epm® Group

Empresas Públicas de Medellín E.S.P. and subsidiaries

Interim Condensed Consolidated Financial Statements and Notes

March 31, 2017 and December 31, 2016
(Unaudited)

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2017 and December 31, 2016

Amounts stated in millions of Colombian pesos

	Notes	March 2017	December 2016
Assets			
Non current assets			
Properties, plant and equipment, net	7	28,732,666	28,266,110
Investment properties		115,106	124,589
Goodwill		2,860,469	2,918,817
Other intangible assets		1,796,487	1,870,379
Investments in associates		1,836,438	1,826,273
Investments in joint ventures		93	93
Deferred tax assets		203,051	188,293
Trade and other accounts receivables		830,434	816,128
Other financial assets		1,780,750	1,602,495
Other assets		105,233	103,786
Total non current assets		**38,260,727**	**37,716,963**
Current assets			
Other intangible assets		3,631	-
Inventories		389,868	393,861
Trade and other accounts receivable		2,554,525	2,522,136
Current tax assets		171,954	139,582
Other financial assets		324,816	758,094
Other assets		210,360	213,322
Cash and cash equivalents		1,121,325	1,194,499
Total Current assets		**4,776,479**	**5,221,494**
Total assets		**43,037,206**	**42,938,457**
Debit balances of deferred regulatory accounts		5,884	15,813
Total assets and debit balances of deferred regulatory accounts		**43,043,090**	**42,954,270**
Liabilities and Equity			
Equity			
Capital		67	67
Premium on placement of shares		(25,014)	(25,014)
Reserves		3,636,820	3,604,789
Other comprehensive income		2,559,399	2,440,216
Retained earnings		11,918,089	11,235,786
Profit for the period		567,252	1,724,000
Equity attributable to controlling interests		**18,656,613**	**18,979,844**
Non controlling interests		760,986	803,461
Total equity		**19,417,599**	**19,783,305**

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2017 and December 31, 2016

Amounts stated in millions of Colombian pesos

	Notes	March 2017	December 2016
Liabilities			
Non current liabilities			
Credits and loans	9	12,402,784	12,954,621
Trade and other payables		470,664	329,791
Other financial liabilities		561,832	534,823
Employee benefits		837,616	826,621
Deferred tax liabilities		2,526,985	2,488,658
Provisions	10	294,396	335,552
Other liabilities		126,779	133,654
Total non current liabilities		**17,221,056**	**17,603,720**
Current liabilities			
Credits and loans	9	2,081,477	1,893,387
Trade and other payables		2,785,746	2,328,612
Other financial liabilities		387,394	358,961
Employee benefits		209,365	219,485
Income tax payable		266,231	132,305
Taxes contributions and rates payable		159,973	164,618
Provisions	10	292,820	279,209
Other liabilities		219,664	185,924
Total current liabilities		**6,402,670**	**5,562,501**
Total liabilities		**23,623,726**	**23,166,221**
Deferred tax liabilities related to balances of deferred regulatory accounts		1,765	4,744
Total liabilities and credit balances of deferred regulatory accounts		**23,625,491**	**23,170,965**
Total liabilities and equity		**43,043,090**	**42,954,270**

The accompanying notes are an integral part of the financial statements

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from January 1 to March 31, 2017 and 2016

Amounts stated in millions of Colombian pesos

	Notes	2017	2016
Continued operations			
Sale of goods	11	4,030	21,765
Rendering of services	11	3,496,454	3,727,264
Leases	11	16,131	15,085
Other income	12	53,871	65,545
Income from ordinary activities		**3,570,486**	**3,829,659**
Profit in sale of assets	11	133	2,926
Total income		**3,570,619**	**3,832,585**
Costs for rendering services	13	(2,298,949)	(3,077,186)
Administration expenses	14	(317,970)	(387,181)
Impairment loss recognised on trade receivables		(19,916)	(18,274)
Other expenses	15	(16,109)	(25,880)
Financial income	16.1	69,785	87,183
Financial expenses	16.2	(253,718)	(224,722)
Net exchange difference	17	79,149	194,479
Equity method in associates and joint business		10,129	(53,963)
Dividends on equity instruments		49,053	35,096
Profit before tax		**872,073**	**362,137**
Income tax expense		(259,978)	(230,465)
Profit for the period before net movement in balances of deferred regulatory accounts		**612,095**	**131,672**
Net movement in balances of net regulatory accounts related to the result of the period		(9,396)	956
Net movement in deferred tax related to deferred regulatory accounts related to the results of the period		2,848	(482)
Profit for the period and net movement in balances of deferred regulatory accounts		**605,547**	**132,146**
Other comprehensive income, net of taxes			
Items that will not be reclassified subsequently to the result of the period:			
New measurements of defined benefit plans		6,146	(390)
Equity investments measured at fair value through equity		182,429	324,165
Income tax related to components that will not be reclassified		(18,242)	(24,938)
		170,333	**298,837**
Items that may be reclassified subsequently to the result of the period:			
Cash flow hedging		(12,620)	-
Result recognized of the period		(102,558)	-
Reclassification adjustment		89,939	-
Exchange differences for conversion of business abroad		(61,668)	(50,237)
Profit (loss) recognized in the period		(61,668)	(50,237)
Income tax related to the components that can be reclassified		23,163	-
		(51,125)	**(50,237)**
Other comprehensive income, net of taxes		**119,208**	**248,600**
Total comprehensive income for the period		**724,755**	**380,746**
Profit for the period attributable to:			
Owners of the company		567,252	98,641
Non controlling interest		38,295	33,505
		605,547	**132,146**
Total comprehensive income attributable to:			
Controlling interests		686,434	347,217
Non controlling interests		38,321	33,529
		724,755	**380,746**

The accompanying notes are an integral part of the financial statements

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN THE EQUITY

For the periods between January 1 and March 31, 2017 and 2016

Amounts stated in millions of Colombian pesos

	Capital issued	Premium on placement of shares	Reserves	Retained earnings	Other comprehensive income: Equity Investment	Other comprehensive income: Defined benefit plans	Other comprehensive income: Cash flow hedging	Other comprehensive income: Conversion differences	Other comprehensive income: Appreciation of properties, plant and equipment	Other comprehensive income: Result of the period in other comprehensive income of associates and joint ventures business	Attributable to controlling interests	Non-controlling interests	Total
Balance as of January 1, 2016	67	5,584	3,827,907	11,417,031	1,763,131	46,232	-	859,308	3,335	1,588	17,924,183	843,974	18,768,157
Impact of adoption IFRS 9 as of January 1, 2016 (Note 2.28.2)	-	-	-	(89,269)	-	-	-	-	-	-	(89,269)	(5,667)	(94,936)
Balance as of January 1, 2016 restated	67	5,584	3,827,907	11,327,762	1,763,131	46,232	-	859,308	3,335	1,588	17,834,914	838,306	18,673,221
Profit for the period	-	-	-	98,643	-	-	-	-	-	-	98,643	33,505	132,148
Other comprehensive income of the period net of income tax	-	-	-	-	299,244	(479)	-	(50,189)	-	-	248,576	24	248,600
Comprehensive income for the year	-	-	-	98,643	299,244	(479)	-	(50,189)	-	-	347,219	33,529	380,748
Surplusses and dividends declared	-	-	-	(186,983)	-	-	-	-	-	-	(186,983)	(43,326)	(230,309)
Movement of reserves	-	-	(239,469)	239,469	-	-	-	-	-	-	-	-	-
Purchases and sales to non-controlling interests	-	(2,136)	(236)	-	-	-	-	-	-	-	(2,372)	2,372	-
Transfers to retained earnings	-	-	-	(17)	17	-	-	-	-	-	-	-	-
Effect by disposal of subsidiary	-	-	(8)	-	-	-	-	-	-	-	(8)	(2,461)	(2,469)
Equity method on variations in the equity	-	-	-	(94)	-	-	-	-	-	-	(94)	-	(94)
Other movement of the period	-	-	-	33,776	(147)	148	-	(85,388)	-	-	(51,611)	(59,194)	(110,805)
Balance as of March 31, 2016	67	3,448	3,588,194	11,512,556	2,062,245	45,901	-	723,731	3,335	1,588	17,941,065	769,226	18,710,292
Balance as of January 1, 2017	67	(25,014)	3,604,789	12,959,786	1,745,875	(14,949)	(8,262)	705,285	12,079	188	18,979,844	803,461	19,783,305
Profit for the period	-	-	-	567,252	-	-	-	-	-	-	567,252	38,295	605,547
Other comprehensive income of the period net of income tax	-	-	-	-	164,187	5,884	10,761	(61,650)	-	-	119,182	26	119,208
Comprehensive income for the period	-	-	-	567,252	164,187	5,884	10,761	(61,650)	-	-	686,434	38,321	724,755
Surplusses and dividends declared	-	-	-	(1,009,136)	-	-	-	-	-	-	(1,009,136)	(63,902)	(1,073,038)
Movement of reserves	-	-	32,031	(32,031)	-	-	-	-	-	-	-	-	-
Other movement of the period	-	-	-	(530)	(4,030)	3,943	(568)	-	246	410	(529)	(16,894)	(17,423)
Balance as of March 31, 2017	67	(25,014)	3,636,820	12,485,341	1,906,032	(5,122)	1,931	643,635	12,325	598	18,656,613	760,986	19,417,599

The accompanying notes are an integral part of the financial statements

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the periods from January 1 to March 31, 2017 and 2016
Amounts stated in millions of Colombian pesos

	2017	2016
Cash flows for operating activities:		
Profit of the period attributable to controlling interests	**605,547**	**98,643**
Adjustments to reconcile the net profit for the period to the net cash flows used in operating activities:		
Depreciation and amortization of properties, plant and equipment and intangible assets	230,711	219,891
Impairment of property, plant and equipment and intangibles	-	17
Impairment of financial instruments	19,916	18,274
Reversal of loss for impairment of financial instruments	(20,435)	(783)
Profit for exchange difference, net	(79,149)	(107,977)
Loss for valuation of financial instruments and hedge accounting	29,590	174,773
Provisions, post-employment and long term defined benefit plans	12,822	29,418
Government subsidies applied	(255)	(277)
Deferred income tax	35,328	138,534
Current income tax	224,650	87,494
Participation in the profit (loss) of investments in associates and joint business	(10,128)	53,963
Interest income	(45,529)	(56,404)
Interest expense	206,865	37,399
Loss for disposal of properties, plant and equipment, intangibles and investment properties	307	14,599
Profit for disposal of financial instruments	(21)	-
Profit for disposal of non-current assets held for sale and other assets	-	(2,926)
Non-controlling interests	-	33,505
Dividends from investments	(49,032)	(35,096)
Other income and expenses not effective	(5,372)	(397,257)
	1,155,815	**305,790**
Net changes in operating assets and liabilities:		
Decrease /(increase) in inventories	3,983	(7,883)
(Increase)/decrease in debtors and other accounts receivable	(109,738)	271,802
Increase in other assets	(30,421)	(47,504)
(Decrease) / Increase in creditors and other accounts payable	(156,102)	86,069
Decrease in labor obligations	(5,801)	(22,888)
(Decrease)/Increase in provisions	(40,250)	-
Increase/(decrease) in other liabilities	42,780	(48,903)
Interest paid	(356,107)	(364,542)
Income tax paid and equity tax	(111,060)	(70,297)
Net cash flows originated by operating activities	**393,099**	**101,644**
Cash flows for investment activities:		
Disposal of subsidiaries or business	-	(5,871)
Acquisition of property, plant and equipment	(751,731)	(851,253)
Disposal of property, plant and equipment	9,135	2,926
Acquisition of intangible assets	(7,299)	(3,930)
Disposal of intangible assets	21	-
Acquisition of investments in financial instruments	-	(79,973)
Disposal of investments in financial instruments	288,208	277
Interest received	-	56,404
Dividends received from subsidiaries, associates and joint business	-	1
Other cash flows from investment activities	339,637	12,597
Net cash flows originated by investment activities	**(122,029)**	**(868,822)**
Cash flows for financing activities:		
Obtaining of public credit and treasury	291,598	1,437,287
Payments of public credit and treasury	(270,322)	(597,421)
Transaction costs for issuance of debt instruments	(3,883)	-
Payments of liabilities for financial leasing	(219)	(298)
Dividends or surpluses paid	(250,000)	(186,982)
Dividends or surplus paid to non-controlling interests	(63,902)	-
Capital Subsidies	-	63
Other cash flows from financing activities	(40,122)	-
Net cash flows (used) / originated by financial activities	**(336,850)**	**652,649**
Net cash and cash equivalent decrease	**(65,780)**	**(114,529)**
Effects of variations in exchange rates in the cash and cash equivalents	(7,394)	13,994
Cash and cash equivalent at the beginning of period	1,194,499	1,338,626
Cash and cash equivalent at the end of the period	**1,121,325**	**1,238,091**
Restricted resources	190,729	200,462

The accompanying notes are an integral part of the financial statements

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Notes to the interim condensed consolidated financial statements of the EPM Group for the periods ended as of March 31, 2017 and December 31, 2016.

(In million of Colombian pesos, except when otherwise indicated)

Note 1. Reporting Entity

Empresas Públicas de Medellin E.S.P. (hereinafter, "EPM Group") is the holding company of a multi-Latin enterprise group; Which, in accordance with International Financial Reporting Standards has as of March 31, 2017 a consolidation perimeter made up of 46 companies and a structured entity[1]; that have presence in the provision of public utilities in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama.

EPM is a municipal decentralized entity created in Colombia through Decision 58 dated August 6, 1955 issued by the Administrative Council of Medellín, as an autonomous public institution. It was transformed into an industrial and commercial government company through Decision 069 of December 10, 1997 of the Medellín Council. Due to its juridical nature, EPM has administrative, and financial autonomy and its own equity according to Article 85 of Law 489 of 1998. The capital stock with which the company was constituted and operates with, as well as its equity, is of a public nature, and it's only owner is the Municipality of Medellín. Its main corporate domicile is located at Carrera 58 No. 42-125 in Medellín, Colombia. It has not established a term of duration.

EPM provides domiciliary public services of aqueduct, sewage and gas distribution. It also can provide the domiciliary public utilities of cleaning, waste treatment and utilization, as well as the supplementary activities that are related to abovementioned of each and every public utility services.

EPM Group offers its services through the following sectors:

- Energy: it includes the Energy Generation, Transmission, Distribution and Commercialization, and Natural Gas Distribution businesses.
- Aqueduct: integrated by the Aqueduct, Residual Waters and Cleaning businesses.
- Other segments: Consists of the following investment vehicles: EPM Inversiones, Panamá Distribution Group S.A. (PDG), EPM Chile, and EPM Capital Mexico. Additionally, Max Seguros Ltd., a captive reinsurance company formed to negotiate, engage, and provide reinsurance services.
- Also, the Company participates in the telecommunications business, a segment in which since August 2014 the Company has significant influence, through EPM Telecomunicaciones S.A. - UNE and its affiliates Edatel S.A. E.S.P, Empresa de Telecomunicaciones de Pereira S.A. - ETP, Orbitel Servicios Internacionales S.A. - OSI, Cinco Telecom Corporation CTC, Orbitel Comunicaciones Latinoamericanas S.A - OCL, Inversiones Telco S.A.S. and Colombia Móvil S.A. provides voice, data, Internet, professional services, and data center services, among others.

As of December 31, 2016, the Telecommunications Company of Pereira S.A. - ETP was merged with UNE EPM Telecomunicaciones S.A. (Absorbing entity) and Orbitel Comunicaciones Latinoamericanas S.A. - OCL was liquidated.

The consolidated financial statements of EPM Group corresponding to the year ended as of December 31, 2016, were authorized by the Board of Directors to be published on march 14, 2017. The main activities of EPM Group are described in Note 20 Operation Segments.

Autonomous Patrimony Social Financing. Under International Financial Reporting Standards (IFRS), it is considered a structured entity that forms part of the consolidation perimeter of the financial statements of the EPM Group.

1.1 Translation of financial statements

These financial statements have been translated into English for the convenience of English-speaking readers. The financial statements are the English translation of those originally prepared by the Company in Spanish and presented in accordance with International Financial Reporting Standards.

1.2 Legal and regulatory framework

The activities of EPM Group,i.e., domiciliary public utilities and telecommunications services, are regulated in Colombia, Chile, El Salvador, Guatemala, Mexico, and Panama. The most significant matters that apply are:

1.2.1 Legislation for Colombia

The activity that EPM Group carries out, i.e., domiciliary public utility services, is regulated in Colombia mainly by Law 142, Public Utilities Act, and Law 143 of 1994, the Electricity Act.

The functions of control, inspection and supervision of the entities that provide domiciliary public utilities are exercised by the Office of the Superintendent of Domiciliary Public Utilities (SSPD, for its Spanish initials).

Because of being a municipal decentralized entity, EPM is subject to the political control of the Council of Medellín, to the fiscal control of the Office of the General Comptroller of Medellín, and to the disciplinary control of the Office of the General Prosecutor.

1.2.1.1 Regulation commissions

Decree 1524 of 1994 delegates in the regulation commissions the presidential function of stating general policies of administration and control of efficiencies in domiciliary public utilities.

These entities are:

- The Energy and Gas Regulatory Commission (CREG, for its Spanish initials), a technical body attached to the Ministry of Mines and Energy (MME), that regulates the rates for energy sales and the aspects related to the operation of the Wholesale Energy Market (MEM, for its Spanish initials) and to the provision of electric power and gas services.
- Regulatory Commission of Drinking Water and Basic Sanitation (CRA, for its Spanish initials), regulates the rates of aqueduct, sewage and cleaning, a technical body attached to the Ministry of Housing, City and Territory.

1.2.1.2. Regulation by sector

1.2.1.2.1. Activities of the aqueduct, sewage and waste management sector

Law 142, Public Utilities Act, defined the aqueduct, sewage and cleaning services:

Aqueduct: Also called drinking water domiciliary public utility. Activity consisting of the municipal distribution of water, which is fit for human consumption, including its connection and measurement. It includes supplementary activities such as water catchment and its processing, treatment, storage, conduction and transportation.

Sewage: Activity that consists of the municipal collection of waste, mainly liquid, through piping and conduits. It includes the supplementary activities of transportation, treatment, and final disposal of such waste.

Waste management: Activity that consists of the municipal collection of waste, mainly solid waste. It includes the supplementary activities of transportation, treatment, utilization, and final disposal of such waste.

The rate framework for these utilities is established in Resolutions CRA 688 of 2014 and CRA 735 of 2015 issued by the Potable Water and Basic Sanitation Regulation Commission – CRA, which make mandatory the fulfillment of quality and coverage indicators and therefore review of investments and operations in the two segments.

1.2.1.2.2 Electric sector activities

Law 143 of 1994 segmented the electric power service into four activities: generation, transmission, distribution, and commercialization, which may be developed by independent companies. The purpose of the legal framework is to supply the demand of electricity under economic and financial feasibility criteria and to tend to an efficient, secure and reliable operation of the sector.

Generation: It consists of the production of electric power from different sources (conventional or non-conventional), developing this activity either exclusively or combined with another or other activities of the electric sector, regardless of which of them is the main activity.

Transmission: The national transmission activity is the transportation of energy in the National Transmission System (STN, for its Spanish initials). It encompasses the set of lines, with its corresponding connection equipment that operate in tensions that are greater than or equal to 220 kV. The National Transmitter is the legal entity that operates and transports electric power in the STN or has incorporated a company the purpose of which is the development of such activity.

Distribution: It consists of transporting electric power through a set of lines and substations, with the associated equipment, that operate at tensions that are lower than 220 KV.

Commercialization: An activity that consists of the purchase of electric energy in the wholesale market and its sale to other market participants or to the final regulated and non-regulated users, developing this activity either exclusively or combined with other activities of the electric sector, regardless of which of them is the main activity.

Law 143 of 1994 prohibits the vertical integration between generators and distributors, but allows both agents to be able to develop carry out the commercialization activity. For the transmission, the law defined that the companies that should undertake it, must have that activity as the exclusive object. However, the companies that were vertically integrated as of the promulgation date of Law 143 of 1994 could continue to be so, only if they have separated accounting books for the different activities.

1.2.1.2.3 Activities of the natural gas sector

Law 142 of 1994 defined the legal framework for the provision of domiciliary public utilities, an environment in which natural gas is defined as a public service (utility).

Gas: It is the set of activities targeted to the distribution of gas fuel, through pipes or another mean, from a place of collection of large volumes or from a central gas pipeline to the facilities of a final consumer, including their connection and measurement. This Law will also be applied to the supplementary activities of commercialization from the production and transportation of gas through a main gas pipeline, or through other means, from the generation site and to that where it connects to a secondary network.

1.2.2 Legislation for Chile

1.2.2.1 Electric sector activities

The activities of generation, transmission and distribution regulated by the Electric Services General Act (LGSE, for its Spanish initials) are identified in the Chilean electric market.

In Chile there are four electric systems interconnected: the Interconnected System of the Great North ("Sistema Interconectado del Norte Grande – SING") that covers the territory included between the cities of Arica and Antofagasta, with 28.06% of the country's installed capacity; the Central Interconnected System ("Sistema Interconectado Central – SIC") that goes between the locations of Taltal and Chiloé, with 71.03% of the country's installed capacity; the Aysén System that covers the consumption of Region XI, with 0.29% of the capacity; and the Magallanes System that supplies Region XII, with 0.62% of the country's installed capacity.

The reforms in the Chilean electric sector started in 1978 with the creation of the National Energy Commission and were formalized with the approval of the Electr

ic Act in 1982. Due to the privatization of the sector in Chile, as from 1980, there has been no interest of the Government.

1.2.2.2 Sanitary service activities

The Sanitary Sector is made up by the group of entities which functions relate to the services of production and distribution of potable water and collection and disposal of waste water, that is, the companies in charge of providing those services and the Superintendency of Sanitary Services, regulatory and overseeing entity of this sector.

1.2.2.3 Regulatory framework

Electric: According to the Electric Services General Act ("Ley General de Servicios Eléctricos – LGSE"), the National Power Commission is the competent authority to calculate the rates through the technical reports of "knot price setting" (fijación de precio de nudo) that are subsequently established by decree of the Ministry of Economy, Promotion and Reconstruction. Current legislation establishes as a basic premise that the rates must represent the actual costs of electricity generation, transmission and distribution so that an optimal development of the electric systems can be obtained.

The legal framework of the Chilean electric sector mainly consists of:

Decree with Force of Law DFL

- Decree Law Nº 1 DFL N° 1 of 1982. The Electric Services General Act establishes the fundamental norms for the development of the economic activity in the electric industry. It may only be modified at the National Congress and its most relevant modifications are those that are applied through Law Nº 19.940 of 2004 (Short Act I ("Ley Corta I")), that reformed the regulatory framework of the Transmission, and Law Nº 20.018 of 2005 (Short Act II ("Ley Corta II"), that reformed the commercialization regime between generators and distributors for the supply of regulated clients. The bylaws, in turn, are elaborated by the sectorial bodies of the Executive Power and must be submitted to the norms established in the Law.
- Decree with Force of Law (DFL) No. 4 DFL of 2007. Approves modifications to the Decree with Force of Law No. 1 of 1982, General Law of Electric Services, on the subject of electric power.
- Law No 20.257 of 2008. It introduces modifications to the General Law of Public Services (GLPS) in respect to the generation of public power with renewable non conventional energy sources.
- Law No. 20.402 of 2009. It creates the Ministry of Energy, establishing modifications to Decree Law No. 2.224 and to other legal legislation.

Sanitary: In the regulation scheme in effect, where the regulatory and monitoring function of the State is separated from the producing function, the Superintendency of Sanitary Services is created, which is the regulating and monitoring body of the sector. This body is a decentralized entity that has its legal status and own equity, subject to the supervision of the President of the Republic through the Ministry of Public Works. It performs the regulatory and monitoring functions of the activity of companies that operate in this sector.

The regulatory model places emphasis on two crucial aspects to introduce the economic rationality in the operation of the sector: the rates and the concessions regime, both aspects are contained in the legal framework under which the operation of the sector is regulated, the function of the Superintendency of Sanitary Services being that of applying and enforcing the provisions fo the respective legal bodies: Decree with Force of Law No. 70 of 1988, Law of Rates and the Decree with Force of Law No. 382 of 1988, General Law of Sanitary Services.

The legal framework of the Chilean sanitary sector is made up mainy by:

- Law of the Superintendency of Sanitary services – Law 18.902 of 1990 (Modified by Law No. 19.549 of 1998 and Law No. 19.821 of 2002): it creates the Superintendency of Sanitary Services as a functionally decentralized service, with legal status and its own equity, subject to the supervision of the President of the Republic through the Ministry of Public Works.

To the Superintendency of Sanitary Services will correspond the monitoring of the providers of sanitary services, of the compliance with rules related to sanitary services and the control of industrial liquid waste that is connected to the rendering of services of sanitary companies, capable either officially or at the request of any interested party to inspect the sanitary infrastructure works made by the providers.

Regulations of the General Sanitary Service Law, Supreme Decree (SD..) of the Ministry of Public Works (M.P.O) No. 1199, Dec/2004 Published in the Official Diary on November 9, 2005): they approve the regulations of sanitary concessions of production and distribution of potable water and collection and disposal of waste waster and of the regulations on the quality of the customer service to the users of these services.

Law of rates of sanitary services: Decree with Force of Law MOP No. 70 of 1988 – Published in the Official Diary on March 30, 1988.

Code of Waters and its modifications: the Decree with Force of Law No. 1.122 regulates the property and the right of the use of the water. The latest modifications are: Law No. 20.017 of 2005 and Law No 20.099 of 2006.

Regulation of the General Law of Sanitary Services Supreme Decree MOP No. 1199, December/2004: approves the regulations of the sanitary concession of production and distribution of potable water and of collection and disposal of waste water and of the regulations on the quality of the customer services to the users of these services.

1.2.2.4 Regulatory entities

Some of the main regulatory entities for the energy service in Chile are:

- Ministry of Energy: It is the higher body of collaboration to the President of the Republic in the functions of governance and administration of the energy sector. This public body is responsible for determining the plans, policies and norms for the development of the electric sector. Further, it grants concessions for hydro-electrical centrals, transmission lines, substations, and electric distribution zones. The National Energy Commission ("Comisión Nacional de Energía - CNE") is attached to the Ministry of Energy.
- National Energy Commission ("Comisión Nacional de Energía - CNE"): The Comisión Nacional de Energía (CNE) is a public decentralized entity with its own equity and full capacity to acquire and exercise rights and obligations that relate to the President of the country through the Ministry of Energy. In particular, the Comisión Nacional de Energía leads the tariff fixation processes to the electricity and gas companies of the network. It is responsible for designing technical standards and calculating the regulated prices established in the Law. Likewise, it monitors and projects the current and expenses operation of the energy sector, through the generation of the works plan that constitutes an indicative guide for a ten-year expansion of the system. Likewise, proposes to the Ministry of Energy the legal and regulatory norms that are required in the matters of its competence.
- Office of the Superintendent of Electricity and Fuels ("Superintendencia de Electricidad y Combustibles - SEC"): It is the public body whose mission is to watch over the adequate operation of the electricity, gas and fuels services, in terms of their safety, quality and price. In addition to fixing technical standards, the SEC's objective is to audit and oversee compliance with the legal and regulatory norms for generation, production, storage, transportation and distribution of liquid fuels, gas and electricity, to verify that the quality of services that are provided to the users be the one stated in those decisions and technical norms and that the operations and the use of the energy resources do not constitute danger to the people or their things. The institutional framework of SEC is Law 18410 of 1985, modified by Law 20402 of 2009.
- Economic Center of Cargo Shipping of the Central Interconnected System (CDEC-(SIC): The CDEC-SIC is the entity in charge of coordinating and determining the operation of SIC facilities, including power generating station, lines and substations of the transmission sand consumption bars system of free

clients. Amongst its functions are: watching over the service security in the electrical system; guaranteeing the most economical operation of the set of facilities of the electrical system; and guaranteeing the right of way on the transmission systems established through electrical concession decree. The CDEC-SIC is integrated by the power generators, transmitters and free clients that operate in the SIC, and the members are the ones that fund it. The institutional framework of CDECs is Decree 291. of 2008.

- Economic Cargo Shipping Center (of the Large North Interconnected System (CDEC- (SING): The CDEC-SING is the body in charge of coordinating and determining the operation of the SING facilities. It ids analog to the CDEC-SIC.
- Some of the major regulatory entities for the sanitary sector (potable water and sewerage system) are:
- Ministry of Public Works (MOP): grants the concessions and promotes the supply of water and the sanitation in rural zones through its Sanitation Programs Department. Besides to the functions that are proper to it, in respect to the sanitary sector it corresponds to the administration of the legislation on the subject of water resources, the assignment of water rights and the approval of the concession rights to establish, construct and exploit sanitary services.
- Superintendency of Sanitary Service (SISS): entity of the State of Chile that regulates and monitors the companies that provide the potable water service and collection and treatment of wastewater of the urban population.
- Ministry of Health: monitors the quality of water in the sanitary services that are not under the jurisdiction of the Superintendency (that are not sanitary public utilities) and officializes the rules of quality studied under the provisions of the National Standardization Institute.
- Ministry of Economy, Development and Reconstruction:: designs and monitors the implementation of public policies that affect the competitiveness of the country; It promotes and monitors the activities in the sectors of the industry, services and commerce. Its major lines of action are related to the design and promotion of Innovation and Entrepreneurship Policies. Its main function in respect to the sanitary sector is the determination of regulated prices, at the proposal from the Superintendency.

1.2.3. Legislation for El Salvador

A restructuring process of the electrical sector was developed in El Salvador, which was materialized in a juridical and institutional framework that aims to promote the competition and conditions necessary to assure the availability of an efficient energetic supply, capable of supplying the demand under technical, social, economic, environmental and financial feasibility criteria.

In the 90's, El Salvador pushed a process of reforms in the energetic sector that consisted of the restructuring of the hydrocarbons and electricity sectors, the privatization of most government companies that provided energetic goods or services and the deregulation of the markets.

1.2.3.1 Regulatory framework

The legal framework of the Salvadorian electric sector is formed by the Law of Creation of the General Superintendence of Electricity and Telecommunications ("Superintendencia General de Electricidad y Telecomunicaciones") (SIGET), issued through Legislative Decree 808 of September 12, 1996, that gave juridical life to the regulatory entity; as well as by the General Law of Electricity ("Ley General de Electricidad") (LGE), issued through Legislative Decree 843 of October 10, 1996, and by the Bylaws of the General Law of Electricity, established through Executive Decree 70 of July 25, 1997, including its modifications.

