HELLENIC EXCHANGES HOLDING S.A.

PROSPECTUS

Containing information about the Company's share capital increase, the flotation of existing shares owned by Public Securities Company S.A. (DEKA) by public offer and the listing of the shares on the Main Market of the Athens Stock Exchange.
The Board of Directors of the Hellenic Capital Market Commission has approved the content of this prospectus as far as it concerns satisfying the information needs of the investing public, as defined by the provisions of Law 348/1985.

Investment decisions relating to this public offer of shares ("stock offer") should be based on the information contained in this prospectus. In particular, significant factors which should be taken into account are presented in chapter 4, "Investment risks".

COORDINATORS - MAIN UNDERWRITERS

ALPHA FINANCE NATIONAL BANK OF GREECE

OTHER UNDERWRITERS

AGRICULTURAL BANK, ABN AMRO ROTHSCHILD, ASPIS MORTGAGE BANK, BANK OF ATTICA, GENERAL BANK, EGNATIA BANK, HSBC BANK PLC, HELLENIC BANK, COMMERCIAL BANK OF GREECE, INVESTMENT BANK OF GREECE, ERGO BANK, ETBA, ETEBA, EFG EUROBANK, BANK OF CYPRUS LTD, POPULAR BANK, BANK OF PIRAEUS, BANK OF PIRAEUS PRIME, SOCIETE GENERALE, TELESIS INVESTMENT BANK.

AGROTIKI AHE, ACROPOLIS INVESTMENT S.A., ALPHA AHE, ARTION AHE, ASPIS AHEPEY, ATTALOS AHE, G.A. PERVANAS AHE, EORPXX AHE, GUARDIAN TRUST AHE, INTERSEC AHE, EGNATIA AHE, ETHNIKI AHE, HSBC PANTELAKIS AHE, HELLENIC AHE, EMPORIKI AHE, KONTALEXIS FINANCIAL SERVICES AEPEY, KYKLOS AHE, LAVRENTAKIS AHE, MAGNA TRUST AHE, MARFIN AEPEY, MEGA TRUST AHE, N.D. DEVLETOGLOU AHE, NEXUS AHE, NUNTIUS AHE, DF AHE, PENTEDEKAS AHE, P & K CAPITAL AHEPEY, SARROS AHE, SIGMA AHE, STANDARD AHE, TELESIS AHEPEY, OMEGA AHE.

ISSUE CONSULTANTS

ALPHA FINANCE ETEBA

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- Systems Development and Capital Market Support S.A.

(b) Financial statements of the affiliated companies.

- Consolidated financial statements for ASE, fiscal years 1997-1999
- Financial statements (up to 1999) for:
    - Athens Stock Exchange S.A.
    - Central Securities Depository S.A.
    - Athens Derivatives Exchange S.A.
    - Athens Derivatives Exchange Clearing House S.A.
    - Thessaloniki Stock Exchange Centre S.A.
    - Systems Development and Capital Market Support S.A.

1. PROFILE OF THE ISSUING COMPANY: HELLENIC EXCHANGES SA

This summary presents the Issuing Company, HELLENIC EXCHANGES S.A. (hereafter referred to as the Company or HELEX) and in particular the manner in which it was founded, its activity and related financial data.

HELLENIC EXCHANGES S.A. is a holding company which receives all the profits created by the activity of the ATHENS STOCK EXCHANGE S.A. (hereafter referred to as ASE S.A.), which is a 100% subsidiary of HELEX. As an autonomous legal entity, the revenues of HELEX, as it operates today, consist exclusively of the dividend distributed by ASE S.A.

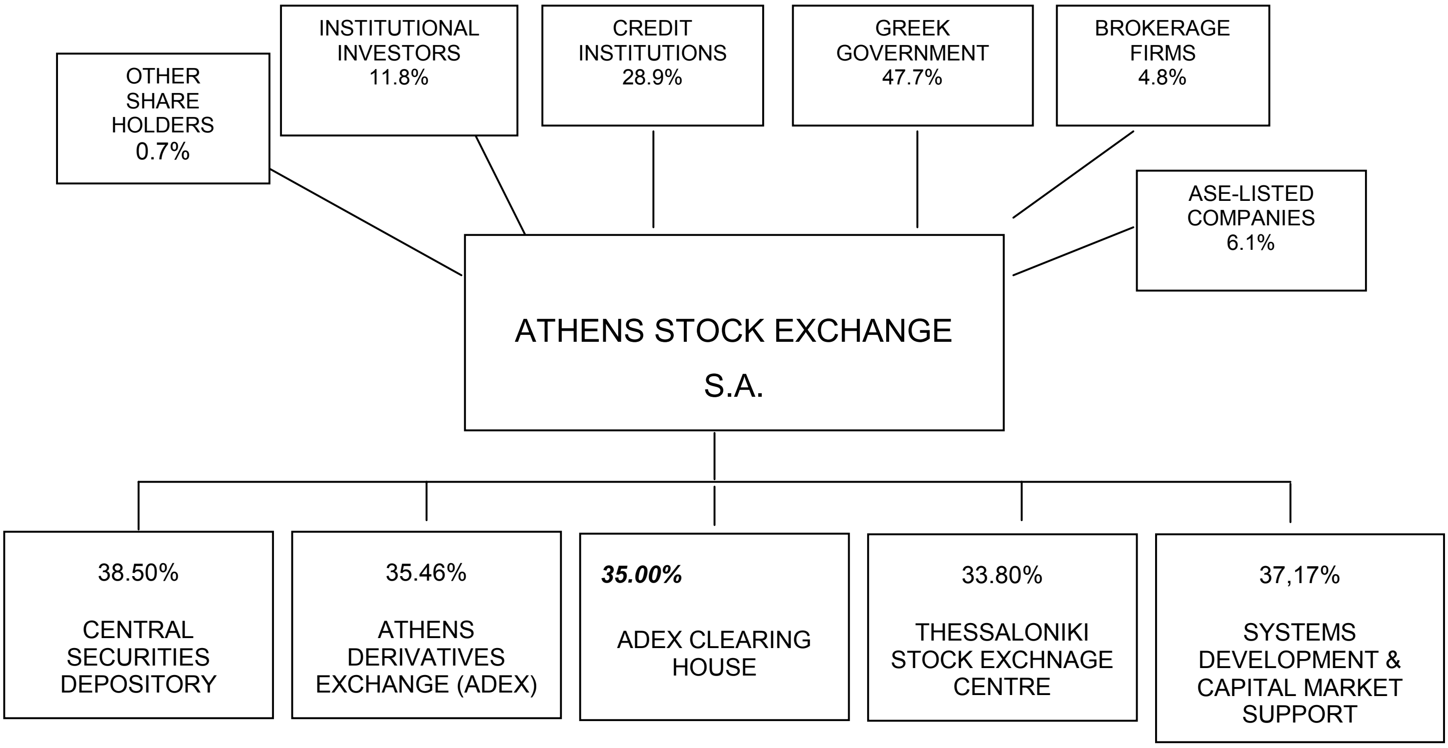
ASE was a public law entity until 1995 when it was converted to a Société Anonyme by Law 2324/95, with the Greek government as its sole shareholder.

In December 1997, through a private placement, the Greek government offered 1,983,270 of its ASE shares (39,67% of the share capital) to selected investors (credit institutions, stock brokerage firms, institutional investors, etc).

In December 1998, through private placement, the Greek government offered a further 600,000 of its ASE shares (12% of the share capital) to selected investors.

In July 1999, the Greek government transferred an additional 32,470 of its shares to ASE personnel, in compliance with the 13 May, 1999, decision of the Privatisation Commission (Greek acronym, “DEA”) and decision 2/47663/0025/13.7.99 of the Minister of National Economy and Finance.

Following the above three private placements the share percentages per company of the ASE group appeared as follows:

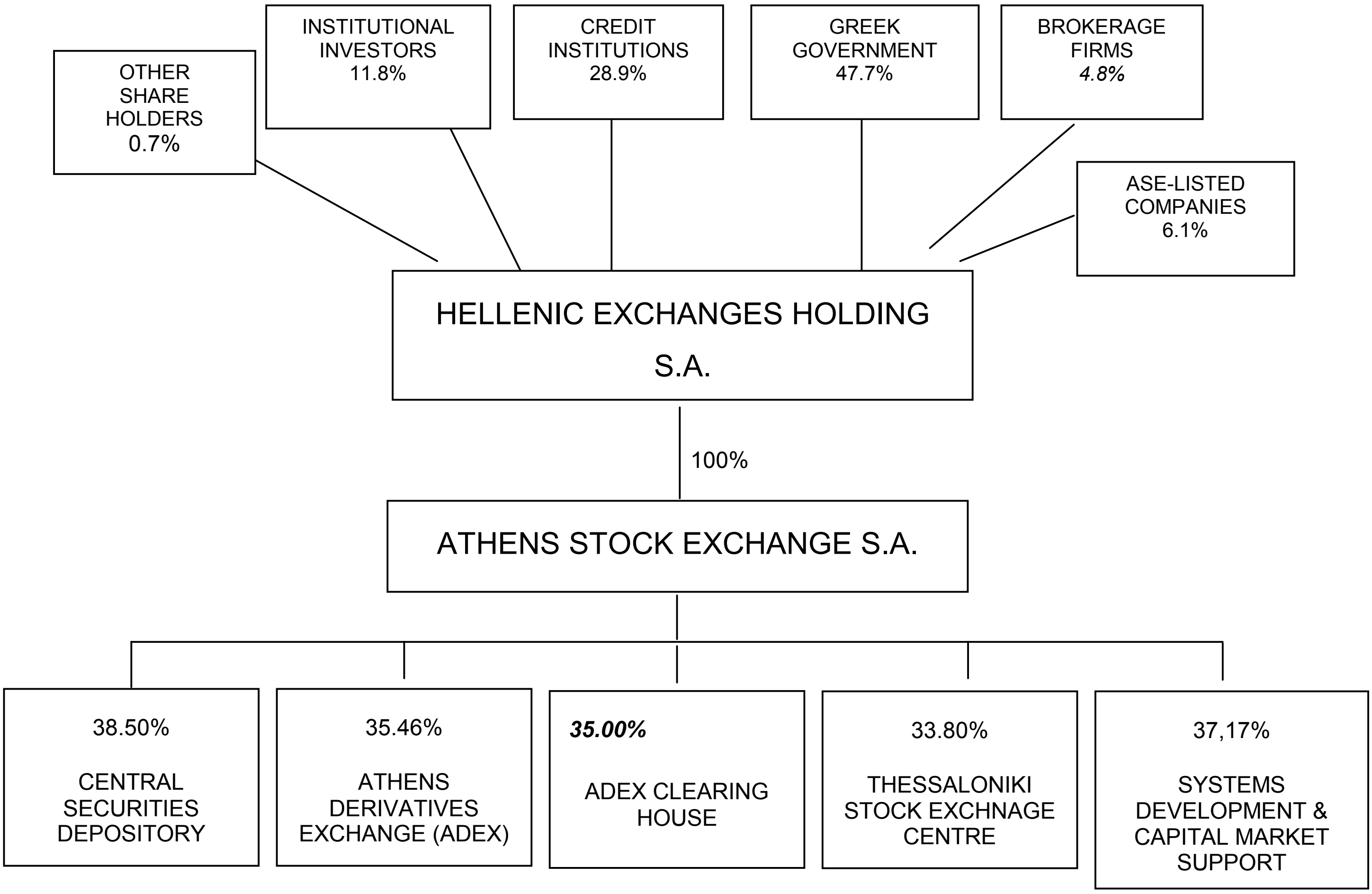


Note: The diagram above does not include ASE's shareholding in the Auxiliary Settlement Fund (12.04%) or in the two non-profit companies of the Group, ASE Training Centre S.A. (40.00%) and Financial Research Company S.A. (33.33%).

During the second private placement, the Greek government, as the main share holder, announced that it would give its consent for the shares of ASE S.A. to be listed on the Main Market of ASE in whatever way would finally be selected. In accordance with that commitment, it was decided to form a holding company whose share capital would comprise its 100% holding in the share capital of ASE S.A.

Arrangements for the establishment of that holding company were made by article 51 of Law 2778/99 (Gov. Gazette 295/30.12.99) and a government decision dated 14.2.2000. Accordingly, in January 2000, all shareholders of ASE S.A. were invited to participate in the founding capital of the issuing company Hellenic Exchanges Holding S.A., offering their ASE shares as well as cash. All ASE shareholders accepted the offer and the charter of the issuing company was signed on 14.2.2000. Hellenic Exchanges Holding S.A. was chartered by the Deputy Minister of Development (decision K2-3040/29-3-2000) and registered as public company number no. 45688/06/B/00/30.

With the completion of the above procedure, the issuing company became the sole shareholder in ASE S.A. The breakdown of shareholdings in the holding company and in the affiliated companies is as follows:



As a result of the above structure, the issuing company receives the earnings generated by the activities of ASE and its affiliated companies, in proportion to the percentage participation. The law covering the founding of the issuing company also covers the following:

The issuing company is not a government body and is not governed by regulations which place limitations on public law entities.

The Board of Directors of HELLENIC EXCHANGES S.A. is prohibited from participating in any way in the supervisory activities of ASE and in the determination of pricing policy for services it renders.

Supervision and inspection of HELLENIC EXCHANGES S.A., regarding its various obligations as a company issuing stock listed on organised capital market, is the exclusive responsibility of the Hellenic Capital Market Commission.

These provisions ensure the separation of the operational activities and the supervision of ASE on the one hand and HELLENIC EXCHANGES S.A. as a listed company on the other.

Article 51 of Law 2778/99 (Gov. Gazette 295/30.12.99) also provides for the listing of the issuing company's shares on the Athens Stock Exchange, as an exception to the provisions of the first clause of paragraph 3, section 1, article 3 of Decree 350/1985, which was replaced by paragraph 2 of article 1 of Law 2651/1998. Also Law 2778/99 provides that a listing on the Athens Stock Exchange of the issuing company's shares, and the shares of the companies included in its consolidated financial statements, may be authorised by decision of the Hellenic Capital Market Commission.

2. BRIEF INFORMATION ABOUT THE COMBINED OFFER

ISSUING COMPANY
HELLENIC EXCHANGES HOLDING S.A.

SALE OF EXISTING STOCK OWNED BY DEKA S.A.		
By Private Placement	Up to 225,000	Ordinary Registered
By Public Placement	2,275,000	Ordinary Registered
TOTAL OFFER OF EXISTING STOCK	**Up to 2,500,500**	Ordinary Registered
NUMBER OF SHARES BEFORE OFFER	**50,000,000**	Ordinary Registered
NEW SHARES ISSUED		
By Private Placement	125,000	Ordinary Registered
By Public Placement	2,375,000	Ordinary Registered
TOTAL NUMBER OF SHARES ISSUED	**2,500,000**	Ordinary Registered
TOTAL NUMBER OF SHARES TO BE LISTED	**52,500,000**	Ordinary Registered
COMBINED OFFER OF EXISTING AND NEW STOCK		
By Private Placement(3)	Up to 350,000	Ordinary Registered
By Public Placement	4,650,000	Ordinary Registered
TOTAL ISSUE	**Up to 5,000,000**	Ordinary Registered

REVENUE OF ISSUING COMPANY FROM INCREASE OF SHARE CAPITAL	
By Private Placement	557,812,500 GRD
By Public Placement	12,468,750,000 GRD
TOTAL REVENUES OF ISSUING COMPANY	**13,026,562,500 GRD**
FACE VALUE OF STOCK	1,720 GRD
SALE PRICE OF STOCK BY PUBLIC PLACEMENT	**5,250 GRD**
SALE PRICE OF STOCK BY PRIVATE PLACEMENT TO EMPLOYEES OF THE GROUP COMPANIES*(3)*	**4,462.5 GRD**
SALE PRICE OF STOCK BY PRIVATE PLACEMENT TO DIRECTORS OF GROUP COMPANIES(3)	**5,250 GRD**
SALE PRICE OF STOCK TO PRE-REGISTERED INVESTORS	**4,987 GRD**
Sale Price to Book Value on 31/12/1999(1)	**5.9**
Sale Price to Revised Book Value on 31/12/1999(1,2)	**6.7**

Notes

1. *The number of shares before the current increase was used in order to calculate these figures. The book value of stock has been taken to be the HELEX shareholdings in Group Companies as they appear in the consolidated financial statements of ASE S.A. dated 31/12/1999, increased by 1 billion Grd. In addition, see Chapter 8.6 "SHAREHOLDERS EQUITY- BOOK VALUE OF SHARES".*

2. *Revised results in compliance with the observations made by the Chartered Auditor who performed the unscheduled accounting inspection on behalf of the Co-ordinating Main Underwriters.*

3. *Those shares offered through Private Placement (both the new shares from the company's capital increase and the existing shares owned by DEKA) will be offered exclusively to personnel and directors of HELEX and of Athens Stock Exchange S.A., Central Securities Depository S.A., Athens Derivatives Exchange S.A, Athens Derivatives Exchange Clearing House S.A., Thessaloniki Stock Exchange Centre S.A. and Systems Development and Capital Market Support S.A.*

The revenues from the Combined Offer of new stock will be received by the Company and be disposed of as described in chapter 6.4, ALLOCATION OF NEW CAPITAL, while the revenue from the offer of shares owned by DEKA will be returned to the Greek government after deduction of expenses and commissions.

The trading unit of the Athens Stock Exchange: dematerialised multiple titles of 10 shares.

The new shares will be entitled to dividend from the profits of the first more-than-twelve-month fiscal period which will end on 31.12.2001, as well as an interim dividend distributed during 2000.

Coordinators – Main Underwriters

ALPHA FINANCE NATIONAL BANK OF GREECE

Other Underwriters

AGRICULTURAL BANK, ABN AMRO ROTHSCHILD, ASPIS MORTGAGE BANK, BANK OF ATTICA, GENERAL BANK, EGNATIA BANK, HSBC BANK PLC, HELLENIC BANK, COMMERCIAL BANK OF GREECE, INVESTMENT BANK OF GREECE, ERGO BANK, ETBA, ETEBA, EFG EUROBANK, BANK OF CYPRUS LTD, POPULAR BANK, BANK OF PIRAEUS, BANK OF PIRAEUS PRIME, SOCIETE GENERALE, TELESIS INVESTMENT BANK.

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Issue Consultants

ALPHA FINANCE ETEBA

3. CONSOLIDATED FINANCIAL AND OPERATING DATA IN SUMMARY

The Company will close its first over-twelve-month fiscal period on 31.12.2001. Almost all of the Company's revenue is generated from its 100% participation in the Athens Stock Exchange S.A. The activity of HELEX includes the dividend from the financial outcome of operations of ASE S.A., together with the dividends paid by the companies in which the ASE participates. For that reason, and also because the first fiscal period of the issuing company has not yet ended, in this prospectus the history of the consolidated financial data of ASE S.A. is presented. It should be noted that ASE S.A. has produced consolidated financial statements as of the fiscal period ending 31.12.1997. The companies included in the consolidation for the period 1997 - 1999 are the following:

CONSOLIDATED COMPANIES	Percentage of Participation			Total direct and indirect participation
	1997	1998	1999	To 31.12.1999
CENTRAL SECURITIES DEPOSITORY S.A. (CSD)	38.50%	38.50%	38.50%	38.50%
ATHENS DERIVATIVES EXCHANGE S.A. (ADEX)	-	35.46%	35.46%	40.73%
ATHENS DERIVATIVES EXCHANGE CLEARING HOUSE S.A. (ADECH)	-	35.00%	35.00%	39.20%
SYSTEMS DEVELOPMENT AND CAPITAL MARKET SUPPORT S.A. (ASYK)	37.17%	37.17%	37.17%	37.17%
THESSALONIKI STOCK EXCHANGE CENTRE S.A. (TSEC)	33.80%	33.80%	33.80%	33.80%

The consolidation is achieved by the method of total incorporation, according to the provisions of articles 90 through 109 of Law 2190/1920. The above companies are included in the consolidated financial statements of the ASE Group, as provided for by Law 2190/1920 (case dd, paragraph 5, article 42e), because of the dominant influence of ASE, either directly or indirectly, on the administration and operation of the above companies.

Consolidated financial and operating data in summary (cont'd)

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ASE			
(Amounts in GRD million)	**1997**	**1998**	**1999**
Turnover	13,235	24,071	73,778
Gross profit (before depreciation)(1)	10,681	20,285	63,719
Other income	177	106	216
Total	10,859	20,391	63,936
Operating revenue (before depreciation)(1)	9,383	18,411	58,989
Income from participations and securities	1,962	4,742	10,104
Profits before interest, depreciation and taxes	12,004	23,800	69,969
Profits before depreciation and taxes	12,210	24,101	70,816
Profits before fiscal period taxes	11,209	22,074	67,358
Profits after fiscal period taxes and remuneration of third parties	6,645	13,802	41,416
Profits after fiscal period taxes, tax audit variance of previous periods and remuneration of third parties	6,645	13,764	41,247
Minus: Minority rights	2,478	3,708	13,550
Net consolidated profits of ASE Group after tax	4,166	10,055	27,697
ADJUSTED CONSOLIDATED PROFITS BEFORE TAXES(2)			
Consolidated profits before taxes	11,209	22,074	61,302
Consolidated profits after fiscal period taxes	6,509	13,675	35,209
Less: Re-adjusted proportions of minority profits	2,462	3,674	12,396
Re-adjusted net consolidated Group profits after tax	4,047	10,001	22,814

1. *To calculate the operating revenue, the depreciation from the cost of sales was subtracted, as well as the expenses for administration, research and development and issue expenses.*
2. *The consolidated profit and loss data have been adjusted on the basis of the observations of the certified auditor who carried out the unscheduled accounting audit (see below) and the calculation of audit taxes for the particular fiscal periods.*

Consolidated financial and operating data in summary (cont'd)

CONSOLIDATED BALANCE SHEET OF ASE

(Amounts in GRD million)	1997	1998	1999
UNDEPRECIATED ESTABLISHMENT COST	**1,353**	**1,325**	**2,230**
Fixed Assets	5.050	6,670	11,603
Less: Depreciation	943	1,884	3,542
Undepreciated fixed assets	4,108	4,786	8,061
Participations and long term obligations	705	4,574	770
UNDEPRECIATED FIXED ASSETS	**4,812**	**9,359**	**8,831**
CURRENT ASSETS	**26,723**	**41,643**	**146,419**
PRE-PAYMENTS AND ACCRUED INCOME	**371**	**304**	**1,443**
TOTAL ASSETS	**33,259**	**52,631**	**158,923**
SHAREHOLDERS' EQUITY OF GROUP	**18,443**	**24,652**	**43,280**
Consolidation adjustments	669	648	648
Minority rights	6,028	8,271	26,142
TOTAL SHAREHOLDERS' CAPITAL	**24,472**	**32,923**	**69,422**
PROVISIONS	**135**	**459**	**732**
LONG TERM ACCOUNTS PAYABLE	**12**	**5**	**9**
Short term accounts payable	8,455	18,764	86,355
TOTAL ACCOUNTS PAYABLE	**8,467**	**18,769**	**86,364**
TEMPORARY LIABILITY	**186**	**481**	**2,406**
TOTAL LIABILITIES	**33,259**	**52,631**	**158,923**

FINANCIAL / ECONOMIC INDICES OF CONSOLIDATED DATA

	1997	1998	1999
GROWTH INDICES (%)			
Of turnover	N/A	81.9%	206.5%
Of profits before taxes	N/A	96.9%	205.2%
Of profits after taxes for the Group	N/A	107.1%	199.7%
Of fixed assets (in acquisition value)	N/A	32.1%	74.0%
Of total business capital in use	N/A	58.2%	202.0%
YIELD INDICES (BEFORE TAXES) (%)			
Average yield on shareholders' equity	N/A	102.4%	198.3%
Average yield on total capital in use	N/A	51.4%	63.7%
INDICES OF LOAN OBLIGATIONS (:1)			
Debt / Equity	0.5%	0.8%	2.1%
LIQUIDITY INDICES (:1)			
General liquidity	3.1	2.2	1.7
Current liquidity	3.1	2.2	1.7

Notes:

1. *The participation of ASE in the Auxiliary Settlement Fund, with 680,7611,359 Grd., is not included in the consolidation because that does not constitute a legal entity but is a sum of assets of which the ASE is an administrator and trustee. The above participation is included in the account "Participation in affiliated companies".*
2. *The establishment costs and the fixed working capital in the 1998 fiscal year were calculated using the provisions of presidential decree 100/98 and their grand total was greater by about 346 million Grd. than the amount that would have resulted if the same factors were used as in the previous fiscal period.*

Depreciation for the period being examined is broken down as follows:

BREAKDOWN OF DEPRECIATION			
(Amounts in GRD million)	**1997**	**1998**	**1999**
Depreciation in the cost of sales	574	1,221	1,761
Depreciation in administration costs	168	405	681
Depreciation in the costs of research and development	259	402	991
Depreciation in the costs of distribution	0	0	21
Total Depreciation	**1,001**	**2,028**	**3,458**

Adjustments to the consolidated results and net position of the ASE Group

The certified auditor who carried out the unscheduled financial audit, made the following observations in his audit report of ASE S.A. and its subsidiaries:

1. *One of the companies included in the Consolidated Financial Statements (ASE) has included in its balance sheet an amount of 1,110,203 thousand Grd. related to real estate which is also being claimed by the National Bank of Greece. A letter from the Legal Advisor of the Company states that a decision has been published by the Athens Court of First Instance which accepts, on the one hand, that the ownership of the building rests with the NBG and recognises, on the other hand, the Bank's obligation to pay to ASE an amount of 700.000 thousand Grd. equal to the purchase price adjusted for devaluation and inflation. Announcement of the decision is expected to be followed by an appeal. Before a transfer of title to the NBG can be made, a final decision is necessary, the bank must pay the above amount and the transfer has to be recorded in the Land Registry. No estimate has been made as to the effects on the Company's financial results of the loss which will be incurred following the transfer of this title.*
2. *With regard to the companies included in the Consolidated Financial Statements, no forecast is included of tax liabilities for the Fiscal Year 1999. This tax liability will probably be determined by the regular tax audit and is expected to amount to about 150,000 thousand Grd., assuming no subsequent audit identifies other taxable income as opposed to minor accounting discrepancies.*
3. *One of the companies included in the Consolidated Financial Statements (ASE) has not included an estimate of the effect on its results of the loss that is likely to be incurred following the appeal to the Council of State made by ASE members disputing a decision of the Capital Market Commission on contributions due to ASE to cover the upgrading of the Automatic Electronic Trading System (Greek acronym "ASYS"). The amount of the contributions made reached 1,336,648 thousand Grd., as is evident from the appendix to the ASE Balance Sheet dated 31.12.98 and 31.12.99. We note that the obligation for payment of the above contribution has been cancelled for the members of the ASE for the fiscal 1996 and later, and for the companies listed with on ASE from 01.01.99.*
4. *From correspondence with legal advisors of the companies included in the consolidation, it is apparent that there are outstanding lawsuits pending, involving third parties, against these companies for payment of approximately 4,265,000 thousand Grd. (plus interest as of the date of service of summonses). Of the above*

amount, a total of 3,935,000 thousand Grd. concerns law suits pending both against the ASE and against the Central Securities Depository. The Legal Advisors of the above companies state that no financial burden will be borne by these companies as a result of these lawsuits.

[The following clarifications are made with regard to the above notes and according to the report filed by the independent Legal Auditor:

There are three legal claims pending against ASE relating to amounts totalling 3,935,238,204 Grd. in response to claims made by ASE against the brokerage company Katsoulis Brokers S.A., which has been involved in bankruptcy proceedings. Of these lawsuits, which are also directed against the Central Securities Depository and the ASE Guarantee Fund Securing Investment Services, only one has been heard by the Athens Court of First Instance (on 19.1.2000) and a decision is pending. The ASE Legal Service believes that “there is great likelihood that the law suits against the ASE will be turned down as all of the claims are also directed against the Guarantee Fund which is the only body legally liable to reimburse investors when a brokerage firm is unable to fulfil its obligations.”

If these claims were to be successful, however, the costs would be apportioned between the HELEX group companies accordingly. For the purposes of illustrating the potential impact on the financial position of the Issuing Company it has been assumed that the costs would be equally apportioned.

No provision has been made for taxes, which might be levied on the capital of these claims if the above claims were to be successful.]

5. *The ASE has not made a forecast of the possible loss, not collected during the current fiscal period, from long-overdue receivables due from debtors in respect of 30.7 million Grd., and from clients in respect of 78.5 million Grd.*

Taking account of contingent liabilities, the consolidated results of ASE for the financial years between 1997 and 1999 are revised as follows:

RE-ADJUSTED CONSOLIDATED RESULTS – ASE			
(Amounts in GRD million)	**1997**	**1998**	**1999**
Balance sheet profits before taxes	**11,209**	**22,074**	**67,358**
Less: adjustments for contingent liabilities of Group companies			
ASE	0	0	4,088
CSD	0	0	1,968
ASYK	0	0	0
TSEC	0	0	0
ADECH	0	0	0
Total adjustments for contingent liabilities	**0**	**0**	**6,056**
Re-adjusted consolidated profits before taxes	**11,209**	**22,074**	**61,302**
Less: Fiscal period taxes and other taxes	3,895	7,255	25,847
Less: Profits distributed to third parties	670	1,017	95
Less: Variances from tax audit for corresponding period	136	127	150
Re-adjusted consolidated profits after taxes	**6,509**	**13,675**	**35,209**
Less: Revised minority corresponding profits	2,462	3,674	12,396
Re-adjusted net consolidated profits of the Group	**4,047**	**10,001**	**22,814**

Correspondingly, the total shareholder's equity of the ASE Group is adjusted to take account of contingent liabilities as follows:

RE-ADJUSTMENT OF TOTAL SHAREHOLDERS' EQUITY	
(Amounts in GRD million)	**31.12.1999**
GROUP EQUITY	**43,280**
Minority rights	26,142
TOTAL EQUITY	**69,422**
Less: adjustments for contingent liabilities	6,206
ADJUSTED TOTAL EQUITY	**63,215**
Re-adjusted Group capital	**38,327**
Re-adjusted Minority Rights	24,888

The impact of contingent liabilities on the total share capital of the companies included in the consolidated financial statements of ASE is presented in the corresponding chapters on the individual companies.

The above adjustments to the results to cover contingent liabilities relate to possible negative outcomes of the pending litigation against Athens Stock Exchange S.A. and Central Securities Depository S.A. and represent only a conservative illustration of the financial impact. They should not under any circumstances be taken to imply acceptance of liability on the part of HELEX or Athens Stock Exchange S.A. or Central Securities Depository S.A.

4. INVESTMENT RISKS

Beyond the information contained in the present prospectus, investors should also take into careful consideration the investment factors mentioned below before coming to any decision regarding their possible investment in the Company. The hazards mentioned below can greatly affect financial results and the general financial/economic position of the Company.

This prospectus also contains statements and evaluations with regard to future market conditions and the profit and loss position of the Company, all of which may be associated with risk and uncertainty. The actual course of the Company's financial results may differ significantly from projections such as those given below and elsewhere in this document.

Competition

The Group companies, Athens Stock Exchange S.A. and Athens Derivatives Exchange S.A. (ADEX) today operate the only official markets for stocks and derivatives in Greece. The shares of many of the largest Greek companies are listed on the ASE, while currently only ADEX handles trading in derivatives products, which are securities whose value is linked to indices and/or other securities traded on the ASE. To date, no foreign company stock has been traded on ASE, although both the legal and the institutional infrastructure are in place for this.

Although HELEX, through the Group companies in which it participates, offers the only official markets for securities and derivatives in Greece, it does not have a monopoly of trading in securities of Greek and foreign companies. The stock of some large companies listed on ASE is already simultaneously traded (directly or indirectly) on foreign stock exchanges such as those of London and New York. Furthermore, there are Greek companies which have chosen to have their shares listed on foreign stock exchanges and not on ASE. Transactions in these securities on foreign stock exchanges bring no income to the Company, but only to the foreign stock exchanges.

The Company is therefore in competition with other securities markets, organised and not, outside Greece, as both the legal and the institutional infrastructure exist for Greek companies to list their stock on foreign exchanges. Furthermore, investors, especially international institutional investors, have the ability to choose with relative ease the stock market where they will direct their trading. The competition among organised securities markets is concentrated on three key requirements: a) the existence of adequate liquidity for the securities traded, b) low transaction and clearance costs, and c) availability of immediate information about trading and companies' activities. Competition at international level is especially intense and among developed markets it is concentrated mainly in the first two areas.

Competition has intensified especially in the last few years, with the development of electronic trading, electronic commerce and the Internet. The development of technology has reduced the traditional obstacles to entry of new players into organised capital markets resulting in the activation of alternative "electronic" stock exchanges which allow investors to maintain more intimate contact with those who issue securities (see also chapter 10.3 "COMPETITION AND PROSPECTS"). These developments have resulted, among other things, in the breakdown of traditional boundaries among markets and in the formation of international alliances among the "traditional" stock exchanges.

The managements of both HELEX and ASE are watching these developments closely and monitoring the formation of formal alliances between exchanges so as to inform their final decisions about which arrangements the Greek stock market should eventually be incorporated into.

No assurance can be given about the Company's ability to maintain its market share in the trading of stock of Greek and/or foreign companies. Loss of market share would negatively affect the income and balance sheet of the Company. The ability of the Company to maintain and/or increase its market share will depend on the success of the Group companies' strategy in addressing the three key requirements mentioned above and on other business factors (see also chapter 14 "LONG TERM OBJECTIVES AND PROSPECTS"), as well as on the international competitive environment.

Development of organised securities markets in Greece

The revenues, the results and the general economic position of the Company depend mainly on progress in development of business on the Greek securities market. The greater part of the Company's revenue (through Athens Stock Exchange S.A. and Central Securities Depository S.A.) depends on growth in the volume of trading and in the total level of capitalisation of listed companies. It should be noted that the average daily value of trading on ASE in 2000, according to data available on 31.5.2000, was 17.1% lower than it was throughout 1999.

No assurance can be given regarding the course of trading volume or total capitalisation of listed companies. The course of these parameters depends on such factors as the competitive environment, the macro-economic and political circumstances, the political developments in Greece and elsewhere as well as on the course of business of listed companies, factors which are not under the control of the Company. Variations in these factors may influence the profits or losses, and the financial/economic position of the Company, positively or negatively.

Pending litigation

The Company, through Athens Stock Exchange S.A. and Central Securities Depository S.A., is involved in a series of pending legal cases (see also chapter 5 “FINANCIAL DATA MADE AVAILABLE TO THE COMPANY'S AUDITORS” and chapter 17 “PENDING LEGAL CASES”). The lawsuits by third parties against Group companies concern a series of actions by these companies in their normal course of business. The possibility of final decisions being against the Group companies would influence HELEX's financial/economic position. The consolidated financial statements presented in this prospectus have been adjusted so as to take into account a possible negative outcome of this litigation (see also chapter 3 “CONSOLIDATED FINANCIAL AND OPERATING DATA IN SUMMARY”). Nevertheless, no assurance can be given that, during the usual course of the Company's business, no third-party lawsuits will arise capable of having a negative influence on the balance sheet and on the financial/economic position of the Company.

Legal framework

The operation of the Company with regard to its supervisory activities, its supervision by other authorities (Capital Market Commission and Ministry of National Economy) and its ability to determine its own pricing policy, is regulated by a special framework of laws and regulations, which in turn is determined by specific laws, EU directives, presidential decrees and ministerial decisions (see also chapter 9 “LEGAL FRAMEWORK”). The Company, through the Group companies, is involved in the development of these laws and regulations, submitting proposals and suggestions, although the final responsibility lies with the law-making and administrative authorities of the country and the Capital Market Commission. No assurance can be given regarding the ability of the Company to promote or overturn changes by laws or regulations which may influence positively or negatively its sales, its profits or losses or its financial / economic position.

It is noted that the Company does not have the power itself to determine the pricing policy of the Group companies (see also chapter 11 “CONSOLIDATED FINANCIAL DATA FOR ASE S.A.”), which is determined by the Capital Market Commission. Furthermore, the Company does not have the power to elect the Board of Directors of the Athens Stock Exchange S.A. or to intervene in its supervisory duties, although the latter is its 100% subsidiary.

The Company and the Greek government

The Greek government controls, directly or indirectly, the majority of the share capital of the Company. Through its Ministry of National Economy and together with the Capital Market Commission, the Greek Government supervises the securities markets in Greece and has the power to alter the legal framework. In addition, the Greek government, based on current laws and the Company's charter, holds the power directly to appoint the Chairman of the Company's Board of Directors, as well as the Chairman and two other members of the Board of Directors of its subsidiary Athens Stock Exchange S.A. This Government power is retained no matter what percentage of the Company's share capital it holds. No assurance can be given relating to the manner in which the Greek government exercises its rights, on the one hand as shareholder of the Company, and on the other as the main supervisory and law-making authority. Furthermore, no assessment can be made as to the likelihood of the Greek government taking regulatory decisions, dictated by the needs of broad economic policy, which are not in line with its interests as a shareholder in the Company.

According to Law 2778/99 (FEK 295/30.12.99) the Company does not belong to the public sector and does not fall under the ordinances which place restrictions on legal entities of the public sector. The subsidiary Athens Stock Exchange S.A., however, falls under the jurisdiction of Law 2190/94 concerning the hiring of personnel in the public sector and companies of Greek government interest. Some of the personnel of the Athens Stock Exchange S.A. are employed as Government employees. with all the obligations and rights that that entails. No assurance can be given regarding to the continuing capability of Athens Stock Exchange S.A., or other Group companies, to implement policy according to their operating needs.

Considerable number of shares for sale in the future

Following the Combined Offer of stock, there will be 52,500,000 shares, 40.65% of which will belong to DEKA. The rest of the shares belong to selected investors and to the staff of the Group (see also chapter 8.7 "BREAKDOWN OF SHAREHOLDINGS") and were offered to them at the three private placements which took place in December 1997, December 1998 and July 1999. The total of these securities is 268. The sale, or the possibility of sale, of a considerable number of shares can have a negative influence on the price of the Company's stock. In chapter 8.7 there are statements by shareholders who own more than a 2% share of the Company's capital regarding the possible sale of part or the total of the stock they own to the Issuing Company within the 12-month period which follows the listing of its stock with the ASE.

5. FINANCIAL DATA MADE AVAILABLE TO THE COMPANY'S AUDITORS

The present prospectus contains all the information and the financial data necessary for the correct evaluation by investors and their investment advisers of the property, the financial/economic situation, the balance sheet and the prospects for Hellenic Exchanges Holding S.A.

Investors interested in receiving more information may address themselves to the following offices during working hours:

(i) The office of the Coordinator - Main Underwriter, ALPHA FINANCE, 5 Merlin Street, 10671 Athens, Tel. 36 77 400 (contacts Ms E. Argyropoulou and Mr G. Papaeliou).

(ii) The office of the Coordinator - Main Underwriter, NATIONAL BANK OF GREECE, 6 Karageorgi Servias Street, 10562 Athens, Tel. 33 40 346 (contacts Mr. D. Goumas and Mr. Th. Mavromatis)

(iii) The office of the Issue Advisor ALPHA FINANCE, 5 Merlin Street, 10671 Athens, Tel. 36 77 400 (contacts Mr. D. Andritsogiannis, mr. E. Kalamakis and Mr. B. Stefanakis).

(iv) The office of the Issue Advisor ETEBA, 12-14 Amalias Street, 102 36 Athens, Tel. 32 96 200 (contacts Mr. K. Bonatis, Mr. Ch. Mitrelias and Mr. G. Panagiotopoulos).

(v) The office of the Athens Stock Exchange S.A., 10 Sofokleous Street, 10559 Athens, Tel 32 11 301 (contacts Mr. S. Lazaridis, General Director).

The writing and distribution of this prospectus took place according to the requirements of current legislation. The Board of Directors of the Capital Market Commission has approved the content in terms of its coverage of the needs for information that investors may have, as those needs are defined by the articles of presidential decree 348/1985.

The person responsible for the publication and the accuracy of the data it contains is Mr. S. Kouniakis, Chairman of the Board of the Issuing Company, resident of Athens, No. 10 Sofokleous Street, 105 59 Athens, Tel. 32 11 301.

The Company's Board of Directors states that all its members are aware of the content of the document and, along with the authors, they certify the following:

The information and data contained herein is complete and true;

There is no further data, and no events have taken place, the withholding of which could possibly make the total or part of the information in the prospectus inaccurate;

There is no litigation or legal decision pending against the Company, or the Group companies, which could have significant consequences on the Company's financial situation except those mentioned in chapter 17"PENDING LEGAL CASES".

Both ALPHA FINANCE and the NATIONAL BANK OF GREECE, the Coordinators – Main Underwriters of the present issue, state irrevocably that following their recent legal, accounting and economic audits carried out by independent legal auditors and certified accountants who are in no way associated with the entity issuing the securities, the statements and data contained in the present prospectus are complete and accurate.

Observations made as a result of the aforementioned audits have been included in the prospectus after evaluation by the Coordinators – Main Underwriters, whose reports on the legal and accounting audits are on file at their offices and are available to interested investors.

The legal audit was carried out by the law firm of KYRIAKIDES – GEORGOPOULOS (contact Ms Pavlou, 6 Vasilissis Sofias Street, Athens, Tel. 72 43 072). The legal audit, having taken into consideration the documents and other data provided by the Company, was carried out according to article 3a of presidential decree 350/1985, as amended by article 11 of Law 2324/1995 and covered the legal formation of HELEX and the Group companies, their relations with third parties, as well as data concerning their relations with the Authorities. The legal audit brought to light no information which might prevent the listing of the Company's stock on the Main Market of the Athens Stock Exchange.

The most important findings of the Legal Audit of the HELEX subsidiaries ASE S.A. and CSD S.A. concern pending litigation of those companies and are listed in chapter 17 "PENDING LEGAL CASES". There are no pending law suits against other companies of the Group.

The accounting and financial audit was carried out by Mr. Nikos Sofianos, a certified accountant (A.M.S.O.E. 12231) of the firm DELOITTE & TOUCHE, No. 250-254 Kifissias Avenue, 152 31 Halandri, Tel. 67 76 600). Specifically, the audit concerned the following companies:

ATHENS STOCK EXCHANGE S.A. for the financial year ending on 31.12.1996 up to and including 31.12.1999. In addition, the financial years 1997,1998, and 1999 were audited on a consolidated basis.

CENTRAL SECURITIES DEPOSITORY S.A.. for the financial years ending on or after 31.12.1996 up to and including 31.12.1999.

ATHENS DERIVATIVES EXCHANGE S.A. for the period from its incorporation on 6.4.1998 until 31.12.1999.

ATHENS DERIVATIVES EXCHANGE CLEARING HOUSE S.A. for the period from its incorporation on 17.5.1998 until 31.12.1999.

THESSALONIKI STOCK EXCHANGE CENTRE S.A. for the financial periods ending on or after 31.12.1996 up to and including 31.12.1999.

SYSTEMS DEVELOPMENT AND CAPITAL MARKET SUPPORT S.A. for the financial periods ending on or after 31.12.1996 up to and including 31.12.1999.

No significant observations resulted from the financial audit beyond those mentioned elsewhere in this prospectus.

Furthermore, the Coordinators – Main Underwriters have stated that they set the sale price of the Company's securities before the execution of the public offering, as required by paragraph 2, article 4 of presidential decree 348/1985, as amended.

The responsibilities of the Underwriters of the public offering towards those who purchase shares are referred to in article 3a of presidential decree 350/1985, and in article 11 of Law 2324/1996, as amended by article 2 of Law 2651/1998.

The Company's accounts are audited by certified accountants. The audit of the first over-twelve-month financial period, which comes to an end on 31.12.2001 will be carried out by Mr. Theodoros Lytsioulis (A.M.SOEL 11251) and Mr. Demetrios Ziakas (A.M. SOEL 10631) of the company S.O.L. a.e.o.e.

Audits of the HELEX subsidiary company ATHENS STOCK EXCHANGE S.A. for the financial periods ending from 31.12.1996 up to and including 31.12.1999 were carried out by the chartered auditors Mr. Antonis Sifakis (A.M. SOEL 12171) and Mr. Spyros Koronakis (A.M. SOEL 10991) of the company S.O.L. a.e.o.e. The same auditors also carried out audits of the ASE's consolidated financial statements of the financial periods 1997 up to and including 1999.

Audits of the affiliated Group company CENTRAL SECURITIES DEPOSITORY S.A. for the financial periods which ended on or after 31.12. 1997 up to and including 31.12.1999 were carried out by the certified accountant Mr. Theodoros Psaros (A.M. SOEL 12651) of the company PricewaterhouseCoopers S.A.

Audits of the Group companies ATHENS DERIVATIVES EXCHANGE S.A. and ATHENS DERIVATIVES EXCHANGE CLEARING HOUSE S.A. for the first over-twelve-month financial period which ended on 31.12.1999 were carried out by certified accountants Mr. E. Paloumbis (A.M.SOEL 11611) and Mr. P. Loukisa (A.M. SOEL 14939) of the company S.O.L. a.e.o.e.

The certified accountants Mr. E. Paloumbis (A.M.SOEL 11611) also carried out the audit of the Group company SYSTEMS DEVELOPMENT AND CAPITAL MARKET SUPPORT S.A. for the financial periods ending in 1997 up to and including 1999.

The audit of the Group company THESSALONIKI STOCK EXCHANGE CENTRE S.A. for the financial periods which ended on 31.12.1998 and 31.12.1999 was carried out by chartered auditors Mr. Ch. Seferis (A.M.SOEL 23431) and Ms. S. Kalomenidou (A.M. SOEL 13301) of the company ERNST & YOUNG S.A. The audit of the financial period which ended on 31.12.1997 was carried out by chartered auditors Mr. Ch Glavanis (A.M.SOEL 10371) and Ms. S Kalomenidou (A.M. Soel 13301) of the same company.

Certified accountants Mr. Antonis Sifakis (A.M. SOEL 12171) and Mr. Spyros Koronakis (A.M. SOEL 10991), in the certificate which they issued relating to ASE's consolidated financial statements of 31.12.1999, note the following:

1. *The consolidation was made using the Complete Consolidation method according to the provisions of articles 90 through 109 of Law 2190/1920 concerning public limited companies.*

2. *The above Consolidated Statements include the following companies a) ATHENS STOCK EXCHANGE S.A. (the parent company), b) CENTRAL SECURITIES DEPOSITORY S.A., c) SYSTEMS DEVELOPMENT AND CAPITAL MARKET SUPPORT S.A. (ASYK), d) THESSALONIKI STOCK EXCHANGE CENTRE S.A. e) ATHENS DERIVATIVES EXCHANGE S.A., and f) ATHENS DERIVATIVES EXCHANGE CLEARING HOUSE S.A. The last two companies were chartered in 1998. Their first financial period in business ends on 31.12.1999 and they are included in the consolidation for the first time.*

3. *The participation of ATHENS STOCK EXCHANGE S.A. in the Auxiliary Settlement Fund, which was not taken into account in the Consolidation, comes to 680,761,359 Grd. The Auxiliary Fund does not constitute a legal entity but ATHENS STOCK EXCHANGE S.A. is its administrator and trustee. The participation in the ASE Training Centre (KEK) with a capitalisation of 16,000,000 Grd. and in the company for Economic/Financial Studies with a capitalisation of 1,000,000 Grd. were not included in the Consolidation because these non-profit-making companies have different objectives.*

4. *The ownership of real estate property at 1 Pesmazoglou Street is claimed by the National Bank of Greece which, according to a Court of First Instance decision, is correct in its claim but at the same time is obliged to pay to ASE S.A. the current value of the property, a sum of 700,000,000 Grd. ASE will appeal that decision as soon as it is formally announced. The unadjusted value on 31.12.1999 of the above property comes to 1,110,203,543 Grd.*

5. *There are a number of legal claims pending against the parent company by third parties for the payment of various amounts, totalling about 4,200,000,000 Grd. Of these claims a total of 3,900,000,000 concern the case of the firm KATSOULIS A.H.E. while law suits have also been filed against the Central Securities Depository S.A. and against the Guarantee Fund which is solely responsible under the law for the reimbursement of investors in cases where a stockbrokerage firm is unable to fulfil its financial obligations.*

6. *Pending against the parent company is an appeal to the Supreme Court for the annulment of a Hellenic Capital Market Commission decision concerning contributions by the Stock Exchange members towards the cost upgrading of the Automatic Electronic Trading System ("ASIS"). The contribution is no longer being charged as of 1/1/1999; its total up to 31/12/1998 was 1,336,648,450 Grd. In the opinion of the company's legal service, the publication of the decision will have no immediate economic consequences for the company.*

7. *The parent company and its subsidiaries, except for those chartered in 1998, have had their final tax audit up to the financial year 1998 completed and the results of those audits have been taken into account in making the financial statements of 31/12/1999.*

8. *Some entries into the consolidated financial statements of the previous financial periods have been adjusted so as to be comparable with the corresponding data of the present financial period.*

9. *There have been no forecasts made for the negative effect of the legal claims by the third parties mentioned in the above notes numbered 4,5 and 6.*

The regular certified accountants of ATHENS STOCK EXCHANGE S.A., Mr. Antonis Sifakis (A.M.SOEL 12171) and Mr. Spyros Koronakis (A.M. SOEL 10991), have also certified that in the audit of the financial periods between 1996 and 1999 there had been no disagreement between the administration of ASE and themselves with respect to the preparation of the company's financial statements and they confirm that ASE S.A. uses a reliable system of internal auditing.

The regular certified accountants of CENTRAL SECURITIES DEPOSITORY S.A. Mr. Theodoros Psaros (A.M. SOEL 12651) of PricewaterhouseCoopers S.A. has certified that in the audit of the financial periods between 1997 and 1999 there had been no disagreement between the administration of KAA S.A. and himself with respect to the writing of the company's financial statements and that KAA S.A. uses a reliable system of internal auditing.

The regular certified accountants of ATHENS DERIVATIVES EXCHANGE CLEARING HOUSE S.A. Mr. E. Paloumbis (A.M. SOEL 11611) and Mr. P. Loukisa (A.M. SOEL 14939) of the S.O.L. a.e.o.e. company have also certified that in the audit of the financial period ending in 1999 there had been no disagreement between the administration of ADECH S.A. and themselves with respect to the writing of the company's financial statements and that ADECH S.A. uses a reliable system of internal auditing.

The regular chartered accounts auditor of SYSTEMS DEVELOPMENT AND CAPITAL MARKET SUPPORT S.A., Mr. E. Paloumbis (A.M. SOEL 11611) of the S.O.L. a.e.o.e. company, has certified that in the audit of the financial periods between 1997 and 1999 there had been no disagreement between the administration of A.S.Y.K. S.A. and himself with respect to the writing of the company's financial statements and that ASYK S.A. uses a reliable system of internal auditing.

The regular certified accountants of THESSALONIKI STOCK EXCHANGE CENTRE S.A. Mr. Ch. Glavanis (A.M. SOEL 10371) and Ms. S. Kalomenidou (A.M. SOEL 13301) of ERNST & YOUNG S.A. have certified that in the audit of the financial period ending in 1997 there had been no disagreement between the administration and themselves with respect to the preparation of the company's financial statements and that the company uses a reliable system of internal auditing. The audit of the financial periods 1998 and 1999 was carried out by certified accountants Mr. Ch. Seferis (A.M. SOEL 23431) and Ms. S. Kalomenidou (A.M. SOEL 13301) of the same company as mentioned above, who have certified that in the audit of those financial periods there was no disagreement between the administration of the TSEC and themselves with respect to the writing of the company's financial statements and that the company uses a reliable system of internal auditing.

The issuing Company has not yet been audited for taxes, as it has only recently started its activities. Other companies of the HELEX Group have been comprehensively audited for tax obligations (income, Business Books Code tax, tax stamps, Large Real Estate Property Tax, Salaried Services Tax, third-party remuneration tax) up to and including the 1998 financial year, while their financial data were considered to be complete, truthful and accurate.

The comprehensive tax audit of the Athens Stock Exchange S.A. completed in February of 2000 by the National Auditing Centre covered tax obligations of all kinds (income, Value Added Tax, Business Books Code tax, tax stamps) for the financial periods ending from 1996 up to and including 1998 (Directive 670/10.12.99). The audit showed accounting variances of 471,672,480 Grd., while the total taxes, together with the total related surcharges and the down-payment of corresponding taxes came to 220,054,315 Grd. In February 2000 the amount of 209,051,600 Grd. was paid, which is equal to the total tax amount of 220,054,315 Grd., reduced by the 5% allowed for prompt and full payment. The above amount was deducted in its total from the profits available in financial year 1999.

Consistent with the findings of the tax audit, the accounting variances, as well as the taxes which correspond to each financial year of the period 1996 – 1998, appear in the following chart:

Tax Audit Results, GRD (ASE)						
Financial year	Accounting differences	Main tax	Added tax	Differences in V.A.T	Fines imposed	Total tax
1996	83,361,961	29,176,687	10,816,258	-	-	39,992,945
1997	236,310,159	94,524,207	14,887,563	-	-	109,411,770
1998	152,000,000	60,800,000	9,849,600	-	-	70,649,600
TOTAL	**471,672,480**	**184,500,894**	**35,553,421**	**-**	**-**	**220,054,315**

In January and February of 2000 the National Auditing Centre completed comprehensive tax audits of the accounts of Central Securities Depository S.A. and Thessaloniki Stock Exchange Centre S.A. covering tax obligations of all kinds (income, Value Added Tax, Business Books Code tax, tax stamps) for the financial periods from 1992 up to and including 1998 for the Central Securities Depository S.A. and from 1996 up to and including 1998 for the Thessaloniki Stock Exchange Centre. In March 2000 the National Auditing Centre also completed the tax audit of Systems Development and Capital Market Support S.A. for the financial periods from 1996 up to and including 1998. Finally it is noted that Athens Derivatives Exchange S.A. and Athens Derivatives Exchange Clearing House S.A. completed their first over-twelve-month financial period on 31.12.1999 and therefore have not been tax-audited for that financial period.

The tax audit of the Central Securities Depository S.A. (Directive No.706/31.12.1999) identified accounting variances totalling 357,881,182 Grd., while the total taxes, together with the total related surcharges and the down-payment of taxes came to 170,209,683. In January 2000 the amount of 161,699,200 Grd. was paid, equal to the total tax amount of 170,209,683 Grd. reduced by the 5% allowed for prompt and full payment.

Consistent with the findings of the tax audit, the accounting variances, as well as the taxes which correspond to each financial year of the period 1992 – 1998 are presented in the following chart:

Tax Audit Results, GRD (CSD)						
Financial year	Accounting differences	Main tax	Added tax	Differences in V.A.T.	Fines imposed	Total tax
1992	18,053,943	6,318,880	3,198,933	-	-	9,517,813
1993	28,500,000	9,975,000	4,301,719	-	-	14,276,719
1994	33,250,000	11,637,500	4,239,063	-	-	15,876,563
1995	47,500,000	16,625,000	6,109,375	-	-	22,734,375
1996	52,250,000	18,287,500	6,732,813	-	-	25,020,313
1997	57,000,000	22,800,000	3,591,000	-	-	26,391,000
1998	121,327,239	48,530,895	7,862,005	-	-	56,392,900
TOTAL	**357,881,182**	**134,174,775**	**36,034,908**	**-**	**-**	**170,209,683**

The tax audit of Systems Development and Capital Market Support S.A. (Directive 83/1.3.1.2000) demonstrated accounting variances totalling 6,619,762 Grd., while the total taxes, together with the total related surcharges and the down-payment of related taxes came to 3,074,932. After taking account of refunds the company was entitled to from the "FAEE" tax office in Athens for the financial year 1997, ASYK paid the amount of 744,666 Grd. in March of 2000. That amount will be deducted in its total from the profits available in financial year 2000.

