NAUTILUS INKIA HOLDINGS LLC, NAUTILUS DISTRIBUTION HOLDINGS LLC AND NAUTILUS ISTHMUS HOLDINGS LLC, (FORMERLY INKIA ENERGY LTD)

About the Company

Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC (together the "Company") is the successor company to Inkia Energy LTD. We are an international company focused on the electric power sector, specifically on generation and distribution. The Company is based in Latin America with operations in Peru, Chile, Dominican Republic, El Salvador, Bolivia, Nicaragua, Guatemala and Panama. We are focused on Latin American markets that have higher rates of growth of gross domestic product, as well as lower base levels of overall and per capita energy consumption compared to developed markets. We believe that economic growth in Latin American markets will drive increases in overall and per capita energy consumption and therefore require significant additional investments in electricity generation assets.

Regarding generation, we own, operate and develop power plants to generate and sell electricity to distribution companies and unregulated consumers under short-term and long-term power purchase agreements, or PPAs, and to the spot market. Our operating companies use natural gas, water, wind, diesel and heavy fuel oil (HFO) to produce electricity. Our generation capacity is 89% contracted and our PPAs have a weighted average remaining life of 12 years as of June 30, 2019, which reduces the risk related to market prices of electricity and fuel.

Regarding distribution, we own the largest distribution company in Central America, measured by population served, "Energuate", based in Guatemala. The Energuate business includes two electricity distribution companies: Distribuidora de Electricidad de Oriente, S.A. ("DEORSA"), and Distribuidora de Electricidad de Occidente, S.A. ("DEOCSA").

As of June 30, 2019, the Company's combined installed capacity was 3,453 MW.

Segment	Country	Company	Fuel	MW	COD or Acquisition Date
Peru	Peru	Kallpa	Natural Gas/Hydroelectric	1,631	CC[1] Aug 2012 / LF[2] Apr 2014 / CDA Aug 2016 / CDA mini hydro Oct 2017
	Peru	Samay I	Diesel and Natural Gas	708	May 2016
South America	Bolivia	COBEE	Hydroelectric /Natural Gas	228	Original Asset
	Chile	Central Cardones	Diesel	153	Dec 2011
	Chile	Colmito	Natural Gas and Diesel	58	Oct 2013
Central America	Nicaragua	Corinto	HFO	71	Mar 2014
	Nicaragua	Tipitapa	HFO	51	Mar 2014
	Nicaragua	Amayo I	Wind	40	Mar 2014
	Nicaragua	Amayo II	Wind	23	Mar 2014
	Guatemala	PQP	HFO	55	Sep 2014
	El Salvador	Nejapa	HFO	140	Original Asset
	Panama	Kanan	HFO	124	Apr 2016
	Dominican Republic	CEPP	HFO	67	Original Asset
	Dominican Republic	Agua Clara	Wind	50	May 2019
	Panama	Pedregal	HFO	54	Original Asset
Total Operating Capacity				**3,453**	

Agua Clara Project

Our subsidiary IC Power DR has built a 50 MW wind project in the Dominican Republic. As part of the project, IC Power DR entered into a 20 year PPA.

In October 2017, IC Power DR, entered into an EPC contract with the selected EPC contractor, with a total project budget of US$103 million. The related financing was closed in March 2018 for US$73.5 million and was fully disbursed during 2018.

On May 4, 2019, Agua Clara reached COD and is selling all of its generation under its PPA.

COBEE Unavailability

On February 14, 2018 a massive flash flood affected 89% of COBEE's generation capacity in the Zongo Valley, destroying water intakes and outfalls of seven plants of our Zongo generation system and 25 out of 60 kilometers of the main road (and bridges) in the valley. No personal damages were registered.

Reconstruction works to progressively re-enable our 100% generation capacity are proceeding positively. As of June 30, 2019, COBEE was operating at 98% firm capacity. The remaining reconstruction works are estimated to be completed by the end of 2019. Cobee expects that the final costs and business interruption to be immaterial after accounting for property and business interruption insurance coverage.

[1] Combined Cycle ("CC")
[2] Las Flores Power Plant ("LF")

Energuate new base tariffs

On June 28th, 2019, the National Commission of Energy (CNEE) in Guatemala, published the Resolutions that establish the new energy distribution rates (VAD tariff) applicable until July 2024.

On July 1st, Energuate started billing with these new tariffs. The VAD tariff is the charge to our customers for distribution service. In principal the VAD tariff plus the energy purchases equal the energy sales. The principal impact of the new VAD tariff as compared to the prior VAD tariff during the last billing year (billing simulation) is estimated as follows:

- Reduction equivalent to an 8% decrese of VAD margin revenues over the 2020-2024 period, assuming that only 70% of the investments plans – or an incremental ~US$10 million – are recognized by the CNEE on a yearly basis, starting July 2020.
- A 12% reduction in the first-year in VAD margin revenues, due to the delay in the investment recognition mechanism.

In order to mitigate the negative VAD impact Energuate will:

1. Continue the implementation of the energy losses and collections projects.
2. Ensure the execution of the O&M and A&G[1] cost reduction plan, representing a US$12 million per year improvement in financial projections, approximately 13% reduction in operational costs.
3. Regardless of the fact that the CNEE created yearly tariff recognition component that is inconsistent with the applicable legal regime, Energuate will strive to have such component (Special Investment and O&M Plans) recognized in its tariff with a view to mitigating the base tariff reduction.
4. Approximately a US$17 million CAPEX reduction between 2020-2023, equivalent to an 8% reduction.

It is the opinion of the Company that the CNEE has failed to exercise its legal reasonability to review and define the Energuate VAD tariff based on technical – economic factors, as stipulated by the Guatemala Electricity Law. In this light, Energuate and the Company will pursue all legal means to correct the CNEE's resolutions before the Guatemala judicial system and International Tribunals.

On September 11th, the President of Guatemala Jimmy Morales removed the three directors of the CNEE and named their replacements.

Kallpa Asset Optimization Project

Kallpa has started an asset optimization program for up to US$165 million that consists of: (i) the conversion to combined cycle of the Las Flores thermal plant, with an 125 MW increase in capacity from 193 MW to approximately 318 MW requiring an investment of US$148 million; and (ii) the upgrade of gas turbines II and III in the Kallpa plant, expected to add approximately 37 MW by improving their technology with the increase of their efficiency and the reduction of their heat rate, with an investment of US$17 million. COD is expected for the first quarter of 2022.

Related to the project:

- On August 6th, 2019, Kallpa signed an On Site Services Contract with Siemens S.A.C. (on shore agreement) and a Foreign Part Supply and Overseas Logistical Support Contract with Siemens Energy Inc (off shore agreement) for (1) maintenance services for all gas turbines, (2) supply of spare parts and replacement units, and (3) the combustion upgrade of Kallpa II, Kallpa III and Las Flores' gas turbines.
- On August 7th, 2019, Kallpa and Siemens S.A.C. signed an engineering, procurement and construction (EPC) contract for a total amount of US$135 million which includes all costs and expenses to complete the construction of the Las Flores combined cycle plant.

[1] Administrative and General expenses.

- On August 13th, 2019, Kallpa entered into a financial lease agreement for US$148 million to finance the construction of the Las Flores combined cycle plant. Under the lease agreement, Kallpa has up to 36 months disbursement period and a 5-year repayment period with quarterly payments until the maturity of the lease. The lease bears a fixed interest rate of 3.65%.

Central Cardones minority interest acquisition

On August 27, 2019, Inkia acquired the minority interest of Central Cardones (14%) for US$3.8 million. The transaction was fully financed. Inkia now owns 100% of Central Cardones.

Restatement of Q2 2018 figures

According to the guidelines established in IFRS 3 Business Combinations, companies have up to one year to review the fair value adjustments related to the business combination. The Company prepared the fair value of assets and liabilities on a provisional basis as of December 31, 2017. These amounts were revised during 2018 and therefore restated the combined statement of profit or loss for the six-month period ended as of June 30, 2018. See Appendix I for additional information.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's net income for the six-month period ended June 30, 2019 amounted to approximately US$46 million compared to US$49 million during the same period in 2018. The Company's results for the period were mainly affected by the following:

Revenues

Our revenue increased by US$71 million, or 9%, to US$852 million during the six-month period ended June 30, 2019 from US$781 million during the same period in 2018, primarily due to (i) a US$30 million, or 17%, increase in Central America segment revenue; (ii) a US$20 million, or 7%, increase in Distribution segment revenue; (iii) a US$10 million, or 3%, increase in Peru segment revenue; and (iv) a US$10 million, or 43%, increase in South America revenue.

Peru Segment

Revenue from our Peru segment increased by US$10 million, or 3%, to US$304 million, during the six-month period ended June 30, 2019 from US$294 million during the same period in 2018, primarily due to:

- a US$14 million, or 5%, increase in Kallpa's revenue mainly as a result of a (i) higher capacity sales related to the Toquepala mine expansion PPA (80 MW) and the new Tintaya PPA (74 MW) signed in January 2019; and (ii) higher energy sales mainly from an increase in demand from non-regulated customers' PPAs. Energy sales increased to 5.1 TWh during the first half of 2019 from 4.7 TWh during the same period in 2018, mainly explained by (i) consumption increase in the Southern Peru Corporation PPA related to the Toquepala mine expansion and (ii) the new Tintaya PPA. These effects were partially offset by (i) an average energy price reduction to US$43/MWh during the first semester of 2019 from US$44/MWh during the first semester of 2018; and (ii) a US$4 million, or 8%, decrease in Samay's revenue due to nil generation during the six-month period ended June 30, 2019 compared to 23 GWh generated during the same period in 2018 due to performace tests required by the COES.

South America Segment

Revenue from our South America segment increased by US$10 million, or 43%, to US$33 million during the six-month period ended June 30, 2019 from US$23 million during the same period in 2018, primarily as a result of:

- *Colmito.* Colmito's revenue increased by US$7 million, or 350%, to US$9 million during the six-month period ended June 30, 2019 from US$2 million during the same period in 2018 due to a 41 GWh increase, in Colmito's generation. Colmito has been required to generate for system safety due to some transmission restrictions and to the unavailability of other plants in the Valparaiso Region.

- *COBEE.* COBEE's revenue increased by US$3 million, or 19%, to US$19 million during the six-month period ended June 30, 2019 from US$16 million during the same period in 2018 mainly due to a 103 GWh, or 24%, increase in the volume of energy sold due to higher generation in the first half of 2019 compared to the same period in 2018, as a result of (i) the unavailability of the Zongo Valley plants during the six-month period ended June 30, 2018; as a result of a flood in February 2018 which affected 89% of the generation capacity in the Zongo Valley; and (ii) higher spot energy prices announced by the regulator during the first six months of 2019.

Central America and Other Segment

Revenue from our Central America and Other segment increased by US$30 million, or 17%, to US$204 million during the six-month period ended June 30, 2019 from US$174 million during the same period in 2018, primarily as a result of:

- *Nejapa.* Nejapa's revenue increased by US$19 million, or 53%, to US$55 million during the six-month period ended June 30, 2019 from US$36 million during the same period in 2018, principally as a result of a 148 GWh, or 58%, increase in Nejapa's energy sold under PPAs. During the first half of 2019, Nejapa was fully contracted (140 MW), compared to the same period in 2018 when its PPAs ended in January 2018 and 64 MW were recontracted in February 2018 and 76 MW in June 2018.

- *CEPP.* CEPP's revenue increased by US$6 million, or 40%, to US$21 million during the six-month period ended June 30, 2019 from US$15 million during the same period in 2018 mainly due to a 38 GWh, or 41%, increase in CEPP's generation as a result of lower hydroelectric generation due to dry season and the unavailability of some base plants.

- *Kanan.* Kanan's revenue increased by US$4 million, or 10%, to US$45 million during the six-month period ended June 30, 2019 from US$41 million during the same period in 2018, principally due to a US$5 million, or 15%, increase in Kanan's energy sold under PPAs mainly due to (i) a 29 GWh, or 12%, higher energy sold in the first half of 2019 compared to the same period in 2018 because during 2017, Kanan had assigned one of its PPAs (ENSA:34 MW) to another generator until January 31st, 2018; and (ii) higher energy sale prices due to higher HFO prices.

- *Agua Clara.* Agua Clara's revenue increased by US$3 million due to the beginning of its operations in May 2019.

These effects were partially offset by:

- *PQP.* PQP's revenue decreased by US$2 million, or 12%, to US$15 million during the six-month period ended June 30, 2019 from US$17 million during the same period in 2018 principally as a result of lower exports to El Salvador and the termination and non-renewal of its PPA.

Distribution Segment
Revenue from our Distribution segment increased by US$20 million, or 7%, to US$312 million during the six-month period ended June 30, 2019, from US$292 million during the same period in 2018, primarily as a result of (i) 3.6% increase in energy supplied to regulated customers, from 1,090 GWh during the six-month period ended June 30, 2018 to 1,129 GWh for the same period in 2019, which resulted in a US$10 million increase in energy sold; and (ii) a 3.0% increase in the average base rate of low-voltage tariffs, which resulted in a US$9 million increase in energy sold.

Cost of Sales

Our cost of sales (including depreciation and amortization and severance expenses) increased by US$36 million, or 6%, to US$614 million during the six-month period ended June 30, 2019 from US$578 million during the same period in 2018, primarily due to:

- a US$36 million, or 7%, increase in our cost of sales (excluding depreciation and amortization but including severance expenses) to US$517 million during the six-month period ended June 30, 2019 from US$481 million during the same period in 2018, primarily due to (i) a US$22 million, or 17%, increase in cost of sales of our Central America and Other segment mainly due to higher Nejapa energy purchases and energy generation; (ii) a US$8 million, or 89%, increase in cost of sales of our South America segment mainly due to Colmito's higher energy generation; and (iii) a US$5 million, or 2%, increase in cost of sales of our Distribution segment mainly due to an increase in energy purchases.

