

CONSOLIDATED FINANCIAL STATEMENTS

Emgesa S.A. E.S.P.

4-month period ending December 31 of 2014 and 8-month period ending August 31 of 2014, with the Statutory Auditor's Report

All values in Colombian pesos (), unless otherwise noted.

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

Consolidated financial statements

4-month period ending December 31 of 2014 and 8-month period ending August 31 of 2014

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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 General Balance Sheet as of December 31 of 2014, August 31, 2014 and December 31, and the corresponding consolidated income, equity changes, financial changes, and cash flow statements for the four-month periods ending December 31 of 2014. In the August 31, 2014 and twelve-month period ending December 31, 2013 together with significant accounting policies and other explanations. The balance sheet as of August 31, 2013 and the corresponding non-consolidated income, equity changes, financial changes and cash flows statements for the four-month period ending December 31, 2013 and the eight-month period ending August 31, 2013 were included to show the operations results for comparative purposes, which were not subject to my evaluation according to generally accepted auditing norms, which give me a reasonable basis for an opinion; therefore, I am not submitting any opinion regarding the aforementioned financial statements.

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 non consolidated Emgesa S.A. E.S.P. financial situation as of December 31 of 2014, as of August 31, 2014 and December 31 of 2013 and the results of its operations, the changes in its financial situation, and cash flows for the four-month period ending in December 31 of 2014 and eight-month period ending in August 31 of 2014, according to accounting principles generally accepted in Colombia, as issued by the National Government.

Yuliana Carolina Vargas Santiago
Statutory Auditor
Professional Card 163663-T
Appointed by Ernst & Young Audit S.A.S. TR-530

Bogotá, D.C., Colombia
January 27, 2015

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

General Consolidated Balance Sheets

	As of December 31 2014	As of August 31 2014	As of December 31 2013
<i>(Thousand Pesos)</i>			
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 961,177,146	\$ 934,390,104	\$ 837,376,699
Debtors, net (Note 4)	343,407,998	436,437,609	351,262,835
Participating companies (Note 5)	31,087,420	72,486,936	50,543,305
Inventories, net (Note 7)	37,324,033	42,444,869	46,094,985
Expenses paid in advance (Note 9)	15,305,177	3,688,608	13,158,424
Total current assets	1,388,301,774	1,489,448,126	1,298,436,248
Permanent investments, net (6)	8,324,464	8,324,464	8,324,464
Debtors, net (Note 4)	12,762,874	11,970,531	12,902,293
Inventories, net (Note 7)	11,093,636	12,960,376	12,141,647
Properties, plant and equipment, net (Note 8)	6,744,245,419	6,461,833,549	6,019,140,838
Deferred charges, net (Note 10)	160,663,656	152,572,389	130,625,789
Deferred tax (Note 18)	81,983,140	72,857,812	74,869,290
Intangibles, net (Note 11)	67,762,435	62,707,206	57,325,629
Other assets (Note 12)	6,685,296	7,822,214	6,585,995
Valuations (Note 13)	2,165,119,833	2,165,539,110	2,165,225,458
Total assets	\$ 10,646,942,527	\$ 10,446,035,777	\$ 9,785,577,651
Liabilities and equity			
Current liabilities:			
Financial obligations (Note 14)	\$ 356,450,901	\$ 331,309,735	\$ 240,668,813
Accounts payable (Note 15)	125,627,405	89,029,303	83,117,826
Participating companies (Note 5)	1,055,163,535	585,860,423	205,565,562
Labor obligations (Note 16)	17,591,171	14,882,619	15,785,587
Retirement pensions (Note 17)	10,086,711	9,945,431	9,869,800
Estimated liabilities and reserves (Note 18)	166,918,203	121,151,446	109,606,332
Taxes, liens, and rates (Note 19)	237,561,723	172,455,122	186,079,498
Deferred tax (Note 19)	-	-	8,353,097
Other current liabilities (Note 20)	-	1,003,392	1,669,882
Premium for placement of bonds pending amortization	64,740	323,702	776,881
Total current liabilities	1,969,464,389	1,325,961,173	861,493,278
Financial obligations (Note 14)	3,390,100,000	3,390,100,000	3,050,100,000
Retirement pensions (Note 17)	60,938,641	61,289,317	62,977,442
Premium for placement of bonds pending amortization	-	-	64,740
Revenues received an advance	2,096,059	1,788,500	1,591,600
Estimated liabilities and reserves (Note 18)	2,125,193	11,185,014	3,121,237
Total liabilities	5,424,724,282	4,790,324,004	3,979,348,297

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

	As of December 31 2014	As of August 31 2014	As of December 31 2013
	<i>(Thousand Pesos)</i>		
Minority interest	14,561	12,236	10,811
Equity:			
Subscribed and paid capital	655,222,313	655,222,313	655,222,313
Share placement premium	113,255,816	113,255,816	113,255,816
Legal reserve	327,611,156	327,611,156	327,611,156
Occasional reserves	178,127	178,127	178,127
Equity revaluation	1,674,583,276	1,674,583,276	1,674,583,276
Valuation surplus	2,165,119,833	2,165,539,110	2,165,225,458
Effect on investment conversion	10,847	(525)	1,288
Year results	286,222,316	719,310,264	870,141,109
Total equity	5,222,203,684	5,655,699,537	5,806,218,543
Total Shareholders liabilities and equity	\$ 10,646,942,527	\$ 10,446,035,777	\$ 9,785,577,651
Memorandum accounts <i>(Note 22)</i>	\$ 4,087,488,196	\$ 3,552,533,797	\$ 3,781,070,223

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
Legal Representative

Alba Lucía Salcedo Rueda
Public Accountant
Professional Card 40562–T

Yuliana Carolina Vargas Santiago
Statutory Auditor
Professional Card 163663–T
Appointed by Ernst & Young Audit S.A.S. TR–530
(See my January 27, 2015 report)

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

Consolidated Income Statements

	Four-month period from September 1 to December 31		Eight-month period from January 1 to August 31	
	2014	2013 (Not audited)	2014	2013 (Not audited)
	<i>(Thousand Pesos, except per-share net profits)</i>			
Operational revenues (Note 23)	\$ 803,691,763	\$ 784,153,699	\$ 1,810,740,332	\$ 1,613,352,721
Cost of sales (Note 24)	(338,156,869)	(341,966,142)	(674,257,569)	(695,655,655)
Gross profits	465,534,894	442,187,557	1,136,482,763	917,697,066
Administration expenses (Note 25)	(13,296,561)	(12,109,739)	(20,243,940)	(17,005,658)
Operational profits	452,238,333	430,077,818	1,116,238,823	900,691,408
Other expenditures (revenues):				
Financial, net (Note 26)	(34,541,657)	(20,011,287)	(71,533,152)	(66,278,387)
Various, net (Note 27)	(15,292,947)	18,124,761	5,001,990	2,598,291
Profits before taxes	402,403,729	428,191,292	1,049,707,661	837,011,312
Income tax (Note 18)	(116,181,178)	(130,431,233)	(330,395,972)	(264,628,288)
Current	(125,306,506)	(122,925,280)	(337,607,229)	(269,553,469)
Deferred	9,125,328	(7,505,953)	7,211,257	4,925,181
	286,222,551	297,760,059	719,311,689	572,383,024
Minority interest	(235)	2,280	(1,425)	(4,254)
Year net profits	\$ 286,222,316	\$ 297,762,339	\$ 719,310,264	\$ 572,378,770
Preferential per-share dividend	\$ 88.28	\$ 71.10	\$ 141.59	\$ 142.83
Net profits per share	\$ 1,909.64	\$ 1,989.55	\$ 4,810.45	\$ 3,823.59

See attached notes.

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

Consolidated Statements of Equity Changes

	Subscribed and paid capital	Stock placement premium	Reserves	Equity revaluation	Valuations surplus	Investment conversion effect	Accumulated profits	Shareholders equity
<i>(Thousand Pesos)</i>								
Balances as of August 31 2013 (Not audited)	\$ 655,222,313	\$ 113,255,816	\$ 327,789,283	\$ 1,674,583,276	\$ 2,165,820,796	\$ 1,374	\$ 572,378,770	\$ 5,509,051,628
Declared dividends	-	-	-	-	-	-	-	-
Period profits	-	-	-	-	-	-	297,762,339	297,762,339
Adjustment to valuation of permanent investments	-	-	-	-	33,900	(86)	-	33,814
Adjustment to fixed asset valuation	-	-	-	-	(629,238)	-	-	(629,238)
Balances as of December 31, 2013	655,222,313	113,255,816	327,789,283	1,674,583,276	2,165,225,458	1,288	870,141,109	5,806,218,543
Declared dividends	-	-	-	-	-	-	(870,141,109)	(870,141,109)
Period profits	-	-	-	-	-	-	719,310,264	719,310,264
Adjustment to valuation of permanent investments	-	-	-	-	-	(1,813)	-	(1,813)
Adjustment to fixed asset valuation	-	-	-	-	313,652	-	-	313,652
Balances as of August 31 2014	655,222,313	113,255,816	327,789,283	1,674,583,276	2,165,539,110	(525)	719,310,264	5,655,699,537
Declared dividends	-	-	-	-	-	-	(719,310,264)	(719,310,264)
Period profits	-	-	-	-	-	-	286,222,316	286,222,316
Adjustment to valuation of permanent investments	-	-	-	-	-	11,372	-	11,372
Adjustment to fixed asset valuation	-	-	-	-	(419,277)	-	-	(419,277)
Balances as of December 31 2014	\$ 655,222,313	\$ 113,255,816	\$ 327,789,283	\$ 1,674,583,276	\$ 2,165,119,833	\$ 10,847	\$ 286,222,316	\$ 5,222,203,684

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
Legal Representative

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(See my January 27, 2015 report)

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

Consolidated Statement of Changes in the Financial Situation

	Four-month period from September 1 to December 31		Eight-month period from January 1 to August 31	
	2014	2013 (Not audited)	2014	2013 (Not audited)
	<i>(Thousand Pesos)</i>			
Financial resources provided:				
Year/period net profits	\$ 286,222,316	\$ 297,762,339	\$ 719,310,264	\$ 572,378,770
Entries not affecting working capital:				
Depreciation	49,706,915	48,489,816	93,740,950	97,556,913
Amortization of intangibles	1,565,235	1,250,458	2,951,662	2,264,004
Deferred tax, previous years	(5,848)	–	869,638	511,273
Amortizations of deferred charges	285,980	84,717	237,296	169,441
Net loss (profits) from the sale of properties, plant and equipment	1,249	20,100	(181,080)	(588,335)
Inventories reserve	825,186	856,007	–	–
Recovery of other reserves	–	(255,101)	–	255,101
Reduction (increase) of revenues received in advance	307,559	44,850	196,900	(631,084)
Recovery on account of the El Quimbo yield	7,134,675	6,412,235	12,547,579	7,988,561
Emgesa Panama conversion effect	11,372	(86)	(1,813)	1,674
Lost from withdrawal from expansion projects	11,553,131	57,839	402,780	–
Current deferred tax	(9,119,480)	(847,145)	1,141,840	(4,925,180)
Forward valuation profits (loss)	3,796,887	(258,519)	(136,621)	4,099,357
Participation method loss (profits)	352,285,177	353,617,510	831,079,395	679,080,495
Total reserved for operations	(792,343)	(849,143)	931,762	1,417,014
Debtors reduction (increase)	1,041,554	8,694,169	(818,729)	(679,574)
Increase (reduction) of financial obligations	–	565,000,000	340,000,000	(141,660,000)
Total working capital reserved	352,534,388	926,462,536	1,171,192,428	538,157,935
Financial resources applied:				
Reduction (increase) of other assets	1,136,918	987,285	(1,236,219)	(1,901,992)
Changes to the equity tax payable	–	(24,606,988)	–	(24,606,988)
Properties, plant, and equipment purchases	(332,120,034)	(258,348,190)	(536,252,581)	(378,038,535)
Declared dividends	(719,310,264)	–	(870,141,109)	(783,529,388)
El Quimbo international bond interests	(22,016,133)	(15,691,618)	(37,893,746)	(19,200,810)
Reduction (increase) of deferred charges	(8,845,807)	(4,208,036)	(4,917,375)	9,149,464
Reduction (increase) retirement liabilities	(350,676)	(1,565,072)	(1,688,125)	84,037
Purchase of intangibles	(6,620,464)	(2,559,485)	(519,752)	(620,899)
Increase (reduction) of estimated liabilities and reserves	(9,059,821)	(8,035,485)	8,063,777	2,394,730
Bonds placement premium transfer, current	–	(258,962)	(64,740)	(517,922)
Minority interest	2,325	(2,280)	1,425	4,254
Total working capital used	(1,097,183,956)	(314,288,831)	(1,444,648,445)	(1,196,784,049)
Working capital increase (reduction)	\$ (744,649,568)	\$ 612,173,705	\$ (273,456,017)	\$ (658,626,114)
Net changes in working capital:				
Cash and cash equivalents	\$ 26,787,042	\$ 316,367,786	\$ 97,013,405	\$ (264,368,567)
Debtors	(93,029,611)	(627,874)	85,174,774	96,648,123
Accounts receivable, participating companies	(41,399,516)	(5,714,235)	21,943,631	99,850
Inventories	(5,120,836)	17,835,574	(3,650,116)	(13,881,599)
Expenses paid in advance	11,616,569	10,403,515	(9,469,816)	(8,205,248)
Financial obligations	(25,141,166)	(23,972,599)	(90,640,922)	(110,869,304)

Accounts payable	(36,598,102)	3,930,063	(5,911,477)	59,873,286
Accounts payable, participating companies	(469,303,112)	432,640,748	(380,294,861)	(464,437,900)
Labor obligations and integral Social Security	(2,708,552)	(2,028,218)	902,968	57,274
Retirement pensions and supplementary benefits	(141,280)	13,021	(75,631)	84,037
Estimated liabilities and reserves	(45,766,757)	(40,540,249)	(11,545,114)	(17,820,008)
Contributions taxes and rates payable	(65,106,601)	(86,719,099)	13,624,376	60,094,584
Deferred tax	-	(8,353,097)	8,353,097	-
Other current liabilities	1,003,392	(1,061,631)	666,490	4,099,358
Premium on placement of bonds pending amortization	258,962	-	453,179	-
Increase (reduction) of working capital	\$ (744,649,568)	\$ 612,173,705	\$ (273,456,017)	\$ (658,626,114)

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
Legal Representative

Alba Lucía Salcedo Rueda
Public Accountant
Professional Card 40562-T

Yuliana Carolina Vargas Santiago
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(See my January 27, 2015 report)

