

Empresa de Transporte de Pasajeros Metro S.A. and Subsidiary Interim Consolidated Financial Statements

For the periods ended as of June 30, 2018, 2017 and December 31, 2017



EMPRESA DE TRANSPORTE DE PASAJEROS METRO S.A. AND SUBSIDIARY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended as of June 30, 2018, 2017 and December 31, 2017

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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

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Directors
of Empresa de Transporte de Pasajeros S.A.

We have reviewed the interim consolidated financial statements of Empresa de Transporte de Pasajeros S.A and its subsidiary, which comprise the interim consolidated statement of financial position as of June 30, 2018, the interim consolidated statement of comprehensive income for the periods of six and three months ended as of June 30, 2018, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the period of six months then ended, and the related notes to the interim consolidated financial statements.

Management's responsibility for the interim consolidated financial statements

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with standards and instructions issued by the Financial Market Commission (referred to as CMF in Chile) described in Note 2.1 to the interim consolidated financial statements.

These standards and instructions require that the Company comply with IAS 34 *Interim Financial Reporting*, which is incorporated in the International Financial Reporting Standards (IFRS). This responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim consolidated financial statements in accordance with the applicable financial reporting framework for preparation and presentation of financial information.

Auditor's responsibility

Our responsibility is to conduct a review in accordance with Generally Accepted Auditing Standards in Chile applicable to reviews of interim financial statements. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Chile, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any significant revision that should be made to the interim consolidated financial statements, mentioned in the first paragraph, so that they are in compliance with the standards and instructions issued by the Financial Market Commission (CMF) described in Note 2.1 to the interim consolidated financial statements.

Other matters regarding the consolidated statement of financial position as of December 31, 2017

The consolidated financial statements as of December 31, 2017 and 2016, prepared in accordance with the standards and instructions issued by the Financial Market Commission (CMF), were audited by other auditors, who issued an unqualified opinion on those statements dated March 12, 2018. Those financial statements include the consolidated statement of financial position as of December 31, 2017, which is presented in the accompanying interim consolidated financial statements, and the related notes.

August 13, 2018
Santiago, Chile

Daniel Fernández P.
ID Number: 10,048,063-8

Interim Consolidated Financial Statements

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Interim Consolidated Statements of Financial Position
 For the periods ended as of June 30, 2018 and December 31, 2017
 (In thousands of Chilean pesos)

ASSETS	NOTE	06-30-2018 (Unaudited)	12-31-2017
CURRENT ASSETS			
Cash and cash equivalents	4	135,701,642	152,240,118
Other current financial assets	10	200,951,678	148,467,777
Other current non-financial assets	11	4,671,607	5,751,473
Trade and other receivables, current	5	11,277,127	8,743,345
Current inventories	6	13,545,099	10,722,316
Current tax assets		1,524,331	1,289,653
Total current assets		367,671,484	327,214,682
NON-CURRENT ASSETS			
Other non-current financial assets	10	2,874,533	3,261,731
Other non-financial assets, non-current	11	36,871,040	29,341,665
Accounts receivable, non-current		1,216,705	1,624,094
Intangible assets other than goodwill	7	6,067,407	5,935,639
Property, plant and equipment	8	4,522,194,532	4,423,443,320
Investment property:	9	22,789,528	22,937,637
Total non-current assets		4,592,013,745	4,486,544,086
TOTAL ASSETS		4,959,685,229	4,813,758,768

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

Interim Consolidated Statements of Financial Position, continued
For the periods ended as of June 30, 2018 and December 31, 2017
(In thousands of Chilean pesos)

LIABILITIES AND EQUITY	NOTE	06-30-2018 (Unaudited)	12-31-2017
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	12	92,670,771	78,731,519
Trade and other payables	15	143,888,568	147,625,775
Other short-term provisions	19	1,285,884	1,744,461
Employee benefits, current	17	10,490,270	13,024,473
Other current non-financial liabilities	13	19,903,263	18,524,477
Total current liabilities		268,238,756	259,650,705
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	12	1,999,705,910	1,936,815,964
Non-current accounts payable	15	378,304	326,515
Trade payables due to related companies, non-current	14	153,515,684	-
Employee benefits, non-current	17	13,003,991	13,191,367
Other non-financial liabilities, non-current	13	3,087,230	3,165,020
Total non-current liabilities		2,169,691,119	1,953,498,866
Total liabilities		2,437,929,875	2,213,149,571
EQUITY			
Share capital	20	3,082,361,491	3,082,361,491
Accumulated losses	20	(593,974,453)	(515,120,610)
Other reserves	20	33,378,961	33,378,961
Equity attributable to owners of parent		2,521,765,999	2,600,619,842
Non-controlling interests	20	(10,645)	(10,645)
Total equity		2,521,755,354	2,600,609,197
Total equity and liabilities		4,959,685,229	4,813,758,768

