



ANNUAL REPORT  
AND ACCOUNTS  
**2018**

**emip**

## ACRONYMS:

### **OMI**

OMI – Operador do Mercado Ibérico

### **OMIP**

OMIP – Pólo Português, S.G.M.R., S.A.

### **OMIClear**

OMIClear, C.C., 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.



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## TABLE OF CONTENTS

01	Message from the Chairman	06
02	2018 Financial year	08
	2.1 Background	
	2.2 Organisation	
	2.3 OMI	
03	Development of the MIBEL Derivatives Market	11
04	Directive on markets in financial instruments — DMIF II	19
05	Information systems	21
06	Other activities	24
	6.1 Special regime production placement auctions	
	6.2 Auction of capacity in the electrical interconnection between Portugal and Spain	
	6.3 Auctioning of the new product indexed to solar capability indexes	
	6.4 Capacity rights of use (gas)	
	6.5 Clearing transactions by the GTM	
	6.6 Development of the GPMC project	
07	Outlook for 2019	28
08	Proposed appropriation of profits	30
09	Shareholders, governing bodies and subsidiary	32
	9.1 Shareholders	
	9.2 Governing bodies	
	9.3 Subsidiary	
10	Financial statements and annexes as at 31 December 2018	34
11	Annex - Statutory Auditor's Report	61

## MESSAGE FROM THE CHAIRMAN



# 1

**T**he traded volume and liquidity in electrical energy markets across Europe improved slightly in 2018, where total traded volumes grew by 2% compared to 2017. In terms of the main regional markets, Italy increased by 29% and Germany by 1%. The French, Nord, UK and Central European markets dropped 12%, 10%, 6% and 3% respectively.

The Spanish market also fell by 5% compared to 2017. It should be recalled that a falling tendency in forward trading volumes began in 2015 in the MIBEL zone, and that even if 2016 saw a slight recovery, volumes traded in 2017 and 2018 dropped again and were even lower than that of 2015.

The year just ended was also marked by the entry into force of Directive DMIF II in January 2018 and by stricter reporting requirements on the part of market participants. At the same time, some banks and investment funds continued to withdraw from commodities futures. In this context, 2018 saw a waning of participants' interest in the MIBEL Derivatives Market, with less demand for hedging. As a Market Operator of energy derivatives, OMIP was rather affected by the overall evolution of market liquidity, and also by competition, which affected its economic results.

Faced with this adverse environment, OMIP continued its efforts to expand its product range available on the market, in particular natural gas futures, by extending the maturity curve of electricity futures to five years, and through the launch of a futures contract, innovative at European level, with a load profile of a solar plant. This effort clearly shows in the registration of the first physical natural gas futures contracts at OMIP on 16 February, and the launch on 4 September of electricity futures contracts for trading and registration at a maturity of five years, and a futures contract having as the underlying asset the SPEL Solar index. Efforts continued in 2018 to

develop supplementary and ancillary services to the company's main activity.

This strategy to expand the portfolio designed to meet the needs of the market agents together with the high level of client service provided by OMIP gives our company the trust and courage needed to face the challenges ahead, in particular the fierce increase in competition and the ever more stringent legislative and regulatory framework to which it is subject.

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. This is the context in which OMIP, braced with the necessary flexibility, will face the new challenges, projects and business opportunities.

Finally, we would like to thank the entire OMIP 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, 26 March 2019

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**Artur Trindade**  
Chairman of the Board of Directors

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## 2018 FINANCIAL YEAR



# 2

## 2.1 Background

The Iberian Electricity Market (MIBEL), a joint venture of the governments of the Republic of Portugal and the Kingdom of Spain, aims to build a regional market that is consistent with and a facilitator of a much broader market: the Domestic Energy Market.

Both countries designated OMIP as the managing entity of the futures markets, alongside OMIE, to which the management of the daily and intra-day market sessions was assigned.

It is in this capacity that OMIP, founded in June 2003, manages MIBEL's Derivatives Market together with OMIClear, founded in April 2004, to serve as Central Counterpart for market transactions.

OMIP and OMIClear function under Portuguese legislation and are, under this scope, recognised respectively as operator of the regulated market and as Central Counterpart, both registered with CMVM (*Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission).

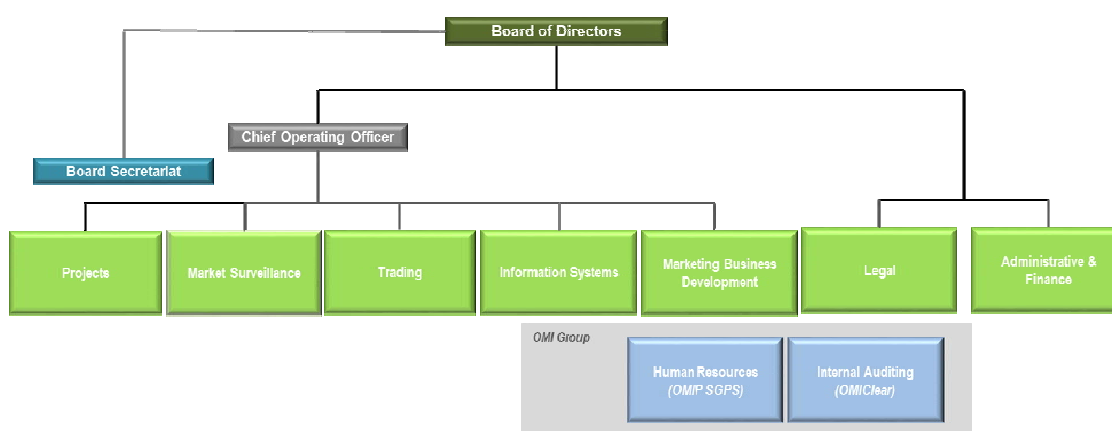
In accordance with the International Agreement of Santiago, a Board of Regulators supervises MIBEL's activity. This Board comprises regulators from the financial sector (CMVM and *Comisión Nacional del Mercado de Valores*) and from the energy sector (*Entidade Reguladora dos Serviços Energéticos* and *Comisión Nacional de los Mercados y la Competencia*) of both countries.

## 2.2 Organisation

OMIP's organisational structure is designed so as to ensure regular and effective market operation and, at the same time, to resolve all queries received from participants, supervisory authorities and the general public.

In addition to its own resources, agreements were concluded with other OMI group companies concerning the provision of services, which, to the extent provided for in the law, enables available human resources to be better allocated and managed.

Figure 1 OMIP's organisational structure



As at 31 December 2018, the company had 14 staff (five female and nine male), plus the Chairman of the Board of Directors, who performs executive duties.

## 2.3 OMI

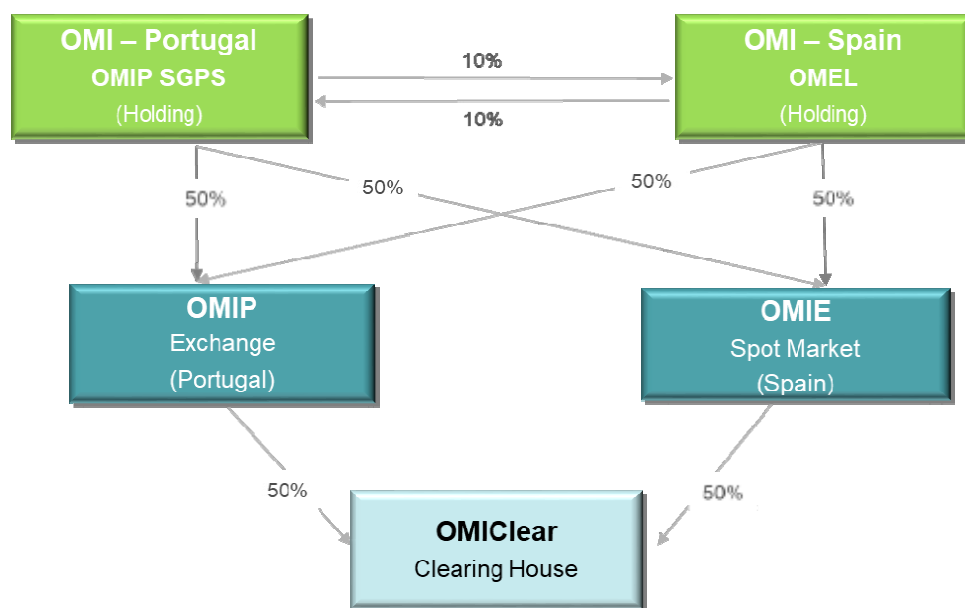
In 2011, OMI's final corporate structure was implemented, as provided for in Article 4 of the International Agreement of Santiago, revised and amended by the Braga Agreement, which states that OMI “shall comprise two holding companies, with head-office in Portugal and Spain respectively, with cross-shareholdings of 10 % and where both companies will hold 50 % of each of the market managing companies ...”. Figure 2 illustrates the agreed model.

In this context, on 18 October 2011 the holding companies OMIP SGPS and OMEL came into the control of 50:50 of the equity capital of each of the market managing companies OMIP and OMIE. In addition, the corporate governance model previewed was implemented, consisting of a Board of Directors common to both market managing companies, OMIP and OMIE.

On 12 September 2013, OMIE became part of OMIClear's shareholding structure through capital increase, thus completing OMI's model laid down in the International Agreement.

Both 2014 and 2015 were years of consolidation and internal reorganisations with the purpose of adapting to prudential organisational and risk management requirements applicable to OMIClear's activity, a situation that also impacted on OMIP.

Figure 2 OMI's organisational chart



The year 2018 represented OMIP's twelfth full year of activity performing the duties entrusted to the Portuguese division of the Iberian Electricity Market Operator.

DEVELOPMENT OF THE MIBEL  
DERIVATIVES MARKET

3

## DEVELOPMENT OF THE MIBEL DERIVATIVES MARKET

Traded volumes in the MIBEL Derivatives Market decreased in 2018. A number of factors contributed to this situation, for example, the fact that some international players withdrew from the Iberian markets, the reduced activity of Iberian energy companies operating simultaneously in production and marketing, regulatory uncertainty and the increasingly more stringent reporting requirements, as well as an overall trend towards stagnation in Europe in the electricity forward market.

In 2018, the total volume of electricity derivatives traded at OMIP relating to the Portuguese and Spanish zones totalled 29.84 TWh, representing a 16% drop compared to 2017 figures (35.50 TWh). In particular, in continuous trading 6.00 TWh were traded, compared to 7.66 TWh in 2017, a 22% decrease. A total of 12.42 TWh were traded in the registration of bilateral transactions compared to 15.60 TWh in 2017, i.e., a 20% drop. As regards auctions, 11.42 TWh were traded, compared to 12.25 TWh in 2017, a drop of 7%.

In this period, electricity consumption in the Iberian Peninsula totalled 304.4 TWh: 253.5 TWh in Spain (Peninsular) and 50.9 TWh in Portugal (Mainland). Compared to 2017, consumption increased 0.30% in Spain and 2.54% in Portugal, resulting in a 0.66% increase in the whole of the Iberian Peninsula.

