Report and accounts for the 3rd quarter of 2010

Minimum items required by IAS 34 in accordance with Art. 10, Reg. 5/2008 of the CVM

(Portuguese Stock Exchange Commission)

Unofficial Translation

This is an unofficial translation of the announcement made below and it has been prepared for information purposes only. In the case of any discrepancy between this translation and the Portuguese version, the Portuguese version will prevail.

REN Group Consolidated Report

September 30st 2010

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

ÍNDICE

1 Directors’ Report

1.1. Main financial data

The main financial indicators at 30 September 2010 are as follows:

(€M)	9M09	9M10	Δ%
EBITDA	271.9	310.2	14.1%
Net financial income	-44.8	-52.1	16.2%
Net income	116.3	79.2	-31.9%
Recurrent net income*	90.5	88.7	-2.0%
CAPEX	286.7	204.9	-28.5%
Net debt (end of period)	2 089.0	2 173.1	4.0%

In the first 9 months of 2010 Net Income stood at €79.2M, which compares with €116.3M in 9M09, a negative variation of 31.9%; the decrease is explained by non recurring items(1) and by the rise of the corporate tax rate from 26.5% to 29%.

Recurring Net Income was €88.7M a decrease of 2% when compared to 9M09. The increase in the corporate tax rate had a €8.9M negative impact from January to September, without it recurrent net income would have been up by 8%.

EBITDA grew by 14.1% despite the negative variation of the hydro land remuneration (€-8.6M between 9M09 and 9M10). Excluding this effect EBITDA would have increased by 18%.

CAPEX was €204.9M, partially reflecting the delays related to the (already mentioned) changes in procurement procedures. The company expects to make up for these delays until the end of 2010 according to the budget.

1.2. Statement of profit and loss

The following table shows the profit and loss statement for the nime months ended 30 September 2010 compared to the same period of 2009:

(€M)	9M09	9M10	Δ%
Operational revenues	**478.8**	**598.3**	**25.0%**
Sales and services provided	394.2	560.3	42.2%
Other	84.7	38.0	-55.1%
Operational cost	**-275.7**	**-423.0**	**53.4%**
External supplies and services	-58.5	-53.3	-9.0%
Personnel	-35.4	-33.4	-5.5%
Depreciation	-103.9	-126.7	21.9%
PPA's costs	-66.8	-186.0	178.4%
(Provisions) / reversions	0.0	-12.5	
Other operational costs	-11.1	-11.2	0.2%
EBIT	**203.1**	**175.3**	**-13.7%**
Net financial income	**-44.8**	**-52.1**	**16.2%**
Financial costs	-55.8	-58.0	3.9%
Financial income	7.6	2.1	-72.6%
Investment income - Dividends	3.3	3.8	13.6%
Income before taxes	**158.3**	**123.2**	**-22.2%**
Income tax expense	**-42.0**	**-44.0**	**5.0%**
Net income	**116.3**	**79.2**	**-31.9%**

1.3. EBITDA analysis

(M€)	9M09	9M10	Δ%
Return on RAB (Electricity)	79.0	89.3	13.0%
Land remuneration	7.6	-1.0	-113.0%
Incentive to fully depreciated assets in use	0.0	3.8	
Recovery of depreciation (Electricity)	76.6	81.0	5.7%
Recovery of OPEX (Electricity)	49.6	53.7	8.2%
Return on RAB (Gas)	56.4	58.2	3.2%
Recovery of OPEX (Gas)	23.0	26.2	14.0%
Recovery of depreciation (Gas)	29.6	31.4	6.1%
Tariff smoothing effect (Gas)	8.4	12.0	43.3%
Closing of smoothing effect (REN Gasodutos)		0.5	
Interest on tariff deficit/deviation	4.8	3.4	-29.7%
Tariff deficit/deviation	0.0	0.0	
Commercial gains	5.1	2.3	-55.5%
Other operational revenues	36.7	51.5	40.4%
Provision reversion	35.1		
Total revenues	**412.0**	**412.3**	**0.1%**
External supplies and services	58.5	53.3	-9.0%
Personnel	35.4	33.4	-5.5%
Depreciation	103.9	126.7	21.9%
Provisions		12.5	
Other operational costs	11.1	11.2	0.3%
Total costs	**208.9**	**237.0**	**13.4%**
EBITDA	**271.8**	**310.2**	**14.1%**
Depreciation	103.9	126.7	21.9%
Non recurrent items:			
Provision reversion from assets sale	-22.8		
Provision for Amorim Energia contingency		12.5	
Tariff deviations recognition	-12.4		
Subsidies depreciation		-4.2	
EBIT	**203.1**	**175.3**	**-13.7%**

Operational activity grew stronger with EBITDA displaying a 14.1% increase versus 9M09. This increase was mainly due to the entries into operation during 2010 in the amount of €165.4M.

1.4. Average RAB and Capex

In the first nine months of 2010 CAPEX reached €204.9M, a decrease of 28.5% versus 9M09 (€286.7M).

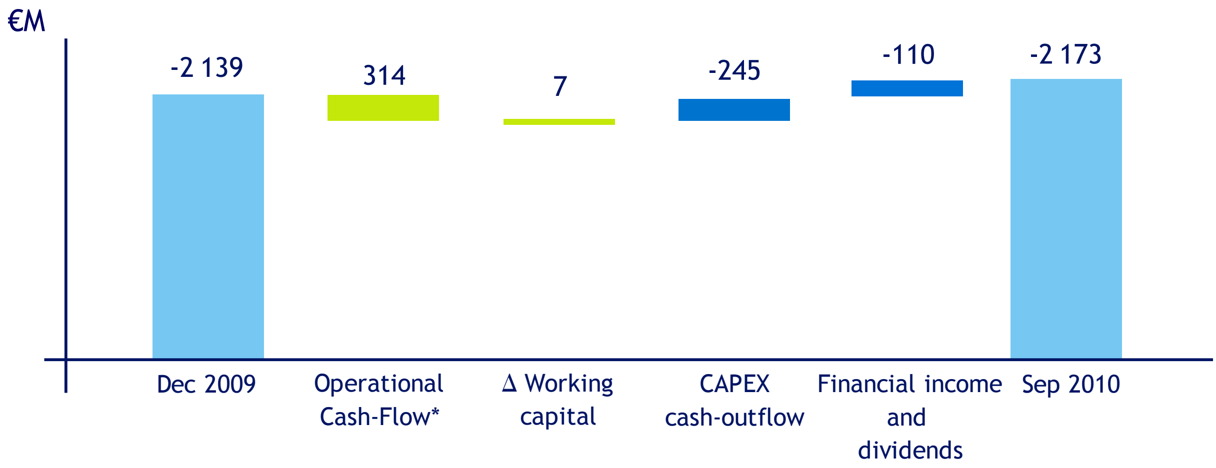
The average RAB for 1H10 reached €2,866.7M, a 5.9% increase versus 9M09 essentially due to late 2009 entries into operation in the electricity business.

(€M)	9M09	9M10	?%
Total Average RAB	**2,706.6**	**2,866.7**	**5.9%**
Electricity	1,383.4	1,544.4	11.6%
Hydro land	365.7	350.8	-4.1%
Gas	957.5	971.5	1.5%
Capex	**286.7**	**204.9**	**-28.5%**
Electricity	204.1	151.7	-25.7%
Gas	82.6	51.9	-37.2%
Other		1.3	

1.5. Net debt

Net debt reached €2,173M at the end of September 2010, an increase of €34M from December 2009.

The average cost of debt from January to September was kept at 3.9%.



* - Operational cash - flow = Operational income + Depreciation + Provisions;

** Includes corporate tax payments

1.6. Statements of profit and loss and cash flows

In compliance with the provisions of CMVM (Stock Exchange Commission) Circular of 17 June 2009, below are the profit and loss and cash flows statements for the periods from 1 July to 30 September 2010 and 2009 (unaudited information):

(Amounts expressed in thousands of euros - tEuros)

Condensed consolidated statement of profit and loss

	2010 3ºTRIM	2009 3ºTRIM
Sales	91	103
Services provided	186,797	135,346
Other operating income	7,123	61,210
Share of (loss)/profit of joint ventures	2,503	2,542
Operating income	**196,514**	**199,201**
Cost of goods sold	(92)	(142)
External supplies and services	(18,048)	(21,993)
Employee compensation and benefit expense	(11,348)	(11,619)
Depreciation and impairment charges	(42,861)	(34,831)
Provisions	(6,235)	(35,404)
Other expenses	(65,435)	(25,711)
Operating costs	**(144,019)**	**(129,700)**
Operating results	**52,495**	**69,501**
Financial costs	(19,437)	(17,516)
Financial income	531	(1,272)
Investment income - dividends	2,421	2,058
Financial results	**(16,485)**	**(16,730)**
Profit before income taxes	**36,010**	**52,772**
Income tax expense	(13,381)	(12,509)
Profit for the year	**22,629**	**40,262**
Attributable to:		
Equity holders of the Company	22,629	40,335
Minority interest	0	(73)
	22,629	**40,262**
Earnings per share attributable to the equity holders of the company during the year (expressed in euro per share)		
- basic	0.04	0.08
- diluted	0.04	0.08

