Promigas S.A. E.S.P. and Subsidiaries
Consolidated Financial Statements
For the years ended December 31, 2020-2019
With Independent Auditor's Review Report

(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR'S REPORT

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

Opinion

I have audited the consolidated financial statements of Promigas S.A. E.S.P. (the Group), which comprise the consolidated statement of financial position at December 31, 2020 and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the above mentioned consolidated financial statements, prepared in accordance with information taken accurately from books and attached to this report, present fairly, in all material aspects, the financial position of the Group at December 31, 2020, the consolidated results of its operations, and its consolidated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the section "Statutory Auditor' Responsibilities for the Audit of the Financial Statements" of my report. I am independent of the Group in accordance with the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned. I believe that the audit evidence I have obtained is enough and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those which, based on my professional judgment, were more relevant in my audit of the consolidated financial statements of the current period. These matters were addressed by me in the context of my audit of the consolidated financial statements as a whole and when forming an opinion about the consolidated financial statements, and I do not offer a separate opinion on these matters.

<table>
<tr><td colspan="2">Evaluation of the reasonable value of the financial assets related to concession contracts (see notes 4i and 6 to the consolidated financial statements)</td></tr>
<tr><td>Key audit matter</td><td>How it was addressed in the audit</td></tr>
<tr><td>As mentioned in notes 4i and 6 to the consolidated financial statements, the Group is a part of concession contracts with the government for the construction, operation, maintenance, exploitation and management of a public service pipelines network, for a determined period.

During the construction phase, the Group recognizes a financial asset for the payments unconditionally guaranteed by the government.

The Group has designated some of the financial assets related to concession contracts to be measured on reasonable value with changes in income with posterity to the initial appreciation. At December 31, 2020, the Group has financial assets from concession contracts for $2.958.385 million, which have been measured at reasonable value and classified on level 3 of the reasonable value hierarchy.

We identified the valuation of the reasonable value of the financial assets related to concession contracts as a key audit matter because it implies a significant effort and audit judgement, including the participation of valuation professionals with specific abilities and industry knowledge.</td><td>My audit procedures to evaluate the reasonable value of the financial assets related to concession contracts included:

• Evaluation of the design and effectivity of certain internal controls established by the Group to determine the reasonable value of the financial assets that result from concession contracts. These controls include those related to: (i) review of the inputs and assumptions used; and (ii) review and approbation of the reasonable value of the assets.

• Involvement of valuation professionals with specific abilities and industry knowledge, who assisted me with: (i) valuation on if the models internally developed are consistent with the valuation practices generally used for this purpose and IFRS; (ii) comparison of WACC with a determined range using macroeconomic assumptions verified by the market; and (iii) valuation of the future inflation rates comparing them with the available market data.</td></tr>
</table>

<table>
<tr><th colspan="2">Evaluation of deterioration of commercial accounts receivable and other accounts receivable under IFRS 9 (see notes 4p and 11 to the consolidated financial statements)</th></tr>
<tr><th>Key audit matters</th><th>How it was addressed in the audit</th></tr>
<tr><td>As mentioned in notes 4p and 11 to the consolidated financial statements, the provision for deterioration of commercial accounts receivable and other accounts receivable of the Group increased to $167.399 million at December 31, 2020.

The Group measures the deterioration of its commercial accounts receivable and other accounts receivable for an amount equal to the Expected Credit Losses (ECL). Under this framework, a model of determination of deterioration has been developed based on historical loss experiences considering the days past due, and a simplified model of projection of macroeconomic factors that affect the industries of the Group and include impacts for the COVID-19 pandemic.

I identified the evaluation of deterioration of commercial accounts receivable and other accounts receivable as a key audit matter because: (i) a significant increase in credit risk occurred because of the COVID-19 pandemic and the government's decisions directly affected the Group, namely the granting of grace periods, the deferral on payments, appliance of reduced rates, and refinancing of credit obligations; and (ii) management adjusted the parameters of payment non-compliance and loss used in the deterioration for expected credit loss model.</td><td>My audit procedures to evaluate the deterioration of the commercial accounts receivable and other accounts receivable included:

• Evaluation of the design and effectivity of certain internal controls on the process established for the Group to calculate the deterioration of the commercial accounts receivable and other accounts receivable, including, among others, controls on: (i) models and assumptions used, (ii) economic prevision, and (iii) integrity and fairness of the data.

• Involvement of professionals on credit risk with specific abilities and industry knowledge and experience that assisted me with: (i) the evaluation of models and key inputs used to determine the paraments of ECL; (ii) evaluation of the macroeconomic projections and the ponderation of the probability of the scenarios; and (iii) the evaluation of the qualitative adjustments applied to the models.</td></tr>
</table>

Other matters

The consolidated financial statements at and for the year ending December 31, 2019 are submitted only for comparison purposes, were audited by me and in my report dated February 24, 2020 I expressed an unqualified opinion thereon, and included an emphasis paragraph to highlight the change of the accounting closing period to a yearly period.

Responsibilities of Management and those in charge with the Group's governance for the financial statements

Management is responsible for the fair preparation and presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control relevant that management considers necessary for the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the continuity of the Group and using the going concern accounting basis unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those in charged with corporate government are responsible for overseeing the Group's financial reporting process.

Statutory Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the users' economic decisions taken based on these financial statements.

As part of an audit conducted in accordance with ISAs, I exercise my professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to these risks, and obtain audit evidence that is enough and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of relevant internal control for to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriate use of the going concern hypothesis by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I would conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor's report to the related disclosure in the consolidated financial statements or, if such disclosure is inadequate, I must modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group ceases to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate to those charged with the Group's governance regarding, among other matters, the planned scope and timing for the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those in charge of the Group's governance the confirmation that I have complied with the relevant ethical requirements of independence and that I have communicated all relationships and other matters that could reasonably be considered to affect my independence and, when it applied, the corresponding safeguards.

Based on the matters communicated with those in charge of the Group´s governance, I determine the matters that held more importance in the audit of the consolidated financial statements of the current period and, therefore, are the key audit matters. I describe these matters in my statutory auditor's report unless the law or bylaws prevent the public divulgation of the matter or when, in extremely special circumstances, I determine that a matter should not be communicated in my report because the negative consequences of doing so would exceed the public interest benefits of the communication.

Carmen Rosa Campo Hernández
Statutory auditor of Promigas S.A. E.S.P.
Registration 67994 - T
Member of KPMG S.A.S.

February 22, 2021

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(In thousands of Colombian Pesos)

ASSETS	**Note**		**December 2020**	**December 2019**
CURRENT ASSETS:				
Cash and cash equivalents	9	$	420.470.760	250.198.025
Financial assets at fair value	10		378.807.179	215.337.060
Financial assets at amortized cost	11		1.103.769.731	1.035.196.922
Inventories	12		90.549.823	86.238.778
Advances or balances in favor from taxes			21.163.843	50.124.429
Other assets	13		197.421.865	193.092.866
TOTAL CURRENT ASSETS			2.212.183.201	1.830.188.080
Non-current assets held for sale			1.069.607	1.069.607
TOTAL CURRENT ASSETS HELD FOR SALE			2.213.252.808	1.831.257.687
LONG-TERM ASSETS:				
Financial assets at fair value	10		2.976.510.036	2.718.833.419
Financial assets at amortized cost	11		1.600.765.439	1.662.161.586
Investments in associates	14		759.989.369	714.404.339
Properties, pipelines, plant and equipment:	15		1.239.625.851	1.148.928.961
Intangible assets:				
Concessions	16		3.835.408.575	3.149.329.085
Capital gains	17		151.757.293	128.818.925
Other intangible assets	18		98.577.298	100.568.666
Total intangible assets:			4.085.743.166	3.378.716.676
Right of use	19		136.611.276	146.467.484
Investment Properties			8.177.931	7.286.279
Deferred tax asset, net	20		60.225.121	91.932.877
Other assets	12		89.002.877	56.412.096
TOTAL LONG-TERM ASSETS			10.956.651.066	9.925.143.717
TOTAL ASSETS		$	13.169.903.874	11.756.401.404
LIABILITIES				
CURRENT LIABILITIES:				
Financial obligations	21	$	353.793.678	290.923.092
Outstanding bonds	22		29.775.925	228.879.940
Accounts payable	23		578.728.089	538.207.150
Employee benefits	24		22.716.562	19.856.423
Current income tax	20		63.691.046	28.169.852
Provisions	25		-	1.805.220
Other liabilities	26		148.247.385	112.948.628
TOTAL CURRENT LIABILITIES			1.196.952.685	1.220.790.305
LONG-TERM LIABILITIES:				
Financial obligations	21		1.870.376.781	2.323.048.089
Outstanding Bonds	22		4.521.253.738	3.458.517.342
Accounts payable	23		27.528.971	20.176.270
Employee benefits	24		4.651.292	5.230.990
Provisions	25		282.006.051	294.618.459
Deferred tax liabilities, net	20		700.397.289	599.590.033
Other liabilities	26		-	60.000
TOTAL LONG-TERM LIABILITIES			7.406.214.122	6.701.241.183
TOTAL LIABILITIES			8.603.166.807	7.922.031.488
EQUITY				
EQUITY ATTRIBUTABLE TO COMPANY SHAREHOLDERS	27			
Subscribed and paid-in capital			113.491.861	113.491.861
Share placement premium			322.822.817	322.822.817
Reserves			919.938.627	713.490.402
Retained earnings			2.799.754.081	2.315.563.370
Other equity transactions			(11.556.845)	(11.556.485)
Other comprehensive income			163.229.800	139.284.021
TOTAL EQUITY ATTRIBUTABLE TO COMPANY SHAREHOLDERS			4.307.680.341	3.593.095.986
NON-CONTROLLING INTEREST	28		259.056.726	241.273.930
TOTAL EQUITY			4.566.737.067	3.834.369.916
TOTAL LIABILITIES AND EQUITY		$	13.169.903.874	11.756.401.404

The accompanying notes are an integral part of the consolidated financial statements.

Aquiles Mercado González
Legal Representative

John Jairo Rodriguez Benavides
Public Accountant
Professional License No.11628-T

Carmen Rosa Campo Hernández
Independent Auditor
Professional License No. 67994-T
Member of KPMG S.A.S.
(See my report of February 22, 2021)

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

(In thousands of Colombian pesos, except for net income per share, which is expressed in Colombian pesos)

	Note		December 2020	December 2019
Revenues from ordinary activities				
Revenues from ordinary activities			3.968.566.547	3.755.614.618
Revenues from national concession contracts			238.992.328	836.162.841
Revenues from foreign concession contracts			590.382.304	237.023.934
Total revenues from ordinary activities	29	$	4.797.941.179	4.828.801.393
Cost of sales:				
Cost of Sales			(2.556.910.050)	(2.381.570.949)
Cost of construction of national concession contracts			(204.393.331)	(836.162.841)
Cost of construction of concession contracts abroad			(195.822.115)	(237.023.934)
Total Cost of Sales	30		(2.957.125.496)	(3.454.757.724)
GROSS INCOME			1.840.815.683	1.374.043.669
Sales and administrative expenses	31		(401.931.155)	(399.967.196)
Share of profit of equity-accounted associates:				
National Associates			111.131.751	88.451.982
Foreign Associates			102.449.552	106.157.256
total share of profit of equity-accounted associates	14		213.581.303	194.609.238
Received dividends			879.728	486.238
Others, net	32		(8.060.317)	(2.391.209)
OPERATING PROFIT			1.645.285.242	1.166.780.740
Financial Revenues	33		289.234.650	245.596.775
Financial Expenses	34		(384.897.088)	(378.872.473)
Exchange Difference	35		(3.439.553)	3.706.646
EARNINGS BEFORE INCOME TAX			1.546.183.251	1.037.211.688
Income Tax	20		(359.804.003)	(181.686.526)
NET INCOME		$	1.186.379.248	855.525.162
NET INCOME ATTRIBUTABLE TO:				
Company shareholders		$	1.137.444.552	811.347.450
Non-controlling interest	28		48.934.696	44.177.712
		$	1.186.379.248	855.525.162
NET INCOME PER SHARE		$	1.002,29	714,94

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PROMIGAS S.A. E.S.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(In thousands of Colombian Pesos)

	Note	December 2020	December 2019
NET INCOME		$ 1.186.379.248	855.525.162
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not reclassified through profit or loss			
For fair value of equity instruments	10	5.321.458	(797.449)
For asset revaluation		-	1.831.129
For employee benefits	24	66.824	(461.965)
For deferred tax	20	(546.353)	234.342
		4.841.929	806.057
Other comprehensive income reclassified through profit or loss			
For currency conversion adjustment		2.116.056	(1.926.406)
For hedging transactions	10	(22.600.351)	26.292.636
For deferred tax	20	5.586.148	(9.049.368)
		(14.898.147)	15.316.862
OTHER COMPREHENSIVE INCOME FOR THE YEAR IN SUBSIDIARIES			
Other comprehensive income reclassified through profit or loss			
For currency conversion adjustment	14	30.545.786	802.862
For hedging transactions	10	5.943.909	(7.936.376)
		36.489.695	(7.133.514)
		26.433.477	8.989.405
TOTAL INCOME AND OTHER COMPREHENSIVE INCOME		$ 1.212.812.725	864.514.567

NET INCOME AND OTHER COMPREHENSIVE INCOME ATTRIBUTABLE

Company Shareholders	$ 1.161.390.331	822.117.848
Non-controlling interest	51.422.394	42.396.719
	$ 1.212.812.725	864.514.567

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PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In thousands of Colombian Pesos)

For the periods ended:	Notas	Subscribed and paid-in capital	Share placement premium	Reserves	Resultados acumulados				Other equity transactions	Other comprehensive income	Total Shareholder Equity	Non-controlling interest	Total equity
					Net income past years	Net income	First-time adoption effect	Total					
Balances as of January 1, 2019		$ 113.491.861	322.822.817	737.369.908	56.767.008	359.755.697	1.505.786.626	1.922.309.331	(11.556.425)	128.513.623	3.212.951.115	220.871.025	3.433.822.140
Share repurchase		-	-	-	-	-	-	-	(60)	-	(60)	(1.784)	(1.844)
Creation of reserves		-	-	81.976.638	(81.976.638)	-	-	(81.976.638)	-	-	-	-	-
Release of reserves		-	-	(105.856.144)	105.856.144	-	-	105.856.144	-	-	-	-	-
Declared cash dividends		-	-	-	(402.871.055)	-	-	(402.871.055)	-	-	(402.871.055)	(21.225.596)	(424.096.651)
Declared Dividends Withholding Tax		-	-	-	(12.881.853)	-	-	(12.881.853)	-	-	(12.881.853)	(6)	(12.881.859)
Transfers	27	-	-	-	359.755.697	(359.755.697)	-	-	-	-	-	-	-
Income and other comprehensive income		-	-	-	-	811.347.450	-	811.347.450	-	10.770.398	822.117.848	42.396.719	864.514.567
Equity effect adoption new IFRS		-	-	-	(26.220.009)	-	-	(26.220.009)	-	-	(26.220.009)	(766.427)	(26.986.436)
Balances as of December 31, 2019		113.491.861	322.822.817	713.490.402	(1.570.706)	811.347.450	1.505.786.626	2.315.563.370	(11.556.485)	139.284.021	3.593.095.986	241.273.931	3.834.369.917
Balances as of January 1, 2020		$ 113.491.861	322.822.817	713.490.402	(1.570.706)	811.347.450	1.505.786.626	2.315.563.370	(11.556.485)	139.284.021	3.593.095.986	241.273.931	3.834.369.917
Interest acquisition in non-controlling interest		-	-	-	-	-	-	-	(358)	-	(358)	610	252
Interest sale in non-controlling interest		-	-	-	-	-	-	-	(2)	-	(2)	-	(2)
Creation of reserves		-	-	206.448.225	(206.448.225)	-	-	(206.448.225)	-	-	-	-	-
Declared cash dividends		-	-	-	(440.321.041)	-	-	(440.321.041)	-	-	(440.321.041)	(33.640.202)	(473.961.243)
Declared Dividends Withholding Tax		-	-	-	(6.484.575)	-	-	(6.484.575)	-	-	(6.484.575)	(7)	(6.484.582)
Transfers	27	-	-	-	811.347.450	(811.347.450)	-	-	-	-	-	-	-
Income and other comprehensive income		-	-	-	-	1.137.444.552	-	1.137.444.552	-	23.945.779	1.161.390.331	51.422.394	1.212.812.725
Balances as of December 2020		$ 113.491.861	322.822.817	919.938.627	156.522.903	1.137.444.552	1.505.786.626	2.799.754.081	(11.556.845)	163.229.800	4.307.680.341	259.056.726	4.566.737.067

The accompanying notes are an integral part of the consolidated financial statements

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(See my report of February 22, 2021)

PROMIGAS S.A. E.S.P. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS
(In thousands of Colombian Pesos)

	Notes	December 2020	December 2019
Cash flows from operating activities:			
Net income		$ 1.186.379.247	855.525.162
Adjustments to reconcile net income with net cash provided by:			
operating activities:			
Depreciation	15	43.262.125	40.308.570
Amortization of intangibles	16, 18	210.001.998	154.909.478
Accrued interest	33	395.984.704	394.053.164
Accrued Yields	33	(388.534.820)	(405.004.146)
Update financial assets	33	(252.355.160)	(217.616.356)
Income by equity method	14	(213.581.303)	(194.609.238)
Impairment of:			
Inventories	12	(376.714)	1.007.143
Accounts receivable	11	50.964.345	52.084.057
Property, plant and equipment	15	1.964	-
Concessions	16	2.295.790	-
Accrued provisions	25	17.090.638	59.725.721
Exchange difference for foreign currency transactions	35	(15.320.200)	(3.707.639)
(Profit)/Loss on the sale of:			
Fixed income negotiable investments		(16.532)	-
Goods held for sale		(1.241.065)	-
Property, pipelines, plant and equipment	15	(779.914)	(54.402)
(Earnings)/Loss in derecognition of:			
Inventories	12	-	1.114.132
Property, pipeline, plant and equipment	15	11.881.492	1.094.305
Concessions	16	6.389.626	4.011.470
Other intangible assets	16, 18	783	-
Rights of Use	19	(734.513)	52.147
Valuation of:			
Investment properties		(251.560)	(500.000)
Construction contracts concessions	16	(394.560.189)	-
Income Tax		359.804.003	181.686.526
Changes in assets and liabilities:			
Accounts receivable	11	27.006.982	(151.042.027)
Inventories	12	(4.156.991)	(15.258.133)
Equity instruments through profit or loss		(148.896.111)	(44.464.248)
Hedging transactions	10	18.857.036	-
Other Assets	13	(35.624.240)	(51.084.774)
Accounts payable	23	(21.442.786)	(10.179.932)
Employee benefits	24	1.743.475	2.575.436
Provisions	25	-	(30.869.243)
Other liabilities	26	65.410.793	(11.403.343)
Income Tax	20	(175.949.953)	(193.153.559)
Received yields		358.502.295	396.435.613
Paid interests	21, 22	(425.739.862)	(395.166.177)
Net cash provided by operating activities		676.015.383	420.469.707
Cash flow from investment activities:			
Acquisition of:			
Property, plant, equipment and investment properties,	15	(93.765.120)	(47.664.228)
Investment in companies	17	(18.060.913)	-
Concessions	16	(442.403.077)	(710.361.830)
Investment properties		(639.779)	-
Other intangibles assets	18	(14.518.163)	(28.799.456)
Result from the sale of:			
Property, pipeline, plant and equipment	15	1.845.711	96.834
Assets held for sale		1.900.000	-
Excess paid for acquisition of non-controlling interest		(360)	-
Dividends received from investments in companies	14	190.614.946	159.077.477
Net cash used in investment activities		(375.026.755)	(627.651.203)
Cash flow from financing activities :			
Paid dividends		(468.437.748)	(420.621.894)
Acquisition of financial obligations	21	1.115.328.634	1.227.272.924
Payment of financial obligations	21	(1.615.113.316)	(1.646.567.015)
Bond issue	22	1.060.609.457	1.368.211.757
Bond payment	22	(199.821.000)	(355.206.000)
Non-controlling interest		610	(1.784)
Net cash used in financing activities		(107.433.363)	173.087.988
Net increase (decrease) of cash and cash equivalents		193.555.265	(34.093.508)
Effect of conversion adjustment on cash and cash equivalents		(26.818.268)	7.353.395
Effect of conversion adjustment on cash and cash equivalents		2.164.441	(2.417.743)
Mergers and demergers effect		1.371.297	-
Cash at the begining of the year	9	250.198.025	279.355.881
Cash at the end of the year		$ 420.470.760	250.198.025

The notes attached hereto are an integral part of the consolidated financial statements.

Aquiles Mercado González
Legal Representative

John Jairo Rodriguez Benavides
Public Accountant
Professional License No.11628-T

Carmen Rosa Campo Hernández
Independent Auditor
Professional License No. 67994-T
Member of KPMG S.A.S.
(See my report of February 22, 2021)

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 Company's corporate seat of the 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.

Regulatory Framework

Promigas is mainly governed by Act 142/1994, whereby the Public Utilities Regime is established, CREG Resolution 071/1999, whereby the Single Regulation for Natural Gas Transportation (RUT, for its Spanish acronym) in Colombia is established, 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 Companies charge their 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. BASIS OF ACCOUNTING

2.1 Technical Normative Framework

The consolidated 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, 2170/2017, 2483/2018, 2270/2019, and 1432/2020. The CFRS applicable in 2020 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 those officially translated into Spanish and issued by the IASB in the second half of 2018.

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

2.2 Functional and Presentation Currency

The items included in these consolidated financial statements are presented using "Colombian pesos". All information is expressed in thousands of pesos rounded up to the nearest unit.

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 2020	December 2019
Closing	3,432.50	3,277.14

Monthly averages:

December 2020			December 2019		
January	$	3,317.37	January	$	3,161.91
February		3,408.24	February		3,115.15
March		3,870.01	March		3,125.34
April		3,986.56	April		3,155.22
May		3,863.34	May		3,310.49
June		3,693.00	June		3,256.02
July		3,660.60	July		3,208.11
August		3,788.10	August		3,406.18
September		3,749.86	September		3,399.62
October		3,833.06	October		3,437.73
November		3,680.67	November		3,411.42
December		3,468.50	December		3,383.00

Below is a detail of the functional and presentation currency of the Company and its subsidiaries:

	Functional Currency
Subsidiaries:	
Surtidora de Gases del Caribe S.A. E.S.P. (Surtigas)	Colombian Peso
Transoccidente S.A. E.S.P.	Colombian Peso
Gases de Occidente S.A. E.S.P.	Colombian Peso
Transportadora de Metano E.S.P. S.A. (Transmetano)	Colombian Peso
Compañía Energética de Occidente S.A. E.S.P.	Colombian Peso
Promioriente S.A. E.S.P.	Colombian Peso

Sociedad Portuaria El Cayao S.A. E.S.P.	United States Dollar
Gases del Pacífico S.A.C.	United States Dollar
Gases del Norte del Perú S.A.C.	United States Dollar
Orión Contac Center S.A.S.	Colombian Peso
Promisol S.A.S.	Colombian Peso
Zonagen S.A.S.	Colombian Peso
Promisol México S.A. de C.V.	Mexican Peso
Enlace Servicios Compartidos S.A.S.	Colombian Peso
Promigas Perú S.A. (1)	United States Dollar
Associates:	
Gases del Caribe S.A. E.S.P. (Gas Caribe)	Colombian Peso
Energía Eficiente S.A. E.S.P.	Colombian Peso
Gas Natural de Lima y Callao S.A.C.	United States Dollar
Concentra Inteligencia en Energía S.A.S.	Colombian Peso

The Company and its subsidiaries' functional currency was determined based on the analysis of the main economic environment where the entity operates. 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.

(1) As of December 2020, Gas Comprimido del Perú S.A.C. changed to Promigas Peru S.A. as a result of the corporate expansion strategy.

2.3 Bases of Measurement

The consolidated 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.
- Investment properties measured at fair value.