Consistent with the findings of the tax audit, the accounting variances, as well as the taxes which correspond to each financial year of the period 1996 – 1998, appear in the following chart:

Tax Audit Results, GRD (ASYK)						
Financial Year	**Accounting Differences**	**Main tax**	**Added tax**	**Differences in V.A.T.**	**Fines imposed**	**Total tax**
1996	2,003,058	708,071	77,018	-	-	885,089
1997	2,204,116	881,646	152,084	-	-	1,033,730
1998	2,412,588	965,036	191,077	-	-	1,156,113
TOTAL	**6,619,762**	**2,554,753**	**520,179**	**-**	**-**	**3,074,932**

No significant accounting variances were identified during the comprehensive tax audit of the Thessaloniki Stock Exchange Centre S.A. (Directive 15/2000). The audit identified no variances which might touch upon the integrity of the company's accounts nor were omissions found which would place under doubt the financial results, which were therefore accepted as true and accurate with no requirement for accounting variances and without the imposition of fines and surcharges.

Furthermore, the certified accountants, pursuant to a directive by the Coordinators – Main Underwriters, carried out an audit in order to locate possible tax obligations for the financial year ending on 31.12.1999. This too identified no violations of the current tax legislation although it is probable that additional income tax may be imposed on the Group companies, with related surcharges, totalling 150m. Grd.

In total, the results of the tax audit of the companies in which the Issuing Company participates are as follows:

	ASE		**CSD**		**ASYK**		**TOTAL**	
Financial year	**Accounting differences**	**Total tax due**	**Accounting differences**	**Total tax due**	**Accounting differences**	**Total tax due**	**Accounting differences**	**Total tax due**
1992			18,053,943	9,517,813			18,053,943	9,517,813
1993			28,500,000	14,276,719			28,500,000	14,276,719
1994			33,250,000	15,876,563			33,250,000	15,876,563
1995			47,500,000	22,734,375			47,500,000	22,876,563
1996	83,361,961	39,992,945	52,250,000	25,020,313	2,003,058	885,089	137,615,019	65,898,347
1997	236,310,519	109,411,770	57,000,000	26,391,000	2,204,116	1,033,730	295,514,635	136,836,500
1998	152,000,000	70,649,600	121,327,238	56,392,900	2,412,588	1,156,113	275,739,826	128,198,613
Total	**471,672,480**	**220,054,315**	**357,881,182**	**170,209,683**	**6,619,762**	**3,074,932**	**836,173,424**	**393,338.930**

The total amount of additional tax liability identified following the tax audit of the Group companies, reduced by the 5% allowed for prompt and full payment and taking account of refunds due, came to 371,495,466 Grd. and was paid in the first three month period of 2000.

The Group companies have submitted to the relevant authorities an application for a tax-audit to be carried out for the financial year 1999.

6. DESCRIPTION OF THE COMBINED OFFER AND SHARE DISPERSAL

a. General information

The Board of Directors of the Company, at its meeting of 6.4.2000, unanimously approved the listing of the Company's stock on the Main Market of the Athens Exchange, as provided for in article 51 of Law 2778/99 and by the HELEX Charter.

The following decisions were also made to that end:

1. Flotation of the HELEX's shares on the ASE

2. Increase of the share capital by 4,300 million drachmas by issuing 2,500,000 new ordinary registered shares with a par value of 1,720 drachmas. Of those new shares, 2,375,000 will be dispersed to the general investing public by a public offering, while the remaining 125,000 will be dispersed by private placement to employees and members of the boards of directors of Group companies. The proceeds from the issue of stock in excess of par value will be credited to the account "Special reserve from issuing stock in excess of par value."

3. Surrender by holders of old shares of their preference rights in respect of the share capital increase, either through public offering or through private placement, so that the required dispersion can be achieved for the listing of the company on the Main Market, pursuant to article 5 of the Company's charter as well as article 51 of Law 2778/99.

4. The right of holders of new shares of stock to receive dividend from the profits of the financial year ending on 31.12.2001.

5. Amendment of article 5 of the Company charter.

Following the Privatisation Commission's decision of 26.4.2000, of the existing stock owned by DEKA, a supplementary number of 2,275,000 shares will be made available to the investing public. Thus, the total number of publicly held shares, will rise to 4,650,000, 2,375,000 from the aforementioned increase of the share capital and 2,275,000 from existing stock. In addition, the same Privatisation Commission decision provides for the dispersal of up to 225,000 existing shares owned by DEKA, by private placement, to employees and members of the boards of directors of the Group companies. In case the total number of 225,000 shares available in this manner through private placement is not taken up, then the size of the placement will be reduced accordingly.

The issue of 2,500,000 new shares from the share capital increase (public offer and private placement) as well as the sale of 2,500,000 existing shares of stock (public offer and private placement) will be carried out simultaneously. Of the shares available, 4,650,000 will be offered to the public through public offering, while the remainder, 350,000 shares (7.53% of the shares of the public offering), if they are all taken, will be made available through private placement to employees and members of the Boards of Directors of the companies of the Group.

The sale price of the new shares was fixed by the Coordinators – Main Underwriters, with the agreement of the Company's Board of Directors and DEKA, at 5,250 drachmas per share. The sale price is the same for both the new or existing shares. The difference between the price of the new issue of shares and the par value of 3,530 per share will be entered as credit into the account "Special reserve from the issue of stock in excess of par value". The sale price of the shares for private placement, including for employees, will be 15% lower than the sale price for public offering.

The dispersal of all shares by private placement, and verification of payment of the amount which relates to the capital increase (corresponding to the 125,000 new shares) by the Board of Directors of the Company to the ASE will take place before the commencement of public offering. The total number of shares to be made available by public offer and private placement corresponds to 9.52% of the total number of Company shares, if the total number of shares being dispersed through private placement are finally dispersed. The above are in accord with decree 350/85, as amended by Law 2651/1998.

Ownership of both new and existing shares will be registered in the Central Securities Depository's System of Dematerialised Securities ("SAT"). These shares will be entered for trading on the Main Market of the Athens Exchange after the end of the registration period and their final registration.

	Number of ordinary registered shares of 1,720 Grd. par value
Number of shares before the issue	**50,000,000**
New shares issued	
- by private placement in cash	125,000
- by public offering in cash	2,375,000
Total number of shares after the issue	**52,500,000**

The percentage of dispersal after the present issue will be 36.73% (providing that the total number of shares offered through private placement are taken up), within the requirements for dispersal, laid down by Law 2651/98 (shareholders with shares up to 2%).

b. The share dispersal procedure

The public offering

To achieve the desired broad dispersal of the stock offered through public offering, the following procedure will be followed, pursuant to provisions set by the Hellenic Capital Market Commission decision 13/174/26,10,1999 (Gov. Gazette 2099/1.12.99).

The trading unit on the Athens Exchange will be 10 shares. Investors will be allowed to register for one or more units (i.e. for 10, 20, 30, 40 etc shares). The limit for each investor is the total value of the issue with public offering, that is 24,412,500,000 drachmas (or 4,650,000 ordinary registered shares).

To take part in the public offering investors have to maintain an active Investor Account and a Securities Account in the Dematerialised Securities System, so that the stock they buy can be entered accordingly. The code number of the Investor Account and the account number of the Securities Account is entered on the application for shares. In addition, investors should name a manager they wish to have for the stock they will acquire and they should enter his code number on their application.

If an investor does not wish to appoint a Manager, he should enter the code number of the Central Securities Depository (999) on his application, so that his shares may be transferred to the Special Account Section of his Investor Account, the manager of which is the Central Securities Depository. It is recommended, however, that investors name a manager in their applications, thus avoiding the transfer of their stock to the Special Section of their Investor Account, so that they may be in position, on commencement of the trading session, to trade in the stock they purchase.

Investors are reminded that if the Investor Account code number, the Securities Account number and the manager code number are not entered on their application, or if any of the numbers is incorrect, the application will be excluded from the distribution of stock.

Applications for shares should be submitted to the Underwriters and to the branch locations of ALPHA BANK. This prospectus will also be available at these locations as well as at the offices of the Athens Stock Exchange. The first and last days on which applications will be accepted and the locations at which Underwriters will accept applications, will be announced in the press.

Applications for shares are accepted provided that an appropriate application fee has been paid to the Underwriters in cash or bank money order; or the amount of the registration fee has been blocked in a savings bank account in the name of the investor or in accounts of dematerialised titles of bonds or interest-bearing notes of governments of Zone A countries, as defined in decree TE/2054/1992 (hereinafter called "Zone A") or a reverse repo of a Zone A country that has been blocked. The application fee may not be paid with a personal cheque or by means of a block on other securities or bonds, such as shares in mutual funds, or through the provision of any other kind of security such as letter of credit, pledge of payment against securities, pledge against claims, etc. Applications will only be accepted if the applicants are rightful owners or co-owners of the accounts referred to in their applications.

After the allocation of shares has been determined, there will be a refund to investors of any excess amounts paid and a release of the relevant amounts in blocked accounts, etc, at the same time as the cost of allocated shares are charged by the bank or brokerage company through which applications were submitted. The amounts charged are subject to the conditions of the initial deposits (term, interest, etc), while any refunds are made with interest (at the prevailing interest rates according to bank and type of deposit account).

If at the end of the public offering it is found that more than one application originated from the same person, then these applications will be deemed to be a single application.

General information about the apportionment of the public offering

The apportionment of the shares to investors will be carried out as follows:

30% of the stock of the public offering (1,395,000 shares) will be allocated to applications from local and foreign institutional investors, as defined in the above-mentioned decision of the Hellenic Capital Market Commission;

70% of the stock of the public offering (3,255,000 shares) will be allocated to applications from physical persons and legal entities who are not institutional investors.

If the demand in one of these two investor categories (institutional investors – individuals and other legal entities) is less than the supply of shares available while the demand in the other category has not been fully satisfied, the excess shares will be transferred to the category with the unsatisfied demand.

If shares offered by public offering are not all purchased by investors, the Underwriters are obliged to purchase the unsold shares at the sale price.

"Delivery" of the shares purchased takes place with their final entry in the Securities Account of the rightful owners. The entry of stocks in the Securities Account of the owners will occur following the end of these procedures and will be announced in due course in the press. The number of shares distributed to each investor will be in full trading units.

Other details of the registration procedure may be included in press announcements.

Dispersal of shares to institutional investors

In the dispersal of stock to institutional investors priority will be given to all applications up to 3% of the total issue available for dispersal to the public (139,500 shares of stock or 732,375,000 drachmas).

If the shares available are not sufficient to satisfy such applications, in order of priority, all applications up to the above limit will be fulfilled proportionately through the allocation of whole trading units. The extent to which applications will be fulfilled will be calculated according to the demand that results from limiting allocation to 139,500 shares per institutional investor. If there are undistributed shares after the first dispersal as described above, one additional trading unit will be allocated to those investors who had the largest percentage of unfulfilled applications.

If shares remain undistributed after all applications have been fulfilled up to the level of 3% of the value of the issue to the public, the shares that have not been distributed will be allocated in proportion to the size of unfulfilled applications.

Dispersal of shares to private investors

In the dispersal of stock to individuals, or legal entities who are not institutional investors, priority will be given to all applications up to 430 shares or 2,257,500 drachmas per individual.

If the shares available are not sufficient to satisfy, in order of priority, applications up to the above limit, applications will be fulfilled proportionately through allocation of whole trading units. The extent to which applications will be fulfilled will be calculated on the basis of the demand which will result after allocations have been limited to 430 shares per individual. In case there are undistributed shares after the first dispersal as described above, one additional trading unit will be allocated to those investors who had the largest percentage of unfulfilled applications; if the shares available are not of sufficient number to satisfy all applications involving fractions of a trading unit, there will be a draw to allot one trading unit to each investor drawn.

If shares remain undistributed after all applications have been fulfilled up to the level of 430 shares per individual, those shares that have not been distributed will be allocated to the investors who registered for a larger number of shares in proportion to the size of their unfulfilled application.

Convertible bonds

In October of 1998, the Greek government offered convertible bonds to the general public in Greece (totalling 170 billion drachmas) and to foreign institutional investors (totalling 500 million euros). The convertible bonds give holders the right of exchange with stock of companies that belong to the Greek government or to DEKA. In the present offer, convertible bonds carry the right of exchange with stock of the Company with a 5% discount in the sale price. In line with the rules and conditions regarding convertible bonds, at least 40% of the shares offered by the Greek government for public offer in Greece will be dispersed, as long as there is demand, to private investors who carry convertible bonds, in combination with institutional investors (who carry convertible bonds either in drachmas or euros).

Investors holding convertible bonds (in drachmas or euro) who come to possess privatisation shares as a consequence of exercising their right to exchange Convertible bonds will have at least the same rights and benefits as other buyers of similar stock in the same public offering and the shares these investors thus acquire will attract the same treatment in every way as other shares issued during the same public offering.

Convertible titles in drachmas

The highest number of shares of Company stock, which the bearer of convertible bonds in drachmas has the right to own in exchange for each of his convertible bonds in drachmas, is calculated in the following way:

$$\frac{\text{Current value of convertible bond in drachmas}}{\text{Sale price of share of stock – Discount}}$$

Where:

"Current value of a convertible bond in drachmas" is the value of that Bond in drachmas on the last day of the period of public offering, namely on 28.7.2000, and it is equal to the sale price of the convertible bond in drachmas plus the yield it has earned up to the aforementioned date. The yield earned is calculated on the basis of a 360-day year of 12 months with 30 days each.

Where the total value of the stock to be dispersed to the bearer of convertible bonds in drachmas is lower than the value of the convertible bonds in drachmas which have been blocked for the purposes of exchange, the Greek government undertakes the obligation to release, within 10 working days from the date of the final allocation, for the benefit of the investor entitled to them, all convertible bonds which have not been exchanged, in line with the provisions of the Convertible Bonds Dispersal Information Booklet.

Holders of convertible bonds, in addition to exercising their right of participation in the public offering for the purpose of acquisition of stock, can also separately take part in the public offering as ordinary investors (other than as owners of convertible bonds) without the share applications being combined.

Convertible bonds in euros

According to the Convertible Bonds Dispersal Information Booklet – Euro, in this particular issue, the number of Company shares the bearer of Convertible Bonds in euros is entitled to acquire is calculated on the basis of the following formula:

$$\frac{\text{Current value of the convertible bond in euros expressed in GRD}}{\text{Sale price of share of stock – Discount}}$$

Where "Current value of the convertible bond in euros expressed in drachmas" is calculated as follows:

IP + I + [(DSI x (RA-IP))/TND], where:

IP is the drachmas equivalent of the par value of the convertible bond,

I is the amount of the accumulated but unpaid interest due,

DSI is the number of days on the basis of 30/360, including the date of issue of the convertible bonds in euros,

TND is the number of days on the basis of 30/360, including the date of issue of the convertible bonds in euros, and excluding the expiry date, and

RA is the amount on the date of expiry.

The drachma equivalent of the current value of the Convertible Bond in euros is calculated on the basis of the exchange rate of euro/drachma, from the average fixing rate of the last day of the public offering period, that is 28.7.2000.

c. Underwriters – Advisors – Issuing expenses

Issue Advisors are ALPHA FINANCE and ETEBA, Coordinators – Main Underwriters of the Issue are ALPHA FINANCE and NATIONAL BANK OF GREECE. Other Underwriters are the following companies: AGRICULTURAL BANK, ABN AMRO ROTHSCHILD, ASPIS MORTGAGE BANK, BANK OF ATTICA, GENERAL BANK, EGNATIA BANK, HSBC BANK PLC, HELLENIC BANK, COMMERCIAL BANK OF GREECE, INVESTMENT BANK OF GREECE, ERGO BANK, ETBA, ETEBA, EFG EUROBANK, BANK OF CYPRUS LTD, POPULAR BANK, BANK OF PIRAEUS, BANK OF PIRAEUS PRIME, SOCIETE GENERALE, TELESIS INVESTMENT BANK, AGROTIKI AHE, ACROPOLIS INVESTMENT S.A., ALPHA AHE, ARTION AHE, ASPIS AHEPEY, ATTALOS AHE, G.A. PERVANAS AHE, EORPXX AHE, GUARDIAN TRUST AHE, INTERSEC AHE, EGNATIA AHE, ETHNIKI AHE, HSBC PANTELAKIS AHE, HELLENIC AHE, EMPORIKI AHE, KONTALEXIS FINANCIAL SERVICES AEPEY, KYKLOS AHE, LAVRENTAKIS AHE, MAGNA TRUST AHE, MARFIN AEPEY, MEGA TRUST AHE, N.D. DEVLETOGLOU AHE, NEXUS AHE, NUNTIUS AHE, DF AHE, PENTEDEKAS AHE, P & K CAPITAL AHEPEY, SARROS AHE, SIGMA AHE, STANDARD AHE, TELESIS AHEPEY, OMEGA AHE which have pledged to cover, at the issue price, according to decree 350/1985, all the shares of stock which may not be bought by the investing public.

The stock issue expenses have been calculated to be 1.33 billion drachmas and will be covered by the Issuing Company and DEKA in proportion to the amount they will spend, with the exception of expenses concerning the rights and listing fees for the benefit of the Hellenic Capital Market Commission and the Athens Stock Exchange (a total of 330 mill. drachmas), which will be covered exclusively by the Issuing Company.

d. Allocation of new capital

The capital to be accumulated from the increase of the share capital of the Company, which was decided by the Board of Directors in its meeting of 6.4.2000, after deduction of the issuing expenses, will be about 12 billion drachmas and will be used to co-finance the construction of the building complex which will house the services of the HELEX Group of companies.

The above concerns the purchase of a building plot, and the construction of a building complex of "special specifications", which will cover all the activities of the affiliated companies (ATHENS STOCK EXCHANGE, CENTRAL SECURITIES DEPOSITORY, ATHENS DERIVATIVES EXCHANGE, ATHENS DERIVATIVES EXCHANGE CLEARING HOUSE, SYSTEMS DEVELOPMENT AND CAPITAL MARKET SUPPORT, TRAINING CENTRE). That building complex will be owned by the Company, which will let space to the affiliated companies under current market terms for such space.

The construction of contemporary building facilities is expected to cover basic needs of the Company and its affiliates and to take account of its future development, as follows:

Design and creation of contemporary and technologically advanced facilities, which will house the entire computing and networking/telecommunications infrastructure of the affiliated companies. In the immediate future, in particular, this infrastructure is expected to support the entire range of services offered by the Company to members, the investing public, "information providers", associate financial organisations abroad, etc.

Accommodation of the increasing size and complexity of Greek capital market operations (volume of trading activity, number of securities and members listed, new financial products and markets, etc.).

Elimination of fragmentation of services of the subsidiaries (a variety of workplaces are currently in use).

Creation of shared service facilities and reduction of operational expenses.

Increased security at all levels (personal, data, etc.).

Broadening of activities through Greece's participation in the European and international alliances currently taking shape.

Improving the image of the Company, which in turn will help in the projection of Greece as a financial force in the broader area of south-eastern Europe and eastern Mediterranean.

Currently, the services of the companies which support the operation of the securities market are housed in more than 12 old buildings which lack substantial provision for effective operation of an organisation with such complex requirements and are incompatible with the networking and technological infrastructure needs of the Company 's affiliates. The unsatisfactory handling of the problem of lack of good building accommodation in the last five-year period has been largely due to the fact that it was not possible to determine the specifications for the required building facilities.

The table below shows the total size in square metres and the number of locations where the Company affiliates with a home base in the Athens area were housed on 31.5.2000:

Organisation	**Space (sq.m.)**	**Number of Facilities**
ATHENS STOCK EXCHANGE	5,175	5
CENTRAL SECURITIES DEPOSITORY	3,270	5
ATHENS DERIVATIVES EXCHANGE	800	1
ATHENS DERIV. EXCH. CLEARING HOUSE	600	1
SYSTEMS DEVELOPMENT & CAPITAL MARKET SUPPORT	600	1
TRAINING CENTRE	150	1
TOTAL	**10,595**	**14**

The estimated basic parameters and characteristics of the capital market building complex are shown in brief in the table that follows:

Basic special characteristics	An adaptable “smart building”
Total networking space	20,000 sm.
Auxiliary space (storerooms, parking, etc)	10,000 sm.
Total workstations	800 – 1000
Spaces built with Special Specifications	Alternative Main Trading Room; Spaces with computing and telecommunications infrastructure (computer and operations rooms, etc.); Training facilities for computer-aided training (for members and investors);
Operations with Special Specifications	Built-in wiring; Integrated security / access system.

The project’s budget is 20 billion drachmas (including the purchase of the building site)

The capital to be accumulated as a result of the present capital increase will finance part of the total investment. That part of the investment which will not be financed by the present increase will be covered by either one of the two following ways:

1. Through co-financing of up to 75% by the European Union under the Third Community Support Framework. Athens Stock Exchange S.A. has submitted a relevant proposal to the Ministry of National Economy. At the moment no forecast can be made about the outcome of that application. In any case, no inflow of financing from the CSF III is expected to materialise in the immediate future
2. From own accumulated capital, which will come from receipt of dividends from ASE S.A.

In line with the budget of the project, the payments of the capital required will be spread as follows:

Year	**2001**	**2002**	**2003**	**2004**
Amounts in GRD billion.	6	7	4	3

The capital raised by the present increase will be spent first, until it is exhausted. It is expected to cover all or part of the scheduled payments for the years 2001 and 2002. In case the amount of the possible co-financing with the European Union surpasses the approximate amount of eight billion drachmas, the Issuing Company will withdraw part of the capital of the present increase (namely the subsidy to be approved minus the amount of eight billion drachmas). In that case, that amount will be used in the most profitable way in the judgement of the directors of the Company and following notification of the Hellenic Capital Market Commission and announcement to the investing public.

Until all of the capital to be accumulated is spent, the amounts not allocated will be placed in short-term, low-risk investments, such as term savings accounts, repos and Government bonds.

In addition, the Company undertakes to inform the Hellenic Capital Market Commission every six months about the progress of the investments made as well as the payments made from the capital accumulated from the present issue.

7. Shareholders' rights

7.1 General information

Following the share capital increase, approved at the 6.4.2000 meeting of the Board of Directors (mandated by article 51 of Law 2778/99 and the related provision of article 5 of the Company charter), the shares of the Company will be increased to 52,500,000 common registered shares each of 1,720 drachmas par value. Each share of Company stock embodies all the rights and obligations provided by legislation and the Company charter which, however, does not contain any provisions more restrictive than those provided by the relevant legislation. Possession of a share title automatically implies the acceptance by the bearer of the Company charter and of all the legal decisions of the shareholders' general assemblies.

The Company charter does not grant special rights in favour of particular shareholders, with the exception of the right of the Minister of National Economy to appoint the Chairman of the Board of Directors of the Company.

The shares of stock of the Company are traded freely. The trading unit is the dematerialised title of ten (10) shares.

Shareholders' liability is limited to the par value of the shares they own. Shareholders participate in the management and the profits of the Company according to legislation and the articles of the Charter. The rights and obligations that each share bears accompany that share to any new owner or successor of the shareholder.

Shareholders exercise their rights in connection with the management of the Company only through the general assemblies.

Shareholders have the right of preference in all future share capital increases of the Company in proportion to their participation in the existing share capital, as defined in article 13, paragraph 5, of Codified Law 2190/1920.

Under no circumstances can a shareholder's creditors, or their successors, cause the seizure of, or the lien on, any property whatsoever of, or of the books of the Company, nor can they request its dispersal or liquidation, or become involved in any way whatsoever in its administration or management.

All shareholders, no matter where they reside, are considered to have as their legal residence the home base of the Company with regard to their dealings with the Company and they are subject to Greek laws. Any dispute between the Company, on the one hand, and the shareholders or any other third party, on the other, falls exclusively under the jurisdiction of the regular courts, whereas the Company is liable only to the courts of its home base.

Every share carries the right of one vote. Co-owners of a share, in order to have the right to vote, must indicate to the Company in writing a common representative for that share who will represent them in the General Assembly, otherwise their rights are revoked until such appointment takes place.

Every shareholder is entitled to participate in the shareholders 's General Assembly, either in person or by proxy. To take part in the General Assembly, shareholders should first have their shares of stock blocked by the Central Securities Depository's Dematerialised Securities System at least five days before the day that has been decided for the General Assembly meeting and they should surrender the certificate issued to them to that effect at the General Assembly, according to article 51 of Law 2396/96, as currently in force.

Shareholders who do not comply with the above may participate in the General Assembly only by permission and only if there is a quorum.

Shareholders who represent 5% of the paid-up share capital:

a) have the right to request from the Court of First Instance an audit of the Company according to articles 40 and 40e of Law 2190/1920, and

b) can request an Extraordinary General Assembly of the shareholders. The Board of Directors is under obligation to call the Assembly within a period of no more than 30 days from the date the application for it was made with the Chairman of the Board of Directors. The applicants must mention in their application the topics on which the General Assembly will decide.

Ten days prior to the Regular General Assembly any shareholder can request the annual balance sheets and the related reports of the Board of Directors and the Auditors of the Issuing Company.

Every shareholder is entitled to a dividend providing his name has been entered in the Shareholders' Register kept by the Company on the date of approval of the annual balance sheets by the Regular General Assembly of the shareholders or whenever that is decided.

The dividend of a share is to be paid within two months of the date of the Regular General Assembly which approved the annual balance sheet. The manner in which it will be paid and the place will be announced through the press.

Dividends not claimed within five years are credited to the Greek government.

With regard to the procedure of the shareholders having their shares blocked in order for them to participate in shareholders' General Assemblies and with regard to the procedure of dividend payments, as a supplement to the charter rules and regulations, the provisions of the Regulations for Operations and Clearance of the Central Securities Depository's Dematerialised Securities System will also be applied, as they apply at the particular time.

7.2 Taxation of dividends

In accordance with current legislation (Law 2238/94, article 109), companies whose stock is listed on the Athens Stock Exchange (excluding credit institutions) are charged with 35% tax on their taxable profits before any distribution. Thus, dividends are distributed from profits on which tax has already been paid by the company and therefore the shareholder has no tax obligation on the amount of the dividend which he receives.

The date of acquisition of income from dividends is deemed to be the date of approval of the Balance Sheet by the General Assembly of the Company's shareholders.

The legislation provides that, where a dividend is to be paid out of the profits made by subsidiary companies in any given financial year, that part of the dividend which is due to the parent company is paid during the following financial year (unless an interim dividend is to be paid in the same financial period) and therefore it becomes income for the parent company in the following financial period.

Furthermore, dividends from the profits of the parent company, which are derived in part from the profits of the companies in which it participates, if they are distributed, are paid in the financial year following that in which they are received.

In addition, profits of the parent company which are derived from dividends are taxed at source at the rate of 5% and subsequently, again, at the rate of 35%.

8. Information about the company

a. General information

Hellenic Exchanges Holding S.A. (HELEX), was established in 2000 (Gov. Gazette 2424/31.3.2000) with the registration number 45688/06/B/00/30, based in the city of Athens at 9 Xenofondos Street.

The company's prospective period of activity is until the year 2200.

The objective of the company, according to article 51 of Law 2778/1999, and of article 2 of its articles of association, is "to participate in companies (of any legal form) which are involved in activities relevant to the support and operation of organised capital markets".

To this end the company may:

a) be involved in any form of support or related activity

b) enter into any form of co-operation with natural persons or legal entities

c) participate in any form of commercial undertaking with similar or related objectives

d) participate in collaborations involving Greek or foreign individuals

e) provide guarantees in its capacity as a holding company or on behalf of its affiliated companies.

HELEX currently has a single shareholding, its ownership of 100% of the share capital of Athens Stock Exchange S.A. According to the classification system of the Greek Statistical Service, the company belongs to the following category of economic activity: "Activities related to intermediation between stock exchange organisations" and in particular to the sub-category 671.1 "Capital market operations".

b. History of the ASE group of companies

The holding company was recently established, as described in chapter 1 "Profile of the issuing company, Hellenic Exchanges Holding S.A.". It owns 100% of the share capital of Athens Stock Exchange S.A., whose history is described below.

Stock market activities began unofficially in Greece during the second half of the 19th century. The first people to take advantage of the unofficial markets for currency exchange and securities in Ermoupolis and Athens were Greek traders and ship owners.

The Athens Stock Exchange was founded through the issue of a founding regulation based on the French commercial code and it began operations as a self-governing public body. The first securities to be traded on the new market were Greek state bonds and shares in the National Bank of Greece. The first board of directors was elected four years later, after which ASE operated officially.

Until 1917 there was no supervisory authority overseeing the activities of ASE and issuers of securities had a limited understanding of their roles and responsibilities. Law 3632/1928 prescribed the roles and responsibilities of contracting parties.

Presidential decree 348/85 transposed into Greek law EU directive 80//390/EEC and defines the type and extent of information that must be included in prospectuses published prior to the sale of securities to the investing public. Presidential

Decree 350/85 laid down certain requirements applying to public listing of companies on the stock exchange, in line with the provisions of directive 79/279/EEC.

The next major step in ASE's history was Law 1806/1988 which provided the legal basis for the exchange. This law had implications for ASE and also provided a legal basis for the foundation of the Parallel Market and the securities depository company (now the Central Securities Depository S.A.).

Law 1892/1990 provided the detailed arrangements for the establishment of a securities depository company while, in 1991, Law 1969 established the Hellenic Capital Market Commission as the primary supervisory public body with responsibility for oversight and regulatory powers.

At the end of 1992, an electronic system for the automation of transactions ("ASYS") began operation. For the first time this offered all interested parties accurate information and secure and transparent transactions and increased investor confidence in the capital market.

Law 2166/1993 strengthened the role of the Hellenic Capital Market Commission while Law 298/1994 provided for the dematerialisation of interest-bearing securities and government bonds.

Law 2324/1995 converted ASE into a limited company and introduced a range of measures designed to modernise the capital market. These covered: new requirements applying to company listings and private placements of tradable securities, providing for a broadening of activity of stock exchange companies, removal of controls on trading commissions and changes to the responsibilities of the Hellenic Capital Market Commission.

Thessaloniki Stock Exchange Centre S.A. was established in September 1995 (Gov. Gazette 5493/29.9.1995) with its base in Thessaloniki and its objectives being the organisation of stock exchange transactions in northern Greece and thus the decentralisation of Greek capital market activities.

Systems Development and Capital Market Support S.A. was established in 1995 (Gov. Gazette 5612/29.9.1995) with the objective of bringing the capital market's technological infrastructure up-to-date and the development of software which would allow the introduction of new stock exchange products and systems.

Law 2396/1996 transposed into Greek law EU directive 93/96/EEC on the provision of investment services. This legislation also provided the basis for dematerialisation of listed securities.

Law 2533/1997 provided the legal framework for the establishment of the Athens Derivatives Exchange (ADEX) and the Athens Derivatives Clearing House (ADECH). It also includes provisions relating to investor protection, transparency of transactions and the multiple obligations and rights of members of the Exchange, of ADECH and of contracting parties. Law 2533/1997 also anticipated the establishment of the Greek Market for Emerging Capital Markets, which has yet to be activated.

In December 1997 the Greek state sold by private placement 1,983,270 shares in the Athens Stock Exchange S.A. (i.e. 39.67% of the share capital) to institutional investors.

In October 1998 Law 2651/1998 was passed which brought requirements applying to the listing of companies on the Athens Stock Exchange into line with those applying in most other European countries. Among the most significant changes was the removal of requirements relating to share capital increases and five successive years of profitability, and also the introduction of the procedure for determination of issue price through the book building procedure.

In December 1998 the Greek state made a second private placement of ASE shares totalling 600,000 shares (i.e. 12% of the share capital) to institutional investors.

In November 1999, the ASYS system was replaced by an Integrated Automatic Electronic Trading System (OASIS) which allows all users with terminals to have direct access to the markets for shares and for derivatives products.

The Exchange currently has 82 members.

c. Description of business activities

The main function of Hellenic Exchanges Holding S.A. is to participate in companies providing support services to organised capital markets.

The company's only shareholding is its ownership of 100% of the share capital of Athens Stock Exchange S.A. Thus the company's source of income derives from ASE's activities, which are described in detail in section 12.2.1, "Athens Stock Exchange S.A.".

HELEX plans to examine its participation in other companies acting in the business of support and operation of organised capital markets.

d. Fixed assets, warranties and collateral security

Land - Buildings

The company owns no real estate and rents the following office premises:

Buildings rented by the Company				
Address	**Lessor's name**	**Initial monthly rental**	**Period of lease**	**Size of premises (sq. m.)**
9 Xenofondos St. Athens	Singapore Airlines Limited	1,140,000	05/17/2000 – 05/16/2012	190.00

e. Share capital development

The company's share capital, according to article 5 of its corporate charter, was initially set at eighty six billion drachmas (86,000,000,000) and is divided into fifty million (50,000,000) registered shares of face value one thousand seven hundred and twenty drachma (1,720) each (Government Gazette 2424/31. 31/03/2000). The company's share capital comprises the total number of shares of ASE S.A. plus a cash amount of one billion drachmas (1,000,000,000).

The company's Board of Directors at its meeting of 6/04/2000 decided the following:

An increase of the company's share capital by the amount of GRD 4,300,000,000 through public and private placement of shares on the main market of the ASE. For this reason the company will issue 2,500,000 common registered shares of face value GRD 1,720 each. From these shares, 2,375,000 shares will be issued to the public and 125,000 shares will be issued through a private placement. The new shares will be entitled to receive a dividend from the profits of the financial year ending 31/12/2001 and also will be entitled to an interim dividend in 2000.

The withdrawal of pre-emptive rights from pre-existing shareholders in order for the company to achieve the required dispersion.

After the above share capital increase, the company's total share capital will be GRD 90,300,000,000 divided into 52,500,000 common registered shares of par value GRD 1,720 each.

The offering price of the new shares is set by the underwriters at GRD 5,250 per share. The Paid-up capital in excess of par value will be credited to a special account "special reserves from paid-up capital".

The following table presents the share capital increases to date and how they have been covered:

Share capital of Hellenic Exchanges Holding S.A. before and after the flotation						
Government Gazette reference	**Date of general meeting**	**Increase through cash payment**	**Increase through contribution of ASE's shares**	**Total number of shares**	**Par value**	**Total share capital**
2424/31.31/03/2000	Founding equity	1,000,000,000	85,000,000,000	50,000,000,000	1,720	86,000,000,000
Total before current increase				**50,000,000**		**86,000,000,000**
Current increase		4,300,000,000		2,500,000	1,720	4,300,000,000
Total after current increase				**52,500,000**		**90,300,000,000**

f. Shareholders' equity – Nominal value of shares

The following table presents the company's total share capital before and after the current increase, and thus the nominal/book value of the Company's share capital.

Amounts GRD.	**Before share capital increase**	**Current capital increase**	**After share capital increase**
Number of shares	50,000,000	2,500,000	52,500,000
Par value	1,720	1,720	1,720
Share capital	86,000,000,000	4,300,000,000	90,300,000,000
Reserve from paid-up capital in excess of par value		-	-
Total shareholders' equity	**86,000,000,000**		-
Book value	*1,720*		-

In should be noted that, at its foundation, Hellenic Exchanges Holding S.A. valued the ASE shares in its possession at GRD 85 billion. This is equivalent to the offer price of ASE's second share offering in 1998 (GRD 17,000) and the transfer of shares from the ASE S.A. to the HELEX S.A. was based on this price. If this valuation had been made according to the provisions of article 43 of Law 2190/1920, the shares would have been valued, on the basis of the financial results of 31/12/1999, at GRD 33.3 billion, an evaluation difference of GRD 51.7 billion.

The re-adjusted shareholders' equity of the Hellenic Exchanges S.A. Group, as presented in the ASE's consolidated financial statements, according to the Certified Accountants who undertook the special audit on 31/12/1999, are:

Re-adjusted shareholders' equity	
Shareholders' equity in the balance sheet (GRD)	**31/12/1999**
Share capital	5,000,000,000
Paid-up capital	6,836,270,516
Differences due to re-adjustments – Investment subsidies	992,983,430
Reserves	14,127,067,139
Non-distributable profits	15,675,688,533
Differences due to consolidation	647,657,168
Shareholders' equity of the Group	**43,279,666.786**
Minority interests	26,142,046.124
Total Shareholders' Equity	**69,421,712.910**
Book value of a share	886*
Total shareholders' equity	**69,421,712,910**
Less: Non-accounting re-adjustments of group companies	
ASE S.A.	4,088,426.898
Central Securities Depository S.A.	1,967,619,102
Less: Estimated tax liability for the 1999 financial year	150,000,000
Re-adjusted total shareholders' equity	**63,215,666.910**
Re-adjusted group shareholders' equity	**38,327,405,468**
Re-adjusted minority interest	24,887,852,532
Re-adjusted book value of a share	**787***

* *The book value of a share and its adjusted book value have been calculated on the basis of Group shareholders' equity and re-adjusted Group shareholders' equity, respectively, increased by GRD 1 billion.*

g. Breakdown of shareholdings

The ownership of the company's share capital before and after the public offering and private placement was as follows:

Shareholders	Before the combined offer		After the combined offer	
	No. of shares	**Percentage (%)**	**No. of shares**	**Percentage (%)**
DEKA (Hellenic Government)	23,842,600	47.685%	21,342,600	40.653%
Credit institutions	14,452,950	28.906%	14,452.950	27.529%
ASE-listed companies	3,062,100	6.124%	3,062,100	5.833%
Brokerages	2,406,800	4.814%	2,406	4.584%
Social insurance funds	2,098,950	4.19%	2,098,950	3.998%
Mutual funds, m/f management cos.	1,712,950	3.426%	1,712,950	3.263%
Insurance companies	1,105,450	2.211%	1,105,450	2.106%
Investment companies	993,500	1.987%	993,500	1.892%
HELEX group employees	324,700	0.649%	674,700	1.285%
Public investors	0	0	4,650,000	8.857%%
Total shareholders	**50,000,000**	**100.000%**	**52,500,000**	**100.000%**

1. The total number of shares (350,000) made available for private placement was taken up.

Before the combined offer, the total number of HELEX shareholders comprise 194 legal bodies and 74 private individuals. Of the 194 shareholders who are legal bodies (excluding DEKA), 21 are credit institutions, 38 ASE-listed companies, 62 brokerage companies, 10 social insurance funds, 33 mutual fund management companies or mutual funds, 14 insurance companies and 15 investment companies.

Shareholders with holdings in excess of 2% of the company's total share capital prior to the combined offer were the following:

Shareholder	Percent of total share capital
Hellenic Government	47.685%
Agricultural Bank of Greece	4.866%
National Bank of Greece	4.773%
PO Savings Bank	3.722%
Loans and Deposits Fund	3.082%
OTE	2.694%
Civil Servants Fund	2.450%
Bank of Greece	2.000%

Of the above shareholders, the PO Savings Bank, Alpha Bank, OTE, the Civil Servants Fund and the Bank of Greece declared that they had not intention of offering their HELEX shareholdings for sale, either in whole or in part, during the subsequent 12-month period, unless stock exchange developments provided for exceptional selling opportunities.

The Agricultural Bank of Greece stated that it intended to sell part or all of its HELEX shareholding during the 12 months following the company's listing on the exchange.

The National Bank of Greece stated that it had no intention of making any of its HELEX shareholding available to the investing public during the 12 months following the company's ASE listing, but did not exclude the possibility doing so to members of its own group of companies.

The Greek government has no intention of selling its HELEX shareholdings, either on its own initiative or through DEKA, for a period of six months following the company's ASE listing. Its position regarding the following six-month period will be reviewed and the investing public informed accordingly.

The extent of public dispersal of shares following the listing will be 36.73% and will be consistent with the requirements of Decree 350/85, as amended by Law 2651/98.

h. Management structure

The activities of HELEX are managed by a nine-member board of directors. The chairman of the board is appointed by the Minister of National Economy. The other members of the board are elected by a secret vote of the annual assembly of the company.

The composition of the first board of directors, following the resignation of S. Travlos on 19.5.2000 and his replacement by Mr G. Zanias, is as follows:

Member	Position	Profession
Spiridion Konstantinos Kouniakis	Chairman	Economist
Apostolos Stavros Tamvakakis	Vice-chairman	Economist
Marinos Stamatis Yiannopoulos	Member	Private employee
Alexios Andreas Pilavios	Member	Economist
Christos Ioannis Kazantzis	Member	Economist
Christos Ioannis Kaklamanis	Member	University professor
Anastasos Panagiotis Stamatopoulos	Member	Stock exchange representative
Georgios Panagiotis Zanias	Member	University professor
Angelos Dimitris Chronis	Member	Retired (previously CEO of OTE).

The board was first convened as a body at its meeting of 6.4.2000. The above-mentioned board of directors will remain in place until the first annual general meeting, which should be held on or before 30.6.2002, which will approve the accounts of first financial year which ends on 31.12.2001.

On 6.4.2000, the Board of Directors entrusted Mr Spyridon Kouniakis with exercising the authority of the board in all matters other than those requiring the convening of a general assembly.

The salaries and remuneration of the board of directors is estimated to amount to GRD 20,000,000 (individual remuneration ranging between GRD 4m and 1.7m). In the 1999 financial year the total salaries of directors of the Group companies totalled GRD 143,541,235; the total is expected to be GRD 163,385,160 in 2000.

The management structure of the company envisages only one senior executive position. This is at present vacant but is expected to be filled before the start of trading in shares of the company on the main market of the ASE.

The total management remuneration of the company's chief executive in 2000 has yet to be determined. It is estimated that it will be in the range GRD 12.6m to GRD 18.2m.

During the current financial year, there have been no commercial contacts or transactions between members of the management board or officials of the issuing company and the company itself .

All members of the board are of Greek origin and their address for correspondence is that of the company, ie Xenofondos 9, 10557, Athens.

No member of the board has been convicted of any criminal offence or is involved in any outstanding legal proceedings relating to bankruptcy or criminal offences or which might restrict their activities in: commercial activity; stock exchange activity; or their acting as an investment adviser, a senior bank or insurance company adviser, underwriter or official of a brokerage company.

There are no direct family relationships between members of the board of directors.

i. Shareholdings and other directorships of members of the ASE board of directors

The following table shows board members' interests, either through management involvement, or by way of shareholding greater than 3%, in other companies.

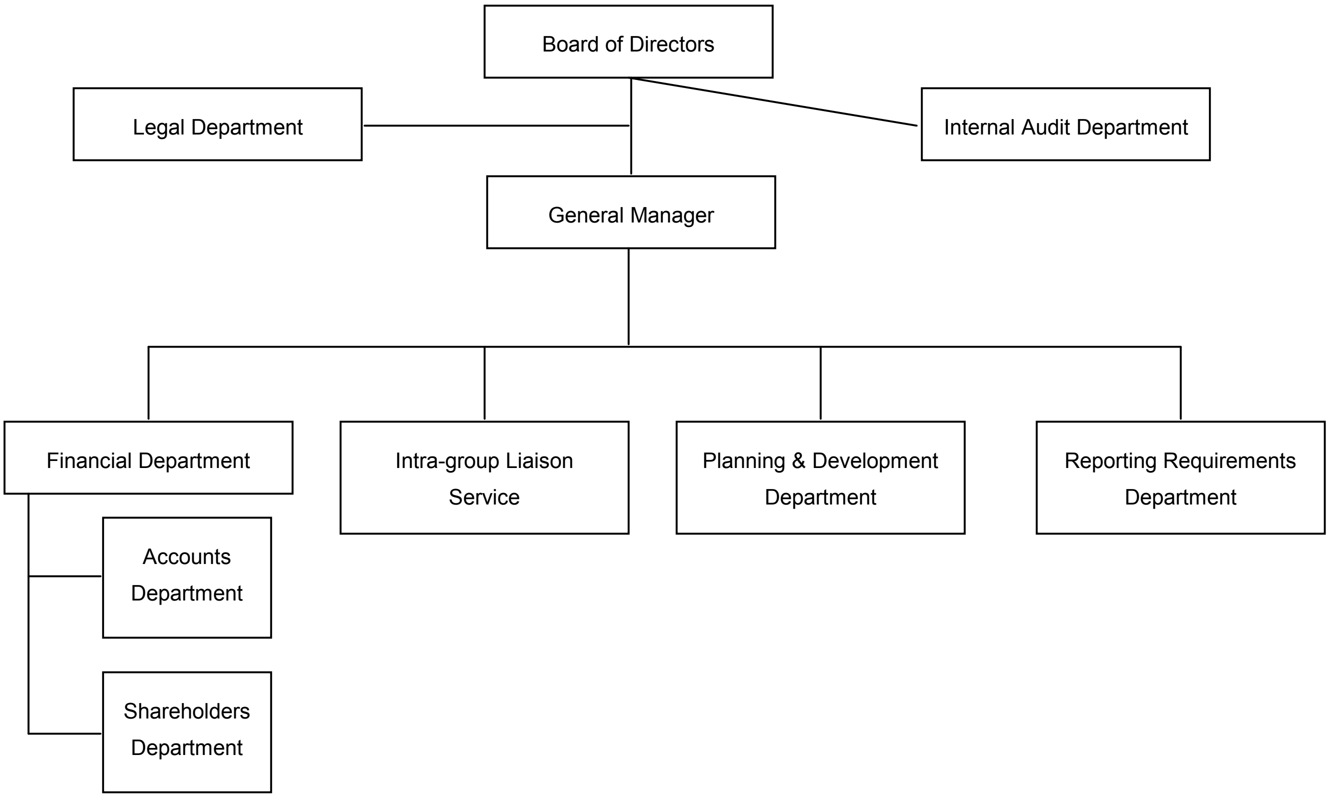
The single main shareholder in the company is the Greek state (through DEKA), which has numerous other shareholdings in companies. These shareholdings are too numerous for details to be included in this prospectus.

Board Member	Company in which the member has a directorship / interest	Position	Extent of shareholding (where>3%)
S. Kouniakis	ASE S.A.	Chairman	-
	TSEC S.A.	Chairman	-
	ASYK S.A.	Chairman	-
	HCMC	Member	-
	South African Bank of Athens	Member	-
A. Tamvakakis	NBG Greek Fund	Chairman	-
	NBG Balkan Fund	Chairman	-
	Ethniki Management and Organisation (Ethnokarta)	Chairman	-
	Ethniki AHE	Chairman	-
	National Bank Training Center S.A.	Chairman	-
	National Insurance	Vice-Chairman	-
	Stopanska Bank	Vice-Chairman	-
	NBG International	Member	-
	ETEBA S.A.	Member	-
	National Bank of Greece	Member and Deputy General Manager	-
	National Bank of Greece (Canada)	Member	-
	National Bank of Greece (Cyprus)	Member	-
	Atlantic Bank of New York	Member	-
	Diethniki Mutual Funds Management S.A.	Member	-
	National Bank of Greece (France)	Member and Permanent Representative	-
	Europay International	Member	-
	European Federation of Mortgage Banks	Executive Committee Member	-
Marinos Yiannopoulos	Alpha Investments	Vice-Chairman	-
	Alpha AEDAK	Vice-Chairman	-
	Delta Infomatics	Vice-Chairman	-
	Ioniki Investments	Chairman	-
	Ioniki Securities AHE	Chairman	-
	EMA	Member	
Angelos Pilavios	Alpha Investments	Member	-
	Ioniki Investments	Vice-Chairman	-
	Alpha AEDAK	Member	-
	Association of Institutional Investors	Chairman	-
Christos Kazantzis	Agricultural Bank	Vice-Chairman	-
	Agricultural Insurance	Chairman	-
	Agricultural Life	Chairman	-
	ATE Finance	Chairman and Managing Director	-
	ATE Holdings	Vice-Chairman and Managing Director	-
	KAE	Chairman	-
	OTE Leasing	Chairman and Managing Director	-
Christos Kaklamanis	ASYK S.A.	Member	-
Anastasios Stamatopoulos	Kyklos Securities AEPEY	-	74%
Georgios Zanias	KEPE	Chairman and Academic Director	-

Members of the board declare that they do not have shareholdings greater than 3% in other companies with which they hold positions. In addition, they declare that no commercial relationship, agreement, contract or transaction exists between HELEX and any companies in which they have interests or executive positions.

8.10 Organization Chart

The organisational structure of the company is as follows:



The Legal Service and the Internal Audit departments report jointly to the chief executive and the Board of the Directors. The Economic Services, Intra-group Relations, Planning and Development Service and Market Compliance departments report to the chief executive.

The post of chief executive and the staffing of the intra-group relations service and the legal and economic services departments are expected to be filled prior to the start of trading in shares of the company on the main market of the Exchange.

In the meantime the company is proceeding with the appointment of an adviser for the internal audit department. The work of this adviser is expected to be complete by 30.9.2000 and by 1.10.2000 the company will have established a functioning internal control system. During the period between the start of trading in the company's shares and the coming into full operation of the internal control system, the function of internal control will be performed by certified accountants Theodoros Listiouli (SOEL 11251) and Dimtri Ziaka (SOEL 10631).

The market compliance department, whose function is to ensure that the company fulfils its obligations as a listed company, is expected to be established and staffed before the start of trading in the company's shares on ASE.

The functions of the accounts department are being temporarily performed by the accounting firm of Panagiotis Panopoulos. This firm has made available to the company a member of its staff who, after the listing of the company on the Exchange, will become a member of the company's accounts department.

The planning and development service will be established after the company's listing has been completed.

Until the completion of the company's listing, all its other management services requirements will be satisfied by ASYK S.A., which will receive a fee of GRD 1m in consideration of this service.

8.11 ASE group personnel

The development of group staffing levels, by company, since ASE was established as a public company, is shown below:

	1996	1997	1998	1999
ASE AE	54[1]	63	64	68
CSD AE	96	141	214	302
ADEX AE	-	-	-	20[2]
ADECH AE	-	-	-	20[3]
TSEC AE	4[4]	25	44	60
ASYK AE	12[5]	25	44	60
Total	**166**	**232**	**325**	**473**

1. *First financial year 17.7.1995-13.12.1996*
2. *First financial year 6.4.1998-13.12.1999*
3. *First financial year 17.5.1998-13.12.1999*
4. *First financial year 16.9.1995-13.12.1996*
5. *First financial year 6.10.1995-13.12.1996*

Staffing levels of group companies at 23.5.2000 were as follows:

	23.5.2000
ASE AE	99
CSD AE	331
ADEX AE	20
ADECH AE	20
TSEC AE	4
ASYK AE	76
Total	**550**

8.12 ASE Group investments 1997-1999

The tables below summarise the investments of group companies during the period 1997 - 1999.

ASE investments (GRD million)

	1997	1998	1999	Total
A Establishment expenses				
Initial establishment expenses	2.7	3.5	28.7	34.9
Other establishment expenses	777.8	298.2	995.4	2,071.4
Total establishment expenses	**780.5**	**301.7**	**1024.1**	**2,106.3**
B Intangible assets	**0.0**	**0.0**	**0.0**	**0.0**
C Tangible assets				
Real estate	0.0	0.0	0.0	0.0
Buildings	0.0	0.0	220.8	220.8
Machinery and equipment	0.0	0.0	0.0	0.0
Vehicles	0.0	8.3	20.0	28.3
Furniture and fittings	300.7	553.0	2,198.2	3,051.9
Total tangible assets	**300.7**	**561.2**	**2,439.1**	**3,301.0**
D Participations	**849.8**	**3,863.7**	**770.0**	**5,483.5**
Total (A + B + C + D)	**1,931.0**	**4,726.6**	**4,233.1**	**10,890.8**

CSD investments (GRD million)

	1997	1998	1999	Total
A Establishment expenses				
Initial establishment expenses	0.0	0.0	0.0	0.0
Other establishment expenses	142.1	252.8	196.5	591.4
Total establishment expenses	**142.1**	**252.8**	**196.5**	**591.4**
B Intangible assets				
Research and development costs	**265.7**	**401.8**	**973.5**	**1.640.9**
C Tangible assets				
Real estate	0.0	0.0	0.0	0.0
Buildings	27.5	51.2	138.3	217.0
Machinery and equipment	21.4	41.4	10.3	73.1
Vehicles	0.0	0.0	0.0	0.0
Furniture and fittings	641.4	1,023.9	1,966.4	3,631.7
Total tangible assets	**690.3**	**1,116.5**	**2,114.9**	**3,921.7**
D Participations	**0.0**	**500.4**	**0.0**	**500.4**
Total (A + B + C + D)	**1,098.0**	**2,271.5**	**3,284.9**	**6,554.4**

ADEX investments (GRD million)		
	6/4/99-31/12/99	**Total**
A Establishment expenses		
Initial establishment expenses	406.5	406.5
Other establishment expenses	0.5	0.5
Total establishment expenses	**407.0**	**407.0**
B Intangible assets		
Research and development costs	**0.0**	**0.0**
C Tangible assets		
Real estate	0.0	0.0
Buildings	74.7	74.7
Machinery and equipment	35.0	35.0
Vehicles	9.1	9.1
Furniture and fittings	112.1	112.1
Total tangible assets	**230.9**	**230.9**
D Participations	**739.5**	**739.5**
Total (A+B+C)	**970.4**	**970.4**

ADECH investments (GRD million)		
	17.5.1998-31.12.1999	**Total**
A Establishment expenses		
Initial establishment expenses	316.0	316.0
Other establishment expenses	8.7	8.7
Total establishment expenses	**324.7**	**324.7**
B Intangible assets		
Research and development costs	**0.0**	**0.0**
C Tangible assets		
Real estate	0.0	0.0
Buildings	49.2	49.2
Machinery and equipment	26.1	26.1
Vehicles	0.0	0.0
Furniture and fittings	120.0	120.0
Total tangible assets	**195.3**	**195.3**
D Participations	**0.0**	**0.0**
Total (A + B + C)	**520.0**	**520.0**

TSEC investments (GRD million)

	1997	1998	1999	Total
A Establishment expenses				
Initial establishment expenses	2.0	0.0	0.0	2.0
Other establishment expenses	137.6	0.0	0.0	137.6
Total establishment expenses	**139.5**	**0.0**	**0.0**	**139.5**
B Intangible assets				
Research and development costs	**0.0**	**0.0**	**0.0**	**0.0**
C Tangible assets				
Real estate	124	0.0	0.0	124.0
Buildings	713.9	0.0	0.0	713.9
Machinery and equipment	100.6	0.7	13.4	114.7
Vehicles	0.0	0.0	0.0	0.0
Furniture and fittings	6.8	3.6	3.9	14.3
Total tangible assets	**945.3**	**4.3**	**17.3**	**966.9**
D Participations	**0.0**	**0.0**	**0.0**	**0.0**
Total (A + B + C + D)	**1,084.8**	**4.3**	**17.3**	**1,106.4**

ASYK investments (GRD million)

	1997	1998	1999	Total
A Establishment expenses				
Initial establishment expenses	0.0	0.0	0.0	0.0
Other establishment expenses	6.2	10.3	1.7	18.2
Total establishment expenses	**6.2**	**10.3**	**1.7**	**18.2**
B Intangible assets				
Research and development costs	**0.0**	**0.0**	**0.0**	**0.0**
C Tangible assets				
Real estate	0.0	0.0	0.0	0.0
Buildings	1.4	0.7	3.6	5.7
Machinery and equipment	0.0	0.0	0.0	0.0
Vehicles	0.0	0.0	0.0	0.0
Furniture and fittings	27.3	23.4	32.8	83.4
Total tangible assets	**28.6**	**24.0**	**36.4**	**89.0**
D Participations	**0.0**	**0.0**	**35.0**	**35.0**
Total (A + B + C)	**34.8**	**34.3**	**73.1**	**142.3**

Group Investments[1,2]

	1997	1998	1999	Total
A Establishment expenses				
Initial establishment expenses	4.7	3.5	751.2	759.4
Other establishment expenses	1,063.7	561.3	1,202.8	2,827.7
Total establishment expenses	**1,068.3**	**564.8**	**1,954.0**	**3,587.0**
B Intangible assets				
Research and development costs	**265.7**	**401.8**	**973.5**	**1,640.9**
C Tangible assets				
Real estate	124.0	0.0	0.0	124.0
Buildings	742.8	51.8	486.7	1,281.3
Machinery and equipment	122.0	42.1	84.7	248.8
Vehicles	0.0	8.3	29.1	37.4
Furniture and fittings	976.1	1,603.9	4,433.3	7,013.3
Total tangible assets	**1,964.9**	**1,706.1**	**5,033.8**	**8,704.8**
D Participations	**680.8**	**0.0**	**35.0**	**715.8**
Total (A + B + C)	**3,979.7**	**2,672.6**	**7,996.3**	**14,648.6**

1. *Discrepancies between totals may arise due to rounding.*
2. *In the calculation of group investments no account has been taken of intra-group transactions relating to tangible and intangible assets and establishment expenses incurred between members of the group.*

Group investments during the period 1997-1999 mainly relate to the establishment and development of information technology and telecommunications systems at ASE S.A. and CSD S.A. and especially to the purchase of computers and other IT equipment and software required for the commissioning of the Exchange’s electronic trading systems.

