

**Empresa de Transporte de Pasajeros Metro S.A. and Subsidiaries**  
**Interim Consolidated Financial Statements**  
**For the periods ended**  
**as of March 31, 2019 and 2018 and as of December 31, 2018**



**EMPRESA DE TRANSPORTE DE PASAJEROS METRO S.A. AND SUBSIDIARIES**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the periods ended  
as of March 31, 2019 and 2018 and as of December 31, 2018**

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- ✓ Interim Consolidated Statements of Changes in Equity
- ✓ Interim Consolidated Statements of Cash Flows
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ThCh\$	Figures expressed in thousands of Chilean pesos
MCh\$	Figures expressed in millions of Chilean pesos
US\$	Figures expressed in United States dollars
ThUS\$	Figures expressed in thousands of United States dollars
MUS\$	Figures expressed in millions of United States dollars
ThUF	Figures expressed in thousands of Unidades de Fomento (inflation-adjusted units)
Ch\$	Figures expressed in Chilean pesos

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Interim Consolidated Statements of Financial Position  
As of March 31, 2019 and as of December 31, 2018  
(In thousands of Chilean pesos)

ASSETS	NOTE	03-31-2019 (Unaudited)	12-31-2018
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	87,719,428	165,110,682
Other current financial assets	10	182,686,609	187,303,313
Other current non-financial assets	11	6,246,164	6,870,615
Trade and other receivables, current	5	15,485,102	14,973,044
Current inventories	6	17,053,306	16,401,194
Current tax assets		1,952,014	1,752,674
<b>Total current assets</b>		<b>311,142,623</b>	<b>392,411,522</b>
<b>NON-CURRENT ASSETS</b>			
Other non-current financial assets	10	52,649,715	58,237,285
Other non-financial assets, non-current	11	25,620,401	24,812,750
Accounts receivable, non-current		1,135,070	1,286,725
Intangible assets other than goodwill	7	6,462,930	6,392,116
Property, plant and equipment	8	4,771,769,860	4,705,488,071
Investment property	9	25,600,204	22,641,419
<b>Total non-current assets</b>		<b>4,883,238,180</b>	<b>4,818,858,366</b>
<b>TOTAL ASSETS</b>		<b>5,194,380,803</b>	<b>5,211,269,888</b>

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

Interim Consolidated Statements of Financial Position, continued

As of March 31, 2019 and as of December 31, 2018

(In thousands of Chilean pesos)

LIABILITIES AND EQUITY	NOTE	03-31-2019 (Unaudited)	12-31-2018
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Other current financial liabilities	12	104,889,209	115,056,111
Trade and other payables	15	141,018,885	125,820,310
Other short-term provisions	19	627,418	795,662
Employee benefits, current	17	7,734,521	14,788,867
Other current non-financial liabilities	13	27,465,962	24,961,977
<b>Total current liabilities</b>		<b>281,735,995</b>	<b>281,422,927</b>
<b>NON-CURRENT LIABILITIES</b>			
Other financial liabilities, non-current	12	2,029,541,621	2,059,719,311
Non-current accounts payable	15	1,053,735	1,130,140
Due to related companies, non-current	14	3,517,309	3,500,000
Employee benefits, non-current	17	12,756,345	12,797,234
Other non-financial liabilities, non-current	13	53,208,996	54,793,619
<b>Total non-current liabilities</b>		<b>2,100,078,006</b>	<b>2,131,940,304</b>
<b>Total liabilities</b>		<b>2,381,814,001</b>	<b>2,413,363,231</b>
<b>EQUITY</b>			
Share capital	20	3,455,533,978	3,455,533,978
Accumulated losses	20	(675,130,398)	(690,995,637)
Other reserves	20	32,173,867	33,378,961
Equity attributable to owners of parent		2,812,577,447	2,797,917,302
Non-controlling interests	20	(10,645)	(10,645)
<b>Total equity</b>		<b>2,812,566,802</b>	<b>2,797,906,657</b>
<b>Total equity and liabilities</b>		<b>5,194,380,803</b>	<b>5,211,269,888</b>

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

Interim Consolidated Statements of Comprehensive Income by Function

For the periods of three months ended as of March 31, 2019 and 2018

(In thousands of Chilean pesos)

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION	NOTE	ACCUMULATED	
		01-01-2019 03-31-2019 (Unaudited)	01-01-2018 03-31-2018 (Unaudited)
PROFIT (LOSS)			
Revenue	21	100,218,814	87,101,335
Cost of sales	21	(92,923,425)	(74,044,083)
Gross profit		7,295,389	13,057,252
Other income by function	21	13,534,644	599,547
Administrative expenses	21	(8,891,393)	(8,515,810)
Other expenses by function	21	(534,750)	(250,141)
Other income (expenses)	21	20,250	(9,988,319)
Finance income	21	2,863,501	1,800,934
Finance costs	21	20,122,026)	(15,601,099)
Foreign currency translation differences	21	22,488,857	15,651,743
Profit (loss) from inflation-adjusted units	21	(693,449)	(5,891,486)
Profit (loss) before taxes		15,961,023	(9,137,379)
Income tax expense		-	-
Profit (loss) from continued operations		15,961,023	(9,137,379)
Income (loss) from discontinued operations		-	-
Income (loss)		15,961,023	(9,137,379)
PROFIT (LOSS), ATTRIBUTABLE TO:			
Owners of parent		15,961,023	(9,137,379)
Profit (loss)		15,961,023	(9,137,379)

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



Interim Consolidated Statements of Comprehensive Income by Function, continued

For the periods of three months ended as of March 31, 2019 and 2018

Figures expressed in Chilean pesos

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION	NOTE	ACCUMULATED	
		01-01-2019 03-31-2019 (Unaudited)	01-01-2018 03-31-2018 (Unaudited)
Income (loss)		15,961,023	(9,137,379)
Other comprehensive income, before taxes, income (loss) from new measurements of defined benefit plans	21	(95,784)	(129,165)
Total other comprehensive income that will not be reclassified to profit or loss for the period, before taxes	21	(95,784)	(129,165)
Components of other comprehensive income that will be reclassified to profit or loss for the period, before taxes		-	-
Income (loss) from exchange rate differences, before taxes		-	-
Gains (losses) on cash flow hedges, before tax		-	-
Total other comprehensive income that will be reclassified to profit or loss for the period, before taxes		-	-
Other components from other comprehensive income, before taxes	21	(95,784)	(129,165)
Income taxes related to components of other comprehensive income that will be reclassified to profit or loss for the period		-	-
Total other comprehensive income	21	(95,784)	(129,165)
Total comprehensive income		15,865,239	(9,266,544)

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



## Interim Consolidated Statements of Changes in Net Equity

For the periods of three months ended as of March 31, 2019 and 2018

Figures expressed in Chilean pesos

Items	Share capital	Other Reserves					Retained earnings (accumulated losses)	Equity attributable to owners of parent	Non-controlling interests	Total net equity
		Other sundry reserves	Capital surplus	Cash flow hedge	Reserves for gain (loss) on defined benefit plans	Total Other Reserves				
Opening balance 01-01-2019	3,455,533,978	30,336,377	3,042,584	-	-	33,378,961	(690,995,637)	2,797,917,302	(10,645)	2,797,906,657
Profit	-	-	-	-	-	-	15,961,023	15,961,023	-	15,961,023
Other comprehensive income	-	-	-	-	(95,784)	(95,784)	-	(95,784)	-	(95,784)
Comprehensive income	-	-	-	-	(95,784)	(95,784)	15,961,023	15,865,239	-	15,865,239
Increase (decrease) through transfers and other changes	-	-	-	(1,205,094)	95,784	(1,109,310)	(95,784)	(1,205,094)	-	(1,205,094)
Closing balance 03-31-2019	3,455,533,978	30,336,377	3,042,584	(1,205,094)	-	32,173,867	(675,130,398)	2,812,577,447	(10,645)	2,812,566,802
Opening balance 01-01-2018	3,082,361,491	30,336,377	3,042,584	-	-	33,378,961	(515,120,610)	2,600,619,842	(10,645)	2,600,609,197
Loss	-	-	-	-	-	-	(9,137,379)	(9,137,379)	-	(9,137,379)
Other comprehensive income	-	-	-	-	(129,165)	(129,165)	-	(129,165)	-	(129,165)
Comprehensive income	-	-	-	-	(129,165)	(129,165)	(9,137,379)	(9,266,544)	-	(9,266,544)
Increase (decrease) through transfers and other changes	-	-	-	-	129,165	129,165	(129,165)	-	-	-
Closing balance 03-31-2018	3,082,361,491	30,336,377	3,042,584	-	-	33,378,961	(524,387,154)	2,591,353,298	(10,645)	2,591,342,653

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

Interim Consolidated Statements of Cash Flows

For the periods of three months ended as of March 31, 2019 and 2018  
(In thousands of Chilean pesos)

<b>Consolidated Statements of Cash Flows (direct method)</b>	01-01-2019 03-31-2019 (Unaudited)	01-01-2018 03-31-2018 (Unaudited)
<b>Net cash flows provided by (used in) operating activities</b>		
Collection from sales of assets and provision of services	96,590,196	83,531,901
Other collections for operating activities	15,643,536	4,638,106
Payments to suppliers for the provision of goods and services	(48,516,844)	(33,246,402)
Payments to and on behalf of the employees	(26,312,021)	(25,247,827)
Other payments for operating activities	(1,814,767)	(1,335,201)
Net cash flows provided by operating activities	35,590,100	28,340,577
<b>Cash flows provided by (used in) investing activities</b>		
Purchases of property, plant and equipment	(79,001,133)	(85,889,432)
Other collections to acquire equity or debt instruments of other entities	101,390,562	129,973,382
Other payments to acquire equity or debt instruments of other entities	(99,112,220)	(36,246,618)
Interest paid	(11,147,593)	(11,387,567)
Net cash flows used in investing activities	(87,870,384)	(3,550,235)
<b>Net cash flows provided by (used in) financing activities</b>		
Loans from related entities - Contribution from the Chilean Treasury	17,309	63,515,684
Amounts from long-term loans	12,026,709	17,625,874
Other collections of cash	422,720	4,864,997
Repayment of loans	(16,595,538)	(11,732,651)
Interest paid	(20,399,066)	(25,447,316)
Other cash outflows	(335,808)	(607,716)
Net cash flows provided by financing activities	(24,863,674)	48,218,872
Net increase (decrease) in cash and cash equivalents before effect of changes in the exchange rate	(77,143,958)	73,009,214
Effects of variations in the exchange rate on cash and cash equivalents	(247,296)	(868,165)
Net increase (decrease) in cash and cash equivalents	(77,391,254)	72,141,049
Cash and cash equivalents at the beginning of the period	165,110,682	152,240,118
Cash and cash equivalents at the end of the period	87,719,428	224,381,167

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

(In thousands of Chilean pesos)

### 1. Company Profile

Empresa de Transporte de Pasajeros Metro S.A., (hereinafter also referred to as the Company) is a Chilean state-owned company created by Law 18,772 on January 28, 1989 as the legal successor to the Dirección General de Metro, as a result of which all the assets and liabilities of the latter were transferred to the Company.

The Company is a stock corporation bound by the principles applicable to open stock corporations, and has its registered office at 1414 Avenida Libertador Bernardo O'Higgins, Santiago, Chile.

The Company is registered on the Register of Securities under number 421 and is subject to the supervision of the Financial Market Commission (referred to as CMF).

The Company's corporate purpose is to carry out all the activities associated with passenger transportation in metropolitan railways or other complementary electrical vehicles, and the provision of ground transportation services by buses or vehicles of any technology, as well as activities related to such line of business.

These Interim Consolidated Financial Statements are presented in thousands of Chilean pesos (unless expressly stated otherwise) since this is the functional currency of the primary economic environment in which the Company operates.

### 2. Summary of significant accounting policies

The main accounting policies adopted in preparing these Interim Consolidated Financial Statements, as required by IAS 1, are based on International Financial Reporting Standards (hereinafter "IFRS") in effect as of March 31, 2019, and have been applied on a consistent basis to all accounting periods presented in the Interim Consolidated Financial Statements.

#### 2.1. Basis of preparation

The Interim Consolidated Financial Statements comprise the Interim Consolidated Statement of Financial Position as of March 31, 2019 and as of December 31, 2018; the Interim Consolidated Statements of Comprehensive Income for the periods of three months ended as of March 31, 2019 and 2018 and the Interim Consolidated Statements of Changes in Equity and the Interim Consolidated Statements of Cash Flows for the periods of three months then ended, prepared in accordance with the standards and instructions issued by the Financial Market Commission. These standards and instructions require the Company to comply with the International Financial Reporting Standards (IFRS), and also with IAS 34 "Interim Financial Reporting", as issued by the International Accounting Standards Board (IASB), except for certain IFRS standards. Through Ruling No. 6158 dated March 5, 2012, the Company was authorized by the Financial Market Commission to exceptionally apply International Public Sector Accounting Standard 21 (hereinafter "IPSAS 21"), instead of IAS 36. Please see Note 2.8 for further details regarding this exception.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

The Management of the Company is responsible for the information contained in these Interim Consolidated Financial Statements, which have been approved by the Board of Directors on May 13, 2019, with the Management being authorized to publish them.

The Interim Consolidated Financial Statements have been prepared on the basis of historical cost. In general, the historical cost is based on the fair value of the consideration given in exchange for the 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 this price is observable or estimated using another valuation technique. The Company considers the characteristics of the assets and liabilities if the market participants take those characteristics at the time of fixing the price of the asset or liability at the measurement date.

The preparation of these Interim Consolidated Financial Statements, in accordance with IFRS, requires the use of certain critical accounting estimates, necessary for the quantification of certain assets, liabilities, income and expenses.

It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3 "Management's Estimates and Accounting Criteria".

The translation of these financial statements is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

### 2.2. Basis of consolidation

The Interim Consolidated Financial Statements include the financial statements of the Parent Company and of the entities controlled by the Company. Control is achieved when the Company has:

Power over the investee.

Exposure, or rights, to variable returns from involvement with the investee.

The ability to use power over the investee to affect the amount of those returns.

The Company evaluated control based on all facts and circumstances and the conclusion is re-evaluated if there is an indication that a change has occurred in at least one of the three conditions detailed above.

Empresa de Transporte Suburbano de Pasajeros S.A. (Transub S.A.) and Sociedad Metro SpA are consolidated from the date on which control of these entities was transferred to the Company. Consolidation includes the financial statements of the Parent company and its subsidiaries, which comprises all assets, liabilities, income, expenses and cash flows of the subsidiaries, once adjustments and eliminations for intra-group transactions have been made.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

The non-controlling interest in the consolidated subsidiaries is presented under shareholders equity, in non-controlling interests, in the Interim Consolidated Statement of Financial Position and in income (loss) attributable to non-controlling interest in the Interim Consolidated Statements of Comprehensive Income.

Empresa de Transporte Suburbano de Pasajeros S.A. is in an organization and start-up period, has not yet registered any activity since its inception to the present date and was consolidated under the instructions of General Ruling No.1819 issued by the Financial Market Commission on November 14, 2006.

On June 28, 2018, according to registration No. 3,907 / 2018 by public deed, it was agreed to establish the Metro SpA Company, with a capital amount up to the sum of TCh\$24,981, equivalent to UF 920, divided into 1,000 registered shares, with no par value and of the same and only series, domiciled in the city of Santiago, Chile.

Tax ID Number	Company name	Ownership percentage					
		03-31-2019			12-31-2018		
		Direct	Indirect	Total	Direct	Indirect	Total
96.850.680-3	Transub S.A.	66.66	-	66.66	66.66	-	66.66
76.920.952-2	Metro SpA.	100.00	-	100.00	100.00	-	100.00

The ownership in these subsidiaries is not subject to joint control.

The Company does not have ownership interests in joint ventures or in associates.

Non-controlling interests - Non-controlling interests in the Consolidated Statement of Financial Position are presented, within equity, separately from the equity of the owners of the parent company.

**2.3. Foreign currency transactions**

**2.3.1. Functional and presentation currency**

Items included in the Interim Consolidated Financial Statements are measured using the currency of the primary economic environment in which the reporting entity operates (the “functional currency”). The Company's functional currency is the Chilean peso. All information is presented in thousands of Chilean pesos (ThCh\$) rounded to the nearest unit.

**2.3.2. Transactions and balances in foreign currency and indexation units**

Foreign currency and indexation unit transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Interim Consolidated Statements of Comprehensive Income, unless they have to be deferred, then they are recorded in equity, as in the case of cash flow hedges, if any.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS  
OF DECEMBER 31, 2018**

Exchange rate differences affecting financial assets classified as measured at fair value through profit or loss are presented as part of the profit or loss in fair value.

2.3.3. Foreign currency translations

Assets and liabilities in foreign currency and in Unidades de Fomento (an inflation-linked unit of account used in Chile referred to as UF), are presented at the following exchange and translation rates and closing values, respectively:

Date	USD	EUR	UF
03-31-2019	678.53	761.28	27,565.76
12-31-2018	694.77	794.75	27,565.79
03-31-2018	603.39	741.90	26,966.89
12-31-2017	614.75	739.15	26,798.14

US\$ = US dollar

EUR = Euro

UF = Unidad de Fomento (an inflation-linked unit of account)

2.4. Property, plant and equipment

All property, plant and equipment are initially stated at acquisition cost, plus all costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating for its intended use.

Subsequently they are stated at historical cost less accumulated depreciation and impairment losses, which, if any, are recorded in the interim consolidated statement of comprehensive income.