3. CRITICAL JUDGMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

Promigas and its subsidiaries' management makes estimates and assumptions that affect the amounts recognized in the consolidated 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 consolidated 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 consolidated financial statements is included in the following notes.

- Note 4 (e) - Note 5 (b)(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 2 (2.2) Determining the functional currency of Promigas requires judgment.
- Note 4 (a) – Determining control over investees.
- Note 4 (p) - 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.

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, 2020, is included in the following notes.

- Note 4 (p) - Note 5 (b) (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 (p) - impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
- Note 4 (j) - recognition of concession agreements.
- Note 6 - Determining the fair value of financial instruments with important unobservable inputs.
- Note 24 - Measurement of defined benefit obligations: key actuarial assumptions.
- Note 20 - Recognition of deferred tax assets: availability of future tax gains against which extendable tax losses can be offset.
- Notes 4 (o) - recognition and measurement of provisions and contingencies: key assumptions about the probability and magnitude of an outflow of resources.

(Continues)

4. SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies and bases established below have been applied consistently in preparing the consolidated financial statements in accordance with the Colombian Financial Reporting Standards (CFRS).

a) Bases of Consolidation

According to the Colombian Financial Reporting Standards, the Company must prepare consolidated financial statements. Separate financial statements are the basis for dividend allocation and other appropriations by the shareholders. Consolidated financial statements are presented to the General Meeting of Shareholders for information purposes only.

Consolidation of Subsidiaries

According to International Financial Reporting Standard (IFRS) 10 – Consolidated Financial Statements, the Company must prepare consolidated financial statements with controlled entities. The Company has control over another entity if, and only if, it meets the following elements:

- Power over the investee, giving the parent company current ability to direct any relevant activities of the former that may significantly affect its performance.
- Exposure or right to variable returns from its involvement with the investee.
- Ability to use its power over the investee to influence the amount of investor returns.

Such consolidated financial statements as of December 31, 2020 and 2019, include the financial statements of Promigas S.A. E.S.P. and its subsidiaries (hereinafter "the Companies"), understanding as subsidiaries the companies whose decision-making power is directly or indirectly subject to the will of Promigas.

In this process, the Company consolidates the assets, liabilities and results of the entities in which it determines control, prior homogenization of its accounting policies and conversion into Colombian pesos of foreign subsidiaries.

The consolidation process involves the elimination of intercompany transactions and unrealized profits between them. The share of non-controlling interests in subsidiaries is presented in equity separately from the equity of the Company shareholders.

For the translating process of financial statements of foreign subsidiaries whose functional currency is the United States Dollar and the Mexican Peso, the Company converts assets and liabilities into Colombian pesos at the exchange rate current on the closing date of the reported period; the income statement is converted at the average exchange rate for the year; and equity at its respective historical rate. The resulting net adjustment is included in equity as "translation adjustment of financial statements" under "other comprehensive income".

The consolidated financial statements hereto include assets, liabilities, equity and income of the Company and its subsidiaries.

The consolidated financial statements hereto include the following companies:

Gases del Pacífico 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 energy, hydrocarbons derived from oil, coal and other fuels. The company is headquartered in the city of Lima, Peru.

Gases del Norte del Perú 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 energy, hydrocarbons derived from oil, coal and other fuels. The company is headquartered in the city of Piura, Peru.

Promigas Perú S.A. – Formerly Gas Comprimido del Perú S.A. until November 18, 2020. Its purpose is the sale of Compressed Natural Gas (CNG) operating in the regions of Piura and Lambayeque in northern Peru since June 2009. The company's main address is the city of Piura in Peru .

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. It is headquartered in the city of Cartagena.

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.

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.

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.

Gases de Occidente S.A. E.S.P. consolidates with the following companies:

- *Orión Contac Center S.A.S.* - Its corporate purpose is the provision of call center and contact center services; the provision of business process outsourcing; and the provision of personalized attention services for any type of business. It is headquartered in the city of Santiago de Cali.

- *Compañía Energética de Occidente S.A. E.S.P.* - On June 28, 2010, the Company entered into a Management Agreement with Cedelca S.A. E.S.P., for the purpose of assuming at its own risk and expense the administrative, operational, technical and commercial management, the investment, expansion of coverage, reconditioning and preventive and corrective maintenance of the infrastructure and other activities required for the provision of electric power distribution and trading services in the Department of Cauca. The execution of the Management Agreement was on August 1, 2010, and has a 25-year term. The Management agreement is governed by the laws of the Republic of Colombia, particularly Act 142/1994, Public Utilities Regime, and Act 143/1994, Regime for the generation, interconnection, transmission, distribution and tradeoff electric power nationwide, whereby authorizations are granted and other provisions on electric power are established. It is headquartered in the city of Popayan.

Promisol S.A.S. - The corporate purpose of the Company is to provide natural gas compression and dehydration services and any other service related to the natural gas industry and any business directly related to these activities; implement energy management systems, develop energy diagnostics and prepare and implement on-site or distribution of energy generation projects; change or replace technology, predictive energy maintenance programs and comprehensive advisory in energy management; and purchase, sale, distribution, exploitation, trade of products and professional and technical 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.

Promisol S.A.S. controls the following companies:

- *Zonagen S.A.S.* - The corporate purpose of the Company is the generation, transmission and distribution of energy to partner or affiliated companies members of or economically affiliated to it. It is headquartered in the city of Barranquilla.

- *Promisol México S.A. de C.V.* - Its corporate purpose is the implementation of energy management systems, development of energy audits, design and implementation of on site or distributed generation projects, change or distribution of technologies, predictive energy maintenance programs and comprehensive consulting on energy management, purchase, sales, purchase, distribution, exploitation, trade of products, professional and technical services. It is headquartered in Mexico City, Federal District.

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

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

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.

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.

The Company's interest in its subsidiaries is as follows:

Company	**December 2020**			**December 2019**		
	Direct	**Indirect**	**Total**	**Direct**	**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.	92.97%	7.03%	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%
Promigas Perú S.A. (1)	100.00%	0.00%	100.00%	0.00%	0.00%	0.00%
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%

(1) See note 8. Business combination.

Below is the total value of assets, liabilities and equity of the companies included in the consolidation as of:

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

Company		Assets	Liabilities	Equity
December 31, 2020				
Surtigas S.A. E.S.P.	$	1,285,184,272	621,653,620	663,530,652
Transoccidente S.A. E.S.P.		16,173,843	3,839,594	12,334,249
Promioriente S.A. E.S.P.		681,253,186	252,803,573	428,449,613
Transmetano E.S.P. S.A.		321,788,025	117,492,410	204,295,615
Gases de Occidente S.A. E.S.P.		1,146,914,522	805,260,070	341,654,452
Compañía Energética de Occidente S.A. E.S.P.		770,842,765	648,767,109	122,075,656
Orión Contac Center S.A.S.		5,922,249	2,641,560	3,280,689
Promisol S.A.S.		352,203,900	256,953,096	95,250,804
Promisol México S.A. de C.V.		66,376	-	66,376
Gases del Pacífico S.A.C.		1,623,463,827	1,317,742,966	305,720,861
Gases del Norte del Perú S.A.C.		282,800,775	247,488,653	35,312,122
Promigas Perú S.A.		91,166,785	89,179,082	1,987,703
Zonagen S.A.S.		11,329,564	10,047,334	1,282,230
Enlace Servicios Compartidos S.A.S.		16,704,286	3,152,119	13,552,167
Sociedad Portuaria El Cayao S.A. E.S. P	$	1,318,066,870	1,068,781,908	249,284,962
December 31, 2019				
Surtigas S.A. E.S.P.	$	1,200,944,330	628,061,107	572,883,223
Transoccidente S.A. E.S.P.		16,373,371	4,517,884	11,855,487
Promioriente S.A. E.S.P.		691,838,886	254,485,745	437,353,141
Transmetano E.S.P. S.A.		299,520,337	110,040,707	189,479,630
Gases de Occidente S.A. E.S.P.		1,119,048,389	826,840,024	292,208,365
Compañía Energética de Occidente S.A. E.S.P.		702,128,363	590,480,145	111,648,218
Orión Contac Center S.A.S.		6,402,193	3,569,508	2,832,685
Promisol S.A.S.		347,599,895	238,596,932	109,002,963
Promisol México S.A. de C.V.		122,126	41,236	80,890
Gases del Pacífico S.A.C.		777,635,628	769,554,312	8,081,316
Gases del Norte del Perú S.A.C.		5,087,302	13,445	5,073,857
Zonagen S.A.S.		13,689,757	10,928,425	2,761,332
Enlace Servicios Compartidos S.A.S.		15,793,581	2,742,245	13,051,336
Sociedad Portuaria El Cayao S.A. E.S.P	$	1,359,321,614	1,145,141,712	214,179,902

Below are the revenues, earnings before taxes, income tax and net income for the period of the companies included in the consolidation of the periods ended December 31, 2020 and 2019:

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

Company		Revenue	Earnings before taxes	Income tax	Net Income
December 31, 2020					
Surtigas S.A. E.S.P.	$	938,525,792	127,943,624	(31,405,863)	96,537,761
Transoccidente S.A. E.S.P.		6,936,551	4,642,996	(1,475,040)	3,167,956
Promioriente S.A. E.S.P.		164,442,875	117,260,658	(36,374,883)	80,885,775
Transmetano E.S.P. S.A.		79,586,247	57,567,436	(18,031,375)	39,536,061
Gases de Occidente S.A. E.S.P.		1,169,422,254	141,796,342	(37,218,272)	104,578,070
Compañía Energética de Occidente S.A. E.S.P.		500,977,535	79,035,566	(26,525,679)	52,509,887
Orión Contac Center S.A.S.		11,206,476	1,364,607	(418,276)	946,331
Promisol S.A.S.		82,914,259	14,711,049	(3,484,235)	11,226,814
Promisol México S.A. de C.V.		-	(13,464)	-	(13,464)
Gases del Pacífico S.A.C.		662,845,469	319,203,365	(96,706,353)	222,497,012
Gases del Norte del Perú S.A.C.		101,119,724	42,289,406	(12,115,365)	30,174,041
Promigas Perú S.A.		19,271,611	(3,079,868)	935,838	(2,144,030)
Zonagen S.A.S.		8,573,090	(1,602,734)	123,632	(1,479,102)
Enlace Servicios Compartidos S.A.S.		5,366,589	561,255	(60,425)	500,830
Sociedad Portuaria El Cayao S.A. E.S.P		256,295,531	52,888,340	(10,751,001)	42,137,339
December 31, 2019					
Surtigas S.A. E.S.P.	$	976,807,203	103,684,692	(26,366,843)	77,317,849
Transoccidente S.A. E.S.P.		6,793,397	4,087,543	(1,379,534)	2,708,009
Promioriente S.A. E.S.P.		168,026,862	115,437,586	(32,971,771)	82,465,815
Transmetano E.S.P. S.A.		64,284,623	47,276,646	(7,822,435)	39,454,211
Gases de Occidente S.A. E.S.P.		1,135,288,941	132,118,850	(30,636,294)	101,482,556
Compañía Energética de Occidente S.A. E.S.P.		439,097,378	63,675,450	(21,839,390)	41,836,060
Orión Contac Center S.A.S.		9,335,639	822,385	(268,690)	553,695
Promisol S.A.S.		148,169,715	23,382,334	(8,725,316)	14,657,018
Promisol México S.A. de C.V.		-	(44,606)	-	(44,606)
Gases del Pacífico S.A.C.		392,008,722	(16,377,818)	1,216,211	(15,161,607)
Gases del Norte del Perú S.A.C.		-	(309,769)	-	(309,769)
Zonagen S.A.S.		9,704,946	(506,761)	119,450	(387,311)
Enlace Servicios Compartidos S.A.S.		3,943,561	(195,948)	(1,769)	(197,717)
Sociedad Portuaria El Cayao S.A. E.S.P		248,727,903	45,509,982	(13,310,349)	32,199,633

(Continues)

a) Investments in Associates

Investments of the Company and its subsidiaries 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 according to which the investment is initially recorded at cost, and is subsequently adjusted for changes in the investor's share in the net assets of the investee. Net income and the other comprehensive income of the investee is included by the investor according to its share of profit.

b) Dividends

Revenue from dividends is recognized when the right of the Company and its subsidiaries 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.

c) Business combinations

In the Company and its subsidiaries, the acquisition of control is recognized in the consolidated financial statements through the "acquisition method". Under this method, the acquisition price is distributed among the identifiable assets acquired, including any intangible assets and assumed liabilities, on the basis of their respective fair values.

When non-controlling minority interests remain in the acquisition of control of the entity, said minority interests are recorded at the discretion of the Company and subsidiaries at fair value, or at the proportional share of current ownership instruments, in the recognized amounts of identifiable net assets of the acquired entity.

The difference between the price paid plus the value of non-controlling interests and the net value of the assets and liabilities acquired determined as indicated above, is recognized as capital gains.

Capital gains recorded are not subsequently amortized, but are subject to an annual evaluation for impairment. In addition, the income statement accounts of the acquired entity are included in the consolidated financial statements as of the date on which the acquisition was legally effective.

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 and subsequent measurement 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 and its subsidiaries 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 recorded as debit to profit and loss under financial expenses.

Financial liabilities are only derecognized from the statement of financial position 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.

Transactions with Derivate Instruments

A derivative is a financial instrument whose value changes over time based on an underlying variable, 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, 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 and the risk objective and strategy for undertaking the hedge relationship. The Company also documents their 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.

The Company's fair value hedge with a derivative financial instrument that meets the hedge accounting conditions is accounted for considering the following:

- the gain or loss from remeasuring the hedging instrument at fair value (for a derivative hedging instrument) should be recognized through profit or loss; and

- the hedging gain or loss adjusts the book value of the hedged item and is recognized through profit or loss.

If the fair value hedge is fully effective, the gain or loss from the hedging instrument exactly offsets the gain or loss on the hedged item attributable to the risk being hedged and there is no net effect on the gain or loss. However, if there is any ineffectiveness, it is recognized through profit or loss.

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.

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, the Company and its subsidiaries document the relationship between the hedging instrument and the hedged item, together with the risk management objectives and the strategy for carrying out various hedging transactions. Additionally, at the beginning of the hedge and on an ongoing basis, Company and its subsidiaries document 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 in profit or loss.

f) Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash and bank balance that are subject to an insignificant risk of change in value, and are used by the company and its subsidiaries in the management of short-term commitments.

g) Property, plant and equipment

Recognition and Measurement

Elements of property, plant and equipment 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 and its subsidiaries includes the cost of materials and direct labor; 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.

In the pre-operational stage, the Company and its subsidiaries may capitalize a percentage of the salaries and per diem of the personnel directly associated with the project and of positions that given their nature allow optimizing the costs incurred in the initial stages of the project and make it possible to carry out the project through decision making.

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 its subsidiaries and the estimate of their useful life:

	Años
Pipelines	70
Constructions and buildings	50
Machinery, equipment and tools	10
Transportation fleet and equipment	5
Computer and communication equipment	3-5
Furniture, fixtures and office equipment	2-10
Major spare parts	Associated with the component

Disposals

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

Loan Costs

The company and its subsidiaries capitalize on 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 three (3) months of construction and/or assembly to get ready for its intended use or sale.

These loan costs will be capitalized as part of the cost of the asset, provided that they will likely give rise to future financial benefits for the entity and can be measured reliably.

h) 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 lives assigned to intangible assets are

Group	**Useful life**
Prepaid expenses	In accordance with the provision of the service
Licenses	3 to 5 years
Software	3 to 5 years
Easements	50 years
Patents	20 years
Designs and Models	10 years
Other intangibles	5 to 20 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 and its subsidiaries record as expenses for the period all research costs, as well as any development costs where the technological and commercial feasibility thereof cannot be established.

i) Concession Agreements

The Company and its subsidiaries recognize 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 the Company and its subsidiaries, 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.

Based on the above, rights in concession agreements are recorded by the company and its subsidiaries as follows:

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

ii. 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 and its subsidiaries are 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.

iii. In addition, cumulative disbursements during the construction phase of the project are recognized as intangible assets and amortized. In the pre-operational stage, the Company and its subsidiaries will be able to capitalize a percentage of the salaries and per diem of the personnel directly associated with the project and of positions that by their nature allow optimizing the costs incurred in the initial stages of the project and make it possible to carry out the project through decision making.

Useful Life

Promigas and its subsidiries have signed concession agreements with the Colombian state. The useful life of the assets associated with said agreements is determined by their duration. Although to date Promigas does not yet have any renewal for the agreements close to expiry, there is other evidence that allows us to conclude that these agreements will be renewed and has to do with the approval of the rates that will generate the revenue for the next 20 years. However, the compressor stations included in the assets under concession are segregated by component and are amortized over the useful life detailed below, without exceeding the term of the concession:

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

Pipelines	In accordance with the concession agreement of the asset.
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.

j) 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. The net realizable value is the estimated selling price in the ordinary course of business less trading and distribution expenses.

<u>In-transit inventory</u>
In-transit inventories must be recognized as of the date the company assumes the risks and benefits inherent to their ownership.

Major or important spare parts as tangible assets or under concession
Items such as spare parts, reserve equipment and auxiliary equipment associated with property, plant and equipment or infrastructure under concession will be recognized as tangible assets or assets under concession when they meet the following criteria:

- They are associated with property, plant and equipment, have a useful life of more than one year and their unit value exceeds 372 UVT
- They are piplines
- They are elements with an amount greater than 372 UVT associated with gas pipelines, compressor stations and regulating stations

Otherwise, these items will be classified as inventories or expenses as appropriate.

k) 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.

l) Prepaid Expenses

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.

m) Leases

Lessor
Leases will be classified as finance lease when they transfer substantially all the risks and benefits inherent to the property. Otherwise they will be classified as operating leases.

The Company determines whether a lease is a finance or operating lease depending on the economic essence and nature of the transaction and not on the form of the contract.

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Lessee
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.

Lessors that are both manufacturers or distributors of the leased goods
In cases where the Company acts as lessor and at the same time as manufacturer or distributor of the leased goods, it will recognize the proceeds of the sale under the guidelines of IFRS 15.

n) Taxes

Income Tax

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

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 evaluate 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 and its subsidiaries make their 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, associates, and joint ventures, when the company and its subsidiaries can control the reversal opportunity of temporary differences 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 affiliates, 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 and its subsidiaries reconsider 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 and its subsidiaries intend to adopt them or will likely adopt them.

(Continues)

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 and its subsidiaries expect to recover assets or settle liabilities.
The Company and its subsidiaries review 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 and its subsidiaries' 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 and its subsidiaries offset 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.

o) Provisions

A provision is recognized if it is the result of a past event, the company and its subsidiaries have 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 and its subsidiaries 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.

"Smart Pig or Smart Tool" Provision

By regulation, Promigas, Transmetano and Promioriente must perform inspections on the infrastructure to determine the maintenance plan to follow; therefore, the amount required for such inspection is annually estimated and debited from profit and loss account. The estimate is determined as follows:

- First, take the value paid under this item (part of this value is in dollars and another part in pesos).
- The part of the value paid in dollars is indexed with projections of the CPI (consumer price index) in the United States and then converted into pesos with the exchange rate projected for the date of the next inspection. The part payable in pesos is indexed with projections of the CPI in Colombia.
- Macroeconomic projections are reviewed at the beginning of each year, or at the Companies' discretion if they determines any volatility in the variables used, to adjust the provision.

For reasons of good practices, the Company and its subordinates carry out these inspections of its own infrastructure; however, the cost of the inspection is recognized in the carrying amount of the item property, plant and equipment as a replacement at the time of its realization, if the conditions for its recognition are satisfied.

p) Impairment

Financial assets

The company and its subsidiaries apply the impairment model for Expected Credit Loss (ECL). Under this scheme, the company and its subsidiaries have developed a provision determination model based on the historical loss experiences of the company and its subsidiaries, taking into account the days in default, and a simplified projection model for macroeconomic factors that affect the industry of each company.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 and its subsidiaries will assess at the end of the period whether there are any signs of impairment on the asset. If any, the company and its subsidiaries 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 goodwill 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.

q) Revenue from contracts with customers

The company and its subsidiaries recognize 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 and its subsidiaries expect 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 company and its subsidiaries’ performance 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 and its subsidiaries’ 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 and its subsidiaries meet a performance obligation by delivering the promised goods or services, they create 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 and its subsidiaries recognize revenue when they transfer 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 and its subsidiaries evaluate their revenue plans based on specific criteria to determine whether to act as principal or agent. Revenue is recognized to the extent that the economic benefits are likely to flow to the company and its subsidiaries and if revenues and costs, if any, are likely to be reliably measured.

(Continues)

Below is a description of the main activities through which the company and its subsidiaries generate revenue from contracts with customers:

Utilities

The contracts between a customer and the Company for the provision of utilities for the distribution and transportation of gas and the distribution of energy establish the rates and terms of the service. The company and its subsidiaries determined that their 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 and its subsidiaries determine that their performance obligations (construction, operation and maintenance) have been met over time and measures its progress in the activation of the project. The company and its subsidiaries consider 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 and its subsidiaries apply 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, the company and its subsidiaries also gain revenues that contain components found in IFRS 15, such as charging fees.

r) 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.

s) 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. Additionally, the interest revenues and expenses are included, which are recognized using the effective interest method and the exchange difference.

t) Recognition of Costs and Expenses

The company and its subsidiaries recognize their 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.

u) 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 and its subsidiaries' common shares by the weighted average of common shares outstanding during the period, adjusted by the Company's own maintained shares.

v) 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 financial statements.

- Gas transportation
- Gas distribution
- Integrated solutions for the industry and power generation
- Power distribution
- 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 Companies are 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 Companies' Boards of Directors are responsible for establishing and supervising the risk management structure of Promigas.

The Companies' risk management policies are provided in order to identify and analyze the risks faced, 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 and its subsidiaries.

The Companies, through management standards and procedures, aim 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 Promigas and its subsidiaries are devaluation, inflation and interest rate.

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 are contracted provided that future dollar sale rates are greater than or equal to the macroeconomic bases budgeted by the Companies.

With respect to inflation, IBR and DTF and other interest rates, the Companies are exposed given that most of the 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 Companies; 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.

 (Continues)

As for the vulnerability to exchange rates, each project is analyzed independently to determine its exposure and the strategy to be implemented, which could be through the contracting of derivatives or the implementation of hedge accounting. 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 Companies are exposed to variations in the exchange rate produced by transactions in several currencies, mainly in US Dollars. The risk of variation in the exchange rate of foreign currency arises from assets, liabilities, revenues, 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. As of December 31, 2020 and 2019, assets and liabilities denominated in foreign currency, expressed in Colombian pesos are:

		December 2020		**December 2019**	
		Dollars	**Thousands of pesos**	**Dollars**	**Thousands of pesos**
Assets	$				
Cash and cash equivalents		3,450,204	10,295,409	2,650,094	8,684,728
Investments in equity instruments		-	-	70,390	230,679
Financial asset by portfolio at Amort. C.		47,433,539	141,541,680	48,922,872	160,327,101
Other receivables		48,366,786	144,326,490	13,222,268	43,331,222
Other assets		-	-	143,673,274	470,837,432
Total assets		99,250,529	296,163,579	208,538,898	683,411,162
Liabilities					
Liabilities		(249,684,594)	(745,058,829)	(413,620,760)	(1,355,493,139)
Total liabilities	$	(249,684,594)	(745,058,829)	(413,620,760)	(1,355,493,139)
Net asset (liability) position		150,434,065	(448,895,250)	(205,081,862)	(672,081,977)

Revenues received by the Companies 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:

Variable	**Scenario**	**Devaluation**	**Impact**		**Value (in millions)**
Exchange Rate	Bajo	+ 4.00%	Ebitda	$	30,259
			Net Income /Equity		20,878
	Medio	0.00%	Ebitda		-
			Net Income /Equity		-

Alto	- 4.00%	Ebitda		(30,259)
		Net Income /Equity	$	(20,878)

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

The Company and its subsidiaries, through their risk strategy, aim to cover the risk exposure of its financial items caused by the variation in the USD/COP exchange rate, which include:

- Income from the gas transportation and distribution service with part of the regulated rate indexed in US dollars
- Existing financial liabilities in foreign currency that are updated to their equivalent in dollars using the closing rates

The effects of the aforementioned transactions are recognized in profit or loss and to mitigate them the Company and its subsidiaries take hedging positions through forward non-delivery contracts, designating cash flow and fair value hedges and thus avoid the impact on the budget of revenue, expenses and cash flows.

