

**CONSOLIDATED  
FINANCIAL STATEMENTS  
As of JUNE, 30th 2014  
ENDESA, S.A.**



## ENDESA S.A. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

(Unaudited)

Euro Million

<b>ASSETS</b>	<u>30.06.14</u>	<u>Restated</u> <u>31.12.13</u>	<u>Variation</u>	
<b>Total fixed assets</b>	<b>42.546</b>	<b>42.695</b>	<b>(149)</b>	<b>-0,3%</b>
Utility plant	31.664	31.591	73	0,2%
Investment property	82	77	5	6,5%
Intangible asset	2.239	2.225	14	0,6%
Goodwill	2.254	2.302	(48)	-2,1%
Investments in associates	1.251	1.408	(157)	-11,2%
Long term financial investments	3.045	3.224	(179)	-5,6%
Deferred tax assets	2.011	1.868	143	7,7%
<b>Total current assets</b>	<b>11.032</b>	<b>13.262</b>	<b>(2.230)</b>	<b>-16,8%</b>
Inventories	1.233	1.103	130	11,8%
Trade and other receivables	5.500	4.932	568	11,5%
Short term financial investments	1.505	3.078	(1.573)	-51,1%
Cash and cash equivalents	2.791	4.145	(1.354)	-32,7%
interrupted activities	3	4	(1)	-25,0%
<b>TOTAL ASSETS</b>	<b>53.578</b>	<b>55.957</b>	<b>(2.379)</b>	<b>-4,3%</b>

<b>EQUITY AND LIABILITIES</b>	<u>30.06.14</u>	<u>Restated</u> <u>31.12.13</u>	<u>Variation</u>	
<b>Total equity</b>	<b>27.220</b>	<b>26.762</b>	<b>458</b>	<b>1,7%</b>
Atributable to equity holders of the parent company	21.156	20.521	635	3,1%
Minority interest	6.064	6.241	(177)	-2,8%
<b>Non-current liabilities</b>	<b>17.576</b>	<b>18.153</b>	<b>(577)</b>	<b>-3,2%</b>
Deferred revenues	4.601	4.573	28	0,6%
Long term provisions	3.478	3.496	(18)	-0,5%
Long term financial debt	6.861	7.437	(576)	-7,7%
Other non-current liabilities	646	597	49	8,2%
Deferred tax liabilities	1.990	2.050	(60)	-2,9%
<b>Current liabilities</b>	<b>8.782</b>	<b>11.042</b>	<b>(2.260)</b>	<b>-20,5%</b>
Short term financial debt	546	1.127	(581)	-51,6%
Short term provisions	501	689	(188)	-27,3%
Trade and other payables	7.735	9.226	(1.491)	-16,2%
Liabilities related to non current assets held for sale and from interrupted activities				n/a
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>53.578</b>	<b>55.957</b>	<b>(2.379)</b>	<b>-4,3%</b>



**ENDESA S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

Euro Million

	<u>30.06.14</u>	<u>Restated</u> <u>31.12.13</u>	<u>Variation</u>	
REVENUES	14.711	15.770	(1.059)	-6,7%
Sales	13.852	14.968	(1.116)	-7,5%
Other operating revenues	859	802	57	7,1%
PURCHASES AND SERVICES	10.204	10.463	(259)	-2,5%
Energy purchases	4.023	4.099	(76)	-1,9%
Fuel procurement costs	1.492	1.734	(242)	-14,0%
Transmission expenses	3.311	3.320	(9)	-0,3%
Other variable purchases and services	1.378	1.310	68	5,2%
GROSS MARGIN	4.507	5.307	(800)	-15,1%
Work performed by the entity and capitalized	109	94	15	16,0%
Personnel expenses	768	866	(98)	-11,3%
Other fixed operating expenses	937	996	(59)	-5,9%
GROSS OPERATING INCOME (EBITDA)	2.911	3.539	(628)	-17,7%
Depreciation and amortization	1.054	1.221	(167)	-13,7%
OPERATING INCOME (EBIT)	1.857	2.318	(461)	-19,9%
FINANCIAL INCOME	(324)	(172)	(152)	88,4%
Financial revenues	202	328	(126)	-38,4%
Financial expenses	(479)	(496)	17	-3,4%
Foreign exchanges	(47)	(4)	(43)	n/a
Share of profit of associates	(15)	48	(63)	-131,3%
Income from other investments	3	7	(4)	-57,1%
Income from asset sales	17	55	(38)	-69,1%
INCOME BEFORE TAXES	1.538	2.256	(718)	-31,8%
Income tax	451	592	(141)	-23,8%
ONGOING ACTIVITIES PROFIT	1.087	1.664	(577)	-34,7%
INTERRUPTED ACTIVITIES PROFIT				n/a
PROFIT FOR THE PERIOD	1.087	1.664	(577)	-34,7%
Attributable to the holders of the parent company	765	1.114	(349)	-31,3%
Minority interest	322	550	(228)	-41,5%



**ENDESA S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

Euro Million

	<u>2Q 2014</u>	<u>Restated</u> <u>2Q 2013</u>	<u>Variation</u>	
REVENUES	7.188	7.661	(473)	-6,2%
Sales	6.843	7.262	(419)	-5,8%
Other operating revenues	345	399	(54)	-13,5%
PURCHASES AND SERVICES	4.947	4.872	75	1,5%
Energy purchases	2.019	1.900	119	6,3%
Fuel procurement costs	759	811	(52)	-6,4%
Transmission expenses	1.567	1.537	30	2,0%
Other variable purchases and services	602	624	(22)	-3,5%
GROSS MARGIN	2.241	2.789	(548)	-19,6%
Work performed by the entity and capitalized	56	44	12	27,3%
Personnel expenses	389	438	(49)	-11,2%
Other fixed operating expenses	496	514	(18)	-3,5%
GROSS OPERATING INCOME (EBITDA)	1.412	1.881	(469)	-24,9%
Depreciation and amortization	503	583	(80)	-13,7%
OPERATING INCOME (EBIT)	909	1.298	(389)	-30,0%
FINANCIAL INCOME	(222)	(24)	(198)	825,0%
Financial revenues	69	191	(122)	-63,9%
Financial expenses	(272)	(213)	(59)	27,7%
Foreign exchanges	(19)	(2)	(17)	850,0%
Share of profit of associates	9	19	(10)	-52,6%
Income from other investments	3	4	(1)	-25,0%
Income from asset sales	21	61	(40)	-65,6%
INCOME BEFORE TAXES	720	1.358	(638)	-47,0%
Income tax	201	331	(130)	-39,3%
ONGOING ACTIVITIES PROFIT	519	1.027	(508)	-49,5%
INTERRUPTED ACTIVITIES PROFIT				n/a
PROFIT FOR THE PERIOD	519	1.027	(508)	-49,5%
Attributable to the holders of the parent company	317	638	(321)	-50,3%
Minority interest	202	389	(187)	-48,1%