Figure 3 Electricity consumption in the Iberian Peninsula

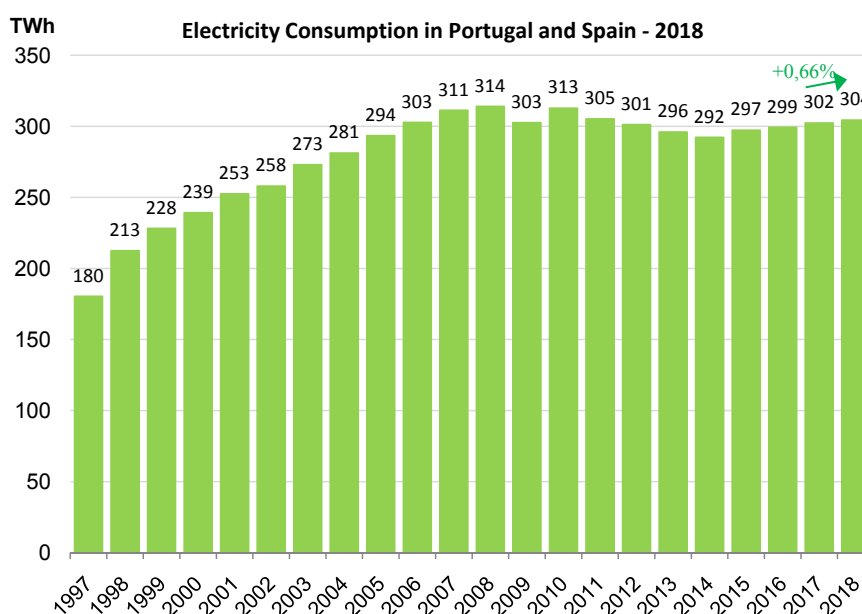


Table 1 Main activity indicators: MIBEL Energy Derivatives

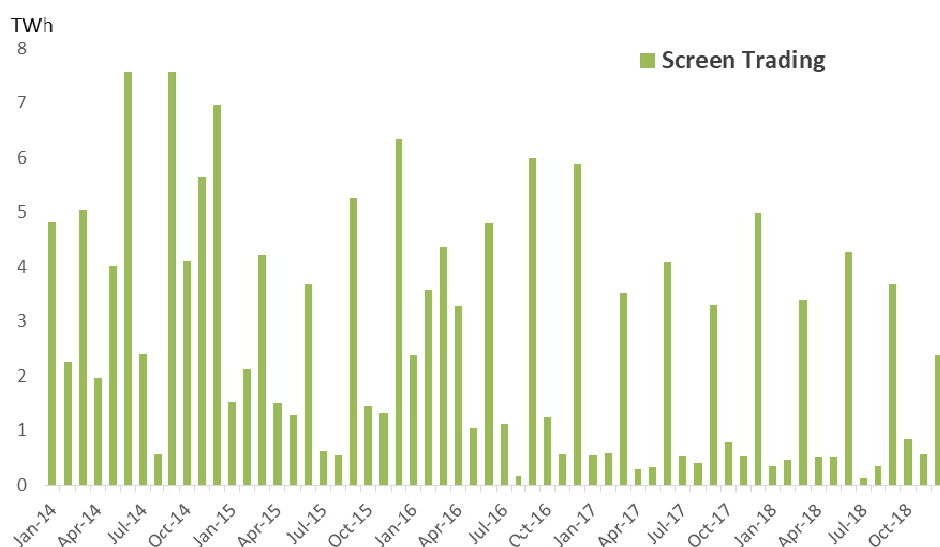
	2018	2017
Traded volume (TWh)	29,8	35,5
Notional traded volume (M €)	1.389	1.413
Participants (31 Dec)	67	64
OTC Brokers (31 Dec)	9	7

As shown in detail below, the number of direct participants – Trading Members – increased in 2018, with three entities having ended their activity and six new entities being admitted, resulting in 67 Trading Members as at 31 December 2018.

As regards OTC Brokers, three new participants were admitted and one left. As at 31 December 2018, there were nine OTC Brokers.

Traded volumes in March, June, September and December were greater than in the rest of the months. Note also that, on average, about 1.45 TWh were traded each month compared to 1.66 TWh in 2017.

Figure 4 Monthly energy volume traded online (Continuous and Auctions)



The analysis of volumes traded every year shows that in 2018 they decreased, as in 2017. In 2018, 17.42 TWh were traded online (continuous and auctions), reflecting a drop of 12.5% compared to the previous year.

Figure 5 Annual energy volume traded online (Continuous and Auctions)

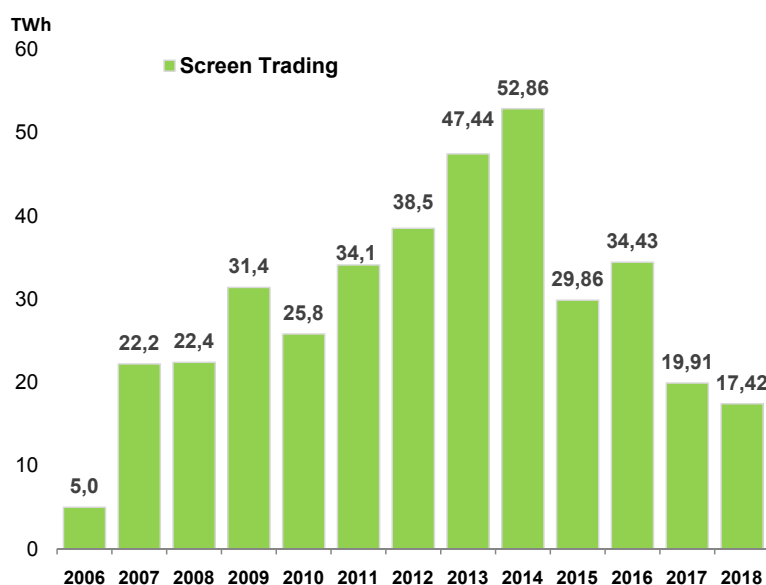
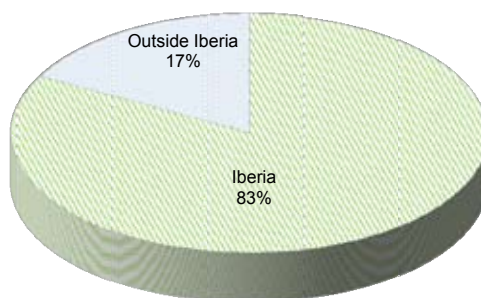


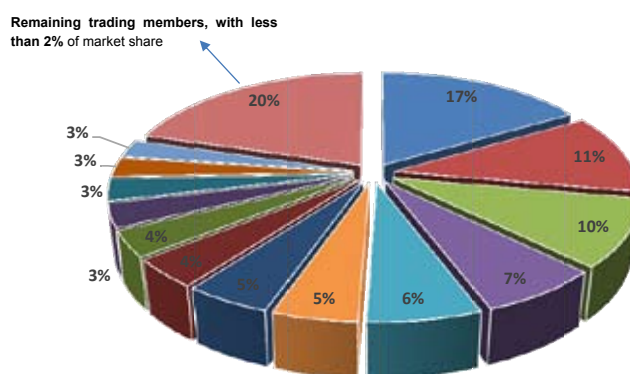
Figure 6 shows that 83% of the total volume was traded by companies domiciled in the Iberian Peninsula, a percentage higher than that in 2017 (81%), showing the decreasing interest of international entities in the Iberian energy market.

Figure 6 Market share according to the location of the trading member



The distribution of market share among all trading members in 2018 (see Figure 7) is similar to that of previous years, where the volume continued to be distributed amongst the different market members. In 2018, the three most active ones represented about 37% of the total traded volume (40% in 2017). This indicator of traded volume distribution should be highlighted, since it confirms that the electricity market in the Iberian Peninsula is still competitive, and even showing a slight decrease in the weight of the main players compared to the previous year.

Figure 7 Market share by trading member



As regards contracts listed for trading, and in terms of equivalent energy, annual contracts were traded the most (50.7%), followed by quarterly (37.6%) and monthly contracts (11.0%), as shown in Figure 8. There was a reversal in relation to 2017, when the contracts most traded were the quarterly contracts (65.0% of total volume in 2017), followed by annual and monthly contracts.

Short term maturity financial instruments are still clearly the ones with the least market share. Weekly contracts represent only 0.42% of traded volume, compared to 0.43% in 2017 and 7.9% in 2016.

Figure 8 Weight of traded volume by type of contract in 2018

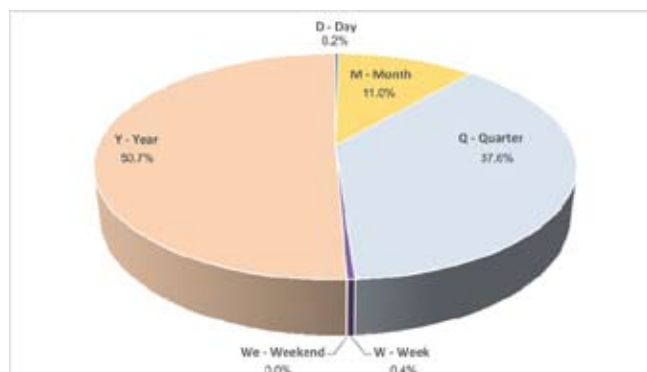


Table 2 lists all the OMIP members, as at 31 December 2018, indicating the Trading Member Dealers, Trading Member Brokers and OTC Brokers.

Table 2 MIBEL Derivatives Market Participants

Company	Trading Member Dealer	Trading Member Broker	OTC Broker
Acciona Green Energy Developments			
Alpiq			
Antuko Energia			
Arraco Global Markets			
AXPO Iberia			
Banco Santander			
BP Gas Marketing Limited			
Céltica Energia			
Cepsa Gas y Electricidad			
CIMD – Corretaje e Información Monetaria y de Divisas			
Citadel Energy Investments (Ireland) DAC			
Citigroup Global Markets Ltd.			
Clidom Energy			
Comercializadora Regulada, Gas & Power			
Danske Commodities			
Dreue Electric			
Ecochoice			
EDF Trading Markets Limited			
EDP - Serviço Universal			
EDP Energias de Portugal			
EDP España			
Endesa Energía			
Endesa Energía XXI			
Endesa Generación			
Enérgya VM Gestión de Energía			
Enforcesco			
Engie Global Markets (GDF Suez)			
Eni Trading & Shipping			
Evergreen Electrica			
Factor Energía			
Fenie Energía			
Foener Energía			
Fortia Energía Servicios			
Fortia Energía			
Freepoint Commodities Europe LLP			
Galp Gás Natural			
Galp Power			
Gas Natural Comercializadora			
GeoAtlante			
Gesternova			
GFI Brokers			
Gnera Energía y Tecnología			
Goldman Sachs International			
Griffin Markets			
Iberdrola Comercialización de Último Recurso			
Iberdrola Generación España			

