Financial Statements of International Endesa B.V. at December 31, 2015

Contents

Management Board report

The Managing Directors of International Endesa B.V. (hereinafter: "the Company") are pleased to present herewith the financial statements for the year ended 31 December 2015.

General

The Company was incorporated on 10 June 1993 under the laws of the Netherlands.

The principal activity of the Company is to issue and manage notes and other financial instruments (refer to below), and to lend the funds to its Parent Company and other affiliated companies.

The result for the year 2015 was in accordance with management's expectations.

Operating results

The Company earned a profit before taxation of Euro 98 thousand mainly due to its ordinary financial activities performed during the reporting period.

Principal activities 2015

The Company focused on its financing activities under its Euro Commercial Paper (ECP) Programme and on the managing of its outstanding financial debt and assets.

During 2015, the Company regularly issued a short-term debt under its Euro Commercial Paper Programme. The maximum amount of the outstanding debt under this programme is Euro 3,000 million. The volume issued in 2015 is Euro 3,501 million and the average debt has been Euro 563 million. All funds have been lent to affiliated companies of Endesa Group.

The Company performed the management and administration activities on its financial assets and liabilities, including Euro Commercial Paper, Medium Term Note Programme, intercompany loans, credit lines and financial derivatives.

On 22 April 2015, the shareholder resolved to adopt the statutory financial statements for the year 2014 and to distribute as dividend the 2014 net profit of Euro 9,168 thousand.

On 29 September 2015, the Company repaid one of the debt instrument (BOND Series No. 48), final instalment amounting Euro 15,000 thousands due at maturity (Aggregate Principal Amount Euro 75,000 thousands)

Main Risks and uncertainties

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

Methodology

In order to mitigate its exposure to risks described below, International Endesa B.V. conducts specific analysis, monitoring, management and control activities. The Company adopts governance arrangements been in place within Enel Group and applicable for all wholly owned companies and companies with controlling interest for managing and controlling financial risks (market, credit and liquidity risks).

The Company continues to maintain a system of internal control that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations.

This internal control ensures that risk is properly measured and managed.

The Audit Committee of Endesa S.A. monitors the compliance with the regulations of the Dutch Corporate Governance Code.

The most significant risks and the risk reduction measures taken

Market risk

The Company's activities expose it primarily to market risks. Market risk is defined as the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices.

The Group's Corporate Risk function provides services to manage the financial risk relating to the Company's operations. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Interest rate risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rate will affect the Company's financial position and cash flows. Interest rate exposure on the debt is fully mitigated using interest rate swap agreements.

Currency risk

Currency risk is the risk that fluctuations in the prevailing foreign currency exchange rates will affect in Company's financial position and cash flow.

The risks relating to the different currencies usually is covered using swap agreements. The swap contracts mature in accordance with the terms of the related assets and liabilities.

In 2015 the Company didn't have any significant transaction denominated in foreign currency.

Liquidity risk

Liquidity Risk is the risk that the Company will become unable to settle obligations with immediacy, or will be able to meet them only at uneconomic conditions. The risks are managed to an acceptable level by balancing the maturity profile of all financial assets and liabilities and adequate level of available resources.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. As the Company lends funds only intragroup to Endesa S.A and affiliates, and the Company is supported by Endesa S.A., one of the largest energy companies in Spain, the credit risk is considered low.

The Company has not entered into any other transactions that might generate credit risk.

Appetite for significant risks

In terms of operational issues, the Company has a low appetite for risk. The Company has developed operational processes that ensure the systematic coverage of exposures through appropriate hedging strategies, which typically involve the use of financial derivatives.

Risk tolerance for the Company's activities in financial markets are outlined in policies approved by Enel Group. Performance against these measures is monitored regularly

Current or planned improvements in the risk management system

The risk management methodology meets the wishes and requirements of the management of the Company. Further actions to improve the risk management may be taken in reporting process and defining the system of key risk indicators.

Future outlook

The Company should evolve normally during 2016, the principal activities will concentrate on the financial operations. No significant changes are expected in the size and nature of operations.

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.

Subsequent events

There have been no significant subsequent events to be mentioned.

Personnel

As at 31 December 2015 the Company employs one person.

Statement ex Article 5:25c Paragraph 2 Financial Markets Supervision Act ('Wet op het Financieel Toezicht')

To our knowledge,

1. the financial statements give a true and fair view of assets, liabilities, financial position and profit of International Endesa B.V.;
2. the management board report gives a true and fair view of the Company's position as per 31 December 2015 and developments during 2015;
3. the management board report describes the material risks the issuer is facing and provides a fair view as mentioned in article 5:25 paragraph 8 and if applicable 9.

