International Endesa B.V.

Report on the half year
Accounts January-June 2014

Contents

International Endesa B.V.

Management Board report

The Managing Directors of International Endesa B.V. (hereinafter: "the Company") are pleased to present herewith the financial statements for the half year report 2014.

General

The Company was incorporated on 10 June 1993 under the laws of the Netherlands.
The principal activity of the Company is to issue and manage notes and other financial instruments (refer to below), and to lend the funds to its Parent Company and other affiliated companies.
The result for the first half year 2014 was in accordance with management's expectations.

Operating results

The Company earned a profit before taxation of EUR 207 thousand due to its financial activities.

Principal activities during the first six months of 2014

The Company focused on its financing activities under its Euro Commercial Paper (ECP) Programme.
During the first six months of 2014, the Company regularly issued a short-term debt under its Euro Commercial Paper Programme. The maximum amount of the outstanding debt under this programme is EUR 3.000 million. The volume issued in the first six months of 2014 is EUR 2,171 million and the average debt has been EUR 904 million. All funds have been lent to companies of Endesa Group.
The Company performed the management and administration activities on its financial assets and liabilities, including ECP, MTN, private placements, intercompany loans, credit lines and financial derivatives.
On 2 February 2014, for execution on 3 February 2014, the Company has executed the early redemption of option Series No. 32, amounting EUR 244.761.300,00.
On 29 April 2014, the shareholders approved a dividend distribution of EUR 699.485,64 and adopted the statutory financial statements for the year 2013 in the General Meeting of Shareholders on 29 April 2014.

International Endesa B.V.

Main Risks 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.

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.

Liquidity risk

The Company manages its financial assets invested in Endesa Group companies ensuring that the terms and conditions correspond with its liabilities. Its liquidity needs are corrected thereby with its financial assets and also additionally by its equity which is materialized.

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.
The Audit Committee of Endesa S.A. monitors the compliance with the regulations of the Dutch Corporate Governance Code.

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 2014, apart from the maturity of certain long-term operations.

Board of Directors composition

Taking into account the new legislation that entered into force in the Netherlands on 1 January 2013 and concerning the composition of the companies' Board of Directors, we highlight that the Board members of the Company are currently all men. Nonetheless, the Company believes that the composition of its Board of directors has a broad diversity of experience, expertise and backgrounds, and that the backgrounds and qualifications of the directors, considered as a group, provide a significant mix of experience, knowledge, abilities and independence that we believe will allow our board of directors to fulfill its responsibilities and properly execute its duties.

Subsequent events

USD 300 million Private Placement redemption

- On 9 September 2014, the Company will repay a portion of the USD private placements, amounting USD 105.000.000 due at maturity;
- On 28 July 2014 the Board of Directors, in the frame of a liabilities assessment process, has approved the exercise of the pre-cancellation option of the last two outstanding US private placements with original maturity date in September 2016 and September 2019. The above mentioned early repayment will be executed on 9 September 2014 therefore the whole programme will result totally terminated.

Personnel

As at 30 June 2014 the Company employs one person.

International Endesa B.V.

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

To our knowledge,

1. the interim financial statements give a true and fair view of assets, liabilities, financial position and profit of International Endesa B.V.;
2. the management board report gives a true and fair view of the Company's position as per 30 June 2014 and developments during the first six months of 2014;
3. the management board report describes the material risks the issuer is facing and provides a fair view as mentioned in article 5:25 paragraph 8 and if applicable 9.

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

Amsterdam, 28 July 2014

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

Half-year report January – June 2014

International Endesa B.V.

Profit and loss account for the half year January - June 2014

Thousands of Euro	Note	1st Half	
		2014	**2013**
Other revenues and income		-	-
Services	1	(144)	(90)
Personnel	1	(44)	(105)
Result from operating activities		**(188)**	**(195)**
Financial income	2	13.220	27.318
Financial expense	2	(12.825)	(26.911)
	Total	**395**	**407**
Profit before income taxes		**207**	**212**
Income tax expense	3	41	53
Net income for the period		**166**	**159**

The notes on page 19 to 25 are an integral part of the interim financial statements.

International Endesa B.V.