To cover revenue, as many forward contracts are taken as business days of the month, to be negotiated (settled) daily with different agreed rates. At the end of each month, the average rates of the settled forwards contracts simulate the average rate of the hedged income.

To cover the exchange difference for financial liabilities, forwards are contracted by agreeing a fixed exchange rate until the time of their cancellation, mitigating the impacts on the results of the period.

Hedging instruments are periodically valued, reflecting the hedged position with changes in other comprehensive income or in profit or loss for the period, for cash flow and fair value hedges, respectively.

To measure the expected efficiency at the beginning of the hedge and during the term of the hedge, the Mark to Market - MtM valuation and the Dollar Offset methodology are used under an efficiency range of 80 to 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.

(Continues)

d. Credit Risk

Promigas S.A. E.S.P., Surtigas S.A. E.S.P., Gases de Occidente S.A. E.S.P. and Compañía Energética de Occidente S.A. E.S.P., through its non-bank financing Program – Brilla, are exposed to credit risk, which consists of the debtor causing a financial loss for not fulfilling its obligations. Credit risk exposure arises as a result of activities of the Brilla program and transactions with counterparties that lead to financial assets, executed by gas and energy distributors where the program runs.

The maximum exposure to credit risk is the amount of the commitments, reflected in the book value of financial assets and in the Companies' 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 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, users must have finished paying the gas connection or have a debt less than three hundred thousand pesos.

The Companies calculate the portfolio provision considering the expected loss applied to standard IFRS 9. For monitoring and measuring the portfolio, the Companies have 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 Companies assess 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 and it subsidiaries 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
- Accounts receivable from energy
- 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.

In order to define the stage of the portfolio, Promigas and its subsidiaries have defined the following guidelines:

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 Promigas and subsidiaries policy.

Promigas and its subsidiaries have 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 $2,553 are assigned to economic strata 1 through 3 and an average of $4,050 for strata 4 through 6, considering 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.

e. Liquidity Risk

Liquidity risk is related to the inability of meeting obligations to creditors, for which purpose the Companies review 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.

f. Interest Rate Risk

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

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

Therefore, the Companies periodically review 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 and its subsidiaries contract loans indexed to DTF, CPI, IBR, Libor and Fixed Rate; in addition, issues of ordinary bonds in COP are indexed to the CPI and issues in USD at a fixed rate. As for the consolidated financial debt as of December 31, 2020, it consisted of 5.2% DTF, 36.6% IPC, 9.0% IBR, 8.4% UVR, 6.6% Libor and 34.2% Fixed Rate.

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	3.27%	Net Income /Equity	$	(925,092)
DTF	Medium	4.27%	Net Income /Equity		-
	High	5.27%	Net Income /Equity	$	925,092

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 are considered. The result will be reflected through profit or loss on the following periods.

CPI fluctuation effects:

Variable	Scenario	Rate	Impact		Value
	Low	4.54%	Net Income /Equity	$	(8,307,033)
CPI (1)	Medium	5.54%	Net Income /Equity		-
	High	6.54%	Net Income /Equity	$	8,307,033

(1) Includes effect of UVR variation correlated with the CPI variation as a consequence of the issuance of local ordinary bonds indexed in UVR.

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 are considered, with respect to the medium scenario.

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

Libor fluctuation effects:

Variable	Scenario	Rate	Impact		Value US $
	Low	1.94%	Net Income /Equity	$	(372)
Libor	Medium	2.94%	Net Income /Equity		-
	High	3.94%	Net Income /Equity	$	372

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 are considered, with respect to the medium scenario.
IBR fluctuation effect:

Variable	Scenario	Rate	Impact		Value US $
	Low	2.90%	Net Income /Equity	$	(1,604,963)
IBR	Medium	3.90%	Net Income /Equity		-
	High	4.90%	Net Income /Equity	$	1,604,963

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 are considered, with respect to the medium scenario.

6. DETERMINING FAIR VALUE

Some of the Company and its subsidiaries' accounting policies and disclosures require fair value measurement of both financial and non-financial assets and liabilities.

The Company and its subsidiaries have 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 IFRS that are in line with those established by the Financial Superintendence. Promigas and its subsidiaries use a variety of methods and assume 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. The fair value of non-current assets held for sale is determined by independent experts using the replacement cost method minus damages.

Promigas and its subsidiaries develop 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 and its subsidiaries have 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 Companies. 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 entity 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 the Companies. Promigas and its subsidiaries consider 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 Estimate of Financial Assets under Concession

Promigas and its subsidiaries designate 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:

Impact earnings before taxes	**High**	**Low**
	Figures in millions	
Discount Interest Rates	(80,311)	83,734
Gradual growth into perpetuity	50,203	(48,504)
	%	
Discount Interest Rates	(5.2%)	5.4%
Gradual growth into perpetuity	3.2%	(3.1%)

The valuations of financial assets are considered at level III 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 IFRS 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 and its subsidiaries measured at fair value on a recurring basis as of:

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

		December 2020		December 2019	
		Level 2	**Level 3**	**Level 2**	**Level 3**
Assets					
Hedging operations receivable	$	8,942,106	-	3,799,950	-
Debt instruments through profit or loss		3,096,901			
Equity instruments through profit or loss		366,768,172	-	211,537,110	-
Financial instruments at fair value through profit or loss		300,000	-	300,000	-
Equity instruments through OCI		17,824,949	-	12,503,491	-
Long-term financial assets debtors			2,958,385,088	-	2,706,029,928
Investment properties		-	8,177,931	-	7,286,279
	$	396,932,128	2,966,563,019	228,140,551	2,713,316,207
Liabilities					
Creditors for hedging liability position	$	23,140,718	-	1,543,006	-

Promigas and its subsidiaries have 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. Derivatives from foreign currency and free sale derivatives hedging contracts are included. As Level 2 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. These are the financial assets recognized at fair value for the sale obligation of the residual interest of the infrastructure at the end of the concession agreements.

Assets reflected in the Company and its subsidiaries' 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 the 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 and its subsidiaries recognize an intangible asset by the consideration for the construction services.

Management has 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 and come of its subsidiaries 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 and its subsidiaries periodically review the Level 3 valuations and consider 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 and its subsidiaries conduct the tests once again and consider which are the results of the model that historically are more in line with actual market transactions.

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

		Investment Properties	Financial Assets by Pipelines Under Concession
Balance as of January 1, 2019	$	4.101.669	2.488.413.572
Capitalized purchases or expenses (net)		53.481	217.616.356
Adjustments to fair value through profit or loss		500.000	-
Adjustments to fair value through OCI		1.831.129	-
Transfers		800.000	-
Balance as of December 31, 2019	$	7.286.279	-
Capitalized purchases or expenses (net)		640.092	-
Adjustments to fair value through profit or loss		251.560	252.355.160
Balance as of December 31, 2020	$	8.177.931	2.958.385.088

7. DISCLOSURE OF IMPACTS CAUSED BY THE COVID-19 PANDEMIC IN THE REPORTING PERIOD

The appearance of COVID-19 and its rapid spread worldwide in the second quarter of 2020 has resulted in a series of circumstances with adverse effects on the social and economic environment in the countries where Promigas and its subsidiaries operate and do business. Governments have had the need to implement controls to try to mitigate the rapid spread of the virus, such as ordering preventive confinements, restricting mobility and transportation, suspending or regulating the provision of non-essential services, promoting and disseminating strict sanitary measures, and promote changes in the traditional employee work scheme, among others, which involves major changes to the usual dynamics in which Promigas and its subsidiaries have provided its services to the public, and a continuous evaluation of the areas that may be affeced as the pandemic continues and the governments respond to its evolution. The global impact includes economic slowdown, which is closely monitored by Promigas and its subsidiaries, constantly evaluating the effects on its operations and businesses.
For the year ended in December 2020, this situation continued to be monitored by the management of Promigas and its subsidiaries, evaluating any adverse effect on their operating results, financial position, and cash flow, and taking appropriate measures to minimize any unfavorable impacts that may arise during the 2020 financial year.

As of December 31, 2020, the issues listed below have been evaluated, which in some cases have generated impacts on the financial statements and operations of Promigas and its subsidiaries, and continue to be monitored by management after the reporting period and until the issuance of these financial statements to address their effects on the operations of Promigas and its subsidiaries and their customers.

Impairment of financial instruments - Loan portfolio, other receivables and others

Financial instruments that are within the scope of the expected credit loss (ECL) model of IFRS 9 (loans, trade accounts and other receivables, debt instruments not measured at fair value through profit or loss, contractual assets “including concession arrangements of financial asset model”, lease receivables, financial guarantees and loan commitments) have been evaluated considering the impacts that COVID-19 is having on the ECL due to the measures adopted by the Governments in the countries and regions where Promigas and its subsidiaries operate.

The impacts that have been generated in Promigas and its subsidiaries in relation to the impairment of financial instruments are based on the following aspects:

- ECL Measurement, by degree of default and changes in the allocation of credit risk of financial instruments, incorporating analysis of COVID effects and causing an impact on impairment, going from measurement for 12 months (stage 1) to measurement for the remaining life of the instrument (stages 2 and 3) for those with changes in the degree of default and an increase in credit risk from the initial measurement.
- Credit risk, with varying behavior for the entities in the customer portfolio, increasing in the case of customers whose businesses have been negatively affected.
- The amount at risk (exposure by default), taking into account that the affected debtors of some entities of Promigas and its subsidiaries have stopped making payments or are taking longer to pay, mainly due to relief schemes ordered by different governments.
- The estimated loss for loans that are evaluated individually, resulting from the lower recovery of flows taking into account the impact caused by COVID-19.
- Macroeconomic aspects considered when preparing scenarios and models for calculating the provisioning, where some of the variables have been weakened due to the effects of COVID on the economy.

The calculation of expected losses due to credit risk incorporated, as of the second quarter of 2020, updates of the forward-looking information projections, in line with the effects of the decisions that Governments continue to make regarding COVID-19, and considering the high level of uncertainty in terms of their intensity and duration. The projection information has been based on the best available information that has been obtained, considering the different geographical areas of operation of Promigas and its subsidiaries, and taking into account the effects on the customers of the different companies, who are exposed to different risks and situations. As of December 2020, the behavior of the portfolio has stabilized, taking the decision to deactivate the COVID-19 considerations in terms of the parameters of the expected credit loss evaluation model.

When considering forward-looking information based on macroeconomic variables, Promigas and its subsidiaries updated the scenarios used and the probabilities assigned to them at the end of December 31, 2020, with the effects shown in the following tables:

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

Colombia

Macroeconomic variables used to calculate the ECL (one-year projection)

	2019			March 2020 before COVID-19			June 2020 after COVID-19		
	Scenario A	**Scenario B**	**Scenario C**	**Scenario A**	**Scenario B**	**Scenario C**	**Scenario A**	**Scenario B**	**Scenario C**
Inflation	2.46%	3.38%	4.07%	2.07%	3.28%	4.79%	2.61%	3.30%	3.79%
Interest rate	3.50%	4.25%	5.25%	3.50%	4.50%	5.25%	1.75%	2.00%	2.75%
GDP growth	2.17%	3.22%	4.19%	2.18%	3.11%	3.77%	(0.53%)	0.75%	1.72%
Housing prices	(3.29%)	0.96%	7.03%	0.07%	1.94%	4.08%	(2.68%)	(0.40%)	1.68%
Unemployment rate	11.12%	10.22%	9.30%	12.81%	11.96%	11.13%	18.46%	16.65%	14.76%

	September 2020 after COVID-19			December 2020 after COVID-19		
	Scenario A	**Scenario B**	**Scenario C**	**Scenario A**	**Scenario B**	**Scenario C**
Inflation	2.50%	3.00%	3.40%	1.40%	1.51%	1.29%
Interest rate	1.50%	2.00%	2.80%	1.75%	1.75%	1.75%
GDP growth	0.90%	2.20%	4.40%	5.95%	6.47%	5.64%
Housing prices	(2.30%)	1.00%	4.70%	(2.35%)	0.49%	4.38%
Unemployment rate	17.90%	14.80%	11.90%	17.18%	16.58%	17.94%

Peru

	2019			March 2020 before COVID-19			June 2020 after COVID-19		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Delinquency	2.49%	2.17%	3.14%	3.36%	0.20%	6.52%	3.39%	0.23%	6.55%
GDP growth	3.35%	3.58%	2.89%	3.10%	5.42%	0.78%	1.75%	4.07%	(0.57%)
Inflation	2.40%	2.24%	2.71%	2.20%	0.64%	3.76%	2.30%	0.74%	3.86%
Exchange rate	3.40%	3.37%	3.46%	3.39%	3.09%	3.69%	3.40%	3.10%	3.70%
Balance payments	1.90%	2.21%	1.28%	1.70%	4.80%	(1.40%)	1.70%	4.80%	(1.40%)
Balance of trade	3.10%	3.42%	2.46%	2.65%	5.86%	(0.56%)	2.65%	5.86%	(0.56%)
Unemployment rate	6.65%	6.52%	6.90%	7.20%	5.93%	8.47%	7.30%	6.03%	8.57%

	September 2020 after COVID-19			December 2020 after COVID-19		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Delinquency	3.46%	0.30%	6.62%	4.88%	1.72%	8.04%
GDP growth	(2.33%)	0.00%	(4.65%)	4.00%	6.37%	1.63%
Inflation	2.10%	0.54%	3.66%	2.00%	0.47%	3.53%
Exchange rate	3.43%	3.13%	3.73%	3.50%	3.20%	3.79%
Balance payments	1.70%	4.80%	(1.40%)	1.10%	4.11%	(1.91%)
Balance of trade	2.65%	5.86%	(0.56%)	3.70%	6.82%	0.58%
Unemployment rate	7.20%	5.93%	8.47%	8.80%	7.54%	10.06%

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

Weighting of probabilities assigned to the scenarios

Colombia

	Scenario A	Scenario B	Scenario C
As of December 31, 2019	23.30%	60.00%	16.60%
As of March 31, 2020	35.00%	53.30%	11.60%
As of June 30, 2020	28.30%	53.30%	18.30%
As of September 30, 2020	28.30%	53.30%	18.30%
As of December 31, 2020	55.00%	21.67%	23.33%

Peru

	Scenario A	Scenario B	Scenario C
As of December 31, 2019	80.00%	10.00%	10.00%
As of March 31, 2020	68.27%	15.87%	15.87%
As of June 30, 2020	68.27%	15.87%	15.87%
As of September 30, 2020	68.27%	15.87%	15.87%
As of December 31, 2020	68.27%	15.87%	15.87%

As seen in the tables above, the macroeconomic variables and scenarios were adjusted to reflect the impacts of COVID-19 and the weights assigned to each scenario were recalibrated based on the expectations resulting from the information available at the date of the projections.

Promigas and its subsidiaries continue to permanently monitor information to identify possible impacts to ECLs on time.

The impairment balances for each quarter of 2020 are detailed below:

		December 2020	September 2020	June 2020	March 2020	December vs September Variation	September vs June Variation	June vs March Variation
Brilla	$	27,090,989	19,101,687	23,010,395	21,349,377	7,989,302	(3,908,708)	1,661,018
Gas		59,659,916	46,649,690	53,877,152	45,564,660	13,010,226	(7,227,462)	8,312,492
Electricity		78,671,696	75,592,054	74,451,128	67,800,483	3,079,642	1,140,926	6,650,645
Other receivables	$	1,976,921	9,872,718	8,478,346	8,534,724	(7,895,797)	1,394,372	(56,378)
Total		167,399,522	151,216,149	159,817,021	143,249,244	16,183,373	(8,600,872)	16,567,777

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

The table above summarizes the total balance of the provision by portfolio for each quarter of 2020.

The portfolio impairment expense (recovery) for each quarter of 2020 is detailed below:

		December 2020	September 2020	June 2020	March 2020	December vs September Variation	September vs June Variation	June vs March Variation
Brilla	$	9,216,502	1,185,048	5,630,032	2,337,672	8,031,454	(4,444,984)	3,292,360
Gas		12,782,089	4,154,676	16,388,453	4,483,713	8,627,413	(12,233,777)	11,904,740
Electricity		2,195,152	2,052,195	7,089,371	4,010,994	142,957	(5,037,176)	3,078,377
Other receivables		1,313,101	1,309,930	266,995	1,191,367	3,171	1,042,935	(924,372)
Total	$	25,506,844	8,701,849	29,374,851	12,023,746	16,804,995	(20,673,002)	17,351,105

The above table summarizes the expense (recovery) for impairment by portfolio types for each quarter of 2020.

Customer reliefs

The actions taken or suggested by the governments of the countries where Promigas and its subsidiaries operate have promoted reliefs for customers (companies or individuals) during 2020 in relation to loans or loan agreements in force, which have involved the renegotiation of their terms, including, among others, granting grace periods, deferring installments, extending terms and increasing credit limits. The reliefs delivered to customers in Colombia were granted the month following the issuance of the invoice for the provision of the service once the non-payment of the user was identified.

The table below summarizes the volume of relief granted by portfolio in socioeconomic strata 1, 2, 3 and 4 and its effects on the results of Promigas and its subsidiaries in Colombia and users in Peru with receipts pending payment that include some consumption of up to 20 m3/month:

Distribution companies in Colombia

Compañía Energética de Occidente S.A. E.S.P.

May	**Brilla and Electricity**
Number of loans with relief granted	95,782
% Number of loans with relief / Total loans	20.39%
Impact on income statement (pesos)	80,663,943

June	**Brilla and Electricity**
Number of loans with relief granted	155,661
% Number of loans with relief / Total loans	33.04%
Impact on income statement (pesos)	70,903,036

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

July	**Brilla and Electricity**
Number of loans with relief granted	173,300
% Number of loans with relief / Total loans	36.69%
Impact on income statement (pesos)	54,739,884

August	**Brilla and Electricity**
Number of loans with relief granted	186,467
% Number of loans with relief / Total loans	39.36%
Impact on income statement (pesos)	36,612,305

Surtigas S.A. E.S.P.

May	**Brilla and gas**
Number of loans with relief granted	364,070
% Number of loans with relief / Total loans	42.96%
Impact on income statement (pesos)	554,591,029

June	**Brilla and gas**
Number of loans with relief granted	418,055
% Number of loans with relief / Total loans	49.30%
Impact on income statement (pesos)	447,895,279

July	**Brilla and gas**
Number of loans with relief granted	462,829
% Number of loans with relief / Total loans	54.55%
Impact on income statement (pesos)	513,958,083

August	**Brilla and gas**
Number of loans with relief granted	499,718
% Number of loans with relief / Total loans	58.75%
Impact on income statement (pesos)	469,073,979

Gases de Occidente S.A. E.S.P.

May	**Brilla and gas**
Number of loans with relief granted	223,246
% Number of loans with relief / Total loans	17.80%
Impact on income statement (pesos)	254,515,737

(Continues)

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

June	Brilla and gas
Number of loans with relief granted	326,500
% Number of loans with relief / Total loans	25.97%
Impact on income statement (pesos)	230,787,794

July	Brilla and gas
Number of loans with relief granted	385,254
% Number of loans with relief / Total loans	30.57%
Impact on income statement (pesos)	227,415,472

August	Brilla and gas
Number of loans with relief granted	427,845
% Number of loans with relief / Total loans	33.87%
Impact on income statement (pesos)	240,373,332

As of December 31, 2020, the companies have offered the discount lines established in the aforementioned decree, generating impacts on the recognition of a lower income in the following amounts:

Compañía		Monto
Gases de Occidente S.A. E.S.P.	$	3,462,579
Surtigas S.A. E.SP.		2,142,790
Compañía Energética de Occidente S.A.S. E.SP.		718,482
	$	6,323,851

Distribution companies in Peru

Gases del Pacífico S.A.C.

June	Gas
Number of loans with relief granted	21,667
% Number of loans with relief / Total loans	15.81%
Impact on income statement (pesos)	44,627,697

July	Gas
Number of loans with relief granted	41,361
% Number of loans with relief / Total loans	29.82%
Impact on income statement (pesos)	236,518,909

August	Gas
Number of loans with relief granted	45,908
% Number of loans with relief / Total loans	32.32%
Impact on income statement (pesos)	100,011,043

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

September	**Gas**
Number of loans with relief granted	22,982
% Number of loans with relief / Total loans	13.86%
Impact on income statement (pesos)	75,630,234

Transport companies

With CREG resolution 042, transitory measures were taken in relation to modifying by mutual agreement the prices and quantities of the current gas supply and transportation contracts signed in accordance with the provisions of CREG Resolution 114 of 2017.

As a result of these negotiations, the parties mutually agreed on temporary modifications to the Transportation Contract.

As of December 31, Promigas and its subsidiafies had an impact reflected as a lower value of its revenue of $17,652,000, due to the relief granted to its customers from April to September 2020.

Other issues

Due to the effects generated during 2020, some companies of Promigas and its subsidiaries that met the requirements to access the support programs led by the National Government to deal with COVID-19 applied to receive proceeds that were recognized in the financial statements under the premises defined for government grants, including the concepts listed in the following table:

Formal Employment Support Program - PAEF

Company	Month applied	Application date		Value received	Date received
Promigas	April	29-May-2020	$	136,890	9-Jun-2020
Promisol	April	29-May -2020		17,901	9-Jun-2020
Transmetano	April	29-May -2020		8,073	4-Jun-2020
Transoccidente	April	29-May -2020		1,404	9-Jun-2020
Transmetano	May	18-Jun-2020		8,073	7-Jul-2020
Promioriente	May	19-Jun-2020		10,881	7-Jul-2020
Transmetano	June	21-Jul-2020		8,073	5-Aug-2020
Transoccidente	June	21-Jul-2020		1,404	5-Aug -2020
Promisol	June	21-Jul-2020		17,550	5-Aug -2020
Zonagen	June	21-Jul-2020		9,126	6-Aug -2020
Promisol	July	19-Aug-2020		17,550	7-Sep-2020
Promioriente	August	26-Nov-2020		11,761	17-Dic-2020
Promisol	August	26-Nov-2020		18,254	17-Dec-2020
Promisol	September	26-Nov-2020		17,903	24-Dec-2020

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

Company	Month applied	Application date		Value received	Date received
Promisol	October	26-Nov-2020		17,903	30-Dec-2020
Zonagen	August	26-Nov-2020		9,478	17-Dec-2020
Promioriente	August	26-Nov-20	$	11,761	17-Dec-20
Promisol	July	19-Aug-20		17,550	07-Sep-20
Promisol	August	26-Nov-20		18,254	17-Dec-20
Promisol	September	26-Nov-20		17,903	24-Dec-20
Promisol	October	26-Nov-20		17,903	30-Dec-20
Zonagen	August	26-Nov-20		9,478	17-Dec-20
Total			$	405,073	

Loans with subsidized rates

As of December 31, 2020, the companies listed below received the following subsidized rate loan disbursements and a 3-month grace period:

Company	Entity	Amount
Surtigas S.A. E.S.P.	FINDETER	11,009,840
Gases de Occidente S.A. E.S. P	FINDETER	7,121,636
Compañía Energética de Occidente S.A.S E.S.P.	FINDETER	5,110,932
Gases del Pacífico S.A.C. (soles)	Scotiabank Perú S.A.A. (Reactiva Perú)	10,000,000

Pension relief

In April 2020, the National Government issued Decree 558 of April 15, 2020, to temporarily reduce the contribution to the General Pension System during the months of April and May. As of December 31, 2020, the reliefs related to this decree amount to $ 1,908,734 at a consolidated level, distributed as follows:

Company		Amount
Surtidora de Gas del Caribe S.A. E.S.P.	$	357,345
Gases de Occidente S.A. E.S.P.		433,326
Compañía Energética de Occidente S.A.S E.S.P.		217,121
Promigas S.A. E.S.P.		579,203
Sociedad Portuaria El Cayao S.A. E.S.P.		53,825
Promisol S.A.S.		79086
Transportadora de Metano E.S.P. S.A.		38000
Zonagen S.A.		12243
Orión Contact Center S.A.S.		77394

 (Continues)

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

Promioriente S.A. E.S.P.	33233
Enlace Servicios Compartidos S.A.S.	27.958
	1,908,734

In July 2020, the Constitutional Court declared unconstitutional Decree 558 of April 15, 2020, which temporarily reduced the contribution to the General Pension System. Therefore, as of December 2020, a provision was made on the amounts that will be returned, which at a consolidated level amount to $1,908,734. As of the date of the reporting date, the State, through the Executive, has not yet defined the methodology of how the contributions will be reliquidated and delivered to the pension fund administrators.