Amsterdam, 8 April 2016

Ernesto di Giacomo	Alessandro Canta
Adolfo García Nombela	Gonzalo García Cattaneo
Hans Marseille	Frank Mauritz

Financial statements

for the year ended 31 December 2015

Profit and loss account for the year January - December 2015

Thousands of Euro	Note	2015	2014
Other revenues and income		-	-
Services	1	(243)	(308)
Personnel	1	(123)	(103)
Result from operating activities		**(366)**	**(411)**
Financial income	2	4,614	49,672
Financial expense	2	(4,138)	(37,050)
	Total	**476**	**12,622**
Profit before income taxes		**110**	**12,211**
Income tax income (expense)	3	(12)	(3,043)
Net income for the period		**98**	**9,168**

The notes on page 12 to 25 are an integral part of the financial statements.

Balance sheet as at 31 December 2015

(before appropriation of net income)

Thousands of Euro	Note		
ASSETS		**31 Dec 2015**	**31 Dec 2014**
Non-current assets			
Non-current financial assets	4	47,000	62,000
Other		-	3
	Total	**47,000**	**62,003**
Current assets			
Current financial assets	5	151,098	245,748
Income tax receivable	6	881	-
Cash and cash equivalents	7	231	34
	Total	**152,210**	**245,782**
TOTAL ASSETS		**199,210**	**307,785**
LIABILITIES AND SHAREHOLDER'S EQUITY			
Share capital	8	15,429	15,429
Share premium reserve	8	4,660	4,660
Retained earnings	8	-	-
Net income for the period		98	9,168
Total shareholder's equity		**20,187**	**29,257**
Non-current liabilities			
Long-term loans and borrowings	9	47,000	62,000
	Total	**47,000**	**62,000**
Current liabilities			
Short-term loans and borrowings	10	116,191	198,696
Current portion of long-term loans	11	15,000	15,000
Other current financial liabilities	12	650	1,303
Income tax payable	6	-	1,301
Other current liabilities		182	228
	Total	**132,023**	**216,528**
TOTAL EQUITY AND LIABILITIES		**199,210**	**307,785**

The notes on page 12 to 25 are an integral part of the financial statements.

Cash flow statement for the year 2015

Thousands of Euro	Note		
		31 Dec 2015	**31 Dec 2014**
Income for the period		**98**	**9,168**
Adjustments for:			
Financial (income)	2	(4,614)	(49,672)
Financial (expense)	2	4,138	37,050
Income taxes	3	12	3,043
Cash flow from operating activities before changes in net current assets		(366)	(411)
Interest income and other financial income collected		5,230	43,453
Interest expense and other financial expense paid		(4,616)	(30,582)
Income taxes paid		(2,897)	(1,050)
Income taxes reimbursed		703	756
Cash flow from operating activities (a)		**(1,945)**	**12,166**
New loans granted to Endesa SA and affiliates			-
Repayments and other movements from Endesa SA and affiliates	4-5	97,482	1,116,542
Cash flow from investing activities (b)		**97,482**	**1,116,542**
Financial debt (new borrowings)	9	3,500,500	3,253,000
Financial debt (repayments and other changes)	9-10-11	(3,598,224)	(4,381,143)
Dividends paid to Endesa SA		(9,168)	(699)
Cash flows from financing activities (c)		**(106,892)**	**(1,128,842)**
Increase / (decrease) in cas and cash equivalents (a+b+c)		**(11,356)**	**(134)**
Cash and cash equivalents at the beginning of the year		16,123	16,257
Cash and cash equivalents at the end of the year		4,767	16,123
current account with banks		231	34
Current account with Endesa Financiación Filiales S.A.		4,536	16,089

The notes on page 12 to 25 are an integral part of the financial statements.

Statement of changes in shareholder's equity

Thousands of Euro

	Share capital	Share premium reserve	Other legal reserve	Retained earnings	Net income for the period	**Equity attributable to the shareholders**
As at 1 January 2014	**15,429**	**4,660**	**-**	**-**	**699**	**20,788**
Allocation of net income from the previous year	-	-	-	-	-	-
Dividends and interim dividends	-	-	-	-	(669)	(699)
Net income for the period	-	-	-	-	9,168	9,168
As at 31 December 2014	**15,429**	**4,660**	-	-	**9,168**	**29,257**
As at 1 January 2015	**15,429**	**4,660**	**-**	**-**	**9,168**	**29,257**
Allocation of net income from the previous year	-	-	-	-	-	-
Dividends and interim dividends	-	-	-	-	(9,168)	(9,168)
Net income for the period	-	-	-	-	98	98
As at 31 December 2015	**15,429**	**4,660**	-	-	**98**	**20,187**

The notes on page 12 to 25 are an integral part of the financial statements

Notes to the 2015 financial statements

Form and content of the financial statement

International Endesa B.V. ('the Company') was incorporated under the laws of the Netherlands on 10 June 1993 and has its statutory seat in Amsterdam, the Netherlands, with offices at Herengracht 471, 1017 BS Amsterdam. The Company is a wholly-owned subsidiary of Endesa S.A. ('the parent'), a Spanish company having its registered office at Ribera del Loira 60, 28042 Madrid, Spain. Endesa S.A. and its subsidiaries form part of the Enel Group, of which Enel Energy Europe S.r.l. is the parent company in Spain.