## ENDESA S.A. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Euro Million

	<u>30.06.14</u>	<u>Restated</u> <u>30.06.13</u>
Consolidated income before income taxes	1.538	2.256
Result adjustments:	1.364	1.145
Fixed assets amortization and impairment loss	1.054	1.221
Other result adjustments (net)	310	(76)
Changes in working capital	(158)	(938)
Other cash flows from operating activities:	(778)	(958)
Cash-in interests	183	180
Cash-in dividends	25	7
Interest payments	(295)	(377)
Tax income payment	(402)	(399)
Other cash-in/payments from operating activities	(289)	(369)
<b>Net cash provided by operating activities</b>	<b>1.966</b>	<b>1.505</b>
Acquisitions of fixed and intangible assets	(1.064)	(1.099)
Disposal of fixed and intangible assets	10	22
Investments in stakes of subsidiaries	(68)	
Disposal in stakes of subsidiaries		84
Acquisitions of other investments	(638)	(2.539)
Disposal of other investments	1.889	2.228
Cash flow from changes in perimeter		
Subsidies and other deferred income	55	62
<b>Net cash used for investing activities</b>	<b>184</b>	<b>(1.242)</b>
Cash Flows from Equity Instruments	(181)	1.750
New long-term debt	682	244
Repayment of long-term debt	(666)	(890)
Net cash from financial debt with short term maturity	(1.264)	(612)
Dividends paid by the controlling company	(1.588)	
Dividends paid to minority shareholders	(466)	(384)
<b>Net cash used for financing activities</b>	<b>(3.483)</b>	<b>108</b>
<b>Total net cash</b>	<b>(1.333)</b>	<b>371</b>
Effects of exchange rate changes on cash and cash equivalents	(21)	(121)
<b>Net increase in cash and cash equivalents</b>	<b>(1.354)</b>	<b>250</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4.145</b>	<b>1.819</b>
<b>Cash and cash equivalents at end of period</b>	<b>2.791</b>	<b>2.069</b>



## ENDESA S.A. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE PERIOD 30 JUNE 2013 - 30 JUNE 2014

(Unaudited)

Euro Million

	30.06.14			Restated 30.06.13		
	Of the Parent Company	Of Minority Interests	Total	Of the Parent Company	Of Minority Interests	Total
<b>PROFIT FOR THE PERIOD</b>	<b>765</b>	<b>322</b>	<b>1.087</b>	<b>1.114</b>	<b>550</b>	<b>1.664</b>
<b>OTHER COMPREHENSIVE INCOME:</b>						
<b>INCOMES AND EXPENSES RECOGNISED DIRECTLY IN EQUITY</b>	<b>(39)</b>	<b>95</b>	<b>56</b>	<b>(438)</b>	<b>(530)</b>	<b>(968)</b>
<b>Items that may be Subject to State Income Reclassification</b>	<b>(39)</b>	<b>95</b>	<b>56</b>	<b>(438)</b>	<b>(530)</b>	<b>(968)</b>
Arising from utility plant and intangible assets revaluation						
Arising from financial instruments valuation				(3)		(3)
Financial Assets Available for Sale				(3)		(3)
Other revenues/(Expenses)						
Arising from cash flow hedge	7	(32)	(25)	(175)	(53)	(228)
Translation differences	(33)	120	87	(319)	(494)	(813)
Companies accounted using the equity method	(12)		(12)	9	6	15
Remaining incomes and expenses recognised directly in equity						
Tax effect	(1)	7	6	50	11	61
<b>Items that will not be Subject to State Income Reclassification</b>						
Arising from actuarial gains and losses and other adjustments						
Tax effect						
<b>TRANSFERS TO PROFIT AND LOSS ACCOUNT</b>						
Arising from financial instruments valuation	<b>(29)</b>	<b>(9)</b>	<b>(38)</b>	<b>68</b>	<b>(3)</b>	<b>65</b>
Financial Assets Available for Sale				(64)		(64)
Other revenues/(Expenses)				(64)		(64)
Arising from cash flow hedge						
Translation differences	(41)	(10)	(51)	167	(2)	165
Companies accounted using the equity method						
Remaining revenues and costs recognised directly in equity	1		1	5		5
Tax effect						
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>697</b>	<b>408</b>	<b>1.105</b>	<b>744</b>	<b>17</b>	<b>761</b>



**ENDESA S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED IN 30 JUNE 2014**

*Euro Million*

*(Unaudited)*

	<i>Capital</i>	<i>Share premium, Reserves and interim dividend</i>	<i>Treasury shares and own equity instruments</i>	<i>Profit (loss) for the year</i>	<i>Other equity instruments</i>	<i>Valuation adjustments</i>	<i>Minority interests</i>	<i>Total equity</i>
<b>BALANCE AT 1 JANUARY 2014 (Restated)</b>	1.271	17.665		1.879		(294)	6.241	26.762
Adjustments due to changes in accounting policies								
Correction of errors								
<b>ADJUSTED BALANCE AT 1 JANUARY 2014</b>	1.271	17.665		1.879		(294)	6.241	26.762
<b>TOTAL COMPREHENSIVE INCOME</b>				765		(68)	408	1.105
<b>TRANSACTIONS WITH EQUITY HOLDERS OR OWNERS</b>		(63)				1	(585)	(647)
Capital increases (reductions)								
Conversion of liabilities into equity								
Dividends paid							(473)	(473)
Transactions with treasury shares or own equity instruments (net)								
Increases/(reductions) due to business combinations						1	1	2
Other transactions with shareholders and owners		(63)					(113)	(176)
<b>OTHER CHANGES IN EQUITY</b>		1.879		(1.879)				
Share-based payments								
Transfers between equity items		1.879		(1.879)				
Other changes								
<b>BALANCE AT 31 MARCH 2014</b>	1.271	19.481		765		(361)	6.064	27.220