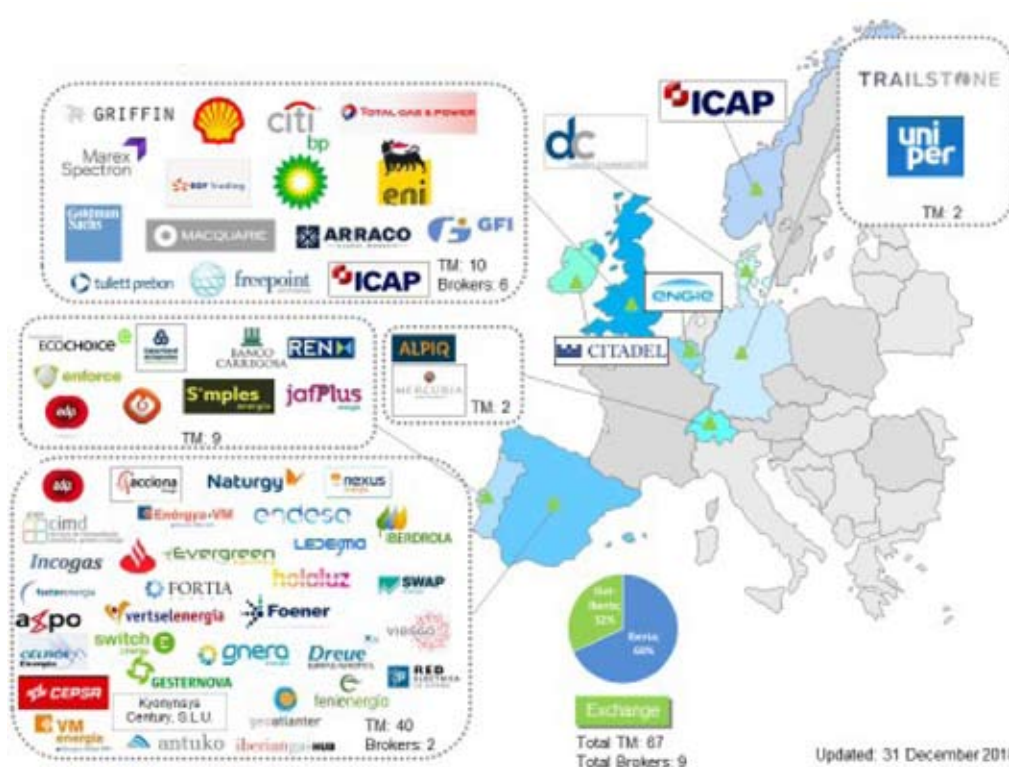
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Company	Trading Member Dealer	Trading Member Broker	OTC Broker
ICAP Energy			
ICAP Energy			
Ingeniería y Comercialización del Gas (Incogas)			
Jafplus Energia Lda			
Kyonysys Century			
Ledesma Comercialización Eléctrica			
Macquarie Bank Limited			
Marex Spectron International Limited			
Mercuria Energy Trading			
Naturgy Energy Group			
Nexus Energía			
PH Energía			
Red Eléctrica de España			
Rede Eléctrica Nacional			
Shell Energy Europe Ltd.			
Sociedad Bilbao Gas Hub			
SWAP Energía			
Switch Energy			
Total Gas & Power Ltd.			
TrailStone GmbH			
Tullett Prebon (Securities) Limited			
Tullett Prebon (Europe) Limited			
Uniper Global Commodities SE			
Versel Energía			
Viesgo Comercializadora de Referencia			
Viesgo Generación			
Viesgo Renovables			
Villar Mir Energía			

The geographical distribution of participants, in Figure 9, shows two distinct and highly representative divisions. One is in the Iberian Peninsula (Spain, in particular), where companies with assets and stakes in the production and sale of electricity stand out, and the other in the United Kingdom, mostly involving financial institutions, banks and investment funds.

Figure 9 Origin of participants (Dec.2018)



As at 31 December 2018, the MIBEL Derivatives Market comprised 67 Trading Members: 64 Trading Member Dealers, five Trading Member Brokers, and nine OTC Brokers, as shown in Table 3.

In the Trading Member Dealers, the Iberian members prevail, whereas in the Trading Member Brokers and OTC Brokers the majority of members continue to be from outside of the Iberian Peninsula.

As a result of the marketing efforts in 2018, the following companies were admitted as trading members: Gas Natural Comercializadora S.A., Endesa Energia S.A., SWAP Energia S.A., Galp Gás Natural S.A., Incogas S.A., Antuko Energía S.L. and the OTC Brokers Arraco Global Markets Ltd., ICAP Energy Ltd. and GFI Brokers Ltd. The new trading members include retailers and Iberian energy sector companies.

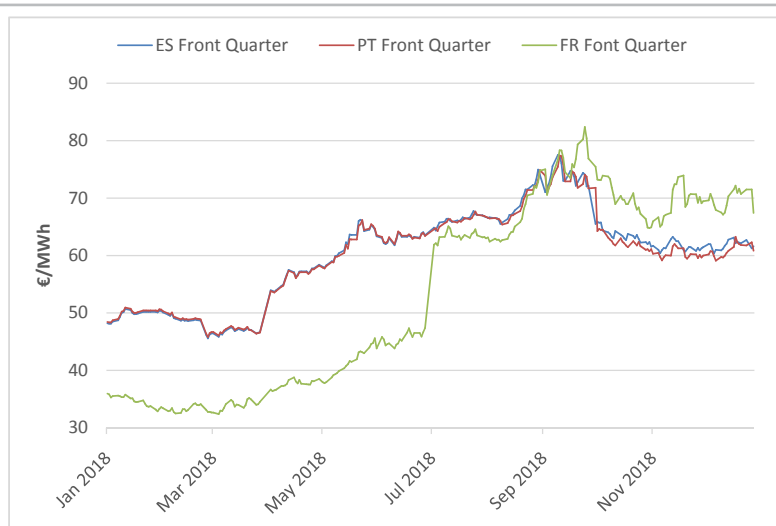
Table 3 Participants at the end of 2018

Origin	Trading Member (Dealer)	Trading Member (Broker)	OTC
Spain	39	2	2
Portugal	9		
United Kingdom	9	2	6
Germany	2		
Norway	-	1	1
Belgium	1		
Denmark	1		
Ireland	1		
Switzerland	2		
Total	64	5	9
Iberian	48	2	2
Non-Iberian	16	3	7

In terms of price rates relating to the next-quarter contracts (Q+1) of the two MIBEL zones, as shown in Figure 10, the seasonal nature that characterises the Iberian Peninsula is evident, which is much influenced by the hydrographical regime, and, on the other hand, the broad correlation between prices in the Portuguese and Spanish zones. Nevertheless, especially in the last quarter of 2018, some price splitting was noted, being slightly lower in the Portuguese zone.

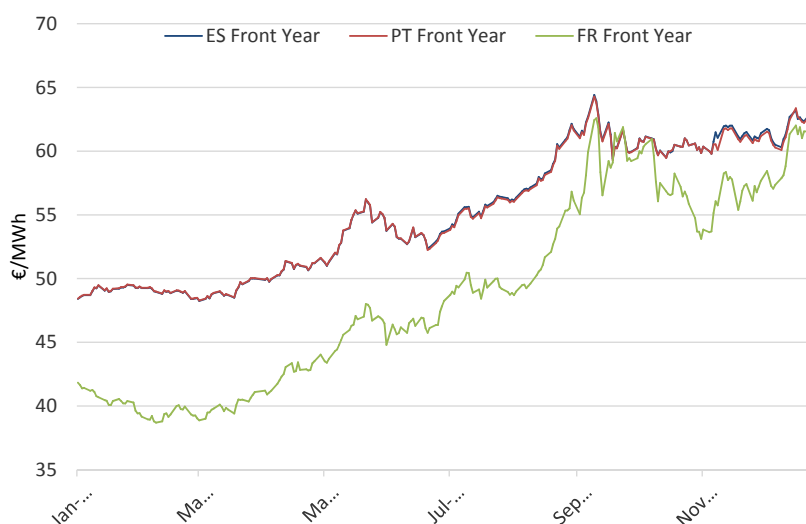
With regard to the French zone, the scenario clearly differed from the first to the second half-year. In the first half-year, prices in the French zone were lower than those of MIBEL, the difference amounting to about 12 €/MWh, and the situation reversed in the second-half, with prices increasing in about 10 €/MWh. The problems in some nuclear power plants in France and some tax changes in the Spanish zone during the second half-year can help explain this behaviour.

Figure 10 Evolution of prices for next quarter contracts (Q+1) (EUR/MWh)



The annual contracts with delivery in 2019 (see Figure 11) show a similar pattern, even though the price of French products was lower than those of the Spanish and Portuguese zones. Nonetheless, prices tended to be more in line with those of the MIBEL and French zones throughout the year. Early in the year, the spread on the annual contract with delivery in 2019 was of about 10 €/MWh and of about 2 €/MWh at year-end.

Figure 11 Evolution of prices for next year contracts (Y+1) (EUR/MWh)



The table below summarises some of the most relevant events in 2018.

Table 4 Summary of 2018

Events
Axpo Iberia; EDF Trading Limited and Endesa were selected through tender as market makers for the whole of 2018.
Six new trading members were admitted to OMIP (Iberian companies in the energy sector) and three new OTC Brokers.
Special Regime Placement Auctions held throughout the year and every quarter for delivery in the Portuguese MIBEL zone and Auction of Financial Contracts for capacity rights in the interconnection Portugal-Spain. The traded volumes were of 5.694 TWh and 5.727 TWh, respectively.
Organisation of four training sessions on Energy Derivatives Market by OMIP: one in Lisbon, two in Madrid, and one in Porto, organised jointly with COGEN Portugal.
OMIP organised one trading and Products Committee in June, in Lisbon.
OMIP continued to work as RRM, reporting to ACER in accordance with REMIT regulations; by the end of 2018, more than 60 clients had subscribed this service, excluding the counterparts who delegated the reporting to OMIP's direct clients (almost 150 entities).
OMIP continued to be responsible for operating the Gas Clearing Auction platform needed to balance the Portuguese National Natural Gas Transmission Network (REN).
The first physical natural gas futures contract was registered at OMIP on 16 February.
On 26 July, OMIP organised the auction for the purchase of natural gas by the Global Technical Manager of SNGN for the purpose of compensating the network (operation gas).
On 4 September, OMIP launched electricity futures contracts at a maturity of five years (Year+5) for trading and registration, and a futures contract with the SPEL Solar index as underlying asset.

DIRECTIVE ON MARKETS IN FINANCIAL  
INSTRUMENTS — DMIF II

4

## DIRECTIVE ON MARKETS IN FINANCIAL INSTRUMENTS — DMIF II

The recent financial crisis has revealed some flaws in the running and transparency of financial markets. The fact that these markets have evolved and reached such a level of sophistication has called for the need to strengthen the regulatory framework of financial instruments markets, including OTC (over-the-counter) trading, so as to increase transparency, better protect the investors, increase trust, address the non-regulated areas and ensure that the supervisory authorities have the necessary powers to perform their tasks.

To this end, the legal package containing the Directive on Markets in Financial Instruments (DMIF II) enabled the establishment of a thorough regulatory regime to regulate transactions in financial instruments, regardless of which trading methods are used to realise them, seeking to ensure high quality investor transactions and to support the integrity and overall efficiency of the financial system.

The entry into effect of this new legal framework and its transposition into the Portuguese legal system implied that OMIP had to undertake extensive and demanding actions to adapt and implement the directive, focused mainly on issues concerning reporting of transactions and position thresholds. Extensive work was carried out in 2018 to adapt procedures, rules and tools, involving the various company departments.