The principal activity of the Company is to issue commercial paper notes and other financial debt instruments (refer to below), and provide these funds to its parent and other affiliated companies.

Debt issuance programme and ECP Programme

On 17 January 1995, the Company entered into a USD 750 million Debt Issuance Programme, arranged by Morgan Stanley & Co. International Limited. On 5 July 1998, this Debt Issuance Programme was increased up to USD 4,000 million. On 9 July 1999, the initial maximum programme amount has been increased up to Euro 7,000 million from the former USD 4,000 million. On 20 September 2001, the maximum programme amount has been increased up to Euro 9,000 million from the former Euro 7,000 million. On 15 November 2002, the maximum programme amount has been increased up to Euro 10,000 million from the former Euro 9,000 million. As from 2004, no new loans are issued under the programme. In 2014 the Company repaid USD private placement, having the residual notes denominated in Euro only.

These notes are listed on several European stock exchanges.

On 29 April 1998, the Company established a Euro Commercial Paper Programme pursuant to which the Company may issue and have outstanding short-term notes up to a maximum aggregate amount of USD 2,000 million. On 13 December 2006, the existing programme was updated to Euro 2,000 million. On 18 December 2009, the existing programme was updated to Euro 3,000 million. The proceeds of the notes issued are passed on to the parent company and other affiliated companies.

International Endesa B.V.'s external debt, composed by Euro Medium-Term Notes, Euro Commercial Papers and United States Private Placements, is guaranteed by the parent company, Endesa S.A.

Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands (Dutch GAAP) and Part 9 of Book 2 of the Netherlands Civil Code. The financial statements have been prepared under the historical cost convention. Assets and liabilities are recorded at face value, unless indicated otherwise.

The accounting policies set out below have been applied consistently to all periods presented in the Company's financial statements.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

Accounting principles

The principal accounting policies adopted in preparation of these financial statements are set out below.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is disclosed in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognised in the profit and loss account when an increase in economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be estimated with a sufficient reliability. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be estimated with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.

The revenue and expenses are allocated to the period to which they relate. Reference is also made to the items financial instruments and financial income and expense.

Accounting policies and measurement criteria

Use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Cash flow statements

The cash flow statement has been prepared using the indirect method.

Cash flows in foreign currency are translated into euros at the average weighted exchange rates at the dates of transactions.

Financial instruments

Financial instruments include investments in shares and bonds, loans granted and other receivables, cash items, loans and other financing commitments and other payables. Financial instruments also include derivative financial instruments that are stated at cost or lower market value, unless cost price hedge accounting is applied.

Purchased loans and bonds

Purchased loans and bonds which the Company intends to hold to maturity (and is capable of doing so), are measured at amortised cost after initial recognition using the effective interest method, less impairment losses.

Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost after initial recognition using the effective interest method, less impairment losses.

Derivatives and hedge accounting

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations.

Derivatives based on cost hedge accounting

The hedges are recognized on the basis of cost hedge accounting if the following conditions are met:

a) The general hedging strategy and the way in which the hedging relationships are in line with risk management objectives and the expected effectiveness of these hedging relationships must be documented;

b) The nature of the hedging instruments involved and hedged positions must be documented;

c) The losses that occur due to hedge ineffectiveness must be recognized in the profit and loss account.

The hedges which meet these strict criteria for hedge accounting are accounted for as follows:

If the hedged item is carried at cost in the balance sheet, the derivative is also carried at cost.

As long as the hedged item under cost hedging is not recognized in the balance sheet, the hedging instrument is not revalued. If the hedged position of a forecast transaction results in the recognition of a financial asset or liability, the related gains or losses not yet recognized in profit or loss are taken to the profit and loss account in the same period(s) in which the acquired asset or contracted liability has an effect on profit or loss.

If the hedged item represents a monetary item denominated in a foreign currency, the derivative, to the extent it contains currency components, is also carried at the spot rate ruling at the balance sheet date. If the derivative contains currency components, the difference between the spot rate at the time of entering into the derivative and the forward rate at which the derivative will be settled, is amortized over the term of the derivative.

