Financial Statements of International Endesa B.V. at June 30, 2017

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 half year 2017.

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 first half year 2017 was in accordance with management's expectations.

Operating results

The Company registered a profit before taxation of EUR 312 thousand mostly due to its financial activities.

Principal activities during the first six months of 2017

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 the first six months of 2017, 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 EUR 3,000 million. The volume issued in the first six months of 2017 is EUR 2,910 million and the average debt has been EUR 1,206 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 ECP, MTNP, intercompany loans, credit lines and financial derivatives.

On April 25, 2017, the shareholder resolved to adopt the statutory financial statements for the year 2016 and to allocate as retained earnings the 2016 net profit of EUR 328 thousand.

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.

During the first six months of 2017 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 are 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 2017, 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 fulfill its responsibilities and properly execute its duties.

Subsequent events

There have been no significant subsequent events to be mentioned.

Personnel

As at 30 June 2017 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 30 June 2017 and developments during the financial year 2017;
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, 26 July 2017

Ernesto di Giacomo | Alessandro Canta

Adolfo García Nombela | Gonzalo García Cattaneo

Hans Marseille

Financial statements

for the half year ended 30 June 2017

Profit and loss account for the half year January – June 2017

Thousands of Euro	Note	1st Half	
		2017	**2016**
Other revenues and income		-	-
Services	1	(131)	(120)
Personnel	1	(75)	(56)
Result from operating activities		**(206)**	**(176)**
Financial income	2	486	1,327
Financial expense	2	32	(1,280)
	Total	**518**	**47**
Profit before income taxes		**312**	**(129)**
Income tax expense	3	62	15
Net income for the period		**250**	**(144)**

Balance sheet as at 30 June 2017

(before appropriation of net income)

Thousands of Euro	Note		
ASSETS		**30-Jun-17**	**31-Dec-16**
Non-current assets			
Non-current financial assets	4	47,000	47,000
	Total	**47,000**	**47,000**
Current assets			
Current financial assets	5	1,222,691	953,229
Income tax receivable	6	9	-
Cash and cash equivalents	7	163	115
	Total	**1,222,863**	**953,344**
TOTAL ASSETS		**1,269,863**	**1,000,344**

Thousands of Euro			
LIABILITIES AND SHAREHOLDERS' EQUITY		**30-Jun-17**	**31-Dec-16**
Share capital	8	15,429	15,429
Share premium reserve	8	4,660	4,660
Retained earnings	8	426	98
Net income for the period		250	328
Total shareholder's equity		**20,765**	**20,515**
Non-current liabilities			
Long-term loans and borrowings	9	47,000	47,000
	Total	**47,000**	**47,000**
Current liabilities			
Short-term loans and borrowings	10	1,200,766	932,374
Other current financial liabilities	11	1,226	117
Income Tax payable		0	156
Other current liabilities		106	182
	Total	**1,202,098**	**932,829**
TOTAL EQUITY AND LIABILITIES		**1,269,863**	**1,000,344**

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**
1/Jan/16	**15,429**	**4,660**	**-**	**-**	**98**	**20,187**
Allocation of net income from the previous year	-	-	-	98	(98)	-
Dividends and interim dividends	-	-	-			0
Net income for the period	-	-	-	-	328	**328**
31/Dec/16	**15,429**	**4,660**	-	**98**	**328**	**20,515**
1/Jan/17	**15,429**	**4,660**	**-**	**-**	**328**	**20,417**
Allocation of net income from the previous year	-	-	-	328	(328)	-
Dividends and interim dividends	-	-	-			0
Net income for the period	-	-	-	-	250	**250**
30/Jun/17	**15,429**	**4,660**	-	**328**	**250**	**20,667**

Notes to the 2017 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.

This half year report has not been audited or reviewed by any external party.