As a result of the restructuring process of the electrical sector the following was created: the Unidad de Transacciones S.A. (UT), that manages the Wholesale Market of Electric Energy, and the Empresa de Transmisión de El Salvador (ETESAL), at the same time that distribution companies were privatized as well as those of the thermal generation. Further, the hydro-electrical and geothermal generation activities, and a private partner was incorporated in the latter.

1.2.3.2 Regulatory entities

Some of the main regulatory entities at energetic level in El Salvador are:

- Ministry of Economy (MINEC): Central government institution which purpose is the promotion of the economic and social development through the increase of the production, the productivity, and the rational utilization of the resources. Among its responsibilities there is to define the commercial policy of the country and the follow-up and momentum to the Central American economic integration. It has under its command the Direction of Electric Energy and the Social Investment Fund for the Local Development; further, it chairs the National Council of Energy. Likewise, it contributes to the development of the competence and competitiveness of productive activities, both for the internal market and for the external market.
- General Superintendence of Electricity and Telecommunications ("Superintendencia General de Electricidad y Telecomunicaciones") (SIGET): It is a not-for-profit public service autonomous institution. Such autonomy includes the administrative and financial aspects and it is the competent entity to apply the norms contained in international treaties on electricity and telecommunications in force and effect in El Salvador, as well as in the laws that rule the electricity and telecommunications sectors and its bylaws, in addition to knowing about the non-compliance therewith.
- Transactions Unit ("Unidad de Transacciones") (UT): Among its functions is the managing with transparency and efficiency of the wholesale electrical energy market and operating the transmission system, maintaining the security and the quality and providing to the market operators satisfactory responses for the development of its activities. Likewise, it coordinates with the Regional Operator Entity ("Ente Operador Regional") (EOR) the energy transactions that El Salvador carries out with other countries at Central American and international levels. Finally, it determines responsibilities in case of failures in the systems.

1.2.4 Legislation for Guatemala

The Political Constitution of the Republic of Guatemala of 1985 declared the electrification of the country as national urgency, based upon plans formulated by the State and the municipalities, in a process that could count on the interest of the private initiative.

1.2.4.1 Regulatory framework

With the Political Constitution as a legal handle, in 1996 it was decreed the General Electricity Act, through which the fundamental juridical norms were established to facilitate the acting of the different electrical system sectors.

1.2.4.2 Regulatory entities

Some of the main energy regulatory entities in Guatemala are:

- Ministry of Energy and Mines: The Ministry of Energy and Mines is the most important Guatemalan government entity of the electric sector. It is responsible for enforcing the General Electricity Act and related regulations, as well as for the coordination of policies between National Commission of Electric Energy (CNEE) and the Administratior of the Wholesale Market (AMM). This government office also has the authority to grant authorization permits for the operation of the distribution, transmission and generation companies.
- Comisión National Electrical Power Commission ("Comisión Nacional de Energía Eléctrica - CNEE"): The Guatemalan electric sector is regulated by the CNEE, a regulatory entity created pursuant to the General Electricity Act, as a technical body of the Ministry of Energy and Mines and subordinated to it. It consists of three members appointed by the President of the Republic from groups of three proposed by the Principals of universities, the Ministry of Energy and Mines and the Wholesale Market agents. The duration of each directorate is five years.
- Wholesale Market Administrator ("Administrador del Mercado Mayorista - AMM"): is the entity in charge of managing the the Guatemalan wholesale market, a private entity created by the General Electricity

Act, that coordinates the operation of the generating facilities, the international interconnections, and the transmission lines that conform the national electricity system. Likewise, it is responsible for the system's safety and operation conducting an economically efficient shipment and managing the electricity resources, in such a way that it minimizes the operating costs, including the costs of failures, within the restrictions imposed by the transmission system and the service quality requirements. Likewise, the AMM is in charge of the scheduling of the supply and the shipment of electricity. AMM's bylaws are subject to CNEE's approval. If a generation, transmission or distribution company, or an electricity agent or large user does not operate their facilities in conformity with the regulations established by the AMM, the CNEE has the capacity to sanction it with penalties and, in the case of a severe violation, it may require to be disconnected from the national electricity system.

1.2.5 Legislation for México

1.2.5.1 Regulatory framework for the water and sanitary

In the government environment, each of the 32 federative entities has their respective water laws, with sensibly equal purposes in spite of the diverse denominations. The modifications to the government legislation associated to the provision of water and sanitation services mainly derived from a series of initiatives promoted by the National Waters Commission ("Comisión Nacional de Aguas - CAN") in the 90's.

A summary of the evolution from then and until the beginning of this decade that the legal state regime has experienced with respect to water and sanitation is:

- Reforms in 1983 to Article 115 of the constitution, with which it was ratified and strengthened the municipal character of the water and sanitation services, which forced to target the state authorities' role in this matter to assign them a subsidiary and somehow regulatory role.
- Government policies established to promote the creation of decentralized bodies (creation decrees) of the Municipal Administration, with the technical capacity and he administrative and financial autonomy necessary for the efficient provision of those services, together with the introduction of interest schemes of the private sector.
- Greater interest if the state authorities in the administration of the national waters, through covenants that, pursuant to the provisions of Article 116 of the constitution, can be entered into by the federation with the state governments with the purpose that the latter carry put or exercise different tasks or attribution, of the exclusive competence of the federal government. This possibility was reinforced even more with the reforms and additions to the National Waters Act that entered into force and effect in 2004.

1.2.5.2 Regulatory entities

Some of the main energy regulatory entities in Mexico are:

- Secretariat of the Environment and Natural Resources ("Secretaría de Medio Ambiente y Recursos Naturales - SEMARNAT"): In the different environments of the society and of the public function, it incorporates criteria and instruments that assure the optimal protection, preservation, and utilization of the country's natural resources, thus forming an integral and inclusive environmental policy that allows achieving sustainable development, provided that they are not expressly entrusted to another office; likewise, in matters of ecology, environmental sanitation, water, environmental regulation of the urban development and the fishing activity, with the interest that shall correspond to other offices and entities.
- National Water Commission ("Comisión Nacional del Agua - CONAGUA"): With the interest of the society, it manages and preserves the national waters to achieve the sustainable use of the resource with the co-responsibility of the three orders of the government and the society in general. It is the authority with technical quality and promoter of the government orders in the integrated management of the hydric resource and its inherent public goods, and protects the water bodies to guarantee a sustainable development and preserve the environment.

- Social Development Secretariat ("Secretaria de Desarrollo Social - SEDESOL"): Defines the commitments of the administration to advance in the achievement of an effective social development. Formulates and coordinates the solidary and subsidiary social policy of the federal government, targeted to the common good, and executes it in a co-responsible fashion with the society.

1.2.6 Legislation for Panama

The electrical sector in Panama is divided into three activity areas: generation, transmission and distribution. The country has established a regulatory structure for the electrical industry, based upon the legislation that was approved between 1996 and 1998. This framework creates an independent regulator, the National Authority of the Public Utilities ("Autoridad Nacional de los Servicios Públicos - ASEP"), and also creates a transparent process for setting the tariffs for the sale of energy to regulated clients.

1.2.6.1 Regulatory framework

The regulatory regime mainly consists of the following norms:

- Law 6 of February 3, 1997. It dictates the regulatory and institutional framework for the provision of the electricity public service. It establishes the regime to which the electrical energy distribution, generation, transmission and commercialization activities shall be subject.
- Law 57 of October 13, 2009. Several modifications are made to Law 6 of 1997; among them there are: the obligation of the generating companies to participate in the energy or power purchase processes, the compulsoriness for Empresa de Transmisión Eléctrica S.A. (ETESA) of buying energy in representation of the distributing companies, and the increase in fines that the regulator may impose of up to $20 million Balboas, and at the same time it establishes the right of the clients to refrain from paying for the portion they claim and grants a 30-day term to claim before the regulator in case of not being satisfied with the response given by the distributing company.
- Law 58 of May 30, 2011. It modifies those articles related to rural electrification, among which there are: the modification of the calculation of subsidy that the Rural Electrification Office ("Oficina de Electrificación Rural - OER") must pay to the distributors for a 4-year period (formerly it was paid to 20 years) and the creation of a rural electrification fund for 4 years, which shall be formed with the contributions of the market agents that sell electric energy and shall not exceed 1% of their net profit before taxes.

1.2.6.2 Regulatory entities

Some of the main energy regulatory entities in Panama are:

- The Energy Secretariat ("Secretaría de Energía"): its mission is to formulate, propose and promote the national energy policy with the purpose of guaranteeing the security of the supply, the rational and efficient use of the resources and energy in a sustainable fashion, as per the National Development Plan ("Plan de Desarrollo Nacional"). Currently, it is processing before the Electrical Transmission Company ("Empresa de Transmisión Eléctrica - ETESA") the formation of an energetic matrix with greater and more varied renewable and clean resources (Aeolian, gas, among others.)
- The National Authority of the Public Services ("Autoridad Nacional de los Servicios Públicos - ASEP"): Established according to the law of the regulatory entity of public services of 1996. It is an autonomous Government entity with the responsibility of regulating, controlling, and auditing the provision of the water and sanitary sewage, telecommunications, radio and television, electricity and natural gas services.

  On February 22, 2006, through Decree Law 10, the Public Services Regulatory Entity ("Ente Regulador de los Servicios Públicos – ERSP") was restructured and changed its name; for that reason, since April 2006 it is known as the ASEP, with the same responsibilities and functions that the regulatory entity had but with a general administrator and an executive director, each designated by the President of the Republic of Panama and ratified by the National Assembly. Likewise, it has three national directors under the authority of the general administrator: one for the electricity and water sector, one for the telecommunications sector, and one for the user service sector. The national directors are responsible for issuing resolutions related to their respective industries and the appeals thereto are solved by the general administrator as a final stage of the administrative process.

- The Planning Unit of the Electric Transmission Company ("Unidad de Planificación de la Empresa de Transmisión Eléctrica - ETESA"): It elaborates the reference expansion plans and projects the global requirements of energy and the fashions to satisfy those requirements, including the development of alternative sources and establishing programs to preserve and optimize the use of energy. The public service companies are called to prepare and present their expansion plans to ETESA.
- The National Dispatching Center ("Centro Nacional de Despacho - CND"): It is operated by ETESA. Plans, supervises and controls the integrated operation of the National Interconnected System ("Sistema Interconectado Nacional"). Receives the supplies of the generators who participate in the power sale market (spot), it determines the spot prices of energy, administers the transmission network, and provides the liquidation values between suppliers, producers, and consumers, among others.
- The Rural Electrification Office ("Oficina de Electrificación Rural - OER"): It is responsible for promoting the electrification in non-served, non-profitable and non-franchised rural areas.

1.3 External Audit

As included in the Code of Good Corporate Governance, the external audit is established as a control mechanism with the purpose Audit consolidated financial statements and accounting policies in accordance with international financial reporting standards. as well as the provision of an independent opinion with respect to the reasonableness with which they indicate the company's financial position as of the cut-off date of each accounting exercise

Note 2. Significant accounting policies

2.1 Bases for preparation of the consolidated financial statements

The consolidated financial statements of EPM Group are prepared in conformity with the International Financial Reporting Standards (hereinafter, IFRS) and the International Accounting Standards (hereinafter, IAS) issued by the International Accounting Standards Board (hereinafter, IASB), as well as the interpretations issued by the Interpretations Committee (hereinafter, IFRIC). These financial statements are harmonized with generally accepted accounting principles in Colombia as set out in the Annex to Decree 2784 of 2012 and subsequent amendments accepted by the National Accounts Office through Resolution 743 of 2013 and its amendments.

The interim consolidated financial statements as of March 31, 2017 have been prepared in accordance with IAS 34, Interim Financial Information appearing on international financial reporting standards issued by the IASB (for its acronym in English). Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the annual period ended December 31, 2016.

The presentation of financial statements in conformity with IFRS require making estimates and assumptions that affect the amounts reported and disclosed in the financial statements, without undermining the reliability of the financial information. Actual results may differ from those estimates. The estimates and assumptions are constantly revised. The review of accounting estimates is recognized in the period where the estimates are revised if the review affects such period or in the review period and future periods, if it affects both the current and the future periods. The estimates made by Management, in applying the IFRS, that have a material effect on the financial statements, and those that imply significant judgments for the annual financial statements, are described in greater detail on Note 4 – Significant accounting judgments, estimates, and causes for uncertainty in the preparation of the financial statements.

EPM and each subsidiary present independent financial statements for compliance before the controlling entities and for internal administrative follow-up purposes and provide information to the investors.

Assets and liabilities are measured at cost or amortized cost, with the exception of certain financial assets and liabilities and the investment properties that are measured at fair value. The financial assets and liabilities measured at fair value correspond to those that are classified in the category of fair value assets and liabilities through profit and loss, and for some equity investments at fair value through equity, all the financial derivatives, assets and liabilities recognized that are designated as hedged items in a fair value hedging through other comprehensive income and those that do not comply with hedging accounting through profit or loss, the carrying value of which is adjusted with the changes in far value attributed to the risks subject matter of the hedging.

The consolidated financial statements are presented in Colombian pesos and their figures are stated in millions of Colombian pesos.

2.2 Consolidation principles

The consolidated financial statements include the financial statements of EPM and of its subsidiaries as of Marchr 31, 2017 and December 31, 2016. Using the global integration method, EPM consolidates the financial results of the companies on which control is exercised, and which are detailed in Note 8.

A subsidiary is an entity controlled by any of the companies that make up the EPM Group. Control is obtained whenever any of the companies of EPM Group controls the relevant activities of the subsidiary, that generally speaking are those activities of operation and financing, it is exposed, or it is entitled, to the variable yields hereof and holds the capacity of using its power over the subsidiary to influence its yields.

In general, there is a presumption that a majority of the voting rights ends up taking control. To support this presumption, and when EPM Group has less than the majority of the voting or similar rights of an investee entity, EPM Group considers all the pertinent facts and circumstances to evaluate whether it has the power over an investee company, including the contractual agreements with the other holders of votes in the investee entity, the rights arising from other contractual agreements, and the voting rights of EPM Group as the potential voting rights.

EPM Group reevaluates whether or not they control the investee, if the facts and circumstances indicate that there are changes in one or more of the three controlling elements.

The consolidated financial statements of EPM Group are presented in Colombian pesos, which is the functional and presentation currency of EPM's, which is the controlling company of EPM Group. Every subsidiary of EPM Group determines their own functional currency and includes the items in their financial statements using that functional currency.

All the companies of EPM Group prepare and present their financial statements under IFRS according to the Group's accounting policies, except for the international companies that, due to their own country's regulation cannot apply IFRS, in which case they homologue their local practices to the Group's accounting policies at the moment of reporting information for the consolidation of the financial statements.

For consolidation purposes, the subsidiaries' financial statements are prepared under EPM Group's accounting policies and are included in the consolidated financial statements from the acquisition date to the date when EPM Group losses their control.

Intra-group assets, liabilities, equity, revenues, costs, expenses and cash flows are eliminated in the preparation of the consolidated financial statements. those related to transactions between Group Companies, including unrealized internal results, which are eliminated in their entirety.

The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ends when the Group loses control of the subsidiary. Specifically, the income and expenses of a subsidiary acquired or sold during the year are included in the consolidated statement of comprehensive income from the date the Group obtains control until the date on which it ceases to control the subsidiary.

When EPM Group losses control over a subsidiary, the assets (including the goodwill), liabilities, non-controlling interests, and other components of the net equity are written-off; any residual interest it may retain is measured at fair value; the gains or losses that arise from this measurement are recognized in the results for the period.

Non-controlling interests in the consolidated net assets of the subsidiaries are presented separately from EPM Group's equity. The results for the period and the other comprehensive income are also attributed to the non-controlling and controlling interests.

Any changes in the interest share of EPM Group in subsidiaries that do not result in the loss of control, are recorded as equity transactions. The carrying value of EPM Group's controlling interest and the non-controlling interest are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount for which the controlling interest, the non-controlling interest, and the fair value of the consideration paid or received are adjusted, is directly recognized in net equity.

Whenever EPM Group losses control over a subsidiary, the gain or loss is recognized in operations and is calculated as the difference between: the fair value amount of the consideration received and the fair value of any interest retained and the prior carrying amount of the assets (including the goodwill) and the liabilities of the subsidiary and any non-controlling interest. All amounts related to the subsidiary, previously recognized in the other comprehensive income are recorded as if the Group had directly disposed the assets or liabilities related to it (i.e., reclassified into profit or loss or transferred to another equity category as allowed by the applicable IFRS). The fair value of the investment retained in the previous subsidiary on the date when control is lost, is considered as the fair value in the initial recognition for its subsequent measurement either as an investment made in a financial instrument, an investment made in a joint venture or in an associate.

2.3 Classification of assets and liabilities into current and non-current

An asset is classified as current asset when it is mainly maintained for negotiation purposes or it is expected to be realized over a term not to exceed one year after the period being reported, or it is cash and cash equivalents if it is not subject to restrictions for exchange or for being used in the cancellation of a liability over a term not to exceed one year after the period being reported. All other assets are classified as non-current assets.

A liability is classified as current liability when it is mainly kept for negotiation purposes or it is expected to be liquidated over a term not to exceed one year after the period being reported or when EPM Group does not have an unconditional right to postpone its liquidation for at least one year after the period being reported. All other liabilities are classified as non-current liabilities.

All derivative instruments for which the hedging accounting does not apply are classified as current or non-current, or are divided into current and non-current portions, based upon the evaluation of the facts and circumstances (i.e., the underlying contractual cash flows):

- When EPM Group keeps a derivative, for which the hedging accounting is not applied, during a term exceeding twelve (12) months as from the presentation date, the derivative is classified as non-current (or divided into current and non-current portions) so that it corresponds with the classification of the underlying item.
- Implicit derivatives that are not closely related to the host contract are classified coherently with the cash flows of the host contract.
- Derivative instruments that are designated as hedging instruments and that are effective, are classified coherently with the classification of the underlying hedged item. The derivative instrument is divided into a current portion and another non-current only if such assignment can be made reliably.

2.4 Cash and cash equivalents

The cash and cash equivalents in the statement of financial position and in the statement of cash flows include the money in cash and banks and the high-liquidity investments, easily convertible in a determined amount of cash and subject to a non-significant risk of changes in their value, with maturity of three (3) months or less from their acquisition date. Callable bank overdrafts that are an integral part of the cash management of EPM Group represent a cash and cash equivalents component in the statement of cash flows.

2.5 Business combinations

Business combinations are recorded by the acquisition method. The acquisition cost is measured as the addition of the consideration transferred measured on the acquisition date at fair value and the amount of minority interest in the acquired entity. For each business combination, EPM Group decides whether the non-controlling interests in the acquired entity should be measured at their fair value or for the proportional part of the identifiable net assets of the acquired entity. All costs related to the acquisition are recognized as expenses when incurred and are included in administration expenses.

Identifiable assets acquired, contingent assets and liabilities assumed from the acquired entity are recognized at fair value on the acquisition date, except that:

- Deferred tax assets or liabilities and the assets or liabilities related to employee benefit agreements shall be recognized and measured in conformity with IAS 12 Tax on gains and IAS 19 Employee Benefits, respectively.
- Liabilities or equity instruments related to payment agreements based upon stock of the acquired entity or payment agreement based upon Group's stock made as a replacement of the agreements with payment based upon stock of the acquired entity are measured in conformity with IFRS 2 Share-based payments at the date of acquisition.
- The assets (or group of assets for disposal) that are classified as available-for-sale in conformity with IFRS 5 Non-Current Assets Available-for-Sale and Discontinued Operations are measured in conformity with such Standard.

When EPM Group acquires a business, the financial assets and liabilities assumed for the classification and appropriate designation in conformity with contractual terms, the economic circumstances, and the pertinent conditions on the acquisition date are evaluated. This includes the separation of those derivatives implicit in the contracts hosted by the acquired entity.

The Group recognizes an intangible asset acquired in a business combination, regardless of the goodwill, provided that such intangible asset meets the criteria for recognition, is identifiable, or arises from contractual and legal rights; it measures the value of a reacquired right recognized as an intangible asset, base don the remaining contractual term of the related contract, regardless of whether the market participants would consider potential contractual renewals to determine the fair value.

If a business combination is carried by stages, any prior interest is valued once again as of their acquisition date at fair value and any resulting gains or losses are recognized in operations. The accounting treatment of what is recorded in the Other comprehensive income (ORI, for its Spanish initials), also known as Other Comprehensive Income (OCI), at the moment of the new purchase, i.e., the amounts resulting from the previous interest in the acquired entity as of the acquisition date that had been previously recognized in other comprehensive income, are reclassified into the result for the period, provided that such treatment were appropriate in case such interest were sold.

If the initial recording of a business combination is not finalized at the end of the period for presentation of the financial statements when the combination takes place, the Group reports the provisional amounts of the items for which recording is incomplete. During the measurement period, the acquiring entity recognized adjustments to the provisional amounts or recognizes additional assets or liabilities necessary to reflect the new information obtained on facts and circumstances that existed on the acquisition date and, if they had been known, they would have affected the measurement of the amounts recognized on that date.

The consideration transferred is measured as the added value of the fair value, on the acquisition date, of the assets delivered, the liabilities incurred in or assumed, and equity instruments issued by EPM Group, including any contingent consideration, to gain control of the acquired entity.

Goodwill is measured as the excess of the consideration amount transferred, the value of any non-controlling interest, and, whenever applicable, the fair value of any interest previously maintained in the acquired entity; over the net value of the acquired assets, the liabilities and the contingent liabilities assumed on the acquisition date. The resulting gain or loss of the measurement of the interest previously maintained is recognized in the results for the period or in the other comprehensive income. When the consideration transferred is lower than the fair value of the net assets of the acquired entity, the corresponding gain is recognized in the results for the period, on the acquisition date.

Any contingent consideration of a business combination is classified as asset, liability or equity and is recognized at fair value on the acquisition date and is included as part of the consideration transferred in a business combination. The changes subsequent to the measurement period made to the fair value of a contingent consideration, classified as financial asset or liability are recognized in the results for the period or in the case of concrete liabilities designated at fair value with changes in profit and loss , the amount of the change in fair value that is attributable to changes in the credit risk of the liability are recognized in the other comprehensive income; when it is classified as equity it is no measured again; its subsequent liquidation is recognized within equity. If the consideration does not classify as a financial liability it is measured in conformity with the applicable IFRS; according to the foregoing, an asset or liability is re-measured on its reporting date in conformity with IFRS 9 Financial Instruments or IAS 37 Provisions, contingent liabilities and contingent assets whenever appropriate.

The accounting policy established to record changes at fair value of the contingent benefit during the measurement period is as follows: all changes at fair value of the contingent consideration that classify as measurement period adjustments, are retrospectively adjusted, with the corresponding adjustments against the goodwill. The measurement period adjustments are adjustments that arise from the additional information obtained during the “measurement period” (which may not exceed one year as from the acquisition date) on facts and circumstances that existed on the acquisition date.

Goodwill acquired in a business combination is assigned, on the acquisition date, to the cash generating units of EPM Group, that are expected to be benefited with the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units. The capital gain/added value that arises from the acquisition of a business is recorded at cost on the acquisition date less the accumulated impairment losses, if any.

For impairment assessment purposes, the capital gain is assigned to each cash-generating unit (or group of cash generating units) of the Group that expects to obtain benefits from the synergies of that combination.

The cash generating units that are assigned the capital gain are subject to annual impairment assessments, or with shorter frequency if there is indication that the unit may have suffered impairments. If the recoverable amount of the cash generating unit is lower than the carrying value of the unit, the impairment loss is assigned first in order to reduce the carrying value of the capital gain assigned to the unit and then to the other assets of the unit, proportionately, taking as a base the carrying value of each asset in the unit. Any impairment loss for the capital gain is directly recognized in profits or losses. The impairment loss recognized for capital gain purposes may not be reverted in the following period.

When the goodwill is part of a cash-generating unit and a portion of the operation within that unit is sold, goodwill associated to the operation sold is included in the carrying value of the transaction at the moment of determining the gain or loss for the disposal of the operation. The goodwill that is written-off is determined based upon the operation’s portion sold, which is the ratio between the carrying value of the operation sold and the carrying value of the cash-generating unit.

If the initial recognition of a business combination is incomplete at the end of the accounting period where the combination takes place, EPM Group discloses the provisional values of the items the recording of which is incomplete. These provisional values are adjusted during the measurement period and are the additional assets and liabilities are recognized to reflect the new information obtained on facts and circumstances that existed on the date of acquisition that would have affected the values recognized on that date.

2.6 Investments made in associates and joint ventures

An associate is an entity on which EPM Group has significant influence over the financial and operation policy decisions, without getting to have their control or joint control.

A joint venture is a joint agreement that EPM Group controls jointly with other participants, where the latter keep a contractual agreement that establishes the joint control and are entitled to the net assets of the agreement.

On the acquisition date, the excess of the acquisition cost over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities assumed of the associate or joint venture, is recognized as goodwill. Goodwill is included in the carrying value of the investment, and is neither amortized nor individually subject to impairment tests of its value.

Investments in associates and joint ventures are measured in the consolidated financial statements by equity method, except if the investment or a portion thereof is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current assets held for sale and discontinued operations. Through this accounting methodology, the investment is initially recorded at cost and is later adjusted in terms of the changes experienced, after the acquisition, by the portion of the net assets of the entity that corresponds to the investor. The Profit and Loss of the Group includes its participation in the Profit and Loss of the entity in which the interest is held and the other comprehensive income of the Group incudes its participation in the other comprehensive income of the entity in which the interest is held. When there are variations in the percentage of participation in the associate or joint venture that do not imply a loss of control, the effect of these changes is recognized directly in equity. When the participation of the Group in the loss of an associate or joint venture exceeds the participation of the Group thereon (which includes any long term participation that, in substance, forms part of the net investment of the Group in the associate or joint venture), the Group ceases to recognize its participation in future losses. Additional losses are recognized provided that the Group has contracted some legal or implied obligation or has made payments in the name of the associate or joint venture. When the associate or joint venture subsequently makes a profit, the enterprise resumes the recognition of its interest therein only after its share in the aforementioned profits equals the share of unrecognized losses.

Investments in associates and joint ventures are accounted for using equity method from the date when the entity in which the interest is held becomes an associate or joint venture.

All dividends received from the associate or joint venture, are recognized by reducing the carrying value of the investment.

The Group analyzes periodically the existence of impairment indicators and if necessary, recognizes losses for impairment in the investment of the associate or joint venture. Impairment losses are recognized in the Profit and Loss for the period and are calculated as the difference between the recoverable value of the associate or joint venture, the latter being the higher between the value in use and its fair value less the costs necessary for its sale and its carrying value.

When the significant influence over the associate or the joint control over the joint venture is lost, EPM Group measures and recognizes any residual investment that they may keep in it at its fair value. The difference between the carrying value of the associate or joint venture (taking into account the corresponding items of other comprehensive income) and the fair value of the residual investment retained, with the amount coming from its sale, is recognized in the result for the period.

The Group discontinues the use of equity method from the date on which the investment ceases to be an associate or joint venture, or when the investment is classified as held for sale.

Additionally, EPM Group records all the amounts previously recognized in other comprehensive income with respect to this associate or joint venture on the same basis that would have been required if such associate or joint venture had directly sold the financial assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by the associate or joint venture had been reclassified into gains or losses at the moment of the sale of the related assets or liabilities, the Group would classify the gain or loss from equity into gains or losses (as a reclassification adjustment) upon discontinuation using equity method.

2.7 Joint ventures

A joint operation is a joint agreement whereby the parties that have joint control of the agreement, have the right to the assets and obligations with respect to the liabilities, related to the agreement.

In joint operations, EPM Group, recognizes its share as follows: its assets, including its share in the assets jointly held; its liabilities, including its share in the liabilities jointly incurred in; its revenues from ordinary activities coming from the sale of its share in the product that arises from the joint operation; its share in the revenues from ordinary activities coming from the sale of the product that is made by the joint operation; and its expenses, including it share in the jointly incurred in expenses. EPM Group records the assets, liabilities, revenues from ordinary activities, and expenses related to its participation in a joint operation according to the guidelines applicable in particular to the assets, liabilities, revenues from ordinary activities, and expenses.

2.8 Functional and foreign currency

The functional currency of EPM, the parent company of EPM Group, is the Colombian peso, because it is the currency of the main economic environment where it operates, i.e., in the one that it generates and uses cash.

The operations denominated in foreign currency are initially recorded at the exchange rates of the functional currency in force and effect on the transaction date. Subsequently, the foreign-currency denominated monetary assets and liabilities are translated using the exchange rate of the functional currency, in force and effect as of the period's closing date; the non-monetary items that are measured at their fair value are translated using the exchange rates as of the date when their fair value is determined, and the non-monetary items that are measured at historic cost are translated using the exchange rates in force and effect as of the date of the original transactions.

All exchange differences are recognized in the statement of comprehensive income in the section "statement of income" except for the monetary items that provide an effective hedging for a net investment in a foreign business. These items and their tax effects are recognized in the other comprehensive income until the disposal of the net investment, at which moment they are recognized in the result for the period, as well as the exchange differences coming from foreign-currency loans to the extent that they are considered as adjustments of interest costs.

For the presentation of the consolidated financial statements of EPM Group, the assets and liabilities of the foreign businesses, including the goodwill and any adjustment to the fair value of the assets and liabilities that arose from the acquisition, are translated into Colombian pesos using the exchange rate in force and effect as of the closing date of the period being reported. The revenues, costs and expenses and cash flows are translated using the average exchange rates of the period.

The exchange differences that arise from the conversion of the foreign businesses are recognized in the other comprehensive income, as well as the exchange differences of the long-term accounts receivable or payable that are part of the net investment made abroad. In the disposal of the foreign business, the item of the other comprehensive income that relates to the foreign business is recognized in the result for the period.

The adjustments corresponding to goodwill and the fair value over identifiable assets and liabilities acquired that are generated in the acquisition of a foreign business are considered as assets and liabilities of such transaction and are translated using the exchange rate in force and effect at the end of each period being reported. Any exchange difference that may arise shall be recognized in other comprehensive income.

In addition, with respect to the partial disposal of a subsidiary (which includes a business abroad), the entity will again attribute the proportional part of the accumulated amount of the exchange differences to the non-controlling interests, and they are not recognized in gains or losses. In any other partial disposal (i.e., partial disposal of associates of joint agreements that do not involve the loss of significant influence and joint control by the Group), the entity shall reclassify into gains or losses only the proportional part of the accumulated amount of the exchange differences.

