



Enel

Green Power

**Financial statements
of Enel Green Power Canaro
Srl at December 31, 2013**

*(drafted in condensed form pursuant to
Article 2435-bis of the Italian Civil Code)*

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Corporate bodies

Managing Director

Antonio Cammisecra

Foreword

As it meets the requirements set out in Article 2435-bis of the Italian Civil Code, Enel Green Power Canaro Srl has prepared its financial statements in condensed form.

The Company has not issued participation certificates, bonds convertible into shares or similar securities on a regulated market and, for two consecutive years, the thresholds established under the article referred to above have not been exceeded with regard to revenues from sales and services, assets and the number of employees since the formation of the Company.

The disclosures concerning the composition of share capital are given in the notes to the financial statements and, accordingly, the report on operations has not been prepared. The remainder of this foreword nevertheless provides certain key information on the Company, developments in operations and the outlook.

Information on the company

Enel Green Power Canaro Srl, formerly "Tecnoservice Srl", owns a photovoltaic plant at Canaro, in the province of Rovigo, with a total installed capacity of 6 MW. It began operations in August 2011.

The Energy Services Operator (ESO) approved the application to obtain subsidized rates under the "photovoltaic energy account" submitted by the Company. Those rates will be paid over a period of 20 years as from the date of the plant's entry into service.

The Company therefore received the incentives from the ESO for the entire year.

In 2013 the Company generated and sold 7,311 MWh (7,709 MWh in 2012) of electricity, producing revenues of €2,193 thousand (€2,368 thousand in 2012).

Outlook

Enel Green Power Canaro Srl expects to continue generating power at the same level as that achieved in 2013. The Company also expects to produce the same amount of revenues as those posted in 2013 from the sale of electricity on the Day Ahead Market and from the incentive component paid by the Energy Services Operator on the energy account.

In 2014 the Company, once it has completed the installation of pyranometers, a device for measuring the intensity of solar radiation, will connect the instruments to the BAX supervision and monitoring system.

Proposed allocation of net income

The financial statements for 2013 show the year ending with net income of €693,592.23, which we propose to distribute in full to the sole shareholder, Enel Green Power.

Balance sheet and income statement

Euros		
ASSETS	at 31.12.2013	at 31.12.2012
A) SHARE CAPITAL NOT PAID UP	-	-
B) NON-CURRENT ASSETS		
I Intangible assets	192	256
1) start-up and expansion costs	192	256
<i>Cost</i>	320	320
<i>Accumulated amortization</i>	(128)	(64)
II Property, plant and equipment	13,640,820	14,139,389
1) land and buildings	1,936,790	1,970,329
<i>Cost</i>	2,012,310	2,012,310
<i>Accumulated depreciation</i>	(75,520)	(41,981)
2) plant and machinery	11,243,597	11,820,930
<i>Cost</i>	12,650,269	12,616,082
<i>Accumulated depreciation</i>	(1,406,672)	(795,152)
5) assets under construction and advances	460,433	348,130
III Financial assets	-	-
Total non-current assets (B)	13,641,012	14,139,645
C) CURRENT ASSETS		
I Inventories	-	-
II Receivables	897,794	1,489,551
1) customers	95,266	162,169
4) parent company	38,115	34,005
4 bis) tax authorities	718,308	1,274,952
4 ter) deferred tax assets	46,105	18,425
III Current financial assets	-	-
IV Cash and cash equivalents	2,715,618	1,096,297
1) bank and postal deposits	2,715,618	1,096,297
Total current assets (C)	3,613,412	2,585,848
D) ACCRUED INCOME AND PREPAID EXPENSES	40,256	-
TOTAL ASSETS	17,294,680	16,725,493

Euros		
LIABILITIES AND SHAREHOLDERS' EQUITY	at 31.12.2013	at 31.12.2012
A) SHAREHOLDERS' EQUITY		
I Share capital	10,400	10,400
IV Legal reserve	5,795	5,795
VII Other reserves	231,935	231,935
VIII Retained earnings (loss carryforward)	-	(209,394)
IX Net income for the year	693,592	915,875
Total shareholders' equity (A)	941,722	954,611
B) PROVISIONS FOR RISKS AND CHARGES	109,111	82,527
3) other	109,111	82,527
C) SEVERANCE BENEFITS	-	-
D) DEBT AND PAYABLES		
3) payables for shareholder loans	15,000	15,000
7) suppliers	152,299	172,576
11) parent company	16,076,440	15,048,695
12) tax authorities	-	451,976
14) other	108	108
Total debt and payables	16,243,847	15,688,355
E) ACCRUED LIABILITIES AND DEFERRED INCOME	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	17,294,680	16,725,493

