

Medellin, August 16, 2017

## EPM Group announces consolidated financial results as of June 30, 2017

Empresas Públicas de Medellín E.S.P. and subsidiaries (hereinafter, "EPM Group") is the holding company of a multi-Latin enterprise group formed by 46 companies and one structured entity<sup>1</sup>, that have presence in the provision of public utilities in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama. Its corporate purpose is the provision of public utilities, mainly in power generation, power transmission and power distribution, gas, water supply, cleaning and waste management business lines. In this period, it is highlighted the new Chilean subsidiary EPM Transmisión Chile SA, created in compliance with the provisions of the General Law of Electric Services in Chile.

The figures presented for this quarter are expressed in Colombian Pesos, according to the International Financial Reporting Standards (IFRS). The consolidation process implies inclusion of 100% of the companies where EPM has control. Figures for this period are not audited.

## CONSOLIDATION SCOPE



Colombia	Chile	Guatemala	El Salvador	Panamá	México	Bermudas
<p>EPM Inversiones S.A.</p> <p>chec</p> <p>edeq</p> <p>CENS</p> <p>ESSA</p> <p>aguas Regionales EPM SAS</p> <p>Aguas del Oriente</p> <p>Aguas Nacionales</p> <p>Aguas de Malambo</p> <p>emvarias Grupo EPM</p>	<p>ePM® Chile</p> <p>Parque Eólico Los Cururos Ltda.</p> <p>Inversiones y Asesorías South Water Services SpA</p> <p>aguas antofagasta Grupo EPM</p>	<p>DECA II</p> <p>EEGSA Grupo EPM</p> <p>comesa</p> <p>TRELEC</p> <p>energica</p> <p>amesa</p>	<p>DELSUR</p> <p>Innova Tecnología y Negocios S.A. de C.V. (El Salvador)</p>	<p>ePM® Panamá</p> <p>Panamá Distribution Group S.A.</p> <p>ENSO</p> <p>HIDROECOLÓGICA DEL TERIBE, S.A.</p> <p>EV Alianza Energética S.A.</p> <p>Promobiliaria S.A.</p>	<p>ePM® México</p> <p>Ticsa</p>	<p>max seguros ePM®</p>

<sup>1</sup> Autonomous Patrimony Social Financing. Under International Financing Reporting Standards (IFRS), it is considered a structured entity that forms part of the consolidation perimeter of the financial statements of the EPM Group.

## 1. RELEVANT FACTS OF THE QUARTER AND SUBSEQUENT TO THE CLOSING

**As of the close of the January-June 2017 period, payments to the Medellín Municipality total COP 785,235 million**, as follows: regular transfers COP 550,438 million, as well as COP 150,000 million as authorized by the Medellín City Council relative to the sale of Isagen shares in 2016.

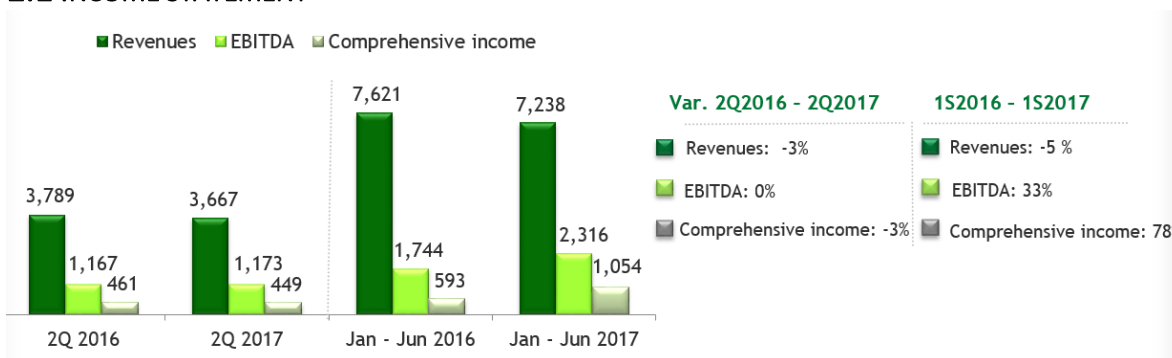
**On June 26th, the Playas generation plant temporarily suspended operations due to a technical incident** happened with a power transformer that caused a fire affecting other equipment. The incident affects 5.6% of EPM's generating capacity. It is estimated that the recovery of the plant means for the company a sum between COP 10,000 and COP 12,000 million on account of deductibles for property damage and loss of revenue which could eventually change depending on the duration of the recovery; all other sums resulting from the event will be indemnified by the insurance policy.

**In July, EPM has submitted a conditional binding offer for the acquisition of 100% of the shares of the Colombian company EMPRESAS PÚBLICAS DE RIONEGRO S.A. E.S.P. - EP RIO**, which is the provider of residential utility services of aqueduct and sewage in the municipality of Rionegro (Antioquia). The transaction is of strategic importance but does not imply a material payment at the time of closing, in case the conditions included in the binding offer are fulfilled.

