Enel Investment Holding B.V.

Annual report 2015

Contents

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 2015.

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:

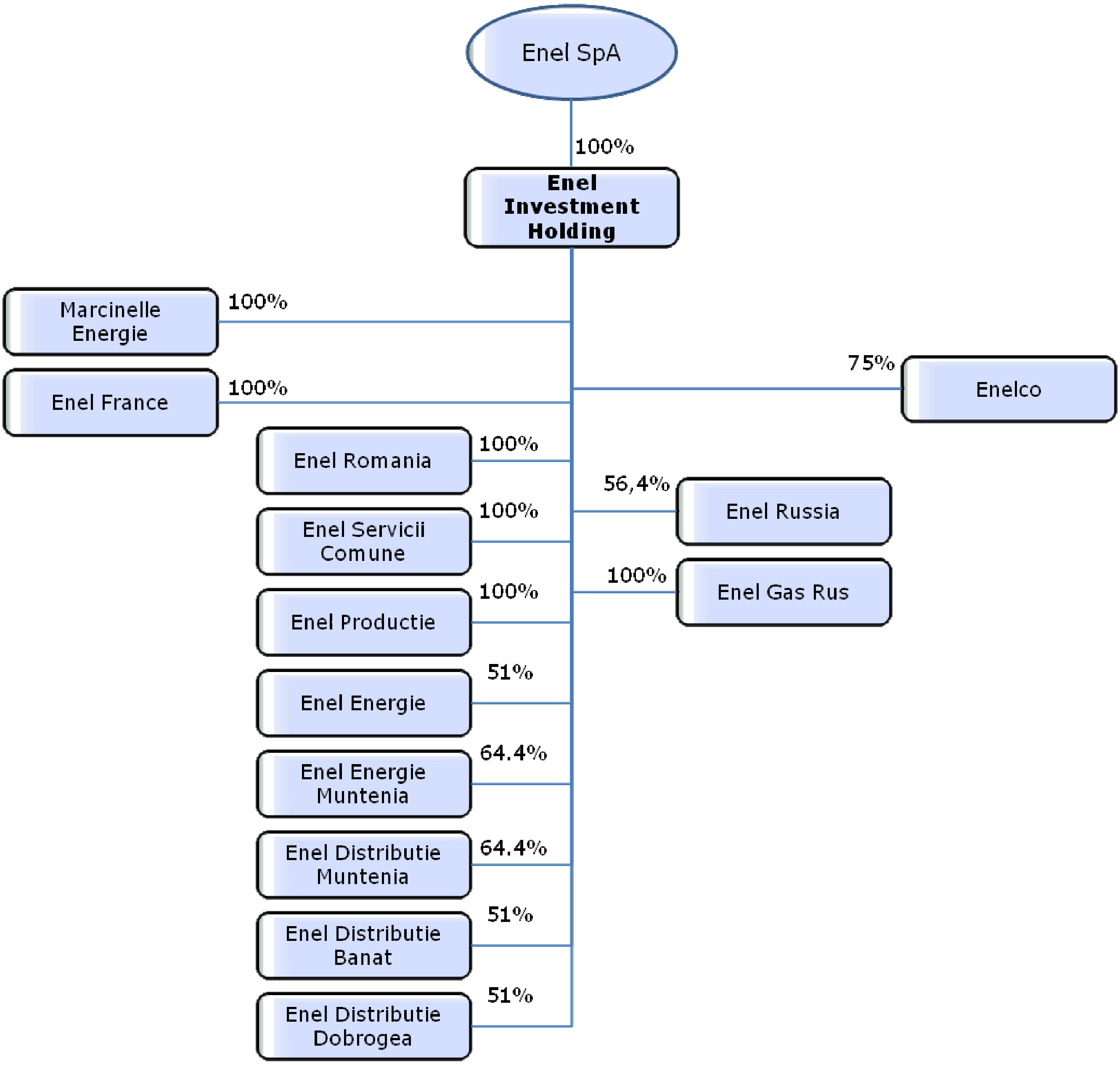
- in the electricity industry, including all generation, distribution, sale and transmission activities;
- in the energy industry in general, including fuels, and in the field of environmental protection, as well as the water sector;
- in the communications, information-technology and the multimedia 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 2015 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)



For a complete list of the subsidiaries and associates of the Company please refer to page 124 and following.

Introduction

In 2015 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 Russia 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 2015

BEG litigation

Following an arbitration proceeding initiated by BEG SpA in Italy, Enelpower obtained a ruling in its favour in 2002, which was upheld by the Court of Cassation in 2010, in which the claim with regard to an alleged breach by Enelpower of the agreement concerning the construction of a hydroelectric power station in Albania was entirely rejected. Subsequently, BEG, acting through its subsidiary Albania BEG Ambient Shpk, filed an action against Enelpower and Enel SpA in Albania concerning the matter, obtaining a ruling, upheld by the Albanian Supreme Court of Appeal, ordering Enelpower and Enel SpA to pay tortious damages of about 25mln of Euro for 2004 as well as an unspecified amount of tortious damages for the subsequent years. Following the ruling, Albania BEG Ambient claimed a payment of more than 430mln of Euro, a request that Enelpower and Enel rejected, vigorously contesting its legitimacy and filing an action in Albania for the revocation of the ruling for conflict with the ruling of the Italian Court of Cassation.

The European Court of Human Rights - to which Enelpower SpA and Enel SpA filed appeal for violation of the right to a fair trial and the rule of law, asking the Court to order the Republic of Albania to pay damages - dismissed the action as inadmissible. The order has been taken without examination or assessment of the merits of the case.

In February 2012, Albania BEG Ambient filed an action against Enel and Enelpower at the Tribunal de Grande Instance in Paris in order to declare the ruling of the Albanian court enforceable in France. Enel and Enelpower have challenged the claim. The proceeding is ongoing. Subsequently, again at the initiative of BEG Ambient:

- Enel France was served with two "Saise Conservatoire de Créances" (orders for the precautionary attachment of receivables) to block any receivables of Enel SpA in respect of Enel France;
- JP Morgan Luxembourg was served with analogous attachment of receivables regarding any potential credit of Enel SpA.

Albania BEG Ambient Shpk commenced in March 2014 an action against Enel SpA and Enelpower SpA before the Supreme Court of the State of New York seeking recognition and enforcement of the Albanian judgment in the State of New York in the alleged amount of $597,493,543. Enel SpA and Enelpower SpA believe plaintiff's claims to be improper and without merit, and have contested all aspects of the plaintiff's case and defend their interests vigorously in this matter.

On April 22, 2014, upon the motion of Enel and Enelpower, the judge vacated a previously entered temporary restraining order that restricted Enel's and Enelpower's transfer of certain assets up to the amount of judgment sought.

On April 27, 2015, Enel SpA and Enel Power SpA asked the trial to be remitted by the Court of the State of New York to the Federal Court. By the Federal Court's decision of March 10, 2016, this removal request of Enel Spa and Enelpower SpA, has been rejected and the jurisdiction of the Court of the State of New York has been confirmed. Consequently, the case will continue to be heard by the New York court.

In June 2014, Albania BEG Ambient Shpk obtained a conservatory attachment ex parte interim from the Hague Tribunal of sums up to 440mn€ and the seizure of the shares of two Dutch subsidiaries Enel Investment Holding B.V. and Enel Finance International N.V..
Enel S.p.A. and Enelpower contested this initiative and on July 1, 2014, the Dutch court - upholding the reasons Enel and Enelpower – i) provisionally estimates ABA's claim (in regard to which the judge in summary proceedings of this district court granted leave for a prejudgment attachment to be levied to secure recovery on 2 June 2014), further at € 25,188,500; ii) lift all the attachments and garnishment as soon as Enel provides ABA with a bank guarantee for €25,188,500. Enel and Enelpower have appealed such decision and no bank guarantee has been released so far.
Albania BEG Ambient Shpk filed a second ex parte attachment request on 3 July 2014. Following the hearing held on 28.8.2014, on 18 September 2014, the court of the Hague has granted leave for a prejudgment attachment to be levied for 425mn€. Enel and Enelpower have appealed this decision. The Court of Appeal of The Hague, by decision of 9 February 2016, upheld the appeal ordering to lift all the protective attachments after Enel provides a bank guarantee in the amount of 440 million Euros and Albania BEG Ambient provides a counter-guarantee of 50 million Euros (estimated value of the loss sustained as a consequence of attachments including the charges of the bank guarantee).At the end of July 2014, Albania BEG Ambient Shpk started a proceeding to seek recognition of the Albanian ruling in the Netherlands. The last hearing of the proceedings was held in the end of January 2016 and the decision will be rendered on 4 May 2016.

Albania BEG Ambient Shpk has also initiated the procedure for the enforcement of the judgment of the Court of Tirana at Luxembourg and in Ireland. In their defence Enel SpA and Enelpower challenged all requests of Albania BEG Ambient Shpk._(and, in Ireland, the jurisdiction of the Irish courts). On March 8, 2016 the Irish Court by its decision admitted the jurisdiction challenge raised by Enel Spa and Enelpower SpA pronouncing the lack of jurisdiction in Ireland. . In Luxembourg, the proceedings are still ongoing and Enel Spa and Enelpower SpA are contesting the claims presented by Albania Beg Ambient Shpk. So far no decision has been made by the Court.

It has been terminated the proceedings regarding the suit lodged by Enelpower and Enel SpA with the Court of Rome asking the Court to ascertain the liability of BEG for having evaded the arbitration ruling issued in Italy in favor of Enelpower, through the legal action taken by Albania BEG Ambient in Albania. With this action, Enelpower and Enel have asked the Court to find BEG liable and order it to pay damages in the amount that one or the other could be required to pay to Albania BEG Ambient in the event of the enforcement of the judgment issued by the Albanian courts.
By judgment dated 16 June 2015, Court of Rome declared the lack of legitimacy of BEG SpA as well as inadmissibility of the claim for lack of legitimacy of Enel SpA and Enelpower, since the Albanian ruling has not yet been declared enforceable in any country, with compensation costs. Enel SpA and Enel Power SpA have appealed against this judgment at first instance in front of the Court of Appeal of Rome, requesting a complete revision of the judgment.

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:

2015

- There were no changes in the scope of consolidation to be set forth.

2014

- On 3 June 2014, the process of liquidation of the company Pragma Energy SA was completed with a final liquidation installment equal to EUR 4 million.

- At 30 June 2014, the assets and liabilities of Marcinelle Energie have been reclassified in its corresponding previous accounts, following the loss of the requirements that allowed presentation under IFRS 5, as a result of the substantial interruption of the negotiations for the sale of the investment.

- On 24 November 2014, the process of liquidation of the company Enel Albania Shpk was completed

Group performance

Millions of euro

	2015	2014
Total revenues	2.425	2.868
Total costs	1.987	2.119
Gross operating income	**438**	**749**
Depreciation, amortization and impairment losses	1.120	544
Operating Income	**(682)**	**205**
Financial income	216	365
Financial expense	292	(355)
Total financial income/(expenses)	**(76)**	**10**
Share of gain/(losses) on investments accounted for using the equity method	20	54
Profit/(loss) before taxes	**(738)**	**269**
Income taxes	(145)	51
Net profit (Group and minority interests)	**(593)**	**218**
Minority interests	(280)	26
Group net profit	**(313)**	**192**

Revenues

Millions of euro

	2015	2014	Change
Revenues from the sale of electricity	2.095	2.441	(346)
Revenues from the transport of electricity	152	111	41
Capital Gain on net assets disposal	-	81	(81)
Other sales and services	178	235	(57)
Total	**2.425**	**2.868**	**(443)**

In 2015 **revenues** amounted to EUR 2.425 million, down to EUR 443 million over 2014.

Revenues from the sale of electricity amounted to EUR 2.095 million, down EUR 346 million on 2014. The variation was mainly due to:

- Enel Russia (EUR 394 million) due to a negative exchange difference and lower prices of electricity;
- Enel Energie Muntenia and Energie SA (EUR 54 milion) due to a decrease of volumes of sales and tariff;

These effects are partially ofset by the production of Marcinelle Energie (EUR 113 milion).

Revenues from the transport of electricity totaled EUR 152 million in 2015, with an increase of EUR 41 milion due the increase of volumes distributed by the Romanian distribution companies (EUR 26 milion) and Enel France (EUR 15 milion).

Capital gain on net assets disposal related to the adjustment of the purchase price of the sale of the 40% stake in Artic Russia BV held in 2014.

Costs

Millions of euro

	2015	2014	Change
Electricity purchases	769	811	(42)
Fuel purchases for electricity production	658	768	(110)
Raw materials and consumables	46	48	(2)
Services	265	274	(9)
Personnel	137	132	5
Depreciation, amoritzation and impairment losses	1.120	544	576
Other operating expenses	146	116	30
Capitalized costs	(34)	(30)	(4)
Total	**3.107**	**2.663**	**444**

Costs for **electricity purchases** decreased by EUR 42 million in 2015 to EUR 769 million, with the change mainly attributable to the lower energy purchased by Enel France (EUR 36 million) and Enel Russia (EUR 35 milions), and the decrease of volume sold by Enel Energie SA (EUR 11 million) and Enel Energie Muntenia (EUR 14 million). These effect was partially offsite by the increase of electricity purchases by Marcinelle Energie (EUR 47 milions).

Fuel purchases for electricity production totalled EUR 658 million in 2015, down EUR 110 million over 2014. The decrease is attributable to Enel Russia due to the negative exchange difference partially offset by an increase of costs by Marcinelle Energie.

Services costs totaled EUR 265 million in 2015, with no significant change reported.

Personnel costs totaled EUR 137 million in 2015, the increase in personnel cost is due to: the Romanian distribution companies releases in 2014 of the redundancy for restructuring cost estimated in 2013 and not used, increase of other costs, partially ofset by less costs for wage, salaries and related social contributions due the reduction of employee.

Other operating expenses increased by EUR 30 million in 2015, primarily as a result of charges of commodity risk management by Marcinelle Energie (EUR 30 million).

Capitalized costs increased by EUR 4 million to EUR 30 million as a result of the capital expenditure (personnel and materials capitalization) carried out in 2015 by Romanian companies on the electricity distribution network.

Depreciation, amortization and impairment losses increase by EUR 576 million to EUR 1.120 million. The increase is mainly attributable to the impairment on Enel Russia assets.

Operating income decreased by EUR 887 million to EUR - 682 million in 2015. The change is mainly attributable to the impairments held in 2015 and to the decrease of Enel Russia margin due to lower electricity prices and negative exchange rates experienced.

Net financial income dropped by EUR 86 million to EUR - 76 million in 2014 (EUR 10 million in 2014). The decrease in net financial income is primarily connected to lower interest gains from investment.

The **share of gains/(losses) from equity investments accounted for using the equity method** showed a net gain of EUR 20 million, down EUR 34 million on 2014. The drop is mainly due to the impairment of Res Holdings value (EUR 23 milion).

