



**Enel**

**Green Power**

**Financial statements  
of Enel Green Power  
Portoscuso Srl  
at December 31, 2012**

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



## CONTENTS

<b>FOREWORD .....</b>	<b>5</b>
<b>PROPOSED ALLOCATION OF NET INCOME .....</b>	<b>7</b>
<b>BALANCE SHEET AND INCOME STATEMENT .....</b>	<b>8</b>
<b>NOTES TO THE FINANCIAL STATEMENTS.....</b>	<b>10</b>
Balance sheet - assets.....	12
Balance sheet – liabilities and shareholders’ equity.....	14
Income statement .....	16
<b>MANAGEMENT AND COORDINATION OF THE COMPANY .....</b>	<b>18</b>



## Foreword

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

The Company has not issued shares, bonds convertible into shares or similar securities 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.

### INFORMATION ON THE COMPANY

Enel Green Power Portoscuso Srl owns a wind farm in Sardinia, located adjacent to the industrial zone of Portoscuso (Carbonia-Iglesias), with a capacity of about 89.7 MW.

In December 2011, Enel Green Power Portoscuso Srl had started up part of the wind farm with the provisional connection to the high-voltage grid agreed with Terna SpA, which enabled the delivery of a limited volume of power. As originally envisaged, the plant was formed of 37 wind generators with an overall capacity of 85.1 MW. It reached its full design capacity of 89.7 MW in November 2012.

Until August, a limitation of power deliverable to the grid was in place, equal to 44 MW (40 MW  $\pm$ 10%). Following completion of the works for the final connection, the limitation was definitively removed.

The volume of power delivered to the grid by the plant and sold by the Company in 2012 amounted to 124.5 GWh.

In 2012, the Company was designated as a renewable energy generator by the Electricity Services Operator (ESO), with the consequent right to issue green certificates for its output.

Enel Green Power Portoscuso Srl, formed on July 28, 2003 and acquired by Enel Produzione SpA on October 21, 2008, is currently wholly owned by Enel Green Power SpA.

## OUTLOOK

Following the connection of the final wind generators and the achievement of the wind farm's full capacity, the Company expects a substantial increase in output in the coming year, with an associated rise in revenues, both from the sale of electricity on the day ahead market and intraday markets on the Power Exchange and from green certificates.

## Proposed allocation of net income

The financial statements for 2012 show the year ending with net income of €9,102,419.68, which we propose to allocate as follows:

- coverage of the loss carryforward in the amount of €43,047.72;
- distribution to the shareholder Enel Green Power SpA of a total of €9,059,371.96.

# Balance sheet and income statement

Euros		
<b>ASSETS</b>	<b>at 31.12.2012</b>	<b>at 31.12.2011</b>
<b>A) SHARE CAPITAL NOT PAID UP</b>	-	-
<b>B) NON-CURRENT ASSETS</b>		
<b>I Intangible assets</b>	<b>581,928</b>	<b>727,410</b>
6) assets under development and advances	-	727,410
7) other	581,928	-
<i>Cost</i>	727,410	-
<i>Accumulated amortization</i>	(145,482)	-
<b>II Property, plant and equipment</b>	<b>142,617,235</b>	<b>23,447,780</b>
1) land and buildings	17,366,531	-
<i>Cost</i>	17,619,082	-
<i>Accumulated depreciation</i>	(252,551)	-
2) plant and machinery	121,862,985	-
<i>Cost</i>	123,523,310	-
<i>Accumulated depreciation</i>	(1,660,325)	-
5) assets under construction and advances	3,387,719	23,447,780
<b>III Financial assets</b>	-	-
<b>Total non-current assets (B)</b>	<b>143,199,163</b>	<b>24,175,190</b>
<b>C) CURRENT ASSETS</b>		
<b>I Inventories</b>	-	-
<b>II Receivables</b>	<b>30,027,796</b>	<b>2,430,919</b>
1) customers	-	844,359
4) parent companies	29,158,039	839,403
4 bis) tax authorities	588,280	487,280
4 ter) deferred tax assets	275,466	180,606
5) other	-	73,260
6) other Group companies	6,011	6,011
<b>III Current financial assets</b>	-	-
<b>IV Cash and cash equivalents</b>	-	<b>47,481</b>
<b>Total current assets (C)</b>	<b>30,027,796</b>	<b>2,478,400</b>
<b>D) ACCRUED INCOME AND PREPAID EXPENSES</b>	44,021	21,000
<b>TOTAL ASSETS</b>	<b>173,270,980</b>	<b>26,674,590</b>