## 2. FINANCIAL RESULTS AS OF JUNE 30, 2017

EPM Group presented the following financial performance compared to the same period of the previous year:

### 2.1 INCOME STATEMENT



Figures in COP thousand million

**As of June 30, 2017, consolidated revenue totaled COP 7.2 billion** with 5% drop (COP 384 thousand million) with respect to same period of last year, a fact that is explained by lower energy prices in Colombia. In that sense, **EPM parent company** showed lower revenue for

COP 398 thousand million, followed by **the Colombian Power Subsidiaries**, whose revenues fell by COP 53 thousand million.

**International Subsidiaries** as a whole, in turn, showed growth for COP 80 thousand million, where the international power subsidiaries contribution stands out.

**Operating margin** as of June 2017 was 25%, 11 percentage points up.

**EBITDA totaled** COP 2.3 billion, with an increase of COP 572 thousand million or 33% with respect to last year.

**EBITDA margin** at 32% is 9 percentage points up on 2016.

**The comprehensive income for the period** was COP 1 billion, an increase of COP 461 thousand million, 78% with respect to last year, explained, mainly, by higher operating income in the amount of COP 711 thousand million and by the reduction in costs, due to the normalization of the power generation market after the temporary situation presented by the El Niño Phenomenon in 1S2016.

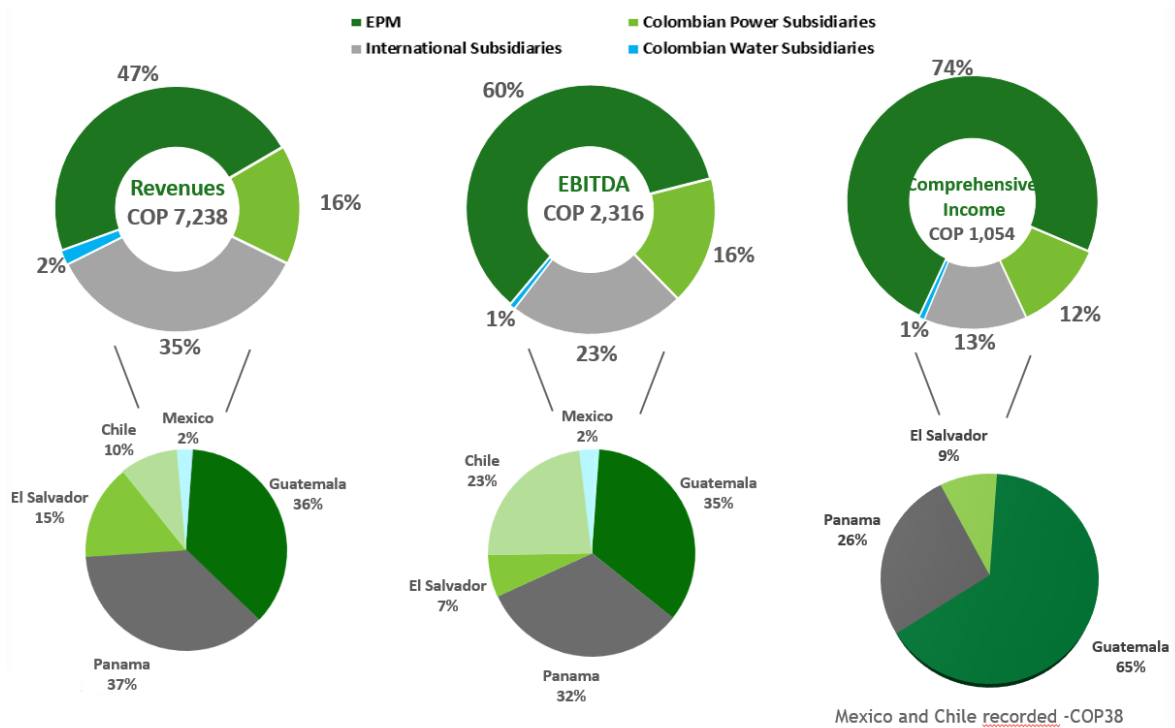
**Net margin** was 15%, 7 percentage points up on 2016.

Concept	2016	2017	% Var.	2017 USD*
Net Revenues	7,621,455	7,237,758	(5)	2,382
Costs and administrative expenses	6,550,859	5,456,486	(17)	1,796
Exchange differences	299,343	70,892	N.A.	23
Financial results, net	(307,619)	(344,054)	12	(113)
Investment results, net	23,048	48,443	110	16
Profit before taxes	1,085,369	1,556,553	43	512
Income tax provision	520,339	479,155	(8)	158
Regulatory accounts, net	27,754	(23,207)	N.A.	(8)
Comprehensive Income for the period	592,784	1,054,191	78	347
Other Comprehensive Income	196,125	363,856	86	120
<b>Total Comprehensive Income for the year</b>	<b>788,909</b>	<b>1,418,047</b>	<b>80</b>	<b>467</b>
Minority Interest	68,969	78,300	14	26
<b>Total Comprehensive Income for the year attributable to owners of the company</b>	<b>719,940</b>	<b>1,339,747</b>	<b>86</b>	<b>441</b>

Figures in COP million

\*Figures in COP were converted to USD at an exchange rate of COP/USD 3,038.26 (June 30, 2017).

