

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Consolidated Financial Statements

8-month period terminated in August 31, 2014

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Report from the Statutory Auditor

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 August 31 of 2014 and December 31 of 2013 and the respective consolidated income, equity changes, financial situation changes, and cash flows statements for the 8-month period ending August 31 of 2014 and the for the 12 months ending December 31 of 2013, together with the summary of significant accounting policies and explanation notes. The consolidated financial statements as of December 31 of 2013 and ending on such date were audited by me; I issued my report without remarks on February 14 of 2014. The consolidated August 31 of 2013 statements were not examined by me according to generally accepted auditing norms, which provided a reasonable basis for my opinion, so that no opinion is issued on such financial statements, being included here only to show the results of operations for comparison purposes.

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

My responsibility is that of expressing an opinion on such financial statements, based on my audits. I received the necessary information for such purposes and carried out my examinations according to auditing norms generally accepted in Colombia, which require for an audit to be planned and carried in order to obtain reasonable assurance on whether such financial statements are free from material errors.

An audit includes developing procedures to obtain evidence supporting the figures and disclosures contained in financial statements. The selected procedures are at the auditor's discretion, including evaluating the risk of material errors existing in such financial statements. Upon evaluating such risks, the auditor takes into account relevant internal controls used for preparation and presentation of such financial statements in order to design audit procedures that will be appropriate according to the circumstances. It also includes evaluating accounting principles used and significant estimates made by the Administration, as well as presentation of financial statements. I believe my audits provide a reasonable basis for my opinion.

In my opinion, the attached consolidated financial statements reasonably present, in all their important aspects, the consolidated Emgesa S.A. E.S.P. financial situation as of August 31 of 2014 and December 31 of 2013 and the results of its operations, the changes in its financial situation, and cash flows for the periods ending on such dates, according to accounting principles generally accepted in Colombia, as issued by the National Government.

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

Bogotá, D.C., Colombia

October 2, 2014

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

Consolidated Financial Statements

Consolidated General Balance Sheets

	As of August 31 2014	As of December 31 2013	As of August 31 2013
			<i>(Not audited)</i>
			<i>(Thousand pesos)</i>
Assets			
Current assets:			
Cash and cash equivalents <i>(Note 3)</i>	\$ 934,390,104	\$ 837,376,699	\$ 521,008,913
Debtors, net <i>(Note 4)</i>	436,437,609	351,262,835	351,890,709
Participating companies <i>(Note 5)</i>	72,486,936	50,543,305	56,257,540
Inventories, net <i>(Note 7)</i>	42,444,869	46,094,985	28,259,411
Expenses paid in advance <i>(Note 9)</i>	3,688,608	13,158,424	2,754,909
Total current assets	1,489,448,126	1,298,436,248	960,171,482
Permanent investments, net <i>(Note 6)</i>	8,324,464	8,324,464	8,324,464
Debtors, net <i>(Note 4)</i>	11,970,531	12,902,293	12,053,150
Inventories, net <i>(Note 7)</i>	12,960,376	12,141,647	21,691,823
Properties, plant and equipment, net <i>(Note 8)</i>	6,461,833,549	6,019,140,838	5,809,302,564
Deferred charges, net <i>(Note 10)</i>	152,572,389	130,625,789	117,022,406
Deferred taxes <i>(Note 19)</i>	72,857,812	74,869,290	74,022,146
Intangibles, net <i>(Note 11)</i>	62,707,206	57,325,629	56,016,602
Other assets <i>(Note 12)</i>	7,822,214	6,585,995	7,573,280
Valuations <i>(Note 13)</i>	2,165,539,110	2,165,225,458	2,165,820,796
Total assets	\$ 10,446,035,777	\$ 9,785,577,651	\$ 9,231,998,713
Liabilities and equity			
Current liabilities:			

Financial obligations (Note 14)	\$ 331,309,735	\$ 240,668,813	\$ 216,696,214
Accounts Payable (Note 15)	89,029,303	83,117,826	87,047,889
Participating companies (Note 5)	585,860,423	205,565,562	638,206,310
Labor obligations (Note 16)	14,882,619	15,785,587	13,757,369
Retirement pensions (Note 17)	9,945,431	9,869,800	9,882,821
Estimated liabilities and reserves (Note 18)	121,151,446	109,606,332	69,066,083
Taxes, liens and rates (Note 19)	172,455,122	186,079,498	99,360,399
Deferred tax (Note 19)	–	8,353,097	–
Other current liabilities (Note 20)	1,003,392	1,669,882	608,251
Premium for placement of bonds pending amortization	323,702	776,881	776,881
Total current liabilities	1,325,961,173	861,493,278	1,135,402,217
Financial obligations (Note 14)	3,390,100,000	3,050,100,000	2,485,100,000
Retirement pensions (Note 17)	61,289,317	62,977,442	64,542,514
Premium for placement of bonds pending amortization	–	64,740	323,702
Taxes, liens and rates (Note 19)	–	–	24,606,988
Revenues received an advance	1,788,500	1,591,600	1,546,750
Estimated liabilities and reserves (Note 18)	11,185,014	3,121,237	11,411,823
Total liabilities	4,790,324,004	3,979,348,297	3,722,933,994
Minority interest	12,236	10,811	13,091
Equity (Note 21):			
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	2,165,539,110	2,165,225,458	2,165,820,796
Effect on investment conversion	(525)	1,288	1,374
Year results	719,310,264	870,141,109	572,378,770
Total equity	5,655,699,537	5,806,218,543	5,509,051,628

Total liabilities and equity	\$	10,446,035,777	\$9,785,577,651	\$9,231,998,713
Memorandum accounts (<i>Note 22</i>)		\$3,552,533,797	\$3,781,070,223	\$3,655,701,642

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 Vargas Santiago
Statutory Auditor
Professional Card 163663-T
Appointed by Ernst & Young Audit
S.A.S. TR-530
(See my October 2, 2014 report)

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

Consolidated Income Statement

	Eight month period from January 1 to August 31		Year ending in December 31
	2014	2013	2013
	<i>(Not audited)</i>		
	<i>(Thousand pesos)</i>		
Operational revenues <i>(Note 23)</i>	\$ 1,810,740,332	\$ 1,613,352,721	\$ 2,397,506,421
Cost of sales <i>(Note 24)</i>	(674,257,569)	(695,655,655)	(1,037,621,797)
Gross profits	1,136,482,763	917,697,066	1,359,884,624
Administration expenses <i>(Note 25)</i>	(20,243,940)	(17,005,658)	(29,115,398)
Operational profits	1,116,238,823	900,691,408	1,330,769,226
Other expenditures (revenues):			
Financial, net <i>(Note 26)</i>	(71,533,152)	(66,278,387)	(86,289,674)
Various revenues (expenditures), net <i>(Note 27)</i>	5,001,990	2,598,291	20,723,052
Profits before taxes	1,049,707,661	837,011,312	1,265,202,604
Income tax <i>(Note 19)</i>	(330,395,972)	(264,628,288)	(395,059,521)
Current	(337,607,229)	(269,553,469)	(392,478,749)
Deferred	7,211,257	4,925,181	(2,580,772)
	719,311,689	572,383,024	870,143,083
Minority interest	(1,425)	(4,254)	(1,974)
Year net profits	\$ 719,310,264	\$ 572,378,770	\$ 870,141,109
Preferential per-share dividend	\$ 318,59	\$ 213,30	\$ 195,74
Net profits per share	\$ 4,785,54	\$ 5,813,23	\$ 5,234,08

See attached Notes.

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

Lucio Rubio Díaz Alba Lucía Salcedo Rueda
Legal
Representative Public Accountant
Professional card 40562-T

Yuliana Vargas Santiago
Statutory Auditor
Professional Card 163663-T
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Emgesa S.A. E.S.P. and its affiliates

Consolidated Statement of Equity Changes

	Subscribed and paid capital	Stock placement premium	Reserves	Equity revaluation	Valuation surplus	Investment conversion effect	Accumula- ted profits	Shareholders equity
	<i>(Thousand pesos)</i>							
	\$	\$	\$	\$	\$	\$	\$	\$
Balances as of December 31 2012	655,222,313	113,255,816	327,789,2836	1,674,583,274	2,166,971,014	(299)	783,529,388	5,721,350,791
Declared dividends							(783,529,388)	(783,529,388)
Period profits							572,378,770	572,378,770
Adjustment to valuation of permanent investments						1,673		1,673
Adjustment to fixed assets' valuation					(1,150,218)			(1,150,218)
	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
Balances as of August 31 2013							297,762,339	297,762,339
Period profits								
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	13	6	327,789,2836	0	2,165,539,11		\$ (525)	\$ 719,310,264	\$ 5,655,699,537	

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
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(See my October 2, 2014 report)

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

Consolidated Statement of Changes in the Financial Situation

	Eight month period from January 1 to August 31		Year ending in December 31
	2014	2013	2014
	<i>(Not audited)</i>		
	<i>(Thousand pesos)</i>		
Year/period net profits	\$ 719,310,264	\$ 572,378,770	\$ 870,141,109
Entries not affecting working capital:			
Depreciation	93,740,950	97,556,913	146,046,729
Amortization of intangibles	2,951,662	2,264,004	3,514,462
Deferred tax, previous years	869,638	511,273	511,273
Amortizations of deferred charges	237,296	169,441	254,158
Net profits from the sale of properties, plant and equipment	(181,080)	(588,335)	(568,235)
Inventory reserve	–	–	856,007
Recovery of other reserves	–	255,101	–
Emgesa Panamá conversion effect	(1,813)	1,674	1,587
Loss from withdrawal from expansion projects	402,780	–	57,839
Current deferred tax	1,141,840	(4,925,180)	(5,772,325)
Total provided by operations	818,471,537	667,623,661	1,015,042,604
Debtor reduction	931,762	1,417,014	567,871
Inventories increase	(818,729)	(679,574)	8,014,595
Increase (reduction) of financial obligations	340,000,000	(141,660,000)	423,340,000
Total working capital provided	1,158,584,570	526,701,101	1,446,965,070
Applied financial resources:			
Increase of other assets	(1,236,219)	(1,901,992)	(914,707)
Change to equity tax payable	–	(24,606,988)	(49,213,976)

Recovery on account of the Quimbo yield	12,547,579	7,988,561	14,400,796
Profit (loss) from forward valuation	(136,621)	4,099,357	3,840,838
Reduction (increase) in revenues received in advance	196,900	(631,084)	(586,234)
Properties, plant and equipment purchases	(536,252,581)	(378,038,535)	(636,386,725)
Declared dividends	(870,141,109)	(783,529,388)	(783,529,388)
Quimbo international bond interests	(37,893,746)	(19,200,810)	(34,892,428)
Reduction (increase) in deferred charges	(4,917,375)	9,149,464	4,941,428
Reduction (increase) in retirement liabilities	(1,688,125)	84,037	(1,481,035)
Purchase of intangibles	(519,752)	(620,899)	(3,180,384)
Increase (reduction) of estimated liabilities and reserves	8,063,777	2,394,730	(5,640,755)
Bonds placement premium transfer, current	(64,740)	(517,922)	(776,884)
Minority interest	1,425	4,254	1,974
Total working capital used	(1,432,040,587)	(1,185,327,215)	(1,493,417,480)
Increase (reduction) in working capital	\$ (273,456,017)	\$ (658,626,114)	\$ (46,452,410)
Net changes in working capital:			
Cash and cash equivalents	\$ 97,013,405	\$ (264,368,567)	\$ 51,999,219
Debtors	85,174,774	96,648,123	96,020,249
Accounts Receivable, participating companies	21,943,631	99,850	(5,614,385)
Inventories	(3,650,116)	(13,881,599)	3,953,975
Expenses paid in advance	(9,469,816)	(8,205,248)	2,198,267
Financial obligations	(90,640,922)	(110,869,304)	(134,841,903)
Accounts Payable	(5,911,477)	59,873,286	63,803,349
Accounts Payable, participating companies	(380,294,861)	(464,437,900)	(31,797,152)
Labor obligations and integral Social Security	902,968	57,274	(1,970,944)
Retirement pensions and supplementary benefits	(75,631)	84,037	97,058
Estimated liabilities and reserves	(11,545,114)	(17,820,008)	(58,360,257)
Contributions, taxes, and rates payable	13,624,376	60,094,584	(26,624,516)
Payable deferred tax	8,353,097	—	(8,353,097)

Other current liabilities	666,490	4,099,358	3,037,727
Placement premium of bonds pending amortization	453,179	–	–
Increase (reduction) in working capital	<u>\$ (273,456,017)</u>	<u>\$ (658,626,114)</u>	<u>\$ (46,452,410)</u>

See attached notes.