Costs include expenditure directly attributable to the acquisition of assets and the capitalized interest incurred during the construction and development period.

The cost of constructed assets includes the cost of materials and direct labor costs; any other cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and the costs of dismantling and removing the items and restoring the site in which they are located.

Work in progress is reclassified as operating assets under property, plant and equipment once the testing period has been completed and the assets are available for use, at which point their depreciation begins.

Costs of additions, modernization or improvements that represent an increase in productivity, capacity, efficiency or extension of the useful lives of assets are capitalized as an increase of the cost of the corresponding assets.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

Substitutions or renovation of assets that increase their useful lives, or their economic capacity, are recorded as an increase in the value of the respective assets, and the substituted or renovated assets are derecognized in the accounting.

Periodic expenses for maintenance, conservation and repair are recognized directly in profit or loss as costs of the period in which they are incurred.

Major maintenance costs of rolling stock, which includes among other things, replacement of parts and pieces, are capitalized as an asset that is independent from the main asset, if it is probable that future economic benefits related to the costs are received.

Depreciation of property, plant and equipment items is calculated using the straight-line method to allocate costs over their estimated economic useful lives, except in the case of certain technical components identified in rolling stock, which are depreciated on the basis of cycles and kilometers traveled.

Amortization (depreciation) of property, plant and equipment according to IAS 16 must be recorded separately for each significant part that makes up a final property, plant and equipment item. In the case of rolling stock, the Company separately depreciates the significant components of a property, plant and equipment item that have different useful lives than the rest of the items that form it.

Residual values, where they are defined, and useful lives of assets are reviewed and adjusted prospectively in each statement of financial position, so that the remaining useful lives are consistent with the asset's current service use and effective use.

Gains and losses on the sale of property, plant and equipment are calculated by comparing the income obtained to the carrying amount and are included in the interim consolidated statement of comprehensive income.

At least once a year the Company evaluates the existence of possible impairment of property, plant and equipment, in accordance with IPSAS 21, as described in Note 2.8.

The effects of the impairment analysis are recognized directly in profit or loss.

### 2.5. Investment property

The Company's investment property includes real estate (land and buildings) held to earn rentals or for capital appreciation as a result of possible future increases in their market prices.

The Company has commercial stores, land and buildings leased under operating leases.

Investment property that corresponds to land and buildings are valued using the cost model.

Reclassification of a property within, or outside of, the investment property category requires performing an assessment of whether the involved property meets, or has ceased to meet, the definition of investment property, and this must be backed up by observable evidence that a change in use has occurred.



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

As of the date of issuance of these financial statements, the above modification has not had any substantial impact of the Company’s Interim Consolidated Financial Statements, since the Company has not conducted any reclassification of a property within, or outside of, the investment property category.

The estimated useful lives of investment property are detailed as follows:

Type of asset	Residual useful life
Commercial stores	57 years on average
Other buildings	88 years on average

2.6. Intangible assets other than goodwill

2.6.1. Easements

Easements are presented at historical cost. If easements have indefinite useful lives, they are not subject to amortization. However, indefinite useful life assets are subject to review at each reporting period, to determine whether the determination of indefinite useful life is still applicable. These assets are subject to annual impairment testing.

2.6.2. Computer software

Licenses for information technology programs acquired are capitalized on the basis of the costs incurred to acquire them and prepare them for use. Such costs are amortized over their estimated useful lives.

Expenses related to in-house developing and maintaining computer programs do not qualify for capitalization and are expensed when incurred.

2.7. Finance income and expenses

Finance income consists of interest from investing cash and cash equivalents, from derivative transactions and other finance income, and is recognized in the Interim Consolidated Statement of Comprehensive Income over the term of the financial instrument, using the effective interest method and fair value in the case of derivative transactions.

Finance costs, both interest and expenses on bank borrowings, bonds and other finance expenses are recognized in the Interim Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method. Costs of interest incurred in the construction of any asset qualified as property, plant and equipment, are capitalized over the period necessary to complete the asset for its intended use, other interest costs are recorded as an expense in the consolidated statement of comprehensive income.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

### 2.8. Losses due to impairment of non-financial assets

Since the Company is a state-owned entity, its business model is focused on serving the public and puts emphasis on providing social benefits. It has an operating, services and infrastructure operation model, which means that its main source of income is established through a technical fare determined by the authority that does not cover recovery of its assets.

This business model defined by its shareholders, the Ministry of Finance and the Corporación de Fomento de la Producción, referred to as CORFO, goes against the concept of economic profitability of assets, as per IAS 36, where the value in use corresponds to the present value of estimated future cash flows expected to be obtained from the operation of the assets.

Therefore, the Company formally requested authorization from the Financial Market Commission to apply IPSAS 21 instead of IAS 36, a standard specific rule for State-owned entities which hold non-cash-generating assets. Through Ruling 6158 dated March 5, 2012 the Financial Market Commission authorized the Company to apply IPSAS 21 to assess the impairment of its assets.

The application of this standard allows the Interim Consolidated Financial Statements to present the economic and financial reality of the Company.

This standard defines the value in use of a non-cash generating asset as the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using the Depreciated Replacement Cost Approach or the Restoration Cost Approach.

However, under specific circumstances in which certain assets lose their service potential, the loss of value is recognized directly in profit or loss.

### 2.9. Financial assets

The Company classifies its financial assets in accordance with IFRS 9, in the following valuation categories: at amortized cost, at fair value through profit or loss, at fair value in other comprehensive income (equity). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### 2.9.1. Financial assets at amortized cost

A financial asset must be measured at amortized cost, if the following two conditions are met:

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

In accordance with “IFRS 7 Financial Instruments: Disclosures”, we consider that the carrying value of the assets, measured at amortized cost, is a reasonable approximation of fair value. Therefore, as indicated in IFRS 7, it is not necessary to make disclosures regarding the fair value of each asset.

### 2.9.2. Financial assets at fair value through other comprehensive income.

A financial asset should be measured at fair through other comprehensive income, if the following two conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### 2.9.3. Financial assets at fair value through profit or loss

A financial asset should be measured at fair value through profit or loss, unless measured at amortized cost or at fair value through other comprehensive income.

When a derivative financial instrument is not designated as a hedging instrument, all changes in fair value are recognized immediately in profit or loss.

### Derecognition of financial assets

The Company and its subsidiaries derecognize a financial asset only when the contractual rights on the financial assets' cash flows have expired, or when all the risks and rewards of ownership of the financial asset are substantially transferred to some other entity. If the Company does not transfer substantially all the risks and rewards of ownership and continues to exercise control over the transferred asset, the asset is accounted for against an associated liability for the amounts that must be paid. If the Company substantially retains all the risks and rewards of ownership of the financial asset, the Company still recognizes the financial asset and also a liability for the received cash flows.

### 2.10. Inventories

Inventories correspond to spare parts required for the operations and which are estimated to be used or consumed during one year.

Inventories are initially valued at their acquisition cost, subsequently valued at the lower of cost value or net realizable value. Cost is determined using the weighted average purchase price.

Spare parts classified as inventory are adjusted to their net realizable value, and their technological obsolescence is recognized with a direct charge to profit or loss.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

### 2.11. Trade and other receivables

Trade accounts receivable are recognized initially at fair value (nominal value which includes an implicit interest rate) and subsequently at amortized costs by the effective interest method, less the provision for impairment. The provision is established for expected credit losses during the life of the asset, at each balance sheet date, applying the simplified approach for trade accounts receivable.

The Company is using the expected loss model, which contains historical collection information for each tranche/stratification of its accounts receivable for the last three years (using a matrix where the provision is stratified by maturity or default per days) and additionally includes the expected losses projected by the statistical calculation of "forward looking", which takes into account the most relevant macroeconomic factors that affect uncollectibility, and the projection is based on the probability of each scenario.

Trade receivables are presented net of the provision for uncollectible accounts and losses are recognized as a charge to the Interim Consolidated Statement of Comprehensive Income.

### 2.12. Cash and cash equivalents

Cash and cash equivalents include cash, checking account balances, term deposits and other highly liquid short-term investments with original maturities of three months or less and with no restrictions on their use.

### 2.13. Share capital

The Company's share capital are the Series A and Series B common shares.

### 2.14. Trade and other payables

Suppliers and other accounts payable are initially recognized at their fair value net of directly attributable costs. They are subsequently valued at amortized cost.

### 2.15. Financial liabilities

Financial liabilities are classified either as financial liability "at fair value through profit and loss" or as "other financial liabilities".

#### a) Financial liabilities at fair value through profit or loss (FVTPL):

Financial liabilities are classified at fair value through profit or loss when they are held for trading or are designated at fair value through profit and loss.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

IFRS 9 largely preserves the existing requirements of IAS 39 for the classification of financial liabilities. However, under IAS 39 all changes in the fair value of liabilities designated as FVTPL are recognized in profit or loss, whereas under IFRS 9 these changes in fair value are generally presented as follows:

- i) the amount of the change in fair value that is attributable to changes in the liability's credit risk is presented in the other comprehensive income; and
  - ii) the remaining amount of the change in fair value is presented in profit or loss.
- b) Other financial liabilities:

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortized cost using the effective interest rate method, in which interest expense is recognized on the basis of effective interest rate.

The effective interest rate corresponds to the method of calculating the amortized cost of a financial asset or liabilities and of allocating the interest income (expense) over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows receivable or payable (including all costs on points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life of the financial instrument. All the Company's long-term bank liabilities and financial liabilities are accounted for under this method.

### Derivative Financial Instruments

The Company uses derivative financial instruments to manage its exposure to volatility risks in interest rates and exchange rates, including foreign currency forward contracts and interest rate swaps. See Note 23 for a detailed explanation of derivative financial instruments.

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value at each reporting period's end. The resulting gain or loss is recognized immediately in profit or loss, unless the derivative is designated and is effective as a hedging instrument, in which case the timing for recognizing it in profit or loss will depend on the nature of the hedging relationship.

### Hedge accounting.

The Company designates certain derivatives as hedging instruments with respect to the risk of exchange rate and inflation risk, such as cash flow hedges.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

At the beginning of the hedging relationship, the Company documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and the Company's strategy to carry out various hedging transactions. In addition, at the beginning of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective to offset changes in the hedged item's fair value or cash flows attributable to the hedged risk, which occurs when the hedging relationship meets the following effectiveness requirements:

- ✓ There is an economic relationship between the hedged item and the hedging instrument;
- ✓ The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- ✓ The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedge relationship fails to meet the coverage effectiveness requirement for the coverage ratio, but the risk management objective for that designated hedging relationship remains unchanged, the Company will adjust the coverage ratio of the ratio of coverage (this is referred to in IFRS 9 as "rebalancing the hedge relationship") so that it complies with the required criteria again.

Cash flow hedges - (cross currency swap - exchange rate and inflation)

The effective portion of changes in the fair value of derivatives that are designated and considered as cash flow hedges is recognized in other comprehensive income and accrued in the line "Cash flow hedge reserve" in equity, limited to the cumulative change in the fair value of the hedged item from the inception of the hedge. The gain or loss relating to the ineffective portion of the hedging instrument is immediately recognized in profit or loss and is included in "other profits (losses)".

The amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item is recognized in profit or loss.

The Company discontinues hedge accounting only when the hedging relationship (or a part of it) fails to meet the classification requirements (after rebalancing the hedge relationship, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised). The discontinuation is accounted for prospectively.

Any gain or loss recognized in other comprehensive income and accumulated in equity until that date remains in equity and is recognized when the forecasted transaction is finally recognized in profit or loss. When the forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

### Embedded derivatives

The Company and its subsidiaries have established a procedure that enables them to check for embedded derivatives in financial and non-financial contracts. In case there is an embedded derivative, and if the host contract is not accounted for at fair value, the procedure determines whether its characteristics and risks are not closely related to the host contract, in which case it requires to be separately recorded.

To date, the analyses carried out indicate that there are no embedded derivatives in the contracts of the Company and its subsidiary that require to be accounted for separately.

### 2.16. Income tax and deferred taxes

The income tax provision is determined through the application of the tax rate on the net taxable profit for the period, after applying the permitted tax deductions, plus variations in deferred tax assets and liabilities and tax credits.

Differences between the carrying amount of the assets and liabilities and their tax base generate deferred tax assets or liabilities balances, which are calculated using the tax rates that are expected to be in force when the assets and liabilities are realized.

The tax system applicable to the Company as of January 1, 2017, as it is a stock corporation with no connection to final taxpayers, is the first category tax (the Chilean corporate income tax) for the profits it obtains from operating its business. According to the Chilean Income Tax Act (Act No. 824) this tax has a rate of 25%.

The deferred tax rate is measured using the tax rates expected to be applicable to the temporary differences in the period when they are reversed using tax rates that by default will be applicable to the Company at the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized, (See Note 18).

### 2.17. Employee benefits

#### 2.17.1. Accrued vacations

The Company recognizes accrued vacation expenses using the accrual method.

#### 2.17.2. Severance indemnity payments

The Company has created provisions for its obligations to pay severance indemnity payments to all employees whose contracts and collective agreements state that they are entitled to this benefit in all cases.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

The liability recognized is the present value of that obligation plus/minus adjustments on actuarial profits or losses and discounted debt service. The present value of the obligation is determined by discounting estimated outgoing cash flows, at a market interest rate for long-term debt instruments that approximates the term of the termination benefits obligation up to their expiration date.

### 2.17.3. Incentive and recognition bonuses

The Company has an annual incentive bonus plan for achieving objectives, based on the individual conditions of each employment contract. These incentives consist of a percentage of the applicable monthly salary and are accrued on the basis of the estimated amount to be paid.

### 2.18. Provisions

The Company recognizes provisions when:

- ✓ It has a present obligation, whether legal or constructive, as a result of past events;
- ✓ It is probable that an outflow of resources will be necessary to settle the obligation; and
- ✓ The amount of the obligation can be estimated reliably.

The amount recognized as a provision must be the best estimate of the disbursement necessary to pay the present obligation at the end of the reporting period.

### 2.19. Classification of balances (current and non-current)

In the Consolidated Statements of Financial Position, balances are classified as current when the maturity is equal to twelve months or less from the cut-off date of the Interim Consolidated Financial Statements and as non-current, when it is in excess of that period.

### 2.20. Revenue and Expense Recognition

The Company recognizes revenue from the following main sources:

- ✓ Passenger transportation service
- ✓ Sales channel
- ✓ Lease of stores, and commercial and advertising spaces
- ✓ Lease of inter-modal terminals
- ✓ Lease of spaces for phone and fiber optic antennas
- ✓ Lease of land
- ✓ Advisory services

The income is measured based on the consideration specified in the contracts with customers. The Company recognizes revenue when it transfers control of a product or service to a customer.



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

Revenue from passenger transportation service: The Company has a contract in place with the Ministry of Transport and Telecommunications of Chile to provide public passenger transportation services in Santiago.

Passenger transportation service revenue is recognized at fair value, and is recorded daily based on use (number of trips) when a user passes the Bip card through the turnstile. This number is multiplied by the technical fare.

Revenue sales channel – Metro of Santiago maintains a contract with the Ministry of Transport and Telecommunications of Chile, providing services of issuance and post sale of the means of access and provision of marketing network and loading the means of access to the transportation system public passenger of Santiago. These revenues are recognized monthly and are equivalent to a total percentage of collections for transport fees charged in the means of payment. Consequently, revenues are recognized over time to the extent that the performance obligation is met.

Revenue from lease of stores, and commercial and advertising spaces: Revenue from operating leases are recognized monthly on an accrual basis.

Revenue from lease of intermodal terminals: Intermodal terminal revenue is recognized monthly on an accrual basis.

Revenue from lease space for telephone and fiber optic antennas: This kind of revenue are recognized monthly on an accrual basis.

Revenue from lease of land: Revenue from lease of land is recognized monthly on an accrual basis.

Revenue from advisory services: Metro of Santiago provides advisory services to foreign both public and private companies that are developing railway systems. This revenue is recognized over time in the Financial Statements based on the hours incurred in the advisory services project, to the extent that the performance obligations under the service contract are fulfilled.

Expenses include both losses and expenses that arise in the ordinary activities of the Company. Expenses also include cost of sales, salaries and depreciation. In general, expenses represent an outflow or decrease in assets such as cash and cash equivalents, inventory or property, plant and equipment.

### 2.21. Lease agreements

The Company (lessor) has a contract with the characteristics of a financial lease, which has been accounted for as established in IFRS 16 "Leases". Finance leases are leases where the lessor transfers substantially all the risks and rewards incidental to ownership of the asset to the lessee. Contracts that do not comply with the characteristics of a financial lease are classified as operating leases, that is, they take place when the lessor retains a significant part of the risks and advantages derived from the ownership of the leased property.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

When the assets are leased under finance leases, the Company recognizes the assets held in finance leases and presents them as account receivable for an amount equivalent to the net investment in the lease. The net investment is calculated as the right of collection of the lease, calculated at the current value of the installments lease.

Subsequently, the Company recognizes the finance income over the term of the lease, based on a model that reflects a constant rate of return on the net financial investment made in the lease.

The Company (lessee) recognizes a right-of-use asset and a lease liability on the start date of the lease. The start date of the lease is that on which the lessor makes the asset available to the lessee for the lessee to use it.

The valuation of the right to use the asset includes the following items:

- ✓ The amount of the initial valuation of the lease liability
- ✓ Any lease payment made to the lessor prior to the start date or on the start date.
- ✓ Any initial direct cost incurred by the lessee.
- ✓ An estimate of the costs that the Company will incur in dismantling and withdrawing or restoring the asset.

