



Consolidated Financial **Statements**

30 June 2019

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

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1. FINANCIAL PERFORMANCE

1 RESULTS FOR THE 1ST HALF OF 2019

In the first half of 2019, net income reached 51.1 million euros, a 1.8 million euros decrease (-3.3%) from the same period of the previous year. Net income reduction reflected mainly the drop in Electricity and Natural Gas Transmission business results (-5.1 million euros in EBIT; -5.9 million euros in EBITDA), despite the good performance of financial results (+0.5 million euros), the Natural Gas Distribution business (+0.5 million euros in EBIT; +0.8 million euros in EBITDA), and the decrease of 1.0 million euros in the Extraordinary Levy on the Energy Sector (following the decrease in the value of the levied regulated assets).

Similarly to the previous years, the results for 2019 reflect the continuation of the Extraordinary Levy on the Energy Sector (24.4 million euros in 2019 and 25.4 million euros in 2018¹).

Investment increased 26.5% y.o.y (+10.5 million euros) to 49.9 million euros and transfers to RAB increased 30.5 million euros to 49.9 million euros. On the other hand, average RAB dropped by 117.0 million euros (-3.0%), to 3,738.2 million euros.

The average cost of debt was 2.2%, a 0.04p.p. y.o.y. decrease, and net debt decreased to 2,638.7 million euros, -1.8% (-48.0 million euros) over the same period of the previous year.

MAIN INDICATORS (MILLIONS OF Euros)	June	June	Var.%
	2019	2018	
EBITDA	247.4	252.4	-2.0%
Financial results ²	-26.9	-27.3	1.7%
Net income ¹	51.1	52.8	-3.3%
Recurrent net income	75.5	78.4	-3.8%
Total Capex	49.9	39.4	26.5%
Transfers to RAB ³ (at historic costs)	49.9	19.3	158.0%
Average RAB (at reference costs)	3 738.2	3 855.2	-3.0%
Net debt	2 638.7	2 686.7	-1.8%
Average cost of debt	2.2%	2.3%	0.0p.p.

¹ The full amount of the levy was recorded in the 1st quarter of 2019 and 2018, according to the Portuguese Securities Market Commission (CMVM) recommendations.

² The net financial cost of 0.1 million euros in June 2019 and 0.4 million euros in June 2018 from electricity interconnection capacity auctions between Spain and Portugal - referred to as FTR (Financial Transaction Rights), were reclassified from financial income to Revenue.

³ Includes direct acquisitions (RAB related).

Operational results – EBITDA

Electricity and Natural Gas Transmission Business

EBITDA for the Transmission business reached 225.3 million euros in the first 6 months of 2019, a 2.5% drop over the same period of 2018 (-5.9 million euros).

EBITDA - TRANSMISSION (MILLIONS OF EUROS)	June 2019	June 2018	VAR.%
1) Revenues from assets	203.0	207.5	-2.2%
RAB remuneration	82.0	87.6	-6.3%
Hydro land remuneration	0.0	0.1	-100.0%
Lease revenues from hydro protection zone	0.3	0.4	-1.2%
Economic efficiency of investments	12.5	10.8	15.8%
Recovery of amortizations (net of investment subsidies)	99.2	99.6	-0.5%
Amortização dos subsídios ao Investimento	8.9	9.0	-0.7%
2) Revenues from opex	55.3	52.8	4.7%
3) Other revenues	12.2	13.0	-6.4%
4) Own works (capitalised in investment)	8.3	7.8	7.5%
5) Earnings on Construction (excl. own works capitalised in investment) – Concession assets	32.3	22.9	41.2%
6) OPEX	53.3	49.7	7.4%
Personnel costs ⁴	26.2	24.9	5.5%
External costs	27.1	24.8	9.3%
7) Construction costs – Concession assets	32.3	22.9	41.2%
8) Provisions	0.0	0.1	n.m.
9) Impairments	0.2	0.2	0.0%
10) EBITDA (1+2+3+4+5-6-7-8-9)	225.3	231.2	-2.5%

The decrease in EBITDA resulted mainly from:

- The decrease of 5.6 million euros in RAB remuneration (-6.3%) arising from:
 - The 3.7 million euros drop in the remuneration of electricity transmission regulated assets, reflecting (i) the reduction in the base rate of return (RoR) from 5.2% in June 2018 to 5.0% in June 2019 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills; and (ii) the reduction of 68.1 million euros (-3.2%) in electricity transmission average RAB.
 - Reduction of 1.8 million euros in the remuneration of natural gas transmission regulated assets, reflecting (i) the reduction in the rate of return from 5.5% in June 2018 to 5.4% in June 2019 – as a result of the negative evolution of the yields of the Portuguese Republic 10Y Treasury Bills; and (ii) the reduction of 45.0 million euros (-4.3%) in natural gas transmission average RAB.
- Increase of 3.7 million euros in Opex (+7.4%), of which +1.4 million euros in pass-through costs (non-core external costs), +1.4 million euros in personnel costs and +0.9 million euros in core external costs.

⁴ Includes training and seminars costs

On the other hand, the following positive effects were recorded:

- Increase of 2.5 million euros (+4.7%) in Opex revenues, partially reflecting the increase in pass-through costs;
- Increase of 1.7 million euros in the incentive to economic efficiency of investments (+15.8%).

Natural Gas Distribution Business

The EBITDA for the Natural Gas Distribution business reached 22.0 million euros in the first 6 months of 2019, a 3.7% increase over the same period of 2018 (+0.8 million euros).

The increase in EBITDA resulted mainly from:

- The decrease of 3.3 million euros (-29.4%) in opex, of which -0.3 million euros in personnel costs and -3.0 million euros in external costs, of which -1.4 million euros in pass-through costs. The decrease in external costs was partially driven by the sale of the LPG business in July of 2018.

On the other hand, EBITDA were penalized by:

- The 1.4 million euros drop in Revenues from opex (-13.4%), as a result of the decrease of 1.4 million euros in pass-through costs;
- The decrease of 1.6 million euros in other revenues, reflecting the sale of LPG business in July of 2018.

EBITDA - DISTRIBUTION (MILLIONS OF EUROS)	June 2019	June 2018	VAR. %
1) Revenues from assets	20.1	19.7	2.0%
RAB remuneration	13.4	13.4	-0.2%
Recovery of amortizations (net of investment subsidies)	6.8	6.3	6.9%
2) Revenues from OPEX	8.7	10.1	-13.4%
3) Other revenues	0.0	1.6	-98.9%
4) Own works (capitalised in investment)	1.2	1.1	9.9%
5) Earnings on Construction (excl. own works capitalised in investment) – Concession assets	8.0	7.5	6.7%
6) OPEX	8.0	11.3	-29.4%
Personnel costs ⁵	2.3	2.6	-12.0%
External costs	5.7	8.7	-34.7%
7) Construction costs – Concession assets	8.0	7.5	6.7%
8) Provisions	0.0	0.0	n.m.
9) Impairments	0.0	-0.1	-100.0%
10) EBITDA (1+2+3+4+5-6-7-8-9)	22.0	21.2	3.7%

⁵ Includes costs for training and seminars and provisions for staff costs

Net income

Overall, the Group's net income for the first half of 2019 reached 51.1 million euros, a 1.8 million euros y.o.y. decrease (-3.3%). This decrease resulted mostly from the 5.1 million euros drop in the Group's EBITDA reflecting the decrease in Electricity and Natural Gas Transmission business (-5.9 million euros), despite the growth in the Natural Gas Distribution business (+0.8 million euros). On the other hand, financial results increased 0.5 million euros (+1.7%) reflecting the decrease in net debt to 2,638.7 million euros (-48.0 million euros; -1.8%) and in the average cost of debt to 2.2% (-0.04p.p.), and the Extraordinary Levy on the Energy Sector decreased 1.0 million euros, following the decrease in the value of the levied regulated assets.

Excluding non-recurring items, Net Income for the first 6 months of 2019 dropped 3.0 million euros (-3.8%). Non-recurring items considered in the first 6 months of 2019 and 2018 are as follows:

- i) In 2019: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2019 (24.4 million euros);
- ii) In 2018: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2018 (25.4 million euros) and ii) operating one-off costs with the process of sale of REN Portugal GPL (0.3 million euros, 0.2 million euros after taxes) that was concluded in July 2018.

NET INCOME (MILLIONS OF EUROS)	June 2019	June 2018	VAR.%
EBITDA	247.4	252.4	-2.0%
Depreciations and amortizations	117.2	117.7	-0.4%
Financial results	-26.9	-27.3	1.7%
Income tax expenses	27.9	29.2	-4.8%
Extraordinary levy on the energy sector ⁶	24.4	25.4	-4.0%
Net income	51.1	52.8	-3.3%
Non-recurring items	24.4	25.6	-4.8%
Recurrent net income	75.5	78.4	-3.8%

2 AVERAGE RAB AND CAPEX

In the first half of 2019, Capex reached 49.9 million euros, a 26.5% y.o.y. increase (+10.5 million euros), and transfers to RAB reached 49.9 million euros, a 30.5 million euros increase over the first 6 months of 2018.

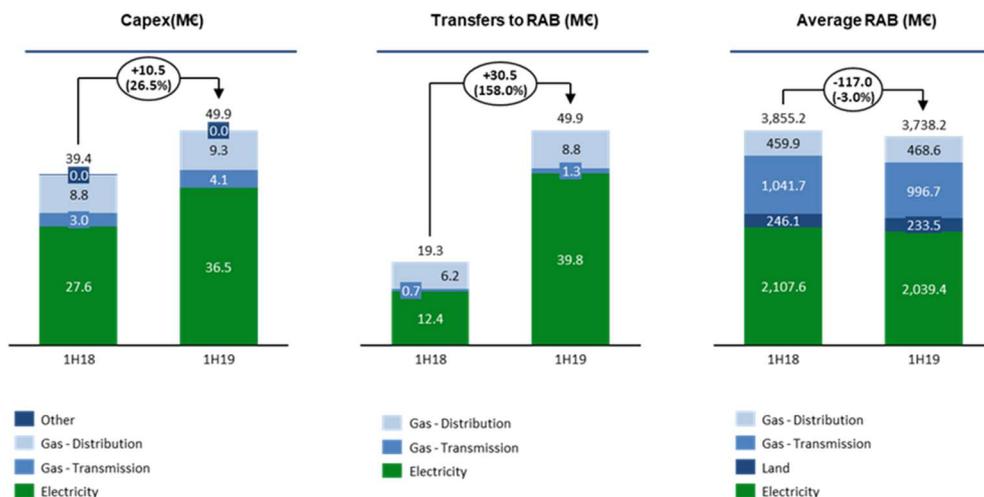
In electricity, investment increased 32.4% y.o.y to 36.5 million euros, of which 7.4 million euros in the construction of a submarine cable to connect a floating wind power plant in Viana do Castelo to the electricity network (Windfloat) and 11.1 million euros in the remodelling/uprating of power lines. Transfers to RAB increased 27.3 million euros to 39.8 million euros, of which 26.4 million euros with the conclusion of projects for the remodelling/uprating of power lines and 8.3 million euros with the conclusion of the projects for the reinforcement of transformation in Lavos, Recarei and Sines.

In natural gas transmission, investment reached 4.1 million euros, 34.7% higher than the same period of the previous year, and transfers to RAB increased 0.5 million euros (+72.5%).

In natural gas distribution, investment was 9.3 million euros, 38% for new supply points and 45% with the expansion of the distribution network, and transfers to RAB increased by 2.7 million euros (+42.9%) amounting to 8.8 million euros.

Average RAB was 3,738.2 million euros, a 117.0 million euros (-3.0%) y.o.y decrease. In electricity, the average RAB (excluding lands) reached 2,039.4 million euros (-68.1 million euros, -3.2%), of which 1,099.6 million euros in assets remunerated at a premium rate of return, while lands reached 233.5 million euros (-12.6 million euros, -5.1%). In natural gas transmission, the average RAB was 996.7 million euros (-45.0 million euros, -4.3%), while in natural gas distribution the average RAB reached 468.6 million euros (+8.7 million euros, +1.9%).

⁶ The full amount of the levy was recorded in the 1st quarter of 2019 and 2018, according to the Portuguese securities market commission (CMVM) recommendations



3 MAIN REN GROUP EVENTS

- January**
- The wind production hit a new record in Portugal of 101,9 GW, above the previous high of 99,6GWh from March 2018.
 - The National Natural Gas System exported for the first time natural gas through the Campo Maior interconnection.
 - The Cabinet of the Energy Secretary of State has approved the Natural Gas Transportation, Infrastructure and Storage Network Development and Investment Plan for the period 2018-2027, in a total amount of CAPEX of 55 million euros
- February**
- The National Electric System recorded on 1 February a new all-time maximum in daily wind generation and, this time, the record happened both in daily production (102.8 GWh) and in maximum power (4594 MW). On that day, wind generation corresponded to 90% of the domestic consumption.
 - The Cabinet of the Energy Secretary of State has approved the Electricity Transmission Network Development and Investment Plan for the period 2018-2027, in a total amount of CAPEX of 535,1 million euros.
- April**
- The Sustainability Report of REN - Redes Energéticas Nacionais won the Grand Prize of the Portuguese Corporate Communication Association (Associação Portuguesa de Comunicação de Empresa - APCE) in the "Publications" category.
- May**
- REN won the Forest and Sustainability Award in the Forest Management and Economy category.
 - 2017 digital Annual Report won the first prize (Award of Excellence) at the Communicator Awards, in the Websites - General - Energy category.
 - REN delivered eight vehicles to eight volunteer corporations of Fire Fighters as part of its policy to support local communities and prevent forest fires.
 - The Portuguese Energy Services Regulatory Authority (ERSE) made public the final documents regarding the "Tariffs and prices for natural gas for the 2019-2020 gas year and parameters for the regulatory period between the years 2020 and 2023.
- June**
- REN signed a cooperation agreement with the Angolan National Electricity Transmission Network (RNT).
 - The North American financial rating agency Fitch reaffirmed BBB rating given to REN. The "stable" perspective was also maintained. With this evaluation, REN continues with rating as investment grade from the three largest global rating agencies (Fitch, Moody's and Standard & Poor's).