Euros		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>at 31.12.2012</b>	<b>at 31.12.2011</b>
<b>A) SHAREHOLDERS' EQUITY</b>		
I Share capital	10,000	10,000
IV Legal reserve	13,747	-
VII Other reserves	1,000,001	1,000,001
VIII Retained earnings (loss carryforward)	(43,048)	(304,249)
IX Net income for the year	9,102,420	274,949
<b>Total shareholders' equity (A)</b>	<b>10,083,120</b>	<b>980,701</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>		
3) other	1,172,092	568,478
<b>C) SEVERANCE BENEFITS</b>		
-	-	-
<b>D) DEBT AND PAYABLES</b>		
7) suppliers	1,261,187	63,041
11) parent company	155,822,347	24,741,247
12) tax authorities	4,635,739	201,127
14) other	110,829	-
15) other Group companies	150,155	65,381
<b>Total debt and payables</b>	<b>161,980,257</b>	<b>25,070,796</b>
<b>E) ACCRUED LIABILITIES AND DEFERRED INCOME</b>		
35,511	54,615	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>173,270,980</b>	<b>26,674,590</b>

Euros

<b>INCOME STATEMENT</b>	<b>2012</b>	<b>2011</b>
<b>A) Value of production</b>		
1) revenues from sales and services	20,020,750	1,683,277
<b>Total value of production</b>	<b>20,020,750</b>	<b>1,683,277</b>
<b>B) Operating expenses</b>		
6) raw and ancillary materials, consumables and goods	1,186,098	6,517
7) services	1,589,897	357,886
8) leases and rentals	288,516	84,500
10) amortization, depreciation and writedowns		
a) amortization	145,482	-
b) depreciation	1,912,876	-
12) accruals to provisions for risks	583,905	568,478
14) other operating expenses	312,799	300,448
<b>Total operating expenses (B)</b>	<b>6,019,573</b>	<b>1,317,829</b>
<b>Operating income (A - B)</b>	<b>14,001,177</b>	<b>365,448</b>
<b>C) Financial income and expense</b>		
16) other financial income		
d) other income		
- other	9,531	8
17) interest and other financial expense		
- from parent companies	(32,887)	(53,559)
- other	(287,922)	-
<b>Total financial income and expense ( C )</b>	<b>(311,278)</b>	<b>(53,551)</b>
<b>D) Value adjustments of financial assets</b>		
<b>E) Extraordinary income and expense</b>		
	-	-
<b>Income before taxes (A - B + - C + - D + - E)</b>	<b>13,689,899</b>	<b>311,897</b>
<b>22) Income taxes - current , deferred and prepayments</b>		
a) current taxes	4,682,340	201,127
c) prepayments	(94,861)	(164,179)
<b>Total income taxes</b>	<b>4,587,479</b>	<b>36,948</b>
<b>23) NET INCOME</b>	<b>9,102,420</b>	<b>274,949</b>

# 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 and Legislative Decree 6 of January 17, 2003, as amended (the so-called Vietti Reform).

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 due 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 2011 financial statements of Enel SpA, which exercises management and coordination functions over Enel Green Power Portoscuso 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 Councils 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 and, where necessary, by the IFRS issued by the IASB.

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

### Intangible assets

Research and development costs recognized as intangible assets regard costs incurred by the Company for the development of the site for the wind plants, as well as costs incurred to obtain the issue of specific permits by the competent authorities. These assets are amortized over a period of 5 years.