2.9 Ordinary income

The ordinary income corresponds basically to the result of the Group's main activity, which is the rendering of the services of electric power, gas, supply of water and sanitation, and is recognized when the service is rendered or at the time of the delivery of the goods, to the extent that it is probable that the economic benefit enter the Group and that the income can be reliably measured. Income is measured at the fair value of the consideration received or to be received, excluding taxes and other obligations. Discounts granted are recorded as adjusment value of income.

The Group assesses its income agreements based on specific criteria to determine when it acts in a capacity of principal or of agent. The Group acts in a capacity of agent in some contracts.

The most representative incomes of the energy business in Colombia are as follows:

Reliability charge: remuneration paid to a generating agent for the availability of Generation assets with the declared characteristics and parameters for the calculation of the firm energy for the reliability charge - ENFICC, which guarantees compliance with the Firm Energy Obligation - OEF that was assigned to it in an auction for the assignment of firm energy obligations or in the mechanism that makes its turn.

Long-term contracts: a contract for the sale of energy between traders and generators, which is settled in the energy exchange, under this modality of energy contract generators and traders freely agree on quantities and prices for the purchase and sale of energy Electricity in more than 1 day.

In the case of long-term energy purchase contracts, which have lower prices than the market and whose intention is not to use the energy purchased in the operation but to resell it in a market to obtain profits, it is considered that it does not comply with the Exception for own use

Secondary Market of Firm Energy or Secondary Market: A bilateral market in which generators negotiate a back-up contract with each other to ensure, for a given period of time, partial or total compliance with the firm's energy obligations acquired by one of them.

Non Regulated Energy Sales: This is the energy that is sold in the market to customers whose maximum demand exceeds a value in MW (megawatts) or a monthly minimum energy consumption in MWh (mega watts per MWh). Time by its acronym in English), defined by the regulatory body, by legalized installation, from which it does not use public networks of electric energy transport and uses it in the same property or in contiguous estates. Your purchases of electricity are made at freely agreed prices between the buyer and the seller.

Energy sales regulated market: It is the energy sold to customers whose monthly consumption is less than a predetermined value and is not entitled to negotiate the price paid by it, since both concepts are regulated; Usually uses energy for its own consumption or as an input for its manufacturing processes and not to develop marketing activities of it.

Automatic Generation Regulation - AGC: is a system for the control of the secondary regulation, used to accompany the variations of load through the Generation, to control the frequency within a range of operation and the programmed exchanges. The AGC can be programmed in centralized, decentralized or hierarchical mode.

Firm energy: this is the incremental contribution of a company's Generation plants to the interconnected system, which is carried out with a 95% reliability and is calculated based on a methodology approved by the Commission and the operational planning models used in The national interconnected system.

Gas revenues come from the Distribution and sale of natural gas to the regulated and unregulated market.

In the water business, revenues come from the provision of aqueduct and sewer services.

In the remaining countries where the Group provides its services, including energy, they have their own regulation, which is describen for each country in section 1.1 Legal and regulatory framework

At the time of recognition of income, the Group evaluates based on specific criteria to identify when it acts as a principal or commission agent and thus determines whether gross or net income must be recognized for marketing activities.

The revenues and costs from contracts are recognized as a function of the stage of completion, which is measured as a function of the costs incurred to date as a percentage of total estimated costs for each contract. When the result of a contract cannot be reliably measured, the revenues are recognized only up to the point where the expense incurred in meets all the conditions to be recovered; expected losses are immediately recognized.

For the financial instruments measured at amortized cost, the interest gained or lost is recorded using the effective interest rate method, which is the interest rate that accurately discounts the future flows of cash payments and collections throughout the financial instrument's expected life, or a lower duration period, as applicable, with respect to the net carrying value of the financial asset or liability. Interest earned is included in financial revenues in the statement of comprehensive income within the result-for-the-period section.

Dividend revenues are recognized when the right of EPM Group to receive such payment is established.

Revenues coming from operating leases over investment properties are recorded on a linear fashion throughout the lease term.

2.10 Construction contracts:

When contract results can be reliably measured, EPM Group recognizes the revenues and expenses associated to construction contracts using the advance-level method, as a function of the proportion represented by the costs earned by the work conducted to that date and the estimated total costs up to its completion.

The cost incurred in includes the costs, including borrowing costs directly related to the contract, until the work has been completed. Administrative costs are recognized in the result for the period.

When the result of a contract under course cannot be reasonably estimated, the revenues thereof are recognized to the extent that it is probable to recover the costs incurred in. In those projects where it is probable that costs are greater than revenues, the expected losses are immediately recognized.

The payments received from the customer before the corresponding work has been carried out, are recognized as a liability in the Statement of Financial Position as advances received.

The difference between the revenues recognized in the statement of income and the billing is presented as asset in the statement of financial position denominated "Trade and other receivables", or as liability denominated "Other financial liabilities".

2.11 Government grants

Government grants are recognized at fair value when there is reasonable security that those subsidies shall be received and that all conditions linked to them shall be met. The grants that pretend to offset costs and expenses already incurred in, without subsequent related costs, are recognized in the statement of income of the period when they become enforceable. When the grants related to an asset, it is recorded as deferred income and is recognized in the result for the period on a systematic basis throughout the estimated useful life of the corresponding asset. The benefit of a government loan at an interest rate below market is treated as a government subsidy, measured as the difference between the amounts received and the fair value of the loan based upon the market interest rate.

2.12 Taxes

The fiscal structure of each country where EPM Group companies are located, the regulatory frameworks and the plurality of operations that the companies undertake make each of the companies a taxpayer (passive subject of taxes, rates and contributions) on a national and territorial basis. Those liabilities are generated by the central government, the states/departments, municipal entities and other active subjects, once the conditions foreseen in the corresponding standards issued are met.

Amongst the most relevant taxes, we detail the income tax and the Value Added Tax:

Income tax

- Current income tax: The current income tax assets and liabilities for the period are measured by the amounts that are expected to be recovered or paid to the fiscal authorities. The income tax expense is recognized in the current tax according to the cleaning made between the fiscal income and the book profit or loss affected by the income tax rate of the current year and pursuant to the provisions of the tax norms in each country. The tax rates and norms used for computing those values are those that are approved at the end of the period being reported, in the countries where EPM Group operates and generates taxable profits.

  The fiscal profit differs from the gain profit reported in the statement of income for the period due to the revenue and expense items that are imposable or deductible in other years and items that shall not be taxable or deductible in the future.

  Current Income tax assets and liabilities are also offset if they relate to the same fiscal authority and there is the intention to liquidate them for the net value or to realize the asset and liquidate the liability simultaneously.

- Deferred income tax: The deferred income tax is recognized using the liability method calculated on the temporary differences between the fiscal bases of the assets and liabilities and their carrying values. The deferred tax liability is generally recognized for all imposable temporary differences and the deferred tax asset is recognized for all deductible temporary differences and for the future offsetting of fiscal credits and unused fiscal losses to the extent that it is probable the availability of future tax gains against which they can be imputed. Deferred taxes are not discounted.

  The deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and that, at the moment of the transaction, affected neither the book gain nor the fiscal profit or loss; and for the deferred tax liability case, whenever it arises the initial recognition of goodwill.

  The deferred tax liabilities related to investments made in subsidiaries, associates and participations in joint ventures, are not recognized the timeliness of if the timing of the reversal of temporary differences can be controlled and it is probable that those differences will not be reversed in the near future and the deferred tax assets related to investments made in subsidiaries, associates and participations in joint ventures shall revert in the near future and it is probable the availability of future taxable gains profits against which these deductible differences will be imputed.

  The carrying value of the deferred tax assets is reviewed in each presentation date and they are reduced to the extent that it is no longer probable that there is enough taxable gains profits to use for the entire or one part of the deferred tax asset. The deferred tax assets that are not recognized are reassessed on each presentation report date and are recognized to the extent that it is probable that future taxable gains profits allow their recuperationrecovery.

  Deferred tax assets and liabilities are measured at the fiscal rates expected to be applied in the period when the asset is realized or the liability is cancelled, based upon the fiscal rates and norms that were approved on the presentation date, or the approval procedure of which is about to be completed for such date. The measurement of deferred tax assets and liabilities will reflect the fiscal consequences that would be derived from the fashion in which the entity expects to recover or liquidate the carrying value of its assets and liabilities, at the end of the period being reported.

  The deferred tax assets and liabilities must be presented as non-current.

  The deferred tax assets and liabilities are offset if there is a legally enforceable right for that and are related to the same tax authority.

  The deferred tax is recognized in the result for the period, except that related to items that are recognized outside the results; in this latter case, it will be presented in the other comprehensive income or directly in equity.

  With the purpose of measuring the deferred tax liabilities and the deferred tax assets for investment properties that are measured using the fair value model, the carrying value of those properties is presumed that will be fully recovered through their sale, unless the presumption is challenged. The presumption is challenged when the investment property is depreciable and is kept within a business model the object of which is to consume, substantially, all the economic benefits that are generated by the investment property through the time, and not through the sale. Management reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties is kept under a business model the objective of which is to consume, substantially, all economic benefits generated by investment properties over time rather than through the sale. Therefore, the management have determined that the presumption of "sale" established in the modifications to IAS 12 is not challenged.

Whenever the current tax or deferred tax arises from the initial recording of the business combination, the fiscal effect is considered within the recording of the business combination.

Value Added Tax – VAT

All EPM Group companies located in Colombia that shall carry out sales of movable assets and provide taxed services or obtain exempt income are responsible for this tax in the common regime. Currently, the energy (power), aqueduct, sewage, and domiciliary gas services are excluded from this tax. The general rate is 16% and there are differential rates of 5% and 35%.

In Colombia, the Generation of income excluded in the particular case of public home services, VAT paid on purchases is part of a higher cost value. Also, when taxable income is generated, that is to say when taxed goods or services are sold, the VAT paid on the purchase or purchase of inputs for these sales will be deductible from the value payable of the tax. When the company generates income that is excluded from VAT, but at the same time generates income that is exempt and taxed, in that case a proration of the VAT paid must be made to determine the percentage of VAT to be discounted.

In Panama, the Value Added Tax is generated in the transfer of movable assets, the rendering of services, and the importation of goods; certain goods and services are specifically exempt, such as medical services and fixed telephony that is not for commercial use. The tax rate is 7%.

In Guatemala, the transfer of movable assets, the rendering of services, the importation and some transactions with immovable assets generate the Value Added Tax; the tax rate is 12%.

The Value Added Tax rate in El Salvador is 13% and taxes the transfer of movable assets and the rendering of services. Nevertheless, the transfer of fixed assets that have been used during four o more years is not subject to this tax.

In Mexico, the Value Added Tax is generated in any transfer of goods or services, excluding exports and imports. The general rate is 16%.

The Value Added Tax (VAT) in Chile applies on sales and other transactions related to tangible movable assets, as well as to the payment of certain services. It also applies to certain transactions of real estate. The general tax rate is 19%.

Wealth tax

In order to determine the accrual of the tax under IFRS, it is necessary to analyze the event or activity that produces the payment of the tax, that is, the taxable base, as stated in IFRIC 21 (IFRIC – International Financial Reporting Standards Interpretations Committee) in paragraphs 8, 9 and 10. For the wealth tax, as defined in Article 4 of Law 1739 of 2014, the taxable base is the value of the gross equity of the legal persons and de factor corporations owned as of January 1, 2015, 2016 and 2017, that is there is an "binding event" that generates the obligation in respect to the tax authority only upon arriving to January 1 of each of these years, therefore in this period it is when the tax of each year must be accrued; on the other hand, taking into consideration that this tax does not meet the conditions of being an asset, it is recorded in the Comprehensive income statement as an expense.

2.13 Non-current assets held for sale and discontinued operations

Non-current assets and the groups of assets for disposal purposes are classified as held for sale if their carrying value will be recovered through a sales transaction, instead of by their continued use; these assets or groups of assets are presented separately in the statement of financial position as current assets and liabilities at their carrying value or their fair value less costs of sale, whichever is lower, and are neither depreciated nor amortized as from the date of their classification.

This condition is met if the asset or group of assets is available, in their current conditions, for immediate sale, the sales transaction is highly probable and is expected to be done within the year subsequent to the classification date.

Income, costs and expenses from a discontinued operation are presented separately form those from continued operations, in a single item after the income tax, in the comprehensive income statement of the current period and of the comparative period of the previous year, even though the Group retains a interest that does not grant it control on the subsidiary after the sale.

When EPM Group is committed with a sales plan that involves the sale of an investment, or a portion of an investment, in an associate or joint venture, the investment or portion of the investment that shall be sold is classified as held for sale whenever the criteria described above are complied with, and EPM Group discontinues the use of equity method with respect to the portion that is classified as available-for-sale. Any portion held of an investment made in an associate or in a joint venture that has not been classified as available-for-sale, continues to be recorded using equity method. EPM Group discontinues the use of equity method upon the sale when the results in the Group losing significant influence of the associate or the joint venture.

After the sale is made, EPM Group records any interest retained in the associate or joint venture in accordance with IFRS 9, unless the interest maintained continues to be an associate or a joint venture, in which case EPM Group uses equity method.

Income, costs and expenses from a discontinued operation are presented separately form those from continued operations, in a single item after the income tax, in the comprehensive income statement of the current period and of the comparative period of the previous year, even though the Group retains a interest that does not grant it control on the subsidiary after the sale.

2.14 Property, plant and equipment

Property, plant and equipment are measured at cost, net of accrued depreciation and accrued impairment losses, if any. The cost includes the acquisition price; the costs directly related to putting the asset at the place and condition necessary to operate in the way foreseen by the Group; the costs corresponding to loans of the construction projects that take a substantial period to be completed, if the requirements of recognition are complied with; and the present value of the expected cost for the dismantlement of the asset after its use, if the criteria for recognition for a provision are met.

Constructions in progress are measured at cost less any loss for impairment recognized and includes those disbursements that are indispensable and that are directly related to the construction of the asset, such as professional fees, work supervision, civil works and, in the case of those assets qualified, the borrowing costs are capitalized. Those constructions in progress are classified in the proper categories of properties, plant and equipment at the time of their completion and when they are ready to use. The depreciation of these assets starts when they are ready to use in accordance with the same basis as in the case of other elements of property, plant and equipment.

In EPM Group, all additions or improvements made on the assets are capitalized as a greater value thereof, provided that any of the following conditions is met: a) They increase their useful life; b) They increase their productive capacity and operating efficiency thereof; and c) They reduce costs to the Company. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred, except when they increase the useful life, or the productive capacity and efficiency thereof, in which case they are capitalized.

The inventory of spare parts for specific projects, which are expected to have no turnover in one year and meet the criteria to be capitalized, known as replacement assets, are presented in other property, plant and equipment.

The initial depreciation when the asset is available for use and is calculated in a linear fashion throughout the estimated useful life of the asset as follows:

Plants, ducts and tunnels	
Civil work	50 a 100 years
Equipment	10 a 100 years
Networks, lines and cables	
Electrical transmission network	30 a 40 years
Electrical distribution network	30 a 40 years
Red aqueduct	40 a 80 years
Waste water network	30 a 80 years
Red gas	60 a 80 years
Buildings	50 a 100 years
Communication and computer equipment	5 a 40 years
Machinery and equipment	7 a 40 years
Furniture, fixtures and equipment	10 a 15 years
Lands [1]	10 a 20 years

(1) It corresponds to the affiliate Emvarias that depreciates the land on which it performs the final disposal activity according to the detriment it suffers with the disposal of solid waste, environmental degradation and period of recovery that goes beyond 20 years.

Useful lives are determined considering, among others, the manufacturer's technical specifications, the knowledge of the technicians that operate and maintain the assets, the geographic location and the conditions to which it is exposed.

EPM Group calculates the depreciation by components, which implies depreciating individually the parts of the asset that should have useful lives different from that of the asset. The depreciation of assets is calculated for all asset classes (except for land); the depreciation method used is the straight line and it is calculated taking into account the residual value for the assets (vehicles), which is not part of the depreciable amount.

A component of property, plant and equipment and any significant part initially recognized, is written-off once disposed of or when it is not expected to obtain future economic benefits from its use or disposal. The gain or loss at the moment of writing the asset off, calculated as the difference between the net value of the disposal and the carrying value of the asset, is included in the statement of comprehensive income.

Any residual values, useful lives, and depreciation methods for the assets are revised and adjusted prospectively every exercise closing, if required.

2.15 Leases

The determination of whether an agreement constitutes or contains a lease is based upon the essence of the agreement at its initial date, if compliance with the agreement depends upon the use of a specific asset(s), or if the agreement grants a right of use of the asset.

Leases are classified as finance and operating leases. A lease is classified as financial lease whenever it substantially transfers all the risks and benefits inherent to toe ownership of the asset leased to the lessee; otherwise, it is classified as an operating lease.

EPM Group as a lessee

The assets leased under financial leases are recognized and presented as assets in the statement of financial position at the beginning of the lease, for the fair value of the asset leased or the present value of the minimum lease payments, whichever is lower. The corresponding liability is included in the statement of financial position as a financial lease liability.

The assets leased under financial leases are depreciated throughout the useful life of the asset through the straight-line method. However, if there were no reasonable certainty that EPM Group shall get the ownership upon the lease term termination, the asset is depreciated throughout it estimated useful life or over the lease term, whichever is lower. Lease payments are divided between financial expenses, and debt reduction. The financial cost in recognized in the statement of comprehensive income of the period, unless they could be directly attributable to qualifying assets, in which case they are capitalized in conformity with the entity's policy for borrowing cost. Contingent lease installments are recognized as expenses in the period where incurred.

All payments for operating leases, including the incentives received, are recognized as expenses in the statement of comprehensive income, on a linear basis throughout the lease term, except when another systematic basis for distribution results being more representative because it reflects more adequately the timing pattern of the benefits of the lease for the user.

EPM Group as a lessor

Assets rented under financial leases are not presented as property, plant and equipment given that the risks associated to the ownership have been transferred to the lessee; rather, a financial asset is recognized.

Land and buildings rented under operating leases are presented as investment properties, and the other assets given under operating lease are presented as property, plant and equipment. Initial direct costs incurred in the negotiation of an operating lease are added to the carrying value of the asset leased, and are recognized as expenses throughout the lease term on the same basis as the revenues from the lease. Financial lease revenues are distributed during the lease term in order to reflect a constant yield rate in the net investment. Contingent leases are recognized in the period when obtained.

2.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial time to be prepared for their destined use or sale, are capitalized as part of the cost of the respective asset until the asset is ready for their intended use. The revenue from the temporary investment in specific loans pending to be consumed in qualified assets is deducted from the borrowing costs that qualify for their capitalization. All other borrowing costs are recorded as expenses in the period when incurred. Borrowing costs consists of interest and other costs incurred in by EPM with respect to the loan of funds. To the extent that the funds derive from generic loans and are used to obtain a qualified asset, the value of the costs susceptible of capitalization is determined by applying a capitalization rate to the disbursements made in that asset.

The capitalization of borrowing costs begins on the date that the following conditions are met:

- Disbursements are incurred in relation to the asset.

- Loans costs incurred, and

- The necessary activities to prepare the asset for the intended use or for sale are carried out.

The capitalization of borrowing costs is suspended during periods in which the development of activities of a qualifying asset for periods of more than one year is interrupted. However, the capitalization of borrowing costs over a period is not interrupted if important technical or administrative actions are being undertaken. The capitalization of borrowing costs is also not suspended when a temporary delay is required as part of the process of preparing an asset qualified for its use or sale.

Capitalization of loan costs is terminated when substantially all of the activities necessary to prepare the asset have been completed for use or sale. When the asset has components that can be used separately while construction continues, the capitalization of borrowing costs on such components is stopped.

2.17 Investment properties

Investment properties are those held to obtain rentals and/or capital revaluations (including the investment properties under construction for those purposes). Investment properties are initially measured at cost, including transaction costs. The carrying value includes de replacement or substitution cost of one part of an existing investment property at the moment when the cost is incurred in, if all criteria for recognition are met; and they exclude the daily maintenance costs of the investment property.

After the initial recognition, investment properties are measured at the fair value reflected by market conditions on the presentation date. All gains and losses arising from changes in the fair values of the investment properties are included in the statement of comprehensive income in the section “result for the period” in the period when they arise.

Investment properties are derecognized, either at the moment they are disposed, or when they are retired from use on a permanent basis, and no future economic benefit is expected. The difference between the net value of disposal and the carrying value of the asset is recognized in the statement of comprehensive income in the section “result for the period” in the period when it was written-off.

Transfers to or from investment properties are conducted only when there is a change in their use. In the case of a transfer from an investment property to a property, plant and equipment, the cost taken into account for its subsequent posting is the fair value on the date of the change in use. If a property, plant and equipment become an investment property, it shall be recorded at its fair value; the difference between the fair value and the carrying value shall be recorded as revaluation surplus applying the International Accounting Standard (IAS) 16.

2.18 Intangible assets

Intangible assets acquired separately are measured initially at their cost. The cost of the intangible assets acquired in business combinations is their fair value at the acquisition date. After their initial recognition, the intangible assets are accounted for at cost less any accumulated amortization and any accumulated loss for impairment. Intangible assets generated internally are capitalized provided that they meet the criteria for their recognition as asset and the generation of the asset must be classified as: research phase and development phase; if it is not possible to distinguish the research phase from the development phase, the disbursements must be reflected in the Comprehensive income statement in the period in which they incurred.

The useful lives of intangible assets are determined as finite or undefined. Intangible assets with finite useful lives are amortized throughout their economic useful life on a linear basis and are evaluated to determine whether they had value impairment in carrying amount, provided that there are indications that the intangible asset could have suffered such impairment. The amortization period and the amortization method for an intangible asset with a finite useful life are revised at least at every period’s closing. Any changes in the expected useful life or the expected consumption pattern of the future economic beneficiaries of the asset are recorded when changing the amortization period or method, as the case may be, and are treated as changes in the accounting estimates. The amortization expense of intangible assets with finite useful lives is recognized in the statement of comprehensive income in the section “result for the period” in the category of expenses that shall result being coherent with the intangible asset’s function.

Intangibles assets with undefined useful lives are not amortized, but they are subject to annual tests to determine whether they suffer a value impairment, either individually or at the cash-generating unit level.

The evaluation of the undefined useful life is revised on an annual basis to determine whether such undefined life continues to be valid. If that is not the case, the change of useful life from undefined to finite is made prospectively.

An intangible asset is written-off upon disposal, or whenever future economic benefits are not expected from their use or disposal. The gains or losses arising when an intangible asset is written-off are measured as the difference between the value obtained in the disposal and the carrying value of the asset, and it is recognized in the statement of comprehensive income in the “result for the period” section.

Research and Development Costs

Research costs are recorded as expenses as incurred. Development outlays in an individual project are recognized as intangible assets whenever EPM Group can demonstrate:

- The technical feasibility of finalizing the intangible asset so that it is available for use or sale;
- Their intention of finalizing the asset and its capacity to use or sell the asset;
- How the asset will generate future economic benefits, considering, among others, the existence of a market for the production that generates an intangible asset for the asset itself, or the profit of the asset for the entity.
- The availability of resources to finalize the asset; and
- The capacity of reliably measuring the disbursement during the development.

In the statement of financial position the development disbursements asset is recognized from the moment the element meets the aforementioned conditions for its recognition, and it is recorded at cost less accrued amortization and the value impairment accrued losses.

When the development of an intangible asset related to an Energy Generation project begins, costs are accumulated as constructions in progress.

Amortization of the asset starts when the development has been completed and the asset is available to be used. It is amortized throughout the period of the expected future economic benefit. During the development period, the asset is subject to annual tests to determine whether or not there is impairment of its value.

Research costs and development costs that do not qualify to capitalization are recorded as expenses in results for the period.

Goodwill

Goodwill represents the difference between the cost of a business combination and the fair value at the moment of acquisition of the acquired assets, the liabilities assumed, and the contingent liabilities of the acquired party.

Goodwill is not amortized, it is measured at cost less any value impairment accrued loss and is subject to annual value impairment tests or more frequently when there are impairment indicators. Value impairment losses are recognized in the statement of comprehensive income in the “result for the period” section.

For the Cash Generating Units (“Unidades Generadoras de Efectivo - UGE”), which have been assigned goodwill, on an annual basis the Company verifies the value impairment, which implies the calculation of the value at use of the UGEs to which it is assigned. The value at use requires determining the future cash flows that must arise from the UGEs and an appropriate discount rate to calculate the current value. When the actual future cash flows are less than expected, an impairment loss may arise.

Other intangible assets

Other intangible assets such as concession of services, licenses, software, exploitation rights, trademarks and similar rights acquired by the Group are measured at cost less the accumulated amortization and any loss for impairment.

2.19 Financial instruments

Financial assets and liabilities are recognized in the statement of financial position when EPM becomes a party according to the contractual conditions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities (other than the financial assets and liabilities designated at fair value with change in operations) are added to or deducted from the fair value of the financial assets or liabilities, whenever appropriate, at the moment of the initial recognition. All transaction costs directly attributable to the acquisition of financial assets or liabilities designated at fair value with change in operations are immediately recognized in the results for the period.

Financial assets

The Group classifies its financial assets for subsequent measurement at amortized cost or fair valueThrough other comprehensive income or through results) depending upon the business model of EPM Group to manage financial assets and the characteristics of the contractual cash flows of the instrument.

A financial asset is subsequently measured at amortized cost or at fair value with changes in other comprehensive income, using the effective interest rate[2] if the asset is maintained within a business model the objective of which is to keep them to obtain contractual cash flows and the contractual terms thereof grant, in specific dates, cash flows that are only payments of the principal and interest on the pending principal amount. Without detriment to the foregoing, EPM Group can designate a financial asset asmeasured at fair value with changes in operations irrevocably.

All other financial assets different from those at amortized cost are subsequently measured at fair value with changes recognized in the results for the period. However, for the investments made on capital instruments that are not maintained for negotiation purposes, EPM Group may elect in the initial recognition and irrevocably to present the gains or losses for the measurement at fair value in other comprehensive income. In the disposal of investments at fair value through the other comprehensive income, the accrued value of the gains or losses is directly transferred to the withheld gains; they are not reclassified to results for the period. The dividends received from these investments are recognized in the statement of comprehensive income, in the “result for the period” section. EPM Group has selected to measure some of its investments in capital instruments at fair value through the other comprehensive income.

The fair value through results category includes the investments that are made to optimize liquidity surpluses, i.e., all those resources that are not immediately devoted to the development of the activities that form the company’s corporate purpose. The investment of the liquidity surpluses is made under the criteria of transparency, security, liquidity and profitability, under the guidelines of an adequate control and in market conditions without speculative purposes (Decree of the General Manager of EPM No. 2015-DECGGL-2059 of February 6, 2015).

Impairment of financial assets

At each reporting date, the Group recognizes a correction in value for expected credit losses on financial assets measured at amortized cost or at fair value through changes in other comprehensive income, including receivables from leases, contract assets or loan commitments And financial guarantee contracts to which the impairment requirements are applied over the life of the asset.

[2] The effective interest rate method is a method of calculating the amortized cost of a financial asset and allocation of income throughout the relevant period. The effective interest rate is the discount rate that exactly equals the future cash flows of a financial asset (including all fees, commissions and points of paid or receive that form an integral part of the effective interest rate, transaction costs and other premiums and discounts) through the instrument’s expected life, or if appropriate, a shorter period, at its book value or initial recognition.

Expected credit losses are estimated considering the probability that an impairment loss may or may not occur and are recognized as a gain or loss in the statement of comprehensive income, the profit or loss section of the period against a lower value of the financial asset.

The Group assesses on a collective basis the expected losses for financial assets that are not individually significant. When the collective assessment of expected losses is carried out, the accounts receivable are grouped by similar credit risk characteristics, allowing the identification of the debtor's ability to pay, in accordance with the contractual terms of the accounts receivable.

The Group considers the following as an event of default for the internal management of credit risk, since historical experience indicates that credits that meet any of the following criteria are generally not recoverable: when there is a breach of financial agreements by Of the counterpart; Or information developed internally or obtained from external sources indicates that it is unlikely that the debtor will pay its creditors in its entirety without taking into account the guarantees maintained.

The Group penalizes a financial asset when there is information indicating that the counterparty is in severe financial difficulties and there is no realistic prospect of recovery, for example, when the counterparty has been wound up or has commenced bankruptcy or, in the case Of accounts receivable, when the amounts exceed the two years due, whichever occurs earlier. Amortized financial assets may continue to be subject to execution activities under the Group's recovery procedures, taking into account the legal recovery when appropriate. The realized recoveries are recognized in profit or loss for the period.

Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or equity in conformity with the substance of the contractual agreement and the definitions of financial liability and equity instrument.

Financial liabilities

At the moment of the initial recognition, EPM Group classifies financial liabilities for a subsequent measurement at amortized cost or at fair value with changes in results.

The financial liabilities at fair value with changes in results include those liabilities held to negotiate, the financial liabilities designated at the moment of their initial recognition like at fair value with changes in results and the derivatives. The gains or losses for liabilities held to negotiate are recognized in the statement of comprehensive income in the “statement of income” section. In the initial recognition, EPM Group designated financial liabilities as at fair value with changes in results.

Liabilities at amortized cost are measured using the effective interest rate. All gains and losses are recognized in the statement of comprehensive income in the “Statement of income” section whenever the liabilities are written-off, as well as through the amortization process under the effective interest rate method, that is included as financial cost in the Statement of comprehensive income in the “statement of income“ section.

Financial guarantee contracts

The financial guarantee contracts issued by EPM Group are those contracts that require the making of a specific payment to reimburse the holder of the loss incurred in when a specified debtor does not meet their payment obligation, according to the conditions of a debt instrument. The financial guarantee contracts are initially recognized as a liability at fair value, adjusted by the transaction costs that are directly attributable to the issuance of the collateral. Subsequently, the liability is measured at: (i) the best estimate of the disbursement required to settle the current obligation as of the presentation date; and (ii) the amount initially recognized less the accrued amortization, whichever is greater.

Write-off of financial assets and liabilities

A financial asset, or part of it, is derecognized from the statement of financial position whenever it is sold, transferred, expire or EPM Group losses control on the contractual rights or on the cash flows of the instrument.

If the entity does not transfer or substantially retains all the risks and advantages that are inherent to the property and continues to retain the control of the asset transferred, the entity will recognize its share in the asset and the obligation associated for the amounts that it would have to pay. If the group substantially retains all risks and advantages inherent to the ownership of a financial asset transferred, the entity shall continue to recognize the financial asset and also shall recognize a loan guaranteed in a collateral fashion for the revenues received.