Subsequently, the right-of-use asset will be accounted for in accordance with IAS 16 Properties, plants and equipment.

The valuation of the lease liabilities corresponds to the current value of the lease installments, discounted using the implicit interest rate and / or otherwise the incremental interest in the lease.

**2.22. New IFRS and interpretations issued by the IFRS Interpretations Committee (IFRIC).**

New standards, amendments to standards and interpretations that are mandatory for the first time for periods beginning on January 01, 2019.

<b>New IFRS</b>	<b>Mandatory application date</b>
IFRS 16 — Leases	Annual periods beginning on or after January 01, 2019
<b>IFRS Amendments</b>	<b>Mandatory application date</b>
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	Annual periods beginning on or after January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	Annual periods beginning on or after January 01, 2019
Annual improvements — 2015-2017 cycle (Amendments to IFRS 3, IFRS 11, IFRS 12 and IAS 23)	Annual periods beginning on or after January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)	Annual periods beginning on or after January 01, 2019
<b>New Interpretations</b>	<b>Mandatory application date</b>
IFRIC 23 Uncertainty over Income Tax Treatments	Annual periods beginning on or after January 01, 2019

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Management evaluated the impact of the application of IFRS 16 by analyzing the lease contracts and also the service contracts, where there might be assets providing exclusive use and enjoyment (imbedded assets).

Under this evaluation, these contracts meet the definition of a lease under IFRS 16 and therefore the Company would recognize an asset for right of use and also a liability in regards to all the installments payable for those leases.

In accordance with the provisions of IFRS 16, the Company analyzed 561 contracts in force as of March 31, 2019. This review process considered the formal aspects and in addition the information provided by the Project Chiefs, in order to determine whether there are embedded assets that can substantially be used and enjoyed exclusively by the Company.

However, once the review was completed, the Company concludes that there are no significant contracts falling under the scope of IFRS 16, since the contracts involve low or insignificant amounts. However, the Company is constantly evaluating new contracts to which IFRS 16 could be applied.

**Impact of application of Amendments, New Interpretations**

The application of the amendments and new interpretations did not have a significant impact on the amounts reported in these Interim Consolidated Financial Statements. However, they may affect the accounting for future transactions or arrangements.

The following new standards and interpretations have been issued but their application date is not yet mandatory:

<b>New IFRS</b>	<b>Mandatory application date</b>
IFRS 17 — Insurance Contracts	Annual periods beginning on or after January 1, 2021
<b>IFRS Amendments</b>	<b>Mandatory application date</b>
Sale or Contributions of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date indefinitely postponed
Definition of a Business (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	Annual periods beginning on or after January 1, 2020
Conceptual Framework for Revised Financial Reporting	Annual periods beginning on or after January 1, 2020

In the opinion of Management, the future application of other standards and amendments and interpretations is not expected to have a significant effect on the Interim Consolidated Financial Statements.

**3. Management estimates and accounting criteria**

The estimates and criteria used by management are continuously assessed and are based on historical experience and other factors, including the expectation of occurrence of future events that are considered reasonable based on the circumstances.

Here are the most relevant ones:

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

### 3.1. Severance indemnity payments

The Company recognizes the liability for compensation provision years of service agreed using an actuarial methodology that considers factors such as the discount rate, effective turnover and other factors inherent to the Company. Any change in these factors and assumptions, shall have an impact on the carrying amount of the severance obligation.

The Company determines the discount rate periodically according to market conditions, as of the valuation date. This interest rate is used to determine the present value of estimated future cash outflows to be required to settle the severance obligation. When determining interest rates, the Company considers representative rates of financial instruments that are denominated in the currency in which the obligation is expressed and which have expiry terms that are close to the payment terms of such obligation.

Actuarial gains and losses arise from variances between estimated and actual performance of actuarial assumptions or the restatement of established actuarial assumptions, which are reported directly in Other Comprehensive Income for the period.

### 3.2. Useful life of property, plant and equipment

Property, plant and equipment and intangible assets with finite useful lives are depreciated using the straight-line method on the basis of an estimated useful life.

Such estimate takes into consideration technical aspects, nature and conditions of use of those assets and might vary significantly as a consequence of technological innovations or other variables, which will imply adjusting the remaining useful lives, and recognizing higher or lower depreciation, as applicable. Likewise, residual values are determined based on technical aspects that might vary in accordance with the specific conditions of each asset.

### 3.3. Litigation and other contingencies

The Company has various types of lawsuits for which it is not possible to determine exactly the economic effects that these may have on the Interim Consolidated Financial Statements. In cases where the Administration and the lawyers expect an unfavorable result, provisions have been made with a charge to expense based on estimates of the maximum amounts to be paid.

### 3.4. Measurements and/or valuations at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses the assumptions that market participants would use when establishing the price of the asset or liability under current market conditions, including assumptions regarding risk. To measure fair value the following must be determined:

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

- a) The concrete asset or liability to be measured.
- b) For a non-financial asset, the maximum and best use of the asset and if the asset is used in combination with other assets or in an independent manner.
- c) The market in which an orderly transaction would take place for the asset or liability; and
- d) The appropriate valuation technique(s) to be used when measuring fair value. The valuation technique(s) used must maximize the use of relevant observable entry data and minimize non-observable entry data.

To determine the expected loss model of IFRS 9 (simplified model), the Company and its subsidiary have introduced variables in the simplified model so that they can measure fair value based on historical data, percentages of recoverability of accounts receivable and macroeconomic variables.

Market value hierarchies for items at fair value:

Each of the market values for the financial instruments is supported by a methodology for calculation and entry of information. Each of them has been analyzed to determine at which of the following levels they can be allocated:

Level 1, corresponds to methodologies using market units (without adjustment) in active markets and considering the same assets and liabilities valued.

Level 2, corresponds to methodologies using market trading data, not included in Level 1, which are observable for the assets and liabilities valued, whether directly (prices) or indirectly (derived from prices).

Level 3, corresponds to methodologies using valuation techniques, which include data on the assets and liabilities valued, which are not supported on observable market data.

The Company measures and/or evaluates all financial instruments at their fair value upon initial measurement and they are subsequently valued at amortized cost, except for derivative transactions and cross currency swaps (CCS) and Interest Rate Swap (IRS), which continue to be valued at their fair value after their initial recognition.

The Company hierarchically classifies its measurement of fair value under level 2, as established in IFRS 13, and the costs of transactions attributable to those instruments are recognized in income as they are incurred.

The changes in the fair value for the Interest Rate Swap (IRS) are considered as components of the net profit or loss of the year, while for the Cross Currency Swap (CCS) the changes in the fair value are considered in Equity.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

Valuation techniques used to measure fair value for assets and liabilities:

The valuation techniques used by the Company are appropriate under the circumstances and there is sufficient data available on the Company's assets and liabilities to measure their fair value, maximizing the use of observable variables and minimizing the use of non-observable variables. The specific technique used by the Company to value and/or measure the fair value of its assets (derivative financial instruments) is the discounted cash flow method, based on market demand curves.

Entry data for fair value measurement:

Level 1:

- ✓ Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:

- ✓ Quoted prices for identical or similar assets in markets that are not active.
- ✓ Variables other than quoted prices that are observable for the asset, for example: Interest rates, observable yield curves at commonly quoted intervals and implicit volatilities.

Level 3:

- ✓ Unobservable inputs.

Items where gains (losses) are recognized on fair value measurements.

Fair value measurement gains (losses) in Interest Rate Swaps (IRS) are recognized as Other Gains (Losses) in profit or loss, while for Cross Currency Swaps (CCS) they are recognized in Equity.

Fair value measurement for assets and liabilities

A fair value measurement requires determining the particular asset or liability to be measured (Derivative financial instruments). This is why, when measuring fair value the Company keeps in mind the characteristics of the asset or liability in the same manner as market participants would take them into account when establishing the price of that asset or liability on the measurement date. The characteristics include the restrictions for asset recognition or the payment of the liability (if any).

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

The detail and classification of financial assets as of March 31, 2019 and as of December 31, 2018 is as follows:

<b>03-31-2019</b>	<b>Amortized Cost ThCh\$</b>	<b>Assets at Fair value through profit or loss ThCh\$</b>	<b>Assets at Fair value through equity ThCh\$</b>	<b>Total ThCh\$</b>
Trade and other receivables	16,620,172	-	-	16,620,172
<b>Cash and cash equivalents</b>	<b>85,511,747</b>	<b>2,207,681</b>	-	<b>87,719,428</b>
Cash and banks	-	2,207,681	-	2,207,681
Term deposits	77,920,380	-	-	77,920,380
Repurchase agreements	7,591,367	-	-	7,591,367
<b>Other financial assets</b>	<b>233,509,022</b>	<b>323,227</b>	<b>1,504,075</b>	<b>235,336,324</b>
Term deposits	180,802,788	-	-	180,802,788
Derivative operations	-	323,227	1,504,075	1,827,302
Financial lease	1,795,753	-	-	1,795,753
Promissory notes receivable	643,596	-	-	643,596
Advertising receivables	50,260,850	-	-	50,260,850
Other financial assets	6,035	-	-	6,035
<b>Total financial assets</b>	<b>335,640,941</b>	<b>2,530,908</b>	<b>1,504,075</b>	<b>339,675,924</b>

<b>12-31-2018</b>	<b>Amortized Cost ThCh\$</b>	<b>Assets at Fair value through profit or loss ThCh\$</b>	<b>Assets at Fair value through equity ThCh\$</b>	<b>Total ThCh\$</b>
Trade and other receivables	16,259,769	-	-	16,259,769
<b>Cash and cash equivalents</b>	<b>163,592,097</b>	<b>1,518,585</b>	-	<b>165,110,682</b>
Cash and banks	-	1,518,585	-	1,518,585
Term deposits	148,658,483	-	-	148,658,483
Repurchase agreements	14,933,614	-	-	14,933,614
<b>Other financial assets</b>	<b>237,296,031</b>	<b>8,244,567</b>	-	<b>245,540,598</b>
Term deposits	183,001,269	-	-	183,001,269
Derivative operations	-	8,244,567	-	8,244,567
Financial lease	1,838,732	-	-	1,838,732
Promissory notes receivable	665,620	-	-	665,620
Advertising receivables	51,783,963	-	-	51,783,963
Other financial assets	6,447	-	-	6,447
<b>Total financial assets</b>	<b>417,147,897</b>	<b>9,763,152</b>	-	<b>426,911,049</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

The detail and classification of financial liabilities as of March 31, 2019 and as of December 31, 2018 is as follows:

03-31-2019	Cost Amortized ThCh\$	Liabilities at Fair value through profit or loss ThCh\$	Liabilities at Fair value through equity ThCh\$	Total ThCh\$
Interest-bearing loans	2,132,077,953	-	-	2,132,077,953
Trade and other payables	249,899,896	-	-	249,899,896
Hedge liabilities	-	4,538	2,319,607	2,324,145
Other financial liabilities	28,732	-	-	28,732
<b>Total financial liabilities</b>	<b>2,382,006,581</b>	<b>4,538</b>	<b>2,319,607</b>	<b>2,384,330,726</b>

12-31-2018	Cost Amortized ThCh\$	Liabilities at Fair value through profit or loss ThCh\$	Liabilities at Fair value through equity ThCh\$	Total ThCh\$
Interest-bearing loans	2,171,840,271	-	-	2,171,840,271
Trade and other payables	126,950,450	-	-	126,950,450
Hedge liabilities	-	2,906,557	-	2,906,557
Other financial liabilities	28,594	-	-	28,594
<b>Total financial liabilities</b>	<b>2,298,819,315</b>	<b>2,906,557</b>	-	<b>2,301,725,872</b>

**4. Cash and cash equivalents**

Balances of cash and cash equivalents are detailed as follows:

Items	Currency	03-31-2019 ThCh\$	12-31-2018 ThCh\$
<b>Cash</b>			
Cash on hand	Ch\$	129,696	125,150
	USD	5,463	7,247
	Euros	-	3,380
Banks	Ch\$	2,064,248	1,378,595
	USD	8,274	4,213
<b>Total cash</b>		<b>2,207,681</b>	<b>1,518,585</b>
<b>Term deposits</b>			
Term deposits	Ch\$	67,456,396	133,152,535
	USD	10,463,984	15,505,948
<b>Total term deposits</b>		<b>77,920,380</b>	<b>148,658,483</b>
<b>Repurchase agreements</b>			
Repurchase agreements	Ch\$	7,591,367	11,806,167
	USD	-	3,127,447
<b>Total repurchase agreements</b>		<b>7,591,367</b>	<b>14,933,614</b>
<b>Total cash and cash equivalents</b>		<b>87,719,428</b>	<b>165,110,682</b>
Subtotal by currency	Ch\$	77,241,707	146,462,447
	USD	10,477,721	18,644,855
	Euros	-	3,380



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

Cash equivalents represent short-term highly liquid investments such as term deposits and fixed income investments –repurchase agreements- that are easily convertible into cash, and are subject to insignificant risk of changes in value, which are maintained to comply with short-term payment commitments. The detail for the 2019 period and the 2018 year is as follows:

### Term deposits

Type of investment	Currency of origin	Principal in currency of origin in thousands	Annual average rate	Average days to maturity	Principal in domestic currency ThCh\$	Accrued interest in domestic currency ThCh\$	Carrying amount 03-31-2019 ThCh\$
Term deposits	Ch\$	67,360,192	3.08%	18	67,360,192	96,204	67,456,396
	USD	15,403.50	2.76%	18	10,451,735	12,249	10,463,984
<b>Total</b>					<b>77,811,927</b>	<b>108,453</b>	<b>77,920,380</b>

Type of investment	Currency of origin	Principal in currency of origin in thousands	Annual average rate	Average days to maturity	Principal in domestic currency ThCh\$	Accrued interest in domestic currency ThCh\$	Carrying amount 12-31-2018 ThCh\$
Term deposits	Ch\$	132,920,188	2.99%	25	132,920,188	232,347	133,152,535
	USD	22,273.87	2.72%	18	15,475,217	30,731	15,505,948
<b>Total</b>					<b>148,395,405</b>	<b>263,078</b>	<b>148,658,483</b>

### Repurchase agreements

Code	Dates		Counterparty	Original currency	Subscription rate ThCh\$	Annual rate %	Amount as of closing ThCh\$	Instrument identification	Carrying amount 03-31-2019 ThCh\$
	Beginning	End							
CRV	03-29-2019	04-01-2019	ITAU CORREDOR DE BOLSA	Ch\$	600,000	3.00	600,150	BCP / PAGARE NR	600,100
CRV	03-28-2019	04-02-2019	ITAU CORREDOR DE BOLSA	Ch\$	488,000	3.00	488,203	PAGARE NR	488,122
CRV	03-29-2019	04-05-2019	ITAU CORREDOR DE BOLSA	Ch\$	2,000,000	3.00	20,011,667	BCP / PAGARE NR / BBCORP	2,000,333
CRV	03-29-2019	04-18-2019	ITAU CORREDOR DE BOLSA	Ch\$	3,000,000	3.12	3,005,200	BCP / PAGARE NR / BTP	3,000,520
CRV	03-26-2019	04-12-2019	ITAU CORREDOR DE BOLSA	Ch\$	1,501,667	3.00	1,503,794	BTP / PAGARE NR / BBCORP	1,502,292
<b>Total</b>					<b>7,589,667</b>		<b>25,609,014</b>		<b>7,591,367</b>

Code	Dates		Counterparty	Original currency	Subscription rate ThCh\$	Annual rate %	Amount as of closing ThCh\$	Instrument identification	Carrying amount 12-31-2018 ThCh\$
	Beginning	End							
CRV	12-28-2018	01-02-2019	ITAU CORREDOR DE BOLSA	Ch\$	800,000	2.30%	800,307	PAGARE NR	800,184
CRV	12-21-2018	01-02-2019	BCI CORREDOR DE BOLSA S.A.	Ch\$	5,100,000	2.50%	5,105,100	PAGARE NR	5,104,250
CRV	12-28-2018	01-03-2019	ITAU CORREDOR DE BOLSA	Ch\$	1,000,000	2.30%	1,000,460	PAGARE NR, PDBC	1,000,230
CRV	12-27-2018	01-04-2019	ITAU CORREDOR DE BOLSA	Ch\$	4,900,000	2.30%	4,903,005	PAGARE NR	4,901,503
CRV	12-28-2018	01-03-2019	BCI CORREDOR DE BOLSA S.A.	USD	695,690	2.10%	695,013	PAGARE R	694,891
CRV	12-27-2018	01-03-2019	BANCO DE CHILE	USD	2,428,428	2.45%	2,433,052	BCP	2,432,556
<b>Total</b>					<b>14,924,118</b>		<b>14,936,937</b>		<b>14,933,614</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

**5. Trade and other receivables, current**

As of March 31, 2019 and as of December 31, 2018, this item consists of the following:

<b>Trade and Other Receivables, Gross</b>	<b>03-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>
<b>Trade debtors and other accounts receivable, gross</b>	<b>16,101,254</b>	<b>15,584,946</b>
Trade receivables, gross (*)	9,268,894	12,130,740
Sales channel accounts receivable, gross	4,922,072	1,432,312
Other receivables, gross	1,910,288	2,021,894

<b>Trade and other receivables, net</b>	<b>03-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>
<b>Trade and other receivables, net</b>	<b>15,485,102</b>	<b>14,973,044</b>
Trade receivables, net	8,652,742	11,518,838
Sales channel accounts receivable, net	4,922,072	1,432,312
Other receivables, net	1,910,288	2,021,894

(\*) Effective as of July 1, 2018, a contract was made with Massiva S.A., lasting a period of 10 years, which establishes a minimum annual guaranteed income (MAG) payable during the term of the contract.

