Enel Investment Holding B.V.

Annual report 2012

For identification purposes only
Ernst & Young
Accountants
24/4/2013

Content

Director's Report

General Information

Management of the Enel Investment Holding B.V. (hereinafter: the "Company") hereby presents its financial statements for the financial year up to and including 31 December 2012.

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

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

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

Enel Investment Holding B.V. Group structure

At 2012 year-end the Group structure is as follows:

Holding of the Group

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

Group subsidiaries

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

(*) Shares are listed on the Russian Stock Exchange

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Introduction

In 2012 the priorities of the Company were focused on operational excellence and the consolidation and integration of the new scope of operations. This is underlined by the fact that, following a cycle of international expansion completed in 2008 by the Parent Company Enel S.p.A., the Company now holds the equity investments of ENEL S.p.A. in most of the Enel overseas companies operating in Europe, except for Endesa and the companies operating in the renewable sector.

In Russia, Enel OGK-5 focused on integrating and boosting the efficiency of structures, systems and processes, thereby laying the groundwork for excellent operational performance along the entire value chain from the upstream gas segment to electricity sales. The main drivers of the company's success were cost cutting and improvements in plant availability. Enel OGK-5 made considerable investments during 2012 in the construction of combined cycle power plants and in the Dry-Ash Removal system.

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

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

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

Significant events in 2012

Enel and EDF terminate their cooperation on EPR in France

On 4 December 2012 Enel has notified to Electricitè de France (Edf) the exercise of its Exit Right on its participation in the EPR (European Pressurized Reactor) nuclear power plant project in Flamanville, Normandy ("Flamanville 3") and in another five power plants to be built in France using the same EPR technology, thus terminating the Strategic Partnership Agreement the two companies signed in November 2007.

Flamanville 3 has encountered construction cost over-runs and delays. This is compounded by a significant drop in power demand and the uncertain timeframe for other nuclear investments in France. By exiting the Flamanville 3 project, Enel France was reimbursed the prepaid expenses related to its 12.5% stake in the project for an overall amount of EUR 658 million taking full effect on 19 December 2012.

However Enel has built a solid commercial platform in France in the energy supply which will be further enhanced through recourse to alternative sources. The French market remains strategic for the Enel Group that will continue to operate through its diversified presence in renewable, gas and power trading activities.

Intention to sale Marcinelle Energie

Further to business general agreements Enel Group in December 2012 has decided to sell its assets in Belgium through the disposal of its subsidiary Marcinelle Energie. Following this decision Marcinelle's net assets values have been accordingly reclassified to assets and liabilities held for sale in accordance with IFRS 5 as of 31 December 2012. Taking into consideration a bid received with an enterprise value set at EUR 245 million, an impairment over Marcinelle totaling EUR 145 million have been recorded at 2012 year ended.

Moreover on 19 December 2012 the Board of Directors of the Company also resolved to approve the execution of the Put Option Agreement signed with Duferco Belgium which led to purchase of the remaining 20% stake for EUR 36 million paid in January 2013.

Agreement with National Railway Company in Romania

As of 31 December 2011, Romanian subsidiaries Enel Energie SA and Enel Energie Muntenia SA had a cumulative provision for doubtful accounts related to trade receivables towards National Railway Company S.A. ("C.F.R.") amounting to EUR 160 million for penalties and receivables past due. During 2012 following negotiations between Enel group and Romanian authorities, a settlement was agreed in order to enforce the payment obligation of C.F.R. resulting in payment of overdue invoices already written off amounting to EUR 79 million with a corresponding positive effect on Group operating income; on the contrary all penalties have been mutually cancelled leading to a EUR 87 million utilization of the provision. At 2012 year ended the allowance related to C.F.R. is around zero.

Reorganization of reinsurance companies

On 27 June 2012 the general meeting of shareholders of Enel.RE N.V. resolved to a legal merger between Enel.Re N.V. (the acquiring company) and Enel.re Limited (the disappearing company). The merger follows the decision of Enel Group to aggregate in a single company the reinsurance activities and the relating insurance programs existing within Enel Group.

Finally the acquiring company has been renamed Enel Insurance N.V.

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Overview of the Group's performance and financial position

Definition of performance indicators

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

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

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

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

"Deferred tax assets";

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

"Long-term loans";

"Post-employment and other employee benefits";

"Provisions for risks and charges";

"Deferred tax liabilities".

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

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

"Cash and cash equivalents";

"Short-term loans" and the "Current portion of long-term loans".

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

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

Main changes in the scope of consolidation

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

2012

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

2011

• Disposal, on 28 June 2011, of the entire share capital of the Netherlands-registered companies Maritza East III Power Holding B.V. and Enel Maritza O&M Holding Netherland B.V. which own respectively 73% of the share capital of the Bulgarian company Maritza East 3 AD, owner of a lignite-fuelled power plant with an installed capacity of 908 MW ("Maritza"), and 73% of the share capital of the Bulgarian company Enel Operations Bulgaria AD, which is responsible for the operation and maintenance of the Maritza plant.

Group performance

Millions of euro

	2012	2011	Change
Total revenues	3.668	3.450	218
Total costs	2.986	2.750	236
Gross operating margin	**682**	**700**	**(18)**
Depreciation, amortization and impairment losses	445	361	84
Operating income	**237**	**339**	**(102)**
Financial income	233	256	(23)
Financial expense	(283)	(350)	67
Total financial income/(expense)	**(50)**	**(94)**	**44**
Share of income/(expense) from investments accounted for using the equity method	**101**	**109**	**(8)**
Income/(Loss) before taxes	**288**	**354**	**(66)**
Income taxes	51	68	(17)
Net income from continuing operations	**237**	**286**	**(49)**
Net income from discontinued operations	-	-	-
Net income (Group and non-controlling interests)	**237**	**286**	**(49)**
Net income attributable to non-controlling interests	144	144	-
Group net income	**93**	**142**	**(49)**

Revenues

Millions of euro

	2012	2011	Change
Electricity sales	3.289	3.115	174
Electricity transport	110	90	20
Revenues from premium reassurance provided	-	49	(49)
Capital gain on net assets disposal	-	13	(13)
Other sales and services	269	183	86
Total	**3.668**	**3.450**	**218**

In 2012 **revenues** amounted to EUR 3.668 million, up EUR 218 million over 2011.

Revenues from the sale of electricity grew primarily thanks to Enel OGK-5 (EUR 189 million), distribution Romanian companies (EUR 53 million) and Enel France (EUR 55 million) following higher volumes of energy sold in 2012 due to increased electricity demand in Russia and Romania as well as to a rise in the access to nuclear-generated base electricity in France (known as ARENH). These effects were partially offset by lower revenues from Bulgarian companies deconsolidated as at 28 June 2011 (EUR – 124 million).

Revenues from electricity transport (EUR 110 million in 2012) are mainly attributable to Romanian companies acting in the electricity distribution network (Enel Distributie Muntenia, Enel Distributie Banat and Enel Distributie Dobrogea) which have reported a slight increase of their performance over 2011.

Revenues from premium reassurance provided referred exclusively to Enel Insurance N.V. in 2011 (formerly named Enel.re Ltd). After losing full control on it as of 30 November 2011 this company has been consolidated using the equity method.

Capital gain on net assets disposal related to the consolidated gain further to the disposal of Bulgarian companies occurred in 2011 (EUR 13 million).

Costs

Millions of euro

	2012	2011	Change
Electricity purchases	1.464	1.313	151
Consumption of fuel for electricity generation	898	873	25
Raw materials and consumables	59	72	(13)
Services	305	321	(16)
Personnel	187	186	1
Other operating expenses	124	65	59
Capitalized costs	(51)	(80)	29
Total	**2.986**	**2.750**	**236**

Costs for **electricity purchases** increased by EUR 151 million in 2012 to EUR 1.464 million, with the change mainly attributable to:

•greater volumes of electricity purchased by Enel France from EDF and from the market together with higher costs incurred in France (EUR 110 million);

•higher volumes and costs experienced by Enel OGK-5 (EUR 27 million).

Consumption of fuel for electricity generation showed a rise of EUR 25 million driven by higher fuel prices experienced by Enel OGK-5 (EUR 62 million), partially made up by lower costs from Enel Maritza East 3 AD (EUR – 37 million), deconsolidated as from 28 June 2011.

Services costs totaled EUR 305 million in 2012, down EUR 16 million over 2011 with no significant change reported.

Personnel costs amounted to EUR 187 million in 2012, an increase of EUR 1 million over 2011. The variation is mainly connected to Enel OGK-5 (EUR 8 million) due to changes in salary structure and actuarial adjustments to pension funds evaluation, partially made up for lower labour costs of Bulgarian companies sold in June 2011 (EUR – 4 million).

Capitalized costs decreased by EUR 29 million to EUR 51 million as a result of the lower capital expenditure (personnel and materials capitalization) carried out in 2011 by Romanian companies on the electricity distribution network.

Depreciation, amortization and impairment losses rose by EUR 84 million to EUR 445 million. The aggregate in 2012 is primarily attributable to depreciation and amortization for the period (EUR 238 million), the impairment recorded on Marcinelle net assets classified "held for sale" (EUR 145 million) and OGK5 goodwill (EUR 112 million) net of the reversal of prior trade receivables write-off in Romania (EUR - 79 million).

Operating income fell by EUR 102 million to EUR 237 million in 2012, primarily because of higher impairment losses recorded in 2012.

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Net financial expense dropped by EUR 44 million to EUR -50 million in 2012 (EUR -94 million in 2011). The decrease in net financial charges is primarily connected to lower financial charges of Enel OGK-5 (EUR 18 million) and higher financial income of Marcinelle Energie (EUR 23 million) and Romanian companies (EUR 10 million).

The **share of gains/(losses) from equity investments accounted for using the equity method** showed a net gain of EUR 101 million, down EUR 8 million on 2011 with no significant change reported.

Income taxes fell by EUR 17 million to EUR 51 million in 2012. The variation is primarily due to adjustments to income taxes related to prior years attributable to Romanian companies (EUR 12 million).

Analysis of the Group financial position

Millions of euro

	31 Dec.2012	31 Dec. 2011	Change
Net non-current assets:			
Property, plant and equipment and intangible assets	4.724	4.810	(86)
Goodwill	1.807	1.881	(74)
Equity investments accounted for using the equity method	548	527	21
Other net non-current assets/(liabilities)	69	355	(286)
Total	**7.148**	**7.573**	**(425)**
Net current assets:			
Trade receivables	444	415	29
Inventories	93	89	4
Other net current assets/(liabilities)	(988)	(952)	(36)
Trade payables	(459)	(486)	27
Total	**(910)**	**(934)**	**24**
Gross capital employed	**6.238**	**6.639**	**(401)**
Sundry provisions:			
Post-employment and other employee benefits	(50)	(52)	2
Provisions for risks and charges	(61)	(61)	-
Net deferred taxes	(425)	(405)	(20)
Total	**(536)**	**(518)**	**(18)**
Net assets held for sale	**8**	**-**	**8**
Net capital employed	**5.710**	**6.121**	**(411)**
Total shareholders' equity	**5.629**	**5.630**	**(1)**
Net financial debt	**81**	**491**	**(410)**

The **net non-current assets**, as at 31 December 2012, fell by EUR 425 million compared to 31 December 2011 with the following breakdown:

•**Property, plant and equipment and intangible assets** fell to EUR 4.724 million, a decrease of EUR 86 million essentially attributable to the reclassification of Marcinelle tangible assets to "net assets held for sale" (EUR 297 million) and to depreciation and amortization (EUR 238 million), net of capital expenditure for the period (EUR 478 million), and positive exchange rate effects (EUR 70 million);

•**Goodwill** decreased by EUR 74 million to EUR 1.807 million mainly as a result of the impairment recorded on OGK5 goodwill (EUR 112 million) partially offset by positive exchange rate differences (EUR 36 million);

•**Equity investments accounted for using the equity method** amounted to EUR 548 million, up EUR 21 million on the previous year. The rise is primarily connected to the share of income from associated companies (EUR 101 million) along with the exchange rate differences (EUR 5 million) net of dividends paid by the associated company Res Holding B.V. to the Company totaling EUR 86 million;

•**Other net non-current assets** fell by EUR 286 million to EUR 69 million primarily as a result of a reduced fair value of equity investment available for sale in Bayan Resources T.b.K (EUR 290 million).

Net current assets came to a negative EUR 910 million, a decrease of EUR 24 million compared to 31 December 2011 with no significant changes reported over 2011.

Provisions amounted to EUR 536 million, up EUR 18 million mainly due to the rise in deferred tax liabilities accounted for in 2012 (EUR 32 million) partially offset by the reversal of deferred taxation related to the impairment of Marcinelle (EUR 15 million).

Net assets held for sale amounted to EUR 8 million (nil at 31 December 2011) and entirely refer to the impaired net assets of Marcinelle classified to assets held for sale according to IFRS 5.

Net capital employed came to EUR 5.710 million at 31 December 2012, down EUR 411 million in comparison with 31 December 2011. It is funded by shareholders' equity attributable to the Group and non-controlling interests in the amount of EUR 5.629 million and by net financial debt totaling EUR 81 million. The debt-to-equity ratio at 31 December 2012 came to 1% (9% as of 31 December 2011).

Analysis of the financial structure

Millions of euro

	31 Dec. 2012	31 Dec. 2011	Change
Long Term Debt:			
Bank loans	498	525	(27)
Bonds	421	513	(92)
Other loans from third parties	1	2	(1)
Other loans from Enel Group Companies	26	611	(585)
Long-term debt	*946*	*1.651*	*(705)*
Long-term financial receivables and securities	(6)	(549)	543
Other m/l term financial receivables from Enel Group companies	(325)	(327)	2
Net long-term debt	**615**	**775**	**(160)**
Short Term Debt:			
Short-term portion of long term bank debt	31	30	1
Short-term bank debt	*31*	*30*	*1*
Bonds (short-term portion)	99	-	99
Intercompany current account - Enel SpA	66	472	(406)
Other short-term loans from Enel Group companies	300	-	300
Other short-term debt	*465*	*472*	*(7)*
Long term financial receivables (short-term portion)	(2)	(19)	17
Short-term financial receivables	(21)	-	(21)
Short-term financial receivables from Enel SpA	(5)	(8)	3
Short-term financial receivables from Enel Group companies	(174)	-	(174)
Cash and cash equivalents	(828)	(759)	(69)
Cash and cash equivalents and short-term financial receivables	*(1.030)*	*(786)*	*(244)*
Net short-term debt	**(534)**	**(284)**	**(250)**
Net financial debt	**81**	**491**	**(410)**
Net financial debt of "Assets held for sale"	**213**	-	**213**

Net financial debt showed a EUR 410 million fall to EUR 81 million as at 31 December 2012.

Net long-term debt stood at EUR 615 million, down EUR 160 million, mainly as a result of reclassification of the Group long-term debt of Marcinelle to net financial debt "held for sale" (EUR 198 million).

Net short-term debt decreased by EUR 250 million to a negative EUR 534 million mainly attributable to:

•a significant reduction in the overdrawn intercompany current account held by the Company with Enel S.p.A. (EUR 406 million) essentially due to the new short-term revolving facility agreed upon with Enel Finance International NV for EUR 300 million and dividends collected from associated companies by the Company in 2012 (EUR 92 million);

•the increase in cash and cash equivalents mainly due to net proceeds collected by Romanian sales companies after the agreement agreed upon with CFR (EUR 79 million).

Cash flows

Millions of euro	**2012**	2011	Change
Cash and cash equivalents at the start of the year	*759*	*832*	*(73)*
Cash flows from operating activities	968	651	317
Cash flows from investing/disinvesting activities	(475)	(639)	164
Cash flows from financing activities	(412)	(75)	(337)
Effect of exchange rate changes on cash and cash equivalents	(12)	(10)	(2)
Cash and cash equivalents at the end of the year [1]	*828*	*759*	*69*

(1) of which short-term securities equal to EUR 3 million as of 31December 2012 (nil as of 31December 2011)

In 2012 cash and cash equivalents rose by EUR 69 million to EUR 828 million.

Cash flows from operating activities amounted to EUR 968 million, up EUR 317 million on the previous year. The change primarily reflects the cash-in of non-current financial assets further to the exit of Enel France from Flamanville project whose positive effect has been partially offset by lower gross operating margin and higher net financial chares paid experienced in 2012.

Net cash disbursement from investing/disinvesting activities absorbed cash in the amount of EUR 475 million mainly due to the investments in property, plant and equipment of the period (EUR 464 million), while neither new entities acquisition nor subsidiaries' disposal occurred in 2012.