### Property, plant and equipment

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 accumulated depreciation) if the reasons for the impairment no longer obtain.

### **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.

### **Debt and payables**

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

### **Accruals and deferrals**

Accruals and deferrals are calculated on an accruals basis.

### **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 amounted to €582 thousand. They include costs incurred in obtaining permits, less amortization (€727 thousand at December 31, 2011, classified under assets under development and advances).

#### Property, plant and equipment

Property, plant and equipment totaled €142,618 thousand, and includes:

- €121,863 thousand in respect of the plant (not present in 2011);
- €2,379 thousand in respect of land purchased to build the wind plant (not present in 2011) and €14,987 thousand in respect of buildings (not present in 2011)
- €3,388 thousand in respect of assets under construction and advances for development costs and engineering services for the development, final design and detailed engineering and other activities associated with the wind project carried out by Enel Green Power SpA (€23,448 thousand at December 31, 2011).

### Current assets

#### Receivables

##### Receivables due from customers

Receivables due from customers are equal to zero as the sale of power is carried out through the Parent Company, Enel Green Power SpA, and therefore the associated receivables are reported under Receivables due from the Parent Company. In addition, receivables in respect of green certificates produced in 2012 were assigned without recourse to Mediofactoring.

##### Receivables due from the Parent Company

The item totaled €29,158 thousand (€839 thousand at December 31, 2011) and is mainly composed of the balance on the intercompany current account (€26,860 thousand) and receivables in respect of the sale of electricity (€2,298 thousand). At December 31, 2011, the item mainly reported receivables for ancillary services in respect of Terna and receivables for the sale of electricity on the Power Exchange.

##### Tax receivables

Tax receivables amounted to €588 thousand. The item reports receivables due from tax authorities in respect of VAT in the amount of €487 thousand (€487 thousand at December 31, 2011) and €101 thousand in respect of stamp duty and registration fees on notary instruments.

##### Deferred tax assets

The item amounted to €275 thousand. It is mainly composed of tax prepayments on the provision recognised in 2012 for plant dismantling costs, which are recognized when their future recovery is reasonably certain (€181 thousand at December 31, 2011).

#### Receivables due from other Group companies

Receivables due from other companies of the Enel Group amounted to €6 thousand. They regard receivables due from Enel Produzione SpA in respect of an advance paid as a deposit for the sale of a plot of land owned by Enel Produzione SpA (unchanged on December 31, 2011).

#### Cash and cash equivalents

At December 31, 2012 the item was equal to zero; at December 31, 2011, it reported the liquidity held with Banca Intesa associated with operations (€47 thousand).

#### D) Accrued income and prepaid expenses

Prepaid expenses came to €44 thousand and regard the rental of land in the amount of €35 thousand (€21 thousand at December 31, 2011), while accrued income totaled €9 thousand and included interest income on the intercompany current account held with Enel SpA.

## BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY

### Shareholders' equity

The following table reports the composition of and changes in shareholders' equity in 2011 and 2012:

Thousands of euros	Share capital	Legal reserve	Other reserves	Retained earnings (loss carryforward)	Net income (loss) for the period	Total
<b>Balance at December 31, 2010</b>	<b>10</b>	-	<b>1,000</b>	<b>(248)</b>	<b>(56)</b>	<b>706</b>
<i>Allocation of net income (loss) for 2010:</i>						
Net income for the period	-	-	-	(56)	56	-
<b>Balance at December 31, 2011</b>	<b>10</b>	-	<b>1,000</b>	<b>(304)</b>	<b>275</b>	<b>981</b>
<i>Allocation of net income (loss) for 2011:</i>						
Legal reserve	-	14	-	-	(14)	-
Retained earnings (loss carryforward)	-	-	-	261	(261)	-
Net income for the period	-	-	-	-	9,102	9,102
<b>Balance at December 31, 2012</b>	<b>10</b>	<b>14</b>	<b>1,000</b>	<b>(43)</b>	<b>9,102</b>	<b>10,083</b>

### Share capital

Share capital amounts to €10 thousand and is fully paid in. It is represented by a single share held by Enel Green Power SpA.