(Amounts expressed in thousands of euros - tEuros)

Condensed consolidated statement os cash flows	2010	2009
	3º Trim	3º trim
Cash flow from operating activities:		
Cash receipts from customers	546,578	835,326
Cash paid to suppliers	(353,997)	(296,161)
Cash paid to employees	(14,677)	(7,172)
Income tax received/paid	1,494	(51,761)
other payments/receipts relating to operating activities	(5,348)	(440,240)
Net flows from operating activities (1)	**174,049**	**39,992**
Cash flow from investing activities:		
Receipts related to:		
Financial investments	-	(112)
Fixed assets	-	(8)
Grants related to to assets	8,662	42
Guarantees	-	(11,500)
Interests	223	-
Dividends	2,421	3,336
Payments related to:		
Financial investments	-	1,689
Guarantees	-	18,800
Fixed assets	(80,032)	143,259
Interests	-	9
Net cash used in investing activities (2)	**(68,725)**	**155,515**
Cash flow from financing activities:		
Receipts related to:		
Borrowings	2,281,563	2,121,242
Interests	73	13,443
		-
Payments related to:		-
Borrowings	(2,408,875)	(2,080,626)
Interests	(4,611)	(15,732)
Dividends	-	(9)
Net cash used in financing activities (3)	**(131,850)**	**34,797**
Net (decrease)/increase in cash and cash equivalents (1)+(2)+(3)	(26,526)	230,304
Cash and cash equivalents at de begining of the year	51,422	85,014
Cash and cash equivalents in de end of the period	**24,896**	**51,816**
Detail of cash and cash equivalents		
Cash		22
Bank overdrafts	(35,653)	77,368
Bank deposits	60,521	(33,142)
Other apllications of cash		7,568
	24,868	**51,816**

2 Condensed consolidated financial statements as of 30 September 2010

Condensed consolidated statement of financial position

(Amounts expressed in thousands of Euros - tEuros)

	Note	As of 30 September 2010	As of 31 December 2009	
ASSETS				
Non-current assets				
Tangible fixed Assets	5	2,011	884	a)
Goodwill	5	3,774	3,774	
Other intangible fixed assets	5	3,527,504	3,450,992	a)
Interests in joint ventures	19	37,795	11,063	
Deferred tax assets	6	48,537	37,627	
Available-for-sale financial assets	7	82,933	90,419	
Derivative financial instruments	11	8,464	-	
Other investments		7,241	7,276	
Trade and other receivables	8	75,839	44,122	
		3,794,097	**3,646,157**	
Current assets				
Inventories		23,404	23,789	
Trade and other receivables	8	273,559	426,527	
Current income tax recoverable		388	25,115	
Guarantee deposits	20	82,004	102,637	
Derivative financial instruments	11	2,811	-	
Cash and cash equivalents		60,552	69,888	
		442,719	**647,956**	
Total assets		**4,236,816**	**4,294,113**	
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	9	534,000	534,000	
Treasury shares	9	(10,728)	(10,728)	
Other reserves		209,352	161,638	
Retained earnings		169,151	177,067	
Profit for the year attributable to equity holders of the Company		79,185	134,107	
		980,961	**996,084**	
Minority interest		514	514	
Total equity		**981,475**	**996,598**	
LIABILITIES				
Non- current liabilities				
Borrowings	10	2,050,777	1,711,320	
Deferred tax liabilities	6	77,134	81,586	
Retirement and other benefits obligations	12	63,876	69,846	
Trade and other payables		451,346	399,508	
Derivative financial instruments	11	9,795	10,149	
Provisions	13	4,307	4,307	
		2,657,235	**2,276,716**	
Current liabilities				
Borrowings	10	182,879	497,456	
Trade and other payables		280,903	419,726	
Provisions	13	12,662	981	
Income tax payable		37,737	-	
Derivative financial instruments	11	1,921	-	
Guarantee deposits	20	82,004	102,637	
		598,106	**1,020,800**	
Total liabilities		**3,255,341**	**3,297,516**	
Total equity and liabilities		**4,236,816**	**4,294,113**	

a) These amounts have been restated for comparison purposes (see Note 3.1) with the consolidated statement of financial position as of 31 December, 2009, as previously published

The Notes on pages 16 to 43 form an integral part of these condensed consolidated financial statements.

Consolidated statements of profit and loss for the nine month periods ended 30 September 2010 and 2009

(Amounts expressed in thousands of Euros - tEuros)

		Period ended	
	Note	**September 2010**	**September 2009**
Sales	4	664	227
Services provided	4	559,633	392,569
Other operating income		30,490	78,580
Share of (loss)/profit of joint ventures		7,546	7,465
Operating income		**598,333**	**478,841**
Cost of goods sold		(442)	(302)
External supplies and services		(53,256)	(58,499)
Employee compensation and benefit expense		(33,420)	(35,354)
Depreciation and impairment charges	5	(126,663)	(103,902)
Provisions	13	(12,470)	-
Other expenses	21	(196,778)	(77,669)
Operating costs		**(423,029)**	**(275,727)**
Operating results	4	**175,305**	**203,114**
Financial costs		(57,957)	(55,781)
Financial income		2,090	7,625
Investment income - dividends		3,790	3,336
Financial results		**(52,078)**	**(44,820)**
Profit before income taxes		**123,227**	**158,295**
Income tax expense	14	(44,041)	(41,960)
Profit for the year		**79,185**	**116,334**
Attributable to:			
Equity holders of the Company		79,185	116,396
Minority interest		-	(62)
		79,185	**116,334**
Earnings per share attributable to the equity holders of the company during the year (expressed in euro per share)			
- basic		0.15	0.22
- diluted		0.15	0.22

The Notes on pages 16 to 43 form an integral part of these condensed consolidated financial statements.

Consolidated statements of comprehensive income for the nine month periods ended 30 September 2010 and 2009

(Amounts expressed in thousands of Euros – tEuros)

Condensed consolidated statement of other comprehensive income

	Note	Period ended September 2010	Period ended September 2009
Net Profit for the period		79,185	116,334
Other income and cost recorded in equity:			
Increase in hedging reserves - derivative financial instruments		2,443	(6,944)
Change in fair value of thermal land		-	(42,849)
Loss on assets held for sale - gross amount	7	(7,486)	(4,451)
Other variations		-	243
Tax effect on items recorded directly in equity	6	(735)	12,360
Comprehensive income for the period		73,407	74,693
Attributable to:			
Equity holders of the company		73,407	74,755
Minority interests		-	(62)
		73,407	**74,693**

The Notes on pages 16 to 43 form an integral part of these condensed consolidated financial statements.

Consolidated statements of changes in equity for the nine month periods ended 30 September 2010 and 2009

(Amounts expressed in thousands of Euros – tEuros)

	Attributable to shareholders									
	Share capital	Treasury shares	Legal Reserve	Fair Value reserve	Hedging reserves	Other reserves	Retained earnings	Profit for the year	Minority interests	Total
At 1 January 2009	**534,000**	**(6,619)**	**67,221**	**(6,279)**	**-**	**103,218**	**192,156**	**127,405**	**574**	**1,011,676**
Net profit of the period and other comprehensive income	-	-	-	(3,861)	(6,944)	-	(31,084)	116,396	(62)	74,445
Acquisition treasury shares	-	(4,109)	-	-	-	-	-	-	-	(4,109)
Distribution of dividends	-	-	-	-	-	-	(88,102)	-	1	(88,101)
Transfer to other reserves	-	-	-	-	-	-	127,405	(127,405)	-	-
At 30 September 2009	**534,000**	**(10,728)**	**67,221**	**(10,140)**	**(6,944)**	**103,218**	**200,375**	**116,396**	**513**	**993,911**

	Attributable to shareholders									
	Share capital	Treasury shares	Legal Reserve	Fair Value reserve	Hedging reserves	Other reserves	Retained earnings	Profit for the year	Minority interests	Total
At 1 January 2010	**534,000**	**(10,728)**	**67,221**	**(3,247)**	**(5,553)**	**103,218**	**177,067**	**134,107**	**514**	**996,599**
Net profit of the period and other comprehensive income	-	-	-	(6,354)	1,923	(3,171)	1,823	79,185	-	73,406
Acquisition treasury shares	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	(88,530)	-	-	(88,530)
Transfer to other reserves	-	-	7,224	-	-	48,092	78,791	(134,107)	-	-
At 30 September 2010	**534,000**	**(10,728)**	**74,445**	**(9,601)**	**(3,630)**	**148,138**	**169,151**	**79,185**	**514**	**981,475**

The Notes on pages 16 to 43 form an integral part of these condensed consolidated financial statements.

