



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

Consolidated Financial Statements
30 September 2015

(Translation of consolidated financial statements originally issued in Portuguese –
Note 31)

Consolidated financial statements

30 September 2015

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

Index

1. ECONOMIC AND FINANCIAL PERFORMANCE	5
1.1 3 RD QUARTER RESULTS	5
1.2 AVERAGE RAB AND INVESTMENT	8
1.1 Quarterly statements of profit or loss and comprehensive income for the periods from 1 July to 30 September of 2015 and 2014	9
2. CONSOLIDATED FINANCIAL STATEMENTS	12
3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015	17
1 GENERAL INFORMATION	17
2 BASIS OF PRESENTATION	21
3 MAIN ACCOUNTING POLICIES	21
4 SEGMENT REPORTING	25
5 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	28
6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	31
7 INCOME TAX	33
8 FINANCIAL ASSETS AND LIABILITIES	37
9 ASSETS AVAILABLE FOR SALE	40
10 TRADE AND OTHER RECEIVABLES	43
11 DERIVATIVE FINANCIAL INSTRUMENTS	44
12 CASH AND CASH EQUIVALENTS	48
13 EQUITY INSTRUMENTS	49
14 BORROWINGS	50
15 POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS	53
16 PROVISIONS	55
17 TRADE AND OTHER PAYABLES	55
18 SALES AND SERVICES RENDERED	56
19 REVENUE AND COSTS FROM CONSTRUCTION ACTIVITIES	57
20 OTHER OPERATING INCOME	57

21	EXTERNAL SUPPLIES AND SERVICES	58
22	PERSONNEL COSTS	58
23	OTHER OPERATING COSTS	59
24	FINANCIAL COSTS AND INCOME	59
25	ENERGY SECTOR EXTRAORDINARY CONTRIBUTION	59
26	EARNINGS PER SHARE	60
27	DIVIDENDS PER SHARE	60
28	GUARANTEES GIVEN	61
29	RELATED PARTIES	62
30	SUBSEQUENT EVENTS	65
31	EXPLANATION ADDED FOR TRANSLATION	65

1. ECONOMIC AND FINANCIAL PERFORMANCE

1.1 3RD QUARTER RESULTS

MAIN INDICATORS

In the 3rd quarter of 2015, EBITDA reached €372.3M, a slight decrease when compared to the same period of the previous year (-€1.9M; -0.5%), affected essentially by the negative impact of the new regulatory period in electricity, which was offset by the capital gains with the sale of REN's stake in Enagás (€20.1M).

Financial results increased 10.8% (+€8.6M), driven essentially by a lower cost of debt, which dropped from 4.7% to 4.0%. On the other hand, Net debt increased 0.6% (+€15.1M), to €2,447.0M, which resulted mainly from the payment of the NG underground storage assets acquired to Galp.

Overall, net income had a positive evolution, reaching €91.6M, an increase of €13.0M (+16.5%) when compared with September of 2014. This was driven by the good performance of financial results, and a one-off effect of €9.9M related to the recovery of taxes linked to impairment/re-valuation of assets resulting from the spin-off of REN and EDP.

Capex was €145.8M, an increase of €76.5M (+110.3%), while transfers to RAB reached €79.6M, +€65.7M when compared with the 3rd quarter of 2014, both reflecting the acquisition of Galp's NG underground storage assets in May of 2015 (€71.4M). Given the same effect, average RAB grew €74.7M (+2.2%), reaching €3,534.2M.

Main indicators [Million euros]	September 2015	September 2014	Var.%
EBITDA ¹	372.3	374.2	-0.5%
Financial income ¹	-70.5	-79.0	10.8%
Net income ²	91.6	78.7	16.5%
Recurrent net profit	93.3	106.0	-11.9%
Total capex	145.8	69.3	110.3%
Transfers to RAB (at historical costs) ³	79.6	13.8	474.9%
Average RAB (at reference costs)	3,534.2	3,459.5	2.2%
Net debt	2,447.0	2,432.0	0.6%
Average debt cost	4.0%	4.7%	-0.7p.p.

OPERATIONAL RESULT – EBITDA

EBITDA reached €372.3M in the third quarter of 2015, a decrease of €1.9M (-0.5%) when compared to the previous year.

The main negative contributions were:

- **The decrease of €30.9M in RAB remuneration**, driven by the electricity sector in which the rate of return decreased from 7.76% to 5.99% in assets without efficiency premium and from 9.26% to 6.74% in assets with efficiency premium. The main changes introduced with the new regulatory period concerning the remuneration of electricity regulated assets were: i) in the RoR index, which is now the arithmetic average of the daily rates for the Portuguese Republic 10 year sovereign bonds, and in the starting point for the base RoR which was set at 6.4% (compared to 9.0% in the previous period); ii) in the premium rate for efficient investments while was reduced from 1.5% to 0.75%.

¹ Financial revenue from the interconnection capacity auctions between Spain and Portugal (0.3M€) – known as FTR (Financial Transaction Rights), was reclassified from Financial Results to Revenues

² 2014 value was restated (see note 3 of Consolidated financial statements)

³ Includes RAB related direct acquisitions

- **Decrease of €5.8M (-7.9%) in revenues from Opex**, of which -€6.7M resulted from the revision of the Electricity Transmission activity revenue cap in the new regulatory period;

These effects were partially offset by:

- **The capital gains with the sale of the stake in Enagás (+€20.1M);**
- **The positive evolution in recovery of depreciations (+€5.5M)**, consistent with the increase in the regulated asset base;
- **The reduction achieved in operating costs (-€1.7M; -2.3%)**, of which -€0.7M in personnel costs, -€1.0M in external costs;
- **Other effects of +€7.4M** resulting from the performance improvement recognized in the changes introduced in the new regulatory period of the electricity sector, namely the incentive to maintain in operation fully depreciated assets to avoid replacement investments.

EBITDA [Million euros]	September 2015	September 2014	Var.%
1) Revenues of assets	330.8	346.9	-4.6%
Return on RAB	161.8	192.7	-16.0%
Smoothing differences and neutrality effect (gas)	-2.6	-4.4	40.9%
Hydro land remuneration	0.2	0.1	69.0%
Lease revenues from hydro protection zone	0.5	0.6	-1.2%
Incentive for asset life extension	13.9	6.5	114.5%
Recovery of depreciations (net from subsidies)	143.5	138.1	3.9%
Subsidies amortization	13.5	13.3	1.2%
2) Revenues from Opex	68.4	74.2	-7.9%
3) Other revenues	34.4	13.5	154.9%
4) Own works (capitalised in investment)	12.0	14.5	-17.2%
5) Earnings on Construction (excl. own works) – Concession assets	133.5	54.8	143.6%
6) OPEX	72.9	74.6	-2.3%
Personnel costs ⁴	38.9	39.5	-1.6%
External costs	34.1	35.1	-3.0%
7) Construction costs – Concession assets	133.5	54.8	143.6%
8) Provisions/ (reversal)	-0.2	0.2	n.m
9) Impairments/ (reversal)	0.6	0.0	n.m
10) EBITDA (1+2+3+4+5-6-7-8-9)	372.3	374.2	-0.5%

⁴ Includes training costs

NET INCOME

Net income increased €13.0M (+16.5%) in the 3rd quarter of 2015, to €91.6 M, supported by the good performance of the group's financial results, which increased 10.8% following the reduction from 4.7% to 4.0% in the average cost of debt, and a one-off effect of €9.9M related to the recovery of taxes linked to impairment/re-valuation of assets resulting from the spin-off of REN and EDP.

When adjusted for non-recurring items, Recurrent Net Income decreased by 11.9% (-€12.6M), driven essentially by the changes in electricity regulation which had a negative impact in electricity regulated revenues. Non-recurring items considered in the third quarter of both 2014 and 2015 were the following:

- i) In 2015: i) cost of carry of European Investment Bank escrow account of €2.9M (€2.0M after taxes); ii) Energy sector extraordinary levy, as established in 2015 State budget law (€25.4M), iii) capital gains with the sale of the group's stake in Enagás (-€20.1M; -€16.1M after taxes); and iv) a one-off effect related to the recovery of taxes linked to impairment/re-valuation of assets resulting from the spin-off of REN and EDP (-€9.9M; -€9.7M net of associated costs and after taxes);
- ii) In 2014: i) cost of carry of European Investment Bank escrow account of €3.3M (€2.2M after taxes), and ii) Energy sector extraordinary levy, as established in 2014 State budget law (€25.1 M)

Net income [Million euros]	September 2015	September 2014	Var.%
EBITDA⁵	372.3	374.2	-0.5%
Depreciations	156.4	151.4	3.3%
Financial income ⁵	-70.5	-79.0	10.8%
Income tax expenses	28.4	40.1	-29.3%
Energy sector levy ⁶	25.4	25.1	1.5%
Net income⁶	91.6	78.7	16.5%
Non-recurring items ⁶	1.7	27.3	-93.7%
Recurrent Net Income	93.3	106.0	-11.9%

⁵ Financial revenue from the interconnection capacity auctions between Spain and Portugal (0.3M€) – known as FTR (Financial Transaction Rights), was reclassified from Financial Results to Revenues

⁶ 2014 value was restated (see note 3 of Consolidated financial statements)

1.2 AVERAGE RAB AND INVESTMENT

CAPEX AND AVERAGE RAB

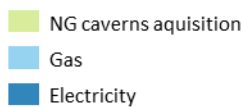
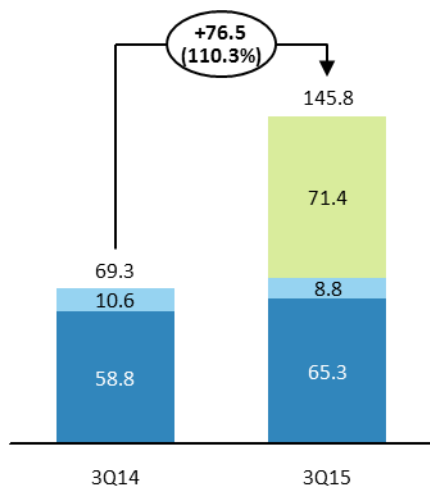
In the 3rd quarter of 2015, Capex reached €145.8M, increasing €76.5M when compared with the same period of 2014. This evolution is mainly a result of the acquisition of Galp's natural gas underground storage assets (€71.4M) in May of 2015.

Key investments in the electricity sector in the first half of 2015 include €5.3M in the 400/60kV substation of Vila Nova de Famalicão and €8.6M in the opening of the 400Kv Recarei-Vermoim 4 line to Vila Nova de Famalicão, both projects part of the new axis at 400kV between Porto and Minho regions, and €8.2M in the Vieira do Minho – Pedralva 2 line (400Kv+150Kv).

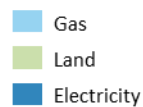
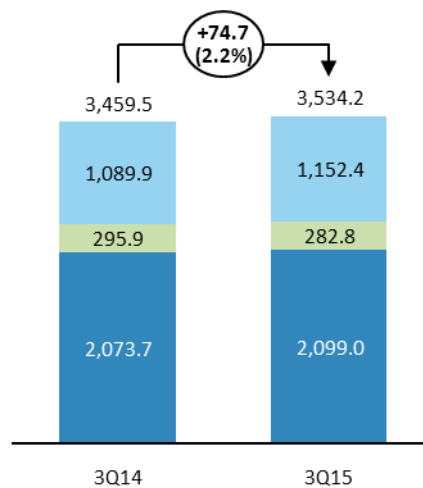
Similarly, transfers to RAB increased €65.7M to €79.6M due to the acquisition of Galp's assets referred above.

Average RAB was €3,534.2M, €74.7M (+2.2%) higher than in the 3rd quarter of the previous year, of which +€12.2M in electricity and +€62.5M in gas.

