Enel Investment Holding B.V.

Annual report 2013

Content

Director's Report

General Information

Management of the Enel Investment Holding B.V. (hereinafter: the "Company") hereby presents its financial statements for the financial year up to and including 31 December 2013.

The Company is a private limited liability company wholly owned by Enel S.p.A, the ultimate Parent Company, which has its registered office in Rome (Italy). Enel Investment Holding B.V. has its registered office at Herengracht 471 in Amsterdam (The Netherlands) and was incorporated on 15 December 2000 under Dutch Law.

The purpose of the Company is to carry on activities and to invest directly or indirectly in companies or ventures operating:

- in the electricity industry, including all generation, distribution, sale and transmission activities;
- in the energy industry in general, including fuels, and in the field of environmental protection, as well as the water sector;
- in the communications, information-technology and the multimedia and interactive services industries;
- in network-based sectors (electricity, water, gas, district heating, telecommunications) and in sectors which, in any case, provide urban services;
- In other sectors in any way related or connected with the activities carried out in the sectors above mentioned.

Enel Investment Holding B.V. Group structure

At 2013 year-end the Group structure is as follows:

Holding of the Group

Enel Investment Holding B.V. (wholly owned by the ultimate parent company Enel S.p.A)

Group subsidiaries

-Marcinelle Energie SA - *Belgium*	100%
-Enel France Sas - *France*	100%
-Enelco SA - *Greece*	75%
-Enel Romania Srl - *Romania*	100%
-Enel Servicii Comune S.A. - *Romania*	100%
-Enel Productie Srl - *Romania*	100%
-Enel Distributie Muntenia S.A.- *Romania*	64,4%
-Enel Energie Muntenia S.A.- *Romania*	64,4%
-Enel Energie S.A. - *Romania*	51%
-Enel Distributie Dobrogea S.A.- *Romania*	51%
-Enel Distributie Banat S.A.- *Romania*	51%
-Enel Gas Rus Llc - *Russia*	100%
-Enel OGK-5 OJSC (*) - *Russia*	56,4%
-Pragma Energy SA - *Switzerland*	100%
-Enel Albania Shpk – *Albania*	100%

(*) Shares are listed on the Russian Stock Exchange

Introduction

In 2013 the priorities of the Company were focused on the consolidation and integration of the scope of operations taking advantage of the opportunities in the international market. This is underlined by the fact that, following a cycle of international expansion completed in 2008 by the Parent Company Enel S.p.A., the Company now holds the equity investments of ENEL S.p.A. in most of the Enel overseas companies operating in Europe, except for Endesa and the companies operating in the renewable sector.

In Russia, Enel OGK-5 continued to optimize its sales strategy and focus on cost containment actions in an adverse market environment. That helped the company to achieve positive EBITDA dynamics for the year. Additionally, the company continued to refurbish its flagship plant, coal-fired Reftinskaya GRES, with investments focused both on environmental improvements and modernization of the plant's equipment.

In Romania, following the acquisition of the Muntenia companies in 2009, the Company is pursuing its plans to exploit the synergies arising from integration, optimization and consolidation with the other Romanian subsidiaries, as well as to improve operational management and enhance the value of its assets. Investments are also being made to develop the electricity grid, reduce commercial losses and to increase service quality, as well as to create the integration of the distribution and sales companies.

In France, in 2012, Enel has notified EdF the exercise of its Exit Right on its participation in the EPR (European Pressurized Reactor) nuclear power plant project in Flamanville and in another five power plants to be built using the same EPR technology. The termination of the Agreement also determines the foreclosure of the "Anticipated Capacity" contracts which were linked to the above mentioned stakes in the EPRs to be constructed, for a total amount of 1.200 MW in 2012. The overall amount of the energy supplied by Edf to Enel as Anticipated Capacity was gradually reduced to 800 MW in 2013 and will be reduced to 400 MW during 2014 and will be phased out in the third year from the termination date.

In order to reorganize the Enel Group's activities in the reinsurance business, the Company established a new Dutch company named Enel.re N.V. (then renamed into Enel Insurance N.V.) jointly with the Spanish affiliated Endesa SA in which all equity investments in the existing reinsurance companies (Enel.re Ltd was previously wholly owned by the Company and Compostilla Re SA was previously owned entirely by Endesa SA) have been transferred in order to take advantage of all synergies involved in the project.

Significant events in 2013

Dispute with Electrica

On 5 July 2013, the Romanian state-controlled company Electrica SA notified Enel SpA, Enel Investment Holding BV, Enel Distributie Muntenia SA and Enel Energie Muntenia SA of a request for arbitration, setting out a series of demands for damages for alleged breach of contractual obligations contained in the agreements between the parties on the occasion of the disposal of a controlling interest in Electrica Muntenia Sud (which was subsequently split into Enel Distributie Muntenia and Enel Energie Muntenia).

Letter of intent for disposal of Marcinelle Energie

On 21 June 2013, Enel and Gazprom signed a non-binding letter of intent (the "LOI") for the sale to the Russian company of 100% of Marcinelle Energie, which owns a 420 MW combined-cycle gas turbine power plant in Belgium, for EUR 227 million, with the price to be adjusted for net financial debt at the closing date. The LOI paves the way for a binding final agreement, whose final terms and conditions must be agreed by the end of September 2013, following which date the letter of intent shall lapse. On 3 December 2013, Enel and Gazprom signed the extension of the LOI dated 21 June 2013, extending the duration of the LOI since 1 October 2013 until 31 March 2014. As with similar transactions, the execution of the transaction is subject to the approval of the competent corporate bodies of the parties involved as well as to the authorization of the competition and other authorities provided by law.

Sale of Artic Russia BV

On 13 November 2013, the Company finalized the sale of its 40% stake in Artic Russia BV, which in turn owns 49% of the share capital of SeverEnergia (the aggregated interest of Enel in the latter being equal to 19,6%), to Itera, a wholly-owned subsidiary of the Russian oil & gas company Rosneft. At closing, Enel Investment Holding received a cash consideration of USD 1,8 billion from Itera resulting in a consolidated and statutory capital gain respectively of EUR 944 million and EUR 1.061 million. The transaction, which has been completed upon satisfaction of the conditions precedent, enables the Enel Group to improve its financial position for an amount of USD 1,8 billion.

Overview of the Group’s performance and financial position

Definition of performance indicators

In order to present the results of the Group and analyze its financial structure, the Company has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU adopted by the Group and presented in the consolidated financial statements. These reclassified schedules contain different performance indicators from those obtained directly from the consolidated financial statements, which management feels are useful in monitoring Group performance and representative of the financial performance of the Group’s business.

In accordance with recommendation CESR/05-178b published on 3 November 2005, the criteria used to calculate these indicators are described below:

Gross operating margin: an operating performance indicator, calculated as “Operating income” before “Depreciation, amortization and impairment losses”;

Net non-current assets: calculated as the difference between “Non-current assets” and “Non-current liabilities” with the exception of:

“Deferred tax assets”;

“Financial receivables due from other entities”, “Other securities designated at fair value through profit or loss” and other minor items reported under “Non-current financial assets”;

“Long-term loans”;

“Post-employment and other employee benefits”;

“Provisions for risks and charges”;

“Deferred tax liabilities”.

Net current assets: calculated as the difference between “Current assets” and “Current liabilities” with the exception of:

“Receivables for factoring advances”, “Long-term financial receivables (short-term portion), “Other securities” and other minor items reported under “Current financial assets”;

“Cash and cash equivalents”;

“Short-term loans” and the “Current portion of long-term loans”.

Net capital employed: calculated as the algebraic sum of “Net non-current assets” and “Net current assets”, provisions not previously considered, “Deferred tax liabilities” and “Deferred tax assets”, as well as “Net assets held for sale”.

Net financial debt: a financial structure indicator, determined by “Long-term loans”, the current portion of such loans and “Short-term loans” less “Cash and cash equivalents”, “Current financial assets” and “Non-current financial assets” not previously considered in other balance sheet indicators.

Main changes in the scope of consolidation

In the two reporting periods examined here, the scope of consolidation has changed as a result of the following main transactions:

2013

- On 13 November 2013, the Company finalized the sale of its 40% stake in Artic Russia BV, which in turn owns 49% of the share capital of SeverEnergia (the aggregated interest of Enel in the latter being equal to 19,6%), to Itera, a wholly-owned subsidiary of the Russian oil & gas company Rosneft;

- On 23 October 2013, the process of liquidation of the Albanian company Linea Albania Shpk was completed with a final liquidation installment equal to EUR 0,1 million.

2012

- Management of Enel Group has decided in December 2012 to sell its activites in Belgium, which consist of a CCGT power plant, through the disposal of those net assets pertaining to the subsidiary Marcinelle. Following this decision Marcinelle's net assets have been reclassified as "held for sale" according to IFRS 5 at 2012 year ended.

Group performance

Millions of euro

	2013	2012 restated	Change
Total revenues	4.350	3.668	682
Total costs	2.822	2.994	(172)
Gross operating income	**1.528**	**674**	**854**
Depreciation, amortization and impairment losses	1.087	445	642
Operating Income	**441**	**229**	**212**
Financial Income	180	233	(53)
Financial expense	(198)	(283)	85
Total Financial Income/(Expense)	**(18)**	**(50)**	**32**
Share of gains/(losses) on investments accounted for using the equity method	95	101	(6)
Profit/(Loss) before taxes	**518**	**280**	**238**
Income Taxes	77	49	28
Net Profit (Group and minority interests)	**441**	**231**	**210**
Minority interests	91	142	(51)
Group Net profit	**350**	**89**	**261**

Revenues

Millions of euro

	2013	2012	Change
Revenues from the sale of electricity	3.040	3.289	(249)
Revenues from the transport of electricity	109	110	(1)
Capital Gain on net assets disposal	944	-	944
Other sales and services	257	269	(12)
Total	**4.350**	**3.668**	**682**

In 2013 **revenues** amounted to EUR 4.350 million, up EUR 682 million over 2012.

Revenues from the sale of electricity amounted to EUR 3.040 million, down EUR 249 million on 2012. The variation was mainly due to Enel France (EUR 296 million) following the exit from the Flamanville 3 project and the lower electricity demand and to Enel OGK-5 (EUR 24 million) due to a negative exchange difference partially offset by higher prices of electricity. This effect was partially offset by higher revenues of Enel Energie (EUR 47 million) and Enel Energie Muntenia (EUR 25 million) following the tariff increase and higher volumes of energy sold in 2013.

Revenues from the transport of electricity totaled EUR 109 million in 2013, with no significant change reported.

Capital gain on net assets disposal related to the consolidated gain further to the disposal of Artic Russia BV occurred in November 2013 (EUR 944 million).

Costs

Millions of euro			
	2013	2012	Change
Electricity purchases	1.202	1.464	(262)
Consumption of fuel for electricity generation	869	898	(29)
Raw materials and consumables	54	59	(5)
Services	307	305	2
Personnel	187	195	(8)
Other operating expenses	241	124	117
Capitalized costs	(38)	(51)	13
Total	**2.822**	**2.994**	**(172)**

Costs for **electricity purchases** decreased by EUR 262 million in 2013 to EUR 1.202 million, with the change mainly attributable to Enel France (EUR 241 million) due to lower energy purchased.

Consumption of fuel for electricity generation totaled EUR 869 million in 2013, down EUR 29 million over 2012. The decrease is attributable exclusively to Enel OGK-5 due to the negative exchange difference partially offset by higher fuel prices experienced.

Services costs totaled EUR 307 million in 2013, with no significant change reported.

Personnel costs amounted to EUR 187 million in 2013, the variance is mainly due to the application of the new version of "IAS 19 – Employee benefits" (from 1 January 2013 with retrospective effect).

Other operating expenses rose by EUR 117 million to EUR 241 million in 2013, primarily because of the increase in the provisions for litigation (EUR 80 million) accounted by Enel Investment Holding BV and the increase of the charges for green certificates (EUR 27 million) of the Romanian companies.

Capitalized costs decreased by EUR 13 million to EUR 38 million as a result of the lower capital expenditure (personnel and materials capitalization) carried out in 2012 by Romanian companies on the electricity distribution network.

Depreciation, amortization and impairment losses increased by EUR 642 million to EUR 1.087 million. The increase is primarily attributable to the partial impairment of Enel OGK-5 goodwill (EUR 632 million), the write-off of the trade receivables performed by Enel OGK-5 (EUR 22 million) and the reversal of prior impairment losses in 2012 (EUR 90 million) mainly related to the agreement reached by Romanian companies with Romanian CFR, partially offset by the impairment of Marcinelle (EUR 130 million).

Operating income rose by EUR 212 million to EUR 441 million in 2013, primarily because of higher gross operating margin driven by the capital gain related to the sale of the company Artic Russia BV (EUR 944 million) partially offset by the impairment losses recorded in 2013.

Net financial expense dropped by EUR 32 million to EUR -18 million in 2013 (EUR -50 million in 2012). The decrease in net financial expense is primarily connected to lower financial charges of Enel France (EUR 40 million), partially offset by higher net financial expense of Enel OGK-5 (EUR 8 milion).

The **share of gains/(losses) from equity investments accounted for using the equity method** showed a net gain of EUR 95 million, down EUR 6 million on 2012 with no significant change reported.

Income taxes rose by EUR 28 million to EUR 77 million in 2013. The variation is primarily due to the increase of the current taxation (EUR 18 million) and to the adjustments to income taxes (EUR 12 million) related to prior years attributable to Romanian companies.

Analysis of the Group financial position

Millions of euro

	31 Dec. 2013	31 Dec. 2012 restated	Change
Net non-current assets:			
Property, plant and equipment and intangible assets	4.374	4.724	(350)
Goodwill	922	1.807	(885)
Equity investments accounted for using the equity method	168	548	(380)
Other net non-current assets/(liabilities)	22	69	(47)
Total	**5.486**	**7.148**	**(1.662)**
Net current assets:			
Trade receivables	406	444	(38)
Inventories	88	93	(5)
Other net current assets/(liabilities)	(891)	(989)	98
Trade payables	(430)	(458)	28
Total	**(827)**	**(910)**	**83**
Gross capital employed	**4.659**	**6.238**	**(1.579)**
Provisions:			
Post-employment and other employee benefits	(109)	(86)	(23)
Provisions for risks and charges	(155)	(61)	(94)
Net deferred taxes	(382)	(418)	36
Total	**(646)**	**(565)**	**(81)**
Net assets held for sale	**18**	**8**	**10**
Net Capital Employed	**4.031**	**5.681**	**(1.650)**
Total Shareholders' Equity	**5.586**	**5.600**	**(14)**
Net Financial Debt	**(1.555)**	**81**	**(1.636)**

The **net non-current assets**, as at 31 December 2013, fell by EUR 1,662 million compared to 31 December 2012 with the following breakdown:

•**Property, plant and equipment and intangible assets** fell to EUR 4.374 million, a decrease of EUR 350 million essentially attributable to the depreciation and amortization (EUR 269 million), the negative exchange rate effects (EUR 363 million) net of capital expenditure for the period (EUR 319 million);

•**Goodwill** decreased by EUR 885 million to EUR 922 million mainly as a result of the impairment recorded on Enel OGK-5 (EUR 744 million) and the negative exchange rate differences (EUR 141 million);

•**Equity investments accounted for using the equity method** amounted to EUR 168 million, down EUR 380 million on the previous year. The decrease is primarily connected to the sale of the company Artic Russia BV in November 2013 (EUR 397 million) and the dividends paid by the associated company Res Holding B.V. to the Company totaling EUR 108 million, partially offset by the share of income from associated companies (EUR 95 million) and the exchange rate difference (EUR 30 million).

•**Other net non-current assets** fell by EUR 47 million to EUR 22 million primarily as a result of a reduced fair value of equity investment available for sale in Bayan Resources T.b.K (EUR 54 million).

Net current assets came to a negative EUR 827 million, an increase of EUR 83 million compared to 31 December 2012 mainly due to the "put option" of Marcinelle that was executed by Duferco for EUR 36 million with the payment carried out in January 2013, the decrease of the trade payables of the Romanian companies (EUR 63 million), Enel OGK-5 (EUR 19 million) and Enel France (EUR 14 million), partially offset by the decrease of the trade receivables of Enel France (EUR 14 million) and Enel OGK-5 (EUR 25 million).

Provisions amounted to EUR 646 million, up EUR 81 million mainly due to the increase in the provisions for litigation in Enel Investment Holding BV (EUR 80 million).

Net assets held for sale amounted to EUR 18 million (EUR 8 million at 31 December 2012) and entirely refer to the net assets of Marcinelle classified to assets held for sale according to IFRS 5.

Net capital employed came to EUR 4.031 million at 31 December 2013, down EUR 1.650 million in comparison with 31 December 2012. It is funded by shareholders' equity attributable to the Group and non-controlling interests in the amount of EUR 5.586 million and by net financial debt totaling EUR -1.555 million. The debt-to-equity ratio at 31 December 2013 came to -28% (1% as of 31 December 2012).

Analysis of the financial structure

Millions of euro

	31 Dec. 2013	31 Dec. 2012	Change
Long Term Debt:			
Bank loans	453	498	(45)
Bonds	298	421	(123)
Other loans from third parties	1	1	0
Other loans from Enel Group Companies	22	26	(4)
Long-term debt	*774*	*946*	*(172)*
Long-term financial receivables and securities	(2)	(6)	4
Other m/l term financial receivables from Enel Group companies	(323)	(325)	2
Net long-term debt	**449**	**615**	**(166)**
Short Term Debt:			
Short-term portion of long term bank debt	53	31	22
Short-term bank debt	*53*	*31*	*22*
Bonds (short-term portion)	110	99	11
Intercompany current account - Enel SpA	-	66	(66)
Other short-term loans from Enel Group companies	-	300	(300)
Other short-term debt	*110*	*465*	*(355)*
Long term financial receivables (short-term portion)	(3)	(2)	(1)
Short-term financial receivables	(8)	(21)	13
Short-term financial receivables from Enel SpA	(10)	(5)	(5)
Short-term financial receivables from Enel Group companies	(1.120)	(174)	(946)
Cash and cash equivalents	(1.026)	(828)	(198)
Cash and cash equivalents and short-term financial receivables	*(2.167)*	*(1.030)*	*(1.137)*
Net short-term debt	**(2.004)**	**(534)**	**(1.470)**
Net financial debt	**(1.555)**	**81**	**(1.636)**
Net financial debt of "Assets held for sale"	**173**	**213**	**(40)**

Net financial debt came to a negative EUR 1.555, a decrease of EUR 1.636 million compared to 31 December 2012.

Net long-term debt decreased by EUR 166 million to EUR 449 million, mainly as a result of reclassification of the commercial papers in Enel OGK-5 from long-term to short-term portion (EUR 123 million), reimbursed at the beginning of 2013;

Net short-term debt decreased by EUR 1.470 million to a negative EUR 2.004 million mainly attributable to:

•a significant reduction in the overdrawn intercompany current account held by the Company with Enel S.p.A. (EUR 66 million);

•the repayment of the short-term revolving facility agreed upon with Enel Finance International NV for EUR 300 million in November 2013;

•a significant increase in the short-term financial receivables from Enel Group companies following the short-term deposits agreed upon with Enel Finance International NV and Enel Investment Hoding B.V. for EUR 1.010 million, partially offset by the decrease of the short-term financial receivables of Enel France with Enel Finance International NV (EUR 64 million);

•the increase in cash and cash equivalents mainly due to the Romanian distribution companies (EUR 120 million), Enel OGK-5 (EUR 57 million), due to the change in payment schedules for fuel, and to the new short-term deposit agreed upon with Enel Finance International NV and Enel Investment Hoding B.V. for EUR 16 million.

Cash flows

Millions of euro

	2013	2012	Change
Cash and cash equivalents at the start of the year	**828**	**759**	**69**
Cash flows from operating activities	636	968	(332)
Cash flows from investing/disinvesting activities	1.024	(475)	1.499
Cash flows from financing activities	(1.436)	(412)	(1.024)
Effect of exchange rate changes on cash and cash equivalents	(26)	(12)	(14)
Cash and cash equivalents at the end of the year [(1)]	**1.026**	**828**	**198**

[(1)] of which short-term securities equal to EUR 5 million as of 31 December 2013 (EUR 3 million as of 31 December 2012)

In 2013 cash and cash equivalents rose by EUR 198 million to EUR 1.026 million.

Cash flows from operating activities amounted to EUR 636 million, down EUR 332 million on the previous year. The change primarily reflects the cash-in of non-current financial assets performed in 2012 further to the exit of Enel France from Flamanville project, partially offset by lower net financial charges paid experienced in 2013.

Net cash disbursement from investing/disinvesting activities amounted to EUR 1.024 million, up EUR 1.499 million. The change is mainly due to the investments in property, plant and equipment of the period (EUR 312 million) and the disposal of Artic Russia BV in November 2013 (EUR 1.340 million).

Cash flows from financing activities absorbed cash for EUR 1.436 million essentially because of the repayments (EUR 530 million), in particular the repayment of the short term revolving facility with Enel Finance International NV in November 2013 (EUR 300 million) and the decrease of the intercompany current account held with Enel S.p.A. (EUR 66 million), and the new borrowings raised (EUR 906 million) with the change primarily due to the new short-term deposits of the Company with the affiliate Enel Finance International NV (EUR 1.010 million).

Main risks and uncertainties

Business risks

The energy markets in which the Group operates are currently undergoing gradual liberalization, which is being implemented using different approaches and timetables from country to country.

As a result of these processes, the Group is exposed to increasing competition from new entrants and the development of organized markets.

The business risks generated by the natural participation of the Group in such markets have been addressed by integration along the value chain, with a greater drive for technological innovation, diversification and geographical expansion. More specifically, the initiatives taken have increased the customer base in the free market, with the aim of integrating downstream into final markets, optimizing the generation mix, improving the competitiveness of plants through cost leadership, seeking out new high-potential markets and developing renewable energy resources with appropriate investment plans in a variety of countries.

The Group often operates in regulated markets, and changes in the rules governing operations in such markets, and the associated instructions and requirements with which the Group must comply, can impact our operations and performance.

In order to mitigate the risks that such factors can engender, Enel has forged closer relationships with local government and regulatory bodies, adopting a transparent, collaborative and proactive approach in tackling and eliminating sources of instability in regulatory arrangements.

Supply continuity

In order to limit the risk of interruptions in fuel supplies, the Group has diversified fuel sources, using suppliers from different geographical areas and encouraging the construction of transportation and storage infrastructure.

Credit risk

In its commercial and financial activities, the Group is exposed to the risk that its counterparties might not be able to discharge all or part of their obligations, whether these involve payment for goods already delivered and services rendered or payment of the expected cash flows under financial derivatives contracts.

In order to minimize such risks, the Group assesses the creditworthiness of the counterparties to which it plans to maintain its largest exposures on the basis of information supplied by independent providers and internal rating models.

This process makes it possible to set exposure limits for each counterparty, the appropriate guarantees required for exposures exceeding such limits and periodic monitoring of the exposures.

For certain segments of its customer portfolio, the Group also enters into insurance contracts with leading credit insurance companies.

Liquidity risk

Liquidity risk is managed by the Group Treasury Unit at Enel S.p.A., which ensures adequate coverage of cash needs (using lines of credit and issues of bonds and commercial paper) and appropriate management of any excess liquidity. Furthermore, in November 2012 the Company entered into a short term revolving facility (hereafter: RFA) with Enel Finance International NV. In January 2013, RFA was amended with an increase of the total commitment from the aggregate amount up to EUR 300 million to the aggregate amount up to EUR 430 million starting from 31 January 2013. In November 2013, RFA was fully repaid and the excess liquidity deriving from the sale of Artic Russia Bv was managed entering into three short term deposits with Enel Finance International NV for a total amount of EUR 1.026 million.

The repayment of bonds issued by the Company is guaranteed by Enel S.p.A. therefore there has no impact on the Group liquidity risk.

Exchange rate and interest rate risk

Enel Investment Holding B.V. and its subsidiaries are exposed to exchange rate risk associated with cash flows related to the purchase or sale of fuel or electricity on international markets, cash flows in respect of investments or other items in foreign currency and debt denominated in currencies other than the functional currency of the respective countries.

The main exchange rate exposure of the Company relates to the Russian ruble and Romanian leu. During the year, management of exchange rate risk was pursued through compliance with Enel Group's risk management policies, with no difficulties encountered in accessing the derivatives market.

Interest rate risk management is aimed at balancing the structure of the debt, reducing the amount of debt exposed to interest rate fluctuations and minimizing borrowing costs over time, limiting the volatility of results. The main source of the exposure to this category of risk for the Group is floating-rate debt. Enel Investment Holding B.V. and its subsidiaries are involved in the management policies implemented by the Parent Company Enel S.p.A. to optimize the Group's overall financial position, ensure the optimal allocation of financial resources and control financial risks.

With regard to both exchange rate risk and interest rate risk, all financial derivatives entered into by the Group are intended for hedging and not for trading purposes.

Other risks

Breakdowns or accidents that temporarily interrupt operations at the Group's plants represent an additional risk associated with the Group's business. In order to mitigate such risks, the Group adopts a range of prevention and protection strategies, including preventive and predictive maintenance techniques and technology surveys to identify and control risks, and implement international best practices. Any residual risk is managed using specific insurance policies to protect corporate assets and provide liability coverage in the event of harm caused to third parties by accidents, including pollution that may occur during the production and distribution of electricity.

Outlook

The Company will continue to hold the majority of the foreign subsidiaries of the Enel Group (excluding Endesa and the renewable energy companies) operating in the traditional power sources field. It will also continue to strongly support Enel Group in its presence in the international market.

The Group will focus on the further consolidation and integration of its various parts, with the aim to create value by leveraging the professionalism, skills and synergies it possesses, without neglecting the search for new opportunities in technological innovation and in organic growth in the areas and businesses in which it operates.

