



ISA SECOND QUARTER 2014 FINANCIAL RESULTS



Medellin, Colombia, July 30, 2014

ISA S.A. E.S.P. (BVC: ISA; OTC: IESFY) (“ISA” or “the Company”), a Colombian organization engaged in the businesses of Energy Transmission, Road Concessions, Telecommunications Transport and Intelligent Management of Real-Time Systems, today announced financial results for the second quarter of 2014. The unaudited figures are expressed in millions of Colombian pesos (COP). The consolidation process includes 100% of the companies where ISA holds control and the homologation of the accounting practices of each country (Chile, Brazil and Peru currently report based on IFRS – International Financial Reporting Standards), according to *Generally Accepted Accounting Principles (GAAP) in Colombia*.

■ ECONOMIC AND FINANCIAL RESULTS AS OF JUNE 2014

- **Consolidated operating revenues** were COP 1,818,547 million.
- **EBITDA** reached COP 1,083,795 million, with a 59.6% EBITDA margin.
- **Net income** was COP 295,775 million, with a 25.2% margin before minority interest.
- **Consolidated assets** were COP 25,447,424 million.

For the period ended June 2014, the net income for ISA and its companies increased by 36.0% compared to the same period of the previous year; we expect this increase will remain until the end of year.

The accumulated financial result for the period ended in June 2014 was due to: 1) lower operating and maintenance expenses in Brazil, 2) the recognition as operating revenue at INTERCOLOMBIA of annuities from UPME projects in virtue of the ISA-INTERCOLOMBIA corporate separation, 3) the goodwill amortization of ISA Capital do Brasil on December 2013, and 4) the entry into operation of expansion projects, Cotaruse and Ampliación 13, in Peru over the last year.

EXCHANGE RATES	6M13 prom	6M14 prom	Var %	2013 cierre	2Q14 cierre	Var %
COP / USD DOLLAR	1,826.83	1,960.99	7.3%	1,926.83	1,881.19	-2.4%
REAL / USD DOLLAR	2.03	2.30	13.3%	2.34	2.20	-6.0%
CLP / USD DOLLAR	478.68	553.06	15.5%	524.61	552.72	5.4%
COP / REAL	898.41	853.79	-5.0%	822.52	854.12	3.8%
COP/ CLP	3.82	3.55	-7.1%	3.67	3.40	-7.4%

On the other hand, the results also included the conversion effect of the financial information from foreign affiliates, which generated variations in the various items of the financial statements, due to the behavior of Colombian Peso against the US dollar, the Brazilian Real and the Chilean peso; however, this effect was not significant in the net result.

For the quarterly results analysis, it should be noted that the second quarter of 2014 was not fully comparable to the second quarter of 2013, as the cumulative effect of the recognition of the Brazilian and Chilean concessions as financial assets was included in June 2013, while the effect in 2014 was recorded by month; however, they are comparable on accumulated terms.

■ CONSOLIDATED INCOME STATEMENT

Consolidated operating revenues

For the first half of 2014, accumulated operating revenues reached COP 1,818,547 million, a 6.0% increase compared to the same period of 2013. This variation was mainly the result of: a) higher revenues in Colombia related with UPME projects, b) new projects entering into operation in Peru, c) increased construction revenues in Brazil associated to new projects under execution, including improvements to the transmission system, and d) consolidation of new acquisitions in the telecommunications business. These events also explain the variation of the second quarter of 2014 compared to the second quarter of 2013; however, such variation was also affected by the fact that the changes of concessions to be recognized as financial assets were applied in the second quarter of 2013, as mentioned previously.

(figures in COP millions)

OPERATING REVENUES	2Q14	2Q13	Change COP	Change %	2Q14 USD	6M14	6M13	Change COP	Change %	6M14 USD
Energy Transmission	625,537	616,739	8,798	1.4%	333	1,249,113	1,142,226	106,887	9.4%	664
Road Concessions	209,644	224,847	-15,203	-6.8%	111	412,014	465,523	-53,509	-11.5%	219
Telecommunications Transport	51,927	34,697	17,230	49.7%	28	107,222	66,135	41,087	62.1%	57
Intelligent Management of Real-time Systems	28,758	23,763	4,995	21.0%	15	50,197	42,412	7,785	18.4%	27
TOTAL OPERATING REVENUES	915,867	900,046	15,821	1.8%	487	1,818,547	1,716,296	102,251	6.0%	967

Composition of accumulated revenues by business

- **Energy Transmission** contributed with 68.7% of consolidated operating revenues for the first half of 2014, equivalent to COP 249,113 million. Compared with the first half of 2013, revenues from this business increased 9.4%, as a result of higher revenues in Peru generated by the entry into operation of expansion projects, Cotaruse and Ampliación 13, during the second half of 2013, and by greater revenues in INTERCOLOMBIA. In addition, higher construction revenues were generated in Brazil, mainly from improvements to the electricity transmission grid made by CTEEP.
- **Road Concessions** accounted COP 412,014 million, equal to 22.7% of all accumulated revenues in the first half of 2014. During 2014, there has been higher toll collection due to greater traffic, which in turn lowered the account receivables from concessions and their financial returns. This resulted in an 11.5% decline compared to the revenues for the same period of 2013.
- **Telecommunications Transport** contributed 5.9% of all consolidated revenues, corresponding to COP 107,222 million. It represented a 62.1% increase as a result of the consolidation of new Brazilian affiliates

acquired in the last quarter of 2013. Without this effect, the increase of revenues for the first half of 2014 would have been 23.3%.