9. LEGAL FRAMEWORK

a. General information

The legal framework that governs the range of activities connected with the support and operation of organised capital markets in Greece comprises the following texts:

I. Community Law

Greek capital market legislation is based on the provision of relevant articles of the EU legislation transposed into national legislation, mainly the following directives:

79/279/EEC “concerning coordination of regulations of listing securities in stock exchanges” as in effect currently.

80/390/EEC “concerning coordination of the regulations for composing, editing and distributing of the information

booklet which should be published regarding the listing of securities with a stock exchange” as in effect currently.

82/121/EEC ”concerning the information which must be supplied periodically by the companies whose stocks are listed with the stock exchange”.

85/611/EEC “concerning the coordination of the legislative, regulatory and administrative provisions regarding certain organisations of collective investments in securities.

88/627/EEC “concerning the information which must be published at the acquisition or surrender of significant participation in companies whose stocks are listed with a stock exchange”.

89/298/EEC “concerning definition of the regulations of composing, editing and distributing the prospectus which should be published when an offer of securities is addressed to the public”.

89/595/EEC “concerning coordination of regulations regarding actions of persons who possess confidential information”.

93/6/EEC “concerning the creation and harmonisation of regulations on minimum capital reserves **for investment companies** ”.

93/22/EEC “concerning freedom of establishment of investment companies and the provision of investment services”.

II. National legislation

A. Basic laws and presidential decrees

Basic Laws

Law 3632/28 “concerning stocks”, as modified mainly by Laws 1806/1988, 2324/1995, 2396/1996 and 2533/1997, which regulate stock exchange transactions.

Law 1806/88 “amendment of legislation concerning stock exchanges”, as modified, in particular, by Laws 1969/1991, 2324/1995, 2396/1996 and 2533/1997, and Law 2651/1998 which introduces the institution of the stock brokerage firm and regulates the terms under which brokerages may operate as members of the Athens Exchange and matters relating to stock exchange transactions and supervision. Law 2651/1998 also provides the legal basis for the establishment of the ASE’s Parallel Market and the Central Securities Depository.

Law 1969/91 "Portfolio investment companies, mutual funds and regulations concerning the improved operation of the capital market", as amended, in particular, by Laws 2166/1993, 2324/1995, 2533/1997 and 2651/1998, which transposed into the Greek law EU directive 85/611 and created the Capital Market Commission.

Law 2324/1995 "Amendment of the legislation concerning stock exchanges, the organisation of the Capital Market Commission, the Deposits Guarantee System and other regulations", as modified mainly by Law 2533/1997 concerning the conversion of the Athens Stock Exchange from a Legal Public Law Entity into a public limited company (S.A.).

Law 2533/1997 "An exchange for derivatives and other regulations" which provides for the creation of the Athens Derivatives Exchange (ADEX) and of the Athens Derivatives Exchange Clearing House S.A. (ADECH).

Law 2651/1998 "Regulation of securities market matters, merger of Thessaloniki Water Supply Organisation and Thessaloniki Sewage Organisation and other regulations" which reformed the conditions for listing of companies on ASE.

Law 2733/1999 "Creation of the New Stock Market (NEHA), regulation of general matters concerning the capital market, public organisations and corporations, the Corinth Canal Company, and other regulations". This created the NEHA and provides the basic legislation governing the listing of companies on that market.

Important Presidential Decrees (P.D.)

P.D. 348/1985 "Definition of regulations for preparation, editing and dissemination of the prospectuses to be published prior to the listing of securities" with which EU directive 80/390 was transposed into Greek law.

P.D. 350/1985 "Definition of requirements concerning the listing of securities (shares, bonds, etc) on the Athens Stock Exchange, as well as of the obligations of those issuing ASE-listed securities"; this transposed EU directive 79/279, as modified by Law 2651/98, into Greek law.

P.D. 360/1985 "Definition of the financial data which must be published periodically by the companies whose securities are listed on ASE"; this was amended by law 2533/1997.

P.D. 51/1992 "Concerning information to be published on merger or acquisition any substantial participation in an ASE-listed company, as prescribed in EU directive 88/627/EEC", as ammended.

P.D. 52/1992 "Definition of the regulations concerning the preparation, editing and distribution of prospectuses to be published when an offer of securities is addressed to the public, in compliance with EU directive 89/298/EEC.

P.D. 53/1992 "Concerning actions of persons in possession of confidential information, in compliance with EU directive 89/592/EEC".

P.D. 14/1993 "Amendment of P.D. 409 of 12/28.11.86 concerning harmonisation of Greek law on public limited companies with EU requirements" which regulates how ASE-listed companies may buy shares of their own stock.

B. Important regulatory decisions

Important decisions made by the Ministry of National Economy

6280/1989 "Accounts and records be kept by members of the Athens Stock Exchange".

12263/1997 "Code of ethics for investment services companies (EPEY) "

2063/1999 "Operation of the Parallel Market of the Athens Stock Exchange", as modified by decision 3445/B/254/31.1.2000 of the Minister of National Economy, which supplemented and reformed requirements relating the listing of companies on the Parallel Market.

3444/B/253/2000 "Minimum size of company permitted to be listed on the Main Market of the Athens Stock Exchange"

Important decisions made by ASE's Board of Directors:

18/15.1.1999 "Methods and procedures for stock trading and regulation of matters of technical nature for carrying out stock trading through the Automatic System for Electronic Trading (ASIS)", as supplemented by decisions 22/14.5.99, 27/20.9.99, 30/7.10.99, 31/5.11.99 and 39/21.4.2000 decisions of ASE's Board of Directors.

19/15.1.1999 "Obligations of companies listed on the stock exchange in the case of mergers, buy-outs, change of main company activity and secession of an economic sector category" as supplemented by decisions 28/20.9.99 and 42/27.1.2000 of the ASE Board of Directors.

20/5.3.1999 "Procedures and documentation required for the listing of stock on the Athens Stock Exchange", as modified by decisions 24/5.3.99, 26/5.3.99, 29/5.3.99 of the ASE Board of Directors.

37/27.1.2000 "Procedures, listing documentation and the minimum trading unit of stock on the New Market of the ASE".

40/27.1.2000 "Regulation concerning investment plans and assessment criteria to be applied to companies seeking a listing on the New Market of the ASE".

Important decisions made by the Capital Market Commission

6160/1996 "Keeping Data and Books by Investment Services Companies (EPEY) with regard to provision of Portfolio Management services and brokerage services in Buying and Selling Securities".

8422/1998 "Ethics Code for Mutual Funds Management Companies (AEDAK) and Portfolio Investment Companies ("EEH")"

154/16.3.99 "Regulations for Clearance of Financial Transactions and Operation of the System of Dematerialised Titles", as modified by 9/160/2.6.99, 11/177/7.12.99 and 9/181/18.1.2000 decisions of the Capital Market Commission.

13/174/26.10.1999 "Requirements for the keeping of records of offers made and stock dispersed during public offerings to various categories of investors".

b. The legal framework which applies to the Greek capital market

Law 2778/1999 (Gov. Gazette 295A) defines that, for the supervision of the activities of Hellenic Exchanges Holding S.A. (HELEX), the provisions of article 1 of Law 1806/1988 (Gov. Gazette 207A) will be in effect. This law also specifies that the supervision and checking of HELEX with regard to its keeping all of its various obligations as issuing company of stocks listed with an organised stock exchange will be the exclusive responsibility of the Capital Market Commission.

Finally, on the basis of the above law, the Board of Directors of HELEX is prohibited from interfering in the supervisory responsibilities of the Athens Stock Exchange, as well as in deciding its pricing policy for the services provided by the ASE.

The ASE is subject to supervision by the Ministry of National Economy and the Capital Market Commission. Supervision by the Ministry is exercised through the Directorate of Credit and Fiscal Affairs. Investor protection and regulatory compliance is secured by the combined activities of the Directorate of Credit and Fiscal Affairs, the Capital Market Commission and the president and directors of ASE.

Directorate of Credit and Fiscal Affairs

The Directorate of Credit and Fiscal Affairs of the Ministry of National Economy consists of the Department of Currency Policy and Financing, the Department of Fiscal Planning, the Department of Capital Markets and Credit Institutions and the Department of Securities Exchanges. Those responsibilities of the Directorate of Credit and Fiscal Affairs that relate to the capital market are divided between the Department of Capital Markets and Credit Institutions and the Department of Securities Exchanges and they concern monitoring and analysis of developments both in the national as well as in the international capital markets, processing and developing proposals for government policy in matters of the capital market and harmonisation of legislatuion with EU law. Within the constraints of the legal framework, the Directorate proposes to the Minister of National Economy those policy measures it deems necessary for the normal development of the capital markets while it monitors compliance on the part of the agents of the capital market and the stock exchange.

The Capital Market Commission

The Hellenic Capital Market Commission is an autonomous supervisory and regulatory authority, which operates in the form of a Public Law Entity. Its responsibilities and operation are governed mainly by Laws 1969/91, 2166/93, 2324/95 and 2396/96. As a legal entity of public law, the Commission is under the supervision of the Ministry of National Economy. The Commission's role is to secure the normal and smooth operation of the capital market, to strengthen the institutions of the marketplace and protect the investing public. To achieve these aims, the Commission makes rules for the operation of the market and takes all the required measures for the implementation of the laws and regulations which have been adopted.

More specifically, the Capital Market Commission approves the dispersal of securities through public offering, issues and recalls licences and checks the operation of stock brokerage firms, investment service companies (EPEY), mutual funds management companies (AEDAK), portfolio investment companies (EEH) and introducing brokers (ELDE), exercises supervision the listed companies on matters of financial laws and conduct, decides on the delisting of securities where appropriate and the listing of new products on the Athens Exchange.

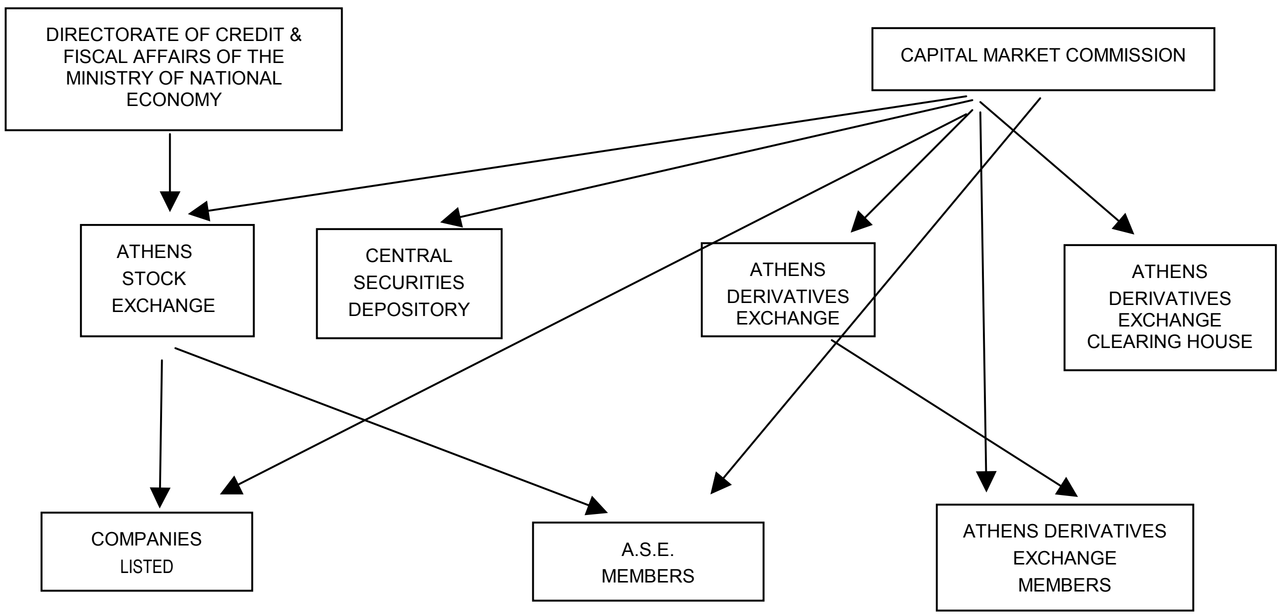
To discharge its supervisory duties the Capital Market Commission monitors and analyses developments in the capital market and intervenes preventively when necessary. The Commission's regulatory decisions, together with code of ethics, comprise the basic regulatory framework covering preventive measures and operational controls.

The commission is responsible for the imposition of administrative sanctions on market agents and individuals who violate financial laws and regulations adopted by the supervisory bodies for the normal operation of the marketplace. The Commission is also obliged formally to bring to the attention of the Public Prosecutor's Office any criminal breaches of the financial legislation it becomes aware of.

During 1999 the Capital Market Commission imposed fines totalling 1.074 billion drachmas (compared to 380million drachmas in 1998), as follows: 221 mil. drachmas to AHE and banks, 157 mil. drachmas to EEH and AEDAK, 145 mil drachmas to listed companies, 36 mil. listed to ELDE and 515 mil. listed to individuals.

The Capital Market Commission is self-financed and its operation does not burden the national budget. The Commission's income comes from contributions paid by the bodies supervised.

The following is a schematic diagram of the supervisory relationships in the Greek Capital Market.



10. SECTOR DATA

10.1 Sector definition by ESYE (Greek statistical service)

According to the classification made by the ESYE, the Company belongs to the sector “Activities related to those of intermediate financial and credit organisations“, with code number 67, and under the sub-sector ”Capital markets management“ with code number 671.1.

10.2 General information about the sector

The unification of the European markets, as well as the imminent introduction of the euro have played a catalytic role in the development of capital markets in the European Union. A few years ago, most European companies financed their investments, to a large degree, through loans from the domestic and international banking market. On the other hand, Europeans used to invest their capital mainly in savings accounts and government bonds. A relatively small percentage of the European population invested its savings in shares. Conditions for the development of a more uniform European capital market, with greater depth and liquidity, were created following the introduction of the single currency. With the creation, for example, of a corporate bond market in euro, European businesses are now able to diversify the sources from which they draw capital, they have access to a market with a high degree of liquidity and can reduce the cost of their capital.

A brief description of the forces of supply and demand which come into play in the development of the EU securities and corporate bonds markets following the adoption of a common monetary policy by most member states is given below. Those markets today constitute the most dynamic and fastest growing areas of the European capital market.

The securities market

The supply side of securities

Privatisations and stock offers by corporations that have been controlled by governments are a source for stock. Today, a large number of European national enterprises have been privatised. Supply of securities from privatisations and related stock issues is expected to continue in the foreseeable future as national governments proceed with further reducing their participation in former government monopolies and with secondary offers of securities of they own. Characteristic examples of the trend are Deutsche Telecom, Eni, France Telecom and OTE.

Another source of stock is the creation of a business climate in Europe which has led many young individuals, as well as proven professionals, to found their own companies, which at some point in the future are expected to be listed so that they may be in a position to finance the next phase of their development. Many European stock exchanges, in support of such efforts, have developed new stock markets for fast growing companies, through which new businesses with substantial prospects for development have the capability to finance their investment programmes.

Until recently, many companies in Europe had expanded their activities to a variety of fields of business. With the advent of the euro and the creation of a single European market, the need for considerable size and specialisation has led to an unprecedented wave of restructuring. Much of this restructuring concerns the breaking away of particular fields from groups of companies and in turn to their listing in the form of new companies. A further supply of securities exists in the form of the restructuring of the fixed assets of companies, a phenomenon seen today in the EU in buy outs and mergers. Listed companies proceed with increases of their share capital to finance buy outs and to position themselves strategically in the new pan-European market.

Demand for securities

With the implementation of national convergence programmes in the economies of members of the euro-zone and with the resultant creation of stable economic development conditions (falling interest rates, more controlled rates of inflation, etc) there has been a shift in sources of capital from traditional investments (such as bonds and savings accounts) to shares. European investors, following the reduction of interest rates, place an ever-increasing portion of their savings in securities with greater investment risk, such as stocks, expecting to secure higher returns in the medium-to-long term.

With the lowering birth rates and the gradual ageing of the population seen in Europe today, the social insurance systems of many European countries are in danger of economic deadlock. In order to restore to health their insurance systems, many European governments removed previous legal restrictions and allowed the public social insurance organisations to invest their available capital in shares of companies listed on the stock exchange of their country, as well as of other European countries.

The corporate bond market

Supply of corporate bonds

With the creation of a market for corporate bonds, European companies are now able to vary the sources from which they can raise capital, reducing their dependence on the banking system. With the adoption of a common currency and the elimination of the foreign exchange risk, the foundations of a pan-European market for corporate bonds has been laid, with beneficial consequences for both investors and issuing companies.

Resorting to the capital market for borrowing as an alternative to traditional borrowing from banks provides the borrower with the ability to draw capital for a longer time span, with fewer limiting conditions and potentially at a lower cost.

The wave of restructuring, mergers and buy outs seen in Europe today has created a huge need for financing those activities. Corporate bonds will cover only part of that demand since neither bank loans nor the securities market will suffice for that purpose (or, in some cases, they do not constitute the most advisable way of drawing the required capital).

Many businesses, pressured by their shareholders and/or by the fear of a hostile takeover, proceed with restructuring of their capital structure (by increasing their indebtedness rather than shareholders' capital) in order to reduce the after-tax medium-term cost of their capital and to increase their stock market value.

As in the case of listing of stocks on a stock exchange, issuing corporate bonds, in contrast to borrowing from a bank, contributes to the promotion of the name and the products of the issuing company to the broader investing public.

Demand for corporate bonds

Before the advent of the euro, managers of European mutual funds in bonds used to invest as a rule in government bonds. In order to increase the return of their investment capital, they used to take advantage of changes in the exchange rates of the currencies of EU countries and of the differences between the interest rates of those countries. With the adoption of Economic and Monetary Union and the single currency, those investment opportunities ceased to exist. To increase their returns, European fund managers began to place part of the capital they managed in products which have "credit risk", such as corporate bonds.

Demand for corporate bonds will also be created by the lifting/relaxing of certain limiting regulations concerning the investment categories in which social security organisations are allowed to invest.

The expected blossoming of capital markets in Europe will result in the increase of trading volume and the appearance of a substantial flow of new securities listings on European stock markets. Consequently, the total business turnover of European stock markets is also expected to show a significant middle-to-long term rise. The expected income increase of stock markets, however, will not automatically bring about an increase in their profit making. The technological developments in the internet, which allow the creation of alternate electronic stock exchanges, have contributed to bringing about conditions of intense competition. The large multinational investment houses, which produce the largest part of the trading volume in securities in the European market and have the most to gain from the reduction in the cost of transactions which electronic stock markets promise to bring about, are also pressing in the direction of creating new electronic stock markets. More generally, the extended use of high technology computing and telecommunications, in combination with the globalisation of national economies and the virtual elimination of financial borders between countries have contributed to the immediate conversion of the ”traditional“ stock markets from powerful monopoly mechanisms to simple service providers, which are required to operate within an intensely competitive environment.

10.3 Competition and prospects

The new technologies are expected to influence the structure and operation of the European money markets in two ways.

On the one hand, by accommodating the direct access of the small investors to the money markets they will contribute to an increase of the business turnover of stock markets due to an increased trading volume.

On the other hand, they will provide the ability, mainly to institutional investors, of setting up from scratch organised electronic stock exchanges, properly supervised, within which they will trade with one another directly at a lower cost.

In London, in September of 1995, *Tradepoint* started to operate, an alternate electronic stock exchange, as above, which addresses itself exclusively to institutional investors, in America, Hong Kong, Switzerland and the other EU countries, who wish to invest in securities listed on the stock exchanges of Great Britain. It constitutes a secondary capital market where trading takes place only on stocks of already listed companies. *Tradepoint* is aiming to reduce the cost and increase the transparency and effectiveness of the execution and clearing of transactions taking advantage of the considerable progress in the field of electronic networks and telecommunications. Its major characteristic is the absence of agents, such as the brokerage firms, as the institutional investors themselves send their orders through the system. Starting in July 2000, *Tradepoint* will extend its activities and will allow trading on shares of stock of the 300-400 largest European companies. A similar example of creation of new organised capital markets in the internet is *Jiway,* which addresses itself to private investors throughout Europe. Through a uniform method of trading and clearance, *Jiway* allows transactions on stocks of companies listed with seven large European stock exchanges as well as the NYSE and NASDAQ of the USA.

Recently, too, networks for the execution of transactions on bonds have started their operation in Europe. Two such electronic platforms are *Euro.MTS* and *BondClick.* On-line transactions are executed on European government bonds in these markets which originated from the cooperation of the largest investment banks of the world.

Not only is there competition between the traditional European stock markets on the one hand and the new electronic securities markets on the other, but also among the traditional stock markets themselves. With the adoption of a single currency, the complete opening of the capital markets and the gradual internationalisation of activities of many companies of the euro zone, an intense race has started among the European stock markets to attract investors and issuing companies.

The biggest challenge of the European stock markets today concerns their ability to accommodate simultaneously both the requirements of multinational companies and international investors. With the creation of a unified market, investors have the capability to maximize the yield of their placements (that is, getting higher return for their investments with the same investment risk), by investing in company shares which constitute trading objects in stock markets of other countries. Internet technology accommodates this procedure by creating new channels of communication between users and providers of capital. On the other hand, European businesses, in an effort to reduce the cost of getting capital, are able to issue securities (shares of stock and/or bonds) not in the stock exchange of their home country but on that stock exchange where they will attract the highest number of investors and will receive the highest valuation.

It is obvious that in such a competitive environment only those stock exchanges which offer the highest liquidity, the safest and most effective execution and clearance of transactions at the lowest cost will survive. In order to cope with the new market conditions, many European stock exchanges have started negotiations for the creation of alliances and collaborations and have decided to change their legal status, convert to public limited companies and list themselves on their own exchange. The *Euronext* and *iX* (international exchange) stock exchanges are the fruit of the above talks. The *Euronext* stock exchange will be the result of the merger of the Paris, Brussels and Amsterdam stock exchanges. It will constitute the second largest stock exchange in Europe, both in capital funds, and in the number of companies listed. Specifically, it will list 2,038 companies, with a total value of over 2.4 trillion euro. *Euronext* will be legally chartered in Amsterdam. All its trading will take place through a unified platform. Each side, however, will undertake specific responsibilities. On the basis of the merger plan, Paris will deal in information technology stocks and high-capital companies, Amsterdam will deal in derivatives while Brussels will accommodate stock transactions in shares of low to medium capital companies as well as handle all the administrative work required for each financial transaction. Before the end of 2000 the listing of *Euronext* itself on some stock exchanges is expected to take place.

The *iX* stock exchange will result from the merger of the London and the Frankfurt stock exchanges. It will have its home in London and will be the largest stock exchange in the EU in trading volume, in the number of companies listed and total capital and the third largest in the world from the point of view of the total value of shares traded. It is estimated that over 50% of the transactions on listed European securities will take place on *iX* as well as over 80% of the transactions on shares of fast-developing companies of the Old World. The electronic trading system *Xetra* of the Frankfurt exchange will become the common platform for the execution of transactions on *iX*. The high capitalisation stocks will be traded in London in compliance English law while stocks of high technology companies will be traded in Frankfurt under German law. Those companies listed on *iX* will have the right to choose the currency which will be used in the trading of their shares and they will be in a position to select two currencies to be used simultaneously. The clearance of these transactions will take place in two different depositories, the British *Crest* and the German *Clearstream*. The Milan and Madrid stock exchanges have signed a memorandum of collaboration with *iX*, with the intention of participating in the new market as of 2001. *iX* has also gone ahead to sign a memorandum of collaboration with the American *NASDAQ* stock exchange for the formation of a joint venture between *iX* and *NASDAQ*'s subsidiary in Europe, *NASDAQ Europe.* The purpose of that collaboration is the creation of a pan-European market, based in Frankfurt, for the stocks of pioneering and dynamically developing companies, which will constitute part of a world-wide network of stock exchanges, the members of which will have access to the markets of the fast growing companies of America, Europe and Asia, all from the same computer terminal.

All the above strategic moves underline the need for unification of the European securities markets. The creation of a pan-European stock exchange requires not only the adoption of uniform infrastructure for the execution and clearance of stock trading activities but also the full harmonisation of all related legislation of EU member states, both at the level of regulation and that of taxation. The political will to achieve unification of European stock markets, however, exists. The EU summit convened recently in Lisbon set a timetable for the unification of Community markets with a termination date of the end of the year 2005. The target is to give the opportunity to all European businesses, including small-to-medium sized ones, to gain access to investment capital at pan-European level.

10.4 The Company's position: an international perspective

The ASE and the ADEX are the only organised stock exchanges in Greece. More than 40 stock exchanges operate today in the European Union (EU). In the tables below are found the capitalisations, the value of transactions and the number of listed companies on the most important European stock exchanges during the period 1990-1999 are described.

CAPITALISATION PROGRESS – Main and Parallel Markets for securities ***(in millions of dollars on 31/12)****										
Stock Exchange*	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**
Amsterdam	119,825.4	135,982.7	134,930.8	182,629.0	224,500.7	286,651.5	375,357.2	468,630.7	603,182.2	695,196.0
Athens	**15,308.8**	**12,921.5**	**10,724.5**	**13,596.5**	**12,819.3**	**16,526.9**	**23,558.1**	**33,783.7**	**80,125.8**	**196,846.9**
Brussels	65,449.1	71,113.6	64,088.9	78,206.9	84,421.6	101,752.3	119,124.5	138,938.2	245,657.3	184,135.5
Copenhagen	39,062.5	44,792.5	30,140.2	41,650.5	48,784.4	57,691.7	71,074.3	93,766.4	98,881.0	105,292.7
Frankfurt	355,310.8	392,470.1	346,891.0	460,753.6	499,278.4	577,364.8	664,913.2	825,232.7	1,093,961.9	1,432,167.0
Helsinki	22,721.3	14,236.7	12,205.4	23,595.2	38,307.6	44,137.5	62,579.3	73,322.2	154,832.8	349,393.6
Ireland	-	-	-	-	-	25,835.9	34,737.6	49,371.4	66,593.1	68,773.2
Italy	148,765.5	158,811.1	123,659.4	145,299.6	185,970.7	209,521.9	256,595.3	344,665.0	569,731.8	728,240.4
Lisbon	9,201.0	9,613.0	9,213.0	12,417.0	16,249.0	18,361.8	24,451.7	38,953.9	62,954.3	68,147.4
London	850,011.8	986,107.2	928,392.6	1,150,557.3	1,145,290.4	1,346,640.7	1,642,582.4	1,996,225.1	2,372,738.1	2,855,351.2
Luxemburg	10,455.5	11,275.8	11,920.9	19,314.4	28,518.4	30,443.3	32,410.6	33,892.2	38,182.4	35,938.7
Oslo	26,129.8	21,997.2	17,840.4	27,541.7	36,458.6	44587.0	56,879.1	66,502.6	46,272.6	63,695.3
Paris	311,687.3	373,357.0	349,608.0	455,484.6	452,049.8	499,989.6	586,962.6	676,310.5	991,483.8	1,502,951.8
Spain	111,449.0	127,297.1	98,846.7	118,869.1	123,616.5	150,914.2	241,028.1	290,354.8	399,847.6	431,649.2
Stockholm	92,014.7	97,055.3	78,079.3	106,968.0	130,602.6	172,550.3	240,382.1	264,710.6	278,707.6	373,277.7
Switzerland	157,634.6	173,765.7	189,117.1	270,879.1	284,721.3	398,088.1	400,285.4	575,338.7	701,576.3	693,133.0
Vienna	26,319.8	26,039.7	21,679.9	28,321.5	30,792.1	32,513.2	33,629.2	37,280.5	35,779.0	33,023.0

** Portfolio Investment Companies are not included in the capitalisation of the stock exchanges and neither are the rights from capital increases, the rights of options for the purchase of shares, convertible bond loans nor the stock of foreign companies. The capitalisations refer to common and preference shares and to shares without voting rights of domestic listed companies.*

Source: FIBV – International Federation of Stock Exchanges

PROGRESS IN TRADING VALUE – Main and Parallel Markets of securities *(in millions of dollars)*

Stock Exchange*	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Average Annual Variation
Amsterdam (REV)	40,822.5	38,915.6	45,727.7	66,368.1	85,262.9	124,324.1	191,101.9	279,688.1	409,520.4	471,226.3	31.2%
Athens (TSV)	**3,840.1**	**2,400.6**	**1,612.1**	**2,779.0**	**5,186.8**	**6,076.9**	**8,234.4**	**21,136.6**	**50,019.5**	**189,280.0**	**54.2%**
Madrid (REV)	-	-	-	-	-	162,812.2	238,410.4	424,287.2	640,320.3	738,726.0	45.9%
Barcelona (REV)	-	-	-	-	-	37,273.5	71,557.0	150,455.3	216,158.9	196,541.5	51.5%
Bilbao (REV)	-	-	-	-	-	34,573.9	66,533.9	148,435.1	200,710.7	214,731.0	57.9%
Brussels (TSV)	9,110.1	8,225.5	9,753.7	13,960.9	16,112.5	18,342.9	25,414.8	33,867.4	60,928.4	58,628.6	23.0%
Copenhagen (REV)	11,349.4	10,499.4	22,435.1	23,674.9	27,404.5	28,336.4	36,439.6	46,731.5	64,954.1	66,605.0	21.7%
Frankfurt (REV)	508,706.7	404,648.8	454,205.5	563,961.5	592,103.9	593,936.2	811,626.0	1,067,688.3	1,491,795.7	1,551,467.4	13.2%
Helsinki (TSV)	3,975.1	1,552.8	2,181.9	7,859.2	13,297.9	19,206.5	21,961.2	36,251.9	61,116.9	109,901.6	44.6%
Ireland (REV)	-	-	-	-	-	-	11,794.4	17,300.9	39,865.4	47,611.2	59.2%
Italy (TSV)	42,172.0	23,448.2	27,659.5	66,040.0	119,389.3	87,117.6	102,568.0	203,280.0	486,506.7	539,449.2	32.7%
Lisbon (TSV)	-	-	-	2,438.9	5,176.9	4,240.9	7,244.6	20,808.1	47,712.7	40,479.3	59.7%
London (REV)	543,392.5	553,922.0	662,990.9	865,906.7	1,029,278.3	1,153,221.3	1,413,236.3	1,989,489.3	2,887,989.7	3,399,381.1	22.6%
Luxemburg (TSV)	108.0	235.5	291.6	1,100.6	1,030.7	486.5	785.6	1,048.1	1,672.5	1,405.5	33.0%
Oslo (REV)	14,065.2	11,639.2	10,133.2	17,576.4	17,693.6	24,926.2	36,345.7	49,601.2	42,944.0	56,719.2	16.8%
Paris (REV)	-	-	-	-	628,610.8	716,507.6	982,172.0	1,414,135.9	2,053,299.8	2,892,301.5	35.7%
Stockholm (REV)	15,738.0	20,568.2	28,650.4	42,746.3	86,087.0	94,209.9	136,741.0	175,821.8	229,960.6	313,677.9	39.4%
Switzerland (REV)	-	-	117,752.3	209,884.5	261,607.7	340,114.4	443,030.5	568,882.4	689,169.9	561,894.1	25,0%
Vienna (TSV)	11,222.7	7,233.3	5,155.3	7,296.8	8,741.9	13,357.5	10,692,4	12,723.8	18,677.2	12,733.9	1,4%

**The International Federation of Stock Exchanges (FIBV), following the regulations of the Federation of European Stock Exchanges, distinguishes between two categories of members on the basis of the method they use to calculate the value of their transactions in Stock Exchanges: TSV (Trading System View) and REV (Regulated Environment View). The TSV stock exchanges add to the value of their transactions only those that take place in their trading hall or through the electronic trading system they use. The REV stock exchanges calculate the total value of their transactions based on all the transactions which are subject to supervision by the authorities of the country which is the home of the stock exchange of the trading authorities (which includes the transactions made within and outside of the exchange by the Members and non-Members as well as the trading in foreign markets which are referred to the domestic market).*

Source: FIBV – International Federation of Stock Exchanges

PROGRESS IN THE NUMBER OF COMPANIES LISTED – Main and Parallel Markets [1,2]

Stock Exchange	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Amsterdam[3]	498	412	498	482	466	432	356	345	371	387
Athens	**140**	**151**	**156**	**145**	**173**	**186**	**200**	**210**	**229**	**262**
Madrid	429	436	404	379	378	366	361	388	484	727
Barcelona	366	377	353	346	335	324	318	337	392	500
Bilbao	518	415	375	360	267	249	250	255	259	275
Brussels	341	345	334	304	295	279	269	265	268	268
Copenhagen	284	271	219	257	251	252	249	249	254	242
Germany	647	1,243	1,259	1,297	1,467	1,622	1,971	2,696	3,525	n.a.
Helsinki	77	65	62	58	65	73	71	126	131	150
Ireland	-	-	-	-	-	89	86	102	100	103
Italy	220	267	258	259	260	254	248	239	243	270
Lisbon	-	-	-	-	195	169	158	148	135	125
London	2,559	2,572	2,440	2,412	2,416	2,502	2,623	2,513	2,423	2,274
Luxemburg	732	218	221	217	272	283	278	284	276	277
Oslo	121	112	123	135	146	165	172	217	235	215
Paris	804	1,074	1,008	934	922	904	891	924	1,097	1,144
Spain	1,313	1,228	1,132	1,085	980	939	929	980	1,135	1,502
Stockholm	132	127	205	205	228	223	229	261	276	300
Switzerland	422	424	470	464	457	449	436	428	424	412
Vienna	151	151	160	155	153	148	142	138	128	114

1. *Portfolio Investment Companies are not included in the number of listed companies.*
2. *The number of listed companies refers to both the foreign companies which are listed to each particular stock exchange, as well as to companies whose home base is in the country where their stocks are being traded.*
3. *For the Amsterdam stock exchange, the data for 1996 and later are not directly comparable with those of previous years.*

n.a. = not available

Source: FIBV – International Federation of Stock Exchanges

CAPITALISATION PROGRESS – Bonds *(in millions of dollars on 31/12)*

Stock Exchange	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**
Amsterdam	166,308.3	182,777.7	197,523.9	223,030.6	239,203.6	320,197.1	341,153.3	334,786.4	382,460.2	347,949.3
Athens	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**49,215.9**	**72,204.9**	**70,936.7**	**48,410.3**	**81,416.8**	**79,482.0**
Madrid	55,642.8	46,961.8	37,739.0	30,585.5	30,256.3	29,115.4	25,452.3	22,092.7	19,710.7	17,109.9
Barcelona	59,811.0	37,302.9	27,743.7	20,445.4	16,559.1	16,559.3	16,362.9	13,051.2	13,256.6	10,583.3
Bilbao	n.a.	32,571.6	21,376.7	15,907.2	20,871.8	17,616.3	15,769.0	9,602.5	7,525.1	8,412.7
Brussels	129,849.9	151,898.2	371,097.7	170,876.2	178,737.4	239,808.8	237,909.2	210,811.2	248,682.5	210,527.0
Copenhagen	229,345.6	249,869.1	248,219.0	293,779.3	279,700.3	337,603.8	329,254.8	291,625.7	323,194.9	265,628.1
Frankfurt	n.a.	1,281,371.6	1.390,413.6	1,546,466.8	1.886,436.2	2,180,550.6	2,182,353.4	2,021,783.0	2,496,649.3	2,076,464.9
Helsinki	n.a.	19,623.5	17,888.8	20,444.8	29,209.8	33,220.8	45,486.2	47,246.2	51,992.2	n.a.
Italy	n.a.	681,058.7	640,448.8	584,436.3	685,692.7	831,885.7	1,206,109.0	1,069,368.0	170,039.3	156,364.4
Lisbon	n.a.	n.a.	n.a.	n.a.	n.a.	39,850.2	42,868.3	38,687.6	49,964.8	47,569.9
London	576,291.0	597,306.0	599,847.7	875,953.1	909,535.1	997,945.5	1,162,796.0	978,000.2	1,232,655.2	1,363,347.3
Luxemburg	1.004,607.8	1,177,481.9	1,207,764.0	1,249,183.3	1,470,630.9	1,622,801.7	1,649,720.5	1,787,454.2	2,195,683.8	2,582,259.0
Oslo	47,839.4	44,543.2	37,837.5	44,964.3	46,944.5	52,675.0	53,723.6	52,328.4	55,157.6	52,460.7
Paris	504,769.5	558,668.4	576,553.5	656,588.5	691,872.5	845,078.2	878,151.2	777,524.4	892,654.8	765,089.7
Stockholm	n.a.	105,863.9	96,574.0	120,453.0	121,872.5	n.a.	257,771.6	201,018.3	n.a.	n.a.
Switz/land	158,487.1	166,984.7	185,635.0	195,972.4	216,777.1	279,469.0	248,229.7	243,411.5	282,389.5	249,783.2
Vienna	76,343.8	82,490.1	83,556.6	91,311.1	103,346.0	122,959.2	117,295.9	106,557.1	123,734.6	111,691.9

n.a. = not available

Source: FIBV – International Federation of Stock Exchanges

PROGRESS OF TRADING VALUE – Bonds ***(in millions of dollars)***

Stock Exchange*	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Average Annual Variation
Amsterdam (REV)	56,006.9	62,013.9	127,120.0	205,780.1	234,716.0	302,535.0	390,445.6	281,242.3	309,412.5	318,205.1	21.3%
Athens (TSV)	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**20.6**	**9.9**	**13.1**	**67.3**	**435.2**	**14.3**	**-7.0%**
Madrid (TSV)	4,373.6	5,316.5	8,730.2	13,615.4	33,774.9	34,560.4	73,677.7	27,427.9	2,034.2	1669.3	-10.1%
Barcelona (REV)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	28,604.7	33,394.2	73,473.2	95,856.3	49.6%
Bilbao (REV)	n.a.	n.a.	n.a.	n.a.	n.a	13,765.1	49,358.6	58,498.4	91,017.8	39,421.2	30.1%
Brussels (TSV)	7,215.5	1,938.1	1,988.2	1,811.4	746.4	835.9	692.6	557.0	616.3	564.6	-24.7%
Copenhagen (REV)	318,732.7	369,837.3	810,674.2	1,724,864.4	1,009,903.3	1,039,813.8	1,165,432.5	1,073,363.6	1,294,277.7	1,016,844.4	13.8%
Frankfurt (REV)	603,929.3	687,851.9	1,015,295.3	1,468,925.3	1,700,895.0	2,236,858.8	2,172,728.5	1,509,913.2	1,523,286.9	n.a.	12.3%
Helsinki (TSV)	1,252.1	317.4	3,411.7	10,419.0	418.5	248.2	117.4	93.6	66.1	46.1	-30.7%
Ireland (REV)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	82,276.8	50,452.5	58,590.7	-15.6%
Italy (REV)	-	-	-	-	2,504,763.6	4,216,918.8	5,870,332.5	6,144,138.3	3,832,154.5	2,722,702.8	1.7%
Lisbon (TSV)	n.a.	n.a.	n.a.	13,644.9	18,855.3	14,393.9	14,571.4	12,941.5	6,944.6	3,770.5	-19.3%
London (REV)	1,019,053.0	1,099,535.8	1,149,428.1	1,259,366.7	1,248,464.1	1,316,177.3	1,621,869.6	n.a.	1,590,731.1	1,365,698.8	-
Luxemburg (TSV)	595.1	834.7	852.1	700.1	496.9	678.1	1,997.5	7,375.4	1,467.8	1,0213.6	8.2%
Oslo (REV)	50,238.1	70,918.0	80,485.9	221,796.9	169,693.1	162,683.3	167,366.2	171,368.1	149,693.5	99,034.3	7.8%
Paris (REV)	n.a.	n.a.	n.a.	n.a.	3,798,858.5	7,926,674.8	11,572,396.0	12,141,595.0	13,632,087.3	15,239,864.8	32.0%
Stockholm (REV)	180.8	336.7	501.9	676.9	1,012.4	n.a.	1,764.7	1,600.2	1,642,418.5	1,364,749.9	-
Switzerland (REV)	n.a.	n.a.	n.a.	104,174.7	89,674.2	169,071.3	209,585.9	132,168.9	155,830.3	111,602.3	1.2%
Vienna (TSV)	2,158.8	2,780.4	1,030.6	625.7	635.9	949.5	948.1	582.1	469.4	377.2	-17.6%

**The International Federation of Stock Exchanges (FIBV), following the regulations of the Federation of European Stock Exchanges, distinguishes between two categories of members on the basis of the method they use to calculate the value of their transactions in Stock Exchanges: TSV (Trading System View) and REV (Regulated Environment View). The TSV stock exchanges add to the value of their transactions only those that take place in their trading hall or through the electronic trading system they use. The REV stock exchanges calculate the total value of their transactions based on all the transactions which are subject to supervision by the authorities of the country which is the home of the stock exchange of the trading authorities (which includes the transactions made within and outside of the exchange by the Members and non-Members as well as the trading in foreign markets which are referred to the domestic market).*

n.a. = not available

Source: FIBV – International Federation of Stock Exchanges

The most important stock markets in south eastern Europe besides that of Greece are those in Cyprus and Romania.

The Cyprus capital market was founded in 1963, when few shares would change hands among very few investors. In 1979 the capital market was placed under the auspices of the Cyprus Chamber of Commerce and Industry which, with the cooperation of finance companies, developed a simple regulatory framework of operation. In July of 1995 the Regulations for the Operation of the Cyprus Stock Exchange (CSE) were put in effect and on March 29 1966 the CSE began its official operation with 18 finance companies as its members.

The legal framework of the CSE is based to a large extent on related guidelines and practices of the European Union, which were adapted, wherever that was thought necessary, to harmonize with the conditions in Cyprus. On May 7 1999, the CSE applied for the first time the system of automatic trading of securities, replacing the traditional open outcry procedure for determining prices on the floor of the exchange. The system increased to a considerable degree the capacity for executing trading orders and led to a huge increase in trading volume in the year 1999. It is pointed out, finally, that to date no centralised system of clearance of trading operating in the Cyprus capital market although legislation which provides for the creation of a central depository was passed by the House of Representatives of the Cypriot Parliament in March of 1996.

The table below presents the progress of the main parameters of the Cypriot capital market in the last five-year period:

	1995	1996	1997	1998	1999
Number of companies listed [1]	41	42	47	52	59
Financial Market Value (end-year, C.£)	1,035.1	1,078.5	1,101.5	1,356.3	11,923.4
Trading volume in C£	136.7	231.4	170.8	348.1	3,900.0

1. *In some years companies have either merged with others or left the stock exchange. Therefore differences in the numbers of the listed companies may not represent true increases in the number off new listings.*

Source: CISCO

The capital market of Romania consists of the Bucharest Stock Exchange (BSE) and the unofficial (OTC) financial market *Rasdaq.*

The table below shows the progress in the number of listed companies, the total capitalisation and the value of transactions on BSE for the period 1995-1999.

	1995	1996	1997	1998	1999
Number of companies listed	9	17	75	126	127
Financial market value (31/12, $US)	100.4	60.8	632.4	357.1	316.8
Trading volume (in $US)	0.96	5.28	260.43	193.40	67.95

In the first half of 1997, with the completion of the first phase of the Romanian economy's restructuring plan, the trading volume on BSE showed a steep rise, which however proved temporary. The economic crisis in south eastern Asia at the end of 1997 and in Russia in 1998, as well as delay in implementing privatisation plans and ongoing economic and political uncertainty in the country negatively influenced the Romanian financial market, which today is in recession.

11 CONSOLIDATED FINANCIAL DATA FOR ASE S.A.

As mentioned earlier, the issuing company HELEX is a holding company with a single participating interest – its ownership of a 100% shareholding in ASE S.A., which in turn holds strategic shareholdings in the affiliated companies that support the organisation and operation of the Greek capital market.

HELEX was chartered on 29.3.2000 and therefore has not yet published a statement of accounts. The first over-twelve-month financial period of business activity will end on 31.12.2001 and its income will come to a large degree from dividends.

In order for investors to form a picture of the historic development of the HELEX group companies, the present chapter presents consolidated accounting data covering ASE activities.

ASE is principally associated with five companies whose role is the supervision and organisation of the Greek capital market and the clearing of transactions which take place on the Exchange. ASE S.A. is the major shareholder in all these companies and the legislation allows it to exercise control over their activities. In contrast, HELEX, is restrained by its charter from interfering in any way with either the supervisory responsibilities of ASE or its policy on pricing of its services.

ASE S.A. has been publishing consolidated financial statements and profit and loss accounts since the financial period ending on 31.12.1997. The companies included in the consolidation for the period 1997-1999 are the following:

CONSOLIDATED COMPANIES	Share of direct participation			Total direct and indirect participations
	1997	1998	1999	At 31.12.1999
CENTRAL SECURITIES DEPOSITORY (CSD)	38.50%	38.50%	38.50%	38.50%
ATHENS DERIVATIVES EXCHANGE (ADEX)	-	35.46%	35.46%	40.73%
ADEX CLEARING HOUSE (ADECH)	-	35.00%	35.00%	39.20%
SYSTEMS DEVELOPMENT AND CAPITAL MARKET SUPPORT (ASYK)	37.17%	37.17%	37.17%	37.17%
THESSALONIKI STOCK EXCHANGE CENTRE (TSEC)	33.80%	33.80%	33.80%	33.80%

HELEX's participation in ADEX S.A. (35.46%) and ADECH (35%), which were chartered in 1998, were included in the consolidated financial statement for the first time in 1999. An analytical presentation of the structure of the ASE group of companies is given in chapter 12, Affiliated companies.

The method of total incorporation in the preparation of consolidated accounts, according to the provisions of articles 90 to 109 of Law 2190/1920. The above companies are included in the consolidated financial statements of the ASE Group according to the provisions of by virtue of article 42e, position dd, of this law, taking account of the dominant influence exercised by the ASE, directly or indirectly, on the management and operation of the above companies.

ASE's participation in the Auxiliary Settlement Fund, to the extent of GRD 680,761,359, is not included in the consolidation as this is not a legal entity; this represents the total amount of the investment, of which the ASE is administrator and trustee. ASE's participation in the non-profit-making companies ASE Training Centre (a 40% participation, with an acquisition value of 16 million drachmas) and Financial Research Company (a 33.33% participation, with an acquisition value of one million drachmas) is not included in the consolidation because of their insignificant activity and assets.

11.1 Business Activity

The consolidated turnover of the ASE Group results almost entirely from the turnover of ASE S.A. and CSD S.A. Growth in this turnover, by company, for the three-year period 1997-1999, is presented in the following table:

ANALYSIS OF CONSOLIDATED TURNOVER (GRD million)	1997	%	1998	%	1999	%
Turnover from:						
ASE	3,984	30%	10,094	41%	32,786	43%
CSD	9,140	68%	13,827	56%	39,970	53%
ADEX	0	0%	0	0%	690	1%
ADECH	0	0%	0	0%	179	0%
ASYK	288	2%	577	2%	989	1%
TSEC	82	1%	263	1%	1,076	1%
Turnover	13,494	100%	24,760	100%	75,690	100%
Less: inter-company transactions	260		689		1,912	
Total turnover	13,234		24,071		73,778	

The above table shows that consolidated turnover jumped in the period 1997-1999. Characteristic of this upward trend is that during the 1999 financial period the consolidated turnover more than tripled in relation to the total of the financial year 1998, climbing to the amount of 73,778 million drachmas.

The rise in the turnover has been due to the big increase in all the particular parameters which substantially influence the shaping of the activities of the ASE and the CSD, in particular the increases in trading volume, in prices of shares, in the number of new companies listing on the Exchange and in the share capital which these companies realised. The following table presents changes in indicative parameters of the Greek stock market which show clearly the reasons for the increased income of ASE S.A. and its affiliated companies.

(GRD billion)	1996	1997	1998	1999
Annual Value of Transactions				
- Main Market	1,818	5,540	13,323	52,420
- Parallel Market	172	262	761	6.534
Total Annual Value of Transactions	**1.,990**	**5,802**	**14,084**	**58,954**
Stock value of Companies (on 31/12)				
- Main Market	5,753	9,483	21,862	60,616
- Parallel Market	192	328	977	6,695
Total Capitalisation	**5,945**	**9,811**	**22,839**	**67,311**
Number of Companies Listed				
- Main Market	198	193	207	224
- Parallel Market	37	44	51	70
Total Number of Companies Listed	**235**	**237**	**258**	**294**

The activities of the companies of the ASE Group, and especially those of ASE and CSD, are interrelated, as the services they provide are complementary and interdependent. An analytical presentation of turnover by activity is offered in the chapters dealing with the individual companies.

The largest part of the consolidated turnover of the Group is a result of the activity of the CSD. In particular, the turnover of the CSD for 1999 came to 39,970 million drachmas, which is 53% of the consolidated turnover, while the turnover of the ASE came to 32,786 million drachmas, or 43% of the consolidated turnover.

The inter-company trading in 1999 came to almost 1.9 billion drachmas and mainly concerns transactions between TSEC and ASYK with the ASE and with the other companies of the ASE group.

11.2 Growth of business activity 1997-1999

The consolidated turnover and the consolidated financial statements of the Group for the period 1997-1999, are presented in the following table (the consolidated financial statements of the Group for the period being examined are presented in chapter 18).

CONSOLIDATED FINANCIAL RESULTS (million Grd.)	**1997**	**1998**	**1999**
Income	**13,235**	**24,071**	**73,778**
Less: Capital Market Commission (levy)	0	0	2,798
Less: Cost of Sales (before depreciation) (1)	2,553	3.786	7,261
Gross operating result (profit)	**10,681**	**20,285**	**63,719**
(% of turnover)	*81%*	*84%*	*86%*
Plus: other operating income	177	106	216
Total	**10,859**	**20,391**	**63,936**
Less: administrative expenses (before depreciation) (1)	1,475	1,980	4,352
Less: research and development expenses (before depreciation) (1)	0	0	94
Less: listing expenses (before depreciation) (1)	0	0	384
Less: expenses not included in cost of sales (1)	0	0	117
Total expenses	1,476	1,980	4,946
(% of turnover)	*11%*	*8%*	*7%*
Operating income	**9,383**	**18,411**	**58,989**
(% of turnover)	*71%*	*76%*	*80%*
Plus: income from participating interests	315	969	0
Plus: income from other investments	1,307	1,282	6,964
Plus: profits from sale of participating interests and other investments	341	2,486	3,085
Less: expenses and losses from participating interests/investments	0	2	29
Less: forecast devaluation of participating interests/investments	0	4	26
Plus: extraordinary and non-operating income	678	995	1,243
Less: extraordinary and non-operating expenses	19	336	258
Profit before interest, depreciation and taxes	**12,004**	**23,800**	**69,969**
(% of turnover)	*91%*	*99%*	*95%*
Plus: credit interest and similar income	210	305	854
Less: debit interest and similar charges	3	4	8
Profit before depreciation and taxes	**12,210**	**24,101**	**70,816**
(% of turnover)	*92%*	*100%*	*96%*
Less: adjustments to value of fixed assets (total depreciation)	1,001	2,028	3,458
Profit before tax	**11,209**	**22,074**	**67,358**
(% of turnover)	*85%*	*92%*	*91%*
Less: income tax and other taxes	3,895	7,255	25,847
Less: profit for appropriation	670	1,017	95
Less: tax adjustments for previous years	0	38	169
Net profit after tax	**6,645**	**13,764**	**41,247**
(% of turnover)	*50%*	*57%*	*56%*
Less: minority rights	2,478	3,708	13,550
Net consolidated Group profits	**4,166**	**10,055**	**27,697**
(% of turnover)	*31%*	*42%*	*38%*
ADJUSTED CONSOLIDATED PROFITS			
Consolidated profit before tax	**11,209**	**22,074**	**61,302**
(% of turnover)	*85%*	*92%*	*83%*
Tax adjustments (relevant financial years)	**136**	**127**	**150**
Consolidated profits after tax and after appropriation	**6,509**	**13,675**	**35,209**
Less: adjustments for minority profits	2,462	3,674	12,396
Adjusted net consolidated Group profit after taxes	**4,047**	**10,001**	**22,814**

1. Depreciation of cost of sales, management expenses, research and development, and listing expenses have been deducted from the figures for operating income.

2. Adjusted on the basis of the findings of the chartered auditor who carried out the unscheduled financial audit and taking account of the imposition of taxes following the tax audit for the relevant financial periods, which are analysed in the chapter 3, Consolidated financial and operating data in summary.

The consolidated accounts and financial statements for the period 1.1.1999-31.12.1999, in addition to the companies ASE, CSD, ASYK and TSEC, include ADEX and ADECH. The last two companies were chartered in 1998 and their first year of business ended on 31.12.1999.

The findings of the Independent Financial Auditor (of ASE and of the companies included in the consolidation), presented in detail in chapter 3 "Consolidated financial and operating data in summary", were taken account of in the calculation of the revised consolidated profit and loss account of ASE.

With regard to the progress of the profit and loss account of the Group during the period being examined the following must be taken into consideration:

Turnover - Cost of sales

The consolidated turnover for the financial year 1999 came to 73,778 million drachmas, as opposed to 24,071 million drachmas for the previous financial period, showing an increase of 206.5%. This increase came about as a result of the increase of the trading volume, which happened mostly because of the improvement in the institutional and regulatory framework which governs the Greek securities market, as well as because of the strengthening of its role as a kingpin of business development for the progress of the Greek economy.

Correspondingly, the pre-depreciation, gross profit of the group more than tripled in the financial period of 1999 coming to 63.7 billion drachmas, as opposed to 19.3 billion for 1998. This climb of the gross profit is due to the large increase of the turnover mentioned earlier, as well as to the improvement of the already high gross margin, which came to 86% of the turnover in 1999, compared to 80% in 1998.

As with the turnover, so the cost of sales for the group came mainly from the activities of the ASE and the CSD, as analysed in the following table:

ANALYSIS OF COST OF SALES (GRD million)	**1997**	**%**	**1998**	**%**	**1999**	**%**
Cost of sales (before depreciation) from:						
ASE	1,546	57%	2,056	52%	5,247	53%
CSD	934	34%	1,549	39%	3,298	33%
ADEX	0	0%	0	0%	289	3%
ADECH	0	0%	0	0%	278	3%
ASYK	205	8%	345	9%	588	6%
TSEC	30	1%	23	1%	163	2%
Cost of sales	**2,716**	100%	**3,974**	100%	**9,862**	100%
Less: inter-company transactions	162		188		840	
Total cost of sales	**2,553**		**3,786**		**7,261**	

The balance of operating income includes income from subsidies, rents and other sources totalling 216 million drachmas in 1999, compared to 106 million drachmas in 1998.

General expenses

The operating expenditures for the 1999 financial year before amortisation came to 4.9 billion drachmas, from 1.9 billion drachmas of the previous period, of which 3.3 billion drachmas concern administrative expenditures of the ASE.

Although the operating expenditures increased in 1999, they decreased as a percentage of the turnover and came to 7% for the same financial period.