Cost hedge accounting is no longer applied if:

a) The hedging instrument expires, is sold, terminated or exercised;

b) The hedging relationship no longer meets the criteria for hedge accounting.

Conditions for hedge accounting

The company documents its hedging relationships in specific hedging documentation and regularly checks the effectiveness of the hedging relationships by establishing whether the hedge is effective or that there is no over-hedging.

At each balance sheet date, the company assesses the degree of ineffectiveness of the combination of the hedge instrument and the hedged position (the hedging relationship). The degree of ineffectiveness of the hedging relationship is determined by comparing the critical features of the hedging instrument against the hedged position. For this comparison, the company uses the critical features: amount; term; hedged risk; and method of settlement of the hedging instrument and the hedged position.

If the critical features, assessed in the context of the hedging relationship match, there is no ineffectiveness.

If the critical features, assessed in the context of the hedging relationship, do not match, there is ineffectiveness. In that case, the degree of ineffectiveness is determined by comparing the fair value change of the hedging instrument with the fair value change of the hedged position. If there is a cumulative loss on the hedging relationship over the period between initial recognition of the hedging instrument and the balance sheet date, the ineffectiveness (loss) is directly recognised in the profit and loss account.

Other derivatives

Following initial measurement, other derivatives with listed shares or bonds as underlying securities are carried at fair value. Gains and losses arising from changes in the fair value are taken to the profit and loss account.

Following initial measurement, other derivatives with underlying securities other than listed shares or bonds are carried at cost or lower fair value. Gains and losses are taken to the profit and loss account when the derivatives are transferred to a third party or impaired.

Impairment of financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it needs to be impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost (loan and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management’s judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

Financial assets and liabilities are translated at the exchange rate prevailing at balance sheet date, except when covered by a hedge or swap agreement, at the contractual rates.

Accounts receivable

Accounts receivable are stated at amortized cost, less an allowance for possible uncollectable amounts.

Shareholders' equity

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

Non-current liabilities

The valuation and measurement of non-current liabilities is explained under the heading 'Financial instruments'.

Current liabilities

The valuation and measurement of current liabilities is explained under the heading 'Financial instruments'.

Financial income and expense

Financial income comprises interest income on loans to Endesa group companies, dividend income and foreign currency gain. Interest income is recognised as is accrued, using the effective interest method.

Financial expenses comprise interest of the Euro Medium Term Notes, United States Private Placements, Euro Commercial Papers, the interest of the intercompany loan with Endesa Capital Finance, LLC and losses on hedging instruments that are recognised in profit and loss.

Corporate income tax

Corporate income tax comprises the current and deferred corporate income tax receivable and deductible for the reporting period.

Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax receivable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Determination of fair value

A number of accounting principles and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, the fair value is determined as described below, or in the relevant paragraph of the financial instrument. Where applicable, detailed information concerning the principles for determining the fair value are included in the section that specifically relates to the relevant asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows.

Non-derivative financial obligations

The fair value of non-derivative financial obligations is only determined for disclosure purposes and is calculated on the basis of the net present value of future repayments and interest payments, discounted at the market interest rate, including a margin for the relevant risks as at the reporting date.

Risk management

In normal course of business, the Company uses various types of financial instruments. Financial instruments include those recognised in the balance sheet (on-balance sheet) and off-balance sheet financial instruments.

The estimated fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in at arm's length transaction. Fair values are determined from listed markets prices, price quotations from banks or from pricing models.

The Company has procedures and policies in place to control risks related to financial instruments. These policies and procedures include a clear segregation of duties between operating, settlement, accounting and controlling of all financial instruments used. The Company's management is involved in the risk management process.

The Company attempts to minimise the counterparty credit risk associated with the financial instruments used by selecting counter parties that are creditworthy, given their high credit ratings.

Financial instruments in the balance sheet substantially include long-term receivables and payables, short-term loans receivable and payable, and cash.

Interest rate risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rate will affect the Company's financial position and cash flows. Interest rate exposure on the debt is fully mitigated using interest rate swap agreements.

At year end the outstanding derivative instruments are as follows:

Thousands of Euro

Series	Outstanding	Interest payable	Interest receivable	Start date	End date
39	15,000	6m EURO+ 10bpt	4.50%	10/07/1999	10/07/2019
57	15,000	3m EURO+ 34bpt	0.73%	23/02/2001	23/02/2016
68	12,000	6m EURO+ 33bpt	5.74%	11/12/2001	11/12/2031
76	20,000	6m EURO+ 90bpt	6.00%	27/12/2002	27/12/2022

Interest rate swaps are used to adjust the fixed rate or floating rate nature in financing arrangements. The interest payables are based on the Euribor plus a mark-up and are compatible with the interest rates received from financial receivables.

