



Annual Report and Accounts

2010

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0. Sequence Reason

This Report contains information relating to OMIP¹ and OMIClear², as OMIP is the sole shareholder of OMIClear.

1. Chairman's Statement

The year 2010 marks an important turning point for OMIP as MIBEL's Derivatives Market Operator. While continuing to strongly develop its business as market operator it simultaneously carried out a deep overhaul of its main trading and clearing electronic tools. It also prepared for a new era of company management, not only in the future context of the companies that constitute the Iberian Market Operator – OMI, but also because, on 31st December 2010, financial support, until then given by Portuguese electricity consumers, ceased.

Concerning the electricity market, and in terms of the 2010 annual balance sheet, the 60% increase in continuous traded volume, compared to 2009, should be highlighted, reaching an annual value of 25.2 TWh. The clearing volume hit 55.3 TWh, with registration of bilateral operations increasing 48% compared to the previous year. This evolution results in part from the fact that three Market Makers were maintained to execute supply operations: EGL España, Deutsche Bank and Citigroup. At the end of 2010, there were 44 Members, from all around Europe, varying from the largest energy sector companies to smaller regional companies.

Regarding the natural gas market, OMIP widened its business, developing and assisting the management of a platform which aids the Retailer Alteration Process Manager.

Within the field of developing new tools, the fact that a new trading platform – GlobalVision Exchange Trading System is now operating, since mid 2010, which covers all trading activities and, also, the registration of bilateral trading, should be highlighted. A new platform was created for clearing – MiClear, which covers all registration, clearing, settlement and risk management activities for derivatives trades.

In terms of the constitution of OMI, the great mission, in which OMIP continued to invest, in 2010, was the integration of the two operations divisions of the Iberian electricity market. In this context, OMIP is now held 100% by OMIP – Iberian Market Operator (Portugal), SGPS, S.A. (OMIP SGPS), the company to which it transferred the 10% stake it held in OMEL, therefore initiating the materialization of the corporate scheme defined by the two countries in the Braga Agreement of 18th January 2008. In parallel, working group meetings began between the two operators to identify synergies that OMIP and OMEL can investigate together.

To conclude I would like to say that while we will focus on the evolution of the Iberian and European electricity and natural gas markets, we will continue with a policy of increasing corporate efficiency under a new context of financing activities and gathering synergies within the heart of OMI.

Lisbon, 28th February 2011

José Carvalho Netto

Chairman of the Board of Directors

¹ OMIP – Operador do Mercado Ibérico de Energia (Pólo Português, Sociedade Gestora de Mercado Regulamentado, S.A.). Iberian Energy Market Operator (Portuguese Division, Regulated Market Management Company)

² OMIClear - Sociedade de Compensação de Mercados de Energia, S.G.C.C.C.C., S.A.. – Energy Market Clearing Company

2. The Year 2010

2.1. Background

The Iberian Electricity Market (MIBEL), joint initiative of the Portuguese and Spanish governments, with a view to building a coherent regional market and facilitator to another wider market: the Internal Energy Market.

Both governments nominated OMIP as the derivatives market managing entity, in parallel to OMEL³, to which was assigned the role of spot and intraday market managing entity.

It is in this role that OMIP, constituted in June 2003, ensures the management of the MIBEL Derivatives Market, together with OMIClear, constituted in April 2004 and owned 100% by OMIP, which carries out the functions of the Clearing House, with the role of Central Counterparty, and the Settlement System of Market executed operations.

OMIP, the activity of which began on 3rd July 2006, is governed by Portuguese legislation. In this context it is acknowledged as the managing entity of a regulated market registered at the CMVM – Securities Market Commission. This also falls upon OMIClear, which is also recognised as the managing entity of the clearing house with the role of central counterpart and settlement system.

Under the terms of the International Agreement that created MIBEL⁴, its supervision is under the responsibility of a Board of Regulators composed of financial sector (CMVM⁵ and CNMV⁶) and electricity sector (ERSE⁷ and CNE⁸) regulators.

2.2. Organisation

OMIP's fundamental mission is to manage the MIBEL Derivatives Market. In turn OMIClear's primary mission is to assure the delivery of the trades registered with it.

The organisational structure was designed to optimise the resources attributed to each company, maximising their efficiency. Focussing on the core activities of each of the companies- trading for OMIP and clearing for OMIClear – the structure consists of a set of shared activities that both create and support business opportunities, as shown in

³ OMEL – Operador del Mercado Ibérico de Energía - Polo Español, S.A.. Iberian Energy Market Operator – Spanish Division.

⁴ Treaty between the Portuguese Republic and the Spanish Kingdom relating to the constitution of an Iberian Electrical Energy Market, signed in Santiago de Compostela on 1st October 2004, approved by the Republican Assembly Resolution n.º 23/2006, of 19th January and ratified by Republican President Decree n.º 29/2006, of 5th March, published in Diário da República, 1st series-A, n.º 59, of 23rd March 2006. This was changed by the Agreement that Revises the Agreement between the Portuguese Republic and the Spanish Kingdom relative to the Constitution of an Iberian Electrical Energy Market, signed in Braga on 18th January 2008, approved by Republican Assembly Resolution n.º 17/2009, of 16th January and ratified by Republican President Decree n.º 21/2009, of 11th March, published in the Diário da República, 1st series, n.º 53, of 23rd March 2009.

⁵ CMVM - Comissão do Mercado de Valores Mobiliários. Portuguese Securities Market Commission.

⁶ Comisión Nacional del Mercado de Valores. Spanish Securities Market Commission.

⁷ Entidade Reguladora dos Serviços Energéticos. Portuguese Energy Services Regulator.

⁸ Comisión Nacional de Energía. Spanish National Energy Commission

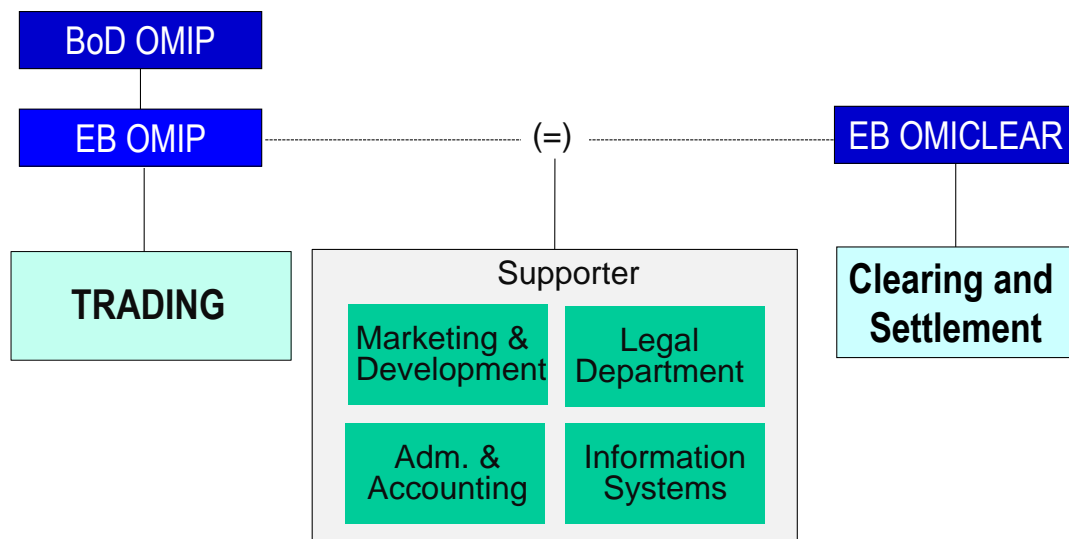
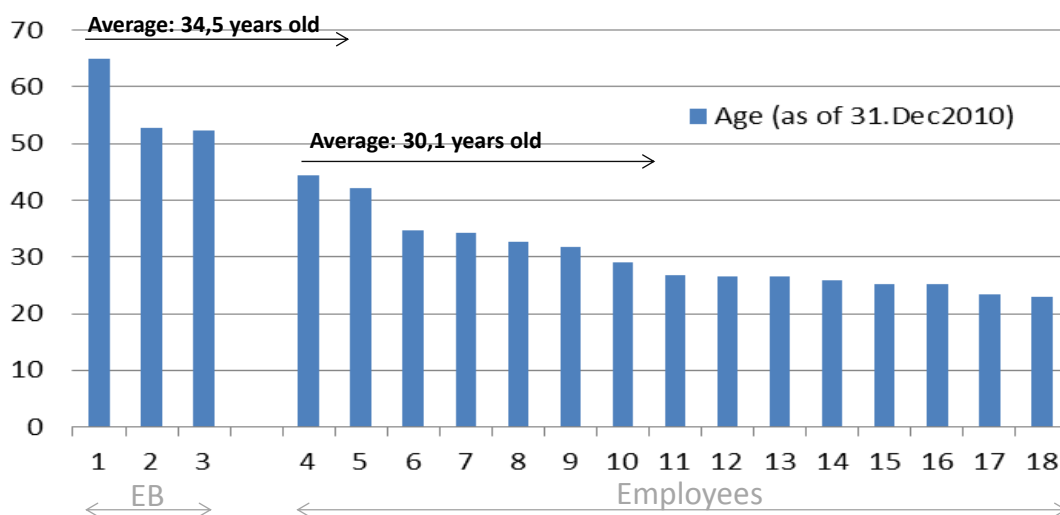


Figure 1 – OMIP / OMIClear Organisational Units

On 31st December 2010, there were 14 staff members (eight women and seven men)⁹, with an average age of 31 years, covering the value chain, from the creation to the settlement of trades. In addition there are three members of the OMIP Executive Committee that also make up the OMIClear Board of Directors.



Average Ages at 31.12.2010

⁹ This includes one member of staff whose contractual link is to OMIP SGPS, but also works within OMIP and OMIClear.

2.3. OMI

The Portuguese and Spanish Governments validated, during the XXIII Portuguese-Spanish Summit that took place on 17th and 18th January 2008, the model underlying the integration of the two MIBEL divisions (OMIP and OMEL), into OMI. For this purpose alterations to the International Agreement, that created MIBEL¹⁰, were approved, in particular to article 4, which now states in number 1 that OMI “*will be constituted by two holdings, with head offices in Portugal and Spain and cross stakes of 10% and that both companies will hold 50% of each of the market management entities...*”. Figure 2 illustrates the model agreed upon.

At the XXIV Portuguese-Spanish Summit, that took place in Zamora (Spain) on 22nd January 2009, a new push was given to MIBEL, particularly in what concerns the integration of the two market operators, where the name of the first Chairman of the Boards of Directors of the market operators’ were indicated.