Income and gains from participating interests, other investments and related sales

The income from securities came to 6,964 million drachmas in 1999, compared to 1,282 million drachmas in 1998, and include income from bonds and interest-bearing Greek government promissory notes, which ASE and CSD maintain in their portfolios. On the other hand, there was also dividend income in 1998 from participation amounting to 969 million drachmas in various companies. Furthermore, the profits from sales of participations and securities came to 3,085 million drachmas in 1999, compared to 2,486 million drachmas in 1998.

The above figures are presented in greater detail in the financial statements of the individual companies of the ASE Group.

Extraordinary income

Extraordinary/non-operating income and expenses totalled 1,243 million drachmas and 258 million drachmas, respectively, in 1999. These figures are broken down by company as follows:

Extraordinary income/gains ***(GRD million)***	**1997**	**1998**	**1999**
ASE	598	695	1,090
CSD	2	215	37
ASYK	0	0	0
TSEC	78	86	87
ADEX & ADECH	-	-	29
TOTAL	**678**	**995**	**1,243**
Extraordinary expenses/losses ***(GRD million)***	**1997**	**1998**	**1999**
ASE	15	21	3
CSD	1	305	236
ASYK	3	6	11
TSEC	0	4	6
ADEX & ADECH	-	-	2
TOTAL	**19**	**336**	**258**

An analytical description of extraordinary income/expenses appears in the corresponding chapters for the individual companies of the group.

Depreciation

The table below shows the allocation of the consolidated amortisation on the operating cost for each financial period being examined:

Analysis of depreciation	**1997**	**1998**	**1999**
Depreciation of the cost of Sales	574	1,221	1,761
Depreciation of administrative expenditures	168	405	681
Depreciation of research and development expenditures	259	402	994
Depreciation of dispersal expenditures	0	0	21
Total Depreciation	**1,001**	**2,028**	**3,458**

Profit before tax

As a result of the considerable rise of the consolidated turnover, as well as the more general improvement of all the individual profit and loss statements of the Group, profit before tax climbed to 67.4 billion drachmas for 1999, from 21.1 billion drachmas in the financial year 1998.

The financial results of the Group for the financial year 1998 are presented in the present chapter as they were published in the second consolidated balance account for the financial period which ended on 31.12.1998.

To make comparison easier, the consolidated profit and loss account for 1998, as they have been presented in the published 1999 balance sheet, have been revised, including in the cost of sales the amount of GRD 968 million which CSD paid to the Central Securities Depository. In the published consolidated financial statements for the financial year 1998, this sum is debited in the account "Profits distributed to third parties" for the disposal of profits made, with the result that the profits before taxes of the company appear higher by that amount.

11.3 Analysis of the financial position

Consolidated balance sheet data for the ASE group for the financial periods 1997-1999 are presented in the following table:

CONSOLIDATED BALANCE SHEET DATA

ASSETS (GRD million)	**1997**	**1998**	**1999**
Establishment expenditures	1,850	2,423	4,100
Minus accumulated depreciation	498	1,098	1,870
Establishment expenditures (undepreciated value)	1,353	1,325	2,230
Tangible assets	5,050	6,670	11,603
Minus accumulated depreciation	943	1,884	3,542
Net book value	4,108	4,786	8,061
Total tangible assets	4,108	4,786	8,061
Participation	698	4,561	733
Other long term receivables	7	12	37
Total fixed assets	4,812	9,359	8,831
Reserves	0	11	11
Clients	304	672	2,003
Cheques receivable	0	26	20
Advances and "credits to account for"	0	0	1
Doubtful debtors less provision	0	0	0
Various debtors	3,978	4,499	19,681
Accounts for deposit and credit management	3	9	1
Marketable securities	17,463	34,365	116,459
Cash at bank and in hand	4,975	2,060	8,243
Total current assets	26,723	41,643	146,419
Prepayments and accrued income	371	304	1,443
TOTAL ASSETS	33,259	52,631	158,923
Memo accounts	63,993	346,224	1,657,522

CONSOLIDATED BALANCE SHEET DATA (cont'd)			
LIABILITIES	**1997**	**1998**	**1999**
Share capital	5,000	5,000	5,000
Share premium account	6,836	6,836	6,836
Value adjustment and investment grants	833	895	993
Reserves	2,924	4,418	14,127
Non-distributable profits (results carried forward)	2,181	4,854	15,676
Amounts marked for capital increase	0	2,000	0
Consolidation adjustments	669	648	648
GROUP SHARE CAPITAL	18,443	24,652	43,280
Minority rights	6,028	8,271	26,142
Total shareholders' equity	24,472	32,923	69,422
FORECASTS	135	459	732
Long-term liabilities			
Other long-term liabilities	12	5	9
Short-term liabilities			
Suppliers	792	962	3,365
Cheques payable	0	0	42
Bank accounts – short term liabilities	0	12	0
Advances from trade debtors	0	2	189
Taxes - duties	5,397	13,848	70,570
Social security	59	103	171
Dividends payable	1,460	2,750	9,000
Various creditors	747	1,086	3,017
Total short term liabilities	8,455	18,764	86,355
SUB-TOTAL LIABILITIES	8,467	18,769	86,364
Prepayments and accrued income	186	481	2,406
TOTAL LIABILITIES	33,259	52,631	158,923
Credit memo accounts	63,993	346,224	1,657,522

Note: Possible small variances in the totals or in the differences are due to rounding the numbers.

Regarding establishment expenditure, in the consolidated financial data for 1997-1999, the total set up expenditures came to 4.1 billion drachmas in 1999, of which 2.6 billion drachmas concerns ASE expenditures and 791 million drachmas similar expenditures of CSD.

The account "Participations in affiliated companies" came to GRD 733 million on 31.12.1999, compared to 4,561 million on 31.12.1998. An analysis of this account is presented below:

	(%)	Acquisition value (Grd million)	Internal accounting value (Grd million)	Lowest value between acquisition value and accounting value (31.12.1999)	Deletion of participations due to consolidation	Acquisition value (31.12.1999)
ASE participation in:						
CSD	38.50%	1,528	7,227	1,528	1.528	0
ASYK	37.17%	167	265	167	167	0
TSEC	33.80%	338	625	338	338	0
KEK *	40.00%	16	--	16		16
ADEX	35.46%	1,064	1,087	1,064	1.064	0
ADECH	35.00%	2,800	2,909	2.800	2.800	0
Stock Market Studies Company **	33.33%	1	--	1		1
Auxiliary Settlement Fund***	12.04%	681	--	681		681
TOTAL		**6,595**	**12,113**	**6,595**	**5.897**	**698**
CSD participation in:						0
ADEX	13,70%	410	420	410	410	0
ADECH	1.125%	90	96	90	90	0
Association of National Numbering Agencies****	0	0	0	0	0	0
TOTAL		**500**	**516**	**500**	**500**	**0**
ASYK participation in:						
FORTH e-com*****	10.00%	35	--	35		35
ADEX participation in:						
ADECH	9.24%	740	807	740	740	0
GRAND TOTAL		**7,870**	**13,436**	**7,870**	**7,137**	**733**

* *ASE Training Centre, a non-profit-making company.*

*** Stock Market Studies Company a non-profit-making company.*

**** The Auxiliary Settlement Fund. This is not a legal entity but its assets are managed by ASE.*

***** The Association of National Numbering Agencies is an international codification organisation.*

****** This company has not completed an over-twelve month financial period yet so their value cannot be determined.*

The great reduction in the amounts of the above account is due to the consolidation of ADEX and ADECH for the first time in the financial period 1999.

The account "Various creditors" is broken down as follows:

(GRD million)	**1997**	**1998**	**1999**
ASE	961	1,804	5,876
CSD	3,007	2,690	13,671
ASYK	4	5	19
TSEC	5	3	36
ADEX	-	0	10
ADECH	-	0	87
Minus: Deletion due to consolidation	0	3	18
TOTAL	**3,978**	**4,499**	**19,681**

Further details of the above account is presented in the analysis of the financial statement of the individual companies of the Group.

Tradeable securities owned by the Group came to 116.6 billion drachmas in 1999, compared to 34.4 billion in 1998 and are broken down by individual company as follows:

SECURITIES *(GRD million)*	**1997**	**1998**	**1999**
ASE	12,484	15,537	37,440
CSD	4,598	17,972	68,246
ASYK	381	443	373
TSEC	-	413	325
ADEX	-	-	1,807
ADECH	-	-	8,268
TOTAL	17,463	34,365	116,459

Most securities are in the ASE and the CSD portfolios, in line with their investment policies. Further details of the securities portfolios of the group companies is provided in the relevant chapters.

The rapid development of the Greek stock market in the last few years is shown in the development of the total current assets of the Group, which in 1999 reached 158.9 billion Dr compared to 52.6 billion in 1998.

The memo accounts of the Group on 31.12.1999 reached 1.6 trillion drachmas, compared to 346 billion in the previous financial year; they relate to clearance guarantees from members of the ASE for CSD, reflecting the rise of the average trading volume during that period.

The shareholders equity of the Group reached 42.6 billion Grd. in 1999, compared to 24 billion Grd. in 1998.

It is noted that the amount of 2 billion drachmas which appears in the financial period of 1998 as an amount intended for the increase of the share capital, was capitalised when on 14.4.1999 the CSD share capital increase took place, by the amount of 2 billion drachmas, with the issue of 2,000,000 shares at a par value of 1,000 drachmas each.

Minority rights came to 26.1 billion Grd. on 31.12.1999 and are broken down as follows:

MINORITY RIGHTS (GRD million)	31.12.1997	31.12.1998	31.12.1999
CSD	4,845	7,261	18,002
ASYK	183	113	482
TSEC	1,001	897	1,358
ADEX	-	-	1,565
ADECH	-	-	4,735
TOTAL	6,028	8,271	26,142

The consolidation differences on 31.12.1999 were as follows:

(GRD million)	31.12.1997	31.12.1998	31.12.1999
CSD	647	627	627
ASYK	19	18	18
TSEC	3	3	3
TOTAL	**669**	**648**	**648**

The taxes and duties paid by group companies in 1999 came to 70.6 billion drachmas, compared to 13.9 billion in 1998; they are shown here in detail:

TAXES – DUTIES *(GRD million)*	1997	1998	1999
ASE	1,179	3,702	15,132
CSD	4,199	10,058	54,701
Other companies of the Group	20	88	737
Total	**5,397**	**13,848**	**70,570**

11.4 Financial indices/ratios

CONSOLIDATED DATA	1997	1998	1999
GROWTH INDICES (%)			
Of turnover	N/A	81.9%	206.5%
Of profits before taxes	N/A	96.9%	205.2%
Of Group profits after taxes	N/A	107.1%	199.7%
Of tangible assets (acquisition value)	N/A	32.1%	74.0%
Total capital in use	N/A	58.2%	202.0%
YIELD INDICES (BEFORE TAX) (%)			
Yield on average shareholders equity	N/A	102.4%	198.3%
Yield on average total capital in use	N/A	51.4%	63.7%
DEBT INDICES (:1)			
Capital borrowed/shareholders' equity	0.5	0.8	2.1
LIQUIDITY INDICES (:1)			
General Liquidity	3.1	2.2	1.7
Current Liquidity	3.1	2.2	1.7

12. AFFILIATED COMPANIES

12.1 General

HELEX has no minority or majority shareholding in any company, consortium or corporate association of any type, nor does it have any common address, common management or common shareholding with any other company, nor does any agreement exist with any other company, other than those that are described in the following paragraphs.

The following table presents details of all direct and indirect shareholdings of the issuing company at 31.12.1999, including the extent of those participations, their acquisition cost and their value on that day.

Breakdown of value of participations, 31.12.1999 (GRD million).

BREAKDOWN OF VALUE OF SHAREHOLDINGS 31/12/1999 (GRD million)

DIRECT SHAREHOLDINGS

Company	% direct shareholding	Acquisition cost	Share capital (31/12/99)	Current value of participation (31/12/99)	Acquisition/ current value (whichever is lower)[1]
ASE	100%	85,000	33,269	33,269	33,269
Total					**33,269**

INDIRECT SHAREHOLDINGS

Company	% indirect shareholding	Total share capital (31/12/99)	Value of shareholding (31/12/99)
CSD	38,50%	18.771	7.227
ADEX	40,73%	3.066	1.249
ADECH	39,20%	8.312	3.258
TSEC	33,80%	1.849	625
ASYK	37,17%	714	265
ASE Training Centre [2]	40,00%	-	-
Stock Market Studies Company[2]	33,33%	-	-
Auxiliary Fund [3]	12,04%	-	-
Total		**32.712**	**12.624**

1. Valuation of shareholdings according to article 43, para. 6, Law 2190/1920.

2 Non-profit-making organisation

3 Not a legal entity but an asset under ASE's management. HELEX's participation in the auxiliary fund amounted to GRD 680,761,359

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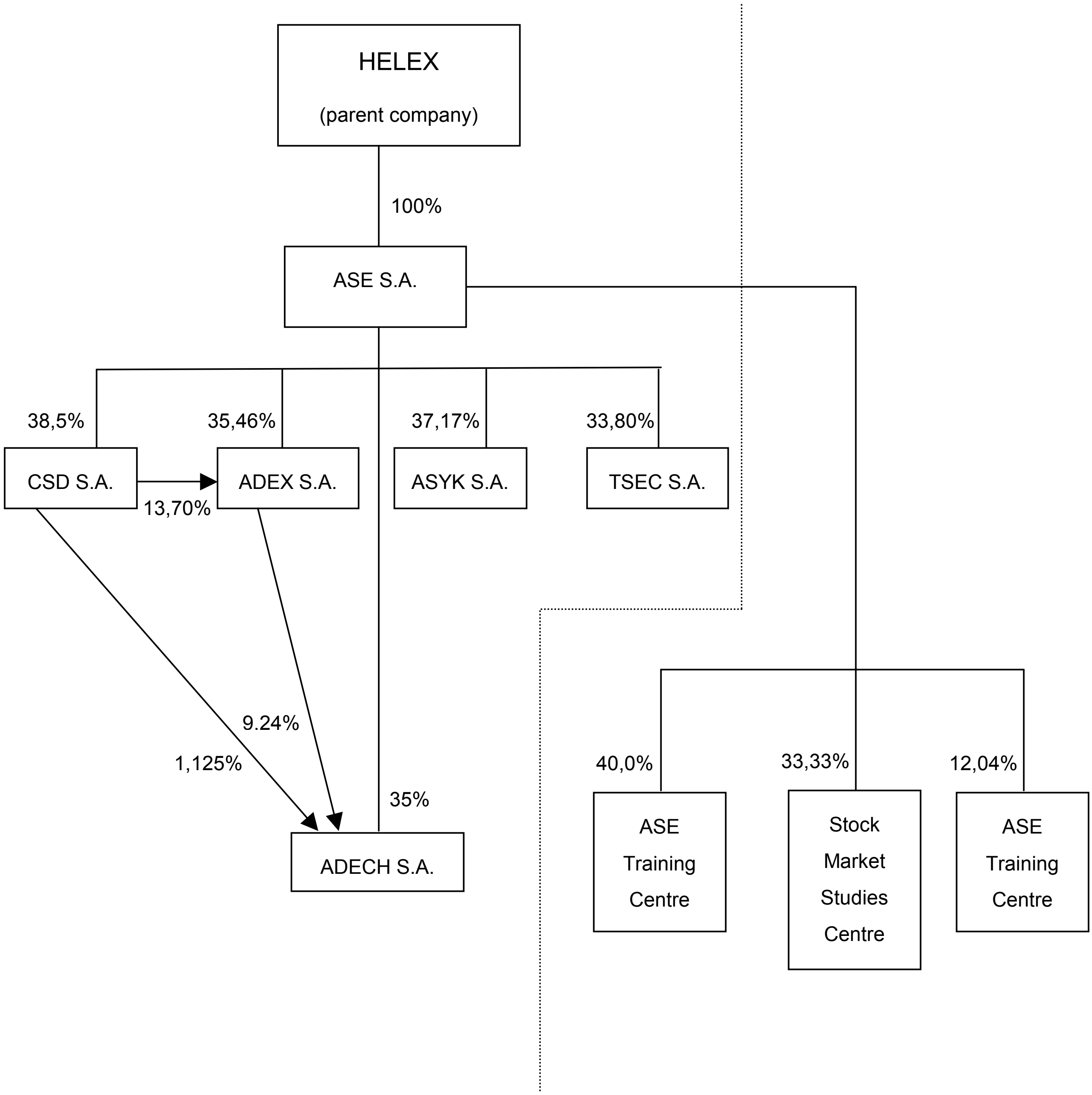

HELEX
(parent company)
100%
ASE S.A.
38,5%
35,46%
37,17%
33,80%
CSD S.A.
ADEX S.A.
ASYK S.A.
TSEC S.A.
13,70%
9.24%
1,125%
35%
ADECH S.A.
40,0%
33,33%
12,04%
ASE Training Centre
Stock Market Studies Centre
ASE Training Centre

12.2 Subsidiary companies

12.2.1 Athens Stock Exchange SA

12.2.1.1. History - General information

The company Athens Stock Exchange SA was established by Presidential Decree 2324/95 (Gov. Gazette 146/17.7.1995) following its conversion from a public law entity (of the same name) into a public limited company. It is listed in the Register of Public Companies with registration number 33940/06/B/95/23 (Gov. Gazette 4620/2.8.1995), its base in the city of Athens and a 200-year prospective period of activity.

Athens Stock Exchange SA (ASE), as a public limited company, is not subject to restrictions applying to public law bodies, except in respect to recruitment, which is covered through the application of Law 2190/1994. ASE operates autonomously, as far as management and financial policy is concerned, under the supervision of the Ministry of National Economy. As far as stock market operations are concerned, ASE's activities are supervised by the Ministry of National Economy and the Hellenic Capital Market Commission.

ASE is the only official market for shares and rights trading in Greece, both for the public and institutional investors. Government bonds are also traded on the ASE, although this is not the only market on which they are traded in Greece since fixed-income securities are also traded via the electronic trading system operated by the Bank of Greece.

The objective of ASE SA, according to its articles of association, is the organisation of the capital market, which encompasses its exclusive role as the market for shares and other securities, other functions it performed before its conversion into a public limited company and any other activities compatible with these functions.

ASE SA offers issuing companies (users of capital) the opportunity to raise necessary funds through the primary market while satisfying the requirements of investors (suppliers of capital) for securities. It also offers an organised secondary market on which already listed securities can be traded, enabling investors swiftly and at low cost to liquidate the securities they own and to have a reference for the current value of their investments.

At the same time, through its own regulations, ASE supervises matters such as: i) the dissemination of information to the investing public; and ii) procedures whereby brokerage companies carry out transactions on the ASE's markets.

Finally, through the publication of the Daily Price Bulletin and other documents, and through the real-time electronic dissemination of share prices during the trading session, the Exchange ensures that both i) the investing public are informed about trading developments as they occur in its markets, and ii) information released by listed companies, as required by the Exchange regulations, is disseminated as widely as possible.

ASE relies for its operation on a group of affiliated companies. The Central Securities Depository SA undertakes the clearance of transactions completed on the Exchange. The Athens Derivatives Exchange SA organises trading in derivatives products, the clearance of which is undertaken by the Athens Derivatives Exchange Clearing House SA. Systems Development and Capital Market Support SA provides technical support for the Exchange’s electronic systems and those of the other member companies of the group. While the Thessaloniki Stock Exchange Centre offers access to the Greek capital market for the investing public in northern Greece.

In December 1997 the Greek government, through a private placement with selected investors, sold 1,983,270 shares in ASE (ie 39.77% of the total share capital).

In December 1998 the Greek government issued a second tranche of 600,000 ASE shares, again through private placement, equivalent to 12% of the total share capital.

In July 1999 a further 32,470 ASE shares were transferred from the government to employees of the Exchange, as provided for by 13.5.1999 decision of the Privatisation Commission and decision 2/47663/0025/13.7.99 of the Ministry of National Economy.

The sole shareholder in Athens Stock Exchange SA is Hellenic Exchanges Holding SA.

On 31.5.2000 ASE had 82 member companies.

12.2.1.2 Description of ASE business activities

General

ASE operates under the supervision of the Hellenic Capital Market Commission and the Ministry of National Economy and participates in the organisation and operation of the capital market in Greece. Various agents operate in the capital market. These include issuing companies (users of capital), investors (suppliers of capital) and those who intermediate for the benefit of the smooth operation of the market, i.e. investment services companies and financial institutions. The capital market comprises two main parts: the primary and secondary markets.

The primary market

The primary market is concerned with the issue of securities and their sale (placement) to the investing public. Users of capital (issuing companies/organisations) usually belong to the private sector (and are involved in the placement of their shares) but they may be public bodies (often issuing state bonds but also involved in privatisations by means of issuing shares to the investing public). The listing of securities on the Athens Exchange ensures that they are traded on an organised market. Suppliers of capital (institutional and private investors) recognise that this facility for trading provides for easier sale of their securities and at the same time for more economical means of managing their portfolios. Listing on the ASE also allows the combination of capital flows and thus provides a means by which a large number of small investors can satisfy the requirements of a large user of capital; allows investors to reduce risk by spreading their investments; provides a benchmark for investors, an up-to-date indicator of the value of their investments; while the effectiveness of a central capital market ensures that the costs of trading are kept to a minimum.

Issuing companies may list their securities for trading subject to the listing requirements of the ASE and the requirements of capital market legislation. The placement of shares of a newly-listed company on the market is supervised by one or more underwriters following the issue of a prospectus which has been approved by the Boards of Directors of the Hellenic Capital Market Commission and of the Athens Stock Exchange. The following table shows the number of securities that were newly listed on the ASE between 1995 and 1999.

Listing of securities on ASE 1995-99					
	1995	1996	1997	1998	1999
Shares - new listings [1]					
Main market	10	7	4	7	10
Parallel market	10	12	9	12	22
Total	20	19	13	19	32
Capital raised (GRD billion)	*22.38*	*113.14*	*20.09*	*333.29*	*566.59*
Shares - rights issues [2]					
Capital raised (GRD billion)	*64.44*	*35.77*	*510.09*	*933.185*	*3,834.03*
Bonds *(GRD billion)*					
State	6,643.16	3,721.13	6,937.19	8,608.08	8,608.56
Private	2.42	-	-	-	-
International [3]	105.02	96.70	-	-	-
Total bonds	*6,662.31*	*4,157.25*	*6,937.19*	*8,608.08*	*8,608.56*

1 The calculation of capital raised from new listings is based on those companies whose first day of public offering fell within the relevant financial years.

2. The calculation of capital raised from share capital increases is based on those companies for whom the coupon date fell within the relevant financial years.

3. Relates to bonds issued by the European Investment Bank, the International Monetary Fund, the International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

Source: ASE Statistical Bulletin 1999, p.175.

The secondary market

The secondary market is concerned with the trading of listed securities. ASE's aim is to provide a trading environment in which demand for and supply of securities can be effectively matched. The effectiveness of the trading environment depends on the price determination mechanism used, the extent of transparency of the market for traders and the speed of the clearance and settlement mechanisms. The trading environment in Greece has been an electronic one since 1992; the same is true of most stock markets world-wide.

Securities traded on the Athens exchange are: shares of listed companies and related shareholder rights, state and corporate bonds, convertible bonds, bonds denominated in US dollars, in deutschmarks, in euro and in sterling, and also bonds issued by international organisations such as the European Investment Bank and the International Bank for Reconstruction and Development. Trading in gold sovereigns and in gold generally is occasionally carried out. 1999 saw the start of trading in options, futures and other derivatives products on the Athens Derivatives Exchange (see 12.3.2 Athens Derivatives Exchange).

The secondary market is separate from the Main and the Parallel Markets. The distinction between the two relates to the conditions that have to be satisfied by a company wishing to be listed on a particular market of the Exchange. Once a company is listed, there is no distinction between the different markets as far as information dissemination requirements are concerned. The Main Market covers the tradeable securities of large companies (today totalling four billion drachma). The parallel market caters for smaller companies.

The following table shows the number of companies listed on each of the two markets at each year-end for the years 1995 to 1999.

Growth of number of listed companies 1995-99					
	1995	1996	1997	1998	1999
Main Market	190	198	193	207	224
Parallel Market	25	37	44	51	70
Total	**215**	**235**	**237**	**258**	**294**

Note: The table refers to companies whose shares have not been suspended.

Source: ASE Statistical Bulletin

The New Market of the ASE (Greek acronym NEHA) was established by Law 2733/99 to provide a means of raising capital for small, dynamic and innovative companies which do not satisfy the requirements for listing on the Main or Parallel Markets but which have expansion plans which are significant given their size. Among the special features of NEHA are the requirements for companies seeking a listing to submit a business plan and the operation of market makers, whose function is to improve the liquidity of the market for particular shares.

Means of execution of orders

All transactions involving listed securities are settled on a cash basis and, with certain exceptions provided for by article 15 of Law 3632/28, must be carried out via the stock exchange.

Shares

Orders are executed via the Integrated Automatic Electronic Trading System (Greek acronym OASIS). The duration of the trading session, as prescribed by the ASE Board of Directors, is divided into two periods. During the so-called pre-session period, which is between 10am and 10.30am, ASE members enter orders from investors but do not execute transactions. At the end of this period, on the basis of the already-entered orders, the first transactions of the session are executed and the opening prices of all shares determined. The main session runs between 10.30am and 2.15pm with automatic and continuous handling of transactions. The methods and procedures for trading of shares and the completion of stock exchange transactions through the OASIS system are organised according to the provisions of ASE Board of Directors decision 18/99.

ASE members may enter orders into the OASIS system either from their terminals at the Athens Exchange or from terminals at their own offices. Each member is entitled to a minimum of three terminals. They can also use one terminal in Thessaloniki, if they operate from there, and a further five terminals from their offices (i.e. a total of nine terminals), provided they pay the relevant fees. During 2000 the Order Data Link system is due to start operation; this will allow members to develop applications outside OASIS, to link them with the ASE trading system and to operate an unlimited number of terminals via their own private networks. Access to OASIS is available via the private wide area network operated and owned by ASE.

All orders entered into the system before 10.30am contribute to the determination of a share's opening price. During the phase of initial collection of orders the system accepts limit orders and market price orders but only the first of these contribute to the determination of the opening price. If there are no limit orders, then the opening price is the same as the closing price at the end of the previous day. The criterion which is used for the determination of the opening price is that which maximises the volume of transactions, which in practice means the point of best balance between supply and demand for each traded security at any particular time.

During the course of trading, orders are matched on the basis of price (purchase orders at the highest prices are matched with selling orders at the lowest price) and time.

Capital Market Commission decisions have set a limit on the daily price fluctuation of traded shares at 10%. Shares in newly listed companies are exempted from this restriction for the first three days of trading and also shares which are being traded after having been suspended. This price fluctuation limit may be varied, to take account of prevailing conditions, by decision of the Capital Market Commission (article 17, Law 2324) following a recommendation from the ASE Board of Directors.

Block trades may be used to execute transactions of value greater than 200 million drachmas. These transactions are cleared over a period of two days and can only be entered into the OASIS system if the conditions laid down in chapter (method) 3 of decision 18/99 of the ASE Board of Directors are satisfied. Compliance with these conditions is monitored by ASE supervisory officials.

OASIS is connected with information vendors allowing real-time information dissemination to investors.

The closing price is determined on the basis of the volume-weighted average price of trades executed during the final 10 minutes of the trading session.

Bonds

In order to support the secondary bond market, ASE developed the Electronic Bond Trading System (Greek acronym SIDO), in co-operation with the Madrid Stock Exchange, and in April 1998, with the help of SIDO, the Fixed Income Securities Market (AASE) was created.

Both materialised and dematerialised bonds can be traded on the AASE. Most materialised bonds are traded, the following bond categories in particular:

Greek state bonds denominated in Greek drachma

Corporate bonds

Bonds issued by international organisations

Government bonds

The above bond categories are no longer traded by the open outcry but only through SIDO.

Bonds listed on AASE are traded in percentages of their nominal value without accrued interest. The system supports the following trading methods: selective matching of orders (hit and take); orders at pre-agreed prices; and orders with netting operations.

A daily price fluctuation limit of plus/minus 4% applies to all trading of bonds. The closing price is formulated on the basis of the weighted average price of trades executed during the last 30 minutes of the trading session.

All other bond categories listed on ASE are traded by the open outcry method. When two parties agree a deal, the details of the transaction are reported in the ASE daily bulletin. In this case, bonds are traded in drachmas without accrued interest. Bond trading on AASE or by open outcry is conducted daily from 10am to 2pm.

Given the small volume of bond transactions executed on ASE and the high capitalisation of the bond market (GRD 26 trillion at the end of December 1999), the company believes that there is room for further development of ASE activity in this area. The company estimates that the secondary bond market could be attractive to the investing public since it will give them the opportunity to liquidate their positions easily and quickly without for the maturity or having to accept costly discounting. The liquidity problem in this market is due to the lack of a central clearing and settlements system for bond transactions. The lack of this central system makes trading of dematerialised government bonds difficult because ASE members do not have full access to the clearing system of the Bank of Greece. ASE is discussing a solution to this problem with other agents of the capital market.

The following table shows the value of transactions on ASE of fixed income securities during 1995-1999. The figures for 1998 show increases in the total and average daily value of transactions during the operation of SIDO on AASE (AASE began operations on 23/04/1998). The big decrease in the volume of transactions in 1999 was due to the start of operations of the Bank of Greece’s electronic trading system for fixed income securities.

Average daily value of ASE transactions in fixed income securities					
(GRD million)	1995	1996	1997	1998	1999
Trading by open outcry					
Total value of transactions	2.28	3.15	18.46	57.71	3.70
Average daily value (GRD million)	9.11	12.61	74.42	230.80	14.80
Trading on AASE					
Total value of transactions	–	–	–	70.74	0.73
Average daily value (GRD million)	–	–	–	282.96	2.93

Source: ASE statistical bulletin

In the following table we can see that the volume of transactions in shares is far greater than the volume in bonds. During 1999 shares made up 99.99% out of the total volume of trading on ASE.

Volume of bond transactions on ASE (GRD billion)					
	1995	1996	1997	1998	1999
Shares					
Main market	1,257.68	1,817.57	5,540.3	13,322.54	52,420.41
Parallel market	150.79	172.44	261.73	761.05	6,534.11
Total	**1,408.47**	**1,990.01**	**5,802.03**	**14,083.59**	**58,954.52**
Change	*11.6%*	*41.3%*	*191.2%*	*142.7%*	*318.6%*
Average daily volume of transactions (GRD million)	5,633.88	7,960.03	23,208.12	56,334.36	235,818.1
Bonds	**2.28**	**3.16**	**18.46**	**128.44**	**4.43**
Change	*-43.3%*	*38.4%*	*484.2%*	*595.8%*	*-96.6%*
Average daily volume of transactions (GRD million)	9.11	12.61	74.42	513.76	17.72

Source: ASE statistical bulletin

The following table represents the ASE general index closing price and the total capitalisation at the end of each year for the period 1995-1999.

ASE general index closing price and capitalisation					
	1995	1996	1997	1998	1999
General index (at 31/12)	914.15	933.48	1,479.63	2,737.55	5,535.09
Change	5.21%	2.11%	58.51%	85.02%	102.19%
Capitalisation (GRD billion)					
Shares					
Main market	3,874.86	5,752.95	9,483.22	21,861.49	60,616.20
Parallel market	153.66	191.86	328.09	977.22	6,694.60
Total shares	**4,028.52**	**5,944.82**	**9,811.31**	**22,838.70**	**67,310.80**
Bonds					
Government	16,384.41	17,122.63	13,341.03	22,538.66	25,306.00
Corporate	139.10	156.15	136.21	71.65	0.10
International	108.72	245.50	257.25	190.47	884.00
Total bonds	**17,082.23**	**17,524.29**	**13,734.49**	**22,800.78**	**26,190.1**
Total	**21,110.75**	**23,469.11**	**23,545.80**	**45,639.48**	**93,500.90**

Source: ASE statistical bulletin

ASE's general index closed at 3,968.83 points on 6.7.00.

In co-operation with FTSE International (a company jointly owned by the *Financial Times* and the London Stock Exchange), ASE has introduced two indices, the FTSE/ASE 20 and the FTSE/ASE Mid 40. The FTSE/ASE 20 index was officially launched on September 24, 1997, based on 20 of the largest and most liquid stocks on ASE. The FTSE/ASE Mid 40 index was officially launched on December 8, 1999, based on shares in 40 medium-sized companies with high market liquidity (the next 40 shares in terms of capitalisation and liquidity after those covered by the FTSE/ASE 20 index). The two indices have:

helped international investors seeking highly-liquid, high- and medium-capitalisation shares,

contributed to the globalisation of the Greek capital market, and

been used as underlying assets on the derivatives market (futures on the FTSE/ASE 20 index and on the FTSE/ASE Mid 40 index).

ASE member commissions are negotiated between the trading parties. Investors must also pay trading fees which amount to 0.06% of the value of their trades. Moreover, investors, when they sell shares, must pay taxes amounting to 0.6% of the transaction value.

Members are not allowed to execute orders without permission of their clients unless under a portfolio management agreement. In either case, members should have the required funds or bank guarantee notes to cover the daily value of their transactions.

The transparency of transactions is enhanced by the existence of an identification code number for each client. Each member-company is obliged to use a different identification code number for each client. This code must be the same for all transactions executed in the name of the relevant client. Any change in an identification code number must be immediately reported to ASE.

If a member is unable to fulfil its liabilities relating to services provided, and is covered by the Capital Market Guarantee Fund, the Fund takes on responsibility for compensating investors and other market participants that experience losses due to the members default. The Capital Market Guarantee Fund compensates members that suffer losses for the full extent of their loss, while investors are compensated up to the amount of 30,000 euro. In this way, the stability and credibility of capital market operations are protected. New members of ASE, in order to start operations, have to pay an initial membership fee to the Guarantee Fund. Under Law 2533/98 the Fund was re-organised so as to better protect investors and to comply with EU directive 97/9.

In 1997, the Supplementary Clearing Fund ("The Supplementary Fund") was established under the management of ASE's board of directors. ASE contributed an amount equal to 0.02% of the total value of ASE trading in the years 1995 and 1996. ASE members also contributed a corresponding initial amount equal to 0.01% of the value of their trading over the same period. Since 1997 ASE members contribute to the fund an amount equal to 0.01% of their daily trades. Moreover, since 1.11.98 the Fund receives 0.01% of ASE members' transaction fees relating to all trading in bearer shares and depository certificates. The purpose of the Supplementary Fund is to reinforce safety arrangements covering the clearance of trading. If a member, for any reason, fails promptly to fulfil its obligations to the clearing house, the Supplementary Fund is able to act immediately and cover the outstanding account, thus avoiding problems being created in the capital market. Such action can be taken on the decision of ASE's board of directors when the outstanding transaction value is is greater than 5% of the average daily value of transactions over the previous six months. Members who fail to settle their trades must repay the sum paid out by the Fund. If a member's default is permanent the loss is covered by the ASE Guarantee Fund.

ASE is responsible for the smooth flow of information to all interested parties. This includes information about volume of transactions, bid and offer prices, etc. Moreover, ASE supervises the release, by issuing companies, simultaneously to all investors and the market, of all price-sensitive information related to their shares. One of the main priorities of ASE is to assure market transparency.

ASE turnover for the period 17.7.95 – 31.12.99 is shown in the following table.

ASE turnover (GRD million)					
Period	**17/7/1995-31/12/1996**	**1997**	**1998**	**1999**	**%1999**
Profits form securities companies (member companies)	1,586	2,317	6,436	25.611	78%
Profits from listed companies	1,903	1,470	3,316	6,555	20%
Profits from bonds	96	78	98	45	0%
Profits from terminals	123	97	217	351	1%
Other profits from services provided	40	22	27	225	1%
Total	**3,747**	**3,984**	**10,094**	**32,786**	**100%**

12.2.1.3 The Integrated Automatic Electronic Trading System

The Automated Exchange Trading System (Greek acronym "ASIS"), launched at the end of 1992, changed completely ASE's structure and operations. For the first time, immediate and accurate information was provided to all interested parties, ensuring market transparency and increased investor confidence in the capital market.

In November 1999, ASIS was replaced by a new, Integrated Automatic Electronic Trading System (Greek acronym "OASIS"). OASIS is based in a highly developed technology and at the same time is a modern system with an open architecture. This means that there is flexibility and the ability to upgrade the current system according to the future needs of the capital market. Moreover, the new system has the ability gradually to increase its computational capability and thus increase of its performance. Finally, the new system provides high operational security and increased security for the data it retrieves, uses and stores.

Members connect to the system through terminals either from the trading floor, from the Thessaloniki Stock Exchange Centre trading floor, or from their offices through the Exchange's transactions network (Greek acronym "DHS"). OASIS terminals are also linked to the Athens Derivatives Exchange (ADEX) for the trading and clearing of transactions on derivatives.

The OASIS project cost was GRD 2.7 million and was 50% subsidised by the EU Kleisthenis programme.

The OASIS technology comprises of two parallel fault-tolerant systems (central and reserve) and is supported by special facilities for air-conditioning and uninterrupted power supply. Other parts of the system are the trading board that shows share prices in real time and the "ticker" that shows trading prices and volumes in the form of a band. At peak periods the system is able to execute up to 300 orders/second (200,000 orders/hour) and 90 orders/second (140,000 orders/ hour) during the pre-session period.

OASIS uses systems that already operate in foreign capital markets. For example, the share trading sub-system is based on the AOM Trading System of the American company DST Catayst (subsidiary of the Chicago Stock Exchange) and the sub-system handling derivatives trading and clearance is based on the OM Trading and Clearing System of the Swedish company OM (subsidiary of the OM Derivatives Exchange of Stockholm).

The software has undergone a number of changes and additions so that it can respond to the needs of the Greek capital market and now includes the latest developments in the field of electronic trading.

The share trading sub-system is able to support:

Multiple markets (markets A, C etc.)

Multiple trading methods (netting operations method, hit and take method, pre-agreed price method, sell out method)

Multiple types of orders (limit orders, market orders, stop orders, fill or kill orders, immediate or cancel orders, at-the-open orders, etc.)

Multiple currencies

Daily price fluctuation limits, members' position limits and calculation algorithms of closing prices

An on-line system of trading supervision.

The sub-system for derivatives trading and clearance is able to support:

The following derivative products: futures and option contracts on indices, futures and option contracts on shares and futures on bonds, interest rates and currencies;

Multiple methods of trading (netting operations method, hit and take method, pre-agreed price method, sell out method);

Multiple types of orders (limit orders, market orders, stop orders, fill or kill orders, immediate or cancel orders, at-the-open orders, etc.)

Multiple currencies;

Market makers;

Span-Like margin system;

Calculation algorithms for closing prices

An on-line system of trading supervision.

In order to automate the trading cycle, OASIS communicates electronically with other information systems of the capital market and with external market participants, including:

Intra-communication with the of shares and derivatives trading sub-systems

Members' back-office systems

The Dematerialised Securities System (SAT)

Settlement banks

Margin banks

Statistical and information systems (SSP)

Information providers.

Immediate plans for extension of OASIS operations include:

Block trades

Support for market makers on the New Market (NEHA)

An electronic system for connecting member terminals with central share and derivatives trading terminals

Introduction of new derivative products.

In the near future, the plans for OASIS include:

Connection with the trading systems of foreign markets

Architectural interventions for further improving system performance.

The certified accountant that carried out ASE's recent unscheduled audit, noted in his report in respect of ASE's central financial computerised system:

"It is important that the company maintains a security policy for its computer systems. This policy should include the following actions:

Passwords should change regularly (i.e. each month) and only users should know them;

The system should automatically block a password when a user fails three times to enter it correctly password.

Users' actions in the system should be recorded in audit trails which are monitored for suspicious activity on a daily basis.

Data currently transferred from ASYK on floppy disks could be more securely and easily transferred through the access that ASE has to ASYK's intranet system. In addition, these files should be stored in backups. Finally, it is suggested that these backup tapes should transferred daily outside the building and stored in a fire-secure place (such as a bank safe deposit box)".

ASE is committed to implementing the suggested measures before the date of the listing of the issuing company's shares on the ASE's main market.

12.2.1.4 Third party supplier agreements

Details of the most important agreements with third party suppliers are presented in the following table

Agreement with	Period of agreement	Charges (GRD)	Service being supplied
Daily press			
P. Athanasiadis & Sons S.A.	1.3.1999 – 29.2.2000	No charge	Publication of significant changes in share capital of ASE-listed companies in *Naftemboriki* newspaper.
	1.5.1998 – 30.4.2001	1,500,000 per issue, supply and distribution.	Publication, supply and distribution of the ASE's Monthly Statistical Bulletin in the *Naftemboriki* newspaper.
Imerisia S.A.	30.3.1998 – 30.3.2000[1]	150,000 per daily issue[2]	Publication, supply and distribution of the ASE's Daily Official List in the *Imerisia* newspaper.
Kathimerini S.A.	1.3.1999 – 29.2.2000[1]	4,300 less 10% per hundred columns	Publication of significant changes in share capital of ASE-listed companies in *Kathimerini* newspaper.
News agencies			
Athens News Agency (ANA)	1.4.1999 – 31.3.2001 renewable for a further two years	5,665,000 annually[2]	Dissemination of all ASE press releases to all ANA subscribers. Supply to ASE of all ANA news releases (political, economic, social affairs, etc) on a daily basis.
Reuters Hellas	Open-ended agreement	2,610 DM per month[2]	Installation of equipment and supply of information and support.
	Open-ended agreement	4,810 DM per month[2]	Installation of equipment and supply of information and support.
	Open-ended agreement	2,600 DM annually[2]	Installation of equipment and supply of information and support.
Agreements covering electronic installations and air conditioning equipment.			
Hewlett-Packard Hellas	01.4.2000-31.03.2001	4,402,068[2]	Maintenance of hardware/software
Advanced Financial Technologies E.P.E.	16.10.1999-15.10.2000	21,732,000[2]	Maintenance of 18 electronic Trans-Lux Datawall trading boards, one electronic tape and one electronic board.
Micromedia S.A.	6years	No charge	Maintenance of photocopying equipment
Klimart E.P.E.	01.1.1998-31.12.2000	1,006,000 annually[2]	Maintenance of a/c installations
PC Systems A.E.	01.11.1999-31.10.2000	14,900,000[2]	Technical support and maintenance of word processing equipment
ALFA Computer system support equipment	01.1.2000-31.12.2000	3,755,000 annually[2]	Maintenance of a/c and continuous power supply equipment
Madrid Stock Exchange	24.4.1999-24.4.2000[1]	500 USD per session	Maintenance of the SIDO system
SyNET	24.4.1997-23.4.2002	616,271 monthly[2]	Maintenance of equipment and computing systems for the SIDO, SSP and supervisory systems.
Agreements with information vendors			
Hellas Net, Bloomberg, Bridge (Telerate), Profile, Reuters, ALPHA Bank, Origin, K-TEL, Global Soft, Newsphone, In Target, Mediatel A.G., Financial Net, Natfeed, Datastream, "GAM" EPE, Euroamerican and the Athens Chamber of Commerce and Industry.	until 30.6.2000[1]	*Vendors (domestic)* 7,920,000 annually plus 4,000 per terminal. *Vendors (foreign)* 11,203,200 annually plus 4,000 per terminal.	Supply of price information relating to shares of ASE-listed companies and trading in those shares.
Other agreement			
Computer Technology Institute	1.4.1998 – 30.6.2000 (final signing off still awaited)	307,000,000 – 373,000,000 for the period of the agreement.	Role of consultant for management and maintenance and support for the further development of ASE's infromation systems.
European Dynamics S.A.	7.2.2000 - 7.6.2000 (final signing off still awaited)	286,683,110	Supply, installation, maintenance and support for the ASE's exchange transactions network (DHS 7.1.1999)
Data Information Systems S.A. (DIS)	open-ended agreement (from 28.11.1997)	966,400 annually[2]	Maintenance and telephne support for COMPAK/400 software,
Oracle Hellas A,E,E,	1,6,1999 – 31,5,2000[1]	7.200.000[2]	Supply of Oracle Hellas programs and support services licensed to the ASE,
FORTHnet S,A,	5,3,2000 – 4,3,2003	21.420.000 annually[2]	Access to and use of the FORTHnet network,
O.T.E.	8.12.1997 – 7.12.2002	37,593,000 one-off fee plus 237.834,000 annually plus operational and maintenance charges[2]	– Development of an exchange transactions network – Supply of telecommunications products and services
National bank of Greece S.A.	Annual (renewable)	60,000 annually per deposit box	Rental of 18 safe deposit boxes

1. *These agreements are effectively continuing since negotiations have begun on their renewal, although they have formally expired.*
2. *Excluding VAT.*

12.2.1.5 Fixed assets, guarantees and insurance policies

Real estate and buildings

The Athens Stock Exchange owns the following properties

1. Plot of land of area 941.7 squ. m. on Sophokleous and Pesmazoglou Streets, valued at GRD 872 million (Valuation Committee assessment according to article 9, Law 2190/20).

2. Building of total area 3,650.8 squ. m. on Sophokleous and Pesmazoglou Streets, valued at GRD 218 million, (Valuation Committee assessment number 9, Law 2190/20). There is a legal decision pending relating to the ownership of this building (see chapter 17, Pending legal cases).

It should be noted that the above real estate holdings are free of mortgages and other claims.

The ASE rents the following premises:

Address	Use	Freeholder/Landlord	Original monthly rent.	Length of lease	Area (squ. m.)
Sophokleous 10, Athens	Central offices	National Bank of Greece	6,019,149	01.09.1995 – 31.08.2007	1,764
Aiolou 73, Athens 3rd floor	Management and economic affairs divisions	V. Altsitsoglou, P. Altsitsoglou.	950,000	01.02.1999 – 31.01.2008	311
Aiolou 73, Athens 3rd floor	Stock exchange trading division.	V. Altsitsoglou	900,000	01.02.1999 – 31.01.2008	311
Aiolou 73, Athens 3rd floor	Stock exchange trading division.	V. Altsitsoglou, P. Altsitsoglou, Emilia M Efthymiadi.	600,000	01.02.1999 – 31.01.2008	229
Areitidou 9, Athens 3rd floor	Offices	A-Z Papadaki	260,000	08.12.1998 - 07.12.2000	101.93
Kleisthenous 3, Athens 2nd floor	Archive	F Kountouris	163,730	16.07.1998 – 15.07.2004	128.6
Kleisthenous 3, Athens 1st and 3rd floors	Archive	L. Giotis	327,460	16.07.1998 – 15.07.2004	257.2
Sophokleous 4, Athens	Storage	V. Platis	250,000	05.03.1999 – 05.03.2008	172
Orfeos 102, Aegaleo	Archive	M. & I. Papazoglou Propeties S.A.	1,615,000	01.11.1999 – 31.10.2008	1,900
Dimokratias 12, Ano Pefki	Parking area	V. Papadopoulos	300,000 (annually)	07.06.1999 – 06.06.2000	

The ASE lets the following properties which it owns:

Address of premises	**Use**	**Tenant**	**Original monthly rent (GRD)**	**Period of lease**	**Area (squ. m.)**
Pesmazoglou 1, Athens 2nd floor	Offices	CSD S.A.	480,000	15.02.2000 – 14.09.2002	135.5
Pesmazoglou 1, Athens 1st, 4th & 5th floors	Offices	CSD S.A.	1,039,030 (1st floor) 992,334 (4th floor) 420,502 (5th floor)	01.07.1996 - 14.09.2002 15.09.1996-14.09.2002 15.09.1996-14.09.2002	292.7 245.0 130.2
Pesmazoglou 1, Athens Ground floor, mezzanine	Offices	CSD S.A.	444,300 (ground floor) 266,000 (mezzanine)	1.07.1997 – 30.06.2000 (renewable)	148.1 (ground floor) 133.3 (mezz.)
Pesmazoglou 1, Athens Basement	Storage	CSD S.A.	197,654	15.04.1995-14.04.2000 (renewable)	112.0
Pesmazoglou 1, Athens Ground floor	Shop	G. Genovezis	60,340	(long-standing, open-ended lease)	15.4
Pesmazoglou 1, Athens Ground floor	Shop	S. Zervopoulos	46,931	(long-standing, open-ended lease)	11.8
Pesmazoglou 1, Athens 3rd floor	Offices	G. Galanis	45,591	(long-standing, open-ended lease)	24.6
Pesmazoglou 1, Athens 3rd floor	Offices	V. Kontovazanitis	46,931	(long-standing, open-ended lease)	25.3
Pesmazoglou 1, Athens 2nd floor	Offices	N. Xanthopoulos	42,909	(long-standing, open-ended lease)	23.5

IT infrastructure

Over the past six years (1995-2000) ASE has been planning and implementing a large-scale programme of investment in its information technology and network/telecommunications infrastructure. The “ASE Information Technology Project” has been co-funded by the European union Kleisthenis programme of the second Community Support Framework. The central aims of the project are:

to fully automate of ASE’s internal operations, including the services it provides to members and the investing public.

to fully accommodate the strong increase in the level of transactions carried out on the ASE over the past five years.

to establish an open architecture system and technological foundation compatible with those of other developed European and international stock markets and thus put the Athens exchange into a position to compete in the international securities marketplace.

The “ASE Information Technology Project” was implemented in parallel with other infrastructure developments of the Greek capital market such as the introduction of the paperless trading system (Greek acronym “SAT”) and the launching of the Greek market for derivatives products through the Athens Derivatives Exchange (ADEX) and the Athens Derivatives Exchange Clearing House (ADECH).

The Integrated Automatic Electronic Trading System ("OASIS")

OASIS is the central trading system of ASE and ADEX which came into operation in 1999. OASIS is the mechanism whereby share and derivative negotiations are effected and by which executed trades are cleared (see also 12.2.1.3, The electronic trading system). OASIS comprises the following components:

	Description	Type	Number
Shares sub-system			
1	Central server, main installation	AlphaServer 1200 running OVMS	1
2	Communication servers, main installation	AlpaServer 800 running UNIX	2
3	Storage Box, main installation	SW300	1
4	Central server, secondary installation	AlphaServer 1200 running OVMS	1
5	Communication servers, secondary inst'ns	AlpaServer 800 running UNIX	1
6	Storage Box, secondary installation	SW300	1
7	Server application	OASIS ETS	2
8	Client application	OASIS ORAMA	450
Derivatives sub-system			
1	Central server - trading, main installation	AlphaServer 1200 running OVMS	1
2	Central server - clearance, main installation	AlphaServer 1200 running OVMS	1
3	Communication servers, main installation	AlpaServer 800 running UNIX	2
4	Storage Box, main installation	RA7000	1
5	Central server - trading, secondary installation	AlphaServer 1200 running OVMS	1
6	Central server - clearance, secondary installation	AlphaServer 1200 running OVMS	1
7	Communication servers, secondary installation	AlpaServer 800 running UNIX	1
8	Storage Box, secondary installation	RA7000	1
9	Server application	OASIS DTS / DCSS	2
10	Client application - Trading	OASIS DTW	105
11	Client application - Clearing	OASIS DCW	105
OASIS development and testing sub-system			
1	Shares sub-system	Compaq ES40 6/5000	3
2	Shares sub-system	AlphaServer 1200	1
3	Shares sub-system	AlphaServer 800	1
4	Derivatives Shadow System	AlphaServer 1200	4
5	Derivatives Shadow System	AlphaSErver 800	1
6	Storage Box	RA7000	1

The stock exchange trading network (Greek acronym "DHS")

This is a private wide area network which provides comprehensive interconnection between all the ASE group companies (ASE, CSD, TSEC, ADEX/ADECH and ASYK) and ASE members and brokerage companies. At its present stage of development, besides these intra-group connections, the system provides the possibility of remote access from approximately 150 remote terminals (in brokerage offices, banks, etc) to all the exchanges, central trading and clearance services (OASIS, SAT and SIDO). The hub of the network uses Switched Gigabit Ethernet technology while the distribution system uses Switched Ethernet 10/100Mbs technology. The DHS trading network has the following components:

	Description of equipment	Type	Number of units
1	Network supply/distribution	Cisco 7513 router	8
2	Network supply/distribution	Cisco 7206 router	8
3	Members' DHS equipment	Cisco 2621 router	123
4	Group companies' DHS equipment	Cisco 3640 router	2
5	Core network	Cisco Catalyst 5509 transporter	2
6	Distribution network	Cisco Catalyst 4003 transporter	16
7	Holding company's DHS equipment	Cisco Catalyst 2916 transporter	2
8	Members' DHS equipment	Cisco Catalyst 1912 transporter	161
9	Holding company's DHS equipment	Cisco Catalyst 1924 transporter	3
10	Modems	Telndus Crocus HS/NMS Rem/T BU	244
11	Modems	Telndus Crocus HDSL TT BU	16
12	Modems	Telindus Card Crocus HS/NMS TWIN	124
13	Modems	Telndus Crocus HDSL 2P TWIN	8
14	Interfaces	X.21 interface Crocus HS NMS	524

Bonds Electronic Trading System

Electronic transactions completed on ASE's Fixed Income Securities Market (the secondary market for trading in bonds) are executed through the SIDO system, an application known as the Bonds System of the Madrid Stock Exchange adapted to the Greek situation. SIDO comprises the following basic components:

	Description	Type	Quantity
1	Main system equipment	AlphaServer 4000	1
2	Backup system equipment	AlphaServer 4000	1
3	Accounting system	OVMS	1
4	Accounting software	ASE – SAFIS	1
5	Database	Oracle RDB	1

Statistical and information system ("SSP")

The system consists of two parts: (1) a subsystem for the gathering and organisation of statistical information relating to price changes, securities trading and trends in stock and loan prices, and (2) an information subsystem which delivers a real-time picture of stock exchange markets to local and international "information vendors" and the investing public. The basic components of the SSP system are:

	Description	Type	Quantity
1	System equipment	AlphaServer 4000	1
2	Accounting system	Digital Unix	1
3	Accounting software	SSP	1
4	Database	Oracle Database Server	1

Supervisory system

ASE's market supervision division, which monitors exchange transactions, uses a system comprising the following basic components:

	Description	Type	Quantity
1	System equipment	AlphaServer 4000	The same no. as SSP
2	Accounting system	Digital Unix	The same no. as SSP
3	Accounting software	SEP	1
4	Database	Oracle Database Server	The same no. as SSP
5	Development Tools	Oracle Developer 2000	1

Other installations

	Description	Type	Quantity
1	Accounting system equipment	IBM AS/400	1
2	Accounting system software	COMPAQ 400/DIS	1
3	Salaries and personnel data	IFS	1
4	Workstations of ASE staff (MS Windows NT, MS Office)	Compaq EPK500/10	125
5	Printers	Hewlett Packard	35
6	ASE main trading room price board	Translux Dadawall	18
7	ASE main trading room electronic ticker	Translux	1
8	Index indicator board, main trading room	Translux Picturewall	1
9	ASIS servers	Stratus Continuum 628	2
10	ASIS servers	Stratus XA/R35	1
11	ASIS solid state disks	Stratus RS256-DRA	8
12	UPS	Liebert UPS 7400	2
13	UPS	Lebert UPS 30 KVA	1
14	UPS	Emerson UPS 70x/60/M55	1
15	Telephone exchanges	Panasonic 8/32 lines.	2
16	Telephone exchanges	Philips Sopho S1000.	1
17	Telephone exchanges	Ericsson BusinessPhone 24	1
18	Telephone exchanges	Alcatel 2506/M1	1
19	Telephone exchanges	Alcatel 4200	1

Book value of fixed assets and establishment costs

The following table presents the growth in book value of fixed assets and of establishment expenses during the period under review 1996-1999

Change in book value of fixed assets 17/7/1995 – 31/12/1999

(GRD million)

Type of asset	Initial cost 16/7/1995	Adjustments/ (reductions) 17/7/95 - 31/12/99(1)	Total establishment cost 31/12/1999	Depreciation 16/7/1995	Depreciation 17/7/95– 31/12/99(1)	Total depreciated amount 31/12/1999	Depreciated value 31/12/1999
Real estate	872	0	872	0	0	0	872
Buildings	218	304	522	0	93	93	429
Machinery and equipment	0	28	28	0	5	5	24
Vehicles	131	3,895	4,026	0	1,407	1,407	2,619
Furnishings and fittings	0	572	572	0	0	0	572
Total	1,221	4,800	6,020	0	1,504	1,504	4,516

(1) As provided for by Law 2065/1992, no adjustments were made to the value of fixed assets during the company's first financial year (17/7/95-31/12/96) because the book value of the assets was already higher than the official objective valuations system (para. 3 article. 21 Law. 2065/1992).

