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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.:

We have audited the accompanying financial statements consolidated of EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. and subsidiaries, which comprise the consolidated statements of financial position as of December 31 2015, and 2014, and the related the consolidated statements of income and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows consolidated for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and keeping an internal control system that is adequate for the preparation and presentation of financial statements, free from significant misstatement, whether due to fraud or error; selecting and applying the appropriate accounting policies, as well as making the accounting estimates that are deemed to be reasonable under the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audits. We obtained the necessary information to fulfill our functions and carry out our work in accordance with generally accepted auditing standards in Colombia. These standards require planning and performing the audit in order to attain reasonable assurance of whether or not the financial statements are free of significant errors. An audit of the financial statements involves examining, on a selective test basis, the evidence that supports the figures and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of significant error in the financial statements. In the evaluation of risk, the auditor considers the Company´s internal control that are relevant for the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting polices used and the significant accounting estimates made by Management, as well as the evaluation of the overall presentation of the financial statements.

We consider that our audit provides us a reasonable basis to issue our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position consolidated of EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. and subsidiaries, as of December 31, 2015, and 2014 the results of its operations, and its cash flows for the years then ended in conformity with International Financial Reporting Standards.

As it is described in note 20 of the accompanying financial statements, during 2016, EPM obtained waivers from the financial institutions related to the fulfillment of the covenant, in accordance with the provisions in the agreements with multilateral banks, measured in the ratio long-term debt to EBITDA at December 31, 2015. EPM carried out as of 31 December 2015 the reclassifications of the financial debt from long-term to short-term in accordance to the provisions of the International Financial Reporting standards.

Deloitte & Touche Ltda.

DELOITTE & TOUCHE LTDA.

Medellin, Colombia
March 31, 2016.

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

Consolidated Financial Statements and Notes

December 31, 2015 and 2014

epm Group

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Periods ended as of December 31, 2015 and 2014

Figures expressed in millions of Colombian pesos

	Notes	2015	2014 *Restated*	January 1, 2014 *Restated*
Assets				
Non-current assets				
Properties, plant and equipment, net	4	25,783,576	22,259,651	22,709,109
Investment properties	5	165,488	143,751	139,853
Goodwill	6	3,124,194	1,292,022	1,327,837
Other intangible assets	6	1,758,576	382,629	871,146
Investments in associates	10	1,908,319	2,288,552	91,478
Investments in joint ventures	11	99	-	147
Asset for deferred tax	35	170,421	85,927	65,552
Trade debtors and other accounts receivables	12	1,028,590	724,363	782,545
Other financial assets	13	2,459,117	2,503,770	2,674,125
Other assets	15	93,316	89,174	101,050
Total non-current assets		**36,491,696**	**29,769,839**	**28,762,842**
Purchases and sales from/to non-controlling interests				
Inventories	16	351,251	283,518	286,794
Trade debtors and other accounts receivable	12	2,663,051	2,512,678	2,864,150
Assets for current taxes	35	290,255	77,697	241,896
Other financial assets	13	511,516	2,001,651	1,067,386
Other assets	15	315,679	246,673	296,128
Cash and cash equivalents	17	1,338,626	1,021,686	1,571,036
Total Current assets		**5,470,378**	**6,143,903**	**6,327,390**
Total assets		41,962,074	35,913,742	35,090,232
Debit balances of deferred regulatory accounts	27	-	**60,603**	**48,536**
Deferred tax assets related to balances of deferred regulatory accounts	27	**17,967**	-	-
Total assets and debit balances of deferred regulatory accounts		41,980,041	35,974,345	35,138,768
Liabilities and Equity				
Equity				
Capital	18	67	67	67
Premium on placement of shares		(2,700)	(3,053)	(845)
Treasury shares		(0)	-	(6)
Reserves	18	3,836,190	3,139,572	4,638,851
Other accumulated comprehensive income	19	2,671,869	2,244,629	2,167,187
Accumulated results *	18	10,533,254	8,809,583	9,321,560
Net result of the period *	18	931,422	2,430,469	971,966
Equity attributable to controlling interests		**17,970,102**	**16,621,267**	**17,098,780**
Non controlling interests		843,974	736,370	753,657
Total equity		18,814,075	17,357,637	17,852,437

epm Group

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Periods ended as of December 31, 2015 and 2014

Figures expressed in millions of Colombian pesos

	Notes	2015	2014 *Restated*	January 1, 2014 *Restated*
Non current liabilities				
Credits and loans	20	10,380,634	9,286,768	7,649,865
Creditors and other accounts payable *	21	444,617	396,224	361,895
Other financial liabilities	21	549,117	494,038	516,867
Employee benefits	23	737,178	738,468	874,138
Net liability for deferred tax *	35	2,675,635	2,318,023	2,219,760
Provisions *	25	506,309	482,013	411,909
Other liabilities	26	131,956	107,328	110,381
Non current liabilities		**15,425,447**	**13,822,862**	**12,144,815**
Current liabilities				
Credits and loans	20	4,258,238	1,140,684	1,750,261
Creditors and other accounts payable	21	2,301,370	2,612,310	1,913,659
Other financial liabilities	21	238,478	291,118	369,180
Employee benefits	23	177,941	144,171	254,540
Income tax payable	35	213,359	198,619	87,588
Taxes contributions and rates payable	24	159,420	135,990	387,950
Provisions *	25	122,747	107,892	157,567
Other liabilities	26	209,074	144,881	206,210
Total current liabilities		**7,680,628**	**4,775,665**	**5,126,955**
Total liabilities		23,106,075	18,598,527	17,271,770
Credit balances of deferred regulatory accounts	27	**59,891**	-	-
Deferred tax liabilities related to balances of deferred regulatory accounts	27	-	**18,181**	**14,561**
Total liabilities and credit balances of deferred regulatory accounts		23,165,966	18,616,708	17,286,331
Total liabilities and equity		41,980,041	35,974,345	35,138,768

* *The financial statements from January 1 through December 31, 2014 have been corrected as described in note 2.28.4.*

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, Corporate Finance, Risk and Investments

Carlos Mario Tobón Osorio
Accounting Manager
T.P. 62449-T

epm Group

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from January 1 to December 31, 2015 and 2014
Figures expressed in millions of Colombian pesos

	Notes	2015	2014
Continued operations			
Sale of goods		20,159	17,938
Rendering of services		13,554,748	11,445,179
Leases		57,472	52,367
Other income		264,384	249,028
Income from ordinary activities		13,896,763	11,764,512
Profit in sale of assets		28,708	2,167
Total income	28	13,925,471	11,766,679
Costs for rendering services	29	(9,645,885)	(7,783,996)
Administration expenses *	30	(1,488,531)	(1,138,823)
Other expenses	31	(82,557)	(61,579)
Financial income	32	263,592	327,548
Financial expenses *	32	(846,676)	(737,788)
Net exchange difference	33	(543,762)	(53,329)
Equity method in associates and joint business		(161,265)	(79,728)
Purchases and sales non controlling interest	34	93,264	1,043,128
Result for the period before tax		1,513,651	3,282,112
Income tax *	35	(406,174)	(746,543)
Result of the period after taxes of continued operations		1,107,477	2,535,569
Discontinued operations		-	-
Net result of period before net movement in balances of deferred regulatory accounts		1,107,477	2,535,569
Net movement in balances of net regulatory accounts related to the result of the period		(75,750)	15,574
Net movement in deferred tax related to deferred regulatory accounts related to the results of the period		24,402	(8,223)
Net result of the period and net movement in balances of deferred regulatory accounts		1,056,129	2,542,920
Other comprehensive income, net of taxes			
Items that will not be reclassified subsequently to the result of the period			
Reclassification of properties, plant and equipment to investment properties		3,731	-
New measurements of defined benefit plans		21,304	(21,079)
Equity investments measured at fair value through equity		5,227	(155,719)
Income tax related to components that will not be reclassified		(108,816)	573
		(78,554)	(176,225)
Items that may be reclassified subsequently to the result of the period :			
Cash flow hedging		(7,790)	7,790
Result recognized of the period		31,434	99,329
Reclassification adjustment		(39,224)	(91,539)
Exchange differences for conversion of business abroad *		507,629	270,440
Profit (loss) recognized in the period		507,629	270,440
Income tax related to the components that can be reclassified		18,785	(18,785)
		518,624	259,445
Other comprehensive income, net of taxes		440,070	83,220
Total comprehensive income for the period		1,496,199	2,626,140
Result of the period attributable to:			
Owners of the company		931,421	2,430,469
Non controlling interest		124,708	112,451
		1,056,129	2,542,920
Total comprehensive income attributable to:			
Controlling interests		1,371,975	2,516,097
Non controlling interests		124,224	110,043
		1,496,199	2,626,140

** The financial statements from January 1 through December 31, 2014 have been corrected as described in note 2.28.4.*

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, Corporate Finance, Risk and Investments

Carlos Mario Tobón Osorio
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EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES

epm Group

CONSOLIDATED STATEMENTS OF CHANGES IN THE EQUITY

Periods ended on December 31, 2015 and 2014

Figures expressed in millions of Colombian pesos

	Capital issued (Note 18.1)	Premium on placement of shares	Treasury stock	Reserves (Note 18.2)	Accumulated results (Note 18.3)	Other comprehensive income: Equity Investment (Note 19.1)	Other comprehensive income: Defined benefit plans (Note 19.2)	Other comprehensive income: Cash flow hedging (Note 19.3)	Other comprehensive income: Conversion differences (Note 19.4)	Other comprehensive income: Appreciation of properties, plant and equipment (Note 19.5)	Attributable to controlling interests	Non controlling interests (Note 18.4)	Total
Balance as of January 1, 2014	67	(845)	(6)	4,638,851	10,321,549	2,008,262	69,683	-	89,235	8	17,126,803	753,657	17,880,460
Retroactive restatement of errors in previous periods	-	-	-	-	(28,022)	-	-	-	-	-	(28,022)	-	(28,022)
Balance as of January 1, 2014 restated	67	(845)	(6)	4,638,851	10,293,527	2,008,262	69,683	-	89,235	8	17,098,781	753,657	17,852,438
Income for the period	-	-	-	-	2,430,469	-	-	-	-	-	2,430,469	112,451	2,542,920
Other comprehensive income of the period net of income tax	-	-	-	-	-	(154,548)	(19,105)	(10,996)	270,275	-	85,626	(2,408)	83,218
Comprehensive income for the period	-	-	-	-	2,430,469	(154,548)	(19,105)	(10,996)	270,275	-	2,516,095	110,043	2,626,138
Surplusses and dividends declared	-	-	-	(14)	(2,919,566)	-	-	-	-	-	(2,919,580)	(106,152)	(3,025,732)
Appropriation of reserves	-	-	-	57,532	(57,532)	-	-	-	-	-	-	-	-
Purchases and sales to non-controlling interests	-	(1,301)	-	-	-	-	-	-	-	-	(1,301)	-	(1,301)
Effect by disposal of subsidiary	-	(907)	6	(1,558,830)	1,500,003	(9)	-	-	(281)	-	(60,018)	(113,124)	(173,142)
Other movement of the period	-	-	-	2,034	(6,849)	(11,988)	469	-	(2,486)	6,109	(12,711)	91,946	79,235
Balance as of December 31, 2014	67	(3,053)	0	3,139,573	11,240,052	1,841,717	51,047	(10,996)	356,743	6,117	16,621,266	736,370	17,357,636
Balance as of January 1, 2015	67	(3,053)	0	3,139,573	11,240,052	1,841,717	51,047	(10,996)	356,743	6,117	16,621,266	736,370	17,357,636
Income for the period	-	-	-	-	931,422	-	-	-	-	-	931,422	124,708	1,056,130
Other comprehensive income of the period net of income tax	-	-	-	-	-	(85,966)	4,833	10,996	507,363	3,330	440,556	(484)	440,072
Comprehensive income for the period	-	-	-	-	931,422	(85,966)	4,833	10,996	507,363	3,330	1,371,978	124,224	1,496,202
Surplusses and dividends declared	-	-	-	-	(56,139)	-	-	-	-	-	(56,139)	(168,405)	(224,544)
Appropriation of reserves	-	-	-	641,798	(641,798)	-	-	-	-	-	-	-	-
Purchases and sales to non-controlling interests	-	354	-	-	-	-	-	-	-	-	354	-	354
Other movement of the period	-	8,283	-	46,537	(8,861)	7,380	(9,648)	-	(4,936)	(6,112)	32,643	151,785	184,428
Balance as of December 31, 2015	67	5,584	-	3,827,908	11,464,676	1,763,131	46,232	-	859,170	3,335	17,970,102	843,974	18,814,076

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, Corporate Finance, Risk and Investments

Carlos Mario Tobón Osorio
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epm Group

EMPRESAS PUBLICAS DE MEDELLIN E.S.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period from January 1 to December 31, 2015 and 2014

Figures expressed in millions of Colombian pesos

	Notes	2015	2014
Cash flows for operating activities:			
Results of the period attributable to controlling interests		931,422	2,453,693
Adjustments to reconcile the net result of the period to the net cash flows used in operating activities:			
Depreciation and amortization of properties, plant and equipment and intangible assets	29 y 30	793,505	666,679
Impairment of property, plant and equipment and intangibles	29	16,962	26,976
Impairment of financial instruments	30	49,080	45,864
Reversal of loss for impairment of financial instruments	28	(18,271)	1,662
(Profit) loss for exchange difference		717,700	606,204
(Profit) loss for valuation of investment properties	28	(13,491)	11,599
(Profit) loss for valuation of financial instruments and hedge accounting	32	473,526	70,992
Provisions, post-employment and long term defined benefit plans *		78,599	79,889
Government subsidies applied	26.1	(1,230)	(600)
Deferred income tax *	35	(123,180)	96,279
Current income tax *	35	529,354	653,583
Participation in the profit (loss) of investments in associates and joint business		161,265	79,728
Interest income	32.1	(123,059)	(167,967)
Interest expense		132,170	522,305
(Profit) loss for disposal of properties, plant and equipment, intangibles and investment properties		147,794	-
Profit (loss) for disposal of non-current assets held for sale and other assets		(28,708)	-
(Profit) loss for disposal of investment in subsidiaries	8.3	(2,722)	100,028
Non-controlling interests	18.4	124,708	112,451
Dividends from investments		(93,264)	(1,143,156)
Other income and expenses not effective		615,711	258,502
		4,367,871	4,474,711
Purchases and sales to non-controlling interests			
(Increase)/decrease in inventories		(64,547)	(48,318)
(Increase)/decrease in debtors and other accounts receivable		(172,216)	(319,627)
(Increase)/decrease in other assets		(449,645)	(32,324)
Increase/(decrease) in creditors and other accounts payable *		656,519	8,378
Increase/(decrease) in labor obligations		(45,113)	(174,022)
Increase/(decrease) in other liabilities *		(33,675)	74,678
Interest paid		(789,061)	(478,260)
Income tax paid and equity tax		(407,483)	(513,772)
Net cash flows originated by operating activities		**3,062,650**	**2,991,444**
Cash flows for investment activities:			
Acquisition of subsidiaries or business, net of cash acquired	8	(2,352,995)	(55,224)
Disposal of subsidiaries or business	8	832	-
Acquisition of property, plant and equipment		(3,557,317)	(2,806,575)
Disposal of property, plant and equipment		28,708	120,868
Acquisition of intangible assets		(54,088)	(415,837)
Acquisition of investments in financial instruments		(91,743)	(1,073,134)
Disposal of investments in financial instruments		1,598,854	146,320
Interest received		123,059	167,968
Dividends received from subsidiaries, associates and joint business	34	-	1,143,155
Other dividends received	34	93,457	-
Other cash flows from investment activities		64,237	-
Net cash flows originated by investment activities		**(4,146,996)**	**(2,772,459)**
Cash flows for financing activities:			
Obtaining of public credit and treasury		4,984,208	2,128,325
Payments of public credit and treasury		(2,657,026)	(863,119)
Payments of liabilities for financial leasing		(1,379)	-
Dividends or surpluses paid		(991,139)	(2,085,631)
Capital Subsidies		5,862	4,214
Net cash flows originated by financial activities		**1,340,526**	**(816,211)**
Net cash and cash equivalent increase/(decrease)		**256,180**	**(597,226)**
Effects of variations in exchange rates in the cash and cash equivalents		58,712	49,924
Cash and cash equivalent at the beginning of period	17	1,023,734	1,571,036
Cash and cash equivalent at the end of the period	17	**1,338,626**	**1,023,734**
Restricted resources		216,815	152,219

** The financial statements from January 1 through December 31, 2014 have been corrected as described in note 2.28.4.*

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, Corporate Finance, Risk and Investments

Carlos Mario Tobón Osorio
Accounting Manager
T.P. 62449-T

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Notes to the consolidated financial statements of the EPM Group for the periods ended on December 31, 2015 and 2014 a los

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

Note 1. Reporting Entity

Empresas Públicas de Medellin E.S.P. (hereinafter, "EPM Group") is the holding company of a multi-Latin enterprise group formed by 50 companies, that have presence in the provision of public utilities in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama.

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

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

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

EPM Group offers its services through the following sectors:

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

The consolidated financial statements of EPM Group corresponding to the year ended as of December 31, 2015 and 2014, were authorized by the Board of Directors to be published on march 29, 2016. The main activities of EPM Group are described in Note 41 – Operation Segments.

1.1 Legal and regulatory framework

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

1.1.1 Legislation for Colombia

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

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

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

1.1.1.1 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 domiciliary public utilities.

These entities are:

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

1.1.1.2. Regulation by sector

1.1.1.2.1. Activities of the aqueduct, sewage and cleaning sector

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

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

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

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

1.1.1.2.2 Electric sector activities

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

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

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

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

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

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

1.1.1.2.3 Activities of the natural gas sector

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

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

1.1.2. Legislation for Chile

1.1.2.1 Electric sector activities

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

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

The reforms in the Chilean electric sector started in 1978 with the creation of the National Energy Commission and were formalized with the approval of the Electric Act in 1982. Due to the privatization of the sector in Chile, as from 1980, there has been no interest of the Government.

1.1.2.2 Sanitary service activities

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

1.1.2.1 Regulatory framework

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

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

- Law N° 20402 of 2009. It creates the Ministry of Energy, establishing modifications to the Decree Law N° 2224 and to other legal bodies.
- Law N° 20257 of 2008. It introduces modifications to the Electric Services General Act (“Ley General de Servicios Eléctricos - LGSE”) regarding the electric power generation with non-conventional renewable energy sources.

- Decree Law Nº 4 DFL N° 4 of 2007. It approves modifications to the Decree Law Nº 1 of 1982, Electric Services General Act, on electric power matters.
- Decree Law Nº 1 DFL N° 1 of 1982. The Electric Services General Act establishes the fundamental norms for the development of the economic activity in the electric industry. It may only be modified at the National Congress and its most relevant modifications are those that are applied through Law Nº 19.940 of 2004 (Short Act I ("Ley Corta I")), that reformed the regulatory framework of the Transmission, and Law Nº 20.018 of 2005 (Short Act II ("Ley Corta II"), that reformed the commercialization regime between generators and distributors for the supply of regulated clients. The bylaws, in turn, are elaborated by the sectorial bodies of the Executive Power and must be submitted to the norms established in the Law.

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

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

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

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

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

- Regulations of the General Sanitary Service Law (Supreme Decree MOP No. 1199, Dec/2004 – Published in the Official Diary on November 9, 2005): they approve the regulations of sanitary concessions of production and distribution of potable water and collection and disposal of waste waster and of the regulations on the quality of the customer service to the users of these services.
- Law of rates of sanitary services: Decree with Force of Law MOP No. 70 of 1988 – Published in the Official Diary on March 30, 1988.
- Code of Waters and its modifications: the Decree with Force of Law No. 1.122 regulates the property and the right of the use of the water. The latest modifications are: Law No. 20.017 of 2005 and Law No 20.099 of 2006.
- Regulation of the General Law of Sanitary Services Supreme Decree MOP No. 1199, December/2004: approves the regulations of the sanitary concession of production and distribution of potable water and of collection and disposal of waste water and of the regulations on the quality of the customer services to the users of these services.

1.1.2.2 Regulatory entities

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

- Ministry of Economy, Promotion and Reconstruction: It designs and watch for the implementation of public policies that affect the country's competitiveness. Its main action axes are related to the design and promotion of the Innovation and Entrepreneurship Policies.

- Ministry of Energy: It is the higher body of collaboration to the President of the Republic in the functions of governance and administration of the energy sector. This public body is responsible for determining the plans, policies and norms for the development of the electric sector. Further, it grants concessions for hydro-electrical centrals, transmission lines, substations, and electric distribution zones. The National Energy Commission ("Comisión Nacional de Energía - CNE") is attached to the Ministry of Energy.
- National Energy Commission ("Comisión Nacional de Energía - CNE"): The Comisión Nacional de Energía (CNE) is a public decentralized entity with its own equity and full capacity to acquire and exercise rights and obligations that relate to the President of the country through the Ministry of Energy. In particular, the Comisión Nacional de Energía leads the tariff fixation processes to the electricity and gas companies of the network. It is responsible for designing technical standards and calculating the regulated prices established in the Law. Likewise, it monitors and projects the current and expenses operation of the energy sector, through the generation of the works plan that constitutes an indicative guide for a ten-year expansion of the system. Likewise, proposes to the Ministry of Energy the legal and regulatory norms that are required in the matters of its competence.
- Office of the Superintendent of Electricity and Fuels ("Superintendencia de Electricidad y Combustibles - SEC"): It is the public body whose mission is to watch over the adequate operation of the electricity, gas and fuels services, in terms of their safety, quality and price. In addition to fixing technical standards, the SEC's objective is to audit and oversee compliance with the legal and regulatory norms for generation, production, storage, transportation and distribution of liquid fuels, gas and electricity, to verify that the quality of services that are provided to the users be the one stated in those decisions and technical norms and that the operations and the use of the energy resources do not constitute danger to the people or their things. The institutional framework of SEC is Law 18410 of 1985, modified by Law 20402.
- Economic Center of Cargo Shipping ("Centro Económico de Despacho de Carga") (SIC): The CDEC-SIC is the entity in charge of coordinating and determining the operation of SIC facilities, including power generating station, lines and substations of the transmission sand consumption bars system of free clients. Amongst its functions are: watching over the service security in the electrical system; guaranteeing the most economical operation of the set of facilities of the electrical system; and guaranteeing the right of way on the transmission systems established through electrical concession decree. The CDEC-SIC is integrated by the power generators, transmitters and free clients that operate in the SIC, and the members are the ones that fund it. The institutional framework of CDECs is Decree 291.
- Economic Cargo Shipping Center ("Centro de Despacho Económico de Carga") (SING): The CDEC-SING is the body in charge of coordinating and determining the operation of the SING facilities. It ids analog to the CDEC-SIC.

Some of the major regulatory entities at the sanitary level (potable water and sewerage system)

- Ministry of Public Works (MOP): grants the concessions and promotes the supply of water and the sanitation in rural zones through its Sanitation Programs Department. Besides to the functions that are proper to it, in respect to the sanitary sector it corresponds to the administration of the legislation on the subject of water resources, the assignment of water rights and the approval of the concession rights to establish, construct and exploit sanitary services.
- Superintendency of Sanitary Service (SISS): entity of the State of Chile that regulates and monitors the companies that provide the potable water service and collection and treatment of wastewater of the urban population.
- Ministry of Health: monitors the quality of water in the sanitary services that are not under the jurisdiction of the Superintendency (that are not sanitary public utilities) and officializes the rules of quality studied under the provisions of the National Standardization Institute.
- Ministry of Economy, Development and Reconstruction: It promotes and monitors the activities in the sectors of the industry, services and commerce. Its main function in respect to the sanitary sector is the determination of regulated prices, at the proposal from the Superintendency.

1.1.3. Legislation for El Salvador

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

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

1.1.3.1 . Regulatory framework

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

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

1.1.3.2 . Regulatory entities

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

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

1.1.4 Legislation for Guatemala

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

1.1.4.1 Regulatory framework

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

1.1.4.2 Regulatory entities

Some of the main energy regulatory entities in Guatemala are:

- Ministry of Energy and Mines: The Ministry of Energy and Mines is the most important Guatemalan government entity of the electric sector. It is responsible for enforcing the General Electricity Act and related regulations, as well as for the coordination of policies between the CNEE and the AMM. This government office also has the authority to grant authorization permits for the operation of the distribution, transmission and generation companies.
- National Electrical Power Commission ("Comisión Nacional de Energía Eléctrica - CNEE"): The Guatemalan electric sector is regulated by the CNEE, a regulatory entity created pursuant to the General Electricity Act, as a technical body of the Ministry of Energy and Mines and subordinated to it. It consists of three members appointed by the President of the Republic from groups of three proposed by the Principals of universities, the Ministry of Energy and Mines and the Wholesale Market agents. The duration of each directorate is five years.
- Wholesale Market Administrator ("Administrador del Mercado Mayorista - AMM"): The Guatemalan wholesale market is administered by the AMM, a private entity created by the General Electricity Act, that coordinates the operation of the generating facilities, the international interconnections, and the transmission lines that conform the national electricity system. Likewise, it is responsible for the system's safety and operation conducting an economically efficient shipment and managing the electricity resources, in such a way that it minimizes the operating costs, including the costs of failures, within the restrictions imposed by the transmission system and the service quality requirements. Likewise, the AMM is in charge of the scheduling of the supply and the shipment of electricity.
- AMM's bylaws are subject to CNEE's approval. If a generation, transmission or distribution company, or an electricity agent or large user does not operate their facilities in conformity with the regulations established by the AMM, the CNEE has the capacity to sanction it with penalties and, in the case of a severe violation, it may require to be disconnected from the national electricity system.

1.1.5 Legislation for México

1.1.5.1 Regulatory framework for the water and sanitary

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

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

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

the exclusive competence of the federal government. This possibility was reinforced even more with the reforms and additions to the National Waters Act that entered into force and effect in 2004.

1.1.5.2 Regulatory entities

Some of the main energy regulatory entities in Mexico are:

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

1.1.6 Legislation for Panama

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

1.1.6.1 Regulatory framework

The regulatory regime mainly consists of the following norms:

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

1.1.6.2 Regulatory entities

Some of the main energy regulatory entities in Panama are:

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

  On February 22, 2006, through Decree Law 10, the Public Services Regulatory Entity ("Ente Regulador de los Servicios Públicos – ERSP") was restructured and changed its name; for that reason, since April 2006 it is known as the ASEP, with the same responsibilities and functions that the regulatory entity had but with a general administrator and an executive director, each designated by the President of the Republic of Panama and ratified by the National Assembly. Likewise, it has three national directors under the authority of the general administrator: one for the electricity and water sector, one for the telecommunications sector, and one for the user service sector. The national directors are responsible for issuing resolutions related to their respective industries and the appeals thereto are solved by the general administrator as a final stage of the administrative process.
- The Planning Unit of the Electric Transmission Company ("Unidad de Planificación de la Empresa de Transmisión Eléctrica - ETESA"): It elaborates the reference expansion plans and projects the global requirements of energy and the fashions to satisfy those requirements, including the development of alternative sources and establishing programs to preserve and optimize the use of energy. The public service companies are called to prepare and present their expansion plans to ETESA.
- The National Dispatching Center ("Centro Nacional de Despacho - CND"): It is operated by ETESA. Plans, supervises and controls the integrated operation of the National Interconnected System ("Sistema Interconectado Nacional"). Receives the supplies of the generators who participate in the power sale market (spot), it determines the spot prices of energy, administers the transmission network, and provides the liquidation values between suppliers, producers, and consumers, among others.
- The Rural Electrification Office ("Oficina de Electrificación Rural - OER"): It is responsible for promoting the electrification in non-served, non-profitable and non-franchised rural areas.

1.2. External Audit

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

Note 2. Significant accounting policies

2.1 Bases for preparation of the consolidated financial statements

The consolidated financial statements of EPM Group are prepared in conformity with the International Financial Reporting Standards (hereinafter, IFRS) and the International Accounting Standards (hereinafter, IAS) issued by the International Accounting Standards Board (hereinafter, IASB), as well as the interpretations issued by the Interpretations Committee (hereinafter, IFRIC).

The presentation of financial statements in conformity with IFRS require making estimates and assumptions that affect the amounts reported and disclosed in the financial statements, without undermining the reliability of the financial information. Actual results may differ from those estimates. The estimates and assumptions are constantly revised. The review of accounting estimates is recognized in the period where the estimates are revised if the review affects such period or in the review period and future periods, if it affects both the current and the future periods. The estimates made by Management, in applying the IFRS, that have a material effect on the financial statements, and those that imply significant judgments for the annual financial statements, are described in greater detail on Note 3 – Significant accounting judgments, estimates, and causes for uncertainty in the preparation of the financial statements.

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

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

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

2.2 Consolidation principles

The consolidated financial statements include the financial statements of EPM and of its subsidiaries as of December 31, 2015 and 2014. Using the global integration method, EPM consolidates the financial results of the companies on which control is exercised, and which are detailed in Note 8.

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

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

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

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

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

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

Intra-group assets, liabilities, equity, revenues, costs, expenses and cash flows are eliminated in the preparation of the consolidated financial statements.

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

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

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

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

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

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

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

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

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

2.4 Cash and cash equivalents

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

2.5 Business combinations

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

Identifiable assets acquired, contingent assets and liabilities assumed from the acquired entity are recognized at fair value on the acquisition date, the acquisition costs are recognized in the results for the period, and the goodwill as an asset in the consolidated statement of financial position.

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

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

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

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

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

As of the acquisition date, for each business combination EPM Group selects to measure the non-controlling interest at fair value or by the proportional part of the identifiable assets acquired, the liabilities and contingent liabilities assumed from the acquired entity.

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

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

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

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

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

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

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

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

2.6 Investments made in associates and joint ventures

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

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

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

Investments in associates and joint ventures are measured in the consolidated financial statements by 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. Through this accounting methodology, the investment is initially recorded at cost and is later adjusted in terms of the changes experienced, after the acquisition, by the portion of the net assets of the entity that corresponds to the investor. The Profit and Loss of the Group includes its participation in the Profit and Loss of the entity in which the interest is held and the other comprehensive income of the Group incudes its participation in the other comprehensive income of the entity in which the interest is held. When 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.

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

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

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

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

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

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

2.7 Joint Operations

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

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

2.8 Foreign currency

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

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

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

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

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

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

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

2.9 Ordinary income

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

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

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

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

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

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

2.10 Contratos de construcción

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

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

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

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

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

2.11 Government grants

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

2.12 Taxes

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

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

Income tax

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

  The fiscal gain differs from the gain 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.

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

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

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

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

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

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

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

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

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

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

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

Value Added Tax – VAT

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

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

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

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

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

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

Wealth tax

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

2.13 Non-current assets held for sale and discontinued operations

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

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

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

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

After the sale is made, EPM Group records any interest retained in the associate or joint venture in accordance with IFRS 9, unless the interest maintained continues to be an associate or a joint venture, in which case EPM Group uses the equity method (see Notes 10 and 11).

2.14 Property, plant and equipment

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

All properties under construction for purposes of administration, production or supply of services are recorded at cost less any recognized impairment cost. Cost includes the professional fees and, in the case of those qualified assets, the costs for loans capitalized in conformity with the EPM Group's accounting policy. Those properties are classified into the appropriate categories of property, plant and equipment upon their termination and when they are ready for their intended use. The depreciation of these assets, according to the same basis of the other properties assets, starts when the assets are ready to be used.

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

The replacement of certain intervals of significant components as well as the significant inspections, are recognized as components of property, plant and equipment with specific useful lives and their respective depreciations. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred, except when they increase the useful life, increase the productive capacity and efficiency thereof, or reduce costs to the Company, in which case they are capitalized.

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

Plants, ducts and tunnels	
Civil work	50 to 100 years
Equipment	10 to 100 years
Networks, lines and cables	
Electrical transmission network	30 to 40 years
Electrical distribution network	30 to 40 years
Aqueduct network	40 to 80 years
Residual waters network	30 to 80 years
Gas network	60 to 80 years
Buildings	50 to 100 years
Communications and computing equipment	5 to 40 years
Machinery and equipment	7 to 40 years
Furniture, fixtures and office equipment	10 to 15 years

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

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

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

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

2.15 Leases

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

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

EPM Group as a lessee

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

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

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

EPM Group as a lessor

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

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

2.16 Loan costs

Loan 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 costs for loans that are fit for their capitalization. All other loan costs are recorded as expenses in the period when incurred. Loan costs consists of interest and other costs incurred in by EPM with respect to the loan of funds.

2.17 Investment properties

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

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

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

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

2.18 Intangible assets

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

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

Intangibles assets with undefined useful lives are not amortized, but they are subject to annual tests to determine whether they suffer a value impairment, either individually or at the cash-generating unit level. The evaluation of the undefined useful life is revised on an annual basis to determine whether such undefined life continues to be valid. If that is not the case, the change of useful life from undefined to finite is made prospectively.

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

Research and Development Costs

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

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

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

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

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

Goodwill

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

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

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

Other intangible assets

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

2.19 Financial instruments

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

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

Financial assets

At the moment of initial recognition, EPM Group classifies its financial assets for subsequent measurement at amortized cost or fair value depending upon the business model of EPM Group to manage financial assets and the characteristics of the contractual cash flows of the instrument.

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

Impairment of financial assets

For assets at amortized cost, the impairment value is evaluated on the date of the period being reported, if there is evidence of impairment. Whenever there is objective evidence that a value impairment loss of financial assets at amortized cost has been incurred in, the value of the loss is measured as the difference between the carrying value of the asset and the present value of the estimated future cash flows discounted at the original effective interest rate of the investment. Value impairment losses are recognized in the results for the period.

EPM Group evaluates first if there is objective individual evidence of impairment value for financial assets or collectively for the financial assets that are not individually significant or when there is objective evidence of impairment value for a financial asset that has been individually evaluated. When the collective impairment evaluation is made, the accounts receivable are grouped by similar credit risk characteristics that allow identifying the debtor's payment capacity, according to the contractual terms of negotiation of the account receivable. EPM Group uses the expected loss method denominated cascade to collectively determine the impairment losses.

The objective evidence that an asset or group of assets is impaired includes:

a) Significant financial difficulties of the issuer or the counterparty;

b) Infractions of contractual clauses, such as breaches or delinquency in the payment of interest or principal;

c) The lender grants concessions or advantages that would have not granted under other circumstances;

d) It is probable that the borrower enters in bankruptcy or in other financial reorganization way;

e) The disappearance of an active market for the financial asset evaluated.

If in subsequent periods, the value of the impairment loss decreases and the decrease may be objectively related to the event that generated the recognition of the impairment, the previously recognized impairment loss shall be reverted, thus guaranteeing that the carrying value of the financial asset exceeds the amortized cost that would have been determined had the value impairment loss not been recorded on the reversal date. The reversal amount shall be recognized in the results for the period.

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

The fair value through results category includes the investments that are made to optimize liquidity surpluses, i.e., all those resources that are not immediately devoted to the development of the activities that form the company's corporate purpose. The investment of the liquidity surpluses is made under the criteria of transparency, security, liquidity and profitability, under the guidelines of an adequate control and in market conditions without speculative purposes (Decree of the General Manager of EPM No. 1651 of 2007).

Taking into consideration the provisions of Decree 1525 of 2008 issued by the Ministry of Finance and Public Credit, modified by Decree 2805 of 2009, all investments to optimize liquidity surpluses in EPM and its subsidiaries may become "B" Class, fixed-rate or indexed-at-UVR Treasury Securities TES, and term deposit certificates, deposits in current account, savings account or term deposits in bank establishments supervised by the Office of the Superintendent of Finance in Colombia or in special-regime entities, contemplated in part ten of the Financial System Organic Statute, and in collective portfolios of the monetary market or open market with not permanence agreement in entities with the maximum rating in force and effect in strength or quality in the portfolio management and that comply with the investment regime foreseen for EPM Group.

The bank establishments where surpluses are invested must count in a current rating, corresponding to the maximum short-term category according to the scales currently used by the security rating companies BRC Investor Services S.A. (BRC1+) and FITCH RATINGS (F1+), and at least count on the third best rating in force and effect for the long term used by the respective companies, which is equivalent to AA. Foreign currency surpluses may be invested in international governments or financial institutions with a minimum rating of A+ for the long term and A1+ for the short term, as well as in foreign branches of bank establishments under the supervision of the Office of the Superintendent of Finance in Colombia that have the maximum rating in force an effect for the long term and for the short term, as per the scale used by the risk rating companies that rate the Nation's external debt.

Classification as debt or equity

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

Financial liabilities

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

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

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

Financial guarantee contracts

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

Write-off of financial assets and liabilities

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

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

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

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

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

Compensation of financial instruments

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

Derivative financial instruments

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

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

Any gain or loss that arises from the changes in derivatives’ fair value is directly recognized in the statement of comprehensive income in the “statement of income” section, except for those that are under hedge accounting.

The derivatives implicit in main contracts are treated as separate derivatives whenever they meet the definition of a derivative and when their risks and characteristics are not closely related to those main contracts and the contracts are not measured at fair value with change in results.”

Hedge accounting

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

EPM Group counts on the following hedging (for greater details, see Note 23 Derivatives and Hedging):

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

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

A change in the fair value of a derivative that is a hedging instrument is recognized in the statement of comprehensive income, in the “statement of income” section as financial cost or revenue. A change in the fair value of the item hedged attributable to the risk hedged is recorded as part of the carrying value of the hedged item, and also is recognized in the statement of comprehensive income in the “statement of income” section as financial cost or revenue.

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

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

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

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

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

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

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

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

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

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

Equity instruments

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

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

Classification as debt or equity

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

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

The financial liabilities at fair value with changes in operations include the liabilities held to negotiate, the financial liabilities designated at the moment of their initial recognition as at fair value with changes in operations and the derivatives. The gains of losses for liabilities held to negotiate are recognized in the statement of comprehensive income in the "statement of income" section. In the initial recognition, EPM Group designated financial liabilities as at fair value with changes in operations (derivatives).

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

2.20 Inventories

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

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

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

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

2.21 Impairment value of non-financial assets

As of every presentation date, EPM Group evaluates whether they have any indication that a tangible or intangible asset may be impaired. EPM Group estimates the recoverable value of the asset or cash-generating unit at the moment it detects an indication of impairment, or annually (as of December 31) for goodwill, intangible assets with undefined useful life and those that are still being used.

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

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

Losses for impairment of continued operations are recognized in the comprehensive income statement in the section income statement in those expense categories that correspond to the function of the impaired asset. Losses for impairment attributable to a Cash Generating Unit are assigned proportionately based in the book value of each asset to the non current assets of the Cash Generating Unit after extinguishing the goodwill.

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

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

2.22 Provisions

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

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

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

Dismantlement reserve

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

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

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

Onerous Contracts

EPM Group recognizes as provisions the current obligations that are derived from an onerous contract. An onerous contract is the one in which the unavoidable costs of complying with the obligations it implies, exceed the economic benefits that are expected to receive therefrom.

Contingent liabilities

The possible obligations that arise from past events and the existence of which shall only be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not entirely under EPM’s control or the current obligations that arise from past events, but that it is not probable, but possible, that on outlay of resources including economic benefits be required to liquidate the obligation or the amount of the obligation cannot be measured with enough reliability, are not recognized in the statement of financial position, they are rather disclosed as contingent liabilities. Contingent liabilities generated in a business combination are recognized at fair value on the acquisition date; subsequently they are measured at the value that should be recognized according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, or the value initially recognized less, the accrued amortization recognized according to IAS 18 Revenues from Ordinary Activities, whichever is greater.

Contingent assets

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

2.23 Employee benefits

2.23.1 Post-employment benefits

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

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

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

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

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

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

2.23.2 Short-term employee benefits

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

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

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

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

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

2.23.3 Long-term employee benefits

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

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

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

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

2.23.4 Benefits for termination

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

2.24 Service concession agreements

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

This interpretation is applicable to those concessions where:

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

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

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

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

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

2.25 Fair value

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

The fair value is determined:

- Based upon prices quoted in active or passive markets identical to those the Company can access on the measurement date (level 1).
- Based upon valuation techniques commonly used by market participants who use variables different from the quoted prices that are observable for the assets or liabilities, directly or indirectly (level 2).
- Based upon internal valuation techniques of cash flow discounts or other valuation models, using variables estimated by EPM Group non-observable for the asset or liability, in the absence of variables observed in the market (level 3).

Note 42 Measurement of Fair Value provides an analysis of the fair values of the financial instruments and non-financial assets and liabilities and greater details of their measurement.

2.26 Operating segments

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

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

2.27 Dividends in cash distributed to stockholders of the Group

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

2.28 Changes in estimates accounting policies and errors

2.28.1 Changes in accounting estimates: There are no significant changes in accounting estimates.

2.28.2 Changes in accounting policies: There are no changes in the accounting policies.

2.28.3 Application of new and revised standards

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

Standard	Date of mandatory application	Type of change
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018	New
IFRS 16 - Leases	January 1, 2019	New
IFRS 9 - Financial Instruments	January 1, 2018	Modification
IAS 1 - Presentation of Financial Statements	January 1, 2016	Modification
IAS 7 - Statement of Cash Flows	January 1, 2017	Modification
IAS 12 - Income Taxes	January 1, 2017	Modification
IAS 16 - Property, Plant and Equipment	January 1, 2016	Modification
IAS 19 - Employee Benefits	January 1, 2016	Modification
IAS 27 - Separate Financial Statements	January 1, 2016	Modification
IAS 28 -Investments in Associates and Joint Ventures	January 1, 2016	Modification
IAS 34 - Interim Financial Reporting	January 1, 2016	Modification
IAS 38 - Intangible Assets	January 1, 2016	Modification
IFRS 5 - Non-current Assets Held for Sale	January 1, 2016	Modification
IFRS 7 - Financial Instruments: Disclosures	January 1, 2016	Modification
IFRS 10 - Consolidated Financial Statements	Postponed	Modification
IFRS 11 - Joint Arrangements	January 1, 2016	Modification
IFRS 12 - Disclosure of Interests in Other Entities	January 1, 2016	Modification

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

This new standard intends to improve the inconsistencies and weaknesses of IAS 18 and provide a model that will facilliate the comparability of companies of different industries and regions. It provides a new model for revenue recognition and more detailed requirements for contracts with multiple elements. In addition it requires more detailed disclosures. It would replace the standards IAS 18, Revenues and IAS 11 Construction Contracts, IFRIC 13 Customer loyalty programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of assets from customers and SIC 31 Barter Transactions Involving Advertising Services. Its application is effective as of January 1, 2018 and early application is permitted.

The Company is assessing the impacts that the mentioned new standard could generate.

IFRS 16 Leases: issued in January 2016, this new standards eliminates the difference between the operating and financial leasing (IAS 17) for the lessor and instead introduces two notions: lease and service agreement, the latter is only recorded as expense. In the case of the lessor the current practice is maintained, that is, the lessors continue classifying the leases as financial and operating leases. The advance anticipacion is permitted if IFRS 15 – Revenues from contracs with customers.

The company is assessing the impacts that could generate the mentioned new standard.