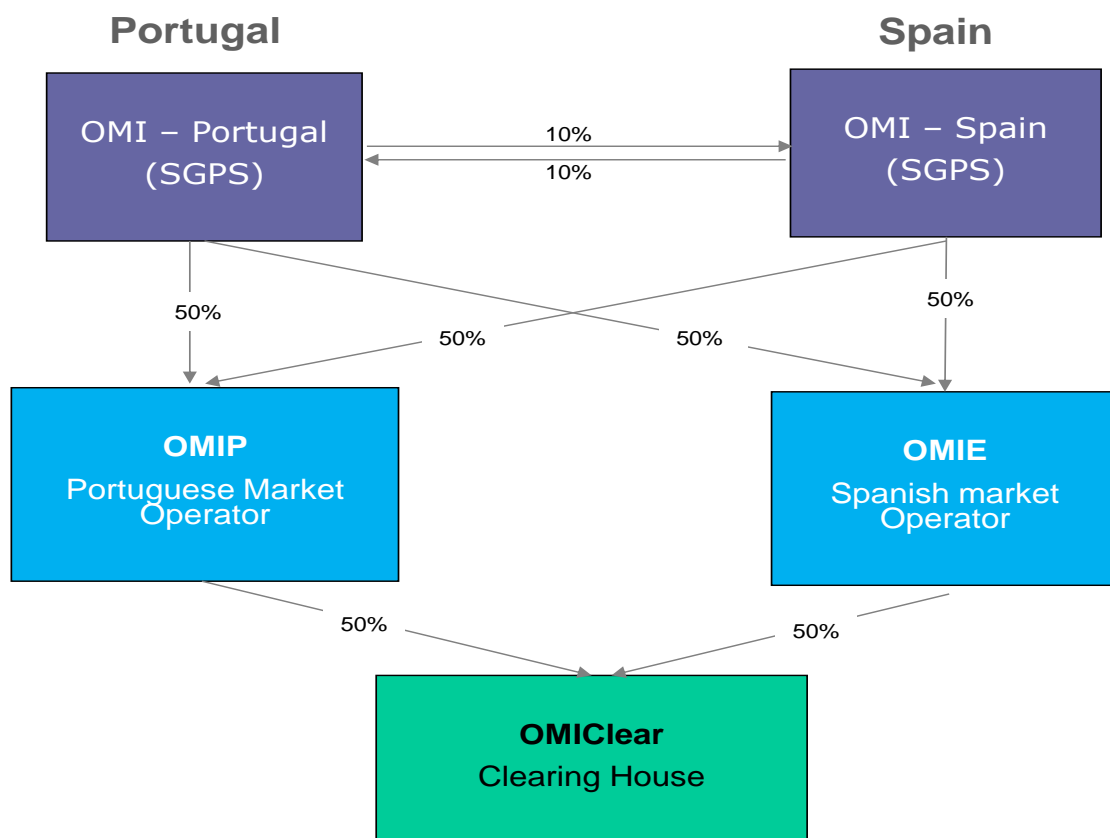


Figure 2 – OMI Chart

In order to fulfil that stated in the above-mentioned rule, REN¹¹, as 90% shareholder of OMIP, constituted the company OMIP SGPS on 16th September 2010, initially the total owner¹², to carry out the functions of a holding with head office in Portugal.

¹⁰ Cfr. *supra* note 6.

¹¹ REN – Redes Energéticas Nacionais, SGPS, S.A.. National Energy Grids

¹² On 19th November 2010, OMEL entered the OMIP SGPS shareholder structure, becoming the holder of 10% of the representative shares of the share capital of that company.

On 26th November 2010, in order to move ahead with the creation of OMI's legal and corporate structure, OMIP transferred to OMIP SGPS the 10% stake that it held in OMEL¹³. Thus the exchange of shares took place at the level of the two holdings¹⁴.

Finally, on 21st December 2010, the shareholders of REN and OMEL took part in the OMIP SGPS capital increase, handing over the total representative shares of OMIP share capital held by them, 90% and 10%¹⁵ respectively. Thus, OMIP SGPS became the 100% owner of OMIP.

At the end of the year a branch of OMIClear was constituted, in Spain, to facilitate the process and make the gathering of synergies possible under the scope of OMI.

Along with the aspects relating to the institutional reorganization, the year 2010 represented the forth complete year of business for the companies OMIP and OMIClear, executing the functions of the Portuguese division of the Iberian Electricity Market Operator.

2.4. Other Aspects

The year 2010 was also marked by:

- The entry into force, on 1st June 2010, of the changes to the Code of Ethics, resulting from a matured process and debated with Market Participants. The main alteration being, precisely, that they are now covered in the articles of the Code;
- The change in OMIClear's company objective, with a view to widening its scope of action, particularly, to make it possible to extend the services rendered to all MIBEL markets;
- Launch of the new Internet¹⁶ site;
- OMIClear's admission, after a scrutinising process, into EACH¹⁷, an association that includes the main clearing houses registered in Europe and the main objectives of which are discussing and analysing techniques and developments of all aspects relating to clearing house activity;
- Regular participation in activities developed and in meetings that various working groups and committees of EuroPEX¹⁸, APEX¹⁹ and EACH held during the year.

In summary, 2010 was another year of consolidation, both in terms of operational activity, with notorious repercussions in the growth of traded volumes, as seen in the OMIP/OMIClear brand as the Iberian Electricity Derivatives Exchange, affirming itself in other products and services related to energy markets²⁰.

3. MIBEL Derivatives Market

The management of the MIBEL Derivatives Market is the core function of the Portuguese Division, as was assigned to it by the Santiago International Treaty. Despite increasing competition, OMIP and OMIClear have proven themselves as reference entities within the sector, through the

¹³ Through the approval of a split-merger project, the aim of which to detach the independent business unit corresponding to the management of the shareholding in OMEL.

¹⁴ On the Spanish side OMEL will become a holding, now undergoing the process of detachment of activity to its affiliate OMIE (OMI – Polo Español, S.A.), which will assume the role of spot and intraday market management company.

¹⁵ Under the terms stated in number 1 of article 20 Decree-Law n.º 357-C/2007, of 31st October, the above-mentioned operation was authorized through a Ruling, preceded by the CMVM opinion; Member of the Government responsible for Finance.

¹⁶ Accessible at www.omip.eu and www.omiclear.eu.

¹⁷ European Association of Clearing Houses.

¹⁸ Association of European Power Exchanges.

¹⁹ Association of Power Exchange.

²⁰ Cfr. *infra* in text of Points 3 and 4.

development of actions and permanent efforts to improve at an operational level as well as marketing and business development.

Thus, in 2010, the strategy to promote liquidity on the MIBEL Derivatives Market continued. Consequently, the results obtained showed the positive evolution of the main activity indicators, namely the number of members, the volumes and the traded notional values as seen in Table 1

	2010	2009
Traded Volume (TWh)	55	51
Traded Notional Value (M€)	2406	2 142
Number of members	46	46

Table 1 – Activity indicators

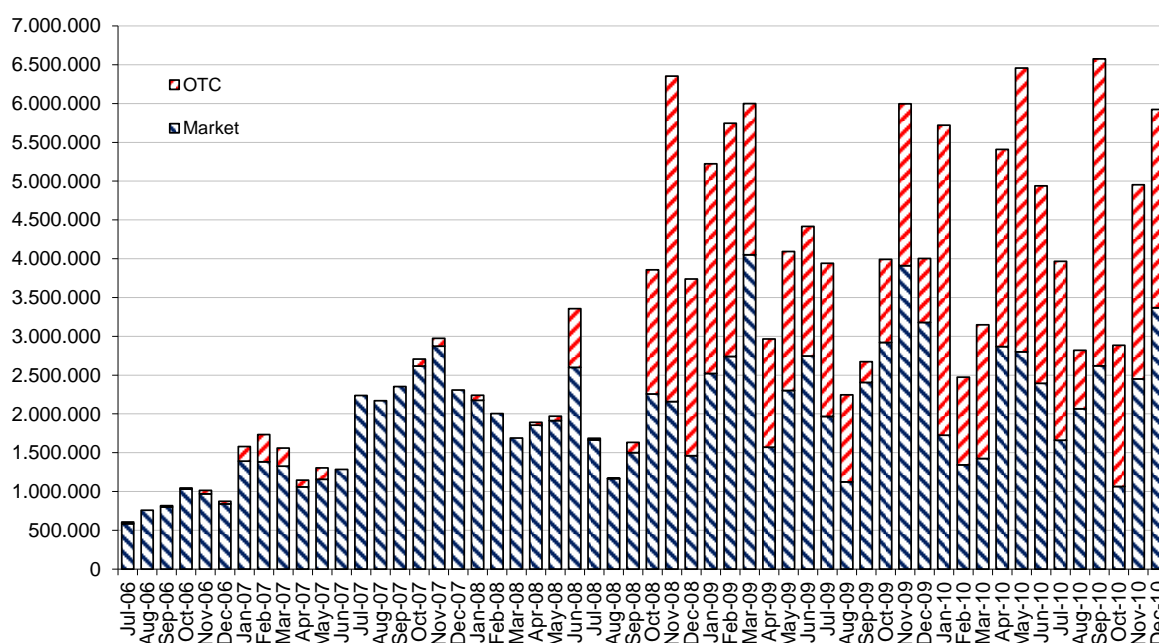


Figure 3 – Market Traded Energy Volumes (MWh)

