



30 SEPTEMBER 2012 REPORT AND ACCOUNTS

**Minimum items required by IAS 34 in accordance with Art. 10, Regulation 5/2008 of the
CVM (Portuguese Stock Exchange Commission)**

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1. FINANCIAL PERFORMANCE

1.1 Results for the nine month period ended 30 September 2012

MAIN INDICATORS

The third quarter of 2012 was marked by REN's good operational performance, which saw its EBITDA increase by 11.1%. This improvement was driven by the increase in the average Regulatory Asset Base (RAB), and by a reduction in Opex, reflecting improvements in operating efficiency.

On the other hand, the financial income have registered a decrease (-27.0 M€; +37.7%), reflecting the effects of the sovereign debt crisis to which REN was not immune.

Net income increased by 2.9% when compared with the 3rd quarter of 2011.

Capex amounted to 124.6 M€, a reduction from 2011 values of 229.0 M€. This represents a decrease of -45.6%, more pronounced in Natural Gas, and was a result of the company's strategic decisions. However, transfers to RAB increased substantially when compared to the homologous period of 2011 (+83.8 M€, +81.7%).

Net debt increased by 199.7 M€ (+8.6%), reaching 2,521.3 M€, and its average cost rose to 5.66%, a 1.12 percentage points increase when compared to the 9M2011.

Main Indicators	september 2011	september 2012	Var.%
[M€]			
EBITDA	350.2	389.1	11.1%
Net financial income	-71.4	-98.4	37.7%
Net income	95.6	98.4	2.9%
Total CAPEX	229.0	124.6	-45.6%
Transfers to RAB (at historical costs)	102.6	186.4	81.7%
Average RAB (at reference costs)	3,058.60	3,332.30	8.9%
Net debt	2,321.60	2,521.30	8.6%

OPERATIONAL RESULT – EBITDA

EBITDA rose 38.9 M€ (+11.1%) when compared with the 3Q2011, reaching 389.1 M€. Among others, we highlight the following items as the most relevant:

- Increase of 8.9% in the average RAB, as well as the corresponding average rate of return (as a result of the annual update of the rate of return on electricity, and of a change in

the asset mix, favoring the weight of assets with premium), leading to an increase of 47.5 M€ (+29.1%) in the remuneration of RAB;

- Increase in income from recovery of depreciations of 11.5 M€ (+9.5%), in line with the increase in RAB;
- Decrease in OPEX by -3.4% (driven by decreases in personnel costs and other operational costs), reflecting an improvement in operational performance.

EBITDA	Setember 2011	Setember 2012	Var.%
[M€]			
1) Total Revenues	638.2	574.0	-10.1%
Revenues of assets	314.1	364.6	16.1%
Return on RAB	163.3	210.8	29.1%
Electricity	102.1	145.6	42.6%
Natural Gas	61.2	65.2	6.5%
Hydro land remuneration	9.4	7.2	-22.7%
Lease revenues from hydro protection zone	0.6	0.6	-7.0%
Remuneration of fully depreciated assets	5.3	5.9	13.1%
Tariff smoothing effect (natural gas)	2.7	-5.3	n.m
Recovery of depreciation (net from subsidies)	120.4	131.9	9.5%
Subsides depreciation	12.4	13.5	8.5%
Revenues of OPEX	80.7	80.1	-0.8%
Recovery of net OPEX	79.1	76.0	-4.0%
Recovery of cross border costs	1.2	3.9	233.7%
Recovery of lines rerouting costs	0.5	0.2	-54.5%
Other Revenues	14.6	4.8	-66.8%
Commercial gains (trading)	1.9	2.4	25.7%
Interest on tariff deviations	1.8	-4.9	n.m
Hedging	0.8	0.6	-20.5%
Telecommunication sales and services rendered	3.5	4.1	16.2%
Other services provided	2.9	0.7	-74.5%
Others	3.7	2.0	-47.3%
Construction revenues	228.8	124.4	-45.6%
2) OPEX	83.8	81.0	-3.4%
Personnel costs	36.4	35.3	-3.1%
External services and supplies	34.9	35.2	0.7%
Other operating costs	12.5	10.5	-15.9%
3) Construction costs	204.3	104.1	-49.0%
4) Provisions	0.0	-0.2	
5) Nonrecurring items	0.0	0.0	
EBITDA (1-2-3-4+5)	350.2	389.1	11.1%

NET INCOME

Net income until September of 2012 was affected by the negative behavior of the financial income which, due to the increase in net debt (+8.6%) and in the cost of funding (average cost increase from 4.55% to 5.66%), decreased by 27.0 M€ (+37.7%). Despite this effect, the good operational performance led to an increase in Net Income to 98.4 M€ (+2.8 M€; +2.9%).

Net Result [M€]	September 2011	September 2012	Var.%
EBITDA	350.2	389.1	11.1%
Depreciations	134.9	146.8	8.8%
Financial income	-71.4	-98.4	37.7%
Impairment loss for accounts receivable		2.6	
Income tax	48.2	42.9	-11.1%
Net Income	95.6	98.4	2.9%

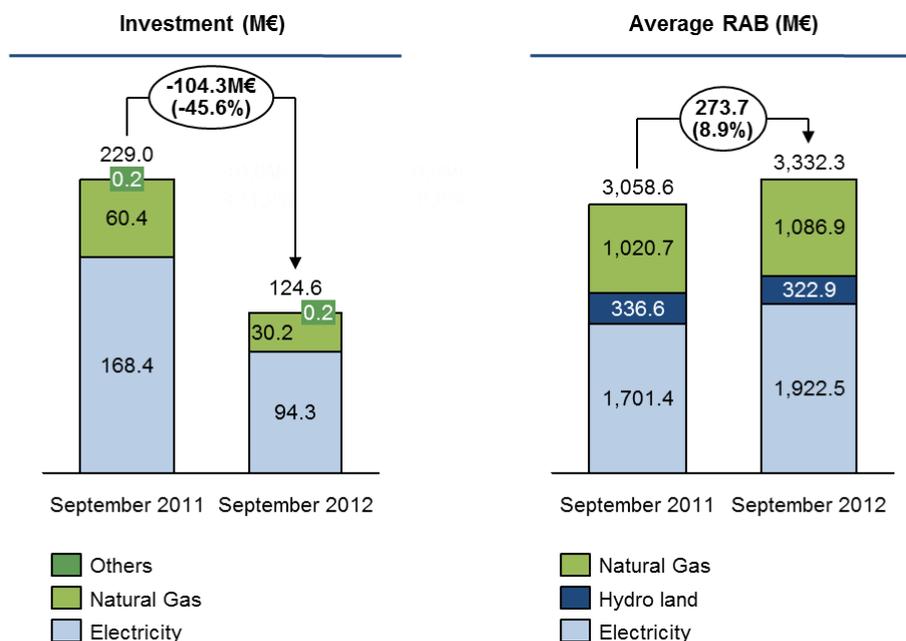
1.2 Average RAB and capital expenditure

CAPEX AND AVERAGE RAB

Total CAPEX decreased by 104.3 M€ (-45.6%) when compared with the homologous period in 2011. This decrease was mainly a result of the Company's strategic decision to reschedule some of its investments.

Despite the reduction in investment, transfers to RAB increased by 83.8 M€ (+81.7%) when compared with 9M2011. Average RAB increased 273.7 M€ (+8.9%), reaching 3,323.3 M€.

The increase in transfers to RAB was mainly due to the transfer of the 3rd Sines Terminal LNG storage tank in the first half of 2012.



1.3 Quarterly statements of profit and loss and cash flows

In compliance with the requirements of CMVM's (Stock Exchange Commission) Circular of 17 July 2009, following are the statements of profit and loss and cash flows for the periods from 1 July to 30 September 2012 and 2011 (unaudited information):

(Amounts expressed in thousands of euros - tEuros)

Condensed consolidated statement of profit and loss for the periods from 1 July to 30 September 2012 and 2011

	2012	2011
Sales	220	216
Services provided	141,698	129,017
Revenue from construction of concession assets	49,634	89,210
Gains from associates	69	-
Other operating income	5,733	4,986
Operating income	197,355	223,429
Cost of goods sold	(139)	(747)
Cost with construction of concession assets	(43,102)	(80,520)
External supplies and services	(11,237)	(11,823)
Employee compensation and benefit expense	(12,437)	(12,138)
Depreciation and amortizations	(49,704)	(45,410)
Impairment of trade receivables	(2,646)	-
Other expenses	(3,042)	(3,574)
Operating costs	(122,307)	(154,211)
Operating results	75,048	69,218
Financial costs	(37,037)	(28,667)
Financial income	2,266	438
Investment income - dividends	3,540	2,998
Financial results	(31,230)	(25,231)
Profit before income taxes	43,817	43,987
Income tax expense	(16,037)	(16,679)
Profit for the year	27,781	27,309
Attributable to:		
Equity holders of the Company	27,781	27,321
Non-controlled interest	-	(12)
Consolidated profit for the year	27,781	27,309
Earnings per share (expressed in euro)	0.05	0.05

(Amounts expressed in thousands of euros - tEuros)

**Condensed consolidated statements of cash flows
for the periods from 1 July to 30 September 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash flow from operating activities:		
Cash receipts from customers	518,478	497,749
Cash paid to suppliers	(429,924)	(371,829)
Cash paid to employees	(14,929)	(13,815)
Income tax received/(paid)	(11,533)	(53,812)
Other receipts/ (payments) relating to operating activities	(8,571)	1,940
Net flows from operating activities (1)	<u>53,520</u>	<u>60,233</u>
Cash flow from investing activities:		
Receipts related to:		
Grants related to assets	-	1,022
Interests	427	962
Dividends	3,540	2,998
Payments related to:		
Financial investments	(38,400)	-
Fixed assets	(19)	-
Interests	(52,625)	(60,389)
Net cash used in investing activities (2)	<u>(87,078)</u>	<u>(55,407)</u>
Cash flow from financing activities:		
Receipts related to:		
Borrowings	2,680,500	2,132,000
Interests	-	110
Payments related to:		
Borrowings	(2,559,747)	(2,159,266)
Interests	(23,177)	(8,439)
Net cash used in financing activities (3)	<u>97,576</u>	<u>(35,595)</u>
Net (decrease)/increase in cash and cash equivalents (1)+(2)+(3)	64,018	(30,769)
Cash and cash equivalents at the beginning of the year	52,350	83,083
Cash and cash equivalents at the end of the period	116,368	52,314
Detail of cash and cash equivalents		
Cash	24	30
Bank overdrafts	(14,994)	(35,527)
Bank deposits	131,338	87,812
	<u>116,368</u>	<u>52,314</u>

CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2012

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

2. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statements of financial position

(Amounts expressed in thousands of Euros - tEuros)

	Note	30 September 2012	31 December 2011
ASSETS			
Non-current assets			
Tangible fixed assets	5	527	488
Goodwill	5	3,774	3,774
Other intangible assets	5	3,865,937	3,888,161
Deferred tax assets	6	45,213	63,057
Available-for-sale financial assets	7	128,367	82,051
Derivative financial instruments	9	23,361	26,696
Other financial investments		4,836	5,667
Investments in associates	24	9,389	8,717
Trade and other receivables	8	111,008	80,079
		4,192,413	4,158,691
Current assets			
Inventories		4,529	3,628
Trade and other receivables	8	224,329	226,791
Current income tax recoverable	17	17,837	14,015
Derivative financial instruments	9	698	1,144
Cash and cash equivalents	10	131,362	69,407
		378,755	314,984
Total assets		4,571,168	4,473,675
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	534,000	534,000
Own shares	11	(10,728)	(10,728)
Other reserves		232,749	215,401
Retained earnings		186,616	178,189
Net profit for the year		98,349	120,576
Total equity		1,040,987	1,037,439
LIABILITIES			
Non-current liabilities			
Borrowings	13	2,308,814	2,354,032
Deferred tax liabilities	6	76,875	66,875
Liability for retirement benefits and others	14	53,454	55,110
Derivative financial instruments	9	27,659	14,239
Provisions	15	4,368	4,520
Trade and other payables	16	371,625	381,495
		2,842,795	2,876,271
Current liabilities			
Borrowings	13	370,590	53,587
Provisions	15	64	27,794
Trade and other payables	16	314,380	476,328
Income tax payable	17	1,239	520
Derivative financial instruments	9	1,113	1,735
		687,387	559,965
Total liabilities		3,530,182	3,436,236
Total equity and liabilities		4,571,168	4,473,675

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statements of profit and loss for the nine month periods ended 30 September 2012 and 2011

(Amounts expressed in thousands of Euros - tEuros)

	Note	Period ended	
		September 2012	September 2011
Sales	4	366	648
Services provided	4	432,430	387,985
Revenue from construction of concession assets	4 and 25	124,437	228,811
Gains from associates	24	672	-
Other operating income		16,093	20,781
Operating income		573,997	638,225
Cost of goods sold		(366)	(1,205)
Cost with construction of concession assets	25	(104,126)	(204,255)
External supplies and services	18	(35,182)	(34,928)
Employee compensation and benefit expense	19	(35,293)	(36,417)
Depreciation and amortizations	4 and 5	(146,777)	(134,905)
Provisions	4 and 15	153	-
Impairment of trade receivables	8	(2,646)	-
Other expenses		(10,114)	(11,252)
Operating costs		(334,351)	(422,962)
Operating results	4	239,646	215,263
Financial costs	4	(107,162)	(78,794)
Financial income	4	3,252	2,762
Investment income - dividends	4	5,523	4,596
Financial results		(98,387)	(71,436)
Profit before income taxes		141,258	143,827
Income tax expense	17	(42,909)	(48,243)
Profit for the year		98,349	95,584
Attributable to:			
Equity holders of the Company		98,349	95,572
Non-controlled interest		-	12
Consolidated profit for the year		98,349	95,584
Earnings per share (expressed in euro per share)	20	0.19	0.18

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statements of comprehensive income for the nine month periods ended 30 September 2012 and 2011

(Amounts expressed in thousands of Euros - tEuros)

	Note	Period ended	
		September 2012	September 2011
Net Profit for the period		98,349	95,584
<u>Other income and cost recorded in equity:</u>			
Increase/(decrease) in hedging reserves - derivative financial instruments	9	(16,111)	(10,410)
Actuarial gains and losses - gross of tax		(356)	(5,938)
Gain/(loss) on available-for-sale assets	7	7,716	(3,965)
Other variations		-	27
Tax effect on items recorded directly in equity	6	3,539	4,741
Comprehensive income for the period		93,137	80,039
Attributable to:			
Equity holders of the company		93,137	80,027
Non-controlled interest		-	12
		93,137	80,039

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statements of changes in equity for the nine month periods ended 30 September 2012 and 2011

(Amounts expressed in thousands of Euros - tEuros)

Changes in the period	Notes	Attributable to shareholders								Non-controlled interest	Total
		Share capital	Treasury shares	Legal Reserve	Fair Value reserve	Hedging reserves	Other reserves	Retained earnings	Profit for the year		
At 1 January 2011		534,000	(10,728)	74,445	(9,861)	(1,141)	148,138	170,453	110,265	6,329	1,021,901
Net profit of the period and other comprehensive income		-	-	-	(3,965)	(7,391)	-	(4,189)	95,572	12	80,039
Minority interests acquired due to the acquisition of gas pipeline companies		-	-	-	-	-	-	-	-	(5,814)	(5,814)
Other adjustments		-	-	-	-	-	-	-	-	(11)	(11)
Distribution of dividends		-	-	-	-	-	-	(89,060)	-	-	(89,060)
Transfer to other reserves		-	-	5,364	-	-	12,201	92,701	(110,265)	-	-
At 30 September 2011		<u>534,000</u>	<u>(10,728)</u>	<u>79,809</u>	<u>(13,826)</u>	<u>(8,532)</u>	<u>160,339</u>	<u>169,905</u>	<u>95,572</u>	<u>517</u>	<u>1,007,056</u>
At 1 January 2012		534,000	(10,728)	79,809	(14,244)	(10,503)	160,339	178,189	120,576	-	1,037,439
Net profit of the period and other comprehensive income		-	-	-	7,716	(12,675)	-	(253)	98,349	-	93,137
Distribution of dividends	21	-	-	-	-	-	-	(89,590)	-	-	(89,590)
Transfer to other reserves		-	-	5,628	-	-	16,679	98,270	(120,576)	-	-
At 30 September 2012		<u>534,000</u>	<u>(10,728)</u>	<u>85,437</u>	<u>(6,528)</u>	<u>(23,178)</u>	<u>177,018</u>	<u>186,616</u>	<u>98,349</u>	<u>-</u>	<u>1,040,987</u>

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statements of cash flow for the nine month periods ended 30 September 2012 and 2011

(Amounts expressed in thousands of Euros - tEuros)

	Note	Period ended	
		September 2012	September 2011
Cash flow from operating activities:			
Cash receipts from customers		1,701,763	1,670,465 a)
Cash paid to suppliers		(1,394,020)	(1,301,055) a)
Cash paid to employees		(44,961)	(42,964)
Income tax received/paid		(11,979)	(116,183)
Other payments/receipts relating to operating activities		(82,627)	(2,475)
Net flows from operating activities		168,175	207,788
Cash flow from investing activities:			
Receipts related to:			
Grants related to assets		-	1,129
Interests and other similar income		1,392	2,770
Dividends		4,613	3,851
Payments related to:			
Financial investments	7	(38,600)	-
Tangible fixed assets		(36)	(146)
Intangible assets		(149,727)	(267,484)
Net cash used in investing activities		(182,357)	(259,880)
Cash flow from financing activities:			
Receipts related to:			
Borrowings		7,958,500	6,900,000
Interests and other similar income		17	285
Payments related to:			
Borrowings		(7,748,435)	(6,776,871)
Interests and other similar expenses		(58,300)	(31,819)
Dividends	21	(89,590)	(89,060)
Net cash (used in)/from financing activities		62,192	2,535
Net (decrease)/increase in cash and cash equivalents		48,010	(49,557)
Cash and cash equivalents at de beginning of the year	10	68,358	101,871
Cash and cash equivalents at the end of the period	10	116,368	52,314
Detail of cash and cash equivalents			
Cash	10	24	30
Bank overdrafts	10	(14,994)	(35,527)
Bank deposits	10	131,338	87,812
		116,368	52,314

a) These amounts include payments and receipts relating to activities in which the Group acts as agent, income and costs being reversed in the consolidated statement of profit and loss.

The accompanying notes form an integral part of these consolidated financial statements.

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

(Translation of notes originally issued in Portuguese - Note 28)

1 General information

REN - Redes Energéticas Nacionais, SGPS, S.A. (referred to in this document as “REN” or “the Company” together with its subsidiaries, referred to as “the Group” or “the REN Group”), with head office in Avenida Estados Unidos da América, 55 - Lisbon, was formed 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 on 18 August 1994, with the objective of ensuring the overall management of the Public Electric Supply System (PES).

Up to 26 September 2006 the REN Group’s operations were concentrated on the electricity business through REN - Rede Eléctrica Nacional, SA. On 26 September 2006, as a result of the unbundling transaction of the natural gas business, the Group underwent a significant change with the purchase of assets and financial participations relating to the transport, storage and re-gasification of natural gas activities, comprising a new business.

In the beginning of 2007 the Company was transformed into a holding company and, after transfer of the electricity business to a new company formed on 26 September 2006, named REN - Serviços de Rede, S.A., changed its name to REN - Rede Eléctrica Nacional, S.A.

The Group presently has two main business areas, Electricity and Gas, and one secondary business, in the area of Telecommunications. In 2011, until September had also the business of Management of the Electricity Derivatives Market. As from October 2011 and December 2011 its position in the Management of Derivative Markets was reduced to 35%, thus losing control of this business.

