CONSOLIDATED FINANCIAL STATEMENTS

Emgesa S.A. E.S.P. and its Affiliates

Years ending on December 31 of 2013 and 2012

With the Statutory Auditor's report

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Statutory Auditor's Report

To the Emgesa S.A. E.S.P. Shareholders:

I have audited the attached Emgesa S.A. E.S.P. consolidated financial statements, which include the consolidated General Balance Sheets as of December 31 of 2013 and 2012 and the respective consolidated income, equity changes, financial changes, and cash flow statements for the years ending on the above dates, and the summary of significant accounting policies and other explanations.

The Administration is responsible for preparation and proper presentation of the consolidated financial statements according to accounting principles generally accepted in Colombia, as well as for designing, implementing, and keeping relevant internal controls for preparation and proper presentation of financial statements free of material errors, either on account of fraud or error, and for selecting and applying adequate accounting policies and establishing reasonable accounting estimates according to the circumstances.

My responsibility is expressing an opinion regarding such consolidated financial statements, based on my audits. I obtained the necessary information for this and examined the documents according to auditing norms generally accepted in Colombia, which require that audits be planned and carried out so as to provide reasonable certainty on whether the financial statements are free of material errors.

An audit includes developing procedures in order to obtain information supporting figures and disclosures contained in the financial statements. The selected procedures depend on the auditor, including the evaluation of the risk of material errors contained in the financial statements. Upon evaluating them, the auditor takes into account relevant internal controls for preparation and submittal of such financial statements so that he will be able to design audit procedures according to the circumstances. It also includes an evaluation of accounting principles used and of significant estimates made by the Administration, including their presentation as a whole. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the attached consolidated financial statements reasonably present, in all their important aspects, the Emgesa S.A. E.S.P. consolidated financial situation as of December 31 of 2013 and 2012, the consolidated results of its operations, the changes in its financial situation, and cash flows for the years ending on the above dates, according to accounting principles generally accepted in Colombia as issued by the National Government and applied uniformly.

Gladys Patricia Peñaloza

Statutory Auditor

Professional card 120738-T

Appointed by Ernst & Young Audit S.A.S. TR-530

Bogotá D.C., Colombia

February 17, 2014

Emgesa S.A. E.S.P. and its Affiliates

CONSOLIDATED GENERAL BALANCE SHEETS

	As of December 31 of	
	2013	**2012**
	(Thousand pesos)	
Assets		
Current assets:		
Cash and cash equivalents *(Note 3)*	**$ 837,376,699**	$ 785,377,480
Debtors, net *(Note 4)*	**351,262,835**	255,242,586
Participating companies *(Note 5)*	**50,543,305**	56,157,690
Inventories, net *(Note 7)*	**46,094,985**	42,141,010
Expenses paid in advance	**13,158,424**	10,960,157
Total current assets	**1,298,436,248**	1,149,878,923
Permanent investments, net *(Note 6)*	**8,324,464**	8,324,464
Debtors, net *(Note 4)*	**12,902,293**	13,470,164
Inventories, net *(Note 7)*	**12,141,647**	21,012,249
Properties , plant, and equipment, net *(Note 8)*	**6,019,140,838**	5,528,232,607
Deferred charges, net *(Note 9)*	**130,625,789**	119,228,420
Deferred tax *(Note 18)*	**74,869,290**	69,608,238
Intangible assets, net *(Note 10)*	**57,325,629**	57,659,707
Other assets *(Note 11)*	**6,585,995**	5,671,288
Revaluations *(Note 12)*	**2,165,225,458**	2,166,971,014
Total assets	**$ 9,785,577,651**	$ 9,140,057,074
Liabilities and equity		
Current liabilities:		
Financial obligations *(Note 13)*	**$ 240,668,813**	$ 105,826,910
Accounts payable *(Note 14)*	**83,117,826**	146,921,175
Participating companies *(Note 5)*	**205,565,562**	173,768,410
Labor obligations *(Note 15)*	**15,785,587**	13,814,643
Retirement pensions *(Note 16)*	**9,869,800**	9,966,858
Estimated liabilities and reserves *(Note 17)*	**109,606,332**	51,246,075
Taxes, liens, and rates *(Note 18)*	**186,079,498**	159,454,982
Deferred tax *(Note 18)*	**8,353,097**	–
Other current liabilities *(Note 19)*	**1,669,882**	4,707,609
Premium for placement of bonds pending amortization	**776,881**	776,881
Total current liabilities	**861,493,278**	666,483,543
Financial obligations *(Note 13)*	**3,050,100,000**	2,626,760,000
Retirement pensions *(Note 16)*	**62,977,442**	64,458,477
Bond placement premium pending	**64,740**	841,624
Taxes, liens, and rates *(Note 18)*	–	49,213,976

Revenues received in advance	**1,591,600**	2,177,834
Estimated liabilities and reserves *(Note 17)*	**3,121,237**	8,761,992
Total liabilities	**3,979,348,297**	3,418,697,446
Minority interest	**10,811**	8,837
Patrimonio *(Note 20):*		
Subscribed and paid capital	**655,222,313**	655,222,313
Share placement premium	**113,255,816**	113,255,816
Legal reserve	**327,611,156**	327,611,156
Occasional reserves	**178,127**	178,127
Equity revaluation	**1,674,583,276**	1,674,583,276
Revaluation surplus	**2,165,225,458**	2,166,971,014
Effect on investment conversion	**1,288**	(299)
Year results	**870,141,109**	783,529,388
Total equity	**5,806,218,543**	5,721,350,791
Total liabilities and equity	**$ 9,785,577,651**	$ 9,140,057,074
Memorandum accounts *(Note 21)*	**$ 3,781,070,223**	$ 4,499,458,776

See attached Notes.

The undersigned Legal Representative and Accountant certify that we have previously verified statements contained in these financial statements and that they have been accurately taken from the Company accounting books.

Lucio Rubio Díaz	Alba Lucía Salcedo Rueda	Gladys Patricia Peñaloza
Legal Representative	Public Accountant	Statutory Auditor
	Professional card 40562–T	Professional card 120738–T
		Appointed by Ernst & Young Audit S.A.S. TR−530
		(See my February 17 of 2014 report)

EMGESA S.A. E.S.P. AND ITS AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

	Year ending on December 31 of 2013	2012
	(Thousand pesos, except for the net per-share profit)	
Operational revenues *(Note 22)*	**$ 2,397,506,421**	$ 2,144,233,104
Cost of sales *(Note 23)*	**(1,037,621,797)**	(880,529,588)
Gross profits	**1,359,884,624**	1,263,703,516
Administration expenses *(Note 24)*	**(29,115,398)**	(29,507,526)
Operational profits	**1,330,769,226**	1,234,195,990
Other expenditures (revenues):		
Financial, net (*Note 25)*	**(86,289,674)**	(122,216,842)
Miscellaneous, net *(Note 26)*	**20,723,052**	(9,857,387)
Profit before taxes	**1,265,202,604**	1,102,121,761
Income tax *(Note 18)*	**(395,059,521)**	(318,594,382)
Current tax	**(392,478,749)**	(317,162,183)
Deferred tax, net	**(2,580,772)**	(1,432,199)
	870,143,083	783,527,379
Minority interest	**(1,974)**	2,009
Year net profits	**$ 870,141,109**	$ 783,529,388
Preferential per-share dividend	**$ 213.30**	$ 195.74
Net profits per share	**$ 5,813.23**	$ 5,234.08

See attached Notes.

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EMGESA S.A. E.S.P. AND ITS AFFILIATES

CONSOLIDATED STATEMENT OF EQUITY CHANGES

	Subscribed and paid capital	**Stock placement premium**	**Reserves**	**Equity revaluation**	**Revaluation surplus**	**Effect on investment conversions**
				(Thousand pesos)		
Balances as of December 31 of 2011	$ 655,222,313	$ 113,255,816	$ 327,789,283	$ 1,674,583,276	$ 2,004,455,426	$ –
Declared dividends	–	–	–	–	–	–
Net year profit	–	–	–	–	–	–
Adjustment to revaluation of permanent investments	–	–	–	–	126,283	(299
Adjustment to fixed assets revaluation	–	–	–	–	162,389,305	–
Balances as of December 31 of 2012	655,222,313	113,255,816	327,789,283	1,674,583,276	2,166,971,014	(299
Declared dividends	–	–	–	–	–	–
Net year profit	–	–	–	–	–	–
Adjustment to permanent investment revaluations	–	–	–	–	**33,900**	**1,5**
Adjustment to fixed asset revaluations	–	–	–	–	**(1,779,456)**	–
Balances as of December 31 of 2013	**$ 655,222,313**	**$ 113,255,816**	**$ 327,789,283**	**$ 1,674,583,276**	**$ 2,165,225,458**	**$ 1,2**

See attached Notes.

The undersigned Legal Representative and Accountant certify that we have previously verified statements contained in these financial statements and that they have been accurately taken from the Company accounting books.

Lucio Rubio Díaz	Alba Lucía Salcedo Rueda	Gladys Patricia Peñaloza
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EMGESA S.A. E.S.P. AND ITS AFFILIATES

CONSOLIDATED STATEMENT OF CHANGES IN THE FINANCIAL SITUATION

	Year ending on December 31 of	
	2013	**2012**
	(Thousand pesos)	
Financial resources provided:		
Net year profits	**$ 870,141,109**	$ 783,529,388
Entries not affecting working capital:		
Depreciation	**146,046,729**	141,781,136
Amortization of intangible assets	**3,514,462**	2,059,113
Deferred tax, current	**(5,772,325)**	1,432,199
Deferred tax, previous years	**511,273**	927,903
Amortization of deferred charges	**254,158**	1,425,136
Net profits from the sale of properties , plant, and equipment	**(568,235)**	(42,988)
Discharges for previous years' maintenance	–	4,589,519
Loss from withdrawal from expansion projects	**57,839**	3,569,481
Emgesa Panamá conversion effect	**1,587**	(299)
Inventory reserve	**856,007**	(512,544)
Total provided by operations	**1,015,042,604**	938,758,044
Debtors increase (increase)	**567,871**	(1,350,308)
Inventory reduction	**8,014,595**	1,204,461
Increase of financial obligations	**423,340,000**	805,000,000
Total working capital provided	**1,446,965,070**	1,743,612,197
Applied financial resources:		
Increase of other assets	**(914,707)**	(1,479,089)
Change to the equity tax payable	**(49,213,976)**	(49,213,976)
Recovery on account of the Quimbo yield	**14,400,796**	11,288,049
Loss from forward valuation	**3,840,838**	(6,554,662)
(Reduction) increase of revenues received in advance	**(586,234)**	423,314
Increase of properties, plant, and equipment	**(636,386,725)**	(636,577,559)
Declared dividends	**(783,529,388)**	(667,755,033)
Quimbo international bond interests	**(34,892,428)**	(32,998,014)
Reduction (increase) of deferred charges	**4,941,428**	(11,958,999)
(Reduction) increase of pension	**(1,481,035)**	479,671
Purchase of intangible assets	**(3,180,384)**	(5,536,822)
(Reduction) increase of estimated liabilities and reserves	**(5,640,755)**	7,537,807
Bonds placement premium transfer, current	**(776,884)**	(776,881)
Minority interest	**1,974**	(2,009)

Total working capital used	**(1,493,417,480)**	(1,393,124,203)
Reduction (increase) of working capital	**$ (46,452,410)**	$ 350,487,994

See attached Notes.

The undersigned Legal Representative and Accountant certify that we have previously verified statements contained in these financial statements and that they have been accurately taken from the Company accounting books.

Lucio Rubio Díaz	Alba Lucía Salcedo Rueda	Gladys Patricia Peñaloza
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		(See my February 17 of 2014 report)

EMGESA S.A. E.S.P. AND ITS AFFILIATES

CONSOLIDATED CASH FLOW STATEMENTS

	Year ending on December 31 of 2013	2012
	(Thousand pesos)	
Operational activities		
Year profits	**$ 870,141,109**	$ 783,529,388
Depreciation and amortization	**149,815,349**	145,265,385
Portfolio reserve recovery	**(451,185)**	(492,674)
Portfolio reserve	**163,637**	658,489
Inventory reserve recovery	**(237,365)**	(679,704)
Loss from actuarial calculation	**2,546,110**	4,425,633
Bond amortization premium	**(776,884)**	(776,881)
Deferred tax, debit	**(5,772,325)**	1,432,199
Deferred tax debit, previous years	**511,273**	927,903
Deferred tax, liabilities	**8,353,097**	–
Loss from withdrawal from expansion projects	**57,839**	3,569,481
Inventory reserve	**856,007**	167,160
Retirement pension reserve	**5,535,519**	5,869,361
Profit from the sale of properties, plant, and equipment	**(568,235)**	(42,988)
Discharges from previous years' maintenance	**–**	4,589,519
Net change in operational assets and liabilities		
Debtors	**(70,596,898)**	21,374,640
Expenses paid in advance	**(2,198,267)**	(4,500,336)
Inventory	**4,297,985**	(1,398,066)
Economic participating parties	**790,930,471**	721,570,094
Other assets	**(914,707)**	(1,479,089)
Accounts Payable	**(63,765,066)**	27,776,862
Taxes , liens, and rates	**26,624,516**	4,936,009
Pension liabilities (payments)	**(9,659,722)**	(10,108,899)
Labor obligations	**1,970,944**	4,210,439
Other current liabilities	**(3,037,727)**	4,707,609
Estimated liabilities and reserves	**52,719,502**	37,988,245
Revenues received in advance	**(586,234)**	423,314
Net cash provided by operational activities	**1,755,958,743**	1,753,943,093
Investment activities		
Increase of properties, plant, and equipment	**(636,386,725)**	(636,577,559)
Quimbo international bond interests	**(34,892,428)**	(32,998,014)
Reduction (increase) of deferred	**4,941,428**	(11,958,999)
Increase of intangible assets	**(3,180,384)**	(5,536,822)

Net cash used in investment activities	**(669,518,109)**	(687,071,394)
Financial activities		
Payment of financial obligations	**(305,000,000)**	(305,009,052)
Loan payments to participating companies	**–**	(64,167,664)
Increase of financial obligations and payment of interests, net	**863,181,903**	790,111,101
Equity tax payment	**(49,213,976)**	(49,213,976)
Recovery of Quimbo yield	**14,400,796**	11,288,049
Loss from forward valuation	**3,840,838**	(6,554,662)
Dividend payment	**(753,557,217)**	(501,844,856)
Declared dividends	**(783,529,388)**	(667,755,033)
Revenues from ruling interests - Ministry of Mines and Energy and Ministry of Financing and Public Credit	**(11,463,637)**	–
Revenues from ruling recovery - Ministry of Mines and Energy and Ministry of Financing and Public Credit	**(13,104,295)**	–
Emgesa Panamá conversion effect	**1,587**	(299)
Minority interest	**1,974**	(2,009)
Net cash used in financial activities	**(1,034,441,415)**	(793,148,401)
Net increase of cash and cash equivalents	**51,999,219**	273,723,298
Cash and cash equivalents at the beginning of the year	**785,377,480**	511,654,182
Cash and cash equivalents at year's end	**$ 837,376,699**	$ 785,377,480

See attached Notes.