Income taxes decreased by EUR 196 million to EUR -145 million in 2015. The variation is primarily represented by deferred tax assets recorded in connection with the impairment of Enel Russia's fixed assets.

Analysis of the Group financial position

Millions of euro

	31 Dec. 2015	31 Dec. 2014	Change
Net non-current assets:			
Property, plant and equipment and intangible assets	2.258	3.169	(911)
Goodwill	661	659	2
Equity investments accounted for using the equity method	143	160	(17)
Other net non-current assets/(liabilities)	71	73	(2)
Total	**3.133**	**4.061**	**(928)**
Net current assets:			
Trade receivables	303	315	(12)
Inventories	83	72	11
Other net current assets/(liabilities)	(825)	(829)	4
Trade payables	(426)	(372)	(54)
Total	**(865)**	**(814)**	**(51)**
Gross capital employed	**2.268**	**3.247**	**(979)**
Provisions:			
Post-employment and other employee benefits	(56)	(49)	(7)
Provisions for risks and charges	(119)	(113)	(6)
Net deferred taxes	(119)	(285)	166
Total	**(294)**	**(448)**	**154**
Net assets held for sale	-	-	-
Net Capital Employed	**1.974**	**2.799**	**(824)**
Total Shareholders' Equity	**4.245**	**4.896**	**(651)**
Net Financial Debt	**(2.271)**	**(2.097)**	**(174)**

The **net non-current assets**, as at 31 December 2015, fell by EUR 928 million compared to 31 December 2014 with the following breakdown:

- **Property, plant and equipment and intangible assets** fell to EUR 2.258 million, with a decrease of EUR 911 million attributable to the impairment on assets of Enel Russia and negative exchange rate experienced;
- **Equity investments accounted for using the equity method** amounted to EUR 143 million, down EUR 17 million on the previous year. The decrease is connected to the dividends paid by the associated company Res Holding B.V. to the Company totaling EUR 37 million, and impairment on the Res Holdings participation of EUR 23 milion, partially offset by the share of income from the associated companies (EUR 43 million);
- **Other net non-current assets** totaled EUR 71 milions with no significative change reported;

Net current assets came to a negative EUR 865 million, with a decrease of EUR 51 million compared to 31 December 2014 mainly due to the increase of the trade payables of Marcinelle Energie (EUR 66 million).

Provisions amounted to EUR 294 million, with a decrease of EUR 154 million mainly due the decrease of net deferred tax liabilities related to the impairment of Enel Russia's fixed assets.

Net capital employed came to EUR 1.974 million at 31 December 2015, down EUR 824 million in comparison with 31 December 2014. It is funded by shareholders' equity attributable to the Group and non-controlling interests in the amount of EUR 4.245 million and by net financial debt totaling EUR -2.271 million. The debt-to-equity ratio at 31 December 2015 came to -53% (-43% as of 31 December 2014).

Analysis of the financial structure

Millions of euro

	31 Dec. 2015	31 Dec. 2014	Change
Long Term Debt:			
Bank loans	271	294	(23)
Bonds	422	298	124
Other loans from third parties	1	1	-
Other loans from Enel Group's Companies	-	199	(199)
Long-term debt	694	*792*	*(98)*
Long-term financial receivables and securities	(1)	(1)	-
Other m/l term financial receivables from Enel Group's Companies	(297)	(296)	(1)
Net long-term debt	**396**	**495**	**(99)**
Short Term Debt:			
Short-term portion of long term bank debt	42	101	(59)
Other short-term bank debt	16	-	16
Short-term bank debt	58	*101*	*(43)*
Bonds (short-term portion)	-	-	-
Other short-term debt	-	-	-
Long term financial receivables (short-term portion)	-	-	-
Short-term financial receivables	-	-	-
Short-term financial receivables from Enel SpA	(87)	(88)	1
Short-term financial receivables from Enel Group Companies	(167)	(365)	198
Cash and cash equivalents	(2.471)	(2.240)	(231)
Cash and cash equivalents and short-term financial receivables	(2.725)	(2.693)	(32)
Net short-term debt	**(2.667)**	**(2.592)**	**(75)**
NET FINANCIAL DEBT	**(2.271)**	**(2.097)**	**(174)**

Net financial debt came to a negative EUR 2.271, a decrease of EUR 174 million compared to 31 December 2014.

Net long-term debt decrease by EUR 99 million to EUR 396 million, mainly as a result of repayment of the debt by Marcinelle (EUR 199 milion) and the decrease of bank loans, partially offset by issues of a bond by Enel Russia (EUR 124 milion).

Net short-term debt decreased by EUR 75 million to a negative EUR 2.667 million mainly attributable to:

• the increase in cash and cash equivalents of the Company (EUR 104 million);

• the increase in cash and cash equivalents of the Romanian companies (EUR 102 milion);

• the repayment of the short-term portion of the bonds by Enel Russia (EUR 59 milion);

• These effect are partially ofset by the decrease of receivables due the repayment of financial receivables by Enel Trade to Marcinelle (EUR 198 milion).

Cash flows

Millions of euro

	2015	2014
Cash and cash equivalents at the start of the year	**2.319**	**1.026**
Cash flows from operating activities	566	730
Cash flows from (investing)/disinvesting activities	(229)	(191)
Cash flows from financing activities	(157)	824
Effect of exchange rate changes on cash and cash equivalents	(29)	(70)
Cash and cash equivalents at the end of the year	**2.470**	**2.319**

In 2015 cash and cash equivalents rose by EUR 151 million to EUR 2.470 million.

Cash flows from operating activities amounted to EUR 566 million, down to EUR 164 million compared to the previous year.

Net cash disbursement from investing/disinvesting activities amounted to EUR - 229 million, down EUR 38 million compared to the previous year.

Cash flows from financing activities amounted to EUR - 157 million as net a result between repayment and new founding.

Main risks and uncertainties

In compliance with the new provisions in Dutch Accounting Standard 400, the Group has drawn up elements of its risk selection as follows.

Methodology

In order to mitigate its exposure to risks described below, the Group conducts specific analysis, monitoring, management and control activities.

The Company adopts governance arrangements been in place within Enel Group and applicable for all companies with controlling interest for managing and controlling financial risks (market, credit and liquidity risks).

Current or planned improvements in the risk management system

The Board of Directors considers that the existing system of risk management and internal controls provides the reasonable assurance that risks are properly assessed and managed to achieve business objectives.

Appetite for significant risks

The Group is willing to bear risks that are assessed as moderate or low after mitigation.

The Group's operations and earnings are subject to following risks (although not limited to). The control measures are subsequently defined for each identified risk.

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.

The economic and financial condition of each market are constantly monitored and proper measures are promptly taken.

Moreover, 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.

The breakdonw or accident risks that may occur are mitigate thanks to a strong maintenance program and by subscription of insurance.

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.

Risk area	Risk component	Source of risk	Risk control	Risk appetite	Risk mitigation	Impact of Group results after Risk mitigation
Business risk	**country risks**	Presence in countries with political, financial, social or economic instability	regular analysis	high	The Group is present in different contruies with different specific risks	medium
	regulatory risks	- revenues - gradual liberalization - enviromental regulation	regulatory strategy	high	- The Group is present in different contruies with different regulatory framework - increase customer base in free market - optimazing generation mix	medium
	market risk	- fuel costs - energy price - equipment and maintanence	regular analysis	medium	- diversified fuel supplies - incouraging construction of transportation and storage infrasctructures - underwriting of guarantees	low
	business interruption	breakdowns or accidents on generation and distribution assets	preventive and predictive maintenance techniques, technology surveys and implementation of best practices	medium	- maintenance program - investment program - insurance	low

Financial risks

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 is managed under policies of 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 the

Company the excess of liquidity has been managed entering in a short term deposit with Enel Finance International NV for a total amount of EUR 1.214 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.

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.

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.

Risk area	Risk component	Source of risk	Risk control	Risk appetite	Risk mitigation	Impact of Group results after Risk mitigation
Financial risks	**credit risk**	- trade receivables - deposits	- eligibility criteria - trade receivable management - regular analysis of overdue receivables	low	- Using Enel Finance International as primary place to deposit liquidity - high credit rating (for banks to place deposits); - collector agencies - insurance contracts	very low
	liquidity risk	- different maturity of funding and lending facilities - liquidity surplus	- monthly analysis of funding-lending cash flows	medium	- available credit lines; - sufficient level of available cash and cash equivalents; - matching of short-term cash-in and cash-out - letter guarantee by Enel SpA	very low
	exchange rate	dividend flows	hedge policies	low	hedge strategy	very low, risk exposure mosty fully covered
		floating not local currency facilities	hedge policies	low	hedge strategy	very low, risk exposure mosty fully covered
	interest rate	floating rate facilities	hedge policies	medium	hedge strategy	very low, risk exposure mosty fully covered

Compliance risks

The group is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies. Identified breaches of compliance will be remedied as soon as practicable. The Group has no appetite for deliberate or purposeful violations of legislative or regulatory requirements, moreover the Group adopt a strong and effective internal control system to avoid fraud and misleading representation on its financial reports.

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.

Risk area	Risk component	Source of risk	Risk control	Risk appetite	Risk mitigation	Impact of Group results after Risk mitigation
compliance risks	**compliance with current legislation and Group procedures**	internal governance and busiess processes	internal control system	nill	permanent improvement of internal control system	nill
	fiscal	tax accruals	internal control system	very low	- regular reconciliations with Tax Authorities; - preliminary analysis of significant changes	very low
	enviromental risks	generation business	regular monitoring	medium	- investment program - insurance policies - ongoing implementation of "enviroment friendly" technologies	low

Outlook

The Company will continue to hold the majority of the foreign subsidiaries of the Enel Group (excluding Endesa, Slovenske Elektrarne 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 2015, the Group employed 5.896 people (6.029 at 31 December 2014). Changes in the total number of employees with respect to 31 December 2015 are below summarized:

n°	
Employees at 31 December 2014	**6.029**
Changes in the scope of consolidation	-
Hirings	244
Terminations	(377)
Employees at 31 December 2015	**5.896**

As of 31 December 2015 the Company employed 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 2015 and the developments during the financial year 2015 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 2015 fiscal year (by 30 April 2016);
- 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 2015 fiscal year (by 30 April 2016).

Amsterdam, 18 March 2016

The Board of Directors:

A. Canta
C. Palasciano
G. Pescini
A.J.M. Nieuwenhuizen
H. Marseille
F. Mauritz
E. Di Giacomo

Enel Investment Holding B.V.

Consolidated financial statements
for the year ended
31 December 2015

Enel Investment Holding B.V. consolidated income statement for the year ended 31 December 2015

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

Millions of euro

		2015	2014
Revenues			
Revenues from sales and services	*9*	2.362	2.701
Other revenues	*9*	63	167
	[Subtotal]	2.425	**2.868**
Costs			
Raw materials and consumables	*10a*	1.473	1.627
Services	*10b*	265	274
Personnel	*10c*	137	132
Depreciation, amortization and impairment losses	*10d*	1.120	544
Other operating expenses	*10e*	146	116
Capitalized costs	*10f*	(34)	(30)
	[Subtotal]	3.107	2.663
Operating Income		**(682)**	**205**
Financial Income	*11*	216	365
Financial expense	*11*	(292)	(355)
Share of gains/(losses) on investments accounted for using the equity method	*12*	20	54
	[Subtotal]	(56)	64
Income/(Loss) before taxes		**(738)**	**269**
Income Taxes	*13*	(145)	51
Net income for the half-year (shareholders of the parent company and minority interests)		**(593)**	**218**
Attributable to non-controlling interests		(280)	26
Attributable to shareholders of the Parent Company		(313)	192

Enel Investment Holding B.V. consolidated statement of other comprehensive income for the year ended 31 December 2015

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

Millions of euro

	2015	2014
Net income/(loss) for the period	**(593)**	**218**
Other comprehensive income, recyclable to be profit or loss in future periods:		
Effective portion of change in the fair value of cash flow hedges	(19)	22
Share of income recognized in equity by companies accounted for using the equity method	-	-
Change in the fair value of financial investments available for sale	25	(22)
Exchange rate differences	(64)	(910)
Other comprehensive income, not to be recyclable to profit or loss in future periods:	**(58)**	**(910)**
Re-measurement gains/(losses) on defined benefit plans	-	2
Comprehensive income for the period	**(651)**	**(690)**
Attributable to:		
- shareholder of the Parent Company	(314)	(365)
- non-controlling interests	(337)	(325)

Enel Investment Holding B.V. consolidated statement of financial position as at 31 December 2015

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

Millions of euro	Notes		
ASSETS		**31 Dec. 2015**	31 Dec. 2014
Non-current assets			
Property, plant and equipment	*14*	2.021	2.923
Intangible assets	*15*	898	905
Deferred tax assets	*30*	54	38
Equity investments accounted for using the equity method	*16*	143	160
Equity investments available for sale	*17*	176	151
Non-current financial assets	*18*	317	340
Other non-current assets	*19*	1	1
	(Total)	**3.610**	**4.518**
Current assets			
Inventories	*20*	83	72
Trade receivables	*21*	303	315
Tax receivables		15	24
Current financial assets	*22*	325	547
Other current assets	*23*	75	27
Cash and cash equivalents	*24*	2.471	2.240
	(Total)	**3.272**	**3.225**
TOTAL ASSETS		**6.882**	**7.743**

Enel Investment Holding B.V. consolidated statement of financial position as at 31 December 2015

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

Millions of euro	Notes		
LIABILITIES AND SHAREHOLDERS' EQUITY		**31 Dec. 2015**	31 Dec. 2014
Equity attributable to the shareholders of the Parent Company	*26*		
Share capital		1.593	1.593
Other reserves		1.349	1.350
Retained earnings		846	654
Net income (loss) for the period		(313)	192
	(Total)	**3.475**	**3.789**
Equity attributable to minority interests		770	1.107
TOTAL SHAREHOLDER'S EQUITY		**4.245**	**4.896**
Non-current liabilities			
Long-term loans	*27*	694	792
Post-employment and other employee benefits	*28*	56	47
Provisions for risks and charges	*29*	89	97
Deferred tax liabilities	*30*	173	324
Other non-current liabilities	*31*	126	124
	(Total)	**1.138**	**1.384**
Current liabilities			
Current portion of long-term loans	*27*	42	101
Current portion of provisions for risks and charges	*29*	30	16
Trade payables	*32*	426	373
Current financial liabilities	*33*	37	7
Other current liabilities	*34*	940	940
Income tax payable		24	26
	(Total)	**1.499**	**1.463**
TOTAL LIABILITIES		**2.637**	**2.847**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**6.882**	**7.743**

Enel Investment Holding B.V. consolidated cash flow statement for the year ended 31 December 2015

