Promigas S.A. E.S.P.
Separate Financial Statements
For the years ended December 31, 2019-2018
With Independent Auditor’s Review Report

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

1. REPORTING ENTITY

Promigas S.A. E.S.P. (hereinafter Promigas S.A. E.S.P., Promigas or the Company) was incorporated in accordance with Colombian Law on December 27, 1974, and its corporate purpose is the purchase, sale, transportation, distribution, exploitation and exploration of natural gas, oil and hydrocarbons in general, and the gas and oil activities in all their forms. It can also sell or provide goods or services to third parties, either financial or non-financial, and finance the acquisition of goods or services from third parties with its own resources. Promigas' controlling shareholder is Corporación Financiera Colombiana S.A., whose parent company is Grupo Aval Acciones y Valores S.A., both are public companies incorporated in Colombia, the corporate seat of the Company is in Barranquilla, its address is Calle 66 No. 67 – 123 and its term of duration expires on December 27, 2074.

The Company is supervised by the Superintendence of Residential Utilities and in order to keep the National Register of Securities and Brokers (RNVI, for its Spanish acronym) up to date is subject to the concurrent supervision of the Colombian Financial Superintendence, in accordance with the provisions of Articles 5.2.4.1.2 and 5.2.4.1.3 of single Decree 2555/2010 of the Colombian Financial Superintendence and Regulation Letter 007/2015, Title Three. The Company is also required to submit separate financial statements and consolidated financial statements, which shall include its shareholding interest in subsidiaries and investments in associates.

Promigas has the following subsidiaries through direct and indirect interest:

Company	December 2019			December 2018		
	Direct	Indirect	Total	Director	Indirect	Total
Surtigas S.A. E.S.P.	99.99%	0.00%	99.99%	99.99%	0.00%	99.99%
Transoccidente S.A. E.S.P.	79.00%	0.00%	79.00%	79.00%	0.00%	79.00%
Promioriente S.A. E.S.P.	73.27%	0.00%	73.27%	73.27%	0.00%	73.27%
Transmetano E.S.P. S.A.	99.67%	0.00%	99.67%	99.67%	0.00%	99.67%
Gases de Occidente S.A. E.S.P.	94.43%	0.00%	94.43%	94.43%	0.00%	94.43%
Compañía Energética de Occidente S.A. E.S.P.	49.00%	48.16%	97.16%	49.00%	48.16%	97.16%
Orion Contac Center S.A.S.	0.00%	96.65%	96.65%	0.00%	96.65%	96.65%
Promisol S.A.S.	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%
Gases del Pacífico S.A.C.	75.00%	25.00%	100.00%	75.00%	25.00%	100.00%
Gases del Norte del Perú S.A.C.	75.00%	25.00%	100.00%	75.00%	25.00%	100.00%
Promisol México S.A. de C.V.	5.00%	95.00%	100.00%	5.00%	95.00%	100.00%
Zonagen S.A.S.	0.00%	99.95%	99.95%	0.00%	99.95%	99.95%
Sociedad Portuaria El Cayao S.A. E.S.P.	51.00%	0.00%	51.00%	51.00%	0.00%	51.00%
Enlace Servicios Compartidos S.A.S.	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%

In addition, the Company has non-controlling interest in the following associates:

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Entity	**Country of incorporation**	**Interest**	
		December 2019	**December 2018**
Gases del Caribe S.A. E.S.P. (Gascaribe)	Barranquilla	30.99%	30.99%
Complejo Energético del Este S.A. (1)	Panama	-	33.00%
Gas Natural de Lima y Callao S.A.C.	Peru	40.00%	40.00%

(1) In January 2019, the liquidation and subsequent dissolution of the company Complejo Energético del Este S.A. was conducted. Therefore, Promigas as shareholder and only cash contributor to the account, received a refund of advances paid for future capitalizations and proceeded to begin the process with the Bank of the Republic for the cancellation of foreign investments. This process ended on June 4, 2019. In June 2019, Promigas proceeded to account for the derecognition of this investment in its Financial Statements as of December 31, 2018. This investment was 100% impaired in the Financial Statements of Promigas.

Regulatory Framework

Promigas is mainly governed by Act 142/1994, whereby the Public Utilities Regime is established, CREG Resolution 071/1999, which sets out the Single Regulation for Natural Gas Transportation (RUT, for its Spanish acronym) in Colombia, Act 689/2001, whereby Act 142/1994 is partially amended, the industry's regulations, the concession agreements in force, its bylaws and other provisions contained in the Code of Commerce.

The rates the Company charges its customers for natural gas transportation and distribution services are regulated by the National Government through the Energy and Gas Regulatory Commission (CREG, for its Spanish acronym).

2. BASES OF ACCOUNTING

2.1 Technical Normative Framework

The separate financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (CFRS), set out in Act 1314/2009, regulated by Single Regulatory Decree 2420/2015, as amended by Decrees 2496/2015, 2131/2016, 2170/2018, 2483/2018 AND 2270/2019. The CFRS applicable in 2019 are based on the International Financial Reporting Standards (IFRS), along with its interpretations, issued by the International Accounting Standards Board (IASB). The base standards correspond to the officially translated to Spanish by the IASB and issued in the second half of 2017.

These separate financial statements were prepared to comply with the legal provisions to which the Company is subject as an independent legal entity, some accounting principles may differ from those applied in the consolidated financial statements and, in addition, do not include adjustments or eliminations necessary for the presentation of the consolidated financial position and the consolidated comprehensive income of the Company and its subsidiaries. Accordingly, the separate financial statements should be read together with the consolidated financial statements of Promigas S.A. E.S.P. and its subsidiaries.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

For legal purposes in Colombia, the separate financial statements are the statutory financial statements.

This is the Company's first set of annual financial statements to which IFRS 16-Leases has been applied. Changes related to significant accounting policies are described in note 3.

2.2 Basis of presentation

According to Minutes No. 80 of March 22, 2019, the General Shareholders' Meeting approved the amendment to articles 22 and 43 of the Company's bylaws, regarding accounting periods, defining an annual period from January 1, 2019. Up to 2018, semiannual periods ending June 30 and December 31 were used. In order to comply with legal provisions related to the presentation of comparative financial statements, the Company prepared separate statements of income, other comprehensive income, changes in equity and cash flows, and notes thereto, for the year ended December 31, 2018. The 2018 financial statements were not required to be audited.

The annualized proforma separate statements of income and other comprehensive income are presented below:

SEPARATE STATEMENT OF INCOME	First half 2018 (1)	Second half 2018 (2)	Annualized financial statements 2018 (1+2)
Revenue	413,798,764	334,243,492	748,042,256
Cost of sales	(202,441,769)	(153,033,650)	(355,475,419)
GROSS INCOME	211,356,995	181,209,842	392,566,837
Operating expenses	(55,667,173)	(50,301,556)	(105,968,729)
Share of profit of equity-accounted subsidiaries, net of tax	132,379,373	141,124,607	273,503,980
Share of profit of equity-accounted investees, net of tax	78,032,970	93,284,938	171,317,908
Dividends received	-	129,002	129,002
Others, net	465,499	(104,158)	361,341
OPERATING PROFIT	366,567,664	365,342,675	731,910,339
Financial revenues	147,174,454	113,794,498	260,968,952
Financial expenses	(104,543,959)	(112,023,382)	(216,567,341)
INCOME BEFORE INCOME TAX	409,198,159	367,113,791	776,311,950
Income tax	(43,569,012)	(7,334,361)	(50,903,373)
NET INCOME	365,629,147	359,779,430	725,408,577
NET INCOME PER SHARE	322,18	317,03	639,21

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME	**First half 2018 (1)**	**Second half 2018 (2)**	**Annualized financial statements 2018 (1+2)**
NET INCOME	365,629,147	359,779,430	725,408,577
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not reclassified through profit or loss			
For fair value of equity instruments	1,387,622	6,128	1,393,750
For employee benefits	(99,047)	15,271	(83,776)
For deferred tax	826,825	(5,648)	821,177
	2,115,400	15,751	2,131,151
Other comprehensive income reclassified through profit or loss			
For hedging	582,662	(29,376,794)	(28,794,132)
For deferred tax	1,920,087	8,406,488	10,326,575
	2,502,749	(20,970,306)	(18,467,557)
OTHER COMPREHENSIVE INCOME IN SUBSIDIARIES			
Other comprehensive income not reclassified through profit or loss			
For fair value of equity instruments	(1,368,510)	676,075	(692,435)
For employee benefits	13,767	45,045	58,812
For deferred tax	942,827	(91,471)	851,356
	(411,916)	629,649	217,733
Investment effect of subsidiaries reclassified through profit or loss			
For currency translation adjustment	(1,023,591)	11,937,045	10,913,454
For hedging	(884,710)	(4,969,511)	(5,854,221)
For deferred tax	423,448	1,661,379	2,084,827
	(1,484,853)	8,628,913	7,144,060
Investment effect of associates reclassified through profit or loss			
For currency translation adjustment	(7,110,458)	39,223,226	32,112,768
For hedging	767,027	(3,652,244)	(2,885,217)
	(6,343,431)	35,570,982	29,227,551
	(3,622,051)	23,874,989	20,252,938
TOTAL INCOME AND OTHER COMPREHENSIVE INCOME	362,007,096	383,654,419	745,661,515

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

SEPARATE STATEMENT OF CASH FLOWS	**First half 2018 (1)**	**Second half 2018 (2)**	**Annualized financial statements 2018 (1+2)**
Cash flows from operating activities:			
Net income	365,629,147	359,779,430	725,408,577
Adjustments to reconcile net income with net cash provided by:			
operating activities:			
Depreciation	3,982,609	2,987,143	6,969,752
Amortization of intangibles	39,261,335	42,752,800	82,014,135
Interest accrued	74,941,094	74,800,641	149,741,735
Yields accrued	(24,036,186)	(21,686,907)	(45,723,093)
Financial asset update	(105,744,925)	(65,602,928)	(171,347,853)
Profit through equity method	(210,412,343)	(234,409,545)	(444,821,888)
Impairment of:			
Inventories	184,815	10,000	194,815
Accounts receivable	1,315,685	(113,948)	1,201,737
Provisions accrued	11,880,083	2,304,410	14,184,493
Exchange difference for foreign currency transactions	(809,756)	(1,354,024)	(2,163,780)
Loss in derecognition of:			
Property, plant and equipment	61,886	20,939	82,825
Concessions	217,857	883,923	1,101,780
Intangible assets	10,852	-	10,852
Investment property valuation	(625,000)	-	(625,000)
Income tax	43,569,012	7,334,361	50,903,373
Changes in assets and liabilities:			
Accounts receivable	204,000,359	71,197,887	275,198,246
Inventories	(739,973)	(203,153)	(943,126)
Equity instruments through profit or loss	12,312,805	(16,695,203)	(4,382,398)
Other assets	3,991,959	(4,806,252)	(814,293)
Accounts payable	3,786,896	19,618,135	23,405,031
Employee benefits	526,209	(782,416)	(256,207)
Provisions	(1,266,326)	(2,964,307)	(4,230,633)
Other liabilities	(7,333,401)	3,351,758	(3,981,643)
Income tax and surtax paid	(54,868,599)	(10,080,855)	(64,949,454)
Yields received	27,603,507	24,996,539	52,600,046
Interest paid	(83,082,332)	(81,209,472)	(164,291,804)
Net cash provided by operating activities	304,357,269	170,128,956	474,486,225
Cash flow from investing activities:			
Acquisition of:			
Property, plant and equipment	(3,539,904)	(8,731,920)	(12,271,824)
Investments in subsidiaries and associates	(13,336,948)	(21,876,992)	(35,213,940)
Concessions	(140,987,701)	(177,730,109)	(318,717,810)
Other intangibles	(1,422,911)	(12,779,138)	(14,202,049)
Investments in companies	7,706,991	-	7,706,991
Dividends received from investments in subsidiaries and associates	125,391,284	185875487	311266771
Net cash used in investing activities	(26,189,189)	(35,242,672)	(61,431,861)
Cash flow from financing activities:			
Dividends paid	(254,153,383)	(212,187,647)	(466,341,030)
Acquisition of financial obligations	131,535,848	157,000,000	288,535,848
Payments of financial obligations	(155,047,900)	(7,133,575)	(162,181,475)
Net cash used in financing activities	(277,665,435)	(62,321,222)	(339,986,657)
Net increase (net decrease) in cash	502,645	72,565,062	73,067,707
Exchange difference effect in cash	104,677	(526,146)	(421,469)
Cash initial balance	38,753,748	39,361,070	38,753,748
Cash final balance	39,361,070	111,399,986	111,399,986

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

SEPARATE STATEMENT OF CHANGES IN EQUITY					**Retained earnings**						
SEMIANNUAL SCE 2018		**Subscribed and paid-in capital**	**Share placement premium**	**Reserves**	**Net income past years**	**Net income**	**First-time adoption effect**	**Total retained earnings**	**Other equity transactions**	**Other comprehensive income**	**Total equity**
Balance as of December 31, 2017		$ 113,491,861	322,822,817	558,143,090	27,013,633	328,818,686	1,505,587,115	1,861,419,434	(2,033,389)	108,602,414	2,962,446,227
(1) Movements first half 2018	Sale of non-controlling interest	-	-	-	-	-	-	-	226	-	226
	Constitution of reserves	-	-	74,612,724	(74,612,724)	-	-	(74,612,724)	-	-	-
	Cash dividends declared	-	-	-	(254,205,962)	-	-	(254,205,962)	-	-	(254,205,962)
	Transfers	-	-	-	328,818,686	(328,818,686)	-	-	-	-	-
	Net income and other comprehensive income	-	-	-	-	365,629,147	-	365,629,147	-	(3,622,051)	362,007,096
	Equity effect of adoption of new IFRS	-	-	-	(14,406,480)	-	-	(14,406,480)	-	-	(14,406,480)
Balance as of June 30, 2018		113,491,861	322,822,817	632,755,814	12,607,153	365,629,147	1,505,587,115	1,883,823,415	(2,033,163)	104,980,363	3,055,841,107
(2) Movements second half 2018	Acquisition of non-controlling interest	-	-	-	-	-	-	-	(9,518,645)	-	(9,518,645)
	Constitution of reserves	-	-	104,614,097	(104,614,097)	-	-	(104,614,097)	-	-	-
	Cash dividends declared	-	-	-	(215,621,128)	-	-	(215,621,128)	-	-	(215,621,128)
	Transfers	-	-	-	365,629,147	(365,629,147)	-	-	-	-	-
	Net income and other comprehensive income	-	-	-	-	359,779,430	-	359,779,430	-	23,874,989	383,654,419
	Equity effect of adoption of new IFRS	-	-	-	(1,480,329)	-	-	(1,480,329)	-	-	(1,480,329)
Balance as of December 31, 2018		$ 113,491,861	322,822,817	737,369,911	56,520,746	359,779,430	1,505,587,115	1,921,887,291	(11,551,808)	128,855,352	3,212,875,424
ANNUALIZED ECP 2018											
Balance as of December 31, 2017		113,491,861	322,822,817	558,143,090	27,013,633	328,818,686	1,505,587,115	1,861,419,434	(2,033,389)	108,602,414	2,962,446,227
(1+2) Movements Annualized Financial Statements 2018	Acquisition of non-controlling interest	-	-	-	-	-	-	-	(9,518,645)	-	(9,518,645)
	Sale of non-controlling interest	-	-	-	-	-	-	-	226	-	226
	Constitution of reserves	-	-	179,226,821	(179,226,821)	-	-	(179,226,821)	-	-	-
	Cash dividends declared	-	-	-	(469,827,090)	-	-	(469,827,090)	-	-	(469,827,090)
	Transfers	-	-	-	694,447,833	(694,447,833)	-	-	-	-	-
	Net income and other comprehensive income	-	-	-	-	725,408,577	-	725,408,577	-	20,252,938	745,661,515
	Equity effect of adoption of new IFRS	-	-	-	(15,886,809)	-	-	(15,886,809)	-	-	(15,886,809)
Balance as of December 31, 2018		$ 113,491,861	322,822,817	737,369,911	56,520,746	359,779,430	1,505,587,115	1,921,887,291	(11,551,808)	128,855,352	3,212,875,424

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

2.3 Functional and Presentation Currency

The company's functional and presentation currency is the Colombian peso.

The functional currency of Promigas was determined based on the correlative economic conditions of the country of operations. This determination requires judgment. Despite this judgment, the Company assessed, among other factors, the place of the activities, cash flows, sources of income, risks relative to these activities and the operating currency denomination of the different entities.

The representative exchange rates to convert transactions from United States dollars to Colombian pesos calculated and certified by the Financial Superintendence of Colombia are as follows:

	December 2019	December 2018
Closing	3,277.14	3,249.75

Monthly averages:

December 2019			December 2018		
January	$	3,161.91	January	$	2,867.68
February		3,115.15	February		2,860.00
March		3,125.34	March		2,852.46
April		3,155.22	April		2,765.96
May		3,310.49	May		2,862.95
June		3,256.02	June		2,893.22
July		3,208.11	July		2,885.55
August		3,406.18	August		2,959.57
September		3,399.62	September		3,037.80
October		3,437.73	October		3,080.48
November		3,411.42	November		3,198.13
December	$	3,383.00	December	$	3,212.48

2.4 Bases of Measurements

The separate financial statements have been prepared based on the historical cost, except for the following important items included in the statement of financial position:

- Derivative financial instruments are measured at fair value.
- Financial instruments are measured at fair value through profit or loss and OCI.
- Financial assets under concession are measured at fair value.
- Financial instruments at fair value through other comprehensive income.
- Investment properties measured at fair value.

3. CRITICAL JUDGMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

Promigas management makes estimates and assumptions that affect the amounts recognized in the separate financial statements and the book value of assets and liabilities within the fiscal year. Judgments and estimates are evaluated on an ongoing basis and based on management's experience and other factors, including the occurrence of future events that are considered reasonable in the current circumstances. Management also makes certain judgments in addition to those involving estimates during the accounting policy application process. The judgments that have the most significant effects on the amounts recognized in the separate financial statements and the estimates that may cause a significant adjustment to the book value of the assets and liabilities in the following year include the following:

A. Judgments

Information on judgments issued when applying accounting policies that have the most significant effects on the amounts recognized in the separate financial statements is included in the following notes.

- Note 4 (e) - Note 5 (d) - classification of financial assets: evaluation of the business model within which assets are held and evaluation of whether the contractual terms of the financial assets are only payments of principal and interest on the amount of pending principal.
- Note 4 (e) - Note 5 (d) - establish the criteria to determine the credit risk of financial assets that have had a significant increase since the initial recognition, the methodology to incorporate the prospective information for the measurement of expected credit losses (ECL) and the measurement, selection and approval of the models used to measure the ECL.
- Note 2 (2.2) Determining the functional currency of Promigas requires judgment.
- Nota 7- Determining the term and rate in the lease agreements.

B. Assumptions and estimation uncertainty

Information on assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment in the year ended December 31, 2019, is included in the following notes.

- Note 4 (e) - Note 5 (d) - impairment of financial instruments: assessment of whether the credit risk on the financial assets has increased significantly since the initial recognition and the incorporation of prospective information in measuring ECL.
- Note 4 (n) - Note 5 (d) - impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
- Note 4 (l) - recognition of concession agreements.
- Note 6 - Determining the fair value of financial instruments with important unobservable inputs.
- Note 19 - Recognition of deferred tax assets: availability of future tax gains against which extendable tax losses can be offset.

- Notes 4 (q) - recognition and measurement of provisions and contingencies: key assumptions about the probability and magnitude of an outflow of resources.

4. SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies and bases established below have been applied consistently by the company in preparing the separate financial statements in accordance with the Colombian Financial Reporting Standards (CFRS), except as otherwise indicated in note 7 - Change in accounting policies.

a) Investment in Subsidiaries

Investments in subsidiaries are accounted for using the equity method as per IAS 28, according to which the investment is recorded initially at cost and then periodically adjusted for changes in the investor's interest in the net assets of the investee. The income and other comprehensive income of the investee are included by the investor according to its interest.

b) Investments in Associates

Investments of the Company in entities over which there is no control or joint control, but where there is significant influence are called "Investments in Associates" and are carried using the equity method. Significant influence is presumed in another entity if the Company has, directly or indirectly, between 20% and 50% or more of the voting rights, unless it can be clearly demonstrated that such influence does not exist.

According to IAS 28, the existence of significant influence is usually evidenced in one or more of the following ways:

- Representation on the board of directors or equivalent governing body of the investee.
- Participation in the policy-making process, including decision-making on dividends and other distributions.
- Material transactions between the investor and the investee.
- Interchange of managerial personnel.
- Provision of essential technical information.