As of December 31, 2020, no impairments were identified in financial assets measured at fair value, other non-financial assets, such as investments, measured by the equity method, fixed and intangible assets or inventories, there were no material impacts from the relief received as lessees in lease agreements, and no situations were identified that would have implied the appearance of present obligations arising from the effects of COVID-19 and that at that date had a high probability of outflow of resources.

8. BUSINESS COMBINATION

On July 13, 2020, Promigas S.A. E.S.P. acquired 100% of the shares of Promigas Perú S.A. (formerly Gas Comprimido del Perú S.A.), which was a company controlled by Corficolombiana S.A., thus exercising direct control over this company. This operation was carried out as part of the strategy of expansion and strengthening of the position in Peru to consolidate the leadership in the massification of natural gas in that country.
Promigas Peru S.A. is a leading company in the development of the natural gas market in northern Peru, with Piura and Chiclayo being the second and third cities respectively to have Natural Gas after Lima. As it is a complementary business not regulated through Service Stations, it will allow access to customers in a transitional efficient manner, becoming an additional source of natural gas for Gases del Pacífico S.A.C. and thus reach regions where it is not possible for the concession.

Acquisition amount
The sale price was agreed at USD $4,995,069, a sum that was paid on the closing date of the transaction, which was July 17, 2020, and converted to thousands of Colombian pesos was $18,060,920.

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

The valuation of assets and liabilities was carried out via free cash flows, the result of which was the agreed sale price:

Company Value (free cash flow)	$	22,844,000
Net Debt		(18,757,758)
Cash and Banks		424,554
Working capital		484,273
Equity value		**4,995,069**
Purchase value	$	**4,995,069**

Determining the fair value of equity

As of December 31, 2020, the Company is still in the process of obtaining the information necessary to determine the fair value of equity, which will end before July 16, 2021. This is in line with the measurement period established in paragraph 45 of IFRS 13 - Fair Value Measurement, which will not exceed one year from the acquisition date. The reasons why it has not been possible to determine the fair value are:

- Promigas Perú S.A. (formerly Gas Comprimido del Perú S.A.) was purchased from Corficolombiana S.A., a company in the financial sector, it is in the process of aligning accounting policies to the distribution segment of the gas sector within the framework of the positioning strategy in Peru.
- Business knowledge and accounting closing requirements of the last months in order to meet the schedules.
- Staff turnover as a result of the change of controlling company.

Determining capital gains

Given that the company is within the fair value measurement period of the acquired equity, the provisional amounts recorded on the closing date are detailed below:

		US Dollars	Thousands of Colombian pesos
Identifiable assets and liabilities acquired	$	(1,687,631)	(6,339,215)
Consideration transferred		4,995,069	18,060,921
Higher value paid on the acquisition date		6,682,700	24,400,136
Translation adjustment higher value paid as of December 31, 2020		-	(1,461,768)
Capital gains as of December 31, 2020	$	**6,682,700**	**22,938,368**

The value of capital gains is impaired when its carrying amount exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. It is not always necessary to determine the fair value of the asset less the costs of disposal and its value in use. If any of these amounts exceed the asset's carrying amount, the asset would not suffer an impairment in value and it would not be necessary to estimate the other amount.

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

As of December 31, 2020, an evaluation of the capital gains was conducted and it evidenced that there is no impairment.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

		December 2020	December 2019
In local currency			
Cash	$	605,328	779,607
Special funds		-	12,000
Banks (1)		161,939,411	151,176,219
Cash in local currency		162,544,739	152,630,892
In foreign currency			
Cash		191,847	77,259
Banks (1)		257,734,174	97,489,874
Cash in foreign currency		257,926,021	97,567,133
Cash and cash equivalents	$	420,470,760	250,198,025

(1) The variation is mainly presented in Gases del Norte del Perú for $145,044, which is due to resources received for loans taken for the start of the construction of the Piura project.

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

Credit Rating		December 2020	December 2019
AAA	$	184,124,039	134,348,418
AA+		42,737,749	67,614,452
AA		1,154,404	35,424
A+		190,725,331	14,547,366
BBB+		0	29,362,161
BBB		413,352	2,724,523
A		518,710	33,749
	$	419,673,585	248,666,093

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

10. FINANCIAL ASSETS AT FAIR VALUE

The balance of financial assets at fair value is as follows:

		December 2020	December 2019
Short-term			
Debt instruments through profit or loss	$	3,096,901	-
Equity instruments through profit or loss (1)		366,768,172	211,537,110
Other receivables at fair value (2)		8,942,106	3,799,950
	$	378,807,179	215,337,060
Long-term			
Equity instruments through profit or loss	$	300,000	300,000
Equity instruments through OCI		17,824,949	12,503,491
Other receivables (3)		2,958,385,087	2,706,029,928
	$	2,976,510,036	2,718,833,419

(1) Corresponds to balances that were in the collective portfolios. The variation is mainly presented by resources obtained from bond issues.

(2) Derivative instruments - Hedging derivatives:

a) *Description of the type of hedge*: Sales FWD Non-delivery, hedging cash flow of a group of highly probable forecasted transaction and and FWD Non-delivery of purchase, fair value coverage of existing items on the balance sheet.

b) *Description of financial instruments assigned as hedging instruments:* hedging cash flow of a group of highly probable forecasted transaction. Fair value hedge of existing items on the balance sheet.

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. USD/COP foreign exchange risk from the existence of accounts payable, and the valuation periods during the life of this item, until payment.

d) *Description of the periods in which the expected cash flows occur and fair value:* As of December 31, 2020, the Company and its subsidiaries has contracted 100 forwards with a weighted average of agreed strikes of $3,682.10 in USD sales and 14 forwards with a weighted average of agreed strikes of $3,704.34 in USD purchases. 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 2020, 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.

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

Below is the detail of forward contracts in local currency – Dollars:

		December 2020	December 2019
Number of operations		114	157
Nominal in dollars		95,064,982	42.897.679
Amount in pesos		358,847,449	146.465.112
Fair value:			
Assets		8,942,106	3,799,950
Liabilities (1)		(23,140,718)	(1,543,006)
Total average term in days		198	144
Average remaining term in days		144	85
Hedged item	US$	95,064,982	42,897,679

(1) See forwards liability position in Note 23. Accounts payable.

Prices specified in forward contracts of cash financial assets:

Cumulative time bands		December 2020	December 2019
Up to 1 month	$	91,175,732	62,598,445
From 2 to 3 months		60,439,997	48,689,129
From 3 to 12 months		207,231,720	35,177,538
Total	$	358,847,449	146,465,112

As of December 31, 2020 and 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, 2020 and 2019, is (31,901,884) and (18,625,388).

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.

3. Corresponds to the obligation of selling the networks and pipelines under concession to the Colombian State at the termination date of the agreements. In accordance with IFRIC 12 -Service Concession Arrangements, the Operator shall recognize a financial asset by the residual interest over the infrastructure insofar as it has an unconditional contractual right to receive from the grantor or from an entity under the latter's supervision, cash or other financial asset for the construction services, the payment of which the grantor has little or no ability to avoid, as the

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

agreement is enforceable by law. 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.

Below is the detail of financial assets for each Company:

		December 2020	December 2019
Promigas S.A. E.S.P.	$	2,341,498,876	2,142,070,670
Transmetano E.S.P. S.A.		157,724,716	143,171,805
Surtigas S.A. E.S.P.		313,023,064	287,828,868
Promioriente S.A. E.S.P.		50,478,015	45,570,796
Gases de Occidente S.A. E.S.P.		95,660,416	87,387,789
	$	2,958,385,087	2,706,029,928

11. FINANCIAL ASSETS AT AMORTIZED COST

The balance of financial assets at amortized cost is as follows:

		December 2019	December 2018
Short-term			
Debt securities	$	24,991	24,819
Accounts receivable (1)		1,050,579,074	980,210,340
Other accounts receivable (2)		58,398,458	55,403,740
	$	1,109,002,523	1,035,638,899
Long-term			
Debt securities	$	172,553	172,553
Accounts receivable (1)		1,591,443,287	1,648,080,410
Other accounts receivable (2)		9,149,599	13,908,623
	$	1,600,765,439	1,662,161,586

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

(1) Commercial accounts receivable are made up as follows:

	December 2020			December 2019		
	Third Parties	**Related Entities**	**Total**	**Third Parties**	**Related Entities**	**Total**
Short-term						
Gas transport	$ 110,308,825	3,586,926	113,895,751	104,283,020	5,999,150	110,282,170
Gas Distribution	422,634,669	1,449,011	424,083,680	374,909,735	2,642,420	377,552,155
Distribution and trade of energy	164,054,179	601	164,054,780	131,451,679	-	131,451,679
Non-bank financing	215,806,116	262,643	216,068,759	236,755,298	178,041	236,933,339
Finance lease	123,777,984	-	123,777,984	96,809,445	-	96,809,445
Other services	106,616,994	123,956	106,740,950	112,902,866	225,639	113,128,505
Doubtful debts	-	-	-	-	-	-
	1,143,198,767	5,423,137	1,148,621,904	1,057,112,043	9,045,250	1,066,157,293
Debtor impairment	(98,042,830)	-	(98,042,830)	(84,077,975)	-	(84,077,975)
	$ 1,045,155,937	5,423,137	1,050,579,074	973,034,068	9,045,250	982,079,318
Long-term						
Gas transportation	$ 4,906	-	4,906	-	-	-
Gas Distribution	230,040,689	-	230,040,689	185,023,656	-	185,023,656
Distribution and sale of electricity	27,758,246	-	27,758,246	-	-	-
Non-bank financing	174,744,774	-	174,744,774	195,954,560	-	195,954,560
Finance lease	1,105,430,674	-	1,105,430,674	1,168,020,322	-	1,168,020,322
Other services	112,164,398	-	112,164,398	147,808,712	-	147,808,712
	1,650,143,687	-	1,650,143,687	1,696,807,250	-	1,696,807,250
Debtor impairment	(58,700,400)	-	(58,700,400)	(43,678,320)	-	(43,678,320)
	$ 1,591,443,287	-	1,591,443,287	1,653,128,930	-	1,653,128,930

As of December 31, 2020 and 2019, there are no levies or restrictions on the balance of the debt account.

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

Año	**December 2020**	**December 2019**
2022	$ 429,069,144	372,107,925
2023	290,905,651	275,497,996
2024	269,941,671	241,880,317
2025	281,991,378	706,330,092
2026 onwards	378,235,843	100,990,919
	$ 1,650,143,687	1,696,807,249

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

The composition by maturity of accounts receivable is as follows:

		December 2020	December 2019
Maturity 0 - 30 days	$	2,089,060,119	2,214,078,232
Maturity 31 - 90 days		114,961,265	247,376,862
Maturity 91 - 180 days		117,363,758	70,651,875
Maturity 181 - 360 days		186,560,418	88,222,082
Maturity over 360 days		290,820,031	142,635,492
	$	2,798,765,591	2,762,964,543

(2) Other accounts receivable are as follows:

		December 2020	December 2019
Short-term			
loans granted	$	3,736,272	2,293,492
Other debts		64,566,638	53,110,247
		68,302,910	55,403,739
Debtor impairment		(9,904,452)	(1,868,977)
	$	58,398,458	53,534,762
Long-term			
loans granted	$	8,513,154	12,014,949
Other debts		1,388,286	1,893,674
		9,901,440	13,908,623
Debtor impairment		(751,841)	(5,048,520)
	$	9,149,599	8,860,103

The following is the consolidated movement of the impairment of accounts receivable and other accounts receivable:

		December 2020	December 2019
Initial balance	$	134,673.790	109,244,221
Impairment		76,277.620	63,795,774
Write-off		(17,946.806)	(25,838,630)
Refund		(25,313.275)	(11,711,717)
Recovery		-	(774,084)
Conversion adjustments		(292,610)	(41,351)
Reclassifications		804	(423)
IFRS 9 adoption effect		-	-
Final balance	$	167,399,523	134,673,790

(Continues)

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

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.

12. INVENTORIES

Below is the composition of the balances of inventories:

		December 2020	December 2019
Goods in stock	$	52.058.416	52.064.439
Materials for the provision of services		33.761.091	30.902.087
In-transit inventories		713.646	891.147
Inventories held by third parties		8.285.401	7.309.346
		94.818.554	91.167.019
Impairment of inventories		(4.268.731)	(4.928.241)
	$	90.549.823	86.238.778

To comply with paragraph 66 of IAS 1 - Presentation of Financial Statements, the Company and its subsidiaries classified inventories as current in the Statement of Financial Position as of 2020. The above, taking into account that these are acquired to be used within the normal cycle of the operation. In addition, it moved to the intangible under concession the equipment and pipes that were recognized as inventory, but which, due to their use, correspond to larger spare parts.

Below is the movement of inventory impairment:

		December 2020	December 2019
Initial balance	$	(4,928,241)	(3,975,183)
Impairment through expenses		(641,249)	(1,007,143)
Write-off		281,701	42,560
Reimbursement of impairment with payment to profit or loss		1,017,962	11,525
Conversion adjustment		1,096	-
Final balance	$	(4,268,731)	(4,928,241)

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

13. OTHER ASSETS

Below is the detail of other current assets:

		December 2019	December 2018
Short term			
Prepaid expenses		83,782,879	120,454,835
Prepayments or balances in favor for other taxes		105,096,041	68,082,394
Legal deposits		3,310,153	4,113,660
	$	192,189,073	192,650,889
Long term			
Long-term deposits		-	595,032
Long-term prepaid expenses		66.568.349	45,470,497
Advances or deferred balances in favor		22.434.528	10,346,567
		89.002.877	56,412,096

14. INVESTMENTS IN ASSOCIATES

Identification and economic activity of affiliated companies

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.

E2 - Energía Eficiente S.A. E.S.P. – Purchase, sale, production and trade of energy in any form, development or trade of products and/or services for managing risks related to the energy business, and provide comprehensive advisory services on the acquisition and use of energy. The Company is headquartered in the city of Barranquilla, Colombia. Its legal existence expires on August 6, 2104.

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.

Concentra en Inteligencia en Energía S.A.S. – Manage and administer, for commercial purposes, information of the natural gas industry and/or other substitute energy sectors, including the corresponding provision of domiciliary public utility service of gas and its complementary activities. The Company is headquartered in Bogota D.C., Colombia. The term of the Company is indefinite.

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

Below is the detail of investments in associate companies:

Company	Economic Activity	Country of Incorporation	Interest held		Book Value	Revenues Equity Method	OCI for the period
December 2020							
Gas Natural de Lima y Callao S.A.C.	Gas distribution	Peru	40.00%	$	455,703,774	102,449,552	36,800,629
Gases del Caribe S.A. E.S.P. (1)	Gas distribution	Colombia	30.99%		293,630,600	111,280,760	(302,922)
E2 - Energía Eficiente S.A. E.S.P.	Gas trading	Colombia	37.26%		10,133,373	14,513	-
Concentra en Inteligencia en Energía S.A.S.	LNG Regasification	Bogota	22.24%		521,622	(163,522)	(8,012)
					759,989,369	213,581,303	36,489,695
December 2019							
Gas Natural de Lima y Callao S.A.C.	Gas distribution	Peru	40.00%	$	435,358,580	106,157,256	(6,574,659)
Gases del Caribe S.A. E.S.P. (1)	Gas distribution	Colombia	30.99%		268,234,123	86,477,131	(543,295)
E2 - Energía Eficiente S.A. E.S.P.	Gas trading	Colombia	37.26%		10,118,860	1,867,111	-
Concentra en Inteligencia en Energía S.A.S.	LNG Regasification	Colombia	22.24%		692,776	107,740	(15,560)
					714,404,339	194,609,238	(7,133,514)

(1) In order to calculate and record the equity method, the Company recognizes the accounting principles to align the accounting policies with those of Promigas S.A. E.S.P.

The operations of investments in associates are as follows:

		December 2020	December 2019
Initial balance	$	714,404,339	689,021,050
Dividends ordered by companies		(204,485,968)	(162,092,435)
Equity method through profit or loss		213,581,303	194,609,238
Other comprehensive income in associates		36,489,695	(7,133,514)
Final balance	$	759,989,369	714,404,339

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

The dividends declared and received by associates as of December 31, 2020, are as follows:

		Declared	Received	Withholding tax dividends (1)
Gases del Caribe S.A. E.S.P.	$	85,581,362	(79,162,765)	(6,418,597)
Gas Natural de Lima y Callao S.A.C.		118,904,606	(110,638,433)	(8,266,173)
	$	204,485,968	(189,801,198)	(14,684,770)

(1) Withholding tax on dividends paid to Promigas as indicated in Act 2010 of 2019, with the exception of Gas Natural de Lima and Callao S.A.C, which corresponds to the tax provisions of Peru.

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

	Capital	Share underwriting premium	Reserves	Period Results	Retained earnings	Results for IFRS Adoption	Unrealized gains or losses (OCI)	Total equity
December 2020								
Gas Natural de Lima y Callao S.A.C.	$ 474,434,154	-	122,211,670	255,403,538	(89,693,074)	-	388,572,225	1,150,928,513
Gases del Caribe S.A. E.S.P.	1,755,369	1,260,919	38,649,222	351,284,713	218,791,724	332,521,817	(3,658,752)	940,605,012
E2 - Energía Eficiente S.A. E.S.P.	909,998	1,439,982	454,999	477,527	23,566,356	(682,535)	-	26,166,327
Concentra en Inteligencia en Energía S.A.S.	1,764,000	-	-	70,609	411,017	-	-	2,245,626
December 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
E2 - Energía Eficiente S.A. E.S.P.	909,998	1,439,982	454,999	7,182,122	16,384,233	(682,535)	-	25,688,799
Concentra en Inteligencia en Energía S.A.S.	1,764,000	-	-	159,561	251,456	-	-	2,175,017

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

15. PROPERTY, PIPELINES, PLANT AND EQUIPMENT

Below is the detail by type of property, pipelines, plant and equipment:

		December 2020			December 2019		
		Cost	Accumulated depreciation	Total	Cost	Accumulated depreciation	Total
Land	$	74,435,627	-	74,435,627	73,470,294	-	73,470,294
Construction in progress (1)		37,665,816	-	37,665,816	31,333,471	-	31,333,471
Machinery, plant & equipment in assembly		11,946,555	-	11,946,555	18,290,136	-	18,290,136
Property, plant and equipment in transit		125,928	-	125,928	-	-	-
Constructions and buildings		95,022,096	(17,144,665)	77,877,431	90,758,228	(13,849,898)	76,908,330
Pipelines and stations (2)		531,483,695	(49,109,374)	482,374,321	489,246,393	(39,984,448)	449,261,945
Networks not under concession (3)		474,481,080	(44,024,910)	430,456,170	450,342,530	(36,410,720)	413,931,810
Machinery and equipment (4)		180,849,080	(79,168,641)	101,680,439	112,951,576	(50,603,875)	62,347,701
Furniture and fixtures		15,553,250	(8,198,443)	7,354,807	14,360,159	(6,672,285)	7,687,874
Communication and computer equipment		38,492,774	(26,012,803)	12,479,971	34,088,780	(21,968,973)	12,119,807
Fleet and transportation equipment		10,590,912	(6,282,036)	4,308,876	9,532,819	(5,123,060)	4,409,759
Property improvements		453,550	(80,253)	373,297	655,917	(36,660)	619,257
		1,471,100,363	(230,021,125)	1,241,079,238	1,325,030,303	(174,649,919)	1,150,380,384
Impairment		(1,453,387)	-	(1,453,387)	(1,451,423)	-	(1,451,423)
	$	1,469,646,976	(230,021,125)	1,239,625,851	1,323,578,880	(174,649,919)	1,148,928,961

(1) The variation in construction in progress is mainly due to the capitalizable costs incurred to start up the FENIX project, a gas pipeline that will be operated under the Open Season modality.

(2) Promisol S.A.S acquired from Gases de La Guajira S.A. E.S.P. the Albania-Maicao gas pipeline for $15,997,184. Promioriente S.A. E.S.P. made adjustments for $25,720,806 in the Gibraltar gas pipeline to mitigate threat, vulnerability and risk.

(3) Gases del Norte del Perú S.A.C. purchased a gas pipeline for $20,499,660 that was owned by Enel Generación Piura S.A. and was in operation. This in order to initiate early attention to the Talara Refinery, one of its most important customers.

(4) Machinery and Equipment corresponding to Promigas Peru S.A. for $42,513,155, a company that is part of the consolidated reports of Promigas S.A. E.S.P. from 2020.