The Electricity business includes the following companies:

- a) REN - Rede Eléctrica Nacional, S.A., founded on 26 September 2006, the activities of which are carried out under a concession contract for a period of 50 years as from 2007 and establishes the overall management of the Public Electricity Supply System (PES);
- b) REN Trading, S.A., founded on 13 June 2007, the main function of which is the management of electricity purchase contracts (EPC) from Turbogás, S.A. and Tejo Energia, S.A., which did not terminate on 30 June 2007, date of the entry into force of the new Maintenance of Contractual

Balance Contracts (Contratos para a Manutenção do Equilíbrio Contratual - CMEC) contracts. The operations of this company include the trading of electricity produced and of the installed production capacity, with domestic and international distributors;

c) Enondas, Energia das Ondas, S.A. was founded on 14 October 2010, its capital being fully held by REN - Redes Energéticas Nacionais, S.A., its main activity being management of the concession to operate a pilot area for the production of electric energy from sea waves.

The Gas business includes the following companies:

a) REN Gás, S.A., was founded on 29 March 2011, with the corporate objectives of promoting, developing and carrying out projects and developments in the natural gas sector, as well as defining the overall strategy and coordination of the companies in which it has participations;

b) REN Gasodutos, S.A. was founded on 26 September 2006, the capital of which was paid up through integration into the company of the gas transport infrastructures (network; connections; compression);

c) REN Armazenagem, S.A. was founded on 26 September 2006, the capital of which was paid up through integration into the company of the underground gas storage assets;

d) REN Atlântico, Terminal de GNL, S.A., acquired under the acquisition of the gas business, previously called “SGNL - Sociedade Portuguesa de Gás Natural Liquefeito”. The operations of this company consist of the supply, reception, storage and re-gasification of natural liquefied gas through the GNL marine terminal, being responsible for the construction, utilisation and maintenance of the necessary infrastructures.

The operations of the companies in the points b) until d) mentioned above, are carried out under three concession contracts granted separately for periods of 40 years as from 2006.

The telecommunications business is managed by RENTELECOM Comunicações, S.A., the operations of which consist of the establishment, management and utilization of telecommunications systems and infrastructures, supplying communications services and benefitting from the excess capacity of the fibre optics belonging to the REN Group.

REN SGPS has 100% of the capital of REN - Serviços, S.A., which has the objective of rendering services in the areas of administration, finance, regulations, personnel management, salary processing, management and maintenance of moveable and immovable assets, negotiation and supply of consumables and services of the same type, commonly referred to as back office services, for related companies and third parties, receiving remuneration for this, as well as the management of participations the company has in other companies.

Presently REN SGPS has:

a) 35% of the capital of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. (“OMIP SGPS”), which has the purpose of managing participations in other companies as an indirect form of carrying out economic activities. These company became holder of the shares in OMIP - Operador do Mercado Ibérico de Energia (Pólo Português), SGMR,S.A.(“OMIP”)., which assure the management of MIBEL’s Derivatives Market together with OMIclear (Clearing Agent for the Energy Market), a company founded and fully owned by OMIP, which the role is to be the clearing agent and central counterparty for operations realized in the term market;

b) REN SGPS also has 10% of the capital of OMEL, Operador del Mercado Ibérico de Energia, S.A., Spanish pole of the Sole Operator;

c) 1% of the capital of Red Electrica Corporation (“REE”) and Enagás, S.A.;

d) Since May 2012 has 4.76% of the capital of Med Grid SAS and since July 2012 has 7.5% of the capital of Hidroeléctrica de Cahora Bassa.

Changes to concession contracts

On February 21, 2012, the following additions to the concession agreements in effect between the Portuguese State and the Group companies were signed, namely: i) the concession of transport activity of electricity through the National Network of Transport of Electricity signed with REN - Rede Eléctrica Nacional,S.A.; ii) the concession of transport activity of natural gas through the National Network of Natural Gas Transportation, signed with REN Gasodutos, S.A.; iii) the concession activity of reception, storage and regasification of liquefied natural gas to the terminal

in Sines, signed with REN Atlântico, terminal GNL, S.A.; iv) the concession of the activity of underground storage of natural, signed with REN Armazenagem, S.A.

These concession contracts were changed with the main purposes of: i) detailing the functions of the operators of the national networks of electricity and natural gas transportation; ii) develop arrangements for monitoring and supervising the activities of dealers by the Portuguese State and iii) specify the terms applicable to provide information by each of the dealers, adapting the respective contractual clauses to the legal provisions and regulations in force, in particular Decree-Law no. No. 77/2011 and n. No. 78/2011, both of 20 June.

1.1 Companies included in the consolidation

The following companies are included in the consolidation as of 30 September 2012:

Designation / adress	Activity	% Owned	
		Group	Individual
Electricity sector:			
REN - Rede Electrica Nacional, S.A. Av. Estados Unidos da América, 55 - Lisboa	Operator of the very high tension national network of transmission lines	100.00%	100.00%
REN Trading, S.A. Av. Estados Unidos da América, 55 - Lisboa	Purchase and sale, import and export of electricity and natural gas	100.00%	100.00%
Enondas-Energia das Ondas, S.A. Mata do Urso - Guarda Norte - Carriço-Pombal	Management of the concession to operate a pilot area for the production of electric energy from ocean waves	100.00%	100.00%
Telecommunications Sector:			
RENTELECOM - Comunicações S.A. Av. Estados Unidos da América, 55 - Lisboa	Telecommunications network operation	100.00%	100.00%
Other sectors:			
REN - Serviços, S.A. Av. Estados Unidos da América, 55 - Lisboa	Back Office and Management of participations	100.00%	100.00%
Natural Gas Sector:			
REN Atlântico, Terminal de GNL, S.A. Terminal de GNL - Sines	Liquefied Natural Gas Terminal maintenance and regasification operation	100.00%	100.00%
Owned by Ren Serviços, S.A.: REN Gás, S.A. Av. Estados Unidos da América, 55 - 12º - Lisboa	Management of projects and ventures in the natural gas sector	100.00%	-
Owned by Ren Gas, S.A.: REN - Armazenagem, S.A. Mata do Urso - Guarda Norte - Carriço-Pombal	Underground storage development, maintenance and operation	100.00%	-
REN - Gasodutos, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	RNTGN operator and Natural Gas overall manager	100.00%	-
Owned by REN Gasodutos, S.A.: Gasoduto Braga Tuy, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	Gas transmission	100.00%	-
Gasoduto Campo Maior - Leiria - Braga, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	Gas transmission	100.00%	-

There were no changes in consolidation perimeter in relation to the reported in December 2011.

1.2. Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors at a meeting held on 8 November 2012. The Board of Directors believes that the consolidated financial statements fairly present the financial position of the companies included in the consolidation, the consolidated results of their operations, their consolidated comprehensive income, the consolidated changes in their equity and their consolidated cash flows in accordance with the International Financial Reporting Standards for interim financial statements as endorsed by the European Union (IAS 34).

2 Basis of preparation

The consolidated financial statements for the nine month period ended 30 September 2012 were prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial reporting as endorsed by the European Union (IAS 34), therefore do not include all information required for annual financial statements so should be read in conjunction with the annual financial statements issued for the year ended 31 December 2011.

The consolidated financial statements are presented in thousands of Euros - tEuros, rounded to the nearest thousand.

3 Main accounting policies

The consolidated financial statements were prepared for interim financial reporting purposes (IAS 34), on a going concern basis from the books and accounting records of the companies included in the consolidation, maintained in accordance with the accounting standards in force in Portugal, adjusted in the consolidation process so that the financial statements are presented in accordance with International Financial Reporting Standards as endorsed by the European Union in force for the years beginning as from 1 January 2012.

Such standards include 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. The standards and interpretations are hereinafter referred generically to as IFRS.

The accounting policies used to prepare these 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 2011, as explained in the notes to the consolidated financial statements for 2011. These policies were applied on a consistent basis for the periods presented.

4 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and benefits that are different from those of other business segments. A geographical segment is engaged in providing products or services, within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The REN Group only discloses segment information by business segment, since the Group operates only in Portugal. The transactions of the group company OMIclear, in the nine month period ended 30 September 2011, although referring essentially to the sale of future contracts within MIBEL, are not material for the presentation of geographical segment information.

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 analysed by the Executive Committee, which did not result in new segments in relation to those previously reported.

The REN Group is organized in two main business segments: Electricity and Gas and two secondary segments: Telecommunication and management of the electricity derivatives market segment. The Electricity segment includes the transmission of very high tension electricity and overall management of the public electricity supply system, management of energy purchasing contracts ("CAE") not terminated on 30 June 2007 and management of the concession to operate a pilot area for the production of electric energy from sea waves. The Gas segment includes the transport of very high pressure gas and overall management of the national natural gas system, as well as operation of the LNG regasification terminal and underground storage of natural gas.

The other segments (telecommunications and management of the electricity derivatives market, until the nine month period ended 30 September 2011) are also presented separately, although they do not qualify for disclosure.

The column “Others” includes the operations of REN SGPS and REN Serviços.