At the same time, the portfolio optimization efforts designed to reinforce the Group's financial position, which has been considerably affected by the international expansion policy pursued in recent years, will continue.

Research and Development

The Company does not perform any direct research and development activities. These are performed by the operating entities, such as the subsidiaries and other Enel Group Companies.

Personnel

As of 31 December 2013, the Group employed 6.609 people (7.124 at 31 December 2012). Changes in the total number of employees with respect to 31 December 2012 are below summarized:

Employees at 31 December 2012	**7.124**
Changes in the scope of consolidation	-
Hirings	377
Terminations	(892)
Employees at 31 December 2013	**6.609**

As of 31 December 2013 the Company employed nine directors and eight staff members.

Statement of the Board of Directors

Statement ex Article 5:25c Paragraph 2 sub c Financial Markets Supervision Act ("Wet op net Financieel Toezicht").

To our knowledge,

- the financial statements give a true and fair view of the assets, liabilities, financial position and result of Enel Investment Holding B.V. and its consolidated companies;

- the Director's report gives a true and fair view of the Company's position as per 31 December 2013 and the developments during the financial year 2013 of Enel Investment Holding B.V. and its consolidated companies;

- the Director's report describes the principal risks the Company is facing.

This annual report is prepared according to International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and externally fully audited by the Ernst & Young Accountants LLP.

Furthermore the annual report complies with the EU Transparency Directive which was enacted in the Netherlands in 2008 and subsequently came into force from 1 January 2009. The Group's main obligations under the afore mentioned Transparency Directive can be summarized as follows:

- filing its annual financial statements electronically with the AFM (Autoriteit Financiele Markten) in the Netherlands as adopted by the Company's shareholders meeting within five days after their approval;

- making its annual financial report generally available to the public by posting it on Enel's official website within 4 months after the end of the 2013 fiscal year (by 30 April 2014);

- making its annual financial report generally available to the public by issuing an information notice on a financial newspaper or on a financial system at European level within 4 months after the end of the 2013 fiscal year (by 30 April 2014).

Amsterdam, 18 April 2014

The Board of Directors:

L. Ferraris
A. Brentan
M. Salemme
C. Tamburi
C. Palasciano
H. Marseille
F. Mauritz
A.J.M. Nieuwenhuizen
E. Di Giacomo

Board of Directors composition

Taking into account the new legislation that entered into force in the Netherlands on 1 January 2013 and concerning the composition of the companies' Board of Directors, we highlight that the Board members of the Company are currently all men. Nonetheless, the Company believes that the composition of its Board of directors has a broad diversity of experience, expertise and backgrounds, and that the backgrounds and qualifications of the directors, considered as a group, provide a significant mix of experience, knowledge, abilities and independence that we believe will allow our board of directors to fulfill its responsibilities and properly execute its duties.

Enel Investment Holding B.V.

Consolidated financial statements for the year ended 31 December 2013

Prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

Enel Investment Holding B.V. consolidated income statement for the year ended 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union

Millions of euro	*Notes*		
		2013	2012 restated [1]
Revenues			
Revenues from sales and services	*10*	3.323	3.565
Other income	*10*	1.027	103
	[Subtotal]	**4.350**	**3.668**
Costs			
Raw materials and consumables	*11.a*	2.125	2.421
Services	*11.b*	307	305
Personnel	*11.c*	187	195
Depreciation, amortization and impairment losses	*11.d*	1.087	445
Other operating expenses	*11.e*	241	124
Capitalized costs	*11.f*	(38)	(51)
	[Subtotal]	**3.909**	**3.439**
Operating Income		**441**	**229**
Financial Income	*12*	180	233
Financial expense	*12*	198	283
Share of gains/(losses) on investments accounted for using the equity method	*13*	95	101
	[Subtotal]	77	51
Income/(Loss) before taxes		**518**	**280**
Income Taxes	*14*	77	49
Net income for the year (shareholders of the Company and non-controlling interests)		**441**	**231**
Attributable to non-controlling interests		91	142
Attributable to the shareholder of the Parent Company		350	89

[1] The figures have been restated to take account of the impact of the change, with retrospective effect, of the accounting policy used for employee benefits under the new version of IAS 19. For further information please see note 5.

The Notes on pages 28 to 94 are an integral part of these Consolidated Financial Statements

Enel Investment Holding B.V. consolidated statement of other comprehensive income for the year ended 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union

Millions of euro

	2013	2012 restated [1]
Net income/(loss) for the period	**441**	**231**
Other comprehensive income recyclable to profit or loss:		
Effective portion of change in the fair value of cash flow hedges	3	(6)
Share of income recognized in equity by companies accounted for using the equity method	30	5
Change in the fair value of financial investments available for sale	(54)	(296)
Exchange rate differences	(408)	59
Income/(loss) recognized directly in equity	**(429)**	**(238)**
Re-measurement gains/(losses) on defined benefit plans	(26)	(14)
Comprehensive income for the period	**(14)**	**(21)**
Attributable to:		
- shareholder of the Parent Company	19	(171)
- minority interests	(33)	150

(1) The figures have been restated to take account of the impact of the change, with retrospective effect, of the accounting policy used for employee benefits under the new version of IAS 19. For further information please see note 5.

The Notes on pages 28 to 94 are an integral part of these Consolidated Financial Statements

Enel Investment Holding B.V. consolidated statement of financial position as at 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union (before the appropriation of the result)

Millions of euro	*Notes*		
ASSETS		**31 Dec. 2013**	31 Dec. 2012 restated [1]
Non-current assets			
Property, plant and equipment	*15*	4.113	4.446
Intangible assets	*16*	1.183	2.085
Deferred tax assets	*31*	63	41
Equity investments accounted for using the equity method	*17*	168	548
Equity investments in other companies	*18*	175	235
Non-current financial assets	*19*	327	331
Other non-current financial assets	*20*	3	3
	(Total)	**6.032**	**7.689**
Current assets			
Inventories	*21*	88	93
Trade receivables	*22*	406	444
Tax receivables		3	22
Current financial assets	*23*	1.165	219
Other current assets	*24*	40	47
Cash and cash equivalents	*25*	1.021	825
	(Total)	**2.723**	**1.650**
Assets held for sale	*26*	**239**	**292**
TOTAL ASSETS		**8.994**	**9.631**

[1] The figures have been restated to take account of the impact of the change, with retrospective effect, of the accounting policy used for employee benefits under the new version of IAS 19. For further information please see note 5.

The Notes on pages 28 to 94 are an integral part of these Consolidated Financial Statements

Enel Investment Holding B.V. consolidated statement of financial position as at 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union (before the appropriation of the result)

Millions of euro	Notes		
LIABILITIES AND SHAREHOLDERS' EQUITY		**31 Dec. 2013**	31 Dec. 2012 restated (1)
Equity attributable to the shareholders of the Parent Company	*27*		
Share capital		1.593	1.593
Other reserves		1.907	2.238
Retained earnings		304	215
Net income for the period		350	89
	(Total)	**4.154**	**4.135**
Equity attributable to minority interests		1.432	1.465
TOTAL SHAREHOLDERS' EQUITY		**5.586**	**5.600**
Non-current liabilities			
Long-term loans	*28*	774	946
Post-employment and other employee benefits	*29*	109	86
Provisions for risks and charges	*30*	112	33
Deferred tax liabilities	*31*	445	460
Non-current financial liabilities	*32*	2	12
Other non-current liabilities	*33*	155	157
	(Total)	**1.597**	**1.694**
Current liabilities			
Short-term loans	*34*	-	366
Current portion of long-term loans	*28*	163	130
Current portion of provisions for risks and charges	*30*	43	28
Trade payables	*35*	430	458
Current financial liabilities	*36*	8	17
Other current liabilities	*37*	940	1.054
Income tax payable		5	-
	(Total)	**1.589**	**2.053**
Liabilities associated with assets held for sale	*38*	**222**	**284**
TOTAL LIABILITIES		**3.408**	**4.031**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**8.994**	**9.631**

(1) The figures have been restated to take account of the impact of the change, with retrospective effect, of the accounting policy used for employee benefits under the new version of IAS 19. For further information please see note 5.

The Notes on pages 28 to 94 are an integral part of these Consolidated Financial Statements

Enel Investment Holding B.V. consolidated cash flow statement for the year ended 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union

Millions of euro

	2013	2012 restated [1]
Income for the year	**441**	**231**
Adjustments for:		
Amortization and impairment losses of intangible assets	782	275
Depreciation and impairment losses of property, plant and equipment	253	224
Movement in provisions	174	(43)
Financial (income)/expense	18	50
Income taxes	77	51
(Gains)/Losses and other non- monetary items	(1.077)	(5)
Cash flow from operating activities before changes in net current assets	*668*	*783*
Increase/(Decrease) in provisions	(27)	(13)
(Increase)/Decrease in inventories	5	(4)
(Increase)/Decrease in trade receivables	76	(29)
(Increase)/Decrease in financial and non- financial assets/liabilities	(30)	401
Increase/(Decrease) in trade payables	(60)	(29)
Interest income and other financial income collected	147	120
Interest expense and other financial expense paid	(113)	(219)
Income taxes paid	(30)	(42)
Cash flows from operating activities (a)	**636**	**968**
Investments in property, plant and equipment	(312)	(464)
Investments in intangible assets	(7)	(14)
Disposals of entities (or business units) less cash and cash equivalents sold	1.340	-
(Increase)/decrease in other investing activites	3	-
Repayment of share premium contribution	-	3
Cash flows from investing/disinvesting activities (b)	**1.024**	**(475)**
Financial debt (new borrowings/(deposits))	(906)	564
Financial debt (repayments and other changes)	(530)	(976)
Dividends and interim dividends paid	-	-
Cash flows from financing activities (c)	**(1.436)**	**(412)**
Impact of exchange rate fluctuations on cash and cash equivalents (d)	**(26)**	**(12)**
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**198**	**69**
Cash and cash equivalents at the beginning of the year	828	759
Cash and cash equivalents at the end of the year	1.026	828
- of which peratining to held for sale companies	-	-

[1] The figures have been restated to take account of the impact of the change, with retrospective effect, of the accounting policy used for employee benefits under the new version of IAS 19. For further information please see note 5.

The Notes on pages 28 to 94 are an integral part of these Consolidated Financial Statements

Enel Investment Holding B.V. consolidated statement of changes in shareholders' equity at 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union (before profit appropriation)

Millions of euro	Share capital	Share premium reserve	FV and sundry reserves	Currency translation reserve	OCI equity method reserve	Reserve for employee benefits	Retained earnings	Net income for the period	**Group Net Equity**	**Minority Interests**	**Total shareholders' equity**
As at 1 January 2012	**1.593**	**2.410**	**488**	**(340)**	**(55)**	**-**	**23**	**192**	**4.311**	**1.319**	**5.630**
Effect of application of IAS 19 Revised	**-**	**-**	**-**	**-**	**-**	**(5)**	**-**	**-**	**(5)**	**(4)**	**(9)**
As at 1 January 2012 restated	**1.593**	**2.410**	**488**	**(340)**	**(55)**	**(5)**	**23**	**192**	**4.306**	**1.315**	**5.621**
Transactions with Shareholder:						**-**					
- Profit appropriation	-	-	-	-	-	-	192	(192)	**-**	-	**-**
Comprehensive income for the year:						-					
- Net income/(loss) for the period recognized in other comprehensive income	-	-	(302)	45	5	(8)	-	-	**(260)**	**8**	**(252)**
- Net income/(loss) for the period	-	-	-	-	-	-	-	89	**89**	**142**	**231**
2012 movements	**-**	**-**	**(302)**	**45**	**5**	**(8)**	**192**	**(103)**	**(171)**	**150**	**(21)**
At 31 December 2012 restated	**1.593**	**2.410**	**186**	**(295)**	**(50)**	**(13)**	**215**	**89**	**4.135**	**1.465**	**5.600**
Transaction with Shareholder:											
- Profit appropriation	-	-	-	-	-	-	89	(89)	**-**	-	**-**
Comprehensive income for the year:											
- Net income/(loss) for the period recognized in other comprehensive income	-	-	(51)	(295)	30	(15)	-	-	**(331)**	**(124)**	**(455)**
- Net income/(loss) for the period	-	-	-	-	-	-	-	350	**350**	**91**	**441**
2013 movements	**-**	**-**	**(51)**	**(295)**	**30**	**(15)**	**89**	**261**	**19**	**(33)**	**(14)**
At 31 December 2013	**1.593**	**2.410**	**135**	**(590)**	**(20)**	**(28)**	**304**	**350**	**4.154**	**1.432**	**5.586**

The Notes on pages 28 to 94 are an integral part of these Consolidated Financial Statements

Notes to the Enel Investment Holding B.V. consolidated financial statements for the year ended 31 December 2013

1. Form and content of the consolidated financial statements

Under EU legislation, issuers of financial instruments listed on regulated markets are required to prepare their financial statements in accordance with international accounting standards.

Therefore, since financial year 2007, Enel Investment Holding B.V. has been preparing the financial statements in accordance with the International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretation Committee (SIC) as endorsed by the European Commission (hereinafter the "IFRS-EU").

The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the financial statements of the Company and its subsidiaries ("the Group") and the Group's interest in associates and jointly controlled entities. A list of the subsidiaries included in the scope of consolidation is reported in the annex.

Relationship with Parent Company and principal activities

Enel Investment Holding B.V. (hereinafter the "Company") is a private limited liability Company, where 100% of the shares are held by Enel S.p.A., the ultimate Parent Company, which has its registered office in Rome (Italy). The Company's financial statements are included in the consolidated financial statements of Enel S.p.A. which can be obtained from the Investor Relations section of Enel S.p.A.'s official website (http://www.enel.com).

Enel Investment Holding B.V., which has its registered office at Herengracht 471 in Amsterdam the Netherlands, was incorporated on 15 December 2000 under Dutch Law.

The purpose of the Company is to carry on activities and to invest directly or indirectly in companies or ventures that conduct their business:

- in the electricity industry, including all the activities of production, distribution and sale, as well as transmission;
- in the energy industry in general, including fuels, and in the field of environmental protection, as well as the water sector;
- in the communications, information technology industries and the multimedia and interactive services industries;
- in network-based sectors (electricity, water, gas, district heating, telecommunications) and in those which, in any case, provide urban services;
- in other sectors in any way related or connected with the activities carried out in the sectors mentioned above.

Going concern

On 27 February 2014 Enel S.p.A., the Parent Company, issued a letter of support as of 31 December 2013 regarding the Company, guaranteeing its continuous financial support to meet the Company's liabilities until next year's approval of financial statements.

2. Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union and with the provisions of the Netherlands Civil Code. The consolidated financial statements were approved by the Board of Directors and authorized for issue effective on 18 April 2014.

Basis of presentation

The consolidated financial statements consist of the consolidated income statement, the statement of comprehensive income, the consolidated statement of financial position, the statement of changes in consolidated equity and the consolidated statement of cash flows and the related notes.

The assets and liabilities reported in the consolidated balance sheet are classified on a "current/non-current basis", with separate reporting of assets and liabilities held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the twelve months following the balance-sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the twelve months following the close of the financial year.

The consolidated income statement is classified on the basis of the nature of costs, while the indirect method is used for the cash flow statement.

The financial statements are prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under IFRS-EU, as specified in the measurement policies for the individual items, which are the following:

- derivative financial instruments (see note 3.17);
- financial instruments at fair value through profit and loss (see note 3.17);
- financial assets available for sale (see note 3.17).

Functional and presentation currency

The consolidated financial statements are presented in euro, the functional currency of Enel Investment Holding BV. All figures are shown in millions of euro unless stated otherwise.

3. Accounting policies and measurement criteria

Use of estimates and management judgements

Preparing the consolidated financial statements under IFRS-EU requires the use of estimates and assumptions that impact the carrying amount of assets and liabilities and the related information on the items involved as well as the disclosure required for contingent assets and liabilities at the balance sheet date. The estimates and the related assumptions are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected in the income statement if they affect that period alone. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods.

A number of accounting policies are considered particularly important for understanding the financial statements. To this end, the following section examines the main items affected by the use of estimates, as well as the main assumptions used by management in measuring these items in compliance with the IFRS-EU. The critical element of such estimates is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.

Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.

Revenue recognition

Revenues from sales to customers are recognized on an accruals basis. Revenues from sales of electricity to retail customers are recognized at the time the electricity is supplied on the basis of periodic meter readings and also include an estimate of the value of electricity consumption after the date of the last meter reading of the year. Revenues between the date of the meter reading and the end of the year are based on estimates of the daily consumption of individual customers calculated on the basis of their consumption record, adjusted to take account of weather conditions and other factors that may affect estimated consumption.

Pensions and other post-employment benefits

Some of the Group’s employees participate in pension plans offering benefits based on their wage history and years of service.

Certain employees are also eligible for other post-employment benefit schemes.

The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs.

Other components of the estimation that are considered include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of wage increases and trends in the cost of medical care.

These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in the effective cost of medical care.

Such differences can have a substantial impact on the quantification of pension costs and other related expenses.

Recoverability of non-current assets

The carrying amount of non-current assets is reviewed periodically and whenever circumstances or events suggest that more frequent reviews are necessary.

Where the value of a group of non-current assets is considered to be impaired, it is written down to its recoverable value, as estimated on the basis of the use of the assets and their future disposal, in accordance with the company’s most recent plans.

The estimates of such recoverable values are considered reasonable. Nevertheless, possible changes in the estimation factors on which the calculation of such values is performed could generate different recoverable values. The analysis of each group of non-current assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

Provision for doubtful accounts

The provision for doubtful accounts reflects estimates of losses on the Group’s receivables portfolio. Provisions have been made against expected losses calculated on the basis of historical experience with receivables with similar credit risk profiles, current and historical arrears, eliminations and collections, as well as the careful monitoring of the quality of the receivables portfolio and current and forecast conditions in the economy and the relevant markets.

Although the provision recognized is considered appropriate, the use of different assumptions or changes in economic conditions could lead to changes in the provision and therefore impact net income.

The estimates and assumptions are reviewed periodically and the effects of any changes are applied to the income statement in the year they accrue.

Related parties

Definition

Related parties are mainly parties that have the same Parent Company as Enel SpA (the sole shareholder of Enel Investment Holding B.V.), companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include the members of Enel S.p.A.’s Compliance/Supervisory Board, Enel S.p.A. managers with strategic responsibilities, and their close relatives and the companies over which it exercises direct, indirect or joint control and over which it exercises a significant influence. Managers with strategic responsibilities are defined as those persons who have the power and direct or indirect responsibility for the planning, management and control of the activities of the Company. They include Company directors.

Transactions with related parties

Enel Investment Holding B.V. has adopted the policy defined by the Parent Company Enel S.p.A. with regard to transactions with related parties.

In December 2006 the Board of Directors of Enel S.p.A. – in compliance with the provisions of the Italian Civil Code and the recommendations of the Self-regulation Code – adopted regulations that establish the procedures for approving and carrying out transactions undertaken by Enel S.p.A. or its subsidiaries with related parties, in order to ensure the transparency and correctness, both substantial and procedural, of the aforesaid transactions.

According to these regulations, the Internal Control Committee of Enel S.p.A. is entrusted with the prior examination of the various kinds of transactions with related parties, with the exception of those that present a low level of risk for Enel S.p.A. and the Group. Transactions that present a low level of risk include transactions carried out between companies entirely owned by Enel S.p.A., as well as those that are typical or usual, those that are regulated according to standard conditions, and those whose consideration is established on the basis of official market prices or rates established by public authorities.

After the Internal Control Committee has completed its examination, the Board of Directors gives its prior approval (if the transactions regard Enel S.p.A.) or prior evaluation (if the transactions regard Group companies like Enel Investment Holding B.V.) of the most significant transactions with related parties, meaning: (i) atypical or unusual transactions; (ii) transactions with a value exceeding EUR 25 million (with the exception of the aforementioned low-risk transactions for Enel S.p.A. and the Group); and (iii) other transactions that the Internal Control Committee believes should be examined by the Board of Directors.

Management judgments

Identification of cash generating units (CGUs)

In application of IAS 36 "Impairment of assets", the goodwill recognized in the consolidated financial statements of the Group as a result of business combinations has been allocated to individual or groups of CGUs that will benefit from the combination. A CGU is the smallest group of assets that generates largely independent cash inflows.

In identifying such CGUs, management took account of the specific nature of its assets and the business in which it is involved (geographical area, business area, regulatory framework, etc.), verifying that the cash flows of a given group of assets were closely interdependent and largely independent of those associated with other assets (or groups of assets).

The assets of each CGU were also identified on the basis of the manner in which management manages and monitors those assets within the business model adopted.

In particular, the CGUs identified in the Group are represented by electricity generation and distribution/sales assets identified with business combinations and which constitute, by geographical area and business, individual units generating independent cash flows. The CGUs identified by management to which the goodwill recognized in these consolidated financial statements has been allocated are indicated in the section on intangible assets, to which the reader is invited to refer.

The number and scope of the CGUs are updated systematically to reflect the impact of new business combinations and reorganizations carried out by the Group.

Determination of the existence of control

IAS 27 "Consolidated and separate financial statements" defines control as power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The existence of control does not depend solely on ownership of a majority shareholding or the contractual form used in the acquisition. Accordingly management must use its judgment in determining whether specific situations give the Group the power to govern the financial and operating policies of the investee.

For subsidiaries consolidated on a full line-by-line basis in these financial statements for which control does not derive from ownership of a majority of voting rights, management has analyzed any agreements with other investors in order to determine whether such agreements give the Group the power of governance indicated above, even though it holds a minority share of voting rights. In this assessment process, management also took account of potential voting rights (call options, warrants, etc.) in order to determine whether they would be currently exercisable as of the reporting date.

Basis of consolidation

Subsidiaries

Subsidiaries are those entities for which the Company has the direct or indirect power to set their financial and operating policies in order to obtain the benefits of their activities. In assessing the existence of a situation of control, potential voting rights that are effectively exercisable or convertible are also taken into account. The figures of the subsidiaries are consolidated on a full line-by-line basis as from the date when control is acquired until such control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

Associated companies and Joint Ventures

Associates are those entities in which the Company has significant influence, but not control, over financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting rights in another entity. Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence or joint control begins until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

Transactions under common control

Transactions under common control are defined as those operations arising from transfers of interests among the Company and all the other entities within Enel S.p.A.'s scope of consolidation.

When companies are acquired at fair values from affiliated companies or through a contribution in kind from the shareholder, these are considered transactions under common control. Therefore their values in the Company consolidated financial statement are consistent with their consolidated values in the last consolidated financial statement of the Parent Company Enel S.p.A.

Consequently the difference needed to align the value of the subsidiary in the Company's separate financial statement to its value in the last consolidated financial statement of Enel Spa's consolidated financial statement, has been filed as a difference in the consolidated net equity.

The acquisition is accounted for as of the date that control was established by the Company. Likewise the income statement is consolidated as of that time.

The assets and liabilities acquired from entities owned by the Company or its Parent Company are recognized at the book values at transaction date.

Consolidation procedures

The subsidiaries' financial statements used for drawing up the Company consolidated financial statements were prepared at 31 December 2013 and at 31 December 2012 in accordance with the accounting policies adopted by the Company.

All intercompany balances and transactions, including any unrealized profits or losses on transactions within the Group, are eliminated, net of the theoretical tax effect. Unrealized profits and losses with associates and joint ventures are eliminated for the part attributable to the Group.

In both cases, unrealized losses are eliminated except when relating to impairment.

Translation of foreign currency items

Each subsidiary prepares its financial statements in the functional currency of the economy in which it operates.

Transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the balance sheet exchange rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial recognition of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognized in other comprehensive income.

Translation of financial statements denominated in a foreign currency

For the purposes of the consolidated financial statements all profits/losses, assets and liabilities are stated in euro, which is the presentation currency of the Company.

In order to prepare the consolidated financial statements, the financial statements of consolidated companies in functional currencies other than the euro are translated into euro by applying the relevant period-end exchange rate to assets and liabilities, including goodwill and consolidation adjustments, and by applying the average exchange rate for the period to the income statement items thereby, approximating the exchange rates prevailing at the date of the respective transactions.

Any resulting exchange rate gains or losses are recognized as a separate component of equity in a special reserve. The gains and losses are recognized in the income statement upon disposal of the subsidiary.

Business combinations

At first-time adoption of the IFRS-EU, the Group elected to not apply IFRS 3 (Business combinations) retrospectively to acquisitions carried out before 1 January 2006. Accordingly, the goodwill associated with acquisitions carried out prior to the IFRS-EU transition date is still carried at the amount reported in the last consolidated financial statements prepared on the basis of previous accounting standards.

Business combination initiated before 1 January, 2010 and completed before that date, are recognized on the basis of IFRS 3 (2004). Such business combinations are recognized using the purchase method, where the purchase cost is equal to the consideration given either in terms of cash or assets exchanged in the transaction.

This cost is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values.

Any positive difference between the cost of the acquisition and the fair value of the net assets acquired attributable to the Group is recognized as goodwill. Any negative difference is recognized in profit or loss. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Within twelve months PPA is adjusted retrospectively and after twelve months any difference is recognized in income statement.

Business combinations carried out as from 1 January, 2010 are recognized on the basis of IFRS 3 (2008). More specifically, business combinations are recognized using the acquisition method, where the purchase cost is equal to the consideration given either in terms of cash or assets exchanged in the transaction. Costs directly attributable to the acquisition are recognized through profit or loss.

This cost is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired date. Any positive difference between the price paid, measured at fair value as at the acquisition date, plus the value of the identifiable assets and liabilities of the acquiree measured at fair value is recognized as goodwill. Any negative difference is recognized in profit and loss.

The value of the non-controlling interests is determined on a case by case basis either in proportion to the interest held by minority shareholders in the net identifiable assets of the acquiree or at their fair value as at the acquisition date.

If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional value. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition, restating comparative figures.

