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

Consolidated Financial Statements
31 March 2018

(Translation of consolidated financial statements originally issued in Portuguese – Note 33)

Consolidated financial statements

31 MARCH 2018

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

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1. FINANCIAL PERFORMANCE IN THE 1ST QUARTER OF 2018

1st quarter results

In the first 3 months of 2018, REN's net income was 13.1 million Euros, 0.4 million Euros (-3.0%) lower than the same period of the prior year, reflecting the increase of 4.3 million Euros in amortizations (+7,9%) and the reduction of 1.1 million Euros in financial results (-7.2%), despite the strong performance of EBITDA (+4.7 million Euros; +3.8%).

Similarly to the previous years, the results for 2018 reflect the continuation of the Extraordinary Levy on the Energy Sector (25.3 million Euros in 2018 and 25.8 million Euros in 2017[1]).

Investment was 13.9 million Euros, a 5.2% y.o.y increase (+0.7 million Euros), and transfers to RAB grew 1.2 million Euros (+113.4%) over the same period of the previous year to 2.3 million Euros. Average RAB grew by 382.5 million Euros (+10.9%), to 3,877.8 million Euros, reflecting REN Portgás acquisition (+464.1 million Euros)

The average cost of debt improved 0,3 p.p., from 2.6% im March 2017 to 2.3% in March 2018. On the other hand, net debt increased to 2,643.7 million Euros, +3.9% (+100.2 million Euros) over the same period of the previous year, reflecting REN Portgás acquisition partilally offset by the capital increase in 2017.

MAIN INDICATORS (MILLIONS OF EUROS)	March 2018	March 2017	VAR.%
EBITDA	128.4	123.7	3.8%
Financial income[2]	-16.6	-15.5	-7.2%
Net income[1]	13.1	13.5	-3.0%
Recurrent net income	38.4	40.9	-6.2%
Total Capex	13.9	13.2	5.2%
Transfers to RAB[3] (at historic costs)	2.2	1.1	110.1%
Average RAB (at reference costs)	3,877.8	3,495.3	10.9%
Net debt	2,643.7	2,543.5	3.9%
Average cost of debt	2.3%	2.6%	-0.3p,p,

[1] The full amount of the levy was recognized in the 1st quarter of 2018 and 2017, according to the Portuguese Securities Market Commission (CMVM) recommendations.
[2] The cost of 0.4 million euros in March 2018 and 0.3 million euros in March 2017 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 Transportation Business

EBITDA for the Transportation business reached 117.5 million Euros in the first 3 months of 2018, a 5.0% decrease over the same period of the previous year (-6.2 million Euros).

EBITDA - TRANSPORTATION (MILLIONS OF EUROS)	March 2018	March 2017	VAR.%
1) Revenues from assets	**104.2**	**114.7**	**-9.2%**
RAB remuneration	44.2	54.2	-18.4%
Smoothing differences (gas)	0.0	0.2	100.0%
Hydro land remuneration	0.1	0.1	-4.9%
Lease revenues from hydro protection zone	0.2	0.2	-1.2%
Economic efficiency of investments	5.4	5.4	0.7%
Recovery of amortizations (net of investment subsidies)	49.8	50.3	-0.8%
Amortization of investment subsidies	4.5	4.5	-0.5%
2) Revenues from OPEX	**26.8**	**25.0**	**7.2%**
3) Other revenues	**7.1**	**6.8**	**5.1%**
4) Own works (capitalised in investment)	**3.7**	**3.1**	**20.7%**
5) Earnings on Construction (excl. own works capitalised in investment) - Concession assets	**6.4**	**10.1**	**-36.7%**
6) OPEX	**24.2**	**25.8**	**-6.3%**
Personnel costs[4]	12.1	12.3	-1.3%
External costs	12.1	13.6	-10.8%
7) Construction costs - Concession assets	**6.4**	**10.1**	**-36.7%**
8) Provisions	**0.0**	**-0.1**	**n.m.**
9) Impairments	**0.1**	**0.1**	**0.0%**
10) EBITDA (1+2+3+4+5-6-7-8-9)	**117.5**	**123.7**	**-5.0%**

The decrease in EBITDA resulted mainly from:

- The decrease of 10 million Euros in RAB remuneration (-18,4%), explained by:
  - Reduction of 7.1 million Euros in the remuneration of electricity transportation regulated assets, reflecting (i) the reduction in the base rate of return (RoR) from 6.5% in March 2017 to 5.2% in March 2018– with the new regulatory period for the electricity sector started in January of 2018, the starting point for the RoR was updated from

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

6.4% to 5.9%; and (ii) the reduction of 27.8 million Euros (-1.3%) in electricity transportation average RAB.

- Reduction of 2,9 million Euros in the remuneration of natural gas transportation regulated assets, reflecting (i) the reduction in the rate of return from 6.4% in March 2017 to 5.5% in March 2018 – following the evolution of the Portuguese Republic 10Y Treasury Bills; and (ii) the reduction of 41.0 million Euros (-3.8%) in natural gas transportation average RAB.

On the other hand, there were the folowing positive effects:

- Increase of 1.8 million Euros in Revenues from Opex (+7.2%);
- Decrease of 1.6 million Euros in Opex (-6.3%), of which -1.5 million Euros (-10.8%) in External Costs and -0.2 million Euros (-1.3%) in Personnel Costs.

Natural Gas Distribution Business

The acquisition of REN Portgás in October of 2017, generated an EBITDA in the first 3 months of 10.9 million Euros, reflecting the following main effects:

- RAB remuneration of 6.8 million Euros, resulting from a 5.8% rate of return (similarly to the transportation business, the rate of return for the distribution is indexed to the evolution of the Portuguese Republic 10Y Treasury Bills) and an average RAB of 464.1 million Euros;
- Recovery of amortizations of 3.3 million Euros;
- Revenues from opex of 6.8 million Euros ;
- Opex of 7.3 million Euros, of which 1.3 million Euros of personnel costs and 6.0 million Euros of external costs. External costs include 3.6 million Euros of pass-through costs, namely the Soil Occupational Levies.

EBITDA - DISTRIBUTION (MILLIONS OF EUROS)	March 2018
1) Revenues from assets	**10.1**
RAB remuneration	6.8
Recovery of amortizations (net of investment subsidies)	3.3

EBITDA - DISTRIBUTION (MILLIONS OF EUROS)	March 2018
2) Revenues from OPEX	6.8
3) Other revenues	0.7
4) Own works (capitalised in investment)	0.5
5) Earnings on Construction (excl. own works capitalised in investment) - Concession assets	3.3
6) OPEX	7.3
Personnel costs[5]	1.3
External costs	6.0
7) Construction costs - Concession assets	3.4
8) Provisions	0.0
9) Impairments	-0.1
10) EBITDA (1+2+3+4+5-6-7-8-9)	10.9

NET INCOME

Overall, the Group's net income for the first 3 months of 2018 decreased 0.4 million Euros (-3.0%) y.o.y., reaching 13.1 million Euros, reflecting:

- The increase in amortizations (+4.3 million Euros) – resulting from the new distribution business acquired in October of 2017;
- The reduction in financial income (-1.1 million Euros, -7.2%), reflecting the increase in net debt to 2,643.7 million Euros (+100.2million Euros; +3.9%), driven by the acquisition of REN Portgás partially offset by the capital increase in 2017, despite the improvement in the average cost of debt from 2.6% in March 2017 to 2.3% in March 2018.

On the other hand, EBITDA grew 3.8% (+4.7 million Euros), reflecting the EBITDA of the new Natural Gas distribution business (+10.9 million Euros), partially offset by the decrease of 6.2 million Euros in the EBITDA of Electricity and Natural Gas Transportation businesses.

Excluding non-recurring items, Net Income for the first 3 months of 2018 dropped 2.5 million Euros (-6.2%). Non-recurring items considered in the first 3 months of 2018 and 2017 are as follows:

i) In 2018: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2018 (25.3 million Euros);

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

ii) Em 2017: i) Extraordinary Levy on the Energy Sector laid down in the State Budget for 2017 (25.8 million Euros); ii) financial and operating one-off costs with Electrogas and EDP Gás acquisition (2.3 million Euros, 1.7 million Euros after taxes).

NET INCOME (MILLION EUROS)	March 2018	March 2017	VAR.%
EBITDA	**128.4**	**123.7**	**3.8%**
Depreciations and amortizations	58.7	54.4	7.9%
Financial income	-16.6	-15.5	-7.2%
Income tax expenses	14.7	14.5	1.0%
Extraordinary levy on the energy sector [6]	25.3	25.8	-1.8%
Net income	**13.1**	**13.5**	**-3.0%**
Non-recurring items	25.3	27.5	-7.7%
Recurrent net income	**38.4**	**40.9**	**-6.2%**

[6] The full amount of the levy was recognized in the 1st quarter of 2018 and 2017, according to the Portuguese securities market commission (CMVM) recommendations

Average RAB and Capex

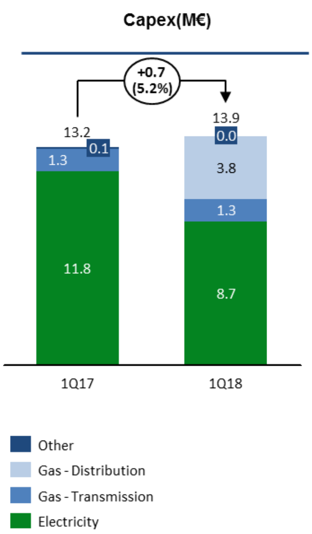
In the first 3 months of 2018, investment was 13.9 million Euros, 5.2% (+0.7 million Euros) higher than the same period of the prior year, and transfers to RAB reached 2.3 million Euros, a 1.2 million Euros (+113,4%) increase over the first 3 months of 2017.

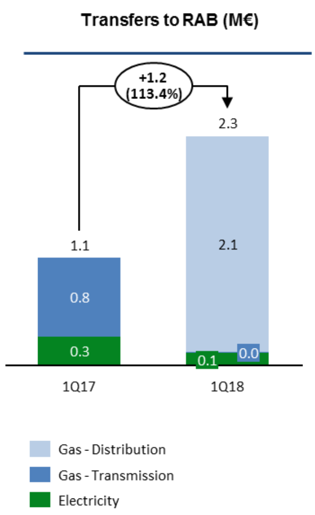
In electricity, investment dropped 26,0% to 8.7 million Euros, and transfers to RAB were 0.1 million Euros, a y.o.y. decrease of 0.2 million Euros (-58.7%). Main projects include: (i) the uprating of power line Carregado-Rio Maior 1 (1.0 million Euros), (ii) the remodelling of control and protection systems in Riba d'Ave (0.9 million Euros) and (iii) the remodelling of control and protection systems in Canelas (0.8 million Euros).