The undersigned Legal Representative and Accountant certify that we have previously verified statements contained in these financial statements and that they have been accurately taken from the Company accounting books.

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EMGESA S.A. E.S.P. AND ITS AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31 of 2013 and 2012

All values in thousand pesos, except for amounts in foreign currency, exchange rates, and the shares' number and face value

1. MAIN ACCOUNTING POLICIES AND PRACTICES

Reporting Entity and Affiliated Entities

Emgesa S.A. E.S.P. (hereinafter the "Company") is a commercial stock company created according to Colombian laws as a public household utilities company regulated by Law 142 of 1994.

The Company's main purpose is generation and trading of electrical power according to Laws 149 and 143 of 1994 and norms regulating, adding, changing, or derogating them. In development of its main purpose, the Company may acquire generation plants and project, build, operate, maintain, commission, and exploit electrical power stations, taking the necessary actions to protect the environment and the relationships with the community in the area of influence close of its projects; perform work, designs, and provide electrical engineering consultancy services and trade products in benefit of its clients. The Company may perform all activities related to exploration, development, investigation, exploitation, trading, storage, marketing, transportation, and distribution of rock minerals and materials. Additionally, the Company may develop all types of activities directly or indirectly related to the combustible gas trading business. The Company's term is indefinite.

El Quimbo Project. For this hydroelectric project, approved with Resolutions 899 of May 15 of 2009 and 1628 of August 21 of 2009, it is necessary that the "abandonment and final restoration plan" be developed within the environmental licensing process. The Company estimates that the project operation phase will start in May of 2015.

For 2013, deeds corresponding to land properties required for the project and included in the public benefit area are 95% of the entire area considered in the purchase options delivered to the landowners.

Collective resettlement designs were concluded in 2013. The design for the irrigation districts continues.

Progress was made in the economic development program regarding the "enterprising persons with electrical power" strategy, consisting of establishing sustainable productive projects initiatives and delivering to the benefiting population educational subsidies guaranteeing their participation and attendance.

As with other programs, forest utilization activities continued in the area of the main work and substitute roads.

The 1% investment plan was started in 2013 regarding programs for the purchase of land properties in natural, regional, and municipal parks. Construction of the three replacement road sections continued.

Work related to the design of the dam, the auxiliary dyke, the spillway, the machinery room, the collection and delivery work, and the electrical facilities was concluded.

Regarding civil works, the deviation tunnel construction was concluded, as well as the deviation tunnel entrance concrete structure. The dam's fill work continues in its various phases. Construction of the machinery room continues, together with the control building. The bottom discharge tunnel work has been concluded.

Regarding the electromechanical equipment, the transformers, the generator components, sections of the traveling cranes, and the spillway radial gates arrived in Colombia. The turbines are being erected. The traveling cranes have been erected.

Regarding the connection to the National Transmission System (STN), the National Environmental Licenses Agency (ANLA) granted the environmental license to the EEB for the construction of the Tesalia substation, the Tesalia-Altamira line, and the diversion of the Betania – Jamondino line on September 15 of 2013.

Housing camps and offices are fully concluded and in operation.

Through an external audit carried out by the System Administrator (XM), the Company reviewed the November 2013 report, whose result was the change in the policy value for $77,125,000, valid until December 15 of 2014, submitted to the Energy and Gas Regulatory Commission (CREG); the first unit will be commissioned on March 26 of 2015, the second on May 15 of 2015.

Emgesa S.A. E.S.P. is the parent company with a 94.95% participation in Sociedad Portuaria Central Cartagena S.A and 100% in Emgesa Panamá.

Affiliated entities - *Sociedad Portuaria Central Cartagena (SPCC S.A.)* is a commercial stock company incorporated on November 18 of 2009, formalized through public deed No. 2643 of 11 of Bogotá. Its legal term goes until September 18 of 2059.

Corporate object: the SPCC S.A. main object is investment, construction, and maintenance of berths and public and private ports, port administration, provision of loading and unloading services, storage services at ports, and other services directly related to the port activity and with the development and exploitation of a multipurpose port, according to the law, additionally providing port services as a port operator and allowing the provision of services by other port operators; associate with other port companies or companies holding special authorizations as mentioned in article 4 of Law 1 of 1991, either temporarily or permanently, in order to facilitate the use of common use ocean areas near the port by performing work such as dredging, fill work, and ocean engineering work, providing common benefit services as required.

Concession agreement

Object: the right to occupy and temporarily and exclusively use beaches, low tide areas, accessory areas, and the port infrastructure built, the Mamonal, Cartagena district, Department of Bolívar.

Contract value: US$ 371,524, corresponding to the present value of consideration paid on account of the use of areas and temporary and exclusive use of beaches, low tide areas, and accessory public use areas, including consideration for the use of the infrastructure.

Payment terms: the initial payment terms were 20 annual installments. However, in August 2011 Sociedad Portuaria Central Cartagena decided to pay the debt before Instituto Nacional de Vías y Tesorería de Cartagena with a 7-year loan granted by EMGESA for $569,144 with a 100% payment mechanism regarding principal plus interests upon maturity.

Investment plan: the contract considers an investment plan SPCC S.A. will develop in the public use area, equivalent to US$261,545, indicating general activities, the investment value, the plan duration, and scheduling for the 24 months following contract execution. Should the concession holder request changes to the approved investment plan, it will guarantee that the investments' present value will be equal to US$206,585.

Company obligations: SPCC S.A. undertakes to meet all legal and contractual obligations required to develop this contract, especially:

- Pay the concession consideration and the surveillance fee established in the contract, according to current legal norms and the respective deadlines.
- Develop port activities according to current legal norms.
- The infrastructure is in poor condition; however, the concession holder undertakes to improve it during the concession's initial 4 years. Once the final infrastructure has been built, the concession holder will deliver it gratis to the Nation, the barge being in good condition and operational.
- During the first year, the concession holder undertakes to initially operate with the existing port infrastructure and the floating berth. The fixed berth will be built at the beginning of month 25.
- Not develop any unfair competition.
- Not fully or partially assign the concession agreement without prior authorization.
- Meet the Superintendence of Ports and Transportation norms.
- Protect the environment.
- Report to the National Concessions Institute - INCO and the Superintendence of Ports and Transportation cargo moved, for which it will deliver a monthly report containing tonnage moved, itemized by type of cargo.

Concession agreement term: 20 years from the port concession agreement formalization date. No automatic extensions will be granted; the contract will only be extended as authorized by the law or by competent entities according to the procedure set forth by current norms for this purpose.

Affiliate entity: *Emgesa Panamá S.A.* is a company incorporated according to the laws of the Republic of Panama on July 3 of 2012. Its legal term is indefinite.

Corporate object: purchase, sale, import, and export of electrical power and the sale of electrical power and its associated power. It may also dedicate to industry and trade in general, being able to execute all transactions, operations, deals, acts, and activities allowed by the Panamanian law to stock companies. The company is it is preoperational phase.

The functional currency is the American dollar, so that the parent company recognizes the conversion effect as an item in its equity.

Consolidation principles

The financial statements include the Emgesa S.A. E.S.P. and its Affiliates' accounts, according to the following:

a) Should more than 50% of its capital belong to the parent company, directly or through or with participation of its subordinated companies or their subordinated companies.

b) Should the parent company and the subordinated companies jointly or separately have the right to cast votes representing the minimum decision-making majority in the highest corporate body or have the necessary number of votes to elect the majority of the Board of Directors.

c) Should the parent company, directly or through or with participation of subordinated companies, by reason of an act or a deal with the controlled companies or with their partners, exercise dominant influence in the decisions of the company administrative bodies.

The consolidated financial statements have been prepared according to accounting principles generally accepted in Colombia. They include balances and transactions of the parent company Emgesa S.A. E.S.P. and affiliated companies Sociedad Portuaria Central Cartagena S.A. and Emgesa Panamá in which it owns 94.95% and 100% of their capital stock, respectively.

As of December 31 of 2013, the EMGESA S.A. E.S.P. and its Affiliates' assets, liabilities, equity, and results are the following:

	Emgesa S.A. E.S.P	Sociedad Portuaria Central Cartagena S.A.	Emgesa Panamá
Total assets	$ 9,785,473,218	$ 1,511,644	$ 2,029
Total liabilities	3,979,254,675	1,297,557	2,696
Equity	5,806,218,543	214,087	(667)
Year profit/losses, net	$ 870,141,109	$ 39,090	$ (11,134)

Presentation bases

The attached consolidated financial statements have been prepared based on accounting records kept according to the historical cost norm and according to accounting principles generally accepted in Colombia, as contained in Regulatory Decree 2649 of 1993 and in other norms and resolutions issued by surveillance and control entities, including the change from the Superintendence of Public Household Utility Services which from January

1 of 2006 eliminated for private-legal public utility providers the application of the inflation adjustments for accounting purposes.

Such accounting principles and policies could in certain cases be different from those in other international accounting norms.

The Company records its activities according to the accounting plan applicable to public utility companies issued by the Superintendence of Household Public Utility Services.

Accounting Period

According to its bylaws, the Company closes its accounts and prepares and distributes its general-purpose financial statements once every year, on December 31.

Monetary unit

According to legal norms, the monetary unit used by the Company is the Colombian peso.

Relative importance criterion

An economic circumstance has relative importance should, due to its nature, amount, and circumstances, acknowledging or disavowing it would significantly affect economic decisions of those using the information. The financial statements describe specific items according to legal norms, also those representing 5% or more of total assets, current assets, total liabilities, current liabilities, working capital, equity, and revenues, as applicable. Additionally, lower values are described should this allow for better understanding financial information.

Transactions in foreign currency.

Transactions in foreign currency are carried out according to current legal norms, entered using the applicable exchange rates of the respective day. Balances in foreign currency are expressed in Colombian pesos, at the market representative rates of $1,926.83 and $1,768.23 for each US$1, and $2,662,11 and $2,331,59 for each Euro as of December 31 of 2013 and 2012, respectively. Exchange differences are attributed to the respective asset or liability, and to results, revenues, or expenses, as applicable.

Cash and cash equivalents.

Cash and cash equivalents include cash on hand, in banks, and in savings accounts. Available equivalents correspond to investments in fixed yield instruments, easily redeemable in the short term in between 1 and 90 days, presented at face value and valued using the yield accrual method.

Fixed term deposit certificates have been considered short-term investments considering that the interest rate agreed with bank entities is fixed, so that their risk is low. Additionally, if necessary they can be readily converted to cash before their maturity date, negotiating them through a stock market intermediary.

Equity investments using the cost method

Equity investments recognized using the cost method were entered at cost adjusted for inflation up to December 31 of 2005. They are valued at their intrinsic value based on the company financial statements, entering the difference between the adjusted cost and the intrinsic value of the investment as a greater or lower value in the revaluations account, directed against equity. Investments in noncontrolled companies are reserved should their intrinsic value be less than the book value.

As of December 31, the Company has no redeemable investments for the following 5 years.

Derivative financial instruments

The Company makes operations with derivative financial instruments in order to reduce its exposure to exchange fluctuations.

Forwards established by the Company are carried out in order to hedge payments in foreign currency, mainly for the purchase of equipment and for civil work contracts for the El Quimbo project and the Salaco project. Each month, these contracts are adjusted to their market value, the resulting adjustment being capitalized to each ongoing project in the deferred account.

Considering the possible volatility that could affect payment dates and amounts to be paid in dollars to equipment vendors, the Company has established that its hedging strategy will be roll-over, as follows:

- Adjust the hedging values and dates, inasmuch as the estimated payment dates are changed. Adjustments may be made by means of new contracts, early settlements, or adjustments to current contracts. The purpose is achieving the highest effectiveness regarding exchange rate hedging.
- In the case of all-risk and civil liability corporate insurance policies, this adjustment is directly entered to the income accounts.

Inventories

Company inventories are accounted using the average cost. They are represented by supplies and materials (spare parts and consumables), kept in the warehouse for use in investment and maintenance projects. Amounts considered non-usable are reserved at the end of the year, at 100%, entered against the year's income.

Debtors reserve

The bad debts reserve was created according to Company policies and establishing that such reserve will be made on 100% of debts more than 360 days old.

Properties, plant, and equipment

Accounted using the inflation-adjusted cost (inflation adjustments up to December 31 of 2005), depreciated using the straight line method according to the following annual depreciation rates:

Item	EMGESA service life (average years)	SPCC service life (average years
Constructions and buildings	65	
Plants, ducts, and tunnels	70	
Machinery and equipment	20	10
Grids, lines, and cables	15	
Communications equipment	12	
Furniture, furnishings, and office equipment	10	10
Computer equipment	5	
Transportation, traction, and lifting equipment	5	

Significant improvements to assets are capitalized; maintenance expenses not extending the service life or not improving productivity and efficiency are charged to expenses, as incurred. Profits/losses from the sale or discharge of properties, plant, and equipment are entered to the operations of the year the transaction is carried out.

The Company has no restrictions or liens on any of its properties, plant, and equipment backing the obligation and its value.

Deferred charges, net

The Company enters to deferred charges a) the El Quimbo investment project costs, such as exchange differences, return on investment, sanctions to vendors, interests, stability premium amortization, financial bond expenses, and all costs associated to the project and not subject to being capitalized to fixed assets; b) pre-feasibility studies for plant projects, amortized once their productive phase is started; c) costs incurred in establishing financial obligations, amortized using the straight line method during the loan's life.