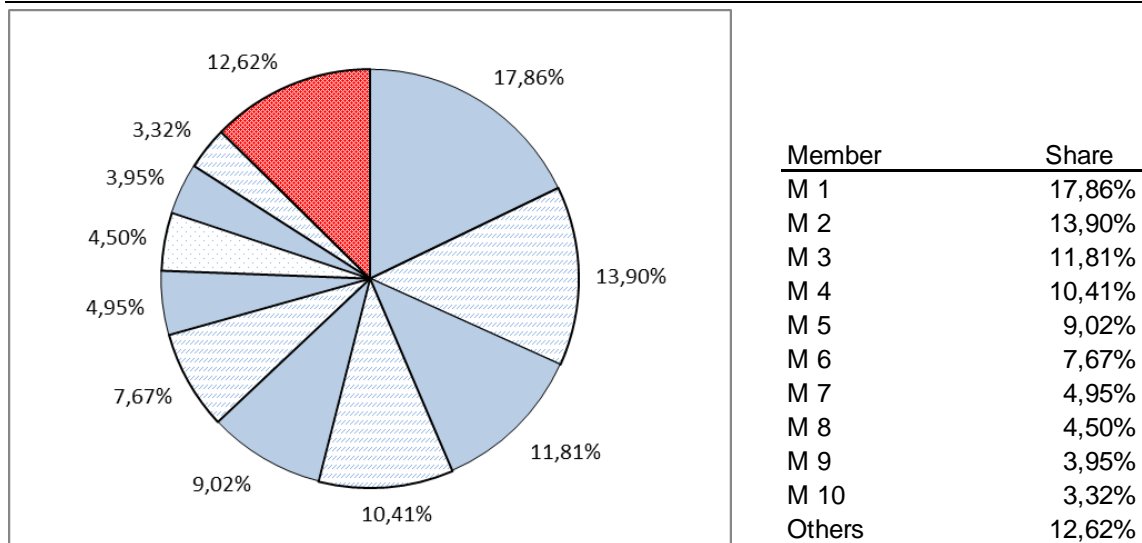


Figure 4 – Trading Market Shares²¹

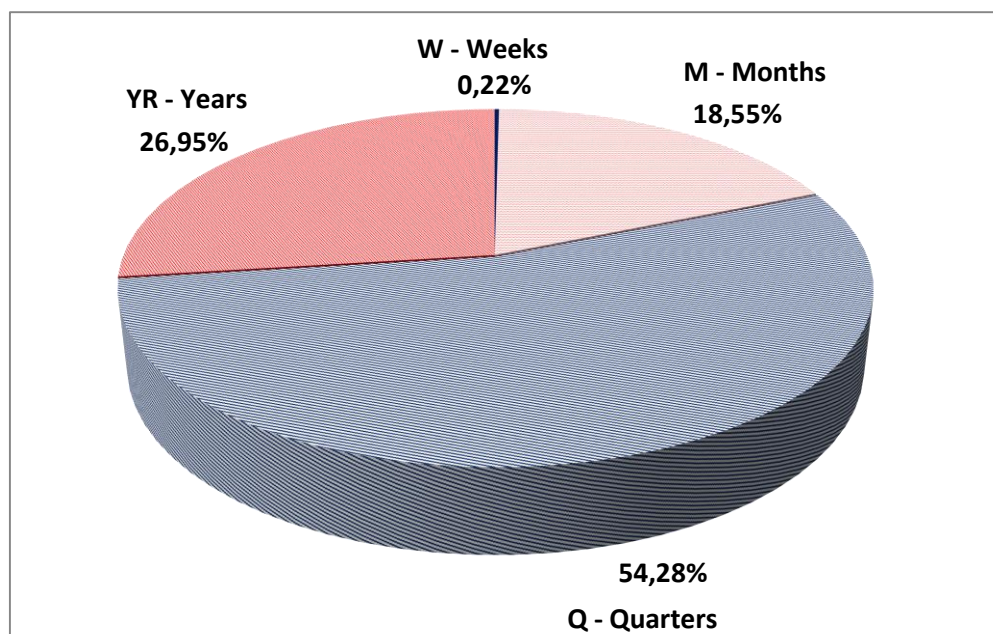


Figure 5 – Relative Volume by Traded Contract Type

In relation to participants, at 31st December 2010, the MIBEL Derivatives Market had 46 entities in the different roles of Trading Member (House Account, Client Account, Own and Client Account), Bilateral Operations Intermediary, Clearing Member (General and Direct) Settlement Agent (Physical and Financial).

²¹ Excluding last resort retailers.

In relation to new Participants, ICAP Energy AS and RBS Sempra Energy Europe España, S.L.U. were admitted as trading Members on OMIP, on 23rd April 2010 and 28th June 2010 respectively. On OMIClear the Spanish retailer EGL Energía Iberia, S.L. was admitted as a Direct Clearing Member and Physical Settlement Agent on 31st March 2010 and 15th April 2010 respectively. During 2010, EGL Trading, AG ceased to be a Trading Member, on 31st March 2010 and a Direct Clearing Member, 6th April 2010.

Countries	Trading Member	Direct Clearing Member	General Clearing Member	Financial Settlement Agent	Physical Settlement Agent
Spain	23	6	1	2	17
Portugal	3	0	1	2	2
U.K.	7	2	1	0	0
E.U.A.	0	0	0	0	1
Germany	2	1	1	2	0
Switzerland	1	0	0	0	1
Norway	1	0	0	0	1
Belgium	1	0	0	0	1
Total	38	9	4	6	22
Iberian	26	6	2	4	19
Non-Iberian	12	3	2	2	3

Table 2 - OMIP and OMIClear Participants, end 2010

This slight increase was seen as a positive sign in the growing affirmation of OMIP and OMIClear amongst agents acting in Iberia.

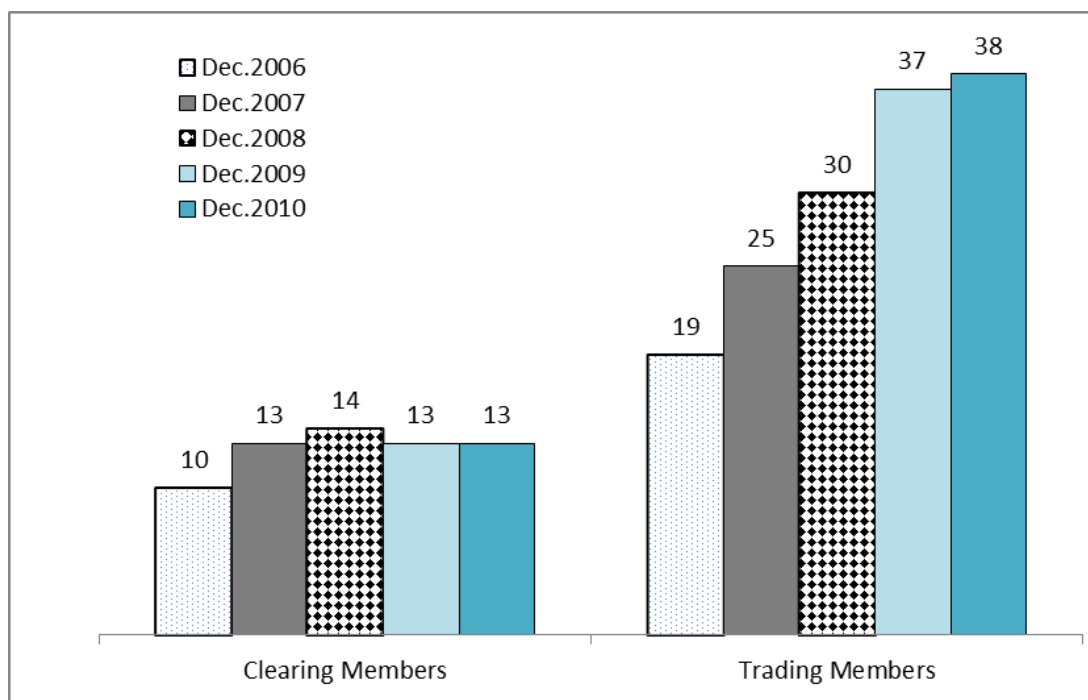


Figure 6 – Variation of the Number of OMIP / OMIClear Members

Great diversity can be seen in the origins of the participants: Spain, Portugal, United Kingdom, Switzerland, Germany, Belgium, Norway and United States, as illustrated in Table 2 and in Figure 7.

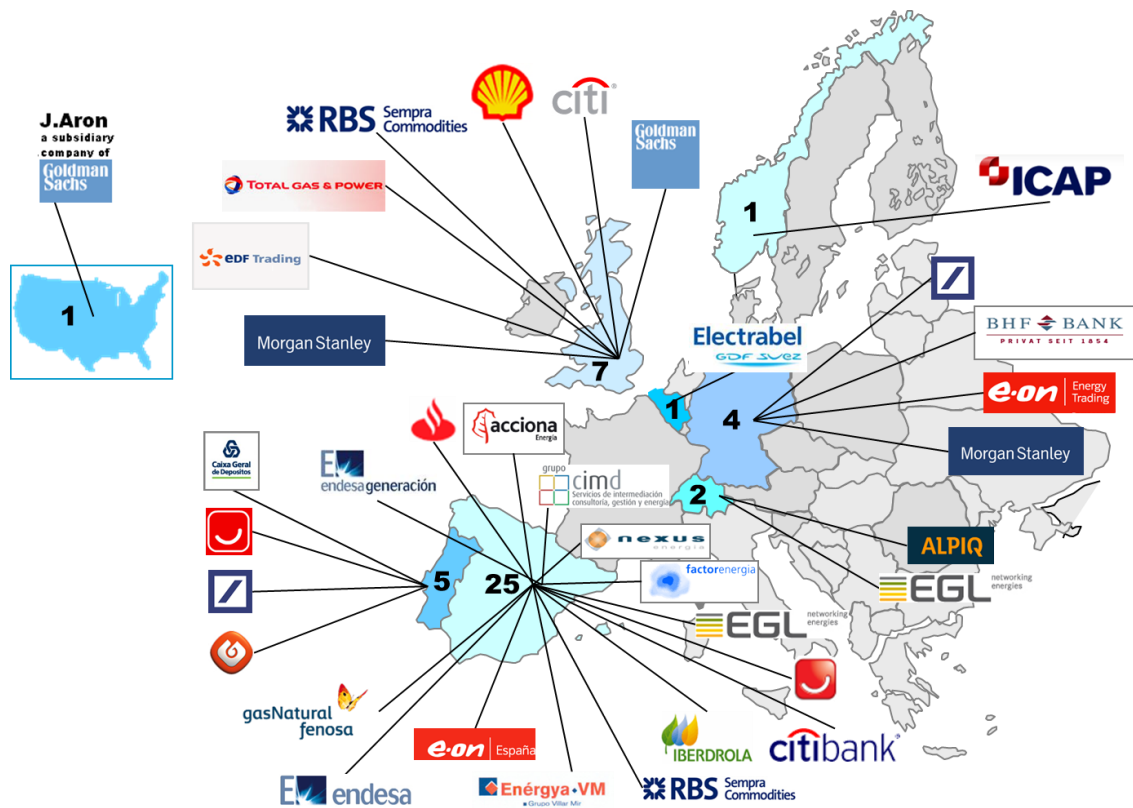


Figure 7 – Location of the OMIP and OMIClear Participants

Company	OMIP			OMIClear			
	Trading Member Dealer	Trading Member broker	OTC Broker	General Clearing Member	Direct Clearing Member	Financial Settlement Agent	Physical Settlement Agent
Acciona Green Energy Developments S.L.	▲						
Alpiq Swisstrade Ltd	▲						
Banco Santander. S.A.	▲	▲			▲	▲	
BHF – Bank. AG					▲	▲	
Caixa Geral de Depósitos. S.A.					▲	▲	
CIMD - Sociedad de Valores. S.A.		▲	▲				
Citibank International PLC. Sucursal en España						▲	
Citigroup Global Markets Limited	▲			▲			
Deutsche Bank. AG	▲	▲					
Deutsche Bank (Portugal). S.A.						▲	
EDF Trading Limited	▲						
EDP - Energias de Portugal. S.A.	▲						▲
EDP - Serviço Universal. S.A.	▲						▲
EGL Energía Iberia. S.L.	▲			▲			▲
Electrabel N.V. / S.A.	▲						▲
EGL. AG							▲
Endesa Distribución Eléctrica. S.L.	▲						▲
Endesa Energía XXI. S.L.	▲						▲
Endesa Generación. S.A.	▲			▲			▲
Enérgya VM Gestión de Energía S.L.U.	▲						
E.ON Comercializadora de Último Recurso. S.L.	▲						▲
E.ON Distribución. S.L.	▲			▲			▲
E.ON Energy Trading. S.E.	▲			▲			
E.ON Generación. S.L.	▲			▲			▲
Factor Energía. S.A.	▲						▲
Galp Power S.A.	▲						
Gas Natural Electricidad S.A.							▲
Gas Natural SDG. S.A.	▲			▲			▲
Gas Natural S U R SDG. S.A.	▲						▲
Goldman Sachs International	▲	▲		▲			
HC Naturgas Comercializadora de Último Recurso. S.A	▲						▲
Hidrocantábrico Distribución Eléctrica. S.A.	▲						▲
Hidroeléctrica del Cantábrico. S.A.	▲						▲
Iberdrola Comercialización de Último Recurso S.A.U.	▲						
Iberdrola Distribución Eléctrica S.A.U.	▲						▲
Iberdrola Generación S.A.U.	▲			▲			▲
ICAP Energy. AS		▲	▲				
J. Aron & Company							▲
Morgan Stanley Bank. AG						▲	
Morgan Stanley & Co. International Limited	▲				▲		
Nexus Energía. S.A.	▲						
RBS Semptra Energy Europe	▲						
RBS Semptra Energy Europe España. S.L.	▲						
Shell Energy Europe Limited	▲						
Total Gas & Power Limited	▲						
Unión Fenosa Distribución S.A.	▲						▲

Table 3 – OMIP / OMIClear Members and Settlement Agents (Dec.2010)

The price variation of contracts traded on the MIBEL Derivatives Market (Portuguese and Spanish zones), particularly in the case of quarterly contracts, can be seen in Figure 8. Three trends were seen during the year. Until the end of May, the same price differences from the previous year were seen. The situation inverted during the month of June when, until the end of the series, the spread narrowed to historical minimums since the MIBEL's Portuguese zone contracts were listed on 1st July 2010. In the case of the 2010 annual contract, the correlation and comparison of prices between Portugal and Spain was clearly more evident. Its variation can be seen in Figure 9.

