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

Consolidated Financial Statements
30 June 2017

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

Consolidated financial statements

30 June 2017

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

Index

1. Financial Performance in the 1st half 2017

1.1. 1st half results

In the first half of 2017, REN's net income was 53.0 million euros, 12.4 million euros (+30.7%) higher than the same period of the prior year, reflecting the strong performance of financial results (+14.2 million euros, +34.0%) and also the positive evolution of EBITDA (+2.5 million euros, +1.0%).

Similarly to the previous years, the results for 2017 reflect the continuation of the Extraordinary Levy on the Energy Sector (25.8 million euros in 2017, and 25.9 million euros in 2016[1]).

In the current year, REN acquired for 169 million euros a 42.5% stake in Electrogas, a company that offers natural gas transportation services in Chile, which represents already 2.5[2] million euros in EBITDA.

Investment was 41.0 million euros, a 8.9% y.o.y increase (+3.3 million euros), while transfers to RAB reached 2.3 million euros, a 9.4 million euros decrease (-80.2%) over the same period of the previous year. Average RAB dropped by 52.5 million euros (-1.5%) to 3,470.3 million euros, reflecting the decrease in the natural gas sector.

Despite the 2.0% increase in net debt (+50.9 million euros), influenced by Electrogas stake acquisition, the Group's financial income improved significantly due to better financing conditions, with the average cost of debt decreasing from 3.5%, in the first half of 2016, to 2.6%.

MAIN INDICATORS (MILLIONS OF EUROS)	June 2017	June 2016	VAR.%
EBITDA	242.7	240.2	1.0%
Financial income[3]	-27.5	-41.7	34.0%
Net income[1]	53.0	40.5	30.7%
Recurrent net income	80.9	66.5	21.7%
Total Capex	41.0	37.6	8.9%
Transfers to RAB[4] (at historic costs)	2.3	11.7	-80.2%
Average RAB (at reference costs)	3,470.3	3,522.8	-1.5%
Net debt	2,577.4	2,526.5	2.0%
Average cost of debt	2.6%	3.5%	-0.9p.p.

[1] The full amount of the levy was recognized in the 1st quarter of 2017 and 2016, according to the Portuguese securities market commission (CMVM) recommendations
[2] Electrogas Net income proportion (3.7 million euros), net of transaction costs (1.2 million euros)
[3] The cost of 0.5 million euros in 1H16 and 0.3 million euros in 1H17 from electricity interconnection capacity auctions between Spain and Portugal - referred to as FTR (Financial Transaction Rights), were reclassified from financial income to Revenue.
[4] Includes direct acquisitions (RAB related).

OPERATIONAL RESULTS – EBITDA

EBITDA reached 242.7 million euros, a 1.0% increase over the same period of the previous year (+2.5 million euros).

EBITDA (MILLIONS OF EUROS)	June 2017	June 2016	VAR.%
1) Revenues from assets	**227.5**	**226.8**	**0.3%**
RAB remuneration	106.2	110.3	-3.7%
Smoothing differences (gas)	0.6	-1.4	138.7%
Hydro land remuneration	0.1	0.1	-4.7%
Lease revenues from hydro protection zone	0.4	0.4	-1.2%
Remuneration of fully amortized assets	10.8	9.9	8.9%
Recovery of amortizations (net of investment subsidies)	100.4	98.5	1.9%
Amortization of investment subsidies	9.0	9.1	-0.2%
2) Revenues from OPEX	**48.3**	**46.8**	**3.2%**
3) Other revenues	**13.2**	**7.4**	**78.0%**
4) Own works (capitalised in investment)	**6.2**	**7.4**	**-16.1%**
5) Earnings on Construction (excl. own works capitalised in investment) - Concession assets	**34.7**	**30.3**	**14.6%**
6) OPEX	**52.3**	**48.0**	**9.0%**
Personnel costs[1]	25.1	25.3	-0.7%
External costs	27.2	22.7	19.8%
7) Construction costs - Concession assets	**34.7**	**30.3**	**14.6%**
8) Provisions	**0.0**	**0.3**	**-108.4%**
9) Impairments	**0.2**	**-0.1**	**-266.2%**
10) EBITDA (1+2+3+4+5-6-7-8-9)	**242.7**	**240.2**	**1.0%**

The growth in operational results was achieved through the following positive impacts:

- Revenues with the 42.5% stake in Electrogas, acquired in the first quarter of 2017 (3.7 million euros; 2.5 million euros after transaction costs);
- Higher REN Trading's allowed incentives (+1.2 million euros);
- Positive evolution of amortizations recovery (+1.8 million euros), in line with the increase in gross assets.

These effects were partially offset by the 4.3 million euros increase in the Group opex (+9.0%), which reflected the increase of (i) 1.6 million euros in non-core external costs (pass-through), and (ii) 2.9 million euros in core external costs, due to additional costs of 1.9 million euros incurred

[1] Includes costs for training and seminars and provisions for staff costs

with Electrogas acquisition and EDPG potential acquisition (the later currently underway), partially offset by a 0.2 million euros reduction in personnel costs (-0.7%).

NET INCOME

Overall, the Group's net income for the first half of 2017 grew 12.4 million euros (+30.7%) y.o.y., reaching 53.0 million euros, reflecting:

- The increase in EBITDA (+2.5 million euros), which was positively impacted by Electrogas stake results of 2.5 million euros (after transaction costs);
- Better financial results (+14.2 million euros, +34.0%), driven by a lower cost of debt, which dropped to 2.6% (from 3.5% in June 2016), despite the increase in net debt of 2.0% (+50.9 million euros) to 2,577.4 million euros, reflecting the acquisition of Electrogas (169 million euros).

Excluding non-recurring items, Net Income grew 14.4 million euros (+21.7%). Non-recurring items considered in the first half of 2017 and 2016 are as follows:

i. In 2017: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2017 (25.8 million euros); ii) financial and operating one-off costs with Electrogas acquisition and EDP Gás potential acquisition - the later currently underway (2,9M€, 2,1M€ after taxes)

ii. In 2016: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2016 (25.9 milhões e euros)

NET INCOME (MILLION EUROS)	June 2017	June 2016	VAR.%
EBITDA	**242.7**	**240.2**	**1.0%**
Depreciations and amortizations	108.6	107.0	1.5%
Financial income	-27.5	-41.7	34.0%
Income tax expenses	27.9	25.1	11.0%
Extraordinary levy on the energy sector[1]	25.8	25.9	-0.5%
Net income	**53.0**	**40.5**	**30.7%**
Non-recurring items	27.9	25.9	7.6%
Recurrent net income	**80.9**	**66.5**	**21.7%**

[1] The full amount of the levy was recognized in the 1st quarter of 2017 and 2016, according to the Portuguese securities market commission (CMVM) recommendations

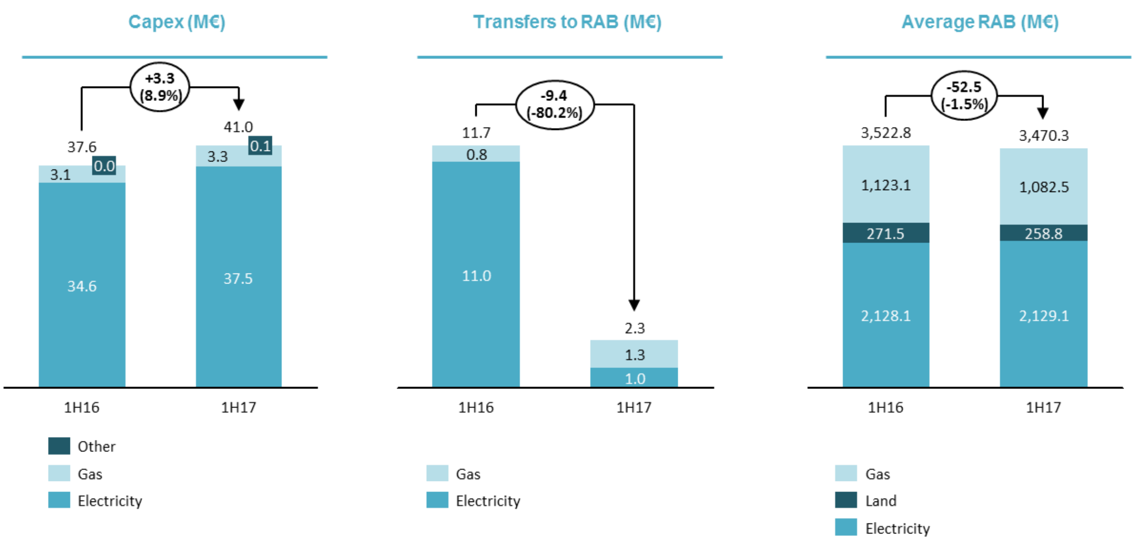
1.2. Average RAB and Capex

In the first half of 2017, investment was 41.0 million, 9% (+3.3 million euros) higher than the same period of the prior year, while transfers to RAB reached 2.3 million euros, a 9.4 million euros reduction over the first half of 2016.

In electricity, investment grew 3.0 million euros (+8.5%), to 37.5 million euros. Main projects include: (i) reinforcement of the 400 kV axis Lavos-Rio Maior (5.8 million euros), (ii) new injector 400/60 kV in Alcochete (3.6 million euros), to feed the consumption in the regions of Montijo and Alcochete, (iii) refurbishment of control and protection systems at Riba d'Ave substation (2.8 millions euros) and (iv) power line Foz Tua – Armamar 400 kV (2.5 million euros), to connect Foz Tua hydroelectric power plant. Transfers to RAB dropped 10.0 million euros (-91.0%).

In natural gas, investment was 3.3 million euros, a 0.3 million euros (+8.7%) increase, and transfers to RAB were 1.3 million euros, a 0.6 million euros (72.5%) increase.

Average RAB was 3,470.3 million euros, a 52.5 million euros reduction (-1.5%) over the first half of 2016. In electricity, average RAB (excl. lands) was 2,129.1 million euros, of which 1,108.4 million euros in assets remunerated at a premium rate of return, while lands reached 258.8 million euros (-12.8 million euros, -4.7%). In natural gas, average RAB was 1,082.5 million euros (-40.7 million euros, -3.6%).



1.3. Main REN Group events 1H2017

February

- REN acquired a 42.5% stake of Electrogas S.A owned by ENEL Generación Chile S.A, for USD 180M REN considers this an important step towards its internationalization, aligned with the company's Strategic Plan for 2015-2018.
- REN hosted the 1st Conference on Biodiversity, a partnership between REN, FCT - Fundação para a Ciência e Tecnologia and CIBIO-InBIO from University of Porto, founded with the goal of creating a scientific research and dissemination in the different fields of biodiversity.
- REN and SGCC - State Grid Corporation of China promoted an event on the integration of renewable energies in the electric system. The Minister of Science, Technology and Higher Education, the Minister of Economy, the Secretary of State for Energy and the Ambassador of the People's Republic of China, Cai Run, were present at the Symposium.
- REN was a partner of the MACAU - A Bridge in the Relationship between China and the Portuguese-Speaking Countries conference, a meeting seeking to address the importance of economic relations between the Portuguese-speaking world and the People's Republic of China.

Mach

- The Sustainability Report of REN received the Silver award at the Mercury Excellence Awards, an international competition which, for 30 years, has been recognizing the best works in the communication area. In this edition, REN's Annual Report was also awarded a Special Mention, in the category of Overall Presentation - Energy.
- Fitch, the financial rating agency, announced that it maintained the rating of REN at BBB with a "stable" outlook. REN's rating continues to be two levels above that of the Portuguese Republic.
- REN was present at the Africa 2017 conference held in Morocco, to discuss water storage/reserve and the development of the hydroelectric sector as the engine of African development.

April

- REN announced the signing of an agreement to acquire 100% of the capital of EDP Gás from EDP Group for €532.4 M. This acquisition represents a major investment for REN, maintaining the strong commitment to its operation in Portugal, in line with its business development strategy.

- North American financial rating agency Moody's and Fitch reaffirmed, respectively, the Baa3 and BBB, rating given to REN, also maintaining the "stable" perspective, following the acquisition of 100% of EDP Gás.

May

- The REN 2015 Annual Report was awarded Gold at the Astrid Awards, in the Online Interactive Annual Report category.
- REN - Redes Energéticas Nacionais launched a new communication tool, the App REN Energy that gives access to exclusive information about Portugal´s energy, and everything that integrates REN's work.