4 QUARTERLY STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE PERIODS FROM 1 APRIL TO 30 JUNE 2019 AND 2018

Consolidated statements of profit and loss (unaudited information)

(Amounts expressed in thousands of euros – tEuros)		
	01.04.2019 to 30.06.2019	01.04.2018 to 30.06.2018
Sales	17	26
Services rendered	141,350	142,065
Revenue from construction of concession assets	33,086	25,396
Gains from associates and joint ventures	2,787	1,394
Other operating income	3,690	5,626
Operating income	180,931	174,507
Cost of goods sold	(207)	(388)
Cost with construction of concession assets	(27,994)	(20,754)
External supplies and services	(13,570)	(11,433)
Employee compensation and benefit expense	(14,820)	(13,892)
Depreciation and amortizations	(58,634)	(58,985)
Provisions	-	(57)
Impairments	(94)	(86)
Other expenses	(2,218)	(3,797)
Operating costs	(117,537)	(109,392)
Operating results	63,394	65,115
Financial costs	(17,130)	(19,702)
Financial income	1,819	4,003
Investment income - dividends	3,934	4,968
Financial results	(11,378)	(10,731)
Profit before income taxes and ESEC	52,016	54,384
Income tax expense	(14,182)	(14,569)
Extraordinary contribution on energy sector (ESEC)	-	(65)
Net profit for the period	37,834	39,750
Attributable to:		
Equity holders of the Company	37,834	39,750
Non-controlled interest	-	-
Consolidated profit for the period	37,834	39,750
Earnings per share (expressed in euro per share)	0.06	0.06

Consolidated statements of comprehensive income (unaudited information)

	(Amounts expressed in thousands of euros - tEuros)	
	01.04.2019 to 30.06.2019	01.04.2018 to 30.06.2018
Net Profit for the year	37,834	39,750
Other income and cost recorded in equity:	-	-
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains / (losses)	640	248
Tax effect on actuarial gains / (losses)	(192)	(75)
Other changes in equity	-	36
Items that will be reclassified subsequently to profit or loss:		
Currency exchange differences (Associates)	(2,003)	8,084
Increase/(decrease) in hedging reserves - cash flow derivatives	(6,592)	(2,356)
Tax effect on hedging reserves	1,483	495
Gain/(loss) in fair value reserve - available-for-sale assets	(2,150)	4,037
Tax effect on fair value reserves	484	(848)
Other changes in equity	(12)	-
Comprehensive income for the year	29,493	49,372
Attributable to:		
Shareholders of the company	29,493	49,372
Non-controlling interests	-	-
	29,493	49,372

2. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 JUNE 2019 AND 31 DECEMBER 2018

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of financial position originally issued in Portuguese - Note 33)

	Notes	Jun 2019	Dec 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	419	561
Goodwill	6	3,688	3,877
Intangible assets	5	4,125,444	4,192,619
Investments in associates and joint ventures	7	169,429	167,841
Investments in equity instruments at fair value through other comprehensive income	9 and 10	157,722	162,552
Derivative financial instruments	9 and 12	32,537	21,010
Other financial assets	9	57	45
Trade and other receivables	9 and 11	90,109	50,246
Deferred tax assets	8	89,917	92,495
		4,669,323	4,691,247
Current assets			
Inventories		2,168	2,095
Trade and other receivables	9 and 11	340,202	427,126
Current income tax recoverable	8 and 9	14,838	35,371
Cash and cash equivalents	9 and 13	25,359	35,735
		382,568	500,327
Total assets	4	5,051,890	5,191,574
EQUITY			
Shareholders' equity			
Share capital	14	667,191	667,191
Own shares	14	(10,728)	(10,728)
Share premium		116,809	116,809
Reserves	15	318,582	326,906
Retained earnings		251,435	253,505
Other changes in equity		(5,561)	(5,561)
Net profit for the period		51,078	115,715
Total equity		1,388,807	1,463,837
LIABILITIES			
Non-current liabilities			
Borrowings	9 and 16	2,260,248	2,274,939
Liability for retirement benefits and others	17	93,889	98,288
Derivative financial instruments	9 and 12	28,422	12,952
Provisions	18	8,796	8,852
Trade and other payables	9 and 19	376,862	367,743
Deferred tax liabilities	8	111,211	113,644
		2,879,429	2,876,418
Current liabilities			
Borrowings	9 and 16	430,382	431,401
Trade and other payables	9 and 19	353,273	419,917
		783,655	851,319
Total liabilities	4	3,663,083	3,727,737
Total equity and liabilities		5,051,890	5,191,574

The accompanying notes form an integral part of the consolidated statement of financial position as of 30 June 2019.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2019 AND 2018

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of profit and loss originally issued in Portuguese - Note 33)

	Notes	Jun 2019	Jun 2018
Sales	4 and 20	17	34
Services rendered	4 and 20	280,434	286,976
Revenue from construction of concession assets	4 and 21	49,889	39,277
Gains / (losses) from associates and joint ventures	7	5,589	2,542
Other operating income	22	13,343	15,561
Operating income		349,272	344,390
Cost of goods sold		(367)	(821)
Costs with construction of concession assets	21	(40,332)	(30,410)
External supplies and services	23	(23,070)	(22,176)
Personnel costs	24	(28,357)	(27,253)
Depreciation and amortizations	5	(117,183)	(117,656)
Provisions	18	1	(57)
Impairments		(189)	(105)
Other expenses	25	(9,531)	(10,740)
Operating costs		(219,028)	(209,218)
Operating results		130,244	135,172
Financial costs	26	(34,656)	(37,648)
Financial income	26	3,800	4,975
Investment income - dividends	10	3,934	4,968
Financial results		(26,923)	(27,705)
Profit before income tax and ESEC		103,322	107,467
Income tax expense	8	(27,854)	(29,246)
Energy sector extraordinary contribution (ESEC)	27	(24,390)	(25,398)
Net profit for the year		51,078	52,823
Attributable to:			
Equity holders of the Company		51,078	52,823
Non-controlled interest		-	-
Consolidated profit for the year		51,078	52,823
Earnings per share (expressed in euro per share)	28	0.08	0.08

The accompanying notes form an integral part of the consolidated statement of profit and loss for the six-month period ended 30 June 2019.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2019 AND 2018

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of other comprehensive income originally issued in Portuguese - Note 33)

	Notes	Jun 2019	Jun 2018
Consolidated Net Profit for the period		51,078	52,823
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains / (losses) - gross of tax		1,883	(64)
Tax effect on actuarial gains / (losses)	8	(565)	19
Other changes in equity		-	87
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	7	961	4,118
Increase / (decrease) in hedging reserves - cash flow derivatives	12	(14,437)	330
Tax effect on hedging reserves	8 and 12	3,248	(69)
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	10	(4,830)	(6,684)
Tax effect on items recorded directly in equity	8 and 10	1,087	1,404
Other changes in equity	7	(29)	-
Comprehensive income for the period		38,396	51,963
Attributable to:			
Equity holders of the company		38,396	51,963
Non-controlled interest		-	-
		38,396	51,963

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the six-month period ended 30 June 2019.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2019 AND 2018

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of changes in equity originally issued in Portuguese - Note 33)

Changes in the year	Notes	Attributable to shareholders										
		Share capital	Own shares	Share premium	Legal Reserve	Fair Value reserve (Note 10)	Hedging reserve (Note 12)	Other reserves	Other changes in equity	Retained earnings	Profit for the year	Total
At 31 December 2017		667,191	(10,728)	116,809	106,800	53,778	(9,702)	159,315	(5,541)	225,342	125,925	1,429,189
Adoption of IFRS 9 - Financial instruments		-	-	-	-	-	-	-	-	9,223	-	9,223
At 1 January 2018		667,191	(10,728)	116,809	106,800	53,778	(9,702)	159,315	(5,541)	234,565	125,925	1,438,412
Net profit of the period and other comprehensive income		-	-	-	-	(5,280)	261	4,118	(20)	61	52,823	51,963
Transfer to other reserves		-	-	-	-	-	-	-	-	125,925	(125,925)	-
Distribution of dividends	29	-	-	-	-	-	-	-	-	(113,426)	-	(113,426)
At 30 June 2018		667,191	(10,728)	116,809	106,800	48,498	(9,441)	163,433	(5,561)	247,124	52,823	1,376,948
At 1 January 2019		667,191	(10,728)	116,809	113,152	57,711	(10,577)	166,620	(5,561)	253,505	115,715	1,463,837
Net profit of the period and other comprehensive income		-	-	-	-	(3,743)	(11,189)	932	-	1,318	51,078	38,396
Transfer to other reserves		-	-	-	5,676	-	-	-	-	110,039	(115,715)	-
Distribution of dividends	29	-	-	-	-	-	-	-	-	(113,426)	-	(113,426)
At 30 June 2019		667,191	(10,728)	116,809	118,828	53,968	(21,765)	167,552	(5,561)	251,435	51,078	1,388,807

The accompanying notes form an integral part of the consolidated statement of changes in equity for the six-month period ended 30 June 2019.

The Accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2019 AND 2018

(Amounts expressed in thousands of Euros – tEuros)
(Translation of statements of cash flow originally issued in Portuguese - Note 33)

	Note	Jun 2019	Jun 2018
Cash flow from operating activities:			
Cash receipts from customers		1,195,206 a)	1,179,006 a)
Cash paid to suppliers		(921,067) a)	(836,534) a)
Cash paid to employees		(37,673)	(36,384)
Income tax received/paid		(3,905)	(30,660)
Other receipts / (payments) relating to operating activities		(16,461)	6,108
Net cash flows from operating activities (1)		216,100	281,536
Cash flow from investing activities:			
Receipts related to:			
Property, plant and equipment		-	15
Investment grants		4,829	3,648
Interests and other similar income		17	197
Dividends	7 and 10	4,223	3,664
Payments related to:			
Financial investments		-	(12)
Property, plant and equipment		(20)	(53)
Intangible assets - Concession assets		(64,016)	(82,419)
Net cash flow used in investing activities (2)		(54,966)	(74,960)
Cash flow from financing activities:			
Receipts related to:			
Borrowings		2,651,500	1,400,091
Payments related to:			
Borrowings		(2,670,817)	(1,465,734)
Interests and other similar expense		(38,681)	(43,105)
Dividends	29	(113,426)	(113,426)
Net cash from / (used in) financing activities (3)		(171,424)	(222,175)
Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)		(10,290)	(15,599)
Effect of exchange rates		(30)	(91)
Cash and cash equivalents at the beginning of the year	13	34,096	60,448
Cash and cash equivalents at the end of the period	13	23,777	44,759
Detail of cash and cash equivalents			
Cash	13	25	23
Bank overdrafts	13	(1,582)	(7,348)
Bank deposits	13	25,334	52,084
		23,777	44,759

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 2019.

The Accountant

The Board of Directors

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

(Translation of notes originally issued in Portuguese - Note 33)

1 GENERAL INFORMATION

REN – Redes Energéticas Nacionais, SGPS, S.A. (referred to in this document as “REN” or “the Company” together with its subsidiaries, referred to as “the Group” or “the REN Group”), with head office in Avenida Estados Unidos da América, 55 – Lisbon, 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., incorporated on 26 September 2006, whose activities are carried out under a concession contract for a period of 50 years as from 2007 which establishes the overall management of the Public Electricity Supply System (Sistema Eléctrico de Abastecimento Público - SEP);

b) REN Trading, S.A., was incorporated on 13 June 2007, whose main function 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 Contracts for the Maintenance of the Contractual Equilibrium (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, to domestic and international distributors;

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

The Gas business includes the following companies:

a) REN Gás, S.A. was 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;

e) REN Portgás Distribuição, SA (“REN Portgás”), acquired as part of the expansion of the gas business on 4 October 2017. The operations of this company comprise the distribution of natural gas in low and medium pressure, as well as production and distribution of other channelled fuel gases and other activities related, namely the production and sale of flaring equipment.

The operations of the companies indicated in b) to d) above are developed in accordance with the three concession contracts separately granted for periods of 40 years starting 2006. The company indicated in f) above develops its activities in accordance with one concession contract granted for 40 years starting 2008.

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, Aéreo 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.

In addition, on November 21, 2018, REN PRO, SA was incorporated, a company fully owned by REN, headquartered in Lisbon, whose purpose is to provide support services, namely administrative, logistical, communication and development support of the business, as well as business consulting, in a remunerated manner, either to companies that are in a group relation or to any third party, and IT consulting.

As of 30 June 2019, REN SGPS also holds:

- a) 42.5% interest in the share capital of Electrogas, S.A., a provider of natural gas and other fuels transportation. The participation was acquired on 7 February 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) 7.9% 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%; (ii) MIBGÁS, S.A.- 6.67%; and (iii) MIBGÁS Derivatives, S.A. – 9.7%.