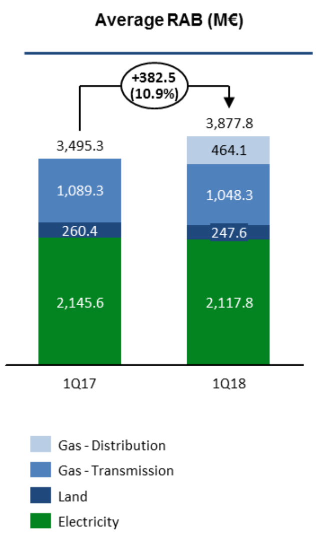
In natural gas transportation, investment reach 1.3 million Euros, 0.7% higher than the same period of the previous year, while transfers to RAB decreased 0.8 million Euros (-98.5%).

In natural gas distribution, investment was 3.8 million Euros, 34% for new supply points and 54% with the expansion of the distribution network.

Average RAB was 3,877.8 million Euros, a 382.5 million Euros (+10.9%) y.o.y increase, driven by the acquisition of REN Portgás which had a 464.1 million Euros average RAB in March 2018.In electricity, the average RAB (excl.lands) reached 2,117.8 million Euros (-27.8 million Euros, -1.3%), of which 1,135.3 million Euros in assets remunerated at a premium rate of return, while lands reached 247.6 million Euros (-12.7 million Euros, -4.9%). In natural gas transportation, the average RAB was 1,048.3 million Euros (-41.0 million Euros, -3.8%).







2. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statements of financial position as of 31 March 2018 and 31 December 2017

(Amounts expressed in thousands of Euros – tEuros)

	Notes	Mar 2018	Dec 2017
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,827	3,227
Goodwill	6	19,007	19,102
Intangible assets	5	4,261,916	4,306,417
Investments in associates and joint ventures	7	159,171	162,027
Investments in equity instruments at fair value through other comprehensive income	10	145,730	156,439
Derivative financial instruments	9 and 12	8,497	7,907
Other financial assets	9	31	27
Trade and other receivables	9 and 11	77,905	6,528
Deferred tax assets	8	105,630	97,737
		4,780,714	**4,759,411**
Current assets			
Inventories		2,958	2,958
Trade and other receivables	9 and 11	420,626	540,849
Cash and cash equivalents	13	102,291	61,458
	2	**525,875**	**605,265**
Total assets	4	**5,306,589**	**5,364,676**
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	299,929	310,192
Retained earnings		360,271	225,342
Other changes in equity		(5,541)	(5,541)
Net profit for the year		13,073	125,925
Total equity		**1,441,004**	**1,429,189**
LIABILITIES			
Non-current liabilities			
Borrowings	9 and 16	2,462,854	2,205,390
Liability for retirement benefits and others	17	121,029	121,977
Derivative financial instruments	9 and 12	5,665	6,960
Provisions	18	9,035	9,035
Trade and other payables	9 and 19	379,398	364,962
Deferred tax liabilities	8	99,153	99,534
		3,077,134	**2,807,857**
Current liabilities			
Borrowings	9 and 16	295,438	624,336
Trade and other payables	9 and 19	442,021	473,337
Income tax payable	8 and 9	50,992	29,957
	2	**788,451**	**1,127,630**
Total liabilities	4	**3,865,585**	**3,935,487**
Total equity and liabilities		**5,306,589**	**5,364,676**

The accompanying notes form an integral part of the consolidated statement of financial position as of 31 March 2018.

The Accountant The Board of Directors

Consolidated statements of profit and loss for the three month periods ended 31 March 2018 and 2017

(Amounts expressed in thousands of Euros – tEuros)

	Notes	Mar 2018	Mar 2017
Sales	20	8	15
Services rendered	20	144,911	139,445
Revenue from construction of concession assets	21	13,881	13,112
Gains / (losses) from associates and joint ventures	7	1,148	1,826
Other operating income	22	9,935	5,496
Operating income		**169,883**	**159,894**
Cost of goods sold		(433)	(46)
Costs with construction of concession assets	21	(9,656)	(10,056)
External supplies and services	23	(10,743)	(9,688)
Personnel costs	24	(13,361)	(12,162)
Depreciation and amortizations	5	(58,671)	(54,399)
Provisions		-	67
Impairments		(19)	(94)
Other expenses	25	(6,943)	(3,951)
Operating costs		**(99,826)**	**(90,330)**
Operating results		**70,057**	**69,564**
Financial costs	26	(17,946)	(18,708)
Financial income	26	972	2,944
Financial results		**(16,974)**	**(15,765)**
Profit before income tax		**53,083**	**53,799**
Income tax expense	8	(14,677)	(14,526)
Energy sector extraordinary contribution (ESEC)	27	(25,333)	(25,798)
Net profit for the year		**13,073**	**13,475**
Attributable to:			
Equity holders of the Company		13,073	13,475
Non-controlled interest		-	-
Consolidated profit for the year		**13,073**	**13,475**
Earnings per share (expressed in euro per share)	28	0.02	0.03

The accompanying notes form an integral part of the consolidated statement of profit and loss for the three month period ended 31 March 2018.

The Accountant

The Board of Directors

Consolidated statements of comprehensive income for the three month periods ended 31 March 2018 and 2017

(Amounts expressed in thousands of Euros – tEuros)

	Notes	Mar 2018	Mar 2017
Consolidated Net Profit for the year		**13,073**	**13,475**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains / (losses) - gross of tax		(312)	177
Tax effect on actuarial gains / (losses)	8	94	(52)
Other changes in equity		51	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(3,966)	(252)
Increase / (decrease) in hedging reserves - cash flow derivatives	12	2,686	3,906
Tax effect on hedging reserves	8 and 12	(564)	(616)
Gain/(loss) in fair value reserve - Investments in equity instruments at fair value through other comprehensive income	10	(10,721)	406
Tax effect on items recorded directly in equity	8 and 10	2,251	(252)
Comprehensive income for the year		**2,592**	**16,791**
Attributable to:			
Equity holders of the company		2,592	16,791
Non-controlled interest		-	-
		2,592	**16,791**

The accompanying notes form an integral part of the consolidated statement of comprehensive income for the three month period ended 31 March 2018.

The Accountant

The Board of Directors

Consolidated statements of changes in equity for the three month periods ended 31 March 2018 and 2017

(Amounts expressed in thousands of Euros – tEuros)

		Attributable to shareholders										
Changes in the year	Notes	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 1 January 2017		**534,000**	**(10,728)**	**-**	**106,800**	**48,781**	**(13,858)**	**177,482**	**30**	**216,527**	**100,183**	**1,159,217**
Net profit of the period and other comprehensive income		-	-	-	-	154	3,290	(252)	-	125	13,475	**16,791**
Transfer to other reserves		-	-	-	-	-	-	-	-	100,183	(100,183)	-
At 31 March 2017		**534,000**	**(10,728)**	**-**	**106,800**	**48,935**	**(10,568)**	**177,230**	**30**	**316,836**	**13,475**	**1,176,011**
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	3	-	-	-	-	-	-	-	-	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**	**1,438,411**
Net profit of the period and other comprehensive income		-	-	-	-	(8,470)	2,122	(3,915)	-	(219)	13,073	**2,592**
Transfer to other reserves		-	-	-	-	-	-	-	-	125,925	(125,925)	-
At 31 March 2018		**667,191**	**(10,728)**	**116,809**	**106,800**	**45,308**	**(7,580)**	**155,400**	**(5,541)**	**360,271**	**13,073**	**1,441,004**

The accompanying notes form an integral part of the consolidated statement of changes in equity for the three month period ended 31 March 2018.

The Accountant

The Board of Directors

Consolidated statements of cash flow for the three month periods ended 31 March 2018 and 2017

(Amounts expressed in thousands of Euros – tEuros)

	Note	Mar 2018	Mar 2017
Cash flow from operating activities:			
Cash receipts from customers		574,102 a)	634,639 a)
Cash paid to suppliers		(397,176) a)	(433,442) a)
Cash paid to employees		(14,261)	(14,633)
Income tax received/paid		(503)	(1,192)
Other receipts / (payments) relating to operating activities		12,524	(2,567)
Net cash flows from operating activities (1)		**174,687**	**182,805**
Cash flow from investing activities:			
Receipts related to:			
Other financial assets		-	1,309
Investment grants		3,018	-
Interests and other similar income		19	-
Dividends		1,380	1,290
Payments related to:			
Financial investments	7	(12)	(168,618)
Property, plant and equipment		(64)	(143)
Intangible assets - Concession assets		(62,255)	(68,730)
Net cash flow used in investing activities (2)		**(57,914)**	**(234,893)**
Cash flow from financing activities:			
Receipts related to:			
Borrowings		949,999	1,112,500
Interests and other similar income		-	8
Payments related to:			
Borrowings		(1,001,339)	(1,022,841)
Interests and other similar expense		(23,905)	(22,244)
Net cash from / (used in) financing activities (3)		**(75,245)**	**67,423**
Net (decrease) / increase in cash and cash equivalents (1)+(2)+(3)		41,528	15,335
Effect of exchange rates	13	(99)	1,710
Cash and cash equivalents at the beginning of the year	13	60,449	10,680
Cash and cash equivalents at the end of the period		**101,880**	**27,725**
Detail of cash and cash equivalents			
Cash	13	23	21
Bank overdrafts	13	(412)	(512)
Bank deposits	13	102,269	28,217
		101,880	**27,725**

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 three month period ended 31 March 2018.

The Accountant

The Board of Directors

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

(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 Gás Distribuição SGPS S.A., acquired as part of the expansion of the gas business on 4 October 2017. The operations of this company comprise the management of financial interests in other companies as an indirect form of economic activity;

f) 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;

g) REN Portgás GPL, SA, acquired as part of the expansion of the gas business on 4 October 2017. The operations of this company comprise: a) the sale of energy in the form of liquefied petroleum gas, propane or other, in accordance with the licenses it holds, in particular the purchase and sale, including the resale, of liquefied petroleum gas, for selling to final customers or other agents, through the conclusion of bilateral contracts or participation in other markets; b) the development and operation of gas infrastructures not reserved by law; (c) the provision of audit, maintenance and repair services for liquefied petroleum gas consumption facilities and the provision of value added services in the area of marketing and consumption; d) the provision of study, consultancy and research services for systems and processes in the liquefied petroleum gas sector.

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

As of 31 March 2018 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%; and (ii) MIBGÁS, S.A.- 6.67%.