June

- REN's legal department was considered one of the most influential and innovative in the Iberian Peninsula by The Legal 500 magazine in its GC Powerlist Iberia directory: Portugal Teams.
- REN participated in a citizen science initiative consisting on counting young white storks and collecting important scientific data to build a model of the evolution of the species in the country.
- REN's project for the "conversion of easement row" of its infrastructure was chosen as the reference project in the 2017 "Good Practice of the Year" award, in the category of Environmental Protection. This award is an initiative organised by the Renewables Grid Initiative, a collaboration of non-governmental organisations (NGOs) and Transmission System Operators (TSOs) from Europe.
- REN established a partnership with CERVAS - Centre for Ecology, Recovery, Monitoring and Surveillance of Wildlife to support this institution in various actions related to biodiversity and environmental education.

1.4. Main risks and uncertainties for the second half of 2017

- Due to the regulated nature of most of the businesses conducted by REN, its financial performance is closely related to the remuneration of its regulated assets. The remuneration of such assets is indexed to the evolution of the 10-year treasury bonds. Therefore, the evolution of such bonds may lead to changes in the financial results of REN. However, it must be pointed out that the decrease of the public debt risk is usually accompanied by the reduction of the interest rates. Also, in the event of a decrease of the risk of the public debt, a decrease of the average cost of the financial debt is expected, giving rise to an increase of the financial results.
- The outcome of the process of challenging the liquidation of the CESE related to 2014 and 2016 is an uncertainty that may affect positively the financial situation of REN. Since EN - Redes Energéticas Nacionais, SGPS, S.A. have paid the CESE, a favorable outcome of the process underway will imply the reimbursement of the amounts paid to the Tax Authorities.
- In the first half of 2017, REN announced the signing of an agreement to acquire EDP Gás, Portugal's 2nd largest NG distributor, to the EDP Group, which is currently waiting for approval from the competence authorities. Therefore, there is still uncertainty regarding the timing of conclusion of the acquisition which should impact REN's results.

1.5. Quarterly statements of profit and loss and comprehensive income for the periods from 1 April 2017 to 30 June 2017 and 2016

Consolidated statements of profit and loss (unaudited information)

(Amounts expressed in thousands of euros - tEuros)

	01.04.2017 to 30.06.2017	01.04.2016 to 30.06.2016
Sales	-	59
Services rendered	133,532	135,247
Revenue from construction of concession assets	27,745	26,315
Gains from associates and joint ventures	927	429
Other operating income	8,115	5,197
Operating income	**170,319**	**167,248**
Cost of goods sold	(78)	(93)
Cost with construction of concession assets	(24,611)	(22,400)
External supplies and services	(10,564)	(9,351)
Employee compensation and benefit expense	(12,638)	(12,631)
Depreciation and amortizations	(54,236)	(53,477)
Provisions	(40)	(322)
Impairments	(105)	120
Other expenses	(3,180)	(3,100)
Operating costs	**(105,452)**	**(101,253)**
Operating results	**64,868**	**65,995**
Financial costs	(18,007)	(24,209)
Financial income	946	1,381
Investment income - dividends	5,013	4,260
Financial results	**(12,048)**	**(18,567)**
Profit before income taxes	**52,819**	**47,428**
Income tax expense	(13,329)	(12,982)
Net profit for the period	**39,490**	**34,446**
Attributable to:		
Equity holders of the Company	39,490	34,446
Consolidated profit for the period	**39,490**	**34,446**
Earnings per share (expressed in euro per share)	0.07	0.06

Consolidated statements of comprehensive income (unaudited information)

(Amounts expressed in thousands of euros - tEuros)

	01.04.2017 to 30.06.2017	01.04.2016 to 30.06.2016
Net Profit for the year	**39,490**	**34,446**
Other income and cost recorded in equity:		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains / (losses)	(52)	(87)
Tax effect on actuarial gains / (losses)	16	25
Items that will be reclassified subsequently to profit or loss:		
Currency exchange differences (Associates)	(10,608)	-
Increase/(decrease) in hedging reserves - cash flow derivatives	643	(1,908)
Tax effect on hedging reserves	180	401
Gain/(loss) in fair value reserve - available-for-sale assets	1,606	5,920
Tax effect on fair value reserves	(616)	(1,243)
Comprehensive income for the year	**30,660**	**37,554**
Attributable to:		
Shareholders of the company	30,660	37,554
	30,660	**37,554**

CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2017

2. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statements of financial position as of 30 June 2017 and 31 December 2016

(Amounts expressed in thousands of Euros – tEuros)

	Notes	Jun 2017	Dec 2016
ASSETS			
Non-current assets			
Property, plant and equipment	5	565	578
Goodwill		3,208	3,397
Intangible assets	5	3,757,339	3,825,712
Investments in associates and joint ventures	6	168,383	14,657
Available-for-sale financial assets	9	152,131	150,118
Derivative financial instruments	11	11,019	20,425
Other financial assets	8	20	14
Trade and other receivables	10	18,278	10,145
Deferred tax assets	7	67,782	62,825
		4,178,725	**4,087,871**
Current assets			
Inventories		1,151	1,028
Trade and other receivables	10	400,534	448,826
Other financial assets	8	-	1,317
Cash and cash equivalents	12	22,670	10,783
		424,355	**461,954**
Total assets	4	**4,603,080**	**4,549,825**
EQUITY			
Shareholders' equity:			
Share capital	13	534,000	534,000
Treasury shares	13	(10,728)	(10,728)
Other reserves	13	313,602	319,204
Retained earnings		226,149	216,527
Other changes in equity		30	30
Net profit for the period		52,965	100,183
Total equity		**1,116,019**	**1,159,217**
LIABILITIES			
Non- current liabilities			
Borrowings	14	2,082,740	2,298,543
Liability for retirement benefits and others	15	123,141	125,673
Derivative financial instruments	11	6,898	12,212
Provisions	16	6,521	6,154
Trade and other payables	17	339,064	318,126
Deferred tax liabilities	7	60,086	73,027
		2,618,450	**2,833,735**
Current liabilities			
Borrowings	14	534,685	216,594
Provisions	16	-	801
Trade and other payables	17	285,211	311,539
Income tax payable	7	48,355	26,875
Derivative financial instruments	11	360	1,063
		868,611	**556,873**
Total liabilities	4	**3,487,061**	**3,390,608**
Total equity and liabilities		**4,603,080**	**4,549,825**

The accompanying notes form an integral part of the consolidated statement of financial position as of 30 June 2017.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Consolidated statements of profit or loss for the six month periods ended 30 June 2017 and 2016

(Amounts expressed in thousands of Euros – tEuros)

	Notes	Jun 2017	Jun 2016
Sales	18	15	154
Services rendered	18	272,977	270,405
Revenue from construction of concession assets	19	40,857	37,640
Gains / (losses) from associates and joint ventures	6	2,753	726
Other operating income	20	13,611	10,262
Operating income		**330,213**	**319,188**
Cost of goods sold		(124)	(207)
Cost with construction of concession assets	19	(34,667)	(30,260)
External supplies and services	21	(20,252)	(16,047)
Employee compensation and benefit expense	22	(24,800)	(25,075)
Depreciation and amortizations	5	(108,636)	(107,038)
Provisions	16	27	(322)
Impairments		(199)	120
Other expenses	23	(7,131)	(6,665)
Operating costs		**(195,782)**	**(185,494)**
Operating results		**134,432**	**133,693**
Financial costs	24	(36,716)	(50,763)
Financial income	24	3,889	4,368
Investment income - dividends	9	5,013	4,260
Financial results		**(27,813)**	**(42,135)**
Profit before income tax		**106,619**	**91,559**
Income tax expense	7	(27,856)	(25,091)
Energy sector extraordinary contribution	25	(25,798)	(25,938)
Net profit for the period		**52,965**	**40,530**
Attributable to:			
Equity holders of the Company		52,965	40,530
Non-controlled interest		-	-
Consolidated profit for the period		**52,965**	**40,530**
Earnings per share (expressed in euro per share)	26	0.10	0.08

The accompanying notes form an integral part of the consolidated statement of profit or loss for the six month period ended 30 June 2017.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

Consolidated statements of comprehensive income for the six month periods ended 30 June 2017 and 2016

(Amounts expressed in thousands of Euros – tEuros)

		30 June	
	Notes	2017	2016
Net Profit for the period		**52,965**	**40,530**
Other income and cost recorded in equity:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains / (losses)		125	(87)
Tax effect on actuarial gains / (losses)	7	(36)	25
Items that will be reclassified subsequently to profit or loss:			
Currency exchange differences (Associates)		(10,860)	-
Increase/(decrease) in hedging reserves - cash flow derivatives	11	4,548	(13,976)
Tax effect on hedging reserves	7 and 11	(435)	2,935
Gain/(loss) in fair value reserve - available-for-sale assets	9	2,012	4,824
Tax effect on fair value reserves	7 and 9	(868)	(2,841)
Comprehensive income for the period		**47,452**	**31,411**
Attributable to:			
Shareholders of the company		47,452	31,411
Non-controlling interests		-	-
		47,452	**31,411**

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the six month period ended 30 June 2017.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

Consolidated statements of changes in equity for the six month periods ended 30 June 2017 and 2016

(Amounts expressed in thousands of Euros – tEuros)

		Attributable to shareholders									
Changes in the period	**Notes**	**Share capital**	**Own shares**	**Legal Reserve**	**Fair Value reserve (Note 9)**	**Hedging reserves (Note 11)**	**Other reserves**	**Other changes in equity**	**Retained earnings**	**Profit for the period**	**Total**
At 1 January 2016		**534,000**	**(10,728)**	**102,608**	**54,489**	**(8,960)**	**177,482**	**30**	**196,253**	**116,115**	**1,161,289**
Net profit of the period and other comprehensive income		-	-	-	1,983	(11,041)	-	-	(62)	40,530	31,411
Distribution of dividends	27	-	-	-	-	-	-	-	(90,650)	-	(90,650)
Transfer to other reserves		-	-	4,192	-	-	-	-	111,922	(116,115)	-
At 30 June 2016		**534,000**	**(10,728)**	**106,800**	**56,472**	**(20,001)**	**177,482**	**30**	**217,463**	**40,530**	**1,102,049**
At 1 January 2017		**534,000**	**(10,728)**	**106,800**	**48,781**	**(13,858)**	**177,482**	**30**	**216,527**	**100,183**	**1,159,218**
Net profit of the period and other comprehensive income		-	-	-	1,144	4,113	(10,860)	-	89	52,965	47,452
Distribution of dividends	27	-	-	-	-	-	-	-	(90,650)	-	(90,650)
Transfer to other reserves		-	-	-	-	-	-	-	100,183	(100,183)	-
At 30 June 2017		**534,000**	**(10,728)**	**106,800**	**49,925**	**(9,745)**	**166,622**	**30**	**226,149**	**52,965**	**1,116,019**

The accompanying notes form an integral part of the consolidated statement of changes in equity for the six month period ended 30 June 2017.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Consolidated statements of cash flow for the six month periods ended 30 June 2017 and 2016

(Amounts expressed in thousands of Euros – tEuros)

	Notes	Jun 2017	Jun 2016
Cash flow from operating activities:			
Cash receipts from customers		1,284,930 a)	902,689 a)
Cash paid to suppliers		(944,205) a)	(685,652) a)
Cash paid to employees		(32,754)	(31,173)
Income tax received/(paid)		(25,414)	(673)
Other receipts/(payments) relating to operating activities		(4,701)	(28,732)
Net cash flows from operating activities (1)		**277,856**	**156,460**
Cash flow from investing activities:			
Receipts related to:			
Other financial assets		1,309	-
Grants related to assets		1,471	100
Interests and other similar income		-	4
Dividends	9	5,890	2,326
Payments related to:			
Investments in associates and joint ventures	6	(169,285)	-
Available-for-sale	9	-	(202)
Property, plant and equipment		(191)	(17)
Intangible assets - Concession assets		(93,135)	(81,966)
Net cash flows used in investing activities (2)		**(253,941)**	**(79,755)**
Cash flow from financing activities:			
Receipts related to:			
Borrowings		2,417,150	2,863,000
Interests and other similar income		8	-
Payments related to:			
Borrowings		(2,298,551)	(2,759,489)
Interests and other similar expense		(41,925)	(86,822)
Dividends	27	(90,650)	(90,650)
Net cash flows from/(used in) financing activities (3)		**(13,968)**	**(73,961)**
Net (decrease)/increase in cash and cash equivalents (1)+(2)+(3)		9,947	2,744
Effect of exchange rates		1,669	-
Cash and cash equivalents at the beginning of the year	12	10,680	63,539
Cash and cash equivalents at the end of the period	12	**22,296**	**66,283**
Detail of cash and cash equivalents			
Cash	12	21	21
Bank overdrafts	12	(374)	(2,121)
Bank deposits	12	22,649	68,384
		22,296	**66,283**

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 six month period ended 30 June 2017.