Consolidated statements of cash flows for the nine month periods ended 30 September 2010 and 2009

(Amounts expressed in thousands of Euros – tEuros)

	Period ended	
	September 2010	September 2009
Cash flow from operating activities		
Cash receipts from customers	1,511,198	1,710,871
Cash paid to suppliers	(1,086,671)	(1,044,642)
Cash paid to employees	(45,359)	(34,795)
Income tax received/paid	1,678	(146,285)
other payments/receipts relating to operating activities	(1,307)	(440,240)
Net flows from operating activities	**379,540**	**44,909**
Cash flow from investing activities		
Receipts related to:		
Tangible fixed assets	-	39
Grants related to assets	9,927	24,247
Interests and other similar income	7,551	-
Dividends	3,114	3,336
Payments related to:		
Tangible fixed assets	(88)	(172)
Intangible assets	(265,813)	(263,501)
Interests and other similar expense	-	-
Net cash used in investing activities	**(245,309)**	**(236,051)**
Cash flow from financing activities		
Receipts related to:		
Borrowings	8,242,434	8,675,696
Interests and other similar income	81	13,468
Payments related to:		
Borrowings	(8,259,202)	(8,393,035)
Interests and other similar expense	(28,693)	(21,945)
Treasury shares	-	(3,520)
Dividends	(88,530)	(88,111)
Net cash (used in)/from financing activities	**(133,910)**	**182,552**
Net (decrease)/increase in cash and cash equivalents	320	(8,590)
Cash and cash equivalents at de begining of the year	24,576	60,407
Cash and cash equivalents at the end of the period	**24,896**	**51,816**

The Notes on pages 16 to 43 form an integral part of these condensed consolidated financial statements.

3 Selected notes to the condensed consolidated financial statements

1. General information

REN – Redes Energéticas Nacionais, SGPS, S.A. (referred to in this document as “REN” or “the Group”), with head office in Avenida Estados Unidos da América, 55 - Lisbon, was founded from the spin-off of the EDP Group in accordance with Decree-Laws 7/91 of 8 January and 131/94 of 19 May, approved by the Shareholders’ General Meeting held on 18 August 1994, with the objective of ensuring overall management of the Public Electricity Supply System (Sistema Eléctrico de Abastecimento Público - SEP).

Up to 26 September 2006 the operations of the REN Group were concentrated on the electricity business through REN – Rede Eléctrica Nacional, SA. As a result of the unbundling process of the natural gas business, on 26 September 2006 the Group underwent a significant change with the acquisition of the assets and participations relating to the transport, storage and re-gasification operations of natural gas, this becoming a new business.

In the beginning of 2007 the Company was transformed into the Group’s holding company and, after transfer of the electricity business to the new company founded on 26 September 2006, REN – Serviços de Rede, S.A., was renamed REN – Rede Eléctrica Nacional, S.A..

The Group currently has two main business areas, Electricity and Gas, and two secondary businesses in the areas of Telecommunications and Management of the Electricity Derivatives Market.

The Electricity business includes the following companies:

a) REN – Rede Eléctrica Nacional, S.A., which was founded on 26 September 2006, the operations of which are carried out under a concession contract granted for a period of 50 years as from 2007, which establishes the overall management of the Public Electricity Supply System (Sistema Eléctrico de Abastecimento Público - SEP);

b) REN Trading, S.A., which was founded on 13 June 2007, the main operations of which are the management of energy acquisition contracts (contratos de aquisição de energia - CAE) of Turbogás and Tejo Energia, which did not terminate on 30 June 2007, the date on which the new Contracts for the Maintenance of the Contractual Equilibrium (Contratos para a Manutenção do Equilíbrio Contratual - CMEC) came into force. The operations of the company include the commercialization of the electricity produced and the installed production capacity, to national and international distributors.

The Gas business includes the following companies:

a) REN Gasodutos, S.A.

The company was founded on 26 September 2006, its capital having been paid up through incorporation of the gas transport infrastructure (network; connections; compression);

b) REN Armazenagem, S.A.

The company was founded on 26 September 2006, its capital having been paid up through incorporation of the underground gas storage assets;

c) REN Atlântico, Terminal de GNL, S.A.

The company was acquired under the gas acquisition business, previously called "SGNL – Sociedade Portuguesa de Gás Natural Liquefeito". The operations of the company consist of the supply of reception services, storage and re-gasification of liquid natural gas through the GNL marine terminal, being responsible for the construction, utilization and maintenance of the necessary infrastructures.

The operations of these companies are carried out under three concession contracts granted separately, for a period of 40 years as from 2006.

In addition, REN Gasodutos, S.A. has participations in two companies founded under joint venture with the Spanish gas transport company Enagás, to which REN Gasodutos, S.A. granted the transport rights over specific gas pipelines (Braga-Tuy and Campo Maior - Leiria – Braga).

The telecommunications business is managed by Rentelecom Comunicações, S.A., its operations being the establishment, management and utilization of the telecommunication systems and infrastructures, providing communication services, taking advantage of the excess capacity of the REN Group's fibre optics.

Management of the Electricity Derivatives Market is carried out by OMIP – Operador do Mercado Ibérico de Energia (Pólo Português), S.A. This entity was founded to organize the Portuguese division of MIBEL, providing management of MIBEL's Derivatives Market together with OMIclear (Clearing Agent for the energy market), a company founded and fully owned by OMIP, the role of which is to be the clearing agent and central counterparty for operations realized in the term market. OMIP started operating on 3 July 2006.

REN Serviços, S.A. started operating in January 2008, its operations consisting of the rendering of any general administrative, financial, regulating, personnel management, salary processing, management and maintenance of non-fixed assets and fixed assets, negotiation and supply of consumables or services and in general any other services of that nature, usually known as back-office services, both for group companies and any third parties, being remunerated for these services.

OMIP SGPS, S.A. started operating on 16 September 2010, with the purpose of management of shareholdings in other companies, as an indirect way of carrying out economic activities.

1.1 Approval of the condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors in a meeting held on 26 April 2010. The Board of Directors believes that the financial statements fairly reflect REN's operations, as well as its financial position and financial performance and its cash flows.

2. Basis of preparation

The financial statements for the period ended 30 September 2010 were prepared in accordance with International Financial Reporting Standards as endorsed by the European Union, for interim financial reporting (IAS 34). The condensed financial statements should be read in conjunction with the annual financial statements issued for the year ended 31 December 2009 considering the matters referred to in Note 3.1 below.

The financial statements are presented in thousands of euros.

3. Main accounting policies

The condensed consolidated financial statements were prepared for interim financial reporting purposes (IAS 34), on a going concern basis, at historical cost, except for the derivative financial instruments and available-for-sale financial assets, which are recorded at fair value, as from the books and accounting records of the companies included in the consolidation, maintained in accordance with generally accepted accounting principles in Portugal, adjusted in the consolidation process so that the consolidated financial statements conform to International Financial Reporting Standards as endorsed by the European Union, in force for the years starting on 1 January 2010. It is understood that International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board ("IASB"), International Accounting Standards (IAS), issued by the International Accounting Standards Committee ("IASC") and respective SIC and IFRIC interpretations, issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standard Interpretation Committee ("SIC"), that have been endorsed by the European Union are considered as being part of these standards. The standards and interpretations are hereinafter referred generically to as IFRS.

Except for the matters explained below (Note 3.1), the accounting policies used to prepare the condensed consolidated financial statements are consistent in all material respects, with the policies used to prepare the consolidated financial statements for the year ended 31 December 2009, as explained in the notes to the consolidated financial statements for 2009. These policies were applied on a consistent basis for the periods presented.

a) The following standards, interpretations, amendments and revisions endorsed by the European Union, with mandatory application for financial years beginning on or after 1 January 2010:,

- IFRS 1 - First time adoption of IFRS (amendment). This amendment defined the use of deemed cost for petroleum and gas assets on transition to IFRS. This change did not have any impact on the REN Group's consolidated financial statements.

- IFRS 2 – Share based payments (amendment). The changes introduced clarified the following matters: (i) that an entity should not apply this IFRS to transactions in which the entity acquires assets as part of the net assets acquired in a concentration of business activities as defined in IFRS 3 – Concentration of Business Activities (as amended in 2008), in a concentration of entities or business activities under common control; and (ii) the accounting treatment of share based payments in shares of the Group in the non-consolidated financial statements of an entity which receives goods or services, when that entity is not required to make the payment in shares. These changes did not have any impact on the REN Group's consolidated financial statements.

- IFRS 3 – Concentration of business activities / IAS 27 – Consolidated and separate financial statements (2008 Revision) – This revision introduced changes: (a) in the measurement of interests without control (previously called minority interests); (b) in the recognition and subsequent measurement of contingent payments; (c) in the treatment of direct costs relating to concentrations; and (d) in the recording of the purchase of interests in entities already controlled and the sale of interests which do not result in the loss of control of the entity. This change did not have any impact on the REN Group's consolidated financial statements.

- IFRS 5 – Non-current assets held for sale and Discontinued operating units (amendment). This change did not have any impact on the REN Group's consolidated financial statements.

