International Endesa B.V.

Report on the half year accounts January-June 2012

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Half year Report January-June 2012

Management Board report

The Managing Directors of International Endesa B.V. (hereinafter: "the Company") is pleased to present herewith the financial statements for the half year report 2012.

General

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

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

The result for the first half year 2012 was in accordance with management's expectations.

Operating results

The Company earned a profit before taxation of EUR 837 thousand due to its financial activities.

Principal activities during the first six months of 2012

The Company focused on its financing activities under its Euro Commercial Paper (ECP) Programme.

During the first six months of 2012, the Company regularly issued a short-term debt under its Euro Commercial Paper Programme. The maximum amount of the outstanding debt under this programme is EUR 3,000 million. The nominal debt amount on June 30, 2012 is EUR 1,013 million. The volume issued is EUR 3,947 million and average debt is EUR 1,585 million. All funds have been lent to companies of the Endesa Group.

The Company performed the management and administration activities on its financial assets and liabilities, including ECP, MTN, private placement, intercompany loans and financial derivatives.

On April 24, 2012, the Managing Director proposed a dividend distribution of EUR 2,029,311.47 for April 26, 2012. On the same date, the shareholders approved this proposal and adopted the statutory financial statements for the year 2011. On that meeting the shareholders appointed a collegial management board consisting of six members (Ernesto Di Giacomo, Alessandro Canta, Adolfo García Nombela, Pedro Corpas Fernández, Hans Marseille, Frank Mauritz) and accepted the resignation of the previous sole managing director Francisco Ramírez Millor in the General Meeting of Shareholders on April 24, 2012.

Recent events

Since December 31, 2011 no events have taken place which could have a significant effect on the Group's economic-financial position.

Risk and uncertainties

Financial risk management

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

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

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

Due to the Company's management policy regarding its financial assets and liabilities, the events that took place on financial markets regarding Spanish risks have not caused losses to International Endesa B.V., however the debt outstanding under the ECP programme has decreased compared to previous years and is expected to be affected by the present market conditions in financial markets. International Endesa B.V. hedges that risk decreasing its loans to Endesa S.A. and its subsidiaries.

Interest Rate risk

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

Currency risk

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

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

Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. As the Company lends funds only intragroup to Endesa S.A and affiliates, and the Company is supported by Endesa S.A., one of the largest energy companies in Spain, the credit risk is considered low.
The Company has not entered into any other transactions that might generate credit risk.

Internal control

International Endesa B.V. continues to maintain a system of internal control that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations.

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

International Endesa B.V. does not have an Audit Committee installed. The Audit Committee of Endesa S.A. monitors the compliance with the regulations of the Dutch Corporate Governance Code.

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

To our Knowledge,

1 the financial statements give a true and fair view of assets, liabilities, financial position and profit of International Endesa B.V.;

2 the management report gives a true and fair view of the Company’s position as per 30 June 2012 and developments during the first six months of 2012 and International Endesa B.V.

3 the management report describes the material risks the issuer is facing.

Future outlook

The principal activities of the Company will concentrate on the financial operations. No major changes are expected in the size and nature of operations in the second half of 2012.

Management Statement International Endesa B.V.

The Managing Directors of International Endesa B.V. make the following statements in light of the Transparency Directive:

- The half year report gives a true and fair view of the assets, liabilities, financial position and the profit of International Endesa B.V. for the financial period ending June 30, 2012

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

Amsterdam, July 26, 2012

Ernesto di Giacomo

Alessandro Canta

Adolfo García Nombela

Pedro Corpas Fernández

Hans Marseille

Frank Mauritz

Financial Statements

- Balance sheet
- Profit and loss account
- Notes to the financial statements

Balance sheet as at June 30, 2012

(before appropiation of net income)

	Note	06.30.2012		12.31.2011	
		EUR 000		EUR 000	
Assets					
Fixed assets					
Financial fixed assets:					
Investment in subsidiary	1	0		0	
Loans to affiliated companies.	2	573,465		1,446,165	
Others		3		3	
			573,468		**1,446,168**
Current assets					
Accounts receivable:					
Receivable from affiliated companies	3	2,901,743		2,194,523	
Interest receivable and prepaid expenses	4	64,461		79,942	
Income tax receivable		821		492	
Cash and cash equivalent	5	67		29	
			2,967,092		**2,274,986**
Total Assets			**3,540,560**		**3,721,154**