THE ACCOUNTANT THE BOARD OF DIRECTORS

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

(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”, “REN SGPS, S.A.”, “REN SGPS” 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, resulted 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 went through 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 incorporated on 26 September 2006, renamed REN – Serviços de Rede, S.A., changed its name to REN – Rede Eléctrica Nacional, S.A.

The Group presently has two main business segments, Electricity and Gas, and a secondary business 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 incorporated on 29 March 2011, with the corporate purpose of promoting, developing and carrying out projects and developments in the natural gas sector, as well as defining the overall strategy and coordination of the companies in which it has direct interests;

b) REN Gasodutos, S.A., was incorporated on 26 September 2006, the capital of which was paid up through carve-in of the gas transport infrastructures (network, connections and compression);

c) REN Armazenagem, S.A., was incorporated on 26 September 2006, the capital of which was paid up through integration into the company of the gas underground 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 comprise the supply, reception, storage and re-gasification of natural liquefied gas through the GNL marine terminal, being responsible for the construction, utilization and maintenance of the necessary infrastructures.

The operations of REN Gasodutos, S.A., REN Armazenagem S.A. and REN Atlântico S.A. are made in accordance with the three concession contracts separately granted for periods of 40 years starting 2006.

The telecommunications business is managed by RENTELECOM – Comunicações, S.A. whose activity is the establishment, management and operation of telecommunications infrastructures and systems, the rendering of telecommunications services and optimizing the optical fibre excess capacity of the installations owned by REN Group.

REN SGPS fully owns REN Serviços, S.A., a company whose purpose is the rendering of services in the energetic area and the general services of business development support to group companies and third parties, receiving a fee for the services rendered, as well as the management of financial participations in other companies.

On 10 May 2013 REN Finance, B.V., a company based in Netherlands and fully owned by REN SGPS, whose purpose is to participate, finance, collaborate and lead the management of group companies, was incorporated.

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

The purpose of this company is to implement a Research and Development centre 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.

On 14 December 2016, Aério Chile SPA was incorporated, a company fully owned by REN Serviços, S.A., headquartered in Santiago, Chile, whose purpose is to realize investments in assets, shares and rights of companies and associations.

As of 30 June 2017 REN has also:

a) 42.5% interest in the share capital of the Chilean company Electrogas, S.A., whose corporate purpose is to provide transportation services for natural gas and other fuels. This participation was acquired on February 7, 2017;

b) 40% interest in the share capital of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. ("OMIP SGPS"), being its purpose the management of participations in other companies as an indirect way of exercising economic activities.

c) 10% interest in the share capital of OMEL - Operador do Mercado Ibérico de Energia, S.A., the Spanish pole of the Sole Operator;

d) 1% interest in the share capital of Red Eléctrica Corporación, S.A. ("REE"), entity in charge of the electricity network management in Spain;

e) 8.3% interest in the share capital of Coreso, S.A. ("Coreso"), entity that assists the European transmission system operators ("TSO"), in coordination and safety activities to ensure the reliability of Europe's electricity supply;

f) Participations in the share capital of: (i) Hidroeléctrica de Cahora Bassa, S.A. ("HCB") – 7.5%; and (ii) MIBGÁS, S.A.- 6.67%.

1.1 Companies included in the consolidation

The following companies were included in the consolidation perimeter as of 30 June 2017 and 31 December 2016:

Designation / adress	Activity	Jun 2017 % Owned Group	Jun 2017 % Owned Individual	Dec 2016 % Owned Group	Dec 2016 % Owned Individual
Parent company:					
REN - Redes Energéticas Nacionais, SGPS, S.A.	Holding company	-	-	-	-
Subsidiaries:					
Electricity segment:					
REN - Rede Eléctrica 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, nº 7 - 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 Cuserstraat, 93, 1081 CN Amsterdam, The Netherlands	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	Liquified 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%	-
Aério Chile SPA Santiago do Chile	Investments in assets, shares, companies and associations	100%	-	100%	-
Owned by REN Gas, S.A.:					
REN - Armazenagem, S.A. Mata do Urso - Guarda Norte - Carriço- Pombal	Underground storage developement, 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 2017 with respect to what was reported on 31 December 2016.

1.2. Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors at a meeting held on 27 July 2017. 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 six month period ended 30 June 2017 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 2016.

The Board of Directors evaluated the Group's going concern capability, based on all the relevant information, facts and circumstances, of financial, commercial and other natures, including subsequent events occurred after the financial statement report date. Particularly, as of 30 June 2017, current liabilities in the amount of 868,611 thousand Euros are higher than current assets, which total 424,355 thousands Euros.

However, in addition to the consolidated results and cash flows estimated for 2017, the Group has, as of 30 June 2017, credit lines in the form of commercial paper available for use in the amount of 644,350 thousands Euros, with a substantial part with guaranteed placement (Note 14).

In result of this assessment, the Board concludes that the Group has the adequate resources to proceed its activity, not intending to cease its operations in short term, and therefore considers adequate the use of a going concern basis in the preparation of the Company's financial statements.

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 2017.

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 2016, as explained in the notes to the consolidated financial statements for 2016. These policies were applied consistently in the presented periods.

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 future economic exercises:

- IFRS 9 Financial Instruments (replacement of IAS 39) (to be applied for periods beginning on or after 1 January 2018) - This standard establishes the requirements for the classification and measurement of financial instruments and for the application of hedge accounting rules. The Company is analyzing and estimating the impacts on REN's consolidated financial statements associated with the adoption of this standard.

- IFRS 15 Revenue from Contracts with Customers (amendment to be applied for periods beginning on or after 1 January 2018) - These amendments clarify how the principles set out in the standard should be applied.

The future adoption of this standard is not expected to have significant impacts on REN's consolidated financial statements.

The Company did not apply any of these standards in advance in the financial statements for the six-month period ended June 30, 2017.

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 14 - Regulatory Deferral Accounts	-	This standard establish the reporting requirements, by entities adopting IFRS for the first time, to regulated assets, allowing the maintenance of the accouting policies of the previous reporting requirements regarding the recognition, measurement, derecognition and impairment. IFRS sets for the presentation of regulated items recognized separately from the other assets and liabilities as well as expenses and income.
IFRS 16 - Leases	01-jan-19	This standard is intended to replace the actual standards of leases (IAS 17, IFRIC 4, SIC-15 and SIC-27) and clarifies the recognition, measurement, presentation and disclosure principles of leases.
IFRS 4 - Insurance contracts	01-jan-21	This standard is intended to replace IFRS 4 and requires all insurance contracts to be accounting for consistently.
Amendments to IFRS 10 - Consolidated financial statements and IAS 28 - Investment in Associates and Joint Ventures	-	These amendments include clarification of various aspects related to the application of the exception for consolidation by investment entities.
Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses	01-jan-17	The purpose of this amendment is to clarify the accounting of a deferred tax asset on an unrealized loss, in a debt instrument measured at fair value.
Amendments to IAS 7 - Statement of Cash Flows	01-jan-17	The purpose of this amendment, which is part of an ample reform project of the principles and requirements of presentation and disclosure of financial reporting (disclosure initiative) is to enable users of financial statements to evaluate changes resulting from financing activities. To this purpose, this amendment establishes additional disclosure requirements regarding financing activities.
IFRS 15 - Revenue from Contracts with Customers	01-jan-18	These amendments clarify how the principles set out in IFRS 15 should be applied.
Amendments to IFRS 2 - Share-based payment	01-jan-18	This amendment clarifies certain definitions, namely the definition of acquisition conditions and market conditions, in order to ensure consistency in the classification of share-based payments.
Amendments to IFRS 4 - Insurance contracts: Application of IFRS 9 with IFRS 4	01-jan-18	This amendment clarifies the accounting impacts of the different effective dates of application of IFRS 4 and IFRS 9.
Annual improvements to IFRS (2014-2016 cycle)	01-jan-17 and 01-jan-18	Cyclical improvements are introduced to clarify and simplify the application of international normative. The changes introduced in the 2014-2016 cycle focused on the revision of: (i) IFRS 1 (elimination of short-term exemptions that are no longer applicable); (ii) IFRS 12 (clarifies that disclosure requirements of IFRS 12 apply to all investments - referred to in paragraph 5 - even if classified as held for sale, for distribution to owners or discontinued operations in accordance with IFRS 5); and (iii) IAS 28 (clarifies that the option to measure an investment in an associate or joint venture held by an entity that is a venture capital organization or other qualified entity is available on an individual basis).
Amendments to IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01-jan-18	This interpretation clarifies that relevant date for the recognition of an asset, expense or income relating to a foreign currency transaction for which an entity receives or pays in advance an amount in a foreign currency, is the date of the transaction.
Amendments to IAS 40 - Investment Property	01-jan-18	This amendment clarifies that a transfer of assets from or to the investment property caption should only be carried out when there is evidence of a change of use. Additionally, it is clarified that the change of intention to use is not evidence of a change of use.
IFRIC 23 Uncertainty over Income Tax Treatments	01-jan-19	Clarifies how the recognition and measurement requirements of IAS 12 - Income taxes are applied where there is uncertainty over income tax treatments.

These standards were not yet endorsed by the European Union and, as such, were not adopted by the group in the period ended 30 June 2017.

4 SEGMENT REPORTING

The REN Group is organised in two main business segments, Electricity and Gas, and one secondary segment. 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 complementary services to same users, 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 six month period ended 30 June 2017 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	**189,648**	**80,867**	**2,563**	**16,126**	**(16,212)**	**272,992**
Inter-segments	300	202	31	15,680	(16,212)	-
Revenues from exernal customers	189,349	80,665	2,532	446	-	272,992
	-	-	-			
Revenue from construction of concession assets	37,535	3,322	-	-	-	40,857
Cost with construction of concession assets	(32,140)	(2,526)	-	-	-	(34,667)
Gains from associates and joint ventures	-	-	-	2,754	-	2,754
External supplies and services	(19,464)	(10,866)	(804)	(8,117)	18,998	(20,252)
Employee compensation and benefit expense	(10,212)	(3,608)	(129)	(10,851)	-	(24,800)
Other expenses and operating income	8,212	940	(13)	5	(2,787)	6,357
Operating cash flow	173,579	68,129	1,617	(84)	-	243,241
Investment income - dividends	-	-	-	5,013	-	5,013
Non reimbursursable expenses						
Depreciation and amortizations	(78,449)	(30,073)	(9)	(105)	-	(108,636)
Provisions	(76)	36	-	67	-	27
Impairments	-	(10)	-	(189)	-	(199)
Financial results						
Financial income	372	5,281	15	79,589	(81,367)	3,889
Financial costs	(31,837)	(12,499)	(0)	(73,746)	81,367	(36,716)
Profit before income tax	**63,589**	**30,864**	**1,624**	**5,531**	**-**	**106,619**
Income tax expense	(17,255)	(8,072)	(368)	(2,160)	-	(27,856)
Energy sector extraordinary contribution	(18,362)	(7,435)	-	-	-	(25,798)
Profit for the year	**27,971**	**15,357**	**1,255**	**3,371**	**-**	**52,965**

Results by segment for the six month period ended 30 June 2016 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	**182,045**	**85,860**	**2,632**	**16,706**	**(16,683)**	**270,559**
Inter-segments	384	218	31	16,050	(16,683)	-
Revenues from exernal customers	181,661	85,642	2,601	655	-	270,559
Revenue from construction of concession assets	34,583	3,057	-	-	-	37,640
Cost with construction of concession assets	(28,212)	(2,048)	-	-	-	(30,260)
Gains from associates and joint ventures	-	-	-	726	-	726
External supplies and services	(18,202)	(10,454)	(803)	(6,593)	20,004	(16,047)
Employee compensation and benefit expense	(10,428)	(4,034)	(122)	(10,492)	-	(25,075)
Other expenses and operating income	5,492	954	(109)	778	(3,725)	3,391
Operating cash flow	**165,279**	**73,334**	**1,599**	**1,125**	**(404)**	**240,933**
Investment income - dividends	-	-	-	4,260	-	4,260
Non reimbursursable expenses						
Depreciation and amortizations	(77,101)	(29,821)	-	(116)	-	(107,038)
Provisions	(319)	(3)	-	-	-	(322)
Impairment	28	-	-	92	-	120
Financial results						
Financial income	5	7,297	17	81,509	(84,460)	4,368
Financial costs	(36,506)	(17,270)	(1)	(81,850)	84,864	(50,763)
Profit before income tax	**51,386**	**33,537**	**1,615**	**5,021**	**-**	**91,559**
Income tax expense	(14,815)	(8,847)	(361)	(1,068)	-	(25,091)
Energy sector extraordinary contribution	(18,302)	(7,635)	-	-	-	(25,938)
Profit for the year	**18,269**	**17,054**	**1,254**	**3,953**	**-**	**40,530**