1.1 Companies included in the consolidation

The following companies were included in the consolidation perimeter as of 31 March 2018 and 31 December 2017:

Designation / adress	Activity	Mar 2018 % Owned Group	Mar 2018 % Owned Individual	Dec 2017 % Owned Group	Dec 2017 % Owned Individual
Parent company:					
REN - Redes Energéticas Nacionais, SGPS, S.A.	Holding company	-	-	-	-
Subsidiaries:					
Electricity segment:					
REN - Rede Eléctrica Nacional, S.A. Av. Estados Unidos da América, 55 - Lisboa	National electricity transmission network operator (high and very high tension)	100%	100%	100%	100%
REN Trading, S.A. Praça de Alvalade, nº7 - 12º Dto, Lisboa	Purchase and sale, import and export of electricity and natural gas	100%	100%	100%	100%
Enondas-Energia das Ondas, S.A. Mata do Urso - Guarda Norte - Carriço- Pombal	Management of the concession to operate a pilot area for the production of electric energy from ocean waves	100%	100%	100%	100%
Telecommunications segment:					
RENTELECOM - Comunicações S.A. Av. Estados Unidos da América, 55 - Lisboa	Telecommunications network operation	100%	100%	100%	100%
Other segments:					
REN - Serviços, S.A. Av. Estados Unidos da América, 55 - Lisboa	Back office and management of participations	100%	100%	100%	100%
REN Finance, B.V. De Cuserstraat, 93, 1081 CN Amsterdam, The Netherlands	Participate, finance, collaborate, conduct management of companies related to REN Group.	100%	100%	100%	100%
Natural gas segment:					
REN Atlântico , Terminal de GNL, S.A. Terminal de GNL - Sines	Liquified Natural Gas Terminal maintenance and regasification operation	100%	100%	100%	100%
Owned by REN Serviços, S.A.:					
REN Gás, S.A. Av. Estados Unidos da América, 55 -12º - Lisboa	Management of projects and ventures in the natural gas sector	100%	-	100%	-
Aério Chile SPA Santiago do Chile	Investments in assets, shares, companies and associations.	100%	-	100%	-
Owned by REN Gas, S.A.:					
REN - Armazenagem, S.A. Mata do Urso - Guarda Norte - Carriço- Pombal	Underground storage developement, maintenance and operation	100%	-	100%	-
REN - Gasodutos, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	National Natural Gas Transport operator and natural gas overall manager	100%	-	100%	-
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%	-	100%	-
Owned by REN Gás Distribuição SGPS S.A.:					
REN Portgás Distribuição, S.A. Rua Linhas de Torres, 41 - Porto	Distribution of natural gas	100%	-	100%	-
Owned by REN Portgás Distribuição, S.A. .:					
REN Portgás GPL, S.A. Rua Linhas de Torres, 41 - Porto	The commercialization of energy in the form of liquefied petroleum gas, propane or other	100%	-	100%	-

There were no changes in the consolidation perimeter in 2018 with respect to what was reported on 31 December 2017.

1.2. Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors at a meeting held on 3 May 2018. The Board of Directors believes that the consolidated financial statements fairly present the financial position of the companies included in the consolidation, the consolidated results of their operations, their consolidated comprehensive income, the consolidated changes in their equity and their consolidated cash flows in accordance with the International Financial Reporting Standards for interim financial statements as endorsed by the European Union (IAS 34).

2 BASIS OF PRESENTATION

The consolidated financial statements for the three month period ended 31 March 2018 were prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial reporting as endorsed by the European Union (IAS 34), therefore do not include all information required for annual financial statements so should be read in conjunction with the annual financial statements issued for the year ended 31 December 2017.

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 31 March 2018, current liabilities in the amount of 788,451 thousand Euros are greater than current assets, which total 525,875 thousand Euros.

However, in addition to the consolidated results and cash flows estimated for 2018, the Group has, as of 31 March 2018, credit lines in the form of commercial paper available for use in the amount of 925,000 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, rounded to the nearest thousand.

3 MAIN ACCOUNTING POLICIES

The consolidated financial statements were prepared for interim financial reporting purposes (IAS 34), on a going concern basis from the books and accounting records of the companies included in the consolidation, maintained in accordance with the accounting standards in force in Portugal, adjusted in the consolidation process so that the financial statements are presented in accordance with International Financial Reporting Standards as endorsed by the European Union in force for the years beginning as from 1 January 2018.

Such standards include International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board ("IASB"), International Accounting Standards (IAS), issued by the International Accounting Standards Committee ("IASC") and respective SIC and IFRIC interpretations, issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standard Interpretation Committee ("SIC"), that have been endorsed by the European Union. The standards and interpretations are hereinafter referred generically to as IFRS.

The accounting policies used to prepare these consolidated financial statements are consistent in all material respects, with the policies used to prepare the consolidated financial statements for the year ended 31 December 2017, as explained in the notes to the consolidated financial statements for 2017, except in the adoption of IFRS 9 - Financial Instruments, to the detriment of IAS 39, taking into account obligatory application for the first time in the year beginning on January 1, 2018. The remaining policies were consistently applied in the periods presented.

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 2018:

- **IFRS 9 - Financial Instruments**

  In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 Financial Instruments ("IFRS 9"). IFRS 9 was adopted by European Commission Regulation 2067/2016 of 22 November 2016.

The Group adopted IFRS 9 with the following impacts:(i) an increase in equity, in the caption "Retained earnings" in the amount of 9,223 thousand Euros (net of income taxes in the amount of 2,615 thousand Euros); and (ii) a decrease in liabilities under the caption "Borrowings" in the amount 11,838 thousand Euros, on the date of adoption on January 1, 2018, mainly related to changes in the measurement of financial liabilities in connection with the exchange bond operation completed by the Group in 2016.

I. Classification and measurement

IFRS 9 presents a new classification and measurement approach for financial assets that reflects the business model used in its management and the characteristics of contractual cash flows.

IFRS 9 determines three main categories of classification of financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 eliminates the categories of IAS 39: Held-to-Maturity (HTM), Accounts Receivable and Available-for-Sale (AFS).

In accordance with IFRS 9, embedded derivative contracts may not be forked. Instead, the hybrid financial instrument should be evaluated and classified as a single financial asset measured at fair value through profit or loss.

Based on the evaluation of the new classification requirements there are no significant impacts on the accounting of its financial assets.

II. Impairment

IFRS 9 replaces the "loss incurred" model in IAS 39 with an expected credit loss (ECL) model. As such, it will no longer be necessary for the loss event to occur so that impairment is recognized.

The new impairment model will be applied to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments.

In accordance with IFRS 9, losses will be measured on one of the following bases:

• 12-month ECL, which results from possible default events within 12 months after the reporting date; and

• Lifetime ECLs, which result from all default events during the expected life of a financial instrument.

If the credit risk of a financial asset has not increased significantly since its initial recognition, an accumulated impairment equal to the expectation of loss estimated to occur within the next 12 months must be recognized. If the credit risk has increased significantly, an accumulated impairment equal to the expectation of loss that is estimated to occur until the respective maturity of the asset should be recognized.

There are no significant impacts on impairment due to the adoption of IFRS 9.

III. Classification - Financial Liabilities

IFRS 9 maintains the requirements in IAS 39 for the classification of financial liabilities.

However, in accordance with IAS 39, all changes in Fair Value of liabilities designated as FVTPL are recognized in profit or loss, whereas, in accordance with IFRS 9, these changes in Fair Value are generally presented as follows:

• The amount of changes in Fair Value that is attributable to changes in the liability credit risk is presented in the Other Comprehensive Income (OCI) and is not recycled to profit or loss; and

• The remaining amount of changes in Fair Value is shown in Profit or Loss.

The Group has not yet designated any financial liability as FVTPL and, currently, does not intend to do so. The Group's preliminary valuation did not indicate any material impact if the requirements of IFRS 9 relating to the classification of financial liabilities were applied as of 1 January 2018.

In addition, in accordance with IFRS 9 and as confirmed by the IASB Interpretations Committee, modified financial liabilities that do not result in derecognition shall be measured at the date of their modification at their present value by applying the original effective rate of the liability as the discount rate and any difference recognized as a gain or loss in the results of the year. The treatment under IAS 39 allowed the deferral of this differential by reviewing the effective interest rate, a treatment applied by REN in connection with the exchange bond operation completed in 2016.

This change has an impact on the book value of REN's financial liabilities in the amount of 11,838 thousand Euros and in the caption "Retained earnings" in the amount of 9,223 thousand Euros (net of income taxes in the amount of 2,615 thousand Euros).

IV. Coverage Accounting

At the date of initial application of IFRS 9, the Group may choose as an accounting policy to maintain the requirements relating to the hedge accounting of IAS 39 instead of those of IFRS 9.

The REN Group has decided to adopt the hedge accounting component of IFRS 9, and there are no significant impacts arising from the adoption of the hedge accounting component of IFRS 9.

V. Disclosures

IFRS 9 requires new disclosures, in particular with respect to hedge accounting, credit risk and expected loss. The Group will make such disclosures in the context of its annual report.

- **IFRS 15 - Revenue from Contracts with Customers**

This new standard only applies to contracts for the delivery of assets or rendering of services; i) establishes that the company recognizes the revenue when the contractual obligation to deliver assets or provide services is satisfied; ii) and the amount that reflects the consideration to which the company is entitled, as established in the "5 step methodology. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IFRS 2 - Share-based payment**

This amendment clarifies the basis for measuring the transactions of share-based payment transactions, which are cash-settled, as well as the accounting changes to a share-based payment plan that change its classification from cash-settled to equity-settled.

A further amendment is the introduction of an exception to the principles of IFRS 2, which now requires that a equity-based payment plan has to be treated as if it were fully equity-settled, when the employer is obliged to withhold an amount of the value of the plan to pay the tax to which the employee is subject, and to deliver the amount to the tax authority. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Annual improvements to IFRS (2014-2016 cycle)**

Cyclical improvements are introduced to clarify and simplify the application of international normative. The changes introduced in the 2014-2016 cycle focused on the revision of: (i) IFRS 1 (this improvement eliminates the temporary exemptions foreseen in the transition to the IFRS, to IFRS 7 and IAS 19 that are no longer applicable); (ii) IFRS 12 (this improvement clarifies that the scope of IFRS 12 includes financial investments in subsidiaries, associates and / or joint ventures that are part of groups held for disposal (under IFRS 5) and that the exemption from IFRS 12 only relates to the disclosure on the summary of financial information of these entities); and (iii) standard IAS 28 (this improvement clarifies that investments in associates or joint ventures held by a venture capital company can be measured at fair value in accordance with IFRS 9, individually). The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IFRIC 22 - Foreign Currency Transactions and Advance Consideration**

IFRIC 22 corresponds to an interpretation to IAS 21 - 'The effects of changes in exchange rates', referring to the determination of the 'transaction date' when an entity pays or receives in advance, the counterpart of contracts denominated in foreign currency, being the factor that sets the exchange rate to be used for currency translation of transactions in foreign currency at the date of the transaction. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

- **Amendments to IAS 40 - Transfers of Investment Property**

This amendment clarifies that the transfer of assets can only be made (from and to the investment property category) when there is evidence of its change of use, meaning that the intention change of management is not sufficient to make the transfer. The adoption of this standard does not result in significant impacts on REN's consolidated financial statements.