In terms of Information Systems, as we will explain further on, several internal projects were developed to adapt to the legal framework imposed by the DMIF II, for example, reporting to the CMVM the information concerning market activity and the accumulated positions of trading members, the development of OMIP's Reporting Platform (ORP) to allow trading members to update, autonomously, the static information of the entity and persons in charge, consult the transactions and positions, and also to update the risk reduction classification and improve the reporting of information on market activity to CMVM.

As regards the trading area, in 2018 we continued to collect data on new agents, under the document "*MiFIDII Report Agreement*". Mandatory identification elements were also collected concerning all new operators. This information is kept in OMIP reporting Platform (ORP) and is updated by the agents themselves.

Responses were also given to requests for information issued over the year by both the national regulator (CMVM) and the European entity (ESMA).

As regards supervision, we developed tools (systems) and monitoring indicators of the markets managed by OMIP. Based on the tools (software), we carried out the analysis and investigation of incidents, and daily and *ad hoc* reports on supervisory activities.

The OMIP *Market Monitor Software* was developed to monitor algorithmic trading, as well as the drafting of the corresponding weekly reports.

## INFORMATION SYSTEMS

# 5

## INFORMATION SYSTEMS

Following on from the work carried out in previous years, in 2018 work in information systems focused on three essential aspects:

### **Management of contracts with external suppliers**

- > Support to communication between supplier and operational departments;
- > Maintenance of infrastructure to support services;
- > Service level management.

### **Support and maintenance of applications and internal and external services:**

- > Specification and testing of new technical functionalities or changes in existing ones;
- > Coordination in the implementation of changes in productive or non-productive environments;
- > Support and communication with agents for notifying changes or problem solving;
- > First line of support to solving technical problems (helpdesk service);
- > Carry out daily procedures to check the normal operation of systems;
- > Analysis and adjustment to regulatory changes.

### **Design, specification, implementation and testing of new solutions and functionalities, and improvement of applications used.**

### **Participation in the maintenance of business continuity systems and information security management:**

- > Checking and updating documents.
- > Periodical tests to systems and infrastructure.

In 2018, the execution of the aforementioned activities, and especially early in the year, focused on the entry into effect, on 3 January 2018, of the European directive and regulation (DMIF II). In connection with this, we note the following:

- > Improvements to the OMIP Reporting Platform (ORP) and to the functionality that allows market trading members to update, autonomously, the static information of the entity and of the people responsible, consult transactions and positions, and update the risk reduction classification;
- > Improvement of the solution for reporting information on market activity to the national financial regulator (CMVM);
- > Improvement of the application for reporting OMIP market reference information to ESMA (under the FIRDS);
- > Entry into operation and presentation of the new corporate website, and subsequent development of the page containing market transparency data.

As a result of the growing concern about information security, and more specifically of cybersecurity and the resulting set up of the cybersecurity committee of the OMIP Group, the following department activities must also be taken into consideration:

- > Analysis and mitigation of vulnerabilities identified by the Nacional Cybersecurity Centre and, in particular, by the security service provider, by periodically analysing any vulnerabilities and carrying out intrusion tests at different levels.
- > Implementing safety improvements in the clock auction platform used in energy market auctions (MIBEL);
- > Analysis and optimisation of the anti-malware solution used in the infrastructure, to standardise and expand the prevention, management and monitoring capabilities;
- > Identify and improve the prevention of information leakage in users' workstations and in databases;
- > Test the centralised management solution for network equipment logs and analysis of event capture and correlation technology;
- > Study of solutions for the centralised management and monitoring of accesses;
- > Implementation of an online service on the company's new website, providing safe passwords to be used by staff when conveying the new passwords to clients and suppliers.

In a more general context, we also highlight the following work carried out in 2018 by or in direct collaboration with the Information Systems department:

- > Completion of hardware infrastructure upgrading works: migration of non-productive environments to the new supplier's infrastructure, through the recovery and reuse of some servers from the old infrastructure for server virtualisation;
- > Updating the disaster recovery plan and technical support to the preparation and execution of two disaster recovery tests: one at OMIP's main office and the other at the Company's main data centre (subcontracted);
- > Several improvements have also been introduced as well as new functionalities in the new corporate website, providing a market window display available to anyone interested;
- > Technical support to the implementation of changes in the e\_Switch, as part of the operation and maintenance of the platform for the switching of natural gas supplier provided to Adene; more specifically, integrating the operation of the Regulated Market on the platform;
- > Technical specification of a new technological platform, at the request of Adene, to replace the e\_Switch platform, which in addition to the processes of switching the natural gas supplier will also accommodate the processes of switching the national electrical system supplier;
- > Expansion of the Capacity Rights of Use (CRUg) technological solution to accommodate the intraday products as of October. The use of the Joule Direct (Trayport) for these auctions was expanded, as well as the internal development of components for the automatic exchange of information with REN;
- > Reactivation of the multi-layer spectrum auction platform to show a potential client how it works.

## OTHER ACTIVITIES

A large white number '6' is centered on a green background. The number has a dark green shadow cast to its right and slightly downwards, creating a 3D effect.

## 6.1 Special regime production placement auctions

The terms and conditions governing the special regime production placement auctions, published in an annex to Directive 5/2011 of ERSE (the Energy Services Regulatory Authority), of 24 November, define OMIP as the entity responsible for organising auctions. This is a regulated mechanism for the sale of electricity production by EDP - Serviço Universal, S.A., within its function as Last Resort Supplier, which involves the auctioning of futures contracts with delivery in the Portuguese zone of the Iberian Electricity Market (MIBEL). The above Directive establishes that auctions follow the clock auction model. For the purpose, OMIP decided to include these auctions as part of the MIBEL Derivatives Market, running them during the course of a special trading session. Four auctions were held in 2018, with all the contracts offered for sale by the last resort supplier being sold.

## 6.2 Auction of capacity in the electrical interconnection between Portugal and Spain

Following the standardization work done by MIBEL's Board of Regulators, the energy sector regulators, ERSE and CNMC, set up a mechanism for the concerted management of the interconnection Portugal-Spain, based on the auctioning of financial contracts for capacity rights (internationally designated as Financial Transmission Rights - FTR), which allow electricity suppliers to hedge the risk of price differences between Portugal and Spain, in both directions of the interconnection. It was decided that the auctions would be integrated into MIBEL and carried out on OMIP's trading platform. Three auctions were held in 2018, in which both directions of the interconnection were negotiated.

The last capacity auction in the electrical interconnection carried out by OMIP on the trading platform took place on 18 September 2018.

These auctions are being carried out by the company JAO (*Joint Allocation Office*).

## 6.3 Auctioning of the new product indexed to solar capability indexes

In 2016 OMIP began to offer auctioneer services in a quarterly sales auction, open to any agent that meets the requirements, of the solar energy production in Spain, where Endesa acts as counterpart and contracting buyer through descending-price auction rounds. The auction covers products listed for trading at OMIP – SPEL Solar Product (Solar Zone IV) with financial clearing and settlement at OMIClear.

In 2018, no auction took place of the product indexed to the solar capability index. However, given the interest in the product, continuous trading was launched on 04 September 2018 for the product MIBEL SPEL Solar Financial Futures.

## 6.4 Capacity rights of use (gas)

Natural gas requires complex network infrastructures and terminals where energy flows occur associated with its transport, as well as the centralised management of the systems thus built. As such, for the mar-

kets to work properly, the calculation of the allocation and the technical and economic management of the rights of those capacities (DUCg) are of utmost importance.

In this sense, OMIP was contacted by REN – Gasodutos, S.A. in 2013 to work towards the operationalisation of the new capacity allocation mechanisms in the various infrastructures of the National LNG Transpot, Storage and Infrastructure and Terminal Network (RNTIAT), exploring the concept of ex-ante contracting of Capacity Rights of Use (CRU) in the natural gas infrastructures, in primary issuance and on a secondary market. In accordance with Article 33 of the Regulation on Access to Networks, Infrastructures and Interconnections of the natural gas sector (RARI), objective, transparent and non-discriminatory mechanisms based on market criteria should be used, to give adequate economic signs to market agents involved and to comply with other principles laid down in Regulation (EU) 715/2009, of 13 July. The Regulation also provides for the use of products and rules for capacity allocation consistent and in harmony with the practices advocated by the Commission at European level, in particular the European Grid Code for allocating capacity of infrastructures. Since September 2013, OMIP has provided the following services to REN in this area (CRUG): active participation in the initial solution design and installation, in close cooperation with REN, ensuring thereon all activities and functions concerned, in particular the training of agents, setup and availability of technological platforms, as well as the operation of the primary and secondary markets.

In 2018, OMIP continued to ensure the above functions, but through the extension of primary allocation auctions of intraday products as of October, through 24 closed-envelope auctions per day on the Trayport platform, every day of the year. In this context, to enable the automatic and dynamic management of auction procedures, OMIP developed a Bid Registration Service that allows REN Gasodutos, through its ATR system, to publish bids for all DUCg product ranges and a Market Management System to monitor the publication of bids on the platform and of results for the ATR system.

This broadening of the activity also impacted on the schedule of daily product auctions, the allocation process of which also took place over the weekends and public holidays.

## 6.5 Clearing transactions by the GTM

Regulation (EU) 312/2014, of 26 March, establishing the network code for the clearing of gas transmission networks (Network Code on Gas Balancing of Transmission Networks) requires new rules that must be adopted for the transmission network operator to clear the Natural Gas Transmission Network (RNTGN) through clearing actions by purchasing or selling standardised short-term products on a trading platform and/or the use of clearing services.

In this sense, OMIP was appointed by ERSE, through Directive 18/2006, of 27 October 2016, as the entity in charge of operating the clearing platform on which the products that will allow the Global Technical Manager (GTM) to carry out the clearing operations necessary for the proper running of the RNTGN are traded, when the short-term bulk gas market presents, or is expected to present insufficient liquidity, or when it is not reasonably possible to purchase, on that market, the temporary and localised products required by the transmission network operator.

The first natural gas auction for the implementation of GTM netting of operations, carried out on the OMIP trading platform, was held in April 2017, with a positive result for REN Gasodutos.

In 2018, OMIP continued to ensure this service in the same way, with three auctions, all of which for the purchase of gas by the GTM and with equally positive results for REN Gasodutos: all volumes offered for auction were sold at a break-even price lower than the reserve price.

## 6.6 Development of the GPMC project

OMIP continued to ensure the operation and management of e\_Switch, the IT platform it has developed to support in a quick, transparent and secure manner the requests for supplier change in the gas market in Portugal, following the agreement with REN – Gasodutos, S.A. – the entity designated by ERSE to take charge of the facilitation procedure of changing supplier in the natural gas sector. The publication of Law 42/2016, of 16 December, approving the state budget for 2017, pursuant to Article 172, provided for the establishment of the OLMC in the scope of the Portuguese electricity system and the Portuguese natural gas system, which, in practical terms and as regards the NG sector, implies the handover of the GPMC NG duties of REN Gasodutos to Adene. In turn, Decree-law 38/2017, of 31 March, establishes the legal regime applicable to the OLMC's activity and commits the Energy Agency (ADENE) to carry out those duties, pursuant to Article 2, postponing, under Article 11, the transfer to the OLMC, in particular the information system supporting the GPMC's duties.

