

# Financial Results

## Second Quarter 2008

July 25 of 2008



### ISA GROUP

As of the end of the first semester, Grupo ISA's results exhibited a growing trend with respect to same period a year ago, strengthening its financial position.

At USD86 million, net income for the period represented 84% increase above the June 2007 figure of USD46 million. Such sum obeys primarily to improved operating results as well as to revenues from exchange difference originated in debt updating, product of revaluation.

Operating income for the first semester amounted to USD431 million, 40% above same period in 2007 (USD309 million). Such variation is explained primarily by the increase in revenues due to projects commissioned in 2007 and by optimization of costs and expenses.

As of June 2008, the Group's consolidated revenues totaled USD789 million, USD74 million (10%) higher than in the previous year. Of such variation, 47% is explained by increased revenues at CTEEP and 39% at ISA parent company.

The energy sector accounts for 96.2% of revenues, telecommunications for 3.3%, and infrastructure projects for 0.5%. By countries, 54% corresponds to Brazil, 38% to Colombia, 7% to Peru and 1% to Bolivia.

Operating expenses fell by 12% from USD406 million to USD357 million, due, among other reasons, to the optimization of costs and expenses achieved at CTEEP in execution of the voluntary retirement plan, and to higher expenses incurred by such affiliate during the first quarter of 2007 for real estate taxes associated to CETEMEQ agreement.

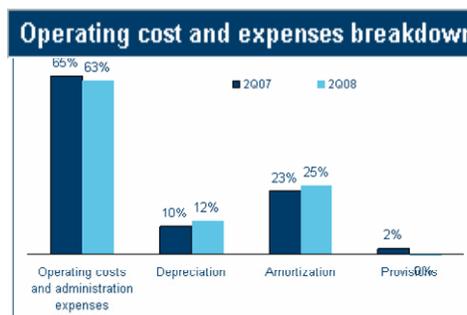
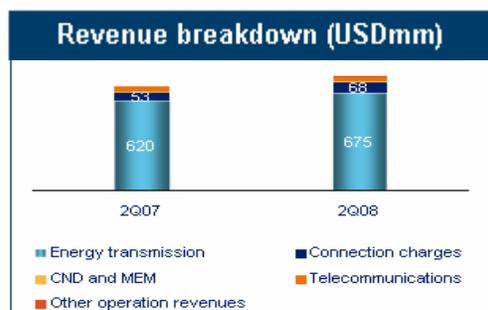
With such results, the Group's EBITDA rose by 24% (USD111 million) to USD573 million. EBITDA margin went from 65% to 73%, operating margin from 43% to 55%, and net margin from 7% to 11%.

Non-operating results went from -USD15 million in June 2007, to -USD95 million in June 2008, a 551% change that is explained by increased financial expenses of the Group's companies incurred to finance investments and by revenues obtained during 2007 from CETEMEQ agreement at CTEEP.

A product of the above, pre-tax income increased 14%, from USD294 million to USD336 million.

Income tax provision at USD94 million represents 17% drop (USD19 million), which is explained by lower taxes at CTEEP. The companies in Brazil account for 75% of the Group's income tax, those in Colombia for 17%, the Peruvian companies for 7% and the one in Bolivia for 1%.

Minority interest increased 16%, from USD135 million to USD157 million, as a result of participation of minority shareholders of CTEEP and TransMantaro.



## Consolidated Income Statement

(USDmm)	2008	2007	Var.	
			\$	%
Operating revenues	789	715	74	10%
Costs and operating expenses	(357)	(406)	49	-12%
EBITDA	573	462	111	24%
<b>Operating Income</b>	<b>431</b>	<b>309</b>	<b>123</b>	<b>40%</b>
Non-operating revenues	191	360	(169)	-47%
Non-operating expenses	286	375	(88)	-24%
Non-operating results	(95)	(15)	(81)	551%
<b>Income before taxes</b>	<b>336</b>	<b>294</b>	<b>42</b>	<b>14%</b>
Income tax provision	(94)	(113)	19	-17%
Income before minority interests	243	182	61	34%
Minority interests	157	135	22	16%
<b>Net income</b>	<b>86</b>	<b>46</b>	<b>39</b>	<b>84%</b>
EBITDA margin	73%	65%		
Operating margin	55%	43%		
Net margin	11%	7%		

Compared to prior year's closing date, Grupo ISA's assets increased 4%, from USD7,222 million to USD7,515 million, an increase that is explained both by the new investments and by the translation process from Brazilian Reais to Colombian Pesos of the Brazilian affiliates' financial statements.