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 and six months ended as of June 30, 2018 and 2017
(In thousands of Chilean pesos)

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION	NOTE:	ACCUMULATED		QUARTER	
		01-01-2018 06-30-2018 (Unaudited)	01-01-2017 06-30-2017 (Unaudited)	04-01-2018 06-30-2018 (Unaudited)	04-01-2017 06-30-2017 (Unaudited)
Profit (loss)					
Revenue	21	188,770,139	161,523,052	101,668,804	86,781,960
Cost of sales	21	(152,599,993)	(135,756,642)	(78,555,910)	(73,775,278)
Gross profit		36,170,146	25,766,410	23,112,894	13,006,682
Other income by function	21	1,241,974	658,775	642,427	336,504
Administrative expenses	21	(18,493,399)	(18,773,406)	(9,977,589)	(8,151,895)
Other expenses by function	21	(580,628)	(306,811)	(330,487)	(120,549)
Other income (expenses)	21	(1,376,955)	(2,102,362)	8,611,364	(873,543)
Finance income	21	4,003,155	5,268,302	2,202,221	2,811,534
Finance costs	21	(31,330,718)	(27,165,075)	(15,729,619)	(13,868,874)
Foreign currency translation differences	21	(55,129,100)	5,270,083	(70,780,843)	(245,234)
Profit (loss) from inflation-adjusted units	21	(13,144,098)	(12,012,653)	(7,252,612)	(7,289,282)
Profit (loss) before taxes		(78,639,623)	(23,396,737)	(69,502,244)	(14,394,657)
Income tax expense		-	-	-	-
Profit (loss) from continued operations		(78,639,623)	(23,396,737)	(69,502,244)	(14,394,657)
Income (loss) from discontinued operations		-	-	-	-
Profit (loss)		(78,639,623)	(23,396,737)	(69,502,244)	(14,394,657)
PROFIT (LOSS), ATTRIBUTABLE TO:					
Owners of parent		(78,639,623)	(23,396,737)	(69,502,244)	(14,394,657)
Profit (loss)		(78,639,623)	(23,396,737)	(69,502,244)	(14,394,657)

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 and six months ended as of June 30, 2018 and 2017
 (In thousands of Chilean pesos)

Statement of comprehensive income	NOTE:	ACCUMULATED		QUARTER	
		01-01-2018 06-30-2018 (Unaudited)	01-01-2017 06-30-2017 (Unaudited)	04-01-2018 06-30-2018 (Unaudited)	04-01-2017 06-30-2017 (Unaudited)
Income (loss)		(78,639,623)	(23,396,737)	(69,502,244)	(14,394,657)
Other comprehensive income, before taxes, income (loss) from new measurements of defined benefit plans	21	(214,220)	(138,082)	(85,055)	60,404
Total other comprehensive income that will not be reclassified to profit or loss for the period, before taxes	21	(214,220)	(138,082)	(85,055)	60,404
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	(214,220)	(138,082)	(85,055)	60,404
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	(214,220)	(138,082)	(85,055)	60,404
Total comprehensive income		(78,853,843)	(23,534,819)	(69,587,299)	(14,334,253)

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 six months ended as of June 30, 2018 and 2017 (unaudited)
(In thousands of Chilean pesos)