Peru Segment
Cost of sales (excluding depreciation and amortization but including severance expenses) from our Peru segment had nil variation with US$119 million during the six-month periods ended June 30, 2019 and June 30, 2018, primarily as a result of:

- a US$7 million, or 6%, increase in Kallpa's cost of sales, mainly due to (i) a US$9 million increase in energy purchases due to a 1.4 TWh, or 371%, increase in the volume of energy purchased by Kallpa to supply its new PPAs; partially offset by (ii) a US$3 million decrease in fuel costs as a result of a 23% decrease in Kallpa's net generation;

This effect was offset by:

- a US$7 million, or 70%, decrease in Samay's cost of sales as a result of 100% decrease in Samay's generation from 31 GWh during the six-months ended June 30, 2018 to nil during the same period in 2019.

South America Segment
Cost of sales (excluding depreciation and amortization but including severance expenses) of our South America segment increased by US$8 million, or 89%, to US$17 million during the six-month period ended June 30, 2019 from US$9 million during the same period in 2018, as a result of a US$6 million, or 600%, increase in Colmito's fuel expenses as a result of a 40 GWh increase in Colmito's generation to 43 GWh during the six-month period ended June 30, 2019 from 3 GWh during the same period in 2018; and a US$2 million, or 29%, increase in COBEE's cost of sales as a result of an increase in personnel expenses and third party services.

Central America and Other Segment
Cost of sales (excluding depreciation and amortization but including severance expenses) of our Central America and Other segment increased by US$22 million, or 17%, to US$152 million during six-month period ended June 30, 2019 from US$130 million during the same period in 2018, primarily as a result of:

- a US$19 million, or 70%, increase in Nejapa's cost of sales to US$46 million during the six-month period ended June 30, 2019 from US$27 million during the same period in 2018, primarily as a result (i) a US$12 million increase related to 96 GWh, or 38%, increase in Nejapa's energy purchases and (ii) a US$6 million increase in Nejapa's fuel cost due to a 51 GWh increase in generation; both to supply the higher contracted energy during such period in 2019; and
- a US$6 million, or 50%, increase in CEPP's cost of sales to US$18 million during the six-month period ended June 30, 2019 from US$12 million during the same period in 2018, mainly due to a US$4 million increase in CEPP's fuel cost as a result of a 38 GWh, or 40%, increase in generation.

These effects were partially offset by a US$2 million, or 6%, decrease in ICPNH's cost of sales to US$34 million during the six-month period ended June 30, 2019 from US$36 million during the same period in 2018, primarily due to a US$2 million decrease in ICPNH thermal plant's fuel cost as a result of a 24 GWh, or 19% lower generation as a result of a change in the dispatch order due to the higher HFO premiums included in the new PPAs started in April 2019.

Distribution Segment
Cost of sales (excluding depreciation and amortization but including severance expenses) of our Distribution segment increased by US$5 million, or 2%, to US$230 million during the six-month period ended June 30, 2019 from US$225 million during the same period in 2018, mainly as a result of a US$5 million increase in energy purchases due to a 41 GWh, or 3%, increase in the volume of energy purchased.

Administrative Expenses

Our administrative expenses (including depreciation and amortization allocated to general and administrative expenses and severance) increased by US$4 million, or 8%, to US$53 million during the six-month period ended June 30, 2019 from US$49 million during the same period in 2018, mainly due to one-time severance expenses in Energuate.

Other Income, net

Our other income, net decreased by US$12 million, or 50%, to US$12 million during the six-month period ended June 30, 2019 from US$24 million during the same period in 2018 (including Kanan's property damage insurance income and the net gain on COBEE's write-off).

During the six-month period ended June 30, 2019, our other income, net consisted primarily of:

- US$4 million non-cash government grants revenue recorded in our Distribution segment;
- US$3 million of revenue in connection with transfers of assets from customers of Energuate in the form of cash necessary to acquire or to build them;
- A US$2 million property damage insurance claim recorded in COBEE related to the 2018 flood in the Zongo Valley, which affected COBEE's capacity;
- A US$2 million income related to management services rendered to Orazul subsidiaries.[1]

During the six-month period ended June 30, 2018, our net income, net consisted primarily of:

- a US$11 million property damage insurance claim income recorded in Kanan related to the fire in April 2017;
- a US$6 million non-cash government grants revenue recorded in our Distribution segment;
- a US$4 million property damage insurance claim recorded in COBEE related to the 2018 flood in the Zongo Valley which affected COBEE's capacity;
- a US$4 million non-cash income (net gain on COBEE's write-off) as a result of a purchase price adjustment resulting from the acquisition performed by Nautilus Inkia of the assets previously owned by Inkia Energy Ltd.

Profit from Operating Activities

As a result of the above, our profit from operating activities increased by US$19 million, or 11%, to US$197 million during the six-month period ended June 30, 2019 from US$178 million during 2018. Our operating margin (representing profit from operating activities as a percentage of revenue) was 23% during the six-month period ended June 30, 2019 and during the same period in 2018.

Financing Expenses, Net

Our financing expenses, net, decreased by US$5 million, or 6%, to US$78 million during the six-month period ended June 30, 2019 from US$83 million during the same period in 2018, as a result of a US$5 million, or 125%, increase in finance income.

Our finance income, including gains from derivative financial instruments, increased by US$5 million to US$9 million during the six-month period ended June 30, 2019 from US$4 million during the same period in 2018, principally as a result of (i) a US$3 million interest income recorded in Kallpa associated to the tax credit generated in connection with the arbitration procedure related to the termination of Kallpa's Tax Stability Agreement; and (ii) a US$1 million increase in foreign exchange gain due to the appreciation of the Peruvian Sol against the U.S. dollar during the six-month period ended June 30, 2019.

Profit from discontinued operation, net of tax

Profit from discontinued operations, net of tax, for the six-month period ended June 30, 2018 reflected a US$2 million net income from JPPC.

[1] As a result of the new corporate structure, Inkia and Orazul are related parties

Taxes on Income

Our tax expenses increased by US$25 million, or 52%, to US$73 million during the six-month period ended June 30, 2019 from US$48 million during the same period in 2018. The approximated weighted average tax rate was 28% during the six-month period ended June 30, 2019 and 27% during the same period in 2018.

Our effective tax rate increased to 61% during the six-month period ended June 30, 2019 from 51% during the same period in 2018. The principal factors causing the deviation between our effective tax rate and the approximate weighted average tax rate for our operating companies during 2019 were (i) the impact of Kallpa's arbitration result related to its Tax Stability Agreement that generated a recalculation of the income tax of previous years increasing income tax expense by US$17 million; (ii) the effects of expenses incurred by holding companies in jurisdictions with nil income tax, principally related to the interest expense on Inkia's notes and administrative expenses incurred by our holding companies; and (iii) the non-deductible portion of finance expenses in Energuate, which increased our effective tax rate.

The principal factors causing the deviation between our effective tax rate and the approximate weighted average tax rate for our operating companies during the six-month period ended June 30, 2018 were (i) the effects of expenses incurred by holding companies in jurisdictions with nil income tax, principally related to the interest expense on Inkia's notes, and administrative expenses incurred by our holding companies, and (ii) the non-deductible portion of COBEE's assets write-off, which increased our effective tax rate.

Profit for the Period

As a result of the factors described above, our profit decreased by US$3 million, or 6%, to US$46 million during the six-month period ended June 30, 2019 from US$49 million during the same period in 2018. Our net margin (representing profit as a percentage of revenue) was 5% during the six-month period ended June 30, 2019 and 6% during the same period in 2018.

Liquidity and Capital Resources

As of June 30, 2019 and December 31, 2018, we had cash and cash equivalents (excluding restricted cash) of US$178 million and US$200 million, respectively. In addition, we had short-term restricted cash of US$9 million and US$11 million, respectively, either because such cash deposits are time deposits or debt service accounts relating to our Peruvian, Bolivian and Chilean assets.

As of June 30, 2019 and December 31, 2018, we had working capital of US$61 million and US$93 million, respectively. We believe that our working capital is currently adequate for our operations.

Our main sources of liquidity have traditionally consisted of cash flows from operating activities, including dividends received from entities in which we own non-controlling interests, short-term and long-term borrowings and sales of bonds in domestic and international capital markets. We do not have funds designated for, or subject to, permanent reinvestment in any country in which we operate. Distributions of the earnings of our foreign subsidiaries are subject to the withholding taxes imposed by the foreign subsidiaries' jurisdictions of incorporation. From time to time, however, we may be unable to receive dividends from our subsidiaries and associated company as a result of a lack of distributable reserves or limitations under our contractual arrangements.

Our main needs for liquidity generally consist of capital expenditures related to the development and construction of generation projects and the acquisition of other generation and/or distribution companies; debt service; working capital requirements (e.g., maintenance costs that extend the useful life of our plants); and dividends on our shares. As part of our growth strategy, we expect to develop, construct and operate greenfield projects in the markets that we serve as well as start projects or acquire controlling interests in operating assets within and outside Latin America. Our development of greenfield projects and our acquisition activities in the future may require us to make significant capital expenditures and/or raise significant capital. We believe that our liquidity is sufficient to cover our working capital needs in the ordinary course of our business.

Cash Flow

Cash Flows from Operating Activities

Our main source of operating funds is cash flow generated from our operations. Net cash provided by operating activities was US$198 million during the six-month period ended June 30, 2019 and US$272 million during the same period in 2018.

This US$74 million decrease was primarily driven by: (i) a US$50 million decrease in Samay's net cash flows from operating activities as a result of higher collections during 2018 related to the higher dispatch during 2017; (ii) a US$16 million decrease in Kallpa's net cash flows from operating activities due to invoices collections postponed to July 2019; and (iii) a US$14 million decrease in our Distribution segment as a result of a timing difference on payments to energy suppliers (December 2018 payments were made in January 2019) and higher tax payments due to better results during 2018. Partially offset by an US$8 million increase in Kanan's net cash flow due to higher gross margin and higher collections than previous year.

Cash Flows Used in Investing Activities

Cash flows used in our investing activities decreased by US$23 million, or 44%, to US$29 million during the six-month period ended June 30, 2019 from US$52 million during the same period in 2018.

During the six-month period June 30, 2019, investing activities for which we used cash primarily consisted of (i) acquisitions of property, plant and equipment of US$42 million, consisting of US$23 million used by Energuate for various projects to improve its operations, US$8 million used in the construction of the Agua Clara project; and US$11 million of capital expenditures related to maintenance of our other subsidiaries; and (ii) acquisitions of intangibles of US$12 million, consisting primarily of payments related to the option agreements signed with distribution companies at Kallpa to extend the contract terms of certain PPAs. The effects of these factors were partially offset by (i) the receipt of US$9 million of net proceeds from JPPC's sale in March 2019; (ii) Samay's US$8 million insurance claim collection; (iii) collection of interests of US$2 million mainly related to Energuate's commercial interests collection; and (iv) the release of restricted cash and short-term deposits of US$3 million by COBEE.

During the six-month period ended June 30, 2018, investing activities for which we used cash primarily consisted of acquisitions of property, plant and equipment of US$62 million, consisting of US$19 million used by Kanan in the reconstruction of its power plant, US$18 million used by Energuate for various projects to improve its operations, US$12 million used in the construction of the Agua Clara project and US$13 million related to capital expenditures in connection with maintenance of our other subsidiaries. The effects of these factors were partially offset by the release of restricted cash and short-term deposits of US$6 million by COBEE and our Chilean subsidiaries.

Cash Flows from Financing Activities

Cash flows used by our financing activities were US$192 million during the six-month period ended June 30, 2019 and US$154 million during the same period in 2018.

During the six months ended June 30, 2019, we received aggregate proceeds of US$2 million from the incurrence of long-term debt of our subsidiary in Guatemala (PQP); and received proceeds of our short-term borrowings, net of payments of short-term borrowings of US$24 million.

During the six months ended June 30, 2019, we used cash (i) to make distributions to our parent companies in the amount of US$108 million, (ii) to pay interest in the amount of US$78 million, (iii) to repay long-term debt of US$29 million, and (iv) to amortize operating leases in the amount of US$3 million.

During the six months ended June 30, 2018, we received aggregate proceeds of US$16 million from the incurrence of long-term debt under the Agua Clara credit facility.

During the six months ended June 30, 2018, we used cash (i) to pay interest in the amount of US$72 million, (ii) to make distributions to parent company of US$40 million, (iii) to repay long-term debt of US$31 million, (iv) to pay distributions to holders of non-controlling interests of certain of our subsidiaries of US$22 million, and (v) to make payments of our short-term borrowings, net of proceeds of short term borrowings, of US$3 million.

For the three months ended June 30, 2019

The Company's net income for the three-month period ended June 30, 2019 amounted to approximately US$34 million compared to US$11 million during the same period in 2018. The Company's results for the period were mainly affected by the following:

Revenues

Our revenue increased by US$44 million, or 11%, to US$442 million during the three-month period ended June 30, 2019 from US$398 million during the same period in 2018, primarily due to (i) a US$16 million, or 17%, increase in Central America segment revenue; (ii) a US$12 million, or 8%, increase in Distribution segment revenue; (iii) a US$10 million, or 7%, increase in Peru segment revenue; and (iv) a US$6 million, or 55%, increase in South America revenue.

Peru Segment

Revenue from our Peru segment increased by US$10 million, or 7%, to US$155 million, during the three-month period ended June 30, 2019 from US$145 million during the same period in 2018, primarily due to:

- An US$11 million, or 8%, increase in Kallpa's revenue mainly as a result of a (i) higher capacity sales related to the Toquepala mine expansion PPA (80 MW) and the new Tintaya PPA (74 MW) signed in January 2019; and (ii) higher energy sales mainly from an increase in demand from non-regulated customers' PPAs. Energy sales increased to 2.5 TWh during the second quarter of 2019 from 2.3 TWh during the same period in 2018, mainly explained by (i) consumption increase in the Southern Peru Corporation PPA related to the Toquepala mine expansion and (ii) the new Tintaya PPA;

South America Segment

Revenue from our South America segment increased by US$6 million, or 55%, to US$17 million during the three-month period ended June 30, 2019 from US$11 million during the same period in 2018, primarily as a result of:

- *Colmito.* Colmito's revenue increased by US$5 million, to US$6 million during the three-month period ended June 30, 2019 from US$1 million during the same period in 2018 due to a 29 GWh increase in Colmito's generation to 30 GWh during the three-month period ended June 30, 2019 from 1 GWh during the same period in 2018.