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

The movements of property, pipelines, plant and equipment are presented below:

		Land	Constructions in progress	Machinery, plant and equipment in assembly	Property, plant and equipment in transit	Constructions and buildings	Pipelines and stations	Networks not under concession	Machinery and Equipment	Furniture and fixtures	Communication and computer equipment	Fleet and transportation equipment	Leasehold improvements	Total
Cost														
Balance as of January 1, 2019	$	73,046,880	22,817,692	18,935,725	-	87,046,471	488,803,900	431,316,900	109,308,581	12,784,456	30,346,217	25,990,032	-	1,300,396,854
Purchases		624,314	33,804,400	442,207	-	-	42,980	2,391,333	2,903,153	1,534,348	4,371,170	840,924	655,917	47,610,746
Capitalized interests		-	181,304	-	-	-	-	-	-	-	-	-	-	181,304
Capitalizations		-	(22,731,242)	(635,093)	-	4,693,067	-	16,651,946	1,909,368	59,749	52,205	-	-	-
Withdrawals		-	(44,744)	(452,703)	-	-	(39,618)	(27,704)	(1,608,652)	(84,129)	(675,044)	(922,386)	-	(3,854,980)
Reclassifications (1)		(361,284)	(2,717,738)	-	-	(995,354)	439,131	10,055	413,459	45,724	(23,283)	(16,379,538)	-	(19,568,828)
Conversion adjustments		160,384	23,799	-	-	14,044	-	-	25,667	20,011	17,515	3,787	-	265,207
Balance as of December 31, 2019	$	73,470,294	31,333,471	18,290,136	-	90,758,228	489,246,393	450,342,530	112,951,576	14,360,159	34,088,780	9,532,819	655,917	1,325,030,303
Purchases		55,609	43,701,783	1,655,425	131,782	35,339	15,997,184	20,696,522	6,321,982	757,751	3,575,734	812,411	23,598	93,765,120
Capitalized interests		-	287,109	4,128	-	-	-	-	-	-	-	-	-	291,237
Recognition. lessor finance lease		-	(1,960,808)	-	-	-	-	-	-	-	-	-	-	(1,960,808)
Capitalizations		-	(33,143,603)	(2,996,362)	(1,523,421)	1,952,385	25,720,806	4,734,702	4,911,033	141,925	73,705	-	128,830	-
Withdrawals		-	(2,301,722)	(9,432,486)	-	-	-	-	(2,714,370)	(51,507)	(220,305)	(186,168)	-	(14,906,558)
Reclassifications				(551)	(153)	(278)	519,312		109,461	(33)	(110)	(153,205)	(354,795)	119,648
Tax discount		-	(397,778)					(15,314)	(585,902)	(1,235)	(12,807)			(1,013,036)
Transfer of N.C.A.H.S. (2)		-	-	-	-	-	-	-	(103,460)	-	-	-	-	(103,460)
Conversion adjustments		909,724	113,089	(179,648)	40,735	(82,006)	-	(1,277,360)	(4,874,056)	71,065	91,648	40,057	-	(5,146,752)
Balance acquired in business combinations (3)		-	34,275	4,605,913	1,476,985	2,358,428	-	-	64,832,816	275,125	896,129	544,998	-	75,024,669
Balance as of December 31, 2020	$	74,435,627	37,665,816	11,946,555	125,928	95,022,096	531,483,695	474,481,080	180,849,080	15,553,250	38,492,774	10,590,912	453,550	1,471,100,363
Accumulated depreciation														
Balance as of January 1, 2019	$	-	-	-	-	(11,698,864)	(32,720,775)	(29,078,074)	(44,281,074)	(5,432,853)	(19,184,654)	(17,167,857)	-	(159,564,151)
Depreciation		-	-	-	-	(2,232,676)	(7,268,353)	(7,332,709)	(7,401,995)	(1,307,618)	(3,416,488)	(1,104,472)	(36,660)	(30,100,971)
Withdrawals		-	-	-	-	-	4,103	4,685	1,065,887	68,612	652,570	922,386	-	2,718,243
Reclassifications (1)		-	-	-	-	95,686	577	(4,622)	17,063	6,220	84	12,269,883	-	12,384,891
Conversion adjustments		-	-	-	-	(14,044)	-	-	(3,756)	(6,646)	(20,485)	(43,000)	-	(87,931)

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

	Land	Constructions in progress	Machinery, plant and equipment in assembly	Property, plant and equipment in transit	Constructions and buildings	Pipelines and stations	Networks not under concession	Machinery and Equipment	Furniture and fixtures	Communication and computer equipment	Fleet and transportation equipment	Leasehold improvements	Total
Balance as of December 31, 2019	$ -	-	-	-	(13,849,898)	(39,984,448)	(36,410,720)	(50,603,875)	(6,672,285)	(21,968,973)	(5,123,060)	(36,660)	(174,649,919)
Depreciation	-	-	-	-	(2,456,303)	(9,124,926)	(7,623,243)	(9,564,646)	(1,364,536)	(3,727,520)	(1,164,023)	(43,593)	(35,068,790)
Withdrawals	-	-	-	-	-	-	-	1,552,320	30,568	195,635	180,745	-	1,959,268
Reclassifications	-	-	-	-	94	-	-	2,487	20	53	62,024	-	64,678
Transfer of N.C.A.H.S. (2)	-	-	-	-	-	-	-	65,887	-	-	-	-	65,887
Conversion adjustments	-	-	-	-	(17,198)	-	9,053	1,698,847	(17,686)	(51,547)	15,511	-	1,636,980
Balance acquired in business combinations (3)	-	-	-	-	(821,360)	-	-	(22,319,661)	(174,524)	(460,451)	(253,233)	-	(24,029,229)
Balance as of December 31, 2020	$ -	-	-	-	(17,144,665)	(49,109,374)	(44,024,910)	(79,168,641)	(8,198,443)	(26,012,803)	(6,282,036)	(80,253)	(230,021,125)
Impairment January 1, 2020	-	(1,451,423)	-	-	-	-	-	-	-	-	-	-	(1,451,423)
Impairment through expenses (4)	-	-	-	-	-	-	-	(1,964)	-	-	-	-	(1,964)
Reclassifications	(1,451,423)	1,451,423	-	-	-	-	-	-	-	-	-	-	-
Impairment December 31, 2020	(1,451,423)	-	-	-	-	-	-	(1,964)	-	-	-	-	(1,453,387)
Net balance													
Balance as of December 31, 2019	$ 72,018,871	31,333,471	18,290,136	-	76,908,330	449,261,945	413,931,810	62,345,737	7,687,874	12,119,807	4,409,759	619,257	1,148,926,997
Balance as of December 31, 2020	$ 72,984,204	37,665,816	11,946,555	125,928	77,877,431	482,374,321	430,456,170	101,678,475	7,354,807	12,479,971	4,308,876	373,297	1,239,625,851

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

(1) The transfer is due to the recognition of the vehicles received as a right-of-use operating lease by the adoption of IFRS 16-Leases as of January 1, 2019. These assets were recognized until December 31, 2018, as property, plant and equipment.
(2) In March 2020, a purchase and sale agreement was signed for the Citigates with Gases del Caribe S.A., for which the Company initially transferred to non-current assets held for sale. In April of the same year, the sale was completed, derecognizing the asset resulting from the negotiation.
(3) The movement of the balance acquired in a business combination corresponds to the assets acquired by the purchase of Promigas Perú S.A. (See note 8. Business combination).
(4) Impairment recorded in the machinery and equipment associated with the Riohacha - Maicao Gas Pipeline, considering that as of February 2020 it went out of service because the Company does not expect to gain future economic benefits from its use or disposal. This asset will be derecognized once the abandonment process is completed.

There are currently no restrictions regarding property, pipelines, plant and equipment.

16. CONCESSIONS

Detail of assets under concession:

		December 2020			December 2019		
		Cost	Accrued amortization	Total	Cost	Accrued amortization	Total
Lands under concession	$	31.837.849	(2.614.795)	29.223.054	30.268.154	(1.730.669)	28.537.485
Constructions in progress		580.865.537	-	580.865.537	430.010.988	-	430.010.988
Buildings under concession		44.751.485	(5.947.650)	38.803.835	42.214.200	(3.697.055)	38.517.145
Pipelines and networks		3.468.318.787	(672.488.281)	2.795.830.506	2.780.337.634	(524.808.772)	2.255.528.862
Machinery and equipment		534.880.757	(142.214.683)	392.666.074	508.470.967	(111.736.362)	396.734.605
Improvements in third-party property		343.892	(28.533)	315.359	-	-	-
		4.660.998.307	(823.293.942)	3.837.704.365	3.791.301.943	(641.972.858)	3.149.329.085
Impairment of concessions		(2.295.790)	-	(2.295.790)	-	-	-
	$	4.658.702.517	(823.293.942)	3.835.408.575	3.791.301.943	(641.972.858)	3.149.329.085

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

Below are the movements of assets under concession:

		Lands under concession	Constr. in Progress under concession	Buildings under concession	Pipelines and Networks under concession	Machinery and Equipment under concession	Improvements in third-party property under concession	Concessions
Cost								
Balance as of January 1, 2019	$	30.547.738	430.266.247	26.620.722	2.208.432.205	342.911.811	-	3.038.778.723
Additions		-	660.406.688	-	42.934.909	7.020.233	-	710.361.830
Addition capitalized interest		-	30.828.311	-	2.828.071	-	-	33.656.382
Capitalization of assets in progress		-	(718.088.855)	15.606.561	541.593.790	160.888.504	-	-
Addition of capitalized provisions		-	31.282.585	-	-	-	-	31.282.585
Withdrawals		-	(3.825.425)	-	(231.580)	-	-	(4.057.005)
Reclassifications		-	(1.648.752)	(13.083)	(14.381.865)	(1.574.698)	-	(17.618.398)
Transfers		(499.473)	285.328	-	(2.368.622)	-	-	(2.582.767)
Conversion adjustments		219.889	504.861	-	1.530.726	(774.883)	-	1.480.593
Balance as of December 31, 2019	$	30.268.154	430.010.988	42.214.200	2.780.337.634	508.470.967	-	3.791.301.943
Additions		-	384.479.618	-	57.923.459	-	-	442.403.077
Addition capitalized interest		-	21.855.324	-	2.558.680	-	-	24.414.004
Valuation of concessions in progress due to work progress (1)		-	394.560.189	-	-	-	-	394.560.189
Capitalization of assets in progress		327.910	(641.465.198)	2.537.285	611.718.039	26.881.964	-	-
Addition of capitalized provisions		-	-	-	17.707.858	1.082.212	-	18.790.070
Capitalized depreciation		-	581.708	-	-	-	-	581.708
Withdrawals		-	(313.754)	-	(7.456.948)	(2.750.153)	-	(10.520.855)
Reclassifications (2)		-	-	-	(9.281.205)	-	354.795	(8.926.410)
Transfers		-	239.428	-	(239.428)	-	-	-
Tax discount			(4.739.782)		(2.196.038)			(6.935.820)
Transfer of N.C.A.H.S. (3)		-	-	-	(769.108)	-	-	(769.108)
Conversion adjustments		1.241.785	(4.342.984)	-	18.015.844	1.195.767	(10.903)	16.099.509
Balance as of December 31, 2020	$	31.837.849	580.865.537	44.751.485	3.468.318.787	534.880.757	343.892	4.660.998.307
Accumulated amortization								
Balance as of January 1, 2019	$	(1.691.285)	-	(2.292.736)	(411.366.501)	(88.633.578)	-	(503.984.100)
Amortization		(527.500)	-	(1.404.319)	(116.093.167)	(22.461.670)	-	(140.486.656)
Withdrawals		-	-	-	45.535	-	-	45.535
Reclassifications		-	-	-	51.967	-	-	51.967
Transfers		499.473	-	-	3.084.043	(663.163)	-	2.920.353
Conversion adjustments		(11.357)	-	-	(530.649)	22.049	-	(519.957)
Balance as of December 31, 2019	$	(1.730.669)	-	(3.697.055)	(524.808.772)	(111.736.362)	-	(641.972.858)
Amortization		(910.767)	-	(2.250.595)	(148.595.836)	(31.943.027)	(28.780)	(183.729.005)
Withdrawals		-	-	-	3.217.264	913.965	-	4.131.229
Reclassifications		-	-	-	(584.829)	545.918	-	(38.911)
Transfers		-	-	-	(36.494)	36.494	-	-
Transfer of N.C.A.H.S. (3)		-	-	-	147.747	-	-	147.747
Conversion adjustments		26.641	-	-	(1.827.361)	(31.671)	247	(1.832.144)
Balance as of December 31, 2020	$	(2.614.795)	-	(5.947.650)	(672.488.281)	(142.214.683)	(28.533)	(823.293.942)
Impairment December 31, 2019		-	-	-	-	-	-	-
Impairment December 31, 2020 (4)		-	-	-	(2.295.790)	-	-	(2.295.790)
Net Balance:								
Balance as of December 31, 2019	$	28.537.485	430.010.988	38.517.145	2.255.528.862	396.734.605	-	3.149.329.085
Balance as of December 31, 2020	$	29.223.054	580.865.537	38.803.835	2.793.534.716	392.666.074	315.359	3.835.408.575

(1) In December 2020, Gases del Norte del Perú S.A.C. and Gases del Pacífico S.A.C. recognized income and costs for the construction of the distribution networks under concession. The measurement of the progress of the construction performance obligation was carried out with the so-called "resources"

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method, in which the income is recognized based on the efforts or resources of the entity to satisfy the performance obligation in relation to the expected total resources.

(2) Correspond to transfers from inventory of larger spare parts for 618,564, transfers for improvements on buildings associated with the concession that were initially recorded as PPE for (298,013), transfer of the tax discount for discounted VAT in the acquisition of real productive fixed assets for (1,013,032) and reclassification to accounts receivable of differential conversion adjustment of Promigas Perú S.A. (136,229).

(3) In March 2020, a purchase and sale agreement was signed for the Citigates with Gases del Caribe S.A., for which the Company initially transferred to non-current assets held for sale. In April of the same year, the sale was finalized, derecognizing the assets resulting from the negotiation.

(4) Impairment recorded on machinery and equipment associated with the Riohacha - Maicao Gas Pipeline, considering that as of February 2020 it went out of service because the Company does not expect to obtain future economic benefits from its use or disposal. This asset will be derecognised once the abandonment process is completed.

As of December 31, 2020 and 2019, the Company reviewed the fair value of the cash flows of the financial asset through profit or loss, which involves all the flows of the concessions including intangibles, without identifying any impairment to be recognized on them.

In the course of its operations, Promigas and its subsidiaries have the following existing concession agreements:

Concession owner	Type of business and country	Purpose	Current stage	Initial date	Construction start year	Concession end date
Gas and energy						
Surtigas S.A. E.S.P.	Gas and energy Colombia	Purchase, storage, packaging and distribution of hydrocarbon-derived gases.	Operation	03/1984 to 04/1994	1984	2034 to 2045
Transmetano S.A. E.S.P.	Gas and energy Colombia	Construction, operation and maintenance of gas transportation systems.	Operation and maintenance	08/1994	1996	2044
Promigas S.A. E.S.P.	Gas and energy Colombia	Purchase, sale, transport, distribution, exploitation and exploration of natural gas, oil and hydrocarbons in general.	Operation	05/1976 to 11/1994	1976	2026 to 2044
Promioriente S.A. E.S.P.	Gas and energy Colombia	Construction, operation and maintenance of gas pipelines.	Operation and maintenance	09/1995	1995	2026 to 2044

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Promioriente S.A. E.S.P.	Gas and energy Colombia	Construction, operation and maintenance of gas pipelines.	Operation and maintenance	09/1995	1995	2045
Gases de Occidente S.A. E.S.P.	Gas and energy Colombia	Transportation and distribution of natural gas.	Operation	08/1998	1998	2047
Compañía Energética de Occidente S.A. E.S.P.	Gas and energy Colombia	Administration, technical and commercial operation, management for the provision of electrical energy.	Construction and operation	01/2010	2010	2035
Gases del Pacífico S.A.C.	Gas and energy Peru	Purchase, sale, production, trade of energy in any of its forms.	Construction and operation	10/2013	2015	2034
Sociedad Portuaria El Cayao S.A. E.S.P.	Gas and energy Peru	Construction, maintenance and port management.	Operation and maintenance	07/2015	2015	2035
Gases del Norte del Perú S.A.C.	Gas and energy Peru	Purchase, sale, production, trade of energy in any of its forms.	Operation and maintenance	11/2019	2020	2051

Except for the agreements of Gases del Pacífico S.A.C., Gases del Norte del Perú S.A.C., Compañía Energética de Occidente S.A. E.S.P. and Sociedad Portuaria El Cayao S.A. E.S.P., 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 and its subsidiaries 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 and its subsidiaries. The term of the agreements is 50 years, renewable for 20 more years, without representing an automatic renewal, and the estimated useful 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 useful life. The extensions should proceed with the approval of the Ministry of Mines and Energy.

- Promigas and its subsidiaries have 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 and its subsidiaries 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 and its subsidiaries shall be 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 and its subsidiaries.

  Regarding the above obligation, the Government and Promigas and its subsidiaries 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 and its subsidiaries, 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 and its subsidiaries 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 and its subsidiaries 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.

Concession for the Provision of Electric Power

Compañía Energética de Occidente S.A.S. E.S.P. (CEO) was incorporated for the purpose of assuming at its own risk and expense the administrative, operational, technical and commercial management, the investment, expansion of coverage, reconditioning and preventive and corrective maintenance of the infrastructure and other activities required for the provision of electric power distribution and trading services in the Department of Cauca. The execution of the Management Agreement was on August 1, 2010, and has a 25-year term.

For the development of the purpose of the agreement, CEO received as lease the assets and possession and use of the infrastructure for the distribution and trade of public services. Upon termination of the management agreement for whatever reason, the infrastructure and assets owned by CEO will be transferred without any consideration to Centrales Eléctricas del Cauca S.A. (Cedelca), the counterparty to the management agreement, in which the National Government has shareholding interest.

CEO, as manager, shall comply with the law and regulations regarding subsidies to lower-income strata and solidarity contribution.

In signing the agreement CEO has also agreed to pay and invest in the following:

a) Monthly and during the contract term the sum of $887,000 plus VAT. These payments shall be adjusted on January 1 of each calendar year, according to the CPI variation of the previous year between January 1 and December 31, as consideration for the use of the infrastructure.
b) With the execution of the agreement, constituted rights worth $44.000.000 and purchase of assets for $ 46,236,194 payable to Cedelca S.A. E.S.P.
c) CEO has agreed to develop an investment plan, understanding such investments as those made in non-current assets (tangible or intangible) that shall serve for the expansion, replacement and improvement of the infrastructure throughout the 25-year period, worth $328,875,000.

For this agreement, CEO, acting as operator, applied the intangible asset model according to IFRIC 12 – Service Concession Agreements, considering that the compensation mechanism will be realized by charging the use if the infrastructure, even though, as Operator, it has no obligation to build but to make improvements to the infrastructure, which are recognized as they are performed as an intangible asset measured at cost.

In addition, CEO is also contractually obligated to perform corrective maintenance as part of the contractually defined investment, and recognized as part of the intangible asset.

Port Consideration Concession

Sociedad Portuaria el Cayao S.A. E.S.P. is in charge of running the first liquefied natural gas (LNG) regasification plant in Colombia, operated by a Floating Storage Regasification Unit (FSRU), since December 2016. For this purpose, a Port Concession agreement was entered into with the National Infrastructure Agency (ANI, for its Spanish abbreviation), which grants the entity the right to build, operate and maintain a port terminal. This was evaluated under the scope of IFRIC 12 – Service Concession Agreements, thus recognizing an intangible asset for its right to charge rates to users. In accordance with the reversal clause of the same agreement, this gas pipeline will be assigned free of charge and in an operational state at the end of the agreement.

Concession Gases del Pacífico S.A.C.

By Supreme Resolution No. 067-2013-EM published on October 18, 2013, the Concession of the Natural Gas Distribution System was granted by Red de Ductos de la Concesión Norte to Gases del Pacífico S.A.C., comprising the following regions: Lambayeque, La Libertad, Ancash and Cajamarca; under the terms and conditions detailed in the Concession Agreement. The main issues set out in the agreement are the following:

The term of the Concession Agreement is 21 years from the closing date (subject to extension of up to 60 years); however, by document No. 981-2016 MEM/DGH dated June 1, 2016, the General Hydrocarbons Directorate (hereinafter DGH) submitted Technical-Legal Report No. 011- 2016-MEM/DGH-DNH-DGGN, which specifies that the Concession's operating term is 19 years from the Commercial Operation (POC).

The Company will deliver an irrevocable, unconditional, joint-liability letter of guarantee of automatic performance, without exclusion benefit, which must be issued by a bank for US $20,000,000, with coverage from the closing date to 60 days after compliance with the First Connections Plan. After such date, the letter of guarantee must be for US $3,000,000. During the term of the Concession Agreement, the Company will be the owner of the Assets Under Concession, which will be transferred to the Concessionaire at the end of the Concession Agreement.

The Company may assign its contractual position in the Concession Agreement, which shall be total, including all rights and obligations.

Piura Concession

The purpose of the agreement is to establish the rights and obligations of the Parties and to stipulate the governing standards and procedures for the design, supply of goods and services, construction of the Natural Gas Distribution System by Pipeline Network, the use of the assets under concession, the provision of the Distribution Service in the Piura Region and the transfer of the assets under concession to the State upon termination of the Concession.

The responsibility of the concessionaire for the construction of the Distribution System includes all the works, installations and equipment necessary for the proper operation of the Distribution System, respecting the safety standards established in the applicable laws.

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

Additional Information Required for Concession Agreements Currently Under Construction

The following is a breakdown of the main movements of revenues and costs incurred in the stage of construction of concession agreements as of December 31, 2020 and 2019:

	Period accruals	
	Revenues	**Costs**
December 2020		
Revenues from concession agreements (1)	829,374,632	-
Construction costs incurred in the period	-	400,215,446
December 2019		
Revenues from concession agreements (2)	1,073,186,775	-
Construction costs incurred in the period	-	1,073,186,775

(1) In December 2020, Gases del Norte del Perú S.A.C. and Gases del Pacífico S.A.C. recognized income and costs for the construction of the distribution networks under concession. The measurement of the progress of the construction performance obligation was carried out with the so-called “resources” method, in which the income is recognized based on the efforts or resources of the entity to satisfy the performance obligation in relation to the expected total resources.

(2) During 2019, the Company and its subsidiaries carried out major constructions associated with the concession, mainly the project 100 MPCD $574,830,013, Loop San Mateo $95,210,499, Paiva Pipeline $83,872,202; and in 2020, project 100 MPCD $159,592,467, Variant HCA Riohacha $25,383,997.

As of December 31, 2020 and 2019, the Company and its subsidiaries 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.

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

17. CAPITAL GAINS

Capital gains generated by the purchase of companies are detailed below:

		December 2020	December 2019
Gas Natural de Lima y Callao S.A.C. (2)	$	20,912,996	20,912,996
Compañía Energética de Occidente S.A.S. E.S.P.		448,207	448,207
Gases de Occidente S.A. E.S.P.		65,577,389	65,577,389
Promioriente S.A. E.S.P.		2,845,365	2,845,365
Promisol S.A.S.		91,501	91,501
Surtigas S.A. E.S.P.		35,414,936	35,414,936
Transmetano E.S.P. S.A.		921,966	921,966
Sociedad Portuaria El Cayao S.A. E.S.P.		329,486	329,486
Transoccidente S.A. E.S.P.		234,352	234,352
Enercolsa S.A.S.		2,042,727	2,042,727
Promigas Perú S.A.		22,938,368	-
	$	151,757,293	128,818,925

As of December 31, 2020 and 2019, a financial analysis of the results of each company was performed in order to monitor financial soundness indicators that reflect whether there has been any business impairment. To determine whether capital gains impairment has occurred, the following criteria were evaluated:

- Significant decrease in the fair value of a long-term asset or cash-generating unit (CGU).
- Significant adverse changes in the way in which the long-term asset is being used or in its physical condition.
- Adverse change in legal factors or in the business environment that may affect the value of the asset.
- Cost accumulation much higher than originally expected in the acquisition or construction the asset.
- A current period or a history of operating losses in the cash movement involving ongoing losses.
- A highly likely current expectation that a long-term asset will be sold or derecognized before its estimated useful life.

No reductions were found in the value of long-term assets or the group, nor were there significant changes recognized in the legal or business environment factors that may affect the value of the asset.