Intangible assets, net

Correspond mainly to a) the acquisition cost of water rights from the Chingaza and Río Blanco projects, amortized using the straight line method during 50 years, b) expenses incurred in licenses and software, amortized in 3 years using the straight line method, and c) costs incurred in processes related to financial obligations, amortized using the straight line method during the life of the loan.

The Company has 34 water rights for electrical generation purposes, based on the use and entered to costs through payments made to municipalities located in the area of influence.

Revaluations

Properties, plant, and equipment

Correspond to the differences between a) the net book value and the market value for real estate or b) the replacement value for machinery and equipment, as established by capable and authorized experts. Appraisals are more than 3 years.

Revaluations for properties, plant, and equipment are entered into separate accounts in assets, as a surplus on account of revaluations in equity, not susceptible to distribution. Value decreases of properties, plant, and equipment are directly entered to the income statement as a year expense.

Equity investments using the cost method

Correspond to the difference between the cost adjusted for inflation up to December 2005 and the intrinsic value. Investment revaluations are entered to separate accounts in assets, as a revaluation surplus in equity, not subject to distribution. Investment value reductions are entered as a lower revaluation and surplus value in equity, without prejudice to the net balance being of a different nature.

Labor obligations

Labor laws require payment of a deferred compensation to certain employees on the day they leave the Company. The amount received by each employee depends on the employment date, the type of contract, and the salary. Additionally, in certain cases 12% annual interests are paid on accumulated amounts. Should employment termination be unjustified, the employee will be entitled to receiving additional payments, which vary according to time and salary.

The Company makes periodical payments on account of severances and integral social security - health, professional risks, and pensions - to the respective private funds or to Colpensiones, which fully assume these obligations.

The law originally included an obligation for companies to pay retirement pensions to employees meeting certain age and service time requirements. This has now been derogated and only applies to social security entities; the Company is still responsible for those recognized before such change. Liabilities on account of pensions are established through studies made by a recognized actuary, according to parameters set forth by the National Government. The retirement pension obligation includes the effect of the respective application to the new mortality rates authorized by the Financial Superintendence through Decree 1555 of July 30 of 2010, representing the present value of all future monthly payments the Company will make to employees, either meeting or to meet certain legal requirements regarding age, time of service, and others.

Taxes, liens, and rates

The income tax reserve is calculated at the 33% official rate for 2013 (which includes both the 25% income tax and the 9% CREE equity tax), and at the 33% official rate in 2012, using the accrual method, established based on commercial profits in order to properly relate the year revenues with their respective costs and expenses, entered using the estimated liability value.

The effect of temporary differences involving payment of lower or higher taxes on the year's income is accounted for as a deferred credit or debit tax, respectively, applying the tax rates existing at the time differences are to be reverted (34% up to 2015 and 33% for the following years), provided there is reason to believe that such differences will revert in the future; for the asset, that at that time there will be sufficient taxable income.

The deferred assets tax from the temporary differences resulting from eliminating inflation adjustments from January 1 of 2006 is amortized according to the fixed assets' service life it applies to. Additionally, the deferred tax is recognized with respect to other temporary differences existing between accounting and fiscal balances.

The deferred assets tax from the temporary differences resulting from the elimination of accounting inflation adjustments from January 1 of 2006 is amortized according to the fixed assets' service life. Additionally, the deferred tax is entered on account of other temporary differences existing between fiscal and accounting balances.

The deferred assets tax from the temporary differences results from the entry made on account of the ruling favoring the Company from the greater value paid in the purchase of Compañía Central Hidroeléctrica de Betania in 1996. For fiscal purposes, this revenue is realized in 2014 upon corresponding to the year when the ruling is executed.

The income tax is entered net, after deducting advance payments and tax withholdings.

Equity tax

Law 1370 of December 2009 sets forth a new equity tax for the tax year of 2011, with a 2.4% rate for taxpayers with equities greater than $3,000 million and less than $5,000 million, and 4.8% for taxpayers with equities equal to or greater than $5,000 million.

Subsequently, Decree 4825 of December 2010 set forth an additional equity tax of 25% for taxpayers with equities equal to or greater than $2,000 million.

This tax applies to equity existing on January 1 of 2011, payment having to be made in 8 equal installments between 2011 and 2014.

According to Law 1111 of 2006, the Company enters the equity tax against equity revaluation.

Recognition of revenues, costs, and expenses

Emgesa S.A. E.S.P.

Sales in wholesale markets and in non-regulated markets are recognized in the year the services are rendered, according to Resolution CREG 131 of 1998.

In order to be considered a nonregulated user, the person must have power greater than 0.1 MW or consumption greater that 55 MWh-month. Clients must be represented by a trader, which is responsible for registry the user before ASIC (the Colombian market commercial interchange system administrator), in this case XM.

The electric power exchange market is used to realize energy not committed in contracts. In this market, recognition exists when generators, daily and on an hourly basis, make price offers according to electrical power the system may have available.

Revenue estimates are made based on available information, which reflects the most current consumption situation, valued at sale price according to current rates.

Costs and expenses are entered on accrual basis. The cost of such energy is included in the cost of sales.

Sociedad Portuaria Central Cartagena and Emgesa Panamá

Revenues from sales are entered in the year when the services are provided, costs and expenses on accrual basis.

Bond placement premium

Corresponds to the highest value received from placement of ordinary bonds issued by the Company, as a consequence of the positive difference between existing rates, the bonds' face rate, and the rate offered on their placement day - February of 2006. Amortized from March 2006 for a time equivalent to the bonds' life.

Use of estimates.

Preparing the financial statements according to generally accepted accounting principles requires the Administration to make estimates and assumptions that could affect values of assets, liabilities, and revenues. Actual or market values could differ from such estimates. The administration believes such estimates and assumptions were adequate.

Net per-share profits

Established using the net year profits as the basis, divided by the number of outstanding shares. Such calculation includes clearing of preferential dividends corresponding to 20,952,601 shares as of December 31 of 2013 and 2012 from Empresa de Energía de Bogotá S.A. E.S.P. Preferential dividends have a value of US $0.1107 per share.

Memorandum accounts.

Contingent rights and responsibilities, differences between accounting and fiscal figures, and commitments under credits assigned to clients and workers are entered to memorandum accounts, mainly.

Reclassification from short to long term

For general balance sheets purposes, a current liability or asset is that for which its recovery or payment time does not exceed 12 months; assets and liabilities exceeding this time are included in the noncurrent item in the General Balance Sheet.

Reclassifications

Note 2 describes advance payments in foreign currency, which for comparison purposes were included as of December 31 of 2012. This information does not change the debtors' balance (Note 4) or the working capital composition.

Note 5 describes the effect in income of transactions with participating companies. For comparability purposes, as of December 31 of 2012 revenues from services with Empresa de Energía de Bogotá for $935,722 were included. This information does not change the net year profits.

Cash flow statements

Cash flow statements have been prepared according to the indirect method. Cash and cash equivalents in these statements correspond to available cash and current investments items.

New accounting procedures

Agreement with international financial information norms.

Emgesa S.A. E.S.P.:
According to Law 1314 of 2009 and Regulatory Decrees 2706 and 2784 of December 2012, the Company is required to start the convergence process of accounting principles generally accepted in Colombia with international financial information norms (NIIF or IFRS), as issued by the International Accounting Standards Board. Considering that this convergence to NIIF is complex and will have significant effects on the companies, the Technical Public Accounting Council classified the Company's in three groups for the purposes of the transition.

The Company belongs to Group 1, whose mandatory transition period starts on January 1 of 2014; the first comparative financial statements under NIIF will be issued on December 31 of 2015.

On February 28 of 2013, the Company submitted to the Superintendence of Public Household Utility Services the NIIF implementation plan approved by the Board of Directors on February 20 of 2013 according to Resolution No. 20131300002405 of February 14 of 2013, regulating information requirements according to Decree 2784 of 2012.

The NIIF implementation plan includes activities associated with the mandatory preparation phase and the preparation of the opening financial situation statement, which will be prepared between January 1 of 2013 and December 31 of 2014.

As of December 31 of 2013, the Company has carried out the following activities: creation of the project's leading team, definition and assignment of project resources, preparation and development of the training and communications plan, diagnosis of the implementation process' relevant effects, analysis of the implementation scenarios, and definition of policies.

During 2014, the Company will conclude the policy definition process, will prepare the January 1 of 2014 opening financial situation statement, and will make adjustments to the information, norms, and internal control systems.

Sociedad Portuaria Central Cartagena:
According to Law 1314 of 2009 and Regulatory Decrees 2706 and 2784 of December 2012, the Companies are required to start the agreement process with accounting principles generally accepted in Colombia with international financial information norms (NIIF or IFRS), as issued by the IASB (International Accounting Standards Board). Since this is a complex activity and will have significant effects on the companies, the Public Accountants' Technical Council classified the Companies in 3 groups for this purpose.

For companies in Group 1, their mandatory transition period starts on January 1 of 2014 (January 1 of 2015 for Group 2), the first comparative financial statements under NIIF having to be issued of December 31 of 2015 (for companies in Group 2 as of December 31 of 2016).

According to the above, Sociedad Portuaria Central Cartagena S.A. belongs to Group 2.

2. ASSETS AND LIABILITIES IN FOREIGN CURRENCY

Basic existing norms in Colombia allow for free trading of foreign currency through banks and other financial entities, at free exchange rates. However, most transactions in foreign currency require compliance with certain legal requirements.

	2013			**2012**		
	(in EUR)	*(in USD)*	*(In thousand pesos)*	*(in EUR)*	*(in USD)*	*(In thousand pesos)*
Cash and cash equivalents	**$ 3,583**	**$ 20,088**	**$ 48,243**	$ 64	$ 5,353	$ 27,296
Advance payments	**327,893**	**4,938,396**	**10,381,231**	3,290	2,562,944	4,997,089
Accounts Payable (Note 14)	**(66,193)**	**(480,174)**	**(1,097,336)**	(660)	(2,743,008)	(4,913,623)
Net active (passive) position	**$ 265,283**	**$ 4,478,310**	**$ 9,332,138**	**$ 2,694**	**$ (164,711)**	**$ 110,762**

3. CASH AND CASH EQUIVALENTS

	2013	**2012**
Local banks-savings accounts (1)	**$ 274,904,327**	$ 565,885,521
Local banks-checking accounts (1)	**6,385,225**	65,432,753
Fixed income liquidity management investments (2)	**556,063,199**	154,051,861
Cash	**23,948**	7,345
	$ 837,376,699	$ 785,377,480

(1) A bond issuance for $565.000.000 was made in September 2013, used for: for financing the El Quimbo project, $515,560,000, and maturity of the subseries A% bond of February 14 for $49,440,000.

As of December 31, the balance of the El Quimbo pre-financing resources for $438,877,019 are distributed as follows: $150,501,058 readily available and $288,375,961 in short-term investments.

There are no investments with maturities longer than 90 days.

(2) The fixed income liquidity management investments balance is the following:

	2013			2012		
	Average interest rate		Value	Average interest rate		Value
CDT	**4.17%**	**$**	**548,945,661**	5.70%	$	146,548,000
Trusts	**2.70%**		**7,117,538**	4.99%		7,503,861
		$	**556,063,199**		$	154,051,861

4. DEBTORS, NET

		2013		2012
Electrical power service clients (1)	**$**	**172,720,523**	$	131,322,040
Advance payments (2)		**137,903,540**		111,587,920
Other debtors (3)		**33,208,522**		6,491,716
Employee loans (4)		**16,935,667**		16,823,920
Tax advance payments and credit balances		**5,784,900**		5,750,084
Deposits delivered		**564,166**		165,425
Port service clients		**77,724**		–
		367,195,042		272,141,105
Minus debtors' reserve (5)		**(3,029,914)**		(3,428,355)
		364,165,128		268,712,750
Minus noncurrent portion		**(12,902,293)**		(13,470,164)
	$	**351,262,835**	$	255,242,586

(1) The change corresponds mainly to greater values of accounts receivable for $22,470,975 from Electrificadora del Caribe S.A. E.S.P., part of the wholesale market. Additionally, a greater estimate of electrical power sales spending invoicing for $19,069,634.

(2) As of December 31 of 2013, advance payments correspond to:

a) Advance payments for the El Quimbo project:

Item		2013		2012
Work:				
Consorcio Impregilo – OHL	**$**	**68,460,509**	$	80,920,965
Consorcio Obras Quimbo		**35,884,704**		–
Ingetec		**2,942,202**		–
Proyecont Ltda.		**2,001,259**		2,001,259
Other		**192,960**		365,084
		109,481,634		83,287,308
Land:		**3,618,903**		7,629,058

Equipment:				
Alstom Colombia S.A.		**4,378,157**		6,081,942
Schader Camargo Ingenieros		**3,475,469**		5,750,881
Alstom Brasil Energía y Transporte		**1,158,137**		3,600,401
		9,011,763		15,433,224
Other		**2,020,109**		1,492,044
Advance trip expenses		**3,024**		10,991
Total Quimbo project	**$**	**124,135,433**	$	107,852,625

b) Advance payments for the purchase of goods and services:

Hitachi de Venezuela	**$**	**5,727,203**	$	–
Alstom Colombia S.A.		**3,927,252**		–
Andriz Hydro Ltda		**1,175,160**		–
Ansaldo Energia		**823,449**		–
Vansolix S.A en restructuración		**792,167**		970,000
Siemens S.A		**717,585**		–
Other		**605,291**		750,432
Surpetroil S.A.S.		–		2,014,863
		13,768,107		3,735,295
Total advance payments	**$**	**137,903,540**	$	111,587,920

3) As of December 31 of 2013, corresponds to:

1. Accounts Payable from the Ministry of Financing on account of payments made by the Company as a result of rulings against Betania under ongoing processes on the date of the shares' purchase agreement, for $3,536,782.
2. Includes recognition of revenues for $24,567,932, of which $13,104,295 are on account of indemnification for damages and $11,463,637 on account of interests caused by the 2nd instance ruling from the State Council, which decided that cash distribution of dividends made by The Ministry of Mines and Energy and the Ministry of Finances and Public Credit during the pre-contractual phase lacked the required transparency and publicity for the Betania negotiation process (when the ENDESA group purchased Betania, in December of 1996); accounts receivable from retired employees for $600,037, other debtors for $1,659,728. Write-offs related to dismissed employees were made for $110,893.