INVESTMENT (M€)



AVERAGE RAB (M€)



1.1 Quarterly statements of profit or loss and comprehensive income for the periods from 1 July to 30 September of 2015 and 2014

Consolidated statements of profit or loss (unaudited information)

(Amounts expressed in thousands of Euros - tEuros)

	01.07.2015 to 30.09.2015	01.07.2014 to 30.09.2014
Sales	132	115
Services rendered	131,858	138,078
Revenue from construction of concession assets	46,857	33,301
Gains from associates and joint ventures	138	98
Operating subsidies	-	8
Other operating income	5,006	4,962
Operating income	183,992	176,562
Cost of goods sold	(111)	(185)
Cost with construction of concession assets	(42,490)	(28,831)
External supplies and services	(8,120)	(10,003)
Employee compensation and benefit expense	(12,529)	(13,026)
Depreciation and amortizations	(52,314)	(50,501)
Other expenses	(2,803)	(2,561)
Operating costs	(118,367)	(105,107)
Operating results	65,624	71,455
Financial costs	(25,449)	(29,818)
Financial income	(463)	2,610
Investment income - dividends	351	(0)
Financial results	(25,561)	(27,208)
Profit before income taxes	40,063	44,247
Income tax expense	(11,006)	(11,339)
Extraordinary contribution on energy sector	(12,722)	(12,532) (a)
Net profit for the period	16,335	20,376
Attributable to:		
Equity holders of the Company	16,335	20,376
Consolidated profit for the period	16,335	20,376
Earnings per share (expressed in euro per share)	0.03	0.04

(a) Amount restated (Note 3)

Consolidated statements of comprehensive income (unaudited information)

(Amounts expressed in thousands of Euros - tEuros)

	01.07.2015 to 30.09.2015	01.07.2014 to 30.09.2014
Net Profit for the year	16,335	20,376 (a)
Other income and cost recorded in equity:		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Actuarial gains / (losses)	308	-
Tax effect on actuarial gains / (losses)	(89)	-
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Increase/(decrease) in hedging reserves - cash flow derivatives	(4,958)	(927)
Tax effect on hedging reserves	1,041	213
Gain/(loss) in fair value reserve - available-for-sale assets	3,059	7,230
Tax effect on fair value reserves	(643)	(1,663)
Comprehensive income for the year	15,054	25,229
Attributable to:		
Shareholders of the company	15,054	25,229
	15,054	25,229

(a) Amount restated (Note 3)

CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

2. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statements of financial position as of 30 September 2015 and 31 December 2014

(Amounts expressed in thousands of Euros - tEuros)

	Notes	Sep 2015	Dec 2014
ASSETS			
Non-current assets			
Property, plant and equipment	5	742	682
Goodwill		3,774	3,774
Intangible assets	5	3,827,402	3,838,228
Investments in associates and joint ventures	6	13,109	12,575
Available-for-sale financial assets	9	149,190	144,443
Derivative financial instruments	11	29,756	21,970
Other financial assets	8	92,105	93,482
Trade and other receivables	10	136,304	86,182
Deferred tax assets	7	66,440	65,982
		<u>4,318,821</u>	<u>4,267,320</u>
Current assets			
Inventories		1,439	1,779
Trade and other receivables	10	241,828	459,785
Available-for-sale financial assets	9	-	62,530
Current income tax recoverable	7	-	10,219
Other financial assets	8	8,864	8,864
Cash and cash equivalents	12	68,794	114,258
		<u>320,924</u>	<u>657,435</u>
Total assets	4	<u>4,639,745</u>	<u>4,924,755</u>
EQUITY			
Shareholders' equity:			
Share capital	13	534,000	534,000
Treasury shares	13	(10,728)	(10,728)
Other reserves	13	319,291	315,621
Retained earnings		201,454	183,896
Other changes in equity		30	-
Net profit for the period		91,609	112,777
Total equity		<u>1,135,656</u>	<u>1,135,567</u>
LIABILITIES			
Non-current liabilities			
Borrowings	14	2,057,579	2,207,514
Liability for retirement benefits and others	15	122,781	126,617
Derivative financial instruments	11	19,386	24,581
Provisions	16	5,220	4,947
Trade and other payables	17	342,917	328,228
Deferred tax liabilities	7	83,069	92,270
		<u>2,630,953</u>	<u>2,784,157</u>
Current liabilities			
Borrowings	14	553,660	396,952
Provisions	16	1,725	2,369
Trade and other payables	17	307,857	605,710
Income tax payable	7	9,893	-
		<u>873,136</u>	<u>1,005,031</u>
Total liabilities	4	<u>3,504,088</u>	<u>3,789,188</u>
Total equity and liabilities		<u>4,639,745</u>	<u>4,924,755</u>

The accompanying notes form an integral part of the consolidated statement of financial position as of 30 September 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

Consolidated statements of profit or loss for the nine month periods ended 30 September 2015 and 2014

(Amounts expressed in thousands of Euros - tEuros)

	Notes	Sep 2015	Sep 2014
Sales	4 and 18	532	175
Services rendered	4 and 18	396,493	418,511
Revenue from construction of concession assets	4 and 19	145,490	69,310
Gains / (losses) from associates and joint ventures	6	534	324
Operating subsidies		-	10
Other operating income	20	35,869	15,921
Operating income		578,918	504,250
Cost of goods sold		(536)	(447)
Cost with construction of concession assets	19	(133,469)	(54,788)
External supplies and services	21	(24,786)	(25,779)
Employee compensation and benefit expense	22	(38,762)	(39,305)
Depreciation and amortizations	5	(156,417)	(151,413)
Provisions	16	245	(227)
Impairments	9	(600)	(28)
Other expenses	23	(9,021)	(9,100)
Operating costs		(363,346)	(281,086)
Operating results		215,571	223,164
Financial costs	24	(80,553)	(93,103)
Financial income	24	6,004	7,534
Investment income - dividends	9	4,387	6,200
Financial results		(70,163)	(79,369)
Profit before income tax		145,409	143,795
Income tax expense	7	(28,354)	(40,077)
Energy sector extraordinary contribution	25	(25,445)	(25,065) (a)
Net profit for the period		91,609	78,654
Attributable to:			
Equity holders of the Company		91,609	78,654
Non-controlled interest		-	-
Consolidated profit for the period		91,609	78,654
Earnings per share (expressed in Euro per share)	26	0.17	0.15

(a) Amount restated (Note 3)

The accompanying notes form an integral part of the consolidated statement of profit or loss for the nine month period ended 30 September 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

Consolidated statements of comprehensive income for the nine month periods ended 30 September 2015 and 2014

(Amounts expressed in thousands of Euros - tEuros)

	Notes	30 September	
		2015	2014
Net Profit for the period		91,609	78,654 (a)
Other income and cost recorded in equity:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains / (losses)	15	1,048	551
Tax effect on actuarial gains / (losses)	7	(304)	(171)
Other changes in equity		30	-
Items that will be reclassified subsequently to profit or loss:			
Increase/(decrease) in hedging reserves - cash flow derivatives	11	11,141	(2,006)
Tax effect on hedging reserves	7 and 11	(2,340)	461
Gain/(loss) in fair value reserve - available-for-sale assets	9	6,094	41,913
Tax effect on fair value reserves	7 and 9	(422)	(9,835)
Reclassification adjustments:			
Gain/(loss) in fair value reserve - available-for-sale assets	9	(20,083)	-
Tax effect on fair value reserves	7 and 9	3,966	-
Comprehensive income for the period		90,740	109,568
Attributable to:			
Shareholders of the company		90,740	109,568
Non-controlling interests		-	-
		90,740	109,568

(a) Amount restated (Note 3)

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the nine month period ended 30 September 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

Consolidated statements of changes in equity for the nine month periods ended 30 September 2015 and 2014

(Amounts expressed in thousands of Euros - tEuros)

Changes in the period	Notes	Attributable to shareholders							Profit for the period	Total	
		Share capital	Own shares	Legal Reserve	Fair Value reserve (Note 9)	Hedging reserves (Note 11)	Other reserves	Other changes in equity			Retained earnings
At 1 January 2014		534,000	(10,728)	91,492	20,886	(17,989)	177,245	-	163,356	121,303	1,079,566
Net profit of the period and other comprehensive income (a)		-	-	-	32,078	(1,544)	-	-	380	78,654	109,568
Distribution of dividends	27	-	-	-	-	-	-	-	(90,650)	-	(90,650)
Transfer to other reserves		-	-	5,804	-	-	-	-	115,500	(121,303)	-
At 30 September 2014 (a)		<u>534,000</u>	<u>(10,728)</u>	<u>97,295</u>	<u>52,964</u>	<u>(19,533)</u>	<u>177,245</u>	<u>-</u>	<u>188,586</u>	<u>78,654</u>	<u>1,098,483</u>
At 1 January 2015		534,000	(10,728)	97,295	60,313	(19,468)	177,482	-	183,896	112,777	1,135,567
Net profit of the period and other comprehensive income		-	-	-	(10,445)	8,801	-	30	744	91,609	90,740
Distribution of dividends	27	-	-	-	-	-	-	-	(90,650)	-	(90,650)
Transfer to other reserves		-	-	5,313	-	-	-	-	107,464	(112,777)	-
At 30 September 2015		<u>534,000</u>	<u>(10,728)</u>	<u>102,608</u>	<u>49,869</u>	<u>(10,667)</u>	<u>177,482</u>	<u>30</u>	<u>201,454</u>	<u>91,609</u>	<u>1,135,656</u>

(a) Amount restated (Note 3)

The accompanying notes form an integral part of the consolidated statement of changes in equity for the nine month period ended 30 September 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

Consolidated statements of cash flow for the nine month periods ended 30 September 2015 and 2014

(Amounts expressed in thousands of Euros - tEuros)

	Notes	Sep 2015	Sep 2014
Cash flow from operating activities:			
Cash receipts from customers		1,500,688 a)	2,008,342 a)
Cash paid to suppliers		(1,148,832) a)	(1,523,544) a)
Cash paid to employees		(46,946)	(47,212)
Income tax received/(paid)		(19,309)	(84,936)
Other receipts/(payments) relating to operating activities		(67,292)	(63,018)
Net cash flows from operating activities (1)		218,309	289,632
Cash flow from investing activities:			
Receipts related to:			
Available-for-sale	9	63,278	-
Property, plant and equipment		3	-
Other financial assets		1,422	15,795
Grants related to assets		4,123	177
Interests and other similar income		139	5,646
Dividends	9	5,513	7,180
Payments related to:			
Other financial assets		-	(57,172)
Available-for-sale		-	(100)
Property, plant and equipment		(2)	(1)
Intangible assets - Concession assets		(175,089)	(84,347)
Net cash flows used in investing activities (2)		(100,613)	(112,822)
Cash flow from financing activities:			
Receipts related to:			
Borrowings		1,824,000	3,363,000
Interests and other similar income		-	74
Payments related to:			
Borrowings		(1,838,764)	(3,497,271)
Interests and other similar expense		(70,210)	(84,851)
Dividends	27	(90,650)	(90,650)
Net cash flows from/(used in) financing activities (3)		(175,625)	(309,698)
Net (decrease)/increase in cash and cash equivalents (1)+(2)+(3)		(57,928)	(132,888)
Cash and cash equivalents at the beginning of the year	12	112,599	167,126
Cash and cash equivalents at the end of the period	12	54,671	34,238
Detail of cash and cash equivalents			
Cash	12	21	21
Bank overdrafts	12	(14,123)	(17,127)
Bank deposits	12	68,773	51,343
		54,671	34,238

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 the consolidated statement of cash flow for the nine month period ended 30 September 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015

(Translation of notes originally issued in Portuguese - Note 31)

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 held 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, S.A.. 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 the 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 a secondary business, in the area of Telecommunications.

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 global 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 power purchase agreements (“PPA”) 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 Equilibrium Contracts (Contratos para a Manutenção do Equilíbrio Contratual - CMEC). The

operations of this company include the trading of electricity produced and of the installed production capacity, with national 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, SGPS, S.A., its main activity being management of the concession to operate a pilot area for the production of electricity 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 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, and 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 designated “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 these companies mentioned in points b) to d) 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 optimizing the excess capacity of the fibre optics belonging to the REN Group.

REN SGPS also has the wholly owned subsidiary REN - Serviços, S.A., which has the objective of rendering services in the energetic areas and general services on the support of the business development, for related companies and third parties, receiving remuneration for these services, as well as the management of participations the company has in other companies.

On 10 May 2013 was incorporated REN Finance, B.V., wolly owned by REN SGPS, based in Netherlands, whose object is to participate, finance, collaborate and lead the management of related companies.

Additionally on 24 May 2013, together with China Electric Power Research Institute, Entity of the State Grid Group, was incorporated the Centro de Investigação em Energia REN - State Grid, S.A. (“Centro de Investigação”) under a Joint Venture in which the Group holds 1,500,000 shares representing 50% of the share capital.

The objective of this company is to implement a Center for Research and Development in Portugal, dedicated to the research, development, innovation and demonstration in the areas of electricity transmission and systems management, the rendering of advisory services and education and training services as part of these activities, as well as performing all related activities and complementary services to its object.

As of 30 September 2015 REN has also:

- a) 40% interests in the share capital of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. (“OMIP SGPS”), having as its corporate object the management of participations in other companies as an indirect way of exercising economic activities. The company became the shareholder of OMIP - Operador do Mercado Ibérico de Energia (Portuguese Pole), which function is the management of the derivatives market in MIBEL and Omiclear - Sociedade de Compensação de Mercados de Energia, S.A. a company owned by the OMIP and which has the corporate object of clearing futures and options operations;
- b) 10% interests in the share capital of OMEL - Operador do Mercado Ibérico de Energia, S.A., the Spanish pole of the Sole operator;
- c) One participation of 1% in the share capital of Red Electrica Corporati3n, S.A. (“REE”), entity responsible for managing the electric network in Spain;

d) One participation representing 6.66% of the share capital in Medgrid, SAS and 7.5% participation in Hidroeléctrica de Cahora Bassa, S.A. (“HCB”).