Cash flows from financing activities absorbed cash for EUR 412 million because of repayments (EUR 976 million) net of new borrowings raised (EUR 564 million) with the change primarily due to the reimbursement of Enel France of its financial debt with the affiliate Enel Finance International N.V.

Main risks and uncertainties

Business risks

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

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

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

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

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

Supply continuity

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

Credit risk

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

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

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

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

Liquidity risk

Liquidity risk is managed by the Group Treasury Unit at Enel S.p.A., which ensures adequate coverage of cash needs (using lines of credit and issues of bonds and commercial paper) and appropriate management of any excess liquidity.

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

Exchange rate and interest rate risk

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

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

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

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

Other risks

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

Outlook

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

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

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

Research and Development

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

Personnel

As of 31 December 2012, the Group employed 7.124 people (8.029 at 31 December 2011). Changes in the total number of employees with respect to 31 December 2011 are below summarized:

Employees at 31 December 2011	**8.029**
Changes in the scope of consolidation	-
Hirings	300
Terminations	(1.205)
Employees at 31 December 2012	**7.124**

As of 31 December 2012 the Company employed nine directors and three staff members.

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Statement of the Board of Directors

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

To our knowledge,

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

• the Director's report gives a true and fair view of the Company's position as per 31 December 2012 and the developments during the financial year 2012 of Enel Investment Holding B.V. and its consolidated companies;

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

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

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

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

• making its annual financial report generally available to the public by posting it on Enel's official website within 4 months after the end of the 2012 fiscal year (by 30 April 2013);

• making its annual financial report generally available to the public by issuing an information notice on a financial newspaper or on a financial system at European level within 4 months after the end of the 2012 fiscal year (by 30 April 2013).

Amsterdam, 24 April 2013

The Board of Directors:

L. Ferraris
A. Brentan
M. Salemme
C. Tamburi
C. Palasciano
H. Marseille
F. Mauritz
A.J.M. Nieuwenhuizen
K. Schell

Enel Investment Holding B.V.

Consolidated financial statements

Prepared in accordance with the International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2012

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Enel Investment Holding B.V. consolidated income statement for the year ended 31 December 2012

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

Millions of euro	Notes	**2012**	2011
Revenues			
Revenues from sales and services	*9*	3.565	3.386
Other revenues	*9*	103	64
	[Subtotal]	**3.668**	**3.450**
Costs			
Raw materials and consumables	*10.a*	2.421	2.257
Services	*10.b*	305	321
Personnel	*10.c*	187	186
Depreciation, amortization and impairment losses	*10.d*	445	362
Other operating expenses	*10.e*	124	65
Capitalized costs	*10.f*	(51)	(80)
	[Subtotal]	**3.431**	**3.111**
Operating Income		**237**	**339**
Financial Income	*11*	233	256
Financial expense	*11*	(283)	(350)
Share of gains/(losses) on investments accounted for using the equity method	*12*	101	109
	[Subtotal]	51	15
Income/(Loss) before taxes		**288**	**354**
Income Taxes	*13*	51	68
Net income for the year (shareholders of the Company and non-controlling interests)		**237**	**286**
Attributable to non-controlling interests		144	94
Attributable to shareholder's of the Parent Company		93	192

The Notes on pages 27 to 86 are an integral part of these Consolidated Financial Statements

For identification purposes only
Ernst & Young Accountants

Enel Investment Holding B.V. consolidated statement of other comprehensive income for the year ended 31 December 2012

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

Millions of euro	*Notes*		
		2012	2011
Net income for the period		**237**	**286**
Other components of comprehensive income:			
Effective portion of change in the fair value of cash flow hedges		(6)	23
OCI of associated companies accounted for using the equity method		5	3
Change in the fair value of financial investments available for sale		(296)	-
Exchange rate differences		59	(104)
Income/ (loss) recognized directly in other comprehensive income	*26*	**(238)**	**(78)**
Comprehensive income for the period		**(1)**	**208**
Attributable to:			
- shareholder's of the Parent Company		(159)	141
- non-controlling interests		158	67

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For identification purposes only
Ernst & Young
Accountants

Enel Investment Holding B.V. consolidated statement of financial position as at 31 December 2012

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

Millions of euro	*Notes*		
Assets		**31 Dec. 2012**	31 Dec. 2011
Non-current assets			
Property, plant and equipment	*14*	4.446	4.474
Intangible assets	*15*	2.085	2.217
Deferred tax assets	*30*	34	37
Equity investments accounted for using the equity method	*16*	548	527
Equity investments in other companies	*17*	235	528
Non-current financial assets	*18*	331	879
Other non-current financial assets	*19*	3	7
	(Total)	**7.682**	**8.669**
Current assets			
Inventories	*20*	93	89
Trade receivables	*21*	444	415
Tax receivables		22	14
Current financial assets	*22*	219	33
Other current assets	*23*	47	82
Cash and cash equivalents	*24*	825	759
	(Total)	**1.650**	**1.392**
Assets held for sale	*25*	**292**	-
Total assets		**9.624**	**10.061**

The Notes on pages 27 to 86 are an integral part of these Consolidated Financial Statements

For identification purposes only
Ernst & Young
Accountants

Enel Investment Holding B.V. consolidated statement of financial position as at 31 December 2012

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

Millions of euro	Notes		
Liabilities and shareholders' equity		**31 Dec. 2012**	31 Dec. 2011
Equity attributable to the shareholders of the Parent Company	*26*		
Share capital		1.593	1.593
Other reserves		2.251	2.503
Retained earnings		215	23
Net income for the period		93	192
	(Total)	**4.152**	**4.311**
Equity attributable to non-controlling interests		1.477	1.319
TOTAL SHAREHOLDERS' EQUITY		**5.629**	**5.630**
Non-current liabilities			
Long-term loans	*27*	946	1.649
Post-employment and other employee benefits	*28*	50	52
Provisions for risks and charges	*29*	33	19
Deferred tax liabilities	*30*	460	442
Non-current financial liabilities	*31*	12	4
Other non-current liabilities	*32*	157	180
	(Total)	**1.658**	**2.346**
Current liabilities			
Short-term loans	*33*	366	472
Current portion of long-term loans	*27*	130	30
Current portion of provisions for risks and charges	*29*	28	43
Trade payables	*34*	458	486
Current financial liabilities	*35*	17	23
Other current liabilities	*36*	1.054	1.031
	(Total)	**2.053**	**2.085**
Liabilities held for sale	*37*	**284**	**-**
Total liabilities		**3.995**	**4.431**
Total liabilities and shareholders' equity		**9.624**	**10.061**

The Notes on pages 27 to 86 are an integral part of these Consolidated Financial Statements

For identification purposes only
ERNST & YOUNG
ACCOUNTANTS

Enel Investment Holding B.V. consolidated cash flow statement for the year ended 31 December 2012

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

Millions of euro

	2012	2011
Income for the year	**237**	**286**
Adjustments for:		
Amortization and impairment losses of intangible assets	275	56
Depreciation and impairment losses of property, plant and equipment	224	250
Accrual to provisions	(43)	40
Financial (income)/expense	50	94
Income taxes	51	68
(Gains)/Losses and other non-monetary items	(5)	7
Cash flow from operating activities before changes in working capital, interests and taxes	*789*	*801*
Increase/(Decrease) in provisions	(13)	(30)
(Increase)/Decrease in inventories	(4)	(2)
(Increase)/Decrease in trade receivables	(29)	(35)
(Increase)/Decrease in financial and non-financial assets/liabilities	395	(60)
Increase/(Decrease) in trade payables	(29)	57
Change in working capital	*320*	*(70)*
Interest income and other financial income collected	120	178
Interest expense and other financial expense paid	(219)	(194)
Income taxes paid	(42)	(64)
Cash flows from operating activities (a)	**968**	**651**
Investments in property, plant and equipment	(464)	(629)
Investments in intangible assets	(14)	(19)
Investments in entities (or business units) less cash and cash equivalents acquired	-	-
Disposals of entities (or business units) less cash and cash equivalents sold	-	9
(Increase)/decrease in other investing activites	-	-
Equity investments repayments (contribution)	3	-
Cash flows from investing/disinvesting activities (b)	**(475)**	**(639)**
Financial debt (new borrowing)	564	587
Financial debt (repayments and other changes)	(976)	(627)
Dividends and interim dividends paid	-	(35)
Cash flows from financing activities (c)	**(412)**	**(75)**
Impact of exchange rate fluctuations on cash and cash equivalents (d)	**(12)**	**(10)**
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**69**	**(73)**
Cash and cash equivalents at the beginning of the year	759	832
Cash and cash equivalents at the end of the year	828	759
-of which pertaining to held for sale companies	-	-

The Notes on pages 27 to 86 are an integral part of these Consolidated Financial Statements

Enel Investment Holding B.V. consolidated statement of changes in shareholders' equity at 31 December 2012

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

Millions of euro	Share capital	Share premium reserve	FV and sundry reserves	Currency translation reserve	OCI equity method reserve	Retained earnings	Net income for the period	Group Net Equity	Minority Interests	Total shareholders' equity
Balance at 31 December 2010	**1.593**	**2.410**	**465**	**(263)**	**(58)**	**(228)**	**251**	**4.170**	**1.355**	**5.525**
Transactions with Shareholder:										
- Profit appropriation	-	-	-	-	-	251	(251)	-	-	-
- Capital contribution	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(35)	(35)
Change in scope of consolidation	-	-	-	-	-	-	-	-	(68)	(68)
Comprehensive income for the year:										
- Net income/(loss) for the period recognized in equity	-	-	23	(77)	3	-	-	(51)	(27)	(78)
- Net income/(loss) for the period	-	-	-	-	-	-	192	192	94	286
2011 movements	-	-	23	(77)	3	251	(59)	141	(36)	105
Balance at 31 December 2011	**1.593**	**2.410**	**488**	**(340)**	**(55)**	**23**	**192**	**4.311**	**1.319**	**5.630**
Transaction with Shareholder:										
- Profit appropriation	-	-	-	-	-	192	(192)	-	-	-
- Capital contribution	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the year:										
- Net income/(loss) for the period recognized in equity	-	-	(302)	45	5	-	-	(252)	14	(238)
- Net income/(loss) for the period	-	-	-	-	-	-	93	93	144	237
2012 movements	-	-	(302)	45	5	192	(99)	(159)	158	(1)
Balance at 31 December 2012	**1.593**	**2.410**	**186**	**(295)**	**(50)**	**215**	**93**	**4.152**	**1.477**	**5.629**

The Notes on pages 27 to 86 are an integral part of these Consolidated Financial Statements

Notes to the Enel Investment Holding B.V. consolidated financial statements for the year ended 31 December 2012

1. Form and content of the consolidated financial statements

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

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the financial statements of the Company and its subsidiaries ("the Group") and the Group's interest in associates and jointly controlled entities. A list of the subsidiaries included in the scope of consolidation is reported in the annex.

Relationship with Parent Company and principal activities

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

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

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

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

Going concern

On 4 March 2013 Enel S.p.A., the Parent Company, issued a letter of support as of 31 December 2012 regarding the Company, guaranteeing its continuous financial support to meet the Company's liabilities until next year's approval of financial statements.

2. Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union and with the provisions of the Netherlands Civil Code. The consolidated financial statements were approved by the Board of Directors and authorized for issue effective on 24 April 2013.

Basis of presentation

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

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

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

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

- derivative financial instruments (see note 3.16);
- financial instruments at fair value through profit and loss (see note 3.16);
- financial assets available for sale (see note 3.16).

Functional and presentation currency

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

3. Accounting policies and measurement criteria

Use of estimates

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

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

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

Revenue recognition

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

Pensions and other post-employment benefits

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

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

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

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

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

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

Recoverability of non-current assets

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

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

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

Provision for doubtful accounts

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

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

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

Related parties

Definition

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

Transactions with related parties

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

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

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

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

Basis of consolidation

Subsidiaries

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

Associated companies and Joint Ventures

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

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

Transactions under common control

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

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

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

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

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

Consolidation procedures

The subsidiaries' financial statements used for drawing up the Company consolidated financial statements were prepared at 31 December 2012 and at 31 December 2011 in accordance with the accounting policies adopted by the Company.

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

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

Translation of foreign currency items

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

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

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

Translation of financial statements denominated in a foreign currency

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

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

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

Business combinations

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

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

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Intangible assets

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

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

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

Amortization commences when the asset is ready for use.

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

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

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

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

Impairment losses

Impairment of financial assets

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

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

Impairment of non-current assets held for sale

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

Inventories

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

Share capital

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

Financial instruments

Equity investments in other entities and other financial assets

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

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

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

Trade receivables and other current assets

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

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

Cash and cash equivalents

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

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

Debt securities

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

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

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

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

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

Trade payables

Trade payables are recognized at amortized cost.

Financial liabilities

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

Derivative financial instruments

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

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

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

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

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

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

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

Derecognition of financial assets and liabilities

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

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

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

Fair Value hierarchy pursuant to IFRS 7

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

In particular:

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

Employee benefits

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

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

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

Provisions for risks and charges

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

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

Non-current assets held for sale

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

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

Grants

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

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

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

Revenues

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

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

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

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

Financial income and expense

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

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

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

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

Dividends

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

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

Income taxes

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

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

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

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

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

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

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

4. Recently issued accounting standards

First-time adoption and applicable standards

The Group has adopted the following international accounting standards and interpretations taking effect as from 1 January 2012:

• "Amendments to IFRS 7 – *Financial Instruments: Disclosure*": this change introduced new disclosure requirements to help users of financial statements to assess risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. In particular, the amended standard requires a specific disclosure, to be included in a single note to the financial statements, referring to all transferred financial assets that are not derecognized and for any continuing involvement in a transferred asset at the reporting date. The retrospective application of the amendment did not impact the Group.

Standards not yet adopted and not yet applicable

During financial year 2012, the European Commission approved the following amendment, which is expected to be applied by the Group as from 1 January 2013:

• "Amendment to IAS 1 – *Presentation of items of other comprehensive income*", issued in June 2011, provides that the profit and loss statement and the aspects of "Other Comprehensive Income (OCI)" must be presented in two separate sections. Furthermore, the amended standard provides that the elements of OCI should be separated between those elements that will be reclassified ("recycled") to profit and loss and those that will never be reclassified to profit and loss. The amendment will apply retroactively, subject to approval, from the financial years beginning 1 January 2013 onwards. The future application of the new provisions is not expected to have any significant impact.

• "IAS 19 – *Employee Benefits*", issued in June 2011, replaces the current version of IAS 19, the reference accounting standard for employee benefits. The most significant change to the standard relates to the obligation to recognize all actuarial gains and losses in OCI, thereby eliminating the so-called 'corridor approach'. The amended principle also introduces more stringent rules for the presentation of figures in the financial statements, separating costs into three components. The amended standard also eliminates the expected return on plan assets, disallows deferred recognition of past service cost, enhances the disclosure to be presented in the financial statements and introduces more detailed rules on the recognition of termination benefit. The new standard will apply retroactively from the financial years beginning 1 January 2013 onwards. The Group has assessed the impact of the retrospective application of the new principle on the recognition of past service cost and actuarial gains/losses which can't be deferred any longer resulting as of 1 January 2013 in a negative impact of EUR 36 million.

• "IFRS 13 – *Fair value measurement*", issued in May 2011; it represents a broad framework to refer to whenever other accounting standards require or allow the application of the fair value system. The standard provides a guide on how to determine fair value, while also introducing specific disclosure requirements. The new standard is expected to be applicable from the financial years beginning 1 January 2013 onwards. The future application of the new provisions is not expected to have any significant impact.

• "Amendments to IFRS 7 – *Offsetting Financial Assets and Financial Liabilities*", issued in December 2011, in parallel with the amendments to IAS 32, requires expanded disclosure on set-off of financial assets and liabilities. The purpose of this is to allow users of financial statements to assess the effects and potential effects of the netting contracts on the financial position of the entity, including rights of off-set associated with assets or liabilities recognized in the financial statements. The amendment will apply retroactively from the financial years beginning 1 January 2013 inwards. The future application of the new provisions is not expected to have any significant impact.

• "IFRIC 20 – *Stripping costs in the production phase of a surface mine*", issued in October 2011, sets out the accounting treatment to apply to costs borne for the removal of waste materials in the production phase of mines, clarifying when they may be recognized as an asset. The interpretation will apply from the financial years beginning 1 January 2013 onwards. The future application of the new provisions is not expected to have any significant impact.