The equity method is an accounting method based on which the investment is recorded initially at cost and then adjusted for changes in the investor's interest in the net assets of the investee. The income and other comprehensive income of the investee are included by the investor according to its interest.

c) Dividends

Revenue from dividends is recognized when the right of the Company to receive the corresponding payment is established, which usually occurs when shareholders approve the dividend. Dividends from investments in associates and subsidiaries are recognized in the balance sheet as a reduction of investment because it is accounted for using the equity method of investment. Revenue from dividends is recognized through profit or loss for the period when it comes from investments recognized as equity instruments, where Promigas has no significant influence or control.

d) Foreign Currency Transactions and Balances

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies in terms of historical costs are measured using the exchange rate at the transaction date. Financial instruments measured at fair value are converted using the exchange rate at the date the fair value was determined. Profits or losses resulting from the translation process are recognized in profit or loss, except for financial instruments designated as hedging instruments.

e) Financial Instruments

Classification and measurement of financial assets and liabilities
The classification and measurement approach for financial assets is determined through the business model in which these assets and their cash flow characteristics are managed. It also includes three classification categories at the time of initial recognition for financial assets:

Approach	Conditions
Amortized cost (AC)	• The asset is maintained within a business model whose objective is to maintain assets to obtain contractual cash flows; and • The contractual terms of the financial asset establish specific dates for the cash flows derived only from payments of principal and interest on the current balance. The effective interest rate method is used to measure assets and liabilities at amortized cost. Amortized cost is reduced by impairment losses. Interest revenue, exchange rate gains and losses and impairment are recognized through profit or loss. Any gain or loss on derecognition is recognized through profit or loss.
Fair value through other comprehensive income (FVTOCI)	A debt instrument is measured at FVTOCI only if it meets both of the following conditions and has not been designated as a FVTPL: • The asset is maintained within a business model whose objective is achieved by collecting contractual cash flows and selling these financial assets; and • The contractual terms of the financial asset establish specific dates for the cash flows derived only from payments of principal and interest on the current balance.

	As an accounting policy, the Company made the irrevocable choice to record subsequent changes in fair value as part of other comprehensive income in equity. Dividends are recognized as revenue in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Fair value through profit or loss (FVTPL)	All financial assets not classified as measured at amortized cost or at fair value through OCI as described above are measured at fair value through profit or loss. Interest revenue calculated using the effective interest rate method, foreign exchange gains and impairment losses are recognized though profit or loss. Other net gains and losses from valuations are recognized in OCI. For derecognitions, accumulated gains and losses in OCI are reclassified to realized gains or losses of OCI.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- Contractual rights on the asset's cash flow expire;
- The contractual rights on the asset's cash flow are transferred, or an obligation is undertaken to pay a third party all cash flow without significant delay, through a transfer agreement
- Substantially all risks and benefits inherent to the property of the asset have been transferred;
- All risks and benefits inherent to the property of the asset have been substantially withheld, but the control thereof has been transferred.

Financial Liabilities

A financial liability is any contractual obligation to deliver cash or other financial asset to another entity or person or to exchange financial assets or liabilities under potentially unfavorable conditions for the Company, or any agreement that will or may be liquidated using equity instruments of the entity. Financial liabilities are initially recorded by their transaction value, unless otherwise determined, being similar to its fair value, less transaction costs directly attributable to their issue. Subsequently such financial liabilities are measured at amortized cost according to the effective interest rate method initially determined and debited from profit and loss account under financial expenses.

Financial liabilities are only derecognized from the balance sheet when generated obligations are extinguished or when they are acquired (either with the intention of repaying them or reinvesting in them).

Offset of Financial Instruments in the Balance Sheet

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legal right to offset such recognized amounts and the management intends to liquidate them on a net basis or realize the asset and liquidate the liability simultaneously.

f) Transactions with Derivate Instruments

A derivative is a financial instrument that changes value over time based on an underlying variable, it does not require an opening net investment or a small investment with respect to the underlying asset and is liquidated on a future date.

Forward contracts entered into by the Company to cover the fluctuation of exchange rates in revenues are considered a cash flow hedge, given that they cover a particular risk associated with a recognized asset or liability or a highly likely expected transaction, in which case the effective portion of the changes in the fair value of derivatives is recognized in the account other comprehensive income in equity. Gains or losses in the derivative relative to the portion that is not effective to the hedge or that does not correspond to the hedged risk is recognized immediately in the income statement. Hedge accounting is implemented while the forwards remain within the range of effectiveness (80% and 125%).

Derivative transactions are revealed at baseline. Subsequent changes in the fair value are adjusted by debiting or crediting profit and loss account, as applicable, unless the derivative is defined as hedge, if so, the nature of the hedged item. Hedge derivatives are defined as the cumulative values in the account other comprehensive income transferred to earnings for the period where the hedged item is also carried to income.

The Company documents, at the beginning of the transaction, the relationship between the hedging instrument and the hedged item, as well as the risk objective and the strategy to undertake the hedge relationship. The Company also documents its assessments both at the date of the transaction and on the recurring basis that the hedging relationship is highly effective in offsetting changes in fair value or cash flows of hedged items.

Financial assets and liabilities by transactions with derivatives are not offset in the statement of financial position; however, when there is a legal and exercisable right to offset the recognized values and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously, they are then presented net in the separate statement of financial position.

Profits and losses for settlement of contracts are recognized at the end of each month.

Contracts with derivatives implicit in other contracts, when the main contract is a financial asset, are not separated and instead the financial instrument is measured and recorded together as an instrument at fair value through profit or loss.

g) Net Investment Hedges in Foreign Operations

Promigas uses different financial instruments in order to manage its exposure to exchange rate risks. Financial liabilities are measured at amortized cost; those traded with a foreign currency generate an exchange difference. The gain or loss from the exchange difference is immediately recognized through profit or loss unless the financial liability is designated and in effect as a hedging instrument, in which case the time of recognition through profit or loss depends on the nature of the hedge ratio.

The hedge is classified as a net investment in foreign operation when it hedges the exchange rate risk that arises from the translation effect of a net investment in foreign operation.

At the beginning of the hedge ratio, Promigas documents the relationship between the hedging instrument and the hedged item, together with its risk management objectives and its strategy for carrying out various hedging transactions. Additionally, at the beginning of the hedge and on a continuous basis, Promigas documents whether the hedging instrument is highly efficient in counteracting changes in market values or the cash flows of the hedged item attributable to the hedged risk.

The effective portion of the changes in the financial liabilities that are designated and that qualify as hedges of a net investment is recognized in other comprehensive income and accumulated under the net investment hedge. The loss or gain related to the ineffective portion is recognized immediately through profit or loss, and is included in the profit or loss item in the exchange rate of the income statement for foreign currency hedging instruments.

The amounts previously recognized in other comprehensive income and accumulated in equity are reclassified in income for the periods in which the hedged item is recognized in income.

These profits are included within the same heading of the income statement of the recognized hedged item.

Hedge accounting is discontinued when the hedged item expires or is sold, completed or exercised, or when it no longer meets the hedge accounting criteria. Any loss or gain recognized in other comprehensive income and accumulated in equity at that time is held in equity and recognized when the expected transaction is finally recognized in profit or loss. When an expected transaction will not occur, the accumulated loss or gain in equity is immediately recognized through profit or loss.

h) Cash

Cash comprises cash and bank balances that are subject to an insignificant risk of change in value, and are used by the Company in the management of its short-term commitments.

i) Property, Plant and Equipment

Recognition and Measurement

Elements of property, plant and equipment elements are measured at cost less cumulative depreciations and cumulative amounts and any impairment losses suffered. Costs include expenditures that are directly attributable to the acquisition of the asset.

The cost of assets built by the Company includes the cost of materials and direct labor and any other costs directly attributable to the process of bringing the asset to a working condition for its intended use, costs of dismantling, removing and restoring the site where they are located.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is capitalized if future economic benefits are likely to be received and their cost can be measured reliably. The book value of the replaced part is derecognized. Daily maintenance costs of property, plant and equipment are recognized in profit or loss when incurred.

Depreciation

Depreciation is the mechanism by which the wear and tear suffered by a good or an asset due to its use over time is recognized.

The depreciable amount of an asset will be distributed systematically throughout its useful life. The residual value, the depreciation method and the useful life of an asset will be reviewed, at least, at the end of each annual period and, if the expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

The following is a summary of the types of assets of the company and the estimate of their useful life:

	Years
Buildings	50
Machinery, equipment and tools	10
Transportation equipment	5
Computer and communication equipment	5
Furniture, fixtures and office equipment	10

Disposals

The difference between the proceeds of the sale and the asset’s net book value is recognized in the income statement.

j) Loan Costs

The Company capitalizes loan costs directly attributable to the purchase, construction or production of qualifying assets, as part of the cost of such assets. A qualifying asset is an asset that necessarily takes over six (6) months of construction and/or mounting to get ready for its intended use or sale. These loan costs will be capitalized as part of the cost of the asset, provided it is likely that they will give rise to future economic benefits for the entity and can be measured reliably.

k) Intangible Assets

The cost of intangible assets is recognized at fair value at the date of purchase. After the initial recognition, the intangible assets are accounted for at cost less any cumulative amortization and any cumulative impairment loss.

Intangible assets with finite useful lives are amortized over such financial useful lives and are assessed to determine whether impairment occurred, provided that there are signs that an intangible asset may have suffered such impairment. The amortization period and method for an intangible asset with finite useful life is reviewed at the closing of each reported period.

The useful life of intangible assets that include software and licenses is 3 to 5 years.

Gains or losses arising from derecognizing an intangible asset are measured as the difference between net income from the sale and the book value of the asset, and are recognized in the income statement when the asset is derecognized.

The Company records as expenses for the period all research costs, as well as any development costs where the technological and commercial feasibility thereof cannot be established.

l) Concession Agreements

Promigas recognizes the intangible asset arising from a service concession agreement when there is the right to charge for the use of concession infrastructure. On initial recognition, an intangible asset received as consideration for providing construction or improvement services in a service concession agreement is recognized at fair value. After initial recognition the intangible asset is measured at cost, including capitalized loan costs, less accumulated depreciation and accumulated impairment losses.

An intangible asset is recognized when there is no unconditional right to receive cash and the revenues are contingent on the extent of use of the asset under concession for the service provision. In some cases there may be mixed agreements, where part of the agreement is a financial asset and the other part is an intangible asset. In the case of Promigas, the financial asset is not for the remuneration of the transportation service, but for the obligation to sell the gas infrastructure by the end of the term of the agreement.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Based on the above, rights in concession agreements are recorded by the Company as follows:

(a) Revenues from the construction and costs relative to the constriction of concessions are recorded in the income statement over time.

(b) If the concession agreement qualifies as a financial asset, the asset arising in the agreement is included in the account "other accounts receivable at fair value" and recognized at the present value of future payments to which the Company is entitled, discounted using the effective interest rate, in the event they are financial assets with mandatory sale at fair price at the end of the agreement. These financial assets are designated at fair value through profit or loss.

(c) In addition, cumulative disbursements during the construction phase of the project are recognized as intangible assets and amortized. The useful life of an asset is defined by the validity of the concession agreements, being 50 years its initial duration, with 20-year extensions; however, the compressor stations included in assets under concession are segregated by components and are amortized over the useful life detailed below, without exceeding the term of the concession:

Compressor Stations (Components)	**Years**
Centrifugal compressors	
Turbine	30,000 machine hours *
Compressor	60,000 machine hours *
Reciprocating compressors	
Turbine	20,000 machine hours *
Compressor	40,000 machine hours *
Skid Valves	20
Ancillary Systems	
Cooling Units	20
Fire Protection Equipment	10
Unit Control Panel	5
Ancillary Equipment	
Fuel Gas Skid	20
Air Compressor Skid	10
Station Control Panel	5
Motor Control Center	20
Power Generator	10
Valves and Accessories	20
Important spare parts	Associated with the component

* An equivalence is calculated by taking the utilization rate of each compressor station.

m) Inventories

Inventories are materials for the provision of services, measured at the lower of either the cost or the net realizable value. The cost includes the purchase price of inventories and other direct costs required to make them available for use. The cost of consumed inventories is determined by using the weighted average price method and classified either as short- or long-term based on the item's rotation. The net realizable value is the estimated selling price in the ordinary course of business less trading and distribution expenses.

n) Noncurrent Assets Held for Sale

Noncurrent assets are classified as held for sale if it is highly likely that their value will be recovered mainly by their sale and not by their continuous use. These assets are recorded by the lower of either its book value at the time of its transfer to this account or its fair value less estimated selling costs.

When classified as held for sale, intangible assets and property, plant and equipment are not amortized or depreciated, and the investees accounted for under the equity method are no longer accounted for under this method.

o) Prepaid Expenses and Prepaid Assets

Prepaid expenses mainly comprise insurance, services and leases paid in advance, amortized monthly at the contractual term, through profit or loss.

Insurance - Insurance is recognized at cost; depreciation is calculated using the straight-line method to allocate the cost to profit or loss at the end of the term of the policy, i.e., one (1) year.

p) Taxes

Income Tax

The tax expense or income comprises the current and deferred tax.

Current and deferred taxes are recognized as income or expense and are included in profit or loss, except when related to items recognized in other comprehensive income or directly in equity, in which case, the current or deferred tax is also recognized in other result comprehensive income or directly in equity, respectively.

Current Taxes

Current tax is the amount payable or to recover current income tax. It is calculated based on the tax laws enacted as of the date of statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations where tax laws are subject to interpretation and, if necessary, makes provisions on the amounts expected to be paid to the tax authorities.

To determine the provision of income tax, the Company makes its calculation based on the higher value between taxable income and presumptive income (minimum return on equity last year that the law presumes to establish the income tax).

Deferred Taxes

Deferred tax is recognized using the liability method, determined on temporary differences between the tax bases and the book value of assets and liabilities included in the financial statements.

Deferred tax liabilities are the amounts payable in the future as income tax related to taxable temporary differences, while deferred tax assets are the amounts to be recovered by way of income tax due to the existence of deductible temporary differences, tax loss carryforwards or deductions pending application. Temporary difference is understood as the difference between the book value of assets and liabilities and their tax base.

Recognition of Taxable Temporary Differences

Deferred tax liabilities arising from taxable temporary differences are recognized in all cases except if:

- They arise from the initial recognition of capital gains or an asset or liability in a transaction that is not a combination of business and that on the date of such transaction neither the accounting result or the taxable income is affected.
- They correspond to differences associated with investments in subsidiaries and associates, and interests in joint ventures, when the reversal opportunity of temporary differences can be controlled and such temporary differences are unlikely to be reversed in the near future.
- In the case of the recognition of deferred tax liabilities for temporary differences related to investments in associates when the intention to sell the investment is not expected in the foreseeable future, only deferred tax liabilities will be recognized for the existence of undistributed earnings that may generate dividends taxed in the foreseeable future and for which there is no agreement that sets forth the non-distribution of taxed dividends.

Recognition of Deductible Temporary Differences

Deferred tax assets arising from deductible temporary differences are recognized provided that:

- Future taxable incomes against which the temporary differences may be offset are likely to be available, except in those cases where the difference arise from the initial recognition of assets or liabilities in a transaction that is not a combination of business and that on the date of such transaction neither the accounting result or the taxable income is affected.

- Correspond to temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, when the temporary differences are likely to be reversed in the near future and positive future tax gains are expected to offset such differences.

Deferred tax assets that fail to meet the above conditions are not recognized in the statement of financial position. The Company reconsiders at the end of the reporting period whether the conditions are met to recognize deferred tax assets that had not previously been recognized.

Tax planning opportunities are considered in the recovery assessments of deferred tax assets only if the Company intends to adopt them or will likely adopt them.

Measurement

Deferred tax assets and liabilities are estimated using the tax rates applicable for the period where asset realization is expected or liabilities are going to be paid, based on the regulations enacted or expected to be enacted, and after considering the tax consequences that arise from the way in which the Company expects to recover assets or settle liabilities.

The company reviews at the end of the reporting period the carrying value of the deferred tax assets, in order to reduce such value so that it becomes unlikely that there will be sufficient future taxable income to offset them.

The Company's non-monetary assets and liabilities are measured in terms of its functional currency. If tax losses or profits are calculated in a different currency, exchange rate differences give rise to temporary differences and the recognition of a liability or a deferred tax asset and the resulting effect is charged or credited to profit or loss for the period.

Offset and Classification

The Company offsets deferred tax assets and liabilities over current income when there is a legal right with tax authorities and those assets and liabilities relate to the same tax authority.

Offset deferred tax assets and liabilities are recognized in the statement of financial position as noncurrent assets and liabilities regardless of the expected date of realization or settlement.

q) Provisions

A provision is recognized if it is the result of a past event, the Company has a legal or implicit obligation that can be estimated reliably, and an outflow of economic benefits to settle the obligation is probably necessary. Provisions are determined by discounting the cash flow expected in the future from the pre-tax rate that reflects the current market assessment of the value of money over time and the specific risks of the obligation.

Dismantling and Removal Costs
The best estimate of the provision for the cost of dismantling and removing an item or restoring the site where it is located is recognized when there is an obligation. The estimate is based on a current obligation (legal or implied) arising from the purchase, construction or development of a long-term asset. If it is unclear whether a current obligation exists, the entity may assess the evidence under the most likely threshold. This threshold is assessed in relation to the settlement risk of the obligation.

"Environmental Obligations" Provision
The Company must periodically review the existence of environmental obligations resulting from new and existing projects. The estimate to be recorded will be the best estimate of the disbursement necessary to settle the present obligation.

Insofar as environmental costs are costs necessary for an asset to function as expected by management, they are recorded as a higher value than the asset that originates them. The provision is updated periodically through profit or loss.

r) Impairment

Financial Assets
The Company applies the impairment model due to Expected Credit Loss (ECL). This model requires the recognition of a reserve due to the weighted probability in the default of payment since the granting of the loan, for which considerable judgment is applied regarding how changes in economic factors affect the ECL, which will be determined on a weighted average basis. The impairment model is applicable to the following financial assets that are not measured at FVTPL:

- Investments in debt securities;
- Commercial accounts receivable;
- Other accounts receivable.

Non-Financial Assets

Impairment tests will be conducted when there are signs that the book value of an asset may exceed its recoverable amount. The recoverable amount of an asset is the higher of either its fair value minus disposal costs or its use value. The Company will assess at the end of the period whether there are any signs of impairment on the asset. If any, the Company would estimate the asset impairment.

Corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, the recoverable amount is determined for the cash-generating unit to which the corporate asset belongs.

Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash-generating units are firstly distributed to reduce the carrying amount of any capital gains distributed to the units and then to reduce the carrying amount of other assets in the unit (unit groups) on a pro rata basis.

An impairment loss with respect to capital gains is not reversed. With respect to other assets, impairment losses recognized in prior periods are evaluated at the end of each reporting period, seeking any indication that the loss has decreased or disappeared. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that would have been determined net of depreciation or amortization and if no impairment loss has been recognized.

Capital gains that are part of the book value of an investment in a subsidiary in accordance with Act 222/1995 are not recognized separately and, consequently, no impairment tests are applied separately. Instead, the total amount of the investment is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

s) Revenue from contracts with customers

The Company recognizes revenues from contracts with customers based on a five-step model:

- *Step 1 Identify the contract(s) with a customer*: A contract is defined as an agreement between two or more parties, which creates rights and enforceable obligations and establishes criteria that must be met for each contract. Contracts can be written, verbal or implicit through the customary business practices of a company.
- *Step 2. Identify the performance obligations in the contract:* A performance obligation is a promise in a contract with a customer for the transfer of a good or service to the latter.
- *Step 3. Determine the transaction price:* The transaction price is the amount of the payment expected to be entitled to in exchange for the transfer of goods or services promised to a customer, without considering the amounts received on behalf of third parties.
- *Step 4. Allocate the transaction price to the performance obligations in the contract:* In a contract with more than one performance obligation, the transaction price is allocated among the performance obligations in amounts that represent the amount of consideration to which the Company expects to be entitled in exchange for meeting each performance obligation.
- *Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.*

A performance obligation is met and recognizes the revenues over time, if one of the following criteria is met:

a) The performance of the Company does not create an asset with an alternative use, and there is an enforceable right to pay for the performance completed to date.

b) The Company's performance creates or improves an asset that the customer controls as it is created or improved.
c) The customer at the same time receives and consumes the benefits that result from the performance as it works.

For performance obligations where none of the indicated conditions is met, the revenue is recognized when the performance obligation is met.

When the Company meets a performance obligation by delivering the promised goods or services, it creates a contractual asset for the amount of the consideration obtained with the performance. When the amount of the consideration received by a customer exceeds the amount of the recognized revenue, this generates a contractual liability.

Revenue is measured based on the consideration specified in the contract with the customer, and excludes the amounts received on behalf of third parties. The Company recognizes revenue when it transfers control over a good or service to a customer. The revenue is presented net of the value added tax (VAT), reimbursements and discounts.

The Company evaluates its revenue plans based on specific criteria to determine whether it acts as principal or agent. Revenue is recognized to the extent that the economic benefits are likely to flow to the Company and if revenues and costs, if any, are likely to be reliably measured.

Below is a description of the main activities through which the Company generates revenue from contracts with customers:

Utilities

The contracts between a customer and the Company for the provision of a utility for the distribution and transportation of gas establish the rates and terms of the service. The Company determined that its obligation to distribute or transport gas represents a single performance obligation, which is met over time (in the term of the contract it represents a series of defined goods that are substantially the same and have the same transfer pattern to the customer).

Some contracts include multiple deliverables, such as the installation of connections or repairs, which are accounted for as separate performance obligations. The transaction price is assigned to each performance obligation based on the individual rates (regulated rates). If the contracts include the installation of goods, the revenue of the goods is recognized at the moment in time when the goods are delivered, the legal title is transferred and the customer has accepted said goods.

Operation and construction services (Concessions)

In the concession agreements, the Company determines that its performance obligations (construction, operation and maintenance) have been met over time and measures its progress in the activation of the project. The Company considers the nature of the products or services provided and the terms of the contract, such as the right to cancellation, rights to demand or withhold payments, and the legal title to work in a process to determine the best method of input or output to measure the progress toward compliance with a performance obligation.