1.1 Consolidation perimeter

The following companies were included in the consolidation perimeter as of 30 June 2019 and 31 December 2018:

Designation / adress	Activity	Jun 2019		Dec 2018	
		% Owned		% Owned	
		Group	Individual	Group	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, n.º7 - 12.º 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%
REN PRO, S.A. Av. Estados Unidos da América, 55 - Lisboa	Communication and Sustainability, Marketing, Business Management, Business Development and Consulting and IT Projects	100%	100%	100%	100%
Natural gas segment:					
REN Atlântico, Terminal de GNL, S.A. Terminal de GNL - Sines	Liquefied Natural Gas Terminal maintenance and regasification operation	100%	100%	100%	100%
Owned by REN Serviços, S.A.:					
REN Gás, S.A. Av. Estados Unidos da América, 55 -12.º - 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 development, maintenance and operation	100%	-	100%	-
REN - Gasodutos, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	National Natural Gas Transport operator and natural gas overall manager	100%	-	100%	-
REN Gás Distribuição SGPS, S.A. Av. Estados Unidos da América, 55 - Lisboa	Management of holdings in other companies as an indirect form of economic activity	-	-	100%	-
REN Portgás Distribuição, S.A. Rua Linhas de Torres, 41 - Porto	Distribution of natural gas	100%	-	100%	-

Changes in the consolidation perimeter

- 2019

On January 22, 2019, a merger of the entities REN Gás, S.A. and REN Gás Distribuição SGPS, S.A. was effected by means of the global transfer of the assets of REN Gás Distribuição SGPS, S.A. to REN Gás, S.A..

- 2018

On July 2, 2018, REN sold the liquefied petroleum gas (LPG) business to ENERGYCO II, S.A. and, additionally, on November 21, 2018, REN PRO, S.A., a company fully owned by REN, was incorporated.

1.2 Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors at a meeting held on 25 July 2019. 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 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 2019 were prepared in accordance with IAS 34 - Interim Financial Reporting Standards, 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 2018.

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 2019, current liabilities in the amount of 783,655 thousand Euros are greater than current assets, which total 382,568 thousand Euros.

However, in addition to the consolidated results and cash flows estimated for 2019, the Group has, as of 30 June 2019, credit lines in the form of commercial paper available for use in the amount of 693,500 thousands Euros, with a substantial part with guaranteed placement (Note 16).

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 financial statements.

The consolidated financial statements are presented in thousands of Euros - tEuros.

3 MAIN ACCOUNTING POLICIES

The consolidated financial statements were prepared for interim financial reporting purposes (IAS 34), on a going concern basis from the books and accounting records of the companies included in the consolidation, maintained in accordance with the accounting standards in force in Portugal, adjusted in the consolidation process so that the financial statements are presented in accordance with interim Financial Reporting Standards as endorsed by the European Union in force for the years beginning as from 1 January 2019.

Such Financial Reporting 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 IFRIC and SIC 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 2018, as explained in the notes to the consolidated financial statements for 2018, except for the adoption of new effective standards for periods beginning on or after 1 January 2019. The Group has not adopted in advance any standard, interpretation or amendment that is not yet in force.

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 effective for annual periods beginning on or after 1 January 2019:

- **IFRS 16 – Leases**

This standard replaces IAS 17 – Leases and the associated interpretations, with impact on the accounting performed by lessees, which are obliged to recognize for lease contracts a lease liability corresponding to future lease payments and, respectively, an asset related with the "right of use". The standard provides for two exemptions of recognition for tenants - lease contracts where assets have low value and short-term lease contracts (ie contracts with a duration of 12 months or less). It should be noted that this standard is not applicable to the assets assigned to the concession contract ("IFRIC 12 – Service Concession Arrangements").

I. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

II. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the substance fixed lease payments or a change in the assessment to purchase the underlying asset.

III. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendment to IFRS 9 - Prepayment Features with Negative Compensation**

This amendment allows the classification / measurement of financial assets at amortized cost even if they include conditions that allow the prepayment for a lower value than the nominal value ("Negative compensation"), being an exemption to the requirements predicted in IFRS 9 for the classification of financial assets at amortized cost. Additionally, it is also clarified that when there is a change in the conditions of a financial liability that does not implies a derecognition, the measurement difference must be registered immediately in the year's results. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **IFRIC 23 - Uncertainty Over Income Tax Treatments**

Clarifies how the recognition and measurement requirements of IAS 12 - Income Tax are applied when there is uncertainty about the tax treatment. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures**

These amendments clarify that long-term investments in associates and joint ventures, which are not being measured by the equity method, are accounted under IFRS 9. This clarifies that long-term investments in associates and joint ventures are subject to the IFRS 9 impairment rules (3-step model of expected losses), before being considered for impairment testing of the global investment in an associate or when there are indicators of impairment. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Annual Improvements to IFRS Standards (cycle 2015-2017)**

The changes introduced in the 2015-2017 cycle focused on the revision of: (i) IAS 23 - Borrowing Costs (clarifies the computation of the average interest rate); (ii) IAS 12 - Income Tax (establishes that the tax impact of the dividends distribution should be accounted for when the account payable is recorded); and (iii) IFRS 3 and IFRS 11 (clarifies that when obtaining control of a joint venture the financial interest should be accounted for at fair value). The adoption of this amendment does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

There are no standards, interpretations, amendments and revisions endorsed by the European Union with mandatory application in future economic exercises at the date of 30 June 2019.

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, have 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 17 - Insurance Contracts	01/jan/21	This standard is intended to replace IFRS 4 and requires that all insurance contracts to be accounted for consistently.
Amendments to References to the Conceptual Framework in IFRS	01/jan/20	The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.
Amendment to IFRS 3: Business Combinations	01/jan/20	These amendments: (i) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; (ii) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; (iii) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
Amendments to IAS 1 and IAS 8: Definition of Material	01/jan/20	The changes in Definition of Material all relate to a revised definition of 'material' which is "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

These standards and interpretations were not yet endorsed by the European Union and consequently REN has not adopted them on the 30 June 2019 consolidated financial statements.

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, the distribution of natural gas in low and medium pressure and the underground storage of natural gas.

Although the activities of the LNG Terminal and underground storage can be seen as separate from the transport of gas and overall management of the national natural gas supply system, since these operations provide services to the same users and they are complementary services, 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 2019 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	174,892	106,170	3,194	18,748	(22,552)	280,451
Inter-segments	285	3,941	-	18,326	(22,552)	-
Revenues from external customers	174,606	102,229	3,194	422	-	280,451
Revenue from construction of concession assets	36,521	13,368	-	-	-	49,889
Cost with construction of concession assets	(29,227)	(11,105)	-	-	-	(40,332)
Gains / (losses) from associates and joint ventures	-	-	-	5,589	-	5,589
Personnel costs	(21,605)	(20,198)	(971)	(5,849)	25,553	(23,070)
Employee compensation and benefit expense	(9,473)	(6,371)	(145)	(12,367)	-	(28,357)
Other expenses and operating income	6,431	154	(13)	(126)	(3,000)	3,445
Operating cash flow	157,538	82,017	2,065	5,995	-	247,616
Investment income - dividends	-	-	-	3,934	-	3,934
Non reimbursable expenses						
Depreciation and amortizations	(77,156)	(39,919)	(16)	(92)	-	(117,183)
Provisions	-	-	-	1	-	1
Impairments	-	-	-	(189)	-	(189)
Financial results						
Financial income	665	3,291	15	75,617	(75,789)	3,800
Financial costs	(21,767)	(11,141)	-	(77,538)	75,789	(34,656)
Profit before income tax and ESEC	59,280	34,249	2,065	7,728	-	103,322
Income tax expense	(16,747)	(10,080)	(485)	(543)	-	(27,854)
Energy sector extraordinary contribution (ESEC)	(17,434)	(6,955)	-	-	-	(24,390)
Profit for the year	25,099	17,214	1,579	7,185	-	51,078

Results by segment for the three-month period ended 30 June 2018 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	177,675	111,834	3,110	18,506	(24,114)	287,010
Inter-segments	166	6,723	-	17,225	(24,114)	-
Revenues from external customers	177,509	105,112	3,110	1,280	-	287,010
Revenue from construction of concession assets	27,582	11,695	-	-	-	39,277
Cost with construction of concession assets	(20,773)	(9,637)	-	-	-	(30,410)
Gains / (losses) from associates and joint ventures	-	-	-	2,542	-	2,542
Personnel costs	(19,590)	(21,551)	(811)	(7,352)	27,129	(22,176)
Employee compensation and benefit expense	(9,717)	(6,264)	(135)	(11,137)	-	(27,253)
Other expenses and operating income	6,920	236	(20)	(120)	(3,015)	4,000
Operating cash flow	162,096	86,314	2,143	2,439	-	252,990
Investment income - dividends	-	-	-	4,968	-	4,968
Non reimbursable expenses						
Depreciation and amortizations	(77,720)	(39,829)	(14)	(93)	-	(117,656)
Provisions	(195)	(38)	-	175	-	(57)
Impairments	-	84	-	(189)	-	(105)
Financial results						
Financial income	317	6,004	15	76,446	(77,806)	4,975
Financial costs	(22,640)	(14,112)	-	(78,702)	77,806	(37,648)
Profit before income tax and ESEC	61,858	38,423	2,144	5,044	-	107,467
Income tax expense	(17,932)	(10,344)	(501)	(468)	-	(29,246)
Energy sector extraordinary contribution (ESEC)	(18,123)	(7,275)	-	-	-	(25,398)
Profit for the year	25,802	20,804	1,643	4,576	-	52,823

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 three-month period ended 30 June 2019 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	869,119	-	1,748,835	(2,617,954)	-
Property, plant and equipment and intangible assets	2,515,847	1,609,678	32	307	-	4,125,863
Other assets	456,968	267,014	6,129	6,188,991	(5,993,075)	926,027
Total assets	2,972,814	2,745,811	6,161	7,938,133	(8,611,029)	5,051,890
Total liabilities	2,290,123	1,337,232	2,748	6,145,407	(6,112,427)	3,663,083
Capital expenditure - total	36,521	13,368	-	-	-	49,889
Capital expenditure - property, plant and equipment (Note 5)	-	-	-	-	-	-
Capital expenditure - intangible assets (Note 5)	36,521	13,368	-	-	-	49,889
Investments in associates (Note 7)	-	-	-	166,719	-	166,719
Investments in joint ventures (Note 7)	-	-	-	2,710	-	2,710

Assets and liabilities by segment at 31 December 2018 as well as investments on tangible assets and intangible assets were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	1,048,895	-	1,806,895	(2,855,790)	-
Property, plant and equipment and intangible assets	2,556,204	1,636,523	48	404	-	4,193,180
Other assets	542,992	537,379	7,618	6,374,865	(6,464,460)	998,394
Total assets	3,099,196	3,222,798	7,666	8,182,164	(9,320,250)	5,191,574
Total liabilities	2,398,236	1,509,250	3,940	6,280,771	(6,464,460)	3,727,737
Capital expenditure - total	85,608	36,167	-	173	-	121,948
Capital expenditure - property, plant and equipment (Note 5)	-	-	-	173	-	173
Capital expenditure - intangible assets (Note 5)	85,608	36,167	-	-	-	121,775
Investments in associates (Note 7)	-	-	-	165,207	-	165,207
Investments in joint ventures (Note 7)	-	-	-	2,635	-	2,635

The liabilities included in the segment "Others" are essentially related to external borrowings obtained directly by REN SGPS, S.A. and REN Finance, BV 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 eliminations of the inter-segment transactions.

5 TANGIBLE AND INTANGIBLE ASSETS

During the six-month period ended 30 June 2019, the changes in tangible and intangible assets were as follows:

	1 January 2019			Changes					30 June 2019		
	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	107	(107)	-	-	-	-	-	-	107	(107)	-
Transport equipment	1,008	(572)	437	-	(97)	-	(110)	92	911	(590)	321
Office equipment	404	(288)	116	-	(4)	-	(24)	4	400	(308)	92
Property, plant and equipment in progress	27	(19)	8	-	-	-	(3)	-	27	(22)	5
	1,546	(985)	561	-	(101)	-	(137)	96	1,445	(1,027)	419
	1 January 2019			Changes					30 June 2019		
	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
Intangible assets:											
Concession assets	8,161,166	(4,073,426)	4,087,740	607	(774)	49,573	(117,046)	755	8,210,572	(4,189,717)	4,020,855
Concession assets in progress	104,880	-	104,880	49,282	-	(49,573)	-	-	104,589	-	104,589
	8,266,046	(4,073,426)	4,192,619	49,889	(774)	-	(117,046)	755	8,315,161	(4,189,717)	4,125,444
Total of property, plant and equipment and intangible assets	8,267,591	(4,074,411)	4,193,180	49,889	(875)	-	(117,183)	851	8,316,606	(4,190,744)	4,125,863

The changes in tangible and intangible assets in the in the year ended 31 December 2018 were as follows:

	1 January 2018			Changes					31 December 2018		
	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	259	(107)	152	-	(152)	-	-	-	107	(107)	-
Transport equipment	1,112	(365)	748	138	(242)	-	(360)	153	1,008	(572)	437
Office equipment	1,791	(386)	1,405	35	(1,422)	-	(44)	142	404	(288)	116
Property, plant and equipment in progress	27	(14)	13	-	-	-	(5)	-	27	(19)	8
Assets in progress	910	-	910	-	(910)	-	-	-	-	-	-
	4,099	(871)	3,227	173	(2,726)	-	(409)	295	1,546	(985)	561
	1 January 2018			Changes					31 December 2018		
	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
Intangible assets:											
Concession assets	8,072,173	(3,838,256)	4,233,918	4,158	(1,311)	86,146	(234,646)	(524)	8,161,166	(4,073,426)	4,087,740
Concession assets in progress	72,499	-	72,499	117,617	910	(86,146)	-	-	104,880	-	104,880
	8,144,672	(3,838,256)	4,306,417	121,775	(401)	-	(234,646)	(524)	8,266,046	(4,073,426)	4,192,619
Total of property, plant and equipment and intangible assets	8,148,770	(3,839,128)	4,309,644	121,948	(3,127)	-	(235,055)	(229)	8,267,591	(4,074,411)	4,193,180