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 six month period ended 30 June 2017 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	517,456	-	1,615,939	(2,133,395)	-
Property, plant and equipment and intangible assets	2,608,923	1,148,452	70	460	-	3,757,904
Other assets	539,908	380,468	5,087	5,075,635	(5,155,922)	845,176
Total assets	**3,148,831**	**2,046,376**	**5,157**	**6,692,033**	**(7,289,317)**	**4,603,080**
Total liabilities	**2,529,911**	**890,743**	**2,291**	**5,225,394**	**(5,161,278)**	**3,487,061**
Capital expenditure - total	**37,557**	**3,300**	**-**	**125**	**-**	**40,982**
Capital expenditure - property, plant and equipment (Note 5)	-	-	-	125	-	125
Capital expenditure - intangible assets (Note 5)	37,557	3,300	-	-	-	40,857
Investments in associates (Note 6)	**-**	**-**	**-**	**165,339**	**-**	**165,339**
Investments in joint ventures (Note 6)	**-**	**-**	**-**	**3,044**	**-**	**3,044**

Assets and liabilities by segment as well as capital expenditures for the year ended 31 December 2016 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	533,685	-	1,453,960	(1,987,645)	-
Property, plant and equipment and intangible assets	2,650,536	1,175,219	-	535	-	3,826,290
Other assets	575,485	441,059	6,998	4,891,800	(5,191,807)	723,535
Total assets	**3,226,022**	**2,149,964**	**6,998**	**6,346,295**	**(7,179,452)**	**4,549,825**
Total liabilities	**2,635,831**	**933,642**	**2,973**	**5,009,973**	**(5,191,808)**	**3,390,608**
Capital expenditure - total	**157,494**	**13,753**	**-**	**214**	**-**	**171,461**
Capital expenditure - property, plant and equipment (Note 5)	-	-	-	214	-	214
Capital expenditure - intangible assets (Note 5)	157,494	13,753	-	-	-	171,247
Investments in associates (Note 6)	-	-	-	11,666	-	11,666
Investments in joint ventures (Note 6)	-	-	-	2,991	-	2,991

The liabilities included in the segment "Others" are essentially related to external borrowings obtained directly by REN SGPS, S.A. 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 TANGIBLE AND INTANGIBLE ASSETS

During the six month period ended 30 June 2017, the changes in tangible and intangible assets in the period were as follows:

	1 January 2017			Changes					30 June 2017		
	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	(103)	-	-	-	-	-	-	103	(103)	0
Buildings, halls and construction	931	(453)	479	-	-	-	-	-	931	(453)	479
Transport equipment	299	(217)	81	45	(101)	-	(96)	77	243	(236)	6
Office equipment	27	(9)	18	80	(3)	-	(17)	3	103	(23)	80
	1,360	**(782)**	**578**	**125**	**(104)**	**-**	**(113)**	**80**	**1,380**	**(815)**	**565**

	1 January 2017			Changes					30 June 2017		
	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	7,365,215	(3,618,333)	3,746,882	274	(1,591)	2,044	(108,523)	883	7,365,941	(3,725,973)	3,639,968
Concession assets in progress	78,831	-	78,831	40,583	-	(2,044)	-	-	117,370	-	117,370
	7,444,045	**(3,618,333)**	**3,825,712**	**40,857**	**(1,591)**	**-**	**(108,523)**	**883**	**7,483,312**	**(3,725,973)**	**3,757,339**
Total of property, plant and equipment and intangible assets	**7,445,405**	**(3,619,115)**	**3,826,290**	**40,982**	**(1,695)**	**-**	**(108,636)**	**963**	**7,484,691**	**(3,726,787)**	**3,757,904**

During the year ended 31 December 2016, the changes in tangible and intangible assets in the year were as follows:

	1 January 2016			Changes					31 December 2016		
	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	(103)	-	-	-	-	-	-	103	(103)	-
Buildings and other construction	1,038	(469)	569	206	(313)	-	(205)	221	931	(453)	479
Transport equipment	302	(201)	102	8	(12)	-	(29)	12	299	(217)	81
Office equipment	27	(4)	23	-	-	-	(5)	-	27	(9)	18
	1,470	**(776)**	**695**	**214**	**(325)**	**-**	**(239)**	**233**	**1,360**	**(782)**	**578**
	1 January 2016			**Changes**					**31 December 2016**		
	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	7,212,146	(3,404,818)	3,807,329	2,524	(1,104)	151,648	(214,524)	1,009	7,365,215	(3,618,333)	3,746,882
Concession assets in progress	61,756	-	61,756	168,723	-	(151,648)	-	-	78,831	-	78,831
	7,273,902	(3,404,818)	3,869,085	171,247	(1,104)	-	(214,524)	1,009	7,444,045	(3,618,333)	3,825,712
Total of property, plant and equipment and intangible assets	**7,275,373**	**(3,405,593)**	**3,869,779**	**171,461**	**(1,429)**	**-**	**(214,761)**	**1,241**	**7,445,405**	**(3,619,115)**	**3,826,290**

The additions registered in six month period ended 30 June 2017 refer essentially to rights over the investments on construction/renovation and expansion of electrical and natural gas grid.

The main additions verified in the periods ended 30 June 2017 and 31 December 2016 are made up as follows:

	Jun 2017	Dec 2016
Electricity segment		
Power line construction (150 KV, 220 KV and others)	4,142	9,674
Power line construction (400 KV)	10,975	39,982
Construction of new substations	4,548	10,313
Substation Expansion	11,838	78,351
Other renovations in substations	1,179	5,094
Improvements to telecommunications and information system	1,757	8,607
Pilot zone construction - wave energy	102	210
Improvements in buildings related to concession	2,570	3,530
Other assets	173	1,735
Gas segment		
Expansion and improvements to gas transmission network	1,479	10,281
Construction project of cavity underground storage of natural gas in Pombal	358	1,629
Construction project and operating upgrade - LNG facilities	1,463	1,842
Others segment		
Other assets	399	214
Total of additions	**40,982**	**171,461**

The main transfers that were concluded and began activity during the periods ended 30 June 2017 and 31 December 2016 are made up as follows:

	Jun 2017	Dec 2016
Electricity segment		
Power line construction (150 KV, 220 KV and others)	60	11,505
Power line construction (400 KV)	230	39,829
Substation Expansion	211	68,929
Other renovations in substations	-	4,744
Telecommunications and information system	27	8,992
Buildings related to concession	-	4,402
Other assets under concession	208	34
Gas segment		
Expansion and improvements to natural gas transmission network	1,129	9,640
Construction project of cavity underground storage of natural gas in Pombal	54	2,275
Construction project and operating upgrade - LNG facilities	125	1,298
Total of transfer	**2,044**	**151,648**

The intangible assets in progress as of 30 June 2017 and 31 December 2016 are as follows:

	Jun 2017	Dec 2016
Electricity segment		
Power line construction (150KV/220KV e 400KV)	43,969	29,142
Substation Expansion	36,519	23,502
New substations projects	19,190	14,854
Other projects	2,887	1,127
Improvements in buildings related to concession	3,696	1,086
Gas segment		
Expansion and improvements to natural gas transmission network	6,805	6,459
Construction project of cavity underground storage of natural gas in Pombal	2,524	2,220
Construction project and operating upgrade - LNG facilities	1,779	441
Total of assets in progress	**117,370**	**78,831**

Financial costs capitalized in intangible assets in progress in the period ended 30 June 2017 amounted to 1,098 thousand Euros (1,263 thousand Euros as of 30 June 2016), while overhead and management costs capitalized amounted to 5,093 thousand Euros (6,117 thousand Euros as of 30 June 2016) (Note 19).

As of 30 June 2017 and 31 December 2016, the net book value of the intangible assets financed through lease contracts was as follows:

	Jun 2017	Dez 2016
Cost	5,690	6,153
Accumulated depreciation and amortization	(2,673)	(2,506)
Net book value	**3,017**	**3,647**

6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

At 30 June 2017 and 31 December 2016, the financial information regarding the financial investments in associates and joint ventures held is as follows:

			Financial information									Capital owned		
				30 June 2017										
Company	Activity	Head office	Current assets	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	Total comprehensive	%	Carrying amount	Group share of profit / (loss)
Equity method:														
Associate:														
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	1,591	26,830	838	455	831	(361)	27,129	(361)	40	10,645	(1,021)
Electrogas, S.A.	Transport Gas	Chile	18,635	9,592	51,045	12,287	16,246	16,165	8,310	32,104	8,310	42.5	154,694	3,721
													165,339	2,700
Joint venture														
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	5,652	824	382	-	1,041	106	6,094	106	50	3,044	53
													168,383	**2,753**

			Financial information									Capital owned		
				31 December 2016										
Company	Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	Total comprehensive	%	Carrying amount	Group share of profit / (loss)
Equity method:														
Associate:														
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	680	30,302	1,092	208	1,638	1,070	29,681	30,752	40	11,666	515
Joint venture														
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,409	1,109	1,527	1	3,902	1,603	5,989	7,592	50	2,991	798
(a) The company granted an option to sell of 5% of this participation.													**14,657**	**1,314**

Associates

The changes in the caption "Investments in associates" during the period ended 30 June 2017 were as follows:

Investments in associates	
At 1 January 2016	**12,395**
Effect of aplying the equity method	515
Others	(1,244)
At 31 December 2016	**11,666**
Effect of aplying the equity method	2,700
Dividends allocation	(7,452)
Acquisition of interest of Electrogas	169,285
Conversion of financial statements into foreign currency	(10,860)
At 30 June 2017	**165,339**

During the six-month period ended June 30, 2017, the Group acquired a 42.5% interest in the share capital of the Chilean company - Electrogas S.A., for the amount of 169,285 thousand Euros. This company owns a gas pipeline in the central zone of Chile and its social object is the provision of natural gas transportation services and other fuels.

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 June 2017 was as follows:

Joint ventures	
At 1 January 2016	**2,193**
Effect of aplying the equity method	798
At 31 December 2016	**2,991**
Effect of aplying the equity method	53
At 30 June 2017	**3,044**

As of 30 June 2017 and 31 December 2016, the financial information regarding the joint venture held is as follows:

	Other financial information						
	30 June 2017						
	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.	5,349	4	-	(284)	-	(1)	(24)

	Other financial information						
	31 December 2016						
	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.	5,166	6	1	(522)	-	(1)	209

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 69º 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 June 2017.

In 2017, in accordance with Law n. 7-A/2016, December 30, 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 June 2017, 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 six months period ended on 30 June 2017 and 2016 is detailed as follows:

	Jun 2017	Jun 2016
Current income tax	49,767	28,188
Adjustaments of income tax from previous year	(2,674)	(270)
Deferred income tax	(19,237)	(2,827)
Income tax	**27,856**	**25,091**

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

	Jun 2017	Jun 2016
Consolidated profit before income tax	**106,619**	**91,559**
Permanent differences		
Non deductible costs	389	455
Non taxable income	460	(11,928)
Timing differences		
Tariff deviations	72,725	12,160
Provisions and impairments	(434)	38
Revaluations	2,603	2,890
Pension, helthcare assistence and life insurance plans	(2,405)	(2,466)
Derivative financial instruments	(17)	10,125
Others	(27)	(29)
Taxable income	179,912	102,804
Tax rate	37,424	21,589
State surcharge tax	9,331	4,747
Municipal surcharge	2,685	1,473
Autonomous taxation	327	378
Current income tax	49,767	28,188
Deferred income tax	(19,237)	(2,827)
Deferred income tax	(19,237)	(2,827)
Adjustments of estimated tax in previous years	(2,674)	(270)
Income tax	**27,856**	**25,091**
Effective tax rate	**26.1%**	**27.4%**

Income tax

The caption “Income tax” payable and receivable as of 30 June 2017 and 31 December 2016 is detailed as follows:

	Jun 2017	Dec 2016
Corporate income tax - estimated tax	50,979	67,566
Corporate income tax - payments on account	(2,389)	(40,648)
Income withholding tax by third parties	(235)	(43)
Income tax payable	**48,355**	**26,875**

Deferred taxes

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

	Jun 2017	Dec 2016
Impact on the statement of profit and loss		
Deferred tax assets	5,428	(4,722)
Deferred tax liabilities	13,809	16,018
	19,237	11,296
Impact on equity		
Deferred tax assets	(472)	1,709
Deferred tax liabilities	(868)	(796)
	(1,339)	913
Net impact of deferred taxes	**17,898**	**12,209**

The changes in deferred tax by nature is as follows:

Change in deferred tax assets - June 2017

	Provisions /Impairments	Pensions	Tariff deviations	Derivative financial instruments	Impairment of revalued assets	Others	Total
At 1 January 2017	**1,901**	**36,433**	**11,679**	**3,687**	**8,962**	**162**	**62,825**
Increase/decrease through reserves	-	(36)	-	(435)	-	-	(472)
Reversal through profit and loss	(86)	(698)	-	(2,153)	(296)	(8)	(3,241)
Increase through profit and loss	-	-	8,669	-	-	-	8,669
Change in the period	(86)	(734)	8,669	(2,588)	(296)	(8)	4,957
At 30 June 2017	**1,815**	**35,699**	**20,348**	**1,099**	**8,667**	**154**	**67,782**

Change in deferred tax assets - December 2016

	Provisions /Impairments	Pensions	Tariff deviations	Derivative financial instruments	Impairment of revalued assets	Others	Total
At 1 January 2016	**1,873**	**37,462**	**13,761**	**2,382**	**10,182**	**178**	**65,838**
Increase/decrease through reserves	-	407	-	1,302	-	-	1,709
Reversal through profit and loss	-	(1,436)	(2,082)	-	(1,219)	(16)	(4,754)
Increase through profit and loss	28	-	-	3	-	-	31
Change in the period	28	(1,028)	(2,082)	1,306	(1,219)	(16)	(3,012)
At 31 December 2016	**1,901**	**36,433**	**11,679**	**3,687**	**8,962**	**162**	**62,825**

Deferred tax assets at 30 June 2017 correspond mostly to liabilities for benefit plans granted to employees and tariff deviations liabilities to be settled in subsequent years.