IFRS 9 Financial Instruments: The mdoification to IFRS 9 issued in July 2014, changes the determination of the impairment of financial assets, passing to a model of expected losses. According to the impairment approach of IFRS 9, it is no longer necessary that an event related to the credit occurs before the credit losses are recognized. Instead, an entity will always account for the expected credit losses, as well as the changes in those expected credit losses. The amount of the expected credit losses is updated on each presentation date to reflect the changes in the credit risk since the initial recognition and, therefore, more timely information is provided on the expected credit losses.

The Company is still in the period of implementation of this change and ilt is assessing the impacts that the mentioned modification could generated.

IAS 1 Presentation of financial statements: in December 2014 the IASB published the amendments to IAS 1 Disclosure of accounting policies. These modifications address some concerns expressed on the presentation and disclosure requirements, and make sure tha entities have the possibility of exercising judgment when applying IAS 1.

Some issues outstanding in the amendments are the following:

- The entity should not reduce the understandinability of its financial statements by concealing substantial information with irrelevant information orby adding material elements that have different nature or function.
- The entity does not need to disclose specific information required by an IFRS if the resulting information is not material.
- In the section of other comprehensive income of an income statement and other comprehensive income, the amendments require separate disclosures for the following items:
  - The proportion of other comprehensive income of associates and joint ventures that are accounted for usiing the equity method that will not be later reclassified to profit and loss.
  - The proportion of other comprehensive income of associates and joint ventures that are accounted for using the equity method that is later reclassified to the income statement.

The modifications will be mandatorily applied for the annual periods that start on or after January 1, 2016. Their early application is allowed.

These modifications do not have any material impact on the financial satements.

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

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

IAS 12 Income taxes: the modification to IAS 12, issued in January 2016, clarifies that unrealized losses in debt instruments measured at fair value in the financial instruments but at cost for tax purposes may give rise to deductible temporary differences, which the carrying value of an asset does not limit the estimate of the probable future profits subject to taxes and that when the deductible temporary differences are compared to the future profits subject to taxes, the future profits subject to taxes exclude the tax deductions resulting from the reversal of those deductible temporary differences.

The company is assessing the impacts that the mentioned new standard could generate.

IAS 16 Propterties, plant and equipment, IAS 38 Intangible assets: IAS 16 and IAS 38 establish the principle of the basis for depreciation and amortization, it being the expected pattern of consumption of future economic benefits of an asset. In its amendments published in May 2014, the IASB clarified that the use of methods based on the income to calculate the depreciation of an asset is not adequate because the income generated by an activity that includes the use of an asset generally reflect factors different from consumption of the economic benefits embodied in the intangible asset. However, this assumption may be rejected under certain circumstances limited for the intangibles. The modifications are applicable as of January 1, 2016. Their early application is permitted.

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

IAS 27 Separate financial statements: the modifications to IAS 27, issued in August 2014, reestablish the option to use the equity method to account for the investments in subsidiaries, joint ventures and associates in the separate financial statements. The modifications calso clarify that when a holding entity ceases to be an investment entity, or becomes an investment entity, the change must be accounted for as of the date on which the change occures. The modifications will be of mandatory application for the annual perios that start on or after January 1, 2016. Their early application is permitted.

IAS 28 Investments in associates and joint business, IFRS 10, Consolidated financial statements, and IFRS 12 Disclosures of interests in other entities: the modifications to these standards seek to clarify the requirements to account for investment entities. They confirm that the exemption of preparing consolidated financial statements continues for the parent company that is a subsidiary of an investment entity, even if the investment entity measures all its subisdiaries at fair value according to IFRS 10; it is also confirmed that the exemption to apply the equity method is also applicable to the investor of an associate or joint venture if that investor is a subsidiary of an investment entity, even if the parent of the investment entity measures all its subsidiaries at fair value. Likewise, it is made clear that the investment entity that measures all its subsidiaries at fair value must provide the disclosures of IFRS 12 related to the investment entities. With these modifications the purpose is to reduce the cost of applying these standards.

The modifications address situations in which there is a sale or contribution of assets between an investor and its associate or joint venture.

IAS 28 has been modified to reflect the following:

1. Profits and losses resultsing from transactions related to the assets that do not constitute a business between an investor and its associate or joint venture are recognized to the extent of the interest of unrelated investors in the associate or joint venture.
2. Profits and losses for subsequent operations related to the assets that constitute a business between an investor and its associate or joint venture must be recognized in their entirety in the financial statements of the investor.

IFRS 10 has been modified to reflect the following:

The profits or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or joint venture that is accounted for using the equity method, are recognized in the profit and loss of the controlling entity to the extent of the interest held by unrelated investors in that associate or joint venture. Similarly, the profits and losses resulting from the appreciation of accumulated investment in a previous subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) at fair value, are recognized in the profit and loss of the previous controlling entity only to the extent of the participation of the unrelated investors in the new associate or joint venture.

Modifications are applied prospectively to the transactions that take place in the annual periods that start as of January 1, 2016 with early application permitted. In the meeting of June 2015 the IASB decided tentatively to postpone the mandatory effective date of these amendments. No draft has been issued at the time of preparation of this document.

The modifications will be mandatorily applied for the annual periods starting as of January 1, 2016. Their early application is permitted.

These modifications do not have any impact on the financial statements.

IFRS 11 Joint arrangements: the modifications to IFRS 11, issued in May 2014, are applied to the acquisition of an interest in a joint operation that constitutes a business. Amendments clarify that acquirers of these parts must apply all accounting principles for business combinations of IFRS 3 Business combinations and other standards that are not in conflict wiht the guidelines of IFRS 11 Joint Arrangements. The modifications will be of mandatory application for annual periods that start on or after January 1, 2016. Their early application is permitted.

This modification does not have any material impact on the financial statements.

Annual improvements - Cycle 2012 – 2014

Following are the IFRS that were discussed by the IASB and that were subsequently included as modifications in the annual improvements cycle 2012-2014:

IAS 19 Employee benefits: this modification, issued in September 2014, clarifies that the depth of the high credit quality corporate bond market is evaluated based on the currency in which the obligation is denominated, instead of the country where the obligation is located. When there is not a deep market for these bonds in that currency, bonds issued by the government in the same currency and terms will be used. The modifications will be mandatorily applied for the annual periods starting on or after January 2016. Early application is permitted.

These modifications do not have any material impact ont eh financial statements.

IAS 34 Interim financial reporting: this modifications, issued in September 2014, clarifies that the disclosures requires must be in the interim financial statements or must be indicated with cross-references between the interim financial statemetns and any other report that contains them. The modifications will be mandatorily applied for anual periods that start on or after January 1, 2016. Early application is permitted.

These modifications do not have a materia impact on the financial statements.

IFRS 5 Non-current assets held for sale and discontinued operations: this modification, issued in September 2014, clarifies that if the entity reclassified an asset (or group of assets for their disposal), from held for sale directly to held for distribution to the owners, or from held to be distirbuted to the owners directly to held for sale, then the change in the classification is considered a continuation of the original sale plan. The iASB clarifies that in these cases the accounting requirements for the changes in a sale plan will not be applied. The modifications will be mandatorily applilied for annual periods that start on after January 1, 2016. Early application is permitted

This modification does not have a materia impact on the financial statements.

IFRS 7 Financial instruments: Disclosures: this modification, issued in September 2014, clarifies that the service agreements may constitute continued application in an asset transferred for the purposes of the disclosures of transfers of financial assets. Generally this will be the case when the administrator has an interest in the future return of the financial assets transferred as consequence of said agreement. The modifications will be mandatorily applied for anual periods that start on or after January 1, 2016. Early application is permitted.

This modification does not have a materia impact on the financial statements.

2.28.4 Errors in previous periods

The consolidated financial statements have been adjusted for:

- The homologation of the practice of valuation for provision of administrative, labor and fiscal litigations, made by the subsidiaries: Central Hidroeléctrica de Caldas S.A. E.S.P. - CHEC and Empresa de Energía del Quindío S.A. E.S.P. - EDEQ, and thus as of December 31, 2015 there is a provision of 100% on the estimated payment values in the processes classified as probable; likewise, an adjustment was made on the deferred tax associated to the adjustment for provision of litigations of both affiliates. Additionally in CHEC the deferred tax was adjusted for actuarial calculations and stand-alone trust fund and for tax assets.
- The recognition in the consolidated financial statements of the account payable interest generated by the deposits of consumers originated in the subsidiary Empresa Eléctrica de Guatemala S.A. – EEGSA, that was not being recognized in previous periods. Consequently, as of December 31, 2015 there is a liability that represents 100% of the calculated value of the interest for that item as of the date of presentation of the financial statements.

The corresponding adjustments as of January 1, 2014 and December 31, 2014, were made affecting the equity account retained profits; and the adjustments of 2015 were made affecting the profit and loss accounts.

Likewise, the disclosures to the financial statements of associates were adjusted. The adjustments have been recognized retroactively in accordance with the requirements of IAS 8 Accounting policies, changes in accounting estimates and errors, adjusting the figures of the comparative periods presented. In Notes 21 and 25 are indicated, once the adjustments were made, the amounts of the account payable interest generated by deposits of consumers and of the provision for litigations, respectively.

As a result of the correction of errors of previous periods, the following adjustments were made to the consolidated financial statements:

Effect of corrections	2014	January 1, 2014
Statement of Financial Position		
Increase of creditors and other accounts payable - Noncurrent portion	62,461	41,892
Increase of provisions - noncurrent portion	16,131	3,323
Increase of provisions - current portion	23,439	18,474
Decrease of net liability for deferred tax	(38,986)	(35,666)
Decrease in the total comprehensive income of the period	(35,022)	-
Decrease of accumulated profit and loss	(28,023)	(28,023)
Total	**-**	**-**

- Figures in millions of Colombian pesos-

Effect of corrections	2014
Comprehensive income statement	
Increase in administration expenses - Provision for contingencies	17,772
Decrease of income tax	(3,319)
Increase in financial expenses	8,771
Decrease in exchange differences for conversion of business abroad	11,798
Total	**35,022**

- Figures in millions of Colombian pesos-

Effect of corrections	2014
Statement of cash flows	
Increase of creditors and other accounts payable - Noncurrent portion	20,569
Increase in provisions	17,773
Decrease of net liability for deferred tax	(3,320)
Decrease of profit and loss before tax	(38,342)
Decrease of income tax	3,320
Total effect in corrections Statement of cash flows	**-**

- Figures in millions of Colombian pesos-

Effect of corrections	2014
Statement of changes in equity	
Decrease of accumulated profit and loss	(28,023)
Total effect in corrections in Statement of changes in equity	**(28,023)**

- Figures in millions of Colombian pesos-

2.28.5 Changes in presentation

At the closing of the 2015 period changes were made in the presentation of some items of the Statement of financial position and statement of comprehensive income of the 2014 period, taking into account the materiality of the figures and the nature of the items. The purpose of the reclassifications is to facilitate the reading of the financial statements by their users. The items classified were the following:

Item	Previous presentation	Current presentation	2015	2014
Accounts receivable for financial leasing	Accounts receivable for financial leasing - Non current portion	Other financial assets - Noncurrent	1.571	1.577
	Accounts receivable for financial leasing - Current portion	Other financial assets - Current	646	532
Accounts receivable owed by customers in construction contracts	Accounts receivable owed by customers in construction contracts - Current portion	Trade debtors and other Accounts receivable - Current	280	2.617
Payments made in advance	Payments made in advance - Non current portion	Other assets - Noncurrent	36.567	38.709
	Payments made in advance - Current portion	Other assets - Current	95.021	38.942
Accounts payable to customers in construction contracts	Accounts payable to customers in construction contracts - Noncurrent portion	Creditors and other Accounts payable - Noncurrent	18.207	14.490
	Current portion	Creditors and other Accounts payable - Current	29.991	14.161
Accounts payable for financial leasing	Accounts payable financial leasing - Non current portion	Other financial liabilities - Noncurrent	197.214	198.404
	Accounts payable financial leasing - Current portion	Other financial liabilities - Current	1.190	1.379
Government subsidies	Government subsidies - Non current portion	Other liabilities - Noncurrent	27.957	18.293
	Government subsidies - Current portion	Other liabilities - Current	504	293
Pension bonds	Liability for employee benefits - Non current portion	Other financial liabilities - Noncurrent	351.903	283.602
	Liability for employee benefits - Current portion	Other financial liabilities - Current	237.288	280.826
Income received in advance	Income received in advance - Non current portion	Other liabilities - Noncurrent	9.569	16.281
	Income received in advance - Current portion	Other liabilities - Current	110.772	46.745
Costs for rendering service - Pool and/or short term purchases	Costs for rendering service		-	(7.730.288)
		Ordinary income - Rendering of service	-	53.708
			-	(7.783.996)
Ordinary income - rendering of power generation services	Ordinary income - Rendering of service		-	11.391.471
		Ordinary income - Rendering of service	-	53.708
			-	11.445.179
Expense for adjustment of exchange difference of cash, debtors, acquisition of goods and services, portfolio investment and others.	Other expenses	Net exchange difference	-	(174.302)
Income for adjustment of exchange difference of cash, debtors, acquisition of goods and services, portfolio investment and others.	Other income	Net exchange difference	-	684.688
Income for adjustment of exchange difference of long term external public credit operations.	Financial income	Net exchange difference	-	145.439
Expenses for adjustment of exchange difference of external public credit operations and internal and external financing operations.	Financial expenses	Net exchange difference	-	(709.154)

- Figures in millions of Colombian pesos-

Note 3. Significant accounting judgments, estimates, and causes of uncertainty in the preparation of financial statements

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

Estimates are based upon historic experience and as a function of the best information available on the facts analyzed as of December 31, 2015 and 2014. These estimates are used for determining the value of the assets and liabilities in the separate financial statements, when it is not possible to obtain such value from other sources. EPM Group evaluates its estimates on a regular basis. Actual results may differ from those estimates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Derivatives are estimated at fair value.

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

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

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

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

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

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

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

- **Recoverability of deferred tax assets**

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

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

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

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

Note 4. Property, plant and equipment, net

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

Concepto	2015	2014
Cost	31.078.638	26.452.103
Accumulated depreciation and impairment	(5.295.062)	(4.192.452)
Total	**25.783.576**	**22.259.651**

- Figures in millions of Colombian pesos -

The movement of the cost, depreciation and impairment of property, plant and equipment is detailed below:

2015	Network, lines and cables	Plants, ducts and tunnels	Constructions in progress[1]	Land and Buildings	Machinery & Equipment	Communication and Computer Equipment	Furniture & Fixtures & Office Equipment	Other property, plant and equipment[2]	Total
Cost as of January	6.867.497	8.314.816	4.823.071	5.469.435	367.793	251.896	61.312	296.283	26.452.103
Joint ventures [3]	-	-	88.033	-	18.748	2.708	12.086	10.377	131.952
Additions [4]	137.399	104.327	3.171.229	81.542	57.148	48.454	9.310	117.233	3.726.642
Advances delivered (amortized) to third parties	907	-	9.613	-	-	-	-	320	10.840
Transfers (-/+)	463.602	773.776	(1.871.048)	193.591	155.262	8.101	1.599	(38.683)	(313.800)
Disposals (-)	(18.559)	(14.713)	(46.927)	(7.239)	(42.728)	(20.936)	(815)	(5.250)	(157.167)
Difference for conversion of currency	567.031	156.037	364.999	50.431	64.886	17.167	3.410	11.755	1.235.716
Effect in loss of control subsidiary	-	-	-	-	(23)	(9)	(14)	(8)	(54)
Other changes	733	13.058	(39.950)	10.641	(3.011)	(4.354)	330	14.959	(7.594)
Cost in books as of December 31	**8.018.610**	**9.347.301**	**6.499.020**	**5.798.401**	**618.075**	**303.027**	**87.218**	**406.986**	**31.078.638**
Accumulated depreciation and impairment									
Accumulated depreciation and impairment as of January 1	(1.478.470)	(1.345.122)	(290.202)	(705.716)	(155.266)	(127.683)	(25.126)	(64.867)	(4.192.452)
Depreciation of the period[6]	(272.359)	(263.786)	-	(63.321)	(35.110)	(44.269)	(5.940)	(19.253)	(704.036)
Impairment of the period (See note 7)	(1.945)	(5.551)	-	(621)	(161)	(9)	(37)	(203)	(8.526)
Joint ventures [3]	(7.574)	-	-	-	(10.132)	(1.812)	-	-	(19.518)
Disposals (-)[5]	9.885	6.952	-	567	(22.547)	19.709	1.000	3.450	19.016
Transfers (-/+)	(220)	393.743	(393.623)	-	95	(2)	3	(32.398)	(32.402)
Difference for conversion of currency	(225.778)	(73.859)	(91.824)	(9.513)	38.432	(14.949)	(1.576)	(8.607)	(387.673)
Effect in loss of control subsidiary	-	-	-	-	5	6	7	1	19
Other changes	3.833	(763.965)	775.649	(799)	2.271	1.132	(157)	12.546	30.510
Accumulated depreciation and impairment as of December 31	**(1.972.628)**	**(2.051.588)**	**-**	**(779.403)**	**(182.412)**	**(167.876)**	**(31.825)**	**(109.330)**	**(5.295.062)**
Property, plant & equipment as of December 31	**6.045.982**	**7.295.713**	**6.499.020**	**5.018.998**	**435.663**	**135.151**	**55.393**	**297.656**	**25.783.576**
Advances delivered to third parties									
Balance as of January 1, 2015	-	-	117.498	-	-	-	-	1.416	118.914
Movement (+)	908	-	42.149	-	-	-	-	458	43.515
Movement (-)	(1)	-	(32.537)	-	-	-	-	(137)	(32.675)
Difference for conversion of currency	775	-	-	-	-	-	-	-	775
Balance December 31, 2015	**1.682**	**-**	**127.110**	**-**	**-**	**-**	**-**	**1.737**	**130.529**

- Figures in millions of Colombian pesos -

2014	Network, lines and cables	Plants, ducts and tunnels	Constructions in progress[1]	Land and Buildings	Machinery & Equipment	Communication and Computer Equipment	Furniture & Fixtures & Office Equipment	Other property, plant and equipment[2]	Total
Cost as of January	7.400.294	8.306.535	3.320.215	5.596.615	353.452	959.145	76.607	453.759	26.466.621
Joint ventures [3]	865	771	-	140	-	-	-	-	1.776
Additions [4]	129.044	96.951	2.079.907	90.258	24.482	45.508	2.129	163.641	2.631.920
Advances delivered (amortized) to third parties	(2.085)	(226)	(15.685)	(22)	-	-	-	(574)	(18.592)
Transfers (-/+)	349.597	113.084	(645.351)	8.023	10.098	6.984	583	48.505	(108.477)
Disposals (-)	(10.561)	(10.319)	(4.377)	(3.742)	(15.161)	(12.024)	(981)	(76.397)	(133.562)
Difference for conversion of currency	313.830	52.591	112.911	15.255	31.475	9.810	1.393	4.816	542.081
Effect in loss of control subsidiary	(1.336.191)	(613.947)	(377)	(252.216)	(44.241)	(779.228)	(18.388)	(252.221)	(3.296.809)
Other changes	22.703	369.376	(24.173)	15.124	7.688	21.701	(30)	(45.244)	367.145
Cost in books as of December 31	**6.867.497**	**8.314.816**	**4.823.070**	**5.469.435**	**367.793**	**251.896**	**61.312**	**296.284**	**26.452.103**
Accumulated depreciation and impairment									
Accumulated depreciation and impairment as of January 1	(1.272.814)	(1.158.154)	(204.692)	(653.967)	(133.111)	(262.084)	(23.882)	(48.809)	(3.757.513)
Depreciation of the period[6]	(232.349)	(256.268)	-	(60.405)	(21.531)	(31.738)	(5.207)	(17.692)	(625.191)
Impairment of the period (See note 7)	(1.576)	(566)	(20.783)	(1.230)	(331)	(14)	(9)	(81)	(24.590)
Joint ventures [3]	3.935	(5.050)	-	108	1.817	8.879	468	2.537	12.695
Disposals (-)[5]	1.034	(556)	-	2.279	6.814	383	332	658	10.944
Transfers (-/+)	165.336	90.209	-	11.364	10.040	169.504	3.999	2.007	452.459
Difference for conversion of currency	(140.394)	(24.933)	(55.373)	(4.359)	(15.873)	(7.808)	(884)	(3.004)	(252.628)
Other changes	(1.644)	10.196	(9.355)	494	(3.091)	(4.804)	57	(482)	(8.629)
Accumulated depreciation and impairment as of December 31	**(1.478.471)**	**(1.345.122)**	**(290.202)**	**(705.716)**	**(155.266)**	**(127.683)**	**(25.126)**	**(64.867)**	**(4.192.452)**
Property, plant & equipment as of December 31	**5.389.026**	**6.969.694**	**4.532.868**	**4.763.719**	**212.527**	**124.213**	**36.186**	**231.417**	**22.259.651**

Advances delivered to third parties									
Balance as of January 1, 2014	3.209	226	133.183	22	-	133	-	734	137.507
Movement (+)	-	-	25.328	-	-	-	-	-	25.328
Movement (-)	(2.085)	(226)	(41.013)	(22)	-	-	-	(574)	(43.921)
Balance December 31, 2014	**1.124**	**-**	**117.498**	**-**	**-**	**133**	**-**	**159**	**118.914**

- Figures in millions of Colombian pesos -

[1] Includes capitalization of costs for loans for $180,165 (2014: $70,319), the average rate used to determine the amount of the costs for loans was of 7.00% (2014: 7.68%), which is the specific effective interest rate of this type of loan.

[2] Includes transportation, traction and lifting equipment, replacement assets, property, plant and equipment in transit, property, plant and equipment in set up and medical and scientific equipment.

[3] In 2015 and 2014 it includes the assets acquired through the joint venture with Aguas de Antofagasta S.A. and Surtidora de Gas del Caribe S.A. E.S.P. - SURTIGAS from the municipality of Necoclí - Antioquia, respectively. (See Note 9).

[4] Includes the purchases, capitalizable disbursements that meet the recognition criteria, the goods received from third parties and the costs for dismantling, removal and restoration of elements of property, plant and equipment. At the closing of periods 2015 and 2014 no aids were received from the government.

[5] See note 28. Total income and note 31. Other expenses.

[6] See note 29. Costs for rendering of services and note 30. Administration expenses.

At the closing of the periods a impairment test made to the assets connected to the CGUs, which in turn have intangibles of indefinite useful life, obtaining as result impairment of some components , this implied their recognition in the comprehensive income of each period (see note 7 Impairment of assets).

The main projects under construction are the following:

Project	2015	2014
Ituango [1]	3,939,363	2,620,934
Bello waste water treatment plant	697,416	417,014
Nueva Esperanza	257,097	136,234
Conection Ecopetrol-Middle Magdalena	85,722	33,845
Conection San Nicolás d. Primaria	74,414	14,784
Cold District	33,686	570
Bonyic [2]	-	407,212
Other projects	1,411,321	902,275
Total	**6,499,020**	**4,532,868**

- Figures in millions of Colombian pesos-

[1] *As of December 31, 2015 the Ituango Hydroelectric Project shows the following progress:*

Activity	Unit *	Total	Executed	%Execution
Excavations of spillway	m^3	13,480,000	8,938,000	66%
Excavations in the dam	m^3	1,094,000	557,000	51%
Fillings of the dam	m^3	19,484,575	4,772,463	25%
Access galleries to dam injection gallery	m	1,629	1,589	98%
Dam injection gallery	m	763	449	59%
Auxiliary deviation gallery (vault)	m	1,338	174	13%
Powerhouse excavations	m^3	243,816	200,000	82%
Excavation in transformer cavern	m^3	58,000	58,000	100%
Concrete in transformer cavern	m^3	2,703	1,252	46%
Excavations return ditch 1 and 2	m^3	163,094	142,340	87%
Plant's construction gallery	m	1,504	1,504	100%
Excavation floodgate sump pit yard	m^3	647,000	647,000	100%
Excavations intake yard	m^3	580,000	24,076	4%
Intermediate discharge tunnel	m	916	916	100%
Discharge tunnels N°1 to 4 (vault)	m	4,127	2,386	58%
Lower conduction tunnels N° 1 to 8	m	552	523	95%

- *Measurement unit stated in cubic meters (m^3) and meters (m)*

[2]*The Bonyic hydraulic power generation plant, build by Hidroecológica del Teribe S.A. (HET), started its commercial operation in January 2015. The plant is located in the district of Changuinola, in the province Bocas de Toro, in the Northwest of Panama, border with Costa Rica. With is generation capacity of 31.8 megawatts (MW) it will contribute to the reliability of the Panamanian electric sector.*

As of December 31, 2015 and 2014 no restrictions were identified on the realizations of property, plant and equipment or affectations as guarantee of fulfillment of obligations.

The most significant commitments of acquisition of property, plant and equipment of the Group as of the cutoff date amount to $ $2,941,678 (2014: $2,668,851). The Group obtained income for compensations from third parties for loss of property, plant and equipment for $120 (2014. $5,038) presented in other operating income.

The following is the historic cost of properties, plant and equipment fully depreciated that continue in operation as of December 31, 2015 and 2014:

Group	2015	2014
Plants, ducts and tunnels	9,702	7,094
Communication and Computer equipment	3,957	1,000
Networks, lines and cables	2,025	10
Machinery and equipment	1,992	16
Buildings	48	-
Other property, plant and equipment	652	87
Total	18,376	8,207

- Figures in millions of Colombian pesos-

Note 5. Investment property

The fair value of the investment properties is determined each year by officers of the EPM Group specialist appraisers or by independent appraiser companies such as Vertex Resources Ltda., Lonja de Propiedad Raíz and Panamericana de Avaluos S.A. The appraiser officers and companies use the comparative or market method, which consists in deducing the price by comparison of transactions, supply and demand and appraisals of similar or comparable properties, prior adjustments of time, conformation, and location; and the residual method that is applied only to the buildings and is based on the determination of the updated cost of the construction, less the depreciation for age and conservation condition.

Investment Properties	2015	2014
Book value as of January 1	143.751	139.853
Net profit or loss for adjustment of fair value[1]	13.530	11.599
Transfers[2] (-/+)	6.585	1.147
Exchange rate differences	1.622	802
Other changes	-	(9.650)
Book value as of December 31	165.488	143.751

- Figures in millions of Colombian pesos -

[1] See note 19 Other accumulated comprehensive income, note 28 Total income and note 31 – Other expenses.

[2]Includes transfer of investment property to or from inventories, or either to or from property, plant and equipment.

The revenues for leasing of investment properties of the period amounted to $612 (2014:$1,985). There were no direct expenses related to investment properties (2014: $50).

There are no contractual obligations to acquire, construct or develop investment properties, or for repairs, maintenance or improvements thereof.

As of December 31, 2015 there are contractual restrictions on the investment property for $16,970 (2014: $15,461), among which the lot of land of Niquia is outstanding, given that it is affected by an power conduction easement, which may restrict the commercial development of the lot; in addition, the land located next to EPM's smart building where they are located (EPM, Plaza Mayor, Barefoot Park) that may present limitations in a future use of the land of the zone, which has repercussions on the commercial value of the square meter.

Note 6. Intangibles assets

The following is the detail of the book value of the intangible assets and the goodwill:

Intangibles	2015	2014
Cost	**5.538.361**	**1.934.601**
Goodwill	3.124.194	1.292.022
Other intangibles	2.414.167	642.579
Accumulated depreciation and impairment	**(655.590)**	**(259.949)**
Other intangibles	(655.590)	(259.949)
Total	**4.882.771**	**1.674.652**

- Figures in millions of Colombian pesos -

The movement of cost, depreciation and impairment of intangible assets is detailed below:

2015	Goodwill	Concessions and similar rights	Disbursements for development capitalized	Software & information technology applications	Licenses	Rights	Other intangible assets[1]	Total
Cost as of January	1.292.022	309.351	32.448	143.727	74.095	41.431	41.527	1.934.601
Joint ventures [2]	1.492.295	755.972	-	-	-	-	-	2.248.267
Additions [3]	-	8.203	-	29.899	14.534	17	1.435	54.088
Transfers (-/+)		20.464	-	2.876	475	-	288	24.103
Disposals (-)	-	(13.414)	-	(18.776)	(7.271)	(96)	(75)	(39.632)
Difference for conversion of currency	-	-	-	-	-	-	(9)	(9)
Effect in loss of control subsidiary	207.477	74.264	3.750	13.570	10.789	170	6.173	316.193
Other changes	132.400	402.214	-	(107)	-	14.165	452.079	1.000.751
Cost in books as of December 31	**3.124.194**	**1.557.054**	**36.198**	**171.189**	**92.622**	**55.687**	**501.418**	**5.538.362**
Accumulated amortization and impairment as of January 1	-	(121.010)	-	(81.547)	(50.482)	(188)	(6.723)	(259.950)
Amortization of period[4]	-	(31.801)	-	(32.097)	(7.658)	(308)	(17.605)	(89.469)
Impairment of period (Note 7)	-	(8.419)	-	-	(18)	-	-	(8.437)
Joint ventures [2]	-	(279.148)	-	-	-	-	-	(279.148)
Disposals (-)	-	3.967	-	18.776	7.246	-	-	29.989
Transfers (-/+)	-	7.793	-	-	-	-	-	7.793
Difference for conversion of currency	-	40.337	-	12.845	(4.548)	-	(99.172)	(50.538)
Other changes	-	(6.317)	-	(1)	(8)	-	495	(5.831)
Accumulated amortization and impairment as of December 31	**-**	**(394.598)**	**-**	**(82.024)**	**(55.468)**	**(496)**	**(123.005)**	**(655.591)**
Intangible assets as of December 31	**3.124.194**	**1.162.456**	**36.198**	**89.165**	**37.154**	**55.191**	**378.413**	**4.882.771**

Advances delivered to third parties								
Balance as of January 1, 2015	-	-	-	-	-	-	19	19
Movement (+)	-	-	-	-	-	-	-	-
Movement (-)	-	-	-	-	-	-	(19)	(19)
Balance December 31, 2015	-	-	-	-	-	-	-	-

- Figures in millions of Colombian pesos -

2014	Goodwill	Concessions and similar rights	Disbursements for development capitalized	Software & information technology applications	Licenses	Rights	Other intangible assets[1]	Total
Cost as of January	1.327.837	293.067	43.160	292.420	279.307	275.849	211.066	2.722.706
Joint ventures [2]	303	-	-	-	-	-	-	303
Additions [3]	-	8.282	-	23.702	6.262	15.174	4.829	58.249
Transfers (-/+)	-	1.592	-	-	(41)	-	2.563	4.114
Advances delivered to third parties	-	(565)	-	-	-	-	(9)	(574)
Disposals (-)	-	(29)	-	-	(130)	-	-	(160)
Effect in loss of control subsidiary	(182.194)	-	(13.033)	(189.339)	(224.061)	(277.154)	(178.951)	(1.064.731)
Difference for conversion of currency	146.076	(11.376)	-	(38.354)	(13.385)	(20.348)	(135.219)	(72.606)
Other changes	-	18.380	2.321	55.298	26.181	25.521	137.247	264.949
Eliminations	-	-	-	-	(38)	22.388	-	22.351
Cost in books as of December 31	**1.292.022**	**309.351**	**32.448**	**143.727**	**74.095**	**41.431**	**41.527**	**1.934.602**
Accumulated amortization and impairment as of January 1	-	(98.822)	-	(164.823)	(126.523)	(75.887)	(57.669)	(523.724)
Amortization of period[4]	-	(21.713)	-	(11.274)	(6.934)	(188)	(1.379)	(41.488)
Impairment of period (Note 7)	-	-	-	-	-	(2.385)	(2)	(2.387)
Disposals (-)	-	28	-	-	130	-	-	158
Transfers (-/+)	-	-	-		1	-	-	1
Difference for conversion of currency	-	(1.212)	-	(2.058)	(4.078)	-	-	(7.348)
Effect in loss of control subsidiary	-	-	-	96.448	87.824	76.003	54.254	314.529
Other changes	-	708	-	-	(1.055)	2.385	(1.927)	111
Eliminations	-	-	-	161	153	(116)	-	198
Accumulated amortization and impairment as of December 31	**-**	**(121.010)**	**-**	**(81.547)**	**(50.482)**	**(188)**	**(6.723)**	**(259.949)**
Intangible assets as of December 31	**1.292.022**	**188.341**	**32.448**	**62.180**	**23.613**	**41.243**	**34.804**	**1.674.652**

Advances delivered to third parties								
Balance as of January 1, 2014	565	-	-	-	-	-	27	593
Movement (+)	-	-	-	-	-	-	-	-
Movement (-)	(565)	-	-	-	-	-	(9)	(574)
Balance December 31, 2014	**-**	**-**	**-**	**-**	**-**	**-**	**19**	**19**

- Figures in millions of Colombian pesos -

[1] *Includes easements, intangibles related to customers and other intangibles*

[2] *In 2015 and 2014 goodwill generated in the business combination with Aguas de Antofagasta S.A. and Surtidora de Gas del Caribe S.A. E.S.P – SURTIGAS of the municipality of Necoclí, respectively is included. See Note 9 Business combinations.*

[3]*Includes the purchases, capitalizable disbursements that meet the recognition criteria. During the period no aids were received from the government related to intangible assets.*

[4] *See Note 29 Costs for rendering of services and Note 30 Administration Expenses*

At the closing of the periods an impairment test was made to the assets because there were intangible assets recorded with indefinite useful life. The detail of the impairment recognized in the Comprehensive income statement is in note 7.

The useful lives of the intangible assets are:

Concessions and similar rights	As per the contract's effective term
Easements	Indefinite
Capitalized disbursement for development	Indefinite
Software and information technology applications	Indefinite/ definite 3 to 5 years
Licenses	Indefinite/ definite 3 to 5 years
Rights	As per the contract's effective term
Other intangible assets	Indefinite/ definite 7 to 15 years

The amortization of intangibles is recognized as expenses in the comprehensive income statement in the line of amortization of intangibles.

As of December 31, 2015 and December 31, 2014 no restrictions were identified on the realization of intangible assets nor they have been affected as guarantee for the fulfillment of obligations, or contractual commitments for the acquisition of intangible assets.

The following intangible assets have an indefinite useful life: goodwill and easements. By definition an easement is the actual right, perpetual or temporary on someone else's real estate, by virtue of which the property can be used, or exercise certain disposal rights, or prevent the owner from exercising some of his property rights. In the Group the easements are not treated individually, since they are crated for public utility projects, where the general interest prevails over the private one, considering that the objective is to improve the quality of life of the community; the above-mentioned projects do not have a defined term and thus they are created perpetually supported in their use.

As of December 31, 2015 and 2014 they have a carrying value of $3,151,890 and $1,315,372, respectively; their detail is as follows:

Intangible assets with indefinite useful life	2015	2014
Goodwill		
Aguas de Antofagasta S.A.	1,624,695	-
Empresa Eléctrica de Guatemala S.A. (EEGSA)	941,789	757,670
Proyecto Hidroeléctrico Ituango	177,667	177,667
Elektra Noreste S.A. (ENSA)	117,556	106,343
Espíritu Santo	82,980	82,980
Tecnología Intercontinental S.A. de C.V. (TICSA)	82,740	73,642
Empresas Varias de Medellín S.A. E.S.P.	78,642	78,642
Parque Eólico Los Cururos Ltda.	12,677	9,630
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	5,135	5,135
Surtigás Necoclí	303	303
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	10	10
Subtotal goodwill	**3,124,194**	**1,292,022**
Other intangible assets		
Easements	27,696	23,350
Subtotal other intangible assets	**27,696**	**23,350**
Total intangible assets with indefinite useful life	**3,151,890**	**1,315,372**

- Figures in millions of Colombian pesos-

The book value as of December 31, 2015 and December 31, 2014 and the remaining amortization period for the significant assets is:

	Remaining amortization period	Book Value 2015	Book Value 2014
Goodwill	Indefinite	3.124.194	1.292.022
Concession secondary networks municipality of Bello	178 months	15.396	16.297
Concession secondary network La García	132 months	10.986	12.338
Concession secondary network La Ayurá	132 months	9.859	10.376
Concession secondary network La Mina	178 months	7.267	982
Concession network circuit El Dorado	89 months	5.630	7.937
Concession Chile	204 months	1.243.699	-

Note 7. Impairment of assets

7.1 Impairment of investments in associates

As of the date of presentation of the financial statements no losses for impairment were recognized in the Statement of Comprehensive income, related to investments in associates.

7.2 Impairment of Cash Generating Units

The net value of impairment losses recognized in the Statement of Comprehensive income, related to properties, plant and equipment and intangibles is presented below by group of assets:

Cash Generating Unit	Carrying value		Impairment losses (reversal)	
	2015	2014	2015	2014
Power Generation Segment				
Goodwill	273.325	270.277	-	-
Easements	3.955	3.111	-	-
Constructions in progress	-	-	-	20.782
Machinery and equipment	-	-	-	207
Plants, ducts and tunnels	-	-	-	132
Transportation, traction and lifting	-	-	-	1
Generation	**277.280**	**273.388**	**-**	**21.122**
Power Transmission Segment				
Easements	276	274	-	-
Transmission	**276**	**274**	**-**	**-**
Power Distribution Segment				
Goodwill	1.064.490	869.158	-	-
Intangible asset	15.795	12.293	-	-
Distribution	**1.080.285**	**881.451**	**-**	**-**
Gas Segment				
Intangible Asset	3.481	3.481	-	-
Goodwill	303	303	-	-
Gas	**3.784**	**3.784**	**-**	**-**
Water Provision Segment				
Goodwill	1.478.473	-	-	-
Easements	3.612	3.590	-	-
Plants, ducts and tunnels	-	-	5.551	381
Networks, lines and cables	-	-	1.945	510
Buildings	-	-	382	272
Land	-	-	239	160
Transportation, traction and lifting	-	-	174	34
Machinery and equipment	-	-	161	124
Furniture, fixtures and office equipment	-	-	37	8
Medical and scientific equipment	-	-	29	23
Licenses	-	-	18	2
Communication and computer equipment	-	-	9	8
Water Supply	**1.482.085**	**3.590**	**8.545**	**1.522**
Sanitation Segment				
Goodwill	307.605	152.284	-	-
Easements	1.516	1.485	-	-
Concessions and franchises	-	-	8.419	-
Networks, lines and cables	-	-	-	1.066
Land	-	-	-	123
Plants, ducts and tunnels	-	-	-	53
Transportation, traction and lifting	-	-	-	23
Communication and computer equipment	-	-	-	6
Sanitation	**309.121**	**153.769**	**8.419**	**1.271**
Total	**3.152.831**	**1.316.256**	**16.964**	**23.915**

- Figures in millions of Colombian pesos-

Impairment of fixed assets and intangibles Water Supply Segment / Water Supply CGU:

For the Water Supply CGU in the company Aguas de Malambo S.A. E.S.P. the impairment of its assets was calculated based on IAS 36, seeking to make sure that the value of the assets that are being accounted for at the cutoff of December 31, 2015 reflects their recoverable value through its utilization or their sale.

Following we indicate the key hypothesis used in 2015 on which the cash flow projections were based and that entailed that their recoverable value will be lower than the accounting value of the CGU:

For the income, the estimated rate calculation in the initial business plan (2011) was due to the application of Resolution CRA 287 of 2004 (water rate methodology in effect) with three incremental changes estimated every five years as higher investments were made. The review made every five year of the rate formula is defined by Law 142 of 1994; however, the first change estimated in the initial plan has not been possible to be carried out yet due to inconveniences that have taken place in the estimate of all variables that make it up. The rate currently being applied corresponds to one denominated by the regulation as “reduced costs”, which is for companies that are in the process of updating the rate and that have not closed the process.

Not having rates that respond to the investments and actual costs of the company implies that there is no an economic balance and this causes the income to be lower than that expected and, therefore, there is a destruction of value that generates impairment.

Likewise, in commercial aspects there has been an increase in the accounts receivable caused by several aspects, among them the lack of payment culture in the region. At the time of the evaluation there are collection levels lower than those estimated and the retirement of customers who have over 7 bills past due is expected, which implies a decrease in the company’s income.

For the costs and expenses, in respect to the purchase of water in block as of the date of the analysis, there are neighborhoods that are part of the area of coverage of the company’s service but that physically are closer and even connected to the service of the company of the neighboring municipality. Initially it was estimated that those neighborhoods would be interconnected in order to cease the payment of the water in block that is purchased to cover their supply, but with the recent reviews to the investments it has been identified that said process could take more time than estimated. On the other hand, the initial contract with the company provider of the service of the neighboring municipality for that service was modified and the price increased over three times. The substantial change of the purchase price forced the company to hold a discussion with that company and the process was escalated to the Water Regulation Commission that on April 17, 2013 issued a resolution, notifying to the company in June 2013 that the obligation of the company to pay that value and a retroactive corresponding to this transaction was now firm, which generated additional costs in the affiliate with its consequent impact in the value of the company.

The master plan that is required for the performance of the main works of the waterworks and wastewater treatment plant in the municipality was taken into account to estimate the investment, which makes a diagnosis of the current infrastructure, identifies the needs and presents the solutions in time of a town both at the investment and the operation levels. The master plan contract started in May 2012 and a term of 7 months was estimated. Upon its initiation, during the first few weeks of execution of the contract, additions of time and money were made to include within the area of study the villages of Malambo and, also, carry out the designs of the pumping system to supply crude water to a great customer.

Upon arrival of the date of completion of the contract (March 22, 2013), the detailed designs of the potable and wastewater treatment plant, the pumping system for the great customer, the waterworks and sewerage networks of a sector and the first version of the primary distribution of the waterworks (including the associated studies of diagnosis and alternatives) had been delivered. During the performance of the sewerage system registry (main input for the preparation of diagnosis and designs), there were delays due to the existence of an important number of sealed and flooded inspection manholes. For this reason the contract had two time extensions up to July 2013. During this period, there were also made important modifications and refinements to the detailed designs of the primary water distribution. After overcoming the inconveniences with the sewerage system registry, a diagnosis of the system was made. The result showed problem of a hydraulic nature throughout the municipality, and thus the network length object of the design exceeded that established in the contract. In order to be able to complete these designs, an extension of two months was made once again. In September 2013 the consultant of the master plan delivered the pending products.

The fact of having a final master plan only at the end of 2013 implied delay in investments and therefore lower connection of users that generate the income projected in the business plan, in addition that only until this is received it is possible to take the amount of the investment to a higher level of certainty.

For the value in use an estimate was made of the future cash flows that the company expects to obtain on the asset, considering the expectations on possible variations in the value; in addition, it based on the most recent financial forecasts and the cash flow was calculated at 20 years, average time of stabilization of the assets to support the operation. The discount rate that was used for the valuation reflects the capital structure of the company, which considers the returns that the owner would required from this type of investments, taking into account: the risk-free rate, the corresponding economic sector, the market, the country where the investment is located and the indebtedness.

For this case, the Cash Generating Unit – CGU is the group of assets necessary for the rendering of the service and includes the land, buildings, plants, networks, machinery and equipment, communication equipment and transportation, intangibles and working capital.