**ENDESA S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED IN 30 JUNE 2013**

*Euro Million*

*(Unaudited)*

	<i>Capital</i>	<i>Share premium, Reserves and interim dividend</i>	<i>Treasury shares and own equity instruments</i>	<i>Profit (loss) for the year</i>	<i>Other equity instruments</i>	<i>Valuation adjustments</i>	<i>Minority interests</i>	<i>Total equity</i>
<b>BALANCE AT 1 JANUARY 2013 (Restated)</b>	1.271	16.719		2.034		629	5.716	26.369
Adjustments due to changes in accounting policies							(9)	(9)
Correction of errors								
<b>ADJUSTED BALANCE AT 1 JANUARY 2013</b>	1.271	16.719		2.034		629	5.707	26.360
<b>TOTAL COMPREHENSIVE INCOME</b>				1.114		(370)	17	761
<b>TRANSACTIONS WITH EQUITY HOLDERS OR OWNERS</b>		550					767	1.317
Capital increases (reductions)								
Conversion of liabilities into equity								
Dividends paid							(421)	(421)
Transactions with treasury shares or own equity instruments (net)								
Increases/(reductions) due to business combinations								
Other transactions with shareholders and owners		550					1.188	1.738
<b>OTHER CHANGES IN EQUITY</b>		2.034		(2.034)				
Share-based payments								
Transfers between equity items		2.034		(2.034)				
Other changes								
<b>BALANCE AT 31 MARCH 2014 (Restated)</b>	1.271	19.303		1.114		259	6.491	28.438



## CONSOLIDATED BALANCE SHEETS SPAIN, PORTUGAL AND OTHER

(Unaudited)

Euro Million

<b>ASSETS</b>	<u>30.06.14</u>	<u>Restated</u> <u>31.12.13</u>	<u>Variation</u>	
<b>Total fixed assets</b>	<b>25.671</b>	<b>26.243</b>	<b>(572)</b>	<b>-2,2%</b>
Utility plant	21.016	21.339	(323)	-1,5%
Investment property	24	15	9	60,0%
Intangible asset	463	605	(142)	-23,5%
Goodwill				n/a
Investments in associates	1.082	1.065	17	1,6%
Long term financial investments	1.940	2.116	(176)	-8,3%
Deferred tax assets	1.146	1.103	43	3,9%
<b>Total current assets</b>	<b>6.584</b>	<b>7.851</b>	<b>(1.267)</b>	<b>-16,1%</b>
Inventories	1.076	996	80	8,0%
Trade and other receivables	3.440	3.111	329	10,6%
Short term financial investments	897	1.812	(915)	-50,5%
Cash and cash equivalents	1.168	1.928	(760)	-39,4%
Non current assets held for sale and from interrupted activities	3	4	(1)	-25,0%
<b>TOTAL ASSETS</b>	<b>32.255</b>	<b>34.094</b>	<b>(1.839)</b>	<b>-5,4%</b>

<b>EQUITY AND LIABILITIES</b>	<u>30.06.14</u>	<u>Restated</u> <u>31.12.13</u>	<u>Variation</u>	
<b>Total equity</b>	<b>16.239</b>	<b>15.669</b>	<b>570</b>	<b>3,6%</b>
Atributable to equity holders of the parent company	16.234	15.669	565	3,6%
Minority interest	5		5	n/a
<b>Non-current liabilities</b>	<b>11.220</b>	<b>12.306</b>	<b>(1.086)</b>	<b>-8,8%</b>
Deferred revenues	4.573	4.548	25	0,5%
Long term provisions	2.852	2.891	(39)	-1,3%
Long term financial debt	2.338	3.391	(1.053)	-31,1%
Other non-current liabilities	525	501	24	4,8%
Deferred tax liabilities	932	975	(43)	-4,4%
<b>Current liabilities</b>	<b>4.796</b>	<b>6.119</b>	<b>(1.323)</b>	<b>-21,6%</b>
Short term financial debt	10	14	(4)	-28,6%
Short term provisions	401	562	(161)	-28,6%
Trade and other payables	4.385	5.543	(1.158)	-20,9%
Liabilities related to non current assets held for sale and from interrupted activities				n/a
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32.255</b>	<b>34.094</b>	<b>(1.839)</b>	<b>-5,4%</b>



## CONSOLIDATED STATEMENTS OF INCOME SPAIN, PORTUGAL AND OTHER

(Unaudited)

Euro Million

	<u>30.06.14</u>	<u>Restated</u> <u>30.06.13</u>	<u>Variation</u>	
REVENUES	10.253	10.708	(455)	-4,2%
Sales	9.613	10.111	(498)	-4,9%
Other operating revenues	640	597	43	7,2%
PURCHASES AND SERVICES	7.608	7.838	(230)	-2,9%
Energy purchases	2.321	2.651	(330)	-12,4%
Fuel procurement costs	1.144	1.231	(87)	-7,1%
Transmission expenses	3.030	3.016	14	0,5%
Other variable purchases and services	1.113	940	173	18,4%
GROSS MARGIN	2.645	2.870	(225)	-7,8%
Work performed by the entity and capitalized	68	49	19	38,8%
Personnel expenses	439	494	(55)	-11,1%
Other fixed operating expenses	580	615	(35)	-5,7%
GROSS OPERATING INCOME (EBITDA)	1.694	1.810	(116)	-6,4%
Depreciation and amortization	729	865	(136)	-15,7%
OPERATING INCOME (EBIT)	965	945	20	2,1%
FINANCIAL INCOME	(67)	(65)	(2)	3,1%
Financial revenues	58	99	(41)	-41,4%
Financial expenses	(124)	(166)	42	-25,3%
Foreign exchanges	(1)	2	(3)	-150,0%
Share of profit of associates	(28)	31	(59)	-190,3%
Income from other investments		6	(6)	-100,0%
Income from asset sales	(18)	44	(62)	-140,9%
INCOME BEFORE TAXES	852	961	(109)	-11,3%
Income tax	273	238	35	14,7%
ONGOING ACTIVITIES PROFIT	579	723	(144)	-19,9%
INTERRUPTED ACTIVITIES PROFIT				n/a
NET INCOME	579	723	(144)	-19,9%
Attributable to the holders of the parent company	579	723	(144)	-19,9%
Minority interest				n/a