	Note	06.30.2012		12.31.2011	
		EUR 000		EUR 000	
Shareholder's equity and liabilities					
Shareholder's equity	6				
Issued and paid-in capital		15,429		15,429	
Share premium		4,660		4,660	
Retained earnings		0		0	
Result for the year		638		2,029	
			20,727		**22,118**
Non-current liabilities	7		**573,459**		**1,446,036**
Current liabilities					
Notes payable	8	2,691,169		2,163,249	
Interest payable	9	63,023		77,379	
Payable to subsidiary		191,952		12,132	
Others		230		240	
			2,946,374		**2,253,000**
			3,540,560		**3,721,154**

Amsterdam, July 26, 2012

Profit and loss account for the half year January-June 2012

	Note		06.30.2012 EUR 000		06.30.2011 EUR 000
Financial income and expense:					
Interest income	10	65,523		129,953	
Interest expense	11	-70,949		-131,615	
Net result interest rate swaps	12	6,429		3,599	
Other financial results	13	5		-22	
Net income from financial activities			**1,008**		**1,915**
Other expenses					
General and administrative expenses	14		-171		-259
Result before income taxes			**837**		**1,656**
Tax on result	15		-199		-411
Net result			**638**		**1,245**
Comprehensive income			**638**		**1,245**

The notes on page 11 to page 27 are an integral part of the financial statements.

In thousands of euro	06.30.2012	06.30.2011
Cash flow from operating activities		
Profit for the period	**638**	**1,245**
Changes in operating assets and liabilities		
Corporate tax paid	-534	-574
Corporate tax income	0	0
Finance income	71,957	133,552
Finance costs	-70,949	-131,637
working capital adjustments:		
Increase in payables	955	668
Interest paid	-61,208	-101,454
Interest received	61,208	101,454
Cash flow from operating activities	**2,067**	**3,254**
Repayment on loan from Endesa Financiacion Filiales	0	1,333,629
Repayment on loan from Endesa	4,123,000	3,879,900
ECP's issued	-3,947,000	-3,466,937
Cash flow from investing activities	**176,000**	**1,746,592**
Cash flow from financing activities		
Fund repaid to external parties (Bonds and ECP's)	-4,123,000	-3,894,900
Loans to Endesa	3,947,000	3,466,937
Loans repaid to Endesa Capital Finance LLC	0	-1,318,629
Dividend paid	-2,029	-3,257
Cash flow from financing activities	**-178,029**	**-1,749,849**
Net change in cash during the year	**38**	**-3**
Net cash position at the beginning of the period	**29**	**12**
Net cash position at the end of the period	**67**	**9**

The notes on page 11 to page 27 are an integral part of the financial statements.

Statement of changes in shareholder's equity

Thousands of euros	Issued capital	Share premium reserve	Retained earnings	Result for the year	Total
Balance as at January 1, 2011	15,429	4,660	0	3,257	23,346
Allocation of result	0	0	3,257	-3,257	0
Net income	0	0	0	1,245	1,245
Dividend paid	0	0	-3,257	0	-3,257
Balance as June 30, 2011	**15,429**	**4,660**	**0**	**1,245**	**21,334**

Thousands of euros	Issued capital	Share premium reserve	Retained earnings	Result for the year	Total
Balance as at January 1, 2012	15,429	4,660	0	2,029	22,118
Allocation of result	0	0	2,029	-2,029	0
Net income	0	0	0	638	638
Dividend paid	0	0	-2,029	0	-2,029
Balance as June 30, 2012	**15,429**	**4,660**	**0**	**638**	**20,727**

The notes on page 11 to page 27 are an integral part of the financial statements.