Based on the above criteria, the impairment value of the assets in 2015 is $8,545 and results from:

Value in use: $4,510

Carrying value of the CGU: $13,055

The key assumptions used by the Group in the determination of the value in use/fair value less the costs of sale are the following:

Item	Key assumption
Income	Rate aspects: the rate applied corresponds to one denominated by the regulation as "reduced costs" that is not directly associated to the investments and actual costs of the company, which generates an unbalance and causes the income to be lower than that expected. Commercial aspects: the improvement of the receivables has been difficult because of the low payment culture in the region.
Costs and expenses	The purchase of water in block from Sociedad de Acueducto, Alcantarillado y Aseo de Barranquilla S.A. E.S.P. – AAA for more time than estimated because initially it was considered that the neighborhoods served through these means would be interconnected to the system. Likewise, by resolution from the Water Regulation Commission, the price was increased by three times its initial value. The Company paid obligations generated before the entry of EPM that by shareholders agreement should be covered by the previous owner. The company is in the process of recovering those costs and expenses.
Investment	Master plan: for the performance of the main works of the potable water and waste water treatment plant, there must be a master plan in place that diagnoses the current infrastructure, identifies the needs and proposes solution in time of a town both at the investment and the operating levels. The contract for its preparation was added extended to include a greater scope of customers. Likewise, there were delays due to problems in the networks that did not permit to carry out the studies, in addition to the fact that their length exceeded the contract's estimates. The fact of having had a final master plan only at the end of 2013 implied: delay in the investments plan, lower connection of users that generate the income forecasted in the business plan and affectation to the improvement in the continuity of the service that would result in higher collections.

Impairment of fixed assets and intangibles Sanitation Segment / Sanitation CGE: For the Sanitation CGE in the company Ecosistemas de Ciudad Lerdo S.A. de C.V., the impairment of its assets was calculated based on IAS 36, seeking to make sure that the value of the assets that are being accounted for with cutoff date December 31, 2015 reflects their recoverable value through their use or their sale.

Following is an indication of the key hypothesis used in 2014 on which the cash flow projections were based and that entailed that their recoverable value will be lower than the accounting value of the CGU:

Income: the rate structure is PxQ (price per quantity).

The plant has a treatment capacity of 210 lps, and it is being projected for 2015 with an operating percentage of 47% to reach 52% in 2024. In the initial forecast this plant was projected with an operating level for 2016 of 86.4%, until 100% was reached in 2024. This reduction in the operating percentage is because it does not have to whom to supply a higher volume of treated water for its consumption.

The explanation for the reduction of the volume sold is that the plant was constructed to sell water to a thermal plant of the CFE (Federal Electricity Commission, for its initials in Spanish) that had two generation units; however, that plan had problems in one of its units, which was shut down thus reducing the water consumption.

Costs and expenses: the costs and expenses are shown a behavior in conformity with the expectations and, according to historic figures, presenting growths consistent with inflation. As the volume of treated water increases the costs and expenses increase.

Investments: no major investments are projected, the investments made are included within costs as minor maintenance.

Value in use: It was based on the most recent financial projections, estimating the cash flows that the company expects to obtain from its assets in a 20-year period.

A discount rate was used that represents the returns that the owners expect from an investment, taking into account: risk-free rate, the corresponding economic sector, the market, the country where the investment is located and the indebtedness.

For this case the Cash Generating Unit – CGU is the group of assets necessary for the rendering of the service and includes the land, buildings, plants, networks, machinery and equipment, communication and transportation equipment, intangibles and working capital.

Based on the above criteria, the value of the impairment of the assets in 2015 is $8,419 and results form:

Value in use: $239,020 Mexican pesos

Carrying value of the CGU: $283,334 Mexican pesos

Conversion rate to Colombian pesos: $189.98

They key assumptions used by the Group in determining the value in use/fair value less the costs of sale are the following:

Item	**Key assumption**
Income	The plant has a treatment capacity of 210 lps, and it is being projected for 2016 with a percentage of operation of 47% to reach 52% in 2014, since the company does not have to whom to supply a higher volume of treated water for consumption. The sale price is of 0.979 USD/m^3.
Costs and expenses	The costs and expenses are being behaving normally and in accordance with the historic figures presenting growths consistent with inflation. As the volume of treated water is increased there are increases in the costs and expenses.
Investment	No major investments are projected, the investments made are included within the costs as minor maintenances.

Note 8. Investment in subsidiaries

The detail of the subsidiaries of the EPM Group as of the date of the period reported is as follows:

Name of subsidiary	Location (country)	Business	*% ownership and voting rights*		*% participation of non-controlling interest*		
			2015	2014	2015	2014	Date of creation
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	Colombia	Provides public utilities of electric power purchase and sale and distribution of electric power.	92.85%	92.85%	7.15%	7.15%	22/12/1988
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	Colombia	Provides public utilities of electric power, operation of electric power generation plants, transmission and subtransmission lines and distribution networks as well as the commercialization, import, distribution and sale of electric power.	80.10%	80.10%	19.90%	19.90%	09/09/1950
Electrificadora de Santander S.A. E.S.P. (ESSA)	Colombia	Provides public utilities of electric power purchase and sale, commercialization 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 of electric power, purchase, export, import, distribution and sale of electric power, construction and operation of generation plants, substation, transmission lines and distribution networks.	91.52%	91.52%	8.48%	8.48%	16/10/1952
Elektra Noreste S.A. (ENSA)	Panama	Acquires energy, transports, distributes to customers, transforms voltage, installs, operates and maintains public lighting, authorized to make power generation up to a limit of 15% of the maximum demand of the concession zone.	51.16%	51.16%	48.84%	48.84%	19/01/1998
Hidroecológica del Teribe S.A. (HET)	Panama	Finances the construction of the Bonyic hydroelectric project required to meet the growing demand of energy of the Panama Isthmus.	99.19%	99.19%	0.81%	0.81%	11/11/1994
Empresa Eléctrica de Guatemala S.A. (EEGSA)	Guatemala	Provides electric power distribution services.	80.90%	80.90%	19.10%	19.10%	05/10/1939
Gestión de Empresas Eléctricas S.A. (GESA)	Guatemala	Provides advisory and consultancy services to electric energy distribution, generation and transportation companies.	100.00%	100.00%	-	-	17/12/2004
Almacenaje y Manejo de Materiales Eléctricos S.A. (AMESA)	Guatemala	Provides outsourcing services in the material management area.	99.94%	99.94%	0.06%	0.06%	23/03/2000
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	Guatemala	Provides electric power commercialization services.	80.52%	80.52%	19.48%	19.48%	05/11/1998
Transportista Eléctrica Centroamericana S.A. (TRELEC)	Guatemala	Provides electric power transmission services.	80.90%	80.90%	19.10%	19.10%	06/10/1999
Enérgica S.A. (ENERGICA)	Guatemala	Provides construction and maintenance services of projects and goods of the electric sector.	78.19%	78.19%	21.81%	21.81%	31/08/1999

Name of subsidiary		Location (country)	Business	% ownership and voting rights		% participation of non-controlling interest		
				2015	2014	2015	2014	Date of creation
Crediegsa S.A. (CREDIEGSA)		Guatemala	Provides personnel hiring services and other administrative services.	80.90%	80.90%	19.10%	19.10%	01/12/1992
Distribuidora de Electricidad del Sur (DELSUR)		El Salvador	Transformation, distribution and commercialization of electricity that supplies power to the center-south zone 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	Provision of specialized services in electric power and sale of home appliances to electric power users of the company Delsur.	86.41%	86.41%	13.59%	13.59%	19/10/2010
Parque Eólico Los Cururos Ltda.	(1)	Chile	Generation of electric power through all types of fuels and renewable energies such as eolic, photovoltaic and biomass energy, transmission, purchase, sale and commercialization of electric power.	100.00%	100.00%	-	-	26/08/2011
Aguas Nacionales EPM S.A. E.S.P.	(2)	Colombia	Provides public utilities of water, sewage and waste collection, treatment and utilization of waste, complementary activities and engineering services proper of these public utilities.	99.99%	99.99%	0.01%	0.01%	29/11/2002
Aguas de Urabá S.A. E.S.P.	(3)	Colombia	Guarantee the rendering of domiciliary public utilities of water, sewage and waste collection and offset the infrastructure backlog of these utilities in the member municipalities.	75.45%	75.45%	24.55%	24.55%	18/01/2006
Empresas Públicas de Oriente Antioqueño S.A. E.S.P. (EPO) En Liquidación	(4)	Colombia	Provides water and sewage utilities to the rural and suburban zones of the municipalities of Envigado, Rionegro and El Retiro in the so-called San Nicolas Valley.	57.31%	57.31%	42.69%	42.69%	12/11/2009
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.		Colombia	Provides domiciliary public utilities of water and sewage, as well as other complementary activities proper of each of these utilities.	56.01%	56.01%	43.99%	43.99%	22/11/1999
Regional de Occidente S.A. E.S.P.	(3)	Colombia	Provides domiciliary public utilities of water, sewage and waste collection, as well as other complementary activities proper of each of these utilities and the treatment and utilization of waste.	62.11%	62.11%	37.89%	37.89%	26/12/2006
Aguas de Malambo S.A. E.S.P.		Colombia	Engaged in guaranteeing the rendering of domiciliary public utilities of water and waste collection in the jurisdiction of the Municipality of Malambo Department of Atlántico.	88.73%	88.73%	11.27%	11.27%	20/11/2010
Aquasol Pachuca S.A. de C.V.		México	Engaged in preparing executive project of construction of a wastewater treatment plant, its equipment and start up in the city of Pachuca de Soto, develop potable water and treatment plant projects.	57.60%	57.60%	42.40%	42.40%	05/07/2004
Ecosistemas de Colima S.A. de C.V.		México	Engaged in preparing executive project for the wastewater treatment plant, its construction, equipment and start up, conservation and maintenance, mud stabilization in municipalities of the State of Colima.	79.99%	79.99%	20.01%	20.01%	14/02/2006
Ecosistemas de Tuxtla S.A. de C.V.		México	Engaged in the construction, equipment, start up, operation and maintenance of a wastewater treatment system with the modality of total private recoverable investment. Develop	80.00%	80.00%	20.00%	20.00%	17/11/2006

Name of subsidiary		Location (country)	Business	% ownership and voting rights 2015	% ownership and voting rights 2014	% participation of non-controlling interest 2015	% participation of non-controlling interest 2014	Date of creation
			drinking water projects and water treatment plants.					
Ecosistemas de Uruapan S.A. de C.V.		México	Subsidiary engaged in the rendering of wastewater treatment services of the Municipality of Uruapan, Michoacan, comprises the constructions, equipment, tests and start up, conservation and maintenance of the plant.	80.00%	80.00%	20.00%	20.00%	18/11/2009
Ecosistema de Ciudad Lerdo S.A. de C.V.		México	Subsidiary engaged in the construction, equipment, start up, operation and maintenance for 20 years of a wastewater treatment system in the city of Lerdo, Durango, with the modality of total private recoverable investment.	80.00%	80.00%	20.00%	20.00%	24/04/2007
Aquasol Morelia S.A. de C.V.		México	Subsidiary engaged in the construction of a wastewater treatment plant as well as the equipment and start up, of that plant located in the town of Atapaneo in the Municipality of Morelia, Michoacán.	80.00%	80.00%	20.00%	20.00%	13/11/2003
Ecosistemas de Celaya S.A. de C.V.		México	Engaged in the preparation of the executive project for the wastewater treatment plant, as well as the treatment, transportation and final disposal of solid waste and muds in the plant of the city of Celaya, Guanajuato.	80.00%	80.00%	20.00%	20.00%	05/12/2008
Ecosistema de Morelos S.A. de C.V.		México	Engaged in the construction, electromechanical equipment, operating tests, capacity, start up, operation, conservation and maintenance of the wastewater treatment plan, Acapantzigo, Municipality of Cuernavaca, Morelos.	80.00%	80.00%	20.00%	20.00%	17/11/2009
Desarrollos Hidráulicos de Tampico S.A. de C.V.		México	Engaged in the construction, equipment, expansion, improvement, conservation, maintenance and operation of water supply systems and sewage services, wastewater collection, drainage and treatment.	79.99%	79.99%	20.01%	20.01%	25/08/1995
Ecoagua de Torreón S.A. de C.V.		México	Engaged in providing treatment operation services of wastewater from any source, either municipal or domestic, as well as the activity related to the wastewater treatment.	80.00%	80.00%	20.00%	20.00%	25/10/1999
Sistema de Aguas de Tecomán S.A. de C.V.	(5)	México	Subsidiary engaged in preparing the wastewater treatment plant, equipment and start up, as well as stabilization of the muds that are generated.	-	49.60%	100.00%	50.40%	21/08/2009
Proyectos de Ingeniería Corporativa S.A. de C.V.		México	Provision of design, general or construction engineering services, professional and technical services, intended to operate, manage, direct and, in general, carry out all activities that are necessary for the performance of activities of any company of a commercial, industrial or service type, in the modality of natural or legal person.	80.00%	80.00%	20.00%	20.00%	01/08/2008
Corporación de Personal Administrativo S.A. de C.V.		México	Provision of professional services intended to operate, manage, direct and in general carry out all activities that are necessary for the performance of activities of any company of a commercial, industrial or service type in its modality of natural or legal person, as well as the administration, selection,	80.00%	80.00%	20.00%	20.00%	01/08/2008

Name of subsidiary		Location (country)	Business	% ownership and voting rights		% participation of non-controlling interest		
				2015	2014	2015	2014	Date of creation
			contracting and interchange of personnel that perform functions within the facilities of the requesting companies.					
Aguas de Antofagasta S.A.	(6), (14), (15) and (16)	Chile	Establishment, construction and exploitation of public utilities of production and distribution of potable water and collection and disposal of wastewater through the exploitation of the sanitary concessions of Empresa de Servicios Sanitarios de Antofagasta S.A., and the performance of other services related to those activities.	-	-	-	-	28/11/2003
Empresas Varias de Medellín S.A. E.S.P.	(7)	Colombia	Subsidiary engaged in the rendering of the public utility of waste collection within the framework of the integral management of solid waste.	99.93%	99.90%	0.07%	0.10%	11/01/1964
EPM Inversiones S.A.		Colombia	Engaged in the investment of capital in national or foreign companies organized as public utilities.	99.99%	99.99%	0.01%	0.01%	25/08/2003
Maxseguros EPM Ltd.	(8)	Bermuda	Negotiation, contracting and management of reinsurance for the policies that cover the equity.	100.00%	100.00%	-	-	23/04/2008
Panamá 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	It makes capital investments in companies engaged in the distribution and commercialization of electric power and to provide telecommunications services.	100.00%	100.00%	-	-	12/03/1999
Inmobiliaria y Desarrolladora Empresarial de América S.A. (IDEAMSA)		Guatemala	Subsidiary engaged in making investment in real estate properties.	80.90%	80.90%	19.10%	19.10%	15/06/2006
Promobiliaria S.A.	(9)	Panama	Purchase, sell, construct, modify, administer, lease and, in general, enter into any contract for the disposal, improvement, use and usufruct of the real estate properties not necessary for the operation owned by the companies that are part of the EPM Group.	100.00%	-	-	-	08/09/2015
EPM Latam S.A. (antes AEI El Salvador Holding S.A.)	(10)	Panama	Making capital investments in corporations.	100.00%	100.00%	-	-	17/05/2007
Electricidad de Centroamérica Ltda. de C.V. (ELCA)		El Salvador	Makes investments in shares and other securities and advisory to the company DELSUR.	100.00%	100.00%	-	-	09/12/1997
PPLG El Salvador II	(11)	Islas Cayman	Subsidiary engaged in making capital investments in corporations.	-	100.00%	-	-	09/04/1999
EPM Capital México S.A. de C.V.	(12)	México	Develops infrastructure projects related to electric power, lighting, gas, telecommunications, sanitation, water treatment plants, sewage, wastewater treatment, buildings, as well as their operation, studies and services.	100.00%	100.00%	-	-	04/05/2012

Name of subsidiary		Location (country)	Business	% ownership and voting rights		% participation of non-controlling interest		
				2015	2014	2015	2014	Date of creation
EPM Chile S.A.	(13)	Chile	Desarrolla proyectos de energía, alumbrado, gas, telecomunicaciones, saneamiento plantas de potabilización alcantarillado y tratamiento de aguas residuales, así como prestar dichos servicios y participar en todo tipo de licitaciones y subastas públicas o privadas.	100.00%	100.00%	-	-	22/02/2013
Inversiones y Asesorías South Water Services SpA		Chile	Participating in types of public and/or private competitions, bids, auctions, in the purchase of interest in national or foreign companies. Making strategic alliances and joint venture associations, and executing business cooperation conventions to participate in bids, obtain concessions and/or authorizations. To provide all types of advice and services related directly or indirectly to the activities performed and those in which the company is involved.	100.00%	-	-	-	16/12/2014
Inversiones y Asesorías Pascua S.A.	(14)	Chile	Participating in types of public and/or private competitions, bids, auctions, in the purchase of interest in national or foreign companies. Making strategic alliances and joint venture associations, and executing business cooperation conventions to participate in bids, obtain concessions and/or authorizations. To provide all types of advice and services related directly or indirectly to the activities performed and those in which the company is involved.	-	-	-	-	16/12/2014
Inversiones y Asesorías Hanover S.A.	(15)	Chile	Participating in types of public and/or private competitions, bids, auctions, in the purchase of interest in national or foreign companies. Making strategic alliances and joint venture associations, and executing business cooperation conventions to participate in bids, obtain concessions and/or authorizations. To provide all types of advice and services related directly or indirectly to the activities performed and those in which the company is involved.	-	-	-	-	16/12/2014
Aguas de Antofagasta S.A. (antes Inversiones y Asesorías Corvina S.A.)	(16)	Chile	Construction and exploitation of public utilities of production and distribution of potable water and collection and disposal of wastewaster through the exploitation of the sanitary concessions of Empresa de Servicios Sanitarios de Antofagasta S.A. (currently Econssa Chile S.A.), and the performance of the remaining services related to those activities, all of it in the manner and conditions established in the Decrees with Force of Law numbers 382 and 70, both of 1998, from the Ministry of Public Works, and other relevant regulations. For this purpose, dated December 29, 2003, Aguas de Antofagasta S.A. entered into with Empresa de Servicios Sanitarios de Antofagasta S.A. (currently Empresa Concesionaria de Servicios Sanitarios S.A. – Econssa S.A.) the “Contract of transfer of exploitation right of sanitary concessions”, for a term of 30 years as of the date of its execution.	100%	-	-	-	16/12/2014

Name of subsidiary		Location (country)	Business	% ownership and voting rights		% participation of non-controlling interest		
				2015	2014	2015	2014	Date of creation
Tecnología Intercontinental S.A. de C.V. TICSA		México	Engaged in the study, development, promotion and performance of industrial projects, in the design, manufacturing, assembly and set up of machinery, development of technology, including commercialization, commercial representation and commerce in general.	80.00%	80.00%	20.00%	20.00%	28/07/1980
Patrimonio Autónomo Financiación Social		Colombia	Administer the resources and payments of the social financing program created by EPM and UNE in order to facilitate to its customers the purchase of home appliances, gas applicants and products related to information technology.	86.68%	86.68%	13.32%	13.32%	14/04/2008

[1] *In December 2014 a merger process took place whereby the Parque Éolico Los Cururos Ltda. incorporated in its financial statements all rights and obligations of the of Parque Eolico La Cebada S.A., the latter in accordance with Law 18.046 on joint stock companies, was dissolved on December 23, 2014.*

[2] *In December 2015, EPM capitalized Aguas Nacionales EPM S.A. by $250,000.*

[3] *On December 23, 2015, in accordance with public deed No. 4934 of Notary Third of Medellin, the approval of the merger for absorption was approved whereby Aguas de Urabá S.A. E.S.P. absorbs Regional de Occidente S.A. E.S.P., as evidenced in minutes 17 and 16 of the general stockholders' meetings of the companies, respectively, entered into on October 23, 2015. Based on the merger commitment, it was established that for accounting purposes, the final operation is formalized based on the figures resulting from accounting of the two companies, as of the last day of the month when the solemnization of the respective deed takes place, that is as of December 31, 2015. Consequently, the operations of the Regional de Occidente S.A. E.S.P. (absorbed company) are made by Aguas de Urabá S.A. E.S.P. (absorbing company) as of January 1, 2016.*

[4] *Subsidiary in state of liquidation by advance dissolution, as per approval from the General Stockholders' Meeting by means of minutes No. 011 of December 10, 2015, registered in the Chamber of Commerce of Medellin on December 18, 2015 under number 32680 of book IX.*

[5] *Subsidiary sold in May 2015 (see note 8.3.2).*

[6] *Subsidiary acquired by the EPM Group on June 2, 2015 (see note 9 - business combinations).*

[7] *In December 2015, EPM Investments and EPM capitalized Empresas Varias de Medellin S.A. E.S.P. by $35,445 and $18, respectively.*

[8] *In May 2015 EPM capitalized Maxseguros EPM Ltd. by $24,170.*

[9] *Subsidiary incorporated on September 8, 2015 in the Republic of Panama, as per deed No. 32,306 of Public Notary Fifth of the Circuit of Panama City.*

[10] *Subsidiary that changed its corporate name from AEI El Salvador Holding to EPM Latam S.A., as per deed No. 24,029 of July 7, 2015 of Public Notary Fifth of the Circuit of Panama City.*

[11] *Subsidiary liquidated by decision of the shareholders, act registered on September 30, 2015 in the Registry of Companies of Cayman Islands.*

[12] *In December 2015, EPM Latam S.A. and Panama Distribution Group S.A. - PDG, capitalized EPM Capital Mexico S.A. de C.V. by USD 33,000,000 and USD 17,500,000, respectively.*

[13] *In June and November 2015, EPM capitalized EPM Chile S.A. by $663,749 and $221,120, respectively.*

[14] *Entity merged with Aguas de Antofagasta S.A. by virtue of the provisions of Law 18,046 on joint stock companies and in accordance with the approval by the Extraordinary Board of Shareholders held on November 16, 2015, minutes converted into a public deed of November 27, 2015 of Notary No. 27 of Santiago de Chile under registration No. 35.655-2015. The merger was made by absorption or incorporation, in which Inversiones y Asesorías Pascua S.A. is he absorbing company and by reform of the bylaws assumes the corporate name of the absorbed company.*

[15] *Entity merged with Aguas de Antofagasta S.A. (formerly Inversiones y Asesorías Pascua S.A.) by virtue of the provisions of Law 18.046 on joint stock companies and in accordance with the approval by the Extraordinary Board of Shareholders held on July 15, 2015, minutes converted into public deed on November 2, 2015 in Notary 33 Ivan Torrealba of Santiago de Chile under registration Number 17.914-2015. The merger was made by absorption or incorporation, in which Inversiones y Asesorías Hanover S.A. is the absorbing company and by reform of the bylaws assumes the corporate name of the absorbed company.*

[16] *Entity merged with Aguas de Antofagasta S.A. by virtue of the provisions of Law 18.046 on joint stock companies and in accordance with the approval by the Extraordinary Board of Shareholders held on November 27, 2015, minutes converted into public deed on November 30, 2015 in Notary 27 of Santiago de Chile under registration Number 35.919-2015. The merger was made by absorption or incorporation, in which Inversiones y Asesorías Corvina S.A. is the absorbing company and by reform of the bylaws assumes the corporate name of the absorbed company. In addition, the absorbing entity became the holder of the exploitation right of the sanitary concession of Empresa de Servicios Sanitarios de Antofagasta S.A., filed in the absorbed company.*

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

2015	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Revenues	Results of the period		Other comprehensive income	Total comprehensive income	Cash flow
						Continued operations	Discontinued operations			
Elektra Noreste S.A. (ENSA)	486.523	1.439.286	802.684	691.391	1.651.377	137.243	-	112.502	197.439	6.759
Empresa Eléctrica de Guatemala S.A. (EEGSA)	454.217	1.360.908	227.024	847.904	1.551.638	159.944	-	135.286	295.230	15.975
Electrificadora de Santander S.A. E.S.P. (ESSA)	174.645	1.027.022	220.227	418.281	939.669	82.145	-	3.040	85.185	45.460
Distribuidora Eléctrica del Sur S.A. de C.V. (DELSUR)	201.266	318.589	172.015	213.340	810.508	40.143	-	27.866	68.965	23.399
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	188.213	803.748	195.519	338.099	633.792	42.671	-	2.718	45.389	33.069
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	127.821	638.506	156.018	361.353	564.662	25.896	-	1.763	27.660	23.236
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	98.147	987	41.285	58	358.843	6.316	-	14.683	20.999	6.714
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	41.940	181.912	36.420	42.274	188.252	17.708	-	367	18.075	11.176
Tecnología Intercontinental S.A. de C.V. (TICSA)	219.474	195.378	204.798	24.415	146.587	12.727	-	8.324	21.051	3.407
Transportista Eléctrica Centroamericana S.A. (TRELEC)	65.153	377.161	99.006	766	91.985	45.292	-	75.389	120.682	59
Aguas de Urabá S.A. E.S.P.	30.933	66.078	14.405	19.410	28.503	519	-	-	519	4.207
Regional de Occidente S.A. E.S.P.	3.694	22.997	3.320	8.582	8.012	1.275	-	-	1.275	1.302
Other participations (1)	1.411.635	3.699.205	631.552	1.100.204	429.713	126.133	-	71.918	198.051	565.114

1 *Corresponds to investments in subsidiaries where the non-controlling participation is not significant and includes the following affiliates: Hidroecológica del Teribe S.A. (HET), Enérgica S.A. (ENERGICA), Crediegsa S.A. (CREDIEGSA), Aguas Nacionales EPM S.A. E.S.P., Empresas Públicas de Oriente Antioqueño S.A. E.S.P., Empresa de Aguas del Oriente Antioqueño S.A. E.S.P., Aguas de Malambo S.A. E.S.P., Aquasol Pachuca S.A. de C.V., 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. (IDEAMSA), Innova Tecnología y Negocios S.A. de C.V., Ecosistemas de Tuxtla S.A. de C.V., Ecosistemas de Uruapan S.A. de C.V., Ecosistema de Ciudad Lerdo S.A. de C.V., Aquasol Morelia S.A. de C.V., Ecosistemas de Celaya S.A. de C.V., Ecosistema de Morelos 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. y EPM Inversiones S.A.*

2014	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Revenues	Results of the period		Other comprehensive income	Total comprehensive income	Cash flow
						Continued operations	Discontinued operations			
Elektra Noreste S.A. (ENSA)	569.625	951.092	529.240	565.706	1.346.217	65.222	-	79.816	156.511	12.132
Empresa Eléctrica de Guatemala S.A. (EEGSA)	361.493	1.017.165	170.011	581.546	1.444.548	107.964	-	129.489	237.453	19.270
Electrificadora de Santander S.A. E.S.P. (ESSA)	219.671	947.561	189.164	439.288	851.224	73.654	-	(2.707)	70.947	86.026
Distribuidora de Electricidad del Sur (DELSUR)	132.172	254.790	151.386	143.759	684.074	29.714	-	17.505	43.098	9.063
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	156.157	793.162	225.199	304.349	511.011	79.700	-	(1.016)	78.684	39.849
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	157.836	606.501	125.603	379.549	545.866	26.489	-	(7.537)	18.952	55.355
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	88.601	567	39.804	44	317.863	15.528	-	9.907	25.435	11.767
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	40.410	178.948	34.147	32.509	173.711	17.324	-	101	17.425	18.081
Tecnología Intercontinental S.A. de C.V. TICSA	131.917	169.038	106.090	36.668	66.811	6.036	-	12.199	18.235	48.492
Transportista Eléctrica Centroamericana S.A. (TRELEC)	19.102	252.513	43.535	612	49.712	30.815	-	48.648	79.463	18
Aguas de Urabá S.A. E.S.P.	39.208	56.325	10.336	22.521	27.078	970	-	-	970	24.383
Regional de Occidente S.A. E.S.P.	3.680	21.446	3.104	8.508	7.247	1.253	-	-	1.253	1.801
Other participations (1)	1.236.726	3.120.875	432.046	942.217	373.368	142.113	-	31.852	173.966	256.247

1 *Corresponds to investments in subsidiaries where the non-controlling participation is not significant and includes the following affiliates: Hidroecológica del Teribe S.A. (HET), Enérgica S.A. (ENERGICA), Crediegsa S.A. (CREDIEGSA), Aguas Nacionales EPM S.A. E.S.P., Empresas Públicas de Oriente Antioqueño S.A. E.S.P., Empresa de Aguas del Oriente Antioqueño S.A. E.S.P., Aguas de Malambo S.A. E.S.P., Aquasol Pachuca S.A. de C.V., Ecosistemas de Colima S.A. de C.V., Sistema de Aguas de Tecomán 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. (IDEAMSA), Ecosistemas de Tuxtla S.A. de C.V., Ecosistemas de Uruapan S.A. de C.V., Ecosistema de Ciudad Lerdo S.A. de C.V., Aquasol Morelia S.A. de C.V., Ecosistemas de Celaya S.A. de C.V., Ecosistema de Morelos 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. y EPM Inversiones S.A.*

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

Uncontrolled interests	2015				2014			
	Equity	Profit and loss of period	Other comprehensive Income	Dividends paid	Equity	Profit and loss of period	Other comprehensive Income	Dividends paid
Elektra Noreste S.A. (ENSA)	210.842	41.480	-		207.931	37.455	(107)	-
Electrificadora de Santander S.A. E.S.P. (ESSA)	146.157	21.319	789	15.781	139.830	19.115	(702)	12.619
Empresa Electrica de Guatemala S.A. (EEGSA)	141.362	30.546	(210)		119.763	20.619	(878)	13.752
Central Hidroelectrica de Caldas S.A. E.S.P. (CHEC)	91.206	8.491	541	2.839	83.531	15.860	(202)	15.146
Transportista Electrica Centroamericana S.A. (TRELEC)	65.419	8.650	-	1.091	43.442	5.885	-	1.001
Tecnologia Intercontinental S.A. de C.V. (TICSA)	43.987	269	(2.174)		40.406	3.371	(65)	-
Centrales Electricas del Norte de Santander S.A. E.S.P.	21.114	2.196	150	3.213	21.981	2.246	(639)	595
Distribuidora de Electricidad del Sur S.A. de C.V. (DELSUR)	18.378	5.564	80		12.565	3.534	-	4.585
Aguas de Uraba S.A. E.S.P.	15.514	127	-		15.386	238	-	-
Comercializadora Electrica de Guatemala S.A. (COMEGSA)	11.037	1.206	-	2.752	9.419	2.966	-	2.042
Empresa de Energia del Quindio S.A. E.S.P. (EDEQ)	10.372	1.265	26	1.257	10.911	1.238	7	905
Regional de Occidente S.A. E.S.P.	5.603	483	-		5.120	475	-	-
Other uncontrolled interests [1]	30.928	3.184	314	3.254	26.085	(551)	179	-

(1) *Corresponds to investments where the uncontrolled interest is not significant and includes the following companies: Inmobiliaria y Desarrolladora Empresarial de America S.A. (IDEAMSA), Enérgica S.A. (ENERGICA), Empresas Públicas del Oriente S.A. E.S.P., Aguas de Malambo S.A. E.S.P., Empresa de Aguas del Oriente Antioqueño S.A. E.S.P., Hidroecológica del Teribe S.A. (HET), Crediegsa S.A. (CREDIEGSA), 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., Aquasol Pachuca S.A. de C.V.*

8.1. Significant restrictions

As of December 31, 2015 y 2014, the Group does not have significant restrictions to access or use the assets, liquidate liabilities of the Group; the uncontrolled interests do not have either protective rights that could restrict the Group's capacity to access or use the assets and liquidate the liabilities of subsidiaries or restrict the dividends and other capital distributions.

8.2. Consolidated structured entities

As of December 31, 2015 and 2014 the Group owns as structured entity consolidated to the Stand-Alone Trust Fundación Social. The interest in that entity is of 86.68%, the value of total assets amounts to $128,130 (2014: $120,732), total liabilities are $9,876 (2014: $11,131) and the net profit and loss of the period is $4,286 (2014: $2,558). The Group does not have obligation to provide financial support to the Entity.

8.3. Loss of control of a subsidiary

8.3.1 UNE EPM Telecomunicaciones S.A.

In August 2014 there was a change in the classification of the investment in UNE EPM Telecomunicaciones S.A. that performs activities of rendering services of telecommunications, information technologies and communications, information services and complementary activities. As of this date it is recognized in the Consolidated Financial Statements under the equity method, as consequence of the loss of control and the recognition of the significant influence. Said operation has in turn effect on the change of participation and consolidation with the affiliates of UNE: Emtelco S.A., Edatel S.A. E.S.P., Empresa de Telecomunicaciones de Pereira S.A. – ETP, Cinco Telecom Corporation – CTC, Orbitel Comunicaciones Latinoamericanas SAU – OCL, Orbitel Servicios Internacionales S.A. – OSI.

The loss in the disposal impacted the remaining interest in the subsidiary and it was recognized in the profit and loss for the period in the Statement of Consolidated comprehensive income:

	2014
Interchange value	2.365.005
Value of the subsidiary's net assets	(2.465.033)
Loss for disposal of subsidiaries (Note 34)	**(100.028)**

- Figures in millions of Colombian pesos-

The net effect as of the date of the transaction in the Consolidated statement of cash flows represents a decrease corresponding to the cash and cash equivalents that were held in the subsidiary for $161,459.

As of December 31, 2014, the recording in the accounting of the loss of control in UNE EPM Telecomunicaciones S.A. was determined provisionally based on the best estimate according to the information available, since the valuation had not been concluded. During 2015, as result of the subsequent measurement of the net assets of the Entity there were no changes in the value of the loss previously recognized and premiums and discounts were adjusted. As of the date of presentation of the financial statements a higher result by effect of the equity method was recognized for $24,746.

8.3.2 Sistema de Aguas de Tecomán S.A. de C.V.

On May 15, 2015 the Group disposed of its investment in Sistema de Aguas de Tecomán S.A. de C.V. that carried out activities related to providing the services of treatment of wastewater from any source, either municipal or domestic, as well as the activity related to the wastewater treatment.

The profit in the disposal is included in the profit and loss for the period and corresponded to:

	2015
Interchange value	832
Value of net assets of the subsidiary [1]	3.048
Value of noncontrolling interests	(1.158)
Profit for disposal of subsidiary (Note 28)	**2.722**

- Figures in millions of Colombian pesos-

[1] *As of the date of the transition the value of the net assets of Sistema de Aguas de Tecomán S.A. de C.V. was negative.*

The net effect as of the date of the transaction in the Consolidated statement of cash flows represents a decrease corresponding to the cash and cash equivalents that were held in the subsidiary for $8.

Note 9. Business combinations

A summary of the business combinations carried out by EPM Group as of and for the years ended as of December 31, 2015 and 2014, is as follows:

Year	Entity	Activity	Transaction Date	Interest acquired
2015	Aguas de Antofagasta S.A. - ADASA	Establishment, construction and exploitation of the public utilities of production and distribution of potable water and collection and disposal of wastewater through the exploitation of sanitary concessions of Empresa Concesionaria de Servicios Sanitarios S.A. - Econssa S.A., and the performance of the remaining services related to those activities.	6/2/2015	100%
2014	Assets of the operation of Surtidora de Gas del Caribe S.A. E.S.P. – Surtigás	Group of assets engaged in the distribution and commercialization of natural gas in the municipality of Necoclí (Department of Antioquia).	10/22/2014	100%

9.1 Aguas de Antofagasta S.A.

On April 23, 2015, the EPM Group through its subsidiaries in Chile, Inversiones y Asesorías Hanover S.A. and Inversiones y Asesorías Pascua S.A. [(1)], signed a contract for the purchase of 100% of the voting rights of Aguas de Antofagasta S.A., formalizing the transaction and acquiring the control of that company on June 2, 2015.

Aguas de Antofagasta S.A. is a joint stock company incorporated on November 28, 2003, with legal domicile established in the city of Antofagasta, Chile and with registration in the Registry of Reporting Entities of the Superintendency of Securities and Insurance of Chile. Its corporate object is the establishment, construction and exploitation of the public utilities of production and distribution of potable water and the collection and disposal of wastewater through the exploitation of the sanitary concessions of the Empresa Concesionaria de Servicios Sanitarios S.A. - Econssa S.A., and the performance of the remaining service related to those activities, all that in the manner and conditions established in Decreed with Force of Law number 382 and 70 of 1998 of the Ministry of Public Works and other relevant regulations.

On December 29, 2003, Aguas de Antofagasta S.A. executed with Empresa de Servicios Sanitarios de Antofagasta S.A. (now Empresa Concesionaria de Servicios Sanitarios S.A.-Econssa S.A.) the “Contract of Transfer of the Right of Exploitation of Sanitary Concessions”, for a term of 30 years as of the date of its execution.

Aguas de Antofagasta S.A. serves approximately 545,000 people and over 40 industrial customers in five (5) towns of the region (Antofagasta, Calama, Tocopilla, Taltal and Mejillones). The water market in Chile presents the following characteristics:

[(1)] As of December 31, 2015, the subsidiaries Investments and Asesorías Hanover S.A. and Inversiones y Asesorías Pascua S.A. were merged with Aguas de Antofagasta S.A. See Note 8 – investment in subsidiaries.

- Most companies providers of the services obtained positive operating profitabilities and profits on equity. Particularly Aguas the Antofagasta was rated with the best indicators of the industry in 2013.
- Chile has the largest copper production in the world (31.5%) and has the largest quantity of proven reserves of this mineral. In 2013 it reported a total of 124 initiatives and USD 71,327 million in investments.
- In this decade investments are projected for USD 2,000 million in desalinization plants for mining, agriculture and supply of potable water, of which USD 1,620 million correspond to the region of Antofagasta, originated in the scarcity of “fresh water” resources.
- Water is un unsubstitutable input for the industry and weighs only 4% of production costs. It is estimated that for one (1) ton of copper 60 m^3 of water are required.
- Aguas de Antofagasta constructed and operates the largest desalinization plant in Latin America, with a capacity of 730 liters per second and with an extension projected of 170 liters per second for 2016.
- The growth of the economy in the region has generated a fast growth of the urban population in the zone.
- The total demand of water of the mining companies during 2011 was of 12.6 m^3/second.

With the acquisition of this company, the Group EPM explores the sector of water in Chile; it gives it greater knowledge of this sector and of new technologies for water supply and treatment solutions for the industry; for this reason new opportunities are opened for the EPM Group in the main mining zone of Chile, as follows:

- Access to desalination technology which will make viable the development of the sector in the medium and long term.
- In a region with the highest income per capita of Chile and of the highest development in the past few years.
- With increasing demand of water for the mining activity and residential sector.
- It enables new business associated to water supply and treatment for the mining sector or the operation of its own plants.

The detail of the new fair value of net assets as of June 2, 2015, and the goodwill is the following:

Item	Chilean pesos (CLP)	Millions of Colombian pesos
Property, plant and equipment	30.905.535.217	126.059
Intangibles	294.222.589.000	1.200.094
Noncurrent financial assets	2.482.613.696	10.126
Current financial assets	175.592.320	716
Asset for deferred taxes	-	-
Other current assets	218.987.973	893
Accounts receivable[1]	11.049.840.949	45.071
Inventories	919.871.469	3.752
Cash and cash equivalents	13.051.447.293	53.235
Identifiable assets	**353.026.477.917**	**1.439.946**
Other noncurrent liabilities	2.006.040.455	8.182
Accounts payable	55.165.022.613	225.011
Contingent liabilities[2]	1.211.645.220	4.942
Provision for costs of operating leases	-	-
Provision for costs of dismantling	-	-
Other current liabilities	7.445.667.666	30.370
Deferred tax liability	63.156.103.186	257.605
Assumed liabilities	**128.984.479.140**	**526.110**
Total net identifiable assets at fair value	**224.041.998.777**	**913.836**
Fair value of previously held interests[3]	-	-
Fair value of consideration received	-	-
Cash and cash equivalents	589.902.284.162	2.406.131
Other tangible or intangible assets	-	-
Liabilities incurred	-	-
Contingent consideration[4]	-	-
Equity shares or instruments issued (___ shares)[5]	-	-
Acquisition costs[6]	-	-
Total fair value of consideration transferred	**589.902.284.162**	**2.406.131**
(Goodwill)/profit in advantageous purchase generated in acquisition[2]	**(365.860.285.385)**	**(1.492.295)**

- Figures in millions of Colombian pesos-

[1] *The fair and gross value of the contractual amounts receivable and their composition as of the date of the transaction is the following:*

	Chilean pesos		*Millions of Colombian pesos*	
	Fair Value	**Gross contractual amounts receivable**	**Fair Value**	**Gross contractual amounts**
Trade debtors and other accounts receivable	10.641.401.736	10.641.401.736	43.405	43.405
Accounts receivable from Related Parties	408.439.213	408.439.213	1.666	1.666
Total accounts receivable	**11.049.840.949**	**11.049.840.949**	**45.071**	**45.071**

As of the date of the transaction there was no uncertainty about the recoverability of the contractual amounts of accounts receivable.

[2] *It includes significant provisions and contingent liabilities for a value of COP$4,942 (CLP$1,211,645,220) resulting from the provisions of the closing of working capital and legal litigations. The former originate in the obligation to return the working capital existing at the end of the term of the concession of the Sanitary Concession Transfer Contract entered into between Aguas de Antofagasta S.A. and Econssa Chile S.A., the latter are due to legal actions in which Aguas de Antofagasta S.A. was sued as a result of its operations. The working capital closing provision will be resolved at the expiration of the Sanitary Concession Transfer Contract, that is, on December 29, 2033; and the contingent liabilities, upon final judgment of the legal actions. As of the date of presentation the fair value of provisions and contingent liabilities is COP$7,865 (CLP$1,771,198,366). Changes have been recognized in the Profit and loss for the period. See Notes 25.1 Provisions and Contingent liabilities and assets.*

[3] *The goodwill includes the value of expected synergies that will arise from the acquisition of this entity which corporate object is aligned with the execution of the strategy of the EPM Group of development of investment alternatives that*

leverage the objective of having future expansion options and increasing its participation in the Chilean market. The goodwill was assigned to the segments of water supply and sanitation.

As consequence of the mergers made on December 23, 2015 (see note 8 – investments in subsidiaries) and in accordance with the provisions of paragraph XIX of transitory article third of Law 20.780 (Tax Reform) and Article 31 No. 9 of DL 824 in its text in force as of 12/31/2014, the Company recognizes, for difference between the investment made in the acquisition of Aguas de Antofagasta S.A. and the latter's own tax capital, an amortizable expense for tax purposes for COP$2,245,695 (CLP $505,701,499,000) in 10 consecutive commercial periods as of the date of the merger (year 2015). The legal counsel of the Company estimate that the tax treatment indicated above is applicable in the terms established in the mentioned transitory regulation.

Costs were recognized for transaction for COP$7,201 (CLP$585,568,379) that have been recognized as expenses for the period and included in the line of administration expenses in the Income statement.