As of March 31, 2019 and as of December 31, 2018, the analysis of net trade and accounts receivable by age and expiration date is detailed below:

<b>Trade receivables, net</b>	<b>03-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>
Aged 3 months	2,329,373	5,698,706
Aged more than 3 months up to 1 year	5,998,609	5,594,526
Aged more than 1 year	324,760	225,606
<b>Total</b>	<b>8,652,742</b>	<b>11,518,838</b>

<b>Sales Channel Accounts Receivable, net</b>	<b>03-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>
Aged 3 months	4,851,540	1,173,654
Aged more than 3 months up to 1 year	14,780	256,435
Aged more than 1 year	55,752	2,223
<b>Total</b>	<b>4,922,072</b>	<b>1,432,312</b>

<b>Other Receivables, net</b>	<b>03-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>
With 3 months maturity	527,396	547,072
With 3 months up to 1 year maturity	1,382,892	1,474,822
<b>Total</b>	<b>1,910,288</b>	<b>2,021,894</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Movements as of March 31, 2019 and as of December 31, 2018 in the impairment provision are as follows:

Past due and outstanding trade receivables with impairment	ThCh\$
<b>Balance as of December 31, 2017</b>	<b>752,768</b>
Increase for the period	164,800
Decrease for the period	(169,197)
Write-offs for the period	(136,469)
<b>Balance as of December 31, 2018</b>	<b>611,902</b>
Increase for the period	77,310
Decrease for the period	(73,060)
Write-offs for the period	-
<b>Balance as of March 31, 2019</b>	<b>616,152</b>

The Company establishes a provision based on an expected loss for trade receivables.

The Company only uses the provision method and no direct write-offs, for better control of this item. Once pre-judicial and judicial collection measures have been exhausted, the assets are written-off against the provision recorded.

**6. Inventories**

This item comprises the following:

Classes of inventories	03-31-2019	12-31-2018
	ThCh\$	ThCh\$
Inventories and stock	1,860,044	1,674,937
Spare parts and accessories for maintenance	14,806,154	14,350,329
Imports in transit and other	387,108	375,928
<b>Total</b>	<b>17,053,306</b>	<b>16,401,194</b>

As of March 2019 and 2018, inventory consumption was charged to the Interim Consolidated Statement of Comprehensive Income in the cost of sales line item, in the amount of ThCh\$1,887,948 and ThCh\$1,995,259, respectively.

As of March 2019, the write-offs of inventories amount to ThCh\$ 6,120. As of the same period of the previous year they amounted to ThCh\$ 67. Based on the analysis carried out by the Technical Management for the stock of spare parts, maintenance accessories and supplies presented in this group, no objective evidence of impairment was found for this asset class.

During the year, the Company records no inventory items subject to pledge or guarantee.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

**7. Intangible assets other than goodwill**

They correspond to licences and software and transit easements. Their accounting recognition is initially carried out at their acquisition cost and subsequently they are valued at the net cost of their corresponding accumulated amortization and the impairment losses they have experienced.

Licences and software are amortized linearly over their economic useful life, which is estimated at four years, while easements, products that contracts are established in perpetuity, are considered to have an indefinite useful life and, therefore, are not amortized.

At the balance sheet date, the Company found no objective evidence of impairment for this type of asset.

The items within the Interim Consolidated Statement of Comprehensive Income that include amortization of intangible assets with finite useful lives are in the cost of sales and administrative expenses line items.

There are no intangible assets with ownership restrictions or that provide security for any liabilities of the Company.

- a) Intangible assets other than goodwill for the March 2019 period and the 2018 year, are as follows:

Item	03-31-2019			12-31-2018		
	Intangible assets, ThCh\$	Accumulated amortization ThCh\$	Intangible assets, ThCh\$	Intangible assets, ThCh\$	Accumulated amortization ThCh\$	Intangible assets, net ThCh\$
Licenses and Software	6,733,593	(4,594,892)	2,138,701	6,533,324	(4,471,100)	2,062,224
Easements	4,324,229	-	4,324,229	4,329,892	-	4,329,892
<b>Total</b>	<b>11,057,822</b>	<b>(4,594,892)</b>	<b>6,462,930</b>	<b>10,863,216</b>	<b>(4,471,100)</b>	<b>6,392,116</b>

- b) Movements of intangible assets other than goodwill for the period ended as of March 31, 2019, are as follows:

Movements	Licenses and Software ThCh\$	Easements ThCh\$	Total intangible assets, net ThCh\$
Opening balance 01-01-2019	2,062,224	4,329,892	6,392,116
Additions	1,678	-	1,678
Write-offs	-	(5,663)	(5,663)
Transfers	198,591	-	198,591
Amortization	(123,792)	-	(123,792)
Closing balance 03-31-2019	2,138,701	4,324,229	6,462,930
Average remaining useful life	3 years	Indefinite	

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

c) Movements of intangible assets other than goodwill for the year ended as of December 31, 2018, are as follows:

Movements	Licenses and Software	Easements	Total intangible assets, net
	ThCh\$	ThCh\$	ThCh\$
Opening balance 01-01-2018	1,699,561	4,236,078	5,935,639
Additions	198,498	93,814	292,312
Transfers	549,115	-	549,115
Amortization	(384,950)	-	(384,950)
Closing balance 12-31-2018	2,062,224	4,329,892	6,392,116
Average remaining useful life	3 years	Indefinite	

**8. Property, plant and equipment**

a) Property, plant and equipment items comprise the following:

Property, plant and equipment	03-31-2019 ThCh\$	12-31-2018 ThCh\$
<b>Classes of property, plant and equipment, net</b>		
<b>Property, plant and equipment, net</b>	<b>4,771,769,860</b>	<b>4,705,488,071</b>
Works in progress, net	483,321,001	1,436,411,396
Land, net	132,853,486	132,620,404
Civil works, net	2,609,585,974	1,916,968,710
Buildings, net	166,530,711	111,266,828
Rolling stock, net	972,431,727	807,013,830
Electrical equipment, net,	368,176,873	262,608,816
Machinery and equipment, net	23,163,076	23,294,181
Other, net	15,707,012	15,303,906
<b>Classes of property, plant and equipment, gross</b>		
<b>Property, plant and equipment, gross</b>	<b>5,502,618,138</b>	<b>5,407,739,528</b>
Works in progress, gross	483,321,001	1,436,411,396
Land, gross	132,853,486	132,620,404
Civil works, gross	2,802,992,667	2,101,706,180
Buildings, Gross	186,872,021	130,851,477
Rolling stock, gross	1,256,505,668	1,080,002,565
Electrical equipment, gross,	580,313,729	467,357,214
Machinery and equipment, gross	44,052,554	43,486,386
Other, gross	15,707,012	15,303,906
<b>Classes of accumulated depreciation and impairment, Property, plant and equipment</b>		
<b>Total accumulated depreciation and impairment, Property, plant and equipment</b>	<b>730,848,278</b>	<b>702,251,457</b>
Accumulated depreciation of civil works	193,406,693	184,737,470
Accumulated depreciation of buildings	20,341,310	19,584,649
Accumulated depreciation of rolling stock	284,073,941	272,988,735
Accumulated depreciation of electrical equipment	212,136,856	204,748,398
Accumulated depreciation of machinery and equipment	20,889,478	20,192,205



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

b) The detail of movements in property, plant and equipment for the 2019 period and 2018 year, is as follows:

2019 movements		Works in progress	Land	Civil works	Buildings	Rolling stock	Electrical equipment	Machinery and equipment	Other	Property, plant and equipment, net
Opening balance at January 1, 2019		1,436,411,396	132,620,404	1,916,968,710	111,266,828	807,013,830	262,608,816	23,294,181	15,303,906	4,705,488,071
Movements	Additions	49,846,917	233,082	-	-	2,067,040	45,507,447	106,798	267,908	98,029,192
	Transfers	(1,002,937,312)	-	701,286,487	56,020,544	174,436,063	67,487,110	468,077	-	(3,239,031)
	Spare parts transfer	-	-	-	-	-	-	-	135,198	135,198
	Derecognition or sales	-	-	-	-	-	(8,074)	(935)	-	(9,009)
	Depreciation expenses	-	-	(8,669,223)	(756,661)	(11,085,206)	(7,418,426)	(705,045)	-	(28,634,561)
	Total movements	(953,090,395)	233,082	692,617,264	55,263,883	165,417,897	105,568,057	(131,105)	403,106	66,281,789
Closing balance as of March 31, 2019		483,321,001	132,853,486	2,609,585,974	166,530,711	972,431,727	368,176,873	23,163,076	15,707,012	4,771,769,860

  

2018 movements		Works in progress	Land	Civil works	Buildings	Rolling stock	Electrical equipment	Machinery and equipment	Other	Property, plant and equipment, net
Opening balance at January 1, 2018		1,157,111,593	120,662,471	1,925,737,534	113,577,576	779,374,981	286,157,192	24,535,587	16,286,386	4,423,443,320
Movements	Additions	336,592,039	12,956,156	9,038,190	18,606	14,657,494	(355,514)	1,121,933	-	374,028,904
	Transfers	(57,292,236)	-	6,520,574	137,269	49,544,364	378,238	162,676	-	(549,115)
	Spare parts transfer	-	-	-	-	-	-	-	(884,222)	(884,222)
	Derecognition or sales	-	(998,223)	(72)	-	(55,775)	(90,739)	(34,599)	(98,258)	(1,277,666)
	Depreciation expenses	-	-	(24,327,516)	(2,466,623)	(36,507,234)	(23,480,361)	(2,491,416)	-	(89,273,150)
	Total movements	279,299,803	11,957,933	(8,768,824)	(2,310,748)	27,638,849	(23,548,376)	(1,241,406)	(982,480)	282,044,751
Closing balance as of December 31, 2018		1,436,411,396	132,620,404	1,916,968,710	111,266,828	807,013,830	262,608,816	23,294,181	15,303,906	4,705,488,071

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

c) The useful lives of the main assets are as follows:

Items	Estimated useful life in years
Road network	60
Stations	100
Tunnels	100
Rolling stock	41

d) Impairment

As of the reporting date, the Company did not find objective evidence of impairment of its property, plant and equipment as described in Note 2.8.

e) Investment projects

As of March 31, 2019, the estimated balance to be executed for the authorized projects that are part of the Company's expansion plan amounts to approximately MCh\$314,113, composed of investment type in: MCh\$111,180 Civil Works, MCh\$79,725 Systems and Equipment and MCh\$123,208 Rolling Stock, with term in the year 2026.

As of December 31, 2018, the estimated balance to be executed for the authorized projects that are part of the Company's expansion plan amounts to approximately MCh\$342,971, composed of investment type in: MCh\$108,956 Civil Works, MCh\$82,919 Systems and Equipment and MCh\$151,096 Rolling Stock, with term in the year 2026.

f) Spare parts and accessories

As of March 31, 2019, spare parts and accessories and maintenance materials amounted to ThCh\$18,006,402 (ThCh\$17,871,203 in 2018). These amounts include spare parts that have remained idle for over four years, which resulted in an allowance for obsolescence of ThCh\$2,643,866 during the 2019 period and 2018 year.

g) Other disclosures

1. There are no property, plant and equipment items that are out of service.

The gross carrying amount of property, plant and equipment that is fully amortized and is still in use is ThCh\$24,850,098 as of March 31, 2019 (ThCh\$24,659,873 in 2018).

2. There are no material property, plant and equipment items that have been removed and not classified, that are recorded as held for sale in accordance with IFRS 5.

3. The Company revalues the useful life of rolling stock NS74.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

h) Financing costs

During 2019, costs of capitalized interests of property, plant and equipment amounted to ThCh\$3,750,366 (ThCh\$32,116,945 in 2018).

**9. Investment property**

Investment property corresponds mainly to commercial stores, land and buildings that are held by the Company to be exploited under operating leases.

Investment property is measured using the cost model.

The total investment property amounts to ThCh\$25,600,204 as of March 31, 2019 (ThCh\$22,641,419 in 2018).

Investment property	Commercial stores	Land	Buildings	Total
Balance as of 01-01-2019	13,781,411	607,816	8,252,192	22,641,419
Increases and decreases	3,040,440	-	-	3,040,440
Depreciation for the year	(57,995)	-	(23,660)	(81,655)
<b>Balance as of 03-31-2019</b>	<b>16,763,856</b>	<b>607,816</b>	<b>8,228,532</b>	<b>25,600,204</b>

Investment property	Commercial stores	Land	Buildings	Total
Balance as of 01-01-2018	13,982,989	607,816	8,346,832	22,937,637
Depreciation for the year	(201,578)	-	(94,640)	(296,218)
<b>Balance as of 12-31-2018</b>	<b>13,781,411</b>	<b>607,816</b>	<b>8,252,192</b>	<b>22,641,419</b>

As established by IAS 40, an estimate of the fair value must be disclosed, for investment properties valued at the Cost Model, for this purpose we have determined their calculation through internal valuations, based on projected future discounted cash flows. It is estimated that as of March 31, 2019 this fair value amounts to ThCh \$ 143,410,547 (ThCh \$ 128,060,017 to March 2018).

Investment property has been classified as a Level 3 fair value, based on the inputs for the valuation technique used (see Note 3.4).

Item	03-31-2019 ThCh\$	03-31-2018 ThCh\$
Commercial stores	104,996,696	92,404,489
Land	29,387,177	27,113,851
Buildings	9,026,674	8,541,677
<b>Total</b>	<b>143,410,547</b>	<b>128,060,017</b>



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Income and expenses from investment property as of March 2019 and 2018 is as follows:

Investment property income and expenses	Accumulated	
	01-01-2019	01-01-2018
	03-31-2019	03-31-2018
	ThCh\$	ThCh\$
Commercial stores	1,812,999	1,719,743
Land	492,184	489,986
Buildings	199,152	184,390
<b>Total rental income</b>	<b>2,504,335</b>	<b>2,394,119</b>
Commercial stores (real estate tax)	(38,540)	(34,898)
Land (real estate tax)	(11,768)	(10,397)
Buildings (real estate tax)	(29,718)	(25,917)
Commercial stores (depreciation)	(57,996)	(50,395)
Buildings (depreciation)	(21,868)	(21,868)
<b>Total lease expenses</b>	<b>(159,890)</b>	<b>(143,475)</b>

The Company has no evidence of impairment of investment property nor does it maintain pledges, mortgages or other guarantees.

Lease contracts generally establish the obligation to maintain and repair properties. Therefore, expenses are borne by the lessees, except for expenses for the payment of property taxes, which are borne by the lessor.

The future cash flow projections associated with commercial stores, land and buildings, based on a discount rate of 4.69% as of March 2019 (5.07% as of March 2018), are the following:

Item	03-31-2019	03-31-2018
	ThCh\$	ThCh\$
<b>Commercial stores</b>		
Up to 1 year	3,896,501	3,682,708
More than 1 year up to 5 years	22,687,149	21,217,857
More than 5 years	84,318,154	72,325,995
<b>Land</b>		
Up to 1 year	1,057,802	1,049,271
More than 1 year up to 5 years	6,158,990	6,045,356
More than 5 years	22,890,258	20,607,002
<b>Buildings</b>		
Up to 1 year	428,019	425,868
More than 1 year up to 5 years	2,492,114	2,453,630
More than 5 years	9,262,093	8,363,769
<b>Total</b>	<b>153,191,080</b>	<b>136,171,456</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

**10. Other financial assets, current and non-current**

Other current and non-current financial assets are detailed below:

Item	03-31-2019		12-31-2018	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Financial investments, more than three months	180,802,788	-	183,001,269	-
Derivative transactions	1,827,302	-	4,244,173	4,000,394
Financial lease	56,519	1,739,234	57,871	1,780,861
Promissory notes receivable	-	643,596	-	665,620
Advertising receivable (*)	-	50,260,850	-	51,783,963
Other accounts receivable	-	6,035	-	6,447
<b>Total</b>	<b>182,686,609</b>	<b>52,649,715</b>	<b>187,303,313</b>	<b>58,237,285</b>

(\*) Effective as of July 1, 2018, a contract was made with Massiva S.A., lasting a period of 10 years, which establishes a guaranteed annual minimum income (GAM) payable during the term of the contract.