The Company applies a single method to measure progress in each performance obligation within a contract. The method can be input (cost incurred, hours worked) or output (units produced, goals achieved).

The estimates of revenues, costs or degree of progress towards completion are reviewed if circumstances change. Any increase or decrease in estimated revenues or costs is reflected in the statement of comprehensive income in the period in which management learned of the circumstances that led to the review.

Non-bank financing and finance leases

Revenues from non-bank financing and accounts receivable from finance leases are recognized through profit or loss at amortized cost, using the effective interest method described in IFRS 9. However, tha Company also has revenues that contain components that are within IFRS 15, such as commission collection.

Sale of Assets
Revenues from sale of assets are recorded when the significant risks and benefits pertaining to the ownership of the assets have been transferred to the buyer, generally when delivering said assets.

t) Financial Revenues and Costs

It mainly includes revenues and/or expenses for the update of the financial asset associated with the concession, which is periodically updated through profit or loss. Interest revenues and expenses are also included, which are recognized using the effective interest rate method and the exchange difference.

u) Recognition of Costs and Expenses

The Company recognizes its costs and expenses as economic events occur in such a way that they are systematically recorded in the corresponding accounting period (accrual), regardless of the flow of monetary and financial resources (cash).

An expense is immediately recognized when a disbursement does not generate future economic benefits or when it fails to meet the necessary requirements for recognition as asset.

v) Earnings per Share

Promigas presents information of basic earnings per shares of its common shares. Basic earnings per shares are estimated by dividing the result attributable to the Company’s common shares by the weighted average of common shares outstanding during the period, adjusted by own shares held.

w) Operating Segments:

The information by segment is presented consistently with the internal reports provided to those responsible for relevant operating decision-making. The following segments are considered for the separate financial statements:

- Gas Transportation
- Gas and Energy Distribution
- Other Services
- Non-bank Financing

Senior Executives regularly review the results of the segments and evaluate the results of each operation and the resources that must be allocated.

5. RISK MANAGEMENT

The Company is exposed to a variety of risks, including market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, liquidity risk, operational and legal risks, which are managed depending on their nature.

a. Risk Management Framework

The Company's Board of Directors is responsible for establishing and supervising the risk management structure of Promigas.

The Company's risk management policies are provided in order to identify and analyze the risks faced by Promigas, set limits and appropriate risk controls, and monitor risks and adherence to limits. Policies and risk management systems are reviewed regularly to reflect changes in market conditions and activities of Promigas.

The Company, through its management standards and procedures, aims to develop an environment of disciplined and constructive control where all employees understand their roles and obligations.

b. Market Risk:

1. *Macroeconomic Factors*
   The main macroeconomic factors that impact the financial results of the Company are devaluation, inflation and interest rates.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Operating revenues are generated through fees that are indexed in US dollars, transport service invoices are issued in Colombian pesos and settled with the exchange rate at the time of invoice, while 95% of costs are in Colombian Pesos. Therefore, the exchange rate variation may positively or negatively affect income. The exchange rate exposure is mitigated by the contracting of financial hedging instruments (Forwards), which provide coverage by means of a short position for the gains or losses for exchange differences that could arise on the contracting of these cash flow hedges on gas transportation revenues that have a component measured in dollars.

With respect to inflation, IBR and DTF, Promigas is exposed given that most of the Company's debt is indexed to these macroeconomic indexes. The risk for these variables is mitigated by maintaining a permanent monitoring, which allows timely decision making, maintaining or refinancing existing credits or contracting new obligations, always seeking, where possible, to minimize financial costs.

2. *Vulnerability to Changes in Interest Rates and Exchange Rates*

Fluctuations in interest rates may negatively or positively affect the Company; however, to mitigate any negative impact that may arise, each and every financial obligation is contracted without prepayment penalty in order to benefit in the event of falls in market rates.

As for the vulnerability to exchange rates, each project is analyzed independently to determine its exposure and the strategy to be implemented. For example, asset accounts held in foreign currency can be hedged naturally with financing in the same currency. Financial liabilities or accounts payable in foreign currency that do not have natural hedging with an active account may be hedged by the contracting of derivatives or by accounting derivatives. The measures implemented seek to minimize exchange rate risk.

3. *Risk of Variation in the Exchange Rate of Foreign Currency:*

The Company is exposed to variations in the exchange rate produced by transactions in several currencies, mainly in US Dollars. Currency risk in foreign currency arises from assets, liabilities, income, costs and some recognized expenses.

Assets, liabilities and transactions denominated in foreign currency are those made in currencies different from the Company's functional currency. Assets and liabilities denominated in foreign currency, expressed in Colombian pesos are:

		December 2019		December 2018	
		Dollars	**Thousands of Cop $**	**Dollars**	**Thousands of Cop $**
Current assets	$	3,630,231	11,896,777	2,215,343	7,199,311
Noncurrent assets		193,971,434	635,671,544	191,361,949	621,878,494
Total assets		197,601,665	647,568,321	193,577,292	629,077,805

Current liabilities	(3,779,678)	(12,386,534)	(26,853,895)	(87,268,445)
Long-term liabilities	(206,912,598)	(678,081,550)	(99,244,165)	(322,518,725)
Total liabilities	(210,692,276)	(690,468,084)	(126,098,060)	(409,787,170)
Net asset (liability) position	$ (13,090,611)	(42,899,763)	67,479,232	219,290,635

Revenues received by the Company for the gas transport service are determined by the dollar rate. The sensitivity due to the effect of the dollar in revenues is as follows:

Dollar fluctuation effects:

Variable	Scenario	Devaluation	Impact	Value (in millions)
Exchange Rate	Low	+ 4.00%	Ebitda	$ 15,624
			Net Income/Equity	5,000
	Medium	0.00%	Ebitda	-
			Net Income/Equity	-
	High	- 4.00%	Ebitda	15,624
			Net Income/Equity	$ 5,000

For the above sensitivity, we start from the medium scenario, which is the real scenario. For the low and high scenarios, a fluctuation of the devaluation in more or less 400 points is considered.

Hedge Accounting

Promigas generates revenues from the transportation service of gas under a regulated rate in US Dollars and to mitigate the risks of exchange rate effect, hedge positions with Non-Deliverable Forwards are taken to cover expected cash flows based on the income projection. The company policy consists on ensuring at least the budgeted income, neutralizing the exchange rate risk without speculating on the currency.

Promigas contractually monetizes the monthly invoicing with the average Exchange Rate for the month, so hedge agreements must replicate the exchange Rate of the contract. Through Non-Deliverable Forwards the Company has the option to take as much forwards as there are business days in a month, given that these are negotiated (settled) daily, with an averaged base of the revenues wishing to cover, to which different strike rates apply. At the end of the month, the average rate with which the revenues are contractually settled is simulated with the sum of the settled forwards.

The Company's risk management strategy consists on adjusting the value of the hedge instrument periodically, so it reflects the changes in the hedged position. In order to measure the efficiency expected at the beginning of the hedge and the actual efficiency during the hedge period, the Market to Market-MtM valuation and the Dollar Offset method will be used under an efficiency range of 80-125 percent.

c. Price Risk:

Companies in the regulated business of gas transportation and distribution have a selling price directly established by the Government through the Energy and Gas Regulatory Commission (CREG) and for fixed periods; therefore, such companies do not have fluctuation risks. Price changes are generated in times of rate recalculations when the CREG defines the methodology and variables to be included in the respective calculation.

d. Credit Risk:

Promigas, through its non-bank financing program - Brilla, is exposed to credit risk, which consists of the debtor causing a financial loss for not fulfilling its obligations. The exposure to credit risk arises as a result of the activities of the Brilla program and the transactions with counterparties that give rise to financial assets, where Promigas financed the portfolio of Surtigas S.A. E.S.P, Gases del Caribe S.A. E.S.P. y Gases de la Guajira S.A. E.S.P.

The maximum exposure to credit risk is the amount of the commitments, reflected in the book value of financial assets and in the Company's statement of financial position.

The principles and rules for managing the Brilla credit are stated in the Non-Bank Financing Policy. The evaluation criteria to control credit risk follow the guidelines provided by the Non-Bank Financing Policy and the Brilla Executive Committee.

The maximum credit authority is the Brilla Executive Committee, which guides the general policy and has the power to establish the credit limits for each distributor that handles credit requests and is responsible for the analysis, monitoring and results

For credit approvals, the user's payment behavior during the last two years is taken into account and, additionally, for the gas distribution companies, that have finished paying the gas connection or their debt is less than three hundred thousand pesos.

The Company calculates the portfolio provision considering the expected loss applied to standard IFRS 9. For monitoring and measuring the portfolio, the Company has the indicator of non-performing loans more than 90 days past due. Monthly monitoring of the portfolio is conducted based on the analysis of nonperforming loans by age. Three times a year, the Portfolio Committee meets, presenting the indicators and reviewing the cases that affect collection in order to set out strategies and action plans to improve recovery, and analyzes the collection process by the contractor firms and the reports by locations in order to identify related items of default that establish a trend and control them immediately.

By the end of each reported period, the Company assesses whether there is any objective evidence of an impaired financial asset or group thereof. A financial asset or group thereof is considered impaired only if there is objective evidence of impairment as a consequence of one or more events occurring after the initial recognition of such asset (an "event causing the loss"), and if such event causing the loss has an impact over future estimated cash flows of the financial asset, which can be reliably estimated.

Objective evidence of impairments may include signs of debtors or group thereof having significant financial difficulties, nonpayment of or default in principal or interest payments, the likelihood of entering bankruptcy or other form of financial reorganization, and when observable data indicate that there is a measurable decrease in future estimated cash flows, such as adverse changes in the status of overdue payments or in the financial conditions that correlate with defaults.

To determine the impairment of financial assets, the Company and its subsidiaries use the quantification of incurred losses, which considers three basic factors: exposure, probability of default and severity, as follows:

- Exposure is the amount of risk at the time of the counterparty default.
- Probability of default is the likelihood that the counterparty defaults on its obligations of principal and/or interest payments. Probability of default is associated with the rating/scoring of each counterparty/transaction.
- Severity is the estimate of the loss if default occurs. It mainly depends on the counterparty's characteristics and the appraisal of guarantees or collaterals associated with the transaction.

If in subsequent periods a recovery of the financial asset's value at amortized cost were evident, the loss due to impairment would be reversed. Such reversal will be limited to the book value the financial asset would have had should the loss due to impairment had not been recorded. The record of the reversal is recognized through profit or loss.

For purposes of the portfolio impairment analysis, Promigas arranged a segmentation that allows identifying the common characteristics in the accounts receivable of the same group and heterogeneous characteristics among the accounts receivable from different groups. This segmentation is as follows:

- Accounts receivable from gas
- Non-Banking Financing
- Other accounts receivable.

Definition of loss for group analysis: Loss is defined as the amount not recovered given the maximum term of expected life to obtain recoveries. Promigas has defined as loss the sum of:

- Accounts receivable written off during the 12-month time window
- Value not recovered from the account receivable during the 12-month window.

Credits are classified in each stage considering the following definitions:

Stage 1: All credits that have less than 30-days default.

Stage 2: All credits that have between 30 and 89-days default.
Stage 3: All credits that have 90-days default or more.

All credits that have 360-days default will have 100% provision.

Provision ratios to be applied to the portfolio include scenario analysis and forward-looking information.

In order to determine whether the portfolio risk has not significantly increased, an analysis is performed based on the following aspects:

- *Quantitative aspects* – Considering that the internal management of the Companies does not consider a rating model to differentiate customers, the transition of stages through the measurement of the probability of default lifetime is not considered.
- *Qualitative aspects* - Qualitatively, transitions between stages are considered by the refinancing concept according to the classification of refinanced, standardized or classification withdrawal.
- *Backstops* - The transition between Stages is mainly done by the "Backstops" (arrears) defined in the Promigas and subsidiaries policy.

The Company has defined a term of default of 12 months to proceed with the portfolio write off. In addition, there must be evidence of the portfolio management carried out with the customer.

Portfolio Concentration:

Aware of the economic capacity of users to whom the Brilla program is targeted, average limits of $1,772,000 are assigned to economic strata 1 to 3 and an average of $2,680,000 for strata 4 to 6, taking into account the socioeconomic stratum and that the user must have a good record in their payment behavior, thus mitigating portfolio concentration per user. The nonperforming loan indicator is monitored by location in order to control portfolio impairment.

As of December 31, 2019, the Brilla portfolio of Promigas decreased by 28.03% with respect to the same period in the previous year, considering that that Promigas funded the portfolio of Surtigas S.A. E.S.P until April 21, 2019. In addition, since 2014, Promigas S.A. E.S.P. has not made portfolio placements through Gases del Caribe S.A. E.S.P. and Gases de la Guajira S.A. E.S.P. given that they are funding with their resources and these entities are collecting the uncollected portfolio of Promigas S.A. E.S.P.

e. Liquidity Risk:

Liquidity risk is related to the inability of meeting obligations to creditors, for which purpose the Company reviews its available resources on a daily basis. With the information obtained, the Company determines the liquidity needs and makes the relevant decisions to define the excess liquidity placement strategy, seeking to optimize profitability and minimize concentration risk.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

f. Interest Rate Risk:

The Company and its subsidiaries are exposed to market fluctuations effects in interest rates that affect its financial position and future cash flows.

Meanwhile, financial obligations are exposed to the effects of fluctuations in market interest rates that affect their future cash flows. For this, the Company periodically reviews the conditions of financial obligations to analyze whether hedges need to be replaced, prepaid or managed. 100% of the financial obligations are contracted without prepayment penalty clauses in order to have benefit in cases of drops of market rates.

Promigas takes loans in pesos indexed to DTF, CPI and IBR; in addition, ordinary bond issues in COP are indexed to the CPI and the issue in USD at a fixed rate. As of December 31, 2019, the rates of the financial debt of Promigas consisted of 9.86% IBR, 15.62% DTF, 23.82 fixed rate and 50.70% CPI.

The sensitivity of the net result of fluctuations of interest rates is detailed in the table below:

DTF fluctuation effects:

Variable	Scenario	Rate	Impact		Value
	Low	4.42%	Net Income/Equity	$	(5,415,074)
DTF	Medium	6.42%	Net Income/Equity		-
	High	8.42%	Net Income/Equity	$	5,415,074

For the above sensitivity, we start from the medium scenario, which is the real scenario. For the low and high scenarios, a fluctuation of the devaluation in more or less 100 basic points and a 40% tax rate is considered. The result will be reflected through profit or loss on the following periods.

CPI fluctuation effects:

Variable	Scenario	Rate	Impact		Value COP $ Thousands
	Low	5.80%	Net Income/Equity	$	(17,580,000)
CPI	Medium	7.80%	Net Income/Equity		-
	High	9.80%	Net Income/Equity	$	17,580,000

For the above sensitivity, we start from the medium scenario, which is the real scenario. For the low and high scenarios, a fluctuation of the devaluation in more or less 100 basic points and a 40% tax rate with respect to the medium scenario.

IBR fluctuation effects:

Variable	**Scenario**	**Rate**	**Impact**		**Value COP $ Thousands**
	Low	4.17%	Net Income/Equity	$	(3,420,000)
IBR	Medium	6.17%	Net Income/Equity		-
	High	8.17%	Net Income/Equity	$	3,420,000

For the above sensitivity, we start from the medium scenario, which is the real scenario. For the low and high scenarios, a fluctuation of the devaluation in more or less 100 basic points and a 40% tax rate with respect to the medium scenario.

According to the analysis discussed above, the methodology and assumptions used are still valid and have not been modified.

Promigas receives dividends from its gas distributor subsidiaries, which have revenues adjusted for CPI, therefore, the business has a natural hedge against fluctuations that this variable may have.

Promigas uses the resource investment mechanism to optimize their treasury strategies through Mutual Funds, the returns of which are product of the daily valuation of their portfolios at market price These, can increase interest margins, but can also reduce them and generate losses if unexpected movements in the rate of such funds occur. The Company monitors on a daily basis the balance of the money invested in Mutual Funds, in order to make decisions whether to transfer the resources to bank accounts in adverse events or keep them, considering that these investments are demand deposits and can be made available at any moment.

In addition, resources remain invested in savings accounts or current accounts with special remuneration, which do not have interest rate risk because they are fixed rates agreed with the banks.

In turn, financial obligations are contracted without prepayment clauses in order to have benefit in the event of market rate decreases.

6. DETERMINING FAIR VALUES

Some of the Company’s accounting policies and disclosures require fair value measurement of both financial and non-financial assets and liabilities.

The Company has established a control framework regarding the measurement of fair values. This includes the finance team, which has the overall responsibility for the supervision of all significant fair value measurements.

Fair value of assets and liabilities traded in active markets (such as financial assets in debt and equity securities and derivatives actively traded in securities exchange or interbank markets) is based on market prices quoted at the end of the trade on the reporting period closing.

An active market is a market where transactions for assets or liabilities are carried out with the required frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets and liabilities not traded in an active market is determined using valuation techniques permitted by the CFRS that are in line with those established by the Financial Superintendence. Promigas uses a variety of methods and assumes that they are based in market conditions existing on the closing date of each period. The valuation techniques used for forwards include the use of recent similar transactions in equal conditions, references to other substantially similar instruments, discounted cash flow analysis, option pricing models and other valuation techniques commonly implemented by market participants that make the most of market data and rely as little as possible on entity specific data.

Promigas develops internal financial models to measure instruments that lack active markets, which are based on generally accepted valuation methods and techniques standardized for the different objects. Under this practice, Promigas has estimated the fair value of the financial asset that arises in pipeline concession agreements according to IFRIC 12 - Service Concession Arrangements, and in its estimate by not having observable market transactions or market information. Such markets must estimate the price of an ordered transaction to sell the asset or transfer the liability between market participants on the date of the measurement under current market conditions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not fully reflect every factor relevant to the positions of the Company. Therefore, valuations are adjusted, if necessary, to allow additional factors, including model, liquidity and counterparty risks.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined based on the lowest level input that is significant to the entire measurement of the fair value. For such purpose, the importance of an input is assessed with respect to the measurement of fair value in its entirety. If a measurement of fair value uses observable inputs that require significant adjustments based on unobservable inputs, such measurements is a Level 3 measurement. The evaluation of the importance of a particular input for the measurement of fair value in its entirety requires judgment, considering factors specific to the asset or liability.

Determining what constitutes observable requires significant judgment by Promigas, which considers observable data any market data that is already available, that is distributed or updated regularly, that is reliable and verifiable, that has no property rights, and that is provided by independent sources that actively participate in the reference market.

Fair Value Measurement of Financial Assets under Concession

Promigas designates at fair value through profit or loss the group of financial assets related to concession contracts governed by the petroleum law due to the contractual nature of the asset, taking into account that the Government will exercise the purchase at the end of the contract at its fair price in accordance with Article 51 of the Petroleum Code. In order to determine fair value the income approach is applied. Discounted cash flows correspond to the residual value (perpetuity) of the cash flows generated by the assets under concession, i.e., the estimated flows that such assets would generate from the end of the concession onwards; subsequently, the value of the financial asset will be adjusted in each period; this adjustment will be made considering once again changes in the assumptions made in the company discount rate (WACC) and the new horizon of the end of the concession.

Below is the sensitivity of the fair value of the financial assets under concession measured at fair value through the following variables for the low and high scenarios with a variation of plus or minus 10 basis points:

Net Income Impact	**High**	**Low**
	Figures in millions	
Discount Interest Rates	(56,963)	59,370
Gradual growth into perpetuity	36,948	(35,681)
	%	
Discount Interest Rates	(6.7%)	7.0%
Gradual growth into perpetuity	4.3%	(4.2%)

The valuations of financial assets are considered at Level 3 of the hierarchy in the measurement of fair value.

Fair Value Measurements on a Recurring Basis

Fair value measurements on a recurring basis are those that the CFRS require or allow in the statement of financial position at the end of each accounting period.

The following table analyzes, within the fair value hierarchy, the assets and liabilities (by class) of Promigas measured at fair value on a recurring basis:

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

		December 2019		December 2018	
		Level 2	Level 3	Level 2	Level 3
Activo					
Hedging	$	2,556,525	-	-	-
Equity instruments through profit or loss		70,100,202	-	37,720,595	-
Financial instruments through OCI		5,442,196	-	6,003,906	
Long-term financial assets		-	2,142,070,669	-	1,970,037,239
Investment properties		-	6,631,129	-	3,500,000
	$	78,098,923	2,148,701,798	43,724,501	1,973,537,239
Liabilities					
Hedging liability position	$	-	-	9,445,027	-

The Company has no assets or liabilities categorized in Level 1, considering that for an asset or liability to be categorized in Level 1, its values must be based on quoted prices in active markets.

Financial instruments not traded in active markets, but valued according to quoted market prices, broker quotes or alternative price sources supported by observable inputs, are categorized in Level 2. Valuations of foreign currency hedging derivative contracts are included. As investments include positions that are not traded in active markets and/or are subject to transfer restrictions, the valuations may be adjusted to reflect illiquidity or non-transferability, which are generally based on available market information.

When a price for an identical asset or liability is unobservable, an entity shall measure the fair value suing another valuation technique that maximizes the use of relevant observable input data and minimizes the use of unobservable input data. Given that fair value is a market-based measurement, it is measured using assumptions that market participants would use to fix the price of the asset or liability, including risk assumptions. These financial instruments are categorized in Level 3. This is the case of financial assets recognized at fair value for the sale obligation of the residual interest of the pipeline infrastructure at the end of the concession agreements.