• "IFRS 10 – *Consolidated financial statements*", issued in May 2011, replaces "SIC 12 Consolidation – Special purpose entities" and, limited to the part relating to consolidated financial statements, "IAS 27 – Consolidated and Separate Financial Statements", which has been renamed "Separate Financial Statements". The standard introduces a new model for assessing the existence of control (essential prerequisite for consolidating a "subsidiary") , leaving unchanged the consolidation techniques set out in the current IAS 27. This model must be applied indiscriminately to all investees, including the special purpose entities referred to in the new standard as "structured entities". While in the current accounting standards, if control does not derive from holding a majority of real or potential votes, prevalence is given to an analysis of the risks/benefits deriving from the interest in the investee, IFRS 10 focuses the decisions on three elements that must be considered in each assessment: power over the investee; exposure to the variability of returns deriving from the shareholding relationship; the relationship between the power and the returns, or the ability to influence the returns of the investee by exercising decision-making power over it. The accounting effects of the loss of control or change in the percentage interest in a subsidiary (without loss of control) remain unchanged with respect to the provision of the current IAS 27.

Following the application of the new model for analyzing the conditions of control, entities previously deemed to be subsidiaries could be classified as associates or joint ventures, and vice-versa. The new standard will apply retroactively from the financial years beginning 1 January 2014 onwards. The Group is assessing the impact of the future application of the new provisions.

• "IAS 27 – *Separate financial statements*", issued in May 2011; at the same time as IFRS 10 and IFRS 12 were issued, the name and content of the current IAS 27 was also amended. All provisions relating to the drawing up of consolidated financial statements were removed, with all other provisions remaining unchanged. Following this amendment, the standard only provides criteria for recognizing and measuring accounts figures and the disclosures to be submitted for separate financial statements in relation to subsidiaries, Joint Ventures and associates. The new standard will apply retroactively from the financial years beginning 1 January 2014 onwards. The future application of the new provisions is not expected to have any significant impact.

• "IFRS 11 – *Joint Arrangements*", issued in May 2011, replaces "IAS 31 – *Interests in Joint Ventures*" and "*SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by*

Venturers". In contrast to IAS 31, which assesses Joint Arrangements on the basis of the contractual form chosen, IFRS 11 assesses these agreements on the basis of the how the relevant rights and obligations and are attributed to the parties. Specifically, the new standard identifies two types of Joint Arrangement: Joint Operation, where the parties to the agreement have pro rata rights to the assets and pro rata responsibilities for the liabilities deriving from the agreement; and Joint Venture, when the parties are entitled to a share of the net assets or profit/loss resulting from the agreement.

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

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

• "IAS 28 – *Investments in Associates and Joint Ventures*", issued in May 2011; at the same time as IFRS 11 and IFRS 12 were issued, the name and content of the current IAS 28 were amended. Specifically, the new standard – which also includes the provisions of "SIC-13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers" describes the application of the equity method, which is the method for assessing associates and joint ventures in a consolidated financial statement. The new standard will apply retroactively from the financial years beginning 1 January 2014 onwards. The Group is assessing the impacts of the future application of the new provisions.

• "IFRS 12 – *Disclosure of interests in other entities*", issued in May 2011: it incorporates a single standard accounting information to be present in the field of interests held by subsidiaries, Joint Operation and Joint Venture, associates and structured entities. In particular, the standard supplements the information already provided by existing IAS 27, IAS 28 and IAS 31, which have been appropriately modified, introducing new disclosure requirements. The new standard will apply retroactively from the financial years beginning 1 January 2014. The Group is assessing the impacts of the future application of the new provisions.

• "Amendments to IAS 32 – *Offsetting Financial Assets and Financial Liabilities*", issued in December 2011. Whereas "*IAS 32 – Financial Instruments*" provides that financial assets and liabilities shall be offset and the relevant net amount reported in the balance sheet when, and only when, the entity:

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

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

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

2014 onwards. The Group is assessing the impact of the future application of the new provisions.

During the years 2009-2012 the *International Accounting Standard Board* (IASB) and *the International Financial Reporting Interpretations Committee* (IFRIC) have published new standards and interpretations that, as of 31 December 2012, have not yet been approved by the European Commission. Descriptions of the new standards and interpretations that may have an impact on the Company's financial statements are set out below:

• "IFRS 9 – *Financial Instruments*", issued in November 2009 and revised in October 2010, is the first of the three stages of the plan to replace IAS 39. The new standard sets out the criteria for classifying financial assets and liabilities. Financial assets must be classified on the basis of the entity's "business model" and the characteristics of the related contractual cash flows. In terms of valuation criteria, the new standard provides that financial assets and liabilities ought initially to be valued at fair value, including any transaction costs which are directly associated with their receipt or issue. Thereafter, financial assets and liabilities can be valued at fair value or amortized cost, without prejudice to exercising the so-called 'fair value option'. In relation to valuation criteria for investments in equities not held for trading purposes, it is possible to opt irrevocably to present variations in fair value among Other Comprehensive Income; the related dividends must, in any case, be allocated to profit and loss. The new standard, which was amended in terms of the date of first adoption in December 2011, will apply – subject to approval – from the financial year beginning 1 January 2015. The Group is assessing the impact of the future application of the new provisions.

• "Amendments to IFRS 9 and IFRS 7 - *Mandatory effective date and transition disclosure*", issued in December 2011, modifies "IFRS 9 – Financial Instruments", deferring the date of mandatory first adoption from 1 January 2013 to 1 January 2015 and setting out new rules on the transition from the application of IAS 39 to the application of IFRS 9. It also amends IFRS 7 Financial Instruments: Disclosures, introducing a new comparative disclosure, which may be mandatory or optional depending on the transition date to IFRS 9.

Specifically, the amendments in question provide that entities that are applying IFRS 9 to their financial statements for the first time continue to have the option of not providing the restatement of the preceding financial years. More precisely: entities that adopted IFRS 9 before 1 January 2012 do not have restatement obligations or additional disclosure obligations beyond those already provided for following the amendments made to IFRS 7 by the introduction of IFRS 9; entities that adopt IFRS 9 between 1 January 2012 and 31 December 2012 may choose whether to provide the restatement of preceding financial years or to provide the additional comparative disclosure in accordance with the changes made to IFRS 7; entities that adopt IFRS 9 between 1 January 2013 and 1 January 2015 are required to provide the additional comparative disclosure in accordance with the changes to IFRS 7, regardless of the decision made on the restatement, which is optional and not mandatory.

The amendments will be applicable, subject to approval, from the financial years beginning 1 January 2015 onwards. The Group is assessing the impact of the future application of the new provisions.

•"Amendments to IFRS 10, IFRS 11 and IFRS 12 - *Transition Guidance*", issued in June 2012. The amendment aims to clarify some aspects of the early application of IFRS 10, IFRS 11 and IFRS 12. In particular, the IFRS 10 has been amended to clarify that the date of initial application of the standard must be the beginning of the year in which the same is applied for the first time (i.e. 1 January 2013); was, furthermore, limited the comparative information to be provided in the first year of application. IFRS 11 and IFRS 12 were amended in a similar way, limiting the effects, both in terms of the correction of budgetary data that disclosure, arising from the first application of IFRS 11. The changes will apply retroactively, subject to endorsement, for accounting periods beginning on 1 January 2013. It should be noted however, that the European Commission is considering whether to delay the first application at 1 January 2014. The Group is assessing the future impact of the application of the new provisions.

• "Amendments to IFRS 10, IFRS 12 and IAS 27 - *Investment Entities*" issued in October 2012. The amendment in question introduces an exception to the requirement, contained in IFRS 10, to consolidate all subsidiaries, in the case in which the parent to qualify as an investment entity. In particular, investment entities, as defined by the amendment in question, it must consolidate its subsidiaries except where the latter provide services related to investment activities of the parent company. The non-consolidated subsidiaries should be accounted for in accordance with IFRS 9 or IAS 39. The parent of an investment entity should instead consolidate all of its subsidiaries (including those held by the investment entity itself), except for the case in which also qualifies as such. The amendment will apply retroactively from the financial years beginning 1 January 2014. The Group is assessing the impacts of the future application of the new provisions.

• "*Annual Improvements to IFRSs 2009-2011 Cycle*", issued in May 2012; it contains formal amendments and clarifications to existing standards. The amendments will apply retrospectively, subject to approval, to annual periods beginning on or after 1 January 2013. The Group is assessing the impact of the future application of the new provisions. Descriptions of the new standards and interpretations are set out below:

-IFRS 1 – *First-time Adoption of International Financial Reporting Standards*; the amendment clarifies that an entity that has stopped applying IFRS may choose to either re-apply IFRS 1, even if the entity applied IFRS 1 in a previous reporting period, or apply IFRS retrospectively in accordance with IAS 8 in order to resume reporting under IFRS. Furthermore, the amendment clarifies that, upon adoption of IFRS, an entity that capitalised borrowing costs in accordance with its previous GAAP, may carry forward, without adjustment, the amount previously capitalised in its opening statement of financial position at the date of transition. Once an entity adopts IFRS, borrowing costs are recognized in accordance with IAS 23, including those incurred on qualifying assets under construction.

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

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

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

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

5. Determination of fair values

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

Property, plant and equipment

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

Investments in equity and debt securities

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

Trade and other receivables

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

Derivatives

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

Non-derivative financial liabilities

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

6. Financial risk management

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

- credit risk
- liquidity risk
- market risk

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

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

Credit risk

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

Millions of euro		Carrying amount	
	note	31 Dec. 2012	31 Dec. 2011
Equity investments available for sale	*17*	235	528
Non-current financial assets	*18*	331	879
Other non-current assets	*19*	3	7
Current financial assets	*22*	219	33
Trade and other receivables	*21,23*	513	510
Cash and cash equivalents	*24*	825	759
TOTAL		**2.128**	**2.840**

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

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

Equity investments available for sale amounting to EUR 235 million at 2012 year-end and they relate to investments held by the Company in listed companies.

As regards the credit risk on non-current financial assets, we refer to note 18. These amounts primarily relate to financial receivables from the affiliated company Enel Finance International N.V. (EUR 296 million).

"Current financial assets" were equal to EUR 219 million at the end of 2012 up EUR 186 million over 31 December 2011, and it primarily refers to the short-term deposit of Enel France with the affiliate Enel Finance Intrantional N.V. (EUR 174 million) further to the exit of Flamanville project in December 2012.

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

Liquidity Risk

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

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

Millions of euro		31 Dec. 2012		31Dec. 2011	
	note	Carrying amount	Nominal value	Carrying Amount	Nominal value
Long-term loans	27	946	960	1.649	1.665
Other non-current liabilities	32	157	157	180	180
Other non-current financial liabilities	31	12	12	4	4
Short-term loans	33	366	366	472	472
Current portion long-term loans assets	27	130	130	30	30
Trade and other payables	34,35,36	1.529	1.540	1.540	1.540
TOTAL		**3.140**	**3.165**	**3.875**	**3.891**

We refer to note 27 for information about the expected cash flows of the long-term loans. All current liabilities are expected to be paid within the next 12 months.

Market risk

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

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

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

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

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

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

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

Interest rate risk

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

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

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

However at 31 December 2012, excluding financial debt towards related parties amounting to EUR 26 million, only a 22% share of medium-long term debt was set at floating rates. Taking into account interests rate derivatives designated as cash flow hedge considered effective pursuant to the IFRS – EU, 12% of such debt was exposed to interest rate risk (see note 6.3.2).

Exchange rate risk

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

• debt denominated in currencies other than the functional currency of the respective countries entered into by the holding company or the individual subsidiaries;

• cash flows concerning investments in foreign currency, dividends from unconsolidated foreign associates or the purchase or sale of equity investments.

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

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

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

The following table reports the notional amount and fair value of exchange rate derivatives at 31 December 2012 and 31 December 2011.

Millions of euro	Notional amount		Fair value	
	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011
Cash Flow Hedge derivatives	303	323	(11)	-
Forward	-	-	-	-
Option	-	-	-	-
Cross currency interest rate swap	303	323	(11)	(1)
Fair Value Hedge derivatives:	-	-	-	-
Forward	-	-	-	-
Option	-	-	-	-
Cross currency interest rate swap	-	-	-	-
Trading derivatives:	436	461	6	-
Forward	436	461	6	(1)
Option	-	-	-	-
Cross currency interest rate swap	-	-	-	-
Total Forward	436	461	6	(1)
Total Options	-	-	-	-
Total Cross currency interest rate swap	303	323	(11)	(1)
Total Exchange Rate Derivatives	738	784	(5)	(2)

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

Millions of euro	Fair value	Stratification of expected cash flows					
CFH on exchange rates	**31 Dec. 2012**	2013	2014	2015	2016	2017	Beyond
Positive fair value	0	(1)	(1)	(1)	(119)	-	-
Negative fair value	(11)	(8)	(8)	(276)	-	-	-
FVH on exchange rates							
Positive fair value	-	-	-	-	-	-	-
Negative fair value	-	-	-	-	-	-	-
Trading derivatives on exchange rates							
Positive fair value	7	8	-	-	-	-	-
Negative fair value	(1)	(9)	-	-	-	-	-

At 31 December 2012, 40% of medium-long term debt was denominated in currencies other than the functional currency of the respective countries entered into by individual subsidiaries. Taking into account foreign exchange derivatives, the percentage of medium-long term debt still exposed to foreign exchange risk decreased to 12%.

As regards the potential impact on equity of a change in foreign exchange rates as of 31 December 2012, assuming a 10% depreciation of the Euro against the Russian ruble, all other variables being equal, equity would have been approximately EUR 15 million lower as a result of the decrease of the fair value of Cash Flow Hedge derivatives. Conversely, assuming a 10% appreciation of the Euro against the Russian ruble, all other variables being equal, equity would have been approximately EUR 13 million higher as a result of the increase of the fair value of Cash Flow Hedge derivatives.

Capital management

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

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

7. Main changes in the scope of consolidation

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

2012

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

2011

- Disposal, on 28 June 2011, of the entire share capital of the Netherlands-registered companies Maritza East III Power Holding B.V. and Enel Maritza O&M Holding Netherland B.V. which own respectively 73% of the share capital of the Bulgarian company Maritza East 3 AD, owner of a lignite-fuelled power plant with an installed capacity of 908 MW ("Maritza"), and 73% of the share capital of the Bulgarian company Enel Operations Bulgaria AD, which is responsible for the operation and maintenance of the Maritza plant.

8. Segment information

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

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

Performance

Millions of euro

	2012	2011	Change
Revenues	3.668	3.450	218
Gross operating margin	682	700	(18)
Operating income	237	339	(102)
Employees at year-end (no.)	7.124	8.029	(905)
Capital expenditure	478	648	(170)

The tables below shows the Group performance by geographical area.

Result for 2012

Millions of euro	Central Europe	South-eastern Europe	Russia	Others	Total
Revenues from third parties and Enel Group affiliates	938	1.031	1.697	2	3.668
Revenues from other segments	-	-	-	-	-
Total revenues	**938**	**1.031**	**1.697**	**2**	**3.668**
Net income/(charges) from commodity risk management	-	-	-	-	-
Gross operating margin	**61**	**231**	**391**	**(1)**	**682**
Depreciation, amortization and impariment losses	147	(96)	158	124	333
Operating income	**59**	**203**	**121**	**(146)**	**237**
Capital expenditure	**31**	**153**	**294**	**-**	**478**

Result for 2011

Millions of euro	Central Europe	South-eastern Europe	Russia	Others	Total
Revenues from third parties and Enel Group affiliates	803	1.094	1.488	65	3.450
Revenues from other segments	-	-	-	-	-
Total revenues	**803**	**1.094**	**1.488**	**65**	**3.450**
Net income/(charges) from commodity risk management	-	-	-	-	-
Gross operating margin	**60**	**272**	**348**	**20**	**700**
Depreciation, amortization and impairment losses	27	146	149	39	361
Operating income	**59**	**100**	**198**	**(18)**	**339**
Capital expenditure	**53**	**247**	**348**	**-**	**648**

Revenues in 2012 came to EUR 3.668 million, up EUR 218 million compared with EUR 3.450 million in 2011. This greater performance was related to the following factors:

• an increase of EUR 135 million in revenues in **Central Europe** attributable to Enel France (EUR 119 million), as a result of the increase in volumes sold in France (EUR 74 million) and thanks to the penalty paid by EDF to Enel France after the termination of Flamanville project (EUR 45 million);

• a decrease of EUR 63 million in revenues in **South-eastern Europe** as a result of the change in the scope of consolidation after the sale of Enel Maritza East 3, Enel Operations Bulgaria (EUR -132 million). This effect is partially offset by the increase of revenues of the Romanian companies further to the rise in volumes sold (EUR 62 million);

• an increase of EUR 209 million in revenues in **Russia**, mainly attributable to the higher volumes sold due to increased electricity demand for Enel OGK-5;

• a decrease of EUR 63 million in revenues essentially due to Enel Investment Holding as a result of the capital gain realized following the sale of equity investment in Maritza companies in June 2011 (EUR 13 million) and the change in the consolidation method of the reassurance companies that in 2011 was consolidated on a line-by-line basis while they are stated at the equity method throughout 2012 (EUR 49 million).