In the case of business combinations achieved in stages, at the date of acquisition of control the holdings acquired previously are re-measured to fair value and any positive or negative difference is recognized in the income statement.

Property, plant and equipment

Property, plant and equipment is recognized at historic cost, including directly attributable ancillary costs necessary for the asset to be ready for use.

Where a significant period of time is required before the asset is ready for use or sale, for plants on which construction began after 1 January 2009, the purchase price or production cost includes any borrowing costs directly attributable to the purchase, construction or production of such asset.

Borrowing costs associated with financing directly attributable to the purchase or construction of assets that require a substantial period of time to get ready for its intended use or sale (qualifying assets) are capitalized as part of the cost of the assets themselves. Borrowing costs associated with the purchase/construction of assets that do not meet such requirement are expensed in the period in which they are incurred.

Certain items of property, plant and equipment that were revalued at 1 January 2006 (the transition date) or in previous periods are recognized at their revalued amount, which is considered as their deemed cost at the revaluation date.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other income" in the income statement.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred to replace a component of such item will flow to the Company and the cost of the item can be reliably determined. All other expenditure is recognized as an expense in the period in which it is incurred. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately.

The cost of replacing part or all of an asset is recognized as an increase in the value of the asset and is depreciated over its useful life; the net carrying amount of the replaced unit is eliminated through profit or loss, with the recognition of any capital gain/loss.

Property, plant and equipment are reported net of accumulated depreciation and any impairment losses determined as set out below. Depreciation is calculated on a straight-line basis over the item's estimated useful life, which is reviewed annually, and any changes are reflected on a prospective basis. Depreciation begins when the asset is available for use.

The estimated useful life of the main items of property, plant and equipment is as follows:

Property, plant and equipment	Useful life
Hydroelectric power plants [1]	20-50 years
Geothermal power plants	10-40 years
Alternative Energy power plants	15-40 years
Civil buildings	40-65 years
Thermal power plants [1]	10-40 years
Transport lines	20-40 years
Industrial and commercial equipment	4-25 years
Transformation plant	32-42 years
Medium- and low-voltage distribution networks	10-60 years

[1] Excluding assets to be relinquished free of charge, which are depreciated over the duration of the concession if shorter than useful life.

Lands are not depreciated as they have an indefinite useful life.

Depreciation methods, residual values and useful lives are evaluated periodically.

Intangible assets

Intangible assets are measured at purchase or internal development cost, when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.

The cost includes any directly attributable incidental expenses necessary to make the assets ready for use. Assets, with a definite useful life, are reported net of accumulated amortization and any impairment losses, determined as set out below.

Amortization is calculated on a straight-line basis over the item's estimated useful life, which is checked at least annually; any changes in amortization policies are reflected on a prospective basis.

Amortization commences when the asset is ready for use.

The estimated useful life of the main intangible assets is reported in the notes to the caption.

Intangible assets with an indefinite useful life are not amortized systematically. Instead, they undergo impairment testing at least annually.

Goodwill deriving from the acquisition of subsidiaries, associated companies or joint ventures is allocated to each of the cash-generating units identified. After initial recognition, goodwill is not amortized but is tested for recoverability at least annually using the criteria described in the notes. Goodwill relating to equity investments in associates is included in their carrying amount.

If licenses meet the definition of an intangible asset they are accounted for in accordance with IAS 38. The amortization follows the amortization of the power plant related to the license. Amortization methods, residual values and useful life are evaluated periodically.

Impairment losses

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss regarding a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss concerning an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in Profit and Loss.

Any cumulative loss in terms of an available-for-sale financial asset previously recognized in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in other comprehensive income.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized regarding cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in terms of goodwill is not reversed. Regarding other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Impairment of non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets or deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Inventories

Inventories are measured at the lower of cost and net estimated realizable value. Average weighted cost is used, which includes related ancillary charges. Net estimated realizable value is the estimated normal selling price net of estimated selling costs, cost to complete or, where applicable, replacement cost.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Financial instruments

Equity investments in other entities and other financial assets

Equity investments in entities other than subsidiaries, associates and joint ventures as well as other financial assets are recognized at fair value with any gains or losses recognized in equity (if classified as "available for sale") or in profit or loss (if classified as "fair value through profit or loss"). On the sale of available-for-sale assets, any accumulated gains and losses previously recognized in equity are released to the income statement.

When the fair value cannot be determined reliably, equity investments in other entities are measured at cost adjusted by impairment losses with any gains or losses recognized in profit or loss. Such impairment losses are measured as the difference between the carrying amount and the present value of future cash flows discounted using the market interest rate for similar financial assets. The losses are not reversed.

These cumulative impairment losses for assets measured at fair value through shareholders' equity are equal to the difference between the purchase cost (net of any principal repayments and amortization) and the current fair value reduced for any loss already recognized through profit or loss, and are reversed from equity to the income statement.

Trade receivables and other current assets

Trade receivables and other current assets are recognized at amortized cost, net of any impairment losses. Impairment is determined on the basis of the present value of estimated future cash flows, discounted at the original effective interest rate.

Trade receivables and other current assets that are falling due in line with generally accepted trade terms not exceeding 12 months are not discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and investments in marketable securities that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value (with original maturity of three months or less).

Cash and cash equivalents are recognized net of bank overdrafts at period-end in the statement of cash flows.

Debt securities

Debt securities that the Company intends and is able to hold until maturity are recognized at the trade date and, upon initial recognition, are measured at fair value including transaction costs; subsequently, they are measured at amortized cost using the effective interest rate method, net of any impairment losses.

Impairment losses are measured as the difference between the carrying amount and the present value of expected future cash flows discounted using the effective interest rate.

For securities measured at fair value through shareholders' equity (available-for-sale securities), when a reduction in fair value has been recognized directly in other comprehensive income and there is objective evidence that such securities have suffered an impairment loss, the cumulative loss recognized in equity is reversed to the income statement.

For securities measured at amortized cost (loans and receivables or held-to-maturity investments), the amount of the loss is equal to the difference between the carrying amount and the present value of future cash flows discounted using the original effective interest rate.

Debt securities held for trading and designated at fair value through profit or loss are initially recognized at fair value and subsequent variations are recognized in profit or loss.

Trade payables

Trade payables are recognized at amortized cost.

Financial liabilities

Financial liabilities other than derivatives are initially recognized at the settlement date at fair value, less directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivatives are recognized at the trade date at fair value and are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge (which is assessed periodically) is high.

The manner in which the result of the measurement at fair value is recognized depends on the type of hedge accounting adopted:

- Fair value hedges: when the derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities, any changes in the fair value of the hedging instrument are taken to profit or loss. The adjustments in the fair values of the hedged assets or liabilities are also taken to profit or loss.

- Cash flow hedges: when derivatives are used to hedge the risk of changes in the cash flows generated by the hedged items, changes in fair value are initially recognized in equity, in the amount qualifying as effective. The accumulated gains and losses are subsequently released from equity to profit or loss in line with the gains and losses on the hedged items.

The ineffective portion of the fair value of the hedging instrument is taken directly to profit or loss under "Net financial income/expense".

Changes in the fair value of derivatives that no longer qualify for hedge accounting under IFRS-EU are recognized in profit or loss.

The fair value is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined by discounting expected future cash flows on the basis of the market yield curve at the balance-sheet date and translating amounts in currencies other than the Euro using year-end exchange rates.

According to IFRS, the Company measures the credit risk both of the counterparty (Credit Valuation Adjustment or CVA) and of its non-performance credit risk (Debit Valuation Adjustment or DVA), in order to make the adjustment of the fair value of derivative financial instruments for the corresponding value of counterparty risk.
In particular, the Company measures the CVA/DVA based on the net exposure and, subsequently, allocating the adjustment on each financial instrument that constitutes the portfolio.
In order to measure the CVA / DVA, the Company uses a valuation technique based on the Potential Future Exposure, whose inputs are observable on the market.

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:

- the contractual right to receive the cash flows associated with the asset expires;

- the Company has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements envisaged under IAS 39 (the "pass through test");
- the Company has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or lapsed

Fair Value hierarchy pursuant to IFRS 7

Assets and liabilities measured at fair value are classified in a three level hierarchy as described below, depending on the input used to determine the fair value.

In particular:

- level 1 includes financial assets or liabilities measured at fair value on the basis of quoted prices in active markets for such instruments (unadjusted);
- level 2 includes financial assets/liabilities measured at fair value on the basis of inputs other than those included in Level 1 that are observable either directly or indirectly on the markets;
- level 3 includes financial assets/liabilities whose fair value was calculated using inputs not based on observable market data.

Employee benefits

Liabilities related to employee benefits paid upon leaving or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period, which are recognized net of any plan assets, are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the balance sheet date. The liability is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

The cumulative actuarial gains and losses exceeding 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets are recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, they are not recognized.

Where there is a demonstrable commitment, with a formal plan without any realistic possibility of withdrawal, to a termination before retirement eligibility has been reached, the benefits due to employees in respect of the termination are recognized as a cost and measured on the basis of the number of employees that are expected to accept the offer.

Provisions for risks and charges

Accruals to the provisions for risks and charges are recognized where there is a legal or constructive obligation as a result of a past event at period-end, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability. If the amount is discounted, the periodic adjustment of the present value due to the time value of money is recognized as a financial expense.

Changes in estimates are recognized in the income statement in the period in which the changes occur and are classified under the same item reporting the related provision.

Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses initially classified as held for sale or distribution and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Grants

Grants are recognized at fair value when it is reasonably certain that they will be received or that the conditions for receipt have been met as provided for by the governments, government agencies and similar local, national or international authorities.

Grants received for specific expenditure or specific assets whose values are recognized as an item of property, plant and equipment or an intangible asset are recognized as other liabilities and credited to the income statement over the period in which the related costs are recognized.

Operating grants are recognized fully in profit or loss at the time when they satisfy the requirements for recognition.

Revenues

Revenues are recognized using the following criteria depending on the type of transaction:

- revenues from the sale of goods are recognized when the significant risks and rewards of ownership are transferred to the buyer and their amount can be reliably determined;

- revenues from the sale and transport of electricity refer to the quantities provided during the period, even if these have not yet been invoiced, and are determined using estimates as well as the fixed meter reading figures. Where applicable, this revenue is based on the rates and related restrictions established by law and the Authority for Electricity during the applicable period;

- revenues from the rendering of services are recognized in line with the stage of completion of the services. Where it is not possible to reliably determine the value of the revenues, they are recognized in the amount of the costs that it is considered will be recovered.

Financial income and expense

Financial income and expense is recognized on an accruals basis in line with interest accrued on the net carrying amount of the related financial assets and liabilities using the effective interest rate method.

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group’s right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Financial expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, and losses on hedging instruments that are recognized in profit or loss. All borrowing costs are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a gross basis.

Dividends

Dividends from equity investments are recognized when the shareholder’s right to receive them is established.

Dividends and interim dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders’ Meeting and the Board of Directors, respectively.

Income taxes

Current income taxes for the period, recognized under tax payables/receivables net of any payments on account, are determined using an estimate of taxable income and in conformity with the relevant tax regulations.

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in equity.

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are in force or substantively in force at the balance-sheet date.

Deferred tax assets are recognized when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset.

The recoverability of deferred tax assets is reviewed at each period-end.

Taxes related to components recognized directly in other comprehensive income are taken directly to equity.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

4. Recently issued accounting standards

First-time adoption and applicable standards

The Group has adopted the following international accounting standards and interpretations taking effect as from 1 January 2013:

- "Amendment to IAS 1 – Presentation of items of other comprehensive income", issued in June 2011, provides that the profit and loss statement and the aspects of "Other Comprehensive Income (OCI)" must be presented in two separate sections. Furthermore, the amended standard provides that the elements of OCI should be separated between those elements that will be reclassified ("recycled") to profit and loss and those that will never be reclassified to profit and loss. The application of the amendment didn't have any significant impact.
- "IAS 19 - Employee benefits". The standard supersedes IAS 19 applied until 31 December 2012. The most significant change regards, with reference to defined benefit plans, the requirement to recognize all actuarial gains/losses in OCI, with the elimination of the corridor approach. Furthermore, the amended standard introduces more stringent rules for presentation of data in the financial statements, with the disaggregation of the cost related to defined benefit plans and to other long-term employee benefits into three components (i.e. service cost, net interest on the net liability/asset, remeasurements of the net liability/asset); introduces the determination of interest income in place of the expected return on plan assets; no longer permits the deferral of the recognition of past service cost; provides for enhanced disclosures; introduces more detailed rules for the recognition of termination benefits. The effects of the retrospective application of the standard are discussed in the section "Restatement of the financial position and the income statement".
- "IFRS 13 – Fair value measurement", issued in May 2011; it represents a broad framework to refer to whenever other accounting standards require or allow the application of the fair value system. The standard provides a guide on how to determine fair value, while also introducing specific disclosure requirements. The retrospective application of the amendment didn't have any significant impact.
- "Amendments to IFRS 7 – *Offsetting Financial Assets and Financial Liabilities*", issued in December 2011, in parallel with the amendments to IAS 32, requires expanded disclosure on set-off of financial assets and liabilities. The purpose of this is to allow users of financial statements to assess the effects and potential effects of the netting contracts on the financial position of the entity, including rights of off-set associated with assets or liabilities recognized in the financial statements. The application of the new provisions didn't have any significant impact.
- "IFRIC 20 – *Stripping costs in the production phase of a surface mine*", issued in October 2011, sets out the accounting treatment to apply to costs borne for the removal of waste materials in the production phase of mines, clarifying when they may be recognized as an asset. The application of the new provisions didn't have any significant impact.
- "*Annual Improvements to IFRSs 2009-2011 Cycle*", issued in May 2012; it contains formal amendments and clarifications to existing standards. The application of the new provisions didn't have any significant impact. Descriptions of the new standards and interpretations are set out below:

–IAS 1 – *Presentation of Financial Statements;* the amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

–IAS 16 – *Property, Plant and Equipment;* the amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

–IAS 32 – *Financial Instruments: Presentation;* the amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

–IAS 34 – *Interim Financial Reporting;* the amendment clarifies that total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

Standards not yet adopted and not yet applicable

During financial year 2012 and 2013, the European Commission approved the following amendment, which is expected to be applied by the Group in the next periods:

- "IFRS 10 – *Consolidated financial statements*", issued in May 2011, replaces "SIC 12 Consolidation – Special purpose entities" and, limited to the part relating to consolidated financial statements, "IAS 27 – Consolidated and Separate Financial Statements", which has been renamed "Separate Financial Statements". The standard introduces a new model for assessing the existence of control (essential prerequisite for consolidating a "subsidiary") , leaving unchanged the consolidation techniques set out in the current IAS 27. This model must be applied indiscriminately to all investees, including the special purpose entities referred to in the new standard as "structured entities". While in the current accounting standards, if control does not derive from holding a majority of real or potential votes, prevalence is given to an analysis of the risks/benefits deriving from the interest in the investee, IFRS 10 focuses the decisions on three elements that must be considered in each assessment: power over the investee; exposure to the variability of returns deriving from the shareholding relationship; the relationship between the power and the returns, or the ability to influence the returns of the investee by exercising decision-making power over it. The accounting effects of the loss of control or change in the percentage interest in a subsidiary (without loss of control) remain unchanged with respect to the provision of the current IAS 27.
- Following the application of the new model for analyzing the conditions of control, entities previously deemed to be subsidiaries could be classified as associates or joint ventures, and vice-versa. The new standard will apply retroactively from the financial years beginning 1 January 2014 onwards. The future application of the new provisions is not expected to have any significant impact.
- "IAS 27 – Separate financial statements", issued in May 2011; at the same time as IFRS 10 and IFRS 12 were issued, the name and content of the current IAS 27 was also amended. All provisions relating to the drawing up of consolidated financial statements were removed, with all other provisions remaining unchanged. Following this amendment, the standard only provides criteria for recognizing and measuring accounts figures and the disclosures to be

submitted for separate financial statements in relation to subsidiaries, Joint Ventures and associates. The new standard will apply retroactively from the financial years beginning 1 January 2014 onwards. The future application of the new provisions is not expected to have any significant impact.

- "IFRS 11 – *Joint Arrangements*", issued in May 2011, replaces "IAS 31 – *Interests in Joint Ventures*" and *"SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers*". In contrast to IAS 31, which assesses Joint Arrangements on the basis of the contractual form chosen, IFRS 11 assesses these agreements on the basis of the how the relevant rights and obligations and are attributed to the parties. Specifically, the new standard identifies two types of Joint Arrangement: Joint Operation, where the parties to the agreement have pro rata rights to the assets and pro rata responsibilities for the liabilities deriving from the agreement; and Joint Venture, when the parties are entitled to a share of the net assets or profit/loss resulting from the agreement.

In separate financial statements, participation in a Joint Operation means that assets/liabilities and costs/revenues relating to the agreement are recognized on the basis of the rights/obligations due to/from the parties, without any consideration to the stake held, and participation in a JV can no longer be recognized. Meanwhile, the participation in a Joint Venture must be accounted by using the equity method (proportionate method is no longer allowed).

The new standard will apply retroactively from the financial years beginning 1 January 2014 onwards. The Group is assessing the impact of the future application of the new provisions.

- "IAS 28 – *Investments in Associates and Joint Ventures*", issued in May 2011; at the same time as IFRS 11 and IFRS 12 were issued, the name and content of the current IAS 28 were amended. Specifically, the new standard – which also includes the provisions of "SIC-13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers" describes the application of the equity method, which is the method for assessing associates and joint ventures in a consolidated financial statement. The new standard will apply retroactively from the financial years beginning 1 January 2014 onwards. The future application of the new provisions is not expected to have any significant impact.
- "Amendments to IAS 32 – *Offsetting Financial Assets and Financial Liabilities*", issued in December 2011. Whereas "*IAS 32 – Financial Instruments*" provides that financial assets and liabilities shall be offset and the relevant net amount reported in the balance sheet when, and only when, the entity:

a) currently has a legally-enforceable right to set-off the amounts recognized in the accounts; and

b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The amendment to IAS 32 clarifies the necessary conditions for satisfying these two requirements. In relation to the first requirement, the amendment expands the explanation of the cases in which an entity "currently has a legally-enforceable right to set-off". In relation to the second requirement, the amendment clarifies that if the entity realizes financial assets and liabilities separately for the purposes of set-off, the credit or liquidity risk will be insignificant and hence explains the features that the gross settlement system must have. The amendment will apply retroactively from the financial years beginning 1 January 2014 onwards. The Group is assessing the impact of the future application of the new provisions.

• "Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition Guidance", issued in June 2012. The amendment aims to clarify some aspects of the early application of IFRS 10, IFRS 11 and IFRS 12. In particular, the IFRS 10 has been amended to clarify that the date of initial application of the standard must be the beginning of the year in which the same is applied for the first time (i.e. 1 January 2013); was, furthermore, limited the comparative information to be provided in the first year of application. IFRS 11 and IFRS 12 were amended in a similar way, limiting the effects, both in terms of the correction of budgetary data that disclosure, arising from the first application of IFRS 11.
The changes will apply retroactively, subject to endorsement, for accounting periods beginning on 1 January 2013. It should be noted however, that the European Commission is considering whether to delay the first application at 1 January 2014. The future application of the new provisions is not expected to have any significant impact.

• "Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities" issued in October 2012. The amendment in question introduces an exception to the requirement, contained in IFRS 10, to consolidate all subsidiaries, in the case in which the parent to qualify as an investment entity. In particular, investment entities, as defined by the amendment in question, it must consolidate its subsidiaries except where the latter provide services related to investment activities of the parent company. The non-consolidated subsidiaries should be accounted for in accordance with IFRS 9 or IAS 39. The parent of an investment entity should instead consolidate all of its subsidiaries (including those held by the investment entity itself), except for the case in which also qualifies as such. The amendment will apply retroactively from the financial years beginning 1 January 2014 The future application of the new provisions is not expected to have any significant impact.

During the years 2009-2013 the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have published new standards and interpretations that, as of 31 December 2013, have not yet been approved by the European Commission. Descriptions of the new standards and interpretations that may have an impact on the Company's financial statements are set out below:

• "IFRS 9 – Financial Instruments", issued in November 2009 and revised in October 2010, is the first of the three stages of the plan to replace IAS 39. The new standard sets out the criteria for classifying financial assets and liabilities. Financial assets must be classified on the basis of the entity's "business model" and the characteristics of the related contractual cash flows. In terms of valuation criteria, the new standard provides that financial assets and liabilities ought initially to be valued at fair value, including any transaction costs which are directly associated with their receipt or issue. Thereafter, financial assets and liabilities can be valued at fair value or amortized cost, without prejudice to exercising the so-called 'fair value option'. In relation to valuation criteria for investments in equities not held for trading purposes, it is possible to opt irrevocably to present variations in fair value among Other Comprehensive Income; the related dividends must, in any case, be allocated to profit and loss. During the month of November 2013 it has been introduced the section related to the hedge accounting. The new provisions relating to the accounting treatments of the effects of hedging relationships require to reflect on financial statements the risk management policies, eliminating inconsistencies and weaknesses provided by IAS 39. The hedge accounting provided by IFRS 9 doesn't contain any reference to the macro hedge, it's an issue on which the IASB is still under discussion. Therefore, until the conclusion of the entire project on

hedge accounting, the principle allows companies to choose whether to adopt the criteria specified by itself or the requirements of IAS 39.
The amendments introduced in November 2013 have also eliminated the reference to a mandatory first adoption date of the principle, which is available for immediate application. The Company, however, will not apply the principle before its endorsements. The Group is currently assessing the future impact of the application of the new provisions.

- "Amendments to IFRS 9 and IFRS 7 – Mandatory effective date and transition disclosure", issued in December 2011, modifies "IFRS 9 – Financial Instruments", deferring the date of mandatory first adoption from 1 January 2013 to 1 January 2015 and setting out new rules on the transition from the application of IAS 39 to the application of IFRS 9.

These provisions have been, however, outdated by amendments to IFRS 9 issued in the month of November 2013 and commented in the previous point. It also amends IFRS 7 Financial Instruments: Disclosures, introducing a new comparative disclosure, which may be mandatory or optional depending on the transition date to IFRS 9. The Group is currently assessing the future impact of the application of the new provisions.

- "IFRIC 21 – Levies", issued in May 2013. The interpretation defines the point at which a company must state a liability in the balance sheet for its obligation to pay taxes (other than income taxes) due to the State or , in general, to local or International organizations. In particular, the interpretation provides that the aforesaid liabilities should be recognized in the financial statements when the event that triggers the obligation to pay the tax (such as reaching a certain threshold of revenues), as defined in the legislation, occurs. If the event that determines that the requirement to occur along a specific period of time, the liability should be recognized progressively.

The interpretation will apply retrospectively, subject to endorsement, for annual periods beginning on or after 1 January 2014. The Group does not expect future impact of the new provisions.

- " Amendment to IAS 36 - Recoverable amount disclosure for non- financial assets" , issued in May 2013. The amendments to IAS 36, by the IFRS 13 didn't reflect the intentions of the IASB regarding the information to be presented in the financial statements on the recoverable value of assets written down. Consequently, the IASB amended the principle further , eliminating the information introduced by IFRS 13 and requiring disclosures about fair value measurements in cases where the recoverable amount of the asset is written down based on the fair value less costs to sell. The changes under consideration, finally, require information on the recoverable amount of the asset or CGU to which, during the period , it was recognized or reversed any impairment loss.

The changes will take effect retrospectively , subject to endorsement, for annual periods beginning on or after 1 January 2014. The Group does not anticipate any significant impact of the future application of the new provisions.

- "Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting", issued in June 2013. The changes are finalized to allow the companies, whereas specific conditions are met, to do not interrupt hedge accounting by the effect of the novation of the hedging instrument with a central counterparty (CCP), in application of laws or regulations. The changes will take effect retrospectively, after ratification, for the periods starting from 1 January 2014. The Company is currently assessing the future impact of the new provisions.
- "Amendment to IAS 19 - *Defined benefit plans: Contributions employees*", issued in November 2013. The amendments intend to clarify how to recognize the contributions made by employees under a defined benefit plan. In particular, the contributions related to the

services rendered are recognized as a reduction of service cost:
- Over the period in which the employees render their services if the amount of the contributions payable varies according to the number of years of service, or
- In the period in which the related service is rendered, if the amount of the contributions due doesn't vary according to the number of years of service.
The changes will take effect retrospectively, subject to endorsement, for annual periods beginning on or after 1 January 2015. The Group is currently assessing the future impact of the new provisions.

- "*Annual Improvements to IFRSs 2010 - 2012 cycle*", issued in December 2013 contains formal amendments and clarifications to existing standards which , it is believed , will not have a material impact on the Company . In particular, we have modified the following principles:

- "IFRS 2 - Share-based Payments ", the amendment clarifies the meaning of " vesting conditions " defining separately the "performance conditions" and "service conditions" . The changes will apply prospectively, subject to approval , to share-based payments which the grant date coincides with or after 1 July 2014.
- "IFRS 3 - Business Combinations ", the amendment clarifies how it should be classified and measured any contingent consideration agreed upon as part of a business combination. In particular, the amendment clarifies that if the contingent consideration is a financial instrument should be classified as a financial liability or equity instrument . In the first case , the liability is measured at fair value and any changes are recognized in the income statement in accordance with IFRS 9 . The contingent consideration that do not represent financial instruments are measured at fair value and any changes are recognized in the income statement. The changes will apply prospectively, subject to approval , to business combinations for which the acquisition date coincides with or after 1 July 2014.
- "IFRS 8 - Operating Segments ", the amendment introduces additional disclosures to be presented in the financial statements . In particular, it should be a brief description about the way in which the areas have been aggregated and economic indicators which were considered in determining whether operating segments have similar economic characteristics . The change will take effect, subject to endorsement, for annual periods beginning on or after 1 January 2015 .
- " IFRS 13 - Fair value measurement"; the amendment makes clear , in the context of the Basis for Conclusions of the principle , that the IASB does not intend to change the criteria for evaluation of receivables and short-term debt .
- "IAS 16 - Property , Plant and Equipment ", the amendment clarifies that when an item of property , plant and equipment is revalued, its "gross" carrying value shall be adjusted in a manner consistent with the re-evaluation , in addition, it makes clear that the cumulative amortization is calculated as the difference between the "gross" carrying value and the carrying value after taking into account any accumulated impairment . The changes will apply , subject to endorsement, for annual periods beginning on or after 1 January 2015 . In particular, they will be apply to the revaluation recognized in the year ended 31 December 2015 and in the immediately preceding year.
- " IAS 24 - Related party disclosures ", the amendment clarifies that the company also has to consider as a related party (or each member of a group to which it belongs) a company which lends to the company or to its parent , the services rendered by managers with strategic responsibilities (called management entity) . The amendment also introduces

information concerning this type of related party. The changes will apply , subject to endorsement, for annual periods beginning on or after 1 January 2015 .