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

Lucio Rubio Díaz Alba Lucía Salcedo Rueda
 Legal representative Public Accountant
 Professional Card 40562–T

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 TR–530
 (See my October 2, 2014 report)

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

Consolidated Cash Flow Statements

	Eight month period from		Year ending in
	January 1 to August 31		December 31
	2014	2013	2014
	<i>(Not audited)</i>		
	<i>(Thousand pesos)</i>		
Operational activities			
Year/period profits	\$ 719,310,264	\$ 572,378,770	\$ 870,141,109
Adjustments to conciliate year profits and net cash provided for (used in) operational activities			
Depreciation and amortization	96,929,909	99,990,359	149,815,349
Portfolio reserve recovery	(303,769)	(391,530)	(451,185)
Portfolio reserve	1,072,331	97,066	163,637
Inventory reserve recovery	–	–	(237,365)
Loss from actuarial calculation	1,020,154	–	2,546,110
Bond amortization premium	(517,917)	(517,922)	(776,884)
Deferred tax, debit	1,147,688	(4,925,180)	(5,772,325)
Deferred tax debit, previous years	863,790	511,273	511,273
Deferred tax, liabilities	(8,353,097)	–	8,353,097
Loss from withdrawal from expansion projects	402,780	–	57,839
Inventory reserve	–	–	856,007
Retirement pensions reserve	3,277,178	6,699,260	5,535,519
Profit from the sale of properties, plant, and equipment	(181,080)	(588,335)	(568,235)
Expenses, costs, and contingencies reserve	679,804	229,555	–
Net change in operational assets and liabilities:			

Debtors	(112,998,344)	(94,903,028)	(70,596,898)
Expenses paid in advance	9,469,815	8,205,248	(2,198,267)
Inventory	2,831,387	13,202,025	4,297,985
Economic participating parties	882,831,162	614,613,041	790,930,471
Other assets	(1,236,219)	(1,901,992)	(914,707)
Accounts Payable	5,952,902	(59,835,003)	(63,765,066)
Taxes, liens, and rates	10,945,115	(60,128,202)	26,624,516
Pension liabilities (payments)	(5,909,826)	(6,699,260)	(9,659,722)
Labor obligations	(902,967)	(57,274)	1,970,944
Other current liabilities	(666,490)	(4,099,358)	(3,037,727)
Estimated liabilities and reserves	18,929,087	20,240,284	52,719,502
Revenues received in advance	196,900	(631,084)	(586,234)
Net cash provided by operational activities	1,624,790,557	1,101,488,713	1,755,958,743
Investment activities			
Purchase of properties, plant, and equipment	(536,252,581)	(378,038,535)	(636,386,725)
Quimbo international bond interests	(37,893,746)	(19,200,811)	(34,892,428)
Ruling Interests' income - Ministry of Mines and Energy and Ministry of Finances and Public Credit	14,609,577	–	(11,463,637)
Ruling recovery income - Ministry of Mines and Energy and Ministry of Finances and Public Credit	13,414,688	–	(13,104,295)
Purchase of deferred charges	(4,917,375)	9,149,464	4,941,428
Purchase of intangibles	(519,752)	(620,899)	(3,180,384)
Net cash used in investment activities	(551,559,189)	(388,710,781)	(694,086,041)
Financial activities			
Payment of financial obligations and interests	(340,751,321)	(159,576,496)	(520,138,407)
Financial obligations and interests	771,392,243	128,785,800	1,078,320,310
Equity tax payment	(24,606,988)	(24,606,988)	(49,213,976)
Recovery of Quimbo yield	12,547,579	7,988,561	14,400,796
Loss from forward valuation	(136,621)	4,099,357	3,840,838
Payment of dividends	(524,521,358)	(150,313,273)	(753,557,217)

Declared dividends	(870,141,109)	(783,529,388)	(783,529,388)
Emgesa Panamá conversion affect	(1,813)	1,674	1,587
Minority interest	1,425	4,254	1,974
Net cash (used) in financial activities	(976,217,963)	(977,146,499)	(1,009,873,483)
Net increase (reduction) of cash and cash equivalents	97,013,405	(264,368,567)	51,999,219
Cash and cash equivalents at the beginning of the year	837,376,699	785,377,480	785,377,480
Cash and cash equivalents at year's end	\$ 934,390,104	\$ 521,008,913	\$ 837,376,699

See attached notes.

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

Lucio Rubio Díaz Alba Lucía Salcedo Rueda
 Legal representative Public Accountant
 Professional Card 40562–T

Yuliana Vargas Santiago
 Statutory Auditor
 Professional Card 163663–T
 Appointed by Ernst & Young Audit S.A.S.
 TR–530
 (See my October 2, 2014 report)

Notes to the Consolidated Financial Statements

8-month period ending August 31, 2014

(All values in thousand pesos, except for amounts in foreign currency, exchange rates, and number and face value of shares).

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 utilities 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, amending, or derogating them. In development of its main purpose, the Company may acquire generation plants and project, build, operate, maintain, and commercially exploit electrical power generation stations, taking the necessary steps to protect the environment and its good relationships with the community in the area of influence of its projects; perform work and designs and provide consultancy services in electrical engineering and sell products in benefit of its clients. In development of its main corporate object, the Company may perform all activities related to exploration, development, investigation, exploitation, trading, storage, marketing, transportation, and distribution of minerals and rock material. Additionally, the Company will be able to perform all types of activities directly, indirectly, supplementary, or auxiliary related to the gas fuel trading business. The Company's term is indefinite.

El Quimbo Project – This project was approved by Resolution 899 of May 15 of 2009 and 1628 of August 21 of 2009. The Company considers that it will start operations in June 2015.

Property deeds for 2014, for land properties considered of public benefit, involve 95% of the total area, considered in the purchase options as delivered to the owners. Construction of settlements for displaced inhabitants in Llano de La Virgen, Santiago Palacios, and Montea was started in 2014. The irrigation districts' designs have been concluded.

The economic development program for the "enterprisers with energy" strategy, which consists in creating sustainable productive project initiatives and delivering education subsidies to the beneficiary population in order to ensure their participation and assistance continues.

The reservoir basin forest use was awarded and started, this activity being required to start filling the reservoir.

The 1% investment plan execution continues in programs for the acquisition of land properties in regional and municipal natural parks, also the construction of the four sections of alternate roads in the existing road network.

The project main work construction continues (dam, auxiliary dyke, spillway, machinery room,

collection works, and electrical transportation and installations). The dam work continues with the fills in their various phases. The machinery room infrastructure will be concluded by the end of September 2014, work continuing with the control building finishes. The electromechanical equipment is being installed according to schedule.

Installation work of the load and bottom discharge tunnels continues, significant progress having been made at the auxiliary dyke and in the installation of the spillway gates.

Electromechanical equipment: most equipment required for the project is already at the worksite. The turbines are being erected. Bridge cranes are ready for operation.

Included in the National Transmission System Connection, EEB continues building the Tesalia substation and the Tesalia-Altamira line.

Through the external audit made by the System Administrator (XM), the Company reviewed the April 2014 report, review that resulted in a change in the policy value for USD 44,265,000; this policy is valid until July 4, 2015. It was submitted to the Energy and Gas Regulatory Commission (CREG). The first unit will be commissioned April 30 of 2015, the second June 30 of 2015.

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

Affiliates - Sociedad Portuaria Central Cartagena (SPCC S.A.) is a commercial stock company created on November 18 of 2009, formalized with public deed No. 2643 of Notary 11 in Bogotá. Its term extends until November 18, 2059.

Corporate Object: the SPCC S.A. main corporate object is investment, construction, and maintenance of berths and public and private ports; port management, provision of loading and unloading services and storage services and other services directly related to the multi-purpose port activity, development, and exploitation, according to the law, in addition to the provision of port services as port operator, allowing the provision of services by other port operators; associate with other companies being either port operators 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 close to the port by doing work such as dredging, fills, and ocean engineering work, providing common benefit services as required.

Concession Agreement

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

Contract value. The port concession agreement value is US\$371,524, corresponding to the present value of the payment made for the use area and the exclusive temporary use of beaches, low tide ground, accessory areas, and the existing port infrastructure.

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

Investment plan. The contract considers an investment plan SPCC S.A will develop in the public use area, equivalent to US \$261,545, containing general activities, the investment value, and its term and scheduling for the 24 months following the contract date. Should the concession holder request changing the approved investment plan, it will ensure that the investments' present value will be equal to US\$206,585.

Company obligations. SPCC S.A undertakes to meet all legal and contractual obligations required to perform this agreement, especially the following:

- Make the concession and the surveillance rate payment set forth in the agreement, according to current legal norms and the respective payment dates.
- Perform port activities according to current legal norms.
- The infrastructure is in poor condition, however the concession holder undertaking to recover it during the concession's 5 initial years. Once the final infrastructure is built, the concession holder will deliver the barge to the Nation, free of charge and in good operational condition.
- During the first year, the concession holder undertakes to initially operate with the existing port infrastructure and the floating berth. A fixed berth will be built after the 24th month of operation.
- Not incur in unfair competition.
- Not fully or partially assign the concession agreement without prior authorization.
- Meet the Ports and Transportation Superintendence norms.
- Protect the environment.
- Report the volume of cargo moved to the National Concessions Institute - INCO and to the Ports and Transportation Superintendence, for which it will deliver a monthly report containing tons moved by type of cargo.

Concession term. The concession term is 20 years from formalization of the port concession agreement. In no case will it be automatically extended. The concession may be extended provided authorized by the law or as approved by the competent entity according to the procedure provided for this purpose by current norms.

Affiliated Entity - *Emgesa Panamá S.A.* is a Company established according to the laws of the Republic of Panama on July 3 of 2012. Its term is indefinite.

Corporate object. Purchase, sale, import, and export of electricity and sale of electrical power and its associated power. Additionally, it may participate in the industry and in trade, in general, being able to execute all activities, transactions, deals, acts, and activities allowed by the Panamanian laws to stock companies. The Company is in its pre-operational phase.

The functional currency is the American dollar, so that the parent company recognizes the effects in conversion as a line in its equity.

Consolidation principles

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

- a. Should more than 50% of its capital belong to the parent company, directly or through or with participation of its subordinated companies or their subordinate companies.
- b. Should the parent company and the subordinated companies jointly or separately have the right to cast votes representing the minimum decision-making majority in the highest corporate body or have the necessary number of votes to elect the majority of the members of the Board of Directors.
- c. Should the parent company directly, through, or with the collaboration of subordinated companies by reason of an act or a deal with the controlled company or with its partners exercise dominant influence on the decisions of the Company's administration 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 is the 94.95% and 100% capital stock owner, respectively.

As of August 31 of 2014, the EMGESA S.A. E.S.P. and its Affiliates' liabilities, assets, equity, and results balances in the consolidation are the following:

	Emgesa S.A. E.S.P	Sociedad Portuaria Central Cartagena S.A.	Emgesa Panamá
Total assets	\$ 10,446,082,210	\$ 1,561,734	\$ 11,160
Total liabilities	4,790,382,673	1,319,436	2,343
Equity	5,655,699,537	242,298	8,817
Period net profit/losses	\$ 719,310,264	\$ 28,211	\$ (4,837)

Basis for the presentation

The attached financial statements have prepared based on accounting records kept according to the historical cost method 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 from the Superintendence of Public Household Utilities which eliminated application of inflation adjustments for accounting purposes as of January 1 of 2006 for legal or private public utility companies.

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

The Company records its activities according to the unique accounts plan for public utility companies issued by the Superintendence of Public Household Utilities.

Accounting period

According to its bylaws, the Company should close its accounts and prepare and disclose general-purpose financial statements once every year, on December 31.

The properly formalized company bylaws authorize the Board of Directors to establish the necessary account closing dates. Through Minutes No. 403 of August 18 of 2014, the Board of Directors ordered the Administration to close its financial statements as of August 31 of 2014 and submit them - together with a profits distribution proposal - for approval by the Shareholders Assembly.

The attached financial statements for the periods ending August 31 of 2014 and 2013 correspond to 8-month periods. No early closing was made during 2013; the respective figures 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 its knowledge or lack of knowledge could significantly affect economic decisions of information users. 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 for better interpretation of 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 \$1,918.62, \$1,935.43, and \$1,926.83 per US\$1, and \$2,527.40, \$2,552.25, and \$2,662.11 per Euro as of August 31 of 2014 and 2013 and December 31 of 2013, respectively.

Cash and cash equivalents

Cash includes cash available and cash in banks and savings accounts. Cash equivalents correspond to investments in fixed income instruments, easily redeemable in the short term, between 1 and 120 days, presented at face value and valued applying yield accrual.