   On January 15 of 2014, the Nation made no requests for clarifications or additional information; there were no fiscal impact incidents, which were mandatory. The ruling then became final.

4) Loans to employees for housing, education, vehicles, training, etc. are included in the quality of life policies and in the collective workers labor agreement. These loans are granted with no interest, except for the housing loan for the integral system, with a 4.75% and 0% annual rate for employees covered by the collective workers labor agreement, respectively.

5) Following are the debtors reserve activities:

		2013		2012
Initial balance	**$**	**(3,428,355)**	$	(4,267,908)
Reserve recovery		**451,185**		492,674
Loan write-offs		**110,893**		1,005,368
Adjustment to reserve, year results		**(163,637)**		(658,489)
Final balance	**$**	**(3,029,914)**	$	(3,428,355)

The debtors reserve balance consists of a) the client's accounts receivable reserve older than 360 days as of December 31 of 2013 for $1,140,164 and (b) the other accounts receivable reserve as of December 31 of 2013 for $1,889,750.

As of December 31 of 2013 the Company had the following guaranties for electrical power payment purposes:

Security	Number of guaranties	Issuer's name	Value
Trust certificate	1	FIDUCIARIA COLPATRIA - FLORES DE LA SABANA	19.733
Bank guaranties	1	ENERTOLIMA S.A.E.S.P	5.150.000
Bank guaranties	3	ENERCA S.A ESP	Open with no agreed value
Bank guaranties	1	ELECTRIFICADORA DEL HUILA SA	Open with no agreed value
Bank guaranties	1	ELECTRIFICADORA DEL META SA	Open with no agreed value
Bank acceptance	1	EMPRESAS PUBLICAS DE MEDELLIN SA ESP	Open with no agreed value
Promissory note	1	AES CHIVOR	Open with no agreed value
Promissory note	2	AMERICANA DE ENERGIA S.A.	Open with no agreed value
Promissory note	1	CENTRAL HIDROELECTRICA DE CALDAS CHEC S.A	Open with no agreed value
Promissory note	1	CENTRAL TERMOELECTRICA EL MORRO SA ESP	Open with no agreed value
Promissory note	2	CENTRALES ELECTRICAS DEL NORTE DE SANTANDER S.A E.SP	Open with no agreed value
Promissory note	16	CODENSA S.A. ESP.	Open with no agreed value
Promissory note	2	COMPAÑÍA ENERGETICA DE OCCIDENTE SAS ESP	Open with no agreed value
Promissory note	1	CONCENTRADOS CRESTA ROJA S.A	Open with no agreed value
Promissory note	1	EBSA	Open with no agreed value
Promissory note	1	EDEQ	Open with no agreed value
Promissory note	6	EEC SA ESP	Open with no agreed value
Promissory note	1	ELECTIRFICADORA DEL SANTANTER	Open with no agreed value
Promissory note	1	ELECTRIFICADORA DE CAQUETA	Open with no agreed value
Promissory note	2	ELECTRIFICADORA DE SANTANDER S.A ESP	Open with no agreed value
Promissory note	1	ELECTRIFICADORA DEL CAQUETA E.S.P	Open with no agreed value
Promissory note	8	ELECTRIFICADORA DEL CARIBE SA ESP	Open with no agreed value
Promissory note	4	ELECTRIFICADORA DEL HUILA SA	Open with no agreed value
Promissory note	3	ELECTRIFICADORA DEL META SA	Open with no agreed value
Promissory note	1	EMPRESA DE ACUEDUCTO Y ALCANTARILLADO DE MADRID	Open with no agreed value
Promissory note	1	EMPRESA DE ENERGIA DE BOYACA	Open with no agreed value
Promissory note	3	EMPRESA DE ENERGIA DE CUNDINAMARCA	Open with no agreed value
Promissory note	2	EMPRESA DE ENERGIA DE PACIFICO S.A.	Open with no agreed value
Promissory note	2	EMPRESA DE ENERGIA DE PEREIRA S.A	Open with no agreed value
Promissory note	1	EMPRESA DE ENERGIA DEL QUINDIO	Open with no agreed value
Promissory note	2	EMPRESAS PUBLICAS DE MEDELLIN SA ESP	Open with no agreed value
Promissory note	1	ENERCA S.A ESP	Open with no agreed value
Promissory note	1	ENERGIA SOCIAL DE LA COSTA	Open with no agreed value
Promissory note	2	ENERTOLIMA S.A.E.S.P	Open with no agreed value
Promissory note	1	EPM S.A.	Open with no agreed value
Promissory note	1	FUNDACION HOSPITALARIA SAN CARLOS	Open with no agreed value
Promissory note	1	RIPLAY	Open with no agreed value

Promissory note	2 VIATIA S.A. E.S.P	Open with no agreed value

5. PARTICIPATING COMPANIES

The following transactions with participating companies, defined this way upon having a common shareholder and/or administration, at general market prices and conditions:

Following are accounts payable/receivable to/from participating companies:

		2013		2012
Accounts receivable:				
Codensa S.A. E.S.P. (1)	**$**	**46,295,272**	$	55,228,642
Empresa de Energía de Cundinamarca S.A. E.S.P.		**3,434,638**		900,007
Empresa de Energía de Bogotá S.A. E.S.P.		**813,395**		29,041
	$	**50,543,305**	$	56,157,690
Accounts Payable:				
Empresa de Energía de Bogotá S.A. E.S.P. (2)	**$**	**101,045,411**	$	85,512,891
Endesa Chile (2)		**52,643,983**		44,637,886
Endesa Latinoamérica		**–**		35,890,431
Enersis (2)		**42,327,614**		–
Codensa S.A. E.S.P. (3)		**8,366,542**		7,161,558
Empresa de Energía de Cundinamarca S.A. E.S.P.		**400,083**		350,573
Fundación Endesa Colombia		**368,000**		–
ICT Servicios Informáticos		**–**		87,812
Enel Energy Europe		**–**		127,259
Enel Ingegneria e Ricerca S.P.A		**413,929**		–
	$	**205,565,562**	$	173,768,410

(1) Corresponds mainly to accounts receivable on account of electrical power sales.

(2) As of December 31 of 2013, this value corresponds to unpaid and declared dividends for the year ending December 31 of 2012.

(3) Corresponds mainly to the estimate of December electrical power for $8,204,704 and other items for $161,838.

Following is the effect on income of transactions with participating companies, shareholders, and the Board of Directors:

Company	Item	2013	2012
Revenues:			
Codensa S.A. E.S.P.	Electrical power sales	**$ 587,400,323**	$ 656,249,442
Codensa S.A. E.S.P.	Use contract	–	2,803,339
Codensa S.A. E.S.P.	Technical services and others	**384,945**	491,056
EEC S.A. E.S.P.	Electrical power sales	**34,501,232**	30,213,587
Empresa de Energía de Bogotá	Operation services	**894,930**	935,722
Enel Energy Europe	Exchange difference	**4,780**	–
		$ 623,186,210	$ 690,693,146
Expenses:			
Codensa S.A. E.S.P.	Electrical power transportation	**(90,672,395)**	(88,336,035)
Codensa S.A. E.S.P.	Financial expenses	**(1,070,799)**	(2,435,174)
Codensa S.A. E.S.P.	Use contract	–	(3,337,531)
Codensa S.A. E.S.P	Electrical power and lighting	**(533,823)**	(456,532)
Codensa S.A. E.S.P	Other	**(152,114)**	(534,769)
EEC S.A. E.S.P.	Tolls	**(3,333,887)**	(1,867,306)
Empresa de Energía de Bogotá	Technical maintenance	**(639,227)**	–
Enel Energy Europe	IT services	**(156,708)**	(124,908)
	Exchange difference	**(3,800)**	(672)
Enel Ingegneria e Ricerca S.P.A	Project expenses Innovation	**(920,257)**	–
BOD	Fees	**(202,482)**	(187,710)
		$ (97,685,492)	$ (97,280,637)
Net effect on income		**$ 525,500,718**	$ 593,412,509

6. PERMANENT INVESTMENTS, NET

Following is the balance of equity investments entered using the cost method:

	Participation	2013	2012
Minority participation:			
Electrificadora del Caribe S.A. ESP.	0.22%	**$ 8,324,408**	$ 8,324,408
Termocartagena S.A. ESP. (now Vista Capital S.A. en Liquidación)	0.00%	**56**	56
		$ 8,324,464	$ 8,324,464

Revaluations and devaluations entered on account of investments:

Company	Number of shares	Class	Cost of acquisition	Intrinsic per-share value	2013	2012
Electrificadora del Caribe S.A. E.S.P.	109,353,394	Ordinary	$ 8,324,408	**$ 42,03**	**$ (3,728,285)**	$ (3,762,185)
Termocartagena S.A. E.S.P. (now vista Capital S.A. en Liquidación)	22	Ordinary	56		**(56)**	(56)
					$ (3,728,341)	$ (3,762,241)

7. INVENTORIES, NET

	2013	2012
Inventory other fuels	**$ 29,503,141**	$ 18,176,404
Coal inventory	**16,591,844**	23,964,606
Warehouses-spare parts (1)	**12,997,654**	21,249,614
	59,092,639	63,390,624
Minus inventory reserve	**(856,007)**	(237,365)
	58,236,632	63,153,259
Minus current portion	**(46,094,985)**	(42,141,010)
	$ 12,141,647	$ 21,012,249

(1) Corresponds mainly to spare parts to be used in repairs and/or maintenance of plants, according to the maintenance plan defined by the Administration. In 2013,

the production area identified elements that, due to their characteristics, should be part of fixed assets, as buffer inventory, for $9,358,498.

Following are activities in the inventory reserve account:

	2013	2012
Initial balance	**$ (237,365)**	$ (749,909)
Recovery	**237,365**	679,704
Reserve	**(856,007)**	(167,160)
Final balance	**$ (856,007)**	$ (237,365)

8. PROPERTIES, PLANT, AND EQUIPMENT, NET

Following are the properties, plant, and equipment values as of December 31 of 2013 and 2012:

	2013			2012		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
Plants, ducts, and tunnels	**7,**	**(2,6**	**4,500,598,236**	7	(2,541,09	
Land (1)	**233,639,793**	**–**	**233,639,793**	194,226,288		194,226,288
Constructions in progress (2)	**1,209,450,894**	**–**	**1,209,450,894**	731,567,102		731,567,102
Constructions and buildings	**76,134,756**	**(28,520,324)**	**47,614,432**	72,929,721	(25	47,689,467
Machinery and equipment	**34,443,539**	**(23,364,258)**	**11,079,281**	36,087,138	(23,211,988)	12,875,150
Communications and computer equipment	**30,489,013**	**(23,378,520)**	**7,110,493**	27,022,019	(21,723,015)	5,299,004
Furniture, furnishings, and office equipment	**11,914,063**	**(5,898,434)**	**6,015,629**	10,372,609	(5,076,738)	5,295,871
Transportation, traction, and lifting equipment	**7,033,149**	**(4,796,300)**	**2,236,849**	7,908,200	(4,978,020)	2,930,180
Machinery, plant, and equipment being erected	**1,395,231**	**–**	**1,395,231**	4,901,863	–	4,901,863
Grids, lines, and cables	**544,970**	**(544,970)**	**–**	544,970	(544,970)	–
	$8,770,735,647	**$(2,751,594,809)**	**$6,019,140,838**	$ $8	$(2,621,874,010)	$

(1) Includes land purchases made during 2013 for the El Quimbo project for $28,56,409 and the El Quimbo project financial expenses for $12,349,673.

(2) Includes equipment additions for construction of the El Quimbo project in 2013 for $493,270,010, of which $55,764,362 correspond to its capitalized financial expenses, Central Termozipa $29,593,510, Salaco project $37,412,499, Central Cartagena for $8,634,740, Pagua $2,795,066, Central Guavio $2,989,070, and other stations $16,500,928.

9. DEFERRED CHARGES, NET

	2013	2012
Other deferred charges (1)	**$ 79,262,445**	$ 74,652,684
Studies and projects (2)	**50,977,253**	44,177,352
Financial expenses and commissions	**317,490**	329,783
Accumulated inflation adjustments	**68,601**	68,601
	$ 130,625,789	$ 119,228,420

(1) Correspond mainly to:

- As of December 31 of 2013, includes debt financial expenses associated to the El Quimbo project for $74,950,077 and valuation of forwards established for the project for $529,734.
- Legal stability premium accumulated amortization - El Quimbo project, for $2,463,683; contract executed between the Nation (Ministry of Mines and Energy) and the Company on December 20, 2010.
- Charges of other minor projects for $1,122,972.

(2) Correspond to the following studies and projects: Cartagena plants $6,930,045, alternative energy $3,585,022, Guaicaramo $9,066,903, Sumapáz $6,118,802, Guatiquia $1,458,382, Oporapa $1,286,131, Campohermoso $1,046,593 and other minor plant projects for $3,721,607, whose amortization will be started once their productive phase starts.

Studies and projects include insurance policies for the El Quimbo project for $11,045,647, and costs related to obtaining the project's international bond, for $6,718,121.

10. INTANGIBLE ASSETS, NET

	2013	**2012**
Chingaza water use rights (1)	**$ 65,364,594**	$ 65,364,594
Software	**9,998,892**	9,663,159
Licenses (2)	**9,641,547**	6,796,896
Concessions and franchises	**884,113**	884,113
Other intangible assets	**663,059**	663,059
	86,552,205	83,371,821
Minus accumulated amortization	**(29,226,576)**	(25,712,114)
	$ 57,325,629	$ 57,659,707

(1) Emgesa S.A. E.S.P. recognized as intangible assets expenditures made to obtain the use of the greater useful water flows from the Chingaza and Río Blanco projects. Amortized using the straight line method during 50 years.

(2) Mainly for the SAP ISU commercial system platform for $4,309,825 and for the SIVI operational surveillance system for $1,818,669.