Notes to the Financial Statements

General

International Endesa B.V. ("the Company") was incorporated under the laws of the Netherlands on June 10, 1993 and has its statutory seat in Amsterdam, the Netherlands, with offices at Herengracht 471, Amsterdam 1017 BS. . The Company is a wholly-owned subsidiary of Endesa S.A. ("the parent"), a Spanish Company having its registered official Ribera del Loira 60, 28042 Madrid, Spain.

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

Debt Issuance Programme and ECP Programme

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

Under the programme, the Company issues notes in different currencies. These notes are listed on several European stock exchanges.

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

The risks relating to the different currencies have been covered using swap agreements. The swap contracts mature in accordance with the terms of the related assets and liabilities. Accordingly, the balances have been presented against their hedge or swap rate.

In 2004, the Company issued a private placement of USD 575 million. The term of the agreement is 15 years, and the repayment schedule is settled and has started in 2011.

The Parent Company, Endesa S.A., is guarantor of all notes and loans.

Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands (Dutch GAAP) and Part 9 of Book 2 of the Netherlands Civil Code. The financial statements have been prepared under the historical cost convention. Assets and liabilities are recorded at face value, unless indicated otherwise. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The comparative amounts have been reclassified to conform with the current year's presentation.

Accounting principles

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

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

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

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

The revenue and expenses are allocated to the period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

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

Consolidation

The financial statements of the Company are included in the consolidated financial statements of its Parent Company Endesa S.A., which will be filed with the Chamber of Commerce in Amsterdam. Therefore, and in accordance with the provisions of Article 2:408 of the Netherlands Civil Code, the Company does not prepare consolidated financial statements.

Cash flow statements

The cash flow statements have been prepared using the indirect method.

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

Cash flows from financial derivatives that are stated as fair value hedges or cash flow hedges are attributed to the same category as the cash flows from the hedge balance sheet items. Cash flows from financial derivatives to which hedge accounting is no longer applied, are categorised in accordance with the nature of the instrument as from the date on which the hedge accounting is ended.

Financial instruments

Financial instruments include investments in shares and bonds, loans granted and other receivables, cash items, loans and other financing commitments and other payables. Financial instruments also include derivative financial instruments that are stated at cost

The Company (actively) uses financial instruments to hedge its potential exposures to movements in currency exchanges rates and interest rates. These financial instruments include currency and interest rate agreements.

Financial instruments which are designated as hedges of assets, liabilities, firm commitments or transactions existing at balance sheet date are combined with the underlying positions being hedged.

Unrealized result of financial instruments designated as hedges of assets, liabilities, firm commitments or transactions existing at balance sheet date are deferred and recognized at the date the underlying positions are effectuated.

Interest differentials relating to interest swaps that hedge interest risks on debts are recorded as adjustments to the effective interest rates of the underlying debt.

Purchased loans and bonds

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

Loans granted and other receivables

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

Other financial commitments

Financial commitments that are not held for trading purposes are carried at amortised cost using the effective interest rate method.

Derivatives

The Company uses currency swap and interests swap contracts to hedge exchange rate and interest risks resulting from finance transactions. The Company applies cost price hedge accounting in order to simultaneously recognise both the results from changes in the value of the currency and interest swap exchange contract and the hedged receivable or payable in the profit and loss account.

The application of cost price hedge accounting leads to the following exception to the above-mentioned accounting principles for financial instruments.

Derivatives arising from forward foreign exchange transactions are initially carried at cost. As long as the currency and interest swap contract concerns an expected future transaction, the forward exchange contract will not be revalued. As soon as the hedged position of the expected transaction leads to the recognition of a financial asset or financial liability, the profits or losses associated with the currency and interest swap contract are recognised in the profit or loss account in the same period in which the asset or liability affects the profit or loss.

The results from the non-effective part of the hedge relationship are included in the profit and loss account.

If a currency and interest swap contract no longer qualifies for hedge accounting, expires or is sold, the hedging relationship is terminated. The cumulative gain or loss previously not recognized in the profit or loss account is recognized in the balance sheet as deferred income/liability until the transaction has taken place. When it is expected that the transaction will not take place anymore, the cumulative gain and loss is reclassified to profit and loss.

Foreign currency translation

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

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

Accounts receivable

Accounts receivable are stated at face value, less an allowance for possible uncollectable accounts.