Balance sheet as at 30 June 2014

Thousands of Euro	Note		
ASSETS		**30 June 2014**	**31 Dec 2013**
Non-current assets			
Non-current financial assets	4	234.532	478.602
Other		3	3
	Total	**234.535**	**478.605**
Current assets			
Current financial assets	5	569.451	950.012
Income tax receivable	6	1.128	1.447
Cash and cash equivalents	7	82	98
	Total	**570.661**	**951.557**
TOTAL ASSETS		**805.196**	**1.430.162**

Thousands of Euro			
LIABILITIES AND SHAREHOLDERS' EQUITY		**30 June 2014**	**31 Dec 2013**
Share capital	8	15.429	15.429
Share premium reserve	8	4.660	4.660
Retained earnings	8	-	-
Net income for the period		166	699
Total shareholder's equity		**20.255**	**20.788**
Non-current liabilities			
Long-term loans and borrowings	9	234.806	478.361
	Total	**234.806**	**478.361**
Current liabilities			
Short-term loans and borrowings	10	442.269	825.461
Current portion of long-term loans	11	99.951	99.951
Other current financial liabilities	12	7.811	5.399
Other current liabilities		104	202
	Total	**550.135**	**931.013**
TOTAL EQUITY AND LIABILITIES		**805.196**	**1.430.162**

The notes on page 19 to 25 are an integral part of the interim financial statements

International Endesa B.V.

Statement of changes in shareholder's equity

Thousands of Euro

	Share capital	Share premium reserve	Other legal reserve	Retained earnings	Net income for the period	**Equity attributable to the shareholders**
1 Jan 2013	**15.429**	**4.660**	**-**	**-**	**1.389**	**21.478**
Allocation of net income from the previous year	-	-	-	1.389	(1.389)	-
Dividends and interim dividends	-	-	-	(1.389)	-	(1.389)
Net income for the period	-	-	-	-	159	159
30 June 2013	**15.429**	**4.660**	-	-	**159**	**20.248**
1 Jan 2014	**15.429**	**4.660**	**-**	**-**	**699**	**20.788**
Allocation of net income from the previous year	-	-	-	699	(699)	-
Dividends and interim dividends	-	-	-	(699)	-	(699)
Net income for the period	-	-	-	-	166	166
30 June 2014	**15.429**	**4.660**	-	-	**166**	**20.255**

The notes on page 19 to 25 are an integral part of the interim financial statements.

International Endesa B.V.

Notes to the 2014 interim financial statements

Form and content of the financial statement

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, 1017 BS Amsterdam. The Company is a wholly-owned subsidiary of Endesa S.A. (‘the parent’), a Spanish company having its registered office at Ribera del Loira 60, 28042 Madrid, Spain.
The principal activity of the Company is to issue commercial paper notes and other financial debt instruments (refer to below), and provide these funds to its parent and other affiliated companies.

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

Basis of preparation

The interim 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 interim financial statements have been prepared under the historical cost convention. Assets and liabilities are recorded at face value, unless indicated otherwise.
The accounting policies set out below have been applied consistently to all periods presented in the Company’s financial statements.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

Accounting principles

The comparative figures have been reclassified to conform with current period’s presentation.
The principal accounting policies adopted in preparation of these interim 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. Reference is also made to the items financial instruments and financial income and expense.

Accounting policies and measurement criteria

Use of estimates

The preparation of the interim 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: (i) included in the consolidated financial statements of its Parent Company Endesa S.A.; (ii) filed with the Chamber of Commerce in Amsterdam. Therefore, the Company applies Article 2:408 of the Netherlands Civil Code.

Cash flow statements

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

Financial instruments

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

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 results 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.

Financial instruments for trading purposes

Trading category includes all financial assets and liabilities, primary and secondary, which are held for trading purposes. A financial asset or financial liability is classified as held for trading if the financial asset (RJ 290.408/414) is:

a. mainly acquired or incurred for the purpose of selling the asset or the liability in the short term or settle; or
b. part of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
   Instruments in the trading portfolio are stated at fair value, with changes in fair value through profit or loss (RJ 290.508/509). For this, no options shall be valued at cost, as is the case with other categories.

Derivatives and hedge accounting

The group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations.
Under Dutch Accounting Standard 290, on initial recognition, the group classifies the derivates on a portfolio basis in the subcategories listed below.

