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

Interim Condensed Consolidated Financial Statements and Notes
March 31, 2019 and December 31, 2018
(Unaudited)

epm Group

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2019 and December 31, 2018

Amounts stated in millions of Colombian pesos

	Notes	March 2019	December 2018
Assets			
Non current assets			
Properties, plant and equipment, net	7	34,826,814	34,488,599
Investment properties		91,081	91,382
Goodwill		3,012,647	3,032,267
Other intangible assets		2,296,037	2,315,958
Right of use assets		617,949	-
Investments in associates		1,773,349	1,746,487
Investments in a joint ventures		82	82
Deferred tax assets		258,278	249,700
Trade and other accounts receivables		925,658	929,475
Other financial assets		2,532,671	2,312,368
Other assets		108,742	112,192
Cash and cash equivalents		18,337	22,343
Total non current assets		**46,461,645**	**45,300,853**
Current assets			
Inventories		414,402	409,665
Trade and other accounts receivable		3,414,235	3,284,742
Current tax assets		112,919	118,400
Other financial assets		1,045,387	1,234,305
Other assets		431,080	453,411
Cash and cash equivalents		2,139,091	1,576,039
Total Current assets		**7,557,114**	**7,076,562**
Total assets		54,018,759	52,377,415
Debit balances of deferred regulatory accounts		93,634	111,868
Total assets and debit balances of deferred regulatory accounts		54,112,393	52,489,283
Equity			
Capital		67	67
Reserves		2,330,157	2,560,657
Other comprehensive income		3,104,368	2,894,627
Retained earnings		15,480,586	13,392,190
Profit for the period		681,539	2,258,293
Premium on placement of shares		(22,829)	(23,323)
Equity attributable to controlling interests		**21,573,888**	**21,082,511**
Non controlling interests		897,144	953,707
Total equity		22,471,032	22,036,218

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2019 and December 31, 2018

Amounts stated in millions of Colombian pesos

	Notes	March 2019	December 2018
Liabilities			
Non current liabilities			
Credits and loans	9	18,146,672	16,029,141
Trade and other payables		582,404	502,769
Other financial liabilities		1,087,784	491,571
Employee benefits		884,845	858,515
Income tax payable		33,701	33,701
Deferred tax liabilities		2,600,633	2,556,008
Provisions	10	490,663	474,148
Other liabilities		116,553	119,527
Total non current liabilities		**23,943,255**	**21,065,380**
Current liabilities			
Credits and loans	9	3,144,346	4,805,659
Trade and other payables		2,582,313	2,698,694
Other financial liabilities		395,814	347,100
Employee benefits		231,603	251,260
Income tax payable		276,499	91,264
Taxes, contributions and rates payable		131,368	191,281
Provisions	10	702,323	778,219
Other liabilities		205,750	190,648
Total current liabilities		**7,670,016**	**9,354,125**
Total liabilities		31,613,271	30,419,505
Deferred tax liabilities related to balances of deferred regulatory accounts		28,090	33,560
Total liabilities and credit balances of deferred regulatory accounts		31,641,361	30,453,065
Total liabilities and equity		54,112,393	52,489,283

The accompanying notes are an integral part of the financial statements

Jorge Londoño De la Cuesta	**Jorge Andrés Tabares Ángel**	**John Jaime Rodríguez Sosa**
General Manager	Executive Vice-president of Corporate Finance, Risk Management and Investments	Director of Accounting and Costs
		P.C. 144842-T

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the periods from January 1 to March 31, 2019 and 2018

Amounts stated in millions of Colombian pesos

	Notes	2019	2018
Continued operations			
Sale of goods	11	3,222	7,653
Rendering of services	11	4,198,031	3,742,999
Leases	11	26,164	19,539
Other income	12	56,976	54,940
Income from ordinary activities		4,284,393	3,825,131
Profit in sale of assets	11	429	1,598
Total income		4,284,822	3,826,729
Costs for rendering services	13	(2,762,787)	(2,472,947)
Administration expenses	14	(322,049)	(285,860)
Impairment loss recognised on trade receivables		(7,666)	8,524
Other expenses	15	(16,725)	(12,240)
Financial income	16.1	84,448	74,534
Financial expenses	16.2	(326,409)	(249,314)
Net exchange difference	17	75,107	80,825
Equity method in associates and joint business		26,367	11,090
Effect by interest in equity investments		62,163	70,247
Profit before tax		1,097,271	1,051,588
Income tax expense		(354,620)	(290,700)
Profit of the period after taxes of continued operations		742,651	760,888
Discontinued operations		-	-
Profit of the period before net movement in balances of deferred regulatory accounts		742,651	760,888
Net movement in balances of net regulatory accounts related to the result of the period		(15,462)	17,940
Net movement in deferred tax related to deferred regulatory accounts related to the results of the period		4,628	(5,351)
Profit of the period and net movement in balances of deferred regulatory accounts		731,817	773,477
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		(3,820)	(3,664)
Equity investments measured at fair value through equity		251,459	(99,099)
Income tax related to components that will not be reclassified		183	(1,150)
		247,822	(103,913)
Items that may be reclassified subsequently to the result of the period:			
Cash flow hedging		9,781	(7,609)
Result recognized of the period		(49,552)	(103,147)
Reclassification adjustment		59,333	95,538
Exchange differences for conversion of business abroad		(48,731)	(173,492)
Income tax related to the components that can be reclassified		6,773	36,387
Equity method in associates and joint ventures business		5	9
		(32,172)	(144,705)
Other comprehensive income, net of taxes		215,650	(248,618)
Total comprehensive income for the period		947,467	524,859
Profit for the period attributable to:			
Owners of the company		681,539	728,887
Non controlling interest		50,278	44,590
		731,817	773,477
Total comprehensive income attributable to:			
Controlling interests		890,853	481,179
Non controlling interests		56,614	43,680
		947,467	524,859

The accompanying notes are an integral part of the financial statements

Jorge Londoño De la Cuesta
General Manager

Jorge Andrés Tabares Ángel
Executive Vice-president of Corporate Finance, Risk Management and Investments

John Jaime Rodríguez Sosa
Director of Accounting and Costs
P.C. 144842-T

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN THE EQUITY

For the periods from January 1 to March 31, 2019 and 2018

Amounts stated in millions of Colombian pesos

epm Group

	Capital issued	Reserves	Retained earnings	Other components of equity	Other comprehensive income: Equity investment	Defined benefit plans	Cash flow hedging	Conversion differences	Reclassification of properties, plant and equipment to investment properties	Result of the year in other comprehensive income of associates and joint ventures business	Attributable to controlling interests	Non-controlling interests	Total
Balance as of January 1, 2018	67	3,479,283	13,692,151	(25,118)	2,173,346	(29,557)	(5,789)	716,674	12,079	(2,581)	20,010,555	857,654	20,868,209
Profit for the period	-	-	728,886	-	-	-	-	-	-	-	728,886	44,590	773,476
Other comprehensive income of the period net of income tax	-	-	-	-	(100,225)	(3,100)	29,028	(173,377)	-	9	(247,665)	(920)	(248,585)
Comprehensive income for the period	-	-	728,886	-	(100,225)	(3,100)	29,028	(173,377)	-	9	481,221	43,670	524,891
Surplusses and dividends declared	-	-	(1,203,504)	-	-	-	-	-	-	-	(1,203,504)	(76,716)	(1,280,220)
Movement of reserves	-	(960,219)	960,219	-	-	-	-	-	-	-	-	-	-
Transfers to retained earnings	-	-	(51)	-	69	-	-	-	-	-	18	-	18
Other movement of the period	-	-	1,009	-	-	-	-	-	-	-	1,009	(35,488)	(34,479)
Balance as of March 31, 2018	67	2,519,064	14,178,710	(25,118)	2,073,190	(32,657)	23,239	543,297	12,079	(2,572)	19,289,299	789,120	20,078,419
Balance as of January 1, 2019	67	2,560,657	15,650,483	(23,323)	2,168,304	(28,381)	(70,503)	817,051	11,796	(3,640)	21,082,511	953,707	22,036,218
Profit for the period	-	-	681,539	-	-	-	-	-	-	-	681,539	50,278	731,817
Other comprehensive income of the period net of income tax	-	-	-	-	244,066	(2,883)	16,846	(48,720)	-	5	209,314	6,336	215,650
Comprehensive income for the period	-	-	681,539	-	244,066	(2,883)	16,846	(48,720)	-	5	890,853	56,614	947,467
Surplusses and dividends declared	-	-	(400,000)	-	-	-	-	-	-	-	(400,000)	(102,101)	(502,101)
Movement of reserves	-	(230,500)	230,500	-	-	-	-	-	-	-	-	-	-
Transfers to retained earnings	-	-	(319)	-	-	427	-	-	-	-	108	-	108
Equity method on variations in equity	-	-	-	494	-	-	-	-	-	-	494	-	494
Other movement of the period	-	-	(78)	-	-	-	-	-	-	-	(78)	(11,076)	(11,154)
Balance as of March 31, 2019	67	2,330,157	16,162,125	(22,829)	2,412,370	(30,837)	(53,657)	768,331	11,796	(3,635)	21,573,888	897,144	22,471,032

The accompanying notes are an integral part of the financial statements

Jorge Londoño De la Cuesta
General Manager

Jorge Andrés Tabares Ángel
Executive Vice-president of Corporate Finance, Risk Management and Investments

John Jaime Rodríguez Sosa
Director of Accounting and Costs
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EMPRESAS PUBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the periods from January 1 to March 31, 2019 and 2018

Amounts stated in millions of Colombian pesos

	2019	2018
Cash flows for operating activities:		
Results of the period	731,817	773,477
Adjustments to reconcile the net results for the period to the net cash flows used in operating activities:		
Depreciation and amortization of properties, plant and equipment and intangible assets	254,969	244,480
Impairment of property, plant and equipment and intangibles	-	122
Impairment of accounts receivable	37,080	15,304
Reversal of loss for impairment of accounts receivable	(29,414)	(23,828)
Result for exchange difference, net	(75,107)	(80,825)
Result for valuation of financial instruments and hedge accounting	(16,039)	14,277
Provisions, post-employment and long term defined benefit plans	34,047	20,641
Government subsidies applied	(249)	(228)
Deferred income tax	33,300	50,557
Current income tax	321,321	240,143
Participation in the results of investments in associates and joint business	(26,367)	(11,090)
Interest income	(55,279)	(61,789)
Interest expenses	306,590	218,386
Result for disposal of properties, plant and equipment, intangibles and investment properties	(435)	(1,098)
Dividends from investments	(62,163)	(70,247)
Other income and expenses not effective, net	7,314	(35,246)
	1,461,385	1,293,036
Movements in working capital:		
Variation in inventories	(4,737)	7,438
Variation in debtors and other accounts receivable	(214,898)	(219,770)
Variation in other assets	47,235	44,787
Variation in creditors and other accounts payable	(155,243)	291,992
Variation in labor obligations	(9,073)	(6,229)
Variation in provisions	(73,646)	(64,065)
Variation in other liabilities	(44,365)	(75,102)
Interest paid	(430,255)	(388,074)
Income tax paid	(132,021)	(134,424)
Income tax refund	43	-
Net cash flows originated by operating activities	444,425	749,589
Cash flows for investment activities:		
Acquisition of property, plant and equipment	(242,176)	(876,535)
Disposal of property, plant and equipment	4,111	5,011
Acquisition of intangible assets	(35,185)	(8,838)
Disposal of intangible assets	2,036	106
Acquisition of investments in financial instruments	(62,582)	(103,892)
Disposal of investments in financial instruments	248,842	-
Government Grants	-	2
Interest received	171	-
Dividends received from subsidiaries	52	3
Dividends received from associates and joint business	38,483	-
Other dividends received	-	70,243
Other cash flows from investment activities	(571,028)	55,958
Net cash flows used by investment activities	(617,276)	(857,942)
Cash flows for financing activities:		
Obtaining of public credit and treasury	3,596,118	1,153,354
Payments of public credit and treasury	(2,877,491)	(483,303)
Transaction costs due to issuance of debt instruments	(143)	(1,449)
Gains or losses on settlement of financial liabilities	-	(44)
Payments of liabilities for financial leasing	(10,238)	(261)
Dividends or surpluses paid	(400,000)	(436,050)
Dividends or surplus paid to non-controlling interests	(7,267)	(76,716)
Capital subsidies	14	-
Other cash flows from financing activities	370,816	(153,761)
Net cash flows originated by financial activities	671,809	1,770
Net cash and cash equivalents increase (decrease)	498,958	(106,583)
Effects of variations in exchange rates in the cash and cash equivalents	60,088	(25,252)
Cash and cash equivalents at the beginning of period	1,598,382	1,191,214
Cash and cash equivalents at the end of the period	2,157,428	1,059,379
Restricted resources	**163,168**	**157,445**

The accompanying notes are an integral part of the financial statements

Jorge Londoño De la Cuesta **General Manager**	**Jorge Andrés Tabares Ángel** **Executive Vice-president of Corporate Finance, Risk Management and Investments**	**John Jaime Rodríguez Sosa** **Director of Accounting and Costs** **P.C. 144842-T**

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Notes to the interim condensed consolidated financial Statements of the EPM Group for the periods ended as of March 31, 2019 and December 31, 2018.

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

Note 1. Reporting Entity

Empresas Públicas de Medellín E.S.P. and subsidiaries (hereinafter, "EPM Group" or “the Group”) is the Holding Company of a multi-latin Enterprise group; which, in accordance with International Financial Reporting Standards, has as of March 31, 2019 and December 31, 2018 a consolidation perimeter made up of 47 companies and a structured entity[1], with a presence in the provision of public utilities in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama.

EPM is a municipal-order decentralized entity, created in Colombia through Resolution 58 of 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 of municipal-order through Resolution 069 of December 10, 1997 of the Medellín Council. Due to its legal status, EPM is endowed with 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, as well as its equity, is of a public nature, being its 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 residential public utilities of aqueduct, sewage, power and combustible gas distribution. It can also provide the domiciliary public utilities of cleaning, waste treatment and utilization, as well as the complementary activities related to each and every public utility service above mentioned.

The Group provides services in the following sectors:

- Power: includes Power Generation, Transmission, Distribution and Commercialization, and Natural Gas Distribution businesses.
- Water: integrated by the Aqueduct, Wastewaters and Cleaning businesses.
- Others segment: Consisting of the investment vehicles, Distribución Eléctrica Centroamericana II S.A. (DECA II), EPM Capital Mexico S.A. de C.V., EPM Chile S.A., EPM Inversiones S.A., EPM Latam S.A., Inversiones y Proyectos Hidrosur SpA (former Inversiones y Asesorias South Water Services SpA) [2], Panama Distribution Group S.A. (PDG). It additionally includes Maxseguros EPM Ltd., captive reinsurer established to negotiate, contract, and provide reinsurance services.
- Furthermore, EPM Group participates in the telecommunications business, in which it has significant influence since August 2014, through UNE EPM Telecomunicaciones S.A. and its affiliates: Edatel S.A. E.S.P, Orbitel Servicios Internacionales S.A. (OSI), Cinco Telecom Corporation (CTC) and Colombia Movil S.A.; and Inversiones Telco S.A.S. and its affiliate Emtelco S.A.; providing voice, data and Internet utilities, professional services, and data center, among others.

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[1] Autonomous Equity Social Funding. Under International Financial Reporting Standards (IFRS), it is considered a structured entity part of the consolidation perimeter of the financial statements of the EPM Group.

[2] It changed its company name on November 26, 2018, through public deed No. 34.861-2018 of Notary 27 of Santiago de Chile.

The Consolidated Financial Statements of the Group corresponding to the year ended as of December 31, 2018, were authorized by the Board of Directors to be published on March 26, 2019. The Group main activities are described in Note 20. Operating Segments.

1.1 Legal and Regulatory Framework

The activities of EPM Group, i.e., providing residential public utilities, are regulated in Colombia, Chile, El Salvador, Guatemala. Mexico and Panama. The most significant regulatory aspects that apply are:

1.1.1 Regulation for Colombia

The rendering of residential public utilities in Colombia is regulated mainly by Law 142, Public Utilities Act, and Law 143 of 1993, Electricity Act.

The functions of control, inspection and surveillance of the entities that provide residential public utilities, are exercised by the Superintendencia de Servicios Públicos Domiciliarios (SSPD).

For its status as municipal-order decentralized entity, EPM is subject to political control by the Medellín Council, to fiscal control by the Comptroller General of Medellín and to disciplinary control by the Attorney General's Office.

1.1.1.1 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 residential public utilities.

These entities are:

- The Power and Natural Gas Regulatory Commission (CREG), a technical body attached to the Ministry of Mines and Energy (MME), that regulates the sale rates for electric power and the aspects related to the operation of the Wholesale Energy Market (MEM) and, more generally, to the provision of electric power and gas services.

- The Drinking Water and Basic Sanitation Regulatory Commission (CRA), regulates the rates for aqueduct, sewage and cleaning, as well as their providing conditions in the market. It is a technical body attached to the Ministry of Housing, City and Territory.

1.1.1.2 Regulation by Sector

1.1.1.2.1 Activities for 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 complementary activities such as water catchment and its processing, treatment, storage, conduction and transportation.

Sewage: activity consisting of the municipal collection of waste, mainly liquid, through piping and conduits. It includes the complementary activities of transportation, treatment, and final disposal of such waste.

Waste management: activity consisting of the municipal collection of waste, mainly solid waste. It includes the complementary activities of transportation, treatment, utilization, and final disposal of such waste.

For the first two utilities, the tariff framework is established in Resolutions CRA 688 of 2014 and CRA 735 of 2015. For the public waste management utility, in resolution CRA 720 of 2015. These standards establish indicators of quality and coverage, the achievement of goals is encouraged, and remuneration mechanisms are defined to guarantee the financial sufficiency of the company.

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

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

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

Commercialization: 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, undertaking this activity either exclusively or combined with other activities of the electric sector, regardless of which of them is the main activity.

1.1.1.2.3 Natural Gas Sector Activities

Law 142 of 1994 defined the legal framework for the provision of domiciliary public utilities, area in which natural gas is defined as a public utility.

Natural Gas: it is the set of activities targeted to the distribution of Natural Combustible Gas, 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 complementary 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.

1.1.2. Regulation for Chile

1.1.2.1 Electric Power Sector Activities

The activities of generation, transmission and distribution regulated by the Electric Services General Act (LGSE, Ley General de Servicios Eléctricos) are identified in the Chilean electric power market.

In Chile there are four interconnected electric systems: two smaller systems that provide power for the south of the country, the Aysen and the Magallanes systems, that respectively concentrate 0.29% and 0.62% of the country’s installed capacity, and two larger systems, the Interconnected System of Norte Grande (SING, Sistema Interconectado del Norte Grande) and the Central Interconnected System (SIC, Sistema Interconectado Central), that respectively concentrate 28.06% and 71.03% of the installed capacity and have a coordinated cargo dispatch operating since 2017.

Reforms in the Chilean electric power sector started back in 1978 with the creation of the National Power Commission (Comisión Nacional de Energía) and were formalized with the approval of the Electric Power Act (Ley Eléctrica) in 1982. Due to the privatization of the sector in Chile, from 1980 there has been no State involvement.

1.1.2.2 Water Sector Activities

The Water Sector (Sector Sanitario) is made up by the group of entities with functions related to the services of production and distribution of drinking water and the collection and disposal of waste water, i.e., the companies in charge of providing said services and the Superintendence of Water Services (Superintendencia de Servicios Sanitarios), regulatory and overseeing entity of this sector.

1.1.2.3. Regulatory Framework

Electric Power: according to the Electric Power Utilities General Act (LGSE, Ley General de Servicios Eléctricos), the National Power Commission (Comisión Nacional de Energía) is the competent authority to calculate the rates through the technical reports of node-price setting (fijación de precio de nudo) that are subsequently established by decree of the Ministry of Economy, Development and Reconstruction. Current legislation establishes as a basic premise that 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 power sector mainly consists of:

- Decree with Force of Law (DFL) No. 1 DFL of 1982. The Electric Utilities General Act establishes the fundamental dispositions for the development of the economic activity in the electric industry. It may be only modified at the National Congress and its most relevant modifications are those that are applied through Law N° 19.940 of 2004 Short Act I (Ley Corta I), that reformed the regulatory framework of the Transmission, and Law N° 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 regulations, in turn, are elaborated by the sectorial bodies of the Executive Power and must be submitted to the dispositions 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. Introduces modifications to the Electric Power Utilities General Act (LGSE) in respect to the generation of electric power by non-conventional renewable energy sources.
- Law No. 20.402 of 2009. Creates the Ministry of Energy (Ministerio de Energía), establishing modifications to Decree Law No. 2.224 and to other legal bodies.
- Law No. 20.936 of 2016. Modifies Law 20.018 of 2005, establishing a new electric power transmission system and creating a new coordinating body independent of the national electric power system.

Water: in the regulation scheme in effect, where the regulatory and monitoring function of the State is separated from the producing function, the Superintendence of Water Utilities (Superintendencia de Servicios Sanitarios) is created as the regulating and monitoring body for the sector. This body is a decentralized entity with own legal status and equity, subject to the supervision of the President of the Republic through the Ministry of Public Works. It performs the regulatory and monitoring functions for the activity of companies operating in this sector.

The regulatory model highlights 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, being function of the Superintendence of Sanitary Services the application and enforcement of the provisions for the respective legal bodies: Decree with Force of Law No. 70 of 1988, Rates Act and the Decree with Force of Law No. 382 of 1988, Water Utilities General Act (Ley General de Servicios Sanitarios).

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

- Superintendence of Water Utilities Act – Law 18.902 of 1990 (Modified by Law No. 19.549 of 1998 and Law No. 19.821 of 2002): Creates the Superintendence of Water Utilities as a functionally decentralized service, with own legal status and equity, subject to the supervision of the President of the Republic through the Ministry of Public Works.

To the Superintendence of Water Utilities will correspond the monitoring of the providers of water utilities, of compliance with rules related to water utilities and the control of industrial liquid waste related to the rendering of services of sanitary companies, capable either officially or at the request of any interested party of inspecting the sanitary infrastructure works made by the providers.

- Regulation of the Water Utilities General Act, Supreme Decree (DS, Decreto Supremo) of the Ministry of Public Works (MOP, Ministerio de Obras Públicas) No. 1199, Dec, 2004 - Published in the Official Gazette (DO, Diario Oficial) on November 9, 2005: approves the regulations for water concessions for production and distribution of drinking water, and for collection and disposal of wastewater, and of the standards on the quality of service to users of these utilities.
- Water Utilities Rates Act (Ley de tarifas de los servicios sanitarios): Decree with Force of Law MOP No. 70 of 1988 – Published in the Official Gazette on March 30, 1988.
- Code of Waters (Codigo de Aguas) and its modifications: in DFL No. 1.122 are regulated the property and the right of the use of water. The latest modifications are: Law No. 20.017 of 2005 and Law No 20.099 of 2006.
- Regulation of the Water Utilities General Act, Supreme Decree MOP No. 1199 of December,2004: approves the regulations for water concessions for production and distribution of drinking water and for collection and disposal of wastewater, and of the standards on the quality of service to users of these utilities.

1.1.2.4 Regulatory Bodies

Some of the main regulatory bodies for the electric power sector in Chile are:

- **Ministry of Energy (Ministerio de Energía):** 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 schemes, policies and norms for the development of the electric power sector. Furthermore, it grants concessions for hydroelectric power plants, transmission lines, substations, and electric power distribution zones. The National Energy Commission (CNE, Comisión Nacional de Energía) is attached to the Ministry of Energy.
- **National Energy Commission (CNE, Comisión Nacional de Energía):** public decentralized body with its own equity and full capacity to acquire and exercise rights and obligations, that relates to the President of the Republic through the Ministry of Energy. In particular, the National Energy Commission leads the rate fixation processes to the electric power and natural gas companies of the network. It is responsible for designing technical standards and calculating the regulated prices established in the Law. Likewise, oversees and projects the current and expected operation of the electric power sector, through the generation of the works scheme that constitutes an indicative guide for the ten-year expansion of the system. Likewise, proposes to the Ministry of Energy the legal and regulatory norms that required in matters of its competence.
- **Superintendence of Electricity and Fuels (SEC, Superintendencia de Electricidad y Combustibles):** public body in charge of overseeing the adequate operation of the electric power, natural gas and fuels utilities, in terms of their safety, quality and prices. It also sets technical standards. Its main objective is auditing and overseeing compliance with the legal and regulatory dispositions for the generation, production, storage, transportation and distribution of liquid fuels, natural gas and electricity, in order to verify that the quality of services rendered to users comply with said standards and do not represent any danger to people or their property. The institutional framework of the SEC is Law 18.410 of 1985, modified by Law 20.402 of 2009.
- **Independent Coordinator of the National Electric System (CISEN, Coordinador Independiente del Sistema Eléctrico Nacional):** through Law 20.936, is created this coordinator charged with preserving

the security of the service in the electric system, guaranteeing an economic operation, guaranteeing open access to the transmission systems, coordinating and determining the economic transfers between companies. The Coordinator is an autonomous, non-profit entity and its board of directors is elected by the Essential Nominating Committee (Comite esencial de nominaciones), its members are independent of the coordinated companies.

- **The Panel of Experts (El Panel de Expertos):** is an autonomous collegiate body created in 2004 by Law No. 19.940 with the function of ruling on the gaps in understanding, conflicts or non-conformities that result from the application of the electric legislation between electric power companies and other entities, and that these companies submit to its considerations. The opinions of this entity are binding for the parties.