Assets reflected in the Company’s statement of financial position correspond to the financial asset of the unconditional contractual right to receive from the Colombian State or from an entity under its supervision cash or other financial asset for the construction services of pipelines and networks under concession by the end of the term of the concession agreements, the payment of which the State has little or no ability to avoid, as the agreement is enforceable by law. Promigas recognizes an intangible asset by the consideration for the construction services.

Management decided that the best option to measure the fair value of the financial asset is free discounted cash flow, as it reflects current market expectations on future amounts that constitute the fair value of the concession to be negotiated with the State, once completed or renewed.

The assumptions for calculating the financial asset were:

- The financial asset is calculated considering the date of termination of the respective concession agreement.
- Promigas made proportional calculations for the completion of each current concession agreement.
- Only operating cash flows of these assets under concession were considered. Below are the components of the calculation:

  - Free cash flow generated exclusively by assets under concession
  - Concession expiry period
  - Perpetuity value of Free Cash Flow (FCF) for year n
  - Current value discounted of WACC residual value*
  - Financial Revenue: Annual adjustment of the value of the financial asset

  * Nominal WACC (Weighted Average Cost of Capital) calculated under the CAPM, which is updated periodically.

Significant unobservable input data used for measuring the fair value of the financial asset for the pipelines under concession are: operating revenues, costs and expenses and investments pertaining exclusively to the assets under concession, and the WACC formula intended to take into account the sources of capital used and their share in the total capital of the Company, to determine the average cost of procuring equity capital resources and financial debt. Increases (decreases) in any of these input data considered independently would result in a fair value measurement significantly lower (greater). Generally, a change in the assumption used to project revenues is reflected accordingly in the measurement of the financial asset and with an opposite change in the assumption of costs and expenses.

Promigas semiannually reviews the Level 3 valuations and considers the appropriateness of the inputs of the valuation model and the result of the valuation using several industry standardized valuation methods and techniques. In selecting the most appropriate valuation model, the Company conducts the tests once again and considers which are the results of the model that historically are more in line with actual market transactions.

For the periods ended December 31, 2019, there was no transfer of assets or liabilities initially classified in Level 3.

The following table indicates the movement of financial assets by pipelines under concession and invesment properties classified in Level 3, showing that there are no transfers between levels:

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

	$	Investment Properties	Financial Assets
Balance as of December 2017	$	2,875,000	1,798,689,386
Earnings included in profit or loss		625,000	171,347,853
Balance as of December 2018	$	3,500,000	1,970,037,239
Transfers from Property, Plant and Equipment to Investment Properties		800,000	-
Earnings included in profit or loss		500,000	172,033,431
Valuations recognized in OCI		1,831,129	-
Balance as of December 2019	$	6,631,129	2,142,070,670

7. CHANGE IN ACCOUNTING POLICIES

The Company adopted IFRS 16 from January 1, 2019, without the need to restate the comparative figures for the 2018 period, which is permitted in accordance with the transitional provisions of the new standard. The reclassifications and adjustments derived from the new provisions on leases were recognized in the statement of financial position on January 1, 2019.

Leases are recognized as a right-of-use asset and a liability on the date the asset is leased and is available for use by the Entity. Each lease payment is allocated between the liability and the financial cost. The financial cost is recognized in the income statement during the lease period. Right-of-use assets are depreciated over the shorter of the asset's useful life and the end of the lease term, on a straight-line basis. Assets and liabilities arising from a lease are initially measured on the basis of their present value.

Payments associated with short-term leases and low-value asset leases are recognized as a straight-line expense through profi or loss. Short-term leases are leases with a term less than or equal to 12 months. Low-value assets comprise computer equipment and small items of office furniture worth less than $5,000.

The following is a summary of the accounting policy applied until December 31, 2018, based on IAS 17 - Leases:

Assets Received under Lease

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at the lower of either fair value or the present value of the minimum lease payments. After initial recognition, the asset is accounted for in accordance with the applicable accounting policy.

Other leases are operating leases, and the leased assets are not recognized in the Company's separate statement of financial position.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Assets Delivered under Lease

Assets delivered under lease are classified at the time of signing the lease as financial or operating leases. A lease is classified as financial when it substantially transfers all the risks and advantages inherent in the property. A lease is classified as operating if it does not substantially transfer all the risks and benefits inherent in the property. Leases classified as financial are included in the balance sheet under "financial assets at amortized cost - accounts receivable" and are accounted for in the same way as the loans granted. Leases that are classified as operating are included within the property, plant and equipment account and are accounted for and depreciated considering the asset class.

Adjustments recognized in the adoption of IFRS 16

Following the adoption of IFRS 16, the Company recognized lease liabilities related to leases that were previously classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental indebtedness rate of each entity as of January 1, 2019.

There were no onerous leases that would have required an adjustment to right-of-use assets at initial recognition.

Impact on assets and liabilities due to recognition of IFRS 16	**Impact as of January 1, 2019**
Operating lease obligations as of December 31, 2018	157,982
Assets	
Right of use associated with property, plant and equipment	109,250
Right of use associated with concessions	1,026,373
Earnings previous years equity method subsidiaries	(26,215,934)
Total impact on assets	(25,080,311)
Liabilities	
Lease liabilities	(1,135,623)
Related tax	(4,075)
Total impact on liabilities	(1,139,698)
Equity	
Earnings previous years equity method subsidiaries	26,215,934
Deferred tax	4,075
Total impact on equity	26,220,009

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

When applying IFRS 16 for the first time, the Company used the following practical expedients allowed by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Leases with a value equal to or less than USD 5,000 or with a lease term of less than 12 months as of January 1, 2019, are recognized as an expense.
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.
- The initial recognition approach was elected for the right-of-use asset. Accordingly, the management agreement of Compañía Energética de Occidente was recognized by applying the hindsight approach with accumulated effect with an adjustment to retained earnings, generating an impact on the accumulated profits of Compañía Energética de Occidente S.A. E.S.P., Gases de Occidente S.A. E.S.P. and Promigas S.A. E.S.P.

8. CASH

Cash comprises the following:

		December 2019	December 2018
Colombian Pesos			
Cash	$	36,000	36,721
Related banks (1)		22,223,022	43,277,139
Banks (1)		49,348,887	67,677,051
Total Colombian Pesos		71,607,909	110,990,911
Foreign currency			
Cash		56,681	59,041
Banks (1)		2,180,577	350,034
Total foreign currency		2,237,258	409,075
Total cash	$	73,845,167	111,399,986

(1) Below is a breakdown of the credit rating of the main financial institutions where the Company and its subsidiaries keep cash funds, as determined by independent risk rating agencies:

Credit rating		December 2019	December 2018
AAA	$	59,536,058	88,658,996
AA+		12,035,851	22,295,195
A+		2,180,577	350,033
TOTAL	$	73,752,486	111,304,224

There are no restriction or limitations in this item.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

9. FINANCIAL ASSETS AT FAIR VALUE

Financial assets at fair value through profit or loss include the following:

		December 2018	December 2018
Short-term:			
Other equity securities	$	70,100,202	37,720,595
Other accounts receivable at fair value (1)		2,556,525	-
	$	72,656,727	37,720,595
Long-term:			
Equity instruments through OCI	$	5,442,196	6,003,906
Financial assets – Concession contract		2,142,070,669	1,970,037,239
	$	2,147,512,865	1,976,041,145

(1) Derivatives - Hedging Derivatives:

a) *Description of the type of hedge*: Sales FWD Non-delivery, hedging cash flow of a group of highly probable forecasted transaction.
b) *Description of financial instruments assigned as hedging instruments:* hedging cash flow of a group of highly probable forecasted transaction.
c) *Description of the nature of the hedged risks:* Risk of change in the magnitude of cash flows associated with the portion of gas transportation revenues denominated in USD and settled in COP, due to fluctuations in the COP-USD parity.
d) *Description of the periods in which the expected cash flows occur:* As of December 31, 2019, Promigas has contracted 110 forwards with a weighted average of agreed strikes of $ 3,482.90. We can see that the Company was effective in contracting.
e) *Description of the periods in which the expected cash flows affected profit or loss:* During 2019, the profit and loss account was affected by the settlement of the contracts. Despite the good hedging, the average exchange rate behavior was greater than the contracted rate; for which reason, we see expenditures for FWD settlements.
f) *Counterparty:* Banks and financial entities.

Below is the detail of sale of forwards in local currency – Dollars:

		December 2019	December 2018
Number of operations		110	1,244
Nominal in dollars		13,670,080	73,811,456
Amount in pesos		47,611,477	232,100,878
Fair value:		-	-
Assets		2,556,525	-
Liabilities		-	(9,445,027)
Total average term in days		158	270
Average remaining term in days		88	188
Hedged item	US$	13,670,080	73,811,456

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Prices specified in forward contracts to sell financial assets in cash, as follows:

Cumulative time bands		December 2019	December 2018
Up to 1 month	$	8,504,522	19,167,076
From 2 to 3 months		17,042,810	38,317,011
From 3 to 12 months		22,064,145	174,616,791
Total	$	47,611,477	232,100,878

As of December 31, 2019, the Company has no obligation to deliver financial assets in debt securities or foreign currency, or receive financial assets or foreign currency, considering they are hedge derivatives under Sales/Purchase Non-Deliverable Forwards. Currently there are no restrictions related to derivative hedging instruments. The effect of the liquidation of the forwards for the years ended December 31, 2019 and 2018, is (13,570,385) and 1,632,558.

According to IFRS 9 - Financial Instruments, financial assets are measured at fair value for each reported period. This measurement is based on the application of IFRS 13 – Fair Value Measurement.

10. FINANCIAL ASSETS AT AMORTIZED COST

Below is a breakdown of financial assets at amortized cost:

		December 2019	December 2018
Short-term			
Accounts receivable (1)	$	148,748,769	166,386,259
Other accounts receivable (2)		14,080,639	14,153,161
	$	162,829,408	180,539,420
Long-term			
Accounts receivable (1)	$	126,549,508	155,286,825
Other accounts receivable (2)		97,582,546	112,994,742
	$	224,132,054	268,281,567

(1) Commercial accounts receivable are detailed below:

		December 2019			December 2018		
		Third Parties	Related parties	Total	Third Parties	Related parties	Total
Short-term							
Gas transportation	$	65,941,649	13,769,248	79,710,897	41,966,802	19,970,875	61,937,677
Gas Distribution		-	2,642,420	2,642,420	-	1,852,425	1,852,425
Non-bank financing (Brilla)		63,010,751	2,566,328	65,577,079	93,605,242	4,249,910	97,855,152
Finance lease - including interest (a)		-	6,179,017	6,179,017	-	5,348,744	5,348,744
Other services		610,102	1,712,105	2,322,207	2,743,741	941,923	3,685,664
Doubtful debts		-	-	-	7,351	-	7,351
		129,562,502	26,869,118	156,431,620	138,323,136	32,363,877	170,687,013
Debtor impairment		(7,682,851)	-	(7,682,851)	(4,300,754)	-	(4,300,754)
	$	121,879,651	26,869,118	148,748,769	134,022,382	32,363,877	166,386,259

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Long-term							
Non-bank financing (Brilla)	$	70,322,240	-	70,322,240	91,641,776	-	91,641,776
Finance lease (a)		-	63,270,853	63,270,853	-	68,031,095	68,031,095
		70,322,240	63,270,853	133,593,093	91,641,776	68,031,095	159,672,871
Debtor impairment		(7,043,585)	-	(7,043,585)	(4,386,046)		(4,386,046)
		63,278,655	63,270,853	126,549,508	87,255,730	68,031,095	155,286,825

a) The registered balance includes the account receivable from Promisol for the finance lease with Hocol with the following characteristics:

Assets	Located in the Bonga & Mamey Plant (Hocol)
Effective	12 years
Start	January 2017
Transfer	Transfer in the end US $5,000,000

		December 2019	December 2018
Gross investment (COP)	$	88,867,423	95,897,155
Net investment (COP)	$	68,673,678	73,036,347
Balance (USD)	US$	20,955,369	22,474,450

Below is the movement of the impairment of commercial accounts receivable:

		December 2019	December 2018
Initial balance	$	8,686,800	2,264,555
Impairment charged to expenses		12,545,046	1,869,151
Write-off		(5,317,674)	(992,249)
Reimbursement of impairment with payment through profit or loss		(1,187,736)	(667,414)
Effects on retained earnings due to IFRS 9 adoption (1)		-	6,212,757
Final balance	$	(14,726,436)	8,686,800

(1) Corresponds to the recognition of the impairment effect of the adoption of the Expected Credit Loss methodology of IFRS 9 - Financial Instruments.

Below is a summary of the years when the long-term accounts will be collected:

Year		Value
2021	$	36,292,026
2022		26,642,394
2023		20,658,028
2024		13,458,257
2025 onwards		36,542,388
	$	133,593,093

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The composition by maturity of the commercial portfolio is as follows:

		December 2019	December 2018
Maturity 0 - 30 days	$	261,313,314	300,347,759
Maturity 31 - 90 days		14,251,225	20,749,198
Maturity 91 - 180 days		4,628,060	5,018,923
Maturity 181 - 360 days		7,685,013	3,331,414
Maturity over 360 days		2,147,101	912,590
	$	290,024,713	330,359,884

Guarantees Provided by Debtors

To guarantee the debts of domestic customers there are bank guarantees, blank promissory with letters of instruction and contracts / purchase orders / commercial offers. Some transportation agreements have insurance policies in case of default.

For loans of the Brilla portfolio, blank promissory notes with letters of instruction are constituted, and for debts with employees, payment orders are subscribe and social benefits are pledged in case of retirement. Currently there are no restrictions related to accounts receivable.

(2) Other accounts receivable are detailed below:

		December 2019			December 2018		
		Third parties	Related Parties	Total	Third parties	Related Parties	Total
Short-term							
Granted loans	$	1,771,451	4,979,619	6,751,070	813,713	-	813,713
Dividends receivable (a)		-	1,206,336	1,206,336	-	4,720,430	4,720,430
Other debtors		1,222,865	4,900,368	6,123,233	311,411	8,307,607	8,619,018
	$	2,994,316	11,086,323	14,080,639	1,125,124	13,028,037	14,153,161
Long-term							
Granted loans (c)	$	4,474,356	93,108,190	97,582,546	7,265,226	105,729,516	112,994,742
Total other receivables		7,468,672	104,194,513	111,663,185	8,390,350	118,757,553	127,147,903

(a) Includes dividends receivable from subsidiaries as follows:

		December 2019	December 2018
Gases de Occidente S.A. E.S.P.	$	1,206,336	-
Compañía Energética de Occidente S.A. E.S.P.		-	4,720,430
	$	1,206,336	4,720,430

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Below is a summary of the years when other long-term accounts receivable will be collected:

Year		Value
2021		1,794,998
2022		1,696,799
2023		1,002,784
2024		3,163,683
2025 onwards		89,924,282
	$	97,582,546

11. INVESTMENTS IN ASSOCIATES

Description and Economic Activity of Associates

Gas Natural de Lima y Callao S.A.C. - Its corporate purpose is the distribution of natural gas, including the sale of equipment, equipment installation and maintenance, and the implementation of activities related to hydrocarbons and/or distribution. Its headquarters are in Lima Peru.

Gases del Caribe S.A. E.S.P. - It was incorporated according to Colombian law on November 25, 1966, and its corporate purpose is the purchase, storage, packaging and distribution of gas and hydrocarbon derivatives; the construction and operation of natural gas pipelines for industrial, commercial and home use, and the purchase of items, services and artifacts related to the sale and distribution of fuel gases and related products. The Company is headquartered in the city of Barranquilla, Colombia. Its legal existence expires on January 26, 2083.

Complejo Energético del Este S.A. - Installation of an import and regasification terminal of Liquefied Natural Gas (LNG) in Dominican Republic territory, within the framework of the policies outlined by that country's government, and the trade and distribution of natural gas through networks or pipelines. The Company is headquartered in Panama City, Republic of Panama, it may be transferred to any other place within the territory of Panama.

Below is the detail of investments in associates:

Company	Economic Activity	Country of Incorporation	Share		Book Value	Revenues Equity Method	Effect on Reserve and OCI
December 31, 2019							
Gas Natural de Lima y Callao S.A.C.	Gas distribution	Peru	40.00%	$	456,271,585	106,157,256	(6,574,659)
Gases del Caribe S.A. E.S.P.	Gas distribution	Colombia	30.99%		268,234,123	86,477,131	(543,295)
Total associates				$	724,505,708	192,634,387	(7,117,954)
December 31, 2018							
Gas Natural de Lima y Callao S.A.C.	Gas distribution	Peru	40.00%	$	431,897,029	80,984,287	29,420,693

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Company	Economic Activity	Country of Incorporation	Share		Book Value	Revenues Equity Method	Effect on Reserve and OCI
Gases del Caribe S.A. E.S.P.	Gas distribution	Colombia	30.99%		269,184,681	90,333,621	(193,142)
Complejo Energético del Este S.A.	LNG regasification	Panama	33.00%		3,059,206	-	-
					704,140,916	171,317,908	29,227,551
Impairment of investments associates					(3,059,206)		
Total associates				$	701,081,710		

To estimate and record the equity method, the Company performs homologation of accounting principles to align accounting policies with those of Promigas S.A. E.S.P.

The operations of permanent investments in associates are as follows:

		December 2019	December 2018
Initial balance	$	701,081,710	653,790,231
Declared dividends		(162,092,435)	(149,562,996)
Revenues from equity method		192,634,387	171,317,908
Effect on OCI		(7,117,954)	29,227,551
Effects on retained earnings due to adoption of new IFRS		-	(3,690,984)
Final balance		724,505,708	701,081,710

The dividends declared and effectively received are as follows:

		Declared	Received
Gases del Caribe S.A. E.S.P.	$	86,884,395	80,368,065
Gas Natural de Lima y Callao S.A.C.		75,208,040	78,259,642
	$	162,092,435	158,627,707

Below is the detail of the equity structure of investments in associates, recorded using the equity method:

		Capital	Share underwriting premium	Reserves	Period Results	Un-appropriated retained earnings	Results from IFRS Adoption	Unrealized gains or losses (OCI)	Total equity
As of December 31, 2019									
Gas Natural de Lima y Callao S.A.C.	$	474,434,154	-	89,182,613	271,314,783	(30,833,562)	-	293,815,690	1,097,913,678
Gases del Caribe S.A. E.S.P.		1,755,369	1,260,919	38,836,416	313,488,704	184,168,373	332,521,817	(3,818,814)	868,212,784
As of December 31, 2018									
Gas Natural de Lima y Callao S.A.C.	$	474,434,154	-	68,230,750	202,267,027	(24,077,635)	-	306,605,762	1,027,460,058
Gases del Caribe S.A. E.S.P.		1,755,369	1,260,919	40,051,653	273,204,418	189,014,042	336,459,944	(1,867,164)	839,879,181
Complejo Energético del Este S.A.		13,428,000	-	-	(20,211)	(90,372)	-	1,159,105	14,176,522

12. INVESTMENT IN SUBSIDIARIES

Description and Economic Activity of Subsidiaries

Surtidora de Gas del Caribe S.A. E.S.P. (Surtigas) - The corporate purpose of the company is the purchase, storage, packaging and distribution of gases derived from hydrocarbons; the construction and exploitation of pipelines for industrial, commercial and household natural gas; and the purchase and sale of items, services and artifacts related to the sale and distribution of fuel gases and the like. The Company conducts its activities in the Departments of Bolivar, Sucre and Cordoba and in some towns of the Departments of Antioquia and Magdalena. It is headquartered in the city of Cartagena. Promigas, through Surtigas S.A. E.S.P., owns 24.99% of Gases del Pacífico S.A.C. and 39.99% of Orión Contact Center S.A.S.

Transoccidente S.A. E.S.P. - Transportation of fuel gas by the construction, operation and maintenance of transport systems and subsystems. The assembly, construction, operation, maintenance and commercial exploitation of systems and subsystems anywhere in the country or abroad, on its own behalf or on behalf of others. Its activities are conducted in the city of Santiago de Cali.

Transmetano E.S.P. S.A. - Transportation of fuel gas by the construction, operation and maintenance of transport systems. This activity is developed in Northeastern Antioquia (towns of Cimitarra, Berrio, Yolombo, Cisneros, Maceo, San Roque, Santodomingo, Barbosa, Girardota, Guarne and Rio Negro). It is headquartered in the city of Medellin.

Sociedad Portuaria El Cayao S.A. E.S.P. - The corporate purpose of the company is the investment in construction, maintenance and management of ports, loading and unloading, storage in ports and other services directly related to the port activities performed in the Port of Cartagena. It is headquartered in the city of Cartagena.

Gases del Pacífico S.A.C. - The corporate purpose of the company is the purchase, sale and trading of energy in any form, including, without limitation, natural gas, electric energy, hydrocarbons derived from oil, coal and other fuels. The company is headquartered in the city of Lima, Peru.

Promioriente S.A. E.S.P. - The corporate purpose of the company is the transportation of gas fuel by the construction, operation and maintenance of main and branch pipelines. The assembly, construction, operation, maintenance and commercial exploitation of pipelines anywhere in the country or abroad, on its own behalf or on behalf of others. Its activities are conducted in the towns of Lebrija, Giron, Bucaramanga and its Metropolitan Area. It is headquartered in the city of Bucaramanga.

