ENA Sur, S.A. and ENA Este, S.A.
(Wholly-owned subsidiaries of Empresa Nacional de Autopista, S.A.)

Combined financial statements for the years ended December 31, 2019, 2018 and 2017 and Independent Auditors' Report of October 28, 2020

ENA Sur, S.A. and ENA Este, S.A.
(Wholly-owned subsidiaries of Empresa Nacional de Autopista, S.A.)

Independent Auditors' Report and Combined financial statements for the years ended December 31, 2019, 2018 and 2017

Content	**Pages**

Deloitte, Inc.
Contadores Públicos Autorizados
RUC 16292-152-155203 D.V. 65
Torre Banco Panamá, piso 12
Avenida Boulevard y la Rotonda
Costa del Este, Panamá
Apartado 0816-01558
Panamá, Rep. de Panamá

Teléfono: (507) 303-4100
Fax: (507) 269-2386
infopanama@deloitte.com
www.deloitte.com/pa

INDEPENDENT AUDITORS' REPORT

To the Shareholder and Board of Directors
ENA Sur, S.A. and ENA Este, S.A.

Opinion

We have audited the combined financial statements of **ENA Sur, S.A. and ENA Este, S.A.** ("the Group"), which comprise the combined statements of financial position as of December 31, 2019, 2018 and 2017, and the combined statements of profit or loss, combined statements of changes in equity and combined statements of cash flows for the three years then ended, and notes to the combined financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Group as of December 31, 2019, 2018 and 2017, and its combined financial performance and combined cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are independent from the Group in accordance with the Code of Ethics for Accounting Professionals of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) and the Code of Professional Ethics for Certified Public Accountants of Panama (Chapter V of Law 57 of September 1, 1978), and we have complied with other ethical responsibilities in accordance with those requirements and with the IESBA Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 22 of the combined financial statements, which describes the events after December 31, 2019, to assess the need for possible recognition or disclosure in the accompanying combined financial statements. Based on this evaluation, it was determined to disclose as a subsequent event the adverse effects of coronavirus (COVID-19), which has spread globally and in Panama since the first quarter of 2020. As of the date of the combined financial statements, no adjustments are required. The Group will continue to analyze and update the impacts arising from the contingency. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with IFRSs, and for such internal control as Management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group' financial reporting process.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

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

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte.

October 28, 2020
Panama, Republic of Panama

ENA Sur, S.A. and ENA Este, S.A.
(Wholly-owned subsidiaries of Empresa Nacional de Autopista, S.A.)

Combined statements of financial position as of December 31, 2019, 2018 and 2017
(Stated in Balboas)

Assets	**Notes**	**2019**	**2018**	**2017**
Non-current assets				
Intangible asset from concession	7	244,519,527	251,986,417	268,795,395
Rights receivable from Panamanian Government	8	1,841,622	1,841,622	1,841,622
Projects in progress	9	-	-	369,407
Trust funds for specific use	10	23,221,063	21,056,797	17,010,622
Investment properties	11	440,076	440,076	440,076
Account receivable - related party	19	1,574,249	1,574,249	1,574,249
Other assets		678,311	1,371,082	335,959
Total non-current assets		272,274,848	278,270,243	290,367,330
Current assets				
Other assets		1,309,672	2,563,105	482,749
Trade accounts receivable and other	12	2,134,009	1,577,873	434,055
Account receivable - related party	19	684,180	1,752,707	2,204,566
Trust funds for specific use	10	54,143,677	57,968,408	57,394,854
Restricted cash	13	1,787,317	1,787,317	1,787,317
Cash and bank deposits	13	14,063,020	12,941,193	11,930,870
Total current assets		74,121,875	78,590,603	74,234,411
Total assets		346,396,723	356,860,846	364,601,741
Net parent investment and liabilities				
Net parent investment		(8,937,180)	(39,460,070)	(68,736,850)
Liabilities				
Non-current liabilities				
Bonds payable	14	288,386,847	321,936,267	365,750,851
Outstanding indemnities payable	15	14,722,288	15,411,738	16,579,980
Total non-current liabilities		303,109,135	337,348,005	382,330,831
Current liabilities				
Bonds payable	14	41,882,063	47,375,324	39,766,129
Accrued interest and taxes		1,192,460	1,539,000	3,588,268
Customer deposits and advances from clients		3,463,270	3,484,850	3,528,275
Trade accounts payable		2,748,699	3,796,918	2,837,116
Accounts payable - related party	19	2,938,276	2,776,819	1,287,972
Total current liabilities		52,224,768	58,972,911	51,007,760
Total liabilities		355,333,903	396,320,916	433,338,591
Total net parent invesment and liabilities		346,396,723	356,860,846	364,601,741

The accompanying notes are an integral part of these combined financial statements.

ENA Sur, S.A. and ENA Este, S.A.
(Wholly-owned subsidiaries of Empresa Nacional de Autopista, S.A.)

Combined statements of profit or loss
for the years ended December 31, 2019, 2018 and 2017
(Stated in Balboas)

	Notes	2019	2018	2017
Toll revenue		87,796,324	93,850,107	88,318,287
Other income		1,372,878	1,440,433	1,151,181
Ancilliary service income		1,810,803	1,756,663	1,611,627
Interest income		1,018,106	182,721	390,184
Amortization of intangible asset from concession	7	(7,466,890)	(17,091,385)	(20,629,281)
Operating and maintenance costs	16	(20,989,301)	(16,663,077)	(15,951,915)
Legal, professional and management fees		(3,243,529)	(2,695,145)	(2,188,551)
Contingencies	20	(1,259,193)	-	-
Commisions and bank expenses		(810,286)	(1,041,267)	(1,027,729)
Other expenses	17	(824,789)	(1,238,724)	(1,682,568)
Impairment loss on trade receivables		(150,000)	(422,670)	(440,137)
Interest expense		(21,460,600)	(23,514,752)	(24,986,229)
Profit before income tax		35,793,523	34,562,904	24,564,869
Income tax	18	(5,270,633)	(5,286,124)	(5,083,668)
Net profit		30,522,890	29,276,780	19,481,201

The accompanying notes are an integral part of these combined financial statements.

ENA Sur, S.A. and ENA Este, S.A.
(Wholly-owned subsidiaries of Empresa Nacional de Autopista, S.A.)

Combined statements of changes in net parent invesment
for the years ended December 31, 2019, 2018 and 2017
(Stated in Balboas)

	Net parent investment
Balance at December 31, 2016	(88,218,051)
Net profit for the year	19,481,201
Balance at December 31, 2017	(68,736,850)
Net profit for the year	29,276,780
Balance at December 31, 2018	(39,460,070)
Net profit for the year	30,522,890
Balance at December 31, 2019	(8,937,180)

The accompanying notes are an integral part of these combined financial statements.

ENA Sur, S.A. and ENA Este, S.A.
(Wholly-owned subsidiaries of Empresa Nacional de Autopista, S.A.)

Combined statements of cash flows
for the years ended December 31, 2019, 2018 and 2017
(Stated in Balboas)

	Notes	2019	2018	2017
Cash flows from operating activities				
Net profit		30,522,890	29,276,780	19,481,201
Adjustments for:				
Depreciation	17	83,742	61,874	55,288
Impairment loss on trade receivables	12	150,000	422,670	440,137
Amortization of intangible asset from concession	7	7,466,890	17,091,385	20,629,281
Income tax	18	5,270,633	5,286,124	5,083,668
Interest income		(1,018,106)	(182,721)	(390,184)
Interest expense		21,460,600	23,514,752	24,986,229
Changes in:				
Other assets		1,863,362	(2,844,215)	699,640
Trade accounts receivable and others		(269,399)	(1,935,925)	276,016
Accounts receivable - related party		1,068,527	451,859	(688,361)
Customer deposits and advances from clients		(21,580)	(43,425)	(76,460)
Accrued interest and taxes		(940,504)	(1,266,180)	(315,271)
Outstanding indemnities payable		(689,450)	(1,168,242)	-
Accounts payable - related party		161,457	1,488,847	-
Trade accounts payable		(1,048,219)	1,329,209	(93,551)
Cash generated from operating activities		64,060,843	71,482,792	70,087,633
Interest paid		(20,100,465)	(22,247,341)	(24,411,501)
Interest received		581,369	297,837	1,030,390
Income taxes paid		(5,251,997)	(6,605,703)	(2,714,079)
Net cash from operating activities		39,289,750	42,927,585	43,992,443
Cash flows from investing activities				
Trust funds for specific use		1,660,465	(4,619,729)	3,635,908
Investment in concession		-	(282,407)	(3,606,096)
Restricted cash		-	-	(1,641,280)
Acquisition of other assets		(900)	(78,817)	(14,736)
Net cash from (used in) investing activities		1,659,565	(4,980,953)	(1,626,204)
Cash flows from financing activities				
Payment of bonds	14	(39,827,488)	(36,936,309)	(42,247,716)
Net cash used in financing activities		(39,827,488)	(36,936,309)	(42,247,716)
Net increase in cash and cash equivalents		1,121,827	1,010,323	118,523
Cash and cash equivalents at beginning of the year		12,941,193	11,930,870	11,812,347
Cash and cash equivalents at end of the year	13	14,063,020	12,941,193	11,930,870

The accompanying notes are an integral part of these combined financial statements.

1. Reporting entity

These combined financial statements have been prepared with the objective of serving as a structure of a new financing that Empresa Nacional de Autopista, S. A. plans to obtain through the creation of a new intermediate holding (New Co) that will be the owner of ENA Sur, S. A, ENA Sur Trust, ENA Este, S. A. and ENA Este Trust (hereinafter the “Group”).

The combined Entities have a single parent and are entities under common control. Therefore, these financial statements have been prepared on a combined basis whereby the assets, liabilities and results of ENA Sur, S. A, ENA Sur Trust, ENA Este, S. A. and ENA Este Trust have been combined. The combined Entities used the same accounting policies for the preparation of these combined financial statements.

The combined financial statements have been derived from the aggregation of the assets and liabilities of ENA Sur, S. A., ENA Sur Trust, ENA Este, S. A. and ENA Este Trust. All intra-group balances, revenues, expenses and unrealized gains and losses arising from transactions between ENA Sur, S. A., ENA Sur Trust, ENA Este, S. A. and ENA Este Trust belonging to the combined Entities were eliminated when preparing the combined financial statements. As at December 31, 2019, the combined entities do not represent a group for consolidated financial statement reporting purposes in accordance with IFRS 10 Consolidated Financial Statements.

The combined financial statements of the Group include the following entities:

ENA Sur, S.A. (formerly ICA Panama, S.A.)