The main additions verified in the periods ended 30 June 2019 and 31 December 2018 are made up as follows:

	Jun 2019	Dec 2018
Electricity segment:		
Power line construction (150 KV, 220 KV and others)	17,960	24,108
Power line construction (400 KV)	4,212	13,394
Construction of new substations	636	290
Substation Expansion	7,964	29,906
Other renovations in substations	1,443	5,460
Telecommunications and information system	2,933	5,807
Pilot zone construction - wave energy	97	208
Buildings related to concession	524	2,702
Other assets	751	3,733
Gas segment		
Expansion and improvements to gas transmission network	1,874	6,362
Construction project of cavity underground storage of natural gas in Pombal	440	1,703
Construction project and operating upgrade - LNG facilities	1,792	3,277
Natural gas distribution projects	9,263	24,825
Others segment		
Other assets	-	173
Total of additions	49,889	121,948

The main transfers that were concluded and began activity during the periods ended 30 June 2019 and 31 December 2018 are made up as follows:

	Jun 2019	Dec 2018
Electricity segment:		
Power line construction (150 KV, 220 KV and others)	11,420	12,610
Power line construction (400 KV)	17,139	1,957
Substation Expansion	10,801	26,221
Other renovations in substations	-	3,965
Telecommunications and information system	-	5,153
Buildings related to concession	-	1,442
Other assets under concession	265	1,215
Gas segment:		
Expansion and improvements to natural gas transmission network	374	4,724
Construction project of cavity underground storage of natural gas in Pombal	-	1,734
Construction project and operating upgrade - LNG facilities	772	3,556
Natural gas distribution and transmission projects	8,803	23,570
Total of transfer	49,573	86,146

The intangible assets in progress at 30 June 2019 and 31 December 2018 are as follows:

	Jun 2019	Dec 2018
Electricity segment:		
Power line construction (150KV/220KV e 400KV)	43,911	50,298
Substation Expansion	31,393	32,015
New substations projects	5,977	6,113
Buildings related to concession	2,530	2,006
Other projects	5,022	1,700
Gas segment:		
Expansion and improvements to natural gas transmission network	8,358	6,906
Construction project of cavity underground storage of natural gas in Pombal	2,784	2,350
Construction project and operating upgrade - LNG facilities	1,066	106
Natural gas distribution projects	3,548	3,386
Total of assets in progress	104,589	104,880

Borrowing costs capitalized on intangible assets in progress in the period ended 30 June 2019 amounted to 1,183 thousand Euros (2,017 thousand Euros as of 31 December 2018), while overhead and management costs capitalized amounted to 8,373 thousand Euros (17,408 thousand Euros as of 31 December 2018) (Note 21).

The net book value of the intangible assets acquired through finance lease contracts at 30 June 2019 and 31 December 2018 was as follows:

	Jun 2019	Dec 2018
Cost	6,387	6,525
Accumulated depreciation and amortization	(2,891)	(2,481)
Net book value	3,496	4,044

6 GOODWILL

Goodwill represents the difference between the amount paid for the acquisition and the net assets fair value of the companies acquired, with reference to the acquisition date, and at 30 June 2019 and 31 December 2018 is detailed as follows:

Subsidiaries	Year of acquisition	Acquisition cost	%	Jun 2019	Dec 2018
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	2,454	2,642
REN Portgás Distribuição, S.A.	2017	503,015	100%	1,235	1,235
				3,688	3,877

The movement in the Goodwill caption for the periods ended 30 June 2019 and 31 December 2018 was:

Subsidiaries	At 1 January 2018	Increases	Decreases	Correction to purchase price	At 31 December 2018	Increases	Decreases	At 30 June 2019
REN Atlântico, Terminal de GNL, S.A.	3,020	-	(377)	-	2,642	-	(189)	2,454
REN Portgás Distribuição, S.A.	16,082	-	-	(14,847)	1,235	-	-	1,235
	19,102	-	(377)	(14,847)	3,877	-	(189)	3,688

7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES

At 30 June 2019 and 31 December 2018, the financial information regarding the financial interest held is as follows:

		30 June 2019											
		Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%	Carrying amount	Group share of profit / (loss)	
Activity	Head office												
Equity method:													
Associate:													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	953	28,524	335	-	248	47	29,142	40	11,450	1,633
Electrogas, S.A.	Gas Transportation	Chile	18,687	8,621	43,047	8,937	10,939	16,167	9,064	31,793	42.5	155,269	3,880
												166,719	5,513
Joint venture:													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,140	43	742	13	922	152	5,428	50	2,710	76
												169,429	5,589
31 December 2018													
		Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	%	Carrying amount	Group share of profit / (loss)	
Activity	Head office												
Equity method:													
Associate:													
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	1,179	26,180	353	-	1,117	(1,360)	27,006	40	9,817	(531)
Electrogas, S.A.	Gas Transportation	Chile	18,573	6,178	44,843	5,834	11,069	30,695	15,764	34,118	42.5	155,390	6,495
												165,207	5,964
Joint venture:													
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	6,015	83	806	16	1,447	(353)	5,276	50	2,635	(176)
												167,841	5,787

Associates

The changes in the caption "Investments in associates" during the period ended at 30 June 2019 and 31 December 2018 was as follows:

Investments in associates	
At 1 de janeiro de 2018	159,216
Effect of applying the equity method	5,964
Changes in equity	6,914
Dividends of Electrogas	(6,917)
Others	29
At 31 December 2018	165,207
Effect of applying the equity method	5,513
Changes in equity	961
Dividends of Electrogas	(4,933)
Others	(29)
At 30 June 2019	166,719

In the year ended December 31, 2017, the Group acquired a 42.5% interest in the share capital of the Chilean company - Electrogas S.A., for 169,285 thousand Euros. This company owns a pipeline in the central zone of Chile with 165.6 km of length. It is a pipeline of great relevance in the country, linking the regasification terminal of Quintero to Santiago (the capital and largest Chilean population center) and Valparaíso (one of Chile's most important ports). The company's corporate purpose is to provide transportation services for natural gas and other fuels.

The total amount of dividends recognized as associates during the six-month period ended 30 June 2019 was 4,933 thousand Euros, of which 2,660 thousand Euros were received and included in the Cash Flow Statement.

The proportional value of the OMIP, SGPS includes the effect of the adjustment resulting of changes to the Financial Statement of the previous year, made after the equity method application. This participation is recorded as an Associate.

Joint ventures

The movement in the caption "Investments in joint ventures" during the period ended 30 June 2019 and 31 December 2018 was as follows:

Investments in joint ventures	
At 1 January 2018	2,811
Effect of applying the equity method	(176)
At 31 December 2018	2,635
Effect of applying the equity method	76
At 30 June 2019	2,710

Following a joint agreement of technology partnership between REN – Redes Energéticas Nacionais and the State Grid International Development (SGID), in May 2013 an R&D centre in Portugal dedicated to power systems designed – Centro de Investigação em Energia REN – STATE GRID, SA ("Centro de Investigação") was incorporated, being jointly controlled by the above mentioned two entities.

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

At 30 June 2019 and 31 December 2018, the financial information of the joint venture was as follows:

	30 June 2019					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
Joint venture:						
Centro de Investigação em Energia REN - STATE GRID, S.A.	5,215	6	13	(50)	(1)	(4)

	31 December 2018					
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciations and amortizations	Financial costs	Income tax- (cost) / income
Joint venture:						
Centro de Investigação em Energia REN - STATE GRID, S.A.	5,201	6	16	(493)	(1)	(7)

8 INCOME TAX

REN is taxed based on the special regime for the taxation of group 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 at more than 50% of the 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. Consequently, the Company's tax returns for the years from 2016 to 2019 are still subject to review.

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 2019 and 31 December 2018.

In 2019, the Group is taxed in Corporate Income Tax rate of 21%, increased by a municipal surcharge up the maximum of 1.5% over the taxable profit; and a State surcharge of an additional (i) 3% of taxable profit between 1,500 thousand Euros and 7,500 thousand Euros; (ii) of 5% over the taxable profit in excess of 7,500 thousand Euros and up to 35,000 thousand Euros; and (iii) 9% for taxable profits in excess of 35,000 thousand Euros, which results in a maximum aggregate tax rate of 31.5%.

The tax rate used in the valuation of temporary taxable and deductible differences as of 30 June 2019, was updated for each Company included in the consolidation perimeter, using the average tax rate expected in accordance with future perspective of taxable profits of each company recoverable in the next periods.

Income tax registered in the six-month period ended 30 June 2019 and 2018 was as follows:

	Jun 2019	Jun 2018
Current income tax	23,932	38,773
Adjustments of income tax from previous years	(87)	(792)
Deferred income tax	4,008	(8,735)
Income tax	27,854	29,246

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

	Jun 2019	Jun 2018
Consolidated profit before income tax	103,322	107,467
Permanent differences:		
Positive / (negative) equity variation	-	3,490
Non deductible costs	588	1,143
Non taxable income	(1,115)	375
Timing differences:		
Tariff deviations	(7,503)	25,740
Provisions and impairment	(38)	(137)
Revaluations	(972)	(1,242)
Pension, helthcare assistance and life insurance plans	(2,478)	(2,281)
Derivative financial instruments	2	-
Others	(24)	(25)
Taxable income	91,781	134,529
Income tax	18,989	27,451
State surcharge tax	3,178	8,742
Municipal surcharge	1,347	2,193
Autonomous taxation	418	387
Current income tax	23,932	38,773
Deferred income tax	4,008	(8,735)
Adjustments of income tax from previous years	(87)	(792)
Income tax	27,854	29,246
Effective tax rate	27.0%	27.2%

Income tax

The caption "Income tax" payable and receivable at 30 June 2019 and 31 December 2018 is made up as follows:

	Jun 2019	Dec 2018
Income tax:		
Corporate income tax - estimated tax	(23,932)	(50,405)
Corporate income tax - payments on account	2,152	85,367
Income withholding tax by third parties	197	895
Income recoverable / (payable)	36,422	(487)
Income tax recoverable	14,838	35,371

Deferred taxes

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

	Jun 2019	Dec 2018
Impact on the statement of profit and loss:		
Deferred tax assets	(5,354)	(1,833)
Deferred tax liabilities	1,346	(7,706)
	(4,008)	(9,540)
Impact on equity:		
Deferred tax assets	2,776	(3,310)
Deferred tax liabilities	1,087	(6,404)
	3,863	(9,714)
Net impact of deferred taxes	(145)	(19,254)

The changes in deferred tax by nature were as follows:

Change in deferred tax assets – June 2019

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2019	2,818	29,403	38,621	1,259	18,360	2,034	92,495
Increase/decrease through reserves	-	(565)	-	3,341	-	-	2,776
Reversal through profit and loss	-	(751)	(3,602)	(173)	(926)	-	(5,452)
Increase through profit and loss	12	-	-	-	-	85	97
Change in the period	12	(1,316)	(3,602)	3,169	(926)	85	(2,579)
At 30 June 2019	2,830	28,087	35,018	4,427	17,434	2,119	89,917

Change in deferred tax assets – December 2018

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2018	2,886	36,506	36,227	928	21,117	74	97,737
Perimeter changes	(4)	-	-	-	(94)	-	(98)
Increase/decrease through reserves	-	(5,546)	-	492	-	1,744	(3,310)
Reversal through profit and loss	(64)	(1,558)	(15)	(161)	(2,662)	-	(4,461)
Increase through profit and loss	-	-	2,410	1	-	217	2,627
Change in the period	(68)	(7,104)	2,394	331	(2,756)	1,961	(5,242)
At 31 December 2018	2,818	29,403	38,621	1,259	18,360	2,034	92,495

Deferred tax assets at 30 June 2019 correspond essentially to: (i) to liabilities for benefit plans granted to employees; (ii) tariff deviations liabilities to be settled in subsequent years; and (iii) revalued assets.