- **Intelligent Management of Real-Time Systems** generated COP 50,197 million, or 2.8% of all accumulated revenues (6M14), this represented an increase of 18.4% compared with the same period in 2013. This was due to higher regulated revenues in XM, which depend on the levels of investment and expenditures at the Company.

Consolidated revenues by country:

In accumulated terms, the composition of revenues by country was as follows: Colombia contributed 40.6%, Brazil and Chile with the same proportion: 22.8% and Peru 12.3%.

(figures in COP millions)

	2Q14	2Q13	Change COP	Change %	2Q14 USD	6M14	6M13	Change COP	Change %	6M14 USD
Colombia	374,901	343,542	31,359	9.1%	199	738,967	670,304	68,66	10.2%	393
Chile	210,169	225,726	-15,557	-6.9%	112	414,297	467,105	-52,80	-11.3%	220
Brazil	206,286	219,969	-13,683	-6.2%	110	414,880	366,712	48,16	13.1%	221
Peru	111,797	101,443	10,354	10.2%	59	224,269	194,432	29,83	15.3%	119
Others	12,714	9,366	3,348	35.7%	7	26,134	17,743	8,39	47.3%	14
TOTAL	915,867	900,046	15,821	1.8%	487	1,818,547	1,716,296	102,251	6.0%	967

Operating costs and expenses

Consolidated operating costs and expenses for the first half of 2014 decreased 7.6% compared to the same period of 2013, from COP 1,008,668 million to COP 932,262 million. This variation was mainly due to the decrease of operating costs and expenses in Brazil, especially, lower expenses from personnel, maintenance and contingencies and the amortization completed for the mercantile loan of ISA Capital do Brasil on December 2013.

On the other hand, operating costs and expenses decreased 0.5% in the second quarter of 2014 compared to the same period of 2013, taking into account the aforementioned reduction of costs and expenses in Brazil, partially offset by the effect of changing the recognition of Brazilian and Chilean concessions as financial assets in the second quarter of 2013.

(figures in COP millions)

	2Q14	2Q13	Change COP	Change %	2Q14 USD	6M14	6M13	Change COP	Change %	6M14 USD
Sales and operating costs and expenses	384,614	441,752	-57,138	-12.9%	204	751,165	795,202	-44,037	-5.5%	399
Depreciations	40,341	39,114	1,227	3.1%	21	81,424	77,448	3,976	5.1%	43
Amortizations	39,050	-26,465	65,515	24765%	21	78,561	103,523	-24,962	-24.1%	42
Provisions	10,529	22,335	-11,806	-52.9%	6	21,112	32,495	-11,383	-35.0%	11
TOTAL	474,534	476,736	-2,202	-0.5%	252	932,262	1,008,668	-76,406	-7.6%	496

The composition of operating costs and expenses by country was as follows: 40.6% in Colombia, 31.8% in Brazil and 13.0% in Peru and Chile.

Operating income

As a result of the previously-mentioned, ISA reached an operating income of COP 886,285 million for the first half of 2014. This figure was 25.2% above the figure obtained in the same period of 2013. The operating margin was 48.7%.

Operating income was COP 441,333 million for the second quarter of 2014, 4.3% above the figure reported for the second quarter of 2013, given that the 2013 results included the goodwill amortization expense for ISA Capital do Brasil.

EBITDA and EBITDA margin

Consolidated EBITDA accumulated as of June 2014 reached COP 1,083,795 million, a 15.6% increase compared to the figure reported for the same period of 2013, due to higher revenues from the Energy Transmission and Telecommunications Transport businesses and the efforts to decrease operating costs in Brazil. The EBITDA margin was 59.6%, that is, 5.0% above the margin reported for the first half of 2013.

EBITDA for the second quarter of 2014 was COP 539,659 million, 15.6% above the figure obtained in the same period of 2013, for the same reasons explained for the accumulated results of the year.

Non-operating result (loss)

The non-operating accumulated result for the first half of 2014 increased -COP 260,144 million, showing a higher expense of COP 14,796 million compared to the results of the first half of 2013, explained by:

- An increased expense due to the exchange difference caused by a higher inflation in **Chile**, which means an increase in the UF-indexed indebtedness vs. last year¹ and
- Lower financial revenues in **Brazil**, due to the decrease of the account receivable associated to the partial collection of compensation (monthly payments that reduce the balance of the account receivable); partially offset by extraordinary revenues² from CTEEP, reported in the second quarter of 2014.