The following standards, interpretations, amendments and revisions have been endorsed by the European Union and are only mandatory in future financial years:

- **IFRS 16 – Leases (new standard to be applied for periods beginning on or after 1 January 2019)**

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

- **Amendment to IFRS 9 - Prepayment Features with Negative Compensation new standard to be applied for periods beginning on or after 1 January 2019)**

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

The Company did not use any early adoption option of any of the above standards in the consolidated financial statements for the period ended 31 March 2018.

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.
IFRIC 23 - Uncertainty Over Income Tax Treatn	01/jan/19	Clarifies how the recognition and measurement requirements of IAS 12 - Income Tax are applied when there is uncertainty about the tax treatment.
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	01/jan/19	These amendments clarify that companies account for long-term interests in an associate or joint venture to which the equity method is not applied using IFRS 9.
Annual Improvements to IFRS Standards 2015-2017 Cycle	01/jan/19	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).
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	01/jan/19	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.
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.

These standards and interpretations were not yet endorsed by the European Union and consequently REN has not adopted them on the 31 March 2018 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 three month period ended 31 March 2018 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	**90,834**	**55,755**	**1,569**	**8,879**	**(12,119)**	**144,919**
Inter-segments	79	3,719	-	8,321	(12,119)	-
Revenues from external customers	90,755	52,036	1,569	558	-	144,919
Revenue from construction of concession assets	8,709	5,173	-	-	-	13,881
Cost with construction of concession assets	(5,418)	(4,238)	-	-	-	(9,656)
Gains / (losses) from associates and joint ventures	-	-	-	1,148	-	1,148
Personnel costs	(9,766)	(10,874)	(345)	(3,375)	13,617	(10,743)
Employee compensation and benefit expense	(4,753)	(3,088)	(66)	(5,454)	-	(13,361)
Other expenses and operating income	4,219	(613)	(4)	456	(1,497)	2,559
Operating cash flow	**83,824**	**42,114**	**1,154**	**1,654**	**-**	**128,747**
Non reimbursursable expenses						
Depreciation and amortizations	(38,857)	(19,760)	(7)	(47)	-	(58,671)
Impairments	-	-	-	(19)	-	(19)
Financial results						
Financial income	153	3,047	8	37,323	(39,559)	972
Financial costs	(11,772)	(7,066)	-	(38,666)	39,559	(17,946)
Profit before income tax	**33,347**	**18,334**	**1,156**	**244**	**-**	**53,083**
Income tax expense	(9,954)	(5,193)	(272)	741	-	(14,677)
Energy sector extraordinary contribution (ESEC)	(18,123)	(7,210)	-	-	-	(25,333)
Profit for the year	**5,270**	**5,932**	**884**	**985**	**-**	**13,073**

Results by segment for the three month period ended 31 March 2017 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Sales and services provided	**96,768**	**41,451**	**1,284**	**7,797**	**(7,780)**	**139,460**
Inter-segments	183	101	15	7,481	(7,780)	-
Revenues from external customers	96,586	41,349	1,269	256	-	139,460
Revenue from construction of concession assets	11,774	1,338	-	-	-	13,112
Cost with construction of concession assets	(9,110)	(946)	-	-	-	(10,056)
Gains / (losses) from associates and joint ventures	-	-	-	1,826	-	1,826
Personnel costs	(8,694)	(5,990)	(351)	(3,984)	9,331	(9,688)
Employee compensation and benefit expense	(5,042)	(1,773)	(63)	(5,285)	-	(12,162)
Other expenses and operating income	2,510	468	(10)	82	(1,551)	1,499
Operating cash flow	88,207	34,548	860	376	-	123,992
Non reimbursursable expenses						
Depreciation and amortizations	(39,309)	(15,034)	(2)	(54)	-	(54,399)
Impairments	-	-	-	(94)	-	(94)
Financial results						
Financial income	184	3,475	9	43,732	(44,456)	2,944
Financial costs	(17,512)	(7,835)	-	(37,818)	44,456	(18,708)
Profit before income tax	**31,570**	**15,155**	**866**	**6,209**	**-**	**53,799**
Income tax expense	(9,186)	(4,026)	(195)	(1,119)	-	(14,526)
Energy sector extraordinary contribution (ESEC)	(18,362)	(7,435)	-	-	-	(25,798)
Profit for the year	**4,021**	**3,694**	**671**	**5,091**	**-**	**13,475**

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 31 March 2018 were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	1,038,471	-	1,736,719	(2,775,190)	-
Property, plant and equipment and intangible assets	2,597,757	1,665,767	53	446	-	4,264,023
Other assets	590,241	1,693,894	7,692	8,185,673	(9,434,933)	1,042,565
Total assets	**3,187,998**	**3,359,661**	**7,745**	**8,186,118**	**(9,434,933)**	**5,306,589**
Total liabilities	**2,516,071**	**1,641,352**	**2,774**	**6,365,032**	**(6,659,644)**	**3,865,585**
Capital expenditure - total	**8,709**	**5,172**	**-**	**56**	**-**	**13,937**
Capital expenditure - property, plant and equipment (Note 5)	-	3	-	56	-	59
Capital expenditure - intangible assets (Note 5)	8,709	5,169	-	-	-	13,878
Investments in associates (Note 7)	-	-	-	156,458	-	156,458
Investments in joint ventures (Note 7)	-	-	-	2,713	-	2,713

Assets and liabilities by segment at 31 December 2017 as well as investments on tangible assets and intangible assets were as follows:

	Electricity	Gas	Telecommunications	Others	Eliminations	Consolidated
Segment assets						
Group investments held	-	1,036,482	-	1,754,181	(2,790,663)	-
Property, plant and equipment and intangible assets	2,627,875	1,537,819	60	503	143,386	4,309,644
Other assets	621,858	690,228	6,619	6,098,689	(6,362,361)	1,055,032
Total assets	**3,249,733**	**3,264,528**	**6,680**	**7,853,373**	**(9,009,638)**	**5,364,676**
Total liabilities	**2,582,858**	**1,670,210**	**2,593**	**6,008,028**	**(6,328,202)**	**3,935,487**
Capital expenditure - total	**134,891**	**20,090**	**-**	**286**	**-**	**155,267**
Capital expenditure - property, plant and equipment (Note 5)	-	330	-	286	-	616
Capital expenditure - intangible assets (Note 5)	134,891	19,760	-	-	-	154,651
Investments in associates (Note 7)	-	-	-	159,216	-	159,216
Investments in joint ventures (Note 7)	-	-	-	2,811	-	2,811

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 three month period ended 31 March 2018, the changes in intangible assets and property, plant and equipment in the period were as follows:

	1 January 2018			Changes					31 March 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	8	-	21	(181)	-	288	(288)	-
Transport equipment	1,112	(365)	748	45	(277)	-	(49)	138	880	(276)	605
Office equipment	1,791	(386)	1,405	3	-	-	(87)	1	1,794	(472)	1,322
Property, plant and equipment in progress	27	(14)	13	-	-	-	(1)	-	27	(15)	12
Assets in progress	910	-	910	-	-	(21)	-	-	889	-	889
	4,099	**(871)**	**3,227**	**56**	**(277)**	**-**	**(318)**	**139**	**3,878**	**(1,050)**	**2,827**

	1 January 2018			Changes					31 March 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	82	(426)	2,076	(58,351)	396	8,073,905	(3,896,211)	4,177,694
Concession assets in progress	72,499	-	72,499	13,799	-	(2,076)	-	-	84,222	-	84,222
	8,144,672	**(3,838,256)**	**4,306,417**	**13,881**	**(426)**	**-**	**(58,351)**	**396**	**8,158,127**	**(3,896,211)**	**4,261,916**
Total of property, plant and equipment and intangible assets	**8,148,770**	**(3,839,128)**	**4,309,644**	**13,937**	**(703)**	**-**	**(58,671)**	**535**	**8,162,004**	**(3,897,262)**	**4,264,743**

The changes in tangible and intangible assets in the in the year ended 31 December 2017 were as follows:

	1 January 2017			Changes						31 December 2017		
	Cost	Accumulated depreciation	Net book value	Fair value	Additions	Disposals and write-offs	Transfers	Depreciation charge	Depreciation - disposals, write-offs and other reclassifications	Cost	Accumulated depreciation	Net book value
Property, plant and equipment:												
Transmission and electronic equipment	103	(103)	-	156	-	-	-	(4)	-	259	(107)	152
Transport equipment	931	(453)	479	393	227	(439)	-	(235)	323	1,112	(365)	748
Office equipment	299	(217)	81	1,297	65	(8)	138	(177)	8	1,791	(386)	1,405
Property, plant and equipment in progress	27	(9)	18	-	-	-	-	(5)	-	27	(14)	13
Assets in progress	-	-	-	724	324	-	(138)	-	-	910	-	910
	1,360	**(782)**	**578**	**2,570**	**616**	**(447)**	**-**	**(421)**	**331**	**4,099**	**(871)**	**3,227**

	1 January 2017			Changes						31 December 2017		
	Cost	Accumulated depreciation	Net book value	Fair 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	7,365,215	(3,618,333)	3,746,882	542,219	6,599	(2,436)	160,576	(221,570)	1,646	8,072,173	(3,838,256)	4,233,918
Concession assets in progress	78,831	-	78,831	6,192	148,052	-	(160,576)	-	-	72,499	-	72,499
	7,444,045	**(3,618,333)**	**3,825,712**	**548,411**	**154,651**	**(2,436)**	**-**	**(221,570)**	**1,646**	**8,144,672**	**(3,838,256)**	**4,306,417**
Total of property, plant and equipment and intangible assets	**7,445,405**	**(3,619,115)**	**3,826,290**	**550,981**	**155,267**	**(2,883)**	**-**	**(221,991)**	**1,978**	**8,148,770**	**(3,839,128)**	**4,309,644**

The main additions verified in the periods ended 31 March 2018 and 31 December 2017 are made up as follows:

	Mar 2018	Dec 2017
Electricity segment:		
Power line construction (150 KV, 220 KV and others)	2,025	12,660
Power line construction (400 KV)	795	49,317
Construction of new substations	172	6,671
Substation Expansion	3,981	38,071
Other renovations in substations	663	4,428
Telecommunications and information system	760	7,390
Pilot zone construction - wave energy	51	205
Buildings related to concession	98	13,472
Other assets	164	2,676
Gas segment		
Expansion and improvements to gas transmission network	795	8,228
Construction project of cavity underground storage of natural gas in Pombal	89	1,586
Construction project and operating upgrade - LNG facilities	463	4,416
Natural gas distribution projects	3,825	5,859
Others segment		
Other assets	56	286
Total of additions	**13,937**	**155,267**