Derivatives based on cost hedge accounting

The hedges are recognized on the basis of cost hedge accounting if the following conditions are met:

a) The general hedging strategy and the way in which the hedging relationships are in line with risk management objectives and the expected effectiveness of these hedging relationships must be documented;

b) The nature of the hedging instruments involved and hedged positions must be documented;

c) The losses that occur due to hedge ineffectiveness must be recognized in the profit and loss account.

The hedges which meet these strict criteria for hedge accounting must be accounted for as follows:

If the hedged item is carried at cost in the balance sheet, the derivative is also carried at cost.

As long as the hedged item under cost hedging is not recognized in the balance sheet, the hedging instrument is not revalued. If the hedged position of a forecast transaction results in the recognition of a financial asset or liability, the related gains or losses not yet recognized in profit or loss are taken to the profit and loss account in the same period(s) in which the acquired asset or contracted liability has an effect on profit or loss.

If the hedged item represents a monetary item denominated in a foreign currency, the derivative, to the extent it contains currency components, is also carried at the spot rate ruling at the balance sheet date. If the derivative contains currency components, the difference between the spot rate at the time of entering into the derivative and the forward rate at which the derivative will be settled, is spread over the term of the derivative.

If the hedged position of a forecast transaction results in the recognition of a non-financial asset or liability, or if a forecast transaction regarding a non-financial asset or liability constitutes a binding agreement on the basis of which cost hedge accounting is applied, the related gains or losses not yet recognized in profit or loss are taken to the profit and loss account in the same period(s) in which the acquired asset or contracted liability has an effect on profit or loss. Realized gains or losses from hedging instruments are recognized in the balance sheet under accruals until they are taken to the profit and loss account.

Cost hedge accounting is no longer applied if:

a) The hedging instrument expires, is sold, terminated or exercised;

b) The hedging relationship no longer meets the criteria for hedge accounting.

Other derivatives

Following initial measurement, other derivatives with listed shares or bonds as underlying securities are carried at fair value. Gains and losses arising from changes in the fair value are taken to the profit and loss account.

Following initial measurement, other derivatives with underlying securities other than listed shares or bonds are carried at cost or lower fair value. Gains and losses are taken to the profit and loss account when the derivatives are transferred to a third party or impaired.

Impairment of financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it needs to be impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost (loan and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.
Financial assets and liabilities are translated at the exchange rate prevailing at balance sheet date, except when covered by a hedge or swap agreement, at the contractual rates.
The currency exchange rate used is : EUR/USD 1,3658.
(31 December 2013: EUR/USD 1,3791)

Accounts receivable

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

Shareholders' equity

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

Non-current liabilities

The valuation of non-current liabilities is explained under the heading 'Financial instruments'.

Current liabilities

The valuation of current liabilities is explained under the heading 'Financial instruments'.

Financial income and expense

Financial income comprises interest income on loans to Endesa group companies, dividend income and foreign currency gain. Interest income is recognised as is accrued, using the effective interest method.
Financial expenses comprise interest of the Euro Medium Term Notes, United States Private Placements, Euro Commercial Papers, the interest of the intercompany loan with Endesa Capital Finance, LLC and losses on hedging instruments that are recognised in profit and loss.

Corporate income tax

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period.
Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.
Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.
Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Determination of fair value

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

Trade and other receivables

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

Non-derivative financial obligations

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

Risk management

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

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

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

The Company attempts to minimise the counterparty credit risk associated with the financial instruments used by selecting counter parties that are creditworthy, given their high credit ratings.

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

Interest rate risk

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

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 the credit risk is considered low.

The Company has not entered into any other transactions that might generate credit risk, except for the financial derivatives contracted with financial institutions which may generate credit risk under certain circumstances.

Liquidity risk

The Company manages its financial assets invested in Endesa Group companies ensuring that the terms and conditions correspond with its liabilities. Its liquidity needs are corrected thereby with its financial assets and also additionally by its equity which is materialized. Furthermore Endesa S.A., one of the largest energy companies in Spain, agreed through a letter dated 7 March 2014 that it guarantees payment of the Company’s receivables due from Endesa and affiliated companies.

International Endesa B.V.