Evolution of deferred tax liabilities - June 2017

	Tariff deviations	Revaluations	Derivative financial instruments	Fair value of Available-for-sale financial assets	Total
At 1 January 2017	**38,878**	**24,688**	**-**	**9,461**	**73,027**
Increase/decrease through equity	-	-	-	868	868
Reversal trough profit and loss	(12,768)	(1,041)	-	-	(13,809)
Change in the period	(12,768)	(1,041)	-	868	(12,941)
At 30 June 2017	**26,110**	**23,647**	**-**	**10,329**	**60,086**

Evolution of deferred tax liabilities - December 2016

	Tariff deviations	Revaluations	Derivative financial instruments	Fair value of Available-for-sale financial assets	Total
At 1 January 2016	**52,930**	**26,645**	**9**	**8,665**	**88,249**
Increase/decrease through equity	-	-	-	796	796
Reversal trough profit and loss	(14,052)	(1,957)	(9)	-	(16,018)
Increase through profit and loss	-	-	-	-	-
Change in the period	(14,052)	(1,957)	(9)	796	(15,222)
At 31 December 2016	**38,878**	**24,688**	**-**	**9,461**	**73,027**

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 nº 430/78	Decree-Law nº 140/2006
Decree-Law nº 399-G/81	
Decree-Law nº 219/82	
Decree-Law nº 171/85	
Decree-Law nº 118-B/86	
Decree-Law nº 111/88	
Decree-Law nº 7/91	
Decree-Law nº 49/91	
Decree-Law nº 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:

June 2017

	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	-	-	-	-	-	22,670	22,670	22,670
Trade and other receivables	10	418,390	-	-	-	-	-	418,390	418,390
Other financial assets		-	-	-	-	-	20	20	20
Available-for-sale financial assets	9	-	-	-	152,131	-	-	152,131	152,131
Income tax receivable	7	-	-	-	-	-	-	-	-
Derivative financial instruments	11	-	11,019	-	-	-	-	11,019	11,019
Total financial assets		**418,390**	**11,019**	**-**	**152,131**	**-**	**22,690**	**604,229**	**604,229**
Liabilities									
Borrowings	14	-	-	-	-	-	2,617,425	2,617,425	2,634,329
Trade and other payables	17	-	-	-	-	-	330,485	330,485	330,485
Income tax payable	7	-	-	-	-	-	48,355	48,355	48,355
Drivative financial instruments	11	-	6,652	607	-	-	-	7,258	7,258
Total financial liabilities		**-**	**6,652**	**607**	**-**	**-**	**2,996,265**	**3,003,524**	**3,020,427**

December 2016

	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	-	-	-	-	-	10,783	10,783	10,783
Trade and other receivables	10	458,971	-	-	-	-	-	458,971	458,971
Other financial assets		-	-	-	-	1,317	14	1,331	1,331
Available-for-sale financial assets	9	-	-	-	150,118	-	-	150,118	150,118
Income tax receivable	7	-	-	-	-	-	-	-	-
Derivative financial instruments	11	-	20,425	-	-	-	-	20,425	20,425
Total financial assets		**458,971**	**20,425**	**-**	**150,118**	**1,317**	**10,797**	**641,628**	**641,628**
Liabilities									
Borrowings	14	-	-	-	-	-	2,515,137	2,515,137	2,570,554
Trade and other payables	17	-	-	-	-	-	332,091	332,091	332,091
Income tax payable	7	-	-	-	-	-	26,875	26,875	26,875
Drivative financial instruments	11	-	13,275	-	-	-	-	13,275	13,275
Total financial liabilities		**-**	**13,275**	**-**	**-**	**-**	**2,874,103**	**2,887,378**	**2,942,796**

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

The fair value of borrowings and derivatives is calculated by the discounted cash flows method, using the interest rate curve 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 -0.350% and 1.325% (maturities of one day and fifteen years, respectively).

The fair value of borrowings contracted by the Group at 30 June 2017 is 2,634,329 thousand Euros (at 31 December 2016 was 2,570,554 thousand Euros), of which 403,364 thousand Euros are recorded partly at amortized cost and includes an element of fair value resulting from interest rates changes (at 31 December 2016 was 408,664 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 June 2017 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	99,063	49,525	-	**148,588**
Financial assets at fair value	Cash flow hedge derivatives	-	4,435	-	**4,435**
Financial liabilities at fair value	Fair value hedge derivatives	-	6,584	-	**6,584**
		99,063	**60,544**	**-**	**159,607**
Liabilities:					
Financial liabilities at fair value	Loans	-	403,364	-	**403,364**
Financial liabilities at fair value	Cash flow hedge derivatives	-	6,652	-	**6,652**
Financial liabilities at fair value through profit and loss	Trading derivatives	-	607	-	**607**
		-	**410,623**	**-**	**410,623**
		99,063	**(350,079)**	**-**	**(251,016)**

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 June 2017, 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 2016. A description of the risks can be found in Section 4 - Financial Risk Management of the consolidated financial statements for the year ended 2016.

9 ASSETS AVAILABLE FOR SALE

The assets recognized in this caption as of 30 June 2017 and 31 December 2016 correspond to equity interests held on strategic entities for the Group, which can be detailed as follows:

	Head office			Book value	
	City	Country	% owned	Jun 2017	Dec 2016
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%	99,063	97,060
Hidroeléctrica de Cahora Bassa	Maputo	Mozambique	7.50%	49,525	49,516
Coreso, S.A.	Brussels	Belgium	10.00%	173	173
MIBGAS, S.A.	Madrid	Spain	6.67%	202	202
				152,131	**150,118**

The changes in this caption were as follows:

	OMEL	HCB	REE	Coreso	MIBGÁS	Total
At 1 January 2016	**3,167**	**47,104**	**104,384**	**208**	**-**	**154,862**
Acquisitions	-	-	-	-	202	202
Fair value adjustments	-	2,412	(7,324)	-	-	(4,912)
Disposals	-	-	-	(35)	-	(35)
Impairment	-	-	-	-	-	-
At 31 December 2016	**3,167**	**49,516**	**97,060**	**173**	**202**	**150,118**
At 1 January 2017	**3,167**	**49,516**	**97,060**	**173**	**202**	**150,118**
Acquisitions	-	9	2,003	-	-	**2,012**
Disposals	-	-	-	-	-	-
At 30 June 2017	**3,167**	**49,525**	**99,063**	**173**	**202**	**152,131**

Red Eléctrica de España (“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 June 2017.

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 which reflects the price at which the asset would be sold in an orderly transaction.

REN Company holds a financial stake in the Coreso's share capital, a Company which is also hold by other important European TSO's which, as initiative of the Coordination of Regional Security (CRS), assists the TSO's in the safely supply of electricity in Europe. In this context, Coreso develops and implements operational planning activities involving the analysis and coordination of the European regional electricity network, focusing on services coordination, ranging from coordination with several days in advance to near real time.

Within the scope of the creation of a sole operator in the electricity Iberian market (OMI), in 2011 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 (OMEL, MIBGAS and Coreso), 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 2016.

There is no evidence of impairment loss regarding the investments of OMEL, MIBGAS and Coreso at 30 June 2017.

The adjustments to fair value of available-for-sale financial assets are recognized in the equity caption "Fair value reserve" that as of 30 June 2017 and 31 December 2016 had the following amounts:

	Fair value reserve (Note 13)
1 January 2016	**54,489**
Changes in fair value	(4,912)
Tax effect	(796)
31 December 2016	**48,781**
1 January 2017	**48,781**
Changes in fair value	2,012
Tax effect	(868)
30 June 2017	**49,925**

In the six month periods ended 30 June 2017 and 2016 the dividends attributable to the Group are as follows:

	Jun 2017	Jun 2016
Red Eléctrica Corporación, S.A. ("REE")	3,360	3,140
OMEL - Operador del Mercado Ibérico de Energia (Polo Espanhol)	55	41
Hidroeléctrica de Cahora Bassa	1,598	1,079
	5,013	**4,260**

These amounts were recognized in the consolidated statement of profit and loss in the caption "Financial income" being received 5,890 thousand Euros in the first half of 2017 (2,326 thousand Euros in the first half of 2016).

10 TRADE AND OTHER RECEIVABLES

Trade and other receivables as of 30 June 2017 and 31 December 2016 are made up as follows:

	Jun 2017			Dec 2016		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	288,882	155	289,037	290,505	355	290,860
Impairment of trade receivables	(843)	-	(843)	(843)	-	(843)
Trade receivables net	288,039	155	288,194	289,662	355	290,017
Tariff deviations	80,861	18,123	98,984	129,007	9,790	138,797
State and Other Public Entities	31,635	-	31,635	30,157	-	30,157
Trade and other receivables	**400,534**	**18,278**	**418,813**	**448,826**	**10,145**	**458,971**

The most significant amounts in trade receivables are the receivables from: (i) EDP – Distribuição de Energia, S.A. in the amount of 75,238 thousand Euros (74,397 thousand Euros as of 31 December 2016); (ii) Galp in the amount of 18,610 thousand Euros (22,751 thousand Euros as of 31 December 2016); and (iii) the amount of 95,000 thousand Euros, as stated by the regulator ERSE in the context of sustainability measures of the National Electric System.

In the trade and other receivables also stands out the not invoicing of the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade), in the amount of 15,916 thousand Euros (26,534 at 31 December 2016) and the amount still to invoice to EDP – Distribuição de Energia, S.A., of 5,725 thousand Euros (5,788 thousand Euros at 31 December 2016) regarding the CMEC. 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:

	Jun 2017	Dec 2016
Begining balance	**(843)**	**(927)**
Utilization	-	56
Reversal	-	28
Ending balance	**(843)**	**(843)**

11 DERIVATIVE FINANCIAL INSTRUMENTS

As of 30 June 2017 and 31 December 2016 the REN Group has the following derivative financial instruments contracted:

		31 June 2017			
		Assets		Liabilities	
	Notional	Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	363 462 mEuros	-	-	360	6,291
Interest rate and currency swaps	10.000.000 mJPY	-	4,435	-	-
		-	4,435	360	6,291
Derivatives designated as fair value hedges					
Interest rate swaps	400.000 mEUR	-	6,584	-	-
		-	6,584	-	-
Trading derivatives	60.000 mEUR	-	-	-	607
		-	-	-	607
Derivative financial instruments		**-**	**11,019**	**360**	**6,898**

		31 December 2016			
		Assets		Liabilities	
	Notional	Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	363 462 mEUR	-	-	1,063	11,072
Interest rate and currency swaps	10.000 MJPY	-	8,673	-	-
		-	8,673	1,063	11,072
Derivatives designated as fair value hedges					
Interest rate swaps	400.000 mEUR	-	11,753	-	-
		-	11,753	-	-
Trading derivatives	60 000 mEUR	-	-	-	1,139
		-	-	-	1,139
Derivative financial instruments		**-**	**20,425**	**1,063**	**12,212**

The valuation of the derivatives financial instruments portfolio is based on fair value valuations made by external entities.