The Group's liabilities at USD3,797 million represent 3% increase with respect to 2007 closing figures, due, mainly, to the higher debt of Brazilian affiliates as a result of new investments financing.

As of June 2008, the portfolio of financial liabilities amounted to USD2,578 million, of which, 48% correspond to Brazilian companies, 40% to Colombian companies, 10% to companies in Peru and 2% to ISA Bolivia.

## Consolidated Balance Sheets

(USDmm)	2008	% Part.	4Q07	Var.	
				\$	%
Current assets	885	12%	856	29	3%
Non-current assets	6,631	88%	6,366	265	4%
<b>Total assets</b>	<b>7,515</b>	<b>100%</b>	<b>7,222</b>	<b>294</b>	<b>4%</b>
Current liabilities	885	12%	832	53	6%
Long-term liabilities	2,912	39%	2,848	65	2%
<b>Total liabilities</b>	<b>3,797</b>	<b>51%</b>	<b>3,679</b>	<b>118</b>	<b>3%</b>
Minority interests	1,663	22%	1,565	98	6%
<b>Shareholders' equity</b>	<b>2,055</b>	<b>27%</b>	<b>1,977</b>	<b>77</b>	<b>4%</b>
Total liabilities, minority interests and shareholders' equity	7,515	100%	7,222	294	4%

- As of 06.30.2008 USD 1.00=COP 1,923.02 (Source: Banco de La República Colombia). Amounts expressed in US dollars are for information purposes only, and do not reflect accounting techniques usually applied.

## ISA PARENT COMPANY

As of the end of the first semester, ISA parent company recorded USD86 million net income, 84% up on the same period a year earlier. Such results obey, in operational terms, to increased revenues associated with commissioning of new projects during 2007 and to optimization of costs and expenses; in non-operational terms, they obey to lower financial expenses

because of 9% fall in debt, as well as to revenues from exchange difference of foreign-currency liabilities caused by the US dollar depreciation.

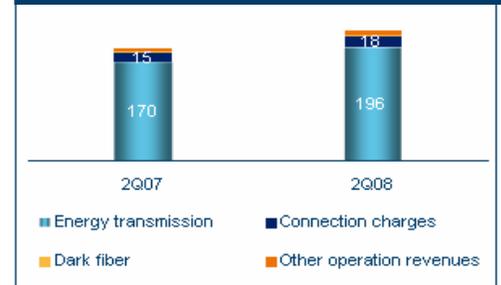
ISA's EBITDA was USD154 million, EBITDA margin 69%, operating margin 55%, and net margin 38%.

Pre-tax income totaled USD98 million, with USD40 million increase with respect to June 2007, equivalent to 70%. The company estimates income tax provision of USD12 million, 12% up on last year's figure.

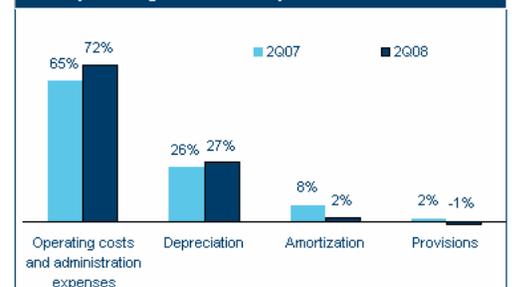
## ISA Income Statement

(USDmm)	2008	2007	Var.	
			\$	%
Operating revenues	223	195	29	15%
Costs and operating expenses	(100)	(94)	(6)	6%
<b>EBITDA</b>	<b>154</b>	<b>139</b>	<b>16</b>	<b>11%</b>
<b>Operating Income</b>	<b>123</b>	<b>100</b>	<b>23</b>	<b>23%</b>
Non - operating revenues	62	92	(30)	-33%
Non - operating expenses	87	135	(48)	-35%
Non-operating results	(25)	(43)	17	-41%
<b>Income before taxes</b>	<b>98</b>	<b>57</b>	<b>40</b>	<b>70%</b>
Income tax provision	(12)	(11)	(1)	12%
<b>Net income</b>	<b>86</b>	<b>47</b>	<b>39</b>	<b>84%</b>
EBITDA margin	69%	71%		
Operating margin	55%	51%		
Net margin	38%	24%		

## Revenue breakdown (USDmm)



## Operating cost and expenses breakdown



The assets of ISA parent company's amounted to USD3,308 million, USD5 million more than a year earlier. Of such assets, 59% correspond to property, plant and equipment (including revaluation), and 28% to investment in affiliates in Colombia, Brazil, Peru and Bolivia.