Notes to the profit and loss

1 **Result from operating activities** – Euro (188) thousand

Result from operating activities is negative for Euro 188 thousand with no significant changes compared to previous year. The costs refer to services (mainly related to the service agreement with Enel Investment Holding B.V.) for Euro 144 thousand and to personnel costs for Euro 44 thousand.

2 **Financial income/(expense)** – Euro 395 thousand

Thousands of Euro

	30 June 2014	30 June 2013	Change
Financial income:			
interest and other income from financial assets	4.757	18.020	(13.263)
income from IRS derivatives instruments	8.463	9.298	(835)
Total financial income	**13.220**	**27.318**	**(14.098)**
Financial expenses:			
Interest and other charges on financial debt	(11.336)	(25.421)	14.085
expense on IRS derivatives instruments	(1.489)	(1.490)	1
Total financial expenses	**(12.825)**	**(26.911)**	**14.086**
Net financial result recognised	**395**	**407**	**(12)**

Interest and other income from financial assets decreased to EUR 4.757 thousand, down EUR 13.263 thousand on 30 June 2013 with the variation essentially due to the decreased interest income stemming from the redemption of loan granted by the Company to Endesa Group affiliates, as below detailed:

> decreased interest income (EUR 10.986 thousand) due to the early repayment in February 2014 of the long-term loan (EUR 245.316 thousand) granted by the Company to Endesa Financiación Filiales S.A.;

> decreased interest income (EUR 2.266 thousand) due to the repayment in March 2013 of the loan (EUR 181.371 thousand) granted by the Company to Endesa Financiación Filiales S.A..

Interest and other charges on financial debt decreased to EUR 11.336 thousand. The variation of EUR 14.085 thousand mainly refers to:

> decreased interest charges (EUR 11.802 thousand) related to the early repayment (EUR 244.761 thousand) in February 2014 of a 40Y Zero Coupon Callable Notes with an aggregate principal amount of EUR 105.000 thousand, issued by the Company in February 1999;

> decreased interest charges (EUR 2.286 thousand) due to the repayment in March 2013 of EUR 181.371 thousand lent by Endesa Capital Finance LLC to the Company.

International Endesa B.V.

Net interest income from IRS derivatives amounting to EUR 6.974 thousand refers to the Profit and Loss effect of the derivatives instruments related to floating interest rate loans with Endesa Group affiliates.

3 Income tax expense - Euro 41 thousand

Income tax expense for the first half of 2014 amounted to EUR 41 thousand, equal to 20% of taxable income, compared with 25% in the first half of 2013.
The effective rate for period ended 30 June 2014 amounts to 20%, which is in line with the Company's expected effective tax rate for the whole year 2014. The nominal tax rate for the first six months of 2014 amounts to 20% for the first EUR 200.000 and 25% for the remainder.

International Endesa B.V.

Notes to the balance sheet

4 Non-current financial assets – EUR 234.532 thousand

Thousands of Euro

	30 June 2014	31 Dec 2013	Change
Investment in subsiddiaries			
Endesa Capital Finance LLC	-	-	-
Total investment in subsiddiaries	**-**	**-**	**-**
Loans and receivables			
- Loans to affiliated companies	234.532	478.602	(244.070)
Total loans and receivables	**234.532**	**478.602**	**(244.070)**
Total non-current financial assets	**234.532**	**478.602**	**(244.070)**

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 net book value of the above mentioned subsidiary result in EUR 109.

Loan to affiliated companies

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

Thousands of Euro

	30 June 2014	31 Dec. 2013	Change
Loan receivable from Endesa Fi.Fi. (LC1032)	-	244.095	(244.095)
Loan receivable from Endesa Fi.Fi. (LC1039)	15.000	15.000	-
Loan receivable from Endesa Fi.Fi. (LC1048)	15.000	15.000	-
Loan receivable from Endesa Fi.Fi. (LC1057)	15.000	15.000	-
Loan receivable from Endesa Fi.Fi. (LC1068)	12.000	12.000	-
Loan receivable from Endesa Fi.Fi. (LC1076)	20.000	20.000	-
Loan receivable from Endesa Fi.Fi. (LC1078)	157.532	157.507	25
Total loans to affiliated companies	**234.532**	**478.602**	**(244.070)**

The loans to affiliated companies have variable interest rates related to LIBOR and EURIBOR plus a mark-up. (2013: EUR 244 Million had a fixed interest rate).
The variation of the period is essentially due to the early redemption (EUR 244.095 thousand) of the Long term loan "LC1032" granted to Endesa Financiación Filiales S.A. in January 1999.
The proceeds of the notes issued by the Company under the private placement are passed on to the parent 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 9.