Long-term debt

The valuation of long-term debt is explained under the heading 'financial instruments'.

Cost and revenue

Finance income comprises interest income on loans to Endesa Group Companies, dividend income and foreign currency gain. Interest income is recognized as is accrued, using the effective interest method.

Finance expenses comprise interest of the EMTN's, USPP's, ECP's, the interest of the intercompany loan with Endesa Capital Finance LLC and losses on hedging instruments that are recognized in profit and loss.

Revenues and expenses are recorded in the period in which they originate.

Tax on result

Corporate income tax is calculated by applying the nominal tax rate to the profit before taxation of the financial year, taking into account permanent and timing differences, including carry forward, if any, between the profit for commercial and profit for tax purposes. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Share in the result from investments in participating interests

The share in the result of participating interests consists of the share of the group in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

The results of participating interests acquired or sold during the financial year are stated in the group result from the date of acquisition or until the date of sale respectively.

Determination of fair value

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

Financial assets

The fair value of financial assets is determined on the basis of the listed closing (bid) price as at reporting date. The fair value of investments held to maturity is only determined for the benefit of the disclosures.

Trade and other receivables

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

Derivatives

The fair value of forward exchange transactions is only determined for disclosure purposes and is based on the quoted market price, if available. If there is no market price available, the fair value is estimated on the basis of the expected cash flows discounted at the current interest rates, including a margin for discounting the relevant risks.

Non-derivative financial obligations

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

Notes to the specific items of the balance sheet

1. Investment in subsidiary

The Company holds 100% of the common capital securities of Endesa Capital Finance, LLC, having its statutory seat in Delaware, USA. The common capital is allocated 100% of the losses of the Company and all gains and losses resulting from the disposition of assets of the Company.

Endesa Capital Finance, LLC has also issued preferred capital securities, which are all held by non-related parties.

The net profits of the LLC are allocated to the preferred capital securities until the amount so allocated equals the amount of preferred capital securities dividend declared for the year. Any net profits in excess of the amount allocated to the preferred capital securities are allocated to the common capital securities.

The investment value of the participation is USD 100. The valuation method for the investment is at historical cost.

On June 28, 2011, Endesa Capital Finance LLC, a wholly subsidiary of International Endesa B.V., has repurchased and amortised 52,745,151 preferred capital securities at par value EUR 25. At June 30, 2012, an amount of 7,254,849 preferred capital securities remain outstanding.

2. Loan to affiliated companies

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

	06.30.2012	31.12.2011
	EUR 000	EUR 000
Loans to affiliated companies	573,465	1,446,165
	573,465	1,446,165

Of the loans to affiliated companies, an amount of EUR 224 million have fixed interest rates, the remainder has variable interest rates related to Libor and Euribor plus mark-up.

The movement in the loans to affiliated companies is as follows:

	06.30.2012
	EUR 000
Balance as at January 1, 2012	1,446,165
Transfer to current assets	-879,752
Early redemption	0
Addtions due to zero coupon notes	6,203
Additions due to amortised cost of the upfront fee of outstanding loans	849
Balance as at June 30, 2012	573,465

The proceeds of the notes issued by the Company under the private placement are passed on to the Parent Company and other affiliated companies. Consequently, the maturity date of the intercompany receivables is exactly the same as the maturity date of the notes issued and included in note 7.

3. Receivable from affiliates Companies

Accounts receivable from affiliates companies mature within one year and are related to the short-term debt.

4. Interest receivable and prepaid expenses

The interest receivable and prepaid expenses can be detailed as follows:

	30.06.2012	12.31.2011
	EUR 000	EUR 000
Interest receivable related parties	55,150	56,990
Interest receivable on interest rate swaps	9,311	22,952
Other receivables and prepaid expenses	0	0
	64,461	79,942

5. Cash

No restrictions on usage of cash exist.

6. Shareholder's equity

Issued capital

The authorized share capital amounts to EUR 15,882,308, consisting of 35,000 common shares with a par value of EUR 453.78 per share. As at June 30, 2012, 34,000 shares were issued and paid in.