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

Consolidated Cash Flow Statements

	Four-month period from September 1 to December 31		Eight-month period from January 1 to August 31	
	2014	2013 (Not audited)	2014	2013 (Not audited)
	<i>(Thousand Pesos)</i>			
Operational activities				
Year/period profits	\$ 286,222,316	\$ 297,762,339	\$ 719,310,264	\$ 572,378,770
Depreciation and amortization	51,558,130	49,824,990	96,929,909	99,990,359
Portfolio reserve recovery	(155,980)	(59,655)	(303,769)	(391,530)
Portfolio reserve	2,147,487	66,571	1,072,331	97,066
Inventory reserve recovery	(234,607)	(237,365)	-	-
Loss from actuarial calculation	499,690	2,546,110	1,020,154	-
Bond amortization premium	(258,962)	(258,962)	(517,917)	(517,922)
Deferred tax, debit	(9,125,328)	(847,144)	1,147,688	(4,925,180)
Deferred tax, debit, previous years	-	-	863,790	511,273
Deferred tax, liabilities	-	8,353,097	(8,353,097)	-
Loss from withdrawal from expansion projects	11,553,131	57,839	402,780	-
Inventories reserve	825,186	856,007	-	-
Retirement pensions reserve	1,638,589	(1,163,741)	3,277,178	6,699,260
Loss (profit) from the sale of properties, plant, and equipment	1,249	20,100	(181,080)	(588,335)
Participation method loss	11,793	(229,555)	679,804	229,555
Expenses, costs, and contingencies reserve				
Net change in operational assets and liabilities:	90,248,367	24,307,719	(112,998,344)	(94,903,028)
Debtors	(11,616,569)	(10,403,515)	9,469,816	8,205,248
Expenses paid in advance	6,396,997	(8,904,040)	2,831,387	13,202,025
Inventory	725,849,151	176,317,430	882,831,162	614,613,041
Economic participating parties	1,136,919	987,285	(1,236,219)	(1,901,992)
Other assets	36,598,103	(3,930,063)	5,952,901	(59,835,003)
Accounts payable	89,710,985	86,751,128	10,945,115	(60,128,202)
Taxes, liens, and rates	(2,347,676)	(2,960,462)	(5,909,826)	(6,699,260)
Pension liabilities (payments)	2,708,552	2,028,218	(902,967)	(57,274)
Labor obligations	(1,003,392)	1,061,631	(666,490)	(4,099,358)
Other current liabilities	36,695,143	32,479,218	18,929,087	20,240,284
Estimated liabilities and reserves	307,559	44,850	196,900	(631,084)
Revenues received in advance	1,319,366,833	654,470,030	1,624,790,557	1,101,488,713
Investment activities				
Purchase of properties, plant, and equipment	(332,120,034)	(258,348,190)	(536,252,581)	(378,038,535)
El Quimbo international bond interests	(22,016,133)	(15,691,617)	(37,893,746)	(19,200,811)
Purchase of deferred charges	(8,845,807)	(4,208,036)	(4,917,375)	9,149,464
Purchase of intangibles	(6,620,464)	(2,559,485)	(519,752)	(620,899)
Revenues from interests on ruling - Ministry of Mines and Energy and Ministry of Finances and Public Credit	-	(11,463,637)	14,609,577	-
Revenues on account of recoveries from ruling - Ministry of Mines and Energy and Ministry of Finances and Public Credit	-	(13,104,295)	13,414,688	-
Net cash used in investment activities	(369,602,438)	(305,375,260)	(551,559,189)	(388,710,781)
Financial activities				
Payment of financial obligations and interests	\$ (78,683,177)	\$ (360,561,911)	\$ (340,751,321)	\$ (159,576,496)
Financial obligations and interests incurred	103,824,343	949,534,510	771,392,243	128,785,800

Equity tax payment	(24,606,988)	(24,606,988)	(24,606,988)	(24,606,988)
Recovery of El Quimbo yield	7,134,675	6,412,235	12,547,579	7,988,561
Loss from forward valuation	3,796,887	(258,519)	(136,621)	4,099,357
Payment of dividends	(215,146,526)	(603,243,944)	(524,521,358)	(150,313,273)
Declared dividends	(719,310,264)	–	(870,141,109)	(783,529,388)
Net cash (used) in financial activities	11,372	(87)	(1,813)	1,674
Minority interest	2,325	(2,280)	1,425	4,254
Net cash (used) in financial activities	(922,977,353)	(32,726,984)	(976,217,963)	(977,146,499)
Net cash changes	26,787,042	316,367,786	97,013,405	(264,368,567)
Cash and cash equivalents at the beginning of the year	934,390,104	521,008,913	837,376,699	785,377,480
Cash and cash equivalents at year's end	\$ 961,177,146	\$ 837,376,699	\$ 934,390,104	\$ 521,008,913

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
Legal Representative

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Appointed by Ernst & Young Audit S.A.S. TR–530
(See my January 27, 2015 report)

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Emgesa S.A. E.S.P.

Notes to the Consolidated Financial Statements

4-month period ending December 31 of 2014 and 8-month period ending August 31 of 2014.

(All values in thousand pesos, except for amounts in foreign currency, exchange rates, and the shares' nominal value).

1. Main Accounting Policies and Practices

Reporting entity

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

Corporate Object. The Company's main object is generation and trading of electrical power according to Laws 142 and 143 of 1994 and norms regulating, appending, modifying, or derogating them. In development of its main object, the Company may acquire generation plants and plan, build, operate, maintain, and commercially exploit electrical power generation stations, taking the necessary steps to protect the environment and the good relations with the community in the area of influence of its projects; perform work and designs and provide consultancy services in electrical engineering and trade products in benefit of its clients. The Company may perform all activities related to exploration, development, investigation, exploitation, trading, storing, marketing, transportation, and distribution of minerals and rock materials. Additionally, the Company may develop all types of activities directly, indirectly, supplementary, or auxiliary to the fuel gas trading business. The Company's term is indefinite.

Gas Trading. In 2014, EMGESA participated as a new gas trading agent in negotiation processes with producers, traders, and clients of the non-regulated market, according to Resolution CREG 089 of 2013. As a result of this, 6,501 Mbtud were negotiated for the purchase of field supplies in the Cusiana field (primary and secondary markets) and the respective transportation capacity and ATR distribution. 103 proposals at a national level were received (Antioquia, Cundinamarca, Eje Cafetero, Valle del Cauca, Cauca, and Llanos Orientales), according to which 12 contracts were executed with 12 non-regulated clients, being served by EMGESA since December 1 of 2014.

El Quimbo Project. This project was approved with Resolutions 899 of May 15 of 2009 and 1628 of August 21 of 2009. The Company believes the station will start operating Q3 2015.

Title deeds for 2014 land properties considered of public use cover 97% of the total area, considered in the purchase options as delivered to the owners. During 2014, construction of populated centers for resettlements located in Llano de la Virgen, Santiago, Palacios, and Montea was started, the designs for the irrigation districts having been concluded. Houses were delivered to the collective resettlement beneficiaries in Santiago and Palacios

The economic development program for the "entrepreneurs with energy" strategy continued, consisting in establishing initiatives for sustainable productive projects and delivering to the beneficiaries educational subsidies that will ensure their participation and attendance.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

The reservoir's forest use was awarded and started, an activity essential to start filling it.

The 1% investment plan being developed for the purchase of land properties in regional and municipal natural parks areas continued, as well as construction of four sections of substitute roads in the existing road network.

Construction of the main project work continues (dam, auxiliary dyke, spillway, machinery room, collection work, transportation, and electrical installations). Placement of the dam fill and the civil infrastructure at the machinery room continued, as well as the control building finish work. The electromechanical equipment continued installation according to program, all equipment already being at the worksite. Bridge cranes are ready for operation.

Work on the load and bottom discharge tunnels' shielding continued with a high level of progress, as well as installation of the spillway gates.

EEB continued building the Tesalia (Tesalia-Altamira line), as considered in the connection to the National Transmission System.

The Company reviewed the September 2014 report under an external audit made by the System Administrator (XM), whose result is that the first unit will be commissioned August 2 of 2015, the second September 2 of 2015.

Assignment of Firm Energy Obligations –El Quimbo Project

Resolution CREG 114 de 2014 contains an additional mechanism for a plant - either existing or under construction - to assign during one year the reliability charge of its Firm Energy Obligations (OEF for its Spanish acronym). The Company decided to apply this mechanism to the El Quimbo project in order to minimize the risk and the economic impact should El Quimbo be delayed beyond November 30, 2015, which would result in losing obligations assigned to the project during 20 years.

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.

Affiliate companies – *Sociedad Portuaria Central Cartagena (SPCC S.A.)* is a commercial stock company incorporated on November 18, 2009, registered through public deed No. 2643 of Notary 11 of Bogotá. The company's legal term expires on September 18, 2059.

Corporate Purpose. The SPCC S.A. main corporate purpose is investment, construction, and maintenance of docks and public and private ports, port administration, provision of loading and unloading services, storage services, and other services directly related to port activities; development and exploitation of a multipurpose port according to the law; provision of port services as a port operator and allow other port operators to provide such services; associate with other port companies or holders of special authorizations as mentioned in article 4 of Law 1 of 1991, temporarily or permanently, in order to facilitate the use of common use marine areas near the port by performing work such as dredging, fills, and ocean engineering work, providing the necessary common benefit services.

Concession Agreement.

Object. The right to occupy and temporarily and exclusively use beaches, low tide areas, and accessory areas, and the existing port infrastructure located in the Mamonal sector, District of Cartagena,

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Department of Bolívar.

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

Payment terms. Initially agreed in 20 annual advance payments. However, in August 2011 Sociedad Portuaria Central Cartagena decided to pay the debt to the Cartagena National Roads Institute and the Cartagena Treasury with a loan granted by EMGESA for \$569,144, with a 7-year term and full principal payment plus interests upon maturity.

Investment Plan. The contract sets forth an investment plan to be carried out by SPCC S.A. in the public use area, equivalent to US \$261,545, establishing the general activities, the investment value, and its term and schedule for the 24 months following contract execution. Should the concession holder decide to change the approved investment plan it should make sure that the present value of all investments will be equal to US \$206,585.

Company obligations. SPCC S.A. undertakes to meet all legal and contractual obligations required for this contract's development, especially the following:

- Pay the concession consideration and the surveillance rate established in the contract, according to current legal norms and the respective payment days.
- 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 initial 4 years. Once the final infrastructure has been built, the concession holder will deliver the barge to the nation, in good condition and operational.
- The concession holder undertakes to during the first year initially operate with the existing port infrastructure and the floating berth. A fixed berth will be built at the beginning of the 25th month.
- Not develop unfair competition.
- Not assign the concession agreement, in full or in part, without prior authorization.
- Follow the Superintendence of Ports and Transportation norms.
- Protect the environment.
- Inform the National Concessions Institute – INCO and the Superintendence of Ports and Transportation the volume of cargo moved, delivering a monthly report containing tons moved, itemized by type of cargo.

Concession term. The concession term is 20 years from formalization of the port concession agreement. No automatic extensions are considered, which will only be approved as authorized by the law or by the competent body according to the procedure contained in current norms for such purpose.

Affiliate entity. Emgesa Panamá S.A. is a company created according to the loss of the Republic of Panama on July 3 of 2012. Its term is indefinite.

Corporate purpose. Purchase, sale, import, and export of electricity and sale of electrical power and its associated power. It may dedicate itself to industry and trade in general, being able to perform all transactions, operations, deals, acts, and activities allowed by Panamanian laws to stock companies. The company is in its pre-operational phase.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

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

Consolidation Principles

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

- Should more than 50% of its capital belong to the parent company, directly or through its subordinated companies or their subordinate companies.
- 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 number of votes necessary to elect the majority of the members of the Board of Directors.
- Should the parent company, directly or through its subordinated companies, by reason of an act or a deal with the controlled company or its partners exercise dominant influence on the decisions of the company administrative bodies.

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

As of December 31 of 2014, the EMGESA S.A. E.S.P. and its affiliates' assets, liabilities, equity , and income are the following:

	Emgesa S.A. E.S.P	Sociedad Portuaria Central Cartagena S.A.	Emgesa Panamá
Total assets	\$ 10,646,930,695	\$ 1,418,987	\$ 17,652
Total liabilities	5,424,727,011	1,130,641	3,304
Equity	5,222,203,684	288,346	14,348
Net year profits/losses	286,222,316	4,652	(8,754)

Presentation bases

The attached 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 modification by the Superintendence of Public Household Utility Services, which from January 1 of 2006 on eliminated for private-legal public utility service providers application of the inflation adjustment system, for accounting purposes.

Such accounting principles and policies could in certain cases differ from other international accounting norms.

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

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Accounting Period

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

The duly formalized Company bylaws authorize the Board of Directors to establish the necessary account closings. Through Minutes 407 of August 13 of 2014 the Board of Directors ordered the administration to close its financial statements as of August 31 of 2014 in order to submit them for the Shareholders Assembly approval and distribute dividends.

The attached financial statements for the periods ending on August 31 of 2014 and 2013 correspond to 8-month periods, the December 31 of 2014 and 2014 to 4-month periods. No early closing was done on 2013; figures for such year are provided for comparison purposes only.

Monetary Unit

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

Relative Importance Criterion

An economic fact has relative importance should due to its nature, value, and surrounding circumstances knowing or not knowing it could significantly affect the economic decisions of those using the information. The financial statements itemize specific lines according to legal norms, as well as those representing 5% or more of total assets, current assets, current liabilities, noncurrent liabilities, working capital, equity, revenues, costs, and expenses, as applicable, as well as the use of estimates. Lower values are described should they allow to better interpret financial information.

Transactions in Foreign Currency

Transactions in foreign currency are carried out according to current legal norms, recorded using exchange rates existing on the respective date. Balances in foreign currency are expressed in Colombian pesos, applying exchange rates of \$2,392.46 \$1,926.83, \$1,918.62, \$1,935.43 per US \$1 and \$2,910.67, \$2,662.11, \$2,527.40, \$2,552.25, per Euro as of December 31 of 2014 and 2013 and August 31 of 2014 and 2013, respectively. Exchange differences are assigned to the respective asset or liability and to income, revenues, or expenses, as applicable.

Cash and Cash Equivalents

Cash includes cash available, banks, and savings accounts. Available cash equivalents correspond to investments in fixed revenue instruments, easily redeemable in the short term (between 1 and 120 days), reported at face value and valued using the revenue accrual method.

Fixed term deposit certificates have been considered short-term investments, considering that the interest agreed with bank entities is fixed, so that their risk is low. Additionally, they are easily convertible into cash before their maturity, if needed.

Permanent Investments in Controlled Companies, Net

Investments in subordinated companies in which the Company or its parent company directly owns more than 50% of their capital stock are accounted using the equity participation method and are adjusted to the equity value by recognizing the difference as a reserve or a valuation. The cost of investments does not exceed the market value.

The Company recognizes the effect in conversion in an item in equity by re-expressing financial statements of controlled companies with functional currencies other than the Colombian peso

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Derivative Financial Instruments

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

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

Considering the possible volatility subject to affecting payment days and amounts payable in dollars to equipment vendors, the Company has decided that its hedging strategy will be rollover, as follows:

Adjust hedging amounts and dates should the estimated payment dates be changed. Adjustments can be done by means of new contracts, early liquidations, or adjustments to existing contracts. This strategy will allow achieving the highest possible effectiveness in exchange rate hedging.

For all-risk and civil liability corporate insurance policies, the adjustment is directly recognized in the income accounts.

Inventories, Net

Company inventories are accounted at average cost. They are represented by materials and supplies (spare parts and consumables), which are kept in the warehouse for use in investment and maintenance projects. A reserve is made for inventory protection purposes based on technical obsolescence and low turnover analyses.

Debtors Reserve

The delinquent accounts reserve was created based on Company policies, which indicate that such reserve will be made on 100% of debts more than 360 days delinquent.

In addition to this policy, in December 2014 an individual analysis was made in some special cases.