Empresa Nacional de Autopista, S.A. (ENA) and ICATECH Corporation entered into a Share Purchase Agreement on August 1, 2011, whereby ENA acquired all of the shares of ICA Panama, S.A. The acquisition took place on August 12, 2011, the date in which ENA took control of the operations of ICA Panama, S.A. (now, ENA Sur, S.A.).

Through Public Deed No. 6815 dated August 12, 2011, the Company changed its name from ICA Panama, S.A. to ENA Sur, S.A.

ENA Sur, S.A. (Subsidiary of ENA and concessionaire of Corredor Sur) is a company incorporated by Public Deed No. 1496 dated March 16, 1995, duly registered on mercantile page No. 299957 of the Public Registry of Panama on March 23, 1995. Its main source of revenue in the Republic of Panama is the maintenance, administration and operation of the “Corredor Sur” toll highway, which extends for a distance of 19.76 kilometers heading southwest to northeast along the coast, a route connecting the western sector of the city, starting in Paitilla, with the east sector, in Tocumen.

ENA’s operations concerning ENA Sur, S.A. are regulated by the Ministry of Public Works (“MOP”), under Administrative Concession Contract No.70-96 dated August 6, 1996 (the “Concession Contract”) and its addenda executed between the State of the Republic of Panama (the “State”) and ICA Panama, S.A. for the study, design, construction, maintenance, administration and operation of Corredor Sur (the “Concession”). The provisions concerning the handling, administration and toll tariffs applicable to the Concession are set forth in said Concession Contract. The Concession was granted under Law 5 of April 15, 1988 (“Law 5”) of the Republic of Panama and its regulations, which authorizes the collection of tolls. Through Cabinet Resolution 31 of May 22, 2018, and through the Addendum to Contract 6, signed on September 3, 2018, it is agreed to modify the fifteenth clause, referring to the expiration, leaving the contract to remain in effect until after 49 years from the date of authorization of operation and putting into service to the public any of its sections or until the concessionaire has obtained the total recoverable amount of the investment, whichever occurs first.

The operation and minor maintenance of the Corredor Sur under the executed contract with ENA Sur, S.A., is performed by Maxipista de Panama, S.A. (the "Operator"), a corporation established under the laws of the Republic of Panama.

Fideicomiso ENA Sur ("ENA Sur Trust")

The ENA Sur Trust was established through the signing of an Irrevocable Trust Agreement, or "Trust Agreement" (the "Contract"), dated August 12, 2011, signed between Banco Citibank (Panama), S.A. that through Public Deed No. 4,094, of February 1, 2016, changed its corporate name to Scotiabank (Panama), S.A. as a Trustee ("Trustee"); The Bank of New York Mellon, as Trustee of the Issuance Agreement ("Indenture Trustee") and Primary Beneficiary (on behalf of the bondholders of the ENA Sur Trust bonds); and ENA Sur, S.A. (formerly ICA Panama, S.A.), as Settlor and Secondary Beneficiary ("Settlor"), and Empresa Nacional de Autopista, S.A. (ENA), as Settlor and Secondary Beneficiary ("Settlor") and Administrator ("Servicer").

The fundamental purpose of the ENA Sur Trust - which was created as the core element of a framework of collaterals and guarantees backing the issuance of notes by which the acquisition of ICA Panama, S.A. was financed by ENA - is to manage, directly or indirectly, the rights and assets of the trust for the benefit of the Primary and Secondary Beneficiaries in accordance with the terms of the Contract.

The Operator's fees, as well as many other expenses incurred by the Concessionaire related to the operation of Corredor Sur, are paid with funds from escrow accounts managed by Scotiabank (Panama), S.A. and The Bank of New York Mellon.

ENA Este, S.A.

ENA Este, S.A. is a company incorporated by Public Deed No. 24686 of October 30, 2012, duly registered on mercantile page No. 785725 of the Public Registry of Panama on November 6, 2012. It began operations in January 2013. Its main business activity in the Republic of Panama is the construction and operation of Phase IIB of Corredor Norte, of 10.2 km long, the Golf– Tocumen Segment, the road section between Las Lajas and the 24 de Diciembre. The concession of the above-mentioned Phase IIB of the Corredor Norte El Golf – Tocumen segment is awarded to ENA Este, S.A. by Addendum No. 9 of February 15, 2013 and the Las Lajas – 24 de Diciembre tranche by Addendum No. 10 of August 23, 2014 to Administrative Concession Contract No. 98 of December 29, 1994.

ENA Este, S.A. operations are regulated by the Ministry of Public Works (MOP) under Administrative Concession No. 98 of December 29, 1994 (the "Concession Agreement") and its addenda, an agreement between the Government of the Republic of Panama (the Government) and PYCSA Panama, S.A., for the study, design, construction, maintenance, management and operation of Corredor Norte (the "Concession"). The provisions concerning the management of the operations and tariff rates are contained in said Concession Agreement. The Concession was granted under Law No. 5 of April 15, 1988 of the Republic of Panama and its regulations, which authorizes the toll collection by means of a 30-year concession period.

Fideicomiso ENA Este ("ENA Este Trust")

ENA Este Trust was established by an Irrevocable Trust Agreement (the "Agreement") dated March 20, 2014, signed between ENA Este, S.A., as Settlor; Empresa Nacional de Autopista, S.A. (ENA) as Settlor and Administrator; Banistmo, S.A. as Trustee of ENA Este Trust; Registered Holders of the ENA Este Trust Bonds (represented by Prival Bank S.A., Paying Agent of the bonds) as Primary Beneficiaries; and the Settlor as Secondary Beneficiaries.

The fundamental purpose of the ENA Este Trust - which was constituted as an issuing trust, to manage and guarantee the issuance of ENA Este Trust bonds – is to manage, directly or indirectly, the rights and assets of the trust for the benefit of the Primary and Secondary Beneficiaries under the terms of the Contract.

The Operator's fees, as well as multiple other expenses of the Concessionaire related to the operation of Phase IIB of the Corredor Norte, are paid with funds from the trust accounts managed by Banistmo, S.A.

2. Adoption of new International Financial Information Standards (IFRSs)

2.1 Standards and interpretations adopted without significant impact on the combined financial statements

In the current year, the Group has adopted a number of amendments to IFRS standards and interpretations issued by the IASB. Their adoption has not had any material impact on the disclosures or amounts reported in these combined financial statements.

IFRS 16 – Leases

IFRS 16 - *Leases* replaces IAS 17. This standard eliminates the classification of leases and establishes that they should be recognized in a manner similar to financial leases and measured at the present value of future lease payments. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation establishes how to determine the accounting tax position when there is uncertainty over income tax treatments.
The interpretation requires that the Group:

a. Determines whether uncertain tax positions are valued separately or as a Group; and
b. Evaluates if it is likely that the tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax returns:
    - If yes, the entity must determine its accounting tax position that is coherent with the tax treatment used, or planned to be used, in its income tax returns.
    - If not, the entity should reflect the effect of the uncertainty in determining its accounting tax position.

Effective for annual periods beginning on or after January 1, 2019.

Amendments to IFRS 9 *Prepayment features with negative compensation*

The Group adopted the amendments to IFRS 9 for the first time in the current period. The amendments to IFRS 9 clarify that, for the purpose of assessing whether a prepayment meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment regardless of the prepayment reason. In other words, financial assets with prepayment features with negative compensation, do not necessarily fail the SPPI test.

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

The Group adopted the amendments to IAS 28 for the first time in the current period. The amendment clarifies that IFRS 9, including its requirements for impairment, applies to other financial instruments in an associate or joint venture to which the equity method is not applicable.

This includes long-term interests that, in substance, are part of net investments in an associate or joint venture. The Group applies IFRS 9 to such long-term interests to which it previously applied IAS 28. In applying IFRS 9, the Group does not take into account any of the adjustments to the carrying amount of long-term interests required by IAS 28 (e.g. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or the impairment assessment under IAS 28).

Annual Improvements to IFRS Standards - 2015-2017 Cycle

Amendments to IAS 12 Income Taxes, IAS 23 Borrowing Costs, IFRS 3 Business Combinations

The Group has adopted the amendments included in the annual improvements to IFRS standards for the 2015-2017 cycle for the first time in the current period. Annual improvements include amendments to four standards.

IAS 12 Income Taxes

The amendments clarify that income tax consequences of dividends must be recognized in the combined statement of profit or loss, other comprehensive income or equity as transactions that generated the distributable earnings were originally recognized. This applies regardless of whether different tax rates are applied to distributed and undistributed earnings.

IAS 23 Borrowing costs

The amendments clarify that income tax consequences of dividends must be recognized in the combined statement of profit or loss, other comprehensive income or equity as transactions that generated the distributable earnings were originally recognized. This applies regardless of whether different tax rates are applied to distributed and undistributed earnings.

IFRS 3 Business combinations

The amendments clarify that when control is obtained over a business that is a joint venture, the requirements for a business combination in stages apply, including reassessing your previously held interest (PHI) in the joint venture at fair value. The previously held interest subject to remediation includes the unrecognized assets, liabilities and goodwill relating to the joint venture.

2.2 New and revised International Financial Reporting Standards issued, but not yet effective

The Group has not adopted the following new and revised standards and interpretations that have been issued but are not yet effective:

IFRS 17	*Insurance contracts*
IFRS 10 and IAS 28 (amendments)	*Sale or contribution of assets between an investor and its associate or joint venture*
Amendments to IFRS 3	*Definition of a business*
Amendments to IAS 1 and IAS 8	*Definition of materiality*
Conceptual framework	*Conceptual framework of IFRSs*

Management does not expect the adoption of the above-mentioned standards to have a material impact on the Group' combined financial statements for future periods.

3. Summary of significant accounting policies

3.1 Statement of compliance

The combined financial statements have been prepared in accordance with International Financial Reporting Standards.

The combined statements of financial position include assets previously reported as part of the consolidated financial statements of Empresa Nacional de Autopista, S. A. and Subsidiaries, which have been determined in the following manner:

Trade accounts receivable and other: unless balances could be specifically assigned to either ENA Este, S. A. or ENA Sur, S. A., these were allocated based on the relative percentage of toll revenues of the consolidated financial statements of Empresa Nacional de Autopista, S. A. and Subsidiaries for each of three years in the period ended December 31, 2019, which approximates allocation on an item-by-item basis.

3.2 Basis of preparation

The combined financial statements have been prepared under the historical cost basis.

The historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these combined financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Intangible asset from concession

The Group recognizes service concession agreements in accordance with the requirements of IFRIC Interpretation 12 Service Concession Agreements.