The results by segment for the nine month period ended 30 September 2012 were as follows:

	Electricity	Gas	Telecom.	Others	Total
Revenue from construction of concession assets	94,268	30,169	-	-	124,437
Total sales and services rendered	300,324	148,294	4,721	25,908	479,248
Inter-segment sales and services rendered	(755)	(19,922)	(608)	(25,167)	(46,452)
Sales and services provided	299,569	128,372	4,113	741	432,796
Operating result by segment	182,861	73,442	3,399	(20,056)	239,646
Financial costs	(62,513)	(26,106)	(1)	(18,543)	(107,162)
Financial income	1,831	175	-	6,769	8,775
Profit before income tax					141,258
Income tax expense					(42,909)
Net profit for the period					98,349
<u>Other expenses:</u>					
Depreciation and amortizations	(102,491)	(44,146)	(15)	(125)	(146,777)
Provisions	153	-	-	-	153

The results by segment for the nine month period ended 30 September 2011 were as follows:

	Electricity	Gas	Telecom.	Electricity Market Operator	Others	Total
Revenue from construction of concession assets	168,413	60,398	-	-	-	228,811
Total sales and services rendered	255,086	147,758	4,075	1,991	23,093	432,003
Inter-segment sales and services rendered	(812)	(19,841)	(535)	(84)	(22,098)	(43,370)
Sales and services rendered	254,274	127,917	3,540	1,907	995	388,633
Operating result by segment	146,545	81,751	2,666	(51)	(15,649)	215,263
Financial costs	(47,156)	(14,458)	(1)	(5)	(17,176)	(78,794)
Financial income	250	2,695	81	260	4,073	7,358
Profit before income tax						143,827
Income tax expense						(48,243)
Net profit for the period						95,584
<u>Other expenses:</u>						
Depreciation and amortizations	(95,184)	(39,404)	(12)	(168)	(137)	(134,905)

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

Assets and liabilities by segment as well as capital expenditure for the period ended 30 September 2012 were as follows:

	Electricity	Gas	Telecom.	Others	Total
Total assets	2,888,742	1,360,239	2,651	319,537	4,571,168
Liabilities	652,455	290,521	432	2,586,774	3,530,182
Capital expenditure - tangible assets	4	-	-	186	189
Capital expenditure - intangible assets	94,268	30,169	-	-	124,437
Capital expenditure - total (Note 5)	94,271	30,169	-	186	124,626

Assets and liabilities by segment at 31 December 2011 as well as capital expenditure for the year then ended were as follows:

	Electricity	Gas	Telecom.	Others	Total
Assets	2,902,833	1,360,064	2,743	208,034	4,473,675
Liabilities	795,022	310,691	509	2,330,014	3,436,236
Capital expenditure - tangible assets	1	-	37	105	143
Capital expenditure - intangible assets	267,888	81,380	-	-	349,269
Capital expenditure - total	267,889	81,380	37	105	349,412

Assets by segment consist primarily of assets of the concession, classified under the captions 'other intangible fixed assets' and 'trade and other receivables'. Liabilities by segment include operating liabilities, except for liabilities of the parent company and borrowings not contracted for the operating activities, at 30 September 2012, included under the liability caption "Others".

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

5 Tangible and intangible fixed assets

The changes in tangible and intangible fixed assets in the period from 1 January 2012 to 30 September 2012 were as follows:

Changes in tangible and intangible fixed assets - September 2012

	January 2012			Changes					September 2012		
	Cost	Accumulated depreciation	Net book value	Additions (Note 4)	Disposals, write-offs and other reclassifications	Transfers	Depreciation charge	Depreciation - disposals, write-offs and other reclassifications	Cost	Accumulated depreciation	Net book value
Tangible fixed assets:											
Transmission and electronic equipment	103	(71)	32	-	-	-	(10)	-	103	(80)	22
Transport equipment	678	(341)	336	161	-	-	(116)	-	839	(457)	382
Office equipment	187	(68)	120	28	-	-	(25)	-	215	(92)	123
	<u>968</u>	<u>(479)</u>	<u>488</u>	<u>189</u>	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>1,157</u>	<u>(630)</u>	<u>527</u>
	January 2012			Changes					September 2012		
	Cost	Accumulated amortization	Net book value	Additions (Note 4)	Disposals and write-offs	Transfers	Amortization charge	Amortization - disposals and write-offs	Cost	Accumulated amortization	Net book value
Intangible assets:											
Concession Assets	6,244,879	(2,619,393)	3,625,486	2,594	(672)	183,805	(146,626)	638	6,430,606	(2,765,382)	3,665,224
Concession assets in progress	262,675	-	262,675	121,843	-	(183,805)	-	-	200,712	-	200,712
	<u>6,507,554</u>	<u>(2,619,393)</u>	<u>3,888,161</u>	<u>124,437</u>	<u>(672)</u>	<u>-</u>	<u>(146,626)</u>	<u>638</u>	<u>6,631,318</u>	<u>(2,765,382)</u>	<u>3,865,937</u>
Goodwill	3,774	-	3,774	-	-	-	-	-	3,774	-	3,774
Total tangible and intangible assets	<u>6,512,296</u>	<u>(2,619,872)</u>	<u>3,892,423</u>	<u>124,626</u>	<u>(672)</u>	<u>-</u>	<u>(146,777)</u>	<u>638</u>	<u>6,636,249</u>	<u>(2,766,011)</u>	<u>3,870,238</u>

The changes in tangible and intangible fixed assets in the period from 1 January 2011 to 30 September 2011 were as follows:

Changes in tangible and intangible fixed assets - September 2011

	January 2011			Changes					September 2011		
	Cost	Accumulated depreciation	Net book value	Additions	Disposals, write-offs and other reclassifications	Transfers	Depreciation charge	Depreciation - disposals, write-offs and other reclassifications	Cost	Accumulated depreciation	Net book value
Tangible fixed assets:											
Transmission and electronic equipment	103	(58)	45	-	-	-	(10)	-	103	(68)	35
Transport equipment	677	(261)	416	132	29	72	(154)	(7)	910	(422)	488
Office equipment	3,534	(2,924)	610	23	-	(72)	(164)	-	3,485	(3,088)	397
Assets in progress	130	-	130	-	-	-	-	-	130	-	130
	<u>4,444</u>	<u>(3,243)</u>	<u>1,201</u>	<u>154</u>	<u>29</u>	<u>-</u>	<u>(327)</u>	<u>(7)</u>	<u>4,627</u>	<u>(3,577)</u>	<u>1,050</u>
	January 2011			Changes					September 2011		
	Cost	Accumulated amortization	Net book value	Additions	Disposals and write-offs	Transfers	Amortization charge	Amortization - disposals and write-offs	Cost	Accumulated amortization	Net book value
Intangible assets:											
Concession assets	5,821,735	(2,440,750)	3,380,985	799	(3,820)	101,789	(134,577)	3,243	5,920,503	(2,572,084)	3,348,419
Concession assets in progress	339,872	-	339,872	228,012	-	(101,789)	-	-	466,095	-	466,095
	<u>6,161,607</u>	<u>(2,440,750)</u>	<u>3,720,857</u>	<u>228,811</u>	<u>(3,820)</u>	<u>-</u>	<u>(134,577)</u>	<u>3,243</u>	<u>6,386,598</u>	<u>(2,572,084)</u>	<u>3,814,513</u>
Goodwill	3,774	-	3,774	-	-	-	-	-	3,774	-	3,774
Total tangible and intangible assets	<u>6,169,825</u>	<u>(2,443,993)</u>	<u>3,725,832</u>	<u>228,966</u>	<u>(3,791)</u>	<u>-</u>	<u>(134,905)</u>	<u>3,236</u>	<u>6,394,999</u>	<u>(2,575,662)</u>	<u>3,819,337</u>

The additions in the period ended 30 September 2012 refer essentially to rights underlying the operation of the substations of the National Transmission Network in the electricity segment and the right underlying the operation of the construction project of the 3rd tank of the Sines Terminal.

The transfers to RAB increased, in the period ended 30 September 2012 when compared to the same period of the last year, as a result of the 3rd tank of Sines LNG Terminal which was finished in May, 2012 (103 million euros) and the conclusion of electricity transmission networks.

Financial costs capitalized in fixed assets in progress in the period ended 30 September 2012 amounted to 10.363 million Euros (13.357 million Euros in 30 September 2011), while overhead and management costs amounted to 9.947 million Euros (11.199 million Euros in 30 September 2011).

The net book value of the assets acquired through finance lease contracts at 30 September 2012 and 31 December 2011 was as follows:

	30.09.2012	31.12.2011
Cost	4,313	6,590
Accumulated depreciation and amortization	(3,350)	(4,720)
Net book value	<u>964</u>	<u>1,870</u>

6 Deferred tax assets and liabilities

The effect of the changes in the deferred tax captions was as follows:

	30.09.2012	30.09.2011
Impact on the statement of profit and loss (Note 17)		
Deferred tax assets	(21,383)	(4,652)
Deferred tax liabilities	(10,000)	12,672
	<u>(31,383)</u>	<u>8,020</u>
Impact on equity		
Deferred tax assets	3,539	4,279
Deferred tax liabilities	-	462
	<u>3,539</u>	<u>4,741</u>
Net impact of deferred taxes	<u>(27,844)</u>	<u>12,761</u>

The changes in deferred tax, by nature, were as follows:

Change in deferred tax assets - September 2012

	Provisions	Pensions	Tariff deviations	Derivative financial instruments	Others	Total
At 1 January 2012	2,388	15,982	39,412	4,383	892	63,057
Increase/decrease through reserves	-	103	-	3,436	-	3,539
Reversal through profit and loss	(335)	(828)	(21,215)	(44)	(27)	(22,450)
Increase through profit and loss	822	245	-	-	-	1,067
Change in the period	487	(480)	(21,215)	3,392	(27)	(17,844)
At 30 September 2012	2,875	15,501	18,197	7,776	865	45,213

Change in deferred tax assets - September 2011

	Provisions	Loss carried forward	Pensions	Tariff deviations	Derivative financial instruments	Others	Total
At 1 January 2011	1,337	1,244	19,149	36,602	1,525	945	60,802
Increase/decrease through reserves	-	-	1,719	-	2,557	3	4,279
Reversal through profit and loss	-	-	(794)	(3,625)	(492)	(42)	(4,954)
Increase through profit and loss	-	-	301	-	-	-	301
Change in the period	-	-	1,226	(3,625)	2,065	(39)	(373)
At 30 September 2011	1,337	1,244	20,375	32,976	3,590	906	60,428

Deferred tax assets at 30 September 2012 correspond mostly to liabilities for benefit plans granted to employees and tariff deviations to be given back to tariffs in the following years.