1.1 Companies included in the consolidation

The following companies were included in the consolidation perimeter as of 30 September 2015 and 31 December 2014:

Designation / adress	Activity	30 September 2015		31 December 2014	
		Group	Individual	Group	Individual
PARENT COMPANY:					
REN - Redes Energéticas Nacionais, SGPS, S.A.	Holding company	-	-	-	-
SUBSIDIARIES:					
Electricity segment:					
REN - Rede Electrica Nacional, S.A. Av. Estados Unidos da América, 55 - Lisboa	National electricity transmission network operator (high and very high tension)	100%	100%	100%	100%
REN Trading, S.A. Praça de Alvalade, nº7 - 12º Dto, Lisboa	Purchase and sale, import and export of electricity and natural gas	100%	100%	100%	100%
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%	100%	100%	100%
Telecommunications segment:					
RENTELECOM - Comunicações S.A. Av. Estados Unidos da América, 55 - Lisboa	Telecommunications network operation	100%	100%	100%	100%
Other segments:					
REN - Serviços, S.A. Av. Estados Unidos da América, 55 - Lisboa	Back office and management of participations	100%	100%	100%	100%
REN Finance, B.V. De Cuberstraat 93, Unit 205 1081 CN Amsterdam	Participate, finance, collaborate, conduct management of companies related to REN Group.	100%	100%	100%	100%
Natural gas segment:					
REN Atlântico , Terminal de GNL, S.A. Terminal de GNL - Sines	Liquefied Natural Gas Terminal maintenance and regasification operation	100%	100%	100%	100%
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%	-	100%	-
Owned by REN Gas, S.A.:					
REN - Armazenagem, S.A. Mata do Urso - Guarda Norte - Carriço- Pombal	Underground storage development, maintenance and operation	100%	-	100%	-
REN - Gasodutos, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	National Natural Gas Transport operator and natural gas overall manager	100%	-	100%	-

There were no changes in the consolidation perimeter in 2015 with respect to what was reported on 31 December 2014.

1.2. Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors at a meeting held on 13 November 2015. 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 PRESENTATION

The consolidated financial statements for the nine month period ended 30 September 2015 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 2014.

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 the respective countries, 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 2015.

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 2014, as explained in the notes to the consolidated financial statements for 2014. These policies were applied consistently in the presented periods. Nevertheless, the Company reassessed the application of IFRIC 21 - Levies.

IFRIC 21 - Levies

IFRIC 21 - Levies is an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and provides guidance on the timing of the recognition of a liability for a levy imposed by a government as a result of a specific event, when the payment is not made as result of the rendering of services or the sale of goods.

During the third quarter of 2015, REN reassessed the application of IFRIC 21, following industry trends, and recognized in the consolidated income statement for the nine month period ended on 30 September 2015, the total amount of the 2015 extraordinary contribution of the energy sector (Note 25), rather than recognizing the costs of that contribution in the income statement during the year 2015, as recorded in the previous year.

Consequently, the consolidated financial statements for the nine month period ended 30 September 2014, presented for comparative purposes, have been restated to include the same recognition criteria, having as effect an increase in the caption "Energy sector extraordinary contribution" (and therefore a decrease in the net profit for the nine month period ended 30 September 2014), against the caption of "Deferrals", amounting to 6,266 thousand Euros.

It is important to note that the application of this interpretation does not affect the amounts reported in the annual consolidated financial statements, but only the interim consolidated financial statements. Consequently, the consolidated statement of financial position as of 31 December 2014 was not restated.

Adoption of new standards, interpretations, amendments and revisions

The following standards, interpretations, amendments and revisions have been endorsed by the European Union with mandatory application in the economic exercises beginning on or after 1 January 2015:

- Annual improvements to IFRS (2010-2012 cycle) (amendment) - Cyclically are introduced improvements which aim to clarify and simplify the application of international standards. The amendments of the 2010-2012 cycle focused on the review, namely of, IAS 16 (clarifies the accounting treatment to apply when the entity adopts the revaluation method in the subsequent measurement of property, plant and equipment), IFRS 3 (clarification of some aspects in the record of a contingent payment included in a business combination) and IFRS 8 (introduces new disclosure requirements: (i) management judgment for aggregation of operating segments, and (ii) reconciliation of segment assets and the assets of the company).

From this amendment no significant impacts occurred on the consolidated financial statements of REN.

- Annual improvements to IFRS (2011-2013 cycle) (amendment) - As part of the cyclical review carried out for the period 2011-2013 the following standards have been changed: IAS 40 (clarifies the need to apply separately IFRS 3 and IAS 40 to determine whether the acquisition of an investment property is an acquisition of an asset or group of assets or a business combination); IFRS 3 (excludes from the scope of IFRS 3 the initial accounting for a Joint Agreement under IFRS 11 in its own financial statements); and IFRS 13 (clarifies that the exception to the fair value measurement set out in paragraph 48 should be applied to all financial assets, financial liabilities and other contracts covered by IAS 39, either fulfil or not the financial asset and financial liability definitions contained in IAS 32).

From this amendment no significant impacts occurred on the consolidated financial statements of REN.

- IAS 19 "Employee Benefits" (amendment) - This amendment clarifies the circumstances under which employee contributions for post-employment benefit plans reduce the costs with short-term benefits.

From this amendment no significant impacts occurred on the consolidated financial statements of REN.

Standards and interpretations, amended or revised not endorsed by the European Union

The following standards, interpretations, amendments and revisions, with mandatory application in future years, were not, until the date of preparation of these consolidated financial statements, been endorsed by the European Union:

Standard	Applicable for financial years beginning on or after	Resume
IFRS 9 - Financial instruments	01-jan-18	This standard sets out requirements for the classification and mensuration of financial instruments and for the application of hedge accounting.
IFRS 14 - Regulatory deferral accounts	01-jan-16	IFRS 14 establish the requirements for reporting by entities adopting IFRS for the first time the normative applicable to regulatory items, allowing the continuation of previous generally accepted accounting principle for the recognition, measurement, impairment, and derecognition of regulatory deferral balances. IFRS requires the presentation of regulatory deferral balances recognized separately from other assets and liabilities as well as expenses and income.
IFRS 15-Revenue from Contracts with Customers	01-jan-18	This standard intended to replace the revenue standards (IAS 11 and IAS 18) and clarifies the principles of revenue recognition, consistently making its application to various transactions and economic activities.
Amendments to IFRS 10 - Consolidated financial statements, IFRS 12 - Disclosure of investments in other entities and IAS 28 - Investments in associates and joint ventures	01-jan-16	These amendments include the clarification of several aspects related to the application of the exception consolidation by investment entities.
Amendments to IAS 1 - Presentation of financial statements	01-jan-16	This amendment is part of an extensive project to reform the principles and requirements of presentation and disclosure of financial reporting (disclosure initiative), in which this review consists the first step. Consequently, this amendment changes a set of disclosures contained in IAS 1
Annual improvements to IFRS (2012 - 2014 cycle)	01-jan-16	These improvements involve the revision of several standards, including IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits, and IAS 34 Interim Financial Reporting
Amends to IFRS 10 - Consolidated financial statements and IAS 28 - Investments in associates and joint ventures	01-jan-16	The amendments results from an inconsistency between the requirements in IFRS 10 and IAS 28 (2011) in recognition of the gain from sale of a subsidiary (with loss of control) to an acquirer which is simultaneously an associated company or joint venture of the investor. This amendment establish that the gain should, on one hand, be recognized in full when the assets transferred meet the definition of a Business, under IFRS 3, and on the other hand, recognize only the partial gain resulting from the sale or contribution of assets that do not constitute a business.
Amends to IAS 27 - Separated financial statements	01-jan-16	This amendment aims to reestablish the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in a separated financial statements of na entity that presents consolidated financial statements.
Amends to IAS 16 - Property, plant and equipment and IAS 41 - Agriculture	01-jan-16	This amendment intends to change measurement of bearer plants. Under the proposal, bearer plants would be in the scope of IAS 16 allowing the use of the cost method instead of fair value. Nevertheless, the produce growing on bearer plants would continue to be measured at fair value less costs to sell under IAS 41.
Amends to IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets	01-jan-16	The amendments clarify which methods of depreciation and amortization of tangible fixed assets and intangible assets that are allowed.
Amends to IFRS 11 - Joint arrangements	01-jan-16	This amendment require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) (i) apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11, and (ii) disclose the information required by IFRS 3 and other IFRSs for business combinations.

These standards were not yet endorsed by the European Union and, as such, were not adopted by the group in the period ended 30 September 2015.

4 SEGMENT REPORTING

The REN Group is organised in two main business segments, Electricity and Gas and two secondary segments. The electricity segment includes the transmission of electricity in very high voltage, overall management of the public electricity system and management of the power purchase agreements (PPA) not terminated at 30 June 2007 and the pilot zone for electricity production from sea waves. The gas segment includes high pressure gas transmission and overall management of the national natural gas supply system, as well as the operation of regasification at the LNG Terminal and the underground storage of natural gas.

Although the activities of the LNG Terminal and underground storage can be seen as separate from the transport of gas and overall management of the national natural gas supply system, since these operations provide services to a single user, which is also the main user of the high pressure gas transport system, it was considered that it is subject to the same risks and benefits.

The telecommunications segment is presented separately although it does not qualify for disclosure.

Management of external loans are centrally managed by REN SGPS, S.A. for which the Company choose to present the assets and liabilities separate from its eliminations that are undertaken in the consolidation process, as used by the main responsible operating decision maker.

The results by segment for the nine month period ended 30 September 2015 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	264,088	128,836	4,317	28,171	(28,388)	397,025
Inter-segments	471	425	51	27,441	(28,388)	-
Revenues from external customers	263,617	128,411	4,267	730	-	397,025
Revenue from construction of concession assets	65,283	80,207	-	-	-	145,490
Cost with construction of concession assets	(55,075)	(78,394)	-	-	-	(133,469)
Gains from associates and joint ventures	-	-	-	534	-	534
External supplies and services	(30,064)	(16,803)	(1,247)	(13,075)	36,402	(24,786)
Employee compensation and benefit expense	(17,101)	(5,851)	(204)	(15,607)	-	(38,762)
Other expenses and operating income	12,433	1,636	(329)	20,585	(8,015)	26,311
Operating cash flow	239,565	109,632	2,537	20,609	-	372,343
Investment income - dividends	-	-	-	4,387	-	4,387
Non reimbursable expenses						
Depreciation and amortizations	(112,962)	(43,275)	(7)	(173)	-	(156,417)
Provisions	(67)	345	-	(33)	-	245
Impairments	-	-	-	(600)	-	(600)
Financial results						
Financial income	51	12,666	56	128,916	(135,686)	6,004
Financial costs	(55,553)	(26,476)	(1)	(134,209)	135,686	(80,553)
Profit before income tax	71,034	52,892	2,586	18,896	-	145,409
Income tax expense	(10,669)	(14,156)	(594)	(2,935)	-	(28,354)
Energy sector extraordinary contribution	(18,203)	(7,242)	-	-	-	(25,445)
Profit for the year	42,162	31,494	1,992	15,962	-	91,609

Results by segment for the nine month period ended 30 September 2014 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	290,954	124,249	3,900	29,384	(29,802)	418,686
Inter-segments	667	-	46	29,089	(29,802)	-
Revenues from external customers	290,287	124,249	3,854	295	-	418,686
Revenue from construction of concession assets	58,751	10,559	-	-	-	69,310
Cost with construction of concession assets	(46,847)	(7,941)	-	-	-	(54,788)
Gains from associates and joint ventures	-	-	-	324	-	324
External supplies and services	(31,217)	(16,841)	(1,532)	(14,147)	37,960	(25,779)
Employee compensation and benefit expense	(17,907)	(5,578)	(164)	(15,655)	-	(39,305)
Other expenses and operating income	13,037	1,370	(69)	203	(8,158)	6,384
Operating cash flow	266,770	105,819	2,134	109	-	374,832
Investment income - dividends	-	-	-	6,200	-	6,200
Non reimbursable expenses						
Depreciation and amortizations	(109,625)	(41,582)	(9)	(198)	-	(151,413)
Provisions	(188)	-	-	(39)	-	(227)
Impairment of trade receivables	(22)	(5)	-	-	-	(28)
Financial results						
Financial income	1,267	11,620	88	131,223	(136,664)	7,534
Financial costs	(57,704)	(27,933)	(1)	(144,128)	136,664	(93,103)
Profit before income tax	100,498	47,918	2,212	(6,833)	-	143,795
Income tax expense	(30,913)	(13,642)	(556)	5,035	-	(40,077)
Energy sector extraordinary contribution (a)	(17,940)	(7,125)	-	-	-	(25,065)
Profit for the year	51,645	27,151	1,655	(1,798)	-	78,654

(a) Amount restated (Note 3)

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

Revenue included in the segment “Others” is essentially related to the services provided by the management and *back office* to Group entities as well as third parties.

Assets and liabilities by segment as well as capital expenditures for the nine month period ended 30 September 2015 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	529,831	-	1,475,870	(2,005,702)	-
Property, plant and equipment and intangible assets	2,603,069	1,224,397	0	677	-	3,828,144
Other assets	410,950	528,244	6,950	4,360,706	(4,495,249)	811,601
Total assets	3,014,019	2,282,472	6,951	5,837,254	(6,500,951)	4,639,745
Total liabilities	2,437,435	1,083,920	3,603	4,474,380	(4,495,249)	3,504,088
Capital expenditure - total	64,603	80,954	-	242	-	145,799
Capital expenditure - property, plant and equipment (Note 5)	67	-	-	242	-	309
Capital expenditure - intangible assets (Note 5)	64,535	80,954	-	-	-	145,490
Investments in associates (Note 6)	-	-	-	10,950	-	10,950
Investments in joint ventures (Note 6)	-	-	-	2,159	-	2,159

Assets and liabilities by segment as well as capital expenditures for the year ended 31 December 2014 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	533,578	-	1,474,138	(2,007,716)	-
Property, plant and equipment and intangible assets	2,650,718	1,187,541	13	638	-	3,838,910
Other assets	511,054	441,173	6,357	4,001,118	(3,873,857)	1,085,844
Total assets	3,161,773	2,162,292	6,370	5,475,894	(5,881,573)	4,924,755
Total liabilities	2,559,108	959,718	2,655	4,141,563	(3,873,857)	3,789,188
Capital expenditure - total	137,411	25,776	-	64	-	163,251
Capital expenditure - property, plant and equipment (Note 5)	1	-	-	64	-	65
Capital expenditure - intangible assets (Note 5)	137,410	25,776	-	-	-	163,186
Investments in associates (Note 6)	-	-	-	10,828	-	10,828
Investments in joint ventures (Note 6)	-	-	-	1,747	-	1,747

The liabilities included in the segment “Others” are essentially related to external borrowings obtained directly by REN SGPS, S.A. and REN FINANCE, B.V. for financing the several activities of the Group.