The amount recorded in this caption relates to interest rate and cross currency swaps, contracted to hedge the risk of fluctuation of future interest and foreign exchange rates, whose counterpart are financial foreign and domestic entities financial entities with a solid credit rating.

The amounts presented above include the amount of interest receivable or payable at 30 June 2017 relating to these derivatives financial instruments, in the total net amount receivable of 1.951 thousand Euros (1,950 thousand Euros receivable as of 31 December 2016).

The main features of the derivatives financial instruments contracted associated with financing operations at 30 June 2017 and 31 December 2016 are:

	Reference value	Currency	REN's payments	REN's receipts	Maturity	Fair value at Jun 2016	Fair value at Dec 2015
Cash flow hedge:							
Interest rate swaps	363 462 TEuros	EUR	[0,75%;1,89%]	[-0.33%;0.00%] - floating rates	[Sep-2017;Dec-2024]	(6,652)	(12,136)
Interest rate and currency swaps	10 000 000 TJPY / 72 899 TEuros	EUR/JPY	5.64% (floating rate starting 2019)	2.71%	2024	4,435	8,673
						(2,217)	**(3,463)**
Fair value hedge:							
Interest rate swaps	400 000 TEuros	EUR	[-0,24%;0,09%] - floating rates	[0.61%;1.72%]	[Oct-2020; Feb-2025]	6,584	11,753
						6,584	**11,753**
Trading:							
Interest rate swaps	60 000 TEuros	EUR	future floating rates	[0.00%;0.99%]	2024	(607)	(1,139)
						(607)	**(1,139)**
					Total	**3,761**	**7,150**

The schedule of the cash flows of the derivative financial instruments portfolio is quarterly for cash flow hedge agreements and semi-annual and annual basis for derivative designated as a fair value hedge and semi-annual for the trading derivative.

The maturity schedule of cash flows and fair value hedge derivatives notional is shown in the following table:

June 2017

	2017	2018	2019	2020	2021	2022	Following years	Total
Interest rate swap (cash flow hedge)	63,462	-	-	-	-	-	300,000	363,462
Interest rate and currency swap (cash flow hedge)	-	-	-	-	-	-	72,899	72,899
Interest rate swap (fair value hedge)	-	-	-	100,000	-	-	300,000	400,000
Interest rate swap (trading)	-	-	-	-	-	-	60,000	60,000
Total	**63,462**	**-**	**-**	**100,000**	**-**	**-**	**732,899**	**896,361**

Swaps:

Cash flow hedges

The Group hedges part of its future payments of interests on borrowings and bond issues through the designation of interest rate swaps, on which REN pays a fixed rate and receives a variable rate.

As of 30 June 2017 the total amount of cash flow hedge is 363,462 thousand Euros (363,462 thousand Euros as of 31 December 2016). This refer to a hedge of the interest rate risk associated with variable interest payments arising from recognized financial liabilities. The hedged risk is the index of the variable rate to which the interest of the financing is associated. The objective of this hedge is to convert loans at floating interest rates into fixed interest rate, the credit risk is not being hedged. The fair value of interest rate swaps at 30 June 2017 is negative 6,652 thousand Euros (at 31 December 2016, 12,136 thousand Euros negative).

In addition, the Group hedges its exposure to cash flow risk on its bond issue of 10,000 million JPY resulting from foreign exchange rate risk, through a cross currency swap with the main features equivalent to the debt issued. The same hedging instrument is used to hedge the fair value of the exchange rate risk of the bond issue through the forward start swap component which will only start in June 2019. The changes in the fair value of the hedging instrument are also recognized in hedging reserves. As from June 2019 the object will be to hedge exposure to JPY and the interest rate risk, transforming the operation into a fair value hedge, the changes in fair value of the debt issued resulting from the risks covered becoming recognized in the statement of 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 fair value of the cross currency swap at 30 June 2017 was 4,435 thousand Euros positive (8,673 thousand Euros positive at 31 December 2016).

The underlying (borrowing) foreign exchange change for 30 June 2017, 2,759 thousand Euros positive (11,386 as of 30 June 2016 negative), was offset by a similar change in the hedging instrument in the statement of profit and loss.

The ineffective component of the fair value hedge amounted to 5,632 thousand Euros positive (6,196 thousand Euros positive at 31 December 2016). The effect recorded in the consolidated income statement for the six-month period ended June 30, 2017 amounts to Euro 563 thousand.

The amount recorded in reserves relating to the above mentioned cash flow hedge was 12,994 thousand Euros (17,542 thousand Euros at 31 December 2016).

The changes in this caption (Note 13) were as follows:

	Fair value	Deferred taxes	Hedging reserves
1 January 2016	**(11,342)**	**2,382**	**8,960**
Changes in fair value and ineffectiveness	(6,200)	1,302	(4,898)
31 December 2016	**17,542**	**(3,684)**	**13,858**
1 January 2017	**17,542**	**(3,684)**	**13,858**
Changes in fair value and ineffectiveness	(4,548)	435	**(4,113)**
30 June 2017	**12,994**	**(3,248)**	**9,745**

Fair value hedge

To manage the fair value changes of debt issues, the Group trades interest rate swaps on which it pays a variable interest rate and receives a fixed interest rate.

As of 30 June 2017 the notional amount of fair value hedge derivatives reached 400,000 thousand Euros (400,000 thousand Euros in 31 December 2016). The covered risk is the fixed rate index to debt issued. The covered risk is the fair value changes of debt issues related to interest rate fluctuations. The objective of this hedging is to convert debt at fixed interest rates into variable interest rate, the credit risk is not being hedged.

The fair value of these interest rate swaps at 30 June 2017 was 6,584 thousand Euros positive (11,753 thousand Euros positive as of 31 December 2016).

Changes in the fair value of the debt issued resulting from the interest rate risk are recorded in the statement of profit and loss in order to offset changes in the fair value of the hedge instrument recorded in the statement of profit and loss.

As of 30 June 2017, the fair value change of the 400,000 thousand Euros debt related with interest rate risk amounted to 5,299 thousand Euros positive (19,183 thousand Euros negative as of 30 June 2016), causing an ineffective component of 151 thousand Euros (positive) (98 thousand Euros positive as of 30 June 2016).

Trading Swap

REN has an interest rate forward start swap with a start date on 2019 and maturity on 2024, on which pays a fixed rate and receives a variable rate.

This derivative despite not being considered as a hedging instrument in accordance with IAS 39, is hedging the economic risk of changes in the forward interest rates for the above mentioned period.

As of 30 June 2017 the notional amount of this trading derivative is 60,000 thousand Euros (60,000 thousand Euros as of 31 December 2016). This is an hedging of interest rate risk of future variable interest rate cash flows associated with the Group finance liabilities. The hedged risk is a variable rate index to which the debt interests are associated. The objective of this hedging is to convert cash flows at a variable rate into a fixed rate, the credit risk is not hedged. The fair value of this negotiation derivative as of 30 June 2017 amounts to 607 thousand Euros negative (1,139 thousand Euros negative as of 31 December 2016).

The fair value changes of this negotiation derivative are recorded in the profit and loss statement. As of 30 June 2017 the amount related with the fair value of the trading derivative was an income of 533 thousand Euros (expense of 2,715 thousand Euros as of 30 June 2016).

12 CASH AND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents as of 30 June 2017 and 31 December 2016 are made up as follows:

	Jun 2017	Dec 2016
Cash	21	1
Bank deposits	22,649	10,782
Cash and cash equivalents in the statement of financial position	**22,670**	**10,783**
Bank overdrafts (Note 14)	(374)	(103)
Cash and cash equivalents in cash flow statement	**22,296**	**10,680**

13 EQUITY INSTRUMENTS

Share capital

REN's subscribed and paid up share capital as of 30 June 2017 and 31 December 2016 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 June 2017 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 six month period ended 30 June 2017.

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 313,602 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 June 2017 this caption amounts to 106,800 thousand Euros;

- Fair value reserves: includes changes in the fair value of available for sale financial assets (49,925 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 9,745 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 June 2017, this caption amounts to 166,622 thousand Euros.

In accordance with the Portuguese legislation: (i) increases in equity as a result of the incorporation of positive fair value (fair value reserves and hedging reserves) can only be distributed to shareholders when the correspondent assets have been sold, exercised, extinct, settled or used; and (ii) income and other positive equity changes recognised as a result of the equity method can only be distributed to shareholders when paid-up. Portuguese legislation establishes that the difference between the equity method income and the amount of paid or deliberated dividends is equivalent to legal reserve.

14 BORROWINGS

The borrowing segregation between current and non-current and as well as by nature, as of 30 June 2017 and 31 December 2016 is as follows:

	Jun 2017			Dec 2016		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	192,800	1,467,963	1,660,763	30,000	1,670,110	1,700,110
Bank Borrowings	46,919	481,818	528,738	61,730	495,349	557,078
Commercial Paper	280,650	150,000	430,650	101,000	152,000	253,000
Bank overdrafts (note 17)	374	-	374	103	-	103
Finance Lease	1,164	1,408	2,572	1,400	1,818	3,218
	521,907	2,101,189	2,623,096	194,232	2,319,277	2,513,510
Accrued interest	32,399	-	32,399	42,174	-	42,174
Prepaid interest	(19,621)	(18,449)	(38,070)	(19,812)	(20,734)	(40,546)
Borrowings	**534,685**	**2,082,740**	**2,617,425**	**216,594**	**2,298,543**	**2,515,137**

At 30 June 2017 borrowings settlement plan is as follows:

	2017	2018	2019	2020	2021	2022	Following years	Total
Debt - Non current	-	34,050	228,077	381,036	70,390	48,886	1,338,750	2,101,189
Debt - Current	315,313	206,594	-	-	-	-	-	521,907
	315,313	**240,644**	**228,077**	**381,036**	**70,390**	**48,886**	**1,338,750**	**2,623,096**

Detailed information regarding bond issues as of 30 June 2017 is as follows:

Jun 2017					
Issue Date	**Maturity**	**Inicial Amount**	**Outstanding Amount**	**Interest Rate**	**Interest Payment Frequency**
'Euro Medium Term Notes' programme emissions					
26/06/2009	26/06/2024	TEUR JPY 10.000.00	TEUR JPY 10.000.000	Fixed rate (ii)	Semi-Annual
16/01/2013	16/01/2020	TEUR 150.000 (i)	TEUR 90.000	Floating rate	Quarterly
31/01/2013	31/01/2018	TEUR 300.000	TEUR 162.800	Fixed rate EUR 4,125%	Annual
17/10/2013	16/10/2020	TEUR 400.000 (ii)	TEUR 267.755	Fixed rate EUR 4,75%	Annual
12/02/2015	12/02/2025	TEUR 300.000 (ii)	TEUR 500.000	Fixed rate EUR 2,50%	Annual
01/06/2016	01/06/2023	TEUR 550.000	TEUR 550.000	Fixed rate EUR 1,75%	Annual

(i) These issues correspond to private placements.

(ii) These issues have interest currency rate swaps associated

As of 30 June 2017, the Company has five commercial paper programs in the amount of 1,075,000 thousand Euros, of which 644,350 thousand Euros are available for utilization. Of the total amount, 630,000 thousand Euros have a subscription guarantee.

Bank loans are mainly agreed with the European Investment Bank (EIB), which at 30 June 2017 amounted to 483,738 thousand Euros (at 31 December 2016 it was 497,078 thousand Euros).

The Company signed a loan with a syndicate of banks, in the amount of 532,000 thousand Euros with a perspective for new investments.

The Company has also credit facilities 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 the debt emission in the amount of 400,000 thousand Euros, fair value changes concerning interest rate risk were recognized directly in statement of profit and loss, in an amount of 5,299 thousand Euros (positive) (at 30 June 2016 was 19,183 thousand Euros (negative)).

The Company's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge, Leverage ratios and Gearing (ratio of total consolidated equity to the amount of the Group's total concession assets). The Gearing ratio comfortably meets the limits defined being 61% above the minimum.

Banks loans with EIB also include covenants relating to rating and other financial ratios in which the Group may be required to provide an acceptable guarantee to the EIB in the event of verification of the ratios or rating below the stipulated levels.

