Slovenske Elektrarne Finance B.V.

2007 Financial Statements

1029204

23-12-2008

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Management report

The management of Slovenske Elektrarne Finance B.V. (the "Company") herewith submits its annual report for the financial year ended December 31, 2007 in accordance with International Financial Reporting Standards ("IFRS").

Summary of activities

During the financial year under review the Company acted as a finance Company.

Future outlook

No material changes in activities are contemplated during the financial year 2008.

Financial review

The financial statements as at December 31, 2007 report a net equity position of EUR 2.197 thousand (2006: EUR 2.088 thousand) and a profit for the year 2007 of EUR 109 thousand (2006: EUR 45 thousand). This will be submitted to the General Meeting of Shareholders for approval.

Risk management

Financial instruments and related risk management activities are used only to minimize the Company's exposure to the risk of changes in interest and not for speculative purposes.

Amsterdam, 18 November 2008

The management,

R. Okenka (Managing Director A)

F. Mauritz (Managing Director B)

A.J.M. Nieuwenhuizen (Managing Director B)

23-12-2008

Slovenske Elektrarne Finance B.V.

Balance sheet as at December 31, 2007

(all amounts in thousands of Euro)

(before profit appropriation)

		December 31, 2007		December 31, 2006	
		EUR	EUR	EUR	EUR
Non-current assets					
Non-current financial assets	4	195.297		195.297	
			195.297		195.297
Current assets					
Current financial assets	4	5.938		5.938	
Other receivables	5	80		40	
Cash and cash equivalents	6	739		417	
			6.757		6.395
Total assets			202.054		201.692
Shareholders' equity	7				
Paid-up share capital		18		18	
Share premium		2.000		2.000	
Retained earnings		70		25	
Result for the year		109		45	
			2.197		2.088
Non-current liabilities					
Loans and borrowings	8	194.076		193.842	
			194.076		193.842
Current liabilities					
Loans and borrowings	8	5.740		5.740	
Other payables	9	41		22	
			5.781		5.762
Total shareholders' equity and liabilities			202.054		201.692

Profit and loss account for the year January 1, 2007 up to and including December 31, 2007

(all amounts in thousands of Euro)

		2007		2006	
		EUR	**EUR**	EUR	EUR
Operating income		-		-	
Operating expenses					
General and administrative expenses	*10*	93		64	
Total operating expenses			(93)		(64)
Net operating loss			(93)		(64)
Interest and similar income	*11*	11.410		11.348	
Interest and similar charges	*12*	(11.203)		(11.221)	
			207		127
Result on ordinary activities before tax			114		63
Corporate tax on ordinary activities	*13*		(5)		(18)
Profit after tax			109		45

Statement of changes in Shareholders' equity for the year ended December 31, 2007

(all amounts in thousands of Euro)

(before profit appropriation)

	Share Capital EUR	Share Premium EUR	Retained earnings EUR	Profit for the year EUR	Total EUR
Balance at: January 1, 2006	**18**	**2.000**	**(15)**	**40**	**2.043**
• Profit appropriation	-	-	40	(40)	-
• Result for the year	-	-	-	45	45
Balance at: December 31, 2006	**18**	**2.000**	**25**	**45**	**2.088**
• Profit appropriation	-	-	45	(45)	-
• Result for the year	-	-	-	109	109
Balance at: December 31, 2007	**18**	**2.000**	**70**	**109**	**2.197**

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Statement of cash flow for the year ended December 31, 2007

(all amounts in thousands of Euro)

	2007		2006	
	EUR	**EUR**	EUR	EUR
Profit for the period	**109**		45	
Adjustments for:				
• Net finance cost	**(207)**		(127)	
• Income tax expenses	**5**		18	
	(93)		(64)	
Changes in working capital:				
• Accounts receivable	**(30)**		-	
• Current liabilities	**21**		9	
	(102)		(55)	
Interest paid bonds	**(10.969)**		(10.969)	
Income tax paid	**(10)**		(12)	
Net cash from operating activities		**(11.081)**		(11.036)
Interest received loan shareholder	**11.347**		11.347	
Other interest received shareholder	**50**		-	
Interest received other	**6**		1	
Net cash from investing activities		**11.403**		11.348
Net cash flow for the period		**322**		312
Cash and cash equivalents at the beginning of the period		**417**		105
Cash and cash equivalents at the end of the period		**739**		417

Notes to the financial statements as per December 31, 2007

(all amounts in thousands of Euro)

1 Relationship with parent Company and principal activities

Slovenske Elektrarne Finance B.V. (hereafter the "Company"), having its statutory seat in Rotterdam, was incorporated on September 5, 1997 under Dutch Law. The address of the Company is Weteringschans 28, 1017 SG Amsterdam, The Netherlands.