Debt issuance program and ECP Program

On 17 January 1995, the Company entered into a USD 750 million Debt Issuance Program, arranged by Morgan Stanley & Co. International Limited. On 5 July 1998, this Debt Issuance Program was increased up to USD 4,000 million. On 9 July 1999, the initial maximum program amount has been increased up to Euro 7,000 million from the former USD 4,000 million. On 20 September 2001, the maximum program amount has been increased up to Euro 9,000 million from the former Euro 7,000 million. On 15 November 2002, the maximum program 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 program. 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 Program 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 program was updated to Euro 2,000 million. On 18 December 2009, the existing program 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, is guaranteed by the parent company, Endesa S.A, by an agreement dated 20 October 2016.

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 recognized 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 recognized 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 recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

Cash flow statements

As permitted under RJ 360.104, the cash flows of the Company are included in the cash flows statement of the ultimate holding company. The ultimate holding company's financial statement are available on Endesa's corporate website: www.endesa.com.

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 devalued. 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 recognized 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%	07/10/1999	07/10/2019
68	12,000	6m EURO+ 33bpt	5.74%	12/11/2001	12/11/2031
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.

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. As per 30 June 2017, 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 with the company on 20 October 2016 the guarantee for payments of the Company's receivables due from Endesa S.A. and affiliated companies within the year.

Notes to the profit and loss

1 Result from operating activities – Euro (206) thousand

Result from operating activities is negative for Euro 206 thousand (2016: Euro 176 thousand negative) 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 131 thousand (2016: Euro 120 thousand) and to personnel costs for Euro 75 thousand (2016: Euro 56 thousand).

2 Financial income/(expense) – Euro 518 thousand

Thousands of Euro

	30-Jun-17	30-Jun-16	Change
Financial income:			
interest and other income on long-term financial assets	77	129	(52)
Interest income on short-term financial receivables	(803)	17	(820)
Income from IRS derivatives instruments	1,212	1,181	31
Total financial income	**486**	**1,327**	**(841)**
Financial expenses:			
Interest expenses on bonds	(1,273)	(1,294)	21
Interest expenses on commercial papers	1,306	14	1,292
Total financial expenses	**32**	**(1,280)**	**1,313**
Net financial result recognised	**518**	**47**	**471**

Interest and other income totalled to Euro 486 thousand, down Euro 841 thousand compared to 30 June 2016 with the variation mainly due to:

- decrease of interest income on short-term floating rate loans (Euro 814 thousand) granted by the company to Endesa S.A driven by stagnant negative reference interest rate (Euribor);
- decrease of interest income (Euro 45 thousand) on floating rate long-term loans granted by the company to Endesa Financiación Filiales S.A.;
- decrease of interest income (Euro 7 thousand) due to the repayment in February 2016 of the loan LC057 (aggregate principal amount Euro 15.000 thousand) granted by the Company to Endesa Financiación Filiales S.A.

This decrease was partly offset by income from derivatives in amount of Euro 31 thousand.

Interest and other charges on financial debt totalled to negative Euro 32 thousand, down by Euro 1,313 thousand mainly due to:

- decrease of interest charges on commercial papers (Euro 1,292 thousand) driven by negative Euribor;
- decrease of interest charges (Euro 15 thousand) due to the repayment in February 2016 of the series NI057 Note aggregate principal amounting to Euro 15.000 thousands.

3 Income tax expense– Euro 62 thousand

Corporate income tax expense for 2017 is estimated at approx. Euro 125 thousand. The nominal tax rate 2017 is 20% for the first Euro 200 thousand of taxable income and 25% for the remaining amount.

Notes to the balance sheet

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

Thousands of Euro

	30-Jun-17	31-Dec-16	Change
Loans and receivables			
- Loans to affiliated companies	47,000	47,000	-
Total loans and receivables	**47,000**	**47,000**	**-**
Total non-current financial assets	**47,000**	**47,000**	**-**

Loan to affiliated companies

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

Thousands of Euro

	30-Jun-17	31-Dec-16	Change
Loan receivable from Endesa Financiación Filiales S.A. (LC1039)	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**	**47,000**	**-**

The loans to affiliated companies have variable interest rates related to LIBOR and EURIBOR plus a mark-up.