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

Equity investments using the cost method, net

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

The Company recognizes the effect of converting a line in the equity by restating financial statements of companies controlled and with functional currencies other than the Colombian peso.

Derivative financial instruments

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

Forwards established by the Company are made in order to cover payments in foreign currency, mainly for the purchase of equipment and for civil work contracts of the El Quimbo and the Salaco projects. 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 affecting payment days and amounts to be paid in dollars to equipment suppliers, the Company has decided that its hedging strategy will be rollover, as follows:

- Adjust hedging values and dates as estimated payment days change. Adjustments may be made by means of new contracts, early liquidations, or adjustments to current contracts. This strategy allows for maximum hedging effectiveness regarding the exchange rate.
- For Company all-risk and civil liability corporate insurance policies, this adjustment is directly recognized in income accounts.

Inventories, net

Company inventories are accounted at average cost. They are represented in materials and supplies (spare parts and consumables), kept at the warehouse in order to be used in investment and maintenance projects. Based on technical obsolescence and low turnover analyses, an inventory protection reserve is made.

Debtors reserve

The bad debts reserve was created according to Company policies, which indicate that such reserve be made on all debts more than 360 days delinquent.

Properties, plant, and equipment, net

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

	Service life Emgesa S.A. E.S.P. (Average years)	Service life Sociedad Portuaria Central de Cartagena S.A. (Average years)
Constructions and buildings	68	–
Plants, ducts, and tunnels	71	–
Machinery and equipment	15	10
Grids, lines, and cables	15	–
Communications equipment	12	–
Furniture, furnishings, and office equipment	10	10
Computer equipment	5	–
Transportation, traction, and lifting equipment	5	–

In late 2013, with the support of Consultores Unidos the Company started reviewing its fixed assets structure in order to open its systems for specific assets, also updating the remaining service life. As a result of this project, in March 2014 fixed assets were opened in the SIE 2000A system AM module, recalculating depreciation from January 2014.

Significant asset improvements are capitalized, maintenance expenses not extending service life or not improving productivity and efficiency being charged to expenses as incurred.

Profits/losses from the sale or disposal of properties, plant, and equipment are recognized to the

operations of the year the transaction takes place.

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

Deferred charges, net

The Company enters to deferred charges a) the El Quimbo investment project costs, such as exchange differences, yields, sanctions to suppliers, interests, stability premium amortization, bond financial expenses, and all costs associated to the project and not subject to being capitalized to fixed assets; b) pre-feasibility studies for plant projects, amortized once the productive phase has started; and c) costs incurred upon getting involved in financial obligations, amortized using the straight line method during the term of the loan.

Intangibles, net

These correspond mainly to a) the cost of acquiring water rights from the Chingaza and Río Blanco projects, amortized using the straight line method during 50 years, and b) expenses incurred in implementing licenses and software, amortized in 3 years using the straight line method.

The Company has 17 water concessions for electrical power generation, process refrigeration, and household use. According to norms, the environmental authority issues invoices on account of household and refrigeration used (usage rates). A payment is made to the municipalities and to the environmental authorities on account of water used to generate electrical power. The transfer includes payment by the hydro-energetic sector of the rate for the use of the water.

Valuations

Properties, plant, and equipment

Correspond to the differences between a) the net book value and the market value for land properties, b) the replacement value for plants, machinery, and equipment, established by authorized capable experts. Appraisals are less than 3 years old and have been updated according to the metric applicable to each group.

Properties, plant, and equipment valuations are entered into separate accounts in assets, as a valuation surplus in equity, not susceptible to distribution. Devaluation of properties, plant, and equipment is directly entered to the income statement as a year's expense.

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 susceptible to being distributed. Investment evaluations are entered as a lower valuation value and a lower surplus from valuations in equity, without prejudice to the net balance being of a different nature.

Labor obligations

Labor laws consider paying a compensation to workers not under the integral salary system, should they have been laid-off, which could be managed by a fund or by the Company based on the applicable system, 12% annual interests being paid on amounts accrued by each employee.

However, there could be partial payments during the labor relationship, according to legal requirements. Should the work contract have been unjustifiably terminated or should mutual agreement have existed, the employee will be entitled to receiving additional payments, which could vary according to the time of service and the salary.

The Company makes periodical severance and integral social security payments for health, professional risks, and pensions, to the respective private funds or to Colpensiones, which fully assume such obligations.

The law previously included the obligation of establishing and directly paying retirement pensions to the employees, which was derogated. These are now exclusively recognized by social security entities, however the Company still being responsible for those having been recognized prior to such change. The pension liability is established through studies made by recognize actuaries, according to parameters established by the National Government. The retirement pensions' obligation includes the effects of the application corresponding to the new mortality rates authorized by the Financial Superintendence in Decree 1555 of July 30, 2010 and represents the present value of all future monthly payments the Company will make to employees meeting requirements for accessing the pension right.

Taxes, liens, and rates

The income tax reserve is calculated at the official rate of 34% in 2013 and 2014 (this rate includes the 25% income tax and the 9% CREE equity tax) and 33% for 2012, using the accrual method and established based on commercial profits, in order to properly correspond the year's revenues with their costs and expenses, entered using the estimated liability value.

The effect of temporary differences involving payments of lower or greater income taxes during the year is entered as a credit/debit deferred tax, respectively, at the current tax rates whenever differences are being reverted (34% up to 2015 and 33% for the following years), should there be reasonable expectations that such differences will revert in the future, in addition for the asset that at that time there will be sufficient taxable income.

The active deferred tax resulting from the temporary difference originated by eliminating accounting inflation adjustments from January 1 of 2006 is amortized according to the fixed assets' service life for which it was generated; additionally, the deferred tax is recognized on account of other temporary differences existing between accounting and fiscal balances.

The passive deferred tax resulting from the temporary difference results from the accounting entry made according to the decision favoring the Company and resulting from the greater value paid for the purchase of Compañía Central Hidroeléctrica de Betania in 1996. For fiscal purposes, this entry is made in 2014 in order to correspond to the period during which the decision is implemented.

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

Equity tax

Law 1370 of December 2009 established the new equity tax for the tax year of 2011, with a 2.4% rate for taxpayers with fiscal equities greater 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 and equity surtax of 25% for

taxpayers with equities equal to or greater than \$3,000 million.

This tax applies to equity held as of January 1 of 2011, tax payments having been made in equal installments between 2011 and 2014.

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

Recognition of revenues, costs, and expenses

Emgesa S.A. E.S.P

Sales in the wholesale and not regulated markets are recognized in the year the services are provided, according to resolution CREG 131 of 1998.

Power levels greater than 0.1 MW or electrical power consumption greater than 55 MWh–month MUST be considered FROM non-regulated users. 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 recognition exists should generators - daily and hourly - make 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.

Sociedad Portuaria Central and Emgesa Panamá.

Sales revenues are entered the year 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 for the Administration to make estimates that could affect the values of assets, liabilities, and income. Current or market values could be different from such estimates. The administration believes such estimates and assumptions used are adequate.

Net per-share profits

Established using the year's net profits divided between 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 of credits assigned to clients and workers.

Short and long-term reclassification

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

New accounting pronouncements

Convergence to International Financial Information Norms

Emgesa S.A. E.S.P.

According to Law 1314 of 2009 and Regulatory Decrees 2706 and 74 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. 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.

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 August 31 of 2014, the Company has carried out the following activities: creation of the project's leader team, definition and assignment of project resources, diagnosis of relevant effects caused by the implementation process, analysis of implementation scenarios. A training and communications plan is being carried out; policies are being defined and adjustments made to information systems. During the remainder of 2014 and during 2015, internal work teams will continue reviewing the effects and internal communications and training plans will be carried

out. The IT systems and internal norms and control will be concluded and the opening balance audited.

According to Law 1314 of 2009 and Regulatory Decrees 2706 and 74 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. Considering that such conversion is complex and will have a significant effect on the companies, the Technical Public Accountants Council classified the companies into 3 groups for such transition.

Sociedad Portuaria Central de Cartagena S.A.

According to Law 1314 of 2009 and Regulatory Decrees 2706 and 74 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. Considering that such conversion is complex and will have a significant effect on the companies, the Technical Public Accountants Council classified the companies into 3 groups for such transition.

Companies belonging to group 1 are required to start their transition process on January 1, 2014 (January 1 of 2015 for group 2), issuing the first comparative financial statements under NIIF on December 31 of 2015 (December 2016 for companies in group 2).

According to such classification, Sociedad Portuaria Central de 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 August 31 of 2014		
	<i>(in EUR)</i>	<i>(in US dollars)</i>	<i>(Thousand pesos)</i>
Cash and cash equivalents	\$ 1,857	\$ 14,015	\$ 31,583
Advance payments	153,032	4,185,049	8,621,074
Accounts Payable <i>(Note 15)</i>	(8,739)	(1,164,632)	(2,253,119)
	\$ 146,150	\$ 3,034,432	\$ 6,399,538

	As of December 31, 2013		
	<i>(EUR)</i>	<i>(US dollars)</i>	<i>(Thousand pesos)</i>
Cash and cash equivalents	\$ 3,583	\$ 20,088	\$ 48,243
Advance payments	327,893	4,938,396	10,381,231

Accounts Payable (<i>Note 15</i>)	(66,193)	(480,174)	(1,097,336)
Net active position	<u>\$ 265,283</u>	<u>\$ 4,478,310</u>	<u>\$ 9,332,138</u>

	As of August 31, 2013		
	<i>(not audited)</i>		
	<i>(EUR)</i>	<i>(US dollars)</i>	<i>(Thousand pesos)</i>
Cash and cash equivalents	\$ 4,675	\$ 8,120	\$ 27,648
Advance payments	324,193	2,452,289	5,484,777
Accounts Payable (<i>Note 15</i>)	(1,644)	(63,306)	(122,254)
Net active position	<u>\$ 327,224</u>	<u>\$ 2,397,103</u>	<u>\$ 5,390,171</u>

2. Cash and cash equivalents

	August 31, 2014	December 31, 2013	August 31, 2013
	<i>(Not audited)</i>		
National banks-savings (1)	\$ 339,376,689	\$ 274,904,327	\$ 224,892,176
National banks -checking (1)	7,521,511	6,385,225	83,469,533
Fixed income liquidity administration investments (2)	587,450,440	556,063,199	212,626,621
Cash	41,464	23,948	20,583
	<u>\$ 934,390,104</u>	<u>\$ 837,376,699</u>	<u>\$ 521,008,913</u>

(1) The \$590,000,000 bond issuance was made on May 16, 2014, used to finance the El Quimbo project for \$480,000,000, payment of A509 bond maturities for \$92,200,000 in July, and \$17,800,000 to working capital.

On August 31, 2014, the balance of the El Quimbo financing resources for \$554,888,703 is distributed as follows: \$92,061,743 readily available and \$462,826,960 in short-term investments (CDT's).

(2) Following is the balance of fixed income liquidity administration investments:

	August 31 2014		December 31 2013		August 31 2013	
	<i>Average interest rate</i>	<i>Value</i>	<i>Average interest rate</i>	<i>Value</i>	<i>Average interest rate</i>	<i>Value</i>
						<i>(Not audited)</i>
CDT	4,17%	\$580,826,959	4,17%	\$548,945,661	4,20%	\$212,472,057
Trusts	3,40%	6,623,481	2,70%	7,117,538	3,44%	154,564
		<u>\$587,450,440</u>		<u>\$556,063,199</u>		<u>\$212,626,621</u>

There are \$262,478,900 in CDT's longer than 90 days.

3. Debtors, net

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Energy service clients (1)	\$ 285,704,336	\$ 172,720,523	\$ 182,066,139
Advance payments made (2)	134,138,136	137,903,540	154,701,358
Other debtors (3)	9,497,400	33,208,521	8,114,256
Loans to employees (4)	16,069,627	16,935,668	16,043,283
Tax advance payments and positive balances	5,822,888	5,784,900	5,816,928
Deposits delivered	412,927	564,166	231,858
Port service clients	20,357	77,724	103,928
	<u>451,665,671</u>	<u>367,195,042</u>	<u>367,077,750</u>
Minus debtors reserve (5)	(3,257,531)	(3,029,914)	(3,133,891)
	<u>448,408,140</u>	<u>364,165,128</u>	<u>363,943,859</u>
Minus noncurrent portion	(11,970,531)	(12,902,293)	(12,053,150)
	<u>\$ 436,437,609</u>	<u>\$ 351,262,835</u>	<u>\$ 351,890,709</u>

(1) The change results mainly from a greater portfolio, for \$12,216,971, of the clients EPM S.A E.S.P; \$4,620,185 Electrificadora del Meta; \$4,414,076 Compañía Energética de Occidente; \$4,356,826 Compañía Energética del Tolima and \$4,076,890 Empresa de Energía de Pereira, part of the wholesale market with outstanding debts. Additionally, there is a greater estimate of energy sales pending invoicing for \$81,165,465.