The **gross operating margin** amounted to EUR 682 million, a decrease of EUR 18 million, essentially as a result of the following factors:

• a decrease in the margin in **South-eastern Europe** following the sale of the Bulgarian companies (EUR -66 million) and the decrease of the energy margin of the Romanian sales companies (EUR -22 million). This effect is only partially offset by the increase of the energy margin of the Romanian distribution companies (EUR 48 million);

• an increase of EUR 43 million in the gross operating margin in **Russia**, as a result of the improvement of the energy margin performed by Enel OGK5;

• a fall of EUR 21 million in the gross operating margin of **Other** companies due to the above mentioned capital gain related to the sale of Bulgarian companies (EUR 13 million) and the change in the consolidation method of the reassurance companies (EUR 12 million).

Operating income in 2012 amounted to EUR 237 million, a decrease of EUR 102 million on the previous year as a result of the increase of depreciation, amortization and impairment losses which rose by EUR 84 million to EUR 445 million. The aggregate in 2012 is primarily attributable to depreciation and amortization for the period (EUR 238 million), the impairment recorded as regards Marcinelle classified "held for sale" (EUR 145 million) and OGK-5 goodwill (EUR 112 million) net of the reversal of prior trade receivables write-off in Romania (EUR - 79 million).

Capital expenditure came to EUR 478 million, down EUR 170 million from the previous year. This reduction is attributable to Marcinelle (EUR -21 million), due to the completion of activities for the building of a CCGT plant, to Enel OGK-5 (EUR -55 million), due to the completion of CCGT power plants in 2011 and to the Romanian companies (EUR -94 million).

Information on the consolidated income statement

Revenues

9. Revenues - *EUR 3.668 million*

Millions of euro

	2012	2011	Change
Revenues from the sale of electricity	3.289	3.115	174
Revenues from the transport of electricity	110	90	20
Revenues from premium reassurance provided	-	49	(49)
Capital Gain on net assets disposal	-	13	(13)
Penalties	48	3	45
Other sales and services	221	180	41
Total	**3.668**	**3.450**	**218**

"Revenues from the sale of electricity" amounted to EUR 3.289 million, up EUR 174 million on 2011. This was thanks to Enel France (EUR 55 million), Enel OGK-5 (EUR 189 million) and distribution Romanian companies (EUR 53 million) following higher volumes of energy sold in 2012 due to the increase of the electricity demand in Russia and Romania as well as to a rise in the access to nuclear-generated base electicity in France. These effects were partially offset by lower revenues from Bulgarian companies after their deconsolidation as at 28 June 2011 (EUR -124 million).

"Revenues from the transport of electricity" totaled EUR 110 million in 2012, up EUR 20 million compared to 2011. It mainly refers to Romanian companies acting in the electricity distribution network (Enel Distributie Banat, Enel Distributie Dobrogea and Enel Distributie Muntenia) which have reported higher revenues thanks to greater volumes of electricity transported and higher energy distributions tariffs.

"Revenues from premium reassurance provided" amounted to EUR 0 million due to the change in the consolidation method of the reassurance companies that in 2011 was consolidated on a line-by-line basis while they are stated at the equity method throughout 2012.

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

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

Millions of euro

	2012	2011
European Market	1.971	1.962
Russia	1.697	1.488
Total	**3.668**	**3.450**

Costs

10.a Raw materials and consumables - *EUR 2.421 million*

Millions of euro

	2012	2011	Change
Electricity purchases	1.464	1.313	151
Fuel purchases for electricity production	898	873	25
Materials	59	71	(12)
Totale	**2.421**	**2.257**	**164**

"Electricity purchases" increased by EUR 151 million to EUR 1.464 million. The variance in comparison with the previous year is mainly connected to higher costs incurred in 2012 by Enel OGK-5 (EUR 28 million) and by Enel France (EUR 110 million) due to the greater volumes of electricity purchased from EDF and from the market caused by lower nuclear availability.

"Fuel purchases for electricity production" totaled EUR 898 million in 2012, up EUR 25 million over 2011, driven by higher fuel prices experienced by Enel OGK-5 (EUR 62 million), which was partially made up by lower costs at Enel Maritza East 3 AD deconsolidated as from 28 June 2011 (EUR -37 million).

10.b Services – *EUR 305 million*

Millions of euro

	2012	2011	Change
Maintenance and repairs	50	49	1
Services connected with electricity systems	128	125	3
Building costs	12	11	1
Insurance costs	5	18	(13)
Leases and rentals	12	12	0
Other	98	106	(8)
Total	**305**	**321**	**(16)**

10.c Personnel – *EUR 187 million*

Millions of euro

	2012	2011	Change
Wages and salaries	132	148	(16)
Social security contributions	33	34	(1)
Employee leaving incentives	10	-	10
Other costs	12	4	8
Total	**187**	**186**	**1**

"Personnel" costs have remained substantially unchanged (EUR 186 million in 2011).

The variance in comparison with the previous year is mainly connected to Enel OGK-5 due to actuarial adjustment to pension fund evaluation (EUR 8 million in "Other costs") and to higher incentives for employees leaving (EUR 10 million) whose effects were partially offset by a drop in "wages and salaries" experienced by Romanian companies (- EUR 10 million), and further to deconsolidation of Bulgarian companies as from 28 June 2011 (EUR -6 million).

10.d Depreciation, amortization and impairment losses – *EUR 445 million*

Millions of euro

	2012	2011	Change
Depreciation	220	202	18
Amortization	18	16	2
Impairment losses	207	144	63
Total	**445**	**362**	**83**

"Depreciation" rose by EUR 18 million to EUR 220 million as a consequence of the launch of new CCGTs in Russia (NGRES and SGRES) leading to higher depreciation for Enel OGK5 (EUR 37 million) partially offset by Bulgarian companies sold in June 2011 (lower depreciation fo EUR 22 million).

"Impairment losses" stood at EUR 207 million at the end of 2012, up EUR 63 million over 2011 after:

- the impairment of Marcinelle net assets in order to align its consolidated book values with their fair value net of selling costs (EUR 145 million);
- the partial impairment Enel OGK-5 goodwill (EUR 112 million);
- the impairment of receivables (EUR 42 million) and the reversal of prior impairment losses (EUR – 93 million) mainly related to the agreement reached by Romanian companies with Romanian CFR (EUR 79 million).

10.e Other operating expenses – *EUR 124 million*

Millions of euro

	2012	2011	Change
Provision for risks and charges	14	3	11
Taxes and duties	43	39	4
Charges for green certificates	47	6	41
Other expensens	20	17	3
Total	**124**	**65**	**59**

"Other operating expenses" rose by EUR 59 million to EUR 124 million.

The increase in "Provision for risks and charges" (EUR 11 million) was essentially due to:

- Enel OGK-5 (EUR 6 million) due to onerous contract (EUR 3 million) and the legal obligation in respect of Reftinskaya GRES ash dump reclaims (EUR 3 million);
- Enel France (EUR 7 million) in case of a possible penalty to be paid to EDF for the know-how acquired by Enel engineers who worked in EDF's nuclear power plants, set forth in the Definitive Agreement between Enel Spa and EDF.

10.f Capitalized costs – *EUR (51) million*

The decrease of EUR 29 million is mainly connected to lower capital expenditure for improving the electricity distribution network carried out by Romanian companies in 2012. Capitalized costs (EUR 51 million) consisted of EUR 13 million in personnel costs and EUR 38 million in materials costs.

11. Financial income/(expense) - *EUR (50) million*

Millions of euro

	2012	2011	Change
Interest and other income on financial assets (current and non-current):			
- interest income at effective rate on non-current securities and receivables	50	25	25
- interest income at effective rate on short-term financial investments	24	20	4
Total interest and other income from financial assets	**74**	**45**	**29**
Foreign exchange gains	107	155	(48)
Income from derivatives instruments	27	31	(4)
Other interest and income	25	25	(0)
Total	**233**	**256**	**(23)**

Millions of euro

	2012	2011	Change
Interest expense and other charges on financial debt (current and non-current):			
- interest expense on bank loans	28	48	(20)
- interest expense on bonds	33	39	(6)
- interest expense on other loans	35	37	(2)
Total interest expense and other charges on financial debt	**96**	**124**	**(28)**
Financial charges from securities	-	1	(1)
Foreign exchange losses	78	172	(94)
Expense from derivatives instruments	49	30	19
Other interest and financial charges	41	23	18
Total	**283**	**350**	**(67)**

"Financial income" totaled EUR 233 million, a decrease of EUR 23 million compared to 2011.

"Total interest and other income from financial assets" rose by EUR 29 million to EUR 74 million with the change primarily due to the interest income on financial leasing accounted for by Marcinelle in 2012 (EUR 25 million).

"Total interest expense and other charges on financial debt" fell by EUR 28 million to EUR 96 million. The variance is mainly due to the decrease of interest expense on bank loans incurred by Enel OGK5 and to the deconsolidation of Enel Maritza East 3 AD effective as from 28 June 2011 (EUR -12 million).

"Other interest and financial charges" (EUR 41 million), among other items, includes EUR 24 million as financial charge being the amount not reimbursed by EDF to Enel France and connected to Know-How Transfer Agreement.

12. Share of income/(expense) from equity investments accounted for using the equity method - *EUR 101 million*

Millions of euro

	2012	2011	Change
Income from associates and joint ventures	109	113	(4)
Expense from associates and joint ventures	(8)	(4)	(4)
Total	**101**	**109**	**(8)**

The balance at 31 December 2012 mainly sets out the positive contribution of joint ventures performances to the Group net results primarily thanks to Rusenergosbyt (EUR 103 million) and Enel Insurance N.V. (EUR 6 million), net of losses (EUR 8 million) arising from the associate Severenergia (in which the joint venture Artic Russia BV owns a 49% stake).

13. Income taxes - *EUR 51 million*

Millions of euro

	2012	2011	Change
Current taxes	39	57	(18)
Deferred tax liabilities	17	20	(3)
Deferred tax assets	(5)	(9)	4
Total	**51**	**68**	**(17)**

The current taxation dropped to EUR 39 million (EUR 57 million in 2011). The decrease is mainly due to anticipated fiscal solution issued by Romanian Fiscal Authorities in relation to the Convention signed with CFR in which the penalties invoices issued by Enel to CFR for the period 2006-2011 have been reversed in 2012 with the corresponding reversal of income taxes already paid in the past recorded as positive adjustment in 2012 for EUR 12 million.

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

Millions of euro

	2012		2011	
Income before taxes	288		354	
Theoretical tax	73	25,5%	90	25,5%
Pemanent differences and minor items	(22)	-7,6%	(22)	-6,3%
Total	**51**	**17,7%**	**68**	**19,2%**

Information on the consolidated financial position

Assets

Non-current assets

14. Property, plant and equipment - *EUR 4.446 million*

Millions of euro	Land	Building	Plants and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Cost	23	842	2 544	14	34	1.209	4.666
Accumulated depreciation	-	(74)	(439)	-	(10)	-	(523)
Balance at 31 Dec. 2010	**23**	**768**	**2.105**	**14**	**24**	**1.209**	**4.143**
Investments	-	22	168	-	3	436	629
Depreciation	-	(26)	(151)	-	(5)	-	(182)
Assets entering service	-	78	620	-	5	(703)	-
Reclassified to assets HFS	-	-	-	-	-	-	-
Impairment	-	-	-	-	1	(37)	(36)
Exchange rate differences	-	(20)	(52)	-	-	(14)	(86)
Disposal and other changes	-	99	(83)	(14)	(9)	13	6
Total changes	**23**	**921**	**2.607**	-	**19**	**904**	**4.474**
Cost	23	1.021	3.197	-	34	904	5.179
Accumulated depreciation	-	(100)	(590)	-	(15)	-	(705)
Balance at 31 Dec. 2011	**23**	**921**	**2.607**	-	**19**	**904**	**4.474**
Investments	-	7	110	2	4	342	465
Depreciation	-	(31)	(182)	(1)	(6)	-	(220)
Assets entering service	-	7	48	-	-	(55)	-
Reclassified to assets HFS	-	-	-	-	-	(334)	(334)
Impairment	-	(3)	-	-	-	-	(3)
Exchange rate differences	-	31	26	-	-	13	70
Disposal and other changes	-	50	(66)	5	5	-	(6)
Total changes	-	**61**	**(64)**	**6**	**3**	**(34)**	**(28)**
Cost	23	1.116	3.315	7	43	870	5.374
Accumulated depreciation	-	(134)	(772)	(1)	(21)	-	(928)
Balance al 31 Dec. 2012	**23**	**982**	**2.543**	**6**	**22**	**870**	**4.446**

"Investments" in 2012 totaling EUR 465 million (EUR 626 million as of 31 December 2011) mainly refer to assets under construction (EUR 342 million) of which:

• EUR 286 million are connected to Enel OGK-5 expenses for the ongoing construction of two CCGT units at Reftinskaya GRES and Nevinnomysskaya GRES along with the capital expenditure of a new dry ash removal system in Reftinskaya GRES;

• EUR 32 million refers to Marcinelle before the completion of its CCGT power plant whose Commercial Operation Date (COD) occurred on 30 March 2012.

Further investments (EUR 110 million) are primarily attributable to investment in distribution network and in connections carried out by Romanian distribution companies.

15. Intangible assets - *EUR 2.085 million*

Changes in intangible assets between 2012 and 2011 are set out in the table below:

Millions of euro	Patents and intellectual property rights	Conc.,licences, trademarks & sim. rights	Customer List	Other intangibles	Assets under construction	Goodwill	Total
Cost	17	268	81	43	4	1.765	2.178
Accumulated amortization	(3)	(16)	(3)	(35)	-	-	(57)
Accumulated impairment losses	-	(20)	-	-	-	(8)	(28)
Balance at 31 Dec. 2010	**14**	**232**	**78**	**8**	**4**	**1.757**	**2.093**
Investiments	-	-	-	-	19	-	19
Reclassified to assets in use	-	-	-	8	(8)	-	-
Exchange rate differences	-	(3)	(1)	-	-	(32)	(36)
Change in scope of consolidation	-	-	-	-	-	-	-
Amortization	(3)	(5)	(3)	(4)	-	-	(15)
Impairment	-	-	-	-	-	(26)	(26)
Other changes	-	-	-	-	-	182	182
Total changes	**(3)**	**(8)**	**(4)**	**4**	**11**	**124**	**124**
Cost	17	265	80	51	15	1.915	2.343
Accumulated amortization	(6)	(21)	(6)	(39)	-	-	(72)
Accumulated impairment losses	-	(20)	-	-	-	(34)	(54)
Balance at 31 Dec. 2011	**11**	**224**	**74**	**12**	**15**	**1.881**	**2.217**
Investiments	-	-	-	7	6	-	13
Reclassified to assets in use	8	1	-	5	(14)	-	-
Exchange rate differences	-	(5)	(2)	-	-	36	29
Change in scope of consolidation	-	-	-	-	-	-	-
Amortization	(4)	(7)	(2)	(6)	-	-	(19)
Impairment	-	-	-	-	-	(112)	(112)
Other changes	1	3	-	-	(4)	2	2
Reclassified to assets HFS	-	(44)	-	-	-	-	(44)
Total changes	**5**	**(52)**	**(4)**	**6**	**(12)**	**(74)**	**(131)**
Cost	26	220	78	62	3	1.953	2.342
Accumulated amortization	(10)	(28)	(8)	(45)	-	-	(91)
Accumulated impairment losses	-	(20)	-	-	-	(146)	(166)
Balance at 31 Dec. 2012	**16**	**172**	**70**	**17**	**3**	**1.807**	**2.085**

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

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

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

"Goodwill" came to EUR 1.807 million, a decrease of EUR 74 million over the corresponding period of 2011. The following table sets out main changes of goodwill over 2012:

Millions of euro

	31Dec 2011	Translation differences	Impairment	Other changes	31 Dec. 2012
Enel OGK-5	1.214	44	(112)	-	1.146
Enel Distributie Muntenia	552	(7)	-	2	547
Enel Energie Muntenia	115	(1)	-	-	114
Total	**1.881**	**36**	**(112)**	**2**	**1.807**

The fall is primarily due to the impairment of goodwill of Enel OGK5 (EUR -112 million) partially compensated by the positive "translation differences" (EUR 44 million) following the appreciation of the Russian ruble against the Euro over 2012. "Other changes" essentially comprise the change in the valuation at period-end of the debt associated with the acquisition of minority stakes in Enel Distributie Muntenia and Enel Energie Muntenia further to a put option granted to minority shareholders.