The Company is a private limited liability Company, where 100% of the shares are held by Slovenské elektrárne, a.s. having its statutory seat in Bratislava Slovakia, and forms part of the Enel Group.

The principal objectives of the Company are:

- To finance companies and business enterprises forming part of a group of companies and enterprises directly or indirectly controlled by Slovenské elektrárne, a.s.;
- To borrow and lend money, to raise funds by issuing bonds and notes, including commercial paper;
- To do anything that is, in the widest sense of the word, connected with the aforementioned objectives or which can be conducive to the attainment thereof.

2 Basis of presentation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Commission and with the statutory provisions of the Dutch Civil Code, Book 2, Title 9.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the financial assets and financial liabilities (including derivative instruments), which are valued at amortized cost.

2.3 Functional and presentation currency

These financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency

The costs and income arising from transactions in foreign currencies and non-monetary balance sheet items or monetary receivables and debts are translated at the exchange rate applicable on the transaction date or balance sheet date respectively (except where indicated otherwise in the notes to the financial statements).

Exchange rate differences are added or charged to the profit and loss account as financial income or expenditure respectively.

3.2 Financial instruments

Non-derivative financial instruments comprise investments in debt securities and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs (except where indicated otherwise in the notes to the financial statements). Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognized if the Company up becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses.

The non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

3.3 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.4 Impairment

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 in respect of 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 in respect of an available-for-sale financial asset is calculated by reference to its current 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 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 the reversal is recognized in profit or loss.

3.5 Revenues and costs

Revenues are measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Costs are recognized when the related goods and services are bought, consumed or allocated or when their future useful lives cannot be determined.

Finance income comprises interest income on funds invested, 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, foreign currency gains, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, 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.

3.6 Income tax expense

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 equity, in which case it is recognized in equity.

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

Deferred tax is recognized using the balance sheet method, providing 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 recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.7 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these financial statements:

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- IFRS 8 *Operating Segments (effective from 1 January 2009)* requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assessing performance. The potential effect of the interpretation is one of disclosure only.

- *Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009) - its* scope has been amended and the definition of a business has been expanded. The revised Standard also includes a number of other potentially significant changes including:

    - All items of consideration transferred by the acquirer are recognised and measured at fair value as of the acquisition date, including contingent consideration.
    - Transaction costs are not included in the acquisition accounting.
    - The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill), or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree.
    - Acquisitions of additional non-controlling equity interests after the business combination must be accounted for as equity transactions.

  Standard IFRS3 is not relevant to the Company's operations.

- *Revised IAS 1 Presentation of Financial Statements (effective from 1 January 2009)* requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income).

- *Revised IAS 23 Borrowing Costs (effective from 1 January 2009)* will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. In accordance with the transitional provisions the Company will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.

- *Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)* - the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of

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profit or loss and other comprehensive income between the controlling and non-controlling interest. Standard IAS 27 is not relevant to the company's operations.

- IFRIC 12 *Service Concession Arrangements (effective from 1 January 2008)* provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Company's operations as none of the Company entities have entered into any service concession arrangements.
- *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions (effective for annual periods beginning on or after 1 January 2008)* - clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements ("MFR") on such assets. It also addresses when a MFR might give rise to a liability. IFRIC 14 is not relevant the company's operations.