The main transfers during the periods ended 31 March 2018 and 31 December 2017 are made up as follows:

	Mar 2018	Dec 2017
Electricity segment:		
Power line construction (150 KV, 220 KV and others)	-	12,607
Power line construction (400 KV)	-	51,149
Substation Expansion	-	49,763
Other renovations in substations	50	5,155
Telecommunications and information system	-	7,623
Buildings related to concession	-	13,803
Other assets under concession	-	1,491
Gas segment:		
Expansion and improvements to natural gas transmission network	-	7,931
Construction project of cavity underground storage of natural gas in Pomb	-	1,269
Construction project and operating upgrade - LNG facilities	-	4,410
Natural gas distribution projects	2,047	5,512
Total of transfer	**2,097**	**160,714**

The intangible assets in progress at 31 March 2018 and 31 December 2017 are as follows:

	Mar 2018	Dec 2017
Electricity segment:		
Power line construction (150KV/220KV e 400KV)	30,182	27,363
Substation Expansion	31,429	26,785
New substations projects	5,995	5,823
Buildings related to concession	844	796
Other projects	1,711	710
Gas segment:		
Expansion and improvements to natural gas transmission network	6,835	6,047
Construction project of cavity underground storage of natural gas in Pombal	2,579	2,490
Construction project and operating upgrade - LNG facilities	864	403
Natural gas distribution projects	3,782	2,082
Total of assets in progress	**84,222**	**72,499**

Financial costs capitalized in intangible assets in progress in the period ended 31 March 2018 amounted to 410 thousand Euros (2.703 thousand Euros as of 31 December 2017), while overhead and management costs capitalized amounted to 3,815 thousand Euros (15,265 thousand Euros as of 31 December 2017) (Note 21).

As of 31 March 2018 and 31 December 2017, the net book value of the intangible assets financed through lease contracts was as follows:

	Mar 2018	Dec 2017
Cost	6,732	6,517
Accumulated depreciation and amortization	(3,079)	(2,624)
Net book value	**3,653**	**3,893**

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 31 March 2018 and 31 December 2017 is detailed as follows:

Subsidiaries	Year of acquisition	Acquisition cost	%	Mar 2018	Dec 2017
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	2,925	3,020
REN Gás Distribuição SGPS, S.A.	2017	517,862	100%	16,082	16,082
				19,007	19,102

The movement in the Goodwill caption for the period end 31 March 2018 was:

Subsidiaries	At 1 de january de 2017	Increases	Decreases	At 31 December 2017	Increases	Decreases	At 31 March 2018
REN Atlântico, Terminal de GNL, S.A.	3,397	-	(377)	3,020	-	(95)	2,925
REN Gás Distribuição SGPS, S.A.	-	16,082	-	16,082	-	-	16,082
	3,397	16,082	(377)	19,102	-	(95)	19,007

7 INVESTMENTS IN ASSOCIATES AND JOIN VENTURES

At 31 March 2018 and 31 December 2017, the financial information regarding the financial interest held is as follows:

	Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	Total comprehensive income	%	Carrying amount	Group share of profit / (loss)
			31 March 2018											
Equity method:														
Associate:														
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	259	26,222	394	-	610	(333)	26,086	25,753	40	10,228	(120)
Electrogas, S.A.	Gas Transportation	Chile	17,260	9,243	44,465	16,136	12,900	6,294	3,209	30,399	33,608	42.5	146,230	1,367
													156,458	1,246
Joint venture:														
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	5,714	429	691	19	243	(196)	5,432	5,236	50	2,713	(98)
													159,171	1,148

	Activity	Head office	Share capital	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net profit/(loss)	Share capital	Total comprehensive income	%	Carrying amount	Group share of profit / (loss)
			31 December 2017											
Equity method:														
Associate:														
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	2,610	480	26,467	561	-	1,488	(1,103)	26,387	25,284	40	10,348	(1,317)
Electrogas, S.A.	Gas Transportation	Chile	17,732	6,456	46,773	6,227	13,220	31,129	16,062	33,782	49,844	42.5	148,868	7,247
													159,216	5,930
Joint venture:														
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	3,000	5,841	572	764	20	1,453	(360)	5,623	5,263	50	2,811	(180)
													162,027	5,749

Associates

The changes in the caption "Investments in associates" during the period ended 31 March 2018 and 31 December 2017 was as follows:

Investments in associates	
At 1 de january de 2017	**11,666**
Acquisition of the participation of Electrogas	169,285
Effect of applying the equity method	5,930
Dividends of Electrogas	(9,497)
Changes in equity	(18,239)
Others	73
At 31 December 2017	**159,216**
Effect of applying the equity method	1,246
Changes in equity	(3,966)
Others	(39)
At 31 March 2018	**156,458**

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 Valparaiso (one of Chile's most important ports). The company's corporate purpose is to provide transportation services for natural gas and other fuels.

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 31 March 2018 and 31 December 2017 was as follows:

Investments in joint ventures	
At 1 January 2017	**2,991**
Effect of applying the equity method	(180)
At 31 December 2017	**2,811**
Effect of applying the equity method	(98)
At 31 March 2018	**2,713**

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 31 March 2018 and 31 December 2017, the financial information regarding the joint venture held is as follows:

	31 March 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.	4,919	6	19	(143)	(1)	(1)

	31 December 2017					
	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.	5,025	10	20	(568)	(1)	2

8 INCOME TAX

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

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

The Company’s Board of Directors understands that possible corrections to the tax returns resulting from tax reviews /inspections carried out by the tax authorities will not have a significant effect on the financial statements as of 31 March 2018.

In 2018 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 31 March 2018, were calculated using the average tax rate expected in accordance with future perspective of taxable profits of the Company recoverable in the next periods.

Income tax registered in the three months period ended on 31 March 2018 and 2017 is detailed as follows:

	Mar 2018	Mar 2017
Current income tax	24,540	30,263
Adjustaments of income tax from previous years	(755)	-
Deferred income tax	(9,109)	(15,737)
Income tax	**14,677**	**14,526**

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

	Mar 2018	Mar 2017
Consolidated profit before income tax	**53,083**	**53,799**
Permanent differences:		
Positive / (negative) equity variation	3,490	-
Non deductible costs	540	188
Non taxable income	1,586	(355)
Timing differences:		
Tariff deviations	28,190	58,345
Provisions and impairment	-	(423)
Revaluations	(548)	107
Pension, helthcare assistence and life insurance plans	(948)	(1,179)
Derivative financial instruments	(2)	347
Others	(13)	(14)
Taxable income	85,376	110,816
Income tax	17,222	22,857
State surcharge tax	5,707	5,593
Municipal surcharge	1,417	1,649
Autonomous taxation	195	163
Current income tax	24,540	30,263
Deferred income tax	(9,109)	(15,737)
Adjustments of income tax from previous years	(755)	-
Income tax	**14,677**	**14,526**
Effective tax rate	**27.7%**	**27.0%**

Income tax

The caption “Income tax” payable and receivable as of 31 March 2018 and 31 December 2017 is detailed as follows:

	Mar 2018	Dec 2017
Income tax:		
Corporate income tax - estimated tax	24,540	91,404
Corporate income tax - payments on account	(1,208)	(63,790)
Income withholding tax by third parties	(196)	(1,137)
Income payable	27,856	3,480
Income tax payable	**50,992**	**29,957**

Deferred taxes

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

	Mar 2018	Dec 2017
Impact on the statement of profit and loss:		
Deferred tax assets	7,411	21,563
Deferred tax liabilities	1,698	14,402
	9,109	35,965
Impact on equity:		
Deferred tax assets	482	(797)
Deferred tax liabilities	(1,317)	(1,328)
	(834)	(2,125)
Net impact of deferred taxes	**8,274**	**33,840**

The changes in deferred tax by nature were as follows:

Change in deferred tax assets - March 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**	**97,739**
Increase/decrease through reserves	-	94	-	(564)	-	953	482
Reversal through profit and loss	-	(285)	-	(40)	(509)	(4)	(838)
Increase through profit and loss	-	-	8,249	-	-	-	8,249
Change in the period	-	(191)	8,249	(604)	(509)	949	7,894
At 31 March 2018	**2,886**	**36,315**	**44,476**	**323**	**20,608**	**1,022**	**105,630**

Change in deferred tax assets - December 2017

	Provisions and Impairments	Pensions	Tariff deviations	Derivative financial instruments	Revalued assets	Others	Total
At 1 January 2017	**1,901**	**36,433**	**11,679**	**3,687**	**8,962**	**162**	**62,825**
Perimeter changes	727	61	713	-	12,752	(108)	14,145
Increase/decrease through reserves	-	308	-	(1,105)	-	-	(797)
Reversal through profit and loss	(64)	(296)	(102)	(1,655)	(591)	(13)	(2,721)
Increase through profit and loss	321	-	23,936	-	(6)	33	24,284
Change in the period	984	73	24,547	(2,760)	12,155	(88)	34,911
At 31 December 2017	**2,886**	**36,506**	**36,227**	**928**	**21,117**	**74**	**97,739**

Deferred tax assets at 31 March 2018 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 – March 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	-	-	-	(2,251)	3,568	1,317
Reversal trough profit and loss	(746)	(383)	(335)	-	(234)	(1,698)
Change in the period	(746)	(383)	(335)	(2,251)	3,335	(381)
At 31 March 2018	**25,893**	**22,473**	**38,905**	**8,539**	**3,344**	**99,153**

Evolution of deferred tax liabilities – December 2017

	Tariff deviations	Revaluations	Fair value	Investments in equity instruments at fair value through other comprehensive income	Others	Total
At 1 January 2017	**38,878**	**24,688**	**-**	**9,461**	**-**	**73,027**
Perimeter changes	-	-	39,567	-	12	39,579
Increase/decrease through equity	-	-	-	1,328	-	1,328
Reversal trough profit and loss	(12,240)	(1,832)	(327)	-	(3)	(14,402)
Change in the period	(12,240)	(1,832)	39,240	1,328	9	26,505
At 31 December 2017	**26,639**	**22,856**	**39,240**	**10,790**	**9**	**99,534**

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

The legal documents that establish these revaluations were the following:

Legislation (Revaluation)	
Electricity segment	**Natural gas segment**
Decree-Law nº 430/78	Decree-Law nº 140/2006
Decree-Law nº 399-G/81	
Decree-Law nº 219/82	
Decree-Law nº 171/85	
Decree-Law nº 118-B/86	
Decree-Law nº 111/88	
Decree-Law nº 7/91	
Decree-Law nº 49/91	
Decree-Law nº 264/92	