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

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

Millions of euro	Amount	Growth rate (1)	Discount rate WACC pre-tax	Explicit period of cash flows	Terminal Value (2)	Amount	Growth rate (1)	Discount rate WACC pre-tax	Explicit period of cash flows	Terminal Value (2)
	31 Dec. 2012					31Dec. 2011				
Enel OGK-5	1.146	1,2%	13,3%	10 years	Perpetuity	1.214	1,2%	13,0%	10 years	Perpetuity
Enel Romania (3)	661	2,4%	10,3%	10 years	Perpetuity	667	2,8%	9,8%	10 years	Perpetuity

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

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

(3) It refers to all the Romanian companies.

16. Equity investments accounted for using the equity method - *EUR 548 million*

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

Millions of euro

	31 Dec 2011	%	Dividends	Income effect	Other changes	31 Dec. 2012	%
Artic Russia [1]	358	40.0	-	(8)	4	354	40.0
Res Holdings [2]	91	49.5	(86)	103	1	109	49.5
Enel Insurance NV	78	50.0	-	6	1	85	50.0
Total	527		(86)	101	6	548	

[1] includes Severenergia held for 49%

[2] includes Rusenergosbyt held for 100%

The rise of EUR 21 million in equity investments accounted for using the equity method was essentially related to Res Holding BV as a net effect of its share of net income for the year (EUR 103 million) net of its dividends paid to the Company in 2012 (EUR -86 million).

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

Millions of euro

	Assets	Liabilities	Revenues	Net income	Assets	Liabilities	Revenues	Net income
	31 Dec. 2012				31 Dec. 2011			
Artic Russia[1]	845	1	128	(20)	1.152	294	-	(11)
Enel.re NV [1]	436	269	96	12	156	1	-	-
Res Holdings[1]	273	158	2.883	208	181	103	2.564	228

[1] Including its subsidiaries and associated companies

17. Equity investments in other companies - *EUR 235 million*

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

Equity investment available for sale - *EUR 227 million*

Millions of euro

	31 Dec 2012	%	31 Dec. 2011	%	Change
Bayan Resources T.b.K.	222	10.0%	512	10.0%	(290)
Echelon	6	7.4%	11	7.4%	(5)
Total	**228**		**523**		**(295)**

Bayan Resources T.b.K - EUR 222 million

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

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

At the end of 2012 the fair value of PT Bayan Resources T.b.k. dropped dramatically to EUR 222 million with a decrease of EUR 290 million over the corresponding period of the last year due to the combined effect of the depreciation of Indonesian currency against the Euro and of the drop in the share price.

Echelon - EUR 6 million

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

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

At the end of 2012 the fair value of Echelon amounted to EUR 6 million (EUR 11 million at 31 December 2011). The decrease is caused by the depreciation of U.S. dollars currency against the Euro and by the fall in the share price.

Other investments - EUR 6 million

Other equity investments at 31 December 2012 mainly related to the purchase of the 9,15% stake in the share capital of the Romanian company EnergoNuclear SA whose corporate purpose is to develop, finance, construct and operate two nuclear units of Cernavoda power plant.

The following table sets out non-current financial assets on the basis of the hierarchy of inputs used in determining fair value, as specified in the amendments to IFRS 7:

Millions of euro

	31 Dec. 2012	Level 1	Level 2	Level 3
Equity investments in other companies	227	227		
Other securities designated at FVTPL	4	4		

18. Non-current financial assets – *EUR 331 million*

Non-current financial assets can be specified as follows:

Millions of euro

	31 Dec. 2012	31 Dec. 2011	Change
Other securities designated at fair value throught profit and loss	4	2	2
Medium Long Term Financial receivables	2	547	(545)
Medium Long Term Financial receivables for Leasing Agreements	29	31	(2)
Loans due from shareholder	296	296	-
Derivative contracts	-	3	(3)
Total	**331**	**879**	**(548)**

The decrease of EUR 545 million in "Non-current financial assets" for the year is mainly due to the exercise of the Exit Right by Enel france on its participation in the project in EPR nuclear power plant in Flamanville leading to a cash collection of prior non-current financial receivables.

At 31 December 2012 non-current financial assets do not have either past due nor impaired items.

19. Other non-current assets - *EUR 3 million*

Other non currents assets refer exclusively to other sundry receivables.

Current assets

20. Inventories - *EUR 93 million*

Millions of euro

	31 Dec. 2012	31 Dec. 2011	Change
Raw materials, consumables and supplies			
- fuel	65	59	6
- materials, equipment and other inventories	27	28	(1)
Total	**92**	**87**	**(2)**
Advances	1	4	(3)
Total	**93**	**89**	**4**

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

Inventories are recognized net of inventory write-down provision which totaled EUR 1 million at the end of 2012 with no changes reported over last year. The amount recognized as changes in inventories in the income statement is equal to EUR 1 million.

21. Trade receivables - *EUR 444 million*

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled EUR 72 million at the end of 2012, as detailed in the table below:

Total at 31 December 2011	**221**
Accruals	42
Reinstatement of value of Trade Receivables	(93)
Utilization	(87)
Other changes	(11)
Total at 31 December 2012	**72**

Trade receivables that had not been written down at 31 December 2012 break down by maturity as follows:

Millions of euro

Not past due	**278**
Past due:	
- from 0 to 6 months	124
- from 6 months to 12 months	22
- from 12 months to 24 months	12
- over 24 months	8
Total at 31 December 2012	**444**

22. Current financial assets - *EUR 219 million*

Millions of euro

	31 Dec. 2012	31 Dec. 2011	Change
Intercompany Current Account	5	6	(1)
Derivative contracts	7	2	5
Short-term portion of long-term financial receivbles	2	2	-
Other financial assets	205	23	182
Total	**219**	**33**	**186**

"Current financial assets" were equal to EUR 219 million at the end of 2012 up EUR 186 million over 31 December 2011, and it primarily refers to the short-term deposit of Enel France with the affiliate Enel Finance International N.V. (EUR 174 million) further to the exit of Flamanville project in December 2012.

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

Millions of euro	Notional amount		Fair value		
	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011	Change
Trading derivatives:					
- exchange rates	235	260	7	2	5
Total	**235**	**260**	**7**	**2**	**5**

At 31 December 2012 the notional amount of the exchange rate trading derivative contracts classified as current financial assets drop to EUR 235 million (with the corresponding fair value of EUR 7 million) and it is exclusively related to Romanian companies Enel Distributie Muntenia and Enel Energie Muntenia.

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

Millions of euro	31 Dec. 2012	Level 1	Level 2	Level 3
Trading derivatives:				
- exchange rates	7	-	7	-
Total	7	-	7	-

23. Other current assets - *EUR 47 million*

Millions of euro

	31 Dec. 2012	31 Dec. 2011	Change
VAT receivables	19	44	(25)
Advanced paid to suppliers	2	15	(13)
Operational prepayments and accrued income	6	3	3
Sundry receivables	5	8	(3)
Other	15	12	3
Total	**47**	**82**	**(35)**

The item detailed in the table above is equal to EUR 47 million at the end of 2012 marking a decrease of EUR 35 million over 31 December 2011. The fall is mainly due to the drop in

"VAT receivables" (EUR 20 million) at Enel OGK-5 further to the recovering of VAT paid on customs for imported equipment after the enter in operation of the new CCGT.

24. Cash and cash equivalents – *EUR 825 million*

The increase on 2011 year ended amounting to EUR 66 million is the result of higher "cash and cash equivalents" collected by Romanian sales companies (EUR 79 million) further to the agreement reached with Romanian Railway Company (CFR) partially offset by negative exchange rate differences (EUR – 12 million).

Cash and cash equivalents are not restricted by any encumbrances.

25. Assets held for sale – *EUR 292 million*

Millions of euro

	31 Dec. 2012	31 Dec. 2011	Change
Property, plan and equipment	214	-	214
Deferred tax assets	11	-	11
Financial receivables	24	-	24
Inventories	4	-	4
Trade receivables	39	-	39
Total	**292**	-	**292**

Assets held for sale totalling EUR 292 million as of 31 December 2012 entirely referred to Marcinelle following the decision to dispose of its equity investment. Its net assets have been evaluated at the lower of its carrying amount and its fair value (net of selling costs) leading to an impairment affecting Group operating income for EUR 145 million.

Liabilities and shareholders' equity

26. Equity attributable to the shareholders of the Company – *EUR 4.152 million*

Share capital – *EUR 1 593 million*

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

Share premium reserve – *EUR 2 410 million*

This reserve has not changed throughout 2012.

Fair value reserve and sundry reserves – *EUR 186 million*

This item mainly includes net cumulative unrealized gains/(losses) recognized directly in other comprehensive income resulting from the measurement at fair value of cash flow hedge derivatives (-EUR 1 million) as well as the measurement at fair value of available-for-sale investments in Bayan Resources T.b.K and Echelon Corporation (EUR 187 million).

Reserve for equity investments accounted for using equity method – *EUR (50) million*

This reserve includes the Company's share of the equity movements of equity accounted investees other than those recorded in the investees' income statement. The current year saw an increase of EUR 5 million which is due to the net depreciation of the Group functional currency against the Russian ruble used by the Russian associated companies Severenergia and Rusenergosbyt.

Reserve from translation of financial statements in currencies other than euro – *EUR (295) million*

The increase in this aggregate for the year totaling EUR 45 million is attributable to the net depreciation of the functional currency against the foreign currencies used by subsidiaries (Russian ruble and Romanian leu).

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

Millions of euro		Gains/(Losses) recognized in equity for the year	Released to income statement	Tax effect	
	31 Dec. 2011				31 Dec. 2012
Gains/(Losses) on change in the fair value of the effective portion of CFH derivatives on interest and exchange rates (IAS 39)	(1)	(10)	2	2	(7)
OCI of companies accounted for using equity method	(55)	5	-	-	(50)
Reserve for fair value of financial investments available for sale	481	(296)	-	-	185
Exchage rate differences	(494)	59	-	-	(435)
Total gains/(losses) recognized in equity	**(69)**	**(242)**	**2**	**2**	**(307)**

Non-current liabilities

27. Long-term loans (including the portion falling due within 12 months) - *EUR 1.076 million*

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

The following table shows long-term debt and repayment schedules at 31 December 2012 compared to 31 December 2011, grouped by loan and interest rate type.

Millions of euro	Maturing	Balance	Nominal value	Balance	Current portion	Portion falling due at more than 12 months	Maturing in				
		31 Dec. 2012		31 Dec. 2011			2013	2014	2015	2016	Beyond
Bonds:											
- listed, fixed rate	2023	521	523	513	99	422	125	-	-	-	297
- listed, floating rate	2014	-	-	-	-	-	-	-	-	-	-
Bank loans:											
- fixed rate	2026	300	311	316	18	282	33	32	32	30	155
- floating rate	2021	106	107	118	13	93	19	14	13	12	35
- use of revolving credit lines		124	124	120	-	124	-	124	-	-	-
Non-bank loans:											
- with related parties		25	25	611	-	25	25	-	-	-	-
- floating rate		-	-	-	-	-	-	-	-	-	-
Total		**1.076**	**1.090**	**1.679**	**130**	**946**	**202**	**170**	**45**	**42**	**487**

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

Millions of euro	Balance	Nominal Value	Balance	Current average interest rate	Current effective interest rate
	31 Dec. 2012		31 Dec. 2011	31 Dec. 2012	
Euro	729	743	1.344	4,8%	4,7%
Russian Ruble	347	347	335	7,5%	7,7%
Total	**1.076**	**1.090**	**1.679**		

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

Millions of euro	Nominal value	Repayments	New financing	Exchange rate differences	Reclassification from/to "Liabilities held for sale"	Nominal value
	31 Dec 2011					**31 Dec. 2012**
Bonds	515	-	-	8	-	523
Bank loans	569	(31)	-	4	-	542
Non-banks loans with related parties	611	(613)	264	-	(237)	25
Total financial debt	**1.695**	**(644)**	**264**	**12**	**(237)**	**1.090**

The nominal value of debt at 31 December 2012 decreased by EUR 605 million to EUR 1.090 million as of 31 December 2012, which is the net effect of EUR 644 million in repayments, EUR 264 million in new financing, EUR 12 million in exchange rate losses and EUR 237 million in reclassification to "liabilities held for sale".

The nominal value of non-bank loans with related parties decreased by EUR 586 million at 31 December 2012 due to the total reimbursement of the loan owed to Enel Finance International N.V. by Enel France (EUR 609 million) and the reclassification of Marcinelle Energie intercompany debt with Enel Finance International N.V. to "liabilities held for sale" (EUR 237 million).

The following table compares the carrying amount with the fair value of long-term debt, including the portion falling due within twelve months, with the exception of intercompany loans amounting to EUR 25 million whose fair value hasn't been calculated. For listed debt instruments, the fair value is taken from official prices, while for unlisted instruments the fair value is determined using appropriate valuation models for each category of financial instrument and market data at the closing date of the year.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value
	31 Dec. 2012		31 Dec. 2011	
Bonds:				
- fixed rate	521	503	513	488
- floating rate	-	-	-	-
Total	**521**	**503**	**513**	**488**
Bank loans:				
- fixed rate	300	247	316	319
- floating rate	106	97	119	122
- use of revolving cred	124	126	120	120
Total	**530**	**470**	**555**	**561**
Non-bank loans:				
- fixed rate	-	-	-	-
- floating rate	-	-	-	-
Total	**-**	**-**	-	-
TOTAL	**1.051**	**973**	**1.068**	**1.049**

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

Millions of euro	Carrying amount		
	31 Dec. 2012	31 Dec. 2011	Change
Bonds:			
- fixed rate	422	513	(91)
- floating rate	-	-	-
Total	**422**	**513**	**(91)**
Bank loans:			
- fixed rate	282	299	(17)
- floating rate	93	106	(13)
-use of revolving credit lines	124	120	4
Total	**499**	**525**	**(26)**
Non-bank loans:			
- fixed rate	-	-	-
- floating rate	-	-	-
Total	**-**	**-**	**-**
TOTAL	**921**	**1.038**	**(117)**

Millions of euro	Carrying amount		
	31 Dec. 2012	31 Dec. 2011	Change
Bonds:			
- fixed rate	99	-	99
- floating rate	-	-	-
Total	**99**	**-**	**99**
Bank loans:			
- fixed rate	18	17	1
- floating rate	13	13	-
-use of revolving credit lines	-	-	-
Total	**31**	**30**	**1**
Non-bank loans:			
- fixed rate	-	-	-
- floating rate	-	-	-
Total	**-**	**-**	**-**
TOTAL	**130**	**30**	**100**

Bonds – *EUR 521 million*

The aggregate amounting to EUR 521 million at 31 December 2012 refers to bonds issued by Enel Investment Holding B.V. under GMTN Programme (EUR 297 million) and Enel OGK-5 (EUR 224 million).

The bond issued by the Company in June 2006 was initially composed of five different installments for a nominal value of EUR 525 million and it is currently listed on the Luxembourg Stock Exchange. In this respect the Company has signed an agreement with its

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

Millions of euro	Year maturing	Balance	Nominal Value	Balance
		31 Dec. 2012	31 Dec. 2012	31 Dec. 2011
Bond, fixed rate 5,25%	2023	297	300	297
Total		**297**	**300**	**297**

On 5 October 2006 Enel OGK-5 completed a public offering of interest bearing non-convertible bonds, with a mandatory centralized custody. The number of issued bonds was 5.000.000 with a nominal value of Russian ruble 1.000 per bond, maturing at 1.820 days from the date of the issue. On 29 June 2011 OGK-5 completed the placement of new bonds for EUR 122 million with a 3-years maturity whose issuance was used to refinance the bond expired in September 2011. The fair value of fixed-rate bonds amounted to EUR 503 million at 31 December 2012.