Euros		
INCOME STATEMENT	2013	2012
A) Value of production		
1) revenues from sales and services	2,192,907	2,367,941
5) other revenues and income	39,964	72,224
Total value of production	2,232,871	2,440,165
B) Operating expenses		
6) raw and ancillary materials, consumables and goods	49,634	16,835
7) services	240,776	244,817
8) leases and rentals	66,814	64,868
10) amortization, depreciation and writedowns		
a) amortization	64	64
b) depreciation	645,059	643,349
12) accruals to provision for risks	38,793	43,184
14) other operating expenses	120,824	48,018
Total operating expenses (B)	1,161,964	1,061,135
Operating income (A - B)	1,070,907	1,379,030
C) Financial income and expense		
16) other financial income		
d) other income		
- other	169	70
17) interest and other financial expense		
- other	(405)	(1,318)
Total financial income and expense (C)	(236)	(1,248)
D) Value adjustments of financial assets	-	-
E) Extraordinary income and expense	-	-
Income before taxes (A - B + - C + - D + - E)	1,070,671	1,377,782
22) Income taxes - current , deferred tax liabilities and assets		
a) current taxes	404,759	451,974
c) deferred tax assets	(27,680)	9,933
Total income taxes	377,079	461,907
23) NET INCOME	693,592	915,875

Notes to the financial statements

Form and content of the financial statements

The structure, composition and classification of the items of the balance sheet, income statement and the accompanying notes have been prepared in accordance with the provisions of Legislative Decree 127 of April 9, 1991, as amended.

No recourse has been made to the departures provided for by Article 2423, fourth paragraph, of the Civil Code.

As provided for by Article 2423, fifth paragraph, of the Civil Code, the balance sheet and the income statement are expressed in units of euros, without decimals, whereas the information in the notes to the financial statements discussing the items in those schedules is expressed in thousands of euros, taking account of their materiality. Finally, as noted above, the Company meets the requirements provided for by Article 2435-bis of the Civil Code and has accordingly prepared its financial statements in condensed form. The balance sheet, income statement and notes to the financial statements therefore comply with the provisions of that article.

Financial statements of the company that exercises management and coordination functions

In compliance with the provisions of Article 2497-bis of the Civil Code, a separate section of these notes provides a summary of the 2012 financial statements of Enel SpA, which exercises management and coordination functions over Enel Green Power Canaro Srl.

Accounting policies

The financial statements have been prepared in conformity with the criteria provided for by law, interpreted and supplemented by the accounting standards adopted by the National Council of the Italian accounting profession, as amended by the Italian Accounting Board (*Organismo italiano di contabilità*) with regard to the reform of company law, and by the documents issued by the Italian Accounting Board itself.

More specifically, the items have been measured in accordance with the principle of prudence and on a going-concern basis, taking account of the economic function of each Company transaction or event.

Intangible assets

Intangible assets are recognized at purchase or development cost, including any directly attributable ancillary costs, amortized systematically each year on the basis of the asset's expected useful life.

The residual value of intangible assets is written down in the event of lasting impairment of value and written back (net of amortization) where the reasons for the original writedown no longer obtain.

Start-up costs are amortized over a useful life of 5 years.

Property, plant and equipment

Property, plant and equipment is recognized at purchase or construction cost, including any directly attributable ancillary costs and any revaluations carried out under the provisions of law. These assets are depreciated systematically each year on a straight-line basis at rates that reflect their expected residual useful life.

The residual value of property, plant and equipment is written down in the case of lasting impairment of value and written back (net of depreciation) if the reasons for the original writedown no longer obtain. In the case of disposal, the assets are derecognized and the difference between the sale price and the carrying amount is recognized through profit or loss for the period as a gain (if positive) or a loss (if negative).

The useful lives of property, plant and equipment are as follows:

Property, plant and equipment	Useful life
Buildings	60 years
Plant and machinery	15-40 years

Receivables

Receivables are recorded at their estimated realizable value and classified under "non-current financial assets" or "current assets" depending on their purpose and the nature of the debtor.

Cash and cash equivalents

These items are recognized at nominal value, which represents their realizable value.

Accruals and deferrals

Accruals and deferrals are calculated on an accruals basis.