Properties, Plant, and Equipment, Net

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

	Emgesa S.A. ESP	2013	Portuaria Central
	servicelife	servicelife	de Cartagena S.A
	<i>(Average years)</i>	<i>(Average years)</i>	servicelife
			<i>(Average years)</i>
Constructions and buildings	68	65	–
Plants, ducts, and tunnels	71	70	–
Machinery and equipment	15	20	10
Grids, lines, and cables	15	15	–
Communications equipment	12	12	–

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Furniture, furnishings, and office equipment	10	10	10
Computer equipment	5	5	–
Transportation, traction, and lifting equipment	5	5	–

With the support of Consultores Unidos, in late 2013 the Company started reviewing its fixed assets structure in order to open its systems in specific assets and update their remaining service lives. As a result of this project, fixed assets were opened in March 2014 in the SIE2000A system AM module, recalculating depreciation from January 2014.

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

The Company has no restrictions or liens for any type of property, plant, or equipment guaranteeing the obligation or its value.

Deferred Charges, Net

The Company enters to deferred charges: a) costs of the El Quimbo investment project, such as exchange differences, yields, sanctions to vendors, interests, stability premium amortization, bond financial expenses, and all costs associated to the project and not subject to being capitalized to fixed assets; b) prefeasibility studies of plant projects, amortized upon being commissioned; c) costs incurred in contracting of financial obligations, amortized using the straight line method during the term of the loan.

Intangible Assets, Net

Correspond mainly to a) the acquisition cost of water rights in the Chingaza and Río Blanco projects. Amortized using the straight line method during 50 years, and b) expenses incurred regarding licenses and software, amortized in 3 years using the straight line method.

The Company has 17 water concessions for electric power generation, process refrigeration, and household use. According to norms, the environmental authority charges domestic and refrigeration uses. Regarding water used for electrical power generation, a payment is made (electric sector transfers) to the environmental municipalities and authorities. The transfer includes payment of the water use rate by the hydro-energy sector.

Valuations

Properties, Plant, and Equipment

Correspond to the differences between a) the net book value and the market value for real estate properties or b) the replacement value for plants, machinery, and equipment, established by skilled and authorized experts. Appraisals are not more than 3 years old.

The properties, plant, and equipment valuations are entered to separate accounts in assets and as a surplus on account of valuations in equity, not distributable. The respective valuations are entered directly in the income statement as an expense.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Equity investments using the cost method

Correspond to differences existing between the cost of investments (adjusted for inflation up to December 2005) and their intrinsic value. Investment valuations are entered to separate accounts in assets, as a valuation surplus in equity, not distributable. Investment evaluations are entered as a lower valuation and surplus value from equity valuations, without prejudice to the net balance being of a different type.

Labor obligations

The labor legislation considers paying a compensation to workers not in the integral salary system should they be unemployed, which could be paid by a fund or by the Company according to the applicable system, on which 12% annual interests are paid on accumulated values. However, there could be partial payments related to such amounts during the labor relationship, according to the law. Should the work contract be unjustifiably terminated or should there have been a mutual agreement, the employee will be entitled to receiving additional payments that could vary according to time of service and salary.

The Company makes periodical severance and social security payments (health, professional risks, and pensions) to the respective private funds or to Colpensiones, which assume these obligations in full.

The law previously included the obligation of establishing and directly paying retirement pensions to employees, which was derogated and are now exclusively paid by social security entities, the Company continuing being responsible for those previously recognized. The pension liability is established by means of a study made by an actuary recognized by the national government. The retirement pension obligation includes the effects of the respective application of the new mortality rates approved by the Financial Superintendence with Decree 1555 of July 30, 2010, representing the present value of all future monthly payments the Company will have to make to employees having met the respective requirements.

Contingency accounting

As of the date of these financial statements there could be circumstances leading to company losses, which will only be known should in the future certain circumstances arise. Such situations are evaluated by the administration and the legal advisors regarding their nature, their likelihood, and the amounts involved, in order to decide on changes to amounts reserved and/or disclosed. This analysis includes current legal processes against the Company.

The Company makes reserves to cover estimated liabilities and the possibility of likely losses. Other contingent liabilities are not included in the financial statements but are included in memorandum accounts. A contingent asset is not included in the financial statements but is disclosed in memorandum accounts should its contingency level be probable.

Taxes, Liens, and Rates

The income tax reserve was calculated at the official rate of 34% in 2014 and 2013, which includes both the 25% income tax and the 9% CREE equity tax, using the accrual method and established based on commercial profits in order to properly relate the year revenues with costs and expenses, entered using the estimated liability value.

Law 1739 of 2014 changed the CREE equity tax rate from 2016 on, going from 8% to 9%, indefinitely, applicable to taxable profits achieved every year. Additionally, this law established the 5%, 6%, 8%, and 9% surcharges for 2015, 2016, 2017, and 2018, respectively.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

The effect of temporary differences involving payment of lower or greater income taxes in the respective year is entered as a credit/debit deferred tax, applying current taxes once differences are reverted (39% for 2015, 40% for 2016, 42% for 2017, 43% for 2018, and 34% from 2019 on), provided there is reason to believe that such differences will revert in the future, additionally that for the asset sufficient taxable income will be generated.

The income tax is net of advance payments and credit tax withholdings.

The active deferred tax arising from the temporary difference arising from the elimination of accounting inflation adjustments from January 1 of 2016 on is amortized according to the fixed assets' service lives; additionally, the deferred tax is recognized to take into account other temporary differences existing between accounting and fiscal balances.

The passive deferred tax resulting from the temporary difference originates from the revenue existing according to the favorable ruling made based on 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 this year being the year when the ruling was issued, however this effect reverting at the end of the year.

Equity Tax

Law 1370 of December 2009 created a new 2.4% equity tax for 2011, for taxpayers with fiscal equities higher than \$3,000 million and lower than \$5,000 million, 4.8% for taxpayers with equities equal to or greater than \$5,000 million.

Subsequently, Decree 4825 of December 2010 established a 25% equity surtax for taxpayers with equities equal to or higher than \$3,000 million.

This tax applied to equity held as of January 1 of 2011, the respective payment having been made in 8 equal installments during 2011 and 2014.

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

Wealth tax

Law 1739 of December 2014 created the wealth tax for 2015 through 2017 for legal persons. The rate is 1.15%, 1%, and 0.4% for 2015, 2016, and 2017 for equities in excess of \$5,000 million, calculated annually on net assets as of January 1 of each year, reduced by \$5,000 million

Recognition of Revenues, Costs, and Expenses

Emgesa S.A. E.S.P.

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

Power levels higher than 0.1 MW or electrical power consumption higher than 55 MWh-month are required in order to be considered a non-regulated user. Clients should be represented by a trader, the latter being responsible for applying the user registration procedure before the ASIC, the Colombian market commercial interchange system administrator, carried out by XM.

The pool energy market is used to realize power not committed under contracts. In this market, such

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

recognition exists should generators make daily and hourly price offers on account of electrical power the system has available.

Revenue estimates are made based on available information, reflecting the most realistic 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.

According to the Superintendence of Public Household Utility Services regulations, the Company registered in the Public Utility Service Providers on January 14 of 2015.

Sociedad Portuaria Central Cartagena and Emgesa Panamá

Sale revenues are entered in the period the services are provided. Costs and expenses are entered on accrual basis.

Bond Placement Premium

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

Use of estimates

Preparing financial statements according to generally accepted accounting principles requires the Administration to make estimates that could affect the values of its assets, liabilities, and revenues. Current or market values could be different from such estimates. The administration believes the estimates and assumptions used are adequate.

Net per-share profits

Established using the year's net profits by the number of outstanding shares. This calculation includes clearing preferential dividends corresponding to 20,952,601 shares as of August 31 of 2014 and 2013 from Empresa de Energía de Bogotá S.A. E.S.P. Preferential dividends are valued at US \$0.1107 per share.

Memorandum accounts

These accounts include mainly contingent rights and responsibilities, differences between accounting and fiscal figures, and commitments under credits assigned to clients and workers.

Short and long-term reclassification

For general balance sheet purposes, current assets or liabilities are those having recovery or payment terms not exceeding 12 months. Those exceeding this time are included in the general balance sheet, in the non-current line.

Cash flow statements

Prepared according to the indirect method. Cash and cash equivalents included in the cash flow consolidated statements correspond to available cash and current investments.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

New accounting pronouncements

Convergence 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 related to accounting principles generally accepted in Colombia to International Financial Information Norms (NIIF or IFRS), as issued by the International Accounting Standards Board issued as of December 31, 2012. There are exceptions to their application which could lead to including an explicit a statement regarding their application with some exceptions.

Considering that such conversion is complex and will have significant effects on the companies, the Technical Public Accountants Council classified the companies into 3 groups for such transition.

Emgesa S.A. E.S.P.:

The Company belongs to Group 1, whose transition period starts 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 the NIIF implementation plan to the Superintendence of Public Household Utilities, approved by the Board of Directors on February 21 of 2013, according to Resolution N° SSPD 20131300002405 of February 2013, regulating information requirements in order to apply Decree 784 of 2012.

The submitted NIIF implementation plan includes activities associated to the mandatory preparation phase and preparation of the opening financial statements, to be carried out between January 1 of 2013 and December 31 of 2014.

According to Resolution N° SSPD 20141300033795 of July 30 of 2014, establishing information requirements for public utilities companies classified in groups 1 and 3, on August 29 of 2014 the Company submitted to the Superintendence of Public Household Utilities the opening financial situation statement, the equity conciliation, and the January 1 of 2014 disclosures and policies.

As of December 31 of 2014, the Company has carried out the following activities: creation of the project's leader team, definition and assignment of project resources, and diagnosis of relevant effects caused by the implementation process; a training and communications plan is being carried out; policies are being defined and adjustments made to information systems. During 2015, training plans and internal communications will continue, completing the work done to IT systems, norm systems and internal control systems, additionally making an audit to the opening balance sheets.

Sociedad Portuaria Central Cartagena

According to Law 1314 of 2009 and Regulatory Decrees 706 and 2784 of 2012, companies are required to start their convergence process to accounting principles generally accepted in Colombia according to International Financial Information Norms (NIIF or IFRS) as issued by IASB (International Accounting Standards Board). Considering that such process is complex and will have significant effects on the

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

companies, the Public Accountants Technical Council classified the company in 3 groups for such transition.

For companies belonging to Group 1, their mandatory transition period begins on January 1 of 2014, January 1 of 2015 for Group 2; Group 1 companies should issue their first comparative financial statements under NIIF as of December 31 of 2015, December 31 of 2016 for group 2.

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

1. Assets and liabilities in foreign currency

Existing basic norms in Colombia allow for free negotiation of foreign currency through banks and other financial institutions, at free exchange rates. However, most transactions in foreign currency require complying with certain legal requirements.

Summary of assets and liabilities in foreign currency:

	As of December 31 of 2014		
	(in EUR)	(in USD)	(in thousand pesos)
Cash and cash equivalents	€ 2,871	US\$ 551,551	\$ 1,327,922
Advance payments	175,670	3,758,553	7,928,736
Accounts Payable (Note 15)	(816,006)	(2,647,097)	(8,577,525)
Net active (passive) position	€ (637,465)	US\$ 1,663,007	\$ 679,133
	As of August 31 of 2014		
	(in EUR)	(in USD)	(in thousand pesos)
Cash and cash equivalents	€ 1,857	US\$ 3,652	\$ 11,700
Advance payments	153,032	4,184,252	8,619,545
Accounts Payable (Note 15)	(8,739)	(1,162,289)	(2,248,625)
Net active position	€ 146,150	US\$ 3,025,615	\$ 6,382,621
	As of December 31 of 2013		
	(in EUR)	(in USD)	(in thousand pesos)
Cash and cash equivalents	€ 3,583	US\$ 19,529	\$ 47,166
Advance payments	327,893	4,937,902	10,380,279
Accounts Payable (Note 15)	(66,193)	(478,775)	(1,094,640)
Net active position	€ 265,283	US\$ 4,478,656	\$ 9,332,805

2. Cash and Cash Equivalents

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

	As of December 31 2014	As of August 31 2014	As of December 31 2013
National banks-savings (1)	\$ 315,986,093	\$ 339,376,689	\$ 274,904,327
National banks-checking (1)	10,885,685	7,521,511	6,385,225
Fixed income liquidity administration investments (2)	631,488,619	587,450,440	556,063,199
Operational investments (Note 28)	2,793,495	-	-
Cash	23,254	41,464	23,948
	\$ 961,177,146	\$ 934,390,104	\$ 837,376,699

- (1) Cash included in these accounts corresponds mainly to the May 16 of 2014 \$590,000,000 bond issuance used to finance the El Quimbo project, for \$480,000,000, payment of the A509 bond maturity for \$92,200,000 in July, and \$17,800,000 used for working capital. As of August 31 of 2014, the balance of the El Quimbo financing resources (\$554,888,703) is distributed as follows: \$92,061,743 available on-sight and \$462,826,960 in short-term investments (CDT's).

As of December 31 of 2014, the balance of the El Quimbo project financing resources of \$371,792,708 is distributed as follows: \$91,235,159 available on-sight and \$280,557 in short-term investments (CDT's).

- (2) The balance of fixed income liquidity administration investments is:

	As of December 31, 2014		As of August 31 of 2014		As of December 31 of 2013	
	Average interest rate	Value	Average interest rate	Value	Average interest rate	Value
CDTs	4.31%	\$ 617,247,550	4.17%	\$ 580,826,959	4.17%	\$ 548,945,661
Trusts	2.97%	14,241,069	3.40%	6,623,481	2.70%	7,117,538
		\$ 631,488,619		\$ 587,450,440		\$ 556,063,199

There are \$77,464,998 in CDT's with maturities greater than 90 days.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

3. Debtors, Net

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Energy service clients (1)	\$ 209,187,797	\$ 285,704,336	\$ 172,720,523
Advance payments made (2)	119,420,497	134,138,136	137,903,540
Other debtors (3)	9,269,216	9,497,400	33,208,521
Loans to employees (4)	17,259,613	16,069,627	16,935,668
Tax advance payments and positive balances	5,825,559	5,822,888	5,784,900
Deposits delivered	418,665	412,927	564,166
Port services' clients	4,914	20,357	77,724
	361,386,261	451,665,671	367,195,042
Minus debtors reserve (5)	(5,215,389)	(3,257,531)	(3,029,914)
	356,170,872	448,408,140	364,165,128
Minus noncurrent portion	12,762,874	11,970,531	12,902,293
	\$ 343,407,998	\$ 436,437,609	\$ 351,262,835

(1) As of December 31 of 2014, the change corresponds mainly to:

A reduction in the EPMS.AE.S.P wholesale market portfolio for \$12,216,971; Compañía Energética del Tolima \$1,423,369; Electrificadora de Santander \$1,893,134; Compañía energética del Occidente \$4,414,076, additionally, a lower estimate of electric power sales pending invoicing for \$65,042,637.

The variation as of August 31 of 2014 corresponds mainly to a greater portfolio of the following clients: EPMS.AE.S.P \$12,216,971; Electrificadora del Meta \$4,620,185; Compañía Energética de Occidente \$4,414,076; Compañía Energética del Tolima \$4,356,826 and Empresa de Energía de Pereira \$4,076,890, which are part of the wholesale market with current portfolios. Additionally, a greater estimate of electrical power sales pending invoicing for \$81,165,465.