The captions of the statement of financial position and profit and loss for each segment result of the amounts considered directly in the individual financial statements of each company that belongs to the Group included in the perimeter of each segment, corrected with the reversal of the intra-segment transactions.

5 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

During the nine month period ended 30 September 2015, the changes in intangible assets and property, plant and equipment in the period were as follows:

	1 January 2015			Changes					30 September 2015		
	Cost	Accumulated depreciation	Net book value	Additions	Disposals and write-offs	Transfers	Depreciation charge	Depreciation - disposals, write-offs and other reclassifications	Cost	Accumulated depreciation	Net book value
Property, plant and equipment											
Transmission and electronic equipment	103	(100)	2	-	-	-	(2)	-	103	(103)	0
Buildings, halls and construction	-	-	-	27	-	-	(2)	-	27	(2)	25
Transport equipment	1,330	(746)	585	231	(341)	-	(159)	305	1,220	(599)	621
Office equipment	257	(162)	95	52	(22)	-	(42)	14	287	(190)	97
	1,690	(1,008)	682	309	(363)	-	(205)	319	1,636	(894)	742
	1 January 2015			Changes					30 September 2015		
	Cost	Accumulated amortization	Net book value	Additions	Disposals and write-offs	Transfers	Amortization charge	Amortization - disposals, write-offs and other reclassifications	Cost	Accumulated amortization	Net book value
Intangible assets:											
Concession assets	6,982,322	(3,197,824)	3,784,498	71,480	(1,975)	8,259	(156,211)	1,870	7,060,086	(3,352,166)	3,707,920
Concession assets in progress	53,730	-	53,730	74,010	-	(8,259)	-	-	119,481	-	119,481
	7,036,052	(3,197,824)	3,838,228	145,490	(1,975)	-	(156,211)	1,870	7,179,567	(3,352,166)	3,827,402
Total of property, plant and equipment and intangible assets	7,037,742	(3,198,832)	3,838,910	145,799	(2,338)	-	(156,417)	2,189	7,181,203	(3,353,060)	3,828,144

During the year ended 31 December 2014, the changes in in intangible assets and property, plant and equipment in the year were as follows:

	1 January 2014			Changes					31 December 2014		
	Cost	Accumulated depreciation	Net book value	Additions	Disposals and write-offs	Transfers	Depreciation charge	Depreciation - disposals, write-offs and other reclassifications	Cost	Accumulated depreciation	Net book value
Property, plant and equipment											
Transmission and electronic equipment	103	(96)	6	-	-	-	(4)	-	103	(100)	2
Transport equipment	1,386	(579)	806	57	(112)	-	(233)	67	1,330	(746)	585
Office equipment	231	(131)	100	7	(3)	22	(34)	3	257	(162)	95
Property, plant and equipment in progress	21	-	21	1	-	(22)	-	-	-	-	-
	<u>1,740</u>	<u>(806)</u>	<u>934</u>	<u>65</u>	<u>(115)</u>	<u>-</u>	<u>(272)</u>	<u>70</u>	<u>1,690</u>	<u>(1,008)</u>	<u>682</u>
	1 January 2014			Changes					31 December 2014		
	Cost	Accumulated amortization	Net book value	Additions	Disposals and write-offs	Transfers	Amortization charge	Amortization - disposals, write-offs and other reclassifications	Cost	Accumulated amortization	Net book value
Intangible assets											
Concession assets	6,789,675	(2,997,317)	3,792,358	3,883	(1,870)	190,634	(202,357)	1,849	6,982,322	(3,197,824)	3,784,498
Concession assets in progress	85,062	-	85,062	159,303	-	(190,634)	-	-	53,730	-	53,730
	<u>6,874,737</u>	<u>(2,997,317)</u>	<u>3,877,420</u>	<u>163,186</u>	<u>(1,870)</u>	<u>-</u>	<u>(202,357)</u>	<u>1,849</u>	<u>7,036,052</u>	<u>(3,197,824)</u>	<u>3,838,228</u>
Total of property, plant and equipment and intangible assets	6,876,477	(2,998,123)	3,878,354	163,251	(1,985)	-	(202,628)	1,919	7,037,742	(3,198,832)	3,838,910

During the nine month period ended 30 September 2015, the additions recorded are related essentially to the acquisition to Galp, through its subsidiary Transgás Armazenagem, S.A., of natural gas underground storage assets in the amount of 71.451 thousand Euros and the rights over the investments on construction/renovation and expansion of electrical grid.

The main additions verified in the periods ended 30 September 2015 and 31 December 2014 are made up as follows:

	Sep 2015	Dec 2014
Electricity segment		
Power line construction (220 KV)	11,145	11,046
Power line construction (400 KV)	15,428	37,003
Other power line constructions	1,206	12,930
Construction of new substations	8,481	20,779
Substation Expansion	21,835	40,806
Other renovations in substations	1,251	5,185
Telecommunications and information system	3,174	5,290
Pilot zone construction - wave energy	192	299
Buildings related to concession	1,582	1,106
Other assets	309	2,966
Gas segment		
Expansion and improvements to gas transmission network	2,111	6,987
Construction project of cavity underground storage of natural gas in Pombal	6,799	16,842
Assets of natural gas underground storage in Pombal	71,451	-
Construction project and operating upgrade - LNG facilities	594	1,947
Others segment		
Other assets	242	65
Total of additions	145,799	163,251

The main transfers that were concluded and began activity during the periods ended 30 September 2015 and 31 December 2014 are made up as follows:

	Sep 2015	Dec 2014
Electricity segment		
Power line construction (220 KV)	1,794	11,033
Power line construction (400 KV)	-	36,841
Other power line constructions	-	12,255
Construction of new substations	190	19,421
Substation Expansion	3,270	50,662
Other renovations in substations	1,143	4,251
Telecommunications and information system	578	7,775
Other assets under concession	604	1,135
Other assets	-	22
Gas segment		
Expansion and improvements to natural gas transmission network	625	7,260
Construction project of cavity underground storage of natural gas in Pombal	56	38,166
Construction project and operating upgrade - LNG facilities	-	1,835
Total of transfers	8,259	190,656

The intangible assets in progress as of 30 September 2015 and 31 December 2014 are as follows:

	Sep 2015	Dec 2014
Electricity segment		
Power line construction (150KV/220KV e 400KV)	43,116	17,132
Substation Expansion	31,751	13,078
New substations projects	19,650	11,359
Other projects	4,890	1,889
Buildings related to concession	3,331	2,353
Gas segment		
Expansion and improvements to natural gas transmission network	7,504	6,018
Construction project of cavity underground storage of natural gas in Pombal	8,341	1,598
Construction project and operating upgrade - LNG facilities	898	303
Total of assets in progress	119,481	53,730

Financial costs capitalized in intangible assets in progress in the period ended 30 September 2015 amounted to 2,054 thousand Euros (3,427 thousand Euros as of 30 September 2014), while overhead and management costs capitalized amounted to 9,966 thousand Euros (11,094 thousand Euros as of 30 September 2014) (Note 19).

As of 30 September 2015 and 31 December 2014, the net book value of the intangible assets financed through lease contracts was as follows:

	Sep 2015	Dec 2014
Cost	4,713	4,656
Accumulated depreciation and amortization	(1,598)	(1,149)
Net book value	<u>3,115</u>	<u>3,507</u>

6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

At 30 September 2015 and 31 December 2014, the financial information regarding the financial investments in associates and joint ventures held is as follows:

	Activity	Head office	Financial information						Interest owned			
			30 September 2015									
			Current assets	Non current assets	Current Liabilities	Non current Liabilities	Revenues	Net profit/(loss)	Total comprehensive income	%	Carrying amount	Group share of profit / (loss)
Equity method:												
Associate:												
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	1,032	29,073	236	1,706	770	380	380	40	10,950	122
Joint venture												
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	7,131	189	2,992	9	2,174	825	825	50	2,159	412
											<u>13,109</u>	<u>534</u>

		Financial information						Interest owned				
		31 December 2014										
Activity	Head office	Current assets	Non current assets	Current Liabilities	Non current Liabilities	Revenues	Net profit/(loss)	Total comprehensive income	%	Carrying amount	Group share of profit / (loss)	
Equity method:												
Associate:												
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	436	29,349	259	1,667	1,086	546	546	40	10,829	218
Joint venture												
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	8,873	36	5,401	13	2,229	405	405	50	1,747	202
											12,575	421

Associates

The changes in the caption “Investments in associates” during the period ended 30 September 2015 were as follows:

Associates	
At 1 January 2015	10,829
Effect of applying the equity method	122
At 30 September 2015	10,950

The proportional value of the result in OMIP, SGPS includes the effect of the adjustment arising from changes to the financial statements of the previous year, after the application of the equity method.

Joint ventures

The movement in the caption “Investments in joint ventures” during the period ended 30 September 2015 was as follows:

Joint ventures	
At 1 January 2015	1,747
Effect of applying the equity method	412
At 30 September 2015	2,159

Following a joint agreement for a technology partnership between REN - Redes Energéticas Nacionais and the State Grid International Development (SGID), it was incorporated in May 2013 a R&D center in Portugal, dedicated to power systems designated - Centro de Investigação em Energia REN - STATE GRID, S.A. (“Centro de Investigação”) jointly controlled by the two entities.

This Entity aims to become a platform for international knowledge, a catalyst for innovative solutions and tools, applied to the planning and operation of transmission power.

As of 30 September 2015 and 31 December 2014, the financial information regarding the joint venture held is as follows:

	Other financial information						
	30 September 2015						
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial income	Financial costs	Income tax-(cost)/income
Joint venture							
Centro de Investigação em Energia REN - STATE GRID, S.A.	7,090	6	9	(20)	7	(2)	(94)

	Other financial information						
	31 December 2014						
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial income	Financial costs	Income tax-(cost)/income
Joint venture							
Centro de Investigação em Energia REN - STATE GRID, S.A.	3,695	6	13	(9)	47	(3)	(128)

7 INCOME TAX

REN is taxed based on the special regime for the taxation of group of companies (“RETGS”), which includes all companies located in Portugal that REN detains directly or indirectly at least 75% of the share capital, which should give more than 50% of voting rights, and comply with the conditions of the article 69° of the Corporate Income Tax law.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for social security), except when there are tax losses, tax benefits granted or tax inspections, claims or appeals in progress, in which case the period can be extended or suspended, depending on the circumstances.

The Company’s Board of Directors understands that possible corrections to the tax returns resulting from tax reviews /inspections carried out by the tax authorities will not have a significant effect on the financial statements as of 30 September 2015.

In 2015, in accordance with Law n. 82-B/2014, December 31, the Group is taxed at a Corporate Income Tax rate of 21%, increased by a municipal surcharge up the maximum of 1.5% over the taxable profit and (i) a state surcharge of an additional 3.0% of taxable profit

between 1,500 thousand Euros and 7,500 thousand Euros,(ii) an additional 5.0% of taxable profit between 7,500 thousand Euros and 35,000 thousand Euros and (iii) 7.0% over the taxable profit in excess of 35,000 thousand Euros, which results in a maximum aggregate tax rate of 29.5%.

The tax rate used in the valuation of temporary taxable and deductible differences as of 30 September 2015, were calculated using the average tax rate expected in accordance with future perspective of taxable profits of the Company recoverable in the next periods.