## 2.2 FINANCIAL RESULTS BY COLOMBIAN AND INTERNATIONAL SUBSIDIARIES



Figures in COP thousand million

**Of the Group's total revenue**, it is important to highlight the fact that Colombia accounts for 65% and the foreign subsidiaries for 35%.

**EPM parent company** accounted for 47%, with a drop of COP 398 thousand million (11%) explained in the **Power Generation** business unit, where despite the fact that the amounts sold were higher (7,438 GWh in 2017 vs. 6,658 GWh in 2016), the tariff was lower (COP 105/KWh in 2017 vs. COP 448/KWh in 2016). Additionally, COP 294 thousand million indemnity for the incident happened at the Guatapé power plant was recognized in June 2016.

The **Gas** segment's revenue dropped by COP 75 thousand million with a decline in the secondary market of COP 130 thousand million due to the decrease in tariffs and sales, in contrast with 2016, where sales to thermal power plants increased as a result of the El Niño phenomenon (tariff of COP 316/m<sup>3</sup> and 47,297 m<sup>3</sup> sold in 2017 vs. tariff of COP 645/m<sup>3</sup> and 229,159 m<sup>3</sup> sold in 2016).

**International subsidiaries** in turn, accounted for 35% of revenue with net increase of COP 80 thousand million, 3% up on same period of 2016. Here we would like to highlight the growth of Panamanian subsidiary **ENSA** for COP 127 thousand million resulting from the

increased dynamism of commercial and household sectors (1,706 GWh in 2017 vs. 1,680 GWh in 2016) and the tariff increase (USD 188/MWh in 2017 vs. USD 157/MWh in 2016). However, Mexican subsidiary **TICSA** recorded a drop of COP 55 thousand million, basically due to less works executed in 2017, postponing of some construction contracts.

**Colombian Power subsidiaries, on the other hand, accounted for 16% – 4% down;** here, **ESSA** fell by COP 23 thousand million due to lower power generation of the Termobarranca plant which was connected to the SIN (National Interconnected System) during the El Niño phenomenon in 2016, and also because of the 25 GWh decline in energy trading (887 GWh in 2017 vs. 913 GWh in 2016). **CHEC** fell by COP 16 thousand million, due to the smaller sales in the Power Generation segment given that the Termodorada plant has not been dispatched in 2017.

The remaining 2% corresponds to the **Water subsidiaries in Colombia** with 15% increase with respect to same period of last year.

**As to EBITDA**, the Group's Colombian companies accounted for 77% and foreign companies for 23%.

**EPM parent company accounted for 60% of EBITDA** with an increase of COP 530 thousand million or 36% more than last year mainly due to the contribution of the **Power Generation segment** for COP 497 thousand million and the **Power Distribution segment** for COP 40 thousand million. These results contrast with last year's when commercial operation costs were higher as a result of the impact of the El Niño phenomenon, the higher purchases to compensate the loss at the Guatapé power generation plant, and the higher consumption and transport of gas and diesel fuel due to increased generation at La Sierra thermal plant.

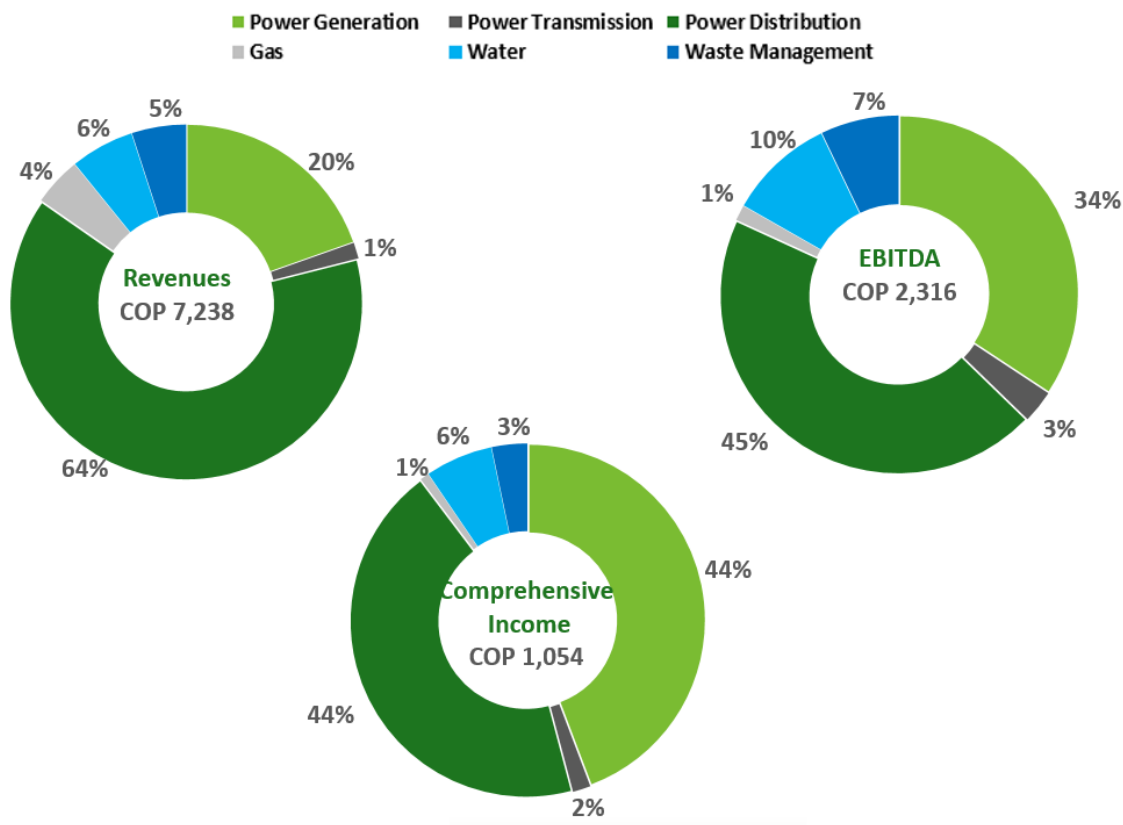
**Colombian Power subsidiaries accounted for 16%**, with 19% growth with respect to last year, due to the increased costs of commercial operation during the first quarter of 2016 of Termobarranca and Termodorada thermal plants in order to meet the effects of the El Niño phenomenon.