In case interest rates at 31 December would rise with 1%, leaving all other assumptions constant, interest expenses would fall with Euro 200,000.

Currency risk

Currency risk is the risk that fluctuations in the prevailing foreign currency exchange rates will affect in Company's financial position and cash flow.

The risks relating to the different currencies have been covered using hedge and swap agreements. The swap contracts mature in accordance with the terms of the related assets and liabilities. During 2015 the Company repaid all outstanding amounts under the Debt Issuance Programme arranged by Morgan Stanley & Co. International Limited. As per 31 December 2015, no foreign currency transactions are included in the balance sheet.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. As the Company lends funds only intragroup to Endesa S.A. and affiliates the credit risk is considered low.

The Company has not entered into any other transactions that might generate credit risk, except for the financial derivatives contracted with financial institutions which may generate credit risk under certain circumstances.

Liquidity risk

The Company manages its financial assets invested in Endesa Group companies ensuring that the terms and conditions correspond with its liabilities. In order to mitigate this risk the Company meets liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of financing sources while managing any liquidity excess as appropriate. Furthermore Endesa S.A., one of the largest energy companies in Spain, agreed through a letter dated 9 February 2016 that it guarantees payment of the Company's receivables due from Endesa S.A. and affiliated companies within the year.

Fair value

The fair value of most of the financial instruments stated on the balance sheet, including receivables, securities, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount. The fair value of the long term debt can be specified as follows:

Thousands of Euro

	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
	2015	2015	2014	2014
Financial fixed assets				
Accounts receivable from affiliated companies	47,000	47,000	62,000	62,000
Other receivables			3	3
Long-term liabilities				
Debts to credit institutions	(55,899)	(47,000)	(72,718)	(62,000)
Debts to shareholders	(20,187)	(20,187)	(29,257)	(29,257)
Total	**(29,086)**	**(20,187)**	**(39,975)**	**(29,254)**

The fair value is the present value of future cash-flows based on the interest rate that would apply at the balance sheet date for similar loans, including a risk premium for each individual loan.

Fair value of short term debts to credit institution in amount Euro 15,748 thousand was excluded in comparative data for 2014.

The fair value changes of interest rate swaps for which cost price hedge accounting has been applied and the consequential ineffectiveness recognised in the profit and loss account, can be specified as follows at the end of the financial year:

Thousands of Euro

	Fair value change since initial recognition
Interest rate swaps in a hedging relationship	11,076
Effective part of the hedging relationship	11,076
Ineffective part of the hedging relationship (total ineffectiveness)	-
Ineffective recognised in the profit and loss account 2015	-

Notes to the profit and loss

1 Result from operating activities – Euro (366) thousand

Result from operating activities is negative for Euro 366 thousand (2014: Euro 411 thousand) with no significant changes compared to previous year. The costs refer to services (mainly related to the service agreement with Enel Investment Holding B.V.) for Euro 243 thousand (2014: Euro 308 thousand) and to personnel costs for Euro 123 thousand (2014: Euro 103 thousand).

2 Financial income/(expense) – Euro 476 thousand

Thousands of Euro

	31 December 2015	31 December 2014	Change
Financial income:			
Income from investments	-	11,696	(11,696)
interest and other income from financial assets	1,602	9,219	(7,617)
income from IRS derivatives instruments	3,387	28,757	(25,370)
Total financial income	**4,989**	**49,672**	**(44,683)**
Financial expenses:			
Interest and other charges on financial debt	(4,138)	(34,909)	30,771
expense on IRS derivatives instruments	(375)	(2,141)	1,766
Total financial expenses	**(4,513)**	**(37,050)**	**32,537**
Net financial result recognised	**476**	**12,622**	**(12,146)**

Interest and other income from financial assets decreased to Euro 1,602 thousand, down Euro 7,617 thousand on 31 December 2014 with the variation essentially due to the decreased interest income from the redemption of loan granted by the Company to Endesa Group affiliates, as below detailed:

- deceased interest income (Euro 2,347 thousand) due to decrease of short-term loans granted by the company to Endesa Financiación Filiales S.A.;
- deceased interest income (Euro 1,767 thousand) due to the total repayment in September 2014 of the loan LCI078 granted by the company to Endesa Financiación Filiales S.A.;
- decreased interest and other income (Euro 3,264 thousand) due to the early repayment in February the long-term granted by the Company to Endesa S.A.;
- decreased interest income (Euro 121 thousand) due to the repayment in September 2015 of the loan LCI048 (Initial nominal amount EURO75,000 thousand) granted by the Company to Endesa Financiación Filiales S.A.