In the total derecognition of a financial asset measured at fair value with changes in profit and loss, the difference between the carrying value of the assets and the sum of the consideration received and to be received, is recognized in the statement of comprehensive income, result of period section. In case of financial assets measured at fair value with change in equity, the difference between the carrying value of the asset and the sum of the consideration received and to be received is recognized in the Profit and Loss for the period, and the profit or loss that would have been recognized in the other comprehensive income will be reclassified to accumulated profit and loss.

A financial liability or part of it is written-off from the statement of financial position when the contractual obligation has been settled or has expired. If the entity does not transfer or substantially retains all risks and advantages inherent to the ownership and continues to retain the control of the asset transferred, the entity shall recognize its participation in the asset and the associated obligation for the amounts that it would have to pay. If the group substantially retains all the risks and advantages inherent to the ownership of a financial asset transferred, the entity shall continue to recognized the financial asset and also recognize a guaranteed loan on a collateral way for the incomes received.

Whenever an existing financial liability is replaced by another coming from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such exchange or modification is treated as a decrease of the original liability and the recognition of a new liability, and the difference in the respective carrying values is recognized in the statement of comprehensive income in the “statement of income” section.

Whenever an existing financial liability is replaced by another coming from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such exchange or modification is treated as a decrease of the original liability and the recognition of a new liability, and the difference in the respective carrying values is recognized in the statement of comprehensive income in the “statement of income” section result of the period.

Compensation of financial instruments

Financial assets and financial liabilities are subject to compensation in a way that the net value is informed in the consolidated statement of financial position, only if (i) at the current moment, there is a legally enforceable right of compensating the amounts recognized; and (ii) there is the intention of settling them at their net value, or of realizing the assets and cancelling the liabilities simultaneously.

Derivative financial instruments

EPM Group used derivative financial instruments, like term contracts (“Forward”), futures, financial barters (“Swaps”) and options to hedge several financial risks, mainly the interest rate, exchange rate and commodities price risks. Such derivative financial instruments are initially recognized at their fair values on the date when the derivative contract is entered into, and subsequently they are measured again at their fair value. Derivatives are recorded as financial assets in the statement of financial position when their fair value is positive, and as financial liabilities when their fair value is negative.

The fair value of the commodity contracts that meet the definition of a derivative, but that are entered into in conformity with the expected purchase requirements of EPM Group, are recognized in the statement of comprehensive income as cost of sales.

Any gain or loss that arises from the changes in derivatives' fair value is directly recognized in the statement of comprehensive income in the "statement of income" section, except for those that are under hedge accounting. The derivatives implicit in main contracts are treated as separate derivatives whenever they meet the definition of a derivative and when their risks and characteristics are not closely related to those main contracts and the contracts are not measured at fair value with change in results."

Hedge accounting

At the beginning of a hedging transaction, EPM Group designates and formally documents the hedging transaction to which they want to apply the hedging accounting and the objective of the risk management and the strategy to carry out the hedging. The documentation includes the identification of the hedging instrument, the item or transaction hedged, the nature of the risk being hedged and how EPM Group shall evaluate the effectiveness of the changes in fair value of the hedging instrument when offsetting the exposure before changes in the fair value of the hedged item or in the cash flows, attributable to the risk hedged. That hedging is expected to be highly efficient in achieving the offsetting of changes in the fair value or in the cash flows, and they are permanently evaluated to determine whether that was actually so throughout the information periods for which they were designated.

For hedging accounting purposes, the hedging is classified and recorded as follows, once the stringent criteria for their recording are complied with:

– Fair value hedging, when they hedge the exposure to fair value changes of assets or liabilities recognized or non-recognized firm commitments.

  A change in the fair value of a derivative that is a hedging instrument is recognized in the statement of comprehensive income, in the "statement of income" section as financial cost or revenue. A change in the fair value of the item hedged attributable to the risk hedged is recorded as part of the carrying value of the hedged item, and also is recognized in the statement of comprehensive income in the "statement of income" section as financial cost or revenue. For the fair value hedging that related to items recorded at amortized cost, the adjustments to the carrying value are amortized through the statement of comprehensive income in the "statement of income" section during the remaining term until their expiration. Amortization of the effective interest rate may begin as soon as there is an adjustment to the carrying value of the hedged item, but it must start at the latest when the hedged item is no longer adjusted for their fair value changes attributable to the risk being hedged. Amortization of carrying value adjustments is based upon the effective interest rate recalculated on the amortization's start date. If the hedged item is written-off, the non-amortized fair value is immediately recognized in the statement of comprehensive income in the "statement of income" section.

  When a non-recognized firm commitment is designated as a hedged item, the subsequent accrued change in the fair value of the firm commitment attributable to the hedged risk shall be recognized as an asset or liability with their corresponding gain or loss recognized in the statement of comprehensive income in the "statement of income" section.

– Cash flow hedging, when they cover the hedging to the attributed cash flow variations exposure, either to a particular risk associated to a recognized asset or liability or to a highly probable foreseen transaction, or to the exchange rate risk in a non-recognized firm commitment.

  The purpose of cash flows hedging accounting is to recognize in the other comprehensive income the fair value variations of the hedging instrument to apply them to the income statement accounts when, and the rhythm that, the hedged item affects the same. Only the derivative inefficiencies shall be recognized in the income statement as they are produced.

  The effective portion of the gain or loss for the measurement of the hedging instrument is immediately recognized in the other comprehensive income, whereas the ineffective portion is immediately recognized in the statement of comprehensive income in the "statement of income" section as financial cost.

  The values recognized in the other comprehensive income are classified into the statement of comprehensive income in the "statement of income" section when the hedged transaction affects the result, as well as when the financial revenue or financial expense hedged is recognized, or when the transaction foreseen takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized in the other comprehensive income are reclassified at the initial carrying value of the no-financial asset or liability. If the foreseen transaction or the firm commitment is no longer expected to happen, the accrued gain or loss previously recognized in the other comprehensive income is reclassified into the statement of comprehensive income in the "statement of income" section.

If the hedging instrument expires or is sold, it is resolved, or is exercised without a replacement or successive renovation of a hedging instrument for another hedging instrument, or if its designation as hedging is revoked, any accrued gain or loss previously recognized in the other comprehensive income remains in the other comprehensive income until the operation foreseen or the firm commitment affects the result.

– Hedging of a net investment abroad, when they hedge the exposure to the variations in the translation of foreign businesses into the presentation currency of EPM Group, associated to the exchange rate risk.

  The objective of the foreign-currency net investment hedging is to hedge the exchange rate risks that a Principal or Intermediate Parent Company having businesses abroad may have on the impact of the translation of financial statements from functional currency to presentation currency. The hedging of net investment in foreign currency is a hedging to the exposure in foreign currency, not a hedging of the fair value due to changes in the investment value.

  The gains or losses of the hedging instrument related to the effective portion of the hedging are recognized in other comprehensive income, whereas any other gain or loss related to the ineffective portion is recognized in the statement of comprehensive income in the "statement of income" section. Before the disposal of the business abroad, the accrued value of the gains or losses recorded in the other comprehensive income are reclassified in the statement of comprehensive income in the "statement of income" section.

Equity instruments

An equity instrument consists of any contract showing a residual interest on an entity's assets after deducting all its liabilities. Equity instruments issued by EPM are recognized at the revenues received, net of direct issuance costs.

The repurchase of the Company's own equity instruments is recognized and directly deducted in equity. No gain or loss is recognized in operations, coming from the purchase, sale, issuance, or cancellation of the Company's own equity instruments.

2.20 Inventories

The goods acquired with the intention of selling them during the ordinary course of business or of consuming them in the service rendering process are classified as inventories.

Inventories are valued at cost or net realizable value, whichever is lower. The net realizable value is the sales price estimated in the normal course of business, less the estimated finalization costs and the estimated costs necessary to make the sale.

Inventories include merchandise in stock that do not require transformation, such as energy, gas and water meters, communication equipment, telephone sets, and procurement goods. They include materials such as minor spare parts and accessories for the rendering of services and the goods in transit and held by third parties.

Inventories are valued by using the weighted average method and their cost includes the costs directly related to the acquisition and those incurred in to give them their current conditions and location.

2.21 Impairment value of non-financial assets

As of every presentation date, EPM Group evaluates whether they have any indication that a tangible or intangible asset may be impaired. EPM Group estimates the recoverable value of the asset or cash-generating unit at the moment it detects an indication of impairment, or annually (as november 30 And it is reviewed if there are significant or significant events presented in the month of December that merit analysis and be included in the calculation of the deterioration.) for intangible assets with undefined useful life and those that are still being used.

The recoverable value of an asset is the fair value less costs of sale, either of an asset or a cash-generating unit, and its value in use, whichever is greater, and it is determined for an individual asset, except that the asset does not generate cash flows that are substantially independent from the other assets or group of assets; in this case, the asset should be grouped into a Cash Generating Unit ("Unidad Generadora de Efectivo – UGE"). When a reasonable and consistent base of distribution is identified, common/corporate assets are also assigned to the individual Unidades Generadoras de Efectivo - UGE, or distributed to the smallest group of cash-generating units for which it can be identified a reasonable and consistent distribution base. When the carrying value of an asset or of a cash-generating unit exceeds its recoverable value, the asset is considered impaired and the value is reduced to its recoverable amount.

When calculating the value of use, either for an asset or a cash-generating unit, the estimated cash flows are discounted at their present value through a discount rate before taxes that reflects the market considerations of the temporary value of money and the specific risks of the asset. An adequate valuation model is used for determining the reasonable value less the costs of sale.

Losses for impairment of continued operations are recognized in the comprehensive income statement in the section income statement in those expense categories that correspond to the function of the impaired asset. Losses for impairment attributable to a Cash Generating Unit are assigned proportionately based in the book value of each asset to the non-current assets of the Cash Generating Unit after extinguishing goodwill. The CGU is the smallest identifiable group of assets, which generates cash inflows in favor of the Group, which are largely independent of cash flows derived from other assets or groups of assets. The Group defined the Cash Generating Units considering: 1) The existence of income and costs for each group of assets, 2) The existence of an active market for the Generation of cash flows and 3) the way in which Manage and monitor operations.

The impairment value for goodwill is determined by evaluating the recoverable value of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. The value impairment losses related to goodwill may not be reverted in future periods.

For assets in general, excluding the goodwill, on each presentation date an evaluation is conducted about whether there is any indication that the impairment losses previously recognized no longer exist or have decreased. If such indication exists, EPM Group makes an estimate of the asset's or the cash-generating unit's recoverable value. An impairment loss previously recognized only can be reverted if there was a change in the assumptions used for determining the recoverable value of an asset since the last time when it was recognized the last impairment loss. The reversal is limited in such a way that the carrying value of the asset neither exceeds its recoverable amount, nor exceeds the carrying value that would have been determined, net of depreciation, if no impairment loss had been recognized for the asset in the previous years. Such reversal is recognized in the statement of comprehensive income in the "statement of income" section.

2.22 Provisions

Provisions are recorded when EPM Group has a present, legal or implicit obligation, as a result of a past event; it is probable that EPM Group have to give off resources that incorporate economic benefit to cancel out the obligation, and a reliable estimate can be made of the value of the obligation. In those cases in which EPM Group expects that the provision be reimbursed in whole or in part, the reimbursement is recognized as a separate asset, but only in the cases when such reimbursement is practically certain and the asset amount can be reliably measured.

Provisions are measured with the best estimate from Management of the disbursements necessary to cancel the present obligation, at the end of the period being reported, taking into account the risks and the corresponding uncertainties. When a provision is measured using the estimated cash flow to cancel the current obligation, its carrying value corresponds to the present value of such cash flow, using for the discount a rate calculated with reference to market yields for the bonds issued by the National Government. In Colombia, it must be used the yield of TES Bonds (Public Debt Securities issued by the General treasury of the Nation) at the end of the period being reported.

The expense corresponding to any provision is presented in the statement of comprehensive income in the “result for the period” section net of all reimbursement. The increase in provision due to the time elapsed is recognized as financial expense.

Dismantlement reserve

To the extent that there is a legal or implicit obligation of dismantling or restoring, EPM Group recognizes as part of the cost of a fixed asset in particular, the estimation of the future costs EPM Group expects to incur in to perform the dismantlement or restoring and its balancing entry is recognized as a provision for dismantling and restoring costs. The dismantling cost is depreciated over the estimated useful life of the fixed asset.

Dismantlement or restoring costs are recognized at the present value of the expected costs of cancelling out the obligation using estimated cash flows. Cash flows are discounted at a particular rate before taxes, which should be determined by taking as a reference the market yields of the bonds issued by the National Government. In Colombia, regarding risk-free rate, it must be used the yield of TES Bonds (Public Debt Securities issued by the General Treasury of the Nation).

Future estimated dismantlement or restoration costs are annually revised. Changes in the future estimated costs, in the dates estimated for the disbursements, or in the discount rate applied are added or deducted from the asset cost, without exceeding the carrying value of the asset; any surpluses are immediately recognized in results for the period. The change in the provision value associated to the time elapsed is recognized as financial expense in the statement of comprehensive income in the “result for the period” section.

Onerous Contracts

EPM Group recognizes as provisions the current obligations that are derived from an onerous contract. As provisions and its counterpart is in the statement of comprehensive income in the result section of the period. An onerous contract is the one in which the unavoidable costs of complying with the obligations it implies, exceed the economic benefits that are expected to receive therefrom.

Contingent liabilities

The possible obligations that arise from past events and the existence of which shall only be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not entirely under EPM’s control or the current obligations that arise from past events, but that it is not probable, but possible, that on outlay of resources including economic benefits be required to liquidate the obligation or the amount of the obligation cannot be measured with enough reliability, are not recognized in the statement of financial position, they are rather disclosed as contingent liabilities. Contingent liabilities generated in a business combination are recognized at fair value on the acquisition date

Contingent assets

Assets of a possible nature, that arise from past successes, the existence of which has to be confirmed only by the occurrence, or the non-occurrence, of one or more uncertain events in the future, that are not entirely under EPM Group’s control, are not recognized in the statement of financial position; rather, they are disclosed as contingent assets when their occurrence is probable. Whenever the contingent fact is true, the asset and the revenue associated are recognized in operations. Contingent liabilities acquired in a business combination are initially measured at their fair values, on the acquisition date. At the end of subsequent periods being reported, those contingent liabilities are measured at the amount it would have been recognized and the amount initially recognized less the accrued amortization recognized, whichever is greater.

2.23 Employee benefits

2.23.1 Post-employment benefits

2.23.1.1 Defined contribution plans: the contributions to the defined contribution plans are recognized as expenses in the statement of comprehensive income in the "result for the period" section at the moment when the employee has rendered the service that grants them the right to make the contributions.

2.23.1.2 Defined benefit plans: Post-employment benefit plans are those in which EPM Group has the legal or implicit obligation to respond for the payments of the benefits that were left to their charge.

For the defined benefit plans, the difference between the fair value of the plan assets and the present value of the plan obligation is recognized as asset or liability in the statement of financial position. The cost of giving benefits under the defined benefit plans is determined separately for each plan, through the actuarial valuation method of the projected credit unit, using actuarial assumptions on the date of the period being reported. Plan assets are measured at fair value, which is based upon the market price information and, in the case of quoted securities, it constitutes the published purchase price.

The actuarial gains or losses, the yield of plan assets and the changes in the asset ceiling effect, excluding the securities included in the net interest on the net defined benefits liabilities (assets), are recognized in the other comprehensive income, in the case of post-employment benefits; and if it is long-term benefits they are recognized in the statement of comprehensive income in the "statement of income" section in the period where they arise. The actuarial gains or losses include the effects of changes in the actuarial assumptions as well as adjustments due to experience.

The net interest on the liabilities (assets) for net defined benefits includes the interest revenue for the plan assets, interest cost for the obligation for defined benefits and interests for the asset ceiling effect.

The current service cost, the past service cost, any settlement or reduction of the plan are immediately recognized in the statement of comprehensive income in the "statement of income" section in the period when they arise.

2.23.2 Short-term employee benefits

EPM classifies as short-term employee benefits those obligations with the employees that it expects to liquidate during the twelve (12) month period following the closing of the accounting period where the obligation has been generated or the service has been rendered. Some of these benefits are generated from the current labor legislation, from collective bargaining agreements, or from non-formalized practices that generate implicit obligations.

EPM recognizes the short-term benefits at the moment the employee has rendered their services, as the following:

A liability for an amount that shall be repaid to the employee, deducting the amounts already paid before, and its balancing entry as expense for the period, unless another chapter obliges or allows including the payments in the cost of an asset or inventory, for instance, if the payment corresponds to employees the services of whom are directly related to the construction of a work, they shall be capitalized to that asset.

The amounts values already paid before correspond, for instance, to advanced payments of salaries, advanced payments of per diems, among others. If they exceed the corresponding liability, the Company will have to recognize the difference as an asset in the prepaid expenses account, to the extent that the advanced payment gives place to a reduction in the payments to be made in the future or to a cash reimbursement.

According to the foregoing, the accounting recognition of short-term benefits is made upon occurrence of the transactions, regardless of when they are paid to the employee or to the third parties to which the Company has entrusted the provision of certain services.

2.23.3 Long-term employee benefits

EPM classifies as long-term employee benefits those obligations that it expects to settle after the twelve (12) months following the closing of the accounting exercise or the period where employees provide the related services, i.e., from the month thirteen forward; they are different from the short-term benefits, post-employment benefits, and contract termination benefits.

EPM measures long-term benefits in the same fashion as post-employment defined benefit plans. Although their measurement is not subject to the same uncertainty level, the same following methodology will be applied for its measurement:

- The Company should measure the surplus or deficit in a long-term employee benefit plan using the technique applied for post-employment benefits both for estimating the obligation as well as for the plan assets.
- The Company should determine the value of net long-term employee benefits (assets or liabilities) finding the deficit or surplus of the obligation and comparing the asset ceiling.

The benefits that employees receive year after year throughout their labor life should not be considered “long term” if at the accounting exercise closing each year, the Company has fully delivered them.

2.23.4 Benefits for termination

The company recognizes as benefits for termination, the considerations granted to the employees, payable as result of the decision of the company to terminate the employment agreement to an employee before the normal retirement date or the decision of an employee to accept the voluntary resignation in exchange for those benefits.

2.24 Service concession agreements

EPM Group recognizes the service concession agreements pursuant to the interpretation requirements of the IFRIC 12 Service Concession Agreements.

This interpretation is applicable to those concessions where:

- The grantor controls or regulates which services the operator with the infrastructure should provide, to whom and at what price; and
- The grantor controls, through the ownership, the right of use, or otherwise, any significant residual participation in the infrastructure at the end of the term of the agreement.

EPM Group does not recognize these infrastructures as property, plant and equipment; it recognizes the consideration received in the contracts that meet the above conditions at its fair value, as an intangible asset to the extent that EPM Group receives a right to make charges to users of the service, provided that these rights are conditioned to the service use level, or as a financial asset, to the extent that there is an unconditional contractual right to receive cash or other financial asset, either directly from the assignor or from a third party. In those cases where EPM Group receives payment for the construction services, partly through a financial asset and partly through an intangible asset, each component of the consideration is recorded separately.

Financial assets of service concession agreements are recognized in the consolidated statement of financial position as operating financial assets and subsequently are measured at amortized cost, using the effective interest rate. The evaluation of impairment of these financial assets is made pursuant to the value impairment policy of the financial assets.

Intangible assets of service concession agreements are recognized in the consolidated statement of financial position as intangible assets denominated “intangible assets for service concession agreements” and are amortized on a linear basis within the term of duration thereof.

Revenues from ordinary activities and costs related to the operating services are recognized according to the accounting policy of ordinary revenues and the services related to construction or improvement services according to the accounting policy of construction contracts. Contractual obligations assumed by EPM Group for maintenance of the infrastructure during its operation, or for its return to the assignor at the end of the concession agreement in the conditions specified therein, to the extent that it does not assume a revenue-generating activity, it is recognized following the provisions accounting policy.

2.25 Fair value

The fair value is the price that would be received when selling an asset or that would be paid when transferring a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, EPM takes into account the characteristics of the asset or liability if the market participants take into account these characteristics when valuing the asset or liability on the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on that basis, except for the transactions of stock-based payments, lease transactions, and the measurements that have certain similarities with the fair value but that are not fair value, such as the realizable value or the value at use. The fair value of all financial assets and liabilities is determined on the date of presentation of the financial statements, for recognition or disclosure in the notes to the financial statements.

The fair value is determined:

- Based upon prices quoted in active or passive markets identical to those the Company can access on the measurement date (level 1).
- Level 2 inputs are inputs other than quoted prices included in Tier 1, which are observable for the asset or liability, directly or indirectly.
- Based upon internal valuation techniques of cash flow discounts or other valuation models, using variables estimated by EPM Group non-observable for the asset or liability, in the absence of variables observed in the market (level 3).

In the note 19 Measurement of fair value on a recurring and non-recurring basis provides an analysis of the fair values of financial instruments and non-financial assets and liabilities and more detail of their measurement.

2.26 Operating segments

An operating segment is a EPM Group component that develops business activities from which it can obtain revenues for ordinary activities and incur costs and expenses, on which there is financial information and the operating results of which are revised on a regular basis by the highest authority in EPM Group's operating decision-making, which is the EPM's Institutional Committee, to decide on the assignment of resources to the segments and evaluate their performance.

The financial information of operating segments is prepared under the same accounting policies used in the elaboration of EPM Group's consolidated financial statements.

2.27 Dividends in cash distributed to stockholders of the Group

The group recognizes a liability to make the distributions to the stockholders of the Group in cash when the distribution is authorized and it is no longer at the Group's discretion. The corresponding amount is recognized directly in the net equity.

2.28 Changes in estimates accounting policies and errors

2.28.1 Changes in accounting estimates: As of March 31, 2017, the Group recorded no significant changes in its financial statements as a result of a revision to its estimated book value, except for the following that was recognoced as of December 31, 2016:

Changes in the discount rate used for the impairment of assets. The Group has established the methodology for estimating the capital cost of its different businesses (CAPM methodology adjusted for country risk), a variable that, when observed in 2016 compared to that obtained in 2015, on average had an upward performance as a result of A greater implicit devaluation (due to changes in the macroeconomic variables), a higher cost of debt estimated for the company and a higher perception of country risk as measured by the EMBI + (JP Morgan index), parameters that are part of Of the estimate of this variable.

Changes in estimates of estimated amounts payable for litigation. Some of the claims were adjusted by the Legal area of each company of the Group to the maximum ordered by the Jurisprudence, in terms of damages and moral damages. In addition, the litigation valuation model was adjusted using a projected CPI for each year, in accordance with the estimated date of payment of the obligation.

2.28.2 Changes in accounting policies:

The new standards and amendments to IFRSs, as well as the interpretations (IFRIC), which have been implemented by the Group, are detailed as follows:

As of December 31, 2016, the Group made a change in the subsequent measurement of investments in subsidiaries by moving from the cost method to equity method for the separate financial statements of Group companies that have investments in subsidiaries, since this Policy more reliably reflects financial information and is more consistent with the industry practice in which the company operates; the change was made in accordance wiht the modification issued in August 2014 to IAS 27 Separate Financial Statements.

Except for the previous policy change, the Group did not make any other voluntary changes in accounting policies that required retroactive adjustments to the consolidated financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, it applied the new and modified standards, as follows:

In 2016, the Group applied IFRS 9 Financial Instruments (revised July 2014) and the corresponding amendments to other IFRSs before their effective dates. IFRS 9 introduces new requirements for: classification and measurement of financial assets, impairment of financial assets and hedge accounting. The detail of these new requirements, as well as their impact on the financial statements are described below:

Classification and measurement of financial assets: the standard introduces a measurement category for debt instruments denominated "Fair value with changes in other comprehensive income". The Group was not impacted by this new approach.

Impairment of financial assets: the measurement of the correction of value for expected credit losses on financial assets that are measured at amortized cost or fair value with changes in another comprehensive income, accounts receivable for leases, assets of a contract or loan agreement and financial guarantee contract to which the value impairment requirements are applied during the asset's lifetime.

Changes in the accounting policies resulting from the adoption of IFRS 9 have not been restated, in which case the cumulative difference in provision for losses recognized under the standard is charged against the accumulated results as of January 1, 2016.

The provision for additional credit losses of $ 145,731 as of January 1, 2016 has been recognized against retained earnings at the respective dates, net of their related deferred tax impact of $ 50,795 resulting in a net decrease in retained earnings of $ 94,936 as of January 1, 2016.

- Hedge accounting: the standard introduces a substantially reformed approach to hedge accounting that aligns it more closely with risk management. The Group was not impacted by this new approach.

Per the modification of IAS 1 Presentation of financial statements, issued December 2014, in the other comprehensive income section of the comprehensive income statement, the following items are reported under different headings:

- The proportion of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified after the result.
- The proportion of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified after the result.

IAS 19 Employee benefits, amendment issued in September 2014. The returns to be used as a discount rate are no longer referred to a country market, but to a currency market, which "overflows" local borders. The discount rate is determined under two alternatives, in the first instance under high-quality corporate bonds (if there is a market) or government default bonds (as a second option). The focus is to find out if there is such a currency in the first option, so it is not in the local market. For the company no impact is generated in this respect because it applies the second option (the use of government bonds in local currency).No impact is generated for the Group in this respect because the second option applies (when resorting to the government bonds in local currency). Except in the affiliate Hidroecológica del Teribe S.A. – HET in Panama where a strong currency such as the United States dollar, was adopted, the discount rate is reduced and, therefore, the present obligation of the post-employment benefits of that affiliate is increased.

2.28.3. Application of new and revised standards

The new standards and modifications to the IFRS, as well as the interpretations (IFRIC) that have been published in the period, but that have not been yet implemented by the company and those that will be adopted as of the date of the mandatory application, are detailed below:

Standard	Date of mandatory application	type of change
IFRS 15 Revenue from contracts with customers	January 1, 2018	New
IFRIC 22 Foreign currency operations and early consideration	January 1, 2018	New
IFRS 16 - Leases	January 1, 2019	New
IFRS 10 - Consolidated financial statements	Postponed	Modification
IFRS 12 - Disclosures about shares in other entities	January 1, 2017	Modification
IAS 7 - Cash flows	January 1, 2017	Modification
IAS 12 - Income tax	January 1, 2017	Modification
IFRS 4 - Insurance contracts	January 1, 2018	Modification
IFRS 9 - Financial instruments	January 1, 2018	Modification
IAS 28 - Investments in associates and joint ventures	January 1, 2018	Modification
IAS 40 - Investment property	January 1, 2018	Modification

IFRS 15 Revenue from contracts with customers: issued in May 2014, is a new standard applicable to all contracts with customers, except leases, financial instruments and insurance contracts. This is a joint project with the Financial Accounting Standards Board – FASB to eliminate differences in the recognition of income between IFRS and US GAAP.

The amendments made in April 2016 to IFRS 15 include the following aspects:

a. Identification of the principal or agent acting: When a third party is involved in providing goods or services to a customer, the Group will determine whether the nature of its commitment is a performance obligation consisting in providing the goods or services specified by itself (That is, it acts as a principal) or in organizing for the third party the supply of those goods or services (ie acts as an agent).

The Group acts as a principal if it controls a committed good or service before it transfers it to a customer. However, the Company is not necessarily acting as a principal if it obtains the legal right on a product only momentarily before the right is transferred to the customer. The Group acting as a principal in a contract may satisfy a performance obligation on its own or may contract a third party (for example, a subcontractor) to satisfy all or part of a performance obligation on its behalf. When the Group acts as a principal, it satisfies a performance obligation, recognizes revenue from ordinary activities for the gross value of the consideration it expects to be entitled to in exchange for the goods or services transferred.

The Group acts as an agent if the performance obligation is to organize the supply of goods or services to another company. When the Group, acting as an agent, satisfies a performance obligation, recognizes revenue from ordinary activities for the value of any payment or commission it expects to be entitled in exchange for arranging for the other party to provide its goods or services. The payment or commission may be the net value of the consideration that the entity retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

B. Variable consideration: Any amount that varies according to the contract. Variable consideration will only be included in the transaction price when the entity expects it to be 'highly probable' that the resolution of the associated uncertainty would not result in a significant reversal of revenue. This valuation takes into account both the probability of a change in the estimate and the magnitude of any reversal of revenue that would result. If the Group is unable to include its full estimate of the variable consideration, since it could give rise to a significant reverse of revenue, it must recognize the amount of the variable consideration that would be highly likely not to result in a significant reversal of revenue Ordinary There is an exception to this when the entity earns revenue-based sales or use for royalties from its intellectual property licenses. In such circumstances, the entity would typically only include the revenue from those licenses when the sale or subsequent use occurs.

The standard also introduces a specific restriction on royalty payments related to intellectual property licenses. If royalty payments are based on subsequent use or sale, entities are restricted from recognizing associated revenue until subsequent use or sale has occurred, even if based on historical evidence it is possible to make a reliable estimate of this quantity.

C. Methods of application: The standard allows the use of two methods for the initial application of the standard as follows:

Full retrospective approach: the standard can be applied retrospectively to all comparative periods presented. According to this option, the previous year's comparisons are re-issued, with the resulting adjustment to the opening balance of equity in the first comparative period. When this option is selected, the standard provides a series of optional practical dossiers. These include the following:

- For completed contracts, entities are not required to re-issue contracts that begin and end in the same annual reporting period.
- For completed contracts that have variable consideration, the entity may use the transaction price at the date the contract was completed rather than estimate the amounts of the variable consideration in the comparative reporting periods.
- For all periods presented before the date of the initial application, the entity need not disclose the amount of the transaction price assigned to the remaining performance obligations and any explanation of when the entity expects to recognize those amounts as revenue.

Modified approach: according to the modified approach, the standard can be applied only from the date of the initial application. If they choose this option, they will need to adjust the opening balance of equity to the date of the initial application (i.e., January 1, 2017) but are not required to adjust the previous year's comparisons. This means that they do not need to consider contracts that have been completed before the date of the initial application. Broadly, the figures reported from the date of the initial application will be the same as if the standard had always been applied, but the figures for the comparative periods will remain with the previous base.

If this option is used, disclosure is required of the amount by which each line item of the financial statement is affected in the current period as a result of the application of the guidance and an explanation of the important changes between reported results According to IFRS (IFRS 9, 15 and previous guidance on revenue).

The amendments have a effective date of January 1, 2018, which is the effective date of IFRS 15. Entities are required to apply these amendments retroactively. The amendments seek to clarify the requirements of IFRS 15, do not change the standard.

This new standard intends to improve the inconsistencies and weaknesses of IAS 18 and provide a model that will facilitate the comparability of companies of different industries and regions. It provides a new model for revenue recognition and more detailed requirements for contracts with multiple elements. In addition it requires more detailed disclosures.