Some of the main regulatory bodies for the water (drinking water and sewage) sector in Chile are:

- **Ministry of Public Works (MOP, Ministerio de Obras Públicas):** grants the concessions and promotes the supply of water and sanitation in rural zones through its Sanitation Programs Department (Departamento de Programas de Saneamiento). Besides its own functions, in respect to the water sector, to it corresponds the administration of the legislation on the subject of water resources, the assignment of water rights and the approval of the concession rights to establishing, constructing and exploiting water services.
- **Superintendence of Water Utilities (SISS, Superintendencia de Servicios Sanitarios):** Chilean State body that regulates and monitors the companies that provide the drinking water utility as well as the collection and treatment of wastewater from the urban population.
- **Ministry of Health (Ministerio de Salud):** oversees the quality of water in the water utility that are not under the jurisdiction of the Superintendence (non-public water utility) and officializes the quality standards under provisions of the National Standardization Institute (Instituto Nacional de Normalizacion).
- **Ministry of Economy, Development and Reconstruction (Ministerio de Economía, Fomento y Reconstruccion):** designs and oversees the implementation of public policies that affect the competitiveness of the country; It promotes and oversees activities in the sectors of industry, services and commerce. Its major lines of action are related to the design and promotion of Innovation and Entrepreneurship Policies. Its main function regarding the water sector is the determination of regulated prices, at proposal from the Superintendence.

1.1.3. Regulation for El Salvador

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

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

1.1.3.1. Regulatory Framework

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

As a result of the restructuring process of the electrical sector, the Transactions Unit (UT, Unidad de Transacciones S.A.), that manages the Wholesale Market of Electric Power, and the El Salvador Transmission Company (ETESAL, Empresa de Transmisión de El Salvador) were created, while simultaneously carried out the privatization of power distribution and thermal generation companies. Furthermore, the hydro-electrical and geothermal power generation activities were separated, and a private partner was incorporated to the latter.

1.1.3.2. Regulatory Bodies

Some of the main regulatory bodies for the electric power sector in El Salvador are:

- **Ministry of Economy (MINEC, Ministerio de Economia):** central government body with the purpose of promoting economic and social development through the increase of production, productivity, and the rational use of resources. Among its responsibilities is the definition of the commercial policy for the country, and the overseeing and development of the Central American economic integration. It has under its command the Direction of Electric Power (Direccion de Energía Eléctrica) and the Social Investment Fund for Local Development (Fondo de Inversion Social para el Desarrollo Local); furthermore, it chairs the National Energy Council (Consejo Nacional de Energía). Likewise, it contributes to the development of the competence and competitiveness of productive activities, both for the domestic and the international markets.
- **General Superintendence of Electricity and Telecommunications (SIGET, Superintendencia General de Electricidad y Telecomunicaciones):** not-profit public service autonomous body with administrative and financial autonomy, it is the competent body for applying the international treaties on electricity and telecommunications adopted by El Salvador, as well as national laws and regulations that rule the electricity and telecommunications sectors, and to know of non-compliance.
- **Transactions Unit (UT, Unidad de Transacciones):** among its functions are the transparent and efficient management of the wholesale electric power market and the operation of the transmission system, maintaining its security and quality, and providing market operators with satisfactory responses for the undertaking of their activities. Likewise, it coordinates with the Regional Operator Body (EOR, Ente Operador Regional) the energy transactions that El Salvador carries out with other countries at Central American and international levels. Finally, it identifies responsibilities in case of system failures.

1.1.4 Regulation 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 rely on the participation of private initiatives.

1.1.4.1 Regulatory Framework

With the Political Constitution as a legal substrate, General Electricity Act (Ley General de Electricidad) was decreed in 1996, and through it the fundamental judicial laws were established to facilitate the operation of the different electric power system sectors.

1.1.4.2 Regulatory Bodies

Some of the main regulatory bodies for the electric power sector in Guatemala are:

- **Ministry of Energy and Mines (Ministerio de Energía y Minas):** the most relevant Guatemalan government body in the electric power sector. It is responsible for enforcing the General Electricity Act (Ley General de Electricidad) and its related regulations, while coordinating the policies between National Commission of Electric Power (CNEE, Comisión Nacional de Energía Eléctrica) and the Wholesale Market Administrator (AMM, Administrador del Mercado Mayorista). This state office has the authority to grant permits to companies for power generation, transmission and distribution.

- **National Electrical Power Commission (CNEE, Comisión Nacional de Energía Eléctrica):** the Guatemalan electric sector is regulated by the CNEE, a regulatory body created in accordance with 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 Presidents of the Universities, the Ministry of Energy and Mines and the Wholesale Market Agents. The duration of each directorate is five years.
- **Wholesale Market Administrator (AMM, Administrador del Mercado Mayorista):** body charged with managing the Guatemalan wholesale market, a private entity created by the General Electricity Act that coordinates the operation of generating facilities, international interconnections, and the transmission lines that conform the national electric power system. Meanwhile, it is responsible for the system's safety and operation by conducting an economically sound delivery and managing the electric power resources, for minimizing 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 responsible for the scheduling of the supply and delivery of electricity. Regulations issued by the AMM are subject to approval by the CNEE. If a generation, transmission or distribution company, or an electric power agent or large user does not operate their facilities in conformity with the regulations established by the AMM, the CNEE has capacity to sanction it and, in case of severe violation, it may require it to disconnect from the national electricity system.

1.1.5 Regulation for Mexico

1.1.5.1 Regulatory Framework for the Water and Sanitation Sector

In the government scene, each of the 32 federative entities (States) has its respective water regulations, with sensibly equal purposes in spite of the diverse designations. The modifications to the government legislation associated to the provision of water and sanitation utilities mainly derived from a series of initiatives promoted by the National Water Commission (CAN, Comisión Nacional de Aguas) in the 90's.

Below is a summary of the evolution undergone by the legal state regime from that era to the beginning of this decade regarding water and sanitation:

- Reforms of 1983 to Article 115 of the Constitution, with which the municipal character of the water and sanitation services was ratified and strengthened, what forced to target the State bodies role in this matter, assigning them a subsidiary and somehow regulatory role.
- Government policies were established in order to promote the creation of decentralized bodies Creation Decrees (Decretos de Creación) for Municipal Administration (Administración Municipal), with the technical capacity, administrative and financial autonomy, all necessary for the efficient provision of the utilities, while introducing participation schemes for the private sector.
- Greater participation of State authorities in the administration of the national water resources, through covenants that, pursuant to the provisions of Article 116 of the Constitution, can be established between the federation with the state governments in order for the latter to execute or exercise different tasks or attributions of exclusive competence of the federal government. This possibility was reinforced even further with the reforms and additions to the National Water Act that entered into force and effect in 2004.

1.1.5.2 Regulatory Bodies

Some of the main regulatory bodies for the water and sanitation sector in Mexico are:

- **Environment and Natural Resources Secretariat (SEMARNAT, Secretaria de Medio Ambiente y Recursos Naturales):** in the different scenes of society and 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;

moreover, in matters of ecology, environmental sanitation, water, environmental regulation of urban development and fishing activity, with the interest that shall correspond to other offices and entities.

- **National Water Commission (CONAGUA, Comisión Nacional del Agua):** with participation of society, it manages and preserves the national water to achieve the sustainable use of the resource with the co-responsibility of the three orders of government and society as a whole. It is established as the authority with technical quality and promoter of the government orders in the integrated management of the water resource and its inherent public goods while protecting water bodies to guarantee a sustainable development and the preservation of the environment.

- **Social Development Secretariat (SEDESOL, Secretaria de Desarrollo Social):** defines 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, aiming at the common good, and executes it in a co-responsible fashion with society.

1.1.6 Regulation for Panama

The electric power 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 Autoridad Nacional de los Servicios Públicos de Panamá (ASEP), and also creates a transparent process for setting the rates for the sale of energy to regulated customers.

1.1.6.1 Regulatory Framework

The regulatory framework consists of the following norms:

- **Law 6 of February 3, 1997:** dictates the regulatory and institutional framework for the provision of the electric power public utility. It establishes the regime to which the electrical power 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, the obligation of the generating companies to participate in the power purchase processes, the compulsoriness for Empresa de Transmisión Eléctrica S.A. (ETESA) for purchasing power in representation of distributing companies, and the increase in fines that the regulator may impose of up to $20 million Balboas, and at the same time establishes the right of customers 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 distribution company.

- **Law 58 of May 30, 2011:** modifies articles related to rural electrification, among which there are: the modification of subsidies calculation that the Rural Electrification Office (OER, Oficina de Electrificación Rural) must pay to distributors for a 4-year period (formerly 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 power and shall not exceed 1% of their net profit before tax.

1.1.6.2 Regulatory Bodies

Some of the main regulatory bodies for the electric power sector in Panama are:

- **The Energy Secretariat (Secretaria de Energía):** its mission is to formulate, propose and promote the national energy policy with the goal of guaranteeing supply security, the rational and efficient usage of resources and energy in a sustainable fashion, according to the National Development Plan (Plan de Desarrollo Nacional). Currently is processing before the Empresa de Transmisión Eléctrica S.A. (ETESA) the conforming of a power grid with greater and more varied renewable and clean resources (wind, natural gas, etc.).

- **Autoridad Nacional de los Servicios Públicos de Panamá (ASEP):** established according to the Public Utilities Regulatory Body Act (ley del ente regulador de los servicios Públicos) of 1996. It is an autonomous Government body responsible of regulating, controlling, and auditing the provision of water and sewage, telecommunications, radio and television, electricity and natural gas utilities.

On February 22, 2006, through Decree-Law 10, the Public Utilities Regulatory Body (ERSP, Ente Regulador de los Servicios Públicos) was restructured and changed its name; because of that, 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 support 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 final stage of the administrative process.

- **The Planning Unit of the Empresa de Transmisión Eléctrica (ETESA):** creates the reference expansion schemes and projects the global requirements of energy and ways to satisfy such requirements, including the development of alternative energy sources and establishing programs to preserve and optimize the use of energy. The public service companies are called to prepare and present their expansion schemes to ETESA.
- **The National Dispatch Center (CND, Centro Nacional de Despacho):** operated by ETESA. Plans, supervises and controls the integrated operation of the National Interconnected System (Sistema Interconectado Nacional). Receives offers of electric power generating companies that participate in the power sale market (spot), it determines the spot power prices, manages the transmission network, and provides the liquidation values between suppliers, producers, and consumers, among others.
- The Rural Electrification Office (OER, Oficina de Electrificación Rural): is responsible for promoting the electrification in non-served, non-profitable and non-franchised rural areas.

1.2. External Audit

As included in the Code of Good Corporate Governance, the external audit is established as a control mechanism with the purpose of auditing consolidated financial statements and accounting policies in accordance with the International Financial Reporting Standards (IFRS), adopted in Colombia by the General Accountancy of the Nation (CGN, Contaduría General de la Nación). as well as the provision of an independent opinion regarding the reasonableness with which they indicate the Group's financial position as of the cut-off date of each accounting year.

Note 2. Significant Accounting Policies

2.1 Bases for the Preparation of Financial Statements

The Consolidated financial statements of the company are prepared in accordance with the current International Financial Reporting Standards (hereinafter, IFRS) 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 2420 of 2015 and its subsequent amendments accepted by the General Accountancy of the Nation through Resolution 037 of 2017, this resolution has not welcomed any changes to IFRS, such as the amendment to IAS 19 on Modification, Reduction or Settlement of the Plan and IFRS 23 on Uncertainty about tax arrangements, which became globally effective on January 1, 2019. However, these changes have no impact on financial figures, as they refer more to clarifications in the application of the rules, i.e. to already established arrangements, so we believe that this will not have consequential economic impact on financial statements.

The consolidated condensed interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34, Interim Financial Information, issued by the International Accounting Standards Council (IASB). These consolidated condensed interim financial statements do not include all the information and disclosures normally required for full annual financial statements and must be read in conjunction with the consolidated financial statements of Empresas Públicas de Medellín E.S.P. and subsidiaries for the year ending on December 31, 2018, which were prepared in accordance with the IASB issued International Financial Reporting Standards, including the interpretations issued by IFRS of IASB (jointly with IFRS). The presentation of financial statements in conformity with IFRS requires 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 said estimates. Estimates and assumptions are constantly revised. Revision of accounting estimates is recognized for the period in which the estimates are revised if the revision affects such period or in the revision period and future periods, if it affects both the current and the future period. The estimates made by the 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 of uncertainty in the preparation of financial statements.

EPM and each of its subsidiaries present separate or individual financial statements, as applicable, 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, some equity investments at fair value through equity, as well as all financial derivatives, assets and liabilities recognized that are designated as hedged items in a fair value hedging, which value in records is adjusted with the changes in fair value attributed to the risks subject matter of the hedging.

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 March 31, 2019 and December 31, 2018. 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. Investment in subsidiaries.

The control is obtained when any of the companies of the Group controls the relevant activities of the subsidiary, generally operation and financing activities, it is exposed, or has the right, to the variable returns of the subsidiary and has the capacity to leverage its power over the subsidiary to influence its returns.

The general presumption is that a majority of voting rights results in taking control. To support this presumption, and when the Group has less than the majority of the voting or similar rights on an investee, the Group considers all the pertinent facts and circumstances to evaluate whether it has the power over an investee, including contractual agreements with other vote holders in the investee, rights arising from other contractual agreements, and voting rights of the Group as potential voting rights. If the facts and circumstances suggest that one or more of the three controlling elements have changed, the Group must review again whether it controls an investee.

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

All the companies of the 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 must harmonize 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 financial statements of the subsidiaries are prepared under the Group accounting policies and are included in the consolidated financial statements from the acquisition date to the date when the Group losses control.

Intragroup assets, liabilities, equity, revenue, costs, expenses and cash flows are eliminated in the preparation of the consolidated financial statements; i.e., those related to transactions between the Group Companies, including unrealized internal profits and losses, 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. 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 the Group losses control over a subsidiary, the assets (including goodwill), liabilities, non-controlling participation, and other components of the net equity are derecognized; any residual participation it may retain is measured at fair value, the gains or losses that arise from this measurement are recognized in the profit for the period.

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

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

Whenever the Group losses control over a subsidiary, the profit or loss is recognized and is calculated as the difference between: the fair value of the received consideration and the fair value of any retained participation, and the previous recorded value of assets (including goodwill) and liabilities of the subsidiary and any non-controlling participation. 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 retained investment 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 or 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 exceeding one year, after the period being reported or it is cash and cash equivalents that is not subject to restrictions for exchange or use 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 noncurrent assets.

A liability is classified as current liability when it is mainly kept for negotiation purposes or when it is expected to be liquidated over a term not exceeding one year after the period being reported, or when the company 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 noncurrent, or are divided into current and non-current portions, based upon assessment of the facts and circumstances (i.e., the underlying contractual cash flows):

- When the 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) for it to correspond with the classification of the underlying item.
- 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 in a reliable manner.

2.4 Cash and Cash Equivalents

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 months or less from their acquisition date. Callable bank overdrafts that are an integral part of the cash management of the 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, the Group decides whether the non-controlling participations 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 administrative expenses.

Identifiable acquired assets and assumed liabilities 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 Income taxes and IAS 19 Employee Benefits, respectively.
- Liabilities or equity instruments related to payment arrangement based on shares of the acquired entity or payment arrangement based on the Group's shares made as replacement of the arrangements

with payment based on shares of the acquired entity are measured in conformity with IFRS 2 Share-based payment at the date of acquisition.

– The assets (or group of assets for disposal) that are classified as held for sale in conformity with IFRS 5 Non-current Assets Held 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 measured. This includes the separation of implicit derivatives in contracts hosted by the acquired entity.

The Group recognizes an intangible asset acquired in a business combination, regardless of goodwill, provided that such intangible asset meets the recognition criteria, is identifiable, or arises from contractual and legal rights; it measures the value of a reacquired right recognized as an intangible asset based on 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 participation is reevaluated as of their acquisition date at fair value and any resulting profit or loss is recognized. The accounting treatment of what is recorded in the 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 profit for the period, provided that such treatment were appropriate in case such participation were sold.

If the initial recording of a business combination is not finalized at the end of the presentation period 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, had been known, would have affected the measurement of the amounts recognized on that date.

The transferred consideration is measured as the value added of the fair value, on the acquisition date, of the delivered assets, the incurred in or assumed liabilities and the equity instruments issued by the 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 participation, and whenever applicable, the fair value of any interest previously maintained in the acquired entity, over the net value of the acquired assets, liabilities and contingent liabilities assumed on the acquisition date. The resulting profit or loss on the measurement of the participation previously maintained is recognized in the profit for the period or in the other comprehensive income. When the transferred consideration 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 from 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. Changes to fair value after the measurement period of a contingent consideration, classified as financial asset or liability, are recognized in the profit for the period, or in the case of concrete liabilities designated at fair value with changes in profit and loss, the amount of change in fair value that is attributable to changes in the credit risk of the liability are recognized in the other comprehensive income; it will not be remeasured when classified as equity and 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 remeasured 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 consideration 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 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 (CGU) of the Group expected to benefit from the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units. Goodwill that arises from a business acquisition is recorded at cost on the acquisition date less the accumulated impairment losses, if any.

For impairment assessment purposes, goodwill is assigned to each CGU (or groups of CGUs) of the Group that expects benefit from the synergies of that combination.

CGUs that are assigned the goodwill are subject to annual impairment assessments, or with shorter frequencies if there is indication that the unit may have suffered impairments. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is assigned first in order to reduce the carrying amount of goodwill assigned to the unit and then to the other assets of the unit, proportionately, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is directly recognized in profits or losses. The impairment loss recognized for goodwill purposes cannot be reverted in the following period.

When goodwill is part of a CGU 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 when determining the gain or loss for the disposal of the operation. Derecognized goodwill is determined based on the sold portion of the operation, which is the ratio between the carrying value of the sold operation and the carrying value of the CGU.

If the initial recognition of a business combination is incomplete at the end of the accounting period when the combination takes place, the Group discloses the provisional values of the items with incomplete recording. 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.

Business combinations under common control are recorded using the pooling-of-interest method as a reference. Under this method, the assets and liabilities involved in the transaction are reflected at the same values used in the consolidation of the financial statements of the controlling entity of the companies under common control, any difference between the paid amount and the recorded value of the assets acquired and transferred liabilities is recognized as a sale of assets; revenue, costs and expenses of the combined companies (after Elimination of Inter-Segment Transactions) are combined from the beginning of the period in which the combination occurs until the date the combination of entities under common control takes place.

2.6 Investment in Associates and Joint Ventures

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

A joint venture is an entity that the Group controls jointly with other participants, where the latter keep a contractual agreement that establishes the joint control over relevant activities of the entity.

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 recorded value of the investment and is neither amortized nor individually subject to impairment assessments of its value.

Investment in associates and joint ventures is measured in the consolidated financial statements by the 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 acquisition, by the portion of the net assets of the entity that corresponds to the investor. The profit for the period 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 includes its participation in the other comprehensive income of the entities in which participation is held. When there are variations in the percentage of participation in the associate or joint venture that do not imply a significative loss of influence or of joint 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 Group resumes recognition of its participation therein only after its share in the profits equals the share of unrecognized losses.

All dividends received from the associate or joint venture are recognized as lesser vale of the investment when the right of the Group to receive payment is established.

The Group periodically analyzes 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 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 necessary costs for its sale and its recorded value.

When control over the subsidiary or significant influence over the associate or the joint control over the joint venture is lost, the Group measures and recognizes any residual investment that may keep in it its fair value. The difference between the recorded value of the associate or joint venture and the fair value of the retained residual investment, with the value coming from its sale, is recognized in the profit for the period.

The Group discontinues the use of the Equity Method from the date on which the investment ceases to be an associate or joint venture, or the date on which the investment is classified as held for sale. Additionally, the Group records all amounts previously recognized in other comprehensive income with relation to that associate or joint venture on the same basis that would have been required if said subsidiary had directly sold the financial assets or liabilities. Therefore, if a profit or loss previously recognized in other comprehensive income by the associate or joint venture had been reclassified into profits or losses at the moment of the sale of the related assets or liabilities, the Group would reclassify the profit or loss from equity into profits or losses (as a reclassification adjustment) upon discontinuation of the usage of the Equity Method.

2.7 Joint Operations

Is a joint agreement whereby the parties that have joint control of the agreement have the right to the assets and obligations related to the liabilities, related to the agreement.

In joint operations the 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 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. The Group records the assets, liabilities, revenues from ordinary activities, and expenses related to its ownership 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 financial statements of the Group are presented in Colombian pesos, which is the functional currency and that of presentation for the holding company, because it is the currency of the main economic environment where it operates, i.e., where it generates and uses cash.

Transactions 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 on the date of the original transactions.

All exchange differences are recognized in the statement of comprehensive income in the section profit for the period, except for adjustments arising from interest costs that are capitalizable and those arising from loans in foreign currency to the extent that they are considered as adjustments to interest costs.

For the presentation of the consolidated financial statements of the Group, the assets and liabilities of the businesses overseas, including 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. Revenue, costs and expenses and cash flows are translated using the average exchange rates of the period.

Exchange differences that arise from the conversion of businesses overseas 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.

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.

Additionally, with respect to the partial disposal of a subsidiary (which includes a business overseas), 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 basically corresponds to the result of the Group's main activity, which is the rendering of residential public utilities of electric power, natural gas, water supply and sanitation, and are recognized when the service is rendered or at the time of the delivery of the goods, to the extent that they comply to the performance requirements of the Group. Income is measured at the value of the consideration received or to be received, excluding taxes and other obligations. Discounts, compensations to customers because of the quality of the service and financial components that are granted, are recorded as lower value of income. The financing component is only recognized when it is significant as a lower value of income, only if the contract with customers has a duration longer than one year.

The most representative revenue from the power business in Colombia are the following:

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 steady power for reliability charge

(ENFICC), which guarantees compliance with the Steady Power Obligation (OEF) assigned in auction for the assignment of steady power obligations or the mechanism replacing it.

Long-Term Contracts: a contract for the sale of power between traders and generators which is settled in the power exchange, under this modality of power contract generators and traders freely agree on quantities and prices for the purchase and sale of electric power for periods longer than one day.

For long-term power purchase contracts, with process lower than those of the market and whose intention is not to use the energy purchased in the operation but to resell it in a market to obtain revenue, it is considered that it does not comply with the Exception for own use.

Secondary Market of Steady Power or Secondary Market: A bilateral market in which generators negotiate among themselves a back-up contract to ensure, for a given period, partial or total compliance with the steady power obligations acquired by one of them.

Non-Regulated Market Power Sales: Is the power sold in the market to customers whose maximum demand exceeds a value in MW (megawatts) or a monthly minimum energy consumption in MWh (megawatt-hour), defined by the regulatory body, by legalized installation, from which it does not use public networks of electric power transport and uses it in the same property or in contiguous estates. Such electricity purchases are made at freely agreed prices between buyer and seller.

Regulated Market Power Sales: Is the power sold to customers whose monthly consumption is less than a predetermined value and is not entitled to negotiate the price paid for it, since both concepts are regulated; usually uses power for its own consumption or as an input for its manufacturing processes and not to undertake marketing activities with it.

Automatic Generation Regulation (AGC): is a system for the control of the secondary regulation, used to accompany the variations of load through power 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.

Steady Power (or Firm Energy): 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.

Natural gas revenue comes from the distribution and sale of natural gas to the regulated and non-regulated markets.

In the water business, revenue comes from the provision of aqueduct and sewage utilities.

Each other countries where the Group renders services, including power, have their own regulation, which is described for each country in section 1.1 1.1 Legal and Regulatory Framework.

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

2.10 Contracts with Customers

When contract results can be reliably measured, the company recognizes the revenues and expenses associated to contracts with customers, measuring the advance level in the fulfilment of the performance requirements using the resource method, as a function of the ratio represented by the costs earned by the work conducted to that date and the estimated total costs up to its completion.

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

On the other hand, the incremental costs incurred by the company to obtain or fulfill contracts with customers are recognized as an asset in the statement of financial position within the Other assets item and are amortized on a lineal basis over the life of the contract, provided that the term of the contract is greater than one year. Otherwise, the company recognizes it directly in the profit for the period.

Payments received from customers before the corresponding work has been carried out, are recognized as a liability in the Statement of Financial Position as other liabilities.

The difference between the revenues recognized in the statement of income for the period and the billing is presented as asset in the statement of financial position denominated Trade debtors and other accounts receivable, or as liability denominated Other liabilities.

For the initial recognition of an account receivable from a contract with a customer, the difference between the measurement of the account receivable and the value of the corresponding revenue is presented as an expense in the statement of comprehensive income called Impairment loss on accounts receivable.

2.11 Written Premiums and Acquisition Cost

Written premiums comprise the total premiums receivable for the period of coverage. Revenue from written premiums is recognized proportionally, throughout the duration of the coverage; revenue from these premiums is reduced by cancellations and nullifications; for cancellations, it corresponds to the amount of the premium accrued up to the time of cancellation due to the expiration of the payment deadline.

Revenue from premiums accepted in reinsurance is incurred at the time of receiving the corresponding account statements of the reinsurers.

The unearned premiums are calculated separately for each individual policy to cover the remaining part of the written premiums.

2.12 Deferred Reinsurance Commission Revenue

In the Group, the deferred commissions are recorded from undertaking its reinsurance activity, where the revenue collected from commissions is differentiated to the reinsurers by the premium cessions made each month. The reinsurer pays the transferor a commission on the premiums it receives in order to offset the costs of capturing the business and maintaining the portfolio, the value of the commission is established as a percentage of the premium and will depend on the negotiation made.

2.13 Reinsurance

The Group considers reinsurance as a contractual relationship between an insurance company and a reinsurance company (reinsurer), in which the insurance company relinquishes, totally or partially, to the reinsurer, the risks assumed with its insureds.

The premiums corresponding to the cede reinsurance are recorded according to the conditions of the reinsurance contracts and under the same criteria of the direct insurance contracts.

All accounts receivable and payable that are generated in the relationship with the reinsurer are managed independently and are not subject to compensation.

2.14 Government Grants

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

2.15 Taxes

The fiscal structure of each country where the Group companies are located, the regulatory frameworks and the plurality of operations that companies undertake make each enterprise a tax passive subject, i.e., a payer of taxes, rates and contributions on a national and territorial basis. These are liabilities generated from the central government, the states/departments, municipal entities and other active subjects, once the conditions foreseen in the corresponding acts and laws issued are met.