Evolution of deferred tax liabilities – June 2019

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Others	Total
At 1 January 2019	37,784	21,398	37,855	12,926	3,682	113,644
Increase/decrease through equity	-	-	-	(1,087)	-	(1,087)
Reversal through profit and loss	-	(709)	(684)	-	(413)	(1,805)
Increase through profit and loss	460	-	-	-	-	460
Change in the period	460	(709)	(684)	(1,087)	(413)	(2,433)
At 30 June 2019	38,244	20,689	37,171	11,840	3,268	111,211

Evolution of deferred tax liabilities – December 2018

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Others	Total
At 1 January 2018	26,639	22,856	39,240	10,790	9	99,534
Increase/decrease through equity	-	-	-	2,136	4,268	6,404
Reversal through profit and loss	-	(1,458)	(1,385)	-	(595)	(3,439)
Increase through profit and loss	11,145	-	-	-	-	11,145
Change in the period	11,145	(1,458)	(1,385)	2,136	3,673	14,110
At 31 December 2018	37,784	21,398	37,855	12,926	3,682	113,644

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

The legal documents that establish these revaluations were the following:

Legislation (Revaluation)	
Electricity segment	Natural gas segment
Decree-Law n° 430/78	Decree-Law n° 140/2006
Decree-Law n° 399-G/81	Decree-Law n° 66/2016
Decree-Law n° 219/82	
Decree-Law n° 171/85	
Decree-Law n° 118-B/86	
Decree-Law n° 111/88	
Decree-Law n° 7/91	
Decree-Law n° 49/91	
Decree-Law n° 264/92	

9 FINANCIAL ASSETS AND LIABILITIES

The accounting policies for financial instruments in accordance with the IFRS 9 categories have been applied to the following financial assets and liabilities:

- June 2019

	Notes	Financial assets at amortized cost - Debt instruments	Financial assets at fair value - Equity instruments through other comprehensive income	Financial assets/liabilities at fair value - Profit for the year	Borrowing and other payables	Other financial assets/liabilities	Total carrying amount	Fair value
Assets								
Cash and cash equivalents	13	-	-	-	-	25,359	25,359	25,359
Trade and other receivables	11	430,311	-	-	-	-	430,311	430,311
Other financial assets		-	-	-	-	57	57	57
Investments in equity instruments at fair value through other comprehensive income	10	-	157,722	-	-	-	157,722	157,722
Income tax receivable	8	14,838	-	-	-	-	14,838	14,838
Derivative financial instruments	12	-	14,279	18,258	-	-	32,537	32,537
		445,149	172,002	18,258	-	25,416	660,825	660,825
Liabilities								
Borrowings	16	-	-	400,000	2,290,630	-	2,690,630	2,771,048
Trade and other payables	19	-	-	-	460,763	-	460,763	460,763
Derivative financial instruments	12	-	24,672	3,750	-	-	28,422	28,422
		-	24,672	403,750	2,751,394	-	3,179,816	3,260,233

- December 2018

	Notes	Financial assets at amortized cost - Debt instruments	Financial assets at fair value - Equity instruments through other comprehensive income	Financial assets/liabilities at fair value - Profit for the year	Borrowing and other payables	Other financial assets/liabilities	Total carrying amount	Fair value
Assets								
Cash and cash equivalents	13	-	-	-	-	35,735	35,735	35,735
Trade and other receivables	11	477,372	-	-	-	-	477,372	477,372
Other financial assets		-	-	-	-	45	45	45
Investments in equity instruments at fair value through other comprehensive income	10	-	162,552	-	-	-	162,552	162,552
Income tax receivable	8	35,371	-	-	-	-	35,371	35,371
Derivative financial instruments	12	-	10,940	10,070	-	-	21,010	21,010
		512,743	173,493	10,070	-	35,780	732,086	732,086
Liabilities								
Borrowings	16	-	-	400,000	2,306,340	-	2,706,340	2,765,151
Trade and other payables	19	-	-	-	515,196	-	515,196	515,196
Derivative financial instruments	12	-	10,877	2,076	-	-	12,952	12,952
		-	10,877	402,076	2,821,536	-	3,234,489	3,293,299

Loans obtained, as referred to in Note 3.6 to the annual consolidated financial statements for the period ended December 31, 2018 are measured, initially at fair value and subsequently at amortized cost, except for those which it has been contracted derivative fair value hedges (Note 12) which are measured at fair value. Nevertheless, REN proceeds to the disclosure of the fair value of the caption Borrowings, based on a set of relevant observable data, which fall within Level 2 of the fair value hierarchy.

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

The range of market rates used to calculate the fair value ranges between -0.3600% and 0.5007% (maturities of one day and twelve years, respectively).

The fair value of borrowings contracted by the Group at 30 June 2019 is 2,771,048 thousand Euros (at 31 December 2018 was 2,765,151 thousand Euros), of which 414,577 thousand Euros are recorded partly at amortized cost and includes an element of fair value resulting from movements in interest rates (at 31 December 2018 was 403,336 thousand Euros).

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value at 30 June 2019 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;
- 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.

		Jun 2019				Dec 2018			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:									
Investments in equity instruments at fair value through other comprehensive income	Shares	99,172	54,968	-	154,140	105,562	53,409	-	158,971
Financial assets at fair value	Cash flow hedge derivatives	-	14,279	-	14,279	-	10,940	-	10,940
Financial assets at fair value	Fair value hedge derivatives	-	18,258	-	18,258	-	10,070	-	10,070
		99,172	87,505	-	186,677	105,562	74,419	-	179,981
Liabilities:									
Financial liabilities at fair value	Loans	-	414,577	-	414,577	-	406,336	-	406,336
Financial liabilities at fair value	Cash flow hedge derivatives	-	24,672	-	24,672	-	10,877	-	10,877
Financial liabilities at fair value through profit and loss	Trading derivatives	-	3,750	-	3,750	-	2,076	-	2,076
		-	442,999	-	442,999	-	419,288	-	419,288

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 2019, 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 2018. A description of the risks can be found in Section 4 - Financial Risk Management of the consolidated financial statements for the year ended 2018.

10 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The assets recognised in this caption at 30 June 2019 and 31 December 2018 corresponds to equity interests held on strategic entities for the Group, which can be detailed as follows:

	Head office			Book value	
	City	Country	% owned	Jun 2019	Dec 2018
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	Madrid	Spain	10.00%	3,167	3,167
Red Eléctrica Corporación, S.A. ("REE")	Madrid	Spain	1.00%	99,172	105,562
Hidroeléctrica de Cahora Bassa ("HCB")	Maputo	Mozambique	7.50%	54,968	53,409
Coreso, S.A.	Brussels	Belgium	7.90%	164	164
MIBGAS, S.A.	Madrid	Spain	6.67%	202	202
MIBGÁS Derivatives, S.A.	Madrid	Spain	9.70%	48	48
				157,722	162,552

The changes in this caption were as follows:

	OMEL	HCB	REE	Coreso	MIBGÁS	MIBGÁS Derivatives	Others	Total
At 1 January 2018	3,167	51,591	101,311	164	202	-	5	156,439
Acquisitions	-	-	-	-	-	48	-	48
Fair value adjustments	-	1,818	4,251	-	-	-	-	6,069
Others	-	-	-	-	-	-	(5)	(5)
At 31 December 2018	3,167	53,409	105,562	164	202	48	-	162,552
At 1 January 2019	3,167	53,409	105,562	164	202	48	-	162,552
Fair value adjustments	-	1,559	(6,390)	-	-	-	-	(4,831)
At 30 June 2019	3,167	54,968	99,172	164	202	48	-	157,722

Red Eléctrica Corporación, S.A. ("REE") is the transmission system operator of electricity in Spain. The Group 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 2019.

REN holds 2,060,661,943 shares representing 7.5% of the stock capital and voting rights of HCB, a company incorporated under Mozambican law, at the Hidroeléctrica de Cahora Bassa, SA ("HCB"), as a result of fulfilling the conditions of the contract entered into on April 9, 2012, between REN, Parpública - Participações Públicas, SGPS, SA, CEZA - Companhia Eléctrica do Zambeze, SA and EDM - Electricidade de Moçambique, EP. This participation was initially recorded at its acquisition cost (38,400 thousand Euros) and subsequently adjusted to its fair value.

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 executes operational planning activities since several days before until near real time.

On 30 June 2019, REN also holds a 6.67% financial interest in the share capital of MIBGÁS, SA, acquired during the first half of 2016, a company in charge of the development of the natural gas wholesale market operator in the Iberian Peninsula.

As part of the process of creating the Single Operator of the Iberian Electricity Market (Operador Único do Mercado Ibérico de Eletricidade – OMI) in 2011 and in accordance with the provisions of the agreement between the Portuguese Republic and the Kingdom of Spain on the establishment of an Iberian electricity market, the Company acquired 10% of the capital stock of OMEL, Operador del Mercado Iberico de Energia, SA, a Spanish operator of the sole operator, for a total value of 3,167 thousand Euros.

On 30 June 2019, REN also holds a 9.70% financial interest, acquired for the amount of 48 thousand Euros, of the share capital of MIBGÁS Derivatives, SA, the management company of the organized futures market natural gas, spot products of liquefied natural gas and spot products in underground storage in the Iberian Peninsula.

As there are no available market price for these investments (OMEL, MIBGÁS, MIBGÁS Derivatives and Coreso) and as it is not possible to determine the fair value of the period using comparable transactions, these investments are recorded at acquisition deducted of impairment losses, as describe in Note 3.6 of the consolidated financial statements for the year ended 2018.

REN understands that there is no evidence of impairment loss regarding the investments of OMEL, Coreso, MIBGÁS and MIBGÁS Derivatives at 30 June 2019.

The adjustments to investments in equity instruments at fair value through other comprehensive are recognised in the equity caption "Fair value reserve". This caption at 30 June 2019 and 31 December 2018 is made up as follows:

Fair value reserve (Note 15)	
1 January 2018	53,778
Changes in fair value	6,069
Tax effect	(2,136)
31 December 2018	57,711
1 January 2019	57,711
Changes in fair value	(4,830)
Tax effect	1,087
30 June 2019	53,968

In the period ended 30 June 2019, the total amount of associated companies' dividends recognized in the consolidated statement of profit and loss was 3,934 thousand Euros, of which 1,477 thousand Euros, relative to dividends recognized during the year ended 31 December 2018, and 87 thousand Euros, relative to dividends recognized during 2019, were received and included in the cash flows statement.

In the six-month periods ended 30 June 2019 and 2018, the dividends attributable to the Group are as follows:

	Jun 2019	Jun 2018
Red Electrica Corporación, S.A. ("REE")	3,847	3,595
Hidroeléctrica de Cahora Bassa, S.A ("HCB")	-	1,281
OMEL - Operador del Mercado Ibérico de Energia (Pólo Espanhol)	87	91
	3,934	4,968

11 TRADE AND OTHER RECEIVABLES

Trade and other receivables at 30 June 2019 and 31 December 2018 are made up as follows:

	Jun 2019			Dec 2018		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	268,790	155	268,945	294,602	6,005	300,607
Impairment of trade receivables	(2,942)	-	(2,942)	(2,942)	-	(2,942)
Trade receivables net	265,848	155	266,003	291,660	6,005	297,665
Tariff deviations	63,534	89,954	153,488	116,561	44,241	160,802
State and Other Public Entities	10,820	-	10,820	18,904	-	18,904
Trade and other receivables	340,202	90,109	430,311	427,125	50,246	477,372

The most relevant balances included in the trade receivables caption as of 30 June 2019 are: (i) the receivable of EDP – Distribuição de Energia, SA in the amount of 81,044 thousand Euros (80,037 thousand Euros at 31 December 2018); (ii) the receivable of Galp Gás Natural, S.A., in the amount of 16,346 thousand Euros (11,547 thousand Euros at 31 December 2018); and (iii) the amount of 18,744 thousand Euros, as defined by the regulator ERSE in the context of sustainability measures of the National Electric System (31,638 thousand Euros at 31 December 2018).

In the trade and other receivables also stands out the amounts not yet invoiced of the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade), in the amount of 14,491 thousand Euros (22,722 thousand Euros at 31 December 2018) and the amount to invoice to EDP – Distribuição de Energia, S.A., of 1 thousand Euros (7,975 thousand Euros at 31 December 2018) regarding the CMEC, also reflected in the caption "Suppliers and other accounts payable" (Note 19).

This transaction is set up as an "Agent" transaction, being off set in the consolidated income statement.

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

	Jun 2019	Dec 2018
Beginning balance	(2,942)	(3,043)
Perimeter changes	-	453
Increases	-	(352)
Reversing	-	-
Ending balance	(2,942)	(2,942)

12 DERIVATIVE FINANCIAL INSTRUMENTS

At 30 June 2019 and 31 December 2018, the REN Group had the following derivative financial instruments contracted:

	Notional	30 June 2019			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	600,000 TEUR	-	-	-	24,672
Interest rate and currency swaps	72,899 TEUR	-	14,279	-	-
		-	14,279	-	24,672
Derivatives designated as fair value hedges					
Interest rate swaps	400,000 TEUR	-	18,258	-	-
		-	18,258	-	-
Trading derivatives					
Trading derivatives	60,000 TEUR	-	-	-	3,750
		-	-	-	3,750
Derivative financial instruments		-	32,537	-	28,422

	Notional	31 December 2018			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	600,000 TEUR	-	-	-	10,877
Interest rate and currency swaps	72,899 TEUR	-	10,940	-	-
		-	10,940	-	10,877
Derivatives designated as fair value hedges					
Interest rate swaps	400,000 TEUR	-	10,070	-	-
		-	10,070	-	-
Trading derivatives					
Trading derivatives	60,000 TEUR	-	-	-	2,076
		-	-	-	2,076
Derivative financial instruments		-	21,010	-	12,952

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 swaps and cross currency swap, contracted to hedge the risk of fluctuation of future interest and foreign exchange rates, whose counterpart are financial foreign and national entities financial entities with a solid credit rating.

The amounts presented above include the amount of interest receivable or payable at 30 June 2019 relating to these derivatives financial instruments, in the total receivable net amount of 2.054 thousand Euros (2,136 thousand Euros receivable as of 31 December 2018).

The main features of the derivatives financial instruments contracted associated with financing operations at 30 June 2019 and 31 December 2018 are detailed as follows:

	Notional	REN pays	REN receives	Maturity	Fair value at 30 June 2019	Fair value at 31 December 2018
Cash flow hedge:						
Interest rate swaps	600,000 TEuros	[0.75%;1.266%]	[-0.318%;0.00%] - Floating Rates	[Jun-2024; Feb-2025]	(24,672)	(10,877)
Interest rate and currency swaps	72,899 TEUR	[0.00%;1.592%] - floating rates	2.71%	2024	14,279	10,940
					(10,393)	64
Fair value hedge:						
Interest rate swaps	400,000 TEuros	[-0.233%;0.101%] - floating rates	[0.611%; 1.724%]	[Oct-2020; Feb-2025]	18,258	10,070
					18,258	10,070
Trading:						
Interest rate swaps	60,000 TEUR	[-0.308%;0.000%] - floating rates	[0.00%;0.99%]	2024	(3,750)	(2,076)
					(3,750)	(2,076)
				Total	4,115	8,058

The periodicity of paid and received flows of the derivative financial instruments portfolio is quarterly and semi-annual contracts to the cash flow hedge contracts and biannual and annual basis for derivative designated as a fair value hedge.