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 9.

5 Current financial assets – Euro 1,222,691 thousand

Thousands of Euro

	30-Jun-17	31-Dec-16	Change
Financial receivables	1,221,382	953,052	268,330
Interest receivable on interest rate swaps	1,542	261	1,281
Other current financial assets	(233)	(84)	(149)
Total	**1,222,691**	**953,229**	**269,462**

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

Financial receivables

Thousands of Euro

	30-Jun-17	31-Dec-16	Change
Short-term loan with Endesa S.A.	1,200,766	932,374	268,392
Credit Line with Endesa Financiación Filiales S.A.	5,975	6,021	(46)
Credit line with Endesa S.A.	14,641	14,657	(16)
Short-term part loans with Endesa Financiación Filiales S.A.	-	-	-
Total	**1,221,382**	**953,052**	**268,330**

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 totalled Euro 1,542 thousand (2016: Euro 261 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 totalled Euro 233 thousand negative (2016: Euro 84 thousand negative).

6 Income tax Receivable – Euro 9 thousand

The income tax receivable amounting to Euro 9 thousand specifies as the calculated income tax receivable on the result before income taxes.

7 Cash and cash equivalents – Euro 163 thousand

As at 30 June 2017 cash and cash equivalent amount to Euro 163 thousand. No restrictions on usage of cash exist.

8 Shareholder’s equity – Euro 20,667 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 30 June 2017, 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 426 thousand

The retained earnings as at 30 June 2017 are Euro 426 thousand. The net income for the period is Euro 250 thousand.

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

The notes issued by the Company under the Debt Issuance Program are presented under the Long-term loans and borrowings and amount to Euro 47,000 thousand as at 30 June 2017.

The notes under the Debt Issuance Program 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 ‘amortized costs’. The market price of the EMTN notes issued as at 30 June 2017 is Euro 55,845 thousand.

The following table shows long-term debt and repayment schedules as at 30 June 2017:

Thousands of Euro

		Balance	Nominal amount	Balance			
Series	**Currency**	**30 Jun 2017**	**30 Jun 2016**	**31 Dec 2016**	**Maturity**	**Option**	**Interest rate**
N1039	EUR	15,000	15,000	15,000	Oct.2019	Oct.2019	10yearGBP/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**	**47,000**	**47,000**			

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 Program has been updated and increased several times up to the maximum amount of Euro 10,000 million.

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

10 Short-term loans and borrowings – Euro 1,200,766 thousand

Thousands of Euro

	30-Jun-17	31-Dec-16	Change
Commercial papers	1,200,766	932,374	268,392
Short-term loans and borrowings	**1,200,766**	**932,374**	**268,392**

Commercial Paper

As at 30 June 2017 the outstanding amount of commercial paper is Euro 1,200,766 thousand. The commercial papers issuance is performed in the context of the Euro Commercial Paper Program (hereinafter, also “ECP Program”) launched by the Company in 1998.

On 29 April 1998, the Company established a Euro Commercial Paper Program 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 program 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 Program are unconditionally guaranteed by the parent company.

11 Other current financial liabilities – Euro 1,226 thousand

Thousands of Euro

	30-Jun-17	31-Dec-16	Change
Interest payable for EMTN	1,533	259	1,274
Interest payable for liabilities under the commercial paper	(307)	(142)	(165)
Total other current financial liabilities	**1,226**	**117**	**1,109**

Other current financial liabilities refer to interest payables for notes payable and liabilities under the ECP programme (notes 8 and 9) 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

	Assets	Liabilities	Income	Cost
	30-Jun-17		**2017**	
Endesa S.A.	1,215	-	(796)	
Endesa Financiación Filiales S.A.	53	-	74	
Total	**1,268**	**-**	**(722)**	

Statutory Directors

The emoluments of the Directors charged in 2017, as per section 2.383 (1) of the Netherlands Civil Code, amounted to Euro nil (2016: nil).

Subsequent events

There have been no significant subsequent events to be mentioned.