(2) Advance payments made correspond to:

a. El Quimbo project, as follows:

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Work:			
Consortio Impregilo – OHL	\$ 69,212,446	\$ 68,460,509	\$ 80,993,227
Consortio Obras Quimbo	23,161,374	35,884,704	36,548,851
Other	12,769,829	192,960	28,975
Ingetec	41,832	2,942,202	3,026,026
Proyecont Ltda.	–	2,001,259	2,001,259
	105,185,481	109,481,634	122,598,338
Land properties	5,502,841	3,618,903	3,723,939
Equipment:			
Alstom Colombia S.A.	2,728,474	4,378,157	5,257,714
Schader Camargo Ingenieros	955,774	3,475,469	3,833,910
Alstom Brasil Energía y Transporte	1,099,299	1,158,137	1,272,278
	4,783,547	9,011,763	10,363,902
Other	6,078,545	2,020,109	7,764,050
Trip expenses	5,498	3,024	3,388
El Quimbo total	\$ 121,555,912	\$ 124,135,433	\$ 144,453,617

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

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Hitachi de Venezuela	\$ 5,727,203	\$ 5,727,203	\$ –
Alstom Colombia S.A.	2,033,268	3,927,252	3,927,252
Consortio TC-20	1,067,629	–	–
Dyprotec Power S.A.S	1,924,000	–	–
AndrizHydroLtda	455,382	1,175,160	1,576,228
Ansaldo Energía	387,744	823,449	823,449
Vansolix S.A en restructuración	679,000	792,167	856,833
Siemens S.A	136,856	717,585	1,372,852
Other	171,142	605,291	1,691,127
	12,582,224	13,768,107	10,247,741
Total advance payments	\$ 134,138,136	\$ 137,903,540	\$ 154,701,358

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

- a. The Ministry of Finances AR on account of payments made by the Company as a result of decisions against Betania under processes existing on the shares' purchase

agreement date 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, corresponding to indemnification and interests resulting from the ruling made on account of lack of transparency in the Betania negotiation process

(4) Loans to employees for housing, education, vehicles, training, electrical appliances, among others, are included in the quality of life policies and in the companies' collective workers labor agreement. These loans are interest-free, except for the housing loan for the integral system, with a 4.75% rate and 0% effective annual for employees covered by the collective workers labor agreement, respectively.

(5) Following is the debtors' reserve:

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Initial balance	\$ (3,029,914)	\$ (3,428,355)	\$ (3,428,355)
Reserve recovery	303,769	451,185	391,530
Write-offs	540,945	110,893	-
Reserve adjustment-income statement	(1,072,331)	(163,637)	(97,066)
Final balance	<u>\$ (3,257,531)</u>	<u>\$ (3,029,914)</u>	<u>\$ (3,133,891)</u>

The debtors reserve balance is the following: a) the reserve for client debts older than 360 days as of August 31 of 2014 for \$1,596,430, b) other AR reserves as of August 31 of 2014 for \$1,608,015 and c) the reserve for the loan to former employees as of August 31, 2014 for \$53,086.

As of August 31 of 2014 the Company has the following guaranties for energy payments:

Security	Number of guarantee s	Issuer's name	Value
Trust certificate	1	Fiduciaria Colpatria - Flores de la Sabana	\$ 19
Bank guaranties	1	Energía Social de la Costa	1,025,000
Bank guaranties	2	Empresa de Energía del Casanare S.A	6,797,113
Insurance policy	1	Dyprotec Power S.A.S	1,924,000
Banker's acceptance	1	Empresas Públicas de Medellín S.A.	Open, with no agreed value
Trust certificate	2	Emcali	Open, with no agreed value

Assignment of economic rights	1	Vatia S.A. E.S.P.	Open, with no agreed value
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	1	Enertolima S.A.E.S.P.	Open, with no agreed value
Promissory note	1	Acme Leon Plástico	Open, with no agreed value
Promissory note	1	Aes Chivor	Open, with no agreed value
Promissory note	1	Americana de Energía S.A.	Open, with no agreed value
Promissory note	1	Central Hidroeléctrica de Caldas	Open, with no agreed value
Promissory note	1	Chec	Open, with no agreed value
Promissory note	1	Central Termoeléctrica el Morro S.A.	Open, with no agreed value
Promissory note	3	Centrales Eléctricas del Norte de Santander S.A	Open, with no agreed value
Promissory note	12	Codensa S.A. Esp.	Open, with no agreed value
Promissory note	2	Compañía Energética de Occidente S.A.S	Open, with no agreed value
Promissory note	1	Concentrados Cresta Roja S.A.	Open, with no agreed value
Promissory note	1	Edeq	Open, with no agreed value
Promissory note	3	Electrificadora De Santander S.A E.S.P.	Open, with no agreed value
Promissory note	7	Electrificadora Del Caribe S.A. E.S.P.	Open, with no agreed value
Promissory note	4	Electrificadora Del Huila S.A.	Open, with no agreed value
Promissory note	6	Electrificadora Del Meta S.A.	Open, with no agreed value
Promissory note	1	Empresa de Acueducto, Alcantarillado y Aseo de Madrid	Open, with no agreed value
Promissory note	2	Empresa de Energía de Boyacá	Open, with no agreed value
Promissory note	5	Empresa de Energía de Cundinamarca	Open, with no agreed value
Promissory note	2	Empresa de Energía de Pacifico S.A.	Open, with no agreed value

Promissory note	2	Empresa de Energia de Pereira S.A	Open, with no agreed value
Promissory note	1	Empresa de Energía de Tuluá	Open, with no agreed value
Promissory note	4	Empresas Públicas de Medellín SA E.S.P.	Open, with no agreed value
Promissory note	1	Enerca S.A E.S.P.	Open, with no agreed value
Promissory note	1	Energía Social de la Costa	Open, with no agreed value
Promissory note	4	Enertolima S.A.E.S.P	Open, with no agreed value
Promissory note	1	Epsa S.A. ES.P.	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	Productora de Concentrados Campeón	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

4. Related companies

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

Following are accounts receivable and payable by related companies:

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Accounts Receivable			
Codensa S.A. E.S.P. (1)	\$ 70,075,988	\$ 46,295,272	\$ 53,382,367
Empresa de Energía de Cundinamarca S.A. E.S.P.	2,124,134	3,434,638	2,753,141
Empresa de Energía de Bogotá S.A. E.S.P.	286,814	813,395	122,032

	\$ 72,486,936	\$ 50,543,305	\$ 56,257,540
Accounts Payable:			
Empresa de Energía de Bogotá S.A. E.S.P. (2)	\$ 279,051,012	\$ 101,045,411	\$ 251,320,401
Endesa Chile (2)	145,530,060	52,643,983	209,437,468
Enersis (2)	117,011,288	42,327,614	–
Codensa S.A. E.S.P. (3)	42,911,129	8,366,542	8,519,305
Fundación Endesa Colombia	621,796	368,000	–
Empresa de Energía de Cundinamarca S.A. E.S.P.	503,070	400,083	492,527
Enel Ingeneria e Innovazione	205,469	413,929	10,442
EnelEnergyEurope SL	26,599	–	–
ICT Servicios Informáticos	–	–	31,075
Inversiones Sudamerica Ltda.	–	–	168,395,092
	\$ 585,860,423	\$ 205,565,562	\$ 638,206,310

(1) As of August 31, 2014, corresponds to energy invoices due in September for \$34,451,632, energy estimates for \$35,544,174 and others for \$80,182.

(2) Balances correspond mainly to unpaid declared dividends for the previous year.

(3) As of August 31, 2014, corresponds to the energy advance payment for \$34,451,632, the August toll estimate for \$8,157,953, and other aspects for \$301,544.

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

Company	Issue	August 31 2014	December 31 2013	August 31 2013
<i>(Not audited)</i>				
Revenues:				
Codensa S.A. E.S.P.	Energy sales	\$ 243,690,977	\$ 587,400,323	\$ 386,004,082
EEC S.A. E.S.P.	Energy sales	7,365,452	34,501,232	23,490,467
Empresa de Energía de Bogotá	Operation services	562,466	894,930	193,728
	Technical services	262,499	384,945	256,097
Codensa S.A. E.S.P.				
Enel Ingeneria e Ricerca S.P.A	Exchange difference	838	–	–
EnelEnergyEurope	Exchange difference	–	4,780	4,731

		<u>\$ 251,882,232</u>	<u>\$ 623,186,210</u>	<u>\$ 409,949,105</u>
Costs and expenses:				
	Energy			
Codensa S.A. E.S.P.	transportation	\$ (63,114,302)	\$ (90,672,395)	\$ (59,878,003)
EEC S.A. E.S.P.	Tolls	(2,433,970)	(3,333,887)	(2,343,630)
	Financial		(1,070,799)	
Codensa S.A. E.S.P.	expenses	(392,678)		(721,632)
	Energy and			
Codensa S.A. E.S.P.	lighting	(289,356)	(533,823)	(383,208)
Enel Ingeniera e	Innovation			
Ricerca S.P.A.	projects	(205,468)	(920,257)	–
	expenses			
EnelEnergyEurope	IT services	(151,653)	(156,708)	(155,925)
Junta Directiva	Fees	(151,445)	(202,482)	(130,903)
Enel Ingeniera e	Exchange			
Ricerca S.P.A.	differences	(6,038)	–	–
Codensa S.A. E.S.P.	Other	(3,669)	(152,114)	(11,074)
	Exchange			
EnelEnergyEurope	differences	(1,860)	(3,800)	(3,684)
Empresa de Energía de	Technical			
Bogotá	maintenance	–	(639,227)	–
		<u>\$ (66,750,439)</u>	<u>\$ (97,685,492)</u>	<u>\$ (63,628,059)</u>
Net effects on income		<u>\$ 185,131,793</u>	<u>\$ 525,500,718</u>	<u>\$ 346,321,046</u>

Permanent investments, net

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

		August 31	December 31	August 31
		Participation	2014	2013
			2013	2013
<i>(Not audited)</i>				
Minority participation:				
Electrificadora del Caribe	0.22%			
S.A. E.S.P.		\$ 8,324,408	\$ 8,324,408	\$ 8,324,408
Termocartagena S.A.				
E.S.P. (now Vista Capital	0.00%	56	56	56
S.A. en liquidación)				
		<u>8,324,464</u>	<u>8,324,464</u>	<u>8,324,464</u>
		<u>\$ 8,324,464</u>	<u>\$ 8,324,464</u>	<u>\$ 8,324,464</u>

a) The value of the investment in Sociedad Portuaria Central Cartagena S.A. from applying the equity participation method generated profits of \$22,691 as of August 2014.

b) The value of the investment in Emgesa Panamá from application of the equity

participation method came down \$11,008 in August 2014 compared to \$7,241 the previous year. It also generated a \$1,812 exchange difference as of August 2014 and an increase as of August 2013 of \$1,672.

Valuations and devaluations recorded from investments are:

Company	Number of shares	Class	Acquisition cost	Intrinsic per share value		
				as of August 31, 2014	As of August 31, 2014	As of August 31, 2013
Electrificadora del Caribe S.A. E.S.P.	109,353,394	Ordinary	\$ 8,324,408	\$ 43,33	\$(3,586,125)	\$(3,832,171)
Termocartagena S.A. E.S.P. (now Vista Capital S.A. En Liquidación)	22	Ordinary	56		(56)	(56)
					\$	
					<u>\$(3,586,181)</u>	<u>\$(3,832,227)</u>

6. Inventories, Net

	August 31 2014	December 31 2013	August 31 2013
	<i>(Not audited)</i>		
Inventory of other fuels	\$ 29,209,216	\$ 29,503,141	\$ 19,406,308
Warehouses - spare parts (1)	13,634,428	12,997,654	21,929,188
Coal inventory	13,235,653	16,591,844	8,853,103
	56,079,297	59,092,639	50,188,599
Minus inventory reserve	(674,052)	(856,007)	(237,365)
	55,405,245	58,236,632	49,951,234
Minus current portion	(42,444,869)	(46,094,985)	(28,259,411)
	\$ 12,960,376	\$ 12,141,647	\$ 21,691,823

(1) Corresponds mainly to spare parts to be used for plant repairs and/or maintenance according to the maintenance plans defined by the Administration. In 2013, the production area identified elements that due to their characteristics should be part of fixed assets, as buffer inventory, for \$9,358,498. In 2014, such spare parts are directly entered as properties, plant, and equipment.