9 FINANCIAL ASSETS AND LIABILITIES CLASSIFIED

The accounting policies for financial instruments have been applied to the following financial assets and liabilities:

March 2018

	Notes	Credits and other receivables	Fair value - hedging derivative financial instruments	Fair value - Trading derivatives	Investments in equity instruments at fair value through other comprehensive income	Other financial assets/liabilities	Total carrying amount	Fair value
Assets								
Cash and cash equivalents	13	-	-	-	-	102,291	102,291	102,291
Trade and other receivables	11	498,530	-	-	-	-	498,530	498,530
Other financial assets		-	-	-	-	31	31	31
Investments in equity instruments at fair value through other comprehensive income	10	-	-	-	145,730	-	145,730	145,730
Derivative financial instruments	12	-	8,497	-	-	-	8,497	8,497
		498,530	**8,497**	**-**	**145,730**	**102,322**	**755,080**	**755,080**
Liabilities								
Borrowings	16	-	-	-	-	2,758,292	2,758,292	2,858,172
Trade and other payables	19	-	-	-	-	539,177	539,177	539,177
Income tax payable	8	50,992	-	-	-	-	50,992	50,992
Drivative financial instruments	12	-	4,880	785	-	-	5,665	5,665
		50,992	**4,880**	**785**	**-**	**3,297,469**	**3,354,126**	**3,454,006**

December 2017

	Notes	Credits and other receivables	Fair value - hedging derivative financial instruments	Fair value - Trading derivatives	Investments in equity instruments at fair value through other comprehensive income	Other financial assets/liabilities	Total carrying amount	Fair value
Assets								
Cash and cash equivalents	13	-	-	-	-	61,458	61,458	61,458
Trade and other receivables	11	547,377	-	-	-	-	547,377	547,377
Other financial assets		-	-	-	-	27	27	27
Investments in equity instruments at fair value through other comprehensive income	10	-	-	-	156,439	-	156,439	156,439
Derivative financial instruments	12	-	7,907	-	-	-	7,907	7,907
		547,377	**7,907**	**-**	**156,439**	**61,485**	**773,208**	**773,208**
Liabilities								
Borrowings	16	-	-	-	-	2,829,726	2,829,726	2,764,868
Trade and other payables	19	-	-	-	-	552,672	552,672	552,672
Income tax payable	8	29,957	-	-	-	-	29,957	29,957
Drivative financial instruments	12	-	6,960	-	-	-	6,960	6,960
		29,957	**6,960**	**-**	**-**	**3,382,398**	**3,419,315**	**3,354,457**

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

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

The range of market rates used to calculate the fair value ranges between -0.376% and 1.335% (maturities of two weeks and fifteen years, respectively).

The fair value of borrowings contracted by the Group at 31 March 2018 is 2,858,172 thousand Euros (at 31 December 2017 was 2,764,868 thousand Euros), of which 402,354 thousand Euros are recorded partly at amortized cost and includes an element of fair value resulting from interest rates changes (at 31 December 2017 was 403,689 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 31 March 2018 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.

		Mar 2018				Dec 2017			
		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	90,590	51,591	-	142,181	101,311	51,591	-	152,902
Financial assets at fair value	Cash flow hedge derivatives	-	3,775	-	3,775	-	724	-	724
Financial assets at fair value	Fair value hedge derivatives	-	4,722	-	4,722	-	7,183	-	7,183
Other financial assets	Treasury funds	-	-	-	-	-	-	-	-
		90,590	**60,088**	**-**	**150,678**	**101,311**	**59,498**	**-**	**160,809**
Liabilities:									
Financial liabilities at fair value	Loans	-	402,354	-	402,354	-	403,689	-	403,689
Financial liabilities at fair value	Cash flow hedge derivatives	-	4,880	-	4,880	-	6,109	-	6,109
Financial liabilities at fair value through profit and loss	Trading derivatives	-	785	-	785	-	851	-	851
		-	**408,019**	**-**	**408,019**	**-**	**410,649**	**-**	**410,649**

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 31 March 2018, 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 2017. A description of the risks can be found in Section 4 - Financial Risk Management of the consolidated financial statements for the year ended 2017.

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

The assets recognised in this caption as of 31 March 2018 and 31 December 2017 correspond to equity interests held on strategic entities for the Group, which can be detailed as follows:

	Head office			Book value	
	City	Country	% owned	Mar 2018	Dec 2017
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%	90,590	101,311
Hidroeléctrica de Cahora Bassa ("HCB")	Maputo	Mozambique	7.50%	51,591	51,591
Coreso, S.A.	Brussels	Belgium	7.90%	164	164
MIBGAS, S.A.	Madrid	Spain	6.67%	202	202
Others	-	-	-	17	5
				145,730	**156,439**

The changes in this caption were as follows:

	OMEL	HCB	REE	Coreso	MIBGÁS	Others	Total
At 1 January 2017	**3,167**	**49,516**	**97,060**	**173**	**202**	**-**	**150,118**
Perimeter changes	-	-	-	-	-	5	5
Fair value adjustments	-	2,075	4,251	-	-	-	6,325
Disposals	-	-	-	(9)	-	-	(9)
At 31 December 2017	**3,167**	**51,591**	**101,311**	**164**	**202**	**5**	**156,439**
At 1 January 2018	**3,167**	**51,591**	**101,311**	**164**	**202**	**5**	**156,439**
Acquisitions	-	-	-	-	-	12	12
Fair value adjustments	-	-	(10,721)	-	-	-	(10,721)
At 31 March 2018	**3,167**	**51,591**	**90,590**	**164**	**202**	**17**	**145,730**

Red Eléctrica Corporácion, 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 31 March 2018.

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 31 March 2018, REN also holds a 6.67% financial interest in the share capital of MIBGÁS, SA, acquired during the first half of 2016. Coreso is 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.

As there are no available market price for the above referred investments (OMEL, MIBGAS and Coreso), and as it is not possible to determine the fair value of the period using comparable transactions, these shares are recorded at its acquisition cost deducted of impairment losses as described in Note 3.6 of the consolidated financial statements for the year ended 2017.

REN understands that there is no evidence of impairment loss regarding the investments of OMEL, Coreso and MIBGÁS at 31 March 2018.

The adjustments in the investments in equity instruments at fair value through other comprehensive income are recognised in the equity caption “Fair value reserve” that as of 31 March 2018 and 31 December 2017 had the following amounts:

	Fair value reserve (Note 15)
1 January 2017	**48,781**
Changes in fair value	6,325
Tax effect	(1,328)
31 December 2017	**53,778**
1 January 2018	**53,778**
Changes in fair value	(10,721)
Tax effect	2,251
31 March 2018	**45,308**

11 TRADE AND OTHER RECEIVABLES

Trade and other receivables as of 31 March 2018 and 31 December 2017 are made up as follows:

	Mar 2018			Dec 2017		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	368,974	4,543	373,517	396,558	4,168	400,726
Impairment of trade receivables	(2,969)	-	(2,969)	(3,043)	-	(3,043)
Trade receivables net	**366,005**	**4,543**	**370,548**	**393,515**	**4,168**	**397,683**
Tariff deviations	31,804	73,362	105,166	102,999	2,359	105,358
State and Other Public Entities	22,818	-	22,818	44,336	-	44,336
Trade and other receivables	**420,626**	**77,905**	**498,531**	**540,849**	**6,528**	**547,377**

The most relevant balances included in the trade receivables caption as of 31 March 2018 are: (i) the receivable of EDP – Distribuição de Energia, SA in the amount of 83,831 thousand Euros (83,176 thousand Euros at 31 December 2017); (ii) the receivable of Galp in the amount of 16,424 thousand Euros (24,199 thousand Euros at 31 December 2017); and (iii) the amount of

59,538 thousand Euros, as defined by the regulator ERSE in the context of sustainability measures of the National Electric System.

In the trade and other receivables also stands out the amounts not yet invoiced of the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade), in the amount of 21,659 thousand Euros (28,374 thousand Euros at 31 December 2017) and the amount to invoice to EDP – Distribuição de Energia, S.A., of 5,620 thousand Euros (5,567 thousand Euros at 31 December 2017) 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:

	Mar 2018	Dez 2017
Begining balance	(3,043)	(843)
Perimeter changes	-	(1,622)
Increases	-	(690)
Reversing	74	112
Ending balance	**(2,969)**	**(3,043)**

12 DERIVATIVE FINANCIAL INSTRUMENTS

At 31 March 2018 and 31 December 2017 the REN Group had the following derivative financial instruments contracted:

		31 March 2018			
		Assets		Liabilities	
	Notional	Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	300,000 TEUR	-	-	-	4,880
Interest rate and currency swaps	72,899 TEUR	-	3,775	-	-
		-	**3,775**	**-**	**4,880**
Derivatives designated as fair value hedges					
Interest rate swaps	400,000 TEUR	-	4,722	-	-
		-	**4,722**	**-**	**-**
Trading derivatives					
Trading derivatives	60,000 TEUR	-	-	-	785
		-	**-**	**-**	**785**
Derivative financial instruments		**-**	**8,497**	**-**	**5,665**

		31 December 2017			
		Assets		Liabilities	
	Notional	Current	Non-current	Current	Non-current
Derivatives designated as cash flow hedges					
Interest rate swaps	300,00 TEUR	-	-	-	6,109
Interest rate and currency swaps	72,899 TEUR	-	724	-	-
		-	**724**	**-**	**6,109**
Derivatives designated as fair value hedges					
Interest rate swaps	400,000 TEUR	-	7,183	-	-
		-	**7,183**	**-**	**-**
Trading derivatives					
Trading derivatives	60,000 TEUR	-	-	-	851
		-	**-**	**-**	**851**
Derivative financial instruments		**-**	**7,907**	**-**	**6,960**

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

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

The amounts presented above include the amount of interest receivable or payable at 31 March 2018 relating to these derivatives financial instruments, in the total net amount receivable of 413 thousand Euros (2,119 thousand Euros receivable as of 31 December 2017).

The main features of the derivatives financial instruments contracted associated with financing operations at 31 March 2018 and 31 December 2017 are:

	Notional	REN pays	REN receives	Maturity	Fair value at 31 March 2018	Fair value at 31 December 2017
Cash flow hedge:						
Interest rate swaps	300 000 TEuros	[0,75%;0,751%]	[-0,327%;0,00%] - floating rates	2024	(4,880)	(6,109)
Interest rate and currency swaps	72 899 TEuros	5,64% (floating rate starting 2019)	2.71%	2024	3,775	724
					(1,104)	**(5,385)**
Fair value hedge:						
Interest rate swaps	400 000 TEuros	[-0,271%;0,059%] - floating rates	[0,61%; 1,72%]	[Oct-2020; Feb-2025]	4,722	7,183
					4,722	**7,183**
Trading:						
Interest rate swaps	60 000 TEUR	floating rates, to be determined in the future	[0.00%;0.99%]	2024	(785)	(851)
					(785)	**(851)**
				Total	**2,833**	**947**

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

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

	2018	2019	2020	2021	2022	2023	Following years	Total
Interest rate swap (cash flow hedge)	-	-	-	-	-	-	300,000	**300,000**
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**	**-**	**-**	**-**	**732,899**	**832,899**

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 31 March 2018, the notional amount of cash flow hedge derivatives reached 300,000 thousand Euros (300,000 thousand Euros as of 31 December 2017). This refer to a hedge of the interest rate risk associated with variable interest payments arising from recognized financial liabilities. The hedged risk is the index of the variable rate to which the interest of the financing is associated.