11. OTHER ASSETS

		2013		2012
Fiducia Mercantil Huila (1)	**$**	**2,448,770**	$	2,388,514
Fideicomiso administración de Garzón (1)		**857,761**		1,190,698
Fideicomiso administración del Muña (2)		**759,040**		350,228
Fideicomiso administración de Paicol (1)		**647,070**		588,887
Fideicomiso administración del Tominé (2)		**630,340**		455,389
Fideicomiso administración de Gigante (1)		**546,627**		285,131
Fideicomiso administración de Agrado (1)		**489,444**		113,123
Fideicomiso administración de Alta Mira (1)		**135,664**		40,872
Fideicomiso administración de Tesalia (1)		**55,886**		226,261
Work and improvements to third-party properties		**15,393**		32,185
	$	**6,585,995**	$	5,671,288

(1) Trusts created in various Huila municipalities for $5,181,222 will be used to manage resources provided by trustor (the Company) in order to meet the trust agreement object, especially commitments arising from the roundtable in development of the El Quimbo project. Additions and withdrawals of resources are managed by the Company.

Contracts will be valid during one year, renewable for similar periods until the parties agree on their liquidation, which will happen once the Company meets its economic commitments before the municipalities and the Governor's office.

The payment process includes the following steps:

- A project committee has been created, responsible for approving investment initiatives.
- Once the investment initiative has been approved, El Quimbo Supplies will develop the contracting process.
- El Quimbo will manage resources to be transferred to each trust account (which are in the name of the beneficiary municipalities and the Huila governor's office), according to the payment schedule for approved projects.
- The El Quimbo project will approve payments to contractors according to corporate guidelines established for this purpose.

(2) Administration and payment trusts established for the recovery work of the Muña and Tomine reservoirs with funds from Acueducto de Bogotá, Empresa de Energía de Bogotá, and Emgesa S.A. E.S.P. Each month, the Company adjusts the values of these trusts based on monthly statements received. In September 2013, payments were received for $2,012,000 for recovery of the Tominé reservoir and $810,000 for recovery of the Muña reservoir; as of December 31 of 2013 the balance is $1,389,380.

(3) Work and improvements to third-party properties correspond to work done to floors 5 and 6 of the building where the company support areas are located.

12. REVALUATIONS

		2013		2012
Properties, plant, and equipment:				
Plants, ducts, and tunnels	**$**	**2,145,209,190**	$	2,146,843,993
Land		**10,024,519**		10,024,519
Constructions and buildings		**7,664,982**		7,748,359
Transportation, traction, and lifting equipment		**307,909**		376,835
Communications and computer equipment		**151,431**		134,488
Furniture, furnishings, and office equipment		**1,027,434**		1,027,435
Machinery and equipment		**4,568,334**		4,577,626
		2,168,953,799		2,170,733,255
Permanent investments in other companies *(Note 6)*		**(3,728,341)**		(3,762,241)
	$	**2,165,225,458**	$	2,166,971,014

According to Regulatory Decree 649 of 1993, the Company is required to make a technical appraisal of his properties, plant, and equipment minimum every 3 years, entering the resulting revaluations and/or devaluations. The most recent technical appraisal of fixed assets to commercial value was done Q3 2012 by Consultores Unidos S.A. Revaluations were adjusted in 2013 as a result of fixed asset write-offs

Revaluation (devaluation) in investments corresponds to the adjustment to the intrinsic value of the shares the Company has in Electrificadora del Caribe S.A. E.S.P. and Termocartagena S.A. E.S.P. (now Vista Capital S.A. en Liquidación) for $3,728,341 (Note 6).

Following is the balance of revaluations, devaluations, or reserves entered for each class of fixed asset as of December 31 of 2013 and 2012.

Class of asset		Revaluation as of December 31 of 2013		Revaluation as of December 31 of 2012		Revaluation adjustment
Plans, ducts, and tunnels	**$**	**2,145,209,190**	$	2,146,843,993	$	(1,634,803)
Land		**10,024,519**		10,024,519		–
Constructions and buildings		**7,664,982**		7,748,359		(83,378)
Machinery and equipment		**4,568,334**		4,577,626		(9,291)
Communications and computer equipment		**151,431**		134,488		16,943
Furniture, furnishings, and office equipment		**1,027,434**		1,027,435		–
Transportation equipment		**307,909**		376,835		(68,927)
	$	**2,168,953,799**	$	2,170,733,255	$	(1,779,456)

Changes in revaluations are the result of fixed asset discharges in 2013.

13. FINANCIAL OBLIGATIONS

		2013		2012
Ordinary bonds and outstanding commercial papers (3)	**$**	**2,886,760,000**	$	2,321,760,000
Bank loans, local currency (1)		**305,000,000**		305,000,000
Internal debt and bond interests		**99,008,813**		105,826,910
		3,290,768,813		2,732,586,910
Minus current portion (2)		**(240,668,813)**		(105,826,910)
	$	**3,050,100,000**	$	2,626,760,000

(1) Corresponds to:

Description	Yield	**Maturity date**		**Accounting value**
Banco CorpBanca	IBR + 3.70%TA	December 19, 2023	$	80,000,000
BBVA Colombia	IBR + 3.55%MV	December 19, 2023		225,000,000
			$	305,000,000

In December 2013, credits with Bancolombia and AV Villas for $91,045,000 and $28,955,000, respectively, were paid through a refinancing with two new peso credits with BBVA Colombia and Banco CorpBanca for $225,000,000 and $80,000,000, respectively. The new credits' term is 10 years, with capital amortization in 15 semi-annual installments from December 2016, with an interest rate of IBR + 3.55%MV and IBR +3.70%TA respectively.

(2) Internal debt and bonds' debt and interests:

Description		**2013**		**2012**
Bond interests	**$**	**98,316,804**	$	99,516,567
Bank loan interests		**692,009**		6,310,343
Subtotal interests		**99,008,813**		105,826,910
Short-term debt		**141,660,000**		–
Total debt and interests	**$**	**240,668,813**	$	105,826,910

(3) The Company had 6 current bond issuances in the local market as of December 31 of 2013, and a bond issuance in the international market, as follows:

Third bond issuance in the EMGESA local market

EMGESA Ordinary Bonds Issuance and Placement Program in the Local Market

The Company has a bond issuance and placement program allowing it making successive bond issuances under the authorized and available global quota, during its term. As of December 31 of 2013, EMGESA had offered and placed 5 bond issuances (called 'trenches') against the program, which were in effect on the above date. All bond issuances under the EMGESA program are rated AAA (Triple A) by Fitch Ratings Colombia S.C.V., dematerialized under the Deceval S.A. administration.

Total value placed	$250,000,000 in A single subseries (A10), in 2 lots: 1st Lot: February 23, 2005, for $210,000,000 2nd Lot: February 23, 2006, for $40,000,000
Balance as of December 31 of 2013	$250,000,000
Pace bond value	$1,000
Issuance term	Subseries A10: 10 years

Amortization:	Upon expiration
Issuance date:	February 23, 2005
Maturity date:	February 23, 2015
Bond placement premium, 2nd lot	$6,927,200
Issuance administrator	Deceval S.A.
Coupon rate:	CPI + 5.04 % E.A.
Rating	AAA (Triple A)
	Assigned by Duff & Phelps de Colombia S.A. S.C.V. (now Fitch Ratings Colombia S.A. S.C.V.).

The 2nd lot bond placement premium corresponds to the greater value received from placement of ordinary bonds, as a result of the difference between existing rates, the coupon rate, and the bonds' placement yield rate in the 2nd lot. As a result of this, the Company received $6,927,200 in 2006, of which as of December 31 of 2013 $6,085,578 had been amortized, the balance being $841,622; this balance is being amortized in 107 months, equivalent to the 2nd lot bonds term from their placement until their maturity date.
Following are the general financial conditions of the bonds issuance and placement program in the local market:

Class of security	Ordinary bond
Initial approval, Financial Superintendence	Resolution No. 1235 of July 18 of 2006
Initially approved global limit	$700,000,000
Approval to the first increase to the limit and extension to the placement deadline:	Resolution No. 0833 of July 16 of 2009
First increase to the authorized global limit:	$1,200,000,000
Total authorized limit as of August 31 of 2010:	$1,900,000,000
Approval to the first placement term extension:	Resolution No. 1004 of June 29 of 2012
Balance as of December 31 2012	$1,335,000,000 (*)
Global limit available as of December 31 of 2013	Being processed before the Financial Superintendence for a limit increase
Program maturity	July 2015
Administration	Deceval S.A.

The Company has executed 5 bond trenches under the program, as follows:
First Trench:

Total amount placed	$170,000,000
Balance as of December 31 of 2013	Subseries B10: $170,000,000
Bond face value	$10,000
Issuance term	10 years
Issuance date:	February 20, 2007
Maturity date:	February 20, 2017
Coupon rate	CPI + 5.15% E.A.

Second Trench

Total amount placed	$265,000,000 as follows:
	Subseries A5: 49,440,000
	Subseries B10: 160,060,000
	Subseries B15: 55,500,000
Balance as of December 31 of 2013	$265,000,000
Bond face value	$10,000
Issuance term	Subseries A5: 5 years
	Subseries B10: 10 years
	Subseries B15: 15 years
Issuance date:	February 11, 2009, all Subseries
Maturity date:	Subseries A 5: February 11, 2014
	Subseries B10: February 11, 2019
	Subseries B15: February 11, 2024
Coupon rate	Subseries A 5: DTF T.A. + 1.47%
	Subseries B10: CPI + 5.78% E.A.
	Subseries B15: CPI + 6.09% E.A.

Third Trench:

Total amount placed	$400,000,000, as follows:
	Subseries E5: $92,220,000
	Subseries B9: $218,200,000
	Subseries B12: $89,580,000
Balance as of December 31 of 2013	$400,000,000
Bond face value	$10,000
Issuance term	Subseries E5: 5 years
	Subseries B9: 9 years
	Subseries B12: 12 years
Issuance date	July 2, all subseries
Maturity date	Subseries E5: July 2, 2014
	Subseries B9: July 2, 2018
	Subseries B12: July 2, 2021
Coupon rate	Subseries B–9: CPI + 5.90% E.A.
	Subseries B–12: CPI + 6.10% E.A.
	Subseries E–5: fixed rate, 9.27% E.A.

Fourth Trench:

Total amount placed	$500,000,000, as follows:
	Subseries B10: $300,000,000
	Subseries B15: $200,000,000
Balance as of December 31 of 2013	$500,00,000
Bond face value	$10,000
Issuance term	Subseries B10: 10 years
	Subseries B15: 15 years
Issuance date	December 13, 2012
Maturity date	Subseries B10: December 13 , 2022
	Subseries B15: December 13, 2027
Coupon rate	Subseries B–10: CPI + 3.52% E.A.
	Subseries B–15: CPI + 3.64% E.A.

Fifth Trench:

Total amount placed	$565,000,000 , as follows:
	Subseries B6: $201,970,000
	Subseries B12: $363,030,000
Balance as of December 31 of 2013	$565,000,000
Bond face value	$10,000
Issuance term	Subseries B6: 6 years
	Subseries B12: 12 years
Issuance date	September 11, 2013
Maturity date	Subseries B6: September 11, 2019
	Subseries B12: September 11, 2025
Coupon rate	Subseries B–6: CPI + 4.25% E.A.
	Subseries B–12: CPI + 5.00% E.A.

The Company has a current bond issuance in the international market, as follows:

International global bonds in pesos

The Company placed its first bond issuance in the international capital market on January 20 of 2011, for $736,760,000 at 10 years. Bonds issued by the Company, denominated in pesos and payable in dollars, have a 8.75% fixed coupon rate.

According to the *Offering Memorandum*, the Company pays the necessary interests so that, after tax withholdings (today 14% according to article 408 of the Tax Code) the bond holder receives 8.75%, meaning that the rate before the 14% withholding is 10.1744%.

The operation is part of the Central Hidroeléctrica El Quimbo financial structure and allowed obtaining pre-financing resources for the project for 2011 and part of 2012 and to refinance other financial obligations.

Registration form	144 A/ Reg S
Total peso issuance value	$736,760,000
Use of funds	Financing of new projects such as El Quimbo and refinancing of other financial obligations, in addition to other Company general requirements.
Face value	$5,000 each bond
Term	10 years, with amortization upon maturity.
Interest frequency	Annual
Day count	365/365
Issuance administrator, payment agent, calculation and transfer agent	The Bank of New York Mellon
Yield	8.75% E.A.(1)
International rating	BBB (stable) by Fitch Ratings y Standard & Poor's

Following is a summary of bonds issued and bank credits as of December 31 of 2013:

Description	Yield	Placement date	Maturity date	Accounting value
3rd issuance first lot	Subseries A10: CPI+5.04% E.A.	February 23, 2005	February 23, 2015	**$ 210,000,000**
3rd issuance 2nd lot	Subseries A10: CPI+5.04% E.A.	February 23, 2006	February 23, 2015	**40,000,000**
First program trench	Subseries B10: CPI+5.15% E.A.	February 20, 2007	February 20, 2017	**170,000,000**
2nd program trench	Subseries B10: CPI+5.78% E.A.	January 11, 2009	February 11, 2019	**160,060,000**
2nd program trench	Subseries B15: CPI+6.09% E.A.	January 11, de 2009	February 11, 2024	**55,500,000**
3rd program trench	Subseries B9: CPI+5.90% E.A.	July 2, 2009	July 2, 2018	**218,200,000**
3rd program trench	Subseries B12: CPI+6.10% E.A.	July 2, 2009	July 2, 2021	**89,580,000**
4th program trench	Subseries B10: CPI+3.52% E.A.	December 13, 2012	December 13, 2022	**300,000,000**
4th program trench	Subseries B15: CPI+3.64% E.A.	December 13, 2012	December 13, 2027	**200,000,000**
5th program trench	Subseries B6: CPI+4.25% E.A.	September 11, 2013	September 11, 2019	**201,970,000**
5th program trench	Subseries B12: CPI+5.00% E.A.	September 11, 2013	September 11, 2025	**363,030,000**
Global bonds in pesos in form 144–A/ Reg S	8.75% E.A.(1)	January 25, 2011	January 25, 2021	**736,760,000**
Credits with local banks	IBR + 3.66%:	December 19, 2013	December 19, 2023	**305,000,000**
Total bonds and credits, noncurrent				**$ 3,050,100,000**
2nd program trench	Subseries A5: DTF+1.47% T.A	February 11, 2009	February 11, 2014	**49,440,000**
3rd program trench	Subseries E5: fixed rate 9.27%E.A.	July 2, 2009	July 2, 2014	**92,220,000**
Total bonds and credits, current				**$ 141,660,000**