The non-operating result in the second quarter of 2014 experienced a lower expense of 26.5% compared to the second quarter of 2013. This variation was due to the fact that in June 2014 the extraordinary revenue from CTEEP was recognized due to the recovery of balance in favor from PIS and COFINS generated in preceding years.

Taxes

Income tax accumulated as of June 2014 was COP 167,618 million, a 32.3% increase compared to the first half of 2013. This variation was due to the higher income obtained during the period.

The composition of income tax by country was: Colombia COP 111,363 million, Brazil COP 42,898 million, Peru COP 23,229 million and in Chile a net tax in favor of COP 12,898 million was obtained.

¹ UF Variation as of June 2014: 2%. UF Variation as of June 2013: 0.4%

² PIS and COFINS correspond to contributions required by Brazilian regulations to affiliates from Brazil. In 2014, it was possible to recover the benefits generated in the purchase of assets made from June 2009, equal to a lower value of the PIS and COFINS contribution FOR cop 27,332 million.

Income before minority interest

As a result of the events explained above, the consolidated income before minority interest for the first half of 2014 was COP 458,523 million, a 36.6% increase compared to the same period of 2013. The net margin before minority interest was 25.2%, compared with 19.6% from the first half of 2013.

Minority interest was COP 162,748 million, a 37.9% increase compared to June 2013, explained by higher results in Brazilian subsidiaries.

Net income

During the first half of 2014, ISA's accumulated net income was COP 295,775 million, representing a 36.0% increase compared to the figure reported for the same period of 2013, greatly due to higher operating revenues generated in Colombia, Brazil and Peru, the decrease in operating costs and expenses in Brazil, and lower amortization expense in ISA Capital do Brasil.

■ CONSOLIDATED BALANCE SHEET

Assets

Assets for ISA and its companies totaled COP 25,447,424 million, a 0.5% decrease compared to December 2013. This variation was mainly due to the revaluation effect of the Colombian peso versus the Chilean peso.

The distribution of assets by country was: 32.1% in Chile, 30.1% in Colombia, 25.9% in Brazil and 11.4% in Peru.

Liabilities

Consolidated liabilities were COP 14,165,160 million, representing a 1.7% decrease compared with December 2013, which, like assets, was due to the revaluation effect of Colombian peso versus the Chilean peso.

The distribution of liabilities by country was 43.6% in Chile, 26.2% in Colombia, 16.1% in Brazil and 13.7% in Peru.

Minority interest

Minority interest was COP 3,899,634 million, a 5.3% increase compared to December 2013, mainly due to the effect of devaluation of Colombian peso versus Brazilian Real and the increase of the minority interest in INTERNEXA Participações, as a result of the acquisition of shares by IFC.

Equity

Equity reached COP 7,382,630 million, a 0.9% decrease, compared with COP 7,451,477 million reported in December 2013, as a result of the distribution of profits approved by the General Shareholders' Meeting of ISA, where the appropriation of dividends rose 13.8%.

■ CONSOLIDATED CASH FLOW

As of June 2014, cash and cash equivalents was COP 1,912,190 million, an increase of COP 92,001 million compared to the end of the period 2013. In the first half of 2014, the cash provided for operations was COP 887,889 million, including the partial collection of the compensation for new assets at CTEEP. This amount was used as follows: COP 533,878 million in investment activities and COP 262,010 million for the payment of debt service and decrease of indebtedness.

■ DEBT

At the end of June 2014, the consolidated financial debt was COP 8,462,970 million, a 2.7% decrease compared to December 2013.

(figures in COP millions)

Consolidated debt	Business	June 2014	2013	Change COP	Change %	June 2014 USD
CHILE		3,932,967	4,217,278	-284,311	-6.7%	2,091
Ruta del Maipo	Road Concessions	2,085,163	2,193,030	-107,868	-4.9%	1,108
Ruta del Maule	Road Concessions	335,524	374,749	-39,225	-10.5%	178
Ruta de la Araucanía	Road Concessions	621,478	673,479	-52,002	-7.7%	330
Ruta del Bosque	Road Concessions	551,198	595,211	-44,014	-7.4%	293
Ruta de los Rios	Road Concessions	315,022	352,006	-36,984	-10.5%	167
Internexa in Chile	Telecommunications Transport	24,584	28,802	-4,218	-14.6%	13
COLOMBIA		1,763,076	1,788,574	-25,497	-1.4%	937
ISA Colombia	Energy Transmission	1,362,076	1,427,574	-65,497	-4.6%	724
Transelca	Energy Transmission	361,000	361,000	-	0.0%	192
Internexa	Telecommunications Transport	40,000	-	40,000		21
BRASIL		1,217,438	1,169,464	47,974	4.1%	647
ISA Capital	Energy Transmission	59,542	60,986	-1,445	-2.4%	32
CTEEP	Energy Transmission	873,906	792,084	81,822	10.3%	465
IEMG	Energy Transmission	38,228	38,898	-670	-1.7%	20
IEPINHEIROS	Energy Transmission	103,270	105,205	-1,935	-1.8%	55
Serra Do Japi	Energy Transmission	67,685	67,924	-239	-0.4%	36
Internexa Participacoes	Telecommunications Transport	-	74,230	-74,230		
Internexa Capital	Telecommunications Transport	55,996	10,869	45,127		30
Internexa Brasil	Telecommunications Transport	18,812	19,268	-456		10
PERU		1,499,180	1,464,947	34,232	2.3%	797
ISA Perú	Energy Transmission	18,992	23,359	-4,367	-18.7%	10
REP	Energy Transmission	435,657	444,389	-8,732	-2.0%	232
Transmantaro	Energy Transmission	1,034,655	984,610	50,044	5.1%	550
Internexa in Peru	Telecommunications Transport	9,876	12,589	-2,712	-21.5%	5
BOLIVIA		45,385	51,134	-5,750	-11.2%	24
ISA Bolivia	Energy Transmission	45,385	51,134	-5,750	-11.2%	24
ARGENTINA		4,924	7,071	-2,147	-30.4%	3
Transamerican Telecom	Telecommunications Transport	4,924	7,071	-2,147	-30.4%	3
TOTAL		8,462,970	8,698,468	-235,498	-2.7%	4,499