Bank loans – *EUR 530 million*

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

• a fixed-rate bank loan maturing in 2023 (EUR 173 million);

• a long-term loan granted by European Investment Bank for financing Enel OGK-5's capex program with the floating-part maturing in 2021 (EUR 106 million) and the fixed-part maturing in 2026 (EUR 127 million);

• a revolving credit line maturing in 2015 drawn for EUR 124 million as of 31 December 2012.

Non-bank loans with related parties – *EUR 25 million*

Non-bank loans with related parties relate exclusively to a loan provided by Enel Finance International N.V. to the Enel Group subsidiary Enel Lease totalling EUR 25 million at 31 December 2012.

28. Post-employment and other employee benefits – *EUR 50 million*

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

The table below reports the change for the year in actuarial liabilities and the fair value of plan assets, as well as a reconciliation of the actuarial liabilities, net of assets, with the carrying amount of liabilities recognized as at 31 December 2012 and 31 December 2011.

Millions of euro	Benefits due upon termination of employment and other long-term benefits	
	2012	2011
Changes in actuarial liabilities:		
Actuarial liabilities at the beginning of the year	**62**	**65**
Service cost	5	3
Interest cost	6	5
Benefits paid	(19)	(8)
Other changes	12	(4)
Changes in scope of consolidation	-	-
Actuarial (gains)/losses	19	3
Foreign exchange (gains)/losses	1	(1)
Actuarial liabilities at the end of the year	**86**	**63**
Changes in plan assets	-	-
Reconciliation with carrying amount:		
Net actuarial liability at the end of the year	**86**	**63**
Net unrecognized (gains)/losses	36	11
Carrying amount of liability at the end of the year	**50**	**52**

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

Millions of euro	2012	2011
Service cost	5	3
Interest cost	6	5
Amortization of actuarial (gains)/losses	-	(1)
Other changes	6	(2)
Total	17	5

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

	Romania	Russia	Romania	Russia
	2012		2011	
Discount rate	6,80%	7,00%	7,50%	8,64%
Long term salary increase	3,50%	6,00%	6,20%	7,00%
Long term inflation rate	3,00%	5,00%	3,00%	6,00%
Long term return on assets	N/A	N/A	N/A	N/A

29. Provision for risks and charges (including the portion falling within 12 months) - *EUR 61 million*

Millions of euro	31 Dec. 2011	Accruals	Released to income statement	Utilization and other changes	31 Dec. 2012	of which short term
Provisions for risks and charges:						
- production order charges	8	4	-	-	12	3
- provision for early- retirement incentives	26	11	(5)	(10)	22	10
- taxes and duties	11	-	(12)	1	-	-
- other	17	22	(10)	(2)	27	15
Total	**62**	**37**	**(27)**	**(11)**	**61**	**28**

"Provision for early-retirement incentives" includes the estimated charges related to binding agreements for the voluntary termination of employment contracts in response to organizational needs. The item, amounting to EUR 21 million as of 31 December 2012, refers to Enel OGK-5 (EUR 7 million) and to the Romanian companies (EUR 14 million).

"Taxes and duties" dropped to nil at 2012 year ended and related to Enel OGK5 for unauthorized water usage recognized at Purchase Price Allocation which has been completely reversed in 2012.

30. Deferred tax assets and liabilities – *EUR 34 million and EUR 460 million*

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

Millions of euro	31Dec. 2011	Increase/(Decrease) taken to income statement	Exchange Difference	Other changes	Riclassification from/to "Assets held for sale"	31 Dec. 2012
Deferred tax assets:						
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	21	(1)	-	(8)	-	12
- other items	16	6	1	10	(11)	22
Total	**37**	**5**	**1**	**2**	**(11)**	**34**
Deferred tax liabilities:						
- differences on non-current assets	428	12	10	15	(15)	450
- financial derivative instruments	1	1	-	-	-	2
- other items	13	4	(3)	-	(6)	8
Total	**442**	**17**	**7**	**15**	**(21)**	**460**

As of 31 December 2012, deferred tax assets totaled EUR 34 million and deferred tax liabilities came to EUR 460 million; the variance in comparison with 2011 essentially reflects the reclassification of Marcinelle Energie to "Assets held for sale" and the accruals for the period. Deferred tax liabilities essentially include the determination of the tax effects of the value adjustments to net assets acquired as part of the final allocation of the cost of acquisitions made in the prior years primarily regarding Enel OGK5, Enel Distributie Muntenia and Enel Energie Muntenia.

No deferred tax assets were recorded in relation to prior tax losses in the amount of EUR 535 million, of which EUR 523 million related to Enel Investment Holding BV, because the tax laws in force in the Netherlands do not treat the expected income (dividends) of the companies as taxable. At 31 December 2011, the unrecorded cumulative tax asset related to prior tax losses was EUR 704 million.

31. Non-current financial liabilities - *EUR 12 million*

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

Millions of euro	Notional amount		Fair value		
	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011	Change
Cash flow hedge derivatives:					
- exchange rates	242	259	12	4	8
Total	**242**	**259**	**12**	**4**	**8**

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

Millions of euro				
	31 Dec. 2012	Level 1	Level 2	Level 3
Cash flow hedge derivatives:				
- exchange rates	12		12	
Total	12	-	12	-

32. Other non-current liabilities - *EUR 157 million*

Millions of euro			
	31 Dec. 2012	31 Dec. 2011	Change
Non-current operative deferred revenues	148	170	(22)
Other non-current payables	9	10	(1)
Total	**157**	**180**	**(23)**

At December 2012 this item essentially consisted of deferred revenues for electricity connections received for specific assets attributable to Romanian distribution companies.

Current liabilities

33. Short-term loans - *EUR 366 million*

This aggregate entirely refers to Enel Investment Holding B.V. intercompany short-term debt share among intercompany current account with Enel Spa (EUR 66 million) and the revolving facility agreement signed in December 2012 with Enel Finance International N.V. (EUR 300 million). The significant decrease over 2011 (EUR 106 million) was essentially due to dividends collected by the Company from its subsidiaries in 2012 (EUR 92 million).

34. Trade payables - *EUR 458 million*

This item came to EUR 458 million, a decrease of EUR 28 million compared with 31 December 2011. It includes payables for the supply of electricity, fuel, materials and equipment for tenders and sundry services.

35. Current financial liabilities - *EUR 17 million*

Millions of euro

	31 Dec. 2012	31 Dec. 2011	Change
Deferred financial liabilities	14	19	(5)
Derivative contracts	1	3	(2)
Other items	2	1	1
Total	**17**	**23**	**(6)**

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

Millions of euro	Notional amount		Fair value		
	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011	Change
Trading derivatives:					
- exchange rates	201	201	1	3	(2)
Total	**201**	**201**	**1**	**3**	**(2)**

At 31 December 2012, the notional amount of the exchange rate trading derivative contracts classified as current financial liabilities is aligned with the previous year with the corresponding fair value of EUR 1 million, and it is exclusively connected to Enel OGK-5.

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

Millions of euro

	31 Dec. 2012	Level 1	Level 2	Level 3
Trading derivatives:				
- exchange rates	1	-	1	-
Total	**1**	**-**	**1**	**-**

36. Other current liabilities - *EUR 1.054 million*

Million of euro

	31 Dec. 2012	31Dec 2011	Change
Payables to related parties	21	17	4
Payables to third parties:			
- Payables for put option granted to minority shareholders	815	820	(5)
- Deferred revenues	6	8	(2)
- Other tax payables	56	52	4
- Other sundry payables	156	126	30
Total	**1.054**	**1.023**	**31**

At 31 December 2012 "other current liabilities" came to EUR 1.054 million, up EUR 31 million on 2011. The item "payables for put options granted to minority shareholders" at 31 December 2012 relates to the liabilities to Enel Distributie Muntenia for EUR 662 million (EUR 660 million at 31 December 2011), Enel Energie Muntenia for EUR 117 million (EUR 116 million at 31 December 2011) and Marcinelle Energie in the amount of EUR 36 million (EUR 44 million at 31 December 2011); the latter was paid in January 2013.

These liabilities, which are estimated at fair value on the basis of Level 3 inputs, are determined on the basis of the exercise conditions specified in the contracts.

37. Liabilities held for sale - *EUR 284 million*

Millions of euro

	31 Dec. 2012	31Dec. 2011	Change
Medium/Long term loans	235	-	235
Deferred tax liabilities	6	-	6
Other non-current financial liabilities	3	-	3
Trade payables	40	-	40
Total	**284**	**-**	**284**

"Liabilities held for sale", detailed in the table above, totaled EUR 284 million as of 31 December 2012 and it exclusively relates to Marcinelle.

38. Related parties

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

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

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

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

	Balance sheet		Income statement	
	Receivables	Payables	Cost	Income
	31 dec 2011	31 dec 2011	2011	
Shareholder				
Enel Spa	7	509	32	13
Other affiliated companies				
Enel Produzione	1	5	-	-
Enel Trade	59	59	105	149
Enel Trade Romania	1	5	37	-
Enel Ingegneria e Innovazione	4	25	2	1
Enel Finance International	300	611	21	4
Enel Servizi	3	12	2	1
Enel Distribuzione	-	16	2	-
Enel Energia	-	5	-	-
Enel Servizio Elettrico	-	1	-	-
Enel Green Power Romania	-	2	-	-
Enel Green Power France	33	-	-	2
	408	**1.250**	**201**	**170**

Compensation of Directors

The emoluments of the Company's Directors as intended in Section 2:383 (1) of the Dutch Civil Code charged in 2012 amounted to EUR 72 thousand (EUR 65 thousand in 2011) and are summarized in the following table:

(all amounts in thousands of Euro)	**31 Dec. 2012**	31 Dec. 2011
Mr. A.J.M. Nieuwenhuizen	**18**	20
Mr. F. Mauritz	**18**	15
Mr. H. Marseille	**18**	15
Mr. K.J. Schell	**18**	15
Mr. A. Brentan	-	-
Mr. M. Salemme	-	-
Mr. C. Palasciano Villamagna	-	-
Mr. C. Tamburi	-	-
Mr. L. Ferraris	-	-
	72	65

Auditor's remuneration

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

39. Contractual commitments and guarantees

The contractual commitments and guarantees as of 31 December 2012 can be specified as follows:

• with reference to the RUB 93.150 million financing granted by Sberbank, Gazprom Bank and VTB Bank to SeverEnergia Llc, in which the company holds an indirect 19,60% stake, the Company signed a comfort letter on 23 December 2011 which aims at giving comfort to the above mentioned banks in particular about (i) no creation of any encumbrances on direct or indirect interest in SeverEnergia; (ii) no change in SeverEnergia shareholder's structure; (iii) commitment to provide financing to SeverEnergia in case the project incurs cost overruns in an aggregate amount of up to RUB 30 billion, provided neither the lenders, collectively or individually, nor third lending parties have provided funds to finance the cost overruns; (iv) commitment to provide financing to SeverEnergia up to a maximum principal amount of RUB 10,4 billion, in the event JSC Artic Gas Inc, CJSC Urengoy Inc, JSC Neftegastechnologia are obliged to the payment of certain promissory notes following the issuance of a judicial decision by a Russian court. The aforementioned comfort letter was issued in proportion to its shareholding in SeverEnergia (19,60%);

• in relation to the development of a project by the subsidiary Enel OGK-5 for the construction of a CCGT power plant in Russia using a former Power Train pertaining to Enelco SA, the Company issued two Parent Company Guarantees for a cumulative amount of EUR 94,7 million in favour of the suppliers Ansaldo and Nooter Eriksen (EUR 69,7 million and EUR 25 million respectively) as security to the timely payment of the due invoices. Following the payment of invoices for a cumulative amount of EUR 56,9 million, the value of the residual guarantee was accordingly reduced to EUR 37,7 million;

• during 2007 Enel participated in a public tender launched by Nuclearelectrica (a company wholly owned by the Romanian State) for the selection of strategic investors for the development, financing, construction and operation of two nuclear units, of 720 MW each in the Cernavoda power plant, a nuclear power plant in Romania owned by Nuclearelectrica. In this respect, in December 2008, the Company signed an Investment Agreement based on which the Company has the right to own 9,15% stake of the Romanian Project Company, EnergoNuclear, and has the obligation to fund 9,15% of the subscribed share capital of EnergoNuclear and of the development costs for a maximum amount equal to EUR 4 million. Should the Company decide that the project is no longer worthwhile the Company will have the right to withdraw from the PCO at any time by paying, as a penalty equal to its share of the development costs (a maximum of approximately EUR 4 million). In March 2010, the Company executed a share capital increase of EUR 1,4 million equal to 9,15% of the EUR 15 million required of the shareholders. On 25 January and on 24 August 2012 the EnergoNuclear S.A. Bod of resolution has approved two Share Capital Increases pertaining to EIH for EUR 457.500 each one, bringing the final equity investment in the Company to EUR 5,8 million.

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

• In October 2011 the Company resolved to issue a guarantee in favour of Sonatrach, the Algerian state-owned oil company, and in the interest of Enel Trade SpA, fully owned by Enel SpA, for the proper execution of Enel Trade SpA obligations arising from its entering into a PSC for the acquisition of a 18,375% stake in the Isarene project, especially with regards to the operations to be performed during the exploration and exploitation phases. The PSC prescribes the Enel Trade 24,5% contribution to the exploration costs with subsequent recovery of the excess financing compared to its ownership stake: this obligation is guaranteed by the Company; for this purpose, in October 2011 such guarantee was issued for an amount up to USD 10 million until December 2012, up to USD 190 million from 2013 till 2018 and up to USD 10 million from 2019 till 2042.

40. Contingent liabilities

Legal case Enel OGK5 - Iberdrola Group

An overseas contractor of Enel OGK5 belonging to Spanish energy Group Iberdrola has commenced an action against Enel OGK5 claiming to an arbitrary court losses and damages associated with the equipment idle time. On its turn Enel OGK5 also filed a counter claim for losses due to failure by the contractor to meet scheduled construction timeline.

The audition of this case is expected at the beginning of 2014 and first court decision within six months after the date of audition.

The Group has been advised by its legal counsel that it is only possible, but not probable, that either action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

41.Subsequent events

There were no subsequent events to be set forth after the reporting date.

Enel Investment Holding B.V.