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

Following the legal standards and usual market practices, contractual terms and free market competition, establish that 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 June 2017 and 31 December 2016 are as follows:

	Jun 2017	Dec 2016
Finance lease liabilities - minimum lease payments		
No later than 1 year	1,189	1,439
Later than 1 year and no later than 5 years	1,423	1,844
	2,612	3,283
Future finance charges on finance leases	(40)	(65)
Present value of finance lease liabilities	**2,572**	**3,218**

	Jun 2017	Dec 2016
The present value of finance lease liabilities is as follows		
No later than 1 year	1,164	1,400
Later than 1 year and no later than 5 years	1,408	1,818
	2,572	**3,218**

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"). Long services bonuses were extended to the remaining Group companies.

As of 30 June 2017 and 31 December 2016 the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	Jun 2017	Dec 2016
Liability on the statement of financial position		
Pension plan	81,209	83,871
Healthcare plan and other benefits	41,932	41,802
	123,141	**125,673**

During the six month period ended 30 June 2017 and 30 June 2016 the following operating expenses were recorded regarding benefit plans with employees:

	Jun 2017	Jun 2016
Charges to the statement of profit and loss (Note 22)		
Pension plan	2,250	2,411
Healthcare plan and other benefits	647	322
Life assurance plan	-	401
	2,897	**3,134**

The amounts reported to 30 June 2017 and 2016 result from the projection of the actuarial valuation as of 31 December 2016 and 2015, for the six month period ended 30 June 2017 and 2016, considering the estimated increase in salaries for 2017 and 2016.

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:

	Dec 2016	Dec 2015
Annual discount rate	1.80%	2.00%
Expected percentage of serving employees elegíble 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 elegíble for early retirement - Management act	20.00%	20.00%
Rate of salary increase	2.50%	2.80%
Pension increase	1.50%	1.50%
Future increases of Social Security Pension amount	0.50%	-
Inflation rate	1.50%	1.50%
Medical trend	2.50%	3.50%
Management costs (per employee/year)	242 €	238 €
Expenses medical trend	1.50%	1.50%
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:

	Jun 2017	Dec 2016
Begining balance	**6,955**	**6,888**
Increases	85	1,012
Reversing	(112)	(496)
Utilization	(407)	(449)
Ending balance	**6,521**	**6,955**
Current provision	-	801
Non-current provision	6,521	6,154
	6,521	**6,955**

As of 30 June 2017 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, in the amount of 5,932 thousand Euros, and a restructuring provision in the amount of 589 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 June 2017 and 31 December 2016 was made up as follows:

	Jun 2017			Dec 2016		
	Current	Non current	Total	Current	Non current	Total
Trade payables						
Current suppliers (Note 8)	118,396	-	118,396	127,388	-	127,388
Other creditors						
Other creditors (Note 8)	53,924	26,160	80,084	31,561	29,884	74,239
Tariff deviations (Note 8)	17,437	37,190	54,627	12,923	8,792	21,715
Fixed assets suppliers (Note 8)	49,059	-	49,059	104,230	-	104,230
Tax payables (Note 8) (i)	23,861	-	23,861	-	-	-
Deferred income						
Grants related to assets	18,076	275,714	293,790	18,124	279,450	297,574
Accrued costs						
Holidays and holidays subsidies (Note 8)	4,458	-	4,458	4,520	-	4,520
Trade and other payables	**285,211**	**339,064**	**624,275**	**311,539**	**318,126**	**629,665**

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

The caption "Trade and other payables" includes: (i) the amount of 49,963 thousand Euros, regarding the management of CAEs from Turbogás and Tejo Energia (46,102 thousand Euros at 31 December 2016); (ii) the amount of 19,510 thousand Euros of investment projects not yet invoiced (34,707 thousand Euros at 31 December 2016); (iii) the amount of 15,916 thousand

Euros (26,534 thousand Euros at 31 December 2016) from the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade); and (iv) the amount to invoice to EDP – Gestão da Produção de Energia, S.A., of 5,725 thousand Euros (5,788 thousand Euros at 31 December 2016) regarding the CMEC, which was also reflected in the caption of "Trade and other receivables" (Note 10). This last transaction sets a pass-through in the consolidated income statement of REN.

In the six month period ended 30 June 2017 the caption "Other creditors" include the Energy Sector Extraordinary Contribution ("ESEC"), in the amount of 25,798 thousand Euros (Note 25) (25,938 thousand Euros at 30 June 2016).

18 SALES AND SERVICES RENDERED

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

	Jun 2017	Jun 2016
Goods:		
Domestic market	15	154
	15	154
Services:		
Electricity transmission and overall systems management	186,581	179,797
Natural gas transmission	59,200	54,546
Regasification	14,759	19,081
Underground gas storage	6,655	12,015
Telecommunications network	2,518	2,448
Trading	2,501	1,662
Others	764	857
	272,977	270,405
Total sales and services rendered	**272,992**	**270,559**

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 six month periods ended 30 June 2017 and 30 June 2016 is the following:

	Jun 2017	Jun 2016
Revenue from construction of concession assets		
- Acquisitions	34,667	30,260
- Own work capitalised :		
Financial expenses (Note 5)	1,098	1,263
Overhead and management costs (Note 5)	5,093	6,117
	40,857	**37,640**
Cost of construction of concession assets		
- Acquisitions	34,667	30,260
	34,667	**30,260**

20 OTHER OPERATING INCOME

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

	Jun 2017	Jun 2016
Recognition of investment subsidies	9,038	9,056
Supplementary income	658	784
Disposal of unused materials	1,895	-
Others	2,021	421
	13,611	**10,262**

21 EXTERNAL SUPPLIES AND SERVICES

The caption “External supplies and services” for the six month periods ended 30 June 2017 and 2016 is made up as follows:

	Jun 2017	Jun 2016
Fees relating to external entities i)	5,654	3,806
Electric energy costs	3,052	2,052
Maintenance costs	2,729	2,713
Cross border interconnection costs ii)	2,311	582
Insurance costs	1,586	1,597
Gas transport subcontracts	1,132	1,647
Security and surveillance	835	829
Travel and transportation costs	524	598
Advertising and communication costs	419	452
Other (less than 500 thousand Euros)	2,009	1,771
External supplies and services	**20,252**	**16,047**

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

ii) The cross border interconnection costs refer to the cost assumed on cross-border trade in electricity.

22 PERSONNEL COSTS

Personnel costs are made up as follows:

	Jun 2017	Jun 2016
Remuneration		
Board of directors	1,220	1,191
Personnel	16,120	16,330
	17,339	17,521
Social charges and other expenses		
Post-employement and other benefits cost (Note 15)	2,897	3,134
Charges on remuneration	3,570	3,601
Social support costs	61	45
Other	931	775
	7,460	7,555
Total personnel costs	**24,800**	**25,075**

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:

	Jun 2017	Jun 2016
ERSE operating costs i)	4,866	4,870
Donations	98	70
Taxes	486	515
Quotizations	814	744
Others	867	467
	7,131	**6,665**

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:

	Jun 2017	Jun 2016
Financial costs		
Interest on bonds issued	24,984	33,937
Interest on commercial paper issued	2,126	2,637
Other borrowing interests	7,378	10,500
Derivative financial instruments	563	2,994
Other financing expenditure	1,665	695
	36,716	**50,763**
Financial income		
Interest income	356	3
Derivative financial instruments	1,972	1,296
Other financial investments	1,561	3,069
	3,889	**4,368**

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, and Law No. 15—C/2016, of 30 December, for the year of 2016 and 2017, respectively.

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.

The calculation of the ESEC is levied on the value of the assets with reference to the first day of the financial year 2017 (1 January 2017) that include cumulatively, the property, plant and equipment, intangible assets, with the exception of industrial property elements, and financial assets related with regulated activities. In the case of regulated activities, the ESEC is levied on the value of regulated assets (i.e. the amount recognised by ERSE in the calculation of the allowed income with reference to 1 January 2017) if it is greater than the value of those assets, over which the rate of 0.85% is applied.

To the extent that it is a present obligation whose facts originating already occurred, with timing and amounts certain or ascertainable, REN recorded a liability in the amount of 25,798 thousand Euros (Note 17) (for the six months period ended 30 June 2016 was 25,938 thousand Euros) against a cost in the statement of profit and loss.

26 EARNINGS PER SHARE

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

		Jun 2017	Jun 2016
Consolidated net profit used to calculate earnings per share	(1)	52,965	40,530
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)**	**0.10**	**0.08**

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 11 May 2017, the shareholders approved the distribution of dividends with respect to the net profit of 2016, 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 own shares.

28 GUARANTEES GIVEN

As of 30 June 2017 and 31 December 2016 the REN Group had given the following guarantees:

Beneficiary	Scope	Jun 2017	Dec 2016
European Investment Bank (EIB)	To guarantee loans	269,720	278,033
General Directorate of Energy and Geology	To guarantee compliance with the obligations assumed resulting from the contract relating to the public service concession	20,500	20,500
Judge of District Court	Guarantee for expropriation processes	5,549	5,549
Court of the District of Lisbon	Ensure suspension of the continuation of the pending enforcement process	5,530	5,530
Municipal Council of Seixal	Guarantee for litigation	2,370	2,152
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings	1,916	2,312
Municipal Council of Odivelas	Guarantee for litigation	1,119	1,119
Municipal Council of Silves	Guarantee for expropriation processes	352	352
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 on a financing agreement	177	177
Labour Court of Lisbon	Guarantee for litigation	153	153
Municipal Council of Aveiro	Guarantee for litigation	87	87
EP - Estradas de Portugal	To guarantee compliance with the obligations assumed	79	79
GSE - Georgian State Electrpsystem JSC	Providing services contract	57	57
Social Security Institution	Ensure compliance with obligations	15	15
Câmara Municipal de Lisboa	Guarantee the suspension of municipal tax	9	9
Câmara Municipal de Vila Nova de Gaia	Guarantee the suspension of process nº 412/13	2	2
		307,835	**316,327**

29 RELATED PARTIES

Main shareholders and shares held by corporate bodies

As of 30 June 2017 and 31 December 2016, the shareholder structure of Group REN was as follows:

	Jun 2017		Dec 2016	
	Number of shares	%	Number of shares	%
State Grid Europe Limited (Grupo State Grid)	133,500,000	25.00%	133,500,000	25.00%
Mazoon B.V. (Grupo Oman Oil Company S.A.O.C.)	80,100,000	15.00%	80,100,000	15.00%
Fidelidade - Companhia de Seguros, S.A.	28,368,817	5.31%	28,370,665	5.31%
Red Eléctrica Internacional, S.A.U.	26,700,000	5.00%	26,700,000	5.00%
The Capital Group Companies, Inc.	25,365,000	4.75%	26,792,304	5.02%
Great-West Lifeco, Inc.	10,980,987	2.06%	10,980,987	2.06%
EDP - Energias de Portugal, S.A.	-	0.00%	26,707,335	5.00%
Own shares	3,881,374	0.73%	3,881,374	0.73%
Free float	225,103,822	42.15%	196,967,335	36.89%
	534,000,000	**100.00%**	**534,000,000**	**100.00%**

Transaction over REN shares by the Board of Directors

There were no transactions made by board members, compared to the consolidated financial statements of REN, on 31 December 2016, were made.

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 six month period ended 30 June 2017 amounted to 1,220 thousand Euros (1,191 thousand Euros on 30 June 2016), as shown in the following table:

	Jun 2017	Jun 2016
Remuneration and other short term benefits	792	763
Management bonuses	428	428
	1,220	**1,191**

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 2016) 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

	Jun 2017	Jun 2016
Sales and services rendered		
Invoicing issued- EDP	720,043	619,750
Invoicing issued- OMIP	44	31
Invoicing issued - CHINA ELECTRIC POWER RESEARCH INSTITUTE	90	-
Invoicing issued - REE	1,171	767
Invoicing issued - Centro de Investigação em Energia REN - State Grid	64	196
Dividends received:		
REE	3,360	3,140
	724,771	**623,884**

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

	Jun 2017	Jun 2016
External supplies and services		
Invoicing received-EDP	333,785	262,368
Invoicing received - REE	6,264	3,671
Invoicing received - CMS Rui Pena & Arnaut[1]	85	43
	340,134	**266,082**

[1] 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 June 2017 and 31 December 2016 the balances resulting from transactions with related parties were as follows:

	Jun 2017	Dec 2016
Trade and other receivables		
EDP - Trade receivables	97,772	93,820
EDP - Guarantees	155	155
EDP - Other receivables	1,454	4,813
OMIP - Trade receivables		-
OMIP - Other receivables	62	2,976
Oman Oil - Other receivables	1	1
Centro de Investigação em Energia REN - State Grid - Other receivables	-	78
Centro de Investigação em Energia REN - State Grid - Trade receivable	13	8
CHINA ELECTRIC POWER RESEARCH INSTITUTE	90	-
REE - Trade receivables	141	160
	99,689	**102,011**
Trade and other payables		
EDP - Trade payables	9,586	4,761
Centro de Investigação em Energia REN - State Grid - Other payables	1	78
CMS - Rui Pena & Arnaut - Trade payables [1]	18	16
REE - Trade payables	591	678
	10,197	**5,533**

[1] 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 six months ended in 30 June 2017.