This interpretation is applicable for concessions in which:

- The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price; and
- The grantor controls through ownership, right of use or otherwise, any significant residual interest in the infrastructure at the end of the term of the agreement.

The Group does not recognize such infrastructure as property, plant and equipment. Instead, it recognizes the consideration received on contracts, which meet the above conditions at fair value, as an intangible asset to the extent that the Group receives a right to charge service users, provided these rights are conditioned on the extent of use of the service, or as a financial asset, to the extent that an unconditional contractual right to receive cash or another financial asset, either directly from the transferor or from a third party, exists. In cases where the Group is paid for the construction services partly with a financial asset and partly with an intangible asset, each component of the consideration is accounted for separately.

The intangible asset by concession is amortized using the units-in-use method based on an estimate of vehicle traffic over the term of the concession.

2018 Change in useful live

On April 27, 2018, a meeting of the Board of Directors was held where Management was authorized to formally start: a) negotiations to lengthen or extend the Concession period with the Ministry of Public Works for an additional term of 30 years from the endorsement of the Comptroller General of the Republic of Panama or until ENA Sur, SA obtained the total recoverable amount and b) that once the extension of the Concession Contract was obtained, the financing of the debt of Corredor Sur and Este be assessed for the purpose of paying the right to the concession of the Fourth Bridge project on the Panama Canal.

On May 25, 2018, according to Official Gazette and the Cabinet Council Resolution No.31, Addendum 6 to the Concession Contract of August 1996 was authorized, to extend its term for an additional 30 years from the endorsement of the Addendum or until the recovery of the investment is achieved, whichever comes first. The Addendum was endorsed by the Office of the Comptroller General of the Republic on September 3, 2018.

Based on the approval of the extension of the concession of ENA Sur, S.A., the estimated useful life of the Corredor Sur was reassessed and extended until the expiration date of the concession contract granted, i.e. 2048, which resulted in a reassessed cost per capacity since it is based on the remaining period of the concession. The amortization method has not changed since its inception. In the case of ENA Este, S.A., the useful life had been initially estimated until 2029; given that the concession is valid until 2045 and to the new expectations of useful life, an estimate was revised of the cost per capacity of this corridor.

Change in the cost per capacity aplicable as of January 1, 2019

For the Corredor Sur case, a total of 61,634,238 real traffic was recorded in 2019, versus traffic estimates for the same year of 70,790,856, according to the TTMA traffic study. Based on this decrease in traffic, Management decided to increase the cost per capacity for the Corredor Sur to B/.0.036 as of January 1, 2019, versus a previous cost of B/.0.03.

Like the other corridors, the Corredor Este recorded a total of 9,414,149 real traffic in 2019, versus traffic estimates for the same year of 10,136,050, according to the TTMA traffic study. Based on this decrease in traffic, Management decided to increase the cost per capacity for the Corredor Este to B/.0.35, as of January 1, 2019 versus an earlier cost of B/.0.29.

The amortization method has not changed since its inception. The revision of the estimate of the expected vehicular traffic in the estimated life is reviewed in periods of 3 years and adjusted or calibrated if necessary. For this new change, traffic projections made by the consultant Territorio Transporte Medio Ambiente "TTMA" have been used.
This change in useful lives and the change in cost per capacity produced the following changes in cost per vehicle capacity per corridor, which are applied prospectively:

Corridor	Cost per capacity applicable up to June 30, 2018	Cost per capacity applicable up to July 1, 2018	Cost per capacity applicable up to January 1, 2019
Corredor Sur	B/.0.340	B/.0.030	B/.0.036
Corredor Este	B/.1.370	B/.0.290	B/.0.350

The financial assets of service concession agreements are recognized in the combined statement of financial position as operating financial assets and are subsequently measured at amortized cost, using the effective interest rate. The impairment assessment of these financial assets is carried out in accordance with the impairment policy for financial assets.

Intangible assets of service concession agreements are recognized in the combined statement of financial position as intangible assets called "intangible assets from service concession agreements" and amortized using the units-of-use method (based on an estimate of vehicular traffic) over the concession period.

Revenue from ordinary activities and costs related to operating services are recognized in accordance with the accounting policy for ordinary revenue. Contractual obligations assumed by the Group for the maintenance of the infrastructure during its operation, or for its return to the granter at the end of the concession agreement under the conditions specified in the same, insofar as it does not involve an activity that generates revenue, is recognized following the accounting policy for provisions.

When an intangible asset is acquired in a business combination, its cost will be its fair value at the acquisition date. Fair value will reflect expectations about the likelihood that the future economic benefits inherent in the asset will flow to the entity.

When there are signs of impairment of assets in use, the Group assesses the impairment and an impairment loss is recorded when the carrying value is higher than the recoverable value. The recoverable value is the higher between the net sales price and the value-in-use, which is the present value of net future cash flows, using an appropriate discount rate.

3.4 Financial assets

Financial assets and financial liabilities are recognized in the combined statement of financial position of the Group when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Debt instruments kept within a business model whose objective is to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest (SPPIs) on the outstanding principal amount, are subsequently measured at amortized cost. Debt instruments kept within a business model whose objective is both to collect contractual cash flows and to sell debt instruments, and which have contractual cash flows that are SPPIs, are subsequently measured at fair value through other comprehensive income (FVTOCI). All other debt instruments (for example, debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the following election or irrevocable designation can be made in the initial recognition of a financial asset on an asset-by-asset basis:

- Subsequent changes can be irrevocably chosen to present in the fair value of an equity investment not held for trading, or a contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies - “Business combinations”, in other comprehensive income; and
- A debt instrument that complies with the amortized cost or with the FVTOCI criteria measured at FVTPL can be irrevocably designated if doing so eliminates or reduces it significantly, causing an accounting mismatch.

The Group classifies its financial assets according to their subsequent measurement at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss, based on the Group’s business model for the management of financial assets and the contractual cash flow characteristics of financial assets.

The Group classifies all financial liabilities according to their subsequent measurement at amortized cost, except for those liabilities measured at fair value through profit or loss, as a result of hedge accounting, as well as liabilities measured at fair value corresponding to non-designated derivatives.

Business model assessment

The Group assessed the objective of the business model in which the financial asset is maintained at the portfolio level, since it reflects the way in which the business is managed and that information is provided to Management. The information considers the following:

- The policies and objectives of the Group for the portfolio and the practical implementation of said policies. In particular, if Management's strategy focuses on obtaining income from contractual interest, maintaining a particular interest rate profile, adjusting the term of the financial assets to the term of the liabilities that finance those assets or realizing cash flows through the sale of assets;
- How the portfolio performance is assessed and reported to the Group’s Management;
- The risk affecting the business model’s performance and how these risks are managed;
- The frequency, volume, and timing of the sales in prior years, the reason for such sales and its expectations on future sales activity. However, the information on sales activity is not considered separately, but as part of an overall assessment of how the declared objective of the Group for the management of financial assets is achieved and how the cash flows are realized.

An assessment of the business models for managing financial assets is essential for the classification of a financial asset. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on Management's intentions for an individual instrument. Therefore, the assessment of the business model is prepared at a higher level of aggregation, instead of on an instrument-by-instrument basis.

In the initial recognition of a financial asset, it is determined if the recently recognized financial assets are part of an existing business model or if they reflect the beginning of a new business model. The Group reassesses its business model in each reporting period to determine if the business models have changed since the previous period. For the current and previous reporting period, the Group has not identified any changes in its business model.

Assessment of contractual cash flows if they are solely payments of principal and interest (SPPIs).

For the purpose of this assessment, "principal" is understood as the fair value of the financial asset at the time of initial recognition. "Interest" is defined as the consideration for the time value of money and the credit risk associated with the outstanding principal over a certain period of time and for other risks and basic loan costs, as well as the profit margin.

Contractual cash flows that are SPPIs are consistent with a basic loan agreement. Contractual terms that introduce exposure to risks or volatility in contractual cash flows that are not related to a basic loan agreement, such as exposure to changes in stock prices or prices of commodities, do not result in contractual cash flows which are SPPI. A financial asset created or acquired can be a standard credit agreement without distinction if it is a loan in its legal form.

When assessing if the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows so that it does not meet this condition. When conducting the assessment, the Group considers the following:

- Contingent events that would change the amount and timing of cash flows;
  - Debt characteristics;
  - Prepayment and extension terms;
  - Terms that limit the Group's claim to the cash flows of specified assets (for example, agreements with non-recourse assets); and characteristics that modify the consideration of the time value of money (for example, periodic readjustment of interest rates).

<u>Amortized cost and the effective interest method</u>

The effective interest method is a method to calculate the amortized cost of a debt instrument and to allocate interest income during the relevant period.

For financial assets other than financial assets purchased or originated with credit impairment (that is, assets credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts the future estimate of the cash flows (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, over the expected useful life of the debt instrument or, where applicable, a shorter period, to the gross carrying value of the debt instrument on initial recognition. For purchased or originated financial assets with credit impairment, the effective interest rate is an effective interest adjusted for the credit. The rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortization cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount by which the financial asset is measured on initial recognition less the capital repayment, plus the accumulated amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss provisions. The gross carrying value of a financial asset is the amortized cost of a financial asset before adjusting for any loss provisions.

Financial assets at fair value through other comprehensive income (FVTOCI)

These securities are composed of debt instruments not classified as securities at FVTPL or securities at amortized cost. These securities are recorded at fair value if the following two conditions are met:

- The financial asset is maintained in accordance with a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets; and,
- The contractual conditions of the financial assets give rise on specified dates to the cash flows that are solely payments of principal and interest on the outstanding principal.

Unrealized gains or losses are reported as net increases or decreases in other comprehensive income (“OCI”) in the combined statement of changes in net parent investment until they are realized. Gains or losses realized from the sale of securities included in the net gain on the sale of securities are determined using the specific identification method.

For an equity instrument designated as measured at FVTOCI, the accumulated gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss, but may be transferred within net parent investment.

As at December 31, 2019, 2018 and 2017, there are no financial instruments classified at fair value through other comprehensive income.

Financial assets at amortized cost

Financial assets at amortized cost represent securities and loans whose objective is to be held in order to obtain the contractual cash flows over the life of the instrument. These securities and loans are valued at amortized cost if the following two conditions apply:

- The financial asset is maintained within the business model whose objective is to hold the financial assets to obtain the contractual cash flows, and
- The contractual terms of the financial asset give rise, on the specified dates, to cash flows that are solely payments of principal and interest (SPPIs) on the outstanding principal amount.