### Legal reserve

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

### Other reserves

Other reserves amounted to €1 million. They are represented by the payment of €1 million made by Enel Green Power SpA to give the Company the resources needed to cover the costs associated with authorization procedures for the project incurred in 2009, as approved by the Board of Directors of Enel Green Power SpA on 4 December 2009.

### Loss carryforward

The loss carryforward amounted to €43 thousand. It reports the losses carried forward in previous years (€56 thousand in 2010 and €249 thousand in earlier years), partially offset by the retained earnings recognized for 2011.

### Net income for the year

The year 2012 closed with net income of €9,102 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	14	A, B
Other reserves	1,000	A, B, C
<b>Total</b>	<b>981</b>	

A: for capital increase

B: for loss coverage

C: for distribution to shareholders

## Provisions for risks and charges

The item totaled €1,172 thousand and includes the provision for plant dismantling charges in the amount of €855 thousand (€568 thousand in 2011) and the provision for local property tax in the amount of €317 thousand (not present at December 31, 2011).

## Debt and payables

### Payables due to the Parent Company

The item came to €155,822 thousand (€24,741 thousand at December 31, 2011), of which €4,896 thousand in respect of invoices to be received. It mainly regards payables due to the Parent for the construction of the wind plant, for management fees (€1,524 thousand) and for O&M services provided by Enel Green Power SpA (€115 thousand). It also reports the payable in respect of imbalancing payments due to Terna (€399 thousand) and payables in respect of the intercompany current account held with Enel SpA in the amount of €160 thousand (€3,453 thousand at December 31, 2011).

### Payables due to suppliers

The item totaled €1,261 thousand (€63 thousand at December 31, 2011). It includes €879 thousand in payables due to Siemens for O&M services, €127 thousand in payables due to Enel Energia SpA for electricity purchases, €66 thousand in payables for professional and notary services and €38 thousand in payables in respect of security services.

### Tax payables

Tax payables totaled €4,636 thousand (€201 thousand at December 31, 2011) and reflect the recognition of the tax liability for the year. More specifically, tax payables include €3,825 thousand in respect of IRES, the corporate income tax (€155 thousand at December 31, 2011), €666 thousand in respect of IRAP, the regional business tax (€46 thousand at December 31, 2011), and €145 thousand in respect of VAT payables due to Enel SpA under the Group consolidated taxation mechanism.

### Payables due to others

The item includes €111 thousand in respect of payables due to the Town of Portoscuso under obligations arising from the agreement with the Company.

### Payables due to other Group companies

The item amounted to €150 thousand (€65 thousand at December 31, 2011) and regards the payable due to Enel Servizi for administrative services.

## Accrued liabilities and deferred income

The item totaled €36 thousand (€54 thousand at December 31, 2011). It regards accrued interest expense on the intercompany current account.

## INCOME STATEMENT

### Value of production

#### Revenues from sales and services

The item amounted to €20,021 thousand, of which €10,030 thousand in revenues from the sale of green certificates (€844 thousand in 2011), €8,684 thousand in revenues from the sale of electricity to the Energy Markets Operator (EMO) (€15 thousand in 2011), and €1,307 thousand in revenues from ancillary services in respect of Terna (€824 thousand in 2011). Energy sales break down as follows:

<b>MWh</b>	<b>2012</b>	<b>2011</b>
EMO (day ahead and open market)	119,839	215
Terna (dispatching - unbalancing)	4,673	10,067
<b>Total</b>	<b>124,512</b>	<b>10,282</b>

### Operating expenses

#### Raw and ancillary materials, consumables and goods

The item amounted to €1,186 thousand (€7 thousand in 2011) and mainly reflects dispatching costs in respect of Terna SpA (€837 thousand), the purchase of electricity from the EMO (€131 thousand) and the purchase of electricity from Enel Energia SpA (€120 thousand; €7 thousand in 2011).