Compañía Energética de Occidente S.A.S. E.S.P. - The exclusive corporate purpose of the company is the execution and performance of the Management Agreement for the fulfillment of the administrative, operational, technical and commercial management of the provision of electric power trading and distribution in the Department of Cauca, as well as the investment, expansion of coverage, reconditioning and preventive and corrective maintenance of the infrastructure for providing such service, and other activities required therefor. It is headquartered in the city of Popayan.

Gases de Occidente S.A. E.S.P. - Provision of fuel gas distribution services. The purchase, storage, transportation, packaging, distribution and trade of natural gas or any other fuel, as well as hydrocarbons and derivatives in all their forms. Trade and/or finance of any kind of products directly or indirectly related to the activities or services provided. Such activities are conducted in the Departments of Valle del Cauca and Cauca. The Nation has awarded Gases de Occidente S.A. E.S.P. a 50-year term concession starting from the commencement date of the pipeline's operation (September 23, 1997, for areas of non-exclusive service, and December 29, 1997, for areas of exclusive service) to provide transportation and distribution services of liquefied gas from oil and natural gas through gas and propane pipelines at least in the city of Santiago de Cali. Promigas, through Gases de Occidente S.A. E.S.P., owns 54.07% and 51.00% of Orión Contact Center S.A.S. and Compañía Energética de Occidente S.A. E.S.P., respectively.

Gases del Norte del Peru S.A.C. - The corporate purpose of the company is the purchase, sale, production and trading of energy in any form, including, without limitation, natural gas, electric power, hydrocarbons derived from oil, coal and other fuels. The company is headquartered in the city of Piura, Peru.

Promisol S.A.S. - The corporate purpose of the company is to implement energy management systems, develop energy diagnostics and prepare and implement improvement projects offering energy solutions for companies, and also provides comprehensive advisory in energy management. In addition, it provides natural gas compression and dehydration services. In the course of fulfilling its corporate purpose, the Company has executed commercial offers to provide compression and dehydration services for natural gas from the Ballena and Chuchupa fields before being transported. It is headquartered in the city of Barranquilla. Promigas, through Promisol S.A.S., owns 51% of Enercolsa S.A.S., 99.97% of Zonagen S.A. and 95% of Promisol México S.A. de C.V.

Promisol Mexico S.A. de C.V. - Its corporate purpose is the implementation of energy management systems, development of energy diagnostics, formulation and implementation of on-site or distributed generation projects, change or substitution of technology, predictive energy maintenance programs and comprehensive advice on energy management, purchase, sale, distribution, exploitation, trade of products, professional and technical services. It is headquartered in Mexico City, Federal District.

Enlace servicios compartidos S.A.S. - Its corporate purpose is to contract with individuals and the State, to acquire, sell or use real or personal property, to carry out financial operations, in general to conduct all kinds of operations with the aim to obtain funds or other assets necessary for the development of the company. Its seat is in the city of Barranquilla.

Below is the detail of balances, percentages and movements of investments in subsidiaries:

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

In subsidiaries	Economic activity	Number of shares	Interest %		Book value	Revenues (expenses) equity method	Unrealized earnings (losses) OCI
As of December 31, 2019							
Surtigas S.A. E.S.P.	Gas distribution	62,900,742	99.99%	$	608,235,173	77,309,346	(831,545)
Transoccidente S.A. E.S.P.	Gas transportation	146,465	79.00%		9,600,060	2,139,298	60,606
Gases de Occidente S.A. E.S.P.	Gas distribution	1,830,454	94.43%		341,513,078	95,831,126	(49,995)
Transmetano E.S.P. S.A.	Gas transportation	1,460,953,304	99.67%		189,770,095	39,322,728	933,843
Promisol S.A.S.	Services	2,274,944	100.00%		109,094,465	14,657,018	624,703
Compañía Energética de Occidente S.A.S. E.S.P.	Electric power trade	3,184,997	49.00%		54,902,555	20,499,669	-
Promioriente S.A. E.S.P.	Gas transportation	883,229,859	73.27%		323,310,136	60,425,743	2,035,170
Sociedad Portuaria El Cayao S.A. E.S.P.	LNG regasification	11,204,477	51.00%		109,568,667	16,421,808	(2,654,555)
Gases del Pacifico S.A.C.	Gas distribution	31,077,442	75.00%		6,060,963	(11,371,160)	(25,366)
Promisol México S.A. de C.V.	Services	2,500	5.00%		10,399	-	-
Gases del Norte del Perú S.A.C.	Gas distribution	2,070	75.00%		3,805,391	(221,357)	(128,743)
Enlace Servicios Compartidos S.A.S.	Services	11,322,498	100.00%		13,051,337	(197,718)	-
				$	1,768,922,319	314,816,501	(35,882)
As of December 31, 2018							
Surtigas S.A. E.S.P.	Gas distribution	62,900,742	99.99%	$	531,816,394	57,552,868	851,581
Transoccidente S.A. E.S.P.	Gas transportation	146,465	79.00%		8,244,391	1,645,874	(56,599)
Gases de Occidente S.A. E.S.P.	Gas distribution	1,830,454	94.43%		306,585,113	76,263,644	(30,240)
Transmetano E.S.P. S.A.	Gas transportation	1,460,953,304	99.67%		160,914,196	28,882,841	(919,861)
Promisol S.A.S.	Services	2,274,944	100.00%		108,144,812	28,354,559	(763,575)
Compañía Energética de Occidente S.A.S. E.S.P.	Electric power trade	3,184,997	49.00%		59,030,262	16,092,196	-
Promioriente S.A. E.S.P.	Gas transportation	883,229,859	73.27%		281,406,761	50,884,568	(2,133,012)
Sociedad Portuaria El Cayao S.A. E.S.P.	LNG regasification	11,204,477	51.00%		106,878,358	23,654,566	8,944,652
Gases del Pacifico S.A.C.	Gas distribution	31,077,442	75.00%		17,457,488	(9,085,412)	1,467,217
Promisol México S.A. de C.V.	Services	2,500	5.00%		10,399	-	-
Gases del Norte del Perú S.A.C.	Gas distribution	2,070	75.00%		129,491	(47,112)	1,630
Enlace Servicios Compartidos S.A.S.	Services	11,322,498	100.00%		13,249,054	(694,611)	-
				$	1,593,866,719	273,503,980	7,361,793

Below is a summary of investment operations:

		December 2019	December 2018
Initial balance	$	1,593,866,719	1,465,636,676
Capitalization and acquisitions (1)		4,025,945	38,170,565
Share repurchase		(60)	
Decapitalizations (2)		-	(7,706,991)
Dividends declared by companies (4)		(117,475,945)	(165,664,710)
Equity method through profit or loss		314,816,501	273,503,980
Valuations recognized through OCI for the period		(35,883)	7,361,791
Effect on other equity operations (1)		-	(9,518,419)
Effects on retained earnings due to adoption of new IFRS (3)		(26,215,934)	(7,916,173)
Tax withholding declared dividends recognized in equity		(59,024)	-
Final balance	$	1,768,922,319	1,593,866,719

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

(1) As of December 31, 2019, corresponds to capitalization without change in shareholding interest made in Gases del Norte del Perú. As of December 31, 2018, corresponds to capitalization without change in shareholding interest in Gases del Norte del Perú S.A.C. for USD $22,500 equivalent to $71,918 and in Gases del Pacífico for $13,336,948 (US$4,725,000). Furthermore, it purchased an additional 10% of its interest in Transoccidente S.A. E.S.P from EPSA S.A. for $1,012,075 and acquired an additional interest of 4.32% in Gases de Occidente S.A. E.S.P. from Energía del Pacifico S.A. E.S.P., which sold its share of 2.78% for $13,380,680, and from Compañía de Electricidad de Tuluá S.A. E.S.P., which sold its share of 1.54% for $7,412,319. Because it corresponds to an equity transaction, the excess paid is registered as a lower value to equity in $9,518,645. Finally, it made a capitalization in kind in Enlace Servicios Compartidos S.A.S., for $ 2,956,625.

(2) In January 2018, the prepayment return for future capitalizations was generated in Sociedad Portuaria El Cayao S.A. E.S.P., without affecting the interest percentage.

(3) As of December 2019 corresponds to the equity method for the adoption of IFRS 16, and as of December 2018 corresponds to the equity method for the adoption of IFRS 9.

(4) The detail of the dividends ordered and received is presented below:

		December 2019		December 2018	
		Received	**Declared**	**Received**	**Declared**
Transoccidente S.A. E.S.P.	$	780,867	844,180	1,560,930	1,560,930
Gases de Occidente S.A. E.S.P.		44,492,194	47,858,642	69,825,635	69,825,636
Transmetano E.S.P. S.A.		10,545,564	11,400,610	26,612,779	26,612,779
Promisol S.A.S.		14,332,147	14,332,147	-	-
Compañía Energética de Occidente S.A.S. E.S.P.		15,271,138	11,406,170	15,598,039	17,445,533
Promioriente S.A. E.S.P.		19,015,459	20,557,253	39,567,737	39,567,737
Sociedad Portuaria El Cayao S.A. E.S.P		10,246,173	11,076,943	10,652,095	10,652,095
	$	114,683,542	117,475,945	163,817,215	165,664,710

Below is the detail of equity components of investments in subsidiaries, recorded using the equity method:

		Capital	Share underwriting premium	Reserves	Un-appropriated retained earnings	Period Results	Results from IFRS Adoption	Unrealized gains or losses (OCI) and other movements	Total equity
As of December 31, 2019									
Surtigas S.A. E.S.P.	$	571,764	1,932,628	358,230,379	17,347,338	77,317,848	112,606,132	4,877,133	572,883,222
Transoccidente S.A. E.S.P.		1,854,000	-	1,587,513	-	2,708,009	5,691,565	14,400	11,855,487
Gases de Occidente S.A. E.S.P.		37,391,491	18,529,438	106,925,086	(14,222,334)	101,482,556	42,166,683	(64,555)	292,208,365
Transmetano E.S.P. S.A.		13,195,633	3,293,272	27,876,619	1,867,551	39,454,211	103,551,889	240,455	189,479,630
Promisol S.A.S.		19,274,944	24,075,992	59,350,562	(15,190,347)	14,657,018	8,737,275	(1,902,480)	109,002,964
Compañía Energética de Occidente S.A.S.		65,000,000	110,236,194	19,824,992	(25,617,910)	41,836,060	(99,631,118)	-	111,648,218
Promioriente S.A. E.S.P.		120,538,477	-	204,595,041	(3,699)	82,465,815	29,166,011	591,497	437,353,142
Sociedad Portuaria El Cayao S.A. E.S.P.		40,000,000	83,688,175	40,269,468	(666,723)	32,199,632	7,666,125	11,023,224	214,179,901
Gases del Pacífico S.A.C		11,428,388	-	-	(1,318,637)	(15,161,607)	-	13,133,172	8,081,316
Promisol México S.A. de C.V.		208,019	-	-	(98,280)	(44,606)	-	15,756	80,889
Gases del Norte del Perú S.A.C		5,886,318	-	-	(275,847)	(309,769)	-	(226,845)	5,073,857
Enlace Servicios Compartidos S.A.S.		14,279,123	-	-	(1,030,068)	(197,718)	-	-	13,051,337

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

		Capital	Share underwriting premium	Reserves	Un-appropriated retained earnings	Period Results	Results from IFRS Adoption	Unrealized gains or losses (OCI) and other movements	Total equity
As of December 31, 2018									
Surtigas S.A. E.S.P.	$	571,764	1,932,628	328,122,464	(10,044,918)	57,559,198	112,606,132	5,708,771	496,456,039
Transoccidente S.A. E.S.P.		1,854,000	-	1,494,833	(1,184,187)	2,345,465	5,691,565	(62,318)	10,139,358
Gases de Occidente S.A. E.S.P.		37,391,491	18,529,438	114,415,255	(41,498,487)	84,228,409	42,166,683	(11,611)	255,220,597
Transmetano E.S.P. S.A.		13,195,633	3,293,272	24,539,425	(12,333,312)	28,978,641	103,551,889	(696,519)	160,529,030
Promisol S.A.S.		19,274,944	24,075,992	57,951,570	(27,813,845)	28,354,560	8,737,275	(2,527,185)	108,053,312
Compañía Energética de Occidente S.A.S.		65,000,000	110,236,194	29,895,204	(18,269,389)	32,841,217	(99,631,117)	-	120,072,109
Promioriente S.A. E.S.P.		120,538,477	-	200,660,909	(37,458,278)	69,444,536	29,166,011	(2,185,994)	380,165,660
Sociedad Portuaria El Cayao S.A. E.S.P.		40,000,000	83,688,175	40,231,026	(26,125,414)	47,216,633	7,666,125	16,228,237	208,904,783
Gases del Pacífico S.A.C		61,492,838	-	-	(39,269,157)	(12,113,931)	-	13,166,993	23,276,744
Promisol México S.A. de C.V.		208,019	-	-	(9,474)	(88,805)	-	9,514	119,253
Gases del Norte del Perú S.A.C		422,430	-	-	(227,656)	(62,817)	-	(55,191)	172,654
Enlace Servicios Compartidos S.A.S.		14,279,123	-	-	(335,457)	(694,612)	-	-	13,249,054

13. PROPERTY, PLANT AND EQUIPMENT

Below is the detail of property, plant and equipment:

		December 2018			June 2018		
		Cost	Accumulated depreciation	Total	Cost	Accumulated depreciation	Total
Land	$	15,610,989	-	15,610,989	16,410,989	-	16,410,989
Construction in progress		3,914,883	-	3,914,883	1,262,400	-	1,262,400
Buildings		36,083,107	(4,609,766)	31,473,341	32,356,216	(3,770,906)	28,585,310
Machinery, equipment and tools		34,398,091	(21,359,730)	13,038,361	33,108,385	(18,631,045)	14,477,340
Furniture and fittings		4,528,941	(1,744,413)	2,784,528	3,548,574	(1,417,180)	2,131,394
Communication and computer equipment		10,267,408	(6,372,951)	3,894,457	8,653,607	(5,502,424)	3,151,183
Transportation equipment		4,113,300	(2,414,423)	1,698,877	12,549,767	(9,894,146)	2,655,621
	$	108,916,719	(36,501,283)	72,415,436	107,889,938	(39,215,701)	68,674,237

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The movement of property, plant and equipment accounts is presented below:

	Land	**Constructions in progress**	**Buildings**	**Machinery, equipment and tools**	**Furniture, fittings and office equipment**	**Computer and communication equipment**	**Transportation equipment**	**Total**
Cost								
Balance as of December 2017	$ 16,410,989	4,124,676	42,263,277	31,688,544	2,879,529	7,770,068	12,156,006	117,293,089
Purchases	-	9,092,603	-	1,065,779	654,896	786,072	672,474	12,271,824
Capitalized interest	-	599,825	-	-	-	-	-	599,825
Capitalizations	-	(7,598,343)	6,989,579	398,177	-	210,587	-	-
PPE Withdrawal	-	-	-	(114,279)	(49,505)	(433,533)	(239,816)	(837,133)
Transfers	-	(4,956,361)	(16,896,640)	70,164	63,654	320,413	(38,897)	(21,437,667)
Balance as of December 2018	16,410,989	1,262,400	32,356,216	33,108,385	3,548,574	8,653,607	12,549,767	107,889,938
Purchases	-	7,624,608	-	645,429	1,022,806	1,949,024	775,573	12,017,440
Capitalized interest	-	181,304	-	-	-	-	-	181,304
Capitalizations	-	(4,815,170)	3,726,891	1,036,074	-	52,205	-	-
PPE Withdrawal	-	(44,744)	-	(276,674)	(42,441)	(383,678)	(153,455)	(900,992)
Transfer from PPE to I.P.	(800,000)	-	-	-	-	-	-	(800,000)
Transfers (1)	-	(293,515)	-	(115,123)	2	(3,750)	(9,058,585)	(9,470,971)
Balance as of December 2019	$ 15,610,989	3,914,883	36,083,107	34,398,091	4,528,941	10,267,408	4,113,300	108,916,719

	Land	**Constructions in progress**	**Buildings**	**Machinery, equipment and tools**	**Furniture, fittings and office equipment**	**Computer and communication equipment**	**Transportation equipment**	**Total**
Accumulated depreciation								
Balance as of December 2017	-	-	(3,394,728)	(15,640,302)	(1,030,976)	(4,395,736)	(8,642,184)	(33,103,926)
Depreciation (expenses)	-	-	(921,633)	(2,996,856)	(331,669)	(1,188,918)	(1,530,676)	(6,969,752)
PPE Withdrawal	-	-	-	76,278	35,570	402,643	239,816	754,307
Transfers	-	-	545,455	(70,165)	(90,105)	(320,413)	38,898	103,670
Balance as of December 2018	-	-	(3,770,906)	(18,631,045)	(1,417,180)	(5,502,424)	(9,894,146)	(39,215,701)
Depreciation (expenses)	-	-	(838,860)	(2,902,686)	(364,301)	(1,237,019)	(489,720)	(5,832,586)
PPE Withdrawal	-	-	-	174,001	37,068	366,492	153,455	731,016
Transfers (1)	-	-	-	-	-	-	7,815,988	7,815,988
Balance as of December 2019	-	-	(4,609,766)	(21,359,730)	(1,744,413)	(6,372,951)	(2,414,423)	(36,501,283)
Net balance								
Balance as of December 2018	$ 16,410,989	1,262,400	28,585,310	14,477,340	2,131,394	3,151,183	2,655,621	68,674,237
Balance as of December 2019	$ 15,610,989	3,914,883	31,473,341	13,038,361	2,784,528	3,894,457	1,698,877	72,415,436

(1) The transfer is due to the recognition of the vehicles received in operating lease as a right of use by the adoption of IFRS 16-Leases. These assets were recognized until December 31, 2018, as property, plant and equipment.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The gross carrying amount of property, plant and equipment that, while fully depreciated, is still in use is as follows:

		December 2019	December 2018
Buildings	$	694,341	694,341
Machinery, equipment and tools		2,549,913	2,480,483
Furniture, fittings and office equipment		496,678	270,645
Communication and computer equipment		3,504,994	3,124,556
Transportation equipment		498,430	651,884
	$	7,744,356	7,221,909

There are currently no restrictions or impairments for property, plant and equipment.

14. RIGHT-OF-USE

		December 2019		
		Cost	Accumulated depreciation	Total
Machinery and equipment		639,305	(30,085)	609,220
Transportation equipment		9,648,196	(5,204,531)	4,443,665
Communication and computer equipment		109,250	(54,625)	54,625
	$	10,396,751	(5,289,241)	5,107,510

The movement of right-of-use property, plant and equipment is detailed below:

		Machinery and equipment	Transportation equipment	Communication and computer equipment	Cost right-of-use property, plant and equipment
Balance as of December 2018					
Finance lease addition		639,305	4,779,761	-	5,419,066
Withdrawals, sales and write-offs		-	(4,190,150)	-	(4,190,150)
Reclassifications		-	9,058,585	-	9,058,585
IFRS changes adoption effects		-	-	109,250	109,250
Balance as of December 2019	$	639,305	9,648,196	109,250	10,396,751
Balance as of December 2018					
Depreciation through profit or loss		(30,085)	(1,311,328)	(54,625)	(1,396,038)
Withdrawals, sales and write-offs		-	4,189,036	-	4,189,036
Reclassifications		-	(8,082,239)	-	(8,082,239)
Balance as of December 2019	$	(30,085)	(5,204,531)	(54,625)	(5,289,241)
Net balance as of December 2018		**-**	**-**	**-**	**-**
Net balance as of December 2019	$	**609,220**	**4,443,665**	**54,625**	**5,107,510**

15. CONCESSIONS ARRANGEMENTS RIGHTS

Below is the detail of intangible assets by infrastructure under concession:

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

		December 2019			December 2018		
		Cost	Accumulated amortization	Total	Cost	Accumulated amortization	Total
Land	$	3,376,683	(1,288,103)	2,088,580	3,376,683	(1,073,417)	2,303,266
Constructions in progress		382,919,813	-	382,919,813	347,558,603	-	347,558,603
Buildings under concession		37,980,296	(3,238,404)	34,741,892	22,430,144	(1,986,433)	20,443,711
Gas pipelines and networks		1,391,858,663	(303,407,878)	1,088,450,785	1,066,258,182	(235,244,452)	831,013,730
Machinery and equipment		388,618,581	(96,973,835)	291,644,746	248,830,739	(80,154,908)	168,675,831
	$	2,204,754,036	(404,908,220)	1,799,845,816	1,688,454,351	(318,459,210)	1,369,995,141

Below are the movements of concessions:

		Land under concession	Constructions in progress under concession	Pipelines and Networks under concession	Machinery and Equipment under concession	Buildings under concession	Total under concession
Cost							
Balance as of December 2017	$	3,376,683	187,368,349	895,798,716	247,195,171	-	1,333,738,919
Additions		-	278,552,247	40,148,639	16,924	-	318,717,810
Addition capitalized interest		-	15,788,866	-	-	-	15,788,866
Capitalization of assets in progress / assembly / development		-	(138,594,230)	131,458,572	1,618,522	5,517,136	-
Withdrawals		-	(101,643)	(1,157,243)	-	-	(1,258,886)
Reclassifications (1)		-	4,576,095	-	-	16,913,008	21,489,103
Transfers		-	(31,081)	9,497	123	-	(21,461)
Balance as of December 2018	$	3,376,683	347,558,603	1,066,258,181	248,830,740	22,430,144	1,688,454,351
Balance as of December 2018		3,376,683	347,558,603	1,066,258,181	248,830,740	22,430,144	1,688,454,351
Additions		-	453,140,965	2,632,153	6,636,144	-	462,409,262
Addition capitalized interest		-	29,403,287	-	-	-	29,403,287
Capitalization of assets in progress / assembly / development		-	(475,041,039)	324,765,167	134,725,720	15,550,152	-
Addition of capitalized provisions		-	31,282,585	-	-	-	31,282,585
Withdrawals		-	(3,825,425)	(231,580)	-	-	(4,057,005)
Reclassifications		-	-	(1,565,258)	(1,574,023)	-	(3,139,281)
Transfers		-	400,837	-	-	-	400,837
Balance as of December 2019	$	3,376,683	382,919,813	1,391,858,663	388,618,581	37,980,296	2,204,754,036
Accumulated amortization							
Balance as of December 2017	$	(858,733)	-	(174,613,936)	(63,067,710)	-	(238,540,379)
Amortization		(214,684)	-	(60,778,125)	(17,087,075)	(1,440,979)	(79,520,863)
Cost of PPEs sold and derecognized		-	-	157,106	-	-	157,106
Reclassifications		-	-	-	-	(545,454)	(545,454)
Transfers		-	-	(9,497)	(123)	-	(9,620)
Balance as of December 2018	$	(1,073,417)	-	(235,244,452)	(80,154,908)	(1,986,433)	(318,459,210)
Balance as of December, 2018		(1,073,417)	-	(235,244,452)	(80,154,908)	(1,986,433)	(318,459,210)
Amortization		(214,686)	-	(68,208,961)	(16,818,927)	(1,251,971)	(86,494,545)
Cost of PPEs sold and derecognized		-	-	45,535	-	-	45,535
Balance as of December 2019	$	(1,288,103)	-	(303,407,878)	(96,973,835)	(3,238,404)	(404,908,220)
Balance as of December 2018	$	**2,303,266**	**347,558,603**	**831,013,729**	**168,675,832**	**20,443,711**	**1,369,995,141**
Balance as of December 2019	$	**2,088,580**	**382,919,813**	**1,088,450,785**	**291,644,746**	**34,741,892**	**1,799,845,816**

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

(1) As a result of the technical and functional analysis carried out on the buildings registered as property, plant and equipment, the administration defined that to the extent that the buildings are currently located in the operational areas of the concession, they must be registered as part of said concession. As of December 31, the relevant transfers were made, recognizing in the item of concessions a cost for buildings of $16.913.008 and buildings under construction for $4.576.095, with their corresponding depreciation. Additionally, the revenues and costs of the concession were recognized for an amount of $15.006.496 corresponding to the buildings.