The income from the ordinary activities and result of Aguas de Antofagasta S.A. included in the consolidated financial statements are:

	2015
From the acquisition date up to the reporting period	
Income from ordinary activity	228.034
Profit	71.466
From the beginning of the annual reporting period until up to the reporting period	
Income from ordinary activity	379.698
Profit	105.420

- Figures in millions of Colombian pesos-

The cash flows analysis of the acquisition of Aguas de Antofagasta S.A. is:

	2015
Consideration transferred	(2.406.131)
Costs of transaction of the acquisition (included in the cash flows for operating activities)	(7.201)
Net cash acquired from subsidiary (including the cash flow from investment activities)	53.235
Net cash flow as of the acquisition date	**(2.360.097)**

- Figures in millions of Colombian pesos-

9.2 Acquisition of 100% of the natural gas distribution and commercialization assets of the operation of Surtidora de Gas del Caribe S.A. E.S.P. - SURTIGAS, in Uraba and Northeast

On December 23, 2013 the EPM Group, through Empresas Pública de Medellin E.S.P. – EPM, acquired 100% of the natural gas distribution and commercialization assets of the operation of Surtidora de Gas del Caribe S.A. E.S.P. - SURTIGAS in Uraba and the Northeast, including the municipalities of Arboletes, Carepa, San Juan de Uraba, Puerto Berrio, Cisneros and San Jose del Nus, municipalities belonging to the department of Antioquia.

The acquisition of these natural gas distribution and commercialization assets, represented by the investments made in infrastructure (fixed assets) and the connections made to the zone users (portfolio of receivables), allows EPM Group to extend their presence in the zone and leverage the generation of economies of scale by the fact of being present in part of the zone with all public utilities. Likewise, it allows consolidating the market in Antioquia and in one of the zones where there are expectations of future growth because this zone will be crossed by the highway of the Mountain, a road project that will improve the land communication between the Department/State of Antioquia and the Atlantic coast.

The group of acquired assets constitute a business, and for that reason they were recognized in accordance with IFRS 3 – Business combinations. Control on this group of assets that constitutes a business was obtained by EPM on December 23, 2013; on that date, EPM received all the risks and benefits of the assets involved in the transaction. The dates of material delivery of the corresponding assets to the municipalities under the scope of this transaction were:

Municipality	Delivery date
Carepa	01/12/2013
San José de Urabá	01/12/2013
Puerto Berrío	04/12/2013
San José del Nus	10/12/2013
Cisneros	19/12/2013
Arboletes	23/12/2013

A summary of the fair value of net assets acquired as of December 23, 2013, and the revenues from sales under advantageous conditions is as follows:

Concepto	Fair Value
Property, plant and equipment [1]	7.102
Accounts receivable [2]	2.363
Identifiable assets	**9.465**
Liabilities	**-**
Total net assets identifiable at fair value	**9.465**
Cash and cash equivalents	8.380
Total fair value of the consideration transferred	**8.380**
Gains in advantageous purchase generated in the acquisition [3]	**1.085**

- Figures in millions of Colombian pesos-

[1] *The fair value of the property, plant and equipment is $7,102 and the gross value is $6,129; they correspond to assets located in the municipalities of Cisneros, Puerto Berrío, San José del Nus and Arboletes, mostly represented by gas pipelines, machinery and equipment, and land.*

[2] *The fair value of accounts receivable from clients is $2,363 and the gross contractual amount is $2,320. As of the date of the transaction there is no uncertainty about the recoverability of the contractual amounts of the accounts receivable.*

[3] *The gain in purchase was generated motivated by the financial needs of the seller and was influenced because the estimate of the price paid was made as a function of the valuation performed by the Urabá zone of the other municipalities; this latter division does not match the separation of the municipalities that was finally structured in this transaction; the gain has been included in the “other gains and losses” item in the statement of comprehensive income.*

The revenues of ordinary activities and the result generated through this group of assets acquired by Empresas Públicas de Medellín E.S.P are immersed within the gas segment; for that reason it is not practicable to differentiate them from the rest of their revenues because they become an integral part of this business line.

An additional asset purchase-sale contract was entered into on November 24, 2013 with Surtigas, whereby it is transferred the right of domain and material possession that they have on the natural gas distribution and commercialization business assets, material an non-material, tangible and intangible, movable and immovable in the municipality of Necoclí, including the assignment of the public space occupation and intervention licenses. The take into control of those assets was carried on October 24, 2014, once permits were obtained from the Colombian regulating authorities.

A summary of the fair value of net assets acquired as of October 24, 2014, and goodwill generated in such transactions is as follows:

Concepto	Valor razonable
Property, plant and equipment [1]	1.776
Accounts receivable [2]	541
Identifiable assets	**2.317**
Liabilities	**-**
Total net assets identifiable at fair value	**2.317**
Cash and cash equivalents	2.620
Total fair value of the consideration transferred	**2.620**
Goodwill [3]	**(303)**

- Figures in millions of Colombian pesos-

[1]The fair value of the property, plant and equipment is $1,776 and the gross value is $2,093; they correspond to assets located in the municipality of Necoclí, mostly represented by gas pipelines, machinery and equipment, and land.

[2] The fair value of accounts receivable from clients is $541 and the gross contractual amount is $527. As of the date of the transaction there is no uncertainty about the recoverability of the contractual amounts of the accounts receivable.

[3] Goodwill includes the value of the expected synergies that will allow EPM Group to extend its presence in the zone and to leverage the generation of economies of scale due to the fact of being present in part of the zone with all public utilities. The goodwill was assigned to the gas segment. According to the tax legislation in Colombia, goodwill recognized is not expected to be deductible from income tax. From the transaction date to the accounting period's closing, the goodwill has not recorded any changes in value.

The revenues of ordinary activities and the result generated through this group of assets acquired by Empresas Públicas de Medellín E.S.P are immerse within the gas segment; for that reason it is not practicable to differentiate them from the rest of their revenues because they become an integral part of this business line.

Note 10. Investments in associates

The detail of the associates of the EPM Group as of the date of the period reported is as follows:

Name	Country of incorporation and main domicile	Type of business	% participation		Date of creation
			2015	2014	
Hidroeléctrica Ituango S.A. E.S.P.	Colombia	Promotion, design, construction, operation, maintenance and commercialization of energy nationally and internationally of the Central Hidroeléctrica Pescadero Ituango	46.45%	46.45%	08/06/1998
Hidroeléctrica del Rio Aures S.A. E.S.P.	Colombia	Generation and commercialization of electric power through a hydroelectric plant, located in the jurisdiction of the municipalities of Abejorral and Sonsón of the Department of Antioquia	42.04%	42.04%	14/05/1997
UNE EPM Telecomunicaciones S.A. (1)	Colombia	Provision of telecommunications, information and communications technology services, information services and complementary activities.	50.00%	50.00%	23/06/2006
Inversiones Telco S.A.S. (2)	Colombia	Investing in companies which corporate objects are based on the rendering of business process outsourcing (BPO) for companies, especially but not limited to telecommunications services.	50.00%	50.00%	05/11/2013

(1) In August 2014 there was a change in the classification of the investment in UNE, which as of that date is recognized in the consolidated financial statements under the equity method, as a consequence of the loss of control, and the recognition of the significant influence. See note 8. Investment in subsidiaries

(2) *Entity incorporated on November 5, 2013. In December 2014, EPM capitalized $55,224.*

The financial information of the significant associates of the EPM Group as of the date of the period reported is the following. All associates are accounted for by the equity method in the consolidated financial statements:

2015	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Results of the period		Other comprehensive income	Total comprehensive income	Dividends received
						Continued operations	Discontinued operations			
UNE EPM Telecomunicaciones S.A.	1.543.170	5.985.708	1.832.819	3.826.050	5.324.514	(310.689)	-	-	(310.689)	233.870
Hidroeléctrica Ituango S.A. E.S.P.	4.970	52.343	1.119	24.323	-	(4.336)	-	-	(4.336)	-
Hidroeléctrica del Rio Aures S.A. E.S.P.	1.688.232	3.905.894	203.043	-	-	226.970	-	-	226.970	-
Inversiones Telco S.A.S	140.020	58.151	80.166	1.310	378.930	7.043	-	-	7.043	-

- Figures in millions of Colombian pesos-

2014	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Results of the period		Other comprehensive income	Total comprehensive	Dividends received
						Continued operations	Discontinued operations			
UNE EPM Telecomunicaciones S.A.	1.577.092	5.921.727	1.548.720	2.851.444	4.960.872	(32.482)	-	-	(32.482)	1.141.653
Hidroeléctrica Ituango S.A. E.S.P.	3.298	44.099	1.119	18.742	-	(2.313)	-	-	(2.313)	-
Hidroeléctrica del RÍo Aures S.A. E.S.P.	2	26	294	-	-	(38)	-	-	(38)	-
Inversiones Telco S.A.S.	93.318	61.977	44.758	1.193	305.904	(1.103)	-	-	(1.103)	-

- Figures in millions of Colombian pesos-

The financial information of these companies, the basis for applying the equity method, is prepared under IFRS and adjusted to the Group's accounting policies.

The reconciliation of the summary financial information with the book value of associates in the consolidated financial statements is:

Associate	2015				2014			
	Value of Investment			Dividends	Value of Investment			Dividends
	Cost	Impairment	Total		Cost	Impairment	Total	
UNE EPM Telecomunicaciones S.A.	1.835.172	-	1.835.172	233.870	2.221.090	-	2.221.090	1.141.653
Hidroeléctrica Ituango S.A. E.S.P.	14.803	-	14.803	-	12.789	-	12.789	-
Hidroeléctrica del RÍo Aures S.A. E.S.P.	-	-	-	-	-	-	-	-
Inversiones Telco S.A.S.	58.344	-	58.344	-	54.673	-	54.673	-
Total investment in associates	**1.908.319**	**-**	**1.908.319**	**233.870**	**2.288.552**	**-**	**2.288.552**	**1.141.653**

- Figures in millions of Colombian pesos-

Significant restrictions

As of December 31, 2015 and 2014, the EPM Group does not have significant restrictions in investments in associates related to the transfer of funds to the EPM Group in the form of dividends in cash or reimbursement of loans or advances made by the EPM Group.

Note 11. Investments in joint ventures

The detail of joint ventures of the EPM Group as of the date of the period reported is the following:

Name of joint venture	Location (country)	Type of business	*Percentage ownership*	
			2015	2014
Parques del Río S.A.S. (1)	Colombia	Construction, operation and support of project Parques del Rio Medellin, as well as acting as urban manager of project.	33%	0,00%

(1) *Joint venture incorporated on November 26, 2015, with the participation of the municipality of Medellin, Interconexión Electrica S.A. E.S.P. (ISA), Empresa de Transporte Masivo del Valle de Aburra Ltda. (Metro) and EPM. The entity seeks to be the manager of the next urbanistic developments of the city, the department and the country, taking advantage of the synergies on the subject of infrastructure, mobility, environment and social, among others.*

The reconciliation of the summary financial information with the book value of joint ventures in the consolidated financial statements is:

Name of joint venture	2015				2014			
	Valor de la inversión			Dividendos	Valor de la inversión			Dividendos
	Costo	Deterioro	Total		Costo	Deterioro	Total	
Parques del Río S.A.S.	99	-	99	-	-	-	-	-
Total investments in joint ventures	**99**	**-**	**99**	**-**	**-**	**-**	**-**	**-**

- Figures in millions of Colombian pesos-

Note 12. Trade and other receivables

The composition of trade receivables and other accounts receivable as of December 31, is the following:

Trade debtors and other accounts receivable	2015	2014
Non current		
Public utilities debtors	280.689	255.874
Dividends and participations receivable [1]	196.288	-
Employee loans [2]	67.663	54.738
Other loans [3]	483.950	468.489
Total non current	**1.028.590**	**779.101**
Current		
Public utilities debtors	2.183.798	1.931.200
Public utilities impairment	(265.967)	(241.143)
Employee loans [1]	30.865	27.347
Employee loans impairment	(1)	(2)
Construction contracts	280	2.617
Dividends and participations receivable [2]	-	1
Other loans	767.215	841.693
Impairment other loans	(53.139)	(49.036)
Total current	**2.663.051**	**2.512.677**
Total	**3.691.641**	**3.291.778**

- Figures in millions of Colombian pesos-

[1] *The noncurrent portion of other loans includes dividends receivable from UNE for $196,288 (2014: $-)*

[2] *To value the employee credits mass consumption credit rate in effect as of the date on which the disbursement was made is used.*

[3] *Includes the covenant with the EPM Employee Fund (FEPEP) for $16,850.*

Accounts receivable from debtors of public utilities debtors generate default interest after the first day of payment default of the first deadline, that every company that provides a domiciliary public utility must deliver the invoice to the subscribers or users at least five (5) days in advance to the date payment is due.

As of December 31, the analysis of age of financial assets at the end of the period reported that are in default but not impaired is:

Accounts receivable aging

Trade debtors not impaired	Total	Not past due or impaired	Past due but not impaired						
			< 30 days	30-60 days	61-90 days	91-120 days	121-180 days	181-360 days	> 360 days
Debtors of public utilities									
2015	2.333.292	1.855.836	268.179	83.740	19.959	7.426	20.154	22.225	55.773
2014	1.639.418	1.485.993	100.968	9.595	3.295	1.385	1.289	3.172	33.721
Other debtors									
2015	1.198.631	1.113.438	23.366	7.257	5.844	5.740	5.079	22.029	15.878
2014	1.394.037	1.327.689	35.658	7.253	854	993	1.262	1.355	18.974
Total trade debtors not impaired									
2015	**3.531.923**	**2.969.274**	**291.545**	**90.997**	**25.803**	**13.166**	**25.233**	**44.254**	**71.651**
2014	**3.033.455**	**2.813.682**	**136.626**	**16.848**	**4.149**	**2.378**	**2.551**	**4.527**	**52.695**

- Figures in millions of Colombian pesos-

As of December 31, the analysis of the age of financial assets at the end of the period reported that are past due and impaired is:

Trade debtors not impaired	Total	Not past due or impaired	Past due but not impaired						
			< 30 days	30-60 days	61-90 days	91-120 days	121-180 days	181-360 days	> 360 days
Debtors of public utilities									
2015	130.915	1.326	9.896	2.920	2.793	3.238	14.115	46.680	49.947
2014	153.412	51.933	39.314	4.992	4.403	2.822	2.156	3.873	43.919
Other debtors									
2015	28.803	574	647	229	162	335	169	7.510	19.177
2014	50.173	28.060	1.927	4.015	149	447	115	1	15.459
Total trade debtors not impaired									
2015	**159.718**	**1.900**	**10.543**	**3.149**	**2.955**	**3.573**	**14.284**	**54.190**	**69.124**
2014	**203.585**	**79.993**	**41.241**	**9.007**	**4.552**	**3.269**	**2.271**	**3.874**	**59.378**

- Figures in millions of Colombian pesos-

The reconciliation of the provision to recognize impairment losses of receivables is:

	2015	**2014**
Book value as of January 1	(290.181)	(554.992)
Loss for impairment recognized during the period	(49.080)	(45.864)
Utilizations during the period	13.940	310.677
Reversal of loss for impairment during the period	18.271	-
Other change	(12.057)	-
Book value as of December 31	(319.107)	(290.179)

- Figures in millions of Colombian pesos-

The EPM Group writes down, against the impairment recognized in a corrective account, the values of the financial assets impaired in accordance with the following criteria:

After evaluating at the end of each month the impairment of receivables and the provision for doubtful accounts, impairment models are used that permit to find the irrecoverableness percentages for the accounting provisions, identifying the impaired receivables of domiciliary public utilities in default and those that that do not deteriorate in order to exclude them from the calculation of the provision.

Instances responsible for the write-off

The Director of Institutional Finance, prior approval of the business and of Credit and Receivables Committee, must approve the write-off. The receivables write-off takes place when:

- The accounts receivable recorded do not present any certain rights, goods or obligations for the entity.
- The rights or obligations do not have proper documents and support that permit to carry out the relevant procedures for their collection or payment.
- It is not possible to make the collection of the right or obligation, by coercive or judicial jurisdiction.
- It is not possible to attribute legally to any person, legal or natural, the value of the receivables.
- Upon evaluation and establishment of the cost/benefit ratio, it is more onerous to carry out the collection process than the value of the obligation.
- When there has been an executive action of the invoice.

Note 13. Other financial assets

The breakdown of other financial assets at the end of the period is:

Other financial assets	2015	2014
Non current		
Derivatives designed as hedge instruments under hedge accounting	-	85.918
Swap contracts	-	85.918
Total derivatives designed as hedge instruments under hedge accounting	**-**	**85.918**
Financial assets measured at fair value with changes in profit and loss for the period		
Fixed income securities	995	-
Variable income securities	22.293	5.871
Investments at amortized cost	11.457	5.247
Trust rights	335.682	333.340
Total financial assets measured at fair value with changes in profit and loss for the period	**370.427**	**344.458**
Financial assets designated at fair value with changes through other comprehensive income		
Equity instruments	2.087.119	2.071.817
Total financial assets measured at fair value with changes through other comprehensive income	**2.087.119**	**2.071.817**
Financial leasing	1.571	1.577
Other noncurrent financial assets	**2.459.117**	**2.503.770**
Current		
Derivatives designed as hedge instruments under hedge accounting		
Swap contracts	-	26.137
Total derivatives designed as hedge instruments under hedge accounting	**-**	**26.137**
Financial assets measured at fair value with changes in profit and loss for the period		
Derivatives that are not under hedge accounting	11.776	4.347
Fixed income securities	257.875	1.867.668
Trust rights	28.299	-
Total financial assets measured at fair value with changes in profit and loss for the period	**297.950**	**1.872.015**
Financial assets designated at fair value with changes through other comprehensive income		
Investments at amortized cost	212.920	102.967
Total financial assets designated at fair value with changes through other comprehensive income	**212.920**	**102.967**
Financial leasing	646	532
Total other current financial assets	**511.516**	**2.001.651**
Total other financial assets	**2.970.633**	**4.505.421**

- Figures in millions of Colombian pesos-

Conventional purchases and sales of financial assets are accounted for by applying the negotiation date.

13.1. Financial assets designated at fair value through the other comprehensive income:

Equity Investment	2015	2014
Isagén S.A. E.S.P.	1.218.329	1.062.454
Interconexión Eléctrica S.A. E.S.P.	831.029	971.786
Gasoriente S.A.	18.224	18.224
Promioriente S.A. E.S.P.	11.459	-
Reforestadora de Antioquia S.A.	4.947	4.947
Electrificadora del Caribe S.A. E.S.P.	1.345	1.389
Gensa S.A. E.S.P.	594	603
Terminal de Transportes de Bucaramanga S.A.	142	142
Comatrac S.A.	18	-
Transoriente S.A. E.S.P.	-	11.459
Enérgica S.A.	-	284
Unidad de Transacciones S.A.	-	364
Other[1]	23.314	6.036
Total	2.109.401	2.077.688
Dividends recognized during the period related to investments that are maintained recognized at the end of the period	93.457	52.670
Dividends recognized during the period	93.457	52.670

- Figures in millions of Colombian pesos-

[1] *Includes investments in en Fosfonorte S.A., Central de Abastos de Cúcuta, Hotel Turismo Juana Naranjo, Sin Escombros S.A.S. (Sinesco), Acerías Paz del Rio S.A., Cenfer S.A.*

The equity investments indicated in the preceding table are not maintained for negotiation purposes, instead, they are maintained with strategic medium and long term purposes. The Administration of the EPM Group considers that this classification for these strategic investments provides more reliable financial information that reflects immediately the changes in their fair value in profit and loss.

The EPM Group did not reclassify financial assets.

13.2. Financial leasing as lessor: the most significant financial leasing agreements are:

- Leasing of the Yopal 1 generation unit: the contingent installments are determined base don the producer Price index – PPI -, the purchase option will be the equivalent to the sum of twelve lease payments of the last year of execution of the contract.
- Leasing of storage tank located in Termobarranca: the contingent installments are determined base don the Market's Representative Rate (MRR). Upon expiration of the contract term of 10 years, this is be automatically renewed for annual periods save that any of the parties express its with not to renew it: the agreement does not contemplate the purchase option.

As of December 31, future minimum payments for financial leasing, the present value of the minimum payments for financial leasing and the future payments for non-cancellable operating leasing are distributed as follows:

Finance leases	2015		2014	
	Gross investment	Present Value of minimum payments	Gross investment	Present Value of minimum payments
At one year	1.101	6	1.539	424
At more than one and up to five years	5.506	342	5.506	282
Over five years	2.441	1.230	3.541	1.403
Total leases	9.048	1.578	10.586	2.109
Less-value of unearned financial income	(7.470)	-	(8.477)	-
Present value of minimum lease payments receivable	**1.578**	**1.578**	**2.109**	**2.109**

- Figures in millions of Colombian pesos-

The income for contingent leases recognized in the profit and loss is $15,463 (2014: $1,928), of which $14,853 (2014: $1,448) are from operating leases.

In the EPM Group, as lessor, there are not agreements that adopt the legal form of a lease but that in essence do not constitute it. They do not have either residual values not guaranteed in financial leasing.

Note 14. Garantías

The EPM Group has granted the following financial assets in guarantees: CDs which book value is $132 (2014 $127). The conditions for the use of the guarantees are: to cover contingencies for processes against the affiliate ESSA SA.

The EPM Group has not received guarantees as of December 31, 2015 and 2014, which it is authorized to sell or encumber without the occurrence of a default by the owner of the guarantee.

Note 15. Other assets

Details of other assets at, December 31:

Item	2015	2014
Non current		
Payments made in advance[1]	36.567	38.709
Employee benefits[2]	30.361	23.627
Advances delivered to suppliers[3]	791	169
Deferred loss for operation of lease back[4]	24.309	24.984
Goods received as dation in payment	1.288	1.685
Total other noncurrent assets	**93.316**	**89.174**
Current		
Payments made in advance[1]	95.021	38.942
Employee benefits[2]	67	70
Advances delivered to suppliers[3]	91.779	132.504
Sales tax	103.633	56.844
Advance of Industry and Commerce Tax	80	32
Other balances in favor for other taxes	5.341	-
Other advances or balances in favor for taxes and contributions	19.758	18.281
Total other current assets	**315.679**	**246.673**
Total other assets	**408.995**	**335.847**

- Figures in millions of Colombian pesos-

[1] *Includes in the non current portion the payments made by EPM in advance corresponding to the all risks insurance policies of the Hydroelectric Project Ituango for $21,432 (2014: $26,393) and extra-contractual civil liability insurance for $609 (2014: $799), both effective until March 15, 2020, which are amortized. Also included is the premium on legal stability agreements for $10,925 (2014: $6,555) and leasing for $1,05 (2014: $1,508).*

In the current portion includes the value of EPM insurance policies, consisting of the all risks policies for $24,159 (2014: $19,985), of which $6,616 (2014: $6,322) are of the Hydroelectric Project Ituango, and other insurance for $46,842 (2014 $2,072) of which $44,598 correspond to the climatic change insurance and advance payments for software support and maintenance for $4,218 (2014 $2,379).

[2] *Corresponds to the benefits to employees recognized by the credits delivered at rates lower than those of the market.*

[3] *Corresponds to advances delivered to suppliers for contracts for the acquisition of goods or services that will be recognized as expense.*

[4] *Leasing agreements corresponds in note 21, creditors and other payables and others financial liabilities.*

Note 16. Inventories

Inventories at the end of the period were represented as follows:

Inventories	2015	2014
Materials for the rendering of services (1)	332.599	266.351
Merchandise in stock (2)	16.346	16.743
Goods in transit	2.306	424
Total inventories at cost or at net realizable value, whichever is lower	**351.251**	**283.518**

- Figures in millions of Colombian pesos-

(1) *Includes the materials for the rendering of services held by third parties.*

(2) *Includes merchandise in stock that does not require transformation, such as power, gas and water meters, communication equipment, telephones and Supply goods, as well as those held by third parties.*

Inventories were recognized for $136,243 (2014: $159,465) as cost of goods sold for the rendering of the service during the period. The inventory write-downs recognized as expense during the period amounts to $564 (2014: $376).

EPM Group does not have inventories committed as guarantee of liabilities.

Note 17. Cash and cash equivalents

The composition of cash and cash equivalents as of December 31, 2015 and 2014 is as follows:

Cash and cash equivalents	2015	2014
Cash on hand and in banks	1,013,965	734,585
Other cash equivalents [1]	324,661	289,149
Total cash and cash equivalents reported in the Statement of financial position	**1,338,626**	**1,023,734**
Cash and cash equivalents reported in the Statement of Cash flows	**1,338,626**	**1,023,734**
Restricted cash	**216,815**	**152,219**

- Figures in millions of Colombian pesos-

[1] *Includes funds in $82 (2014: $1,075), fuds of restricted use $216,815 (2014: $152,219) and cash equivalents $107,764 (2014: $135,855).*

Treasury investments expire in a term equal or lower than three months from their acquisition date and earn market interest rates for this type of investments.

The Group has restrictions on cash and cash equivalents at fair value as of December 31, 2015 for $216,815 and as of December 31, 2014 for $150,171.

Fund	Destination	2015	2014
Restricted resources EPM Parent			
Agreements			
Bogota Agreement Parques del Rio	Transfer of public utilities networks for the development of the project called Parques del Rio Medellin.	25,472	-
Master Agreement Municipality of Medellin No. 4600049285	Construction by EPM of sidewalks and other roadway elements in the center of the city, taking advantage of the Centro Parrilla project, that is, the renewal of water and sewage networks.	22,189	11,292
Banco Bogota INCODER	Join forces and resources between EPM and INCODER to carry out the project “feasibility study for the construction of the irrigation and drainage district in part of the Uraba region of Antioquia” with multipurpose scope.	10,641	-
Agreement UVA Poblado 037000657546	Support the municipality of Medellin for the construction of the UVA - ARTICULATED LIFE UNIT POBLADO SECTOR.	9,039	-
Bogota Bolivar Gallery	Adapt carrera 51 (Bolivar) between 44 street (San Juan) and 57 street (La Paz) and convert that road sector in what will be called the Bolivar Gallery.	6,753	-
Municipality of Medellín - Water	Integral management of water for human consumption of the inhabitants of the municipality of Medellin.	6,038	5,925
Ministry of Mines and Energy - Special Fund Development Quota	Co-financing agreement for the construction of distribution and connection infrastructure to lower income users in the municipalities of Amagá, Santafé de Antioquia, Sopetrán, San Jerónimo and Ciudad Bolívar. Compressed Natural Gas and connection to users of Don Matias, Entrerrios, San Pedro, Santa Rosa and Yarumal. Agreement No. 106: construction of the infrastructure of connection to users of Valle de Aburrá, La Ceja,	4,781	2,504

Fund	Destination	2015	2014
	La Unión and El Retiro. Agreement 179: includes municipality of Sonsón.		
Aldeas Program	Usage of the wood that completes its maturing cycle in the forests planted by EPM around its reservoirs, to build social interest housing in the municipalities of Antioquia outside the Valle de Aburrá and deliver them to low income families, preferably in situation of forced or voluntary displacement.	3,791	1,194
BID 2120 Credit	Disbursement for construction of wastewater treatment plant (PTAR) Bello	2,569	23,008
Cuenca Verde	Administer the resources assigned for fulfillment of the objective of Corporación Cuenca Verde.	2,072	2,015
Montreal Protocol Multilateral Fund	Cooperation agreement with the Ministry of the Environment and Sustainable Development for the performance of activities within the framework of the implementation in Colombian of the Montreal Protocol.	283	590
National Royalties Fund - Gas	Construction of the compressed natural gas distribution infrastructure and subsidies for the connection to users of strata 1 and 2 of the municipalities of El Peñol and Guatapé.	278	274
Bogotá Agreement Anori Domiciliary	To cover the performance of the construction and supervision works in one hundred seventy-three (173) domiciliary facilities and internal electric power networks, for the electrification of homes in the villages of La Plancha, Chagualo Arriba, Chagualito, La Culebra and El Banco of the municipality of Anori.	190	-
IDEA Agreement 4600003541	To cover the co-financing of up to 70% of the cost of domiciliary electric installations in the different subregions of the department of Antioquia.	83	-
Thermal District	Agreement with the Ministry of Environment and Sustainable Development for the performance of activities of the Thermal District La Alpujarra.	56	20
Espíritu Santo	EPM - Espíritu Santo liquidation	55	62
Municipality of Barbosa - Subsidies	Agreement to subsidize partially the connection of subscribers in strata 1 and 2.	54	52
Agreements on public lighting and sanitation rates with municipalities	Agreement to manage the resources of territorial entities for the payment to the municipalities with collection agreements of the public lighting and sanitation rates; these resources are exempt from the payment of tax on financial transactions (4x1000)	51	584
Municipality of Medellin - Land	Acquisition of landed property identified and characterized within the zone of protection of the hydrographic basins that supply the water systems of the municipality of Medellín.	49	47
Department of Antioquia Agreement	Join efforts for the institutional development, strengthening, transformation or creation of companies, in order to secure the rendering of public utilities of the municipalities of the department.	36	1,053
Municipality of Medellin - Moravia	Construction, repair and replacement of water and sewage networks and the paving in the municipality of Medellin of the roadways affected by these works in the Moravia neighborhood.	6	1,082
IDEA agreement 4600003912	Inter-administrative agreement to join forces for the design and construction of electric power generation and distribution systems in the rural zones in the department of Antioquia.	2	-
IDEA Agreement 4600003283	Join forces for the construction of gas domiciliary service connections in the different subregions of the department of Antioquia under the framework of the program “Gas without Frontiers”.	1	-
BBVA const network municipality Sa	Construction of power networks in the villages of Bocanegra, El Jordan, La Mesa, El Olivo, Santo Tomás, El Pescado, Santa Rita, La Arabia, La Arauca, La Garrucha, la Palestina, Altavista and other five villages of the municipality of San Luis, municipality of Antioquia.	1	-
Governor’s Office of Antioquia - Gas without Frontiers	Support the development of the expansion component through the construction domiciliary gas connections, within the framework of the program “Gas without Frontiers”, in the sub-	-	6,627

Fund	Destination	2015	2014
	regions of the department of Antioquia.		
IPSE-EPM Agreement	Execution of the integral project of individual photovoltaic solar systems, as rural energy solution with non-conventional energy sources (NCES) in the zones not interconnected.	-	425
Municipality of Caldas	Administrating the resources assigned by the municipality to the performance of the replacement and modernization project of the secondary water and sewage networks and their complementary works.	-	220
Department of Antioquia and IDEA - Antioquia Illuminated	Take the electric power service to rural houses in the municipalities of the department of Antioquia	-	139
Municipality of Barbosa	Replacement and modernization of secondary water and sewage networks and their complementary works in the neighborhoods of Robles, Centro, La Bicentenaria, Los Ángeles and El Portón of the municipality of Barbosa.	-	65
Cash equivalent	Cash equivalent	4,315	
Conventional			
Sintraemdes Housing Fund	Contribute to the acquisition of housing and improvement thereof, of workers beneficiaries of the bargaining agreement executed between EPM and the Unions.	22,622	29,985
Sinpro Housing Fund		17,455	16,371
Sintraemdes Disaster Fund	Promote the wellbeing of its workers to take care of their urgent needs and unforeseen needs or those of their primary family group.	1,210	936
Sinpro Disaster Fund		1,021	869
Sintraemdes Education Fund	Promote the wellbeing of the workers to take care of the needs of payment of tuition, texts and supplies that are required to carry out owns studies and those of the family group.	1,448	879
Sinpro Education Fund		1,419	930
Motorcycle Repair Fund	Promote the wellbeing of the official workers who work in the regional market and use motorcycles owned by them for the performance of their work.	155	155
Motorcycle Repair Fund		115	63
Guarantees			
Health Adapted Entity Fund and Fosyga Fund	Control and follow up mechanism of the collection of contributions of the Contributive Regime of the General Social Security System in Health.	861	865
International Energy Transactions	Guarantee corresponding to the "compensation that must be made between the invoice of pool transactions and the advance payments, seeking that the actual payment is made to XM.	167	533
Deposits Law 820	Guarantee required by the lessor to the tenant for the payment of public utilities. As per Article 15 of Law 820 of 2003 and Regulatory Decree 3130 of 2003.	45	44
Total restricted resources EPM Parent		**145,323**	**108,808**
Restricted Resources ESSA			
Self-Insurance Agreement	Self-Insurance Agreement	5,276	5,075
BBVA guarantees 0408	Bank account XM	3,758	-
Agreement FAER GGC 384	Agreement of rural electrification signed with the Ministry of Mines and Energy	3,345	-
Agreement FAER 302 - ESSA	Agreement of rural electrification signed with the Ministry of Mines and Energy	3,056	-
FAER Agreement	Administration of resources FAER	1,391	560
Agreement FAER 301 - ESSA	Agreement of rural electrification signed with the Ministry of Mines and Energy	734	-
Agreement PRONE - ESSA	Agreement of rural electrification signed with the Ministry of Mines and Energy	576	-
Line Puerto Wilches Barranca	Construction of double circuit Termobarranca Puerto Wilches 115/34.5 kv, one substation in Puerto Wilches 115/34.5 kV and expansion of the Termobarranca substation.	532	24
Public Lighting of San Gil	Resources of surpluses of public lighting of the municipality of San Gil.	496	478
Agreement Governor's Office of Santander - ESSA, Phase V	Construction of medium and low voltage networks, set up of transformers and internal installations for rural electrification of villages in the Department of Santander.	427	413

Fund	Destination	2015	2014
FAER 014 Agreement	Administration and execution of resources of the financial support fund for energization of the interconnected rural zones (FAER), assigned to the projects rural electrification and standardization of electric networks.	218	215
Public Hearings	General Administration and execution of the resources of public hearings by ESSA, assigned to construction projects of medium and low voltage networks for rural electrification.	101	97
Jesús María Agreement	Construction of the medium and low voltage networks, set up of transformers and internal installations for rural electrification of the villages of the municipality of Jesús María, in Santander.	52	138
Fund of financial support for energization of rural interconnected areas (FAER), Agreement 090	Extend coverage, improve quality and continuity of he electric power service and meet the demand thereof in the zones of the National Interconnected System (SIN) located in the commercialization market of the Network Operator, through the execution of resources of the financial support fund for energization of interconnected rural zones (FAER).	-	2,318
FAER 030 Agreement	Technical assistance agreement between the Nation (Ministry of Mines) and ESSA for the administration and execution of the resources of the financial support fund for the energization of the rural interconnected zones (FAER).	-	1,294
FAER 235 Agreement	Extend coverage, improve quality and continuity of the electric energy service and meet the demand thereof in the zones of the National interconnected System (SIN) located in the commercialization market of the Network Operator, through the execution of resources of the Financial Support Fund for Energization of the Rural Interconnected Zones (FAER).	-	192
FAER GSA 160 2012 Agreement	Technical assistance agreement between the Nation (Ministry of Mines) and ESSA for the administration and execution of the resources of the financial support fund for the energization of the rural interconnected zones (FAER).	-	81
Macaravita Agreement	Construction of the medium and low voltage networks, set up of transformers and internal installations for rural electrification of the villages of the municipality of Macaravita, Santander.	-	26
Total restricted resources ESSA		**19,962**	**10,911**
Restricted Funds EDEQ			
Housing Fund	Resources intended to improve the quality of life of its workers by the granting of credits intended to the purchase and improvement of homes.	2,262	1,114
Social Wellbeing and Training Fund	Resources intended to facilitate to the workers and their families the access to higher education healthcare, wellbeing and recreation.	120	168
Motorcycle Fund	Loans to employees for the purchase of motorcycles	36	-
Domestic Emergency Fund	Funds intended to events caused by serious and unforseen situations that affect the worker of his family.	13	10
Total restricted funds EDEQ		**2,431**	**1,292**
Restricted funds CENS			
Agreement FAER GGC 105 - 2013 executed between the Nation (Min. Mines) and CENS (FAER Catatumbo III)	Execution of rural electrification works in the municipalities of Convención, San Calixto, Cáchira, Hacarí, Ocaña, La Playa, Villa Caro, Teorama and La Esperanza in the Department of Norte de Santander.	1,890	3,031
CENS – Governor's Office of Santander Agreement	Execution of the rural electrification works in the municipalities of Abrego, El Carmen and El Tarra, of the department of Norte de Santander.	1,428	2,354
CENS - Ecopetrol Agreement	Execution of the rural electrification works in the municipalities of Tibú and El Carmen, department of Norte de Santander.	542	2,951
FAER Morales-Aguachica	Extend the coverage, improve the quality and continuity of the electric power service and satisfy the demand thereof in the zones of the National Interconnected System – SIN, located in the market of commercialization of the network operator – electric plants of North of Santander S.A. E.S.P., by the execution of	435	-

Fund	Destination	2015	2014
	projects of the Fund of Financial Support for the Energization of the Interconnected Rural Zones – FAER.		
Rotating Housing Fund	Financing the value of homes for workers who do not own it.	358	233
Fundescat	Execution of the rural electrification works in the municipalities Tibú and El Tarra, department of Norte de Santander	246	2,253
FAER 021 Agreement	General administration and execution of the resources of the financial support fund for the energization of interconnected rural zones (FAER).	215	214
XM has custody BBVA Bank Guarantees	TIES warranty and compliance to protect power purchase projects.	214	-
AOM Agreement	Administration, operation, maintenance and replacement of assets of rural electrification constructed with the resources of the “Program of rural electrification zone of Catatumbo and province of Ocaña, phase 1, Norte de Santander”.	62	62
FAER 003 Agreement	General administration and execution of the resources of the financial support fund for the energization of interconnected rural zones (FAER).	3	3
Total restricted resources CENS		**5,393**	**11,101**
Restricted resources CHEC			
Housing Fund	Resources intended to improve the quality of life of its workers through the concession of credits intended to the purchase and improvement of housing.	2,148	2,112
Financing Plan Agreement	Resources intended to the social financing plan of the company.	928	911
Plant Maintenance Fund	Fund created to take care of the civil maintenance of CHEC’s generation plants through a delegated administration contract.	221	-
Building maintenance agreement	Account intended for the maintenance of the building.	64	100
Malecón Agreement	Malecón Cameguadua delegated administration.	-	200
Geo Mark Agreement	Account intended for the Mipymes project.	-	239
Total restricted resources CHEC		**3,361**	**3,562**
Restricted resources Western Regional			
San Jerónimo Agreement	Resources received in 2011 from the inter-administrative agreement 08-CF-124850 agreed between the department of Antioquia and the municipalities of Santafe de Antioquia and San Jeronimo, as well as resources received in 2011 under the inter-administrative financial support agreement entered into between the Ministry of Environment, House and Territorial Development, the Department of Antioquia and the Western Regional, which purpose is the financial support of the regional schemes for the rendering of water and sewerage utilities.	407	-
Total restricted resources Regional de Occidente		**407**	**-**
Restricted resources Aguas de Urabá			
Housing Fund	Resources intended to improve the quality of life of its workers through the concession of credits intended to the purchase and improvement of housing.	268	84
Financial support 10005431- 07-CF12-4842	Balance of the agreement signed with the department of Antioquia for the execution of works.	2	2
Inter-administrative Agreement between the Department of Antioquia and Aguas de Urabá	Inter-administrative agreement for the construction of the master plans of waterworks – phase II of the Urabá region, municipalities of Turbo, Carepa, Apartadó and Chigorodó.	-	2,007
Agreement for trust management of contributions from Department of Antioquia	Balance of capitalization resources received from the Department of Antioquia and the interest generated.	-	611
Inter-administrative Agreement between the Department of Antioquia	Inter-administrative agreement for the development of the optimization of the wastewater collection system of municipality of Turbo. Agreement 122.	-	62

Fund	Destination	2015	2014
and Aguas de Urabá			
Total restricted resources Aguas de Urabá		**270**	**2,766**
Restricted resources Emvarias			
FL Bancolombia 6093-Decommissioning	Resources intended for the payment of the closing, decommissioning and post-decommissioning of Pradera.	7,137	5,147
FL Agreement Zonas Verdes 2014	Delegated administration agreement with the Municipality of Medellín, for the service of cutting of green zones.	1,256	1,051
FL BBVA 423 Poda-Tala Agreement	Delegated administration agreement with the Municipality of Medellín, for the service of cutting of free zones and trimming and felling of trees.	146	144
18-897796-47 EDU Agreement	Delegated administration agreement with the Municipality of Medellín, for the maintenance of free zones of the institutions of the Municipality and its 5 townships.	78	24
FL Agreement Zonas Verdes 400054603	Delegated administration agreement with the Municipality of Medellín, for the service of cutting of green zones.	51	51
FL Occidente INDER	Agreement with INDER for the washing of bridges and roofs of the stadium.	37	36
FL Occidente 127	Delegated administration agreement with the Municipality of Medellín, for the service of collection of debris.	27	129
Total restricted resources Emvarias		**8,732**	**6,582**
Restricted resources miscellaneous			
Aguas Nacionales Restricted Petty Cash A FL MN	Restricted funds for petty cash	29,348	1
Het	Miscellaneous	1,588	5,147
Ensa	Miscellaneous	-	2,049
Total restricted resources miscellaneous		**30,936**	**7,197**
Total restricted resources EPM Group		**216,815**	**152,219**

-Figures in millions of Colombian pesos -

Note 18. Equity

18.1. Capital

EPM is an industrial and commercial company of the State which sole owner is the municipality of Medellin. Its capital is not divided into shares.

Capital	2015	2014
Beginning balance	67	67
Capital increase (decrease)	-	-
Total	**67**	**67**

- Figures in milliones of Colombian pesos -

18.2. Reserves

Of the accounts that make up the equity, the reserves as of December 31, 2015 and 2014 consisted of the following:

Reserves	2015	2014
Legal reserves		
Beginning balance	2,604,500	3,302,422
Constitution	741,053	-
Appropriation	(327,295)	(697,922)
Total legal reserves	**3,018,258**	**2,604,500**
Occasional reserves		
Beginning balance	572,092	1,445,365
Constitution	-	-
Appropriation	-	(873,273)
Total Occasional reserves	**572,092**	**572,092**
Other reserves		
Beginning balance	(37,020)	(108,936)
Constitution	282,860	110,087
Appropriation	-	(38,171)
Total Other reserves	**245,840**	**(37,020)**
Total reserves	**3,836,190**	**3,139,572**

- Figures in milliones of Colombian pesos -

The nature and purpose of the equity reserves of the EPM Group are described below:

Legal reserves: in compliance with Colombian tax provisions contained in Article 130 (reserve of 70% for excess of tax over accounting depreciation) and 211 of the Tax Code, EPM and the companies of the EPM Group that operate in Colombia have created the required reserves in order to be benefited by a special tax treatment and obtain a rationalization in the payment of the income and complementary tax.

Occasional reserves: in accordance with Decree 2336 of 1995, for the profits incorporated in profit and loss in the application of the equity method applied under local regulations, EPM and the companies of the EPM Group that operate in Colombia have created these reserves to in order to comply with this Decree.

Other reserves: includes statutory reserves, for reacquisition of shares and quote-parts, equity funds and others that as of December 31 represent the net balance corresponding to the releases made by the Affiliates in those reserves that have already complied with the requirements to be released.

18.3. Retained profits

The movement of retained profits as of December 31, 2015 and 2014 is:

Retained results	2015	2014
Beginning balance	11,240,052	10,321,549
Creation of reserves	(696,618)	(57,532)
Surpluses or dividends declared	(56,139)	(2,919,566)
Effect by loss of control of subsidiary UNE	-	1,500,003
Another movement of the period	45,959	(34,871)
Total accumulated result	**10,533,254**	**8,809,583**
Net result of the period	931,422	2,430,469
Total results retained	**11,464,676**	**11,240,052**

- Figures in millions of Colombian pesos -

Of the profits received during the year were $409,866.93

By COMPES Act of January 18, 2016 the payment of ordinary and additional profits to the municipality of Medellin EPM 2016 for $ 450,000 and $ 375,000 respectively was proposed. In March, when the final value of this surplus will be subject to adjustment.