## CONSOLIDATED STATEMENTS OF INCOME SPAIN, PORTUGAL AND OTHER

(Unaudited)

Euro Million

	<u>2Q2014</u>	<u>Restated</u> <u>2Q2013</u>	<u>Variation</u>	
REVENUES	4.810	4.976	(166)	-3,3%
Sales	4.585	4.685	(100)	-2,1%
Other operating revenues	225	291	(66)	-22,7%
PURCHASES AND SERVICES	3.567	3.566	1	0,0%
Energy purchases	1.107	1.165	(58)	-5,0%
Fuel procurement costs	576	566	10	1,8%
Transmission expenses	1.428	1.386	42	3,0%
Other variable purchases and services	456	449	7	1,6%
GROSS MARGIN	1.243	1.410	(167)	-11,8%
Work performed by the entity and capitalized	35	21	14	66,7%
Personnel expenses	219	252	(33)	-13,1%
Other fixed operating expenses	318	327	(9)	-2,8%
GROSS OPERATING INCOME (EBITDA)	741	852	(111)	-13,0%
Depreciation and amortization	336	405	(69)	-17,0%
OPERATING INCOME (EBIT)	405	447	(42)	-9,4%
FINANCIAL INCOME	(34)	(18)	(16)	88,9%
Financial revenues	29	48	(19)	-39,6%
Financial expenses	(63)	(66)	3	-4,5%
Foreign exchanges				n/a
Share of profit of associates	5	13	(8)	-61,5%
Income from other investments	1	3	(2)	-66,7%
Income from asset sales	(8)	55	(63)	-114,5%
INCOME BEFORE TAXES	369	500	(131)	-26,2%
Income tax	140	115	25	21,7%
ONGOING ACTIVITIES PROFIT	229	385	(156)	-40,5%
INTERRUPTED ACTIVITIES PROFIT				n/a
NET INCOME	229	385	(156)	-40,5%
Attributable to the holders of the parent company	229	385	(156)	-40,5%
Minority interest				n/a



**STATEMENTS OF CASH FLOWS**  
**SPAIN, PORTUGAL AND OTHER**  
(Unaudited)

Euro Million

	<u>30.06.14</u>	<u>Restated</u> <u>30.06.13</u>
Consolidated income before income taxes	852	961
Result adjustments:	774	719
Fixed assets amortization and impairment loss	729	865
Other result adjustments (net)	45	(146)
Changes in working capital	249	(448)
Other cash flows from operating activities:	(247)	(422)
Cash-in interests	44	61
Cash-in dividends	13	6
Interest payments	(45)	(116)
Tax income payment	(15)	(45)
Other cash-in/payments from operating activities	(244)	(328)
<b>Net cash provided by operating activities</b>	<b>1.628</b>	<b>810</b>
Acquisitions of fixed and intangible assets	(506)	(572)
Disposal of fixed and intangible assets		
Investments in stakes of subsidiaries		
Disposal in stakes of subsidiaries		84
Acquisitions of other investments	(122)	(1.499)
Disposal of other investments	757	1.942
Cash flow from changes in perimeter		
Subsidies and other deferred income	55	62
<b>Net cash used for investing activities</b>	<b>184</b>	<b>17</b>
Cash Flows from Equity Instruments		
New long-term debt	3	(13)
Repayment of long-term debt	(523)	(882)
Net cash from financial debt with short term maturity	(464)	(625)
Dividends paid by the controlling company	(1.588)	530
Dividends paid to minority shareholders		
<b>Net cash used for financing activities</b>	<b>(2.572)</b>	<b>(990)</b>
<b>Total net cash</b>	<b>(760)</b>	<b>(163)</b>
Effects of exchange rate changes on cash and cash equivalents		1
<b>Net increase in cash and cash equivalents</b>	<b>(760)</b>	<b>(162)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1.928</b>	<b>473</b>
<b>Cash and cash equivalents at end of period</b>	<b>1.168</b>	<b>311</b>

**CONSOLIDATED BALANCE SHEETS  
LATIN AMERICAN**

(Unaudited)

Euro Million

<b>ASSETS</b>	<u>30.06.14</u>	<u>Restated</u> <u>31.12.13</u>	<u>Variation</u>	
<b>Total fixed assets</b>	<b>16.875</b>	<b>16.452</b>	<b>423</b>	<b>2,6%</b>
Utility plant	10.648	10.252	396	3,9%
Investment property	58	62	(4)	-6,5%
Intangible asset	1.776	1.620	156	9,6%
Goodwill	2.254	2.302	(48)	-2,1%
Investments in associates	169	343	(174)	-50,7%
Long term financial investments	1.105	1.108	(3)	-0,3%
Deferred tax assets	865	765	100	13,1%
<b>Total current assets</b>	<b>4.448</b>	<b>5.411</b>	<b>(963)</b>	<b>-17,8%</b>
Inventories	157	107	50	46,7%
Trade and other receivables	2.060	1.821	239	13,1%
Short term financial investments	608	1.266	(658)	-52,0%
Cash and cash equivalents	1.623	2.217	(594)	-26,8%
Non current assets held for sale and from interrupted activities				n/a
<b>TOTAL ASSETS</b>	<b>21.323</b>	<b>21.863</b>	<b>(540)</b>	<b>-2,5%</b>