Company financial statements

Prepared in accordance with the International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2012

Enel Investment Holding B.V. non-consolidated income statement for the year ended 31 December 2012

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

Millions of euro	*Notes*	2012	2011
Revenues			
Revenues from sales and services	*45.a*	1	1
Other revenues	*45.b*	-	75
	(Subtotal)	*1*	*76*
Costs			
Services	*46.a*	2	13
Personnel	*46.b*	-	1
Depreciation, amortization and impairment losses	*46.c*	123	32
Other operating expenses		-	-
	(Subtotal)	*125*	*46*
Operating income		**(124)**	**30**
Income from equity investments	*47*	92	156
Financial income	*48*	18	16
Financial expense	*48*	(26)	(34)
	(Subtotal)	*84*	*138*
Income before taxes		**(40)**	**168**
Income taxes		-	-
Net income for the period attributable to the shareholders		**(40)**	**168**

The Notes on pages 94 to 115 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated statement of comprehensive income for the year ended 31 December 2012

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

Millions of euro

	2012	2011
Net income for the period	**(40)**	**168**
Other components of comprehensive income:		
Effective portion of change in the fair value of cash flow hedges	-	-
Change in the fair value of financial investments available for sale	(295)	-
Income/(Loss) recorded in other comprehensive income	**(295)**	-
Comprehensive income for the period	**(335)**	**168**
Attributable to:		
- Equity shareholders of the Company	**(335)**	**168**

The Notes on pages 94 to 115 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated statement of financial position as at 31 December 2012

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

Millions of euro	Notes		
Assets		**31 Dec. 2012**	31 Dec. 2011
Non-current assets			
Equity investments in subsidiaries and associated companies	*49*	5.107	4.830
Equity investments available for sale	*50*	227	523
Equity investments in other companies	*49*	6	5
Other non-current financial assets	*51*	296	295
	(Total)	**5.636**	**5.653**
Current assets			
Current financial assets	*52*	17	17
Other current assets	*53*	2	28
Cash and cash equivalents		-	2
	(Total)	**19**	**47**
Assets classified as held for sale		**8**	**-**
Total assets		**5.663**	**5.700**

The Notes on pages 94 to 115 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated statement of financial position as at 31 December 2012

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

Millions of euro	*Notes*		
Liabilities and shareholders' equity		**31 Dec. 2012**	31 Dec. 2011
Equity attributable to the shareholders of the Parent Company	*54*		
Share capital		1.593	1.593
Share premium		2.410	2.410
Fair value reserve - Available for sale		187	482
Retained earnings (losses carried forward)		12	(156)
Net income for the period		(40)	168
Total shareholders' equity		**4.162**	**4.497**
Non-current liabilities			
Long-term loans	*55*	297	297
Other non-current liabilities	*56*	7	8
	(Subtotal)	**304**	**305**
Current liabilities			
Current financial liabilities	*57*	379	490
Other current liabilities	*58*	818	408
	(Subtotal)	**1.197**	**898**
Total liabilities		**1.501**	**1.203**
Total liabilities and shareholders' equity		**5.663**	**5.700**

The Notes on pages 94 to 115 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated statement of changes in shareholders' equity for the year ended as at 31 December 2012

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

Millions of euro	Share capital	Share premium reserve	Available-for-sale reserve [1]	Retained earnings/(losses carried forward)	Net income for the period	Total shareholders' equity
at 1 January 2011	**1.593**	**2.410**	**482**	**(198)**	**42**	**4.329**
Profit appropriation	-	-	-	42	(42)	-
Share Premium contribution	-	-	-	-	-	-
Comprehensive income for the period of which:						-
Net income/(loss) for the period recognized in equity	-	-	-	-	-	-
Net income/(loss) for the period	-	-	-	-	168	168
at 31 December 2011	**1.593**	**2.410**	**482**	**(156)**	**168**	**4.497**
Profit appropriation	-	-	-	168	(168)	-
Share Premium contribution	-	-	-	-	-	-
Comprehensive income for the period of which:						-
Net income/(loss) for the period recognized in equity	-	-	(295)	-	-	(295)
Net income/(loss) for the period	-	-			(40)	(40)
at 31 December 2012	**1.593**	**2.410**	**187**	**12**	**(40)**	**4.162**

[1] This reserve is not freely distributable

The Notes on pages 94 to 115 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated cash flows statement for the year ended 31 December 2012

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

Millions of euro	Notes	2012	2011
Income for the period		**(40)**	**168**
Adjustments for:			
Financial (income)/expense		(84)	(138)
(Gains)/Losses and other non-monetary items		123	(43)
Increase/(Decrease) in financial and non-financial assets/liabilities		(3)	(40)
Increase/(Decrease) in trade payables		(1)	2
(Increase)/Decrease in trade receivables		28	-
Dividends received		91	156
Interest income and other financial income collected		17	17
Interest expense and other financial expense paid		(28)	(32)
Cash flows from operating activities (a)		**103**	**90**
Equity investments net of cash and cash equivalents acquired		-	-
Disposals of equities less cash and cash equivalents sold		-	258
Capital repayments/(contributions)		3	-
Cash flows from investing/divesting activities (b)		**3**	**258**
Financial debt (new borrowings)		300	-
Financial debt (repayments)		-	-
Cash flows from financing activities (c)		**300**	**-**
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**406**	**348**
Cash and cash equivalents at beginning of the period [1]		(472)	(820)
Cash and cash equivalents at the end of the period [1]		(66)	(472)

[1] It also includes the balance of intercompany current account held with Enel S.p.A.

The Notes on pages 94 to 115 are an integral part of these non-consolidated financial statements

Notes to the Enel Investment Holding B.V. non-consolidated financial statements as of 31 December 2012

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

Relationship with Parent Company and principal activities

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

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

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

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

Going concern

On 4 March 2013 Enel S.p.A., the Parent Company, issued a letter of support as of 31 December 2012 guaranteeing its continuous financial support to meet the Company's liabilities until next year financial statement approval.

Statement of compliance

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

These non-consolidated financial statements were approved by the Board of Directors and authorized for issue effective on 24 April 2013.

Basis of preparation

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

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

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

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

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

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

Functional and presentation currency

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

43. Summary of significant accounting policies

Please see page 28 to 41 of the notes to consolidated financial statements for a description of the significant accounting principles.

The following IFRS accounting principle (IAS 27) has been used only in drawing up Enel Investment Holding B.V. non-consolidated financial statements as of 31 December 2012 for evaluating the equity investments in subsidiaries, associated and joint ventures:

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

Please see pages 42 to 47 of the notes of consolidated financial statements for a description of the new IFRS standards and interpretations.

Use of estimates

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

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

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

Segment reporting

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

44. Risk management

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

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

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

Credit risk

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

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

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

Liquidity Risk

Liquidity risk is managed by the Group Treasury unit at Enel S.p.A., which ensures adequate coverage of cash needs (using lines of credit and issues of bonds and commercial paper) and appropriate management of any excess liquidity.

Despite the recent turbulence in international financial markets caused by the European sovereign debt crisis of the second half of 2011, the Enel Group continued to have access to the bank credit and commercial paper markets. Any difficulties in raising funds have been overcome through careful financial planning and funding policies.

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

Market risk

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

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

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

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

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

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

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

Interest rate risk

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

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

As of 31 December 2012 there are no outstanding interest rate derivatives pertaining to the Company.

Exchange rate risk

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

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

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

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

As of 31 December 2012 there are no outstanding exchange rate derivatives pertaining to the Company.

Capital management

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

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

Millions of euro

	31 Dec. 2012	31 Dec. 2011
Total Equity	4,162	4,497
Fair value reserve-Available for sale	187	482
Adjusted Equity	3,975	4,015
Net income	(40)	168
Return of capital (*)	-1%	4%

*Key Performance Indicator determined on year basis

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

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

Information on the non-consolidated income statement

Revenues

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

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

45.b Other revenues – *EUR nil million*

Other revenues was EUR 75 million in 2011 referring to the capital gain realized on the sale of Maritza companies (EUR 19 million) and on the reinsurance companies reorganization (EUR 56 million).

Costs

46.a Services – *EUR 2 million*

Millions of euro

	2012	2011	Change
Project expenses equity investements	-	7	(7)
Transaction costs related to equity investment acquisitions/divestments	-	3	(3)
Other expenses	2	3	(1)
Total	**2**	**13**	**(11)**

In 2012 service costs essentially related to "Other expenses" for sundry services for housing and utilities as well as professional fees.

46.b Personnel – *EUR 0,3 million*

As of 31 December 2012 the Company had nine directors and employed three staff members for a total amount of EUR 0,3 million in salaries and social security compensations.

46.c Depreciation, amortization and impairment losses – *EUR 123 million*

Millions of euro

	2012	2011	Change
Depreciation	-	-	-
Amortization	-	-	-
Impairment losses	123	32	91
Total	**123**	**32**	**91**

Impairment losses rose to EUR 123 million in 2012 from EUR 32 million incurred in 2011. They refer to the impairment loss in the equity investment in Marcinelle following the decision to dispose of this subsidiary in 2013 and the subsequent alignment of its carrying amount with its fair value less of selling costs (EUR 123 million).

47. Income/(loss) from equity investments – *EUR 92 million*

This item exclusively refers to dividends resolved by subsidiaries and other companies and distributed to the Company during 2012 (EUR 156 million in 2011) as detailed below:

Millions of euro

	2012	2011	Change
Res Holdings B.V.	85	120	(35)
Enel France Sas	-	17	(17)
Enel Distributie Banat SA	-	10	(10)
Enel Distributie Dobrogea SA	-	7	(7)
PT Bayan Resources Tbk	6	2	4
Pragma	1	-	1
Total	**92**	**156**	**(64)**

48. Financial income/(expense) – *EUR (8) million*

Millions of euro

	2012	2011	Change
Interest and other income from non-current financial assets:			
- Assumption of GMTN bond - Enel S.p.A	-	12	(12)
- Assumption of GMTN bond - Enel Finance International N.V.	16	4	12
Interest and other income from current financial assets:			
- Enel Finance International N.V.	1	-	1
- Third parties	1	-	1
Total financial income	**18**	**16**	**2**
Interest and other charges on non-current financial debt:			
- Interest on GMTN bond	16	16	-
- Assumption of GMTN bond - Enel S.p.A.	-	2	(2)
Interest and other charges on current financial debt:			
- interest on debts to banks	-	-	-
- Intercompany current account - Enel S.p.A	10	15	(5)
- Intercompany loan - Enel Finance International N.V.	-	-	-
Foreign exchange losses:			
- on other receivables	-	1	(1)
Total financial charges	**26**	**34**	**(8)**
Total	**(8)**	**(18)**	**10**

Financial expense fell by EUR 8 million to EUR 26 million in 2012 with the variation essentially referring to the lower interests on the intercompany current account with Enel S.p.A. following a decrease of its negative balance throughout 2012.

Information on the non-consolidated financial position

Assets

Non-current assets

49. Equity investments – *EUR 5.107 million*

The following table shows the changes occurred in 2012 for each equity investment held by the Company in subsidiaries, associates, joint ventures and other companies:

Millions of euro	Original cost	(Write downs)/ revaluations	Carrying amount	% Holding	Impairment	Other changes	Acquisitions/disposals	Capital contributions/reimbursement	Adjustment of value of *put option*	Net change	Original cost	(Write downs)/ revaluations	Reclassified to held for sale	Carrying amount	% Holding
	31 Dec. 2011				Changes in 2012						31 Dec. 2012				
A) Subsidiaries															
Enel.Re Ltd.	-	-	-	0,0%	-	-	-	-	-	-	-	-	-	-	-
Pragma Energy S.A.	6,5	-	6,5	100,0%	-	-	-	-	-	-	6,5	-	-	6,5	100,0%
Enelco S.A.	32,7	(17,8)	14,9	75,0%	-	-	-	(5,3)	-	(5,3)	27,4	(17,8)	-	9,6	75,0%
Enel France SAS	34,9	-	34,9	100,0%	-	-	-	-	-	-	34,9	-	-	34,9	100,0%
Enel OGK 5	2.497,6	-	2.497,6	56,4%	-	-	-	-	-	-	2.497,6	-	-	2.497,6	56,4%
Enel Gas Rus LLC	9,1	(5,0)	4,1	100,0%		-	-	-	-	-	9,1	(5,0)	-	4,1	100,0%
Enel Productie SRL (GPI)	4,8	-	4,8	100,0%	-	0,1	-	1,1	-	1,2	6,0	-	-	6,0	100,0%
Marcinelle Energie SA	165,4	(26,0)	139,4	80,0%	-	-	-	-	(7,8)	(7,8)	157,6	(26,0)	(131,6)	-	0,0%
Enel Albania SHPK	1,5	(1,2)	0,3	100,0%	-	-	-	-	-	-	1,5	(1,2)	-	0,3	100,0%
Linea Albania-Italia SHPK	0,2	(0,1)	0,1	100,0%	-	-	-	-	-	-	0,2	(0,1)	-	0,1	100,0%
Enel Romania SRL	0,1	-	0,1	99,9%	-	-	-	-	-	-	0,1	-	-	0,1	99,9%
Enel Distributie Muntenia S.A.	1042,6	-	1.042,6	64,4%	-	-	-	-	357,1	357,1	1399,7	-	-	1.399,7	64,4%
Enel Energie Muntenia S.A.	184,0	-	184,0	64,4%	-	-	-	-	63,0	63,0	247,0	-	-	247,0	64,4%
Enel Distributie Dobrogea S.A.	160,0	-	160,0	51,0%	-	-	-	-	-	-	160,0	-	-	160,0	51,0%
Enel Distributie Banat S.A.	220,0	-	220,0	51,0%	-	-	-	-	-	-	220,0	-	-	220,0	51,0%
Enel Energie S.A.	80,0	-	80,0	51,0%	-	-	-	-	-	-	80,0	-	-	80,0	51,0%
Braila Power	-	-	-		-	-	0,1	-	-	0,1	0,1	-	-	0,1	28,5%
Total subsidiaries	**4.439,4**	**(50,1)**	**4.389,3**		**-**	**0,1**	**0,1**	**(4,2)**	**412,3**	**408,3**	**4.847,7**	**(50,1)**	**(131,6)**	**4.666,0**	
B) Associated companies															
Res Holdings B.V. (49,5%)	84,1	-	84,1	49,5%	-	-	-	-	-	-	84,1	-	-	84,1	49,5%
Enel.Re N.V.	77,8	-	77,8	50,0%	-	-	-	-	-	-	77,8	-	-	77,8	50,0%
Artic Russia B.V. (40%)	278,7	-	278,7	40,0%	-	-	-	-	-	-	278,7	-	-	278,7	40,0%
Total associated companies	**440,6**	**-**	**440,6**		**-**	**-**	**-**	**-**	**-**	**-**	**440,6**	**-**	**-**	**440,6**	
C) Equity investment Held for sale															
Marcinelle Energie SA	-	-	-		(123,3)		-	-	-	(123,3)	-	(123,3)	131,6	8,3	100,0%
Total Equity investment Held for sale	**-**	**-**	**-**	**0,0%**	**(123,3)**	**-**	**-**	**-**	**-**	**(123,3)**	**-**	**(123,3)**	**131,6**	**8,3**	**100,0%**
Total	**4.880,0**	**(50,1)**	**4.829,9**	**-**	**(123,3)**	**0,1**	**0,1**	**(4,2)**	**412,3**	**285,0**	**5.288,3**	**(173,4)**	**-**	**5.114,9**	

The following table lists equity investments in subsidiaries, associates, joint ventures and other companies as at 31 December 2012:

Millions of euro	Currency	Share capital	Shareholders'equity	2012 Net income/(loss)	% holding	Carrying amount
A) Subsidiaries						
Pragma Energy S.A. (in liquidation)	CHF	4 000 000	4,4	(0,1)	100,0	6,5
Enelco S.A.	EUR	60 109	16,6	(0,3)	75,0	9,6
Enel France SAS	EUR	34 937 000	107,4	1,5	100,0	34,9
Enel OGK-5	RUB	35.371 898 370	2 282,9	135,0	56,4	2.497,6
Enel Gas Rus LLC	RUB	350 000	3,9	(0,2)	100,0	4,1
Enel Productie Srl	RON	20 110 200	2,1	(0,8)	100,0	6,0
Marcinelle Energie SA	EUR	110 061 500	138,1	5,1	100,0	8,3
Enel Albania Shpk	ALL	73 230.000	0,3	-	100,0	0,3
Linea Albania-Italia Shpk	ALL	27 460.000	0,2	-	100,0	0,1
Enel Romania Srl	RON	200.000	0,4	0,4	100,0	0,1
Enel Distributie Muntenia S.A.	RON	271 635.250	931,1	57,2	64,4	1.399,7
Enel Energie Muntenia S.A	RON	37 004.350	147,6	16,6	64,4	247,0
Enel Distributie Dobrogea S.A.	RON	280 285.560	262,1	34,8	51,0	160,0
Enel Distributie Banat S.A.	RON	382 158.580	374,8	50,0	51,0	220,0
Enel Energie S.A	RON	140 000.000	101,8	74,2	51,0	80,0
B) Associated companies						
Res Holdings B.V	EUR	18.000	0,2	172,8	49,5	84,1
Artic Russia B.V.	EUR	100.000	826,1	(0,3)	40,0	278,7
Enel Insurance N.V.	EUR	60.000	153,6	0,6	50,0	77,8

49.a Investments in subsidiaries

Pragma Energy

Pragma Energy S.A., existing under the laws of Switzerland, was originally engaged in the coal trading business in the international markets but at present this activity is being preformed by other Enel Group companies. In December 2012 the Board of Directors of the Company has decided to dissolve it with the beginning of liquidation procedure set in January 2013.

Enelco

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

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

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

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

Enel France

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

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

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

Enel OGK-5

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

Enel Gas Rus

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

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

Enel Albania

Enel Albania SHPK was incorporated by the Company in June 2008 to construct one or two coal power plants in Albania each with a capacity of 800MW. After giving up the project Management has decided to start its liquidation procedure foreseen to be completed by the first half of 2013.

Linea Albania-Italia

Linea Albania-Italia SHPK was incorporated by the Company in June 2008 to develop a merchant line for the connection between Albania and Italy together with Enel Albania SHPK. After giving up the project Management has decided to start its liquidation procedure foreseen to be completed by the first half of 2013.

Enel Romania

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

Enel Productie

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

In June 2012 the Company resolved in an equity contribution divided into a share capital increase for LEI 0,2 million (EUR 44.843) and a share premium increase for LEI 4,9 million (EUR 1,1 million), bringing the equity investment in the company to EUR 6 million as of 31 December 2012.