The following events had an impact on the results for the first half of 2014:

- The debt amortization of Chilean road concessions for USD 55.3 million and interest capitalization of Maipo and Bosque B-series bonds for UF143,208.
- Higher indebtedness at INTERNEXA with Banco ITAU and Helm Bank for COP 40 billion, to satisfy capitalization needs of Brazilian affiliates.

- INTERNEXA Participações repaid the bridge loan with HSBC bank for BRL 90 million with contributions from its partner IFC. In addition, Internexa Capital obtained a loan with Banco ITAU for BRL 65.5 million to pay a bridge loan in the amount of BRL13.2 million that it held with the same bank.
- Higher indebtedness at CTEEP for disbursement of BNDES for BRL151.3 million (USD 68.7 million) and debt amortization for BRL 93.1 million.
- Transmantaro obtained a loan disbursement for USD 100 million with BCP, to refinance a loan for USD 73.6 million with the same entity and cover funding needs for Trujillo – Chiclayo project.
- Prepayment of bonds at ISA for COP 59.5 billion.

46.2% of debt was denominated in *Unidades de Fomento* -UF- (Chile), 20.5% in U.S. dollars, 19.7% in Colombian pesos, 13.5% in Brazilian Reais and 0.2% in other currencies. Approximately 73.1% of the debt is placed in the capital markets and 26.1% is in commercial loans.

90.3% of the debt is long-term and the remaining 9.7% is short-term.

■ CAPEX and INVESTMENTS

ISA and its companies' investments during the first half of 2014 totaled COP 586,021 million, including the following direct investments and capital contributions:

- In **Colombia**, ISA invested COP 110,441 million, mainly for the projects of Betania substation, the Sogamoso substation connection, other investment projects and contributions scheduled for companies. INTERNEXA Colombia made scheduled capital contributions to its affiliates in Argentina and Brazil for COP 47,452 million.
- In **Brazil**, investments were concentrated in CTEEP, COP 112,407 million as capital contributions to its subsidiaries IEMG, IEGARANHUNS and IEMadeira and approximately COP 67,223 million as investment on assets.
- In **Peru**, COP 190,326 million was invested in energy transmission projects under construction and whose entry into operation is scheduled for between years 2014, 2015 and 2016, such as Trujillo Chiclayo, Machupichu-Abancay-Cotaruse, Mantaro Montalvo and Ampliación 13, among others.

(figures in COP millions)

	1Q14	2Q14	6M14	%	2014E	%
Colombia	105,455	74,573	180,028	30.7	407,117	25.0
Peru	104,952	85,374	190,326	32.5	510,519	31.4
Brazil	122,199	77,059	199,258	34.0	449,366	27.6
Chile	7,518	4,946	12,463	2.1	238,571	14.7
Other	727	3,219	3,945	0.7	19,653	1.2
TOTAL	340,851	245,171	586,021	100.0	1,625,225	100.0

■ HIGHLIGHTS APRIL 2014 – JUNE 2014

Relevant Events

- Fitch affirmed its AAA(col) Rating on ISA's Bond Program and 'F1+(col)' Rating for Commercial Papers with a Stable outlook. Fitch Ratings International upheld the international corporate BBB rating for local and foreign currency. Outlook remained Stable.
- ISA won a public bidding process in Peru for the design, financing, construction, operation and maintenance of a 220-kV transmission line, composed by two tranches: 11.7-km aerial section and 4.9-km long underground section, as well as the expansions of the associated substations. Expected annual revenues for this project are USD 5.5 million and the reference investment estimated by Proinversión is approximately USD 59.6 million. The project will be built by Consorcio Transmantaro –CTM–, an affiliate of ISA (60%) and EEB (40%).
- ISA informed the market that it postponed for August 2014 the UPME 04 of 2009 – Sogamoso project, which should have entered into operation on May 12, 2014, due to the delays in the processing of various permits and environmental licenses, not attributable to the Company; therefore, the corresponding guarantee was extended to prevent any breach.