Income tax registered in the nine months period ended 30 September 2015 and 2014 is detailed as follows:

	Sep 2015	Sep 2014
Current income tax	38,280	34,974
Adjustments of income tax from previous year	(1,169)	(3,309)
Deferred income tax	(8,757)	8,412
Income tax	28,354	40,077

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

	Sep 2015	Sep 2014
Consolidated profit before income tax	145,409	143,795
Permanent differences		
Positive/(negative) net worth variation	30	(6)
Non deductible costs	1,768	618
Non taxable income	(9,100)	(3,131)
Timing differences		
Tariff deviations	(2,650)	(30,991)
Provisions and impairments	273	52
Revaluations	3,883	3,742
Pension, healthcare assistance and life insurance plans	(2,788)	(1,612)
Others	627	-
Taxable income	137,451	112,469
Tax rate	28,865	25,938
State surcharge tax	6,771	6,672
Municipal surcharge	2,027	1,971
Autonomous taxation	617	392
Current income tax	38,280	34,974
Deferred income tax	(8,757)	8,412
Deferred income tax	(8,757)	8,412
Adjustments of estimated tax in previous years	(1,169)	(3,309)
Income tax	28,354	40,077
Effective tax rate	19.50%	27.87%

Income tax

The caption "Income tax" payable and receivable as of 30 September 2015 and 31 December 2014 is detailed as follows:

	Sep 2015	Dec 2014
Corporate income tax - estimated tax	-	(46,859)
Corporate income tax - payments on account	-	53,301
Income withholding tax by third parties	-	3,837
Income payable from the previous year	-	(60)
Income tax receivable	-	10,219
Corporate income tax - estimated tax	38,280	-
Corporate income tax - payments on account	(28,765)	-
Income withholding tax by third parties	(502)	-
Income receivable from the previous year	881	-
Income tax payable	9,893	-

Deferred taxes

The effect of deferred taxes recorded in the consolidated financial statements is as follows:

	sep 2015	sep 2014
<u>Impact on the statement of profit and loss</u>		
Deferred tax assets	3,101	2,978
Deferred tax liabilities	5,656	(11,391)
	<u>8,757</u>	<u>(8,412)</u>
<u>Impact on equity</u>		
Deferred tax assets	(2,643)	291
Deferred tax liabilities	3,544	(9,835)
	<u>901</u>	<u>(9,544)</u>
Net impact of deferred taxes	9,658	(17,957)

The changes in deferred tax by nature is as follows:

Change in deferred tax assets - September 2015

	Provisions /Impairments	Retirement benefits	Tariff deviations	Derivative financial instruments	Impairment of revalued assets	Others	Total
At 1 January 2015	1,818	36,715	22,275	5,175	-	-	65,982
Increase/decrease through reserves	-	(304)	-	(2,340)	-	-	(2,643)
Reversal through profit and loss	-	(809)	(6,874)	-	-	-	(7,683)
Increase through profit and loss	76	-	-	-	10,526	182	10,784
Change in the period	<u>76</u>	<u>(1,113)</u>	<u>(6,874)</u>	<u>(2,340)</u>	<u>10,526</u>	<u>182</u>	<u>458</u>
At 30 September 2015	<u>1,894</u>	<u>35,602</u>	<u>15,401</u>	<u>2,836</u>	<u>10,526</u>	<u>182</u>	<u>66,440</u>

Change in deferred tax assets - December 2014

	Provisions /Impairments	Retirement benefits	Tariff deviations	Derivative financial instruments	Others	Total
At 1 January 2014	1,749	39,128	21,548	5,373	2	67,800
Increase/decrease through reserves	-	(1,658)	-	(198)	-	(1,856)
Reversal through profit and loss	(48)	(755)	-	-	(2)	(806)
Increase through profit and loss	117	-	727	-	-	844
Change in the period	69	(2,413)	727	(198)	(2)	(1,818)
At 31 December 2014	1,818	36,715	22,275	5,175	-	65,982

Deferred tax assets at 30 September 2015 correspond mostly to liabilities for benefit plans granted to employees and tariff deviations liabilities to be settled in subsequent years.

During the nine month period ended 30 September 2015, following the favourable decision of tax recovery of asset impairment generated in the spin-off of EDP Group, the Company recognized an amount of 10,526 thousand Euros, related to deferred tax assets.

Evolution of deferred tax liabilities - September 2015

	Tariff deviations	Revaluations	Fair value of Available-for-sale financial assets	Total
At 1 January 2015	54,246	26,659	11,365	92,270
Increase/decrease through equity	-	-	(3,544)	(3,544)
Reversal through profit and loss	(6,137)	(1,112)	-	(7,249)
Increase through profit and loss	-	1,593	-	1,593
Change in the period	(6,137)	481	(3,544)	(9,200)
At 30 September 2015	48,109	27,140	7,820	83,069

Evolution of deferred tax liabilities - December 2014

	Tariff deviations	Revaluations	Fair value of Available-for-sale financial assets	Total
At 1 January 2014	44,666	28,486	805	73,956
Increase/decrease through equity	-	(237)	10,560	10,323
Reversal through profit and loss	9,581	-	-	9,581
Increase through profit and loss	-	(1,591)	-	(1,591)
Change in the period	9,581	(1,828)	10,560	18,313
At 31 December 2014	54,246	26,659	11,365	92,270

Deferred tax liabilities relating to revaluations result from revaluations made in preceding years under legislation. The effect of these deferred taxes reflects the non tax deductibility

of 40% of future depreciation of the revaluation component (included in the assets considered cost at the time of the transition to IFRS).

The legal documents that establish these revaluations were the following:

Legislation (Revaluation)	
Electricity segment	Natural gas segment
Decree-Law n° 430/78	Decree-Law n° 140/2006
Decree-Law n° 399-G/81	
Decree-Law n° 219/82	
Decree-Law n° 171/85	
Decree-Law n° 118-B/86	
Decree-Law n° 111/88	
Decree-Law n° 7/91	
Decree-Law n° 49/91	
Decree-Law n° 264/92	

8 FINANCIAL ASSETS AND LIABILITIES

The accounting policies for financial instruments in accordance with the IAS 39 categories have been applied to the following financial assets and liabilities:

September 2015

	Notes	Credits and other receivables	Fair value - hedging derivative financial instruments	Fair value - Negotiable derivatives	Available-for-sale	Fair value - through profit and loss	Other financial assets/liabilities	Total carrying amount	Fair value
Assets									
Cash and cash equivalents	12	-	-	-	-	-	68,794	68,794	68,794
Trade and other receivables	10	378,132	-	-	-	-	-	378,132	378,132
Other financial assets		-	-	-	-	1,530	99,438	100,968	100,968
Available-for-sale financial assets	9	-	-	-	149,190	-	-	149,190	149,190
Derivative financial instruments	11	-	28,897	858	-	-	-	29,755	29,755
Total financial assets		378,132	28,897	858	149,190	1,530	168,232	726,839	726,839
Liabilities									
Borrowings	14	-	-	-	-	-	2,611,239	2,611,239	2,588,817
Trade and other payables	17	-	-	-	-	-	339,818	339,818	339,818
Income tax payable	7	-	-	-	-	-	9,893	9,893	9,893
Derivative financial instruments	11	-	19,386	-	-	-	-	19,386	19,386
Total financial liabilities		-	19,386	-	-	-	2,960,950	2,980,336	2,957,914

December 2014

	Notes	Credits and other receivables	Fair value - hedging derivative financial instruments	Fair value - Negotiable derivatives	Available-for-sale	Fair value - through profit and loss	Other financial assets/liabilities	Total carrying amount	Fair value
Assets									
Cash and cash equivalents	12	-	-	-	-	-	114,258	114,258	114,258
Trade and other receivables	10	545,967	-	-	-	-	-	545,967	545,967
Other financial assets		-	-	-	-	2,910	99,436	102,346	102,346
Available-for-sale financial assets	9	-	-	-	206,973	-	-	206,973	206,973
Income tax receivable	7	10,219	-	-	-	-	-	10,219	10,219
Derivative financial instruments	11	-	21,970	-	-	-	-	21,970	21,970
Total financial assets		556,186	21,970	-	206,973	2,910	213,694	1,001,734	1,001,734
Liabilities									
Borrowings	14	-	-	-	-	-	2,604,466	2,604,466	2,730,714
Trade and other payables	17	-	-	-	-	-	618,679	618,679	618,679
Derivative financial instruments	11	-	24,581	-	-	-	-	24,581	24,581
Total financial liabilities		-	24,581	-	-	-	3,223,145	3,247,726	3,373,974

The caption “Fair value through profit and loss”, in the amount of 1,530 thousand Euros corresponds to the Group’s investment in the closed fund “Luso Carbon Fund” with a maturity of 10 years.

The caption "Other Financial Assets" includes a pledge bank deposit given to the EIB (European Investment Bank) of 99,435 thousand Euros (at 31 December 2014 was 99,435 thousand Euros).

Loans obtained, as mentioned in Note 3.6, of the consolidated financial statements for the year ended 2014, are measured initially at fair value and subsequently at amortized cost, except for those which it has been contracted derivative fair value hedges (Note 11) which are measured at fair value. Nevertheless, REN proceeds to the disclosure of the fair value of the caption “Borrowings”, based on a set of relevant observable data, which fall within Level 2 of the fair value hierarchy.

The borrowings and derivatives fair value is calculated by the method of discounted cash flows, using the curve of interest rate on the date of the statement of financial position in accordance with the characteristics of each loan.

The range of market rates used to calculate the fair value ranges between -0.118% and 1.543% (maturities of one day, and twenty years, respectively).

The borrowings fair value contracted by the Group at 30 September 2015 is 2,588,817 thousand Euros (at 31 December 2014 was 2,730,714 thousand Euros), of which 709,625

thousand Euros are recorded partly at amortized cost and includes an element of fair value resulting from interest rates changes (at 31 December 2014 was 421,906 thousand Euros).

Estimated fair value - assets measured at fair value

The following table discloses the Group's assets and liabilities measured at fair value at 30 September 2015 in accordance with the following hierarchy levels of fair value:

- Level 1: the fair value of financial instruments is based on net market prices as of the date of the statement of financial position;
- Level 2: the fair value of financial instruments is not based on active market prices but rather on valuation models; and
- Level 3: the fair value of financial instruments is not based on active market prices, but rather on valuation models, for which the main inputs are not taken from the market.

		Level 1	Level 2	Level 3	Total
Assets:					
Available-for-sale financial assets	Shares	100,363	45,660	-	146,023
Financial assets at fair value	Cash flow hedge derivatives	-	3,477	-	3,477
Financial liabilities at fair value	Fair value hedge derivatives	-	25,421	-	25,421
Financial assets at fair value through profit and loss	Negotiable derivatives	-	858	-	858
Other investments	Treasury funds	1,530	-	-	1,530
		101,893	75,416	-	177,308
Liabilities:					
Financial liabilities at fair value	Loans	-	709,624	-	709,624
Financial liabilities at fair value	Cash flow hedge derivatives	-	12,729	-	12,729
Financial liabilities at fair value	Fair value hedge derivatives	-	6,657	-	6,657
		-	729,010	-	729,010
		101,893	(653,594)	-	(551,701)

With respect to the current receivables and payables balances, its carrying amount corresponds to a reasonable approximation of its fair value.

The non-current accounts receivable and accounts payable refers, essentially, to tariff deviations whose amounts are communicated by ERSE, being its carrying amount a reasonable approximation of its fair value, given that they include the time value of money, being incorporated in the next two years tariffs.

Financial risk management

From the last annual report period until 30 September 2015, there were no significant changes in the financial risk management of the Company compared to the risks disclosed in the consolidated financial statements as of 31 December 2014. A description of the risks can be found in Section 4 - Financial Risk Management of the consolidated financial statements for the year ended 2014.

9 ASSETS AVAILABLE FOR SALE

The assets recognized in this caption as of 30 September 2015 and 31 December 2014 correspond to equity interests held on strategic entities for the Group, which can be detailed as follows:

	Head office			Book value	
	City	Country	% owned	Sep 2015	Dec 2014
OMEL - Operador del Mercado Ibérico de Energia (Polo Espanhol)	Madrid	Spain	10.00%	3,167	3,167
Red Electrica Corporacion, S.A. ("REE")	Madrid	Spain	1.00%	100,363	99,104
Enagás, S.A.	Madrid	Spain	-	-	62,530
Med Grid SAS	Paris	France	6.66%	600	600
Hidroeléctrica de Cahora Bassa	Maputo	Mozambique	7.50%	45,660	41,572
				<u>149,790</u>	<u>206,973</u>
Impairment					
Med Grid SAS				(600)	-
				<u>149,190</u>	<u>206,973</u>

The changes in this caption were as follows:

	OMEL	Med Grid	HCB	REE	ENAGAS	Total
At 1 January 2014	3,167	500	42,205	65,654	45,360	156,886
Acquisitions	-	100	-	-	-	100
Fair value adjustments	-	-	(633)	33,450	17,170	49,987
At 31 December 2014	<u>3,167</u>	<u>600</u>	<u>41,572</u>	<u>99,104</u>	<u>62,530</u>	<u>206,973</u>
At 1 January 2015	3,167	600	41,572	99,104	62,530	206,973
Fair value adjustments	-	-	4,087	1,259	748	6,094
Disposals	-	-	-	-	(63,278)	(63,278)
Impairment loss	-	(600)	-	-	-	(600)
At 30 September 2015	<u>3,167</u>	<u>-</u>	<u>45,660</u>	<u>100,363</u>	<u>-</u>	<u>149,190</u>

The interests held in REE are recorded at fair value determined based on the shares closing quotations as of 30 September 2015.

Red Eléctrica Corporación, S.A. (“REE”) is the transmission system operator of electricity in Spain. REN, SGPS acquired 1% of equity interests in REE as part of the agreement signed by the Portuguese and Spanish Governments. REE is a listed company in Madrid`s index IBEX 35-Spain and the financial asset was recorded on the statement of financial position at the market price on 30 September 2015.

During the nine month period ended at 30 September 2015 REN sold all the shares held in Enagás, representing 1% of its capital at its market price, in the total amount of 63,278 thousand Euros, with a capital gain of 20,083 thousand Euros (Note 20).

Enagás is the transmission system operator of natural gas in Spain, being a listed company in Madrid`s index IBEX-35. The investment was valued at fair value by the Group until its sale based on its share price.

The Group holds 6.66% of the share capital in Medgrid S.A.S. This project consists in an international partnership to promote and develop the Mediterranean interconnection electric network, allowing the transportation of clean electricity produced in Africa to Europe.

REN SGPS holds 2.060.661.943 shares which represents 7.5% of Hidroeléctrica de Cahora Bassa S.A. share capital and voting rights, as a result of the conditions established in the agreement signed on 9 April 2012, between REN, Parpublica - Participações Públicas, SGPS, S.A. (“Parpublica”), CEZA - Companhia Eléctrica do Zambeze, S.A. and EDM - Electricidade de Moçambique. This participation was initially recorded at its acquisition cost (38,400 thousand Euros) and subsequently adjusted to its fair value.