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

Millions of euro

	2015	2014
Income for the year	**(593)**	**218**
Adjustments for:		
Amortization and impairment losses of intangible assets	16	177
Depreciation and impairment losses of property, plant and equipment	1068	480
Accrual to provisions	50	1
Financial (income)/expense	76	(10)
Income taxes	(145)	50
(Gains)/Losses and other non-monetary items	20	(11)
Cash flow from operating activities before changes in net current assets	*492*	*905*
Increase/(Decrease) in provisions	(7)	(39)
(Increase)/Decrease in inventories	(11)	(16)
(Increase)/Decrease in trade receivables	12	(87)
(Increase)/Decrease in financial and non-financial assets/liabilities	20	(53)
Increase/(Decrease) in trade payables	52	(37)
Interest income and other financial income collected	133	203
Interest expense and other financial expense paid	(99)	(113)
Income taxes paid	(26)	(33)
Cash flows from operating activities (a)	**566**	**730**
Investments in property, plant and equipment	(219)	(266)
Investments in intangible assets	(10)	(6)
Investments in entities (or business units) less cash and cash equivalents acquired	-	-
Disposals of entities (or business units) less cash and cash equivalents sold	-	81
(Increase)/decrease in other investing activites	-	-
Repayment of share premium contribution	-	-
Cash flows from investing/disinvesting activities (b)	**(229)**	**(191)**
Financial debt (new long-term borrowing)	206	1.010
Financial debt (repayments and other changes)	(363)	(186)
Dividends and interim dividends paid		-
Cash flows from financing activities (c)	**(157)**	**824**
Impact of exchange rate fluctuations on cash and cash equivalents (d)	**(29)**	**(70)**
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**151**	**1.293**
Cash and cash equivalents at the beginning of the year	2319	1.026
Cash and cash equivalents at the end of the year	2470	2.319
- of which peratining to held for sale companies	-	-

Enel Investment Holding B.V. consolidated statement of changes in shareholder's equity at 31 December 2015

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

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**	**Non-controlling Interests**	**Total shareholder's equity**
Balance at 31 December 2013	**1.593**	**2.410**	**135**	**(590)**	**(20)**	**(28)**	**304**	**350**	**4.154**	**1.432**	**5.586**
Transactions with Shareholder:											
- Profit allocation	-	-	-	-	-	-	350	(350)	**-**	-	**-**
- Capital contribution	-	-	-	-	-	-		-	**-**	-	**-**
Dividends	-	-	-	-	-	-	-	-	**-**	-	**-**
Change in scope of consolidation	-	-	-	-	-	-	-	-	**-**	-	**-**
Comprehensive income for the year:											
- Net income/(loss) for the period recognized in equity	-	-	(3)	(566)	-	12	-	-	**(557)**	(351)	**(908)**
- Net income/(loss) for the period	-	-	-	-	-	-	-	192	**192**	26	**218**
2014 movements	**-**	**-**	**(3)**	**(566)**	**-**	**12**	**350**	**(158)**	**(365)**	**(325)**	**(690)**
at 31 December 2014	**1.593**	**2.410**	**132**	**(1.156)**	**(20)**	**(16)**	**654**	**192**	**3.789**	**1.107**	**4.896**
Transaction with Shareholder:											
- Profit allocation	-	-	-	-	-	-	192	(192)	**-**	-	**-**
- Capital contribution	-	-	-	-	-	-		-	**-**	-	**-**
Dividends	-	-	-	-	-	-	-	-	**-**	-	**-**
Change in scope of consolidation	-	-	-	-	-	-	-	-	**-**	-	**-**
Comprehensive income for the year:											
- Net income/(loss) for the period recognized in other comprehensive income	-	-	19	(13)	(2)	(5)	-	-	**(1)**	**(57)**	**(58)**
- Net income/(loss) for the period	-	-	-	-	-	-	-	(313)	**(313)**	**(280)**	**(593)**
2015 movements	**-**	**-**	**19**	**(13)**	**(2)**	**(5)**	**192**	**(505)**	**(314)**	**(337)**	**(651)**
Balance at 31 December 2015	**1.593**	**2.410**	**151**	**(1.169)**	**(22)**	**(21)**	**846**	**(313)**	**3.475**	**770**	**4.245**

Notes to the Enel Investment Holding B.V. consolidated financial statements for the year ended 31 December 2015

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. (hereinafter the "Company") 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 2015 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. 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).

Pursuant to article 5:25 of the Netherlands Act on Financial Supervision the Group's condensed interim financial statements will be generally available on the Enel website (http://www.enel.com), on the AFM website (www.afm.nl) as well as at the Company statutory seat in Amsterdam.

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:

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

Going concern

On 20 January 2016 Enel S.p.A., the Parent Company, issued a letter of support as of 31 December 2015 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 30 April 2016.

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.

Functional and presentation currency

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

3. Accounting policies and measurement criteria

Use of estimates and management judgments

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.

Determining the fair value of financial instruments

Fair value of financial instruments is determined on the basis of prices directly observable in the market, where available, or, for unlisted financial instruments, using specific valuation techniques (mainly based on present value) that maximize the use of observable market inputs. In the rare circumstances were this is not possible, the inputs are estimated by management considering the characteristics of the instruments being measured.

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

S.p.A. 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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The power is defined as the current ability to direct the relevant activities of the investee based on existing substantive rights.

The existence of control does not depend, hence, solely on ownership of a majority shareholding or the contractual form used in the acquisition but it arises from substantive rights that each investor holds over the investee. Consequently, management must use its judgment in assessing whether specific situations determine substantive rights that give the Group the power to direct the relevant activities of the investee in order to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, management analyses all facts and circumstances including any agreements with other investors, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights (call options, warrants, etc.). Following such analysis, the Group could consolidate certain companies on a line-by-line basis even though it does not hold more than half of the voting rights. The above conditions have not been met in Enel Investment Holding Group, where no entity has been consolidated when the Group held less than a 50% interest.

In addition, even though it holds more than half of the voting rights of an other entity, the Group considers all relevant facts and circumstances in assessing whether it controls investee.

In light of the first time application of IFRS 10, starting from January 1, 2014, the Group has re-assessed all the above factors to reconfirm the existence of control over its investees that were qualified as subsidiaries under the previous IAS 27. The assessment did not lead to any change compared to the previous standard.

Determination of the existence of joint control and of the type of joint arrangement

A joint arrangement is an agreement where two, or more parties, have joint control. Joint control exists when the decisions over the relevant activities require the unanimous consent of at least two parties of a joint arrangement.

A joint arrangement can be configured as a joint venture or a joint operation. Joint ventures are joint arrangements whereby the parties that have joint control have rights to the net

assets of the arrangement. Conversely, joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.
In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgment and assess its rights and obligations arising from the arrangement. For this purpose, the management considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

In light of the first time application of IFRS 11, starting from January 1, 2014, the Group has re-assessed all the above factors to reconfirm the existence of joint control over certain investees that were qualified as such under the previous IAS 31 and what is the type of the related joint arrangement. The assessment led to qualify, as joint ventures, the investments in Enel Insurance NV, Compostilla RE S.A. and RES Holding BV (including Rusenergosbyt LLC and its other subsidiaries), with no change compared to the previous standard.

Determination of the existence of significant influence over an associate

The associated companies are those in which the Group exercises significant influence that is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. In general, it is presumed that the Group has a significant influence when it has an ownership interest of 20% or more.
In order to determine the existence of significant influence, management must apply judgment and consider all facts and circumstances.
The Group re-assesses whether or not it has significant influence if facts and circumstances indicate that there are changes to one or more of the elements considered to verify the existence of significant influence.

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 2015 and at 31 December 2014 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 acquire 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 at disposal. 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 OCI 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 OCI (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

New accounting standards applied in 2015

The Group has applied the following interpretation and amendments that took effect as from January 1, 2015:

- "IFRIC 21 – Levies"; the interpretation addresses the accounting for a liability to pay a levy, that is not within the scope of other standards (for example, income taxes) and other than fines or other penalties imposed for breaches of the legislation, due to the government, government agencies and local, national and international bodies. More specifically, the interpretation established that the liability shall be recognised when the obligating event giving trigger the payment of the levy occurs, as identified by the legislation. If the obligating event occurs over a period of time (for example, the generation of revenue over a period of time), the liability shall be recognised progressively. If the obligation to pay a levy is triggered when a minimum threshold is reached (for example, upon reaching a minimum amount of revenue generated), the corresponding liability is recognised when that minimum activity threshold is reached. The retrospective application of the interpretation did not imply impacts in this consolidated financial statements.

- "Annual improvements to IFRSs 2011 – 2013 cycle"; the document contains formal modifications and clarifications of existing standards that did not have a significant impact on this consolidated financial statements. More specifically, the following standards were amended:
  - "IFRS 3 – Business combinations"; the amendment clarifies that IFRS 3 does not apply in the financial statements of a joint arrangement to the recognition of the formation of the arrangement.
  - "IFRS 13 –Fair value measurement"; the amendment clarifies that the exception for measuring the fair value of group of financial assets and liabilities on a net basis ("the portfolio exception") applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32.
  - "IAS 40 – Investment property"; the amendment clarifies that management's judgement is needed to determine whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of IFRS 3. That judgement shall be based on the guidance in IFRS 3.

  "Annual improvements to IFRSs 2011 – 2013 cycle", amended also the basis for conclusion of "IFRS 1 – First-time adoption of International Financial Reporting Standards" to clarify that a first-time adopter is allowed to apply a new IFRS that is not yet mandatory if that IFRS permits early application.

Forthcoming accounting standards

Below is a list of accounting standards, amendments and interpretations that will be effective for the Group after December 31, 2015:

- "IFRS 9 – Financial instruments", issued, in its final version, on 24 July 2014, replaces current IAS 39 *Financial Instruments: Recognition and Measurement* and overcome all the previous version. The standard is effective for annual periods beginning on or after 1 January 2018 and the early adoption is allowed, after the relevant endorsement.
  The final version of IFRS 9 brings together the results of the three phases of the project to replace IAS 39, related to classification and measurement, impairment and hedge accounting.
  About the classification of financial instruments, IFRS 9 provides one classification approach for all types of financial assets, including those that contain embedded derivative features, therefore, financial assets are classified in their entirety rather than being subject to complex bifurcation requirements.
  In order to define how financial assets shall be classified and measured, the entity's business model for managing the financial assets and their contractual cash flow characteristics shall be considered. For this purpose, a business model refers to how an entity manages its financial assets in order to generate cash flows, that is by collecting contractual cash flows, selling financial assets or both.
  Financial assets at amortised cost are held in a business model whose objective is to hold assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. This measurement category results in amortised cost information being provided in profit or loss and fair value information in the balance sheet.
  Financial assets at fair value through profit or loss are any financial assets that are not held in one of the two business models mentioned above, including financial assets that are held for trading and those managed on a fair value basis.
  About classification and measurement of financial liabilities, IFRS 9 carries forward IAS 39's accounting treatment provisions with limited amendments. This means that most financial liabilities will continue to be measured at amortised cost; moreover, the option to elect a financial liabilities at fair value through profit or loss, when specific circumstances are met, is still allowed.
  The standard introduces new requirements for financial liabilities elected at fair value through profit or loss, according to which changes in the fair value of an entity's own debt shall be recognised in other comprehensive income rather than in profit or loss. Such requirement is readily available for the adoption without applying IFRS 9 in its entirety.
  Considering that, during the financial crisis, the existing impairment model based on the incurred credit losses had shown great limitations connected to the delay of the recognition of credit losses until there is evidence of a trigger event, the standard provides a new impairment model providing users of financial statements with more useful information about an entity's expected credit losses.
  In substance, the model provides:
  a) the application of a unique approach to all financial assets;
  b) the recognition of the expected credit losses at all times and the updating of their amount at the end of each reporting period to reflect changes in the credit risk of financial instruments;

c) the measurement of the expected credit losses based on the reasonable and supportable information that is available without undue cost or effort, including historical, current and forecast information;
d) improved disclosures on expected credit losses and on credit risk.
IFRS 9 introduces also a new model of hedge accounting, with the aim to align the accounting more closely with risk management activities and to establish a more principles-based approach.
The new approach to hedge accounting will enable companies to better reflect their risk management activities in the financial statements, allowing more items to be eligible as hedged items: risk component of a non-financial item, net positions, layer components of items and aggregated exposures (i.e. a combination of a non-derivative exposure and a derivative). About hedging instruments, the most significant change, compared to hedge accounting under IAS 39, is the possibility to defer the time value of options, the forward element in forward contracts and currency basis spreads (i.e. "costs of hedging") in other comprehensive income until the hedged item affects profit or loss. IFRS 9 also removes the requirement for hedge effectiveness tests to be within the range of 80%-125% and provides the possibility to rebalance the hedging relationship if the risk management objective remains unchanged.
IFRS 9 does not replace the provisions of IAS 39 about the portfolio fair value hedge accounting on interest rate risk (i.e. macro hedge accounting), as such phase of the project to replace IAS 39 has been separated and still under discussion. At this regard, in April 2014, the IASB issued the Discussion Paper *Accounting for Dynamic Risk management: a Portfolio Revaluation Approach to Macro Hedging*.
The Group is assessing the potential impact of the future application of the new provisions of IFRS 9.

- "IFRS 14 – Regulatory Deferral Accounts", issued in January 2014. The standard permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements (i.e. local GAAP) when they adopt IFRS/IAS in connection with the application of IFRS 1 First-time Adoption of International Financial Reporting Standards. The Standard cannot be adopted by entities that currently prepare their financial statements under IFRS-IAS. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognise them through the adoption of IFRS 14. The standard will take effect retrospectively, subject to endorsement, for annual period beginning on or after January,1 2016. The application of the standard will not have any impact for the Group.
- "IFRS 15 – *Revenue from contracts with customers*", issued in May 2014, will replace "IAS 11 - Construction contracts", "IAS 18 - Revenue", "IFRIC 13 - Customer Loyalty programmes", "IFRIC 15 - Agreements for the construction of real estate", "IFRIC 18 - Transfers of assets from customers", "SIC 31 Revenue – Barter transactions involving advertising services" and it will apply to all contracts with customers, expect for some scope exemptions (e.g., lease and insurance contracts, financial instruments, etc.). The new standard establishes a comprehensive framework for revenue recognition and measurement based on the following core principle: recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

This core principle will apply using a five-step model: identify the contract with the customer (step 1); identify the performance obligations in the contract, accounting for distinct goods or services promised in the contract as separate performance obligations (step 2); determine the transaction price, that is the amount of consideration to which it expects to be entitled (step 3); allocate the transaction price to each separate performance obligation on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract (step 4); recognise revenue when (or as) each performance obligation is satisfied by transferring the promised good or service to the customer, which is when the customer obtains control of the good or service (step 5). IFRS 15 also includes a set of disclosure requirements that would provide a comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard will take effect, subject to endorsement, for annual period beginning on or after January,1 2018.