Following are the inventory reserves:

	August 31 2014	December 31 2013	August 31 2013
	<i>(Not audited)</i>		
Initial balance	\$ (856,007)	\$ (237,365)	\$ (237,365)
Recuperation	181,955	237,365	-
Reserve	-	(856,007)	-
Ending balance	\$ (674,052)	\$ (856,007)	\$ (237,365)

8. Properties, plant, and equipment, net

Following are the properties, plant, and equipment values:

	August 31, 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 equipment, traction Machinery, plant, and equipment under assembly	6,440,156	(4,510,142)	1,930,014
	941,054	–	941,054
Grids, lines, and cables	544,970	(544,970)	–
		\$	
	\$ 9,305,193,395	(2,843,359,846)	\$ 6,461,833,549

(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 purchases during 2014 for the El Quimbo project for \$7,627,413 and its financial expenses for \$8,423,781.

(3) Includes additions and suppressions for the El Quimbo project construction in 2014 for \$414,581,161, its financial expenses for \$53,277,492, Central Termozipa for \$13,924,780, Salaco project for \$21,996,041, Central Cartagena for \$3,736,172, Pagua for \$1,084,751, Central Guavio for \$2,250,282 and other stations for \$7,977,847.

	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
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>

	August 31, 2013		
	Cost	Accumulated depreciation	Net value
Plants, ducts, and tunnels	\$ 7,099,686,942	\$ (2,620,738,026)	\$ 4,478,948,916
Land	224,375,428	–	224,375,428
Ongoing constructions	1,026,773,054	–	1,026,773,054
Constructions and buildings	75,597,412	(27,453,803)	48,143,609
Machinery and equipment	38,707,238	(24,436,001)	14,271,237
Communications and computer equipment	29,563,967	(22,806,423)	6,757,544
Furniture, furnishings, and office equipment	10,893,200	(5,567,618)	5,325,582
Transportation, traction, and lifting equipment	6,938,907	(4,445,838)	2,493,069
Machinery, plant, and equipment being assembled	2,214,125	–	2,214,125
Grids, lines, and cables	544,970	(544,970)	–
	<u>\$ 8,515,295,243</u>	<u>\$(2,705,992,679)</u>	<u>\$ 5,809,302,564</u>

8. Expenses paid in advance, net

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Insurance (1)	\$ 2,793,114	\$ 13,032,167	\$ 2,248,858
Other expenses paid in advance	895,494	126,257	506,051
Total	\$ 3,688,608	\$ 13,158,424	\$ 2,754,909

(1) On December 31 of 2013 the all-risk policy with Delima Marsh was obtained, lost revenues with Mapfre for \$14,455,530 with a 1-year coverage. The policy will be renewed December 31, 2014.

9. Deferred charges, net

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Other deferred charges (1)	\$ 99,051,110	\$ 79,262,445	\$ 69,026,602
Studies and projects (2)	53,046,906	50,977,253	47,634,374
Financial expenses and commissions	405,771	317,490	292,828
Accumulated inflation adjustments	68,602	68,601	68,602
Total	\$ 152,572,389	\$ 130,625,789	\$ 117,022,406

(1) Mainly correspond to the following:

- (a) As of August 31, 2014, includes net financial expenses associated to the El Quimbo project for \$100,693,419 and valuation of forwards established for the project for \$736,543. Also, forward for the Salaco project for \$266,849.
- (b) Quimbo project: legal stability premium amortization (contract executed between the Ministry of Mines and Energy and the Company on December 20, 2010) and legal stability premium for \$2,894,327. Impregillo and Proyecont for (\$21,329,695), exchange differences for \$5,139,136, bank expenses for \$3,827,560, Proyecont write-off for \$2,491,357, relocation costs for \$1,986,226, other expenses for \$1,437,155.
- (c) Other charges for minor projects for \$723,701. Investment in third-party property improvements for \$167,352, the balance pending amortization related to pre-operational expenses for \$17,176.

(2) Corresponds to deferred assets on account of studies and projects for the Cartagena plants \$6,930,045, alternative energy \$3,647,914, Guaicaramo \$9,287,674, Sumapáz \$6,361,887, Guatiquia \$1,458,382, Oporapa \$1,286,131, Campohermoso \$1,055,280, and other projects in minor plants for \$1,495,857, which will start amortization upon being

commissioned.

Projects and studies include insurance policies for the Quimbo project for \$11,045,647, costs related to obtaining bonds for the project for \$7,593,741, minor maintenance and other expenses for \$2,134,187.

10. Intangibles, net

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Water use rights in Chingaza (1)	\$ 65,364,594	\$ 65,364,594	\$ 65,364,595
Software (2)	11,614,492	9,998,892	9,889,857
Licenses (3)	8,545,698	9,641,547	7,191,096
Quimbo legal stability premium (4)	9,616,602	–	–
Concessions and franchises	884,113	884,113	884,113
Other intangibles	663,059	663,059	663,059
	96,688,558	86,552,205	83,992,720
Minus accumulated amortization	(33,981,352)	(29,226,576)	(27,976,118)
	\$ 62,707,206	\$ 57,325,629	\$ 56,016,602

(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 \$1,533,387; commercial information system for \$1,912,932.

(3) Includes mainly SAP ISU for \$4,309,825; fuels system \$ 523,595; Microsoft licenses \$227,265, Oracle \$370,297, and surveillance system \$321,857.

(4) Recognition of the legal stability premium for the Quimbo project as a right.

12. Other assets

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Mercantil Huila trust (1)	\$ 2,509,182	\$ 2,448,770	\$ 2,422,631
Garzón administration trust (1)	878,311	857,761	1,060,633
Muña administration trust (2)	438,632	759,040	58,743
Paicol administration trust (1)	692,055	647,070	640,347
Tominé administration trust (2)	67,322	630,340	1,164,268

Gigante administration trust (1)	490,570	546,627	939,311
Agrado administration trust (1)	115,807	489,444	910,597
Alta Mira administration trust (1)	374,829	135,664	126,215
Tesalia administration trust (1)	57,190	55,886	229,545
Tominé administration trust (2)	2,194,118	–	–
Work and improvements to third-party properties	4,198	15,393	20,990
	\$ 7,822,214	\$ 6,585,995	\$ 7,573,280

- (1) The purpose of trusts created a behalf of several Huila municipalities for \$5,117,944 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.
- (2) Contractual terms are one year, renewable for similar periods unless the parties agree on their liquidation. This will happen once the Company has met economic commitments agreed with the municipalities and the governor's office.

The payment process features the following:

- A project committee has been created, responsible for approving investment initiatives.
 - Once the investment initiative has been approved, Quimbo Supplies will develop the contracting process.
 - 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.
 - El Quimbo project will approve payments to contractors according to corporate guidelines.
- (3) 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 Fiduciaria Corficolombiana, payments amounting to \$2,200,000.

12. Valuations

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Properties, plant, and equipment:			
Plants, ducts, and tunnels	\$ 2,145,448,114	\$ 2,145,209,190	\$ 2,145,764,678
Land	10,024,519	10,024,519	10,024,519
Constructions and buildings	7,664,982	7,664,982	7,748,360
Transportation, traction, and lifting equipment	240,478	307,909	364,940
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	4,568,334	4,568,334	4,571,661
	2,169,125,292	2,168,953,799	2,169,653,023
Investment valuation	(3,586,182)	(3,728,341)	(3,832,227)
Valuations	\$ 2,165,539,110	\$ 2,165,225,458	\$ 2,165,820,796

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) in investments corresponds to adjustments made to the intrinsic value of the shares the Company has in Electrificadora del Caribe S.A, E.S.P. and Termocartagena S.A. E.S.P. (now Vista Capital S.A. En Liquidación) for \$3,586,182 (see Note 6).

Following is the balance of valuations, devaluations, or reserves made during the period:

Type of assets	August 31, 2014	December 31, 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	-
Transportation 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	-
Machinery and 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)

The change in valuations results from fixed asset write-offs made in 2014, for \$313,652.

13. Financial obligations

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Ordinary bonds and outstanding commercial papers. (3)	\$ 3,335,100,000	\$ 2,886,760,000	\$ 2,321,760,000
Bank loans in local currency (1)	305,000,000	305,000,000	305,000,000
Internal debt interests and bonds	81,309,735	99,008,813	75,036,214
Subtotal	3,721,409,735	3,290,768,813	2,701,796,214
Minus current portion (2)	(331,309,735)	(240,668,813)	(216,696,214)
Long-term financial obligations	\$ 3,390,100,000	\$ 3,050,100,000	\$ 2,485,100,000

(1) Corresponds to:

Description	Yield	Maturity date	Accounting value
Banco CorpBanca	IBR + 3,70% N,T,A,	December 19, 2023	\$ 80,000,00
BBVA Colombia	IBR + 3,55% N,M,V	December 19, 2023	225,000,00
			<u>\$ 305,000,00</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 credits have a 10-year term, with capital amortization in 15 semiannual installments from December 19 of 2016. Credits accrue interests at IBR + 3.55%MV for BBVA Colombia and IBR +3.70%TA for Corpbanca.

(2) Internal debt interests and bonds:

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Ordinary current outstanding bonds	\$ 250,000,000	\$ 141,660,000	\$ 141,660,000
Interests on bonds	76,680,608	98,316,804	65,159,638
Interests on bank loans	4,629,127	692,009	9,876,576
Subtotal interests	<u>\$ 331,309,735</u>	<u>\$ 240,668,813</u>	<u>\$ 216,696,214</u>

(3) The Company has 6 current bond issuances in the local market as of August 31 of 2014, one in the international market, as follows:

Bond issuances in the local EMGESA market

3rd bond issuance, local market

With Resolution 650 of July 30 of 2004, the Colombian Financial Superintendence ordered registering in the National Securities and Issuers Registry the 3rd 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 2nd lot: February 23, 2006, for \$40,000,000
Balance as of August 31, 2014	\$250,000,000
Bond face value	\$1,000
Issuance term	Sub-series A10: 10 years
Amortization:	On maturity
Issuance date:	February 23, 2005
Maturity date:	February 23, 2015
2nd lot bond placement premium (1)	\$6,927,200
Issuance administrator	Deceval S.A.
Coupon rate:	IPC + 5,04 % E.A.
Rating	AAA (Triple A) Appointed by Duff&Phelps de Colombia S,A, S,C,V, (today Fitch Ratings Colombia S.A. S.C.V.).

(1) The 2nd 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 2nd lot. As a result of this, the Company received \$6,927,200 in 2006, of which as of August 31 of 2014 \$6,603,499 have been amortized, \$323,701 pending amortization. This value is being amortized in 107 months, equivalent to the 2nd lot bonds' term from placement until maturity.

EMGESA ordinary bonds issuance and placement program in the local market

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 August 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 of 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 2nd placement time extension:	Resolution 1004 of June 29, 2012
2nd placement time extension	Until July 18, 2015
Approval to the placement quota's 2nd extension:	Resolution 0398 of March 12, 2014
2nd increase to the authorized global quota:	In \$850,000,000 additional
Total global quota authorized as of August 31, 2014:	\$2,750,000,000
Value issued under the program as of August 31, 2014	\$2,490,000,000
Available quota as of August 31, 2014:	\$260,000,000
Administration	Deceval S.A.

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

1st 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
Issuance term	10 years
Issuance date:	February 20, 2007
Maturity date:	February 20, 2017
Coupon rate	IPC + 5,15% E.A.

2nd tranche (1):

	\$265,000,000 as follows:
	Sub-series A5: 49,440,000
	Sub series B10: 160,060,000
Total value placed	Sub series B15: 55,500,000
Current balance as of August 31, 2014	\$215,560,000
Bond face value	\$10,000
	Sub-series A5: 5 years
	Sub-series B10: 10 years
Issuance term	Sub-series B15: 15 years
Issuance date:	February 11, 2009, for all sub-series
	Sub-series A 5: February 11, 2014
	Sub-series B10: February 11, 2019
Maturity date:	Sub-series B15: February 11, 2024
	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.

Coupon rate

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

3rd tranche: (1)

Total value placed	\$400,000,000, as follows:
	Sub-series E5: \$92,220,000
	Sub-series B9: \$218,200,000
	Sub-series B12: \$89,580,000
Current balance as of August 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 of 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.
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The Sub-series E5 bonds' maturity payment was made July 2 of 2014 for \$92,220,000.

4th tranche:

Total value placed	\$500,000,000, as follows: Sub-series B10: \$300,000,000 Sub-series B15: \$200,000,000
Balance as of August 31, 2014	\$500,00,000
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.