<b>EQUITY AND LIABILITIES</b>	<u>30.06.14</u>	<u>Restated</u> <u>31.12.13</u>	<u>Variation</u>	
<b>Total equity</b>	<b>10.981</b>	<b>11.093</b>	<b>(112)</b>	<b>-1,0%</b>
Atributable to equity holders of the parent company	4.922	4.852	70	1,4%
Minority interest	6.059	6.241	(182)	-2,9%
<b>Non-current liabilities</b>	<b>6.356</b>	<b>5.847</b>	<b>509</b>	<b>8,7%</b>
Deferred revenues	28	25	3	12,0%
Long term provisions	626	605	21	3,5%
Long term financial debt	4.523	4.046	477	11,8%
Other non-current liabilities	121	96	25	26,0%
Deferred tax liabilities	1.058	1.075	(17)	-1,6%
<b>Current liabilities</b>	<b>3.986</b>	<b>4.923</b>	<b>(937)</b>	<b>-19,0%</b>
Short term financial debt	536	1.113	(577)	-51,8%
Short term provisions	100	127	(27)	-21,3%
Trade and other payables	3.350	3.683	(333)	-9,0%
Liabilities related to non current assets held for sale and from interrupted activities				n/a
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21.323</b>	<b>21.863</b>	<b>(540)</b>	<b>-2,5%</b>



## CONSOLIDATED STATEMENTS OF INCOME LATIN AMERICA

(Unaudited)

Euro Million

	<u>30.06.14</u>	<u>Restated</u> <u>30.06.13</u>	<u>Variation</u>	
REVENUES	4.458	5.062	(604)	-11,9%
Sales	4.239	4.857	(618)	-12,7%
Other operating revenues	219	205	14	6,8%
PURCHASES AND SERVICES	2.596	2.625	(29)	-1,1%
Energy purchases	1.702	1.448	254	17,5%
Fuel procurement costs	348	503	(155)	-30,8%
Transmission expenses	281	304	(23)	-7,6%
Other variable purchases and services	265	370	(105)	-28,4%
GROSS MARGIN	1.862	2.437	(575)	-23,6%
Work performed by the entity and capitalized	41	45	(4)	-8,9%
Personnel expenses	329	372	(43)	-11,6%
Other fixed operating expenses	357	381	(24)	-6,3%
GROSS OPERATING INCOME (EBITDA)	1.217	1.729	(512)	-29,6%
Depreciation and amortization	325	356	(31)	-8,7%
OPERATING INCOME (EBIT)	892	1.373	(481)	-35,0%
FINANCIAL INCOME	(257)	(107)	(150)	140,2%
Financial revenues	144	229	(85)	-37,1%
Financial expenses	(355)	(330)	(25)	7,6%
Foreign exchange	(46)	(6)	(40)	666,7%
Share of profit of associates	13	17	(4)	-23,5%
Income from other investments	3	1	2	200,0%
Income from asset sales	35	11	24	218,2%
INCOME BEFORE TAXES	686	1.295	(609)	-47,0%
Income tax	178	354	(176)	-49,7%
ONGOING ACTIVITIES PROFIT	508	941	(433)	-46,0%
INTERRUPTED ACTIVITIES PROFIT				n/a
PROFIT FOR THE PERIOD	508	941	(433)	-46,0%
Attributable to the holders of the parent company	186	391	(205)	-52,4%
Minority interest	322	550	(228)	-41,5%



## CONSOLIDATED STATEMENTS OF INCOME LATIN AMERICA

(Unaudited)

Euro Million

	<u>2Q 2014</u>	<u>Restated</u> <u>2Q 2013</u>	<u>Variation</u>	
REVENUES	2.378	2.685	(307)	-11,4%
Sales	2.258	2.577	(319)	-12,4%
Other operating revenues	120	108	12	11,1%
PURCHASES AND SERVICES	1.380	1.306	74	5,7%
Energy purchases	912	735	177	24,1%
Fuel procurement costs	183	245	(62)	-25,3%
Transmission expenses	139	151	(12)	-7,9%
Other variable purchases and services	146	175	(29)	-16,6%
GROSS MARGIN	998	1.379	(381)	-27,6%
Work performed by the entity and capitalized	21	23	(2)	-8,7%
Personnel expenses	170	186	(16)	-8,6%
Other fixed operating expenses	178	187	(9)	-4,8%
GROSS OPERATING INCOME (EBITDA)	671	1.029	(358)	-34,8%
Depreciation and amortization	167	178	(11)	-6,2%
OPERATING INCOME (EBIT)	504	851	(347)	-40,8%
FINANCIAL INCOME	(188)	(6)	(182)	n/a
Financial revenues	40	143	(103)	-72,0%
Financial expenses	(209)	(147)	(62)	42,2%
Foreign exchange	(19)	(2)	(17)	850,0%
Share of profit of associates	4	6	(2)	33,3%
Income from other investments	2	1	1	100,0%
Income from asset sales	29	6	23	383,3%
INCOME BEFORE TAXES	351	858	(507)	-59,1%
Income tax	61	216	(155)	-71,8%
ONGOING ACTIVITIES PROFIT	290	642	(352)	-54,8%
INTERRUPTED ACTIVITIES PROFIT				n/a
PROFIT FOR THE PERIOD	290	642	(352)	-54,8%
Attributable to the holders of the parent company	88	253	(165)	-65,2%
Minority interest	202	389	(187)	-48,1%



## STATEMENTS OF CASH FLOWS LATIN AMERICA

(Unaudited)