As of December 31, 2019 and 2018, the Company reviewed the fair value of cash flow of the financial asset through profit or loss, which involves all flows of the concessions, including intangibles, without identifying any impairment.

Additional information required for concession agreements that are currently under construction

Below is the detail of the main revenues and costs incurred in the construction phase of concession agreements:

		Period Accruals	
		Revenues	**Costs**
December 2019			
Revenues from concession agreements	$	828,113,202	-
Construction costs incurred in the period		-	828,113,202
December 2018			
Revenues from concession agreements	$	153,600,727	-
Construction costs incurred in the period		-	153,600,727

As of December 31, 2019 and 2018, the Company had no contingent assets under revenues receivable caused by a contractual dispute in a pipeline construction, other than a recognition rate. Nor did the Company have any contingent liabilities under fines or penalties imposed by the Government in the performance of the concession agreement for possible contractual breaches.

In the course of its operations, the Company had the following existing concession agreements:

Pipeline Sections	Contract date	Expiry date	Remaining life
La Guajira - Barranquilla of 20” and 24”	25/05/1976	25/05/2026	6 years and 4 months
La Guajira – Cartagena of 20” and 24”	16/09/1976	16/09/2026	6 years and 8 months
Baranoa	20/10/1988	20/10/2038	18 years and 9 months
Jobo – Tablón – Montelíbano	20/10/1988	20/10/2038	18 years and 9 months
Cartagena – Montería	20/10/1988	20/10/2038	18 years and 9 months
Arjona	20/10/1988	20/10/2038	18 years and 9 months
San Onofre	17/11/1988	17/11/2038	18 years and 10 months
Sampués	13/04/1989	13/04/2039	19 years and 3 months
Chinú	19/06/1989	19/06/2039	19 years and 5 months
Sincelejo – Corozal	18/07/1990	18/07/2040	20 years and 6 months

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

El Difícil – Campo de la Cruz –Suan	04/10/1990	04/10/2040	20 years and 9 months
Galapa	04/10/1990	04/10/2040	20 years and 9 months
Ovejas – San Juan Nepo	04/10/1990	04/10/2040	20 years and 9 months
Sabanagrande	18/10/1990	18/10/2040	20 years and 9 months
Cerromatoso – Montelíbano	27/10/1990	27/10/2040	20 years and 9 months
Cerete Municipality Trunk	08/11/1990	08/11/2040	20 years and 10 months
Toluviejo	19/11/1990	19/11/2040	20 years and 10 months
Barranquilla – Puerto Colombia	25/01/1991	25/01/2041	21 years and 0 months
Tolú	24/04/1991	24/04/2041	21 years and 3 months
Aracataca – Fundación	17/05/1991	17/05/2041	21 years and 4 months
Palmar – Varela	18/07/1991	18/07/2041	21 years and 6 months
Troncal a Ciénaga de Oro	18/07/1991	18/07/2041	21 years and 6 months
Troncal Magangué	01/08/1991	01/08/2041	21 years and 7 months
Sincé – Corozal	01/08/1991	01/08/2041	21 years and 7 months
Santo Tomas	23/06/1992	23/06/2042	22 years and 5 months
San Marcos	02/07/1992	02/07/2042	22 years and 6 months
Luruaco	21/04/1993	21/04/2043	23 years and 3 months
Manaure – Uribía	22/10/1993	22/10/2043	23 years and 9 months
Polonuevo	15/10/1994	15/10/2044	24 years and 9 months
Branches Department Córdoba	08/11/1994	08/11/2044	24 years and 10 months
Branches Department La Guajira	08/11/1994	08/11/2044	24 years and 10 months
Branches Department Atlántico	09/11/1994	09/11/2044	24 years and 10 months
Branches Department Bolívar	09/11/1994	09/11/2044	24 years and 10 months
Branches Department Magdalena	09/11/1994	09/11/2044	24 years and 10 months

The previous agreements are signed in accordance with Decree 1056/1953, the Petroleum Code (now in force), and other laws complementing it. Each concession with the Government was for 50 years, whereby the government gives Promigas the right to build, operate, maintain, exploit and manage a network of public utility pipelines for the transportation of hydrocarbons from La Guajira to major cities such as Barranquilla and Cartagena with trunk pipelines and regional pipelines to other populations in the Atlantic Coast. These agreements additionally have the following relevant elements:

- The agreement required the provision of construction services to develop, operate, maintain, exploit and manage a network of pipelines by Promigas. The term of the agreements is 50 years, renewable for 20 more years, without representing an automatic renewal, and the estimated service life of the pipelines is 70 years, in current conditions and with minimal maintenance required. Additionally, since the concession agreements include construction, operation and maintenance activities, at the end of the contractual term, the pipeline shall be in optimum operating conditions to ensure the continued provision of public utilities beyond the contractual term of the concessions; therefore, it is concluded that the infrastructure is not used for its entire service life. The extensions should proceed with the approval of the Ministry of Mines and Energy.

- Promigas has the right to recover the investment by charging the public service, which is regulated by the Government to set rates for transporting gas through the CREG. The remuneration of construction service is included in the fees fixed by the CREG, which are established considering the provisions of the Petroleum Code, as follows:

    - Amortization of invested capital in construction;
    - Maintenance, management and exploitation expenses; and
    - Fair earnings for entrepreneurs.

    Such remuneration with the building service does not cover payments receivable when the Government exercises its right acquired in signing the agreement to buy transportation infrastructure. In fact, in establishing the remuneration of new investments or reinforcement of infrastructure, the regulated asset base is calculated through the concession on a five-year basis, according to the regulatory framework and in which the fair contractual selling price at the end of the concession is not taken into account, enabling Promigas to recover its investment by charging customers for services before fulfilling the obligation to sell the system to the State. That is, the final payment is not part of the repayments related to the investments in construction and maintenance.

- The agreement provides that Promigas is obligated to sell the pipeline only and exclusively to the Government as follows: i) 30 years after the agreement; ii) 50 years after terminating the agreement; and iii) at the end of each extension, if any. Therefore, the Government shall always have the right to purchase the infrastructure at the time that it sees fit, without implying that it has an option of absolute waiver of a payment obligation, but otherwise that it has the ability to choose when to make the payment. Neither party shall have the option of waiving the terms of the agreement with respect to the exercise of the right of purchase by the Government and the obligation to sell by Promigas.

    Regarding the above obligation, the Government and Promigas shall agree the price of the pipeline and only in case of dispute shall the fair price be fixed by a third party.

    Contract law and the relevant contractual obligation exist because of a transaction or event that has happened in the past; in the case of Promigas, the execution of the concession agreement, which sets out the mandatory the sale of the infrastructure to the Government at a fair price at the end of the concession agreement, produces clear economic consequences that the Government, as party to the agreement, has little or no ability to prevent, as the agreement is enforceable by law.

    From the above it follows that, for each concession, Promigas is facing a significant residual interest in the pipeline infrastructure and on which it has acknowledged having a right represented in a financial asset by the obligation to sell the infrastructure to the Government, the measurement of which being at fair value.

- Promigas may not assign or transfer this Agreement, in whole or in part, to any natural or juridical person without prior approval by the Government, which, at its discretion, can approve or deny it without being obligated to provide the reasons for its determination.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

16. FINANCIAL OBLIGATIONS

Below is the detail of financial obligations:

		December 2019	December 2018
Short-term			
Loans in foreign currency (1)	$	-	81,243,750
Loans in local currency		6,005,300	6,005,300
Lease Agreements		12,146,236	11,079,278
Interest payable		5,883,781	8,397,392
	$	24,035,317	106,725,720
Long-term			
Loans in foreign currency (1)	$	-	322,518,724
Loans in local currency		655,661,080	326,068,973
Lease Agreements		69,350,998	73,983,748
	$	725,012,078	722,571,445
	$	749,047,395	829,297,165

Below is a reconciliation between changes in liabilities and cash flows arising from financing activities:

Financial obligations and liabilities		Loans obtained in national currency	Loans obtained in foreign currency	Leases	Interest payable	Financial obligations
Balance as of December 2017	$	197,587,541	369,768,802	93,926,952	5,529,429	666,812,724
Addition obligations		288,535,848	-	-	-	288,535,848
Payments		(154,051,013)	-	(8,117,141)	(36,682,219)	(198,850,373)
Transfers and reclassifications		1,897	-	(746,784)	744,887	-
Interest through profit or loss		-	963,128	-	38,805,295	39,768,423
Exchange difference		-	16,947,667	-	-	16,947,667
Non-derivative hedges with effect on ORI		-	16,082,876	-	-	16,082,876
Balance as of December 2018	$	332,074,273	403,762,473	85,063,027	8,397,392	829,297,165
Balance as of December 2018		332,074,273	403,762,474	85,063,026	8,397,392	829,297,165
Addition obligations		615,000,000	-	5,539,937	-	620,539,937
Payments		(286,005,300)	(437,305,706)	(9,893,916)	(58,434,344)	(791,639,266)
Transfers and reclassifications		597,407	7,900,258	(347,436)	(8,151,342)	(1,113)
Interest through profit or loss		-	534,750	-	64,072,075	64,606,825
Exchange difference		-	8,045,521	-	-	8,045,521
Non-derivative hedges with effect on ORI		-	17,062,703	-	-	17,062,703
Effects of adoption of IFRS changes		-	-	1,135,623	-	1,135,623
Balance as of December 2019	$	661,666,380	-	81,497,234	5,883,781	749,047,395
Net balance						
Balance as of December 2018	$	**332,074,273**	**403,762,473**	**85,063,027**	**8,397,392**	**829,297,165**
Balance as of December 2019	$	**661,666,380**	**-**	**81,497,234**	**5,883,781**	**749,047,395**

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Below is the detail of financial obligations:

		Interest rate	Year of maturity		2019	2018
Short term						
Loans obtained in foreign currency		Libor+2.5	2022		-	81,243,750
JP Morgan Chase (1)	Dollar				-	81,243,750
Loans obtained in local currency						
Banco Davivienda S.A.	Pesos	DTF – 2.00	2026	$	6,005,300	6,005,300
					6,005,300	6,005,300
Lease agreement						
Leasing Bancolombia S.A.	Pesos	DTF + 3.10	2026		10,018,667	10,018,667
Renting Colombia S.A.	Pesos	DTF+3.10	2026		1,887,649	1,060,611
Compañía Energética de Occidente S.A E.S.P		13.50%	2033		5,961	-
Comcel S.A.	Pesos	11.74%	2021		57,887	-
FJ Rumie & Cia S en C	Pesos	11.74%	2021		132,246	-
Inversiones Arroyo Sierra S.A.S.	Pesos	13.18%	2029		24,382	-
Valencia Beltran Rosa	Pesos	13.81%	2021		676	-
Vergara Restrepo Gustavo	Pesos	13.18%	2029		18,768	-
					12,146,236	11,079,278
Interest payable					5,883,781	8,397,392
Total Short Term				$	24,035,317	106,725,720
Long term						
Loans obtained in foreign currency		Libor+2.5	2022	$	-	322,518,724
JP Morgan Chase (1)	Dollar				-	322,518,724
Loans obtained in local currency						
Banco Davivienda S.A.	Pesos	DTF – 2.00	2026		31,553,391	37,533,125
Bancolombia S.A.	Pesos	DTF + 2.45	2023		50,048,058	50,000,000
BBVA Colombia S.A.	Pesos	DTF + 2.28	2021		-	40,000,000
Bancolombia S.A.	Pesos	DTF + 2.45	2023		24,054,977	24,035,848
BBVA Colombia S.A.	Pesos	DTF + 2.48	2023		17,521,031	17,500,000
Itaú Colombia S.A.	Pesos	DTF + 2.27	2021		17,137,584	32,000,000
Bancolombia S.A.	Pesos	DTF + 2.33	2021		-	20,000,000
Itaú Colombia S.A.	Pesos	DTF + 1.50	2021		15,016,177	15,000,000
BBVA Colombia S.A.	Pesos	DTF + 2.21	2021		30,042,444	30,000,000
Banco Davivienda S. A	Pesos	DTF + 2.41	2021		-	60,000,000
BBVA Colombia S.A.	Pesos	DTF + 2.26	2022		45,063,005	-
Itaú Colombia S.A.	Pesos	DTF + 2.40	2022		50,094,559	-
Bancolombia S.A.	Pesos	DTF + 2.40	2022		90,118,269	-
Colpatria S.A.	Pesos	IBR + 1.70	2021		160,020,720	-
BBVA Colombia S.A.	Pesos	IBR + 2.50	2024		34,993,892	-
Bancolombia S.A.	Pesos	IBR + 2.42	2024		89,996,973	-
					655,661,080	326,068,973

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

		Interest rate	Year of maturity		2019	2018
Lease agreement						
Leasing Bancolombia S.A.	Pesos	DTF+3.10	2026		65,331,019	73,698,141
Renting Colombia S.A.	Pesos	DTF+3.10	2026		2,587,220	285,607
Compañía Energética de Occidente S.A E.S.P		13.50%	2033		629,420	-
Inversiones Arroyo Sierra S.A.S.	Pesos	13.18%	2029		429,373	-
Valencia Beltrán Rosa	Pesos	13.81%	2021		101,207	-
Vergara Restrepo Gustavo	Pesos	13.18%	2029		272,759	-
				$	69,350,998	73,983,748
Total long term				$	725,012,078	722,571,445

Below is the detail of the long-term maturities of financial obligations:

Year of maturity		
2021	$	223,547,393
2022		186,119,440
2023		92,091,137
2024 onwards		223,254,108
	$	725,012,078

Hedging Financial Liabilities

On December 23, 2016, Promigas contracted a syndicated loan for US $200,000,000, of which US $75,000,000 were disbursed directly to Gases del Pacífico and US $125,000,000 to Promigas. Said loan began its amortization as of December 2019; however, in October, Promigas made an international bond issue. The money resulting from this issue was raised on October 16, with which the company canceled the financial obligation previously contracted with different financial entities, including the syndicated loan.

Hedge Ratio:

Promigas has identified the fluctuation risk in the exchange rate of the conversion effect on investments with dollar functional currency as a hedged item. Designated financial liabilities limit the risk resulting from fluctuations in the dollar exchange rate above or below the specified ranges.

As of October 16, 2019, the change in the hedging instrument is confirmed, being the current obligation in bonds, which will be used to offset the effects of the fluctuation of the Exchange Rate on Promigas' equity due to the conversion adjustment of Net Investments abroad in dollar functional currency.

To determine the effectiveness of the hedge ratio, the Company evaluates qualitatively the critical contractual obligations between the hedged item and the hedging instrument. If inconsistencies are noticed in contractual obligations, a quantitative assessment is used to determine the impact of potential ineffectiveness.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The book value of net investments abroad and the percentage covered are detailed below:

COMPANY	Net investment value USD	Hedged item USD	Hedging %
Gases del Pacífico S.A.C.	2,781,460	2,500,000	90%
Sociedad Portuaria el Cayao S.A. E.S.P.	33,331,432	26,214,459	79%
Sociedad Portuaria de Lima y Callao S.A.C.	134,003,994	131,605,761	98%
Total	**170,116,885**	**160,320,220**	**94.24%**

Impact of the Hedge Ratio:

The part of the gain or loss on the hedging instrument determined as an effective hedge is recognized in other comprehensive income. The determination of the results by net investment hedge is as follows:

	Hedged Item Measurement	Hedging Instrument Measurement	Ratio
Effectiveness of the hedge ratio	$ 39,327,254	39,327,254	100%

17. OUTSTANDING BONDS

In October 2019, Promigas made a bond issue in the international capital market under Rule 144A and Regulation S with the subsidiary Gases del Pacífico S.A.C as co-issuer, under the following conditions:

Total amount of the issue: USD $400,000,000
Term: ten (10) years
Interest rate: 3.75%, EA Fixed Rate
Modality: Semiannual payment of interest and capital at maturity (Bullet)
Interest: Promigas S.A. E.S.P. 52.5% represented in USD $210,000,000, and Gases del Pacífico 47.5% represented in USD $190,000,000.