The results of the recovery test yielded satisfactory figures in all the related entities. No changes or events were found indicating non-recoverability of the recognized capital gains. In addition, the Company performed an impairment test at this time and no deterioration was evident. As of December 31, 2020 and 2019, the valuation was as follows:

Figures in millions of pesos		Total valuation	Direct interest	Fair value (Book Value Promigas Separate)	Valuation free cash flow discounted (% Promigas)	Higher commercial alue over fai value
December 2020						
Gas Natural de Lima y Callao S.A.C.	$	3,692,007	40.00%	489,338	1,476,803	987,465
Gases del Caribe S.A. E.S.P.		4,346,997	30.99%	284,949	1,347,283	1,062,334
Compañía Energética de Occidente S.A.S. E.S.P.		776,586	49.00%	56,335	380,527	324,192
Gases de Occidente S.A. E.S.P.		1,890,821	94.43%	374,613	1,785,523	1,410,910
Promioriente S.A. E.S.P.		666,118	73.27%	308,283	488,089	179,807
Promisol S.A.S.		313,207	100.00%	90,278	313,207	222,929
Surtigas S.A. E.S.P.		1,099,330	99.99%	661,129	1,099,209	438,080
Transmetano E.S.P. S.A.		474,812	99.67%	201,387	473,224	271,838
Sociedad Portuaria El Cayao S.A. E.S.P.		640,312	51.00%	133,873	326,559	192,686
Gases del Pacífico S.A.C.		421,747	92.97%	60,254	392,109	331,855
Transoccidente S.A. E.S.P.		33,023	79.00%	9,678	26,088	16,410
Promigas Perú S.A.	$	36,220	100.00%	17,601	36,220	18,619
December 2019						
Gas Natural de Lima y Callao S.A.C.	$	3,804,240	40.00%	456,272	1,521,696	1,065,424
Gases del Caribe S.A. E.S.P.		4,488,981	30.99%	268,234	1,391,289	1,123,055
Compañía Energética de Occidente S.A.S. E.S.P.		742,433	49.00%	54,903	363,792	308,890
Gases de Occidente S.A. E.S.P.		1,040,652	94.43%	341,513	982,700	641,187
Promioriente S.A. E.S.P.		680,416	73.27%	323,310	498,566	175,255
Promisol S.A.S.		387,553	100.00%	109,094	387,553	278,458
Surtigas S.A. E.S.P.		823,201	99.99%	608,235	823,110	214,875
Transmetano E.S.P. S.A.		449,430	99.67%	189,770	447,838	258,068
Sociedad Portuaria El Cayao S.A. E.S.P.		681,500	51.00%	109,569	347,565	237,996
Gases del Pacífico S.A.C.		240,842	75.00%	10,757	180,630	174,569
Transoccidente S.A. E.S.P.	$	22,907	79.00%	9,600	18,096	8,496

18. OTHER INTANGIBLE ASSETS

Below is the detail of other intangible assets:

		December 2020			December 2019		
		Cost	Accumulated Amortization	Total	Cost	Accumulated Amortization	Total
Licenses		145,438,704	(72,674,463)	72,764,241	133,979,751	(55,498,897)	78,480,854
Software	$	5,259,766	(1,758,283)	3,501,483	3,556,200	(1,343,398)	2,212,802
Rights		7,113,132	(2,342,031)	4,771,101	7,062,529	(2,243,085)	4,819,444
Other intangibles		19,086,508	(1,546,035)	17,540,473	16,066,132	(1,010,566)	15,055,566
	$	176,898,110	(78,320,812)	98,577,298	160,664,612	(60,095,946)	100,568,666

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

Below is the movement of intangible assets:

		December 2020	December 2019
Cost			
Initial balance	$	160,664,612	131,327,354
Purchases		14,518,163	28,799,456
Addition capitalized interest		431,410	-
Withdrawals, sales (net)		(783)	-
Adjust audited balances		(52)	421,631
Conversion adjustments		846,748	116,171
Business combination		438,012	-
Final balance	$	176,898,110	160,664,612
Accumulated amortization			
Initial balance	$	(60,095,946)	(46,888,741)
Amortization through cost		(6,141,352)	(4,703,021)
Amortization through expenses		(12,027,498)	(8,564,601)
Adjust audited balances		23	28,235
Conversion adjustments		148,077	32,182
Business combination		(204,116)	-
Final balance	$	(78,320,812)	(60,095,946)

19. RIGHTS OF USE

Below is a breakdown by type of property, plant and equipment and concessions with right of use:

	December 2020			December 2019		
	Cost	Accumulated depreciation	Total	Cost	Accumulated depreciation	Total
Rights of use associated with property, plant and equipment						
Land	4,233,789	(545,298)	3,688,491	1,077,093	(33,674)	1,043,419
Buildings	20,091,564	(2,669,105)	17,422,459	17,705,324	(1,367,468)	16,337,856
Machinery and equipment	56,576,275	(54,315,202)	2,261,073	164,482,182	(60,882,576)	103,599,606
Transport equipment	28,125,808	(17,612,800)	10,513,008	27,286,154	(12,099,301)	15,186,853
Communication and computing equipment	219,868	(151,652)	68,216	219,868	(74,905)	144,963
	109,247,304	(75,294,057)	33,953,247	210,770,621	(74,457,924)	136,312,697
Rights of use associated with concessions						
Land	163,676	(12,020)	151,656	157,528	(5,907)	151,621
Buildings	5,247,677	(1,414,901)	3,832,776	11,274,384	(1,271,218)	10,003,166
Machinery and equipment	112,051,753	(13,378,156)	98,673,597	-	-	-
	117,463,106	(14,805,077)	102,658,029	11,431,912	(1,277,125)	10,154,787
	$ 226,710,410	(90,099,134)	136,611,276	222,202,533	(75,735,049)	146,467.484

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

Below is the breakdown of right of use assets associated with property, plant and equipment and concessions:

		Land	Buildings	Machinery and equipment	Transport equipment	Communication and computing equipment	Land associated with the concession	Buildings associated with the concession	Machinery and equipment associated with the concession	Total rights of use
Cost										
Balance as of January 1, 2019	$	-	-	-	-	-	-	-	-	-
Addition of new finance leases		17,643	1,538,149	4,365,422	13,281,991	110,618	-	294,849	-	19,608,672
Withdrawals, sales and derecognitions		(912,159)	(1,297,479)	(8,102,480)	(4,742,647)	-	(29,665)	-	-	(15,084,430)
Reclassifications (1)		-	(46)	56,216,072	17,056,875	-	-	(178,815)	-	73,094,086
Effects of adopting IFRS changes		1,971,609	17,459,841	112,053,505	1,781,542	109,250	187,193	10,691,312	-	144,254,252
Conversion adjustments of transactions in foreign subsidiaries		-	4,859	(50,337)	(91,607)	-	-	467,038	-	329,953
Balance as of December 31, 2019	$	1,077,093	17,705,324	164,482,182	27,286,154	219,868	157,528	11,274,384	-	222,202,533
Addition of new finance leases		2,700,655	3,162,681	-	892,481	-	-	363,852	-	7,119,669
Addition of current finance leases		80,774	1,537,237	5,492,696	749,688	-	6,148	219,692	-	8,086,235
Withdrawals, sales and derecognitions		-	(2,725,243)	(1,638,409)	(1,061,143)	-	-	(7,281,191)	-	(12,705,986)
Reclassifications		-	-	(112,051,753)	-	-	-	108	112,051,753	108
Conversion adjustments of transactions in foreign subsidiaries		(361,230)	(20,214)	291,559	105,487	-	-	670,832	-	686,434
Audited balance adjustments		(87)	(51)	-	153,141	-	-	-	-	153,003
Balance acquired in business combinations (2)		736,584	431,830	-	-	-	-	-	-	1,168,414
Balance as of December 31, 2020	$	4,233,789	20,091,564	56,576,275	28,125,808	219,868	163,676	5,247,677	112,051,753	226,710,410
Accumulated depreciation										
Balance as of January 1, 2019	$	-	-	-	-	-	-	-	-	-
Depreciation through profit or loss		(56,676)	(1,381,047)	(4,038,094)	(4,693,539)	(74,905)	(5,907)	(1,149,292)	-	(11,399,460)
Withdrawals, sales and derecognitions		23,002	55,560	-	4,578,921	-	-	-	-	4,657,483
Reclassifications (1)		-	(33,513)	(56,855,376)	(11,991,345)	-	-	(124,817)	-	(69,005,051)
Conversion adjustments of transactions in foreign subsidiaries		-	(8,468)	10,894	6,662	-	-	2,891	-	11,979
Balance as of December 31, 2019	$	(33,674)	(1,367,468)	(60,882,576)	(12,099,301)	(74,905)	(5,907)	(1,271,218)	-	(75,735,049)
Depreciation through profit or loss		(280,758)	(1,577,963)	(314,885)	(5,942,450)	(76,747)	(6,113)	(1,151,276)	(6,947,282)	(16,297,474)
Withdrawals, sales and derecognitions		-	645,647	534,151	845,984	-	-	1,184,086	-	3,209,868
Reclassifications		-	-	6,430,874	-	-	-	(108)	(6,430,874)	(108)
Capitalized depreciation		-	-	-	(409,981)	-	-	(171,727)	-	(581,708)
Conversion adjustments of transactions in foreign subsidiaries		39,683	(16,047)	(82,766)	15,920	-	-	(4,658)	-	(47,868)
Audited balance adjustments		33	43	-	(22,972)	-	-	-	-	(22,896)
Balance acquired in business combinations (2)		(270,582)	(353,317)	-	-	-	-	-	-	(623,899)
Balance as of December 31, 2020	$	(545,298)	(2,669,105)	(54,315,202)	(17,612,800)	(151,652)	(12,020)	(1,414,901)	(13,378,156)	(90,099,134)
Net balance										
Balance as of December 31, 2019	$	**1,043,419**	**16,337,856**	**103,599,606**	**15,186,853**	**144,963**	**151,621**	**10,003,166**	**-**	**146,467,484**
Balance as of December 31, 2020	$	**3,688,491**	**17,422,459**	**2,261,073**	**10,513,008**	**68,216**	**151,656**	**3,832,776**	**98,673,597**	**136,611,276**

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

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

(2) The movement of the balance acquired in a business combination corresponds to the assets acquired by the purchase of Promigas Perú S.A. (See note 8. Business combination).

20. DEFERRED TAX

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

		December 2020	December 2019
Deferred tax assets, net	$	60,225,121	91,932,877
Deferred tax liabilities, net		(700,397,289)	(599,590,033)
Net deferred tax	$	(640,172,168)	(507,657,156)

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

Below is the detail of the movement of deferred income tax:

	December 2018	Credited (debited) to profit and loss	Credited (debited) to OCI	OCI conversion adjustment	Recognized directly through equity	December 2019	Credited (debited) to profit and loss	Credited (debited) to OCI	Recognized directly through equity	December 2020
Credit portfolio	$ (34,907,592)	(5,893,898)	-	-	(81)	(40,801,571)	9,086,615	-	-	(31,714,956)
Concession agreements	24,146,151	(3,265,569)	-	-	-	20,880,582	(602,223)	-	-	20,278,359
Biological asset	-	-	-	-	-	-	-	-	-	-
Fiscal losses	39,740,234	1,508,195	-	-	-	41,248,429	16,550,506	-	81,431	57,880,366
Excess of presumptive income	119,788	52,195	-	-	-	171,983	12,972	-	-	184,955
Non-deductible liability provisions	18,442,016	11,482,949	-	-	-	29,924,965	16,490,109	-	-	46,415,074
Difference between accounting and tax values of property, plant and Equipment	41,781,447	25,642,742	-	-	-	67,424,189	6,625,228	-	-	74,049,417
Lease agreement	2,717,811	(2,031,203)	-	-	13,289,280	13,975,888	(244,733)	-	-	13,731,155
Provision of investment commitment	43,978,563	24,716	-	-	-	44,003,279	158,229	-	-	44,161,508
Employee benefits	296,124	(617,727)	37,567	-	-	(284,036)	891,551	(14,550)	-	592,965
Valuation of derivatives	4,289,467	(2,791,703)	(1,552,215)	-	-	(54,451)	(51,913)	106,364	-	-
Goodwill	-	859,462	-	-	-	859,462	(436,552)	-	-	422,910
Deferred charges	540,498	(540,498)	-	-	-	-	694,304	-	-	694,304
Financial assets	(472,403,522)	(13,871,946)	-	-	-	(486,275,468)	(43,829,118)	-	-	(530,104,585)
Valuation of equity investments	(15,982,492)	(1,785,215)	270,009	-	-	(17,497,698)	222,664	(1,758,795)	-	(19,033,829)
Cost of property, plant and equipment	(103,409,861)	(40,710,396)	-	-	-	(144,120,257)	12,136,379	-	-	(131,983,878)
Cost of intangible assets	(41,976,817)	2,746,808	-	-	-	(39,230,009)	(30,288,641)	-	-	(69,518,650)
IFRS15 construction service margin	-	-	-	-	-	-	(118,853,579)	-	1,945,475	(116,908,104)
Valuation of derivatives	618,423	(442,783)	619,276	-	-	794,916	(79,716)	167,163	-	882,363
Others	8,828,202	979,657	(8,189,663)	-	(295,555)	1,322,641	(8,138,384)	7,443,728	(829,526)	(201,541)
	$ (483,181,560)	(28,654,214)	(8,815,026)	-	12,993,644	(507,657,156)	(139,656,302)	5,943,909	1,197,380	640,172,168

Income Tax:

The Company and its subsidiaries are subject to an income tax with a rate as of December 31, 2020 and 2019, of 32% and 33%, respectively. The mentioned rate is applicable to the highest of the net income or the presumptive income. To calculate the presumptive income, 0.5% of the net worth of the previous year was applied.

The subsidiaries Gases del Pacífico S.A.C. and Gases del Norte del Perú S.A.C., as of December 31, 2020 and 2019, are subject to an income tax of 30%; Zonagen S.A.S. and Sociedad Portuaria El Cayao S.A. E.S.P., as of December 31, 2020 and 2019, were subject to an income tax of 20%.

As of December 31, 2019 and 2018, the Company and its subsidiaries 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.

As of December 31, 2020 and 2019, Zonagen S.A.S. and Sociedad Portuaria El Cayao calculated and recorded the provision for income tax based on presumptive income.

Taxable years 2015, 2016, 2017, 2018 and 2019 are open for review by the tax authorities of Promigas S.A. E.S.P., Promisol S.A.S., Promioriente S.A. and Sociedad Portuaria El Cayao. For Gases de Occidente S.A. E.S.P., Surtigas S.A. E.S.P, Transmetane E.S.P. S.A., Transoccidente S.A. E.S.P. and Enlace Servicios Compartidos S.A.S., are open for review by the authorities for taxable years 2017, 2018 and 2019; and for Zonagen S.A.S., the years 2016, 2017, 2018 and 2019. For Compañía Energética de Occidente S.A. E.S.P., the income statements subject to control by the DIAN correspond to the years 2014, 2016, 2017, 2018 and 2019. No adjustments are expected as a result of the reviews.

On February 4, 2009, Promigas S.A. E.S.P. 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. The benefits include:

- The benefit from the deduction of productive real fixed assets as of December 31, 2020 and 2019, for $57,742,873 and $128,408,868, respectively.

As of December 31, 2020 and 2019, the following Companies had accrued fiscal loss and excess presumptive income over ordinary income: Zonagen S.A.S., Sociedad Portuaria El Cayao S.A. E.S.P., Gases del Pacífico S.A.C., and Gases del Norte del Perú y Enlace S.A.S., whose fiscal losses and excess presumptive rate over net income amount to $166,472,096 and $ 119,047,978, respectively. Excesses expire in 2025 and fiscal losses have no expiry, as they were caused after 2007.

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

Below is the detail of income tax expense for the half-years ended December 31, 2020 and 2019:

		December 2020	December 2019
Current income tax	$	220,605,422	158,166,187
		220,605,422	158,166,187
Income tax previous periods		(457,721	(5,133,875)
Net deferred taxes		139,656,302	28,654,214
	$	359,804,003	181,686,526

Below is the reconciliation of the effective rate:

		December 2020		December 2019	
			%		%
Income before income tax	$	1,546,183,251		1,037,211,688	
Expense of theoretical tax calculated based on the current tax rate		494,778,640	32.00%	342,279,858	33.00%
Non-deductible expenses		8,991,105	0.58%	19,624,925	1.89%
Use of provisions		(5,101,435)	(0.33%)	-	0.00%
Revenues from equity method		(68,627,530)	(4.44%)	(64,221,049)	(6.19%)
Interests and other untaxed revenues		(4,477,781)	(0.29%)	(3,074,082)	(0.30%)
Exempt income		(213,214)	(0.01%)	(4,500)	0.00%
Effect of accounting depreciation and amortization vs, fiscal depreciation and amortization		(1,262,802)	(0.08%)	(1,302,265)	(0.13%)
Occasional earnings		(145,407)	(0.01%)	-	-
Non-deductible expenses taken as tax discounts		18,577,266	1.20%	3,851,778	0.37%
Donations considered as tax discounts		(8,356,877)	(0.54%)		
Effect of the difference in rates on tax loss		2,236,207	0.14%	7,811,030	0.75%
Tax benefit on acquisition of productive assets		(18,477,719)	(1.20%)	(42,374,926)	(4.09%)
Subsidiary earnings in countries with different tax rates		2,161,253	0.14%	2,534,477	0.24%
Tax rate change adjustment		(8,816,256)	(0.57%)	(5,359,084)	0.52%
Effect on deferred tax due to changes in tax rates on concessions		(37,047,898)	(2.40%)	(60,535,227)	(5.84%)
Effect on income tax due to adjustments in previous periods		(390,211)	(0.03%)	(5,222,583)	(0.50%)
Tax discounts		(10,529,103)	(0.68%)	(7,681,734)	(0.74%)
Other items		(3,494,235)	(0.23%)	(4,640,092)	(0.45%
Total tax expense for the period	$	359,804,003	23.27%	181,686,526	17.52%

Transfer Pricing

Pursuant to Acts 788/2002 and 863/2003, Promigas S.A. E.S.P., Promisol S.A.S., Surtigas S.A. E.S.P. and Orion Contact Center S.A.S. prepared the last transfer pricing assessment over transactions with related entities abroad in 2020. The assessment did not give rise to adjustments affecting tax income, costs or expenses of the Company.

The Company must carry out transfer pricing studies in September 2021, for the operations carried out with related parties during the year 2020; however, no significant changes are expected with respect to the aforementioned studies.

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)

21. FINANCIAL OBLIGATIONS

Below is a summary of the financial obligations obtained by Promigas and its subsidiaries as of December 31 and June 30, 2016, for the essential purpose of financing operations and investment plans:

	December 2020			December 2019		
	Third Parties	Related Entities	Total	Third Parties	Related Entities	Total
Short-term						
Loans in foreign currency	$ 173,408,076	-	173,408,076	77,084,969	-	77,084,969
Loans in local currency	45,488,013	-	45,488,013	82,838,633	-	82,838,633
Lease agreements	128,912,652	-	128,912,652	118,798,697	-	118,798,697
Interest payable	5,984,937	-	5,984,937	12,130,951	69,842	12,200,793
	$ 353,793,678	-	353,793,678	290,853,250	69,842	290,923,092
Long-term						
Loans in foreign currency	$ 319,933,188	-	319,933,188	288,284,036	-	288,284,036
Loans in local currency	727,074,313	-	727,074,313	1,121,074,624	-	1,121,074,624
Lease agreements	823,369,280	-	823,369,280	913,689,429	-	913,689,429
	$ 1,870,376,781	-	1,870,376,781	2,323,048,089	-	2,323,048,089
Total financial obligations	$ 2,224,170,459	-	2,224,170,459	2,613,901,339	69,842	2,613,971,181

Below is a summary of the maturities of long-term financial obligations:

Year	Value
2022	$ 233,265,342
2023	531,600,227
2024	275,239,863
2025	344,146,148
2026 onwards	486,125,201
	$ 1,870,376,781

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

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

		Credits obtained in local currency	Credits obtained in foreign currency	Lease agreements	Interest payable	Financial obligations
Financial obligations and liabilities						
Balance as of January 1, 2019	$	707,325,925	1,099,204,057	938,249,371	17,600,873	2,762,380,226
Addition obligations		972,257,620	255,015,304	19,010,073	-	1,246,282,997
Payments		(476,358,851)	(1,054,114,304)	(116,093,860)	(208,620,815)	(1,855,187,830)
Transfers and reclassifications		688,563	(1,556,670)	(1,035,657)	(11,549,884)	(13,453,648)
Interest through profit or loss		-	5,857,331	514,013	210,483,952	216,855,296
Capitalized interest		-	-	-	4,253,095	4,253,095
Exchange difference		-	8,243,927	(4,185)	-	8,239,742
Non-derivative hedges with effect on OCI		-	17,062,703	-	-	17,062,703
Effects of adoption of IFRS changes		-	-	184,525,975	-	184,525,975
Adjustments for conversion of transactions in foreign subsidiaries		-	35,656,657	7,322,396	33,572	43,012,625
Balance as of December 31, 2019	$	1,203,913,257	365,369,005	1,032,488,126	12,200,793	2,613,971,181
Addition obligations		762,036,454	353,290,500	15,204,940	-	1,130,531,894
Addition incremental costs		(355,628)	-	-	-	(355,628)
Payments (1)		(1,188,279,749)	(298,142,678)	(128,690,889)	(207,085,764)	(1,822,199,080)
Transfers and reclassifications		(4,752,009)	32,787,334	(40,244,487)	2,347,640	(9,861,522)
Interest through profit or loss					188,550,733	188,550,733
Capitalized interest		-	-	-	9,814,107	9,814,107
Exchange difference		-	(9,293,268)	8,737	63,147	(9,221,384)
Hedges through profit or loss		-	(949,425)	-	-	(949,425)
Adjustments for conversion of transactions in foreign		-	11,183,934	42,770,896	(379,254)	53,575,576
Balance acquired in business combinations (2)		-	39,095,863	30,744,609	473,535	70,314,007
Balance as of December 31, 2020	$	772,562,325	493,341,265	952,281,932	5,984,937	2,224,170,459
Net balance						
Balance as of December 31, 2019	$	**1,203,913,257**	**365,369,005**	**1,032,488,126**	**12,200,793**	**2,613,971,181**
Balance as of December 31, 2020	$	**772,562,325**	**493,341,265**	**952,281,932**	**5,984,937**	**2,224,170,459**

(1) Promigas paid financial obligations with resources obtained from the bond issue (See note 22. Bonds).

(2) The movement of the balance acquired in a business combination corresponds to the assets acquired by the purchase of Promigas Perú S.A. (See note 8. Business combination).

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

22. OUTSTANDING BONDS

Outstanding bonds are detailed below:

		December 2020	December 2019
Short-term			
Ordinary bonds	$	-	199,821,000
Bonds interest payable		29,775,925	29,058,940
	$	29,775,925	228,879,940
Long-term			
Ordinary bonds	$	4.521,253,738	3,481,035,000
Bond underwriting premium		-	(22,517,658)
	$	4.521,253,738	3,458,517,342

(1) In 2020, two series of bonds matured for a total amount of COP 199,821,000.

Issuance of bonds in the international market

In October 2020, Promigas reopened the bond issue of Otober 2019 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 $120,000,000
Term: nine (9) 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. 25% represented in USD $30,000,000, and
Gases del Pacífico 75% represented in USD $90,000,000.

The funds received from this issuance were used by Promigas y Gases del Pacífico S.A.C. for debt refinancing and for general corporate purposes. The costs associated with the issuance are detailed below:

Company	Issue amount	Interest	Discount	Banks commission	Interests	Disbursement
Promigas S.A E.S.P.	30,000,000	25%	113,400	60,000	18,750	29,845,350
Gases del Pacífico SAC	90,000,000	75%	340,200	180,000	56,250	89,536,050
	120,000,000	100%	453,600	240,000	75,000	119,381,400

Below is what each item corresponds to:

Discount: corresponds to the "market discount," which is the deduction granted to the investor for the purchase of the bond and is subtracted from the amount of the issue.

Bank Commission: corresponds to the costs paid to banks for the structuring of the bonds. These costs are not invoiced after the issuance, they are deducted from the issuance amount.

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

Interest: correspond to the interest accrued from October 16 (starting date of interest accrual of the initial issue) to October 22 (date we receive the resources). It is the calculation of these 6 days by the rate (3.75%) by the number of days (6 days) between the calculation base (360 days). Given that Promigas on the initial issuance must pay interest from April 16 and October 16, but receives the resources 6 days later, investors increase the disbursement value by this amount to compensate for the 6 days difference.

As a result of the transaction, Promigas S.A. E.S.P. and Gases del Pacífico S.A.C. must comply with the agreements signed in the structuring of the bonds that are detailed in article 4- Covenants of the Original Agreement dated October 16, 2019.

These commitments inlude the following:

Sending quarterly (unaudited) and annual (audited) Financial Statements to USBANK

As long as the debt exists, Promigas shall, within 90 days after the end of each quarter and 120 days after the end of each fiscal year, provide the trustee copies of an unaudited (with respect to the quarter) or audited (with with respect to the fiscal year) consolidated balance sheet, statement of income and statement of cash flows of Promigas, prepared in a form substantially similar to the financial statements included in the offering memorandum prepared in accordance with Colombian IFRS and presented in English. The audited information provided related to the annual financial statements will also include the corresponding report by the independent certified public accountants. Receipt of such reports by the trustee will not constitute an effective or constructive notice of the information it contains, including Promigas's compliance with any of its covenants under this agreement.