(2) As of December 31 of 2014, advance payments made correspond to:

a. The following advance payments for the El Quimbo project:

Item	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Work:			
Impregilo – OHL Consortium	\$ 58,662,217	\$ 69,212,446	\$ 68,460,509
El Quimbo Works Consortium	13,223,993	23,161,374	35,884,704
Other	16,885,358	12,769,829	192,960
Ingetec	-	41,832	2,942,202
Proyecont Ltda.	-	-	2,001,259

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Notas a los Estados Financieros Consolidados (continuación)

	88,771,568	105,185,481	109,481,634
Land properties	8,590,133	5,502,841	3,618,903
Equipment:			
Alstom Colombia S.A.	1,834,292	2,728,474	4,378,157
Schader Camargo Ingenieros	296,565	955,774	3,475,469
Alstom Brasil Energía y Transporte	922,078	1,099,299	1,158,137
	3,052,935	4,783,547	9,011,763
Other	3,402,851	6,078,545	2,020,109
Travel expenses	3,365	5,498	3,024
Total El Quimbo project	\$ 103,820,852	\$ 121,555,912	\$ 124,135,433

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

Hitachi de Venezuela	\$ 7,126,269	\$ 5,727,203	\$ 5,727,203
Consortio TC-20	2,240,290	1,067,629	-
Dyprotec Power S.A.S	1,924,000	1,924,000	-
Alstom Colombia S.A.	1,653,387	2,033,268	3,927,252
Agencia de Aduanas Continental	746,685	-	-
Vansolix S.A en restructuración	598,167	679,000	792,167
Ansaldo Energia	494,840	387,744	823,449
Efigas Gas Natural S.A. E.S.P.	465,514	-	-
Other	190,218	171,142	605,291
Siemens S.A	136,856	136,856	717,585
AndrizHydroLtda	23,419	455,382	1,175,160
	15,599,645	12,582,224	13,768,107
Total advance payments	\$ 119,420,497	\$ 134,138,136	\$ 137,903,540

(3) Other debtors: the variation as of August 31 of 2014 corresponds to:

- a. Accounts receivable with the Ministry of Finances on account of payments made by the Company as a result of rulings against Betania under processes existing on the date of the shares' purchase agreement, for \$2,174,945.
- b. In June 2014, the Ministry of Mines and Energy and the Ministry of Finances and Public Credit paid the obligation to the Company for \$28,024,267, which corresponds to indemnification and interests arising from the ruling related to the lack of transparency of the Betania negotiation process.

(4) Loans made to employees for housing, education, vehicles, training, electrical appliances, and others are included in the companies' quality of life policies and the collective workers labor agreement. These loans are interest-free, except for the housing loan which is made under the integral salary system, with a 4.75% rate.

(5) Following is the debtors reserve:

As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
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Notas a los Estados Financieros Consolidados (continuación)

Initial balance	\$	(3,257,531)	\$	(3,029,914)	\$	(3,428,355)
Reserve recovery		155,979		303,769		451,185
Write-offs		33,650		540,945		110,893
Reserve adjustment-income statement		(2,147,487)		(1,072,331)		(163,637)
Final balance	\$	(5,215,389)	\$	(3,257,531)	\$	(3,029,914)

The debtors reserve balance as of December 31, 2014 is comprised of:

- Reserve for clients with accounts older than 360 days, \$3,380,919.
- Reserve for other accounts receivable older than 360 days, \$1,773,654.
- Reserve for former employees with loans older than 660 days, \$46,993.
- Reserve for individual analysis of energy clients for \$13,823 corresponding to the client D'VINNI S.A., which after being subject to a restructuring agreement went into mandatory liquidation, as ordered by the Superintendence of Companies, its recovery expectations being long term.

As of December 31 of 2014, the Company had the following energy payment guaranties:

Security	Number of guaranties	Issuer name	Value
Bank acceptance	1	Empresas Públicas de Medellín S.A. ESP	Open, with no agreed value
Trust certificate	1	Fiduciaria Colpatria - Flores de la Sabana	\$ 19,733
Trust certificate	2	Emcali	Open, with no agreed value
Assignment of economic rights	1	Vatia S.A.A E.S.P	Open, with no agreed value
Bank guaranties	1	Compañía Energética de Tolima S.A. ESP	Open, with no agreed value
Bank guaranties	1	Dyprotec Power S.A.S	\$ 1,924,000
Bank guaranties	1	Electrificadora del Huila S.A.	Open, with no agreed value
Bank guaranties	1	Electrificadora del Meta S.A.	Open, with no agreed value
Bank guaranties	6	Empresa de Energía del Casanare S.A. ESP	\$ 12,709,911
Bank guaranties	1	Energía Social de la Costa	\$ 1,025,000
Promissory note	1	A.I.A. S.A.	Open, with no agreed value
Promissory note	1	AcmeLeonPlástico	Open, with no agreed value
Promissory note	1	Aes Chivor	Open, with no agreed value
Promissory note	2	Americana de Energía S.A.	Open, with no agreed value
Promissory note	2	Central Hidroeléctrica De Caldas Chec S.A	Open, with no agreed value
Promissory note	1	Central Termoeléctrica El Morro SaEsp	Open, with no agreed value
Promissory note	7	Centrales Eléctricasdel Norte de Santander S.A. E.S.P	Open, with no agreed value
Promissory note	17	Codensa S.A. ESP.	Open, with no agreed value
Promissory note	8	Empresa de Energía del Tolima S.A.	Open, with no agreed value
Promissory note	3	Compañía Energéticade Occidente SAS ESP	Open, with no agreed value
Promissory note	1	Concentrados Cresta Roja S.A.	Open, with no agreed value
Promissory note	1	Consorcio Metalúrgico Nacional	Open, with no agreed value

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Notas a los Estados Financieros Consolidados (continuación)

Promissory note	1	Edeq	Open, with no agreed value
Promissory note	7	Electrificadora del Caribe S.A. ESP	Open, with no agreed value
Promissory note	4	Electrificadora de Santander S.A.ESP	Open, with no agreed value
Promissory note	1	Electrificadora del Caquetá E.S.P	Open, with no agreed value
Promissory note	5	Electrificadora del Huila S.A.	Open, with no agreed value
Promissory note	7	Electrificadora del Meta S.A.	Open, with no agreed value
		Empresa de Acueducto, Alcantarillado y Aseo de	
Promissory note	1	Madrid	Open, with no agreed value
Promissory note	2	Empresa de Energía de Boyacá	Open, with no agreed value
Promissory note	7	Empresa de Energía de Cundinamarca	Open, with no agreed value
Promissory note	3	Empresa de Energía de Pereira S.A	Open, with no agreed value
Promissory note	1	Empresa de Energía de Tuluá	Open, with no agreed value
Promissory note	1	Empresa de Energía del Quindío	Open, with no agreed value
Promissory note	6	Empresas Públicas de Medellín S.A.ESP	Open, with no agreed value
Promissory note	1	Empresa de Energía de Pacífico S.A.	Open, with no agreed value
Promissory note	1	Enerca S.A ESP	Open, with no agreed value
Promissory note	1	Energía Social de la Costa	Open, with no agreed value
Promissory note	1	Epsa S.A. ESP	Open, with no agreed value
Promissory note	1	Flores de la Sabana	Open, with no agreed value
Promissory note	1	Fundación Hospitalaria San Carlos	Open, with no agreed value
Promissory note	1	Ideplas S.A.	Open, with no agreed value
Promissory note	1	Isagen S.A.	Open, with no agreed value
Promissory note	1	Productora De Concentrados Campeón Ltda	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
Insurance policy	1	Dyprotec Power S.A.S	\$ 1,924,000

5 Related companies

Transactions with related companies, defined this way upon having a common shareholder and/or administration, at general market prices and conditions.

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Accounts Receivable			
Codensa S.A. E.S.P. (1)	\$ 29,646,977	\$ 70,075,988	\$ 46,295,272
Empresa de Energía de Cundinamarca S.A. E.S.P.	1,021,562	2,124,134	3,434,638
Empresa de Energía de Bogotá S.A. E.S.P.	418,881	286,814	813,395
	31,087,420	\$72,486,936	\$50,543,305

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Accounts Payable:

Empresa de Energía de Bogotá S.A. E.S.P. (2)	\$540,253,177	\$279,051,012	\$101,045,411
Endesa Chile (2)	280,161,979	145,530,060	52,643,983
Enersis (2)	225,260,088	117,011,288	42,327,614
Codensa S.A. E.S.P. (3)	8,425,140	42,911,129	8,366,542
Enel Ingegneria e Ricerca S.P.A	531,499	205,469	413,929
Empresa de Energía de Cundinamarca S.A. E.S.P.	500,422	503,070	400,083
Enel Energy Europe SL	31,230	26,599	–
Fundación Endesa Colombia	–	621,796	368,000
	\$ 1,055,163,535	\$ 585,860,423	\$ 205,565,562

Following is a description of accounts receivable/payable with related companies:

- (1) As of December 31 of 2014, corresponds to the energy estimate for \$29,537,816 and other items for \$109,161.
As of August 31 of 2014 corresponds to energy invoicing with maturity dates in September for \$34,451,632, energy estimate for \$35,544,174, and other items for \$80,182.
- (2) As of December 31 of 2014, the value entered corresponds to dividends declared and not paid for the period ending August 31 of 2014 and December 31 of 2013, for \$541,501,006 and 504,128,561 respectively.
- (3) As of December 31 of 2014, corresponds mainly to the toll estimate as of December 4 \$8,034,605, other items for \$390,535.
As of August 31 of 2014, corresponds to energy advance payments for \$34,451,632, August toll estimates for \$8,157,953, other items for \$301,544.

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

Company	Item	4-month period from September 1 to December 30 10		8-month period from January 1 to August 31 of	
		2014	2013	2014	2013
Revenues:					
Codensa S.A. E.S.P.	Energy sales	\$ 129,944,778	\$ 201,396,241	\$ 243,690,977	\$ 386,004,082
EEC S.A. E.S.P.	Energy sales	3,955,197	11,010,765	7,365,452	23,490,467
Empresa de Energía de Bogotá	Operation services	299,802	701,202	562,466	193,728
Codensa S.A. E.S.P.	Technical services	131,250	128,848	262,499	256,097
Enel Ingegneria e Ricerca S.P.A	Exchange difference	–	–	838	–
Enel Energy Europe	Exchange difference	–	49	–	4,731
		\$ 134,331,027	\$ 213,237,105	\$ 251,882,232	\$ 409,949,105

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Expenses:

Codensa S.A. E.S.P.	Transportation of energy	\$ (32,679,708)	\$ (30,794,392)	\$ (63,114,302)	\$ (59,878,003)
EEC S.A. E.S.P.	Tolls	(1,264,262)	(990,257)	(2,433,970)	(2,343,630)
Codensa S.A. E.S.P.	Financial expenses	(213,306)	(349,167)	(392,678)	(721,632)
Enel Ingegneria e Ricerca S.P.A	Innovation projects' expenses	(385,087)	(920,257)	(205,468)	—
Codensa S.A. E.S.P.	Energy and lighting	(222,347)	(150,615)	(289,356)	(383,208)
EnelEnergyEurope	IT services	(31,804)	(783)	(151,653)	(155,925)
Junta Directiva	Fees	(96,015)	(71,579)	(151,445)	(130,903)
Enel Ingegneria e Ricerca S.P.A	Exchange difference	—	—	(6,038)	—
Codensa S.A. E.S.P.	Other	(2,219)	(141,040)	(3,669)	(11,074)
EnelEnergyEurope	Exchange difference	(249)	(116)	(1,860)	(3,684)
Empresa de Energía de Bogotá	Technicalmaintenance	—	(639,227)	—	—
		<u>\$ (34,894,997)</u>	<u>\$ (34,057,433)</u>	<u>\$ (66,750,439)</u>	<u>\$ (63,628,059)</u>
Net effect on income		<u>\$ 99,436,030</u>	<u>\$ 179,179,672</u>	<u>\$ 185,131,793</u>	<u>\$ 346,321,046</u>

6. Permanent Investments, Net

Following is the balance of equity investments:

Participation	As of December 31, As of August 31 of As of December 31		
	2014	2014	of 2013
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
		<u>\$ 8,324,464</u>	<u>\$ 8,324,464</u>

Valuations and devaluations entered on account of investments valued using the cost method are:

Company	Number of shares	Class	Purchase cost	Intrinsic per share value as of December 31 of 2014	As of		
					December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Electrificadora del Caribe S.A. E.S.P.	109,353,394	Ordinary	\$ 8,324,408	\$ 42	\$ (3,731,566)	\$ (3,586,126)	\$ (3,728,285)
Termocartagena S.A. E.S.P. (Ahora "Vista Capital S.A.") (Note 13)	22	Ordinary	56		(56)	(56)	(56)
					<u>\$ (3,731,622)</u>	<u>\$ (3,586,182)</u>	<u>\$ (3,728,341)</u>

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

7. Inventories, Net

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Inventory of other fuels	\$ 20,279,004	\$ 29,209,216	\$ 29,503,141
Warehouses-spare parts (1)	11,918,822	13,634,428	12,997,654
Coal inventory	17,045,029	13,235,653	16,591,844
	49,242,855	56,079,297	59,092,639
Minus inventory reserve	(825,186)	(674,052)	(856,007)
	48,417,669	55,405,245	58,236,632
Minus current portion	(37,324,033)	(42,444,869)	(46,094,985)
	\$ 11,093,636	\$ 12,960,376	\$ 12,141,647

(1) Corresponds mainly to spare parts that will be used in plant repairs and/or maintenance according to the maintenance plans defined by the administration. In 2003, the production area identified elements that, due to their nature, should be part of fixed assets as buffer inventory, for \$9,358,498. From 2014, spare parts previously identified as critical elements are directly entered to properties, plant, and equipment, being depreciated during their technical service lives plus the time it has been estimated they will be kept at the warehouse.