Amongst the most relevant taxes the income tax, the value-added tax and the wealth tax are detailed:

Income Tax

Current: 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 recorded profit or loss affected by the income tax rate of the current year and pursuant to the provisions of the tax norms of the country. The tax rates and norms used for computing those values are those that are enacted or substantially approved at the end of the period being reported, in the countries where the company 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 if there is the intention to liquidate them for the net value or to realize the asset and liquidate the liability simultaneously.

Deferred: 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 recorded values. The deferred tax liability is generally recognized for all imposable temporary differences, while 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, did not affected neither the book gain nor the fiscal profit or loss; and for the deferred tax liability case whenever it arises from the initial recognition of goodwill.

The deferred tax liabilities related to investments made in subsidiaries, associates and ownership s in joint ventures, are not recognized when the revision opportunity of temporary differences can be controlled, and it is probable that those differences will not be reversed in the near future. Deferred tax assets related to investments made in subsidiaries, associates and ownership in joint ventures, shall be recognized only to the extent that it is probable that there will be a reversal in the temporary differences in the near future and that that the availability of future taxable profits against which those deductible differences will be imputed is probable.

The recorded value of the deferred tax assets is reviewed in each presentation date and are reduced to the extent that it is no longer probable that there are enough taxable gains profits to use for the entirety 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 recovery.

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. Measurement of deferred tax assets and liabilities will reflect the fiscal consequences that would be derived from the manner in which the entity expects, at the end of the period being reported, to recover or liquidate the recorded value of its assets and liabilities.

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 profit for the period, except that related to items recognized outside profits; 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 recorded 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 which object is to consume, substantially, all the economic benefits that are generated by the investment property through time, and not through sale. Management reviewed the company's investment property portfolio and concluded that none of the company's investment properties is kept under a business model which objective 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 Income tax, 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

Are responsible for this tax in the common regime the companies of the Group located in Colombia that perform sales of goods and provides taxed services and obtains exempt revenue for imports. Currently, the power, aqueduct, sewage, and domiciliary gas utilities are excluded from this tax. The general rate for this tax in Colombia is 19% and also has a differential rate of 5%.

In Colombia, the generation of revenue excluded in the particular case of residential public utilities, 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, VAT paid on the purchase or acquisition of inputs for these sales will be deductible from the payable tax value. 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 paid VAT must be performed 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 goods import; certain goods and services are specifically exempt, such as medical services and land telephone lines not for commercial use. The tax rate is 7%.

In Guatemala, the sale of movable assets, the rendering of services, goods import 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 for four or more years is not subject to this tax.

In Mexico, Value Added Tax is generated in any transfer of goods or services, excluding exports and imports. The general rate is 16%. Certain foods, medicines and exports have zero tax.

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

Wealth Tax

Wealth tax is calculated in accordance with current legal tax provisions. Calculation is made for each year while this tax is in force and is recorded in the statement of comprehensive income as an expense.

2.16 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 necessary place and conditions to operate in the way foreseen by the company, costs corresponding to loans of construction projects that take a substantial period to be completed, recognition requirements 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 indispensable expenditure 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 property, 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.

The Group capitalizes as greater value of the assets, additions or improvements made thereof, provided that any of the following conditions is met: a) They increase their lifespan, 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.

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 the other property, plant and equipment. They depreciate considering the permanence time in the warehouse and the technical lifespan of the asset once its use begins.

Depreciation begins when the asset is available for use and is calculated in a linear fashion throughout the estimated lifespan of the asset as follows:

Plants, pipelines and tunnels	
Civil work	50 to 100 years
Equipment	10 to 100 years
Networks, lines and cables	
Electric transmission network	30 to 40 years
Electric distribution network	30 to 40 years
Aqueduct network	40 to 80 years
Sewerage network	30 to 80 years
Gas network	60 to 80 years
Buildings	50 to 100 years
Communication and computer equipment	5 to 40 years
Machinery and equipment	7 to 40 years
Furniture, fixtures and office equipment	10 to 15 years
Land(1)	10 to 20 years

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

Lifespans 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.

The Group calculates the depreciation by components, which implies depreciating individually the parts of the asset that should have different lifespans. The depreciation method used is the straight-line; the residual value calculated for the assets is not part of the depreciable amount.

A component of property, plant and equipment and any significant part initially recognized, is derecognized 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 recorded value of the asset, is included in the statement of comprehensive income.

Assets temporarily classified as out-of-service continue to depreciate and are tested for impairment within the CGU to which they are assigned.

Any residual values, lifespans and depreciation methods for the assets are revised and adjusted prospectively at each year closing, if required.

2.17 Leases

The determination whether an agreement constitutes or contains a lease is based on the essence of the agreement to its start date, considering whether compliance with the agreement requires the use of an asset and whether it transfers the right to control the use of such asset for a period of time, in exchange for a compensation.

On the commencement date of the lease agreement, the Group acting as a lessee acknowledges an asset by right of use and a liability per lease, except for leases lasting less than 12 months or those whose value to the underlying asset is less than 15 (fifteen) legal monthly minimum wages in force.

The Group acting as a lessor classifies the lease as either operational or financial. A lease is classified as financial when the risks and benefits inherent to the property of the lease are substantially transferred to the lessee; otherwise, it is classified as an operating lease.

EPM Group as a Lessee

Assets by right of use are recognized and presented as assets in the state of financial position at the beginning of the lease, at cost. The corresponding liability is included in the statement of financial position as a lease liability.

Assets by right of use are amortized over the life of the asset using the straight line method, if the ownership of the underlying asset is transferred at the end of the contract or if a purchase option is exercised. If ownership of the underlying asset is not transferred at the end of the lease term or no option to purchase the asset is exercised, it is amortized only until the end of the life or lease term, whichever occurs first.

Lease payments are divided between financial expenses and debt reduction. Financial charges are recognized in the statement of the comprehensive result of the period unless they could be directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's policy for loan costs. Variable lease payments, which depend on an index or a rate, are included in the valuation of the lease liability. Leases lasting less than 12 months or those whose new value to the underlying asset is less than 15 (fifteen) legal monthly minimum wages in force are recognized as operating leases in the statement of comprehensive result over the term of the lease.

EPM Group as a Lessor

Leased assets under financial leases are not presented as property, plant and equipment since the risks associated with the property have been transferred to the lessee, an account receivable of a value equal to the net investment under lease is recognized.

When a lease includes land and building components together, the Group assesses the classification of each component separately as a financial or operational lease. If the lease payments cannot be reliably distributed between these two components, the entire lease is classified as a financial lease unless it is clear that both components are operational leases, in which case the entire lease will be classified as operating. Variable lease revenues, which depend on an index or a rate, are included in the valuation of net investment under lease.

Initial direct costs, such as commissions, legal fees and internal costs that are incremental and directly attributable to the negotiation and contracting of the lease are included in the measurement of the net investment in the lease at the baseline and are reflected in the calculation of the implied interest rate.

2.18 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 the company regarding 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 (Weighted average cost of loans applicable to general loans outstanding during the period) to expenditure made in that asset.

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

- Expenditure made in relation to the asset.
- Loans costs are incurred, and
- The necessary activities to prepare the asset for the intended use or for sale are carried out.

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. Neither is capitalization of borrowing costs suspended when a temporary delay is required as part of the process of preparing an asset qualified for its use or sale.

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

2.19 Investment Property

Investment property, are lands or buildings or part of a building or both, held to obtain rentals or capital revaluations (including the investment property under construction for said purposes). Investment properties are initially measured at cost, including transaction costs. The recorded 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 initial recognition, investment properties are measured at the fair value reflected by market conditions on the presentation date. All profits and losses arising from changes in the fair values of the investment properties are included in the statement of comprehensive income in the section Profit for the period in the period when they arise.

Investment properties are derecognized, either at the moment of disposal, 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 recorded value of the asset is recognized in the statement of comprehensive income in the section Profit for the period in the period when it was derecognized.

Transfers to or from investment property are conducted only when there is a change in their use. In the case of a transfer from an investment property to property, plant and equipment, the cost considered for its subsequent posting is the fair value on the date of use change. 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 recorded value shall be recorded as revaluation surplus applying the IAS 16 Property, plant and equipment.

2.20 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 recorded 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, expenditure must be reflected in the statement of comprehensive income in the period in which they incurred.

Lifespan of intangible assets are determined as finite or indefinite.

Intangibles assets with finite lifespans are amortized throughout their economic lifespan in a linear fashion and assessed to determine if they presented any impairment, whenever there are indications that the intangible asset may have suffered such impairment. The amortization period and the amortization method for an intangible asset with a finite lifespan are reviewed at least at the end of each year. Changes in the expected lifespan or in the expected pattern of consumption of the future economic benefits of the asset are recorded if the amortization period or method changes, as applicable, and are treated as changes in accounting estimates. The amortization expense of intangible assets with finite lifespans is recognized in the statement of comprehensive income in the section Profit for the period in the expense category that is find consistent with the function of the intangible asset.

Intangibles assets with undefined lifespans are not amortized, but they are subject to annual tests to determine whether they suffer any impairment, either individually or at the cash-generating unit level (CGU). Assessment of the undefined lifespan is revised on an annual basis to determine whether such undefined lifespan continues to be valid. If that is not the case, the change of lifespan from undefined to finite is made prospectively.

An intangible asset is derecognized upon disposal, or whenever future economic benefits are not expected from their use or disposal. The profits or losses arising when an intangible asset is derecognized are measured as the difference between the value obtained in the disposal and the recorded value of the asset, and it is recognized in the statement of comprehensive income in the section Profit for the period.

Research and Development Costs

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

- The technical feasibility of finalizing the intangible asset so that it is available for use or sale.
- Its 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 production that generates an intangible asset for the asset itself, or the profit of the asset for the entity.
- The availability of technical and financial resources to complete the asset and to use and sell it.
- The capacity of reliably measuring the expenditure during development.

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

When the development of an intangible asset related to a power 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 for use. 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 there is impairment of its value.

Research costs and development costs that do not qualify to capitalization are recorded as expenses in the statement of comprehensive income, section Profit 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, liabilities assumed, and 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 section profit for the period.

For the Cash Generating Units (CGU), 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 company are measured at cost less the accumulated amortization and any loss for impairment.

2.21 Financial Instruments

Financial assets and liabilities are recognized in the statement of financial position when the company 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 comprehensive income for the period, section Profit for the period.

Financial Assets

The Group classifies at the moment of initial recognition its financial assets for subsequent measurement at amortized cost or at fair value (through other comprehensive income or through profits) depending upon the business model of the company for managing 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[3] if the asset is maintained within a business with the objective keeping those to obtain contractual cash flows and the contractual terms the assets 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, the company can designate a financial asset as measured at fair value with changes in operations irrevocably.

Other financial assets different from those at amortized cost are subsequently measured at fair value with changes recognized in the Statement of comprehensive income, section Profit for the period. However, for the investments made on equity instruments that are not maintained for negotiating purposes, the Group may choose in the initial recognition and irrevocably to present the profits or losses for the measurement at fair value in Other comprehensive income. In the disposal of investments at fair value through Other comprehensive income, the accrued value of the profits or losses is directly transferred to the withheld profit and is not reclassified to Profit for the period. The dividends received from these investments are recognized in the Statement of comprehensive income, in the section Profit for the period. The Group has selected to measure some of its investments in capital instruments at fair value through Other comprehensive income.

In the fair value through profit category includes the investments that are made to optimize liquidity surpluses, i.e., all those resources that are not immediately devoted to the undertaking of those 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).

Dividend income is recognized when the Group entitlement to receive payment is established.

Impairment of Financial Instruments

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.

Expected credit loss is estimated considering the probability that an impairment loss by uncollectability may or may not occur and are recognized as profit or loss in the Statement of comprehensive income, section Profit for the period against a lower value of the financial asset. The Group assesses the credit risk of accounts receivable on a monthly basis at the time of presenting the reports in order to determine the value correction for expected credit loss on financial assets.

[3] The effective interest rate method is a method for 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 paid or received that form an integral part of the effective interest rate, transaction costs and other premiums and discounts) through the instrument's expected lifespan, or if appropriate, a shorter period, at its recorded value or initial recognition.

The Group applies the impairment requirements for loss to all financial assets that are measured at fair value with changes in Other comprehensive income, which is recognized in Other comprehensive income and does not decrease the recorded value of the financial asset in the Statement of financial position.

The Group assesses on a collective basis the expected losses for financial assets that are not individually relevant. When the collective assessment of expected losses is performed, the accounts receivable are gathered by similar credit risk characteristics, allowing the identification of the repayment capacity of the debtor, in accordance with the contractual terms of the accounts receivable.

The Group determines that a customer's credit risk increases significantly when there is any default event in the financial agreements by the counterpart, or when information, be it internal or obtained from external sources indicates that debtor's payment unlikely, without considering held securities.

Default in the agreements is generally measured, as indicated in the rendering of services agreements and the proper norms of the affiliates in each country.

The Group determines that a financial asset exhibits credit impairment when:

- Evidence of default in a customers' payment, according to the indications of the rendering of services agreements and the proper norms of the affiliates in each country.
- It is known or there is evidence of the customer entering processes of corporate restructuring or in insolvency or liquidation.
- The rise of social turmoil, be it of public order or natural disasters, which according to experience are directly correlated with the default of accounts.

Credit risk is affected when there are changes in financial assets, the Group's policy to reassess the recognition of credit losses is: whenever a default in a financial agreement occurs by the counterparty; or the information developed internally or obtained from external sources indicates that it is unlikely that the debtor pays its creditors, in full, without considering the guarantees held. The Group derecognizes the financial asset when there is information indicating that the counterparty is in severe financial difficulties and there are no realistic prospects of recovery, for example, when the counterparty has been put into liquidation or has initiated bankruptcy proceedings or, in the case of accounts receivable, when the amounts exceed two years past due, whichever occurs first.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in the derecognition of that financial asset, according to IFRS 9, the Group recalculates the gross carrying amount of the financial asset. financial asset and recognizes a gain or loss due to changes in the result of the period. The gross carrying amount of the financial asset is recalculated as the present value of the modified or renegotiated contractual cash flows that are discounted at the original effective interest rate of the financial asset (or effective interest rate adjusted for credit quality for financial assets with credit impairment purchased or originated) or, when applicable, the revised effective interest rate. Any cost or commission incurred adjusts the carrying amount of the modified financial asset and is amortized over the remaining term.

The amortized financial assets may still be subject to execution activities under the Group recovery procedures, considering the judicial collection when appropriate. The recoveries made are recognized in the profit for the period.

Classification as Debt or Equity

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

Financial Liabilities

The Group classifies financial liabilities at the moment of the initial recognition for a subsequent measurement at amortized cost or at fair value with changes in profit.

Financial liabilities at fair value with changes in profit include those liabilities held to negotiate, the financial liabilities designated at the moment of their initial recognition as at fair value with changes in profit and the derivatives. The profits or losses for liabilities held to negotiate are recognized in the Statement of comprehensive income in the section Statement of income. In the initial recognition, the company designated financial liabilities as at fair value with changes in profit.

Liabilities at amortized cost are measured using the effective interest rate. All profits and losses are recognized in the Statement of comprehensive income in the section Statement of income whenever the liabilities are derecognized, 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 section Statement of income.

Financial Guarantee Contracts

The financial guarantee contracts issued by the 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 defaults 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 ascribable to the issuance of the guarantee. Subsequently, the liability is measured at: (i) the amount of the adjustment in value for the expected losses and (ii) the amount initially recognized less, the accrued recognized income.

Derecognition or Write-Offs 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, expires or the company losses control on the contractual rights or on the cash flows of the instrument.

If the entity does not transfer nor substantially retains all the risks and advantages inherent to that 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 company substantially retains all risks and advantages inherent to the ownership of a financial asset transferred, the entity will continue to recognize the financial asset and will also recognize a loan guaranteed in a collateral fashion for the received revenues.

In the total writing-off of a financial asset measured at fair value with changes in profit, the difference between the recorded value of the assets and the sum of the consideration received and to be received, is recognized in the Statement of comprehensive income, section Profit for the period. In case of financial assets measured at fair value with change in equity, the difference between the recorded value of the asset and the sum of the consideration received and to be received is recognized in the Statement of comprehensive income, section Profit for the period, and the profit or loss that would have been recognized in the Other comprehensive income will be reclassified to accumulated profit.

A financial liability or part of it is derecognized from the Statement of financial position when the contractual obligation has been settled or has expired. If the entity does not transfer nor substantially retains all risks and advantages inherent to the ownership and continues to retain the control of the transferred asset, the entity will recognize its ownership 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 recognize 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 writing-off of the original liability and the recognition of a new liability and the difference in the respective recorded values is recognized in the Statement of comprehensive income in the section Profit for the period. In the event that the changes are not substantial the company recalculates the gross recorded value of the financial liability and recognizes a profit or loss from changes in the Profit for the period. The gross recorded value of the financial liability is recalculated as the current value of the modified or renegotiated contractual cash flows that are discounted at the original effective interest rate of the financial liability or, when applicable, the revised effective interest rate. Any cost or commission incurred adjusts the recorded value of the modified financial liability and is amortized over its remaining term.

Compensation for Financial Instruments

Financial assets and financial liabilities are subject to compensation in order to inform the net value in the Statement of financial position, only if (i) at the current time, there is a legally enforceable entitlement 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

The Group uses derivative financial instruments, like term contracts (Forward), futures contracts, 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 in the Statement of financial position as financial assets 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 the company, 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 section Statement of income, 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 profit.

The derivatives embedded in contracts where the host is a financial asset in the scope of the norm are never split. Instead, the hybrid financial instrument as a whole is assessed for classification as follows: If a hybrid contract contains a host that is not an asset that falls within the scope of IFRS 9, an embedded derivative is separated from the host and is accounted for as a derivative if, and only if: (a) the economic characteristics and the risks of the implicit derivative are not closely related to those of the host contract; (b) a separate instrument with the same conditions as the embedded derivative meets the definition of a derivative; and (c) the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss (i.e., the derivative that is embedded in a financial liability measured at fair value through profit or loss is not split).

Hedge Accounting

At the beginning of a hedging relationship, the Group designates and formally documents the hedging relationship 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 the company shall assess the effectiveness of the changes in fair value of the hedging instrument when offsetting the exposure to changes in the fair value of the hedged item or in the cash flows, attributable to the risk hedged. Such hedges are expected to be highly efficient in achieving the offsetting of changes in the fair value or in the cash flows, and for this end they are permanently assessed throughout the information periods for which they were designated.

For hedging accounting purposes, hedges are classified and recorded as follows, once the 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 of 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 section Profit for the period 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 recorded value of the hedged item and is also recognized in the Statement of comprehensive income in the section Profit for the period as financial cost or revenue.

For the fair value hedging related to items recorded at amortized cost, the adjustments to the recorded value are amortized through the Statement of comprehensive income in the section Profit for the period throughout the remaining term until their expiration. Amortization of the effective interest rate may begin as soon as there is an adjustment to the recorded 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 ascribable to the risk being hedged. Amortization of recorded value adjustments is based upon the effective interest rate recalculated on the amortization starting date. If the hedged item is derecognized, the non-amortized fair value is immediately recognized in the Statement of comprehensive income in the section Profit for the period.

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 section Profit for the period.

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 (equity) the fair value variations of the hedging instrument to apply them to the income statement accounts when and at the rate that the hedged item affects these.

The effective portion of the profit 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 section Profit for the period as financial cost.

Values recognized in the Other comprehensive income are reclassified into the Profit for the period when the hedged transaction affects the profit, as well as when the hedged financial revenue or financial expense is recognized, or when the foreseen transaction 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 recorded value of the no-financial asset or liability. If the foreseen transaction or the firm commitment is no longer expected to happen, the accrued profit or loss previously recognized in the Other comprehensive income is reclassified into the Profit for the period.

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 profit 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 the company 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 on 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 profit or loss related to the ineffective portion is recognized in the Statement of comprehensive income in the section Profit for the period. For the disposal of the business abroad, the accrued value of the profits or losses recorded in the Other comprehensive income are reclassified in the Profit for the period.

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 the Group 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 profit or loss is recognized in operations, coming from the purchase, sale, issuance, or cancellation of the Group's own equity instruments.

2.22 Inventories

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 estimated sale price 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 power, gas and water meters 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 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.

2.23 Impairment Value of Non-Financial Assets

As of every presentation date, the Group assesses whether they have any indication that a tangible or intangible asset may be impaired. The Group estimates the recoverable value of the asset or Cash Generating Unit (CGU), 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 impairment) for intangible assets with undefined lifespan and those that are still being used.

The recoverable value of an asset is the greatest value between the fair value less costs of sale, either of an asset or a Cash-Generating Unit (CGU, or UGE for its Spanish initials), and its value in use 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 CGU. When a reasonable and consistent base of distribution is identified, common/corporate assets are also assigned to the individual CGU or distributed to the smallest group of CGU for which it can be identified a reasonable and consistent distribution base. When the recorded value of an asset or of a CGU exceeds its recoverable value, the asset is considered impaired and the value is reduced to its recoverable amount.

When calculating the value of use, the estimated cash flows, either for an asset or a CGU, are discounted at their current 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 assessment model is used for determining the reasonable value less the costs of sale.

Losses for impairment of continued operations are recognized in the Statement of comprehensive income in the section Profit for the period in those expense categories that correspond to the function of the impaired asset. Losses for impairment attributable to a CGU are assigned proportionately based in the book value of each asset to the non-current assets of the CGU after exhausting 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 CGU considering: 1) The existence of revenue 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. In order to assess the losses due to impairment, the assets are grouped in the following CGU:

Affiliate	CGU
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	Generation
Electrificadora de Santander S.A. E.S.P. (ESSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	
Hidrogeológica del Teribe S.A. (HET)	
Parque Eólico Los Cururos Ltda.	
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	Transmission
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	
Electrificadora de Santander S.A. E.S.P. (ESSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	
EPM Transmisión Chile S.A.	
Transportista Eléctrica Centroamericana S.A. (TRELEC)	
Almacenaje y Manejo de Materiales Eléctricos S.A. (AMESA)	Distribution
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	
Crediegsa S.A. (CREDIEGSA)	
Distribuidora de Electricidad del Sur (DELSUR)	
Electrificadora de Santander S.A. E.S.P. (ESSA)	
Elektra Noreste S.A. (ENSA)	
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	

Affiliate	CGU
Empresa Eléctrica de Guatemala S.A. (EEGSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	
Energica S.A. (ENERGICA)	
ENSA Servicios S.A.	
Inmobiliaria y Desarrolladora Empresarial de América S.A. (IDEAMSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	Natural Gas
EV Alianza Energética S.A.	
Aguas de Antofagasta S.A.	Water supply
Aguas de Malambo S.A. E.S.P.	
Aguas Regionales EPM S.A. E.S.P.	
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	
Empresas Públicas de Medellín E.S.P. (EPM)	
Empresas Públicas de Rionegro S.A. E.S.P. (EP RIO)	
Aguas de Antofagasta S.A.	Sanitation
Aguas de Malambo S.A. E.S.P.	
Aguas Nacionales EPM S.A. E.S.P.	
Aguas Regionales EPM S.A. E.S.P.	
Aquasol Morelia S.A. de C.V.	
Corporación de Personal Administrativo S.A. de C.V.	
Desarrollos Hidráulicos de Tampico S.A. de C.V.	
Ecoagua de Torreón S.A. de C.V.	
Ecosistema de Ciudad Lerdo S.A. de C.V.	
Ecosistemas de Celaya S.A. de C.V.	

Affiliate	CGU
Ecosistemas de Colima S.A. de C.V.	
Ecosistemas de Tuxtla S.A. de C.V.	
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	
Empresas Públicas de Medellín E.S.P. (EPM)	
Empresas Públicas de Rionegro S.A. E.S.P. (EP RIO)	
Empresas Varias de Medellín S.A. E.S.P.	
Proyectos de Ingeniería Corporativa S.A. de C.V.	
Tecnología Intercontinental S.A. de C.V. TICSA	
Gestión de Empresas Eléctricas S.A. (GESA)	Others
Innova Tecnología y Negocios S.A. de C.V.	
Maxseguros EPM Ltda.	
Promobiliaria S.A.	

The impairment value for goodwill is determined by assessing the recoverable value of each CGU (or group of CGU) to which the goodwill relates. The value impairment losses related to goodwill cannot be reverted in future periods.

For assets in general, excluding the goodwill, on each presentation date an assessment is conducted about whether there is any indication that the impairment losses previously recognized no longer exist or have decreased. If such indication exists, the company makes an estimate of the asset or CGU 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 recorded value of the asset neither exceeds its recoverable amount, nor exceeds the recorded 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 section Profit for the period.

2.24 Provisions

Provisions are recorded when the company has a current, legal or implicit obligation, as a result of a past event. It is probable that the company has to give off resources that incorporate economic benefit to settle the obligation, and a reliable estimate can be made for the value of the obligation. In cases in which the company expects the provision to be reimbursed as a 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. In the company, each provision is only used for dealing with expenditure for which it was initially recognized.

Provisions are measured with the best estimate from management of expenditure necessary to cancel the current obligation, at the end of the period being reported, considering the risks and the corresponding uncertainties. When a provision is measured using the estimated cash flow to cancel the current obligation, its recorded 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 of the country where the affiliate is located.

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

Provisions for Dismantling

The Group recognizes as part of the cost of a fixed asset in particular, to the extent that there is a legal or implicit obligation of dismantling or restoring, the estimation of the future costs in which the company 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, in the affiliates of the Group where it may apply, 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, that should be determined by taking as a reference; for the affiliates in Colombia, regarding risk-free rates, the yield of TES Bonds (Public Debt Securities issued by the General Treasury of the Nation) must be spent; for affiliates in Chile a risk-free discount rate corresponding to the interest rates of the instruments issued by the Chilean Central Bank to 30 years; for affiliates in Panama and El Salvador for the market yields of bonds issued by the Central Government.