The funds received from this issue were mainly used to pay the syndicated loan for USD $200 million, of which Promigas S.A. E.S.P. owed USD $125 million and Gases del Pacífico S.A.C. USD $75 million, and loans with other financial entities. The resulting surpluses after prepayments were used for working capital.
Co-Issuers must make commercially reasonable efforts to maintain the rating on the Bonds of at least two of the Rating Agencies.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Outstanding bonds are detailed below:

		December 2019	December 2018
Short-term			
Current portion of bonds	$	199,821,000	255,000,000
Bonds interest payable		16,727,659	12,042,524
	$	216,548,659	267,042,524
Long term - Bonds	$	1,942,309,511	1,462,675,541
	$	2,158,858,170	1,729,718,065

The bonds issued by the Company in the local market are long-term, have an AAA risk rating and have quarterly past due interest payments and have the trust company Fiduciaria Helm Trust S.A. as legal representative of the holders. The bonds issued in the international market are long-term, have a BBB- risk rating, have semiannual past due interest payments and have the US Bank Trust as legal representative of the holders. Both are detailed below:

Series	Term	Interest Rate	Issue Date	Maturity Date	Subscription Date	December 2019	December 2018
C10	10 years	IPC + 5.40%	27/08/2009	27/08/2019	27/08/2009	$ -	150,000,000
C15	15 years	IPC + 5.99%	27/08/2009	27/08/2024	27/08/2009	170,000,000	170,000,000
A7	7 years	IPC + 3.05%	29/01/2013	29/01/2020	29/01/2013	99,821,000	99,821,000
A10	10 years	IPC + 3.22%	29/01/2013	29/01/2023	29/01/2013	150,179,000	150,179,000
A20	20 years	IPC + 3.64%	29/01/2013	29/01/2033	29/01/2013	250,000,000	250,000,000
A4	4 years	IPC + 2.55%	11/03/2015	11/03/2019	11/03/2015	-	105,000,000
A7	7 years	IPC + 3.34%	11/03/2015	11/03/2022	11/03/2015	120,000,000	120,000,000
A15	15 years	IPC + 4.37%	11/03/2015	11/03/2030	11/03/2015	175,000,000	175,000,000
A4	4 years	IPC + 3.29%	08/09/2016	08/09/2020	09/09/2016	100,000,000	100,000,000
A10	10 years	IPC + 3.74%	08/09/2016	08/09/2026	09/09/2016	150,000,000	150,000,000
A20	20 years	IPC + 4.12%	08/09/2016	08/09/2036	09/09/2016	250,000,000	250,000,000
USD	10 years	Fixed 3.75%	16/10/2019	16/10/2029	16/10/2019	688,199,400	-
Total bonds issued						2,153,199,400	1,720,000,000
Interest payable						16,727,659	12,042,524
Amortized cost						(11,068,889)	(2,168,484)
						$ 2,158,858,170	1,729,718,065

Below is the detail of the long-term maturities of bond issues and current interests:

Year of Maturity	Value
2021	-
2022	120,000,000
2023	150,179,000
2023 onwards	1,672,130,511
	$ 1,942,309,511

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The following is a detail of the bond movement:

		Bonds	Interest bonds payable	Outstanding bonds
Outstanding bonds				
Balance as of December 2017	$	1,717,651,536	13,327,427	1,730,978,963
Payments		-	(127,622,904)	(127,622,904)
Interest through profit or loss		-	109,973,314	109,973,314
Capitalized interest		-	16,388,692	16,388,692
Bond restatement		24,005	(24,005)	-
Balance as of December 2018	$	1,717,675,541	12,042,524	1,729,718,065
Balance as of December 2018		1,717,675,542	12,042,523	1,729,718,065
Addition		724,779,300	-	724,779,300
Addition incremental costs		(9,458,197)	(1,351,671)	(10,809,868)
Payments		(255,000,000)	(116,318,863)	(371,318,863)
Reclassifications		818,027	(818,027)	-
Interest through profit or loss		-	93,589,106	93,589,106
Capitalized interest		-	29,584,591	29,584,591
Exchange difference		(6,814,433)	-	(6,814,433)
Non-derivative hedges with effect on ORI		(29,869,728)	-	(29,869,728)
Balance as of December 2019	$	2,142,130,511	16,727,659	2,158,858,170

18. ACCOUNTS PAYABLE

Below is the detail of accounts payable:

		December 2019			December 2018		
		Third Parties	Related Entities	Total	Third Parties	Related Entities	Total
Acquisition of national goods and services	$	51,850,454	34,938,733	86,789,187	34,430,234	36,677,243	71,107,477
Bienes y servicios del exterior		1,063,669	-	1,063,669	554,069	-	554,069
Creditors		4,534,348	21,102	4,555,450	6,001,089	-	6,001,089
Dividends payable		36,263,017	29,400,280	65,663,297	-	62,160,920	62,160,920
Hedges payable		-	-	-	9,445,027	-	9,445,027
	$	93,711,488	64,360,115	158,071,603	50,430,419	98,838,163	149,268,582

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

19. INCOME TAX PAYABLE

Below is the detail of the current income tax liability:

		December 2019	December 2018
Current year income tax	$	4,733,516	48,855,186
Compensation income and tax and complementary		(35,957,588)	(38,842,138)
	$	(31,224,072)	10,013,048

Below is the detail of the deferred income tax asset and liability:

		December 2017	Credited (debited) to profit and loss	Credited (debited) to OCI	Retained	December 2018	Credited (debited) to profit and loss	Credited (debited) to OCI	Retained	December 2019
Deferred tax assets										
Deferred charges of intangible assets		7,611,874	2,361,345	-	-	9,973,219	12,453,272			22,426,491
Non-deductible liability provisions		7,652,818	(848,931)	-	-	6,803,887	2,952,469			9,756,356
Difference between the accounting and tax bases of property, plant and equipment		23,403,141	(13,993,202)	-	-	9,409,939	(1,757,646)			7,652,293
Employee benefits		(160,295)	4,569	27,647	-	(128,079)	(343,701)	117,111		(354,669)
Financial assets		(341,043,953)	(3,372,502)	-	-	(344,416,455)	(25,480,088)			(369,896,543)
Valuation of equity investments		(16,972,094)	428,263	224,786	-	(16,319,045)	(939,256)	236,763		(17,021,538)
Loans portfolio		(37,233,158)	37,677,300	-	2,107,889	2,552,031	(17,793,118)			(15,241,087)
Property, plant and equipment		(4,783,743)	4,702,215	-	-	(81,528)	(14,233,662)			(14,315,190)
Others		(6,037,064)	(27,179,868)	10,895,320	-	(22,321,612)	7,617,912	(8,181,651)	(4,075)	(22,889,426)
	$	(367,562,474)	(220,811)	11,147,753	2,107,889	(354,527,643)	(37,523,817)	(7,827,778)	(4,075)	(399,883,313)

<u>Income Tax:</u>

The Company is subject to income tax at a 33% rate as of December 31, 2019 and 2018, applicable to the higher value of either net income or presumptive income. The presumptive rate is equal to 1.5% of the previous year's net equity.

As of December 31, 2019 and 2018, the Company calculated and recorded provisions for income taxes, based on taxable income, which takes into account certain adjustments to the commercial profit of the separate financial statements prepared in accordance with the Financial Reporting Standards accepted in Colombia (CFRS), provided in Act 1314/2009.

Taxable years 2017 and 2018 are subject to review by the tax authorities; additional taxes are not expected in the event of an audit visit.

On February 4, 2009, the Company entered into a Legal Stability Agreement with the Nation – Ministry of Mines and Energy, whereby it agrees to build a pipeline and other transportation facilities amounting to $77,263,585, over a seven-(7)-year term. The contract term is twenty (20) years, during which the Nation, as consideration, guarantees Promigas the legal stability on certain provisions of the Tax Code. Some of the benefits are:

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

- The benefit from the deduction of productive real fixed assets as of December 31, 2019 and 2018, for $128,408,868 and $57,401,587, respectively.

Below is the detail of income tax expense for the half-years ended December 31, 2019 and 2018:

		December 2019	December 2018
Current income tax	$	4,733,516	48,855,185
Income tax dividends abroad		2,569,498	2,113,440
Excess (recovery) income tax		(5,122,782)	(286,063)
Net deferred taxes		37,523,817	220,811
	$	39,704,049	50,903,373

Below is the reconciliation of the effective rate for the years ended December 31, 2019 and 2018:

		December 2019	%	December 2018	%
Earnings before income tax	$	850,856,678		776,311,950	
Theoretical tax expense estimated based on current tax rate		280,782,712	33.00	256,182,944	33.00
Nondeductible expenses		5,659,726	0.67	8,697,183	1.12
Dividends received		(28,537,453)	(3.35)	(29,852,665)	(3.85)
Equity method income		(138,921,340)	(16.33)	(116,981,128)	(15.07)
Interests and other nontaxable income		(670,216)	(0.08)	(402,328)	(0.05)
Non-deductible expenses used as tax discount		3,837,551	0.45	2,467,447	(0.32)
Tax discounts		(3,119,886)	(0.37)	(2,078,774)	(0.27)
Effect of accounting vs fiscal amortization		(1,302,265)	(0.15)	(1,302,266)	(0.17)
Use of litigation provisions		(3,257,222)	(0.38)	-	-
Complejo Energético del Este write-off		(1,680,408)	(0.20)	-	-
Tax benefit in acquisition of productive assets		(42,374,926)	(4.98)	(18,942,523)	(2.44)
Return of profit in acquisition of productive assets for early sale Canacol plant		-	-	5,374,136	(0.69)
Effect on deferred taxes due to changes in tax rates in concessions		(31,290,944)	(3.68)	(31,361,513)	(4.04)
Deferred tax effect due to changes in tax rates		2,599,928	0.31	(935,098)	(0.12)
Effect on income tax due to adjustment of previous periods		(5,122,782)	(0.60)	(286,063)	(0.04)
Profits from subsidiaries in countries with different tax rates		2,569,498	0.30	2,113,440	(0.27)
Effect on deferred tax from changes in the rate due to the amendment of Act 1943 of 2018		-	-	(22,034,760)	(2.84)
Other items		532,076	0.06	245,341	(0.03)
Total tax expenses for the period	$	39,704,049	4.67	50,903,373	(6.56)

Transfer Pricing

Pursuant to Acts 788/2002, 863/2003, 1607/2012 and 1819/2016, as regulated by Decree 2120/2017the Company prepared a transfer pricing study over transactions with foreign related entities during the 2018 taxable year. The assessment did not give rise to adjustments affecting the Company's tax income, costs or expenses.

Although the transfer pricing study for the year 2019 is in the process, no significant changes are expected compared to the previous year.

Tax Reform

The current tax provisions applicable to the Company stipulate that in Colombia:

- In accordance with the provisions of the Law for Economic Growth 2010/2019, the income tax rate for the years 2020, 2021, 2022 and following is 32%, 31% and 30%, respectively. Furthermore, for financial institutions that get a taxable income greater than or equal to 120,000 UVT for the period will be subject to additional income tax points of 4% for the year 2020 and 3% for the years 2021 and 2022.

- In the year 2018, the presumptive income to determine the income tax cannot be less than 3.5% of the net assets on the last day of the immediately preceding taxable year.

- With the Law for Economic Growth 2010/2019, the presumptive income is reduced to 0.5% of the net assets of the last day of the immediately preceding taxable year for the year 2020, and to 0% from the year 2021.

- For the taxable periods 2020 and 2021, the audit benefit is created for taxpayers who increase their net income tax for the taxable year in relation to the net income tax for the immediately preceding taxable year by at least 30% or 20%, with which the income tax return will be firm within 6 or 12 months after the date of its presentation, respectively.

- Beginning in 2017, tax losses may be offset with ordinary net income obtained in the following 12 taxable periods.

- The excesses of presumptive income can be offset in the following 5 taxable periods.

- The occasional earnings tax has a 10% rate.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

20. OTHER LIABILITIES

The detail of the other liabilities is as follows:

		December 2019	December 2018
Collection for third parties	$	12,154,890	9,444,955
Withholding tax and self-withholding tax		5,322,914	4,393,651
Industry and trade withholding tax payable		81,501	88,956
Other taxes and contributions payable		1,625,456	1,751,627
Value added tax payable		489,607	345,224
Advances and prepayments received		649,022	3,141,973
Deposits received from third parties		727,399	1,734,519
	$	21,050,789	20,900,905

21. PROVISIONS

The table below shows the nature and value of each type of provision:

		Administrative	Laboral	Civil	Dismantling and restoration costs	Other provisions	Total provisions
Balance as of December 31, 2017	$	2,094,637	100,000	5,199,881	11,568,443	10,630,086	29,593,047
New provisions		639,536	-	9,870,371	-	1,899	10,511,806
Increase (decrease) in existing provisions charged to expenses		417,453	-	-	338,944	1,290,657	2,047,054
Effect on retained earnings due to IFRS 9 adoption		-	-	-	-	174,784	174,784
Increase (decrease) of current provisions		(47,550)	10,000	-	320,524	1,342,659	1,625,633
Provisions used		(327,502)	-	-	(637,413)	(3,265,718)	(4,230,633)
Balance as of December 31, 2018	$	2,776,574	110,000	15,070,252	11,590,498	10,174,367	39,721,691
New provisions		744,742	-	-	3,013,757	4,792,653	8,551,152
Addition of existing provisions charged to expenses		3,592,202	-	-	165,941	7,782,041	11,540,184
Increase (decrease) of current provisions capitalized		-	-	-	3,622,388	27,660,197	31,282,585
Withdrawal of provisions		-	(110,000)	(1,843,382)	-	(178,010)	(2,131,392)
Provisions used		(2,222,648)	-	(12,374,792)	(361)	(2,643,960)	(17,241,761)
Balance as of December 31, 2019	$	4,890,870	-	852,078	18,392,223	47,587,288	71,722,459

22. EQUITY

Share Capital **–** As of December 31, 2019 and 2018, share capital was represented by 1,150,000,000 common shares, respectively, with a nominal value of one hundred pesos each. The detail of the assets is presented below:

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

		December 2019	December 2019
Number of shares authorized, issued and outstanding		1,134,848,043	1,134,848,043
Number of shares paid-in and subscribed		1,134,918,610	1,134,918,610
Number of shares repurchased (1)		70,567	70,567
Paid-in and subscribed capital	$	113,491,861	113,491,861

Reserves – The balance of reserves is detailed as follows:

		December 2019	December 2018
Legal reserve	$	56,745,931	56,745,931
Reserve pursuant to bylaws		74,974,508	77,142,919
Other reserves		581,769,966	603,481,061
Total	$	713,490,405	$737,369,911

Legal Reserve – According to Colombian Law, the Company must transfer at least 10% of profits for the period to a legal reserve until such reserve equals 50% of the subscribed capital. This reserve is not available for allocation, but may be used to offset losses.

Tax Reserve – Pursuant to article 45 of Act 75/1986, the Company created a reserve equal to 70% of the higher value of the depreciation requested as tax deduction. Such reserve may be capitalized or allocated insofar as it is released.

Reserve for Share Repurchase – In 2005, the Company created a reserve for share repurchase amounting to $1,527,933.

Profit Allocation – Dividends are ordered and paid to shareholders based on non-consolidated net profits for the immediately previous half-year. The dividends ordered were the following:

		December 31, 2018	June 30, 2018	December 31, 2017	June 30, 2017
Date of Meeting		22.mar.2019	21.sep.2018	20.mar.2018	26.sep.2017
Unconsolidated earnings from the immediately preceding period		359,779,430	365,629,147	328,818,686	320,039,214
Dividends paid in cash					
Ordinary dividends per share	$	19	18	17	17
Payment date		21.apr.2019 to 21.mar.2020	21.oct.2017 to 21.mar.2019	21.apr.2017 to 21 sep.2018	21.oct.2017 to 21.mar.2018
Extraordinary dividends per share	$	64	82	122	115
Payment date		21.apr.2019	21.oct.2017	21.apr.2017	
Total outstanding shares		1,134,848,043	1,134,848,043	1,134,848,043	1,134,848,043
Total dividends declared	$	402,871,055	215,621,128	254,205,962	246,262,024
Detail mandatory and voluntary reserves (1)	$	-	59,220,175	6,277,572	87,444,214
Available for future allocations	$	53,195,436	45,393,922	68,335,152	27,013,633
Release of reserves	$	105,856,144	-	-	-
Transfer of earnings from previous years to reserves due to IFRS effect		81,976,638	-	-	-

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

23. REVENUE

Below is the detail of revenues from ordinary activities for the years ended:

		December 2019	December 2018
Natural gas transportation and distribution	$	605,722,356	549,963,083
Facilities and technical services		705,128	164,915
Revenues from non-bank financing		25,945,143	28,302,283
Construction agreements (see note 15)		828,113,202	153,600,727
Revenues from Backoffice services		9,297,205	9,010,666
Other services		5,283,323	7,000,582
	$	1,475,066,357	748,042,256

24. COST OF SALES

Below is the detail of costs of goods sold for the years ended:

		December 2019	December 2018
Employee benefits	$	30,202,468	28,107,217
Maintenance and materials		15,050,699	29,368,305
Fees and consulting		3,111,395	2,014,420
General costs (1)		67,695,355	56,876,110
Construction of concessions (see note 15)		828,113,202	153,600,727
Taxes		10,760,037	1,332,635
Depreciation and amortization		91,227,512	84,176,005
	$	1,046,160,668	355,475,419

(1) Contribution to encourage the consumption of natural gas in the communities and in the transportation system, as a strategic objective in search of stimulating the use gas and increasing gas transportation in the region, as well as supporting communities.

25. OPERATING EXPENSES

Below is the detail of operating expenses for the years ended:

		December 2019	December 2018
Employee benefits	$	48,533,408	44,780,291
Fees		10,409,269	11,283,700
Maintenance and materials		3,713,178	3,609,934
General administrative expenses		22,339,963	14,838,664
Impairments		11,378,731	3,213,000
Provisions		6,401,183	10,878,502
Administrative taxes		10,780,472	12,556,759
Depreciation and amortization		5,331,162	4,807,879
	$	118,887,366	105,968,729

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

26. OTHERS, NET

Below is the detail of others, net for the years ended:

		December 2019	December 2018
Other Revenues			
Leases	$	977,426	1,274,428
Gain on sale of assets		71,107	-
Compensations		2,363,720	2,452,538
Impairment reimbursement		-	1,816,448
Exploitation		4,416,332	2,470,036
Other revenues with related entities		1,056,002	1,263,845
		8,884,587	9,277,295
Other expenses			
Donations		8,646,884	7,477,113
Loss on sale of assets		16,967	
Loss on asset derecognition		4,143,977	1,195,457
Other expenses		200,261	243,384
		13,008,089	8,915,954
Others, net	$	(4,123,502)	361,341

27. FINANCE INCOME

Below is the detail of financial revenues for the years ended:

		December 2018	June 2018
Interest	$	9,670,996	11,199,428
Interest from financial asset under concession		172,033,431	171,347,853
Exchange difference		151,099,696	76,399,690
Other financial revenues		7,447,061	2,021,981
	$	340,251,184	260,968,952

28. FINANCE COSTS

Below is the detail of financial expenses for the years ended:

		December 2019	December 2018
Interests on bonds issued	$	85,312,526	100,869,688
Interests on financial obligations		58,357,514	39,768,423
Interests on lease agreements		6,742,611	-
Exchange differences		144,752,298	74,235,911
Other finance costs		7,575,266	1,693,319
	$	302,740,215	216,567,341

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

According to "*IAS 24 - Related Party Disclosures*", a related party is a person or entity that is related to the entity that is preparing its financial statements and has control or joint control over the reporting entity; has significant influence over the reporting entity; or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. The definition of a related party includes: a) person or a close member of that person's family related to the reporting entity, entities that are members of the same group (parent and subsidiaries), associates or joint ventures of the entity or entities of the Group, post-employment benefit plans for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

Related parties are:

- An economic affiliate is a person or entity that is related to any group entity through transactions such as transfers of resources, services and obligations, regardless of whether or not it is charged. For the Company, transactions between economic associates are any economic operations held with shareholders and entities of the parent company.
- Shareholders who individually own more than 10% of the Company's share capital.
- Key management personnel: persons with authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including any director or manager (whether executives or otherwise) of the entity, including the CEO, Senior Executives and Board Members.
- Subordinated Entities: Companies where control is exercised according to the definition of control in the code of commerce and "*IFRS 10 - Consolidated Financial Statements*".
- Associate Entities: companies where significant influence is exercised, which is generally considered as a participating interest of between 20% and 50% of its share capital.

Operations with related parties:

As of December 31, 2019, through its business infrastructure, Promigas provides technical-administrative support in some activities of the companies, as in the case of Promioriente S.A. E.S.P., Transmetano E.S.P. S.A., Zonagen S.A., Transoccidente S.A. E.S.P., Gases del Pacifico S.A.C., Sociedad Portuaria El Cayao S.A. E.S.P., Enlace Servicios Compartidos S.A.S. and Promisol S.A.S.

During the periods ended December 31, 2019 and 2018, there were no significant operations of the following characteristics:

- Free or compensated services debited to a related company.
- Loans implying an obligation to the borrower that does not correspond to the essence or nature of the loan agreement.