Share premium reserve

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

At least EUR 4,660,501 (first six months 2012) of the share premium reserve can be considered as freely distributable share premium as referred to in the 1964 Income Tax Act.

Retained earnings

In 2012, dividend was paid of EUR 2,029 thousand.

7. Long-term liabilities

The notes issued by the Company under the Debt Issuance Programme and the Euro Commercial Paper Programme, a private placement and a payable to its subsidiary are presented under the liabilities.

The original notes issued are dominated in various currencies. The nominal interest rates on the notes issued vary from 2.609% to 6.26%. These rates are fixed or floating. Floating rates are linked to Euribor or market indices. The notes and ECP notes issued under the Debt Issuance Programme and the Euro Commercial Paper Programme are unconditionally guaranteed by the Parent Company.

The specification of the long-term liabilities is set out below:

	30.06.2012	12.31.2011
	EUR 000	EUR 000
EMTN and USPP notes	569,498	1,256,012
Loan from subsidiary (Endesa Capital Finance LLC)	0	179,623
Negative fair value currency swap	3,961	10,401
	573,459	1,446,036

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

Notes are valued at “Amortized costs”. The market price of the EMTN’s and USPP notes issued as at 30 June 2012 is EUR 2,369,429,944.

The maturity dates of the Notes issued are the following:

Serie		Currency	Nominal amount at June-2012	Maturity	Option	Interest Rate
NI032	EMTN	eur	223,751,944.00	Feb 2039	Feb 2039	5.8
NI039	EMTN	eur	15,000,000.00	Oct 2019	Oct 2019	10Y GBP CMS
NI048	EMTN	eur	60,000,000.00	Sep 2015	Sep 2015	6.26
NI057	EMTN	eur	15,000,000.00	Feb 2016	Feb 2016	95% 10Y Mid EUR-CMS
NI068	EMTN	eur	12,000,000.00	Nov 2031	Nov 2031	5.735
NI072	EMTN	gbp	400,000,000.00	Jul 2012	Jul 2012	6.125
NI075	EMTN	eur	150,000,000.00	Nov 2012	Nov 2012	6M EUR + 0.95%
NI076	EMTN	eur	20,000,000.00	Dec 2022	Dec 2017	6.00
NI077	EMTN	eur	700,000,000.00	Feb 2013	Feb 2013	5.375
78	USPP	usd	60,000,000.00	Sep 2019	Sep 2019	5.82
78	USPP	usd	105,000,000.00	Sep 2014	Sep 2014	5.47
78	USPP	usd	115,000,000.00	Sep 2012	Sep 2012	5.23
78	USPP	usd	115,000,000.00	Sep 2012	Sep 2012	5.23
78	USPP	usd	135,000,000.00	Sep 2016	Sep 2016	5.23

Some notes have an option for anticipated reimbursement, as indicated in the table above.

Endesa Capital Finance, LLC has issued preferred capital securities, the revenue of this issuance has been borrowed by the Company.

Liabilities with a remaining period of up to one year, including the short-term portion of long-term liabilities, are presented under short-term liabilities.

The movement in the long-term liabilities is set out on the following page:

	30.06.2012
	EUR 000
Balance as at January 1, 2012	1,446,036
Transfer to current liabilities	-879,752
Early redemption	0
Additions due to zero coupon notes	6,203
Additions due to amortised cost of upfront fee of the outstanding loans	972
Balance as at June 30 2012	573,459

8. Notes payable

The notes payable consist of liabilities to third parties under the ECP Programme and the short-term portions of the loan under the EMTN Programme.
These liabilities mature within one year.

9. Interest payable

The interest payable can be detailed as follows:

	06.30.2012	12.31.2011
	EUR 000	EUR 000
Payable to third parties	62,946	77,314
Payable to subsidiary	77	65
	63,023	77,379

Financial instruments

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

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

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

The Company attempts to minimize the counterparty credit risk associated with the financial instruments used by selecting counterparties that it assumes to be creditworthy, given their high credit ratings.