Evolution of deferred tax liabilities - September 2012

	Tariff deviations	Revaluation	Total
At 1 January 2012	34,345	32,531	66,875
Increase through profit and loss	13,059	-	13,059
Reversal trough profit and loss	(1,465)	(1,594)	(3,059)
Change in the period	11,594	(1,594)	10,000
At 30 September 2012	45,939	30,937	76,875

Evolution of deferred tax liabilities - September 2011

	Tariff deviations	Revaluation	Derivative financial instruments	Total
At 1 January 2011	36,089	34,359	1,103	71,550
Increase/decrease through reserves	-	-	(462)	(462)
Increase through profit and loss	7,881	-	-	7,881
Reversal trough profit and loss	(18,093)	(1,819)	(642)	(20,554)
Change in the period	(10,212)	(1,819)	(1,103)	(13,135)
At 30 September 2011	25,877	32,539	-	58,416

Deferred tax liabilities relating to revaluations result from revaluations made in preceding years under current legislation. The effect of these deferred taxes reflects the non-tax deductibility of 40% of future depreciation of the revaluations (included in the deemed cost at the transition to IFRS).

The calculation of tax for the period was determined in accordance with Law 64-B/2011 of 31 December that introduced a State surcharge corresponding to the application of an additional 3% on taxable profit from 1.5 million Euros to 10 million Euros and 5% on taxable profit in excess of 10 million Euros. These rates apply to taxable profit for the two taxable periods starting on or after January 2012.

Consequently, the tax rate used to value the temporary taxable and deductible differences at 30 September 2012 was updated for each company included in the consolidation using the average rate considering the estimated future profit of each company recoverable in the next years.

7 Assets available for sale

The assets recognized in this caption at 30 September 2012 correspond to equity instruments held in strategic market entities in the Spanish electricity market, as follows:

	% owned	Entity	30.09.2012	31.12.2011
OMEL - Operador del Mercado Ibérico de Energía (Polo Español)	10.00%	REN, SGPS	3,167	3,167
Red Eléctrica de España, S.A.	1.00%	REN, SGPS	49,945	44,760
Enagás, S.A.	1.00%	REN, SGPS	36,656	34,125
Med Grid SAS	4.76%	REN, SGPS	200	-
Hidroeléctrica de Cahora Bassa	7.50%	REN, SGPS	38,400	-
			128,367	82,051

The changes in this caption were as follows:

	OMEL	Med Grid	HCB	REE	ENAGAS	Total
At 1 January 2011	1,033	-	-	47,651	35,617	84,301
Exclusion of OMIP group from consolidation perimeter	(1,033)	-	-	-	-	(1,033)
Acquisitions	3,167	-	-	-	-	3,167
Fair value adjustments	-	-	-	(2,891)	(1,493)	(4,383)
At 31 December 2011	3,167	-	-	44,760	34,125	82,051
At 1 January 2012	3,167	-	-	44,760	34,125	82,051
Acquisitions	-	200	38,400	-	-	38,600
Fair value adjustments	-	-	-	5,185	2,531	7,716
At 30 September 2012	3,167	200	38,400	49,945	36,656	128,367

The shareholdings of REN in REE and Enagás are recorded at fair value determined based on stock exchange closing quotations of financial participations at 30 September 2012.

Red Eléctrica de España (“REE”) is the Spanish entity responsible for managing the electricity network in Spain. REN, SGPS acquired a 1% participation in REE as part of an agreement between the Portuguese and Spanish Governments. REE is listed on the Madrid stock exchange and is included in the “IBEX 35” index and the investment was recorded at the statement of financial position date in accordance with the 30 September 2012 listed price.

ENAGÁS is the entity responsible for the transport and management of the natural gas system in Spain. REN, SGPS acquired a 1% participation in Enagás as part of a strategic partnership agreement. Enagás is listed on the Madrid stock exchange and is included in the “IBEX 35” index and the investment was recorded at the statement of financial position date at the 30 September 2012 listed price.

In May 2012, REN SGPS acquired 2,000 shares of MEDGRID, an international consortium which aims to develop a Mediterranean transmission network, with the objective of transmit renewable electricity produced in Africa to Europe.

On 3 July 2012, shares representing 7.5% of HCB's share capital were transferred to REN, following the fulfilment of the conditions laid down in the agreement, settled on 9 April 2012 with Parpública - Participações Públicas, SGPS, S.A. ("Parpública"), CEZA - Companhia Eléctrica do Zambeze, S.A. ("CEZA") and EDM - Electricidade de Moçambique, EP ("EDM") under which REN would purchase from Parpública 2.060.661.943 shares representing 7.5% of the share capital and voting rights of Hidroeléctrica de Cahora Bassa, S.A. ("HCB"), at a price of € 38,400,000.00 (thirty-eight million four hundred thousand Euros).

The investment of REN in MEDGRID, OMEL and HCB are recorded at cost since they are not quoted. No adjustment was made at 30 September 2012 as there are no indications of impairment.

The adjustments to fair value of available-for-sale financial assets are recognised in the equity caption "Fair value reserve":

Fair value adjustment	30.09.2012	31.12.2011
Change in fair value	7,716	(4,383)

8 Trade and other receivables

Trade and other receivables at 30 September 2012 and 31 December 2011 are made up as follows:

	30.09.2012			31.12.2011		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables (i)	181,723	155	181,878	198,448	155	198,603
Impairment of trade receivables	(822)	-	(822)	(822)	-	(822)
Trade receivables net	180,901	155	181,056	197,626	155	197,781
Tariff deviations	32,987	116,149	149,136	31,694	79,924	111,618
Adjustments to receivables	-	(5,296)	(5,296)	(2,650)	-	(2,650)
State and Other Public Entities	10,442	-	10,442	120	-	120
Trade and other receivables	224,329	111,008	335,338	226,791	80,079	306,870

- (i) The most significant amounts in trade receivables are the receivable from EDP - Distribuição de Energia, SA in the amount of 73.610 million Euros (85.717 million Euros at 31 December 2011) and Galp in the amount of 20.655 million Euros (19.701 million Euros at 31 December 2011).

The impairment loss for accounts receivable of 5.296 million Euros is the interest recorded on the tariff deficit not received in April 2008.

9 Derivative financial instruments

At 30 September 2012 and 31 December 2011 the REN Group had the following derivative financial instruments contracted:

	Notional	30 September 2012			
		Assets (Eur)		Liabilities (Eur)	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	350,000 TEUR	-	-	-	23,794
Interest rate swaps	75,000 TEUR	-	-	-	3,865
Interest rate and currency swaps	10,000,000 TJPY	-	23,361	-	-
		-	23,361	-	27,659
Negotiable derivatives		698	-	1,113	-
Derivative financial instruments		698	23,361	1,113	27,659

	Notional	31 December 2011			
		Assets (Eur)		Liabilities (Eur)	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	334,000 TEUR	-	-	640	3,585
Interest rate swaps	200,000 TEUR	-	-	-	10,654
Interest rate and currency swaps	10,000,000 TJPY	-	26,696	-	-
		-	26,696	640	14,239
Negotiable derivatives		1,144	-	1,095	-
Derivative financial instruments		1,144	26,696	1,735	14,239

Swaps:

Cash flow hedges:

The Group hedges part of the future payments of interest on borrowings and bonds issued through the designation of interest rate swaps in which it pays a fixed rate and receives a variable rate, with a notional value of 350 million Euros (334 million Euros in December 2011). During the first half of 2012 started the cash flows of two forward start interest rate swaps, with a notional value of 200 million Euros, earlier contracted in 2010. Also two hedges instruments, with a notional value of 184 million Euros, terminated in the first half of 2012.

The risk hedged is the indexer of the variable rate to which the loan interest coupons relate. The objective of the hedge is to transform the borrowings at variable interest rates into fixed interest rates, the credit risk not being covered. The fair value of the interest rate swaps at 30 September 2012 was 23.794 million Euros negative (4.225 million Euros negative at 31 December 2011).

The Group also has a forward start interest rate swap that will begin in late 2012 with the objective of hedging the risk of interest rate fluctuation on the Group's recurring debt. That instrument has a notional value of 75 million Euros, REN paying a fixed rate and receiving a variable rate. The risk hedged is the indexer of the variable rate which is related to loan interest coupons. The objective of the hedge is to transform the borrowings at a variable interest rate into a fixed interest rate, the credit risk not being covered. The fair value of the interest rate swaps at 30 September 2012 was 3.865 million Euros negative (10.654 million Euros negative at 31 December 2011).

In addition, REN is carrying out a hedge of its exposure to cash flow risk on its bond issue of 10.000 million JPY, resulting from exchange risk, through a cross currency swap the main features of which are equivalent to the loan. The same hedge instrument is used to hedge the fair value of the interest rate risk of the bond issue through the forward start component of the swap which will only start in June 2019. The variations in fair value of the hedging instrument are also being deferred in hedging reserves. As from June 2019 the objective will be to hedge exposure to JPY and the interest rate risk, transforming the operation into a fair value hedge, changes in fair value of the debt issued resulting from the risks covered becoming recorded in profit and loss. The credit risk is not hedged.

The amounts resulting from the hedging instrument are recorded in the statement of profit and loss when the hedged transaction affects results for the year.

The fair value of the cross currency swap at 30 September 2012 was 23.361 million Euros positive (26.696 million Euros positive at 31 December 2011).

The underlying (loan) exchange variation in September 2012, in the amount of approximately 169 thousand Euros, was offset by a similar variation in the hedging instrument in the statement of profit and loss for the year.

The amount recorded in reserves relating to the above mentioned cash flow hedges was 23.178 million Euros (10.503 million Euros at 31 December 2011).

The changes in this caption were as follows:

	Fair value	Deferred taxes impact	Hedging reserves
1 January 2011	(1,607)	466	(1,142)
Changes in fair value	(13,186)	3,824	(9,362)
31 December 2011	(14,793)	4,290	(10,503)
1 January 2012	(14,793)	4,290	(10,503)
Changes in fair value	(16,111)	3,436	(12,675)
30 September 2012	(30,905)	7,726	(23,178)

Fair value hedge

In February 2009 the Group contracted an interest rate swap to hedge the fair value of an issue of 300 million Euros. The hedge was discontinued in November 2009, and on this date the hedged instrument had a fair value adjustment resulting from the hedge of 677 thousand Euros. This amount will be amortized to profit and loss, in accordance with the effective interest rate method during the maturity period of the hedged instrument.