Change in book value of establishment expenses 17/7/1995 – 31/12/1999

(GRD million)

Type of asset	Initial cost 16/7/1995	Adjustments/ (reductions) 17/7/96 - 31/12/99	Total establishment cost **31/12/1999**	Depreciation **16/7/1995**	Depreciation **17/7/95 - 31/12/99**	Total depreciated amount **31/12/1999**	Depreciated value **31/12/1999**
Reoroganisation studies	0	863	863	0	115	115	748
Accounting software	77	1,606	1,683	0	951	951	732
Upgrading of computing rooms	0	42	42	0	15	15	27
Upgrading of trading areas	33	3	36	0	31	31	5
Various installations	3	0	3	0	3	3	0
Extension of the ASE trading network with banks	0	9	9	0	2	2	7
Total	113	2,522	2,636	0	1,117	1,117	1,519

There are no debts or other liabilities associated with the fixed assets of ASE S.A., within the meaning of relevant audit legislation.

Insurance contracts

Cover for ASIS installations

a) ASE has concluded an insurance agreement with Sun Alliance insurance company (no. 118/1104/S-502841-0), relating to failure of and damage to the following equipment: two STRATUS P721 MODEL 220.8MB computers, two STRATUS P510 MODEL 30.18MB 538 IPP computers, one GENICOM 440 XT printer, four TELINDUS DAISY modems, two LIEBERT 102.000 BTU air conditioners, one UPS EMERSON. 60 KVA. 30 power system, two X UPC 730 Model 220 to Model 230 upgrades and related equipment, Stratus and Stratus Continuum 620 equipment, network equipment, Inquiry Servers, Oracle equipment. The total insured capital value of this equipment is GRD 1.110.136.475 and insurance premiums between 01.09.1999 and 01.09.2000 totalled GRD 3,466,791.

b) Following policy 118X/25727/1104S502841-1, a further agreement (no. 118/1104/S 502841-0) increased the total insured amount by GRD 192,220,149, bringing the total insured value to GRD 1,302,356,624 and also raised premiums and the excess payable by GRD 276,739 for the period 01.09.1999 to 01.09.2000.

Premises at Pesmazoglou 1

An insurance agreement concluded with Pheonix General Assurance Company (no. 2941484), relating to the building at Pesmazoglou 1, provides cover for fire and the consequences of fire, and the conseuqences of strikes, terrorist action and other deliberate damage, explosion and impacts involving aircraft and other vehicles. The insured value of the property is GRD 2,100,000,000 and insurance premiums between 21.11.1999 and 21.11.2000 totalled GRD 840,204.

Life policies

An insurance agreement concluded with the life insurance division of the Evropaiki Pisti Insurance Company (no. 20795638) covers the life of the chairman Mr S. Kouniakis for a five-year period from 15.09.1997 to 15.09.2002 involving total premiums for the period of GRD 797,868.

Vehicle insurance

ASE has concluded the following insurance policies with Ethniki General Insurance:

Policy number 2826683/1 covering HONDA private motorcycle no. ZMH 656, for the period 11.04.2000 to 11.04.2001, and premiums totalling GRD 165.528.

Policy number 2626515/7 covering DAIMLER private motor vehicle no YEM 6994 for the period 20.04.2000 to 20.04.2001 and premiums totalling GRD 1.213.029.

Policy number 2365362/9 covering BMW private motor vehicle no YEM 9627 for the period 17.02.2000 to 17.02.2001 and premiums totalling 407.219.

12.2.1.6 Tackling the Year 2000 problem

Measures taken by ASE to pre-empt possible consequences relating to the «Year 2000 problem» (Y2K) began in July 1998 and were complete on 2/1/2000 with the testing of systems of all members of the group. In the course of the Y2K programme, checks were carried out on hardware, system and application software and on network equipment.

Among other things the programme involved the development of procedures to ensure that all newly purchase equipment was Y2K compliant.

12.2.1.7 Growth in capitalisation

The share capital of ASE was set by article 5 of its charter as follows:

1. The original share capital was set at GRD 5,000,000,000, divided between 500,000 registered shares, each of GRD 10,000 face value (Gov. Gazette 1563/19.4.1996).

2. The general assembly decision of 17/11/1997 (Giv. Gazette 8318/28.11.1997) reduced the nominal value of each share to GRD 1,000 and increased the number of shares issued to 5,000,000. Thus the total share capitalisation was 5,000,000,000, divided between 5,000,000 registered shares each of value GRD 1,000.

12.2. 1.8 Shareholders’ equity and nominal share value

The following table shows the composition of ASE shareholders’ equity at 31/12/1999 and derives the related value per share.

Amount in drachma	**31/12/1999**
Number of shares	5,000,000
Nominal value	1,000
Share capital	5,000,000,000
Reserves associated with paid-up capital	6,836,270,516
Other reserves	9,181,326,920
Various adjustments, investments	886,653,149
Profits for appropriation	11,364,712,421
Total shareholders’ equity	**33,268,963,006**
Book value of share	*6,654*

Following the report of the accountants who carried out a special audit on the company, total shareholders’ equity at 31/12/99 were re-adjusted as follows:

Re-adjusted net position of the company	
	GRD million
Shareholders’ equity in published accounts (31.12.99)	33,268,963,006
Less: provision for outcome of the issue of Pesmazoglou 1	410,203,000
Less: provision for doubtful claims	109,195,000
Less: provision for exhaustion of the ASIS contribution	1,336,648,000
Less: provision for likely negative outcome of unsettled accounts	2,232,380,898
Total adjustments not accounted for	4,088,426,898
Less: Taxe adjustments following the tax audit relating to 1999	80,000,000
Re-adjusted shareholders’ equity (31.12.99)	29,100,536,108
Adjusted book value of share at 31.12.99	*5,820*

12.2.1.9 Shareholders

The only current shareholder in ASE is HELEX.

Changes in the composition of ASE’s share capital greater than 3% during the past three years are referred to in chapter 1 “Profile of the issuing company: Hellenic Exchanges Holding SA.”

12.2.1.10 Senior management and management of operations

ASE’s board of directors includes nine members appointed for a three-year period by the Minister of National Economy. According to the company’s charter, the board comprises the following members:

three members appointed by the Minister of National Economy

two members elected by ASE Members

one member appointed by the Bank of Greece

one member appointed by the Athens Chamber of Commerce

one member appointed by the Association of Institutional Investors

one member appointed by the company’s employees

The chairman of the board is one of the three members appointed by the Minister of National Economy. The board elects one vice-chairman. The board of directors is responsible for the overall management of the company and the management of its funds, and is the public and legal representative of the company, responsible for the day-to-day operations of the stock exchange, the supervision of ASE Members and exercising all authority provided for by the legislation.

The board was created by Ministry of National Economy decision 46043/B.2340/24.1.2000 and was convened by the board decision of 3.1.2000 (Gov. Gazette 922/9.2.2000, S.A./E.P.E edition)

The present composition of the board is as follows:

Name	Position	Profession	
Spyridon K. Kouniadis	Chairman	Economist	Appointed by the Ministry
Theodore. N. Pantalakis	Vice-chairman	Banker	Appointed by the Ministry
Panagiotis D. Alexakis	Member	University professor	Appointed by the Ministry
Angeliki I. Petroulaki	Member	Stock exchange representative	Elected by Members
Athanassios S. Chalkiadis	Member	Stock exchange representative	Elected by Members
Ioann. A. Vourakis	Member	Economist	Employees' representative
Evthymios K. Gatzonas	Member	Economist	Bank of Greece representative
Dimitrios Ch. Ritsos	Member	Economist	Assistant of Institutional Investors representative
Ilias Ch. Stassinopoulos	Member	Industrialist	Chamber of Commerce representative

The above board's three-year term of office expires on 31.12.2002

Following the board's decision of 3.1.2000, and as provided for in articles 12,13 and 14 the company's charter, Spyridon Kouniakis was appointed chairman with full authority, except in so far as the company charter requires decisions to be approved by a shareholders' general assembly.

When the chairman is unable to undertake his duties, he is substituted by the vice-chairman, Theodore Pantelakis, who in turn may be substituted by the board member Ilias Stassinopoulos.

Total remuneration of board members amounted to GRD 190,701,943 in 1999 (the minimum salary was GRD 7,287,674, the highest GRD 127,542,235) and in 2000 directors' remuneration is expected to total GRD 224,036,965 (lowest salary GRD 8,561,572, highest GRD 145,770,000). The chairmanship is a full-time post; an appointment made by the Minister of National Economy, who also determines the level of directors' remuneration. ASE directors' salaries are set at a level equal to that of the deputy general manager of the Bank of Greece.

The senior management positions in ASE are as follows:

Name	Area of responsibility
1. S. Lazaridis	General manager
2. S. Kyritsis	Head of Trading and Market Monitoring and the Listed Securities Divisions
3. I. Hinou	Head of Management Division
4. V. Karamouzis	Head of Finance Division

The post of head of the Information Division remains vacant; at the present time most of the functions of this division are performed by Systems Development and Capital Market Support S.A. (Greek acronym "ASYK").

Brief biographical notes of ASE's senior management executives are given below.

Socrates Lazaridis, aged 38, ASE general manager, is also general manager of ASYK and a member of the board of directors of both ADEX and CSD. He has worked in the ASE group companies since 1994, first with CSD and subsequently with ASYK, until May 1998, when he took up his current position. Between 1987 and 1994 he worked in the stock market consultancy and development department of EFFECT epe. After taking a degree in economics from the University of Athens, he took a masters degree, specialising in econometrics, from Queen Mary College, London University.

Spyridon Kyritsis, aged 35, has been head of the ASE's trading and market monitoring division since 1997. He previously held a senior position with Thomas Cook Foreign Money Ltd (Greece), Molnlycke Hellas S.A. and Avin Oil S.A. He is a graduate in economics studies form the University of Athens and holds an MBA from University of Wales, Cardiff.

Ismini Hinou, aged 49, is head of the management division. She is a member of the boards of directors of ADEX, ADECH and of the ASE Training Centre and has an honorary position as head of the ASE's IT development programme (OASIS project). Ms Hinou has worker at ASE since 1975, originally in the statistics and information department, until November 1994 as head of the financial management department when she took on her present post. She is a member of the board of directors of ASYK. She is a graduate of the University of Athens.

Vassilis Karamouzis, aged 36, is head of finance. He has worked at ASE since 1997, first as head of the economics services department. He took up his present position in December 1999. He previously held positions at Chipita S.A. and at ELHYM S.A., a member of the Tria Epsilon group. He is a graduate of the Economics University of Athens and holds a masters degree in computing from University of Wales, Cardiff. He also holds a post-graduate degree in computers and stock exchange operations from the University of Birmingham.

The total remuneration of senior managers in 1999 totalled GRD 83,249,794 (the lowest salary was GRD 13,430,650, the highest GRD 37,013,936) and in 2000 it is estimated that this will rise to GRD 127,428,200 (lowest salary, GRD 20,557,931, the highest 56,656,227).

As required by the relevant legal controls, the company has confirmed that no member of ASE senior management has been convicted of any fraud or any other financial crime, neither are any legal actions pending related to senior management members, nor are there any restrictions on their carrying out business activities, stock exchange transactions, business consultancy or related functions.

12.2.1.11 Shareholdings and other directorships of members of the ASE Board

The following table presents information about the equity participations and other directorships held by members of the ASE board of directors.

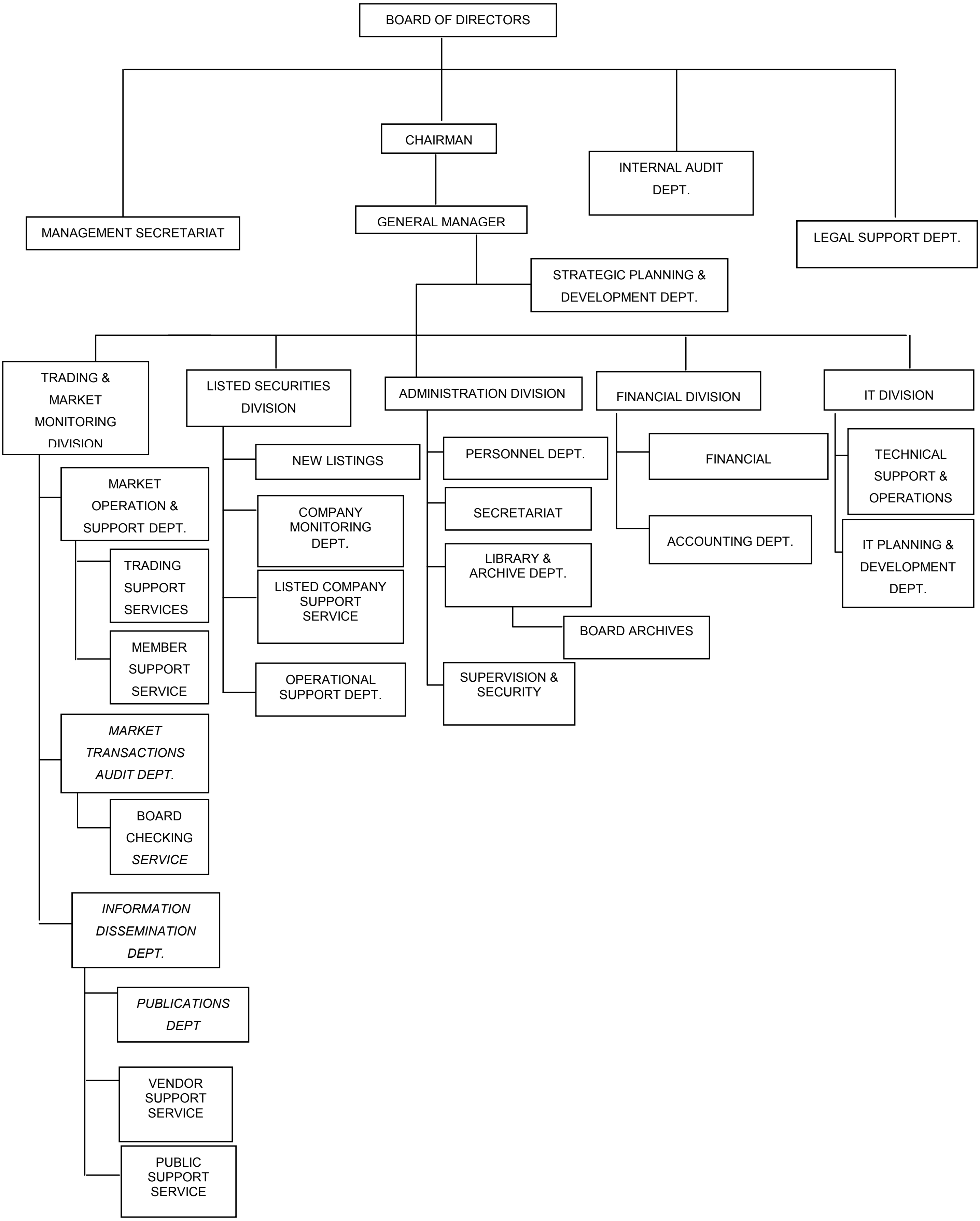
Member of the Board of ASE	Company in which the member has a directorship/interest	Position	Extent of shareholding
Spiridon Kouniakis	TSEC SA	Chairman	-
	"ASYK" SA	Chairman	-
	HCMC	Member	-
	South African Bank of Athens	Member	-
Theodoros Pantalakis	National Bank of Greece	Member – Deputy General Manager	-
	Ethniki General Insurance	Chairman	-
	PAEG SA	Chairman	-
	CSD SA	Chairman	-
	Ektenopol	Chairman	-
	Astir Palace, Vouliagmeni SA	Chairman	-
	Astir, Alexandroupolis SA	Chairman	-
	Grand Hotel Summer Palace SA	Chairman	-
	Phosphoric Fertilizer Industry	Chairman	-
	National Bank of Greece (Cyprus)	Vice-Chairman	-
	AGET Heracles	Vice-Chairman	-
	DIAS Interbanking Systems	Vice-Chairman	-
	South African Bank of Athens	Member	-
	COSMOTE	Member	-
Panagiotis Alexakis	ADEX SA	Chairman	-
	ADECH SA	Chairman	-
Angeliki Petroulaki	Victory AHEPY	Vice- Chairman	25%
Athanassios Halkiades	Athinaiki Securities	Chairman & Managing Director.	12.6%
Ioannis Vourakis	SYTA SA.	-	50%
	ASE Training Centre	Treasurer	-
Dimitrios Rizos	Hermes AEDAK	Member	-
Ilias Stasinopoulos	ADECH SA	Vice-Chairman	-
	"ASYK" SA	Vice-Chairman	-
	TSEC	Member	-
	M S Stasinopoulos SA	Chairman	16.76%
	STAL SA	Vice-Chairman	19.76%
	ISIS SA	Chairman	13%
	Stasinopoulos Formica Greece SA		

Members of the board declare that they have no company shareholdings of greater than 3%, nor do they hold management positions other than those listed above.

In addition, directors are not involved with, and have no agreement or regular exchanges with, or any agreement or exchange with, ASE S.A. and the other group companies, except for those referred to in the related companies section below.

12.2.1.12 Organisation chart

Following the adoption of Law .2324/95, the board of directors introduced revised internal organisation and operations arrangements. The following chart indicates the lines of management responsibilities existing after the general assembly of 22/6/98:


BOARD OF DIRECTORS
CHAIRMAN
INTERNAL AUDIT DEPT.
MANAGEMENT SECRETARIAT
GENERAL MANAGER
LEGAL SUPPORT DEPT.
STRATEGIC PLANNING & DEVELOPMENT DEPT.
TRADING & MARKET MONITORING DIVISION
LISTED SECURITIES DIVISION
ADMINISTRATION DIVISION
FINANCIAL DIVISION
IT DIVISION
NEW LISTINGS
PERSONNEL DEPT.
FINANCIAL
TECHNICAL SUPPORT & OPERATIONS
MARKET OPERATION & SUPPORT DEPT.
COMPANY MONITORING DEPT.
SECRETARIAT
ACCOUNTING DEPT.
IT PLANNING & DEVELOPMENT DEPT.
TRADING SUPPORT SERVICES
LIBRARY & ARCHIVE DEPT.
LISTED COMPANY SUPPORT SERVICE
BOARD ARCHIVES
MEMBER SUPPORT SERVICE
OPERATIONAL SUPPORT DEPT.
SUPERVISION & SECURITY
MARKET TRANSACTIONS AUDIT DEPT.
BOARD CHECKING SERVICE
INFORMATION DISSEMINATION DEPT.
PUBLICATIONS DEPT
VENDOR SUPPORT SERVICE
PUBLIC SUPPORT SERVICE

According the ASE’s internal organisation and operations manual, the full complement of staff is 150, of whom 10 are specially qualified personnel.

12.2.1.13 Personnel

A breakdown of personnel employed by the company during the period 1995-1999, according to category, is given below.

	1995	1996	1997	1998	1999
Management - finance	11	7	7	6	6
Management - accounting	34	19	19	19	19
Specially qualified personnel	2	1	21	25	30
Information technology	5	3	3	2	2
Computer operators	6	2	2	2	1
Support staff	6	6	6	5	5
Security staff	2	2	2	2	2
Cleaning staff	6	4	3	3	3
Total	72	44	63	64	68
Higher education	15	10	30	32	37
Secondary education	5	1	1	1	1
Total	**20**	**11**	**31**	**33**	**38**

Article 6 of Law 2324/95, and the company's internal regulation, created a distinction between those who were employees of ASE when it was an NPDD and those who were recruited after it became a public limited company. According to the above-mentioned provision, employees in the first category were covered by the pre-existing provisions applying to public employees and retained the employment rights of full-time, public-sector employees. This category comprises 72 people, of which 28 exercised their right under the prevailing legislation to transfer to the Ministry of National Economy. These employees who were recruited after the creation of the public company are covered by private employment contracts. At 23.5.2000 ASE employed 56 people under private contracts and 38 as "public employees", as well as five legal advisers who work as salaried employees of the company.

According to article 7 of ASE's internal operation and organisation regulation, the company's full complement of staff is 150 people of whom 100 are specialist personnel. This number may be amended by decision of the board of directors. The regulation refers to a further 38 full-time existing posts.

As required by Law 3789/1957 which applies to all companies employing more than 70 people, ASE maintains a general staff regulation. Article 2 of this regulation requires that specialist staff are recruited under two-year, private-law contracts which, because of the high level of qualifications of the people involved, in other respects include terms and conditions of public sector employment contracts. The above-mentioned contracts, when they have expired, may be converted to open-ended contracts on the decision of the board of directors. In contrast to the provisions for recruitment in the public sector, the board of directors may also recruit legal advisers as full-time salaried employees. Finally, article 7 of the internal regulation provides that full-time employees of ASE are covered by the same provisions in respect of salaries, promotion and personal development as employees of the NPDD.

For permanent employees of ASE there are payments other than salary. The social insurance organisation involved is IKA, which requires contributions equivalent to 14.67% of salary allocated to a pension scheme and 3.55% allocated to health insurance. Employees employed under private work contracts, contributions are at the level of 15.9% of total salary, which goes towards pension and health insurance. Total contributions social insurance contributions permanent employees, and those employed under renewal private law contracts, averages 35.18% and 27.96% respectively.

12.2.1.14 Capital investment 1995-99

The following table summarises investments made by the ASE S.A. until 31/12/1999.

Investment	17/7/95 – 31/12/96	1997	1998	1999	Total
A. Investment in equipment and facilities					
Re-organisation studies	116.4	4.9	31.0	707.5	859.8
Accounting software	289.7	772.9	264.3	278.9	1,605.8
Upgrading of the computer room	10.1	0	3.5	28.7	42.3
Upgrading of the trading hall	0	2.7	0	0	2.7
Kleisthenes - extension of trading network	0	0	1.5	0	1.5
Equipment installation	0	0	1.4	0	1.4
Extension of network to cover banks	0	0	0	9.0	9.0
Total establishment investments	416.2	780.5	301.7	1.024.1	2.522.5
B. Investment in tangible assets					
Buildings and installations	83.2	0	0	220.8	**304.0**
Vehicles	0	0	8.3	20.0	**28.3**
Furniture and fittings	843.3	300.7	553.0	2.198.2	**3.895.2**
Total investment in tangible assets	**926.5**	**300.7**	**561.3**	**2.439.0**	**4.227.5**
C. Participations in related companies	**353.3**	**849.8**	**3.863.7**	**770.0**	**5.836.8**
General total (A+ B + C)	**1.696.0**	**1.931.0**	**4.726.7**	**4.233.1**	**12.586.8**

12.2.1.15 ASE financial data

Prior to it became a public company, ASE did not publish detailed financial statements but maintained accounting records according to the official “Logistiko Schedio”. The first published financial statements to follow the requirements of Law 2190/1920 are those relating to the financial period 17.7.1995 to 31.121996.

12.2.1.15.1 Operations

ASE’s turnover comprises income form the following two main sources:

ASE members, namely brokerage companies, make regular payments to ASE related to the volume of their trading activity. There are also one-off fees levied when new members are registered as well as periodical payments related to the connection of OASIS terminals;

companies listed on the Exchange pay: a three-monthly subscription based on their capitalisation, one-off payments when shares are first listed and traded on the Exchange, and fees related to increases in share capital.

ASE also receives income from the issue and trading of bonds, from information vendors with access to the OASIS system and the provision of other services such as publications and the dissemination of advertising material.

In more detail, ASE’s income can be categorised as follows:

Income from ASE members

This source of income can be categorised according to the activities of stock exchange companies:

Commissions on transactions: all member companies of the ASE are obliged to pay a fee of 0.02% of their daily turnover to ASE. The means that the cumulative daily turnover of members is twice the volume of stock exchange transactions since two members are involved in every transaction, one for the buyer and one for the seller. Invoicing takes place every 15 days and payments are due to the CSD (on behalf of ASE) within three days

Charges for entering orders: for every order that brokers enter into their terminals, irrespective of whether the order is executed or not, attracts a charge of GRD20;

Fees related to the registration of new members: before starting operations on the Exchange, brokerage companies are obliged to pay a one-off fee of GRD 30 million;

Connection of new terminals: brokerage companies pay a fee of GRD 8 million annually in order to have access to the trading system from their own terminals; the cost of installation of the first terminal is GRD 400,000.

Income from listed companies

The breakdown of income in this category is as follows:

Three-monthly subscriptions from listed companies: this fee is related to average level of a company's capitalisation during the month prior to the three-month period. The fee is calculated according to a sliding scale and varies between 0.01% and 0.0006% of capitalisation for the main market and between 0.0075% and 0.0025% for the parallel market. The exact calculation of the fee is done according to the following table:

Capitalisation (GRD)	Extent of presence on Main Market	Extent of presence on Parallel Market
0 - 200.000.000		0.0075%
200.000.001 - 300.000.000		0.0060%
up to 1.000.000.000	0.01%	0.0035%
1.000.000.000-3.000.000.000	0.008%	0.0025%
3.000.000.001-5.000.000.000	0.006%	
5.000.000.001-10.000.000.000	0.004%	
10.000.000.001-20.000.000.000	0.003%	
20.000.000.001-50.000.000.000	0.002%	
50.000.000.001-100.000.000.000	0.0012%	
Above 100.000.000.000	0.0006%	

The value of newly listed shares is determined as follows:

Price = number of listed shares x Average price (last month every three months.)

By way of exception, in the case of the first three-month subscription of a newly-listed company, the average share price is deemed to be the price at which the share was entered for negotiation on the Exchange. The minimum subscription is GRD 260,000 for the main market and GRD 30,000 for parallel market.

One-off fees for new listings: companies introducing new shares for trading on the exchange pay a one-off fee calculated according to the following table which applies to both the main and parallel markets.

Value of listed company shares	Amount according to total value
Up to GRD 500,000,000,000	0.08%
500,000,000,001-1,000,000,000,000	0.04%
Above 1,000,000,000,000	0.02%

The value of a newly-listed company is calculated by multiplying the number of listed shares by the listing price. The lowest level of this fee is GRD 2 million for the main market and GRD 500,000 for the parallel market.

One-off fees for share capital increases: companies carrying out share capital increases for cash pay a fee to ASE equal to 0.1% of the value of the newly listed shares, calculated by multiplying the listing price by the number of new shares.

Finally, listed companies are obliged to pay fees to ASE related to the following activities:

Mergers and acquisitions: the issue of new shares as a result of mergers and acquisitions attracts a fee to ASE which is calculated using the same scale applying to new company listings (above). The share price in this case is that of the new shares on the first day they are traded.

Press releases: press information released by listed companies, according to decree 51/92 have to be approved by ASE's transaction monitoring department. ASE disseminates this information and charges the company accordingly

Income from bonds and bond loans

ASE receives income from trading in bonds. Fees include a component based on a three-monthly subscription (based on the same sliding scale as applies to listed companies) and a one-off fee when bonds are first listed (the issuing bank is charged GRD 100,000 each time, irrespective of the value or the number of bonds involved). Charges related to corporate binds are charged on a similar basis as those discussed above.

Income from terminal users (vendors)

The OASIS system is connected to an international network of information suppliers (data vendors), such as Reuters, Telerate, Bloomberg, allowing these companies to offer investors market information in real time. According to where the vendors are based (Greece or abroad) and whether a right to re-broadcast is included, etc, vendors are charged the following fees:

Domestic data vendors: annual subscription of GRD 7,320,000

Information vendors abroad: annual subscription of GRD 10,303,200

Subscription to FTSE indices service (domestic and abroad): domestic members are charged GRD 600,000 annually and an additional monthly fee of 500 drachmas per terminal. The annual subscription for vendors abroad is GRD 900,000

Vendors are also pay fees to cover the cost of connection of terminals and subscription to telephone information services.

Other income

Besides the above, ASE also receives income from the sale of publications and the dissemination of advertising material, rights of inter-connection with the Exchange's information network both in Greece and abroad and fees related to information services to foreign and domestic clients.

12.2.1.15.2 Breakdown of income and operations

The following table shows the growth in turnover of the ASE, according to types of securities traded, between1996 – 1999.

Breakdown of income by type of security	**17.7.95-31.12.96**	**%**	**1997**	**%**	**1998**	**%**	**1999**	**%**
Turnover derived from:								
Fees from stock exchange member companies	1,586	*42%*	2,317	*58%*	6,436	`	25,611	78%
Fees from listed companies	1,903	51%	1,470	37%	3,316	33%	6,555	20%
Bonds	96	3%	78	2%	98	1%	45	0%
Terminal users – Vendors	123	3%	97	2%	217	2%	351	1%
Other income from service provision,	40	1%	22	1%	27	0%	225	1%
Total turnover	3,747	100%	3,984	100%	10,094	100%	32,786	100%

The above table shows the increase in turnover from year to year; this accelerated in 1999 when is was 225% greater than the previous year. This increase reflected an increase in income from the two main sources during the past two years: from members and from listed companies. In particular, in 1999 the largest contribution to turnover (78%) was fees from brokerage company members which amounted to GRD 25,611 million compared with GRD 6,436 million in 1998, representing an increase of 298%. This reflected the significant increase of transaction levels on the Exchange.

Also significant in1999 was the increase in income from listed companies, which represented 20% of total turnover, a result of the increased number of companies listed on the Exchange and of the increased capitalisation of already-listed companies during the year. Income from these sources in 1999 amounted to GRD 6,555 million, compared with GRD 3,316 million in 1998, representing an increase of 97.7%.

The certified accountant that carried out the unscheduled audit of the company's account made the following comment about income derived from listed companies:

"Expenditure of GRD 1,027,487,000 on ASE's electronic systems was supposed to be covered by charges levied on individual members and listed companies. ASE members took legal action against the Exchange in August 1996 to prevent further such charges being levied. Listed companies continued to pay their fees until 31.12.1999. According to the CMC decision of 19.1.1999, fees related to the period 1.1.1999 to 31.12.1999 are postponed as far as listed companies are concerned.

"Three monthly subscriptions are charged by ASE without detailed invoicing data. In general, there is insufficient information provided by ASE departments in respect of this invoicing with the result that some clients may not be invoiced at all, while others might receive mistakenly inflated invoices."

Regarding the last of the above comments, the certified auditor has clarified that the shortcomings in the ASE's three-month invoicing procedures were eliminated during the 1999 financial year. Delays which occurred in the issuing of invoices during the same period were the result of the large number of share capital increases and new issues taking place during the period.

ASE income from bonds, including corporate bonds, in 1999 was GRD 45 million, a significant (117.7%) reduction compared with the previous year; this was a reflection of the reduced interest in these products.

Finally, income from the supply of services to data vendors amounted to GRD 351 million in 1999, compared with GRD 217 million the previous year; other sundry income amounted to GRD 225 million in 1999, compared with GRD 27 million in 1998.

12.2.1.15.3 Breakdown of income and operations

The turnover and financial results of ASE for the period 1996-1999 is presented in the following table (see below for ASE balance sheet and forecasts for the future are given below.)

Financial results – ASE (GRD million)	**17.7.95-31.12.96**	**1997**	**1998**	**1999**
Income derived from				
Subscriptions from members	1,586	2,317	6,436	25,611
Subscriptions from listed companies	1,903	1,470	3,316	6,555
Bonds and bond loans	96	78	98	45
Users of terminals – Vendors	123	97	217	351
Other services	40	22	27	225
Net turnover (sales)	**3,747**	**3,984**	**10,094**	**32,786**
Less: cost of sales (before depreciation) (1)	1,187	1,546	2,056	4,495
Gross operating result (profit)	**2,561**	**2,438**	**8,038**	**28,291**
(% of turnover)	*68%*	*61%*	*80%*	*86%*
Plus: Other operating income	61	205	122	190
Total	2,622	2,642	8,160	28,481
Less: administrative expenses (before depreciation) (1)	753	1,012	1,547	3,285
Less: legal and listing expenses (before depreciation) (1)	0	0	0	0
Total expenses	753	1,012	1,547	3,285
(% of turnover)	*20%*	*25%*	*15%*	*10%*
Sub-total (profit)	**1,869**	**1,630**	**6,613**	**25,196**
(% of turnover)	*50%*	*41%*	*66%*	*77%*
Plus: income from participating interests	173	315	969	1,956
Plus: income from other investments	1,120	1,102	1,103	2,037
Plus: gains from sale of participating interests and other investments	0	0	1,316	2,815
Less: expenses and losses from participating interests and other investments	4	0	0	25
Plus: extraordinary and non-operating income	18	598	695	1,090
Less: extraordinary and non-operating expenses	34	15	21	3
Profits before interest, depreciation and taxes	**3,142**	**3,630**	**10,674**	**33,066**
(% of turnover)	*84%*	*91%*	*106%*	*101%*
Plus: credit interest and similar income	368	83	126	270
Less: debit interest and similar charges	11	1	1	2
Profits before depreciation and taxes	**3,500**	**3,712**	**10,798**	**33,334**
(% of turnover)	*93%*	*93%*	*107%*	*102%*
Less: adjustments to value of fixed assets (total depreciation)	261	354	794	1,193
Net results (profit) for the year before taxes	**3,239**	**3,358**	**10,004**	**32,141**
(% of turnover)	*86%*	*84%*	*99%*	*98%*
Less: income tax and other taxes	412	868	2,779	10,453
Less: directors' salaries	0	0	0	0
Profits after tax and directors' salaries	**2,826**	**2,489**	**7,225**	**21,688**
(% of turnover)	*75%*	*62%*	*72%*	*66%*
Less: prior years' tax adjustment	0	0	38	7
Net results (profit) for the year after salaries, current year's tax and prior years' tax adjustments	**2,826**	**2,489**	**7,187**	**21681**
(% of turnover)	*0%*	*0%*	*71%*	*66%*
Profit for appropriation (2)	3,239	3,358	10,004	28,052
(% of turnover)	*86%*	*84%*	*99%*	*86%*
Adjusted profit after tax and directors' salaries (2)	2,826	2,489	7,225	17,600
(% of turnover)	*75%*	*62%*	*72%*	*54%*
Adjusted profit after tax, directors' salaries and tax audit adjustments (2)	2,786	2,380	7,155	17,520
(% of turnover)	*74%*	*60%*	*71%*	*53%*

(1) Depreciation of the cost of sales, management expenses and legal/listing expenses were taken account of before calculation of the operating profit (Sub-total profit).

(2) The financial results have been adjusted to take account of the auditors report and the consequent necessary tax audit adjustments.

The development of ASE's financial results during the period 1996 to 1999 give rise to the following comments:

Turnover

As already mentioned, turnover tripled in 1999, compared with the previous year, mainly as a result of increased stock exchange activity, the increased number of companies listing for the first time, the increased number of already-listed companies raising further share capital and the increased demand for ASE services resulting from these developments.

Thus ASE turnover in 1999 amounted to GRD 32,786 million, compared with GRD 10,094 million in 1998 and GRD 3,984 million in 1997.

Cost of service provision and scope for gross profit

The undepreciated cost of providing services (cost of sales) for the period under consideration is broken down as follows:

COST OF SALES (GRD million)	**1996**	**1997**	**1998**	**1999**
Staff salaries and expenses	220	79	296	406
Third party salaries	211	174	108	161
Fees for third party services	253	457	615	759
Taxes - Duties	3	259	282	756
CMC levy and staff pension fund	500	576	755	2.413
Total	**1,187**	**1,546**	**2,056**	**4,495**

Throughout the period under consideration, the company was able maintain a high level of gross profit which varied between 68% and 80% of turnover. In 1999, gross profit amounted to GRD 28,300 million compared with GRD 8,000 million in 1998, representing an increase of 252%.

A large component of the cost of sales are fees payable to the CMC and contributions to the employees' pension fund. Fees to the CMC amount to 10% of ASE's income derived from members' transactions, on which a 2.4% stamp duty is payable as required by article 79 of Law 1969/30.10.1991; these are charged under cost of sales and management expenses. The contribution paid annually by ASE to the employee pension fund is equal to 2.5% of fees payable by ASE members to the company, as provided for by Law 1969/30.10.1991.

Management costs

Management expenses on average amount to 20% of turnover. In 1998, it should be noted that these costs were reduced by 15%, from the level of 25% in 1997.

The following table provides a breakdown of management expenses during the period under consideration.

OPERATIONAL MANAGEMENT EXPENSES *(GRD million)*	**1996**	**1997**	**1998**	**1999**
Staff salaries and expenses	291	272	229	292
Third party salaries	189	195	105	158
Fees for third party services	104	257	360	429
Taxes - Duties	1	142	145	123
CMC levy and staff pension fund	159	146	708	2.283
Contingencies	8	0	0	0
Total	**753**	**1,012**	**1,547**	**3,285**

Income from shareholdings and securities

Income from investments in 1999 amounted to GRD 1,956 million, including dividends from shareholdings amounting to GRD 1,186 million, and further dividend income of GRD 700 million which relates to shares in CSD S.A. issued without charge to ASE S.A. in exchange for a credit against future income from dividends equivalent to their nominal value.

It was noted by the certified accountant who carried out the unscheduled audit of the company's accounts that the above accounting procedure was in compliance with opinion no. 302/2499/26.1.99 of ESYL, this confirmed that the nominal value of shares received by a participating company without charge following the capitalisation of reserves could be entered in the accounts as a credit under "income from investments" if a balancing debit was entered under "participations and securities".

During the period under consideration, income from shareholdings in the form of dividends were broken down as follows:

DIVIDENDS RECEIVED *(GRD million)*	**1996**	**1997**	**1998**	**1999**
CSD S.A.	173	308	963	1,155
ASYK S.A.	0	7	6	11
TSEC S.A.	0	0	0	20
Total	173	315	969	1,186

Income from securities in 1999 amounted to GRD 2,037 million, compared with 1,103 million in the previous year, and relate to dividends from listed companies, income from repos, and fixed interest government bonds.

Income from sale of shareholdings and securities

In line with the company's policy on management of its assets, ASE engages in trading in securities on its own account. Its profits from the sale of shares and securities reached GRD 2,815 million in 1999 and arose from single-day trading in shares in its portfolio.

Extraordinary items

Sources of extraordinary and non-operational income and expenses for the four-year period 1996-1999 were as follows:

EXTRAORDINARY AND NON-OPERATING INCOME (GRD million)	**17.7.95-31.12.96**	**1997**	**1998**	**1999**
CMC fine	0	38	225	720
Exchange adjustments	1	1	0	0
Extraordinary IKA payments	6	0	0	0
Other expenses	2	73	2	6
Kleisthenis programme payments	0	392	468	365
Income anticipated from previous years	0	94	0	0
Previous years' income	9	0	0	0
Total	**18**	**598**	**695**	**1,090**

EXTRAORDINARY AND NON-OPERATING EXPENSES (GRD million)	**17.7.95-31.12.96**	**1997**	**1998**	**1999**
Exchange adjustments	0	1	0	0
Other extraordinary expenses	2	5	0	0
Previous years' expenses	31	9	21	3
Total	**34**	**15**	**21**	**3**

The item "CMC fine" refers to fines which ASE may impose on brokerage companies, as provided for by CMC board decision no. 6/163/6.7.99.

Depreciation

Depreciation is performed according to the provisions of the relevant decree. In 1998, the company, applying new depreciation factors laid down in decree 100/98, increased the level of depreciation by GRD 175 million, approximately, compared with the previous year. The following table presents a breakdown of depreciation applied by the company to its costs of sales and management expenses.

BREAKDOWN OF DEPRECIATION (GRD million)	**17.7.95-31.12.1996**	**1997**	**1998**	**1999**
Depreciation of cost of sales	171	271	464	751
Depreciation of management expenses	90	83	330	442
Total	**261**	**354**	**794**	**1,193**

Profit before tax

The company achieved healthy profits throughout the period under consideration. Profits before tax rose from GRD 3,200 million in 1996 to GRD 32,140 million in 1999, i.e. representing 86% and 98% of total turnover in those years, respectively.

Accounting adjustments to the financial results and the gross profit

The certified accountant who carried out the unscheduled audit of the company's accounts made the following remarks in his report.

"1. Under fixed assets, there is included the undepreciated amount of GRD 1,110.2 million for the property which is claimed by the National Bank of Greece. According to a letter from the company's legal adviser, it is suggested that, "The Athens appeal court has decided in favour of the NBG's claim in respect of this property and the bank's obligation to pay ASE the sum of GRD 700 million, which is equivalent to the purchase price adjusted for devaluations and inflation. Announcement of the decision is expected to be followed by an appeal. Before a transfer of the title to the NBG can be made, a final legal decision is necessary, the bank must pay the above amount and the transfer has to be recorded in the land registry." No estimated has been made as to the effects on the company's financial results following the loss of this title.

"2. The ASE has not made provisions for the likely negative impact on its financial results of the likely non-payment by debtors of the amount of GRD 30,730 million, and by clients of GRD 78,460 million, which have been outstanding for a considerable time.

"3. ASE carried out regular tax audits for the years ending 31.12.1996, 31.12.1997 and 31.12.1998 and calculated income tax after adjustments at GRD 39,920 million, GRD 109,400 million and GRD 70,650 million, respectively, that is a total amount of GRD 220,050 million. Since the amount was paid in one instalment, ASE paid 209,050 million, by which amount the profits for appropriation were reduced in 1999.

"Since the tax audit concluded that some expenses that ASE had entered into the profit and loss account should have been depreciated over a number of years, ASE has entered these expenses under assets to be credited under "profits for appropriation" for the financial year 1999. These expenses amounted to GRD 156,9480 million in 1997, and GRD 63,850 million in 1998. Furthermore, the company entered under "profits for appropriation" depreciations amounting to GRD7,840 million for 1997, 11,040 for 1998 relating to the above expenses of previous financial periods which had not been properly accounted for. The above amounts have been entered under the heading "previous years' tax adjustments" (209,052-156,9483-63,858+7,849+11,042=7,102).

"4. ASE has not included in the accounts any estimate of the likely loss expected to be incurred if the supreme court endorses the decision of the Capital Market Commission cancelling contributions due to ASE from ASE members to cover the costs of upgrading of the Automatic Electronic Trading System (Greek acronym, ASIS). The amount of the contributions made reached GRD 1,336,648,000, as indicated in the annexed ASE balance sheets dated 31.12.98 and 31.12.99. It is noted that the obligation to pay the above contributions has been cancelled as of fiscal year 1996, and for all companies listed on ASE from 01.01.99.

"5. A letter from ASE's legal adviser dated 25.4.2000 refers to outstanding legal claims against the company by third parties involving amounts totalling GRD 400 million, approximately. Of the above claims, an amount totally GRD 3,935 million relate to claims made by ASE against the brokerage company Katsoulis Brokers S.A.. In the legal adviser's opinion, these claims will be directed against the Guarantee Fund, which is the only body legally liable to reimburse investors when a brokerage firm is unable to fulfil its obligations. As a result, no serious implications for ASE are expected to arise from this case. It is noted also that the case is still at an early stage and therefore no final conclusion is likely to be forthcoming for a considerable time."

With respect to the independent legal adviser's note 5 above, it has been pointed out that, in respect of the claim of Katsoulis Brokers S.A., since this is directed against both ASE and the CSD, if it were to be successful, costs would be apportioned between the two companies.

In order to forecast the implications of the above eventuality, the impact on the financial results and balance sheet of ASE has been calculated as follows:

EXTRAORDINARY ADJUSTMENTS TO THE FINANCIAL RESULTS (GRD million)	**17.7.95-31.12.96**	**1997**	**1998**	**1999**
Profits before tax	3,239	3,358	10,004	32,141
Contingency for legal actions relating to property at Pesmazoglou Street.	0	0	0	410
Contingency for doubtful debtors	0	0	0	109
Contingency for return of payments made for ASIS	0	0	0	1,337
Contingency for possible negative outcome of legal case.	0	0	0	2,232
Total extraordinary provisions	0	0	0	4,088
Adjusted results before tax	3,239	3,358	10,004	28,053
Less: income tax and other taxes	412	868	2,779	10,453
Adjusted results after tax	2,826	2,489	7,225	17,600
Less: previous years' tax adjustments	40	109	71	80
Adjusted results after income tax, directors' salaries and previous years' tax adjustments	2,786	2,380	7,155	17,520

EXTRAORDINARY ADJUSTMENTS TO SHAREHOLDERS' CAPITAL	(GRD million)
Shareholders' capital	33,269
Less: Total extraordinary adjustments	4,168
Adjusted shareholders' capital	29,101

12.2.1.15.4 Distribution of depreciated profits 1996-99

The following table shows the distribution of depreciated profits between 1996 and 1999.

(GRD million)	17.7.95-31.12.1996	1997	1998	1999	Total	%
Profit before tax and depreciation	3,500	3,712	10,798	33,334	51,343	
Total depreciation	261	354	794	1,193	2,602	5%
Strategic reserve	167	91	251	1,085	1,594	3%
Untaxed reserve	1,403	476	1,933	3,569	7,381	14%
Special income from reserves	192	25	68	144	428	1%
Extraordinary reserve, art. 8 Law 2579/98	0	0	602	0	602	1%
Dividend	333	1,460	2,750	9,000	13,543	26%
Income tax and other taxes	412	868	2,817	10,460	14,557	28%
Profit for appropriation	731	438	1,583	7,883	10,635	21%
Total	3,500	3,712	10,798	33,334	51,343	100%

12.2.1.15.5 Analysis of balance sheet data

ANALYSIS OF THE BALANCE SHEET – ASE

ASSETS (GRD million)	17.7.95 – 31.12.96	1997	1998	1999
Establishment expenditures	**529**	**1,310**	**1,611**	**2,636**
Less: accumulated depreciation	97	241	639	1,117
Establishment expenses (undepreciated value)	432	1,069	972	1,519
Tangible assets	2,154	2,557	3,321	6,020
Less: accumulated depreciation	164	375	770	1,504
Net book value (tangible assets)	1,991	2,183	2,551	4,516
Total tangible assets	**1,991**	**2,183**	**2,551**	**4,516**
Participation interests in affiliated companies	1,112	1,961	5,825	6,595
Other long-term receivable	0	2	3	12
Total fixed assets	**3,102**	**4,146**	**8,379**	**11,123**
Clients	54	99	400	1,299
Cheques receivable	0	0	5	19
Doubtful debtors less provisions	0	0	0	0
Sundry debtors	452	961	1,804	5,876
Advances and 'credits to account for'	0	1	0	0
Marketable securities	10,430	12,484	15,537	37,440
Cash at bank and in hand	1,227	244	692	4,651
Total current assets	**12,164**	**13,790**	**18,438**	**49,285**
Prepayments and accrued income	**179**	**186**	**199**	**604**
GRAND TOTAL ASSETS	**15,877**	**19,190**	**27,989**	**62,530**
Memo accounts	0	993	484	993

LIABILITIES (GRD million)	17.7.95 – 31.12.96	1997	1998	1999
Share capital	5,000	5,000	5,000	5,000
Share premium account	6,836	6,836	6,836	6,836
Reserves from value adjustment of participations/securities	98	432	494	494
Grants for investments in fixed assets	0	236	302	393
Reserves	1,762	2,259	4,384	9,181
Results carried forward	731	1,169	3,481	11,365
Total capital and reserves	**14,428**	**15,933**	**20,497**	**33,269**
Provisions for liabilities and charges	**90**	**90**	**90**	**90**
Other long-term debt	7	12	5	9
Short-term debt				
Suppliers	47	322	455	2,566
Advances from trade debtors	0	0	2	162
Taxes - duties	579	1,179	3,702	15,132
Social security	11	15	19	26
Dividends payable	333	1,460	2,750	9,000
Sundry creditors	314	2	3	6
Total short-term debts	**1,283**	**2,979**	**6,932**	**26,892**
TOTAL DEBTS	**1,291**	**2,991**	**6,937**	**26,901**
Accrued expenses	**69**	**177**	**465**	**2,271**
GRAND TOTAL LIABILITIES	**15,877**	**19,190**	**27,989**	**62,530**
Memo accounts	0	993	484	993

The following conclusions can be drawn from the data on the company's turnover:

Establishment expenses

At 31.12.1999, undepreciated establishment expenses amounted to GRD 2,636 million, comprising mainly the costs of constructing and commissioning the electronic ISIS and OASIS systems, which was done between 1996 and 1999.

The undepreciated establishment costs over the period can be broken down as follows:

BREAKDOWN OF ESTABLISHMENT EXPENSES *(GRD million)*	**1996**	**1997**	**1998**	**1999**
Re-organisation studies	116	121	152	863
Accounting software	367	1.139	1.403	1.692
Refurbishment of computer areas	10	10	14	42
Refurbishment of trading areas	33	36	36	36
Various related expenses	3	3	6	3
Total	529	1,310	1,611	2,636
Less: accumulated depreciation	97	241	639	1,117
Residual amount to be depreciated	432	1,069	972	1,519

Fixed installations

ASE S.A. was established following the conversion of the company NPDD Stock Exchanges into a public limited company on the basis of the provisions of Law 2324/1995. Subsequently, the provision of Law 2533/1997 amended the provisions of the original constitution and widened the shareholder base of the company. In the course of the conversion of the company from NPDD to a public company in 1995, the fixed assets were valued at replacement cost, or according to the valuation principles prescribed by the article 9 committee of Law 2190/1920, increased to take account of extensions and developments and reduced according to the appropriate depreciation rules.

The value of tangible assets at 31.12.1999 amounted to GRD 6,020 million, as opposed to GRD 3,300 million in 1998 and GRD 2,600 million in 1997. This increase in value of fixed assets is mainly accounted for by investments in computer and electronic systems installed during the three-year period.

The building at the junction of Sophokleous and Pesmazoglou streets, which appears in the ASE accounts under fixed assets with an undepreciated value at 31.12.1999 of GRD 1,110 million, is the subject of a dispute with the National Bank of Greece and was remarked on by the certified accountant who carried the unscheduled audit of the company's accounts as follows,

"It should be noted that the agreement on the basis of which the building was constructed requires that it be returned to the seller if it is no longer used as the Athens Stock Exchange or within 10 years. In order to enforce this clause, the NBG has taken legal action and obtained a decision in its favour. The property concerned comprises has an undepreciated value of GRD 1,110,203,000, which is claimed by NBG. A letter from the Legal Advisor of the Company states that the decision published by the Athens Court of First Instance (Polymeles) accepts, on the one hand, that the ownership of the building rests with the NBG and recognizes, on the other hand, the Bank's obligation to pay to ASE an amount of GRD 700 million, which is deemed to be the purchase price equivalent, adjusted for devaluation and inflation. Publication of the official decision is awaited after which an appeal is expected. Before a transfer of title to the NBG can be made, a final decision is necessary, the bank must pay the above amount and the transfer has to be recorded in the Land Registry. No estimate has been made as to effects on the company's financial results of the loss which will be incurred following the transfer of this title."

Participations

ASE's shareholdings on 31.12.1999 amounted to GRD 6,600 million, compared with GRD 5,800 million in the previous year, broken down as follows:

(GRD million)	Extent of shareholding (31.12.1998)	Nominal value (31.12.1998)	Book value (31.12.1998)	Nominal/book value (whichever is lower) (31.12.1998)
CSD	38.50%	758	3,376	758
ASYK	37.17%	167	3,260	167
TSEC	33.80%	338	2,964	338
ASE Training Centre*	40.00%	16	--	16
ADEX	35.46%	1,064	0	1,064
ADECH	35.00%	2,800	0	2,800
Stock Market Studies Company**	33.33%	1	--	1
Auxiliary Settlement Fund ***	12.04%	681	--	681

(GRD million)	Extent of shareholding (31.12.1999)	Nominal value (31.12.1999)	Book value (31.12.1999)	Nominal/book value (whichever is lower) (31.12.1999) [1]
CSD	38.50%	1,528	7,227	1,528
ASYK	37.17%	167	265	167
TSEC	33.80%	338	625	338
ASE Training Centre*	40.00%	16	--	16
ADEX	35.46%	1,064	1,087	1,064
ADECH	35.00%	2,800	2,909	2,800
Stock Market Studies Company**	33.33%	1	--	1
Auxiliary Settlement Fund ***	12.04%	681	--	681

[1] *Valuation of assets according to the provisions of article 43, para 6, of Law 2190/1920.*

** A non-profit-making organisation.*

*** A non-profit-making organisation.*

**** The fund is not a legal entity but an asset under ASE’s management which is included in its portfolio.*

Liquid assets

Clients

Receivables from clients include those from stock exchange companies and listed companies. The following table presents an indication of the periods over which these amounts are due.

Client receivables 31.12.1999 *(GRD million)*		
Between 1 and 4 days	720	55.4%
Between 5 and 30 days	50	3.84%
Between 31 and 90 days	386	29.71%
Between 91 and 180 days	59	4.54%
Between 181 and 365 days	56	4.31%
More than 365 days	28	2.15%
Total	1,299	100%

The largest single category of receivables (55%) are those which fall due within four days.

The total balance of client receivables at 31.12.1999 amounted to 1,299 million drachmas, representing a small percentage (about 4%) of the total ASE turnover.

Various creditors

A breakdown of accounts payable for the period 1998-1999 is presented below.

Various creditors

(GRD million)	**31.12.98**	**31.12.99**
Staff advances	6	33
Income pre-payments for 1999 -2000	1,447	5,732
Received interest taxed at source	43	65
Income tax refunds	220	0
Various other creditors	72	35
Advances from trade debtors	17	11
Total	1,804	5,876

Securities

The securities account includes shares in listed companies, fixed interest government bonds and similar government paper. In 1999, the securities account amounted to GRD 37,400 million, compared with GRD 15,400 million in 1998.

The securities account is broken down as follows:

(GRD million)	**31.12.1998**	**31.12.1999**
Shares	7,680,174	15,208,778
Bonds	94	94
Other securities	7,857,005	22,231,181
Total	**15,537,273**	**37,440,053**

The "Other securities" account on 31.12.1998 and 31.12.1999 was broken down as follows:

(GRD million)	31.12.1998	31.12.1999
Government bonds	5,207	16,931
Fixed interest government securities	2,650	5,300
Total	**7,857**	**22,231**

A breakdown of the company's share portfolio on 31.12.1999 was as follows:

Share	Nominal value (GRD thousand)	Current value* (GRD thousand)
Bank of Greece	119,462	2,265,423
Commercial Bank of Greece	453,424	2,642,624
National Bank of Greece	3,651,318	10,065,479
Alpha Bank	10,622,452	33,106,450
Ergo bank	263,151	785,394
OTE	98,971	153,585
Total	15,208,778	49,018,955

** Based on average value in December1999*

The above securities were valued at either the acquisition price or the current market value, whichever is lower, according to the requirements of article 43 of Law 2190/1920 and the "KBS".

Pre-payments and accrued income

This account amounted to GRD 199 million at 31.12.1998 and GRD 604 million at 31.12.1999, broken down as follows:

Pre-payments and accrued income *(GRD million)*	31.12.1998	31.12.1999
Interest on deposits	4	0
Income from repos	0	27
Income from fixed-interest government securities	73	0
Income from other securities	122	570
Income from previous years	0	7
Total	**199**	**604**

Shareholders' capital

The company's total share capital increased steadily during the period under consideration because the companies reserves were being continually strengthened. In 1999, reserves more than doubled compared with the previous year with the result that the total shareholders' capital rose to GRD 33,260 million, an increase of 62.3% over 1998.

Shareholders' capital included investment costs related to the development of ASE's computer systems which amounted to GRD 393 million at 31.12.1999. This work is part of funded project whose total value is GRD 3,918 million drachma of which 50% is funded by the ETPA; 70% of the work is eligible to a smaller subsidy from the EKT. At 31.12.1999, GRD 1,199 million of this funding had been absorbed.