- "IFRS 16 – *Leases*", issued in January 2016, that replaces the previous standard "IAS 17 – *Leases*" and related interpretations, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). Even if IFRS 16 retains the definition of a lease of IAS 17, the main change relate to the concept of control used within the definition. In particular, IFRS 16 requires to assess whether the customer has or has not the right to control the use of an identified asset for a period of time to determine whether a contract contains or not a lease. IFRS 16 eliminates the classification between operating leases and finance leases, as provided by IAS 17 and, instead, introduces a single leases accounting model. Applying that model, a lessee is required to recognise:

  (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and

  (b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

  From the lessor's perspective, IFRS 16 substantially carries forward the accounting requirements of IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard will take effect, subject to endorsement, for annual period beginning on or after January,1 2019. The Group is assessing the potential impact of the future application of the new provisions.

- "Amendments to IAS 1: *Disclosure Initiative"*, issued in December 2014. The amendments, as a part of IASB's major initiative to improve presentation and disclosure in financial statements, include improvements in the following areas:
  - materiality: it has been made clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosure;
  - disaggregation and subtotals: it has been clarified that the specific line items of the income statement, statement of comprehensive income and balance sheet may be disaggregated. New requirements regarding the use of subtotals are introduced;
  - notes structure: it has been clarified that companies have flexibility about the order in which they present the notes to the financial statements. It has been also emphasised

that understandability and comparability should be considered by a company when deciding on that order;
- equity accounted investments: the share of OCI of associates and joint ventures accounted for using the equity method shall be split between those items that will and will not be subsequently reclassified to profit or loss and presented in aggregate as single line items within those two sections of the statement of comprehensive income.

The amendments will take effect for annual periods beginning on or after January 1, 2016. The future application of the new provisions will not have an impact on the Group.

- "Amendments to IAS 12 - *Recognition of deferred tax assets for unrealised losses*", issued in January 2016; the amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. In particular these amendments clarify the requirements on the recognition of deferred tax assets for unrealised losses in order to address diversity in practice. The amendments will take effect, subject to endorsement, for annual period beginning on or after January,1 2017. Earlier application is permitted. The Group is assessing the potential impact of the future application of the new provisions.

- "Amendments to IAS 19 – Defined benefit plans: employee contributions", issued in November 2013. The amendments are intended to clarify how to recognise contributions from employees within a defined-benefit plan. More specifically, contributions linked to service shall be recognised as a reduction in service cost:
  - over the periods in which employees render their services, if the amount of the contributions is dependent on the number of years of service; or
  - in the period in which the service is rendered, if the amount of the contributions is independent of the number of years of service.

  The amendments will take effect for the Group as from January 1, 2016. The future application of the new provisions will not have an impact on the Group.

- "Amendments to IAS 27 – *Equity method in separate financial statements"* issued in August 2014. The amendments allow the use of the equity method in separate financial statements for the accounting of investments in subsidiaries, joint ventures and associates. The amendments also clarify some aspects regarding the so-called investment entity; in particular it was clarified that when a company ceases to be an investment entity, it shall account for an investment in a subsidiary in accordance with IAS 27. Otherwise when an entity becomes an investment entity, it shall account for an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9. The amendments will take effect for annual periods beginning on or after January 1, 2016. Based on a preliminary analysis the Group intends, at the moment, to not elect the option to use the equity method in separate financial statements.

- "Amendments to IFRS 11 – *Accounting for acquisitions of interest in joint operation"*, issued in May 2014. The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business, as defined in IFRS 3, requiring to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to measure most identifiable assets and liabilities at fair value; expense acquisition-related costs (other than debt or equity issuance costs); recognise deferred taxes; recognise any goodwill or bargain purchase gain; perform impairment tests for the cash generating units to which goodwill has been allocated; disclose information required relevant for business combinations. The amendments will take effect for annual periods beginning on or after January 1, 2016.

- "Amendments to IAS 16 and IAS 38 – *Clarification of acceptable methods of depreciation and amortisation"*, issued in May 2014. The amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. The requirements of IAS 16 are amended to explicitly prohibit revenue-based depreciation. Coherently the requirements of IAS 38 are amended to introduce a rebuttable presumption that a revenue-based amortisation is inappropriate. However, there are limited circumstances when the presumption can be overcome:
  - the intangible asset is expressed as a measure of revenue;
  - it can be demonstrated that revenue and the consumption of economic benefits of intangible asset are highly correlated.

  The amendments will take effect prospectively for annual periods beginning on or after January 1, 2016.
- "Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture", issued in September 2014. The amendments provide that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, the extent of any gain (loss) recognised depends on whether the assets or subsidiary constitute a business, as defined in "IFRS 3 Business Combinations". In particular when the assets or subsidiary constitute a business, any gain (loss) is recognised in full; when the assets or subsidiary do not constitute a business, the gain (loss) is recognised only to the extent of the unrelated investors' interest in the associate or joint venture that was the counterparty of the transaction. EFRAG has recommended to the European Commission to postpone the endorsement process on these amendments until the IASB's project on Elimination of gains or losses arising from transactions between an entity and its associate or joint venture is completed.
- "Amendments to IFRS 10, IFRS 12 and IAS 28 – *Investment Entities: Applying the consolidation exception"*, issued in December 2014. The amendments clarify that so long as the entity's ultimate (or intermediate) parent produces financial statements that are in compliance with IFRS 10 (including an investment entity that accounts for its interests in all of its subsidiaries at fair value rather than consolidating them), the exemption from presenting consolidated financial statements continues to apply to subsidiaries of an investment entity that are themselves parent entities. The amendments also clarify that an investment entity parent shall consolidate a subsidiary that provides investment-related services or activities that relate to its investment activities, if that subsidiary is not itself an investment entity. Furthermore the amendments simplify the application of the equity method for an entity that is not itself an investment entity but that has an interest in an associate or joint venture that is an investment entity. In particular, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2016.

- "Annual improvements to IFRSs 2010 – 2012 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards that will take effect for the Group as from January 1, 2016 and that are not expected to have a significant impact. More specifically, the following standards were amended:
  - "IFRS 2 – Share-based payment"; the amendment separate the definitions of performance condition and service condition from the definition of vesting condition to make the description of each condition clearer.
  - "IFRS 3 – Business combinations"; the amendment clarifies that contingent consideration in a business combination shall be measured at fair value with changes in fair value recognised in profit or loss at each reporting period.
  - "IFRS 8 – Operating segments"; the amendments introduce new disclosure requirements that would provide users of financial statements with an understanding of the judgements made by management on how (and the reasons why) operating segments have been aggregated. The amendments also specify that the reconciliation of the total of the reportable segments' assets to the entity's assets is required only if that amount is regularly provided to the management.
  - "IAS 16 – Property, plant and equipment"; the amendment clarifies that when an item of property, plant and equipment is revaluated the gross carrying amount of that asset shall be adjusted in a manner consistent with the revaluation of the carrying amount of the asset. In addition, it also clarifies that the accumulated depreciation shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.
  - "IAS 24 – Related party disclosures"; the amendment clarified that a "management entity", namely an entity that provides key management personnel services to a reporting entity, is deemed to be a related party of the reporting entity. As a consequence, the reporting entity is required to disclose, in addition to the amount incurred for the service fee paid or payable to the "management entity", other transactions with the "management entity", for example, borrowings, under the existing disclosure requirements of IAS 24 with respect to related parties. The amendment also clarified that if an entity obtains key management personnel services from another entity the reporting entity is not required to apply the disclosures requirements concerning the compensation paid or payable by the "management entity" to the management entity's employees or directors.
  - "IAS 38 – Intangible assets"; the amendment clarifies that when an item of intangible asset is revaluated the gross carrying amount of that asset shall be adjusted in a manner consistent with the revaluation of the carrying amount of the asset. In addition, it also clarifies that the accumulated depreciation shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

"Annual improvements to IFRSs 2010 – 2012 cycle", amended also the basis for conclusion of "IFRS 13 –Fair value measurement"; the amendment clarifies that it is already possible to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, when the effect of discounting is immaterial.

“Annual improvements to IFRSs 2012 – 2014 cycle”, issued in September 2014; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Group. More specifically, the following standards were amended:

- “IFRS 5 – Non-current assets held for sale and discontinued operations”;the amendments clarify that changing from the classification of an asset (or disposal group) as held for sale to the classification as held for distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5 and the date of classification doesn’t change. The changes will apply prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016.
- “Amendments to IAS 7: Disclosure Initiative”, issued in January 2016. The amendments apply to the liabilities and assets arising from financing activities, defined as those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as “cash flows from financing activities”. The amendments require a disclosure of changes in these items, including changes arising from cash flows and non-cash changes (i.e. changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, and changes in fair values). One way suggested by IASB for a entity to fulfil the new disclosure requirements is to provide a reconciliation between its opening and closing balances for liabilities/assets arising from its financing activities. The amendments will take effect for annual periods beginning on or after January 1, 2017. The future application of the new provisions will not have an impact on the Group.
- “Amendments to IAS 12 - *Recognition of deferred tax assets for unrealised losses*”, issued in January 2016; the amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. In particular these amendments clarify the requirements on the recognition of deferred tax assets for unrealised losses in order to address diversity in practice. The amendments will take effect, subject to endorsement, for annual period beginning on or after January,1 2017. Earlier application is permitted. The Group is assessing the potential impact of the future application of the new provisions.

- “IAS 19 – Employee Benefits; IAS 19 requires that the rate used to discount post-employment benefit obligation shall be determined by using market rates on high quality corporate bonds or using government bond rate if a deep market for high quality corporate bond does not exist. The amendment to IAS 19 clarifies that deep market of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates shall be used. The changes will apply for annual periods beginning on or after 1 January 2016.
- “IAS 34 – Interim Financial Reporting”; the amendment states that the required interim disclosures shall be given either in the interim financial statements or incorporated by cross-reference between the interim financial statements to other statement (e.g. in the management commentary or risk report) that is available to

users of the financial statements on the same terms as the interim financial statements and at the same time. The change will apply for annual periods beginning on or after 1 January 2016.

5. 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.

6. 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.

Milions of euro		Carryng amount	
	note	**31 Dec. 2015**	31 Dec. 2014
Equity investiments available for sale	*18*	176	151
Non-current financial assets	*19*	317	340
Other non-current financial assets	*20*	1	1
Current financial assets	*23*	325	547
Trade and other receivables		393	366
Cash and cash equivaletns	*25*	2.471	2.240
TOTAL		**3.683**	**3.645**

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 176 million at 2015 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 297 million).

Current financial assets were equal to EUR 325 million at the end of 2015 down EUR 222 million over 31 December 2014, it primarily refers to the intercompany current account held with Enel SpA (EUR 87 milion) and the receivables of Marcinelle Energie and Enel France from other company of the Enel Group (EUR 167 milion).

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.

Milions of euro		**31 Dec. 2015**		31 Dec. 2014	
	note	Carryng amount	Nominal value	Carryng amount	Nominal value
Long-term loans	*28*	694	713	792	811
Other non-current liabilities	*33*	126	124	124	122
Current portion of long-term loans	*28*	42	59	101	163
Trade and other payables	*34,35,36*	1.403	1.402	1.346	1.345
TOTAL		**2.265**	**2.298**	**2.363**	**2.441**

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.

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.

At 31 December 2015, 100% of gross long term debt towards third parties was fixed rate rate (100% as at 31 December 2014) and therefore fully hedged against interest rate risk (100% as at 31 December 2014).

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 2015 and 31 December 2014.

Millions di euro	Nozionale		Fair value		Nozionale asset		Fair value asset		Nozionale liability		Fair value liability	
	31 Dec.2015	31 Dec.2014	**31 Dec.2015**	31 Dec.2014	**31 Dec.2015**	31 Dec.2014	**31 Dec.2015**	31 Dec.2014	**31 Dec.2015**	31 Dec.2014	**31 Dec.2015**	31 Dec.2014
Cash Flow Hedge derivatives:	**235**	**332**	**49**	53	**235**	332	**49**	53	**-**	-	**-**	-
Forward	-	-	-	-	-	-	-	-	-	-	-	-
Option	-	-	-	-	-	-	-	-	-	-	-	-
Cross currency interest rate swap	235	332	49	53	235	332	49	53	-	-	-	-
Fair Value Hedge derivatives:	**-**	**-**	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Forward	-	-	-	-	-	-	-	-	-	-	-	-
Option	-	-	-	-	-	-	-	-	-	-	-	-
Cross currency interest rate swap	-	-	-	-	-	-	-	-	-	-	-	-
Trading derivatives:	**360**	**428**	**7**	80	**226**	225	**10**	80	**134**	203	**(2)**	- 0
Forward	360	428	7	80	226	225	10	80	134	203	(2)	- 0
Option												
Cross currency interest rate swap												
Total Forward	**360**	**428**	**7**	**80**	**226**	**225**	**10**	**80**	**134**	**203**	**- 2**	**- 0**
Total Option	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Cross currency interest rate swap	**235**	**332**	**49**	**53**	**235**	**332**	**49**	**53**	**-**	**-**	**-**	**-**
Total exchange rete derivatives	**595**	**760**	**56**	**132**	**461**	**557**	**59**	**133**	**134**	**203**	**- 2**	**- 0**

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

Millions di euro	Fair value	Stratification of expected cash flows					
CFH on exchange rates	**31 Dec.2015**	2016	2017	2018	2019	2020	Beyond
Positive fair value	49	23 -	1	4	9	-	-
Negative fair value	-	-	-	-	-	-	-
FVH on exchange rates							
Positive fair value	-	-	-	-	-	-	-
Negative fair value	-	-	-	-	-	-	-
Trading derivatives on exchange rates							
Positive fair value	10	6	-	-	-	-	-
Negative fair value	(2)	(2)	-	-	-	-	-

At December 31, 2015, all of the gross long term debt was denominated in the functional currency of the respective countries entered into by individual subsidiaries, as the loans of Enel Russia drawn in Euro were fully hedged at the reporting date.

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.

7. 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:

2015

- There were no changes in the scope of consolidation to be set forth.

2014

- On 3 June 2014, the process of liquidation of the company Pragma Energy SA was completed with a final liquidation installment equal to EUR 4 million.

- At 30 June 2014, as a result of the substantial interruption of the negotiations for the sale of Marcinelle Energie, the requirements stated by IFRS 5 for the presentation of the assets and liabilities of the subsidiary as non-current assets held for sale are no longer met. As a consequence, those assets and liabilities have been reclassified to their corresponding original accounts.

- On 24 november 2014, the process of liquidation of the company Enel Albania Shpk was completed

8. Segment information

The main 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 Belgium (Marcinelle Energie);
- **South-Eastern Europe**, with the development of generation capacity (Enel Productie), electricity distribution (Enel Distributie Banat, Enel Distributie Dobrogea, Enel Distributie Muntenia) and sale and support activities in Romania (Enel Energie, 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 Russia);
- **Others**, with Enel Investment Holding B.V. as Group holding company and Enel Gas Rus in the Russian Federation.

Performance

Millions of euro

	2015	2014	Change
Revenues	2.425	2.868	(443)
Gross operating margin	438	749	(311)
Operating income	(682)	205	(887)
Employees at period-end (no.)	5.896	6.029	(133)
Capital expenditure	229	272	(43)

The tables below shows the Group performance by geographical area.