Future estimated dismantlement or restoration costs are annually revised. Changes in the future estimated costs, in the dates estimated for expenditure or in the discount rate applied are added or deducted from the asset cost, without exceeding the recorded value of the asset. Any surplus is 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 section Profit for the period.

Onerous Contracts

The Group recognizes as provisions the current obligations that are derived from an onerous contract, as provisions and its offsetting is in the Statement of comprehensive income in the section Profit for 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 be only confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not entirely under the Group's control or the current obligations, that arise from past events, but that it is not probable, but possible, that an outflow of resources including economic benefits shall 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 the Group control, are not recognized in the Statement of financial position, they are instead disclosed as contingent assets when their occurrence is probable. Whenever the contingent fact is true the asset and the revenue associated are recognized in the Profit for the period. Contingent assets 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 greatest amount it would have been recognized and the amount initially recognized less the accrued amortization recognized.

2.25 Employee Benefits

2.25.1 Post-Employment Benefits

Defined Contribution Plans

The contributions to the defined contribution plans are recognized as expenses in the Statement of comprehensive income in the section Profit for the period at the moment when the employee has rendered the service that grants them the right to make the contributions.

Defined Benefit Plans

Post-employment benefit plans are those in which the 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 assessment 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 profits 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 on the liabilities (assets), are recognized in the Other comprehensive income. The actuarial profits or losses include the effects of changes in the actuarial assumptions as well as adjustments due to experience.

The net interest on 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 section Profit for the period in the period when they arise.

2.25.2 Short-Term Employment Benefits

The Group classifies as short-term employee benefits those obligations with the employees that it expects to liquidate during the twelve months period following the closing of the accounting period when the obligation was generated, or the service was 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.

The Group 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, will be capitalized to that asset.

The amounts values already paid before corresponding, for instance, to advanced payments of salaries, advanced payments of daily allowances, among others, if they exceed the corresponding liability, the Group has entrusted the provision of certain services.

2.25.3 Long-Term Employee Benefits

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

The Group 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 Group 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 Group 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 working life should not be considered “long term” if at the accounting year closing each year the Group has fully delivered them.

2.25.4 Termination Benefits

The Group recognizes as termination benefits, 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 such benefits.

2.26 Reserves

Liabilities for insurance contracts represent for the Group the best estimate of future payments to be made for risks assumed in insurance obligations; which are measured and recognized through technical reserves:

2.26.1 Unearned Premium Reserve (UPR)

Set aside for the fulfillment of future obligations derived from the assumed obligations from the current policies. They correspond to the portion of the premium that, at the date of calculation, has not yet been earned by the insurer. Its purpose is to adjust the result so that the profit is assigned to the period in which the premium was earned, regardless of when it was issued. This reserve is calculated, policy by policy, as the result of multiplying the premium issued, less the acquisition costs incurred at the time of issuing the policy for the fraction of risk not incurred at the calculation date. Likewise, the part of the reserve corresponding to the reinsurer is calculated considering the ceded premium.

2.26.2 Certain Loss Reserve

A provision of money that the Group must keep in order to face the costs derived from the claims already notified and with pending payment. Its purpose is to establish adequate reserves to guarantee the payment of losses that have not been settled during the accounting period. This reserve is constituted per claim, on the date on which the insurer is aware of the occurrence of the loss and corresponds to the best technical estimate of the cost thereof. The amount of the constituted reserve is readjusted to the extent that more information is available and whether there are reports of internal or external liquidators. The reserve includes the liquidation expenses incurred to meet the claim, such as expenses due to attorney's fees for claims in judicial processes.

2.26.3 Incurred But Not Reported (IBNR) Reserves

Represents an estimate of the amount of resources that the Group must allocate to meet future claim payments that have already occurred as of the date of calculation of this reserve but have not yet been notified or for which not enough information is available. Methodologies that estimate the reserve required based on the development of historical losses are used for estimating the reserve. Based on the assumption that relative change in the evolution of claims paid net recoveries and salvages in a given period of occurrence, estimated from one period to the next, is similar to the evolution that had this type of claims in periods of occurrence prior to the same "age" of the claim. When using this method, data on the payments of a period are evaluated at the end in triangular fashion. Methodologies consider all the payments associated with claims and, therefore, the payments associated with all types of contracts. For the reservation of branches that do not have sufficient information, different estimation techniques may be used, based on historical information or benchmarking.

2.27 Liability Adequacy Test

The technical provisions recorded by the Group are regularly subject to proof of reasonableness to determine its sufficiency. If the result of the test shows that the provisions are insufficient, they are adjusted with a charge to the profit for the period.

2.28 Service Concession Agreements

The Group recognizes 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.
- The grantor controls, through the ownership, the right of use, or otherwise, any significant residual ownership in the infrastructure at the end of the term of the agreement.

The 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 the Group receives an entitlement to make charges to users of the service, provided that these entitlements 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 the 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. Assessment of impairment of these financial assets is made according 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 the 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, is recognized following the provisions accounting policy.

2.29 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 assessment technique. When estimating the fair value of an asset or liability, the Group considers the characteristics of the asset or liability if the market participants consider these characteristics when valuing the asset or liability on the measurement date. Fair value for measurement and disclosure purposes in the present 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 net 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.

Fair value is determined:

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

In the note 19 Fair Value Measurement 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.

2.30 Operating Segments

An operating segment is a component of the Group that develops business activities from which it can obtain revenue from ordinary activities and incur in 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 the Group's operating decision-making, which is the Management Board, to decide on the resource allocation 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 the Group's consolidated financial statements.

2.31 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.

2.32 Changes in Estimates, Accounting policies and errors

2.32.1 Changes in Accounting Estimates

As of March 31, 2019, the Group recorded no significant changes in its financial statements as a result of a revision to its accounting estimates.

2.32.2 Changes in Accounting Policies

As of March 31, 2019, the accounting practices applied to the consolidated financial statements of the Group are consistent with the year 2018, except for the following changes:

New Standards Implemented and Change in Voluntary Accounting Policies

During 2019, the Group has implemented the changes in the IFRS (new standards, amendments or interpretations), issued by the International Accounting Standards Board (IASB) that are mandatory for the accounting period beginning on or after January 1st, 2019.

IFRS 16 Leases. Issued in January 2016, this new regulation introduces a comprehensive model for the identification of leasing contracts and accounting arrangements for lessors and lessees. It will replace the current regulations for the accounting arrangement of leases included in IAS 17 Leases and related interpretations, such as IFRS 4 determining whether an agreement contains a lease, SIC-15 operating leases — Incentives and SIC-27 assessment of the essence of transactions adopting the legal form of a lease.

In order to make the distinction between leases and service contracts, it is based on the customer's control over the asset identified. For the lessee, the distinction of operating leases (out of balance) is removed and financial leases (on the balance sheet) and is replaced by a model in which an asset (right to use) must be recognized and its corresponding liabilities for all leases (i.e., everything on the balance sheet), except for the short-term leases and low-value asset leases.

The asset (right to use) is initially measured at cost and subsequently measured at cost (with certain exceptions) minus accumulated depreciation and damage losses, adjusted for any reassessment of the liability for lease. Lease liability is initially measured by the present value of the future lease payments. Subsequently, lease liability is adjusted to interest and lease payments, as well as the impact of the amendments to the lease, among others. Furthermore, the classification of cash flows will also be affected, since operating lease payments according to IAS 17 are presented as operating cash flows; while in the IFRS 16 model, lease payments are divided into capital depreciation and a portion of the interest that will be presented as cash flow from financing and operation, respectively.

In contrast to lessee accounting, IFRS 16 includes as accounting requirements for the lessor the same ones that the IAS 17 brings, that is to say, it continues to require that a lessor classify a lease as an operating lease or a financial lease.

In 2018, the Group built the guidelines, financial technical definitions and made the identification of impacts by adopting the standard on all fronts: processes, technology, people. Additionally, an analysis was made of all the contracts the Group has in order to identify those impacted.

The Group had an approximate impact on the recognition of assets for right of use and lease liabilities of $544,575, measured at the present value of the remaining royalties for those contracts that were classified according to IAS 17 in operating leases, discounted using an incremental interest rate on loans; it also includes updating the asset and liability for finance leases. For the latter, the recognized asset on property, plant and equipment will be reclassified to the asset by right of use.

The Group adopted the standard using the retrospective modified approach with recognition of the cumulative effect on retained earnings as of January 1, 2019, without performing a comparative presentation of the financial statements prior to the application date.

Short-term leases that do not exceed 12 months or that correspond to underlying assets of low value shall not be recognized as assets by right of use. In exchange, the Group shall use the practical file and recognize such leases in the statement of the comprehensive result.

IAS 28 Investments in partners and joint ventures - Long-term investments in associated companies and joint ventures. In the amendment to IAS 28, issued in October 2017, it is established that IFRS 9 must be applied to other financial instruments in partnership or joint ventures that are not covered by the method of participation. These include long-term interests that, in essence, are part of the entity's net investment in a partnership or joint venture.

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

Modifications shall be mandatory for the annual terms starting January 1, 2019. Early implementation is allowed.

IFRS 9 Financial Instruments. The amendments to IFRS 9, related to the characteristics of prepayment with negative compensation, allow firms to measure financial assets, canceled in advance with negative compensation to paid-off cost or fair value through another comprehensive result if it complies with a specific condition; rather than at fair value through profit or loss.

The Group is evaluating the impacts that the implementation of these changes could make.

Modifications will be mandatory for the annual terms starting January 1, 2019.

IFRS 3 - Business Combinations. The amendment to IFRS 3, which is a part of the annual improvements to IFRS Cycle 2015-2017 regulations issued in December 2017, establishes that when control of a business is obtained where it was previously part of a joint operation and had the right to the assets and obligations for the liabilities related to the joint operation before the acquisition date, the transaction is a business combination carried out in stages and interest previously maintained in the joint operation should be measured again.

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

Modifications shall be mandatory for the annual terms starting January 1, 2019. Early implementation is allowed.

IFRS 11 Joint arrangements. The amendment to IFRS 11, which is a part of the annual improvements to IFRS Cycle 2015-2017 issued in December 2017, establishes that when joint control of a business is obtained where it was previously part of a joint operation but did not have joint control, interest previously maintained in the joint operation should not be measured again.

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

Modifications shall be mandatory for the annual terms starting January 1, 2019. Early implementation is allowed.

IAS 12 Income Tax. The amendment to IAS 12, which is part of the annual improvements to IFRS cycle 2015-2017 issued in December 2017, clarifies that all consequences of tax on dividend income (distribution of benefits) should be recognized in results, another comprehensive result or equity, according to the initial acknowledgement of the transaction. Specifically, it establishes that an entity shall acknowledge the consequences of income tax dividends as defined in IFRS 9 when it acknowledges a liability to pay a dividend. The consequences of the income tax the dividends are linked more directly to transactions or past events that generated profits that can be distributed, than with the distributions made to the owners. Therefore, an entity shall recognize the consequences of dividends for income tax in the outcome of the term, another comprehensive result or equity depending on where the entity originally acknowledged those transactions or past events.

The Group is evaluating the impacts that the implementation of these changes could cause.

Modifications shall be mandatory for the annual terms starting January 1, 2019. Early implementation is allowed.

IAS 23 Borrowing Costs. The modification forms part of the annual improvements to the IFRS 2015-2017 Cycle standards issued in December 2017, establishes that to the extent that the funds of an entity come from generic loans and it uses them for obtaining a qualifying asset, this will determine the amount of the capitalization costs applicable by applying a capitalization rate to the expenditure made in said asset. The capitalization rate will be the weighted average of the borrowing costs applicable to all the loans received by the entity pending during the period. However, an entity shall exclude from this calculation the borrowing costs applicable to loans specifically agreed to finance a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are completed. The amount of borrowing costs that an entity capitalizes during the period will not exceed the total borrowing costs incurred during that same period.

These modifications had no effect, since the calculation had been carried out as established.

2.32.3 Application of New and Revised Standards

Changes to IFRS (new standards, amendments or interpretations), which have been published in the period, but have not yet been implemented by the Group, are detailed below:

Standard	Date of compulsory application	Change type
IFRS 17 Insurance Contracts	January 1st, 2021	New
IFRS 3 Business Combinations - Modification, Definition of a Business	January 1st, 2020	Amendment
IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, changes in accounting estimates and errors - Amendment, Definition of Material	January 1st, 2020	Amendment
IAS 19 Employee Benefits - Plan Amendment, Curtailment or settlement	January 1st, 2019	Amendment
IFRIC 23 Uncertainty over Income Tax Treatments	January 1st, 2019	New

IFRS 17 Insurance Contract. Issued in May 2017, replacing IFRS 4, which was addressed as a provisional standard that was being prepared in phases.

IFRS 17 resolves the comparison problems that applying IFRS 4 caused, as it enabled the application of local standards and historical values in insurance contracts. Now, with this new standard, all insurance contracts will be recorded consistently at current values, which will generate more useful information for interest groups. This will make it possible to better understand the financial position and profitability of insurance companies, providing a more uniform presentation and measurement approach for all insurance contracts.

The Group is evaluating the impacts that the implementation of this new standard could generate.

Amendments will be mandatory for annual periods beginning January 1, 2021, but upon request from international insurers, the IFRS foundation extended its application an additional year, to be enforceable in 2022. It may be applied early if IFRS 9 and IFRS 15 are implemented.

IFRS 3 - Business Combinations. The amendment to IFRS 3, issued in October 2018, clarifies the definition of a business to help determine whether a transaction should be accounted for as a combination of business or an asset acquisition. The new business definition is the following: An integrated set of activities and assets that are susceptible to and managed for the purpose of providing goods or services to customers, generating investment revenues (such as dividends or interests) or generating other revenues from ordinary activities.

Additionally, this amendment clarifies that, in order to be considered a business, a set of activities or assets must include at least one input and a substantive process that together contributed significantly to the ability to create products. The assessment is eliminated if market participants are able to replace any missing input or process and continue to produce products, and an optional concentration test is included that allows a simplified evaluation of whether an acquired set of activities and assets is not a business.

The Group is evaluating the impacts that the implementation of these changes could cause and it is not expected that there will be a significant impact.

Modifications to IFRS 3 shall be mandatory for annual terms beginning January 1, 2020. Early implementation is allowed.

IAS 1 - Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. This amendment, issued in October 2018, modifies the definition of materiality, the new definition of materiality is as follows: The information is material if its omission, inaccuracy or concealment may reasonably influence the decisions made by the primary users of the general purpose financial statements, based on them, which provide financial information on a specific reporting entity. Additionally, some examples of circumstances that may cause important information to be hidden are included.

The Group is evaluating the impacts that the implementation of these changes could cause. Future adoption is estimated to have no significant impact on financial statements.

The amendment to IAS 1 and IAS 8 will be mandatory for annual periods beginning January 1, 2020. Early implementation is allowed.

IAS 19 - Employee Benefits - Plan Modification, Reduction, or Termination. For the accounting of the cost of the current or regular service, both for the defined benefits cost components, such as for the acknowledgement and measurement of post-employment benefits - defined benefit plans and other long-term benefits for employees, will require that actuarial surmises be performed at the start of the annual period to be described in order to determine the cost of regular services. However, if an entity again measures the liability (asset) by net defined benefits in accordance with the plan assets' current fair value and the current actuarial assumptions (paragraph 99), they shall determine the cost of the services of the present term for the rest of the annual term to be reported following the plan change, reduction or termination, using the actuarial surmises used to again measure the liability (asset) employee for defined benefits in accordance with paragraph 99(b) - the benefits offered under the plan and the plan's assets after the plan's change, reduction or termination. When a plan change, reduction or termination is made, an entity shall acknowledge and measure the past service cost, or a gain or loss resulting from liquidation.

With regard to the net interest on net defined benefit liability (asset), this shall be determined by multiplying the amount of the liability (asset) by the specified discount rate, be it the rate corresponding to the issuance of high quality corporate bonds in that currency or alternatively, market yields on government bonds made in that currency.

This amendment does not lead to changes in the way a Plan Amendment, Reduction or Settlement is recognized. What it does is provide detail of how to make this recognition in terms of service costs by explicitly leaving it in paragraphs that modified or included IASB in such IAS 19-Employee Benefits amendment.

The impact, if it could be measurable, would apply only to a Modification, Reduction or Settlement of a Defined Benefit Plan with the Company's active personnel, in which the costs of the service are recognized; for plans with retired personnel from the company, it would not apply because it does not have a service cost component.

Measure early the impact it may have for the Group the application of this amendment may be rated as "unenforceable", it may be measured only at the time the Plan Amendment, Reduction or Settlement is presented. At that time, the Company shall make an additional actuarial calculation in order to measure the accounting effect on the costs of the service, increasing or decreasing them in accordance with any changes to the Plan.

In conclusion, in the Group no impacts associated with the implementation of such amendment are evidenced; these may be analyzed when the economic fact of a Plan Amendment, Reduction or Settlement is presented. The impact that is visible (but not new) is that two actuarial calculations should be made to the same Defined Profit Plan in order to measure the value to be recognized by changes in service costs.

Interpretation shall be mandatory for annual terms starting January 1, 2019. Early implementation is allowed.

IFRIC 23 Uncertainty over Income Tax Arrangements. Issued in June 2017, this interpretation seeks to resolve the problem of how to reflect in financial statements the uncertainty that arises as to whether an accounting arrangement applied in tax returns is accepted by the tax authority. In the face of such uncertainty, the accounting arrangement is considered an "uncertain accounting arrangement", which is assessed as to whether the tax authority is likely to accept it. If accepted, the accounting tax position should be determined consistent with the tax arrangement used or planned to be used in the entity's revenues tax returns and, if not, the effect of uncertainty in determining the related accounting tax position should be reflected. In the latter case, the effect of uncertainty must be estimated, using either the most likely amount or the expected value method, depending on which method best predicts the solution of uncertainty.

The Interpretation allows any of the following approaches to be implemented:

• **Full retrospective approach:** this approach can be used only if it is possible without retrospective use. The application of the new Interpretation will be accounted for in accordance with IAS 8, which means that the comparative information will have to be re-stated; or

• **Modified retrospective approach:** the re-stating of comparative information is not required or permitted under this approach. The cumulative effect of initially applying the Interpretation will be recognized in opening equity at the date of the initial application, being the beginning of the annual reporting period in which the entity first applies the interpretation.

The Group is evaluating the impacts that the application of this new interpretation could cause.

The interpretation shall be mandatory for annual terms starting January 1, 2019. Early implementation is allowed.

2.32.4 Errors in Previous Periods

As of March 31, 2019, the company did not perform any adjustments to the consolidated financial statements for errors in previous periods.

2.32.5 Changes in Presentation

Considering the materiality of the figure and the nature of the concept, a change was made in the presentation of the Statement of comprehensive income as of March 31, 2018. The purpose of the reclassification is to facilitate the reading of the financial statements by the users of these. The item reclassified was the following:

Concept	Previous statement	Current statement	2018
Reversal loss due to Impairment on accounts receivable	Other income	Impairment loss on accounts receivable	23,828

Nota 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 the Group 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 by the cut-off date. These estimates are used for determining the value of the assets and liabilities in the consolidated financial statements, when it is not possible to obtain such value from other sources. The Group assesses its estimates on a regular basis. Actual results may differ from those estimates.

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

– **Assessment of the Existence of Impairment Indicators for the Assets, Goodwill and Assessment of Assets for Determining the Existence of Value Impairment Losses.**

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

The assessment of the existence of value impairment indicators is based on external and internal factors, and in turn on quantitative and qualitative factors. Assessment are based on financial results, the legal, social and environmental settings, and the market conditions; significant changes in the scope or fashion in which the asset or CGU is used or expected to be used and evidence about obsolescence or physical deterioration of and asset or CGU, among others.

Determining whether goodwill has suffered impairment implies the calculation of the value at use of the CGUs to which it has been assigned. The calculation of the value at use requires that the entity determines future cash flows that should arise from CGUs 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.

– **Lifespan and Residual Values of Property, Plant and Equipment and Intangibles.**

In the assumptions and hypothesis used for determining the lifespans, 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.**

The Group discloses the fair value corresponding to each class of financial instrument in such a way it allows comparing it with the recorded values. Macro-economic projections calculated within every company of the Group 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 credits.

The methodology used for equity investments is the cash flow; those quoted in the stock exchange 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 area professionals, the type of contingent liability, the possible legislative changes, and the existence of high-court rulings that applies to the concrete case, the existence of similar cases in the Group, the study and analysis of the substance of the issue, the guarantees existing at the time of the events. The Group shall disclose and not recognized in the financial statements those obligations classified as possible; obligations classified as remote are not disclosed nor recognized.

– **Future Expenditure for Asset Dismantlement and Retirement Obligations.**

In the assumptions and hypothesis used for determining future expenditure for asset dismantlement and retirement obligations, aspects such as the following were considered: estimate of future outlays in which the Group 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 and the discount rates.

– **Determination of the Existence of Financial or Operating Leases Based on Risk Transfer and Benefits of the assets delivered in lease.**

The significant assumptions that are considered 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, i.e., the existence of an identified asset is assessed; 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; the right to operate the asset over the period's use without any changes in the operating instructions.

Assumptions and hypothesis for determining the term of the lease are considered possible renewals or cancellations associated with the contract.

For the determination of the discount rate, credit information for different amounts and installments is considered since the average debt rate for credits with similar characteristics in terms of time and amount (compared to the underlying asset) is used to lease contracts.

– **Recoverability of Deferred Tax Assets.**

Deferred tax asset has been generated by the temporary differences that generate future fiscal consequences in the financial position of the companies within the Group; 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 by each company within the Group.

- **Assessment 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 for an obligation to be provisioned at a certain percentage in the same period is assessed. The model will be applied based on the Scorecard developed considering the information of every company within the Group. The models are defined according to the information available and the characteristics of the population groups for each one. Even though the methodology applies to all accounts with balance, some exclusions must be considered, such as: accounts derecognized; 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 defaulted 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.

Default Losses (PDI): defined as the economic deterioration that the entity would incur in the event that any of the default situations materialize.

- **Revenue Estimates**

The Group recognizes income from the sale of goods and the rendering of services to the extent that the performance requirements for the Group are met, regardless of the date on which the corresponding invoice is issued, to carry out this estimate information from contracts or agreements with customers is taken and so the value to be recognized in revenue is stablished.

When the moment at which revenue should be recognized is uncertain, the Group determines to recognize the revenue at the moment in which the performance obligation is satisfied, for those performance obligations that are satisfied over time it is common to use the method of the measured resource as the actually executed costs compared to the estimated costs.

For other concepts different from the supply of residential public utilities, the Group estimates and recognizes the value of revenues from sales of goods or rendering of services based on the terms or conditions of interest rate, period, etc., of each contract that causes the sale.

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

- **Operating Segments**

The determination pf the operating segments is done using information that is regularly provided to the highest decision-making authority in the Group and the segmentation of said information is identified. Once these segments have been identified, the capacity to generate income and incur costs and expenses of the identified groups is analyzed. Likewise, identification of whether the highest decision-making authority reviews the returns and allocates resources based on this segmentation is performed; finally, they review if there is disaggregated financial information that supports this segmentation. In addition to the above factors, the focus and management of the Group is analyzed, in order to consider, to date, possible segments that may arise in the future, according to its strategy.

Note 5. Significant Transactions and Other Relevant Aspects During the Period

As of March 31, 2019, significant transactions and other material aspects different from those of the normal course of business of the Group correspond to the prepayment of International Bonds in the amount of $1,563,095.

Note 6. Surpluses

Surpluses paid in the intermediate period accumulated by EPM Group corresponding to ordinary financial surpluses are $ 400,000 (March, 2018 $ 436,050: ordinary $ 286,050 and extraordinary $ 150,000 associated with the transfer of Isagen).

Note 7. Property, Plant and Equipment, Net

The breakdown of the recorded value for property, plant and equipment is as follows:

Concept	2019	2018
Cost	42,525,165	42,120,534
Accumulated depreciation and impairment	(7,698,351)	(7,631,935)
Total	34,826,814	34,488,599

- Amounts expressed in millions of colombian pesos -

Property, plant and the equipment exhibit a variation compared to 2018, of $ 338,215 mainly due to the construction of the infrastructure in the different businesses of the Group, of which, the most relevant corresponds to the construction of the Ituango Hydroelectric Project, for $ 275,381.

During 2019, EPM Group has invested $242,176 in property, plant and equipment.

The capitalization of borrowing costs of $88,601 (2018: $332,874), the weighted average rates used to determine the amount of borrowing costs were: 8.03% in pesos and 5.59% in dollars (2018: 7.85% and 5.73%).

As of March 31, 2019, 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.

The main projects in progress are the following:

Project	2019	2018
Ituango(1)	9,643,421	9,368,040
Other Projects	861,268	880,664
Construction, Expansion and Maintenance of substations, networks, lines and branch cables DECA	448,901	435,911
Substations, Networks, Lines and Loss-Control ESSA	241,522	227,104
Substations, Lines and Network Growth ENSA	167,931	181,109
Expansion of STN, STR , Networks, Lines and Loss-Control CENS	107,689	103,773
Substations, Networks, Lines and Loss-Control CHEC	61,811	67,163
Aqueduct and Sewage Networks Aguas Regionales EPM	27,641	26,709
Bello Aguas Claras Wastewater Treatment Plant	25,917	-
EMVARIAS Projects - Vaso Altair (Stage 3)	23,353	22,962
Empresas Publicas de Rionegro Projects	23,288	23,017
Transmission Chile Projects	18,975	16,510
Expansion and Replacement of Plants, Networks, Lines and Cables EDEQ	16,444	14,079
Distribution Networks and GIS Implementation, Delsur	10,678	14,893
Water Treatment Plants TICSA Group	4,962	5,003
A. Malambo Projects - Aqueduct and Sewage Networks	4,361	8,479
Projects Wind Farm (Parque Eólico) Los Cururos	1,873	1,778
Southwather Projects	1,324	280
Aguas de Oriente Projects	377	273
Total	**11,691,736**	**11,397,748**

- Figures in millions of Colombian pesos -

(1) At March 31, 2019, the Ituango hydroelectric project had a physical advance of 73.4% (2018: 88.2%). It is estimated that the first power generation unit could start operating as of the last quarter of 2021. However, this start date is very dynamic, due to the changes presented in the technical variables and the evolution and efficiency of measures implemented to address the contingency presented on April 28, 2018, caused by a geological event that blocked the deviation tunnel of the Cauca River with approximately 160 thousand cubic meters of rock and soil, which caused the stoppage of a dam. As a consequence of the foregoing, EPM, in its decisions, has prioritized first and foremost the protection of communities and the environment and secondly, the project's infrastructure. Therefore, on May 7, 2018, the decision was made to pour the dammed water through the future power plant's generator room so that the flow of water directed back to the Cauca River, with the goal of eventually returning to its traditional flow and a lower reservoir level.