**Financial investments, over 3 months**

Term deposits

Type of investment	Currency of origin	Principal in currency of origin in thousands	Annual average rate	Average days to maturity	Principal in domestic currency ThCh\$	Accrued interest in domestic currency ThCh\$	Carrying amount 03-31-2019 ThCh\$
Term deposits	Ch\$	179,434,842	3.36%	59	179,434,842	1,307,494	180,742,336
	USD	88.58	3.06%	98	60,101	351	60,452
<b>Total</b>					<b>179,494,943</b>	<b>1,307,845</b>	<b>180,802,788</b>

Type of investment	Currency of origin	Principal in currency of origin in thousands	Annual average rate	Average days to maturity	Principal in domestic currency ThCh\$	Accrued interest in domestic currency ThCh\$	Carrying amount 12-31-2018 ThCh\$
Term deposits	Ch\$	177,585,521	3.21%	77	177,585,521	996,658	178,582,179
	USD	6,299.10	2.84%	38	4,376,430	42,660	4,419,090
<b>Total</b>					<b>181,961,951</b>	<b>1,039,318</b>	<b>183,001,269</b>



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Derivative transactions

Financial assets as of 03-31-2019

Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Annual rate	Type of amortization	Current			Non-current		
									Maturity		Total Current 03-31-2019	Maturity		Total non-current 03-31-2019
									Up to 90 days	90 days - 1 year		1 to 3 years	Over 5 years	
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	-	150,407	150,407	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	-	150,407	150,407	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	-	150,407	150,407	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	-	150,407	150,407	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	-	150,407	150,407	-	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	-	150,407	150,407	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	-	150,407	150,407	-	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	-	200,545	200,545	-	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	-	100,274	100,274	-	-	-
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	4.19000%	half-yearly	-	323,227	323,227	-	-	-
<b>Total</b>									-	<b>1,827,302</b>	<b>1,827,302</b>	-	-	-

Financial assets as of 12-31-2018

Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Rate rate	Type of amortization	Maturity		Total Current 12-31-2018	Maturity		Total non-current 12-31-2018
									Up to 90 days	90 days - 1 year		1 to 3 years	Over 5 years	
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	(287,261)	(287,261)
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	(57,552)	(57,552)
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	657,975	657,975
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	607,324	607,324
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	202,936	202,936
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	347,956	347,956
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	359,245	359,245
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	313,433	313,433
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	535,359	-	535,359	-	1,677,903	1,677,903
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	267,680	-	267,680	-	(216,565)	(216,565)
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	4.19000%	half-yearly	228,982	-	228,982	395,000	-	395,000
<b>Total</b>									<b>4,244,173</b>	-	<b>4,244,173</b>	<b>395,000</b>	<b>3,605,394</b>	<b>4,000,394</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Financial lease agreements

On August 1, 2004 and through July 31, 2034, the Company leased out to Enel Distribución Chile S.A. (Ex ChilectraS.A.) each and every one of the components of the SEAT Rectification Substations, Vicente Valdés and the 20 KV networks up to their arrival to the verifying spots. The useful life of the assets has the same duration as the respective lease contract, therefore and in accordance with IFRS 16, it is a finance lease. For that reason, machinery and equipment was derecognized from property, plant and equipment and was recognized as a right to collect payments for lease, calculated at the present value of the lease payments.

The present value of the lease payments receivable is projected until the year 2034, considering a discount rate of 10% that is expressed in the respective lease agreement.

Metro S.A. issues an annual invoice to Enel Distribución Chile S.A., during the first 15 days of July, which shall be paid 30 days after that invoice is received. The payments that the tenant makes are divided into two parts, one that represents the financial burden and another which reduces the existing debt, The total financial burden is distributed among the years that constitute the term of the lease.

There are no amounts of unsecured residual values accrued in favor of the lessor.

There is no accumulated provision for minimum payments on uncollectible leases.

There are no contingent leases recognized as income for the year.

Minimum future payments of leases not canceled	03-31-2019			12-31-2018		
	Gross Amount ThCh\$	Interest ThCh\$	Current Value ThCh\$	Gross Amount ThCh\$	Interest ThCh\$	Current Value ThCh\$
Up to 1 year	214,631	158,112	56,519	219,769	161,897	57,871
More than 1 year up to 5 years	1,073,156	693,595	379,561	1,098,842	710,196	388,646
More than 5 years	1,931,681	572,008	1,359,673	1,977,914	585,699	1,392,215
<b>Total</b>	<b>3,219,468</b>	<b>1,423,715</b>	<b>1,795,753</b>	<b>3,296,525</b>	<b>1,457,792</b>	<b>1,838,732</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

**11. Other non-financial assets, current and non-current**

Other current and non-current non-financial assets are detailed below:

<b>Other non-financial assets, current</b>	<b>03-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>
Prepaid expenses	50,304	68,913
Advance payments to suppliers and personnel	4,904,768	5,516,348
Other accounts receivable	1,291,092	1,285,354
<b>Total</b>	<b>6,246,164</b>	<b>6,870,615</b>

<b>Other non-financial assets, non-current</b>	<b>03-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>
Funds allocated to pay for expropriations of new lines	14,821,610	14,964,451
VAT credit	8,026,996	7,197,689
Investment land under lease contracts	991,622	991,623
Advance for severance indemnities and other loans to personnel	1,780,173	1,658,987
<b>Total</b>	<b>25,620,401</b>	<b>24,812,750</b>

**12. Other financial liabilities, current and non-current**

This item comprises the following:

<b>Item</b>	<b>03-31-2019</b>		<b>12-31-2018</b>	
	<b>Current ThCh\$</b>	<b>Non-current ThCh\$</b>	<b>Current ThCh\$</b>	<b>Non-current ThCh\$</b>
Interest-bearing loans	50,159,269	426,683,295	45,616,568	425,286,270
Bonds	53,654,446	1,601,580,943	66,532,986	1,634,404,447
Derivative transactions	1,075,494	1,248,651	2,906,557	-
Other	-	28,732	-	28,594
<b>Total</b>	<b>104,889,209</b>	<b>2,029,541,621</b>	<b>115,056,111</b>	<b>2,059,719,311</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Half-yearly and equivalent interest-bearing loans as of 03-31-2019

Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Nominal and effective rate	Current			Non-current			Total non-current
								Maturity		Total Current	Maturity			
								Up to 90 days	90 days - 1 year	03-31-2019	1 to 3 years	3 to 5 years	Over 5 years	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$							
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	5.20%	19,826,309	14,759,001	34,585,310	97,628,894	58,304,409	108,486,383	264,419,686
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	USD	0.67%	845,251	2,053,320	2,898,571	8,630,197	5,039,345	5,953,056	19,622,598
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euros	2.00%	22,363	38,539	60,902	171,160	41,880	-	213,040
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	USD	4.36%	2,441,059	10,173,427	12,614,486	61,040,559	40,693,706	40,693,706	142,427,971
<b>Total</b>								<b>23,134,982</b>	<b>27,024,287</b>	<b>50,159,269</b>	<b>167,470,810</b>	<b>104,079,340</b>	<b>155,133,145</b>	<b>426,683,295</b>

Half-yearly and equivalent interest-bearing loans as of 12-31-2018

Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Nominal and effective rate	Current			Non-current			Total non-current
								Maturity		Total Current	Maturity			
								Up to 90 days	90 days - 1 year	12-31-2018	1 to 3 years	3 to 5 years	Over 5 years	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$							
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	5.20%	14,943,983	16,433,799	31,377,782	95,843,637	56,951,928	105,703,788	258,499,353
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	USD	0.67%	1,490,658	1,473,014	2,963,672	8,836,753	5,328,258	6,554,736	20,719,747
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euros	2.00%	31,651	31,255	62,906	178,685	51,630	-	230,315
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	USD	4.37%	-	11,212,208	11,212,208	62,501,509	41,667,673	41,667,673	145,836,855
<b>Total</b>								<b>16,466,292</b>	<b>29,150,276</b>	<b>45,616,568</b>	<b>167,360,584</b>	<b>103,999,489</b>	<b>153,926,197</b>	<b>425,286,270</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Interest-bearing loans:

- ✓ Loan from Natixis Bank (financial protocol of the French Government to the Chilean government) in the amount of US\$87,793,769.88. As of March 31, 2019 it has been fully used, leaving a principal balance of US\$33,158,934.03 (US\$34,062,109.03 in 2018).
- ✓ Loan from Natixis Bank (financial protocol of the French Government to the Chilean government) in the amount of €1,573,093.76. As of March 31, 2019 it has been fully used, leaving a principal balance of €358,498.48 (US\$368,450.20 in 2018).
- ✓ Buyer Credit Agreement for Extension Projects on Line 5 to Maipú and Extension of Line 1 to Los Dominicos, with a syndicate of international banks headed by BNP Paribas, in the amount of US\$260,000,000.00. This financing is not guaranteed by the Government. As of March 31, 2019 it has been fully used, leaving a principal balance of US\$29,983,290.50 (US\$29,983,290.50 in 2018).
- ✓ Buyer Credit Agreement for Extension Projects on Lines 3 and 6, with a syndicate of international banks headed by BNP Paribas S.A., of US\$550,000,000,00 signed on December 18, 2014. On October 26, 2016, the Company agreed with the bank on reducing the authorized amount to US\$450,000,000,00. This financing is not guaranteed by the Government. As of March 31, 2019, the amount of US\$403,066,259.80 has been used (US\$385,099,856.32 in 2018).

This agreement requires, in each calendar year, a debt to equity ratio equal to or less than 1.70 times and a minimum equity of ThCh\$700 million. Those covenants are calculated and determined using the consolidated financial statements prepared as of December 31 of each calendar year and presented to the CMF.

- ✓ Financial Loan Agreement for Extension Projects on Lines 3 and 6, with a syndicate of international banks headed by Sumitomo Mitsui Banking, in the amount of US\$250,000,000,00 signed on December 18, 2014. On October 26, 2016, the Company agreed with the bank on reducing the authorized amount to US\$225,000,000,00. This financing is not guaranteed by the Government. As of March 31, 2019 and 2018, US\$224,900,000.00 have been used.

This agreement requires, in each calendar year, a debt to equity ratio equal to or less than 1.70 times and a minimum equity of ThCh\$700 million. Those covenants are calculated and determined using the consolidated financial statements prepared as of December 31 of each calendar year and presented to the CMF.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

### Bonds payable

The Company's domestic and foreign bonds as of 03-31-2019

Series	Tax ID No. Debtor	Entity	Country Debtor	Tax ID No. bank	RTB Bank (*) and payer	Country	Currency	Rate nominal rate	Rate effective rate	Type of amortization	Current			Non-current			
											Maturity		Total Current 03-31-2019	Maturity			Total non-current 03-31-2019
											Up to 90 days	90 days - 1 year		1 to 3 years	3 to 5 years	Over 5 years	
											ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	half-yearly	2,894,405	3,873,219	6,767,624	22,431,637	31,838,453	21,742,356	76,012,446
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	half-yearly	2,446,445	1,447,202	3,893,647	8,683,214	15,919,226	15,334,442	39,936,882
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	half-yearly	2,756,576	3,735,510	6,492,086	16,539,456	25,498,328	37,829,476	79,867,260
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	half-yearly	1,837,718	3,788,141	5,625,859	16,539,456	15,850,312	54,792,789	87,182,557
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	half-yearly	2,631,314	1,286,402	3,917,716	10,934,418	7,718,413	46,437,392	65,090,223
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	half-yearly	872,916	1,382,909	2,255,825	7,419,784	5,237,494	31,385,538	44,042,816
G	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	4.5%	3.1%	half-yearly	1,286,405	1,421,263	2,707,668	9,648,017	7,718,413	54,244,656	71,611,086
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	half-yearly	2,756,576	2,830,857	5,587,433	2,740,119	-	-	2,740,119
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	half-yearly	3,571,015	4,306,553	7,877,568	21,426,092	14,284,061	31,674,470	67,384,623
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	half-yearly	1,812,918	-	1,812,918	22,052,586	14,701,724	73,152,767	109,907,077
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	half-yearly	-	236,704	236,704	-	-	139,755,894	139,755,894
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	maturity	600,094	-	600,094	-	-	41,038,918	41,038,918
M	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	2.9%	2.5%	half-yearly	-	217,819	217,819	-	-	112,679,397	112,679,397
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	4.8%	4.9%	maturity	-	2,551,556	2,551,556	-	-	336,324,005	336,324,005
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	5.0%	5.2%	maturity	-	3,109,929	3,109,929	-	-	328,007,640	328,007,640
<b>Total</b>											<b>23,466,382</b>	<b>30,188,064</b>	<b>53,654,446</b>	<b>138,414,779</b>	<b>138,766,424</b>	<b>1,324,399,740</b>	<b>1,601,580,943</b>

The Company's domestic and foreign bonds as of 12-31-2018

Series	Tax ID No. Debtor	Entity	Country Debtor	Tax ID No. bank	RTB Bank (*) and payer	Country	Currency	Rate nominal rate	Rate effective rate	Type of amortization	Current			Non-current			
											Maturity		Total Current 12-31-2018	Maturity			Total non-current 12-31-2018
											Up to 90 days	90 days - 1 year		1 to 3 years	3 to 5 years	Over 5 years	
											ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	half-yearly	5,106,067	2,894,408	8,000,475	17,366,448	31,838,487	29,605,690	78,810,625
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	half-yearly	1,447,204	1,846,902	3,294,106	8,683,224	15,919,244	15,306,272	39,908,740
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	half-yearly	4,963,753	2,756,579	7,720,332	16,539,474	20,674,343	45,411,840	82,625,657
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	half-yearly	4,136,860	1,837,720	5,974,580	16,539,474	11,026,316	62,441,784	90,007,574
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	half-yearly	1,286,404	1,741,301	3,027,705	10,934,430	7,718,421	46,506,158	65,159,009
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	half-yearly	2,008,692	872,917	2,881,609	6,983,334	5,237,500	32,738,233	44,959,067
G	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	4.5%	3.1%	half-yearly	2,196,700	1,286,406	3,483,106	9,004,826	7,718,421	56,352,873	73,076,120
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	half-yearly	2,972,905	2,756,579	5,729,484	5,492,137	-	-	5,492,137
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	half-yearly	5,254,094	3,571,018	8,825,112	21,426,115	14,284,077	35,228,709	70,938,901
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	half-yearly	-	586,132	586,132	22,052,610	14,701,740	73,145,128	109,899,478
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	half-yearly	1,568,166	-	1,568,166	-	-	139,688,410	139,688,410
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	maturity	-	205,872	205,872	-	-	41,034,893	41,034,893
M	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	2.9%	2.5%	half-yearly	971,810	-	971,810	-	-	112,733,235	112,733,235
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	4.8%	4.9%	maturity	6,737,822	-	6,737,822	-	-	344,245,879	344,245,879
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	5.0%	5.2%	maturity	7,526,675	-	7,526,675	-	-	335,824,722	335,824,722
<b>Total</b>											<b>46,177,152</b>	<b>20,355,834</b>	<b>66,532,986</b>	<b>135,022,072</b>	<b>129,118,549</b>	<b>1,370,263,826</b>	<b>1,634,404,447</b>

(\*) RTB: Representative of Bondholders.



## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

On July 31, 2001, December 5, 2001, August 9, 2002, September 3, 2003, June 23, 2004 and September 14, 2005, the Company issued Series A to G bonds in the domestic market, all calculated on the basis of a 360-day year, at a 25-year term with 10 years of grace period for the principal payment, with half-yearly interest payments and without early redemption.

On September 3, 2008, the Company placed Series H and I bonds in the domestic market, calculated on the basis of a 360-day year, with a 12-year term and 7 years of grace period for series H and a 21-year term with 10 years of grace period for Series I, with half-yearly interest payments and early redemption.

On November 18, 2009, the Company placed Series J bonds in the domestic market, calculated on the basis of a 360-day year, at a 25-year term with 10 years of grace period, with half-yearly payment of interest and without early redemption.

On October 6, 2011, the Company placed series K bonds in the domestic market, calculated on the basis of a 360-day year, at a 21-year term with 16 years of grace period for principal payment, with half-yearly interest payments and allowing early redemption.

On May 24, 2012, the Company placed Series L bonds in the domestic market, calculated on the basis of a 360-day year, at a 21-year term with 21 years of grace period for principal payment, with payment of half-yearly interest and allowing early redemption.

On February 4, 2014, the Company placed a bond in the international market for MUS\$500 with a 4.846% interest rate for placement. The bond's coupon rate is 4.75%, calculated on the basis of a 360-day year, at 10-year term with 10 years of grace period for principal payment, with payment of half-yearly interest and allowing early redemption.

On September 29, 2016, the Company issued Series M bonds in the domestic market, calculated on the basis of a 360-day year, at a 30-year term with 26 years of grace period for principal payment, with payment of half-yearly interest and allowing early redemption.

On January 25, 2017, the Company placed a bond in the international market for MUS\$500 with a 5.151% interest rate for placement. The bond's coupon rate is 5.00%, calculated on the basis of a 360-day year, at 30-year term with 30 years of grace period for principal payment, with payment of half-yearly interest and allowing early redemption.

The Series A and B bonds are guaranteed by the State, in accordance with Law Decree 1,263 and Laws No, 18,196, 18,382 and 19,702, in Exempt Decree 117, issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 389 issued by the Ministry of Finance, both on April 20, 2001.

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

The Series C bonds are guaranteed by the State, in accordance with Law Decree 1,263 and Laws No, 18,196, 18,382 and 19,774, in Exempt Decree 274 issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 363 issued by the Ministry of Finance, both on May 13, 2002.

The Series D and E bonds are guaranteed by the State, in accordance with Law Decree 1,263 and Laws No, 18,196 and 19,847, Exempt Decree 222 dated April 29, 2003 issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 356 issued by the Ministry of Finance on May 7, 2003.

The Series F bonds are guaranteed by the State, in accordance with Law Decree 1,263 and Laws No, 18,196 and 19,847. The authorization to issue and guarantee bonds in the domestic market was authorized by Supreme Decree 1,024, dated November 11, 2003 issued by the Ministries of Finance and Economy and of Development and Reconstruction.

The Series G bonds are guaranteed by the State, in accordance with Law Decree 1,263 and Laws No, 18,196 and 19,847. The authorization to issue and guarantee bonds in the domestic market was authorized by Supreme Decree 592, dated May 11, 2005 issued by the Ministries of Finance and Economy and of Development and Reconstruction.