Result for 2015

Millions of euro	Central Europe	South-eastern Europe	Russia	Others	**Total**
Revenues from third parties and Enel Group affiliates	354	1.008	1.061	2	2.425
Revenues from other segments	-	-	-	-	-
Total revenues	**354**	**1.008**	**1.061**	**2**	**2.425**
Net income/(charges) from commodity risk management	-	-	-	-	-
Gross operating margin	**(1)**	**282**	**164**	**(7)**	**438**
Depreciation, amortization and impariment losses	4	113	1.003	-	1.120
Operating income	**(5)**	**169**	**(839)**	**(7)**	**(682)**
Capital expenditure	-	117	112	-	229

Result for 2014

Millions of euro	Central Europe	South-eastern Europe	Russia	Others	**Total**
Revenues from third parties and Enel Group affiliates	281	1.010	1.494	83	2.868
Revenues from other segments	-	-	-	-	-
Total revenues	**281**	**1010**	**1494**	**83**	**2.868**
Net income/(charges) from commodity risk management	-	-	-	-	-
Gross operating margin	**7**	**299**	**358**	**85**	**749**
Depreciation, amortization and impariment losses	(117)	103	189	369	544
Operating income	**124**	**196**	**169**	**(284)**	**205**
Capital expenditure	-	84	188	-	272

Revenues in 2015 totalling EUR 2.425 million, down EUR 443 million compared with EUR 2.868 million in 2014. This difference is mainly related to the following factors:

• an decrease of EUR 433 million in revenues in **Russia** due to lower price experienced and a negative exchange difference;

• a decrease of EUR 81 million in revenues due to Enel Investment Holding BV as a result of the price adjustment gain realized in 2014 following the sale of equity investment in Artic Russia BV held in 2013 (EUR 81 milion);

• these effect are partially ofset by an increase of EUR 73 million in revenues in **Central Europe** essentially due to Marcinelle Energie.

The **gross operating margin** amounted to EUR 438 million down to EUR 311 million, essentially as a result of less margin performed in **Russia** (EUR 194 milion) due to lower price experienced, and less margin from the Company (EUR 92 milion) due the above mentioned price adjustment.

Operating income in 2015 amounted to EUR - 682 million, a decrease of EUR 887 million mainly because the devaluation of Russian assets.

Capital expenditure came to EUR 229 million, down EUR 43 million from the previous year. This reduction is attributable to Enel Russia (EUR -76 million), due negative exchange rate effect partially ofset by the Romanian companies thanks to investment realized in distribution network (EUR 33 million).

Information on the consolidated income statement

Revenues

9. Revenues - *EUR 2.425 million*

Millions of euro

	2015	2014	Change
Revenues from the sale of electricity	2.095	2.441	(346)
Revenues from the transport of electricity	152	111	41
Capital Gain on net assets disposal	-	81	(81)
Other sales and services	178	235	(57)
Total	**2.425**	**2.868**	**(443)**

In 2015 **revenues** amounted to EUR 2.425 million, down to EUR 443 million over 2014.

Revenues from the sale of electricity amounted to EUR 2.095 million, down EUR 346 million on 2014. The variation was mainly due to:

- Enel Russia (EUR 394 million) due to a negative exchange difference and lower prices of electricity;
- Enel Energie Muntenia and Energie SA (EUR 54 milion) due to a decrease of volumes of sales and tariff;

These effects are partially ofset by the production of Marcinelle Energie (EUR 113 milion).

Revenues from the transport of electricity totaled EUR 152 million in 2015, with an increase of EUR 41 milion due the increase of volumes distributed by the Romanian distribution companies (EUR 26 milion) and Enel France (EUR 15 milion).

Capital gain on net assets disposal related to the adjustment of the purchase price of the sale of the 40% stake in Artic Russia BV held in 2014.

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

Millions of euro

	2015	2014
European Market	1.364	1.374
Russia	1.061	1.494
Total	**2.425**	**2.868**

Costs

10.a Raw materials and consumables - *EUR 1.473 million*

Millions of euro

	2015	2014	Change
Electricity purchases	769	811	(42)
Fuel purchases for electricity production	658	768	(110)
Raw materials and consumables	46	48	(2)
Total	**1.473**	**1.627**	**(154)**

Electricity purchases decreased by EUR 42 million to EUR 769 million. The variance in comparison with the previous year is mainly connected to Enel France (EUR 36 million), Romanian sales companies (EUR 25 million) due to lower energy purchased and Enel Russia (EUR 35 milion) due to negative exchange difference, these effect are partially ofset by increase costs of Marcinelle Energie (EUR 47 million);

Fuel purchases for electricity production totalled EUR 658 million in 2015, down EUR 110 million over 2014. The decrease is attributable to Enel Russia (EUR 158 milion) due to the negative exchange difference and lower fuel prices experienced, partially offset by increase of cost of Marcinelle Energie (EUR 48 million).

10.b Services – *EUR 265 million*

Millions of euro

	2015	2014	Change
Maintenance and repairs	38	48	(10)
Services connected with electricity systems	115	110	5
Building costs	10	12	(2)
Insurance costs	6	6	-
Leases and rentals	5	5	-
Other	91	93	(2)
Total	**265**	**274**	**(9)**

10.c Personnel – *EUR 137 million*

Millions of euro

	2015	2014	Change
Wages and salaries	100	120	(20)
Social security contributions	23	27	(4)
Employee leaving incentives	6	(4)	10
Other costs	8	(11)	19
Total	**137**	**132**	**5**

Personnel costs totaled EUR 137 million in 2015, the increase in personnel cost is due to: the Romanian distribution companies releases in 2014 of the redundancy for restructuring cost estimated in 2013 and not used, increase of other costs, partially ofset by less costs for wage, salaries and related social contributions due the reduction of employee.

10.d Depreciation, amortization and impairment losses – *EUR 1.120 million*

Millions of euro

	2015	2014	Change
Depreciation	169	230	(61)
Amortization	16	17	(1)
Impairment losses	935	297	638
Total	**1.120**	**544**	**576**

Depreciation fell by EUR 61 million to EUR 169 million mostly due the negative exchange experienced by Enel Russia.

Impairment losses amounted to EUR 935 million at the end of 2015 and the difference is due to the impairment on the assets of Enel Russia. The Company used the following key assumptions for determining the recoverable amount (value in use) of the long lived assets: i) forecast cash flows for the period 2016-2020 based on the business plan, the cash flow forecasts were discounted to their present value at the nominal pre-tax weighted average cost of capital of 13.3%; ii) the announced in October 2015 gas price growth for 2016 at 2% (vs previously growth at 7.5%; iii) growth rate of the net cash flows amounted to 4% in the post-forecasted period.

11.e Other operating expenses – *EUR 146 million*

Millions of euro

	2015	2014	Change
Provision for risks and charges	5	(10)	15
Taxes and duties	35	43	(8)
Charges for green certificates	50	61	(11)
Other expensens	56	22	34
Total	**146**	**116**	**30**

Other operating expenses increase by EUR 30 million to EUR 146 million mainly due to a increase in **provision for risks and charges** (EUR 15 million) essentially as a result of the provision for litigation released in 2014 by Enel Investment Holding and Romanian companies and other expenses (EUR 34 milion) mostly related on energy commodity charges. These effect are partially ofset by a decrease of charges for green certificates related to Romanian companies (EUR 11 milion).

10.f Capitalized costs – *EUR (34) million*

The increase of EUR 4 million is mainly connected to higher capital expenditure for improving the electricity distribution network carried out by Romanian companies in 2015. Capitalized costs (EUR 34 million) consisted of EUR 10 million in personnel costs and EUR 24 million in materials costs.

11. Financial income/(expense) - *EUR (76) million*

Millions of euro

	2015	2014	Change
Interest and other income on financial assets (current and non-current):			
- interest income at effective rate on non-current securities and receivables	14	53	(39)
- interest income at effective rate on short-term financial investments	8	21	(13)
Total interest and other income from financial assets	**22**	**74**	**(52)**
Foreign exchange gains	31	58	(27)
Income from derivatives instruments	138	217	(79)
Other interest and income	25	16	9
Total income	**216**	**365**	**(149)**

Millions of euro

	2015	2014	Change
Interest expense and other charges on financial debt (current and non-current):			
- interest expense on bank loans	14	11	3
- interest expense on bonds	23	19	4
- interest expense on other loans	12	31	(19)
Total interest expense and other charges on financial debt	**49**	**61**	**(12)**
Foreign exchange losses	95	246	(151)
Expense from derivatives instruments	128	39	89
Other interest and financial charges	20	9	11
Total charges	**292**	**355**	**(63)**

Net Financial income drop by EUR 86 milions totaled EUR -76 million (EUR 10 million in 2014) mainly due:

- a decrease of net interest gains from investment (EUR 32 milion);
- a net decrease of derivative results (EUR 168 milion);
- these effect are partially ofset by an increase of the net results of foreign exchange rates (EUR 124 milion).

12. Share of income/(expense) from equity investments accounted for using the equity method - *EUR 20 million*

Millions of euro

	2015	2014	Change
Income from associates and joint ventures	43	54	(11)
Expense from associates and joint ventures	(23)	-	(23)
Total	**20**	**54**	**(34)**

The balance at 31 December 2015 mainly sets out the positive contribution of joint ventures performances to the Group net results thanks to Res Holdings (EUR 37 million), Enel Insurance N.V. (EUR 6 million) partially ofset by the impairment of Res Holdings (EUR 23 milion).

13. Income taxes – *EUR (145) million*

Millions of euro

	2015	2014	Change
Current taxes	29	53	(24)
Deferred tax liabilities	(157)	5	(162)
Deferred tax assets	(18)	(7)	(11)
Total	**(145)**	**51**	**(196)**

The current taxation drops to EUR - 145 million (EUR 51 million in 2014). The variation is primarily due to deferred tax recorded in connection with the impairment of fixed assets of Enel Russia.

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

Millions of euro

	2015		2014	
Income before taxes	(738)		269	
Theoretical tax	(188)	25,5%	69	25,5%
Permanent differences and minor items	(43)	6%	(18)	-6,5%
Total	**(145)**	**31,4%**	**51**	**19,0%**

Information on the consolidated financial position

Assets

Non-current assets

14. Property, plant and equipment - *EUR 2.021 million*

Millions of euro	Land	Building	Plants and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Cost	20	888	3.212	8	62	394	**4.584**
Accumulated depreciation	-	(318)	(1.267)	(3)	(35)	(38)	**(1.661)**
Balance at 31 Dec. 2014	**20**	**570**	**1.945**	**5**	**27**	**356**	**2.923**
Capital expenditure	-	6	70	2	4	137	**219**
Depreciation	-	(18)	(144)	(1)	(6)	-	**(169)**
Assets entering service	-	11	251	-	1	(263)	**-**
Impairment	-	(305)	(525)	-	(2)	(68)	**(900)**
Exchange rate differences	-	2	(41)	-	-	2	**(37)**
Disposal and other changes	-	(4)	-	(1)	(3)	(7)	**(15)**
Total changes	**-**	**(308)**	**(389)**	**-**	**(6)**	**(199)**	**(902)**
Cost	20	903	3.492	9	64	263	**4.751**
Accumulated depreciation	-	(641)	(1.936)	(4)	(43)	(106)	**(2.730)**
Balance al 31 Dec. 2015	**20**	**262**	**1.556**	**5**	**21**	**157**	**2.021**

Capital expenditure in 2015 totaling EUR 219 million (EUR 266 million as of 31 December 2014) and refer to:

- EUR 109 million refers to Romanian distribution companies attributable to investments in distribution network;
- EUR 110 million are connected to Enel Russia expenses for the ongoing investments for the CCGT units at Reftinskaya GRES and Nevinnomysskaya GRES along with the capital expenditure of a new dry ash removal system in Reftinskaya GRES.

The **exchange rate differences** are referred exclusively to the devaluation of Russian ruble.

The **impairment** is referred to Russian's asset.

15. Intangible assets - *EUR 898 million*

Changes in intangible assets in 2015 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	36	229	82	78	3	2.857	**3.285**
Accumulated amortization	(20)	(37)	(12)	(61)	-	-	**(130)**
Accumulated impairment losses	-	(20)	-	-	-	(1.050)	**(1.070)**
Balance at 31 Dec. 2014	**4**	**162**	**65**	**11**	**4**	**659**	**905**
Investiments	-	-	-	7	3	-	**10**
Reclassified to assets in use	-	-	-	-	-	-	**-**
Exchange rate differences	-	(1)	(1)	(1)	-	2	**(1)**
Amortization	(4)	(5)	(2)	(5)	-	-	**(16)**
Impairment	-	-	-	-	-		**-**
Other changes	1	-	1	1	(3)	-	**-**
Reclassified to assets HFS	-	-	-	-	-	-	**-**
Total changes	**(3)**	**(6)**	**(2)**	**2**	**-**	**2**	**(7)**
Cost	28	224	79	77	4	1.709	**2.121**
Accumulated amortization	(24)	(42)	(14)	(66)	-	-	**(146)**
Accumulated impairment losses	-	(20)	-	-	-	(1.050)	**(1.070)**
Balance at 31 Dec. 2015	**1**	**156**	**63**	**13**	**4**	**661**	**898**

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 661 million, with an increase of EUR 2 million compared to the corresponding period of 2014. The following table sets out main changes of goodwill over 2014:

Millions of euro

	31 Dec. 2014	Translation differences	Impairment	Other changes	**31 Dec. 2015**
Enel Distributie Muntenia	546	1	-	-	547
Enel Energie Muntenia	113	1	-	-	114
Total	**659**	**2**	**-**	**-**	**661**

The movements of the period are due to exchange rate.

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. It is worth to remind that, the Group prepares and approves the business plan which covers a five-year period rather than a ten-year period as in the past practice. For impairment test purposes, an explicit period of five years was used, in line with those forecasts. 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 (2)	Explicit period of cash flows	Terminal Value (3)	Amount	Growth rate (1)	Discount rate WACC pre-tax	Explicit period of cash flows	Terminal Value (3)
	31 Dec. 2015					31 Dec. 2014				
Enel Romania (4)	**661**	2,30%	7,7%	5 years	Perpetuity	659	2,07%	7,9%	5 years	Perpetuity

(1) Perpetual growth rate of cash flows after explicit period.
(2) The pre-tax WACC calculated using the iterative method: the discount rate that allows the use value calculated with the flow pre-tax is equivalent to that calculated using post-tax cash flows discounted at the WACC post tax.
(3) The value of the terminal value was estimated by a perpetuity or an expected annuity with a rising yield for the years indicated in the column.
(4) Includes all companies operating in Romania.

The results of the sensitivity analyses performed for the CGU not subject to impairment loss confirmed that no risk of impairment exists for any change in the key drivers (WACC and growth rate) within a reasonable range of occurrence.