- IFRS 8 – Reportable segments (amendment). This change did not have any impact on the REN Group's consolidated financial statements.

- IAS 1 Presentation of financial statements (amendment). This improvement clarified the conditions for the classification of a liability as current. This change did not have any impact on the REN Group's consolidated financial statements.

- IAS 7 Statement of cash flows (amendment) – This change established that only expenditure that results in an asset recognized in the statement of financial position is eligible for classification as an investment activity. Adoption of this amendment did not have any impact on the REN Group's consolidated financial statements as it had already been adopted.

- IAS 17 Leases (amendment) – This amendment clarified the criteria for classifying leases that include both land and buildings and adds a transitory provision that, in accordance with it, an entity must reassess the classification of the land included in unexpired leases on the date this amendment is adopted, based on the information existing at the beginning of the lease. This change did not have any impact on the REN Group's consolidated financial statements.

- IAS 36 Impairment of assets (amendment). This change did not have any impact on the REN Group's consolidated financial statements.

- IAS 38 Intangible assets (amendment) – this improvement clarified the criteria for the measurement at fair value of an intangible asset acquired in a concentration of business activities. This change did not have any impact on the REN Group's consolidated financial statements.

- IAS 39 Financial instruments: Recognition and measurement (amendment). This deals with clarification of the following hedge accounting matters: (i) qualification of an item as hedged; and (ii) cash flow hedges.

- IFRIC 9 Revaluation of embedded derivatives (amendment) – This amendment clarified the circumstances under which the subsequent reappraisal of the requirement to separate an embedded derivative is permitted, which had no impact on the consolidated financial statements of the REN Group.

- IFRIC 12 - Concession service agreements. IFRIC 12 establishes how operators of concession services must apply IFRS in recording investment obligations assumed and rights obtained resulting from the signing of concession contracts. This interpretation applies to the REN Group's operations, and the impact of its adoption on the REN Group's consolidated financial statements is described below.

- IFRIC 15 - Real estate construction contracts. This interpretation covers the approach of the way to assess if an agreement to construct a property is within the scope of IAS 11 – Construction contracts or IAS 18 – Income and how the income should be recognized. This interpretation had no impact the REN Group's consolidated financial statements.

- IFRIC 16 - Hedging of a net investment in a foreign operating unit (amendment). This interpretation provides guidelines on hedge accounting for net investments in foreign operations. This interpretation had no impact on the REN Group's consolidated financial statements.

- IFRIC 17 - Distributions in kind to the shareholders. This interpretation provides guidelines on the correct recording of assets other than cash distributed to shareholders as dividends. This interpretation had no impact on the consolidated financial statements of the REN Group.

- IFRIC 18 - Transfers of assets by clients. This interpretation provides guidelines with respect to the recording by operators of tangible fixed assets of clients. This interpretation is significant for the utilities sector as it establishes the accounting treatment to be given to agreements in which the entity rendering the service receives from the client an asset that will be used to connect the client or other clients to the service network or that enables the client to access the service network. This interpretation had no impact on the consolidated financial statements of the REN Group.

b) Up to the date of approval of these financial statements the following standards, interpretations, amendments and revisions, with mandatory application in future financial years have been endorsed by the European Union:

- IFRS 1 - First time adoption of International Financial Reporting Standards (amendment) (to be applied for years starting on or after 1 July 2010). This amendment established a limited exemption from the requirement to present comparative disclosures in accordance with IFRS 7 for those adopting IFRS for the first time. This amendment will not have any impact the Group's consolidated financial statements.

- IFRS 7 – Financial instruments: Disclosures (amendment) (to be applied for years starting on or after 1 July 2010). This amendment clarifies the effective date and transition of the document of improvements to this IFRS, issued in March 2009. This amendment will not have any impact the REN Group's consolidated financial statements.

3.1 Adoption of IFRIC 12 – Concession service agreements

IFRIC 12 was issued by the IASB in November 2006, for application in the years starting on or after 1 January 2008. It was endorsed by the European Union on 25 March 2009, for mandatory application in the years starting on or after 1 January 2010.

IFRIC 12 applies to public service concession contracts in which the conceding entity controls:

- The services to be rendered by the concessionaire (through utilization of the infrastructure), to whom and at what price; and
- Any residual interest over the infrastructure at the end of the contract.

IFRIC 12 applies to the following infrastructures:

- Constructed or acquired by the operator from third parties;
- Already existing and to which the operator is given access.

This interpretation establishes the general principles for the recognition and measurement of the rights and obligations under concession contracts with the characteristics mentioned above.

In the REN Group's electricity and gas business, IFRIC 12 is applicable to the concession contracts granted to REN – Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A., REN Armazenagem, S.A. and REN Atlântico, Terminal de GNL, S.A..

Considering the nature of the REN Group's concessions and the legal framework which covers the concessions, the REN Group decided to consider its concessions based on the Intangible Asset model, the effect of which is to reclassify the tangible fixed assets assigned to the concession, to the intangible fixed assets caption "Assets of the concession". Intangible fixed assets are amortized in accordance with their useful lives over the period of the concession, there being no effect in terms of the Group's profit and loss, in relation to the accounting procedures adopted up to 31 December 2009.

The opening balances at 1 January 2010 include the effect of applying IFRIC 12, the comparative information having been restated. The effect of adopting IFRIC 12 as of 1 January 2010 was as follows:

Balance sheet

	Cost			Accumulated depreciation and amortization			
	Acquisition cost 31.12.2009	IFRIC 12	Restated cost - 01.01.2010	Accumulated depreciation 31.12.2009	IFRIC 12	Restated accumulated depreciation - 01.01.2010	Restated net book value - 01.01.2010
Tangible Assets							
Land	8,076	(8,076)	-				
Buildings and other construction	93,971	(93,971)	-	(36,806)	36,806	-	-
Transmission and electronic equipment	5,267,179	(5,267,076)	103	(2,203,033)	2,202,988	(45)	58
Transport equipment	7,919	(7,420)	500	(3,509)	3,291	(218)	282
Tools	4,079	(4,079)	-	(3,326)	3,326	-	-
Office equipment	36,513	(33,403)	3,111	(28,604)	25,879	(2,725)	386
Others	754	(754)	-	(299)	299	-	-
Assets in progress	308,962	(308,803)	159	-	-	-	159
	5,727,453	**(5,723,582)**	**3,872**	**(2,275,577)**	**2,272,589**	**(2,988)**	**884**
Intangible assets							
Concession assets	-	5,414,778	5,414,778	-	(2,272,589)	(2,272,589)	3,142,189
Concession assets in progress	-	308,803	308,803	-	-	-	308,803
	-	**5,723,582**	**5,723,582**	-	**(2,272,589)**	**(2,272,589)**	**3,450,992**

4. Segment reporting

REN identified the Executive Committee as the entity responsible for making operating decisions. The Executive Committee reviews the information prepared internally so as to assess the Group's performance and the allocation of resources. Determination of the segments was made based on the information analyzed by the Executive Committee, which did not resulted in new segments in relation to those previously reported.

At 30 September 2010 the REN Group was organized in two main business segments: Electricity and Gas and two secondary segments: telecommunications and management of the electricity derivatives market. The Electricity segment includes the transmission of very high tension electricity and overall management of the public electricity supply system. The Gas segment includes the transport of very high pressure gas and overall management of the national natural gas supply system, as well as operation of the LNG re-gasification terminal and underground storage of natural gas.

The other segments (telecommunications and management of the electricity derivatives market) are also presented separately although they do not qualify for disclosure.

The columns "Others" include the operations of REN SGPS and REN Serviços.

The results by segment for the third quarter ended 30 September 2009 were as follows:

	Electricity	Gas	Telecom.	Electricity Market Operator	Others	Total
Total sales and services rendered	342,520	130,993	2,928	3,845	-	480,286
Inter-segment sales and services rendered	(85,321)	(633)	(467)	(1,069)	-	(87,490)
Sales and services provided	**257,199**	**130,360**	**2,461**	**2,776**	-	**392,796**
Operating result by segment	144,214	73,299	2,079	(907)	(15,571)	203,114
Financial costs	(34,480)	(11,376)	-	(18)	(9,906)	(55,780)
Financial income	245	2,272	15	86	8,343	10,961
Profit before income tax						158,294
Income tax expense						(41,960)
Net profit for the period						**116,334**
Other expenses:						
Depreciation	69,332	34,248	10	250	62	103,902

The results by segment for the third quarter ended 30 September 2010 were as follows:

	Electricity	Gas	Telecom.	Electricity Market Operator	Others	Total
Total sales and services rendered	633,853	134,490	4,863	2,797	-	776,002
Inter-segment sales and services rendered	(214,294)	(29)	(533)	(849)	-	(215,705)
Sales and services rendered	419,559	134,461	4,330	1,948	-	560,297
Operating result by segment	113,139	79,721	3,326	(759)	(20,122)	175,304
Financial costs	(42,682)	(9,242)	(2)	(5)	(6,026)	(57,957)
Financial income	216	875	15	1	4,771	5,878
Profit before income tax						123,226
Income tax expense						(44,041)
Net profit for the period						**79,185**
Other expenses:						
Depreciation	90,327	36,086	10	21	219	126,663

Inter-segment transactions are carried out under normal market conditions, equivalent to transactions with third parties.