The Series H, I, J, K, L, M and International bonds are not guaranteed, notwithstanding the creditors' general pledge right set forth in Chilean law.

The Company is not subject to any financial or other restrictive covenants under the instruments governing its Series A to G bonds. For the Series H, I, J, K and L bonds, the Company is required during each calendar year to maintain a debt/equity ratio that is lower than 1,7, equity in excess of ThCh\$700 million and an interest coverage ratio greater than 1.0. Those covenants are calculated and determined using the Interim Consolidated Financial Statements prepared as of December 31 of each calendar year and presented to the CMF. International bonds are not subject to related restrictions or covenants.

Series M bonds require in each calendar year a debt to equity ratio equal to or less than 1.70 times and a minimum equity of ThCh\$700 million.

Those covenants are calculated and determined using the consolidated financial statements prepared as of December 31 of each calendar year and presented to the CMF. International bonds are not subject to related restrictions or covenants.



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Derivative transactions

Financial liabilities as of 03-31-2019

Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Nominal rate	Type of amortization	Current			Non-current	
									Maturity		Total Current	Maturity	Total non-current
									Up to 90 days	90 days - 1 year	03-31-2019	Over 5 years	03-31-2019
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.66%	maturity	-	113,668	113,668	770,139	770,139
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.59%	maturity	-	110,857	110,857	542,190	542,190
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	-	105,262	105,262	(173,540)	(173,540)
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.41%	maturity	-	103,133	103,133	(118,331)	(118,331)
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.44%	maturity	-	105,779	105,779	287,099	287,099
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	-	106,852	106,852	138,068	138,068
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.45%	maturity	-	105,248	105,248	129,501	129,501
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.50%	maturity	-	106,627	106,627	173,491	173,491
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.50%	maturity	-	136,411	136,411	(1,036,394)	(1,036,394)
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.73%	maturity	-	77,120	77,120	536,428	536,428
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	2.18%	half-yearly	-	4,537	4,537	-	-
<b>Total</b>									-	1,075,494	1,075,494	1,248,651	1,248,651

Financial liabilities as of 12-31-2018

Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Nominal rate	Type of amortization	Current			Non-current	
									Maturity		Total Current	Maturity	Total non-current
									Up to 90 days	90 days - 1 year	12-31-2018	Over 5 years	12-31-2018
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.66%	maturity	296,349	-	296,349	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.59%	maturity	289,021	-	289,021	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	274,433	-	274,433	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.41%	maturity	268,881	-	268,881	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.44%	maturity	275,782	-	275,782	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	278,578	-	278,578	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.45%	maturity	274,398	-	274,398	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.50%	maturity	277,992	-	277,992	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.50%	maturity	355,643	-	355,643	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.73%	maturity	201,064	-	201,064	-	-
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	1.95%	half-yearly	114,416	-	114,416	-	-
<b>Total</b>									2,906,557	-	2,906,557	-	-

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Reconciliation of financial liabilities derived from financing activities.

Items	Balance as of 12-31-2018	Cash flows from financing activities		Changes that have no effect on cash flow from financing activities			Balance as of 03-31-2019
		From	Used	Exchange rate differences	Changes in Fair value	Other	
Interest-bearing loans	470,902,838	12,026,709	(658,163)	(10,792,440)	-	5,363,620	476,842,564
Bonds	1,700,937,433	-	(37,436,333)	(16,244,456)	-	7,978,745	1,655,235,389
Derivative operations	2,906,557	5,172,640	(3,650,773)	-	(2,104,279)	-	2,324,145
<b>Total</b>	<b>2,174,746,828</b>	<b>17,199,349</b>	<b>(41,745,269)</b>	<b>(27,036,896)</b>	<b>(2,104,279)</b>	<b>13,342,365</b>	<b>2,134,402,098</b>

**13. Other non-financial liabilities, current and non-current**

Other current and non-current non-financial liabilities are detailed below:

Current	03-31-2019 ThCh\$	12-31-2018 ThCh\$
Real estate tax	6,424,000	5,082,556
Deferred income (*)	1,442,966	759,859
Deferred advertising income (**)	5,553,025	5,013,831
Guarantees received:	14,045,971	14,105,731
<b>Total</b>	<b>27,465,962</b>	<b>24,961,977</b>

Non-Current	03-31-2019 ThCh\$	12-31-2018 ThCh\$
Deferred income (*)	2,948,146	3,009,656
Deferred advertising income (**)	50,260,850	51,783,963
<b>Total</b>	<b>53,208,996</b>	<b>54,793,619</b>

(\*) Corresponds to advances on operating leases.

(\*\*) Effective as of July 1, 2018, a contract was made with Massiva S.A., lasting a period of 10 years, which establishes a Guaranteed annual minimum (GAM) payable during the term of the contract.

**14. Balances and transactions with related parties**

Documents and accounts receivable:

As of March 31, 2019 and as of December 31, 2018, the Company records no outstanding balances of receivables from related parties.

Documents and accounts payable:

These are contributions received from the Government of Chile for network expansion projects. As of March 31, 2019, contributions pending capitalization amounted to ThCh\$3,517,309 (ThCh\$3,500,000 in 2018).

Transactions:

The Company received ThCh\$17,309 in contributions from the Chilean Treasury in the first quarter of 2019 and contributions of ThCh\$63,515,684 in the first quarter of 2018.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

The outstanding balance to be capitalized amounts to ThCh \$ 3,517,309 as of March 31, 2019, composed of contributions received during the years 2019 and 2018.

As detailed in Note 12 to the financial statements, the Chilean Treasury is guarantor of certain bank loans and bonds issued by the Company.

**Key management personnel**

The key personnel of Metro S.A. are those persons with authority and responsibility for planning, directing and controlling the entity's activities. The Company has determined that the key management personnel are the Directors, General Manager and Managers of the Company's different areas (principal executives).

The expense for compensation received by key management personnel is detailed as follows:

Directors' income are as follows:

Directors' income	Accumulated	
	03-31-2019 ThCh\$	12-31-2018 ThCh\$
Fixed remuneration	50,923	36,576
Variable remunerations	-	16,874
<b>Total</b>	<b>50,923</b>	<b>53,450</b>

**Board of Directors' expenses**

As of March 31, 2019, there were no airplane ticket expenses (ThCh\$534 as of March 2018).

As of March 31, 2019, there were no Per Diem travel allowance expenses (ThCh\$910 as of March 2018).

**Remunerations of the General Manager and Other Managers:**

During the first quarter of 2019, the compensation paid to the General Manager was ThCh\$100,325 (ThCh\$92,750 as of March 2018) and compensation paid to Other Managers (18 most senior executives) was ThCh\$1,218,461 (ThCh\$994,543 paid to the 17 most senior executives as of March 2018).

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

**15. Trade and other payables**

This item comprises the following:

Current Liabilities	03-31-2019	12-31-2018
	ThCh\$	ThCh\$
Debts for purchases or services received	69,258,942	81,078,971
Accounts payable to Transantiago system	7,167,723	8,254,913
Withholdings	4,406,635	3,223,693
Supplier of property, plant and equipment	54,621,665	27,543,656
Megaproject contract withholding	4,796,523	4,707,124
Other payables	534,312	778,868
Accounts payable to AVO (Americo Vespuccio Oriente)	233,085	233,085
<b>Total</b>	<b>141,018,885</b>	<b>125,820,310</b>

Non-Current Liabilities	03-31-2019	12-31-2018
	ThCh\$	ThCh\$
Megaproject contract withholding	386,373	390,845
Accounts payable to AVO (Americo Vespuccio Oriente)	667,362	739,295
<b>Total</b>	<b>1,053,735</b>	<b>1,130,140</b>

**16. Segment information**

The Company reports information by segments in accordance with the established of IFRS 8 operating segments. It stipulates that it must be applied by entities whose capital or debt securities are listed publicly or by entities that are in process of issuing securities to be quoted in public markets.

The Company is a joint-stock that must be subject to the rules of open stock corporations in Chile, and its purpose is to carry out all activities of the passenger transport service in metropolitan railways or other complementary electrical systems, and surface transport services by bus or vehicles of any technology, as well as those annexed to said line of business. In this regard, the Company may incorporate, or have an interest in, companies, and carry out any act or operation related to the corporate purpose, whose main income corresponds to the transportation of passengers.

The processes associated with the provision of services are based on a common technological and administrative infrastructure, the current activities are framed in the provision of services in a national environment, and have a common environment in terms of economic and political conditions.

The Company manages its operations and presents its financial information as one single operating segment: transportation of passengers in the city of Santiago, Chile, considering that all other areas of business are derived by this main business.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

**17. Employee benefits**

Current

Items	03-31-2019 ThCh\$	12-31-2018 ThCh\$
Accrued vacations	4,400,425	4,516,177
Employee benefit obligations	1,526,303	2,592,006
Production bonus obligations	1,807,793	7,680,684
<b>Total</b>	<b>7,734,521</b>	<b>14,788,867</b>

Non-current

Items	03-31-2019 ThCh\$	12-31-2018 ThCh\$
Provision for terminations of employment contracts	13,807,988	13,825,546
Provision for resignations	43,752	45,490
Provision for mortality	636,851	658,621
Advance for severance indemnity payments	(1,732,246)	(1,732,423)
<b>Total</b>	<b>12,756,345</b>	<b>12,797,234</b>

Movements in severance indemnity payments for the period ended March 31, 2019 and for the 2018 year are detailed as follows:

Item	ThCh\$
<b>Liabilities as of 01-01-2019</b>	12,797,234
Service interest	153,152
Benefits paid	(289,825)
Actuarial profit (loss)	95,784
<b>Liabilities as of 03-31-2019</b>	<b>12,756,345</b>

Item	ThCh\$
<b>Liabilities as of 03-31-2018</b>	13,191,367
Service interest	679,712
Benefits paid	(1,224,035)
Actuarial profit (loss)	150,190
<b>Liabilities as of 12-31-2018</b>	<b>12,797,234</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Sensitivity analysis

Reasonable possible changes in the relevant actuarial assumptions at the reporting date, provided that other assumptions remain constant, would have affected the defined benefit obligation by the following amounts:

2019

Items	Increase	Base	Decrease	Increase ThCh\$	Decrease ThCh\$
Discount rates (change of 0.5)	5.010%	4.510%	4.010%	12,539,493	12,980,586
Increase in salary (change of 0.5)	4.530%	4.030%	3.530%	13,020,426	12,501,409
Labor turnover (25% change)	1.813%	1.450%	1.088%	12,743,479	12,769,534
Mortality rate (25% change)	25.00%	CB14 and RV 14	-25.00%	12,745,878	12,766,951

2018

Items	Increase	Base	Decrease	Increase ThCh\$	Decrease ThCh\$
Discount rates (change of 0.5)	5.290%	4.790%	4.290%	12,574,678	13,027,381
Increase in salary (change of 0.5)	4.530%	4.030%	3.530%	13,069,182	12,534,729
Labor turnover (25% change)	1.813%	1.450%	1.088%	12,786,668	12,808,257
Mortality rate (25% change)	25.00%	CB14 and RV 14	-25.00%	12,787,140	12,807,471

Projection of the actuarial calculation for the following year:

The projected calculation for the following year is ThCh\$13,288,125.

Estimate of expected cash flows for the following year:

The Company estimates that for the following years there will be expected payment flows for obligations on a monthly average of ThCh\$104,418 as of March 31, 2019 (ThCh\$94,283 as of March 31, 2018).

Opening for actuarial revaluation of obligations:

The Company revalued its obligations as of March 31, 2019, determining a profit due to the update of financial parameters of ThCh\$1,116,176 (profit of ThCh\$1,005,982 as of March 31, 2018) and a loss due to experience of ThCh\$1,211,960 (loss of ThCh\$1,135,147 as of March 31, 2018).

Item/Profit (loss)	03-31-2019 ThCh\$	03-31-2018 ThCh\$
Revaluation of financial parameters	1,116,176	1,005,982
Revaluation due to experience	(1,211,960)	(1,135,147)
Total deviation for the period	(95,784)	(129,165)



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

General considerations

The Company has benefits that are agreed upon with its active employees and frozen severance indemnity payments, which require actuarial valuation and it has collective agreements, which include benefits for the concept of termination, voluntary retirement and death of an employee. In agreements with its unions, the Company froze the benefits accrued by employees on different dates.

Frozen severance:

Frozen indemnity corresponds to the severance benefits established in the respective collective agreements of the Company. The benefit is based on the various reasons for termination of the employment contract, such as on employee's resignation and death.

The freezing dates established in the agreements are May 31, 2002, August 31, 2003 and November 30, 2003, depending on the union and the reason for the termination.

Legal indemnity:

The company does not record liabilities associated to legal severance pay since this qualifies under IAS 19 as a termination benefit and it is an uncertain obligation.

Actuarial assumptions:

Actuarial assumptions are long-term assumptions and should there be sufficient substantive evidence, they must be updated.

1. Mortality:

The CB-H-2014 men and RV-M-2014 women's mortality tables established by the Chilean Superintendence of Pensions and Financial Market Commission were used.

2. Employee turnover:

The turnover tables were prepared using information available in the Company. Constant ratios may be observed in the following table:

Reason	Rate %
Dismissal	1.26
Resignation	0.12
Other	0.07

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

3. Discount rate:

The real annual discount rates used for each year are as follows:

Year	Rate %
12-31-2018	1.74
03-31-2019	1.47

4. Termination:

The estimated maximum average termination ages are:

Employee	Age
Women	62 years
Men	68 years

**18. Income tax**

The Company had a negative first category (corporate) tax base of ThCh\$1,144,144,319 as of March 2019, of ThCh\$1,147,464,084 as of December 2018, and of ThCh\$957,790,933 as of March 2018, determined in accordance with current legal provisions; therefore no income tax provision has been recognized as of these dates.

Bearing in mind the tax loss condition explained above, existing since the tax year 1996, the Company considers it unlikely that there will be future tax profits sufficient to allow the reversal of deferred tax assets, so that these have been recognized up to the amount of deferred tax liabilities (1)

Temporary Difference	Tax assets		Tax liabilities	
	03-31-2019 ThCh\$	12-31-2018 ThCh\$	03-31-2019 ThCh\$	12-31-2018 ThCh\$
Provision for impairment of accounts receivable	154,038	152,976	-	-
Deferred revenue	1,097,778	942,379	-	-
Accrued vacations	1,100,106	1,129,044	-	-
Severance indemnity	1,188,240	1,594,368	-	-
Provision for law suits	156,854	198,915	-	-
Maintenance provision	842,736	620,104	-	-
Provision for employee benefits	381,576	648,001	-	-
Provision for spare parts	660,967	660,967	-	-
Irrecoverable VAT credit for extensions	-	-	31,415,873	31,415,873
Capitalized expenses	-	-	57,690,470	55,966,525
Property, plant and equipment	129,146,115	130,341,061	-	-
Tax loss	286,036,080	286,866,021	-	-
Other	3,427,019	3,633,174	-	-
Sub-total	424,191,509	426,787,010	89,106,343	87,382,398
Deferred tax assets, net	335,085,166	339,404,612	-	-
Reduction of deferred tax assets (1)	(335,085,166)	(339,404,612)	-	-
Deferred taxes, net	-	-	-	-

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

**19. Provisions, contingencies and guarantees**

As of March 31, 2019 and as of December 31, 2018, the Company is involved in legal proceedings (civil and labor), which include subsidiary lawsuits, which are not provisioned because of the application of IAS 37, due to their almost non-existent probability of unfavorable judgment.

The amount of the provision for lawsuit is as follows:

<b>Other short-term provisions</b>	<b>03-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>
Provision for lawsuits	627,418	795,662
<b>Total</b>	<b>627,418</b>	<b>795,662</b>

According to the current status of legal proceeding, Management believes those provisions recorded in the Interim Consolidated Financial Statements properly cover the risks associated with the litigation, which are not expected to generate any additional liabilities.

Considering the risk's characteristics that these provisions cover, is impossible to determinate a reasonable payment schedule.

Movements of provisions are as follows:

<b>Items</b>	<b>Amount ThCh\$</b>
Balance as of 01-01-2018	1,744,461
Accrued provisions	1,458,581
Cash payments	(2,407,380)
Balance as of 12-31-2018	795,662
Accrued provisions	337,026
Cash payments	(505,270)
Balance as of 03-31-2019	627,418

On February 1, 2019 Metro collected the performance bonds provided in the contract entered into with Consorcio Acciona - Brotec - Icafal S.A. This is the enforcement of the judgment passed by the arbitrator Raúl Tavolari in connection with the trial referred to as CAM 2361-2015.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Direct guarantees

The guarantees granted by the Company are in UF and U,S, dollars, expressed in thousands of Chilean pesos as of March 31, 2019, are according to the following detail.