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

	2020	2021	2022	2023	2024	Following years	Total
Interest rate swap (cash flow hedge)	-	-	-	-	300,000	300,000	600,000
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	100,000	-	-	-	372,899	660,000	1,132,899

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 2019, the notional amount of derivatives is 600,000 thousand Euros (600,000 thousand Euros as of 31 December 2018). This is 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 transform floating interest rate loans into fixed interest rates, and credit risk is not being hedged. The fair value of interest rate swaps at 30 June 2019 is negative 24,672 thousand Euros (at 31 December 2018, 10,877 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 started in June 2019. The changes in the fair value of the hedging instrument are also recognized in hedging reserves. As at 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 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 2019 was 14,279 thousand Euros positive (10,940 thousand Euros positive at 31 December 2018).

The underlying foreign exchange change (borrowing) for the period ended 30 June 2019, in the amount of, approximately, 2,106 thousand Euros negative (3,427 as of 30 June 2018), was offset by a positive change in the hedging instrument in the statement of profit and loss.

The inefficient component of the fair value hedge amounted to 9,135 thousand Euros positive (7,321 thousand Euros positive at 31 December 2018). Consequently, the effect recorded in the income statement for the six-month period ended 30 June 2019 amounts to 1,813 thousand Euros.

The amount recorded in reserves relating to the above mentioned cash flow hedges at 30 June 2019 was 28,070 thousand Euros (13,647 thousand Euros at 31 December 2018).

The movements recorded in the hedging reserve were as follows:

	Fair value	Deferred taxes impact	Hedging reserves (Note 15)
1 January 2018	(12,281)	2,580	(9,702)
Changes in fair value and ineffectiveness	(1,366)	492	(875)
31 December 2018	(13,647)	3,071	(10,577)
1 January 2019	(13,647)	3,071	(10,577)
Changes in fair value and ineffectiveness	(14,437)	3,248	(11,189)
30 June 2019	(28,084)	6,320	(21,765)

Fair value hedge

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

As of 30 June 2019, the notional amount of derivatives nominated as fair value hedge reached 400,000 thousand Euros (400,000 thousand Euros in 31 December 2018). The risk covered is the fixed rate indexer to debt issued. The covered risk is related with fair value changes of the debt issues according to the interest rate fluctuations. The objective of this hedging is to convert loans at fixed interest rates into variable interest rates, the credit risk not being hedged.

The fair value of these interest rate swaps at 30 June 2019 was 18,258 thousand Euros positive (10,070 thousand Euros positive as of 31 December 2018).

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

At 30 June 2019, the fair value change related with the 400,000 thousand Euros debt related with interest rate risk amounted to 8,241 thousand Euros negative (1,151 thousand Euros positive as of 30 June 2018), causing an inefficient component of around 75 thousand Euros positive (132 thousand Euros positive as of 30 June 2018).

Trading derivatives

REN has an interest rate forward start swap with a start date on 2019 and end date 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 IFRS 9, is hedging the economic risk of changes in the forward interest rates for the above mentioned period.

As of 30 June 2019, the notional amount of this negotiation derivative is 60,000 thousand Euros (60,000 thousand Euros as of 31 December 2018). This is a hedging of interest rate risk associated with future cash flows of variable interest rate associated with the Group finance liabilities. The hedged risk is the indexer of the variable rate 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 2019 amounts to 3,750 thousand Euros negative (2,076 thousand Euros negative as of 31 December 2018).

The fair value changes of this negotiation derivative are recorded in the profit and loss statement. As of 30 June 2019, the amount related with the fair value of the trading derivative was an expense of 1,674 thousand Euros (income of 569 thousand Euros as of 30 June 2018).

13 CASH AND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents in the consolidated statements of cash flows for the period ended 30 June 2019 and 31 December 2018 are made up as follows:

	Jun 2019	Dec 2018
Cash	25	-
Bank deposits	25,334	35,735
Cash and cash equivalents in the statement of financial position	25,359	35,735
Bank overdrafts (Note 16)	(1,582)	(1,638)
Cash and cash equivalents in cash flow statement	23,777	34,096

14 EQUITY INSTRUMENTS

As of 30 June 2019 and 31 December 2018, REN's subscribed and paid up share capital is made up of 667,191,262 shares of 1 euro each.

	Jun 2019		Dec 2018	
	Number of shares	Share Capital	Number of shares	Share Capital
Share Capital	667,191,262	667,191	667,191,262	667,191

At 30 June 2019, REN SGPS had the following own shares:

	Number of shares	Proportion	Amount
Own shares	3,881,374	0.6%	(10,728)

No own shares were acquired or sold in the six-month period ended 30 June 2019.

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

15 RESERVES AND RETAINED EARNINGS

The caption "Reserves" in the amount of 318,582 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. This reserve can only be used to cover losses or to increase capital. At 30 June 2019 this caption amounts to 118,828 thousand Euros;
- Fair value reserve: includes changes in the fair value of available for sale financial assets (53,968 thousand Euros positive), as detailed in Note 10;
- Hedging reserve: includes changes in the fair value of hedging derivative financial instruments when cash flow hedge is effective (negative 21,765 thousand Euros) as detailed in Note 12;
- Other 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, (ii) exchange rate changes associated to the financial investment whose functional currency is different of Euros; (iii) changes in equity of associates recorded under the equity method and (iv) share-based plan. On 30 June 2019, this caption amounts to 167,552 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 recognized 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.

16 BORROWINGS

The segregation of borrowings between current and non-current and by nature, at 30 June 2019 and 31 December 2018 was as follows:

	Jun 2019			Dec 2018		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	30,000	1,717,266	1,747,266	30,000	1,738,207	1,768,207
Bank Borrowings	56,372	535,168	591,540	200,134	556,430	756,564
Commercial Paper	329,500	27,000	356,500	180,000	-	180,000
Bank overdrafts (Note 13)	1,582	-	1,582	1,638	-	1,638
Leases	1,279	2,356	3,635	1,557	2,776	4,333
	418,733	2,281,790	2,700,523	413,329	2,297,413	2,710,742
Accrued interest	17,750	-	17,750	24,555	-	24,555
Prepaid interest	(6,102)	(21,542)	(27,644)	(6,482)	(22,474)	(28,956)
Borrowings	430,382	2,260,248	2,690,630	431,401	2,274,939	2,706,340

The borrowings settlement plan was as follows:

	2019	2020	2021	2022	2023	2024	Following years	Total
Debt - Non current	-	309,651	117,785	99,111	617,266	199,831	938,146	2,281,790
Debt - Current	367,471	51,262	-	-	-	-	-	418,733
	367,471	360,913	117,785	99,111	617,266	199,831	938,146	2,700,523

Detailed information regarding bond issues as of 30 June 2019 is as follows:

30 June 2019						
Issue date	Maturity	Initial amount	Outstanding amount	Interest rate	Periodicity of interest payment	
'Euro Medium Term Notes' programme emissions						
26/06/2009	26/06/2024	TEUR 72,899 (i) (ii)	TEUR 72,899	Fixed rate	Semi-Annual	
16/01/2013	16/01/2020	TEUR 150,000 (i)	TEUR 30,000	Floating rate	Quarterly	
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	
18/01/2018	18/01/2028	TEUR 300,000	TEUR 300,000	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 2019, the Group has five commercial paper programs in the amount of 1,050,000 thousand Euros, of which 693,500 thousand Euros are available for utilization. Of the total amount 530,000 thousand Euros have a guaranteed placement.

On the first semester 2019, the Group agreed a Money Market Loan Agreement with Societe Generale in the amount of 100,000 thousand euros. This loan hasn't subscription guarantee and, as of 30 June 2019, the loan is totally available.

Bank loans are mostly composed of loans contracted with the European Investment Bank (EIB), which at 30 June 2019 amounted to 394,889 thousand Euros (at 31 December 2018 it was 409,388 thousand Euros).

The Group also has credit lines negotiated and not used in the amount of 87,500 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).

The balance of the caption Prepaid interest includes the amount of 19,195 thousand Euros (21,617 thousand Euros in 31 December 2018) related with the refinancing of bonds through an exchange offer completed in 2016.

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 8,241 thousand Euros (negative) (at 30 June 2018 was 1,151 thousand Euros (positive)).

The Company's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge, 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 80% above the minimum.

The bank loans with BEI include also covenants related with rating and other financial ratios in which the Group may be called upon to present an acceptable guarantee in the event of rating and financial ratios below the established values.

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

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

Minimal payments regarding lease contracts and the carrying amount of the finance lease liabilities as of 30 June 2019 and 31 December 2018 are made up as follows:

	Jun 2019	Dec 2018
Lease liabilities - minimum lease payments		
No later than 1 year	1,307	1,583
Later than 1 year and no later than 5 years	2,384	2,813
	3,691	4,396
Future finance charges on leases	(56)	(63)
Present value of lease liabilities	3,635	4,333
	Jun 2019	Dec 2018
The present value of lease liabilities is as follows		
No later than 1 year	1,279	1,557
Later than 1 year and no later than 5 years	2,356	2,776
	3,635	4,333

17 POS-EMPLOYMENT BENEFITS AND OTHERS 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 award, retirement award and a death subsidy (referred to as “Other benefits”). The Group also grants their employees life assurance plans. The long service award is applicable to all Group companies.

At 30 June 2019 and 31 December 2018, the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	Jun 2019	Dec 2018
Liability on statement of financial position		
Pension plan	52,439	56,904
Healthcare plan and other benefits	41,451	41,384
	93,889	98,288

During the six-month period ended 30 June 2019 and 2018, the following operating expenses were recorded regarding benefit plans with employees:

	Jun 2019	Jun 2018
Charges to the statement of profit and loss (Note 24)		
Pension plan	1,585	2,147
Healthcare plan and other benefits	547	641
	2,132	2,788

The amounts reported to 30 June 2019 and 2018 result from the projection of the actuarial valuation as of 31 December 2018 and 2017, for the six-month period ended 30 June 2019 and 2018, considering the estimated increase in salaries for 2019 and 2018, respectively.

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

	Dec 2018	Dec 2017
Annual discount rate	1.80%	1.80%
Expected percentage of serving employees eligible for early retirement (more than 60 years of age and 36 years in service) - by Collective work agreement	20.00%	20.00%
Expected percentage of serving employees eligible for early retirement - by Management act	10.00%	20.00%
Rate of salary increase	2.50%	2.50%
Pension increase	1.50%	1.50%
Future increases of Social Security Pension amount	1.30%	0.80%
Inflation rate	1.50%	1.50%
Medical trend	1.50%	1.80%
Management costs (per employee/year)	€290	€306
Expenses medical trend	1.50%	1.50%
Retirement age (number of years)	66	66
Mortality table	TV 88/90	TV 88/90

18 PROVISIONS FOR OTHER RISKS AND CHARGES

The changes in provisions for other risks and charges in the periods ended 30 June 2019 and 31 December 2018 were as follows:

	Jun 2019	Dec 2018
Beginning balance	8,852	9,035
Changes in the perimeter	-	(20)
Increases	-	511
Reversing	-	(210)
Utilization	(56)	(464)
Ending balance	8,796	8,852
Non-current provision	8,796	8,852
	8,796	8,852

At 30 June 2019, the caption "Provisions" corresponds essentially to estimates of the payments to be made by REN resulting from legal processes in progress for damage caused to third parties and a restructuring provision amounting to 486 thousand Euros related to the on-going restructuring process.

19 TRADE AND OTHER PAYABLES

The caption "Trade and other payables" at 30 June 2019 and 31 December 2018 was made up as follows:

	Jun 2019			Dec 2018		
	Current	Non current	Total	Current	Non current	Total
Trade payables						
Current suppliers (Note 9)	163,501	-	163,501	208,416	-	208,416
Other creditors						
Other creditors (Note 9)	83,692	64,233	147,926	54,935	49,474	104,409
Tariff deviations (Note 9)	43,960	61,645	105,605	56,814	63,608	120,423
Fixed assets suppliers (Note 9)	17,573	-	17,573	52,213	-	52,213
Tax payables (Note 9) (i)	20,167	-	20,167	24,404	-	24,404
Deferred income						
Grants related to assets	18,388	250,984	269,372	17,803	254,661	272,465
Accrued costs						
Holidays and holidays subsidies (Note 9)	5,992	-	5,992	5,331	-	5,331
Trade and other payables	353,273	376,862	730,135	419,917	367,743	787,661

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

The caption "Trade and other payables" includes: (i) the amount of 18,811 thousand Euros, regarding the management of CAEs from Turbogás and Tejo Energia (54,796 thousand Euros at 31 December 2018); (ii) the amount of 12,907 thousand Euros of investment projects not yet invoiced (14,603 thousand Euros at 31 December 2018); (iii) the amount of 13,809 thousand Euros (22,722 thousand Euros at 31 December 2018) from the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade); and (iv) the amount of 1 thousand Euros of "CMEC – Custo para a Manutenção do Equilíbrio Contratual" to be invoiced by EDP – Gestão da Produção de Energia, S.A. (7,975 thousand Euros at 31 December 2018), also reflected in the caption "Trade receivables" (Note 11).

This transaction sets a pass-through in the consolidated income statement of REN.