Assets and liabilities by segment at 31 December 2009 as well as capital expenditure for the period then ended were as follows:

	Electricity	Gas	Telecom.	Electricity Market Operator	Others	Total
Assets	2,724,454	1,309,886	4,604	109,074	135,032	4,283,050
Investment in associates	-	11,063	-	-	-	11,063
Total assets	2,724,454	1,320,949	4,604	109,074	135,032	4,294,113
Liabilities	797,121	356,082	767	104,384	2,039,161	3,297,515
Capital expenditure - tangible assets	-	-	-	391	8	399
Capital expenditure - intangible assets	355,258	110,650	-	-	-	465,908
Capital expenditure - total	**355,258**	**110,650**	**-**	**391**	**8**	**466,307**

Assets and liabilities by segment at 30 September 2010 as well as capital expenditure for the period then ended were as follows:

	Electricity	Gas	Telecom.	Electricity Market Operator	Others	Total
Assets	2,654,890	1,317,769	3,578	88,139	134,645	4,199,021
Investment in associates	-	37,795	-	-		37,795
Total assets	2,654,890	1,355,564	3,578	88,139	134,645	4,236,816
Liabilities	656,086	376,703	914	83,408	2,138,229	3,255,341
Capital expenditure - tangible assets	-	-	971	231	189	1,391
Capital expenditure - intangible assets	151,431	51,902	-	-	-	203,333
	151,431	**51,902**	**971**	**231**	**189**	**204,724**

Assets by segment consist mainly of assets of the concession, classified under the caption other intangible fixed assets and trade and other receivables. Liabilities by segment include operating liabilities, except for the holding company's borrowings and borrowings contracted for non-operating activities at 30 September 2010, included under the column “Others”.

Capital expenditure comprises additions to tangible and intangible fixed assets (Note 5).

5 Tangible fixed assets and intangible fixed assets

The changes in tangible and intangible fixed assets in the period from 1 January 2009 to 30 September 2009 were as follows:

Changes in tangible and intangible fixed assets - September 2009 (restated Note 3.1)

	January 2009			Changes					September 2009		
	Cost	Accumulated depreciation	Net book value	Additions	Disposals and write-offs	Transfers	Depreciation charge	Depreciation - disposals and	Cost	Accumulated depreciation	Net book value
Tangible Assets											
Land	-	-	-	-	-	-	-	-	-	-	-
Buildings and other constructions	-	-	-	-	-	-	-	-	-	-	-
Transmission and electronic equipment	103	(32)	71	-	-	-	(10)	-	103	(42)	61
Transport equipment	490	(141)	348	-	(39)	-	(76)	27	451	(190)	260
Tools	-	-	-	-	-	-	-	-	-	-	-
Office equipment	2,874	(2,453)	422	95	-	(84)	(243)	5	2,885	(2,692)	194
Fixed assets in progress	-	-	-	-	-	-	-	-	-	-	-
	3,467	**(2,626)**	**841**	**95**	**(39)**	**(84)**	**(329)**	**31**	**3,439**	**(2,924)**	**515**

	January 2009			Changes					September 2009		
	Cost	Accumulated depreciation	Net book value	Additions	Disposals and write-offs	Transfers	Depreciation charge	Depreciation - disposals and	Cost	Accumulated depreciation	Net book value
Intangible Assets											
Concession Assets	4,455,591	(1,516,128)	2,939,464	1,793	(19,763)	197,074	(104,442)	837	4,634,696	(1,619,733)	3,014,963
Concession assets in progress	235,619	-	235,619	286,758	(245)	(198,001)	-	-	324,131	-	324,131
Goodwill	3,774	-	3,774	-	-	-	-	-	3,774	-	3,774
	4,694,984	**(1,516,128)**	**3,178,857**	**288,551**	**(20,008)**	**(927)**	**(104,442)**	**837**	**4,962,601**	**(1,619,733)**	**3,342,868**

The changes in tangible and intangible fixed assets in the period from 1 January 2010 to 30 September 2010 were as follows:

Changes in tangible and intangible fixed assets - September 2010

	December 2009- Restated			Changes					September 2010		
	Cost	Accumulated depreciation	Net book value	Additions	Disposals and write-offs	Transfers	Depreciation charge	Depreciation - disposals and write-offs	Cost	Accumulated depreciation	Net book value
Tangible Assets											
Land	-	-	-	-	-	-	-	-	-	-	-
Buildings and other constructions	-	-	-	-	-	-	-	-	-	-	-
Transmission and electronic equipment	103	(45)	58	-	-	-	(10)	-	103	(55)	48
Transport equipment	500	(218)	282	212	(103)	-	(99)	99	609	(218)	391
Tools	-	-	-	-	-	-	-	-	-	-	-
Office equipment	3,111	(2,725)	386	293	-	-	(151)	-	3,403	(2,876)	527
Assets in progress	159	-	159	886	-	-	-	-	1,045	-	1,045
	3,872	**(2,988)**	**884**	**1,391**	**(103)**	**-**	**(260)**	**99**	**5,160**	**(3,149)**	**2,011**

	December 2009- Restated			Changes					September 2010		
	Cost	Accumulated depreciation	Net book value	Additions	Disposals and write-offs	Transfers	Depreciation charge	Depreciation - disposals and write-offs	Cost	Accumulated depreciation	Net book value
Intangible Assets											
Concession Assets	5,414,778	(2,272,589)	3,142,189	433	(521)	165,558	(126,783)	484	5,580,248	(2,398,888)	3,181,361
Concession assets in progress	308,803	-	308,803	202,899	-	(165,558)	-	-	346,144	-	346,144
Goodwill	3,774	-	3,774	-	-	-	-	-	3,774	-	3,774
	5,727,355	**(2,272,589)**	**3,454,766**	**203,333**	**(521)**	**-**	**(126,783)**	**484**	**5,930,167**	**(2,398,888)**	**3,531,279**

The balances of the accounts at 31 December 2009 were restated as a result of the adoption of IFRIC 12 – Note 3.

The increase in fixed assets for the period ended 30 September 2009 compared with the period ended 30 September 2010 refers essentially to the realization of the Group's conceded assets investment plan.

Depreciation of fixed assets was recorded in full in the Statement of Profit and Loss caption "Depreciation", except for the amount of 381 thousand euros (30 September 2009: 361 thousand euros) that was capitalized in fixed assets in progress.

Financial costs capitalized in intangible fixed assets in progress amounted to 8 908 thousand euros (6 607 thousand euros at 30 September 2009).

6. Deferred taxes

Deferred taxes recognized in the consolidated financial statements were as follows:

	Period ended	
	30.09.2010	30.09.2009
Impact on the statement of profit and loss		
Deferred tax assets	6,530	(3,587)
Deferred tax liabilities	9,567	(19,183)
	16,097	(22,770)
Impact on equity		
Deferred tax assets	4,381	12,360
Deferred tax liabilities	(5,116)	-
	(735)	12,360
Net impact of deferred taxes	**15,362**	**(10,410)**

The changes in deferred taxes by nature are as follows:

Changes in deferred tax assets - September 2009

	Provisions	Loss carried forward	Pensions	Investment properties	Available-for-sale financial	Others	Total
At 1 January 2009	**15,588**	**23**	**11,977**	**11,580**	**960**	**6,019**	**46,147**
Period ended 30 September							
Credit/debit to equity	-	-	-	11,355	589	416	12,360
Credit to the statement of profit and loss	(14,140)	(23)	(879)	-	-	-	(15,042)
Charge to the statement of profit and loss	-	-	-	(4,952)	-	16,029	11,077
Movement of the period	**(14,140)**	**(23)**	**(879)**	**6,403**	**589**	**16,445**	**8,395**
At 30 September 2009	**1,448**	**-**	**11,098**	**17,983**	**1,549**	**22,464**	**54,542**

Changes in deferred tax assets - September 2010

	Provisions	Loss carried forward	Pensions	Available-for-sale financial assets	Tariff deviations	Derivative financial instruments	Others	Total
At 1 January 2010	**1,402**	**1,051**	**18,509**	**496**	**14,243**	**-**	**1,925**	**37,627**
Period ended 30 September								
Credit/debit to equity	-	-	1,823	1,132	-	3,428	(2,002)	4,381
Credit to the statement of profit and loss	(261)	-	(1,808)	-	-	(20)	(88)	(2,176)
Charge to the statement of profit and loss	108	-	-	-	7,695	730	173	8,706
Movement of the period	**(153)**	**-**	**15**	**1,132**	**7,695**	**4,138**	**(1,917)**	**10,910**
At 30 September 2010	**1,249**	**1,051**	**18,524**	**1,628**	**21,938**	**4,138**	**8**	**48,537**

Deferred tax assets at 30 September 2010 refer mainly to employee pension plan liabilities and tariff deviations to be refunded in subsequent years.