Type of guarantee	No. of guarantee	Issuing entity	Currency	Amount	Beneficiary	Issue date	Issue maturity	Status	Amount ThCh\$
Bank Guarantee	3990834	Banco Santander	UF	150	Aguas Andina S.A.	05-24-2018	08-31-2019	Valid	4,135
Bank Guarantee	3733113	Banco Santander	UF	10,000	Enel Distribuidora S.A.	09-28-2018	11-17-2019	Valid	275,658
Bank Guarantee	3865891	Banco Santander	UF	1,128	Director Gral de Concesiones de O. Publicas	11-26-2018	12-31-2019	Valid	31,094
Bank Guarantee	292112	Banco Santander	UF	150	Constructora San Francisco	10-29-2018	12-31-2019	Valid	4,135
Bank Guarantee	141234	Banco Santander	UF	22,500	Total Sunpow er El pelicano SpA	09-28-2018	12-31-2019	Valid	620,230
Bank Guarantee	168873	Banco Scotiabank	UF	10,000	San Juan S.A.	03-08-2019	04-01-2020	Valid	275,658
Bank Guarantee	132461	BBVA	UF	5,000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137,829
Bank Guarantee	132462	BBVA	UF	5,000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137,829
Bank Guarantee	132463	BBVA	UF	5,000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137,829
Bank Guarantee	132464	BBVA	UF	5,000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137,829
Bank Guarantee	132465	BBVA	UF	5,000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137,829
Bank Guarantee	132466	BBVA	UF	5,000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137,829
Bank Guarantee	132467	BBVA	UF	5,000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137,829
Bank Guarantee	132468	BBVA	UF	5,000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137,829
Bank Guarantee	132469	BBVA	UF	5,000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137,829
Bank Guarantee	132470	BBVA	UF	1,000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	27,566
Bank Guarantee	132471	BBVA	UF	5,000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137,829
Bank Guarantee	133014	Itau Corpbanca	UF	8,313.8	Junaeb	02-08-2018	07-01-2019	Valid	229,176
Bank Guarantee	4449757	Banco Santander	UF	19,607.5	Junaeb	03-13-2019	06-30-2022	Valid	540,494

At the closing of the Interim Consolidated Financial Statements there are no balances pending payment, as they are guarantees of faithful compliance with the contract.

**20. Changes in equity**

2018 Capital increase

On December 28, 2018, an Extraordinary Shareholders' Meeting was held, in which it was agreed:

- ✓ Increase the Company's capital by capitalizing government contributions of ThCh\$275,672,487 at a nominal value, intended for financing extension and improvement projects for the Metro Network and for the debt service, through the issuance of 10,109,002,111 Series A shares which the Chilean Government and CORFO would have to subscribe and pay in pro rata of their ownership interest.

On December 11, 2018, CORFO paid the fiscal contributions signed on September 24, 2018.

On September 24, 2018, an Extraordinary Shareholders' Meeting was held, in which it was agreed:

- ✓ Increase the Company's capital by capitalizing government contributions of ThCh\$97,500,000 at a nominal value, through the issuance of 3,320,844,687 Series A shares which CORFO will subscribe and pay in on December 31, 2018 at the latest.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

a. Capital

As of March 31, 2019 and as of December 31, 2018 the capital of the Company is represented by 80,172,231,944 and 19,163,677,063 Series A and B nominative shares with no par value, respectively, with 65,357,477,359 shares corresponding to CORFO and 33,978,431,648 to the Chilean Government.

Series A shares correspond to the initial capital and capital increases that are subscribed and paid by the Government and CORFO and cannot be disposed of. Series B shares correspond to capital increases that could allow the incorporation of other shareholders.

Shareholders are detailed as follows:

Shareholders	03-31-2019		12-31-2018	
	Number of shares and percentages			
	Paid-in shares	Ownership %	Paid-in shares	Ownership %
Corporación de Fomento de la Producción	65,357,477,359	65.79%	65,357,477,359	65.79%
Chilean Treasury - Ministry of Finance	33,978,431,648	34.21%	33,978,431,648	34.21%
<b>Total</b>	<b>99,335,909,007</b>	-	<b>99,335,909,007</b>	-
Corporación de Fomento de la Producción				
Series A	53,254,006,053	-	53,254,006,053	-
Series B	12,103,471,306	-	12,103,471,306	-
<b>Total</b>	<b>65,357,477,359</b>	-	<b>65,357,477,359</b>	-
Chilean Treasury - Ministry of Finance				
Series A	26,918,225,891	-	26,918,225,891	-
Series B	7,060,205,757	-	7,060,205,757	-
<b>Total</b>	<b>33,978,431,648</b>	-	<b>33,978,431,648</b>	-

b. Distribution of net income and dividends

The Company's dividend policy is in accordance with current legislation according to which at least 30% of net profits for the year must be distributed as cash dividends, unless otherwise resolved by the Shareholders' Meeting by the unanimous vote of the outstanding shares issued.

At the Ordinary Shareholders' Meeting held on April 29, 2019, it was agreed not to distribute profits or distribute dividends.

c. Non-controlling interests

Non-controlling interests correspond to the recognition by the Company of the share in the equity and net income of its subsidiary not directly or indirectly attributable to the Company, The detail for periods ended as of March 31, 2019 and 2018, respectively, is as follows:

Subsidiary	Percentage Non-controlling interest		Non-controlling interest equity		Share of profit or loss income (loss)	
	2019	2018	2019	2018	2019	2018
	%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Transub S.A.	33.33	33.33	(10,645)	(10,645)	-	-

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

d. Other reserves

Other reserves are composed of revaluation of paid-in capital for the year of transition to IFRS, revaluation surplus (first-time adoption) of land and adjustments originating from the change in IFRS accounting standard, as stated in Ruling 456 issued by the Financial Market Commission:

The cash flow hedge reserve arises from the application of hedge accounting in certain financial assets and liabilities. The purpose of this reserve is to affect the profit or loss or the assets only when the hedges are settled.

Other reserves	03-31-2019	12-31-2018
	ThCh\$	ThCh\$
Price-level restatement of paid-in capital	30,336,377	30,336,377
Revaluation surplus	3,042,584	3,042,584
Cash flow hedge	(1,205,094)	-
<b>Total</b>	<b>32,173,867</b>	<b>33,378,961</b>

Additional and supplementary information is presented in the Interim Consolidated Statement of Changes in Net Equity.

**21. Income and expenses**

Revenue:

For the periods ended as of March 31, 2019 and 2018, revenue is detailed as follows:

Revenue	Accumulated	
	01-01-2019 03-31-2019 ThCh\$	01-01-2018 03-31-2018 ThCh\$
Revenue from passenger transport services	82,075,503	69,460,432
Sales channel income	11,433,273	11,711,893
Lease of commercial stores, and commercial and advertising spaces	4,175,394	3,773,178
Lease in inter-modal terminals	462,539	441,005
Lease of spaces for telephone and fiber optic antennas	1,753,933	1,465,530
Lease of land	198,798	181,996
Advisory services	45,640	-
Other	73,734	67,301
<b>Total</b>	<b>100,218,814</b>	<b>87,101,335</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Other income, by function

For the periods ended as of March 31, 2019 and 2018, other income by function is detailed as follows:

Other income by function	Accumulated	
	01-01-2019	01-01-2018
	03-31-2019 ThCh\$	03-31-2018 ThCh\$
Income from fines and indemnities	11,320,402	254,667
Welfare income	141,049	128,871
Sale of proposals	6,234	8,488
Other income	2,066,959	207,521
<b>Total</b>	<b>13,534,644</b>	<b>599,547</b>

Operating income

The operating income for the periods ended as of March 31, 2019 and 2018, is as follows:

Operating income	Accumulated	
	01-01-2019	01-01-2018
	03-31-2019 ThCh\$	03-31-2018 ThCh\$
Revenue	100,218,814	87,101,335
Cost of sales	(92,923,425)	(74,044,083)
Administrative expenses	(8,891,393)	(8,515,810)
<b>Total</b>	<b>(1,596,004)</b>	<b>4,541,442</b>

Note: The operating income excludes the amounts that make up non-operating income and expenses, as per the Company's accounting policies.

Expenses by nature:

Cost of sales, administrative expenses and other expenses by function for the periods ended as of March 31, 2019 and 2018, is detailed as follows:

Expense by nature	Accumulated	
	01-01-2019	01-01-2018
	03-31-2019 ThCh\$	03-31-2018 ThCh\$
Employee expenses	22,483,696	21,759,941
Operation and maintenance expenses	19,757,456	16,965,805
Purchase of energy	15,414,854	8,799,486
General and other expenses	15,853,554	13,343,489
Depreciation and amortization	28,840,008	21,941,313
<b>Total</b>	<b>102,349,568</b>	<b>82,810,034</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Personnel expenses:

For the periods ended as of March 31, 2019 and 2018, personnel expenses is detailed as follows:

Employee expenses	Accumulated	
	01-01-2019	01-01-2018
	03-31-2019	03-31-2018
	ThCh\$	ThCh\$
Salaries and wages	16,577,608	15,505,266
Other benefits	4,030,487	4,156,208
Expenses for social security and collective bargaining benefits	902,695	1,237,010
Social security contribution	972,906	861,457
<b>Total</b>	<b>22,483,696</b>	<b>21,759,941</b>

Maintenance and operating expenses:

For the periods ended as of March 31, 2019 and 2018, maintenance and operating expenses is detailed as follows:

Operation and maintenance expenses	Accumulated	
	01-01-2019	01-01-2018
	03-31-2019	03-31-2018
	ThCh\$	ThCh\$
Maintenance of rolling stock, stations and other	15,417,147	14,304,614
Spare parts and materials	3,154,563	2,323,068
Repairs, leases and other	1,185,746	338,123
<b>Total</b>	<b>19,757,456</b>	<b>16,965,805</b>

General and other expenses:

For the periods ended as of March 31, 2019 and 2018, general and other expenses is detailed as follows:

General and other expenses	Accumulated	
	01-01-2019	01-01-2018
	03-31-2019	03-31-2018
	ThCh\$	ThCh\$
Service contracts	7,354,209	5,769,173
Real estate taxes	1,342,449	1,003,850
Corporate image expenses	508,667	325,671
Sales channel operator expense	5,372,352	5,397,635
Insurance, materials and other	1,275,877	847,160
<b>Total</b>	<b>15,853,554</b>	<b>13,343,489</b>



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Depreciation and amortization:

For the periods ended as of March 31, 2019 and 2018, depreciation and amortization is detailed as follows:

Depreciation, amortization	Accumulated	
	01-01-2019 03-31-2019 ThCh\$	01-01-2018 03-31-2018 ThCh\$
Depreciation	28,716,216	21,864,259
Amortization	123,792	77,054
<b>Total</b>	<b>28,840,008</b>	<b>21,941,313</b>

Financial result and exchange differences:

The Company's financial result and exchange differences for the periods ended March 31, 2019 and 2018, is detailed as follows:

Finance income (costs)	Accumulated	
	01-01-2019 03-31-2019 ThCh\$	01-01-2018 03-31-2018 ThCh\$
<b>Finance income</b>		
Interest from cash and cash equivalents	2,275,024	1,749,565
Finance income from swaps	520,810	-
Other finance income	67,667	51,369
<b>Subtotal</b>	<b>2,863,501</b>	<b>1,800,934</b>
<b>Financial expenses</b>		
Interest and expenses on bank loans	(4,711,506)	(1,487,746)
Interest and expenses on bonds -swaps	(14,806,712)	(13,412,444)
Other financial costs	(603,808)	(700,909)
<b>Subtotal</b>	<b>(20,122,026)</b>	<b>(15,601,099)</b>
Profit (loss) from financial result	(17,258,525)	(13,800,165)

Foreign currency translation and indexation units	Accumulated	
	01-01-2019 03-31-2019 ThCh\$	01-01-2018 03-31-2018 ThCh\$
<b>Foreign currency translation difference</b>		
Profit (loss) from exchange differences (foreign loans, bonds, swaps and	22,488,857	15,651,743
<b>Total foreign currency translation difference</b>	<b>22,488,857</b>	<b>15,651,743</b>
<b>Indexation units</b>		
Profit (loss) from Indexation unit (bonds)	(693,449)	(5,891,486)
<b>Total indexation units</b>	<b>(693,449)</b>	<b>(5,891,486)</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Other profit (losses):

Other profit (losses) of the Company for the periods ended as of March 31, 2019 and 2018, is detailed as follows:

Other income (expenses)	Accumulated	
	01-01-2019	01-01-2018
	03-31-2019	03-31-2018
	ThCh\$	ThCh\$
Net present value of swap USD	20,250	2,437,277
Net present value of swap UF	-	(12,314,757)
Net present value VAT	-	(110,839)
<b>Total</b>	<b>20,250</b>	<b>-9,988,319</b>

Other comprehensive income:

For the periods ended as of March 31, 2019 and 2018, other comprehensive income is detailed as follows:

Other comprehensive income	Accumulated	
	01-01-2019	01-01-2018
	03-31-2019	03-31-2018
	ThCh\$	ThCh\$
Actuarial profit (loss) on defined benefit plans	(95,784)	(129,165)
<b>Total</b>	<b>(95,784)</b>	<b>-129,165</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

**22. Third-party guarantees**

Guarantees received as of December 31, 2018, are detailed as follows:

<b>Grantor</b>	<b>Guarantee amount ThCh\$</b>	<b>Originating operation</b>	<b>Relationship</b>
Abengoa Chile S.A.	62,578,904	Services contract	Supplier
Alstom Chile S.A.	241,093,590	Services contract	Supplier
Alstom Transport S.A.	31,641,897	Services contract	Supplier
Bitelco Diebold Chile Ltda.	3,208,196	Services contract	Supplier
CAF Chile S.A.	764,643,552	Services contract	Supplier
Colas Rail	3,632,335	Services contract	Supplier
Compañía Americana de Multiservicios	7,824,339	Services contract	Supplier
Construcciones Piques y Túneles	18,446,797	Services contract	Supplier
Consortio Copisa Chile SpA	3,695,431	Works contract	Supplier
Consortio El-OSSA S.A.	94,534,548	Works contract	Supplier
Construcción y Auxiliar de Ferrocarril	232,850,159	Works contract	Supplier
Constructora Jorge Orellana Lavanderos	6,473,109	Works contract	Supplier
Elecnor Chile S.A.	8,425,554	Services contract	Supplier
ETF	8,444,993	Services contract	Supplier
ETF Agencia en Chile	89,472,632	Services contract	Supplier
Eulen Seguridad S.A.	3,722,976	Services contract	Supplier
Faiveley Transport Far East	5,356,328	Services contract	Supplier
Ferrostal Chile S.A.	7,347,533	Services contract	Supplier
Ferrovial Agroman Chile S.A.	22,901,818	Services contract	Supplier
IDOM Ingeniera y Consultoría	12,687,449	Services contract	Supplier
ISS Servicios Integrales Limitada	3,515,695	Services contract	Supplier
Obrascon Huarte Lain	34,458,618	Services contract	Supplier
OFC SpA	12,544,469	Services contract	Supplier
POCH y Asociados Ingenieros Consultores S.A.	3,483,271	Services contract	Supplier
Servicio de Aseo y Jardines Maclean	3,137,319	Services contract	Supplier
Servicios de Respaldo de Energía Técnica Ltda.	4,360,841	Services contract	Supplier
SGS Chile Ltda.	3,473,090	Services contract	Supplier
Sice Agencia Chile S.A.	58,576,428	Services contract	Supplier
Sociedad de Mantenición e Instalaciones Técnicas	55,915,414	Services contract	Supplier
Soler y Palau S.A.	17,739,982	Services contract	Supplier
Southbridge Compañía de Seguros	273,056,412	Services contract	Supplier
Strukton Arrigoni SpA	9,389,460	Works contract	Supplier
Systra Agencia en Chile	3,950,164	Services contract	Supplier
Thales Canadá INC.	24,155,942	Services contract	Supplier
Thyssenkrupp Elevadores S.A.	94,155,988	Services contract	Supplier
Valoriza Facilities	2,952,325	Services contract	Supplier
Other	97,674,793	Services contract	Supplier
<b>TOTAL</b>	<b>2,331,522,351</b>		

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

### 23. Risk management policies

The Company is exposed to several risks which are inherent to the activities that are carried out in the public passenger transportation services, in addition to risks of an economic and financial nature associated with changes in market conditions or force majeure, among others.

#### 23.1 Description of the market in which the Company operates

The main market in which the Company operates is the public transportation of passengers in the Metropolitan Region of Santiago and is composed of users seeking a quick and safe journey.

As activities annexed to the main line of the Company are the services of collection of transport fees and sale of means of payment (Bip cards), rental of advertising space, leasing of premises and commercial spaces in the stations of the network, among others.

#### Fares

As of February 10, 2007, the Company is part of the Integrated Passenger Public Transport System of Santiago, (Metropolitan Mobility Network) and its fare revenues are based on the number of passengers actually transported and the fare technique is established in Annex No. 1 of the Tender Guidelines for the Use of Roads in the city of Santiago.

On December 14, 2012 a transportation agreement was signed by the Company with the Ministry of Transportation and Telecommunications of Chile to replace the aforementioned Exhibit 1.

Beginning on February 11, 2019 a new transportation agreement is in force between the Company and the Ministry of Transportation and Telecommunications of Chile, which established a flat-rate technical fare of Ch\$480.18 per confirmed transported passenger, taking November 2018 as a base, and which is updated monthly by the indexation polynomial, included in this new agreement, which takes into consideration changes in the variables making up the Company's long-term cost structure (CPI, US dollar, euro, power and electric energy price). This allows for a natural hedge in case of cost variations caused by an increase in any of the variables making up the polynomial.

The fare paid by the public is different than the fare that the Company receives per transported passenger. In March 2019, customers paid Ch\$800 at peak hours, Ch\$720 at valley hours and Ch\$670 at low hours, whereas on average the Company received a technical fare of Ch\$479.29 per passenger.

On the other hand, as of July 1, 2013, the contract for the provision of complementary services for the issuance and after-sales of the means of access and provision of the commercialization network and loading of the means of access to the public passenger transport system begins to govern. of Santiago, between the Ministry of Transport and Telecommunications of Chile and Metro S.A.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018

### Demand

To date, the Company is the structuring pillar of the Integrated Public Passenger Transport System (Metropolitan Mobility Network) and as of March 2019 reached a level of 2.31 million trips on a business day.