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

Interest Rate risk

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

Currency risk

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

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

Credit Risk

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

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

Fair value

The fair value of most of the financial instruments stated on the balance sheet, including accounts receivable, securities, cash and cash equivalents and current liabilities, is close to the carrying amount.

The estimated fair value of financial instruments as at June 30, 2012 approximate their carrying amount, because these are mainly entered into or swapped at floating interest rates which are periodically reset.

Derivative financial instruments

Interest derivatives:

Interest derivatives are mostly related to long-term financing arrangements and are used to manage exposure to movements in interest rates and/or to adjust the fixed rate or floating rate or floating rate nature of financing arrangements.

Foreign exchange derivatives:

Foreign exchange derivatives are used to hedge currency exchange rate risks resulting from cash flows (anticipated) business activities and financing arrangements denominated in foreign currencies.

Cross currency interest rate derivatives:

Cross currency interest rate derivatives are mostly related to long-term financing arrangements and used to both hedge currency exchange rate risks and manage exposure to movements in interest rates.

The estimated fair value of derivate financial instruments as at June 30, 2012 is EUR -76,8 million (2011: EUR -117.6 million).

Notes to the specific items of the profit and loss account

10. Interest income

Interest income is mainly due to interest receivable from group companies.

11. Interest expense

Interest expense consist of:

	06.30.2012	06.30.2011
	EUR 000	EUR 000
Interest expense to third parties of EMTN Programme	57,582	54,502
Interest expense to subsidiary due to loan	4,598	66,955
Interest expense to third parties of ECP notes	8,663	10,080
Interest expense to subsidiary due credit line	106	78
	70,949	131,615

12. Net result interest rate swaps

The net result on off-balance sheet instruments is the net amount of interest income and interest expense on the interest rate swaps related tot the EMTN notes.

13. Other financial results

Other financial results mainly consist of the net amount of amortized upfront fees and issuance expenses released to the profit and loss account.

14. General and administrative expenses

General and administrative expenses consist of:

	06.30.2012	06.30.2011
	EUR 000	EUR 000
Salary expenses	69	91
Pension costs	0	0
Other personal expenses	15	20
Professional fees	44	41
General expenses	43	107
	171	259

Personnel

The average number of staff employed during the first six months of 2012 was 2. (2011:3)

15. Corporate Tax

The effective rate for the first six months of 2012 amounts to 23.81%. The nominal tax rate for the first six months of 2012 amounts to 20% for the first EUR 200.000 and 25% for the remainder.

16. Payroll Tax

During the first six months of 2012 International Endesa B.V. paid a total amount of EUR 36,696.00 of payroll tax for the two employees.

17. Compensation of Directors

The emoluments of the Company Directors charged in the first six months of 2012, as per Section 2:383 (1) of the Dutch Civil Code, amounted to EUR 10 thousand and are summarized in the following table:

	EUR 000
Mr. Ernesto Di Giacomo	
Mr Alessandro Canta	
Mr. Adolfo García Nombela	
Mr. Pedro Corpas Fernández	
Hans Marseille	5
Frank Mauritz	5

18. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Loans to group entities

Endesa Capital Finance LLC has issued preferred capital securities and the revenue of this issuance has been borrowed by the Company

On June 28, 2011, Endesa Capital Finance LLC has partially amortised the loan with International Endesa B.V. At June 30th, 2012, the nominal debt of the loan is EUR 181,371,225.

The loan, which matures on 28 March 2013, bears interest rate at a rate equal to three-month European InterBank Offering Rate (Euribor) plus the margin (0.30%), provided, however, that the 3-month Euribor rate shall in no event be less than a nominal annual rate of 4.00% or more than a nominal annual rate of 7.00%.

The debt issued by the Company was lent to companies of the Endesa Group.

Amsterdam, July 26, 2012.

Ernesto di Giacomo	Alessandro Canta
Adolfo García Nombela	Pedro Corpas Fernández
Hans Marseille	Frank Mauritz

Other information

Appropriation of net income 2011

On April 24, 2012, the annual General Meeting of Shareholders approved the dividend of EUR 2,029,311.47 and adopted the 2011 statutory financial statements.

Post-balance sheet events

There are no post-balance sheet events.