Euro Million

	<u>30.06.14</u>	<u>Restated</u> <u>30.06.13</u>
Consolidated income before income taxes	686	1.295
Result adjustments:	590	426
Fixed assets amortization and impairment loss	325	356
Other result adjustments (net)	265	70
Changes in working capital	(407)	(490)
Other cash flows from operating activities:	(531)	(536)
Cash-in interests	139	119
Cash-in dividends	12	1
Interest payments	(250)	(261)
Tax income payment	(387)	(354)
Other cash-in/payments from operating activities	(45)	(41)
<b>Net cash provided by operating activities</b>	<b>338</b>	<b>695</b>
Acquisitions of fixed and intangible assets	(558)	(527)
Disposal of fixed and intangible assets	10	22
Investment in stakes of subsidiaries	(68)	
Disposal in stakes of subsidiaries		
Acquisitions of other investments	(516)	(1.040)
Disposal of other investments	1.132	286
Cash flow from changes in perimeter		
Subsidies and other deferred income		
<b>Net cash used for investing activities</b>	<b>-</b>	<b>(1.259)</b>
Cash Flows from Equity Instruments	(181)	1.750
New long-term debt	679	257
Repayment of long-term debt	(143)	(8)
Net cash from financial debt with short term maturity	(800)	13
Dividends paid by the controlling company	-	(530)
Payments to minority shareholders	(466)	(384)
<b>Net cash used for financing activities</b>	<b>(911)</b>	<b>1.098</b>
<b>Total net cash</b>	<b>(573)</b>	<b>534</b>
Effects of exchange rate changes on cash and cash equivalents	(21)	(122)
<b>Net increase in cash and cash equivalents</b>	<b>(594)</b>	<b>412</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2.217</b>	<b>1.346</b>
<b>Cash and cash equivalents at end of period</b>	<b>1.623</b>	<b>1.758</b>



Breakdown Consolidated Balance Sheet Spain, Portugal and other for the period ended June 30, 2014

(Unaudited)

Euro Million

	Generation and Supply				Distribution				Corporate Structure, Services and Adjustments				Total			
	30.06.14	31.12.13 <i>Restated</i>	Variation		30.06.14	31.12.13 <i>Restated</i>	Variation		30.06.14	31.12.13 <i>Restated</i>	Variation		30.06.14	31.12.13 <i>Restated</i>	Variation	
<b>ASSETS</b>																
Total fixed assets	12.202	11.936	266	2,2%	14.471	14.545	(74)	-0,5%	(1.002)	(238)	(764)	321,0%	25.671	26.243	(572)	-2,2%
Utility plant	9.292	9.522	(230)	-2,4%	11.730	11.823	(93)	-0,8%	(6)	(6)			21.016	21.339	(323)	-1,5%
Investment property				n/a	3	3			21	12	9	75,0%	24	15	9	60,0%
Intangible asset	211	340	(129)	-37,9%	152	159	(7)	-4,4%	100	106	(6)	-5,7%	463	605	(142)	-23,5%
Goodwill				n/a				n/a				n/a				n/a
Long term financial investments	964	940	24	2,6%	22	23	(1)	-4,3%	96	102	(6)	-5,9%	1.082	1.065	17	1,6%
Investments in associates	1.217	648	569	87,8%	2.138	2.139	(1)	0,0%	(1.415)	(671)	(744)	110,9%	1.940	2.116	(176)	-8,3%
Deferred tax assets	518	486	32	6,6%	426	398	28	7,0%	202	219	(17)	-7,8%	1.146	1.103	43	3,9%
<b>Total current assets</b>	<b>4.610</b>	<b>5.089</b>	<b>(479)</b>	<b>-9,4%</b>	<b>1.249</b>	<b>1.033</b>	<b>216</b>	<b>20,9%</b>	<b>725</b>	<b>1.729</b>	<b>(1.004)</b>	<b>-58,1%</b>	<b>6.584</b>	<b>7.851</b>	<b>(1.267)</b>	<b>-16,1%</b>
Inventories	1.015	954	61	6,4%	61	42	19	45,2%				n/a	1.076	996	80	8,0%
Trade and other receivables	2.880	2.622	258	9,8%	937	975	(38)	-3,9%	(377)	(486)	109	-22,4%	3.440	3.111	329	10,6%
Short term financial investments	513	1.301	(788)	-60,6%	234	7	227	n/a	150	504	(354)	-70,2%	897	1.812	(915)	-50,5%
Cash and cash equivalents	199	208	(9)	-4,3%	17	9	8	88,9%	952	1.711	(759)	-44,4%	1.168	1.928	(760)	-39,4%
Non current assets held for sale and from interrupted activities	3	4	(1)	-25,0%				n/a				n/a	3	4	(1)	-25,0%
<b>TOTAL ASSETS</b>	<b>16.812</b>	<b>17.025</b>	<b>(213)</b>	<b>-1,3%</b>	<b>15.720</b>	<b>15.578</b>	<b>142</b>	<b>0,9%</b>	<b>(277)</b>	<b>1.491</b>	<b>(1.768)</b>	<b>-118,6%</b>	<b>32.255</b>	<b>34.094</b>	<b>(1.839)</b>	<b>-5,4%</b>
<b>EQUITY AND LIABILITIES</b>																
Total equity	4.510	7.952	(3.442)	-43,3%	1.169	4.690	(3.521)	-75,1%	10.560	3.027	7.533	248,9%	16.239	15.669	570	3,6%
Atributable to equity holders of the parent company	4.510	7.952	(3.442)	-43,3%	1.169	4.690	(3.521)	-75,1%	10.555	3.027	7.528	248,7%	16.234	15.669	565	3,6%
Minority interest				n/a				n/a	5		5	n/a	5		5	n/a
<b>Non-current liabilities</b>	<b>4.909</b>	<b>5.234</b>	<b>(325)</b>	<b>-6,2%</b>	<b>8.168</b>	<b>8.675</b>	<b>(507)</b>	<b>-5,8%</b>	<b>(1.857)</b>	<b>(1.603)</b>	<b>(254)</b>	<b>15,8%</b>	<b>11.220</b>	<b>12.306</b>	<b>(1.086)</b>	<b>-8,8%</b>
Deferred revenues	56	58	(2)	-3,4%	4.603	4.576	27	0,6%	(86)	(86)			4.573	4.548	25	0,5%
Long term provisions	1.607	1.569	38	2,4%	915	986	(71)	-7,2%	330	336	(6)	-1,8%	2.852	2.891	(39)	-1,3%
Long term financial debt	2.685	3.058	(373)	-12,2%	1.874	2.345	(471)	-20,1%	(2.221)	(2.012)	(209)	10,4%	2.338	3.391	(1.053)	-31,1%
Other non-current liabilities	116	95	21	22,1%	406	401	5	1,2%	3	5	(2)	-40,0%	525	501	24	4,8%
Deferred tax liabilities	445	454	(9)	-2,0%	370	367	3	0,8%	117	154	(37)	-24,0%	932	975	(43)	-4,4%
<b>Current liabilities</b>	<b>7.393</b>	<b>3.839</b>	<b>3.554</b>	<b>92,6%</b>	<b>6.383</b>	<b>2.213</b>	<b>4.170</b>	<b>188,4%</b>	<b>(8.980)</b>	<b>67</b>	<b>(9.047)</b>	<b>n/a</b>	<b>4.796</b>	<b>6.119</b>	<b>(1.323)</b>	<b>-21,6%</b>
Short term financial debt	153	23	130	565,2%	3	4	(1)	-25,0%	(146)	(13)	(133)	n/a	10	14	(4)	-28,6%
Short term provisions	249	381	(132)	-34,6%	101	123	(22)	-17,9%	51	58	(7)	-12,1%	401	562	(161)	-28,6%
Trade and other payables	6.991	3.435	3.556	103,5%	6.279	2.086	4.193	201,0%	(8.885)	22	(8.907)	n/a	4.385	5.543	(1.158)	-20,9%
activities				n/a				n/a				n/a				n/a
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16.812</b>	<b>17.025</b>	<b>(213)</b>	<b>-1,3%</b>	<b>15.720</b>	<b>15.578</b>	<b>142</b>	<b>0,9%</b>	<b>(277)</b>	<b>1.491</b>	<b>(1.768)</b>	<b>-118,6%</b>	<b>32.255</b>	<b>34.094</b>	<b>(1.839)</b>	<b>-5,4%</b>