18.4. Non-controlling participations

The movement of non-controlling participations as of December 31, 2015 and 2014 is:

Non-controlling participations	2015	2014
Book balance as of January 1	736,370	753,656
Surpluses and dividends decreed	(168,405)	(106,152)
Participation in the net profit of the period	124,708	112,451
Participation in the other comprehensive income	(484)	(2,408)
Effect by disposition of subsidiary	-	(113,124)
Another movement of the period	151,785	91,947
Total	**843,974**	**736,370**

- Figures in milliones of Colombian pesos -

Note 19. Components of the other accumulated comprehensive income

The detail of the tax effect corresponding to each component of other comprehensive income of the consolidated statement of financial condition is the following:

Components of the other accumulated comprehensive income	2015			2014		
	Gross	Tax Effect	Net	Gross	Tax Effect	Net
Equity investments measured at fair value through equity	1,858,063	(83,157)	1,774,906	1,847,527	(5,810)	1,841,717
New measurements of defined benefit plans	87,403	(52,946)	34,458	62,059	(11,010)	51,049
Cash flow hedges	-	-	-	7,790	(18,785)	(10,995)
Credit risk of liabilities measured at fair value	-	-	-	-	-	-
Conversion of business abroad	859,170	-	859,170	356,743	-	356,743
Revaluation of properties, plant & equipment and other assets	3,739	(404)	3,335	6,117	(2)	6,115
Total	**2,808,375**	**(136,506)**	**2,671,869**	**2,280,236**	**(35,607)**	**2,244,629**

- Figures in milliones of Colombian pesos -

During the period net losses were reclassified for $39,224 (2014 $91,539), previously recognized in the other comprehensive income to the other profit and loss for the period corresponding to cash flow hedges abroad.

Following is presented for each component of the comprehensive income, a reconciliation of the beginning and ending balances as of December 31, 2015 and 2014:

19.1. Component: Equity investments measured at fair value through equity

The component of the other comprehensive incomes of equity investments measures at fair value through the equity represents the accumulated value of profits or losses by the valuation at fair value less the values transferred to the accumulated profits when these investments have been sold. The changes in the fair value do not reclassify to the profit and loss for the period. It includes the portion that corresponds to the EPM Group in its investments in associates and joint ventures.

Equity investments measured at fair value through equity	2015	2014
Book value as of January 1	1,841,717	2,008,262
Net profits or losses for changes in the fair value of equity investments	5,227	(155,717)
Associated income tax (or equivalent)	(92,925)	1,169
Other changes net	20,887	(11,997)
Total	**1,774,906**	**1,841,717**

- Figures in milliones of Colombian pesos -

19.2. Component of new measurements of defined benefit plans

The component of new measurements of the defined benefit plans represents the accumulated value of the actuarial profits or losses, the returns of the assets of the plan and the changes in the effect of the asset's ceiling, excluding the values included in the net interest over the liability (asset) of net defined benefits. The net value of the new measurements is transferred to the accumulated profits and not reclassified to the results of the period. It includes the portion that corresponds to the EPM Group in its investments in associates and joint ventures.

Component of new measurements of defined benefit plans	2015	2014
Book value as of January 1	51,049	69,682
Net profits (losses) for new net measurements of defined benefit plans	21,304	(18,761)
Associated income tax (or equivalent)	(15,489)	(344)
Other changes net	(22,406)	472
Total	**34,458**	**51,049**

- Figures in milliones of Colombian pesos -

19.3. Component: cash flows hedging

The component of the other comprehensive income of cash flows hedging represents the accumulated value of the effective person of the profits or losses that arise from the changes in the fair value of entries hedged in a cash flows hedging. The accumulated value of profits or losses will be reclassified to the profit and loss of the period only when the transaction hedged affects the result of the profit and loss of the period or the highly probable transaction is not anticipated that it will occur, or is included, as part of its book value, in a non-financial hedged entry. It includes the portion that corresponds to the EPM Group in its investments in associates and joint ventures.

cash flows hedging	2015	2014
Book value as of January 1	(10,995)	-
Profits or losses for changes in the fair value of hedging instruments	31,434	99,329
Associated income tax (or equivalent)	18,785	(18,785)
Accumulated profits (losses) by changes in the fair value of hedging instruments reclassified to profit and loss of the period	(39,224)	(91,539)
Total	**-**	**(10,995)**

- Figures in milliones of Colombian pesos -

19.4. Component: profits or losses for conversion of business abroad

The component of conversion differences represents the accumulated value of the exchange differences that arise from the conversion to the currency of presentation by EPM Group of the results and of the net assets of the operations abroad, as well as of the profits or losses of hedging instruments that are designated in a hedging of net investment in a business abroad. The accumulated conversion differences reclassify to profit and loss for the period, partial or totally, when the operation is provided abroad. It includes the portion that corresponds to the EPM Group in its investments in associates and joint ventures.

Profits or losses for conversion of business abroad	2015	2014
Book value as of January 1	356,743	89,235
Net exchange differences for the conversion of business abroad	507,629	258,641
Restatement effect	-	11,798
Other changes	(5,202)	(2,932)
Total	**859,170**	**356,743**

- Figures in milliones of Colombian pesos -

19.5. Component: reclassification of properties, plant and equipment to investment properties

The component of reclassification of properties, plant and equipment to investment properties of other comprehensive income corresponds to transfers from properties, plant and equipment to investment properties, which are measured at fair value. The changes in the fair value are not reclassified to profit and loss.

Reclassification of properties, plant and equipment to investment properties	2015	2014
Beginning balance	6,115	6,117
Net profit or loss for changes in fair value of investment properties	3,731	-
Associated Income tax (or equivalent)	(401)	(2)
Other changes	(6,110)	-
Total	**3,335**	**6,115**

Figures in millions of Colombian pesos-

Note 20. Credits and loans

The following is the detail of the books value of credits and loans as of December 31:

Credits and loans	2015	2014
Non-current		
Credits and loans		
Commercial banks loans	3,092,836	1,940,589
Multilateral banks loans	640,451	1,062,951
Development banks loans	-	607,956
Bonds and securities issued	683,567	518,383
Other bonds and securities issued	5,963,779	5,156,889
Total Credits and loans non current	**10,380,634**	**9,286,768**
Credits and loans		
Commercial banks loans	1,067,512	485,974
Multilateral banks loans	1,050,265	163,214
Development banks loans	1,082,093	32,256
Bonds and securities issued	334,604	196,414
Other bonds and securities issued	290,934	262,826
Other loans	432,830	-
Total Credits and loans current	**4,258,238**	**1,140,684**
Total credits and loans	**14,638,872**	**10,427,452**

- Figures in millions of Colombian pesos-

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

Entity / loan	2015		2014	
	TIR	Value	TIR	Value
AFD	4.47%	1,082,093	4.58%	653,896
Club deal-Davivienda	7.26%	196,934	7.85%	235,404
Club deal-Santander	7.40%	52,355	8.01%	62,529
Club deal-BBVA	7.47%	130,682	8.07%	156,088
Club deal-Helm Bank	7.60%	25,336	8.19%	30,253
BID 2120	3.79%	413,175	3.69%	112,792
Bonds IPC	9.71%	180,186	9.01%	184,327
Fixed rate bonds	13.82%	58,826	13.82%	58,820
Bonds IPC Tranche II	9.31%	140,809	8.72%	142,798
Bonds TF Tranche II	10.81%	82,237	10.81%	82,233
Bonds IPC Tranche III	9.50%	203,223	9.21%	206,080
Internationale bonds	8.16%	1,607,032	8.16%	1,217,572
IPC Bonds IV Tranche 1	8.05%	111,998	6.11%	113,921
IPC Bonds IV Tranche 2	7.66%	119,431	7.27%	121,642
IPC Bonds IV Tranche 3	8.33%	266,678	8.08%	271,577

Entity / loan	2015		2014	
	TIR	Value	TIR	Value
Global 2021 COP	8.70%	1,329,058	8.70%	1,326,582
IPC Bonds V Tranche I	7.73%	41,574	7.04%	42,166
IPC Bonds V Tranche II	8.09%	95,460	7.76%	96,911
IPC Bonds V Tranche III	8.50%	227,402	8.29%	230,945
IPC Bonds VI Tranche I	7.25%	124,873	6.83%	126,377
IPC Bonds VI Tranche II	7.66%	124,871	7.43%	126,491
IPC Bonds VI Tranche III	7.94%	249,792	7.76%	253,114
Global 2024 COP	7.73%	981,247	7.73%	980,861
IPC Bonds V Tranche IV	7.93%	130,090	-	-
IPC Bonds VII Tranche I	6.26%	119,241	-	-
IPC Bonds VII Tranche II	7.27%	119,664	-	-
IPC Bonds VII Tranche III	7.75%	259,673	-	-
BID-1664/OC-CO	3.62%	518,990	4.21%	426,781
BID 2120-1	6.65%	191,417	6.51%	192,935
Bank of Tokyo-Mitsubishi	1.82%	446,591	2.55%	377,944
BID 800- Reliquidado	3.18%	106,358	4.58%	99,677
BID 2217/OC-CO	3.54%	14,184	3.54%	16,166
Agrario	8.13%	115,343	7.95%	116,374
BNP Paribas	1.38%	598,694	-	-
BBVA	6.63%	282,376	-	-
Bogotá	8.86%	150,454	-	-
IFC loan A B(1)	-	-	4.16%	349,606
IFC Tranche 1	-	-	3.26%	275,586
Banco Davivienda	1.02%	124,697	1.02%	59,907
Bonds	1.52%	66,551	1.52%	72,151
Bonds senior	8.16%	320,505	8.16%	242,878
Corporate bonds	3.46%	63,695	3.46%	48,264
Bonds (Private Placement)	4.96%	248,768	4.96%	188,802
Banco Nacional de Panama	1.40%	85,036	1.40%	28,710
Bancolombia	-	-	0.60%	30,097
Banco de Bogotá	0.59%	24,280	0.61%	30,830
Banco de Bogotá	0.54%	10,082	0.62%	10,126
Bank Agrario	0.55%	25,408	-	-
Banco de Bogotá	0.23%	10,023	-	-
Agrario	6.51%	9,101	-	-
Agrario	-	-	-	-
BBVA	6.62%	876	-	-
BBVA	1.44%	994	-	-
Davivienda	7.69%	7,417	-	-
Bancolombia	-	-	7.51%	10,094
Bancolombia	-	-	6.54%	2,486
BBVA	-	-	7.30%	2,055
BBVA	-	-	7.36%	2,041
BBVA	-	-	6.40%	5,026
Banco de Bogotá	6.96%	95,652	7.53%	113,501
Banco de Bogotá	6.92%	33,227	7.55%	37,337
Banco de Bogotá	6.89%	6,343	7.51%	7,110
Banco de Bogotá	6.81%	18,233	7.70%	18,366
Banco de Bogotá	6.81%	10,120	7.69%	10,191
Banco de Bogotá	6.70%	13,162	-	-
Banco Industrial S.A.	6.97%	203,332	1.76%	157,269
Banco GYT Continental, S.A.	6.97%	132,059	1.76%	102,163
Banco Reformador, S.A.	6.98%	53,368	1.77%	41,262
Banco Internacional, S.A.	7.65%	11,572	1.89%	10,444
Banco Agromercantil de Guatemala, S.A.	6.98%	71,628	1.74%	55,647
Banco Industrial, S.A.	4.44%	78,692	1.09%	60,280
Banco Internacional, S.A.	4.50%	31,476	1.17%	24,132
Banco de Desarrollo Rural, S.A.	4.82%	31,477	1.10%	24,114

Entity / loan	2015		2014	
	TIR	Value	TIR	Value
Banco de América Central, S.A.	4.51%	9,443	1.10%	7,235
Line short-term credit Banrural	-	-	-	22
Banco del Estado	3.98%	33,200	-	-
Banco del Estado	4.67%	189,158	-	-
Banco deL Estado	5.52%	607,652	-	-
Scotiabank	5.52%	607,653	-	-
Entidad - Préstamo 1 IPSE	6.46%	269	6.46%	368
Entidad - Préstamo 2 BBVA	7.41%	67,014	7.94%	67,614
Entidad - Préstamo 3 Corbanca	7.41%	51,009	7.94%	51,567
Entidad - Préstamo 4 Davivienda	8.33%	50,404	-	-
Entidad - Préstamo 5 BBVA 2 (Nuevo)	8.21%	60,026	-	-
AU-Helm	3.57%	6,881	3.57%	7,690
AU-Popular 1500	8.44%	1,324	8.42%	1,471
AU-Popular 350	8.42%	322	8.45%	357
AU-Popular 700	7.91%	650	7.93%	721
AU-Popular 4 (800)	8.43%	726	8.41%	804
Popular 666	8.38%	649	8.42%	680
Popular 520	8.38%	505	8.40%	530
Popular 616	8.34%	598	8.37%	627
Popular 500	8.45%	498	8.43%	509
Popular 1082	8.34%	1,069	8.33%	1,093
Popular 950	8.39%	964	8.37%	962
Popular 1915	8.36%	1,943	8.36%	1,937
BBVA 1000 -0.7 subv	9.07%	1,095	9.07%	1,039
BBVA 700	8.32%	711	8.11%	711
BBVA 400	8.25%	407	8.01%	408
BBVA 400-2	8.29%	407	8.13%	406
BBVA 1.377 -07 subv	10.19%	1,471	10.15%	1,382
BBVA 850	8.52%	858	-	-
Bancolombia 3000	7.55%	3,072	7.58%	3,066
Popular 3000	7.51%	3,042	7.61%	3,035
Popular 1700	7.66%	1,731	7.66%	1,728
Popular 520	7.79%	528	7.76%	527
Bogotá 680	7.69%	689	-	-
Banobras (Aquasol Morelia S.A. de C. V.)	12.98%	6,501	12.97%	6,358
Banobras (Aquasol Morelia S.A. de C. V.)	11.09%	16,953	11.09%	16,184
Banobras (Aquasol Morelia S.A. de C. V.)	8.85%	3,175	8.85%	3,085
Interacciones (Ecosistema de Ciudad Lerdo S. A. de C. V.)	7.76%	40,433	7.53%	39,603
Banobras (Ecoagua de Torreón S.A. de C. V.)	11.22%	12,526	11.80%	10,852
Interacciones (Ecoagua de Torreón S.A. de C. V.)	12.12%	3,802	11.22%	5,493
Banorte (Ecosistema de Celaya S.A. de C. V.)	8.26%	21,718	8.44%	20,163
Interacciones (Ecosistema de Colima S.A. de C. V.)	6.97%	36,410	6.97%	32,266
Interacciones (Ecosistema de Colima S.A. de C. V.)	11.28%	2,938	11.28%	2,572
Banco del Bajío (Ecosistema de Tuxtla S.A. de C. V.)	6.43%	69,013	6.43%	40,013
Interacciones (Tecnología Intercontinental S. A. P. I. de C. V.)	8.61%	13,109	9.39%	13,641
Banorte (Tecnología Intercontinental S. A. P. I. de C. V. credito Tesoreria)	0.00%	-	0.00%	-
Bank of America (Tecnología Intercontinental S. A. P. I. de C. V. Crédito Tesorería)	5.30%	40,507	0.00%	-
Ajustes PPA and others [(1)]		(20,301)		(2,998)
Total		**14,638,873**		**10,427,452**

- - Figures in millions of Colombian pesos-

[(1)] Includes the value of the subsidy of credits BBVA 1000 and BBVA 1377 of the affiliate Aguas de Urabá.

The interest paid in 2015 for credit operations were $789,061 (2014): $478,260)

The net exchange difference assumed in 2015 was of $1,651,257 (2014: $-857,134)

The information of the bonds issued is the following:

	Amount Awarded							
Subseries	A 2015	A 2014	A 2013	A 2012	A 2011	A 2010	A 2009	A 2008
A10a	539,220	539,220	539,220	313,010	313,010	313,010	313,010	141,450
A12a	364,900	244,900	119,900	119,900	119,900	119,900	-	-
A15a	198,400	198,400	198,400	198,400	198,400	198,400	198,400	-
A20a	1,006,590	746,590	496,590	267,400	267,400	267,400	-	-
A5a	161,880	41,880	41,880	-	-	-	-	-
A6a	237,700	237,700	112,700	112,700	112,700	112,700	-	-
C10a	132,700	132,700	132,700	132,700	132,700	132,700	132,700	58,000
Total	**2,641,390**	**2,141,390**	**1,641,390**	**1,144,110**	**1,144,110**	**1,144,110**	**644,110**	**199,450**

Figures in millions of Colombian pesos-

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

	Amount Awarded						
Type of Bond	A 2015	A 2014	A 2013	A 2012	A 2011	A 2010	A 2009
International Bond	3,790,480	3,790,480	2,824,735	2,824,735	2,824,735	1,574,735	1,574,735
Total	**3,790,480**	**3,790,480**	**2,824,735**	**2,824,735**	**2,824,735**	**1,574,735**	**1,574,735**

- Figures in millions of pesos, the exchange rate used was the 2015 closing MRER ($3,149.47)

	Amount Awarded						
Type of Bond	A 2012	A 2011	A 2010	A 2009	A 2008	A 2007	A 2006
International Issue (ENSA)	251,958	-	-	-	-	-	341,947
Local Issue (ENSA)	-	-	-	-	62,989	-	-
Local Issue (DELSUR)	-	-	66,139	-	-	-	-
Total	**251,958**	**-**	**66,139**	**-**	**62,989**	**-**	**341,947**

Figures in millions of Colombian pesos -

In September 2015 the total advance payment of the balance of the two trenches of the credit agreed with International Finance Corporation (IFC), for a total value of USD 48,735,405.81, was made as follows:

Item	Value USD
Capital	46,120,000.00
Interest	2,615,405.81
Total	**48,735,405.81**

In 2015 the Group obtained the following disbursements by credit:

- EPM Parent contracted two transitory credits, one with the BBVA for $280,000 and the second with Banco de Bogota for $150,000; it also contracted a loan with EPM Inversiones S.A., classified as related party for $54,000.
- Aguas the Uraba obtained a new credit with BBVA Colombia for $860, disbursed on March 16, 2015 under the modality of commercial line. Its resources were intended to the general investment plan in the Company's infrastructure. The term of the operation is of 10 years, 2 of grace, rate CPI EA +4.90%.

- Empresa de Energía de Quindio (EDEQ) acquired a new financial obligation for $7,344 disbursed on November 12, 2015, under the modality of commercial line, at a term of 7 years 2 of grade and an interest rate of DTF (90-day CD benchmark rate) + 2.66%. Additionally a purchase of receivables by Banco Agrario of the credits agreed with Bancolombia.

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- Central de Energía Norte de Santander (CENS) obtained two loans, one with Banco de Bogota on December 18, 2015 for $10,000 at a term of 7 years and a rate of IBR (Banking Reference Indicator) + 1.88%; the other credit was with Banco Agrario for $25,000 at a term of 2.5 years and a rate of DTF + 1.60%.
- Central Hidroeléctrica de Caldas (CHEC) obtained a commercial line of credit with BBVA disbursed on December 28 for $60,000 at a term of 11 years and a rate DTF + 2.99%; additionally, two short term credits disbursed on November 23 and 27 for a total of $50,000 at a rate of IBR + 2.34%.
- Aguas de Occidente received a credit for $680 from Banco de Bogota disbursed on October 28, at a term of 10 years with a rate DTF + 2.60%.
- Electrificadora de Santander (ESSA) obtained a loan for $13,000 disbursed on April 30, 2015 with a rate of IBR + 1.88% at a 7-year term.
- Tecnología Intercontinental S. A. P. I. de C. V. (TICSA) obtained a treasury credit from Bank of America for $40,507 at a rate of TIIE (Interbank Equilibrium Interest Rate) + 1.75.
- The company Aguas de Antofagasta received two disbursements on September 4 at a rate of TAB (Active Bank Rate) at a 2-year term for a value of $616,200 each; a credit was granted by Scotiabank and the other by Banco del Estado.

Debt Covenant / EBITDA

EPM has active a financial covenant, measured in the ratio long term financial debt to EBITDA, of maximum 3.5 times, in the credit contracts: French Development Agency – AFD, Inter American Development Bank – BID 1664, and Guarantee from Japan Bank for International Cooperation –JBIC a credit with the Japanese commercial bank. In addition, it has agreed this credit, but inactive, to count with double degree of investment, in the international bond issue with expiration in 2019.

As of December 2015 the result of the indicator is of 3.76 times. Said result obeys to the appearance of the current circumstances that affected the EBITDA of the Power Generation line of business during the last quarter of 2015, by the materialization of the weather phenomenon “El Niño” and macroeconomic aspects that affected the balance of the long-term debt denominated in U.S. dollars.

Contractually, one of the schemes to avoid that this fact will become a nonfulfillment is that the banks grants a waiver, process that according to the procedures of the different financial entities may be protocoled once the company deliver its audited financial results of the period evaluated.

Since the last quarter of 2015, EPM started the processes associated to the obtaining of the respective waiver associated to the debt covenant/EBITDA with the financial institutions with which it has this commitment, as follows: French Development Agency –AFD-, Inter American Development Bank –BID-, Japan Bank for International Cooperation –JBIC-, and Bank of Tokyo Mitsubishi, the latter as credit agent bank with JBIC guarantee. Said process has advanced significantly and there is a favorable answer to the request of the waiver by EPM which evidences that no default will be decreed nor the demand of advance payment of the outstanding balance in those credits will be made.

It should be noted that the fact that EPM exceeds the Debt Covenant/EBITDA agreed does not generate a direct activation of the declaration of default on the part of banks or demand of advance payment, since this is an action contractually subject to the decision of the bank(s) of exercising or not that declaration and additionally to the fact of having repair periods agreed in the contracts to take care of an eventual default.

During the accounting period, the EPM Group has not defaulted in the payment of the principal and/or interest of its loans, has not renegotiated the default of its loans before the date of authorization of its financial statements.

Note 21. Creditors and other accounts payable and other financial liabilities

The other financial liabilities are made up by:

Other financial liabilities	2015	2014
Non current		
Creditors and other accounts payable		
Deposits received in guarantee	188,662	136,436
Creditors	175,415	160,600
Resources received in administration	33,044	13,263
Advances and prepayments received	20,037	43,273
Construction contracts	18,207	14,490
Acquisition of goods and services	9,252	5,946
Other accounts payable	-	22,216
Total creditors and other accounts payable non current	**444,617**	**396,224**
Pension bonds	351,903	283,602
Financial leasing	197,214	198,404
Derivatives that are not under hedge accounting	-	12,032
Total other liabilities non current	**549,117**	**494,038**
Total creditors and other accounts payable and other financial liabilities non current	**993,734**	**890,262**
Creditors and other accounts payable		
Acquisition of goods and services	1,561,932	1,167,044
Creditors	534,615	1,247,416
Subsidies assigned	100,754	117,582
Construction contracts	29,991	14,161
Resources received in administration	23,024	13,355
Prepayment and advances receives	22,821	24,939
Deposits received in guarantee	22,578	22,891
Other accounts payable	3,545	459
Commissions payable	2,110	4,463
Total creditors and other accounts payable current	**2,301,370**	**2,612,310**
Pension bonds	237,288	280,826
Financial leasing	1,190	1,379
Derivatives that are not under hedge accounting	-	8,913
Financial liabilities measured at fair value with changes in profit and loss for the period		
Total other financial liabilities current	**238,478**	**291,118**
Total creditors and other accounts payable and other financial liabilities current	**2,539,848**	**2,903,428**
Total creditors and other accounts payable and other financial liabilities	**3,533,582**	**3,793,690**

Figures in millions of Colombian pesos-

The Group has not designated financial liabilities at fair value with changes in profit and loss.
Conventional purchases and sales of financial liabilities are accounted for applying the negotiation date.

21.1 Financial Leasing

As of December 31 the carrying value of property, plant and equipment under financial leasing is as follows:

2015	Land & buildings	Communications & computer equipment	Machinery & equipment	Total assets
Cost	200,057	4,368	2,063	206,488
Accumulated depreciation	(60,926)	(2,921)	(946)	(64,793)
Total	**139,131**	**1,447**	**1,117**	**141,695**

- Figures in millions of Colombian pesos -

2014	Land & buildings	Communications & computer equipment	Machinery & equipment	Total assets
Cost	200,057	4,530	2,063	206,650
Accumulated depreciation	(56,589)	(2,444)	(880)	(59,913)
Total	**143,468**	**2,086**	**1,183**	**146,737**

- Figures in millions of Colombian pesos -

The most significant financial leasing agreement is the real estate property called "Edificio Empresas Publicas de Medellin". The agreement has a term of 50 years counted as of December 2001, automatically renewable for an equal term if none of the parties expresses otherwise. The value of the rent is $1,500 monthly, which will be adjusted each year by the Consumer Price Index (CPI):

As of December 31 minimum future payments for financial leasing and the present value of the minimum payments are distributed as follows:

Financial leasing	2015		2014	
	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
At one year	22,365	17,543	18,708	17,795
At more than one year and up to five years	91,124	56,050	72,379	55,972
More than five years	600,909	136,669	576,000	126,016
Total leasing	**714,398**	**210,262**	**667,087**	**199,783**
Less - value of interest not earned	(449,975)	-	(467,304)	-
Present value of minimum payments for leasing	**264,423**	**210,262**	**199,783**	**199,783**

- Figures in millions of Colombian pesos -

The expense for contingent leasing of financial leasing recognized in the profit and loss of the period was $15,115 (2014: $14,489).

21.2. Defaults

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

Note 22. Derivatives and hedging

The company has contracted as of December 31, 2015, the following derivative instrument that is not classified as hedge accounting:

Citibank - Tranche_5 (US$ 29 Million): Exchange Rate Swap, where the EPM Group pays interest at CPI + 2.00% and does not receive anything. On the last expiration date EPM receives the nominal amount in US dollars and delivers the pesos agreed at an exchange rate of 2,906 COP/USD. The risk covered of this hedge is the exchange rate. The fair value at December 31 is $ 11.776 (See note 13 – Others financial assets).

As of December 31, 2015 the company does not have instruments classified under hedge accounting (2014 $112,055).

The company had previously accounted for a transaction provided under hedge account of cash flow for $248,276 (2014: $116,403) to cover interest rate and exchange rate, of the credit IFC USD 349 million which was prepaid in September 2015; therefore, the company has reclassified $39,224 (See note 19 – Other accumulated comprehensive income) from profit recognized in the other comprehensive income to profit and loss of the period, of which $31,434 corresponds to other comprehensive income generated in the period 2015 and $7,790 corresponds to that generated in previous periods.

The hedging that was terminated in advance had been initially been contracted to cover the credit with IFC for USD 349 million; this credit was prepaid in its entirety on September 29, 2015, and thus since the underlying obligation had been extinguished the hedging that such obligation had associated was cancelled.

According to the authorization granted in article first of resolution 4457 of December 4, 2015, the advance termination was made of 6 swaps of Colombia peso – US dollar between EPM and BNP Paribas.

Advance Termination of the hedging

Date and time of the operation: December 9, 2015, 10:00 a.m.

Amount: 100% of the flows remaining until the expiration.

Characteristics of the operation that is cancelled:

Characteristic	Trench 1	Trench 2	Trench 3	Trench 4	Trench 5	Trench 6
Initiation	March 6, 2014 (first complete coupon)	March 17, 2014 (first complete coupon)	March 17, 2014 (first complete coupon)	March 17, 2014 (first complete coupon)	March 17, 2014 (first complete coupon)	March 17, 2014 (first complete coupon)
Notional (USD)	50,000,000	30,000,000	70,080,000	60,000,000	50,000,000	51,100,000
Spot Rate (USD/COP)	$ 2,029	$ 2,034	$ 2,011	$ 1,928	$ 1,923	$ 1,919
Notional in COP	101,450,000,000	61,020,000,000	140,930,880,000	115,680,000,000	96,150,000,000	98,060,900,000
Initial and final capital exchange	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Intermediate exchanges	Apply according to the flow	Apply according to the flow	Apply according to the flow	Apply according to the flow	Apply according to the flow	Apply according to the flow
Term	2 and a half years (until September 2016)	2 and a half years (until September 2016)	2 and a half years (until September 2016)	4 and a half years (until September 2018)	4 and a half years (until September 2018)	4 and a half years (until September 2018)
EPM receives USD	Libor 6M + 1.875%	Libor 6M + 1.875%	Libor 6M + 1.875%	Libor 6M + 2.15%	Libor 6M + 2.15%	Libor 6M + 2.15%
EPM pays in COP	4.80% fixed	5.95% fixed	5.94% fixed	6.82% fixed	6.885% fixed	6.898% fixed
Value of the liquidation reported by the bank (USD)	6,505,000	4,467,447	10,564,945	50,284,800,000	14,110,000	14,410,000
Closing exchange rate COP/USD of the operation	$ 3,310	$ 3,283	$ 3,283	$ 3,240	$ 3,310	$ 3,310

Implicit derivatives

The company has not entered into contracts containing embedded derivatives.

Note 23. Employee benefits

The item of employee benefits recognized in the periods 2015 and 2014 presents the following composition:

Employee benefits	2015	2014
Non-current		
Post-employment benefits	546,062	562,682
Long term benefits	191,041	175,590
Termination benefits	75	-
Other benefits	-	196
Total non-current benefits	**737,178**	**738,468**
Current		
Short term benefits	104,769	77,464
Post-employment benefits	73,172	66,698
Termination benefits	-	9
Total current benefits	177,941	144,171
Total	**915,119**	**882,639**

- Figures in millions of Colombian pesos -

23.1. Post-employment benefits

It covers plans of defined benefits and the defined contributions plans detailed below:

23.1.1. Defined benefits plans

Defined benefits plans	Pensions [1]		Public utility subsidy[2]		Other defined benefit plans[3]		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Present value of obligations for defined benefits								
Present value of obligations as of January 1	992.517	922.456	35.107	36.123	15.287	187.356	1.042.911	1.145.935
Cost of present service	6.615	-	85	99	2.432	1.798	9.132	1.897
Interest income or (expense)	60.650	66.178	2.304	2.337	218	187	63.172	68.702
Actuarial gains or losses for change:	-	-	-	-	-	-	-	
Assumptions for experience	4.092	8.785	(65)	(431)	110	576	4.137	8.930
Demographic assumptions	-	-	-	55	-	(55)	-	-
Financial assumptions	(36.221)	8.046	(964)	(88)	(865)	36	(38.050)	7.994
Cost of past service	-	-	337	-	276	21	613	21
Exchange rate difference	762	-	-	158	-	2.123	762	2.281
Payments made by the plan [4]	(99.513)	(98.263)	(2.547)	(2.583)	(1.581)	(929)	(103.641)	(101.775)
Effect by loss of control of subsidiary UNE and affiliates	-	(90.333)	-	(563)	-	(175.826)	-	(266.722)
Joint ventures	8.124	-	-	-	-	-	8.124	
Other changes	(209)	175.648	256	-	8.393	-	8.440	175.648
Present value of obligations as of December 31	**936.817**	**992.517**	**34.513**	**35.107**	**24.270**	**15.287**	**995.600**	**1.042.911**
Fair value of plan assets								
Fair value of plan assets as of January 1	416.580	364.637	-	-	-	-	416.580	364.637
Contributions made to the plan	-	100.000	-	-	-	-	-	100.000
Payments made by the plan	(51.584)	(52.256)	-	-	-	-	(51.584)	(52.256)
Interest income	26.683	20.521	-	-	-	-	26.683	20.521
Actuarial gains or losses	(9.035)	-	-	-	-	-	(9.035)	-
Returns expected from plan (excluding interest)	(610)	269	-	-	-	-	(610)	269
Other changes	(5.263)	(16.591)	-	-	-	-	(5.263)	(16.591)
Fair value of plan assets as of December 31[5]	**376.771**	**416.580**	**-**	**-**		**-**	**376.771**	**416.580**
Gains or losses defined benefit plan	**560.046**	**575.937**	**34.513**	**35.107**	**24.270**	**15.287**	**618.829**	**626.331**
Asset or (liability) Net defined benefit plan	**560.046**	**575.937**	**34.513**	**35.107**	**24.270**	**15.287**	**618.829**	**626.331**
Other defined benefits	405	3.049	-	-	-	-	405	3.049
Total Defined benefits plans	**560.451**	**578.986**	**34.513**	**35.107**	**24.270**	**15.287**	**619.234**	**629.380**

- Figures in millions of Colombian pesos -

[1] *Includes for the EPM Group the retirement pension plans that each company is in charge of, in accordance with the regulations of each country. Includes contributions to social security and burial allowance.*

[2] *The public utility benefit is a plan consisting of a total or partial discount on the monthly value payable of the public utility of energy and in some companies also with discount in the water and telephone services, in the following companies of the Group: Central Hidroeléctrica de Caldas S.A. E.S.P., Centrales Eléctricas del Norte de Santander S.A. E.S.P., Electrificadora de Santander S.A. E.S.P., and Elektra Noreste S.A. In Electrificadora de Santander S.A. E.S.P., the benefit is granted to former employees whose time of services as of the date of retirement was minimum 15 years of employment. The benefit for public utilities is supported in the collective bargaining agreements in effect on those dates.*

[3] *Correspond to the education aid that by law is granted to the childred of retired persons who depend economically from the latter up to 25 years of age.*

No risks have been identified for the EPM Group, generated by post-employment benefit plans, or modifications, or reduction or assessments that have an impact on the present value of the obligation.

The weighted average of the term of the obligation for defined benefits as of 2015 and 2014 is the following:

Benefit	2015		2014	
	From	To	From	To
Pension	7	11	2.6	16.5
Public utilities allowance	11	13	9.4	12
Other defined benefit plans	1	8	1.0	5.1

[4] *Includes $99,909 (2014: $101,775) securities settlements paid by the plan.*

The Group does not have restrictions on the actual realization of the surplus fo the defined benefits plan.

The Group did not make contributions for defined benefits during the period.

[5] *The fair value of the plan assets is made up as follows:*

Description	2015		2014	
	% Participation	Fair value ¤	% Participation	Fair value ¤
Cash and cash equivalents	**0.88%**	**3,626**	**22.14%**	**125,033**
Equity instruments				
Financial sector	0.52%	2,160	12.30%	69,439
Service sector	0.00%	-	3.62%	20,444
Production sector	0.00%	-	0.87%	4,933
Government sector	0.00%	-	4.23%	23,870
Total equity instruments		**2,160**		**118,686**
Debt instruments				
AAA	74.06%	305,716	44.75%	252,702
AA	7.26%	29,977	4.41%	24,919
A	0.00%	-	0.00%	-
BB and lower	0.00%	-	0.00%	-
No rating	8.22%	33,925	7.15%	40,398
Investment funds	1.40%	5,800	0.53%	2,997
Total debt instruments		**375,418**		**321,016**
Other assets	7.66%	31,618	0.00%	-
Total		**412,822**		**564,735**

- Figures in millions of Colombian pesos -

The major actuarial assumptions used to determine the obligations for the defined benefit plans are the following:

Assumptions	Colombia				Panama			
	2015		2014		2015		2014	
	From	To	From	To	From	To	From	To
Discount rate (%)	6.00%	7.75%	4.90%	7.10%	4.39%	4.90%	3.93%	4.80%
Annual salary increase rate (%)	3.00%	4.00%	3.00%	4.00%	4.00%	5.50%	4.00%	5.50%
Actual return rate of the plan assets	3.61%	3.61%	3.62%	3.62%	5.25%	5.25%	5.25%	5.25%
Future increase rate in annual pension	3.00%	4.00%	3.00%	4.00%	0.00%	0.00%	0.00%	0.00%
Annual inflation rate (%)	3.50%	3.50%	3.00%	3.00%	0.00%	0.00%	0.00%	0.00%
Survival tables	Valid annuitants 2008				Mortality table of the urban population Republic de Panama 2005-2010			

Assumptions	Guatemala				Mexico			
	2015		2014		2015		2014	
	From	To	From	To	From	To	From	To
Discount rate (%)	7.40%	7.40%	7.20%	7.20%	6.75%	6.75%	6.75%	6.75%
Annual salary increase rate (%)	0.00%	0.00%	0.00%	0.00%	5.58%	5.58%	4.43%	4.43%
Future increase rate in annual pension	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual inflation rate (%)	4.00%	4.00%	4.50%	4.50%	0.00%	0.00%	4.08%	4.08%
Survival tables	Table RP-2000							

Assumptions	El Salvador			
	2015		2014	
	From	To	From	To
Discount rate (%)	6.00%	6.00%	0.00%	0.00%
Annual salary increase rate (%)	1.50%	1.50%	0.00%	0.00%
Future increase rate in annual pension	0.00%	0.00%	0.00%	0.00%
Annual inflation rate (%)	3.00%	3.00%	0.00%	0.00%
Survival tables	Table CSO-80			

The following table shows the effect of a variation of more than 1% and less than 1% in the salary increase, in the discount rate and in the increase in the benefit over the obligation for post-employment defined benefit plans:

Assumptions	Increase in discount rate by +1%	Decrease in discount rate by -1%	Increase in salary increase by +1%	Decrease in salary increase by -1%	Increase in benefit increase by +1%	Decrease in benefit increase by -1%
Pensions	869,421	948,905	435	368	105,349	103,776
Public Utilities	30,346	37,247	-	-	37,558	30,046
Other post-employment benefits	15,457	18,980	16,982	13,697	1,924	1,753
Total Post-employment benefits	915,224	1,005,132	17,417	14,065	144,831	135,575

- Figures in millions of Colombian pesos -

The methods and assumptions used to prepare the sensitivity analysis of the Present Value of the Obligations (DBO – Defined Benefit Obligations) was made using the same methodology that for the actuarial calculation as of December 31, 2015: Forecasted Credit Unit (FCU). The sensibility does not present limitations, or changes in the methods and assumptions used to prepare the analysis of the current period.

23.1.2. Defined contribution plans

The EPM Group made contributions to defined contribution plans recognized as expense in profit and loss for $49,806 (2014: $45,574).

23.2. Long-term employee benefits

Long-term employee benefits	Seniority bonus[1]		Retroactive severance[2]		Other long-term benefits		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Present value of obligations for other long term benefits								
Beginning balance	55,932	66,523	119,658	151,864	-	-	175,590	218,387
Cost of present service	4,328	4,221	4,782	5,459	122	-	9,232	9,680
Income or (expenses) for interest	3,398	3,379	7,370	8,475	46	-	10,814	11,854
New measures	11	-	-	-	-	-	11	-
Actuarial profits or losses for changes in:								
Assumptions for experience	10,681	576	5,315	(13,861)	81	-	16,077	(13,285)
Demographic assumptions	-	-	-	-	-	-	-	-
Financial assumption	(2,119)	773	(1,654)	1,693	(23)	-	(3,796)	2,466
Cost of past service	2,814	1,952	-	-	-	-	2,814	1,952
Exchange rate difference	204	171	-	-	-	-	204	171
Contributions made to plan – by participants[3]	(7,355)	(8,073)	(12,919)	(16,909)	(53)	-	(20,327)	(24,982)
Effect for loss of control of UNE subsidiary and affiliates	-	(13,590)	-	(17,575)	-	-	-	(31,165)
Other changes	422	-	-	512	-	-	422	512
Present value of obligations as of December 31	**68,316**	**55,932**	**122,552**	**119,658**	**173**	**-**	**191,041**	**175,590**
Total fair value of plan assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Surplus or (deficit) for long -term benefits	**68,316**	**55,932**	**122,552**	**119,658**	**173**	**-**	**191,041**	**175,590**
Surplus effect of the asset ceiling	-	-	-	-	-	-	-	-
Asset or (liability) for long-term net benefits	**68,316**	**55,932**	**122,552**	**119,658**	**173**	**-**	**191,041**	**175,590**

- Figures in millions of Colombian pesos -

[1] Includes for the EPM Group the plans corresponding to seniority bonus. It is granted according to the years of service of the employee, it is recognized and paid in accordance with the terms established in the collective bargaining agreements in effect of each company or the labor regulations of the country.

[2] Includes for the EPM Group the plans corresponding to retroactive severance pay. This is recognized and paid based on the latest salary earned by the number of years of employment, in accordance with the terms established in the collective bargaining agreements in effect of each company or the labor regulations of the country.

No risks have been identified for the EPM Group generated by the long-term benefit plans, or modifications, reductions or settlements that have an impact on the present value of the obligation.

[3] Includes the payments of the long-term benefit plan of EPM Group, $20,327 (2014: $24,982.

The weighted average of the term of the obligation for long-term benefits as of 2015 and 2014 is the following:

Benefit	2015		2014	
	From	To	From	To
Seniority bonus	5.4	9	4.4	10.6
Severance	4	8.7	7.1	9.9

The major actuarial assumptions used to determine the obligations for the long-term employee benefit plans are the following:

Assumptions	Colombia				Guatemala			
	2015		2014		2015		2014	
	From	To	From	To	From	To	From	To
Discount rate (%)	6.50%	7.90%	6.00%	6.80%	7.50%	7.50%	7.30%	7.30%
Annual salary increase rate (%)	3.00%	5.00%	3.00%	5.00%	4.50%	4.50%	0.00%	0.00%
Annual inflation rate (%)	3.50%	3.50%	3.00%	3.00%	4.00%	4.00%	4.50%	4.50%
Survival tables	Valid annuitants R 2008				Table RP-2000			

Assumptions	Mexico			
	2015		2014	
	From	To	From	To
Discount rate (%)	6.75%	6.75%	6.75%	6.75%
Annual salary increase rate (%)	5.58%	5.58%	4.43%	4.43%
Annual inflation rate (%)	0.00%	0.00%	4.08%	4.08%
Survival tables	-			

The following table shows the effect of a variation of more than 1% and less 1% in the salary increase, in the discount rate and in the increase in the benefit over the obligation for long-term benefits:

Assumptions	Increase in discount rate by +1%	Decrease in discount rate by -1%	Increase in salary increase by +1%	Decrease in salary increase by -1%	AIncrease in benefit increase by +1%	Decrease in benefit increase by -1%
Seniority Bonus	62,630	70,404	70,149	62,799	-	-
severance	114,737	131,183	137,335	108,899	-	-
Other long- term benefits	1,180	1,348	1,345	1,182	-	-
Total long-term benefits	**178,547**	**202,935**	**208,829**	**172,880**	**-**	**-**

- Figures in millions of Colombian pesos -

The methods and assumptions used to prepare the sensibility analysis of the Present Value of Obligations (DBO - Defined Benefit Obligations) was made using the same methodology as for the actuarial calculation as of December 31, 2015: Forecasted Credit Unit (FCU). The sensibility does not present any limitations, or changes in the methods and assumptions used to prepare the analysis of the current period.