Sustainability

- The Regional GC Center for Latin America and the Caribbean and Universidad Externado de Colombia selected ISA under a bid process for the region intended to learn and disclose the practices in Latin America and the Caribbean on *Social Responsibility and Sustainability* and its relation with the supply chain. The selection criterion was in line with the levels of "Commitment with the suppliers" contained in the UN Guide for Supply Chain Sustainability. For further information, visit <http://www.centroregionalpmal.org/web-pacto/esp/?q=node/512>.
- ISA was nominated to the 2014 Andesco Corporate Social Responsibility Award in the category "*Utility Companies – Best Social Environment*". The nomination was made in recognition to the commitment with those communities where the Company operates, the transparency in relations with its stakeholders and its sustainable development model. Since the awards were created nearly a decade ago, ISA has been nominated every year in the "Best Large Utility Company" category and it has won the award three times.

This report main contain forward-looking statements regarding the performance of ISA and should be taken in good faith by institutions; said forward-looking statements reflect the views of management and are based on currently available information, which assumes risks and uncertainties, including economic conditions and those from other markets, as well as the exchange rate variation and other financial variables respect to which ISA S.A. E.S.P. may not be held responsible, directly or indirectly, for financial operations that the public may conduct in reliance of the information hereby presented.

ISA'S DIRECT AND INDIRECT PARTICIPATION IN SUBSIDIARIES

COMPANY	% ISA's direct	% Indirect	Through the subsidiary
ENERGY			
TRANSELCA S.A. E.S.P.	99.9973%	0.0000%	
RED DE ENERGIA DEL PERÚ -REP	30.0000%	30.0000%	TRANSELCA S.A. E.S.P.
CONSORCIO TRANSMANTARO S.A.	60.0000%	0.0000%	
ISA PERÚ S.A.	45.1464%	54.8536%	TRANSELCA S.A. E.S.P.
ISA BOLIVIA S.A.	50.9999%	48.9900%	TRANSELCA S.A. E.S.P.
		0.0101%	INTERNEXA S.A.
CTEEP - COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA -	0.0000%	37.8053%	ISA CAPITAL DO BRASIL S.A.
INTERLIGACAO ELETRICA NORTE E NORDESTE S.A. - IENNE	0.0000%	25.0000%	CTEEP
INTERLIGACAO ELETRICA DE MINAS GERAIS S.A. - IEMG -	0.0000%	100.0000%	CTEEP
INTERLIGACÃO ELETRICA PINHEIROS S.A. - IEPINHEIROS	0.0000%	99.9990%	CTEEP
INTERLIGACÃO ELETRICA SUL S.A. - IESUL	0.0000%	50.1000%	CTEEP
INTERLIGACÃO ELETRICA DO MADEIRA S.A. - IEMADEIRA -	0.0000%	51.0000%	CTEEP
INTERLIGACÃO ELÉTRICA SERRA DO JAPI	0.0000%	99.9990%	CTEEP
INTERLIGACÃO ELÉTRICA GARANHUNS S.A.	0.0000%	51.0000%	CTEEP
EVRECY	0.0000%	100.0000%	CTEEP
INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMA S.A.	50.0000%	0.0000%	
INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMA S.A.S ESP	50.0000%	0.0000%	
EMPRESA PROPIETARIA DE LA RED S.A. - EPR (*)	11.1111%	0.0000%	
INTERCHILE S.A.	99.9000%	0.1000%	ISA INVERSIONES CHILE LTDA
INTERCOLOMBIA S.A. E.S.P.	99.9973%	0.0007%	INTERNEXA S.A. E.S.P.
		0.0007%	ISA PERU
		0.0007%	PDI
		0.0007%	INTERVAL COLOMBIA
ROADS			
INTERVAL CHILE S.A.	0.0000%	55.0000%	ISA INVERSIONES CHILE LTDA.
		44.9900%	ISA INVERSIONES MAULE LTDA.
		0.0100%	INTERNEXA S.A.
Ruta del Maipo Sociedad Concesionaria S.A.	0.0000%	99.9999%	INTERVAL CHILE S.A.
Ruta del Maule Sociedad Concesionaria S.A.	0.0000%	99.9993%	INTERVAL CHILE S.A.
Ruta del Bosque Sociedad Concesionaria S.A.	0.0000%	99.9909%	INTERVAL CHILE S.A.
Ruta de los Rios Sociedad Concesionaria S.A.	0.0000%	75.0000%	INTERVAL CHILE S.A.
Ruta de la Araucanía Sociedad Concesionaria S.A.	0.0000%	99.9999%	INTERVAL CHILE S.A.
INTERVAL Colombia S.A	100.0000%	0.0000%	
TELECOMMUNICATIONS			
INTERNEXA S.A.	99.2745%	0.0000%	TRANSELCA S.A. E.S.P.
INTERNEXA S.A. (PERÚ)	0.0000%	100.00%	INTERNEXA S.A.
INTERNEXA CHILE S.A.	0.0000%	99.0000%	INTERNEXA S.A.
INTERNEXA BRASIL OPERADORA DE TELECOMUNICAÇÕES S.A.	0.0000%	100.00%	INTERNEXA PARTICIPAÇÕES S.A.
Transamerican Telecommunication S.A. (INTERNEXA ARGENTINA S.A.)	0.0000%	98.54%	INTERNEXA S.A.
		1.4600%	INTERNEXA PERU
REDCA	0.0000%	11.00%	INTERNEXA S.A
TRANSNEXA S.A. E.M.A.	0.0000%	5.0000%	INTERNEXA S.A.
ITX CAPITAL PARTICIPACOES LTDA.		45.0000%	INTERNEXA PERU
	0.0000%	100.0000%	INTERNEXA PARTICIPAÇÕES S.A.
NQIG	0.0000%	100.0000%	ITX CAPITAL PARTICIPACOES LTDA.
INTERNEXA RIO	0.0000%	12.4400%	ITX CAPITAL PARTICIPACOES LTDA.
		87.5600%	NQIG
IPNET	0.0000%	100.0000%	ITX CAPITAL PARTICIPACOES LTDA.
INTELLIGENT MANAGEMENT OF REAL-TIME SYSTEMS			
XM S.A. E.S.P.	99.7303%	0.0000%	
DERIVEX S.A.	0.0000%	49.9500%	XM S.A. E.S.P.
	0.0000%	0.0250%	INTERNEXA S.A.
Sistemas Inteligentes en Red S.A.S.	15.0000%	85.0000%	XM S.A. E.S.P.
XM S.A. E.S.P.	99.7303%	0.0000%	
FINANCIAL			
ISA CAPITAL DO BRASIL S.A.	63.3202%	0.0000%	
INTERNEXA PARTICIPAÇÕES S.A.	0.0000%	67.2416%	INTERNEXA S.A.
ISA INVERSIONES CHILE LTDA.	99.9998%	0.0002%	INTERNEXA S.A. E.S.P.
ISA INVERSIONES MAULE	99.9998%	0.0002%	INTERNEXA S.A. E.S.P.
Financiera de Desarrollo Nacional S.A. (antes FEN)	0.0007%	0.0000%	
CAMARA DE RIESGO CENTRAL DE CONTRAPARTE DE COLOMBIA S.A. -CRCC-	0.0000%	7.1254%	XM S.A. E.S.P.
INFRASTRUCTURE			
PROYECTOS DE INFRAESTRUCTURA DEL PERU S.A.C.	99.9667%	0.0333%	TRANSELCA S.A. E.S.P.