4 Financial assets

The non-current financial assets relates to a loan granted to the shareholder and can be specified as follows:

(all amounts in thousands of Euro)	**Year maturing**	**Balance 31-12-2007 EUR**	**Nominal value 31-12-2007 EUR**	Balance 31-12-2006 EUR
Loan shareholder, fixed rate	**2011**	**201.235**	**195.297**	201.235

(all amounts in thousands of Euro)	**Current portion < 12 months 31-12-2007 EUR**	**Portion maturing > 12 months 31-12-2007 EUR**	Current portion < 12 months 31-12-2006 EUR	Portion maturing > 12 months 31-12-2006 EUR
Loan shareholder, fixed rate	**5.938**	**195.297**	5.938	195.297

As per June 24, 2004, and following the listed guaranteed notes issued by the Company, the Company issued a loan to its shareholder, Slovenské elektrárne, a.s. The loan is interest bearing at an effective interest rate of 5,810169%. The interest is payable annually in arrears 2 days before the interest payment date of the listed guaranteed notes. The loan has to be repaid in the manner required to discharge the obligation of the Company in respect of the listed guaranteed notes issued. The listed guaranteed notes issued by the Company are due on June 24, 2011 (see note 8).

The market value of the loan shareholder and the effective interest percentage on the loan were calculated based on the Discounted Cash Flow method.

5 Other receivables

The other receivables can be specified as follows:

(all amounts in thousands of Euro)	**31-12-2007 EUR**	31-12-2006 EUR
Other receivable shareholder	**70**	40
Interest receivable other	**7**	-
Corporate income tax	**3**	-
	80	40

6 Cash and cash equivalents

The cash and cash equivalents can be specified as follows:

(all amounts in thousands of Euro)	**31-12-2007 EUR**	31-12-2006 EUR
ING Bank – EUR current account	**-**	417
Deutsche bank – EUR current account	**14**	-
Deutsche bank – EUR deposit account	**725**	-
	739	417

7 Shareholders' equity

Due to an amendment of the Articles of Association, executed on June 16, 2004, the authorized share capital of the Company amounts to EUR 91 thousand, divided into 200 ordinary shares with a nominal value of EUR 455 (of which 40 shares have been paid up in full). The issued and paid-up capital amounts to EUR 18 thousand.

A specification of the movement of equity is set out on page 6.

8 Loans and borrowings

The loans and borrowings relate to issued listed guaranteed notes and can be specified as follows:

(all amounts in thousands of Euro)	**Current portion < 12 months 31-12-2007 EUR**	**Portion maturing > 12 months 31-12-2007 EUR**	Current portion < 12 months 31-12-2006 EUR	Portion maturing > 12 months 31-12-2006 EUR
Listed guaranteed notes, fixed rate	**5.740**	**194.076**	5.740	193.842

(all amounts in thousands of Euro)	**year Maturing**	**Balance 31-12-2007 EUR**	**Nominal value 31-12-2007 EUR**	Balance 31-12-2006 EUR
Listed guaranteed notes, fixed rate	**2011**	**199.816**	**195.000**	199.582

On June 24, 2004 EUR 200 million Guaranteed Notes, due 2011, were issued at the stock exchange in Luxemburg at a price of 99,853. These notes bear an interest of 5,625% per annum, payable annually in arrears on June 24 each year. In 2006 an amount of EUR 5 million was repaid. The bond discount amounting to EUR 0,3 million and the costs directly related to the issuance of the notes amounting to EUR 1,4 million have been deducted from the principal amount of the Guaranteed Notes. The bond discount and the costs related to the notes have been accounted for in the effective interest rate, which is 5,7796%.

The market value of the Guaranteed Notes and the effective interest percentage on the notes were calculated based on the Discounted Cash Flow method. The Notes are valued at "amortized cost".

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9 Other payables

The other payables can be specified as follows:

(all amounts in thousands of Euro)	31-12-2007 EUR	31-12-2006 EUR
Invoices payable	7	-
Corporate income tax	-	2
Wage tax and social security premiums	1	-
Accrued expenses	33	20
	41	22

10 General and administrative expenses

(all amounts in thousands of Euro)	2007 EUR	2006 EUR
Salaries	20	-
Social security premiums	1	-
Management & domiciliation	-	9
Administrative-, accounting- and secretarial services	36	38
Audit fees	30	-
Other advisory fees	28	16
Fees recharged to shareholder	(30)	-
Office rent	5	-
Other expenses	3	1
	93	64