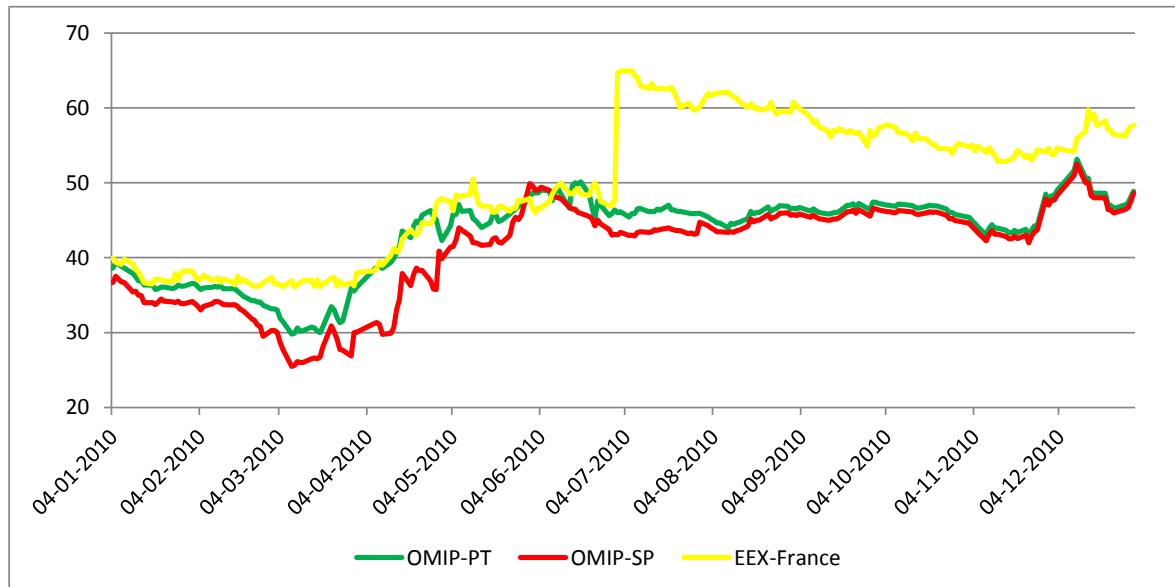


Figure 8 – Price Variation of the First Quarter Contract Traded (€/MWh)

The fact that the prices on MIBEL were systematically less than those seen in France should be highlighted. The difference between the MIBEL Spanish zone and France, for the 2011 annual contract, reached a maximum value of 13.50 €/MWh, on 30th April 2010 and 21.98 €/MWh, on 5th July 2010, for the third quarter contract

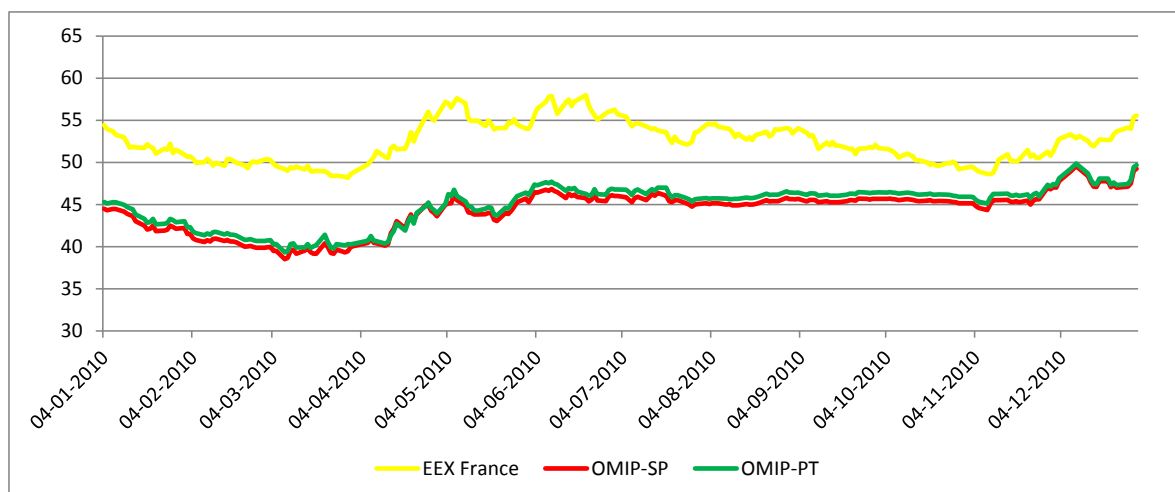


Figure 9 – Price Variation of the 2010 Contract Traded (€/MWh)

The results shown previously were based on the sustained reinforcement strategy of the MIBEL Derivatives Market, as well as the diversification of products and services rendered. Thus the following projects and initiatives should be highlighted:

- Continuing to strongly back marketing actions at participants and potential participants, with the aim of promoting OMIP and OMIClear's image as operators of reference within the scope of MIBEL derivatives products;
- The contracting of the utilisation licence of a trading system on the European energy market which began to be used from 1st July 2010²²;
- Functional specification, development (granted to an external supplier) and entry into production, on 1st July 2010, of a new clearing and settlement platform, called MiClear, owned by OMIClear and which is at the same level as the best technological solutions on the market;
- In order to cover more specific market segments, peak load futures contracts (with daily mark-to-market) on the MIBEL Spanish zone, with financial and physical delivery were listed as from 20th January 2010, for trading and registration of bilateral operations;
- Portuguese last resort retailer²³ energy contracts purchasing programme through the execution of auctions, between January and July 2010, for supply at regulated tariff to final clients;
- Continuation of a Market Makers supply policy, increasing not only the number of Market Makers (EGL Energía Iberia, Deutsche Bank and Citigroup, to which Nexus Energía would join from January 2011) but also the range of products listed, that cover the first two months, quarters and years at any given moment listed to trade;
- The adoption of a "fee holiday" policy for clearing fees during the first half of 2010, in order to obtain Participants' loyalty;
- Execution of three Trading and Products and Clearing and Settlement Committees (London, 5th March; Madrid, 27th May and Cascais, 24th September), where market related issues were discussed and debated with Participants.

4. Other Activities

4.1. Natural Gas Sales Auctions

In accordance to the applicable regulation²⁴, GALP²⁵, as a SNGN retailer, is obliged to sell excess quantities of take or pay contracts during 2009, 2010 and 2011.

For this purpose, OMIP, through a contract signed with GALP, was responsible for the design and execution of the natural gas sales auctions (Gas Release Program), under the scope of liberalising the respective market.

On February 8th 2009, the first auction took place, launching the liberalisation of the natural gas market in Portugal. An "ascending clock" model was adopted, supported by a platform specifically designed and adapted for this function. The 300 million m³ sold, to be delivered in gas year 2009-2010, was exclusively for supplying installations located on national territory. Participation was open to all retailers under the market regime and to period eligible clients (annual consumption greater than 10 000 m³), excluding the large electrical energy production centres.

The auction did not take place for the gas year 2010-2011 due to the lack of demand.

²² GlobalVision Exchange Trading System, developed by Trayport Limited.

²³ EDP Serviço Universal, S.A..

²⁴ V. number 1 of article 58 of the Natural Gas Sector Commercial Relations Regulation, approved by Ruling n.º 19 624-A/2006, on 25th September, with the text given by ERSE Ruling n.º 4878/2010, on 18th March, .

²⁵ Galp Gás Natural S.A..

Very recently ERSE approved²⁶ the terms and conditions for the execution of an auction for gas year 2011-2012 and the respective rules, which is foreseeable to take place on 20th April 2011²⁷.

4.2. Change of Natural Gas Sector Retailer

ERSE has made REN – Gasodutos, S.A. responsible for executing the role of Change of Retailer Process Manager (GPMC), under the scope of the National Natural Gas System (SNGN). For this purpose, it contracted OMIP to assure: (i) the development and research of an IT platform that can support GPMC activity and (ii) aiding the current running of GPMC activities.

During 2010, OMIP continued to back the development of the e_Switch platform, in order to better adapt it to the needs of the various agents involved.

Thus, after listening to the agents and with ERSE's approval, GPMC began work developing and making available a new version of the e_Switch Platform, based on a new version of flow charts and functional specifications, which include significant changes to how the processes worked until then.

As a result, in June 2010 the new version of the Platform was made available to agents for tests, both via the automatic solution using web services (recommended for the management of gas retailer changes on a large scale), as well as a solution via Web portal (manual, through the introduction of inputs or choice of previously parameterized options, or through file uploads).

4.3. Support of the Launch of Activity of the Origin Guarantees Issuing Entity (EEGO)

In line with Decree-Law n.º 23/2010, of 25th March, REN – Rede Eléctrica Nacional, S.A., while concessionary of the National Transports Network (RNT), designated as entity responsible for the issue of origin guarantees and certificates referring to electricity produced in cogeneration.

In that context, REN – National Electricity Grids contracted OMIP to provide (i) support in designing the EEGO activity introduction model and (ii) consulting on activities associated with the drawing up of the EEGO Procedures Manual, which details the working of the entity and the requisites to be observed by participating entities.

This process should be continued during 2011, with the development and study of an IT platform that carries EEGO's business.