5th tranche:

Total value placed	\$565,000,000, as follows: Sub-series B6: \$201,970,000 Sub-series B12: \$363,030,000
Balance as of August 31, 2014	\$565,000,000
Bond face value	\$10,000
Issuance term	Sub-series B6: 6 years Sub-series B12: 12 years
Issuance date	11 de septiembre de 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.

6th 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 August 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, 2020 Sub-series B12: May 16, 2024 Sub-series B12: May 16, 2030
Coupon rate	Sub-series B-6: IPC + 3,42% E.A. Sub-series B-12: IPC + 3,83% E.A. Sub-series B-12: IPC + 4,15% E.A.

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
Use of funds	Financing of new projects such as El Quimbo and refinancing of other financial obligations, in addition to other general Company needs.
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 August 31, 2014:

Description	Yield	Placement date	Maturity date	Accounting value
1st tranche	Sub-series B10: IPC+5,15% E,A,	February 20, 2007	February 20, 2017	\$ 170,000,000
2nd tranche	Sub-series B10: IPC+5,78% E,A,	February 11, 2009	February 11, 2019	160,060,000
2nd tranche	Sub-series B15: IPC+6,09% E,A,	February 11, 2009	February 11, 2024	55,500,000
3rd tranche	Sub-series B9: IPC+5,90% E,A,	July 2, 2009	July 2, 2018	218,200,000
3rd tranche	Sub-series B12: IPC+6,10% E,A,	July 2, 2009	July 2, 2021	89,580,000
4th tranche	Sub-series B10: IPC+3,52% E,A,	December 13, 2012	December 13, 2022	300,000,000
4th tranche	Sub-series B15: IPC+3,64% E,A,	December 13, 2012	December 13, 2027	200,000,000
5th tranche	Sub-series B6: IPC+4,25% E,A,	September 11, 2013	September 11, 2019	201,970,000
5th tranche	Sub-series B12: IPC+5,00% E,A,	September 11, 2013	September 11, 2025	363,030,000
6th tranche	Sub-series B6: IPC+3,42% E,A,	May 16, 2014	May 16, 2020	241,070,000
6th tranche	Sub-series B10: IPC+3,83% E,A,	May 16, 2014	May 16, 2024	186,430,000
6th tranche	Sub-series B16: IPC+4,15% E,A,	May 16, 2014	May 16, 2030	162,500,000
Global bond in pesos in form 144-A/ Reg S	8,75% E,A,(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-series A10: IPC+5,04% E,A,	February 23, 2005	February 23, 2015	\$ 210,000,000
3rd issuance 2nd lot	Sub-series A10: IPC+5,04% E,A,	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	August 31, 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
	<u>\$ 3,390,100,000</u>	Noncurrent portion
2015	\$ 250,000,000	Local bonds issued
	<u>\$ 250,000,000</u>	Current portion

15. Accounts payable

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Suppliers and contractors in local currency	\$ 76,875,684	\$ 75,859,913	\$ 83,443,380
Creditors	9,900,499	6,160,577	3,505,127
Suppliers, contractors, and creditors in foreign currency	2,253,120	1,097,336	99,382
	\$ 89,029,303	\$ 83,117,826	\$ 87,047,889

16. Labor obligations

Bonuses (1)	\$ 7,234,010	\$ 8,844,715	\$ 6,772,323
Vacation	3,419,905	3,037,918	2,794,731
Vacation bonuses	1,986,765	1,733,914	2,027,786
Severance	1,591,753	1,934,063	1,506,828
Service bonus	521,780	-	533,842
Severance interests	128,406	234,977	121,859
	\$ 14,882,619	\$ 15,785,587	\$ 13,757,369

As of August 31 of 2014, the number of active Company employees was 568.

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 and affecting unionized employees, partially amended with Minutes No. 1 of March 3 of 2011 for a 4-year term from January 1 of 2011. There were 326 unionized workers as of August 31 of 2014.

- (1) The change in bonuses corresponds to the increase in the retirement bonus reserve for \$272,625, loyalty bonus for \$14,017, and reduction in the productivity bonus reserve for \$1,897,346.

16. Retirement pensions

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Retirement pensions and supplementary benefits' actuarial calculations	\$ 71,234,748	\$ 72,847,242	\$ 74,425,335
Minus current portion	(9,945,431)	(9,869,800)	(9,882,821)
Retirement pensions and supplementary benefits, noncurrent	\$ 61,289,317	\$ 62,977,442	\$ 64,542,514

This is itemized as follows:

Initial balance	\$ 72,847,242	\$ 74,425,335	\$ 74,425,335
Financial cost	3,277,178	5,535,519	6,699,260
Payments	(5,909,826)	(9,659,722)	(6,699,260)
Actuarial loss	1,020,154	2,546,110	–
	\$ 71,234,748	\$ 72,847,242	\$ 74,425,335
Number of retired employees	311	311	311
Number of active employees entitled to pension	2	2	2
	313	313	313

As of August 31 of 2014, AON (an external specialist) made an actuarial calculation resulting in a lower value of the pension liability of \$1,020,154

The calculation includes the effects of applying reduction rates consisting in the mortality table (before retirement and upon retirement), authorized by the Financial Superintendence through Decree 1555 of July 30, 2010 (mortality Table RV 2008); full and permanent disability, EISS.

As of December 31, 2013, the pension actuarial liability is fully amortized. The Company has no pension bonds and there are no relationships with insurance companies retained for pension payments or foreign funds or guaranties guaranteeing such payments.

The value of the obligation on account of pensions 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.

As of August 31 of 2014, financial hypotheses are a 7.13% annual discount rate and a pension increase rate of 3.0%.

17. Estimated liabilities and reserves

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Reserve for costs and expenses	\$ 7,294,677	\$ 21,576,133	\$ 5,495,413
Reserve for the purchase of fixed assets (1)	89,736,394	43,510,348	37,687,829
Reserve for the El Quimbo environmental license (2)	33,308,627	44,625,839	35,205,510
Contingency reserve (<i>Note 27</i>)	1,697,662	2,716,149	1,771,465
Other reserves	299,100	299,100	317,689
	132,336,460	112,727,569	80,477,906
Minus noncurrent portion	(11,185,014)	(3,121,237)	(11,411,823)
	\$ 121,151,446	\$ 109,606,332	\$ 69,066,083

- (1) Reserves for the purchase of assets correspond mainly to the Quimbo project for \$87,346,457 and \$966 of the December 2013 reserves balance of the 1 and 2 Termozipa cooling towers' rehabilitation project, pending legalization due to operational tests.
- (2) Corresponds to obligations not yet entered and included in the Quimbo project environmental license, as well as the 1% of the total investment in the project according to the paragraph of article 43 of Law 99 of 1993 and Law 1450 of 1993. In August 2014, the value was updated with the net present value at a 6.14% rate.

18. 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 correspond 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:

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Income tax	\$ 127,835,825	\$ 31,322,689	\$ 118,817,421
Current equity tax	24,606,987	49,213,976	49,213,976
Other	20,012,310	18,823,734	18,048,101
	\$ 172,455,122	\$ 99,360,399	\$ 186,079,498

Following is the noncurrent equity tax:

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Noncurrent equity tax	\$ –	\$ –	\$ 24,606,988

In 2011, the Company decided to use 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.

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

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Current income tax	\$ 337,577,544	\$ 269,513,654	\$ 392,478,749
Advance payments on withholdings, self-withholdings, and other tax deductions (1)	(62,068,508)	(51,897,521)	(87,327,159)
Advance payment on income	(147,673,211)	(186,293,444)	(186,334,169)
	\$ 127,835,825	\$ 31,322,689	\$ 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:

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Current income	\$ 240,767,734	\$ 192,872,603	\$ 279,483,407
Current CREE	96,839,495	76,680,866	112,995,342
Assets deferred tax	1,141,840	(4,925,181)	(5,772,325)
Credits deferred tax	(8,353,097)	–	8,353,097
	\$ 330,395,972	\$ 264,628,288	\$ 395,059,521

Following is a description of the main conciliating entries:

a) Following is the description of deferred debit taxes as of December 31:

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
2006 fiscal inflation adjustment	\$ 61,192,698	\$ 62,278,627	\$ 62,862,036
Quimbo investment reserve	4,472,873	4,630,719	5,341,552
Reserves for costs and expenses	2,666,549	3,485,314	1,970,439
Labor obligations reserve	2,796,203	3,307,336	2,681,397
Tocancipá valuation tax	1,069,399	1,069,399	1,069,399
Buffer inventory depreciation	456,674	-	-
Portfolio reserve	170,455	61,479	82,117
Industry and trade reserve	27,280	37,223	13,989
Accounting versus fiscal depreciation	5,681	4,464	1,218
Forward valuation	-	(5,271)	-
	\$ 72,857,812	\$ 74,869,290	\$ 74,022,147

b) Following are deferred credit tax assets as of August 31 of 2014:

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Deferred credit tax, favorable decision (Note 27)	\$ -	\$ 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	CREE	CREE
2006 fiscal inflation adjustments	\$ 185,241,645	\$ 6,295,518	\$ 178,946,128
Estimated liabilities	19,793,783	19,793,783	-
Buffer inventory depreciation	1,343,158	1,343,158	-
Quimbo investment reserve	13,554,160	-	13,554,160
Accounting versus fiscal depreciation	17,217	-	17,218
	219,949,963	27,432,459	192,517,506
	25%	9%	8%
	54,987,491	2,468,921	15,401,400
Deferred debit tax as of August 31, 2014	\$ 72,857,812		

There was no deferred credit tax as of August 31, 2014.

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.

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 as 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 in order to demonstrate that operations with economic related parties abroad were made at market prices during 2014. For this, the Company will submit an informative statement and will have available such study by mid September 2015. Any default could result in sanctions and in higher income taxes. However, the Administration and its advisers have analyzed the contracts in 2014 and have concluded that no adjustments will be made to the 2014 income tax.

Legal stability contract

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 will make investments for \$1,922,578. A \$583,184 million budget increase was approved during the first half of the year, involving amending the contract and the premium that has to be paid under the stability contract.

Key norms object of legal stability (favorable):

- a. Income 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 9). The contract premium adjustment will be paid by December 2013, according to the increase in the budget approved by the Board of Directors.

Pay taxes on time.

Hire 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.

19. Other liabilities

	August 31 2014	December 31 2013	August 31 2013
Forward operations (Note 28)	\$ 1,003,392	\$ 851,268	\$ 608,251
Collections in favor of third parties	–	818,614	–
	<u>\$ 1,003,392</u>	<u>\$ 1,669,882</u>	<u>\$ 608,251</u>

20. Equity

Capital

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:

	Ordinary shares with voting rights (%)	Number of shares	Preferential shares with no voting rights (%)	Number of shares	Shareholding composition (%)	Number of shares
	Participa- tion		Participa- tion		Participa- tion	
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	0.00%	–	26.87%	40,019,173
Enersis S.A.	25.15%	32,176,823	0.00%	–	21.61%	32,176,823
Other minority shareholders	0.01%	7,315	0.00%	–	0.01%	7,315
	100.00%	127,961,561	100.00%	20,952,601	100.00%	148,914,162

Capital

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 2013 and 2012.

Share placement premium

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

Payment of dividends

In Minutes No. 88, the March 26 of 2014 General Shareholders 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 were paid in June 2013 for \$328,640,103; the rest will be paid November 26 of 2014.

In Minutes No. 86, the March 20 of 2013 General Shareholders Assembly ordered distributing dividends for \$783,529,388 against the 2012 net profits. The entire preferential dividend was paid in June 2014. Ordinary dividends were paid in 2013 for \$587,647,041; the rest was paid on January 23 of 2014 for \$195,882,347.

21. Memorandum accounts

	August 31 2014	December 31 2013	August 31 2013
			<i>(Not audited)</i>
Debtor:			
Contingent rights	\$ 775,484,904	\$ 858,788,997	\$ 726,905,670
Control	60,374,462	134,848,245	179,157,733
Fiscal	85,908	94,788	24,579
	835,945,274	993,732,030	906,087,982
Creditor:			
Fiscal	2,103,415,276	2,173,888,450	2,179,505,788
Contingents responsibilities (1)	613,173,247	613,449,743	570,107,872
Creditor memorandum accounts	2,716,588,523	2,787,338,193	2,749,613,660
	\$ 3,552,533,797	\$ 3,781,070,223	\$ 3,655,701,642

(1) Contingent responsibilities as of August 31 of 2014 consist mainly of legal, civil, and labor contingencies for \$192,852,541, contractual guaranties for \$248,886,959, and other contingencies for \$171,433,745.