In this context, REN Gasodutos assigned its contractual position to ADENE in early 2018, and OMIP thus continued to ensure the same functions it had while under the authority of REN Gasodutos, as part of the GPMC/OLMC project. The e\_Switch and the FTP were also transferred from the GPMC to Adene's infrastructure. Under the authority of Adene, we note also the start of development works to integrate the Regulated Market into the e\_Switch platform.

In February 2018, OMIP was invited by Adene to put forward a proposal, under a private treaty procedure, for the specification, development, operation and maintenance of the electronic logistics platform to support the various procedures related to the switching of supplier in the natural gas and electricity sector (e\_Switch II platform). OMIP's proposal was accepted and awarded by Adene in April, with works beginning in May. This project is expected to last 27 months, split into two stages: 1) development, and 2) operation/maintenance. The first stage works were developed in 2018, more specifically the completion of the Specification and Platform Development Phases, and the start of works on the implementation of Natural Gas.

## OUTLOOK FOR 2019

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2019 is, once again, a year of many challenges for OMIP.

Challenges at institutional level, because their integration in the OMI contexts needs to be furthered urgently, bringing in a number of advantages vis-à-vis competitors.

As regards business development, we expect:

- > A recovery of traded volumes;
- > An increase in the number of market participants;
- > The expansion of the portfolio of products listed for trading and registration and the registration of OTC transactions, in particular natural gas futures contracts in the Iberian Peninsula;
- > The development of the portfolio of products related to renewable energies;
- > The implementation of the new Supplier of Last Resort purchase auctions;
- > To continue organising special regime production placement auctions for the Portuguese MIBEL zone;
- > Ensure the high level of service that has been provided to market participants, including the development of new solutions and functionalities specifically requested by these participants;
- > Preserve the recognition and reputation of OMIP as a reference exchange;
- > Develop new business areas and supplementary and ancillary services to the company's main activity.

Brexit also brings with it new challenges to OMIP's activity in 2019. As such, OMIP will seek the best solutions to allow all its UK-domiciled members to continue to trade on its platform, and to continue to offer its services in the UK. OMIP will still be in touch with the relevant competent authorities to tailor its activity in the best way possible.

OMIP will, therefore, continue to operate with high standards of efficiency and innovation, seeking to meet the growing needs of its members and the requirements of the business sector in which it operates.

In terms of international cooperation, OMIP will continue to participate actively in the activities undertaken by the various international bodies of which it is a member.

## 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 profit for 2018, in the positive amount of € 51,827.71 (fifty-one thousand and eight hundred and twenty-seven euro and seventy-one cents), be appropriated as follows:

To Legal Reserve .....	€ 5,182.77
To Dividends .....	€ 46,644.94

Lisbon, 26 March 2019

**The Board of Directors,**

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**Artur Álvaro Laureano Homem da Trindade**

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**Carmen Becerril Martinez**

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**Abengoa, S.A.**  
*German Bejarano García*

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**Caixa Geral de Depósitos, S.A.**  
*Paulo Alexandre da Rocha Henriques*

---

**Carlos Martin de los Santos Bernardos**

---

**EDP – Energias de Portugal, S.A.**  
*Carlos Manuel Sola Pereira da Mata*

---

**Endesa Generación Portugal, S.A.**  
*Adolfo Javier de Rueda Villén*

---

**Iberdrola Generación España, S.A.U.**  
*Jose Luis Rapún Jiménez*

---

**Naturgy Energy Group, S.A.**  
*Antonio Canoyra Trabado*

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**REN – Redes Energéticas Nacionais, SGPS, S.A.**  
*Maria José Menéres Duarte Pacheco Clara*

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**REN Serviços, S.A.**  
*Pedro Henriques Gomes Cabral*

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**Viesgo Infraestructuras Energéticas, S.L.**  
*Francisco Rodriguez Lopez*

## SHAREHOLDERS, GOVERNING BODIES AND SUBSIDIARY

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## 9.1 Shareholders

OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (50%)

OMEL – Operador del Mercado Ibérico de Energía, Polo Español, S.A. (50%)

## 9.2 Governing bodies

### Board of the General Meeting (3-year period 2018-2020)

Manuela Lopes dos Santos..... Chairwoman

### Board of Directors (3-year period 2018-2020)<sup>1</sup>

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

Carmen Becerril Martinez<sup>2</sup> .....Deputy Chairwoman

Abengoa, S.A. (German Bejarano García) .....Voting Member

Caixa Geral de Depósitos, S.A. (Paulo Alexandre da Rocha Henriques)<sup>4</sup>.....Voting Member

Carlos Martin de los Santos Bernardos.....Voting Member

EDP – Energias de Portugal, S.A. (Carlos Manuel Sola Pereira da Mata).....Voting Member

Endesa Generación Portugal, S.A. (Adolfo Javier de Rueda Villén) .....Voting Member

Iberdrola Generación España, S.A.U (Jose Luis Rapún Jiménez).....Voting Member

Naturgy Energy Group, S.A. (Antonio Canoyra Trabado)<sup>3</sup> .....Voting Member

REN – Redes Energéticas Nacionais, SGPS, S.A.

(Maria José Menéres Duarte Pacheco Clara) .....Voting Member

REN Serviços, S.A. (Pedro Henriques Gomes Cabral).....Voting Member

Viesgo Infraestructuras Energéticas, S.L. (Francisco Rodriguez Lopez)<sup>5</sup> .....Voting Member

### Supervisory Board/Statutory Auditor (3-year period 2018-2020)

Ernest & Young Audit & Associados – SROC, S.A. (SROC) .....Executive

Pedro Miguel Borges Marques (ROC)..... Alternate

## 9.3 Subsidiary

OMIClear, C.C., S.A. - Fifty percent (50 %) share in the equity capital of € 7,500,000.00.

1. The members of the Board of Directors elected for the first time for the 2018-2020 term of office begin their duties after being notified that CMVM does not oppose their appointment or after the expiry of the period for filing an opposition, pursuant to the applicable law.

2. Elected on 5 September 2018 after Ignacio Grangel Vicente resigned.

3. Resigned on 27 February 2019.

4. Appointed on 15 October 2018 after Rosa María Sanz García resigned.

5. Appointed on 2 November 2018 after Javier Anzola Pérez resigned.

## FINANCIAL STATEMENTS AND ANNEXES



10

# FINANCIAL STATEMENTS AND ANNEXES

## AS AT 31 DECEMBER 2018

### Balance sheet

		Currency: Euros	
	Note	31-12-2018	31-12-2017
<b>Assets</b>			
<b>Non-current</b>			
Property, plant and equipment	7	74.143	102.828
Investments - Equity method	8	5.306.062	5.428.110
Other financial investments	9	5.764	3.079
		<b>5.385.969</b>	<b>5.534.017</b>
<b>Current</b>			
Clients	10	283.814	221.585
State and other public entities	11	5.456	65.372
Other receivables	12	712.695	574.168
Deferrals	13	24.777	19.561
Cash and bank deposits	5	356.038	546.998
		<b>1.382.779</b>	<b>1.427.684</b>
<b>Total assets</b>		<b>6.768.749</b>	<b>6.961.701</b>
<b>Equity capital</b>			
Paid-up capital	14	2.500.000	2.500.000
Issue premium	15	1.193.711	1.193.711
Legal reserves	16	270.666	253.574
Adjustments/Other changes in equity	17	1.114.928	1.114.928
Retained earnings		1.025.810	1.025.810
		<b>6.105.115</b>	<b>6.088.023</b>
Net result for the period		51.828	170.918
<b>Total equity capital</b>		<b>6.156.943</b>	<b>6.258.941</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Loans obtained	18	34.947	53.030
		<b>34.947</b>	<b>53.030</b>
<b>Current</b>			
Suppliers	19	129.221	191.269
State and other public entities	11	76.915	39.417
Loans obtained	18	19.213	19.995
Other accounts payable	20	351.510	399.049
		<b>576.859</b>	<b>649.730</b>
<b>Total liabilities</b>		<b>611.806</b>	<b>702.759</b>
<b>Total equity capital and liabilities</b>		<b>6.768.749</b>	<b>6.961.701</b>

Notes on pages 39 to 60 are an integral part of the above financial statements.

## Statement of profit and loss by nature as at 31 December 2018

	Note	Currency: Euros	
		31-12-2018	31-12-2017
Sales and services rendered	21	2.272.580	2.141.615
Gains/(losses) charged to subsidiaries	8	(122.048)	(120.949)
Supplies and external services	22	(965.493)	(877.793)
Staff costs	23	(1.217.972)	(1.015.091)
Other income	24	280.519	250.857
Other expenses	25	(94.535)	(116.265)
<b>Results before depreciation, financial expenses and taxes</b>		<b>153.051</b>	<b>262.374</b>
(Expenses) / reversal depreciation and amortisation	7	(31.211)	(11.379)
<b>Operational result (before financial expenses and taxes)</b>		<b>121.840</b>	<b>250.995</b>
Interest and similar earnings obtained	26	-	12.031
Interest and similar costs incurred	26	(1.139)	(594)
<b>Pre-tax results</b>		<b>120.701</b>	<b>262.432</b>
Income tax for the period	27	(68.873)	(91.514)
<b>Net result</b>		<b>51.828</b>	<b>170.918</b>
<b>Basic earnings per share:</b>		<b>0,21</b>	<b>0,68</b>

Notes on pages 39 to 60 are an integral part of the above financial statements.

## Statement of changes in equity

	Note	Paid-up capital	Issue premiums	Legal reserves	Adjustments in financial assets	Retained earnings	Net result for the period	Total
On 1 January 2017		2.500.000	1.193.711	190.435	1.114.928	1.025.810	631.393	6.656.277
Changes in the period								
Other changes recognised in equity capital		-	-	63.139	-	568.254	(631.393)	-
		-	-	63.139	-	568.254	(631.393)	-
Net result for the period		-	-	-	-	-	170.918	170.918
<b>Integral result</b>		-	-	-	-	-	<b>170.918</b>	<b>170.918</b>
Operations with equity holders in the period								
Distributions	28	-	-	-	-	(568.254)	-	(568.254)
		-	-	-	-	(568.254)	-	(568.254)
<b>On 31 December 2016</b>		<b>2.500.000</b>	<b>1.193.711</b>	<b>253.574</b>	<b>1.114.928</b>	<b>1.025.810</b>	<b>170.918</b>	<b>6.258.941</b>
Changes in the period								
Other changes recognised in equity capital		-	-	17.092	-	153.826	(170.918)	-
		-	-	17.092	-	153.826	(170.918)	-
Net result for the period		-	-	-	-	-	51.828	51.828
<b>Integral result</b>		-	-	-	-	-	<b>51.828</b>	<b>51.828</b>
Operations with equity holders in the period								
Distributions	28	-	-	-	-	(153.826)	-	(153.826)
		-	-	-	-	(153.826)	-	(153.826)
<b>On 31 December 2017</b>		<b>2.500.000</b>	<b>1.193.711</b>	<b>270.666</b>	<b>1.114.928</b>	<b>1.025.810</b>	<b>51.828</b>	<b>6.156.943</b>

Notes on pages 39 to 60 are an integral part of the above financial statements.