International Endesa B.V.

5 Current financial assets – EUR 569.451 thousand

Thousands of Euro

	30 June 2014	31 Dec 2013	Change
Financial receivables	561.501	944.443	(382.942)
Interest receivable on interest rate swaps	6.172	4.231	1.941
Other current financial assets	1.778	1.338	440
Total	**569.451**	**950.012**	**(380.561)**

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

Financial receivables

Thousands of Euro

	30 June 2014	31 Dec 2013	Change
Short-term loan with Endesa S.A.	430.547	813.737	(383.190)
Credit Line with Endesa Financiación Filiales S.A.	16.378	16.159	219
Credit line with Endesa S.A.	14.624	14.595	29
Short-term part loans with Endesa Financiación Filiales S.A.	99.952	99.952	-
Total short term loans granted to affiliated companies	**561.501**	**944.443**	**(382.942)**

The decrease of the short-term loans is mainly due to the drop (EUR 383.190 thousand) of the intercompany short-term credit line with Endesa S.A..

The Endesa S.A. short-term loans mature within one year and have a variable interest rate including a fixed mark-up of 6,07 bps. The credit lines with Endesa Financiación Filiales S.A. and Endesa S.A. both bear an interest rate of 0,3050% - 0,3880% per annum. (2013: 0,3035% - 0,3265%).

Interest receivable on interest rate swaps

Interest receivables on interest rate swaps refers to the accrued interest that will be paid by the market counterparties at the end of the agreed interest period.

Other current financial assets

Other current financial assets aggregate refers to accrued income related to the long-term loans and short-term credit lines granted to affiliated companies. The increase essentially refers to the interest income matured during the period on long-term loans granted to the parent company and not yet collected.

6 Income tax receivable – EUR 1.128 thousand

The income tax receivable amounting to EUR 1.127.881 specifies as the calculated income tax payable on the result before income taxes less the advance already paid to the tax authorities.

7 Cash and cash equivalents – EUR 82 thousand

As at 30 June 2014 cash and cash equivalent amount to EUR 82 thousand. It is in line with the previous year and not restricted by any encumbrances.
No restrictions on usage of cash exist.

8 Shareholder's equity – EUR 20.255 thousand

Share capital – EUR 15.429 thousand

The authorised 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 30 June 2014, 34.000 shares were issued and paid in.

Share premium reserve – EUR 4.660 thousand

The share premium concerns the income from the issuing of shares insofar as this exceeds the nominal value of the shares.
At least EUR 4.660.501 (first six months 2014) of the share premium can be considered as freely distributable share premium as referred to in the 1964 Income Tax Act.

Retained earnings – EUR nil thousand

During the current year the Company paid dividend amounting to EUR 699 thousand, consequently retained earnings results completely disbursed to the Sole Shareholder.

9 Long-term loans and borrowings – EUR 234.806 thousand

The notes issued by the Company under the Debt Issuance Programme and a private placement are presented under the Long-term loans and borrowings and amount to EUR 234.806 thousand as at 30 June 2014.
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 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 'amortised costs'. The market price of the EMTN and USPP notes issued as at 30 June 2014 (including short-term portion) is EUR 332,8 million.

International Endesa B.V.

The following table shows long-term debt and repayment schedules at 30 June 2014:

Thousands of Euro

Series	Currency	Balance 30 June 2014	Nominal amount 30 June 2014	Balance 31 Dec. 2013	Maturity	Option	Interest rate
N1032	EUR	-	-	243.554	Febr. 2039	Febr. 2014 and in each anniv.	5.8
N1039	EUR	15.000	15.000	15.000	Oct. 2019	Oct. 2019	10 year GBP CSM
N1048	EUR	15.000	15.000	15.000	Sept. 2015	Sept. 2015	6.26
N1057	EUR	15.000	15.000	15.000	Febr. 2016	Febr. 2016	95% 10Y Mid EUR-CMS
N1068	EUR	12.000	12.000	12.000	Nov. 2031	Nov. 2031	5.74
N1076	EUR	20.000	20.000	20.000	Dec. 2022	Dec. 2017	6.00
78e	USD	48.583	60.000	48.583	Sept. 2019	Sept. 2019	5.82
78d	USD	109.223	135.000	109.223	Sept. 2016	Sept. 2016	5.62
Total		**234.806**		**478.361**			

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.