Bond issuance in the local market

On November 19, 2020, Promigas carried out an ordinary local bond issue with one series indexed in IPC and another in UVR. The conditions of the series in UVR are indicated in the following table:

Subseries	D25
Term	25 years
Indexing	UVR
Issue Date	November 19, 2020
Maturity	November 19, 2045
Cut-off Rate	3.77%
Interest payment frequency	Annually in Arrears
Base	365
Capital amortization	Upon maturity
Interest payment date	November 19 from the date of issue, to aturity
Amount Awarded by Series (COP)	$500,519,956,687*

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

** To calculate these results, the UVR on the date of issue, November 19, 2020 was used: 275,4191. The price of the issue was at premium, for which the transfer of resources was for an additional $48,783,968, which included the effect of the UVR between the 19th and 20th, since the transfer of resources was made on November 20, as listed below.

Item	Amount (COP)
Premium Price	59,004,178
UVR cash effect	(10,176,897)
Net	**48,827,281**

The characteristics of all bond issues by Promigas and some of its subsidiaries are ordinary issues, through a public offering without guarantees. The payment of interests is quarterly in arrears, with BULLET-type principal payments (at the security's maturity).

The legal representative of bondholders exclusively represents the obligations of each issuer, and the funds were used to replace financial liabilities and/or to finance investment plans of the Companies. Co-issuers must make commercially reasonable efforts to maintain the bond rating of at least two of the rating agencies.

The bonds issued by the Company and its subsidiaries in the local market are long-term, have AAA risk rating and have a quarterly interest payment due and have as legal representatives of the holders Fiduciaria Helm Trust S.A and Central S.A. The bonds issued in the international market are long-term, have a BBB-risk rating, have a six-month interest payment due and have the US Bank Trust as the legal representative of the holders, as detailed below:

December 2020

Issuer	Series	Term in years	Nominal value	Interest rate	Date of issue	Maturity	Subscription date
Promigas S.A. E.S.P.	C15	15	170,000,000	CPI + 5.99%	27/08/2009	27/08/2024	28/08/2009
Promigas S.A. E.S.P.	A10	10	150,179,000	CPI + 3.22%	29/01/2013	29/01/2023	30/01/2013
Promigas S.A. E.S.P.	A20	20	250,000,000	CPI + 3.64%	29/01/2013	29/01/2033	30/01/2013
Promigas S.A. E.S.P. (1)	A7	7	120,000,000	CPI + 3.34%	11/03/2015	11/03/2022	12/03/2015
Promigas S.A. E.S.P.	A15	15	175,000,000	CPI + 4.37%	11/03/2015	11/03/2030	12/03/2015
Promigas S.A. E.S.P.	A10	10	150,000,000	CPI + 3.74%	8/09/2016	8/09/2026	9/09/2016
Promigas S.A. E.S.P.	A20	20	250,000,000	CPI + 4.12%	8/09/2016	8/09/2036	9/09/2016
Promigas S.A. E.S.P.	USD	10	688,199,400	Fixed 3.75%	16/10/2019	16/10/2029	16/10/2019
Promigas S.A. E.S.P.	USD	10	115,634,100	Fixed 3.75%	22/10/2020	22/10/2029	22/10/2020
Promigas S.A. E.S.P.	A5	5	99,480,000	UVR 3.77%	19/11/2020	19/11/2025	19/11/2020
Promigas S.A. E.S.P.	D25	25	500,519,957	CPI + 1.58	19/11/2020	19/11/2045	19/11/2020
Gases del Pacifico S.A E.S.P.	USD	10	622,656,600	Fixed 3.75%	16/10/2019	16/10/2029	16/10/2019
Gases del Pacifico S.A E.S.P.	USD	10	344,975,400	Fixed 3.75%	16/10/2020	16/10/2029	16/10/2020
Surtigas S.A. E.S.P.	A10	10	130,000,000	CPI + 3.25%	12/02/2013	12/02/2023	12/03/2013
Surtigas S.A. E.S.P.	A20	20	70,000,000	CPI + 3.64%	12/02/2013	12/02/2033	12/03/2013

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

Gases de Occidente S.A. E.S.P.	A10	10		110,382,000	CPI + 3.75%	11/12/2012	11/12/2022	10/12/2012
Gases de Occidente S.A. E.S.P.	A20	20		89,618,000	CPI + 4.13%	11/12/2012	11/12/2032	10/12/2012
Gases de Occidente S.A. E.S.P.	A7	7		126,400,000	CPI + 3.65%	2/03/2018	2/03/2025	1/03/2018
Gases de Occidente S.A. E.S.P.	A25	25		173,600,000	CPI + 4.12%	2/03/2018	2/03/2043	1/03/2018
Promioriente S.A. E.S.P.	A7	7		105,000,000	CPI + 3.54%	23/01/2018	23/01/2025	24/01/2018
Promioriente S.A. E.S.P.	C5	5		100,000,000	IPC + 7.10%	23/01/2018	23/01/2023	24/01/2018
			$	4,541,644,457				

Promigas and its subsidiaries apply the amortized cost method for calculating the effective interest rate, which means that the amortization of these costs is made over the expected life of the debt instrument.

Below is the detail of the bond issue maturities of Promigas and its subsidiaries:

Year		**Value**
2022	$	230,382,000
2023		380,179,000
1-2024 to 12-2025		500,750,137
1-2026 to 12-2027		150,000,000
1-2028 to 12-2029		1,751,858,031
1-2030 to 12-2031		175,000,000
1-2032 onwards		1,333,084,570
	$	4,521,253,738

Below is a reconciliation of the changes between liabilities and cash flows arising from bond financing activities:

		Bonds	**Interest bonds payable**	**Outstanding bonds**
Outstanding bonds				
Balance as of January 1, 2019	$	2.720.174.809	20.789.036	2.740.963.845
Addition obligations		1.368.211.757	-	1.368.211.757
Addition incremental costs		(9.458.197)	(1.351.673)	(10.809.870)
Payments		(354.387.974)	(187.363.388)	(541.751.362)
Transfers and reclassifications		67.821	(67.821)	-
Interest through profit or loss		478.401	167.657.190	168.135.591
Capitalized interest		-	29.584.591	29.584.591
Exchange difference		(6.814.433)	-	(6.814.433)
Non-derivative hedges through OCI		(29.869.728)	-	(29.869.728)
Adjustments for conversion of transactions in foreign subsidiaries		(30.064.116)	(188.995)	(30.253.111)
Balance as of December 31, 2019	$	3.658.338.340	29.058.940	3.687.397.280
Addition obligations		1.060.609.457	-	1.060.609.457

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

		Bonds	Interest bonds payable	Outstanding bonds
Addition incremental costs		(7.261.786)	-	(7.261.786)
Payments		(199.821.000)	(218.654.098)	(418.475.098)
Transfers and reclassifications		(3.931.797)	3.931.797	-
Interest through profit or loss			202.222.337	202.222.337
Capitalized interest		-	11.752.663	11.752.663
Exchange difference		(2.363.300)	(136.922)	(2.500.222)
Non-derivative hedges through OCI		24.229.187	-	24.229.187
Hedges through profit or loss		(1.962.227)		(1.962.227)
Adjustments for conversion of transactions in foreign subsidiaries		(6.583.136)	1.601.208	(4.981.928)
Balance as of December 31, 2020	$	4.521.253.738	29.775.925	4.551.029.663

Net investment abroad hedged with financial liabilities

As the company has net investments abroad, it is subject to foreign exchange risks on the translation of investments with the functional currency dollar. Therefore, a portion of the financial liabilities has been designated as a hedging instrument in order to limit the risk of such fluctuation above or below the specified ranges.

To determine the effectiveness of the hedge ratio, the Company and its subsidiaries evaluate 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.

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

COMPANY	Net investment value USD	Hedged item USD	Hedge %
Gases del Pacífico S.A.C.	82,894,676	11,376,911	13,7%
Gases del Norte del Perú S.A.C	7,713,801	1,898,397	24,6%
Promigas Perú S.A.	7,261,781	4,819,714	66,4%
Sociedad Portuaria el Cayao S.A. E.S.P.	37,136,852	28,365,351	76,4%
Sociedad Portuaria de Lima y Callao S.A.C.	143,517,080	127,253,680	88,7%
Total	**278,524,190**	**173,714,053**	**62,37%**

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

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	$ 173,714,052	173,714,052	100%

23. ACCOUNTS PAYABLE

Below is the detail of accounts payable:

	December 2020			December 2019		
	Third Parties	Related Entities	Total	Third Parties	Related Entities	Total
Short-Term						
Domestic goods and services	$ 345,485,350	1,246,403	346,731,753	371,985,224	2,035,534	374,020,758
Goods and services	70,861,696	-	70,861,696	28,342,200	-	28,342,200
Creditors	51,789,099	17,147,300	68,936,399	65,702,974	-	65,702,974
Dividends payable	-	69,282,078	69,282,078	36,339,573	29,400,280	65,739,853
Hedges payable (1)	23,366,930	-	23,366,930	1,365,774	177,232	1,543,006
Subsidies assigned payable	207,131	-	207,131	2,858,359	-	2,858,359
	$ 491,710,206	87,675,781	579,385,987	506,594,104	31,613,046	538,207,150
Long-Term						
National goods and services	1,519,777	-	1,519,777	-	-	-
Creditors	18,760,105	-	18,760,105	16,604,817	-	16,604,817
Interest rate swaps hedging	$ 7,249,089	-	7,249,089	3,571,453	-	3,571,453
	27,528,971	-	27,528,971	20,176,270	-	20,176,270

(1) Liability position of the forward contracts for $23,140,718 and the interest rate swap contract for $226,212 (See note 11. Financial Assets at Fair Value).

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

24. EMPLOYEE BENEFITS

Below is the detail of balances of employee benefits:

		December 2020	December 2019
Short-Term			
Severance and interest on severance pay	$	6,495,403	6,203,624
Vacations		9,060,984	7,840,711
Extralegal benefits		1,752,563	1,566,904
Other payments and benefits		5,407,612	4,245,184
	$	22,716,562	19,856,423
Long-term			
Post-employment benefits - Severance previous law	$	505,501	639,735
Post-employment benefits - Pensions		1,650,323	1,679,465
Long-term benefits		2,495,468	2,911,790
	$	4,651,292	5,230,990

Employee Retirement Benefits:

The post-employment benefits of the Company and its subsidiaries include a pension plan, retirement bonus and severance pay under the labor law prior to Act 100 of 1993.

The estimate of pension obligations, costs and liabilities depend on a variety of long-term premises determined by actuarial bases, including estimates of present value of projected future pension payments for those participating in the plan, considering the probability of future potential events, such as an increase in the urban minimum wages and demographic experience. These premises may have an effect in the amount and future contributions, should any variation occur.

The discount rate allows for future cash flows to be established at present value of the measurement date. The company and its subsidiaries determine a long-term rate that represents the market rate for high quality fixed income investments or government bonds denominated in the currency in which the benefit shall be paid, and considers the opportunity and payment amounts of future benefits, for which Government bonds have been selected.

Other key premises are used to measure actuarial liabilities, and are calculated based on the Company and its subsidiaries' specific experience combined with published statistics and market indicators.

- With Act 100/1993, effective April 1, 1994, the Company and its subsidiaries covered their pension obligation when employees retire after meeting certain age and years of service through the payment of contributions to Colpensiones (formerly known as Social Security Institute) and pension funds, based on defined contribution plans where the Companies and employees contribute monthly values defined by the law to have access to the employee retirement pension; However, some employees who meet the requirements of age and years of service are subject to the previous legislation, Act 50/1990, in which pensions are assumed directly by the Company and its subsidiaries.

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

- The Company and its subsidiaries award extra-legally or by collective agreements an additional bonus to employees who, upon reaching the required age and years of service, retire to enjoy the pension granted by the pension funds.

- Certain employees hired by Promigas before 1990 are entitled to a compensation at the date of their retirement, at the Company's or employee's will, equal to the last month's salary multiplied by the number of years worked for the Company.

Long-term benefits

The Company and its subordinates grant their employees an extra-legal seniority premium, which constitutes a long-term obligation during the employee's working life, depending on the number of years of service. A single payment is made every five, ten, fifteen and twenty years, etc., calculated as days of salary (between 30 and 90 days) each payment.

Actuarial Hypotheses

The Company and its subsidiaries use other key premises to value actuarial liabilities, which are calculated based on the specific experience of the Company combined with published statistics and market indicators. The variables used to calculate the projected obligation of the different retirement and long-term benefits of the employees are shown below:

	December 31, 2020		**December 31,2019**	
	Pension Liabilities	**Long-term benefits**	**Pension Liabilities**	**Long-term benefits**
Discount rate	5.50%	4.75%	5.80%	5.00%
Rate of inflation	3.20%	3.00%	3.20%	3.00%
Salary increase rate	4.00%	4.00%	4.00%	4.00%
Pension increase rate	3.00%	0.00%	3.00%	0.00%
Average duration of the plan (in years)	7.59	4.74	7.75	5.16

The expected life of employees is calculated based on mortality tables published by the Financial Superintendence of Colombia, which have been constructed based on the mortality experiences provided by the different insurance companies operating in Colombia.

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

25. PROVISIONS

In the ordinary course of business, Promigas and its subsidiaries are subject to various legal regulations inherent to public utilities and environmental protection services. In the opinion of Promigas and its subsidiaries' management no situations have been identified that lead to the discovery of a possible breaches to such rules, thus producing a significant impact on the financial statements. The table below shows the nature and value of long-term loss contingencies:

		Administrative	Labor	Civil	Dismantling and restoration costs	Other Provisions	Total Provisions
Balance as of January 1, 2019	$	3,440,944	729,523	15,293,049	16,372,296	203,727,478	239,563,290
New provisions		1,633,209	1,880,211	1,993,087	3,014,431	6,597,873	15,118,811
Increase in provisions charged to expenses		4,186,748	-	-	840,983	39,579,179	44,606,910
Capitalized provisions		-	-	-	3,622,388	27,660,197	31,282,585
Provisions used		(2,222,648)	-	(12,374,792)	(362)	(13,586,733)	(28,184,535)
Withdrawal of provisions		(297,854)	(356,594)	(1,843,382)	-	(4,115,189)	(6,613,019)
Reclassifications		158,112	(146,062)	(12,051)	-	1	-
Conversion adjustments		1,225	-	-	-	648,412	649,637
Balance as of December 31, 2019	$	6,899,736	2,107,078	3,055,911	23,849,736	260,511,218	296,423,679
New provisions		673,002	100,000	931,078	-	-	1,704,080
Increase in provisions charged to expenses		2,203,025	81,470	-	-	(370,328)	1,914,167
Capitalized provisions		-	-	-	1,082,212	17,707,858	18,790,070
Additions to provisions charged to cost		141				29,012,724	29,012,865
Readjustment of current provision charged to income					353,398	507,674	861,072
Provisions used		(2,006,356)	-	-	(83,686)	(38,781,941)	(40,871,983)
Reprovisioning		(843,818)	(1,679,567)	-	(10,359)	(1,634,347)	(4,168,091)
Reprovisioning charged to cost						(11,372,387)	(11,372,387)
Transfer Investment Plan Commitment						(13,374,642)	(13,374,642)
Reclassifications		3,523,027	141,298	(1,859,106)	-	(1,805,219)	-
Conversion adjustments		3,506	-	-	-	3,083,715	3,087,221
Balance as of December 31, 2020	$	10,452,263	750,279	2,127,883	25,191,301	243,484,325	282,006,051

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

26. OTHER LIABILITIES

Below is the detail of other liabilities:

		December 2019	December 2018
Collection for third parties	$	22,005,103	22,428,723
Withholding tax and self-withholding tax		21,067,420	16,446,402
Industry and trade withholding tax payable		1,614,856	1,414,913
Other taxes and contributions payable		27,461,394	20,642,815
Value added tax payable		4,367,927	2,896,738
Advances and prepayments received			29,844,385
Deposits received from third parties		27,837,133	17,141,307
Revenues received in advance		43,893,552	2,133,345
	$	148,247,385	112,948,628
Long term			
Advances and prepayments received		-	60,000
Collections in favor of third parties		-	-
		-	60,000

27. EQUITY ATTRIBUTABLE TO COMPANY SHAREHOLDERS

***Share Capital* –** As of December 31, 2020 and 2019, 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:

		December 2020	June 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 2020	June 2019
Legal reserve	$	65,623,121	56,745,931
Reserves pursuant to bylaws		66,097,318	74,974,508
Occasional reserves		813,979,928	607,531,703
Wealth tax reserves paid by subsidiaries		(25,761,740)	(25,761,740)
	$	919,938,627	713,490,402

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

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 year half. The dividends ordered were the following:

		December 31, 2019	December 31, 2018
Date of Meeting		24.Mar.2020	22.Mar.2019
Unconsolidated earnings from the immediately preceding period		811,152,629	359,779,430
Dividends paid in cash			
Ordinary dividends per share	$	20	19
Payment date		21. Apr. 2020 to 21 Mar. 2021	21.Apr.2019 to 21.Mar.2020
Extraordinary dividends per share	$	74	64
Payment date		21. Apr. 2020 and 21.Oct. 2020	21.Apr.2019
Total outstanding shares		1,134,848,043	1,134,848,043
Total dividends declared	$	440,321,041	402,871,055
Available for future allocations	$	164,383,363	53,195,436
Release of reserves	$	-	105,856,144
Transfer of earnings from previous years to reserves due to IFRS effect		206,448,225	81,976,638

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

28. NON-CONTROLLING INTEREST

Below is the detail of the non-controlling interest in the consolidated companies:

	December 2020			December 2019		
Company	**%**	**Interest in Equity**	**Interest in Earnings**	**%**	**Interest in Equity**	**Interest in Earnings**
Surtigas S.A. E.S.P.	00.01%	$ 73,096	10,752	00.01%	$ 62,980	8,498
Transoccidente S.A. E.S.P.	21.00%	2,590,192	665,271	21.00%	2,489,652	568,682
Promioriente S.A. E.S.P.	26.73%	114,531,484	21,649,519	26.73%	116,871,744	22,040,003
Transmetano E.S.P. S.A.	00.33%	680,990	131,990	00.33%	631,278	131,431
Gases de Occidente S.A. E.S.P.	05.57%	19,030,839	5,830,441	05.57%	16,269,053	5,651,428
Zonagen S.A.S.	00.05%	498	(573)	00.05%	1,071	(150)
Sociedad Portuaria El Cayao S.A. E.S.P.	49.00%	122,149,627	20,647,296	49.00%	104,948,152	15,777,820
		259,056,726	48,934,696		241,273,930	44,177,712

29. REVENUE

Below is the detail of revenue:

	December 2020	December 2019
Transport and distribution of natural gas	$ 2,859,574,237	2,647,345,501
Generation and distribution of power	494,792,728	432,076,393
Installations and technical services	202,237,652	258,034,716
Revenues from non-banking financing	93,015,840	105,658,541
Construction of concessions (see note 16)	829,374,632	1,073,186,775
Other services	318,946,090	312,499,467
	$ 4,797,941,179	4,828,801,393

30. COST OF SALES

Below is the detail of costs of goods sold:

	December 2020	December 2019
Employee benefits	$ 155,661,763	147,791,497
Maintenance and materials	197,871,593	175,702,445
Fees and consultancies	26,852,831	28,885,080
General costs	1,946,532,727	1,856,319,616
Construction of concessions (See note 16)	400,215,446	1,073,186,775
Taxes	22,568,192	13,913,973
Depreciation and amortization	207,422,944	158,958,338
	$ 2,957,125,496	3,454,757,724

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

31. ADMINISTRATIVE AND SALES EXPENSES

Below is the detail of operating expenses:

		December 2020	December 2019
Employee benefits	$	119,331,894	114,417,378
Fees		57,851,478	45,729,857
Maintenance and materials		14,161,861	10,056,113
General administrative expenses		61,149,221	73,475,901
Impairment		50,619,513	53,091,200
Provisions (1)		(549,847)	13,945,266
Administrative taxes		53,525,851	52,991,771
Depreciation and amortization		45,841,184	36,259,710
	$	401,931,155	399,967,196

(1) Provision expenses of $3,618,245 less recovery of provisions of -$4,168,092, the latter being for labor lawsuits and other provisions.

32. OTHERS, NET

Below is the detail of other income for the half-years ended:

		December 2020	December 2019
Leases	$	775,904	1,017,676
Fees		971,475	901,519
Profit on sale of assets		1,425,272	71,369
Compensation		25,636,339	2,760,348
Exploitation		17,660,925	15,984,801
Other income with related entities		-	87,808
	$	46,469,915	20,823,521

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

Below is the detail of other expenses for the half-years ended:

		December 2020	December 2019
Donations	$	35,488,946	14,566,129
Loss on sale of assets		-	16,967
Loss on asset derecognition		17,537,392	6,219,970
Other expenses		1,503,894	2,411,664
	$	54,530,232	23,214,730
Others net		(8,060,317)	(2,391,209)

33. FINANCE INCOME

Below is the detail of finance income:

		December 2020	December 2019
Interest and yield	$	29,876,093	19,977,032
Revenues from financial assets concession		252,355,160	217,616,356
Other financial revenues		7,003,397	8,003,387
	$	289,234,650	245,596,775

34. FINANCE COSTS

Below is the detail of finance costs:

		December 2020	December 2019
Interests issued bonds and securities	$	189,416,779	149,502,699
Interests financial obligations		101,823,670	126,489,690
Interest lease agreements		84,789,851	91,047,629
Other finance costs		8,866,788	11,832,455
	$	384,897,088	378,872,473

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

35. EXCHANGE DIFFERENCE

Below is a breakdown of the exchange difference for the years ended:

	December 2020	December 2019
Exchange difference caused	(5,694,266)	(53,937,735)
Exchange difference realized	(9,625,921)	50,231,089
Exchange rate hedging valuation	18,759,740	-
	3,439,553	(3,706,646)

36. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

According to the "*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) persons and/or close members 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, 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 affiliates 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*".

- Affiliated Entities: companies where significant influence is exercised, which is generally considered as a participating interest of between 20% and 50% of its share capital.

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

Operations with related parties:

During the periods ended December 31, 2020 and 2019, 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, 2020 and 2019, with shareholders, board members, managers, affiliated companies and other related entities:

		Shareholders	Board members	Key management personnel	Associates	Other related parties	Total
December 2020							
Assets							
Cash	$	2,491,443	-	-	-	38,356,515	40,847,958
Investments		-	-	-	759,989,369	-	759,989,36
Debtors		2,682,828	-	1,940,847	5,423,137	1,796,367	11,843,179
	$	5,174,271	-	1,940,847	765,412,506	40,152,882	812,680,50
Liabilities							
Accounts payable		86,343,469	-	-	641,535	690,777	87,675,781
Issued bonds and securities		70,825,072	-	-	-	-	70,825,072
	$	157,168,541	-	-	641,535	690,777	158,500,85
Revenue							
Sale of Goods	$	-	-	-	-	13,720	13,720
Sale of Services		1,310,096	-	-	36,653,040	1,207,307	39,170,443
Finance		741,018	-	96,505	7,448,717	724,952	9,011,192
Share of profit of equity-		-	-	-	213,581,303	-	213,581,303
Other income		-	-	-	1,439,651	-	1,439,651
	$	2,051,114	-	96,505	259,122,711	1,945,979	263,216,309
Expenses							
Costs	$	16,257,989	-	-	5,949,524	226,316	22,433,829
General		254,812	893,662	7,942,426	20,230	14,607,625	23,718,755
Interest		2,181,201	-	-	10,773,877	77,988	13,033,066
	$	18,694,002	893,662	7,942,426	16,743,631	14,911,929	59,185,650
December 2019							
Assets							
Cash	$	82,833	-	-	-	76,213,414	76,296,247
Investments		-	-	-	714,404,339	-	714,404,339
Debtors		205,854	-	-	8,793,015	2,566,249	11,565,118
	$	288,687	-	-	723,197,354	78,779,663	802,265,704
Liabilities							
Financial Obligations	$	69,842	-	-	-	-	69,842
Accounts payable		29,577,513	-	-	1,604,316	385,126	31,566,955
Issued bonds and securities		47,622,820	-	-	-	-	47,622,820

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

		Shareholders	Board members	Key management personnel	Associates	Other related parties	Total
	$	77,270,175	-	-	1,604,316	385,126	79,259,617
Revenue							
Sale of Goods	$	-	-	-	198,720	-	198,720
Sale of Services		2,278,265	-	-	50,371,983	2,278,908	54,929,156
Finance		9,329	-	-	-	890,291	899,620
Share of profit of equity-		-	-	-	194,609,238	-	194,609,238
Other income		-	-	-	87,808	1,082	88,890
	$	2,287,594	-	-	245,267,749	3,170,281	250,725,624
Expenses							
Costs	$	835,546	-	-	2,861,263	698,500	4,395,309
General		1,181,532	-	-	43,136	1,073,167	2,297,835
Interest		812,534	-	-	-	39,562	852,096
	$	2,829,612	-	-	2,904,399	1,811,229	7,545,240

Below is the compensation for key management personnel on the years ended:

		December 2020	December 2019
Salaries	$	12,809,562	12,124,586
Employee Benefits		2,337,744	1,551,857
Total	$	15,147,306	13,676,443

Structure of key management personnel for the years ended:

	No. of executives	
	December 2020	December 2019
CEO	1	1
Senior Executives	5	5
Other executives	53	52
Total	59	58

37. COMMITMENTS AND CONTINGENCIES

***Commitments* Promigas S.A. E.S.P. -** For the development of its corporate purpose, the Company and its subsidiaries have 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.