## Statement of cash flow as at 31 December 2018

	Note	Currency: Euros	
		31-12-2018	31-12-2017
<b>Cash flow of operating activities</b>			
Receivables from clients		2.488.592	2.855.923
Payments to suppliers		(1.210.725)	(1.083.848)
Payments to staff		(1.153.359)	(966.383)
<b>Cash flow generated by the operations</b>		<b>124.509</b>	<b>805.692</b>
(Payment) / refund of income tax		(8.958)	(329.032)
Other (payments) / receipts		(164.997)	(304.322)
<b>Cash flow generated by the operations</b>		<b>(49.446)</b>	<b>172.338</b>
<b>Cash flows of investment activities</b>			
Receipts from:			
Property, plant and equipment		(3.107)	-
Interest and similar income		-	29.170
<b>Cash flows of investment activities</b>		<b>(3.107)</b>	<b>29.170</b>
<b>Cash flows of financial activities</b>			
Receipts from:			
Other financing operations		-	311.512
Payments regarding:			
Interest and similar expenses		(3.809)	-
Dividends	28	(134.598)	(497.222)
Other financial activities		-	-
<b>Cash flows of financial activities</b>		<b>(138.407)</b>	<b>(185.710)</b>
<b>Variation of cash flow and its equivalents</b>		<b>(190.959)</b>	<b>15.798</b>
<b>Cash and cash equivalents at the start of the period</b>	5	<b>546.998</b>	<b>531.200</b>
<b>Cash and cash equivalents at the end of the period</b>	5	<b>356.038</b>	<b>546.998</b>

Notes on pages 39 to 60 are an integral part of the above financial statements.

## ANNEX TO THE FINANCIAL STATEMENTS

## ANNEX TO THE FINANCIAL STATEMENTS

### 1 Identification of the company and reporting period

OMIP – Pólo Português, S.G.M.R., S.A., whose previous name was OMIP – Operador do Mercado Ibérico de Energia (Pólo Português), S.G.M.R., S.A. was constituted under Order 360/ME/2003 of the Ministry of Economic Affairs, of 6 June, and had its public deed signed on 16 June 2003.

The company began its activity on 10 December 2003, its purpose being the organisation and management of a support system for conducting transactions and settlements in the Iberian Energy Market, and thus being responsible for:

- a) the management of organised energy forward contracts;
- b) the mediation of agents with the purpose of establishing commercial relationships in the Iberian Electricity Market;
- c) the management of other markets of energy-based products;
- d) the provision of settlement services within the organised electricity markets;
- e) the provision of settlement services for standard transactions in non-organised energy markets;
- f) the organisation of market services within the operational electricity system.

Since 18 October 2011, 50 % of OMIP's share capital is owned by OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (OMIP SGPS), and 50 % by OMEL – Operador del Mercado Iberico de Energía, Polo Español, S.A. (OMEL).

Until 12 September 2013, OMIP held the entire share capital of OMIClear, C.C., S.A. (OMIClear), whose corporate purposes are the management of a clearing house as central counterpart, and of the settlement system.

These financial statements were approved by the Board of Directors at its meeting held on 26 March 2019 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 OMIP, 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 Accounting and Financial Reporting Standards (*NCRF – Normas Contabilísticas e de Relato Financeiro*) issued and in force or issued and adopted as at 31 December 2018.

The preparation of financial statements in agreement with the Accounting Standard System (*SNC – Sistema de Normalização Contabilística*) calls for the use of estimates, assumptions and critical judgements when determining the accounting policies to be adopted by OMIP, with a significant impact on the book 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 differ from these estimates. Note 4.18 presents the areas involving greater judgement calls or complexity, or those in which the assumptions and estimates are relevant to the financial statements.

## 2.2. Derogation to the SNC (Accounting Standard System)

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

## 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 main accounting policies used to prepare the financial statements, based on the assumption of business continuity, are described below. Unless otherwise stated, these policies have consistently been applied to all periods reported.

## 4.1. Shareholdings – Subsidiaries

Subsidiaries are all entities (including those created for special purposes) in which OMIP has the power to decide on financial or operating policies. This is usually associated with the direct or indirect control of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether OMIP is in control of an entity.

Shareholdings in subsidiaries are recorded as the value resulting from applying the equity method. According to this method, the portion of results achieved in subsidiaries and associates, in proportion to the shareholding, are included in the statement of profit and loss, and the portion of their net worth, considering any implicit added values resulting from fair value adjustments and goodwill is reflected in the balance sheet. These values are calculated from the approved financial statements of the subsidiaries and associates, or in the absence thereof, on the basis of the best possible estimates, having the financial year of the Company as a reference date.

## 4.2. Currency translation

### 4.2.1 FUNCTIONAL AND PRESENTATION CURRENCY

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

### 4.2.2 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 or Other expenses, for all other balances/transactions.

### 4.2.3 EXCHANGE RATES USED

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

Currency	2018	2017
USD	1,1450	1,1979
GBP	0,8945	0,8877

## 4.3. Property, plant and equipment

Property, plant and equipment are valued at cost less accumulated depreciation and accumulated impairment losses. This cost includes the estimated cost at the date of transition to the NCRF (*Accounting and Financial Reporting Standards*), 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 costs 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.

	Years
Vehicles	Between 3 and 5 years
Office equipment	Between 3 and 10 years

The lifespan of each asset is reviewed at the end of every year to ensure that the depreciation is in accordance with its consumption patterns. Changes in lifespan are treated as alterations 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.

#### 4.4. 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 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 conclusion 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 over the possible reversal of impairment losses.

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

#### 4.5. 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:

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

Purchases and sales of investments in financial assets are recorded on the date of the transaction, that is, on the date on which OMIP undertakes to purchase or sell the asset.

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.

The fair value of listed investments is based on market prices (“bid”). If there is no active market, OMIP establishes the fair value through valuation techniques. These techniques include using recent arm’s length transactions, as long as market conditions allow for the comparison with instruments that are substantially similar, and the calculation of discounted “cash flows” when information is available, favouring market information at the expense of the target entity’s internal information.

Accounts receivable are classified on the balance sheet as “Other accounts receivable”. 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.

#### **4.6. 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.

#### **4.7. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, bank deposits, other short-term high liquidity deposits with original maturities of up to three months and overdrafts. The latter are presented in the Balance Sheet in the current liabilities under the heading “Loans granted” and are taken into consideration in the preparation of the statements of cash flow, as cash or cash equivalents.

#### **4.8. 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.

#### 4.9. 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.

#### 4.10. Financial liabilities

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

Financial liabilities may be recorded / measured:

- a) At cost or at amortized cost less any impairment loss;
- b) At fair value with changes in fair value being recorded in the statement of profit and loss.

OMIP 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.

#### 4.11. Income tax

The company is subject to corporate income tax (IRC) at a rate of 17 % over the taxable amount up to €15,000, with the 21 % rate applying to the remaining taxable amount. To the corporate income tax thus obtained is added a surcharge 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 equity. The amount of current income tax payable is determined based on total income before tax, adjusted as per tax regulations, except if they relate to items recognised directly in own capital. The amount of current tax payable is determined based on the pre-tax results, adjusted according to tax rules.

#### 4.12. Provisions, contingent liabilities and contingent assets

Provisions are recorded when OMIP 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 OMIP discloses it as a contingent liability, unless the evaluation of the enforceability of the outflow of funds for the payment thereof is unlikely to occur.

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 an outflow of funds embodying economic benefits is likely to occur.

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

#### **4.13. Leases**

Leases of property, plant and equipment in relation to which OMIP 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 lower between the fair value of the leased asset and 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.

Property, plant and equipment acquired through financial leases are depreciated over the shorter of the lifespan of the asset and the leasing period when OMIP 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 payable are recorded as a cost in the statement of profit and loss on a straight-line basis over the lease term

#### **4.14. 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.

#### **4.15. 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 OMIP'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 recording 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 OMIP; 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.

#### **4.16. Distribution of dividends**

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

#### 4.17. Netting of balances and transactions

Assets, liabilities, income and expenses are not netted unless required or permitted by the NCRF (*Accounting and Financial Reporting Standards*).

#### 4.18. Significant estimates and assumptions presented

Estimates and assumptions with impact on OMIP'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

##### 4.18.1. Provisions

OMIP 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.

##### 4.18.2. Property, plant and equipment and intangible assets

The determination of the lifespan of assets and the depreciation/amortisation method to use is essential to determine 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.

##### 4.18.3. Impairment

The determination of an eventual impairment loss may be triggered by various events, many of which outside OMIP'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 OMIP.

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, lifespans and residual values.

#### 4.19. Events after the balance sheet date

The events occurring after the reporting 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 reporting date 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 sale

OMIP has no cash balance or cash equivalent with restrictions on their use for the periods under review.

### 5.2. Breakdown of values posted in “Cash and bank deposits”

As at 31 December 2018 and 31 December 2017, the breakdown of cash and bank deposits is the following:

	31-12-2018	31-12-2017
Cash	2.812	2.900
Bank deposits	353.226	544.098
	<b>356.038</b>	<b>546.998</b>

The breakdown of the amount considered as final balance under “Cash and cash equivalents” for the purpose of preparing the statement of cash flow for the years ended 31 December 2018 and 31 December 2017 is as follows:

	31-12-2018	31-12-2017
<b>Cash resources</b>		
- Cash	2.812	2.900
	<b>2.812</b>	<b>2.900</b>
<b>Bank deposits</b>		
- Checking accounts	353.226	544.098
	<b>353.226</b>	<b>544.098</b>
	<b>356.038</b>	<b>546.998</b>

## 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 OMIP.

### 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 ended 31 December 2017, the changes recorded under the heading of property, plant and equipment were as follows:

	Vehicles	Office equipment	Total
<b>1 January 2017</b>			
Acquisition cost	50.000	1.740.779	1.790.779
Accumulated depreciation	(50.000)	(1.729.475)	(1.779.475)
<b>Net book value</b>	<b>-</b>	<b>11.304</b>	<b>11.304</b>
Additions	87.406	15.497	102.903
Disposals	(50.000)	-	(50.000)
Depreciation for the period	(6.335)	(5.044)	(11.379)
Depreciation - disposals	50.000	-	50.000
<b>Net book value</b>	<b>81.071</b>	<b>21.757</b>	<b>102.828</b>
<b>31 December 2017</b>			
Acquisition cost	87.406	1.756.276	1.843.682
Accumulated depreciation	(6.335)	(1.734.519)	(1.740.854)
<b>Net book value</b>	<b>81.071</b>	<b>21.757</b>	<b>102.828</b>

During the period ended 31 December 2018, property, plant and equipment is broken down as follows:

	Vehicles	Office equipment	Total
<b>1 January 2018</b>			
Acquisition cost	87.406	1.756.276	1.843.682
Accumulated depreciation	(6.335)	(1.734.519)	(1.740.854)
<b>Net book value</b>	<b>81.071</b>	<b>21.757</b>	<b>102.828</b>
Additions	-	2.526	2.526
Disposals	-	(9.294)	(9.294)
Depreciation for the period	(21.851)	(9.360)	(31.211)
Accumulated depreciation - disposal	-	9.294	9.294
<b>Net book value</b>	<b>59.220</b>	<b>14.923</b>	<b>74.143</b>
<b>31 December 2018</b>			
Acquisition cost	87.406	1.749.508	1.846.208
Accumulated depreciation	(28.186)	(1.734.585)	(1.772.065)
<b>Net book value</b>	<b>59.220</b>	<b>14.923</b>	<b>74.143</b>

Depreciations 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 ended 31 December 2018 consist mainly of office equipment.