Debt and payables

Debt and payables are recognized at nominal value, which is felt to represent the value required to extinguish them.

Provisions for risks and charges

Provisions for risks and charges are recognized against certain or probable losses or liabilities whose amount or timing are not determined at the close of the period. Accruals are made on the basis of the best estimate possible using available information.

Costs and revenues

These are recognized on the basis of the principle of prudence and on an accruals basis.

Income taxes

Current income taxes for the year are recognized under tax payables/receivables net of any payments on account. They are calculated by the Company based upon taxable income and determined using the tax rates in force at the balance-sheet date..

Deferred tax assets and liabilities are calculated both on temporary differences between the amounts posted in the financial statements and the corresponding amounts recognized for

tax purposes and for tax losses carried forward, applying the tax rate in force at the date the temporary difference will reverse.

Deferred tax assets and the tax benefits of tax losses carried forward are recognized under "Deferred tax assets" only if it is reasonably certain they will be recovered in the future.

The recoverability of deferred tax assets is reassessed at the end of each year. If it is determined that the Company is not able to recover all or part of the recognized deferred tax assets in future years, the consequent adjustment is recognized through profit or loss in the year in which this circumstance arises.

BALANCE SHEET - ASSETS

NON-CURRENT ASSETS

Intangible assets

Intangible assets had a net value of €0.2 thousand (€0.3 thousand at December 31, 2012) and comprised start-up costs, which are reported net of accumulated amortization.

Property, plant and equipment

Property, plant and equipment amounted to €13,641 thousand (€14,139 thousand at December 31, 2012), including €11,244 thousand for the plant (€11,821 thousand at December 31, 2012), €1,937 thousand for the industrial building (€1,970 thousand at December 31, 2012) and €460 thousand in assets under construction and payments on account (€348 thousand at December 31, 2012).

Current assets

Receivables due from customers

Receivables due from customers amounted to €95 thousand (€162 thousand at December 31, 2012). They include receivables due from the Energy Services Operator for the sale of electricity under the "energy account" in the amount of €92 thousand (€159 thousand at December 31, 2012) and receivables due from Enel Distribuzione SpA in the amount of €3 thousand (€3 thousand at December 31, 2012).

Receivables due from the Parent Company

Receivables due from the Parent Company amounted to €38 thousand (€34 thousand at December 31, 2012). They are largely accounted for by receivables for energy items associated with the sale of electricity on the Power Exchange, which was carried out through Enel Green Power SpA acting on behalf of the Company on the electricity market. Accordingly, while recognizing revenues from non-Group counterparties for the sale of electricity, the Company settles the items with the Parent Company.

Tax receivables

Tax receivables amounted to €718 thousand (€1,275 thousand at December 31, 2012). They represent the net positive balance of tax liabilities net of payments on account and withholdings. They regard VAT in the amount of €668 thousand (€1,195 thousand at December 31, 2012), IRES receivables and withholdings in the amount of €37 thousand (€80 thousand at December 31, 2012) and IRAP receivables in the amount of €13 thousand (none at December 31, 2012).

Deferred tax assets

The item amounted to €46 thousand (€18 thousand at December 31, 2012). They include deferred tax assets in respect of temporary differences in the amounts recognized in the financial statements and the corresponding amounts recognized for tax purposes of the

amortization and accrual in respect of the provision for plant dismantling and restoration. The assets are recognized when it is felt that their recovery is reasonably certain.

Cash and cash equivalents

Cash and cash equivalents amounted to €2,716 thousand (€1,096 thousand at December 31, 2012). They are entirely accounted for by the balance on current account held with Intesa San Paolo.

BALANCE SHEET – LIABILITIES

Shareholders' equity

The composition of shareholders' equity and changes in 2012 and 2013 are reported in the following table:

Thousands of euros	Share capital	Legal reserve	Other reserves	Retained earnings (loss carryforward)	Net income (loss) for the period	Total
Balance at December 31, 2011	10	6	233	(138)	(72)	39
<i>Allocation of net income (loss) for 2011</i>						
<i>Loss carryforward</i>				(72)	72	-
<i>Net income for the period</i>					916	916
<i>Rounding</i>			(1)	1		-
Balance at December 31, 2012	10	6	232	(209)	916	955
<i>Allocation of net income (loss) for 2012:</i>						
<i>Coverage of loss carryforward</i>				209	(209)	-
<i>Distribution of net income</i>					(706)	(706)
<i>Net income for the period</i>					694	694
<i>Rounding</i>					(1)	(1)
Balance at December 31, 2013	10	6	232	-	694	942

Share capital

Share capital amounted to €10 thousand and is entirely paid in by the sole shareholder, Enel Green Power SpA.