Central America and Other Segment

Revenue from our Central America and Other segment increased by US$16 million, or 17%, to US$109 million during the three-month period ended June 30, 2019 from US$93 million during the same period in 2018, primarily as a result of:

- *Nejapa.* Nejapa's revenue increased by US$11 million, or 58%, to US$30 million during the three-month period ended June 30, 2019 from US$19 million during the same period in 2018, principally as a result of a 74 GWh, or 56%, increase in Nejapa's energy sold under PPAs. During the second quarter of 2019, Nejapa was fully contracted (140 MW), compared to the same period in 2018 when its PPAs ended in January 2018 and 64 MW were recontracted in February 2018 and 76 MW in June 2018.

- *CEPP.* CEPP's revenue increased by US$2 million, or 20%, to US$12 million during the three-month period ended June 30, 2019 from US$10 million during the same period in 2018 mainly due to (i) a 4 GWh, or 6%, increase in CEPP's generation as a result of lower hydroelectric generation due to dry season and the unavailability of some base plants; and (ii) a 5% increase in the average energy sales price.

- *Agua Clara.* Agua Clara's revenue increased by US$3 million due to the beginning of its operations in May 2019.

Distribution Segment

Revenue from our Distribution segment increased by US$12 million, or 8%, to US$162 million during the three-month period ended June 30, 2019, from US$150 million during the same period in 2018, primarily as a result of higher energy sales due to (i) 3.8% increase in energy supplied to regulated customers, from 554 GWh during the three-month period ended June 30, 2018 to 575 GWh for the same period in 2019, which resulted in a US$5 million increase in energy sold; and (ii) a 4.2% increase in the average base rate of low-voltage tariffs, which resulted in a US$6 million increase in energy sold.

Cost of Sales

Our cost of sales (including depreciation and amortization and severance expenses) increased by US$21 million, or 7%, to US$318 million during the three-month period ended June 30, 2019 from US$297 million during the same period in 2018, primarily due to:

- a US$22 million, or 9%, increase in our cost of sales (excluding depreciation and amortization but including severance expenses) to US$270 million during the three-month period ended June 30, 2019 from US$248 million during the same period in 2018, primarily due to (i) a US$10 million, or 14%, increase in cost of sales of our Central America and Other segment mainly due to higher Nejapa energy purchases and energy generation; (ii) a US$6 million, or 120%, increase in cost of sales of our South America segment, primarily driven by higher energy generation in Colmito; (iii) a US$3 million, or 3%, increase in cost of sales of our Distribution segment mainly due to higher energy purchases; and (iv) a US$3 million, or 5% increase in cost of sales of our Peruvian segment mainly due to higher Kallpa's energy purchases, partially offset by Samay's lower generation.

Peru Segment

Cost of sales (excluding depreciation and amortization but including severance expenses) from our Peru segment increased by US$3 million, or 5%, to US$61 million during the three-month period ended June 30, 2019 from US$58 million during the same period in 2018, primarily as a result of a US$4 million, or 7%, increase in Kallpa's cost of sales, mainly due to a 0.6 TWh, or 201%, increase in the volume of energy purchased by Kallpa to supply its new PPAs; partially offset by a US$1 million, or 33%, decrease in Samay's cost of sales as a result of 100% decrease in Samay's generation, from 17 GWh during the three-months ended June 30, 2018 to nil during the same period in 2019. Samay was required to generate during the year 2018 due to effective power and performance tests required by COES.

South America Segment

- Cost of sales (excluding depreciation and amortization but including severance expenses) of our South America segment increased by US$6 million, or 120%, to US$11 million during the three-month period ended June 30, 2019 from US$5 million during the same period in 2018, as a result of a US$5 million increase in Colmito's fuel expenses as a result of a 30 GWh increase in Colmito's generation. Colmito has been required to generate for system safety due to some transmission restrictions and due to the unavailability of other plants in the Valparaiso Region.

Central America and Other Segment

Cost of sales (excluding depreciation and amortization but including severance expenses) of our Central America and Other segment increased by US$10 million, or 14%, to US$83 million during three-month period ended June 30, 2019 from US$73 million during the same period in 2018, primarily as a result of:

- a US$10 million, or 71%, increase in Nejapa's cost of sales to US$24 million during the three-month period ended June 30, 2019 from US$14 million during the same period in 2018, primarily as a result of (i) a US$5 million increase related to 44 GWh, or 35%, increase in Nejapa's energy purchases and (ii) a US$3 million increase in Nejapa's fuel cost due to a 29 GWh increase in generation; both to supply the higher contracted energy during such period in 2019.

Distribution Segment

Cost of sales (excluding depreciation and amortization but including severance expenses) of our Distribution segment increased by US$3 million, or 3%, to US$116 million during the three-month period ended June 30, 2019 from US$113 million during the same period in 2018, mainly as a result of a US$4 million increase in energy purchases due to a 25 GWh, or 3%, increase in the volume of energy purchased as a result of the higher volume of energy sold.

Administrative Expenses

Our administrative expenses (including depreciation and amortization allocated to general and administrative expenses and severance) increased by US$2 million, or 8%, to US$26 million during the three-month period ended June 30, 2019 from US$24 million during the same period in 2018, mainly due to one-time severance expenses in Energuate.

Other Income, net

Our other income, net increased by US$4 million, or 133%, to US$7 million during the three-month period ended June 30, 2019 from US$3 million during the same period in 2018.

During the three-month period ended June 30, 2019, our other income, net consisted primarily of:

- US$2 million non-cash government grants revenue recorded in our Distribution segment;
- US$2 million property damage insurance claim recorded in COBEE related to the 2018 flood in the Zongo Valley, which affected COBEE's capacity;
- US$1 million of revenue in connection with transfers of assets from customers of Energuate in the form of cash necessary to acquire or to build them;
- US$1 million income related to management services rendered to Orazul subsidiaries.[1]

During the three-month period ended June 30, 2018, our other income, net consisted primarily of:

- US$2 million non-cash government grants revenue recorded in our Distribution segment;
- US$1 million of revenue in connection with transfers of assets from customers of Energuate in the form of cash necessary to acquire or to build them.

Profit from Operating Activities

As a result of the above, our profit from operating activities increased by US$25 million, or 31%, to US$105 million during the three-month period ended June 30, 2019 from US$80 million during the same period in 2018. Our operating margin (representing profit from operating activities as a percentage of revenue) was 24% during the three-month period ended June 30, 2019 and 20% during the same period in 2018.

Financing Expenses, Net

Our financing expenses, net, decreased by US$2 million, or 5%, to US$42 million during the three-month period ended June 30, 2019 from US$44 million during the same period in 2018, as a result of a US$2 million decrease in finance costs.

Our finance expense decreased by US$2 million, or 4%, to US$43 million during the three-month period ended June 30, 2019 from US$45 million during the same period in 2018, principally as a result of a US$4 million lower foreign currency losses recorded in Energuate during the three-month period ended June 30, 2019 due to the appreciation of the Guatemalan Quetzal against the U.S dollar. This effect was partially offset by a US$2 million increase in interest income recorded in Inkia related to the US$200 million bridge loan disbursed in October 2018.

[1] As a result of the new corporate structure, Inkia and Orazul are related parties

Profit from discontinued operation, net of tax

Profit from discontinued operations, net of tax, for the three-month period ended June 30, 2018 reflected a US$1 million net income from JPPC.

Taxes on Income

Our tax expenses increased by US$3 million, or 12%, to US$29 million during the three-month period ended June 30, 2019 from US$26 million during the same period in 2018. The approximated weighted average tax rate was 28% during the three-month period ended June 30, 2019 and 2018.

Our effective tax rate decreased to 46% during the three-month period ended June 30, 2019 from 72% during the same period in 2018. The principal factors causing the deviation between our effective tax rate and the approximate weighted average tax rate for our operating companies during 2019 were (i) the effects of expenses incurred by holding companies in jurisdictions with nil income tax, principally related to the interest expense on Inkia's notes and administrative expenses incurred by our holding companies; and (ii) the non-deductible portion of finance expenses in Energuate, which increased our effective tax rate.

The principal factors causing the deviation between our effective tax rate and the approximate weighted average tax rate for our operating companies during the three-month period ended June 30, 2018 were (i) the effects of expenses incurred by holding companies in jurisdictions with nil income tax, principally related to the interest expense on Inkia's notes, and administrative expenses incurred by our holding companies; (ii) the non-deductible portion of COBEE's assets write-off; and (iii) the non-deductible portion of finance expenses in Energuate, which increased our effective tax rate.

Profit for the Period

As a result of the factors described above, our profit increased by US$23 million, or 209%, to US$34 million during the three-month period ended June 30, 2019 from US$11 million during the same period in 2018. Our net margin (representing profit as a percentage of revenue) was 8% during the three-month period ended June 30, 2019 and 3% during the same period in 2018.

Appendixes

Appendix I

Combined Income Statement (US$ million)

	For the six-month period ended June 30,					For the three-month period ended June 30,	
	2019	**2018 Final**	**2018 Provisional**	**Adjustments**	**Discontinued operations**	**2019**	**2018 Final**
Revenues	852	781	813	-	(32)	442	398
Cost of sales	(613)	(578)	(611)	5	28	(317)	(297)
Severance expenses	(1)	-	-	-		(1)	-
Gross Profit	**238**	**203**	**202**	**5**	**(4)**	**124**	**101**
Administrative expenses[1]	(51)	(49)	(48)	(2)	1	(24)	(24)
Severance expenses	(2)	-	-	-		(2)	-
Kanan PD insurance income	-	11	11	-	-	-	-
Cobee PD insurance income	2	-	-	-	-	2	-
Net gain on COBEE write off	-	4	4	-	-	-	-
Other income	12	10	12	(2)	-	6	4
Other expense	(2)	(1)	(1)	-	-	(1)	(1)
Profit from operating activities	**197**	**178**	**180**	**1**	**(3)**	**105**	**80**
Finance income	9	4	3	1	-	1	1
Finance costs	(87)	(87)	(87)	-	-	(43)	(45)
Finance costs, net	**(78)**	**(83)**	**(84)**	**1**	**-**	**(42)**	**(44)**
Share of profit in associate	-	-	-	-	-	-	-
Profit before tax	**119**	**95**	**96**	**2**	**(3)**	**63**	**36**
Income tax expense	(73)	(48)	(48)	(1)	1	(29)	(26)
Profit from continuing operations	**46**	**47**	**48**	**1**	**(2)**	**34**	**10**
Profit from discontinued operations	-	2	-	-	2	-	1
Profit from the period	**46**	**49**	**48**	**1**	**-**	**34**	**11**
Attributable to:							
Inkia's equity holders	42	33	32	1	-	33	4
Non-controlling interest	4	16	16	-	-	1	7
Cost of Sales							
Cost of Sales (excl. Depreciation & Severance expenses)	(517)	(481)	(509)	-	28	(270)	(248)
Depreciation & Amortization	(97)	(97)	(102)	5	-	(48)	(49)
Cost of Sales	**(614)**	**(578)**	**(611)**	**5**	**28**	**(318)**	**(297)**

[1] Includes US$4 million and US$3 million of depreciation and amortization for the six-month period ended June 30, 2019 and 2018, respectively allocated to administrative expenses. (US$3 million and US$1 million for the three-month period ended June 30, 2019 and 2018)

Appendix II

Combined Adjusted EBITDA (*)

	For the six-month period ended June 30,					For the three-month period ended June 30,	
	2019	**2018 Provisional**	**Adjustments**	**Discontinued operations**	**2018 Final**	**2019**	**2018 Final**
	(in millions of U.S. dollars)					**(in millions of U.S. dollars)**	
Net income	46	48	1	-	49	34	11
Depreciation and amortization	101	106	(5)	(1)	100	51	50
Finance expenses, net	78	84	(1)	-	83	42	44
Share in profit of associate	-	-	-	-	-	-	-
Income Tax expense	73	48	1	(1)	48	29	26
Kanan PD insurance income	-	(11)	-	-	(11)	-	-
Cobee PD insurance income	(2)	-	-	-	-	(2)	-
Net gain on Cobee write-off	-	(4)	-	-	(4)	-	-
Profit from discontinued operations	-	-	-	(2)	(2)	-	(1)
Severance	3	-	-	-	-	3	-
Consolidated EBITDA	**299**	**271**	**(4)**	**(4)**	**263**	**157**	**130**
Dividends received from Pedregal	-				-	-	-
Consolidated Adjusted EBITDA (*)	**299**	**271**	**(4)**	**(4)**	**263**	**157**	**130**

(*) As defined by Inkia Offering Memorandum.