Within the scope of the creation of a sole operator in the electricity Iberian market (OMI), and as agreed between the Portuguese republic and the Rein of Spain regarding the creation of the Iberian electrical energy market, the Group acquired 10% of the share capital of OMEL, Operador del Mercado Ibérico de Energia, S.A., in the amount of 3,167 thousand Euros.

As there are no available market price for the above referred investments (MedGrid and OMEL), and as it is not possible to determine the fair value of the period using comparable transactions, these shares are recorded at its acquisition cost deducted of impairment losses as described in Note 3.6 of the consolidated financial statements for the year ended 2014.

In the nine month period ended 30 September 2015, REN has recognized an impairment loss, in the amount of 600 thousand Euros, related to the Medgrid, SAS investment, arising from the fact the entity is in a dissolution process.

Regarding the investment held in OMEL there are no impairment evidence at the reporting date.

The adjustments to fair value of available-for-sale financial assets are recognized in the equity caption "Fair value reserve" that as of 30 September 2015 and 31 December 2014 had the following amounts:

	Fair value reserve (Note 13)
1 January 2014	20,886
Changes in fair value	49,987
Tax effect	(10,560)
31 December 2014	60,313
1 January 2015	60,313
Changes in fair value	6,094
Disposals	(20,083)
Tax effect	3,544
30 September 2015	49,869

In the nine month periods ended 30 September 2015 and 2014 the dividends attributable to the Group are as follows:

	Sep 2015	Sep 2014
Red Eléctrica Corporación, S.A. ("REE")	2,934	2,462
Enagás, S.A.	-	1,824
OMEL - Operador del Mercado Ibérico de Energia (Polo Espanhol)	76	57
Hidroeléctrica de Cahora Bassa	1,376	1,858
	4,387	6,200

These amounts were recognized in the consolidated statement of profit and loss in the caption "Financial income" being received 5,513 thousand Euros 30 September 2015 (7,180 thousand Euros 30 September 2014).

10 TRADE AND OTHER RECEIVABLES

Trade and other receivables as of 30 September 2015 and 31 December 2014 are made up as follows:

	Sep 2015			Dec 2014		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	177,130	155	177,285	326,935	155	327,090
Impairment of trade receivables	(844)	-	(844)	(844)	-	(844)
Trade receivables net	176,286	155	176,441	326,090	155	326,246
Tariff deviations	49,130	136,148	185,279	120,538	86,027	206,565
State and Other Public Entities	16,412	-	16,412	13,157	-	13,157
Trade and other receivables	241,828	136,304	378,132	459,785	86,182	545,967

The most significant amounts in trade receivables are the receivables from (i) EDP - Distribuição de Energia, S.A. in the amount of 53,478 thousand Euros (216,736 thousand Euros as of 31 December 2014) and (ii) Galp in the amount of 9,794 thousand Euros (19,304 thousand Euros as of 31 December 2014).

The balance of trade receivables includes as well an unissued invoicing related to the Market Management activity (MIBEL - Mercado Ibérico de Eletricidade), in the amount of 15,053 thousands of Euros (22.336 thousands of Euros in 31 December of 2014).

As of 31 December 2014, the receivables from EDP - Distribuição de Energia, S.A. includes a billing adjustment related to CMEC invoices in the amount of 128,676 thousand Euros, which are also reflected in the trade and other payables caption (Note 17) due to EDP Gestão da Produção de Energia, S.A. invoicing. This transaction consists in a pass-through, being off set in the Group consolidated financial statement of profit and loss.

Changes to the impairment losses for trade receivable and other accounts receivable are made up as follows:

	Sep 2015	Dec 2014
Beginning balance	(844)	(822)
Increases	-	(22)
Ending balance	(844)	(844)

11 DERIVATIVE FINANCIAL INSTRUMENTS

As of 30 September 2015 and 31 December 2014 the REN Group has the following derivative financial instruments contracted:

	Notional	30 September 2015			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges:					
Interest rate swaps	575 000 TEuros	-	3,477	-	9,717
Interest rate and currency swaps	10 000 000 TJPY / 72 899 TEuros	-	-	-	3,012
		-	3,477	-	12,729
Derivatives designated as fair value hedges:					
Interest rate swaps	700 000 TEuros	-	25,421	-	6,657
		-	25,421	-	6,657
Trading derivatives	60.000 TEUR	-	858	-	-
		-	858	-	-
	Derivative financial instruments	-	29,756	-	19,386

	Notional	31 December 2014			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	275.000 TEUR	-	-	-	14,282
Interest rate and currency swaps	10 000 000 TJPY / 72 899 TEuros	-	-	-	10,300
		-	-	-	24,581
Derivatives designated as fair value hedges					
Interest rate swaps	400.000 TEUR	-	21,970	-	-
		-	21,970	-	-
	Derivative financial instruments	-	21,970	-	24,581

The derivatives financial instruments portfolio valuation is based on fair value indicated by external specialized entities.

The amount recorded in this caption relates to interest rate swaps, cross currency swap and a trading derivative, contracted by the Group to hedge the market risk of future interest rates and/or foreign exchange rates.

The above amounts include the accrued receivable or payable interest at 30 September 2015 relating to these derivatives financial instruments, netting a receivable amount of 6,030 thousand Euros (payable amount of 614 thousand Euros at 31 December 2014).

The main features of the derivatives financial instruments contracted associated with financing operations at 30 September 2015 and 31 December 2014 are:

	Reference value	Currency	REN's payments	REN's receipts	Maturity	Fair value at 30-09-2015	Fair value at 31-12-2014
Cash flow hedge:							
Interest rate swaps	575 000 TEUROS	EUR	[0.75%;2.77%]	[-0.038%;0.00%] (floating rates)	[dec-2016; dec-2024]	(6,240)	(14,282)
Interest rate and currency swaps	10 000 000 000 JPY / 72 899 TEUROS	EUR/JPY	5.64% (floating rate starting 2019)	2.71%	2024	(3,012)	(10,300)
						<u>(9,252)</u>	<u>(24,581)</u>
Fair value hedge:							
Interest rate swaps	700 000 TEUROS	EUR	[0.048%;0.076%] - floating rates	[0.61%;1.72%]	[oct-2020; feb-2025]	18,764	21,970
						<u>18,764</u>	<u>21,970</u>
Trading:							
Interest rate swaps	60 000 TEuros	EUR	floating rates, to be determined in future	[0.00%;0.99%]	2024	858	-
						<u>858</u>	<u>-</u>
					Total	<u>10,370</u>	<u>(2,611)</u>

The paid and received flows periodicity for the derivative financial instruments portfolio is quarterly and semi-annual regarding cash flow hedge contracts, semi-annual and annual for derivative designated as fair value hedge and semi-annual for trading derivatives.

The detail of the notional reference of cash flows and fair value hedge derivatives as of 30 September 2015 and 31 December of 2014 is disclosed in the following table:

September 2015

	2015	2016	2017	2018	2019	2020	Following years	Total
Interest rate swap (cash flow hedge)	5,769	205,769	63,462	-	-	-	300,000	575,000
Interest rate and currency swap (cash flow hedge)	-	-	-	-	-	-	72,899	72,899
Interest rate swap (fair value hedge)	-	-	-	-	-	400,000	300,000	700,000
Interest rate swap (trading)	-	-	-	-	-	-	60,000	60,000
Total	5,769	205,769	63,462	-	-	400,000	732,899	1,407,899

December 2014

	2015	2016	2017	2018	2019	Following years	Total
Interest rate swap (cash flow hedge)	5,769	205,769	63,462	-	-	-	275,000
Interest rate and currency swap (cash flow hedge)	-	-	-	-	-	-	72,899
Interest rate swap (fair value hedge)	-	-	-	-	-	-	400,000
Total	5,769	205,769	63,462	-	-	472,899	747,899

Swaps:

Cash flow hedges

The Group hedges part of its debt interest future payments through interest rate swaps, on which REN pays a fixed rate and receives a variable rate.

As of 30 September 2015 the notional amount of cash flow hedge is 575,000 thousand Euros (275,000 thousand Euros at 31 December 2014). These hedges the interest rate risk on variable rate interest changes on recognized financial liabilities. The covered risk is the variable rate index to which the borrowing interest relates to. This hedging goal is to convert loans at variable interest rates to fixed interest rates. The credit risk is not hedged. The fair value of the interest rate swaps at 30 September 2015 was 6,240 thousand Euros negative (14,282 thousand Euros negative at 31 December 2014).

In addition, the Group hedges its exposure to cash flow risk on its 10,000 million JPY bond issue resulting from foreign exchange rate risk, through a cross currency swap with the main characteristics equivalent to the debt issued. The same hedging instrument is used to hedge the fair value of the exchange rate risk of the bond issue through a forward start swap component starting in June 2019. Changes in the hedging instrument fair value are also recognized in hedging reserves. As from June 2019 the swap will hedge exposure to JPY and the interest rate risk, changing the hedging instrument into a fair value hedge, hence the changes in the hedged debt fair value will be recognized through profit and loss. The credit risk is not hedged.

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

The cross currency swap fair value at 30 September 2015 was 3,012 thousand Euros negative (10,300 thousand Euros negative at 31 December 2014).

The (borrowing) underlying foreign exchange variation was negative in the nine month period ended 30 September 2015, amounted 5,388 thousand Euros was offset by a similar variation in the hedging instrument in profit and loss (negative variation of 3,307 thousand Euros at 30 September 2014).

In the nine month periods ended 30 September 2015, the ineffective component variation recorded in profit and loss is 3,788 thousand Euros (4,463 thousand Euros at 31 December 2014).

The amount recorded in other comprehensive income relating to the above mentioned cash flow hedges was 13,503 thousand Euros (24,644 thousand Euros at 31 December 2014).

The changes in the caption “Hedging reserves” (Note 13) were as follows:

	Fair value	Deferred taxes impact	Hedging reserves
1 January 2014	(23,362)	5,373	(17,989)
Changes in fair value and ineffectiveness	(1,282)	(198)	(1,480)
31 December 2014	(24,644)	5,175	(19,468)
1 January 2015	(24,644)	5,175	(19,468)
Changes in fair value and ineffectiveness	11,141	(2,340)	8,801
30 September 2015	(13,503)	2,836	(10,667)

Fair value hedge

The Group hedges the interest rate risk of debt issued at a fixed rate. The covered risk is the change in the debt fair value due to interest rate fluctuations. The objective of this hedging is to convert loans at a fixed interest rate into variable interest rates. The credit risk is not hedged.

In the nine month periods ended 30 September 2015, the Group issued debt in the amount of 300,000 thousand Euros at a fixed rate. To manage the fair value changes of this issue the group contracted interest rate swaps on which REN pays a variable rate and receives a fixed rate, with a notional amount of 300,000 thousand Euros.

The fair value of these interest rate swaps with a notional amount of 700,000 thousand Euros (400,000 thousand Euros at 31 December 2014) at 30 September 2015 was 18,764 thousand Euros positive (21,970 thousand Euros positive at 31 December 2014).

Changes in the fair value of the debt issued resulting from the interest rate risk are recorded in profit and loss to offset changes in the fair value of the hedged instrument also recorded in profit and loss. On the nine month period ended 30 September 2015, the debt fair value

changes related to the interest rates risk, recorded in profit and loss was 12,282 thousand Euros (positive) (25,049 thousand Euros negative at 30 September 2014), resulting in an ineffective component of 3,134 thousand Euros positive (at 30 September 2014 was 541 thousand Euros positive).

Trading Swap

During the nine month periods ended 30 September 2015, the Group traded a forward start interest rate swap on which it pays a fixed rate and receives a variable rate. This swap will begin in 2019 and will mature in 2024.

Although this swap is not designed as a hedge accounting instrument in accordance with IAS 39, it covers future interest rate index variations on the mentioned period.

On September 30 2015, the trading swap notional amount was 60,000 thousand Euros. This swap hedge the interest rate risk related to future variable interest rate payments of recognized financial liabilities. The covered risk is the variable rate index to which the borrowing interest coupons are related. The objective of this hedge is to convert cash flows at a variable interest rates to a fixed interest rate. The credit risk is not hedged. On 30 September 2015 the trading derivative fair value was positive 858 thousand Euros.

The changes on the trading swap fair value are recognized in the statement of profit or loss. The amount recorded in the period related to the trading swap fair value was 858 thousand Euros.

12 CASH AND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents as of 30 September 2015 and 31 December 2014 are made up as follows:

	Sep 2015	Dec 2014
Cash	21	-
Bank deposits	68,773	114,258
Cash and cash equivalents in the statement of financial position	68,794	114,258
Bank overdrafts (Note 14)	(14,123)	(1,659)
Cash and cash equivalents in cash flow statement	54,671	112,599

13 EQUITY INSTRUMENTS

Share capital

REN's subscribed and paid up share capital as of 30 September 2015 and 31 December 2014 was made up of 534,000,000 shares of 1 Euro each.

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

Own shares

As of 30 September 2015 REN SGPS had the following own shares:

	Number of shares	Proportion	Amount
Own shares	3,881,374	0.73%	(10,728)

No own shares were acquired or sold during the nine month period ended 30 September 2015.