Futures:

REN - Redes Energéticas Nacionais, SGPS, S.A., through its subsidiary REN Trading, S.A. has carried out some financial operations in the futures energy market, coal and CO₂ emission licences, through contracts standardized by International Swaps and Derivatives Association Inc. (“ISDA”) and through participation in futures trading exchanges.

REN SGPS and REN Trading signed an agreement under which REN Trading manages these derivative financial contracts on behalf of REN SGPS, thus ensuring clear and transparent separation between these businesses, always on a previously defined basis, continuously monitored with low exposure to risk.

This contracting of financial derivatives in the futures market does not require any physical settlement of the underlying assets, being an activity of a purely financial nature and the mere financial management of assets, not to be confused with the regulated activity of the Commercial Agent.

The fair value of the futures energy contracts and CO2 licences at 30 September 2012 and 31 December 2011 was as follows:

	Current assets	Current liabilities
Financial contracts in the energy market for 2012	212	-
Financial contracts in the energy market for 2013	486	-
CO2 licences	-	1,113
Fair vale at 30 September 2012	<u>698</u>	<u>1,113</u>

	Current assets	Current liabilities
Financial contracts in the energy market for 2012	570	-
Financial contracts in the energy market for 2013	392	-
CO2 licences	-	1,095
Carbon financial contracts for 2012	182	-
Fair vale at 31 December 2011	<u>1,144</u>	<u>1,095</u>

10 Cash and cash equivalents

The caption “Cash and cash equivalents” at 30 September 2012 and 31 December 2011 was made as follows:

	30.09.2012	31.12.2011
Cash	24	-
Bank deposits	131,338	69,407
Cash and cash equivalents	<u>131,362</u>	<u>69,407</u>

The amounts considered as cash and cash equivalents in the consolidated statements of cash flows for the years ended 30 September 2012 and 31 December 2011 are made up as follows:

	30.09.2012	31.12.2011
Cash	24	-
Bank overdrafts (Note 13)	(14,994)	(1,049)
Bank deposits	131,338	69,407
Cash and cash equivalents	<u>116,368</u>	<u>68,358</u>

11 Capital

REN's subscribed and paid up share capital at 30 September 2012 was made up of 534,000,000 shares of 1 euro each.

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

At 30 September 2012 REN SGPS had the following own shares:

	Number of shares	Proportion	Amount
Own shares	3,881,374	0.7268%	(10,728)

No own shares were acquired or sold in the three month period ended 30 September 2012 and in the year ended 31 December 2011.

In accordance with the Commercial Company Code (*Código das Sociedades Comerciais*) REN SGPS must at all times ensure that there are sufficient Equity Reserves to cover the value of own shares, limiting the amount of reserves available for distribution.

12 Other reserves

The legal reserve has not yet reached the full amount required in accordance with the Commercial Company Code (20% of capital), and so a minimum of 5% of net profit must be transferred to that reserve. The reserve can only be used to cover losses or to increase capital.

13 Borrowings

The segregation of borrowings between current and non-current and by nature, at 30 September 2012 and 31 December 2011 was as follows:

	30.09.2012			31.12.2011		
	Current	Non-current	Total	Current	Non-current	Total
Commercial Paper	250,000	170,500	420,500	-	555,000	555,000
Bonds	-	1,483,329	1,483,329	-	1,100,123	1,100,123
Bank Borrowings	46,709	654,671	701,381	41,173	698,208	739,381
Bank overdrafts (note 10)	14,994	-	14,994	1,049	-	1,049
Finance Lease	720	314	1,033	1,088	702	1,790
	<u>312,423</u>	<u>2,308,814</u>	<u>2,621,237</u>	<u>43,310</u>	<u>2,354,032</u>	<u>2,397,342</u>
Accrued interest	73,815	-	73,815	14,831	-	14,831
Prepaid interest	(15,647)	-	(15,647)	(4,554)	-	(4,554)
Borrowings	<u>370,590</u>	<u>2,308,814</u>	<u>2,679,404</u>	<u>53,587</u>	<u>2,354,032</u>	<u>2,407,619</u>

In the first quarter of the year the Group issued two bonds of 63.5 million Euros and 20 million Euros, which mature in March 2015. In September 2012, REN made the first public bond subscription offer of 300 million euros maturing in September 2016.

REN is subscriber of ten active commercial paper programs amounting to 1,220 million Euros (1,200 million Euros at 31 December 2011), having used 420.5 million Euros in 30 September 2012 (555 million Euros at 31 December 2011). The inflows resulting of the bonds mentioned above lead to a decrease of the amount used in commercial paper.

The REN Group's financial liabilities have the following main types of covenant: Cross default, *Pari Passu*, Negative Pledge, Gearing (ratio of total consolidated equity to the amount of the Group's total conceded assets). The borrowings from EIB - European Investment Bank include covenants relating to change in shareholder control and covenants relating to rating: (i) in the event of change in shareholder control, if EIB makes a negative assessment of its credit position motivated by the new shareholder Group, it can be required to provide a guarantee acceptable to EIB; (ii) in the event of ratings below the levels specified, the Group can also be called to provide a guarantee acceptable to EIB.

14 Liability for retirement benefits and others

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 gas sector companies also grant their employees life insurance plans. There were no changes in relation to 31 December 2011 in the benefits granted to the employees.

At 30 September 2012 and 31 December 2011 the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	30.09.2012	31.12.2011
<u>Liability on the balance sheet</u>		
Pension plan	23,164	25,416
Medical assistance plan and others	30,171	29,586
Life insurance plan	119	108
	<u>53,454</u>	<u>55,110</u>

The amount recognized in personnel costs was as follows:

	30.09.2012	30.09.2011
<u>Expenses on the statement of profit and loss (Note 19)</u>		
Pension plan	1,300	1,622
Medical assistance plan and others	755	775
Life insurance plan	11	10
	<u>2,066</u>	<u>2,407</u>

The amounts reported as of 30 September 2012 result from the projection of the actuarial valuation as of 31 December 2011 for the nine month period ended 30 September 2012, considering the estimated increase in salaries for 2012.

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

Annual discount rate	5.00%
Expected percentage of serving employees eligible for early retirement (more than 60 years of age)	10.00%
Expected percentage of serving employees eligible for early retirement (between 55 and 59 years of age)	5.00%
Annual salary growth rate	2.80%
Annual pension growth rate	2.00%
Annual growth rate of social security pensions	2.00%
Inflation rate	2.00%
Annual growth rate of health costs	4.00%
Management costs (per employee/year)	200 €
Growth rate of the management costs	2.20%
Rate of return on assets	5.80%
Mortality table	TV 88/90

15 Provisions

The changes in provisions were as follows:

	30.09.2012	31.12.2011
Beginning balance	32,314	17,081
Increases	-	15,324
Utilization (i)	(27,883)	(91)
Ending balance	4,432	32,314
Current provision	64	27,794
Non-current provision	4,368	4,520
	4,432	32,314

The caption “Provisions” at 30 September 2012 corresponds essentially to the estimate of the payments to be made by REN resulting from legal processes in progress for damage caused to third parties.

The utilization of provisions at 30 September 2012 refers essentially to the payment on January 2012 of 27.837 million Euros relating to the amount claimed plus interest accrued up to the date of payment, on the Amorim Energia B.V. legal process, which led to a reversal of the existing provision of 27.73 million Euros, and also the utilization of a 153 thousand Euros provision for a legal process.

(i) Expense related with Amorim indemnity payment and income related to the use of the provision are not visible in the consolidated statement of profit and loss published since they were offset, in accordance to accounting standards, in order to not increase expenses and income.

16 Trade and other payables

The caption “Trade and other payables” at 30 September 2012 and 31 December 2011 was made up as follows:

	30.09.2012			31.12.2011		
	Current	Non current	Total	Current	Non current	Total
Trade payables						
Current suppliers	134,276	-	134,276	174,525	-	174,525
Other creditors						
Other creditors	48,085	2,349	50,434	44,513	13,689	58,203
Tariff deviations	20,323	40,860	61,183	102,312	26,842	129,154
Fixed assets suppliers	62,044	-	62,044	117,111	-	117,111
Tax payables (i)	22,230	-	22,230	12,355	-	12,355
Deferred income						
Grants related to assets	21,317	328,416	349,733	20,766	340,964	361,730
Accrued costs						
Holidays and holidays subsidies	6,105	-	6,105	4,747	-	4,747
Trade and other payables	314,380	371,625	686,005	476,328	381,495	857,823

(i) The balance of State and other public entities corresponds to VAT, personal income tax and other taxes.

17 Income tax

Income tax for the nine month period ended 30 September 2012 and 30 September 2011 includes current and deferred tax as follows:

	30.09.2012	30.09.2011
Current income tax	16,910	50,739
Adjustments of income tax from previous year	(5,384)	5,524
Deferred income tax (Note 6)	31,384	(8,020)
Income tax	42,909	48,243

The tax adjustment from previous years for the nine month period ended 30 September 2012 refers mainly to the utilization only in 2012 of the income tax related to the payment in 2012 of Amorim Energia B.V. legal process whose provision was not subject to deferred tax assets in prior years.

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

	30.09.2012	30.09.2011
Consolidated profit before income tax	141,258	143,827
Permanent differences		
Non deductible costs	1,621	3,330
Non taxable income	(1,254)	(486)
Timing differences		
Tariff deviations	(105,488)	22,712
Provisions	1,493	-
Revaluations	5,443	6,269
Pension, medical assistance and life insurance plans	(2,012)	1,339
Fair value of financial instruments	(125)	516
Others	(136)	(137)
Taxable income	40,800	177,370
Tax rate - 25%	10,200	44,342
State surcharge tax- taxable income above 1.5 million	4,617	4,238
Municipal surcharge-1.5%	1,722	1,873
Autonomous taxation	371	285
Current income tax	16,910	50,739
Deferred income tax	29,233	(8,020)
Effect of state surcharge tax updating on deferred tax assets and liabilities	2,150	-
Deferred income tax	31,384	(8,020)
Adjustments of estimated tax in previous years	(5,384)	5,524
Income tax	42,909	48,243
Effective tax rate	30.38%	33.54%

The tax rate used to determine the amount of tax in the consolidated financial statements for the nine month period ended 30 September 2012 was updated in accordance with Law 64-B/2011 of 31 December, that introduced a State surcharge corresponding to the application of an additional 3% on taxable profit from 1.5 million Euros to 10 million Euros and 5% on taxable profit in excess of 10 million Euros.