Legal reserve

The legal reserve has reached the limit provided for under Article 2430 of the Civil Code.

Other reserves

The item, which is unchanged compared with the previous year, reports the reserve recognized in respect of the recapitalization carried out by Enel Green Power SpA in 2011.

(Loss) carryforward

The item is equal to zero, as the total losses carried forward at December 31, 2012, which amounted to €209 thousand, in respect of the losses posted in 2010 (€71 thousand) and 2011 (€138 thousand) were entirely covered by the net income registered in 2012.

Net income

The 2013 financial year closed with net income of €694 thousand.

The following table reports the availability of shareholders' equity for distribution, pursuant to Article 2427, paragraph 7 bis of the Civil Code:

Thousands of euros	Amount	Possible use
Share capital	10	B
Legal reserve	6	B
Other reserves	232	A, B, C
Total	248	

A: for capital increase

B: for loss coverage

C: for distribution to shareholders

Provisions for risks and charges

Provisions for risks and charges amounted to €109 thousand (€83 thousand at December 31, 2012). They include the provision for plant dismantling in the amount of €96 thousand (€57 thousand in 2012) and the provision for municipal property taxes in the amount of €13 thousand (€25 thousand at December 31, 2012), which was established to cover the risk of adverse outcome in disputes with Land Registry Offices and municipalities in respect of municipal property tax associated with electricity generation plants. The reduction in the provision reflects uses during the year.

Debt and payables

Payables for shareholder loans

At December 31, 2013, payables for shareholder loans amounted to €15 thousand. They regard the loan from Enel Green Power SpA.

Payables due to suppliers

Payables due to suppliers amounted to €152 thousand (€173 thousand at December 31, 2012). They include:

- €97 thousand for ordinary maintenance services in the plant area and other services (€69 thousand at December 31, 2012);
- €36 thousand in payables due to Enel.si for the purchase of plant components (€7 thousand at December 31, 2012);
- €14 thousand in payables due to Enel Distribuzione SpA for transport and connection to the medium-voltage grid (€13 thousand at December 31, 2012);
- €5 thousand in payables due to Enel Energia for electricity purchases (€8 thousand at December 31, 2012).

Payables due to the Parent Company

Payables due to the Parent Company amounted to €16,076 thousand (€15,049 thousand at December 31, 2012). They mainly regard services provided by Enel Green Power SpA for the construction of the plant under an Engineering, Procurement & Construction (EPC) contract and for other centralized services.

At December 31, 2013, the Company had no employees. Staff duties are performed by the Parent Company under a specific management and service contract. The agreement governing the provision of centralized services between the Company and Enel Green Power SpA specifies the activities performed with regard to External Relations, Legal Affairs, Corporate Services, Administration, Finance and Control, Risk Management, Energy Management, Operations & Maintenance, Safety and Environment, General Services and facilities management, Safety, and ICT.

Payables due to the Parent Company also include €706 thousand in respect of the liability for dividends to be paid to Enel Green Power, which were authorized with the approval of the 2012 financial statements. The dividends were paid in the early months of 2014.

Tax payables

The item is equal to zero. At December 31, 2012, it amounted to €452 thousand, of which corporate income tax (IRES) payables of €381 thousand and regional business tax (IRAP) payables of €71 thousand.

THE INCOME STATEMENT

Value of production

Revenues from sales and services

The following table details electricity generated and sold (net of that imbalanced in respect of Terna SpA).

MWh	2013	2012	2013-2012
GME SpA (day ahead and adjustment markets)	7,344	7,372	(28)
Terna SpA (dispatching - imbalancing)	(33)	337	(370)
Total	7,311	7,709	(398)

Revenues from sales and services amounted to €2,193 thousand (€2,368 thousand in 2012), of which €1,740 thousand from the sale of electricity under the "energy account" (€1,810 thousand in 2012), €435 thousand from the sale of electricity on the Power Exchange (€541 thousand in 2012) and €19 thousand from Terna SpA for dispatching services (€18 thousand in 2012).

The decline in revenues from sales and services is in line with the decline in the volume of electricity generated and sold.

Other revenues and income

The item amounted to €40 thousand (€72 thousand in 2012). It mainly includes prior-year revenues from Terna SpA for dispatching (€37 thousand).