Financial assets and liabilities at fair value through profit or loss (FVTPL)

Financial assets and liabilities at fair value through profit or loss include: a) assets and liabilities with contractual cash flows that are not SPPI; and/or b) assets and liabilities designated at FVTPL using the fair value option; and accounts receivable (unrealized gains) and accounts payable (unrealized losses) related to derivative financial instruments that are not designated as hedges or that do not qualify for hedge accounting.

Unrealized gains and losses on marketable assets and liabilities are recorded in the combined statement of profit or loss as gain (loss) on financial instruments at fair value through profit or loss.
As at December 31, 2019, 2018 and 2017, there are no financial instruments classified at fair value through profit or loss.

Reclassification

If the business model under which the Group holds the financial assets changes, the affected financial assets are reclassified. The classification and measurement requirements related to the new category are applied prospectively from the first day of the initial reporting period following the change in business model that results in the reclassification of the Group's financial assets.

No changes occurred in the business model under which the Group owns financial assets during the current fiscal year or in the previous accounting period; therefore, no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy for the modification and derecognition of financial assets and liabilities described below.

Derecognition of assets

A financial asset (or, if applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive the cash flows of the asset and, either, it has transferred substantially all the risks and benefits of the asset, or it has not transferred or retained substantially the risks and benefits of the asset, but has transferred control of the asset.
- The Group reserves the right to receive cash flows from the asset, but has assumed an obligation to pay the total cash flows received without material delay to a third party under a “pass-through” agreement.
- When the Group has neither transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, and all the risks and benefits of the asset have neither been transferred nor retained, nor the control of the asset transferred, the asset is recognized to the extent of the Group's continued interest in the asset. In this case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the contractual rights and obligations that the Group has retained.

The continuous interest that takes the form of a collateral on the transferred asset is measured at the lesser between the original carrying value of the asset and the maximum amount of the consideration that the Group could be required to pay.

The Group carries out transactions through which it transfers assets recognized in its combined statement of financial position, but retains all or substantially all of the risks and benefits of the transferred asset or part of them. In such cases, the assets transferred are not derecognized. Examples of these transactions are securities loans and sales and repurchase transactions.

Impairment of financial assets

The Group always recognizes the expected lifetime losses for trade accounts receivable. Expected credit losses on these financial assets are estimated using a provision matrix based on the Group's credit loss history, adjusted for factors that are specific to debtors, overall economic conditions and the assessment of both current economic conditions, as well as those provided on the date of the report, including the time value of money, when appropriate.

3.5 Financial liabilities by the entity

Financial obligations – Financial obligations are recognized at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected useful life of the financial liability, or (where appropriate) a shorter period, to the net carrying value on initial recognition.

Derecognition of financial liabilities – The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the combined statement of profit and loss.

Borrowing Costs – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily require a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as they are ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the results in the period in which they are incurred.

3.6 Net parent investment

As these financial statements have been prepared on a combined basis, it is not meaningful to show share capital or provide an analysis of reserves. Therefore, amounts which reflect the carrying value of investments of Empresa Nacional de Autopista, S. A. in the combined entities are disclosed as “Net parent investment”. The amounts reflected in Movements in net parent investment in the combined statement of changes in net parent investment refer to net profit for the period, and payments of dividends when applicable.

3.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Toll revenue is recognized by the Group at the moment when the users of the Corredor Sur, Corredor Norte or Corredor Este have completed their travel on the toll road. Ancillary service revenue is recognized when such services are rendered.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income associated with transactions and income amounts from ordinary business activities can be measured reliably. Interest income is recognized on an accrued basis, with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected useful life of the financial asset to that asset's net carrying amount on initial recognition.

3.8 Other income

Other income from services are recognized on an accrual basis when the services are provided.

3.9 Rights receivable from the Panamanian Government

All rights related to marine landfilled areas and land lots receivable from the Government were recorded at fair value with an offsetting amount recognized against the intangible asset from the concession and subsequently, recorded at cost.

3.10 Investment properties

Investment properties consist of lands and are presented at cost.

3.11 Provisions

Provisions are recognized when the Group has a current obligation (legal or implicit) caused from a past event, that would probably result in an out flow of economic resources and that could be reasonably estimated.

3.12 Income tax

Income tax expense represents the amount of current taxes payable and deferred taxes.
Current tax – The current tax payable is based on taxable income for the year. Taxable income differs from profit as reported in the combined statement of profit and loss because it excludes income or expense amounts that are taxable or deductible in other years and it further excludes amounts that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates in effect or substantively in effect at the date of the combined statement of financial position.

Deferred tax – Deferred tax is recognized on temporary differences between the carrying value of assets and liabilities in the combined financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences can be used.

Deferred tax assets and liabilities are recognized at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) in effect or substantively in effect at the date of the combined statement of financial position.

A liability is recognized for deferred taxes for temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the near future. The deferred tax assets arising from temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient future taxable income against which those temporary differences are used, and these are expected to be reversed in a near future.

Current and deferred tax for the year – Current and deferred taxes are recognized as an expense or income in profit or loss.

3.13 Functional and presentation currency

These combined financial statements are presented in Balboas (B/.), which is the Group's functional currency. The Republic of Panama does not issue paper currency of its own and instead the dollar (US$) of the United States of America is used as legal tender currency.

3.14 Use of estimates

In the preparation of the combined financial statements and in accordance with International Financial Reporting Standards, Management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported figures of assets, liabilities, income and expenses during the year. Estimates and decisions are continually evaluated and based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances. Actual results may differ from these estimates.

Management evaluates the selection, disclosure and application of critical accounting policies in the estimates with the greatest uncertainty. The information related to the assumptions and estimates that affect the reported amounts of assets and liabilities within the following fiscal year and the critical judgments in the selection and application of accounting policies are detailed below:

3.14.1 Key principles of uncertainty in estimates

The following are key assumptions regarding the future and other key principles for estimating uncertainty as of the date of the combined statement of financial position, that have a significant risk of causing material adjustments in the carrying value of assets or liabilities within the next financial period.

Amortization estimation of the intangible asset from concession

As described in Note 3.3, the intangible asset from concession is amortized using the units-in-use method based on an estimate of vehicular traffic during the term of the concession. Management reviews the estimate of the expected vehicular traffic in the estimated life every three years and adjusts or calibrates if necessary. During the year, Management determined that vehicular traffic estimation should be revised and adjusted based on the perceived changes in vehicular traffic. The financial effect of this review is the increase in amortization expense in the current period and for the coming years.

4. Risk management for financial instruments

4.1 Objectives of financial risk management

Due to the nature of its operations, the Group is exposed to various financial risks that could threaten its business objectives, so the proactive identification and understanding of significant risks the Group faces is critical to achieving an appropriate balance between risk and return and minimizing potential adverse effects its financial outcome.

The Group's management and control of risks falls mainly on the Board of Directors, which is initially responsible for establishing and shaping the strategic direction of the organization, the focus of the business and the corporate values.

The main financial risks identified by the Group are credit, liquidity and market risks, which are described below:

Credit risk

The Group's main financial assets are cash balances and bank deposits, trust funds with specific use and accounts receivable, which represent the Group's maximum exposure to credit risk in relation to financial assets.

Liquidity risk

Liquidity risk is the risk that the Group cannot meet all its obligations.

Prudent management of liquidity risk implies maintaining sufficient cash obtained from operations, bonds issue and other finance sources and shareholders' contributions. Due the nature of business, the Group expects to maintain sufficient cash on hand and flexibility in the funds if they are required.

5. Fair value of financial instruments

Fair value is the amount at which a financial instrument could be traded in a current transaction between the stakeholders, other than a forced sale or liquidation. This value is best evidenced by the quotable market value, if such a market exists.

Fair value estimates are made at a specific date, based on market estimates and information about financial instruments. These estimates do not reflect any premium or discount that could result from offering the sale of a particular financial instrument at a given date. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with accuracy. Changes in assumptions could significantly affect the estimates.

Fair value hierarchy

IFRS 13 sets a hierarchy level of the valuation techniques based on the transparency of the variables used in determining the fair value.

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which all market variables are observable, either directly or indirectly.
- Level 3 – Valuation techniques include significant variables not based on observable market variables.

When fair value measurements are determined for assets and liabilities required or permitted to be recorded at fair value, the Group considers the main market or the best market in which it could make the transaction and considers the assumptions that a market participant would use to value the asset or liability. Where possible, the Group uses active markets and observable market prices for identical assets and liabilities.

When identical assets and liabilities are not traded in active markets, the Group uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Group must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the differential size between supply and demand and the size of the investment are factors considered in determining the liquidity of markets and the relevance of observed prices in these markets.

When reference prices are available in active markets, financial instruments are classified within Level 1 of the fair value hierarchy. If the market value prices are not available or are available in markets that are not active, the fair value is estimated based on the quoted prices of similar instruments, or if these are not available, use internal valuation techniques, primarily models of discounted cash flows. Such securities are classified within level 2 or 3 of the fair value hierarchy.

Fair value of financial assets and liabilities of the Group not reported at fair value on an ongoing basis (but require fair value disclosures).
Except as detailed in the table below, Management considers that the carrying value of financial assets and liabilities recognized at amortized cost in the combined financial statements approximate their fair value.

	Fair value hierarchy				
	Carrying value	**Measurement at fair value**	**Level 1**	**Level 2**	**Level 3**
Decembar 31, 2019					
Bonds payable	330,268,910	357,076,393	-	357,076,393	-
Decembar 31, 2018					
Bonds payable	369,311,591	378,416,418	-	378,416,418	-
Decembar 31, 2017					
Bonds payable	405,516,980	466,111,349	-	466,111,349	-

<u>Assumptions used in determining the fair value of assets and liabilities</u>

The following is a summary of the assumptions used in estimating the fair value of the most important financial instruments of the Group:

<u>Financial assets</u>

The fair value of accounts receivable and bank deposits approximates their book value due to their short-term nature.

<u>Bonds payable</u>

The fair value of financial assets and liabilities included in Levels 2 and 3 above, have been determined using observable market prices and, when required, in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

6. Segment information

6.1 Segment revenue and results

The following is an analysis of the Group´s revenue and results continuing operations by reportable segments:

	2019	2018	2017
Revenue			
Toll Revenue			
ENA Sur, S.A.	70,032,999	73,194,289	71,868,883
ENA Este, S.A.	17,763,325	20,655,818	16,449,404
	87,796,324	93,850,107	88,318,287
Other revenue			
ENA Sur, S.A.	3,241,872	3,132,225	2,750,227
ENA Este, S.A.	385,499	338,358	154,153
	3,627,371	3,470,583	2,904,380

	2019	2018	2017
Segment profit			
ENA Sur, S.A.	36,497,183	38,711,419	33,851,851
ENA Este, S.A.	(4,115,708)	(8,144,907)	(12,881,196)
	32,381,475	30,566,512	20,970,655

Segment revenue reported above represents revenue generated from external customer. There were not intersegment sales.