The caption “Income tax” payable and recoverable at 30 September 2012 and 31 December 2011 is made up as follows:

	30.09.2012	31.12.2011
<u>Income tax:</u>		
Corporate income tax - estimated tax	(13,777)	(56,086)
Corporate income tax - payments on account	30,055	68,304
Income tax withheld by third parties	1,214	1,798
Income tax receivable from the previous year	345	-
Income tax receivable	<u>17,837</u>	<u>14,015</u>
Corporate income tax - estimated tax	3,133	3,696
Corporate income tax - payments on account	(1,894)	(3,144)
Income tax withheld by third parties	-	(32)
Income tax payable	<u>1,239</u>	<u>520</u>

18 Supplies and services

The caption supplies and services for the nine month periods ended 30 September 2012 and 2011 is made up as follows:

	30.09.2012	30.09.2011
Gas transport subcontracts	1,790	2,334
Maintenance costs	6,397	9,694
Fees relating to external entities ii)	7,698	5,927
Cross border interconnection costs iii)	4,039	2,419
Electric energy costs	4,294	3,664
Insurance costs	2,088	2,203
Reserve capacity costs i)	1,017	979
Publicity costs	1,552	1,361
Security and surveillance	1,470	1,459
Other (less than 1,000 thousand Euros)	4,836	4,890
External supplies and services	<u>35,182</u>	<u>34,928</u>

i) Excess capacity costs correspond to costs incurred by REN relating to production available required from producers, to maintain the system operational at all times. These costs are recorded in the overall management of the REN S.A. system in accordance with the regulatory model currently in force.

ii) The fees paid to external entities refer to specialized work and fees paid by REN for contracted services and specialized studies.

iii) The cross border interconnection costs refer to the cost assumed on cross-border trade in electricity. The increase at the period ended September 2012, when compared with the same period of last year reflects the growth of the flows of electricity imported (also known as transit).

19 Personnel costs

Personnel costs are made up as follows:

	30.09.2012	30.09.2011
Remuneration		
Board of directors	1,224	1,136
Personnel	24,454	24,770
	<u>25,677</u>	<u>25,906</u>
Social charges		
Post-employment and other benefits cost (Note 14)	2,066	2,407
Charges on remuneration	5,857	5,827
Social support costs	225	334
Other	1,468	1,943
	<u>9,615</u>	<u>10,511</u>
Total personnel costs	<u>35,293</u>	<u>36,417</u>

20 Earnings per share

Earnings per share attributable to the equity holders of the Group were calculated as follows:

		30.09.2012	30.09.2011
Consolidated net profit used to calculate earnings per share	(1)	98,349	95,572
Number of ordinary shares outstanding during the period (note 11)	(2)	534,000,000	534,000,000
Effect of own shares (note 11) (average number of shares)		<u>3,881,374</u>	<u>3,881,374</u>
Number of shares in the period	(3)	<u>530,118,626</u>	<u>530,118,626</u>
Basic earnings per share (euro per share)	(1)/(3)	0.19	0.18

21 Dividends per share

On 27 March 2012, the Shareholders General Meeting approved the dividend distribution to shareholders over the net profit for the year 2011 in the amount of 90.246 million Euros (0.169 Euros per share). The dividend attributable to own shares amounted to 656 thousand Euros and the shareholders have at their disposal the amount of 89.59 million Euros.

22 Guarantees given

At 30 September 2012 and 31 December 2011 the REN Group had given the following bank guarantees:

Beneficiary	Purpose	Beginning	30.09.2012	31.12.2011
European Community	To comply with the contractual requirements of the loan contract	05/12/2007	3	3
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	04/08/2006	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	15/02/2007	190	190
Direcção Geral de Geologia e Energia	Concession of the gas transport operations	25/09/2006	20,000	20,000
Municipal Council of Seixal	To guarantee processes in progress	02/11/2006	3,853	3,853
European Investment Bank	To guarantee loans	26/06/2006	361,840	399,497
Tábua Municipal Court	Expropriation of plots of land	07/12/2007	171	171
Vila Pouca de Aguiar Municipal Court	Expropriation of plots of land	18/04/2007	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.)	19/04/2011	1,000	1,000
EP - Estradas de Portugal - Delegação Regional do Porto	Installation of gas infrastructures by drilling - Natural Gas Transport Network Leça Industrial branch	15-07-2009	5	5
Mogadouro Municipal Court	To guarantee coverage of the cost of acquiring land to expand the Mogadouro substation	30-07-2009	18	18
EP - Estradas de Portugal - Delegação Regional de Santarém	Natural Gas Transport Network - CCC pego - connection to the Thermoelectric plant of Tejo	25-08-2009	5	5
Tavira Municipal Court	Energia (Pego). Crossing over EN 118 - Km 142.295	24-09-2009	163	163
NORSCUT - Concessionária de Auto-estradas, SA	To guarantee expropriation of 38 plots of land in the parish of Cachopo, municipality of Tavira to build the Tavira substation	08-01-2010	200	200
EUROSCUT NORTE - Sociedade Concessionária da SCUT do Norte Litoral, S.A.	To guarantee prompt payment of liabilities assumed by REN in the contract ceding utilization	25-01-2010	250	250
Director of DAGEF from Municipal Council of Seixal	Ensure compliance with the obligations assumed resulting from the contract relating to the installation of a gas pipeline in the concede area of EUROSCUT NORTE.	21-12-2010	616	616
Direcção Geral de Geologia e Energia	To guarantee settlement of executing debt nº 3500/2010 a aps.-nº 35800/2010, 35801/2010, 35802/2010 and 35803/2010	19-10-2010	500	500
Santa Maria da Feira Municipal Court	To guarantee compliance with the obligations assumed resulting from the contract relating to the public service concession of the pilot area identified in Decree Laws 5/2008, of 8 January, and utilization	14/01/2011	590	590
Valongo Municipal Court	Expropriation of 35 plots of land - Louredo e Romariz, Concelho de Sta Maria da Feira to build substation	15/02/2011	125	125
EP - Estradas de Portugal	To guarantee coverage of the cost of acquiring land to construct valongo Post	25/08/2011	5	5
EP - Estradas de Portugal	To guarantee compliance with the obligations assumed resulting from the contract relating to the construction of a pipeline on Mangualde/Celorico/Guarda- EN 330	25/08/2011	5	5
EP - Estradas de Portugal	To guarantee compliance with the obligations assumed resulting from the contract relating to the construction of a pipeline on Mangualde/Celorico/Guarda- EN 221	25/08/2011	5	5
EP - Estradas de Portugal	To guarantee compliance with the obligations assumed resulting from the contract relating to the construction of a pipeline on Mangualde/Celorico/Guarda- EN 234	25/08/2011	5	5
EP - Estradas de Portugal	To guarantee compliance with the obligations assumed resulting from the contract relating to the construction of a pipeline on Mangualde/Celorico/Guarda- EN 232	25/08/2011	5	5
EP - Estradas de Portugal	Related to the following work: connecting the Valongo Post - SE Ermesinde to 220kV - double-circuit underground cable (208Km EN 12 770 + 13 to + 280 km	02/09/2011	37	37
EP - Estradas de Portugal	Opening dike	29/06/2012	12	-
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings No. 3107201001038699	27/07/2012	193	-
			396,216	433,668

The guarantee given to European Investment Bank refers to the transfer to REN of the loans of the gas companies under the unbundling process.

23 Transactions with related parties

At 30 September 2012 the REN Group was listed in Euronext - Lisbon stock exchange, having as reference shareholders with recorded transactions, the following entities: the EDP Group and Caixa Geral de Depósitos, only in 2011, since in 2012 this entity is no longer REN shareholder.

The related parties with transactions in 2011 and 2012 were as follows:

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.
- Portgás, S.A.
- EDP Gás.Com, S.A.
- EDP Gás, SGPS, S.A.
- O&M Serviços, S.A.
- Sãvida, S.A.
- Labelec, S.A.

CGD Group:

- Caixa Geral de Depósitos, S.A.
- Caixa BI
- Caixa Leasing e Factoring, S.A.

Other:

- Red Eléctrica Corporación, S.A.
- Enagás, S.A.
- OMEL - Operador del Mercado Ibérico de Energia
- Gestmin, SGPS, S.A.
- EGF - Gestão e Consultoria Financeira, S.A.
- Oliren, SGPS, S.A.
- Parpública - Participações Públicas, SGPS, S.A.
- State Grid International Development Limited
- Oman Oil Company S.A.O.C.

During the nine month period ended 30 September 2012 and 2011 the REN Group carried out the following transactions with these related parties:

23.1 Income

	30.09.2012	30.09.2011
Invoicing issued	958,707	1,078,655
Financial income		
Interest on financial applications-CGD	-	1,213
Dividends received		
REE	2,995	2,538
Enagás	2,371	2,001
OMEL	157	-
	<u>964,230</u>	<u>1,084,407</u>

The amounts shown as invoicing issued relate to the overall management of the electricity system tariff (UGS) and electricity transmission tariff (TEE) that includes the same pass through amounts reversed in the consolidated statement of profit and loss.

23.2 Costs

	30.09.2012	30.09.2011
Invoicing received	374,252	512,926
Financial costs		
Interests on Commercial paper - CGD	-	910
Borrowings fees - CGD	-	122
	<u>374,252</u>	<u>513,958</u>

The amounts shown as invoicing received relate to the intermediation role of REN in the purchase and sale of electricity, the income and costs of which are reversed in the statement of profit and loss, since they are pass through amounts in the income recognition.