Commitments of Gases del Pacifico S.A.C. - Maintains a letter of guarantee of US $20.000.000 in favor of the Peruvian State for a term of one year, pursuant to the Natural Gas Concession Agreement in the Northern Zone of Peru.

Commitments of Sociedad Portuaria el Cayao S.A. E.S.P. - For the development of its corporate purpose, the Company has entered into the following agreements, among others:

Port Concession Agreement No. 001 of 2015 - The Ministry of Transport, through resolution No. 594 of March 5, 2015, indicates the terms in which the port concession would be established, to occupy temporarily and exclusively a public use area for 20 years, to develop am unloading platform, underwater gas pipelines and connections to the land pipeline connected to the National Transport System, for the import, export and cabotage of liquefied natural gas, in the department of Bolivar, district of Cartagena de Indias, in the form of public utility service. On July 17, 2015, port concession agreement No. 001 of 2015 was entered into by and between the National Infrastructure Agency and the Company.

This agreement will not be automatically extended. It may be extended only by carrying out the procedure provided for such purpose in current regulations, not less than 12 calendar months before the date of expiry of the concession period.

The reference value of the port concession agreement is equal to the net present value of the consideration, which corresponds to US $3.931.493 payable during 20 years with annual installments. Payment must be made in Colombian pesos.

Agreements with Thermoelectric Companies - On October 29, 2014, the Company signed agreements with Zona Franca Celsia S.A. E.S.P., Termobarranquilla S.A. E.S.P. and Termocandelaria S.C.A. E.S.P. (the

Customers) in order to provide services for access to and use of port infrastructure for the reception, storage, regasification of liquefied natural gas (LNG) and gas conduction and delivery at the Inlet Point into the National Transportation System (TUA Agreements). To fulfill said purpose, the Company must design, construct, operate and maintain the Terminal in accordance with the terms established in said contracts.

The annual fixed revenues of US $82,500,000, which will be paid in 12 equal installments, allocated according to the percentage share of each customer. This revenue corresponds to all investment costs, fixed costs of administration, operation and maintenance, and other costs relative to the Terminal and the provision of services. This revenue also includes the acquisition and maintenance of LNG Heel in the Terminal.

In addition, there is a variable revenue that corresponds to all variable costs of administration, operation (including fuel and electricity), maintenance and other costs relative to the Terminal and the provision of services, such as LNG cargo services on gas tankers from the Terminal, which will be charged on a monthly basis according to the terms set out.

The commercial operation start date was December 2016. The TUA Agreements are valid for ten (10) years until November 30, 2026. At the Customers' discretion, the TUA Agreement can be extended once, giving 4-year notice before the date of its expiry, for the term agreed by the parties, otherwise the extension will be of 5 years. In the event that the Company, for any reason, cannot provide the gas delivery service or causes the Customer to declare itself before the Wholesale Power Market Administrator as unavailable to generate electric power, the Company must pay the Customer for each KPC nominated and not delivered at the inlet point into the NTS the equivalent of US $2 per KPC for the number of hours unavailable over 24 hours. The Company will be exempt from paying this fine as long as the event is an exemption event. Said fine shall not exceed US $12,000,000 per contract year. Further, in the event that the Company fails to comply with its unloading obligation or the actual unloading time exceeds the time provided, the Company must compensate the Customer for any damages incurred arising from the event up to a point in time US $8,000,000 per event. The Company will be exempt from the payment of this fine as long as the event is due to an exemption event or force majeure.

Other Agreements - On November 1, 2014, the Company signed with HOEGH LNG FSRU IV LTD an International Lease Agreement - ILA on a Floating Storage and Regasification Unit - FSRU "Hoegh Grace," which has an annual value during the term of the agreement of US $40,809,000 and allows a purchase option in year 10 of US $425,798,487. On that same date, the Company signed with HÖEGH LNG HOLDINGS LTD. An Agreement for the Provision of Operation and Maintenance Services with respect to the FSRU. Both agreements have a 10 year term from the date of acceptance of the FSRU (03/12/2016). The cumulative limit of liability, borne by the Company, arising from the agreement, extracontractual civil liability (including negligence) or arising out of the law, for both agreements is USD $100,000,000. Additionally, both agreements contain a provision that in the event of non-compliance, the party in compliance can terminate the respective agreement.

Commitments of Gases de Occidente S.A. E.S.P. - The Company established an irrevocable Commercial Trust Agreement for Trust Resources Management with Corficolombiana S.A., related to the GNCV Bond Program, from 2010. Said agreement completed the agreed term and a new irrevocable Commercial Trust Agreement for Trust Resources Management was created with Corficolombiana S.A., as provided in the Bond Conversion Agreement CNG-IV (signed on March 21, 2017 (signed on March 21, 2017 and ending date July 31, 2019), for which a new bond conversion Agreement CNG V was signed (signed on August 1, 2019, until November 30, 2021) referred to as cooperation agreement to Encourage the Transportation, Marketing, Distribution and Consumption of Compressed Natural Gas for Vehicles, which assigns Gases de Occidente S.A. E.S.P. as administrative operator.

Commitment of Compañía Energética de Occidente S.A. E.S.P: By virtue of the Management Agreement signed with CEDELCA S.A E.S.P., Compañía Energética de Occidente S.A. E.S.P. undertook, among others, to execute an investment plan for the expansion, replacement and improvement of infrastructure for the development of marketing and distribution services, in the market of CEDELCA S.A. E.S.P. The investment includes management improvement projects (loss reduction and maintenance, user and asset census and project development survey), aimed at providing the service in accordance with the law.

The Investment Plan has a defined amount that is estimated at current prices by means of adjustment techniques to the net present value. The TES (Public Debt Securities issued by the General Treasury of the Nation) is used as the discount rate. Changes in the provision are recognized as a result of changes in the discount rate and the CPI. The provision utilization corresponds to the projects carried out according to the commitment acquired with CEDELCA S.A. E.S.P.

Commitments of Surtidora de Gas del Caribe S.A. E.S.P. - For the development of its corporate purpose, the Company has entered into the following agreements, among others:

a. Natural gas supply agreements with Empresa Colombiana de Petróleos (Ecopetrol), Frontera Energy, CNE oil & gas, Hocol and Lewis, and gas transportation agreements with Promigas S.A. E.S.P. These agreements are in accordance with the regulatory framework, and their terms of duration range from one to five years, and the necessary and sufficient guarantees for the performance and stability of the agreements have been executed.

b. Agreements with industrial users and power generating companies with consumptions greater than 100,000 cubic feet per day, under wellhead gas trading and natural gas transport capacity of customer. These agreements are in accordance with the regulatory framework and their terms of duration conform to the trading period determined by current regulations, and the necessary and sufficient guarantees for the performance and stability of the agreements have been executed. The Company's management considers that there are no significant risks of losses expected in the future as a result of the performance of these agreements and commitments.

   The Company's management considers that there are no significant risks of losses expected in the future as a result of the performance of these agreements and commitments.

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

Contingencies

As of December 31, 2020 and 2019, the following individual litigations and lawsuits are filed against the Company. 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 2020		December 2019	
	Number of Claims	**Value**	**Number of Claims**	**Value**
Litigations and Lawsuits Against				
Easement claims				
Between $1 and $1,000,000	23	5,971,214	29	6,251,047
From $1,000,001 onward	2	5,138,039	7	5,138,039
Easement	25	11,109,253	36	11,389,086
Ordinary processes				
Between $1 and $1,000,000	46	7,976,717	62	15,029,546
Between $1,000,001 and $3,000,000	8	12,768,013	12	12,419,926
From $3,000,001 onward	2	80,218,573	2	35,868,467
Ordinary	56	100,963,303	76	63,317,939
Labor	20	11,387,937	112	2,779,641
Other litigation and lawsuits	-	302,939	8	
Total processes	101	123,763,432	232	77,486,666
Contingency rights				
Contingency rights	83	77,538	88	63,055
Litigations and lawsuits	28	3,338,538	23	70,924,229
Total	111	$ 3,416,076	111	70,987,284

In the course of its operations, Promigas and its subsidiaries are subject to several legal regulations pertaining to public utilities and environmental protection companies. The Management of these Companies 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.

38. OPERATIONS BY SEGMENT

Information by segment is structured according to the different lines of business of Promigas and its subsidiaries. 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.

The Company's operating segments are structured as follows:

Natural Gas Transportation	Integrated solutions for the industry and power generation
Promigas S.A. E.S.P.	Promisol S.A.S.
Promioriente S.A. E.S.P.	Zonagen S.A.S.
Transmetano E.S.P. S.A.	Energía Eficiente S.A. E.S.P.
Transoccidente S.A. E.S.P.	
Sociedad Portuaria el Cayao S.A. E.S.P.	

Distribution of Natural Gas	Distribution of Electricity	Non-bank financing
Surtigas S.A. E.S.P.	Compañía Energética de Occidente S.A. E.S.P.	Compañía Energética de Occidente S.A. E.S.P.
Gases de Occidente S.A. E.S.P.		Gases de Occidente S.A. E.S.P.
Gases del Caribe S.A. E.S.P.		Surtigas S.A. E.S.P.
Efigas S.A. E.S.P.		Gascaribe S.A. E.S.P.
Gases de la Guajira S.A. E.S.P.		Gases de la Guajira S.A. E.S.P.
Gas Natural de Lima y Callao S.A.C.		Efigas S.A. E.S.P.
Gases del Pacífico S.A.C.		
Orion Contac Center S.A.S.		
Enlace Servicios Compartidos S.A.S.		
Promigas Perú S.A.		

Below are the assets, liabilities and income statement by segment:

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

		Gas transportation	Gas distribution	Distribution and sale of energy	Integrated solutions for the industry	Non-bank financing	Total
December 2020							
Assets	$	7,562,094,471	4,457,595,886	635,191,594	152,892,337	362,129,586	13,169,903,874
Liabilities	$	5,397,231,919	2,627,701,505	517,708,190	57,367,626	3,157,567	8,603,166,807
December 2019							
Assets	$	6,959,861,031	3,506,118,060	694,970,386	184,271,198	411,180,729	11,756,401,404
Liabilities	$	5,022,560,591	2,230,356,072	588,799,306	75,046,414	5,269,105	7,922,031,488
December 2020							
Revenue	$	1,391,345,846	2,742,073,882	496,704,462	72,112,971	95,704,018	4,797,941,179
Costs		(566,697,736)	(1,962,849,837)	(333,792,998)	(65,987,021)	(27,797,904)	(2,957,125,496)
Gross income		824,648,110	779,224,045	162,911,464	6,125,950	67,906,114	1,840,815,683
Share of profit of equity-accounted investees, net of tax		(163,142)	213,744,445	-	-	-	213,581,303
Operating expenses		(133,591,928)	(181,473,966)	(66,989,529)	(8,119,547)	(11,756,185)	(401,931,155)
Dividends received		-	879,728	-	-	-	879,728
Others, net		892,671	62,231,906	(27,008,528)	(2,468,028)	(41,708,338)	(8,060,317)
Results from ordinary activities		691,785,711	874,606,158	68,913,407	(4,461,625)	14,441,591	1,645,285,242
Financial revenues		231,980,482	50,704,972	3,404,855	1,352,790	1,791,551	289,234,650
Financial expenses		(260,178,479)	(102,682,251)	(20,634,261)	(1,375,563)	(26,534)	(384,897,088)
Exchange difference		(3,330,125)	(8,253,128)	194,232	7,955,575	(6,107)	(3,439,553)
Income before income tax		660,257,589	814,375,751	51,878,233	3,471,177	16,200,501	1,546,183,251
Income tax		(145,584,571)	(176,131,514)	(26,525,679)	(3,419,070)	(8,143,169)	(359,804,003)
Net income	$	514,673,018	638,244,237	25,352,554	52,107	8,057,332	1,186,379,248
December 2019							
Revenue	$	1,786,320,096	2,350,407,918	435,684,662	148,242,727	108,145,990	4,828,801,393
Costs		(1,050,980,997)	(1,966,081,649)	(289,574,267)	(109,303,007)	(38,817,804)	(3,454,757,724)
Gross income		735,339,099	384,326,269	146,110,395	38,939,720	69,328,186	1,374,043,669
Share of profit of equity-accounted investees, net of tax		107,740	194,501,498	-	-	-	194,609,238
Operating expenses		(134,814,492)	(184,546,028)	(57,299,113)	(12,529,781)	(10,777,782)	(399,967,196)
Dividends received		-	486,238	-	-	-	486,238
Others, net		9,808,695	66,911,161	(19,851,391)	(16,213,984)	(43,045,690)	(2,391,209)
Results from ordinary activities		610,441,042	461,679,138	68,959,891	10,195,955	15,504,714	1,166,780,740
Financial revenues		194,472,905	41,674,582	5,020,128	1,236,187	3,192,973	245,596,775
Financial expenses		(256,386,382)	(89,617,571)	(32,002,603)	(865,591)	(326)	(378,872,473)
Exchange difference		6,188,583	(642,167)	3,163	(1,841,764)	(1,169)	3,706,646
Income before income tax		554,716,148	413,093,982	41,980,579	8,724,787	18,696,192	1,037,211,688
Income tax		(84,046,412)	(54,767,042)	(21,839,390)	(8,605,866)	(12,427,816)	(181,686,526)
Net income	$	470,669,736	358,326,940	20,141,189	118,921	6,268,376	855,525,162

39. 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 16: Leases

The amendment adds paragraphs 46A and 46B to provide a practical expedient in the recognition of discounts arising from negotiations between the lessor and lessee on account of the COVID-19 pandemic. However, the standard establishes a series of requirements that these reliefs must meet so that the entity can recognize them in the same way as it registers changes in lease payments as if they were not a change to the contract.

P. 46A As a practical expedient, a lessee may choose not to assess whether the rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee who makes this choice accounts for changes in lease payments resulting from rent concessions in the same way that it would account for the change applying this Standard if the change were not a lease modification.

P. 46B The practical expedient in paragraph 46A applies only to rent concessions that occur as a direct consequence of the Covid-19 pandemic and only if the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; (for example, a reduction in rent would meet this condition if it resulted in a reduction in lease payments through June 30 2021 and an increase in lease payments that extends beyond June 30, 2021) and

(c) there is no substantive change to the other terms and conditions of the lease.

Impact assessment

According to the analysis carried out by the company, an impact of $441,818 was calculated at a consolidated level.
This amendment applies to discounts on leases received until June 2021.

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:

b) whether an entity considers uncertain tax treatments separately;
c) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
d) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
e) 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, 2020, 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.

f) 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

As this amendment is not yet effective, the company has not quantified impacts on its future application.

IFRS 9; IAS 39; IFRS 7; IFRS 4 AND IFRS 16 - Interest Rate Benchmark Reform - Phase 2

The main impacts of this amendment issued in 2019 were analyzed and documented in the memorandum of changes PR00-2019-12-014 of December 31, 2019. However, for the second phase of the project, the amendment Interest Rate Benchmark Reform was issued in August 2020, modifying IFRS 4 and IFRS 16, which were not included in phase 1.

The IASB's primary objective in issuing this second phase is to help entities provide useful information about the transition to alternative benchmark rates and to assist preparers in applying the requirements of the standards when making changes to contractual cash flows or hedging relationships because of the interest rate benchmark reform.

The amendment affects the following areas:

1. *Modification to financial assets and liabilities:* Considers the modification as a change in the basis for determining contractual cash flows that occur after initial recognition. This may include cases where the financial instrument is not currently amended, but the basis for calculating the interest rate benchmark changes.

2. *Modifications to lease liabilities:* IASB assimilates the financial liabilities of IFRS 9 with the financial liabilities for leases of IFRS 16, for which it proposes a similar practical expedient for IFRS 16. This would apply when the reference interest rate on which the lease payments are based is changed as a direct consequence of the IBOR reform and the change is made on an economically different basis.

3. *Hedge accounting:* Proposes amendment to IFRS 9 and IAS 39 that introduce an exception to the existing requirements of hedge documentation. This amendment contemplates that the changes in the hedge documentation necessary to reflect the modifications to the hedged element, the hedging instruments or the hedged risk that are required as a direct result of the IBOR reform and are made on a economically

equivalent basis, should not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.

4. Disclosures: The entity must provide disclosures that allow the user to understand the nature and extent of the risks arising from the IBOR reform, how the entity manages the risks of the transition from interest rate benchmarks to alternative benchmark rates, progress and risks of that transition.
5. IFRS 4 is modified to require that insurers that apply the temporary exemption of IFRS 9 apply the amendments proposed in that same standard for the modifications directly required by the IBOR reform.

Impact assessment

As these modifications are not yet effective, the company has not quantified impacts on their future application.

IAS 1 - Presentation of financial statements - Classification of liabilities as current or non-current

It modifies the requirement to classify a liability as current, by establishing that a liability is classified as current when "f the entity does not have a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period."

It clarifies in paragraph 72A that "the right of an entity to defer the settlement of a liability for at least twelve months after the reporting period must have substance and, as paragraphs 73 to 75 illustrate, it must exist at the end of the reporting period."

Impact assessment

Although the initial version of the amendment had a starting date as of January 1, 2022, later in July 2020, the application date of the amendment was postponed by the IASB to January 1, 2023. Its early application is allowed.
The effect of the application on the comparative information will be made retroactively. Item d) of paragraph 69 of IAS 1.
As this amendment is not yet effective, the company has not quantified impacts on its future application.

IFRS 3 - Business combinations - Reference to the conceptual framework

References are modified to align them with the conceptual framework issued by the IASB in 2018 and incorporated into our legislation, in that sense the identifiable assets acquired and the liabilities assumed in a business combination, on the transaction date, will correspond to those that meet the definition of assets and liabilities described in the conceptual framework.

Paragraphs 21A, 21B and 21C are incorporated with respect to the exceptions to the recognition principle for liabilities and contingent liabilities within the scope of IAS 37 and IFRIC 21.

Paragraph 23A is incorporated to define a contingent asset, and clarify that the acquirer in a business combination will not recognize a contingent asset on the acquisition date.

Impact assessment

The amendment applies as of January 1, 2022, and its early application is allowed and any effect on its application will be carried out prospectively. As of December 31, 2020, no impacts are evident from this update.

IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use

As of the entry into force of the amendment, the net amounts of proceeds that arise when testing the asset should not be subtracted from the costs of checking the operation of the asset, the recognition of which must be through profit or loss for the period. The cost of these items should be measured by applying the requirements of IAS 2 - Inventories.

The requirement to disclose in the financial statements, if not presented separately, the amount of compensation from third parties recognized through profit or loss for PPE elements with impaired, lost or delivered value that was previously requested in paragraph 74 item d) is transferred to paragraph 74A, which adds the requirement to disclose the amount, including cost and items of the income statement where the elements produced in the activities to verify the functioning of the asset were recognized.

Impact assessment

As this amendment is not yet effective, the company has not quantified impacts on its future application.

IFRS 4 - Insurance contracts - Extension of the Temporary Exemption from Applying IFRS 9

Insurers that meet the criteria in paragraph 20B of IFRS 4 - Insurance Contracts are allowed to apply IAS 39 Financial Instruments - Recognition and Measurement for periods beginning before January 1, 2023. Previously it was up to 2021.

It is worthwhile to mention that as of January 1, 2023, IFRS 17 - Insurance Contracts will come into effect.

Impact assessment

In the case of the Company, there are no possible impacts since it does not belong to the insurance sector and has no investments in subsidiaries or associates directly or indirectly in this sector. If this changes, the regulations in force as of that date will be adopted.

IAS 37 - Provisions, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfillment of a Contract

Paragraph 68A is added to clarify the cost of fulfillment of a contract, in order to clarify the provisions of paragraph 68.

It modifies paragraph 69, which provides that, when establishing the provision for an onerous contract, the impairment losses of the assets used in the fulfillment of the contract must be considered, previously it indicated assets dedicated to fulfilling the obligations derived from the contract. This in order to align it with the concept of contract fulfillment costs introduced in paragraph 68A.

Impact assessment

As this amendment is not yet effective, the company has not quantified impacts on its future application.

Annual improvements to standards.

Amendment to IFRS 1. Subsidiary as a first-time adopter: Paragraph D13A of IFRS 1 is added, incorporating an exemption on subsidiaries that adopt IFRS for the first time and take as balances in the opening statement of financial position the carrying amounts included in the financial statements of the parent company (item a of paragraph D16 of IFRS 1) so that it can measure the exchange differences for translation accumulated by the book amount of said item in the consolidated financial statements of the parent company (also applies to associates and joint ventures).

Amendment to IFRS 9. Fees in the “10% test” for derecognition of financial liabilities. A text is added to paragraph B3.3.6 and B3.3.6A is created. It particularly clarifies the recognition of commissions paid (in profit or loss if it is a cancellation of the liability, or as a lower value of the liability if it is not a cancellation). This amendment was issued in response to a request to clarify what fees an entity includes in the 10 percent.

Amendment to IAS 41. Taxation in fair value measurements. The phrase “nor tax flows” is eliminated from paragraph 22 of IAS 41, because “before Annual Improvements to IFRS Standards 2018-2020, IAS 41 had required an entity to use cash flows before taxes when measuring fair value, but did not require the use of a discount rate before taxes to discount those cash flows.” Therefore, the requirements of IAS 41 are now in line with those of IFRS 13.

Amendment to the illustrative examples of IFRS 16. Amendment to Example 13 of IFRS 16: Measurement by a lessee and accounting for a change in the lease term: In this example, the reference to the improvement in the leased property is eliminated, because the Board was informed of potential confusion, as the example did not explain with sufficient clarity the conclusion on whether the reimbursement meets the definition of a lease incentive in IFRS 16.

Impact assessment

The amendment to IFRS - 1 first-time adoption applies as of January 1, 2022.
The amendment to IAS 41 - Agriculture applies as of January 1, 2022, and neither Promigas nor its subsidiaries participate in this sector.
The amendment to IFRS 9 - Financial Instruments will apply to financial liabilities that are modified or exchanged from the beginning of the annual reporting period in which the entity applies the amendment for the first time.

Amendments to IFRS 17 - Insurance contracts

This standard applies to a specific sector in which Promigas does not participate; therefore, the company will not conduct an impact analysis.

40. EVENTS OCCURRED AFTER THE REPORTING PERIOD

As of the date of the opinion on the consolidated financial statements for the year ended December 31, 2020, there are no subsequent events that require adjustments or disclosures to said financial statements.

41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements and notes thereto were approved for issue according to Board Meeting Minutes No. 517 of February 16, 2021. These financial statements and notes thereto will be presented at the Shareholders' Meeting of March 16, 2021. Shareholders have the power to approve or modify the Company's financial statements.