Following are the installments of bonds and credits in local currency, payable during the following years:

Year	As of December 31 of 2013	Item
2015	**$ 250,000,000**	Local bonds issued
2016	**20,333,331**	Local bank credits
2017	**40,666,667**	Local bank credits
2017	**170,000,000**	Local bonds issued
2018	**40,666,667**	Local bank credits
2018	**218,200,000**	Local bonds issued
2019	**40,666,667**	Local bank credits
2019	**362,030,000**	Local bonds issued
2020	**40,666,667**	Local bank credits
2021	**40,666,667**	Local bank credits
2021	**89,580,000**	Local bonds issued
2021	**736,760,000**	International bond issued

2022	**40,666,667**	Local bank credits
2022	**300,000,000**	Local bonds issued
2023	**40,666,667**	Local bank credits
2024	**55,500,000**	Local bonds issued
2025	**363,030,000**	Local bonds issued
2027	**200,000,000**	Local bonds issued
	3,050,100,000	Noncurrent portion
2014	**141,660,000**	Local bonds issued
	141,660,000	Current portion

Following is the summary of bonds issued as of December 31 of 2012:

Description	Yield	Placement date	Maturity date	Accounting value
3rd issuance first lot	Subseries A10: CPI+5.04% E.A.	February 23, 2005	February 23, 2015	**$ 210,000,000**
3rd issuance 2nd lot	Subseries A10: CPI+5.04% E.A.	February 23, 2006	February 23, 2015	**40,000,000**
First program trench	Subseries B10: CPI+5.15% E.A.	February 20: 2007	February 23, 2017	**170,000,000**
2nd program trench	Subseries A5: DTF+1.47% T.A	February 11, 2009	February 11, 2014	**49,440,000**
2nd program trench	Subseries B10: CPI+5.78% E.A.	February 11, 2009	February 11, 2019	**160,060,000**
2nd program trench	Subseries B15: CPI+6.09% E.A.	February 11, 2009	February 11, 2024	**55,500,000**
3rd program trench	Subseries E5: fixed rate 9.27%E.A.	July 2, 2009	July 2, 2014	**92,220,000**
3rd program trench	Subseries B9: CPI+5.90% E.A.	July 2, 2009	July 2, 2018	**218,200,000**
3rd program trench	Subseries B12: CPI+6.10% E.A.	July 2, 2009	July 2, 2021	**89,580,000**
4th program trench	Subseries B10: CPI+3.52% E.A.	December 13, 2012	December 13, 2022	**300,000,000**
4th program trench	Subseries B15: CPI+3.64% E.A.	December 13, 2012	December 13, 2027	**200,000,000**
Global bonds in pesos in form 144– A/ Reg S	8.75% E.A.(1)	January 25, 2011	January 25, 2021	**736,760,000**
Credits with local banks	DTF + 3.75% T.A:	April 10, 2012	April 10, 2022	**305,000,000**
Total bonds and credits, noncurrent				**$ 2,626,760,000**

14. ACCOUNTS PAYABLE

	2013	2012
Vendors and contractors, local currency	**$ 75,859,913**	$ 131,139,268
Creditors	**6,160,577**	10,868,284
Vendors, contractors, and creditors, foreign currency (Note 2)	**1,097,336**	4,913,623
	$ 83,117,826	$ 146,921,175

15. LABOR OBLIGATIONS

Benefits (1)	**$ 8,844,715**	$ 6,984,072
Bonuses	**1,733,914**	2,238,521
Vacation payments	**3,037,918**	2,509,268
Severance	**1,934,063**	1,860,554
Interest on severance	**234,977**	222,228
	$ 15,785,587	$ 13,814,643

As of December 31 of 2013 and 2012, there were 563 and 518 active Company employees, respectively.

On September 21 of 2005, the Company signed the collective workers labor agreement with the Energía de Colombia – SINTRAELECOL labor union, benefiting unionized employees, from January 1 of 2004 until December 31 of 2007, partially amended by conventional document 1 of March 3 of 2011 executed for a 4-year term from January 1 of 2011 until December 31 of 2012. As of December 31 of 2013 and 2012, there were 315 and 306 unionized workers, respectively.

(1) The change in bonuses corresponds mainly to the increase of the fidelity bonus reserve for $758,242, retirement bonus for $212,629, and productivity bonus for $889,771.

16. RETIREMENT PENSIONS

		2013		2012
Actuarial calculations on retirement pensions and supplementary benefits	**$**	**72,847,242**	$	74,425,335
Minus current portion		**(9,869,800)**		(9,966,858)
Retirement pensions and supplementary benefits, noncurrent	**$**	**62,977,442**	$	64,458,477

Activities from January 1 to December 31 of 2013 and December 31 of 2012 are the following:

		2013		2012
Initial balance	**$**	**74,425,335**	$	74,239,240
Financial cost		**5,535,519**		5,869,361
Payments		**(9,659,722)**		(10,108,899)
Actuarial loss		**2,546,110**		4,425,633
	$	**72,847,242**	$	74,425,335
Number of retired employees	**$**	**311**	$	311
Number of active employees entitled to pension		**2**		2
	$	**313**	$	313

As of December 31 of 2013, AON (external specialists), made the actuarial calculation, resulting in a lower value of the pension liability for $1,578,093.

Such calculation includes the effects of applying decrement rates considered in the Mortality Table (before retirement and upon retirement), authorized by the Financial Superintendence through Decree 1555 of July 30, 2010 (Mortality Table RC 2008); total and permanent disability, EISS.

As of December 31 of 2013, the pensions' actuarial liability is fully amortized. The Company has no pension bonds and there are no relationships with insurance companies hired for payment of pensions; there are no bonds or guaranties supporting such payments.

The value of the pensions obligation at the end of year is established taking into account actuarial hypotheses, Colombian legal norms regarding pensions, and the specificity of conditions applicable to each company pertaining retirement pensions and post-retirement benefits.

As of December 31 of 2013, the financial hypotheses were a 7.25% annual discount rate and a 3 3.0% pension increase rate (DANE, Decree 2783 of 2001).

In 2012, these percentages were 8.0% and 3.5%, respectively.

17. ESTIMATED LIABILITIES AND RESERVES

	2013	2012
Reserve for costs and expenses	**$ 21,576,133**	$ 5,274,993
Reserve for the purchase of fixed assets (1)	**43,510,348**	17,073,522
Reserve for the El Quimbo environmental license (2)	**44,625,839**	36,169,902
Contingency reserve *(Note 28)*	**2,716,149**	1,190,550
Other reserves	**299,100**	299,100
	112,727,569	60,008,067
Minus noncurrent portion	**(3,121,237)**	(8,761,992)
Current portion	**$ 109,606,332**	$ 51,246,075

(1) The reserve for the purchase of assets corresponds mainly to the El Quimbo project for $29,843,154, Central Termozipa for $10,887,849, silo construction for $3,994,526, Central de Cartagena for $579,979, Central Betania for $1,748,310, and $300,000 for the ICT clients' portal platform.

(2) Corresponds to obligations not yet assumed and include the El Quimbo project environmental license, as well as 1% of the total project investment according to the paragraph of article 43 of Law 99 of 1993 and Law 1450 of 1993. For December 2013, the value was updated with the net present value at a rate of 5.57%.

18. TAXES, LIENS, AND RATES

The income tax reserve is calculated at the official rate of 34% in 2013 (which includes both the 25% income tax and the CREE 9% equity tax) and of 33% in 2012, using the accrual method.

According to Law 633 of 2000, public utility companies are not subject to the presumptive income system. The tax years of 2011 and 2012 are open for review by the tax authorities. Following are the taxes, liens, and rates:

	2013	2012
Income tax	**$ 118,817,421**	$ 96,138,126
Current equity tax	**49,213,976**	49,213,976
Other	**18,048,101**	14,102,880
	$ 186,079,498	$159,454,982

Following is the noncurrent equity tax corresponding to December 31 of 2013 and 2012:

		2013		2012
Noncurrent equity tax	**$**	**–**	$	49,213,976

In 2011, the Company opted for the alternate mechanism of accounting the equity tax and the surcharge as a lower value in the equity revaluation account, for $196,855,905. The outstanding value as of December 31 of 2013 and 2012 is $49,213,976 and $49,213,976, respectively.

The liability corresponding to the income tax is shown net of advance tax payments, as follows:

		2013		2012
Current income tax	**$**	**392,4**	$	317,1
Advanced withholdings, self-withholdings, and other tax discounts (1)		**(87,327,159)**		(45,770,392)
Income tax advance payment		**(186,334,169)**		(175,253,665)
	$	**118,8**	$	96,138,126

(1) Includes the VAT applicable to imports of capital goods, considered a tax deduction in article 258-2 of the Tax Code.

The income tax expense is the following:

		2013		2012
Current income	**$**	**279,483,407**	$	317,162,183
Current CREE		**112,995,342**		–
Assets deferred tax		**(5,772,325)**		1,432,199
Credit deferred tax		**8,353,097**		–
	$	**395,059,521**	$	318,594,382

Following is a summary of the main conciliation entries:

a) Assets on account of deferred taxes, debit, as of December 31 are the following:

	2013	2012
Adjustment for 2006 fiscal inflation	**$ 62,278,627**	$ 64,087,092
Deferred Quimbo tax	**4,630,719**	–
Reserve for costs and expenses	**3,485,314**	1,451,534
Reserve for labor	**3,307,336**	2,863,369
Tocancipá revaluation tax	**1,069,399**	1,069,399
Accounts receivable reserve	**61,479**	117,753
Industry and trade reserve	**37,223**	19,091
Forward revaluation	**(5,271)**	–
Accounting versus fiscal depreciation	**4,464**	–
	$ 74,869,290	$ 69,608,238

b) Following are assets on account of the deferred tax , credit, as of December 31:

	2013	2012
Deferred tax , credit, favorable ruling favor (Note 29)	**$ (8,353,097)**	$ –

Law 1607 of 2012 changed the income tax rate from 2013, from 33% to 25% and created the 8% equity income tax (CREE) applicable to taxable profits generated each year. However, this same law temporarily established that the CREE rate will be 9% for 2013, 2014, and 2015, 8% from 2016 on. This had effects on the EMGESA deferred tax, as follows:

	Income tax	CREE	CREE
2006 fiscal inflation adjustments	$ 188,427,125	$ 9,767,569	$ 178,659,556
Estimated liabilities	23,398,470	23,398,470	–
Quimbo investment reserve	14,032,483	–	14,032,483
Accounting versus fiscal depreciation	13,527	–	13,527
	227,871,605	33,166,039	192,705,566
	25%	9%	8%
	56,467,901	2,984,944	15,416,445
Deferred tax, debit, as of December 31 2013	$ 74,869,290		

	Income tax	CREE
Deferred credit, favorable ruling	$ 24,567,932	$ 24,567,932
	25%	9%
	6,141,983	2,211,114
Deferred tax, credit, as of December 31 of 2013	$ 8,353,097	

Industry and trade tax

This tax is calculated according to article 7 of Law 56 of 1981, based on the installed plant generation capacity in municipalities generation stations are located in.

The Company is subject to the industry and trade tax according to Law 14 of 1993 in Bogotá, applying a 0.966% rate to its operational revenues, 1.104% to other nonoperational revenues, and 15% on account of "avisos y tableros". In other municipalities in which the Company is responsible for the industry and trade tax, payment is made according to rates in each municipality.

Contribution to the environment

Law 1370 of December 2009 sets forth a new equity tax for the tax year of 2011, with a 2.4% rate for taxpayers with equities greater than $3,000 million and less than $5,000 million, 4.8% for taxpayers with equities equal to or greater than $5,000 million.

Subsequently, Decree 4825 of December 2010 set forth an additional equity tax of 25% for taxpayers with equities equal to or greater than $2,000 million.

This tax applies to equity existing on January 1 of 2011, payment having to be made in 8 equal installments between 2011 and 2014.

Transfer prices

Taxpayers carrying out activities with affiliated economic parties or related parties from abroad are required to establish - for the purpose of the income tax - their ordinary and extraordinary revenues, their costs and deductions, and their assets and liabilities, considering for these operations prices and profit margins used in comparable activities between non-affiliated parties. Independent advisers will update the transfer prices study required by the tax norms in order to demonstrate that such operations with economic affiliated companies from abroad were carried out at market values during 2013. For this purpose, the Company will deliver a statement and will have available the above study by mid-September 2014. Not doing it may result in sanctions and greater income taxes. However, management and its advisors have studied the 2013 contracts and have concluded that there will be no adjustments to the 2013 income tax.

Legal stability agreement

Following are the main aspects of the legal stability agreement executed between the Nation (Ministry of Mines and Energy) and Emgesa S.A E.S.P., formalized on December 20, 2010:

Object: the Company undertakes to build the El Quimbo hydroelectric station (Note 1).

Investment and terms: Company investments in the project will not be less than $1,922,578.

Key norms object of the legal stability (favorable):

a) 33% income rate, exclusion of the presumptive income calculation, and special deductions for investments in scientific development and in the environment, among others.

b) Allows ensuring special deductions for investments in real productive fixed assets (30%), eliminated in January 1 of 2011.

Parties' obligations

a) Company obligations.

Meet the amount of the investment plan for construction and commissioning of the El Quimbo project.

Pay the $9,612,891 legal stability premium (deposited on December 23 of 2010) (Note 9).

Timely pay taxes.

Hire an independent auditor to review and certify compliance with contractual commitments. For this, the Company hired a third-party specialist which issued its opinion without exceptions on March 22 of 2013 regarding transactions as of December 31 of 2012. Management believes the same opinion will be issued as a result of the audit made regarding compliance with the 2013 obligations - Confidentiality in Information.

b) Nation obligations.

Guarantee during 20 years stability of norms included in the contract (favorable) for the El Quimbo project.