22. Operational revenues

	8-month period from January 1 to August 31		Year ending December 31
	2014	2013	2013
			<i>(Not audited)</i>
Block sales (1)	\$ 701,749,662	\$ 772,860,777	\$ 1,170,782,471
Sales to non-regulated clients (trading)	525,490,149	461,904,941	702,008,472
Pool sales, generator	581,884,972	376,654,906	521,186,784
Other services	1,615,549	1,932,097	3,528,694

\$ 1,810,740,332 \$ 1,613,352,721 \$ 2,397,506,421

(1) Total revenues from the sales to Codensa S.A. E.S.P. represent 13.46%, \$243,690,977 and 16.10% \$386,004,082 as of August 31, 2014 and 2013, respectively, of operational revenues.

23. Cost of sales

	8-month period from January 1 to August 31		Year ending December 31
	2014	2013	2013
			<i>(Not audited)</i>
Purchase of energy and related costs (1)	\$ 387,771,014	\$ 382,495,301	\$ 587,180,711
Depreciation	92,357,890	96,199,444	144,020,417
Use of indirect supplies (2)	70,142,984	99,471,215	131,795,619
Transfers, Law 99 of 1993	47,561,958	43,435,311	64,135,697
Personnel costs (4)	29,311,616	34,051,560	47,354,708
Other generation costs (3)	28,965,663	24,543,425	38,303,206
Insurance	10,519,572	9,391,067	14,472,941
General	3,352,280	2,555,385	5,127,443
Leases	2,110,012	1,674,609	2,539,268
Amortization of intangibles	1,415,430	1,028,233	1,453,888
Public utilities	749,150	810,105	1,179,620
Amortization of deferred elements	-	-	58,279
	<u>\$ 674,257,569</u>	<u>\$ 695,655,655</u>	<u>\$ 1,037,621,797</u>

(1) Corresponds mainly to pool purchases for \$184,351,693, tolls for \$158,134,401, and other costs for \$45,652,502.

(2) Corresponds mainly to coal used, for \$42,347,649, fuel oil \$26,996,896, and other supplies for \$798,051.

(3) Corresponds to maintenance costs for \$7,245,379, taxes \$6,426,544, cleaning, surveillance, and mess hall \$6,641,976, other operational costs \$8,619,533.

(4) Includes the pension liability financial cost for \$3,277,178 and \$5,535,519, as of August 2014 and December 2013, respectively.

24. Administration expenses

	8-month period from January 1 to August 31		Year ending December 31
	2014	2013	2013
			<i>(Not audited)</i>
Salaries, wages, and bonuses	\$ 6,417,675	\$ 5,136,833	\$ 8,332,791
Financial tax	3,725,138	2,547,099	3,518,937
Depreciation and amortization	3,071,417	2,656,336	4,282,765
Other general services	2,552,975	2,301,158	3,641,014

Other expenses (1)	1,187,557	1,048,347	2,291,911
Social security payments	1,100,994	898,048	1,336,945
Commissions, fees, and services	976,715	1,113,898	2,834,655
Other personnel expenses	868,205	595,852	1,048,694
Studies and projects	340,986	705,804	1,813,017
Leases	2,278	2,283	14,669
	\$ 20,243,940	\$ 17,005,658	\$ 29,115,398

(1) Other expenses are represented by temps, for \$104,331, trip expenses \$117,250, administration of floors 3 and 4 \$81,846, corporate events \$154,037, and other administration expenses \$724,621.

25. Financial expenditures, net

	8-month period from January 1 to August 31		Year ending December 31
	2014	2013	2013
			<i>(Not audited)</i>
Financial revenues			
Interests on deposits	\$ 7,337,421	\$ 8,943,720	\$ 15,748,590
Interests (Ministry of Mines and Energy, Ministry of Finances and Public Credit)	3,145,941	—	11,463,637
Exchange rate adjustments	2,000,507	2,344,332	2,792,409
Other	347,034	379,059	482,081
Late payment charges	66,639	179,232	231,656
Financial revenues from accounts receivable and investments	— 20,578	— 91,584	— 95,314
	12,918,120	11,937,927	30,813,687
Financial expenses			
Interests	(80,876,077)	(76,019,902)	(113,814,414)
Exchange rate adjustments	(2,455,343)	(792,023)	(1,123,760)
Other (1)	(1,119,852)	(1,404,389)	(2,165,187)
	(84,451,272)	(78,216,314)	(117,103,361)
Financial expenditures, net	\$ (71,533,152)	\$ (66,278,387)	\$ (86,289,674)

(1) Other financial expenses as of August 2014 and August 2013 correspond mainly to:

- Bond issuance commissions: \$612,500 and \$498,060, respectively.
- Financial discounts: \$ 392,678 and \$787,756, respectively.
- Other financial expenses: \$114,238 and \$118,042.

26. Miscellaneous revenues/expenditures, net

	8-month period from January 1 to August 31		Year ending December 31
	2014	2013	2013
			<i>(Not audited)</i>
Other revenues:			
Accident indemnifications (1)	\$ 2,565,864	\$ 31,436	\$ 112,666
Income tax adjustment, previous years	2,194,386	–	10,349
Recovery of monthly pension payments	1,453,787	–	–
Other recoveries	1,416,744	875,519	760,186
Previous years' adjustments	917,830	599,847	1,190,787
Ash sales	492,624	539,955	1,179,344
Decision favoring Emgesa	310,395	–	13,104,295
Portfolio recovery	303,769	391,530	451,185
Other extraordinary revenues	215,019	237,091	153,055
Profits from the sale of properties, plant, and equipment	181,081	625,857	605,758
Revenues from coal pile volume measurements	15,189	91	1,799,377
SSP contribution reimbursements	–	–	692,707
Recovery from outstanding invoices	–	–	160,282
Extraordinary from conciliating entries	–	–	97,583
Profits from the sale of inventories	–	–	237,365
Recovery of previous years' stamp tax	–	4,164,407	10,399,833
	10,066,688	7,465,733	30,954,772
Other expenditures:			
Debtors reserve (2)	(1,072,331)	(97,066)	\$(163,637)
Actuarial loss (3)	(1,020,154)	–	(2,546,110)
Deferred tax, adjustments to previous years	(863,788)	(511,272)	(511,273)
Contribution to the Endesa Foundation	(621,795)	–	(618,000)
Loss from coal pile volume measurements	(440,735)	–	–
Expansion projects, previous years' adjustments	(402,780)	–	(57,839)
Other previous years' adjustments	(387,789)	(1,184,555)	(1,491,342)
Other expenditures	(244,064)	(143,350)	(363,181)
Legal contingencies	(11,262)	(25,546)	(718,678)
Income tax, adjustment to previous years	–	(2,868,130)	(2,868,130)
Loss in properties, plant, and equipment	–	(37,523)	(37,523)
Inventory reserve	–	–	(856,007)

Miscellaneous revenues, net	(5,064,698)	(4,867,442)	(10,231,720)
	\$ 5,001,990	\$ 2,598,291	\$ 20,723,052

- (1) Corresponds to the indemnification received by the Company, for USD \$1,350,000, on account of accidents occurring in the La Guaca hydroelectric station.
- (2) During 2014, the debtors reserve corresponds mainly to the Compensar client reserve in the litigation process for \$686,772 and other debtors reserve for \$385,558.
- (3) From the update made to the pension, education, and energy liability.

27. 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 August 31, 2014 and 2013 rates of exchange, on which the following financial revenues were recognized:

	8-month period from January 1 to August 31		Year ending December 31
	2014	2013	2013
			<i>(Not audited)</i>
All-risk and civil liability policy (1)	\$ -	\$ -	\$ 15,503
Fixed assets, Salaco project (2)	(266,849)	(125,420)	(337,037)
Fixed assets, Quimbo project (2)	(736,543)	(482,831)	(529,734)
	\$ (1,003,392)	\$ (608,251)	\$ (851,268)

- (1) The forward corresponding to the insurance policy generated revenues against income.
- (2) Forwards created 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 August 31, 2014:

Entity	Initial date	Ending date	Emotional rate	(Thousand US\$)	(Thousand COL\$)	Valuation
BNP PARIBAS	04/07/2013	02/06/2015	\$2058.21	US\$ 5,808	\$ 11,954	\$ (418)
BNP PARIBAS	04/07/2013	03/03/2015	2038.34	10,683	21,776	(794)
BNP PARIBAS	21/06/2013	23/04/2015	2077.89	13,894	28,870	(1,399)
BNP PARIBAS	04/07/2013	05/05/2015	2054.84	31,633	65,001	(2,387)
BNP PARIBAS	04/07/2013	03/02/2015	2030.23	31,736	64,431	(2,304)

JP MORGAN- CHASE BANK	31/08/201 25/09/20135	2013.14	54,070	108,850	(435)
JP MORGAN- CHASE BANK	23/09/201 24/06/20144	1905.31	57,230	109,041	1,122
JP MORGAN- CHASE BANK	31/07/201 25/09/20135	2008.07	62,959	126,426	(604)
BBVA COLOMBIA	30/06/201 24/09/20135	1999.35	65,152	130,262	(556)
BNP PARIBAS	02/12/201 04/07/20134	2019.31	87,562	176,815	(6,686)
BBVA COLOMBIA	29/05/201 24/09/20135	1993.75	91,891	183,208	(906)
BNP PARIBAS	22/11/201 27/06/20144	1888.46	96,722	182,656	4,904
BNP PARIBAS	25/02/201 21/06/20135	2062.94	99,769	205,817	(9,944)
BNP PARIBAS	05/11/201 04/07/20134	1937.73	107,051	207,436	(326)
BANCO SANTANDER S.A.	23/02/201 26/01/20115	2149.37	112,438	241,671	(20,731)
BBVA COLOMBIA	30/04/201 24/09/20135	1988.69	134,979	268,431	(1,533)
BANCOLOMBIA S.A.	22/11/201 21/07/20144	887.03	136,004	256,644	7,089
BNP PARIBAS	02/10/201 04/07/20134	2004.95	167,090	335,007	(13,004)
BBVA COLOMBIA	31/03/201 24/09/20135	1983.47	171,928	341,014	(2,220)
BNP PARIBAS	02/12/201 31/07/20144	1905.89	244,065	465,161	8,697
BNP PARIBAS	31/12/201 04/07/20134	2025.02	253,989	514,333	(19,102)
BNP PARIBAS	05/11/201 04/07/20134	2012.11	256,016	515,132	(19,660)
BNP PARIBAS	02/07/201 04/07/20135	2064.33	273,068	563,702	(19,391)
BBVA COLOMBIA	27/02/201 24/09/20135	1977.64	293,355	580,151	(4,397)
BNP PARIBAS	02/10/201 04/07/20134	1922.42	331,042	636,402	1,435
BNP PARIBAS	05/11/201 27/06/20144	1903.08	361,375	687,726	11,310
BANCO SANTANDER S.A.	22/11/201 18/07/20144	1905.87	417,622	795,933	13,989

JP MORGAN- CHASE BANK	28/11/201						
BANCOLOMBIA S.A.	25/09/20134	1965.77	429,736	844,762	(10,096)		
JP MORGAN- CHASE BANK	22/11/201						
JP MORGAN- CHASE BANK	21/07/20144	1887.03	438,596	827,644	22,860		
JP MORGAN- CHASE BANK	31/10/201						
JP MORGAN- CHASE BANK	25/09/20134	1960.75	517,376	1,014,445	(13,386)		
JP MORGAN- CHASE BANK	30/01/201						
JP MORGAN- CHASE BANK	25/09/20135	1976.14	531,432	1,050,184	(10,428)		
JP MORGAN- CHASE BANK	30/12/201						
JP MORGAN- CHASE BANK	25/09/20134	1971.05	609,258	1,200,878	(13,200)		
JP MORGAN- CHASE BANK	30/09/201						
BANCO SANTANDER S.A.	25/09/20134	1954.87	680,573	1,330,432	(19,037)		
BANCOLOMBIA S.A.	22/10/201						
BANCOLOMBIA S.A.	26/01/20114	1911.84	745,249	1,424,797	14,324		
BANCOLOMBIA S.A.	22/11/201						
BANCOLOMBIA S.A.	21/07/20144	1887.03	962,602	1,816,459	50,172		
BNP PARIBAS	23/10/201						
BNP PARIBAS	21/06/20134	2036.04	1,063,657	2,165,648	(110,503)		
BNP PARIBAS	24/12/201						
BNP PARIBAS	21/06/20134	2050.93	1,129,520	2,316,566	(115,576)		
JP MORGAN- CHASE BANK	24/12/201						
JP MORGAN- CHASE BANK	21/05/20144	1939.19	1,300,757	2,522,415	10,027		
BANCOLOMBIA S.A.	23/09/201						
BANCOLOMBIA S.A.	24/06/20144	2015.42	1,393,715	2,808,921	(125,602)		
BANCO SANTANDER S.A.	22/09/201						
BANCO SANTANDER S.A.	26/01/20114	2110.03	1,500,058	3,165,167	(276,625)		
BANCO SANTANDER S.A.	21/11/201						
BANCO SANTANDER S.A.	26/01/20114	2126.08	1,781,006	3,786,561	(328,071)		
						\$	
			\$	\$	(1,003,39		
			17,052,666	34,098,7292)			