On January 16 and February 5, 2019, catchment gates #2 and #1, respectively, were closed, thereby suspending the flow of water through the generator room, allowing for an inspection of the main cavern where the generator room, transformer zones and spillway 1 are located. With this, the cleaning and pumping of water began in order to determine the pathology of the works, the state of the generator room and the work that must be done to recover it. Consequently, as of the cut-off date of the consolidated financial statements, it was not possible to estimate the value of the actual damage suffered in the generator room, both in the civil works component and in the electromechanical equipment component. Once the activities listed above are completed, the time-adjusted estimates of interventions, recovery engineering and work to be implemented will be made to fully retrieve this component of the project, using updated information.

The most significant commitments of acquisition of property, plant and equipment of the company at the cut-off date amount to $1,909,022 (2018: $3,452,179).

Note 8. Investment in Subsidiaries

The breakdown of the subsidiaries of the Group at the date of the reporting period is the following:

Name of the Subsidiary		Location (country)	Main Activity	Percentage of participation and voting rights		Percentage of participation of the non-controlling party		Date of establishment
				2019	2018	2019	2018	
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	Provides public power utilities, operating power generation plants, transmission and sub transmission lines and distribution networks, as well as the commercialization, import distribution and sale of electricity.	80.10%	80.10%	19.90%	19.90%	9/09/1950
Electrificadora de Santander S.A. E.S.P. (ESSA)		Colombia	Provides public utilities of electrical power: purchase, sale and distribution of electric power.	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 utilities for electric power, purchase, export, import, distribution and sale. 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)		Panama	Purchases power, transports, distributes to customers, transforms voltages, installs, operates and maintains public lighting, authorized to generate power up to a limit of 15% of the maximum demand in the concession area.	51.16%	51.16%	48.84%	48.84%	19/01/1998
Hidrogeológica del Teribe S.A. (HET)		Panama	Finances the construction of the Bonyic hydroelectric project required to meet the growing power demand of Panama.	99.18%	99.18%	0.82%	0.82%	11/11/1994
Empresa Eléctrica de Guatemala S.A. (EEGSA)		Guatemala	Provides the electric power distribution service (utility).	80.90%	80.90%	19.10%	19.10%	5/10/1939

Name of the Subsidiary		Location (country)	Main Activity	Percentage of participation and voting rights		Percentage of participation of the non-controlling party		Date of establishment
				2019	2018	2019	2018	
Gestión de Empresas Eléctricas S.A. (GESA)		Guatemala	Provides advice and consulting services to electric power distribution, generation and transmission companies.	100.00%	100.00%	-	-	17/12/2004
Almacenaje y Manejo de Materiales Eléctricos S.A. (AMESA)		Guatemala	Provides outsourcing services in the area of material management.	99.94%	99.94%	0.06%	0.06%	23/03/2000
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)		Guatemala	Provides of electric power selling utilities.	80.52%	80.52%	19.48%	19.48%	5/11/1998
Transportista Eléctrica Centroamericana S.A. (TRELEC)		Guatemala	Provides of electric power transmission utilities.	80.90%	80.90%	19.10%	19.10%	6/10/1999
Energica S.A. (ENERGICA)		Guatemala	provides construction and maintenance services for projects and goods in the electricity sector.	78.19%	78.19%	21.81%	21.81%	31/08/1999
Crediegsa S.A. (CREDIEGSA)		Guatemala	Provides recruitment services for personnel and other administrative services.	80.90%	80.90%	19.10%	19.10%	1/12/1992
Distribuidora de Electricidad del Sur (DELSUR)		El Salvador	Transformation, distribution and selling of electricity to supply power to the south-central area of El Salvador in Central America.	86.41%	86.41%	13.59%	13.59%	16/11/1995
Innova Tecnología y Negocios S.A. de C.V.		El Salvador	Provider of specialized services in electrical engineering and selling of electrical appliances to electric power users of the Delsur company.	86.41%	86.41%	13.59%	13.59%	19/10/2010
Parque Eólico Los Cururos Ltd.		Chile	Generation of electric power through all types of fuels and renewable energies such as wind, photovoltaic and biomass, transmission, purchase and selling of electricity.	100.00%	100.00%	-	-	26/08/2011

Name of the Subsidiary		Location (country)	Main Activity	Percentage of participation and voting rights		Percentage of participation of the non-controlling party		Date of establishment
				2019	2018	2019	2018	
Aguas Nacionales EPM S.A. E.S.P.		Colombia	Provides public utilities for water, sewage and sanitation, as well as waste management and treatment, complementary activities and engineering services specific to these utilities.	99.99%	99.99%	0.01%	0.01%	29/11/2002
Aguas Regionales EPM S.A. E.S.P.		Colombia	Ensures the provision of residential public utilities of water supply and sanitation and compensate for the lag of the infrastructure of these utilities in associate municipalities.	69.76%	69.76%	30.24%	30.24%	18/01/2006
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.		Colombia	Ensures the provision of residential public water supply and sanitation utilities as well as other complementary activities related to these utilities.	56.01%	56.01%	43.99%	43.99%	22/11/1999
Aguas de Malambo S.A. E.S.P.	(1)	Colombia	Devoted to guarantee the provision of public utilities for sewage and sanitation in the jurisdiction of the Municipality of Malambo, Department of Atlantic.	98.09%	98.09%	1.91%	1.91%	20/11/2010
Ecosistemas de Colima S.A. de C.V.		Mexico	Devoted to developing an executive project for the wastewater treatment plant, its construction, equipping and commissioning, conservation and maintenance, stabilization of sludge in municipalities of the State of Colima.	80.00%	80.00%	20.00%	20.00%	14/02/2006
Ecosistemas de Tuxtla S.A. de C.V.		Mexico	Devoted to the construction, equipping, commissioning, operation and maintenance of a wastewater treatment system with the modality of total private investment recoverable. Develop drinking water projects and water treatment plants.	80.00%	80.00%	20.00%	20.00%	17/11/2006

Name of the Subsidiary		Location (country)	Main Activity	Percentage of participation and voting rights		Percentage of participation of the non-controlling party		Date of establishment
				2019	2018	2019	2018	
Ecosistema de Ciudad Lerdo S.A. de C.V.		Mexico	Subsidiary devoted to the construction, equipping, commissioning, operation and maintenance for 20 years of a wastewater treatment system in Lerdo Durango city, with the total private recoverable investment modality	80.00%	80.00%	20.00%	20.00%	24/04/2007
Aquasol Morelia S.A. de C.V.		Mexico	Subsidiary devoted to the construction of a wastewater treatment plant located in the town of Atapaneo in the Municipality of Morelia Michoacán, as well as its equipping and commissioning.	80.00%	80.00%	20.00%	20.00%	13/11/2003
Ecosistemas de Celaya S.A. de C.V.		Mexico	Devoted to the development of the executive project for the wastewater treatment plant, as well as the treatment, transport 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%	5/12/2008
Desarrollos Hidráulicos de Tampico S.A. de C.V.		Mexico	Devoted to the construction, equipping, expansion, improvement, preservation, maintenance and operation of water supply systems and sewage utilities, collection works, drainage and wastewater treatment.	80.00%	80.00%	20.00%	20.00%	25/08/1995
Ecoagua de Torreón S.A. de C.V.		Mexico	Providing wastewater treatment operation utilities from any source, be it municipal or domestic, as well as all activities related to wastewater treatment.	80.00%	80.00%	20.00%	20.00%	25/10/1999
Proyectos de Ingeniería Corporativa S.A. de C.V.		Mexico	Provision of design services, engineering in general or construction, professional and technical services related to the operation, management, direct and in general to undertake all activities necessary for the development of activities of any commercial, industrial or utility company, in their modality of physical or moral person.	80.00%	80.00%	20.00%	20.00%	1/08/2008

Name of the Subsidiary		Location (country)	Main Activity	Percentage of participation and voting rights		Percentage of participation of the non-controlling party		Date of establishment
				2019	2018	2019	2018	
Corporación de Personal Administrativo S.A. de C.V.		Mexico	Rendering of professional services related to the operation, management, direct and in general, to undertake all activities necessary for the development of activities of any commercial, industrial or utility company in its modality of physical or moral person, as well as the management, selection, recruiting and exchange of personnel who perform functions within the facilities of the applicant companies.	80.00%	80.00%	20.00%	20.00%	1/08/2008
Aguas de Antofagasta S.A.		Chile	Construction, and exploitation of public services for the production and distribution of drinking water and collection and disposal of wastewater through the operation of sanitary concessions of the Sanitary Services Company of Antofagasta S.A. (current Econssa Chile S.A.), and the rendering of other services related to said activities, all in the form and conditions established in the decrees with Force of Law numbers 382 and 70, both of the year 1998, of the Ministry of Public Works, and other relevant regulations. For this, dated December 29, 2003, Aguas de Antofagasta S.A. signed with the Sanitary Services Company of Antofagasta S.A. (Current Concessionaire of Sanitary Services S.A. - Econssa S.A.) the Contract of Transfer of the Right of Exploitation of Sanitary Concessions (Contrato de transferencia del derecho de explotacion de concesiones sanitarias), for a term of 30 years from the date of its subscription.	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 cleaning utility within the framework of integral management of solid waste.	99.93%	99.93%	0.07%	0.07%	11/01/1964
EPM Inversiones S.A.		Colombia	Devoted to the investment of capital in national or foreign companies organized as utility companies.	99.99%	99.99%	0.01%	0.01%	25/08/2003

Name of the Subsidiary		Location (country)	Main Activity	Percentage of participation and voting rights		Percentage of participation of the non-controlling party		Date of establishment
				2019	2018	2019	2018	
Maxseguros EPM Ltd.		Bermuda	Negotiating, contracting and management of reinsurance for policies for equity protection.	100.00%	100.00%	-	-	23/04/2008
Panama Distribution Group S.A. - PDG		Panama	Capital investment in companies.	100.00%	100.00%	-	-	30/10/1998
Distribución Eléctrica Centroamericana DOS S.A. - DECA II		Guatemala	Performs 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 América S.A. (IDEAMSA)		Guatemala	Subsidiary dedicated in making investments in real estate.	80.90%	80.90%	19.10%	19.10%	15/06/2006
Promobiliaria S.A.		Panama	Purchase, sell, build, modify, manage, lease and in general enter into any contract for the provision, improvement, use and usufruct of immovable property not necessary for the operation of property owned by the companies of the EPM Group.	100.00%	100.00%	-	-	8/09/2015
EPM Latam S.A.		Panama	Capital investment in companies.	100.00%	100.00%	-	-	17/05/2007
EPM Capital México S.A. de C.V.		Mexico	Executes infrastructure projects related to energy, lighting, gas, telecommunications, sanitation, drinking water treatment plants, sewage treatment, wastewater treatment, buildings, as well as its operation, studies and services.	100.00%	100.00%	-	-	4/05/2012
EPM Chile S.A.	(2)	Chile	Executes power, lighting, gas, telecommunications, sanitation, sewage treatment plants and sewage treatment projects, 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 Proyectos Hidrosur SpA (before Inversiones y Asesorías South Water Services SpA)		Chile	Participate in all types of contests, tenders, public and/or private auctions in the purchase of shares in national or foreign companies. Making strategic alliances, joint ventures and signing business collaboration agreements for tenders, obtain concessions and/or authorizations. Provide all kinds of advisory services and services directly or indirectly related to the activities it undergoes and in which the company is involved.	100.00%	100.00%	-	-	16/12/2014

Name of the Subsidiary		Location (country)	Main Activity	Percentage of participation and voting rights		Percentage of participation of the non-controlling party		Date of establishment
				2019	2018	2019	2018	
Tecnología Intercontinental S.A. de C.V. TICSA		Mexico	Dedicated to study, development, promotion and execution of industrial projects, design, manufacturing and assembly of machinery, the development of technology including commercial representation and commerce in general.	80.00%	80.00%	20.00%	20.00%	28/07/1980
Patrimonio Autónomo Financiación Social		Colombia	Manages the resources and payments of the social financing program created to facilitate users the purchase of electric and natural gas appliances and IT related products.	100.00%	100.00%	-	-	14/04/2008
EV Alianza Energética S.A.	(3)	Panama	Provision of energy efficiency services and all related services, such as environmental services, selling and financing of efficiency projects, as well as the provision of energy and technology solutions, production, transformation, purchase, sale and supply of energy, natural gas and related products as biogas; consulting services, performing studies, reports and projects related to previous operations and services, as well as those related to the environment and energy saving.	51.00%	51.00%	49.00%	49.00%	22/01/2016
EPM Transmisión Chile S.A.		Chile	Exploitation, development of electrical systems for the transport, transmission and transformation of electric power, either domestically or abroad, and the acquisition thereof. For such purposes, it may obtain, acquire or enjoy the respective concessions, permits and authorizations, such as exercising the rights and powers that the current legislation confers to electric power utility companies. Likewise, the selling of the capacity of transport of lines and transformation at substations and equipment associated with them, in order that the generating plants, national and foreign, can transmit the electric power they produce and reach their consumption centers.	100.00%	100.00%	-	-	2/02/2017

Name of the Subsidiary		Location (country)	Main Activity	Percentage of participation and voting rights		Percentage of participation of the non-controlling party		Date of establishment
				2019	2018	2019	2018	
Empresas Públicas de Rionegro S.A.S. E.S.P. - EP RIO	(4)	Colombia	Renders residential public utilities, among them water supply and sewage, as well as the complementary and related activities related to these; specifically, the management, operation, maintenance and investments of the water supply and sewage systems of the Municipality of Rionegro, the execution of programs and projects on environmental issues and the renewable and non-renewable natural resources; promoting sustainable development. Additionally, the company will provide maintenance to the public lighting network of the Municipality of Rionegro.	100.00%	100.00%	-	-	9/12/1996
ENSA Servicios S.A.		Panama	Rendering of technical, commercial and any other services complementary to the provision of electricity service, without limiting the other similar, related and/or compatible services that constitute value added to the activities described.	51.16%	51.16%	48.84%	48.84%	29/11/2017

(1) In November 2018, EPM capitalized Aguas de Malambo S.A. E.S.P. for $8,000.

(2) EPM capitalized EPM Chile S.A. in April 2018 for $2,453.

(3) On December 19, 2018, the Shareholders' Meeting of EV Alianza Energética S.A. unanimously approved the dissolution of the Company. Consequently, during 2019 the procedures corresponding to this act will be executed.

(4) Through Act No. 54 of March 14, 2018, the Company was transformed into a simplified stock company, consequently, its corporate name was changed by Empresas Públicas de Rionegro S.A.S. E.S.P., this modification was registered in the business register of the Chamber of Commerce of Eastern Antioquia (Camara de Comercio del Oriente Antioqueño) on April 10, 2018.

The financial information of the Group's subsidiaries that have significant non-controlling interests as of the date of the reporting period is as follows:

2019	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Rendering of services	Result for the period Continuing Operations	Other comprehensive income	Total comprehensive income	Cash flows
Elektra Noreste S.A. (ENSA)	659,535	1,915,620	817,982	1,179,217	577,072	35,727	(10,098)	25,629	20,488
Empresa Eléctrica de Guatemala S.A. (EEGSA)	528,178	1,557,715	460,165	787,188	453,403	29,548	12,425	41,973	24,564
Electrificadora de Santander S.A. E.S.P. (ESSA)	329,415	1,492,752	429,783	796,046	290,320	45,680	28,486	74,166	157,636
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	183,185	912,953	211,175	643,715	173,877	11,788	-	11,788	46,258
Distribuidora Eléctrica del Sur S.A. de C.V. (DELSUR)	212,555	373,124	227,951	249,788	253,728	11,584	(6,449)	5,135	25,736
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	215,196	925,701	290,835	395,363	182,510	33,310	(147)	33,163	52,922
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	91,269	1,335	32,771	817	79,519	3,342	(1,111)	2,231	12,156
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	77,028	208,721	82,167	53,725	60,721	11,020	-	11,020	30,625
Tecnología Intercontinental S.A. de C.V. (TICSA)	108,835	422,918	166,779	126,348	36,557	3,471	(2,910)	561	17,842
Transportista Eléctrica Centroamericana S.A. (TRELEC)	127,391	780,396	514,556	(17,820)	23,429	12,844	(9,231)	3,613	1,556
Aguas Regionales EPM S.A. E.S.P.	21,573	123,436	19,584	29,194	14,373	3,552	-	3,552	5,006
Other uncontrolled shares[1]	841,758	4,286,365	837,993	1,211,351	238,425	111,832	(6,543)	105,289	208,472

- Amounts expressed in million of Colombian pesos -

2018	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Ordinary Income	Profit for the Period Continuing Operations	Other Comprehensive Income	Total Comprehensive Income	Cash Flows
Elektra Noreste S.A. (ENSA)	689,117	1,882,980	953,049	1,066,721	2,022,376	96,603	42,148	138,751	19,468
Empresa Electrica de Guatemala S.A. (EEGSA)	490,858	1,475,679	453,823	598,840	1,668,797	136,965	35,396	172,361	23,165
Electrificadora de Santander S.A. E.S.P. (ESSA)	312,774	1,427,035	293,144	790,896	1,115,338	139,738	19,994	159,732	129,198
Centrales Electricas del Norte de Santander S.A. E.S.P. (CENS)	173,048	909,308	231,845	621,052	688,659	42,141	(1,800)	40,341	21,866
Distribuidora Electrica del Sur S.A. de C.V. (DELSUR)	216,165	354,490	197,559	229,937	884,840	43,475	10,656	54,131	30,143
Central Hidroelectrica de Caldas S.A. E.S.P. (CHEC)	190,884	864,688	151,124	339,943	681,783	118,901	111	119,012	14,059
Comercializadora Electrica de Guatemala S.A. (COMEGSA)	88,905	581	28,568	76	278,900	4,598	2,014	6,612	5,446
Empresa de Energia del Quindio S.A. E.S.P. (EDEQ)	66,422	193,750	51,399	39,098	233,114	33,665	1,203	34,868	22,472
Tecnologia Intercontinental S.A. de C.V. (TICSA)	121,894	412,125	182,200	114,578	152,372	11,539	22,347	33,886	16,479
Transportista Electrica Centroamericana S.A. (TRELEC)	255,562	773,821	579,335	667	88,945	27,777	15,617	43,394	245
Aguas Regionales EPM S.A. E.S.P.	19,311	120,376	23,964	23,044	50,942	8,383	-	8,383	4,392
Other Participations (1)	735,582	4,301,341	640,185	1,161,602	527,918	242,886	58,463	301,349	193,213

Figures stated in millions of Colombian pesos

(1) Corresponds to investments in subsidiaries where the non-controlling participation is not significant in terms of its equity participation and/or the amount of the financial figures of each entity, and includes the following subsidiaries: Hidrogeológica del Teribe S.A., Energica 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., 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., EV Alianza Energética S.A. and ENSA Servicios S.A.

Profit for the Period, Dividends Paid and Equity Assigned to the Non-Controlling Participation as of the date of the period being reported is as follows:

Non-controlling interests	2019				2018			
	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)	281,990	17,432	-	2	270,575	46,894	125	33,341
Electrificadora de Santander S.A. E.S.P. (ESSA)	154,768	11,855	7,393		170,192	36,266	5,189	22,455
Empresa Electrica de Guatemala S.A. (EEGSA)	160,144	5,643	(724)	3,215	174,531	26,157	374	24,502
Central Hidroelectrica de Caldas S.A. E.S.P. (CHEC)	90,481	6,628	(29)		112,332	23,660	22	16,844
Transportista Electrica Centroamericana S.A. (TRELEC)	78,502	2,453	-	1,655	85,823	5,305	-	1,490
Tecnologia Intercontinental S.A. de C.V. (TICSA)	31,000	(761)	(293)		32,304	(46)	861	-
Centrales Electricas del Norte de Santander S.A. E.S.P.	20,460	1,000	-		19,460	3,574	(153)	1,636
Distribuidora de Electricidad del Sur S.A. de C.V. (DELSUR)	14,594	1,524	-	1	19,432	5,885	(200)	4,435
Aguas Regionales S.A. E.S.P.	29,100	1,074	-		28,025	2,535	-	-
Comercializadora Electrica de Guatemala S.A. (COMEGSA)	11,271	638	-	242	11,620	878	-	1,685
Empresa de Energia del Quindio S.A. E.S.P. (EDEQ)	10,708	787	-		12,124	2,405	86	15,791
Other uncontrolled shares [1]	14,126	2,004	1	2,152	17,289	5,730	2	4,210

- Amounts expressed in millions of Colombian pesos -

(1) Corresponds to investments in subsidiaries where the non-controlling participation interest is not significant and includes the following companies: Inmobiliaria y Desarrolladora Empresarial de América S.A., Energica S.A., Aguas de Malambo S.A. E.S.P., Empresa de Aguas del Oriente Antioqueño S.A. E.S.P., Hidrogeológica 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. and E.V. Alianza Energética S.A.

8.1 Changes in Participation of Subsidiaries that did not result in Loss of Control

As of March 31, 2019 and December 31, 2018, the Group did not dispose of its participation in any subsidiary that did not result in loss of control.

8.2 Significant Restrictions

As of March 31, 2019 and December 31, 2018, the Group does not have any significant restriction to access or use the assets, liquidate Group liabilities, nor do the non-controlling interests have protective rights that could restrict the Group's ability to access or use the assets and liquidate the liabilities of the subsidiaries or restrict dividends and other capital distributions.

8.3 Consolidated Structured Entities

As of March 31, 2019 and December 31, 2018, the Group has as a consolidated structured entity the Patrimonio Autónomo Financiación Social. The participation in this entity is 100%, the value of the total assets amounts to $148,672 (2018: $149,322), the total liabilities to $7,885 (2018: $12,583) and the net result of the period to $4,048 (2018: $18,702).

The Group has no obligation to provide financial support to the entity.

8.4 Loss of Control of Subsidiaries

On October 9, 2018, the subsidiaries TICSA and Proyectos de Ingeniería Corporativa S.A. of C.V. entered into a purchase-sale of shares agreement, where sell and transfer 95,941 shares and 1 share, respectively, that they owned in the company Ecosistema de Uruapan S.A. de C.V., to the companies Terrabrio S.A.P.I. of C.V. and Ecosistema de Sonora S.A.P.I. of C.V. The effect of the transaction on the profit for the period is as indicated below:

Value of the Exchange	4,488
Value of the Net Assets in the Subsidiary	7,531
Loss due to Disposal of Subsidiary	**(3,043)**

Figures stated in millions of Colombian pesos

The net effect on the date of the transaction in the Consolidated Statement of Cash Flows represents a decrease corresponding to the cash and cash equivalents held in the subsidiary Ecosistema de Uruapan S.A. of C.V. for COP $ 10.