## ISA Balance Sheets

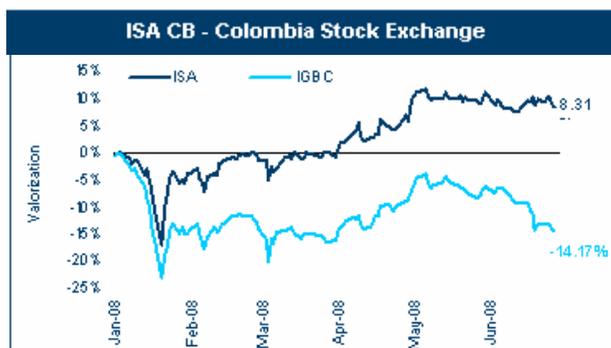
(USDmm)	2008	% PART.	4007	Var.	
				\$	%
Current assets	229	7%	200	29	15%
Non- current assets	3,079	93%	3,103	(24)	-1%
<b>Total assets</b>	<b>3,308</b>	<b>100%</b>	<b>3,302</b>	<b>5</b>	<b>0%</b>
Current liabilities	271	8%	306	(35)	-11%
Long-term liabilities	994	30%	1,003	(10)	-1%
<b>Total liabilities</b>	<b>1,265</b>	<b>38%</b>	<b>1,309</b>	<b>(44)</b>	<b>-3%</b>
<b>Shareholders' equity</b>	<b>2,043</b>	<b>62%</b>	<b>1,993</b>	<b>50</b>	<b>3%</b>
Total liabilities and shareholders' equity	3,308	100%	3,302	5	0%

The decrease in liabilities observed is explained by amortization of loans and by the effect of the US dollar depreciation.

Equity grew 2.5% with respect to December 2007 due to the good results achieved and to the surplus from application of equity method, particularly at Brazilian affiliates.

- As of 06.30.2008 USD 1.00=COP 1,923.02 (Source: Banco de La República Colombia). Amounts expressed in US dollars are for information purposes only, and do not reflect accounting techniques usually applied.

## RELATED INFORMATION



Price	CLOSING 2007 December 28	INITIAL January 2, 2008	CLOSING June 30, 2008	HIGHEST	AVERAGE Year 2008
ISA (COP)	7,100	7,090	7,690	7940*	7,268
ADR (USD)	88.86	88.26	100.79	117.87**	99.44

\* May 6, 2008    \*\*June 17, 2008    Up to June 30, 2008    Source: BVC - BoNY

Shareholders structure		
Shareholders (As of June 30, 2008)	Number of share	%
<b>State Investors</b>	<b>678,823,336</b>	<b>63.108%</b>
The Nation	569,472,561	52.942%
Empresas Públicas de Medellín	109,350,775	10.166%
<b>State and private capital companies</b>	<b>77,373,530</b>	<b>7.193%</b>
Ecopetrol	58,925,480	5.478%
Empresa de Energía de Bogotá	18,448,050	1.715%
<b>Private Investors</b>	<b>319,464,508</b>	<b>29.699%</b>
Institutional investors	178,353,902	16.581%
Individuals	111,281,844	10.345%
Legal persons	18,318,617	1.703%
Foreign investors	8,008,645	0.745%
ISA ADR program	3,501,500	0.326%
<b>Total outstanding shares</b>	<b>1,075,661,374</b>	<b>100.000%</b>
<b>Number of shareholders</b>	<b>59,305</b>	

Source: Deceval

Macroeconomic information	
JUNE 2008	
Colombian	
CPI*	5.93%
PPI**	6.02%
Dev.	-4.55%
TRM	1,923
DTF	9.75%
Libor - 6 months	3.15%
IGPM	6.60%
Brazil	
Dev.	-10.13%
BRL	1.59

Source: Bloomberg  
\*Consumer price index  
\*\*Producer price index

ISA moves from point to point seeking business opportunities, growing profitably, and creating value for its investors. It acts with long-term vision and transparency honoring the commitments established in the countries where it carries out its activities.

With close to 37,000 kilometers of high-voltage circuits and more than 10,000 kilometers of fiber-optic cable, ISA and its affiliates are one of the largest economic groups of linear infrastructure systems in Latin America.

Through its Good Governance practices, ISA generates trust and reliability among its investors; that is why, **when ISA moves, it moves creating value.**

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