The objective of this hedge is to convert loans at floating interest rates into fixed interest rate, the credit risk is not being hedged. The fair value of interest rate swaps at 31 March 2018 is negative 4,880 thousand Euros (at 31 December 2017, 6,109 thousand Euros negative).

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

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

The fair value of the cross currency swap at 31 March 2018 was 3,775 thousand Euros positive (724 thousand Euros positive at 31 December 2017).

The underlying (borrowing) foreign exchange change for 31 March 2018, 2,180 thousand Euros negative (2,610 as of 31 March 2017 negative), was offset by a similar change in the hedging instrument in the statement of profit and loss.

The ineffective component of the fair value hedge amounted to 5,845 thousand Euros positive (5,921 thousand Euros positive at 31 December 2017). The effect recorded in the consolidated income statement for the three-month period ended March 31, 2018 amounts to Euro 76 thousand.

The amount recorded in reserves relating to the above mentioned cash flow hedge was 9,595 thousand Euros (12,281 thousand Euros at 31 December 2017).

The movements recorded in the hedging reserve were as follows:

	Fair value	Deferred taxes impact	Hedging reserves
1 January 2017	**(17,542)**	**3,684**	**(13,858)**
Changes in fair value and ineffectiveness	5,261	(1,105)	4,156
31 December 2017	**(12,281)**	**2,580**	**(9,702)**
1 January 2018	**(12,281)**	**2,580**	**(9,701)**
Changes in fair value and ineffectiveness	2,686	(564)	2,122
31 March 2018	**(9,595)**	**2,016**	**(7,580)**

Fair value hedge

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

As of 31 March 2018 the notional amount of fair value hedge derivatives reached 400,000 thousand Euros (400,000 thousand Euros in 31 December 2017). The covered risk is the fixed rate index to debt issued. The covered risk is the fair value changes of debt issues related to interest rate fluctuations. The objective of this hedging is to convert debt at fixed interest rates into variable interest rate, the credit risk is not being hedged.

The fair value of these interest rate swaps at 31 March 2018 was 4,722 thousand Euros positive (7,183 thousand Euros positive as of 31 December 2017).

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

As of 31 March 2018, the fair value change of the 400,000 thousand Euros debt related with interest rate risk amounted to 1,336 thousand Euros positive (2,773 thousand Euros positive as of 31 March 2017), causing an ineffective component of 70 thousand Euros (positive) (80 thousand Euros positive as of 31 March 2017).

Trading derivatives

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

This derivative despite not being considered as a hedging instrument in accordance with IFRS 9, is hedging the economic risk of changes in the forward interest rates for the above mentioned period.

As of 31 March 2018, the notional amount of this trading derivative is 60,000 thousand Euros (60,000 thousand Euros as of 31 December 2017). This is an hedging of interest rate risk of future variable interest rate cash flows associated with the Group finance liabilities. The hedged risk is a variable rate index to which the debt interests are associated. The objective of this hedging is to convert cash flows at a variable rate into a fixed rate, the credit risk is not hedged. The fair value of this negotiation derivative as of 31 March 2018 amounts to 785 thousand Euros negative (851 thousand Euros negative as of 31 December 2017).

The fair value changes of this negotiation derivative are recorded in the profit and loss statement. As of 31 March 2018 the amount related with the fair value of the trading derivative was an income of 66 thousand Euros (income of 254 thousand Euros as of 31 March 2017).

13 CASH AND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents as of 31 March 2018 and 31 December 2017 are made up as follows:

	Mar 2018	Dec 2017
Cash	23	1
Bank deposits	102,269	61,457
Cash and cash equivalents in the statement of financial position	**102,291**	**61,458**
Bank overdrafts (Note 16)	(412)	(1,009)
Cash and cash equivalents in cash flow statement	**101,880**	**60,448**

14 EQUITY INSTRUMENTS

As of 31 March 2018 and of 31 December 2017 REN's subscribed and paid up share capital is made up of 667,191,262 shares of 1 euro each.

	Mar 2018		Dec 2017	
	Number of shares	Share Capital	Number of shares	Share Capital
Share Capital	667,191,262	667,191	667,191,262	667,191

At 31 March 2018 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 period end 31 March 2018.

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

The caption "Reserves" in the amount of 299,929 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 31 March 2018 this caption amounts to 106,800 thousand Euros;

- Fair value reserve: includes changes in Investments in equity instruments at fair value through other comprehensive income (45,308 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 7,580 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; and (iii) changes in equity of associates recorded under the equity method. On 31 March 2018, this caption amounts to 155,400 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, as of 31 March 2018 and 31 December 2017 was as follows:

	Mar 2018			Dec 2017		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	30,000	1,732,972	1,762,972	192,800	1,462,768	1,655,568
Bank Borrowings	249,754	605,822	855,575	337,155	606,591	943,746
Commercial Paper	-	150,000	150,000	70,000	150,000	220,000
Bank overdrafts (Note 13)	412	-	412	1,009	-	1,009
Finance Lease	1,358	1,797	3,155	1,385	2,176	3,561
	281,524	2,490,591	2,772,115	602,349	2,221,535	2,823,884
Accrued interest	28,411	-	28,411	40,085	-	40,085
Prepaid interest	(14,497)	(27,736)	(42,233)	(18,098)	(16,145)	(34,243)
Borrowings	**295,438**	**2,462,854**	**2,758,292**	**624,336**	**2,205,390**	**2,829,726**

The borrowings settlement plan was as follows:

	2018	2019	2020	2021	2022	2023	Following years	Total
Debt - Non current	-	199,987	395,991	106,079	98,574	608,394	1,081,566	2,490,591
Debt - Current	100,755	180,769	-	-	-	-	-	281,524
	100,755	**380,756**	**395,991**	**106,079**	**98,574**	**608,394**	**1,081,566**	**2,772,115**

Detailed information regarding bond issues as of 31 March 2018 is as follows:

31 March 2018					
Issue date	Maturity	Inicial amount	Outstanding amount	Interest rate	Periodicity of interest payment
'Euro Medium Term Notes' programme emissions					
'Euro Medium Term Notes' programme emissions					
26/06/2009	26/06/2024	TEUR JPY 10,000,000 (i) (ii)	TEUR JPY 10,000,000	Fixed rate	Semi-Annual
16/01/2013	16/01/2020	TEUR 150,000 (i)	TEUR 60,000	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 31 March 2018, the Company has five commercial paper programs in the amount of 1,075,000 thousand Euros, of which 925,000 thousand Euros are available for utilization. Of the total amount, 630,000 thousand Euros have a subscription guarantee.

On the first quarter, the following changes were made:

- The Group issued debt in the amount of 300,000 thousand Euros at a fixed rate;
- The Group agreed a term facility agreement with Intesa SanPaolo bank in the amount of 150,000 thousand Euros, which it is totally used.

The bond issue of 162,800 thousand Euros reached its maturity during the first quarter.

Bank loans are mostly composed of loans contracted with the European Investment Bank (EIB), which at 31 March 2018 amounted to 450,349 thousand Euros (at 31 December 2017 it was 450,349 thousand Euros).

The Company has also credit facilities negotiated and not used in the amount of 91,500 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 25,296 thousand Euros (26,500 thousand Euros in 31 December 2017) 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 1,336 thousand Euros (positive) (at 31 March 2017 was 2,773 thousand Euros (positive)).

The Company's financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge, Leverage ratios and Gearing (ratio of total consolidated equity to the amount of the Group's total concession assets). The Gearing ratio comfortably meets the limits defined being 81% above the minimum.

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

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

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

Leases

The financial leases minimum payments and the present value of the financial leases liabilities at 31 March 2018 and 31 December 2017 are as follows:

	Mar 2018	Dec 2017
Finance lease liabilities - minimum lease payments		
No later than 1 year	1,311	1,399
Later than 1 year and no later than 5 years	1,893	2,211
	3,204	**3,609**
Future finance charges on finance leases	(49)	(48)
Present value of finance lease liabilities	**3,155**	**3,561**

	Mar 2018	Dec 2017
The present value of finance lease liabilities is as follows		
No later than 1 year	1,358	1,385
Later than 1 year and no later than 5 years	1,797	2,176
	3,155	**3,561**

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 bonuses, retirement bonuses and a death grant (referred to as “Other benefits”). Long services bonuses were extended to the remaining Group companies.

As of 31 March 2018 and 31 December 2017 the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	Mar 2018	Dec 2017
Liability on statement of financial position		
Pension plan	78,196	79,154
Healthcare plan and other benefits	42,833	42,823
	121,029	**121,977**

During the three month period ended 31 March 2018 and 31 March 2017 the following operating expenses were recorded regarding benefit plans with employees:

	Mar 2018	Mar 2017
Charges to the statement of profit and loss (Note 24)		
Pension plan	1,074	1,125
Healthcare plan and other benefits	324	324
	1,398	**1,449**

The amounts reported to 31 March 2018 and 2017 result from the projection of the actuarial valuation as of 31 December 2017 and 2016, for the three month period ended 31 March 2018 and 2017, considering the estimated increase in salaries for 2017 and 2016, respectively.

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

	Dec 2017	Dec 2016
Annual discount rate	1.80%	1.80%
Expected percentage of serving employees elegíble for early retirement (more than 60 years of age and 36 years in service) - by Collective work agreement	20.00%	20.00%
Expected percentage of serving employees elegible for early retirement - by Management act	20.00%	20.00%
Rate of salary increase	2.50%	2.50%
Pension increase	1.50%	1.50%
Future increases of Social Security Pension amount	0.80%	0.50%
Inflation rate	1.50%	1.50%
Medical trend	1.80%	2.50%
Management costs (per employee/year)	€306	€242
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 in the reported periods is as follows:

	Mar 2018	Dec 2017
Begining balance	**9,035**	**6,955**
Changes in the perimeter	-	1,389
Increases	-	1,385
Reversing	-	(112)
Utilization	-	(582)
Ending balance	**9,035**	**9,035**
Non-current provision	9,035	9,035
	9,035	**9,035**

At 31 March 2018, 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 515 thousand Euros related to the on-going restructuring process.