23.3. Short-term benefits

The composition of short term benefits is as follows:

Short-term benefits	2015	2014
Severance pay	31,010	26,572
Vacation bonus	25,376	22,390
Vacations	20,425	17,558
Other bonus, salaries and fringe benefits	10,430	716
Bonus	6,694	6,030
Payroll payable	6,314	133
Interest on Severance	4,200	3,710
Christmas bonus	184	245
Service bonus	136	110
Total short-term benefits	**104,769**	**77,464**

- Figures in millions of Colombian pesos -

Note 24. Taxes, contributions and rates

The following is the detail of taxes, contributions and rates as of December 31:

Taxes, contributions and rates	2015	2014
Tax withholding and stamp tax	76,645	61,899
Industry and Commerce Tax	32,844	32,902
Value added tax	26,166	13,528
Rates	12,602	14,815
Other national taxes	7,028	765
Contributions	3,118	2,671
Taxes, contributions and rates abroad	537	4,924
Royalties and monetary compensation	205	-
Penalties	139	139
Unified city property tax	85	85
Tax on automotive vehicles	26	-
Other municipal taxes	24	26
Inspection and auditing quota	1	-
Tax on customs and surcharges	-	4,091
Equity tax	-	144
Fines	-	1
Total Taxes, rates and contributions current	**159,420**	**135,990**
Total Taxes, contributions and rates	**159,420**	**135,990**

- Figures in millions of Colombian pesos -

Note 25. Provisions, contingent assets and liabilities

25.1. Provisions

Item	Dismantling or restoration	Onerous contracts	Litigations	Business combinations	Other provisions	Total
Beginning balance	44,132	163,586	204,859	116,884	60,445	589,906
Additions	946	21,815	57,092	-	8,940	88,163
Utilizations (-)	5,954	(36,808)	(8,544)	(32)	-	(39,430)
Reversals, amounts not used (-)	(14,272)	-	(58,426)	(528)	(2,468)	(75,694)
Adjustment for changes in estimates	67	9,454	15,269	-	2,023	26,679
Exchange rate differences	3,131	-	(22,983)	-	13,543	(6,309)
Business combination	-	-	466	-	4,474	4,940
Adjustment for discount rate	-	-	-	1,436	-	1,436
Other changes	(602)	4,629	6,609	34,831	(6,101)	39,366
Ending balance	39,222	162,046	194,342	152,591	80,856	629,057
Non current	36,038	135,970	120,059	-	61,652	353,719
Current	3,184	26,076	74,283	152,591	19,204	275,338
	39,222	**162,046**	**194,342**	**152,591**	**80,856**	**629,057**

- Figures in millions of Colombian pesos -

25.1.1 Dismantling or restoration:

The EPM Group has the obligation to incur dismantling or restoration costs of its facilities and assets, in the following events:

- Removal of transformers that contain PCB (polychlorinated biphenyls), the group has agreed to dismantling these assets from 2008 to 2026, supported on resolution 222 of December 15, 2011 from the Ministry of Environment and Sustainable Development and the Stockholm Convention of May 22, 2008. It applies in Colombia, Panama and El Salvador.
- In the sanitation service, for the disposal of solid waste. It is a land in which cells are built for the deposit of waste, it being necessary to restore that land through a series of activities intended to make the closing, decommissioning and post-commissioning thereof. The obligation starts from the time when the landfill is in optimum conditions for the final disposal and goes until the regulating entity, by means of resolution, decrees the termination of the closing, decommissioning and post-commissioning phase.
- Dismantling of a coal mine in Colombia, with resolution 130 AS-1106242 of October 21, 2011 issued by the competent environmental authority, the closing plan of the coalmines of the mining title is approved and for this purpose civil works, urbanism and monitoring construction contracts are performed. The EPM Group has agreed to the dismantling of these assets from 2013 to 2016.
- Currently the Group, through EPM is in the final stretch of the actions contemplated in the mentioned resolution and waiting for a pronouncement by the competent authority (Corantioquia) in this respect, which could imply the performance of more monitoring. However, it is clear that regardless of this pronouncement, EPM must carry out actions necessary for the delivery of the title, which include legal and technical processes and the structuring of decisional schemes.
- The closing and abandonment plan of the Eolic Park Los Cururos in Chile, contemplates the dismantling of facilities such as wind turbines, substation and civil works, among others. Two years after the closing of the eolic park a closing and abandonment plant will be delivered to the competent authority, in accordance with the legal requirements in effect.

The provision is recognized for the present value of the costs expected to pay the obligation using estimated cash flows. The major assumptions considered in the calculation of the provision are: estimated costs, CPI and discount rate calculated with reference to the market returns of the bonds issued by the National Government. As of this date no future events have been evidenced that could affect the calculation of the provision.

25.1.2 Contracts for valuable consideration

As of December 31, 2015 the EPM Group has the agreement of supply and transportation of fuel for $162,046 signed with Transportadora de Gas Internacional S.A. E.S.P. (TGI) which object is to support the Termo-Sierra plant and obtain the income of the charge for reliability established by the Energy and Gas Regulation Commission.

The major assumptions considered in the calculation of the provision are: costs associated to the agreement with the mentioned conditions, utilization factor or suspension of payments for maintenance of the agreement, Libor rate, discount rate calculated with reference to the market returns of the bonds issued by the National Government, the Market's Representative Exchange Rate and macroeconomic scenario projected.

The main hypothesis used on the future events are: from 2016 to 2020 the following assumptions are maintained: Suspension of the contract for 30 days every year and utilization of the contarct only for 15 days each year for generation fo the Termosierra plant and the rest of the time would be paid without using the contract (only fixed costs).

25.1.3 Litigations

With this provision the EPM Group covers the estimated losses probable related to labor, civil, administrative and tax litigations (through administrative and government channels) that arise in the operations. The major assumptions considered in the calculation of the provision are: the CPI of the macroeconomic scenario forecasted, discount rate calculated with reference to the market returns of the bonds issued by the National Government, estimated value to be paid and the estimated payment date for those litigations that their occurrence exceeds 50% probability. As of this date no future events have been evidenced that may affect the calculation of the provision.

The following are the litigations recognized by the EPM Group:

Company	Third Party	Claim	Value
EPM	Consorcio Dragados Porce II	Pay to the plaintiffs, among others, the sums of money resulting from the refund of the total compensation illegally deducted by EPM in the contracting process No. CD002376.	15,181
	Germán Guillermo Márquez Vargas	Riogrande II Project, indemnification to the community for not having acquired the mining deposits of Versalles mine.	9,444
	Carmen María Alzate Rivera	Pay damages derived from the increase of the Guatepe River flow to 42 families.	7,531
	Fiduciaria Colpatria S.A.	Release payment mandate against EPM and in favor of Fiduciaria Colpatria S.A. acting as spokesperson of the FC - ENERTOTAL Stand-Alone Trust.	4,251
	Velpa Soluciones Integrales S.A.	Impossibility of contracting with the State for a period of 5 years, resulting from the decision adopted in the contracting process No. 2009 - 0974.	4,130
	Trainco S.A.	To declare the nullity of Resolutions Nos. 62.862 of 02/18/1997 and 65774 of 04/19/1997 and by which Contract No. 9/DJ-637/27 was unilaterally liquidated.	4,008
	Giovanny Alberto Vargas Castro	Moral damages for landslide that occurred on 03/24/2006, in the community La Loma of the village of San Antonio de Prado.	2,946
	Construciviles Ltda.	Breach of contract 1/DJ-1680/41 which object was the constructing of two water storage tanks.	2,239
	Francisco Javier Casas Berruecos	Payment of damages for life of relationship, direct victim and those of rebound.	2,034
	Miscellaneous	Other processes of amount less than $2,034 million pesos.	39,258
Total EPM			**91,022**
CENS	Chivor S.A. E.S.P.	To decree the termination of the energy supply agreement by CENS with the resulting award of indemnification for the corresponding damages.	14,052
	Luis Alberto Peña Villamizar & Others	They request payment of legal and conventional fringe benefits for the period from the time the retirement pension was recognized and August 31, 2009, the recognition of the additional pension payment of June or fourteenth annual	2,844

Company	Third Party	Claim	Value
		payment, indemnification for default, indexation and default interest.	
	Elsa Reyes de Buitrago and others	Indexation of first pension payment, indexation of pension and recognition of interest at the maximum legal rate.	1,979
	William Alexis Ramírez and others	Suspending the charge for public lighting to the municipality of Cucuta, reimbursement of the balances for public lighting to the municipality, and payment of damages in contract and in tort. Claim: $928 million. Incentive: 15% of the value recovered by the Municipality.	1,244
	Jesus Efrain Ibarra Ochoa and others	To declare the pension compatibility between the retirement pension recognized by CENS and old age pension recognized by ISS Pension, now Colpensiones.	889
	Jose Francisco Arango Bautista and others	Convict as responsible the defendants for the damages suffered by virtue of the transit accident occurred on November 2, 2012 in the road from Aguachica to Gamarra and consequently to recognize the sum of $722 million.	734
	Carmen Alicia Rodriguez and others	Indexation of the first pension payment, indexation of pension and recognition of interest at the maximum legal rate.	715
	Ismael Cruz Cardozo and others	That the Nation, Ministry of Defense, National Army and CENS S.A. E.S.P. be declared jointly, administratively and financially responsible for the damages of a material and moral damages, and damage in the life of relationship, caused to the plaintiffs on occasion of the anti-legal event occurred on December 3, 2010, at the military base Bella Vista of the municipality of Tarra Norte de Santander, place where the voluntary soldier Isamel Cruz Callejas died when making contact with the high tension electric power lines. Consequently to order them to make the payment estimated at 1,329,539,550.	617
	Ermelina Pérez de Rivera and others	Recognition of the payment of social security contributions (12% on the pension allowance), in addition to reimburse the contributions not paid since the date of comparability of the pension.	527
	Yesid Jaimes and others	Adjustment pension pursuant to article 1 of Law 71 of 1988, pay the retroactive of the sums not paid, the respective indexation and the default interest.	419
	Luis Alberto Peña Villamizar	To be paid the money that was illegally discounted from his termination settlement, corresponding to salaries and fringe benefits accrued in the period from December 1, 2008 and the date of retirement from the company.	350
	Jesús Alejandro Sinisterra	To be paid the money that were illegally discounted from his termination settlement, corresponding to salaries and fringe benefits accrued in the period from May 18, 2009 and the date of retirement from the company.	207
	Cesar Augusto Labastidas Arias	Recognition of a work contract for working continuously from December 11, 2001 to January 9, 2006.	200
	Melba Sofía Nieto	Requests the recognition and payment of the pension adjustment set forth in article 116 of Law 6 of 1992 and its regulatory decree 2108 of the same year.	162
	Other	Labor processes are group for $1,282 and administrative processes for $337.	1,619
Total CENS			**26,558**
CHEC	Jose Gustavo Morales Guarin and others (41)	Indemnification for damages	7,190
	Albeiro Valencia and others (26)	Indemnification for damages	4,165
	Jairo Castaño Hoyos and others	Indemnification for damages	2,571
	Norma Cecilia Osorio Montoya	Indemnification for damages	1,821
	Lucia Mery Cardenas	Indemnification for damages	1,751
	Juan Alberto Betancur Soto	Indemnification for damages	1,588
	Cartones y Papeles del Risalralda	Indemnification for damages	1,583
	Sor Piedad Valencia García and others	Full indemnification for damages for labor accident solidarity	1,108
	Jose Ancizar Trejos Henao and others	Indemnification for damages	1,023

Company	Third Party	Claim	Value
	Compañía de Seguros Positiva S.A.	Indemnification for damages	982
	John Fredy Venegas	Indemnification for damages	981
	Aldibey Tapiero Cruz	Extra-contractual civil liability	965
	Jesus Maria Osorio Giraldo	Indemnification for damages	955
	Jose Fernando Jimenez Velez	Payment of pre	949
	Other	Miscellaneous	10,494
Total CHEC			**38,126**
EDEQ	Donaldo Fabian Santander	That will be solidarily ordered to pay each and all the damages of various types caused to the plaintiffs, because of the serious injuries suffered by Mr. Donaldo Fabian Santander in events occurred on July 11, 2012 in the Village of La Palmera, jurisdiction of the municipality of Salento (Quindio) and when performing duties proper of its occupation as line workers.	2,197
EDEQ	Maria Amparo Fernández Gil	That they will be ordered to pay all the damages, on occasion of the death of Mr.Otalvaro Sanchez.	2,008
EDEQ	Paola Andrea Giraldo Cadrasco and others.	Indemnification for damages caused for the death of Wilmer Marin Marulanda on occasion of an electric shock from high tension wires.	1,741
EDEQ	Fanny Henao Cuervo	Indemnification for damages generated by the death of the worker hired by the contractor engineer of Edeq in accident occurred in performance of electric works.	1,706
EDEQ	Sorleny Gamba Aldana and others	Declaration of employer's fault in the work accident suffered by Mr. Golver Enrique Rincon Yate in events occurred on October 10, 2007 when they carried out electric work in the circuit of Baraya el Cusco at the service of the contractor Julio Cesar Arcila Espinosa and, therefore, order to pay the full and ordinary indemnification for damages.	1,229
EDEQ	Luz Enidth Londoño Patiño	That Edeq S.A. E.S.P. and Previsora S.A., will be declared administratively and jointly liable for the damages caused derived from the death of Mr. Jorge Eliecer Quintero Ospina, which took place on September 30, 2011, by the sector of Carrera 18 and calle 11 of Armenia, Quindio.	995
EDEQ	Leonilde Jimenez Chala	Indemnification for the death of Mr. Sergio Antonio Zuluaga, which occurred as consequence of the fall from the second floor of a property located in the neighborhood of La Lorena of the city of Armenia; the death was cause by the fall by the plaintiff attributes it to an electric shock. The medical examiner's report evidences that the death occurred because of the fall.	835
EDEQ	Sandra Liliana Palacio Castaño	Indemnification for easement of conduction of electric power in property of the Village San Juan de Carolina of the municipality of Salento.	800
EDEQ	José Anibal Gallego Peláez	Declaration of Out of contract civil liability for the material and moral damages of the injuries suffered by Mr. Jose Anibal Gallego Pelaez in events occurred on April 12, 2003 in the school Antonio Nariño of Pueblo Tapao.	572
EDEQ	Jose Hugo Pinzón and others	Death of Mr. Alexander Pinzón Esquivel on 11-072011 when while carrying out construction works at Cra. 22 No. 15-45, Urbanizacion Los Alamos de Armenia a steel rod that he was manipulating contacted a primary electric power line, which generates an electric shock that causes his death.	515
EDEQ	Sandra Milena Sanchez	That the co-defendants be declared administratively responsible for the acts and omissions that caused the death of Mr. Otalvaro Sanchez and that as consequence of said declaration the Co-defendants will be ordered to pay the damages applicable in accordance with the sums established in the Petition; in addition, it requests the co-defendans to bear the costs of the court.	491
EDEQ	Maria Lindelia Vargas Molina	Indemnification for damages generated by the death of the worker contracted by engineer contractor of Edeq in accident occurred in performance of electric works.	458

Company	Third Party	Claim	Value
	Hugo de Jesús Marín García	The plaintiff claims the payment of 200 Minimum monthly legal wages for moral damages, plus the future lost profits, not calculated.	347
	Erick Alex Aguirre	Indemnification for injuries cause by electric shock of internal transformer of Edificio Pardo Cruz Armenia.	229
	Constructora Buendía Ltda.	Claim for higher amount of underground work in downtown Armenia in the process of reconstruction – the plaintiff was contracted by the ONG Chamber of Commerce with resources of FOREC.	105
Total EDEQ			**14,228**
ESSA	Municipality of Bucaramanga	Nullity of resolutions No. 35 of December 18, 2008, issued by the Secretary of Finance Taxes of the municipality of Bucaramanga, whereby the Private Declaration of Industry and Commerce of year 2006 of the taxpayer was modified.	4,507
ESSA	Municipality of Bucaramanga	Nullity of resolutions No. 34 of December 18, 2008 issued by the Secretary of Finance Taxes of the municipality of Bucaramanga, whereby the Private Declaration of Industry and Commerce of year 2006 of the taxpayer was modified.	3,446
ESSA	Hernán Uribe Niño	Complaint for work accident that generated a certificate of disability resulting from nonfulfillment of prevention measures and health rules by ESSA	1,071
ESSA	Eduardo Portilla Plata	That ESSA will be declared extra-contractually liable for the damages caused to the plaintiff.	969
ESSA	Juan Gabriel Henao	Complaint for work accident that generated a certificate of disability resulting from nonfulfillment of prevention measures and health rules by ESSA	880
ESSA	Edwin Anaya Nieves	That ESSA will be declared extra-contractually liable for the damages caused to the plaintiff.	806
ESSA	Concepción Rueda	That ESSA will be declared administratively liable for the death of Mr. Luis Alberto González; consequently to indemnify in their entirety the moral and material damages caused to its spouse and children.	704
ESSA	Alberson Carmona Castaño	Employment agreement joint liability.	422
ESSA	Municipality of Bucaramanga	Nullity of resolution No. 869 of June 16, 2011 issued by the Municipal Secretary of Finance of Bucaramanga, whereby the Official review assessment was made of the taxpayer ELECTRIFICADORA DE SANTANDER for tax year 2008.	351
ESSA	Ludy Bueno y Alberto Guerrero Hernandez	Indemnification for material and moral damages caused.	350
ESSA	Pablo Arturo Niño Lopez	Complaint for salary adjustment and reassessment of the integral salary.	323
ESSA	Martha Cecilia Rodriguez Ardila and others	The plaintiffs request that ESSA will be declared liable for the total damages that have been caused to the plaintiffs, for the events in which the death of Mr. Hugo Felix Duarte Rojas took place.	319
ESSA	Jose Milton Salazar Sierra	To declare ESSA S.A. E.S.P. responsible for the property damages caused to the plaintiff as consequence of the failure of the service for omission and for permanent partial occupation of the property owned by it.	247
ESSA	Municipality of Bucaramanga	Inapplication by illegality of article 68 of agreement No. 039 of 1989 whereby the municipal code of industry and commerce tax and signs is issued	171
ESSA	Other	Other processes	755
Total ESSA			**15,321**
ENSA	Yaneth E. Cristobal	Ordinary civil process for personal affectation	945
ENSA	Alex Montenegro and others	Civil process for development of project of the substation of Llano Bonito	367
ENSA	Electrical Technology	Civil process for discount made in its billings	19
ENSA	Leandro Carasquilla	Civil complaint for liability in damages of equipment	8
Total ENSA			**1,339**
DELSUR	Other legal contingencies	Other legal claims	454

Company	Third Party	Claim	Value
	Contingency rate SPE 2006-2007	Claims for excess charges	285
	Getcom International, S.A de C.V.	Electric power charges	144
	Salvaplastic, S.A. de C.V.	Compensation for damaged equipment	79
	Lactosa, S.A. de C.V.	Compensation for damages equipment	79
	Luis Fernando Gomez Gallegos	Removal of electric infrastructure	47
	Agepym	Claim for rate classification	34
	Other commercial contingencies	Other commercial claims ¡	30
Total DELSUR			**1,152**
Other subsidiaries	Emvarias		4,178
	Aguas Nacionales		1,265
	Empresas Públicas de Oriente		129
	Regional de Occidente		28
	Aguas de Antofagasta		996
Total other subsidiaries			**6,596**
Total Litigations			**194,342**

- Figures in millions of Colombian pesos -

25.1.4 Joint Ventures

It corresponds to contingent considerations related to the acquisition of the subsidiaries Espiritu Santo Energy S. de R.L. and Empresas Varias de Medellín S.A. E.S.P. – EMVARIAS, the balance as of December 31, 2015 amounted to $135,123 and $17,468, respectively.

The main assumptions considered in the calculation of the provision associated to Espiritu Santo are: estimated date of occurrence of milestones associated to the contingent payment, probability of occurrence associated, and additionally the discount of the flows of payments was considered applying a discount rate (Libor Rate) in accordance with the risk of the liability. As of this date no future events have been evidenced that may affect the calculation of the provision.

The major assumptions considered in the calculation of the provision of EMVARIAS are: for litigations in progress against that Company as of the date of the transaction, definition of the year of materialization of each one of them, definition of the related value and estimate of the future contingent disbursements, discount rate (fixed rate TES [Treasury Securities]) to discount the future contingent flows of disbursements. As of this date no future events have been evidenced that may affect the calculation of the provision.

25.1.5 Other provisions

The EPM Group recognizes as of December 31, 2015 other provisions for events such as: accumulation of points for trainings issued by employees who are in a network of multipliers, employer insurance policy, customer loyalty point program, technical reserve and provision for high cost and catastrophic diseases, compensation to customers for failing to meet quality standards of the service which are regulated by the National Public Utilities Authority of Panama (ASEP), provision for compliance with quality indicators and energy not served.

The main assumptions considered in the measurement of each type of provision are:

Employer policy: Granted to the employees of EPM as extralegal benefit. An aggregated deductible was contracted since May 1, 2015 up to December 31, 2016 of $4,600 million pesos. The main assumptions considered in the calculation for each type of provision are: discount rate TES (Treasury Securities) fixed rate, estimated value to be paid and estimated payment date.

Multiplying points: For every point 1.0% of the Minimum Monthly Legal Salary in Effect (MMLSE) will be recognized. One point for an immersion – study of foreign language – is equivalent to 3% of the MMLSE of the period to be provisioned. A percentage of 90% of the points corresponds to claim in cash at the time the points are earned. The remaining 10% is estimated for immersion.

Program Somos: The program operates under the modality of accumulation of points. According to the statistics' behavior the points are accounted for with a probability of 80% redemption.

Technical reserve: The base to calculate the reserve is that corresponding to all the authorization of services issued and that on the closing date in which the reserve is going to be calculated have not been collected, except those that correspond to authorizations with over twelve months of issue or those that after at least 4 months of having been issued, there is evidence that they have not been used.

High cost and catastrophic diseases: The base to calculate said provision is that corresponding to the analysis of the entire population served of affiliates and beneficiaries of Entidad Adaptada de Salud (EAS) of EPM, that suffer any of the authorized pathologies. The assumptions used are: Their life expectancy is estimated, estimated payment date, estimated payment value, CPI rate of the macroeconomic scenario of EPM to project and the estimated TES fixed rate for discount.

For other provisions, the main assumptions considered in the measurement are: discount rate calculated with reference to the market returns of bonds issued by the National Government, value estimated to be paid and estimated payment date.

As of this date no future events that could affect the calculation of provisions have been evidenced.

25.1.5 Estimated payments

The estimate of the dates on which the Group considers that it will have to face the payments related to the provisions included in the Consolidated statement of financial position as of the cutoff date, is the following:

Year	Dismantling or restoration	Contracts for valuable consideration	Litigations	Joint Ventures	Others	Total
2016	6,735	29,847	72,486	11,979	21,792	142,839
2017	2,577	34,097	49,508	64,739	4,197	155,118
2018	2,082	33,470	28,433	914	3,670	68,569
2019 and Others	27,828	64,632	43,915	74,959	51,197	262,531
Total	**39,222**	**162,046**	**194,342**	**152,591**	**80,856**	**629,057**

- Figures in millions of Colombian pesos -

25.2. Contingent liabilities and assets:

The EPM Group presents in 2015 the following composition in contingent liabilities and assets:

Type of contingency	Contingent liabilities	Contingent Assets	Net
Litigations	1,003,253	215,915	(787,338)
Guarantees	273,240	-	(273,240)
Others	2,133	2,245,695	2,243,562
Total	**1,278,626**	**2,461,610**	**1,182,984**

- Figures in millions of Colombian pesos -

The Group has litigations or procedures that are currently in process with the legal, administrative and arbitration bodies. Taking into consideration the reports from the legal counsel it is reasonable to estimate that those litigations will not affect significantly the financial position or solvency, even assuming an unfavorable conclusion of any of them.

The main litigations pending resolution and legal and extralegal disputes to which the Group is part as of the cutoff date, are indicated below:

Contingent liabilities:

Company	Third Party	Claim	Value
EPM	Juan Carlos Cárdenas Arboleda	That EPM and other entities will be declared liable for the damages caused to the plaintiffs for landslide in Calle Vieja of the neighborhood La Gabriela de Bello on December 5, 2010 and that they will be ordered to pay the property damages.	205,776

Company	Third Party	Claim	Value
	National Federation of Coffee Growers	Recognition and payment of the investments made by the Federation of Coffee Growers of Colombia in electric infrastructure works.	96,407
	Alba Nancy Madrigal Maya	That EPM and other entities be declared responsible for the damages caused to plaintiffs for the landslide in Calle Vieja, of neighborhood La Gabriela Bello on Dec 5/10.	68,711
	Compañía Minera La Cuelga	Indemnification for all economic damages caused to Compañía Minera La Cuelga, which originate in the work of execution, filling of reservoir and start up of the Porce III hydroelectric project.	32,608
	Doris Elena Quintero Cortés	That EPM and other entities be declared responsible for the damages caused to plaintiffs for the landslide in Calle Vieja, of neighborhood La Gabriela Bello on December 5, 2010 and that they will be ordered the payment of property damages.	29,429
	Alicia Ríos Quintero	That EPM and other entities be declared responsible for the damages caused to plaintiffs for the landslide in Calle Vieja, of neighborhood La Gabriela Bello on December 5, 2010 and that they will be ordered the payment of property damages.	28,440
	Aura de Jesús Salazar Mazo	Violating and putting at risk the collective right, by destroying, interrupting and cutting the ancentral horse trails that lead to the village Alto Chiri of the municipality of Briceño in the township of Valle de Toledo.	26,804
	To Transporters	That EPM be ordered to enable and classify Transport within the contracting process PC-2009-0480, rendering of passenger land transportation service.	21,014
	Unión Temporal General Electric Company	Nullity of Resolution No. 263603 of 08/26/2002. Contract No. 3303775	15,615
	Diana Carolina Machado Giraldo	Moral damages for the death of Mr. Juan Jose Rojas	15,284
	María Martha Londoño Toro	A total of 195 people, who form part of 45 family groups, resident in the Neighborhood Paris Los Sauces of the Municipality of Bello, lack of prevention and adoption of the necessary and timely measures for geological problems in the homes.	11,987
	Luis Fernando Calderón	Moral damages for the death of Ms. Ana Maria Calderon Jaramillo	11,932
	Walter Nicolás Osorio Zuluaga	A total of 195 people, who are part of 45 family groups, resident in the Neighborhood Paris Los Sauces of the Municipality of Bello, lack of prevention and adoption of necessary and timely measures for geological problems in the homes.	10,745
	Miscellaneous: Mateo Aristizábal Tuberqui, Andrés Mazo and Industrias Lehner S.A., among others	Processes for lesser amount to $10,744 million pesos.	226,590
	Labor lawsuits	Reimbursements, salary equalization, overtime, conventional benefits, among others.	10,383
	Municipalities of Yumbo and Medellín and the CREG	Industry and commerce, special contributions.	5,338
Total EPM			**817,063**
Aguas Nacionales	Matilde Andrade de Palacios	Declare the company administrative and jointly responsible without division of quotas of all the damages suffered by plaintiffs for the reckless and irresponsible conduct that definitely originated the accident. This litigation corresponds to the project Aguas del Atrato.	1,639
	Rosalba Valoyes Palomeque	That based on article 90 of the Constitution, the municipality of Quibdo, Aguas Nacionales EPM S.A. ESP, and INGECOR S.A.S. will be administratively and jointly responsible for all damages caused for injuries to Ms. Rosalba Valoy Palomeque.	500
	Seguros Comerciales Bolívar S.A.	Monetary recognition for damages caused to one of the customers of the Insurer for heavy rain occurred in the month of March 2006 that caused flooding. These are litigations of the former operation of EPM Bogota Aguas.	400

Company	Third Party	Claim	Value
	Higinio Mena Cordoba	That based on article 90 of the Constitution, the municipality of Quibdo, Aguas Nacionales EPM S.A. ESP, EPQ in Liquidation be declared administrative and jointly responsible for the damages caused when making the irrigation created, for all damages caused because of the injuries of Mr. Higinio Mena Cordoba.	264
	Codechocó	That the company be penalized for inadequate disposal of solid waste in the garbage dumb Marmolejo of Quibdo.	250
	María Ismenia Rozo Ruiz	Monetary recognition for damages caused in a heavy rain occurred in the month of March 2006 that caused flooding in the Neighborhood El Carmen of Fontibon. These are litigations of the former operation of EPM Bogota Aguas.	105
	Empresa de Acueducto y Alcantarillado de Bogotá - EEAAB	Repetition for payment by EAAB of court order to direct repair of Clara Marina Pintor for damages in the performance of the works of which Aguas Nacionales was the Works Supervisor.	17
Total Aguas Nacionales			**3,175**
Emvarias	Luis Fernando Hernandez	Direct repair – Trimming and felling	8,627
	Andres Felipe Jímenez Vasquez	Contract reality different to the subject of contractors	40
	Daniel Andres Gallego Gómez	Labor liability by solidarity with Coomultrevv	20
	Edwin Alberto Guisao Yepes	Labor liability by solidarity with Came 093	20
	Francelly Zulieth Duque Lopez	Labor liability by solidarity with Coomultreevv contract 140 of 2010	20
	Luz Dary Echavarria Rojas	Labor liability to Comultrevv	20
	Miguel Angel Bermudez Roldán	Labor liability by solidarity with Coomultrevv	20
	Fabiola Londoño Higuita	Labor liability by solidarity with Coomultreevv contract 140 of 2010	20
	Juan Guillermo Gonzalez Velasquez	Labor liability by solidarity with Coomultreevv contract 140 of 2010	20
	Martha Cecilia Echavarria Rojas	Labor liability by solidarity with Coomultreevv contract 140 of 2010	20
	Ivan de Jesus Grisales Cano	Labor liability by solidarity with Came 093	20
	Jesus Alberto Cifuentes Ospina	Partial nullity of Resolution No. GNR 47228 of February 20, 2014, whereby Colpensiones recognizes an old age pension (transition regime) total nullity of administrative act whereby the reconsideration and appeal recourses against resolution No. GNR 47228 of February 20, 2014, were resolved, where the recalculation of the pension was denied.	20
	Jhon Jairo Gonzalez	Solidarity Came 074	20
	Doriela Franco Marin	Labor liability by solidarity with Coomultreevv 140	20
	Other	Other processes	59
Total Emvarias			**8,966**
CENS	Orlando Emiro Conteras Velasco and others	Pension adjustment pursuant to article 1 of Law 71 of 1988, to pay the retroactive amounts of the sums not paid, the respective indexation and the default interest.	1,642
	Geomara Carreño and others	That the defendant entities and legal persons be declared that they are administratively, financially and civilly liable for the damages caused to the plaintiffs for the injuries suffered by the minor child Frayner Fernando Arango Carreño, when we was trapped by a pole of the electric power system no longer in use that was not effectively removed from the zone.	1,132
	Fanny Toro Lopez and others	That CENS be declared responsible for the death of Mr. Marcos Garcia Contreras and be ordered to pay moral damages.	598
	Sandra Maria Castillejo and others	That CENS and the municipality of Gamarra be declared administratively and extra-contractually responsible for the death of Jose Alfredo Orozco Rojas, occurred on April 27, 2011, in the municipality of Gamarra and consequently of the total damages caused to his permanent partner, children, parents and siblings; as a consequence of if to order CENS and the municipality of Gamarra to pay to each of the plaintiffs the material damages for	523

Company	Third Party	Claim	Value
		lost profit and moral damages.	
	Julio Cesar Peña Villamizar and others	To order CENS the payment of the sum of 800 MMLSE corresponding to moral damages in favor of the plaintiffs and 8 MMLSE for material damages, well as the court costs, as consequence of the minor child Gerson Fabian Capacho for presumptive electrocution.	473
	Luis Freddy Vergel Torrents	That CENS be declared responsible of the fire caused in the ranches La Tora and La Azufrada, ordering the payment of the damages as follows: - For consequential damage an approximate value of $232. – Lost profits assessed at $171.	422
	Carlos Augusto Rangel Alvarez and others	They request to be recognized the pension surplus up to completing 75% of the IBL (Income basis of calculation), as well as the retroactive pension duly indexed.	322
	Carlos Augusto Ropero Gaona	That CENS be declared that it has violated fundamental rights of the plaintiff, due to the separation from the company with violation of due process to which he was subject from February 7 to 18, 2013; in addition to declare that the plaintiff must be reinstated to a position of equal or higher hierarchy to that he was performing when he was separated, and for this to declare that CENS must recognize to the plaintiff the amounts accrued and due for salaries, severance pay and interest, service and seniority bonus, vacations, indemnification for illegal termination, indemnification for default and costs.	281
	Manuel Jesús Navarro Andrea Yisela Olivos Sánchez Deimar Javier Valderrama Olivos Manuel Stiven Navarro Olivos	Declare administrative and extra-contractually responsible to CENS for the damages caused to the plaintiffs on occasion of the death of the minor child Katherine Dayana Olvios Sánchez, occurred on May 11, 2013 in Cucuta.	258
	Condominio Banco Santander	That the nullity be declared of the resolutions 442275 of 11/24/06 and 443833 of 01/03/07 issued by DENS, as reestablishment of the right to comply with resolution 44038 of 10/09/06. That the plaintiff be indemnified for damages (consequential damage and lost profits). Note: According to the amounts billed by law for contribution the amount is estimated at $204.7	240
	SYM Ingeniería Ltda e Inecel Ltda	That CENS will be declared responsible extra-contractually and administratively for declaring the inability of the plaintiffs to contract with the State and as consequence of the above to recognize financial damages for loss of opportunity $178	208
	Álvaro Ascanio Ropero And others	Requests the recognition and payment of the pension set forth in article 63 of the Collective Bargaining Agreement (CBA) of CENS, ordinary and additional payments that have been accrued, default interest and indexation.	172
	Oscar Sánchez Molina Parra	That the accident suffered by the plaintiff was at the fault of CENS S.A. E.S.P. as employer. To order CENS to pay the material and moral damages, lost profits, consequential and physiological damage, caused by the work accident, as well as the payment of the indemnification established in the CBA in effect as of the date of the work accident. In addition, he claim payment of default interest.	150
	Colsuma Ltda.	That the nullity of the administrative act of award and acceptance of offers Ct-2014-000034, the presumptive act of elimination and not acceptance of the offer and reestablishment of the right in order that the value of the profit of the contract $102,655,476 will be grated as well as nullity of contract.	105
	Other	Labor processes	784
Total CENS			**7,310**
EDEQ	Jhon James Montoya Marín and others	That the defendant entity be declared administratively responsible for the damages caused to Mr. Jhon James Montoya Marin y others as consequence of an electric shock caused by an electric wire that was near their home.	595

Company	Third Party	Claim	Value
	Colombia Movil S.A	Declare the nullity of Resolution No. 328 of May 10, 2010 issued by the municipality of Montenegro Quindio, and of the electric power bill as of March 2010, whereby the tax in charged on the public lighting service of that municipality.	67
	Luz Dary Márquez and others	Declare Edeq administratively responsible for the death of Mr. Aries Valencia Oviedo and of the injuries suffered by Mr. Adalberto Valencia Oviedo in accident occurred on June 27, 2006 in the road from Armenia to Circasia and that Edeq be ordered the payment of damages	629
	Leonardo Castaño López	That is declared that Mr. Leonardo Castaño Lopez was unfairly terminated from employment and that consequently is entitled to the indemnifications that this situation involves.	392
	XM S.A.	Guarantee created in EDEQ in favor of XM for the purchase of energy of the month of December 2015.	5,500
	XM S.A.	Guarantee created in EDEQ in favor of XM for the purchase of energy of the month of January 2016.	7,000
Total EDEQ			**14,183**
ESSA	Claudia Patricia Gelvez Rojas and others	Complaint for damages of all kinds caused to the plaintiffs as consequence of the death of Mr. Jaime Alfredo Blanco Hernandez.	19,405
	Tomon Ltda.	It is requested to declare the existence of a Strategic Alliance agreement between ESSA and the Temporary Union “San Gil Iluminado”.	18,338
	Tomon Ltda. (ad-excludendum)	That ELECTRIFICADORA DE SANTANDER, TOMON LTDA AND APH SERVICIOS ELECTRICOS, be sentenced to pay to SAN GIL ILUMINADOS S.A. the consequential damage, which will not be lower than 1,535 MMLSE, duly indexed, as well as the payment of the lost profits not lower than 11, 861 MMLSE equivalent to $3,937,895,388.	9,372
	Chivor S.A. E.S.P	That the nullity of the administrative acts issued by Interconexión eléctrica S.A, referring to invoice No. SIC 10085, Resolution 1092 of December 19, 2001 be declared and consequently the reestablishment of the right.	6,013
	Sonia Luz Ardila Sanchez	Complaint for work accident causing the death of officer.	5,253
	Evelio Pacheco Luna and others	Complaint for labor accident.	4,889
	Ana Aydee Prada Ochoa	Complaint for payment of indemnification for death of Mr. ALIRIO SILVA PIMIENTO, in work accident in the municipality of San Joaquin, for voltage discharge.	3,489
	Alfredo Serrano Rueda	Labor lawsuit. Payment of benefits	2,980
	Osmel Rodriguez	Labor lawsuit. Payment of benefits	2,854
	Servireparto S.A.	Lawsuit for breach of contract.	2,628
	Gerrsson Enmanuel Duarte Pabón	Complaint for material damages	2,421
	Helena Morales Pabón, Blanca Amelia Morales Castillo and others	Declare ESSA administratively responsible for financial and extra-financial damages for service failure due to ESSA’s negligent actions.	2,314
	Nestor Eugenio Sandoval Morales	Recognition of family group health service, scholarships or education allowances	1,492
	Other	Other processes	61,372
Total ESSA			**142,820**
ENSA	National Authority of Public Utilities	Compliance with clause 53 of Concession Contract	47,242
	Bahía las Minas Corp.	To guarantee obligations in power purchase agreements	31,659
	IGC/ERI Pan Am Generating Limited	To guarantee obligations in power purchase agreements	24,316
	Generadora del Atlántico	To guarantee obligations in power purchase agreements	19,128
	Aes Panamá, S.A.	To guarantee obligations in power purchase agreements	18,990
	Alternegy, S.A.	To guarantee obligations in power purchase agreements	14,351
	Enel Fortuna, S.A.	To guarantee obligations in power purchase agreements	14,268
	Miscellaneous generators	To guarantee obligations in power purchase agreements	71,816

Company	Third Party	Claim	Value
	To compensate customers	Rate reduction for customer compensation	22,235
	Empresa de Transmisión Eléctrica, S.A.	To guarantee obligations in contracts	18,970
	Other	Other processes	2,134
Total ENSA			**285,109**
Total contingent liabilities			**1,278,626**

- Figures in millions of Colombian pesos -

Contingent Assets:

Company	Third Party	Claim	Value
EPM	Municipality of Bello	Integral nullity of the complex administrative act contained in Resolutions 2717 of 2009 and 0531 of 2010, PTAR Bello.	95,475
	Municipality of Bello	Reibursement of money paid by EPM for determination and assessment of added value effect, PTAR Bello	90,071
	Inciviles	Breach of contract 020113590, derived from the contarcting No. 006050, which purpose is the construction and replacement of collectors, secondary networks, overflow channels and complementary works necessary for the optimization of the sewege system and of the processes of collection and transportation of waste and combined waters of the basin of the streams La Hueso phase II, La Quintana and La Cantera, of the municipality of Medellín.	7,871
	Ministry of Environment and Territorial Development	Declaration of nullity invoked, to declare that within the costs related to the construciton and operation of the Hydroelectric Project Porcer 3.	4,194
	Other Administrative Entities: Compañía Mundial de Seguros and municipality of Envigado	Protection in advances; inapplicability of Decree 259 of August 14, 2002 of the municipality of Envigado.	3,958
	Interconexión Eléctrica S.A. E.S.P. ISA	Civilly responsible for not recognizing to EPM the value corresponding to it of the remuneration that ISA received between the years of 1995 to 1999, for the line modules that correspond to assets of use of the National Transmission System in the substations Playas and Guatape.	2,841
	Poblado Club Campestre Ejecutivo S.A.	Responsibility for damage of collector owned by EPM, that collects and transports waste water from the sanitary basic of the stream La Honda in the municipalñity of Envigado.	2,653
	Municipality of Santiago de Cali	Undue tax withholding.	2,309
	Construcoes e Comercio Camargo Correa S.A.	Partial breach of contract No. 2/DJ-2183/47 executed with EPM, for the construction of the civil works of the Waste Water Treatment Plant San Fernando.	1,883
	Bayron de Jesús Cardona Ruiz	Criminal complaint for the presumptive crimes of aggravated fraud for the amount in homogeneous and successive in heterogeneous contest for false statement in private document and embezzlement for misappropriation.	1,606
	Other fiscal entities: SENA, DIAN	Nullity in payment of contributions; correction to import declaration.	269
Total EPM			**213,130**
CENS	Empresa Alianza Fiduciaria	In the capacity as user of the power service owes the consumption of the property located at Avenida 10 No. 7-55 Torre A Apt. 810, Rivera Condominium.	15
	Consorcio CDE Ltda. - ME ltda.	Obtain payment of funds owed in favor of CENS by virtue of contract 064/98 for $964,967,919	965
	Rubén Darío Sánchez Rubio, Compañía de Financiamiento Tuya S.A.S. Seguros Generales Suramericana	On 08/28/2012, there was opening of the line Island San Mateo and for this reason the company made a review run fo the line finding an automobile accident which had derived in the collapse of tower 51 (tower 56), as per report from transit authoroities by the Station of Villa del Rosario, which causes damage by collision with vehicle with plates XVX-292 owned by	98

Company	Third Party	Claim	Value
		SU FINANCIAMIENTO TUYA S.A.S. SEGUROS GENERALES SURAMERICANA	
Total CENS			**1,078**
EDEQ	Superintendency of Domiciliary Public Utilities	Complaint No. 242233869	242
Total EDEQ			**242**
ESSA	Municipality of San Pablo	Collection of receivables	1,339
	Alfonso Lopez Guissa	Collection of receivables	37
	Eugenio Plata Nossa y Alba Yaneth Ballesteros	Collection of receivables	25
	Juan de Dios Vesga Salazar	Collection of receivables	30
	Norberto Moyano Silva	Collection of receivables	26
	Jose Maria Gomez	Collection of receivables	8
Total ESSA			**1,465**
ADASA	Internal Taxes Service	Expense amortizable for tax purposes for the difference between the investment made in the acquisition of Aguas de Antofagasta and the interla capital owned by it.	2,245,695
Total ADASA			**2,245,695**
Total Contingent Assets			**2,461,610**

As of December 31, 2015, the estimated net value that the experts determine to be received by the Group $1,182,984.