The caption "Other creditors" includes: (i) the amount of 23,328 thousand Euros (25,682 thousand Euros at 31 December 2018) related with the Efficiency Promotion Plan on Energy Consumption ("PPEC"), which aims to financially support initiatives that promote efficiency and reduce electricity consumption, which should be used to finance energy efficiency projects, according to the evaluation metrics defined by ERSE and (ii) the responsibility for the extraordinary contribution on the energy sector in the amount of 24,390 thousand Euros (Note 27) (at 30 June 2018 was 25,333 thousand Euros).

20 SALES AND SERVICES RENDERED

Sales and services rendered recognized in the consolidated statement of profit and loss for the six-month period ended 30 June 2019 and 2018 is made up as follows:

	Jun 2019	Jun 2018
Goods:		
Domestic market	17	34
	17	34
Services:		
Electricity transmission and overall systems management	173,126	175,065
Natural gas transmission	41,674	48,629
Natural gas distribution	29,356	31,653
Regasification	23,337	15,837
Underground gas storage	7,861	7,775
Telecommunications network	3,177	3,075
Trading	1,266	2,235
Others	636	2,706
	280,434	286,976
Total sales and services rendered	280,451	287,010

21 REVENUE AND COSTS FOR 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 as of 30 June 2019 and 30 June 2018 were made up as follows:

	Jun 2019	Jun 2018
Revenue from construction of concession assets		
Acquisitions	40,332	30,410
Own work capitalised :		
Financial expenses (Note 5)	1,183	877
Overhead and management costs (Note 5)	8,373	7,989
	49,889	39,277
Cost of construction of concession assets		
Acquisitions	40,332	30,410
	40,332	30,410

22 OTHER OPERATING INCOME

The caption "Other operating income" loss for the six-month period ended 30 June 2019 and 2018 is made up as follows:

	Jun 2019	Jun 2018
Recognition of investment subsidies in profit and loss	8,910	8,992
Underground occupancy tax	2,348	3,808
Supplementary income	596	1,234
Disposal of unused materials	840	1,228
Others	649	299
	13,343	15,561

23 EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" for the six-month period ended 30 June 2019 and 2018 is made up as follows:

	Jun 2019	Jun 2018
Fees relating to external entities i)	5,100	7,703
Maintenance costs	5,048	3,407
Electric energy costs	4,137	2,940
Cross border interconnection costs ii)	2,064	1,291
Gas transport subcontracts	1,702	1,749
Insurance costs	1,320	1,382
Security and surveillance	946	985
Travel and transportation costs	705	607
Advertising and communication costs	358	427
Other	1,689	1,686
External supplies and services	23,070	22,176

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.

24 PERSONNEL COSTS

Personnel costs for the six-month period ended 30 June 2019 and 2018 are made up as follows:

	Jun 2019	Jun 2018
Remuneration:		
Board of directors	1,454	1,387
Personnel	19,487	18,070
	20,941	19,457
Social charges and other expenses:		
Social security costs	4,065	3,913
Post-employment and other benefits cost (Note 17)	2,132	2,788
Social support costs	1,060	1,013
Other	159	82
	7,416	7,796
Total personnel costs	28,357	27,253

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

25 OTHER OPERATING COSTS

Other operating costs for the six-month period ended 30 June 2019 and 2018 are made up as follows:

	Jun 2019	Jun 2018
ERSE operating costs i)	5,527	5,107
Underground occupancy tax	2,348	3,761
Donations and quotizations	744	924
Taxes	592	577
Others	319	371
	9,531	10,740

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

26 FINANCIAL COSTS AND FINANCIAL INCOME

Financial costs and financial income for the six-month period ended 30 June 2019 and 2018 are made up as follows:

	Jun 2019	Jun 2018
Financial costs		
Interest on bonds issued	23,950	29,852
Other borrowing interests	6,698	4,702
Interest on commercial paper issued	1,456	1,755
Derivative financial instruments	1,768	690
Other financing expenditure	785	649
	34,656	37,648
Financial income		
Derivative financial instruments	1,798	4,786
Other financial investments	2,002	188
Interest income	-	1
	3,800	4,975

27 EXTRAORDINARY CONTRIBUTION OVER THE ENERGY SECTOR

Law No. 83-C / 2013 of 31 December introduced a specific contribution of entities operating in the energy sector, called Extraordinary Contribution over the Energy Sector ("ECES"), that was extended by Law 82-B / 2014 , of 31 December, Law 7-A / 2016, of 30 March, Law 114/2017, of 29 December and Law 71/2018, 31 December.

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

The calculation of the ECES is levied on the value of the assets with reference to the first day of the financial year 2019 (1 January 2019) that include cumulatively, the tangible fixed assets, intangible assets, with the exception of industrial property elements, and financial assets related with regulated activities. In the case of regulated activities, the ECES is levied on the value of regulated assets (i.e. the amount recognized by ERSE in the calculation of the allowed income with reference to 1 January 2019) 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 liabilities in the amount of 24,390 thousand Euros (Note 19) (for the six-month period ended 30 June 2018 was 25,333 thousand Euros) against a cost in the statement of profit and loss.

28 EARNINGS PER SHARE

Earnings per share were calculated as follows:

		Jun 2019	Jun 2018
Consolidated net profit used to calculate earnings per share	(1)	51,078	52,823
Number of ordinary shares outstanding during the period (note 14)	(2)	667,191,262	667,191,262
Effect of treasury shares (note 14) (average number of shares)		3,881,374	3,881,374
Number of shares in the period	(3)	663,309,888	663,309,888
Basic earnings per share (euro per share)	(1)/(3)	0.08	0.08

The basic earnings per share are the same as the diluted earnings as there are no situations that could origin dilution effects.

29 DIVIDENDS PER SHARE

During the Shareholders General Assembly meeting held on 3 May 2019, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2018, in the amount of 114,090 thousand Euros (0.171 Euros per share). The dividends attributable to own shares amounted to 664 thousand Euros, being paid to the shareholders a total amount of 113,426 thousand of Euros.

30 CONTINGENT ASSETS AND LIABILITIES

30.1 Contingent liabilities

Tejo Energia - Produção e Distribuição de Energia Eléctrica, SA ("Tejo Energia") has announced to REN - Rede Eléctrica Nacional, SA ("REN Eléctrica") and REN Trading SA ("REN Trading") its intention to renegotiate the Energy Acquisition Agreement (CAE), in order to reflect in the amounts payable to this producer the costs, which in its opinion would be due, incurred with (i) financing of the social tariff and (ii) with the tax on petroleum products and energy and with the rate of carbon. Turbogás - Produtora Energética S.A. ("Turbogás") also stated its intention to renegotiate the CAE, in order to reflect in the amounts payable the costs incurred with the financing of the social tariff.

According to the CAE, Tejo Energia and Turbogás act as producers and sellers and REN Trading as purchaser of the energy produced in power plants. REN Eléctrica is jointly and severally liable with REN Trading, regarding the execution of the CAE with Tejo Energia and Turbogás.

According to the information received, the total costs incurred by these companies until 30 June 2019 amounts to, approximately, 62 million Euros.

On the part of REN, the interpretation was given that the modification of the contracts, as intended, must be preceded by a prior and favorable opinion by the Directorate General of Energy and Geology (DGEG) and the Energy Services Regulatory Agency (ERSE), in view of the highly regulated nature of the contracts in question.

Although Tejo Energia has not complied with the decisions taken, the financial panels set up under the CAE have already decided to reject their claims with regard to the social tariff charges for electricity as well as the additional ISP and fee of carbon. In the case of Turbogás, the decision is still pending, and REN expects that the financial panel will be able to follow the understanding of previous decisions.

30.2 Guarantees given

At 30 June 2019 and 31 December 2018, the REN Group had given the following bank guarantees:

Beneficiary	Scope	Jun 2019	Dec 2018
European Investment Bank (EIB)	To guarantee loans	228,632	238,143
General Directorate of Energy and Geology	To guarantee compliance with the contract relating to the public service concession	35,054	23,032
Judge of District Court	Guarantee for expropriation processes	10,707	10,707
Judge of District Court	Guarantee for expropriation processes	5,549	5,549
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings	8,416	5,229
Municipal Council of Seixal	Guarantee for litigation	3,133	2,777
Portuguese State	Guarantee for litigation	2,185	2,185
Municipal Council of Maia	Guarantee for litigation	1,564	1,564
Municipal Council of Odivelas	Guarantee for litigation	1,119	1,119
Municipal Council of Matosinhos	Guarantee for litigation	-	817
Municipal Council of Porto	Guarantee for litigation	368	368
Municipal Council of Silves	Guarantee for expropriation processes	352	352
NORSCUT - Concessionária de Auto-estradas	To guarantee prompt payment of liabilities assumed by REN in the contract ceding utilization	200	200
EP - Estradas de Portugal	Guarantee for litigation	169	95
Others (less than 100 thousand Euros)	Guarantee for litigation	146	220
		297,596	292,359

31 RELATED PARTIES

Main shareholders and shares held by corporate bodies

At 30 June 2019 and 31 December 2018, the shareholder structure of Group REN was as follows:

	Jun 2019		Dec 2018	
	Number of shares	%	Number of shares	%
State Grid Europe Limited (Grupo State Grid)	166.797.815	25,0%	166.797.815	25,0%
Mazoon B.V. (Grupo Oman Oil Company S.A.O.C.)	80.100.000	12,0%	80.100.000	12,0%
Lazard Asset Management LLC	46.611.245	7,0%	46.611.245	6,7%
Fidelidade - Companhia de Seguros, S.A.	35.496.424	5,3%	35.496.424	5,3%
Red Eléctrica Internacional, S.A.U.	33.359.563	5,0%	33.359.563	5,0%
The Capital Group Companies, Inc.	24.355.192	3,7%	25.365.000	3,8%
Great-West Lifeco, Inc.	18.700.365	2,8%	17.794.967	2,7%
Own shares	3.881.374	0,6%	3.881.374	0,6%
Others	257.889.284	38,7%	257.784.874	38,6%
	667.191.262	100%	667.191.262	100%

Management remuneration

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

Remuneration of the Board of Directors of REN, SGPS in the six-month period ended 30 June 2019 amounted to 1,205 thousand Euros (1,163 thousand Euros in 30 June 2018), as shown in the following table:

	Jun 2019	Jun 2018
Remuneration and other short term benefits	777	735
Management bonuses (estimate)	428	428
	1,205	1,163

Transaction of shares by the members of the Board of Directors

During the six-month period ended 30 June 2019, there were no transactions carried out by members of the corporate bodies, in view of the consolidated financial statements of REN, as of December 31, 2018.

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) in the financial statements.

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

Balances and transactions held with shareholders, associates and other related parties

During the six-month periods ended 30 June 2019 and 2018, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

Revenue

	Jun 2019	Jun 2018
Sales and services provided		
Invoicing issued - OMIP	-	29
Invoicing issued - REE	875	905
Invoicing issued - Centro de Investigação em Energia REN - State Grid	97	83
Dividends received		
REE (Note 10)	3,847	3,595
	4,819	4,612

Expenses

	Jun 2019	Jun 2018
External supplies and services		
Invoicing received - REE	3,001	3,425
Invoicing received - Centro de Investigação em Energia REN - State Grid	-	1
Invoicing received - CMS Rui Pena & Arnaut ¹	70	84
	3,071	3,510

¹ Entity related to the Administrator José Luis Arnaut

Balance

The balances at 30 June 2019 and 31 December 2018 resulting from transactions with related parties were as follows:

	Jun 2019	Dec 2018
Trade and other receivables		
Centro de Investigação em Energia REN - State Grid - Other receivables	4	25
REE - Trade receivables	97	193
	101	218
Trade and other payables		
Centro de Investigação em Energia REN - State Grid - Other payables	-	165
REE - Trade payables	206	1,051
CMS - Rui Pena & Arnaut - Trade payables ¹	19	16
	225	1,232

¹ Entity related to the Administrator José Luis Arnaut

32 SUBSEQUENT EVENTS

On 23 July 2019, REN signed a contract with Compañía General de Electricidad S.A. and Naturgy Inversiones Internacionales, S.A. for the acquisition of 100% of Empresa de Transmisión Eléctrica Transemel S.A. ("Transemel"), for 167 million USD. The contract foresees that the conclusion of the transaction and respective acquisition of Transemel by the REN Group will take place in the beginning of October 2019.

Transemel, with approximately 93% of its revenues coming from regulated activities owns and operates 92 km of electricity transmission lines and five substations, located mainly in northern Chile.

The operation is in line with REN's strategic plan, which is based on a conservative growth strategy, favoring projects in the sectors in which the company has a vast experience, and in markets with economic stability and predictable regulatory frameworks.

This is the second acquisition that the Company makes in Chile after the purchase of 42.5% of Electrogas, a corporation that owns and operates the pipeline that links the Quintero LNG terminal to Chile's capital, Santiago.

This acquisition will be financed solely with debt.

Despite remaining attentive to investment opportunities abroad, Portugal is REN's main target and natural market, where it will continue to invest to ensure the long-term needs of the electricity and natural gas infrastructures, with a permanent focus on improving performance and quality of service, to provide a reliable, safe and efficient service at the lowest possible cost to the country and to the consumers.

33 EXPLANATION ADDED FOR TRANSLATION

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

The Accountant

Pedro Mateus

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)

Li Lequan

(Member of the Board of Directors)

José Luis Arnaut

(Member of the Board of Directors)

Ana Pinho

(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, Pedro Mateus.

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 245, 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 assigned to me, 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 half of 2019 faithfully describes the evolution of the business, the performance and position of the Company and those companies, within such period, and the impact on the respective financial statements, also containing a description of the main future risks and uncertainties.”