As at 31 December 2018, OMIP used the following asset acquired under financial lease:

Financial leases	31-12-2018	31-12-2017
Gross value	87.406	87.406
Accumulated depreciation	(28.186)	(6.335)
	<b>59.220</b>	<b>81.071</b>

## 8 Investments – Equity method

As at 31 December 2018 and 31 December 2017, the investment in subsidiaries corresponds to 50 % of the share capital of OMIClear – C.C., S.A.

The breakdown of the subsidiary is as follows:

	31-12-2018	31-12-2017
	OMIClear	OMIClear
Assets		
Non-current	560.375	637.367
Current	201.865.893	275.000.473
	<b>202.426.268</b>	<b>275.637.840</b>
Liabilities		
Non-current	-	0
Current	191.814.143	264.781.620
	<b>191.814.143</b>	<b>264.781.620</b>
Equity capital	<b>10.612.125</b>	<b>10.856.220</b>
Activity in the year		
Revenue	1.909.589	1.921.070
Expenses	(2.153.684)	(2.162.969)
Net result	<b>(244.095)</b>	<b>(241.899)</b>
% shareholding	50%	50%
	<b>(122.048)</b>	<b>(120.949)</b>

Investments in the periods are detailed below:

	OMIClear
1 January 2017	5.286.142
Gains / (Losses)	(120.949)
Other changes in equity	262.917
31 December 2017	<b>5.428.110</b>
Gains / (Losses)	(122.048)
31 December 2018	<b>5.306.062</b>

No dividends were received from OMIClear in 2018 and 2017.

Other equity changes correspond to the amount of supplementary payments relating to the share belonging to OMIP SGMR made in 2017.

## 9 Other financial investments

The amounts shown under this heading refer to the monthly contributions made by the company to the Labour Compensation Fund (*FCT – Fundo de Compensação do Trabalho*), under Law 70/2013.

## 10 Clients

The breakdown of the heading "Clients" for the periods ended 31 December 2018 and 31 December 2017 is as follows:

	31-12-2018			31-12-2017		
	Current	Non-current	Total	Current	Non-current	Total
Clients - Related parties (Note 32)	222.997	-	222.997	194.528	-	194.528
Clients - Third parties	60.817	-	60.817	27.057	-	27.057
	<b>283.814</b>	<b>-</b>	<b>283.814</b>	<b>221.585</b>	<b>-</b>	<b>221.585</b>
Impairment	-	-	-	-	-	-
	<b>283.814</b>	<b>-</b>	<b>283.814</b>	<b>221.585</b>	<b>-</b>	<b>221.585</b>

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

## 11 State and other public entities

The balances for this heading as at 31 December 2018 and 31 December 2017 are as follows:

	31-12-2018		31-12-2017	
	Debtor	Creditor	Debtor	Creditor
Corporate tax - IRC	5.456	-	65.372	-
Income tax - IRS	-	19.115	-	19.185
Value added tax - IVA	-	36.904	-	295
Contributions to Social Security	-	20.896	-	19.937
	<b>5.456</b>	<b>76.915</b>	<b>65.372</b>	<b>39.417</b>

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

	31-12-2018	31-12-2017
Payments on account	74.892	151.178
Special payment on account	-	5.708
Corporate tax estimate	(69.436)	(91.514)
	<b>5.456</b>	<b>65.372</b>

## 12 Other receivables

In the periods ended 31 December 2018 and 2017, the heading “Other receivables” is broken down as follows:

	31-12-2018			31-12-2017		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments	6.501	-	6.501	3.188	-	3.188
Other debtors						-
OMIClear (Note 32)	378.894	-	378.894	245.458	-	245.458
OMIP SGPS (Note 32)	4.317	-	4.317	52.799	-	52.799
REN - Gasodutos (Note 32)	24.582	-	24.582	39.532	-	39.532
Adene	47.225	-	47.225	-	-	-
Other	972	-	972	947	-	947
Accrued income						
Other	250.204	-	250.204	232.244	-	232.244
	<b>712.695</b>	<b>-</b>	<b>712.695</b>	<b>574.168</b>	<b>-</b>	<b>574.168</b>
Impairment	-	-	-	-	-	-
	<b>712.695</b>	<b>-</b>	<b>712.695</b>	<b>574.168</b>	<b>-</b>	<b>574.168</b>

Breakdown of “Other income accruals”:

	31-12-2018	31-12-2017
GPMC accruals	150.000	67.500
Licences	-	50.400
ATR - REN	6.000	-
REMIT - Phase II - Q4	5.850	48170
DUCs accruals	55.000	24.917
EEX - Q4-17 accruals	30.211	22.334
Auctions	-	18.000
Sundry	3.143	923
<b>TOTAL</b>	<b>250.204</b>	<b>232.244</b>

There are no differences between the book values and their fair value for the periods in question.

## 13 Deferrals

As at 31 December 2018 and 31 December 2017, OMIP recorded the following balances under the heading “Deferrals”:

	31-12-2018	31-12-2017
Insurance	5.593	4.571
Bloomberg	3.759	3.547
Other	15.425	11.443
	<b>24.777</b>	<b>19.561</b>

## 14 Share Capital

As at 31 December 2018 and 31 December 2017 OMIP's share capital, in the amount of €2,500, 000, was fully subscribed and paid for, represented by 250,000 shares, each with a par value of €10.

The breakdown for share capital as at 31 December 2018 and 31 December 2017 is as follows:

	<b>% share</b>	<b>Capital</b>
OMIP SGPS	50,00%	1.250.000
OMEL	50,00%	1.250.000
	<b>100,00%</b>	<b>2.500.000</b>

## 15 Issue premium

Issue premiums in the amount of €1,193.711 resulted from a share capital increase in 2004 with OMEL's entry into the capital of the Company, and a capital increase from the previous shareholder REN. Later, part of this amount was used to cover a capital increase.

## 16 Legal reserves

In agreement with the corporate law in force, the company is required to transfer to legal reserves at least 5 % of the net annual income until it represents 20 % of capital. This reserve cannot be distributed unless the company is liquidated, but can be used to absorb losses after other reserves are used, or to be added to capital.

As at 31 December 2018 this reserve amounted to €270,666 (2017: €253,574), therefore short of the 20 % of share capital.

## 17 Adjustments to equity

The amount of €1,114,928 under this heading corresponds to the re-evaluation of OMIClear following the sale of 50 % made by OMIP to OMIE in September 2013.

## 18 Funding obtained

As at 31 December 2018, the heading "Funding obtained" was broken down as follows:

	<b>31-12-2018</b>			<b>31-12-2017</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Financial leases	19.213	34.947	54.160	19.995	53.030	73.025
	<b>19.213</b>	<b>34.947</b>	<b>54.160</b>	<b>19.995</b>	<b>53.030</b>	<b>73.025</b>

## 19 Suppliers

During the periods ended 31 December 2018 and 31 December 2017, the heading including all current “Suppliers” is as follows:

	31-12-2018	31-12-2017
Suppliers	129.221	191.269
	<b>129.221</b>	<b>191.269</b>

## 20 Other accounts payable

As at 31 December 2018 and 31 December 2017, the breakdown of the heading “Other accounts payable” is as follows:

	31-12-2018			31-12-2017		
	Current	Non-current	Total	Current	Non-current	Total
<b>Other creditors</b>						
OMIClear (Note 32)	-	-	-	72.247	-	72.247
OMIP SGPS (Note 32)	-	-	-	15.283	-	15.283
Other	21.368	-	21.368	9.661	-	9.661
	<b>21.368</b>	<b>-</b>	<b>21.368</b>	<b>97.191</b>	<b>-</b>	<b>97.191</b>
<b>Creditors due to accrued expenses</b>						
Staff costs	287.433	-	287.433	231.300	-	231.300
Other	42.709	-	42.709	70.558	-	70.558
	<b>330.142</b>	<b>-</b>	<b>330.142</b>	<b>301.858</b>	<b>-</b>	<b>301.858</b>
	<b>351.510</b>	<b>-</b>	<b>351.510</b>	<b>399.049</b>	<b>-</b>	<b>399.049</b>

## 21 Services rendered

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

	31-12-2018	31-12-2017
Services provided in Natural Gas	492.071	455.985
Admission and maintenance fees	407.584	476.633
Licences	401.272	305.601
Variable fees	316.253	355.754
REMITT	261.440	240.880
Services rendered - Energy	162.500	220.778
Market Monitoring	120.000	-
EEX	92.892	82.984
Training	17.568	3.000
Other	1.000	-
	<b>2.272.580</b>	<b>2.141.615</b>

The maintenance of management systems were recorded under “Other operating income.”

## 22 Supplies and external service

The breakdown of costs incurred with “Supplies and external services” is as follows:

	31-12-2018	31-12-2017
Specialised works	736.053	684.371
Travel and accomodation	55.716	42.605
Rentals and leases (includes condominium)	43.983	45.434
Materials	30.164	25.999
Fees	20.493	16.744
Entertainment expenses	20.153	14.344
Insurance	17.927	14.546
Communications	17.503	11.441
Water and electricity	9.523	9.281
Other (each under €5,000)	13.978	13.028
	<b>965.493</b>	<b>877.793</b>

The most relevant items under “Supplies and external services” are specialised tasks that essentially include (i) the maintenance of systems and access to IT platforms, and (ii) the management fees that offset the work of other Group collaborators for OMIP.

## 23 Staff costs

Staff costs incurred during the periods ended 31 December 2018 and 2017 were as follows:

	31-12-2018	31-12-2017
Remunerations		
Governing bodies	273.180	196.031
Staff	715.407	638.887
	<b>988.587</b>	<b>834.918</b>
Social charges	220.485	175.775
Other	8.900	4.398
	<b>229.385</b>	<b>180.173</b>
	<b>1.217.972</b>	<b>1.015.091</b>

As in 2017 one of the executive directors only took up office in the second half of the year, staff costs were lower than in 2018.

The increase in staff costs has to do with the admission of two new employees.

In 2018, the average number of OMIP staff was 14 (2017: 12).

## 24 Other income and gains

The heading “Other income and gains” is broken down as follows:

	31-12-2018	31-12-2017
Management fees (Note 32)	267.741	235.437
Disposal of plant, property and equipment	-	11.000
Corrections of previous years' balances	7.900	499
Other	4.878	3.921
	<b>280.519</b>	<b>250.857</b>

The heading “Management fees” includes the amounts charged by OMIP to other Group companies for providing them with human resources to carry out the work arising from the activities of those companies. The heading “Management fees” includes the amounts charged by OMIP to other Group companies for providing them with human resources to carry out the work arising from the activities of those companies.