Breakdown Consolidated Statement of Income Spain, Portugal and other for the period ended June 30, 2014 and June 30, 2013

(Unaudited)

Euro Million

	Generation and Supply				Distribution				Corporate Structure, Services and Adjustments				Total			
	30.06.14	30.06.13 Restated	Variation		30.06.14	30.06.13 Restated	Variation		30.06.14	30.06.13 Restated	Variation		30.06.14	30.06.13 Restated	Variation	
<b>REVENUES</b>	9.045	9.493	(448)	-4,7%	1.260	1.310	(50)	-3,8%	(52)	(95)	43	-45,3%	10.253	10.708	(455)	-4,2%
<b>Sales</b>	8.588	9.046	(458)	-5,1%	1.119	1.183	(64)	-5,4%	(94)	(118)	24	-20,3%	9.613	10.111	(498)	-4,9%
<b>Other operating revenues</b>	457	447	10	2,2%	141	127	14	11,0%	42	23	19	82,6%	640	597	43	7,2%
<b>PURCHASES AND SERVICES</b>	7.546	7.857	(311)	-4,0%	72	64	8	12,5%	(10)	(83)	73	-88,0%	7.608	7.838	(230)	-2,9%
<b>Energy purchases</b>	2.365	2.695	(330)	-12,2%				n/a	(44)	(44)			2.321	2.651	(330)	-12,4%
<b>Fuel procurement costs</b>	1.144	1.231	(87)	-7,1%				n/a				n/a	1.144	1.231	(87)	-7,1%
<b>Transmission expenses</b>	3.030	3.013	17	0,6%				n/a		3	(3)	-100,0%	3.030	3.016	14	0,5%
<b>Other variable purchases and services</b>	1.007	918	89	9,7%	72	64	8	12,5%	34	(42)	76	-181,0%	1.113	940	173	18,4%
<b>GROSS MARGIN</b>	1.499	1.636	(137)	-8,4%	1.188	1.246	(58)	-4,7%	(42)	(12)	(30)	250,0%	2.645	2.870	(225)	-7,8%
<b>Work performed by the entity and capitalized</b>	19	1	18	n/a	48	48			1		1	n/a	68	49	19	38,8%
<b>Personnel expenses</b>	240	249	(9)	3,6%	134	146	(12)	-8,2%	65	99	(34)	-34,3%	439	494	(55)	-11,1%
<b>Other fixed operating expenses</b>	473	512	(39)	-7,6%	233	222	11	5,0%	(126)	(119)	(7)	5,9%	580	615	(35)	-5,7%
<b>GROSS OPERATING INCOME (EBITDA)</b>	805	876	(71)	-8,1%	869	926	(57)	-6,2%	20	8	12	150,0%	1.694	1.810	(116)	-6,4%
<b>Depreciation and amortization</b>	402	542	(140)	-25,8%	310	313	(3)	-1,0%	17	10	7	70,0%	729	865	(136)	-15,7%
<b>OPERATING INCOME (EBIT)</b>	403	334	69	20,7%	559	613	(54)	-8,8%	3	(2)	5	-250,0%	965	945	20	2,1%
<b>FINANCIAL INCOME</b>	(64)	(84)	20	-23,8%	(23)	11	(34)	-309,1%	20	8	12	150,0%	(67)	(65)	(2)	3,1%
<b>Financial revenues</b>	18	20	(2)	-10,0%	29	37	(8)	-21,6%	11	42	(31)	-73,8%	58	99	(41)	-41,4%
<b>Financial expenses</b>	(82)	(109)	27	-24,8%	(52)	(26)	(26)	100,0%	10	(31)	41	-132,3%	(124)	(166)	42	-25,3%
<b>Foreign exchanges</b>		5	(5)	-100,0%				n/a	(1)	(3)	2	-66,7%	(1)	2	(3)	-150,0%
<b>Share of profit of associates</b>	(31)	34	(65)	-191,2%		(2)	2	-100,0%	3	(1)	4	-400,0%	(28)	31	(59)	-190,3%
<b>Income from other investments</b>		(3)	3	-100,0%		1	(1)	100,0%		8	(8)	-100,0%		6	(6)	-100,0%
<b>Income from asset sales</b>	(17)	44	(61)	-138,6%	(2)		(2)	n/a	1		1	n/a	(18)	44	(62)	-140,9%
<b>INCOME BEFORE TAXES</b>	291	325	(34)	-10,5%	534	623	(89)	-14,3%	27	13	14	107,7%	852	961	(109)	-11,3%
<b>Income tax</b>	119	50	69	138,0%	156	177	(21)	-11,9%	(2)	11	(13)	-118,2%	273	238	35	14,7%
<b>ONGOING ACTIVITIES PROFIT</b>	172	275	(103)	-37,5%	378	446	(68)	-15,2%	29	2	27	n/a	579	723	(144)	-19,9%
<b>INTERRUPTED ACTIVITIES PROFIT</b>				n/a				n/a				n/a				n/a
<b>PROFIT FOR THE PERIOD</b>	172	275	(103)	-37,5%	378	446	(68)	-15,2%	29	2	27	n/a	579	723	(144)	-19,9%
<b>Attributable to the holders of the parent company</b>	172	275	(103)	-37,5%	378	446	(68)	-15,2%	29	2	27	n/a	579	723	(144)	-19,9%
<b>Minority interest</b>				n/a				n/a				n/a				n/a