19. OTHER LIABILITIES

		2013		2012
Forward operations (Note 27)	**$**	**851,268**	$	4,707,609
Third-party collections		**818,614**		–
	$	**1,669,882**	$	4,707,609

20. EQUITY

The authorized capital is comprised of 286,762,927 shares with a face value of $4,400 each. The subscribed and paid capital is represented by 127,961,561 ordinary shares and 20,952,601 preferential shares, for a total of 148,914,162 shares with a face value of $4,400, distributed as follows:

Shareholders 2013	Shareholders 2012	(%) Participation		Number of shares
Empresa de Energía de Bogotá S. A. E.S.P.	Empresa de Energía de Bogotá S. A. E.S.P.	51.51%	$	76,710,851
Enersis S.A.	Endesa Latinoamérica S.A	21.61%		32,176,823
Empresa Nacional de Electricidad S.A.	Empresa Nacional de Electricidad S.A.	26.87%		40,019,173
Other minority shareholders	Other minority shareholders	0.01%		7,315
		100.00%	$	148,914,162

Of the total number of E.E.B. shares, 20,952,601 correspond to shares with no voting rights and a preferential dividend of US$0,1107 per share.

Equity revaluation

Equity revaluation cannot be entered as profits, but can be capitalized.

Legal reserve

According to the Colombian law, the Company must transfer a minimum of 10% of its year profits to a legal reserve until reaching 50% of the subscribed and paid capital. This reserve is not available for distribution but can be used to absorb losses.

Income tax

According to the current legislation, foreign investments entitle their holders to remit above, in freely convertible currency, net verified profits periodically generated according to the general balance sheets of each year, the capital invested, and capital gains. Dividends of shareholders not living in Colombia are subject to a 0% income tax on the non-taxed portion, 33% on the taxed portion, as of December 31 of 2013 and 2012.

Share placement premium

Represents the greater value paid by the shareholder on the share's face value.

Payment of dividends

The March 20 of 2013 General Shareholders Assembly, according to Minutes 86, ordered distributing dividends for $783,529,388 against the 2012 net profits. The entire preferential dividend was paid in June, ordinary dividends during 2013 for $587,647,041, the balance having been paid on January 23 of 2014 for $195,882,347.

The March 21 of 2012 General Shareholders Assembly, according to Minutes 83, ordered distributing dividends for $667,755,033 against the 2011 net profits. The entire preferential dividend was paid in April; ordinary dividends were paid during 2012 for $501,844,856, the outstanding balance on January 13 of 2013 for $165,910,176.

21. MEMORANDUM ACCOUNTS

		2013		2012
Debtors:				
Contingent rights	$	**858,788,997**	$	1,464,171,124
Control		**134,848,245**		167,572,591
Fiscal		**94,788**		46,288
		993,732,030		1,631,789,983
Creditors:				
Fiscal	$	**2,173,888,450**		2,269,658,637
Contingent responsibilities (1)		**613,449,743**		598,010,156
Memorandum accounts, creditor		**2,787,338,193**		2,867,668,793
	$	**3,781,070,223**	$	4,499,458,776

(1) Contingent responsibilities as of December 31 of 2013 are mainly comprised of legal, civil, and labor contingencies for $193,904,689, contractual guaranties for $248,868,305, and other contingencies for $170,676,749.

22. OPERATIONAL REVENUES

		2013		2012
Block sales	$	**1,170,782,471**	$	1,151,627,611
Sales to non-regulated clients (trading)		**702,008,472**		634,848,979
Sales in the electrical generation exchange		**521,186,784**		353,788,939
Other services		**3,528,694**		3,967,575
	$	**2,397,506,421**	$	2,144,233,104

Total revenues received on account of Codensa sales represent 24.50% - $587,400,323 - and 30.60% - $656,249,442 - as of December 31 of 2013 and 2012, respectively, of operational revenues.

23. COST OF SALES

		2013		2012
Electrical power purchases and related costs	$	**587,180,711**	$	433,269,484
Depreciation		**144,020,417**		139,886,234
Use of indirect supplies		**131,795,619**		138,499,587
Contributions		**64,135,697**		65,528,756
Personnel costs (1)		**47,354,708**		34,419,786
Other generation costs		**38,303,206**		42,789,309
Insurance		**14,472,941**		14,436,335
General		**5,127,443**		5,037,729
Leases		**2,539,268**		2,597,895
Intangible amortizations		**1,453,888**		1,462,286
Public utilities		**1,179,620**		1,413,426
Deferred amortizations (2)		**58,279**		1,188,761
	$	**1,037,621,797**	$	880,529,588

(1) Includes the financial cost of pension liabilities for $5,535,519 and $5,869,361, for 2013 and 2012, respectively.

(2) Amortization of the integration project between EMGESA and Central Hidroeléctrica Betania was concluded in September 2012. The cost amortized during this time was $1,023,591.

24. ADMINISTRATION EXPENSES

	2013	2012
Salaries, wages, and bonuses	**$ 8,332,791**	$ 7,407,764
Depreciation and amortization (1)	**4,282,765**	2,728,104
Other general services	**3,641,014**	3,328,946
Charge on financial activities	**3,518,937**	4,695,478
Commissions, fees, and services	**2,834,655**	2,609,476
Other expenses (2)	**2,291,911**	4,715,054
Studies and projects (3)	**1,813,017**	–
Social security payments	**1,336,945**	1,288,864
Other personnel expenses	**1,048,694**	1,010,473
Leases	**14,669**	138,925
Aremari contract	**–**	1,584,442
	$ 29,115,398	$ 29,507,526

(1) Increased by the new SAP ISU commercial system platform license amortization.

(2) Other expenses are represented in temps, $357,749, inventory services $158,481, trip expenses $213.668, administration of floors 3 and 4 $120,433, corporate events $320,069, and other administration expenses $1,121,511.

(3) Corresponds mainly to investigation expenses associated to innovation and quality projects.

25. FINANCIAL EXPENDITURES, NET

	2013	2012
Financial revenues		
Interests on deposits	**$ 15,748,590**	$ 7,737,925
Accounts receivable interests (Ministry of Mines and Energy Ministry of Finances and Public Credit) *(Note 29)*	**11,463,637**	–
Exchange adjustments	**2,792,409**	1,507,065
Other	**482,082**	686,559
Late payment charge	**231,655**	119,344
Financial revenues from accounts receivable and investments	**95,314**	516,864
	30,813,687	10,567,757
Financial expenses		
Interests	**(113,814,414)**	(126,197,847)
Exchange adjustments	**(1,123,760)**	(2,494,961)
Other (1)	**(2,165,187)**	(4,091,791)
	(117,103,361)	(132,784,599)
Financial expenditures, net	**$ (86,289,674)**	$ (122,216,842)

(1) Other financial expenses as of December 2013 and 2012 correspond mainly to the following:

- Financial discounts for $1,137,057 and $2,803,629, respectively.
- Amortization of expenses associated to bond issuances for $158,455 and $219,200, respectively, and commissions for $869,144 and $695,349, respectively.

26. MISCELLANEOUS REVENUES (EXPENDITURES), NET

	2013	2012
Other revenues:		
Revenue from the ruling from the Ministry of Mines and Energy-Ministry of Finances and Public Credit *(Note 29)*	**$ 13,104,295**	$ –
Stamp tax recovery	**10,399,833**	–
Revenue from the coal pile volume measurement	**1,799,377**	679,923
Previous years' adjustments	**1,190,787**	931,762
Revenue from the sale of ash, coal patio	**1,179,344**	–
Other recoverys	**760,186**	287,351
Reimbursement of contribution - Superintendence of Public Household Utility Services	**692,707**	–
Profit from the sale of properties, plant, and equipment	**605,758**	61,100
A/R recovery	**451,185**	492,674
Profit from the sale of inventories	**237,365**	679,704
Recovery from outstanding invoices		
Other extraordinary revenues	**160,282**	293,540
Indemnifications from claims	**153,055**	724,851
Extraordinary revenues from conciliation entries	**112,666**	–
Previous years' income tax adjustment	**97,583**	186,107
Use contracts	**10,349**	1,949,220
	–	2,803,339
Other expenditures:	**30,954,772**	9,089,571
Previous years' adjustment, income		
Actuarial loss	**$ (2,868,130)**	$ (315,284)
Other adjustments for previous years (1)	**(2,546,110)**	(4,425,633)
Inventory reserve	**(1,491,342)**	(1,246,763)
Legal contingencies	**(856,007)**	(167,160)
Payment to Fundación Endesa	**(718,678)**	(1,796,746)
Previous years' adjustments - deferred tax	**(618,000)**	(599,000)
Other expenditures	**(511,273)**	(927,903)
Debtors reserve	**(363,181)**	(632,868)
Previous years' adjustment - expansion projects	**(163,637)**	(658,489)
Loss in properties, plant, and equipment	**(57,839)**	(3,569,481)
Discharges on account of previous years' maintenance	**(37,523)**	(18,112)
	–	(4,589,519)
Miscellaneous revenues (expenditures), net	**(10,231,720)**	(18,946,958)
	$ 20,723,052	$ (9,857,387)

(1) During 2013, other adjustments of previous years originate mainly from the public lighting tax $336,686, adjustments for personnel expenses $108,495, the agreement between EEB and Emgesa for the Tomine reservoir maintenance $639,227, and adjustment to costs associated to the Muña and Tomine trusts for $112,661.

27. FORWARD OPERATIONS

In order to hedge the effect of profits or losses from the exchange difference generated in the foreign currency net active monetary position, Emgesa S.A. E.S.P. established the following hedge agreements (forward non delivery), valued at the December 31 of 2013 and 2012 exchange rate, on which financial revenues were recognized as follows:

		2013		2012
All-risk and civil liability policy (1)	$	**15,503**	$	–
Salaco project fixed assets (2)		**(337,037)**		–
El Quimbo project fixed assets (2)		**(529,734)**		(4,707,609)
	$	**(851,268)**	$	(4,707,609)

(1) The forward corresponding to the insurance policy generated revenues against income.

(2) Forwards established for the purchase of fixed assets associated to the El Quimbo and Salaco projects generated losses, recognized in the deferred charges item.

Following are the forwards as of December 31 of 2013:

Entity	Initial date	Final date	Negotiable rate		(Thousand dollars)		(Thousand pesos)		Valuation
BANCO DE BOGOTÁ S.A.	24-sep-13	31-Jan-14	1,909.94	**US$**	**997,04**	**$**	**1,904,294**	**$**	**22,843**
BANCO DE BOGOTÁ S.A.	27-Dec-13	31-mar-14	1,975.05		**422,42**		**834,308**		**(13,605)**
BANCO SANTANDER S.A.	26-Jan-11	18-jul-14	2,093.97		**417,62**		**874,488**		**(53,726)**
BANCO SANTANDER S.A.	26-Jan-11	19-sep-14	2,110.03		**1,781,01**		**3,757,975**		**(235,818)**
BANCO SANTANDER S.A.	26-Jan-11	20-nov-14	2,126.08		**1,781,01**		**3,786,560**		**(241,626)**
BANCO SANTANDER S.A.	26-Jan-11	20-feb-15	2,149.37		**112,44**		**241,671**		**(15,460)**
BANCO SANTANDER S.A.	18-oct-13	16-Apr-14	2,074,89		**745,25**		**1,546,311**		**(94,662)**
BANCOLOMBIA	20-jun-13	21-feb-14	1,980.96		**1,393,72**		**2,760,894**		**(61,962)**
BANCOLOMBIA	20-jun-13	21-Apr-14	1,992.45		**136,00**		**270,981**		**(6,192)**
BANCOLOMBIA	31-oct-13	31-Jan-14	1,955.87		**432,90**		**846,692**		**(9,799)**
BANCOLOMBIA	22-nov-13	20-Jan-14	1,974.48		**617,91**		**1,220,051**		**(26,763)**
BANCOLOMBIA	21-nov-13	20-Jan-14	1,974.56		**81,63**		**161,187**		**(3,542)**
BANCOLOMBIA	27-Dec-13	03-mar-14	1,954.73		**278,95**		**545,278**		**(4,739)**
BANCOLOMBIA	23-Dec-13	21-mar-14	1,982.14		**1,061,84**		**2,104,708**		**(43,521)**
BBVA COLOMBIA	24-sep-13	28-feb-14	1,915.03		**903,23**		**1,729,714**		**19,299**
BBVA COLOMBIA	24-sep-13	30-may-14	1,930.15		**1,061,86**		**2,049,547**		**23,216**
BBVA COLOMBIA	24-sep-13	27-jun-14	1,934.91		**984,00**		**1,903,950**		**21,426**
BBVA COLOMBIA	24-sep-13	27-feb-15	1,977.64		**293,36**		**580,151**		**7,603**
BBVA COLOMBIA	24-sep-13	31-mar-15	1,983.47		**171,93**		**341,014**		**4,684**
BBVA COLOMBIA	24-sep-13	30-Apr-15	1,988.69		**134,98**		**268,431**		**3,874**
BBVA COLOMBIA	24-sep-13	29-may-15	1,993.75		**91,89**		**183,208**		**2,764**
BBVA COLOMBIA	24-sep-13	30-jun-15	1,999.35		**65,15**		**130,262**		**2,057**
BNP PARIBAS	21-jun-13	21-jul-14	2,016,13		**96,72**		**195,004**		**(4,946)**
BNP PARIBAS	21-jun-13	21-oct-14	2,036,04		**1,063,66**		**2,165,648**		**(57,083)**
BNP PARIBAS	21-jun-13	22-Dec-14	2,050,93		**1,129,52**		**2,316,566**		**(63,488)**
BNP PARIBAS	21-jun-13	23-feb-15	2,062,94		**99,77**		**205,817**		**(5,348)**
BNP PARIBAS	21-jun-13	21-Apr-15	2,077,89		**13,89**		**28,870**		**(762)**
BNP PARIBAS	03-jul-13	31-Jan-14	1,954,62		**675,94**		**1,321,208**		**(13,994)**
BNP PARIBAS	04-jul-13	28-feb-14	1,962,35		**326,43**		**640,562**		**(7,901)**
BNP PARIBAS	04-jul-13	31-mar-14	1,968,74		**364,15**		**716,917**		**(9,174)**
BNP PARIBAS	04-jul-13	30-Apr-14	1,974,16		**346,76**		**684,550**		**(8,682)**
BNP PARIBAS	04-jul-13	30-may-14	1,981,16		**331,04**		**655,847**		**(8,866)**
BNP PARIBAS	04-jul-13	27-jun-14	1,986,98		**144,54**		**287,198**		**(4,008)**