6.2 Segment assets and liabilities

	2019	2018	2017
Assets			
ENA Sur, S.A.	141,237,676	145,597,884	144,288,151
ENA Este, S.A.	205,159,047	211,262,962	220,313,590
	346,396,723	356,860,846	364,601,741

	2019	2018	2017
Liabilities			
ENA Sur, S.A.	131,886,801	171,992,788	208,479,717
ENA Este, S.A.	223,447,102	224,328,128	224,858,874
	355,333,903	396,320,916	433,338,591

All assets and liabilities are allocated to reportable segments.

6.3 Other segment information

Depreciation and amortization	**2019**	**2018**	**2017**
ENA Sur, S.A.	(2,241,687)	(4,736,219)	(8,439,557)
ENA Este, S.A.	(5,225,203)	(12,355,166)	(12,189,724)
	(7,466,890)	(17,091,385)	(20,629,281)

Additions to non-current assets	**2019**	**2018**	**2017**
ENA Sur, S.A.	-	-	-
ENA Este, S.A.	-	282,407	12,253,869
	-	282,407	12,253,869

7. Intangible asset from concession

An analysis of the intangible asset from concession is broken down as follows:

		2019	
	Corredor Sur	**Corredor Este**	**Total**
Cost			
Balance as at December 31	240,408,375	185,174,805	425,583,180
Additions	-	-	-
	240,408,375	185,174,805	425,583,180
Accumulated amortization:			
As at December 31	141,762,633	31,834,130	173,596,763
Amortization for the year	2,241,687	5,225,203	7,466,890
	144,004,320	37,059,333	181,063,653
Total	96,404,055	148,115,472	244,519,527

	2018		
	Corredor Sur	**Corredor Este**	**Total**
Cost			
Balance as at December 31	240,408,375	184,892,398	425,300,773
Additions	-	282,407	282,407
	240,408,375	185,174,805	425,583,180
Accumulated amortization:			
As at December 31	137,026,414	19,478,964	156,505,378
Amortization for the year	4,736,219	12,355,166	17,091,385
	141,762,633	31,834,130	173,596,763
Total	98,645,742	153,340,675	251,986,417

	2017		
	Corredor Sur	**Corredor Este**	**Total**
Cost			
Balance as at December 31	240,408,375	172,638,529	413,046,904
Additions	-	12,253,869	12,253,869
	240,408,375	184,892,398	425,300,773
Accumulated amortization:			
As at December 31	128,586,857	7,289,240	135,876,097
Amortization for the year	8,439,557	12,189,724	20,629,281
	137,026,414	19,478,964	156,505,378
Total	103,381,961	165,413,434	268,795,395

The net cost of the investment in the concession is amortized using the units of production method based on an estimate of vehicle traffic during the term of the concession.

The rights and obligations of the Group and the State in respect to Corredor Sur are described in the "Concession Contract". A summary of the principal conditions and obligations established in the Concession Contract is detailed as follows.

Concession – Corredor Sur

- The Concession is for a (30) thirty-year period effective as of the date of beginning of the operation and administration of any of the authorized component sections. The first segment started operations in June 1999.

- The Concessionaire must comply with all legal regulations of the Republic of Panama and is required to respect, at all times, the ecology and environment in accordance with the established environmental protection standards.

- The Concessionaire is entitled to receive from the State approximately 29.5 hectares of land from the former Marcos A. Gelabert Airport, free of any taxes. Additionally, Ena Sur, S.A. is entitled to receive the rights to fill in a seabed area of 35 hectares, located between the Marcos A. Gelabert Airport and ATLAPA Convention Center, to enable the development and commercialization of this area during the period of the concession.

- From the 29.5 hectares of land previously mentioned, the Concessionaire received 25.4 hectares and one payment for the remaining 4.1 hectares through a Treasury Note. This Note was issued by the State on December 30, 2005, with which the State paid in full the amounts owed in relation to the arbitration ruling dated July 14, 2004 as well as for disbursements made by the Concessionaire with respect to the relocation of the Marcos A. Gelabert Airport. The Treasury Note was sold during 2006.

- From the original 35 hectares of marine landfilling rights, the Concessionaire still has the option to exercise its rights over 4.7 hectares.

- The Concessionaire has assumed the payment of indemnities on behalf of the State, for the acquisition or expropriation of private properties, necessary for the execution of the project, up to the amount of seventeen millions seven hundred and seventy two thousand balboas (B/.17,772,000) in accordance with the Concession Contract. Any payment in excess of the aforementioned amount will be considered as part of the investment in the concession and will be reimbursed to the Concessionaire through the granting of additional marine landfills-in the area between the Atlapa Convention Center and former Marcos A. Gelabert Airport. The Concessionaire paid compensation for the amount of B/.37,555,268. At December 31, 2019, 2018 and 2017, the Concessionaire has the right to exercise additional marine landfill rights for the equivalent of 2.7 hectares, related to excess payments of indemnities.

- The Concessionaire will not be able, nor will it have the right, under any circumstance, to request any court for an embargo of any or all goods or real estate involved in the Concession, or those goods and real estate that comprise an integral part of the operation, even if these goods and real estate had been acquired and financed by said the Concessionaire.

- Ten years before the end of the term of the Concession, the Concessionaire shall provide a bond guaranteeing the reversal of the work subject of the concession, with the same level of service with which it was originally built.

- In 2006, the Concessionaire executed Amendment No. 2 to the Concession Contract under which it was agreed to increase the amount of the investment made by the Concessionaire in order to build additional toll booths. As a result of this Amendment, the total recoverable amount for the Concessionaire is the following:

a. Investment	222,581,410
b. Reasonable profit	84,210,919
Total	306,792,329

According to Addendum No. 4 to the Contract No. 70-96, the State and the Concessionaire approved expansion works of Corredor Sur and granted rights to fill up to forty (40) hectares of seabed located between the former Marcos A. Gelabert Airport and the Atlapa Convention Center, in order to have a financing source for the expansion project. As at December 31, 2019, 2018 and 2017, the fair value analysis of the rights received has not been carried out, therefore it has not been recorded.

Concession - Phase IIB of the Corredor Norte

- The Concession is for a (30) thirty-year period, effective as of the date of authorization of the Operation and Administration of any component sections; in this case, (i) the Brisas del Golf - Tocumen Segment and the Gonzalillo - Pedregal Segment. The first tranche started operations in October 2015 and the second tranche, on March 27, 2017.

- The Concessionaire shall comply with all legal regulations of the Republic of Panama and in particular with Law No. 5 of April 15, 1988, of Administrative Concession.

- The Concessionaire shall not, under any circumstances, have the right to request any court for an embargo of any or all goods and real estate involved in the Concession, not even those goods and real estate that are an integral part of the Concession, even if those goods and real estate had been acquired and financed by said Concessionaire.

- The Concessionaire shall pay all National and Municipal rates, levies and taxes according to the law, except those that have been exempted under the provisions of the Administrative Concession Agreement, as provided by Law No. 5 of April 15, 1988, and those further exempted under amendments that said Law could suffer in the future or any other applicable law.

8. Rights receivable from Panamanian Government

According to the third, fifteenth and sixteenth clauses of the Concession Contract signed between the Group and the Panamanian Government, the Group has the right to receive from the Panamanian State the right to fill-in the seabed located between the ATLAPA Convention Center and the former Marcos A. Gelabert Airport, as a reimbursement of the costs related to the investment in the concession.

In July 22, 2011, according to Official Gazette No. 26834-B, the State of Panama and ENA Sur agreed to Addendum No. 3 to Concession Contract No. 70-96, by which the State of Panama granted to ENA Sur additional rights of fill-in the seabed in an area of 12 hectares, plus 404.74 square meters, located between the former Marcos A. Gelabert Airport and the Atlapa Convention Center. Additionally, the State of Panama gave its consent for the partial cession by ENA Sur to Corporacion Insular Americana, (“CIA”) S.A. of the seabed fill-in rights for an area of 19.081 hectares that will be used to develop a project for the construction of Islands 1 and 2 at Punta Pacifica.

In July 22, 2011, according to Official Gazette No. 26834-B, the State of Panama and ENA Sur agreed to Addendum No. 4 to Concession Contract No. 70-96, by which the works to expand the Corredor Sur were approved and awarded to ENA Sur. Additionally, ENA Sur was granted seabed fill-in rights on a 40 hectares area located between the former Marcos A. Gelabert Airport and the Atlapa Convention Center, which could be used as financing source for the expansion project.

In July 25, 2011, ENA Sur assigned to Corporación Insular Americana (CIA) the seabed fill-in rights to an area of 19.081 hectares for the execution of the Islands 1 and 2 Project at Punta Pacifica, where CIA took the place of ENA Sur in respect to the execution of said assigned rights. These rights were assigned at a price of B/.7,275,003 and the aforementioned reduction represents the cost recognized in this transaction. At the same time, ENA Sur ceded to CIA the sale-purchase agreement of land lots belonging to Ocean Reef Islands, Inc. (“ORI”) with ENA Sur, which established that the purchase price of the lots for Islands 1 and 2 and their improvements would be for B/.24,250,010 with ORI’s obligation to build these Islands.

Following is a summary of the seabed fill-in rights received and receivable (in square meters):

(A) As payment for the construction of the Corredor Sur:	
According to Concession Contract	350,000
Granted and used in construction of Punta Pacífica	(233,616)
Granted through Addendum 3 to Concession Contract	120,405
Transferred to Corporación Insular Americana, S.A., according to Addendum 3	(190,081)
Sub total (in square meters)	46,708
(B) As payment of additional indemnities to maximum amount according to Concession Contract	
According to Concession Contract	147,361
Granted through Addendum 3 to Concession Contract	(120,405)
Sub total (in square meters)	26,956
(C) As financing source to expansion project of Corredor Sur:	
According to Addendum 4 to Concession Contract	400,000
Granted through Addendum 4 to Concession Contract	(400,000)
Sub total (in square meters)	-
Total receivable (in square meters)	73,664

As at December 31, 2019, 2018 and 2017, rights receivable were recognized for an amount of B/.1,841,622. In addition, and as disclosed in Note 7 to the combined financial statements, the rights received according to Addendum 4 and corresponding to 40 fill-in hectares of seabed have not been recognized as at December 31, 2019, 2018 and 2017.