The inventory reserves account is the following:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Initial balance	\$ (674,052)	\$ (856,007)	\$ (237,365)
Recuperation	674,052	181,955	237,365
Reserve	(825,186)	-	(856,007)
Ending balance	\$ (825,186)	\$ (674,052)	\$ (856,007)

8. Properties, Plant, and Equipment, Net

As of December 31 and August 31 of 2014 and December 31 of 2013, following are the properties, plant, and equipment values:

	As of December 31 of 2014		
	Cost	Accumulated depreciation	Net value
Plants, ducts, and tunnels (1)	\$ 7,219,389,829	\$ (2,796,892,325)	\$ 4,422,497,504
Land (2)	258,649,923	-	258,649,923
Ongoing constructions (3)	1,985,771,686	-	1,985,771,686
Constructions and buildings	80,978,547	(31,187,072)	49,791,475
Machinery and equipment	36,004,935	(24,916,012)	11,088,923

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Notas a los Estados Financieros Consolidados (continuación)

Communications and computer equipment	31,200,591	(24,978,030)	6,222,561
Furniture, furnishings, and office equipment	13,002,706	(7,008,287)	5,994,419
Transportation equipment, traction	6,449,063	(4,775,807)	1,673,256
Machinery, plant, and equipment under assembly	2,555,672	–	2,555,672
Grids, lines, and cables	544,970	(544,970)	–
	\$ 9,634,547,922	\$ (2,890,302,503)	\$ 6,744,245,419

As of August 31 of 2014

	Cost	Accumulated depreciation	Net value
Plants, ducts, and tunnels (1)	\$ 7,205,546,080	\$ (2,752,552,285)	\$ 4,452,993,795
Land (2)	249,690,991	–	249,690,991
Ongoing constructions (3)	1,683,336,405	–	1,683,336,405
Constructions and buildings	79,778,029	(30,284,732)	49,493,297
Machinery and equipment	35,529,829	(24,418,580)	11,111,249
Communications and computer equipment	31,005,370	(24,442,057)	6,563,313
Furniture, furnishings, and office equipment	12,380,511	(6,607,080)	5,773,431
Transportation, traction, and lifting equipment	6,440,156	(4,510,142)	1,930,014
Machinery, plant, and equipment being assembled	941,054	–	941,054
Grids, lines, and cables	544,970	(544,970)	–
	\$ 9,305,193,395	\$ (2,843,359,846)	\$ 6,461,833,549

As of December 31, 2013

	Cost	Accumulated depreciation	Net value
Plants, ducts, and tunnels	\$ 7,165,690,239	\$ (2,665,092,003)	\$ 4,500,598,236
Land (1)	233,639,793	–	233,639,793
Ongoing constructions (2)	1,209,450,894	–	1,209,450,894
Constructions and buildings	76,134,756	(28,520,324)	47,614,432
Machinery and equipment	34,443,539	(23,364,258)	11,079,281
Communications and computer equipment	30,489,013	(23,378,520)	7,110,493

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Notas a los Estados Financieros Consolidados (continuación)

Furniture, furnishings, and office equipment	11,914,063	(5,898,434)	6,015,629
Transportation, traction, and lifting equipment	7,033,149	(4,796,300)	2,236,849
Machinery, plant, and equipment being assembled	1,395,231	–	1,395,231
Grids, lines, and cables	544,970	(544,970)	–
	<u>\$ 8,770,735,647</u>	<u>\$ (2,751,594,809)</u>	<u>\$ 6,019,140,838</u>

- (1) With the support of Consultores Unidos, the Company started reviewing its fixed assets structure in December 2013 in order to open its systems in specific assets and update the remaining service life. As a result of this, in March 2014 fixed assets were opened in the SIE 2000A AM module, recalculating depreciation from January 2014 on
- (2) Includes land property purchases made during 2014 for El Quimbo, for \$11,969,235, El Quimbo financial expenses for 12,968,051.
- (3) Includes additions and suppressions for the El Quimbo project construction in 2014 for \$710,964,365, of which \$86,696,743 correspond to the capitalized financial expense, Central Termozipa \$38,700,955, Salaco \$28,857,393, Central Cartagena \$34,764,149, Pagua \$6,348,372, Central Guavio \$3,759,655, and other stations \$15,917,619.

8. Expenses Paid in Advance, Net

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Insurance	\$ 15,273,644	\$ 2,793,732	\$ 13,040,678
Other expenses paid in advance	31,533	894,876	117,746
Total	<u>\$ 15,305,177</u>	<u>\$ 3,688,608</u>	<u>\$ 13,158,424</u>

- (1) As of December 31, 2014, the all-risk policy with Mapfre was renewed for \$17,131,824, which will expire on November 2015 and has an amortization of \$2,816,191 to date.

9. Deferred Charges, Net

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Other deferred charges (1)	\$ 112,277,155	\$ 99,051,110	\$ 79,262,445
Studies and projects (2)	47,929,365	53,046,906	50,977,253
Financial expenses and commissions	388,534	405,771	317,489
Accumulated inflation adjustments	68,602	68,602	68,602
Total	<u>\$ 160,663,656</u>	<u>\$ 152,572,389</u>	<u>\$ 130,625,789</u>

- (1) Correspond mainly to:

- a) As of December 31 of 2014, includes net financial expenses associated to El Quimbo for \$115,749,419,

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Notas a los Estados Financieros Consolidados (continuación)

- forward El Quimbo devaluation for \$2,052,879, and the Salaco project \$740,616.
- b) El Quimbo: legal stability premium accumulated amortization; contract executed between the Nation (ministry of mines and energy) and the Company on December 20, 2010 for \$1,996,200, depreciation of minor projects for \$1,419,362. Revenues from fines and sanctions, Impregillo and Proyecont, for \$21,314,443, exchange difference for \$5,007,950, bank expenses for \$4,522,570, Proyecont write-off for \$2,310,641, relocation expenses for 3,084,441, other expenses for \$1,424,617.
- c) Other charges of minor projects for \$691,092.
- (2) Corresponds to costs associated to expansion projects: Guaicaramo \$9,135,073, Sumapáz \$8,770,563, alternative energies \$3,552,249, Termocésar \$1,580,147, Campohermoso \$1,549,797, and other projects in minor plants for \$1,110,152, which will be amortized upon reaching their productive phase.
- Included in the studies and projects are insurance policies for the El Quimbo project for \$11,045,647, costs incurred in obtaining its international bond for \$8,112,186, minor maintenance and other expenses for \$3,073,551.

11. Intangible Assets, Net

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Water use rights in Chingaza (1)	\$ 65,364,594	\$ 65,364,594	\$ 65,364,594
Software (2)	12,013,752	11,614,492	9,998,891
Licenses (3)	8,660,365	8,545,697	9,641,547
El Quimbo legal stability premium (4)	15,916,225	9,616,602	-
Concessions and franchises	884,113	884,113	884,113
Other intangibles	663,059	663,060	663,060
	103,502,108	96,688,558	86,552,205
Minus accumulated amortization	(35,739,673)	(33,981,352)	(29,226,576)
	\$ 67,762,435	\$ 62,707,206	\$ 57,325,629

- (1) EMGESA S.A. E.S.P. recognized as intangible those payments made to secure the use of the greater flow of useful water coming from the Chingaza and Río Blanco projects. Amortized using the straight line method during 50 years.
- (2) Includes mainly the SIE system for \$3,594,391; Olimpo Software for \$1,637,105; Commercial Information System for \$1,912,932, Enterprise Agreement license for or \$567,549, Scada Latam software for \$402,927.
- (3) Includes mainly SAP ISU for \$4,309,825; fuels system for \$523,595; Oracle for \$370,297; surveillance system for \$331,825; Latam web portal for \$313,389 and Microsoft licenses for \$293,728.
- (4) The El Quimbo project legal stability premium was reclassified in 2014 as a right. An additional payment was made for this contract for \$6,299,623, as a result of the project's investment budget increase.

12. Other Assets

As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
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Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Mercantil Huila Trust(1)	\$	2,536,763	\$	2,509,182	\$	2,448,770
Tominé Administration Trust (2)		1,461,845		2,194,118		–
Paicol Administration Trust (1)		699,932		692,055		647,070
Garzón Administration Trust (1)		635,172		878,311		857,761
Gigante Administration Trust (1)		389,833		490,570		546,627
Alta Mira Administration Trust (1)		369,828		374,829		135,664
Muña Administration Trust (2)		259,950		438,632		759,040
Agrado Administration Trust (1)		245,721		115,807		489,444
Tesalia Administration Trust (1)		57,794		57,190		55,886
Tominé Administration Trust (2)		28,458		67,322		630,340
Work and improvements to third-party properties		–		4,198		15,393
	\$	6,685,296	\$	7,822,214	\$	6,585,995

(1) The purpose of trusts created a behalf of several Huila municipalities for \$4,935,043 is managing resources to be provided by trustee (the Company) in order to meet the purpose of the trust agreement, especially commitments generated by the Round Tables in development of the El Quimbo project. Consequently, resource additions and suppressions are managed by the Company.

The contracts have 1-year terms, renewable for similar times until the parties agree on their liquidation, which will happen once the Company has met economic commitments agreed with the municipalities and the Governor's Office.

Payment will be made based on to the following:

- i) A project committee has been created, responsible for approving investment initiatives.
- ii) Once the investment initiative is approved, El Quimbo Supplies will develop the contracting process.
- iii) El Quimbo project will manage the value of resources that will be transferred to each trust sub-account (created in the name of the beneficiary municipalities and the Huila Governor's Office), according to the payment schedule for approved projects.
- iv) El Quimbo project will approve payments to contractors according to corporate guidelines.

Payment and administration trusts created for the Muña and Tominé reservoirs' recuperation work, with funds from Acueducto de Bogotá, Empresa de Energía de Bogotá, and Emgesa S.A. E.S.P. Every month, the Company adjusts the trust values based on monthly statements received. In April 2014, a new trust was created with FiduciariaCorficolombiana, payments amounting to \$2,200,000

13. Valuations

As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
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Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Properties, plant and equipment:

Plants, ducts, and tunnels	\$ 2,145,174,274	\$ 2,145,448,114	\$ 2,145,209,190
Land	10,024,519	10,024,519	10,024,519
Constructions and buildings	7,664,982	7,664,982	7,664,982
Transportation, traction, and lifting equipment	240,478	240,478	307,909
Communications and computer equipment	151,431	151,431	151,431
Furniture, furnishings, and office equipment	1,027,434	1,027,434	1,027,434
Machinery and equipment	4,568,337	4,568,334	4,568,334
	2,168,851,455	2,169,125,292	2,168,953,799
Investment valuation	(3,731,622)	(3,586,182)	(3,728,341)
	\$ 2,165,119,833	\$ 2,165,539,110	\$ 2,165,225,458

According to Regulatory Decree 2649 of 1993, the Company should make a technical appraisal of its properties, plant, and equipment every 3 years as a minimum, recording the resulting valuations and/or devaluations. The most recent appraisal of fixed assets at commercial value was made Q3 2012 by Consultores Unidos. In 2014 valuations were adjusted based on fixed asset write-offs.

Valuation (devaluation) of investments corresponds to adjustments made to the intrinsic value of the shares the Company has in Electricificadora del Caribe S.A, E.S.P. and Termocartagena S.A. E.S.P. (now Vista Capital S.A. En Liquidación) for \$3,731,622 (see Note 6).

Following is the balance of valuations, devaluations, or reserves made for each type of asset as of December 31 of 2014:

Type of fixed asset	As of December 31, 2014	As of August 31 of 2014	Valuation change
Plants, ducts, and tunnels	\$ 2,145,174,274	\$ 2,145,448,114	\$ (273,840)
Land	10,024,519	10,024,519	–
Constructions and buildings	7,664,982	7,664,982	–
Transportation, traction, and lifting equipment	240,478	240,478	–
Communications and computer equipment	151,431	151,431	–
Furniture, furnishings, and office equipment	1,027,434	1,027,434	–
Machinery and equipment	4,568,337	4,568,334	3
	2,168,851,455	2,169,125,292	(273,837)

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Investment valuation	(3,731,622)	(3,586,182)	(145,440)
	\$ 2,165,119,833	\$ 2,165,539,110	\$ (419,277)

The change in valuation is the result of suppressing fixed assets in 2014 for \$273,837.

Type of asset	Valuation as of August 31 of 2014	Valuation as of December 31 of 2013	Valuation adjustment
Plants, ducts, and tunnels	\$ 2,145,448,114	\$ 2,145,209,190	\$ (238,924)
Land	10,024,519	10,024,519	-
Constructions and buildings	7,664,982	7,664,982	-
Machinery and equipment	240,478	307,909	67,431
Communications and computer equipment	151,431	151,431	-
Furniture, furnishings, and office equipment	1,027,434	1,027,434	-
Transportation equipment	4,568,334	4,568,334	-
	2,169,125,292	2,168,953,799	(171,493)
Permanent investments in other companies (Note 6)	(3,586,182)	(3,728,341)	(142,159)
	\$ 2,165,539,110	\$ 2,165,225,458	\$ (313,652)

13. Financial Obligations

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Ordinary bonds and outstanding commercial papers. (3)	\$ 3,335,100,000	\$ 3,335,100,000	\$ 2,886,760,000
Bank loans in local currency (1)	305,000,000	305,000,000	305,000,000
Internal debt interests and bonds	106,450,901	81,309,735	99,008,813
Subtotal	3,746,550,901	3,721,409,735	3,290,768,813
Minus current portion (2)	(356,450,901)	(331,309,735)	(240,668,813)
Long-term financial obligations	\$ 3,390,100,000	\$ 3,390,100,000	\$ 3,050,100,000

(1) Corresponds to:

Description	Yield	Maturity date	Accounting value
Banco CorpBanca	IBR + 3.70%TA	December 19, 2023	\$ 80,000,000

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

BBVA Colombia	IBR + 3.55%MV	December 19,2023	225,000,000
			<u>\$ 305,000,000</u>

The Club Deal existing with Bancolombia for \$91,045,000, AV Villas for \$28,955,000, and BBVA Colombia for \$185,000,000 was paid in advance in December 2013, refinancing it with new peso credits with BBVA Colombia and Banco Corpbanca for \$225,000,000 and \$80,000,000, respectively. The new loans have 10-year terms, with capital amortization in 15 semiannual installments from December 19 of 2016. Loans accrue interests at IBR + 3.55%MV for BBVA Colombia and IBR +3.70%TA for Corpbanca.

(2) Internal debt interests and bonds:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Ordinary current outstanding bonds	\$ 250,000,000	\$ 250,000,000	\$ 141,660,000
Interests on bonds	105,629,490	76,680,608	98,316,804
Interests on bank loans	821,411	4,629,127	692,009
Total debt and interests	<u>\$ 356,450,901</u>	<u>\$ 331,309,735</u>	<u>\$ 240,668,813</u>

(3) The Company has 7 current bond issuances in the local market as of December 31 of 2014 and 1 bond issuance in the international market, as follows:

Emgesa Local Market Bond Issuance

Third Local Market Bond Issuance

With Resolution 650 of July 30 of 2004, the Colombian Financial Superintendence ordered registering in the National Securities and Issuers Registry the third EMGESA ordinary bond issuance, for \$250,000,000, authorizing its public offering.

Total value placed	\$250,000,000 in a single sub-series (A10), in 2 lots: 1st lot: February 23, 2005, for \$210,000,000 second lot: February 23, 2006, for \$40,000,000
Bond face value	\$250,000,000
Issuance term	\$1,000
Amortization:	Sub-series A10: 10 years
Issuance date:	Onmaturity
Maturity date:	February 23, 2005
second lot bond placement premium (1)	February 23, 2015
Issuance administrator	\$6,927,200
Coupon rate:	Deceval S.A.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Rating	IPC + 5,04 % E.A.
Bond face value	AAA (Triple A)
	Appointed by Duff & Phelps de Colombia S.A, S,C,V, (today Fitch Ratings Colombia S.A. S.C.V.).

The second lot bond placement premium corresponds to the greater value received from placement of ordinary bonds as a consequence of the rate differential existing between the coupon rate and the bonds' placement yield rate in the second lot. As a result of this, the Company received \$6,927,200 in 2006, of which as of December 31 of 2014 \$6,862,460 have been amortized, \$64,740 pending amortization. This value is being amortized in 107 months, equivalent to the second lot bonds' term from placement until maturity.

Local Market Ordinary Bond Issuance and Placement Program

The Company has a bonds' issuance and placement program that allows for successive issuances of such securities under the global quota authorized and available and during its term. As of December 31 of 2014, EMGESA had offered and placed 6 bond issuances (also called "tranches" according to the program terminology) against the program, which existed on the above date. All bond issuances made under the EMGESA program are rated AAA (Triple A) by Fitch Ratings Colombia S.C.V. and are dematerialized under the Deceval S.A. administration.