4.4. Supporting the Implementation of the Interruption Scheme

Number 3 of article 1 of Decree n.º 592/2010, of 29th July, establishes that the interruption service is run by REN - Rede Eléctrica Nacional, operator of the national electricity transport network. For this purpose, a contract was signed with OMIP, under the terms of which this company will be responsible for assisting in the implementation of the Interruption Scheme. The scope being its management and efficiently finding alternatives to the construction and exploration of new electro-producer centres with a view to making the system's operation flexible and contributing to the safety of the supply and development of the commercialisation of the free scheme.

The primary scope of the services provided by OMIP consists in supporting registration and contracting of interruption clients, complemented with consulting on the issue of interruption service invoices and the development of software that allows for the management of each client's individual information, as well as the calculation of respective monthly remuneration and invoicing.

²⁶ V. ERSE Ruling n.º 3454/2011, of 21st February.

²⁷ Cfr. number 1 of article 27 of Ruling cited in the previous footnote.

The first Interruption Scheme Membership Contract was signed on 1st January 2011, launching the interruption service in Portugal, for the first time regulated at an Iberian level.

Participation was open to all electricity consumers in MAT, AT and MT that contracted energy directly on the organised market or bilateral contracts or through non regulated retailers and that offer a interruptible maximum power value of no less than 4MW, for all types of interruptions, This excludes any company that develops a business that included essential services where the application of the interruptions service may put at risk the safety of people or goods.

5. Outlook

For all that was previously referred to, 2011 is the year for the materialisation of the corporate model decided by the two countries in Braga in January 2008, and therefore the start of OMI. However, besides this institutional aspect, 2011 will be challenging to the working of the model.

Firstly on an operational level because:

- The present context of continued market liberalisation with the abolition of some final sale tariffs to electricity customers, opens progress possibilities in the Group's core business;
- The continuation of the present cycle of economic and financial crisis will continue to open business opportunities, especially an increase in demand for risk coverage solutions, where OMIClear arises as the main reference and resort in regards to clearing OTC operations, in order to eliminate counterpart and credit risk;
- The growing trading activity within the Participants strategy, that are financial sector companies;
- The constitution of a branch in Spain of OMIClear to gather synergies in the heart of OMI strongly increases the probability, not only of growth in activity in Spain but also of drawing in new Members;
- The OMIP's performance, already publicly recognised, in other activities, namely the natural gas sector in Portugal, allows for a legitimate expectation of its expansion as well as ability to begin others.

In summary, in terms of business development, OMIP and OMIClear will continue to try and find an answer, to all the needs of their Members. This takes on major importance in a expected scenario of greater exposition and competitive pressure.

Secondly, in the institutional plan because the ongoing integration process implies substantial alterations, which means (i) the constitution of a Board of Directors and a Management Committee common to both market management companies OMIP and OMIE, (ii) the transfer of half the representative shares of OMIClear's share capital to OMIE, and (iii) the issues associated to the business plan and financing of OMI.

In terms of international cooperation, under the scope of EuroPEX and EACH, OMIP and OMIClear, respectively, will continue to participate actively in activities developed, forums where they will follow the main ongoing legislative initiative²⁸, which, once approved, will impact the activities managed by the companies.

6. Proposal for the Investment of profits

The Board of Directors, under the terms and for the purposes of Article 25 of the Company's Bylaws, considering: (i) number 2 of article 5 of CMVM Regulation n.º 4/2007, that determines that dividend should not be distributed while equity is not double the minimum share capital required

²⁸ EMIR, REMIT, review of MIFID.

from managing entities, not even when, because of this distribution it falls below that limit; (ii) that OMIP's equity at 31st December 2010 is 3 955 411 Euros and (iii) that the share capital is 2 500 000 Euros, proposes that the Net Profits for the Year 2010, to the positive value of 15 735 Euros, be applied in the following manner:

For Legal Reserve	1 573.50 Euros ²⁹
For Retained Earnings	14 161.46 Euros

Lisbon, 28th February 2011

The Board of Directors,

José Isidoro D'Oliveira Carvalho Netto

Jorge Fernando da Silva Simão

Paulo Martins de Sena Esteves

João Manuel de Castro Plácido Pires

OMEL – Operador del Mercado Iberico de Energia Polo Español, S.A. (D. Pedro Mejía Gómez)

²⁹ Number 3 of article 40 of Decree-Law n.º 357-C/2007, of 31st October, establishes that a fraction not less than 10 % of the net profits, calculated for each year by the regulated market managing entities, should go to the constitution of legal reserve until the share capital limit.

7. Shareholders, Corporate Boards, Ethics Committee and Affiliates

Shareholder

OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (100%) ³⁰

Corporate Boards (Triennial 2009 – 2011) ³¹

General Meeting

Maria Elvira Teixeira Borges	Chairman
Nuno Miguel da Silva Alves do Rosário	Deputy Chairman
Ana Paula Boazinha Fernandes Antão Cerqueira	Secretary

Statutory Auditor

Luís Borges da Assunção (ROC)	Permanent
João Alberto Monarca Pires, Unipessoal, Lda. (SROC) ³²	Acting/Substitute

Board of Directors

José Isidoro d'Oliveira Carvalho Netto	Chairman
Jorge Fernando da Silva Simão	Member
Paulo Martins de Sena Esteves	Member
João Manuel de Castro Plácido Pires ³³	Member
OMEL – Operador del Mercado Iberico de Energía, Polo Español, S.A. (D. Pedro Mejía Gómez)	Member

Executive Committee

José Isidoro d'Oliveira Carvalho Netto	Chairman
Jorge Fernando da Silva Simão	Member
Paulo Martins de Sena Esteves	Member

Ethics Committee

Prof. João Luís Correia Duque	Chairman
Angel Landa López de Ocariz	Member
Fernando Conceição Nunes	Member
Prof. João José Esteves Santana	Member
Ramon Fernandez Ferro	Member

³⁰ On 21st December 2010, to fulfill that stated in the International Agreement, as referred to in the text, the previous shareholders REN and OMEL, that respectively held 90% and 10% of the company's share capital representative shares, took part in OMIP SGPS's capital increase, for which they transferred the total shares they held in OMIP.

³¹ Situation at 31st December 2010.

³² Until 26th May 2009, when the Chartered Accountants Company was constituted, Mr João Alberto Monarca Pires carried out the position of Chartered Accountants.

³³ Joined on 30th March 2010, following the renunciation presented by the Director João Caetano Carreira Faria Conceição on 24th March 2010.

8. Affiliates

OMIClear - Sociedade de Compensação de Mercados de Energia, S.G.C.C.C.C., S.A. - 100% stake in the 3,000,000.00 € share capital.

9. Financial statements at 31st December 2010

Individual Balance Sheet

		Expressed in Euros	
	Notes	31-12-2010	31-12-2009
Assets			
Non-current			
Tangible fixed assets	5	292.204	190.251
Interest in joint ventures - Equity Method	6	3.053.444	3.047.711
Interest in joint ventures - Other Methods	1	-	1.033.323
Other debtors	9	438.148	-
Deferred tax assets	7	90.700	40.565
		3.874.496	4.311.850
Current			
Clients		46.109	22.086
State and other public entities	8	8.787	12.967
Other debtors	9	223.490	463.104
Deferrals		15.689	16.745
Cash and Bank Deposits	4	830.033	841.188
		1.124.108	1.356.090
Total Assets		4.998.604	5.667.940
Equity			
Capital and reserves attributable to shareholders			
Share capital	10	2.500.000	2.500.000
Share premium	1	1.193.711	2.233.323
Legal Reserve	11	17.246	16.184
Retained earnings		228.718	219.153
		3.939.676	4.968.660
Net Profit for year		15.735	10.628
		3.955.411	4.979.287
Minority Interests		-	-
Total Equity		3.955.411	4.979.287
Liabilities			
Non-current			
Deferred tax liabilities	7	116.109	73.144
Other creditors	12	153.076	153.076
		269.185	226.220
Current			
Trade creditors	12	208.447	314.802
State and other public entities	8	50.957	26.832
Shareholder's / Partners		-	9.557
Other creditors	12	503.093	99.731
Deferrals		11.511	11.511
		774.008	462.433
Total Liabilities		1.043.193	688.653
Total Equity and Liabilities		4.998.604	5.667.940

Individual Financial Statements

	Note	Expressed in Euros	
		31-12-2010	31-12-2009
Sales and Services rendered	13	2.579.081	2.695.905
Gains / Losses relating to subsidiaries and associates	6	5.733	7.689
External supplies and services	14	-986.265	(1.072.158)
Staff Costs	15	-976.392	(953.217)
Other income and gains		62.710	165.127
Other expenses and losses	16	-555.234	(697.010)
Profit before depreciations, financial costs and taxes		129.635	146.336
Expenses/ reversions from depreciations		-110.064	(176.282)
Operating Profit (before financial and tax losses)		19.571	(29.945)
Interest and similar earnings	17	4.656	57.834
Interest and similar losses	17	-5.166	(1.894)
Profit before taxes		19.060	25.994
Income Tax	18	-3.325	(15.367)
Net profit for the financial year		15.735	10.628

Income Statements

	Shareholder's equity					Total
	Share Capital	Share Premium	Legal Reserve	Retained earnings	Net Profit	
At 1 January 2009	2.500.000	2.233.323	13.951	207.992	22.323	4.977.589
Total Profit for the year	-	-	-	-	10.628	10.628
Dividend Distribution	-	-	-	-	(8.929)	(8.929)
Increase due to profit application	-	-	2.233	11.161	(13.394)	-
At 31 January 2009	2.500.000	2.233.323	16.184	219.153	10.628	4.979.288

	Shareholder's equity					Total
	Share Capital	Share Premium	Legal Reserve	Retained earnings	Net Profit	
At 1 January 2010	2.500.000	2.233.323	16.184	219.153	10.628	4.979.288
Total Profit for the year	-	-	-	-	15.735	15.735
Reduction due to investment	-	(1.039.612)	-	-	-	(1.039.612)
Dividend Distribution	-	-	-	-	-	-
Increase due to profit application	-	-	1.063	9.565	(10.628)	-
At 31 January 2010	2.500.000	1.193.711	17.247	228.718	15.735	3.955.411

Cash Flow Statement as of 31 December 2010

	December 2010	December 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from clients	3.002.978	1.063.642
Cash paid to suppliers	-1.782.935	(2.139.692)
Cash paid to staff	-938.905	(974.025)
Flows generated by operations	281.139	(2.050.075)
Income tax paid / received	68.587	-
Other receipts / payments	-329.519	1.984.935
Net cash from operational activities (1)	20.206	(65.140)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments relating to:		
Tangible fixed assets	0	-
Dividends	0	(8.795)
Receipts relating to:		
Interests and similar income	2.396	
Dividends	0	42.500
Net cash from investing activities (2)	2.396	33.705
CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipts relating to:		
Loans obtained	0	-
Interests and similar income	0	5.808
Payments relating to:		
Loans obtained	-32.474	
Interests from cash pooling	0	-
Interests and similar costs	-1.284	(8)
Acquisition of own shares	0	-
Dividends	0	-
Net cash from financing activities (3)	-33.757	5.800
Variation in cash and equivalents (4)=(1)+(2)+(3)	-11.155	(25.635)
Effect of exchange differences		
Cash and equivalents at the beginning of the year	841.188	866.823
Cash and equivalents at the end of the year	830.033	841.188
DISCRIMINATION OF COMPONENTS FROM CASH AND WITHOUT EQUIVALENTS		
Cash	1.635	
Bank deposits or equivalent		
Bank Deposits - Short Term	328.398	141.188
Bank Deposits - Long Term	500.000	700.000
Other Assets		
Availability in the balance	830.033	841.188

Appendix to the Individual Financial Statements

1 General Information

OMIP – Iberian Energy Market Operator (Portuguese Division), S.G.M.R., S.A., was constituted under the Minister of Economy's Ruling n.º 360/ME/2003, of 6th June, the public deeds of which were signed on 16th June 2003.