Debt Issuance Programme

On 17 January 1995, the Company entered into a USD 750 million Debt Issuance Programme, arranged by Morgan Stanley & Co. International Limited.
Starting from 1998 until 2002 the Debt Issuance Programme has been updated and increased several times up to the maximum amount of EUR 10.000 million.
Under the programme, the Company issues notes in different currencies. These notes are listed on several European stock exchanges.
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 started in 2011. As from 2004, no new loans have been issued under the programme.

10 Short-term loans and borrowings - EUR 442.269 thousand

Thousands of Euro

	30 June 2014	31 Dec 2013	Change
Commercial papers	430.548	813.737	(383.189)
Short-term loans Group companies	11.721	11.724	(3)
Short-term loans and borrowings	**442.269**	**825.461**	**(383.192)**

Commercial Paper

Financial payables represented by commercial papers relate to outstanding issuances at 30 June 2014 in the context of the Euro Commercial Paper Programme (hereinafter, also “ECP Programme”) launched by the Company in 1998.
On 29 April 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 13 December 2006, the existing programme was updated to EUR 2.000 million and finally, on 18 December 2009, updated to EUR 3.000 million.

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.

International Endesa B.V.'s external debt, composed by Euro Medium Term Notes, United States Private Placements and Euro Commercial Papers, is guaranteed by the parent company, Endesa S.A.

Short-term loans Group companies

The balance as at 30 June 2014 amounting to EUR 11.721.368 (2013: EUR 11.723.997) consists of an intercompany current account with Endesa Capital Finance and bears an interest of 0,3550% - 0,438% per annum.

11 Current portion of long-term loans - EUR 99.951 thousand

Thousands of Euro

		Balance	Nominal amount	Balance		
Series	**Currency**	**30 June 2014**	**30 June 2014**	**31 Dec. 2013**	**Maturity**	**Interest rate**
N1048	EUR	15.000	15.000	15.000	Sept. 2014	6.26
78c	USD	84.951	105.000	84.951	Sept. 2014	5.47
Total		**99.951**		**99.951**		

12 Other current financial liabilities - EUR 7.811 thousand

Thousands of Euro

	30 June 2014	**31 Dec 2013**	**Change**
Interest payable for EMTN and USPP notes	6.838	4.812	2.026
Interest payable for liabilities under the commercial paper	973	587	386
Total other current financial liabilities	**7.811**	**5.399**	**2.412**

Other current financial liabilities refer to interest payables for notes payable and liabilities under the ECP programme (notes 9 and 10) and are due within one year.

Related parties

Transactions between International Endesa B.V. and other companies of Endesa Group involve Financing and Treasury management.

These transactions are part of the ordinary operations of the Company and are settled on the basis of Standard intra-Group contract market prices. International Endesa B.V. has no business relations with Key management during the period.

International Endesa B.V.

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

Millions of Euro

	Receivables	Payables	Income	Cost
	30 June 2014		2014	2014
Enel Investment Holding BV	-	0,10	-	0,10
ENDESA	446,24	-	2,05	-
FIFI	351,57	-	2,71	-
Endesa Capital Finance	-	11,72	-	0,03
Total	**797,81**	**11,82**	**4,76**	**0,13**

Statutory Directors

The emoluments of the company's Directors charged in the first six months of 2014, as per section 2.383 (1) of the Netherlands Civil Code, amounted to EUR nil (2013: nil).

Subsequent events

USD 300 million Private Placement redemption

> On 9 September 2014, the Company will repay a portion of the USD private placements, amounting USD 105.000.000 due at maturity;

> On 28 July 2014 the Board of Directors, in the frame of a liabilities assessment process, has approved the exercise of the pre-cancellation option of the last two outstanding US private placements with original maturity date in September 2016 and September 2019. The above mentioned early repayment will be executed on 9 September 2014 therefore the whole programme will result totally terminated.