Following are the general financial conditions of the EMGESA bonds issuance and placement program the local market:

Type of security	Ordinary bonds
Initial approval from the Financial Superintendence	Resolution No, 1235 of July 18, 2006
Global quota initially approved	\$700,000,000
Initial placement term	Until July 27, 2009
Approval to the first quota expansion and extension to the placement time:	Resolution 0833 of June 16, 2009
First increase to the authorized global quota:	In \$1,200,000,000 additional
First extension to the placement time	Until June 26, 2012
Approval to the second placement time extension:	Resolution 1004 of June 29, 2012
second placement time extension	Until July 18, 2015
Approval to the placement quota's second extension:	Resolution 0398 of March 12, 2014
second increase to the authorized global quota:	\$850,000,000 additional
Approval to the placement quota's third extension:	Resolution 1980 of November 6 of 2014.
third increase to the authorized global quota	\$315,000,000 additional
Total global quota authorized as of December 31, 2014:	\$3,065,000,000
Value issued under the program as of December 31, 2014	\$2,490,000,000
Available quota as of December 31, 2014:	\$575,000,000
Administration	Deceval S.A.

The Company has issued 6 tranches under the program, as follows:

First tranche:

Total value placed	\$ 170,000,000	
Current balance as of August 31, 2014	Sub-series B10: \$	170,000,000
Bond face value	\$ 10,000	

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Notas a los Estados Financieros Consolidados (continuación)

Issuance term	10 years
Issuance date:	February 20, 2007
Maturity date:	February 20, 2017
Coupon rate	IPC + 5.15% E.A.

Second Tranche:

Total value placed	\$265,000,000 as follows
	Sub-series A5: \$ 49,440,000 (1)
	Sub series B10: \$ 160,060,000
	Sub series B15: \$ 55,500,000
Current balance as of December 31, 2014	\$ 215,560,000
Bond face value	\$ 10,000
Issuance term	Sub-series A5: 5 years Sub-series B10: 10 years Sub-series B15: 15 years
Issuance date:	February 11, 2009, for all sub-series
Maturity date:	Sub-series A 5: February 11, 2014 Sub-series B10: February 11, 2019 Sub-series B15: February 11, 2024
Coupon rate	Sub-series A 5: DTF T.A. + 1.47% Sub-series B10: IPC + 5.78% E.A. Sub-series B15: IPC + 6.09% E.A.

(1) The Sub-series A5 bonds' maturity payment was made February 11 of 2014 for \$49,440,000.

Third Tranche:

Total value placed	\$400,000,000, as follows:
	Sub-series E5: \$ 92,220,000 (1)
	Sub-series B9: \$ 218,200,000
	Sub-series B12: \$ 89,580,000
Balance as of December 31, 2014	\$ 307,780,000
Bond face value	\$ 10,000
Issuance term	Sub-series E5: 5 years Sub-series B9: 9 years Sub-series B12: 12 years
Issuance date	July 2, 2009 for all sub-series
Maturity date	Sub-series E5: July 2, 2014 Sub-series B9: July 2, 2018 Sub-series B12: July 2, 2021
Coupon rate	Sub-series B-9: IPC + 5.90% E.A. Sub-series B-12: IPC + 6.10% E.A. Sub-series E-5: Fixed rate 9.27% E.A.

(1) The Sub-series E5 bonds' maturity payment was made July 2 of 2014 for \$92,220,000.

Fourth Tranche:

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Total value placed	\$500,000,000, as follows: Sub-series B10: \$300,000,000 Sub-series B15: \$200,000,000
Balance as of December 31, 2014	\$ 500,000,000
Bond face value	\$ 10,000
Issuance term	Sub-series B10: 10 years Sub-series B15: 15 years
Issuance date	December 13, 2012
Maturity date	Sub-series B10: December 13, 2022 Sub-series B15: December 13, 2027
Coupon rate	Sub-series B-10: IPC + 3.52% E.A. Sub-series B-15: IPC + 3.64% E.A.

Fifth tranche:

Total value placed	\$565,000,000, as follows: Sub-series B6: \$201,970,000 Sub-series B12: \$363,030,000
Balance as of December 31, 2014	\$ 565,000,000
Bond face value	\$ 10,000
Issuance term	Sub-series B6: 6 years Sub-series B12: 12 years
Issuance date	September 11, 2013
Maturity date	Sub-series B6: September 11, 2019 Sub-series B12: September 11, 2025
Coupon rate	Sub-series B-6: IPC + 4.25% E.A. Sub-series B-12: IPC + 5.00% E.A.

Sixth tranche:

Total value placed	\$590,000,000, as follows: Sub-series B6: \$241,070,000 Sub-series B10: \$186,430,000 Sub-series B16: \$162,500,000
Balance as of December 31, 2014	\$ 590,000,000
Bond face value	\$ 10,000
Issuance term	Sub-series B6: 6 years Sub-series B10: 10 years Sub-series B16: 16 years
Issuance date	16 de mayo de 2014
Maturity date	Sub-series B6: May 16 of 2020 Sub-series B10: May 16 of 2024 Sub-series B16: May 16 of 2030
Coupon rate	Sub-series B-6: IPC + 3,42% E.A. Sub-series B-10: IPC + 3,83% E.A. Sub-series B-16: IPC + 4,15% E.A.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

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

International global bonds in pesos

In January 20, 2011, the Company placed its first bond issuance in the international capital market for \$736,760,000, with a 10-year term. Bonds issued by the Company, denominated in pesos and payable in dollars, have a fixed coupon rate of 8.75%.

According to the Offering Memorandum, the Company pays the necessary interests so that, once tax withholdings have been made (today 14% according to article 408 of the Tax Code), the bond holder will receive 8.75%, i.e. the interest rate before the 14% deduction is 10.1744%.

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

Registration form	144 A/ Reg S
Total peso issuance value	\$736,760,000
Face value	\$5,000 each bond
Term	10 years, amortized upon maturity.
Interest payment frequency	Annual
Day count	365/365
Issuance administrator, payment agent	The Bank of New York Mellon
Calculation and transfer agent	
Yield	8,75% E,A,
International rating	BBB (stable) by Fitch Ratings and Standard & Poor's

Following is the summary of bonds issued and bank loans as of December 31, 2014:

Description	Yield	Placement date	Maturity date	Accounting value
1st Tranche	Sub-serie B10: IPC+5,15% E,A,	February, 20 2007	February, 20 2017	\$ 170,000,000
2nd Tranche	Sub-serie B10: IPC+5,78% E,A,	February 11, 2009	February 11,2019	160,060,000
2nd Tranche	Sub-serie B15: IPC+6,09% E,A,	February 11, 2009	February 11,2024	55,500,000
3rd Tranche	Sub-serie B9: IPC+5,90% E,A,	July 2, 2009	July 2, 2018	218,200,000
3rd Tranche	Sub-serie B12: IPC+6,10% E,A,	July 2, 2009	July 2, 2021	89,580,000
4th Tranche	Sub-serie B10: IPC+3,52% E,A,	December 13, 2012	December 13, 2022	300,000,000
4th Tranche	Sub-serie B15: IPC+3,64% E,A,	December 13, 2012	December 13, 2027	200,000,000
5th Tranche	Sub-serie B6: IPC+4,25% E,A,	September 11, 2013	September 11, 2019	201,970,000
5th Tranche	Sub-serie B12: IPC+5,00% E,A,	September 11,2013	September 11, 2025	363,030,000
6th Tranche	Sub-serie B6: IPC+3,42% EA	May 16, 2014	May 16, 2020	241,070,000
6th Tranche	Sub-serie B10: IPC+3,83% EA	May 16,2014	May 16, 2024	186,430,000
6th Tranche	Sub-serie B16: IPC+4,15% EA	May 16, 2014	May 16, 2030	162,500,000

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Global bond in pesos in form 144-A/ Reg S	8.75% EA(1)	January 25, 2011	January 25, 2021	736,760,000
Loans with local banks	IBR + 3,66%:	December 19, 2013	December 19, 2023	305,000,000
Noncurrent bonds and loans				\$ 3,390,100,000
3rd issuance first lot	Sub-serie A10: IPC+5,04% EA	February 23, 2005	February 23, 2015	\$ 210,000,000
3rd issuance 2nd lot	Sub-serie A10: IPC+5,04% EA	February 23, 2006	February 23, 2015	40,000,000
Bonds and credits, current				\$ 250,000,000

Following are installments of bonds and loans in national currency, payable during the following years:

Year	As of December 31 of 2014	Item
2016	\$ 20,333,331	Local bank loans
2017	40,666,667	Local bank loans
2017	170,000,000	Local bonds issued
2018	40,666,667	Local bank loans
2018	218,200,000	Local bonds issued
2019	40,666,667	Local bank loans
2019	362,030,000	Local bonds issued
2020	40,666,667	Local bank loans
2020	241,070,000	Local bonds issued
2021	40,666,667	Local bank loans
2021	89,580,000	Local bonds issued
2021	736,760,000	International bond issued
2022	40,666,667	Local bank loans
2022	300,000,000	Local bonds issued
2023	40,666,667	Local bank loans
2024	241,930,000	Local bonds issued
2025	363,030,000	Local bonds issued
2027	200,000,000	Local bonds issued
2030	162,500,000	Local bonds issued
	\$ 3,390,100,000	Noncurrent portion
2015	\$ 250,000,000	Local bonds issued

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

\$	250,000,000	Current portion
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15. Accounts Payable

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Suppliers and contractors in local currency	\$ 101,203,119	\$ 76,875,684	\$ 75,859,913
Creditors	15,844,892	9,900,499	6,160,577
Suppliers, contractors, and creditors in foreign currency	8,579,394	2,253,120	1,097,336
	\$ 125,627,405	\$ 89,029,303	\$ 83,117,826

16. Labor obligations

Bonuses (1)	\$ 9,628,890	\$ 7,234,010	\$ 8,844,715
Vacation	3,820,750	3,419,905	3,037,918
Vacation bonuses	1,906,906	1,986,765	1,733,914
Severance	1,993,264	1,591,753	1,934,063
Service bonus	-	521,780	-
Severance interests	241,361	128,406	234,977
	\$ 17,591,171	\$ 14,882,619	\$ 15,785,587

(1) The change in bonuses corresponds mainly to the increase in the loyalty bond reserve for \$450,434, retirement bond for \$171,511, and productivity bond for \$1,772,935

As of December 31 and August of 2014, the number of active Company employees was 589 and 568, respectively.

On September 21 of 2005, the Company signed the collective workers labor agreement with Energía de Colombia – SINTRAELECOL, benefiting unionized employees from January 1 of 2004 until December 31 of 2007, which was partially amended with conventional document No. 1 of March 3 of 2011, executed for 4 years from January 1 of 2011 until December 31 and August 2014, involving 324 and 326 employees, respectively.

17. Retirement pensions

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Retirement pensions and supplementary benefits' actuarial calculations	\$ 71,025,352	\$ 71,234,748	\$ 72,847,242
Minus current portion	(10,086,711)	(9,945,431)	(9,869,800)

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Retirement pensions and supplementary benefits, noncurrent	\$	60,938,641	\$	61,289,317	\$	62,977,442
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Values are as follows:

Initial balance	\$	71,234,748	\$	72,847,242	\$	74,425,335
Financial cost		1,638,590		3,277,178		5,535,519
Payments		(2,347,676)		(5,909,826)		(9,659,722)
Actuarial loss		499,690		1,020,154		2,546,110
	\$	71,025,352	\$	71,234,748	\$	72,847,242
Number of retired employees		311		311		311
Number of active employees entitled to pension		2		2		2
		313		313		313

As of December 31 of 2014 AON (the external specialist) had made actuarial calculations resulting in a lower pension liability for \$209,396. As of December 31 of 2014, the following were the financial hypotheses: 17.04% annual discount rate, pension increase rate of 3.0% (DANE rate according to Decree 2783 of 2001)..

As of August 31 of 2014, AON Hewitt (the external specialist), had made actuarial calculations resulting in a pension liability lower value of \$1,612,494. In 2013, financial hypothesis were 7.25% annual discount rate, increase pension rate of 3.0% increase rate of 3.0% (DANE rate according to Decree 2783 of 2001). As of August 31, 2014, financial hypothesis were 7,13% annual discount, and increase pension rate of 3.0% (DANE rate, according to decree 2783 of 2001).

This calculation includes the effects of applying decrease rates contained in the mortality table (before and upon retirement) authorized by the Financial Superintendence with Decree 1555 of July 30, 2010 (mortality table RV 2008); total and permanent disability, EISS.

As of December 31 of 2014 and 2013, the pension actuarial liability is fully amortized. The company has no pension bonds and there are no relationships with insurance companies hired for pension payments; there are no funds or guaranties established to support such payments.

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

18. Estimated Liabilities and Reserves

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013			
Reserve for costs and expenses (1)	\$	30,876,214	\$	7,294,677	\$	21,576,133

Emgesa S.A. E.S.P.

Notas a los Estados Financieros Consolidados (continuación)

Reserve for the purchase of fixed assets (2)	109,799,200	89,736,394	43,510,348
Reserve for the El Quimbo environmental license (3)	26,546,346	33,308,627	44,625,839
Contingency reserve (Note 29)	1,522,536	1,697,662	2,716,149
Other reserves	299,100	299,100	299,100
	169,043,396	132,336,460	112,727,569
Minus noncurrent portion	(2,125,193)	(11,185,014)	(3,121,237)
	\$ 166,918,203	\$ 121,151,446	\$ 109,606,332

- (1) As of December 2014 corresponds mainly to reserves made on account of the all-risk policy renewals, RCE and administrators and directors for \$18,264,112, the administration, operation, and maintenance agreement for the Tomine reservoir for \$4,919,986, and the dry ash extraction project for \$929,949.
- (2) Reserves for the purchase of assets corresponds mainly to the El Quimbo project for \$94,635,943, Central Termozipa for \$6,942,233, Central de Cartagena for \$6,552,566.
- (3) Corresponds to obligations not yet incurred and considered in the El Quimbo environmental license, as well as the 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 2014, the value had been updated with the net present value at a 6.26% rate.

19. Taxes, Liens, and Rates

The income tax reserve is calculated at the official rate of 34% in 2013 and 2014 (comprised of the 25% income tax and the 9% CREE equity tax), using the accrual method and established based on net income (i.e., commercial profits with fiscal adjustments), in order to properly match the year's fiscal revenues with their costs and fiscal deductions, recorded using the estimated liability value.

According to Law 633 of 2000, public utility companies are not subject to the presumptive income system. The tax years of 2012 and 2013 are open to review by the tax authorities. Following are taxes, liens, and rates:

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	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Income tax	\$ 217,051,721	\$ 127,835,825	\$ 118,817,421
Current equity tax	-	24,606,987	49,213,976
Other	20,510,002	20,012,310	18,048,101
	\$ 237,561,723	\$ 172,455,122	\$ 186,079,498

In 2011 the Company decided to apply the alternative system of accounting as a lower value of the equity revaluation account the equity tax and the surcharge for \$196,855,905. The outstanding portion as of August 31 of 2014 and December 31 of 2013 is \$24,606,988 and \$49,213,976, respectively. As of December 2014, the equity tax is fully paid.

Liabilities corresponding to the income tax are net of early tax payments, as follows.