The company began its activity on 10th December 2003, the aim of which is to organise and manage a support system for the execution of transactions settlement under the scope of the Iberian Energy Market. It is responsible for:

- a) The management of an organized energy derivatives market;
- b) The intermediation of agents for the purposes of business relations under the scope of the Iberian Electricity Market;
- c) The management of other energy based product markets;
- d) The rendering of settlement services within the scope of organised energy markets;
- e) The rendering of settlement services for standardised transactions on non-organised energy markets;
- f) The rendering of markets' organisation services within the scope of operating the electrical system.

Due to delays in launching MIBEL – Iberian Electricity Market, OMIP only started operating on 3rd July 2006.

OMIP share capital totals 2 500 000 Euros, represented by 250 000 shares with a nominal value of 10 Euros each and at 31st December 2009 was 90% held by REN SGPS, S.A. and 10% held by OMEL, SA. From 25th October 2010 OMIP's share capital became 100% held by OMIP, SGPS, S.A., due to a "split-merger" project that took place through the detachment and respective incorporation into OMIP SGPS, under the terms of article 118, n.º 1, paragraph c) of the CSC, an independent economic unit comprised of the following assets:

- i. The share held by OMIP in the Spanish company called OMEL – Iberian Energy Market Operator, Spanish Division, S.A., with head Office at C/ Alfonso XI, n.º 6, 4th and 5th floors, 28014 Madrid, with tax number A-81845414 with a share capital totalling 1 999 998.00 Euros (one million nine hundred and ninety nine thousand and nine hundred and ninety eight Euros), registered at the Madrid Business Registry under number M-199944. This share corresponds to 666,666 (six hundred and sixty six thousand and six hundred and sixty six) ordinary bearer shares, with a nominal value of 0.30 Euros (thirty cents of a euro) each with a total nominal value of 199 999.80 Euros (hundred and ninety nine thousand nine hundred and ninety nine Euros and eighty cents), representing 10% (ten percent) of OMEL's share capital.
- ii. Property which is adequate to support the execution of the referred to business namely fixed assets belonging to it, also identified in Appendix IV of the "merger-split" project.

The property detached from OMIP and transferred to OMIP SGPS were accounted for in OMIP, to the amount of 1 039 612 Euros, corresponding to:

- i. The share in OMEL, incorporated into OMIP SGPS, was accounted for in OMIP to the value of 1 033 323,00 Euros (one million and thirty three thousands and three hundred and twenty three Euros);
- ii. The other property to be incorporated into OMIP SGPS, broken down in the referred to Appendix IV, was accounted for in OMIP to the amount of 6 288.51 Euros (six thousand, two hundred and eighty eight Euros and fifty one cents).

The project was prepared taking into account the requisites needed to apply the fiscal neutrality special regime, included in Articles seventy three and the following of the Company Income Tax Code, where the detached assets and liabilities were transferred using the values included in the accounts in the relevant format for the purpose of applying said fiscal rule. For accounting purposes, the property is accounted for in OMIP SGPS to the value of which each is registered in OMIP's accounting.

OMIP holds the total capital of the company, OMIClear – Energy Markets Clearing Company S.G.C.C.C.C., S.A., its corporate mission being the clearing of derivative operations, namely futures and options on electricity.

It is the Board of Directors opinion that these financial statements reflect truthfully and adequately OMIP's operations, as well as its financial position and performance and cash flows.

2 Accounting referential for the preparation financial statements

2.1. Basis

These financial statements, prepared in line with the historical cost convention, are the first individual financial statements drawn up by the Company in accordance with the Accounting and Financial Report Rules (NCRF), issued and in force or issued and adopted at 1st January 2009.

OMIP's financial statements were prepared in line with the accounting principles generally accepted in Portugal (POC) until 31st December 2009.

2.2. Transition to SNC Impact

OMIP adopted the "NCRF", issued and in force or issued at 1st January 2010, applying these rules retrospectively to all periods presented. The transition date is 1st January 2009 and the company prepared its opening balance on that date.

No effect was seen in the company's equity from this transition. It only resulted in changes to the name of accounts.

3 Accounting Policies

The main accounting policies applied in the preparation of these financial statements are those described below. These policies were consistently applied to all years presented, except if otherwise indicated.

3.1. Financial Stakes - Affiliates

Affiliates are all entities (including those with special objectives) over which OMIP has power to decide on financial or operational policies, normally associated with direct or indirect control, of more than half the voting rights. The existence and effect of the potential voting rights that are currently exercisable or convertible are considered when it is assessed that OMIP holds control over that entity. The entities that qualify as affiliates are listed in Note 19.

The stakes in affiliates are valued using the equity method. According to this method, the portion of the profits/losses from subsidiaries and associate companies, proportional to the stakes held, are included in the financial statements. The share of their net equity, taking into account any implicit increases arising from adjustments to fair value and goodwill, is shown in the balance sheet. These values are calculated using the respective subsidiaries and associates companies' approved financial statements, or, if those are missing, based on the best estimates possible, which are based on the same financial year as the Company.

3.2. Tangible fixed assets

The tangible assets are valued at cost deduced of depreciation and eventual losses for accumulated imparity. This cost includes an estimated cost at the date of transition to NCRF, and purchasing costs for assets obtained after this date.

The acquisition cost includes the asset's price of purchase, the expenses directly imputable to its acquisition and the costs charged with preparing the asset to begin working.

The subsequent costs incurred with renovations and big repairs that increase its working life are acknowledged in the asset's cost.

Costs with day to day repairs and maintenance are recorded as an expense of the period in which they are incurred.

The tangible fixed assets are depreciated systematically based on constant quotas method, for their estimated working life.

The estimated working life of the most significant tangible fixed assets are as follows:

	Years
Vehicles	From 4 to 6 years
Furnishings and Fixings	From 3 to 10 years

The assets' working lives are revised yearly for each asset, so that the depreciation applied is in line with the consumption patterns of the assets. Changes to the working lives are treated as a change to the accounting estimate and are applied prospectively.

The profits and losses of the assets are calculated via the difference between the asset's execution value and its accounting value: These are recorded in the financial statement.

3.3. Financial Assets

The Board of Directors determines the classification of financial assets, on the initial recognition date in accordance with the purpose of its purchase, revaluating the classification at each report date.

The financial assets can be classified as:

- a) Financial assets at fair value through financial statement – includes non derivative financial assets held for trading relative to short term investments and assets at fair value through financial statement at the initial recognition date;
- b) Loans granted and receivables – includes non derivative financial assets with fixed or determinable payments not listed on an active market;
- c) Investments held until maturity – including non derivative financial assets with fixed or determinable payments and fixed maturities, that the company intends and can maintain until maturity;
- d) Financial assets available for sale – includes non derivatives financial assets that are designated as available for sale at the moment of its initial recognition or does not fit in the above mentioned categories. They are acknowledged as noncurrent assets if there is intent to transfer within the 12 months following the balance date.

Purchases and sales of investments in financial assets are recorded at transaction date or be it on the date OMIP commits to buying or selling an asset.

Financial assets at fair value via financial statement are acknowledged initially by fair value, where the transaction costs are recorded in the profits and losses. These assets are measured subsequently at fair value, where profits and losses resulting from the change in fair value, recorded, in the financial statement of the period in which they occur, in the net financial costs item, which also includes interest and dividend obtained.

Financial assets for sale are initially acknowledged at fair value in addition to transaction costs. In subsequent periods they are measured at fair value where the variation of fair value is recorded in the capital's fair value reserve. The dividends and interest obtained from the financial assets available for sale are recorded in the financial statements for the period in which they occur, in the other operation income item, when the right to receive is established.

The fair value of listed financial assets is based on market prices (bid). If an active market does not exist, OMIP establishes the fair value thought valuation techniques. These methods include the use of prices practised in recent transactions, as long as market conditions allow for comparison with significantly similar instruments, and the calculation of discounted cash-flows when information is available, giving priority to market information instead of the company in question's internal information.

The receivables are classified in the balance sheet as "Other receivables" The imparity adjustment for receivables is carried out when objective proof exists that the Company will not be able to receive the amounts in debt according to the initial transaction conditions.

3.4. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, other short term investments of high liquidity and with initial maturities of up to 3 months and bank overdrafts. Bank overdrafts are presented in the Balance Sheet, in current liabilities in the item "Financing obtained" and are considered in the drawing up of cash flows statement such as cash and cash equivalents.

3.5. Share Capital

Ordinary shares are classified as equity.

The costs directly attributed to the issue of new shares or options are presented in equity as a deduction, tax deducted, to the amount issued.

3.6. Financial Liabilities

The Board of Directors determines the classification of financial liabilities, on the initial acknowledgement date according to NCRF 27 – Financial instruments.

The financial liabilities can be classified / measured as:

- (a) At cost or depreciated cost less any loss due to impairment;
- (b) At fair value with changes to fair value being recorded in the financial statements.

OMIP classifies and measures at cost or depreciated cost the financial liabilities i) that concerning term are spot or have a set maturity; ii) the remuneration of which is a fixed amount, a fixed interest rate or variable rate corresponding to a market index; and iii) that do not have any contractual clause which may result in a change to the responsibility for the repayment of the nominal value and the accumulated interest to be paid.

For liabilities recorded at depreciated cost, the interest obtained, to be recorded in each period, is calculated according to the effective interest rate method, which means at the rate which exactly discounts the receipt of future cash estimated during the life expectancy of the financial instrument. Financial liabilities that are registered at cost or depreciated cost are those that constitute loans obtained, payables (suppliers, other creditors, etc.) and equity instruments as well as any associated derivatives contracts, which are not traded on an active market, the value of which cannot be determined in a reliable way.

Only when a financial liability (or part of a financial liability) is extinguished should an entity no longer record it, that is when the obligation established in the contract is paid, cancelled or expires.

3.7. Income tax

The income tax during this period includes current taxes and deferred taxes. The income tax is registered in the financial statements except when relating to items that are recorded directly in equity. The value of current tax to be paid is calculated based on the profits/losses before tax, adjusted according to the fiscal rules.

During 2008, the Company became integrated under the scope of IRC within the fiscal consolidation of the REN Group. As a result the movements relating to payments are recorded in the REN – National Energy Grids, SGPS, S.A. balance sheet under item “Income tax”.