Appendix III

Unconsolidated Operating Cash Flow

	For the six-month period ended June 30,		For the three-month period ended June 30,	
	2019	**2018**	**2019**	**2018**
	(in millions of U.S. dollars)		**(in millions of U.S. dollars)**	
Distributions received from:				
Kallpa	68	40	43	21
Samay	8	-	8	-
Kanan	1	-	1	-
Nejapa and Cenérgica	-	15	-	-
PQP	-	6	-	2
COBEE	-	4	-	4
ICPNH	-	4	-	4
Total distributions received	77	69	52	31
Operating expenses	(6)	(8)	(3)	(1)
Unconsolidated Operating Cash Flow	**71**	**61**	**49**	**30**

Appendix IV

Debt by Company

	As of June 30, 2019 US$ million (*)	As of December 31, 2018 US$ million (*)
Short-term Debt		
Samay	45	45
Inkia	10	-
COBEE	6	1
Nejapa	4	1
DEOCSA	4	-
DEORSA	4	-
CEPP	2	4
	75	51
Long-term Debt		
Kallpa (**)	1,067	1,069
Inkia	788	786
Samay	289	294
DEOCSA (**)	262	262
DEORSA (**)	185	185
IC Power DR (Agua Clara)	72	72
COBEE	61	68
Cardones	31	33
Consorcio Eólico Amayo, S.A.	29	32
Consorcio Eólico Amayo (Fase II), S.A.	22	25
Kanan	19	25
Colmito	10	10
Recsa	10	10
PQP	2	-
	2,847	2,871
Total debt	**US$2,922**	**US$2,922**

(*) Debt is presented at amortized cost (net of transaction costs)
(**) Debt includes purchase price adjustments.
(***) Does not include lease liabilities under operating lease contracts

Appendix V

Combined EBITDA reconciliation from operating income

	For the six-month period ended June 30,		For the three-month period ended June 30,	
	2019	**2018**	**2019**	**2018**
	(in millions of U.S. dollars)		**(in millions of U.S. dollars)**	
Operating income	197	178	105	80
Depreciation and amortization	101	100	51	50
Severance expenses	3	-	3	-
Cobee PD insurance income	(2)	-	(2)	-
Kanan PD insurance income	-	(11)	-	-
Net gain on Cobee write-off	-	(4)	-	-
Total Consolidated EBITDA	**299**	**263**	**157**	**130**

Appendix VI

Financial Information Summary

For the six-month period ended June, 2019

US$ million Entity	Ownership Interest (%)	Country	Revenues	Cost of Sales[1]	EBITDA[2]
Peru					
Kallpa	100	Peru	282	116	156
Samay I	100	Peru	22	3	19
Subtotal Peru			**304**	**119**	**175**
South America					
COBEE	100	Bolivia	19	9	7
Central Cardones	87	Chile	5	1	3
Colmito	100	Chile	9	7	2
Subtotal South America			**33**	**17**	**12**
Central America and Other					
ICPNH	61-65	Nicaragua	56	34	21
Nejapa	100	El Salvador	55	46	7
Kanan	100	Panama	45	33	13
CEPP	97	Dominican Republic	21	18	3
Agua Clara	100	Dominican Republic	3	1	2
PQP	100	Guatemala	15	13	1
Guatemel	100	Guatemala	5	5	-
Cenérgica	100	El Salvador	3	2	1
Recsa	100	Guatemala	1	-	-
Inkia & others	100	Various	-	-	(5)
Subtotal Central America and Other			**204**	**152**	**43**
Distribution					
DEOCSA	91	Guatemala	137	102	28
DEORSA	93	Guatemala	175	128	41
Subtotal Distribution			**312**	**230**	**69**
Eliminations			(1)	(1)	-
Total Inkia			**US$ 852**	**US$ 517**	**US$ 299**

[1] Excluding Depreciation and Amortization for US$97 million, but including severance expenses for US$1 million .

[2] Kallpa and Samay figures are presented net of intercompany transactions. If these effects were not excluded, EBITDA figures would be US$152 million and US$23 million for Kallpa and Samay, respectively.

For the six-month period ended June 30, 2018

US$ million

Entity	Ownership Interest (%)	Country	Revenues	Cost of Sales[1]	EBITDA[2]
Peru					
Kallpa	75	Peru	268	109	150
Samay I	75	Peru	26	10	17
Subtotal Peru			**294**	**119**	**167**
South America					
COBEE	100	Bolivia	16	7	6
Central Cardones	87	Chile	5	1	3
Colmito	100	Chile	2	1	2
Subtotal South America			**23**	**9**	**11**
Central America and Other					
ICPNH	61-65	Nicaragua	55	36	18
Nejapa	100	El Salvador	36	27	7
Kanan	100	Panama	41	32	8
CEPP	97	Dominican Republic	15	12	2
Agua Clara	100	Dominican Republic	-	-	-
PQP	100	Guatemala	17	14	1
Guatemel	100	Guatemala	5	5	-
Cenérgica	100	El Salvador	4	3	1
Recsa	100	Guatemala	1	-	-
Inkia & others	100	Various	-	1	(6)
Subtotal Central America and Other			**174**	**130**	**31**
Distribution					
DEOCSA	91	Guatemala	129	99	25
DEORSA	93	Guatemala	163	126	29
Subtotal Distribution			**292**	**225**	**54**
Eliminations			(2)	(2)	-
Total Inkia			**US$ 781**	**US$ 481**	**US$ 263**

[1] Excluding Depreciation and Amortization for US$97 million.

[2] Kallpa and Samay figures are presented net of intercompany transactions. If these effects were not excluded, EBITDA figures would be US$147 million and US$20 million for Kallpa and Samay, respectively.

For the three-month period ended June 30, 2019

US$ million

Entity	Ownership Interest (%)	Country	Revenues	Cost of Sales[1]	EBITDA[2]
Peru					
Kallpa	100	Peru	145	59	80
Samay I	100	Peru	10	2	9
Subtotal Peru			**155**	**61**	**89**
South America					
COBEE	100	Bolivia	9	5	2
Central Cardones	87	Chile	2	1	2
Colmito	100	Chile	6	5	1
Subtotal South America			**17**	**11**	**5**
Central America and Other					
ICPNH	61-65	Nicaragua	29	20	9
Nejapa	100	El Salvador	30	24	4
Kanan	100	Panama	22	17	7
CEPP	97	Dominican Republic	12	11	1
Agua Clara	100	Dominican Republic	3	1	2
PQP	100	Guatemala	9	7	-
Guatemel	100	Guatemala	2	2	-
Cenérgica	100	El Salvador	1	1	1
Recsa	100	Guatemala	1	-	-
Inkia & others	100	Various	-	-	(1)
Subtotal Central America and Other			**109**	**83**	**23**
Distribution					
DEOCSA	91	Guatemala	71	52	18
DEORSA	93	Guatemala	91	64	22
Subtotal Distribution			**162**	**116**	**40**
Eliminations			(1)	(1)	-
Total Inkia			**US$ 442**	**US$ 270**	**US$ 157**

[1] Excluding Depreciation and Amortization for US$48 million, but including severance expenses for US$1 million.

[2] Kallpa and Samay figures are presented net of intercompany transactions. If these effects were not excluded, EBITDA figures would be US$77 million and US$12 million for Kallpa and Samay, respectively.

For the three-month period ended June 30, 2018

US$ million

Entity	Ownership Interest (%)	Country	Revenues	Cost of Sales[1]	EBITDA[2]
Peru					
Kallpa	75	Peru	134	55	74
Samay I	75	Peru	11	3	8
Subtotal Peru			**145**	**58**	**82**
South America					
COBEE	100	Bolivia	8	4	2
Central Cardones	87	Chile	2	1	1
Colmito	100	Chile	1	-	2
Subtotal South America			**11**	**5**	**5**
Central America and Other					
ICPNH	61-65	Nicaragua	28	21	7
Nejapa	100	El Salvador	19	14	4
Kanan	100	Panama	23	18	4
CEPP	97	Dominican Republic	10	8	1
Agua Clara	100	Dominican Republic	-	-	-
PQP	100	Guatemala	8	7	-
Guatemel	100	Guatemala	3	3	-
Cenérgica	100	El Salvador	1	1	1
Recsa	100	Guatemala	1	-	-
Inkia & others	100	Various	-	1	(3)
Subtotal Central America and Other			**93**	**73**	**14**
Distribution					
DEOCSA	91	Guatemala	68	51	13
DEORSA	93	Guatemala	82	62	16
Subtotal Distribution			**150**	**113**	**29**
Eliminations			(1)	(1)	-
Total Inkia			**US$ 398**	**US$ 248**	**US$ 130**

[1] Excluding Depreciation and Amortization for US$49 million.

[2] Kallpa and Samay figures are presented net of intercompany transactions. If these effects were not excluded, EBITDA figures would be US$73 million and US$9 million for Kallpa and Samay, respectively.

Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC

Unaudited Condensed Combined Interim Financial Statements

June 30, 2019

(Including Independent Auditor's Report on Review of Condensed Combined Interim Financial Statements)

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS

To the Shareholders and Board of Directors
Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and
Nautilus Isthmus Holdings LLC

Introduction

We have reviewed the accompanying condensed combined statement of financial position of Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC (the Companies) as at June 30, 2019, the condensed combined statements of profit or loss and other comprehensive income for the six and three-month periods ended as at June 30, 2019, the condensed combined statements of changes in equity and cash flows for the six-month period then ended, and notes to the condensed combined interim financial statements (the condensed combined interim financial statements). Management is responsible for the preparation and presentation of these condensed combined interim financial statements in accordance with International Accounting Standards N° 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these condensed combined interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed combined interim financial statements as at and for the six and three-month periods ended June 30, 2019 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Lima, Peru

August 12, 2019

Caipo y Asociados

Countersigned by:

Juan José Córdova (Partner)
Peruvian Certified Public Accountant
Registration N° 01-18869

Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC

Unaudited Condensed Combined Interim Financial Statements

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Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC
Unaudited Condensed Combined Statements of Financial Position
As at June 30, 2019 (Unaudited) and December 31, 2018

In thousands of U.S. dollars	***Note***	**June 30, 2019**	**December 31, 2018**
Assets			
Current assets			
Cash and cash equivalents	*7*	177,900	199,976
Short-term deposits and restricted cash	*8*	8,529	11,318
Trade receivables		258,296	225,218
Other receivables, including derivative financial instruments		37,539	31,217
Income tax receivable		15,136	10,391
Inventories		91,694	92,179
Assets held for sale	*6*	-	37,702
Total current assets		**589,094**	**608,001**
Non-current assets			
Short-term deposits and restricted cash	*8*	4,510	4,510
Trade receivables		20,708	20,074
Investment in associate		4,385	4,505
Other receivables, including derivative financial instruments		18,918	21,108
Income tax receivable and tax claims		28,186	27,810
Deferred income tax assets		41,616	42,910
Property, plant and equipment	*9*	2,781,426	2,797,612
Right of use assets under operating contracts	*2.C*	30,334	-
Intangible assets and goodwill		1,419,724	1,440,738
Total non-current assets		**4,349,807**	**4,359,267**
Total assets		**4,938,901**	**4,967,268**

In thousands of U.S. dollars	***Note***	**June 30, 2019**	**December 31, 2018**
Liabilities and equity			
Current liabilities			
Loans from banks, debentures and others	*10*	134,004	100,605
Lease liabilities under operating contracts	*2.C*	4,794	-
Trade payables		199,488	219,534
Other payables, including derivative financial instruments		104,566	92,566
Guarantee deposits from customers		64,356	61,571
Income tax payables		21,328	12,732
Liabilities held for sale	*6*	-	27,833
Total current liabilities		**528,536**	**514,841**
Non-current liabilities			
Loans from banks and others	*10*	821,638	849,091
Debentures	*10*	1,966,783	1,972,272
Lease liabilities under operating contracts	*2.C*	26,166	-
Trade payables		28,004	32,973
Derivative financial instruments		2,402	9
Government grants		115,908	120,101
Deferred income tax liabilities		386,777	350,483
Employee benefits		13,824	13,139
Other long-term liabilities		36,799	34,399
Total non-current liabilities		**3,398,301**	**3,372,467**
Total liabilities		**3,926,837**	**3,887,308**
Equity			
Equity attributable to the controlling shareholders		968,292	1,040,313
Non-controlling interest		43,772	39,647
Total equity		**1,012,064**	**1,079,960**
Total liabilities and equity		**4,938,901**	**4,967,268**

The notes on pages 8 to 32 are an integral part of these unaudited condensed combined interim financial statements.

Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC

Unaudited Condensed Combined Statements of Profit or Loss

For the six-month and three-month periods ended June 30, 2019 and 2018

		Six-month period ended June 30		Three-month period ended June 30	
In thousands of U.S. dollars	***Note***	**2019**	**2018 (*)**	**2019**	**2018 (*)**
Continuing operations					
Revenue	*11*	852,081	781,288	442,454	397,413
Cost of sales		(614,181)	(578,135)	(318,581)	(296,687)
Gross profit		**237,900**	**203,153**	**123,873**	**100,726**
Selling, general and administrative expenses		(46,721)	(43,233)	(22,997)	(21,505)
Impairment loss on trade and other receivables		(6,450)	(5,891)	(3,277)	(2,599)
Other income	*12*	14,507	24,879	7,729	4,849
Other expenses	*12*	(2,062)	(1,312)	(434)	(966)
Profit from operating activities		**197,174**	**177,596**	**104,894**	**80,505**
Finance income	*13*	8,071	4,233	644	713
Net gain from derivative financial instruments		727	118	354	114
Finance costs	*13*	(86,737)	(86,757)	(43,192)	(45,130)
Finance costs, net		**(77,939)**	**(82,406)**	**(42,194)**	**(44,303)**
Share of (loss) profit in associate		(120)	300	(86)	(24)
Profit before income tax		**119,115**	**95,490**	**62,614**	**36,178**
Income tax expense	*15*	(73,023)	(48,653)	(28,427)	(26,433)
Profit from continuing operations		**46,092**	**46,837**	**34,187**	**9,745**
Discontinued operations					
Profit from discontinued operations, net of tax	*6(a)*	-	2,589	-	1,485
Profit for the period		**46,092**	**49,426**	**34,187**	**11,230**
Attributable to					
Controlling shareholders		41,753	33,381	32,602	4,542
Non-controlling interest		4,339	16,045	1,585	6,688
Profit for the period		**46,092**	**49,426**	**34,187**	**11,230**

(*) Restatement (note 5).

The notes on pages 8 to 32 are an integral part of these unaudited condensed combined interim financial statements.

Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC

Unaudited Condensed Combined Statements of Other Comprehensive Income (loss)

For the six-month and three-month periods ended June 30, 2019 and 2018

	Six-month period ended June 30		Three-month period ended June 30	
In thousands of U.S. dollars	**2019**	**2018 (*)**	**2019**	**2018 (*)**
Profit for the period	46,092	49,426	34,187	11,230
Components of other comprehensive income				
Items that will be subsequently reclassified to profit or loss				
Exchange differences on translating foreign operations	(389)	1,837	278	1,150
Cash flow hedges – effective portion of changes in fair value	(6,697)	7,260	(4,655)	1,944
Cash flow hedges – reclassified to profit and loss	(21)	(454)	65	(322)
Income tax expenses relating to cash flow hedges	1,736	(1,610)	1,352	(358)
	(5,371)	**7,033**	**(2,960)**	**2,414**
Items that will not be subsequently reclassified to profit or loss				
Remeasurement of defined benefit obligation	(616)	58	(306)	8
Income tax on defined benefit obligation	154	(16)	76	(3)
	(462)	**42**	**(230)**	**5**
Other comprehensive income (loss) for the period, net of tax	**(5,833)**	**7,075**	**(3,190)**	**2,419**
Total comprehensive income for the period	**40,259**	**56,501**	**30,997**	**13,649**
Attributable to				
Controlling shareholders	36,134	39,209	29,495	6,632
Non-controlling interest	4,125	17,292	1,502	7,017
Total comprehensive income for the period	**40,259**	**56,501**	**30,997**	**13,649**

(*) Restatement (note 5).