**International subsidiaries** accounted for 23% to the Group's EBITDA, 6% down on same period of last year.

**Regarding net income, we would like to draw attention to:**

- Decrease in revenue of COP 384 thousand million.
- Decrease in costs and expenses of COP 1,094 thousand million.
- Impairment for approximately USD 21 million was recognized at the Los Cururos plant due to decline in market tariffs.
- Decrease in net revenue from exchange difference for COP 228 thousand million.

## 2.3 FINANCIAL RESULTS BY SEGMENTS



Figures in COP thousand million

### With regard to the results by segments:

**Energy services** accounted for 85% of the Group's revenue, 82% of EBITDA, and 90% of net income.

In revenue, the **Power Distribution and Power Generation segments** stood out with 64% and 20% participation, respectively.

**Fuel gas services** participated with 4% of the Group's revenue, 1% of EBITDA and 1% of net income.

**Water supply services** accounted for 6% of the Group's revenue, 10% of EBITDA, and 6% of net income.

**Sanitation and cleaning services** accounted for 5% of the Group's revenue, 7% of EBITDA, and 3% of net income.

## 2.4 STATEMENT OF FINANCIAL POSITION

Financial Position	2017	2016	% Var.	2017 USD
<b>Assets</b>				
Current	5,543,467	5,221,494	6	1,825
No Current	39,590,514	37,732,776	5	13,031
<b>Total assets</b>	<b>45,133,981</b>	<b>42,954,270</b>	<b>5</b>	<b>14,855</b>
<b>Liabilities</b>				-
Current	6,409,811	5,562,500	15	2,110
No Current	19,185,925	17,608,464	9	6,315
<b>Total Liabilities</b>	<b>25,595,736</b>	<b>23,170,964</b>	<b>10</b>	<b>8,424</b>
<b>Equity</b>	<b>19,538,245</b>	<b>19,783,306</b>	<b>(1)</b>	<b>6,431</b>

Figures in COP million

\*Figures in COP were converted to USD at an exchange rate of COP/USD 3,038.26 (June 30, 2017).

### As to the balance sheet we have:

**Equity:** an amount of **COP 19.5 billion**, fell by 1% due to the combined effect of the period's higher earnings minus the recognition of surpluses to the Medellin Municipality. COP 785 thousand million have been paid as on June, out of total 1.3 billion to be delivered in 2017.

**Liabilities:** an amount of **COP 25.6 billion**, increased by 10 % with respect to last year; here we highlight the last disbursement of the International Club Deal Loan for COP 1.2 billion (USD 440 million), in April 2017.

The Group's **total assets** amounted to **USD 45 billion** with COP 2.2 thousand million increase.