ISA S.A. E.S.P. - CONSOLIDATED - INCOME STATEMENT (Unaudited)

JANUARY – JUNE 2014

Figures in millions of Colombian pesos

	2Q14	2Q13	Change COP	Change %	2Q14 USD	6M14	6M13	Change COP	Change %	6M14 USD
OPERATING REVENUES										
Energy transmission services	569,294	557,212	12,082	2.2%	303	1,135,444	1,033,825	101,619	9.8%	604
Connection charges	42,715	44,227	(1,512)	-3.4%	23	85,080	85,752	(672)	-0.8%	45
Dispatch and CND (National Dispatch Center)	13,190	11,712	1,478	12.6%	7	24,231	24,171	60	0.2%	13
MEM Services	12,184	10,519	1,665	15.8%	6	20,390	15,454	4,936	31.9%	11
Roads	209,608	224,815	(15,207)	-6.8%	111	411,937	465,452	(53,515)	-11.5%	219
Telecommunications	51,927	34,697	17,230	49.7%	28	107,222	66,135	41,087	62.1%	57
Other services	16,949	16,864	85	0.5%	9	34,243	25,507	8,736	34.2%	18
TOTAL OPERATING REVENUES	915,867	900,046	15,821	1.8%	487	1,818,547	1,716,296	102,251	6.0%	967
COSTS AND OPERATING EXPENSES										
Operating costs and administration expenses	384,614	441,752	(57,138)	-12.9%	204	751,165	795,202	(44,037)	-5.5%	399
Depreciation	40,341	39,114	1,227	3.1%	21	81,424	77,448	3,976	5.1%	43
Amortization	39,050	(26,465)	65,515	247.6%	21	78,561	103,523	(24,962)	-24.1%	42
Provisions	10,529	22,335	(11,806)	-52.9%	6	21,112	32,495	(11,383)	-35.0%	11
TOTAL COSTS AND OPERATING EXPENSES	474,534	476,736	(2,202)	-0.5%	252	932,262	1,008,668	(76,406)	-7.6%	496
Operating Income	441,333	423,310	18,023	4.3%	235	886,285	707,628	178,657	25.2%	471
NON - OPERATING REVENUES										
Financial	64,836	86,800	(21,964)	-25.3%	34	123,718	189,779	(66,061)	-34.8%	66
Equity method – revenue	18,172	40,686	(22,514)	-55.3%	10	31,732	40,824	(9,092)	-22.3%	17
Exchange difference	53,659	37,727	15,932	42.2%	29	161,060	119,385	41,675	34.9%	86
Other	37,504	5,618	31,886	567.6%	20	55,699	28,401	27,298	96.1%	30
Total non-operating revenues	174,171	170,831	3,340	2.0%	93	372,209	378,389	(6,180)	-1.6%	198
NON - OPERATING EXPENSES										
Financial	139,970	215,945	(75,975)	-35.2%	74	295,950	437,188	(141,238)	-32.3%	157
Equity method – expense	1,638	1,788	(150)	-8.4%	1	3,269	2,526	743	29.4%	2
Exchange difference	145,391	115,924	29,467	25.4%	77	319,875	172,930	146,945	85.0%	170
Other	10,838	5,500	5,338	97.1%	6	13,259	11,093	2,166	19.5%	7
Total non-operating expenses	297,837	339,157	(41,320)	-12.2%	158	632,353	623,737	8,616	1.4%	336
Non-operating results	(123,666)	(168,326)	44,660	-26.5%	(66)	(260,144)	(245,348)	(14,796)	6.0%	(138)
Income before taxes	317,667	254,984	62,683	24.6%	169	626,141	462,280	163,861	35.4%	333
Income tax provision	91,348	51,566	39,782	77.1%	49	167,618	126,699	40,919	32.3%	89
Income before minority interests	226,319	203,418	22,901	11.3%	120	458,523	335,581	122,942	36.6%	244
Minority interest (MI)	86,322	56,193	30,129	53.6%	46	162,748	118,052	44,696	37.9%	87
NET INCOME	139,997	147,225	(7,228)	-4.9%	74	295,775	217,529	78,246	36.0%	157
EBITDA	539,659	466,700	72,959	15.6%	287	1,083,795	937,586	146,209	15.6%	576
EBITDA Margin	58.9%	51.9%				59.6%	54.6%			
Operating Margin	48.2%	47.0%				48.7%	41.2%			