The notes on pages 8 to 32 are an integral part of these unaudited condensed combined interim financial statements.

Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC

Unaudited Condensed Combined Statement of Changes in Equity

For the six-month period ended June 30, 2019

In thousands of U.S. dollars	**Controlling shareholders**	**Non-controlling interest**	**Total equity**
Balance as at January 1, 2019	1,040,313	39,647	1,079,960
Comprehensive income for the period			
Profit for the period	41,753	4,339	46,092
Other comprehensive income for the period			
Exchange differences on translating foreign operations	(372)	(17)	(389)
Cash flow hedges, net of income tax	(4,823)	(159)	(4,982)
Remeasurement of defined benefit obligation, net of income tax	(424)	(38)	(462)
Total other comprehensive loss for the period	**(5,619)**	**(214)**	**(5,833)**
Total comprehensive income for the period	**36,134**	**4,125**	**40,259**
Transactions with owners of the Companies			
Capital reduction to controlling shareholders	(78,750)	-	(78,750)
Dividends to controlling shareholders	(29,250)	-	(29,250)
Total capital reductions and distributions	**(108,000)**	**-**	**(108,000)**
Other	(155)	-	(155)
Balances as at June 30, 2019	**968,292**	**43,772**	**1,012,064**

The notes on pages 8 to 32 are an integral part of these unaudited condensed combined interim financial statements.

Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC

Unaudited Condensed Combined Statement of Changes in Equity
For the six-month period ended June 30, 2018

In thousands of U.S. dollars	**Controlling shareholders**	**Non-controlling interest**	**Total equity (*)**
Balance as of January 1, 2018	1,119,573	257,129	1,376,702
Comprehensive income for the period			
Profit for the period	33,381	16,045	49,426
Other comprehensive income for the period			
Exchange differences on translating foreign operations	1,770	67	1,837
Cash flow hedges, net of income tax	4,020	1,176	5,196
Remeasurement of defined benefit obligation, net of income tax	38	4	42
Total other comprehensive income for the period	**5,828**	**1,247**	**7,075**
Total comprehensive income for the period	**39,209**	**17,292**	**56,501**
Transactions with owners of the Companies			
Dividends to non-controlling shareholders	-	(9,583)	(9,583)
Capital reduction to controlling shareholders	(40,000)	-	(40,000)
Capital reduction to non-controlling shareholders	-	(6,526)	(6,526)
Total capital reductions and distributions	**(40,000)**	**(16,109)**	**(56,109)**
Other	(26)	-	(26)
Balances as at June 30, 2018	**1,118,756**	**258,312**	**1,377,068**

(*) Restatement (note 5).

The notes on pages 8 to 32 are an integral part of these unaudited condensed combined interim financial statements.

Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC

Unaudited Condensed Combined Statements of Cash Flows

For the six-month period ended June 30, 2019 and 2018

In thousands of U.S. dollars	***Note***	**2019**	**2018 (*)**
Profit for the period		46,092	49,426
Adjustments for:			
Depreciation and amortization		100,336	(**) 101,238
Finance costs, net		77,939	(**) 82,584
Income tax expense		73,023	(**) 49,839
Impairment loss on trade and other receivables		6,450	5,891
Loss on disposal of property, plant and equipment		1,706	1,005
Inventory write off		-	(4)
Share of profit (loss) in associate		120	(300)
		305,666	**289,679**
Changes in:			
Trade and other accounts receivable		(51,743)	4,306
Inventories		1,097	(13,420)
Trade and other accounts payable		(28,468)	14,972
Provisions and employee benefits		116	(70)
		226,668	**295,467**
Income tax paid		(29,055)	(23,954)
Net cash provided by operating activities		**197,613**	**271,513**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(41,680)	(62,296)
Acquisition of intangibles		(12,485)	(857)
Net proceeds from JPPC sale	*6(c)*	8,522	-
Insurance claim	*9(b)*	7,700	-
Interest received		5,695	2,874
Restricted cash		2,436	4,715
Short-term deposits		387	1,536
Proceeds from sales of plant and equipment		26	88
Business combination, net of projects under cash acquired		-	2,108
Net cash used in investing activities		**(29,399)**	**(51,832)**

(*) Restatement (note 5).

(**) Includes the portion of expenses presented as discontinued operation.

The notes on pages 8 to 32 are an integral part of these unaudited condensed combined interim financial statements.

Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC

Unaudited Condensed Combined Statements of Cash Flows

For the six-month period ended June 30, 2019 and 2018

In thousands of U.S. dollars	***Note***	**2019**	**2018 (*)**
Cash flows from financing activities			
Payment of short term loans from banks	*10*	(157,142)	(213,607)
Payment of interest		(77,565)	(72,437)
Payment of capital reduction to controlling shareholders		(78,750)	(40,000)
Payment of dividends to controlling shareholders		(29,250)	-
Payment of long term debt	*10*	(28,466)	(30,579)
Payment of leases under operating contracts		(3,349)	-
Payments of dividends to non-controlling interest		(44)	(9,883)
Payments of capital reduction to non-controlling interest		(29)	(12,176)
Payment of issuance expenses		(1)	(1,778)
Proceeds of short term loans from banks	*10*	180,999	210,790
Proceeds of long-term debt	*10*	2,083	15,500
Net cash used by financing activities		**(191,514)**	**(154,170)**
Net (decrease) increase in cash and cash equivalents		(23,300)	65,511
Cash and cash equivalents as at January 1		199,976	138,708
Effect of changes in the exchange rate on cash and cash equivalents		1,224	(9,109)
Cash and cash equivalents as at June 30		**177,900**	**195,110**

(*) Restatement (note 5).

The notes on pages 8 to 32 are an integral part of these unaudited condensed combined interim financial statements.

1. Corporate Information

Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC (hereinafter the "Combined Entities" or "Companies") have operations in Latin America and the Caribbean. These holdings were incorporated in Cayman Islands in November 20, 2017 to complete the acquisition of the assets of Inkia Energy Ltd (hereinafter "Inkia") in Latin America and the Caribbean in December 2017.

The Companies operate and develop power generation facilities in Latin America and the Caribbean and are involved in the distribution business in Guatemala. The Companies have operations in Peru, Chile, Dominican Republic, Bolivia, El Salvador, Nicaragua, Guatemala, Panama and an investment in Panama, consisting of power generation plants that utilize a range of fuel sources, including natural gas, hydroelectric, heavy fuel oil, diesel and wind.

The Companies are indirectly wholly-owned subsidiary of I Squared Capital Advisors, LLC ("ISQ"). ISQ is an independent global infrastructure investment fund manager incorporated in the United States of America.

The Companies' administrative offices are located in Las Palmeras 435, 8th floor, Lima 27, Peru. The address of its registered office is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Within the Latin American and the Caribbean countries in which the Companies have generation operations, power is generally generated by hydroelectric or thermal power stations. The power generated by these hydroelectric power stations varies in accordance with the rainy seasons and rainfall patterns of each country in each year. For example, greater amounts of hydroelectric power are dispatched between November and April in Peru-the Peruvian rainy season-than between May and October, when the volumes of rainfall declines and operators have less water available for electricity generation in the reservoirs serving their plants. During periods of lesser rainfall, greater volumes of thermoelectric power are dispatched. Therefore, Kallpa plant provides our Peruvian generation segment with a hedge during drier periods (in which less hydroelectric power is generally dispatched), while Cerro del Aguila plant provides our Peruvian generation segment with a hedge during the rainy season (in which less thermoelectric power is generally dispatched).

By contrast, in El Salvador greater amounts of hydroelectric power are dispatched between May and October—the Salvadorian rainy season—than between November and April, when the volumes of Salvadorian rainfall declines and the hydroelectric units have less water available for electricity generation. El Salvador's hydroelectric plant is also subject to annual variations depending on climatic conditions, such as the El Niño phenomenon. For the same reasons, the volume of power generated by thermal power stations is also variable. Furthermore, our Nicaraguan assets which rely on wind generate less volume of power during the Nicaraguan rainy season between May and October, as those months tend to experience less wind. Accordingly, our revenues are subject to seasonality, the effects of rainfall, and the type of energy generated in each country of operation (whether hydroelectric or thermal, and whether generated using natural gas, HFO or diesel). Although we act to reduce this exposure to seasonality by contracting long-term PPAs for most of our capacity, this effect cannot be completely neutralized.

Seasonality does not have a significant impact on the demand for electricity in Energuate's service area. Demand for electricity is consistent throughout the year due to a steady number of daylight hours throughout the year and limited use of heating and air conditioning systems within Energuate's service areas.

2. Basis of Accounting

These condensed combined interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Companies' last annual audited combined financial statements as at and for the year ended December 31, 2018. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Companies' since the last annual combined financial statements as at and for the year ended December 31, 2018. These condensed combined interim financial statements do not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

These condensed combined interim financial statements were approved by the Companies' Management on August 2, 2019.

Changes in significant accounting policies

This is the first set of financial statements in which IFRS 16 has been applied.

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

The changes in accounting policies are also expected to be disclosed in the Group´s combined financial statements as at and for the year ending December 31, 2019.

IFRS 16: Leases

The Companies have initially adopted IFRS 16 Leases from January 1, 2019. A number of other new standards are effective from January 1, 2019 but they do not have a material effect on the Companies' combined financial statements.

IFRS 16 introduce a single, on-balance sheet accounting model for lessees. As a result, the Companies, as lessees, have recognized right of use of assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Companies have applied IFRS 16 using the modified retrospective approach, under which they recognized a right of use asset and a lease liability for the same value as the cumulative effect at the date of initial application as at January 1, 2019. Accordingly, the comparative information presented for 2018 has not been restated. – i.e. it is presented, as previously reported, under IAS 17. The details of the changes in accounting policies are disclosed below:

A. Definition of a lease

The Companies assess whether a contract is or contains a lease based on the new definition of lease under IFRS 16 where a contract is, or contains, a lease if the contract conveys a right to control the use of an identified assets for a period of time in exchange for consideration.

On transition to IFRS 16, the Companies elected to apply the practical expedient to not to apply requirements of IFRS 16 to leases for which the lease term ends within 12 months of the date of initial application.

B. As a lessee

The Companies lease some assets including properties and equipment.

As a lessee, the Companies previously classified leases as operating or finance leases based on their assessment whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Companies recognize right of use and lease liabilities for most leases. Therefore, these leases are reflected on statement of financial position.

However, the Companies have elected not to recognize right of use assets and lease liabilities for some leases of low value. The Companies recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The carrying amounts of “Right of use assets” are as below:

In thousands of U.S. dollars	
Balance as at January 1, 2019	33,352
Balance as at June 30, 2019	30,334

The Companies present lease liabilities in a separate line in the statement of financial position: “Lease liabilities under operating contracts”.

i. Significant accounting policies

The Companies recognize a right of use asset and a liability at the lease commencement date. The right of use assets is initially measured at cost, and subsequently at costs less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right of use assets is initially measured at cost, and subsequently measured at fair value, in accordance with the Companies´ accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Companies´ incremental borrowing rate. Generally, the Companies use an incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value a guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Companies have applied judgment to determine the lease term for some lease contracts in which lessees include renewal options. The assessment of whether the Companies are reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognized.

ii. Transition

Previously, the Companies classified property lease as operating leases under IAS 17.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Companies incremental borrowing rate as at January 1, 2019. Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Companies applied this approach to all other leases.

The Companies used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term.

C. Impacts on combined financial statements

i. Impacts on transition

On transition to IFRS 16, the Companies recognized the right of use assets and lease liabilities for the same value with no effect on retained earnings as of January 1, 2019. The impact on transition was:

In thousands of U.S. dollars	**January 1, 2019**
Right of use assets	33,352
Lease liabilities under operating contracts	33,352

When measuring lease liabilities for leases that were classified as operating lease expenses, the Companies discounted lease payments using their incremental borrowing rate. The weighted average rates applied by the Companies are from 4.78% to 13.68%.

ii. Impacts for the period

The following are the impacts as of and for the six and three-month period ended June 30, 2019, as a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating lease expenses.

In thousands of U.S. dollars	**June 30, 2019**
Statement of financial position	
Right of use assets under operating contracts	30,334
Lease liabilities under operating contracts	30,960

In thousands of U.S. dollars	***Note***	**Six-month period ended June 30, 2019**	**Three-month period ended June 30, 2019**
Statement of Profit or Loss			
Cost of sales – depreciation		1,792	865
Selling, general and administrative expenses - depreciation		1,242	661
Finance cost - interest on lease liabilities	*13*	919	451

Depreciation and interest cost are recognized instead of operating lease expenses.

3. Significant Accounting Policies

The accounting policies applied by the Companies in these condensed combined interim financial statements are the same as those applied by the Companies' in their combined financial statements as at December 31, 2018.