11 Interest and similar income

(all amounts in thousands of Euro)	2007 EUR	2006 EUR
Interest income on loan shareholder	11.347	11.347
Other interest income shareholder	50	-
Interest other	13	1
	11.410	11.348

12 Interest and similar charges

(all amounts in thousands of Euro)		**2007 EUR**	2006 EUR
Interest Guaranteed Notes – coupon interest (5,6250%)	**10.969**		
Interest Guaranteed Notes – allowance for Discount	**39**		
Interest Guaranteed Notes – allowance for Costs	**195**		
Effective interest Guaranteed Notes		**11.203**	11.221
Interest other		**-**	-
		11.203	11.221

13 Corporation tax on ordinary activities

(all amounts in thousands of Euro)	**2007 EUR**	2006 EUR
Corporate income current year	**12**	11
Corporate income previous years	**(7)**	7
	5	18

The tax burden for the financial year 2006 and 2007 is based on an estimated taxable profit.

14 Transactions with related parties

The transactions with related parties can be specified as follows:

(all amounts in thousands of Euro)	**Receivables 31-12-2007 EUR**	**Interest Received In 2007 EUR**	Receivables 31-12-2006 EUR	Interest Received In 2006 EUR
Slovenské elektrárne, a.s.	**201 305**	**11.347**	201 275	11.347

15 Risk management

As part of its operations, Slovenske elektrarne Finance B.V. is exposed to credit risk and liquidity risk. Slovenske elektrarne Finance B.V. is not exposed to Interest rate risk and Foreign currency risk as all transactions are nominated in domestic currency EUR and guaranteed notes are issued with fixed interest rate.

Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligations to the Company. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

			Carrying amount	
	Note	Year maturing	2 007	2 006
Loan granted to the shareholder (maturing>12 months)	4	2011	195 297	195 297
Loan granted to the shareholder (maturing<12 months)	4		5 938	5 938
Other receivable shareholder	5		70	40
Interest receivable other	5		7	0
Corporate income tax	5		3	0
Cash and cash equivalents	6		739	417
Total			**202 054**	**201 692**

The credit risk is considered negligible since transactions are conducted solely with 100% shareholder Slovenske elektrarne a.s. Management does not expect SE a.s. to fail to meet its obligation.

Liquidity risk

Liquidity risk is the risk that Slovenske Elektrarne Finance B.V. will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following represents the maximum liquidity exposure at the reporting date:

			Carrying amount	
	Note	Year maturing	2 007	2 006
Listed quaranteed notes (maturing>12 months)	8	2011	194 076	193 842
Listed quaranteed notes (maturing<12 months)	8		5 740	5 740
Other payables	9		41	22
Total			**199 857**	**199 604**

16 Contingent Liabilities

Long-term unconditional obligations have been entered into an agreement in respect of the rental for office space until April 1, 2010. As per December 31, 2007 the commitments ensuing from this agreement amount to EUR 13 thousand. Thereof EUR 6 thousand is payable within 1 year.

17 Staff

As per December 31, 2007 the Company had, other than the three directors, no staff employed.

No material changes in activities are contemplated during the financial year 2007.

Amsterdam, 18 November 2008

The management,

R. Okenka (Managing Director A)

F. Mauritz (Managing Director B)

A.J.M. Nieuwenhuizen (Managing Director B)

23-12-2008

Other information

Provisions in the articles of association governing the appropriation of profit

Under article 16 of the Company's articles of association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate said profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

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

Proposal for profit appropriation

The Executive Board proposes to add the profit for 2007 to the retained earnings results.

Post balance sheet events

No major post-balance sheet events have occurred, affecting the financial statements, herewith presented.

Auditor's report

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

Auditor's report

23-12-2008

To: the Shareholder of Slovenske Elektrarne Finance B.V.

Auditor's Report

Report on the financial statements

We have audited the accompanying financial statements 2007 of Slovenske Elektrarne Finance B.V., Amsterdam, which comprise the balance sheet as at 31 December 2007, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Slovenske Elektrarne Finance B.V. as at 31 December 2007, 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 Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 18 November 2008

KPMG ACCOUNTANTS N.V.

E. Michels RA

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