-"IAS 38 - Intangible Assets ", the amendment clarifies that if an intangible asset is revalued, its "gross" carrying value shall be adjusted in a manner consistent with the re-evaluation , in addition, it makes it clear that the cumulative amortization is calculated as the difference between the "gross" carrying value and the carrying value after taking into account any accumulated impairment . The changes will apply , subject to endorsement, for annual periods beginning on or after 1 January 2015 . In particular, sets of applicable to the revaluation will be recognized in the year ended 31 December 2015 and in the immediately preceding year.

- "*Annual improvements to IFRSs 2011 – 2013 cycle*", issued in December 2013 contains formal amendments and clarifications to existing standards which , it is believed , will not have a material impact on the Company . In particular, we have modified the following principles:

- "IFRS 3 - Business Combinations ", the amendment clarifies that IFRS 3 does not apply in the financial statements of the joint arrangement , for the recognition of the creation of any type of joint arrangement (pursuant to IFRS 11). The change will be applied prospectively, subject to endorsement, for annual periods beginning on or after 1 January 2015 .

- " IFRS 13 - Fair value measurement", the amendment clarifies that the exception from the principle of assessing the assets and liabilities based on the exposure of net portfolio also applies to all contracts that fall within the scope IAS 39/IFRS 9 even if they don't meet the requirements of IAS 32 to be classified as financial assets / liabilities . The change will take effect, subject to endorsement, for annual periods beginning on or after 1 January 2015 . In particular , it will be applicable prospectively from the date on which the Company has applied IFRS for the first time 13 .

-"IAS 40 - Investment Property "; the amendment provides that a property held by a lessee through an operating lease may be classified as an investment property , if the property would otherwise meet the requirements of the principle to be qualified as such , and if the lessee evaluates these investments at fair value . The amendment also clarifies that when a company buys an investment property should consider whether such purchase may be regarded as a business combination in accordance with IFRS 3. The amendment relating to property held by a lease will take effect retrospectively , subject to endorsement, for annual periods beginning on or after January 1, 2015, the amendment relating to the acquisition of an investment property will be applicable prospectively, subject to approval , to acquisitions subsequent to January 1, 2015.

5. Restatement of the financial position and the income statement

Following the application of the new version of "IAS 19 – Employee benefits", from 1 January 2013 with retrospective effect, the main results on the income statement and financial position reported solely for comparative purposes in these financial statements are discussed below:

➢ as the corridor approach may no longer be used, all actuarial gains and losses are recognized directly in equity. The amortization of the excess gains and losses outside the corridor as quantified at 31 December, 2012 was immaterial. In addition, the actuarial gains and losses not recognized in application of the previous method were recognized in equity, with a consequent adjustment of the respective defined-benefit obligation (EUR 29 million at 31 December 2012), net of the theoretical tax effects and amounts pertaining to non-controlling interests;

- as the recognition of past service cost in the income statement may no longer be deferred, the portion not recognized in the periods under review was recognized as an increase in the defined-benefit obligation. Once again, the theoretical tax effects and amounts pertaining to non-controlling interests were also calculated;

- in application of the new standard, net interest on plan assets is recognized in substitution of the expected return on those assets. This change didn't impact this consolidated financial statements.

The following tables show the changes in the consolidated balance sheet and income statement.

Millions of euro

	31 Dec. 2012	IAS 19R effect	**31 Dec. 2012 restated**
Property, plant and equipment	4.446	-	4.446
Intangible assets	2.085	-	2.085
Deferred tax assets	34	7	41
Equity investments accounted for using the equity method	548	-	548
Equity investments in other companies	235	-	235
Non-current financial assets	331	-	331
Other non-current financial assets	3	-	3
Non-current assets	**7.682**	**7**	**7.689**
Inventories	93	-	93
Trade receivables	444	-	444
Tax receivables	22	-	22
Current financial assets	219	-	219
Other current assets	47	-	47
Cash and cash equivalents	825	-	825
Current assets	**1.650**	**-**	**1.650**
Assets held for sale	**292**	**-**	**292**
Total assets	**9.624**	**7**	**9.631**
Share capital	1.593	-	1.593
Other reserves	2.251	(13)	2.238
Retained earnings	215	-	215
Net income for the period	93	**(4)**	89
Equity attributable to the shareholders of the Parent Company	**4.152**	**(17)**	**4.135**
Equity attributable to non-controlling interests	1.477	(12)	1.465
TOTAL SHAREHOLDERS' EQUITY	**5.629**	**(29)**	**5.600**
Long-term loans	946	-	946
Post-employment and other employee benefits	50	36	86
Provisions for risks and charges	33	-	33
Deferred tax liabilities	460	-	460
Non-current financial liabilities	12	-	12
Other non-current liabilities	157	-	157
Non-current liabilities	**1.658**	**36**	**1.694**
Short-term loans	366	-	366
Current portion of long-term loans	130	-	130
Current portion of provisions for risks and charges	28	-	28
Trade payables	458	-	458
Current financial liabilities	17	-	17
Other current liabilities	1.054	-	1.054
Current liabilities	**2.053**	**-**	**2.053**
Liabilities held for sale	**284**	**-**	**284**
Total liabilities	**3.995**	**36**	**4.031**
Total liabilities and shareholders' equity	**9.624**	**7**	**9.631**

Millions of euro

	2012	IAS 19R effect	**2012 restated**
Revenues			
Revenues from sales and services	3.565	**-**	3.565
Other revenues	103	**-**	103
	3.668	**-**	**3.668**
Costs			
Raw materials and consumables	2.421	**-**	2.421
Services	305	**-**	305
Personnel	187	8	195
Depreciation, amortization and impairment losses	445	**-**	445
Other operating expenses	124	**-**	124
Capitalized costs	(51)	**-**	(51)
	3.431	**8**	**3.439**
Operating Income	**237**	**8**	**229**
Financial Income	233	**-**	233
Financial expense	(283)	**-**	(283)
Share of gains/(losses) on investments accounted for using the equity method	101	**-**	101
	51	**-**	51
Income/(Loss) before taxes	**288**	**8**	**280**
Income Taxes	51	(2)	49
Net income for the year (shareholders of the Company and non-controlling interests)	**237**	**(6)**	**231**
Attributable to non-controlling interests	144	(2)	142
Attributable to shareholder's of the Parent Company	93	(4)	89

6. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values.

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Regarding the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

7. Financial risk management

The Group is exposed to a variety of risks arising from its operating and financial activities which can be summarized as follows:

- credit risk
- liquidity risk
- market risk

This section presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks as well as the Group's management of capital. Further quantitative disclosures are also included throughout these financial statements. The Board of Directors has overall responsibility for the establishment of the Company's risk management framework and it is also responsible for developing and monitoring the Company's risk management policies.

The Group risk management policies are put in place in order to identify and analyze the risk faced by each company to set appropriate risk limits and control, and to monitor risks and adherence to limits. Both risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Company's activities. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of a financial loss for the Group if a customer or counterparty in a financial transaction fails to meet its contractual obligations. This risk comes principally from the Group's receivables from customers and from investment securities.

Millions of euro		Carrying amount	
	Notes	**31 Dec. 2013**	31 Dec. 2012
Equity investments available for sale	*18*	175	235
Non-current financial assets	*19*	327	331
Other non-current assets	*20*	3	3
Current financial assets	*23*	1.165	219
Trade and other receivables	*22, 24*	449	513
Cash and cash equivalents	*25*	1.021	825
TOTAL		**3.140**	**2.126**

The Group manages credit risk by operating solely with counterparties considered solvent by the market, i.e. those with high credit standing, and does not have any credit risk concentration.

As part of activities related to the sale and distribution of electricity to eligible customers, the Group grants trade credit to external counterparties. The counterparties selected are carefully monitored through the assessment of the related credit risk, the pledge of suitable guarantees and/or security deposits to ensure adequate protection from default risk.

Equity investments available for sale amounting to EUR 175 million at 2013 year-end and they relate to investments held by the Company in listed companies.

As regards the credit risk on non-current financial assets, we refer to note 19. These amounts primarily relate to financial receivables from the affiliated company Enel Finance International N.V. (EUR 296 million).

"Current financial assets" were equal to EUR 1.165 million at the end of 2013 up EUR 946 million over 31 December 2012, and it primarily refers to the short-term deposit of the Company (EUR 1.010 million) and Enel France with the affiliate Enel Finance Intrantional N.V. (EUR 110 million).

Moreover the credit risk regarding the derivatives portfolio is considered negligible since transactions are conducted solely with leading Italian and international banks, thereby diversifying the exposure among different institutions.

Liquidity Risk

Liquidity risk is managed by the Group Treasury unit at Enel S.p.A. and Enel Finance International N.V. , which ensures adequate coverage of cash needs (using credit lines and the issue of either bonds or commercial papers) and appropriate management of any excess of liquidity.

Despite the financial market turbulence caused by the European sovereign debt crisis, Enel Group continued to have access both to the bank credit (using both committed and uncommitted credit lines) and to the commercial paper market. Any difficulty in raising funds is tackled through careful financial planning and proper funding policies. An additional deterioration in the credit market could nevertheless increase liquidity risk for Enel; in any event, a variety of options are being investigated for strengthening the financial structure of the Group even further.

Millions of euro		**31 Dec. 2013**		31 Dec. 2012	
	Notes	Carrying amount	Nominal value	Carrying Amount	Nominal value
Long-term loans	*28*	773	786	946	960
Other non-current liabilities	*33*	155	155	157	157
Other non-current financial liabilities	*32*	2	2	12	12
Short-term loans	*34*	-	-	366	366
Current portion long-term loans assets	*28*	163	163	130	130
Trade and other payables	*35, 36, 37*	1.383	1.383	1.530	1.540
TOTAL		**2.476**	**2.489**	**3.140**	**3.165**

We refer to note 28 for information about the expected cash flows of the long-term loans. All current liabilities are expected to be paid within the next 12 months.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to exchange rates risks and marginally to interest rates. In order to hedge these exposures, the Company employs financial derivative instruments such as currency forwards and cross currency swaps, which are negotiated directly on the market.

Transactions that, in compliance with risk management policies, qualify for hedge accounting are designated as hedging transactions, while those that do not qualify for hedge accounting are classified as trading transactions.

The fair value is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the financial year (such as interest rates, exchange rates, commodity prices, volatility), discounting expected future cash flows on the basis of the market yield curve at the balance sheet date and translating amounts in currencies other than the euro using period-end exchange rates provided by the European Central Bank.

The financial assets and liabilities associated with derivative instruments are classified as:

- cash flow hedges, mainly related to hedging the risk of changes in the cash flows associated with a number of long-term floating-rate loans;
- trading derivatives, related to hedging interest and exchange rate risk and commodity risk but which do not qualify for recognition under IAS 39 as hedges of specific assets, liabilities, commitments or future transactions.

The notional value of a derivative is the contractual amount on the basis of which differences are exchanged. Amounts denominated in currencies other than the euro are converted into euro at the exchange rate prevailing at the balance-sheet date.

According to the International Accounting Standards, the Company measures the credit risk both of the counterparty (Credit Valuation Adjustment or CVA) and of its non-performance credit risk (Debit Valuation Adjustment or DVA), in order to make the adjustment of the fair value of derivative financial instruments for the corresponding value of counterparty risk.

In particular, the Company measures the CVA/DVA based on the net exposure and, subsequently, allocating the adjustment on each financial instrument that constitutes the portfolio.

In order to measure the CVA / DVA, the Company uses a valuation technique based on the Potential Future Exposure, whose inputs are observable on the market.

Interest rate risk

Interest rate risk is the risk arising from an interest-bearing financial instrument due to variability of interest rates. The optimal debt structure results from the tradeoff between reducing the interest rate exposure and minimizing the average cost of debt. Interest rate risk management is aimed at balancing the structure of the debt, reducing the amount of debt exposed to interest rate fluctuations and minimizing borrowing costs over time, limiting the volatility of results.

To this end, various types of derivatives are used, including interest rate swaps and interest rate collars. All these contracts are agreed with a notional amount and expiry date lower than or equal to that of the underlying financial liability or the expected future cash flows, so that any change in the fair value and/or expected future cash flows is offset by a corresponding change in the fair value and/or the expected future cash flows of the underlying position. Accordingly, the fair value of the financial derivatives generally reflects the estimated amount that Enel would have to pay or receive in order to terminate the contracts at the balance-sheet date.

The floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the Group income statement in the event of an increase in market interest rates.

However at 31 December 2013, excluding financial debt towards related parties amounting to EUR 21 million, only a 22% share of medium-long term debt was set at floating rates. Taking into account interests rate derivatives designated as cash flow hedge considered effective pursuant to the IFRS – EU, 12% of such debt was exposed to interest rate risk (see note 7.3.2).

Exchange rate risk

Exchange rate risk is mainly generated by the following transaction categories:

- debt denominated in currencies other than the functional currency of the respective countries entered into by the holding company or the individual subsidiaries;
- cash flows concerning investments in foreign currency, dividends from unconsolidated foreign associates or the purchase or sale of equity investments.

Exchange rate risk is a type of risk that arises from the change in price of one currency against another. Enel Investment Holding BV exposure to such risk is mainly due to foreign currency denominated flows, originated by financial liabilities.

In order to reduce the exchange rate risk on these exposures, the Group uses foreign exchange derivatives, such as Foreign Exchange Forward and Cross Currency Swap, in order to hedge cash flows in currencies other than the functional currencies of the various Group entities.

These contracts are also normally agreed with a notional amount and expiry date equal to that of the underlying financial liability or the expected future cash flows, so that any change in the fair value and/or expected future cash flows of these contracts stemming from a potential appreciation or depreciation of the domestic currency against other currencies is fully offset by a corresponding change in the fair value and/or the expected future cash flows of the underlying position.

The following table reports the notional amount and fair value of exchange rate derivatives at 31 December 2013 and 31 December 2012.

Millions of euro	Notional amount		Fair value	
	31 Dec. 2013	31 Dec. 2012	**31 Dec. 2013**	31 Dec. 2012
Cash Flow Hedge derivatives	301	303	10	(11)
Forward	-	-	-	-
Option	-	-	-	-
Cross currency interest rate swap	301	303	10	(11)
Fair Value Hedge derivatives:			-	-
Forward	-	-	-	-
Option	-	-	-	-
Cross currency interest rate swap	-	-	-	-
Trading derivatives:	418	436	4	6
Forward	418	436	4	6
Option	-	-	-	-
Cross currency interest rate swap	-	-	-	-
Total Forward	**418**	**436**	**4**	**6**
Total Options	**-**	**-**	**-**	**-**
Total Cross currency interest rate swap	**301**	**303**	**10**	**(11)**
Total Exchange Rate Derivatives	**719**	**739**	**14**	**(5)**

The following table reports expected cash flows related to derivative instruments for the coming years:

Millions of euro	Fair value	Stratification of expected cash flows					
CFH on exchange rates	**31 Dec. 2013**	2014	2015	2016	2017	2018	Beyond
Positive fair value	12	5	5	(114)	-	-	-
Negative fair value	(2)	(2)	(258)	-	-	-	-
FVH on exchange rates							
Positive fair value	-	-	-	-	-	-	-
Negative fair value	-	-	-	-	-	-	-
Trading derivatives on exchange rates							
Positive fair value	5	(1)	-	-	-	-	-
Negative fair value	(1)	(1)	-	-	-	-	-

At 31 December 2013, 42% of medium-long term debt was denominated in currencies other than the functional currency of the respective countries entered into by individual subsidiaries. Taking into account foreign exchange derivatives, the percentage of medium-long term debt still exposed to foreign exchange risk decreased to 6%.

As regards the potential impact on equity of a change in foreign exchange rates as of 31 December 2013, assuming a 10% depreciation of the Euro against the Russian ruble, all other variables being equal, equity would have been approximately EUR 16 million lower as a result of the decrease of the fair value of Cash Flow Hedge derivatives. Conversely, assuming a 10% appreciation of the Euro against the Russian ruble, all other variables being equal, equity would have been approximately EUR 13 million higher as a result of the increase of the fair value of Cash Flow Hedge derivatives.

Capital management

The board policy of the Group is to maintain a strong capital base so as to maintain creditor and market confidence and thus sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity and the level of dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

8. Main changes in the scope of consolidation

In the two reporting periods examined here, the scope of consolidation has changed as a result of the following main transactions:

2013

- On 13 November 2013, the Company finalized the sale of its 40% stake in Artic Russia BV, which in turn owns 49% of the share capital of SeverEnergia (the aggregated interest of Enel in the latter being equal to 19,6%), to Itera, a wholly-owned subsidiary of the Russian oil & gas company Rosneft;
- On 23 October 2013, the process of liquidation of the Albanian company Linea Albania Shpk was completed with a final liquidation installment equal to EUR 0,1 million.

2012

- Management of Enel Group has decided in December 2012 to sell its activites in Belgium, which consist of a CCGT power plant, through the disposal of those net assets pertaining to the subsidiary Marcinelle. Following this decision Marcinelle's net assets have been reclassified as "held for sale" according to IFRS 5 at 2012 year ended.

9. Segment information

The chief geographical areas of operation for Enel Investment Holding B.V. Group are:

- **Central Europe**, where the Group is active in electricity sales in France (Enel France) and the development of thermal power plants and support activities in Belgium (Marcinelle Energie). Enel Group in December 2012 has decided to sell its assets in Belgium through the disposal of its subsidiary Marcinelle and consequently its net assets have been reclassified to assets and liabilities held for sale;
- **South-Eastern Europe**, with the development of generation capacity (Enel Productie) and electricity distribution, sale and support activities in Romania (Enel Distributie Banat, Enel Distributie Dobrogea, Enel Energie, Enel Distributie Muntenia, Enel Energie Muntenia, Enel Romania and Enel Servicii Comune), and the development of thermoelectric and photovoltaic power plants in Greece (Enelco);
- **Russia**, with power generation and sales (Enel OGK-5);
- **Others**, with Enel Investment Holding B.V. as Group holding company, support services in the Russian Federation (Enel Gas Rus) and Pragma Energy SA in Switzerland.

Performance

Millions of euro

	2013	2012	Change
Revenues	4.350	3.668	682
Gross operating margin	1.528	674	854
Operating income	441	229	212
Employees at year-end (no.)	6.609	7.124	(515)
Capital expenditure	319	478	(159)

The tables below shows the Group performance by geographical area.

Result for 2013

Millions of euro	Central Europe	South-eastern Europe	Russia	Others	**Total**
Revenues from third parties and Enel Group affiliates	596	1.116	1.692	946	4.350
Revenues from other segments	-	-	-	-	-
Total revenues	**596**	**1.116**	**1.692**	**946**	**4.350**
Net income/(charges) from commodity risk management	-	-	-	-	-
Gross operating margin	(21)	289	398	862	1.528
Depreciation, amortization and impariment losses	3	134	192	758	1.087
Operating income	**(24)**	**155**	**206**	**104**	**441**
Capital expenditure	**-**	**125**	**194**	**-**	**319**

Result for 2012

Millions of euro	Central Europe	South-eastern Europe	Russia	Others	**Total**
Revenues from third parties and Enel Group affiliates	938	1.031	1.697	2	3.668
Revenues from other segments	-	-	-	-	-
Total revenues	**938**	**1.031**	**1.697**	**2**	**3.668**
Net income/(charges) from commodity risk management	-	-	-	-	-
Gross operating margin	**61**	**231**	**383**	**(1)**	**674**
Depreciation, amortization and impariment losses	3	27	158	257	445
Operating income	**58**	**204**	**225**	**(258)**	**229**
Capital expenditure	**31**	**153**	**294**	**-**	**478**

Revenues in 2013 came to EUR 4.350 million, up EUR 682 million compared with EUR 3.668 million in 2012. This greater performance was related to the following factors:

• a decrease of EUR 342 million in revenues in **Central Europe** essentially due to Enel France (EUR 345 million), following the exit from the Flamanville 3 project and the lower electricity demand;

• an increase of EUR 85 million in revenues in **South-eastern Europe** as a result of the increase of revenues of the Romanian distribution companies (EUR 16 million) and sales companies (EUR 69 million) following the increase of distribution tariff, green certificates revenues and tariff increase;

• an decrease of EUR 5 million in revenues in **Russia** essentially due to Enel OGK-5;

• a increase of EUR 944 million in revenues essentially due to Enel Investment Holding BV as a result of the capital gain realized following the sale of equity investment in Artic Russia BV in November 2013 (EUR 944 million).

The **gross operating margin** amounted to EUR 1.528 million with an increase of EUR 854 million, essentially as a result of the following factors:

• a decrease in the margin in **Central Europe** (EUR 82 million) essentially related to Enel France due to lower energy margin;

• a increase in the margin in **South-eastern Europe** (EUR 58 million) following the increase of the energy margin of the Romanian distribution and sales companies;

• an increase of EUR 15 million in the gross operating margin in **Russia**, as a result of the improvement of the energy margin performed by Enel OGK5;

• a increase of EUR 863 million in the gross operating margin of Enel Investment Holding BV due to the above mentioned capital gain related to the sale of Artic Russia BV (EUR 944 million) partially offset by the provisions accounted by the Company for the disputes with partners concerning acquisitions made in previous years (EUR 80 million).

Operating income in 2013 amounted to EUR 441 million, an increase of EUR 212 million primarily because of higher gross operating margin driven by the capital gain of the company Artic Russia BV (EUR 944 million) partially offset by the increase of the depreciation, amortization and impairment losses recorded in 2013 essentially due to the partial impairment of Enel OGK-5 goodwill in 2013 (EUR 744 million).

Capital expenditure came to EUR 319 million, down EUR 159 million from the previous year. This reduction is attributable to Marcinelle (EUR -30 million), to Enel OGK-5 (EUR -98 million), due to the completion of activities for the CCGT Power Plant in 2012 and to the Romanian companies (EUR -31 million).

Information on the consolidated income statement

Revenues

10. Revenues - *EUR 4.350 million*

Millions of euro

	2013	2012	Change
Revenues from the sale of electricity	3.040	3.289	(249)
Revenues from the transport of electricity	109	110	(1)
Capital Gain on net assets disposal	944	-	944
Penalties	1	48	(47)
Other sales and services	256	221	35
Total	**4.350**	**3.668**	**682**

"Revenues from the sale of electricity" amounted to EUR 3.040 million, down EUR 249 million on 2012. The variation was mainly due to Enel France (EUR 296 million) following the exit from the Flamanville 3 project and the lower electricity demand and to Enel OGK-5 (EUR 24 million) due to a negative exchange difference partially offset by higher prices of electricity. This effect was partially offset by higher revenues of Enel Energie (EUR 47 million) and Enel Energie Muntenia (EUR 25 million) following the tariff increase and higher volumes of energy sold in 2013.

"Capital gain on net assets disposal" related to the consolidated gain further to the disposal of Artic Russia BV occurred in November 2013 (EUR 944 million).

"Penalties" refer solely to Enel France following to the collection of the penalty paid by Edf after the way out from Flamanville project in 2012.

The table below gives a breakdown of revenues from sales and services by geographical area:

Millions of euro

	2013	2012
European Market	2.658	1971
Russia	1692	1697
Total	**4.350**	**3.668**

Costs

11.a Raw materials and consumables - *EUR 2.125 million*

Millions of euro

	2013	2012	Change
Electricity purchases	1.202	1.464	(262)
Fuel purchases for electricity production	869	898	(29)
Materials	54	59	(5)
Total	**2.125**	**2.421**	**(296)**

"Electricity purchases" decreased by EUR 262 million to EUR 1.202 million. The variance in comparison with the previous year is mainly connected to Enel France (EUR 241 million) due to lower energy purchased.

"Fuel purchases for electricity production" totaled EUR 869 million in 2013, down EUR 29 million over 2012. The decrease is attributable exclusively to Enel OGK-5 due to the negative exchange difference partially offset by higher fuel prices experienced.

11.b Services – *EUR 307 million*

Millions of euro

	2013	2012	Change
Maintenance and repairs	47	50	(3)
Services connected with electricity systems	127	128	(1)
Building costs	12	12	-
Insurance costs	6	5	1
Leases and rentals	11	12	(1)
Other	104	98	6
Total	**307**	**305**	**2**

11.c Personnel – *EUR 187 million*

Millions of euro

	2013	2012	Change
Wages and salaries	133	132	1
Social security contributions	30	33	(3)
Employee leaving incentives	12	10	2
Other costs	12	20	(8)
Total	**187**	**195**	**(8)**

Personnel costs amounted to EUR 187 million in 2013, with the change mainly attributable to the application of the new version of "IAS 19 – Employee benefits", from 1 January 2013 with retrospective effect.

11.d Depreciation, amortization and impairment losses – *EUR 1.087 million*

Millions of euro

	2013	2012	Change
Depreciation	248	220	28
Amortization	23	18	5
Impairment losses	816	207	609
Total	**1.087**	**445**	**642**

"Depreciation" rose by EUR 28 million to EUR 248 million due to the additional assets put in operation in Russia.