Note 9. Credits and Loans

The following is the breakdown of the recorded value of credits and loans:

Credits and Loans	2019	2018
Non current		
Commercial banks loans	5,092,690	4,139,390
Other bonds and securities issued	6,055,788	6,177,480
Multilateral banks loans	4,639,733	3,249,965
Development banks loans	1,721,858	1,819,138
Bonds and securities issued	636,603	643,168
Total credits and loans non current	**18,146,672**	**16,029,141**
Current		
Commercial banks loans	1,649,710	1,581,113
Multilateral banks loans	679,718	615,309
Other bonds and securities issued	353,711	2,029,387
Bonds and securities issued	264,760	391,119
Development banks loans	185,347	177,626
Other loans	11,100	11,105
Total credits and loans current	**3,144,346**	**4,805,659**
Total credits and loans	**21,291,018**	**20,834,800**

- Figures in millions of Colombian pesos -

The breakdown of credits and loans by entity is as follows:

Company	Entity or Loan	Original Currency	Initial Date YYYY/MM/DD	Term	Nominal Interest Rate	March 31, 2019				December 31, 2018			
						IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount
AGUAS DE ANTOFAGASTA	Banco BICE-BCI	CLP	2016/06/10	-	-	0.00%	1	-	1	0.00%	3	-	3
AGUAS DE ANTOFAGASTA	Banco del Estado	CLP	2014/10/23	5.00	UF + 1.9%	1.04%	19,270	(9,612)	9,658	1.04%	9,670	(27)	9,643
AGUAS DE ANTOFAGASTA	Banco del Estado	CLP	2015/01/14	10.00	UF + 2.9%	1.51%	140,035	880	140,915	1.51%	151,157	2,107	153,265
AGUAS DE ANTOFAGASTA	Banco del Estado	CLP	2018/10/18	5.00	TAB + 0.65%	1.42%	431,563	3,854	435,417	1.42%	433,144	2,355	435,499
AGUAS DE ANTOFAGASTA	Scotiabank	CLP	2018/10/18	5.00	TAB + 0.65%	1.50%	842,225	8,067	850,292	1.50%	845,310	4,966	850,276
AGUAS REGIONALES	Popular	COP	2018/06/1	7.00	IBR + 3%	7.42%	13,041	81	13,122	7.41%	13,563	85	13,648
AGUAS REGIONALES	Bogotá	COP	2015/10/28	10.00	DTF T.A. + 2.6%	7.25%	574	8	582	7.27%	595	8	603
AGUAS REGIONALES	HELM	COP	2012/03/16	12.00	DTF T.A. + -1%	2.60%	4,122	90	4,212	2.63%	4,328	99	4,427
AGUAS REGIONALES	Bbva	COP	2014/05/20	10.00	DTF T.A. + -0.7%	3.24%	656	11	667	3.27%	688	12	700
AGUAS REGIONALES	Bbva	COP	2014/12/19	10.00	DTF T.A. + -0.7%	3.52%	990	8	998	3.55%	1,033	9	1,042
AGUAS REGIONALES	Davivienda	COP	2018/02/19	10.00	IPC + 4.8%	7.83%	11,100	85	11,185	8.22%	5,000	47	5,047
CENS	Bogotá	COP	2012/09/4	7.00	IBR + 1.88%	5.85%	3,000	16	3,016	5.86%	6,000	125	6,125
CENS	Bogotá	COP	2014/05/15	7.00	IBR + 1.88%	6.34%	5,000	104	5,104	6.35%	5,000	27	5,027
CENS	Agrario	COP	2015/09/30	2.50	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	Bogotá	COP	2015/12/18	7.00	IBR + 1.88%	7.63%	8,000	130	8,130	7.63%	8,000	(17)	7,983
CENS	Davivienda	COP	2016/06/16	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	BBVA	COP	2016/07/13	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	Davivienda	COP	2016/07/15	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	BBVA	COP	2016/08/17	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	Davivienda	COP	2016/08/18	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	BBVA	COP	2016/09/15	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	Davivienda	COP	2016/09/16	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	BBVA	COP	2016/10/3	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	Davivienda	COP	2016/10/14	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	BBVA	COP	2016/10/14	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	BBVA	COP	2016/10/24	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	Davivienda	COP	2016/11/17	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	Davivienda	COP	2016/11/24	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	Davivienda	COP	2016/12/5	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	Davivienda	COP	2016/12/16	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	Davivienda	COP	2017/01/13	10.00	0 + 0%	0.00%	-	-	-	0.00%	-	-	-
CENS	Popular	COP	2017/05/15	10.00	IBR + 3.35%	7.71%	37,241	1,098	38,339	7.64%	37,241	432	37,672
CENS	Popular	COP	2017/05/26	10.00	IBR + 3.35%	7.71%	8,540	234	8,774	7.64%	8,540	81	8,621
CENS	Popular	COP	2017/06/23	10.00	IBR + 3.35%	7.72%	6,505	137	6,642	7.65%	6,505	21	6,526
CENS	Popular	COP	2017/06/29	10.00	IBR + 3.35%	7.69%	10,162	213	10,375	7.61%	10,162	33	10,195
CENS	Popular	COP	2017/07/18	10.00	IBR + 3.35%	7.67%	14,951	263	15,214	7.60%	14,951	560	15,511
CENS	Popular	COP	2017/07/27	10.00	IBR + 3.35%	7.75%	6,500	86	6,586	7.60%	6,500	230	6,730
CENS	Popular	COP	2017/08/23	10.00	IBR + 3.35%	7.84%	6,000	10	6,010	7.71%	6,000	155	6,155
CENS	Popular	COP	2017/09/15	10.00	IBR + 3.35%	7.75%	6,442	18	6,460	7.69%	6,442	144	6,586

Company	Entity or Loan	Original Currency	Initial Date YYYY/MM/DD	Term	Nominal Interest Rate	March 31, 2019				December 31, 2018			
						IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount
CENS	Popular	COP	2017/09/19	12.00	IBR + -1.8%	3.08%	5,923	52	5,975	3.16%	5,923	79	6,002
CENS	Popular	COP	2017/09/19	10.00	IBR + 4.45%	9.35%	11,846	134	11,980	9.53%	11,846	348	12,194
CENS	Popular	COP	2017/11/17	10.00	IBR + 3.35%	7.69%	9,659	292	9,952	7.62%	9,659	120	9,779
CENS	Popular	COP	2017/11/17	12.00	IBR + -1.8%	2.91%	4,077	55	4,132	2.91%	4,077	27	4,104
CENS	Popular	COP	2017/11/17	10.00	IBR + 4.45%	9.47%	8,154	309	8,463	9.47%	8,154	129	8,283
CENS	Popular	COP	2017/12/18	10.00	IBR + 3.35%	7.66%	20,000	490	20,490	7.59%	20,000	136	20,136
CENS	Popular	COP	2018/01/18	10.00	IBR + 3.35%	7.65%	37,000	694	37,694	7.57%	37,000	1,429	38,429
CENS	Bancolombia	COP	2018/01/31	1.00	- + 0%	0.00%	-	-	-	6.17%	7,000	70	7,070
CENS	Bogotá	COP	2018/02/16	9.00	IBR + 2.98%	7.46%	137,832	1,049	138,881	7.40%	137,832	3,590	141,422
CENS	BBVA	COP	2018/09/28	1.00	IPC + 2.6%	5.70%	15,000	3	15,003	5.91%	15,000	11	15,011
CENS	BBVA	COP	2018/10/18	1.00	IPC + 2.6%	5.74%	5,000	57	5,057	5.94%	5,000	59	5,059
CENS	Davivienda	COP	2018/11/29	10.00	IPC + 4.3%	7.47%	6,000	146	6,146	7.72%	6,000	39	6,039
CENS	Davivienda	COP	2018/12/19	10.00	IPC + 4.3%	7.47%	15,000	301	15,301	7.71%	15,000	37	15,037
CENS	Davivienda	COP	2019/01/2	10.00	IPC + 4.3%	7.46%	20,000	343	20,343	0.00%	-	-	-
CENS	Davivienda	COP	2019/01/18	10.00	IPC + 4.3%	7.46%	14,000	195	14,195	0.00%	-	-	-
CENS	Bogotá	COP	2019/02/1	1.00	IBR + 1.9%	6.29%	7,000	68	7,068	0.00%	-	-	-
CHEC	Agrario	COP	2016/01/6	10.00	DTF + 2.99%	0.00%	-	-	-	0.00%	-	-	-
CHEC	BBVA	COP	2014/08/22	10.00	IPC + 3.5%	6.41%	46,063	549	46,612	6.65%	48,156	628	48,784
CHEC	Corpbanca	COP	2014/08/22	10.00	IPC + 3.5%	6.40%	35,063	422	35,485	6.64%	36,656	482	37,138
CHEC	Bancolombia	COP	2018/02/9	8.00	IBR + 2.29%	6.83%	56,875	812	57,687	6.70%	58,906	855	59,761
CHEC	Davivienda	COP	2018/12/27	12.00	IBR + 0.388%	4.59%	43,000	164	43,164	4.59%	43,000	21	43,021
DEL SUR	Citibank	USD	2018/12/27	-	+ 4.9%	0.00%	-	-	-	0.00%	14,624	-	14,624
DEL SUR	Davivienda	USD	2013/08/26	10.00	LIBOR 3M + 3.7%	1.02%	51,590	260	51,850	1.02%	54,840	296	55,135
DEL SUR	Davivienda	USD	2015/10/7	10.00	LIBOR 3M + 4.2%	1.02%	41,669	558	42,227	1.02%	43,872	557	44,428
DEL SUR	Bonos	USD	2010/08/16	10.00	LIBOR 6M + 3%	1.52%	66,671	418	67,089	1.52%	68,245	425	68,669
EDEQ	DAVIVIENDA	COP	2015/11/12	7.00	DTF + 2.66%	0.00%	-	-	-	8.35%	5,875	(43)	5,832
EDEQ	Bancolombia	COP	2018/05/4	1.00	IBR + 1.86%	0.00%	11,000	101	11,101	6.21%	11,000	105	11,105
EDEQ	AV VILLAS	COP	2016/06/23	7.00	IBR + 3.1%	0.00%	2,549	23	2,572	10.67%	2,699	19	2,718
EDEQ	AV VILLAS	COP	2017/09/15	7.00	IBR + 3.1%	0.00%	6,000	10	6,010	7.48%	6,000	13	6,013
EDEQ	AV VILLAS	COP	2019/02/22	3.75	DTF T.A. + 2.3%	0.00%	5,519	38	5,557	0.00%	-	-	-
ENSA	Scotiabank	USD	2018/12/7	0.25	LIBOR + 2.68%	0.00%	-	-	-	2.68%	19,499	35	19,533
ENSA	Banco Davivienda	USD	2016/12/21	0.08	LIBOR + 1.4%	0.00%	-	-	-	0.00%	-	-	-
ENSA	Banco Davivienda	USD	2017/06/21	0.58	LIBOR + 2.00%	0.00%	-	-	-	0.00%	-	-	-
ENSA	Scotiabank	USD	2017/10/9	0.41	LIBOR + 1.89%	0.00%	-	-	-	0.00%	-	-	-
ENSA	Citibank	USD	2017/08/7	0.49	LIBOR + 2.00%	0.00%	-	-	-	0.00%	-	-	-
ENSA	Banco Latinoamericano de Comercio Exterior, S.A.	USD	2017/12/5	0.17	LIBOR + 1.65%	0.00%	-	-	-	0.00%	-	-	-
ENSA	Citibank	USD	2017/11/8	0.49	LIBOR + 1.94%	0.00%	-	-	-	0.00%	-	-	-
ENSA	Bonos	USD	2006/07/10	15.00	7.6%	8.16%	317,479	2,462	319,941	8.16%	324,975	8,465	333,440
ENSA	Bonos	USD	2012/12/13	15.00	4.73%	3.46%	253,983	598	254,581	3.46%	259,980	(2,520)	257,460
ENSA	Scotiabank	USD	2018/10/3	5.00	4.25%	4.25%	317,479	625	318,104	4.25%	324,975	732	325,707

						March 31, 2019				December 31, 2018			
Company	Entity or Loan	Original Currency	Initial Date YYYY/MM/DD	Term	Nominal Interest Rate	IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount
ENSA	Davivienda	USD	2019/03/11	0.25	Libor + 0.35%	2.97%	31,748	52	31,800	2.90%	19,499	5	19,503
EP RIO	Bogotá	COP	2016/06/15	10.00	DTF T.A. + 5%	10.29%	2,266	(11)	2,254	10.19%	2,344	(11)	2,332
EP RIO	Bogotá	COP	2015/10/19	10.00	DTF T.A. + 5%	10.14%	2,469	(4)	2,464	10.18%	2,563	(4)	2,558
EP RIO	Bogotá	COP	2016/02/28	10.00	DTF T.A. + 5%	10.12%	3,667	(14)	3,653	10.16%	3,792	(14)	3,778
EP RIO	Bogotá	COP	2016/07/27	10.00	DTF T.A. + 5%	10.20%	865	(6)	859	10.22%	896	(6)	890
EPM	1256 BONOS TASA FIJA	COP	2008/11/20	10.00	13.8%	0.00%	-	-	-	0.00%	-	-	-
EPM	1257 BONOS IPC II TRAMO	COP	2009/01/22	10.00	IPC + 5.8%	0.00%	-	-	-	9.16%	138,600	2,366	140,966
EPM	1259 BONOS TF II TRAMO	COP	2009/01/22	10.00	10.8%	0.00%	-	-	-	10.79%	74,700	7,558	82,258
EPM	1261 BONOS IPC III TRAMO	COP	2009/04/21	15.00	IPC + 6.24%	9.36%	198,400	4,068	202,468	9.63%	198,400	4,260	202,660
EPM	1254 BONOS IPC	COP	2008/11/20	10.00	IPC + 5.37%	0.00%	-	-	-	0.00%	-	-	-
EPM	1264 BONOS IPC IV TRAM 2	COP	2010/12/14	12.00	IPC + 4.2%	7.31%	119,900	521	120,421	7.58%	119,900	515	120,415
EPM	1265 BONOS IPC IV TRAM 3	COP	2010/12/14	20.00	IPC + 4.94%	8.12%	267,400	578	267,978	8.40%	267,400	548	267,948
EPM	1267 BONOS IPC V TRAMO I	COP	2013/12/4	5.00	IPC + 3.82%	0.00%	-	-	-	0.00%	-	-	-
EPM	1268 BONOS IPC V TRAMO II	COP	2013/12/4	10.00	IPC + 4.52%	7.90%	96,210	(293)	95,917	8.17%	96,210	(311)	95,899
EPM	1269 BONOS IPC V TRAM III	COP	2013/12/4	20.00	IPC + 5.03%	8.35%	229,190	(1,561)	227,629	8.62%	229,190	(1,541)	227,649
EPM	1270 BONOS IPC VI TRAMO I	COP	2014/07/29	6.00	IPC + 3.57%	7.12%	125,000	774	125,774	7.36%	125,000	740	125,740
EPM	1271 BONOS IPC VI TRAMO II	COP	2014/07/29	12.00	IPC + 4.17%	7.52%	125,000	122	125,122	7.78%	125,000	166	125,166
EPM	1272 BONOS IPC VI TRAM III	COP	2014/07/29	20.00	IPC + 4.5%	7.81%	250,000	(233)	249,767	8.08%	250,000	(100)	249,900
EPM	1274 BONOS IPC V TRAM IV	COP	2015/03/20	10.00	IPC + 3.65%	7.74%	130,000	354	130,354	8.01%	130,000	362	130,362
EPM	1275 BONOS IPC VII TRAMO I	COP	2015/03/20	5.00	IPC + 2.72%	5.84%	120,000	195	120,195	6.13%	120,000	167	120,167
EPM	1276 BONOS IPC VII TRAMO II	COP	2015/03/20	12.00	IPC + 3.92%	7.07%	120,000	166	120,166	7.34%	120,000	146	120,146
EPM	1277 BONOS IPC VII TRAM III	COP	2015/03/20	20.00	IPC + 4.43%	7.56%	260,000	982	260,982	7.83%	260,000	949	260,949
EPM	2218 BID 800- RELIQUIDADO	USD	1994/07/14	25.00	LIBOR + 1.43%	2.00%	12,852	270	13,122	2.43%	26,312	827	27,138
EPM	1665 BID-1664-1	COP	2005/12/9	20.00	FIJA + 7.8%	9.25%	332,231	10,731	342,962	9.24%	332,231	4,367	336,598
EPM	1220 BID 2120	USD	2009/03/25	25.00	LIBOR + 0%	3.52%	353,822	(7,069)	346,753	3.62%	374,249	(1,614)	372,635
EPM	2021 BID 2120-1	COP	2009/03/25	25.00	6.272%	7.37%	190,295	(6,101)	184,195	7.25%	190,295	(2,591)	187,704
EPM	2179 BANK OF TOKYO-MITSUB	USD	2008/09/29	15.00	LIBOR + 0.95%	1.87%	238,078	10,607	248,684	2.07%	270,782	14,372	285,154
EPM	1266 GLOBAL 2021 COP	COP	2011/01/31	10.00	8.375%	8.71%	1,250,000	9,906	1,259,906	8.70%	1,250,000	88,210	1,338,210
EPM	1273 GLOBAL 2024 COP	COP	2014/09/3	10.00	7.625%	7.74%	965,745	35,468	1,001,213	7.74%	965,745	17,243	982,988
EPM	1262 BONOS INTERNACIONALE	USD	2009/07/29	10.00	7.625%	0.00%	-	-	-	8.25%	1,624,875	49,306	1,674,181
EPM	5765 AGRARIO	COP	2014/05/20	16.00	IPC + 4.7%	8.13%	116,000	1,026	117,026	8.38%	116,000	(1,234)	114,766
EPM	1013 AFD	USD	2012/08/10	14.00	4.311%	4.47%	760,536	3,959	764,496	4.47%	824,287	13,588	837,875
EPM	2015 CLUB DEAL BANK OF TOKYO	USD	2015/12/29	5.00	LIBOR + 1.4%	4.78%	746,076	(138)	745,938	4.94%	763,691	6,548	770,239
EPM	2022 BID 2120-2	COP	2009/03/25	25.00	7.5%	8.15%	375,576	(7,127)	368,450	8.06%	388,096	1,624	389,720
EPM	2016 BNDES	USD	2016/04/26	23.50	4.887%	5.43%	129,460	(2,423)	127,037	5.22%	132,517	(4,144)	128,373
EPM	1278 GLOBAL 2027 COP	COP	2017/10/31	10.00	FIJA + 8.375%	8.46%	2,300,000	62,482	2,362,482	8.46%	2,300,000	15,626	2,315,626
EPM	2023 BID 2120-3	COP	2009/03/25	25.00	FIJA + 6.265%	6.64%	186,983	(1,674)	185,309	6.56%	193,216	2,134	195,350
EPM	6014 POPULAR	COP	2017/12/26	1.00	IBR + 1.8%	0.00%	-	-	-	0.00%	-	-	-
EPM	6015 COLPATRIA	COP	2017/12/12	1.00	IBR + 1.65%	0.00%	-	-	-	0.00%	-	-	-
EPM	6016 COLPATRIA	COP	2017/12/21	1.00	IBR + 1.65%	0.00%	-	-	-	0.00%	-	-	-

Company	Entity or Loan	Original Currency	Initial Date YYYY/MM/DD	Term	Nominal Interest Rate	March 31, 2019				December 31, 2018			
						IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount
EPM	1014 EDC	USD	2016/08/4	6.00	LIBOR + 1.4%	4.44%	952,437	1,003	953,440	4.65%	974,925	10,059	984,984
EPM	6017 POPULAR	COP	2018/01/15	1.00	IBR + 1.8%	0.00%	-	-	-	6.06%	100,000	1,312	101,312
EPM	6018 Bancolombia	COP	2018/01/22	1.00	IBR + 1.59%	0.00%	-	-	-	5.87%	100,000	1,110	101,110
EPM	6019 Bancolombia	COP	2018/01/29	1.00	IBR + 1.59%	0.00%	-	-	-	5.87%	70,000	697	70,697
EPM	6020 Bancolombia	COP	2018/02/19	1.00	IBR + 1.59%	0.00%	-	-	-	5.89%	130,000	873	130,873
EPM	1015 CAF	USD	2016/10/3	18.00	LIBOR + 3.1%	6.01%	634,958	14,556	649,514	6.28%	649,950	5,285	655,235
EPM	9999 COMISIONES CREDITOS NO DESEMBOLSADOS	USD	1900/01/0	-	+ 0%	0.00%	-	-	-	0.00%	-	(20,185)	(20,185)
EPM	1230 IDB INVEST tramo 12 años	USD	2017/12/29	12.00	Libor 6M + 2.75%	6.22%	1,190,546	(22,399)	1,168,147	6.37%	1,218,656	(36,582)	1,182,074
EPM	1231 IDB INVEST tramo 8 años	USD	2017/12/29	8.00	Libor 6M + 2.125%	5.73%	238,109	(4,577)	233,533	5.88%	243,731	(7,346)	236,385
EPM	1019 COLPATRIA	COP	2018/12/19	1.00	IBR + 1.78%	5.92%	100,000	178	100,178	6.06%	100,000	199	100,199
EPM	1020 BBVA	COP	2018/12/20	1.00	IBR + 1.793%	5.93%	35,000	58	35,058	6.07%	35,000	59	35,059
EPM	1021 COLPATRIA	COP	2018/12/19	1.00	IBR + 1.78%	6.04%	165,000	2,184	167,184	0.00%	-	-	-
EPM	1022 BBVA	COP	2019/01/28	1.00	IBR + 1.57%	5.83%	300,000	3,012	303,012	0.00%	-	-	-
EPM	1018 BANCOLOMBIA	COP	2018/11/22	3.00	IBR S.V. + 3.5%	8.05%	1,000,000	8,916	1,008,916	0.00%	-	-	-
EPM	1017 HSBC	USD	2018/11/26	3.00	Libor 6M + 2.75%	6.18%	1,587,395	(9,830)	1,577,565	0.00%	-	-	-
ESSA	Bogotá	COP	2013/02/26	7.00	IBR + 1.88%	5.84%	22,400	160	22,560	5.85%	28,000	216	28,216
ESSA	Bogotá	COP	2013/04/11	7.00	IBR + 1.88%	5.91%	9,125	131	9,256	5.92%	10,950	162	11,112
ESSA	Bogotá	COP	2013/05/20	7.00	IBR + 1.88%	5.73%	1,750	16	1,766	5.73%	2,100	21	2,121
ESSA	Bogotá	COP	2014/04/10	7.00	IBR + 1.88%	5.94%	8,100	124	8,224	5.94%	9,000	141	9,141
ESSA	Bogotá	COP	2014/04/16	7.00	IBR + 1.88%	5.99%	4,500	62	4,562	6.00%	5,000	71	5,071
ESSA	Bogotá	COP	2015/04/30	7.00	IBR + 1.88%	6.16%	8,450	82	8,532	6.17%	9,100	91	9,191
ESSA	Bogotá	COP	2016/01/27	7.00	IBR + 1.88%	6.25%	12,000	106	12,106	6.25%	12,750	114	12,864
ESSA	Bogotá	COP	2016/02/16	7.00	IBR + 1.88%	6.26%	10,400	54	10,454	6.27%	11,050	60	11,110
ESSA	Bogotá	COP	2016/03/28	7.00	IBR + 1.88%	6.02%	5,600	15	5,615	6.02%	5,950	18	5,968
ESSA	Bogotá	COP	2016/04/14	7.00	IBR + 1.88%	6.28%	7,225	74	7,299	6.29%	7,650	79	7,729
ESSA	Bogotá	COP	2016/07/1	12.00	IBR + 3.15%	7.59%	19,000	271	19,271	7.59%	19,500	281	19,781
ESSA	Bogotá	COP	2016/08/19	12.00	IBR + 3.15%	7.53%	7,600	49	7,649	7.54%	7,800	52	7,852
ESSA	Bogotá	COP	2016/10/13	12.00	IBR + 3.15%	7.59%	8,775	102	8,877	7.60%	9,000	106	9,106
ESSA	Bogotá	COP	2016/11/11	12.00	IBR + 3.15%	7.62%	34,125	158	34,283	7.63%	35,000	170	35,170
ESSA	Bogotá	COP	2016/12/5	12.00	IBR + 3.15%	7.59%	7,800	7	7,807	7.60%	8,000	9	8,009
ESSA	Bogotá	COP	2016/12/14	12.00	IBR + 3.15%	7.57%	14,625	(3)	14,622	7.58%	15,000	0	15,000
ESSA	Bogotá	COP	2017/01/11	12.00	IBR + 3.15%	7.58%	14,994	183	15,177	7.59%	14,994	184	15,179
ESSA	Bogotá	COP	2017/01/16	12.00	IBR + 3.15%	7.57%	9,994	116	10,110	7.58%	9,994	117	10,112
ESSA	Bogotá	COP	2017/05/15	12.00	IBR + 3.15%	7.57%	10,000	55	10,055	7.58%	10,000	57	10,057
ESSA	BBVA	COP	2017/06/14	12.00	IBR + 3.56%	8.08%	10,000	18	10,018	8.09%	10,000	18	10,018
ESSA	BBVA	COP	2017/06/29	12.00	IBR + 3.56%	7.93%	8,000	34	8,034	7.94%	8,000	36	8,036
ESSA	BBVA	COP	2017/07/13	12.00	IBR + 3.56%	8.08%	10,000	148	10,148	8.09%	10,000	151	10,151
ESSA	BBVA	COP	2017/09/28	12.00	IBR + 3.56%	8.07%	15,000	(13)	14,987	8.08%	15,000	(14)	14,986
ESSA	BBVA	COP	2017/10/12	12.00	IBR + 3.56%	8.07%	5,000	76	5,076	8.08%	5,000	78	5,078
ESSA	BBVA	COP	2017/10/30	12.00	IBR + 3.56%	8.07%	5,000	57	5,057	8.08%	5,000	59	5,059