The basic principle of IFRS 15 is that an entity recognizes revenues from ordinary activities in a way that represents the transfer of goods or services committed with clients in exchange for an amount that reflects the consideration that the entity expects to be entitled to change Of such goods or services. An entity recognizes revenue from ordinary activities in accordance with that basic principle by applying the following steps:

Stage 1: Identify the contract (or contracts) with the customer

Stage 2: Identify performance obligations in the contract

Step 3: Determine the price of the transaction

Stage 4: Assign the price of the transaction between the performance obligations of the contract

Stage 5: Recognize the income from ordinary activities when (or as) the entity meets a performance obligation

Under IFRS 15, an entity recognizes revenue when an obligation is satisfied, for example, when the "control" of the goods or services underlying the execution of the particular obligation is transferred to the customer. More specific guidance have been added to the standard to handle specific scenarios. Further disclosure is required.

It would replace the standards IAS 18, Revenues and IAS 11 Construction Contracts, IFRIC 13 Customer loyalty programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of assets from customers and SIC 31 Barter Transactions Involving Advertising Services.

The Group evaluated the impacts generated by the application of this new standard, and concluded that there are no material impacts on the financial statements.

The amendments will be mandatory for annual periods beginning on or after January 1, 2018. Early application is permitted.

IFRIC 22 Foreign currency operations and advance consideration: issued in December 2016, this interpretation deals with how to determine the transaction date, in order to define the exchange rate to be used in the initial recognition of the asset, expense or revenue (or part thereof), in the derecognition of a non-monetary asset or non-monetary liability resulting from the payment or receipt of advance consideration in foreign currency. In this respect the Interpretation Committee reached the following conclusion: the date of the transaction, for the purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Not applied when an entity measures the related asset, expense or revenue in the initial recognition at its fair value or at the fair value of the consideration paid or received on a date different from the initial recognition date of the non-monetary asset or non-monetary liability derived from the advance consideration (for example, the measurement of the goodwill according to IFRS 3 Business Combinations). It is not applied either for the income tax and insurance contracts.

The company is evaluating the impacts that the application of this interpretation could generate.

The amendments will be mandatory for annual periods beginning on or after January 1, 2018. Early application is permitted.

IFRS 16 Leases: issued in January 2016, this new standards Introduces an integral model for the identification of leases and accounting treatments for landlords and tenants. It will replace the current standards for the accounting treatment of the leases included in IAS 17 Leases and related interpretations.

IFRIC 4 Determining Whether an Arrangement Contains a Lease; SIC 15
Operating Leases /—Incentives; and SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease.

The distinction between leases and service contracts is based on the control of the customer over the identified asset. For the lessee, the distinction between operating leases (off-balance sheet) and finance leases (on the balance sheet) is removed and replaced with a model in which an asset (right of use) and its corresponding liability must be recognized for all Leases (ie all on the balance sheet), except for short-term leases and leases of low-value assets.

Assets (right of use) are initially measured at cost and subsequently measured at cost (with certain exceptions) less accumulated depreciation and impairment losses, adjusted for any reassessment of the lease liability.

Lease liability is initially measured at the present value of future lease payments. Subsequently, the lease liability is adjusted to interest and rent payments, as well as to the impact of lease modifications, among others. In addition, the classification of cash flows will also be affected since operating lease payments under IAS 17 are presented as operating cash flows; While in model IFRS 16, lease payments will be divided into amortization to capital and a portion of interest that will be presented as cash flow from financing and operation, respectively.

In contrast to tenant accounting, IFRS 16 includes as accounting requirements for the lessor the same as that provided by IAS 17, ie, it continues to require a lessor to classify a lease as an operating lease or a finance lease.

This new standard requires more detail in the disclosures.

The company is evaluating the impacts that could be generated by the application of this new standard, since it is planned that in 2017 technical guidelines and definitions will be elaborated and the impacts for the implementation in 2018 will be identified.

The amendments will be mandatory for annual periods beginning on or after January 1, 2019. Early adoption is permitted if IFRS 15 is also adopted - Income from contracts with customers.

IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. IFRS 10 has been amended to reflect the following: gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that are accounted for using equity method are recognized In the result of the parent company to the extent of the participation of unrelated investors in that associate or joint venture. Likewise, gains and losses resulting from the revaluation of investments accrued in a subsidiary (which has become an associate or a joint venture accounted for using equity method) at fair value are recognized in the income statement. Former parent only to the extent of the participation of unrelated investors in the new associate or joint venture. Additionally, the amendments to IFRS 10 and IAS 28 deal with conflicting accounting requirements on the sale or contribution of assets between an investor and its associate or joint venture, to that effect, it is established that to determine whether the assets sold or contributed Constitute a business, it must be considered whether the sale or contribution of those assets is part of multiple agreements that must be accounted for as a single transaction.

The amendments are applied prospectively to transactions occurring in annual periods beginning on or after January 1, 2016 with anticipated permitted application. At the IASB June 2015 meeting, the IASB tentatively decided to postpone the mandatory date of this amendment. No draft has been issued at the time of writing this document.

These changes have no impact on the financial statements.

Note: with respect to "*IFRS 10, IFRS 12 IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28*", The change in the standard does not apply to any of the companies of the EPM Group, since the exemption applies to investment entities, however, this modification was included in the technical definitions.

IFRS 12 - Disclosures about Investments in Other Entities: The amendment to IFRS 12, which is part of the annual improvements to IFRS Cycle 2014-2016 issued in December 2016, clarifies the scope of the standard by adding the indication That the requirements of this IFRS apply to the interests of subsidiaries, joint ventures, associates and non-consolidated structured entities that are classified (or classified) as held for sale or discontinued operations in accordance with IFRS 5 Assets Non-current assets held for sale and discontinued operations, but the exception of disclosing information on them in accordance with paragraph B17 of the standard is retained.

The amendments shall be mandatory for annual periods beginning on or after 1 January 2017.

These changes do not have any material impact on the financial statements.

IAS 7 Cash flows: the modification to IAS 7 issued in January 2016 defines the liabilities derives from financing activities as liabilities "for which the cash flows were or will be classified in the Statement of cash flows as cash flows for financing activities". It also make emphasis on the fact that the new disclosure requirements also related to the changes in the financial assets if they meet the same definition.

It requests new information to be disclosed on the changes in the liabilities derived from the financing activities, such as: changesin cash flows from financing activities, changes derived from the obtaining or loss of control of subsidiaries or other business, the effect of the changes in the foreign exchange rates, the changes in the fair value and other changes. It also establishes that the changes in the liabilities derived from financing activities must be disclosed separately from the changes in other assets and liabilities, and includes a reconciliation between the beginning and ending balances in the statement of financial position, for the liabilities derived from financing activities. Early adoption is permitted.

The Company evaluated the impacts of the change in the standard, concluding that it will have no material impact on the financial statements.

IAS 12 Income tax: the amendment to IAS 12, issued in January 2016, does not change the underlying principles for the recognition of deferred tax assets, makes the following clarifications:

- Unrealized losses on debt instruments measured at fair value in financial instruments, but at cost for tax purposes may give rise to deductible temporary differences.
- When an entity evaluates whether the taxable profit against which a deductible temporary difference can be used will consider whether the tax law restricts the sources of taxable income against which it can make deductions at the time of reversal of that temporary difference deductible. If tax law does not impose these restrictions, an entity will evaluate a deductible temporary difference in combination with all others. However, if the tax law restricts the use of losses to be deducted against income of a specific rate, a difference.
- The Entity shall confirm whether it has sufficient taxable profits in future periods, comparing deductible temporary differences with future taxable income that excludes tax deductions arising from the reversal of such temporary deductible differences. This comparison shows the extent to which future taxable income will be sufficient for the entity to deduct the amounts arising from the reversal of deductible temporary differences.
- Possible future taxable profits could include the recovery of certain assets of the entity for an amount greater than its carrying amount if there is sufficient evidence that the entity is likely to be able to meet it. That is, in the case of an asset when measured at fair value, an entity must verify whether it is certain that the asset is recoverable by a figure greater than the carrying amount, such as maintaining a Fixed-rate debt instrument and collect contractual cash flows

The amendments shall be mandatory for annual periods beginning on or after 1 January 2017.

IFRS 4 Insurance Contract: issued in March 2004, is a standard in the process of phased training, for those who issue insurance and reinsurance contracts. The ascent to Phase II has been initiated, which has involved some exemptions from applying other standards, for example, an entity will apply those modifications, which allow insurers who meet specific criteria to use a temporary exemption from IFRS 9 for periods Per annum beginning on or after 1 January 2018, insurers are also permitted to reclassify some or all of their financial assets under specified circumstances so that they are measured at fair value through profit or loss but affecting other comprehensive income.

This implies that changes in the application of IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts" (Amendments to IFRS 4) offer two options for entities that issue insurance contracts within the scope of the IFRS 4:

-An option that allows the entities to reclassify, from the profit or loss to other comprehensive income, part of the income or expenses derived from designated financial assets; This is the so-called overlapping approach;

-An optional temporary exemption from the application of IFRS 9 for entities whose predominant activity is the issuance of contracts within the scope of IFRS 4; This is the so-called deferral approach.

The application of both approaches is optional and an entity is allowed to stop applying them before the new standard of insurance contracts is applied.

An entity would apply the overlapping approach retrospectively to qualifying financial assets when it first applies IFRS 9. The application of the overlap approach requires the disclosure of sufficient information to enable financial statement users to understand how the reclassified amount is calculated in Period Effect of such reclassification on the financial statements.

An entity would apply the deferral approach for annual periods beginning on or after January 1, 2018. The application of the deferral approach must be disclosed in conjunction with information that allows the users of financial statements to understand how the insurer qualified for The temporary exemption and Compare the insurers applying the temporary exemption with the entities applying IFRS 9. The deferral can only be used for the three years following January 1, 2018.

The company is evaluating the impacts that could be generated by the application of this new standard.

IAS 28 - Investments in associates and joint ventures: the amendment to IAS 28, which is part of the annual improvements to IFRS Cycle 2014-2016 issued in December 2016, clarifies that when an investment in an associate or joint venture Directly or indirectly maintained by an entity that is a venture capital organization or a collective investment trust, investment trust or other similar entity, including investment insurance funds, the entity may choose to measure such investments at fair value With changes in results in accordance with IFRS 9. An entity shall make this separate choice for each associate or joint venture at the initial recognition of the associate or joint venture. It also clarifies that if an entity that is not itself an investment entity has a stake in an associate or joint venture that is an investment entity, the entity applying equity method may retain the fair value measurement applied by That associate or joint venture that is an investment entity to the interests of the associate or joint venture that is an investment entity in subsidiaries. This choice is made separately for each associated investment entity or joint venture, on the date after the date on which: a) the investment in the associate or joint venture is initially recognized; B) the associated investment or joint venture becomes an investment entity; And (c) the associated investment entity or joint venture becomes a Parent.

These changes do not have any material impact on the financial statements.

The amendments will be mandatory for annual periods beginning on or after January 1, 2018. Early application is permitted.

IAS 40 Investment Property: The amendment made in December 2016, has an effect on the transfer of investment property (reclassifications) motivated by "change in use", extending the latter term: a change in use occurs when the property Meets, or fails to meet, the definition of investment property and there is evidence of change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. This is followed by the examples provided by the standard in paragraphs 57 and 58 (not substantially modified). Paragraphs 84C to 84E and 85G were added to define the transitional provisions when transferring investment property.

The company is evaluating the impacts that could be generated by the application of this new standard. The amendments shall be mandatory for annual periods beginning on or after 1 January 2018.

2.28.4 Errors in previous periods

As of March 31, 2017, there were not adjustments to the consolidated financial statements of errors for previous periods.

2.28.5 Changes in presentation

As of March 31, 2017, there were no changes in presentation to the consolidated financial statements.

Note 3. Seasonality

EPM Group does not have seasonal operations during the period.

Note 4. Significant accounting judgments, estimates, and causes of uncertainty in the preparation of financial statements

The following are the significant judgments and assumptions, including those that involve accounting estimates that EPM Group's management used in the application of the accounting policies under IFRS, and that have significant effect on the values recognized in the consolidated financial statements.

Estimates are based upon historic experience and as a function of the best information available on the facts analyzed as of March 31, 2017 and December 31, 2016. These estimates are used for determining the value of the assets and liabilities in the separate financial statements, when it is not possible to obtain such value from other sources. EPM Group evaluates its estimates on a regular basis. Actual results may differ from those estimates.

The significant estimates and judgments made by EPM Group are described below:

- **Evaluation of the existence of impairment indicators for the assets, goodwill and valuation of assets for determining the existence of value impairment losses.**

  The condition of the assets is revised on each report presentation date. Recognized in order to determine whether there are indications that any of them has suffered an impairment loss, impairment indicators are revised. If there is impairment loss, the recoverable amount of the asset is affected; if the estimated recoverable amount is lower, it is reduced up to its fair value and an impairment loss is immediately recognized in operations.

  The evaluation of the existence of value impairment indicators is based on external and internal factors, and in turn on quantitative and qualitative factors. Evaluations are based on financial results, the legal, social and environmental settings, and the market conditions; significant changes in the scope or fashion in which it is used or expected to use the asset or cash-generating unit (UGE, for its Spanish initials) and evidence about obsolescence or physical deterioration of and asset or UGE (cash generating unit), among others.

  Determining whether goodwill has suffered impairment implies the calculation of the value at use of the cash generating units to which it has been assigned. The calculation of the value at use requires that the entity determines the future cash flows that should arise from the cash-generating units and a discount rate appropriate to calculate the current value. When the actual future cash flows are lower than expected, an impairment loss may arise.

- **Hypothesis used in the actuarial estimate of the post-employment obligations with employees.**

  The assumptions and hypothesis used in the actuarial studies include: demographic assumptions and financial assumptions; the former refer to the characteristics of the current and past employments, and relate to the mortality rate, employee turnover rates; the latter relate to the discount rate, the increases in future salaries, and the changes in future benefits.

- **Useful life and residual values of property, plant and equipment, and intangibles**

  In the assumptions and hypothesis used for determining the useful lives, technical aspects such as the following are considered: periodical maintenances and inspections made to the assets; failure statistics; environmental conditions and operating environment; protection systems; replacement processes; obsolescence factors, recommendations of manufacturers, climate and geographical conditions; and experience of the technicians that know the assets. Aspects such as market values, reference magazines, and historic sales data are considered for determining the residual value.

- **Assumptions used for calculating the fair value of financial instruments including the credit risk.**

  EPM Group discloses the fair value corresponding to each class of financial instrument in such a way that allows comparing it with the carrying values.

  Macro-economic projections calculated within each Group company are used.

  Investment portfolio is valued at market price. In its absence, a similar one is looked for in the market and if not, assumptions are used.

  Macro-economic rates are projected using the cash-flow methodology.

  Derivatives are estimated at fair value.

  Accounts receivable are estimated at the market rate in force and effect for similar credits. Accounts receivable from employees are valued in a similar way as massive debtors, except for mortgage (housing) credits.

  The methodology used for equity investments is the cash flow; those quoted in the stock exchange such as Interconexión Eléctrica S.A. –ISA- are estimated at market prices; all others, are valued at historic cost.

- **Likelihood of occurrence and value of contingent or uncertain-value liabilities.**

  The assumptions used for uncertain or contingent liabilities include the classification of the legal process by the “expert judgment” of the areas professionals, the type of contingent liability, the possible legislative changes, and the existence of high-courts’ jurisprudence that applies to the concrete case – the existence of similar cases in the company, - the study and analysis of the substance of the issue, - the guarantees existing at the moment when the facts occur.

  The Company shall disclose and not recognized in the financial statements those obligations classified as “possible”.

- **Future disbursements for asset dismantlement and retirement obligations.**

  In the assumptions and hypothesis used for determining future disbursements for asset dismantlement and retirement obligations, aspects such as the following were considered: estimate of future outlays in which the Group companies must incur for the execution of those activities associated to asset dismantlement on which legal or implicit obligations have been identified; the initial date of dismantlement or restoration; the estimated date of finalization; sand the discount rates.

- **Determination of the existence of financial or operating leases based on the transfer of risks and benefits of the leased assets.**

  The significant assumptions that are considered in the Group to determine the existence of a lease include the assessment of the conditions if the right to control the use of the asset is transmitted for a period of time in exchange for a consideration, that is, it is evaluated The existence of an identified asset; The right to obtain substantially all economic benefits from the use of the asset over the period of use; The right to direct how and for what purpose the asset is used throughout the period of use; Right to operate the asset over the period's use without any changes in the operating instructions.

- **Recoverability of deferred tax assets**

  Deferred tax asset in the Group has been generated by the temporary differences that generate future fiscal consequences in the financial position of Croup Companies; these differences are essentially represented in fiscal assets that exceed the assets under IFRS; and in fiscal liabilities, lower than the liabilities under IFRS, such as it is the case of the pension liability components, the amortized cost of bonds, financial leasing, and other sundry provisions and contingencies provision.

  The Group's deferred tax asset is recovered in the net income taxed on the current income tax generated in each Group company.

- **Determination of whether a set of assets meets the conditions to be classified as a discontinued operation.**

  For determination of whether a set of assets meets the conditions to be classified as a discontinued operation, the assumptions that are subject to disclosure were not taken into account in the Group, because there were no transactions that made believe the discontinuity of an operation.

- **The determination of control, significant influence or joint control over an investment.**

  Investment init Ecosistema de Morelos S.A. de C.V. and Aquasol Pachuca S.A. de C.V. without control

  The Group has 80% and 57.6% respectively of the equity instruments of Ecosistema de Morelos S.A. de C.V. and Aquasol Pachuca S.A. de C.V. Therefore, it owns more than half of these companies' voting rights. However, due to contractual agreements between the Group and the minority shareholders, in December 2016, the Group lost the power to direct its relevant activities. It cannot select and remove the majority of the members of the Board of Directors. Consequently, Ecosistema de Morelos S.A. de C.V. and Aquasol Pachuca S.A. de C.V., are not consolidated on the Group's financial statements. These investments are incorporated in the Group's financial statements through the subsidiary Tecnología Intercontinental S.A. de C.V. TICSA as investments in financial instruments measured at fair value with changes in income.

- **Determination of portfolio deterioration**

  For the calculation of the expected credit loss, each obligation is assigned an individual probability of non-payment that is calculated from a probability model involving sociodemographic, product and behavior variables.

  The model uses a window of twelve months, which is why it is estimated that an obligation has to be provisioned at a certain percentage in the same period. The model will be applied based on the scorecard developed taking into account the information of each Group Company. The models are defined according to the information available and the characteristics of the population groups for each one. Although the methodology applies to all accounts with balance, some exclusions must be taken into account, such as:Accounts written-off; Self-consumptions; Contributions; Public Lighting and in general charges from third parties. For its calculation, it is previously defined the moment from which it is considered that an obligation was breached and will not be recovered.

  With this information the calculation of the expected request is made as follows:

  PE = PI x SE x PDI, where:

  Probability of Default (PI): this corresponds to the probability that, within a period of twelve months, the debtors of a certain segment and portfolio rating incur in default.

  Outstanding Balance of the Asset (SE): corresponds to the balance of capital, balance of interests, and other current charges of the obligations.

  Loss due to non-compliance (PDI): defined as the economic deterioration that the entity would incur in the event that any of the non-compliance situations materialize.

- **Estimate of income.**

  The Group recognizes income from the sale of goods in the period of transfer of risks and benefits and those arising from the provision of services when they are delivered to the customer, regardless of the date on which the corresponding invoice is drawn up, to carry out This estimate takes information from contracts or agreements with customers and thus establishes the value to be recognized in income.

For other concepts than the provision of public residential services, the Group estimates and recognizes the value of revenues from sales of goods or services rendered based on the terms or conditions of interest rate, interim period, of each contract Which originates the sale.

In the month after recording the estimated income, its value is adjusted by the difference between the value of the actual income already known against the estimated income.

Note 5. Significant transactions carried out and other relevant aspects during the interim period

As of March 31, 2017, no significant transactions and other relevant aspects occurring during the intermediate period other than those of the Group's regular line of business were reported.

Note 6. Surpluses

EPM Group paid ordinary surpluses during the period by $250,000. As of March 31, 2016, the Group paid ordinary surpluses by $186,893.

Note 7. Property, plant and equipment, net

The following is the detail of the book value of property, plant and equipment:

Concept	2017	2016
Cost	34,733,704	34,151,205
Accumulated depreciation and impairment	(6,001,038)	(5,885,095)
Total	28,732,666	28,266,110

- Figures expressed in millions of Colombian pesos -

The property plant and equipment presents a variation from 2016, for $466,556, mainly due to the construction of infrastructure in the different businesses of the Group's subsidiaries , of which the most relevant is the construction of the Hidroeléctrico Ituango project, which presents a change from 2016 for $417,251.

During 2017, EPM Group has invested $751,731 in infrastructure.

The capitalization of borrowing costs of $82,457 (2016: $271,224), the weighted average rate used to determine the amount of borrowing costs was 8.45%, which is the specific effective interest rate of this type of loan.

As of March 31, 2017 and December 31, 2016, the Group does not have properties, plant and equipment retired from their use and that have not been classified as non current assets held for sale.he main projects under construction are:

Project	2017	2016
Ituango (1)	6,077,667	5,660,416
Planta de tratamiento de aguas residuales Bello	1,093,898	1,038,356
Nueva Esperanza	404,303	390,603
DECA Projects	234,237	248,977
ENSA Projects	141,075	138,847
ESSA Projects	275,279	252,141
ADASA Projects	117,284	106,473
CENS Projects	116,145	109,625
CHEC Projects	41,548	48,408
Distrito de frío	25,665	25,257
Conexión San Nicolás D. Primaria	16,974	13,812
EDEQ Projects	11,054	11,813
Delsur Projects	29,275	30,217
AMA projects- Sewer and Sewer Networks	2,546	891
Proyectos AOR - Replacement Sewer networks el Retiro	140	140
AOR Projects - Supply and El Retiro Tank	10	10
EMVARIAS Projects - Vaso Altair (fase 3)	1,431	-
Other projects	635,044	542,722
Total	**9,223,574**	**8,618,708**

- Figures expressed in millions of Colombian pesos -

(1) As of March 31, 2017, the Ituango Hydroelectric Project presents the following physical progress of 67.7%, where the current schedule is designed to have all the works located on the site of the plant, necessary for the first generation of energy, in the Last quarter of 2018.

The breakdown of progress is as follows:

Activity	Unit of measureme	Total	Executed	%
Dump				
Excavations of the landfill	m³	14,022,086	12,030,950	86%
Concrete control structure (Water + right wall)	m³	103,584	62,254	60%
Dam				
Excavation of the prey	m³	974,637	974,637	100%
Full of prey	m³	19,484,575	10,950,331	56%
Driving				
Total driving tunnels (upper and lower + pressure wells)	m	2,489	2,342	94%
Concrete elbows of lower conduction 1 to 4	m³	8,424	8,424	100%
Gate Wells - Full Section Excavation (8 x 85 m each)	m	680	680	100%
Catchment square	m³	598,741	598,741	100%
Cable well - Excavation complete section	m	336	336	100%
Underground station				
Concrete machine house (Assembly room + north zone)	m³	26,469	14,823	56%
Concrete machine house (south zone - walls)	m³	2,406	1,708	71%
Concretes unit 4	m³	1,423	1,423	100%
Concretes unit 3	m³	1,423	1,423	100%
Concretes unit 2	m³	1,423	982	69%
Concrete cave transformers	m³	3,355	2,660	79%
Concrete beacon 1	m³	3,013	2,543	84%
Central Download				
Tunnels 1 to 4 - Excavation Vault	m	3,149	3,125	99%
Concrete in discharge tunnels 1 to 4	m³	5,354	5,354	100%
Auxiliary deflection system				
SAD gateway	m³	81,943	79,485	97%
Auxiliary gallery of deviation GAD (Vault)	m	2,145	2,117	99%
Auxiliary gallery of deviation GAD (Bank)	m	2,145	1,866	87%
GAD bottom discharge tunnel	m	287	287	100%

▫ *Unit of measurement expressed in cubic meters (m3) and meters (m)*

The most significant commitments to acquire the Group's property, plant and equipment at the report date amount to $1,023,438 (2016: $1,033,192).

Note 8. Investment in subsidiaries.

The detail of the subsidiaries of the Group At the date of the reporting period is the following:

Name of subsidiary		Location (country)	Main activity	Percentage of Ownership and Voting Rights		Percentage of non-controlling interest		Creation date
				2017	2016	2017	2016	
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)		Colombia	Provides public utilities for electric power purchase, sale and distribution of electricity.	92.85%	92.85%	7.15%	7.15%	22/12/1988
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)		Colombia	It provides public energy services, operating power generation plants, transmission and subtransmission lines and distribution networks, as well as the commercialization, import distribution and sale of electricity.	80.10%	80.10%	19.90%	19.90%	09/09/1950
Electrificadora de Santander S.A. E.S.P. (ESSA)		Colombia	Provides public services of electrical energy purchase sale commercialization and distribution of electric energy.	74.05%	74.05%	25.95%	25.95%	16/09/1950
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)		Colombia	Provides public services for electricity, purchase, export, import, distribution and sale of electric power construction and operation of generating plants, transmission line substations and distribution networks.	91.52%	91.52%	8.48%	8.48%	16/10/1952
Elektra Noreste S.A. (ENSA)		Panamá	Acquires energy, transports, distributes to customers, transforms voltage, installs, operates and maintains public lighting, authorized to carry out power generation up to a limit of 15% of maximum demand in the concession area.	51.16%	51.16%	48.84%	48.84%	19/01/1998
Hidroecológica del Teribe S.A. (HET)		Panamá	It finances the construction of the Bonyic hydroelectric project required to meet the growth of the energy demand of the isthmus of Panama.	99.19%	99.19%	0.81%	0.81%	11/11/1994
Empresa Eléctrica de Guatemala S.A. (EEGSA)		Guatemala	Provides electricity distribution services.	80.90%	80.90%	19.10%	19.10%	05/10/1939
Gestión de Empresas Eléctricas S.A. (GESA)		Guatemala	Provides advice and consulting to distribution companies and electricity transmission.	100.00%	100.00%	-	-	17/12/2004

Name of subsidiary		Location (country)	Main activity	Percentage of Ownership and Voting Rights		Percentage of non-controlling interest		Creation date
				2017	2016	2017	2016	
Almacenaje y Manejo de Materiales Eléctricos S.A. (AMESA)		Guatemala	Provides outsourcing services in the area of materials management.	99.94%	99.94%	0.06%	0.06%	23/03/2000
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)		Guatemala	Provides services of commercialization of electrical energy.	80.52%	80.52%	19.48%	19.48%	05/11/1998
Transportista Eléctrica Centroamericana S.A. (TRELEC)		Guatemala	Provides services of Transmission of electrical energy.	80.90%	80.90%	19.10%	19.10%	06/10/1999
Enérgica S.A. (ENERGICA)		Guatemala	Provides services of construction and maintenance of projects and goods of the electric sector.	78.19%	78.19%	21.81%	21.81%	31/08/1999
Crediegsa S.A. (CREDIEGSA)		Guatemala	Provides recruitment services and other administrative services	80.90%	80.90%	19.10%	19.10%	01/12/1992
Distribuidora de Electricidad del Sur (DELSUR)		El Salvador	Transformation, distribution and commercialization of electricity supplying the south central zone of El Salvador in Central America.	86.41%	86.41%	13.59%	13.59%	16/11/1995
Innova Tecnologia y Negocios S.A. of C.V.		El Salvador	Provision of specialized services in electrical engineering and sale of electrical appliances to electricity users of Delsur.	86.41%	86.41%	13.59%	13.59%	19/10/2010
Parque Eólico Los Cururos Ltda.		Chile	Generation of electrical energy through all types of fuels and renewable energies such as wind, photovoltaic and biomass, transmission, purchase, sale and commercialization of electric energy.	100.00%	100.00%	-	-	26/08/2011
Aguas Nacionales EPM S.A. E.S.P.		Colombia	Provides public utilities for water, sewage and sanitation, treatment and waste management complementary activities and engineering services specific to these public services.	99.99%	99.99%	0.01%	0.01%	29/11/2002
Aguas Regionales EPM S.A. E.S.P.		Colombia	Ensure the provision of public residential water supply and sanitation services and compensate for the lag of the infrastructure of these services in the partner municipalities.	69.76%	69.76%	30.24%	30.24%	18/01/2006

Name of subsidiary		Location (country)	Main activity	Percentage of Ownership and Voting Rights		Percentage of non-controlling interest		Creation date
				2017	2016	2017	2016	
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.		Colombia	Provides public utilities of water and sewerage, as well as other complementary activities specific to each of these public services.	56.01%	56.01%	43.99%	43.99%	22/11/1999
Aguas de Malambo S.A. E.S.P.	(1)	Colombia	Dedicated to guarantee the provision of public utilities for sewage and sanitation in the jurisdiction of the Municipality of Malambo Department of the Atlantic.	96.23%	96.23%	3.77%	3.77%	20/11/2010
Ecosistemas de Colima S.A. de C.V.		México	Dedicated to elaborate executive project for the plant of treatment of residual waters, its construction equipment and putting into operation, conservation and maintenance stabilization of sludge in municipalities of the State of Colima.	79.99%	79.99%	20.01%	20.01%	14/02/2006
Ecosistemas de Tuxtla S.A. de C.V.		México	Dedicated to the construction, equipment, start-up, operation and maintenance of a waste water treatment system with the total private investment modality recoverable. Develop potable water projects and water treatment plants.	80.00%	80.00%	20.00%	20.00%	17/11/2006
Ecosistemas de Uruapan S.A. de C.V.		México	Subsidiary dedicated to the provision of wastewater treatment services of the Municipality of Uruapan Michoacán includes construction, equipment, testing and commissioning, maintenance and maintenance of the plant.	80.00%	80.00%	20.00%	20.00%	18/11/2009
Ecosistema de Ciudad Lerdo S.A. de C.V.		México	Subsidiary dedicated to the construction, equipment, commissioning, operation and maintenance for 20 years of a wastewater treatment system in the city Lerdo Durango, with the total private investment modality recoverable.	80.00%	80.00%	20.00%	20.00%	24/04/2007
Aquasol Morelia S.A. de C.V.		México	Subsidiary dedicated to the construction of a wastewater treatment plant, as well as the equipment and commissioning of said plant located in the town of Atapaneo in the Municipality of Morelia Michoacán.	80.00%	80.00%	20.00%	20.00%	13/11/2003
Ecosistemas de Celaya S.A. de C.V.		México	Dedicated to the elaboration of the executive project for the wastewater treatment plant, as well as to the treatment, transportation and final disposal of solid waste and sludge in the plant of the city of Celaya state of Guanajuato.	80.00%	80.00%	20.00%	20.00%	05/12/2008