16. Equity investments accounted for using the equity method - *EUR 143 million*

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

Millions of euro

	31 Dec. 2014	%	Dividends	Income effect	Impairment	Other changes	Change in scope of consolidation	**31 Dec. 2015**	%
Enel Insurance NV	98	50,0	-	6	-	-	-	**104**	50,0
Res Holdings [(1)]	62	49,5	(36)	37	(23)	(1)	-	**39**	49,5
Total	**98**		**(36)**	**43**	**(23)**	**(1)**	**-**	**143**	

[(1)]Including its subsidiaries and associates companies

The decrease of EUR 17 million in equity investments accounted for using the equity method was related to Res Holdings impairment partially ofset by the income effect of Enel Insurance.

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. 2015				31 Dec. 2014			
Enel Insurance	585	391	131	13	510	328	131	16
Res Holdings [(1)]	148	136	2.101	72	115	104	2.686	115

[(1)]Including its subsidiaries and associates companies

17. Equity investments available for sale - *EUR 176 million*

As regards **Equity investments available for sale**, 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.

Millions of euro

	31 Dec 2015	%	31 Dec. 2014	%	Change
Bayan Resources T.b.K.	174	10,0%	147	10,0%	27
Echelon	2	7,9%	4	7,9%	(2)
Total	**176**		**151**		**25**

Bayan Resources T.b.K – EUR 174 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 2015 the fair value of PT Bayan Resources T.b.k. dropped to EUR 138 million with an increase of EUR 27 million over the corresponding period of the last year mainly due to the increase in the share price and better exchange rate difference.

Echelon – EUR 2 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 2015 the fair value of Echelon amounted to EUR 2 milion with a decrease of EUR 2 million over the corresponding period of the last year mainly due to the decrease in the share price.

The following table sets out equity investments available for sale 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 2015	Level 1	Level 2	Level 3
Equity investment in other copmany	176	176	-	-
Total	**176**	**176**	**-**	**-**

18. Non-current financial assets – *EUR 317 million*

Non-current financial assets can be specified as follows:

Millions of euro

	31 Dec. 2015	31 Dec. 2014	Change
Medium Long Term Financial receivables	1	1	-
Medium Long Term Financial receivables for Leasing Agreements	-	-	-
Loans due from shareholder	297	296	1
Derivative contracts	19	43	(24)
Total	**317**	**340**	**(23)**

Non-current financial assets decreased by EUR 23 milion mainly due to negative variation in fair value of derivative instruments generated by ruble devaluation.

At 31 December 2015 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.

Milions of euro	Notion amount		Fair value		
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	2015-2014
Cash flow hedge derivatives					
- exchange rates	54	152	19	43	(24)
Total	**54**	**152**	**19**	**43**	**(24)**

At 31 December 2015 the notional amount of the exchange rate cash flow hedge derivative contracts classified as non-current financial assets totaled EUR 54 million (with the corresponding fair value of EUR 19 million) and it is exclusively related to Enel Russia.

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

Milions of euro

	31.12.2015	Level 1	Level 2	Level 3
Cash flow hedge derivatives				
- exchange rates	19	-	19	-
Total	**19**	**-**	**19**	**-**

19. Other non-current financial assets - *EUR 1 million*

Other non currents assets refer exclusively to other sundry receivables.

Current assets

20. Inventories – *EUR 83 million*

Millions of euro

	31 Dec. 2015	31 Dec. 2014	Change
Raw materials, consumables and supplies			
- fuel	31	36	(5)
- materials, equipment and other inventories	37	30	7
Total	**68**	**66**	**2**
Advances	5	-	5
Final products, goods for resale	9	6	3
Total	**83**	**72**	**11**

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.

21. Trade receivables - *EUR 303 million*

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled EUR 107 million at the end of 2015, as detailed in the table below:

Millions of euro

Total at 31 December 2014	**90**
Accruals	38
Utilization	(9)
Exchange rate effect	(5)
Transferred to profit and loss	(7)
Total at 31 December 2015	**107**

Trade receivables at 31 December 2015 break down by maturity as follows:

	as of 31 dec. 2015
Not past due	**242**
Past due but not written off:	**61**
- less than 3 months	46
- from 3 to 6 months	7
- from 6 to 12 months	5
- from 12 to 24 months	2
- more than 24 months	1
Total	**303**

22. Current financial assets - *EUR 325 million*

Millions of euro

	31 Dec. 2015	31 Dec. 2014	Change
Intercompany Current Account	87	88	(1)
Derivative contracts	65	90	(25)
Short-term portion of long-term financial receivbles	-	265	(265)
Other financial assets	173	104	69
Total	**325**	**547**	**(222)**

Current financial assets were equal to EUR 325 million at the end of 2015. It primarily refers to the intercompany current account held with Enel SpA (EUR 87 milion) and the receivables of Marcinelle Energie and Enel France from other company of the Enel Group (EUR 167 milion).

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

At 31 December 2015 the notional amount of cash flow hedge derivative contracts classified as current financial assets totaled EUR 268 million (with the corresponding fair value of EUR 55 million) and are related to Enel Russia as regard exchange rates derivatives and Marcinelle Energie for commodity derivatives.

Milions of euro	Notion amount		Fair value		
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	2015-2014
Cash flow hedge derivatives:					
- exchange rates	181	180	29	10	19
- commodity	87	-	26	-	27
Total	**268**	**180**	**55**	**10**	**46**

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

Milions of euro	**31.12.2015**	Level 1	Level 2	Level 3
Cash flow hedge derivatives:				
- exchange rates	29	-	29	-
- commodity	26	26	-	-
Total	**55**	**26**	**29**	**-**

At 31 December 2015 the notional amount of the exchange rate trading derivative contracts classified as current financial assets raise to EUR 226 million (with the corresponding fair value of EUR 10 million).

Milions of euro	Notion amount		Fair value		
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	2015-2014
Trading derivatives:					
- exchange rates	226	225	10	80	(70)
Total	**226**	**225**	**10**	**80**	**(70)**

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

Milions of euro

	31.12.2015	Level 1	Level 2	Level 3
Trading derivatives:				
- exchange rates	10	-	10	-
Total	**10**	-	**10**	-

23. Other current assets – *EUR 75 million*

Millions of euro

	31 Dec. 2015	31 Dec. 2014	Change
VAT receivables	19	3	16
Advanced paid to suppliers	8	7	1
Operational prepayments and accrued income	7	4	3
Sundry receivables	6	4	2
Other	35	9	26
Total	**75**	**27**	**48**

The item detailed in the table above is equal to EUR 75 million at the end of 2015 marking an increase of EUR 48 million over 31 December 2014. The raise is mainly due to the increase in other receivables (EUR 24 million) of Enel Russia.

24. Cash and cash equivalents – *EUR 2.471 million*

The increase on 2015 year ended amounting to EUR 231 million is mainly related to the increase of cash in the Company (EUR 104 million), and an increase in cash of Romanian distribution companies (EUR 102 milion).

Cash and cash equivalents are not restricted by any encumbrances.

Liabilities and shareholder's equity

25. Equity attributable to the shareholder of the Company – *EUR 3.475 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.

Other reserves – *EUR 1.349 million*

a. Share premium reserve – *EUR 2.410 million*

This reserve has not changed throughout 2015.

b. Fair value reserve and sundry reserves – *EUR 151 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 13 million) as well as the measurement at fair value of available-for-sale investments in Bayan Resources T.b.K and Echelon Corporation (EUR 136 million). This reserve is not freely distributable.

c. 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. There was no movement during the year.

d. Reserve for employee benefits – *EUR (21) million*

This reserve includes changes in the fair value of any right to reimbursement of all expenditure required to settle a defined benefit obligation related to employee's defined benefit plans.

e. Reserve from translation of financial statements in currencies other than euro – *EUR (1.169) million*

The decrease in this aggregate for the year totaling EUR 13 million is attributable to the net appreciation of the functional currency against the Russian ruble.

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. 2014				**31 Dec. 2015**
Gains/(Losses) on change in the fair value of the effective portion of CFH derivatives on interest and exchange rates (IAS 39)	18	(22)	-	3	(1)
OCI of companies accounted for using equity method	(20)	-	-	-	(20)
Reserve for fair value of financial investments available for sale	109	25	-	-	134
Exchage rate differences	(1.753)	(65)	-	-	(1.818)
Re-measurement gains/(losses) on defined benefit plans	(47)	-	-	-	(47)
Total gains/(losses) recognized in equity	**(1.693)**	**(62)**	**-**	**3**	**(1.752)**

Non-current liabilities

26. Long-term loans (including the portion falling due within 12 months) - *EUR 736 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 2015 compared to 31 December 2014, 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. 2015		31 Dec. 2014			2017	2018	2019	2020	Beyond
Bonds:											
- listed, fixed rate	2023, 2018	422	424	298	-	422	-	124	-	-	298
- listed, floating rate		-	-	-							
Bank loans:											
- fixed rate	2022	122	127	132	18	104	26	19	17	15	27
- floating rate	2021	-	-	-	-	-	-	-	-	-	-
- use of revolving credit lines		-	-	66	-	-	-	-	-	-	-
- fixed rate EU bodies	2026	123	123	121	11	112	15	13	13	12	58
- floating rate EU bodies	2021	69	69	77	13	56	16	13	12	10	5
Non-bank loans:											
- with related parties				199							
- floating rate				-							
Total		**736**	**743**	**893**	**42**	**694**	**57**	**169**	**42**	**37**	**388**

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. 2015		31 Dec. 2014	31 Dec. 2015	
Euro	612	619	644	4,7%	4,0%
Russian Ruble	124	124	50	12,1%	12,1%
Total	**736**	**743**	**694**		

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. 2014					**31 Dec. 2015**
Bonds	300	-	124	-	-	424
Bank loans	424	(105)	-	-	-	319
Non- banks loans with related parties	199	(199)	-	-	-	-
Total financial debt	**923**	**(304)**	**124**	**-**	**-**	**743**

The nominal value of debt at 31 December 2015 decreased by EUR 180 million to EUR 743, which is the net effect of EUR 304 million in repayments, EUR 124 million in new financing.

The nominal value of non-bank loans with related parties fall to zero at 31 December 2015 due to the reimbursement of the loan provided by Enel Finance International NV to Marcinelle Energie.

The following table compares the carrying amount with the fair value of long-term debt, including the portion falling due within twelve months. 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. 2015		31 Dec. 2014	
Bonds:				
- fixed rate	422	510	298	388
- floating rate	-	-	-	-
Total	**422**	**510**	**298**	**388**
Bank loans:				
- fixed rate	245	237	253	288
- floating rate	69	76	77	80
- use of revolving credit lines	-	-	66	55
Total	**314**	**313**	**396**	**423**
TOTAL	**736**	**823**	**694**	**811**

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

Millions of euro	Carrying amount		
	31 Dec. 2015	31 Dec. 2014	Change
Bonds:			
- fixed rate	-	-	-
- floating rate	-	-	-
Total	**-**	**-**	-
Bank loans:			
- fixed rate	30	22	8
- floating rate	12	13	(1)
- use of revolving credit lines	-	66	(66)
Total	**42**	**101**	**(59)**
TOTAL	**42**	**101**	**(59)**

Millions of euro	Carrying amount		
	31 Dec. 2015	31 Dec. 2014	Change
Bonds:			
- fixed rate	422	298	124
- floating rate	-	-	-
Total	**422**	**298**	**124**
Bank loans:			
- fixed rate	215	231	(16)
- floating rate	57	64	(7)
- use of revolving credit lines	-	-	-
Total	**272**	**295**	**(23)**
TOTAL	**694**	**593**	**101**

Bonds – *EUR 422 million*

The aggregate amounting to EUR 422 million at 31 December 2015 refers exclusively bonds issued by Enel Investment Holding B.V. under GMTN Programme (EUR 298 milion) and the three year's commercial paper issued by Enel Russia (EUR 124 milion).

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	Maturing	Carrying amount	Nominal value	Carrying amount	Nominal value
		31 Dec. 2015		31 Dec. 2014	
Bonds:					
- listed, fixed rate 5,25%	2023	298	300	298	300

Bank loans – *EUR 314 million*

Bank loans relate exclusively to Enel Russia detailed as follows:

- a fixed-rate bank loan maturing in 2023 (EUR 245 million);
- a long-term loan granted by European Investment Bank for financing Enel Russia's capex program (EUR 69 milion).

27. Post-employment and other employee benefits – *EUR 54 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 2015 and 31 December 2014.

Milions of euro	Benefits due upon termination of employment and other long-term benefits	
	2015	**2014**
Changes in actuarial liabilities:		
Actuarial liabilities at the beginning of the year	**47**	**109**
Service cost	3	6
Interest cost	4	7
benefits paid	(6)	(24)
Other changes	2	6
Actuarial (gains)/losses	-	(14)
Foreign exchange (gains)/losses	(4)	(17)
Actuarial changes arising from changes in demographic assumption	-	2
Actuarial changes arising from changes in financial assumption	8	(15)
Experience adjustments	-	(13)
Carrying amount of liability at the end of the year	**54**	**47**

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

Milions of euro	**2015**	**2014**
Service cost	(5)	11
Interest cost	(4)	6
Amortization of actuarial (gains)/losses	-	-
Other changes	-	-
Total	**(9)**	**17**

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

	Romania	Russia	Romania	Russia
	2015		**2014**	
Discount rate	3,80%	9,72%	5,30%	7,90%
Long term salary	2,80%	5,50%	3,30%	6,00%
Long term inflation rate	2,50%	5,50%	2,50%	6,00%
Long term return on assets	N/A	N/A	N/A	N/A

28. Provision for risks and charges (including the portion falling within 12 months) - *EUR 119 million*

Millions of euro		Accruals	Released to income statement	Utilization and other changes		
	31 Dec. 2014				**31 Dec. 2015**	
Provisions for risks and charges:						of which short term
- production order charges	9	7	(6)	(2)	**8**	2
- provision for early-retirement incentives	5	4	-	(2)	**7**	6
- taxes and duties	-	-	-	-	**-**	-
- other	99	13	(4)	(4)	**104**	22
Total	**113**	**24**	**(10)**	**(8)**	**119**	30

Provision for **production order charges** are settled to deal future charged that will be incurred as result of legal contractual or constructive obligation after the contract is complete.

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 6 million as of 31 December 2015, refers mainly to Enel Russia (EUR 5 million).

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

29. Deferred tax assets and liabilities – *EUR 54 million and EUR 173 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	31 Dec. 2014	Increase/(Decrease) taken to income statements	Exchange rate differences	Other changes	31 Dec. 2015
Deferred tax assets:					
- Accruals to provisions fo risks and charges and impariment losses with deferred	16	1	(1)	(3)	13
- other items	22	16	(5)	8	41
Total	**38**	**17**	**(6)**	**5**	**54**
Deferred tax liabilities:					-
- difference on non current assets	198	(146)	8	7	67
- financial derivatives instruments	27	(14)	(1)	(1)	11
- other items	99	2	(2)	(4)	95
Total	**324**	**(158)**	**5**	**2**	**173**

As of 31 December 2015, deferred tax assets totaled EUR 54 million and deferred tax liabilities came to EUR 173 million.