The Group has granted the following guarantees:

Company	Third party	Description	Value
ENSA	National Authority of Public Utilities	Fulfillment clause 53 of Concession Contract	47,242
	Bahía las Minas Corp.	To guarantee obligations in power purchase agreements	31,659
	IGC/ERI Pan Am Generating Limited	To guarantee obligations in power purchase agreements	24,316
	Generadora del Atlántico	To guarantee obligations in power purchase agreements	19,128
	Aes Panamá, S.A.	To guarantee obligations in power purchase agreements	18,990
	Alternegy, S.A.	To guarantee obligations in power purchase agreements	14,351
	Enel Fortuna, S.A.	To guarantee obligations in power purchase agreements	14,268
	Miscellaneous generators	To guarantee obligations in power purchase agreements	71,816
	Empresa de Transmisión Eléctrica, S.A.	To guarantee obligations in agreements	18,970
Total ENSA			**260,740**
EDEQ	XM S.A.	Guarantee posted in EDEQ in favor of XM for the purchase of power of the month of December 2015.	5,500
	XM S.A.	Guarantee posted in EDEQ in favor of XM for the purchase of power of the month of January 2016.	7,000
Total EDEQ			**12,500**
Total Guarantees			**273,240**

Estimated payments and collections

The estimate of the dates on which the EPM Group considers that it will have to face the payments related to the contingent liabilities or will receive the collections for the contingent assets included in this note of the consolidated statement of financial condition as of December 31, 2015 is as follows:

Year	Contingent liabilities	Contingent assets
2016	106,191	6,206
2017	152,909	2,270
2018	54,593	15,134
2019 and others	1,345,900	293,880
Total	**1,659,593**	**317,490**

- Figures in millions of Colombian pesos -

Note 26. Other liabilities

The detail of other assets as of December 31 is the following:

Other Liabilities	2015	2014
Non current		
Assets received from customers or third parties	39,804	38,826
Transfer of assets and financial guarantees	33,626	24,952
Government subsidies	27,957	18,293
Other deferred credits	20,989	8,966
Income received in Advance	9,569	16,281
Collections in favor of third parties [1]	10	10
Subtotal other non current liabilities	**131,955**	**107,328**
Current		
Income received in Advance	110,772	46,745
Collections in favor of third parties 1	97,798	97,843
Government subsidies	504	293
Subtotal other current liabilities	**209,074**	**144,881**
Total	**341,029**	**252,209**

- Figures in millions of Colombian pesos -

[1] *Corresponds to collection in favor of third parties for public lighting agreements, collection of receivables, sanitation service, taxes, among others.*

26.1 Government grants

The detail of government subsidies as of the cutoff date was:

Subsidies	2015	2014
Beginning balance	18,586	20,281
Granted during the period	5,862	4,214
Recognized in profit and loss of period	(1,230)	(600)
Merger UNE-Millicom	-	(5,309)
Exchange difference, adjustment for conversion	5,243	-
Ending balance	28,461	**18,586**
Non current	27,957	18,293
Current	504	293
Carrying value as of December 31	**28,461**	**18,586**

- Figures in millions of Colombian pesos -

The EPM Group received during the period grants from the Inter American Development Bank -IADB - for the financing program to medium and small companies; by Financiera del Desarrollo – FINDETER – as favorable rate credit for the construction of water and sewer infrastructure; by Fondo para la Reconstruccion del Eje Cafetero – FOREC – for the reconstruction of power networks as a consequence of the earthquake the coffee growing area; by the Fondo Financiero para Proyectos de Desarrollo – FONADE - for the promotion of telecommunications in rural schools and by the Oficina Electrificación Rural (Panama) and by the Fondo de Inversión Nacional en Electricidad y Telefonía (El Salvador) for the construction of rural electric infrastructure.

The EPM Group has not failed to comply with any of the conditions related to the grants.

26.2 Income received in advance

The detail of the income received in advance of the EPM Group as of the reporting date is the following:

Income received in advance	2015	2014
Non current		
Sale of energy service	4,547	3,886
Other income received in advance	3,853	10,264
Leases	1,997	2,130
Sales	(828)	-
Total income received in advance non current	**9,569**	**16,280**
Current		
Sales	51,669	5,954
Sale of energy service	32,958	18,280
Other income received in advance	15,345	16,947
Sale of fuel gas service	9,530	4,944
Sale of cleaning services	677	-
Leases	575	583
Sale of sewage system services	17	37
Total income received in advance current	**110,771**	**46,745**
Total income received in advance	**120,340**	**63,025**

- Figures in millions of Colombian pesos -

Note 27. Deferred regulatory accounts

The balance of the deferred regulatory accounts as of the date of presentation of the financial statements corresponds to the local regulatory framework of application to the subsidiary Elektra Noreste S.A. – ENSA, established by the National Authority of Public Utilities of Panama (ASEP). This entity is the one in charge of regulating and establishing the final rates that the Company bills to its customers. The company keeps its accounting records in accordance with the uniform accounts system established by the ASEP for electric companies.

The regulated system under which the company operates permits that any excess or defficiency between the estimated cost fo energy considered in the rate and the actual cost incurred by the Company will be included as a compensatory adjustment, to be recovered from or refunded to the customers, in the next rate review. Any excess in the cost of energy charged to customers is accumulated as credit balance in deferred regulatory account in the balance sheets of the company and entails a reduction in the next rate review to be applied to customers. Likewise, any deficient in the cost of energy charge to customers is accumulated as debit balance in deferred regulatory account in the balance sheets of the company and entails an increase in the next rate review to be recovered from the customers.

The movement of the regulatory accounts is as follows:

Regulatory accounts	Asset (Liability)	
	2015	2014
Beginning balance	**60,603**	48,536
Recognized in profit and loss of period	(97,720)	9,136
Effect for conversion in foreign currency	11,260	2,931
Other movements	(34,034)	-
Ending balance	**(59,891)**	**60,603**

- Figures in millions of Colombian pesos -

Balances associated to deferred regulatory accounts in accordance with the regulation must be recovered or refunded in the two following months.

The movement of the deferred tax associated to the regulatory accounts is the following:

	Asset (Liability)	
Deferred tax associated to regulatory accounts	**2015**	**2014**
Beginning balance	(18,181)	(14,561)
Increases	29,316	(8,223)
Effect by conversion in foreign currency	(3,378)	4,603
Other movements	10,210	-
Ending balance	**17,967**	**(18,181)**

- Figures in millions of Colombian pesos -

Note 28. Revenues

The detail of income is as follows:

Income from ordinary activities	2015	2014
Sale of goods	**20,159**	**17,938**
Rendering of services		
Energy service	11,400,232	9,839,727
Fuel gas service	699,005	508,261
Sewage service	581,285	369,468
Sanitation service	502,797	410,641
Construction service	158,330	111,371
Cleaning service	147,739	148,717
Other services	105,392	89,641
Insurance and reinsurance service	6,744	4,800
Information technology services	371	396
Refunds	(47,147)	(37,843)
Total rendering of services	**13,554,748**	**11,445,179**
Leases	57,472	52,367
Other income		
Recoveries	111,784	102,263
Other ordinary income	59,409	71,523
Commissions	38,230	36,781
Reversal loss for impairment accounts receivable	18,271	1,662
Valuation of investment properties	9,819	13,002
Government subsidies	9,428	359
Utilizations	8,620	11,498
Fees	3,053	2,604
Indemnifications	2,706	5,808
Margin in commercialization of goods and service	2,357	2,621
Sale of bid terms	640	771
Surpluses	67	46
Contracts for management of public utilities	-	90
Total other income	**264,384**	**249,028**
Total income from ordinary activities	**13,896,763**	**11,764,512**
Profit in sale of assets [1]	28,708	2,167
Total income	**13,925,471**	**11,766,679**

- Figures in millions of Colombian pesos -

[1] *Includes profit from disposal of investment in subsidiary for $2,722 (See Note 8.3.2)*

As of December 31, 2015 and 2014, the EPM Group does not have encumbered Revenues subject to any lien, contingencies or firm commitments affecting Revenues.

28.1 *Construction agreements within scope of IAS 18 Revenue*

The EPM Group recognizes income from ordinary activities by using the method of percentage of completion for the agreements that comply with all criteria defined by IAS 11 Construction Contracts in a continued manner as the construction in carried out. The EPM Group identifies that a construction contract is within the scope of IAS 11 Construction Contracts, when it meets the definition of construction contracts, and the EPM Group acting as contractor has the limited capacity to specify the structural elements of the asset's design, before starting the construction or the changes, once the work is in progress.

The Group assesses these characteristics as follows:

– If the contracting party is capable of specifying the structural elements of the asset's design before the initiation of the construction and/or the most important structural changes once the construction is in progress, said agreement is treated as a construction contract.

– To the contrary, an agreement for the construction of an asset in which the contracting parties have only a limited capacity to influence the design of the asset, for example select a design based on a range of options specified by the contracting company, or specify only small variations of the basic design, is a sales agreement of goods within the scope of IAS 18 Revenues.

The EPM Group recognized revenues from ordinary activities for asset construction agreements within the scope of IAS 11 Construction contracts as of December 31, 2015 for $158,330 (2014 $111,371).

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

The EPM Group recognized the following values in the period, for the agreements in force as of December 31, 2015 and 2014 described in the preceding paragraph:

2015	Costs incurred plus profits recognized	Values pending to be invoiced	Expected losses	Total balance of statement of financial position	Advances received from customers for construction contracts
EPM Agreement Aguas 3 Municipality of Medellín	1,486	-	-	-	-
EPM Agreement Aguas 5 Municipality of Medellín	-	-	-	-	3,912
EPM Agreement Aguas 6 Municipality of Medellín	-	-	-	-	11,269
EPM Agreement Aguas 7 Municipality of Medellín	525	-	-	-	1,734
EPM Agreement Barbosa	15	-	-	-	1
EPM Agreement CM Caldas	-	-	-	-	381
EPM Agreement Electrificadora de Santander	3,323	-	-	-	-
EPM Agreement Empresas Varias de Medellín	209	-	-	-	-
EPM Agreement FAER 2 - Rural electrification	-	-	-	-	646
EPM Agreement Municipality of El Peñol	-	-	-	-	1,000
EPM Agreement Municipality of Guatapé	-	-	-	-	1,000
EPM Agreement Cornare	-	-	-	-	1,106
EPM Agreement Aguas 8 Municipality Bolivar	-	-	-	-	16,850
EPM Other Agreements	-	-	-	-	245
CENS Contract FAER GGC-105	4,356	-	-	-	1,821
CENS Agreement Fundescat	1,700	-	-	-	237
CENS Agreement Ecopetrol	2,548	-	-	-	411
CENS Contract Governor's Office	8,089	-	822	-	1,270
CENS Contract FAER GGC-313	675	-	-	-	115
TICSA Water treatment plants of Tuxtlán and Paso El Limón	35,586	2,951	-	-	-
TICSA Water treatment plant of PEMEX Ciudad Madero	44,816	44,816	-	-	-
TICSA Water treatment plant for Gilbane Alberichi in plant of Piedras Negras	40,683	-	-	-	5,470
Total	**144,011**	**47,767**	**822**	**-**	**47,468**

- Figures in millions of Colombian pesos -

2014	Costs incurred plus profits recognized	Values pending to be invoiced	Expected losses	Total balance of statement of financial position	Advances received from customers for construction contracts
EPM - Agreement Yondó	604	-	-	-	-
EPM - Agreement FAER networks	1,081	-	-		-
EPM - Agreement Moravia	-	-	-		1,076
EPM - Agreement Aguas 3 Municipality of Medellín	63	-	-		284
EPM - Agreement Aguas 5 Municipality of Medellín	2,944	-	-		5,291
EPM - Agreement Aguas 6 Municipality of Medellín	-	-	-		11,292
EPM - Agreement Aguas 7 Municipality of Medellín	-	-	-		2,240
EPM - Agreement Barbosa	1,395	-	-		1,410
EPM - Agreement Caldas	2,354	-	-		1,162
EPM - Agreement Governor's Office Uraba	-	-	-		1,003
EPM - Agreement Electrificadora de Santander	752	-	-		-
Aguas de Urabá - Agreement 0266	2,904	-	-		62
CENS - Ministry of Mines and Energy	18,626	-	-		3,549
CENS - Ecopetrol Foundation for regional development	3,526	-	-		1,899
CENS - Ecopetrol S.A.	1,249	-	-		2,884
CENS - Department of North of Santander	5,088	-	-		1,005
CENS - Ministry of Mines and Energy	27	-	-		-
CHEC - Contract EDEQ	957	-	-		158
ESSA - PRONE - FAER 030	-	-	-		1,203
ESSA - GOB-ESSA phase V	-	-	-		413
ESSA - FAER 160	508	-	-		81
ESSA - National Royalties Fund Jesús Maria	-	-	-		138
ESSA - National Royalties Fund Macaravita	118	-	-		26
ESSA - FAER 235 CCG	8,352	-	-		192
ESSA - FAER 90 2013	5,608	-	-		1,671
ESSA - Agreement Bucaramanga Mayor's Office - Christmas lighting	245	-	-		-
PTAR Tuchtlán	28,918	-	-		-
PTAR Uruapan	21,996	-	-		-
Expansion Coahuila Brewery	4,059	-	-		6,635
Other constructions contracts	(3)	-	-	-	841
Total	**111,371**	**-**	**-**	**-**	**44,515**

- Figures in millions of Colombian pesos -

28.2 Leasing as Lessor

The most significant operating leasing agreements are the leasing of public lighting infrastructure with the municipality of Medellin and of the electrical infrastructure owned by the companies of the Group leased to third parties such as Global TV, Media Commerce, Telmex, UNE for the municipalities of the east of Antioquia, among others, for the installation of their own networks for the rendering of public telecommunication services. The leasing agreements contemplate the option to be renewed by mutual agreement between the parties and do not contemplate purchase option. Lease payments of the agreements are updated by the Producer Price Index – PPI – or the Consumer Price Index – CPI – as the case may be.

The value of non-cancellable operating lease payments are:

Leases	2015 Non-cancellable operating leases	2014 Non-cancellable operating leases
At one year	18,523	23,347
At more than one year and up to five year	35,041	35,498
Over five years	25,829	4,096
Total	**79,393**	**62,941**
Less - valye of interest not earned	-	-
Present value of minimum lease payments	**79,393**	**62,941**

- Figures in millions of Colombian pesos -

The Group does not have recognized any provision for accumulated uncollectibility of minimum payments of rent receivable for financial leasing, and there are no residual values not guaranteed recognized in financial leasing.

The income for contingent leases recognized in the Profit and Loss of the period is of $15,463 (2014: $1,928) of which $14,853 (2014: $1,448) are operating leases.

The Group as lessor, has contracts that adopt the legal form of a lease but that in essence do not correspond to it.

Note 29. Costs for rendering of services

The detail of the Costs for rendering of services of the EPM Group as of the dates of the periods reported, is as follows:

Costs for rendering services	2015	2014
Cost of goods and public utilities for sale [1]	6,562,089	5,300,194
Depreciations	647,896	589,741
Personal services	541,357	453,772
Orders and contracts for other services [2]	509,904	415,932
Consumption of direct inputs [3]	338,187	62,338
Orders and contracts of maintenance and repairs	315,629	270,595
Materials and other operating costs	216,281	197,478
Licenses, contributions and royalties	110,649	111,865
General	89,236	99,542
Fees	69,185	58,192
Taxes and Rates	60,707	48,795
Insurance	51,056	52,015
Amortization	35,234	35,265
Leases	32,158	22,700
Commercialized goods	22,353	13,371
Public utilities	21,085	19,935
Impairment of properties, plant and equipment	8,526	24,589
Impairment of intangible assets	8,437	2,387
Cost of losses in rendering sewerage service	3,877	3,082
Extinguishment	1,475	1,855
Reduction of inventory values	564	353
Total cost for rendering services	9,645,885	7,783,996

- Figures in millions of Colombian pesos -

(1) Includes the value of the purchases of energy in block and in the exchange, connection cost, use of lines, networks and ducts, cost of commercialization and distribution of natural gas, among other costs. The increase in those costs in respect to the previous period is due mainly to the increase in the prices of energy purchased in the exchange, STN, STR and SDL (National and Regional Transmission Systems and Local Distribution System) charges for higher sales to the NRM (non regulated market) and changes in the calculation according to the regulation; caused by the difficult climatic conditions (descent of water resources and low levels of reservoirs), especially during the last quarter of the year, in which El Niño effect intensified.

(2) Includes the value of maintenance and repairs orders and contracts of buildings, machinery and equipment, land, network lines and ducts, plants and other services such as cleaning, surveillance, security, taking readings, and installations, among others.

(3) Includes the cost of production of chemicals, fuel gas, energy, ACPM and fuel oil, which expeirenced increase basically by the higher consumption of gas and ACPM for the generation of power in the thermal plant La Sierra of EPM and by restrictions and deviations due to the generation of energy with liquid fuels in the entire system, associated to the market conditions because of El Niño phenomenon.

Note 30. Administration expenses

The detail of adminsitration expenses is:

Administration expenses	2015	2014
Organization of events	2,100	2,338
Per diem and travel expenses	2,042	1,672
Photocopies	1,416	1,778
Cleaning, laundry and cafeteria items	1,378	1,439
Court fees	1,009	524
Provision for dismantling, retirement or rehabilitation	946	173
Loss for construction contracts	822	340
Fuels and lubricants	728	651
Industrial safety	640	455
Designs and studies	563	808
Storage	527	449
Repairs	509	436
Public relations	461	286
Industrial safety equipment	274	324
Works and leasehold improvements	239	598
Competitions and litigations	30	100
Organization and start up expenses	18	-
Quality control expenses	16	20
Videos	7	2
Customs operation expenses	5	5
Pottery and glasswork	3	2
Total general expenses	**1,013,024**	**709,312**
Total	**1,488,531**	**1,138,823**

- Figures in millions of Colombian pesos -

[1] Includes the wealth tax assessed by EPM and the national affiliates, taking as a base the net equity owned as of January 1, 2015 at a rate of 1.15%. The return of that tax was filed in May 2015 and its payment was made in two equal installments in May and September of the same year, its value amounted to $95,617.

31.1 Leases as lessee

The most significant operating leasing agreements are the leasing of premises for the customer service offices, information technology leasing (PCs, portable computers, printers, accessories, servers, videoconference equipment, fax, network equipment), implied leasing of machinery in the operation of waste disposal and the leasing vehicles required in the operational activities of the companies. The leasing agreements contemplate the renewal option by mutual agreement between the parties and do not contemplate the purchase option. In general, the rent payments of agreements are updated by the Producer Price Index -PPI- or the Consumer Price Index -CPI- as the case may be; there are some agreements for which the price update is made by negotiation between the parties.

As of December 31, the minimum future financial leasing payments, the present value of the minimum payments for financial leasing and the future payments for non-cancellable operating leasing are distributed as follows:

The operating leasing installments recognized as expenses of the period are $43,084 (2014: $34,061).

The Group, as lessee, does not have contracts that adopt the legal form of a lease but that in essence donot constitute it.

Note 31. Other expenses

The detail of other expenses is:

Other expenses	2015	2014
Contributions in non corporate entities	28,493	23,593
Loss in retirement of assets	21,015	15,076
Other ordinary expenses	20,496	14,639
Arbitration awards and out of court conciliations	7,507	2,810
Loss in the sale of assets	3,729	2,991
Goods and documents transferred by companies to public entities	703	-
Donations	430	768
Other provisions for tax obligations	155	289
Loss for changes in the fair value of investment properties	28	1,403
Taxes assumed	-	10
Total	**82,557**	**61,579**

- Figures in millions of Colombian pesos -

Note 32. Financial income and expenses

32.1 Financial income

The detail of financial income is:

Financial income	2015	2014
Interest revenues		
Interest from debros and default	87,178	150,125
Bank deposits	28,091	17,843
Revenues for interest of financial assets at amortized cost	4,855	4,234
Profit vor valuation of financial instruments at fair value	81,938	70,993
Profit for valuation of financial instruments at amortized cost	40,347	46,416
Profit in trust rights	14,750	24,106
Other	6,414	13,823
Returns for monetary adjustment	19	8
Total	**263,592**	**327,548**

- Figures in millions of Colombian pesos -

32.2 Financial expenses

The detail of financial expenses is:

Financial expenses	2015	2014
Interest expense:		
Interest for obligations under financial leasing	32,430	32,034
Other interest expense	59,738	27,261
Total interest	92,168	59,295
Total expense for interest of financial liabilities that are not measured at fair value with changes in profit and loss	625,923	484,668
Commissions	5,348	9,885
Other financial expenses	123,237	183,940
Total	**846,676**	**737,788**

- Figures in millions of Colombian pesos -

Note 33. Exchange difference, net

The effect of transactions in foreign currency is the following:

Exchange difference, net	2015	2014
Income for exchange difference		
Foreign exchange position	1,574,184	684,688
Financial	167,425	145,439
Total income for exchange difference	**1,741,609**	**830,127**
Expense for exchange difference		
Foreign exchange position	(205,024)	(174,302)
Financial	(2,080,347)	(709,154)
Total expense for exchange difference	**(2,285,371)**	**(883,456)**
Exchange difference, net	**(543,762)**	**(53,329)**

- Figures in millions of Colombian pesos -

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

Currency	Currency Type	Direct conversion to USD as of December 31		Closing exchange rate as of December 31		Average exchange rate	
		2015	2014	2015	2014	2015	2014
United States Dollar	USD	-	-	3,149.47	2,392.46	3,244.20	2,342.25
Quetzal	GTQ	7.63	7.60	412.65	314.93	426.11	307.28
Mexican Peso	MXP	17.27	14.74	182.35	162.30	189.98	160.95
Chilean Peso	CLP	709.22	606.06	4.44	3.95	4.61	3.82

Note 34. Effect by participation in equity investments

The effect by the participation in equity investments for the years ended on December 31 is as follows:

Participation in equity investments	2015	2014
Dividends and participations[1]	93,264	1,143,156
Net fair value of participation retained in equity investments[2]	-	(100,028)
Total	93,264	1,043,128

- Figures in millions of Colombian pesos -

[1] *Includes dividends of associates for $93,457 (2014: $52,669) of Isagen S.A E.S.P., ISA S.A E.S.P, Banco Davivienda S.A, Terpel Centro S.A. and Emgesa.*

In August 2014 UNE EPM Telecomunicaciones S.A. decreed extraordinary dividends to EPM for $1,074,798, which were delivered to the municipality of Medellin as surpluses by virtue of the share usufruct agreement signed between EPM and the municipality of Medellin.

[2] *Corresponds to the effect of the disposal of the investment in UNE EPM Telecomunicaciones S.A.See note 8 - invest,emtsom subsidiaries.*

Note 35. Income tax

35.1 Tax provisions

Tax provisions applicable and in effect, establish the following:

a) The nominal rate of the income tax is 25% for the home office and affiliates of Colombia. The nominal rate of the income tax for equality CREE is 9% and a surtax of 5% for 2015 that applies to taxpayers whose annual CREE tax return shows profits equal to or in excess of $800 million pesos. For the affiliates of Guatemala, the tax is determined by the regime on the profits of profit-yielding activities (for 2015 a rate of 25% on the taxable income determined on the basis of the net income) or by the optional simplified regime on income of profit-yielding activities (rate of 5% up to Q 30,000 of gross income and of 7% for over Q 30,000 and of 10% for capital gains), for the affiliates of El Salvador 30% for companies wiht taxable income in excess of USD 150,000 and 25% for those that do not exceed such cap; for affiliates of Panama and Mexico a taxation rate of 30% and for affiliates of Chile a tax rate of 22.5%.

b) Domiciliary public utilities in Colombia are excluded from determining the income tax by the system or presumptive income calculated based on the net tax equity of the immediately preceding year; for the calculation of the Income Tax for Equality CREE they do not have that exclusion.

c) The Parent of the EPM Group uses the tax deduction called “Special deduction for investment in productive fixed assets”, equivalent to 40% of the investments made during the tax year. This benefit continues for the Parent Company as a result of the public stability agreement signed with the National Government in 2008.

35.2 Reconciliation of effective rate

The reconciliation between the applicable tax rate and the effective rate and the composition of the income tax expense for periods 2015 and 2014 is the following:

Income and complementary tax	2015	%	2014	%
Result before taxes	2,582,392		3,308,654	
Theoretical tax				
Plus entries that increase the income	932,567	36%	1,766,360	53%
Exchange difference investments abroad	-		541,517	16%
Wealth / equity tax	95,617	4%	14,438	0%
Dividends effectively received from controlled entities	548,068	21%	419,232	13%
Non deductible provisions	124,670	5%	40,570	1%
Other non deductible costs and expenses	164,211	6%	367,450	11%
Tax effects of companies abroad			383,153	12%
Less entries that decrease the income	1,975,044	76%	2,940,949	89%
Deduction real productive fixed assets	544,437	21%	439,004	13%
Dividends not taxed	425,143	16%	398,268	12%
Excess of tax depreciation and amortization	252,394	10%	454,856	14%
Remainder of companies liquidation	14,651	1%		
Non taxed recoveries	76,495	3%	52,458	2%
Differences IFRS vs. GAAP	557,536	22%	676,988	20%
Payment against provisions	50,034	2%	15,739	0%
Other not taxed	37,436	1%	903,636	27%
Tax effects of companies abroad	16,919	1%	-	
Net ordinary income of period	**1,539,915**	**60%**	**2,134,065**	**64%**
Less exempt income	25,544	1%	47,755	1%
Less offset of losses, excesses of presumptive income	24,836	1%	32,147	1%
Plus special income	170	0%	-	-
Other	(18,139)	-1%	-	-
Net taxable income	**1,471,566**	**57%**	**2,054,163**	**62%**
Income tax rate (average)	27.08%		24.5%	
CREE tax rate	9%		9%	
CREE surtax rate	5%		0%	
Capital gains tax rate	10%		10%	
Income tax	499,423	19%	530,990	16%
CREE tax	146,864	6%	211,514	6%
CREE surtax	81,415	3%		
Capital gains tax	572	0%	26	0%
Less tax discounts	92,877	4%	72,634	2%
Other	(106,043)	-4%		
Current tax and CREE	**529,354**	20%	**669,896**	20%
Detail of current and deferred expense				
Current tax and CREE	529,354	20%	669,896	20%
Deferred tax	(123,180)	-5%	76,647	2%
Income tax	406,174	15%	746,543	22%

- Figures in millions of Colombian pesos -

35.3 Income tax recognized in profit or loss

The most significant components of the income tax expense as of the cutoff date are:

Income tax	2015	2014
Current income tax		
Expense (income) for current income tax	652,490	750,567
Adjustments recognized in the current period related to the current income tax of previous periods	(75,138)	-
Tax benefits of tax losses, tax credits or temporary differences used in the period	(1,087)	(80,671)
PPUA (Provisional payment for absorbed profits) tax losses in mergers	(46,911)	
Total current income tax	**529,354**	**669,896**
Deferred tax		
Net expense (income) for deferred tax related to the origin and reversal of temporary differences	(69,623)	79,966
Net expense (income) for deferred tax related to changes in tax rates or laws [1]	(3,843)	(3,319)
Tax benefits of tax losses, tax credits or temporary differences used in the period	679	-
Other - in merger, business reorganization	(50,393)	-
Total deferred tax	**(123,180)**	**76,647**
Income tax	**406,174**	**746,543**

[1] *The expense (income) for deferred tax related to changes in the tax rates originated by the creation of the surtax, which effectiveness starts on January 1, 2015 by virtue of the passing by the Congress of the Republic of Colombia of Law 1739 of 2015, applicable to natural and legal persons with residence or domicile in the country.*

The rates used for determination of the deferred tax for national companies are:

Year	2015	2016	2017	2018	2019
Income tax	25%	25%	25%	25%	25%
CREE	9%	9%	9%	9%	9%
Surtax	5%	6%	8%	9%	0%
Total Rate	**39%**	**40%**	**42%**	**43%**	**34%**

The differences that will be generated as of the effectiveness of the mentioned law, year 2015 and during years 2016, 2017, 2018 y 2019 are separated.

Nevertheless, for those items where it is not possible to identify exactly in which of the years 2016 to 2018 they are expected to be reversed, 39% is applied for the short term, for year 2016 to 2018 an average rate of 40% and for those that are reversed beyond 2018, 34%.

For affiliates abroad, in the case of Guatemala, the tax is calculated by the regime on profits of profit-yiending activities (rate of 25% on the taxable income determined based on the calculation of the net income) or by the optional simplified regime on income of profit-yielding activities (rate of 5% on Q 30,000 monthly and 7% on the excess), for Panama affiliates 25%, for Mexican companies a maximum tax rate of 35% is used based on the taxable income level and for Chile affiliates a taxation rate of 27%.

35.4 Temporary differences that do not affect the deferred tax

Deductible temporary differences and tax losses and credits not used, for which the Group has not recognized assets for deferred taxes, are detailed below:

Description	2015	2014
At one year	-	-
At more than one year and up to five years	21,077	-
Over five years	97,079	2,938
Without time limit	46,179	-
Tax losses not used	**164,336**	**2,938**
At one year	-	23,054
At more than one year and up to five years	41,379	-
Over five years	-	-
Without time limit	-	-
Tax credits not used	**41,379**	**23,054**
Excess of presumptive income over ordinary net income	**-**	**-**
Deductible temporary differences	**-**	**-**
Total [2]	**205,715**	**25,992**

- Figures in millions of Colombian pesos -

[2] Deductible temporary differences and tax losses not used correspond to: Aguas de Urabá S.A. E.S.P. for $1,806 (2014 $0), Aguas de Malambo S.A. E.S.P. for $3,414 (2014 $2,938), EPM Capital México S.A. DE C.V. for $31,415 (2014 $0), Ecosistemas de Colima S.A. de C.V. for $17,538 (2014 $0), Ecosistemas de Uruapan S.A. DE C.V. for $1,137 (2014 $0), Ecosistemas de Celaya S.A. de C.V. for $628 (2014 $0), Desarrollos Hidráulicos de TAM S.A. de C.V. for $67,439 (2014 $0), Empresas Varias de Medellín E.S.P. for $40,959 (2014 $0); tax credits not used by Empresas Públicas de Medellín E.S.P. amount to $41,379 (2014 $23,054).

The value of the asset or liability of current income tax is the following.

	2015	2014
Asset or liability for current income tax		
Total income tax liability	**213,359**	**198,619**
Income tax	208,618	106,299
CREE tax and surtax	4,741	92,320
Total income tax asset	**(334,154)**	**(77,697)**
Balances in favor for income tax	(334,154)	(77,697)
Total income tax asset (or liability)	**(120,795)**	**120,922**

- Figures in millions of Colombian pesos -

35.5 Income tax recognized in other comprehensive income

The detail of the tax effect corresponding to each component of “other comprehensive income” of the Consolidated Statemetn of comprehensive income is the following:

Other comprehensive income of the Statement of comprehensive income	2015			2014		
	Gross	Tax effect	Net	Gross	Tax effect	Net
Equity investments measured at fair value through equity	5,227	(92,925)	(87,698)	(155,719)	7	(155,712)
New measurements of defined benefit plans	21,304	(15,489)	5,815	(21,079)	566	(20,513)
Cash flows hedging	(7,790)	18,785	10,995	7,790	(18,785)	(10,995)
Conversion of business abroad	507,629	-	507,629	270,440	-	270,440
Appreciation of properties, plant and equipment and other assets	3,731	(402)	3,329	-	-	-
Total	**530,101**	**(90,031)**	**440,070**	**101,432**	**(18,212)**	**83,220**

- Figures in millions of Colombian pesos -

35.6 Deferred tax

The detail of the deferred tax is:

Deferred tax summary	2015	2014
Deferred tax asset	170,421	85,927
Deferred tax liability	(2,675,635)	(2,318,023)
Net deferred tax	**(2,505,213)**	**(2,232,096)**

- Figures in millions of Colombian pesos -

a) Deferred tax assets

Deferred tax asset	Beginning balance	Differences in conversion	Business combinations	Net changes included in profit or loss	Changes included in OCI [3]	Ending balance
Current assets						
Accounts receivable	6,958	1,356	-	22,296	-	30,610
Intangibles	156	49	-	1	-	206
Other	593	-	-	(601)	-	(8)
Non current assets						-
Investments in subsidiaries	-	-	-	9,365	-	9,365
Properties, plant and equipment	(3,697)	5,559	-	(31,984)	(402)	(30,524)
Intangibles	1,520	217	-	3,329	-	5,066
Accounts receivable	2,038	2	-	(1,809)	-	231
Other - financial linstruments	(1,775)	(252)	-	(257)	-	(2,284)
Current liabilities						-
Credits and loans	2,084	(23,581)	-	4,572	18,785	1,860
Employee benefits	1,090	-	-	1,168	-	2,258
Provisions	4,268	679	-	707	-	5,654
Other liabilities - loans between related parties	6,757	835	-	(106)	-	7,486
Non current liabilities						-
Credits and loans	(2,167)	(101)	-	38,419	-	36,151
Employee benefits	13,150	(1,094)	-	(449)	-	11,607
Provisions	9,672	39	-	(2,439)	-	7,272
Other liabilities - loans between related parties	(3,782)	(1,118)	-	185	-	(4,715)
Losses and tax credits not used	49,062	8,954	-	32,170	-	90,186
Deferred tax asset	**85,927**	**(8,456)**	**-**	**74,567**	**18,383**	**170,421**

- Figures in millions of Colombian pesos -

b) Deferred tax liabilities

Deferred tax liability	Beginning balance	Differences in conversion	Business combinations [4]	Net changes included in profit and loss	Changes included in OCI [3]	Ending balance
Current assets						
Cash and cash equivalents	(1,688)	(1,616)	-	(1,406)	-	(4,710)
Accounts receivable	(25,389)	(37,578)	-	(27,263)	-	(90,230)
Intangibles	10,574	(3,240)	-	(2,814)	-	4,520
Other - loans between related parties	(53,802)	10,193	5,171	12,629	-	(25,809)
Non current assets				-		
Investments in subsidiaries	25,236	(101,850)	-	38,563	-	(38,051)
Investments in associates	(2,502)	(986)	-	(856)	-	(4,344)
Investments in joint business	-	(1,494)	-	(1,298)	-	(2,792)
Properties, plant and equipment	(2,699,614)	(40,017)	-	(21,510)	-	(2,761,141)
Intangibles	(68,867)	10,864	-	(560)	-	(58,563)
Accounts receivable	50,314	(5,639)	-	47,631	-	92,306
Other - financial instruments	125,860	104,427	5,285	3,898	(92,925)	146,545
Current liabilities				-		
Credits and loans	221,755	(4,401)	-	27,416	-	244,770
Derivatives	25,432	(15,656)	-	(13,604)	-	(3,828)
Employee benefits	111,008	(2,216)	-	(2,885)	-	105,907
Provisions	(8,513)	-	-	18,611	-	10,098
Others - loans between related parties	(90,730)	-	(541)	13,278	-	(77,993)
Non current liabilities						
Credits and loans	(59,160)	(6,991)	-	(6,181)	-	(72,332)
Derivatives	21,950	(8,186)	-	(7,113)	-	6,651
Employee benefits	46,654	12,388	-	89,943	(15,489)	133,496
Provisions	45,773	(48,576)	-	(32,428)	-	(35,231)
Other - loans between related parties	(11,749)	(107,814)	(68,336)	(94,072)	-	(281,971)
Losses and tax credits not used	19,435	8,998	-	8,634	-	37,067
Deferred tax liability	**(2,318,023)**	**(239,390)**	**(58,421)**	**48,613**	**(108,414)**	**(2,675,635)**
Total deferred tax asset/liability	**(2,232,096)**	**(247,846)**	**(58,421)**	**123,180**	**(90,031)**	**(2,505,214)**

- Figures in millions of Colombian pesos -

Impuesto diferido pasivo	Saldo inicial	Diferencias de conversión	Combinación de negocios [4]	Cambios netos incluidos en el resultado	Cambios incluidos en el OCI [3]	Saldo final
Activos corrientes						
Efectivo y equivalentes de efectivo	(1,688)	(1,616)	-	(1,406)	-	(4,710)
Cuentas por cobrar	(25,389)	(37,578)	-	(27,263)	-	(90,230)
Intangibles	10,574	(3,240)	-	(2,814)	-	4,520
Otros - prestamos entre vinculados	(53,802)	10,193	5,171	12,629	-	(25,809)
Activos no corrientes				-		
Inversiones en subsidiarias	25,236	(101,850)	-	38,563	-	(38,051)
Inversiones en asociadas	(2,502)	(986)	-	(856)	-	(4,344)
Inversiones en negocios conjuntos	-	(1,494)	-	(1,298)	-	(2,792)
Propiedades, planta y equipo	(2,699,614)	(40,017)	-	(21,510)	-	(2,761,141)
Intangibles	(68,867)	10,864	-	(560)	-	(58,563)
Cuentas por cobrar	50,314	(5,639)	-	47,631	-	92,306
Otros - instrumentos financieros	125,860	104,427	5,285	3,898	(92,925)	146,545
Pasivos corrientes				-		
Créditos y préstamos	221,755	(4,401)	-	27,416	-	244,770
Derivados	25,432	(15,656)	-	(13,604)	-	(3,828)
Beneficios a empleados	111,008	(2,216)	-	(2,885)	-	105,907
Provisiones	(8,513)	-	-	18,611	-	10,098
Otros - prestamos entre vinculados	(90,730)	-	(541)	13,278	-	(77,993)
Pasivos no corrientes						
Créditos y préstamos	(59,160)	(6,991)	-	(6,181)	-	(72,332)
Derivados	21,950	(8,186)	-	(7,113)	-	6,651
Beneficios a empleados	46,654	12,388	-	89,943	(15,489)	133,496
Provisiones	45,773	(48,576)	-	(32,428)	-	(35,231)
Otros - prestamos entre vinculados	(11,749)	(107,814)	(68,336)	(94,072)	-	(281,971)
Pérdidas y créditos fiscales no utilizados	19,435	8,998	-	8,634	-	37,067
Impuesto diferido pasivo	**(2,318,023)**	**(239,390)**	**(58,421)**	**48,613**	**(108,414)**	**(2,675,635)**
Total impuesto diferido activo/pasivo	**(2,232,096)**	**(247,846)**	**(58,421)**	**123,180**	**(90,031)**	**(2,505,214)**

- Cifras en millones de pesos colombianos -

[3] It represents the effect on the income tax of the accumulated value of profits or losses by the valuation at fair value less the values transferred to accumulated profits when these investments have been sold. The changes in the fair value do not reclassify to the results of the period. It includes the portion that corresponds to it for the application of the equity method to the investments in associates and joint business.

It incorporates the accumulated value of the income tax related to actuarial profits or losses, the returns of the assets of the plan and the changes in the effect of the asset ceiling, excluding the values included in the net interest over the liability (asset) of net defined benefits. The net value of new measurements is transferred to the accumulated profits and does not reclassify to profit or loss. It includes the portion that corresponds to the Group in its investments in associates and joint business.

It includes the income tax associated to the accumulated value of the effective portion of the profits or losses that arise from the changes in the fair value of entries covered in a cash flow hedging. The accumulated value of profits or losses will reclassify to profit or loss of the period only when the transaction covered affects the profit and loss of the period or the highly probable transactions is not anticipated that it will occur, or is included as part of its carrying value, in a non financial entry covered. It includes the portion that corresponds to the Group in its investments in associates and joint business.

It contains the income tax that is generated by the change attributable in the fair value less the values transferred or the accumulated profits when these assets are liquidated, derecognized or transferred to another classification of properties, plant and equipment. The changes in the fair value do not reclassify to profit or loss of the period.

[4] It is generated by the negotiations carried out in Chile and the business reorganization made, since on April 23, 2015 the EPM Group through its subsidiaries in Chile, Inversiones y Asesorías Hanover S.A. and Inversiones y Asesorías Pascua S.A., signed a contract for the purchase of 100% of the voting rights of Aguas de Antofagasta S.A., formalizing the transaction and acquiring the control of that company on June 2, 2015.

35.7 Temporary differences

Temporary differences associated to investments in subsidiaries, associates and joint business, for which no liabilities for deferred taxes have been recognized, amount to $223,908 (2014 $232,501).

The most significant items on which temporary differences result are the following:

In current assets, the highest impact for deferred tax occurs in the accounts receivable in respect to receivables provisions due to the difference in the calculation of the receivables provision under the tax rules and the cascade method under the International Standard; in addition, temporary differences occur by the effect of the valuation at amortized cost of the short term loans between related parties.

In non-current assets the highest impacts in the deferred tax arise by the temporary differences in the property, plant and equipment by virtue of operations of purchase and sale of assets between companies of the EPM Group that implies the generation of unrealized profits and by the valuation at amortized cost of long-term accounts receivable.

In respect to current liabilities, the items that impact the calculation of the deferred tax is, mostly, the calculation of the provision corresponding to pension bond shares, to the actuarial calculation in pensions and the pension transfer of EADE. In addition, the credits and loans for valuation at amortized cost of bonds, securities issued and short term credits and loans.

In other non-current liabilities, the most significant amounts in the deferred tax were generated by the temporary differences in the valuation at amortized cost of the long term credits and loans, in addition, by the temporary differences of the loans for long term benefits to employees such as retirement pensions, pension bond shares and actuarial calculation of retroactive severance and interest on severance.

Temporary differences on which no deferred tax was generated were, among others, for the investments in subsidiaries, associates and joint ventures, in accordance with paragraph 39 of IAS 12; in addition, in the items that do not have future tax consequences, such as the case of liabilities for taxes and for financial returns generated in the plan assets, because they are exempt income.

New regulation

Tax Reform in Colombia

The major changes incorporated by the Law 1739 of 2014, are summarized as follows:

- Cree tax: A surtax to the CREE is created that will be of 5% in 2015, 6% in 2016, 8% in 2017 and 9% in the year 2018, surtax subject to an advance of 100% of the value thereof.
- Wealth tax: The wealth tax is created for the years 2015, 2016 and 2017.

  The generating event of this tax is the possession of wealth as of January 1, 2015 which value is equal to or exceeds $1,000 million pesos. For the purposes of this levy the notion of wealth is equivalent to the total of the gross equity of the taxpayer owned on the same date less the debts due by the tax payer outstanding on that date.

Tax Reform in Guatemala:

The major changes brought by the income tax reform (Decree 10-2012), which effects start as of January 1, 2013, are:

- Modification of the rate for determination of the taxable income of profit-generating activities as follows:

  Taxable year 2013: 31%

  Taxable year 2014: 28%

  Taxable year 2015: 25%

- Modification of the rate for determination of the tax on Capital income, Capital gains and losses:
  - Real estate and investment income: Rate 10% (previously taxed in the general regime at the rate of 5% and in the optative regime at the rate of 31%).
  - Capital gains: Rate 10% (previous taxed in the general regime at the rate of 10% and in the optative regime at the rate of 31%).
  - Distribution of dividends, earnings and profits: Rate 5%. In the previous Law they were not taxed.

Tax Reform in Mexico:

- Mexico had a tax reform in December 2013. By means of Decree published in the Official Diary on December 11, this new regulation derogated the Single Rate Business Tax (SRBT) and the Tax on Cash Deposits.
- A new Income Tax (IT) Law was issued, maintaining for legal persons a taxation rate of 30%. A withholding of 10% is established for dividends paid to natural and foreign persons, which in the case of payment of dividends to Colombia does not apply by virtue of the Double Taxation Treaty signed with Mexico and that entered into force on January 1, 2014. Based on that treaty, the withholding in the payment of interest of a Colombian creditor cannot be in excess of 10%.

Tax Reform in Chile:

Law 20.780 of the tax reform contemplates a gradual implementation, with full effectiveness as of January 1, 2017.

- Progressive increase of the First Category Tax, from the current 20% up to 25% or 27% according to the tax regime adopted by the company:
  - Attribution regime with a rate of 25% on the income obtained in each tax period, immediately attributed to shareholders (“Regime A”).
  - Partial integration regime with a rate of 27% on the income obtained (“Regime B”). In this regime, deferral of the payment of final taxes that affect the shareholders will be allowed until the effective withdrawal or distribution of the company profits. Only 65% of the taxes paid by the company will be allowed to be used as credit, save that the shareholder is domiciled in a country with tax treaty.
- Additional Tax on Dividends: Rules related to withholding obligations are modified:
  - Regimen A, the withholding of the Additional Tax will only be made for withdrawals or distributions and remittances that are attributed to the “fund D” (profits that have not paid final taxes).
  - Regime B, the withholding will be made for distributions or remittances that correspond to income subject to the Additional Tax.
- Capital Gains: Elimination of the Single Tax.