"Impairment losses" amounted to EUR 816 million at the end of 2013, up EUR 609 million over 2012 essentally due to:

- the partial impairment of Enel OGK-5 goodwill (EUR 744 million in 2013, EUR 112 million in 2012);
- the write-off of the trade receivables performed by Enel OGK-5 (EUR 22 million) in 2013 and the reversal of prior impairment losses (EUR 90 million) during 2012 mainly related to the agreement reached by Romanian companies with Romanian CFR;
- the impairment of Marcinelle net assets in order to align its consolidated book values with their fair value net of selling costs (EUR 130 million) over 2012.

11.e Other operating expenses – *EUR 241 million*

Millions of euro

	2013	2012	Change
Provision for risks and charges	97	14	83
Taxes and duties	33	43	(10)
Charges for green certificates	74	47	27
Other expensens	37	20	17
Total	**241**	**124**	**117**

"Other operating expenses" rose by EUR 117 million to EUR 241 million.

The increase in "Provision for risks and charges" (EUR 83 million) was essentially due to the increase in the provisions for litigation (EUR 80 million) accounted by Enel Investment Holding BV.

11.f Capitalized costs – *EUR (38) million*

The decrease of EUR 13 million is mainly connected to lower capital expenditure for improving the electricity distribution network carried out by Romanian companies in 2013. Capitalized costs (EUR 38 million) consisted of EUR 13 million in personnel costs and EUR 24 million in materials costs.

12. Financial income/(expense) - *EUR (18) million*

Millions of euro

	2013	2012	Change
Interest and other income on financial assets (current and non-current):			
- interest income at effective rate on non-current securities and receivables	53	50	3
- interest income at effective rate on short-term financial investments	24	24	-
Total interest and other income from financial assets	**77**	**74**	**3**
Foreign exchange gains	41	107	(66)
Income from derivatives instruments	53	27	26
Other interest and income	9	25	(16)
Total	**180**	**233**	**(53)**

Millions of euro

	2013	2012	Change
Interest expense and other charges on financial debt (current and non-current):			
- interest expense on bank loans	18	28	(10)
- interest expense on bonds	28	33	(5)
- interest expense on other loans	40	48	(8)
Total interest expense and other charges on financial debt	**86**	**109**	**(23)**
Financial charges from securities	-	-	-
Foreign exchange losses	89	78	11
Expense from derivatives instruments	11	49	(38)
Other interest and financial charges	12	47	(35)
Total	**198**	**283**	**(85)**

"Financial income" totaled EUR 180 million, a decrease of EUR 53 million compared to 2012.

"Other interest and income" fell by EUR 16 million to EUR 9 million with the change primarily due to Enel OGK-5 (EUR 16 million).

"Financial expense" totaled EUR 198 million, a decrease of EUR 85 million compared to 2012.

"Total interest expense and other charges on financial debt" fell by EUR 33 million to EUR 63 million. The variance is mainly due to the decrease of interest expense on other loans incurred by Enel France (EUR 16 million).

"Other interest and financial charges" fell by EUR 33 million to EUR 8 million. The variance mainly include the amount of EUR 24 million as financial charge not reimbursed by EDF to Enel France in 2012 and connected to Know-How Transfer Agreement.

13. Share of income/(expense) from equity investments accounted for using the equity method - *EUR 95 million*

Millions of euro

	2013	2012	Change
Income from associates and joint ventures	95	109	(14)
Expense from associates and joint ventures	-	(8)	8
Total	**95**	**101**	**(6)**

The balance at 31 December 2013 mainly sets out the positive contribution of joint ventures performances to the Group net results primarily thanks to Rusenergosbyt (EUR 80 million), Enel Insurance N.V. (EUR 7 million) and the final contribution of the associate Severenergia (EUR 9 million) in which the joint venture Artic Russia BV owns a 49% stake.

14. Income taxes – *EUR 77 million*

Millions of euro

	2013	2012	Change
Current taxes	62	39	23
Deferred tax liabilities	32	17	15
Deferred tax assets	(17)	(7)	(10)
Total	**77**	**49**	**28**

The current taxation rose to EUR 62 million (EUR 39 million in 2012). The increase is mainly due to anticipated fiscal solution issued by Romanian Fiscal Authorities in relation to the Convention signed with the National Railway Company S.A. ("CFR") in which the penalties invoices issued by Enel to CFR (for the period 2006-2011) have been reversed in 2012 with the corresponding reversal of income taxes already paid in the past recorded as positive adjustment in 2012 for EUR 12 million.

The following table reconciles the theoretical tax rate with the effective rate:

Millions of euro

	2013		2012	
Income before taxes	518		280	
Theoretical tax	132	25,5%	71	25,5%
Pemanent differences and minor items	(55)	-10,6%	(22)	-8,0%
Total	**77**	**14,9%**	**49**	**17,5%**

Information on the consolidated financial position

Assets

Non-current assets

15. Property, plant and equipment - *EUR 4.113 million*

Millions of euro	Land	Building	Plants and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Cost	23	1.021	3.197	-	34	904	**5.179**
Accumulated depreciation	-	(100)	(590)	-	(15)	-	**(705)**
Balance at 31 Dec. 2011	**23**	**921**	**2.607**	**-**	**19**	**904**	**4.474**
Investiments	-	7	110	2	4	342	**465**
Depreciation	-	(31)	(182)	(1)	(6)	-	**(220)**
Assets entering service	-	7	48	-	-	(55)	**-**
Reclassified to assets HFS	-	-	-	-	-	(334)	**(334)**
Impairment	-	(3)	-	-	-	-	**(3)**
Exchange rate differences	-	31	26	-	-	13	**70**
Disposal and other changes	-	50	(66)	5	5	-	(6)
Total changes	**-**	**61**	**(64)**	**6**	**3**	**(34)**	**(28)**
Cost	23	1.116	3.315	7	43	870	**5.374**
Accumulated depreciation	-	(134)	(772)	(1)	(21)	-	**(928)**
Balance at 31 Dec. 2012	**23**	**982**	**2.543**	**6**	**22**	**870**	**4.446**
Investiments	-	6	73	1	18	215	**313**
Depreciation	-	(31)	(211)	(1)	(5)	-	**(248)**
Assets entering service	-	38	206	-	4	(248)	**-**
Reclassified to assets HFS	-	-	-	-	-	(334)	**(334)**
Impairment	-	-	(5)	-	-	-	**(5)**
Exchange rate differences	(1)	(100)	(173)	-	(1)	(86)	**(361)**
Disposal and other changes	-	(2)	(13)	-	(12)	329	**302**
Total changes	**(1)**	**(89)**	**(123)**	**-**	**4**	**(124)**	**(333)**
Cost	22	1.058	3.408	8	52	746	**5.294**
Accumulated depreciation	-	(165)	(988)	(2)	(26)	-	**(1.181)**
Balance al 31 Dec. 2013	**22**	**893**	**2.420**	**6**	**26**	**746**	**4.113**

"Investments" in 2013 totaling EUR 313 million (EUR 465 million as of 31 December 2012) mainly refer to assets under construction (EUR 215 million) of which:

• EUR 110 million refers to Romanian distribution companies attributable to investmemts in distribution network ;

• EUR 191 million are connected to Enel OGK-5 expenses for the ongoing construction of the CCGT units at Reftinskaya GRES and Nevinnomysskaya GRES along with the capital expenditure of a new dry ash removal system in Reftinskaya GRES.

Further investments (EUR 73 million) are primarily attributable to investment in distribution network and in connections carried out by Romanian distribution companies.

16. Intangible assets - *EUR 1.183 million*

Changes in intangible assets between 2013 and 2012 are set out in the table below:

Millions of euro	Patents and intellectual property rights	Conc.,licences, trademarks & sim. rights	Customer List	Other intangibles	Assets under construction	Goodwill	**Total**
Cost	17	265	80	51	15	1.915	**2.343**
Accumulated amortization	(6)	(21)	(6)	(39)	-	-	**(72)**
Accumulated impairment losses	-	(20)	-	-	-	(34)	**(54)**
Balance at 31 Dec. 2011	**11**	**224**	**74**	**12**	**15**	**1.881**	**2.217**
Investments	-	-	-	7	6	-	**13**
Reclassified to assets in use	8	1	-	5	(14)	-	**-**
Exchange rate differences	-	(5)	(2)	-	-	36	**29**
Change in scope of consolidation	-	-	-	-	-	-	**-**
Amortization	(4)	(7)	(2)	(6)	-	-	**(19)**
Impairment	-	-	-	-	-	(112)	**(112)**
Other changes	1	3	-	-	(4)	2	**2**
Reclassified to assets HFS	-	(44)	-	-	-	-	**(44)**
Total changes	**5**	**(52)**	**(4)**	**6**	**(12)**	**(74)**	**(131)**
Cost	26	220	78	62	3	1.953	**2.342**
Accumulated amortization	(10)	(28)	(8)	(45)	-	-	**(91)**
Accumulated impairment losses	-	(20)	-	-	-	(146)	**(166)**
Balance at 31 Dec. 2012	**16**	**172**	**70**	**17**	**3**	**1.807**	**2.085**
Investments	-	-	-	3	4	-	**7**
Reclassified to assets in use	-	-	-	2	(2)	-	**-**
Exchange rate differences	(1)	(1)	-	-	-	(140)	**(142)**
Change in scope of consolidation	-	-	-	-	-	-	**-**
Amortization	(5)	(6)	(2)	(9)	-	-	**(22)**
Impairment	-	-	-	-	-	(744)	**(744)**
Other changes	-	-	-	-	-	(1)	**(1)**
Reclassified to assets HFS	-	-	-	-	-	-	**-**
Total changes	**(6)**	**(7)**	**(2)**	**(4)**	**2**	**(885)**	**(902)**
Cost	31	226	80	71	3	2.697	**3.108**
Accumulated amortization	(15)	(34)	(10)	(54)	-	-	**(113)**
Accumulated impairment losses	-	(20)	-	-	-	(890)	**(910)**
Balance at 31 Dec. 2013	**10**	**165**	**68**	**13**	**5**	**922**	**1.183**

"Patents and intellectual property rights" relate mainly to costs incurred in purchasing software and open-ended software licenses. Amortization is calculated on a straight-line basis over the asset's residual useful life (on average between three and five years).

"Concessions, licenses, trademarks and similar rights" mainly include costs incurred by the foreign electricity distribution companies to build up their customer base. Amortization is calculated on a straight-line basis over the average duration of the relationships with the customers acquired or the concessions.

"Customer list" only refers to the subsidiary Enel Energie Muntenia, after the completion of the PPA process and it is amortized over a forty-years period.

"Goodwill" came to EUR 922 million, a decrease of EUR 885 million over the corresponding period of 2012. The following table sets out main changes of goodwill over 2013:

Millions of euro	31 Dec. 2012	Translation differences	Impairment	Other changes	**31 Dec. 2013**
Enel OGK-5	1.146	(140)	(744)	-	262
Enel Distributie Muntenia	547	(1)	-	-	546
Enel Energie Muntenia	114	-	-	-	114
Total	**1.807**	**(141)**	**(744)**	**-**	**922**

The fall is primarily due to the impairment of goodwill of Enel OGK-5 (EUR 744 million) and to the negative "translation differences" (EUR 140 million) following the depreciation of the Russian ruble against the Euro over 2013.

Recoverable value of the goodwill recognized was estimated by calculating the value in use of the underlying cash generating unit using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums. More specifically, the cash flows were determined on the basis of the most recent forecasts and the assumptions underlying those forecasts concerning the performance of the Group contained in the Group business plan. To discount certain flows, an explicit period of more than five years was used, in line with those forecasts, i.e. the average useful life of the assets or the duration of the concessions. The terminal value was calculated as a perpetuity or annuity at a growth rate equal to inflation as deemed appropriate for the country involved or in any case no higher than the average long-term growth rate of the reference market.

In order to verify the robustness of the value in use, analyses were conducted of its sensitivity to changes in the parameters of the valuations with the greatest impact on the valuations themselves.

Millions of euro	Amount	Growth rate (1)	Discount rate WACC pre-tax	Explicit period of cash flows	Terminal Value (2)	Amount	Growth rate (1)	Discount rate WACC pre-tax	Explicit period of cash flows	Terminal Value (2)
	31 Dec. 2013					31 Dec. 2012				
Enel OGK-5	262	1,2%	12,2%	10 years	Perpetuity	1.146	1,2%	13,3%	10 years	Perpetuity
Enel Romania (3)	660	2,4,%	9,9%	10 years	Perpetuity	661	2,4%	10,3%	10 years	Perpetuity

(1) Perpetual growth rate of cash flows after explicit period

(2) The terminal value has been estimated on the basis of a perpetuity or an expected annuity with a rising yield for the years set out in the column.

(3) It refers to all the Romanian companies.

The results of the sensitivity analyses performed confirm that no risk of impairment exists for any change in the key drivers (WACC and growth rate) within a reasonable range of occurrence.

17. Equity investments accounted for using the equity method - *EUR 168 million*

Equity investments in associated companies accounted for using the equity method are as follows:

Millions of euro

	31 Dec 2012	%	Dividends	Income effect	Other changes	Change in scope of consolidation	**31 Dec. 2013**	%
Artic Russia [1]	354	40,0	-	9	34	(397)	-	
Res Holdings [2]	109	49,5	(108)	80	(4)	-	**77**	49,5
Enel Insurance NV	85	50,0	-	6	-	-	**91**	50,0
Total	**548**		**(108)**	**95**	**30**	**(397)**	**168**	

[1] includes Severenergia held for 49%

[2] includes Rusenergosbyt held for 100%

The decrease of EUR 380 million in equity investments accounted for using the equity method was essentially related to the sale of the company Artic Russia BV (EUR 354 million) and to Res Holdings as a net effect of its dividends paid to the Company in 2013 (EUR 108 million) and its share of net income for the year (EUR 80 million).

The main income statement and balance sheet data for the equity investments in associates and joint ventures are reported in the following table:

Millions of euro

	Assets	Liabilities	Revenues	Net income	Assets	Liabilities	Revenues	Net income
		31 Dec. 2013				31 Dec. 2012		
Artic Russia [1]	791	1	147	22	845	1	128	(20)
Enel Insurance [1]	506	327	133	13	436	269	96	12
Res Holdings [1]	173	137	2.925	161	273	158	2.883	208

[1] Including its subsidiaries and associates companies

18. Equity investments in other companies - *EUR 175 million*

As regards "Equity investments in other companies", the fair value of listed companies was determined with reference to the market value of their shares at the end of the year, whereas the fair value of unlisted companies was calculated with reference to a reliable valuation of their significant balance sheet items.

Equity investment available for sale - *EUR 173 million*

Millions of euro

	31 Dec 2013	%	31 Dec. 2012	%	Change
Bayan Resources T.b.K.	169	10,0%	221	10,0%	(52)
Echelon	4	7,9%	6	7,9%	(2)
Total	**173**		**227**		**(54)**

Bayan Resources T.b.K – EUR 169 million

PT Bayan Resources T.b.k., listed on the Indonesian Stock Exchange, produces coal in Indonesia with integrated coal mining, processing and logistic operations. The company is primarily engaged in the business of surface open cut mining of thermal coal and has a diversified product portfolio that ranges from bituminous coal, with high calorific content, to sub-bituminous and semi-soft coking coal.

The 10% stake in the corporate capital of PT Bayan Resources T.b.k. acquired in August 2008, is measured at fair value with changes recognized in shareholders' equity.

At the end of 2013 the fair value of PT Bayan Resources T.b.k. dropped to EUR 169 million with a decrease of EUR 52 million over the corresponding period of the last year due to the depreciation of Indonesian currency against the Euro, partially offset by the the increase of share price.

Echelon – EUR 4 million

Echelon, listed on the NASDAQ market in the USA, is engaged in the field of control networking technology for automation systems.

The stake in the corporate capital of Echelon acquired in December 2005, is measured at fair value with changes recognized in shareholders' equity.

At the end of 2013 the fair value of Echelon amounted to EUR 4 million (EUR 6 million at 31 December 2013). The decrease is caused by the depreciation of U.S. dollars currency against the Euro and by the fall in the share price.

The following table sets out equity investments in other companies on the basis of the hierarchy of inputs used in determining fair value, as specified in the amendments to IFRS 7:

Millions of euro

	31 Dec. 2013	Level 1	Level 2	Level 3
Equity investments in other companies	173	173	-	
Total	**173**	**173**	**-**	**-**

Other investments - EUR 2 million

Other equity investments at 31 December 2013 mainly related to the purchase of the 9,15% stake in the share capital of the Romanian company EnergoNuclear SA whose corporate purpose is to develop, finance, construct and operate two nuclear units of Cernavoda power plant.

In December 2013, the Company approved the exercise of the put option on the participation that has been sold to the majority shareholder Nuclearelectrica in January 2014 with a refund of EUR 2,4 million.

19. Non-current financial assets – *EUR 327 million*

Non-current financial assets can be specified as follows:

Millions of euro			
	31 Dec. 2013	31 Dec. 2012	Change
Other securities designated at fair value throught profit and loss	-	4	(4)
Medium Long Term Financial receivables	1	2	(1)
Medium Long Term Financial receivables for Leasing Agreements	27	29	(2)
Loans due from shareholder	296	296	-
Derivative contracts	3	-	3
Total	**327**	**331**	**(4)**

"Non-current financial assets" have remained substantially unchanged (EUR 331 million in 2012).

At 31 December 2013 non-current financial assets do not have either past due nor impaired items.

The following table reports the notional amounts and the fair values of the derivative contracts classified under non-current financial assets.

Millions of euro	Notional amount		Fair value		
	31 Dec. 2013	31 Dec. 2012	**31 Dec. 2013**	31 Dec. 2012	Change
Cash flow hedge derivatives:					
- exchange rates	152	60	3	-	3
Total	**152**	**60**	**3**	**-**	**3**

At 31 December 2013 the notional amount of the exchange rate cash flow hedge derivative contracts classified as non-current financial assets totaled EUR 152 million (with the corresponding fair value of EUR 3 million) and it is exclusively related to Enel OGK-5.

The following table reports the fair value balances of derivatives broken down by measurement inputs used.

Millions of euro				
	31 Dec. 2013	Level 1	Level 2	Level 3
Cash flow hedge derivatives:				
- exchange rates	3	-	3	-
Total	**3**	**-**	**3**	**-**

20. Other non-current financial assets - *EUR 3 million*

Other non currents assets refer exclusively to other sundry receivables.

Current assets

21. Inventories – *EUR 88 million*

Millions of euro

	31 Dec. 2013	31 Dec. 2012	Change
Raw materials, consumables and supplies			
- fuel	53	65	(12)
- materials, equipment and other inventories	30	27	3
Total	**83**	**92**	**(9)**
Advances	1	1	-
Final products, goods for resale	6	-	6
Inventory write-down provision	(2)	-	(2)
Total	**88**	**93**	**(5)**

"Raw materials, consumables and supplies" consist of fuel inventories for covering the requirements of the generation companies, as well as materials and equipment for plant operation, maintenance and construction.

Inventories are recognized net of inventory write-down provision which totaled EUR 2 million at the end of 2013 with an increase of EUR 1 million over 31 December 2012.

22. Trade receivables - *EUR 406 million*

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled EUR 117 million at the end of 2013, as detailed in the table below:

Total at 31 December 2012	**72**
Accruals	60
Reinstatement value of Trade Receivables	(8)
Utilization	(5)
Other changes	(2)
Total at 31 December 2013	**117**

Trade receivables that had not been written down at 31 December 2013 break down by maturity as follows:

Millions of euro

Not past due	**263**
Past due:	
- from 0 to 6 months	79
- from 6 months to 12 months	50
- from 12 months to 24 months	12
- over 24 months	2
Total at 31 December 2013	**406**

23. Current financial assets - *EUR 1.165 million*

Millions of euro

	31 Dec. 2013	31 Dec. 2012	Change
Intercompany Current Account	10	5	5
Derivative contracts	14	7	7
Short-term portion of long-term financial receivbles	3	2	1
Other financial assets	1.138	205	933
Total	**1.165**	**219**	**946**

"Current financial assets" were equal to EUR 1.165 million at the end of 2013, up EUR 946 million over 31 December 2012, and it primarily refers to the short-term deposit of the Company (EUR 1.010 million) and Enel France (EUR 110 million) with the affiliate Enel Finance International N.V.

The following table reports the notional amounts and the fair values of the derivative contracts classified under current financial assets.

Millions of euro	Notional amount		Fair value		
	31 Dec. 2013	31 Dec. 2012	**31 Dec. 2013**	31 Dec. 2012	Change
Cash flow hedge derivatives:					
- exchange rates	61	-	9	-	9
Total	**61**	**-**	**9**	**-**	**9**

At 31 December 2013 the notional amount of the exchange rate cash flow hedge derivative contracts classified as current financial assets totaled EUR 61 million (with the corresponding fair value of EUR 9 million) and it is exclusively related to Enel OGK-5.

The following table reports the fair value balances of derivatives broken down by measurement inputs used.

Millions of euro

	31 Dec. 2013	Level 1	Level 2	Level 3
Cash flow hedge derivatives:				
- exchange rates	9	-	9	-
Total	**9**	**-**	**9**	**-**

Millions of euro	Notional amount		Fair value		
	31 Dec. 2013	31 Dec. 2012	**31 Dec. 2013**	31 Dec. 2012	Change
Trading derivatives:					
- exchange rates	201	235	5	7	(2)
Total	**201**	**235**	**5**	**7**	**(2)**

At 31 December 2013 the notional amount of the exchange rate trading derivative contracts classified as current financial assets drop to EUR 201 million (with the corresponding fair value of EUR 5 million) and it is exclusively related to Enel OGK-5.

The following table reports the fair value balances of derivatives broken down by measurement inputs used.

Millions of euro	31 Dec. 2013	Level 1	Level 2	Level 3
Trading derivatives:				
- exchange rates	5	-	5	-
Total	**5**	**-**	**5**	**-**

24. Other current assets – *EUR 40 million*

Millions of euro	31 Dec. 2013	31 Dec. 2012	Change
VAT receivables	5	19	(14)
Advanced paid to suppliers	10	2	8
Operational prepayments and accrued income	2	6	(4)
Sundry receivables	5	5	-
Other	18	15	3
Total	**40**	**47**	**(7)**

The item detailed in the table above is equal to EUR 40 million at the end of 2013 marking a decrease of EUR 7 million over 31 December 2012. The fall is mainly due to the drop in "VAT receivables" (EUR 14 million) in Enel OGK-5 (EUR 9 million) and Romanian companies (EUR 5 million).

25. Cash and cash equivalents – *EUR 1.021 million*

The increase on 2012 year ended amounting to EUR 196 million is the result of higher "cash and cash equivalents" collected by Romanian distribution companies (EUR 125 million) as the result of the of decrease in capital expenditure in 2013 and Enel OGK-5 (EUR 58 million) due to change in payment schedules for fuel purchases.

Cash and cash equivalents are not restricted by any encumbrances.

26. Assets held for sale – *EUR 239 million*

Millions of euro	31 Dec. 2013	31 Dec. 2012	Change
Property, plant and equipment	198	214	(16)
Deferred tax assets	-	11	(11)
Financial receivables	36	24	12
Inventories	5	4	1
Trade receivables	-	39	(39)
Total	**239**	**292**	**(53)**

Assets held for sale totalling EUR 239 million as of 31 December 2013 entirely referred to Marcinelle following the decision to dispose of its equity investment.

Liabilities and shareholder's equity

27. Equity attributable to the shareholder of the Company – *EUR 4.154 million*

Share capital – *EUR 1.593 million*

The authorized share capital of Enel Investment Holding B.V. amounts to EUR 7.500 million, divided into 750.000 thousand ordinary shares of EUR 10 each, of which 159.305 thousand ordinary shares have been issued and fully paid up.

Share premium reserve – *EUR 2.410 million*

This reserve has not changed throughout 2013.

Fair value reserve and sundry reserves – *EUR 135 million*

This item mainly includes net cumulative unrealized gains/(losses) recognized directly in other comprehensive income resulting from the measurement at fair value of cash flow hedge derivatives (EUR 2 million) as well as the measurement at fair value of available-for-sale investments in Bayan Resources T.b.K and Echelon Corporation (EUR 133 million). This reserve is not freely distributable.

Reserve for equity investments accounted for using equity method – *EUR (20) million*

This reserve includes the Company's share of the equity movements of equity not recognized directly in income statement. The current year saw an decrease of EUR 30 million which is due to the release of the reserve following the sale of the company Artic Russia BV (EUR 80 million), partially offset by the net appreciation of the Group functional currency against the Russian ruble used by the Russian associated companies Severenergia and Rusenergosbyt (EUR 50 million).

Reserve for employee benefits – *EUR (28) million*

The decrease for EUR 28 million is attributable to the restatement of IAS 19 Employee Benefits (IAS 19R). The new standard, endorsed by European Commission in June 2012, is applicable retrospectively for annual periods beginning on 1 January 2013.

Reserve from translation of financial statements in currencies other than euro – *EUR (590) million*

The decrease in this aggregate for the year totaling EUR 295 million is attributable to the net appreciation of the functional currency against the foreign currencies used by subsidiaries (Russian ruble and Romanian leu).

The table below shows the changes in gains and losses recognized directly in other comprehensive income, including minority interests, with specific reporting of the related tax effects.