Name of subsidiary		Location (country)	Main activity	Percentage of Ownership and Voting Rights		Percentage of non-controlling interest		Creation date
				2017	2016	2017	2016	
Desarrollos Hidráulicos de Tampico S.A. de C.V.		México	Dedicated to the construction, equipment, extension, improvement, maintenance maintenance and operation of water supply systems and sewage services, collection, drainage and wastewater treatment works.	79.99%	79.99%	20.01%	20.01%	25/08/1995
Ecoagua de Torreón S.A. de C.V.		México	Dedicated to providing services of operation of treatment of waste water from any source, be it municipal or domestic, as well as the activity related to the treatment of waste water.	80.00%	80.00%	20.00%	20.00%	25/10/1999
Proyectos de Ingeniería Corporativa S.A. de C.V.		México	Provision of design, general or construction engineering services, professional and technical services tending to operate, manage, manage and generally carry out all the activities that are necessary for the development of activities of any commercial, industrial or commercial enterprise. Of services, in their modality of physical or moral person.	80.00%	80.00%	20.00%	20.00%	01/08/2008
Corporación de Personal Administrativo S.A. de C.V.		México	Provision of professional services tending to operate, administer, direct and generally carry out all the activities that are necessary for the development of activities of any commercial, industrial or service company in its modality of natural or moral person, as well as Also the administration, selection, contracting and exchange of personnel that performs functions within the facilities of the requesting companies.	80.00%	80.00%	20.00%	20.00%	01/08/2008
Aguas de Antofagasta S.A.		Chile	Construction and operation of public services for the production and distribution of drinking water and	100.00%	100.00%	-	-	28/11/2003
Empresas Varias de Medellín S.A. E.S.P.		Colombia	Subsidiary dedicated to the provision of the public toilet service within the framework of the integral management of solid waste.	99.93%	99.93%	0.07%	0.07%	11/01/1964
EPM Inversiones S.A.	(2)	Colombia	Dedicated to the investment of capital in national or foreign companies organized as utilities.	99.99%	99.99%	0.01%	0.01%	25/08/2003
Maxseguros EPM Ltd.		Bermuda	Negotiation, contracting and management of reinsurance for policies that protect the patrimony.	100.00%	100.00%	-	-	23/04/2008
Panamá Distribution Group S.A. - PDG		Panamá	Capital investment in companies.	100.00%	100.00%	-	-	30/10/1998

Name of subsidiary		Location (country)	Main activity	Percentage of Ownership and Voting Rights		Percentage of non-controlling interest		Creation date
				2017	2016	2017	2016	
Distribución Eléctrica Centroamericana DOS S.A. - DECA II		Guatemala	It makes capital investments in companies engaged in the distribution and commercialization of electric power and in providing telecommunications services.	100.00%	100.00%	-	-	12/03/1999
Inmobiliaria y Desarrolladora Empresarial de America S.A. (IDEAMSA)		Guatemala	Subsidiary dedicated to investing in real estate.	80.90%	80.90%	19.10%	19.10%	15/06/2006
Promobiliaria S.A.		Panamá	Purchase, sell, construct, modify, manage, lease and generally enter into any contract for the disposition, improvement, use and usufruct of real estate not necessary for the operation of property of the companies that make up the EPM Group.	100.00%	100.00%	-	-	08/09/2015
EPM Latam S.A.		Panamá	Make capital investments in companies.	100.00%	100.00%	-	-	17/05/2007
EPM Capital México S.A. de C.V.	(3)	México	It develops infrastructure projects related to energy, lighting, gas, telecommunications, sanitation, potable water treatment plants, sewage treatment, wastewater treatment, buildings, as well as its operation, studies and services.	100.00%	100.00%	-	-	04/05/2012
EPM Chile S.A.	(4)	Chile	It develops energy projects, lighting, gas, telecommunications, sanitation, sewage treatment plants and sewage treatment, as well as providing such services and participating in all types of public and private tenders and auctions.	100.00%	100.00%	-	-	22/02/2013
Inversiones y Asesorías South Water Services SpA		Chile	Participate in all types of competitions, bidding, auctions are public and / or private in the purchase of stakes in domestic or foreign companies. Carry out strategic alliances, joint venture partnerships and enter into business collaboration agreements to compete for tenders, obtain concessions and / or authorizations. Provide all types of advisory and services related directly or indirectly to the activities performed and in which society is involved.	100.00%	100.00%	-	-	16/12/2014
Tecnología Intercontinental S.A. de C.V. TICSA	(5)	México	Dedicated to the study, development, promotion and execution of industrial projects, to the design, manufacture assembly and assembly of machinery technology development including commercial representation commercial and general trade.	80.00%	80.00%	20.00%	20.00%	28/07/1980

Name of subsidiary		Location (country)	Main activity	Percentage of Ownership and Voting Rights		Percentage of non-controlling interest		Creation date
				2017	2016	2017	2016	
Patrimonio Autónomo Financiación Social	(6)	Colombia	To manage the resources and payments of the program of social financing created by EPM and UNE to facilitate to its clients the purchase of electrical appliances, gasodomÃ © cicos and products related to Information technology.	100.00%	100.00%	-	-	14/04/2008
EV Alianza Energética S.A.	(7)	Panamá	Provision of energy efficiency services and all related services such as environmental services, marketing and financing of efficiency projects, as well as the provision of energy and technology solutions, production, transformation, purchase, sale and supply of energy, gas and related products Such as biogas; Consultancy services, studies, reports and projects relating to farms and previous services, as well as those relating to the environment and energy saving.	51.00%	51.00%	49.00%	49.00%	22/01/2016
EPM Transmisión Chile S.A.	(8)	Chile	Exploitation, development of electrical systems assigned to transportation, transmission and transformation of electrical energy, whether domestically or internationally, and the acquisition of these systems. To such end, it may obtain, acquire, or enjoy the respective concessions, permits and licenses, such as exercising the rights and powers conferred upon electric companies by valid laws. Moreover, the sale of the transportation capacity of lines and transformation of substations and associated equipment, so that generation plants, domestic as well as foreign, can transmit the electric energy that they produce and deliver it to its consumption centers	100.00%	-	-	-	02/02/2017

[1] In March and December 2016, EPM capitalized Aguas Malambo S.A. E.S.P. for $9,000 and $4,999, respectively.

[2] In June 2016, EPM Inversiones S.A. returned contributions to EPM for $165,000.

[3] In May 2016, EPM Latam S.A. capitalized EPM Capital Mexico S.A. de C.V. for USD$8,900,000.

[4] In October 2016, EPM capitalized EPM Chile S.A. for $87,744.

[5] Subsidiary with branch in Colombia, registered at the Chamber of Commerce of Medellin on June 21, 2016, under the name of Ticsa Colombia

[6] In November 2016, EPM increased its participation in the standalone trust for retirement from UNE EPM Telecomunicacones S.A. as participating partner.

[7] Subsidiary incorporated on January 22, 2016 in the Republic of Panama, as per deed No. 2890 of the Fifth Public Notary of the Notary Circuit of the Panama City. Additionally, the Subsidiary has a branch in Colombia, registered at the Chamber of Commerce of Medellin on July 8, 2016 under the name of EV Alianza Energetica S.A. Sucursal Colombia.

[8] Subsidiary incorporated on February 2, 2017 in the Republic of Chile, according to digest No. 4359-2017 of the Twenty-Seventh Notary of Santiago, Chile.

The financial information of the subsidiaries of the EPM Group that have significant non-controlling participations as of the date of the period reported is as follows:

2017	Activos corrientes	Activos no corrientes	Pasivos corrientes	Pasivos no corrientes	Ingresos ordinarios	Resultado del periodo		Otro resultado integral	Resultado integral total	Flujos de efectivo
						Operaciones continuadas	Operaciones discontinuadas			
Elektra Noreste S.A. (ENSA)	488,373	1,489,777	873,918	661,954	463,854	30,260	-	(17,860)	5,853	8,816
Empresa Eléctrica de Guatemala S.A. (EEGSA)	439,392	1,327,276	402,478	667,145	397,278	41,809	-	(32,313)	9,496	12,211
Electrificadora de Santander S.A. E.S.P. (ESSA)	222,789	1,149,609	323,686	528,318	257,415	30,781	-	-	30,781	62,993
Distribuidora Eléctrica del Sur S.A. de C.V. (DELSUR)	176,569	306,590	187,056	198,794	192,336	11,856	-	(5,368)	6,488	32,508
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	219,409	812,113	168,747	388,240	158,606	22,621	-	1,066	23,687	89,215
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	167,178	720,379	225,891	463,829	137,216	4,800	-	-	4,800	42,526
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	75,243	634	23,528	251	63,808	3,468	-	(2,422)	1,046	8,607
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	65,088	180,970	68,893	34,798	56,237	8,929	-	-	8,929	29,300
Tecnología Intercontinental S.A. de C.V. (TICSA)	126,593	319,994	186,825	75,815	10,204	(3,681)	-	8,053	4,372	34,116
Transportista Eléctrica Centroamericana S.A. (TRELEC)	130,436	447,308	204,975	695	20,762	12,930	-	(8,109)	4,821	58
Aguas Regionales EPM S.A. E.S.P.	20,104	98,095	16,837	22,282	12,212	2,642	-	-	2,642	6,288
Otras participaciones(1)	1,114,144	3,486,250	744,777	1,059,413	106,121	34,616	-	(3,791)	30,825	320,823

- Cifras en millones de pesos colombianos -

2016	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Rendering of services	Result for the period	Other comprehensive income	Total comprehensive income	Cash flows
						Continuing operations			
Elektra Noreste S.A. (ENSA)	432,662	1,537,937	867,593	666,581	1,730,697	48,191	(84,676)	13,883	10,865
Empresa Eléctrica de Guatemala S.A. (EEGSA)	434,887	1,345,559	338,027	662,054	1,633,182	180,396	(66,681)	113,715	26,908
Electrificadora de Santander S.A. E.S.P. (ESSA)	226,040	1,123,487	279,694	501,626	1,052,899	87,327	(9,876)	77,451	46,903
Distribuidora Eléctrica del Sur S.A. de C.V. (DELSUR)	172,149	317,521	154,586	205,893	715,500	43,496	(19,947)	23,549	14,306
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	214,039	809,952	127,844	392,748	673,293	70,585	(1,926)	68,659	60,450
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	164,812	715,492	182,738	473,573	614,046	29,887	(23,608)	6,279	30,050
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	72,540	660	19,926	56	269,246	4,360	(5,913)	(1,553)	11,697
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	58,814	181,259	37,713	36,883	229,928	35,600	(1,651)	33,949	19,099
Tecnología Intercontinental S.A. de C.V. (TICSA)	92,858	323,998	156,932	80,348	109,561	(12,703)	(50,537)	(63,240)	45,608
Transportista Eléctrica Centroamericana S.A. (TRELEC)	117,132	446,157	189,749	706	88,201	48,756	(14,206)	34,550	30
Aguas Regionales S.A. E.S.P. (antes Aguas de Urabá S.A. E.S.P.)	20,338	97,236	18,029	23,109	41,505	2,561	-	2,561	7,676
Other participations [1]	1,000,730	3,548,548	519,261	1,110,329	427,121	147,508	(65,499)	82,009	287,665

- Figures expressed in millions of Colombian pesos -

(1) Corresponds to investments in subsidiaries where the non-controlling participation is not significant and includes the following affiliates: Hidroecológica del Teribe S.A. (HET), Enérgica S.A., Credieegsa S.A., Aguas Nacionales EPM S.A. E.S.P., Empresa de Aguas del Oriente Antioqueño S.A. E.S.P., Aguas de Malambo S.A. E.S.P., Ecosistemas de Colima S.A. de C.V., Empresas Varias de Medellín S.A. E.S.P., EPM Inversiones S.A., Inmobiliaria y Desarrolladora Empresarial de América S.A., Innova Tecnología y Negocios S.A. de C.V., Ecosistemas de Tuxtla S.A. de C.V., Ecosistemas de Uruapan S.A. de C.V., Ecosistema de Ciudad Lerdo S.A. de C.V., Aquasol Morelia S.A. de C.V., Ecosistemas de Celaya S.A. de C.V., Desarrollos Hidráulicos de TAM S.A. de C.V., Ecoagua de Torreón S.A. de C.V., Proyectos de Ingeniería Corporativa S.A. de C.V., Corporación de Personal Administrativo S.A. de C.V. and EV Alianza Energética S.A.

The profit and loss for the period, the dividends paid and equity assigned to the noncontrolling interests as of the date of the reproting period is the following:

Non-controlling interests	2017				2016			
	Equity	Result of the period	Other comprehensive income	Dividends paid	Equity	Result of the period	Other comprehensive income	Dividends paid
Elektra Noreste S.A. (ENSA)	215,992	11,580	-	-	213,133	48,133	(152)	30,764
Electrificadora de Santander S.A. E.S.P. (ESSA)	135,058	7,989	-	20,398	147,467	22,664	(2,563)	18,472
Empresa Electrica de Guatemala S.A. (EEGSA)	133,121	7,985	50	17,715	149,034	34,452	(541)	13,437
Central Hidroelectrica de Caldas S.A. E.S.P. (CHEC)	94,428	4,501	212	10,457	100,172	14,046	(383)	4,180
Transportista Electrica Centroamericana S.A. (TRELEC)	71,059	2,469	-	1,067	71,204	9,311	-	814
Tecnologia Intercontinental S.A. de C.V. (TICSA)	26,590	(1,312)	(206)	-	26,811	(3,932)	689	-
Centrales Electricas del Norte de Santander S.A. E.S.P.	16,779	407	-	2,625	18,997	2,535	(2,002)	2,272
Distribuidora de Electricidad del Sur S.A. de C.V. (DELSUR)	13,232	1,620	-	4,803	17,557	5,910	-	3,941
Aguas Regionales EPM S.A. E.S.P.	23,913	799	-	-	23,114	774	-	-
Comercializadora Electrica de Guatemala S.A. (COMEGSA)	9,950	662	-	457	10,163	833	-	638
Empresa de Energia del Quindio S.A. E.S.P. (EDEQ)	10,172	638	-	2,289	11,824	2,544	(118)	971
Other uncontrolled shares (1)	10,691	957	(29)	4,091	13,986	4,476	(79)	2,543

- Figures expressed in millions of Colombian pesos -

(1) Corresponds to investments in subsidiaries where the non-controlling participation is not significant and corresponds the following companies: Inmobiliaria y Desarrolladora Empresarial de América S.A., Enérgica S.A., Aguas de Malambo S.A. E.S.P., Empresa de Aguas del Oriente Antioqueño S.A. E.S.P., Hidroecológica del Teribe S.A., Crediegsa S.A., Aguas Nacionales EPM S.A. E.S.P., Ecosistemas de Colima S.A. de C.V., Empresas Varias de Medellín S.A. E.S.P. y E.V. Alianza Energética S.A.

8.1. Significant restrictions

As of March 3, 2017 and December 31, 2016, the Group does not have significant restrictions to access or use the assets, liquidate liabilities of the Group; the uncontrolled interests do not have either protective rights that could restrict the Group's capacity to access or use the assets and liquidate the liabilities of subsidiaries or restrict the dividends and other capital distributions.

8.2. Consolidated structured entities

As of March 31, 2017 and December 31, 2016, the Group owns as structured entity consolidated to the Stand-Alone Trust Fundación Social. The interest in that entity is of 100%, the value of total assets amounts to $127,986 (2016: $128,734), total liabilities are $3,998 (2016: $8,057) and the net profit and loss of the period is $3,312 (2016: $1,293). The Group does not have obligation to provide financial support to the Entity.

8.3. Loss of control of a subsidiary

At December 31, 2016, investments in subsidiaries Ecosistema de Morelos S.A. de C.V. and Aquasol Pachuca S.A. de C.V. were classified by the affiliate Tecnología Intercontinental S.A. de C.V. TICSA, asfinancial instruments measures with changes in profit and loss, transaction that was generated as consequence of the loss of control by the EPM Group on those entities.

The effect of the transaction in the result of the period is as indicated below:

Item	Ecosistema de Morelos S.A. de C.V. (1)	Aquasol Pachuca S.A. de C.V. (2)
Exchange Value (3)	5,688	-
Value of the net assets of the subsidiary (4)	(6,480)	37
Loss from loss of control of subsidiaries	**(792)**	**37**

- Figures expressed in millions of Colombian pesos -

(1) It performs activities related to the construction, electromecanic equipment, operating tests, capacity, startg up, operation, conservation and maintenance of the wastewater treatment plant Acapantzigo Municipality Cuernavaca Morelos.

(2) Performs activities related to the preparation of the executive construction project of one wastewater treatment plant, its equipment and start up in the city of Pachuca de Soto. In addition, it may perform potable water and purification plants projects.

(3) It corresponds to the fair value determined in the valuation made at the time of the classificaiton of the investments as financial instruments.

(4) As of the date of the transaction the value of the net assets of Aquasol Pachuca S.A. de DC.V. was negative.

The net effect as of the date of the transaction in the Consolidated statement of cash flows represents a decrease corresponding to the cash and cash equivalents that were held in the subsidiaries Ecosistema de Morelos S.A. de C.V. and Aquasol Pachuca S.A. de C.V. for $8 and $2, respectively.

Note 9. Credits and loans

The following is the detail of the books value of credits and loans:

Credits and loans	2017	2016
Non-current		
Other bonds and securities issued	5,727,370	5,849,555
Commercial banks loans	4,281,770	4,516,748
Multilateral banks loans	1,003,419	1,094,218
Development banks loans	764,187	842,053
Bonds and securities issued	626,038	652,047
Total Credits and loans non current	**12,402,784**	**12,954,621**
Current		
Commercial banks loans	753,662	645,090
Multilateral banks loans	566,792	570,337
Otros bonos y títulos emitidos	273,808	285,716
Bonds and securities issued	250,331	271,047
Development banks loans	111,307	121,197
Other loans	125,577	-
Total Credits and loans current	**2,081,477**	**1,893,387**
Total credits and loans	**14,484,261**	**14,848,008**

- Figures expressed in millions of Colombian pesos -

The detail of credits and loans of the entity is as follows:

Business	Entity / loan	Original Currency	Initial date	term	Nominal interest rate	March 31,2017				December 31, 2016			
						IRR	Nominal value	Amortized cost value	Total Amount	IRR	Nominal value	Amortized cost value	Total Amount
EPM	2015 CLUB DEAL BANK OF TOKYO	USD	12/01/2016	5.00	LIBOR + 1.4%	3.03%	$1,612,934	-$5,235	$1,607,700	2.83%	$1,680,398	$5,833	$1,686,231
EPM	1262 BONDS INTERNACIONALE	USD	29/07/2009	10.00	7.63%	8.16%	$1,440,120	$7,135	$1,447,255	8.16%	$1,500,355	$35,420	$1,535,775
EPM	1266 GLOBAL 2021 COP	COP	31/01/2011	10.00	8.38%	8.69%	$1,250,000	$3,892	$1,253,892	8.70%	$1,250,000	$82,054	$1,332,054
EPM	1273 GLOBAL 2024 COP	COP	10/09/2014	10.00	7.63%	7.73%	$965,745	$34,356	$1,000,101	7.73%	$965,745	$16,169	$981,914
EPM	1013 AFD	USD	14/06/2013	14.00	4.37%	4.48%	$852,322	$4,080	$856,402	4.47%	$930,256	$14,959	$945,216
EPM	1665 BID-1664-1	COP	31/03/2016	9.83	7.8%	9.56%	$427,154	$11,689	$438,843	9.57%	$427,154	$3,134	$430,288
EPM	BID 2120-2	COP	23/08/2016	17.50	7.5%	7.99%	$425,653	-$2,123	$423,530	7.89%	$438,172	$8,324	$446,496
EPM	2179 BANK OF TOKYO-MITSUB	USD	16/01/2009	15.00	LIBOR + 0.95%	0.74%	$312,005	$18,062	$330,066	0.66%	$350,063	$22,041	$372,104
EPM	1265 BONDS IPC IV TRAM 3	COP	14/12/2010	20.00	IPC + 4.94%	10.49%	$267,400	-$408	$266,992	11.33%	$267,400	-$788	$266,612
EPM	1277 BONDS IPC VII TRAM III	COP	20/03/2015	20.00	IPC + 4.43%	9.96%	$260,000	-$55	$259,945	10.78%	$260,000	-$446	$259,554
EPM	1272 BONDS IPC VI TRAM III	COP	30/07/2014	20.00	IPC + 4.5%	10.16%	$250,000	-$850	$249,150	11.01%	$250,000	-$723	$249,277
EPM	1269 BONDS IPC V TRAM III	COP	05/12/2013	20.00	IPC + 5.03%	10.70%	$229,190	-$2,228	$226,962	11.55%	$229,190	-$2,393	$226,797
EPM	1261 BONDS IPC III TRAMO	COP	21/04/2009	15.00	IPC + 6.24%	11.72%	$198,400	$4,259	$202,659	12.60%	$198,400	$4,399	$202,799
EPM	2021 BID 2120-1	COP	27/05/2014	9.33	6.27%	6.96%	$190,295	-$4,611	$185,684	6.85%	$190,295	-$725	$189,570
EPM	1254 BONDS IPC	COP	20/11/2008	10.00	IPC + 7.12%	11.80%	$174,410	$4,285	$178,695	12.71%	$174,410	$4,553	$178,963
EPM	1257 BONDS IPC II TRAMO	COP	22/01/2009	10.00	IPC + 5.8%	11.50%	$138,600	$2,293	$140,893	12.39%	$138,600	$2,321	$140,921
EPM	1274 BONDS IPC V TRAM IV	COP	20/03/2015	10.00	IPC + 4.52%	10.09%	$130,000	-$66	$129,934	10.94%	$130,000	-$175	$129,825
EPM	1270 BONDS IPC VI TRAMO I	COP	30/07/2014	6.00	IPC + 3.57%	9.44%	$125,000	$98	$125,098	10.31%	$125,000	$57	$125,057
EPM	1271 BONDS IPC VI TRAMO II	COP	30/07/2014	12.00	IPC + 4.17%	9.88%	$125,000	-$328	$124,672	10.73%	$125,000	-$290	$124,710
EPM	5765 AGRARIO	COP	24/06/2014	16.00	IPC + 4.7%	10.17%	$116,000	$2,695	$118,695	11.01%	$116,000	-$259	$115,741
EPM	1276 BONDS IPC VII TRAMO II	COP	20/03/2015	12.00	IPC + 3.92%	9.37%	$120,000	-$187	$119,813	10.22%	$120,000	-$356	$119,644
EPM	1264 BONDS IPC IV TRAM 2	COP	14/12/2010	12.00	IPC + 4.2%	9.84%	$119,900	-$171	$119,729	10.67%	$119,900	-$377	$119,523
EPM	1275 BONDS IPC VII TRAMO I	COP	20/03/2015	5.00	IPC + 2.72%	8.23%	$120,000	-$308	$119,692	9.12%	$120,000	-$519	$119,481
EPM	1268 BONDS IPC V TRAMO II	COP	05/12/2013	10.00	IPC + 4.52%	10.26%	$96,210	-$782	$95,428	11.12%	$96,210	-$881	$95,329
EPM	1259 BONDS TF II TRAMO	COP	22/01/2009	10.00	10.8%	10.79%	$74,700	$1,452	$76,152	10.81%	$74,700	$7,566	$82,266
EPM	2218 BID 800- RELIQUIDADO	USD	14/12/1995	25.00	LIBOR + 2.38%	1.94%	$58,300	$1,841	$60,141	1.96%	$72,886	$2,856	$75,742
EPM	1256 BONDS TASA FIJA	COP	20/11/2008	10.00	13.8%	13.79%	$58,000	$2,762	$60,762	13.79%	$58,000	$857	$58,857
EPM	1267 BONDS IPC V TRAMO I	COP	05/12/2013	5.00	IPC + 3.82%	9.80%	$41,880	-$107	$41,773	10.71%	$41,880	-$186	$41,694
EPM	1220 BID 2120	USD	26/07/2011	25.00	LIBOR + 0%	2.06%	$148,637	-$18,047	$130,590	2.06%	$159,408	-$15,419	$143,989
EPM	3217 BID 2217/OC-CO	USD	31/05/2012	5.50	3.48%	3.51%	$3,200	$14	$3,215	3.60%	$6,668	$90	$6,758
EPM	BNDES	USD	28/09/2016	23.50	4.89%	5.22%	$27,196	-$1,917	$25,280	5.23%	$24,042	-$2,235	$21,807
EPM	8857 POPULAR	COP	26/01/2017	1.00	IBR + 2%	9.07%	$80,000	$0	$80,000	0.00%	$0	$0	$0
EPM	EDC	USD		-	-	0.00%	$0	-$6,307	-$6,307	0.00%	$0	-$3,912	-$3,912
EPM	CAF	USD		-	-	0.00%	$0	-$1,616	-$1,616	0.00%	$0	-$150	-$150
EPM	CII - Corporación Interamericana de Inversiones	USD		-	-	0.00%		-$265	-$265	0.00%		-$243	-$243

Business	Entity / loan	Original Currency	Initial date	term	Nominal interest rate	March 31,2017				December 31, 2016			
						IRR	Nominal value	Amortized cost value	Total Amount	IRR	Nominal value	Amortized cost value	Total Amount
REGIONALES	HELM	COP	16/03/2012	12.00	DTF T.A. - 1%	4.56%	$5,771	$192	$5,963	4.76%	$5,977	$209	$6,186
REGIONALES	Popular 1500	COP	24/09/2012	12.00	DTF T.A.+ 3.45%	9.42%	$1,125	$36	$1,161	9.63%	$1,163	$38	$1,201
REGIONALES	Popular 350	COP	19/10/2012	12.00	DTF T.A.+ 3.45%	9.44%	$271	$13	$285	9.64%	$280	$14	$294
REGIONALES	Popular 700	COP	27/11/2012	12.00	DTF T.A.+ 3.45%	9.48%	$543	$20	$563	9.69%	$560	$22	$582
REGIONALES	Popular 800	COP	26/12/2012	12.00	DTF T.A.+ 3.45%	9.46%	$620	$19	$639	9.67%	$640	$20	$660
REGIONALES	Popular 666	COP	12/04/2013	12.00	DTF T.A.+ 3.45%	9.44%	$549	$29	$578	9.65%	$566	$31	$597
REGIONALES	Popular 520	COP	25/04/2013	12.00	DTF T.A.+ 3.45%	9.52%	$429	$20	$449	9.72%	$442	$21	$463
REGIONALES	Popular 616	COP	10/05/2013	12.00	DTF T.A.+ 3.45%	9.44%	$509	$23	$532	9.64%	$524	$24	$548
REGIONALES	Popular 500	COP	26/07/2013	12.00	DTF T.A.+ 3.45%	9.60%	$425	$19	$444	9.81%	$438	$20	$458
REGIONALES	Popular 1082	COP	20/09/2013	12.00	DTF T.A.+ 3.45%	9.47%	$920	$31	$951	9.68%	$947	$34	$980
REGIONALES	Popular 950	COP	04/12/2013	12.00	DTF T.A.+ 3.45%	9.57%	$831	$30	$861	9.77%	$855	$32	$887
REGIONALES	Popular 1915	COP	13/12/2013	12.00	DTF T.A.+ 3.45%	9.51%	$1,676	$58	$1,735	9.73%	$1,724	$63	$1,787
REGIONALES	Bbva 1000	COP	20/05/2014	10.00	DTF T.A.+ 3.45%	5.22%	$906	$24	$931	5.42%	$938	$27	$964
REGIONALES	Bbva 700	COP	23/07/2014	10.00	DTF T.A. - 0.7%	8.76%	$656	$42	$698	9.47%	$678	$47	$725
REGIONALES	Bbva 400	COP	19/08/2014	10.00	IPC E.A.+ 4.9%	8.86%	$375	$23	$398	9.57%	$388	$26	$413
REGIONALES	Bbva 400-2	COP	28/10/2014	10.00	IPC E.A.+ 4.9%	8.89%	$375	$22	$397	9.61%	$388	$25	$413
REGIONALES	Bbva 1377	COP	19/12/2014	10.00	DTF T.A. - 0.7%	5.50%	$1,334	$19	$1,353	5.71%	$1,377	$21	$1,398
REGIONALES	Bbva 850	COP	16/03/2015	10.00	IPC E.A.+ 4.9%	9.60%	$797	$31	$828	10.33%	$823	$37	$860
REGIONALES	Banklombia 3000	COP	17/10/2013	10.00	DTF T.A.+ 2.75%	8.69%	$2,531	$114	$2,645	8.89%	$2,625	$122	$2,747
REGIONALES	Popular 3000	COP	26/02/2014	10.00	DTF T.A.+ 2.75%	8.80%	$2,625	$85	$2,710	9.01%	$2,720	$91	$2,811
REGIONALES	Popular 1700	COP	02/05/2014	10.00	DTF T.A.+ 2.75%	8.93%	$1,541	$56	$1,597	9.11%	$1,594	$61	$1,655
REGIONALES	Popular 520 Occ	COP	30/10/2014	10.00	DTF T.A.+ 2.75%	9.25%	$504	$15	$518	9.44%	$520	$16	$536
REGIONALES	Bogota 680	COP	28/10/2015	10.00	DTF T.A.+ 2.6%	9.44%	$680	$13	$692	9.65%	$680	$13	$693
CENS	Bank Agrario	COP	30/09/2015	2.50	DTF + 1.6%	8.13%	$10,000	$19	$10,019	7.72%	$15,000	$388	$15,388
CENS	Bank BBVA	COP	13/07/2016	10.00	IBR + 4.89%	12.40%	$1,133	$21	$1,154	12.39%	$1,133	$59	$1,192
CENS	Bank BBVA	COP	17/08/2016	10.00	IBR + 4.89%	12.07%	$1,309	$7	$1,316	12.40%	$1,309	$52	$1,361
CENS	Bank BBVA	COP	14/10/2016	10.00	IBR + 4.89%	11.89%	$2,496	$130	$2,626	12.40%	$2,496	$57	$2,553
CENS	Bank BBVA	COP	15/09/2016	10.00	IBR + 4.89%	11.99%	$4,722	-$14	$4,708	12.41%	$4,722	$142	$4,864
CENS	Bank BBVA	COP	03/10/2016	10.00	IBR + 4.89%	11.89%	$5,000	$270	$5,270	12.40%	$5,000	$122	$5,122
CENS	Bank BBVA	COP	24/10/2016	10.00	IBR + 4.89%	11.89%	$6,140	$310	$6,450	12.39%	$6,140	$130	$6,270
CENS	Bank BBVA	COP	05/07/2016	0.50	DTF + 4.34%	0.00%	$0	$0	$0	12.00%	$10,000	$274	$10,274
CENS	Bank Davivienda	COP	17/11/2016	10.00	IBR + 4.89%	11.89%	$3,877	$169	$4,046	12.40%	$3,877	$56	$3,933
CENS	Bank Davivienda	COP	14/10/2016	10.00	IBR + 4.89%	11.89%	$4,851	$253	$5,104	12.40%	$4,851	$110	$4,961
CENS	Bank Davivienda	COP	16/09/2016	10.00	IBR + 4.89%	12.07%	$5,156	-$33	$5,123	12.40%	$5,156	$139	$5,295