Breakdown Consolidated Statement of Income Spain, Portugal and other for the period ended June 30, 2014 and June 30, 2013

(Unaudited)

Euro Million

	Generation and Supply				Distribution				Corporate Structure, Services and Adjustments				Total			
	2Q 2014	2Q 2013 Restated	Variation		2Q 2014	2Q 2013 Restated	Variation		2Q 2014	2Q 2013 Restated	Variation		2Q 2014	2Q 2013 Restated	Variation	
REVENUES	4.177	4.346	(169)	-3,9%	636	661	(25)	-3,8%	(3)	(31)	28	-90,3%	4.810	4.976	(166)	-3,3%
Sales	4.077	4.160	(83)	-2,0%	559	593	(34)	-5,7%	(51)	(68)	17	-25,0%	4.585	4.685	(100)	-2,1%
Other operating revenues	100	186	(86)	-46,2%	77	68	9	13,2%	48	37	11	29,7%	225	291	(66)	-22,7%
PURCHASES AND SERVICES	3.505	3.558	(53)	-1,5%	36	30	6	20,0%	26	(22)	48	218,2%	3.567	3.566	1	0,0%
Energy purchases	1.129	1.188	(59)	-5,0%				n/a	(22)	(23)	1	-4,3%	1.107	1.165	(58)	-5,0%
Fuel procurement costs	576	566	10	1,8%				n/a				n/a	576	566	10	1,8%
Transmission expenses	1.429	1.385	44	3,2%				n/a	(1)	1	(2)	-200,0%	1.428	1.386	42	3,0%
Other variable purchases and services	371	419	(48)	-11,5%	36	30	6	20,0%	49		49	n/a	456	449	7	1,6%
GROSS MARGIN	672	788	(116)	-14,7%	600	631	(31)	-4,9%	(29)	(9)	(20)	222,2%	1.243	1.410	(167)	-11,8%
Work performed by the entity and capitalized	9	(5)	14	-280,0%	24	26	(2)	-7,7%	2		2	n/a	35	21	14	66,7%
Personnel expenses	120	127	(7)	-5,5%	71	73	(2)	-2,7%	28	52	(24)	-46,2%	219	252	(33)	-13,1%
Other fixed operating expenses	261	274	(13)	-4,7%	116	116			(59)	(63)	4	-6,3%	318	327	(9)	-2,8%
GROSS OPERATING INCOME (EBITDA)	300	382	(82)	-21,5%	437	468	(31)	-6,6%	4	2	2	100,0%	741	852	(111)	-13,0%
Depreciation and amortization	167	246	(79)	-32,1%	159	154	5	3,2%	10	5	5	100,0%	336	405	(69)	-17,0%
OPERATING INCOME (EBIT)	133	136	(3)	-2,2%	278	314	(36)	-11,5%	(6)	(3)	(3)	100,0%	405	447	(42)	-9,4%
FINANCIAL INCOME	(34)	(30)	(4)	13,3%	(14)	8	(22)	-275,0%	14	4	10	250,0%	(34)	(18)	(16)	88,9%
Financial revenues	11	14	(3)	-21,4%	14	21	(7)	-33,3%	4	13	(9)	-69,2%	29	48	(19)	-39,6%
Financial expenses	(43)	(44)	1	-2,3%	(28)	(13)	(15)	115,4%	8	(9)	17	-188,9%	(63)	(66)	3	-4,5%
Foreign exchanges	(2)		(2)	n/a				n/a	2		2	n/a				n/a
Share of profit of associates	3	16	(13)	-81,3%	2	1	1	100,0%		(4)	4	-100,0%	5	13	(8)	-61,5%
Income from other investments		(5)	5	-100,0%	(1)		(1)	n/a	2	8	(6)	-75,0%	1	3	(2)	-66,7%
Income from asset sales	(8)	55	(63)	-114,5%				n/a				n/a	(8)	55	(63)	-114,5%
INCOME BEFORE TAXES	94	172	(78)	-45,3%	265	323	(58)	-18,0%	10	5	5	100,0%	369	500	(131)	-26,2%
Income tax	65	19	46	242,1%	67	87	(20)	-23,0%	8	9	(1)	-11,1%	140	115	25	21,7%
ONGOING ACTIVITIES PROFIT	29	153	(124)	-81,0%	198	236	(38)	-16,1%	2	(4)	6	-150,0%	229	385	(156)	-40,5%
INTERRUPTED ACTIVITIES PROFIT				n/a				n/a				n/a				n/a
PROFIT FOR THE PERIOD	29	153	(124)	-81,0%	198	236	(38)	-16,1%	2	(4)	6	-150,0%	229	385	(156)	-40,5%
Attributable to the holders of the parent company	29	153	(124)	-81,0%	198	236	(38)	-16,1%	2	(4)	6	-150,0%	229	385	(156)	-40,5%
Minority interest				n/a				n/a				n/a				n/a