Interest and other charges on financial debt decreased to Euro 4,138 thousand. The variation of Euro 30,771 thousand mainly refers to:

- decreased interest charges (Euro 1,207 thousand) related to the early repayment (Euro 244,761 thousand) in February 2014 of a 40Y Zero Coupon Callable Notes with an aggregate principal amount of Euro 105,000 thousand, issued by the Company in February 1999;
- decreased interest charges (Euro 952 thousand) due to repayment in September 2015 of the last portion of Series NI1048 Note aggregate principal amounting to Euro 75,000 thousand

- decreased interest charges (Euro 26,260 thousand) mainly result of early repayment of the outstanding USPP Notes in September 2014 with an aggregate principal amount of Euro 242,747 thousand;
- decreased interest charges (Euro 2,130 thousand) due to the contraction of the outstanding short-term notes compared with the previous year

Net interest income from IRS derivatives amounting to Euro 3,012 thousand refers to the Profit and Loss effect of the derivatives instruments related to floating interest rate loans with Endesa Group affiliates.

3 Income tax expense– Euro 12 thousand

Income tax expense for 2015 totaled Euro 12 thousand. The effective tax rate for the period ended 31 December 2015 amounted 8.18% (2014: 24.92%). The nominal tax rate for 2015 was 20% for the first Euro 200 thousand of taxable income and 25% for the rest.

Income tax expense and effective tax rate decreased as a result of revised calculation income tax accrued for previous periods has been adjusted. The recognized Euro 9 thousand of tax income which offset accruals of the current period (Euro 23 thousand).

Notes to the balance sheet

4 Non-current financial assets – Euro 47,000 thousand

Thousands of Euro

	31 Dec 2015	31 Dec 2014	Change
Loans and receivables			
- Loans to affiliated companies	47,000	62,000	(15,000)
Total loans and receivables	**47,000**	**62,000**	**(15,000)**
Total non-current financial assets	**47,000**	**62,000**	**(15,000)**

Loan to affiliated companies

The specification of the loans to affiliated companies is set out below:

Thousands of Euro

	31 Dec 2015	31 Dec 2014	Change
Loan receivable from Endesa Financiación Filiales S.A. (LC1039)	15,000	15,000	-
Loan receivable from Endesa Financiación Filiales S.A. (LC1057)		15,000	(15,000)
Loan receivable from Endesa Financiación Filiales S.A. (LC1068)	12,000	12,000	-
Loan receivable from Endesa Financiación Filiales S.A. (LC1076)	20,000	20,000	-
Total loans to affiliated companies	**47,000**	**62,000**	**(15,000)**

The loans to affiliated companies have variable interest rates related to LIBOR and EURIBOR plus a mark-up. The last tranche of the Loan LC1057 (Euro 15,000 thousand) has been reclassified to current financial asset due to its maturity date at February 2016.

The proceeds of the notes issued by the Company under the private placement are lent to the Sole shareholder and other affiliated companies of Endesa Group. Consequently, the maturity date of the intercompany receivables is exactly the same as the maturity date of the notes issued and included in note 8.

5 Current financial assets – Euro 151,098 thousand

Thousands of Euro

	31 Dec 2015	31 Dec 2014	Change
Financial receivables	150,397	244,432	(94,035)
Interest receivable on interest rate swaps	330	703	(373)
Other current financial assets	371	613	(242)
Total	**151,098**	**245,748**	**(94,650)**

Current financial assets essentially consist of short-term loans granted to affiliated companies.

Financial receivables

Thousands of Euro

	31 Dec 2015	31 Dec 2014	Change
Short-term loan with Endesa S.A.	116,191	198,696	(82,505)
Credit Line with Endesa Financiación Filiales S.A.	4,536	16,089	(11,553)
Credit line with Endesa S.A.	14,670	14,647	23
Short-term part loans with Endesa Financiación Filiales S.A.	15,000	15,000	
Total	**150,397**	**244,432**	**(94,035)**

The decrease of the short-term loans is mainly due to the drop (Euro 82,505 thousand) of the intercompany short-term credit lines with Endesa S.A and payment of dividends distributed for 2014 (Euro 11,553) thousand.

The Endesa S.A. short-term loans mature within one year and have a variable interest rate including a fixed mark-up of 6,07 bps. The credit lines with Endesa Financiación Filiales S.A. and Endesa S.A. both bear an interest rate of -0,0160% - 0,0500% per annum. (2014: 0,3880% - 0,3050%).

Interest receivable on interest rate swaps

Interest receivables on interest rate swaps refer to the accrued interest that will be paid by the market counterparties at the end of the agreed interest period and totaled Euro 330 thousand (2014: Euro 703 thousand).

Other current financial assets

Other current financial assets aggregate refers to accrued income related to the long-term loans and short-term credit lines granted to affiliated companies and totaled Euro 371 thousand (2014: Euro 613 thousand).