Enel Distributie Dobrogea

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

Enel Distributie Banat

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

Enel Energie

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

Enel Distributie Muntenia

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

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

Following the contribution of shares, Enel S.p.A. also transferred to the Company all rights and obligations included in the Privatization Agreement signed by and between Enel S.p.A. and the Romanian company Electrica S.A. on 11 June 2007. Under the Privatization Agreement Electrica S.A. has the right to ask the Company to purchase a further 23,57% of the shares in Enel Distributie Muntenia S.A. Total debt associated with the exercise of the put option amounts to EUR 661 million at 2012 year ended with the cash outflow forecast during 2013.

Enel Energie Muntenia

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

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

Following the contribution of shares, Enel S.p.A. also transferred to the Company all rights and obligations included in the Privatization Agreement signed by and between Enel S.p.A. and the Romanian company Electrica S.A. on 11 June 2007. Under the Privatization Agreement Electrica S.A. has the right to ask the Company to purchase a further 23,57% of the shares in Enel Energie Muntenia S.A. Total debt associated with the exercise of the put option amounts to EUR 117 million at 2012 year ended with the cash outflow forecast during 2013.

49.b Associated companies

Res Holding

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

Artic Russia

In March 2007 the Company bought 40% of the shares in Artic Russia B.V., based in the Netherlands, which hold 49% of the shares in the Russian processing and transport of gas and oil company, SeverEnergia.

Enel Insurance

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

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

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

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

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

49.c Equity investments held for sale

Marcinelle

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

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

Moreover management of Enel Group has decided to sell its entire 100% stake in Marcinelle and accordingly the equity investment of the Company in Marcinelle has been reclassified to "assets held for sale" on a separate line of financial position of Enel Investment Holding B.V. as of 31 December 2012.

50. Equity investments available-for-sale – *EUR 227 million*

The following table lists equity investment classified as available for sale at 31 December 2012 and 31 December 2011.

Millions of euro

	31 Dec. 2012					31 Dec. 2011				
	Cost Price	Results recognized in equity	Impairment in P&L	Fair Value	% Held	Cost Price	Results recognized in equity	Impairment in P&L	Fair Value	% Held
Echelon	20	(14)	-	6	7,9	20	(9)	-	11	7,9
Bayan Resources T b K	138	83	-	221	10	138	492	(118)	512	10
Total	**158**	**69**	**-**	**227**		**158**	**483**	**(118)**	**523**	

Echelon Corporation

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

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

Bayan Resources

The 10% stake in corporate capital of Bayan Resources T.b.k. was acquired in August 2008 for a total consideration of IDR 1.933 billion (EUR 136 million). The shares were acquired via Bayan's initial public offering on the Indonesian Stock Exchange, through the implementation of an agreement with Bayan and its shareholders.

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

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

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

In 2011 further to a reorganization whereby all international financial activities of the Enel Group were centralized in Enel Finance International N.V., the Company terminated the initial agreement with Enel S.p.A. as of 29 September 2011 and entered into a new agreement for the assumption of debt with Enel Finance International N.V based on which the latter undertook to the Company to assume all the Company's payment obligations under the notes issued (a

5,25% fixed-rate bond instalment maturing in 2023). There weren't no changes reported over 2012.

Current assets

52. Current financial assets – *EUR 17 million*

Millions of euro

	31 Dec. 2012	31Dec 2011	Change
Financial receivables due from Group companies:			
- accrued income on GMTN debt assumption	4	4	-
Financial receivables due from others:			
- other financial receivables	13	12	1
Total	**17**	**16**	**1**

"Current financial assets" mainly refers to the recognition of a financial receivable owed by ContourGlobal LP after the sale of Bulgarian Companies collectable in 2013 (EUR 12 million).

53. Other current assets – *EUR 2 million*

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

Liabilities and shareholders' equity

54. Shareholders' equity – *EUR 4.050 million*

Share capital – *EUR 1.593 million*

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

Share premium reserve – *EUR 2.410 million*

Fair value reserve AFS - *EUR 187 million*

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

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

Reconciliation of non-consolidated equity to consolidated equity

Millions of euro

	31 Dec. 2012	31 Dec. 2011
Company net equity	**4.162**	**4.497**
Subsidiaries acquisition	238	238
Under common control acquisitions/divestments	(469)	(469)
Currency translation reserve and OCI reserves	(345)	(396)
Fair value and sundry reserve	(2)	6
Impact of IFRIC 18	18	18
Retained earnings of consolidated companies - 2009	184	184
Retained earnings of consolidated companies - 2010	209	209
Retained earnings of consolidated companies - 2011	24	24
Retained earnings of consolidated companies - 2012	133	-
Group net equity	**4.152**	**4.311**
Non-controlling interests	**1.477**	**1.319**
Consolidated financial statements	**5.629**	**5.630**

Reconciliation of non-consolidated income statement to consolidated income statement

Millions of euro

	2012	2011
Company net income/(loss)	**(40)**	**168**
Results of subsidiaries	243	169
Intragroup dividends	(92)	(156)
Equity investments accounted for by using the equity method	101	109
Impairment adjustments	123	(42)
Consolidation difference at consolidated level	(242)	(56)
Total Group	**93**	**192**
Total non-controlling interests	**144**	**94**
Consolidated financial statements	**237**	**286**

Non-current liabilities

55. Long-term loans – *EUR 297 million*

Millions of euro	Maturing	Carrying amount	Nominal value	Carrying amount	Nominal value
		31 Dec. 2012		31Dec. 2011	
Bonds:					
- listed, fixed rate 5.25%	2023	297	300	297	300

At 2012 year ended the Company had outstanding issued bonds, listed on the Luxembourg stock exchange, for a total nominal value of EUR 300 million maturing in 2023.

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

56. Other non-current liabilities – *EUR 7 million*

Current liabilities

57. Current financial liabilities – *EUR 379 million*

Millions of euro

	31 Dec. 2012	31Dec. 2011	Change
Intercompany current account with Enel Spa	66	472	(406)
Intercompany current account with Enel Finance International NV	300	-	300
Accrued expenses on GMTN bond	4	4	-
Accrued expenses from Shareholder	9	14	(5)
Total	**379**	**490**	**(111)**

The significant decrease in the intercompany current account held with Enel S.p.A. (EUR 406 million) was essentially due to the new short-term revolving facility agreed upon with Enel Finance International NV for EUR 300 million and dividends collected from subsidiaries in 2012 (EUR 92 million).

58. Other current liabilities – *EUR 818 million*

"Other current liabilities" mainly relate to the put options granted to minority shareholders of already owned entities Marcinelle Energie S.A. (20%- paid in January 2013), Enel Distributie Muntenia S.A. (23,6 %) and Enel Energie Muntenia S.A (23,6%) as specified in the table below.

Millions of euro

	31 Dec. 2012	31 Dec. 2011	Change
Payables owed to related parties:			
- shareholder	4	4	-
Payables due to third parties:			
- Put option liability - Marcinelle Energie S.A.	36	44	(8)
- Put option liability - Enel Distributie Muntenia S.A.	661	305	356
- Put option liability - Enel Energie Muntenia S.A.	117	54	63
- Other sundry payables	-	1	(1)
Total	**818**	**408**	**410**

Being exercised the put option right over Muntenia companies by Electrica the fair value of the put option recorded in the Company's separate financial position as of 31 December 2012 is equal to zero and therefore the amount of payable accounted for in the Company separate balance sheet is now totally aligned with its related consolidated debt of EUR 778 million.

59. Related parties

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

The following table summarizes the financial relationships between the Company and its related parties at 31 December 2012 and 31 December 2011 respectively.

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

Millions of euro	Receivables	Payables	Cost	Income	Dividends
	31 Dec. 2011		2011	2011	2011
Shareholder:					
Enel S.p.A	-	490	18	12	-
Subsidiaries:					
Marcinelle Energie S.A.	-	-	-	-	-
Enelco S.A.	28	-	-	-	-
Enel France SAS	-	-	-	-	17
Enel Distributie Banat SA	-	-	-	-	10
Enel Distributie Dobrogea SA	-	-	-	-	7
Associated Companies:					
Res Holding B.V.	-	-	-	-	120
Other affiliated companies:					
Enel Finance International S.A.	300	-	4	-	-
Enel Ingnegneria & Innovazione	-	-	7	-	-
Total	**328**	**490**	**29**	**12**	**154**

Compensation of Directors

The emoluments of the Company's Directors charged in 2012, as per Section 2:383 (1) of the Dutch Civil Code, amounted to EUR 72 thousand (EUR 65 thousand in 2011) and are summarized in the following table:

(all amounts in thousands of Euro)	**31 Dec. 2012**	31 Dec. 2011
Mr. A.J.M. Nieuwenhuizen	**18**	20
Mr. F. Mauritz	**18**	15
Mr. H. Marseille	**18**	15
Mr. K.J. Schell	**18**	15
Mr. A. Brentan	-	-
Mr. M. Salemme	-	-
Mr. C. Palasciano Villamagna	-	-
Mr. C. Tamburi	-	-
Mr. L. Ferraris	-	-
	72	65

Auditor's remuneration

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

60. Subsequent events

There were no subsequent events to be set forth after the reporting date.

Amsterdam, 24 April 2013

The Board of Directors:

L. Ferraris

A. Brentan

M. Salemme

C. Tamburi

C. Palasciano

H. Marseille

F. Mauritz

A.J.M. Nieuwenhuizen

K. Schell

61. Other information

Provisions in the articles of association governing the appropriation of profit

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

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

Proposal for profit appropriation

The Board of Directors proposes to deduct the net loss of 2012 amounting to EUR 40 million to the Company's retained earnings.

Auditor's report

The auditor's report is included in page 116.

Auditor's report

ERNST & YOUNG

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Independent auditor's report

To: the Board of Directors and Shareholder of Enel Investment Holding B.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of Enel Investment Holding B.V., Amsterdam (the Netherlands), which comprise the consolidated and non-consolidated statement of financial position as at 31 December 2012, the consolidated and non-consolidated income statements, the consolidated and non-consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements
In our opinion, the financial statements give a true and fair view of the financial position of Enel Investment Holding B.V. as at 31 December 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the director's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the director's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Eindhoven (the Netherlands), April 24, 2013

Ernst & Young Accountants LLP

G.J. Verwoert

Subsidiaries and associated companies of Enel Investment Holding B.V. at 31 December 2012

Below is a list of the subsidiaries and associates of Enel Investment Holding B.V. at 31 December 2012. The Company has full title to all investments.

The following information is included for each company: name, registered office, activity, share capital, currency, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

Subsidiaries consolidated on a line-by-line basis at 31 December 2012

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
			31 Dec. 2012					
Parent company:								
Enel Investment Holding BV	Amsterdam	Netherlands	Holding company	1.593.050.000	EUR	Enel SpA	100,00%	100,00%
Subsidiaries:								
Braila Power S.A.	Sat Chiscani	Romania	Electricity generation	90.000	RON	Enel Investment Holding BV	28,50%	28,50%
Enel Distributie Banat SA	Timisoara	Romania	Electricity distribution	382.158.580	RON	Enel Investment Holding BV	51,00%	51,00%
Enel Distributie Dobrogea SA	Costanza	Romania	Electricity distribution	280.285.560	RON	Enel Investment Holding BV	51,00%	51,00%
Enel Distributie Muntenia SA	Bucharest	Romania	Electricity distribution	271.635.250	RON	Enel Investment Holding BV	64,43%	64,43%
Enel Energie Muntenia SA	Bucharest	Romania	Electricity sales	37.004.350	RON	Enel Investment Holding BV	64,43%	64,43%
Enel Energie SA	Bucharest	Romania	Electricity sales	140.000.000	RON	Enel Investment Holding BV	51,00%	51,00%
Enel France Sas	Paris	France	Electricty trading	34.937.000	EUR	Enel Investment Holding BV	100,00%	100,00%
Enel Gas Rus LLC	Moscow	Russian Federation	Electricity services	350.000	RUB	Enel Investment Holding BV	100,00%	100,00%
Enel Lease Eurl	Lyon	France	Electricity generation from renewable resources	500.000	EUR	Enel France Sas	100,00%	100,00%
Enel OGK-5 OJSC	Ekaterinburg	Russian Federation	Electricity generation	35.371.898.370	RUB	Enel Investment Holding BV	56,43%	56,43%
Enel Productie Srl	Bucharest	Romania	Electricity generation	20.110.200	RON	Enel Investment Holding BV	100,00%	100,00%
Enel Romania Srl	Judetul Ilfov	Romania	Business services	200.000	RON	Enel Investment Holding BV	100,00%	100,00%
Enel Servicii Comune SA	Bucharest	Romania	Energy services	33.000.000	RON	Enel Distributie Banat SA Enel Distributie Dobrogea SA	50,00% 50,00%	51,00%
Enelco SA	Athens	Greece	Plant construction, operation and maintenance	60.108,80	EUR	Enel Investment Holding BV	75,00%	75,00%
Marcinelle Energie SA	Charleroi	Belgium	Electricity generation, transport, sale and trading	110.061.500	EUR	Enel Investment Holding BV	100,00%	100,00%
OGK-5 Finance LLC	Moscow	Russian Federation	Finance	10.000.000	RUB	Enel OGK-5 OJSC	100,00%	56,43%
Prof-Energo LLC	Sredneuralsk	Russian Federation	Energy services	10.000	RUB	Sanatorium-Preventorium Energetik OJSC	100,00%	56,43%
Sanatorium-Preventorium Energetik OJSC	Nevinnomyssk	Russian Federation	Energy services	10.571.300	RUB	OGK-5 Finance LLC Enel OGK-5 OJSC	0,01 % 99,99%	56,43%
Sociètè Du Parc Eolien Grandes Terres Ouest Eurl	Lyon	France	Electricity generation from renewable resources	21.000	EUR	Enel France Sas	100,00%	100,00 %
Teploprogress OJSC	Sredneuralsk	Russian Federation	Electricity sales	128.000.000	RUB	OGK-5 Finance LLC	60,00%	33,86%

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Associated companies accounted for using the equity method at 31 December 2012

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2012				
Compostilla Re SA	Luxembourg	Luxembourg	Reinsurance	12.000.000	EUR	Enel.Insurance NV	100,00%	50,00%
Enel Insurance NV	Amsterdam	Netherlands	Reinsurance	60,000	EUR	Endesa SA Enel Investment Holding BV	50,00% 50,00%	50,00%
Parent company:								
Artic Russia BV	Amsterdam	Netherlands	Holding company	100.000	EUR	Enel Investment Holding BV	40,00%	40,00%
Subsidiary of Artic Russia BV:								
SeverEnergia	Moscow	Russian Federation	Gas and oil processing and transport	55.114.150.0000	RUB	Artic Russia BV	49,00%	19,60%
Parent company:								
Res Holdings BV	Amsterdam	Netherlands	Holding company	18.000,00	EUR	Enel Investment Holding BV	49,50%	49,50%
Subsidiaries of Res Holding BV:								
Lipetskenergosbyt LLC	Lipetskaya Oblast	Russian Federation	Electricity sales	7.500	RUB	Rusenergosbyt C LLC	75,00%	18,93%
Rusenergosbyt LLC	Moscow	Russian Federation	Electricity trading	2.760.000	RUB	Res Holdings BV	100,00%	49,50%
Rusenergosbyt C LLC	Khanty-Mansiyskiy	Russian Federation	Electricity sales	5.100	RUB	Rusenergosbyt LLC	51,00%	25,25%
Rusenergosbyt Siberia LLC	Krasnoyarskiy kray	Russian Federation	Electricity sales	4.600.000	RUB	Rusenergosbyt LLC	50,00%	24,75%

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Other equity investments at 31 December 2012

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
			31 Dec. 2012					
Echelon Corporation	Wimintgon	USA (Delaware)	Energy control networking platform	424.128,16	USD	Enel Investment Holding BV	7,07%	7,07%
Energonuclear S.A.	Bucharest	Romania	Electricity generation	146.152.998,73	RON	Enel Investment Holding BV	9,15%	9,15%
Bayan Resources Tbk	Jakarta	Indonesia	Coal producer	333.333.350.000	IDR	Enel Investment Holding BV	10,00%	10,00%

Companies in liquidation at 31 December 2012

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
			31 Dec. 2012					
Enel Albania Shpk	Tirana	Albania	Construction, operation and maintenance of plants. Electricity generation and trading	73.230.000	ALL	Enel Investment Holding BV	100,00%	100,00 %
Linea Albania-Italia Shpk	Tirana	Albania	Construction, maintenance and operation of merchant lines	27.460.000	ALL	Enel Investment Holding BV	100,00%	100,00 %
Pragma Energy SA	Lugano	Switzerland	Coal trading	4.000.000	CHF	Enel Investment Holding BV	100,00%	100,00%