19 TRADE AND OTHER PAYABLES

The caption "Trade and other payables" as of 31 March 2018 and 31 December 2017 was made up as follows:

	Mar 2018			Dec 2017		
	Current	Non current	Total	Current	Non current	Total
Trade payables						
Current suppliers	202,440	-	202,440	220,249	-	220,249
Other creditors						
Other creditors	87,656	49,302	136,958	45,089	45,951	91,040
Tariff deviations	72,140	66,391	138,531	58,624	51,911	110,535
Fixed assets suppliers	34,926	-	34,926	87,250	-	87,250
Tax payables (i)	19,797	-	19,797	38,485	-	38,485
Deferred income						
Grants related to assets	18,537	263,705	282,242	18,527	267,099	285,626
Accrued costs						
Holidays and holidays subsidies	6,526	-	6,526	5,114	-	5,114
Trade and other payables	**442,021**	**379,398**	**821,420**	**473,337**	**364,962**	**838,298**

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

The caption “Trade and other payables” includes: (i) the amount of 31,718 thousand Euros, regarding the management of CAEs from Turbogás and Tejo Energia (44,619 thousand Euros at 31 December 2017); (ii) the amount of 19,538 thousand Euros of investment projects not yet invoiced (25,080 thousand Euros at 31 December 2017); (iii) the amount of 21,659 thousand Euros (28,374 thousand Euros at 31 December 2017) from the activity of the Market Manager (MIBEL – Mercado Ibérico de Electricidade); and (iv) the amount of 5,620 thousand Euros of "CMEC – Custo para a Manutenção do Equilíbrio Contratual" to be invoiced by EDP – Gestão da Produção de Energia, S.A. (5,567 thousand Euros at 31 December 2017), 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 24,746 thousand Euros (24,749 thousand Euros at 31 December 2017) 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 25,333 thousand Euros (at March 31, 2017 was 25,798 thousand Euros).

20 SALES AND SERVICES RENDERED

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

	Mar 2018	Mar 2017
Goods:		
Domestic market	8	15
	8	15
Services:		
Electricity transmission and overall systems managem	88,587	94,326
Natural gas transmission	24,292	30,127
Regasification	3,546	7,801
Natural gas distribution	15,906	-
Underground gas storage	7,609	3,388
Telecommunications network	1,561	1,254
Trading	2,168	2,128
Others	1,242	422
	144,911	139,445
Total sales and services rendered	**144,919**	**139,460**

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 for the three month periods ended 31 March 2018 and 2017 is the following:

	Mar 2018	Mar 2017
Revenue from construction of concession assets		
Acquisitions	9,656	10,056
Own work capitalised :		
Financial expenses (Note 5)	410	486
Overhead and management costs (Note 5)	3,815	2,571
	13,881	**13,112**
Cost of construction of concession assets		
Acquisitions	9,656	10,056
	9,656	**10,056**

22 OTHER OPERATING INCOME

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

	Mar 2018	Mar 2017
Recognition of investment subsidies in profit and loss	4,503	4,524
Underground occupancy tax	3,687	-
Supplementary income	472	343
Disposal of unused materials	1,165	-
Others	108	629
	9,935	**5,496**

23 EXTERNAL SUPPLIES AND SERVICES

The caption “External supplies and services” for the three month periods ended 31 March 2018 and 2017 is made up as follows:

	Mar 2018	Mar 2017
Fees relating to external entities i)	3,447	2,656
Maintenance costs	1,165	987
Electric energy costs	1,613	1,876
Cross border interconnection costs ii)	1,226	686
Gas transport subcontracts	798	827
Insurance costs	689	798
Security and surveillance	499	417
Travel and transportation costs	259	279
Advertising and communication costs	222	222
Other (less than 100 thousand Euros)	824	940
External supplies and services	**10,743**	**9,688**

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 are made up as follows:

	Mar 2018	Mar 2017
Remuneration:		
Board of directors	692	580
Personnel	8,789	7,932
	9,481	8,512
Social charges and other expenses:		
Post-employement and other benefits cost (Note 17)	1,398	1,449
Social security costs	1,900	1,734
Social support costs	541	26
Other	42	442
	3,880	3,650
Total personnel costs	**13,361**	**12,162**

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 are made up as follows:

	Mar 2018	Mar 2017
Underground occupancy tax	3,641	-
ERSE operating costs i)	2,432	2,435
Donations and quotizations	541	773
Taxes	128	183
Others	201	560
	6,943	**3,951**

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 are made up as follows:

	Mar 2018	Mar 2017
Financial costs		
Interest on bonds issued	12,569	12,461
Interest on commercial paper issued	947	1,049
Other borrowing interests	3,737	3,502
Derivative financial instruments	10	258
Other financing expenditure	683	1,438
	17,946	**18,708**
Financial income		
Interest income	25	8
Derivative financial instruments	797	975
Other financial investments	150	1,961
	972	**2,944**

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 114 / 2017 , of 29 December, for the year 2018.

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 CESE is levied on the value of the assets with reference to the first day of the financial year 2018 (1 January 2018) 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 CESE 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 2018) 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 25,333 thousand Euros (for the three months period ended 31 March 2017 was 25,798 thousand Euros) against a cost in the statement of profit and loss.

28 EARNINGS PER SHARE

Earnings per share were calculated as follows:

		Mar 2018	Mar 2017
Consolidated net profit used to calculate earnings per share	(1)	13,073	13,475
Number of ordinary shares outstanding during the period (note 14)	(2)	667,191,262	534,000,000
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	530,118,626
Basic earnings per share (euro per share)	**(1)/(3)**	**0.02**	**0.03**

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 11 May 2017, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2016, in the amount of 91,314 thousand Euros (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 90,650 thousand of Euros.

30 CONTINGENT ASSETS AND LIABILITIES

30.1 Contingent liabilities

Tejo Energia - Produção e Distribuição de Energia Eléctrica, SA initiated a litigation procedure against REN - Rede Eléctrica Nacional, SA ("REN Eléctrica") and REN Trading SA ("REN Trading") for the right to be considered paid the costs incurred with the financing of the social tariff.

This procedure is foreseen in the CAE dispute settlement procedure, dated 24 November 1993 (amended later). According to this CAE, Tejo Energia acts as producer and seller and REN Trading as purchaser of the energy produced at the coal-fired power plant controlled by Tejo Energia in Pego, Portugal. REN Eléctrica is jointly and severally liable with REN Trading, regarding the execution of the CAE with Tejo Energia. Tejo Energia claims that there is an obligation of REN Trading (and jointly by REN Eléctrica) to reimburse Tejo Energia for the payments made by it related to the social tariff. The amount in question at March 31, 2018 corresponds to approximately 8,636 thousand Euros, plus interest.

30.2 Guarantees given

As of 31 March 2018 and 31 December 2017 the REN Group had given the following guarantees:

Beneficiary	Scope	Mar 2018	Dec 2017
European Investment Bank (EIB)	To guarantee loans	262,915	262,915
General Directorate of Energy and Geology	To guarantee compliance with the contract relating to the public service concession	33,032	20,500
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	3,727	2,817
Municipal Council of Seixal	Guarantee for litigation	2,777	2,777
Portuguese State	Guarantee for litigation	2,000	2,000
Municipal Council of Maia	Guarantee for litigation	1,562	1,562
Municipal Council of Odivelas	Guarantee for litigation	1,119	1,119
Municipal Council of Matosinhos	Guarantee for litigation	822	822
Municipal Council of Matosinhos	Guarantee for litigation	817	817
Municipal Council of Porto	Guarantee for litigation	385	385
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
European Union	To comply with the contractual requirements on a financing agreement	177	177
EP - Estradas de Portugal	Guarantee for litigation	158	158
Direction Roads of Braga	Guarantee for litigation	100	100
Others (loss then 100 thousand Euros)	Guarantee for litigation	232	232
		326,632	313,190

31 RELATED PARTIES

Main shareholders and shares held by corporate bodies

As of 31 March 2018 and 31 December 2017, the shareholder structure of Group REN was as follows:

	Mar 2018		Dec 2017	
	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	46,570,562	7.0%	45,034,126	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.	31,691,585	4.8%	31,691,585	4.8%
Great-West Lifeco, Inc.	13,719,885	2.1%	13,719,885	2.1%
Own shares	3,881,374	0.6%	3,881,374	0.6%
Others	255,574,054	38.3%	257,110,490	38.5%
	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 three month period ended 31 March 2018 amounted to 580 thousand Euros (580 thousand Euros on 31 March 2017), as shown in the following table:

	Mar 2018	Mar 2017
Remuneration and other short term benefits	366	366
Management bonuses (estimate)	214	214
	580	**580**

Transaction of shares by the members of the Board of Directors

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, 2017.

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 in the consolidated 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

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

Revenue

	Mar 2018	Mar 2017
Sales and services provided		
Invoicing issued - REE	596	814
Invoicing issued - Centro de Investigação em Energia REN - State Grid	95	32
	691	**846**

Expenses

	Mar 2018	Mar 2017
External supplies and services		
Invoicing received - REE	1,540	4,113
Invoicing received - Centro de Investigação em Energia REN - State Grid	1	-
Invoicing received - CMS Rui Pena & Arnaut[1]	64	20
	1,605	**4,133**

[1] Entity related to the Administrator José Luis Arnaut

Balances

As of 31 March 2018 and 31 December 2017 the balances resulting from transactions with related parties were as follows:

	Mar 2018	Dec 2017
Trade and other receivables		
OMIP - Other receivables	8	-
Oman Oil - Other receivables	1	1
Centro de Investigação em Energia REN - State Grid - Other receivables	4	25
REE - Trade receivables	151	19
	164	**45**
Trade and other payables		
Centro de Investigação em Energia REN - State Grid - Other payables	1	171
REE - Trade payables	652	871
CMS - Rui Pena & Arnaut - Trade payables [1]	66	40
	719	**1,082**

[1] Entity related to the Administrator José Luis Arnaut

32 SUBSEQUENT EVENTS

By an amendment dated April 23, 2018, REN – Rede Eléctrica Nacional, S.A. and the grantor were added an amendment to the concession contract so as to (i) commit to REN – Rede Eléctrica Nacional, S.A. the execution of the installation of the submarine cable linking the Windfloat Project to be installed in the sea, near Viana do Castelo) to the public utility grid and (ii) to include in the concession area the maritime space necessary for the execution of such submarine cable.

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)

Jorge Magalhães Correia
(Member of the Board of Directors)

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

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

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

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

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

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

Mengrong Cheng
(Member of the Board of Directors)

José Luis Arnaut
(Member of the Board of Directors)

Li Lequan
(Member of the Board of Directors)

Manuela Veloso
(Member of the Board of Directors)

Omar Al Wahaibi
(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.