Changes in deferred tax liabilities - September 2009

	Agent	Transmission equipment	Revaluation	Tariff deviations	Others	Total
At 1 January 2009	**32,987**	**23,066**	**36,048**	**-**	**232**	**92,333**
Period ended 30 September						
Credit/charged to equity	-	-	-	-	-	-
Charged to the statement of profit and loss	-	3,382	-	34,853	15,594	53,829
Credit to the statement of profit and loss	(32,987)	-	(1,659)	-	-	(34,646)
Movement of the period	**(32,987)**	**3,382**	**(1,659)**	**34,853**	**15,594**	**19,183**
At 30 September 2009	**-**	**26,448**	**34,389**	**34,853**	**15,826**	**111,516**

Changes in deferred tax liabilities - September 2010

	Tariff deviations	Revaluation	Derivative financial instruments	Others	Total
At 1 January 2010	**47,973**	**33,613**	**-**	**-**	**81,586**
Period ended 30 September					
Credit/charged to equity	-	3,171	1,945	-	5,116
Charged to the statement of profit and loss	8,369	-	815	-	9,185
Credit to the statement of profit and loss	(16,755)	(1,997)	-	-	(18,752)
Movement of the period	**(8,385)**	**1,173**	**2,760**	**-**	**(4,452)**
At 30 September 2010	**39,588**	**34,786**	**2,760**	**-**	**77,134**

7. Available for sale financial assets

This caption refers to the following participations:

	% owned	Entity	30.09.2010	31.12.2009
OMEL - Operador del Mercado Ibérico de Energia (Polo Espanhol)	10.00%	OMIP	1,033	1,033
Red Electrica de España, S.A.	1.00%	REN SGPS	46,581	52,551
Enagás	1.00%	REN SGPS	35,319	36,835
Total			**82,933**	**90,419**

The changes recognized in this caption were as follows:

	OMEL	REE	ENAGAS	Total
At 1 January 2009	1,033	48,733	37,157	86,923
Acquisitions	-	-	-	-
Fair value adjustments	-	3,818	(322)	3,496
Disposals	-	-	-	-
At 31 December 2009	**1,033**	**52,551**	**36,835**	**90,419**
At 1 January 2010	1,033	52,551	36,835	90,419
Fair value adjustments	-	(5,970)	(1,516)	(7,486)
At 30 September 2010	**1,033**	**46,581**	**35,319**	**82,933**

The participation in OMIP is recorded at cost as OMEL has a specific activity, it is not a listed company and its shares have not been traded recently in the market. No adjustment has been made as of 30 September 2010 as there are no indications of loss of value.

The participations of REN SGPS are recorded at fair value, determined based on stock exchange listings of the companies as of 30 September 2010.

The adjustments to fair value of the available-for-sale financial assets are reflected in the equity caption, fair value reserve.

	Fair value adjustments
Fair value adjustment	(7,486)
Effect of deferred taxes	1,132
Net adjustment in equity	**(6,354)**

8. Trade and other receivables

Trade and other receivables at 30 September 2010 and 31 December 2009 are made up as follows:

	30.09.2010			31.12.2009		
	Current	Non current	Total	Current	Non current	Total
Trade receivables (i)	165,936	720	166,656	236,893	4,083	240,976
Impairment of trade receivables	(844)	-	(844)	(823)	-	(823)
Trade receivables net	165,092	720	165,812	236,070	4,083	240,153
Tariff deviations	78,435	58,153	136,587	157,958	23,073	181,031
Loans to joint ventures (ii)	16,966	16,966	33,932	16,966	16,966	33,932
Dividends receivable from joint ventur	9,531	-	9,531	-	-	-
State and Other Public Entities	3,535	-	-	15,533	-	15,533
	-	-	-	-	-	-
Trade and other receivables	**273,559**	**75,839**	**345,862**	**426,527**	**44,122**	**470,649**

i) The most significant amount in trade receivables is the receivable from EDP in the amount of 89 314 thousand euros (65 495 thousand euros at 31 December 2009).

ii) The loans to joint ventures, refers to a loan to Sociedade Gasoduto Campo-Maior-Leiria-Braga acquired in the gas unbundling transaction. The loan bears interest at the highest of the average cost of the borrowings of REN Gasodutos and Enagás.

9. Share capital

At 30 September 2010 REN's capital was fully subscribed for and paid up, being made up of 534.000.000 shares of 1 euro each.

	Number of shares	Share Capital
	534,000,000	534,000
Share Capital	**534,000,000**	**534,000**

At 30 September 2010 REN SGPS had the following treasury shares:

	Number of shares	Proportion	Amount
Treasury shares			
At 31 December 2009	3,881,374	0.7268%	(10,728)
Acquisitions in the period	-	-	-
At 30 September 2010	**3,881,374**	**0.7268%**	**(10,728)**

10. Borrowings

The segregation of borrowings between current and non-current at 30 September 2010 and 31 December 2009 was as follows:

	30.09.2010			31.12.2009		
	Current	Non current	Total	Current	Non current	Total
Commercial Paper	44,000	458,000	502,000	400,000	155,000	555,000
Bonds	-	922,899	922,899	-	922,899	922,899
Bank Borrowings	40,663	667,379	708,043	40,503	630,209	670,712
Bank overdrafts	35,653	-	35,653	45,312	-	45,312
Finance Lease	1,292	1,969	3,261	1,415	2,558	3,973
	121,609	2,050,247	2,171,856	487,230	1,710,666	2,197,896
Accrued interest	64,746	530	65,276	12,819	654	13,473
Prepaid interest	(3,477)	-	(3,477)	(2,593)	-	(2,593)
Borrowings	**182,879**	**2,050,777**	**2,233,656**	**497,456**	**1,711,320**	**2,208,776**

The increase in the caption non-current borrowings at 30 September 2010 in relation to 31 December 2009 is due basically to extension of the period of some commercial paper programs, as well as the use of funds under medium and long term bank loans.

11. Derivative financial instruments

The REN Group had the following derivative financial instruments at 30 September 2010 and 31 December 2009:

Swaps:

	December 2009				
		Assets (Eur)		Liabilities (Eur)	
Derivatives designated as cash flow hedges	Nocional	Current	Non current	Current	Non current
Interest rate swaps	384.000.000 EUR	-	-	-	(6,066)
Interest rate and currency swaps	10.000.000.000 JP'	-	-	-	(4,083)
Total derivatives designated as cash flow hedges		-	-	-	(10,149)

	September 2010				
		Assets (Eur)		Liabilities (Eur)	
Derivatives designated as cash flow hedges	Nocional	Current	Non current	Current	Non current
Interest rate swaps	384.000.000 EUR	-	-	-	(9,795)
Interest rate and currency swaps	10.000.000.000 JP'	-	8,464	-	-
Total derivatives designated as cash flow hedges		**-**	**8,464**	**-**	**(9,795)**

Cash flow hedges

The Group hedges part of its future payments of interest on borrowings, bonds issued and commercial paper through designation of interest rate swaps on which it pays a fixed rate and receives a variable rate with a notional value 584,000 thousand euros (384,000 thousand euros at 31 December 2009). This is the hedging of the interest rate risk on payments of interest at variable rates on recognized financial liabilities. The risk covered is the indexer of the variable rate to which the borrowing interest coupons relate. The object of this hedging is to transform loans at variable interest rates to fixed rates, the credit risk not being hedged. The fair value of the interest rate swaps at 30 September 2010 is 9 795 thousand euros negative (6 066 thousand euros negative at 31 December 2009).

In addition, REN hedges its exposure to cash flow risk on its issuance of 10,000 million JPY resulting from exchange risk, through a cross currency swap with the main characteristics equivalent to the debt issued. The same hedging instrument is used to hedge the fair value of the exchange rate risk of the bond issue through the forward start swap component which will only start in June 2019. The variations in the fair value of the hedging instrument are also recognized in hedging reserves. As from June 2019 the object will be to cover exposure to JPY and the interest rate risk, transforming the operation into a fair value hedge, the changes in fair value of the debt issued resulting from the hedged risks becoming recorded in the statement of profit and loss. The credit risk is not hedged. The fair value of the cross currency swap at 30 September 2010 is 8 464 thousand euros (4 083 thousand euros negative at 31 December 2009).

Futures:

REN – Redes Energéticas Nacionais, SGPS, S.A., through its subsidiary REN Trading, S.A., has carried out some financial operations in the energy, coal and CO2 emission licence futures market, through entering into standard contracts with International Swaps and Derivatives Association Inc. ("ISDA") as well as through participation in futures trading exchanges.

REN SGPS and REN Trading entered into an agreement under which REN Trading manages the financial derivative contracts on account and for the benefit of REN SGPS, therefore ensuring a clear and transparent separation between these businesses, on a previously defined basis, continuously monitored as being of low exposure to risk.