However during the year 2010, the company no longer belonged to the REN Group fiscal group, but as this fact only occurred on 22nd December 2010, the payments were recorded in the REN - Redes Energéticas Nacionais, SGPS, S.A. balance sheet under item “Income tax”.

Deferred taxes are recorded using the liabilities method based on the balance sheet, taking into account the temporal differences resulting from the difference in the assets and liabilities tax basis and their values in the financial statements.

The deferred taxes are calculated based on the tax rate in force or officially communicated at the date of the balance sheet and that is thought will be applicable at the execution or payment of the deferred taxes.

The asset deferred taxes are recorded as long as it is probable that future taxable profits are available to be used for the temporal difference. The liability deferred taxes are recorded for all taxable temporal differences except in relation to: i) initial recording of goodwill; or ii) the initial recording of assets and liabilities, that do not result from the concentration of activities and that at the transaction date do not affect the accounting or fiscal result. However, taxable temporal

differences relating to shares in affiliates should not be recorded: i) the parent company is able to control the temporal difference reversion period; and ii) it is probable that the temporal difference will not be reverted in the near future.

3.8. Leases

The leasing of tangible fixed assets, of which OMIP holds essentially all the risks and benefits inherent to owning the asset, are classified as financial leases. Also classified as financial leases are the contracts where after analysing one or more particular situations point to this nature. All other leases are classified as operational leases.

The financial leases are capitalised at the start of the lease by the present value of the minimum lease payments, each set at the contract's start date. The resulting debt of a financial lease contract is recorded, with financial expenses deducted, in the Loans item. The financial expenses included in the rent and the depreciation of the leased assets are recorded in the financial statements, in the period to which they relate.

The tangible assets purchased through financial leases are depreciated according to the lesser of the following two options: i) assets working life and the lease period when the company does not have the option to buy at the end of the contract, or ii) by the estimated working life when the company intends to buy the assets at the end of the contract.

The rent due, for the leases that are considered operational, is recorded in the financial statements on a linear basis during the leasing period.

3.9. Income

Income is the fair value, received or to be received for the rendering of service, tax and discounts deducted.

The rendering of services is recorded during the period they occur, just as stated in the financial year specialisation accounting principle.

3.10. Tariff Discrepancies

As the SNC omits information relative to regulated activities and the recording of tariff discrepancies, OMIP defined a policy for recognizing and measuring tariff discrepancies as foreseen in NCRF 4 – 'Alterations to accounting policies, estimations and errors' with reference to the international rule SFAS 71 – Rate regulated activities. SFAS 71 states that: "an entity should record: a) a regulatory asset by its right to recover specific costs incurred previously and obtaining a specific return; or b) a regulatory liability by its obligation to return amounts received previously and to pay a specific remuneration, when it has the right to increase or reduce future tariffs" according to the recuperation mechanisms applied by the regulator.

Therefore, at each report date, OMIP estimates the discrepancies between the real and estimated costs in order to accept operational costs and calculate income allowed, in accordance with the criteria defined by the ERSE tariff regulation. This correction is adjusted after ERSE's approval the following year (year $n+1$), to incorporate tariffs for the following year ($n+2$). During the year 2010, the regulator defined, exceptionally, that the adjustments for 2009 and 2010 would only be made in 2012.

3.11. Financial Year Specialisation

Other income and costs are recorded in the year to which they relate independent of the moment of the payment or receipt, in line with the accounting principle of financial year specialisation. The difference between the amounts received and paid and the corresponding gains and expenses are recorded as accruals and deferrals in the items receivables and payables.

4 Cash Flows

4.1. Cash and its equivalents that not available for use

OMIP does not have any balance for the item cash and equivalents with restricted use for the years presented,

4.2. Breakdown of the values recorded in cash item are as follows

At 31st December 2010, the details of cash and cash equivalents present the following values:

	<u>31-12-2010</u>	<u>31-12-2009</u>
Cash	1.635	929
Bank Deposits	828.398	840.259
Cash and cash equivalents	<u>830.033</u>	<u>841.188</u>

The breakdown of the amount considered as final balance in the item “Cash and cash equivalents” for the purpose of the cash flow statement for the year ending 31st December 2010 is as follows:

	<u>31-12-2010</u>	<u>31-12-2009</u>
- Cash	1.635	929
	<u>1.635</u>	<u>929</u>
Bank Deposits		
- Bank Deposits	328.398	140.259
- Deposits - Long Term	500.000	700.000
	<u>828.398</u>	<u>840.259</u>
Cash and cash equivalents (assets)	<u>830.033</u>	<u>841.188</u>
Cash equivalents (liabilities)	<u>-</u>	<u>-</u>

5 Fixed tangible assets

The movement in fixed tangible assets for the period ending 31st December 2009 is as follows:

	Vehicles	Furnishings and Fixings	Others	Assets in course	Total
At 1 January de 2009					
Start-up costs	141.733	1.454.445	1.867	-	1.598.045
Total depreciations	-90.248	-1.213.135	-588	-	-1.303.971
Net Value	51.485	241.310	1.279	-	294.074
At 31 December 2009					
Additions	7.638	76.345	-	-	83.982
Disposals	-	-	-	-	0
Reallocations and reductions	-38.758	1.867	-1.867	-	-38.758
Depreciations - period	-22.528	-153.754	-	-	-176.282
Depreciations - disposals	-	-	-	-	-
Depreciations- transf. and reductions	24.929	1.717	588	-	27.235
Net Value	-28.720	-73.825	-1.279	-	-103.823
At 31 December 2009					
Start-up costs	110.613	1.532.657	-	-	1.643.269
Total depreciations	-87.847	-1.365.171	-	-	-1.453.018
Net Value	22.766	167.486	-	-	190.251

The movement in fixed tangible assets for the period ending 31st December 2010 is as follows:

	Vehicles	Furnishings and Fixings	Others	Assets in course	Total
At 1 January de 2010					
Start-up costs	110.613	1.532.657	-	-	1.643.269
Total depreciations	-87.847	-1.365.171	-	-	-1.453.018
Net Value	22.766	167.486	-	-	190.251
At 31 December 2010					
Additions	100.000	27.667	-	129.425	257.092
Disposals	-110.613	-7.619	-	-	-118.231
Reallocations and reductions	0	-35.509	-	-	-35.509
Depreciations - period	-27.012	-83.052	-	-	-110.064
Depreciations - disposals	100.276	7.536	-	-	107.811
Depreciations- transf. and reductions	0	855	-	-	855
Net Value	85.417	77.363	-	129.425	292.204
At 31 December 2010					
Start-up costs	100.000	1.517.195	-	129.425	1.746.620
Total depreciations	-14.583	-1.439.832	-	-	-1.454.416
Net Value	85.417	77.363	-	129.425	292.204

6 Financial Shares – Equity Method

At 31st December 2010 the investment in an associated company is as follows:

	<u>% share</u>	<u>31-12-2010</u>	<u>31-12-2009</u>
OMICLEAR	100,00%	<u>3.000.000</u>	<u>3.000.000</u>
Total		<u>3.000.000</u>	<u>3.000.000</u>

The detail in relation to the associated company is as follows:

	<u>31-12-2010</u>	<u>31-12-2009</u>
	<u>OMICLEAR</u>	<u>OMICLEAR</u>
Assets		
Non-current	684.568	473.677
Currents	<u>77.138.040</u>	<u>106.285.281</u>
	<u>77.822.608</u>	<u>106.758.958</u>
Liabilities		
Non-current	233.300	191.160
Currents	<u>74.535.864</u>	<u>103.520.086</u>
	<u>74.769.164</u>	<u>103.711.246</u>
Equity	<u>3.053.444</u>	<u>3.047.712</u>
	3.053.444	3.047.712
Year Activity		
Income	1.182.712	1.434.122
Expenses	<u>(1.176.979)</u>	<u>(1.426.434)</u>
Net Profit	<u>5.733</u>	<u>7.688</u>
% shareholding	<u>100%</u>	<u>100%</u>
	<u>5.733</u>	<u>7.688</u>

The movement in the financial share from 1st January 2009 to 31st December 2010 is as follows:

	<u>OMICLEAR</u>
1 January 2009	3.040.022
Additions	-
Gains / (Losses)	7.689
Other equity movements	-
Disposals	-
Dividends received	-
31 December 2009	<u>3.047.711</u>
Additions	-
Gains / (Losses)	5.733
Other equity movements	-
Disposals	-
Dividends received	-
31 December 2010	<u>3.053.444</u>

7 Assets and Liabilities by Deferred Taxes

The movements that occurred in the assets and liabilities by deferred taxes items for years presented are as follows.

Deferred Taxes in Assets

	<u>Tariff Deviations</u>	<u>Tax Loss</u>	<u>Total</u>
At 1 January 2009	61.922	-	61.922
			-
Period ended at December 31			-
Constitution/Reversion by Capital	-	-	-
Reversal by Results	(21.357)	-	(21.357)
Constitution by Results	-	-	-
			-
Movement of the Period	(21.357)	-	(21.357)
			-
At 31 December 2009	40.565	-	40.565
			-
	<u>Tariff Deviations</u>	<u>Tax Loss</u>	<u>Total</u>
			-
At 1 January 2010	40.565	-	40.565
			-
Period ended at December 31			-
			-
Constitution/Reversion by Capital	-	-	-
Reversal by Results	-	-	-
Constitution by Results		50.134	50.134
			-
Movement of the Period	-	50.134	50.134
			-
At 31 December 2010	40.565	50.134	90.700
			-
Tax Losses Reportable			
- Year 2010	189.187		

Deferred Taxes in Liabilities

	Tariff Deviations
At 1 de January de 2009	73.144
Period ended at December 31	
Constitution/Reversion by Capital	
Reversal by Results	-
Constitution by Results	-
Activity of the Period	-
At 31 de December de 2009	73.144
	Tariff Deviations
At 1 de January de 2010	73.144
Period ended at December 31	
Constitution/Reversion by Capital	-
Reversal by Results	42.965
Constitution by Results	
Activity of the Period	42.965
At 31 de December de 2010	116.109

8 Government and other public entities

At year ending 31st December 2010, the details of the Government item are as follows:

	31-12-2010		31-12-2009	
	Asset	Liabilities	Asset	Liabilities
Income Tax	-	9.820	-	18.740
Income Tax - Retentions		20.642	-	-
Value Added Tax - VAT	-	11.034	4.615	-
Social Security contribution	-	9.461	-	8.092
VAT Other markets	8.787	-	8.352	-
	8.787	50.957	12.967	26.832

Income Tax Details

	2010	2009
Withholding Tax	675	-
Estimate Income Tax	(10.494)	-
Total	(9.820)	-

9 Other receivables

At 31st December 2010, the breakdown of other receivables is as follows:

	31-12-2010			31-12-2009		
	Current	Non-Current	Total	Current	Non-Current	Total
Other Debtors	223.490	-	223.490	187.089	-	187.089
Accruals and Deferrals						
Accrued Income	-	438.148	438.148	276.015	-	276.015
Other accounts receivable	223.490	438.148	661.638	463.104	-	463.104

The balance of Other debtors refers to transactions with Group companies (see note 19.4).