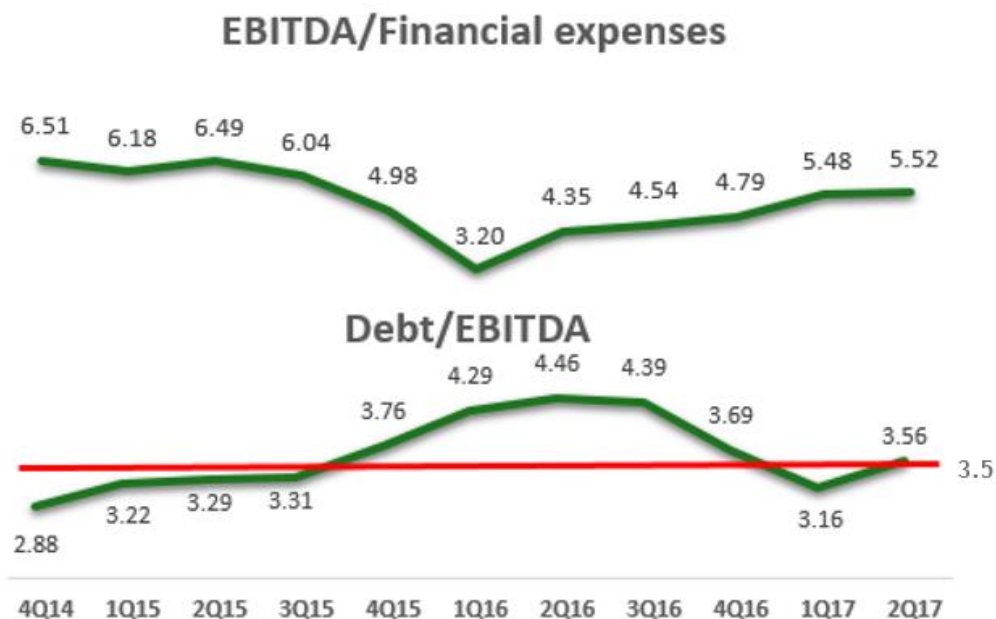
### Regarding ratios, we would like to highlight:

Ratios	2016	2017
Total debt	56	57
Financial debt	38	38
EBITDA/financial expenses	4.35	5.52
Debt/EBITDA	4.46	3.56

The Group's Total Debt/Total Assets increased one percentage point with respect to 2016.

As to **debt coverage ratios**:

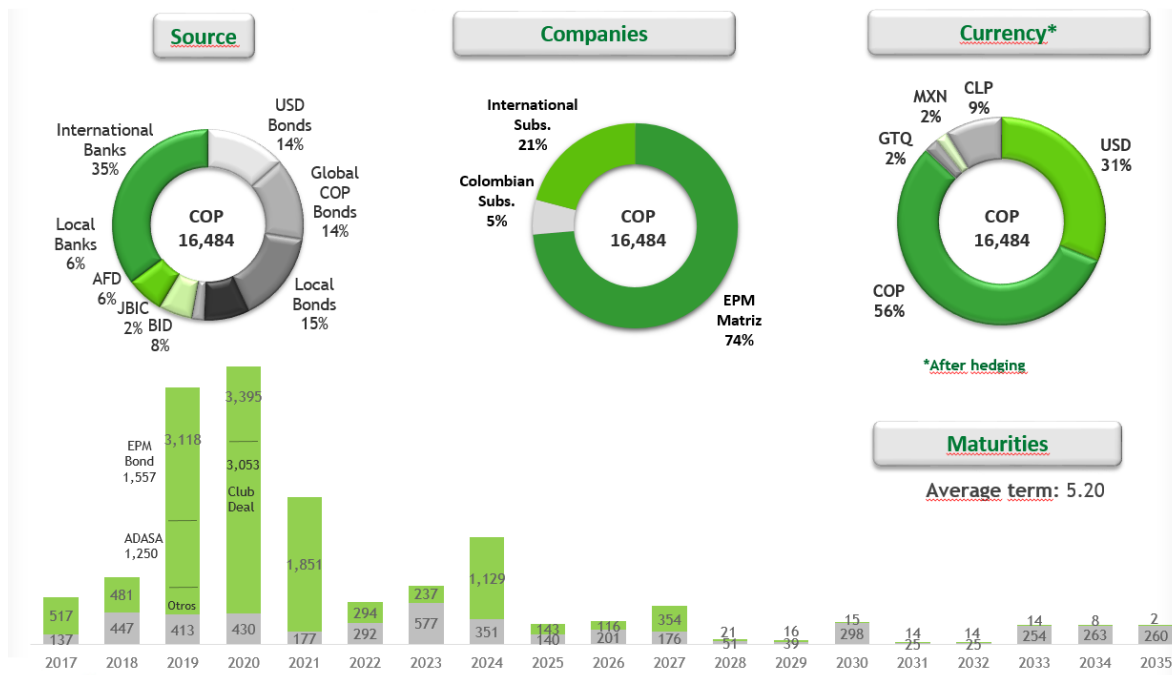
- EBITDA/Financial expenses was 5.52x.
- Total Debt/EBITDA was 3.56x, better than that of 2016 (4.46)



Increase in 2Q2017 Debt/EBITDA ratio (3.56x) is explained by a combination of more debt with lower EBITDA for the last twelve months. The higher debt results from the June devaluation; the lower EBITDA is due to the fact that the indemnity of the Guatape hydroelectric plant was recorded in books in June last year, something which is no longer valid this year.



## 2.5 DEBT PROFILE



Figures in COP thousand million

The debt of EPM Group totaled COP 16.4 billion. As to financing source, 21% of debt corresponds to domestic debt, 14% to Pesos-denominated foreign debt, and 65% to foreign debt hired in other currencies.