Forwards as of December 31, 2013 are:

Entity	Initial date	Ending date	Emotional rate	(Thousand US\$)	(Thousand COL\$)	Valuation
BANCO DE BOGOTÁ S.A.	24-sep-13	31-jan-14	\$ 1,909.94	US\$997.04	\$ 1,904,294	\$ 22,843
BANCO DE BOGOTÁ S.A.	27-dec-13	31-mar-14	1,975.05	422.42	834,308	(13,605)
BANCO SANTANDER S.A.	26-jan-11	18-jul-14	2,093.97	417.62	874,488	(53,726)

BANCO							
SANTANDER S.A.	26-jan-11	19-sep-14	2,110.03	1,781.01	3,757,975	(235,818)	
BANCO							
SANTANDER S.A.	26-jan-11	20-nov-14	2,126.08	1,781.01	3,786,560	(241,626)	
BANCO							
SANTANDER S.A.	26-jan-11	20-feb-15	2,149.37	112.44	241,671	(15,460)	
BANCO							
SANTANDER S.A.	18-oct-13	16-apr-14	2,074.89	745.25	1,546,311	(94,662)	
BANCOLOMBIA	20-jun-13	21-feb-14	1,980.96	1,393.72	2,760,894	(61,962)	
BANCOLOMBIA	20-jun-13	21-apr-14	1,992.45	136.00	270,981	(6,192)	
BANCOLOMBIA	31-oct-13	31-jan-14	1,955.87	432.90	846,692	(9,799)	
BANCOLOMBIA	22-nov-13	20-jan-14	1,974.48	617.91	1,220,051	(26,763)	
BANCOLOMBIA	21-nov-13	20-jan-14	1,974.56	81.63	161,187	(3,542)	
BANCOLOMBIA	27-dec-13	03-mar-14	1,954.73	278.95	545,278	(4,739)	
BANCOLOMBIA	23-dec-13	21-mar-14	1,982.14	1,061.84	2,104,708	(43,521)	
BBVA COLOMBIA	24-sep-13	28-feb-14	1,915.03	903.23	1,729,714	19,299	
		30-may-					
BBVA COLOMBIA	24-sep-13	14	1,930.15	1,061.86	2,049,547	23,216	
BBVA COLOMBIA	24-sep-13	27-jun-14	1,934.91	984.00	1,903,950	21,426	
BBVA COLOMBIA	24-sep-13	27-feb-15	1,977.64	293.36	580,151	7,603	
BBVA COLOMBIA	24-sep-13	31-mar-15	1,983.47	171.93	341,014	4,684	
BBVA COLOMBIA	24-sep-13	30-apr-15	1,988.69	134.98	268,431	3,874	
		29-may-					
BBVA COLOMBIA	24-sep-13	15	1,993.75	91.89	183,208	2,764	
BBVA COLOMBIA	24-sep-13	30-jun-15	1,999.35	65.15	130,262	2,057	
BNP PARIBAS	21-jun-13	21-jul-14	2,016.13	96.72	195,004	(4,946)	
BNP PARIBAS	21-jun-13	21-oct-14	2,036.04	1,063.66	2,165,648	(57,083)	
BNP PARIBAS	21-jun-13	22-dec-14	2,050.93	1,129.52	2,316,566	(63,488)	
BNP PARIBAS	21-jun-13	23-feb-15	2,062.94	99.77	205,817	(5,348)	
BNP PARIBAS	21-jun-13	21-apr-15	2,077.89	13.89	28,870	(762)	
BNP PARIBAS	03-jul-13	31-jan-14	1,954.62	675.94	1,321,208	(13,994)	
BNP PARIBAS	04-jul-13	28-feb-14	1,962.35	326.43	640,562	(7,901)	
BNP PARIBAS	04-jul-13	31-mar-14	1,968.74	364.15	716,917	(9,174)	
BNP PARIBAS	04-jul-13	30-apr-14	1,974.16	346.76	684,550	(8,682)	
		30-may-					
BNP PARIBAS	04-jul-13	14	1,981.16	331.04	655,847	(8,866)	
BNP PARIBAS	04-jul-13	27-jun-14	1,986.98	144.54	287,198	(4,008)	
BNP PARIBAS	04-jul-13	31-jul-14	1,994.07	250.25	499,020	(7,163)	
BNP PARIBAS	04-jul-13	29-aug-14	1,999.26	187.05	373,966	(5,342)	
BNP PARIBAS	04-jul-13	30-sep-14	2,004.95	167.09	335,007	(4,750)	
BNP PARIBAS	04-jul-13	31-oct-14	2,012.11	256.02	515,132	(7,562)	
BNP PARIBAS	04-jul-13	28-nov-14	2,019.31	87.56	176,815	(2,733)	
BNP PARIBAS	04-jul-13	29-dec-14	2,025.02	253.99	514,333	(7,834)	
BNP PARIBAS	04-jul-13	30-jan-15	2,030.23	31.74	64,431	(911)	
BNP PARIBAS	04-jul-13	27-feb-15	2,038.34	10.68	21,776	(322)	

BNP PARIBAS	04-jul-13	30-abr-15	2,054.84	31.63	65,001	(1,009)
		29-may-				
BNP PARIBAS	04-jul-13	15	2,058.21	5.81	11,954	(167)
BNP PARIBAS	04-jul-13	30-jun-15	2,064.33	273.07	563,702	(7,511)
BNP PARIBAS	20-nov-13	15-jan-14	1,927.50	6,786.11	13,080,217	15,503
BNP PARIBAS	27-dec-13	30-abr-14	1,941.60	434.05	842,753	2,582
JP MORGAN- CHASE BANK	21-jun-13	21-may- 14	1,992.39	1,523.27	3,034,946	(60,510)
JP MORGAN- CHASE BANK	21-jun-13	24-jun-14	2,009.98	57.23	115,031	(2,919)
JP MORGAN- CHASE BANK	25-sep-13	31-mar-14	1,924.05	1,058.34	2,036,301	18,872
JP MORGAN- CHASE BANK	25-sep-13	30-abr-14	1,929.04	1,181.43	2,279,026	21,586
JP MORGAN- CHASE BANK	25-sep-13	31-jul-14	1,944.41	856.81	1,665,994	15,885
JP MORGAN- CHASE BANK	25-sep-13	29-aug-14	1,949.29	705.23	1,374,692	13,218
JP MORGAN- CHASE BANK	25-sep-13	30-sep-14	1,954.87	680.57	1,330,432	12,801
JP MORGAN- CHASE BANK	25-sep-13	31-oct-14	1,960.75	517.38	1,014,445	9,683
JP MORGAN- CHASE BANK	25-sep-13	28-nov-14	1,965.77	429.74	844,762	8,125
JP MORGAN- CHASE BANK	25-sep-13	30-dec-14	1,971.05	609.26	1,200,878	12,010
JP MORGAN- CHASE BANK	25-sep-13	30-jan-15	1,976.14	531.43	1,050,184	11,464
JP MORGAN- CHASE BANK	25-sep-13	31-jul-15	2,008.07	62.96	126,426	1,905
JP MORGAN- CHASE BANK	25-sep-13	31-aug-15	2,013.14	54.07	108,851	1,732
					\$	\$
					\$ 35,601.30	70,505,937 (851,268)

28. Contingencies

As of August 31, 2014, 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 to 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 COP \$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 the 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 and that - in case of a negative ruling - the most critical scenario would involve paying USD 60,000,000 (COP \$115,117,200) (TRM 1USD=\$1,918,62).

Industry and trade tax

The Colombian generation companies have been required by municipalities intending to tax EMGESA with the industry and trade tax, 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 calculations for this tax for 1998 through 2011, for a cumulative value of \$77,320,000, of which \$67,208,000 correspond to lawsuits with the municipality of Yaguará.

Annulment and reestablishment of the right proceedings are currently underway before the Contentious Administrative Jurisdiction against 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 40% probability for other lawsuits. In the latter case, it is expected that losses will be substantially lower considering that on August 29 a press release was issued, with which the Constitutional Court confirmed the applicability of a norm stating that the sale of energy is the purpose of the generation activity, so that - provided the energy sold has been generated by the seller - the ICA tax will only apply in the place in the generation plant is, according to Law 56 of 1981. The decision is not yet known, so that the probability of the loss is yet unknown.

2003 income tax

The process is based on the Company Administration not being aware of benefits resulting 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.

Consortio Impregilo claim

As of August 31 of 2014 there is a claim from Consortio Impregilo OHL, in charge of the El Quimbo project civil works, arising from greater costs incurred by the contractor, to be transferred to EMGESA. As of the date of these financial statements, the Company is negotiating this issue with the contractor.

Other contingencies

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

Processes	Number of processes	Rating	Contingency value	Reserve value
	35	Probable	\$ 1,707,336	\$ 1,697,662
	113	Eventual	39,710,505	–
	61	Remote	128,963,702	–
	209		170,381,543	1,697,662
Labor and contractor	23	Eventual	520,000	–
	10	Remote	21,951,000	–
	33		22,471,000	–
Total processes	242		\$ 192,852,543	\$ 1,697,662

As of August 31 of 2013, the values of claims under administrative, civil, labor and contractor litigations are the following:

Processes	Number of processes	Rating	Contingency value	Reserve value
	45	Probable	\$ 1,771,465	\$ 1,771,465
	139	Eventual	32,278,121	–
Administrative and civil	68	Remote	125,018,702	–
	252		159,068,288	1,771,465
	15	Eventual	554,889	–
	13	Remote	23,444,000	–
	28		23,998,889	–
Total processes	280		\$ 183,067,177	\$ 1,771,465

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.

The Company's contribution is \$84,048 million for the lifting station construction and close to \$7,000 million every year for its operation, administration, and maintenance.

Such resources will be paid once Corporación Autónoma Regional de Cundinamarca – CAR makes a pronouncement regarding the request to expand the water concession term made by the Company on September 21 of 2011, granting the concession under similar terms and conditions and involving social benefits.

The agreement was ratified in 2014 by a ruling from the State Council, which required compliance with the popular action.

30. Financial metrics

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

		Aug	Dec	Aug	
Metric	Expres- sion	2014	2013	2013	Explanation
Liquidity					
Current ratio: (current assets/current liabilities)	(times)	1.12	1.51	0.85	The capacity the Company has to handle its debts to current, committing its current assets
Indebtedness					
Total level of indebtedness: total liabilities/total assets	%	45.86 %	40.67%	40.33 %	The level of leverage corresponding to the creditors' participation in Company assets
Indebtedness to current:					
Total current liabilities/total assets	%	12.69 %	8.80%	12.30 %	The percentage with debts before third parties, with mid-term maturities and noncurrent
Indebtedness to non-current					
Total liabilities to noncurrent/total assets	%	33.16 %	31.86%	28.02 %	The percentage of debt with third parties with current maturities
Activity					
Commercial portfolio turnover: (365/operational revenues/total portfolio)	days	43	34	35	The average number of days of the commercial portfolio turnover

Vendor turnover: (365/cost of sales/accounts payable, vendors)	days	(32)	(29)	(30)	The average number of days the Company takes to pay vendors
ROI					
Gross profits margins:					
(Gross profits/operational revenues	%	62.75 %	56.72%	56.86 %	The capacity the Company has, in managing its sales, to generate gross profits, i.e. before administration and sales expenses, other revenues, other expenditures, and taxes
Operational margin: (operational profits/operational revenues)	%	61.64 %	55.51%	55.82 %	How much each sales peso contributes to operational profits generation.
Net profits margin:					
Net profits/operational revenues	%	39.72 %	36.29%	35.48 %	The percentage of net sales generating profits after taxes in the Company
Equity ROI					
Net profits/total equity	%	12.72 %	14.99%	10.39 %	The shareholders investment yield
Operational yield on assets (ROA)					
<i>Net profits/total assets</i>	%	6.89%	8.89%	6.20%	For each peso inverted invested in total assets, measures net profits generated