Net Margin before MI	24.7%	22.6%				25.2%	19.6%			
Net Margin	15.3%	16.4%				16.3%	12.7%			

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ISA S.A. E.S.P. - CONSOLIDATED – BALANCE SHEET

JUNE 31, 2014

Figures in millions of Colombian pesos

	June 2014	% Part.	2013	Change COP	Change %	June 2014 USD
CURRENT ASSETS						
Cash	555,035	2.2%	479,739	75,296	15.7%	295
Marketable investments	1,357,155	5.3%	1,340,450	16,705	1.2%	721
Accounts receivable, net	2,588,113	10.2%	2,287,334	300,779	13.1%	1,376
Inventories	107,307	0.4%	111,129	-3,822	-3.4%	57
Deferred charges and other assets	130,835	0.5%	129,359	1,476	1.1%	70
Total current assets	4,738,445	18.6%	4,348,011	390,434	9.0%	2,519
NON-CURRENT ASSETS						
Long-term investments	1,130,856	4.4%	956,785	174,071	18.2%	601
Long-term accounts receivable	8,332,497	32.7%	8,964,725	-632,228	-7.1%	4,429
Inventories	58,293	0.2%	59,503	-1,210	-2.0%	31
Property, plant and equipment, net	3,257,105	12.8%	3,208,813	48,292	1.5%	1,731
Deferred charges and other assets	5,049,020	19.8%	5,147,845	-98,825	-1.9%	2,684
Reappraisal of assets	2,881,208	11.3%	2,881,680	-472	0.0%	1,532
Total non-current assets	20,708,979	81.4%	21,219,351	-510,372	-2.4%	11,008
TOTAL ASSETS	25,447,424	100.0%	25,567,362	-119,938	-0.5%	13,527
CURRENT LIABILITIES						
Outstanding bonds	471,833	1.9%	300,097	171,736	57.2%	251
Financial liabilities	347,421	1.4%	284,054	63,367	22.3%	185
Accounts payable	893,226	3.5%	838,539	54,687	6.5%	475
Labor liabilities	24,777	0.1%	32,220	-7,443	-23.1%	13
Accrued liabilities and estimated provisions	257,482	1.0%	201,856	55,626	27.6%	137
Other liabilities	400,450	1.6%	380,538	19,912	5.2%	213
Total current liabilities	2,395,189	9.4%	2,037,304	357,885	17.6%	1,274
LONG-TERM LIABILITIES						
Outstanding bonds	5,714,030	22.5%	6,145,715	-431,685	-7.0%	3,037
Financial liabilities	1,929,686	7.6%	1,968,602	-38,916	-2.0%	1,026
Accounts payable	1,085,979	4.3%	1,120,718	-34,739	-3.1%	577
Labor liabilities	1,624	0.0%	1,483	141	9.5%	1
Accrued liabilities and estimated provisions	822,004	3.2%	791,543	30,461	3.8%	437
Other liabilities	2,216,648	8.7%	2,345,975	-129,327	-5.5%	1,178
Total long-term liabilities	11,769,971	46.3%	12,374,036	-604,065	-4.9%	6,256
TOTAL LIABILITIES	14,165,160	55.7%	14,411,340	-246,180	-1.7%	7,530
Minority interests	3,899,634	15.3%	3,704,545	195,089	5.3%	2,073
Subscribed and paid in capital	36,916	0.1%	36,916	0	0.0%	20
Capital Surplus	1,445,509	5.7%	1,445,509	-0	0.0%	768
Reserves	1,195,191	4.7%	999,186	196,005	19.6%	635
Net income	295,775	1.2%	433,048	-137,273	-31.7%	157
Cumulative translation adjustment	-8,018	0.0%	3,935	-11,953	-303.8%	-4
Equity revaluation	415,645	1.6%	415,645	0	0.0%	221
Surplus from asset reappraisals	2,541,932	10.0%	2,542,404	-472	0.0%	1,351
Surplus from equity method	1,459,680	5.7%	1,574,834	-115,154	-7.3%	776
Total Shareholders' Equity	7,382,630	29.0%	7,451,477	-68,847	-0.9%	3,924
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	25,447,424	100%	25,567,362	-119,938	-0.5%	13,527