Of EPM Group's total debt 74% belongs to EPM parent company.

As to Natural hedging, from inter-company loans granted to international subsidiaries with revenue linked to the US Dollar, EPM has a balance of USD 214 million.

At the quarter's close, accumulated foreign-exchange financial hedges totaled USD 765 million. Swap transactions for USD 50 million were closed during the period, at an average exchange rate of COP 2,867.

As to maturities, EPM parent company holds three international bond issues maturing in 2019, 2021 and 2024. Years Maturities in 2019 and 2020 correspond to loans with international banking (ADASA – loan with Scotia Bank and Banco del Estado for USD 410 million and EPM's Club Deal loan for USD 1,000 million). These values are continuously

analyzed taking into account the roll-over alternative in order to adjust to funding requirements and comply with the strategic objectives of EPM Group.

## 2.6 SIGNED CREDIT CONTRACTS – AMOUNT TO BE DISBURSED USD 721 MILLION

Figures in USD million

<b>EDC</b>	<p>Amount: USD 300 MM            Balance to be <u>disbursed</u>: USD 300 MM            Availability <u>period</u>: 1 <u>year</u>            Until: 4-Aug-2018            Initial <u>tenor</u>: 6 <u>years</u>            Use of proceeds: 45% Ituango Project            - 55% <u>Investment Plan</u>.</p>	<b>CAF</b>	<p>Amount: USD 200 MM            Balance to be <u>disbursed</u>: USD 200 MM            Availability <u>period</u>: 2 <u>years</u>            Until: 3-Oct-2018            Tenor: 18 <u>years</u>            Use of proceeds: <u>Investment Plan</u>.</p>
<b>BID 2120</b>	<p>Amount: USD 450 MM            Balance to be <u>disbursed</u>: USD 120 MM            Availability <u>period</u>: 9 <u>years</u>            Until: 22-Sep-2018            Tenor: 25 <u>years</u>            Use of proceeds: Aguas Claras Park-  <u>Waste-Water Treatment Plant</u> in            Bello.</p>	<b>BNDES</b>	<p>Amount: USD 112 MM            Balance to be <u>disbursed</u>: USD 101 MM            Availability <u>period</u>: 6.5 <u>years</u>            Until: Dec-2022            Tenor: 23.5 <u>years</u>            Use of proceeds: turbines and  <u>generators</u> for the Ituango Project.</p>

**For more information, contact:** Catalina Lopez Investor Relations [investorelations@epm.com.co](mailto:investorelations@epm.com.co)  
<http://www.epm.com.co/site/investors/Home.aspx>

# Second Quarter 2017 Financial Report

## EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the periods from January 1 to June 30, 2017 and 2016  
Amounts stated in millions of Colombian pesos

	Notes	June 2017	June 2016	For the three months ended June 30, 2017	For the three months ended June 30, 2016
<b>Continued operations</b>					
Sale of goods	11	8,789	27,664	4,759	5,899
Rendering of services	11	7,076,311	7,129,357	3,579,857	3,402,093
Leases	11	36,425	30,537	20,294	15,452
Other income	12	115,854	430,501	61,983	364,956
<b>Income from ordinary activities</b>		<b>7,237,379</b>	<b>7,618,059</b>	<b>3,666,893</b>	<b>3,788,400</b>
Profit in sale of assets	11	378	3,397	245	471
<b>Total income</b>		<b>7,237,757</b>	<b>7,621,456</b>	<b>3,667,138</b>	<b>3,788,871</b>
Costs for rendering services	13	(4,729,590)	(5,739,609)	(2,430,641)	(2,662,423)
Administration expenses	14	(657,223)	(752,046)	(339,253)	(364,865)
Impairment loss recognised on trade receivables		(40,839)	(22,994)	(20,923)	(4,720)
Other expenses	15	(28,833)	(36,210)	(12,724)	(10,330)
Financial income	16.1	131,904	169,013	62,119	81,830
Financial expenses	16.2	(475,958)	(476,632)	(222,240)	(251,910)
Net exchange difference	17	70,892	299,343	(8,257)	104,864
Equity method in associates and joint business		(1,326)	(11,892)	(11,454)	42,071
Dividends on equity instruments		49,769	34,940	716	(156)
<b>Profit before tax</b>		<b>1,556,553</b>	<b>1,085,369</b>	<b>684,481</b>	<b>723,232</b>
Income tax expense		(479,155)	(520,339)	(219,177)	(289,874)
<b>Result of the period after taxes of continued operations</b>		<b>1,077,398</b>	<b>565,030</b>	<b>465,304</b>	<b>433,358</b>
Discontinued operations		-	-	-	-
<b>Profit for the period before net movement in balances of deferred regulatory accounts</b>		<b>1,077,398</b>	<b>565,030</b>	<b>465,304</b>	<b>433,358</b>
Net movement in balances of net regulatory accounts related to the result of the period		(33,246)	39,928	(23,850)	38,972
Net movement in deferred tax related to deferred regulatory accounts related to the results of the period		10,039	(12,174)	7,191	(11,692)
<b>Profit for the period and net movement in balances of deferred regulatory accounts</b>		<b>1,054,191</b>	<b>592,784</b>	<b>448,645</b>	<b>460,638</b>
<b>Other comprehensive income, net of taxes</b>					
<b>Items that will not be reclassified subsequently to the result of the period:</b>					
New measurements of defined benefit plans		14,350	9,034	8,204	9,424
Equity investments measured at fair value through equity		385,116	411,368	202,687	87,203
Income tax related to components that will not be reclassified		(38,510)	(25,879)	(20,268)	(941)
Equity method in associates and joint ventures business		-	3,611	-	3,611
		<b>360,956</b>	<b>398,134</b>	<b>190,623</b>	<b>99,297</b>
<b>Items that may be reclassified subsequently to the result of the period:</b>					
<b>Cash flow hedging</b>					
Result recognized of the period		(35,821)	21,603	(23,201)	21,603
Reclassification adjustment		(7,991)	(17,336)	94,567	(17,336)
		(27,830)	38,940	(117,769)	38,940
<b>Exchange differences for conversion of business abroad</b>					
Profit (loss) recognized in the period		28,578	(224,116)	90,246	(173,879)
		28,578	(224,116)	90,246	(173,879)
<b>Income tax related to the components that can be reclassified</b>					
		10,143	505	(13,020)	505
		<b>2,900</b>	<b>(202,008)</b>	<b>54,025</b>	<b>(151,771)</b>
<b>Other comprehensive income, net of taxes</b>		<b>363,856</b>	<b>196,126</b>	<b>244,648</b>	<b>(52,474)</b>
<b>Total comprehensive income for the period</b>		<b>1,418,047</b>	<b>788,910</b>	<b>693,293</b>	<b>408,164</b>
<b>Profit for the period attributable to:</b>					
Owners of the company		975,894	521,142	408,643	422,501
Non controlling interest		78,297	71,642	40,002	38,137
		<b>1,054,191</b>	<b>592,784</b>	<b>448,645</b>	<b>460,638</b>
<b>Total comprehensive income attributable to:</b>					
Controlling interests		1,339,747	719,941	653,314	372,724
Non controlling interests		78,300	68,969	39,979	35,440
		<b>1,418,047</b>	<b>788,910</b>	<b>693,293</b>	<b>408,164</b>