  Currently, the capital gains obtained in the sale of shares in Chilean companies may be benefited from a single tax of 20%.

The tax reform eliminates this reduced tax and taxes the capital gains with final taxes as of 2017. For these purposes, the option to pay the tax based on a perceived or earned income is granted. In the case of non-residents, the Additional Tax of 35% would be applied.

Note 36. Information to be disclosed on related parties

EPM parent of the EPM Group is an Industrial and Commercial Company of the State which sole owner is the Municipality of Medellin. Its capital is not divided into shares.

As related parties of the EPM Group are considered the subsidiaries, associates, joint ventures, including the subsidiaries of the associates and joint ventures, key management personnel, as well as the entities on which the key management personnel may exercise control or joint control and the post-employment benefit plans for benefit of the employees.

Balances and transactions between related parties of the EPM Group have been eliminated in the process of consolidation and are not disclosed in this note. Following is presented the total value of the transactions carried out by the Group with its associates and other related parties during the corresponding period:

Transactions & balances with related parties	Income1	Costs/ Expenses[2]	Values receivable[3]	Values payable[4]	Guarantees & endorsements received[5]
Associates:	-	-	-	-	-
2015	323,072	129,063	259,257	478,945	-
2014	-	-	-	-	-
Key management personnel clave of the Group:					
2015	-	12,865	344	2,062	475
2014	-	24,199	157	1,758	448
Other related parties:					
2015	534,728	962,920	503,991	664,817	-
2014	490,462	588,556	183,738	1,171,823	-

- Figures in millions of Colombian pesos -

[1] The income generated from transactions with associates corresponds to the sale of services related to information technologies and communications, information services and complementary activities related and/or associated thereto. The income generated with other related parties corresponds mainly to the sale of energy, rendering of public and financial services.

[2] Corresponds to costs and expenses originated in transactions with purchase of energy, acquisition of goods and services, included the services related to the communications and complementary activities, with associates and other related parties.

[3] The Group maintains accounts receivables with its related parties derived from the sale of energy, rendering of public services, sales of services associated to information technologies and communications, information services among others. The EPM Group makes the rating of its receivables under criteria that permit to prioritize the management of their recovery through its own divisions or collection agencies. The collection applies according to the billing cycle in respect to domiciliary public utilities.

[4] The payment policy, in most cases, is of 30 days following the filing of the invoice.

[5] The guarantees and endorsements correspond to mortgage guarantees on housing loans granted to key management personnel.

The transactions between the EPM Group and its related parties were made in conditions equivalent to those that exist in transactions between independent parties, as refers to their object and conditions.

Transactions and balances with related entities of the Government

The total financial surpluses paid to the municipality of Medellin as of December 2015 was $991,139 (2014 $1,010,832).

Remuneration to the Board of Directors and key personnel of the Group:

The remuneration of key personnel members of the EPM Group for the years ended as of December 31, is as follows:

Concept	2015	2014
Salaries and other short-term benefits to employees	25,847	22,850
Other long-term employee benefits.	1,158	972
Pensions and other post-employment benefits	596	471
Benefits for termination of agreement	68	2,247
Remuneration to key management personnel	**27,669**	**26,540**

- Figures in millions of Colombian pesos -

The amounts disclosed are those recognized as cost or expense during the period report for compensation of key personnel of EPM Group.

Note 37. Capital management

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

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

For the above purposes EPM Group has defined the following capital management policies and processes:

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

EPM Group has not made changes in its capital financing management objectives, policies and processes during the period ended on December 31, 2015 and 2014, and has not been subject to external capital requirements.

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

	2015	2014
Debt component that is managed as capital – Bonds and Loans	14,638,873	10,427,452
Total debt	**14,638,873**	**10,427,452**
Total capital	**14,638,873**	**10,427,452**

- Figures in millions of Colombian pesos -

Note 38. Financial risk management objectives and policies

The objective of the Integral Risk Management Office is to lead the definition and implementation of the strategy for an integral risk management, in order to achieve an adequate protection and assurance of the goods, resources and interest of the EPM Group.

The Group has as policy to carry out the management of the risks that have an incidence on its activity and environment, by adopting the best practices and international standards of Integral Risk Management (IRM), as a way to facilitate the achievement of the purpose, strategy, objective and business goals, both of statutory and legal origin. It has an information system that facilitates the integral management of risks, guarantees confidentiality, availability and reliability of information and permits to make analysis and monitoring of risks and improvement plans. It has implemented an internal risk management system and has in place a methodology for the identification, analysis, evaluation, control and monitoring of risks, among which are those associated to money laundering and financing of terrorism, that permits to reduce vulnerability, and propose and implement efficient mechanism for the proper performance of business, processes, projects and contracts. As valuation criteria the Group has valuation tables of the consequences of the materialization of risks and of the probability tables, which are applicable in the different management levels defined in the methodological guide for integral risk management.

The integral risk management monitoring and review activity is aligned with the process of follow up of the management established in the Group, in order to propose and implement improvement actions. The monitoring and review scheme established assesses, among others, the following aspects:

- The implementation strategy of the integral risk management.
- The changes in the internal and external context that imply making adjustments in the treatment of risks identified or those that generate new risks.
- The variation of the risks in terms of frequency, probability and consequence.
- The valuation criteria of probability and consequence of risks.
- The establishment and efficacy of treatment plans.

The Group manages the financial risks associated to the different management levels, for which it identifies the risks within market, liquidity and credit congregators that are classified in the category of financial risks and quantifies their impact and implements strategy for their mitigation.

The market risk refers to the changes or volatility of market variables that can generate economic losses. The market variables refer to exchange rates, interest rates, securities, commodities, among others; and their changes may impact, for example, the financial statements, cash flow, financial indicators, contracts, project viability and investments.

The credit risk refers to the possible default of payment obligations by third parties derived from contracts or financial transactions performed.

The liquidity risk is the scarcity of funds and inability to obtain the resources at the time they are required to cover the contractual obligation and carry out investment strategies. The scarcity of funds leads to the need to sell assets or contract financing operations in unfavorable market conditions.

Finally, the operating risk, from a financial standpoint, is defined as deficiencies or failures in the processes, technology, infrastructure, human resources or occurrence of unforeseen external events.

38.1. Market risks

The market risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate by variations in the market prices. The Group has identified that the financial instruments affected by the market risk include:

- Cash and cash equivalents
- Other financial assets

The sensitivity analyses included in the following sections correspond to the financial position at the cutoff date of December 31, 2015 and 2014. These sensitivity analyses were made under the assumption of maintaining constant balances exposed, the hedging contracted, as well as the mix of liabilities according to their indexation rates.

The methods and hypothesis used in preparing the sensitivity analysis consist of:

For cash and cash equivalents and other financial assets, the methodology used for measuring the market risk is the Risk Value, consisting in the quantification of the maximum loss that could suffer the portfolio in one month with a reliability level of 95%. For the quantification of VaR the methodology used is that defined by the Financial Superintendency of Colombia, in Basic Accounting Financial Circular (CE100 of 1995).

38.2. Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as consequence of the variations in the market interest rates. The Group has identified that financial instruments affected by the interest rate risk include:

- Cash and cash equivalents
- Other financial assets

The concentration of the interest rate risk appears when there are great individual exposures and when there are significant exposures in respect to counterparts which probability of default is determined by factors such as the economic sector, foreign currency and credit ratings. The interest rate risk management seeks the conservation of the principal and the maintenance or increase of profitability. In the Group policies have been defined on the subject of interest rate risks, through the identification, determination of the position of rates and simulation of possible hedging strategies. The above supports the making of decisions, which are oriented to maintaining the position or hedge it and later an analysis is made of the results of the strategies carried out

Interest rate sensibility analysis

The following table indicates the sensibility in respect to a possible reasonable change of interest rates of the financial instruments exposed to this risk, not considering the effect of the hedge accounting. Maintaining the rest of the variables constant, the profit/loss before taxes and the equity of the Group would be affected by changes in the variable interest rates as follows:

2015	Increase/decrease in basic points	Financial effect	
		In profit or loss before taxes	In the equity
Investments at fair value through profit and loss	*+1*	(119.50)	(95.60)
	-1	119.10	95.30
Credits and loans	*+100*	(6,496.40)	(5,197.12)
	-100	6,552.96	5,242.37

2014	Increase/decrease in basic points	Financial effect	
		In profit or loss	In the equity
Investments at fair value through profit and loss	*+1*	-34,914.00	-27,931.00
	-1	34,914.00	27,931.00

- Figures in millions of Colombian pesos -

The EPM Group considers that the sensibility analysis is representative in respect to the exposure of the interest rate risk.

38.3. Exchange rate risk

The exchange rate risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as consequence of the exchange rate variations.

The Group has identified that financial instruments affected by the exchange rate risk include:

- Cash and cash equivalents
- Other financial assets:
- Derivative instruments
- Credits and loans

The exchange risk exposure refers, first, to the financing activities in a currency different from the functional cufrrency and with the hedging operations contracted.

The Group manages its exchange rate risks through hedging operations in a medium term horizon. It is the Group's policy not to close speculative hedging operations, and thus the conditions of the derivative hedging instrument reply the underlying conditions in order to maximize the efficacy of the hedging.

The Group covers its exposure to fluctuations in the exchange rate using different hedging instruments amng which are worth mentioning swaps, fowards and options at different terms.

Sensitivity analysis to exchange rates

The following table indicates the sensibility in respect to a possible reasonable change in exchange rates of $100 pesos in the currency against the United States dollar not considering the effect of the hedging accounting. The impact originates by the change in monetary and non-monetary assets. Maintaining the rest variables constant the profit/loss before taxes and equity of the Group would be affected by changes in the exchange rates as follows:

2015	Increase/decrease in basic points	Financial effect	
		In profit or loss before taxes	In the equity
Cash and cash equivalents (USD)	*+100*	2,724.00	2,179.00
	-100	(2,724.00)	(2,179.00)
Credits and loans	*+100*	(32,821,687.16)	(26,257,349.73)
	-100	32,818,933.80	26,255,947.04

- Figures in millions of Colombian pesos -

2014	Increase/decrease in basic points	Financial effect	
		In profit or loss	In the equity
Cash and cash equivalents (USD)	*+100*	68,221.00	79,494.00
	-100	(68,221.00)	(79,494.00)

- Figures in millions of Colombian pesos -

The Group considers that the sensibility analysis is representative in respect to the exposure of the exchange rate risk.

38.4. Credit risk

The credit risk is the risk that one of the counterparts does not comply withe the obligations derived from a financial instrument or purchase contract and that this will translate in a financial loss. The Group has identified that the financial instruments affected by the credit risk include:

- Cash and cash equivalents
- Accounts receivable measured at amortized cost and other accounts receivable

The credit risk management by type of financial instrument of EPM is detailed below below, is considered representative in respect of the credit risk exposure:

Cash and cash equivalents and investments at fair value through profit and loss

For credit risk management, the Group assigns limits by issuer, by counterpart and by intermediary taking into account the financial, risk and fundamental analysis of the entities, emphasizing on the equity support of shareholders. The methodology considers the characteristics proper of the investments portfolio and the regulations applicable. The credit risk concentration is limited since it is due to the provisions of the business rules manual for treasury opertions. The description of the factors that define the risk concentration is detailed below:

- The limits are updated quarterly based on the latest financial statmetns available of the entities analized.
- When the value of the consoidated investment portfolio exceeds the equivalent of 10,000 minimum mnthly legal salaries in effect (MMLSE), no more than 20% of this value should not be concentrated in a single issuer, counterpart or intermediary with the exception of securities issued by governments that comply with the regulations in effect.
- Stock market intermediaries, other than the monitored banking institutions, may act as counterparts to perform operations, but cannot be considered as admissible issuers.
- Stock broker companies that act as counterpart of the treasury operations must have at least the second risk rating in strength or quality in the portfolio administration.
- Stock broker companies supported by banks, that is, bancarized counterparts, must have a minimum equity of 30,000 MMLSE.

Finally, the actions to avoid risk concentration are intended to establish, analyze, follow up and control the limits, for which they control the limits in effects and the status of utilization thereof. On the other hand, the justifications related to the need to override the limits temporarily are submitted to approval.

Accounts receivable measured at amortized cost and other accounts receivable:

The Group is exposed to the risk that customers/users of public utilities and others incur in default in the payment of the utilities.

The Group assesses at the end of each balance sheet period the performance and value of accounts receivable to determine if there is any objective evidence that the receivables are impaired and identify the possible impact on future cash flows.

The criteria used to determine if there is objective evidence of a loss for impairment are:

- Default in the payment by customers.
- It is known or evidenced that the customer is initiating a business restructuration or liquidation process.
- Events of a social, political public order or natural disaster types occur that according to the experience are directly correlated to the non paymetn of the accounts receivable.

In order to avoid an excessive concentratino of risk the Group has put in operation various strategies that permit it to mitigate the risk of non payment of the receivables:

- Persuasive collection by making telephone calls and sending letters to the customers/users with the support of specialized collection agencies.
- Segmentation of customers that permits to identify those of higher risk, by their value, to carry out with them personalized collection activities.
- Possibility of making payment agreements or partial payments that lead to the recovery of the exposed capital.
- When the above strategies do not generate satisfactory results then changes in the customers' product portfolio are made to facilitate the payment of the debt.

Risk rating:

The total receivables of the EPM Group as of December 2015 was of $3,693,858 (receivables for public utilities $2,198,520 and other debtors $1,495,339) and their composition by risk is as follows: 87% of receivables of low risk, 7% of medium risk and 6% of high risk.

The cash and cash equivalents risk is low.

It is considered that the value that represents best the exposure to the credit risk at the end of the period, without consdiering any guarantee posted or other credit improvements is:

Item	2015	2014
Accounts receivable	2,198,520	1,945,931
Other accounts receivable	1,495,339	1,293,218
Cash and cash equivalents restricted	1,338,061	1,021,686
Other financial assets	511,516	2,001,651
Maximum exposure to credit risk	**5,543,436**	**6,262,486**

- Figures in millions of Colombian pesos -

38.5. Liquidity risk

It refers to the possibility that there would be issuficiency of resources for the timely paymetn of opertions and commitments of the entity, and that because of this the Group would be forced to obtain liquidity in the market or to liquidate investmetns in an onerous manner. It is also understood as the possibility of not finding buyers for the portfolio securities.

The Group has identified that the financial instruments affected by the liquidity risk include:

Cash ans cash equivalents, other financial assets, derivative instrumetns and credits and loans.

In order to control the liquidity risk cpmparisons of figures are made of benchmark indicators and of liquidity levels at different time horizons. As of that analysis, investment strategies are perofrmed that do not affect the liquidity of the Group taking into account the cash budget and the market risk analyses to consider the diversification of the sources of funds, the capacity to sell assets and the creation of contingency plans.

In general, the main aspects that are taken into account in the analysis are:

a. **Liquidity of securities**: the characteristics of the issuer, amount of the issue and negotiation volume are analyzed.

b. **Market liquidity**: the market's general behavior is analyzed and forecasts of rates are made in order to infer their future behavior.

c. **Portfolio liquidity**: cash flows are coordinated in order to determine investment strategies in accordance with the future requirements of liquidity and diversification is sought to avoid the concentration of securities by issuer, rates and/or terms.

The following table shows the analysis of contractual expirations remaining for financial liabilities and assets not derivative:

	Average effective interest rate	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	Over 4 years	Total contractual obligation
2015							
Financial liabilities not derivatives							
Credits and loans	7.00%	1,877,646	1,754,283	907,450	2,372,178	7,780,480	14,692,037
Financial assets not derivatives							
Fixed income securities	6.33%	257,729	1,141	-	-	-	258,870
Total							
2014							
Financial liabilities not derivatives							
Credits and loans	8.12%	525,568	715,074	483,199	805,757	7,680,399	10,209,997
Financial assets not derivatives							
Fixed income securities	4.08%	1,943,724	30,986	1,172	-	-	1,975,882
Total		**2,469,292**	**746,060**	**484,371**	**805,757**	**7,680,399**	**12,185,879**

- Figures in millions of Colombian pesos -

The values included in the above tables for financial assets and liabties not derivative may change in view of changes in the variable interest rate wiht respect to the interest rate estimated at the end of the reporting period. The Group considers that the cash flows cannot occur earlier than indicated above.

The following table shows the analysis of contractual experirations remaining for financial liabilities derivatives:

	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	Over 4 years	Total contractual obligation
2015						
Swap contracts	7,061	-	-	-	-	7,061
Total	7,061	-	-	-	-	7,061
2014						
Swap contracts	(42,468)	(23,101)	(16,786)	(16,785)	-	(99,140)
Total	(42,468)	(23,101)	(16,786)	(16,785)	-	(99,140)

- Figures in millions of Colombian pesos -

The main method for the measurement and follow up of the liquidity is the projection of the cash flow that is carried out in the companies of the Group and is consolidated in the cash budget. Derived from this a daily follow up is made of its cash position and projections of the latter are continuously made in order to:

- Follow up the liquidity needs related to the operating and investment activities associated to the acquisition and disposal of long term assets.

- Pay, prepay, refinance and/or obtain new credits, in accordance with the cash flows generation capacity in the Group.

These projections take into account the debt financing plans of the Group, the compliance of rations, the compliance with the organizational objectives and the regulations applicable.

Finally and as part of the strategy of a cautious management of the liquidity risk, the Group seeks to guarantee the maintenance of sufficient cash through the availability of financing with committed credit alternatives. As respect to the Group, as of 2015 it has lines of credit duly approved and renewable with the local banks for approximately $2 trillion pesos, a limit available to place in the market local bonds for $1.5 trillion and signed a credit agreement for $1,000 million U.S. dollars with a group of 7 international banks, at a term of five years and to partially finance the 2016 budget.

Note 39. Measurement of fair value on a recurring and non-recurring basis

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

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

During 2015 and 2014 in the EPM Group no transfers have been made between the fair value hierarchy levels, either for the transfers into and out of the levels.

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

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

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

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

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

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

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

The following table shows for each of the fair value hierarchy levels, the assets and liabilities of the EPM Group, measured at fair value on a recurring basis as of December 31, 2015 and 2014, 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 as of December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Designated at fair value				
Cash and cash equivalents	1,338,061	-	-	1,338,061
Investments at fair value through profit or loss	281,163	-	-	281,163
	1,619,224	**-**	**-**	**1,619,224**
Other equity investments				
Investments at fair value through equity	2,056,204	-	-	2,056,204
level desintegration 2	-	-	-	-
	2,056,204	**-**	**-**	**2,056,204**
Derivatives				-
Swaps	-	11,776	-	11,776
	-	**11,776**	**-**	**11,776**
Liabilities				
Loans				
Commercial banks loans	-	-	4,160,348	4,160,348
Multilateral banks loans	-	-	1,690,716	1,690,716
Development banks loans	-	-	1,082,094	1,082,094
Bonds and securities issued	-	-	1,018,171	1,018,171
Other bonds and securities issued	-	-	6,254,713	6,254,713
Loans to related parties	-	-	432,830	432,830
	-	**-**	**14,638,872**	**14,638,872**
Total	**3,675,428**	**11,776**	**14,638,872**	**18,326,076**
	20.06%	0.06%	79.88%	

- Figures in millions of Colombian pesos -

Fair value measurement on a recurring basis as of December 31, 2014	Level 1	Level 2	Level 3	Total
Assets				
Designated at fair value				
Cash and cash equivalents	1,023,734	-	-	1,023,734
Trust in administration	437,357			437,357
	1,461,091	**-**	**-**	**1,461,091**
Other investment in debt securities				
Fixed Income Securities	1,975,755	-	-	1,975,755
Variable Income Securities	331,420	-	-	331,420
	2,307,175	**-**	**-**	**2,307,175**
Other equity investments				
Variable Income Securities	2,077,688		-	2,077,688
	2,077,688	**-**	**-**	**2,077,688**
Derivatives				
Swaps	-	112,055	-	112,055
	-	**112,055**	**-**	**112,055**
Investment properties				
Urban land	-	123,664	-	123,664
Buildings and houses	-	20,086	-	20,086
	-	**143,750**	**-**	**143,750**
Liabilities				
Derivatives				
Swaps	-	20,945	-	20,945
	-	**20,945**	**-**	**20,945**
Total	**5,845,954**	**276,750**	**-**	**6,122,704**
	95%	5%	0%	

- Figures in millions of Colombian pesos -

The book value and the estimated fair value of assets and liabilities of the EPM Group that are not recognized at fair value in the consolidated statement of financial condition, but require their disclosure at fair value, as of December 31, 2015 are:

2015	Nivel 3	Total
Liabilities		
Other bonds and securities issued	6,254,713	6,254,713
Commercial banks loans	4,160,348	4,160,348
Multilateral banks loans	1,690,716	1,690,716
Development banks loans	1,082,094	1,082,094
Bonds and securities issued	1,018,171	1,018,171
Total	14,206,042	**14,206,042**
Total	**14,206,042**	**14,206,042**
- Figures in millions of Colombian pesos -	100%	

2014	Level 2	Level 3	Total
Assets			
Accounts receivable measured at fair value			
Public utilities	1.774.902	-	1.774.902
Employees	77.161	-	77.161
Other loans granted	87.879	-	87.879
Other accounts receivables	557.123	-	557.123
Total	2.497.065	-	2.497.065
Liabilities			
Other bonds and securities issued	-	5.419.715	5.419.715
Commercial bank loans	-	2.426.563	2.426.563
Multilateral bank loans	-	1.226.165	1.226.165
Development bank loans	-	640.212	640.212
Bonds and securities issued	-	714.797	714.797
Total	-	**10.427.452**	**10.427.452**
Total	2.497.065	10.427.452	12.924.517
- Figures in millions of Colombian pesos -	19%	81%	

Note 40. Service concession contracts

As of December 31, 2015 and 2014, the EPM Group manages, as operator, various concessions that contain provisions for construction, operation and maintenance of facilities, as well as the rendering of public utilities such as water supply and water collection and treatment, in accordance with the application regulations.

Following is the detail of the remaining period of concessions and the Companies of the EPM Group that act as operators:

Company/agreement	Activity	County	Concession Period	Initial period remaining
EPM - municipality of Caldas	The municipality agrees to make available and facilitate the use of the networks and other infrastructure for the rendering of the water and sewerage services.	Colombia	30 years (extendable)	13 years
EPM - municipality of Sabaneta	The municipality agrees to make available and facilitate the use of the networks and other infrastructure for the rendering of the water and sewerage services.	Colombia	10 years (extendable)	9 years
EPM - municipality of La Estrella	Execution of work and rendering of services of potable water supply and sewerage	Colombia	10 years (extendable)	9 years
EPM - municipality of Envigado	Rendering of the water and sewerage service.	Colombia	10 years (extendable)	2 years
EPM - municipality of Itagüí	Construction of the water supply and sewerage networks for the rendering of the service in the neighborhoods assigned.	Colombia	30 years (extendable)	2 years
EPM - municipality of Bello	Execution of work and rendering of services of water supply and sewerage.	Colombia	10 years (extendable)	7 years
EPM - municipality of Copacabana	The municipality agrees to the execution of works for the supply of potable water, sewerage and rendering of such services.	Colombia	20 years (extendable)	15 years
EPM - municipality of Girardota	Rendering of the service of water supply and sewerage.	Colombia	20 years (extendable)	17 years

Company/agreement	Activity	County	Concession Period	Initial period remaining
EPM - municipality of Barbosa	The municipality agrees to make available and facilitate the use of the networks and other infrastructure for the rendering of the services of water supply and sewerage.	Colombia	30 years (extendable)	12 years
Aguas de Urabá - municipality of Apartadó	Provision of water and sewage service	Colombia	30 years (extendable)	22 years
Aguas de Urabá - municipality of Carepa	Provision of water and sewage service	Colombia	30 years (extendable)	22 years
Aguas de Urabá - municipality of Chigorodó	Provision of water and sewage service	Colombia	30 years (extendable)	22 years
Aguas de Urabá - municipality of Mutatá	Provision of water and sewage service	Colombia	30 years (extendable)	22 years
Aguas de Urabá - municipality of Turbo	Provision of water and sewage service	Colombia	30 years (extendable)	22 years
Western Regional - municipality of Santa Fe de Antioquia	Provision of water and sewage service	Colombia	30 years (extendable)	22 years
Western Regional - municipality of San Jerónimo	Provision of water and sewage service	Colombia	30 years (extendable)	22 years
Western Regional - municipality of Sopetrán	Provision of water and sewage service	Colombia	30 years (extendable)	22 years
Western Regional - municipality of Olaya	Provision of water and sewage service	Colombia	30 years (extendable)	22 years
Aguas de Oriente - municipality of El Retiro	Operate and maintain the networks and other infrastructure received within the notion of an adequate rendering of the Water Supply and Sewerage service.	Colombia	No explicit time period	N.A
Aquasol Morelia - Morelia	Wastewater treatment	México	20 years	19 years
Hydraulic Developments Tampico - Tampico	Wastewater treatment	México	24 years	24 years
Ecosystem of Celaya - JUMAPA de Celaya	Wastewater treatment	México	20 years	16 years
Ecosystems of Colima - municipalities of Colima and Villa de Álvarez	Wastewater treatment	México	34 years	26 years
Ecosystem of Ciudad of Lerdo - Major's office of the municipality of Lerdo	Wastewater treatment	México	20 years	13.5 years
Ecosystem of Morelos - State Commission of water and environment	Wastewater treatment	México	20 years	14.6 years
Ecoagua de Torreón - Municipal Water and Sanitation System of Torreón	Wastewater treatment	México	20 years	5.6 years
Ecosystem of Tuxtla - Municipal Potable Water and Sewerage System	Wastewater treatment	México	20 years	18 years
Ecosystem of Uruapan - municipality of Uruapan	Wastewater treatment	México	15 years	15 years

Service concession agreements for the rendering of the water and sewage service

The concession agreements between companies of the EPM Group domiciled in Colombia with the municipalities provide the conditions under which the water and sewage networks are manage, operated and maintained for the provision of the potable water and wastewater treatment services to its inhabitants, in the terms, conditions and rates established by the Potable Water and Water Sanitation Regulation Commission – CRA (for its initials in Spanish).

The agreements indicate the following rights and obligations for the companies of the EPM Group as operator in the service concession agreement:

Right to receive from the Municipality the total water and sewer networks and to have exclusiveness as operator of the system.

Obligation to make the exclusive use of the water and sewage networks for the purposes for which they were intended, maintain them and return them in the conditions of use they were received.

Some concession agreements have the option to be automatically renewed for equal periods unless an of the parties expresses the intention not to continue with it.

Upon termination of the concession, the companies of the EPM Group shall return the water and sewage networks without any consideration to the Municipalities. There have been no changes in the terms of the concession agreements during the period.

For these agreements the intangible asset model is applicable (See Note 6 Other Intangible Assets).

Concession agreements of services for the construction and operation of wastewater treatment plants -PTAR-

The concession agreements between companies of the EPM Group domiciled in Mexico with municipal waste and sanitation organizations establish the conditions how the wastewater treatment plants are constructed, operated and maintained, the term and the dates and basis on which the rates are revised.

The agreements indicate the following rights and obligations for the companies of the EPM Group as operator in the service concession agreement:

Temporary and free use of the land through the applicable legal form, for the operation and construction of the plan.

Deliver water treated pursuant to the environmental regulations.

Upon termination of the agreement, train the personnel indicated by the Assignor for the operation, conservation and maintenance of the wastewater treatment plant; deliver the inputs, spares and tools for the operation of the plant for a period of time.

Upon termination of the concession, the companies of the EPM Group must return the wastewater treatment plans without any consideration to the municipal water and sanitation organizations. There have been no changes in the terms of the concessions agreement during the period.

For this agreement, the financial asset model is applicable (See Note 13 Other Financial Assets).

Note 41. Operating Segments

41.1 Information by segments

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

- Electric Power Generation Segment, which activity consists in the production of energy and commercialization of large blocks of electric power, based on the acquisition or the development of a portfolio of energy proposals for the market.
- Electric Power Distribution Segment, which activity consists in transporting electric power through a set of lines and substations, with their associated equipment, that operate at voltages of less than 220 KV, the commercialization of energy to the end user of the regulated market and the performance of related and/or complementary activities. It includes the Regional Transmission System (RTS), the Local Distribution System (LDS), the public lighting service and the rendering the associated services.
- Electric Energy Transmission Segment, which activity consists in the transportation of energy in the National Transmission System -NTS-, made up by the set of lines, with their corresponding connection equipment, that operate at voltages equal to or higher than 220 KV. The National Transmitter (NT) is the legal person who operates and transports electric energy in the NTS or has constructed a company which object is the performance of that activity.

- Gas Segment, which activity consists in the conduction of gas from the door of the city to the end user, through medium and low pressure pumps. It includes the sale of gas through different systems, among them the distribution by a network, natural vehicle gas, natural compressed gas and service stations.
- Water Supply Segment, which activity consists in conceptualizing, structuring, development and operating systems to supply water; it includes carrying out the commercial management of the service portfolio related to the supply of water for different uses, in addition to the use of the productive chain, specifically in the production of energy, and the supply of crude water.
- Sanitation Segment, which activity consists in conceptualizing, structuring, development and operating systems of wastewater and handling of solid waste; it includes carrying out the commercial management related to these services and the use of the biosolids and other byproducts from the treatment of wastewater and the handling of solid waste.
- ICT Segment, which activity consists in the rendering of services associated to information and communications technologies, information services and the complementary activities related and/or connected to such services.
- Others Segment, that corresponds to the remaining activities that are not included within the above mentioned segments; it includes: Entidad Adaptada de Salud – EAS and Unidad de Servicios Médico y Odontológico (medical and dental services), billing and collection services for third parties, income received from investment properties (rent), social financing, EATIC Laboratory tests, rendering of specialized transportation service.

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

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

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

2015	Generation of Electric Power	Distribution of Electric Power	Transmission of Electric Power	Gas	Provision of Water	Sanitation	ICT	Others Segment	Total Segments	Transactions intersegments	Reconciling entries	Consolidated
Income external customers	2,874,034	8,673,995	137,853	708,841	606,137	814,210	-	87,418	13,902,488	(1,589,487)	27,789	12,340,790
Income inter-segments	517,330	887,470	54,079	35,496	16,015	40,750	-	33,541	1,584,681	-	-	1,584,681
Total net income	**3,391,364**	**9,561,465**	**191,932**	**744,337**	**622,152**	**854,960**	**-**	**120,959**	**15,487,169**	**(1,589,487)**	**27,789**	**13,925,471**
Costs and expenses without depreciations, amortizations, provisions and impairments	(2,354,390)	(7,782,611)	(78,924)	(672,682)	(394,921)	(499,073)	-	(103,736)	(11,886,337)	1,590,240	(175,994)	(10,472,091)
Depreciation, amortization and provisions	(275,899)	(415,477)	(26,265)	(21,130)	(101,665)	(95,643)	-	(9,764)	(945,843)	-	(4,045)	(949,888)
Impairment of goodwill	-	-	-	-	(18)	-	-	-	(18)	-	-	(18)
Other income	128,176	399,185	6,089	15,772	104,477	87,576	-	371	741,646	-	832,538	1,574,184
Interest expense	(227,558)	(229,180)	(3,849)	(29,384)	(50,608)	(52,455)	-	(4,601)	(597,635)	210,996	(331,451)	(718,090)
Financial expenses (other than interest)	(736,453)	(319,418)	(764)	(2,087)	(221,951)	(87,912)	-	(5,226)	(1,373,811)	540	(835,662)	(2,208,933)
Total financial expenses	**(964,011)**	**(548,598)**	**(4,613)**	**(31,471)**	**(272,559)**	**(140,367)**	**-**	**(9,827)**	**(1,971,446)**	**211,536**	**(1,167,113)**	**(2,927,023)**
Interest revenues	45,454	118,763	968	36,939	23,680	35,088	-	13,275	274,167	(210,989)	56,946	120,124
Financial revenues	15,592	112,786	327	324	27,012	79,303	-	3,908	239,252	(1,300)	72,941	310,893
Total financial revenues	**61,046**	**231,549**	**1,295**	**37,263**	**50,692**	**114,391**	**-**	**17,183**	**513,419**	**(212,289)**	**129,887**	**431,017**
Participation in results of associates and joint ventures	-	-	-	-	-	-	(161,270)	-	(161,270)	-	5	(161,265)
Other profit and losses	62	135	63	-	-	-	-	-	260	-	93,004	93,264
Profit or loss before taxes and of discontinued operations of the segment	**(13,652)**	**1,445,648**	**89,577**	**72,089**	**8,158**	**321,844**	**(161,270)**	**15,188**	**1,777,582**	**-**	**(263,929)**	**1,513,653**
									-			
Total assets without investments in associates and joint ventures	16,201,926	12,362,311	1,162,767	879,564	4,787,193	4,495,918	-	698,494	40,588,173	(6,205,823)	5,671,306	40,053,656
Investments in associates and joint ventures accounted for according to the equity method	-	-	-	-	-	-	1,893,516	-	1,893,516	-	14,902	1,908,418
Total assets	**16,201,926**	**12,362,311**	**1,162,767**	**879,564**	**4,787,193**	**4,495,918**	**1,893,516**	**698,494**	**42,481,689**	**(6,205,823)**	**5,686,208**	**41,962,074**
Total assets and debit balances of deferred regulatory accounts	16,201,926	12,380,278	1,162,767	879,564	4,787,193	4,495,918	1,893,516	698,494	42,499,656	(17,512,116)	16,992,501	41,980,041
Total liabilities	**9,310,036**	**7,566,980**	**517,977**	**503,837**	**2,568,531**	**1,761,479**	**-**	**308,095**	**22,536,935**	**(6,205,823)**	**6,774,963**	**23,106,075**
Total liabilities and credit balances of deferred regulatory accounts	9,310,036	7,626,870	517,977	503,837	2,568,531	1,761,479	-	308,095	22,596,825	(6,205,823)	6,774,963	23,165,965
Additions non-current assets	1,589,293	1,061,596	354,111	79,964	145,967	465,620	-	84,179	3,780,730	-	-	3,780,730

- Figures in millions of Colombian pesos -

2014	Generation of Electric Power	Distribution of Electric Power	Transmission of Electric Power	Gas	Provision of Water	Sanitation	ICT	Others Segment	Total Segments	Transactions intersegments	Reconciling entries	Consolidated
Income external customers	2,029,745	7,791,299	112,790	508,650	365,838	149,948	-	35,468	10,993,738	(1,654,378)	5,420	9,344,780
Income inter-segments	786,517	734,413	37,593	37,105	14,141	491,041	-	16,186	2,116,996	-	-	2,116,996
Total net income	**2,816,262**	**8,525,712**	**150,383**	**545,755**	**379,979**	**640,989**	**-**	**51,654**	**13,110,734**	**(1,654,378)**	**5,420**	**11,461,776**
Costs and expenses without depreciations, amortizations, provisions and impairments	(1,361,109)	(7,164,116)	(59,450)	(489,074)	(276,828)	(358,425)	-	(86,104)	(9,795,106)	1,666,013	(99,883)	(8,228,976)
Depreciation, amortization and provisions	(337,313)	(360,725)	(20,689)	(18,230)	(43,810)	(63,028)	-	(12,125)	(855,920)	-	(2,322)	(858,242)
Impairment of goodwill	-	-	-	-	(2)	-	-	-	(2)	-	-	(2)
Other income	225,722	253,302	6,523	26,140	27,366	43,203	-	59,664	641,920	(12,108)	306,071	935,883
Interest expense	(156,106)	(209,770)	(2,507)	(25,412)	(18,925)	(31,984)		(4,578)	(449,282)	118,660	(204,570)	(535,192)
Financial expenses (other than interest)	(546,153)	(231,086)	(473)	(7,964)	(33,474)	(54,925)		(4,242)	(878,317)	411	(25,073)	(902,979)
Total financial expenses	**(702,259)**	**(440,856)**	**(2,980)**	**(33,376)**	**(52,399)**	**(86,909)**		**(8,820)**	**(1,327,599)**	**119,071**	**(229,643)**	**(1,438,171)**
Interest revenues	15,102	109,518	340	36,207	17,723	50,385	-	12,314	241,589	(118,305)	48,917	172,201
Financial revenues	53,845	115,300	432	539	23,325	83,880	-	2,737	280,058	(293)	21,020	300,785
Total financial revenues	**68,947**	**224,818**	**772**	**36,746**	**41,048**	**134,265**	**-**	**15,051**	**521,647**	**(118,598)**	**69,937**	**472,986**
Participation in results of associates and joint ventures	-	-	-	-	-	-	(121,949)	-	(121,949)	-	42,221	(79,728)
Other profit and losses	1,009	2,693	1,007	-	-	-	986,401	-	991,110	-	52,018	1,043,128
Profit or loss before taxes and of discontinued operations of the segment	**711,259**	**1,040,828**	**75,566**	**67,961**	**75,354**	**310,095**	**864,452**	**19,320**	**3,164,835**	**-**	**143,819**	**3,308,654**
Total assets without investments in associates and joint ventures	14,023,833	10,609,985	825,109	724,935	1,310,787	3,333,307	-	594,531	31,422,487	(3,351,750)	5,554,452	33,625,189
Investments in associates and joint ventures accounted for according to the equity method	-	-	-	-	-	-	2,397,712	-	2,397,712	-	(109,160)	2,288,552
Total assets	**14,023,833**	**10,609,985**	**825,109**	**724,935**	**1,310,787**	**3,333,307**	**2,397,712**	**594,531**	**33,820,199**	**(3,351,750)**	**5,445,292**	**35,913,741**
Total assets and debit balances of deferred regulatory accounts	14,023,833	10,670,588	825,109	724,935	1,310,787	3,333,307	2,397,712	594,531	33,880,802	(10,405,367)	12,498,909	35,974,344
Total liabilities	**8,224,679**	**6,671,562**	**336,662**	**377,641**	**503,431**	**1,445,046**	**-**	**262,519**	**17,821,540**	**(3,351,750)**	**4,065,692**	**18,535,482**
Total liabilities and credit balances of deferred regulatory accounts	8,224,679	6,689,743	336,662	377,641	503,431	1,445,046	-	262,519	17,839,721	(3,351,750)	4,065,692	18,553,663
Additions non-current assets	2,095,265	412,702	58,499	-	33,173	90,531	-	-	2,690,170	-	-	2,690,170

- Figures in millions of Colombian pesos -

Revenues from external customers

País	2015	2014
Colombia (Country of domicile of EPM)	9,001,031	7,535,148
Guatemala	1,908,049	1,746,773
Panama	1,691,887	1,345,045
El Salvador	809,485	684,269
Chile	276,260	26,810
Mexico	202,942	86,234
Ecuador	28,646	32,697
Bermuda	7,171	4,800
Total foreign countries	4,924,440	3,926,628
Total consolidated revenues	**13,925,471**	**11,461,776**

- Figures in millions of Colombian pesos -

The information on revenues is based on the location of the customer.
In the EPM Group no customer generates more than 10% of the revenues.

Non-current assets

País	2015	2014
Colombia (Country of domicile of EPM)	22,848,463	20,527,590
Chile	3,746,815	489,568
Panama	1,955,793	1,342,587
Guatemala	1,728,725	1,269,321
El Salvador	307,086	216,332
Mexico	244,952	232,655
Total foreign countries	7,983,371	3,550,463
Non-current assets	**30,831,834**	**24,078,053**

- Figures in millions of Colombian pesos -

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

Note 42. Facts occurred after the period being reported

Credit for USD 1,000 million signed by EPM under the modality of "Club Deal"

On January 12, 2016 EPM received the first disbursement for USD 200 million of the credit signed under the modality of "Club Deal" with the following financial institutions: Bank of America N.A. and HSBC Securities (USA) Inc., which had the role of "Global Coordinators", "Mandated Lead Arrangers" and "Joint Bookrunners". Meanwhile, Bank of Tokyo-Mitsubishi and Sumitomo Mitsui Banking Corporation participated as "Mandated Lead Arrangers" and "Joint Bookrunners", and Citigroup Global Markets, JP Morgan Securities and Mizuho Bank acted as “Lead Arrangers”. Derived from the signature of the contract transaction costs for $14,181 were paid corresponding to the contract signature commission, administrative agent commission and national and international lawyers.

The signature of the loan was authorized by the Ministry of Finance and Public Credit by means of resolution No. 4783 of December 22, 2015.

This credit will be intended to the financing of the budget and the investment plan of year 2016 of the Company and the Ituango Hydroelectric Project.

Creation of branch in Colombia of the Subsidiary Tecnología Intercontinental S.A. de C.V. TICSA

On January 19, 2016 the Administration Council of the Subsidiary Tecnología Intercontinental S.A. de C.V. TICSA, approved the creation of a branch in Colombia. The time of the incorporation must be made prior the closing of a business and/or signature of the transaction minutes in the country. In addition, it was resolved that EPM will carry out the process of incorporation in Colombia.

Creation of the subsidiary EV Alianza Energética S.A.

On January 22, 2016, through EPM Latam S.A., the Group EPM jointly with the company Proactiva Colombia S.A.S. incorporated in Panama a new company, which corporate object is EV Alianza Energetica S.A. The interest held by the Group in that company is 51%.

The corporate object of the new Subsidiary is the rendering of energetic efficiency services, and all those services related, such as environmental services, commercialization and financing of efficiency projects as well as the rendering of energetic and technological solutions, production, transformation, purchase, sale and supply of energies, gas and related products such as biogas; consulting services, the performance of studies, reports and projects related to the exports and above mentioned services, as well as those related to the environment and energy savings.

Sale of shares of EPM in Isagen

On January 26, 2016 the Board of Directors of EPM recommended to the Municipal Administration to present a project of Agreement to the Municipal Council of Medellin, to authorize the sale of the shares that the Company has in Isagen, authorization that was granted by the Administrative Body on march 15, 2016 by means of the approval of the project of Agreement No. 004. With this transaction, EPM may receive $4,130 pesos for every share owned.

Change of corporate name of the subsidiary Aguas de Urabá S.A. E.S.P.

The General Stockholders’ Meeting of Aguas de Uraba S.A. E.S.P, in extraordinary meeting held on January 28, 2016, authorized the change of corporate name of the Company to that of Aguas Regionales EPM S.A. E.S.P., as evidenced in Minutes No. 19 and in public deed No. 0000196 of the Sole Notary of Apartado – Antioquia of February 5, 2016, registered in the Commercial Registry of February 14, 2016 under No. 00013221 of Book IX of the Chamber of Commerce of Uraba.

Incident of Guatapé Hydroelectric Plant of EPM

On the past 15th of February 2016 a technical problem occurred that caused a fire that left unavailable the cables that evaluate the energy from the Guatepe Plant to the substation of the National Transmission System. EPM has been performing all actions necessary to reincorporate 560 MW of capacity gradually, entering 8 generation units (70 MW ea.) as follows: two in May, two in June, two in August and the two remaining ones in September. On the other hand, EPM has a lost profit policy that will permit it to mitigate the effects that this event will have in its financial statements.