Lisbon, 25th July 2019

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

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

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

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

Mengrong Cheng (Member of the Board of Directors)

Li Lequan (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 Chairman 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)

Ana Pinho (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]

Based on the communications submitted to the Company, in particular in accordance with Article 16 of the Securities Code and CMVM Regulation No 5/2008, with reference to 30 June 2019, shareholders having a qualifying holding (representing at least 2% of REN's share capital), calculated in accordance with Article 20 of the Securities Code, were as follows:

State Grid Corporation of China	No of shares	% Share capital with voting rights
Directly	0	0%
Through State Grid Europe Limited (SGEL), controlled by State Grid International Development Limited (SGID), which is controlled by State Grid Corporation of China	166 797 815	25,0%
Total attributable	166 797 815	25,0%

Oman Oil Company SAOC ²	No of shares	% Share capital with voting rights
Directly	0	0%
Through Mazoon B.V. and Oman Oil Holding Europe, B.V., which are controlled by Oman Oil Company SAOC	80 100 000	12,006%
Total attributable	80 100 000	12,006%

Lazard Asset Management LLC	No of shares	% Share capital with voting rights
Directly	0	0
Indirectly ³	46 611 245	6,986%
Total attributable	46 611 245	6.986%⁴

² On 13 December 2017, Oman Oil Company S.A.O.C. informed REN that it reduced its qualified indirect share holding from 15% to 12% of the share capital and voting rights of REN, under the terms described in: <http://web3.cmvm.pt/sdi/emitentes/docs/PQ66755.pdf>.

³ This qualified shareholding, calculated under Article 20 of the Securities Code, is held by Lazard Asset Management LLC on behalf of Clients, and is attributable to it since it agreed with the Clients that it would exercise the voting rights. The qualified shareholding is also attributable to (i) Lazard Freres & Co, which holds the total share capital of the firstly mentioned company; (ii) Lazard Group LLC, which holds the total share capital of the secondly mentioned company; and (iii) Lazard Limited, company with shares admitted to trading in the NYSE market, as controlling entity of the abovementioned company.

⁴ According to the information provided by Lazard Asset Management LLC on 31 January 2019, with reference to 31 December 2018.

Fidelidade Companhia de Seguros, S.A.⁵	No of shares	% Share capital with voting rights
Directly	35 176 796	5,272%
Through Via Directa - Companhia de Seguros, S.A., which is controlled by Fidelidade	119 889	0,018%
Through Companhia Portuguesa de Resseguros, S.A., which is controlled by Fidelidade	37 537	0,006%
Through Fidelidade Assistência - Companhia de Seguros, S.A., which is controlled by the common shareholder Longrun ⁶	98 732	0,015%
Through Multicare - Seguros de Saúde, S.A., which is controlled by the common shareholder Longrun ⁷	63 470	0,010%
Total attributable	35 496 424	5,320%

Red Eléctrica Corporación, S.A.	No of shares	% Share capital with voting rights
Directly	0	0%
Through its branch Red Eléctrica Internacional, S.A.U.	33 359 563	5,0%
Total attributable	33 359 563	5,0%

The Capital Group Companies, Inc.	No of shares	% Share capital with voting rights
Directly	0	0%
Through SMALLCAP World Fund, Inc. ⁸	0	0%
Through Capital Income Builder ⁹	24 355 192	3,65%
Total attributable	24.355.192	3,65%

⁵ This qualified shareholding, calculated under Article 20 of the Securities Code, is also attributable to LongRun Portugal, S.G.P.S., S.A., Millenium Gain Capital, Fosun Financial Holdings Limited, Fosun International Limited, Fosun Holdings Limited, Fosun International Holdings, Ltd. and to Mr. Guo Guangchang, as natural or legal persons who control directly or indirectly Fidelidade - Companhia de Seguros, S.A.

⁶ Longrun holds, also, 80% of the share capital of Fidelidade Assistência - Companhia de Seguros, S.A.

⁷ Longrun holds, also, 80% of the share capital of Multicare - Seguros de Saúde, S.A.

⁸ On 8 March 2019, the following has been communicated: a) Proxy voting authority has been granted to Capital Research and Management Company; b) SMALLCAP World Fund, Inc. holds 0 shares in the share capital of REN; c) Capital Income Builder holds 24,355,192 shares in the share capital of REN, representing 3.6504% of outstanding voting shares; and d) Since the notification submitted on behalf of The Capital Group Companies, Inc., disclosing holdings as of March 2017, no reportable threshold has been crossed.

⁹ On 8 March 2019, it has been also communicated that Capital Income Builder is the owner of the shares in the share capital of REN and has granted proxy voting authority to Capital Research and Management Company, its investment adviser.

GreatWest Lifeco, Inc. ¹⁰	No. of shares	% Share capital with voting rights
Directly	0	0%
Through the collective investment undertakings managed by Setanta Asset Management Limited ¹¹ , a company in a controlling relationship with Great-West Lifeco, Inc.	18 592 764	2,787%
Through three sub-funds of Beresford Funds plc, managed by Irish Life Investment Managers Limited ¹²	107 601	0,016%
Total attributable	18 700 365	2,803%

¹⁰ According to the communications received by the company on 5 October 2016 and updated on 13 february 2019 and 19 July 2019, the ultimate controlling shareholders of Great-West Lifeco, Inc. are The Desmarais Family Residuary Trust and their trustees Sophie Desmarais, Paul Desmarais, Jr., André Desmarais, Michel Plessis-Bélair and Guy Fortin. The voting rights are also attributable to the following companies controlled by The Demarais Trust: Power Financial Corporation; 17123 Canada Inc. ; Power Corporation of Canada; and Pansolo Holdings Inc. This qualified holding is the result of the aggregation of the holdings of various collective investment undertakings managed by entities that are in control or group relationship with Great-West Lifeco Inc.

¹¹ The collective investment undertakings and respective shareholdings are hereby indicated: Balanced Fund, sub-fund of Summit Investment Funds plc (63 625 shares corresponding to 0.01% of the share capital); Balanced Fund, sub-fund of Summit Mutual Funds plc (23 838 shares corresponding to 0.004% of the share capital); Canada Life Assurance Europe Limited (5 225 120 shares corresponding to 0.783% of the share capital); CF Canlife Global Equity Income Fund (330 807 shares corresponding to 0.05% of the share capital); Growth Fund, sub-fund of Summit Investment Funds plc (143 563 shares corresponding to 0.022% of the share capital); Growth Fund, sub-fund of Summit Mutual Funds plc (113 504 shares corresponding to 0.017% of the share capital); Irish Life Assurance Plc (6 351 886 shares corresponding to 0.952% of the share capital); London Life Insurance Company (1 616 927 shares corresponding to 0.242% of the share capital); Quadrus Global Dividend Class (1 379 401 shares corresponding to 0.207% of the share capital); Quadrus Global Dividend Fund (888 539 shares corresponding to 0.133% of the share capital); Setanta Global Equity Fund (41 151 shares corresponding to 0.006% of the share capital); Setanta Income Opportunities Fund (131 395 shares corresponding to 0.02% of the share capital); The Great-West Life Assurance Company (520 399 shares corresponding to 0.078% of the share capital); The Canada Life Assurance Company (422 944 shares corresponding to 0.063% of the share capital); Pier 21 Global Equity Fund (142 734 shares corresponding to 0.021% of the share capital); Quadras Global All Cap Equity Fund (6 927 ações correspondentes a 0,001% do capital social); Quadrus Global Equity Fund (65 828 corresponding to 0.01% of the share capital). The voting rights ancillary to the abovementioned shares are also attributable, under Article 20(1)(b) of the Securities Code, to the following companies controlled by Great-West Lifeco, Inc.; The Great-West Life Assurance Company; Canada Life Financial Corporation; The Canada Life Assurance Company; Canada Life Capital Corporation Inc; Canada Life International Holdings Limited; and The Canada Life Group (U.K.) Limited.

¹² The collective investment undertakings and respective shareholdings are hereby indicated: Indexed World Small Cap Equity, sub-fund of Beresford Fund Plc (53 208 shares corresponding to 0.008% of the share capital); Indexed Europe Equity, sub-fund of Beresford Fund Plc (12 924 shares corresponding to 0.002% of the share capital); Indexed Europe Small Cap Equity, sub-fund of Beresford Fund Plc (260 247 shares corresponding to 0,039% of the share capital).

4.3 Securities held by the members of the corporate bodies

In accordance with and for the purposes of Article 19 of the Market Abuse Regulation¹³, Article 447 of the Portuguese Companies Code, in particular paragraph 5 thereof, and Article 14 of CMVM Regulation No 5/2008, the number of shares held by the members of the REN management and supervisory bodies and by the persons related to them pursuant to paragraph 2 of the abovementioned article¹⁴, as well as all their acquisitions, encumbrances or disposals with reference to the 1st semester of 2019, based on communications with the company, were as follows:

	Board of Directors	Acquisitions	Encumbrances	Disposals	Nr. of shares at 30.06.2019
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)
	Li Lequan	-	-	-	0 (zero)
	Omar Al-Wahaibi	-	-	-	0 (zero)
Audit Committee	Jorge Magalhães Correia	-	-	-	35,496,424 ¹⁵
	Manuel Sebastião	-	-	-	35,000
	^a Gonçalo Gil Mata	-	-	-	0 (zero)
	Maria Estela Barbot	-	-	-	0 (zero)
	José Luís Arnaut	-	-	-	7,587 ¹⁶
	Ana Pinho	-	-	-	0 (zero)

¹³ Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014.

¹⁴ This comprises the shares held by members of the REN management and supervisory bodies and also, if applicable, (i) by the spouse not judicially separated, regardless of the matrimonial property regime; (ii) by minor descendants; (iii) by persons in whose name shares are registered, in the event that they have been acquired on behalf of a member of the management or supervisory bodies and by persons referred to in (i) and (ii); and (iv) by companies of which a member of the management or supervisory bodies and the persons referred to in (i) and (ii) are shareholders with unlimited responsibility, are engaged in the management or exercise any management or supervisory duties or hold, individually or jointly with the persons referred to in (i) to (iii), at least half of the share capital or corresponding voting rights.

¹⁵ 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 Chairman of the Board of Directors and CEO of that company.

¹⁶ 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.

In accordance with and for the purposes of Article 447 of the Portuguese Companies Code, in particular paragraph 5 thereof, the number of bonds held by the members of the REN management and supervisory bodies and by the persons related to them pursuant to paragraph 2 of the abovementioned article¹⁷, as well as all their acquisitions, encumbrances or disposals with reference to the first semester of 2019, based on communications sent to the company, were as follows:

Board of Directors	Acquisitions	Encumbrances	Disposals	Nr. of bonds at 30.06.2019
Jorge Magalhães Correia	-	-	-	1,200,000 ¹⁸

During the 1st semester of 2019, REN was not informed of transactions performed during the period to which this report relates regarding REN's shares and bonds, which are relevant for the purposes of article 14 of CMVM's Regulation 5/2008 and of article 447 of the Portuguese Securities Code.

¹⁷ This comprises the shares held by members of the REN management and supervisory bodies and, if applicable, (i) of the spouse not judicially separated, regardless of the matrimonial property regime; (ii) of minor descendants; (iii) of persons in whose name shares are registered, in the event that they have been acquired on behalf of a member of the management or supervisory bodies and of persons referred to in (i) and (ii); and (iv) the shares held by companies of which a member of the management or supervisory bodies and the persons referred to in (i) and (ii) are shareholders with unlimited responsibility, are engaged in the management or exercise any management or supervisory duties or hold, alone or together with the persons referred to in (i) to (iii), at least half of the share capital or corresponding voting rights.

¹⁸ Corresponding to the bonds held by Fidelidade – Companhia de Seguros, S.A., due to the exercising of the duties of Chairman 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



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*(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)*

Limited review report on the consolidated financial statements

Introduction

We have performed a limited review on the consolidated financial statements of REN - Redes Energéticas Nacionais, SGPS, S.A. (the Entity), which comprise the consolidated statement of financial position as at 30 June 2019 (showing a total of 5,051,890 thousand Euros and a shareholder's equity total of 1,388,807 thousand Euros, including a consolidated net profit attributable to equity holders of the parent of 51,078 thousand Euros), consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for the six month period then ended, and the notes to the consolidated financial statements which includes a summary of significant accounting policies.

Board of Directors responsibilities

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34), and for the design and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements which are free from material misstatement due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express a conclusion on these consolidated financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and other rules and technical and ethical requirements issued by the Institute of Statutory Auditors. Those standards require that our work is performed in order to conclude that nothing has come to our attention that causes us to believe that the consolidated financial statements have not been prepared in all material respects in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34).

A review of financial statements is a limited assurance engagement. The procedures performed consisted primarily of making inquiries of management and others within the Entity and its subsidiaries, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in 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 procedures, nothing has come to our attention that causes us to believe that the consolidated financial statements of REN - Redes Energéticas Nacionais, SGPS, S.A., as at 30 June 2019, have not been prepared, in all material respects, in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34).

Lisbon, 25 July de 2019

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas (n.º 178)
Represented by:

(Signed)

Rui Abel Serra Martins - ROC nr. 1119
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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 2019)

(Translation of a report originally issued in Portuguese)

Within the scope of the responsibilities attributed, the Audit Committee, during the first semester of 2019, 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, 2019 of REN – REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A., which comprise the Consolidated Statement of Financial Position (that reflects total assets of 5,051,890 thousand Euros and total equity of 1,388,807 thousand Euros, including a consolidated net profit of 51,078 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, 2019, is in accordance with the applicable accounting, legal and articles of association provisions.

Lisbon, 25th July 2019

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:

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