The increase in non current income refers to a tariff discrepancy created in 2010.

As stated in Energy and Innovation Secretary of State Ruling nº17041/2010, the economic sustainability of OMIP and OMIClear, ceased on 31st December de 2010.

As such, the net amounts (that is, OMIP and OMIClear's assets and liabilities net balance) of tariff discrepancies calculated in 2009 and 2010 will be recovered via tariff in n+2 as foreseen in tariff Regulation, that is, 2012.

10 Share Capital

At 31st December 2010, OMIP's share capital is totally paid up, represented by 250,000 shares with a nominal value of 10 Euros each.

11 Legal reserve

In accordance with the commercial legislation in force, the Company is obliged to transfer to the legal reserve item, at least 5% of the net annual profits until it equals 20% of the equity. This reserve cannot be distributed to shareholders; however it may be used to cover losses after exhausting all other reserves.

At 31st December 2010 the legal reserve reached 17 246.35 Euros.

12 Suppliers and other payables

The breakdown of the suppliers and other payables item at 31st December 2010 is as follows:

	31-12-2010			31-12-2009		
	Current	Non-Current	Total	Current	Non-Current	Total
Suppliers	208.447	-	208.447	314.802	-	314.802
	208.447	-	208.447	314.802	-	314.802
Other Creditors	439.064	-	439.064	-	-	-
Creditors for accrued expenses						
Holiday pay and subsidies	28.629	-	28.629	23.994	-	23.994
Tariff Deviations	-	153.076	153.076	-	153.076	153.076
Others	35.400	-	35.400	75.737	-	75.737
Total	503.093	153.076	656.169	99.731	153.076	252.807

The increase in non current income refers to a tariff discrepancy created in 2010.

As stated in Energy and Innovation Secretary of State Ruling nº17041/2010, the economic sustainability of OMIP and OMIClear, ceased on 31st December de 2010.

As such, the net amounts (that is, OMIP and OMIClear's assets and liabilities net balance) of tariff discrepancies calculated in 2009 and 2010 will be recovered via tariff in n+2 as foreseen in tariff Regulation, that is, 2012.

13 Sales and services rendered

At 31st December 2010, the breakdown of the income from services rendered is as follows:

	<u>31-12-2010</u>	<u>31-12-2009</u>
Tariff for global management of the system	1.370.647	1.394.938
Services provided under the Natural Gas	241.334	-
Fees	913.932	1.059.170
Other services	<u>53.168</u>	<u>241.796</u>
Sales and Services Rendered	<u>2.579.081</u>	<u>2.695.905</u>

14 Others Incomes

Other Income

	<u>31-12-2010</u>	<u>31-12-2009</u>
Equity Method - Subsidiaries	5.733	7.689
Income from fixed assets	35.709	7.888
Income Corrections related to previous years	-	154.466
Other income	1.283	35
Estimated Income Tax	2.127	2.738
Income from shareholding	<u>23.590</u>	<u>-</u>
Proveitos de investimentos financeiros		
Other Income	<u>68.443</u>	<u>172.815</u>

15 Supplies and contractors

At 31st December 2010 and 2009, the costs incurred with supplies and contractors are as follows:

	<u>31-12-2010</u>	<u>31-12-2009</u>
Costs with Specialized Work	683.265	696.154
Common services costs	90.266	75.423
Travel and accommodation	84.550	76.914
Comunications	27.877	35.146
Representation expenses	65.300	54.100
Seminars and conferences	726	50.705
Training	1.325	32.569
Energy and fluid	9.101	6.890
Materials	8.138	8.273
Maintenance and repair	6.920	9.244
Others (below 5.000 €)	8.797	26.739
External supplies and services	<u>986.265</u>	<u>1.072.158</u>

The item Costs with specialised work includes expenses with IT and consultancy services. Common costs respect the amounts debited by the REN Group referring to common building, management administrative costs, etc.

Also registered in the part corresponding to costs with evaluations carried out on OMIP and OMIClear, amounting to 112 703 Euros.

The difference between 2009 and 2010 in the item "Seminars and conferences", is due to the fact that in 2009 OMIP SGMR was the main sponsor of the "EMART" fair which took place in Madrid, the costs of which exceeded 50 000 Euros.

The difference between 2009 and 2010 in item "Training" is due to the fact that in 2009 OMIP paid the COMILLAS University in Madrid, for an econometric study on auctions.

16 Staff Costs

On 31st December 2010 and 2009, staff costs were as follows:

	<u>31-12-2010</u>	<u>31-12-2009</u>
Corporate bodies remuneration	705.458	722.348
Employee Payments	176.095	158.816
Charges for salaries	83.145	63.615
Insurance of accidents and diseases	6.702	4.979
Social activities costs	557	198
Other costs	4.435	3.261
Staff Costs	<u>976.392</u>	<u>953.217</u>

The average number of employees in 2010 was 4 (2009:4).

17 Other costs and losses

The breakdown of other costs and losses is as follows:

Other Costs Details	31-12-2010	31-12-2009
Indirect Taxes	23.124	18.396
- Value Added Tax	6.877	1.769
- Stamp Tax	181	123
- Taxes	15.935	16.369
- Others	132	135
Corrections for previous years		8.946
Disposals costs	625	
Donations	750	
Contributions	4.060	665
Market Operations	526.674	668.666
Others	0	337
Other Expenses and Losses	555.234	697.010

The item Market operations essentially includes the monthly fixed fees charged by market makers. These members guarantee adequate levels of liquidity and depth of market bids. The fixed fees with market makers were renegotiated, which resulted in the decrease seen. The value of 8,946 in 2009 seen in item Corrections relative to previous years refers to the 2008 Fees Promotion.

18 Financial expenses and income

The financial expenses and income breakdown is as follows:

	31-12-2010	31-12-2009
Interest and similar income		
Interest income from Bank Deposits	3.194	6.932
Favourable exchange differences	1.461	903
Income from shareholding		50.000
	4.656	57.834
Interest and similar expenses		
Unfavourable exchange differences	(1.770)	(658)
Interest leasing expenses	(1.284)	(94)
Banking Services	(815)	(295)
Others	(1.298)	(847)
	(5.166)	(1.894)
Financial income and expenses	(510)	55.940

19 Year's Tax

The breakdown of the year's tax shown in the financial statements is as follows;

	<u>31-12-2010</u>	<u>31-12-2009</u>
Current Income Tax	10.494	18.443
Deferred Income Tax	<u>(7.169)</u>	<u>(3.077)</u>
Income Tax	<u>3.325</u>	<u>15.367</u>

The tax rate used to value the taxing differences at the balance sheet date of the year ending 31st December 2010 was 25% (2009: 26.5%).

The conciliation of the tax amount for the year is as follows:

	Notes	<u>31-12-2010</u>	<u>31-12-2009</u>
Profit before taxes		19.060	25.994
Income Tax		<u>25,0%</u>	<u>26,5%</u>
		<u>4.765</u>	<u>6.888</u>
Non-deductible expenses		7.588	12.044
Income not taxable		53.701	7.689
Separate taxation		<u>10.494</u>	<u>7.324</u>
		<u>76.549</u>	<u>33.945</u>
Current Income Tax		10.494	18.443
Deferred Income Tax		<u>(7.169)</u>	<u>(3.077)</u>
Income Tax		<u>3.325</u>	<u>15.367</u>
Effective Income Tax		<u>17,45%</u>	<u>59,12%</u>

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

	<u>31-12-2010</u>	<u>31-12-2009</u>
Income Tax	25,00%	25,00%
Municipal Surcharge	<u>1,50%</u>	<u>1,50%</u>
	<u>26,50%</u>	<u>26,50%</u>

The tax rate varies from 26.50% to 25%, as a result of the company presenting a fiscal loss in 2010.

20 Transactions with related entities

At 31st December 2010, OMIP was held predominantly by REN – Redes Energéticas Nacionais, SGPS, S.A.

The list of related entities is the following:

Shareholders

OMIP - Operador do Mercado Ibérico (Portugal), SGPS, SA

Group Companies

OMIP - Operador do Mercado Ibérico (Portugal), SGPS, SA
 OMIClear - Sociedade de Compensação de Mercados de Energia, SGCCCC, SA
 REN -Redes Energéticas Nacionais, SGPS, SA
 REN - Rede Eléctrica Nacional, SA
 REN Trading, SA
 REN Gasodutos, SA
 REN Armazenagem, SA
 REN Atlântico, Terminal de GNL, SA
 Rentelecom - Comunicações, SA
 REN Serviços, SA
 Enondas, Energia das Ondas, SA

During the year the Company executed the following transactions with related parties:

20.1. Income – Group Companies

	<u>31-12-2010</u>	<u>31-12-2009</u>
Services rendered		
REN - Rede Eléctrica Nacional, S.A	1.092.542	1.769.792
REN - Gasodutos, S.A	30.000	7.500
	<u>1.122.542</u>	<u>1.777.292</u>

20.2. Expenses – Group Companies

Purchase of Services

REN - Rede Eléctrica Nacional, S.A	63.632	88.149
REN Armazenagem, S.A	14.843	-
RENTELCOM - Comunicações, S.A	16.563	39.503
REN Serviços, S.A	13.200	18.700
	<u>108.238</u>	<u>146.352</u>

20.3. Board of Directors Remuneration

During the period ending 31st December 2010, the remunerations paid to the OMIP Board of Directors were the following:

Corporate Bodies

Salaries and other short-term benefits	705.458	722.348
	705.458	722.348
	31-12-2010	31-12-2009

No loans were given to the members of the Board of Directors.

At 31st December 2010, the balances resulting from transactions carried out with related parties are:

20.4. Balances with related parties – Group Companies

Trade Debtors and other receivables

REN - Rede Eléctrica Nacional, S.A	110.165	82.574
OMIP SGPS	4.368	-
REN Armazenagem, S.A	-	-
OMICLEAR, S.A	108.331	60.279
	222.863	142.853

Trade Creditors and other payables

REN - Redes Energéticas Nacionais, SGPS, S.A	(7.430)	68.587
REN - Rede Eléctrica Nacional, S.A	(19.317)	(17.531)
RENTELECOM - Comunicações, S.A	(1.954)	(6.757)
REN SERVIÇOS, S.A	(3.993)	(2.640)
REN Armazenagem, S.A	(869)	(306)
OMICLEAR, S.A	-	(327)
	(33.563)	41.025

21 Contingencies

At 31st December 2010 no knowledge of any existing contingencies or commitments undertaken.

Lisbon, 28th February 2011

O Técnico de contas

nº 30375

Maria Teresa Rodrigues Martins

O Conselho de Administração

José Isidoro d' Oliveira Carvalho Netto - Presidente

Paulo Martins de Sena Esteves - Vogal

Jorge Fernando da Silva Simão - Vogal

João Manuel de Castro Plácido Pires - Vogal

OMEL – Operador del Mercado Iberico de Energía,
Polo Español, S.A. (D. Pedro Mejía Gómez) - Vogal