Forecasts

Items in the balance sheets for the four-year period under examination based on "forecasts" are those related to forecasts of compensation expected to be paid to employees leaving the company.

Short-term liabilities

Suppliers

The balance of the suppliers' account includes amounts payable by ASE for furniture, computer equipment, etc. The following table provides a breakdown of this account at 31.12.1999:

Suppliers accounts outstanding

(GRD million)	**31.12.1999**	**(%)**
From 1 to 4 days	1,424	*55.5%*
From 5 to 30 days	365	*14.2%*
From 31 to 90 days	625	*24.4%*
From 91 to 180 days	138	*5.3%*
From 181 to 365 days	3	*0.1%*
More than 365 days	9	*0.3%*
Total	2,566	*100%*

The above data includes liabilities towards the sister companies TSEC and ASYK, amounting to GRD 98 million and GRD 161 million, respectively.

Taxes, duties and social security contributions

Amounts payable for tax, duty and social security contributions in 1999, amounting to GRD 15,158 million, compared to GRD 3,721 million in 1998, mainly comprise income tax liabilities including pre-payments of income tax amounting to GRD 14,702 million and GRD 3,7624 million in 1999 and 1998, respectively.

According to the tax certificate issued on 25.5.2000, valid until 25.9.2000, the company has no outstanding debts in this respect; similarly, the social security authorities certified on 29.5.2000, valid until 28.7.2000 that ASE had no debts related to employee social security contributions.

Accruals and deferred income

The accrued income account, which amounted to GRD 2,271 million in 1999, compared with GRD 465 million in 1998, represent the biggest part of the company's expenses, particularly those related to contributions to the Capital Market Commission and payments to the employees' pension fund.

12.2.1.15.6 Stock exchange indices 1996-1999

Stock exchange indices	1996	1997	1998	1999
General business indicators (%)				
Turnover	-	6.3%	153.4%	224.8%
Pre-tax profits	-	3.7%	197.9%	221.3%
Profits after tax and directors' salaries	-	-	190.2%	200.2%
Tangible assets (acquisition value)	-	18.7%	29.9%	81.3%
Total capital employed	-	20.9%	45.8%	123.4%
Yield ratios, before tax (%)				
Average yield on shareholders capital	-	22.1%	54.9%	119.6%
Average yield on total capital and reserves	-	19.2%	42.4%	71.0%
Debt ratios (:1)				
Capital/debt	0.1	0.2	0.4	0.9
Liquidity ratios (:1)				
General liquidity	9.1	4.4	2.5	1.7

12.2.1.15.7 Sources and allocation of capital

The sources of working capital for the period 1996-1999 are presented in the following table:

SOURCES AND ALLOCATION OF CAPITAL (GRD million)	**17.7.95 - 31.12.96**	**1997**	**1998**	**1999**	**TOTAL**	**%**
SOURCES						
Pre-tax profit	3,329	3,263	10,004	32,141	48,647	77%
Depreciation	261	354	794	1,193	2,602	4%
Forecasts	90	0	0	0	90	0%
Share capital increases by cash	11,836	0	0	0	11,836	19%
Investment subsidies	0	236	66	91	393	1%
Increase in liabilities:						
- Long-term bank debt	0	0	0	0	0	0%
- Short-term bank debt	0	0	0	0	0	0%
- Other long-term liabilities	7	4	0	0	12	0%
Total	**15,433**	**3,858**	**10,864**	**33,425**	**63,580**	**100%**
ALLOCATION						
Changes in working capital	9,764	811	-27	5,527	16,076	25%
Changes in allocation	1,227	-983	447	3,959	4,651	7%
Increase in establishment expenses and intangible assets	432	637	-97	546	1,519	2%
Increase in tangible assets	2,252	546	1,163	3,158	7,118	11%
Increase/(decrease) in shareholding and long-term stock exchange assets	1,013	518	3,803	779	6,113	10%
Reduction in long-term bank debt	0	0	0	0	0	0%
Reduction in short-term bank debt	0	0	0	0	0	0%
Reduction in other long-term liabilities	0	0	7	-4	3	0%
Dividends	333	1,460	2,750	9,000	13,543	21%
Directors' salaries and profit distributed to employees	0	0	0	0	0	0%
Taxes	412	868	2,817	10,460	14,557	23%
Total	**15,433**	**3,858**	**10,864**	**33,425**	**63,580**	**100%**

12.2.1.15.8 Cashflow

ASE cashflow for the financial periods between1996 and 1999 are presented in the following table:

BREAKDOWN OF CASH FLOW – ASE (GRD million)	**17.7.95 - 31.12.96**	**1997**	**1998**	**1999**
Net profits after tax and directors' salaries	2,826	2,395	7,187	21,681
Plus: Contingencies	90	0	0	0
Plus: Depreciation	261	354	794	1,193
Less: Dividends	333	1,460	2,750	9,000
Gross cash flow	**2,844**	**1,289**	**5,231**	**13,874**
Less: Operational cash requirements				
Increases/decreases in:				
Client accounts	54	45	306	913
Other receivables	452	510	843	4,071
Securities	10,430	2,054	3,053	21,903
Accrued asset balances	179	7	13	405
Total operational cash requirements	**11,116**	**2,615**	**4,215**	**27,292**
Plus: Operational cash sources				
Increases/decreases in:				
Accounts payable	47	276	135	2,271
Other payables	1,237	1,419	3,819	17,689
Accrued liability balances	69	109	288	1,805
Total operational cash sources	**1,352**	**1,804**	**4,241**	**21,765**
Transfer to working capital	**9,764**	**811**	**-27**	**5,527**
Net cash flow	**-6,920**	**478**	**5,258**	**8,347**
Less: non-operational cash requirements				
Increases in establishment costs and intangible assets	432	637	-97	546
Net investments in fixed assets	2,252	546	1,163	3,158
Reduction in long-term debt	0	0	7	-4
Other long-term receivables	1,013	518	3,803	779
Total non-operational cash requirements	**3,697**	**1,701**	**4,876**	**4,479**
Plus: non-operational cash sources				
Capital increases by cash payment	11,836	0	0	0
Investment subsidies	0	236	66	91
Increase in long-term debt	7	4	0	0
Total non-operational cash sources	**11,843**	**241**	**66**	**91**
Cash transfer and other cash in hand	1,227	-983	447	3,959

12.2.1.16 Forecast results for ASE

The following table presents the forecast financial results for ASE for 2000, These should be read in conjunction with the comments made in chapter 4 “Investment risks”

(GRD million)	**1999**	**2000(est.)**
Turnover	32,786	29,097
Cost of sales (before depreciation)	4,495	4,470
Gross profit (before depreciation)	**28,291**	**24,628**
(% of turnover)	*86%*	*85%*
Plus: Other income	190	140
Total	**28,481**	**24,768**
Less:		
Management expenses (before depreciation)	3,285	3,237
Listing expenses (before depreciation)	0	0
Total operating expenses	3,285	3,237
(% of turnover)	*10%*	*11%*
Operating profit	**25,196**	**21,531**
(% of turnover)	*77%*	*74%*
Plus: income from participating interests	1,956	4,080
Plus: income from other investments	2,037	2,159
Plus: profits from sale of participating interests and other investments	2,790	0
Plus/Less:		
Extraordinary and non-operating income	1,090	626
Extraordinary and non-operating expenses	3	0
Profits before interest, depreciation and taxes	**33,066**	**28,396**
(% of turnover)	*101%*	*98%*
Less: debit interest and similar charges	2	1
Plus: credit interest and similar income	270	332
Profit before depreciation and taxes	**33,334**	**28,727**
(% of turnover)	*102%*	*99%*
Less:		
Total depreciation	1,193	1,800
Profits before tax	**32,141**	**26,927**
(% of turnover)	*98%*	*93%*
Less: income tax and other taxes	10,453	8,827
Net profit after tax	**21,688**	**18,100**
(% of turnover)	*66%*	*62%*
Less: tax adjustments for previous years	*7*	0
Net profits after tax and and tax adjustments for previous years	**21,681**	**18,100**
(% of turnover)	*66%*	*62%*

Turnover

As already stated, ASE's turnover is directly related to two factors:

a) The value of stock exchange transactions on which ASE's income is based, which accounts for approximately 70% of its turnover, and b) the value of total capitalisation of listed companies, which is the basis for calculation of their quarterly subscriptions. The development of these two parameters in the current financial year lead to the following conclusions.

a) The average daily of transactions in 2000 is likely to be 30% reduced compared with 1999, amounting to approximately GRD 165 ,000 million (compared with 236,000 million in 1999), which means that annual value of total transactions on which ASE's relevant income is calculated will be GRD 41,300 billion. The average daily value of transactions during the first five months of 2000 was approximately GRD 190,000 million.

b) The average level of total capitalisation of listed companies on the Exchange in 2000 is expected to be approximately GRD 55,000 billion.

On the basis of the above, and taking account of conservative assessments of the number of new listings and share capital increases that may occur, turnover in 2000 is expected to be broken down as follows:

	(GRD million)
Commission on transactions	16,507
Commission on orders	825
Other income from ASE	1,106
	18,438
Three-month subscriptions	2,750
One-off new listing commissions	3,962
One-off share calital increase commissions	3,000
	9,712
Other income (mainly from terminal users/vendors)	947
Total turnover	**29,097**

Cost of sales, management expenses

These are expected to be at the same level as 1999, taking account of forecast increases in personnel costs which will be balanced by reduced to the Capital Market Commission and reduced contributions to the employee pension fund (10% and 2.5%, respectively) of the value of commissions on transactions. Furthermore, costs will be reduced as a result of lower equipment costs associated with the continuing development of the OASIS system.

Income from shareholdings

A significant increase is associated with the corresponding increase in ASE dividend.

Income from securities

This income is based on the announced dividend of the company's shareholding (mainly bank shares), as well as income from investments in bonds, etc, the estimated income from which takes account of the expected fall in interest rates.

Extraordinary income

This covers, as in 1999, income from fines levied by ASE, and from subsidies from the Kleisthenis programme.

Credit interest

This covers income from fixed-term bank deposits, repos, etc.

Income tax

Taking account of the extent of income which is free of tax, income tax is calculated on the basis of a tax rate of 32.5%, the same as applied in 1999.

12.3 Affiliated Companies

12.3.1 Central Securities Depository S.A.

12.3.1.1 General

The Central Securities Depository S.A. was established by the Athens Stock Exchange on 22.2.1991, as provided for by article 33a of Law 1806/88, as amended (Gov. Gazette 434/22.2.1991), with company registration number 23708/06/B/91/25. Its original share capital was 1,000 million drachmas, divided between 1,000,000 ordinary registered shares each of nominal value 1,000 drachmas, the whole amount of which was paid in cash by ASE, the sole shareholder.

CSD has been based since its creation in rented offices of 1,123 squ. m. at Pesmazoglou 1, Athens, a building owned by ASE. The company also rents the following in the same building: 112 squ. m. in the basement, 281.4 squ. m. on the ground floor and mezzanine floors, 292.7 squ. m. on the first floor, 307.0 squ. m. on the fourth floor, and 130.2 squ. m. on the fifth floor. The total rent paid for the premises in this building amounted to approximately 87 million drachmas.

The company's expanding needs, associated with the significant rise in its turnover and the introduction of new systems, has made it necessary to rent further accommodation as follows:

the 3rd floor of Aiolou 73, total area 311 squ. m., used for the processing of incoming investor information for DSS;

the 4th, 5th and 6th floors of Kleisthenous 3, total area 440.3 squ. m., housing the company's archives, previously at Evripidou 19;

the 1st, 2nd, 3rd, 4th, 5th and 6th floors of Evripidou 19, total area 1,095.6 squ. m., housing the I.T. department, previously at Praxitelous 29;

the 1st floor of Sofokleous 21, total area 300 squ. m., housing the organisation and management support department, previously at Pesmazoglou 1.

CSD's aims, as described in article 33a of Law 1806/88 and in article 2 of its constitution, are:

1. Clearance of stock exchange transactions, the issue, amendment and replacement of depository receipts, the safe holding of such documents and other related activities;

2. Classification of dematerialised share information for ASE-listed companies according to their status, e.g. whether they are blocked, etc;

3. Offering services related to: a) distribution of dividends, b) related payments, c) distribution of securities d) intermediation in the transfer of rights;

4. Clearance of transactions relating to dematerialised government securities;

5. Participation in public companies where this is compatible with its aims.

The company's period of activity extends until 31.12.2040 when it may be extended by a decision of a shareholders' general meeting.

Sole shareholder and founder of the company was ASE, as provided for by article 33a of Law 1806/88, as amended by article 56 of Law 192/90 and its charter. According to article 33a, owners of registered shares in the company may only sell them to a) banks whose shares are listed on the Athens Exchange, b) mutual funds companies, c) portfolio management companies, or d) members of the ASE (*numerous claousis*). Except for the ASE, which retains 25% of the share capital, no other shareholder is permitted to own more than 10% of the share capital.

Following decisions of shareholders' general meetings held on 3.3.1999 and 23.2.2000, the original GRD 1,000 million shareholders' capital of the company was increased by GRD 2,000 million, and by GRD 3,000 million, respectively, bringing the total paid-up capital to GRD 6,000 million, comprising 6,000,000 shares of GRD 1,000 nominal value each.

According to the provisions of Law 1806/88, as amended, and the company's charter, the ASE transferred to others entitled, subject to the provisions of the law and the company's charter, to become shareholders, 60.7% of the company's shares during the period between 15.7.1991 and 24.7.1991. The breakdown of ownership of shares in CSD on 31.12.1991 was as follows:

Breakdown of CSD shareholders	No. of shares	Percentage of total
Athens Stock Exchange S.A.	1,155,000	38.50
Banks listed on ASE	593,400	19.78
Mutual fund management companies	235,125	7.84
Investment fund management companies	444,000	14.80
Securities companies	572,475	19.08
Total	**3,000,000**	**100.00**

The company's board of directors was elected by the eighth regular shareholders' general meeting on 23.2.2000 with a three-year period of office which expires on 30.6.2003. The board of directors comprises 11 members and was convened as a body following itsown decision of 23.2.2000, which decision was recorded on 31.3.2000 in the public companies register of the Ministry of Development (due to be published in the Gov. Gazette).

The board of directors comprises the following:

Name	Position	Professional activity
Theodoros N. Pantalakis	Chairman	Economist
Nikolaos I. Zographos	Vice-chairman	Retired certified auditor
Loukas S. Zagkas	Managing director	Economist
Spyridon M. Lazaris	Member	Economist
Dimitrios A. Tsiribis	Member	Statistician
Artemis Ch. Theodoridis	Member	Economist
Athena A. Desipri	Member	Economist
Ioannis S. Markopoulos	Member	Economist
Constantinos Ch. Pentedekis	Member	Stockbroker
Christos K. Spanos	Member	Economist
Iraklis D. Hortarias	Member	Bank employee

Directors' remuneration in the financial year 1999 totalled 69,797,500 drachmas (the lowest salary was 2,333,500 drachmas, the highest 37,994,500) while in 2000 it is expected that the figure will total 93,641,232 (lowest salary 2,400,000 drachmas and the highest 365,681,232).

Remuneration of senior management in 1999 totalled 108,724,800 drachmas (lowest salary 15,177,700 drachmas and the highest 23,615,500), and this figure was expected to rise to 358,024,689 in 2000 (lowest salary 10,066,922 drachmas and the highest 39,374,9489).

The following table gives details of shareholdings of members of the board of directors:

Member	Company	Position
Theodoros Pantalakis	CSD S.A.	Vice-chairman
	National Bank of Greece	Member – Deputy general manager
	Ethniki General Insurance	Chairman
	PAEG SA	Chairman
	Ektenopol	Chairman
	Astir Palace Vouliagmeni SA	Chairman
	Astir Alexandrouplois SA	Chairman
	Grand Hotel Summer Palace SA	Chairman
	Phosphoric Fertilizer Industry	Chairman
	National Bank of Greece (Cyprus)	Vice-chairman
	AGET Heracles	Vice-chairman
	DIAS Interbanking Systems	Vice-chairman
	South African Bank of Athens	Member
	COSMOTE	Member
Nikolaos Zographos	Hermes Mutual Funds	Member
Loukas Zagkas	CSD S.A.	Member
Artemis Theodoridis	Alpha Securities	Chairman
	ASYK S.A.	Member
	Alpha Finance US	Chairman
	Alpha Finance Romania	Vice-chairman
Athena Desipri	EFG Eurobank Securities	Member
Ioannis Markopoulos	Sigma Securities	Chairman & Managing director
	Space Imaging Europe S.A.	Chairman
	Com to Net S.A.	Chairman
	Fin ComNet Holding S.A.	Chairman & MD
	SMEHA	Member
	Guarantee Fund	Member
	Assn. of New Enterprises (ENEE)	Member
	Hellenic-American Chamber of Commerce	Member
	Hellenic-American Commercial Council	Member
Konstantinos Pentedekas	SMEHA	Member
	Guarantee Fund	Member
Christos Spanos	Hermes Mutual Funds	Vice-chairman
	CSD S.A.	Member
	Export Credit Guarantee Organisation	Member
Iraklis Hortarias	Hellenic Tourist Works S.A.	Chairman
	National Real Estate & Tourism S.A.	Chairman
	Grand Hotel Summer Palace S.A.	Chairman
	Dionysos AGBEKTE	Vice-chairman
	National Portfolio Management	Vice-chairman
	National AEDAK	Vice-chairman
	Astir S.A.	Vice-chairman
	ETEVA	Adviser
	National Leasing S.A.	Adviser
	Ektenepol Real Estate & Construction	Adviser
	Astir Palace Vouliagmenis	Adviser
	Astir Alexandroupolis	Adviser
	Ethniki Real Estate	Adviser
	ASYK	Member

As required by the relevant legal controls, the company has confirmed that no member of the board of directors has been convicted of any fraud or any other financial crime, neither are any legal actions pending related to bankruptcy, criminal charges nor are there any restrictions on their carrying out business activities, stock exchange transactions, underwriting, business consultancy or related functions.

12.3.1.2 Operating procedure of the Central Securities Depository (CSD)

Dematerialisation of shares

The dematerialization of shares listed in the ASE was provided for by Law 2396/1996, as amended by Laws 2533/97 and 2651/98. Dematerialised shares are stored in the files of the Central Securities Depository (with no simple progression in identification numbers).

The legislative framework was completed by the regulation of clearance of transactions and the regulation for the operation of the Dematerialised Securities System after approval by the Capital Market Commission.

The completion of the conversion of physical share certificates into paperless securities was a major development in 1999. During the transitional period the Central Securities Depository was handling two clearing systems one for the physical shares and another for the dematerialised shares. Until the completion period of dematerialization, ASE continued to issue depository certificates in case corrections were required to bearer depository certificates and stock splits.

In order to support the market in the new environment of dematerialised shares, ASE bought the necessary computerised equipment, an investment that cost GRD 700 million. Moreover, ASE hired specialist advisers for the management of the project and the realisation of the Dematerialised Securities System.

The principal characteristics of the Dematerialised Securities System are:

interchangability of shares

settlement based on the principle of delivery vs payment, using the on-line connection with the settlement bank

participation of banks and securities companies in the settlement process

performance of special actions (transfers, formation of pledges, inheritance, etc)

facilitating the administration of investor accounts

facilitating the execution of corporate actions.

Through the use of special tools and techniques the uniqueness of each registered share and each investor account can be assured. This helps listed companies to maintain a shareholders' list in the case of bearer shares. It also reduces the number of entries in the data entry procedure, helps avoid mistakes resulting from multiple-investor share ownership and ensures the better use of information by banks and ASE members.

Each investor can own only one Investor Share and One Investor Account but he can authorise more that one operators (bank or ASE member) to handle his account.

The transition to dematerialized shares was supervised by the issuing companies themselves and by DSS operators (if the shares to be dematerialised were represented by depository documents). After the end of the deadline, which in some cases was extended on the decision of the Capital Market Commission, the shares that had not been dematerialised had to be sold.

Data entries in the files of the CSD that concern dematerialised shares are confidential. The relevant legislation prevents even issuing companies from having access to this data. Only the Capital Market Commission is exempt. In special cases the law provides for the release to the CSD of confidential information relating to bank deposits.

The account operators of the DSS have access only to the accounts of their clients and only to the shares they manage under their clients' authorisation.

Issuers of bearer shares may receive continuous information from the CSD about trading in their shares so they may update their share registers as often as they wish. Investors can be regularly informed about their portfolios and about movements in prices of shares in their portfolios. The distribution of stock offers, stock splits, transfers and mergers are executed electronically according to the directions of the issuing companies. In the future, the system will be able to distribute electronically the dividends through investors' bank accounts.

Dematerialization of shares has many advantages for the issuing companies and for investors. Moreover, it makes the ASE more attractive to investors by providing:

safer, more accurate and faster clearing of transactions;

faster transfer of shares to investors accounts during corporate actions, due to the abolition of the time-consuming procedures of issuing and distributing physical shares to shareholders.

the ability to fully inform investors about corporate developments.

CSD has begun to broaden its business activities. Since ADEX's start of operations it has been responsible, jointly with CSD, for the lending and pledging of shares in order to guarantee trades on derivatives.

Moreover, the CSD also expects profits from other services such as dividend payments, rights management, etc.

The move to dematerialization of share has now been almost completed.

The clearance and settlement process

The clearance and settlement procedure has not changed significantly since the dematerialisation of shares in 1999. The only difference is that no physical share certificate is involved in the clearance and settlement of transactions. Transfer of shares takes place through an accounting process, since investors no longer possess titles, only "securities accounts".

The clearance process starts when ASE has informed CSD of transactions executed and ends when settlement of those transactions has been completed. The clearance process involves both Account Operators and the CSD, but the final the clearance of all transactions executed on the Exchange each day is carried by CSD alone.

The clearance process is made up of the following stages:

A. ASE informs CSD of all transactions to be cleared

After the end of the trading session, ASE transfers to the CSD an electronic file with all transactions to be cleared. The forwarded file and accompanying reports must include the following data for each (buying or selling) transaction: a) transaction data (code number of the traded securities, prices and items traded), b) details of the members and the counter-parties involved in the transaction (member codes, investor OASIS codes), c) transaction data (selling or buying, time and date of the transaction).

After entry of transactions into the Dematerialised Securities System (DSS), the CSD checks if the totals of all transactions, volumes and values of the day's trades contained in the electronic file agree with the relevant accompanying reports (statements) and if the counter-party accounts and the buying data are in agreement with the relevant selling data.

B. Finalisation of the cleared (purchase or sale) transactions

After checks have been completed, the volume and value of trades (selling or buying) are summed per investor, per member, per trading code and per trade. In order to achieve settlement with the account operators, CSD determines the average value of the summed transactions by dividing the total value by the number of securities. After the above procedure, the trades, that have been provisionally entered into the DSS, are confirmed and the finally and irrevocably executed trades are cleared. The settlement is notified to account operators by an electronic message from the CSD.

After the settlement, the trades cannot be changed, corrected or amended by CSD. In exceptional cases, referred to in article 29 of Law 2579/1998 (Gov. Gazette A 31), trades can be labelled as "under cancellation" and be cancelled. In such cases, ASE notifies CSD on the same day so these trades can be separated from the multilateral settlement process and identified. If the Capital Market Committee cancels ASE's decision, these trades will be settled through the bilateral settlement process. If, on the other hand, the CMC does not cancel ASE' s decision, the CSD cancels the trades to ensure they are not further recorded in the DSS.

With the process of transfer (buying or selling), the member transfers its obligations and assigns its claims arising from the clearance of trading, to a settlement bank, which acts for the member as far as its obligations and claims are concerned. Such transfers related to specific trades and are performed by the members who executed the relevant trades. The transfer of trades is allowed only if both the member and the settlement bank have made a common statement to the CSD stating that the settlement bank accepts the transfer from the member and the member wishes to transfer to the settlement bank. The transfer of a particular trade is done after the finalisation of trade and before its confirmation by the Account Operator. In every case, the transfer of trades must be completed by the 20:00am of day T+1 (where T is the day of the trade).

C. Confirmation of the Account Operator for each trade

After finalisation of transactions, there follows the confirmation to the DSS of the account operator from whom the value of the trading is to be debited or credited. The confirmation of the account operator is done either by the member which performed the trade or by the settlement bank to which the trade was transferred. Members and the settlement banks can only issue confirmations in respect of accounts for which they have been appointed operators. For each (buying or selling) trade, one account operator may be confirmed, once only.

Conformation of account operators has to be issues by members before the start of the last stage of settlement cycle on day T+3 at the latest. Settlement banks have to issue confirmations one hour before the end of the trading session on day T+3 at the latest.

D. Settlement of transactions

Confirmation of account operators is followed by the last stage of the clearance process which is the settlement of transactions. More specifically, during this stage ASE transfers the (bought or sold) shares to the relevant account operator and at the same time debits or credits the relevant settlement accounts of the operator (cash on delivery). If the claims and liabilities of the operator are offset, the bought/sold shares are transferred to the relevant account operator without cash payment on the part of the operator (receipt on delivery). After the end of the process, the transaction settlement process is deemed to be complete and irrevocable as far as it concerned investors' and operators' accounts.

The transaction settlement procedures may be multilateral or bilateral.

Multilateral settlement may be performed by CSD until the third business day (T+3) after the trading day T, unless there is a reason for the application of article 38 of the ASE's constitution. The settlement is worked out in phases called cycles. The settlement involves all operators equally and is independent of whether the counter-parties fulfil their obligations. The clearance process is completed after the end of the last cycle of the settlement on T+3, even if an operator is not satisfied or only partially satisfied by another operator, either in terms of payments or in terms of shares claims due for its own account or for their investors (assignor). The multilateral settlement process operates in respect of cash transactions involving the same operator and transactions executed on the same day. All procedural or technical details concerning the settlement of transactions, like the number and the time of every settlement cycle and the settlement's algorithm, are determined by the CSD.

Bilateral settlement is only permitted in case of a) manual transactions during a single session, offset transactions and transactions involving a repurchase agreement, b) special transactions as defined by law or regulations, c) in case of cancelled decisions of the ASE' s board of directors and the CMC, as provided for by article 29 of Law 2579/1998, and d) in case of transactions carried out using method 6 as defined in ASE board of directors' decision 18/15.1.99, as amended by decision 22/14.5/1999.

An operator is deemed not to have fulfilled its obligations arising from the settlement process in the following cases: a) when the operator does issue confirmation of an account operator, b) when the balance in the operator's account is not sufficient to cover liabilities, c) in cases where article 34 of the ASE regulation applies and the relevant traded shares are not available in the operator's or investor's account.

In these cases, the CSD carried out the overdue settlement, multilaterally or bilaterally, at the T+3 day or subsequently. Such overdue settlements are performed irrespective of any surcharges of fines that may be levied, as provided for by the legislation.

E. Cash settlement

Payment obligations arising from the purchase of shares that an operator is liable for may be offset by claims the operator has in respect of shares sold, resulting in a net debit or credit balance arising at the end of the clearance period.

Operators are obliged to deposit in their accounts held with the settlement bank (Alpha Bank) the amount of their net liabilities before midday on T+3 after the relevant trading day.

12.3.1.3 Personnel

CSD's human resources policy is to maintain staffing at levels sufficient to ensure smooth operation of the company and to offer continuous personnel training so employees can satisfy company demands. The dematerialization of shares introduced a new requirement for specialised personnel to cover the needs of the new systems used.

The average number employed by CSD during 1997-1999, as reported in the company's published financial statements, are shown in the following table:

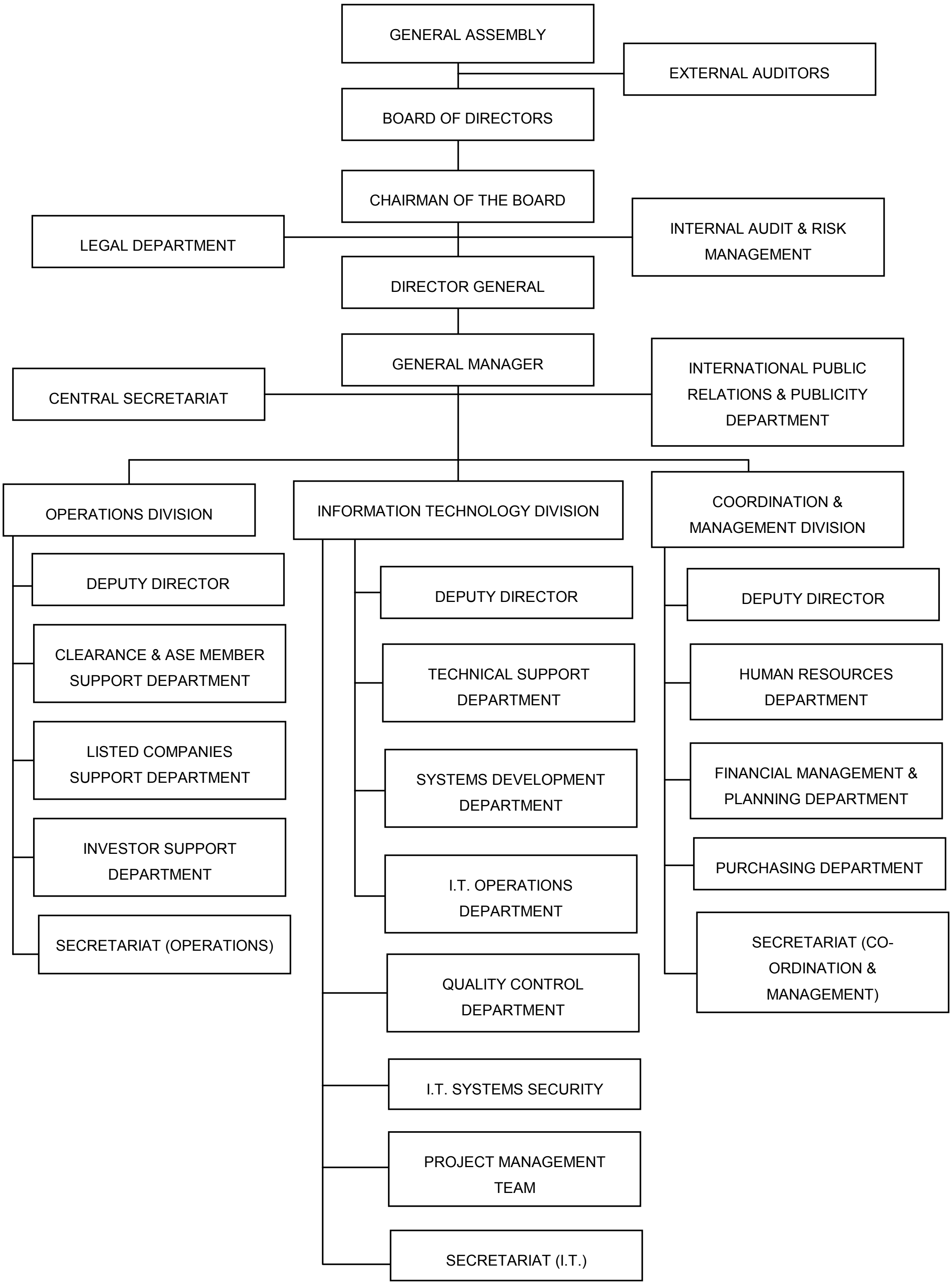
	1997	**1998**	**1999**
Average number of employees	141	214	302

The number of CSD employees on 31 December 1999 was 302 (of which 179 were covered by open-ended contracts, seven (lawyers) were salaried employees and 116 had fixed-term employment contracts) compared with 214 employees on 31/12/1998.

The company's independent legal auditor has pointed out that the company has not yet issued an employment regulation, in spite of the fact that according to law 3789/1957 all companies employing over 70 people should do so. The employment regulation is a private law contract which describes the terms and conditions of employment.

The company has undertaken to issue and implement an employment regulation prior to the listing of HELEX shares on the ASE main market.

12.3.1.4 CSD Organisation chart



12.3.1.5 Contracts with third parties

Contracts for supply and maintenance of computerised/electronic equipment - Contracts for software supply

The company has signed contracts with the following companies: Bull SA, Vality Technology Inc, Computer Logic, Data Order and REDD Computer Applications, Compaq Computers, Unisys, Hewlett-Packard, ENEK Special Services and Network Applications, M+O Information Systems, IBM Vality-Integrity and Data Media. The contracts cover software development, information technology security systems, computer software and hardware, as well as the maintenance of all the above equipment. The company in most cases does not sign contracts but issues letters to its counter-parties which, when accepted, represent a contract.

Services contract with Alpha Bank

Law 3632/1928 (paragraph 9, article 20) provides for an arrangement whereby the company assigned, as of 26/2/1997, a services contract (extended on 5/2/1999) to Alpha Bank covering the processing of ASE clearance and settlement procedures through the bank's automated system. The bank services are provided without charge and the contract expires on 25/2/2003. According to the terms of the contract, Alpha Bank maintains special deposit accounts for all participants in the DSS (brokerage firms, investment companies, etc), the financial terms of which are agreed between the bank and the participants. Alpha Bank is not liable for any losses associated with debits/credits effected by the CSD, either directly or indirectly. The contract may be terminated by either party, at any time, following written notice.

Contracts concerning intangible assets

Agreements covering software licensing and access to DSS

The company has developed and maintains software which, so far as possible, provides for: a) conversion of listed physical share titles into dematerialised shares for all listed companies, b) the connection of all ASE members and clearing banks to the DSS system, as prescribed in ASE regulations, c) the electronic monitoring of every transaction involving shares that derive from stock exchange dealings or the exercise of stock options, and d) the preparation of investor data files covering investor trading activities.

Licences for the use of software are issued to all listed companies, to all ASE members and to the clearing banks. Relevant contracts covering participation in DSS are agreed between the company and all DSS participants.

12.3.1.6 CSD financial data

CSD operates as a private law legal entity and prepares financial statements according to Law 2190/20, which are audited by certified accountants.

12.3.1.6.1 Operations and income from operations

CSD's income currently arises, mainly, from fees for transfer and clearance transactions relating to shares (bearer and registered) and secondly, from fees relating to new listings on the Exchange. A new source of income is expected to arise from the handling of derivatives product transactions which CSD will carry out on behalf of the Athens Derivatives Exchange Clearing House. Further details of the income from these activities is given in the following paragraphs.

1. Transaction income - clearance

CSD commission on transactions		
Type of operation	**Commission**	**Basis for calculation**
Ownership transfer for registered shares	0,025%	On the value of the transaction
Ownership transfer for bearer shares	0,011%	On the value of the transaction
Clearance transactions (coverage of transaction errors and shortfalls)	0,005%	On the value of the cleared securities

2. Income from depository documentation, following capital increases, etc.

According to Capital Market Commission decision 168/22.12.93 CSD is entitled to commission on new listings of registered and bearer shares on the Exchange, including those arising from share capital increases or the replacement of shares by new issues, according to the following scale:

A) Registered shares

Issue of depository receipts for new registered shares, share capital increases, share replacement.		
Value of increase (GRD)	**Certificates up to**	**Commission rate**
Up to 1 billion.	5,000	0.35%
1-5 billion	10,000	0.20%
5-10 billion	15,000	0.10%
10-25 billion	25,000	0.07%
25-50 billion	50,000	0.04%
50-100 billion	100,000	0.02%
100-200 billion	200,000	0.01%
200 billion and above.	300,000	0.005%

Notes:

The above rates apply to the value of the capital increase (listing price) when the number of depository receipts exceeds 500. Where the number is fewer, the rate is reduced by 50%.

Where more than 50% of the capital increase is represented by no more than 10 receipts, the above rates are reduced for that 50%.

Where the number of receipts involved exceeds the scale above, each receipt is surcharged by 75 drachmas.

The minimum fee is 1 million drachmas and the maximum 60 million.

B) Bearer shares

Share capital increases or share replacement, listed company bearer shares	
Value of increase (GRD)	**Commission rate**
Up to 1 billion.	0.35%
1-3 billion	0.20%
3-5 billion	0.10%
5-10 billion	0.07%
10 billion and above	0.04%

Notes:

CSD commission is calculated on the basis of the total value of the capital increase and the listing price; in the case of replacement of shares, the nominal price applies.

The above scale applies for up to 5,000 receipts per category; above that number, each receipt is surcharged by 75 drachmas.

The minimum fee is 1 million drachmas and the maximum 60 million.

Listing of new shares Commission on new listing and share replacement	
Value of increase (GRD)	**Commission rate**
Up to 1 billion.	0.30%
1-3 billion	0.20%
3-5 billion	0.10%
5 billion and above	0.05%

Notes:

CSD commission is calculated on the basis of the total value of the capital increase and the listing price; in the case of replacement of shares, the nominal price applies.

The above scale applies for up to 5,000 receipts per category; above that number, each receipt is surcharged by 75 drachmas.

The minimum fee is 1 million drachmas and the maximum 60 million.

If a capital increase occurs simultaneously and falls below the 1 million threshold, the commission is paid once only.

3. Commission on transfers by electronic means

Listed companies may receive, electronically, details of transactions involving their stock, they are required to pay a fee of 50 drachmas per transaction, the minimum charge being 5,000 drachmas per electronic file.

4. Commission from other services

Prior to the dematerialisation of shares, CSD is entitled to commission on other services related to the issue of depository receipts, such as in the case of inherited rights, non-traded transfers of ownership, etc. This income is calculated o the following basis:

Issue of depository receipts for registered shares in special circumstances	
Value of transfer (GRD)	**Charge (GRD)**
From 1 to 1 million	2,000
From 1.000.001 to 10.000.000	3,000
From 10.000.001 to 50.000.000	5,000
From 50.000.001 to 100.000.000	7,000
100.000.001 and above	10,000

Correction of data

2.000 drachmas per receipt

Declaration relating to bearer certificates

The same scale applies as in the case of registered certificates

Income from operations

The large increase in volume of ASE business, the listing of many new companies and many share capital increases of already-listed companies have resulted in a significant increase in turnover for the Central Securities Depository.

The following table provides a breakdown of income by category of activity:

Analysis of income						
(GRD million)	**1997**	**%**	**1998**	**%**	**1999**	**%**
Breakdown of income:						
Clearance of ASE transactions	8,202	89.7	12,053	87.2	37,657	94.2
Issue of receipts for share capital increases	570	6.2	1,167	8.4	1,720	4.3
Issue of receipts for share replacement	150	1.6	213	1.5	83	0.2
Registered shares	0	0.0	0	0.0	0	0.0
Transfer of electronic files	197	2.2	343	2.5	395	1.0
Other services	**21**	**0.2**	**51**	**0.4**	**115**	**0.3**

Notes:

CSD's most significant source of income is that derived from clearance and settlement of exchange transactions, which in 1999 represented 94% of its total turnover. In fact, income from clearance and settlement tripled in 1999 compared with the previous year, totalling GRD 38,000 million.

This increase was the result of the manifest increase in the volume of exchange activity – the total value of transactions quadrupled during the year compared with 1998.

Income from the issue of depository receipts related to share capital increases in 1999 rose to GRD 1,900 million, compared with 1,200 million in 1998, an increase of 47%. In contrast, income derived from replacement of shares fell compared with the previous year by 61%, totalling GRD 83 million.

CSD also received income from the supply of electronic data files, which raised GRD 395 million, compared with 343 million in 1998, a 15% increase. Finally, CSD's income from other services during 1999 totalled GRD 115 million, compared with 51 million in 1998, a 125% increase.

12.3.1.6.2 Growth of turnover and financial results - CSD

CSD turnover for the period 1997 to 1999 is shown in the following table (the balance sheets and the financial statements for the period 1995 to 1999 are provided in the appendix).

(GRD million)	**1997**	**1998**	**1999**
Income derived from:			
Fees from clearing of stock exchange transactions	8,202	12,053	37,657
Fees from issuance of depository documents from share capital increases	570	1,167	1,720
Fees from issuance of depository documents from the replacement of shares	150	213	83
Operations involving transfers to magnetic media	197	343	395
Other services	21	51	115
Turnover (sales)	**9,140**	**13,827**	**39,970**
Less: CMC levy (Law 2471/1997, art.79d)	0	0	2,798
Less: cost of sales (before depreciation)	934	1,549	2,538
Gross profit from operations	**8,206**	**12,278**	**34,634**
(% of turnover)	90%	89%	87%
Plus: Other income from operations	0	3	0
Total	**8,206**	**12,280**	**34,634**
Less: administrative expenses (before depreciation)[1]	397	528	940
Less: research and development expenses (before depreciation)	0	0	0
Total operating expenses	**397**	**528**	**940**
(% of turnover)	*4%*	*4%*	*2%*
Partial o*perating result (*profit*)*	**7,809**	**11,752**	**33,694**
(% of turnover)	*85%*	*85%*	*84%*
Plus: income from marketable securities	204	131	3,591
Plus: gains from sale of participating interests and other investments	341	1,142	0
Plus: extraordinary and non-operating income	2	215	37
Less: extraordinary and non-operating expenses	1	305	236
Profits before interest, depreciation and taxes	**8,355**	**12,935**	**37,086**
(% of turnover)	*91%*	*94%*	*93%*
Plus: credit interest and related income	50	149	209
Less: debit interest and related expenses	1	1	3
Overall operating result (profit before depreciation and tax)	**8,404**	**13,082**	**37,292**
(% of turnover)	*92%*	*95%*	*93%*
Less: depreciation	538	1,087	1,806
Profits before tax and extraordinary items	**7,866**	**11,995**	**35,486**
(% of turnover)	*86%*	*87%*	*89%*
Less: income tax and other taxes	3,008	4,549	14,727
Less: directors' salaries	0	19	35
Profits after tax and BoD salaries	**4,857**	**7,428**	**20,724**
(% of turnover)	*53%*	*54%*	*52%*
Net results (profit) for the year after salaries, current year's tax and prior years' tax adjustments	**4,857**	**7,428**	**20,562**
(% of turnover)	*53%*	*54%*	*51%*
Profit for appropriation[2]	**7,866**	**11,995**	**32,898**
(% of turnover)	*86%*	*87%*	*82%*
Adjusted profit after tax and BoD salaries[2]	4,857	7,428	18,136
(% of turnover)	*53%*	*54%*	*45%*
Adjusted profit after tax, BoD salaries and tax audit adjustments[2]	**4,831**	**7,372**	**18,076**
(% of turnover)	*53%*	*53%*	*45%*

[1] Depreciation of the cost of sales, management expenses and R&D expenses were taken account of before calculation of the operating profits.

[2] The financial results have been adjusted to take account of the auditor's report and the consequence necessary tax audit adjustments.

Turnover

As mentioned already, as a result of the great increase in ASE's daily volume of business, CSD's turnover more than tripled in 1999 compared with the previous year. Thus 1999 turnover rose to GRD 39,970 million, compared with 13,827 million in 1998 and 9,140 million in 1997.

Cost of sales - Potential for gross profit

The cost of sales for the period 1996-1999, before depreciation, was broken down as follows:

COST OF PROVIDING SERVICES *(GRD million.)*	1997	1998	1999
Personnel expenses	633	1,001	1,648
Third party salaries	25	45	45
Fees paid to third parties	180	265	336
Taxes - Duties	2	2	3
Sundry expenses	86	223	475
Interest charges	0	0	0
Provisions for liabilities/charges	8	13	31
TOTAL	**934**	**1,549**	**2,538**

As required by HCMC regulation 1969/91, as currently in force, the Commission's income includes a contribution from the CSD equal to 7% of its turnover.

With effect from the financial year ending 1999, the above deduction is shown in the CSD's balance sheet whereas previously it appeared as a components of profit for distribution. In 1999 the amount was GRD 2,798 million.

Management expenses

Pre-depreciation operational management expenses amounted to GRD 940 million in 1999, compared with GRD 528m in 1998 and GRD 397m in 1997.

Management expenses were broken down as follows:

MANAGEMENT EXPENSES *(GRD million.)*	1997	1998	1999
Salaries	210	243	390
Third party salaries	90	73	79
Fees paid to third parties	27	39	71
Taxes - Duties	8	17	45
Sundry expenses	58	151	344
Provisions for liabilities/charges	4	5	11
TOTAL	**397**	**528**	**940**

Income from marketable securities

The "income from securities" account mainly includes income from investments in mutual funds and term deposits. Income from such securities in 1999 amounted to GRD 3.6 billion, compared with GRD 131 million during the previous year, reflecting the significant increase in the size of the CSD's portfolio in 1999, the composition of which is presented in the analysis of the balance sheet (below).

The deduction of tax (currently 0.6%) on the volume of ASE members sale transactions on ASE, takes place during the clearance of transactions, ie three days after the execution of trading. Thus the amount of tax relating to transactions completed during the previous three days' trading sessions are shown in the CSD's balance sheet as equal sums of receivables and liabilities.

It should be noted that, as from 8.10.99, the level of tax levied on stock market transactions was increased from 0.3% to 0.6%.

Depreciation

Depreciation was carried out on the basis of rates set by law, which did not change during the period under consideration. The following table shows the allocation of depreciation over the past three years between the cost of sales, management expenses and research and development expenses.

ALLOCATION OF DEPRECIATION	1997	1998	1999
Depreciation of cost of sales	254	642	760
Depreciation of operational management expenses	18	43	73
Depreciation of R&D expenses	266	402	973
TOTAL DEPRECIATION	**538**	**1,087**	**1,806**

Profit before tax

During the period under consideration, the company showed a steady increase in profitability, especially in 1999, as a result of the significant increase in turnover and also as a result of the maintenance of high profit margins (more than 84% on turnover).

Thus profit before tax in 1999 reached GRD 35.5 billion, compared with GRD 12 billion in 1998 and GRD 7.9 milion in 1997.

Adjustments to the financial results for contingencies and the net results of CSD

The certified auditors report following his unscheduled audit of the company's accounts included the following comments:

> "1. The CSD has not made any provision for the tax liability that is likely to be generated by the egular tax aduit for the tax year 1999, the level of which is estimated to be GRD 60 million.
>
> "2. According to CSD's independent legal adviser, in a letter dated 8.5.2000, there are oustanding legal claims against the company by third parties involving amounts totalling GRD 3,935 million. The CSD has not made provisions in the financial results to take account of a negative outcome from these outcomes, according to the company's legal adviser, since such a result is unlikely".

With respect to the independent legal adviser's note 2 above, it should be noted that, in respect of the claim of Katsoulis Brokers S.A., amounting to GRD 3,935 million, this claim is directed against both ASE and the CSD. In order to assess the implications of a negative outcome in this case, it is assumed that costs would be apportioned equally between the two companies.

In the light of the above, the following contingencies were included in the adjusted financial results:

FINANCIAL RESULTS: ADJUSTMENTS FOR CONTINGENCIES

	1997	1998	1999
(GRD million)			
Pre-tax profits in the balance sheet	**7,866**	**11,995**	**35,486**
Less: provisions for possible outcomes in outstanding CSD accounts	0	0	1,968
Adjusted results before tax	**7,866**	**11,995**	**33,518**
Less: income tax, and other taxes	3,008	4,549	14,727
Less: directors' salaries	0	19	35
Adjusted results after income tax and directors' salaries	**4,857**	**7,428**	**18,756**
Less: previous years' tax adjustments	26	56	60
Adjusted results after income tax, directors' salaries and previous years' tax adjustments	**4,831**	**7,372**	**18,696**

ADJUSTED TOTAL SHARE CAPITAL

(GRD million.)	
Shareholders' equity	**18,771**
Less: total contingencies	2,028
Adjusted total shareholders' equity for CSD	**16,743**

12.3.1.6.3 Profit allocation before depreciation

Allocation of profits in the financial periods 1997-99 were as follows:

PROFIT ALLOCATION

(GRD million)	1997	1998	1999	TOTAL	%
Profits before depreciation and tax	**8,404**	**13,082**	**37,292**	**58,779**	
Profit allocation					
Total depreciation	538	1,087	1,806	3,432	5.8%
Strategic reserve	53	0	1,066	1,119	1.9%
Special and extraordinary reserve	1,246	2,382	7,027	10,655	18.1%
Untaxed reserves	389	1,100	1,909	3,399	5.8%
Dividends	2,500	3,000	10,500	16,000	27.2%
Directors' salaries and non-salary benefits	30	49	95	173	0.3%
HCMC levy according to Law 1969/91	639	968	0	1.607	2.7%
Income tax	3,008	4,497	14,727	22,232	37.8%
Previous years' tax adjustments	0	0	162	162	0.3%
TOTAL	**8,404**	**13,083**	**37,292**	**58,779**	**100%**

The total distributed profit of CSD in the period 1997-1999 totaled approximately GRD 59 million.

The sum of GRD 19 billion, i.e. 32% of profits for distribution, was retained in order to strengthen reserves, GRD 16 billion, i.e. 27% of profits for distribution, was distributed as dividend and the sum of GRD 24 billion was allocated to the payment of income tax, other taxes and that relating to the HCMC.

12.3.1.6.4 Analysis of balance sheet data - CSD

The following table presents summary information from the balance sheets for the years 1997-1999.

ASSETS (GRD million)	**1997**	**1998**	**1999**
Establishment expenditures	**394**	**647**	**791**
Less: accumulated depreciation	214	376	478
Establishment expenses (undepreciated value)	180	271	313
Intangible assets	266	667	1,641
Less: depreciation	266	667	1.641
Net book value (intangible assets)	0	0	0
Tangible assets	1,274	2,354	4,072
Less: accumulated depreciation	414	907	1,558
Net book value (tangible assets)	860	1,447	2,514
Total tangible assets	**860**	**1,447**	**2,514**
Participation interests in affiliated companies	0	0	500
Other long-term receivables	4	6	11
Grand total fixed assets	**864**	**1,452**	**3,025**
Clients	182	239	498
Cheques receivable	0	15	0
Doubtful debtors less provisions	0	0	0
Sundry debtors	3,008	2,690	13,671
Pre-payments and credit management accounts	3	1	0
Marketable securities	4,598	17,972	68,247
Cash at bank and in hand	4,361	1,156	2,235
Total current assets	**12,150**	**22,073**	**84,652**
Prepayments and accrued income	**173**	**100**	**654**
GRAND TOTAL ASSETS	**13,367**	**23,896**	**88,644**
Memo accounts	63,993	346,224	1,642,413
LIABILITIES	**1997**	**1998**	**1999**
Share capital	1,000	1,000	3,000
Reserves	4.339	5.770	12.771
Amounts for share capital increase	0	2,000	3,000
Results carried forward	0	0	0
TOTAL SHAREHOLDERS' EQUITY	5,339	8,770	18,771
Provisions for liabilities and charges	**36**	**348**	**586**
Other long-term debt	**0**	**0**	**0**
CURRENT LIABILITIES			
Suppliers	526	565	1,006
Advances from trade debtors	0	0	0
Taxes - duties	4,199	10,058	54,701
Social security	36	69	94
Dividends payable	2,500	3,000	10,500
Sundry creditors	729	1,078	2,977
Total current liabilities	**7,990**	**14,770**	**69,279**
TOTAL LIABILITIES	**7,990**	**14,770**	**69,279**
Accrued expenses	**2**	**8**	**7**
GRAND TOTAL LIABILITIES	**13,367**	**23,895**	**88,644**
Memo accounts	63,993	346,224	1,642,413

Further indicators of the company's growth are presented below.

Establishment expenses

In 1999, establishment expenses, primarily computing facilities organisation studies and the costs of printing share certificates came to GRD 791 million, while the growth of these parameters was as follows:

BREAKDOWN OF ESTABLISHMENT EXPENSES

(GRD million.)	**1997**	**1998**	**1999**
Re-organisation costs	394	644	777
Other expenses depreciation	0	3	14
Total	**394**	**647**	**791**
Less: accumulated depreciation	214	376	478
Undepreciated total	**180**	**271**	**313**

Fixed and intangible assets

The company's tangible assets were valued at GRD 4,072 million in 1999, compared with GRD 2,354 in 1998 and GRD 1,274 in 1997, representing increases of 73% and 85%, respectively.

The major component of establishment expenses was the cost of furniture and equipment, computer equipment in particular. The significant increase in costs for electronic equipment in 1998 and 1999 reflected the costs of installation of the Dematerialised Share System.

Finally, under the heading of intangible assets, research and development expenses in 1999 rose to GRD 1,641 million compared with GRD 667 million and GRD 266 million in 1997 and 1996, respectively. These costs were broken down as follows:

R & D COSTS ***(GRD million)***	**1997**	**1998**	**1999**
Salaries	92	334	869
Third party salaries	55	89	219
Repairs, building maintenance	14	27	122
Various	105	218	431
Total	**266**	**668**	**1,641**

Further details of the company's investments are provided in chapter 7.12.

Finally, the report of the certified accountant who carried out an unscheduled audit noted that R&D expenses have not been accounted for entirely in compliance with the provisions of Law 1123/1980.

Participations in other companies

The company's participations at 31.12.1999 amounted to GRD 500 million broken down as follows:

Shareholding in	(%)	Value	Book value	Difference between value/book value (31.12.1999)
ADEX	13.70%	410.0	420.0	410.0
ADECH	1.125%	90.0	96.0	90.0
Association of National Numbering Agencies*		0.4	-	-
Total		**500.4**		**500**

** An international coding company. CSD's participation at 31.12.1999 amounted to GRD 378,000.*

The above participations were included as assets in the 1998 accounts.

Sundry debtors

The account "sundry debtors" is broken down as follows:

(GRD million.)	1997	1998	1999
Staff loans	1	5	12
Income tax pre-payment	1,649	2,460	8,096
Suppliers' income tax withheld	28	37	53
Greek state, sundry receivable	0	0	4,738
Receivables from ASE	1,330	0	726
Sundry debtors	0	0	22
Guarantee Fund	0	134	0
Amounts due from suppliers	0	54	0
Interim dividends due	0	0	24
Total	**3,008**	**2,690**	**13,671**

Securities

In the framework of the company's investment policy, and reflecting its high profitability, investments were made in mutual funds and repos.

Thus, investments in securities more than quadrupled in 1999 to GRD 68,247 million against GRD 17,72 million in the previous year. The company's investment portfolio was broken down as follows:

(GRD million)	31.12.1997	31.12.1998	31.12.1999
Shares	378	500,378	0
Other securities			
- mutual funds	*4,597,289*	*10,284,269*	*28,822,733*
- repos	*0*	*7,187,692*	*39,423,993*
Total other securities	4,597,289	17,471,961	68,246,726
Total securities	**4,597,667**	**17,972,339**	**68,246,726**

It should be noted that returns were reduced on fixed-term deposits, including ASE-listed securities such as Greek government bonds, and similar securities.

The above securities were included in the accounts according to the provisions of article 43 of Law 2190/1920.

Short-term liabilities

Suppliers

This account covers CSD's debts to suppliers including of computer equipment. The situation at 31.12.1999 is broken down in the following table:

(GRD million)	**31.12.1999**	**(%)**
Between 1 and 4 days	0	-
Between 5 and 30 days	284	*28%*
Between 31 and 90 days	722	*72%*
Total	**1,106**	***100%***

Taxes - duties - social security

Liabilities relating to taxes, duties and social security payments at 31.12.1999 amounted to GRD 54,795 million, compared with GRD 10,127 million the previous year.

The significant increase in this account is due to tax pre-payments to the Greek state at the rate of 0.6% of the value of ASE trading turnover.

The above tax payments for 1999 are broken down as follows: GRD 34,153 million for tax pre-payments, GRD 12,267 million for income tax, and GRD 8,096 million for income tax pre-payment in 1999.

Appropriate official certificates of tax-worthiness were issued on 23.6.2000 which are valid until 23.10.2000. A further certificate, issued on 27.3.2000 and valid until 26.3.2001, confirms that employee-related taxes were up to date and similarly social security contributions as at 31.1.2000.

Creditor adjustments

Amounts owing to creditors in 1999 amounted to GRD 2,977 million, compared with GRD 1,078 the previous year. The major component was the amount owing to HCMC, based on a charge of 7% of turnover (according to Law 1969/91) which in 1999 amounted to GRD 2,798 million.