Operating expenses

Raw and ancillary materials, consumables and goods

The item amounted to €50 thousand (€17 thousand in 2012), of which €15 thousand for dispatching paid to Terna (€7 thousand in 2012), €11 thousand for electricity purchases from the Energy Market Operator (EMO) (€12 thousand in 2012), €9 thousand for electricity purchases from Enel Energia SpA (unchanged on 2012) and €14 thousand for purchases of materials and components for ordinary maintenance.

Services

Expenses for services amounted to €241 thousand, essentially in line with 2012 (€245 thousand). They are largely accounted for by:

- management fees and service fees for services provided by Enel Green Power SpA in the amount of €133 thousand (€109 thousand in 2012) and Operations & Maintenance services in the amount of €39 thousand (€46 thousand in 2012);
- insurance premiums of €8 thousand (€27 thousand in 2012);
- ordinary maintenance services provided by non-Group suppliers in the amount of €55 thousand (€12 thousand in 2012);
- professional and notary services in the amount of €3 thousand (€5 thousand in 2012).

Leases and rentals

Expenses for leases and rentals amounted to €67 thousand. They regard payments for leaseholds (€65 thousand in 2012).

Depreciation

Depreciation amounted to €645 thousand. It regards the depreciation charge for the plant and the industrial building (€643 thousand in 2012).

Provisions for risks

Provisions for risks amounted to €39 thousand (€43 thousand in 2012). They are essentially accounted for by the accrual to the provision for plant dismantling charges amounting to €39 thousand (€18 thousand in 2012).

Other operating expenses

Other operating expenses amounted to €121 thousand (€48 thousand in 2012). They include €64 thousand for municipal property tax (€37 thousand in 2012), €42 thousand for prior-year expenses in respect of greater costs for maintenance and €15 thousand for other taxes, duties, stamp tax and sundry expenses (€11 thousand in 2012).

Financial income (expense)

Financial expense is mainly accounted for by interest paid in respect of a tax assessment regarding payment of municipal property tax for 2011. These costs were partially offset by interest income on the creditor balance on the current account held with Intesa Sanpaolo.

Income taxes

Income taxes amounted to €377 thousand (€462 thousand in 2012), of which €405 thousand in current taxes (€452 thousand in 2012) and deferred tax assets of €28 thousand (deferred tax liabilities of €10 thousand in 2012).

Current taxes include the estimated IRES liability (€346 thousand) and the IRAP liability (€59 thousand) in respect of income for the year.

Deferred tax assets regard the provision for the year calculated on the temporary difference between the amounts recognized in the balance sheet and the corresponding amounts recognized for tax purposes on the amortization and accrual to the provision for plant dismantling and restoration charges. The deferred tax assets were recognized as their recovery is considered reasonably certain.

Management and coordination of the Company

The highlights of the financial statements at December 31, 2012 of Enel SpA, the company that exercises management and coordination functions over Enel Green Power Canaro Srl, are set out in the following tables.

Balance sheet

Millions of euros	at 31.12.2012
ASSETS	
Non-current assets	
Property, plant and equipment and intangible assets	16
Equity investments	39,189
Non-current financial assets	1,835
Other non-current assets	822
Total	41,862
Current assets	
Trade receivables	478
Current financial assets	6,443
Cash and cash equivalents	6,461
Other current assets	522
Total	13,904
TOTAL ASSETS	55,766
LIABILITIES AND SHAREHOLDERS' EQUITY	
SHAREHOLDERS' EQUITY	25,828
Non-current liabilities	
Long-term loans	19,315
Deferred tax liabilities and provisions for risks and charges	560
Non-current financial liabilities	2,393
Other non-current liabilities	240
Total	22,508
Current liabilities	
Short-term loans and current portion of long-term loans	5,762
Trade payables	193
Current financial liabilities	798
Other current liabilities	677
Total	7,430
TOTAL LIABILITIES	29,938
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	55,766

Income statement

Millions of euros	2012
Revenues	335
Costs	432
Income from equity investments	4,175
Net financial income / (expense)	(846)
Income taxes	(188)
Net income for the year	3,420

Enel Green Power Canaro Srl

Registered office in Rome, Italy

Viale Regina Margherita, 125 - 00198 (RM)

Rome Company Register

Tax ID and reg. no. 00910040294

Entered in the R.E.A. of Rome with no. 1308361

Share capital: €10,400 fully paid in

VAT reg. no. 00910040294