Basis of combination

The assets and shareholders´ equity in the condensed combined financial statements as of June 30, 2019 and net income (loss) and other comprehensive income for the six-month period then ended of the Companies comprising the combined financial statements and the respective combined balances, with related-party transactions being eliminated, are as follows:

In thousands of U.S. dollars	**Total assets**	**Total equity**
Nautilus Inkia Holdings LLC and subsidiaries	3,590,946	791,976
Nautilus Distribution Holdings LLC and subsidiaries	1,196,054	156,022
Nautilus Isthmus Holdings LLC and subsidiaries	590,493	350,202
Elimination of intercompany balances	(438,592)	(286,136)
Combined balances	**4,938,901**	**1,012,064**

In thousands of U.S. dollars	**Profit or loss**	**OCI**
Nautilus Inkia Holdings LLC and subsidiaries	17,492	(3,851)
Nautilus Distribution Holdings LLC and subsidiaries	16,840	(851)
Nautilus Isthmus Holdings LLC and subsidiaries	11,899	(1,131)
Elimination of intercompany balances	(139)	-
Combined balances	**46,092**	**(5,833)**

On June 28, 2018, Nautilus Inkia Holdings LLC carried out a spin-off (carve out) to Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC, transferring its equity interests in some of the acquired companies in Peru, Chile, Dominican Republic, Bolivia, El Salvador, Jamaica, Nicaragua, Guatemala and an investment in Panama (excluding the Peruvian subsidiaries) in cancelation of the respective outstanding loans.

4. Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed combined interim financial statements, the significant judgments made by management in applying the Companies' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited combined financial statements as of December 31, 2018.

5. Restatement

Further to that stated in note 4 of the annual audited combined financial statements in connection with the fair value adjustments related to the business combination, the Companies had measured the fair value of assets and liabilities on a provisional basis as of December 21, 2017. These amounts were revised during 2018 and therefore restated the combined statement of profit or loss for the six-month period ended as of June 30, 2018, as follows:

	June 30, 2018			
In thousands of U.S. dollars	**Provisional**	**Final PPA adjustments**	**Discontinued operation (note 6)**	**Final**
Continuing operations				
Revenue	813,012	115	(31,839)	781,288
Cost of sales	(610,752)	5,395	27,222	(578,135)
Gross profit	**202,260**	**5,510**	**(4,617)**	**203,153**
Selling, general and administrative expenses	(41,663)	(2,212)	642	(43,233)
Impairment loss on trade and other receivables	(5,891)	-	-	(5,891)
Other income	26,930	(2,051)	-	24,879
Other expenses	(1,351)	17	22	(1,312)
Profit from operating activities	**180,285**	**1,264**	**(3,953)**	**177,596**
Finance income	2,963	1,292	(22)	4,233
Net gain from derivative financial instruments	118	-	-	118
Finance costs	(86,957)	-	200	(86,757)
Finance costs, net	**(83,876)**	**1,292**	**178**	**(82,406)**
Share of profit in associate	300	-	-	300
Profit before income tax	**96,709**	**2,556**	**(3,775)**	**95,490**
Income tax expense	(48,785)	(1,054)	1,186	(48,653)
Profit from continuing operations	**47,924**	**1,502**	**(2,589)**	**46,837**
Discontinued operations				
Profit from discontinued operations, net of tax	-	-	2,589	2,589
Profit for the period	**47,924**	**1,502**	**-**	**49,426**

6. Assets Held for Sale – Jamaican Subsidiaries

Further to that stated in note 6 of the annual audited combined financial statements, on March 28, 2019, CACAO Holdings Ltd. (the "Buyer") paid an amount of US$ 10,021 thousand as part of the total consideration under the Share Purchase Agreement ("SPA"). The outstanding US$ 500 thousand was held back and will be paid by the buyer on March 13, 2020, if fulfilled the Purchaser Indemnified Party clause included in the SPA, which states that the Purchaser would not present any indemnification claim as a result of: (i) the breach by the Seller of any of the representations and warranties, (ii) the breach by the Seller of any covenant or agreement contained in the SPA, (iii) any failure by the Seller to reimburse the Purchaser for any taxes for a pre-closing tax period, straddle period ending on the closing date or any other taxes for which the seller is responsible, and (iv) any claims, actions or suits made by third-parties against the Purchaser to the extent related to the acts or omissions of the Seller.

In relation to this transaction, the Tax Administration of Jamaica ("TAJ") calculated a transfer and stamp tax of US$ 830 thousand. In March 2019, West Indies Development Corporation Limited and Inkia Jamaica Inc., as the sellers, paid US$ 258 thousand. On April 4, 2019, a letter of objection was filled against the Tax Administration of Jamaica asking for a reassess on the additional tax calculated in the amount of US$ 572 thousand.

(a) Results of discontinued operation:

In thousands of U.S. dollars	**Six-month period ended June 30, 2018**	**Three-month period ended June 30, 2018**
Revenue	31,839	16,904
Cost of sales	(27,222)	(14,342)
General, selling and administrative expenses	(642)	(315)
Other expenses	(22)	(22)
Finance income	22	11
Finance cost	(200)	(134)
Income tax	(1,186)	(617)
	2,589	**1,485**

The net income from discontinued operation is 100% attributable to Controlling shareholders of the Companies.

(b) Cash Flows from discontinued operation:

In thousands of U.S. dollars	**Six-month period ended June 30, 2018**	**Three-month period ended June 30, 2018**
Net cash provided by operating activities	4,440	4,799
Net cash used in investing activities	(422)	(421)
Net cash used in financing activities	(174)	(88)
Net cash flow used in discontinued operations	**3,844**	**4,290**

(c) Effect of disposal on the financial position of the Companies:

As of June 30, 2019, the net cash proceeds from JPPC sale are as follows:

In thousands of U.S. dollars	**June 30, 2019**
Consideration received	10,021
Transaction costs	(16)
Total net proceeds	**10,005**
Income tax expenses	(830)
Net cash proceeds	**9,175**
Intercompany paid	(653)
Net proceeds from JPPC sale	**8,522**

7. Cash and Cash Equivalents

In thousands of U.S. dollars	**June 30, 2019**	**December 31, 2018**
Cash	61	53
Checking accounts (a)	173,261	198,965
Time deposits (b)	3,860	262
Mutual funds (c)	718	696
	177,900	**199,976**

(a) Checking accounts are available and earn interest at market rates ranging from 0.05% to 4.00% p.a. (from 0.05% to 6.03% p.a. as of December 31, 2018).

(b) Time deposits corresponds to short-term investments made for periods ranging from one day to 180 days, depending on immediate cash requirements of the Companies, and earn interest at short-term deposit rates in U.S. dollars and other currencies ranging from 0.01% to 6.10% p.a. (from 0.01% to 6.15% p.a. as of December 31, 2018).

(c) As of June 30, 2019 and December 31, 2018, mutual funds are short-term investments managed by Santander Santiago S.A. Administradora General de Fondos.

8. Short-term Deposits and Restricted Cash

In thousands of U.S. dollars	**June 30, 2019**	**December 31, 2018**
Restricted cash – current (a)	7,897	10,299
Short-term deposits (b)	632	1,019
	8,529	**11,318**
Restricted cash - non-current (a)	4,510	4,510
	13,039	**15,828**

(a) Corresponds to amounts held in escrow accounts as collateral for loans and contractual obligations, such as debt service reserve accounts and time deposits that guarantee letters of credit. They earn interest at market interest rates from 0.37% to 4.00% p.a. (from 0.62% to 5.01% p.a. as of December 31, 2018).

(b) Corresponds to a 181 - day time deposit. It earns interest at market interest rate of 3.10% p.a. (from 0.21% to 2.60% p.a. as of December 31, 2018).

9. Property, Plant and Equipment

During the six months ended June 30, 2019, the Companies acquired assets with a cost of US$ 59,273 thousand, mainly related to distribution companies and Agua Clara project for an amount of US$ 24,990 thousand and US$ 22,239 thousand, respectively.

In thousands of U.S. dollars	**June 30, 2019**	**December 31, 2018**
Cost		
Beginning balance	2,945,293	2,858,027
Additions	59,273	144,114
Translation difference	2,069	(29,099)
Transfers and reclassifications	(1,716)	1,257
Disposals	(1,948)	(22,572)
Reclassifications as held for sale	-	(6,434)
Ending balance	**3,002,971**	**2,945,293**
Accumulated depreciation		
Beginning balance	147,681	-
Additions	73,956	164,020
Translation difference	122	(1,198)
Disposals	(214)	(14,494)
Reclassification as held for sale	-	(647)
Ending balance	**221,545**	**147,681**
Net cost	**2,781,426**	**2,797,612**

A. Agua Clara Project

On May 4, 2019, Agua Clara wind project was declared fully operational, reaching the commercial operation date ("COD") with an installed capacity of 50 MW.

B. Samay Contingent Consideration

Further to that stated in Note 13A of the annual combined financial statements, during May and June 2019, Samay's management collected from the insurance company US$ 11,500 thousand (US$ 7,700 thousand due to property damage).

10. Loans from Banks, Debentures and Others

In thousands of U.S. dollars	**Nominal annual interest rate**	**Currency**	**Maturity**	**Carrying amount**
Beginning balance				**2,921,968**
Payments of long-term debt				
Loans from bank and others				(18,839)
Debentures				(6,367)
Finance leases				(3,260)
Subtotal payments of long-term debt				**(28,466)**
Proceeds of long-term debt				
Servicios de Valor Agregado, Ltd. (formerly Poliwatt Limitada)				
Banco Industrial S.A. (BCI) (a)	7.50%	Quetzal	2023	2,083
Subtotal proceeds of long-term debt				**2,083**
Short-term loans from banks				
Payment of short-term loans from banks				(157,142)
Proceeds of short-term loans from banks				180,999
Subtotal short-term loans from banks				**23,857**
Other movements				2,983
Ending balance				**2,922,425**

Long-term debt

(a) Servicios de Valor Agregado, Ltd. – On March 26, 2019, Servicios de Valor Agregado, Ltd. (formerly Poliwatt Limitada) signed a credit agreement with Banco Industrial S.A. (BCI) for an aggregate amount of Q. 16,000 thousand (US$ 2,083 thousand). The loan bears interest at a variable rate with a base of 7.50%. This rate is subject to variations in the event of: (i) the Company breaches the terms and payments agreement or (ii) the financial conditions of the market change. The interest is paid on a monthly basis and the principal will be payable in quarterly installments since March, 2020 until December 2023.

11. Revenue

In the following table, revenue is disaggregated by service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (note 16):

In thousands of U.S. dollars	**Distribution companies**	**Peruvian entities**	**South America**	**Central America and Caribbean**	**All other segments**	**Adjustments and eliminations**	**June 30, 2019**
Service lines							
Energy sales	-	216,692	15,692	173,365	-	(174)	405,575
Low and medium voltage	300,791	-	-	-	-	(13)	300,778
Capacity sales	-	86,829	17,405	25,974	-	-	130,208
Other operating revenues	11,240	191	11	5,281	-	(1,203)	15,520
	312,031	**303,712**	**33,108**	**204,620**	**-**	**(1,390)**	**852,081**
Timing of revenue recognition							
Service transferred over time	312,031	303,712	33,108	204,620	-	(1,390)	852,081
	312,031	**303,712**	**33,108**	**204,620**	**-**	**(1,390)**	**852,081**

In thousands of U.S. dollars	**Distribution Companies**	**Peruvian entities**	**South America**	**Central America and Caribbean**	**All other segments**	**Adjustments and eliminations**	**June 30, 2018**
Service lines							
Energy sales	-	214,678	7,181	141,873	-	-	363,732
Low and medium voltage	281,747	-	-	-	-	-	281,747
Capacity sales	-	79,204	15,796	27,292	-	-	122,292
Other operating revenues	10,365	213	84	4,298	284	(1,727)	13,517
	292,112	**294,095**	**23,061**	**173,463**	**284**	**(1,727)**	**781,288**
Timing of revenue recognition							
Service transferred over time	292,112	294,095	23,061	173,463	284	(1,727)	781,288
	292,112	**294,095**	**23,061**	**173,463**	**284**	**(1,727)**	**781,288**

12. Other Income and Expenses

		Six-month period ended June 30		Three-month period ended June 30	
In thousands of U.S. dollars	***Note***	**2019**	**2018**	**2019**	**2018**
Government grants amortization		4,649	6,011	2,332	2,427
Transfers of assets from customers		3,266	2,011	1,249	984
Management service income (a)	*17*	2,262	-	1,171	-
Insurance claim (b)		1,847	15,264	1,410	317
Contingent consideration (c)		773	-	773	-
Other		1,710	1,593	794	1,121
Total other income		**14,507**	**24,879**	**7,729**	**4,849**
Disposal of fixed assets		1,732	1,071	219	961
Proceeds from sales of fixed assets		(26)	(88)	-	(41)
Net loss on sale and disposal of property, plant and equipment		**1,706**	**983**	**219**	**920**
Other		356	329	215	46
Total other expenses		**2,062**	**1,312**	**434**	**966**

(a) Comprises not only management but also operation and maintenance services (O&M) provided to other related parties to conduct their operations (note 17.D).

(b) As of June 30, 2019, includes US$ 1,847 thousand in relation to the insurance indemnity related to Cobee flood in Zongo's facility (US$ 11,250 thousand and US$ 4,014 thousand in relation to the insurance indemnity related to Kanan fire and Cobee flood in Zongo's facility as of June 30, 2018, respectively).

(c) Contingent consideration adjustment in relation to Samay insurance claim. As of June 30, 2019, other payables comprise US$5,340 thousand (US$6,113 thousand as of December 31, 2018).

13. Finance Income and Costs

		Six-month period ended June 30		Three-month period ended June 30	
In thousands of U.S. dollars	***Note***	**2019**	**2018**	**2019**	**2018**
Finance income					
Interest income on income tax receivable		2,545	-	122	-
Interest income on commercial operations		1,884	3,281	853	234
Interest income from investments (a)		1,339	952	731	479
Foreign currency income, net		2,303	-	(1,062)	-
		8,071	**4,233**	**644**	**713**
Finance costs					
Interest expenses on loans and bonds (b)		79,297	73,069	40,226	36,165
Interest expense on guarantee deposits from customers		2,780	2,716	1,404	1,313
Interest expense on lease liabilities	*2.C*	919	-	451	-
Financing expenses in respect of employee benefits		292	53	146	26
Other finance costs		3,449	1,996	965	1,149
Foreign currency loss, net		-	8,923	-	6,477
		86,737	**86,757**	**43,192**	**45,130**
Total finance costs, net		**78,666**	**82,524**	**42,548**	**44,417**

(a) Interest income is related to interest earned of the funds held in money market accounts and time deposits.