Dividends payable

This amount totalled GRD 10,500 million in 1999, up from GRD 3,000 in 1998. It should be noted that dividends payable by CSD in 1996 and 1997 were recorded in the accounts under creditor adjustments.

Dividends payable in the period 1996-1999 were broken down as follows:

(GRD million)	**1998**	**1999**
Dividends for 1996	4	-
Dividends for 1997	12	-
Dividends for 1998	3,000	-
Dividends for 1999	-	10,500
Total	**3,016**	**10,500**

12.3.1.6.5 Stock exchange indices

STOCK EXCHANGE INDICES	**1997**	**1998**	**1999**
Growth index (%)			
Turnover	167.5%	51.3%	189.1%
Pre-tax profit	166.5%	52.5%	195.8%
Profit after tax and directors' salaries	58.9%	34.6%	64.2%
Tangible assets (undepreciated)	111.6%	84.7%	73.0%
Total employed capital	120.8%	78.8%	271.0%
Yield indices (before tax) (%)			
Average yield on shareholders' capital	175.0%	170.0%	257.7%
Average yield on total capital	175.0%	170.1%	257.7%
Debt burden index (:1)			
Debt/ equity	1.5	1.7	3.7
Liquidity index (:1)			
General liquidity	1.5	1.5	1.2
Operational cash flow/total taxes	1.8	-0.1	0.3

12.3.1.6.6 Sources and allocation of capital

Sources/allocation of capital (GRD million)	**1997**	**1998**	**1999**	**Total**	**(%)**
Sources					
Pre-tax profit	7,866	11,995	35,486	55,347	115%
Depreciation (P&L account)	538	1,087	1,806	3,432	7%
Contingencies	11	311	239	561	1%
Capital increase through cash payment	0	0	0	0	0%
Increased bank indebtedness	0	0	0	0	0%
Capital transfers	2,526	-6,269	-7,546	-11,288	-23%
Total	**10,942**	**7,125**	**29,985**	**48,052**	**100%**
Allocation					
Increased establishment costs, intangible assets	46	90	42	178	0%
Increased tangible assets	1,036	1,674	2,874	5,583	12%
Increased/(reduced) participations and long-term securities	2	2	506	509	1%
Reduction of long-term liabilities	0	0	0	0	0%
Dividends	2,500	3,000	10,500	16,000	33%
Directors' salaries and profit distribution to employees	30	49	95	173	0%
HCMC levy (Law 1969/91)	639	968	0	1,607	3%
Taxes	3,008	4,549	14,889	22,446	47%
Increased float	3,680	-3,205	1,079	1,554	3%
Total	**10,942**	**7,125**	**29,985**	**48,052**	**100%**

12.3.1.6.7 Cash flow

CASH FLOWS FROM OPERATIONS – CSD (GRD million)	**1997**	**1998**	**1999**
Net profits after tax and directors' salaries	4,827	7,398	20,502
Plus: Contingencies	11	311	239
Plus: Depreciation	538	1,087	1,806
Less: Dividends	2,500	3,000	10,500
Gross cash flow	**2,877**	**5,797**	**12,047**
Less: Operational cash requirements			
Increases/decreases in:			
Client receivables	123	73	244
Other debtor accounts	1,183	-320	10,981
Securities	1,817	13,375	50,274
Accrued asset balances	-34	-73	555
Total operational cash requirements	**3,089**	**13,055**	**62,054**
Plus: Operational cash sources			
Increases/decreases in:			
Accounts payable	377	39	441
Other creditor accounts	5,239	6,741	54,068
Accrued debit balances	-1	6	0
Total operational cash sources	**5,615**	**6,786**	**54,508**
Transfer to working capital	**2,526**	**-6,269**	**-7,546**
Net cash flow	**5,403**	**-472**	**4,501**
Less: non-operational cash requirements			
Increases in establishment costs and intangible assets	46	90	42
Net investments in fixed assets	1,036	1,674	2,874
Participations and other long-term receivables	2	2	506
HCMC levy (Law 1969/91)	639	968	0
Total non- operational cash requirements	**1,723**	**2,734**	**3,421**
Plus: non- operational cash sources			
Capital increases by cash payment	0	0	0
Total non- operational cash sources	**0**	**0**	**0**
Cash transfer and other cash in hand	3,680	-3,206	1,080

12.3.1.7 Forecast financial results – CSD

The following table presents the forecast financial results for the CSD for 2000. These should be read in conjunction with the comments made in chapter 4 “Investment risks”.

(GRD million)	**1999**	**2000(est.)**
Turnover	39,970	26,186
Less: CMC levy (Law 2471/1997, art.79d)	2,798	1,833
Less: cost of sales (before depreciation)	2,538	3,162
Gross profit from operations	**34,634**	**21,191**
(% of turnover)	*87%*	*81%*
Plus: Other income from operations	0	0
Total	**34,634**	**21,191**
Less:		
Management expenses (before depreciation)	940	1,415
Listing expenses (before depreciation)	0	1,359
Total expenses	940	2,774
(% of turnover)	*2%*	*11%*
Partial operating result (profit)	**33,694**	**18,417**
(% of turnover)	*84%*	*70%*
Plus: income from participating interests	0	0
Plus: income from marketable securities	3,591	4,704
Plus: gains from sale of securities	0	0
Plus/less:		
Extraordinary and non-operating income	37	0
Extraordinary and non-operating expenses	236	203
Profits before interest, depreciation and taxes	**37,086**	**22,917**
(% of turnover)	*93%*	*88%*
Less: debit interest	3	4
Plus: credit interest	209	180
Overall operating result (profit before depreciation and tax)	**37,292**	**23,094**
Less:		
Total depreciation	1,806	2,399
Profits before tax	**35,486**	**20,695**
(% of turnover)	*89%*	*79%*
Less: income tax and other taxes	14,727	8,278
Profits after tax	**20,759**	**12,417**
(% of turnover)	*52%*	*47%*
Less: prior years' tax adjustments	162	0
Net profit after tax and prior years' tax adjustments	**20,597**	**12,417**
(% of turnover)	*52%*	*47%*

Turnover

The same considerations that were relevant in calculation of ASE’s turnover – such as the listing of many new companies and many share capital increases of already-listed companies – have been taken account of calculation of the Central Securities Depository’s turnover.

However, two factors in particular differentiate the 2000 turnover from that of the previous year:

a) the application of the minimum charging policy throughout the 12-month period, whereas it only applied to four months of 1999;

b) the expected introduction, during the last quarter of 2000, of a new subscription product, the AXIAcard, whereby investors can be continuously informed of the value of their portfolios. The estimated income in 2000 from this new product was GRD 2,500 million.

A forecast breakdown of CSD's turnover in 2000 is as follows:

	(GRD million)
Commissions on transactions	16,261
Commissions on clearance	4,191
Commissions on corporate transactions	2,724
Sales of electronic data	510
Subscriptions to AXIAcard	2,500
Total turnover	26,186

HCMC levy

A legal requirement, equal to 75% of CSD's turnover.

Cost of sales

A 25% increase is expected over 1999, taking account of the new, entirely-dematerialised environment and the development of advanced products requiring highly qualified personnel for their operation.

Income from securities

This includes the income from investments in government bonds and mutual funds, notwithstanding the reduced return expected from such investments.

Credit interest

Includes income from fixed-term deposits, repos, etc.

Income tax

The applicable rate of taxation is likely to be approximately 40%.

12.3.2 ADEX S.A.

12.3.2.1 General

The Athens Derivatives Exchange (ADEX) was established in April 1998 (Gov. Gazette 1766/6.4.1998) with company registration number 40294/06/B/98/10. Its activities are prescribed by Law 2533/1997. ADEX is a public company operating under the legislation applying to such companies, except where its founding regulation provides otherwise.

The company is based in rented offices at Lekka 23-25, where its central offices are located.

ADEX's aims, according to Law 2533/97 and article 3 of its charter, are as follows:

a) the organisation and support of stock exchange trading in derivatives products, the organisation and maintenance of systems to support such trading and related activities compatible with those aims;

b) participation in other companies with similar aims or involved in related activities, and co-operation with such companies.

The company's envisaged period of activity is 200 years from the date of its registration (6.4.1998).

ADEX is supervised by the Ministry of National Economy and also by the Hellenic Capital Market Commission in respect of its compliance with stock market regulations.

Aspects of the company's operations, such as the size of, and restrictions on ownership/participation in, its share capital, the nature of its activities and the composition and responsibilities of its board of directors are determined by the provisions of Law 2533/1997.

The company's founding share capital totalled GRD 3 million, comprising 3,000,000 ordinary registered shares of nominal value GRD 1,000. Shareholders of the company, according to article 3, para. 2 of Law 2533/1997, and paras. 29 and 8 of Law 2579/1998, are restricted to the following categories or bodies:

1. AXE S.A.

2. CSD S.A.

3. Investment services companies

4. Credit institutions

5. Securities companies

6. Mutual fund management companies

7. Insurance companies

8. Social security funds

Except for ASE and CSD, no shareholder of ADEX is permitted to own more than 3% of the company's total share capital, while ASE is obliged to own between 34% and 49% of its capital.

The following table presents a breakdown of shareholdings in the company as at 31.12.1999.

Shareholder	Number of shares	Amount %
ASE S.A.	1,063,700	35.46
Banks	825,000	27.50
Brokerage companies	419,800	14.00
CSD S,A.	410,000	13.67
Securities companies	96,500	3.22
Insurance companies	80,000	2.66
Mutual funds management companies	55,000	1.83
Social security funds	50,000	1.66
Total	3,000,000	100.00

According to article 6 of Law 2533/97 and the company's charter, the board of directors comprises nine members, of whom three are appointed by the Ministry of National Economy and six are elected, as provided for by public companies' legislation, as agreed by the shareholders' general meeting.

According to the its decision of 21.6.2000, the current board comprises the following:

Name	BOARD POSITION	PROFESSION
Panagiotis D. Alexakis	Chairman and managing director	University professor
Agis I. Leopoulos	Member	Management advisor
Christos K. Spanos	Member	Economist
Socratis G. Lazaridis	Member	Economist
Alexandros G. Moraïtakis	Member	Economist
Lida K. Kondogianni	Member	Economist
Loukas S. Zangkas	Member	Economist
Ismini A. Hinou	Member	Managing director ASE
Vassiliki A. Campbell	Member	Economist

The above board was convened on 28.6.2000 pending an official publication in the Government Gazette. Its term of office is three years.

Directors' salaries in 1999 totalled GRD 95,776,423 million (the highest salary was GRD 4,500,000 (the managing directors's), the lowest GRD 220,000); in 2000 they are expected to rise to GRD 80,000,000 (highest salary GRD 4,500,000 (the managing director's), the lowest GRD 220,000).

The following table indicates shareholdings and other directorships held by board members:

Board member	Company	Specialisation
Panagiotis Alexakis	ASE S.A.	Member
	ADECH S.A.	Chairman
Socratis Lazaridis	ASYK S.A.	Member and Managing director
	ADECH S.A.	Member
Loukas Zangkas	CSD S.A.	Managing director

ADEX's function is the organisation of stock exchange trading in derivatives products on the Athens Derivatives Exchange, which began operation on 27 August 1999.

ADEX members are brokerage companies and credit institutions who are entitled to participate in trading in derivatives products. The ADEX board of directors acts as a supervisory body for its members, in the same way that ASE supervises the members of the main market. ADEX members may operate in the market either as executors of their clients' instructions or on their own account, so long as they introduce offers and bids simultaneously to the market (as market makers in these products).

12.3.2.2 ADEX products

Financial derivatives are financial instruments whose value depends on the values of other, underlying products (derivatives are also known as contingent claims). The derivatives that are traded on ADEX are contracts based on various financial instruments such as stocks, stock indices, interest rates, bonds and currencies.

A derivative's value, its price movements and its yield are contingent on the value of the underlying asset. Since these contracts are traded on the organised ADEX market, they are standardised and fully defined according to the kind of contract involved (i.e. option contract), the underlying asset (i.e. stocks) and the terms of the contract (i.e. size and maturity of contract).

These financial tools can offer investors a wide range of investment possibilities as follows:

- to counterbalance the risk from a position they have assumed in the spot market (hedge),
- to differentiate a portfolio,
- to re-adjust the duration of a portfolio,
- to take advantage of price variation between spot and forward markets (arbitrage),
- to eliminate credit risk.

There are three types of derivative contracts: futures, options and stock lending. The type of contracts traded on the ADEX and their characteristics are defined, by decision of the ADEX and ADECH boards of directors. The operation of the ADEX started on 27 August 1997 and the first products traded were futures on the FTSE/ASE 20 Index. This index was deemed to be the most appropriate for the new derivative market due to its liquidity, transparency, size and good management. Derivatives trading based on the FTSE/ASE 20 Index are settled in cash and their trading price refers to index points. For the calculation of the contract size, the price is multiplied by a multiplier, which is equal to 2,000 drachmas.

Futures contracts

A futures contract is a legally binding agreement between two parties to buy or sell an asset (the underlying asset), at a certain volume (contract size), at a certain time in the future (maturity date) and at a certain price. Moreover, the buyer of a futures contract, who is under an obligation to buy the underlying asset at a future date, may if he wishes sell his contract to a third party through the Exchange. He would thus no longer be liable to buy the underlying asset at maturity. With the above transaction the investor wins or loses depending on the price at which he bought or sold the contract, since a contract's price varies in the market according to supply and demand for it. Futures contracts undergo a daily valuation procedure. This means that at the end of each day, investors whose positions (short or long) show losses have to make payments to those investors whose positions showed gains.

Options

There are two types of options. A call option is an agreement between two parties, which gives the holder the right, but not the obligation, to buy the underlying asset by a certain date (expiry, exercise or maturity date) for a certain price (exercise or strike price). A put option is an agreement between two parties which gives the holder the right, but not the obligation, to sell the underlying asset by a certain date for a certain price. According to the terms of the contract, the buyer buys from, or sells to, the seller the underlying asset only if he can make a profit out of it. For this reason, the buyer pays a premium to the seller, which is the trading price on the exchange where options are traded. Investors may close their positions on options at any time before their expiry by selling or buying option series complementary to the ones which they have to buy or sell, respectively. In this way investors mark gains or losses, since option prices vary in the market. If, according to a contract, the buyer can exercise the option at any time prior to the expiry date, it is called an American-type option. If, on the other hand, the buyer can exercise the option only on expiry, it is called a European-type option.

Stock lending

Stock lending contracts are agreements between two parties (the borrower and the lender), which gives the opportunity to an investor (the lender) to lend his shares to another investor (the borrower). The lender will lend his shares in return for an amount that depends on the duration of the borrowing and is defined by the borrowing price, which is paid in the form of an annual interest. (In short, the lender receives interest for his shares for the time that he has agreed to lend them). The borrower, since he has ownership of the shares, may sell them to a third party. He then assumes responsibility for buying the same shares at a future time in order to return them to the original owner (the lender). In this way the borrower assumes a "short selling" position and marks profits or losses depending on trends in buying and selling prices.

At present, ADEX has introduced four products, following decisions of the ASE board of directors and ADECH: futures on the FTSE/ASE 20 index; futures on the 10-year Hellenic Republic bond; futures on the ATHIBOR; and stock options.

12.3.2.3 Personnel

ADEX employs 21 people, 16 with open-ended employment contracts, three with fixed-term employment contracts and two with part-time contracts.

The company signed a services contract with the ADECH on 1/6/1999 whereby the latter seconded five of its employees to ADEX.

Under this agreement, ADECH remains the sole employer of the five employees and has the obligation to pay their salaries and social security contributions. The company has the obligation to pay ADECH a fee, every three months, for the benefit of their services, based on their gross salaries (including Christmas, Easter and vacation bonuses and other weightings). The fee is related to the time each employee is seconded to ADEX.

12.3.2.4.Third party contracts

ADEX and ADECH on 24/8/1999 signed a six-month contract for outsourcing services with the Tri Aspect Ltd, starting on the day of ADEX operations (27/8/1999). This contract, the object of which was the commercial promotion of ADEX and ADECH in the UK, expired without being renewed.

The company and the ASE also signed a contract with FTSE International Limited (stock exchange indices of the Financial Times) on 21/12/1998 for the use of the name FTSE/ASE 20 Index, any logo authorised by the owners related to the FTSE/ASE 20 Index and such information and services provided for by the contract for the purpose of promoting ASE and its products. The contract duration is two years with the possibility of extension for further two. An underwriter’s fee is payable for each related transaction amounting to GBP 5 for each derivatives contract, or GBP 25,000 per year, whichever is greater. The above fee is to be paid every three months and is exempt for VAT.

The ADEX has also signed an agreement with the Wiener Borse covering provision of consulting services related to organisational, legal, trading and marketing matters; the total fee is ATS 4.3 million (GRD 104 million approx.), plus expenses.

12.3.2.5.Inter-company agreements

The company together with the ADECH signed a contract on 15/11/1999 with the ASYK S.A. by virtue of which the latter provides support services covering:

- management and operation of the OASIS trading and clearing subsystem,
- internal technical support to ADEX and ADECH personnel and provision of computer systems services covering the operation of OASIS,
- provision of services to ADEX and ADECH personnel covering technical aspects of computer system technical support and the market’s operation, and
- provision of technical support services and assistance to ADEX and ADECH members.

The fee for this project is defined GRD 181,392,353, plus VAT at 18% for each year the contract is valid. The duration of the contract is two years starting 1/1/1999. The fee is calculated monthly and paid every two months. ADEX pays the 50% of the above fee.

In addition, the ADEX signed a contract with ASYK S.A. on 18/11/1998 covering the implementation of an organisation and operations project involving the Vienna derivatives exchange. The fee for this project, has being executed, was GRD 40 million plus VAT at 18% (i.e. GRD 47.2 million).

Concerning the contract between ASE and INFOQUEST for the execution of the OASIS project, the independent financial auditor has noted the following: "The contract between ASE and INFOQUEST for the execution of the OASIS project gave ADEX the possibility of using the OASIS derivatives clearing subsystem. No related charge to ADEX was agreed for this facility, except its contribution to expenses of the ASYK S.A., that supervised the project to ensure its smooth operation. In our view, the matter should be investigated by the ADEX in co-operation with the ASE and the other companies which use the OASIS system".

12.3.2.6 ADEX financial data

The following tables present the financial results and balance sheets of the company during its first financial year of operation, which ended on 31.12.1999.

Profit and loss account data for the period 6.4.1998 - 31.12.1999

(GRD million)	**6.4.19948 - 31.12.1999**
Turnover	**690**
Less: Cost of sales (before depreciation)	267
Gross profit (before depreciation)	423
(% of turnover)	61.3%
Plus: Other income	33
Total	**456**
Less: management expenses (before depreciation)	233
Less: research and development expenses (before depreciation)	98
Less: operating expenses diathesis (before depreciation)	280
Less: operating expenses not included in cost of sales (before depreciation)	36
Total operating expenses	**646**
(% of turnover)	93.7%
Operating result (loss)	**-190**
Plus: income from marketable securities	190
Plus: interest from money market investments	158
Plus: miscellaneous and non-operating income	29
Less: miscellaneous and non-operating expenses	2
Profits before interest, depreciation and taxes	**185**
(% of turnover)	26.8%
Plus:	
Plus: interest income	40
Less: interest expenses	1
Profit before depreciation and taxes	**224**
(% of turnover)	32.5%
Less: total depreciation	158
Profits before tax	66
(% of turnover)	9.5%

Analysis of balance sheet data (ADEX)	
ASSETS (GRD million)	**6.4.1998-31.12.1999**
Establishment expenditures	**407**
Less: accumulated depreciation	82
Establishment expenses (undepreciated value)	325
Tangible assets	242
Less: accumulated depreciation	77
Net book value	165
Total tangible assets	**165**
Participation interests in affiliated companies	740
Other long-term receivables	7
Total fixed assets	**911**
Clients	47
Short-term receivables	15
Management bodies receivables	1
Sundry debtors	10
Advances and 'credit to account for'	0
Marketable securities	1,807
Cash at bank and in hand	111
Total current assets	**1,991**
Prepayments and accrued income	**31**
GRAND TOTAL ASSETS	**3,258**
Memo accounts	5
LIABILITIES (GRD million)	**6.4.1998-31.12.1999**
Share capital	3,000
Reserves	66
Total capital and reserves	**3,066**
Provisions for liabilities and charges	**10**
SHORT-TERM DEBT	
Suppliers	41
Advances from trade debtors	25
Taxes-duties	13
Social security	8
Dividends payable	17
Sundry creditors	22
Total short-term debts	**128**
Accrued expenses	**55**
GRAND TOTAL LIABILITIES	**3,258**
Memo accounts	5

Comments on the balance sheet data and financial results

The company's turnover during the period under examination amounted to GRD 690 million, broken down as follows:

Breakdown of turnover by activity *(GRD million)*	
Income from provision of services	
– fees from new member registration	132
– income from member annual subscriptions	14
– income from transaction commissions	24
– earnings from training activities	519
Total	**690**

ADEX's income derives mainly form the provision of services, in particular:

New member registration: Credit institutions and stockbroking companies wishing to become members of ADEX must first deposit GRD 4 million to be registered as a "class-B" trader, or GRD 5.5 million to be a "type-A" trader or ordinary member.

Members' annual subscriptions: Annual subscriptions payable by ADEX members vary according to their activity. Type-B trader members pay GRD 2 million whereas type-A traders and ordinary members pay GRD 2.5 million.

Commissions on transactions: Each transaction executed by a member attracts a charge payable to ADEX, as shown in the following table:

Product	**Commission (GRD per transaction)**
Future Contracts on the ASE/20 index	750
Future Contracts on short-term interest levels	1,000
Future Contracts on government bonds	750
Rights	500
Amendments	1,000
Cancellations	1,500
Executions	1,500
Receipts	5,000

These charges are distributed as follows: 55% to ADEX and 45% to ADECH, as provided for by ADEX board of directors' decision of 3.5.1999. The relevant charges are levied separately by the OASIS system without intervention by either company.

It should be noted that in 1999 the above income included fees from trading on the future value of the FTSE/ASE-20 index, which totalled GRD 24 million. It should also be noted that income from trading commissions derived from only four months activity since trading in derivatives on ADEX began on 27.8.1999.

Training programmes: These covered seminars concerned with raising awareness of stock exchange derivatives products and the operation of the market on which they are traded. Income from this source up to 31.12.1999 totalled GRD 519 million, representing 75.21% of ADEX's total income for the year.

The balance of ADEX's income derives from the services provided by the company on ADECH, and income from the sale of ASE publications which in the relevant period amounted to GRD 33 million.

Total depreciation amounted to GRD 158 million, broken down as follows:

Depreciation (GRD million)	6.4.1998-31.12.199
Cost of sales	22
Operational management expenses	95
R&D expenses	21
Listing expenses	21
Expenses not included in cost of sales	0
Total	158

The updepreciated cost of providing services during the period under examination amounted to GRD 267 million, while undepreciated management expenses amounted to GRD 233 million, broken down as follows:

Cost of sales (GRD million)	1999
Salaries and staff expenses	33
Third party salaries	175
Fees paid to third parties	30
Sundry expenses	29
Total	267

Management expenses (GRD million)	1999
Salaries and personnel costs	67
Third party salaries	84
Fees paid to third parties	14
Taxes - duties	2
Sundry expenses	45
Contingencies	21
Total	233

Undepreciated establishment costs at 31.12.1999 amounted to GRD 407 million, broken down as follows:

Establishment expenses (GRD million)	31.12.1999
Setting up expenses	36
Tax on capital formation	30
Agreement with Wiener Borse	191
Agreement with ASYK	47
Development agreement with ASYK	102
Computer programs	1
Total	407

It should be noted that the company did not pay tax in 1999 since tax-free income threshold was significantly higher than net profits.

Comments on the balance sheet

Depreciation of establishment costs relating to the setting up of the company was calculated using a factor of 20%, i.e. depreciation over five years., except for computer programs which are depreciated at the rate of 30% per year.

The value of fixed assets at 31.12.199 amounted to GRD 242 million, the largest component relating to the GRD 130 million cost of refurbishing and decorating the company's premises and GRD112 million relating to furniture and computers and related equipment.

The account headed "Participation" includes the company's participation in ADECH, which at 31.12.1999 amounted to GRD 740 million. In particular:

ADEX participation in *(GRD million)*	**(%)**	**Original/ nominal cost**	**Book value**	**Lower of nominal cost and book value (31.12.1999)**
ADECH	9.240%	740	807	740

Finally, the company's securities account at 31.12.1999 amounted to GRD 1,807 million and relates to the company's investment in repos, as indicated in the following table:

Date of purchase	**Type**	**Bank**	**Maturity date**	**Interest rate**	**Amount (GRD million)**
27.12.1999	repos	Pisteos	10.1.2000	9.3%	57
18.11.1999	repos	Pisteos	17.1.2000	10.26%	700
9.12.1999	repos	Pisteos	9.3.2000	9.2%	1,050
Total					**1,807**

A tax certificate issued by the FAEE tax office on 30.12.1999 (valid until 30.6.2000) certified that the company's tax affairs were in order.

Also, a certificate issued by the social security fund IKA on 3.5.2000 (valid until 2.7.2000) confirmed that the company had no contributions outstanding at that date.

12.3.2.7 Forecast results for ADEX

The following table presents the forecast financial results for ADEX for 2000. These should be read in conjunction with the comments made in chapter 4 “Investment risks”.

FORECASTS – ADEX	**1999**	**2000 (est.)**
(GRD million)		
Turnover	690	1,364
Cost of sales (before depreciation)	267	351
Gross profit (before depreciation)	**423**	**1,013**
(% of turnover)	*61%*	*74%*
Plus: other income	33	106
Total	**456**	**1,119**
Less		
Management expenses (before depreciation)	233	300
R & D expenses (before depreciation)	98	115
Listing expenses (before depreciation)	280	280
Expenses not included in cost of sales (before depreciation)	36	0
Total operating expenses	646	695
(% of turnover)	*94%*	*51%*
Operating profit	**-190**	**424**
(% of turnover)	-	*31%*
Plus: income from participating interests	0	27
Plus: income from other investments	190	126
Plus: profit from sale of participating interests and other investments	158	0
Plus/Less:		
Extraordinary and non-operating income	29	0
Extraordinary and non-operating expenses	2	60
Profits before interest, depreciation and taxes	**185**	**516**
(% of turnover)	*27%*	*38%*
Less: debit interest	1	0
Plus: credit interest	40	0
Profits before depreciation and taxes	**224**	**516**
(% of turnover)	*33%*	*38%*
Less:		
Total depreciation	158	130
Profits before tax	**66**	**386**
(% of turnover)	*9%*	*28%*
Less: income tax and other taxes	0	135
Net profit after tax	**66**	**251**
(% of turnover)	*9%*	*18%*
Less: previous years’ tax adjustments	0	0
Profit after tax and previous years’ tax adjustments	**66**	**251**
(% of turnover)	*9%*	*18%*

During the more-than-12-month financial period ending 31.12.1999, the company's turnover was increased mainly through organisation of training seminars, income from which amounted to GRD 519 million; other operating income related to a period of only four months. The forecast for 2000 envisages a significant turnover increase to GRD 1,364 million, bearing in mind that operating income generated by trading in new products throughout the financial year is expected to amount to GRD 700 million.

12.3.3 ADECH S.A.

12.3.3.1 General

As provided for by decree 2533/97, which regulates the market for derivatives products and governs the foundation and operation of ADEX, ADECH was established in of May 1998 with registration number 40531/06/B/98/15 (Gov. Gazette 2533/19.5.1998).

The company is based in rented offices at Lekka 23-25.

ADECH's operations are significantly linked with those of ADEX, not least because the aims of the company, according to articles 10 and 11 of Law 2533/97, and according to article 3 of its constitution, are:

participation in agreements on derivatives products trading that are executed on ADEX;

the clearance and settlement of such transactions and other similar transactions carried out on other markets;

ensuring the fulfillment of the obligations of parties involved in such agreements; and

other related operations.

The company's founding and current share capital amounts to GRD 8,000 million, made up of 8,000,000 ordinary registered shares each of nominal value GRD 1,000. Shareholders of the company, according to article 17, para. 2 of Law 2533/1997, are restricted to the following categories or bodies:

1. ASE S.A.
2. CSD S.A.
3. ADEX S.A.
4. Investment services companies
5. Credit institutions
6. Portfolio management companies
7. Mutual fund management companies
8. Insurance companies
9. Social security funds

Except for ASE and CSD, which according to article 17, para.2, of Law 2533/1997 may each own between 10% and 35% of the total, no shareholder is permitted to own more than 15% of the company's total share capital.

The following table presents a breakdown of shareholdings in the company as at 31.12.1999.

SHAREHOLDER	NUMBER OF SHARES	AMOUNT %
ASE S.A.	2,800,000	35.00
Banks	3,220,000	40.25
Brokerage companies	776,500	9.71
ADEX S.A.	739,500	9.24
Portfolio management companies	160,000	2.00
CSD S.A.	90,000	1.12
Mutual funds management companies	84,000	1.05
Insurance companies	80,000	1.00
Social security funds	50,000	0.62
Total	**8,000,000**	**100.00**

The board of directors comprises nine members and its term of office three years. The current board, as approved by its decisions of 14.6.2000, comprises:

NAME	BOARD POSITION	PROFESSION
Panagiotis D. Alexakis	Chairman	University professor
Ilias M. Stasinopoulos	Vice-chairman	Economist
Socratis G. Lazaridis	Member	Economist
George Galliakos	Member	Economist
George A. Georgiou	Member	Economist
Ismini A. Hinou	Member	ASE managing director
Nicholas A. Kezos	Member	Economist
Nicholas L. Kafetzopoulos	Member	Economist
George K. Papaoutsis	Member	Economist

The above board was convened on 22.6.2000 pending an official publication in the Government Gazette.

Directors' salaries in 1999 totaled GRD 42.353.595; in 2000 they are expected to rise to GRD 38,000,000.

The following table indicates shareholdings and other directorships held by board members:

Board member	Company	Specialisation
Panagiotis Alexakis	ASE S.A.	Member
	ADECH S.A.	Chairman
Ilias M. Stasinopoulos	M.S. Stasinopoulos	Chairman – 16.76%
	ISIS S.A.	Chairman – 13%
	STAL S.A.	Vice-chairman – 19.76%
	ASE S.A.	Member
	ASYK S.A.	Vice-chairman
	TSEC S.A.	Member
Socratis Lazaridis	ASYK S.A.	Member and Managing director
	ADECH S.A.	Member
George Galliakos	AELDE	90%
	G. Galliakos Tourism S.A.	75%
Nicholas L. Kafetzopoulos	Post Office Savings Bank	Member
Ismini A. Hinou	ADEX S.A.	Member

ADECH's function is the clearance of trading in derivatives products on the Athens Derivatives Exchange, in which transactions ADECH itself participates as a counter-party. To perform these functions, a clearance division has been established which is comprised of the following three departments:

Risk management department

The function of this department is the monitoring and analysis of all risks associated with the functions of ADECH as a central counter-party to derivatives trading and the implementation of appropriate procedures, techniques and mechanisms to manage those risks on a continuous basis.

Transactions clearance department

The function is to apply clearance regulations to all transactions carried out on ADEX and to monitor compiance with those requirements by traders and members. In cases where regulations are breached by members or traders, ADECH effects appropriate procedures so as to ensure the economic integrity of members, traders and the company itself while, as appropriate, providing sufficient information to allow clearance procedures to proceed.

Clearance support department

This performs the function of supporting participants in the market for derivatives, i.e. ADECH members, the CSD, the Bank of Greece and other participating banks. In particular, ADECH is responsible for the selection of banks, the dissemination of information about the derivatives market to the investing public and the media, and the maintenance of smooth communications between the derivatives trading clearance sub-systems of OASIS and its other sub-systems.

Following the execution of a transaction on ADEX, ADECH is involved in four basic functions:

- the registration of transactions;
- the clearance of transactions;
- calculation of the ‘safety margin’ that applies to investors’ positions;
- to ensure that the transacting parties’ obligations are fulfilled;

All transacting parties on ADEX act anonymously. Counter-parties are not aware of each other’s identities and the obligations that they enter into are intermediated by ADECH with the result that credit risk for the transacting parties is eliminated.

The clearance process involves the calculation on a daily basis of the amounts of transactions, and of blocked and unblocked funds per member and per trader.

In all cases the counter-party involved with the trader is ADECH. In cases where the final client does not settle their obligations arising out of a transaction, the member handling the clearance has to cover the amount. If the member handling the clearance is unable to cover the obligations of the trader, then ADECH is responsible for covering the amount (making use of the ‘safety margin’ applying to ADEX transactions).

12.3.3.2 Intra-group agreements

Together with ADEX, the company signed an agreement on 15/11/99 with ASYK whereby the latter supplies technical support services to the two sister companies.

The fee for this service is set at GRD 181,392,353 plus VAT at 18% annually, paid every two months. ADECH is charged with 50% of these costs. The duration of the agreement is two years beginning 1/1/1999.

Furthermore, concerning the contract between ASE and INFOQUEST covering the execution of the OASIS project, ADECH has the facility to make use of the derivatives clearance sub-system. No related charge to ADECH was agreed for this facility except for the costs of supervision of the project by ASYK. The company’s independent legal auditor has suggested that this anomaly should be investigated by ADECH in co-operation with ASE and the other companies which use the OASIS system.

12.3.3.3 Personnel

ADECH signed a services contract with ADEX on 1/6/1999 whereby the company seconded five of its employees to ADEX which employs them on a fixed-term contract basis.

Under this agreement, ADECH remains the employer of the individuals and retains obligation to pay their salaries and social security contributions. ADEX is obliged to pay ADECH a fee every three months for the benefit of their services, based on their gross salaries (including Christmas, Easter and vacation bonuses and other weightings). The fee is related to the periods over which the individuals remain on secondment.

The company employs 21 staff of various disciplines under both fixed-term and open-ended contracts of employment.

12.3.3.4 Financial results for ADECH

The following table presents the financial results of the company for the first more-than-12-month period covering the period 17.5.1998 - 31.12.1999.

FINANCIAL RESULTS – ADECH	**17.5.98 -31.12.99**
Net turnover (sales)	**179**
Less: cost of sales (before depreciation)	192
Gross operating result (loss)	**-14**
(% of turnover)	--
Plus: Other operating income	15
Total	**1**
Less: administrative expenses (before depreciation)	246
Less: legal and listing expenses (before depreciation)	111
Less: expenses not included in cost of sales (before depreciation)	81
Total expenses	437
(% of turnover)	245%
Sub-total (loss)	**-436**
(% of turnover)	--
Plus: income from marketable securities	1.108
Plus: extraordinary and non-operating income	0
Less: extraordinary and non-operating expenses	0
Profits before interest, depreciation and taxes	**672**
(% of turnover)	376%
Plus: credit interest and similar income	277
Less: debit interest and similar charges	0
Profits before depreciation and taxes	**949**
(% of turnover)	531%
Less: total depreciation	141
Profit before tax	**808**
(% of turnover)	452%
Less: income tax	212
Less: directors' remuneration	6
Net profit (after tax and directors' remuneration)	**590**
(% of turnover)	330%

Analysis of balance sheet data - ADECH	
ASSETS (GRD million)	**6.4.1998-31.12.1999**
Establishment expenditures	**325**
Less: accumulated depreciation	64
Establishment expenses (undepreciated value)	261
Tangible assets	210
Less: accumulated depreciation	78
Net book value	132
Total tangible assets	**132**
Participation interests in affiliated companies	0
Other long-term receivable	3
Total fixed assets	**136**
Clients	6
Sundry debtors	87
Advances and 'credits to account for'	0
Marketable securities	8,268
Cash at bank and in hand	60
Total current assets	**8,421**
Prepayments and accrued income	**147**
GRAND TOTAL ASSETS	**8,965**
Memo accounts	14,111
LIABILITIES (GRD million)	**6.4.1998-31.12.1999**
Share capital	8,000
Reserves	312
Total capital and reserves	**8,312**
Provisions for liabilities and charges	**8**
SHORT-TERM DEBT	
Suppliers	51
Advances from trade debtors	2
Taxes - duties	219
Social security	10
Dividends payable	288
Sundry creditorse	19
Total short-term debts	**589**
Accrued expenses	**56**
GRAND TOTAL LIABILITIES	**8,965**
Memo accounts	14,111

Comments on the balance sheet data and financial results

The certifies accountant who carried out the unscheduled audit on the company's accounts made the following comment:

"It is noted that the attached financial results of ADECH, which had not been approved by the company's board of directors at the time when they were used as the basis for preparation of ASE's consolidated financial statements, differ from the final financial statements subsequently approved by the board." The difference related to directors' salaries, which totaled GRD 6 million, after deduction of tax. The negative impact of this audit adjustment on the accounts for the period 17.5.1998-31.12.1999 is expected to be of the order GRD 5 million.

Comments on the financial results

The company's turnover during the period under examination was GRD 179 million, broken down as follows:

Turnover, by activity *(GRD million)*	
Income from member subscriptions	18
New member registration fees	142
Commissions on transactions	19
Total	**179**

ADECH's income arises from the following sources:

New member registration: Credit institutions and stockbroking companies wishing to become members of ADECH must first deposit GRD 4 million to be registered as a "class-B" trader, or GRD 5.5 million to be a "type-A" trader or ordinary member. Te major component of the company's income for the period ending 31.12.1999 derived from this source, amounting toe GRD 242 million, i.e. 79.3% of total turnover.

Members' annual subscriptions: Annual subscriptions payable by ADECH members vary according to their activity. Type-B trader members pay GRD 2 million whereas type-A traders and ordinary members pay GRD 2.5 million. At the end of 1999, this income for the year amounted to GRD 18 million.

Commissions on transactions: Each transaction executed by a member attracts a charge payable to ADECH, determined by the company's tariff. The relevant income at 31.12.1999 amounted to GRD 19 million derived from trading related to future contracts on the FTSA/ASE-20 index.

It should be noted that income from trading commissions and subscriptions derived from only four months' activity since trading in derivatives on ADEX began on 27.8.1999.

The company's turnover includes fees for services rendered by ADECH employees, amounting to GRD 15 million.

Total depreciation amounted to GRD 141 million, broken down as follows:

Depreciation (GRD million)	**17.5.1998-31.12.199**
Cost of sales	86
Operational management expenses	55
Listing expenses	0
Expenses not included in cost of sales	141
Total	**158**

The undepreciated cost of sales during the period under examination amounted to GRD 192 million, while undepreciated operational management expenses amounted to GRD 246 million, as broken down as follows:

Cost of sales (GRD million)	**1999**
Salaries and staff expenses	63
Third party salaries	95
Fees paid to third parties	26
Sundry expenses	8
Total	**192**

Management expenses *(GRD million)*	**1999**
Salaries and staff expenses	85
Third party salaries	102
Fees paid to third parties	16
Taxes - duties	1
Sundry expenses	34
Contingencies	8
Total	**246**

Listing expenses of the company amounted to GRD 111 million, of which GRD105 million was various expenses, which GRD 6 million was salaries and expenses of third parties.

Income from company's investments in securities during the year to 31.12.1999 are shown in the following table:

(GRD million)	**1999**
Income from securities	1,108
Other credit interest	277
Total	**1,386**

Income from securities included investments in repos, while the account "Other credit interest", refers to interests earned on the company's cash deposits.

Comments on the balance sheet

Undepreciated establishment expenses at the end of 31.12.1999 amounted to GRD 325 million, broken down as follows:

(GRD million)	**1999**
Establishment expenses	25
Tax on appreciated capital	80
Consultancy agreement with Wiener Borse	52
Organisation contract with ASYK	57
Development contract with OASIS	102
Computing/accounting programs	9
Total	**325**

ADEX signed an agreement with ASYK on 18.11.98 which concerns the completion by ASYK of a management and operations plan for ADECH, in co-operation with the Vienna Derivatives Exchange, for which a fee of GRD 48 million is payable. (This project was completed and charged, i.e. 48 million plus 18% = GRD 56.64 million).

Following the agreement of 5.7.1999 between ADECH and ASE, ADECH contributes GRD 99.7 million plus VAT towards the development of the OASIS electronic trading system which is being inter-linked with the subsystem for clearance of derivatives transactions.

The establishment costs of the company's fixed assets came to 210 million at end-1999, the largest part of which, GRD 120 million, relates to expenses for furniture and computer equipment.

Finally, the company’s securities account at 31.12.1999, was showing a credit of GRD 8,268 million associated with the company’s investments in repo contracts, as shown in the following table:

Date of purchase	Type	Bank	Maturity date	Interest	(GRD million)
18.10.99	repos	Pisteos	19.1.2000	9.75%	2,666
24.11.99	repos	Emboriki	11.1.2000	10.35%	2,500
9.12.99	repos	Emboriki	9.3.2000	9.20%	2,050
15.12.99	repos	Pisteos	17.1.2000	8.75%	1,000
27.12.99	repos	Pisteos	10.1.2000	9.30%	52
Total					8,268

A tax certificate issued by the FAEE tax office on 30.12.1999 (valid until 30.6.2000) certified that the company’s tax affairs were in order.

Also, a certificate issued by the social security fund IKA on 3.5.2000 (valid until 2.7.2000) confirmed that the company had no social security contributions outstanding at that date.

12.3.3.5 Forecast results for ADECH

The following table presents the forecast financial results for ASE for 2000. These should be read in conjunction with the comments made in chapter 4 “Investment risks”.

FORECASTS ADECH	**1999**	**2000(est)**
(GRD million)		
Turnover	179	906
Cost of sales (before depreciation)	192	325
Gross profit (before depreciation)	**-14**	**581**
(% of turnover))	-	*64%*
Plus: other income	15	106
Total	1	687
Less:		
Management expenses (before depreciation)	246	305
Listing expenses (before depreciation)	111	110
Expenses not included in cost of sales	81	0
Total operating expenses	437	415
(% of turnover)	*245%*	*46%*
Operating profit	**-436**	**272**
(% of turnover)	-	*30%*
Plus: income from participating interests	0	0
Plus: income from other interests	1.108	520
Plus: profits from sale of participating interests and other investments	0	0
Plus/Less:		
Extraordinary and non-operating income	0	0
Extraordinary and non-operating expenses	0	70
Profits before interest, depreciation and taxes	**672**	**722**
(% of turnover)	*376%*	*80%*
Less: debit interest	0	0
Plus: credit interest	277	60
Profit before depreciation and taxes	**949**	**782**
(% of turnover)	*531%*	*86%*
Less:		
Total depreciation	141	95
Profits before tax	**808**	**687**
(% of turnover)	*452%*	*76%*
Less: income tax and other taxes	212	137
Profit after tax	**596**	**549**
(% of turnover)	*333%*	*61%*
Less: previous years’ tax adjustments	*0*	0
Profit after tax and previous years’ tax adjustments	**596**	**549**
(% of turnover)	*333%*	*61%*

During the more-than-12-month financial period ending 31.12.1999, the company’s turnover derived mainly from registration fees from new members, income which amounted to GRD 142 million; other operating income related to a period of only four months. The forecast for 2000 envisages a significant turnover increase to GRD 906 million, bearing in mind that operating income generated by trading in new products throughout the financial year is expected to amount to GRD 750 million.

12.3.4 The Thessaloniki Stock Exchange Centre

12.3.4.1 General

The Thessaloniki Stock Exchange Centre (TSEC) was established in September 1995 (Gov. Gazette 5493/25.9.1995). The company is based in the City of Thessaloniki with company registration number 34189/62/B/95/226.

The company is housed in its own two-storey building, total area 1.312,16 squ. m., on Katouni 16-18, where management, trading and investor areas are located.

The company's premises were purchased on the 26 June 1997 from the Macedonia Thrace Bank for GRD 850 million.

Given that the Macedonia Thrace Bank is a founding member of TSEC and given the restrictions imposed by article 10, para 1, of Law 2190/1920, it should be noted that the provisons of para. 2 of this article have been strictly complied with, in particular:
a) the purchase was approved in advance by unanimous decision of a shareholders meeting on 4.6.1997; and
b) an appropriate transfer permit issued by the local authorities of Thessaloniki (commercial section) was published (decision 17/6436/26.6.1997), those authorities having previously taken note of the valuation report of 25.6.1997 prepared by the article 9 committee provided for under Law 2190/1920. The above-mentioned evaluation decision determined a valuation for the property of GRD 850 million and was published in the Gov. Gazette 4524/1.7.1997.

At a shareholders' meeting on 24.6.1998 it was decided that the aims of the company would be broadened, as provided for in article 3 of its constitution, to include the following activities:

> The provision of services in the sector of stock exchange transactions and activities, within the following areas;
>
> Entering into agreements with the Athens Stock Exchange and, in co-operation with the Athens Exchange, organising stock market transactions in the north Greece area offering connection services to ASE and other related activities;
>
> Offering stock market services to companies of the wider Balkans region which satisfy the requirements for listing on the Greek stock market. Under this heading, appropriate infrastructure would be developed, on the basis of the existing institutional structure, whereby shares of companies from Balkan countries, or related securities, and securities of companies in northern Greece, might be entered for trading in the Parallel Market of the Athens Exchange;
>
> The promotion of stock market activities as a whole, including the organisation of seminars and educational services to encourage better understanding of the operation of the capital market;
>
> The company may also be engaged in co-operations with other companies with similar aims, whereby the activities of the company may be supported and developed and collaborations with the above-mentioned companies promoted.

The company's envisaged period of activity is 50 years, i.e. terminating in 15.9.2045, according to the management decision entered in the register of public companies and approved according to its constitution.

The establishment of TSEC had a multi-facetted aim. The first is to organise the development of the capital market in northern Greece and to offer stock exchange services through on-line links both with the Thessaloniki centre and the Athens exchange so as to both to serve the requirements of northern Greece and to decentralise the operations of the Greek capital market.

In particular, the services offered by TSEC can be divided into four categories:

1. Offering services through the regional offices of ASE in Thessaloniki

2. Offering services to the investing public

3. Offering services to companies considering listing on the Athens Exchange

4. Offering information and educational services.

The services offered through the regional offices in Thessaloniki include:

On-line connection to the OASIS system of the ASE

The availability of trading "boxes" in the TSEC trading area

The supply of necessary equipment for connection to ASIS

The supply of telecommunications facilities.

The supply of services to the investing public includes:

The provision of facilities whereby the course of the trading session may be followed

Information about stock exchange matters generally

Supply of official ASE publications

Distribution of historical data on share prices and indices

Maintenance of records of financial statements of listed companies.

The provision of services to candidate companies for listing include:

Assessment of dossiers prepared by companies seeking a listing

The identification of northern Greece companies that satisfy the criteria for listing

Providing information about the pre-requisites for listing

Providing information about the preparation of pre-listing dossiers

Providing information about the underwriting of public share offerings.

The provision of public education and awareness services cover three main themes:

Provision of information to economic studies departments of the university and students in higher and secondary education as well as other young people resident in the city. During the past year on average one group each week has visited the Thessaloniki centre and been informed about its operations;

The second theme covers seminars aimed at the both the investing public and companies with a potential for listing. Seminars have already been held in Thessaloniki, Cavalier, Drama and Series, with strong participation, and the Tesac's intention is to organise further seminars in all major cities in the region;

The third area of activity is the organisation of more specialist conferences/briefings providing detailed information to those involved in the operation of the Greek capital market.

Co-operation between the CSD and TSEC

In 2000, an office of the CSD began operation within TSEC, representing a further decentralisation of the operations of the Greek stock market.

Among the services that will be offered from the CSD office in Thessaloniki are:

Services for investors

General information for the general investing public

Provision of data about the movement and composition of investor accounts

Facilities to allow investors to make changes to their accounts

Facilities to allow execution of transactions on behalf of individual investors

Other special services (e.g. consolidation of accounts, transfers of shares, inheritance transactions and blocking of shares).

Services offered to ASE regional offices in the north

In parallel with the proposed extension of the stock exchange transaction network to Sae's regional offices, it will be possible to offer, initially within the framework of that extension, the following services:

Acceptance of orders for the establishment of investor accounts

Activation of investor accounts

Acceptance of securities related to fixed assets

The acceptance of depository receipts for dematerialization.

Services offered to candidate companies for listing

In respect of issuing companies in northern Greece, it will be possible for the CSD office at TSEC to offer:

Support for corporate actions

The preparation of facilities to handle a share register

Services in support of conversion procedures.

ASE owns 33.8% of the share capital of the company which currently has a value of GRD 1,000 million, divided equally between 100,000 ordinary registered shares each of GRD 10,000 value.

The breakdown of shareholdings in TSEC is as follows:

Shareholders	**Amount**
ASE	33.80%
National Bank of Greece	14.00%
63 brokerage companies each owning 0.17% of the share capital	10.20%
Macedonia Thrace Bank*	9.50%
Alpha Bank	8.00%
Commercial Bank of Greece	8.00%
Ionian Bank*	5.00%
Athens Chamber of Commerce	5.00%
Ergo Bank	4.00%
Northern Greece Industrialists Federation	2.50%
Total	100.00%

** Since merged with Piraeus Bank and Alpha Bank respectively.*

The company is managed by an eleven-member board of directors, whose term of office expires on 30.6.2001. The composition of the current board, as convened by its decision 42/26.1.99 (Gov. Gazette 1181/2.3.99), is as follows:

Name	Position	Profession
Spyridon K. Kouniakis	Chairman	Economist
David Arthur Watson	Vice-chairman	Banker
Theodoros Th. Gatzoflias	Member	Banker
Stavros Ch. Karpouzis	Member	Banker
Panagiotis Ch. Kontalexis	Member	Broker
Pantelis Th. Konstantinidis	Member	Economist
Pavlos S. Lazaridis	Member	Banker
Charalambos S. Sofianos	Member	Economist
Ilias M. Stasinopoulos	Member	Economist
Vassilios N. Takas	Member	Economist
Emanuel D. Trikoukis	Member	Lawyer

Directors' salaries for 1999 totaled GRD 29,959,180 (lowest salary GRD 2,550,000, highest GRD 6,302,040), and are forecast to be at the same level in 2000.

Senior management salaries in 1999 totaled GRD 19,016,125 (lowest GRD 3,705,797, highest 8,611,582) and are expected to rise to GRD 30,535,000 (lowest GRD 8,135,000, highest GRD 15,200,000) in 2000.

Equity holdings and other directorships of members of the board of directors are as follows:

Name	Company	Directorship position	Extent of holding
Vassilios N. Takas	Biotex S.A.	Chairman	98%
	Plygon S.A.	Chairman	98%
	Komotini Paper Mills Florina	Member	
	Honaias S.A.	Member	
	Aias Finance S.A.	Member	15%
	Hellenic Investment Bank	Member	
	Ilteko S.A.	Member	30%
Charalambos S. Sofianos	Central Macedonia Regional Development Fund	Chairman	
Pavlos S. Lazaridis	Thessaloniki Contemporary Art Museum	Member	
	Association for Protection and Rehabilitation of Disabled Children (Thessaloniki)	Chairman	
Panagiotis Ch. Kontalexis	Kontalexis AEPEY	Chairman and Managing Director	35.21%
	CIS Holding	Chairman and Managing Director	53.50%
	Technical Applications S.A.	Vice-chairman	
Ilias M. Stasinopoulos	M. S. Stasinopoulos S.A.		16.76%
	STAL S.A.		19.76%
	ISIS S.A.		13%

The management department employs three people on open-ended contracts.

12.3.4.2 TSEC financial data

The following table summarises the financial results during the period 1997-1999

FINANCIAL RESULTS TSEC 1997-1999 (million Grd..)	**1997**	**1998**	**1999**
Income	82	263	1,076
Less: cost of sales before depreciation	30	23	51
Gross operating results (profit)	52	240	1,025
(% of turnover)	*63.1%*	*91.4%*	*95.3%*
Plus: other operating income	4	21	21
Total	**56**	**261**	**1,046**
Less: administrative expenses before depreciation	60	104	130
Less: listing expenses (before depreciation)	0	0	0
Total expenses	60	104	130
(% of turnover)	73.3%	39.5%	12.1%
Operating result	**-4**	**157**	**917**
(% of turnover)	-5.0%	59.7%	85.2%
Plus: income from participating interests	0	0	0
Plus: income from other investments	0	3	2
Plus: profit from sale of participating interest and other investments	0	27	112
Less: forecast devaluation of participating interests/investments	0	4	26
Less: expenses and losses from participating interests/investments	0	2	5
Plus: extraordinary and non-operating income	77	86	88
Minus: extraordinary and non-operating income	0	4	6
Profit before interest, depreciation and taxes	**73**	**264**	**1,082**
(% of turnover)	*89.7%*	*100.3%*	*100.6%*
Plus: credit interest and similar income	31	27	53
Less: debit interest and similar charges	0	0	0
Profit before depreciation and taxes	**104**	**291**	**1,135**
(% of turnover)	*12.4%*	*110.6%*	*105.5%*
Less: adjustments to value of fixed assets (total depreciation)	90	118	122
Profit before tax	**14**	**172**	**1,013**
(% of turnover)	*16.9%*	*65.6%*	*94.1%*
Less: income tax and other taxes	0	58	358
Less: directors' salaries	0	0	0
Profit after tax and directors' salaries.	**14**	**114**	**655**
(% of turnover)	*16.9%*	*43.5%*	*60.8%*

The following table summarises the balance sheet information for the financial years ending 1997 – 1999.

BALANCE SHEET DATA – TSEC

ASSETS (GRD million)	1997	1998	1999
Establishment expenditures	**176**	**176**	**176**
Less: accumulated depreciation	43	78	113
Establishment expenses (undepreciated value)	134	98	63
Tangible assets	1,193	1,102	1,119
Less: accumulated depreciation	127	155	242
Net book value	1.066	947	877
Total tangible assets	**1.066**	**947**	**877**
Participation interests in affiliated companies	0	0	0
Other long-term receivables	0	1	1
Total fixed assets	**1,066**	**948**	**878**
Clients	5	30	237
Cheques receivables	0	0	0
Doubtful debtors less provision	0	0	0
Sundry debtors	5	3	36
Advances and 'credit to account for'	0	8	0
Marketable securities	0	413	325
Cash at bank and in hand	318	123	913
Total current assets	**328**	**577**	**1.511**
Repayments and accrued income	**2**	**0**	**5**
GRAND TOTAL ASSETS	**1,531**	**1,624**	**2,457**

LIABILITIES	1997	1998	1999
Share capital	1,000	1,000	1,000
Share premium account	0	0	0
Reserves from value adjustments of participations and securities	488	402	315
Reserves	21	62	221
Results carried forward	0	13	313
Total capital and reserves	**1,509**	**1,477**	**1,849**
Provisions for liabilities and charges	**2**	**8**	**14**
SHORT-TERM DEBT			
Suppliers	5	7	10
Taxes - duties	1	61	360
Social security	1	1	1
Dividends payable	0	60	202
Sundry creditors	7	3	8
Total short-term debts	**14**	**133**	**581**
Accrued expenses	**6**	**6**	**13**
GRAND TOTAL LIABILITIES	**1,531**	**1,624**	**2,457**

Comments on the financial results data

Turnover during the 199 financial year quadrupled compared with the previous year, reaching GRD 1,076 million compared with GRD 263 million in 1998.

A breakdown of the company's turnover is as follows:

TURNOVER *(GRD million)*	**1996**	**1997**	**1998**	**31.12.99**
Income from exchange transactions	16	82	239	1,028
Income from feeds to vendors and the supply of services related to the Smart program *	0	0	4	21
Income from commissions on ASE transactions carried out at TSEC	0	0	8	8
Other income from ASE	0	0	5	6
Income from sale of the daily prices bulletin	0	0	1	2
Income from seminars, information to investors	0	0	6	11
Total	**16**	**82**	**263**	**1,076**

* *The Smart (Stock Market in Real Time) program is a product of a co-operation between Forthnet, which has exclusive rights to distribute the product, ASYK and TSEC. Smart offers on-line access to daily trading on ASE in real time.*

The increase in turnover is attributable mainly to the increase in transactions on ASE carried out through TSEC. Particularly notable are:

a) the volume of trading initiated from the regional office of the Exchange at TSEC at 31.12.1999 amounted to GRD 7,781 million, compared with GRD 1,589 million in 1998, while

b) the number of brokerage companies who rented space at TSEC rose form 21 at 31.12.98 to 28 at 30.9.1999.