9. Project in progress

9.1 Project advance payments

The project advance payments are integrated in the following manner:

	2019	2018	2017
Free flow Porticos - Rana de Oro	-	-	204,371
Rotunda of the Gonzalillo - Pedregal expansion	-	-	165,036
Total	-	-	369,407

The balance as of December 31, 2017 relates to the construction of the connection of the Corredor Norte and Vía Manuel F. Zarate with Vía Gonzalillo – Pedregal.

10. Trust funds for specific use

The funds in trust accounts for specific use are detailed as follows:

	2019	2018	2017
ENA Sur Trust:			
The Bank of New York Mellon			
Reserve for debt service (immediate or quarterly)	2,113,596	4,741,736	3,822,347
Operation account	-	25	-
Reserve for Capex	1,500,000	1,500,000	1,500,000
Reserve for future debt service	9,724,841	10,523,036	10,992,804
Reserve for major maintenance	1,000,000	1,000,000	1,000,000
Reserve for litigations	3,600,000	3,600,000	3,600,000
Scotiabank (Panamá), S.A. (toll charge)	6,121,379	3,597,143	2,925,910
ALCOGAL Trust (ENA Este):			
Banco Nacional de Panamá	-	-	13,835,872
Banco General, S.A. - (time deposit)	-	-	-
Fideicomiso ENA Este:			
Banistmo, S.A.			
Concentration	29,243,005	28,257,589	21,729,509
Operation	-	-	1,131,849
El Golf - Tocumen Segment	3,835,162	5,064,978	5,064,978
Gonzalillo - Pedregal Segment	689,549	686,189	686,189
Reserve for major maintenance	502,441	500,000	500,000
Reserve for debt service	6,391,340	6,360,000	5,116,018
Reserve for Capex	502,441	500,000	500,000
Banistmo, S.A.	1,051,259	4,694,509	
Banistmo, S.A. (time deposits)	11,089,727	8,000,000	2,000,000
Total Trust Funds for specific use	77,364,740	79,025,205	74,405,476
Less:			
Estimated non-current portion	(23,221,063)	(21,056,797)	(17,010,622)
Estimated current portion	54,143,677	57,968,408	57,394,854

All time deposits with Banistmo, S.A. have original maturities greater than three months and interest rates ranging from 1.70% to 3.55% as of December 31, 2019, 2018 and 2017.

With respect to the ENA Sur Trust Fund, escrow funds for a specific use are managed by Scotiabank (Panama), S.A. acting in its capacity as trustee of the ENA Sur Trust and The Bank of New York Mellon ("Indenture Trustee") acting in its capacity as trustee for the benefit of the bondholders under the ("Indenture") contract governing the issuance of ENA Sur Trust notes.

These funds consist of cash collected on a daily basis from tolls and pre-established reserves and financed according to the respective trust agreements.

Funds deposited in the accounts with Scotiabank (Panama), S.A., Banistmo, S.A. and The Bank of New York Mellon do not generate interest.

With respect to the Trust Fund held by ENA Este, S.A., it relates to the contribution established in the ALCOGAL Trust for compensation payments and to secure the release of the roads used in the construction of Phase IIB of the El Golf – Tocumen segment and Gonzalillo – Pedregal tranche.

With respect to the ENA Este Trust, escrow funds for a specific use are managed by Banistmo, S.A. acting in its capacity as Trustee of the ENA Este Trust.

The non-current portion corresponds to funds estimated not to be used in the next twelve months, and consists of reserves for operating expenses of the corridors, debt service, major maintenance costs, litigations and insurance.

11. Investment properties

Investment properties consist of lands, which are detailed below:

	2019	2018	2017
Property No. 197095	120,608	120,608	120,608
Property No. 30539	319,468	319,468	319,468
Total	440,076	440,076	440,076

12. Trade accounts receivable and others

Trade account receivable and other are detailed below:

	2019	2018	2017
Accounts receivable - tolls	2,579,634	2,299,011	635,964
Ancillary services	66,630	77,854	2,546
Others	575,942	139,205	311,072
	3,222,206	2,516,070	949,582
Provision for expected credit losses	(1,088,197)	(938,197)	(515,527)
Total	2,134,009	1,577,873	434,055

The fair value of accounts receivable approximates its carrying amount due to their short-term nature.

The movement of the provision for expected credit losses is as follows:

	2019	**2018**	**2017**
Balance at beginning of the year	938,197	515,527	265,527
Increase in the provision	150,000	422,670	440,137
Amounts written off during the year	-	-	(190,137)
Balance at ending of the year	1,088,197	938,197	515,527

13. Cash and bank deposits

The balances of cash and bank deposits are presented below:

	2019	**2018**	**2017**
Banco General, S.A. – Current account	1,810,800	1,963,491	8,194,155
Banistmo, S.A. – Current account	5,000	30,279	1,424,918
Banco General, S.A. – Savings account	-	694,133	3,878,560
Caja de Ahorros - Savings account	-	-	33,405
Metrobank, S.A.	238,629	194,482	143,112
Banistmo, S.A.- Management trust	13,771,871	11,822,088	20,000
Banistmo, S.A. – Time deposit	24,037	24,037	24,037
Total cash and bank deposits	15,850,337	14,728,510	13,718,187

Below is the reconciliation of cash and bank deposits shown in the combined statements of financial position with cash and cash equivalents shown in the combined statements of cash flows:

	2019	**2018**	**2017**
Total cash and bank deposits	15,850,337	14,728,510	13,718,187
Unavailable cash:			
Banistmo, S.A. – Time deposit	24,037	24,037	24,037
Banco General, S.A – Current account	1,763,280	1,763,280	1,763,280
	1,787,317	1,787,317	1,787,317
Total cash and cash equivalents	14,063,020	12,941,193	11,930,870

14. Bonds payable

Below is the detail of bonds payable as at December 31:

	2019	2018	2017
ENA Sur Trust bonds	121,103,281	160,930,769	197,867,078
ENA Este Trust bonds	212,000,000	212,000,000	212,000,000
	333,103,281	372,930,769	409,867,078
Bond issuance costs	(2,834,371)	(3,619,178)	(4,350,098)
Total net	330,268,910	369,311,591	405,516,980
Current portion	41,882,063	47,375,324	39,766,129
Balance with maturity over one year	288,386,847	321,936,267	365,750,851

	ENA Sur Trust	ENA Este Trust	Total
Less than 1 year	41,882,063	-	41,882,063
1-2 years	15,697,980	45,955,270	61,653,250
2-3 years	16,815,917	46,874,177	63,690,094
3-4 years	17,877,329	48,262,386	66,139,715
4-5 years	19,162,191	48,793,272	67,955,463
More than 5 years	9,667,801	22,114,895	31,782,696
Total	121,103,281	212,000,000	333,103,281

As at December 31, the general information about the existing issuances are detailed as follows:

A - Issuance of ENA Sur Trust bonds

ENA Sur Trust (Issuer)

Series 2011 Class A Bonds for B/.170,000,000 with a 5.75% coupon and maturity in 2025, and Series 2011 Class B Bonds for B/.225,000,000 with a 5.25% coupon and maturity in 2025, were issued by the ENA Sur Trust, a Trust incorporated according to Law 1 of 1984 of the Republic of Panama, and according with the Trust Agreement signed between Empresa Nacional de Autopista, S.A. (ENA) and ENA Sur, S.A., as (“settlors”), and Banco Citibank (Panama), S.A., currently Scotiabank (Panama), S.A. a Panamanian company not acting in its individual capacity, but solely as trustee of the ENA Sur Trust.

The bonds are guaranteed on a pro rata basis with (i) the right, title and interest of the ENA Sur Trust to the rights of ENA Sur, S.A. to receive tolls and certain other payments under the Concession Contract signed between the Panamanian State, acting through the Ministry of Public Works, and ICA Panama, S.A., *now ENA Sur, S.A*, and (ii) all issued and outstanding shares of ENA Sur, S.A.

The repayment source of the bonds are the rights exclusively awarded on toll revenue in the Corredor Sur, escrow bank accounts and, in case of unresolved defaults, the trust assets.

Interest on the bonds is payable quarterly in February, May, August and November of each year over the life of the bonds.

The principal of the Series 2011 Class A Bonds will be amortized according to a pre-determined schedule of quarterly payments, with the first payment that took place in November 2011 and the last one in May 2025.

The amortization of the principal of the Series 2011 Class B Bonds – on account of the application of priorities vis-à-vis to a payment schedule which considers, among other things, (i) the operation and major maintenance expenses of Corredor Sur; (ii) commissions due the trustees; (iii) taxes incurred; and (iv) quarterly interest payable generated by both bond series – will vary over time. Consequently, both the current and non-current portions of the Series 2011 Class B Bonds detailed as follows as well as the component corresponding to the Series 2011 Class B Bonds on the principal detail to be paid in future years are estimated amounts.

	2019	**2018**	**2017**
Series 2011 Class A Bonds	93,202,670	105,947,919	118,084,329
Series 2011 Class B Bonds	27,900,611	54,982,850	79,782,749
Total bonds issued and outstanding	121,103,281	160,930,769	197,867,078
Less:			
Bond issuance costs	(1,790,563)	(2,362,079)	(2,892,107)
Net total	119,312,718	158,568,690	194,974,971
Current portion:			
Series 2011 Class A Bonds	13,981,452	12,745,249	12,136,410
Series 2011 Class B Bonds	27,900,611	34,630,075	27,629,718
Total	41,882,063	47,375,324	39,766,128
Balance with maturity over one year	77,430,655	111,193,366	155,208,843

The maturity of the principal payable in the following years is as follows:

	2019	**2018**	**2017**
Less than 1 year	41,882,063	47,375,324	39,766,129
1-2 years	15,697,980	34,334,227	46,904,049
2-3 years	16,815,917	15,697,980	31,975,682
3-4 years	17,877,329	16,815,917	15,697,980
4-5 years	19,162,191	17,877,329	16,815,917
More than 5 years	9,667,801	28,829,992	46,707,321
Total	121,103,281	160,930,769	197,867,078

In the issuance of such bonds, the ENA Sur Trust incurred in costs necessary for their structuring and subsequent placement in the market. These costs were capitalized to be amortized during the life of the bonds under the effective interest method. The costs are recorded at nominal value and consist primarily of legal and consulting services paid, as well as fees and expenses paid to risk rating agencies.

