for the matters mentioned in the Statutory Audit Report;
- iii) the Directors' Report is sufficiently clear as to the developments of the business and the position of the Company and highlights the more significant aspects;
- iv) the proposed appropriation of results is not contrary with the applicable laws and Company's articles of association.

On this basis, and taking into account information obtained from the Board of Directors and the Company's employees, together with the conclusions in the Statutory Audit Report, we are of the opinion that:

- i) the Directors' Report be approved;
- ii) the financial statements be approved;
- iii) the proposed appropriation of results be approved.

.....
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REPORT AND OPINION OF THE SUPERVISORY BODY

02/02

Finally, we would like to express our gratitude to the Board of Directors and all those whom we contacted, for their valuable contribution.

March 28, 2018

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Rui Jorge dos Anjos Duarte, R.O.C.



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