The accompanying notes are an integral part of the financial statements

# Second Quarter 2017 Financial Report

## EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2017 and December 31, 2016

Amounts stated in millions of Colombian pesos

	Notes	June 2017	December 2016
<b>Assets</b>			
<b>Non current assets</b>			
Properties, plant and equipment, net	7	29,612,884	28,266,110
Investment properties		115,498	124,589
Goodwill		2,979,659	2,918,817
Other intangible assets		1,865,245	1,870,379
Investments in associates		1,825,100	1,826,273
Investments in joint ventures		93	93
Deferred tax assets		179,805	188,293
Trade and other accounts receivables		875,639	816,128
Other financial assets		2,042,147	1,602,495
Other assets		107,339	103,786
<b>Total non current assets</b>		<b>39,603,409</b>	<b>37,716,963</b>
<b>Current assets</b>			
Inventories		413,269	393,861
Trade and other accounts receivable		2,788,594	2,522,136
Current tax assets		163,504	139,582
Other financial assets		831,114	758,094
Other assets		258,549	213,322
Cash and cash equivalents		1,088,436	1,194,499
<b>Total current assets</b>		<b>5,543,466</b>	<b>5,221,494</b>
<b>Total assets</b>		<b>45,146,875</b>	<b>42,938,457</b>
Debit balances of deferred regulatory accounts		(18,421)	15,813
Deferred tax assets related to balances of deferred regulatory accounts		5,526	-
<b>Total assets and debit balances of deferred regulatory accounts</b>		<b>45,133,980</b>	<b>42,954,270</b>
<b>Liabilities and Equity</b>			
<b>Equity</b>			
Capital		67	67
Premium on placement of shares		(25,014)	(25,014)
Reserves		3,503,700	3,604,789
Other comprehensive income		2,804,069	2,440,216
Retained earnings		11,450,176	11,235,786
Profit for the period		975,894	1,724,000
<b>Equity attributable to controlling interests</b>		<b>18,708,892</b>	<b>18,979,844</b>
Non controlling interests		829,353	803,461
<b>Total equity</b>		<b>19,538,245</b>	<b>19,783,305</b>

## EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2017 and December 31, 2016

Amounts stated in millions of Colombian pesos

	Notes	June 2017	December 2016
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Credits and loans	9	14,320,673	12,954,621
Trade and other payables		498,520	329,791
Other financial liabilities		524,138	534,823
Employee benefits		858,387	826,621
Deferred tax liabilities		2,580,032	2,488,658
Provisions	10	274,373	335,552
Other liabilities		129,800	133,654
<b>Total non current liabilities</b>		<b>19,185,923</b>	<b>17,603,720</b>
<b>Current liabilities</b>			
Credits and loans	9	2,145,114	1,893,387
Trade and other payables		2,866,519	2,328,612
Other financial liabilities		367,732	358,961
Employee benefits		194,824	219,485
Income tax payable		144,963	132,305
Taxes contributions and rates payable		167,966	164,618
Provisions	10	303,711	279,209
Other liabilities		218,983	185,924
<b>Total current liabilities</b>		<b>6,409,812</b>	<b>5,562,501</b>
<b>Total liabilities</b>		<b>25,595,735</b>	<b>23,166,221</b>
Deferred tax liabilities related to balances of deferred regulatory accounts		-	4,744
<b>Total liabilities and credit balances of deferred regulatory accounts</b>		<b>25,595,735</b>	<b>23,170,965</b>
<b>Total liabilities and equity</b>		<b>45,133,980</b>	<b>42,954,270</b>

The accompanying notes are an integral part of the financial statements

# Second Quarter 2017 Financial Report

## EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the periods from January 1 to June 30, 2017 and 2016

Amounts stated in millions of Colombian pesos

	2017	2016
<b>Cash flows for operating activities:</b>		
<b>Net, profit for the period</b>	<b>1,054,191</b>	<b>521,142</b>
<b>Adjustments to reconcile the net profit for the period to the net cash flows used in operating activities:</b>		
Depreciation and amortization of properties, plant and equipment and intangible assets	462,721	452,009
Impairment of property, plant and equipment and intangibles	61,736	183,856
Impairment of financial instruments	40,839	22,994
Reversal of loss for impairment of financial instruments	(29,071)	(3,291)
Profit for exchange difference, net	(70,892)	(130,626)
Loss for valuation of financial instruments and hedge accounting	32,124	412,009
Provisions, post-employment and long term defined benefit plans	25,640	60,742
Government subsidies applied	(459)	(530)
Deferred income tax	76,325	195,034
Current income tax	402,830	309,116
Participation in the profit of investments in associates and joint business	1,327	11,892
Interest income	(88,662)	(88,588)
Interest expense	415,212	75,569
Loss for disposal of properties, plant and equipment, intangibles and investment properties	1,132	43,048
Profit for disposal of financial instruments	(23)	-
Profit for disposal of non-current assets held for sale and other assets	-	(3,397)
Non-controlling interests	-	68,969
Dividends from investments	(49,746)	(3,914)
Other income and expenses not effective	19,050	(545,475)
	<b>2,354,274</b>	<b>1,580,559</b>
<b>Net changes in operating assets and liabilities:</b>		
(Increase)/decrease in inventories	(19,565)	(11,696)
(Increase)/decrease in debtors and other accounts receivable	(266,571)	65,648
(Increase)/decrease in other assets	(32,938)	(72,038)
Increase /(decrease) in creditors and other accounts payable	476,838	(128,368)
(Decrease)/increase in labor obligations	(4,184)	(38,006)
(Decrease)/increase in provisions	(84,295)	-
(Decrease)/increase in other liabilities	(72,735)	(90,047)
Interest paid	(570,278)	(537,088)
Income tax paid and equity tax	(323,432)	(208,343)
<b>Net cash flows originated by operating activities</b>	<b>1,457,114</b>	<b>560,621</b>
<b>Cash flows for investment activities:</b>		
Disposal of subsidiaries or business	-	(5,871)
Acquisition of property, plant and equipment	(1,908,211)	(1,776,389)
Disposal of property, plant and equipment	7,799	3,397
Acquisition of intangible assets	(31,370)	(61,252)
Disposal of intangible assets	19,345	-
Acquisition of associates and joint ventures	(73)	-
Acquisition of investments in financial instruments	(166,546)	(11,199)
Disposal of investments in financial instruments	73,741	216,913
Interest received	-	88,588
Other cash flows from investment activities	(73,911)	(21,904)
<b>Net cash flows originated by investment activities</b>	<b>(2,079,226)</b>	<b>(1,567,717)</b>
<b>Cash flows for financing activities:</b>		
Obtaining of public credit and treasury	1,857,678	3,599,072
Payments of public credit and treasury	(456,140)	(2,083,882)
Transaction costs for issuance of debt instruments	(4,261)	-
Payments of liabilities for financial leasing	-	16,832
Dividends or surpluses paid	(785,235)	(445,375)
Dividends or surplus paid to non-controlling interests	(63,902)	-
Capital Subsidies	-	115
Other cash flows from financing activities	(65,823)	-
<b>Net cash flows (used) / originated by financial activities</b>	<b>482,317</b>	<b>1,086,762</b>
<b>Net cash and cash equivalent decrease</b>	<b>(139,795)</b>	<b>79,666</b>
Effects of variations in exchange rates in the cash and cash equivalents	33,732	14,734
Cash and cash equivalent at the beginning of period	1,194,499	1,338,626
<b>Cash and cash equivalent at the end of the period</b>	<b>1,088,436</b>	<b>1,433,026</b>
Restricted resources	176,054	190,200

The accompanying notes are an integral part of the financial statements