The balance at December 31 of the bond issuance costs is detailed as follows:

	2019	2018	2017
Bond issuance cost	5,668,165	5,668,165	5,668,165
Accumulated depreciation:			
Balance at beginning of year	(3,306,086)	(2,776,058)	(2,169,812)
Amortization for the year	(571,516)	(530,028)	(606,246)
Balance at end of year	(3,877,602)	(3,306,086)	(2,776,058)
Bond issuance cost, net	1,790,563	2,362,079	2,892,107

B – Bond issuance of ENA Este Trust

ENA Este Trust (issuer)

Bonds in the amount of B/.212,000,000 - endowed with a coupon of 6.00% p.a. and final legal maturity in 2024 - were issued by the ENA Este Trust on March 28, 2014, trust established under Law No.1 of 1984 of the Republic of Panama, and in accordance with the Indenture (the “Agreement”) signed on March 20, 2014 between ENA Este, S.A., as Trustor; ENA as Trustor and Administrator; Banistmo S.A. as Trustee of ENA Este Trust; Registered Holders of the ENA Este Trust bonds as Primary Beneficiary; and the Trustors as Secondary Beneficiaries.

The bonds are guaranteed on a pro-rata basis by (i) the right, title and interest of the ENA Este Trust to the rights of ENA Este, S.A. from receiving toll revenue from the operations of Phase IIB of the Corredor Norte under the Concession Agreement signed at the time between the Panamanian government, acting through the Ministry of Public Works, and ENA Este, (ii) all of the issued and outstanding shares of ENA Este, S.A., (iii) funds available from time to time and certain reserves deposited in escrow accounts, and (iv) contributions ENA Este makes of the amounts corresponding to its share capital received from ENA, product of dividends that are paid, from time to time, to ENA by ENA Sur, S.A., once it has settled all of the Class B 2011 Bond Series from the issue of bonds of ENA Sur Trust.

The source of repayment of the bonds are the exclusively awarded rights to toll revenue from Phase IIB of the Corredor Norte, escrow bank accounts, the contributions ENA Este makes of the corresponding amounts of the capital received from ENA and, in case of an unresolved default, the trust assets.

Interest earned by the bonds is payable quarterly in March, June, September and December of each year during the term of the bonds. However, according to the terms and conditions of the bond issuance, there are no scheduled payments for the principal on the respective dates of the quarterly payment, other than the final legal payment date, the date on which the outstanding principal still pending cancellation shall be paid off, whatever it may be.

	2019	2018	2017
ENA Este Trust Bonds	212,000,000	212,000,000	212,000,000
Total bonds issued and outstanding	212,000,000	212,000,000	212,000,000
Less:			
Bond issuance costs	(1,043,808)	(1,257,099)	(1,457,991)
Total Net			
Balance with maturity of more than one year	210,956,192	210,742,901	210,542,009

The maturity of the principal payable in future years is as follows:

	2019	2018	2017
Less than 1 year	-	-	-
1-2 years	45,955,270	-	-
2-3 years	46,874,177	45,955,270	-
3-4 years	48,262,386	46,874,177	-
4-5 years	48,793,272	48,262,386	-
More than 5 years	22,114,895	70,908,167	212,000,000
Total	212,000,000	212,000,000	212,000,000

In the process of structuring, documenting and placing the bonds, the ENA Este Trust incurred numerous issuance expenses. These costs were capitalized to be amortized over the life of the bonds under the effective interest method. Expenses are recorded at nominal value and consist primarily of legal and consulting services paid, as well as fees and expenses paid to rating agencies.

The balance at December 31 of the issuance costs is detailed as follows:

	2019	2018	2017
Bond issuance cost	2,124,343	2,124,343	2,124,343
Accumulated amortization:			
Balance at beginning of year	(867,244)	(666,352)	(476,946)
Amortization for the year	(213,291)	(200,892)	(189,406)
Balance at end of period	(1,080,535)	(867,244)	(666,352)
Bond issuance cost, net	1,043,808	1,257,099	1,457,991

Changes in liabilities for financing activities:

The reconciliation of the liabilities arising from the financing activities is as follows:

Reconciliation of liabilities arising from financial activities 2019	Initial balance	Cash flows	Changes other than cash: Foreign currency movement	Changes in fair value	Other changes	Total
Bonds payable	369,311,591	(39,827,488)	-	-	784,807	330,268,910

Reconciliation of liabilities arising from financial activities 2018	Initial balance	Cash flows	Changes other than cash: Foreign currency movement	Changes in fair value	Other changes	Total
Bonds payable	405,516,980	(36,936,309)	-	-	730,920	369,311,591

Reconciliation of liabilities arising from financial activities 2017	Initial balance	Cash flows	Changes other than cash: Foreign currency movement	Changes in fair value	Other changes	Total
Bonds payable	446,969,044	(42,247,716)	-	-	795,652	405,516,980

15. Outstanding indemnities payable

Outstanding indemnities payable mainly consists of estimates of possible balances payable owed by the Group in cash or in kind, caused by the effect on private properties located on the necessary easement for the construction of Corredor Sur y Phase IIB of the Corredor Norte. Estimates were made by the administration based on their best judgment and evidence available. It is possible that the final result of the case of provisions is different from the estimated amount. The amount assigned for these payments at December 31, 2019 of B/.14,722,288, at December 31, 2018 of B/.15,411,738, and at December 31, 2017 of B/.16,579,980, is a part of the funds for specific use.

16. Operating and maintenance costs

Below is a breakdown of operating and maintenance costs:

	2019	2018	2017
Cost of operations and minor maintenance	9,797,698	9,783,006	9,703,116
Cost of major maintenance	10,219,084	5,354,199	5,013,774
Operating services	479,831	1,045,658	749,161
Insurance premium	492,688	480,214	485,864
Total	20,989,301	16,663,077	15,951,915

Cost of operation and minor maintenance corresponds to costs incurred by and paid to Maxipista de Panama, S.A., which is responsible for the operation and maintenance of the South and East Corridors, according to the Management Agreement.

Cost of major maintenance represents the costs that will be conducted according to the maintenance plan for those purposes in accordance with the provisions of the Concession Agreement.

17. Other expenses

A summary of the other expenses is detailed below:

	2019	2018	2017
Depreciation	83,742	61,874	55,288
Maintenance	57,785	91,625	31,865
Other no-income taxes	267,415	178,346	222,985
Others	415,847	906,879	1,372,430
	824,789	1,238,724	1,682,568

For the year ended December 31, 2017, Others includes advanced payment to contractor ICAPSA that was written for the amount of B/.1,098,516.

18. Income tax

Income tax returns of the Group, including the one for the year ended December 31, 2019, are subject to review by the tax authorities for the last three fiscal years according to current regulations.

As at January 1, 2010, with the entry into force of Law No. 8 of March 15, 2010, Article 699 of the Tax Code indicates that legal persons whose taxable income exceeds one million five hundred thousand dollars (B/.1,500,000) per year must pay income tax at a rate of 25% (it was 25% for 2011) on the greater of: (1) net taxable income calculated by the traditional method established in Title I Book Four of the Tax Code, or (2) the net taxable income resulting from applying four point sixty-seven percent (4.67%) to total taxable income.

The amount of income tax accrued and estimated payable for the period ended December 31, 2019, 2018 and 2017, was determined in accordance with the traditional method for all the Group.

18.1 Income tax recognized in profit or loss

The expenditure components of income tax at December 31 are as follows:

	2019	2018	2017
Current income tax	5,270,633	5,611,264	5,083,668
Adjustment in respect of prior year	-	(325,140)	-
Total	5,270,633	5,286,124	5,083,668

The reconciliation of the current income tax is presented below:

	2019	2018	2017
Profit before income tax	35,793,523	34,562,904	24,564,869
Income tax considering the effective rate of 25% with benefit of 50%	4,474,190	4,320,363	3,070,609
Effect from:			
Entity with a loss	746,787	1,179,330	1,791,722
Non-deductible costs and expenses	(220,642)	(118,846)	264,720
Non-taxable income	270,298	230,417	(43,383)
Current income tax	5,270,633	5,611,264	5,083,668

As at December 31, 2019, 2018 and 2017, ENA Este, S.A. closed the period with a loss, therefore, it has chosen to request the non-application of the Alternate Calculation of Income Tax (CAIR). Consequently, the accrual of income tax is not recognized at the end of the period.

As at December 31, ENA Este, S.A holds benefits from a carryforward loss that creates a deferred tax for B/.3,832,310 for 2019, B/.4,391,495 for 2018 and B/.3,420,005 for 2017 for which deferred income taxes were not recognized as there is no history of taxable income and it is not expected to have taxable income in the near future.

The Concession Agreement establishes that the Group shall be entitled to the following tax benefits:

1. From the moment the Concession was granted and for as long as the execution of the works last, all goods and real estate of the Concession shall be exempt from:

   a) The Property and Service Transfer Tax (ITBMS) and the importation to the territory of the Republic of Panama of machinery, equipment, supplies, materials and goods in general for the execution of the works under the Concession.
   b) Re-exportation tax.
   c) Income tax.

2. During the administration of the works or goods, the Group will have the rights to the following exonerations:

   a) Income tax will be exempted in accordance with the following scale:

      - 100% during the first five years
      - 75% during the following five years
      - 50% during the remaining years of the Concession

   b) 100% exemption from stamp tax.

   c) 100% exemption from import tax on the maintenance equipment and operating equipment essential to the management of the works under the Concession.

   d) 100% exemption from the Property and Service Transfer Tax (ITBMS) on the importation of maintenance and operating equipment essential to the administration of the works under the Concession.

3. Before and during the construction and administration of the works of the Concession, the financial entities lending money to the Group will be exempted from income tax on the interest from the loans issued for the financing of the works.

4. The Group will have the first option to perform ancillary services related to the Concession and will be able to obtain the incentives given by the respective development laws.

19. Balances and transactions with related parties

The balances with related parties are broken down as follows:

	Amounts owed by related		
Balances:	**2019**	**2018**	**2017**
Accounts receivable:			
Empresa Nacional de Autopistas, S.A. (ENA)	1,574,249	1,574,249	1,574,249
ENA Norte, S.A.	-	-	-
Fideicomiso de Administración	684,180	1,752,707	2,204,566
Total	2,258,429	3,326,956	3,778,815
Accounts payable			
Empresa Nacional de Autopistas, S.A. (ENA)	867,063	867,063	867,063
ENA Norte, S.A.	402,019	407,198	407,198
Fideicomiso de Administración	1,669,194	1,502,558	13,711
Total	2,938,276	2,776,819	1,287,972

Balances:	**2019**	**2018**	**2017**
Net parent investment - Deemed distribution to Parent Company (i):			
Empresa Nacional de Autopistas, S.A. (ENA)	265,653,629	265,653,629	265,653,629

(i) During 2011, ENA Sur, S.A. issued a loan to ENA, S.A., with the proceeds obtained from the issuance, by ENA Sur Trust, of the Series 2011 Bonds. The cash flows to fund the repayment of the loan are provided through dividends paid by ENA, S.A.'s subsidiaries. This loan has been accounted for as a deemed dividend distribution, which is presented as a reduction to the net parent investment of the combined financial statements as of December 31, 2019, 2018 and 2017 for an amount of US$265,653,629.