Millions of euro		Gains/(Losses) recognized in equity for the year	Released to income statement	Tax effect	
	31 Dec. 2012				**31 Dec. 2013**
Gains/(Losses) on change in the fair value of the effective portion of CFH derivatives on interest and exchange rates (IAS 39)	(7)	12	(9)	-	(4)
OCI of companies accounted for using equity method	(50)	30	-	-	(20)
Reserve for fair value of financial investments available for sale	185	(54)	-	-	131
Exchage rate differences	(435)	(408)	-	-	(843)
Re-measurement gains/(losses) on defined benefit plans	(23)	(32)	-	6	(49)
Total gains/(losses) recognized in equity	**(330)**	**(452)**	**(9)**	**6**	**(785)**

Non-current liabilities

28. Long-term loans (including the portion falling due within 12 months) - *EUR 937 million*

This aggregate includes long-term payables related to bonds, bank loans, and other loans in euro and other currencies, including the portion falling due within twelve months.

The following table shows long-term debt and repayment schedules at 31 December 2013 compared to 31 December 2012, grouped by loan and interest rate type.

Millions of euro	Maturing	Balance	Nominal value	Balance	Current portion	Portion falling due at more than 12 months	Maturing in				
		31 Dec. 2013		31 Dec. 2012			2015	2016	2017	2018	Beyond
Bonds:											
- listed, fixed rate	2023	408	410	521	110	298	-	-	-	-	298
- listed, floating rate	2014	-	-	-	-	-	-	-	-	-	-
Bank loans:											
- fixed rate	2026	283	292	300	19	264	40	34	32	29	129
- floating rate	2021	93	95	106	13	80	19	14	12	10	25
- use of revolving credit lines		132	132	124	22	110	110	-	-	-	-
Non-bank loans:											
- with related parties		21	21	25	-	21	21	-	-	-	-
Total		**937**	**950**	**1.076**	**164**	**773**	**190**	**48**	**44**	**39**	**452**

The table below reports long-term financial debt by currency and interest rate:

Millions of euro	Balance	Nominal Value	Balance	Current average interest rate	Current effective interest rate
	31 Dec. 2013		31 Dec. 2012	31 Dec. 2013	
Euro	695	708	729	3,9%	4,0%
Russian Ruble	242	242	347	7,8%	8,4%
Total	**937**	**950**	**1.076**		

The following chart shows changes in the nominal value of long-term debt (including the current portion maturing within one year):

Millions of euro	Nominal value	Repayments	New financing	Exchange rate differences	Reclassification from/to "Liabilities held for sale"	Nominal value
	31 Dec. 2012					**31 Dec. 2013**
Bonds	523	(94)	-	(19)	-	410
Bank loans	542	(31)	23	(15)	-	519
Non-banks loans with related parties	25	(4)	-	-	-	21
Total financial debt	**1.090**	**(129)**	**23**	**(34)**	**-**	**950**

The nominal value of debt at 31 December 2013 decreased by EUR 140 million to EUR 950 million as of 31 December 2013, which is the net effect of EUR 129 million in repayments, EUR 23 million in new financing, EUR 34 million in exchange rate losses.

The nominal value of non-bank loans with related parties decreased by EUR 4 million at 31 December 2013 due to the reimbursement of the loan provided by Enel Finance International N.V. to the Enel Group subsidiary Enel Lease.

The following table compares the carrying amount with the fair value of long-term debt, including the portion falling due within twelve months, with the exception of intercompany loans amounting to EUR 21 million whose fair value hasn't been calculated. For listed debt instruments, the fair value is taken from official prices, while for unlisted instruments the fair value is determined using appropriate valuation models for each category of financial instrument and market data at the closing date of the year.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value
	31 Dec. 2013		31 Dec. 2012	
Bonds:				
- fixed rate	408	447	521	503
- floating rate	-	-	-	-
Total	**408**	**447**	**521**	**503**
Bank loans:				
- fixed rate	283	280	300	247
- floating rate	93	90	106	97
- use of revolving cred	132	135	124	126
Total	**508**	**505**	**530**	**470**
Non-bank loans:				
- fixed rate	-	-	-	-
- floating rate	-	-	-	-
Total	**-**	**-**	-	-
TOTAL	**916**	**952**	**1.051**	**973**

The following tables show the changes in long-term loans for the year, distinguishing current from non-current portions.

Millions of euro	Carrying amount		
	31 Dec. 2013	31 Dec. 2012	Change
Bonds:			
- fixed rate	110	422	(312)
- floating rate	-	-	-
Total	**110**	**422**	**(312)**
Bank loans:			
- fixed rate	19	282	(263)
- floating rate	13	93	(80)
-use of revolving credit lines	22	124	(102)
Total	**54**	**499**	**(445)**
Non-bank loans:			
- fixed rate	-	-	-
- floating rate	-	-	-
Total	**-**	**-**	-
TOTAL	**164**	**921**	**(757)**

Millions of euro	Carrying amount		
	31 Dec. 2013	31 Dec. 2012	Change
Bonds:			
- fixed rate	298	99	199
- floating rate	-	-	-
Total	**298**	**99**	**199**
Bank loans:			
- fixed rate	264	18	246
- floating rate	80	13	67
-use of revolving credit lines	110	-	110
Total	**454**	**31**	**423**
Non-bank loans:			
- fixed rate	-	-	-
- floating rate	-	-	-
Total	**-**	**-**	**-**
TOTAL	**752**	**130**	**622**

Bonds – *EUR 408 million*

The aggregate amounting to EUR 408 million at 31 December 2013 refers to bonds issued by Enel Investment Holding B.V. under GMTN Programme (EUR 298 million) and Enel OGK-5 (EUR 110 million).

The bond issued by the Company in June 2006 is currently listed on the Luxembourg Stock Exchange. In this respect the Company has signed an agreement with its Parent Company

Enel S.p.A for the internal assumption of this debt, based on which Enel S.p.A. undertook to the Company to assume all the Company's payment obligations in respect of the aforementioned bond. In September 2011, Enel Finance International N.V., an Enel S.p.A's subsidiary, assumed all the Company's payment obligations under the Note. The maturity of the outstanding Enel Investment Holding BV bond is set in 2023 as specified in the following chart:

Millions of euro	Year maturing	Balance	Nominal Value	Balance
		31 Dec. 2013	31 Dec. 2013	31 Dec. 2012
Bond, fixed rate 5,25%	2023	298	300	297
Total		**298**	**300**	**297**

On 5 October 2006 Enel OGK-5 completed a public offering of interest bearing non-convertible bonds, with a mandatory centralized custody. The number of issued bonds was 5.000.000 with a nominal value of Russian ruble 1.000 per bond, maturing at 1.820 days from the date of the issue. On 29 June 2011 OGK-5 completed the placement of new bonds for EUR 122 million with a 3-years maturity whose issuance was used to refinance the bond expired in September 2011. The fair value of fixed-rate bonds amounted to EUR 447 million at 31 December 2013.

Bank loans – *EUR 508 million*

Bank loans relate exclusively to Enel OGK-5 detailed as follows:

- a fixed-rate bank loan maturing in 2023 (EUR 156 million);
- a long-term loan granted by European Investment Bank for financing Enel OGK-5's capex program with the floating-part maturing in 2021 (EUR 93 million) and the fixed-part maturing in 2026 (EUR 127 million);
- a revolving credit line maturing in 2015 drawn for EUR 132 million as of 31 December 2013.

Non-bank loans with related parties – *EUR 21 million*

Non-bank loans with related parties relate exclusively to a loan provided by Enel Finance International N.V. to the Enel Group subsidiary Enel Lease totalling EUR 21 million at 31 December 2013.

29. Post-employment and other employee benefits – *EUR 109 million*

The item "Post-employment and other employee benefits" relates to estimated accruals made to cover benefits due at the time when the employment relationship is terminated and other long-term benefits to which employees have a statutory or contractual right.

The table below reports the change for the year in actuarial liabilities and the fair value of plan assets, as well as a reconciliation of the actuarial liabilities, net of assets, with the carrying amount of liabilities recognized as at 31 December 2013 and 31 December 2012.

Millions of euro	Benefits due upon termination of employment and other long- term benefits	
	2013	restated 2012
Changes in actuarial liabilities:		
Actuarial liabilities at the beginning of the year	**86**	**62**
Service cost	6	5
Interest cost	6	6
Benefits paid	(18)	(19)
Other changes	5	12
Actuarial (gains)/losses	-	19
Foreign exchange (gains)/losses	(9)	1
Actuarial changes arising from changes in demographic assumptions	28	-
Actuarial changes arising from changes in financial assumptions	(4)	-
Experience adjustments	9	-
Carrying amount of liability at the end of the year	**109**	**86**

The following table reports the impact of employee benefits on the Group income statement.

Millions of euro	**2013**	restated 2012
Service cost	11	5
Interest cost	6	6
Amortization of actuarial (gains)/losses	-	-
Other changes	-	14
Total	**17**	**25**

The main actuarial assumptions used to calculate the liabilities concerning employee benefits are set out in the following table.

	Romania	Russia	Romania	Russia
	2013		2012	
Discount rate	6,80%	7,00%	6,80%	7,00%
Long term salary increase	3,50%	6,00%	3,50%	6,00%
Long term inflation rate	3,00%	5,00%	3,00%	5,00%
Long term return on assets	N/A	N/A	N/A	N/A

30. Provision for risks and charges (including the portion falling within 12 months) - *EUR 155 million*

Millions of euro	31 Dec. 2012	Accruals	Released to income statement	Utilization and other changes	31 Dec. 2013	of which short term
Provisions for risks and charges:						
- production order charges	12	8	-	(6)	14	3
- provision for early-retirement incentives	21	20	(8)	(9)	24	12
- taxes and duties	-	-	-	-	-	-
- other	28	157	(56)	(12)	117	28
Total	**61**	**185**	**(64)**	**(27)**	**155**	**43**

"Provision for early-retirement incentives" includes the estimated charges related to binding agreements for the voluntary termination of employment contracts in response to organizational needs. The item, amounting to EUR 24 million as of 31 December 2013, refers to Enel OGK-5 (EUR 7 million) and to the Romanian companies (EUR 17 million).

"Other" mainly consisted of the provisions accounted by the Company for the disputes with partners concerning acquisitions made in previous years.

31. Deferred tax assets and liabilities – *EUR 63 million and EUR 445 million*

Below is a breakdown of changes in deferred tax assets and liabilities by type of timing difference and calculated based on the tax rates established by applicable regulations.

Millions of euro	31Dec. 2012	Increase/(Decrease) taken to income statement	Exchange Difference	Other changes	31 Dec. 2013
Deferred tax assets:					
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	12	4	(1)	2	17
- measurement of financial instruments	6	-	-	(5)	1
- other items	23	11	(3)	14	45
Total	**41**	**15**	**(4)**	**11**	**63**
Deferred tax liabilities:					
- differences on non-current assets	450	18	(36)	(10)	422
- financial derivative instruments	2	-	-	1	3
- other items	8	14	(2)	-	20
Total	**460**	**32**	**(38)**	**(9)**	**445**

As of 31 December 2013, deferred tax assets totaled EUR 63 million and deferred tax liabilities came to EUR 445 million with no significant changes reported;the variance in comparison with 2012 essentially reflects the exchange difference partially offset by the accruals for the period. Deferred tax liabilities essentially include the determination of the tax effects of the value adjustments to net assets acquired as part of the final allocation of the cost of acquisitions made in the prior years primarily regarding Enel OGK-5, Enel Distributie Muntenia and Enel Energie Muntenia.

No deferred tax assets were recorded in relation to prior tax losses in the amount of EUR 373 million, of which EUR 363 million related to Enel Investment Holding BV, because the tax laws in force in the Netherlands do not treat the expected income (dividends) of the companies as taxable. At 31 December 2012, the unrecorded cumulative tax asset related to prior tax losses was EUR 535 million.

32. Non-current financial liabilities - *EUR 2 million*

The following table reports the notional amounts and the fair values of the derivative contracts classified under non-current financial liabilities:

Millions of euro	Notional amount		Fair value		
	31 Dec. 2013	31 Dec. 2012	**31 Dec. 2013**	31 Dec. 2012	Change
Cash flow hedge derivatives:					
- exchange rates	88	242	2	12	(10)
Total	**88**	**242**	**2**	**12**	**(10)**

At 31 December 2013 the notional amount of the exchange rate cash flow hedge derivative contracts classified as non-current financial liabilities drop to EUR 88 million (with the corresponding fair value of EUR 2 million) and it is exclusively related to Enel OGK-5.

The following table reports the fair value of derivatives on the basis of the measurement inputs used according to IFRS 7.

Millions of euro				
	31 Dec. 2013	Level 1	Level 2	Level 3
Cash flow hedge derivatives:				
- exchange rates	2		2	
Total	**2**	**-**	**2**	**-**

33. Other non-current liabilities - *EUR 155 million*

Millions of euro			
	31 Dec. 2013	31 Dec. 2012	Change
Non-current operative deferred revenues	154	148	6
Other non-current payables	1	9	(8)
Total	**155**	**157**	**(2)**

At December 2013 this item essentially consisted of deferred revenues for electricity connections received for specific assets attributable to Romanian distribution companies.

Current liabilities

34. Short-term loans - *EUR nil million*

This aggregate was EUR 366 million in 2012 referring to Enel Investment Holding B.V. intercompany short-term debt share among intercompany current account with Enel Spa (EUR 66 million) and the revolving facility agreement signed in December 2012 with Enel Finance International N.V. (EUR 300 million), fully repaid in November 2013.

35. Trade payables - *EUR 430 million*

This item came to EUR 430 million, a decrease of EUR 28 million compared with 31 December 2012. It includes payables for the supply of electricity, fuel, materials and equipment for tenders and sundry services.

36. Current financial liabilities - *EUR 8 million*

Millions of euro

	31 Dec. 2013	31 Dec. 2012	Change
Deferred financial liabilities	5	14	(9)
Derivative contracts	1	1	-
Other items	2	2	-
Total	**8**	**17**	**(9)**

The following table shows the notional amounts and the fair value of the derivative contracts classified under current financial liabilities:

Millions of euro	Notional amount		Fair value		
	31 Dec. 2013	31 Dec. 2012	**31 Dec. 2013**	31 Dec. 2012	Change
Trading derivatives:					
- exchange rates	217	201	1	1	-
Total	**217**	**201**	**1**	**1**	**-**

At 31 December 2013, the notional amount of the exchange rate trading derivative contracts classified as current financial liabilities rose to EUR 217 million (with the corresponding fair value of EUR 1 million) and it is exclusively related to Romanian companies.

The following table reports the fair value of derivatives broken down by type of measurement inputs used according to IFRS 7.

Millions of euro

	31 Dec. 2013	Level 1	Level 2	Level 3
Trading derivatives:				
- exchange rates	1	-	1	-
Total	**1**	**-**	**1**	**-**

37. Other current liabilities - *EUR 940 million*

Million of euro

	31 Dec. 2013	31 Dec. 2012	Change
Payables to related parties	2	21	(19)
Payables to third parties:			
- Payables for put option granted to minority shareoholders	778	815	(37)
- Deferred revenues	7	6	1
- Other tax payables	64	56	8
- Other sundry payables	89	156	(67)
Total	**940**	**1.054**	**(114)**

At 31 December 2013 "other current liabilities" came to EUR 940 million, down EUR 114 million on 2012. The item "payables for put options granted to minority shareholders" at 31 December 2013 relates to the liabilities to Enel Distributie Muntenia for EUR 662 and Enel Energie Muntenia for EUR 117 million. In December 2012, the "put option" of Marcinelle has been executed by Duferco for EUR 36 million with the payment carried out in early January 2013.

38. Liabilities held for sale - *EUR 222 million*

Millions of euro

	31 Dec. 2013	31 Dec. 2012	Change
Medium/Long term loans	210	235	(25)
Deferred tax liabilities	6	6	-
Other non-current financial liabilities	3	3	-
Trade payables	2	40	(38)
Payables for income taxes	1	-	1
Total	**222**	**284**	**(62)**

"Liabilities held for sale", detailed in the table above, totaled EUR 222 million as of 31 December 2013 and it exclusively relates to Marcinelle.

39. Related parties

In compliance with the Enel Group's rules of corporate governance, transactions with related parties are carried out in accordance with criteria of procedural and substantive propriety.

Transactions between Enel Investment Holding B.V. and other companies of the Enel Group involve the exchange of goods, provision of services, financing and treasury management. These transactions are part of the ordinary operations of the company and are settled on the basis of standard intra-Group contracts at market prices.

The following table summarizes the financial relationships between the Company and related parties.

	Balance sheet		Income statement	
	Receivables	Payables	Cost	Income
	31 dec 2012	31 dec 2012	2012	
Shareholder				
Enel Spa	9	111	11	-
Associated Company				
Rusenergosbyt LLC	1	-	-	12
Other affiliated companies				
Enel Produzione	1	5	2	-
Enel Trade	61	48	74	191
Enel Trade Romania	-	4	39	-
Enel Finance International	475	326	24	16
Enel Green Power France	31	-	-	2
Enel Distribuzione	-	18	2	-
Enel Energia	-	4	-	-
Enel Green Power Romania	1	7	38	-
Enel Servizi	1	10	4	-
Enel Ingegneria e Innovazione	-	50	2	-
Blu Line Valea Nucarilor	-	2	9	-
	580	**585**	**205**	**221**

	Balance sheet		Income statement	
	Receivables	Payables	Cost	Income
	31 dec 2013	31 dec 2013	2013	
Shareholder				
Enel Spa	10	36	11	2
Associated comanies				
Rusenergosbyt LLC	-	-	-	16
Other affiliated companies				
Enel Produzione	-	5	-	-
Enel Trade	37	15	62	162
Enel Finance International	1.438	232	15	3
Enel Green Power France	29	-	-	-
Enel Distribuzione	-	17	2	-
Enel Green Power Romania	-	5	42	1
Enel Green Power International	-	-	-	-
Enel Servizi	-	9	2	1
Enel Ingegneria e Innovazione	-	35	4	-
Enel Trade Romania	1	1	32	-
Elcomex EOL	-	2	7	-
Total Electric	-	-	2	-
Blu Line Valea Nucarilor	-	1	11	-
	1.515	**358**	**190**	**185**

Compensation of Directors

The emoluments of the Company's Directors as intended in Section 2:383 (1) of the Dutch Civil Code charged in 2013 amounted to EUR 75 thousand (EUR 72 thousand in 2012) and are summarized in the following table:

(all amounts in thousands of Euro)	**31 Dec. 2013**	31 Dec. 2012
Mr. A.J.M. Nieuwenhuizen	**19**	18
Mr. F. Mauritz	**19**	18
Mr. H. Marseille	**19**	18
Mr. K.J. Schell	**6**	18
Mr. E. Di Giacomo	**12**	-
Mr. A. Brentan	-	-
Mr. M. Salemme	-	-
Mr. C. Palasciano Villamagna	-	-
Mr. C. Tamburi	-	-
Mr. L. Ferraris	-	-
	75	72

Board of Directors composition

Taking into account the new legislation that entered into force in the Netherlands on 1 January 2013 and concerning the composition of the companies' Board of Directors, we highlight that the Board members of the Company are currently all men. Nonetheless, the Company believes that the composition of its Board of directors has a broad diversity of experience, expertise and backgrounds, and that the backgrounds and qualifications of the directors, considered as a group, provide a significant mix of experience, knowledge, abilities and independence that we believe will allow our board of directors to fulfill its responsibilities and properly execute its duties.

Auditor's remuneration

With reference to Section 2:382 a (1) and (2) of the Dutch Civil Code, audit fees are included in the relevant disclosure in the Consolidated Financial Statement of the ultimate Parent Company Enel S.p.A.

40. Contractual commitments and guarantees

The contractual commitments and guarantees as of 31 December 2013 can be specified as follows:

• in relation to the development of a project by the subsidiary Enel OGK-5 for the construction of a CCGT power plant in Russia using a former Power Train pertaining to Enelco SA, the Company issued two Parent Company Guarantees for a cumulative amount of EUR 94,7 million in favour of the suppliers Ansaldo and Nooter Eriksen (EUR 69,7 million and EUR 25 million respectively) as security to the timely payment of the due invoices. Following the payment of invoices for a cumulative amount of EUR 56,9 million, the value of the residual guarantee was accordingly reduced to EUR 37,7 million. Due to the revised capital expenditure planning of the Enel Group, Enel OGK-5 requested Nooter Eriksen to postpone the ex works delivery date and maintain the property of the heat recovery steam generator (HRSG) until December 31st , 2015. Nooter Eriksen has replied to the proposal by indicating to Enel OGK-5 a specific methodology for the preservation of the equipment, meant to mitigate the risks associated to the prolonged storage period. Finally the parties, on June 4th, 2013 executed the Addendum n. 4 to the Supply Agreement whereby they agreed that the Company and Enel OGK-5 shall issue a second parent company guarantee which shall materially replace the First Comfort Letter and reproduce each and any guarantee obligation indicated in the First Comfort Letter for a cumulative amount of EUR 19 million.

• in December 2009 the Company entered into a share premium contribution agreement with its Parent Company Enel S.p.A. and also entered into a share sale and purchase agreement with Enel Distribuzione S.p.A. relating to the Romanian companies. More specifically Enel S.p.A. contributed 80% of Enel Romania S.r.l., 64,43% of Enel Distributie Muntenia S.A. and 64,43% of Enel Energie Muntenia S.A. to the Company, through a voluntary non-cash share premium contribution; while the Company acquired the 51% of Enel Distributie Dobrogea S.A. from Enel Distribuzione S.p.A. for EUR 160 million, 51% of Enel Distributie Banat S.A. for EUR 220 million, the 51% of Enel Energie S.A. for EUR 80 million and 20% of Enel Romania S.r.l. for EUR 11 thousand. According to the Privatization Agreement (initially signed between Enel S.p.A. and the Romanian S.C. Electrica SA), S.C. Electrica S.A. has the right (Put Option) to require the Company to purchase - during the periods between 1 July and 31 December of 2008, 2009, 2010, 2011 and 2012 the remaining 23,6% stake still held by S.C. Electrica S.A. in Enel Distributie Muntenia S.A. and Enel Energie Muntenia S.A. at a price equal to a) the Adjusted Purchase Price divided by the number of Sale Shares or b) a multiple of the Adjusted Purchase Price dividend by the number of Sale Shares (equal to the Adjusted Purchase Price divided by the number of Sale Shares * RAB on 1 January in the year in which the put option is exercised). Purely for information purposes at the time of publication of this document, the value of consolidated debt associated to the put option (excercised on December 4th, 2012) granted to minority shareholders was estimated at around EUR 778 million.

•In October 2011 the Company resolved to issue a guarantee for an unlimited amount in favour of Sonatrach, the Algerian state-owned oil company, and in the interest of Enel Trade SpA, fully owned by Enel SpA, for the proper execution of Enel Trade SpA obligations arising from its entering into a Production Sharing Contract (PSC) for the acquisition of a 18,375%

stake in the Isarene project, especially with regards to the operations to be performed during the exploration and exploitation phases.

41.Contingent liabilities

Legal case Enel Investment Holding B.V. – Electrica SA

On 5 July 2013, the Romanian state-controlled company Electrica SA notified Enel SpA, Enel Investment Holding BV (EIH), Enel Distributie Muntenia SA and Enel Energie Muntenia SA of a request for arbitration, setting out a series of demands for damages for alleged breach of contractual obligations contained in the agreements between the parties on the occasion of the disposal of a controlling interest in Electrica Muntenia Sud (which was subsequently split into Enel Distributie Muntenia and Enel Energie Muntenia).

In 2008 the Company acquired the interest of Electrica Muntenia Sud and other companies operating in the Romanian electrical industry. Following the operation, Electrica nevertheless retained a non-controlling interest.

The demands for damages advanced by Electrica are based on its application of penalties in the amount of about EUR 800 million plus interest and additional unspecified claimed damages.

As provided for in the contractual documentation, the arbitration proceeding is being held in Paris and is governed by the rules of the International Chamber of Commerce.

42.Subsequent events

Following the announcement made by ENI SpA to the market on 15 January 2014 about the sale of the 60% stake in Artic Russia BV owned by Eni International BV to Russian company Yamal Development LLC, the Company sent to LLC OGC Itera the request for an adjustment of the purchase price of the sale of its 40% stake in Artic Russia BV for about USD 111,5 million as a consequence of the agreements entered into by LLC OGC Itera and the Company before the completion of the transaction.

Enel Investment Holding B.V.