The variance in comparison with 2014 essentially reflects the depreciation of Enel Russia's assets.

No deferred tax assets were recorded in relation to prior tax losses in the amount of EUR 298 million, of which EUR 227 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 2014, the unrecorded cumulative tax asset related to prior tax losses was EUR 283 million.

30. Non-current financial liabilities - *Null million*

There aren't derivative contracts classified under non-current financial liabilities for 2015.

31. Other non-current liabilities - *EUR 126 million*

Millions of euro	31 Dec. 2015	31 Dec. 2014	Change
Non-current operative deferred revenues	126	124	2
Total	**126**	**124**	**2**

At December 2015 this item essentially consisted of deferred revenues for electricity connections received for specific assets attributable to Romanian distribution companies.

Current liabilities

32. Trade payables - *EUR 426 million*

This item came to EUR 426 million, an increase of EUR 53 million compared with 31 December 2014. It includes payables for the supply of electricity, fuel, materials and equipment for tenders and sundry services.

33. Current financial liabilities - *EUR 37 million*

Millions of euro

	31 Dec. 2015	31 Dec. 2014	Change
Deferred financial liabilities	6	5	1
Derivative contracts	28	-	28
Other items	3	1	2
Total	**37**	**7**	**30**

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

Milions of euro	Notion amount		Fair value		
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	2015-2014
Derivati di trading:					
- exchange rates	134	203	2	-	2
- commodity	40	-	26	-	26
Total	**174**	**203**	**28**	**-**	**28**

At 31 December 2015, the notional amount of the exchange rate trading derivative contracts classified as current financial liabilities amount to EUR 174 million (with the corresponding fair value of EUR 28 million) and it is exclusively related to Romanian companies for exchange rates and to Marcinelle Energie for commodity.

34. Other current liabilities - *EUR 940 million*

Million of euro

	31 Dec. 2015	31 Dec. 2014	Change
Payables to related parties	7	10	(3)
Payables to third parties:			
- Payables for put option granted to minority shareholders	778	778	-
- Deferred revenues	5	5	-
- Other tax payables	40	40	-
- Other sundry payables	110	107	3
Total	**940**	**940**	**-**

At 31 December 2015 other current liabilities is EUR 940 million with no significative changes.

35. 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 2015	31 dec 2015	2015	
Shareholder				
Enel Spa	94	26	16	3
Associated Company				
Rusenergosbyt LLC	2	-	-	21
Other affiliated companies				
Enel Distribuzione	-	17	3	-
Enel Ingegneria e Innovazione	-	26	25	13
Enel Produzione	-	4	1	-
Enel Italia	2	12	5	3
Enel Trade Romania	-	1	19	-
Enel Global Trading	81	116	226	94
Enel Finance International	1.690	1	1	20
Enel Green Power Romania	-	6	43	1
Enel Green Power Espana	1	-		
Enel Energia	-	1		
Total	**1.870**	**210**	**339**	**155**

	Balance sheet		Income statement	
	Receivables	Payables	Cost	Income
	31 dec 2014	31 dec 2014	2014	
Shareholder				
Enel Spa	92	19	15	3
Associated Company				
Res Holdings	-	-	-	11
Other affiliated companies				
Enel Produzione	-	4	2	-
Enel Trade	304	2	11	144
Enel Trade Romania	1	3	20	-
Enel Finance International	1.511	199	1	25
Enel Green Power France	-	-	-	3
Enel Distribuzione	-	17	2	1
Enel Energia	-	1	-	-
Enel Green Power Romania	1	14	28	-
Marcinelle Energie	1	19	1	1
Enel Italia	2	11	5	1
Enel Ingegneria e Innovazione	-	19	10	2
Enel Romania	-	3	-	-
Elcomex EOL	-	-	8	-
Blu Line Valea Nucarilor			5	-
Total	**1.912**	**311**	**107**	**190**

Compensation of Directors

The emoluments of the Company's Directors charged in 2015, as per Section 2:383 (1) of the Dutch Civil Code, amounted to EUR 76 thousand (EUR 76 thousand in 2014) and are summarized in the following table:

(all amounts in thousands of Euro)	**31 Dec. 2015**	31 Dec. 2014
Mr. A. Canta	**-**	-
Mr. C. Palasciano Villamagna	-	-
Mr. G. Pescini	-	-
Mr. A.J.M. Nieuwenhuizen	**19**	19
Mr. H. Marseille	**19**	19
Mr. F. Mauritz	**19**	19
Mr. E. Di Giacomo	**19**	19
	76	76

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 fulfil 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.

36. Contractual commitments and guarantees

The contractual commitments and guarantees as of 31 December 2015 can be specified as follows:

In relation to the development of a project by the subsidiary Enel Russia 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 Russia requested Nooter Eriksen to postpone the ex works delivery date and maintain the property of the heat recovery steam generator (HRSG) until December 31^{st} , 2015. Nooter Eriksen has replied to the proposal by indicating to Enel Russia 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 4^{th}, 2013 executed the Addendum n. 4 to the Supply Agreement whereby they agreed that the Company and Enel Russia 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 12 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 4^{th}, 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.

37.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.

On next 31 March 2016 is expected the final award by the International Chamber of Commerce.

38.Subsequent events

There aren’t significant post balance sheets events to be reported.

Enel Investment Holding B.V.

Separate financial statements for the year ended 31 December 2015

Enel Investment Holding B.V. non-consolidated income statement for the year ended 31 December 2015

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

Millions of euro	*Notes*		
		2015	2014
Revenues			
Revenues from sales and services	*46.a*	2	2
Other income		-	81
	(Subtotal)	**2**	**83**
Costs			
Services	*47.a*	8	4
Personnel	*47.b*	1	1
Depreciation, amortization and impairment losses	*47.c*	519	756
Other operating expenses		-	(7)
	(Subtotal)	**528**	**754**
Operating Income		**(526)**	**(671)**
Income/(loss) from equity investments	*48*	119	81
Financial Income	*49*	26	27
Financial expense	*49*	(21)	(20)
	(Subtotal)	124	88
Income/(Loss) before taxes		**(402)**	**(583)**
Income Taxes		**(1)**	(1)
NET INCOME FOR THE PERIOD (attributable to the shareholder)		**(403)**	**(584)**

Enel Investment Holding B.V. non-consolidated statement of comprehensive income for the year ended 31 December 2015

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

Millions of euro

	2015	2014
Net income / (loss) for the period	**(403)**	**(584)**
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	25	(22)
Income/(Loss) recognized directly in equity	**25**	**(22)**
Comprehensive income for the period	**(378)**	**(606)**
Attributable to:		
- Equity shareholder of the Company	**(378)**	**(606)**

Enel Investment Holding B.V. non-consolidated statement of financial position as at 31 December 2015

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

Millions of euro	*Notes*		
ASSETS		**31 Dec. 2015**	31 Dec. 2014
Non-current assets			
Equity investments in subsidiaries and associated companies	*50*	2.491	3.010
Equity investments available for sale	*51*	176	151
Other non-current financial assets	*52*	297	296
	(Total)	**2.964**	**3.457**
Current assets			
Current financial assets	*53*	91	104
Other current assets	*54*	32	5
Cash and cash equivalents	*55*	1.214	1.110
	(Total)	**1.337**	**1.219**
TOTAL ASSETS		**4.301**	**4.676**

Enel Investment Holding B.V. non-consolidated statement of financial position as at 31 December 2015

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

Millions of euro	Notes		
LIABILITIES AND SHAREHOLDER'S EQUITY		**31 Dec. 2015**	31 Dec. 2014
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		136	111
Retained earnings (losses carried forward)		(599)	(15)
Net income for the period		(403)	(584)
TOTAL SHAREHOLDER'S EQUITY		**3.137**	**3.515**
Non-current liabilities			
Long-term loans	*57*	298	298
Provisions for risks and charges	*58*	79	79
	(Total)	**377**	**377**
Current liabilities			
Current financial liabilities	*59*	5	5
Other current liabilities	*60*	782	779
	(Total)	**787**	**784**
TOTAL LIABILITIES		**1.164**	**1.161**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**4.301**	**4.676**

Enel Investment Holding B.V. non-consolidated statement of changes in shareholder's equity for the year ended as at 31 December 2015

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 2014	**1.593**	**2.410**	**133**	**(28)**	**13**	**4.121**
Profit appropriation	-	-	-	13	(13)	-
Share Premium contribution	-	-	-	-	-	-
Comprehensive income for the period of which:						
- Net income/(loss) for the period recognized in equity	-	-	(22)	-	-	(22)
- Net income/(loss) for the period	-	-	-	-	(584)	(584)
at 31 December 2014	**1.593**	**2.410**	**111**	**(15)**	**(584)**	**3.515**
Profit appropriation	-	-	-	(584)	584	-
Share Premium contribution	-	-	-	-	-	-
Comprehensive income for the period of which:						
- Net income/(loss) for the period recognized in equity	-	-	25	-	-	25
- Net income/(loss) for the period	-	-	-		(403)	(403)
at 31 December 2015	**1.593**	**2.410**	**136**	**(599)**	**(403)**	**3.137**

[1] This reserve is not freely distributable

Enel Investment Holding B.V. non-consolidated cash flows statement for the year ended 31 December 2015

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

Millions of euro

	2015	2014
Income for the period	**(403)**	**(584)**
Adjustments for:		
Financial (income)/expense	(124)	(88)
(Gains)/Losses and other non-monetary items	520	675
Increase/(Decrease) in financial and non-financial assets/liablilities	-	-
Increase/(Decrease) in trade payables	2	-
(Increase)/Decrease in trade receivables	(27)	-
Dividends received	119	81
Interest income and other financial income collected	22	24
Interest expense and other financial expense paid	(17)	(15)
Movement in provisions	-	(7)
Cash flows from operating activities (a)	**92**	**86**
Equity investments net of cash and cash equivalents acquired	-	-
Disposals of equities less cash and cash equivalents sold	-	81
Capital repayments/(contributions)	-	-
(Increase)/decrease in other investing activities	-	-
Cash flows from investing/divesting activities (b)	**-**	**81**
Financial debt (new borrowings/(deposits))	-	-
Financial debt (repayments)	11	1.010
Cash flows from financing activities (c)	**11**	**1.010**
Increase/(Decrease) in cash and cash equivalents (a+b+c)	**103**	**1.177**
Cash and cash equivalents at beginning of the period	1.198	21
Cash and cash equivalents at the end of the period	1.301	1.198

Notes to the Enel Investment Holding B.V. non-consolidated financial statements as of 31 December 2015

39. 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 20 January 2016 Enel S.p.A., the Parent Company, issued a letter of support as of 31 December 2015 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 March 2015.

Basis of preparation

These non-consolidated financial statements consist of the non-consolidated income statement, the non-consolidated statement of other comprehensive income, the non-consolidated 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;

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.

40. Summary of significant accounting policies

Please see page 29 to 56 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 2015 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 30 to 56 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.

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 the excess liquidity deriving from the sale of Artic Russia Bv was managed entering into short term deposits with Enel Finance International NV for a total amount of EUR 1.214 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 2015 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 2015 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. 2015	31 Dec. 2014
Total Equity	3.137	3.515
Fair value reserve - Available for sale	136	111
Adjusted Equity	3.001	3.404
Net income	(403)	(584)
Return of capital (*)	**- 13%**	**- 17%**

*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 2 million*

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

Costs

47.a Services – *EUR 8 million*

In service costs raised to 8 milion in relation to development projects started in 2015.

Millions of euro

	2015	2014	Change
Cost for services	4	4	-
Cost for development project of wich:			
- Third parties	1	-	1
- Intercompany	3	-	3
Total	**8**	**4**	**4**

47.b Personnel – *EUR 1 million*

As of 31 December 2015 the Company had seven 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 519 million*

Millions of euro

	2015	2014	Change
Depreciation	-	-	-
Amortization	-	-	-
Impairment losses	519	756	(237)
Total	**519**	**756**	**(237)**

Impairment losses in 2015 amount of EUR 519 million and are referred to the impairment losses in the equity investments in Enel Russia for 466 million of euro Res Holdings for 45 million of euro, and Enelco for EUR 8 million.

48. Income/(loss) from equity investments – *EUR 119 million*

This item refers to dividends resolved by the subsidiaries of the Company as detailed below:

Millions of euro

	2015	2014	Change
Res Holdings BV	36	57	(21)
Marcinelle	35	-	35
Enel Russia	26	24	2
Enel Distributie Banat	10	-	10
Enel Energie	7	-	7
Enel Distributie Drobogea	5	-	5
Total	**119**	**81**	**38**

49. Financial income/(expense) – *EUR 5 million*

Millions of euro

	2015	2014	Change
Interest and other income from non-current financial assets:			
- Assumption of GMTN bond - Enel Finance International NV	16	16	-
Interest and other income from current financial assets:			
- Enel Finance International NV	3	7	(4)
- other financial receivables	2	4	(2)
Foreign exchange gains			
- on other	5	-	5
Total financial income	**26**	**27**	**(1)**
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	1	-
Foreign exchange losses:			
- on other	4	1	3
Expense on financial derivative instruments:			
- from trading derivatives - Enel S.p.A.	-	1	(1)
Other charges	-	1	(1)
Total financial charges	**21**	**20**	**1**
Total	**5**	**7**	**(2)**

Financial income (expenses) amount to EUR 5 million with a net decrease of EUR 2 milion in 2015 mainly due to the decrease of the interest on deposit on Enel Finance International NV (EUR 4 milion) partially compensated by a net gain from foreign exchange rates.

Information on the non-consolidated financial position

Assets

Non-current assets

50. Equity investments – *EUR 2.491 million*

The following table shows the changes occurred in 2015 for each equity investment held by the Company in subsidiaries and associate companies.