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 treasury shares, limiting the amount of reserves available for distribution.

Reserves and retained earnings

The caption "Reserves" in the amount of 319,291 thousand Euros includes:

- Legal reserve: The Commercial Company Code in place requires that at least 5% of the net profit must be transferred to this reserve until it has reached 20% of the share capital. The reserve can only be used to cover losses or to increase capital. At 30 September 2015 this caption amounts to 102,608 thousand Euros;
- Fair value reserves: includes changes in the fair value of available for sale financial assets (49,869 thousand Euros positive), as detailed in Note 9;
- Hedging reserve: includes changes in the fair value of hedging derivative financial instruments when cash flow hedge is effective (negative 10,667 thousand Euros) as detailed in Note 11;

- Free reserves: This caption is changed by (i) application of the results of previous years, being available for distribution to shareholders, except for the limitation set by the Companies Code in respect of own shares (free reserves), and (ii) changes in equity of associates registered under the equity method. At 30 September 2015, this caption amounts to 177,482 thousand Euros.

In accordance to the legislation in place in Portugal, increase in capital as a result of the incorporation of fair value (fair value reserves and hedging reserves) can only be disbursed to shareholders when the assets that gave place to its fair values have been sold, exercised, extinct, settled or used.

14 BORROWINGS

The borrowing segregation between current and non-current and as well as by nature, as of 30 September 2015 and 31 December 2014 is as follows:

	30 September 2015			31 December 2014		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	330,000	1,203,869	1,533,869	113,500	1,240,762	1,354,262
Bank Borrowings	75,142	687,101	762,243	111,654	747,388	859,042
Commercial Paper	100,000	173,500	273,500	150,000	227,000	377,000
Bank overdrafts (Note 12)	14,123	-	14,123	1,659	-	1,659
Finance Lease	1,161	1,971	3,132	1,049	2,231	3,280
	<u>520,426</u>	<u>2,066,441</u>	<u>2,586,867</u>	<u>377,862</u>	<u>2,217,381</u>	<u>2,595,243</u>
Accrued interest	38,727	-	38,727	25,787	-	25,787
Prepaid interest	(5,492)	(8,862)	(14,354)	(6,697)	(9,867)	(16,564)
Borrowings	<u>553,660</u>	<u>2,057,579</u>	<u>2,611,240</u>	<u>396,952</u>	<u>2,207,514</u>	<u>2,604,466</u>

At 30 September 2015 the nominal financial debt settlement plan is as follows:

	2015	2016	2017	2018	2019	2020	Following years	Total
	Debt - Non current	-	20,488	101,806	426,854	285,541	502,372	729,380
Debt - Current	129,429	390,996	-	-	-	-	-	520,426
	<u>129,429</u>	<u>411,484</u>	<u>101,806</u>	<u>426,854</u>	<u>285,541</u>	<u>502,372</u>	<u>729,380</u>	<u>2,586,867</u>

Detailed information regarding bond issues as of 30 September 2015 is as follows:

30 September 2015				
Emission date	Maturity	Amount	Interest rate	Periodicity of interest payment
REN SGPS private emission				
'Euro Medium Term Notes' programme emissions				
26-06-2009	26-06-2024	TJPY 10,000,000 (i)	Fixed rate (ii)	Bi-Annual
21-09-2012	21-09-2016	TEUR 300,000	Fixed rate EUR 6.25%	Bi-Annual
16-01-2013	16-01-2020	TEUR 150,000 (i)	Floating rate	Quarterly
31-01-2013	31-01-2018	TEUR 300,000	Fixed rate EUR 4.125%	Annual
17-10-2013	16-10-2020	TEUR 400,000 (ii)	Fixed rate EUR 4.75%	Annual
12-02-2015	12-02-2025	TEUR 300,000 (ii)	Fixed rate EUR 2.50%	Annual
(i) These emissions correspond to private placements.				
(ii) These emissions have interest currency rate swaps associated.				

The Group has five active commercial paper programmes, in the total amount of 900,000 thousand Euros, of which 626,500 thousand Euros are available. From the total amount of commercial paper programs, 600,000 thousand Euros have a subscription guarantee.

In the nine month periods ended 30 September 2015, the following financial agreements were made:

- The Group issued a bond in the amount of 300,000 thousand Euros at a fixed rate; and
- As part of the financing agreement, signed in 2010 with EIB to finance projects on the electricity area, a second tranche of the loan, in the amount of 75,000 thousand Euros, was disbursed.

The bank loans are mainly (556,451 thousand Euros) represented by EIB loans.

The Group has also credit lines negotiated and not used in the amount of 80,000 thousand Euros, maturing up to one year, which are automatically renewable periodically (if they are not resigned in the contractually specified period for that purpose).

As a result of the fair value hedge related to debt issues in the amount of 700,000 thousand Euros (Note 11) fair value changes, concerning interest rate risk, were recognized directly in profit or loss in the amount of 12,282 thousand Euros positive (25,049 thousand Euros negative at 30 September 2014).

REN financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge, Gearing (ratio of total consolidated equity with the total consolidated

regulated assets). The Group's Gearing ratio comfortably meets the limits contractually set, thus being on 30 September 2015 above the limit by 99% (on 31 December 2014 was 97% above the limit).

EIB borrowings include rating covenants. In the event of REN rating falling below specified levels, REN can be called to provide a guarantee acceptable by EIB.

REN and its subsidiaries are part of a few financing agreements and debt issues, which include change of control clauses that are typical in this type of transactions (including, though not so expressed, changes in control as a result of takeover bids) and essential to the realization of such transactions on the appropriate market context. In any case the practical application of these clauses is limited due to legal restrictions in the ownership of REN's shares.

Following legal standards, usual market practices and contractual terms neither REN nor its counterparts in borrowing agreements are authorized to disclose further information regarding the content of these financing agreements.

Leases

The financial leases minimum payments and the present value of the financial leases liabilities at 30 September 2015 and 31 December 2014 are as follows:

	Sep 2015	Dec 2014
Finance lease liabilities - minimum lease payments		
No later than 1 year	1,216	1,133
Later than 1 year and no later than 5 years	2,044	2,309
	<u>3,259</u>	<u>3,442</u>
Future finance charges on finance leases	(126)	(162)
Present value of finance lease liabilities	<u>3,132</u>	<u>3,280</u>
	Sep 2015	Dec 2014
The present value of finance lease liabilities is as follows		
No later than 1 year	1,161	1,049
Later than 1 year and no later than 5 years	1,971	2,231
	<u>3,132</u>	<u>3,280</u>

15 POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS

REN - Rede Eléctrica Nacional, S.A. grants supplementary retirement, early-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 (referred to as “other benefits”). The Group also grants their employees life assurance plans.

On November 2012, the REN Group denounced the Collective Labor Agreement (“CLA”) which covered only part of the employees (about 50%), presenting a new proposal to the several unions for a global CLA that covers each company of REN Group. This new agreement proposal aimed the integration in a single document off all regulations dispersed in the several companies, being adjusted to the current needs of the REN Group.

On 30 January 2015, the REN Group reached an agreement with all representative employees unions for the negotiation of the new CLA with effect from 1 February 2015.

Due to the change in long-term benefits arising from new CLA a new actuarial study were prepared for the period ended on 30 June 2015, incorporating the following changes in the future responsibilities:

- Medical Plan, were considered the new reimbursements limits;
- Other Benefits Plan, inclusion of Electricity benefit.

The changes arising from the new CLA in retirement benefits are, in accordance with IAS 19, an amendment to the plan, recognized in the income statement.

The amounts reported to 30 September 2015 result from the projection of the actuarial valuation as of 30 June 2015 for the nine month period ended 30 September 2015, considering the estimated increase in salaries for 2015.

As of 30 September 2015 and 31 December 2014 the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	Sep 2015	Dec 2014
Liability on the statement of financial position		
Pension plan	82,082	86,465
Healthcare plan and other benefits	40,529	39,996
Life assurance plan	170	157
	122,781	126,617

During the nine month period ended 30 September 2015 and 30 September 2014 the following operating expenses were recorded regarding benefit plans with employees:

	Sep 2015	Set 2014
Charges to the statement of profit and loss (Note 22)		
Pension plan	3,481	4,286
Healthcare plan and other benefits	2,078	1,247
Life assurance plan	13	12
	5,572	5,545

The amounts recognized on “Personnel costs” related to post-employment benefits in the amount of 5,572 thousand Euros includes the effect of the plan amendments resulting from the new Collective Labor Agreement: (i) positive 5,435 thousands of Euros from Medical Plan; and (ii) negative 6,493 thousands of Euros from Other Benefits.

The actuarial assumptions used to calculate the post-employment benefits, which are considered by the REN Group and the entity specialized in actuarial studies to be those that best meet the commitments established in the pension plan and related retirement benefit liabilities, are as follows:

	Sep 2015	Dec 2014
Annual discount rate	2.00%	2.00%
Expected percentage of serving employees eligible for early retirement (more than 60 years of age and 36 years in Service) by Collective Work Agreement	20.00%	20.00%
Expected percentage of serving employees eligible for early retirement - Management act	20.00%	20.00%
Rate of salary increase	2.70%	2.70%
Pension increase	1.20%	1.20%
Future increases of Social Security Pension amount	0.00%	0.00%
Inflation rate	1.20%	1.20%
Medical trend	3.50%	3.50%
Management costs (per employee/year)	223 €	223 €
Expenses medical trend	1.20%	1.20%
Retirement age (number of years)	66	66
Mortality table	TV 88/90	TV 88/90

16 PROVISIONS

The changes in provisions in the reported periods is as follows:

	Sep 2015	Dec 2014
Beginning balance	7,316	5,903
Increases	273	1,449
Reversing	(519)	-
Utilization	(126)	(35)
Ending balance	6,945	7,316
Current provision	1,725	2,369
Non-current provision	5,220	4,947
	6,945	7,316

As of 30 September 2015 the caption “Provisions” corresponds essentially to estimates of the payments to be made by REN resulting from legal processes in progress for damage caused to third parties and a restructuring provision in the amount of 1,213 thousand Euros, related to the Group’s restructuring plan in course.

17 TRADE AND OTHER PAYABLES

The caption “Trade and other payables” as of 30 September 2015 and 31 December 2014 was made up as follows:

	September 2015			December 2014		
	Current	Non current	Total	Current	Non current	Total
Trade payables						
Current suppliers (Note 8)	111,710	-	111,710	263,608	-	263,608
Other creditors						
Other creditors (Note 8)	87,198	29,682	116,879	145,500	27,788	173,288
Tariff deviations (Note 8)	14,411	20,278	34,689	55,650	2,975	58,625
Fixed assets suppliers (Note 8)	56,839	-	56,839	99,813	-	99,813
Tax payables (Note 8) (i)	13,886	-	13,886	18,615	-	18,615
Deferred income						
Grants related to assets	18,000	292,957	310,956	17,795	297,465	315,259
Accrued costs						
Holidays and holidays subsidies (Note 8)	5,814	-	5,814	4,729	-	4,729
Trade and other payables	307,857	342,917	650,774	605,710	328,228	933,938

(i) Tax payables refer to VAT, personnel income taxes and other taxes

As of 30 September 2015 the caption "Other creditors" includes mainly, (i) the amount of 14,999 thousand Euros relating to an amount received by the Portuguese State, on January 3, 2014, to be returned to the National Electric System for the purposes of the tariff deficit reduction and mitigation of the impact of tariff costs to energy policy, in accordance with

applicable law; and (ii) the recognition in 2015 of the entire obligation for the extraordinary contribution on energy sector in the amount of 25,445 thousand Euros (Note 25).

For this balance also contributes the an unissued invoicing related to the Market Management activity (MIBEL - Mercado Ibérico de Eletricidade), in the amount of 15,053 thousands of Euros (22.336 thousands of Euros in 31 December of 2014).

As of 31 December 2014, the caption "Current suppliers " includes the correction of the "CMEC" invoiced by EDP - Gestão da Produção de Energia, S.A., in the amount of 128,676 thousand Euros, also reflected under caption "Trade and other receivables "(Note 10) through the invoice issued to EDP - Distribuição de Energia, S.A. This transaction sets a pass-through in the consolidated income statement of REN, which is the reason of being compensated in that statement.