In 1999, total depreciation rose to GRD 122 million, broken down as follows:

DEPRECIATION *(GRD million)*	**1997**	**1998**	**1999**
Depreciation of costs of sales	48	92	112
Depreciation of management and operating expenses	42	26	10
Total	**90**	**118**	**122**

The undepreciated cost of sales in 1999 came to GRD 51 million, the largest part of which arose from fees to third parties, while the undepreciated management expenses of the company rose to GRD 130 million.

As a result of the increase in turnover, profits before tax of the company in 1999 amounted to GRD 1,013 million, compared with GRD 172 million in 1998.

Comments on the balance sheet data

The company's establishment expenses at 31.12.1999 came to GRD 176 million, of which GRD 114 million was transfer tax related to the acquisition of the company's premises on Katouni Street.

The depreciation of assets and establishment expenses were performed according to decree 100/948. The establishment expenses and initial establishment costs are depreciated in equal amounts over a five-year period.

No adjustment has been made to the value of the company's property, according to the provisions of Law 2065/1992, as currently in force, given that this was only acquired I 1997. The first adjustment will be made at 31.12.2000.

The balance of the securities account at 31.12.1999 amounted to GRD 325 million, broken down as follows:

SECURITIES *(GRD million)*	**31.12.99**
Shares listed on ASE	350
Expected devaluation of share	25
Total	**325**

The balance of investment subsidies at 31.12.1999 came to GRD 315 million, while at 31.12.1998 they were GRD 402 million. It should be noted that during its period of operation TSEC has received two investment subsidies for the purposes of acquisition of its premises:

a) The Ministry of Macedonia Thrace provided the sum of GRD 60 million, according to decision 917/11.7.1996 of the ministry;

b) According to the Ministry of National Economy's decision 19838/DEFE 1426/17.06.1997, the sum of GRD 513.2 million was made available under the auspices of the Central Macedonia "PEP" support programme for the same purpose.

The subsidies are depreciated in the same way as other assets are depreciated.

As indicated in the certificate issued by the Thessaloniki tax authorities on 12.2.2000, valid until 14.8.2000, the company's tax affairs are in order.

Similarly, as confirmed by the certificate issued by IKA on 23.6.2000, valid until 22.8.2000, the company has no social security contributions outstanding.

12.3.4.3 TSEC forecasts

The following table presents the forecast financial results for ASE for 2000. These should be read in conjunction with the comments made in chapter 4, “Investment risks”.

FORECASTS TSEC (GRD million)	1999	2000 (est.)
Turnover	1,076	1,254
Cost of sales (before depreciation)	51	52
Gross profit (before depreciation)	**1,025**	**1,202**
(% of turnover)	*95%*	*96%*
Plus: Other income	21	17
Total	**1,046**	**1,219**
Less:		
Management expenses (before depreciation)	130	132
Listing expenses (before depreciation)	0	0
Total operating expenses	130	132
(% of turnover)	*12%*	*11%*
Operating profit	**917**	**1.087**
(% of turnover)	*85%*	*87%*
Plus: income from participating interests	0	0
Plus: income from other investments	2	2
Plus: profits from sale of participating interests and other investments	81	20
Plus/Less:		
Extraordinary and non-operating income	88	93
Extraordinary and non-operating expenses	6	1
Profits before interest, depreciation and taxes	**1,082**	**1,200**
(% of turnover)	*100%*	*96%*
Less: debit interest	0	0
Plus: credit interest	53	48
Profit before depreciation and taxes	**1,135**	**1,248**
(% of turnover)	*105%*	*100%*
Less:		
Total depreciation	122	123
Profits before tax	**1,013**	**1,125**
(% of turnover)	*94%*	*90%*
Less: income tax and other taxes	358	398
Net profit after tax	**655**	**727**
(% of turnover)	*61%*	*58%*

As shown above, turnover in 2000 is expected to rise to GRD 1,254 million, i.e. an increase of 17% compared with 1999. This forecast is based on the expectation that although daily turnover in 2000 will reduce by about 30% compared with 1999, the number of active brokerage companies will increase. This is connected with the installation of second terminals by TSEC members.

12.3.5 Systems Development and Capital Market Support S.A.

12.3.5.1 General

Systems Development and Capital Market Support S.A. (Greek acronym "ASYK") was founded in 1995 (Gov. Gazette 5612/29.9.1995). The company is based in the city of Athens with company registration number 34265/01/B/95/512. The company occupies rented offices, total area 741 squ. m. on five floors of an office block at Praxitelous 29.

The aims of ASYK, according to article 2 of its constitution, as amended by the shareholders' general meeting of 29.4.1999, are as follows:

The study and preparation of detailed proposals for the introduction of innovations into the Greek capital market's stock exchange operations;

The study and preparation of proposals and initiatives for the modernisation of the technical infrastructure of all existing stock exchange trading systems;

The study and drafting of: a) blueprints, b) proposals for regulatory arrangements, c) proposals for institutional arrangements, d) operational and organisational procedures for the company's departments and systems, and e) other similar activities aimed at encouraging innovation and development of capital markets in Greece and abroad;

The development of specialist software and its maintenance and supply to individuals and organisations operating in Greek and international capital markets;

Drafting of plans for, and the supervision of commissioning of, specialised technical systems for businesses and institutions operating in the Greek and international capital markets;

The carrying out of specialist projects for institutions of the Greek and international capital market aimed at enhancing the productivity of their operations;

The supply of advice and consultancy services to businesses and institutions who operate in the Greek and international capital markets;

Representing, and offering the software products of, other foreign and Greek companies;

Entering into co-operation agreements with the representatives of Greek or foreign companies supplying software products with a view to their promotion;

The commercial exploitation of the company's developments, and similar products of other companies, either in respect of single products or groups of products;

The commercial exploitation of the company's capabilities, either through the supply of services or through collaborative project agreements;

The study, execution, implementation and commercial exploitation of related activities.

The company's envisaged period of activity is 45 years, from the date of the company's establishment and registration that is ending on 31.12.2040.

ASYK's activities mainly relate to the support of the capital market, ASE in particular. ASYK is responsible for the management and operation of the Exchange's computerised trading systems (OASIS and SIDO) and the trading network which links the Exchange with its members and with its internet hub.

Having developed considerable technical know-how in this particular field, ASYK is able to undertake the modernisation of systems and the provision of solutions to client needs through the development of specialised information technology systems. Examples of such systems are:

ASE's system for generating statistical information and statistical bulletins;

ASE's system for supervising stock exchange transactions;

The Capital Market Commission's system for processing data generated by brokerage company transactions.

In addition, ASYK undertakes the carrying out of studies concerned with the capital market. Examples of such studies are those on:

The introduction of short selling on the securities markets;

Policy on dissemination of information to data vendors;

Consequences for the capital market of the introduction of the euro;

Development of the pricing policy of ASE and CSD;

The development of new markets on ASE.

Finally, among the most significant projects undertaken by ASYK are:

The supply of technological services for the development and execution of ASE's OASIS system;

The organisation and operation of ADEX and ADECH;

The development of systems to satisfy the back office requirements of members;

The management of the upgrading of the ASIS system.

Among ASYK's various shareholders are ASE (which owns 37.17% of the share capital), 62 members of ASE, 11 listed companies and 13 institutional investors (brokerages and portfolio management companies).

The company's share capital amounted to GRD 450 million, divided between 450,000 ordinary registered shares each of GRD 1,000 in value. Shareholders' equity at 30.9.1999 comprised the following:

The ownership of ASYK shares at 30.9.1999 was as follows:

Shareholders	**No. of shares**	**Amount %**
ASE	167,250	37.17
National Bank of Greece	32,250	7.17
Other banks	80,250	17.83
Investment and mutual fund companies	54,000	12.00
Brokerage companies	116,250	25.83
Total	450,000	100.00

The company is managed by a nine-member board of directors whose members were appointed by decision of the shareholders' meeting held on 16.6.2000 as follows:

Name	**Position**	**Profession**
Spyridon K. Kouniakis	Chairman	Economist
Ilias M. Stasinopoulos	Vice-chairman	Industrialist
Socrates G. Lazaridis	Member & Managing director	Economist
Christos I. Kaklamanis	Member	University professor
Elisabeth Th. Sotiriadis	Member	Private employee
Artemis Ch. Theodoridis	Member	Economist
Panagiotis G. Georgiou	Member	Banker
Iraklis D. Hortarias	Member	Banker
Panagiotis I. Katsoulas	Member	Economist

The above board of directors has yet to be convened, pending the necessary publication in the Government Gazette. Its term of office may not exceed three years.

Directors' salaries in 1999 amounted to GRD 28,282,800 (lowest GRD 808,080, highest GRD 8,888,880), and are expected to remain at the same levels in 2000.

Salaries of senior management staff in 1999 amounted to GRD 26.7 million (lowest GRD 10.3 million, highest GRD 16.4 million), and are expected to rise to rise to GRD 29 million in 2000 (lowest GRD 11.5 million, highest 17.5 million).

Equity holdings and other directorships of members of the board of directors are as follows:

Member	Company	Profession
Spyridon Kouniakis	ASE	Chairman and representative of the national economy ministry
Ilias Stasinopoulos	ASE	Representative of the national economy ministry
	ADECH	Vice-chairman
Artemis Theodoridis	ADEX	Member
	Alpha Securities	Chairman
Socrates Lazaridis	ADEX	Member
	ADECH	Member

The board's term of office expires on the day of the shareholders' annual general meeting in 2000.

On 31.12.1999 the company employed 66 people. A breakdown of staff by speciality is presented in the table below, which shows the increasing staffing level which has matched the company's growth:

Specialisation	31.12.1996	31.12.1997	31.12.1998	31.12.1999
General administration	1	3	6	12
Economists	4	5	7	6
Network technicians	2	5	6	3
Computer and I.T. engineers	5	8	14	20
Computer and I.T. technicians	1	3	5	3
Computer programmers	4	7	13	18
Other specialists	0	2	1	4
Total	**17**	**33**	**52**	**66**

As pointed out by the independent legal auditor, the company is not required to issue an employment regulation since it employs fewer than 70 people.

12.3.5.2 ASYK financial data

FINANCIAL RESULTS ASYK 1997-1999 (GRD million)	1997	1998	1999
Income	288	577	989
Less: cost of sales (before depreciation)	205	345	558
Gross operating result (profit)	83	231	431
(% of turnover)	*28.7%*	*40.1%*	*43.6%*
Plus: other operating income	0	0	0
Total	**83**	**231**	**431**
Less: administrative expenses (before depreciation)	40	96	158
Less: listing expenses	0	0	0
Total expenses	40	96	158
(% of turnover)	13.9%	16.7%	16.0%
Operating income	**43**	**135**	**273**
(% of turnover)	14.8%	23.5%	27.7%
Plus: income from marketable securities	0	46	37
Plus: extraordinary and non-operating income	0	0	0
Less: extraordinary and non-operating expenses	3	6	11
Profit before interest, depreciation and taxes	**39**	**175**	**300**
(% of turnover)	*13.7%*	*30.4%*	*30.4%*
Plus: credit interest and similar income	46	4	4
Less: debt interest and similar charges	1	1	2
Profit before depreciation and taxes	**85**	**177**	**303**
(% of turnover)	*29.4%*	*30.8%*	*30.6%*
Less: adjustments to value of fixed assets (total depreciation)	18	28	37
Profit before tax	**67**	**149**	**266**
(% of turnover)	*23.1%*	*25.9%*	*26.9%*
Less: income tax and other taxes	18	53	100
Less: directors' salaries	0	0	0
Profit after tax, directors' salaries and tax adjustments (relevant financial years)	**49**	**97**	**166**
(% of turnover)	*16.9%*	*16.8%*	*16.7%*

Notes

1. The certified auditor who prepared a report following the unscheduled audit of the company's accounts noted that the company undertakes many projects for its clients (ASE, ADEX, ADECH, etc) without fully monitoring the cost of this work, with the result that the financial results for some financial periods may not be representative.

2. In respect of the company's profit after tax, directors' salaries and tax adjustments, the company's certified auditor made the following comment: "*ASYK has not made provision in its accounts for the negative impact of the regular tax audits for the years 1996 to 1998, which came to GRD 2,921,000, nor for the negative impact that will result form the regular tax audit for the year 1999, which using previous tax audits as a guide, will amount to approximately GRD 2,700,000, assuming no unusual issues arise from future tax audits which would give rise to higher tax liability*."

BALANCE SHEET DATA - ASYK			
ASSETS (GRD million)	**1997**	**1998**	**1999**
Establishment expenditures	**14**	**25**	**26**
Less: accumulated depreciation	9	12	17
Establishment expenses (undepreciated value)	5	12	9
Intangible assets	85	109	145
Less: depreciation	27	52	84
Net book value (intangible assets)	58	57	62
Total tangible assets	**58**	**57**	**62**
Participation interests in affiliated companies	0	0	35
Other long-term receivables	2	3	4
Total fixed assets	**59**	**60**	**100**
Reserves	0	11	11
Clients	115	85	369
Cheques receivable	0	6	1
Doubtful debtors less provisions	0	0	0
Sundry debtors	4	5	19
Pre-payments and credit management accounts	0	0	0
Marketable securities	381	443	373
Cash at bank and in hand	29	89	149
Total current assets	**529**	**639**	**921**
Prepayments and accrued income	**10**	**5**	**1**
GRAND TOTAL ASSETS	**604**	**716**	**1,032**
Memo accounts		31	0
LIABILITIES	**1997**	**1998**	**1999**
Share capital	450	450	450
Reserves	80	115	151
Results carried forward	3	36	113
TOTAL SHAREHOLDERS' EQUITY	**533**	**601**	**714**
Provisions for liabilities and charges	**7**	**12**	**23**
CURRENT LIABILITIES			
Suppliers	11	17	19
Cheques payable	0	12	42
Taxes - duties	20	27	144
Social security	7	14	32
Dividends payable	16	29	53
Sundry creditors	9	1	1
Total current liabilities	**63**	**100**	**292**
Accrued expenses	**1**	**2**	**4**
TOTAL LIABILITIES	**604**	**716**	**1,032**
Memo accounts		31	0

Comments on the balance sheet data and the financial results

The following conclusions can be drawn from the financial data presented above:

Turnover in 1999 rose to GRD 989 million, compared with 577 million in 1998, representing an increase of 71.4%. The following table provides a breakdown of turnover for the years 1996 to 1999.

Turnover (GRD million)	1996	1997	1998	1999
Sale of services:				
- income from members	80	27	44	5
- income from project management	42	40	235	275
- income from computer software	32	71	73	259
- income from daily operations of ASE	42	147	219	416
- income from supply of support services to ASE	7	3	5	17
- supply of third party products	0	0	0	17
Total	**203**	**288**	**577**	**989**

As shown in the above table income from day-to-day specialist operations at 1999 came to GRD 414 million, i.e. 41.8% of turnover. This category of income includes the supply of services for the daily operation of the ASE (e.g. operation of the ASIS automatic trading system), of TSEC (e.g. computerisation and technical support for TSEC), of the Capital Market Commission (e.g. operation and management of the system for monitoring brokerage company data) and the Derivatives Exchange (e.g. technical support for the management of the IT infrastructure of ADEX and ADECH).

In addition, during 1999, income amounting to GRD 275 million, 27.8% of turnover, derived from project management activities, especially related to the management of OASIS, the organisation and operation of ADEX and ADECH, the extension of the stock exchange trading network to include bank, as was required by the dematerialisation process, the provision of services to the Capital Market Commission relating to computers and systems, etc.

The significant increase in turnover reflects the continued development of the company, which has established a central co-ordinating role in the modernisation of IT systems and infrastructure of the Greek capital market.

In 1999, total depreciation amounted to GRD 37 million, broken down as follows:

BREAKDOWN OF DEPRECIATION (GRD million)	1997	1998	1999
Depreciation of cost of sales	0	22	30
Depreciation of management expenses	18	6	7
Total	**18**	**28**	**37**

The undepreciated cost of sales in 1999 amounted to GRD 558 million, while the undepreciated cost of management operations in the same period amounted to GRD 158 million, broken down as follows:

COST OF SALES *(GRD million)*	1999
Staff salaries	443
Third party salaries	36
Fees to third parties	44
Taxes, duties	3
Various expenses	30
Exchange transaction expenses	2
Total	**558**

MANAGEMENT EXPENSES *(GRD million)*	1999
Staff salaries	125
Third party salaries	10
Fees to third parties	12
Taxes, duties	1
Various expenses	8
Provision for staff redundancy payments, etc	11
Total	**158**

Profit before tax in 1999 amounted to GRD 266 million, compared with GRD 149 million in 1998, representing an increase of 78.5%.

The acquisition cost of the company's tangible assets in 1999 amounted to GRD 145 million, broken down as follows:

FIXED INSTALLATIONS *(GRD million)*	**1999**
Buildings and installations	*18*
Furniture and other furnishings	
- furniture and office equipment	15
- computers and networks	89
- telecommunications systems	6
- other installations	17
	127
Total	**145**

The largest component of fixed assets are the computers and systems which are necessary for the company to keep up to date with current technical developments.

The heading of "buildings and technical installations" concerns expenses related to the company's office equipment and the costs of building the IT network.

The company's shareholdings in related companies at 31.12.1999 amounted to GRD 35 million, including ASYK's 10% share in FORTH-com Trans-Balkan Centre for Electronic Commerce ABEE, which offers e-commerce and EDI services in Greece, Cyprus and the Balkans. This newly-established company will prepare its first more-than-12-month financial statements with effect from 31.12.2000.

It is noted that the valuation of the above company was done on the basis of its establishment costs, in line with the provisions of the "KBS". The company is not obliged to prepare financial statements at 31.12.1999 until such time as the value of the above-mentioned shareholdings have been valued and entered into the current year's financial statements.

In addition, the company's management believes that the value of its shareholdings have recovered. The certified auditor has commented that the relevant details (financial statements, etc) have not been supplied for the above company.

In line with the decision of the board of directors, the company invests available cash in hand in mutual funds, fixed-term government securities and government bonds; the value of the company's securities account amounted to GRD 373 million, compared with GRD 443 million in 31.12.1998. The breakdown of this securities account at 31.12.1998 and 31.12.1999, respectively, was as follows:

SECURITIES ***(GRD million)***	**1998**	**1999**
Mutual funds	97	0
Repos on fixed-interest government securities	347	95
Repos on government bonds	0	278
Total	**443**	**373**

The total share capital of the company in 1998 was GRD 714 million, an increase of 18% compared with the previous year.

According to the Athens tax authorities, the tax certificate issued on 19.1.2000, valid until 19.7.2000, the company's tax affairs are in order.

Similarly, according to the IKA social security organisation's certificate issued 24.4.2000, valid until 22.8.2000, the company has no outstanding debts related to social security contributions.

12.3.5.3 ASYK forecasts

The following table presents the forecast financial results for ASYK for 2000. These should be read in conjunction with the comments made in chapter 4 “Investment risks”.

FORECASTS TSEC (GRD million)	**1999**	**2000(est.)**
Income	989	1.777
Cost of sales (before depreciation)	558	978
Gross operating result (profit)	**431**	**799**
(% of turnover)	*44%*	*45%*
Plus: other operating income	0	0
Total	431	799
Less:		
Management expenses (before depreciation)	158	277
Total expenses	158	277
(% of turnover)	*16%*	*16%*
Operating income	**273**	**522**
Income from marketable securities	37	35
Plus/less		
Extraordinary income	0	0
Extraordinary expenses	11	19
Profit before interest, depreciation and taxes	**300**	**538**
(% of turnover)	*30%*	*30%*
Less: debt interest	2	2
Plus: credit interest	4	4
Profit before depreciation and taxes	**303**	**540**
(% of turnover)	*31%*	*30%*
Less		
Adjustments to value of fixed assets (total depreciation)	37	55
Profit before tax	**266**	**485**
(% of turnover)	*27%*	*27%*
Less: income tax and other taxes	100	187
Net profit after tax	**166**	**298**
(% of turnover)	*17%*	*17%*
Less: previous years’ tax adjustments	0	1
Profit after tax and tax adjustments	**166**	**297**
(% of turnover)	*17%*	*17%*

Turnover in 2000 is expected to rise to GRD 1.777 million, i.e. an increase of 80% compared with 1999. This forecast is based on the expectation that income from the development, installation and maintenance of IT systems will quadruple to around GRD 812 million while income from project management services are expected to rise 33% and reach GRD 367 million.

12.4 Intra-group transactions

Intra-group sales between the ASYK and ASE S.A., and other inter-company transactions during 1999, are presented in the table below:

Intra-group transactions 1999* (GRD million)							
From: / **To:**	**ASE**	**CSD**	**ADEX**	**ADECH**	**TSEC**	**ASYK**	**Total**
ASE		-	3	-	1,029	450	1,482
CSD	42		1	-	-	-	43
ADEX	102	-		15	2	124	243
ADECH	-	-	12		-	127	149
TSEC	-	-	-	-		8	8
ASYK	-	3	-	-	-		3
Total	142	3	16	15	1,031	701	

** Sales figures not inclusive of VAT*

Outstanding intra-group balances 1999 (GRD million)**							
Claim by: / **From:**	**ASE**	**CSD**	**ADEX**	**ADECH**	**TSEC**	**ASYK**	**Total**
ASE		-	-	102	223	187	512
CSD	-		1	-	-	-	1
ADEX	-	-		17	1	19	37
ADECH	-	-	15		-	17	32
TSEC	-	-	-	-		6	6
ASYK	-	-	-	42	-		42
Total	-	-	16	161	224	229	

*** Figures are inclusive of VAT.*

There were no other intra-group transactions in 1999 other than those indicated in the above tables.

13 FORECASTS OF TURNOVER AND FINANCIAL RESULTS

13.1 General

The income, operating results, profits and the financial position of the holding company depend mainly on the profitability and the dividend policy of the companies of the group. The profitability of these HELEX-affiliated companies depends mainly on growth in the level of business transacted on the Greek stock market.

The income of Athens Stock Exchange S.A. and Central Securities Depository S.A. depends for the most part on the volume of transactions and on the level of capitalisation of listed securities. The development of business depends on factors such as the extent of competition from other exchanges, the long-term financial and political environment, the political outcome of Greece and abroad as well as growth in the number of companies listed on ASE, factors on which are not under the control of ASE or HELEX. Changes in any of these parameters can positively or negatively affect the results and the financial position of the holding company. Other factors that are under the control of HELEX/ASE can also have an important influence on its level of income (also see chapter 4, "Investment risks")

Taking the above into account, forecasting the company's results involves an evaluation with a large margin of error. The forecast presented below is based on the basic premise that the degree of progress made by the Greek capital market and the turnover of the HELEX group companies in the current financial year will effect the forecast of the corresponding results for the period 1.1.2000 – 31.5.2000.

The forecasts are therefore indicative and are offered to investors for information purposes only, with the qualifications mentioned above. ***The company and the main underwriters under no circumstances guarantee the validity of the forecast results referred to below.***

13.2 Forecast results for the issuing company

The issuing company is a holding company that owns 100% of Athens Stock Exchange S.A. which in turn has shareholdings in a number of companies that support the organization and operation of the Greek capital market.

The full financial year of the issuing company will expire on 31.12.2001 (period 29.3.2000 – 31.12.2001) and its income will comprise exclusively of dividends from the subsidiary company Athens Stock Exchange S.A. (for the years 1999 and 2000, which will be distributed in 2000 and 2001, respectively) and of income from other securities in which the proceeds of this offering will be placed until such time as they are invested as provided for by the holding company's investment programme.

The purpose of the present prospectus is to allow investors to form an opinion taking advantage of the issuing company's projections based on current sales and results of Athens Stock Exchange S.A. for the year 2000. The first fiscal year will end on 31/12/2001.

(in GRD million)	2000
Sales turnover	0
Less: cost of sales	0
Gross Profit	**0**
Plus: other operating income	0
Total	**0**
Less:	
Administration expenses (before depreciation)	79
Appropriation expenses	0
Total expenses	79
Operating results	**-79**
Plus: Income from equity participation & securities	9.000
Less/plus	
Extraordinary income	0
Extraordinary expenses	0
Profit before interest, depreciation & tax	**8.921**
Less: debit interest	0
Plus: credit interest	388
Profit before depreciation & tax	**9.309**
Less:	
Total depreciation	225
Profit before tax for the period	**9.084**

Administration expenses

Administration expenses include: salaries of personnel that will be employed by the company during the second half of 2000, which are estimated to be 20 million drachmas; office rental estimated at 9 million drachmas; and various administration expenses at approximately 50 million drachmas.

Income from participating interests and securities

During the year 2000, HELEX will present in its accounts, under "Income from participating interests and securities", the dividend paid by Athens Stock Exchange S.A., amounting to 9,000 million drachmas.

Credit interest

To calculate the credit interest for the year 2000, the following have been taken into account:

• expected interest of approximately 275 million drachmas to be earned on the proceeds of new issues (during the last five month of 2000) prior to their investment as per the company's investment programme.

• expected interest of approximately 113 million drachmas to be earned, during the last five months of 2000, on the dividends that the company will collect from Athens Stock Exchange S.A., over and above the dividend already distributed this year.

Depreciation

Depreciation for 2000 is estimated to amount to 225 million drachmas. This includes depreciation of establishment expenses amounting to 136 million drachmas as well as the expenses for the present issue amounting to approximately 87 million drachmas.

13.3 Forecast consolidated financial results for the issuing company

To allow investors to establish a picture of the holding company's prospects, forecast turnover of HELEX for 2000 is presented below on a consolidated basis and, for comparison, an explanation of the financial results of ASE S.A. for 1999 are also given.

(in GRD millions)	1999	2000
Sales turnover	73.778	58.087
Less: contribution to HCMC	2.798	2.833
Less: cost of sales (before depreciation)	7.261	8.119
Gross Profit	**63.719**	**48.135**
(% of turnover)	86%	83%
Plus: other operating income	216	368
Total	**63.936**	**48.503**
Less:		
Administration expenses (before depreciation)	4.352	4.759
Research and development expenses (before depreciation)	94	115
Production expenses not accounted for (before depreciation)	117	0
Appropriation expenses (before depreciation)	384	1.749
Total expenses	4.946	6.623
(% of turnover)	7%	11%
Operating results	**58.989**	**41.880**
(% of turnover)	80%	72%
Plus: Income from equity participation	0	0
Profit from equity participation and securities	3.031	20
Income from securities	6.964	7.546
Less/plus		
Extraordinary income	1.243	719
Extraordinary expenses	258	353
Profit before interest, depreciation and tax	**69.969**	**49.811**
(% of turnover)	95%	86%
Less: debit interest	8	7
Plus: credit interest	854	625
	846	618
Profit before depreciation and tax	**70.816**	**50.429**
(% of turnover)	96%	87%
Less:		
Total depreciation	3.458	4.602
Profit before tax for the period	**67.358**	**45.827**
(% of turnover)	91%	79%
Less: Taxes for the period and other taxes	25.847	17.964
Directors' salaries and profits distributed to third parties	95	0
Profit after tax for the period & profits distributed to third parties	**41.416**	**27.863**
(% of turnover)	56%	48%
Less:		
Previous years fiscal differences	169	1
Minority interest	13.550	8.645
Group profit after tax for the period, profit distributed to third parties, fiscal differences and minority interests.	**27.697**	**19.217**
(% of turnover)	38%	33%

Other forecasts

a) Consolidation method

The consolidated results, using the total consolidation method, incorporate data from the following companies

- ATHENS STOCK EXCHANGE S.A. - 100% participation
- CENTRAL SECURITIES DEPOSITORY S.A. - 38.5% participation
- SYSTEMS DEVELOPMENT & CAPITAL MARKET SUPPORT S.A. - 37.17% participation

- THESSALONIKI STOCK EXCHANGE CENTRE S.A. - 33.8% participation
- ATHENS DERIVATES EXCHANGE S.A. - 40.73% participation
- ATHENS DERIVATIVES EXCHANGE CLEARING HOUSE S.A. - 39.20% participation

It is noted that even though the first of the companies mentioned above participates to a level of less than 50% (directly or indirectly) in the share capital of the other group companies, it exercises a dominant influence, as provided for by article 42e, clause Dd, of Law 2190/190.

b) The development of fundamentals

The forecast turnover for the current period for each of the consolidated companies is presented in the relevant chapter (see chapter 12.2.1.16, "Forecast results of the Athens Stock Exchange", chapter 12.3.1.7 "Forecast results of the CSD", chapter 12.3.27 "Forecast Results of the ADEX", chapter 12.3.3.5 "Forecast Results of the ADECH", chapter 12.3.4.3 "Forecast Results of the TSEC" and chapter 12.3.5.3 "Forecast results of ASYK".)

It is further noted that, because by their nature the activities of TSEC S.A. and ASYK S.A. concern intra-Group operations, including support during the early development phase of ADEX S.A. and ADECH S.A., more than 90% of the consolidated results of HELEX S.A. reflect development of the corresponding parameters in the accounts of the Athens Stock Exchange and the CSD.

Taking account of the above, a breakdown of the main components of the consolidated HELEX results for the current period is forecast to be as follows:

b1) Turnover

As already mentioned, the turnover of the Athens Stock Exchange is directly linked with the course of two parameters: (a) the volume of stock exchange business, to the extent that transaction fees make up approximately 70% of ASE's turnover, and (b) the total capitalization of listed companies, which is the basis for calculating listed companies' listing fees (which are paid quarterly). Regarding the development of these two parameters during the current period, the following considerations were taken into account:

a) The average daily volume of business in 2000 is expected to decrease by 30% in relation to 1999 and is forecast to close at 165 billion drachmas (compared to 236 billion drachmas in 1999) which means that the total business turnover for the year is estimated, including associated fees, at 41.3 trillion drachmas. It should be noted that the average daily volume of business during the first five months of 2000 was approximately 190 billion drachmas.

b) Average capitalization ASE-listed companies during 2000 is expected to be 55 trillion drachmas.

The total value of business transacted on the Exchange during the year has an even greater influence on the turnover of the CSD. With this in mind, and taking account of conservative estimates of the expected number of new companies to be listed and of growth in total capitalisation of listed companies, turnover of the group companies for the year 2000 can be forecast as follows:

(in GRD million)

Company	1999	2000	% change
ASE	32.786	29.097	-11,3%
CSD	39,970	26.186	-34,5%
ASYK	989	1.777	+79,7%
TSEC	1.076	1.254	+16,5%
ADEX	690	1.346	+97,7%
ADECH	179	906	+406,2%
Less: intra-group transactions	(1.912)	(2.497)	
Total consolidated turnover	**73.778**	**58.069**	**-21,3%**

In spite of the foreseeable increase in turnover of all the companies of the group, except for the ASE and the CSD, the consolidated turnover is expected to drop to a lower level than 1999, due mainly to the fall in CSD's income from October 1999 onwards. On a twelve-month basis, the turnover of the company in 2000 is estimated to be reduced by approximately 20%, or 8 billion drachmas, in comparison with 1999 when the turnover approached 40 billion drachmas.

b2) Cost of sales – general expenses

An increase in costs is forecast mainly because of expenditure on promotion of the Axiacard "smart" card. Nevertheless, the success of the card is expected to partially make up for the CSD's loss of income associated with reduced Exchange turnover.

Non-operational income

The forecast shows a total of 8.18 billion drachmas against 10.84 billion drachmas for 1999. The amount includes profits from purchase and sale of securities amounting to approximately 3 billion drachmas which is not expected to be repeated in 2000. Income from securities and other financial income is therefore forecast to be as follows:

		(in GRD millions)
	1999	**2000**
Profit from purchase and sale of securities	3,031	20
Securities income (dividends, interest)	6,966	7,546
Credit interest	854	625
Debit interest	(8)	(7)
	10,843	8,184

Depreciation

An increase of approximately 1.1 billion drachmas is forecast and this is due to the depreciation of the long term expenditure of the ASE and CSD.

Interest

The amount of 18 billion drachmas is formed from the corresponding forecasts of the ASE and CSD. The tax factor applied on the results is 32.5% and 40% respectively as was applied in 1999.

Third party fees

Are forecast at 8.6 billion drachmas, 90% concerns the third party fees in the forecast of profitability of the CSD.

Group profit after tax

Based on the above the profits after tax and minority fees are forecast for the year 2000 at 19.2 billion drachmas compared with 28 billion drachmas in 1999.

14 LONG TERM OBJECTIVES AND PROSPECTS

14.1 Targets and Strategy

The Hellenic Exchanges Holding S.A. (HELEX) is a holding company that has a single shareholding, its stake in Athens Stock Exchange S.A. The Exchange's aims and strategy in pursuit of its commercial activities, in furtherance of the aims of the group as a whole, are described in this chapter.

The Athens Stock Exchange has as its primary strategic aims for the period 2000-2006 growth and the maintenance of sustainable competitive advantages. The strategic targets are as follows:

Improving returns for the investing public through dissemination of reliable financial information and intelligence as well as the development of new stock exchange products;

The further development of mechanisms for securing transparent operation of securities markets;

The establishment of Greece as an important stock exchange force in the wider area of southeast Europe and the Mediterranean;

To encourage new and high-technology businesses through provision of effective mechanisms for generating capital and disseminating financial intelligence;

To further develop the competitive position of the Greek economy in the euro-zone.

To achieve the above-mentioned aims, the Athens Stock Exchange is pursuing the main activities mentioned below.

Increasing the visibility of the ASE in international markets and within Greece

The extent to which easier access is provided to the international and domestic markets will be an indicator of success. As far as international securities markets are concerned, this endeavour has the benefit of both promoting abroad a positive image of the investment possibilities of the Greek market and promoting within Greece the possibilities for investing in international markets.

A higher profile for the domestic market is already being achieved through the new possibilities for Remote Broking from other urban centers apart from Athens and the possibilities for Introducing Brokers ("ELDE") to be connected with Athens Stock Exchange offices via the internet.

Particular lines of development are as follows:

<u>Continuous improvement and extension of the network infrastructure</u>

ASE aims to ensure early exploitation of advanced and innovatory telematics networks such as: extensive and secure use of the internet; wireless and satellite communications; high speed networks; and applications which allow interconnection with the networks of foreign stock exchanges.

<u>Development of strategic alliances</u>

The ASE expects to be an equal member of the club of European and the worldwide stock exchange systems which to a large extent are formed on the basis of strategic alliances and creative arrangements for enhancing competitiveness.

In this and other attempts, the following will be utilized

a) The possibilities of the existing technological infrastructure, developed via the Kleisthenis Community Support Framework II programme, which provides scope for expansion and adaptation.

b) The unique access which Greece provides to areas of the Balkans and the Mediterranean which will in the coming years be of special investment interest. Greece will be thus offer a “bridge” between these markets and the developed European and international markets.

The creation of strategic alliances will be accompanied by a deeper and complete harmonisation with established international standards. The following areas are indicative:

Adoption of international account standards;

Development of systems of corporate governance;

Development of rating mechanisms;

Measures for assessing systemic risks.

The managements of HELEX and of ASE maintain a close watch on developments and are awaiting the finalization of the above-mentioned alliances before deciding their own course of action.

Attracting large international investment organisations

This will be a natural consequence of achieving the above two targets. This investment interest will encourage the growth of the strategic alliances and the development of the network and telecommunications infrastructure.

Development of innovative control procedures and products

Besides the exploitation and efficient use of technology, the second crucial factor for growth and maintenance of long term comparative advantage is the continuing development and application of advanced and effective controls and procedures to ensure smooth operation of the securities markets as well as the introduction of attractive new stock exchange products.

The immediate priority of ASE during the next seven years is the development of stable structures and the setting up of executive personnel with the target of development and implementation of innovative, “intelligent” solutions associated with a reduction of trading costs, facilitating access to the Greek and international markets and increasing the appeal of the local market for institutional and other investors.

The ASE is moving this direction with the innovative step of creating the New Market (“NEHA”), thus offering a means whereby dynamic, medium-sized new-technology businesses can generate capital and removing the necessity for these businesses to do so on foreign exchanges.

Continued growth, renewal and improvement of the basic infrastructure

Listed below are the targets that are relevant to the development of an infrastructure capable of catering for the demands of the new competitive environment and keeping up with international developments.

Upgrading and expansion of central trading information systems

At the international level there is intensive activity on the development of a new generation of trading information systems that embody features like:

Very high capacities and yields;

Open system interfaces allowing easy connection to other information systems;

Direct utilization of the internet and other technological links such as satellite connections;

Risk management tools, and

Advanced surveillance tools.

If the ASE is to occupy a competitive position in future worldwide international financial systems, it must strive to remain up-to-date with the technology as far as central trading information systems are concerned. Achievement of this target will depend on both the current infrastructure and the creation of the strategic alliances.

Development of modern buildings

The development of modern buildings points in the direction of "intelligent buildings" incorporating networks and technological infrastructures of multiple characters etc., that will serve the following essential requirements.

a) the accelerated increase in size of the Greek capital market, and the need for expansion of its buildings, which presupposes strategic alliances being formed with foreign stock exchanges as well as the establishment of Greece as a leading stock exchange centre for southeast Europe and the Mediterranean;

b) overcoming the current situation in which old buildings fall short of what is an essential service for a modern organization and the phenomenon of being serviced by fragmented services housed in numerous separate buildings (today ASE and its related market institutions are located in more than 15 different places). The target is to bring together all ASE market institutions and their related services. This would facilitate creation of work groups as well as increase efficiency of support mechanisms with the result of reduced cost of services.

Developing high level human resources

Achieving this target is linked with the fulfillment of the other ASE strategic aims. It therefore requires:

a) upgrading and expansion of activities of the ASE Training Centre ("KEK") to cover all the subjects that occupy a modern stock exchange market;

b) cultivation of close ties with Greek and foreign research centres in the field of Financial Engineering, increasing the familiarity of local staff with high-productivity techniques and, in general, paying greater attention to improved personnel development;

c) regular attendance at international conferences and participation in important European and international committees of the international securities markets;

d) creation of a small and flexible research and development team whose main duty will be to monitor and take account of international developments and plan the Greek capital market's next steps in respect of regulations, procedures and stock exchange products.

Preparation and dissemination of financial intelligence – presentation of Greek economic data

Main targets put forward:

a) offering the public market intelligence and related, useful economic information;

b) facilitating dissemination of information about the development of the Greek market (e.g. new listed companies) as well as the systematic projection of the Greek economy and market with the aim of attracting foreign investors.

For this to materialise the following has to be taken into account:

Development of advanced information management systems

The main thrust is towards the development of information systems and the use of the network infrastructure to gather, process and disseminate information related to listed companies, particularly the development of an automated and coordinated system for producing financial statements and the preparation, validation and public dissemination of information about listed companies.

The systems are expected to:

a) reduce the cost of publication and elaborate on the economic data that listed companies are obliged to release;

b) provide reliable and user-friendly financial information for the public and institutional investors for whom the cost will be reduced, a positive factor for the Greek capital market;

c) contribute substantially in increasing and maintaining the transparency of the Greek securities market.

Dissemination of the Greek economic data

The systematic projection and the positive data of the Greek economy and the capital market are mentioned abroad and emphasis will be given to the comparative benefits that make investing appealing in Greece.

14.2 Investment policy

To give effect to the above development policy, HELEX and the companies of the group have projected for the next years 2000-2006 the following investment plans:

The construction of modern buildings housing all the services of the affiliated companies. For the study and construction of the new buildings (including the purchase of land) an amount of GRD 20 billion will be made available. The timeframe for the investment is as follows:

Year	2001	2002	2003	2004
Amount in GRD billions	6	7	4	3

It is noted that the subsidiary companies of the ASE S.A. group have submitted a proposal for the co-funding of the above-mentioned construction, to the extent of 75%, by the European Union in the framework of Community Support Framework III.

An amount of GRD 10 billion will be allocated for the strengthening of the technological and human resources for the group companies. The affiliated companies of the ASE S.A. group have submitted an application for co-funding of the this investment, to the extent of 75%, by the European Union in the framework of the Kleisthenis programme.

The proposed financing schedule for this investment is as follows:

Indicative financing schedule for the action programme on technological development and human resource development																			
Year	**Total cost (GRD billion)**	**Total cost (million euro)**	**EU co-financing**						ASE participation						**European Investment Bank loans**	
			ETPA			**EKT**			**ETPA**			**EKT**			**(optional facility)**	
			%	**GRD bn.**	**Million euro**	**%**	**GRD bn.**	**Million euro**	**%**	**GRD bn.**	**Million euro**	**%**	**GRD bn.**	**Million euro**	**GRD bn.**	**Million euro**
2000	1.00	3.0	75%	0.67	2.02	75%	0.07	0.23	25%	0.22	0.67	25%	0.02	0.08	0.20	0.6
2001	0.50	1.5	75%	0.34	1.01	75%	0.04	0.11	25%	0.11	0.34	25%	0.01	0.04	0.10	0.3
2002	1.50	4.5	75%	1.01	3.04	75%	0.11	0.34	25%	0.34	1.01	25%	0.04	0.11	0.30	0.9
2003	1.50	4.5	75%	1.01	3.04	75%	0.11	0.34	25%	0.34	1.01	25%	0.04	0.11	0.30	0.9
2004	1.83	5.5	75%	1.24	3.71	75%	0.14	0.41	25%	0.41	1.24	25%	0.05	0.14	0.37	1.1
2005	2.33	7.0	75%	1.57	4.73	75%	0.17	0.52	25%	0.52	1.58	25%	0.06	0.17	0.47	1.4
2006	1.33	4.0	75%	0.90	2.70	75%	0.10	0.30	25%	0.30	0.90	25%	0.03	0.10	0.27	0.8
TOTAL	**10.0**	**30.0**		**6.74**	**20.25**		**0.75**	**2.25**		**2.25**	**6.75**		**0.25**	**0.75**	**2.00**	**6.0**

Note: Discrepancies in the totals are due to rounding.

15 DIVIDEND POLICY

According to the Greek legislation and the company charter, the minimum annual distributed dividend should not be less than 35% of profit before tax, after deduction of expenses, tactical reserve and relevant taxes, or 6% of the share capital, whichever is greater.

Following the company's listing on the ASE main market, the board of directors decided that dividends will be distributed each year equal to or greater than the 35% of the profits before tax, after deduction of expenses, tactical reserve and relevant taxes, or 6% of the share capital depending, whichever is greater. Higher dividends than that will be distributed depending on the company's investment policy and its profitability. Every year the ASE S.A. receives dividends from its subsidiaries Central Securities Depository S.A, Athens Derivatives Exchange S.A, Athens Derivatives Exchange Clearing House S.A., Thessaloniki Stock Exchange S.A., and Systems Development and Capital Market Support S.A. According to the law, dividend is paid at the following financial year (unless an interim dividend is distributed during the same financial year) and so is reported at ASE's profits of the next financial year.

Similarly, of ASE's profits distributed in the form of dividends each year, the proportion distributed to HELEX is paid in the following financial year (unless an interim dividend is distributed during the same financial year) and so is reported at HELEX's profits of the following financial year.

For this reason, the companies board of directors during its meeting on 19/5/2000 decided agreed the distribution of an interim dividend in year 2000 for the first financial year ending 31/12/2001. Distribution of an interim dividend will take place after the company receives its dividend from the ASE S.A.

The following table depicts the annual dividend policy of direct and indirect participation companies of the issuing company during 1996-1999.

Company	**1996**	**1997**	**1998**	**1999**	**Percentage of the profits before taxes and depreciation of the year 1999**
Amounts in GRD million					
Direct participation companies					
ASE S.A.	333	1,460	2,750	9,000	26%
Indirect participation companies					
CSD S.A.	800	2,500	3,000	10,500	26%
ADEX S.A.					
ADECH S.A.				228	36%
ASYK S.A.	18	16	29	53	20%
TSEC S.A.			60	202	20%

The above companies are expected to follow similar dividend policy to that of the issuing company and distribute dividends each year equal to or greater than the 35% of the profits before tax, after deducting expenses, tactical reserve and proportional taxes, or 6% of the share capital, whichever is greater.

16 OFFER PRICE

16.1 General

The offer price of the company's new and existing shares has been set by the underwriters and was approved by the company's board of directors, and by the Hellenic government (DEKA), ahead of the offer, as provided for by Presidential Decree 384/1985 (article 4, paragraph 2).

The offer price was set at GRD 5,250, the same for new and existing shares, taking account of the following factors:

The good long-term prospects for the Greek capital market, especially after the country's entry into the euro-zone (EMU), the steady fall in interest rates and the removal of foreign exchange risk from capital market transactions;

ASE's role as an investment centre for southeast Europe and the Mediterranean; and

The Greek capital market's stronger presence in the European economic scene and its emergence as a competing player on international capital markets.

16.2 Net profit and profit per share

Forecast results for 2000

As mentioned above, the issuing company will draw up its first financial statements on 31/12/2001. However, based on estimated turnover and profits for the period 29/3/2000-31/12/2000, as presented in section 13.2 of this prospectus, the ratio of Offer Price against expected Profit per Share (P/E ratio) is presented below.

Year	Profit before tax[2] GRD million	Adjusted number of shares[1]	Profit per share GRD	P/E Ratio[2]
2000 (provision)	9,084	51,041,667	178	29.5

1. *In the calculation of the adjusted number of shares, it has been assumed that funds from the issue will flow from the end of July 2000.*
2. *Because the issuing company is a holding company, tax payable is relatively small so the P/E ratio is not greatly affected.*

Forecast consolidated results for 2000

Based on the issuing company's forecast consolidated results for the year 2000 (presented in section 13.3 of this prospectus), the P/E ratio is presented below.

<table>
<tr><td rowspan="6">Year

2000 (provision)</td><td rowspan="6">Adjusted number of shares[1]

51,041,667</td><td colspan="3">Profit per share</td></tr>
<tr><td>Profit before taxes</td><td>Profit after taxes and profits distributed to third parties</td><td>Group’s profit after taxes, profit distributed to third parties, tax differentiation from previous years and minority interests</td></tr>
<tr><td>898</td><td>546</td><td>376</td></tr>
<tr><td colspan="3">Ratio of offer price over profit per share (P/E ratio)</td></tr>
<tr><td>Profit before taxes</td><td>Profit after taxes and profits distributed to third parties</td><td>Group’s profit after taxes, profit distributed to third parties, tax differentiation from previous years and minority interests</td></tr>
<tr><td>5.8</td><td>9.6</td><td>14.0</td></tr>
</table>

1. In the calculation of the adjusted number of shares, it has been assumed that funds from the issue will flow from the end of July 2000.

17. PENDING LEGAL CASES

The Athens Stock Exchange SA subsidiaries and the Central Securities Depository SA are litigants to the following pending legal cases:

ATHENS STOCK EXCHANGE S.A.

Labour disputes

There are four legal cases pending against the ASE concerning employees' claims for the total amount of GRD 11,505,019. The most important of all four is the action dated November 11, 1996 exercised by 23 employees in front of the Court of First Instance claiming the payment of a special compensation (productivity bonus) totalling GRD 10,262,881. For this claim the Court passed sentence number 1058/1999 ordering the ASE to pay GGRD. 8,477,058 to the claimants. Following the decision, the ASE appealed to a higher court which was heard on May 8, 2000. The ASE's legal department expects that the appeal will vindicate the company.

Falsifying shares case involving Titan S.A.

There are seven legal cases pending against the ASE concerning claims of six member companies and one individual for the total amount GRD 69,571,305. These cases relate to the falsifying of shares of the listed company Titan S.A. All the related first instance court decisions are against the ASE. According to the ASE's legal department: "there can not be an anticipation of the outcome of the above cases, to be heard in the appeal court, because they involve complicated legal matters which allow for different and contradictory conclusions, for example on the matter of whether ASE was responsible for checking the authenticity of shares while it had responsibility for clearing the transactions".

Other legal disputes

Katsoulis Securities Company S.A.

There are three legal cases pending against ASE concerning third party claims amounting to GRD 3,935,238,204 for their demands arising from the liquidation of the company Katsoulis Securities S.A. One of the cases was discussed before the Court of First Instance on January 1, 2000, but not decision has been issued. It should be noted that the above cases also turn against the Central Securities Depository and the Guarantee Fund. According to the ASE's legal department: "it is possible that the decision will be in favour of the ASE because the actions are also against the Guarantee Fund which is the only institution responsible, according to the law, for compensating investors in cases of default by brokerage companies.

Litigation with the National Bank of Greece

The ASE and the National Bank are parties to a suit concerning the ownership of a building situated on Pesmazoglou Street. The building (which appears in the ASE's financial statements) was sold to the ASE by the National Bank on the condition that it be demolished and in its place a new building constructed. The National Bank of Greece claims that this did not happen and as a result requested the ASE to return the ownership of the building. The ASE, on the other hand, claims that the project was not completed because a preservation order was issued on the building and it could not be demolished. A hearing in the case is currently pending. More specifically the court has published decision number 7060/99 in which it accepts ownership of the National Bank of Greece of the building but also claims the obligation of the Bank to pay ASE the amount of GGRD. 700,000,000. This amount represents the amount paid by the ASE to buy the building, readjusted for currency devaluation and inflation. The ASE is waiting for the final decision in order to exercise an appeal. According to the ASE's legal department, the above decision would probably be changed by the appeal court. In either case the building's ownership will not transfer to the National Bank before the bank pays the ASE the amount of GRD 700,000,000, a final decision is published and the ownership is registered with the responsible land registry.

Other legal proceedings

Except the above cases against the ASE, there are four further cases pending concerning third party claims for the payment of GRD 187,376,624.

Disputes over CMC decisions

The Association of Members of the Athens Stock Exchange (Greek acronym “SMEHA’) has appealed to the Council of State requesting the annulment of the Capital Market Commission decision concerning charging ASE Members for the upgrading of the Automated Exchange Trading System (ASIS). This contribution has not been charged as of 1/1/1999 and the amount collected to that date would have amounted to GRD 1,336,648,450. More specifically:

On 13/02/1998 SMEHA’s claim against the minister of finance and the Capital Market Commission, as well as against the Commission’s decision 617, was discussed by the full membership of the Council of State. By decision 4212/1998, the case to referred back to the lower court which discussed the case again on 24/05/1999 without delivering any decision to date.

On 15/03/99 the lower court discussed SMEHA’s claims against the minister of finance, the Capital Market Commission and Commission’s decision 282, about which the ASE had initiated the hearing. A decision is still pending.

According to the ASE’s legal department, there would no immediate significant financial implications for ASE if the appeal was granted, until such time as the original decision is formally annulled.

Legal cases arising from ASE actions against listed companies

The ASE has claims totalling GRD 25,757,266 from 25 listed companies either from membership fees or from companies which have either gone bankrupt or are in some special clearance process. The ASE legal department is not optimistic about being compensated in these cases, particularly because the debtors are no longer in business.

Rental disputes

ASE initiated actions on 21/02/2000 in the Athens Civil Court against three of its tenants for payment of rent arrears. Trials were set for 31/03/2000 and they were subsequently deferred for the 21/04/2000. Decisions are still pending.

Central Securities Depository S.A. (CSD)

Criminal charges against members of the board of directors and employees of the company

The former president and chief executive of CSD, E. Xanthakis, the former general manager and current chief executive, L. Zaga, the former manager and current general manager N. Konstantopoulos, the former supervisor of the transactions clearance service and currently business director, S. Alifieraki, and the former alternate supervisor of the transactions clearance service, V. Halikiopoulou, were sued for aleged breach of article 259 of the criminal code for dereliction of duty. M. Xanthakis, L. Zagas and N. Konstantopoulos, it is claimed, during the period beginning 25 January 1995 and ending 8 November 1996, they deliberately delayed the clearance of stock market transactions for more than the two working days prescribed by law, thus allowing brokerage firms and their customers to illegally profit by being able to "short sell" i.e. sell stocks that they did not have, and collect the product of sales within two working days.

Mr. Zagas, Mr. Alifierakis and Ms. Halikiopoulou were also accused of willingly accepting from Delta Securities S.A. unredeemable cheques from the staff of Delta totalling GRD 1,330,000,000 which they endorsed without prior fund availability verification from the issuing banks even though they knew that Delta was faced with serious liquidity problems. This enabled Delta to pay up its remaining debt and participate in the trading session of 5th and 6th November making pre-agreed and fake transactions from which Mssrs. Argyriades and Trifon were able to obtain illegal profits of GRD 846,452,000. The case was sent to the Athens prosecutor's office; it is being handled by attorney Mr. D. Papadelis and its outcome cannot be predicted. In any case, even if the defendants were found guilty, it would have no effect on the finances of the company.

John Argyris civil suit against the company

On July 7, 1997 Mr. J. Argyris (investor) filed suit against the CSD seeking damages to the amount of GRD 70,421,236 for losses that he allegedly sustained due to the CSD's actions in the case of the former Delta Securities firm. Action 616/1999 was issued by the high court of Athens ordering Mr Argyris to show cause for the aforementioned matters. A date of 4/2/2000 was set for witness deposition. The case is handled by the law office F. Kremmidas and F. Doris and since it is still pending its outcome cannot be predicted.

Greek government's seizure against the company

As determined by writ of seizure no. 44548/4/16.9.1997, the Greek government seized whatever the CSD owes or will owe to Delta Securities S.A. in the form of dividends, since the securities firm owes the Greek government taxes amounting to GRD 645,710,827. The CSD subsequently obtained a third party declaration on 9/10/1997 according to which is declared as its sole obligation to Delta Securities S.A. the amount of GRD 3,600,000 from dividends of the year 1996 which offsets against its demand for payment of GRD 1,332,509,189 from Delta, supported by a court decision of 18/11/1996. Against the CSD's aforementioned involvement as a third party in the Greek government's claim, on 5/11/1997 the government requested that CSD should pay to the government whatever it is owed by Delta and especially the dividends of the year 1996. The claim was discussed on 19/02/1999 and was dismissed (decision no. 1806/1999) which is not final yet. The case, which is still pending, is handled by the law office F. Kremmidas and F. Doris; its outcome cannot be predicted.

Claims against CSD and the firm Katsoulis Securities S.A.

On January 19, 2000, a civil suit was heard before the high court in Athens (regular session), against the CSD among others, as responsible together with another 20 plaintiffs in full with claims of a) to adjudge the amount of GRD 2,823,986,751 with legal interest since the filling date for demands arising after the liquidation of the company Katsoulis Securities S.A., according to article 4a of Law 1806-1988, and for moral damages suffered b) the declaration of the decision as temporarily executable, c) the conviction of CSD to pay their legal expanses. The case is handled by the company's lawyer Ms. M. Saxoni. There has not been a decision to date and the company thinks that the aforementioned lawsuit will be fruitless.

Other third party legal suits

With the exception of the above mentioned cases against the CSD two more cases are pending for demands that total GRD 11,557,500.

Legal actions against the company Delta Securities S.A.

On 15/11/1996 the CSD filed suit, under article 79 of Law 5960/33 and related paragraphs of the penal code, against Mr D. Argyriades, Ms J. Gelestathi and Th. Gravani, president, executive director and member of the board of directors, respectively, of the company Delta Securities S.A., and against all other shareholders of the company. Following the interrogation of witnesses, the case was sent to the Athens attorney general's office and is pending before the prosecutor. The case is handled by the lawyer, D. Papadelis, who is unable to predict the outcome.

The ASE and the CSD have not made other provisions against possible further liabilities. For reasons of conservative illustration of the economic situation of the issuing company, there has been a recent readjustment of company's financial data to take account of the pending cases involving Athens Stock Exchange S.A. and Central Security Depository S.A.

There are no legal cases pending against any other company included in the consolidated financial statements of the issuing company.