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ISA S.A. E.S.P. - CONSOLIDATED - CASH FLOW STATEMENT (Unaudited)

JANUARY – JUNE 2014

Figures in millions of Colombian pesos

	1Q14	1Q13	Change COP	Change %	2013 USD
Cash flows from operating activities:					
Net income	295,775	217,528	78,247	36%	157
Plus (minus) – Adjustments to reconcile net income with the net cash provided by operating activities:					
Minority interest	162,748	118,052	44,696	38%	87
Depreciation of properties, plant and equipment	81,424	77,449	3,975	5%	43
Amortization of deferred and other assets	78,561	103,523	(24,962)	-24%	42
Amortization of retirement pensions and extralegal benefits – net	16,413	16,493	(80)	0%	9
Provision for accounts receivable	318	174	144	83%	0
Investment provision	-	389	(389)	-100%	-
Income tax provision	167,618	126,699	40,919	32%	89
Loss in property, plant, equipment and rights disposal and retirement	601	5,777	(5,176)	-90%	0
Expense for foreign exchange rate conversion	287,453	107,766	179,687	167%	153
Equity method with share control	(28,463)	-	(28,463)		(15)
Accrued interest and commissions	159,854	190,260	(30,406)	-16%	85
	1,222,302	964,110	258,192	27%	650
Changes in operating assets and liabilities:					
Debtors	(205,785)	126,170	(331,955)	-263%	(109)
Receivables for early contract renewal compensation 059/2001	244,193	1,344,703	(1,100,510)	-82%	130
Inventories	7,572	404	7,168	1774%	4
Deferred and other assets	4,160	(30,948)	35,108	-113%	2
Accounts payable and other liabilities	64,920	200,875	(135,955)	-68%	35
Labor liabilities	(7,302)	481	(7,783)	-1618%	(4)
Estimated liabilities and provisions	(2,853)	2,314	(5,167)	-223%	(2)
Collections in favor of third parties	20,756	(5,802)	26,558	-458%	11
Minority interest	(183,853)	(120,315)	(63,538)	53%	(98)
Cash flows in other operations:					
Retirement pension payments	(16,028)	(16,210)	182	-1%	(9)
Tax payments	(260,193)	(230,959)	(29,234)	13%	(138)
Net cash provided by operating activities	887,889	2,234,823	(1,346,934)	-60%	472
Cash flows from investment activities:					
Variation of permanent and long term investments	(111,651)	47,457	(159,108)	-335%	(59)
Sale of property, plant and equipment	1,301	785	516	66%	1
Intangible acquisitions	(286,410)	(301,252)	14,842	-5%	(152)
Purchase of property, plant and equipment	(137,118)	(174,501)	37,383	-21%	(73)
Net cash used by investment activities	(533,878)	(427,511)	(106,367)	25%	(284)
Cash flows from financing activities:					
Interest received in cash	38,569	98,195	(59,626)	-61%	21
Interest and commissions paid in cash	(227,161)	(389,728)	162,567	-42%	(121)
Dividends paid in cash	-	(208,243)	208,243	-100%	-
Increase in financial obligations	436,359	171,221	265,138	155%	232
Bond Issue	-	1,220,369	(1,220,369)	-100%	-
Payment of financial obligations	(378,396)	(1,365,899)	987,503	-72%	(201)
Bond payment/decrease	(131,381)	(249,989)	118,608	-47%	(70)
Net cash used by financing activities	(262,010)	(724,074)	462,064	-64%	(139)
Net increase in cash and cash equivalents	92,001	1,083,238	(991,237)	-92%	49
Cash and cash equivalents at the beginning of period	1,820,189	1,676,906	143,283	9%	968
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,912,190	2,760,144	(847,954)	-31%	1,016

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