This financial derivatives contract in the futures market does not imply any physical liquidation of the underlying assets, being an activity of a purely financial nature, merely the financial management of assets, not being confused with regulated activities of the Commercial Agent.

The fair value of the futures at 30 September 2010 was as follows:

	Current assets	Current liabilities
Fair value at 31 December 2009	-	-
Financial contracts in the energy market for 2010	177	-
Financial contracts in the energy market for 2011	2,181	-
CO2 licences	452	-
Carbon financial contracts	-	(1,921)
Fair value at 30 September 2010	**2,811**	**(1,921)**

12. Retirement and other benefit liabilities

REN – Rede Eléctrica Nacional, S.A. grants supplementary retirement and survivor pensions (hereinafter referred to as pension plan), provides its retirees and pensioners with a health care plan on a similar basis to that of its serving personnel, and grants other benefits such as long service bonuses, retirement bonuses and a death grant. The companies in the gas business grant their employees life insurance plans. There have been no changes, in relation to the preceding year, in the benefits granted to the employees.

The overall impact of the benefits granted on the consolidated financial statements was as follows:

	30.09.2010	31.12.2009
Liability on the balance sheet		
Pension plan	33,562	40,327
Medical assistence plan and others	30,224	29,438
Life insurance plan	89	81
	63,876	**69,846**

The amount recognized in employee compensation and other benefits expense is as follows:

	30.09.2010	30.09.2009
Charges to the statement of profit and loss		
Pension plan	(2,122)	(2,068)
Medical assistence plan and others	(786)	(254)
Life insurance plan	(9)	-
	(2,917)	**(2,322)**

The amounts reported as of 30 September 2010 result from projection of the actuarial valuation as of 31 December 2009 for the period of nine months ended 30 September 2010, considering the estimated increase in salaries for 2010.

The main assumptions used in the above actuarial calculation were as follows:

Annual discount rate	5.17%
Expected percentage of serving employees elegíble for early retirement (more than 60 years of age)	10.00%
Expected percentage of serving employees elegíble for early retirement (less than 60 years of age)	
In 2009	45.00%
In 2010	45.00%
In subsquent years	5.00%
Annual salary growth rate	3.30%
Annual pension growth rate	2.25%
Annual growth rate of social security pensions	2.00%
Inflation rate	2.00%
Annual growth rate of heath costs (over 8 years)	4.50%
Annual growth rate of heath costs (after the 8 year period)	4.00%
Management costs (per employee/year)	150 €
Growth rate of the management costs - up to 2007	4.50%
Growth rate of the management costs - after 2007	2.70%
Rate of return on assets	5.45%
Mortality table	TV 88/90

13. Provisions for other risks and charges

The changes in provisions during the periods were as follows:

Changes in provisions

	30.09.2010	31.12.2009
At 1 January	5,288	58,824
Increases	12,470	981
Decreases	(789)	(54,517)
At 30 September	**16,969**	**5,288**
Current provision	12,662	981
Non-current provision	4,307	4,307
	16,969	**5,288**

The caption provisions at 30 September 2010 corresponds essentially to: (i) estimate of the payments to be made by REN resulting from litigation in process for damage caused to third parties (4 307 thousand euros); (ii) provision of 12 470 thousand euros to cover the contingency relating to litigation with Amorim Energia over dividends received from GALP Energia in 2006, which was recorded in 2010 following notification of the decision of the Arbitration Court of the International Chamber of Commerce (ICC) of Paris on 16 March 2010 and corresponding addendum of 8 July 2010, requiring REN to pay 20.3 M€, equivalent to half of the amount claimed by Amorim Energia, plus interest. REN believes, based on a legal analysis of the arbitration decision, that the provision recorded is adequate to cover the risk resulting from this process.

14. Income tax

Income tax for the period ended 31 March 2010 includes current and deferred tax as follows:

Income tax

	30.09.2010	30.09.2009
Current income tax	60,138	19,190
Deferred income tax	(16,097)	22,770
Income tax	**44,041**	**41,960**

Reconciliation between the amount of income tax calculated at the nominal tax rate and income tax recognized in the statement of profit and loss is as follows:

	30.09.2010	30.09.2009
Consolidated profit before income tax	123,228	158,295
Tax rate	26.5%	26.5%
	32,655	41,948
Municipal surcharge - 2,5%	4,659	
	37,315	41,948
Effect of adjusting the rate of the state surcharge on deferred tax assets and liabilities	4,262	-
Non deductible costs	43,570	3,677
Non taxable income	(41,431)	(3,797)
Autonomous taxation	325	133
Income Tax	44,041	41,960
Current income tax	60,138	19,190
Deferred income tax	(16,097)	22,770
Income tax	44,041	41,960
Effective tax rate	**35.7%**	**26.5%**

The calculation of income tax for the period was updated in accordance with Law 12-A/2010 of 30 June that defined that the state surcharge corresponds to application of an additional rate of 2.5% over the part of the profit of companies exceeding 2 million euros.
In addition, REN updated the calculation of its deferred tax assets and liabilities based on this new nominal tax rate. The significant increase in the effective tax rate at 30 September 2010 compared to the corresponding previous period is due to updating the opening balances of deferred tax assets and liabilities at 1 January 2010.

The rate of income tax used to reconcile the amount of tax in the consolidated financial statements was calculated as follows:

Rates of current tax

	30.09.2010	30.09.2009
Tax rates	25.00%	25.00%
Municipal surcharge	1.50%	1.50%
State surcharge	2.50%	-
	29.00%	**26.50%**

15. Earnings per share

Earnings per share attributable to the Group's shareholders were calculated as follows:

		30.09.2010	30.09.2009
Consolidated net profit used to calculate earnings per share	(1)	79,185	116,396
Number of ordinary shares outstanding during the period (Note 10)	(2)	534,000,000	534,000,000
Efect of treasury shares		3,881,374	2,820,864
	(3)	530,118,626	531,179,136
Basic earnings per share (euro per share)	(1)/(3)	0.15	0.22

16. Dividends per share

Dividends granted during the period ended 30 September 2010 refer to net profit for the year 2009, 88.5 million euros having been paid (0.167 euros per share).

17. Guarantees given

At 30 September 2010 and 2009 the Group had guarantees given to the following entities:

Beneficiary	Purpose	Begining	2010	2009
European Community	To comply with the contractual requirements of the loan contract	16-12-2003	691	691
Viseu Municipal Court	Guarantee relating to expropriation of 63 plots for the Bodiosa substation	22-10-2004	206	206
Braga and C.Branco Municipal Courts	Guarantee relating to expropriation of plots for the Pedralva and C. Branco substations	15-02-2006	800	800
Municipal Council of Silves	Guarantee for works in Tunes	04-05-2006	352	352
Anadia Municipal Courts	Guarantee for the expropriation of 111 plots for the Paraimo substation	26-04-2005	432	432
Gondomar Municipal Courts	Guarantee for the process 1037/2001	09-11-2005	150	150
Penela e Ansião Municipal Court	Guarantee for the expropriation of 83 plots for the Penela substation	30-06-2006	703	703
Vieira do Minho Municipal Court	Guarantee for the expropriation of 29 plots for the Frades substation	03-08-2006	558	558
Torres Vedras Municipal Court	Guarantee for the expropriation of 11 plots for the Carvoeira substation	13-12-2006	297	297
Macedo de Cavaleiros Municipal Court	Guarantee for the expropriation of plots for the Olmos substation	14-02-2007	190	190
MEFF	To guarantee payments resulting from participation as purchaser in the Spanish market	-	-	-
Direcção Geral de Geologia e Energia	Concession of the gas transport operations	26-09-2006	20,000	20,000
Municipal Council of Seixal	To guarantee processes in progress	-	3,853	3,853
EIB	To guarantee loans	-	356,046	331,943
Loures Financial Services	To guarantee processes in progress	-	-	887
Lisboa Financial Services	To guarantee a process in progress	-	1,080	1,080
Tabua Municipal Court	Expropriation of plots of land	-	171	171
Vila Pouca de Aguiar Municipal Court	Expropriation of plots of land	-	81	81
OMEL - Operador del Mercado Español de Electricidad	To guarantee payments resulting from trading participation as purchaser in the Spanish market	26-06-2007	2,000	2,000
Lisbon Municipal Court	To guarantee processes in progress	10-12-2008	115	115
Armamar Municipal Court	Expropriation of plots of land	03-11-2008	732	732
Ministry of the Economy and Innovation	To guarantee settlement of executing debt nº 7873/2006	30-12-2008	1	1
Fortia	Financial contract under the ISDA contract (International Swaps and Derivatives Association, Inc.)	17-06-2009	2,000	2,000
Mogadouro Municipal Court	To guarantee coverage of the cost of acquiring land to expand the Mogadouro substation	30-07-2009	18	18
Tavira Municipal Court	To guarantee expropriation of 38 plots of land in the parish of Cacho, municipaly of Tavira to build the Tavira substation	24-09-2009	163	163
NORSCUT - Concessionária de Auto-estradas, SA	To guarantee prompt payment of liabilities assumed by REN in the contract ceding utilization	08-01-2010	200	-
EP - Estradas de Portugal - Delegação Regional do Porto	Installation of gas infrastrutures by drilling - Natural Gas Trasport Network Leça Industrial branch	15-07-2009	5	5
EP - Estradas de Portugal - Delegação Regional de Santarém	Natural Gas Transport Network - CCC pego - connection to the Thermoelectric plant of Tejo Energia (Pego). Crossing over EN 118 - Km 142,295	25-08-2009	5	5
EUROSCUT NORTE - Sociedade Concessionária da SCUT do Norte Litoral, S.A.	Ensure compliance with the obligations assumed resulting from the contract relating to the instalation of a gas pipeline in the concede area of EUROSCUT NORTE.	25-01-2010	250	-
Tax Services	Guarantee of failure in the process of litigation on VAT	23-09-2010	688	-
			391,786	367,431

18. Transactions with related parties

At 30 September the REN Group was listed in Euronext – Lisbon, having as reference shareholders, with recorded transactions, the following entities: EDP and Caixa Geral de Depósitos.