6 Income tax Receivable – Euro 881 thousand

The income tax payable amounting to Euro 881 thousand specifies as the calculated income tax receivable on the result before income taxes.

7 Cash and cash equivalents – Euro 231 thousand

As at 31 December 2015 cash and cash equivalent amount to Euro 231 thousand. No restrictions on usage of cash exist.

For the purpose of cash flows statement, cash and cash equivalents also include the positive amount

of the intercompany current account held with Endesa Financiación Filiales S.A.. With reference to 31 December 2015, the amount of the current account is positive for Euro 4 thousand.

8 Shareholder's equity – Euro 20,187 thousand

Share capital – Euro 15,429 thousand

The authorised share capital amounts to Euro 15,882,308, consisting of 35,000 common shares with a par value of Euro 453,78 per share. As at 31 December 2015, 34,000 shares were issued and paid in.

Share premium reserve – Euro 4,660 thousand

The share premium concerns the income from the issuing of shares insofar as this exceeds the nominal value of the shares.

At least Euro 4,660,501 of the share premium can be considered as freely distributable share premium as referred to in the 1964 Income Tax Act.

Retained earnings and profit for the period – Euro 98 thousand

There are no retained earnings as at 31 December 2015 as net profit of 2014 was distributed and paid as dividends in amount of Euro 9,168 thousand.

9 Long-term loans and borrowings – Euro 47,000 thousand

The notes issued by the Company under the Debt Issuance Programme are presented under the Long-term loans and borrowings and amount to Euro 47,000 thousand as at 31 December 2015.

The notes under the Debt Issuance Programme are unconditionally guaranteed by the parent company.

The interest on the individual EMTN notes is either fixed or floating. By the use of interest rate swaps, net interest payable is mostly related to LIBOR or EURIBOR rates plus a mark-up.

Notes are valued at 'amortised costs'. The market price of the EMTN notes issued as at 31 December 2015 (including short-term portion) is Euro 73,380 thousand.

The following table shows long-term debt and repayment schedules as at 31 December 2015:

Thousands of Euro

		Balance	Nominal amount	Balance			
Series	**Currency**	**31 Dec 2015**	**31 Dec 2015**	**31 Dec 2014**	**Maturity**	**Option**	**Interest rate**
N1039	EUR	15,000	15,000	15,000	Oct.2019	Oct.2019	10yearGBP/CMS
N1057	EUR	-	15,000	15,000	Febr.2016	Febr.2016	95%10YMidEUR-CMS
N1068	EUR	12,000	12,000	12,000	Nov.2031	Nov.2031	5.74
N1076	EUR	20,000	20,000	20,000	Dec.2022	Dec.2017	6.00
Total		**47,000**		**62,000**			

Debt Issuance Programme

On 17 January 1995, the Company entered into a USD 750 million Debt Issuance Programme, arranged by Morgan Stanley & Co. International Limited.

Starting from 1998 until 2002 the Debt Issuance Programme has been updated and increased several times up to the maximum amount of Euro 10,000 million.

Notes issued under the programme are listed on several European stock exchanges.

10 Short-term loans and borrowings – Euro 116,191 thousand

Thousands of Euro

	31 Dec 2015	31 Dec 2014	Change
Commercial papers	116,191	198,696	(82,505)
Short-term loans and borrowings	**116,191**	**198,696**	**(82,505)**

Commercial Paper

As at 31 December 2015 the outstanding amount of commercial paper is Euro 116,191 thousand. The commercial papers issuance is performed in the context of the Euro Commercial Paper Programme (hereinafter, also “ECP Programme”) launched by the Company in 1998.

On 29 April 1998, the Company established a Euro Commercial Paper Programme pursuant to which the Company may issue and have outstanding short-term notes up to a maximum aggregate amount of USD 2,000 million. On 13 December 2006, the existing programme was updated to Euro 2,000 million and finally, on 18 December 2009, updated to Euro 3,000 million.

The ECP notes issued under the Euro Commercial Paper Programme are unconditionally guaranteed by the parent company.

11 Current portion of long-term loans – Euro 15,000 thousand

Thousands of Euro

		Balance	Nominal amount	Balance		
Series	**Currency**	**31 Dec 2015**	**31 Dec 2015**	**31 Dec 2014**	**Maturity**	**Interest rate**
L1048	EUR	-		15,000	Sept.2015	6.26
L1057	EUR	15,000	15,000	-	Feb.2016	5.74
Total		**15,000**		**15,000**		

In September 2015 the Company repaid the Note Series 1048 that reached its maturity date, for further details please refer to paragraph *“8 Long-term loans and borrowings”*.