(b) Interest expenses on loans and bonds are related to debt held by the Companies' entities.

14. Financial Instruments

A. Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair Value			
In thousands of U.S. dollars	**Fair value-hedging instruments**	**Financial assets at amortized cost**	**Mandatorily at FVTPL-others**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
June 30, 2019									
Financial assets measured at fair value									
Interest rate swap used for hedging	6	-	-	-	6	-	6	-	6
	6	**-**	**-**	**-**	**6**	**-**	**6**	**-**	**6**
Financial assets not measured at fair value									
Cash and cash equivalents	-	177,900	-	-	177,900	-	-	-	-
Short term deposits and restricted cash	-	8,529	-	-	8,529	-	-	-	-
Trade receivables	-	279,004	-	-	279,004	-	-	-	-
Other receivables	-	22,286	-	-	22,286	-	-	-	-
Other receivable non-current	-	-	-	-	-	-	-	16,275	16,275
	-	**487,719**	**-**	**-**	**487,719**	**-**	**-**	**16,275**	**16,275**
Financial liabilities measured at fair value									
Interest rate swap used for hedging	2,604	-	-	-	2,604	-	2,604	-	2,604
	2,604	**-**	**-**	**-**	**2,604**	**-**	**2,604**	**-**	**2,604**
Financial liabilities not measured at fair value									
Loan from banks and others	-	-	-	877,449	877,449	-	851,632	-	851,632
Liabilities in respect of finance leases	-	-	-	69,042	69,042	-	68,561	-	68,561
Debentures	-	-	-	1,975,934	1,975,934	-	2,027,736	-	2,027,736
Lease liabilities under operating contracts	-	-	-	30,960	30,960	-	-	-	-
Trade payables	-	-	-	227,492	227,492	-	-	-	-
Guarantee deposits from customers	-	-	-	64,356	64,356	-	-	-	-
Other payables	-	-	7,658	64,475	72,133	-	-	7,658	7,658
	-	-	**7,658**	**3,309,708**	**3,317,366**	-	**2,947,929**	**7,658**	**2,955,587**

	Carrying amount					Fair value			
In thousands of U.S. dollars	**Fair value-hedging instruments**	**Financial assets at amortized cost**	**Mandatory at FVTPL - others**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
December 31, 2018									
Financial assets measured at fair value									
Interest rate swap used for hedging	4,110	-	-	-	4,110	-	4,110	-	4,110
	4,110	**-**	**-**	**-**	**4,110**	**-**	**4,110**	**-**	**4,110**
Financial assets not measured at fair value									
Cash and cash equivalents	-	199,976	-	-	199,976	-	-	-	-
Short term deposits and restricted cash	-	15,828	-	-	15,828	-	-	-	-
Trade receivables	-	245,292	-	-	245,292	-	-	-	-
Other receivables	-	27,751	-	-	27,751	-	-	-	-
Other receivable non-current	-	-	-	-	-	-	-	17,514	17,514
	-	**488,847**	**-**	**-**	**488,847**	**-**	**-**	**17,514**	**17,514**
Financial liabilities measured at fair value									
Interest rate swap used for hedging	10	-	-	-	10	-	10	-	10
	10	**-**	**-**	**-**	**10**	**-**	**10**	**-**	**10**
Financial liabilities not measured at fair value									
Loan from banks and others	-	-	-	867,796	867,796	-	947,306	-	947,306
Liabilities in respect of finance leases	-	-	-	71,786	71,786	-	70,849	-	70,849
Debentures	-	-	-	1,982,386	1,982,386	-	1,877,069	-	1,877,069
Trade payables	-	-	-	252,507	252,507	-	-	-	-
Guarantee deposits from customers	-	-	-	61,571	61,571	-	-	-	-
Other payables	-	-	8,370	57,614	65,984	-	-	8,370	8,370
	-	**-**	**8,370**	**3,293,660**	**3,302,030**	**-**	**2,895,224**	**8,370**	**2,903,594**

B. Measurement of fair values

i. Valuation techniques and significant unobservable input

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values as at June 30, 2019 and December 31, 2018, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable data	Inter-relationship between significant unobservable inputs and fair value measurement
Interest rate Swaps	The Companies apply standard valuation techniques such as: discounted cash flows for fixed and variables coupons (estimated with forward curves) using as discounted rates the *projected LIBOR zero coupon curve*. The observable inputs are obtained through market information suppliers.	Not applicable	Not applicable
Other receivable non-current	Discounted cash flows: The valuation model considers the present value of the cash inflows expected to be generated by asset. The cash flow projections include specific estimates for 10 to 20 years. The expected cash flows are discounted using a risk-adjusted discount rate (6.89%).	Risk-adjusted discount rate (6.89%) Timing and collection of the cash flows	The estimated fair value would increase (decrease) if the expected cash flows were higher (lower)
Credit from banks, others and debentures	Discounted cash flows with market interest rate.	Not applicable	Not applicable
Contingent consideration	Discounted cash flows with market interest rate.	Expected cash flows (June 30,2019): US$ 7,720 thousand	The estimated fair value would increase (decrease) if the expected cash flows were higher (lower)

ii. Level 3 fair values

Reconciliation of Level 3 fair values

In thousands of U.S. dollars	***Note***	**Contingent consideration**
Balance as of December 31, 2018		**8,370**
Contingent consideration adjustment	*12(c)*	(773)
Change in fair value		61
Balance as of June 30, 2019		**7,658**

Sensitivity analysis

	Profit or loss	
In thousands of U.S. dollars	**Increase**	**Decrease**
Contingent consideration		
June 30, 2019		
Expected cash flows (10% movement)		
Other receivable non-current	772	(772)
June 30, 2019		
Timing and collection of the cash flows (5%).	1,234	(1,234)
Risk-adjusted discount rate (1% movement)	2,368	(2,368)
Contingent consideration		
December 31, 2018		
Expected cash flows (10% movement)	849	(849)
Other receivable non-current		
December 31, 2018		
Timing and collection of the cash flows (5%).	1,351	(1,351)
Risk-adjusted discount rate (1% movement)	2,792	(2,792)

15. Income Tax

The Companies combined effective tax rate for the six-month period ended June 30, 2019 and 2018 is 61.30% and 50.95%, respectively. The increase in the effective tax rate is mainly due to the impact of Kallpa's arbitration result related to the Tax Stability Agreement, which reduced Kallpa's Property, Plant and Equipment tax basis, increasing income tax expense by US$ 16,776 thousand, (note 18.A).

16. Segment Information

There were no intersegment material revenues for the sixth-month periods ended in 2019 and 2018.

Major customers

The Companies do not have any customers with revenues that constituted 10 percent or more to the total combined revenues for the six-month period ended in June 30, 2019.

Information based on countries

The Companies revenue by country are as follows:

In thousands of U.S. dollars	**June 30, 2019**	**June 30, 2018**
Guatemala	331,578	313,373
Peru	303,712	294,095
El Salvador	57,097	39,469
Nicaragua	56,344	55,270
Panama	45,471	40,504
Bolivia	19,278	15,675
Chile	13,830	7,387
Others	24,771	15,515
	852,081	**781,288**

The Companies non-current assets* by country are as follows:

In thousands of U.S. dollars	**June 30, 2019**	**December 31, 2018**
Peru	1,849,776	1,862,304
Guatemala	680,945	665,090
Bolivia	266,938	269,507
Nicaragua	118,450	122,469
Chile	117,285	118,826
Panama	78,592	83,838
El Salvador	24,988	24,179
Others	1,171,211	1,167,634
	4,308,185	**4,313,847**

(*) Excluding long-term derivative instruments and deferred income tax assets.

The tables below provide the measurement of each reportable segment, as follows:

In thousands of U.S. dollars	***Note***	**Distribution companies**	**Peruvian entities**	**South America**	**Central America and Caribbean**	**All other segments (a)**	**Adjustments (b)**	**Total**
June 30, 2019								
Revenues		312,031	303,712	33,108	204,620	-	(1,390)	852,081
Cost of sales		(248,817)	(151,170)	(25,656)	(173,989)	(16,273)	1,724	(614,181)
Gross profit		**63,214**	**152,542**	**7,452**	**30,631**	**(16,273)**	**334**	**237,900**
Selling, general and administrative expenses		(17,159)	(12,318)	(4,298)	(6,834)	(6,832)	720	(46,721)
Impairment loss on trade and other receivables		(6,450)	-	-	-	-	-	(6,450)
Other income, net		6,935	1,773	2,303	939	1,474	(979)	12,445
Profit (loss) from operating activities		**46,540**	**141,997**	**5,457**	**24,736**	**(21,631)**	**75**	**197,174**
Finance income, including net gain from derivative financial instruments		3,046	4,926	196	866	282	(518)	8,798
Finance cost		(18,044)	(37,047)	(3,335)	(5,466)	(23,213)	368	(86,737)
Finance costs, net		**(14,998)**	**(32,121)**	**(3,139)**	**(4,600)**	**(22,931)**	**(150)**	**(77,939)**
Share of loss in associate company		-	-	-	-	(120)	-	(120)
Income (loss) before taxes from continuing operations		**31,542**	**109,876**	**2,318**	**20,136**	**(44,682)**	**(75)**	**119,115**
Income tax expense		(12,567)	(50,517)	(541)	(8,151)	(1,247)	-	(73,023)
Profit (loss) before taxes from continuing operations		**18,975**	**59,359**	**1,777**	**11,985**	**(45,929)**	**(75)**	**46,092**
Segment assets		758,246	2,133,363	406,079	580,287	1,132,541	(76,000)	4,934,516
Investment in associate		-	-	-	-	4,385	-	4,385
Capital expenditures (*)		24,989	8,080	2,412	23,947	(6)	(149)	59,273
Segment liabilities		783,429	1,745,182	167,517	301,489	1,005,145	(75,925)	3,926,837
Depreciation and amortization		20,305	33,312	8,677	22,042	16,000	-	100,336
Insurance claim	*12*	-	-	(1,847)	-	-	-	(1,847)
Non-recurring expenses		1,873	-	-	1,330	-	-	3,203
Adjusted EBITDA		**68,718**	**175,309**	**12,287**	**48,108**	**(5,631)**	**75**	**298,866**

(*) Capital expenditure consist of additions of property, plant and equipment.

In thousands of U.S. dollars	**Distribution companies**	**Peruvian entities**	**South America**	**Central America and Caribbean**	**All other segments (a)**	**Adjustments (b)**	**Total**
June 30, 2018							
Revenues	292,112	294,095	23,061	173,463	284	(1,727)	781,288
Cost of sales	(247,233)	(152,526)	(17,336)	(146,209)	(16,558)	1,727	(578,135)
Gross profit	**44,879**	**141,569**	**5,725**	**27,254**	**(16,274)**	**-**	**203,153**
Selling, general and administrative expenses	(15,517)	(10,049)	(3,406)	(7,565)	(6,696)	-	(43,233)
Impairment loss on trade and other receivables	(5,841)	(29)	(12)	(9)	-	-	(5,891)
Other income, net	6,640	466	35	11,397	5,029	-	23,567
Profit (loss) from operating activities	**30,161**	**131,957**	**2,342**	**31,077**	**(17,941)**	**-**	**177,596**
Finance income, including net gain from derivative financial instruments	2,761	591	146	1,270	166	(583)	4,351
Finance cost	(25,662)	(34,202)	(3,734)	(6,244)	(17,378)	463	(86,757)
Finance costs, net	**(22,901)**	**(33,611)**	**(3,588)**	**(4,974)**	**(17,212)**	**(120)**	**(82,406)**
Share of loss in associate company	-	-	-	-	300	-	300
Income (loss) before taxes from continuing operations	**7,260**	**98,346**	**(1,246)**	**26,103**	**(34,853)**	**(120)**	**95,490**
Income tax expense	(4,893)	(31,705)	(2,879)	(6,780)	(2,396)	-	(48,653)
Profit (loss) before taxes from continuing operations	**2,367**	**66,641**	**(4,125)**	**19,323**	**(37,249)**	**(120)**	**46,837**
Segment assets	763,878	2,178,024	416,366	561,461	1,178,289	(89,268)	5,008,750
Investment in associate	-	-	-	-	5,532	-	5,532
Capital expenditures (*)	19,853	1,270	2,038	32,721	(531)	(169)	55,182
Segment liabilities	800,566	1,667,328	173,188	262,742	822,779	(89,388)	3,637,215
Depreciation and amortization	24,072	34,639	8,373	17,776	15,861	-	100,721
Insurance claim (note 12)	-	-	-	(11,250)	-	-	(11,250)
Non-recurring expenses	-	-	-	-	(4,014)	-	(4,014)
Adjusted EBITDA	**54,233**	**166,596**	**10,715**	**37,603**	**(6,094)**	**-**	**263,053**

(*) Capital expenditure consist of additions of property, plant and equipment.

(**) It does not include US$ 256 thousand of depreciation and amortization of the discontinued operations.

(a) In addition to the results of certain of our generation assets, the other segment also includes expenses and other adjustments relating to our headquarters and intermediate holding companies, including purchase price allocations recorded in connection with our acquisition of Latin American and Caribbean businesses.

(b) Adjustments related to intersegment balance and transactions.