Company financial statements for the year ended 31 December 2013

Prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

Enel Investment Holding B.V. non-consolidated income statement for the year ended 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union

Millions of euro	Notes		
		2013	2012
Revenues			
Revenues from sales and services	*46.a*	1	1
Other income	*46.b*	1.062	-
	(Subtotal)	1.063	1
Costs			
Services	*47.a*	2	2
Personnel	*47.b*	1	-
Depreciation, amortization and impairment losses	*47.c*	1.066	123
Other operating expenses	*47.d*	80	-
	(Subtotal)	1.149	125
Operating income		**(86)**	**(124)**
Income/(loss) from equity investments	*48*	108	92
Financial income	*49*	20	18
Financial expense	*49*	(29)	(26)
	(Subtotal)	99	84
Income before taxes		**13**	**(40)**
Income taxes		-	-
NET INCOME FOR THE PERIOD (attributable to the shareholder)		**13**	**(40)**

The Notes on pages 102 to 125 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated statement of comprehensive income for the year ended 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union

Millions of euro

	2013	2012
Net income / (loss) for the period	**13**	(40)
Other comprehensive income recyclable to profit or loss:		
Effective portion of change in the fair value of cash flow hedges	-	-
Change in the fair value of financial investments available for sale	(54)	(295)
Income/(Loss) recognized directly in equity	**(54)**	**(295)**
Comprehensive income for the period	**(41)**	**(335)**
Attributable to:		
- Equity shareholder of the Company	**(41)**	**(335)**

The Notes on pages 102 to 125 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated statement of financial position as at 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union

Millions of euro	Notes		
ASSETS		**31 Dec. 2013**	31 Dec. 2012
Non-current assets			
Equity investments in subsidiaries and associated companies	*50*	3.753	5.107
Equity investments available for sale	*51*	173	227
Equity investments in other companies	*50*	2	6
Other non-current financial assets	*52*	296	296
	(Total)	**4.224**	**5.636**
Current assets			
Current financial assets	*53*	1.029	17
Other current assets	*54*	4	2
Cash and cash equivalents	*55*	16	-
	(Total)	**1.049**	**19**
Assets classified as held for sale		**18**	**8**
TOTAL ASSETS		**5.291**	**5.663**

The Notes on pages 102 to 125 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated statement of financial position as at 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union

Millions of euro	Notes		
LIABILITIES AND SHAREHOLDER'S EQUITY		**31 Dec. 2013**	31 Dec. 2012
Equity attributable to the shareholder of the Parent Company	*56*		
Share capital		1.593	1.593
Share premium		2.410	2.410
Fair value reserve - Available for sale		133	187
Retained earnings (losses carried forward)		(28)	12
Net income for the period		13	(40)
TOTAL SHAREHOLDER'S EQUITY		**4.121**	**4.162**
Non-current liabilities			
Long-term loans	*57*	298	297
Other non-current liabilities		-	7
Provisions for risks and charges	*58*	86	-
	(Subtotal)	**384**	**304**
Current liabilities			
Current financial liabilities	*59*	5	379
Other current liabilities	*60*	781	818
	(Subtotal)	**786**	**1.197**
TOTAL LIABILITIES		**1.170**	**1.501**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**5.291**	**5.663**

The Notes on pages 102 to 125 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated statement of changes in shareholder's equity for the year ended as at 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union

Millions of euro	Share capital	Share premium reserve	Available-for-sale reserve [1]	Retained earnings/(losses carried forward)	Net income for the period	**Total shareholder's equity**
at 1 January 2012	**1.593**	**2.410**	**482**	**(156)**	**168**	**4.497**
Profit appropriation	-	-	-	168	(168)	-
Comprehensive income for the period of which:						
Net income/(loss) for the period recognized in equity	-	-	(295)	-	-	(295)
Net income/(loss) for the period	-	-	-	-	(40)	(40)
at 31 December 2012	**1.593**	**2.410**	**187**	**12**	**(40)**	**4.162**
Profit appropriation	-	-	-	(40)	40	-
Comprehensive income for the period of which:						
Net income/(loss) for the period recognized in equity	-	-	(54)	-	-	(54)
Net income/(loss) for the period	-	-	-		13	13
at 31 December 2013	**1.593**	**2.410**	**133**	**(28)**	**13**	**4.121**

[1] This reserve is not freely distributable

The Notes on pages 102 to 125 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated cash flows statement for the year ended 31 December 2013

Prepared in accordance with the IFRS as adopted by the European Union

Millions of euro

	2013	2012
Income for the period	**13**	**(40)**
Adjustments for:		
Financial (income)/expense	(99)	(84)
(Gains)/Losses and other non-monetary items	5	123
Increase/(Decrease) in financial and non-financial assets/liablilities	(36)	(3)
Increase/(Decrease) in trade payables	(1)	(1)
(Increase)/Decrease in trade receivables	-	28
Dividends received	108	91
Interest income and other financial income collected	17	17
Interest expense and other financial expense paid	(32)	(28)
Movement in provisions	80	-
Cash flows from operating activities (a)	**55**	**103**
Disposals of equities less cash and cash equivalents sold	1.340	-
Capital repayments/(contributions)	(1)	3
(Increase)/decrease in other investing activities	3	
Cash flows from investing/divesting activities (b)	**1.342**	**3**
Financial debt (new borrowings/(deposits))	(1.010)	300
Financial debt (repayments)	(300)	-
Cash flows from financing activities (c)	**(1.310)**	**300**
Increase/(Decrease) in cash and cash equivalents (a+b+c)	**87**	**406**
Cash and cash equivalents at beginning of the period [(1)]	(66)	(472)
Cash and cash equivalents at the end of the period [(1)]	21	(66)

[(1)] It also includes the balance of intercompany current account held with Enel S.p.A. for EUR 5 million as of 31 December 2013

The Notes on pages 102 to 125 are an integral part of these non-consolidated financial statements

Notes to the Enel Investment Holding B.V. non-consolidated financial statements as of 31 December 2013

43. Form and content of the non-consolidated financial statements

Relationship with Parent Company and principal activities

Enel Investment Holding B.V. (hereinafter: the "Company") is a private limited liability Company, where 100% of the shares are held by Enel S.p.A., the ultimate Parent Company, which has its registered office in Rome (Italy).

Enel Investment Holding B.V., which has its registered office at Herengracht 471 in Amsterdam, the Netherlands, was incorporated on 15 December 2000 under Dutch Law.

The purpose of the Company is to carry on activities and to invest directly or indirectly in companies or ventures that conduct their business:

- in the electricity industry, including all the activities of production, distribution and sale, as well as transmission;
- in the energy industry in general, including fuels, and in the field of environmental protection, as well as the water sector;
- in the communications, information-technology industries and the multimedia and interactive services industries;
- in network-based sectors (electricity, water, gas, district heating, telecommunications) and in those which, in any case, provide urban services;
- in other sectors in any way related or connected with the activities carried out in the sectors mentioned above.

Going concern

On 27 February 2014 Enel S.p.A., the Parent Company, issued a letter of support as of 31 December 2013 guaranteeing its continuous financial support to meet the Company's liabilities until next year financial statement approval.

Statement of compliance

These non-consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU). The non-consolidated financial statements also comply with the requirements of Book 2 Title 9 of the Dutch Civil Code.

These non-consolidated financial statements were approved by the Board of Directors and authorized for issue effective on 18 April 2014.

Basis of preparation

These non-consolidated financial statements consist of the non-consolidated income statement, the non-consolidated statement of other comprehensive income, the nononsolidated financial position, the non-consolidated statement of changes in shareholder's equity, the cash flows statement and the related notes.

The non-consolidated income statement is classified on the basis of the nature of costs, while the indirect method is used for the cash flow statement.

The assets and liabilities reported in the non-consolidated balance sheet are classified on a "current/non-current basis". Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the twelve months following the balance-sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the twelve months following the close of the financial year.

Non-current assets (or disposal groups) whose carrying amount will be mainly recovered through sale, rather than through on-going use, are classified as held for sale and shown separately from other balance sheet assets and liabilities.

The non-consolidated financial statements have been prepared on the historical cost basis, with the exception of items that are measured at fair value, as specified in the measurement policies for the individual items, which are the following:

- derivative financial instruments;
- available-for-sale financial assets;
- other financial instruments (put/call options).

Functional and presentation currency

These non-consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information is presented in millions of Euro unless stated otherwise.

44. Summary of significant accounting policies

Please see page 46 to 52 of the notes to consolidated financial statements for a description of the significant accounting principles.

The following IFRS accounting principle (IAS 27) has been used only in drawing up Enel Investment Holding B.V. non-consolidated financial statements as of 31 December 2013 for evaluating the equity investments in subsidiaries, associated and joint ventures:

"Subsidiaries comprise those entities for which the Company has the direct or indirect power to determine their financial and operating policies for the purposes of obtaining the benefits of their activities. Associated companies comprise those entities in which the Company has a significant influence. Joint ventures are enterprises in which the Company exercises joint control with other entities. In assessing the existence of a situation of control, significant influence and joint control, account is also taken of potential voting rights that are effectively exercisable or convertible. These equity investments are measured at cost. The cost can also include as additional charge any put option granted to former shareholders of an acquired entity when the Company is obliged to acquire additional stakes of the entity. Put options are valued at each balance sheet date at their fair value and their subsequent re-measurements are recognized against the equity investment previously recorded. Cost is adjusted for any impairment losses. Adjustments for impairment losses are reversed where the reasons for their recognition no longer apply. The reversal may not exceed the original cost."

Please see pages 44 to 50 of the notes of consolidated financial statements for a description of the new IFRS standards and interpretations.

Use of estimates

Preparing the financial statements under IFRS-EU requires management to make judgments and use estimates and assumptions that impact the application of accounting policies, the carrying amount of assets and liabilities and the related information on the items involved as well as the disclosure required for contingent assets and liabilities at the balance sheet date. The estimates and the related assumptions are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates are used to recognize provisions for doubtful accounts, depreciation and amortization, impairment losses, liabilities in respect of employee benefits, taxes and other provisions. The estimates and assumptions are periodically revised and the effects of any changes are reflected in the income statement if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods.

A number of accounting policies are felt to be especially important for understanding the financial statements. To this end, the following section examines the main items affected by the use of estimates, as well as the main assumptions used by management in measuring these items in compliance with the IFRS-EU. The critical element of such estimates is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.

Changes in the conditions underlying the assumptions and judgments could have an impact on future results.

Segment reporting

The Company is the Holding Company of the Group. According to IFRS 8, segment reporting is disclosed in note 9 of the notes to the consolidated financial statements.

45. Risk management

The Company could be exposed to the following risks arising from its activities:

- credit risk;
- liquidity risk;
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements including all subsidiaries belonging to Enel Investment Holding BV scope of consolidation.

Credit risk

In its commercial and financial activities, the Company is exposed to the risk that its counterparties might not be able to discharge all or part of their obligations arising from payments for goods already delivered and services rendered as well as payments of the expected cash flows under financial derivatives contracts.

Enel Investment Holding B.V. manages credit risk by operating solely with counterparties considered solvent by the market, i.e. those with high credit standing, and does not have any concentration of credit risk.

The credit risk concerning the derivatives portfolio is considered negligible since transactions are conducted solely with leading Italian and international banks thereby diversifying exposure among different institutions.

Liquidity Risk

Liquidity risk is managed by the Group Treasury unit at Enel S.p.A., which ensures adequate coverage of cash needs (using lines of credit and issues of bonds and commercial paper) and appropriate management of any excess liquidity. Furthermore, in November 2012 the Company entered into a short term revolving facility (hereafter: RFA) with Enel Finance International NV. In January 2013, RFA was amended with an increase of the total commitment from the aggregate amount up to EUR 300 million to the aggregate amount up to EUR 430 million starting from 31 January 2013. In November 2013, RFA was fully repaid and the excess liquidity deriving from the sale of Artic Russia Bv was managed entering into three short term deposits with Enel Finance International NV for a total amount of EUR 1.026 million.

The repayment of bonds issued by the Company according to the GMTN Program is guaranteed by Parent Company Enel S.p.A. and therefore there is no impact on the Group's liquidity risk.

Market risk

As part of its operations, the Company may be exposed to different market risks, notably the risk of changes in interest rates and exchange rates.

In order to contain this exposure within the limits set at the start of the year as part of its risk management policies, Enel S.p.A. may enter into derivative contracts, on behalf of the Company, using instruments available on the market.

Transactions that, in compliance with risk management policies, qualify for hedge accounting are designated as hedging transactions, while those that do not qualify for hedge accounting are classified as trading transactions.

The fair value is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the financial year (such as interest rates, exchange rates, commodity prices, volatility), discounting expected future cash flows on the basis of the market yield curve at the balance sheet date and translating amounts in currencies other than the euro using period-end exchange rates provided by the European Central Bank.

The financial assets and liabilities associated with derivative instruments are classified as:

- cash flow hedges derivatives, mainly related to hedging the exchange rate risk in the cash flows associated with transactions in currencies other than euro;
- trading derivatives, related to hedging interest and exchange rate risk and commodity risk but which do not qualify for recognition under IAS 39 as hedges of specific assets, liabilities, commitments or future transactions as well as proprietary trading activities.

The notional value of a derivative is the contractual amount on the basis of which differences are exchanged. Amounts denominated in currencies other than the euro are converted into euro at the exchange rate prevailing at the balance-sheet date.

Interest rate risk

Interest rate risk management is designed to balance the structure of the debt, reducing the amount of debt exposed to interest rate fluctuations and minimizing borrowing costs over time, limiting the volatility of results. To this end, various types of derivatives are used, including interest rate swaps and interest rate collars.

All these contracts are agreed with a notional amount and expiry date lower than or equal to that of the underlying financial liability or the expected future cash flows, so that any change in the fair value and/or expected future cash flows is offset by a corresponding change in the fair value and/or the expected future cash flows of the underlying position. Accordingly, the fair value of the financial derivatives generally reflects the estimated amount that Enel would have to pay or receive in order to terminate the contracts at the balance-sheet date.

As of 31 December 2013 there are no outstanding interest rate derivatives pertaining to the Company.

Exchange rate risk

Exchange rate risk is mainly generated with the following transaction categories:

- debt denominated in currencies other than the functional currency of the respective countries entered into by the holding company or the individual subsidiaries;
- cash flows regarding investments in foreign currency, dividends from unconsolidated foreign associates or the purchase or sale of equity investments.

In order to reduce the exchange rate risk on these exposures, Enel Group uses foreign exchange forward and option contracts in order to hedge cash flows in currencies other than the functional currencies of the various Group entities.

These contracts are also normally agreed with a notional amount and expiry date equal to that of the underlying financial liability or the expected future cash flows, so that any change in the fair value and/or expected future cash flows of these contracts stemming from a potential appreciation or depreciation of the domestic currency against other currencies is fully offset by a corresponding change in the fair value and/or the expected future cash flows of the underlying position.

As of 31 December 2013 there are no outstanding exchange rate derivatives pertaining to the Company.

Capital management

The Board policy of the Company is to maintain a strong capital base for maintaining creditor and market confidence and sustaining the future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity and the level of dividends to ordinary shareholders.

The return of capital is calculated as a percentage of net income over the total equity, net of available-for-sale reserve excluded in this key performance indicator because Company's management has preferred to exclude those equity reserves which might be rather volatile over the periods:

Millions of euro

	31 Dec. 2013	31 Dec. 2012
Total Equity	4.121	4.162
Fair value reserve - Available for sale	133	187
Adjusted Equity	3.988	3.975
Net income	13	(40)
Return of capital (*)	0%	- 1%
*Key Performance Indicator determined on year basis		

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Information on the non-consolidated income statement

Revenues

46.a Revenues from sales and services – *EUR 1 million*

Other revenues relates to the service fees recharged to other Enel Group Dutch companies according to contracts duly signed and agreed upon.

46.b Other income – *EUR 1.062 million*

Other income totaling EUR 1.062 million in 2013 essentially relates to the capital gain realized on the sale of Artic Russia BV (EUR 1.061 million).

Costs

47.a Services – *EUR 2 million*

In 2013 service costs essentially related to "Other expenses" for sundry services for housing and utilities, professional fees and legal consultancy.

47.b Personnel – *EUR 1 million*

As of 31 December 2013 the Company had nine directors and employed eight staff members for a total amount of EUR 1 million in salaries and social security compensations.

47.c Depreciation, amortization and impairment losses – *EUR 1.066 million*

Millions of euro

	2013	2012	Change
Depreciation	-	-	-
Amortization	-	-	-
Impairment losses	1.066	123	943
Total	**1.066**	**123**	943

Impairment losses increase to EUR 943 million in 2013 from EUR 123 million incurred in 2012 and refer to:

- the impairment loss in the equity investments in Enel OGK-5 (EUR 1.067 million);

- the reversal of the impairment loss in the equity investment in Marcinelle (EUR 9 million);

- the impairment loss in the equity investments in Enel Productie following the write-off of its assets related to Galati Project (EUR 6 million),

- the impairment loss in the equity investments in Pragma (EUR 2 million).

47.d Other operating expenses – *EUR 80 million*

The item exclusively relates to the increase in the provision for litigation (EUR 80 million) which reflects a number of new disputes with partners concerning acquisitions made in previous years.

48. Income/(loss) from equity investments – *EUR 108 million*

This item exclusively refers to dividends resolved by Res Holdings BV and distributed to the Company during 2013 (EUR 108 million) as detailed below:

Millions of euro

	2013	2012	Change
Res Holdings B.V.	108	85	23
PT Bayan Resources Tbk	-	6	(6)
Pragma	-	1	(1)
Total	**108**	**92**	**16**

49. Financial income/(expense) – *EUR (9) million*

Millions of euro

	2013	2012	Change
Interest and other income from non-current financial assets:			
- Assumption of GMTN bond - Enel Finance International N.V.	16	16	-
Interest and other income from current financial assets:			
- Enel Finance International NV	2	1	1
- other financial receivables	2	1	1
Total financial income	**20**	**18**	**2**
Interest and other charges on non-current financial debt:			
- Interest on GMTN bonds	16	16	-
Interest and other charges on current financial debt:			
- Intercompany current account - Enel S.p.A	1	10	(9)
- Revolving Facility Agreement - Enel Finance International NV	6	-	6
Foreign exchange losses:			
- on other receivables	1	-	1
Charges on equity investments	3	-	3
Other charges	2	-	2
Total financial charges	**29**	**26**	**3**
Total	**(9)**	**(8)**	**(1)**

Financial expense rose to EUR 29 million in 2013 with the variation essentially referring to the interest on the short-term revolving facility agreed upon with Enel Finance International NV (EUR 6 million), the charges related to the impairment loss on equity investments Energo Nuclear SA (EUR 3 million) and the exchange rate losses (EUR 1 million), partially offset by the lower interests on the intercompany current account with Enel S.p.A. following a decrease of its negative balance throughout 2013 (EUR 9 million).

Information on the non-consolidated financial position

Assets

Non-current assets

50. Equity investments – *EUR 3.753 million*

The following table shows the changes occurred in 2013 for each equity investment held by the Company in subsidiaries and associate companies (including the subsidiary Marcinelle Energie SA reclassified to "assets held for sale" on a separate line of financial position of Enel Investment Holding B.V. as from 31 December 2012 for EUR 18 million):

Millions of euro	Original cost	(Write downs)/ revaluations	Carrying amount	% Holding	Impairment	Release of impairment	Other changes	Acquisitions/disposals	Capital contributions/reimbursement	Net change	Original cost	(Write downs)/ revaluations	Reclassified to held for sale	Carrying amount	% Holding
	31 Dec. 2012				**Changes in 2013**						**31 Dec. 2013**				
A) Subsidiaries															
Pragma Energy S.A.	6,5	-	**6,5**	100,0%	-	-	-	-	-	-	6,5	(2,1)	-	**4,4**	100,0%
Enelco S.A.	27,4	(17,8)	**9,6**	75,0%	-	-	-	-	-	-	27,4	(17,8)	-	**9,6**	75,0%
Enel France SAS	34,9	-	**34,9**	100,0%	-	-	-	-	-	-	34,9	-	-	**34,9**	100,0%
Enel OGK 5	2.497,6	-	**2.497,6**	56,4%	(1067,1)	-	-	-	-	(1067,1)	2.497,6	(1067,1)	-	**1.430,5**	56,4%
Enel Gas Rus LLC	9,1	(5,0)	**4,1**	100,0%		-	-	-	-	-	9,1	(5,0)	-	**4,1**	100,0%
Enel Productie SRL (GPI)	6,0	-	**6,0**	100,0%	-	-	-	-	0,6	0,6	6,6	(6,4)	-	**0,2**	100,0%
Enel Albania SHPK	1,5	(1,2)	**0,3**	100,0%	-	-	-	-	-	-	1,5	(1,2)	-	**0,3**	100,0%
Linea Albania-Italia SHPK	0,2	(0,1)	**0,1**	100,0%	-	-	(0,1)	-	-	(0,1)	0,1	(0,1)	-	**-**	100,0%
Enel Romania SRL	0,1	-	**0,1**	99,9%	-	-	-	-	-	-	0,1	-	-	**0,1**	99,9%
Enel Distributie Muntenia S.A.	1399,7	-	**1.399,7**	64,4%	-	-	-	-	-	-	1399,7	-	-	**1.399,7**	64,4%
Enel Energie Muntenia S.A.	247,0	-	**247,0**	64,4%	-	-	-	-	-	-	247,0	-	-	**247,0**	64,4%
Enel Distributie Dobrogea S.A.	160,0	-	**160,0**	51,0%	-	-	-	-	-	-	160,0	-	-	**160,0**	51,0%
Enel Distributie Banat S.A.	220,0	-	**220,0**	51,0%	-	-	-	-	-	-	220,0	-	-	**220,0**	51,0%
Enel Energie S.A.	80,0	-	**80,0**	51,0%	-	-	-	-	-	-	80,0	-	-	**80,0**	51,0%
Total subsidiaries	**4.690,0**	**(24,1)**	**4.665,9**		**(1.067,1)**		**(0,1)**	**-**	**0,6**	**(1.066,6)**	**4.690,5**	**(1.099,7)**	**-**	**3.590,8**	
B) Associated companies															
Res Holdings B.V. (49,5%)	84,1	-	**84,1**	49,5%	–	–	–	–	–	-	84,1	-	-	**84,1**	49,5%
Enel Insurance NV (50%)	77,8	-	**77,8**	50,0%	–	–	-	–	–	-	77,8	-	-	**77,8**	50,0%
Artic Russia B.V. (40%)	278,7	-	**278,7**	40,0%	–	–	-	(278,7)	–	(278,7)	-	-	-	**-**	40,0%
Total associated companies	**440,6**	**-**	**440,6**		**-**	**-**	**-**	**-**	**-**	**(278,7)**	**161,9**	**-**	**-**	**161,9**	
C) Equity investment Held for sale															
Marcinelle Energie SA	131,6	(123,3)	**8,3**	100,0%	-	9,3		-	-	9,3	131,6	(114,0)	-	**17,6**	100,0%
Total Equity investment Held for sale	**131,6**	**(123,3)**	**8,3**	**100,0%**	**-**	**9,3**	**-**	**-**	**-**	**9,3**	**131,6**	**(114,0)**	**-**	**17,6**	**100,0%**
Total	**5.262,2**	**(147,4)**	**5.114,8**		**(1.067,1)**		**(0,1)**	**-**	**0,6**	**(1.336,0)**	**4.984,0**	**(1.213,7)**	**-**	**3.770,3**	

The following table lists equity investments in subsidiaries, associates and joint ventures as at 31 December 2013:

	Currency	Share capital Entity Currency	Shareholders'equity	2013 Net income/(loss)	% holding	Carrying amount
				Millions of euro		
A) Subsidiaries						
Pragma Energy S.A. (in liquidation)	CHF	4.000.000	4,4	0,2	100,0	4,4
Enelco S.A.	EUR	60.109	15,8	(0,8)	75,0	9,6
Enel France SAS	EUR	34.937.000	89,9	(18,4)	100,0	34,9
Enel OGK-5	RUB	35.371.898.370	2.078,1	101,9	56,4	2.497,6
Enel Gas Rus LLC	RUB	350.000	3,2	(0,2)	100,0	4,1
Enel Productie Srl	RON	20.210.200	0,2	(2,5)	100,0	0,2
Marcinelle Energie SA	EUR	110.061.500	161,7	23,6	100,0	17,6
Enel Albania Shpk (in liquidation)	ALL	73.230.000	0,3	-	100,0	0,3
Enel Romania Srl	RON	200.000	1,1	0,7	99,9	0,1
Enel Distributie Muntenia S.A.	RON	271.635.250	977,4	53,2	64,4	1.399,7
Enel Energie Muntenia S.A.	RON	37.004.350	151,0	3,9	64,4	247,0
Enel Distributie Dobrogea S.A.	RON	280.285.560	303,7	43,5	51,0	160,0
Enel Distributie Banat S.A.	RON	382.158.580	425,9	54,4	51,0	220,0
Enel Energie S.A.	RON	140.000.000	94,9	(6,7)	51,0	80,0
B) Associated companies						
Res Holdings B.V.	EUR	18.000	0,2	218,8	49,5	84,1
Enel Insurance N.V.	EUR	60.000	166,2	13,0	50,0	77,8

50.a Investments in subsidiaries

Pragma Energy

Pragma Energy S.A., existing under the laws of Switzerland, was originally engaged in the coal trading business in the international markets but at present this activity is being preformed by other Enel Group companies. In December 2012 the Board of Directors of the Company has decided to dissolve it and its liquidation procedure should be completed by the first half of 2014.

Enelco

This Greek company, established by Enel SpA in November 2006, was engaged in the construction of a combined cycle gas plant of 430 Mw at Livadia in Central Greece.

In December 2010 the Board of Directors approved the cancellation of the project further to several constraints encountered. Following the termination of the activities, the Enel Group has decided in 2011 to move the Power Train under construction from Greece to Russia because the turbine can be effectively utilized in a CCGT plant by Enel OGK-5, another subsidiary of the Company.

Accordingly the new text of the articles of association of Enelco, states that the objects are the design, procurement, construction, expansion, maintenance and operation of thermoelectric and photovoltaic power plants in Greece and any commercial and industrial activity linked to them.

On 16 April 2012 a share capital decrease from EUR 7,16 million to EUR 60.109 has been approved becaming effective in September 2012 and resulting in a repayment of EUR 5,3 million from Enelco to the Company.

Enel France

The company, having its registered office in France, operates primarily as electricity trader in France buying electricity from Electricitè de France (EdF) and from the market.

In December 2012 Enel Group has notified the exercise of its exit right on its participation in the project in EPR (European Pressurized Reactor) nuclear power plant project in Flamanville, as well as in other five power plants in France, thus terminating the Strategic Partnership Agreement the two companies agreed upon in November 2007.

Neverthless Enel France will continue to operate on the French market keeping access to MW anticipated capacity still granted by EDF.

Enel OGK-5

Established in 2004 as part of the industry reform, Enel OGK-5 is one of six thermal wholesale generation companies in Russia, with assets strategically located in some of the most developed and fastest growing regions of the country.

Enel Gas Rus

Enel Rus Llc. was incorporated by the Company in February 2008 to support the integration of Enel’s partly-owned companies and future subsidiaries in Russia.

On 26 March 2012 the Enel Rus Llc’s Ordinary General Meeting approved the change of the name into Enel Gas Rus Llc.

Enel Albania

Enel Albania SHPK was incorporated by the Company in June 2008 to construct one or two coal power plants in Albania each with a capacity of 800MW. After giving up the project Management has decided to start its liquidation procedure foreseen to be completed by the first half of 2014.