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Current income tax	\$ 462,876,050	\$ 337,577,544	\$ 392,478,749
Advance payments on withholdings, self-withholdings, and other tax deductions (1)	(98,151,118)	(62,068,508)	(87,327,159)
Advance income payment	(147,673,211)	(147,673,211)	(186,334,169)
	\$ 217,051,721	\$ 127,835,825	\$ 118,817,421

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

The income tax expense is the following:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Current income	\$ 87,178,113	\$ 240,767,734	\$ 279,483,407
Current CREE	38,128,393	96,839,495	112,995,342
Assets deferred tax	(9,124,439)	1,141,840	(5,772,325)
Credits deferred tax	(889)	(8,353,097)	8,353,097
	\$ 116,181,178	\$ 330,395,972	\$ 395,059,521

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Following are the main conciliation entries:

- a) Following is a discrimination of the deferred tax, debit, as of December 31 of 2014, August 31 of 2014, and December 31 of 2013:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
2006 fiscal inflation adjustment	\$ 63,658,234	\$ 61,192,698	\$ 62,278,627
Costs and expenses reserve	6,306,557	2,666,549	3,485,314
El Quimbo investments reserve	5,684,826	4,472,873	4,630,719
Labor obligations reserve	4,142,771	2,796,203	3,307,336
Tocancipá valuation tax	1,226,664	1,069,399	1,069,399
Accounts receivable reserve	651,953	170,455	61,479
Buffer inventory depreciation	250,384	456,674	-
Industry and trade reserve	55,269	27,280	37,223
Accounting v/s fiscal depreciation	6,482	5,681	4,464
Forward valuation	-	-	(5,271)
	<u>\$ 81,983,140</u>	<u>\$ 72,857,812</u>	<u>\$ 74,869,290</u>

- b) Following is a description, per deferred tax, credit, as of December 31 of 2014, August 31 of 2014, and December 31 of 2013:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Deferred credit tax revenue, favorable ruling (Note 29)	\$ -	\$ -	\$ 8,353,097

Law 1607 of 2012 increased the income tax rate from the 2013 tax year on from 33% to 25% and created the 8% CREE equity tax applicable to each year's taxable profits. However, this same law temporarily established that the CREE tax will be 9% for 2013, 2014, and 2015, 8% from 2016 on.

This circumstance affected the EMGESA deferred tax value as follows:

Deferred debit tax:

	Income tax	2015 CREE	2016 CREE	2017 CREE	2018 CREE	2019 CREE
2006 fiscal inflation adjustments	\$ 183,427,219	\$ 4,698,870	\$ 4,605,112	\$ 4,522,220	\$ 4,440,820	\$ 165,385,511
Estimated liabilities	31,753,823	31,738,284	-	-	-	15,539
Buffer inventory depreciation	642,010	642,010	-	-	-	-
El Quimbo investment reserve	16,496,885	-	329,937	329,937	329,937	15,507,071
Accounting v/s fiscal depreciation	19,064	-	-	-	-	19,064
	<u>232,339,001</u>	<u>37,079,164</u>	<u>4,935,049</u>	<u>4,852,157</u>	<u>4,770,757</u>	<u>180,927,185</u>
	25%	14%	15%	17%	18%	9%
	<u>58,084,750</u>	<u>5,191,083</u>	<u>740,257</u>	<u>824,867</u>	<u>858,736</u>	<u>16,283,447</u>
Deferred tax, debit, as of December 31 of 2014	<u>\$ 81,983,140</u>					

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Industry and Trade Tax

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

The Company is required to pay the industry and trade tax according to Law 14 of 1993 in Bogotá, 0.966% on operational revenues, 1.104% on other nonoperational revenues, and 15% on account of "avisos y tableros". In other municipalities in which the Company is responsible for the income and trade tax, such tax is paid according to each municipality's rates.

Environmental contribution

According to Law 99 of 1993, the Company is required to make transfers for basic sanitation and environmental improvement projects to municipalities and regional autonomous corporations, equivalent to 6% of its own-generation energy gross sales in hydraulic plants and 4% for steam plants, according to the rate provided by the Regulatory Energy and Gas Commission for block sales. The environmental contributions for August 31 of 2014 and December 2013 were 36,125,494 and \$48,471,300, respectively.

Environmental contributions for December 31 of 2014, August 31 of 2014, and December 31 of 2013 were \$53,191,559, \$36,125,494, and \$48,471,300, respectively.

Wealth Tax

Law 1739 of December 2014 created the wealth tax for 2015 through 2017 for legal persons. The tax rates are 1,15%, 1%, and 0,4% for 2015, 2016, and 2017, respectively, for equities in excess of \$5,000 million, calculated each year over net assets as of January 1 of each year, reduced in \$5,000 million.

Equity tax

Law 1370 of December 2009 created a new equity tax for the tax year of 2011: 2.4% for taxpayers with fiscal equities greater than \$3,000,000 and lower than \$5,000,000, 4.8% for taxpayers with equities equal to or greater than \$5,000,000.

Subsequently, Decree 4825 of December 2010 created a 25% equity tax surcharge for taxpayers with equities equal to or greater than \$3,000,000.

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

Transfer Prices

For income tax purposes, taxpayers performing activities with economic related parties or related parties abroad are required to establish their ordinary and extraordinary revenues, their costs and deductions, and their assets and liabilities, considering for this profit prices and margins used in comparable operations between non-economically related parties.

Independent advisors will update the transfer prices study, as required by the tax norms, in order to demonstrate that operations with economic related parties abroad were made at market values during 2014. For this, the Company will submit a statement and will make available the above study by mid July 2015. A default could result in sanctions and in greater income taxes. However, management and its advisers have analyzed contracts in 2014, concluding that there will be no adjustments to the 2014 income tax, as did happen in 2013.

Legal stability contract

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Following are the main aspects of the legal stability contract 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 (see Note 1).

Investment value and terms: the Company investments related to the El Quimbo project were \$1,922,578 million. During the first half of the year, a \$583,184 million budget increase was approved, which together with financial expenses incurred and to be incurred to finance the project (\$450,712 million) represents a greater investment value. According to paragraph 2 of clause 2 of the legal stability contract, the greater investment value involved paying \$6,299 million on account of adjustments to the premium contained in the legal stability contract.

Key norms object of legal stability (favorable):

- a. Income tax rate (33%), exclusion of the presumptive income calculation and special deductions from investments in scientific developments and in the environment, among others.
- b. Allows ensuring the stability of the special deduction on account of investments made in real productive fixed assets (30%), eliminated in January 1 of 2011.

Parties' obligations:

a. Company obligations:

Comply with the investment plan value for the El Quimbo project construction and commissioning.

- Pay the \$9,612,891 legal stability premium (deposited on December 23 of 2010) (Note 10) and adjust it should the investment value be increased, as already done and mentioned above.
- Timely pay taxes.
- Retain an independent auditor to review and certify compliance with commitments assumed under the contract, for which the Company hired a specialist who issued his opinion with no exceptions on March 26 of 2014. The Company Administration considers that the same opinion will result from the audit to be made regarding compliance with the 2014 obligations, Information Confidentiality.

b. Nation obligations:

During 20 years, guarantee the stability of norms included in the contract (favorable) for the El Quimbo project

20. Other current liabilities

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Forward operations (Note 28)	\$ -	\$ 1,003,392	\$ 851,268
Third-party collections	-	-	818,614
	<u>\$ -</u>	<u>\$ 1,003,392</u>	<u>\$ 1,669,882</u>

21. Equity

Capital

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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 \$4,400 face value, as follows:

2014 shareholding composition:

Shareholder	Ordinary shares with voting rights		Preferential shares with no voting rights		Shareholding composition	
	(%) Participa- tion	Number of shares	(%) Participa- tion	Number of shares	(%) Participa- tion	Number of shares
Empresa de Energía de Bogotá S. A. E.S.P.	43.57%	55,758,250	100.00%	20,952,601	51.51%	76,710,851
Empresa Nacional de Electricidad S.A.	31.27%	40,019,173	–%	–	26.87%	40,019,173
Enersis S.A.	25.15%	32,176,823	–%	–	21.61%	32,176,823
Other minority shareholders	0.01%	7,315	–%	–	0.01%	7,315
	100.00%	127,961,561	100.00%	20,952,601	100.00%	148,914,162

As of December 31, 2013, Enersis S.A. registered before DECEVAL S.A. as an Emgesa S.A. E.S.P. shareholder, holding 21.607631247% of the Company outstanding shares.

Of the Empresa de Energía de Bogotá S.A. E.S.P. shares, 20,952,601 correspond to shares with no voting rights with a preferential dividend of US\$0.1107 per share.

Equity revaluation

Equity revaluation cannot be distributed as profits, however capitalized.

Legal reserve

According to the Colombian legislation, the Company is required to transfer minimum 10% of the 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 offset losses.

Income tax

According to the current legislation, foreign investments entitle their holder to remit abroad, in freely convertible currency, both net profits generated periodically according to each year's balance sheets and invested capital and capital gains. Dividends of shareholders not living in Colombia are subject to a 0% income tax rate in the nontaxable portion, 33% in the taxable portion, as of December 31 of 2014 and 2013.

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Share placement premium

This is the greater value paid by the shareholder on the shares' face value.

Payment of dividends

According to Minutes No. 86 of General Shareholders Assembly March 20 of 2013 meeting, the Assembly ordered distributing dividends for \$783,529,388 against the 2012 net profits. The entire preferential dividend was paid in June, ordinary dividends paid during 2013 having been \$587,647,041, the remaining \$195,882,347 balance having been paid in January 23 of 2014.

According to Minutes No. 88 of General Shareholders Assembly March 26 of 2014 meeting, the Assembly ordered distributing dividends for \$870,141,109 against the 2013 net profits. The entire preferential dividend, for \$4,589,339, was paid in June 2014, ordinary dividends in June 2014 for \$328,640,103, and in November 2014 for \$215,146,525; the balance will be paid in January 2015.

According to Minutes No. 91 of the General Shareholders Assembly November 2014 meeting, the Assembly ordered distributing dividends for \$719,310,264, against net profits for the period between January 1 and August 31 of 2014, to be paid June 2015 for \$379,014,586. The balance will be paid on October 28 of 2015.

21. Memorandum accounts

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Debtors:			
Contingent rights	\$ 1,061,346,640	\$ 775,484,904	\$ 858,788,997
Control	67,192,999	60,374,462	134,848,245
Fiscal	–	85,908	94,788
	<u>1,128,539,639</u>	<u>835,945,274</u>	<u>993,732,030</u>
Creditors:			
Fiscal	2,155,485,182	2,103,415,276	2,173,888,450
Contingent responsibilities (1)	803,463,375	613,173,247	613,449,743
Creditor memorandum accounts	<u>2,958,948,557</u>	<u>2,716,588,523</u>	<u>2,787,338,193</u>
	<u>\$ 4,087,488,196</u>	<u>\$ 3,552,533,797</u>	<u>\$ 3,781,070,223</u>

(1) Contingent responsibilities as of August 31 of 2014 consist mainly of legal, civil, and labor contingencies for \$569,885,747 and contractual guaranties for \$233,577,628.

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22. Operational Revenues

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2014	2013 (Not audited)	2014	2013 (Not audited)
Block sales (1)	\$ 380,785,023	\$ 397,921,694	\$ 701,749,662	\$ 772,860,777
Sales to non-regulated clients (trading)	258,723,312	240,103,531	525,490,149	461,904,941
Pool sales, generator	158,501,674	144,531,878	581,884,972	376,654,906
Other services (2)	5,681,754	1,596,596	1,615,549	1,932,097
	\$ 803,691,763	\$ 784,153,699	\$ 1,810,740,332	\$ 1,613,352,721

(1) The 2014 increase is mainly the result of the expectations generated by the El Niño phenomenon.

(2) Includes estimated revenues from gas trading for \$1,670,994.

Total revenues received from sales to Codensa S.A. E.S.P. represent 14.29% - \$373,635,755 and 24.50% - \$587,400,323 as of December 31 of 2014 and 2013, respectively, of operational revenues.

During the normal course of business, information required to calculate the actual margin is obtained at the end of each month. As of the date of these financial statements, the commercial area had calculated the real margin using information available on that day. According to the analysis, the Company does not expect significant deviations during the remaining days that could possibly affect the financial statements as of December 31 of 2014.

23. Cost of sales

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2014	2013 (Not audited)	2014	2013 (Not audited)
Energy purchases and related costs (1)	\$ 176,185,895	\$ 204,685,410	\$ 387,771,014	\$ 382,495,301
Depreciation	49,063,059	47,820,973	92,357,890	96,199,444
Use of indirect supplies (2)	43,126,117	32,324,404	70,142,984	99,471,215
Transfers, Law 99 of 1993	22,587,219	20,700,386	47,561,958	43,435,311
Other generation costs (3)	18,649,564	13,618,119	28,965,663	24,543,425
Personnel costs (4)	16,527,615	13,444,810	29,311,617	34,051,560
Insurance	6,385,973	5,081,874	10,519,572	9,391,067
General	3,349,842	2,572,058	3,352,280	2,555,385
Leases	1,011,828	864,659	2,110,012	1,674,609
Amortization of intangibles	879,499	425,655	1,415,430	1,028,233
Public utilities	390,258	369,515	749,149	810,105

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Amortization of deferred entries	-	58,279	-	-
	\$ 338,156,869	\$ 341,966,142	\$ 674,257,569	\$ 695,655,655

- (1) Reduction made on account of lower energy purchases and lower pool price compared to the previous year. Energy purchases for \$72,447,677; tolls for \$82,742,514; other costs for \$21,179,495.
- (2) Compared to 2013, higher steam generation in Cartagena, resulting in an increase in liquid fuel consumption of \$12,118,807.
- (3) Corresponds mainly to maintenance costs for \$10,358,931, taxes for \$1,678,568, cleaning, surveillance and mess hall for \$1,159,475 and other operational costs for \$5,484,821.
- (4) Includes the financial cost of pension liabilities for \$1,638,590 as of December 31 of 2014, \$3,277,178 as of August 31 of 2014, and \$5,535,519 as of December 31 of 2013.

25. Administrative expenses

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2014	2013 (Not audited)	2014	2013 (Not audited)
Salaries, wages, and bonuses	\$ 3,613,327	\$ 3,195,958	\$ 6,417,675	\$ 5,136,833
Other general services	2,060,695	1,339,855	2,552,975	2,301,158
Commissions, fees, and services	1,899,406	1,720,757	976,715	1,113,898
Depreciation and amortization	1,580,914	1,626,429	3,071,417	2,656,336
Financial tax	1,262,707	971,838	3,725,138	2,547,099
Other expenses (1)	1,183,929	1,243,564	1,187,558	1,048,347
Social security payments	540,870	438,897	1,100,993	898,048
Leases	437,236	12,386	2,278	2,283
Studies and projects	429,956	1,107,213	340,986	705,804
Other personnel expenses	287,521	452,842	868,205	595,852
	\$ 13,296,561	\$ 12,109,739	\$ 20,243,940	\$ 17,005,658

- (1) Other expenses are represented by temps, \$131,709, mobility expenses, \$78,464, corporate events, \$79,661, and other administration expenses, \$875,609.