Below is the summary of assets and liabilities as of December 31, 2019 and 2018, and for transactions made during the periods ending on such dates with associates, subsidiaries, shareholders, legal representatives and managers:

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

	Shareholders	Board of Directors	Key Management Personnel	Subsidiaries	Associates	Other Related Parties	Total
December 2019							
Assets							
Cash	$ 82,827	-	-	-	-	22,140,195	22,223,022
Investments	-	-	-	1,768,922,319	724,505,708	-	2,493,428,027
Debtors	-	-	2,640,019	182,625,257	9,058,068	11,139	194,334,483
	$ 82,827	-	2,640,019	1,951,547,576	733,563,776	22,151,334	2,709,985,532
Liabilities							
Accounts payable	$ 88,029,777	-	-	34,302,968	1,179,235	215,254	123,727,234
Revenues							
Sale of goods	$ -	-	-	-	-	-	-
Sale of services	-	-	-	98,131,340	50,570,703	50,915	148,752,958
Finance	9,329	-	92,531	42,043,748	-	292,752	42,438,360
Share of profit of equity-accounted investees, net of tax	-	-	-	314,816,501	192,634,387	-	507,450,888
Other income	-	-		968,194	87,808	-	1,056,002
	$ 9,329	-	92,531	455,959,783	243,292,898	343,667	699,698,208
Expenses							
Production costs	$ -	-	-	131,985,434	900,161	363,138	133,248,733
Salaries and wages	-	-	6,597,413	-	-	-	6,597,413
Fees	-	592,337	-	-	-	-	592,337
General	-	-	-	98,363	43,136	8,890,425	9,031,924
Interest	-	-	-	-	-	7,031,265	7,031,265
Finance	-	-	-	35,651,466	-	524,978	36,176,444
	$ -	592,337	6,597,413	167,735,263	943,297	16,809,806	192,678,116
December 2018							
Assets							
Cash	$ 314,040	-	-	-	-	42,963,099	43,277,139
Investments	-	-	-	1,593,866,719	701,081,710	-	2,294,948,429
Debtors	-	-	1,953,507	210,671,750	6,100,328	426,940	219,152,525
	$ 314,040	-	1,953,507	1,804,538,469	707,182,038	43,390,039	2,557,378,093
Liabilities							
Accounts payable	$ 62,160,920	-	-	32,869,693	3,705,061	102,489	98,838,163
Revenues							
Sale of goods	-	-	-	4,700	19,504	-	24,204
Sale of services	$ -	-	-	107,470,273	63,520,480	46,769	171,037,522
Finance	10,285	-	53,935	52,040,065	-	320,092	52,424,377
Share of profit of equity-accounted investees, net of tax	-	-	-	273,503,980	171,317,908	-	444,821,888
Other income	-	-	-	1,180,726	96,193	-	1,276,919
	$ 10,285	-	53,935	434,199,744	234,954,085	366,861	669,584,910
Expenses							
Production costs	$ -	-	-	16,470,025	1,746,895	411,534	18,628,454
Salaries and wages	-	-	8,230,159	-	-	2,237,190	10,467,349
Fees	-	585,605	-	-	-	56,802	642,407
General	-	-	-	452,199	83,902	2,245,113	2,781,214
Finance	-	-	-	27,341,448	-	12,813	27,354,261
	$ -	585,605	8,230,159	44,263,672	1,830,797	4,963,452	59,873,685

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The following balances with subsidiaries and associates are highlighted:

		Debtors		Accounts payable	
		December 2019	**December 2018**	**December 2019**	**December 2018**
Subsidiaries					
Transmetano E.S.P. S.A.	$	212,698	234,801	-	-
Promioriente S.A. E.S.P.		766,763	228,328	-	-
Transoccidente S.A. E.S.P.		49,738	48,205	-	-
Surtigas S.A. E.S.P.		10,254,013	26,597,823	40,817	3,621,219
Gases del Pacífico S.A.C		4,516,239	17,064	-	-
Sociedad Portuaria El Cayao S.A. E.S.P		247,784	240,147	-	-
Gases de Occidente S.A. E.S.P.		1,239,908	31,021	-	-
Compañía Energética de Occidente S.A.		20,504	4,736,677	642,684	-
Promisol S.A.S.		165,281,553	178,398,271	33,619,467	29,248,474
Enlace Servicios Compartidos S.A.S.		36,056	139,415	-	-
	$	182,625,256	210,671,752	34,302,968	32,869,693
Associates					
Gases del Caribe S.A. E.S.P.	$	9,040,610	6,092,138	1,141,106	2,546,740
Gas Natural de Lima y Callao		-	-	-	51,745
E2 Energía Eficiente S.A. E.S.P.		-	-	38,129	-
	$	9,040,610	6,092,138	1,179,235	2,598,485
Other related parties					
Corporación Financiera Colombiana S. A.	$	-	-	44,921,965	21,368,354
Cfc Gas Holding S.A.S.		-	-	6,844,796	6,484,544
Hoteles Estelar de Colombia S. A.		-	-	162,707	84,198
A Toda Hora ATH		-	-	4,031	4,995
	$	-	-	51,933,499	27,942,091

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

		Revenue		Cost of sales	
		December 2019	December 2018	December 2019	December 2018
Subsidiaries					
Transmetano E.S.P. S.A.	$	2,130,000	1,045,631	2,551	-
Promioriente S.A. E.S.P.		2,721,656	1,102,007	-	-
Transoccidente S.A. E.S.P.		515,606	246,753	-	-
Surtigas S.A. E.S.P.		84,112,238	46,664,471	12,633,029	4,267,722
Sociedad Portuaria El Cayao S.A. E.S.P		2,498,662	1,210,827	-	-
Gases de Occidente S.A. E.S.P.		22,866	73,558	-	-
Compañía Energética de Occidente S.A.		7,598	3,512	107,502	265,183
Orión Contac Center S.A.S.		855	268	-	-
Promisol S.A.S.		6,117,470	3,640,320	119,242,351	8,268,546
Enlace Servicios Compartidos S.A.S.		4,389	1,880	-	-
	$	98,131,340	53,989,227	131,985,433	12,801,451
Associates					
Gases del Caribe S.A. E.S.P.	$	50,569,503	30,606,732	881,359	646,179
E2 Energía Eficiente S.A. E.S.P.		1,200	-	18,802	-
	$	50,570,703	30,606,732	900,161	646,179
Other related parties					
Banco de Occidente S. A.	$	-	-	8,600	-
Compañía Hotelera Cartagena de Indias S.A.		-	-	2,955	-
Hoteles Estelar de Colombia S. A.		-	-	351,584	248,073
A Toda Hora ATH		-	-	-	8,729
	$	-	-	363,139	256,802

		Finance income		Finance costs	
		December 2019	December 2018	December 2019	December 2018
Subsidiaries					
Surtigas S.A. E.S.P.	$	50,589	148,950	-	-
Gases del Pacífico S.A.C		328,829	349	663,840	477
Compañía Energética de Occidente S.A.		-	-	55,140	-
Promisol S.A.S.		41,664,330	33,744,417	34,932,486	9,167,890
	$	42,043,748	33,893,716	35,651,466	9,168,367
Associates					
Gas Natural de Lima y Callao	$	7,949,410	-	2,328,943	-
E2 Energía Eficiente S.A. E.S.P.		809	-	400	-
	$	7,950,219	-	2,329,343	-
Other related parties					
Banco Corficolombiana S.A. (Panamá)	$	-	(2,080)	-	-
Banco de Bogotá S. A.		105,291	37,373	7,652	4,297
Banco de Occidente S. A.		57,328	21,355	1,078	73
Corporación Financiera Colombiana S. A.		9,329	4,633	336,248	-
	$	171,948	61,281	344,978	4,370

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

		Other income		Operating expenses	
		December 2019	December 2018	December 2019	December 2018
Subsidiaries					
Promigas S.A. E.S.P.					
Transmetano E.S.P. S.A.	$	14,957	26,111	-	-
Promioriente S.A. E.S.P.		11,376	20,524	-	-
Surtigas S.A. E.S.P.		287,470	151,116	804	182
Gases del Pacífico S.A.C		49,265	31,376	-	-
Sociedad Portuaria El Cayao S.A. E.S.P		10,541	-	-	-
Gases de Occidente S.A. E.S.P.		334,153	170,408	-	-
Compañía Energética de Occidente S.A.		130,472	75,120	95,443	235,622
Orión Contac Center S.A.S.		12,455	5,680	2,117	13,941
Promisol S.A.S.		23,492	284,822	-	-
Enlace Servicios Compartidos S.A.S.		94,014	33,375	-	-
	$	**968,195**	**798,532**	**98,364**	**249,745**
Associates					
Gases del Caribe S.A. E.S.P.	$	74,993	65,735	43,136	46,952
Efigas Gas Natural S.A. E.S.P.		12,815	8,123	-	-
	$	**87,808**	**73,858**	**43,136**	**46,952**
Other related parties					
Banco de Occidente S. A.	$	-	-	1,639	9,781
Corporación Financiera Colombiana S. A.		-	-	7,753	-
Compañía Hotelera Cartagena de Indias S.A.		-	-	32,857	693
Hoteles Estelar de Colombia S. A.		-	-	350,512	237,860
A Toda Hora ATH		-	-	14,828	-
	$	**-**	**-**	**407,589**	**248,334**

Compensation of Key Management Personnel:

Key Management personnel include the CEO, Chief Officers and Managers. The compensation received by the key Management personnel is as follows:

		December 2019	December 2018
Items			
Salaries	$	11,600,569	11,217,112
Short-term Employee Benefits		1,551,436	3,696,214
Total	$	13,152,005	14,913,323

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Below is the detail of the Company's key personnel:

	December 2019	**December 2018**
Key personnel:		
CEO	1	1
Vice Presidents	5	5
Other executives	19	19
	25	25

30. COMMITMENTS AND CONTINGENCIES

***Commitments* -** For the development of its corporate purpose, the Company has entered into the following agreements, among others:

By Public Deed No. 1629 of September 16, 1976, of the 18th Notary Public of Bogota, the Company obtained from the National government the concession to build, operate, maintain, exploit and manage a public utility pipeline for the transportation of hydrocarbons from Ballenas, Department of La Guajira, to the cities of Barranquilla and Cartagena, for an 50-year term, extendable to 20 more years. Under the terms of the concession, the National Government will have preemption right established by article 45 of the Petroleum Code for the transportation through the natural gas pipeline, by paying the current rate at the time of carrying it, for up to 20% of the daily transportation capacity of the pipeline. And has a preemption right over the transportation of these products through the gas pipeline, paying a current rate. The Company shall be obligated to sell the pipeline to the Nation, if required by the Government, upon completion of the first 30 years of the Agreement (2006), at the expiry thereof (2026) or upon termination of the extension period, under the terms provided in articles 50 and 51 of the Petroleum Code at the price agreed by the parties, or based on the appraisal of an independent expert. The Company may not assign or relinquish the agreement, neither totally nor partially, without prior approval by the National Government.

In notice served to the Company on May 11, 2005, the ministry of Mines confirmed that they would not take up the purchase option that was available for 2006 over the gas pipelines under concession.

In addition, the Company has entered into another 33 concession contracts.

Agreements with customers corresponding to natural gas transportation through the pipeline systems available to the Company are in accordance with the current regulatory framework and these have the guarantees stipulated by the Company for each agreement.

The Company's management considers that there are no risks of significant losses in the future arising from the performance of these agreements and commitments.

Contingencies - In the course of its operations, the Company is subject to several legal regulations pertaining to public utilities and environmental protection companies. The Management considers, based on legal opinions, that there have been no situations that may indicate possible breaches to those standards and leading to significant impacts on the financial statements.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

The Company had the following individual litigations and lawsuits filed against it. Their quantities are determined by the claims and are not recognized in the provisions, given that the lawyers handling each process consider that the success likelihoods of such claims are classified as eventual:

	December 2019			December 2018		
	Number of Claims		Value	Number of Claims		Value
Litigations and lawsuits against						
Easement claims:						
Between $1 and $1,000	21	$	6,238,996	16	$	5,185,210
$1,001 onward	2		5,138,039	3		6,138,039
Easement	23		11,377,035	19		11,323,249
Ordinary processes:						
Between $1 and $1,000	6		1,559,209	7		1,571,209
Between $1,001 and $3,000	1		2,150,123	1		2,150,123
$3,001 onward	1		4,618,809	1		4,618,809
Ordinary	8		8,328,141	9		8,340,141
Labor	10		1,023,787	9		997,785
Total processes	41	$	20,728,963	37	$	20,661,175
Individual litigations and lawsuits in favor						
Contingency rights	88	$	63,055	90	$	64,524

Below is the detail of the number of litigations and lawsuits against, without values:

	Number of claims	
	December 2019	December 2018
Processes		
Easement	16	15
Ordinary	4	4
	20	19

31. OPERATIONS BY SEGMENT

Information by segment is structured according to the different lines of business of the Company. The lines of business described below were established according to the organizational structure of the Company, considering the nature of services and products offered. The structure of this information is designed as if each line of business were an autonomous business and had its own separate resources, allocated based on the assets assigned to each line according to an internal system of percentage distribution of costs.

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

Below is the information by segment of these activities:

December 2019	Gas Transportation	Distribution of Gas and Energy	Other Services	Financing	Total
Revenue	$ 1,422,376,213	14,558,411	12,332,185	25,799,548	1,475,066,357
Cost of sales	(1,025,666,295)	(5,145,920)	(6,145,287)	(9,203,166)	(1,046,160,668)
Gross income	396,709,918	9,412,491	6,186,898	16,596,382	428,905,689
Operating expenses	(104,476,898)	(3,392,187)	(3,529,701)	(7,488,580)	(118,887,366)
Share of profit of equity-accounted investees, net of tax	-	192,634,387	-	-	192,634,387
Share of profit of equity-accounted subsidiaries, net of tax	132,966,595	181,849,906	-	-	314,816,501
Others, net	(7,820,046)	326,629	3,369,596	319	(4,123,502)
Operating profit	417,379,569	380,831,226	6,026,793	9,108,121	813,345,709
Financial revenues	327,308,306	21,587	10,978,743	1,942,548	340,251,184
Financial expenses	(287,782,009)	(13,240)	(14,943,798)	(1,168)	(302,740,215)
Income before income tax	456,905,866	380,839,573	2,061,738	11,049,501	850,856,678
Income tax	(27,764,554)	(4,128,908)	(802,022)	(7,008,565)	(39,704,049)
Net income	$ 429,141,312	376,710,665	1,259,716	4,040,936	811,152,629
Assets					
Cash and cash equivalents	$ 73,845,167	-	-	-	73,845,167
Financial assets at fair value	2,220,169,592	-	-	-	2,220,169,592
Financial assets at amortized cost	190,568,400	4,024,514	69,966,319	122,402,229	386,961,462
Inventories	13,470,508	116,869	-	-	13,587,377
Investments in associates	-	724,505,708	-	-	724,505,708
Investments in subsidiaries	741,353,823	1,027,568,496	-	-	1,768,922,319
Property, plant and equipment	74,426,612	739,761	2,352,242	4,331	77,522,946
Intangible assets	1,813,642,825	18,083,702	2,420,375	-	1,834,146,902
Other assets	61,776,314	-	327,169	2,301	62,105,784
Total assets	$ 5,189,253,241	1,775,039,050	75,066,105	122,408,861	7,161,767,257
Liabilities					
Financial obligations and bonds	$ 2,907,905,565	-	-	-	2,907,905,565
Accounts payable	153,562,874	1,493,770	200,811	2,814,148	158,071,603
Employee benefits	5,117,934	878,838	4,322,042	-	10,318,814
Deferred liabilities	383,233,415	16,649,898	-	-	399,883,313
Provisions	71,722,459	-	-	-	71,722,459
Income tax payable	4,943,504	781,966	466,669	1,327,340	7,519,479
Other liabilities	13,531,310	-	-	-	13,531,310
Total liabilities	$ 3,540,017,061	19,804,472	4,989,522	4,141,488	3,568,952,543

(Expressed in thousands of Colombian Pesos, unless otherwise stated)

December 2018		Gas Transportation	Distribution of Gas and Energy	Other Services	Financing	Total
Revenue	$	689,290,919	14,067,320	16,381,734	28,302,283	748,042,256
Cost of sales		(333,486,899)	(4,121,012)	(7,517,600)	(10,349,908)	(355,475,419)
Gross income		355,804,020	9,946,308	8,864,134	17,952,375	392,566,837
Operating expenses		(93,809,108)	(2,184,857)	(6,664,113)	(3,310,651)	(105,968,729)
Share of profit of equity-accounted investees, net of tax		-	171,317,908	-	-	171,317,908
Share of profit of equity-accounted subsidiaries, net of tax		133,422,408	140,081,572	-	-	273,503,980
Dividends received		-	129,002	-	-	129,002
Others, net		(2,283,486)	-	2,584,226	60,601	(361,341)
Operating profit		393,133,834	319,289,933	4,784,247	14,702,325	731,910,339
Financial revenues		259,377,953	-	-	1,590,999	260,968,952
Financial expenses		(216,567,341)	-	-	-	(216,567,341)
Income before income tax		435,944,446	319,289,933	4,784,247	16,293,324	776,311,950
Income tax		(38,300,723)	(4,699,641)	(1,473,032)	(6,429,977)	(50,903,373)
Net income	$	397,643,723	314,590,292	3,311,215	9,863,347	725,408,577
Assets						
Cash	$	111,399,986	-	-	-	111,399,986
Financial assets at fair value		2,013,761,740	-	-	-	2,013,761,740
Financial assets at amortized cost		193,418,221	-	74,391,617	181,011,149	448,820,987
Inventories		11,195,403	-	-	-	11,195,403
Investments in associates		-	701,081,710	-	-	701,081,710
Investments in subsidiaries		665,598,917	928,267,802	-	-	1,593,866,719
Property, plant and equipment		66,705,465	-	1,968,772	-	68,674,237
Intangible assets		1,389,896,646	-	-	-	1,389,896,646
Other assets		17,143,536	-	-	-	17,143,536
Total assets	$	4,469,119,914	1,629,349,512	76,360,389	181,011,149	6,355,840,964
Liabilities						
Financial obligations and bonds	$	2,559,015,231	-	-	-	2,559,015,231
Accounts payable		139,633,564	-	3,595,533	6,039,485	149,268,582
Employee benefits		8,584,016	-	864,878	60,782	9,509,676
Deferred liabilities		370,291,868	(15,764,225)	-	-	354,527,643
Provisions		39,721,691	-	-	-	39,721,691
Income tax payable		6,391,544	892,975	272,056	2,456,473	10,013,048
Other liabilities		20,909,669	-	-	-	20,909,669
Total liabilities	$	3,144,547,583	(14,871,250)	4,732,467	8,556,740	3,142,965,540

32. NEW STANDARDS AND INTERPRETATIONS

a) Standards and interpretations with subsequent application issued by the Ministry of Finance and Public Credit and the Ministry of Trade, Industry and Tourism

- ***IFRS 3: Business Combinations***

The amendments modify the definition of business in order to help entities determine whether a transaction should be accounted for as a business combination or as the acquisition of an asset. The modifications are the following:

a) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;

b) remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;

c) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;

d) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and

e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Impact assessment

As of December 31, 2019, no impacts are evident as a result of the entry into force of this amendment.

- ***IAS 19: Employee Benefits: Plan Amendment, Curtailment or Settlement***

The amendment requires a company to remeasure its liability or net assets when changes occur in a defined benefit plan.

For the above, the company must use the updated assumptions of this new measurement to determine the current cost of the service and the net interest for the rest of the reporting period, after the plan change.

These amendments will be effective as of January 1, 2019 in accordance with the provisions of the IASB.

Impact assessment

As of December 31, 2019, there have been no changes in the Promigas defined benefit plan, therefore, no impacts are evident as a result of the entry into force of this amendment.

- ***New Conceptual Framework***

The revised Conceptual Framework includes: a new chapter on measurement; guidance on the presentation of financial reports; improved definitions and guidance such as, for example, the definition of obligation; and clarifications in important areas, such as management functions, prudence and uncertainty in the measurement of financial information.

The new revised conceptual framework contains 6 relevant aspects:

1. Analysis of the most important issues, in order to serve as basis for the Board to establish new or update the IFRS Standards.
2. Confirms the objective of providing useful financial information for investors and clarify the role of the investor when deciding to invest in a company.
3. Highlights the importance of financial reporting in terms of returns, i.e., the ratio of revenue and expenses; and the financial position: assets, liabilities and equity. It also provides guidance on how to report a company's financial performance.
4. The definitions of assets and liabilities in the new conceptual framework focus on a company's rights and obligations. It also establishes the decisions for the disclosures of assets, liabilities, revenue and expenses, which should be based on what is useful for investors.
5. Explain how to make decisions regarding the measurement of assets and liabilities, i.e., when to use the historical cost and when they should be measured at the current value, to the extent that it constitutes useful information for investors.
6. The new conceptual framework is not a standard. It is the basis for the revision, update or creation of new standards. It does not replace nor does it annul the current standards or any of its requirements.

Impact assessment

The entry into force of this change has no impact on the Company.

- ***IFRIC 23: Uncertainty over Income Tax Treatments***

This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognize and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

This interpretation addresses the following issues:

a. whether an entity considers uncertain tax treatments separately;
b. the assumptions an entity makes about the examination of tax treatments by taxation authorities;
c. how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and

d. how an entity considers changes in facts and circumstances.

It must be considered that the tax authority will check the amounts it has the right to check and that, when conducting these checks, it will have full knowledge of all the related information. Therefore, uncertain tax treatments must be identified and valued since the last year open for inspection.

Once an uncertain tax treatment has been detected, the different criteria of the tax authority or court for that treatment will be identified. With these data, the entity will assess whether or not the tax authority is likely to accept an uncertain tax treatment. In the first case, if the entity values the acceptance of the treatment as likley, it will determine the tax gain (loss), the tax bases, the unused tax losses or credits or the tax rates in a manner consistent with the tax treatment thus valued. In the event that it concludes that the tax authority is unlikely to accept an uncertain tax treatment, the entity will reflect the effect of uncertainty when realizing the tax, determining the expected value, i.e., the sum of the weighted amounts according to their probability, in a range of possible results.

Impact assessment

As of December 31, there are no impacts from the application of IFRIC 23. Although there are open declarations, the positions taken by the company regarding the tax treatment of its transactions do not generate uncertainty regarding their deductibility.

b) New Accounting Statements Issued by the International Accounting Standards Board (IASB):

- ***IFRS 9; IAS 39; IFRS 7: Interest Rate Benchmark Reform***

Following the recommendations established by the July 2014 Financial Stability Board report "Reforming Major Interest Rate Benchmarks", the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7.

The amendments affects the following areas:

1. *Highly probable requirement for cash flow hedges (IFRS 9 and IAS 39):* If the hedged item is a forecast transaction, an entity shall determine whether the forecast transaction is highly probable assuming that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.
2. *Reclassification of the amount in the cash flow hedge reserve to profit or loss (IFRS 9 and IAS 39):* To determine whether the hedged cash flows are expected to occur, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.
3. *Assessment of the economic relationship between the hedged item and the hedging instrument (IFRS 9):* An entity shall assume that the interest rate benchmark on which the hedged cash flows and/or the hedged risk are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of the interest rate benchmark reform.

4. *Designation of a component of an item as a hedged item (IFRS 9 and IAS 39):* For a hedge of a benchmark component of interest rate risk that is affected by the interest rate benchmark reform, an entity shall apply the specific requirement in IFRS 9 or IAS 39, to determine whether the risk component is separately identifiable, only at the inception of the hedging relationship.
5. *End of application of the relief (IFRS 9 and IAS 39):* The amendments state the circumstances in which an entity shall prospectively cease applying each of the requirements set out in 1 to 4 above.

Impact assessment

To the extent that the amendments represent a relief for companies not to reflect in the projection of their debt and hedged cash flows the uncertainty of the change in the interest rate benchmark until the event materializes, we did not see any impact. However, these amendments, as they are yet to go through the due process established in Act 1314 of 2009, are not yet effective in Colombia.

33. EVENTS OCCURRED AFTER THE REPORTING PERIOD

As of the date of the approval of the separate financial statements for the year ended December 31, 2019, there are no subsequent events that require adjustments or disclosures to said financial statements.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements and notes thereto were approved for issue according to Board Meeting Minutes No. 499 of February 18, 2020. These financial statements and notes thereto will be presented at the Shareholders' Meeting of March 24, 2020. Shareholders have the power to approve or modify the Company's financial statements.