Other accounts receivable and payable correspond to loans made between affiliates for expenses or payments to suppliers, do not have an expiration date or generate interest.

20. Contingencies

ENA Sur, S.A.

As at December 31, 2019, there are compensation reserves for damages to properties during the construction of the Corredor Sur for an amount of B/.3,579,980 left by ICA Panama, S.A. (now ENA Sur, S.A.) created to meet the payments, which are being coordinated with the Heritage Assets Department of the Ministry of Economy and Finance the processing of the necessary resolutions to formalize the transfer deeds for the lands to the Nation and consequently, payment of the amounts reserved. Of the affected estates, the following claims have been presented to the Company:

- There is a major claim against the Company filed by the Banco Hipotecario Nacional (BHN) with the Panama Third Circuit Court for Civil Matters, in which the BHN requests a payment of B/.2,567,923 with respect to damages affecting Property No.158,146 as a result of construction work for the Corredor Sur.

  As at December 31, 2018, the First Superior Court has yet to rule on the appeals filed by the parties against Judgment No. 12/456-03 of January 29, 2013. Which partially acknowledged the claims.

- Ordinary Process of Greater Amount filed by the Cervecería Nacional de Panama, S.A., against ICA Panama, S.A. (now ENA Sur, S.A.), the Ministry of Public Works (MOP) and the Ministry of Economy and Finance (MEF), for the amount of B/.1,763,280, including costs and interest, for the affectation of their Property No. 28422. The Ministry of Public Works (MOP) submitted a written objection to the lawsuit due to lack of jurisdiction of the Circuit Court to hear complaints against the Government. This appeal is still pending resolution of nullity filed by the MOP, informing that to date there is a draft resolution in the Judge's office.

- Any amount of money that ENA Sur, S.A. is ordered to pay or any way should pay in excess to that declared in the closing balance sheet of ICA Panama, S.A. as at August 11, 2011, should be compensated in accordance with what is established in Clause VI "Compensations" of the Sales Contract of Shares of ICA Panama, S.A. For these two cases, the company has a reserve of B/.182,100, even though it is considered that the resolution will be favorable to the Company.

ENA Este, S.A. – Phase II B Corridor:

As a result of the Arbitration lawsuit filed by ICAPSA against ENA Este, S.A., and the counterclaim filed by ENA Este, S.A, on June 21, 2019, the Arbitration Court handed down Laudo partially accepting the claims of the parties, leaving the amount of B/.1,259,193 in favor of ICAPSA.

On October 11, 2019, a payment process for consignment was filed in favor of ICAPSA for B/.1,259,193 distributed to the Sixteenth Circuit Court of Panama and is pending admission.

21. Commitments

At December 31, 2019, the Group had the following significant commitments to suppliers and service providers:

21.1 Operations contract

- **ENA Sur, S.A.:** In July 1, 2010 the State of Panama through the Ministry of Public Works, Icatech Corporation, as shareholder of ICA Panama, S.A. (now ENA Sur, S.A.) "the Concessionaire" and Maxipista de Panama, S.A. "the Operator", signed the Memo of Understanding by which the 2nd clause stated that Maxipista Panama, S.A. will continue being responsible for the operation and maintenance of the Corredor Sur, under the terms agreed in the Operation and Maintenance Contract held in September 6, 1999 and its amendments agreed in May 12, 2005. Through Addendum No.3 to the Operation and Maintenance Contract, dated August 12, 2011, a minor maintenance agreement is included and Fees are established in the following manner: For the year ended December 31, 2019, the Concessionaire paid the operator as consideration for its services a fixed annual sum of B/.8,049,319, B/.8,036,449 for the year ended December 31, 2018, and B/.7,960,500 for the year ended December 31, 2017. Major maintenance services vary according to the performance of a maintenance schedule.

- **ENA Este, S.A.:** In November 2015, ENA Este, S.A. (the "Concessionaire") subscribed the Operation and Maintenance Contract of the Corredor Este with Maxipista de Panama, S.A. (the "Operator") and the contract fees to be paid by the Concessionaire to the Operator were established. For the year ended December 31, 2019, the concessionaire paid the amount of B/.1,748,379, B/.1,746,558 for the year ended December 31, 2018, and B/.1,742,616 for the year ended December 31, 2017 for minor maintenance services. Major maintenance services vary according to the performance of a maintenance schedule.

21.2 Construction contract

- **ENA Este, S. A.** - Phase II B of the Corredor Norte: On April 4, 2011, a contract for the execution of work was signed between Maxipista de Panamá, S. A. and Ingenieros Civiles Asociados Panamá, S. A., (the Contractor), by which the Contractor will carry out the studies, designs, calculation reports, plans, programs, procedures and inputs necessary for the realization of the construction works of Phase II of the Corredor Norte, the Golf– Tocumen Segment (the road section between Las Lajas and the 24 de Diciembre), according to the specifications and quality standards, in accordance with the terms set out in this contract. By addendum No. 6 of July 22, 2011, the recognition and validation of the assignment by Maxipista to Empresa Nacional de Autopista, S. A. of the contract of execution of work concluded with Ingenieros Civiles Asociados Panamá, S. A. is established and by Addendum No. 9 of 23 January 2013, these rights and obligations are transferred to ENA Este, S. A.

  The work still maintains minor and rework activities pending execution, so no substantial or final delivery of the work has been issued. However, the work complies with the road safety standards that allowed the MOP to issue an authorization to ENA Este, S. A. to operate and put into use the aforementioned highway from October 15, 2015.

  The contract with ICAPSA ended with the result issued on June 21, 2019 by the Arbitration Court.

  Minor activities and pending work will be executed by another contractor to be defined. The contractor filed an arbitration claim for B/.62,758,367 that is in the resolution stage.

Management's assessment, among other things, considers that the Contractor failed to comply with the contractual terms relating to the notification of additional costs, thereby not being entitled to claim a fair adjustment with respect to the event in question. As set forth in the Work Execution Contract, the Contractor was required to notify ENA/ENA ESTE, S.A., of a possible equitable adjustment event not later than 20 calendar days from the time the Contractor was aware or reasonably should have known of the expected occurrence and impact of such event, indicating in detail the nature of the fair adjustment event, the technical-economic support of the requested adjustment and its estimate. However, the foregoing, having expired the contractual period, ENA proposed to initiate with the company a process of settlement of the contract, so that, in such a process, by common agreement, as far as possible, everything concerning the contractual relationship between the parties is clarified and defined (compliance, non-compliance, amounts owed between the parties, adjustments, etc.).

As a result of the ICAPSA Arbitration Complaint against ENA Este, S.A., and the Reconvention Complaint promoted by ENA Este, S.A., on June 21, 2019, the Arbitration Court issued the Award partially accepting the claims of the parties, with the sum of B/.1,259,193 in favor of ICAPSA.

On October 11, 2019, a grant-per-consignment process was submitted for ICAPSA by the amount of B/.1,259,193, assigned to the Sixteenth Court of Circuit of Panama and is pending admission.

21.3 Construction contract

ENA Sur, S.A. - On March 20, 2018, ENA Sur, S.A. signed a contract for two (2) years to carry out the studies, design and construction of the structural rehabilitation project for the Corredor Sur's marine stretch for B/.13,576,115. As of December 31, 2019, the amount of maintenance expenses incurred is B/.8,768,966.

22. Subsequent events

The Group has evaluated events after December 31, 2019, to assess the need for possible recognition or disclosure in the accompanying combined financial statements. These events were evaluated until October 28, 2020, the date on which these combined financial statements were available for issuance. Based on this evaluation and with the exception of the points summarized below, it was determined that there were no subsequent events that require recognition or disclosure in the combined financial statements, except for the following:

1) The operations and financial situation of the Group may be affected by the adverse effects of certain public health problems, such as epidemics, pandemics, and other contagious diseases. On December 2019, a new strain of coronavirus named Covid-19 appeared, which has spread worldwide in the first quarter of 2020. Outbreaks have already been identified in Panama that could lead to decreased economic activity and negatively affect ENA's operating and financial results. The extent to which the coronavirus will affect ENA's results will depend on future developments of this contagious disease, which are currently highly uncertain and cannot be accurately predicted.

   Since March 25, 2020, the National Government decreed a total quarantine at the national level, with some very specific exceptions, so that the volume of daily traffic in the three (3) corridors decreased since that date and represents approximately 20% of the average daily traffic volume processed during 2019. Since the movement restrictions started recently and the Company is not sure how long they will be in place, ENA's Management is currently analyzing different scenarios with conservative premises that include reducing traffic volumes and non-essential expenses for the operation.

Management prepared a projection of income/expenses for 2020 using the following assumptions: i) traffic volumes recorded as of March 25th will remain unchanged until the end of May; ii) between the months of June to August, traffic begins to normalize gradually, and iii) from September, traffic volumes return to levels similar to those recorded during 2019. Management estimates that the traffic volume in 2020 could be reduced by approximately 25%, versus the average traffic recorded in 2019.

At the time of issuance of these combined financial statements, Management is analyzing a series of measures that allow the concessionaires to cover the debt service expenses scheduled for 2020, and at the same time reduce the operating and maintenance expenses no longer essential, and in some cases deferring them until the traffic flow becomes regular.

According to the debt contracts of the 3 bonds, the concessionaires keep funds in reserves in their books that cover the next two (2) quarters of the debt service, thus Management does not foresee any default in the debt payment for 2020 under the stated assumptions.

Once the traffic volumes and revenues of the concessionaires are normalized, they must return the reserve funds to their respective trusts that would have been used to cover the debt service, in a period of six (6) months, as of the first date when these funds were used.

2) Through Cabinet Resolution No. 71 of October 13, 2020, and published in Official Gazette No. 29135 of October 15, 2020, Empresa Nacional de Autopistas, S.A. was authorized to obtain the consent of the bondholders of ENA Sur Trust and ENA Este Trust bonds for the modification of certain terms and conditions of said bonds, which seeks to carry out the refinancing of the existing bonds.

23. Approval of the combined financial statements

The combined financial statements were approved by the Board of Directors and authorized for their issuance on October 28, 2020.

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