18 SALES AND SERVICES RENDERED

Sales and services rendered recognized in the consolidated statement of profit and loss are made up as follows:

	Sep 2015	Sep 2014
Goods:		
Domestic market	532	175
	<u>532</u>	<u>175</u>
Services:		
Electricity transmission and overall systems management	260,762	286,600
Natural gas transmission	86,102	91,524
Regasification	25,713	23,290
Underground gas storage	16,522	9,346
Telecommunications network	3,809	3,768
Trading	2,580	3,418
Others	1,004	565
	<u>396,493</u>	<u>418,511</u>
Total sales and services rendered	<u>397,025</u>	<u>418,686</u>

19 REVENUE AND COSTS FROM CONSTRUCTION ACTIVITIES

As part of the concession contracts treated under IFRIC 12, the construction activity is subcontracted to specialized suppliers. Therefore the Group obtains no margin in the construction of these assets. The detail of the revenue and expenses with the acquisition of concession assets for the nine month periods ended 30 September 2015 and 30 September 2014 is the following:

	Sep 2015	Sep 2014
<u>Revenue from construction of concession assets</u>		
- Acquisitions	133,469	54,788
- Own work capitalised :		
Financial expenses (Note 5)	2,054	3,427
Overhead and management costs (Note 5)	9,966	11,094
	<u>145,490</u>	<u>69,310</u>
<u>Cost of construction of concession assets</u>		
- Acquisitions	133,469	54,788
	<u>133,469</u>	<u>54,788</u>

20 OTHER OPERATING INCOME

The caption “Other operating income” is made up as follows:

	Sep 2015	Sep 2014
Recognition of investment subsidies	13,500	13,342
Supplementary income	1,047	1,255
Capital gain from Enagás (Note 9)	20,083	-
Others	1,239	1,324
	<u>35,869</u>	<u>15,921</u>

21 EXTERNAL SUPPLIES AND SERVICES

The caption “External supplies and services” for the nine month periods ended 30 September 2015 and 2014 is made up as follows:

	Sep 2015	Sep 2014
Fees relating to external entities i)	5,991	5,982
Maintenance costs	5,531	6,180
Electric energy costs	3,270	2,944
Insurance costs	2,312	2,109
Gas transport subcontracts	2,083	1,959
Security and surveillance	1,238	1,246
Fuel and other utilities	1,221	1,229
Travel and transportation costs	767	833
Advertising and communication costs	695	864
Other (less than 800 thousand Euros)	1,678	2,433
External supplies and services	24,786	25,779

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

22 PERSONNEL COSTS

Personnel costs are made up as follows:

	Sep 2015	Sep 2014
Remuneration		
Board of directors	1,827	1,733
Personnel	24,317	24,653
	<u>26,144</u>	<u>26,387</u>
Social charges and other expenses		
Post-employment and other benefits cost (Note 15)	5,572	5,545
Charges on remuneration	5,444	5,509
Social support costs	152	176
Other	1,449	1,687
	<u>12,618</u>	<u>12,918</u>
Total personnel costs	38,762	39,305

The Corporate Bodies remuneration includes remunerations paid to the Board of Directors as well as to the Board of the General Shareholders meeting.

23 OTHER OPERATING COSTS

Other operating costs are made up as follows:

	Sep 2015	Sep 2014
ERSE operating costs i)	6,907	6,746
Donations	42	95
Taxes	652	732
Quotizations	900	935
Others	520	592
	9,021	9,100

i) The caption "ERSE operating costs" corresponds to ERSE's operating costs, to be recovered through electricity and gas tariffs.

24 FINANCIAL COSTS AND INCOME

Financial costs and income are made up as follows:

	Sep 2015	Sep 2014
Financial costs		
Interest cost	79,557	92,020
Derivative financial instruments	704	134
Other financial costs	293	950
	80,553	93,103
Financial income		
Interest income	1,951	3,288
Derivative financial instruments	4,012	4,228
Other financial investments	42	18
	6,004	7,534

25 ENERGY SECTOR EXTRAORDINARY CONTRIBUTION

Law No. 83-C / 2013 of 31 December introduced a specific contribution of entities operating in the energy field, called Energy Sector Extraordinary Contribution ("ESEC"), which was extended by Law No. 82-B / 2014 of 31 December.

The regime introduced is aimed at financing mechanisms that promote systemic sustainability of the sector through the setting up of a fund with the main objective of reducing the tariff deficit. Are subject to this regime, among others, the entities that are dealers of transport activities or distribution of electricity and natural gas.

ESEC is calculated based on the assets value with reference to the first day of financial year 2015 (1 January 2015) which respect, cumulatively, to Tangible assets; Intangible assets, with the exception of elements of industrial property; Financial assets assigned to concessions or licensed activities. In the case of regulated activities, ESEC focuses on the value of regulated assets (i.e. the amount recognised by ERSE for the calculation of allowed revenues as at 1 January 2015) if it is higher than the value of the previous referred assets, on which is applied the rate of 0.85%.

To the extent that it is a present obligation whose facts originating already occurred, with timing and amounts certain or ascertainable, REN recorded liabilities in the amount of 25,445 thousand Euros (Note 17) (for the period of nine months ended 30 September 2014 was 25,065 thousand Euros), against an expense in the consolidated income statement.

In period of nine month ended 30 September 2015, as described in Note 3, REN recognized the total amount of Energy sector extraordinary contribution of 2015 as an expense.

26 EARNINGS PER SHARE

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

		Sep 2015	Sep 2014
Consolidated net profit used to calculate earnings per share	(1)	91,609	78,654
Number of ordinary shares outstanding during the period (Note 13)	(2)	534,000,000	534,000,000
Effect of treasury shares (Note 13) (average number of shares)		3,881,374	3,881,374
Number of shares in the period	(3)	530,118,626	530,118,626
Basic earnings per share (euro per share)	(1)/(3)	0.17	0.15

(a) Amount restated (Note 3)

Basic earnings per share are the same as diluted earnings as there is no situation that could originate dilution effects.

27 DIVIDENDS PER SHARE

During the General Shareholders Meeting held on 17 April 2015, the shareholders approved the distribution of dividends with respect to the net profit of 2014, in the amount of 91,314 thousand Euros, corresponding to a gross dividend amount of 0.171 Euros per share, which

include 664 thousand Euros attributable to treasury shares, having been paid to the shareholders an amount of 90,650 thousand Euros.

The distribution of dividends with respect to the net profit of 2013 amounted to 91,314 thousand Euros (0.171 Euros per share). From this amount, 664 thousand Euros were attributable to treasury shares, having been paid to the shareholders an amount of 90,650 thousand Euros.

28 GUARANTEES GIVEN

As of 30 September 2015 and 31 December 2014 the REN Group had given the following guarantees:

Beneficiary	Scope	Sep 2015	Dec 2014
European Investment Bank (EIB)	To guarantee loans	313,749	272,404
General Directorate of Energy and Geology	To guarantee compliance with the obligations assumed in the public service concession	20,500	20,500
Judge of District Court	Guarantee for expropriation processes	5,549	5,549
Municipal Council of Seixal	Guarantee for litigation	2,152	4,079
Electricity Iberian Market (OMI)	To guarantee payments resulting from trading participation as purchaser in the Spanish market	2,000	2,000
Municipal Council of Odivelas	Guarantee for litigation	1,119	1,119
Social Security Institution	Ensure compliance with obligations	511	511
Municipal Council of Silves	Guarantee for expropriation processes	352	352
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings	205	205
NORSCUT - Concessionária de Auto-estradas, SA	To guarantee prompt payment of liabilities assumed by REN in the contract ceding utilization	200	200
European Union	To comply with the contractual requirements of the grant agreement	177	177
Labour Court of Lisbon	Guarantee for litigation	153	153
Municipal Council of Aveiro	Guarantee for litigation	87	43
EP - Estradas de Portugal	To guarantee compliance with the obligations assumed	84	84
Alrisa - Sociedade Imobiliária, S.A.	Urban Lease Contract	15	-
Municipal Council of Vila Nova de Gaia	Guarantee the suspension of the process	2	2
		346,854	307,377

29 RELATED PARTIES

Main shareholders and shares held by corporate bodies

As of 30 September 2015 and 31 December 2014, the shareholder structure of Group REN was as follows:

	Sep 2015		Dec 2014	
	Number of shares	%	Number of shares	%
State Grid Europe Limited (Group State Grid)	133,500,000	25.00%	133,500,000	25.00%
Mazoon B.V. (Group Oman Oil Company S.A.O.C.)	80,100,000	15.00%	80,100,000	15.00%
Gestmin, SGPS, S.A.	31,455,951	5.89%	31,326,951	5.87%
Fidelidade - Companhia de Seguros, S.A.	28,371,068	5.31%	26,421,424	4.95%
EDP - Energias de Portugal, S.A.	26,707,335	5.00%	26,707,335	5.00%
Oliren, SGPS, S.A.	26,700,000	5.00%	26,700,000	5.00%
Red Eléctrica Corporación, S.A.	26,700,000	5.00%	26,700,000	5.00%
EGF - Gestão e Consultoria Financeira, S.A.	-	-	15,667,174	2.93%
Own shares	3,881,374	0.73%	3,881,374	0.73%
Free float	176,584,272	33.07%	162,995,742	30.52%
	534,000,000	100.00%	534,000,000	100.00%

Transaction over REN shares by the Board of Directors

In July 2015, members of the Board of Directors, Manuel Champalimaud (Member of the Board of Directors) and Manuel Sebastião (Member of the Board of Directors and Chairman of the Audit Committee) acquired, respectively, a total of 129,000 and 2,000 shares.

In addition, the member of the Board of Directors, Jorge Magalhães Correia, reported that during the third quarter of 2015, transactions were carried out, on shares representing REN's share capital, through a related entity (Fidelity - Companhia de Seguros, SA), having been acquired 1,323,160 shares and sold 1,349 shares.

Beyond the mentioned transactions, did not occur any transactions carried out by Corporate Bodies in relation to the consolidated financial statements as of 31 December 2014.

Remuneration of the Board of Directors

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 in the nine month period ended 30 September 2015 amounted to 1,827 thousand Euros (1,733 thousand Euros on 30 September 2014), as shown in the following table:

	Sep 2015	Sep 2014
Remuneration and other short term benefits	1,827	1,733
	1,827	1,733

Transactions with group or dominated companies

In its activity REN maintains transactions with Group entities or with dominated parties. The terms in which these transactions are held are substantially identical to those practiced between independent parties in similar operations.

In the consolidation process the amounts related to such transactions or open balances are eliminated (Note 3.2 of the notes to the consolidated financial statements as of 31 December 2014) in the consolidated financial statements.

The main transactions held between Group companies were: (i) borrowings and shareholders loans; and (ii) shared services namely legal, administrative and IT services.

Balances and transactions held with associates and other related parties

REN Group carried out the following transactions with reference shareholders, qualified shareholders and related parties:

Revenue

	Sep 2015	Sep 2014
<u>Sales and services rendered</u>		
Invoicing issued- EDP	686,561	1,041,304
Invoicing issued- OMIP	2	463
Invoicing issued - North China International Power (State Grid Group)	-	140
Invoicing issued - REE	2,393	383
Invoicing issued - Centro de Investigação em Energia REN - State Grid	138	72
<u>Financial income</u>		
Dividends received - REE	2,934	2,462
	692,028	1,044,824

The amounts shown as invoicing issued to EDP relate essentially to the overall management of the electricity system tariff (UGS) and electricity transmission tariff (TEE) that include pass through amounts with income and costs being reversed in the consolidated statement of profit and loss.

Costs

	Sep 2015	Sep 2014
<u>External supplies and services</u>		
Invoicing received-EDP	277,696	463,985
Invoicing received-OMIP	-	178
Invoicing received - REE	3,624	767
Invoicing received - Norfin - Serviços, S.A. ¹	-	3
Invoicing received - Fidelidade - Companhia de Seguros, S.A.	-	2
Invoicing received - CMS Rui Pena & Arnaut ²	64	100
	281,383	465,035

¹ Entities related to EGF - Gestão e Consultoria Financeira, S.A. Group.

² Entity related to the Board member José Luis Arnaut.

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

Balances

As of 30 September 2015 and 31 December 2014 the balances resulting from transactions with related parties were as follows:

	Sep 2015	Dec 2014
<u>Trade and other receivables</u>		
EDP - Trade receivables	69,990	227,448
EDP - Guarantees	155	-
EDP - Other receivables	1,189	1,633
OMIP - Other receivables	-	2
OMIP - Guarantees	-	700
Oman Oil - Other receivables	1	1
Centro de Investigação em Energia REN - State Grid - Other receivables	4	211
Centro de Investigação em Energia REN - State Grid - Trade receivable	7	15
Fidelidade - Companhia de Seguros, S.A.	-	1
REE - Trade receivables	176	35
	<u>71,522</u>	<u>230,044</u>
<u>Trade and other payables</u>		
EDP - Trade payables	6,061	132,979
OMIP - Other payables	-	183
OMIP - Guarantees	-	27
Centro de Investigação em Energia REN - State Grid - Other payables	-	7
Norfin Sociedade Gestora de Fundos - Guarantees ¹	-	9
CMS - Rui Pena & Arnaut - Trade payables ²	19	20
REE - Trade payables	407	248
	<u>6,488</u>	<u>133,472</u>

¹ Entities related to EGF - Gestão e Consultoria Financeira, S.A. Group.

² Entity related to the Board member José Luis Arnaut.

30 SUBSEQUENT EVENTS

After the date of the statement of financial position, there were no events that give rise to additional adjustments or disclosures in the consolidated financial statements of the Company for the nine months ended 30 September 2015.

31 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

Rodrigo Costa
(Chairman of the Board of Directors and of the Executive Committee)

Manuel Champalimaud
(Member of the Board of Directors)

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

Jorge Magalhães Correia
(Member of the Board of Directors)

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

Francisco João Oliveira
(Member of the Board of Directors)

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

José Luis Arnaut
(Member of the Board of Directors)

Mengrong Cheng
(Member of the Board of Directors)

Manuel Sebastião
(Member of the Board of Directors and Chairman of the Audit Committee)

Longhua Jiang
(Member of the Board of Directors)

Gonçalo Gil Mata
(Member of the Board of Directors and of the Audit Committee)

Omar Al Wahaibi
(Member of the Board of Directors)

Maria Estela Barbot
(Member of the Board of Directors and of the Audit Committee)

Note - The remaining pages of this Report and Accounts (3rd Quarter of 2015) were initialled by the Company Secretary and by the Accountant.