BNP PARIBAS	04-jul-13	31-jul-14	1,994,07	**250,25**	**499,020**	**(7,163)**
BNP PARIBAS	04-jul-13	29-Aug-14	1,999,26	**187,05**	**373,966**	**(5,342)**
BNP PARIBAS	04-jul-13	30-sep-14	2,004,95	**167,09**	**335,007**	**(4,750)**
BNP PARIBAS	04-jul-13	31-oct-14	2,012,11	**256,02**	**515,132**	**(7,562)**
BNP PARIBAS	04-jul-13	28-nov-14	2,019,31	**87,56**	**176,815**	**(2,733)**
BNP PARIBAS	04-jul-13	29-Dec-14	2,025,02	**253,99**	**514,333**	**(7,834)**
BNP PARIBAS	04-jul-13	30-Jan-15	2,030,23	**31,74**	**64,431**	**(911)**
BNP PARIBAS	04-jul-13	27-feb-15	2,038,34	**10,68**	**21,776**	**(322)**
BNP PARIBAS	04-jul-13	30-Apr-15	2,054,84	**31,63**	**65,001**	**(1,009)**
BNP PARIBAS	04-jul-13	29-may-15	2,058,21	**5,81**	**11,954**	**(167)**
BNP PARIBAS	04-jul-13	30-jun-15	2,064,33	**273,07**	**563,702**	**(7,511)**
BNP PARIBAS	20-nov-13	15-Jan-14	1,927,50	**6,786,11**	**13,080,217**	**15,503**
BNP PARIBAS	27-Dec-13	30-Apr-14	1,941,60	**434,05**	**842,753**	**2,582**
JP MORGAN-CHASE BANK	21-jun-13	21-may-14	1,992,39	**1,523,27**	**3,034,946**	**(60,510)**
JP MORGAN-CHASE BANK	21-jun-13	24-jun-14	2,009,98	**57,23**	**115,031**	**(2,919)**
JP MORGAN-CHASE BANK	25-sep-13	31-mar-14	1,924,05	**1,058,34**	**2,036,301**	**18,872**
JP MORGAN-CHASE BANK	25-sep-13	30-Apr-14	1,929,04	**1,181,43**	**2,279,026**	**21,586**
JP MORGAN-CHASE BANK	25-sep-13	31-jul-14	1,944,41	**856,81**	**1,665,994**	**15,885**
JP MORGAN-CHASE BANK	25-sep-13	29-Aug-14	1,949,29	**705,23**	**1,374,692**	**13,218**
JP MORGAN-CHASE BANK	25-sep-13	30-sep-14	1,954,87	**680,57**	**1,330,432**	**12,801**
JP MORGAN-CHASE BANK	25-sep-13	31-oct-14	1,960,75	**517,38**	**1,014,445**	**9,683**
JP MORGAN-CHASE BANK	25-sep-13	28-nov-14	1,965,77	**429,74**	**844,762**	**8,125**
JP MORGAN-CHASE BANK	25-sep-13	30-Dec-14	1,971,05	**609,26**	**1,200,878**	**12,010**
JP MORGAN-CHASE BANK	25-sep-13	30-Jan-15	1,976,14	**531,43**	**1,050,184**	**11,464**
JP MORGAN-CHASE BANK	25-sep-13	31-jul-15	2,008,07	**62,96**	**126,426**	**1,905**
JP MORGAN-CHASE BANK	25-sep-13	31-Aug-15	2,013,14	**54,07**	**108,851**	**1,732**
				$ 35,601.30	**$ 70,505,937**	**$ (851,268)**

Following are the forwards as of December 31 of 2012:

Entity	Initial date	Final date	Negotiable rate	(Thousand dollars)	(Thousand pesos)	Valuation
Banco Santander S.A.	26–Jan–11	20–jun–13	2,001.60	$ 3,761,117.07	$ 7,528,252	$ (727,698)
Banco Santander S.A.	26–Jan–11	19–jul–13	1,992.09	7,605,550.48	15,150,941	(1,355,972)
Banco Santander S.A.	26–Jan–11	20–sep–13	2,021.64	95,572.16	193,213	(19,402)
Banco Santander S.A.	26–Jan–11	20–feb–14	2,055.29	1,252,865.81	2,575,003	(256,899)
Banco Santander S.A.	26–Jan–11	20–mar–14	2,062.81	49,717.56	102,558	(10,275)
Banco Santander S.A.	26–Jan–11	16–Apr–14	2,074.89	1,889,406.08	3,920,310	(402,298)
Banco Santander S.A.	26–Jan–11	18–jul–14	2,093.97	417,621.94	874,488	(88,714)
Banco Santander S.A.	26–Jan–11	19–sep–14	2,110.03	1,781,005.53	3,757,975	(383,087)
Banco Santander S.A.	26–Jan–11	20–nov–14	2,126.08	1,781,005.53	3,786,560	(388,109)
Banco Santander S.A.	26–Jan–11	20–feb–15	2,149.37	112,437.84	241,671	(24,872)
Bbva Colombia	25–Jan–11	20–feb–13	1,952.73	5,814,076.89	11,353,322	(1,013,227)
Bbva Colombia	25–Jan–11	18–Jan–13	1,939.73	222,828.46	432,226	(37,056)
				$ 24,783,205.35	$ 49,916,519	$ (4,707,609)

28. CONTINGENCIES

As of December 31 of 2013 and 2012, following are the main litigations the Company is dealing with, regarding which management, with the support of its external and internal legal advisors, considers that the result of such litigations corresponding to the non-reserved portion will be favorable for the Company interests and will not result in significant liabilities that should be accounted or that would significantly affect its financial position otherwise.

Environmental contingency

Group action against Emgesa S.A. E.S.P., Empresa de Energía de Bogotá S.A. E.S.P. and CAR for alleged material and moral damages caused to the inhabitants of the municipality of Sibate, both to their health and to the value of their properties, as a result of the environmental problems caused by the quality of the Bogotá River water in the Muña reservoir. The initial claim was for COP $3,000,000,000,000. This action was added to another existing action for the same fact, in which there are a large number of defendants.

The 5th Administrative Court of Bogotá is currently processing prior exceptions filed by some defendants regarding the non-applicability of the demand considering not meeting formal requirements, improper defendant representation, lack of legitimacy in the cause upon being passive, and the action's caducity.

Company management and its internal and external advisors believe this contingency is remote and that, in case of a unfavorable ruling, the most critical scenario would involve $118,918,800 (TRM 1USD=$1,981.98).

Industry and trade tax

The energy generation line companies in Colombia have been contacted by municipalities attempting to charge EMGESA the industry and trade tax, based on its revenues, this way disavowing application of the special system contained in Law 56 of 1981, according to which this tax should be calculated taking into account the installed energy generation capacity.

The municipalities of Yaguará, Caloto, Puerto Tejada, Yumbo Puerto Nare and Guachené, have issued liquidations on accounts of this tax for 1998 through 2011, for an accumulated value of $67,947,248, of which $62,899,944 correspond to suits with the municipality of Yaguará.

There are annulment and reestablishment of rights claims filed before the Jurisdiction of the Contentious Administrative against such liquidations. The Company Finances Manager and its administration, together with its external and external advisors and based on legal criteria, have concluded that the contingency related to such tax is remote for the Yaguará case and has a 40% loss probability for other suits.

Income tax, 2003

The process generates from Company's lack of information regarding benefits available from applying the Paez Law. The tax authorities believe that the Company may not benefit from such law regarding its revenues. The process value is $89,745,231.

The Company Finances Manager and its administration, together with its external and external advisors, have concluded that this contingency is remote.

Consorcio Impregilo claim

As of December 31 of 2013 there is a claim by Consorcio Impregilo OHL, responsible for the El Quimbo project civil work, generated by greater expenses incurred by the contractor, to be transferred to EMGESA. As of the date of these financial statements, the Company is negotiating this with the contractor.

Other contingencies

As of December 31 of 2013, the value of claims filed on account of administrative, civil, and labor litigations and by contractors are the following:

Process	**Number of processes**	**Rating**	**Contingency value**	**Reserve value**
Administrative and civil	45	Probable	**$ 2,716,149**	$ 2,716,149
	120	Eventual	**36,186,421**	–
	69	Remote	**131,068,119**	–
	234		**169,970,689**	2,716,149
Labor and contractors	17	Eventual	**550,000**	–
	12	Remote	**23,384,000**	–
	29		**23,934,000**	–
Total processes	263		**$ 193,904,689**	$ 2,716,149

As of December 31 of 2012, the value of claims filed on account of administrative, civil, and labor litigations and by contractors are the following:

Process	**Number of processes**	**Rating**	**Contingency value**	**Reserve value**
Administrative and civil	53	Probable	**$ 1,168,817**	$ 1,168,817
	131	Eventual	**32,961,885**	–
	29	Remote	**125,018,702**	–
	213		**159,149,404**	1,168,817
Labor and contractors	1	Probable	**21,733**	21,733
	5	Eventual	**566,101**	–
	13	Remote	**23,444,000**	–
	19		**24,031,834**	21,733
Total processes	232		**$ 183,181,238**	$ 1,190,550

29. SUBSEQUENT EVENTS

Emgesa S.A. E.S.P. legal process against the Nation-Ministry of Finances and Public Credit-Ministry of Mines and Energy.

Endesa de Colombia SA, en liquidacion, Inversiones y Promociones S.A., Proyectos de Energía S.A. and Compañía Eléctrica Cono Sur S.A. suing the Nation-Ministry of Finances and Public Credit-Ministry of Mines and Energy. For the contractual action seeking payment of the amount corresponding to equity damages caused, upon profits corresponding to 1995 having been distributed among the Central Hidroeléctrica Betania shareholders, despite in the stock sale process the Nation having explicitly committed not to do it, this way defaulting the agreed pre-contractual commitments.

The State Council established that the cash dividend distribution made during the pre-contractual phase and lacking the required transparency and publicity in the Central Hidroeléctrica Betania negotiation process compromises the Nation's responsibility, since it affected the Company's financial situation and caused damages to the plaintiffs, who acquired the stock majority - property of the nation - for a greater value.

According to the ruling and based on the February 17 of 2007 document issued by the State Council, there was a procedural succession upon the assignment of the litigation rights having been accepted, as made to Central Hidroeléctrica Betania, the latter having been required to make the respective payment.

The value of the ruling corresponds to the amount paid in excess on account of the shares, $6,003,355, plus its indexing, which on the date of the ruling is $13,104,295; 6% annual interests will be paid ($11,463,637) from December 1998 until August 2013, for a total of $24,567,932.

On January 15 of 2014 the counterpart was entitled to requesting clarifications or additional information. During this time, it was entitled to presenting the fiscal impact incident in order to establish the manner in which payment would be made. However, no such requests were submitted so that the ruling is now final. Legally, this fact can only be certified by the General Secretary of the State Council, Section 3, with an official document we requested on January 20 of 2014 in order to register the invoice before the Ministry.

30. COMMITMENTS

"Canoas" Elevation Station Project

The Interinstitutional Agreement between la Empresa de Acueducto y Alcantarillado de Bogotá E.S.P. and the Company was executed on December 5 of 2011, whose purpose is joining efforts to guarantee construction of the “Canoas” Elevation Station through economic and operational contributions provided by the Company.

This agreement is important for the people living in the Bogotá river basin, inasmuch as it contributes to financing the necessary mega-work required to clean the Bogotá river and use this resource to generate electrical power, this way guaranteeing the electrical generation system’s reliability.

The Company contribution is $84,048 M for the station and close to $7,000 M annual for its operation, administration, and maintenance.

Such resources will be provided once Corporación Autónoma Regional de Cundinamarca – CAR makes a statement regarding the water concession term extension requested by the Company on September 21 of 2011, granting the concession for a similar time and under conditions that will be economically profitable and socially beneficial, and once the station is built by Empresa de Acueducto y Alcantarillado de Bogotá–EAAB.

31. FINANCIAL METRICS

The following financial metrics were calculated based on closings of the following financial statements:

Metric	Expression	2013	2012	Metric explanation
Liquidity				
Current ratio: ***(current assets/current liabilities)***	**(Times)**	**1,51**	**1.73**	Indicates the capacity the Company has to handle its current debts by committing its current assets
Indebtedness				
Total indebtedness level: ***(total liabilities/total assets)***	**%**	**40.67%**	**37.40%**	Indicates the leverage degree corresponding to a creditors' participation in Company assets
Indebtedness to current: ***(total current liabilities/total assets)***	**%**	**8.80%**	**7.29%**	Represents the debt percentage with 3rd parties, with current maturities
Indebtedness to total noncurrent: ***(total liabilities to noncurrent/total assets)***	**%**	**31.86%**	**30.11%**	Represents the debt percentage with 3rd parties, with mid and noncurrent maturities
Activity				
Commercial portfolio turnover: ***(365/(operational revenues/total portfolio))***	**Days**	**34**	**32**	Indicates the number of average commercial portfolio turnover days in the year
Vendor turnover: ***(365/(cost of sales/Accounts Payable vendors))***	**Days**	**29**	**61**	The average number of days the Company takes to pay vendor invoices
ROI				
Gross profit margin: ***(gross profit/operational revenues)***	**%**	**56.72%**	**58.92%**	The capacity the Company has to handle its sales in order to generate gross profits, i.e. before administrative and sales expenses, other revenues, and other expenditures and taxes.
Operational margin: ***(operational profits/operational)***	**%**	**55.51%**	**57.55%**	Indicates how much each sales peso provides to operational profits.
Net profit margin: ***(net profit/operational revenues)***	**%**	**36.29%**	**36.54%**	The percentage of net sales generating profits after taxes for the Company.
Equity ROI ***(net profits/total equity)***	**%**	**14.99%**	**13.69%**	The shareholders' investment yield
Operational ROI on assets (ROA) ***(net profits/total assets)***	**%**	**8.89%**	**8.58%**	For each peso invested in total asset, measures net profits.