Business	Entity / loan	Original Currency	Initial date	term	Nominal interest rate	March 31,2017				December 31, 2016			
						IRR	Nominal value	Amortized cost value	Total Amount	IRR	Nominal value	Amortized cost value	Total Amount
CENS	Bank Davivienda	COP	15/07/2016	10.00	IBR + 4.89%	12.03%	$5,488	$91	$5,579	12.39%	$5,488	$282	$5,770
CENS	Bank Davivienda	COP	18/08/2016	10.00	IBR + 4.89%	12.08%	$6,198	$29	$6,227	12.40%	$6,198	$246	$6,444
CENS	Bank Davivienda	COP	24/11/2016	10.00	IBR + 4.89%	11.90%	$11,020	$454	$11,474	12.40%	$11,020	$132	$11,152
CENS	Bank Davivienda	COP	05/12/2016	10.00	IBR + 4.89%	11.88%	$14,210	$531	$14,741	12.39%	$14,210	$119	$14,329
CENS	Bank Davivienda	COP	16/12/2016	10.00	IBR + 4.89%	11.88%	$15,232	$514	$15,746	12.39%	$15,232	$73	$15,305
CENS	Bank Davivienda	COP	16/06/2016	10.00	IBR + 4.89%	12.08%	$40,000	$1,081	$41,081	12.58%	$40,000	-$86	$39,914
CENS	Bank of Bogotá	COP	15/05/2014	7.00	IBR + 1.88%	8.50%	$9,000	$343	$9,343	8.92%	$9,000	$152	$9,152
CENS	Bank of Bogotá	COP	18/12/2015	7.00	IBR + 1.88%	7.79%	$10,000	$91	$10,091	7.79%	$10,000	-$94	$9,906
CENS	Bank of Bogotá	COP	04/09/2012	7.00	IBR + 1.88%	7.65%	$15,000	$282	$15,282	7.73%	$18,000	$805	$18,805
CENS	Bank of Bogotá	COP	16/01/2017	0.25	IPC + 2.85%	8.89%	$25,315	$442	$25,757				
CENS	Bank of Bogotá	COP	30/01/2017	0.25	IPC + 2.85%	8.89%	$8,540	$121	$8,661				
CENS	Bank of Bogotá	COP	24/03/2017	0.25	IPC + 2.85%	8.11%	$11,145	$15	$11,160				
CENS	Bank Davivienda	COP	13/01/2017	10.00	IBR + 4.89%	11.83%	$11,000	$268	$11,268				
CHEC	BBVA	COP	22/08/2014	10.00	IPC + 3.50%	9.32%	$62,813	$1,145	$63,958	9.32%	$64,906	$1,386	$66,293
CHEC	CORPBANCA	COP	22/08/2014	10.00	IPC + 3.50%	9.32%	$47,813	$874	$48,686	9.32%	$49,406	$1,058	$50,464
CHEC	IPSE	COP	30/04/1993	24.00	5.84%	6.46%	$133	$8	$141	6.46%	$133	$6	$139
CHEC	BBVA	COP	28/12/2015	10.00	DTF + 2.99%	9.74%	$60,000	$252	$60,252	9.74%	$60,000	$282	$60,282
CHEC	Bank AGRARIO	COP	06/01/2016	10.00	DTF + 2.99%	9.76%	$65,000	$1,650	$66,650	9.76%	$65,000	$1,741	$66,741
EDEQ	AGRARIO	COP	31/12/2016	3.02	DTF+1.65%	7.04%	$4,949	$55	$5,004	7.23%	$5,774	$74	$5,848
EDEQ	Davivienda	COP	31/12/2016	7.00	DTF+2.66%	9.37%	$7,344	$131	$7,475	9.57%	$7,344	$138	$7,482
EDEQ	AV VILLAS	COP	31/12/2016	7.00	IBR+4.78%	12.69%	$3,000	$12	$3,012	12.73%	$3,000	$10	$3,010
ESSA	Bank of Bogotá	COP	26/02/2013	7.00	IBR + 1.88%	7.92%	$67,200	$1,150	$68,350	8.66%	$72,800	$1,419	$74,219
ESSA	Bank of Bogotá	COP	11/04/2013	7.00	IBR + 1.88%	8.00%	$23,725	$636	$24,361	8.79%	$25,550	$748	$26,298
ESSA	Bank of Bogotá	COP	20/05/2013	7.00	IBR + 1.88%	7.83%	$4,550	$94	$4,644	8.57%	$4,900	$113	$5,013
ESSA	Bank of Bogotá	COP	10/04/2014	7.00	IBR + 1.88%	8.10%	$15,300	$418	$15,718	8.90%	$16,200	$482	$16,682
ESSA	Bank of Bogotá	COP	16/04/2014	7.00	IBR + 1.88%	8.14%	$8,500	$214	$8,714	8.94%	$9,000	$247	$9,247
ESSA	Bank of Bogotá	COP	30/04/2015	7.00	IBR + 1.88%	8.35%	$13,000	$246	$13,246	9.16%	$13,000	$278	$13,278
ESSA	Bank of Bogotá	COP	27/01/2016	7.00	IBR + 1.88%	8.50%	$15,000	$248	$15,248	9.50%	$15,000	$278	$15,278
ESSA	Bank of Bogotá	COP	16/02/2016	7.00	IBR + 1.88%	8.57%	$13,000	$138	$13,138	9.37%	$13,000	$161	$13,161
ESSA	Bank of Bogotá	COP	28/03/2016	7.00	IBR + 1.88%	8.49%	$7,000	$10	$7,010	9.35%	$7,000	$16	$7,016
ESSA	Bank of Bogotá	COP	14/04/2016	7.00	IBR + 1.88%	8.53%	$8,500	$161	$8,661	9.45%	$8,500	$178	$8,678
ESSA	Bank of Bogotá	COP	01/07/2016	12.00	IBR + 4.5%	11.38%	$20,000	$561	$20,561	12.23%	$20,000	$601	$20,601
ESSA	Bank of Bogotá	COP	28/08/2016	12.00	IBR + 4.5%	11.39%	$8,000	$93	$8,093	12.23%	$8,000	$108	$8,108
ESSA	Bank of Bogotá	COP	13/10/2016	12.00	IBR + 4.5%	11.37%	$9,000	$211	$9,211	12.23%	$9,000	$229	$9,229

Business	Entity / loan	Original Currency	Initial date	term	Nominal interest rate	March 31,2017				December 31, 2016			
						IRR	Nominal value	Amortized cost value	Total Amount	IRR	Nominal value	Amortized cost value	Total Amount
ESSA	Bank of Bogotá	COP	11/11/2016	12.00	IBR + 4.5%	11.39%	$35,000	$496	$35,496	12.23%	$35,000	$560	$35,560
ESSA	Bank of Bogotá	COP	05/12/2016	12.00	IBR + 4.5%	11.38%	$8,000	$52	$8,052	12.25%	$8,000	$66	$8,066
ESSA	Bank of Bogotá	COP	14/12/2016	12.00	IBR + 4.5%	11.37%	$15,000	$56	$15,056	12.25%	$15,000	$81	$15,081
ESSA	Bank of Bogotá	COP	11/01/2017	12.00	IBR + 4.5%	11.37%	$15,000	$363	$15,363	0.00%	$0	$0	$0
ESSA	Bank of Bogotá	COP	16/01/2017	12.00	IBR + 4.5%	11.37%	$10,000	$226	$10,226	0.00%	$0	$0	$0
ANTOFAGASTA	Bank ofl Estado	CLP	23/10/2014	5.00	TF + 1.9%	1.04%	$25,103	$480.25	$25,583.20	1.04%	$25,853	$238	$26,091
ANTOFAGASTA	Bank ofl Estado	CLP	14/01/2015	10.00	TF + 2.9%	1.51%	$160,797	$2,623.13	$163,420.37	1.51%	$174,691	$3,351	$178,042
ANTOFAGASTA	Bank ofl Estado	CLP	04/09/2015	2.00	TAB + 0.25%	4.64%	$593,836	$1,316.96	$595,152.63	4.51%	$611,580	$1,268	$612,848
ANTOFAGASTA	Scotiabank	CLP	04/09/2015	2.00	TAB + 0.25%	4.51%	$593,836	$1,316.96	$595,152.63	4.51%	$611,580	$1,268	$612,848
ANTOFAGASTA	Bank BICE-BCI	CLP	10/06/2016	-	0.41%-0.39%	0.00%	$0	$0	$0.00	0.00%	$8,183	$0	$8,183
DEL SUR	Bank Davivienda	USD	26/08/2013	10.00	3.7%	4.07%	$61,205	$2	$61,207	1.02%	$65,641	$18	$65,659
DEL SUR	Bank Davivienda	USD	07/10/2015	10.00	4.2%	4.59%	$43,204	$438	$43,642	1.02%	$45,011	$471	$45,481
DEL SUR	BONDS	USD	17/08/2010	10.00	Min 5% - Max 8%	1.70%	$60,485	$387	$60,872	1.52%	$63,015	$413	$63,428
EEGSA	Bank Industrial, S.A.	GTQ	29/10/2012	10.00	PPA + 6.56%	6.75%	$167,086	-$340	$166,746	6.96%	$169,771	-$1,172	$168,599
EEGSA	Bank G&T Continental, S.A.	GTQ	29/10/2012	10.00	PPA + 6.56%	6.76%	$108,576	-$235	$108,340	6.97%	$110,321	-$778	$109,542
EEGSA	Bank Reformador, S.A.	GTQ	29/10/2012	10.00	PPA + 6.56%	6.76%	$43,314	-$93	$43,221	6.98%	$44,010	-$300	$43,710
EEGSA	Bank Internacional, S.A.	GTQ	29/07/2011	10.00	PPA + 6%	7.47%	$8,327	$888	$9,215	7.65%	$9,401	-$69	$9,332
EEGSA	Bank Agromercantil de Guatemala, S.A.	GTQ	29/10/2012	10.00	PPA + 6.56%	6.79%	$58,881	-$176	$58,705	6.98%	$59,823	-$424	$59,399
EEGSA	Bank Industrial, S.A.	USD	08/12/2014	10.00	PPA + 1.56%	4.31%	$72,006	$512	$72,518	4.48%	$75,004	$2	$75,006
EEGSA	Bank of Desarrollo Rural, S.A.	USD	10/12/2014	5.00	PPA + 1.2%	4.66%	$28,802	$219	$29,021	4.85%	$30,002	-$2	$30,000
EEGSA	Bank of América Central, S.A.	USD	08/12/2014	10.00	PPA + 1.5%	4.37%	$28,802	$211	$29,013	4.54%	$30,002	-$1	$30,001
EEGSA	Bank Internacional, S.A.	USD	09/12/2014	10.00	PPA + 1.5%	4.37%	$8,641	$62	$8,703	4.54%	$9,000	$0	$9,000
ENSA	BONDS senior	USD	10/07/2006	15.00	TASA FIJA + 7.6%	8.16%	$288,024	$416	$288,440	8.16%	$300,071	$5,959	$306,030
ENSA	BONDS corporativos	USD	20/10/2008	10.00	LIBOR + 2.375%	3.46%	$57,605	$544	$58,148	3.46%	$60,014	$597	$60,611
ENSA	BONDS (Private Placement)	USD	13/12/2012	15.00	TASA FIJA + 4.73%	4.96%	$230,419	$70	$230,489	4.96%	$240,057	-$2,813	$237,244
ENSA	Bank Nacional de Panamá	USD	22/12/2015	1.00	LIBOR + 2%	0.00%	$0	$0	$0				
ENSA	Bank Nacional de Panamá	USD	22/12/2016	0.08	LIBOR + 1.45%	0.00%	$0	$0	$0	1.45%	$51,012	$65	$51,077
ENSA	Bank Nacional de Panamá	USD	27/12/2016	0.08	LIBOR + 1.45%	0.00%	$0	$0	$0	1.45%	$60,014	-$54	$59,961
ENSA	Davivienda	USD	21/12/2016	0.08	LIBOR + 1.4%	0.00%	$0	$0	$0	1.40%	$90,021	$35	$90,056
ENSA	Banistmo	USD	04/12/2016	0.08	LIBOR + 1.45%	0.00%	$0	$0	$0	1.45%	$45,011	$44	$45,054
ENSA	Scotiabank	USD	08/03/2017	0.42	LIBOR + 1.45%	1.45%	$72,006	$86	$72,092				
ENSA	Citibank	USD	08/03/2017	0.25	LIBOR + 1.55%	1.55%	$72,006	$71	$72,077				
ENSA	BAC	USD	27/03/2017	0.08	LIBOR + 1.75%	1.75%	$28,802	$6	$28,808				
ENSA	Davivienda	USD	20/02/2017	0.25	LIBOR + 1.75%	1.75%	$86,407	$164	$86,571				

Business	Entity / loan	Original Currency	Initial date	term	Nominal interest rate	March 31, 2017				December 31, 2016			
						IRR	Nominal value	Amortized cost value	Total Amount	IRR	Nominal value	Amortized cost value	Total Amount
TICSA	Bank of Bajío (Ecosistema de Tuxtla)	MXN	31/07/2013	14.67	TIIE + 2.75%	8.81%	$67,765	-$4,423	$63,341	9.08%	$65,740	-$5,048	$60,692
TICSA	Bank of América	MXN	23/07/2015	1.00	TIIE + 1.75%	6.11%	$63,357	$0	$63,357	6.11%	$60,345	$0	$60,345
TICSA	Banobras (Ecoagua de Torreon)	MXN	01/09/2001	15.50	8.3%	11.22%	$217	$2	$219	11.22%	$815	$4	$819
TICSA	FIDE (Aquasol Morelia)	MXN	09/12/2015	3.00	+ 0%	8.69%	$766	$0	$766	8.69%	$829	-$9	$820
TICSA	Interacciones (Ecoagua de Torreón (F/851))	MXN	01/05/2011	8.00	TIIE + 3.9%	11.91%	$11,243	-$318	$10,925	11.22%	$10,709	-$382	$10,327
TICSA	Interacciones (Ecosistema de Lerdo)	MXN	01/08/2007	15.33	TIIE + 3%	7.64%	$29,476	-$181	$29,296	7.68%	$29,025	-$196	$28,829
TICSA	Santander	MXN	10/06/2016	1.00	TIIE + 3.5%	0.00%	$0	$0	$0	6.76%	$2,112	$10	$2,122
TICSA	Santander (Ecosistema de Celaya)	MXN	14/06/2016	14.00	TIIE + 2.15%	11.19%	$18,884	-$277	$18,607	10.09%	$18,101	-$322	$17,779
TICSA	Santander (Aquasol Morelia)	MXN	14/06/2016	7.00	TIIE + 2.15%	10.53%	$45,781	-$448	$45,333	9.46%	$45,001	-$540	$44,461
TICSA	Santander (Ecosistema de Colima)	MXN	20/06/2016	10.00	TIIE + 2.15%	10.46%	$55,461	-$810	$54,651	9.41%	$53,568	-$1,028	$52,541
	PPA and others adjustments								-$16,404				-$14,236
	Total						**14,429,024**	**71,640**	**14,484,260**		**14,666,655**	**195,589**	**14,848,008**

- Figures expressed in millions of Colombian pesos -

Interest paid on loan operations as of March 31, 2017 was for $371,166 (2016 $1,041,381).

The net change difference, (gain), associated with debt as of March 31, 2017 was for $192,028 and as of December 31, 2016 was for $275,822.

The information of the bonds issued is as follows:

Subseries	Original Currency	Initial date	Term	Nominal interest rate	2017				2016				Awarded amount								
					IRR	Nominal value	Amortized cost value	Total Amount	IRR	Nominal value	Amortized cost value	Total Amount	2016	2015	2014	2013	2012	2011	2010	2009	2008
A10a	COP	20/11/2008	10	IPC + 7.12%	11.80%	174,410	4,285	178,695	12.71%	174,410	4,553	178,963	174,410	174,410	174,410	174,410	174,410	174,410	174,410	174,410	141,450
A10a	COP	22/01/2009	10	IPC + 5.8%	11.50%	138,600	2,293	140,893	12.39%	138,600	2,321	140,921	138,600	138,600	138,600	138,600	138,600	138,600	138,600	138,600	
A10a	COP	05/12/2013	10	IPC + 4.52%	10.26%	96,210	(782)	95,428	11.12%	96,210	(881)	95,329	96,210	96,210	96,210	96,210					
A10a	COP	20/03/2015	10	IPC + 4.52%	10.09%	130,000	(66)	129,934	10.94%	130,000	(175)	129,825	130,000	130,000	130,000	130,000					
A12a	COP	14/12/2010	12	IPC + 4.2%	9.84%	119,900	(171)	119,729	10.67%	119,900	(377)	119,523	119,900	119,900	119,900	119,900	119,900	119,900	119,900		
A12a	COP	30/07/2014	12	IPC + 4.17%	9.88%	125,000	(328)	124,672	10.73%	125,000	(290)	124,710	125,000	125,000	125,000						
A12a	COP	20/03/2015	12	IPC + 3.92%	9.37%	120,000	(187)	119,813	10.22%	120,000	(356)	119,643.83	120,000	120,000							
A15a	COP	21/04/2009	15	IPC + 6.24%	11.72%	198,400	4,259	202,659	12.60%	198,400	4,399	202,799	198,400	198,400	198,400	198,400	198,400	198,400	198,400	198,400	
A20a	COP	14/12/2010	20	IPC + 4.94%	10.49%	267,400	(408)	266,992	11.33%	267,400	(788)	266,612	267,400	267,400	267,400	267,400	267,400	267,400	267,400		
A20a	COP	05/12/2013	20	IPC + 5.03%	10.70%	229,190	(2,228)	226,962	11.55%	229,190	(2,393)	226,797	229,190	229,190	229,190	229,190					
A20a	COP	30/07/2014	20	IPC + 4.5%	10.16%	250,000	(850)	249,150	11.01%	250,000	(723)	249,277	250,000	250,000	250,000						
A20a	COP	20/03/2015	20	IPC + 4.43%	9.96%	260,000	(55)	259,945	10.78%	260,000	(446)	259,554	260,000	260,000							
A5a	COP	05/12/2013	5	IPC + 3.82%	9.80%	41,880	(107)	41,773	10.71%	41,880	(186)	41,694	41,880	41,880	41,880	41,880					
A5a	COP	20/03/2015	5	IPC + 2.72%	8.23%	120,000	(308)	119,692	9.12%	120,000	(519)	119,481	120,000	120,000							
A6a	COP	14/12/2010	6	IPC + 3.25%	0.00%	-	-	-	0.00%	-	-	-	112,700	112,700	112,700	112,700	112,700	112,700	112,700		
A6a	COP	30/07/2014	6	IPC + 3.57%	9.44%	125,000	98	125,098	10.31%	125,000	57	125,057	125,000	125,000	125,000						
C10a	COP	22/01/2009	10	10.8%	10.79%	74,700	1,452	76,152	10.81%	74,700	7,566	82,266	74,700	74,700	74,700	74,700	74,700	74,700	74,700	74,700	
C10a	COP	20/11/2008	10	13.8%	13.79%	58,000	2,762	60,762	13.79%	58,000	857	58,857	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000
International bond	USD	29/07/2009	10	7.63%	8.16%	1,440,120	7,135	1,447,255	8.16%	1,500,355	35,420	1,535,775	1,500,355	1,574,735	1,196,230	963,415	884,115	971,350	956,990	1,022,115	-
International bond	COP	31/01/2011	10	8.38%	8.69%	1,250,000	3,892	1,253,892	8.70%	1,250,000	82,054	1,332,054	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	-	-	-
International bond	COP	10/09/2014	10	7.63%	7.73%	965,745	34,356	1,000,101	7.73%	965,745	16,169	981,914	965,745	965,745	965,745	-	-	-	-	-	-
TOTAL						6,184,555	55,042	6,239,597		6,244,790	146,262	6,391,052	6,357,490	6,431,870	5,553,365	3,854,805	3,278,225	3,365,460	2,101,100	1,666,225	199,450

- Figures expressed in millions of Colombian pesos -

The detail of the national bonds issued by the Group is as follows:

Issued by EPM:

Type of bond	Original Currency	Initial date	Term	Nominal interest rate	2017				2016				Awarded amount								
					IRR	Nominal value	Amortized cost value	Total Amount	IRR	Nominal value	Amortized cost value	Total Amount	2016	2015	2014	2013	2012	2011	2010	2009	2008
National bond	COP	20/11/2008	10	IPC + 7.12%	11.80%	174,410	4,285	178,695	12.71%	174,410	4,553	178,963	174,410	174,410	174,410	174,410	174,410	174,410	174,410	174,410	141,450
National bond	COP	22/01/2009	10	IPC + 5.8%	11.50%	138,600	2,293	140,893	12.39%	138,600	2,321	140,921	138,600	138,600	138,600	138,600	138,600	138,600	138,600	138,600	-
National bond	COP	05/12/2013	10	IPC + 4.52%	10.26%	96,210	(782)	95,428	11.12%	96,210	(881)	95,329	96,210	96,210	96,210	96,210	-	-	-	-	-
National bond	COP	20/03/2015	10	IPC + 4.52%	10.09%	130,000	(66)	129,934	10.94%	130,000	(175)	129,825	130,000	130,000	130,000	130,000	-	-	-	-	-
National bond	COP	14/12/2010	12	IPC + 4.2%	9.84%	119,900	(171)	119,729	10.67%	119,900	(377)	119,523	119,900	119,900	119,900	119,900	119,900	119,900	119,900	-	-
National bond	COP	30/07/2014	12	IPC + 4.17%	9.88%	125,000	(328)	124,672	10.73%	125,000	(290)	124,710	125,000	125,000	125,000	-	-	-	-	-	-
National bond	COP	20/03/2015	12	IPC + 3.92%	9.37%	120,000	(187)	119,813	10.22%	120,000	(356)	119,644	120,000	120,000	-	-	-	-	-	-	-
National bond	COP	21/04/2009	15	IPC + 6.24%	11.72%	198,400	4,259	202,659	12.60%	198,400	4,399	202,799	198,400	198,400	198,400	198,400	198,400	198,400	198,400	198,400	-
National bond	COP	14/12/2010	20	IPC + 4.94%	10.49%	267,400	(408)	266,992	11.33%	267,400	(788)	266,612	267,400	267,400	267,400	267,400	267,400	267,400	267,400	-	-
National bond	COP	05/12/2013	20	IPC + 5.03%	10.70%	229,190	(2,228)	226,962	11.55%	229,190	(2,393)	226,797	229,190	229,190	229,190	229,190	-	-	-	-	-
National bond	COP	30/07/2014	20	IPC + 4.5%	10.16%	250,000	(850)	249,150	11.01%	250,000	(723)	249,277	250,000	250,000	250,000	-	-	-	-	-	-
National bond	COP	20/03/2015	20	IPC + 4.43%	9.96%	260,000	(55)	259,945	10.78%	260,000	(446)	259,554	260,000	260,000	-	-	-	-	-	-	-
National bond	COP	05/12/2013	5	IPC + 3.82%	9.80%	41,880	(107)	41,773	10.71%	41,880	(186)	41,694	41,880	41,880	41,880	41,880	-	-	-	-	-
National bond	COP	20/03/2015	5	IPC + 2.72%	8.23%	120,000	(308)	119,692	9.12%	120,000	(519)	119,481	120,000	120,000	-	-	-	-	-	-	-
National bond	COP	14/12/2010	6	IPC + 3.25%	0.00%	-	-	-	0.00%	-	-	-	112,700	112,700	112,700	112,700	112,700	112,700	112,700	-	-
National bond	COP	30/07/2014	6	IPC + 3.57%	9.44%	125,000	98	125,098	10.31%	125,000	57	125,057	125,000	125,000	125,000	-	-	-	-	-	-
National bond	COP	22/01/2009	10	10.8%	10.79%	74,700	1,452	76,152	10.81%	74,700	7,566	82,266	74,700	74,700	74,700	74,700	74,700	74,700	74,700	74,700	-
National bond	COP	20/11/2008	10	13.8%	13.79%	58,000	2,762	60,762	13.79%	58,000	857	58,857	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000
TOTAL						2,528,690	9,659	2,538,349		2,528,690	12,619	2,541,309	2,641,390	2,641,390	2,141,390	1,641,390	1,144,110	1,144,110	1,144,110	644,110	199,450

- Figures expressed in millions of Colombian pesos -

The detail of the international bons issued by the Group is as follows:

Issued by EPM:

Type of bond	Original Currency	Initial date	Term	Nominal interest rate	2017				2016				Awarded amount							
					IRR	Nominal value	Amortized cost value	Total Amount	IRR	Nominal value	Amortized cost value	Total Amount	2016	2015	2014	2013	2012	2011	2010	2009
International bond	USD	29/07/2009	10	7.63%	8.16%	1,440,120	7,135	1,447,255	8.16%	1,500,355	35,420	1,535,775	1,500,355	1,574,735	1,196,230	963,415	884,115	971,350	956,990	1,022,115
International bond	COP	31/01/2011	10	8.38%	8.69%	1,250,000	3,892	1,253,892	8.70%	1,250,000	82,054	1,332,054	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	-	-
International bond	COP	10/09/2014	10	7.63%	7.73%	965,745	34,356	1,000,101	7.73%	965,745	16,169	981,914	965,745	965,745	965,745	-	-	-	-	-
TOTAL						**3,655,865**	**45,383**	**3,701,248**		**3,716,100**	**133,643**	**3,849,743**	**3,716,100**	**3,790,480**	**3,411,975**	**2,213,415**	**2,134,115**	**2,221,350**	**956,990**	**1,022,115**

- Figures expressed in millions of Colombian pesos - The exchange rate used was the closing TRM of each period

Issued by ENSA:

Type of bond	Original Currency	Initial date	Term	Nominal interest rate	2017				2016				Monto adjudicado										
					IRR	Nominal value	Amortized cost value	Total Amount	IRR	Nominal value	Amortized cost value	Total Amount	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Preferred bonds	Dólar	07/10/2006	15	7.60	8.16%	288,024	416	288,440	8.16%	300,071	306,030	606,101	-	-	-	-	-	-	-	-	-	-	223,879
Corporate Bonds	Dólar	20/10/2008	10	Libor 3 meses más 2.375% anual	3.46%	57,605	544	58,148	3.46%	60,014	60,611	120,625	-	-	-	-	-	-	-	-	44,872	-	-
Preferred bonds	Dólar	12/06/2012	15	4.73	4.96%	230,419	70	230,489	4.96%	240,057	237,244	477,301	-	-	-	-	141,458	-	-	-	-	-	-
TOTAL						**576,048**	**1,030**	**577,078**		**600,142**	**603,885**	**1,204,027**	-	-	-	-	**141,458**	-	-	-	**44,872**	-	**223,879**

- Figures expressed in millions of Colombian pesos - The exchange rate used was the closing TRM of each period

Issued by DELSUR:

Type of bond	Original Currency	Initial date	Term	Nominal interest rate	2017				2016				Awarded amount								
					IRR	Nominal value	Amortized cost value	Total Amount	IRR	Nominal value	Amortized cost value	Total Amount	2016	2015	2014	2013	2012	2011	2010	2009	2008
INVESTMENT CERTIFICATES - CIDELSUR1 (ScotiaInversiones, BVES)	Dólar	16 de Agosto de 2010	10 años	5%	1.70%	60,485	387	60,872	1.52%	63,015	63,428	126,443	-	-	-	-	-	-	40,194	-	-
TOTAL						**60,485**	**387**	**60,872**		**63,015**	**63,428**	**126,443**	-	-	-	-	-	-	**40,194**	-	-

- Figures expressed in millions of Colombian pesos - The exchange rate used was the closing TRM of each period

As of March 31, 2017, the EPM Group obtained the following new loans:

- On December 29, 2015, EPM, parent company, signed a USD1 billion credit agreement with a group of seven international banks, which will be used to finance the company's 2016 budget and investment plan. The loan was granted with a term of five years, with payment of single capital at maturity, without the requirement of guarantees, prepaid, with a Libor rate + 1.40%, and may be disbursed in a period of 18 months. The banks participating in this credit operation were Bank of America N.A., HSBC Securities (USA) Inc., Bank of Tokyo-Mitsubishi, Sumitomo Mitsui Banking Corporation, Citigroup Global Markets, JP Morgan Securities and Mizuho Bank. In 2016, disbursements of this loan were made for $1,745,425 (USD560 million).
- In January 2017, EPM Matriz obtained a bridge loan for $180,000 granted by Banco Popular at an IBR rate plus 2%, and a 1 year term.
- Central de Energía Norte de Santander (CENS) took out the following loans, as follows:

  With Banco Davivienda, a long-term loan was disbursed on January 13, 2017 for $11,000 for a 10-year term, 2 years' grace period and a rate of IBR+ 4.89%, capital payable semi-annually in arrears.

  With Banco de Bogotá, 3 bridge loans were disbursed on January 16, 2017 for $25,315 for a 3-month term and a rate of CPI+ 2.85%; on January 30 for $8,540 for a 3-month term and a rate of IPC+ 2.85%; on March 24 for $11,145 at a 3-month term and a rate of +CPI+ 2.85%.
- Electrificadora de Santander (ESSA) disbursed 2 long-term loans with Banco de Bogotá as follows: on January 11, 2017 for $15,000 for a 12-year term, 2 years' grace period and a rate of IBR+ 4.5%; on January 16, 2017 for $10,000 for a 12-year term, 2 years' grace period and a rate of IBR+ 4.5%.
- Empresa de Distribución de Energía del Noreste de Panamá (ENSA) received 4 short-term loans in the first quarter of 2017 as follows: on February 20, USD 30 million at a rate of LIBOR+ 1.75%, a 3-month period; on March 8, an amount of USD 25 million at a rate of LIBOR + 1.45%, a 5-month period; on March 8, an amount of USD 25 million at a rate of LIBOR + 1.55%, a 3-month period, and March 27, an amount of USD 10 million at a LIBOR + 1.75% rate and a 1-month term.