12 Other current financial liabilities – Euro 650 thousand

Thousands of Euro

	31 Dec 2015	31 Dec 2014	Change
Interest payable for EMTN and USPP notes	349	782	(433)
Interest payable for liabilities under the commercial paper	301	521	(220)
Total other current financial liabilities	**650**	**1,303**	**(653)**

Other current financial liabilities refer to interest payables for notes payable and liabilities under the ECP programme (notes 8, 9 and 10) and are due within one year.

Related parties

Transactions between International Endesa B.V. and other companies of Enel Group involve 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 contract market prices. International Endesa B.V. has no business relations with Key management during the period.

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

Millions of Euro

	Receivables	Payables	Income	Cost
	31 Dec 2015		2015	2015
Endesa S.A.	131	-	1	-
Endesa Financiación Filiales S.A.	67	-	-	-
Total	**198**	**0**	**1**	**0**

Statutory Directors

The emoluments of the company's Directors charged in 2015, as per section 2.383 (1) of the Netherlands Civil Code, amounted to Euro nil (2014: nil).

Auditor's fee

Ernst & Young Accountants LLP has acted as external auditor for the company since 2011. With reference to Section 2:382 a (1) and (2) of the Netherlands Civil Code, below a summary is provided of services performed by Ernst & Young Accountants LLP and fees paid during the year:

Thousands of Euro

	31 Dec 2015	31 Dec 2014
Audit	28	22
Other	-	-
Total	**28**	**22**

Contingent assets and liabilities

Endesa S.A., one of the largest energy companies in Spain, agreed through a letter dated 9 February 2016, that it guarantees payment of the Company's receivables due from Endesa S.A. and affiliated companies within the year.

Other information

Statutory rules concerning appropriation of net income

The Articles of Association of the Company provide that the appropriation of the net income for the year is decided upon at the Annual General Meeting of Shareholders. The distributable profit shall be at the free disposal of the General Meeting of Shareholders.

Proposal for profit appropriation

The Board of Directors proposes to the Shareholder the allocation of the net result of the year 2015 amounting of Euro 98 thousand to the Company's retained earnings.

Subsequent events

There have been no significant subsequent events to be mentioned.

Independent auditor's report

The independent auditor's report is set forth on the following pages.

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Independent auditor's report

To: the shareholder and board of directors of International Endesa B.V.

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of International Endesa B.V. (the Company), based in Amsterdam.

In our opinion, the financial statements give a true and fair view of the financial position of International Endesa B.V. as at 31 December 2015 and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise the balance sheet as at 31 December 2015, the profit and loss account for 2015 and 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 International Endesa 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	€ 1 million
Benchmark used	0,5% of total outstanding loans.
Additional explanation	The main activity of International Endesa B.V. is to operate as a financing Company of the Enel Group, raising funds from third party lenders through bonds issuance, loans and other facilities and in turn lending the funds raised to companies belonging to the Enel Group. Considering these financing activities, we consider the total amount of outstanding loans to be the most relevant benchmark for the stakeholders 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 € 50 thousand as well as smaller misstatements that in our view must be reported to the board of directors and the shareholder.

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 the board of directors and the shareholder. 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
Valuation of (intercompany) loans and other financial receivables	
The main activity of International Endesa B.V. is to operate as a financing Company of the Enel Group, raising funds from third party lenders through bonds issuance, loans and other facilities and in turn lending the funds raised to companies belonging to the Enel Group (the Enel Group Companies). The Company runs the risk that an Enel Group Company defaults on meeting its obligations to International Endesa B.V. As the loans to and receivables from the Enel Group Companies represent almost all assets of the Company, we consider this risk as a key audit matter. To mitigate that risk, the Company obtained a support letter from the ultimate parent company (Endesa S.A.), in which the parent company confirmed its commitment to provide the Company with financial support until next year's approval date of the Financial Statements, should the company remain under the control of Enel Group. There have been no impairments recorded in 2015.	Our audit response includes a consideration of the appropriateness of management's assumptions and estimates in relation to the recoverability of the Enel Group Companies loans and receivables. We challenged those assumptions and estimates based on, amongst others, our analysis of the financial position of significant Enel Group Companies and by identification of indicators of non-recoverability of intercompany loans and receivables including an assessment on whether Enel Group Companies throughout the year have not been able to meet their financial obligations towards the Company.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements, and for the preparation of the management board report, both 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 framework 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.

We communicate with the board of directors, 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 and the shareholder, 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.

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Report on other legal and regulatory requirements

Report on the management board 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 management board report and other information):

- We have no deficiencies to report as a result of our examination whether the management board 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 management board report, to the extent we can assess, is consistent with the financial statements.

Engagement

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

Rotterdam, 8 April 2016

Ernst & Young Accountants LLP

Signed by P.A.E. Dirks