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 Certified Accountant

Susana Neves

The Board of Directors:

Rodrigo Costa
(Chairman of the Board of Directors and Chief Executive Officer)

Omar Al Wahaibi
(Member of the Board of Directors)

João Faria Conceição
(Member of the Board of Directors and Chief Operational Officer)

Jorge Magalhães Correia
(Member of the Board of Directors)

Gonçalo Morais Soares
(Member of the Board of Directors and Chief Financial Officer)

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

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

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

Mengrong Cheng
(Member of the Board of Directors)

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

Longhua Jiang
(Member of the Board of Directors)

José Luis Arnaut
(Member of the Board of Directors)

Note – The remaining pages of this Report & Accounts were initialled by the members of the Executive Committee, and by the Certified Accountant, Susana Neves.

4. APPENDIX

4.1 Declaration of Conformity

DECLARATION PROVIDED IN THE ARTICLE 246 (1) (C)
OF THE PORTUGUESE SECURITIES CODE

In accordance with and for the purposes of article 246 (1) (c) of the Portuguese Securities Code, each one of the members of the Board of Directors of REN – Redes Energéticas Nacionais, SGPS, S.A., nominally identified below, has underwritten the declaration transcribed hereafter [1]:

"I hereby declare, pursuant to and for the purposes specified in Article 246, No. 1, paragraph c) of the Portuguese Securities Code, to the best of my knowledge, and serving as and in the scope of the functions that I am entrusted with, based on the information made available to me, that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, thus providing a true and fair view of the assets and liabilities, financial position and results of REN – Redes Energéticas Nacionais, SGPS, S.A. and of the companies included in its scope of consolidation, and that the management report relating to the first semester of 2017 faithfully describes the evolution of the business, the performance and position of those companies, also containing a description of the main future risks and uncertainties.

Lisbon, 27th July 2017"

Rodrigo Costa (Chaiman of the Board of Directors and President of the Executive Committee)

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

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

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

Mengrong Cheng (Member of the Board of Directors)

Longhua Jiang (Member of the Board of Directors)

Omar Al-Wahaibi (Member of the Board of Directors)

Jorge Magalhães Correia (Member of the Board of Directors)

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

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

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

José Luis Arnaut (Member of the Board of Directors)

[1] The original of the mentioned individual statements are available, for consultation, at the Company's head office.

4.2 List of qualified shareholdings [Item c) of no. 1 of Article 9 of CMVM'S Regulation no. 5/2008]

List of Holders of Qualified Shareholdings (at 30.06.2017)	No of Shares	Capital (%)	Voting Rights (%)
State Grid Corporation of China	133,500,000[1]	25.0%	25.00%
Oman Oil Company SAOC	80,100,000[2]	15.0%	15.00%
Fidelidade - Companhia de Seguros, S.A.	28,370,665[3]	5.3%	5.31%
Red Eléctrica Corporación, S.A.	26,700,000[4]	5.0%	5.00%
The Capital Group Companies, Inc.	25,365,000[5]	4.7%	4.75%
Great-West Lifeco, Inc.	10,980,987[6]	2.0%	2.06%
EDP - Energias de Portugal, S.A.	8,017,335[7]	1.5%	1.50%

Therefore, pursuant to article 20 of the Portuguese Securities Code, as of 30 June 2017 and following the information provided by the shareholders and/or by the directors, the qualifying holdings of shareholders to which voting rights corresponding to, at least, 2% of the voting rights inherent to REN's share capital were attributable, are as follows:

	Nr. of Shares	% Voting rights
State Grid Corporation of China (through State Grid Europe Limited)	133,500,000	25.00%
Oman Oil Company SAOC (through Mazoon B.V.)	80,100,000	15.00%
Fidelidade - Companhia de Seguros, S.A. (comprises 95,816 shares held by Via Directa, 30,000 shares held by CPR, 78,907 shares held by Fidelidade Assistência and 50,726 shares held by Multicare)	28,370,665	5.31%
Red Eléctrica Corporatión, S.A. (through Red Eléctrica Internacional, S.A.U.)	26,700,000	5.00%
The Capital Group Companies, Inc. (through Capital Research and Management Company, a fund management company, and includes 20,085,000 shares held through SMALLCAP World Fund, Inc.)	25,365,000	4,75%
Great-West Lifeco, Inc. (comprises 82 shares held through PanAgora Asset Management, Inc., 10,740,000 shares held through collective investment entities managed by Setanta Asset Management Limited, 218,618 shares held through collective investment entities managed by GLC Asset Management Group Ltd., and 22,223 shares held by the sub-fund Indexed World Small Cap Equity, sub-fund of Beresfird Funds plc, managed by Irish Investment Managers Limited.	10,980,987	2.06%

[1] Through State Grid Europe Limited (SGEL), which is controlled by State Grid International Development Limited (SGID), which is controlled by State Grid Corporation of China.

[2] Through Mazoon B.V., which is controlled by Oman Oil Holding Europe B.V. wich is controlled by Oman Oil Company SAOC.

[3] These qualified shareholdings of Fidelidade – Companhia de Seguros, S.A. (Fidelidade) comprise (i) 28,115,216 shares held directly by Fidelidade, (ii) 95,816 shares held by Via Direta – Companhia de Seguros, S.A. (Via Direta), (iii) 30,000 shares held by CPR – Companhia Portuguesa de Resseguros, S.A. (CPR), companies wholly owned by Fidelidade, (iv) 78,907 shares held by Fidelidade Assistência – Companhia de Segruros, S.A. (Fidelidade Assistência) and (v) 50,726 shares held by Multicare – Seguros de Saúde, S.A. (Multicare) which are controlled by the common shareholder LongRun Portugal, SGPS, SA (Longrun). 84.98% of the share capital and voting rights of Fidelidade are held by LongRun, which is in turn wholly owned by Millennium Gain Limited, which is 100% owned by Fosun Financial Holdings Limited, which is in turn wholly owned by Fosun International Limited, companies to which the abovementioned holdings are attributable.

[4] Through Red Eléctrica Internacional, S.A.U., which is controlled by Red Eléctrica Corporatión, S.A..

[5] Through Capital Research and Management Company, a fund management company, which is controlled by the Capital Group Companies, Inc.. These shares are not held directly but on behalf of the participants of the funds in discretionary management. Comprises 20,085,000 shares held through SMALLCAP World Fund, Inc..

[6] The qualified shareholding of Great-West Lifeco, Inc. comprises the following shares held by companies in a group relation with Great-West Lifeco, Inc.: (i) 82 shares held through PanAgora Asset Management, Inc. (ii) 10,740,000 shares held through collective investment entities managed by Setanta Asset Management Limited, (iii) 218,618 shares held through collective investment entities managed by GLC Asset Management Group Ltd., and (iv) 22,223 shares held by the sub-fund Indexed World Small Cap Equity, sub-fund of Beresfird Funds plc, managed by Irish Investment Managers Limited.

[7] On 28th June 2017 it was announced to the market the disposal of 18,690,000 shares held by EDP - Energias de Portugal, S.A. (EDP). This company holds indirectly 8,017,335 shares through EDP Pension Fund, a company in a group relation with EDP.

4.3 Securities held by the members of the corporate bodies [Item a) of no. 1 of Article 9 of CMVM'S Regulation no. 5/2008]

Board of Directors as per composition at 30.06.2017

	Board of Directors	Acquisitions	Encumbrances	Disposals	Nr. of shares at 30.06.2017
Executive Committee	Rodrigo Costa	-	-	-	0 (zero)
	João Faria Conceição	-	-	-	500
	Gonçalo Morais Soares	-	-	-	0 (zero)
	Guangchao Zhu – designated by State Grid International Development Limited	-	-	-	0 (zero)
	Mengrong Cheng	-	-	-	0 (zero)
	Longhua Jiang	-	-	-	0 (zero)
	Omar Al-Wahaibi	-	-	-	0 (zero)
	Jorge Magalhães Correia	-	-	-	28,370,665[8]
Audit Committee	Manuel Sebastião	-	-	-	5,000
	Gonçalo Gil Mata	-	-	-	0 (zero)
	Maria Estela Barbot	-	-	-	0 (zero)
	José Luís Arnaut	-	-	-	7,587[9]

At 30th June 2017, the members of REN's management and supervisory bodies held the following bonds issued by REN:

Board of Directors	Acquisitions	Encumbrances	Disposals	Nr. of bonds at 30.06.2017
Jorge Magalhães Correia	-	-	-	1,200,000[10]

During the 1st semester of 2017 didn't occur any transactions regarding REN's shares or bonds relevant for the purposes of article 14 of CMVM's Regulation 5/2008 and of article 447 of the Portuguese Securities Code.

[8] Corresponding to shares attributable to Fidelidade Companhia de Seguros, S.A., which are attributable to him pursuant to Article 447 of the Portuguese Companies Code, due to the exercising of the duties of Vice-President of the Board of Directors and CEO of that company.

[9] Helds 480 shares in his own name and 7,107 shares through the company Platinumdetail – Consultoria e Investimentos, Lda., company where he holds the majority of the capital and is a manager.

[10] Corresponding to the bonds held by Fidelidade – Companhia de Seguros, S.A., due to the exercising of the duties of Vice-President of the Board of Directors and CEO of that company.

4.4 Limited review Report prepared by an auditor registered at the stock exchange commission (Comissão do Mercado de Valores Mobiliários) on the half year consolidated information

Deloitte.

Deloitte & Associados, SROC S.A.
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Registo na CMVM nº 20161389
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Portugal

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REPORT ON REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS
(Translation of a report originally issued in Portuguese)

Introduction

We have reviewed the accompanying consolidated financial statements of REN – Redes Energéticas Nacionais, S.G.P.S., S.A. (the Entity) and of its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 30 June 2017 (that presents a total of 4,603,080 thousand euros and equity of 1,116,019 thousand euros, including a net profit of 52,965 thousand euros), the consolidated statement of profit and loss by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three month period then ended, and the accompanying notes to the consolidated financial statements.

Management's Responsibility

Management is responsible for the preparation of consolidated financial statements in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system that allows the preparation of financial statements that are free from material misstatements due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the accompanying consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and further standards, technical and ethical directives of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards requires us to perform our review in order to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries and applying analytical procedures, and evaluates the evidence obtained.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of REN – Redes Energéticas Nacionais, S.G.P.S., S.A. as of 30 June 2017, are not prepared, in all materials respects, in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

Lisbon, 28 July 2017

Deloitte & Associados, SROC S.A.
Represented by Pedro Miguel Gonçalves Carreira Mendes, ROC

4.5 Report and opinion of the Audit Committee in respect of the consolidated half year information (regarding the six month period ended 30th June 2017)

(Translation of a report originally issued in Portuguese)

Within the scope of the responsibilities attributed, the Audit Committee, during the first semester of 2017, accompanied the development of the activity of REN – REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A. and its participated companies, ensured compliance with the law, regulations and articles of association, oversaw the fulfillment of the accounting policies and practices and supervised the process of preparation and disclosure of the financial information, the effectiveness of the internal control systems, the management of risk and also the independence and activity of the Statutory Auditor and the External Auditor.

The Audit Committee examined the consolidated financial information included in the section Financial Performance and the condensed consolidated financial statements for the half year ended June 30, 2017 of REN – REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A., which comprise the Consolidated Statement of Financial Position (that reflects total assets of 4,603,080 thousand Euros and total equity of 1,116,019 thousand Euros, including a consolidated net profit of 52,965 thousand Euros), the Consolidated Statements of Profit and Loss, Comprehensive Income, Changes in Equity and Cash Flows for the half year then ended and the corresponding Notes.

The Audit Committee also examined and agreed with the Limited Review Report on the above mentioned consolidated half year information prepared by the Statutory Auditor and by the External Auditor.

In the light of the above, the Audit Committee is of the opinion that consolidated financial information for the half year ended on June 30, 2017, is in accordance with the applicable accounting, legal and articles of association provisions.

Lisbon, 27th July 2017

Manuel Ramos de Sousa Sebastião

Estela de Magalhães Barbot

Gonçalo Gil Mata

4.6 Contacts

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

Investor Relations Office

Ana Fernandes – Head of Office
ana.fernandes@ren.pt

Alexandra Martins
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Telma Mendes
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