Covenant debt/ EBITDA

EPM has an active covenant measured in the long-term financial debt ratio to EBITDA, calculated based on Grupo EPM consolidated figures, maximum 3.5 times, in loan agreements: French Development Agency - AFD, International Development Bank - IDB 1664 and Guaranty of Japan Bank for International Cooperation - JBIC at a loan with a Japanese commercial bank. It also has it covenanted, but inactive, as it has a double degree of investment, in the international issue of bonds with maturity dates in 2019.

As of March 31, 2017, the indicator's results are 3.16 times. EPM must report compliance with this indicator as follows: to Japan Bank for International Cooperation–JBIC–quarterly, to French Development Agency–FDA–twice annually, and to the Inter-American Development Bank–IDB, annually.

During the accounting period, the EPM Group has not defaulted in the payment of the principal and/or interest of its loans.

Note 10. Provisions, contingent assets and liabilities

10.1. Provisions

As of March 31, 2017, the balance of the Group's allowances heading does not register a significant variation. However, EPM parent company reported a net decrease of 3% in the amount of $11,077 that mainly corresponds to the decrease in the representative market exchange rate with which the provisions that have a component in foreign currencies were valued, which were: the onerous fuel transportation and supply contract signed between EPM and TGI- Transportadora de Gas Internacional S.A. E.S.P., the lawsuit with the Consortium Dragados Porce II and Espiritu Santo's contingent loan.

10.2. Contingent liabilities and assets:

The breakdown of liabilities and contingent assets is as follows:

Type of contingency	Contingent liabilities	Contingent assets	Net
Litigation	788,114	294,856	(493,258)
Guarantee	260,336	135	(260,201)
Others	64,601	-	(64,601)
Total	**1,113,051**	**294,991**	**(818,060)**

- Figures expressed in millions of Colombian pesos -

With respect to the figures disclosed as of December 31, 2016, the contingent liabilities report an 11% increase that mainly corresponds to the entry of new lawsuits at affiliates such as: Aguas Nacionales EPM S.A. E.S.P., Empresas Varias de Medellín S.A. E.S.P., CENS, CHEC, EDEQ, ESSA and for new guaranties generated at the affiliate ENSA; regarding the contingent assets, they register a 47% increase basically originating at EPM parent company for updates made to the Maya Legal Management System to the lawsuits subject to refunds requested in favor of the company and to the affiliates CHEC and ESSA for new lawsuits filed.

Note 11. Income

The detail of income from ordinary activities is as follows:

Ordinary activities income	2017	2016
Sale of goods	**4,030**	**21,765**
Provision of services		
Power supply [(1)]	2,916,417	3,090,372
Service of aqueduct	229,770	193,761
Fuel Gas Service	177,109	219,870
Sanitation service	134,851	131,771
Toilet service	48,145	42,106
Other services	30,475	27,710
Construction contracts	8,545	31,529
Insurance and reinsurance services	1,979	2,224
Computer Services	56	95
Returns [(2)]	(50,893)	(12,174)
Total provision of services	**3,496,454**	**3,727,264**
Leases	16,131	15,085
Income from sale of assets	133	2,926
Total	**3,516,748**	**3,767,040**

- Figures expressed in millions of Colombian pesos -

[(1)] Income in the EPM parent company generation segment decreased due to the lower average price on the stock market given the increase in rivers from heavy rains throughout the country.

[(2)] It includes at EPM parent company, the refund of the charge due to reliability linked to greater energy generation.

The EPM Group does not have ordinary income pledged, contingencies that have not been recognized affecting income, or firm commitments with customers for the provision of future services from which it is estimated that losses will be generated.

Note 12. Other income

The breakdown of other income, which is part of income from ordinary activities, is as follows:

Other income	2017	2016
Reversal loss due to impairment of accounts receivable [1]	20,435	783
Recoveries	14,968	36,737
Commissions	8,177	10,161
Other income	7,140	13,797
Achievements	1,832	2,266
Margin in the commercialization of goods and services	589	591
Compensation	506	594
Government Grants	255	248
Sale of sheets	183	226
Investment property leases	4	-
Leftovers	3	(4)
Fee	(221)	146
Total Other Income	**53,871**	**65,545**

[1] Corresponds to the reversal of the impairment for the application of the measurement of expected credit loss value.

Note 13. Costs for rendering of services

The detail of the costs for rendering services is as follows:

Costs for provision of services	2017	2016
Cost of public goods and services for sale [1]	1,529,940	2,054,510
Depreciations	175,398	172,361
Personal services	172,284	152,551
Orders and contracts for other services	129,038	124,355
Consumption of direct inputs [2]	24,017	333,435
Orders and contracts of maintenance and repairs	71,344	69,019
Materials and other operating costs	32,955	42,605
Impairment of intangible assets	-	17
Licenses, contributions and royalties	43,811	38,796
General	20,139	19,718
Insurance	24,761	14,048
Fee	13,656	13,736
Amortization	24,557	9,144
Taxes and rates	12,349	13,969
Leases	12,918	7,777
Traded goods	4,683	5,064
Public services	4,643	4,646
Cost of losses in the provision of the aqueduct service	650	647
Exhaustion	1,797	443
Value reduction inventories	9	345
Total cost of providing services	**2,298,949**	**3,077,186**

- Figures expressed in millions of Colombian pesos -

(1) Includes the value of the purchases of bulk energy and on the stock market, connection cost, use of lines, networks and conduits, cost of sale and distribution of natural gas, among other costs. The decrease in such costs versus the previous period is mainly due to fewer purchases of energy on the stock market.

(2) Includes the cost of chemicals, combustible gas, energy, diesel fuel, and fuel oil, which registered a decrease, basically due to the lower consumption of gas and diesel fuel this year thus far because last year, it was an El Niño year and EPM Parent Company required more generation with the La Sierra power plant.

Note 14. Administration expenses

The breakdown of administrative expenses is as follows:

Administration fees	2017	2016
Personal expenses		
Wages and salaries	89,236	80,115
Social Security Expenses	24,236	20,853
Pension expenditure	10,932	10,313
Other long-term benefits	6,357	6,043
Employee Interest Rate Benefits	1,563	1,300
Other post-employment benefit plans other than pensions	1,451	719
Termination benefits	439	203
Total staff costs	**134,214**	**119,546**
General expenses		
Taxes, contributions and fees [1]	68,406	120,001
Fees, commissions and services	18,837	18,207
Depreciation of property, plant and equipment	18,245	16,806
Other overheads	3,600	4,777
Maintenance	12,599	12,098
Legal expenses	627	1,126
Amortization of intangibles	10,715	21,580
Other miscellaneous provisions	2,717	3,061
Provision for contingencies	9,792	24,551
Social assets	169	10,397
Intangibles	5,700	2,681

Administration fees	2017	2016
Publicity and propaganda	2,099	1,975
Promotion and dissemination	3,173	2,505
Surveillance and security	3,980	3,609
Studies and projects	2,170	1,439
Christmas light	1,966	-
Public services	1,924	2,577
Lease	3,438	2,884
General Insurance	2,763	2,880
Cleaning services, cafeteria, restaurant and laundry services	2,695	2,505
Communications and transportation	1,733	2,032
Licenses and safe-conducts	281	1,009
Provision for onerous contracts	154	4,412
Materials and supplies	820	481
Learning contracts	1,085	932
Publications, subscriptions and affiliations	1,052	953
Data processing	726	351
Travel expenses	318	400
Management contracts	275	230
Photocopying	399	394
Organization of events	259	271
Fuels and lubricants	203	194
Repairs	192	86
Court costs	229	14
Public relations	111	40
Others	304	177
Total overheads	**183,756**	**267,635**
Total	**317,970**	**387,181**

- Figures expressed in millions of Colombian pesos -

(1) It includes the tax on wealth settled in EPM and the national subsidiaries, based on equity held at January 1, 2015 at a rate of 0.4%.

Note 15. Other expenses

The detail of other expenses is as follows:

Other expenses	2017	2016
Loss on asset retirement	3,503	14,029
Contributions in non-corporate entities	1,441	6,133
Arbitral awards and extrajudicial conciliation	370	555
Other ordinary expenses	10,191	1,170
Loss on sale of assets	440	3,712
Donations	120	163
Assumed taxes	44	-
Other provisions for tax liabilities	-	73
Judgments	-	43
Total	**16,109**	**25,878**

- Figures expressed in millions of Colombian pesos -

Note 16. Financial income and expenses

16.1 Financial income

The detail of financial income is as follows:

Financial income	2017	2016
Interest income:		
Bank deposits	11,901	11,137
Interest income from financial assets at amortized cost	392	4,041
Interest of debtors and arrears	33,236	45,267
Valuation profit of financial instruments at fair value	9,494	3,522
Valuation profit of financial instruments at amortized cost	2,903	14,954
Profit in rights in trust	8,826	3,520
Others	3,031	4,739
Monetary readjustment performance	2	3
Total financial income	**69,785**	**87,183**

- Figures expressed in millions of Colombian pesos -

16.2 Financial expenses

The detail of financial expenses is as follows:

Financial expenses	2017	2016
Interest expense:		
Interest on obligations under financial leasing	8,939	8,419
Other interest expense	14,711	26,125
Total interest	23,650	34,544
Total interest expense on financial liabilities that are not measured at fair value through profit or loss	183,216	143,562
Commissions	1,798	1,951
Other financial expenses	45,054	44,665
Total financial expenses	**253,718**	**224,722**

- Figures expressed in millions of Colombian pesos -

Note 17. Exchange difference, net

The effect of transactions in foreign currency is the following:

Difference, net	2017	2016
Income for difference in exchange		
Own Position		
For goods and services and others	6,189	12,389
For liquidity	2,232	18,901
Accounts Receivable	10,211	63,190
Other adjustments for difference in exchange	21,717	80,582
Financial Services		
Gross income	127,981	222,912
Total income for difference in exchange	**168,330**	**397,974**
Expenses for difference in exchange		
Own Position		
For goods and services and others	(1,162)	(4,682)
For liquidity	(9,802)	(28,887)
Accounts Receivable	(73,773)	(142,481)
Other adjustments for difference in exchange	(3,487)	(28,256)
Financial Services		
Gross expenditure	(957)	811
Total expense per difference in exchange	**(89,181)**	**(203,495)**
Difference, net	**79,149**	**194,479**

- Figures expressed in millions of Colombian pesos -

The rates used for the conversion of foreign currency in the consolidated financial statements are:

Currency	Currency Type	Direct USD conversion at 31 March		Closing exchange rate as of March 31		Average exchange rate as of March 31	
		2017	2016	2017	2016	2017	2016
United States Dollar	USD	-	-	2,880.24	3,022.35	2,942.29	3,128.79
Quetzal	GTQ	7.34	7.71	392.54	391.93	399.57	405.35
Mexican Peso	MXP	18.83	17.14	152.93	176.36	152.50	177.53
Chilean Peso	CLP	662.10	668.86	4.35	4.52	4.45	4.60

Note 18. Capital management

The capital of the EPM Group includes indebtedness through the capital market, commercial bank, development banks, central bank and multilateral bank, at a national and international level.

EPM Group manages its capital in order to plan, manage and assess the obtaining of financial resources in the national and international financial markets, for strategic investments, investment projects, through the different options that optimize the cost, that guarantee the maintenance of adequate financial indicators and adequate credit rating and minimize the financial risk. For the above, the following capital management policies and processes have been defined.

Financial management: Financial management corresponds to the performance of all long term credit operations, in order to guarantee the timely availability of the resources required for the normal operation of the company and to materialize the investment and growth decisions, optimizing the financing costs.

The Group has not made any changes to its objectives, policies and capital management processes during the period ended March 31, 2017 and December 31, 2016.

In order to face the changes in the economic conditions, the Group implements proactive management mechanisms for their financing, enabling up to where it is viable different financing alternatives, in such a way that at the time that the performance of any long term credit operation is required, there will be access to the source that has availability at each time of competitive market conditions and as timely as necessary.

Following we present the values that the EPM Group manages as capital:

	2017	2016
Bonds and loans	14,484,261	14,848,008
Total debt	**14,484,261**	**14,848,008**
Total capital	**14,484,261**	**14,848,008**

- Figures in millions of Colombian pesos -

Note 19. Measurement of fair value on a recurring and non-recurring basis

The methodology established in IFRS 13 Fair value measurement specifies a hierarchy in the valuation techniques based on whether the variables used in the determination of the fair value are observable or not. The EPM Group determines the fair value on a recurring and non-recurring basis, as well as for disclosure purposes:

- Based on the prices quoted in active markets for assets or liabilities identical to those that the EPM Group can access on the measurement date (level 1).
- Based on valuation techniques commonly used by market participants that use different variables of the prices quotes that are observable for assets or liabilities, directly or indirectly (level 2).
- Based on internal cash flow discount valuation techniques, using variables estimated by the company not observable for the assets or liabilities, in lieu of variables observed in the market; and in some cases, the cost is taken as an estimate of the fair value. This applies when recent information available is insufficient to measure it, or if a wide range of possible measures exists of the fair value and the cost represents the best estimate of the fair value within that range (level 3).

During 2017 and 2016 in the EPM Group no transfers have been made between the fair value hierarchy levels, either for the transfers into and out of the levels.

Valuation techniques and variables used by the EPM Group in the measurement of the fair value for recognition and disclosure:

Cash and cash equivalents: includes the cash on hand and in banks and the high liquidity investments, easily convertible into a determined amount of cash and subject to insignificant risk of changes in their value, with an expiration of three months or less from the date of their acquisition. The EPM Group uses as valuation technique for this entry the market approach; these entries are classified in level 1 of the fair value hierarchy.

Investments at fair value through profit and loss and through equity: includes the investments that are made to optimize the liquidity surpluses, that is, all those resources that are not immediately allocated to the performance of the activities that constitute the corporate object of the companies. The EPM Group uses as valuation technique the market approach; these entries are classified in level 1 of the fair value hierarchy.

Derivative instruments - Swaps: The EPM Group uses derivative financial instruments, such forwards, futures, swaps and options to cover financial risks, mainly the risks of interest rate, exchange rate and commodities prices. Such derivative financial instruments are recognized initially at their fair value as of the date when the derivate agreement is executed, and subsequently they are again measured at their fair value. The EPM Group uses as valuation technique for the swaps the discounted cash flow, in an income approach. The variables used are: Swap curve of interest rates for rates denominated in US dollars, to discount cash flow in US dollars; and Swap Curve of external interest rate for rates denominated in pesos, to discount cash flows in pesos. These entries are classified in level 2 of the fair value hierarchy.

Investment properties: these are properties (land or buildings, considered in their entirety or in part, or both) that are held (by the company in its own name or through a financial leasing) to earn income, for capital appreciation or both, instead of:

- Their use in the production or supply of goods or services, or for administrative purposes; or
- Their sale in the ordinary course of the operations.

The EPM Group uses two valuation techniques for these entries. Within the market approach, it uses the comparative or market method, which consists in deducting the price by comparison of transactions, supply and demand and appraisals of similar or comparable properties, prior adjustments of time, conformation and location. The entries that are valued with this technique are classified in level 2 of the fair value hierarchy. Within the cost approach, the residual method is used that is applied only to the buildings and is based on the determination of the updated construction cost, less the depreciation for age and conservation condition. These entries are classified in level 2 of the fair value hierarchy.

The following table shows for each of the fair value hierarchy levels, the assets and liabilities of the EPM Group, measured at fair value on a recurring basis as of March 31, 2017 and December 31, 2016, as well as the total value of the transfers between level 1 and level 2 occurred during the period:

Fair value measurement on a recurring basis 2017	Level 1	Level 2	Total
Assets			
Negotiable or designated at fair value			
Cash and cash equivalents	1,121,325	-	1,121,325
Investments at fair value through profit or loss	294,332	-	294,332
	1,415,657	**-**	**1,415,657**
Derivatives			
Swaps	-	1,613	1,613
Future agreements	-	523	523
	-	**2,136**	**2,136**
Liabilities			
Derivatives			
Swaps	-	116,539	116,539
Total	**1,415,657**	**118,675**	**1,534,332**
	92.27%	**7.73%**	

- Figures in millions of Colombian pesos -

Fair value measurement on a recurring basis 2016	Level 1	Level 2	Total
Assets			
Negotiable or designated at fair value			
Cash and cash equivalents	1,194,499	-	1,194,499
Investments at fair value through profit or loss	712,375	-	712,375
	1,906,874	**-**	**1,906,874**
Derivatives			
Future agreements	-	18	18
	-	**18**	**18**
Liabilities			
Derivatives			
Swaps	-	70,951	70,951
Total	**1,906,874**	**70,969**	**1,977,843**
	96.41%	**3.59%**	

- Figures in millions of Colombian pesos -

As of March 31, 2017 and December 31, 2016 there were no inter-level transfers.

The book value and the estimated fair value of assets and liabilities of the EPM Group that are not recognized at fair value in the consolidated statement of financial position, but require their disclosure at fair value, as of March 31, 2017 are:

Measurement of fair value on a recurring basis at 2017	Level 2	Total
Liabilities		
Other bonds and securities issued	6,001,178	6,001,178
Commercial banks loans	5,035,432	5,035,432
Multilateral banks loans	1,570,211	1,570,211
Development banks loans	875,494	875,494
Bonds and securities issued	876,369	876,369
Other loans	125,577	125,577
Total	**14,484,261**	**14,484,261**
	100%	

- Figures in millions of Colombian pesos -

Measurement of fair value on a recurring basis at 2016	Level 2	Total
Liabilities		
Other bonds and securities issued	6,135,271	6,135,271
Commercial banks loans	5,161,838	5,161,838
Multilateral banks loans	1,664,555	1,664,555
Development banks loans	963,250	963,250
Bonds and securities issued	923,094	923,094
Total	14,848,008	14,848,008
	100%	

- Figures in millions of Colombian pesos -

As of March 31, 2017 and December 31, 2016, liabilities were not classified in levels 1 and 3.

Note 20. Operation segments

20.1 Information by segments

For management purposes, the EPM Group is organized in segments on the basis of its products and services, and it has the following eight operating segments on which information is presented:

- Electric Power Generation Segment, which activity consists in the production of energy and commercialization of large blocks of electric power, based on the acquisition or the development of a portfolio of energy proposals for the market.
- Electric Power Distribution Segment, which activity consists in transporting electric power through a set of lines and substations, with their associated equipment, that operate at voltages of less than 220 KV, the commercialization of energy to the end user of the regulated market and the performance of related and/or complementary activities. It includes the Regional Transmission System (RTS), the Local Distribution System (LDS), the public lighting service and the rendering the associated services.
- Electric Energy Transmission Segment, which activity consists in the transportation of energy in the National Transmission System –NTS-, made up by the set of lines, with their corresponding connection equipment, that operate at voltages equal to or higher than 220 KV. The National Transmitter (NT) is the legal person who operates and transports electric energy in the NTS or has constructed a company which object is the performance of that activity.
- Gas Segment, which activity consists in the conduction of gas from the door of the city to the end user, through medium and low pressure pumps. It includes the sale of gas through different systems, among them the distribution by a network, natural vehicle gas, natural compressed gas and service stations.
- Water Supply Segment, which activity consists in conceptualizing, structuring, development and operating systems to supply water; it includes carrying out the commercial management of the service portfolio related to the supply of water for different uses, in addition to the use of the productive chain, specifically in the production of energy, and the supply of crude water.
- Sanitation Segment, which activity consists in conceptualizing, structuring, development and operating systems of wastewater and handling of solid waste; it includes carrying out the commercial management related to these services and the use of the biosolids and other byproducts from the treatment of wastewater and the handling of solid waste.
- ICT Segment, which activity consists in the rendering of services associated to information and communications technologies, information services and the complementary activities related and/or connected to such services.
- Others Segment, that corresponds to the remaining activities that are not included within the above mentioned segments; it includes: Entidad Adaptada de Salud – EAS and Unidad de Servicios Médico y Odontológico (medical and dental services), billing and collection services for third parties, income received from investment properties (rent), social financing, EATIC Laboratory tests, rendering of specialized transportation service.

The Company has not added operating segments to form this eight reportable segments; however, the Company carries out the activity of commercialization of energy, which consists in the purchase of electric power in the wholesale market and its sale to other market agents, or to the end users regulated or not regulated; therefore, the Company includes the information of this activity in the corresponding segments that contain this activity.

Management supervises the operating results of the operating segments separately in order to make decisions on the assignment of resources and assess their return. The return of the segments is assessed on the basis of profit or loss for operations before tax and of discontinued operations and is measured uniformly with the loss or profit for operations of the consolidated financial statements.

Transfer pricing between the operating sectors are agreed as between independent parties (arm's length principle) in a similar way that they are agreed with third parties.

2017	Generation of electric power	Distribution of electric power	Transmission of electric power	Gas	Provision of water	Sanitation	ICT	Other segments	Total segments	Intersegment transactions	Reconciling entries	Consolidated
Income external customers	563,562	2,341,203	46,555	181,706	232,185	185,242	-	19,841	3,570,294	(497,646)	1,283	3,073,931
Income inter-segments	244,451	217,329	15,022	1,082	4,143	5,171	-	9,490	496,688	-	-	496,688
Total net income	**808,013**	**2,558,532**	**61,577**	**182,788**	**236,328**	**190,413**	**-**	**29,331**	**4,066,982**	**(497,646)**	**1,283**	**3,570,619**
Costs and expenses without depreciations, amortizacions, provisions, and impairments	(380,852)	(2,048,115)	(23,267)	(164,368)	(122,145)	(113,086)	-	(27,419)	(2,879,252)	497,149	(95,725)	(2,477,828)
Depreciation, amortizacion, provisions	(57,308)	(107,865)	(7,920)	(1,716)	(41,197)	(14,779)	-	(10,824)	(241,609)	-	(1,296)	(242,906)
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Other income	3,942	7,153	151	11	72	1,784	-	1,674	14,786	-	25,563	40,349
Interest expense	(62,634)	(69,531)	(10,347)	(15,336)	(23,797)	(20,706)	-	(3,789)	(206,140)	72,692	(73,417)	(206,865)
Financial expense (others than interest)	(7,455)	(15,461)	(247)	(576)	(4,068)	(9,414)	-	(613)	(37,834)	263	(10,240)	(47,811)
Total financial expenses	**(70,089)**	**(84,992)**	**(10,594)**	**(15,912)**	**(27,865)**	**(30,120)**	**-**	**(4,402)**	**(243,974)**	**72,955**	**(83,657)**	**(254,676)**
Interest revenues	26,976	34,024	342	9,020	4,383	13,677	-	4,609	93,031	(72,459)	24,957	45,529
Financial revenues	97,603	33,926	172	428	2,892	8,489	-	2,263	145,774	-	6,463	152,237
Total financial revenues	**124,579**	**67,950**	**514**	**9,448**	**7,275**	**22,167**	**-**	**6,872**	**238,805**	**(72,459)**	**31,420**	**197,766**
Participation in results of associates and joint venture businesses	-	-	-	-	-	-	10,128	-	10,128	-	-	10,128
Other gains and losses	1,220	2,440	1,220	-	1	-	-	-	4,881	-	44,172	49,053
Profit or loss before taxes and discontinued operations of the segment	**422,287**	**388,412**	**21,579**	**6,008**	**51,569**	**55,280**	**10,128**	**(4,849)**	**950,414**	**-**	**(78,343)**	**872,071**
Total assets without investments in associates and joint venture businesses	17,334,433	12,861,510	1,532,229	943,749	5,266,777	3,782,538	-	637,457	42,358,692	(5,569,643)	4,411,625	41,200,674
Investments in associates and joint venture accounted according to equity method	-	-	-	-	-	-	1,810,830	-	1,810,830	-	25,701	1,836,531
Total assets	**17,334,433**	**12,861,510**	**1,532,229**	**943,749**	**5,266,777**	**3,782,538**	**1,810,830**	**637,457**	**44,169,522**	**(5,569,642)**	**4,437,326**	**43,037,206**
Total assets and debit balances of deferred regulatory accounts	17,334,433	12,867,394	1,532,229	943,749	5,266,777	3,782,538	1,810,830	637,457	44,175,406	- (16,745,080)	15,612,764	43,043,090
Total liabilities	**9,831,898**	**8,302,528**	**867,375**	**567,710**	**2,709,924**	**1,595,672**	**-**	**336,377**	**24,211,483**	**(5,569,643)**	**4,981,887**	**23,623,727**
Total liabilities and credit balances of deferred regulatory accounts	9,831,898	8,304,293	867,375	567,710	2,709,924	1,595,672	-	336,377	24,213,249	(5,569,644)	4,981,886	23,625,491
Non-current assets additions	407,060	218,042	48,550	4,015	44,732	93,731	-	10,741	826,871	-	-	826,871

- Figures in millions of Colombian pesos -

2016	Generation of electric power	Distribution of electric power	Transmission of electric power	Gas	Provision of water	Sanitation	ICT	Other segments	Total segments	Intersegment transactions	Reconciling entries	Consolidated
Income external customers	775,322	2,366,616	40,056	222,456	198,607	205,200	-	20,623	3,828,880	(491,886)	5,658	3,342,652
Income inter-segments	217,445	214,805	16,079	19,296	3,812	10,471	-	8,025	489,933	-	-	489,933
Total net income	**992,767**	**2,581,421**	**56,135**	**241,752**	**202,419**	**215,671**	**-**	**28,648**	**4,318,813**	**(491,886)**	**5,658**	**3,832,585**
Costs and expenses without depreciations, amortizacions, provisions, and impairments	(1,122,560)	(2,162,894)	(24,171)	(199,177)	(125,979)	(130,258)	-	(24,502)	(3,789,541)	491,164	(143,557)	(3,441,934)
Depreciation, amortizacion, provisions	(95,215)	(110,933)	(6,986)	(5,426)	(33,033)	(15,089)	-	(3,630)	(270,312)	-	(582)	(270,894)
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Other income	19,304	40,428	1,557	460	11,609	12,711	-	1,471	87,540	-	87,523	175,063
Interest expense	(33,536)	(73,096)	(2,922)	(10,746)	(26,101)	(15,743)	-	(2,727)	(164,871)	70,672	(83,907)	(178,106)
Financial expense (others than interest)	(7,442)	(9,126)	(37)	(303)	8	(26,508)	-	(340)	(43,748)	204	(2,261)	(45,805)
Total financial expenses	**(40,978)**	**(82,222)**	**(2,959)**	**(11,049)**	**(26,093)**	**(42,251)**	**-**	**(3,067)**	**(208,619)**	**70,876**	**(86,168)**	**(223,911)**
Interest revenues	32,080	31,632	183	13,410	5,488	15,094	-	4,042	101,929	(69,601)	28,117	60,445
Financial revenues	152,437	30,322	2,668	81	1,787	20,619	-	905	208,819	(554)	41,385	249,650
Total financial revenues	**184,517**	**61,954**	**2,851**	**13,491**	**7,275**	**35,713**	**-**	**4,947**	**310,748**	**(70,155)**	**69,502**	**310,095**
Participation in results of associates and joint venture businesses	-	-	-	-	-	-	(53,963)	-	(53,963)	-	-	(53,963)
Other gains and losses	666	1,335	664	-	-	-	-	-	2,665	-	32,431	35,096
Profit or loss before taxes and discontinued operations of the segment	**(61,499)**	**329,089**	**27,091**	**40,051**	**36,198**	**76,497**	**(53,963)**	**3,867**	**397,331**	**(1)**	**(35,193)**	**362,137**
Total assets without investments in associates and joint venture businesses	17,334,842	12,417,727	1,469,025	1,050,600	5,308,301	3,737,070	-	689,247	42,006,810	(4,789,048)	3,894,329	41,112,091
Investments in associates and joint venture accounted according to equity method	-	-	-	-	-	-	1,800,664	-	1,800,664	-	25,700	1,826,365
Total assets	**17,334,842**	**12,417,727**	**1,469,025**	**1,050,600**	**5,308,301**	**3,737,070**	**1,800,664**	**689,247**	**43,807,475**	**(4,789,048)**	**3,920,030**	**42,938,457**
Total assets and debit balances of deferred regulatory accounts	17,334,842	12,433,540	1,469,025	1,050,600	5,308,301	3,737,070	1,800,664	689,247	43,823,288	(16,060,689)	15,191,671	42,954,270
Total liabilities	**9,639,307**	**7,502,503**	**807,278**	**649,957**	**2,645,688**	**1,562,840**	**-**	**344,277**	**23,151,850**	**(4,789,048)**	**4,803,419**	**23,166,221**
Total liabilities and credit balances of deferred regulatory accounts	9,639,307	7,507,247	807,278	649,957	2,645,688	1,562,840	-	344,277	23,156,594	(4,789,047)	4,803,418	23,170,965
Non-current assets additions	1,806,036	1,331,295	299,669	58,127	292,399	581,462	-	12,909	4,381,897	-	-	4,381,897

- Figures in millions of Colombian pesos -

20.2 Information by geographic area

Revenues from external customers

Country	2017	2016
Colombia (Country of domicile of EPM)	2,295,744	2,506,395
Guatemala	467,031	514,615
Panama	471,931	446,030
El Salvador	192,617	195,594
Chile	118,538	116,430
Mexico	22,775	49,234
Ecuador	152	4,505
Bermuda	1,987	2,224
International intersegment eliminations	(156)	(2,442)
Total countries other than Colombia	**1,274,875**	**1,326,190**
Total consolidated revenues	**3,570,619**	**3,832,585**

- Figures in millions of Colombian pesos -

The information on revenues is based on the location of the customer.

In the EPM Group no customer generates more than 10% of the revenues.

Non-current assets

Country	2017	2016
Colombia (country of domicile of EPM)	26,037,161	25,609,323
Chile	3,350,794	3,463,597
Panama	1,896,537	1,970,997
Guatemala	1,755,337	1,773,058
El Salvador	297,676	310,184
Mexico	55,747	52,737
Total countries other than Colombia	**7,356,091**	**7,570,572**
Total non-current assets	**33,393,252**	**33,179,895**

- Figures expressed in millions of Colombian pesos -

For these purposes, the non-current assets include properties, plant and equipment, intangible assets and investment properties including the assets for acquisition of subsidiaries and goodwill.

Note 21. Facts occurred after the period being reported

On April 24, 2017, EPM Parent Company received USD 440 million corresponding to the remaining amount of a loan signed by EPM Parent Company on December 29, 2015 with Bank of America, HSBC, Bank of Tokyo, Sumitomo, Citigroup, JP Morgan and Mizuho. With this disbursement, the total amount to disburse covenanted in the loan amount is completed, amounting to USD 1 billion.

After the date of presentation of the consolidated financial statements and before the date of authorization of their publicatin, there were no other relevant events that imply adjustments to the figures.