## 25 Other expenses and losses

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

	31-12-2018	31-12-2017
Costs with market operations	76.949	79.400
Contributions/levies	24.752	24.851
Taxes	9.308	6.197
Corrections of previous years' balances	56	1.521
Other	(16.530)	4.296
	<b>94.535</b>	<b>116.265</b>

Costs with market operations include fixed monthly fees/commissions charged by market makers. These members ensure adequate levels of liquidity and depth of market offers. The variations recorded result from the fact that in 2018 the traded volumes were smaller than those in 2017. These costs also include a fee which CMVM began to charge in 2017, which varies according to the traded volume.

“Contributions / Levies” includes the costs borne by the Company in 2018 as a result of being a member of representative entities in the sector, namely APE (Association of Power Exchanges) and EUROPEX, among others.

## 26 Expenses and financial income

The breakdown of “Expenses and financial income” in 2018 and 2017 is as follows:

	31-12-2018	31-12-2017
<b>Financial income</b>		
Interest earned	-	12.031
	<b>-</b>	<b>12.031</b>
<b>Financial costs</b>		
Other financial costs	1.139	594
	<b>1.139</b>	<b>594</b>

The interest earned relate to the Sungard loan and the loan to OMIP SGPS. Both loans ended in 2017.

## 27 Income tax

As at 31 December 2018 and 31 December 2017 the heading "Income tax" is broken down as follows:

	31-12-2018	31-12-2017
Current income tax	69.436	91.514
Under/Over taxation estimate	(563)	-
	<b>68.873</b>	<b>91.514</b>

The tax rate used for the valuation of taxable differences at the balance sheet date for the year ended 31 December 2018 was of 17% for taxable values up to €15,000, and 21% for values in excess of this amount, in addition to a surcharge of 1.5% (2017: 17% up to €15,000, and 21% for values in excess of this amount, in addition to a surcharge of 1.5%).

### 27.1. Deferred taxes

As at 31 December 2018 and 31 December 2017, no situations generated deferred tax assets or liabilities.

### 27.2. Reconciliation of tax rate

The reconciliation of the effective tax rate for the periods ended 31 December 2018 and 2017 is shown below:

	31-12-2018		31-12-2017	
Pre-tax results	15.000	105.701	15.000	247.432
Tax rate	17,0%	21,0%	17,0%	21,0%
	<b>2.550</b>	<b>22.197</b>	<b>2.550</b>	<b>51.961</b>
	<b>24.747</b>		<b>54.511</b>	
Non-deductible expenses	29.409		28.820	
Non-taxable income	(2.599)		(4.499)	
Surcharge	3.726		5.674	
Autonomous taxation	14.153		7.009	
Under/Over corporate tax taxation	(563)		-	
	<b>68.873</b>		<b>91.514</b>	
Current income tax	69.436		91.514	
Under/Over corporate tax taxation	(563)		-	
Income tax	<b>68.873</b>		<b>91.514</b>	
<b>Effective tax rate</b>	<b>57,1%</b>		<b>34,9%</b>	

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

	2018	2017
Tax rate up to €15,000	17,00%	17,00%
Tax rate for remaining amounts	21,00%	21,00%
Surcharge	1,50%	1,50%
	<b>20,50%</b>	<b>20,50%</b>

## 28 Dividends

OMIP paid dividends during the period ended 31 December 2018 in the amount of €156,826 to the OMIP SGPS and OMEL shareholders, in proportion to their shares in the company's capital (2017: €568,254 were paid as dividends).

Dividends paid were subject to a 25 % withholding tax rate.

## 29 Commitments

As at 31 December 2018 and 31 December 2017, there were no other commitments undertaken by the company and not reflected in the financial statements.

## 30 Contingencies

### CONTINGENT LIABILITIES

As at 31 December 2018 and 31 December 2017, OMIP did not record any contingent liabilities.

### CONTINGENT ASSETS

As at 31 December 2018 and 31 December 2017, OMIP did not record any contingent assets.

## 31 Information required by law

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

## 32 Related companies

As at 31 December 2018, OMIP was 50 % owned by OMIP – Operador do Mercado Ibérico (Portugal), SGPS, SA and 50 % by OMEL – Operador del Mercado Iberico de Energia, Pólo Español, SA:

### NATURE OF THE RELATIONSHIP WITH THE RELATED PARTIES:

#### Shareholders:

- OMIP, SGPS
- OMEL

#### Subsidiaries:

- OMIClear – C.C., SA

#### Other related companies:

- OMI – Polo Español, SA
- REN – Rede Electrica Nacional, S.A.
- REN – Gasodutos, S.A.
- REN – Serviços, S.A.
- Caixa Geral de Depósitos, S.A.
- Banco Comercial Português, S.A.
- EDP – Energias de Portugal, S.A.
- Naturgy Energy Group, S.A.
- Iberdrola Generacion Española, S.A.U.

### 32.1. Transactions with shareholders:

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

	<u>31-12-2018</u>	<u>31-12-2017</u>
<b>Services acquired</b>		
OMIP SGPS	25.350	25.350
	<b>25.350</b>	<b>25.350</b>
 <b>Services provided</b>		
OMIP SGPS	55.437	55.437
	<b>55.437</b>	<b>55.437</b>

### 32.2. Debit and credit balances with shareholders

As at 31 December 2018 and 31 December 2017, the balances resulting from transactions made with shareholders were the following:

	<u>31-12-2018</u>	<u>31-12-2017</u>
<b>Other accounts receivable</b>		
OMIP SGPS (Note 12)	4.317	52.799
	<b>4.317</b>	<b>52.799</b>
 <b>Other accounts payable</b>		
OMIP SGPS (Note 20)	-	15.283
	<b>-</b>	<b>15.283</b>

### 32.3. Transactions with subsidiaries:

During the periods concerned, OMIP made the following transactions with the subsidiary Omiclear:

	<u>31-12-2018</u>	<u>31-12-2017</u>
<b>Services acquired</b>		
OMIClear	85.344	145.344
	<b>85.344</b>	<b>145.344</b>
 <b>Services provided</b>		
OMIClear	212.304	180.000
	<b>212.304</b>	<b>180.000</b>

### 32.4. Debit and credit balances with subsidiaries:

As at 31 December 2018 and 31 December 2017, the balances resulting from transactions made with subsidiaries were the following:

	<u>31-12-2018</u>	<u>31-12-2017</u>
<b>Other accounts receivable</b>		
OMIClear (note 12)	378.894	245.458
	<b>378.894</b>	<b>245.458</b>
 <b>Other accounts payable</b>		
OMIClear (Note 20)	-	72.247
	<b>-</b>	<b>72.247</b>

**32.5. Transactions with other related companies:**

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

	<u>31-12-2018</u>	<u>31-12-2017</u>
<b>Services provided</b>		
REN - Gasodutos	261.121	455.985
REN - Rede Energética Nacional	-	120.778
OMIE	120.000	-
	<u><b>381.121</b></u>	<u><b>576.763</b></u>

**32.6. Debit and credit balances with other related companies:**

At the end of the periods ended 31 December 2018 and 31 December 2017, the balances resulting from transactions made with other related companies are as follows:

	<u>31-12-2018</u>	<u>31-12-2017</u>
<b>Clients</b>		
REN - Gasodutos (note 10)	202.997	45.971
REN - Rede Elétrica Nacional	-	148.557
OMIE (note 10)	20.000	-
	<u><b>222.997</b></u>	<u><b>194.528</b></u>
<b>Other accounts receivable</b>		
REN - Gasodutos (note 12)	24.582	39.532
	<u><b>24.582</b></u>	<u><b>39.532</b></u>

**32.7. Management remunerations**

During the periods ended 31 December 2018 and 2017, the remunerations earned by OMIP's Board of Directors were as follows:

	<u>31-12-2018</u>	<u>31-12-2017</u>
Salaries and other short-term remunerations	273.180	190.228
	<u><b>273.180</b></u>	<u><b>190.228</b></u>

**33 Subsequent events**

As of the date when these financial statements were approved, the Board of Directors had no knowledge of any subsequent events that should be recorded or disclosed therein.

## 34 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 profit for the year 2018, in the positive amount of €51,827.71 (fifty-one thousand eight hundred and twenty-seven euros and seventy-one cents), be appropriated as follows:

To Legal Reserve .....	€ 5,182.77
To Dividends .....	€ 46,644.94

Lisbon, 26 March 2019

**The Board of Directors,**

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**Artur Álvaro Laureano Homem da Trindade**

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**Carmen Becerril Martinez**

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**Abengoa, S.A.**

*German Bejarano García*

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**Caixa Geral de Depósitos, S.A.**

*Paulo Alexandre da Rocha Henriques*

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**Carlos Martin de los Santos Bernardos**

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**EDP – Energias de Portugal, S.A.**

*Carlos Manuel Sola Pereira da Mata*

---

**Endesa Generación Portugal, S.A.**

*Adolfo Javier de Rueda Villén*

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**Iberdrola Generación España, S.A.U.**

*Jose Luis Rapún Jiménez*

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**Naturgy Energy Group, S.A.**

*Antonio Canoyra Trabado*

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**REN – Redes Energéticas Nacionais, SGPS, S.A.**

*María José Menéres Duarte Pacheco Clara*

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**REN Serviços, S.A.**

*Pedro Henriques Gomes Cabral*

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**Viesgo Infraestructuras Energéticas, S.L.**

*Francisco Rodriguez Lopez*

## ANNEX

# 11

## STATUTORY AUDITOR'S REPORT

01/03



Ernst & Young  
Audit & Associados - SROC, S.A.  
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*(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)*

### Statutory Auditor's Report

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the accompanying financial statements of OMIP - Polo Português, S.G.M.R., S.A (the Entity), which comprise the Balance Sheet as at 31 December 2018 (showing a total of 6.768.749 euros and a total equity of 6.156.943 euros, including a net profit for the year of 51.828 euros), the Income Statement by Nature, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the annex to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of OMIP - Polo Português, S.G.M.R., S.A as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System.

##### Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other matters

The financial statements of the Entity for the year ended 31 December 2017 were examined by other Statutory Auditor whose Report, dated of 28 March 2018, did not contain any qualifications nor emphasis of matter.

##### Responsibilities of management for the financial statements

Management is responsible for:

- ▶ the preparation of financial statements that presents a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System;
- ▶ the preparation of the Management Report in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity's ability to continue as a going concern.



OMIP - Polo Português, S.G.M.R., S.A  
Statutory Auditor's Report  
31 December 2018

### Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- ▶ communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the Management Report is consistent with the financial statements.

## STATUTORY AUDITOR'S REPORT

03/03



OMIP - Polo Português, S.G.M.R., S.A  
Statutory Auditor's Report  
31 December 2018

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

**On the Management Report**

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatement.

Lisbon, 16 April 2019

Ernst & Young Audit & Associados - SROC, S.A.  
Sociedade de Revisores Oficiais de Contas  
Represented by:

*(Signed)*

Rui Abel Serra Martins - ROC nr. 1119  
Registered with the Portuguese Securities Market Commission under license nr. 20160731





**OMIP – Pólo Português, S.G.M.R., S.A.**

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