Company	Entity or Loan	Original Currency	Initial Date YYYY/MM/DD	Term	Nominal Interest Rate	March 31, 2019				December 31, 2018			
						IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount
ESSA	BBVA	COP	2017/11/29	12.00	IBR + 3.56%	8.07%	7,000	34	7,034	8.08%	7,000	36	7,036
ESSA	BBVA	COP	2017/12/11	12.00	IBR + 3.56%	8.04%	4,000	15	4,015	8.05%	4,000	15	4,015
ESSA	BBVA	COP	2017/12/14	12.00	IBR + 3.56%	8.05%	14,000	44	14,044	8.05%	14,000	44	14,044
ESSA	BBVA	COP	2017/12/26	12.00	IBR + 3.56%	8.12%	90,000	(222)	89,778	8.13%	90,000	(230)	89,770
ESSA	Bogotá	COP	2017/12/26	12.00	IBR + 3.15%	7.56%	10,000	(28)	9,972	7.57%	10,000	(26)	9,974
ESSA	BBVA	COP	2018/10/29	12.00	IBR + 2.91%	7.32%	40,000	1,205	41,205	7.35%	40,000	492	40,492
ESSA	BBVA	COP	2018/11/28	12.00	IBR + 2.91%	7.33%	6,000	145	6,145	7.35%	6,000	39	6,039
ESSA	BBVA	COP	2018/12/26	12.00	IBR + 2.91%	7.32%	54,000	1,003	55,003	7.34%	54,000	52	54,052
ESSA	Popular	COP	2018/12/28	12.00	IBR + 2.91%	7.21%	106,000	1,900	107,900	7.24%	106,000	61	106,061
GRUPO DECA	Banco Agromercantil	USD	2018/04/27	1.00	LIBOR + 2.03%	0.00%	-	-	-	4.33%	159,237	-	159,237
GRUPO DECA	Bancolombia	USD	2018/07/9	1.00	LIBOR + 2.03%	0.00%	-	-	-	4.33%	129,989	-	129,989
GRUPO DECA	Banco Industrial	GTQ	2018/12/20	10.00	TAPP + -6.8%	6.06%	107,879	(33)	107,847	6.19%	109,627	181	109,808
GRUPO DECA	Banco América Central	GTQ	2018/12/21	10.00	TAPP + -6.81%	6.14%	63,240	(20)	63,220	6.14%	64,264	95	64,359
GRUPO DECA	Banco Agromercantil	GTQ	2019/01/24	10.00	TAPP + -6.87%	6.08%	133,633	29	133,662	6.82%	42,002	(258)	41,744
GRUPO DECA	Banco América Central	USD	2018/12/21	10.00	LIBOR + 2.26387%	5.10%	95,244	(12)	95,233	5.10%	97,492	120	97,611
GRUPO DECA	Banco Internacional	USD	2018/12/19	10.00	TAPP + -1.25%	5.10%	15,874	(2)	15,872	5.10%	16,249	24	16,273
GRUPO DECA	Banco Internacional	USD	2019/01/24	10.00	LIBOR + 3.05%	5.96%	19,244	2	19,246	0.00%	-	-	-
GRUPO DECA	Banco Industrial	USD	2019/01/1	1.00	TAPP + -1.5%	4.92%	47,622	-	47,622	0.00%	-	-	-
GRUPO DECA	Banco Industrial	GTQ	2018/12/20	10.00	TAPP + -6.8%	6.06%	138,052	(46)	138,007	6.05%	140,289	-	140,289
GRUPO DECA	Banco América Central	GTQ	2018/12/26	10.00	TAPP + -6.81%	6.14%	63,653	(10)	63,643	6.00%	64,684	-	64,684
GRUPO DECA	Banco Agromercantil	GTQ	2019/01/25	10.00	TAPP + -6.87%	6.08%	53,243	13	53,256	0.00%	-	-	-
GRUPO DECA	Banco América Central	USD	2018/12/26	10.00	LIBOR + 2.26387%	5.10%	31,748	(8)	31,740	5.00%	32,497	-	32,497
GRUPO DECA	Banco Internacional	USD	2018/12/19	10.00	TAPP + -1.25%	5.10%	15,874	(2)	15,872	5.00%	16,249	-	16,249
GRUPO DECA	Mercom Bank LTD	USD	2019/01/25	10.00	LIBOR + 3.05%	5.96%	19,244	2	19,246	0.00%	-	-	-
GRUPO DECA	Bancolombia Panamá	USD	2019/01/25	10.00	LIBOR + 3.05%	5.96%	76,985	(12)	76,973	0.00%	-	-	-
TICSA	Bank of America	MXN	2017/12/8	1.00	TIIE + 1.75%	0.00%	-	-	-	0.00%	-	-	-
TICSA	Santander	MXN	2016/06/14	7.00	TIIE + 2.15%	12.55%	34,658	250	34,908	12.20%	36,704	172	36,876
TICSA	Santander	MXN	2016/06/14	10.00	TIIE + 2.15%	12.63%	51,402	(36)	51,366	12.41%	53,031	(116)	52,915
TICSA	Santander	MXN	2016/06/14	14.00	TIIE + 2.15%	13.36%	18,486	104	18,590	13.15%	18,861	58	18,919
TICSA	Interacciones	MXN	2007/08/1	15.33	TIIE + 3%	11.51%	21,309	5,476	26,785	11.60%	22,748	854	23,603
TICSA	Banobras	MXN	2001/09/1	15.50	8.28%	-	-	-	-	0.00%	-	-	-
TICSA	Interacciones	MXN	2011/05/1	8.00	TIIE + 3.9%	12.41%	408	-	408	8.28%	1,646	6	1,651
TICSA	Banco del Bajío	MXN	2013/07/31	14.67	TIIE + 2.75%	11.26%	63,812	(574)	63,238	11.35%	65,184	(643)	64,542
TICSA	FIDE	MXN	2015/12/9	3.00	+ 0%	8.69%	-	-	-	8.69%	469	(428)	41
TICSA	Santander	MXN	2018/05/25	1.00	TIIE + 3%	11.51%	4,902	-	4,902	11.60%	4,916	-	4,916
TICSA	Bank of America	MXN	2018/04/6	1.00	TIIE + 1.75%	10.26%	28,315	-	28,315	10.35%	28,547	-	28,547
TICSA	Bank of America	MXN	2018/04/16	1.00	TIIE + 1.75%	10.26%	9,869	-	9,869	10.35%	9,950	-	9,950
TICSA	Bank of America	MXN	2018/07/23	1.00	TIIE + 1.75%	10.26%	9,493	-	9,493	10.35%	9,571	-	9,571
TICSA	Bank of America	MXN	2018/09/3	1.00	TIIE + 1.75%	10.26%	11,457	-	11,457	10.35%	11,551	-	11,551
TICSA	Bank of America	MXN	2018/12/4	1.00	TIIE + 2.25%	10.76%	11,457	-	11,457	10.85%	11,551	-	11,551
TICSA	Bank of America	USD	2018/09/28	1.00	LIBOR + 2.25%	10.35%	11,378	-	11,378	10.35%	10,341	-	10,341
TICSA	Bank of America	USD	2019/01/2	1.00	LIBOR + 2.25%	10.35%	4,491	-	4,491	10.35%	12,677	-	12,677
Total							**21,153,999**	**137,021**	**21,291,020**		**20,628,839**	**205,961**	**20,834,800**

Amounts expressed in millions of Colombian pesos -

Interest paid for credit operations as of March 31, 2019 was $427,422 (as of December 31, 2018: $1,191,430).

The assumed net exchange difference as of March 31, 2019 associated with debt was for $-115,143 (as of December 31, 2018: $-278,638).

The information of Bonds Issued is as follows:

Subseries	Original Currency	Initial Date YYYY/MM/DD	Term	Nominal Interest Rate	March 31, 2019				December 31, 2018				Amount Awarded						
					IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount	Amount 2018	Amount 2017	Amount 2016	Amount 2015	Amount 2014	Amount 2013	Amount 2012
A10a	COP	2009/01/22	10	IPC + 5.8%	0.00%	-	-	-	9.16%	138,600	2,366	140,966	138,600	138,600	138,600	138,600	138,600	138,600	138,600
A10a	COP	2013/12/4	10	IPC + 4.52%	7.90%	96,210	(293)	95,917	8.17%	96,210	(311)	95,899	96,210	96,210	96,210	96,210	96,210	96,210	-
A10a	COP	2015/03/20	10	IPC + 3.65%	7.74%	130,000	354	130,354	8.01%	130,000	362	130,362	130,000	130,000	130,000	130,000	-	-	-
A12a	COP	2010/12/14	12	IPC + 4.2%	7.31%	119,900	521	120,421	7.58%	119,900	515	120,415	119,900	119,900	119,900	119,900	119,900	119,900	119,900
A12a	COP	2014/07/29	12	IPC + 4.17%	7.52%	125,000	122	125,122	7.78%	125,000	166	125,166	125,000	125,000	125,000	125,000	125,000	-	-
A12a	COP	2015/03/20	12	IPC + 3.92%	7.07%	120,000	166	120,166	7.34%	120,000	146	120,146	120,000	120,000	120,000	120,000	-	-	-
A15a	COP	2009/04/21	15	IPC + 6.24%	9.36%	198,400	4,068	202,468	9.63%	198,400	4,260	202,660	198,400	198,400	198,400	198,400	198,400	198,400	198,400
A20a	COP	2010/12/14	20	IPC + 4.94%	8.12%	267,400	578	267,978	8.40%	267,400	548	267,948	267,400	267,400	267,400	267,400	267,400	267,400	267,400
A20a	COP	2013/12/4	20	IPC + 5.03%	8.35%	229,190	(1,561)	227,629	8.62%	229,190	(1,541)	227,649	229,190	229,190	229,190	229,190	229,190	229,190	-
A20a	COP	2014/07/29	20	IPC + 4.5%	7.81%	250,000	(233)	249,767	8.08%	250,000	(100)	249,900	250,000	250,000	250,000	250,000	250,000	-	-
A20a	COP	2015/03/20	20	IPC + 4.43%	7.56%	260,000	982	260,982	7.83%	260,000	949	260,949	260,000	260,000	260,000	260,000	-	-	-
A5a	COP	2015/03/20	5	IPC + 2.72%	5.84%	120,000	195	120,195	6.13%	120,000	167	120,167	120,000	120,000	120,000	120,000	-	-	-
A6a	COP	2014/07/29	6	IPC + 3.57%	7.12%	125,000	774	125,774	7.36%	125,000	740	125,740	125,000	125,000	125,000	125,000	125,000	-	-
C10a	COP	2009/01/22	10	10.8%	0.00%	-	-	-	10.79%	74,700	7,558	82,258	74,700	74,700	74,700	74,700	74,700	74,700	74,700
International bond	USD	2009/07/29	10	7.625%	0.00%	-	-	-	8.25%	1,624,875	49,306	1,674,181	1,624,875	1,492,000	1,500,355	1,574,735	1,196,230	963,415	884,115
International bond	COP	2011/01/31	10	8.375%	8.71%	1,250,000	9,906	1,259,906	8.70%	1,250,000	88,210	1,338,210	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
International bond	COP	2014/09/3	10	7.625%	7.74%	965,745	35,468	1,001,213	7.74%	965,745	17,243	982,988	965,745	965,745	965,745	965,745	965,745	-	-
International bond	COP	2017/10/31	10	FIJA + 8.375%	8.46%	2,300,000	62,482	2,362,482	8.46%	2,300,000	15,626	2,315,626	2,300,000	2,300,000	-	-	-	-	-
TOTAL						**6,556,845**	**113,530**	**6,670,375**		**8,395,020**	**186,210**	**8,581,230**	**8,395,020**	**8,262,145**	**5,970,500**	**6,044,880**	**5,036,375**	**3,337,815**	**2,933,115**

Amounts expressed in millions of Colombian pesos -

The detail of the International Bonds issued by the Group's subsidiaries is as follows:

ENSA:

Subseries	Original Currency	Initial Date YYYY/MM/DD	Term	Nominal Interest Rate	31 de marzo 2019				December 31, 2018				Amount Awarded						
					TIR	Valor nominal	Valor costo amortizado	Valor Total	IRR	Nominal Value	Amortized Cost Value	Total Amount	Amount 2018	Amount 2017	Amount 2016	Amount 2015	Amount 2014	Amount 2013	Amount 2012
Bonos preferentes	USD	2006/07/10	15	7.6%	8.16%	317,479	2,462	319,941	8.16%	324,975	8,465	333,440		-	-	-	-	-	-
Bonos corporativos	USD	2012/12/13	15	4.73%	3.46%	253,983	598	254,581	3.46%	259,980	(2,520)	257,460		-	-	-	-	-	141,458
TOTAL						571,462	3,060	574,522		584,955	5,945	590,900		-	-	-	-	-	141,458

Amounts expressed in millions of Colombian pesos -

DELSUR:

Subseries	Original Currency	Initial Date YYYY/MM/DD	Term	Nominal Interest Rate	31 de marzo 2019				December 31, 2018				Amount Awarded						
					TIR	Valor nominal	Valor costo amortizado	Valor Total	IRR	Nominal Value	Amortized Cost Value	Total Amount	Amount 2018	Amount 2017	Amount 2016	Amount 2015	Amount 2014	Amount 2013	Amount 2012
CERTIFICADOS DE INVERSION - CIDELSUR1 (ScotiaInversiones, BVES)	USD	2010/08/16	10	LIBOR 6M + 3%	1.52%	66,671	418	67,089	1.52%	68,245	425	68,669		-	-	-	-	-	-
TOTAL						66,671	418	67,089		68,245	425	68,669		-	-	-	-	-	-

Amounts expressed in millions of Colombian pesos -

In 2019 in the EPM Group, the following new features were presented by credit:

Disbursements

January

- EPM Parent Company: Colpatria for COP $165,000 and BBVA for COP $300,000
- Aguas Regionales EPM S.A. E.S.P.: Davivienda for COP $4,800
- Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS): Davivienda for COP $34,000
- Deca Group: Banco Industrial S.A. for USD $5 million.

February

- EPM Parent Company: Bancolombia for COP 1,000,000 and HSBC for USD $500 million.
- Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS): Bogota Bank for COP $7,000
- Empresa de Energía del Quindío S.A. E.S.P. (EDEQ): Banco AV Villas for COP $5,519
- Deca Group: Banco Industrial S.A. for USD $4 million

March

- Aguas Regionales EPM S.A. E.S.P.: Davivienda for COP $1,300
- Empresa de distribución de energía del noreste de Panamá S.A.: Davivienda for USD $10 million
- Deca Group: Banco Industrial S.A. for USD $6 million

Handling Operations

January

Deca Group: Agromercantil Bank for GTQ 447.5 million, International Bank for USD $6 million, Mercom Bank LTD for USD $6 million and Bancolombia Panama for USD $24 million

Debt/EBITDA Covenant

EPM has several financial covenants, established in the loan agreements signed with the French Agency for Development (AFD), Inter-American Development Bank, Development Bank of Latin America (CAF), National Bank for Economic and Social Development (BNDES), HSBC, IDB Invest, 2009 international bond issue and warranty by the Japan Bank for International Cooperation (JBIC).

The loss (profit) of these indicators as of March 31, 2019 is broken down below:

Covenant	Credit type	December 2018	March 2019	Limit	Meets
EBITDA/FINANCIAL EXPENSES	BNDES, AFD, HSBC, Bonds 2019	5.45	4.69	3.00	✓
Monthly accrued EBITDA		5,115	1,452		
Monthly accrued financial expenses		939	309		
EBITDA/FINANCIAL EXPENSES NET	CAF, IDB Invest	7.06	5.72	3.00	✓
Monthly accrued EBITDA		5,115	1,452		
Monthly accrued financial expenses		939	309		
Monthly accrued financial revenue		214	55		
DEBT/EBITDA LTM	JBIC, AFD, BID, Bonds 2019	3.86	4.00	3.50	×
Financial liability *		19,736	21,132		
EBITDA last twelve months		5,115	5,279		
NET DEBT/EBITDA LTM	CAF, IDB Invest, HSBC	3.34	3.43	4.00	✓
Financial liability *		19,736	21,132		
Cash and cash equivalents **		2,645	3,024		
EBITDA last twelve months		5,115	5,279		
LONG-TERM DEBT/EQUITY	JBIC, BNDES, BID	0.74	0.84	1.50	✓
Long-term debt ***		16,265	18,797		
Equity		22,034	22,471		

* The financial liability for the Debt/EBITDA calculation does not consider treasure credit and transitories, amortized cost and pension bonds

** Cash and cash equivalents plus other financial assets less restructed-use funds

*** Long-ter debt does not include pension bonds

Regarding the long-term financial debt ratio to EBITDA, at March 2019 the result of the indicator is 4 times.

Contractually, one of the management schemes to avoid noncompliance on these types of commitments is the issuance of waivers by creditors.

It is worth mentioning that the fact that EPM exceeds the agreed covenant Debt/EBITDA does not generate a direct activation of the declaration of noncompliance by the banks, nor of advance payment, as it is an action that is contractually subject to the decision of the bank(s) to exercise that declaration, and additionally to the fact of having remedial terms agreed in the contracts to address a possible noncompliance.

EPM must report compliance with the Long Term Financial Debt/EBITDA indicator as follows: to the Japan Bank for International Cooperation - JBIC - quarterly, to the French Development Agency - FDA - semiannually and to the Inter-American Development Bank - ADB annually. Due to the periodicity of measurement, the discharges delivered to December 2018 by FDA and ADB cover the term 2019. JBIC stated its intention to contractually modify the covenant or give a waiver to the non-compliance; the above will depend on the analyses performed internally.

In relation to International Bonds in 2009 and HSBC credit, these have agreed on the Financial Debt/EBITDA and Net Financial Debt/EBITDA metric, respectively, but are inactive, since EPM has two investment grade credit risk ratings.

Default events

During the reporting period, the EPM Group has not defaulted on any principal or interest payment of its loans.

Note 10. Provisions, Contingent Liabilities and Contingent Assets

10.1 Provisions:

As of March 31, 2019, the balance of provisions records a non-significant negative variation of 5%. One of the main issues that generates the variation originates in the EPM Parent Company by the valuation of the contract of an onerous nature of the supply and transport of fuel signed with TGI *Transportadora de Gas Internacional S.A. E.S.P.*, because it has not been used by the same as the gas brought from Cusiana and its proximity to the end date (December 2020).

10.2 Contingent liabilities and assets:

As of March 31, 2019, the breakdown of liabilities and contingent assets is as follows:

Type of contingency	Contingent liabilities	Contingent assets
Litigation	991,406	343,477
Guarantee	251,479	(135)
Total	**1,242,885**	**343,342**

- Amounts expressed in millions of Colombian pesos -

Regarding the figures disclosed as of December 31, 2018, the contingent liabilities and assets do not differ significantly, each item records an increase of 0.8%. However, in contingent liabilities, EPM Parent Company recorded an increase of 6% explained primarily by a process with ISAGEN for the damages it argues, caused by the fire and the consequent unavailability of Central Guatapé.

Note 11. Revenue from Ordinary Activities

The breakdown of Revenue from Ordinary Activities is the following:

Revenue from Ordinary Activities	2019	2018
Sales of Goods	**3,222**	**7,653**
Rendering of Services		
Power Generation Service[1]	1,011,424	908,761
Power Transmission Service	68,290	70,720
Power Distribution Service[2]	2,804,584	2,415,538
Power Inter-Segment Elimination	(394,414)	(298,189)
Natural Gas	204,015	187,227
Sanitation	168,760	139,247
Aqueduct	271,442	260,608
Cleaning	59,216	54,366
Insurance and Reinsurance Services[3]	2,501	2,050
IT Services	56	66
Construction Contracts	16,224	24,275
Other Services	42,193	30,906
Refunds	(56,260)	(52,576)
Total Rendering of Services	**4,198,031**	**3,742,999**
Leases	26,164	19,539
Gain Sale of Assets	429	1,598
Total	**4,227,846**	**3,771,789**

Amounts expressed in millions of Colombian pesos -

(1) The increase in revenues from the generation service originates primarily in the EPM Parent Company due to the higher price of energy in the stock market, higher AGC service and increased amounts sold in contracts.

(2) Distribution revenues were increased by marketing due to the higher unit price and the increase in consumption essentially originating in the EPM Parent Company, ESSA, ENSA, EEGSA, COMEGSA and DELSUR, and the currency devaluation that generates an effect on revenues contributed by foreign subsidiaries.

(3) Correspond to revenue from commissions assigned and net premium accrued from the subsidiary Maxseguros

The group does not have any pledge on ordinary revenue, contingencies that have not been recognized affecting income or firm commitments with customers for the rendering of future services of which Losses are estimated.

Construction Contracts

The Group recognized revenue from Construction Contracts of Assets within the scope of IAS 11 - Construction Contracts as of the cut-off date, for $16,224 (2018: $24,275).

The method used to determine the degree of progress of previous construction contracts is the proportion of the contract costs incurred in the work already performed to date, in relation to the total estimated costs for the contract.

Note 12. Other Revenue

El breakdown of Other Revenue is as follows:

Other Revenue	2019	2018
Compensations[(1)]	19,214	993
Recoveries	19,189	35,904
Commissions	8,068	7,691
Other Ordinary Income	6,500	8,051
Utilization	1,775	1,473
Professional Fees	970	26
Goods and Services Sales Margin	657	543
Remainings	328	5
Government Grants	249	228
Contracts for the Management of Public Services	22	22
Leases of Investment Property	4	4
Total	56,976	54,940

Amounts expressed in millions of Colombian pesos -

(1) Includes indemnities recognized in EPM for the incident that occurred in 2017 at the Playas Hydroelectric Plant (Central Hidroeléctrica Playas).

Note 13. Costs of Services Rendered

The breakdown of Costs of Services Rendered is the following:

Costs of Services Rendered	2019	2018
Cost of Goods and Public Services (utilities) for Sale(1)	1,902,558	1,656,577
Personal services	205,454	199,410
Depreciations	190,825	186,450
Orders and Contracts for Other Services	146,706	135,418
Orders and Contracts for Maintanance and Repairs	75,664	61,580
Licenses, Contributions and Royalties	43,576	43,972
Materials and Other Operating Expenses	38,089	35,781
Amortizations	35,932	36,155
Insurances	25,416	23,931
Consumption of Direct Imputs	22,751	18,866
General	19,021	17,174
Taxes and Rates	17,243	14,801
Professional Fees	15,089	17,384
Public Utilities	7,050	4,486
Amortization of Right of use assets	5,847	-
Sold Goods	4,376	4,066
Leases	3,866	13,491
Depletion	2,670	2,874
Cost due to Losses in Rendering of the Aqueduct Utility	653	335
Value Reduction of Inventories	1	67
Property, Plant and Equipment Impairment Loss	-	122
Insurance and Reinsurance	-	7
Total	2,762,787	2,472,947

Amounts expressed in millions of Colombian pesos -

(1) Includes the value for Power Purchases in Block and in the Stock Exchange, Connection Costs, use of Networks, Lines and Pipelines, Sales Costs and Natural Gas Distribution, among other costs. The increase compared to the previous period is mainly due to greater Power Purchase quantities and the increase in the Stock Market price and contracts.

Note 14. Administrative Expenses

The breakdown of Administrative Expenses is the following:

Administrative expenses	2019	2018
Personnel Expenses		
Payroll Expeses	113,422	107,479
Social Security Expenses	25,723	22,768
Pension Expenses	11,341	11,031
Benfits in Interst Rates to Employees	2,032	1,933
Other Post-Employment Benefit Plans Other than Pension	1,258	1,333
Other Long-Term Benefits	968	916
Termination Benefits	481	848
Total Personnel Expenses	155,225	146,308
General Expenses		
Taxes, contributions and rates	42,284	36,333
Charges, fees and services	21,317	22,594
Depreciation of Property, Plant & Equipment	17,451	13,522
Other miscellaneous provisions(1)	13,256	3,988
Maintenance	12,727	11,766
Amortization of Intangibles	8,092	5,478
Provision for contingencies	7,129	3,240
Intangibles	6,285	5,500
Amortization of Right of use assets	5,411	-
Other general expenses(2)	4,928	8,555
Surveillance and Private Security	4,430	4,557
General Insurances	4,360	3,334
Services of Cleaning, Cafeteria, Restaurant and Laundry	2,665	2,552
Public Utilities	2,274	2,448
Communication and Transportation	2,175	1,942
Studies and Projects	2,148	2,114
Christmas Lights	1,914	2,458
Publicity and Advertising	1,652	1,697
Promotion and Publications	1,346	1,926
Legal Expenses	1,279	777
Learning Contracts	1,178	1,194
Printing, Publications, Subscriptions and Affiliations	863	2,264
Provision for Dismantling, Removal or Rehabilitation	581	202
Travel Expenses and Allowances	574	338
Materials and Inputs	505	773
Total General Expenses	166,824	139,552
Total	322,049	285,860

Amounts expressed in millions of Colombian pesos -

(1) Includes provisions of the EPM Parent Company to continue with the support of the contingency of the Ituango project.

(2) It includes expenses for fuel and lubricant, information processing, toiletries, laundry and cafeteria, photocopies, administration contracts, licenses and safeguards, repairs, event organization, industrial safety, industrial safety equipment, court costs, central consultation of risk, public relations, warehousing, leases, videos, loss of construction contracts, organization and commissioning expenses, quality control expenses.

Note 15. Other Expenses

The breakdown of Other Expenses is as follows:

Other Expenses	2019	2018
Other Ordinay Expenses (1)	7,338	4,017
Loss on Assets Disposal	5,038	1,592
Contributions to Non-Corporate Entities	3,943	5,343
Arbitral Awards and Extrajudicial Conciliations	406	1,288
Total	16,725	12,240

Amounts expressed in millions of Colombian pesos -

(1) It includes expenses for donations, taxes, loss on sale of assets, and others. In addition, the EPM Parent Company expenses associated with the closure of gates and activities related to the contingency of the Ituango Hydroelectric Project.

Note 16. Financial Income and Expenses

16.1 Financial Income

The breakdown of Financial income is as follows:

Financial Income	2019	2018
Interest Revenue:		
Interests by Debtores and Arrears	43,984	55,603
Bank Deposits	11,284	6,167
Income from Interest on Financial Assets at Amortized Cost	11	18
Gains from Valuation of Financial Instruments at Fair Value	19,831	4,498
Gains for Trust Rights	7,649	5,047
Other Financial Income	1,687	3,199
Monetary readjustment revenue	2	2
Total Financial Income	84,448	74,534

Amounts expressed in millions of Colombian pesos -

16.2 Financial Expenses

The breakdown of Financial expenses is as follows:

Financial Expenses	2019	2018
Interest Expenses:		
Interests on Liabilities under Financial Leasing (1)	16,263	9,445
Other Interest Expenses	12,037	14,556
Total intereses	28,300	24,001
Total Expenses due to Interest on Financial Liabilities not measured at Fair Value with change in Profit (2)	278,291	194,384
Commissions	2,406	2,050
Other Financial Expenses	17,412	28,879
Total Financial Expenses	326,409	249,314

Amounts expressed in millions of Colombian pesos -

(1) Increase related to the implementation of IFRS 16 - leases, as of January 2019.

(2) Increase related to the new disbursements of credits received in the period.

Note 17. Net Exchange Difference

The effect of transactions in foreign currency was as follows:

Net Exchange Difference	2019	2018
Exchange Difference Revenue		
Own Position		
For Goods and Services and Others	5,761	14,383
For Liquidity	17,333	(1,093)
Accounts Receivable	137	1,584
Other Adjustments for Exchenge Difference	16,150	6,834
Financial		
Gross Income	123,110	197,063
Total Exchange Difference Revenue	162,491	218,771
Exchange Difference Expenses		
Own Position		
For Goods and Services and Others	(995)	(1,127)
For Liquidity	(41,659)	(6,691)
Accounts Receivable	(20,347)	(125,618)
Other Adjustments for Exchenge Difference	(16,416)	(2,829)
Financial		
Gross Expenses	(7,967)	(1,681)
Total Exchange Difference Expenses	(87,384)	(137,946)
Net Exchange Difference	75,107	80,825

Amounts expressed in millions of Colombian pesos -

Rates used for the exchanging foreign currency in the Consolidated Financial Statements are:

Currency	Code	Exchange to USD as of March 31		Exchange Rate as of March 31		Average Exchange Rate as of March 31	
		2019	2018	2019	2018	2019	2018
Dólar de Estados Unidos	USD	-	-	3,174.79	2,780.47	3,128.68	2,847.93
Quetzal	GTQ	7.68	7.40	413.33	375.78	406.83	385.22
Peso mexicano	MXP	19.40	18.25	163.67	152.33	162.41	152.97
Peso chileno	CLP	640.47	603.56	4.66	4.61	4.67	4.71

Note 18. Capital Management

Capital of the Group includes indebtedness through the Capital Market, Commercial Banks, Development Banks, Development Agencies and Multilateral Banks, at a national and international level.