#### Services

Expenses for services came to €1,590 thousand (€358 thousand in 2011). They mainly include expenses in respect of management fees and centralized services totaling €820 thousand in respect of Enel Green Power SpA under a centralized services contract (€256 thousand in 2011), maintenance expenses (€575 thousand), O&M services provided by Enel Green Power SpA (€115 thousand), professional and notary services totaling €45 thousand (€68 thousand in 2011) and expenses in respect of Enel SpA for use of the brand (€5 thousand in 2011).

#### Leases and rentals

Expenses for leases and rentals amounted to €289 thousand (€85 thousand in 2011). They include costs in respect of the adjustment payment to the Town of Portoscuso (€255 thousand; not present in 2011) and the rental of land on which the wind towers are installed in the amount of €34 thousand (€85 thousand in 2011).

#### Provisions for risks

The item came to €584 thousand and includes the provision for local property tax (€317 thousand; not present in 2011) and the provision for plant dismantling (€267 thousand; €568 thousand in 2011).

#### Other operating expenses

Other operating expenses totaled €313 thousand (€300 thousand in 2011). They are composed primarily of local property tax (€159 thousand) and indemnities for losses (€67 thousand; €48 thousand in 2011).

### **Financial income (expense)**

The item showed net financial expense of €311 thousand (€54 thousand in 2011). It reports financial expense on the assignment of receivables for green certificates in the amount of €268 thousand, interest expense on the intercompany current account totaling €33 thousand (€56 thousand in 2011) and financial expense on the discounting of the provision for plant dismantling in the amount of €20 thousand. The item also reports interest income on the intercompany current account totaling €10 thousand (€8 thousand in 2011).

### **Income taxes**

Income taxes came to €4,587 thousand (€37 thousand in 2011). They include current taxes on income in the amount of €4,682 thousand (€201 thousand in 2011) and tax prepayments of €95 thousand (€164 thousand in 2011).

More specifically, current taxes include €3,973 thousand in respect of IRES (a rate of 27.5%), compared with €155 thousand in 2011, and €711 thousand in respect of IRAP (a rate of 4.97%), compared with €46 thousand in 2011.

Tax prepayments regard the provisions for plant dismantling in the amount of €275 thousand (€181 thousand in 2011) and have been recognized as assets as their recovery is considered reasonably certain.

## Management and coordination of the Company

The highlights of the financial statements at December 31, 2011 of Enel SpA, the company that exercises management and coordination functions over Enel Green Power Portoscuso Srl, are set out in the following tables.

### Balance sheet

Millions of euros	at 31.12.2011
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, plant and equipment and intangible assets	23
Equity investments	38,759
Non-current financial assets	2,080
Other non-current assets	620
<b>Total</b>	<b>41,482</b>
<b>Current assets</b>	
Trade receivables	574
Current financial assets	9,668
Cash and cash equivalents	1,832
Other current assets	610
<b>Total</b>	<b>12,684</b>
<b>TOTAL ASSETS</b>	<b>54,166</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	
<b>SHAREHOLDERS' EQUITY</b>	<b>24,190</b>
<b>Non-current liabilities</b>	
Long-term loans	18,083
Deferred tax liabilities and provisions for risks and charges	578
Non-current financial liabilities	2,575
Other non-current liabilities	41
<b>Total</b>	<b>21,277</b>
<b>Current liabilities</b>	
Short-term loans and current portion of long-term loans	6,585
Trade payables	329
Current financial liabilities	1,031
Other current liabilities	754
<b>Total</b>	<b>8,699</b>
<b>TOTAL LIABILITIES</b>	<b>29,976</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>54,166</b>

## Income statement

Millions of euros	2011
Revenues	762
Costs	858
Income from equity investments	3,223
Net financial income/(expense)	(872)
Income taxes	(212)
<b>Net income for the year</b>	<b>2,467</b>

## **Enel Green Power Portoscuso Srl**

Registered office in Rome, Italy

Viale Regina Margherita 125, 00198

Company Register of Rome

Tax ID 04033170962

Share capital €10,000 fully paid in