The following are related entities:

EDP Group

- EDP – Energias de Portugal, S.A
- EDP – Distribuição – Energia, S.A.
- EDP Serviços Universal, S.A.
- EDP Valor – Gestão Integrada de Serviços, S.A.
- EDP Gestão da Produção da Energia, S.A.
- Sãvida, S.A.
- Labelec, S.A.

CGD Group

- Caixa Geral de Depósitos, S.A.
- Caixa BI

Joint-ventures

- Sociedade Gasoduto Campo Maior - Leiria - Braga
- Sociedade Gasoduto Braga -Tuy

During the period the REN Group had the following transactions with these related entities:

18.1 Sale of products and services

	30.09.2010	30.09.2009
Sale of goods		
Electricity - EDP	1,039,211	738,911
	1,039,211	**738,911**
Services rendered		
Other services - EDP	7,043	3,546
	7,043	**3,546**

The amounts presented as sales of products are recognized in "Trade and other receivables, due to intermediation role of REN in the purchase and sale of electricity.

18.2 Purchase of products and services

	30.09.2010	30.09.2009
Purchase of goods		
Electricity - EDP	(441,913)	(274,601)
	(441,913)	**(274,601)**
Purchase of services		
Other services - EDP	(5,755)	(3,144)
Interests on Commercial paper - CGD	(1,872)	-
Borrowings fees - CGD	(485)	-
	(8,112)	**(3,144)**

The amounts shown as goods purchased are recognized in the caption “Trade and other receivables”, as a result of the intermediation role of REN in the purchase and sale of electricity.

18.3 Remuneration of the Board of Directors

Remuneration of the Board of Directors of REN in the period ended 30 September 2010 amounted to 1 367 thousand Euros (1 383 thousand Euros in the period ended 30 September 2009) as follows:

	30.09.2010	30.09.2009
Remuneration and other short term benefits	1,367	1,383
	1,367	**1,383**

18.4 Balances with related parties

Balances resulting from transactions with related parties at 30 September 2010 and 2009 were as follows:

	30.09.2010	31.12.2009
Related parties - debtors		
EDP - Trade receivables	89,314	65,503
	89,314	**65,503**
Related parties - creditors		
EDP - Trade payables	(8,213)	(7,264)
CGD - Borrowings (Commercial paper)	(200,000)	(100,000)
CGD - finance lease	(178)	-
	(208,391)	**(107,264)**

18.5 Transactions and balances with joint-ventures

Transactions and balances with joint ventures at 30 September 2010 and 2009 were as follows:

	30.09.2010	30.09.2009
Sale of goods and services		
Braga-Tuy gas pipeline	268	268
Campo Maior - Leiria - Braga gas pipeline	15,873	15,873
	16,141	**16,141**
Services purchase		
Braga-Tuy gas pipeline	(641)	(640)
Campo Maior - Leiria - Braga gas pipeline	(3,998)	(3,998)
	(4,639)	**(4,638)**
Financial costs		
Interests received		
Campo Maior - Leiria - Braga gas pipeline	437	736
	437	**736**

	30.09.2010	31.12.2009
Debtors		
Braga-Tuy gas pipeline	268	297
Campo Maior - Leiria - Braga gas pipeline	15,873	2,074
	16,141	**2,371**
Creditors		
Braga-Tuy gas pipeline	(699)	(72)
Campo Maior - Leiria - Braga gas pipeline	(4,863)	(4,233)
	(5,562)	**(4,305)**

19. Interest in joint ventures

The increase in the caption interest in joint ventures in the nine month period ended 30 September 2010 includes 28 716 thousand euros recorded by corresponding entry to the liability caption “Trade and other payables”.

20. Guarantee deposits

The increase/decrease in the amount of guarantees is due to changes in the value of open positions on the stock exchange, plus monthly remuneration on the guarantees.

21. Other operating costs

The increase in this caption relates to an increase on the surcharges on Energy Acquisition Contracts (Contratos de Aquisição de Energia - CAE) amounting to 186 thousand euros in the nine month period ended 30 September 2010 (66.8 thousand euros in the nine month period ended 30 September 2009).

22. Other matters

Disagreement with Amorim Energia B.V.

In December 2007, as duly informed to the market, REN – Redes Energéticas Nacionais, SGPS, S.A. (REN) was notified of an arbitration process being judged by the International Chamber of Commerce (“ICC”) brought against it by Amorim Energia B.V. regarding a matter relating to the “Shareholders Agreement relating to GALP ENERGIA, SGPS, S.A.” signed on 29 December 2005, between REN, AMORIM and ENI PORTUGAL INVESTMENT, S.p.A. (“Shareholder Agreement”), especially with respect to dividends distributed by Galp Energia, SGPS, SA relating to profit for 2005.

In 2006 REN and Amorim Energia BV had a disagreement as to whom the amount corresponding to the Dividends belonged, and on 15 June 2006 the Arbitration Court, especially called for the purpose by agreement between the parties, issued its decision, with one contrary vote, considering the action brought about by Amorim BV as unfounded and definitively recognizing REN’s right to maintain the Dividends.

In the second arbitration, carried out by the ICC, Amorim Energia B.V., based largely on different facts, requested that REN be required to pay indemnity in the amount of the Dividends.

On 16 March 2010 REN was notified of the arbitration decision, with one vote in disagreement, which condemned it to pay 20 334 883.91 euros to Amorim Energia B.V., equivalent to half of the amount requested by the latter and corresponding to half of the amount of the Dividends, plus accrued interest.

Following the request for clarification made by REN, on 8 July 2010 the Arbitration Court notified the Company of an addendum to the Judgement.

After analysis of the arbitration decision and its fundamentals, as well as the related addendum, it was considered that there are possibilities of reacting, which at this time enable the Company to believe, based on known facts, that there is still a significant possibility of REN's position prevailing, without prejudice to the payment, in escrow, of the amount the Company was condemned to pay.

Therefore, REN believes, based on a legal analysis of the arbitration decision and related addendum, that the provision of 12 470 thousand euros recorded in the period ended 30 September 2010 is sufficient considering the risk involving the process.

The Board of Directors

Rui Manuel Janes Cartaxo (Chairman)

Aníbal Durães dos Santos (Executive Director)

João Caetano Carreira Faria Conceição (Executive Director)

João Manuel de Castro Plácido Pires (Executive Director)

João Nuno de Oliveira Jorge Palma (Executive Director)

Luís Maria Atienza Serna (Director)

Gonçalo José Zambrano de Oliveira (Director)

Manuel Carlos Mello Champalimaud (Director)

José Isidoro de Oliveira Carvalho Netto (Director)

Filipe Maurício de Botton (Director)

José Luís Alvim Marinho (Chairman of the Audit Commission)

José Frederico Viera Jordão (Member of the Audit Commission)

Fernando António Portela Rocha de Andrade (Member of the Audit Commission)

Lisbon October 22nd 2010

4 Appendix

4.1. Contacts

At REN we are happy to pursue a policy of facilitating direct access to the Group's corporate bodies. Feel free to contact us at the following addresses/numbers/emails:

Investor Relations Office

Ana Fernandes – Director
ana.fernandes@ren.pt

Fernando Torrão
fernando.torrao@ren.pt

Telma Mendes
Telma.mendes@ren.pt

REN - Redes Energéticas Nacionais, SGPS, S.A.
Gabinete de Relações com o Investidor
Avenida dos Estados Unidos da América, 55
1749-061 LISBOA - Portugal

Telephone: 21 001 35 46
Telefax: 21 001 31 50
E-mail: ir@ren.pt

Communication Office

Benedita César Machado
benedita.machado@ren.pt

REN - Redes Energéticas Nacionais, SGPS, S.A.
Gabinete de Comunicação
Avenida dos Estados Unidos da América, 55
1749-061 LISBOA - Portugal

Telephone: 21 001 35 00
Telefax: 21 001 31 50
E-mail: comunicacao@ren.pt