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

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, striving to optimizing financing costs.

The Group has not made any changes to its Capital Management objectives, policies and processes during the period ended as of cut-off date, nor has it been subject to external capital requirements.

In order to face the changes in the economic conditions, the Group implements proactive management mechanisms for their financing, enabling as far as it is feasible, different financing alternatives, so that at the time performance of any long-term credit operation is required, there will be access to the source that each time has availability of competitive market conditions at the required time.

Following are presented the values that the Group manages as capital:

Capital Management	2019	2018
Bonds and Loans		
Commercial Bank Loans	6,742,400	5,720,503
Multilateral Bank Loans	5,319,451	3,865,275
Development Bank Loans	1,907,205	1,996,764
Issued Bonds and Debt Securities	901,363	1,034,287
Other Issued Bonds and Debt Securities	6,409,498	8,206,867
Other Loans	11,101	11,104
Total debt	**21,291,018**	**20,834,800**
Total capital	**21,291,018**	**20,834,800**

Amounts expressed in millions of Colombian pesos -

Note 19. Fair Value Measurement on a Recurring and Non-Recurring Basis

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

- Based upon prices quoted in active or passive markets identical to those the Group can access on the measurement date (level 1).

- Based upon assessment techniques commonly used by market participants that use variables different from prices quoted which are observable for the asset or liability, directly or indirectly (level 2).
- Based upon internal assessment techniques of cash flow discounts or other assessment models, using variables estimated by the company that are non-observable for the asset or liability, in the absence of variables observed in the market (level 3).

During 2019 and 2018 in the Group no transfers have been made between the fair value hierarchy levels, either for transfers in and out of the levels.

Assessment techniques and variables used in the company for measurement of fair value for recognition and disclosure:

Cash and cash equivalents: include Fixed-Income Instruments and Fiduciary Mandates. The latter reflects the balance of the Collective Investment Funds (FIC) held by the EPM Group. These funds are used as a savings and investment mechanism and are managed by trust companies. Through these funds, resources are invested in a portfolio of assets, which are restated at fair value. The EPM Group uses the Market Approach as the valuation technique for this item, these items are classified in level 1 of the fair value hierarchy.

Investments at fair value through profit and loss and through equity: includes investments made to optimize the liquidity surpluses, i.e., 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 the Market Approach as assessment technique, these items are classified in level 1 of the fair value hierarchy. For equity investments, Cash Flow is the methodology used; it is estimated at the market price for those listed on the stock exchange; the others are valued at historical cost.

Derivative instruments – Swaps: the Group uses derivative financial instruments, such forwards, futures, swaps and options to hedge financial risks, mainly Interest rate risk, Exchange risk and commodities prices. Such derivative financial instruments are recognized initially at their fair value as of the date when the derivatives agreement is executed and are later reassessed at their fair value. The Group uses as assessment technique for the swaps the discounted cash flow, with an income approach. The variables used are: interest rate swap curve for rates denominated in US dollars, to discount cash flow in US dollars; and external interest rate swap curve rates denominated in Colombian pesos, to discount cash flows in pesos. These items are classified in level 2 of the fair value hierarchy.

Accounts Receivable – Business Combination: originated in Business Combination by acquisition of the subsidiary Empresas Públicas de Rionegro, the discount of the payment flows is considered applying the discount rates of the average CDT 360 days. This item is classified in level 2 of the Fair Value Hierarchy.

Contingent Collaterals: originated in Business Combinations by acquisitions of the subsidiaries Espiritu Santo Energy S. de R.L. and subsidiary Empresas Varias de Medellín S.A E.S.P. (EMVARIAS), the discount of the payment flows is considered by applying the discount rates: LIBOR Rate and TES Rate, respectively. These items are classified in level 2 of the Fair Value Hierarchy. (See Note 10. Provisions, Contingent Liabilities and Contingent Assets).

Investment Property: properties (land or buildings, considered in whole or in part, or both) held (by the Group on their own behalf or by a financial lease) to obtain income, capital gains or both, instead of:

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

The Group uses two valuation techniques for these items. Within the market approach, the Comparative or Market Method is used, which consists of deducting the price by comparing transactions, supply and demand and appraisals of similar or comparable properties, previous adjustments of time, conformation and location. Items valued with this technique are classified in level 2 of the fair value hierarchy. Within the Cost Approach, the Residual Method that applies only to buildings is used and is based on the determination of the Updated Construction Cost, less the depreciation for age or condition. These items 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 Group, measured at fair value on a recurring basis to the cut-off date, 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 March, 2019	Level 1	Level 2	Level 3	Total
Assets				
Negotiable or Designated at Fair Value				
Cash and Cash Equivalents - Fiduciary Mandates	906,763		-	906,763
	906,763		**-**	**906,763**
Other Investments at Fair Value				
Fixed Income Securities	949,269	42,678	-	991,947
Variable Income Securities	92,023	-	-	92,023
Investments Pledged as Collateral	5,764	-	-	5,764
	1,047,056	**42,678**	**-**	**1,089,734**
Other Equity Investments				
Variable Income Securities	1,798,049	45,343	36,928	1,880,320
	1,798,049	**45,343**	**36,928**	**1,880,320**
Fiduciary Rights				
Fiduciary for Management	421,748	15,740	-	437,488
	421,748	**15,740**	**-**	**437,488**
Derivatives				
Swaps	-	159,458	-	159,458
	-	**159,458**	**-**	**159,458**
Investment Property				
Urban and Rural Lan	-	82,785	261	83,046
Buildings and Houses	-	7,789	247	8,036
	-	**90,574**	**508**	**91,082**
Liabilities				
Contingent Consideration				
Provision - Business Combination	-	189,374		189,734
	-	**189,374**	**-**	**189,734**
	-	**-**	**-**	**-**
Total	**4,173,616**	**164,419**	**37,436**	**4,375,471**
Amounts expressed in millions of Colombian pesos -	95.39%	**3.76%**	**0.86%**	

Fair Value Measurement on a Recurring Basis 2018	Nivel 1	Level 2	Level 3	Total
Assets				
Negotiable or Designated at Fair Value				
Cash and Cash Equivalents - Fiduciary Mandates	445,080	-	-	445,080
	445,080	**-**	**-**	**445,080**
Other Investments at Fair Value				
Fixed Income Securities	1,167,359	11,326	-	1,178,685
Variable Income Securities	93,608	-	-	93,608
Investments Pledged as Collateral	5,647	-	-	5,647
	1,266,614	**11,326**	**-**	**1,277,940**
Other Equity Investments				
Variable Income Securities	1,467,361	17,367	144,145	1,628,873
	1,467,361	**17,367**	**144,145**	**1,628,873**
Fiduciary Rights				
Fiduciary for Management	438,997	-	-	438,997
	438,997	**-**	**-**	**438,997**
Derivatives				
Swaps	3,130	189,335	-	192,465
	3,130	**189,335**	**-**	**192,465**
Investment Property				
Urban and Rural Land	-	70,040	261	70,301
Buildings ad Houses	125	20,834	121	21,080
	125	**90,874**	**382**	**91,381**
Liabilities				
Contingent Consideration				
Provision - Business Combination	-	192,484	15,723	208,207
	-	**192,484**	**15,723**	**208,207**
Total	**3,621,307**	**116,418**	**128,804**	**3,866,529**
	93.66%	**3.01%**	**3.33%**	

Amounts expressed in millions of Colombian pesos -

The following tables present a reconciliation of the assets and liabilities of the Group measured at fair value on a recurrent basis with unobservable variables (classified in level 3 of the fair value hierarchy) at March 31, 2019 and December 31, 2018:

Changes in level 3 of the Fair Value Hierarchy March, 2019	**Initial Balance**	**Changes Recognized in Profit**	**Changes Recognized in Other Comprehensive Income[1]**	***Transfers***	**Final Balance**
				To level 3	
Assets					
Other Equity Investments					
Variable Income Securities	37,287	-	(359)	-	36,928
	37,287	**-**	**(359)**	**-**	**36,928**
Investment Property					
Urban and Rural Lan	261	-	-	-	261
Buildings ad Houses	121	126	-	-	247
	382	126	-	-	508

Amounts expressed in millions of Colombian pesos -

Changes in level 3 of the Fair Value Hierarchy 2018	**Initial Balance**	**Changes Recognized in Profit**	**Changes Recognized in Other Comprehensive Income[1]**	***Transfers***	**Final Balance**
				To level 3	
Assets					
Other Equity Investments					
Variable Income Securities	36,782	-	505	-	37,287
	36,782	**-**	**505**	**-**	**37,287**
Investment Property					
Urban and Rural Lan	-	-	-	261	261
Buildings ad Houses	-	-	-	121	121
	-	-	-	382	382

Amounts expressed in millions of Colombian pesos -

(1) Includes $-359 (2018 $505) presented in the item Exchange Differences for foreign business conversion, recognized in Other Comprehensive Income.

Recorded Value and the Estimated Fair Value of assets and liabilities of the 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, 2019 and December 31, 2018 is as follows:

2019	Recorded Value	Level 1	Level 2	Level 3	Total
Assets					
Public Utilities	2,990,606	540,910	1,704,861	-	2,245,771
Employees	156,903	13,884	137,263	-	151,147
Construction Contracts	1,130	22	246	-	268
Economic Associates	(8)	-	401,056	137,829	538,885
Other Accounts Receivable	1,191,263	127,826	567,388	586,328	1,281,542
Total Assets	**4,339,894**	**682,642**	**2,810,814**	**724,157**	**4,217,613**
Liabilities					
Development Bank Loans	1,907,205	43,164	1,864,041	-	1,907,205
Other Issued Bonds and Securities	6,409,498	-	6,409,498	-	6,409,498
Multilateral Bank Loans	5,319,451	-	5,319,451	-	5,319,451
Commercial Bank Loans	6,742,400	1,021,223	4,935,278	286,658	6,243,159
Issued Bonds and Securities	901,363	-	260,877	-	260,877
Other Loans	11,101	-	-	(276)	(276)
Total Liabilities	**21,291,018**	**1,064,387**	**18,789,145**	**286,382**	**20,139,914**
Total	**(16,951,124)**	**(381,745)**	**(15,978,331)**	**437,775**	**(15,922,301)**
		2%	100%	-3%	

Amounts expressed in millions of Colombian pesos -

2018	Recorded Value	Level 1	Level 2	Total
Assets				
Public Utilities	2,887,714	563,310	1,656,250	2,219,560
Employees	157,980	16,455	135,491	151,946
Construction Contracts	1,689	34	782	816
Economic Associates	-	-	30,583	30,583
Other Accounts Receivable	-	-	30,583	30,583
Total Assets	**3,047,383**	**579,799**	**1,853,689**	**2,433,488**
Liabilities				
Development Bank Loans	1,996,764	43,021	-	-
Other Issued Bonds and Securities	8,206,867	-	-	-
Multilateral Bank Loans	3,865,275	-	-	-
Commercial Bank Loans	5,720,503	475,479	2,471,986	2,471,986
Issued Bonds and Securities	1,034,287	-	-	-
Other Loans	11,105	-	-	-
Total Liabilities	**20,834,801**	**518,500**	**2,471,986**	**2,471,986**
Total	**(17,787,418)**	**61,299**	**(618,297)**	**(38,498)**
		-159%	1606%	

Figures stated in millions of Colombian pesos

As of December 31, 2018, there were no items in level 3.

Note 20. Operating Segments

20.1 Information by Segments

For management purposes, the Group is organized into segments based on its products and services, and has the following eight operating segments on which information is presented:

- Electric Power Generation Segment, whose activity consists in the Generation of Electric Power and commercialization of Large Electric Power Blocks, from the acquisition or development of a portfolio of Power Proposals for the market.
- Electric Power Distribution Segment, whose activity consists in transporting electric power through a set of lines and substations, with their associated equipment, which operate at voltages below 220 KV, the commercialization of energy to the end user of the regulated market and the development of related and complementary activities. It includes the Regional Transmission System (STR), the Local Distribution System (SDL), the Public Lighting Utility and the provision of associated services.
- Electricity Transmission Segment, whose activity consists in the transportation of energy in the National Transmission System (STN), consisting of the set of lines, with their corresponding connection equipment, operating at voltages equal to or greater than 220 KV. The National Transmitter (TN) is the legal entity that operates and transports electricity in the STN or has established a company whose purpose is the undertaking of such activity.
- Segment of Distribution and Commercialization of Natural Gas, whose activity consists of the gas conduction from the city gate to the final user, through medium-pressure and low-pressure pipes. It includes the sale of gas by different systems, among them distribution by network, vehicular natural gas, compressed natural gas and service stations.
- Water Supply Segment, whose activity consists of conceptualizing, structuring, developing and operating systems to provide water. It includes carrying out the commercial management of the portfolio of services related to water supply for different uses, in addition to the use of the productive chain, specifically in the production of energy, and the supply of raw water.
- Wastewater Management Segment, includes the activities of conceptualizing, structuring, developing and operating wastewater and solid waste management systems.
- Solid Waste Management Segment, includes carrying out the commercial management related to these services and the use of biosolids and other byproducts of wastewater treatment and solid waste management.
- Others Segment, which corresponds to the other activities that are not included in the segments mentioned above. Includes: Entidad Adaptada de Salud (EAS) and Medical and Dental Services Unit, billing and collection services for third parties, income received from investment properties (leases), social financing, EATIC Laboratory tests, provision of the specialized transport service and services associated with information and communication technologies, information services and related activities.

The Group has not added operating segments to conform these eight reportable segments; however, it carries out the activity of energy commercialization, which consists in the purchase of electricity in the wholesale market and its sale to other market agents or to regulated or non-regulated end users. Therefore, the Group includes its financial information in the corresponding segments of this activity.

The Management supervises results of the operating segments separately in order to make decisions about the allocation of resources and evaluate their performance. Said segment performance is evaluated on the basis of the gain or loss from operations before taxes and discontinued operations and is measured uniformly with the losses or Profits from operations of the Consolidated Financial Statements.

Transfer prices between operating segments are agreed as between independent parties in a manner similar to that agreed with third parties.

2019	Power Generation	Power Transmission	Power Distribution	Natural Gas	Water Supply	Wastewater Management	Solid Waste Management	Others	Total segments	Inter-Segments Eliminations	Consolidated
Revenue Outer Customers	719,339	52,296	2,767,727	204,219	269,845	187,717	59,480	24,199	4,284,822	-	4,284,822
Inter-Segment Revenue	283,451	16,639	111,391	1,373	7,807	75,777	109	11,380	507,927	(507,927)	-
Total Revenue, Net	**1,002,790**	**68,935**	**2,879,118**	**205,592**	**277,652**	**263,494**	**59,589**	**35,579**	**4,792,749**	**(507,927)**	**4,284,822**
Costs and Expenses without Depreciation, Amortization, Provisions and Impairment of Property, Plant & Equipment and Intangibles	(450,793)	(17,773)	(2,246,717)	(183,066)	(137,314)	(107,371)	(42,412)	(49,004)	(3,234,450)	436,809	(2,797,641)
Depreciation, Amortization, Provisions and Impairment of Property, Plant & Equipment and Intangibles	(67,337)	(11,081)	(134,436)	(4,891)	(44,647)	(14,897)	(7,707)	(5,782)	(290,778)	3,583	(287,195)
Accounts Receivable Impairment	4,333	1,270	(8,645)	1,493	(2,387)	(1,670)	(552)	(1,042)	(7,200)	(466)	(7,666)
Other Expenses	(7,847)	(48)	(6,535)	(230)	(1,280)	(960)	(96)	(38)	(17,034)	309	(16,725)
Profit for Interests and Gains	16,298	430	39,862	10,411	10,330	25,249	1,639	18,745	122,964	(60,045)	62,919
Financial Income (Different from Interests and Gains)	7,095	973	6,444	2,562	1,303	1,204	581	2,500	22,662	(1,133)	21,529
Total Financial Income	23,393	1,403	46,306	12,973	11,633	26,453	2,220	21,245	145,626	(61,178)	84,448
Expenses for interests	(118,227)	(12,491)	(83,982)	(11,114)	(22,042)	(83,824)	(1,600)	(77,987)	(411,267)	104,677	(306,590)
Financial Expenses (Different from interests)	(1,360)	(140)	(4,098)	(221)	(265)	(329)	(2,085)	(9,875)	(18,373)	(1,446)	(19,819)
Total Financial Expenses	(119,587)	(12,631)	(88,080)	(11,335)	(22,307)	(84,153)	(3,685)	(87,862)	(429,640)	103,231	(326,409)
Net Exchange Difference	79,095	(9,605)	18,554	1,750	(4,177)	2,665	-	(13,175)	75,107	-	75,107
Equity Method for Participation in Profits of Associates and Joint Ventures	-	-	-	-	-	-	-	27,032	27,032	(665)	26,367
Effect due to Participation in Equity Investment	-	-	497	-	-	-	-	63,003	63,500	(1,337)	62,163
Earnings for the Period Before Taxes	**464,047**	**20,470**	**460,062**	**22,286**	**77,173**	**83,561**	**7,357**	**(10,044)**	**1,124,912**	**(27,641)**	**1,097,271**
Income Tax	(73,283)	(2,316)	(152,076)	(6,643)	(16,097)	(58,622)	(1,968)	(48,800)	(359,805)	5,185	(354,620)
Net Movement of Regulatory Accounts related to Profit for the period	-	-	(10,834)	-	-	-	-	-	(10,834)	-	(10,834)
Net Profit for the Period	390,764	18,154	297,152	15,643	61,076	24,939	5,389	(58,844)	754,273	(22,456)	731,817
Total Assets without Investments in Associates and Joint Ventures and Debit Balances of Deferred Regulatory Accounts	21,819,097	1,980,993	14,964,630	1,208,962	6,213,075	5,286,743	411,458	11,798,554	63,683,512	(11,438,184)	52,245,328
Investments in Associates and Joint Ventures accounted for using the Equity Method	-	-	-	-	-	-	-	1,773,431	1,773,431	-	1,773,431
Debit Balances of Deferred Regulatory Accounts	-	-	93,634	-	-	-	-	-	93,634	-	93,634
Total Assets and Debit Balances from Deferred Regulatory Accounts	**21,819,097**	**1,980,993**	**15,058,264**	**1,208,962**	**6,213,075**	**5,286,743**	**411,458**	**13,571,985**	**65,550,577**	**(11,438,184)**	**54,112,393**
Total Liability	13,334,313	1,239,953	9,715,432	759,175	2,990,604	2,561,858	363,488	4,983,094	35,947,917	(4,334,646)	31,613,271
Deferred Liabilities related to Balances of Regulatory Accounts	-	-	28,090	-	-	-	-	-	28,090	-	28,090
Total Liabilities and Credit Balances of Deferred Regulatory Accounts	13,334,313	1,239,953	9,743,522	759,175	2,990,604	2,561,858	363,488	4,983,094	35,976,007	(4,334,646)	31,641,361
Additions of Non-current Assets	309,438	31,059	159,609	3,024	90,187	66,329	1,327	8,376	669,349	-	669,349

Amounts expressed in millions of Colombian pesos -

2018	Power Generation	Power Transmission	Power Distribution	Natural Gas	Water Supply	Wastewater Management	Solid Waste Management	Others	Total segments	Inter-Segments Eliminations	**Consolidated**
Revenue Outer Customers	676,313	56,440	2,408,226	189,635	261,663	158,086	55,408	20,958	3,826,729	-	3,826,729
Inter-Segment Revenue	209,758	15,115	93,053	1,818	10,384	1,515	55	9,684	341,382	(341,382)	-
Total Revenue, Net	**886,071**	**71,555**	**2,501,279**	**191,453**	**272,047**	**159,601**	**55,463**	**30,642**	**4,168,111**	**(341,382)**	**3,826,729**
Costs and Expenses without Depreciation, Amortization, Provisions and Impairment of Property, Plant & Equipment and Intangibles	(431,177)	(25,257)	(1,926,849)	(165,468)	(131,189)	(65,493)	(42,685)	(47,585)	(2,835,703)	328,996	(2,506,707)
Depreciation, Amortization, Provisions and Impairment of Property, Plant & Equipment and Intangibles	(56,901)	(10,460)	(119,011)	(4,348)	(44,707)	(8,662)	(4,004)	(5,763)	(253,856)	1,756	(252,100)
Accounts Receivable Impairment	3,463	517	(799)	925	321	4,250	(255)	102	8,524	-	8,524
Other Expenses	(3,039)	(162)	(5,160)	(158)	(2,862)	(1,069)	(46)	12	(12,484)	244	(12,240)
Profit for Interests and Gains	9,605	883	42,800	10,726	8,072	31,791	1,718	15,432	121,027	(54,208)	66,819
Ingresos finanFinancial Income (Different from Interests and Gains)	1,028	111	2,460	299	958	1,937	362	1,274	8,429	(714)	7,715
Total Financial Income	10,633	994	45,260	11,025	9,030	33,728	2,080	16,706	129,456	(54,922)	74,534
Expenses for interests	(65,135)	(12,203)	(67,947)	(11,316)	(22,528)	(38,848)	(4)	(58,519)	(276,500)	58,115	(218,385)
Financial Expenses (Different from interests)	(8,545)	(551)	(8,466)	(432)	(2,313)	(1,289)	(3,891)	(4,928)	(30,415)	(514)	(30,929)
Total Financial Expenses	(73,680)	(12,754)	(76,413)	(11,748)	(24,841)	(40,137)	(3,895)	(63,447)	(306,915)	57,601	(249,314)
Net Exchange Difference	147,914	(775)	20,459	(409)	1,214	(141)	-	(87,437)	80,825	-	80,825
Equity Method for Participation in Profits of Associates and Joint Ventures	-	-	-	-	-	-	-	11,090	11,090	-	11,090
Effect due to Participation in Equity Investment	1,442	1,442	4,593	-	-	-	-	64,024	71,501	(1,254)	70,247
Earnings for the Period Before Taxes	**484,726**	**25,100**	**443,359**	**21,272**	**79,013**	**82,077**	**6,658**	**(81,656)**	**1,060,549**	**(8,961)**	**1,051,588**
Income Tax	(68,365)	(5,696)	(161,781)	(8,211)	(32,624)	(30,756)	(4,239)	15,328	(296,344)	5,644	(290,700)
Net Movement of Regulatory Accounts related to Profit for the period	-	-	12,590	-	-	-	-	(1)	12,589	-	12,589
Net Profit for the Period	416,361	19,404	294,168	13,061	46,389	51,321	2,419	(66,329)	776,794	(3,317)	773,477
Total Assets without Investments in Associates and Joint Ventures and Debit Balances of Deferred Regulatory Accounts	21,063,269	2,133,221	14,608,450	1,139,092	6,101,078	5,204,786	322,928	11,121,931	61,694,755	(11,063,909)	50,630,846
Investments in Associates and Joint Ventures accounted for using the Equity Method	-	-	-	-	-	-	-	1,746,569	1,746,569	-	1,746,569
Debit Balances of Deferred Regulatory Accounts	-	-	111,868	-	-	-	-	-	111,868	-	111,868
Total Assets and Debit Balances from Deferred Regulatory Accounts	**21,063,269**	**2,133,221**	**14,720,318**	**1,139,092**	**6,101,078**	**5,204,786**	**322,928**	**12,868,500**	**63,553,192**	**(11,063,909)**	**52,489,283**
Total Liability	12,767,880	1,350,728	9,143,632	702,839	2,907,281	2,445,644	247,294	4,808,783	34,374,081	(3,954,576)	30,419,505
Deferred Liabilities related to Balances of Regulatory Accounts	-	-	33,560	-	-	-	-	-	33,560	-	33,560
Total Liabilities and Credit Balances of Deferred Regulatory Accounts	12,767,880	1,350,728	9,177,192	702,839	2,907,281	2,445,644	247,294	4,808,783	34,407,641	(3,954,576)	30,453,065
Additions of Non-current Assets	2,029,298	189,929	1,045,663	19,873	340,390	424,629	25,319	123,348	4,198,449	-	4,198,449

Amounts expressed in millions of Colombian pesos -

20.2 Information by Geographic Area

Revenue from Outer Customers

Country	March, 2019	March, 2018
Colombia (Country of Residence of EPM)	2,733,916	2,535,235
Guatemala	541,391	461,408
Panama	585,724	462,181
El Salvador	254,342	198,853
Chile	126,557	137,538
México	41,304	30,284
Ecuador	2	-
Bermuda	2,501	2,050
Elimination of International Inter-Segments	(915)	(820)
Total Countries Different from Colombia	**1,550,906**	**1,291,494**
Total Consolidated Revenues	**4,284,822**	**3,826,729**

Amounts expressed in millions of Colombian pesos -

Revenue information is based on the customer's location.

There is no single client in the Group that generates more than 10% of its ordinary income.

Non-Current Assets

Country	March, 2019	December, 2018
Colombia (Country of Residence of EPM)	31,800,750	31,381,539
Chile	3,557,229	3,574,900
Panama	2,228,435	2,292,551
Guatemala	2,193,085	2,218,423
El Salvador	335,021	347,581
México	20,125	20,975
Total Countries Different from Colombia	**8,333,895**	**8,454,430**
Total non-current assets	**40,134,645**	**39,835,969**

Amounts expressed in millions of Colombian pesos -

For these purposes, non-current assets include Property, Plant and Equipment, Intangible Assets and Investment Property including assets for the acquisition of subsidiaries and goodwill.

Note 21. Events after the Reporting Period

After the revelation date of the consolidated financial statements and before the authorization for publication date, no relevant events occurred that imply adjustments to the figures.