Millions of euro	Original cost	(Write downs)/ revaluations	Carrying amount	% Holding	Impairment	Release of impairment	Other changes	Acquisitions/disposals	Capital contributions/reimbursement	Reclassified from held for sale	Net change	Original cost	(Write downs)/ revaluations	Reclassified to held for sale	Carrying amount	% Holding
	31 Dec. 2014				Changes in 2015							31 Dec. 2015				
A) Subsidiaries																
Marcinelle Energie SA	157,6	(140,0)	**17,6**	100,0%	-	-	-	-	-	-	-	157,6	(140,0)	-	**17,6**	100,0%
Enelco S.A.	27,4	(17,8)	**9,6**	75,0%	(8,2)	-	-	-	-	-	(8,2)	27,4	(26,0)	-	**1,4**	75,0%
Enel France SAS	34,9	-	**34,9**	100,0%	-	-	-	-	-	-	-	34,9	-	-	**34,9**	100,0%
Enel Russia	2.497,4	(1822,7)	**674,7**	56,4%	(466,3)	-	-	-	-	-	(466,3)	2.497,4	(2.289,0)	-	**208,0**	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)	6,6	(6,4)	**0,2**	100,0%	-	-	-	-	-	-	-	6,6	(6,4)	-	**0,2**	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%
Braila Power	0,1	-	**0,1**	29,9%	-	-	-	-	-	-	-	0,1	-	-	**0,1**	29,9%
Total subsidiaries	**4.840,1**	**(1.991,9)**	**2.848,2**		**(474,5)**	**-**	**-**	**-**	**-**	**-**	**(474,5)**	**4.840,1**	**(2.466,4)**	**-**	**2.373,7**	
B) Associated companies																
Res Holdings B.V. (49,5%)	84,1	-	**84,1**	49,5%	(44,8)	-	-	-	-	-	(44,8)	84,1	(44,8)	-	**39,3**	49,5%
Enel Insurance NV (50%)	77,8	-	**77,8**	50,0%	-	-	-	-	-	-	-	77,8	-	-	**77,8**	50,0%
Total associated companies	**161,9**	**-**	**161,9**		**(44,8)**	**-**	**-**	**-**	**-**	**-**	**(44,8)**	**161,9**	**(44,8)**	**-**	**117,1**	
Total	**5.002,0**	**(1.991,9)**	**3.010,1**		**(519,3)**	**-**	**-**	**-**	**-**	**-**	**(519,3)**	**5.002,0**	**(2.511,2)**	**-**	**2.490,8**	

The following table lists equity investments in subsidiaries, associates and joint ventures as at 31 December 2015:

	Currency	Share capital Entity Currency	Shareholders'equity	2015 Net income/(loss)	% holding	Carrying amount
				Millions of euro		
A) Subsidiaries						
Enelco S.A.	EUR	60.109	15,8	0,8	75,0	1,4
Enel France SAS	EUR	34.937.000	89,9	(28,4)	100,0	34,9
Enel Russia	RUB	35.371.898.370	2.078,1	99,3	56,4	208,0
Enel Gas Rus LLC	RUB	350.000	3,2	-	100,0	4,1
Enel Productie Srl	RON	20.210.200	0,2	-	100,0	0,2
Marcinelle Energie SA	EUR	110.061.500	161,7	13,8	100,0	17,6
Enel Romania Srl	RON	200.000	1,1	1,4	99,9	0,1
Enel Distributie Muntenia S.A.	RON	271.635.250	977,4	54,3	64,4	1.399,7
Enel Energie Muntenia S.A.	RON	37.004.350	151,0	7,5	64,4	247,0
Enel Distributie Dobrogea S.A.	RON	280.285.560	303,7	34,4	51,0	160,0
Enel Distributie Banat S.A.	RON	382.158.580	425,9	49,5	51,0	220,0
Enel Energie S.A.	RON	140.000.000	94,9	27,6	51,0	80,0
B) Associated companies						
Res Holdings B.V.	EUR	18.000	0,2	81,9	49,5	39,3
Enel Insurance N.V.	EUR	60.000	166,2	12,5	50,0	77,8

50.a Investments in subsidiaries

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 Russia, another subsidiary of the Company.

On 16 April 2012 a share capital decrease from EUR 7,16 million to EUR 60.109 has been approved becoming 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.

Enel Russia (formerly Enel OGK-5)

Established in 2004 as part of the industry reform, Enel Russia 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 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 2014. 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 as at December 31 2015.

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 as at December 31 2015.

Marcinelle Energie

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.

50.b Associated companies

Res Holdings

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.

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

On December 2015 the Company Compostilla is reclassified as held for sale, in accordance to IFRS 5 requirements.

51. Equity investments available-for-sale – *EUR 176 million*

The following table lists equity investment classified as available for sale at 31 December 2015 and 31 December 2014.

Millions of euro

	31 Dec. 2015					31 Dec. 2014				
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	(18)	-	2	7,9	20	(16)	-	4	7,9
PT Bayan Resources	138	154	(118)	174	10	138	127	(118)	147	10
Total	**158**	**136**	**(118)**	**176**		**158**	**111**	**(118)**	**151**	

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.

52. Other non-current financial assets – *EUR 297 million*

Financial receivables relate to an internal agreement between the Company and Enel Finance International NV based on which the latter undertook to the Company to assume all the Company's payment obligation under the notes issued (at 5,25% fixed-rate bond instalment maturing 2023)

Current assets

53. Current financial assets – *EUR 91 million*

Millions of euro

	2015	2014	Change
Financial receivables due from Group companies:			
- accrued income on GMTN debt assumption	4	4	-
- intercompany current amount with Enel SpA	87	88	(1)
- other financial receivables	-	12	(12)
Total	**91**	**104**	**(13)**

The fall of **Current financial assets** mainly refers to the movement of the funds that the Company hold in Enel Finance International BV into a short-term deposits, which fall due within less than three months from the date of the financial statements; for this reason, the amount of these funds has been presented within cash and cash equivalents.

54. Other current assets – *EUR 32 million*

Other current assets mainly relates to receivables for dividend not yet distributed by Res Holdings (EUR 27 million) and 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 1.214 million*

This items is related to the Short Term deposit Agreement between the Company and Enel Finance International NV for EUR 1.214 million.

Liabilities and shareholder's equity

56. Shareholder's equity – *EUR 3.137 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 136 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. This reserve is not freely distributable.

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. 2015	31 Dec. 2014	31 Dec. 2013
Company net equity	**3.137**	**3.515**	**4.121**
Subsidiaries acquisition	238	238	238
Consolidation differences at consolidated level	533	133	(469)
Currency translation reserve and OCI reserves	(1212)	(1192)	(638)
Fair value and sundry reserve	17	20	1
Impact of IFRIC 18	-	-	18
Retained earnings of consolidated companies - 2009	184	184	184
Retained earnings of consolidated companies - 2010	209	209	209
Retained earnings of consolidated companies - 2011	24	24	24
Retained earnings of consolidated companies - 2012	129	129	129
Retained earnings of consolidated companies - 2013	337	337	337
Retained earnings of consolidated companies - 2014	192	192	
Net income from the period	(313)		
Group net equity	**3.475**	**3.789**	**4.154**
Non-controlling interests	**770**	**1.107**	**1.319**
Consolidated financial statements	**4.245**	**4.896**	**5.473**

Reconciliation of non-consolidated income statement to consolidated income statement

Millions of euro		
	2015	2014
Company net income/(loss)	**(403)**	**(584)**
Results of subsidiaries	439	185
Intragroup dividends	(120)	(81)
Equity investments accounted for by using the equity method	43	54
Impairment adjustments	(507)	501
Consolidation difference at consolidated level	(45)	117
Total Group	**(593)**	**192**
Total non-controlling interests	**(280)**	**26**
Consolidated financial statements	**(313)**	**218**

Non-current liabilities

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

Millions of euro	Maturing	Carrying amount	Nominal value	Carrying amount	Nominal value
		31 Dec. 2015		31 Dec. 2014	
Bonds:					
- listed, fixed rate 5,25%	2023	298	300	298	300

At 2015 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 79 million*

The decrease in the provision for litigation mainly reflects a punctual evaluation of existing disputes with partners concerning acquisitions made in previous years.

Current liabilities

59. Current financial liabilities – *EUR 5 million*

Millions of euro

	31 Dec. 2015	31 Dec. 2014	Change
Accrued expenses on GMTN bond	4	4	-
Accrued expenses from Shareholder	1	1	-
Total	**5**	**5**	**-**

60. Other current liabilities – *EUR 782 million*

Millions of euro

	31 Dec. 2015	31 Dec. 2014	Change
Payables owed to related parties:			
- Enel Ingengeria e Ricerca	3	-	3
Payables due to third parties:			
- 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	**782**	**779**	**3**

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 financial instrument as at 31 December 2014 is equal to zero (zero as of 31 December 2013) 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 2015 (EUR 778 million).

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 2015 and 31 December 2014 respectively.

Millions of euro	Receivables	Payables	Cost	Income	Dividends
	31 Dec. 2015		2015		
Shareholder:					
Enel S.p.A	87	1	1	-	-
Subsidiaries:					
Marcinelle	-	-	-	-	35
Enel Russia	-	-	-	-	26
Enel Distributie Banat	-	-	-	-	10
Enel Energie	-	-	-	-	7
Enel Distributie Drobogea	-	-	-	-	5
Associated Companies:					
Res Holdings BV	27	-	-	-	36
Other affiliated companies:					
Enel Ingegneria	-	3	3	-	-
Enel Trade	1	-	-	2	-
Enel Finance International N.V.	1.517	-	-	20	-
Total	**1.632**	**4**	**4**	**22**	**119**

Millions of euro	Receivables	Payables	Cost	Income	Dividends
	31 Dec. 2014		2014		
Shareholder:					
Enel S.p.A	88	1	2	-	-
Subsidiaries:					
Enel Russia	-	-	-	-	24
Associated Companies:					-
Res Holding B.V.	-	-	-	-	57
Other affiliated companies:					
Enel Trade	1	-	-	2	-
Enel Finance International N.V.	1.122	-	1	24	-
Total	**1.211**	**1**	**3**	**26**	**81**

Compensation of Directors

The emoluments of the Company's Directors charged in 2015, as per Section 2:383 (1) of the Dutch Civil Code, amounted to EUR 76 thousand (EUR 76 thousand in 2014) and are summarized in the following table:

(all amounts in thousands of Euro)	**31 Dec. 2015**	31 Dec. 2014
Mr. A. Canta	**-**	-
Mr. C. Palasciano Villamagna	-	-
Mr. G. Pescini	-	-
Mr. A.J.M. Nieuwenhuizen	**19**	19
Mr. H. Marseille	**19**	19
Mr. F. Mauritz	**19**	19
Mr. E. Di Giacomo	**19**	19
	76	76

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 fulfil 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

There aren't significant post balance sheet events to be reported

Amsterdam, 28 April 2015

The Board of Directors:

A. Canta

C. Palasciano

G. Pescini

A.J.M. Nieuwenhuizen

H. Marseille

F. Mauritz

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 loss allocation

The Board of Directors proposes to the Shareholders to deduct the loss of the year 2015 amounting of EUR 403 millions to the Company's reserves of EUR 1.947 millions.

Auditor's report

The auditor's report is included in page 122.

Auditor’s report

Building a better
working world

Independent auditor's report

To: the shareholder and board of directors of Enel Investment Holding B.V.

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Enel Investment Holding B.V. (the Company), based in Amsterdam.

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 2015 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.

The financial statements comprise:

- The consolidated and non-consolidated statement of financial position as at 31 December 2015
- The following statements for 2015: consolidated and non-consolidated income, consolidated and non-consolidated other comprehensive income, consolidated and non-consolidated changes in shareholder's equity and consolidated and non-consolidated cash flows
- The notes, comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Enel Investment Holding B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€11 million
Benchmark used	2.5% of EBITDA
Additional explanation	Materiality for the consolidated financial statements is based on EBITDA, as we consider an earnings-based measure as an appropriate basis for determining our overall materiality. The users of the financial statements of profit-oriented entities tend to focus on operational performance. We believe that EBITDA is an important metric for the financial performance of the company.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Identified misstatements in excess of €540 thousand, as well as smaller misstatements that in our view must be reported on qualitative grounds would have been reported to the board of directors and the shareholder.

Scope of the group audit

Enel Investment Holding B.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Enel Investment Holding B.V.

Following our assessment of the risk of material misstatement to Enel Investment Holding B.V.'s annual accounts, we have selected twelve entities which represent the principal business entities within Enel Investment Holding B.V. and account for approximately 97% of total assets and approximately 99% of EBITDA. Ten units required an audit of the complete financial information, either due to their overall size or risk profile. Specific audit procedures on certain balances and transactions were performed for two entities. We have performed audit procedures of the complete financial information ourselves at Enel Investment Holding B.V. We have used the work of other EY auditors when auditing the other reporting units in and outside The Netherlands. At other group entities we performed review procedures.

We executed a program of regular communication to ensure that the audit progress and findings for each of the in-scope locations were discussed between the group audit team and the EY component team.

By performing the procedures mentioned above at group entities, together with additional procedures at Enel Investment Holding B.V. level, we have been able to obtain sufficient and appropriate audit evidence regarding Enel Investment Holding B.V.'s financial information as a whole to provide an opinion on the annual accounts.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to those charged with governance. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit response
Country risk - Impairment of assets in Russia	
As of 31 December 2015, in line with IFRS, management performed impairment tests for those cash-generating units where goodwill was allocated. IFRS also requires that Enel Investment Holding B.V. assesses for all other classes of assets whether there are any indications of impairment.	We focused our audit procedures, among others, on the accuracy of the calculations in the impairment test, the discount rate, and the definition of the cash-generating units. For this matter we made use of a valuation expert.

Risk	Our audit response
Country risk - Impairment of assets in Russia	
An impairment test for these classes of assets only has to be carried out if there are such indications. These annual impairment tests were significant to our audit as the assessment process is complex, contains items based on judgments, and is based on assumptions that are affected by expected future market conditions. The Company's policies for impairment testing are disclosed on pages 41 and 42 of the annual report. Due to an unstable geo-political situation in Russia, a weakening Ruble, and increasing inflation and the consequent expected decrease in price growth in the medium term, management adjusted future cash flow projections for Enel Russia downwards compared to prior year. As a result, an impairment of non-current assets of €935 million has been accounted for in the consolidated financial statements and an impairment on the equity investments of €519 million has been accounted for in the non-consolidated financial statements.	The validation of the assumptions about future cash flows was part of our work. We also verified the adequacy of the disclosures of the assumptions to which the outcome of the impairment test is most sensitive, as included in note 15 of the financial statements.
Claims and legal affairs	
Enel Investment Holding B.V. has received third-party claims, as disclosed in note 58 of the consolidated financial statements. Claims are either provided for or disclosed as a contingent liability in the financial statements. The claims are a key element of our audit as they may be material and the board makes assumptions about the legal position. For this, the board relies on internal and external legal advisors.	We validated the estimates of the management board with occurring correspondence with legal counterparties, minutes of meetings, and external lawyer letters.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the directors' report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the directors' report and other information):

- We have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed
- We report that the directors' report, to the extent we can assess, is consistent with the financial statements

Engagement

We were engaged by the shareholder as auditor of Enel Investment Holding B.V. for the audit for the year 2011 and have operated as statutory auditor since that year.

Rotterdam, 26 April 2016

Ernst & Young Accountants LLP

signed by P.A.E. Dirks

Subsidiaries, associated companies and other equity investments of Enel Investment Holding B.V. at 31 December 2015

Below is a list of the subsidiaries and associates of Enel Investment Holding B.V. at 31 December 2015. 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 2015

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2015				
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 Russia	Ekaterinburg	Russian Federation	Electricity generation	35.371.898.370	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 Russia	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 OJSCC	0,01 % 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%

Joint Arrangement companies accounted for using the equity method at 31 December 2015

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
			31 Dec. 2015					
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%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
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 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 2015

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2015				
Echelon Corporation	Wimintgon	USA (Delaware)	Energy control networking platform	424.128,16	USD	Enel Investment Holding BV	7,9%	7,9%
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	1.900.000	RON	Enel Investment Holding BV	28.50%	28.50%