23.3 Balances with related parties

The balances at 30 September 2012 and 31 December 2011 resulting from transactions with related parties were as follows:

	<u>30.09.2012</u>	<u>31.12.2011</u>
<u>Trade and other receivables</u>		
EDP - Trade receivables	94,049	89,984
EDP - Other receivables	1,461	1,471
<u>Cash and cash equivalents</u>		
CGD - Treasury investments	-	26,000
CGD - Bank deposits	-	701
	<u>95,510</u>	<u>118,156</u>
<u>Trade and other payables</u>		
EDP - Trade payables	1,847	9,979
EDP - Other payables	74	268
<u>Borrowings</u>		
CGD - Borrowings (Commercial paper)	-	5,000
CGD - Finance lease	-	406
	<u>1,921</u>	<u>15,653</u>

23.4 Management remuneration

The Board of Directors of REN, SGPS was considered in accordance with IAS 24 to be the only key entity in the management of the Group.

Remuneration of the Board of Directors of REN, SGPS for the nine month period ended 30 September 2012 amounted to 1,224 thousand Euros (1,136 thousand Euros in 30 September 2011), as shown in the following table:

	<u>30.09.2012</u>	<u>30.09.2011</u>
Remuneration and other short term benefits	1,224	1,136

The amounts indicated refer only to fixed remuneration and meal allowance, as the Board of Directors does not receive any other income listed in paragraph 17 of IAS 24.

23.5 Acquisition of bonds by members of the Board of Directors

In 8 May 2012, the President of the Board of Directors, Dr. Rui Cartaxo, acquired REN bonds in the amount of 53,399 Euros.

24 Investment in associates

Under the process to create the Sole Operator of the Iberian Electricity Market (OMI) and in conformity with the what was established in the Agreement between the Republic of Portugal and the Kingdom of Spain regarding the foundation of an electric energy Iberian market, in 2011 REN sold, 55% of the capital of OMIP, Operador do Mercado Ibérico (Portugal), SGPS, S.A., becoming holder of 35% of the capital of the company, the participation is recorded at fair value determined on the date of the transaction, which amounts to 8.717 million Euros plus the proportion of the results of these entities in 2012 (equity method) of 672 thousand Euros.

25 Revenue and Costs of Construction - Concession assets

As of the nine month period ended 30 September 2012 and 2011, the captions “Revenue from construction of concession assets” and “Cost of construction of concession assets” were made up as follows:

	30.09.2012	30.09.2011
<u>Revenue from construction of concession assets</u>		
- acquisitions	<u>124,437</u>	<u>228,811</u>
<u>Cost of construction of concession assets</u>		
- acquisitions	124,437	228,811
- own work capitalised :		
Financial expenses	(10,363)	(13,357)
Overhead and management costs	<u>(9,947)</u>	<u>(11,199)</u>
	<u>104,126</u>	<u>204,255</u>

The revenue and the expenditure with the acquisition of concession assets have equal amounts since REN Group has no margin in the construction of assets assigned to concessions.

26 Other matters

In the General Shareholders meeting held on 27 March 2012 a resolution was approved that, although maintaining the three civil years term of office, ends the current term of office establishing the year 2012 as the reference year for the beginning of the next term of office of the corporate bodies.

Further to the amendment, the following members of the corporate bodies of REN for the three-year term from 2012 to 2014 were elected:

Board of Directors:

- Rui Manuel Janes Cartaxo - Chairman;
- João Caetano Carreira Faria Conceição;
- Gonçalo Morais Soares;
- State Grid International Development Limited (represented by Guangchao Zhu) - Vice-Chairman;
- Mengrong Cheng;
- Haibin Wan;
- Hilal Ali Saif Al-Kharusi;
- Parública - Participações Públicas (SGPS), S.A.;
- EGF - Gestão e Consultoria Financeira, S.A.;
- Gestmin, SGPS, S.A.;
- Red Eléctrica Corporación, S.A.;
- Luís Palha da Silva;
- José Luis Alvim Marinho;
- José Frederico Vieira Jordão;
- Emílio Rui Vilar.

Audit Committee:

- José Luis Alvim Marinho - Chairman;
- José Frederico Vieira Jordão;
- Emílio Rui Vilar.

Statutory Auditor:

- Effective Statutory Auditor - Deloitte & Associados, SROC S.A., represented by Jorge Carlos Batalha Duarte Catulo;
- Substitute Statutory Auditor - Carlos Luis Oliveira de Melo Loureiro.

Board of the General Meeting:

- Pedro Canastra de Azevedo de Maia - Chairman;
- Duarte Vieira de Vasconcelos - Vice-Chairman.

Parpública - Participações Públicas (SGPS), S.A., EGF - Gestão e Consultoria Financeira, S.A. Gestmin, SGPS, S.A. and Red Eléctrica Corporación, S.A., respectively, appointed the following individuals to act as directors of REN on their own behalf and during the three-year period 2012/2014:

- Aníbal Durães dos Santos (appointed by Parpública - Participações Públicas (SGPS), S.A.);
- Luis Guedes da Cruz Almeida (appointed by EGF - Gestão e Consultoria Financeira, S.A.);
- José Manuel Félix Morgado (appointed by Gestmin, SGPS, S.A.);
- José Folgado Blanco (appointed by Red Eléctrica Corporación, S.A.).

On the same day occurred the first meeting of the new Board of Directors where the following directors were appointed to the Company's Executive Committee:

- Rui Manuel Janes Cartaxo - President;
- Gonçalo Morais Soares;
- João Caetano Carreira Faria Conceição.

Mr. Emílio Rui Vilar and Mr. Luís Palha da Silva had declared their intention to accept their respective appointment only after the completion of the 2nd phase of REN reprivatization. As consequence of the conclusion of the reprivatization phase, Emílio Rui Vilar accepted to be member of the Board of directors, while Luís Palha da Silva presented his resignation. In 22 June 2012, following the resignation of Luis Palha da Silva, the Board of Directors of REN decided, to appoint by co-optation José Luis Arnaut to act as non-executive member of said corporate body for the current term of office, 2012-2014.

On 25 May 2012, after the entry into force of the Strategic Partnership Agreement between REN and State Grid International Development Limited on 22 February 2012, the members of the Board of Directors State Grid International Development Limited (represented by Guangchao Zhu), Mengrong Cheng and Haibin Wan, elected at the General Shareholders Meeting of 27 March 2012, came into office.

Also on 25 May 2012, following the entry into force of the Strategic Partnership Agreement entered into between REN and Oman Oil Company SAOC on February 22, 2012, the member of the Board of Directors Hilal al Kharusi elected at the General Shareholders Meeting of 27 March 2012, also came into office.

Luis Guedes da Cruz Almeida, a member of the Board of Directors of REN appointed by EGF - Gestão e Consultoria Financeira, S.A. (EGF) to act in his own name, informed the Chairman of the Board of Directors of REN, on 14 June 2012, of his resignation to the function.

Subsequently, EGF informed REN, on 15 June 2012, of its decision to appoint Filipe Maurício de Botton as member of the Board of Directors of REN appointed by EGF, who shall act in his own name.

On 3 July 2012, José Manuel Félix Morgado, a member of the Board of Directors of REN appointed by Gestmin SGPS, S.A. (“Gestmin”) to act in his own name, informed the Chairman of the Board of Directors of REN of his resignation to said function.

Subsequently, Gestmin informed REN, on 17 July 2012, of its decision to appoint Manuel Carlos de Melo Champalimaud as member of the Board of Directors of REN appointed by Gestmin, who shall act in his own name.

27 Subsequent events

Loan approval of 800,000,000 euros by China Development Bank Corporation

China Development Bank Corporation approved the terms of a loan to be provided to REN in an amount of €800,000,000.00.

The loan consists of two tranches: (i) one to refinance REN’s financial indebtedness, in an amount of €400,000,000.00, with a maturity of 8 years as of the first utilization date and a spread of 4.7% per annum over the 6 month Euribor; and (ii) another for the purposes of financing electricity and natural gas infra-structures projects, in an amount of €400,000,000.00, with a maturity of 12 years as of the first utilization date and a spread of 4.9% per annum over the 6 month Euribor.

Both tranches will be senior debt of the Company.

This loan is part of the commitments set out in the strategic partnership established between REN and State Grid International Development Ltd, as announced on February 22nd, 2012.

28 Explanation added for translation

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with IAS 34 - Interim Financial Reporting. In the event of discrepancies, the Portuguese language version prevails.

The Accountant

Maria Teresa Martins

The Board of Directors

Rui Manuel Janes Cartaxo
(President of the Board of Directors and of the Executive Committee)

Aníbal Durães dos Santos
(Member of the Board of Directors designated by Parpública - Participações Públicas (SGPS), S.A.)

João Caetano Carreira Faria Conceição
(Member of the Board of Directors and of the Executive Committee)

Filipe Maurício de Botton
(Member of the Board of Directors designated by EGF - Gestão e Consultoria Financeira, S.A.)

Gonçalo Morais Soares
(Member of the Board of Directors and of the Executive Committee)

Manuel Carlos Mello Champalimaud
(Member of the Board of Directors designated by Gestmin, SGPS, S.A.)

Guangchao Zhu
(Vice-President of the Board of Directors representing State Grid International Development Limited)

José Luís Folgado Blanco
(Member of the Board of Directors designated by Red Eléctrica Corporación, S.A.)

Mengrong Cheng
(Member of the Board of Directors)

José Luis Arnaut
(Member of the Board of Directors)

Haibin Wan
(Member of the Board of Directors)

José Luís Alvim Marinho
(Member of the Board of Directors and President of the Audit Committee)

Hilal Ali Saif Al-Kharusi
(Member of the Board of Directors)

José Frederico Vieira Jordão
(Member of the Board of Directors and of the Audit Committee)

Emílio Rui Vilar
(Member of the Board of Directors and of the Audit Committee)

Note – The remaining pages were initialed by the Company Secretary, Pedro Cabral Nunes and the Accountant, Maria Teresa Martins.