Linea Albania-Italia

Linea Albania-Italia SHPK was incorporated by the Company in June 2008 to develop a merchant line for the connection between Albania and Italy together with Enel Albania SHPK. After giving up the project Management has decided to start its liquidation procedure that has been completed in early October 2013 with the transfer of its remaining funds (EUR 0,1 million) to the Company.

Enel Romania

Enel Romania Srl, wholly owned by the Company, provides management services for all other companies within Enel Group located in Romania.

Enel Productie

Enel Productie, established in March 2008, is responsible for the construction of a coal power plant in the free Trade Zone of the city of Galati, under the terms of the Cooperation Agreement signed with Global International 2000 and Romelectro.

In September 2013 the Company resolved in an equity contribution divided into a share capital increase for LEI 0,1 million (EUR 22.497) and a share premium increase for LEI 2,6 million (EUR 584.927), bringing the equity investment in the company to EUR 6,6 million as of 31 December

2013. In December 2013, the Board of Directors of the Company resolved the exit of Galati project and the relative write-off of the assets.

Enel Distributie Dobrogea

Enel Distributie Dobrogea S.A., held by the Company at 51%, distributes electricity in the eastern Romanian counties of Constanta, Tulcea, Calarasi and Ialomita.

Enel Distributie Banat

Enel Distributie Banat S.A., held by the company at 51%, distributes electricity in the eastern Romanian counties of Timisoara, Arad, Hunedoara and Caras-Serverin.

Enel Energie

Enel Energie S.A., held by the Company at 51%, supplies electricity to captive consumers, whose place of consumption is in the locations determined by the distribution licenses of Enel Distributie Dobrogea S.A. and Enel Distributie Banat S.A.; it also supplies electricity to free market customers.

Enel Distributie Muntenia

This subsidiary, based in Romania, is owned by the Company for 64,4% and performs the distribution of electricity in Bucharest, Ilfov and Giurgiu counties.

In December 2009 Enel S.p.A. contributed 64,43% to the Company of its shares in the Romanian company Enel Distributie Muntenia S.A. as a voluntary non-cash share premium contribution for EUR 738 million.

Following the contribution of shares, Enel S.p.A. also transferred to the Company all rights and obligations included in the Privatization Agreement signed by and between Enel S.p.A. and the Romanian company Electrica S.A. on 11 June 2007. Under the Privatization Agreement Electrica S.A. has the right to ask the Company to purchase a further 23,57% of the shares in Enel Distributie Muntenia S.A. Total debt associated with the exercise of the put option amounts to EUR 661 million at 2013 year ended with the cash outflow forecast during 2014.

Enel Energie Muntenia

This subsidiary, based in Romania, is owned by the Company for 64,4% and supplies electricity to both regulated and free market consumers whose place of consumption is in the location determined by Enel Distributie Muntenia S.A.'s distribution license.

In December 2009 Enel S.p.A. contributed 64,43% to the Company of its shares in the Romanian company Enel Distributie Muntenia S.A. as a voluntary non-cash share premium contribution for EUR 130 million.

Following the contribution of shares, Enel S.p.A. also transferred to the Company all rights and obligations included in the Privatization Agreement signed by and between Enel S.p.A. and the Romanian company Electrica S.A. on 11 June 2007. Under the Privatization Agreement Electrica S.A. has the right to ask the Company to purchase a further 23,57% of the shares in Enel Energie Muntenia S.A. Total debt associated with the exercise of the put option amounts to EUR 117 million at 2013 year ended with the cash outflow forecast during 2014.

50.b Associated companies

Res Holding

In June 2006 the Company bought 49,5% of the shares in Res Holding B.V., a company existing under the laws of the Netherlands which owns 100% of the shares in the Russian electricity trading company, Rusenergosbyt Llc.

Enel Insurance

In order to reorganize the reinsurance business activities within the Enel Group as carried out by the Company's former subsidiary Enel. Re. Ltd and Compostilla Re SA (wholly owned by Endesa S.A.) in August 2011 the Company established a new wholly owned company named Enel.Re N.V. under the laws of the Netherlands with an initial share capital of EUR 50 thousand. Subsequently 50% of the shares issued were sold and transferred to Endesa S.A. for a value of EUR 25 thousand.

Furthermore, in November 2011, both the shareholders of Enel.re NV, Enel Investment Holding BV and Endesa SA, contributed their entire stakes in Enel.Re Ltd and in Compostilla Re SA to Enel.Re N.V.

The value of the contribution of Enel.Re Ltd was set at its fair value as of 30 November 2011 which is broadly comparable, at the same date, with its consolidated net equity value as stated in the IFRS consolidated financial statement of the Company Enel S.p.A totalling EUR 78 million. The difference between this value and the book value in the books of the Company of Enel.re Ltd totalling EUR 56 million was recorded in the 2011 income statement under other revenues.

The shares in Enel.Re Ltd, a reinsurance company existing under the laws of Ireland, were acquired by the Company in 2004 following the liquidation of the Company's subsidiary Enel Holding Luxembourg S.A., a Luxembourg company incorporated as a holding company carrying out financial activities for the Enel Group, which ceased operations.

On 28 June 2012 Enel.Re N.V. was renamed Enel Insurance N.V.

50.c Other investments

Energo Nuclear S.A.

During 2008 Enel participated in a public tender launched by Nuclearelectrica (a company wholly owned by the Romanian State) relating to the selection of strategic investors for the development, financing, construction and operation of two nuclear units, each of 720 MW, to be added to the Cernavoda power plant, a nuclear power plant in Romania owned by Nuclearelectrica. In this regard the Company has signed an investment agreement for a 9,15% stake in the Romanian Project Company and obliges it to fund 9,15% of the subscribed share capital of the PCO and of the development cost, totalling a maximum of EUR 4 million. The 9,15% stake in the newly incorporated Romanian company Societatea Comercială EnergoNuclear S.A., was acquired in March 2009 by subscribing to newly issued shares for an overall exposure of RON 1,8 million (EUR 0,4 million).

The total acquisition cost included in the cost price amounts to EUR 2,6 million. The Company recapitalized Energo Nuclear S.A. for RON 5,6 million (EUR 1,4 million) in 2010, RON 1,9 million (EUR 0,5 million) in 2011 and RON 4 million (EUR 0,9 million) in 2012 with its stake being unchanged.

In December 2013, the Company approved the exercise of the put option on the participation that has been sold to the majority shareholder Nuclearelectrica in January 2014 with a refund of EUR 2,4 million.

50.d Equity investments held for sale

Marcinelle

Marcinelle Energie S.A. was incorporated for the construction of a CCGT power plant in the Wallonia region Marcinelle (Belgium). In June 2008 the Company acquired 80% of the corporate capital of the Belgian special purpose company Marcinelle Energie S.A. for EUR 37 million. During 2010 the Company recapitalized Marcinelle Energie S.A. by EUR 86 million by converting an existing financial receivable into a new equity investment increase.

The Company also granted Duferco, the former owner of Marcinelle, a "put option" for the remaining 20% of the shares (considered as a further element of the acquisition price) to be exercised within 72 months and 12 months after the "provisional acceptance". In December 2012 this put option has been executed by Duferco for EUR 36 while the payment was carried out in January 2013.

Moreover management of Enel Group has decided to sell its entire 100% stake in Marcinelle and accordingly the equity investment of the Company in Marcinelle has been reclassified to "assets held for sale" on a separate line of financial position of Enel Investment Holding B.V. as from 31 December 2012. The selling procedure is foreseen to be completed by the first half of 2014.

51. Equity investments available-for-sale – *EUR 173 million*

The following table lists equity investment classified as available for sale at 31 December 2013 and 31 December 2012.

Millions of euro

	31 Dec. 2013					31 Dec. 2012				
Name	**Cost Price**	**Results recognized in equity**	**Accumulated Impairment**	**Fair Value**	**% Held**	**Cost Price**	**Results recognized in equity**	**Accumulated Impairment**	**Fair Value**	**% Held**
Echelon	20	(16)	-	4	7,9	20	(14)	-	6	7,9
PT Bayan Resources	138	149	(118)	169	10	138	201	(118)	221	10
Total	**158**	**133**	**(118)**	**173**		**158**	**187**	**(118)**	**227**	

Echelon Corporation

The 7,9% stake in corporate capital of Echelon was bought in December 2005 from Enel S.p.A. for USD 25 million (EUR 20 million). Echelon is listed on the NASDAQ stock market in the USA and is engaged in the field of control networking technology for automation systems.

The shares in Echelon are recognized at fair value with any gains or losses recorded directly in other comprehensive income.

Bayan Resources

The 10% stake in corporate capital of Bayan Resources T.b.k. was acquired in August 2008 for a total consideration of IDR 1.933 billion (EUR 138 million). The shares were acquired via Bayan's initial public offering on the Indonesian Stock Exchange, through the implementation of an agreement with Bayan and its shareholders.

Bayan Resources T.b.k., listed on the Indonesian Stock Exchange, produces coal in Indonesia with integrated coal mining, processing and logistic operations. The company is primarily engaged in the business of surface open cut mining of thermal coal and has a diversified product portfolio that ranges from bituminous coal, with high calorific content, to sub-bituminous and semi-soft coking coal.

Shares in Bayan Resources T.b.k. are recognized at fair value with any gains or losses recorded directly in other comprehensive income. An impairment amounting to EUR 118 million was recorded in 2008 after a sharp fall of share prices experienced only in the second half of 2008.

52. Other non-current financial assets – *EUR 296 million*

In 2011 further to a reorganization whereby all international financial activities of the Enel Group were centralized in Enel Finance International N.V., the Company terminated the initial agreement with Enel S.p.A. as of 29 September 2011 and entered into a new agreement for the assumption of debt with Enel Finance International N.V based on which the latter undertook to the Company to assume all the Company's payment obligations under the notes issued (a 5,25% fixed-rate bond instalment maturing in 2023). There weren't no changes reported over 2013.

Current assets

53. Current financial assets – *EUR 1.029 million*

Millions of euro

	31 Dec. 2013	31 Dec. 2012	Change
Financial receivables due from Group companies:			
- accrued income on GMTN debt assumption	6	4	2
- intercompany current amount with Enel SpA	5	-	5
- other financial receivables	1.010	-	1.010
Financial receivables due from others:			
- other financial receivables	8	13	(5)
Total	**1.029**	**17**	**1.012**

"Current financial assets" mainly refers to the I/C Short Term deposit Agreement between the Company and Enel Finance International N.V. for EUR 1.010 million.

54. Other current assets – *EUR 4 million*

"Other current assets" mainly relates to accrued income due from Enel Group Dutch companies according to service fee agreements signed over the past years and other accrued income for Guarantee fees.

55. Cash and cash equivalents – *EUR 16 million*

This items includes the Short Term deposit Agreement between the Company and Enel Finance International N.V. for EUR 16 million.

Liabilities and shareholders' equity

56. Shareholders' equity – *EUR 4.121 million*

Share capital – *EUR 1.593 million*

The authorized share capital of Enel Investment Holding B.V. amounts to EUR 7.500 million, divided into 750.000 thousand ordinary shares of EUR 10 each, of which 159.305 thousand ordinary shares have been issued and fully paid up.

Share premium reserve – *EUR 2.410 million*

Fair value reserve AFS - *EUR 133 million*

This items includes the accumulated income recognized directly in other comprehensive income referring to available-for-sale financial assets measured at fair value in Bayan Resources T.b.K and Echelon Corporation.

The following tables provide a reconciliation of Group results for the year and shareholders' equity with the corresponding figures for the Company.

Reconciliation of non-consolidated equity to consolidated equity

Millions of euro

	31 Dec. 2013	31 Dec. 2012 restated
Company net equity	**4.121**	**4.162**
Subsidiaries acquisition	238	238
Under common control acquisitions/divestments	(469)	(469)
Currency translation reserve and OCI reserves	(638)	(358)
Fair value and sundry reserve	1	(2)
Impact of IFRIC 18	18	18
Retained earnings of consolidated companies - 2009	184	184
Retained earnings of consolidated companies - 2010	209	209
Retained earnings of consolidated companies - 2011	24	24
Retained earnings of consolidated companies - 2012	129	129
Retained earnings of consolidated companies - 2013	337	-
Group net equity	**4.154**	**4.135**
Non-controlling interests	**1.432**	**1.465**
Consolidated financial statements	**5.586**	**5.600**

Reconciliation of non-consolidated income statement to consolidated income statement

Millions of euro	2013	2012 restated
Company net income/(loss)	**13**	**(40)**
Results of subsidiaries	160	239
Intragroup dividends	(108)	(92)
Equity investments accounted for by using the equity method	95	101
Impairment adjustments	1.066	123
Consolidation difference at consolidated level	(876)	(242)
Total Group	**350**	**89**
Total non-controlling interests	**91**	**142**
Consolidated financial statements	**441**	**231**

Non-current liabilities

57. Long-term loans – *EUR 298 million*

Millions of euro	Maturing	Carrying amount	Nominal value	Carrying amount	Nominal value
		31 Dec. 2013		31 Dec. 2012	
Bonds:					
- listed, fixed rate 5,25%	2023	298	300	297	300

At 2013 year ended the Company had outstanding issued bonds, listed on the Luxembourg stock exchange, for a total nominal value of EUR 300 million maturing in 2023.

In June 2006 the Company signed an agreement for the assumption of debt with its shareholder Enel S.p.A.; based on this agreement Enel S.p.A. agreed to assume all of the Company's payment obligations regarding of the aforementioned bonds. In September 2011 this agreement was terminated and a new agreement was signed under the same conditions with Enel Finance International N.V.

58. Provision for risks and charges – *EUR 86 million*

The increase in the provision for litigation mainly reflects a number of new disputes with partners concerning acquisitions made in previous years.

Current liabilities

59. Current financial liabilities – *EUR 5 million*

Millions of euro

	31 Dec. 2013	31 Dec. 2012	Change
Intercompany current account with Enel Spa	-	66	(66)
Intercompany current account with Enel Finance International NV	-	300	(300)
Accrued expenses on GMTN bond	4	4	-
Accrued expenses from Shareholder	1	9	(8)
Total	**5**	**379**	**(374)**

The significant decrease is mainly related to the intercompany current account held with Enel S.p.A. (EUR 66 million) and the short-term revolving facility agreed upon with Enel Finance International NV for EUR 300 million, fully repaid in November 2013.

60. Other current liabilities – *EUR 781 million*

Millions of euro

	31 Dec. 2013	31 Dec. 2012	Change
Payables owed to related parties:			
- shareholder	2	4	(2)
Payables due to third parties:			
- Put option liability - Marcinelle Energie S.A.	-	36	(36)
- Put option liability - Enel Distributie Muntenia S.A.	661	661	-
- Put option liability - Enel Energie Muntenia S.A.	117	117	-
- Other sundry payables	1	-	1
Total	**781**	**818**	**(37)**

"Other current liabilities" mainly relate to the put options granted to minority shareholders of already owned entities Enel Distributie Muntenia S.A. (23,6 %) and Enel Energie Muntenia S.A (23,6%) as specified in the table above.

Being exercised the put option right over Muntenia companies by Electrica the fair value of the put option as at 31 Decemebr 2013 is equal to zero (zero as of 31 Decemeber 2012) and therefore the amount of current payable accounted for by the Company separate financial position is now totally aligned with its related consolidated current liability as of 31 December 2013 (EUR 778 million).

In December 2012, the "put option" of Marcinelle has been executed by Duferco for EUR 36 million with the payment carried out in January 2013.

61. Related parties

Related parties have been identified on the basis of the provisions of international accounting standards.

The following table summarizes the financial relationships between the Company and its related parties at 31 December 2013 and 31 December 2012 respectively.

Millions of euro	Receivables	Payables	Cost	Income	Dividends
	31 Dec. 2012		**2012**	**2012**	**2012**
Shareholder:					
Enel S.p.A	-	77	10	-	-
Subsidiaries:					
Pragma	-	-	-	-	1
Associated Companies:					
Res Holding B.V.	-	-	-	-	85
Other affiliated companies:					
Enel Finance International N.V.	302	300	-	18	-
Total	**302**	**377**	**10**	**18**	**86**

Millions of euro	Receivables	Payables	Cost	Income	Dividends
	31 Dec. 2013		**2013**	**2013**	**2013**
Shareholder:					
Enel S.p.A	5	3	1		-
Associated Companies:					
Res Holding B.V.	-	-	-	-	108
Other affiliated companies:					
Enel Trade	1	-	-	1	-
Enel Finance International N.V.	1.032	-	6	18	-
Total	**1.038**	**3**	**7**	**19**	**108**

Compensation of Directors

The emoluments of the Company's Directors charged in 2013, as per Section 2:383 (1) of the Dutch Civil Code, amounted to EUR 75 thousand (EUR 72 thousand in 2012) and are summarized in the following table:

(all amounts in thousands of Euro)	**31 Dec. 2013**	31 Dec. 2012
Mr. A.J.M. Nieuwenhuizen	**19**	18
Mr. F. Mauritz	**19**	18
Mr. H. Marseille	**19**	18
Mr. K.J. Schell	**6**	18
Mr. E. Di Giacomo	**12**	-
Mr. A. Brentan	-	-
Mr. M. Salemme	-	-
Mr. C. Palasciano Villamagna	-	-
Mr. C. Tamburi	-	-
Mr. L. Ferraris	-	-
	75	72

Board of Directors composition

Taking into account the new legislation that entered into force in the Netherlands on 1 January 2013 and concerning the composition of the companies' Board of Directors, we highlight that the Board members of the Company are currently all men. Nonetheless, the Company believes that the composition of its Board of directors has a broad diversity of experience, expertise and backgrounds, and that the backgrounds and qualifications of the directors, considered as a group, provide a significant mix of experience, knowledge, abilities and independence that we believe will allow our board of directors to fulfill its responsibilities and properly execute its duties.

Auditor's remuneration

With reference to Section 2:382 a (1) and (2) of the Dutch Civil Code, audit fees are included in the relevant disclosure in the Consolidated Financial Statement of the ultimate Parent Company Enel S.p.A.

62. Subsequent events

Following the announcement made by ENI SpA to the market on 15th January 2014 about the sale of the 60% stake in Artic Russia BV owned by Eni International BV to Russian company Yamal Development LLC, the Company sent to LLC OGC Itera the request for an adjustment of the purchase price of the sale of its 40% stake in Artic Russia BV for about USD 111,5 million as a consequence of the agreements entered into by LLC OGC Itera and the Company before the completion of the transaction.

Amsterdam, 18 April 2014

The Board of Directors:

L. Ferraris
A. Brentan
M. Salemme
C. Tamburi
C. Palasciano
H. Marseille
F. Mauritz
A.J.M. Nieuwenhuizen
E. Di Giacomo

63. Other information

Provisions in the articles of association governing the appropriation of profit

Under article 14 of the Company's articles of association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate that profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit insofar as the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Proposal for profit appropriation

The Board of Directors proposes to the Shareholders the allocation of the result of the year 2013 amounting of EUR 13 million to the Company's retained earnings.

Auditor's report

The auditor's report is included in page 126.

Auditor’s report

Building a better working world

Independent auditor's report

To: the Board of Directors and Shareholder of Enel Investment Holding B.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 of Enel Investment Holding B.V., Amsterdam (the Netherlands), which comprise the consolidated and non-consolidated statement of the financial position as at 31 December 2013, the consolidated and non-consolidated income statements, the consolidated and non-consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements
In our opinion, the financial statements give a true and fair view of the financial position of Enel Investment Holding B.V. as at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Building a better working world

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the director's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further, we report that the director's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Eindhoven, 18 April 2014

Ernst & Young Accountants LLP

signed by G.J. Verwoert

Subsidiaries, associated companies and other equity investments of Enel Investment Holding B.V. at 31 December 2013

Below is a list of the subsidiaries and associates of Enel Investment Holding B.V. at 31 December 2013. The Company has full title to all investments.

The following information is included for each company: name, registered office, activity, share capital, currency, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

Subsidiaries consolidated on a line-by-line basis at 31 December 2013

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2013				
Parent company:								
Enel Investment Holding BV	Amsterdam	Netherlands	Holding company	1.593.050.000	EUR	Enel SpA	100,00%	100,00%
Subsidiaries:								
Enel Distributie Banat SA	Timisoara	Romania	Electricity distribution	382.158.580	RON	Enel Investment Holding BV	51,00%	51,00%
Enel Distributie Dobrogea SA	Costanza	Romania	Electricity distribution	280.285.560	RON	Enel Investment Holding BV	51,00%	51,00%
Enel Distributie Muntenia SA	Bucharest	Romania	Electricity distribution	271.635.250	RON	Enel Investment Holding BV	64,43%	64,43%
Enel Energie Muntenia SA	Bucharest	Romania	Electricity sales	37.004.350	RON	Enel Investment Holding BV	64,43%	64,43%
Enel Energie SA	Bucharest	Romania	Electricity sales	140.000.000	RON	Enel Investment Holding BV	51,00%	51,00%
Enel France Sas	Paris	France	Electricty trading	34.937.000	EUR	Enel Investment Holding BV	100,00%	100,00%
Enel Gas Rus LLC	Moscow	Russian Federation	Electricity services	350.000	RUB	Enel Investment Holding BV	100,00%	100,00%
Enel Lease Eurl	Lyon	France	Electricity generation from renewable resources	500.000	EUR	Enel France Sas	100,00%	100,00%
Enel OGK-5 OJSC	Ekaterinburg	Russian Federation	Electricity generation	35.371.898.3 70	RUB	Enel Investment Holding BV	56,43%	56,43%
Enel Productie Srl	Bucharest	Romania	Electricity generation	20.210.200	RON	Enel Investment Holding BV	100,00%	100,00%
Enel Romania Srl	Judetul Ilfov	Romania	Business services	200.000	RON	Enel Investment Holding BV	100,00%	100,00%
Enel Servicii Comune SA	Bucharest	Romania	Energy services	33.000.000	RON	Enel Distributie Banat SA Enel Distributie Dobrogea SA	50,00% 50,00%	51,00%
Enelco SA	Athens	Greece	Plant construction, operation and maintenance	60.108,80	EUR	Enel Investment Holding BV	75,00%	75,00%
Marcinelle Energie SA	Charleroi	Belgium	Electricity generation, transport, sale and trading	110.061.500	EUR	Enel Investment Holding BV	100,00%	100,00%
OGK-5 Finance LLC	Moscow	Russian Federation	Finance	10.000.000	RUB	Enel OGK-5 OJSC	100,00%	56,43%
Prof-Energo LLC	Sredneuralsk	Russian Federation	Energy services	10.000	RUB	Sanatorium-Preventorium Energetik OJSC	100,00%	56,43%
Sanatorium-Preventorium Energetik OJSC	Nevinnomyssk	Russian Federation	Energy services	10.571.300	RUB	OGK-5 Finance LLC Enel OGK-5 OJSC	C0,01 % 99,99%	56,43%
Sociètè Du Parc Eolien Grandes Terres Ouest Eurl	Lyon	France	Electricity generation from renewable resources	21.000	EUR	Enel France Sas	100,00%	100,00 %
Teploprogress OJSC	Sredneuralsk	Russian Federation	Electricity sales	128.000.000	RUB	OGK-5 Finance LLC	60,00%	33,86%

Associated companies accounted for using the equity method at 31 December 2013

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
			31 Dec. 2013					
Parent company:								
Enel Insurance NV	Amsterdam	Netherlands	Reinsurance	60,000	EUR	Endesa SA Enel Investment Holding BV	50,00% 50,00%	50,00%
Subsidiaries of Enel Insurance NV:								
Compostilla Re SA	Luxembourg	Luxembourg	Reinsurance	12.000.000	EUR	Enel.Insurance NV	100,00%	50,00%

Parent company:								
Res Holdings BV	Amsterdam	Netherlands	Holding company	18.000,00	EUR	Enel Investment Holding BV	49,50%	49,50%
Subsidiaries of Res Holding BV:								
Lipetskenergosbyt LLC	Lipetskaya Oblast	Russian Federation	Electricity sales	7.500	RUB	Rusenergosbyt C LLC	75,00%	18,93%
Rusenergosbyt LLC	Moscow	Russian Federation	Electricity trading	2.760.000	RUB	Res Holdings BV	100,00%	49,50%
Rusenergosbyt C LLC	Khanty-Mansiyskiy	Russian Federation	Electricity sales	5.100	RUB	Rusenergosbyt LLC	51,00%	25,25%
Rusenergosbyt Siberia LLC	Krasnoyarskiy kray	Russian Federation	Electricity sales	4.600.000	RUB	Rusenergosbyt LLC	50,00%	24,75%
Rusenergosbyt Yaroslav	Yaroslavl	Russian Federation	Electricity sales	100.000	RUB	Rusenergosbyt LLC	50,00%	50,00%

Other equity investments at 31 December 2013

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2013				
Echelon Corporation	Wimintgon	USA (Delaware)	Energy control networking platform	424.128,16	USD	Enel Investment Holding BV	7,9%	7,9%
Energonuclear S.A.	Bucharest	Romania	Electricity generation	146.152.998,73	RON	Enel Investment Holding BV	9,15%	9,15%
Bayan Resources Tbk	Jakarta	Indonesia	Coal producer	333.333.350.000	IDR	Enel Investment Holding BV	10,00%	10,00%
Braila Power S.A.	Sat Chiscani	Romania	Electricity generation	90.000	RON	Enel Investment Holding BV	28.50%	28.50%

Companies in liquidation at 31 December 2013

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2013				
Enel Albania Shpk	Tirana	Albania	Construction, operation and maintenance of plants. Electricity generation and trading	73.230.000	ALL	Enel Investment Holding BV	100,00%	100,00%
Pragma Energy SA	Lugano	Switzerland	Coal trading	4.000.000	CHF	Enel Investment Holding BV	100,00%	100,00%