In thousands of U.S. dollars	Distribution Companies	Peruvian entities	South America	Central America entities	All other segments (b)	Adjustments (a)	Total
For the three-month period ended in June 30, 2019							
Revenue	161,588	155,086	17,094	109,334	-	(648)	442,454
Cost of sales	(125,419)	(77,009)	(14,585)	(94,418)	(8,052)	902	(318,581)
Gross profit	**36,169**	**78,077**	**2,509**	**14,916**	**(8,052)**	**254**	**123,873**
Selling, general and administrative expenses	(9,155)	(6,642)	(1,981)	(3,556)	(2,023)	360	(22,997)
Impairment loss on trade and other receivables	(3,277)	-	-	-	-	-	(3,277)
Other income, net	3,760	927	1,642	266	1,239	(539)	7,295
Profit (loss) from operating activities	**27,497**	**72,362**	**2,170**	**11,626**	**(8,836)**	**75**	**104,894**
Finance income, including net gain from derivative financial instruments	(662)	1,287	83	475	237	(422)	998
Finance cost	(9,101)	(17,911)	(1,707)	(3,186)	(11,559)	272	(43,192)
Finance costs, net	**(9,763)**	**(16,624)**	**(1,624)**	**(2,711)**	**(11,322)**	**(150)**	**(42,194)**
Share of loss in associated company	-	-	-	-	(86)	-	(86)
Profit (loss) before income tax	**17,734**	**55,738**	**546**	**8,915**	**(20,244)**	**(75)**	**62,614**
Income tax expense	(6,570)	(16,414)	(315)	(4,584)	(544)	-	(28,427)
Profit (loss) for the period	**11,164**	**39,324**	**231**	**4,331**	**(20,788)**	**(75)**	**34,187**
Depreciation and amortization	10,197	16,552	4,324	11,439	8,012	-	50,524
Insurance claim	-	-	(1,410)	-	-	-	(1,410)
Non-recurring expenses	1,873	-	-	1,330	-	-	3,203
Adjusted EBITDA	**39,567**	**88,914**	**5,084**	**24,395**	**(824)**	**75**	**157,211**

In thousands of U.S. dollars	Distribution Companies	Peruvian entities	South America	Central America entities	All other segments (b)	Adjustments (a)	Total
For the three-month period ended in June 30, 2018							
Revenue	149,288	145,036	10,953	93,009	-	(873)	397,413
Cost of sales	(122,620)	(75,486)	(8,674)	(82,494)	(8,286)	873	(296,687)
Gross profit	**26,668**	**69,550**	**2,279**	**10,515**	**(8,286)**	**-**	**100,726**
Selling, general and administrative expenses	(7,549)	(5,118)	(1,836)	(3,851)	(3,151)	-	(21,505)
Impairment loss on trade and other receivables	(2,566)	(29)	(1)	(3)	-	-	(2,599)
Other income, net	2,648	97	65	408	665	-	3,883
Profit (loss) from operating activities	**19,201**	**64,500**	**507**	**7,069**	**(10,772)**	**-**	**80,505**
Finance income, including net gain from derivative financial instruments	(75)	(440)	(4)	595	143	608	827
Finance cost	(13,327)	(17,442)	(1,871)	(2,952)	(8,810)	(728)	(45,130)
Finance costs, net	**(13,402)**	**(17,882)**	**(1,875)**	**(2,357)**	**(8,667)**	**(120)**	**(44,303)**
Share of loss in associated company	-	-	-	-	(24)	-	(24)
Profit (loss) before income tax	**5,799**	**46,618**	**(1,368)**	**4,712**	**(19,463)**	**(120)**	**36,178**
Income tax expense	(3,998)	(16,163)	(2,413)	(2,790)	(1,069)	-	(26,433)
Profit (loss) for the period	**1,801**	**30,455**	**(3,781)**	**1,922**	**(20,532)**	**(120)**	**9,745**
Depreciation and amortization	10,129	17,207	4,192	10,578	7,950	-	50,056
Insurance claim	-	-	-	(317)	-	-	(317)
Non-recurring expenses	-	-	-	-	-	-	-
Adjusted EBITDA	**29,330**	**81,707**	**4,699**	**17,330**	**(2,822)**	**-**	**130,244**

17. Related Party Transactions

A. Parent companies and ultimate parent company

There are no changes in the parent and ultimate parent companies during the sixth-month period ended June 30, 2019.

B. Transactions with key management

As of June 30, 2019 and December 31, 2018, there are no loans to directors.

C. Balances with related parties:

In thousands of U.S. dollars	**June 30, 2019**	**December 31, 2018**
Inventories	14	-
Trade receivables	1	80
Other receivables	3,694	550
Property, Plant and Equipment	386	-
Trade payables	1,506	168
Other payables	56	-

D. Transactions with related parties:

The following transactions took place between the Companies and other related parties outside these combined interim financial statements:

		Six-month period ended June 30		**Three-month period ended June 30**	
In thousands of U.S. dollars	***Note***	**2019**	**2018**	**2019**	**2018**
Revenues		1,062	983	667	983
Cost of sales		(7,010)	(4,155)	(4,021)	(4,155)
Selling, general and administrative expenses		(35)	-	(20)	-
Other Income		460	15	246	15
Expense reimbursement		-	(7)	-	(7)
Management service	*12(a)*	2,262	-	1,171	-

The aggregate compensation expenses related to the executive officers for six-month period ended in 2019 and 2018 were US$ 2,800 thousand and US$ 3,184 thousand, respectively.

18. Contingent Liabilities

As of June 30, 2019, the main contingencies for the Companies' subsidiaries and associate are described as follows:

A. Kallpa Generación S.A.

Import Tax Assessment against Kallpa

Further to that stated in note 30.A of the Companies' annual combined financial statements, on February 2019, regarding Kallpa IV process, the Tax Administration notified Kallpa with a Resolution requiring the payment of S/ 907 thousand (US$ 273 thousand) for alleged taxes, fines and interest, proceeding Kallpa to pay under protest in March 2019. The appeal with the Judiciary is currently ongoing at the first instance.

As of June 30, 2019, the total tax exposure (including penalties, interest and fines) related to this assessment is as follows:

	Stage	Amount (In thousand S/)	Amount (In thousand US$)
Kallpa IV	SUNAT	37,980	11,544

In the case of Kallpa I, Kallpa II and Kallpa III, the Company´s exposure (including tax, fines and interest) is nil as Kallpa has already paid the total amount under discussion. In this sense, a favorable result of the process would imply a refund of the amounts paid.

Management and Kallpa´s legal advisors are of the opinion that it is not more likely than not that the company will pay.

Arbitration procedure related to the termination of Kallpa´s Tax Stability Agreement (Convenio de Estabilidad Jurídica)
On November 16, 2010, Kallpa and the Peruvian State (via PROINVERSION) executed a Tax Stability Agreement (the "Agreement"). Pursuant to the Agreement, Kallpa agreed to issue shares representative of its capital stock in favor of Quimpac and receive Quimpac´s contribution for US$ 73,725 thousand, within no more than 2 years, counted from November 16, 2009. Such term expired on November 17, 2011.

On December 27, 2016, Kallpa informed PROINVERSION of its resignation to the tax stability granted under the Agreement.

On February 7, 2018 by means of Document N° 159-2018- PROINVERSION/DSI, the Peruvian State indicated that the Agreement was terminated by force of law without the need of prior notice, as from November 17, 2011, since Kallpa did not comply with the issuance of shares to Quimpac´s regarding its capital contributions.

On October 26, 2018, Kallpa filed an arbitration claim under Section 8 of the Agreement, requesting the Arbitration Panel to rule:

(a) That the Agreement was not terminated on November 17, 2011 but on December 27, 2016, date on which Kallpa informed the Peruvian State of its resignation to the legal stability granted under the Agreement.

(b) That pursuant to Section 9 of the Agreement, the Peruvian State is obliged to reimburse Kallpa all amounts paid due to the higher tax obligations imposed on Kallpa according to the stabilized tax regime, in the event the Arbitration Panel rules that the Agreement was terminated on November 17, 2011 instead of December 26, 2016.

(c) That Peruvian State pays all costs incurred by Kallpa in the arbitration procedure.

On December 28, 2018, Kallpa filed a refund request before SUNAT for excess income tax payments done for fiscal year 2013, which was done as part of the defense strategy in regard to the arbitration proceeding. On January 11, 2019 the request was denied by SUNAT, decision that was appealed by Kallpa. On May 14, 2019, Kallpa was notified with SUNAT reply to the appeal, favoring Kallpa. SUNAT has notified Kallpa with the start of the audit procedure that normally precedes the actual refund. The audit is still ongoing.

In relation to the arbitration proceeding, PROINVERSION accepted Kallpa's request to arbitrate, the arbitral tribunal was set-up and Kallpa filed its arbitral claim on February 11, 2019. PROINVERSION responded such request and the oral hearing took place on March 1, 2019. The arbitration award, issued on April 1, 2019, concluded that Agreement was terminated on November 17, 2011 and that, pursuant to Section 9 of the Agreement, the Peruvian State is not obliged to reimburse Kallpa for amounts paid while the agreement was inforce.

PROINVERSION requested the Arbitral Tribunal to clarify the terms of the award. On April 25, 2019, Kallpa was notified with the Procedural Order 14 where the Arbitral Tribunal confirmed the award and denied the request made by PROINVERSION.

The amounts that Kallpa receives as a consequence of the Arbitral Tribunal decision would be an upside, as Kallpa stabilized its income tax regime with a higher income tax rate than the one applicable under the law during the time in which the Agreement was in force.

The arbitration decision provides Kallpa with the possibility of recognizing an income tax refund for excess payments of S/117,082 thousand (US$ 35,636 thousand) including interest corresponding to the years 2013 to 2016 and an income tax amount payable of S/36,357 thousand (US$ 11,051 thousand) including interest, corresponding to the year 2017, as follows:

	Tax credit (tax obligation) (in thousands of S/)	Interest (in thousands of S/)	Total credit (total obligation) (in thousands of S/)	Tax credit (tax obligation) (in thousands of U.S. dollars)	Interest (in thousands of U.S. dollars)	Total credit (total obligation) (in thousands of U.S. dollars)
2013	26,415	8,434	34,849	(*) 8,041	(*) 2,568	10,609
2014	19,504	5,048	24,552	5,937	1,537	7,474
2015	39,986	7,904	47,890	12,172	2,406	14,578
2016	8,713	1,078	9,791	(**) 2,648	328	2,976
Sub-total	**94,618**	**22,464**	**117,082**	**28,798**	**6,839**	**35,637**
2017	(29,145)	(7,212)	(36,357)	(**) (8,859)	(**) (2,192)	(11,051)
Total, net	**65,473**	**15,252**	**80,725**	**19,939**	**4,647**	**24,586**

(*) Tax and interests recorded as income tax receivable and other receivables, respectively.

(**) Tax and interests recorded as income tax payables and other payables, respectively.

In the opinion of Kallpa's management and its legal advisors it is more likely than not that Kallpa will obtain a refund of S/ 34,849 thousand (US$ 10,609 thousand) corresponding only to the 2013 refund request filed. Therefore, Kallpa has recorded S/ 26,415 thousand (US$ 8,041 thousand) as income tax receivable. As of the date of this report, no income tax has been requested yet for the years 2014 and 2015. In addition, Kallpa has recognized a tax liability of S/ 20,432 thousand (US$ 6,211 thousand) corresponding to the years 2016 and 2017, and S/ 2,383 thousand (US$ 724 thousand) corresponding to year 2018.

B. Distribuidora de Electricidad de Occidente S.A. (DEOCSA)

Arbitration in equality INDE

Further to that stated in Note 30B of the annual combined financial statements, on February 22, 2019, the award was issued in favor of DEOCSA. The counterpart appealed the award which was denied on May 6, 2019. On June 6, 2019, INDE submitted a recourse to judicial review before the First Chamber of the Civil and Mercantile Appeals Court. In the opinion of DEOCSA's management and its legal advisors, due to the fact that both awards have been issued in favor of DEOCSA, the chances of obtaining a negative outcome against DEOCSA in relation to this controversy are remote.

C. Distribuidora de Electricidad de Oriente S.A. (DEORSA)

Arbitration in equality INDE
Further to that stated in note 30.C of the annual combined financial statements, on February 22, 2019, the award was issued in favor of DEORSA. The counterpart appealed the award, which was denied on May 6, 2019. On June 6, 2019, INDE submitted a recourse to judicial review before the First Chamber of the Civil and Mercantile Appeals Court. In the opinion of DEORSA's management and its legal advisors, due to the fact that both awards have been issued in favor of DEORSA, the chances of obtaining a negative outcome against DEORSA in relation to this controversy are remote.

19. Subsequent Events

A. Samay Contingent Consideration
Further to that stated in Note 17B of the annual combined financial statements, on July 17, 2019, Nautilus Inkia Holdings transferred in favor of Kenon Holdings Limited the amount of US$ 5,340 thousand in relation with Samay insurance claim.

B. Energuate VAD Tariff Resolutions 2019-2024
On June 28th, 2019, the National Commission of Energy (CNEE) in Guatemala, published the Resolutions that establish the new energy distribution rates (VAD tariff) applicable until July 2024.

On July 1th, Energuate started billing with new tariffs. The VAD tariff is the charge to customer for distribution service. In principal the VAD tariff plus the Energy Purchases equal the Energy Sales.

The principal impact of the new VAD tariff as compared to the current VAD tariff during the last billing year (billing simulation) is as follows:

- A reduction over the 4 years equivalent to an 8% per year gross margin reduction, if in the second year (July 2020) 70% of the investment plans are recognized in losses by the CNEE (US$10 million per year).

- A reduction in the first-year equivalent to a 12% gross margin reduction, due to the delay in the investment recognition mechanism.

It is the opinion of Energuate that the CNEE has failed to exercise its legal reasonability to review and define the Energuate VAD tariff based on technical – economic factors, as stipulated by the Guatemala Electricity Law. In this light, Energuate will pursue all legal means to correct the CNEE's resolutions before the Guatemala judicial system and International Tribunals.

C. Kallpa LTSA Contracts
Kallpa signed an On Site Services Contract with Siemens S.A.C. (on shore agreement) and a Foreign Part Supply and Overseas Logistical Support Contract with Siemens Energy Inc (off shore agreement) for (1) maintenance services for all gas turbines, (2) supply of spare parts and replacement units, and (3) the Combustion upgrade of Kallpa II, Kallpa III and Las Flores´s gas turbines. These contracts start on August 6th, 2019.

D. Las Flores EPC Contract
On August 7th, 2019, Kallpa Generación S.A. and Siemens S.A.C. signed an engineering, procurement and construction (EPC) contract for a total amount of US$134,866 thousand which includes all the costs and expenses to complete the construction of Las Flores Combined Cycle Project. This will allow the plant to increase the net capacity from 195 MW to 320 MW. The construction stage is scheduled to start in March 2020 and the COD is expected for April 2022.