The risk related to the demand of Metro passengers is mainly associated with the level of economic activity in Chile, level of use and quality of the ground passenger transportation service (buses). In effect, the demand for passenger transport is a demand derived from other economic activities. Thus, as of March 2019, there was an increase of 11.28 million trips, a positive variation of 7.1% compared to the same date in 2018, which is explained mainly by the increase in traffic due to the entry into operation of Line 3 (January 2019).

### 23.2 Financial risks

The main risks to which the Company is exposed and which arise from financial assets and liabilities are: market risk, liquidity risk and credit risk.

In loans from financial institutions, the nominal rate is similar to the effective rate since there are no additional transaction costs to be considered.

#### Market risk

The technical fare that the Company receives is updated monthly by the indexation polynomial which takes into consideration changes in the variables making up the Company's long-term cost structure (CPI, US dollar, euro, power and electric energy price). This allows for a natural hedge in case of cost variations caused by an increase in certain variables making up the polynomial.

The Company, as per its financial risk management policy, takes financial derivatives to hedge its exposure to currency variations (exchange rate) and to inflation. Currency derivatives are used to set the exchange rate of the US dollar against the Chilean peso (CLP) and Unidad de Fomento (UF), in the case of investments or obligations in currencies other than the Chilean peso. These instruments are Cross Currency Swaps, which amount to MUSD 300 as of March 31, 2019 and as of December 31, 2018, and which meet the hedge accounting criteria under IFRS 9. On the other hand, the Company maintains other derivative transactions as financial hedges against the exposure to the market value of interest rates on financial obligations. These are interest rate swaps which do not comply with the minimum requirements to qualify as accounting hedges under IFRS 9.

In January 2017, Metro S.A. issued a bond for MUS\$500 for the second time on the international market for a 30-year term at a rate of 5.151%, which reached an over-demand of eight times the amount of the issue, underscoring the high degree of participation of foreign investors.

Particularly, the Company is exposed to two market risks, which are:

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Interest rate risk

Market risks include possible changes in the Libor rate, affecting foreign borrowings obtained by the Company at variable rates.

As of March 2019, the proportion of debt at a variable rate does not show a significant variation with respect to December 2018, as shown in the following table:

Detail of debt	03-31-2019	12-31-2018
	%	%
Fixed rate	79.1	79.3
Variable rate	20.9	20.7
Total	100.0	100.0

In conducting a sensitivity analysis as of March 31, 2019 on the net debt at a variable Libor rate, not hedged by current derivatives, which amounts to MUS\$628 (MUS\$610 as of December 31, 2018), we note in the following table that the effect on profit or loss in a scenario where the Libor rate is increased by 100 basis points would result in an annual increase in finance expenses of MUS\$6.5 (MUS\$6.4 as of December 31, 2018).

Sensitivity analysis	Equivalent in MUS\$	Total %
Total Debt (equivalent to MUS\$)	3,112	100%
Debt at LIBOR rate	628	
IRS	22	
<b>Total Debt at Variable Rate</b>	<b>650</b>	<b>21%</b>
<b>Total Debt at Fixed Rate</b>	<b>2,462</b>	<b>79%</b>

Variation in Financial Expenses	ThCh\$	Equivalent in MUS\$
Impact on financial expenses of a variation of 100 basis points in LIBOR	4,411	6.5

Exchange rate risk and inflation

The Company has obligations with financial institutions and has issued bonds in foreign markets, agreed in foreign currencies, to finance the extensions in the Metro network. To minimize exchange rate risks, the Company has contracted cross currency swap (CCS) financial derivatives, which amount to MUS\$300 as of March 31, 2019.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

The Company also exposed to inflationary risk as it maintains a debt with bondholders for UF-denominated bonds issued in the domestic market.

The following table shows the composition of the Company's debt, expressed in millions of US dollars (considers current derivatives transactions):

Financial Debt Structure	03-31-2019			12-31-2018		
	Original currency	Equivalent in MUS\$	%	Original currency	Equivalent in MUS\$	%
Debt in UF	ThUF 42,068	1,709	55%	ThUF 42,648	1,692	55%
Debt in USD	MUSD 1,403	1,403	45%	MUSD 1,393	1,393	45%
<b>Total Financial Debt</b>		<b>3,112</b>	<b>100%</b>		<b>3,085</b>	<b>100%</b>

As of March 31, 2019, the structure of the financial debt is divided into UF (55%) and US dollars (45%).

This is in line with Metro's operating cash flows, in which the indexation polynomial updates the Company's technical fare in case of changes in the US dollar and the Euro, in addition to other variables, which produces a natural hedge in long-term operating cash flows.

When we analyze the sensitivity of the Interim Consolidated Statement of Comprehensive Income as of March 31, 2019, in case of a possible 10% depreciation/appreciation of the Chilean peso in respect to the US dollar, leaving all the rest of the parameters constant, we estimate that a loss or profit of ThCh\$95,197,759 would arise.

Sensitivity analysis Effect on profit or loss as of March 2019	10% Depreciation ThCh\$	10% Appreciation ThCh\$
Impact of variation of 10% in Ch\$/ USD exchange rate	(95,197,759)	95,197,759

Likewise, an estimation in the event of a possible appreciation of 3% of the value of UF, considering that all other parameters remain constant, would result in a loss of ThCh\$34,789,092.

Sensitivity analysis Effect on profit or loss as of March 2019	3% Appreciation ThCh\$
Impact of variation of 3% in UF	(34,789,092)

**Liquidity risk**

Revenue from fares associated with Metro S.A. passenger transportation, based on the new transport contract, are deducted daily from the funds collected by the Company's sales channel, generating the liquidity necessary to cover the Company's commitments. This revenue corresponds to 82% of total revenue.

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Additionally, the Company operates with bank credit lines properly approved by BNP Paribas and Sumitomo Mitsui Banking, which reduces liquidity risk (see Note12).

The maturity of interest-bearing debt, by terms, separated in principal and interest payable, is detailed as follows:

	Up to 1 year ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$	5 years and beyond ThCh\$	Total ThCh\$
Principal	80,864,751	285,911,876	573,672,160	1,171,416,970	2,111,865,757
Interest	94,841,973	237,599,299	147,942,856	560,476,145	1,040,860,273
<b>Total</b>	<b>175,706,724</b>	<b>523,511,175</b>	<b>721,615,016</b>	<b>1,731,893,115</b>	<b>3,152,726,030</b>

**Financial liability structure**

The Company's financial debt classified by maturity is presented as follows:

Financial Liabilities	03-31-2019				
	Up to 1 year ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$	5 years and beyond ThCh\$	Total ThCh\$
Interest-bearing loans	50,159,269	167,470,810	104,079,340	155,133,145	476,842,564
Bonds	53,654,446	138,414,779	138,766,424	1,324,399,740	1,655,235,389
Derivative transactions	1,075,494	-	-	1,248,651	2,324,145
<b>Total</b>	<b>104,889,209</b>	<b>305,885,589</b>	<b>242,845,764</b>	<b>1,480,781,536</b>	<b>2,134,402,098</b>

Financial Liabilities	12-31-2018				
	Up to 1 year ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$	5 years and beyond ThCh\$	Total ThCh\$
Interest-bearing loans	45,616,568	167,360,584	103,999,489	153,926,197	470,902,838
Bonds	66,532,986	135,022,072	129,118,549	1,370,263,826	1,700,937,433
Derivative transactions	2,906,557	-	-	-	2,906,557
<b>Total</b>	<b>115,056,111</b>	<b>302,382,656</b>	<b>233,118,038</b>	<b>1,524,190,023</b>	<b>2,174,746,828</b>

In general, the Company's debt structure consists mainly of long-term bonds and bank loans, which are intended to ensure financial stability and improve matching with the maturity terms of the Company's assets.

Carrying amounts and fair value of the debt in loans and bonds of the Company as of March 31, 2019 are detailed as follows.

	Book Value ThCh\$	Fair value ThCh\$
Loans	476,842,564	509,191,817
Bonds	1,655,235,389	1,851,069,193

Valuation technique: Discounted cash flows: The Level 2 valuation model considers the present value of expected payment, discounted using a risk adjusted discount rate.



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

The following methodology is used to calculate the fair value:

Loans: Discounted cash flows of each credit using the LIBOR 180 days in US dollars at each quarter-end, where the fair value is the addition of the present value of each credit.

Local bonds: Discounted cash flows of each bond using the valuation rates provided by Risk America, where each bond is discounted at its related rate.

International bond: For such calculation the Company uses the rate reported by Bloomberg for transactions performed as of the quarter-end.

**Credit risk**

The Company's credit risk refers to the exposure to possible losses due to a counterparty's breach of conditions stipulated in a contract or financial instrument. It considers both credit granted to customers and financial assets in portfolio.

**Accounts receivable**

The risk of accounts receivable arising from the Company's main business (passenger transportation) is limited, since 82% of the Company's revenue is received daily in cash, whereas the remaining 18% corresponds to income not related to the main business.

The maximum exposure to credit risk arises from trade receivables.

<b>Trade and other receivables</b>	<b>03-31-2019</b>	<b>12-31-2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Trade receivables, gross	9,268,894	12,130,740
Impairment of Trade receivables	(616,152)	(611,902)
<b>Trade receivables, net</b>	<b>8,652,742</b>	<b>11,518,838</b>
Sales channel accounts receivable, net	4,922,072	1,432,312
Other receivables, net	1,910,288	2,021,894
<b>Total</b>	<b>15,485,102</b>	<b>14,973,044</b>

Other receivables relate mainly to leases of commercial stores, advertising and invoices receivable with low delinquency.

Impairment of accounts receivable is determined using the legal reports issued by the Company's Legal Affairs Management, and considering the level of default of the receivable and the judicial collection and non-judicial collection measures taken.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

Analysis of accounts receivable based on age is detailed as follows:

<b>Age of trade receivables, net</b>	<b>03-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>
Less than 3 month	2,329,373	5,698,706
3 months to 1 year	5,998,609	5,594,526
More than 1 year	324,760	225,606
<b>Total</b>	<b>8,652,742</b>	<b>11,518,838</b>

<b>Age of Sales channel accounts receivable, net</b>	<b>03-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>
Less than 3 month	4,851,540	1,173,654
3 months to 1 year	14,780	256,435
More than 1 year	55,752	2,223
<b>Total</b>	<b>4,922,072</b>	<b>1,432,312</b>

<b>Age of Other receivables, net</b>	<b>03-31-2019 ThCh\$</b>	<b>12-31-2018 ThCh\$</b>
Less than 3 month	527,396	547,072
3 months to 1 year	1,382,892	1,474,822
<b>Total</b>	<b>1,910,288</b>	<b>2,021,894</b>

**Financial assets**

The level of exposure of financial assets to risk is established in the Company's financial investment policy.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

As of March 31, 2019 and for the 2018 year, this item comprises the following:

Financial Assets	03-31-2019			
	Up to 1 year ThCh\$	1 to 5 years ThCh\$	Over 5 years ThCh\$	Total ThCh\$
<b>Cash and cash equivalents</b>				
Cash	2,207,681	-	-	2,207,681
Term deposits	77,920,380	-	-	77,920,380
Repurchase agreements	7,591,367	-	-	7,591,367
Subtotal	87,719,428	-	-	87,719,428

<b>Other financial assets</b>				
Financial Investments	180,802,788	-	-	180,802,788
Derivative transactions	1,827,302	-	-	1,827,302
Financial lease	56,519	379,561	1,359,673	1,795,753
Promissory notes receivable	-	643,596	-	643,596
Advertising receivables	-	27,922,694	22,338,156	50,260,850
Other accounts receivable	-	6,035	-	6,035
Subtotal	182,686,609	28,951,886	23,697,829	235,336,324
Total	270,406,037	28,951,886	23,697,829	323,055,752

Financial Assets	12-31-2018			
	Up to 1 year ThCh\$	1 to 5 years ThCh\$	Over 5 years ThCh\$	Total ThCh\$
<b>Cash and cash equivalents</b>				
Cash	1,518,585	-	-	1,518,585
Term deposits	148,658,483	-	-	148,658,483
Repurchase agreements	14,933,614	-	-	14,933,614
Subtotal	165,110,682	-	-	165,110,682

<b>Other financial assets</b>				
Financial Investments	183,001,269	-	-	183,001,269
Derivative transactions	4,244,173	395,000	3,605,394	8,244,567
Financial lease	57,871	388,646	1,392,215	1,838,732
Promissory notes receivable	-	665,620	-	665,620
Advertising receivables	-	27,254,717	24,529,246	51,783,963
Other accounts receivable	-	6,447	-	6,447
Subtotal	187,303,313	28,710,430	29,526,855	245,540,598
Total	352,413,995	28,710,430	29,526,855	410,651,280

The average period of maturity of financial investments as of March 31, 2019 is less than 90 days and they are invested in banks; none of them represent a significant percentage with respect to the others.

The above is due to the Company's financial investment policy, which focuses on reducing the risks by diversifying the portfolio, and establishing maximum limits of investment per bank and minimum risk ratings per issuer.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

23.3 Capital risk management

Pursuant to capital management, the Company seeks to maintain an optimal capital structure while reducing its cost and ensuring its long-term financial stability. At the same time, it complies with its financial obligations and covenants established in the debt contracts.

Every year the Company, through the Extraordinary Shareholders' Meeting, capitalizes Government contributions associated to the financing of its expansion projects.

The Company follows up on the capital structure through debt and equity ratios, which are detailed below:

<b>Index</b>	<b>03-31-2019</b>	<b>12-31-2018</b>
Leverage (times)	0.85	0.86
Equity (MCh\$)	2,812,567	2,797,907

23.4 Commodities risk

The Company's commodities risk factors include the supply of electric energy it requires for its operation and the need for continuity of service, in case of possible supply interruptions. In this respect, the Company has a supply system that allows it to decrease exposure in case of supply interruption by having two points of direct connection to the National Electrical System, which supply Lines 1, 2, 3, 5 and 6, as well as two points for supplying Line 4.

In addition it should be noted that the electric energy supply systems are redundant and in the event either fails, there is always a back-up to ensure the Company maintains the energy supply for normal network operation.

The operating control systems are designed with redundant criteria, i.e, they operate on *stand-by*. Therefore in case of absence of one of the systems, the other begins operating immediately, resulting in normal network operation.

In the case of Lines 1, 2, 3, 5 and 6, if there is an interruption in the National Electrical Coordinator, the distribution company has defined replacement of the supply that feeds the civic neighborhood of Santiago as a first priority, which allows the Metro network to have energy almost immediately, since Metro is supplied by the same sources.

Currently, the power supply is provided by three companies: San Juan, El Pelicano and Enel. The first two companies relate to wind and photovoltaic power generation, respectively, the contracts of which were entered into on May 19, 2016, for 15 years and both supply 60% of Metro's energy through Non-Conventional Renewable Energies (NCRE). Likewise, Enel is a distributor entity with which the Company entered into a contract on September 2015 for 40% of power supply until December 2023.

On December 29, El Pelicano was sold, resulting in the change only of its majority shareholder (Sunpower), generating no operating risks for Metro's electrical supply.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

**24. Environment**

Disbursements related to improvements and/or investments that directly or indirectly affect protection of the environment, for the periods ended March 31, 2019 and 2018, are detailed as follows:

Project	Allocated to administration expenses		Allocated to property, plant and equipment		Expenditures committed in the future
	01-01-2019 03-31-2019 ThCh\$	01-01-2018 03-31-2018 ThCh\$	01-01-2019 03-31-2019 ThCh\$	01-01-2018 03-31-2018 ThCh\$	2019 Amount ThCh\$
Noises and vibrations	-	216	265,390	66,035	3,332,531
Waste treatment	6,427	14,594	2,862	-	467,592
Run-off water	31,883	46,581	-	-	102,192
Environmental management	-	-	777,652	128,417	6,162,751
Monitoring of polluting parameters	-	-	-	-	7,957
<b>Total</b>	<b>38,310</b>	<b>61,391</b>	<b>1,045,904</b>	<b>194,452</b>	<b>10,073,023</b>

The aforementioned projects are currently in progress as of March 31, 2019.

**25. Sanctions**

During the periods 2019 and 2018, the Company and its Directors have not been sanctioned by the Chilean Financial Market Commission or any other regulator.

**26. Subsequent events**

During the period between April 1 and May 13, 2019 the following event occurred which does not affect the Company's financial position and profit or loss.

Letter No. 184, dated April 29, reports that the 28th Ordinary Shareholders' Meeting was held and that the following agreements were made:

- a) The Annual Report, Balance Sheet and Consolidated Financial Statements and Independent Auditor's Report for the year 2018 were all approved, including the notes to the Consolidated Financial Statements, as well as the expenses of the Board of Directors contained in the Annual Report.
- b) It was agreed not to distribute profits or dividends.
- c) The policy on dividends was established.
- d) The remuneration of the Directors was determined.
- e) Deloitte Auditores y Consultores Limitada was ratified as external auditors for the year 2019.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED  
AS OF MARCH 31, 2019 AND 2018 AND AS OF DECEMBER 31, 2018**

- f) The electronic newspaper Diario Financiero or another one that is cheaper was designated for summons to Shareholders' Meetings.
- g) It was reported that there were no transactions with related parties or any conflicts of interest in the terms of Article 44 of the Corporations Act.

Julio E, Pérez Silva  
General Accountant

Rubén Alvarado Vigar  
General Manager