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26. Other financial expenditures (revenues), Net

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2014	2013 (Not audited)	2014	2013 (Not audited)
Financial revenues				
Interests on deposits	\$ 7,684,228	\$ 6,832,478	\$ 7,337,421	\$ 8,943,720
Exchange rate adjustments	2,108,481	448,077	2,000,507	2,344,332
Late payment charges	187,477	52,424	66,639	179,232
Other	94,642	103,022	347,034	379,059
Financial revenues from accounts receivable and investments	12,305	3,730	20,578	91,584
Interests (Ministry of Mines and Energy, Ministry of Finances and Public Credit)	—	11,463,637	3,145,941	—
	10,087,133	18,903,368	12,918,120	11,937,927
Financial expenses				
Interests	(43,558,675)	(37,822,109)	(80,876,077)	(76,019,902)
Other (1)	(607,709)	(760,809)	(1,119,852)	(1,404,389)
Exchange rate adjustments	(462,406)	(331,737)	(2,455,343)	(792,023)
	(44,628,790)	(38,914,655)	(84,451,272)	(78,216,314)
Financial expenditures, net	\$ (34,541,657)	\$ (20,011,287)	\$ (71,533,152)	\$ (66,278,387)

(1) Other financial expenses as of December and August 2014 correspond mainly to:

- Bond issuance commissions: \$348,023 and \$612,500 respectively.
- Financial discounts: \$213,306 and \$392,678 respectively.
- Other financial expenses: \$45,995 and \$114,238 respectively.

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27. Miscellaneous revenues (expenditures), Net

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2014	2013 (Not audited)	2014	2013 (Not audited)
Other revenues:				
Previous years' adjustments	\$ 1,022,017	\$ 590,940	\$ 917,830	\$ 599,847
Recovery of monthly pension payments	631,248	–	1,453,787	–
Ash sales	408,884	639,389	492,624	539,955
Other extraordinary revenues	261,718	(84,036)	215,019	237,091
Portfolio recovery	155,980	59,655	303,769	391,530
Other recoveries	104,676	(115,333)	1,416,744	875,519
Revenues from coal pile volume measurements	29,516	1,799,286	15,189	91
Accident indemnifications (1)	–	81,230	2,565,864	31,436
Profits from the sale of properties, plant, and equipment	–	–	181,081	625,857
Decision favoring Emgesa	–	13,104,295	310,395	–
Recovery of previous years' stamp tax	–	6,235,426	–	4,164,407
Previous years' income tax adjustments	–	10,349	2,194,386	–
SSP contribution reimbursements	–	692,707	–	–
Profits from the sale of inventories	–	237,365	–	–
Recovery from outstanding invoices	–	160,282	–	–
Extraordinary from conciliating entries	–	97,583	–	–
	2,614,039	23,509,138	10,066,688	7,465,733
Other expenditures:				
Expansion projects, previous years' adjustments (2)	(11,553,131)	(57,839)	(402,780)	–
Tominé reservoir maintenance agreement	(2,299,208)	–	–	–
Debtors reserve (3)	(2,147,487)	(66,571)	(1,072,331)	(97,066)
Inventories reserve	(825,185)	(856,007)	–	–
Actuarial loss (4)	(499,690)	(2,546,110)	(1,020,154)	–
Loss from coal pile volume measurements	(295,405)	–	(440,735)	–

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Other expenditures	(211,725)	(219,831)	(244,064)	(143,350)
Other previous years' adjustments	(62,113)	(306,787)	(387,789)	(1,184,555)
Legal contingencies	(11,793)	(693,132)	(11,262)	(25,546)
Loss in properties, plant, and equipment	(1,249)	(20,099)	–	(37,523)
Deferred tax, adjustments to previous years	–	(1)	(863,788)	(511,272)
Contribution to the Endesa Foundation	–	(618,000)	(621,795)	–
Income tax, adjustment to previous years	–	–	–	(2,868,130)
	(17,906,986)	(5,384,377)	(5,064,698)	(4,867,442)
Miscellaneous revenues (expenses), net	\$ (15,292,947)	\$ 18,124,761	\$ 5,001,990	\$ 2,598,291

(1) Corresponds to the indemnification paid to the Company, USD \$1,350,000, as a result of accidents at the Guaca hydroelectric station.

(2) Expansion projects sent to expenses as a result of changes in their construction expectations.

(3) As of December 31 of 2014, the debtors reserve corresponds mainly to the Textilia S.A. client reserve for \$1,785,182 and the other debtors reserve for \$362,305.

As of August 31 of 2014, the debtors reserve corresponds mainly to the Compensar client reserve (under litigation) for \$686,772 and the other debtors reserve for \$385,558.

(4) Generated from the update to the pensions, education, and energy liability.

28. Forward operations

In order to hedge the effect of the profit/loss from exchange rate differences generated in the foreign currency active net monetary position, Emgesa S.A. E.S.P. established the following hedging contracts (forward non-delivery), evaluated at the December 31, 2014 and 2013 rates of exchange, on which the following financial revenues were recognized:

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2014	2013 (not audited)	2014	2013 (Not audited)
All-risk and civil liability policy (1)	\$ –	\$ 15,503	\$ –	\$ –
Fixed assets, Salaco project (2)	740,616	(211,617)	(266,849)	(125,420)
Fixed assets, El Quimbo project (2)	2,052,879	(46,903)	(736,543)	(482,831)
	\$ 2,793,495	\$ (243,017)	\$ (1,003,392)	\$ (608,251)

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- (1) For 2013, 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 project and to the Salaco project generated losses, entered to deferred charges.

Following are the forwards as of December 31, 2014:

Entity	Initial date	Ending date	Negotiable rate	(Thousand dollars)	(Thousand pesos)	Valuation
BANCOLOMBIA S.A.	22/09/2014	21/01/2015	\$ 1,996,39	US\$ 1,393,715	\$ 2,782,399	\$ 541,957
BANCO SANTANDER S.A.	18/07/2014	22/01/2015	2,175,12	2,198,628	4,782,280	464,144
BNP PARIBAS	21/10/2014	22/01/2015	2,071,31	1,063,657	2,203,163	335,197
BANCOLOMBIA S.A.	21/07/2014	22/01/2015	2,171,45	1,537,202	3,337,956	329,133
JP MORGAN-CHASE BANK, NA	25/09/2013	30/01/2015	1,976,14	531,432	1,050,184	219,336
BBVA COLOMBIA	24/09/2013	27/02/2015	1,977,64	293,355	580,151	121,644
BNP PARIBAS	04/07/2013	02/07/2015	2,064,33	273,068	563,702	98,382
JP MORGAN-CHASE BANK, NA	22/12/2014	25/02/2015	2,326,91	1,357,987	3,159,915	92,414
BNP PARIBAS	21/10/2014	03/02/2015	2,084,91	296,732	618,659	90,239
BANCO SANTANDER S.A.	22/12/2014	25/02/2015	2,334,30	1,225,452	2,860,572	74,379
BBVA COLOMBIA	24/09/2013	31/03/2015	1,983,47	171,928	341,014	71,833
BNP PARIBAS	22/12/2014	25/02/2015	2,334,30	1,129,520	2,636,639	68,575
BBVA COLOMBIA	24/09/2013	30/04/2015	1,988,69	134,979	268,431	56,551
BBVA COLOMBIA	24/09/2013	29/05/2015	1,993,75	91,891	183,208	38,591
BNP PARIBAS	21/06/2013	25/02/2015	2,062,94	99,769	205,817	33,065
BANCO SANTANDER S.A.	26/01/2011	23/02/2015	2,149,37	112,438	241,671	27,532
BBVA COLOMBIA	24/09/2013	30/06/2015	1,999,35	65,152	130,262	27,408
JP MORGAN-CHASE BANK, NA	25/09/2013	31/07/2015	2,008,07	62,959	126,426	26,583
JP MORGAN-CHASE BANK, NA	25/09/2013	31/08/2015	2,013,14	54,070	108,850	22,882
BNP PARIBAS	20/11/2014	22/01/2015	2,173,92	96,722	210,266	20,539
BNP PARIBAS	04/07/2013	03/02/2015	2,030,23	31,736	64,431	11,388
BNP PARIBAS	04/07/2013	05/05/2015	2,054,84	31,633	65,001	11,292
BNP PARIBAS	21/06/2013	23/04/2015	2,077,89	13,894	28,870	4,605
BNP PARIBAS	04/07/2013	03/03/2015	2,038,34	10,683	21,776	3,819
BNP PARIBAS	04/07/2013	02/06/2015	2,058,21	5,808	11,954	2,091
BNP PARIBAS	29/12/2014	03/02/2015	2,389,12	475,207	1,135,326	(84)
				US\$ 12,759,617	\$ 27,718,923	\$ 2,793,495

As of December 31, 2014 and 2013, following are the main litigations the Company is involved in, for which management, with the support of its external and internal counsel, considers that the result of suits corresponding to the non-reserved portion will be favorable for the Company and will not result in significant liabilities that should be accounted, otherwise not significantly affecting its financial position.

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 brought to the inhabitants of the municipality of Sibaté, both to their health and to the cost of the land, as a result of environmental problems caused by the quality of the Bogotá River water in the Muña reservoir. The initial claim was for \$3,000,000,000,000. This action is being handled together with another existing claim, on account of the same facts and involving a large number of defendants.

The 5th Administrative Bogotá Court is processing prior exceptions filed by some defendants, related to non-applicability of the claim upon not meeting formal requirements, the plaintiff being improperly represented, the cause not being legitimate upon being passive, and the action having expired.

Management and the Company's external and internal counsel consider that this contingency is remote

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and that - in case of a negative ruling - the most critical scenario would involve paying \$143,547,600 (TRM1USD=\$2.392,46)

Industry and Trade Tax

Colombian generation companies have been imposed the industry and trade tax by municipalities intending to tax EMGESA, based on their revenues, failing to take into account application of the special system contained in Law 56 of 1981 according to which this tax should be calculated based on the plant's installed energy generation capacity.

The municipalities of Yaguará, Caloto, Puerto Tejada, Yumbo, Puerto Nare, and Guachené have made liquidations on account of the industry and trade tax for 1998 through 2011, for a cumulative value of \$76,590 million, of which \$67,208 million correspond to litigations with the municipality of Yaguará.

Annulment and reestablishment of the right proceedings are currently underway before the Contentious Administrative Jurisdiction regarding such calculations. The Company CFO and the Administration Manager, together with their internal and external counsel and based on reiterated legal rulings, have concluded that such contingencies have a remote loss probability for the Yaguará case and a possible loss probability for the remaining litigations.

In the latter case, it is expected that the loss probability will be significantly reduced considering that in August 29 a press release was published with which the Constitutional Court announced the enforceability of a norm reiterating that the sale of electrical power is the purpose of the generation activity so that - provided the energy sold has been generated by the seller - the ICA will only apply at the place where the generation station is located, according to Law 56 of 1981. The text of the ruling is not yet known, so that the loss probability has not yet been established.

2003 income tax

The process is based on the Company administration not being aware of benefits generated from applying the Paez Law. Tax authorities have considered that the Company cannot avail of such law regarding its total revenues. The process value is \$96,393,000.

The Company CFO and the Administration Manager, together with their internal and external counsel, consider that the 2003 income tax contingency is remote.

The Company CFO and the Administration Manager, together with their internal and external counsel, consider that the 2003 income tax contingency is remote.

Impregilo Consortium Claim

As of August 31 of 2014 there is a claim from Consorcio Impregilo OHL, in charge of the El Quimbo project civil works, arising from greater costs incurred by the contractor, to be transferred to EMGESA.

The consortium initial claim is for \$137,000,000,000. As of the date of these financial statements, the Company is negotiating, looking to reach a direct agreement with the contractor.

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Other contingencies

As of December 31 of 2014, the values of claims under administrative, civil, labor and contractor litigations are the following:

Process	No. of Processes	Rating	Contingency value	Reserved value
Administrative and civil	31	Probable	\$ 1,556,983	\$ 1,522,536
	126	Eventual	151,714,048	-
	59	Remote	170,394,702	-
	216		323,665,733	1,522,536
Labor and contractor's	29	Eventual	4,615,059	-
	9	Remote	21,931,000	-
	38		26,546,059	-
Total processes	254		\$ 350,211,792	\$ 1,522,536

As of December 31 of 2013, the values of claims under administrative, civil, labor and contractor litigations 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 contractor's	17	Eventual	550,000	-
	12	Remote	23,384,000	-
	29		23,934,000	-
Total processes	263		\$ 193,904,689	\$ 2,716,149

29. Commitments

"Canoas" lifting station project

The inter-institutional agreement between Empresa de Acueducto y Alcantarillado de Bogotá E.S.P. and the Company was executed on December 5, 2011, whose purpose is joining efforts to ensure construction of the Canoas lifting station by means of economic contributions and operations offered by the Company.

This agreement is very important for those living in the Bogotá River basin inasmuch as it significantly contributes to financing the significant amount of work required to clean the Bogotá River; it will allow using the water resource for the supply of electrical power, this way ensuring the reliability of the electrical generation system and making the energy generation process and water quality optimization compatible.

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The Company economic contribution is \$84,048 million for its construction and close to \$7,000 million annual for its operation, administration, and maintenance. These resources will be paid once Corporación Autónoma Regional de Cundinamarca – CAR makes a statement regarding the request to expand the water concession term made by the Company on September 21 of 2011, granting the concession for a similar time and according to conditions being economically profitable and socially beneficial, and that Empresa de Acueducto y Alcantarillado de Bogotá–EAAB builds the station.

30. Financial metrics

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

Metric	Expression	As of December 31 of 2014	As of December 31 of 2013	As of August 31 of 2014	As of August 31 of 2013	Explanation
Liquidity						
Current ratio: (current assets/current liabilities)	(yimes)	0.70	1.51	1.12	0.85	The capacity the Company has to handle its debts to current, committing its current assets
Indebtedness						
The level of leverage corresponding to the creditors' participation in Company assets						
Total indebtedness level: (total liabilities/total assets)	%	50.95%	40.66%	45.86%	40.33%	
The percentage with debts before third parties, with mid-term maturities and noncurrent.						
Indebtedness to current:						
Total level of indebtedness: total liabilities/total assets	%	18.50%	8.80%	12.69%	12.30%	The percentage of debt with third parties with current maturities
Indebtedness to noncurrent total:						
(Total liabilities to noncurrent/total assets)	%	32.45%	31.86%	33.16%	28.03%	The average number of days the Company takes to pay vendors
Activity						
Commercial portfolio turnover: (365/(operational revenues/total portfolio))	D	36	34	43	35	The capacity the Company has to manage its sales, to generate gross profits, i.e. before administration and sales expenses, other revenues, other expenditures, and taxes.
Vendor turnover: (365/(cost of sales/Accounts Payable vendors))	Days	39	27	32	30	How much each sales peso contributes to operational profits generation.
ROI						
The percentage of net sales generating profits after taxes in the Company						
Gross profits margin: (Operational profits/operational revenues)	%	57.91%	56.39%	62.75%	56.86%	
Operational margin: (operational profits/operational revenues)	%	56.27%	54.85%	61.64%	55.82%	The shareholders investment yield
Net profits margin:						For each peso invested in total assets, measures net profits generated

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(Net profits/total equity)	%	35.61%	37.97%	39.72%	35.48%	The capacity the Company has to handle its debts to current, committing its current assets
Operational revenues over assets (ROA)						
(Net profits/total assets)	%	5.48%	5.13%	12.72%	10.39%	The level of leverage corresponding to the creditors' participation in Company assets
Operational revenues over assets (ROA)						
(Net profits/total assets)	%	2.69%	3.04%	6.89%	6.20%	The percentage with debts before third parties, with mid-term maturities and noncurrent.