Items	Other Reserves						Retained earnings (accumulated deficit)	Equity attributable to owners of parent	Non-controlling interests	Total net equity
	Share capital	Treasury shares	Other sundry reserves:	Capital surplus	Reserves for gain (loss) on defined benefit plans	Total Other Reserves:				
Opening balance 1-1-2018	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	-	-	-	-	-	-	(78,639,623)	(78,639,623)	-	(78,639,623)
Other comprehensive income	-	-	-	-	(214,220)	(214,220)	-	(214,220)	-	(214,220)
Comprehensive Income	-	-	-	-	(214,220)	(214,220)	(78,639,623)	(78,853,843)	-	(78,853,843)
Increase (decrease) through transfers and other changes	-	-	-	-	214,220	214,220	(214,220)	-	-	-
Closing balance 6-30-2018	3,082,361,491	-	30,336,377	3,042,584	-	33,378,961	(593,974,453)	2,521,765,999	(10,645)	2,521,755,354
Opening balance 1-1-2017	2,742,569,245	-	30,336,377	3,042,584	-	33,378,961	(529,975,226)	2,245,972,980	(10,645)	2,245,962,335
Loss	-	-	-	-	-	-	(23,396,737)	(23,396,737)	-	(23,396,737)
Other comprehensive income	-	-	-	-	(138,082)	(138,082)	-	(138,082)	-	(138,082)
Comprehensive Income	-	-	-	-	(138,082)	(138,082)	(23,396,737)	(23,534,819)	-	(23,534,819)
Issuance of equity	108,150,000	-	-	-	-	-	-	108,150,000	-	108,150,000
Increase (decrease) due to transfer of shares in portfolio	-	(108,150,000)	-	-	-	-	-	(108,150,000)	-	(108,150,000)
Increase (decrease) through transfers and other changes	-	-	-	-	138,082	138,082	(138,082)	-	-	-
Closing balance 6-30-2017	2,850,719,245	(108,150,000)	30,336,377	3,042,584	-	33,378,961	(553,510,045)	2,222,438,161	(10,645)	2,222,427,516

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

Interim Consolidated Statements of Cash Flows
For the periods of six months ended as of June 30, 2018 and 2017
(In thousands of Chilean pesos)

Interim Consolidated Statements of Cash Flows (direct method)	01-01-2018 06-30-2018 (Unaudited)	01-01-2017 06-30-2017 (Unaudited)
Net cash flows provided by (used in) operating activities		
Collection from sales of assets and service renderings	183,885,234	154,709,753
Other collections for operating activities	6,477,451	4,843,106
Payments to suppliers for the provision of goods and services	(75,897,282)	(71,153,242)
Payments to and on behalf of the employees	(44,662,836)	(42,496,039)
Other payments for operating activities	(2,655,057)	(5,701,118)
Net cash flows from operating activities	67,147,510	40,202,460
Cash flows provided by (used in) investing activities		
Sale of property, plant and equipment	-	12,613
Purchases of property, plant and equipment	(146,341,437)	(220,732,884)
Purchases of intangible assets	-	(5,063)
Other receipts to acquire equity or debt securities belonging to other entities	161,877,105	143,086,072
Other payments to acquire equity or debt instruments of other entities	(209,085,264)	(175,339,245)
Interest paid	(15,133,974)	(10,911,020)
Net cash flows used in investing activities	(208,683,570)	(263,889,527)
Net cash flows provided by (used in) financing activities		
Loans from related entities - Contributions from the Government of Chile	153,515,684	150,000,000
Amounts from long-term loans	21,388,336	365,858,234
Other collections of cash	4,864,997	4,621,130
Repayment of loans	(20,341,553)	(66,584,935)
Interest paid	(34,657,815)	(26,386,570)
Other cash outflows	(739,619)	(3,316,699)
Net cash flows provided by financing activities	124,030,030	424,191,160
Net increase (decrease) in cash and cash equivalents before effect of changes in the exchange rate	(17,506,030)	200,504,093
Effects of variations in the exchange rate on cash and cash equivalents	967,554	2,411,581
Net decrease in cash and cash equivalents	(16,538,476)	202,915,674
Cash and cash equivalents at the beginning of the period	152,240,118	118,298,953
Cash and cash equivalents at the end of the period	135,701,642	321,214,627

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 JUNE 30, 2018, 2017 AND DECEMBER 31, 2017**
(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 June 30, 2018, 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 June 30, 2018 and December 31, 2017; the Interim Consolidated Statements of Comprehensive Income for the periods of six and three months ended June 30, 2018 and 2017 and the Interim Consolidated Statements of Changes in Equity and the Interim Consolidated Statements of cash flows for the period of 6 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 IAS 34 "Interim Financial Information" incorporated in the International Financial Reporting Standards (IFRS), 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.

The Administration 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 August 13, 2018, with the Administration 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,

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED
AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017**
(In thousands of Chilean pesos)

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, with 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 entity 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.) is consolidated from the date on which control of this entity was transferred to the Company. Consolidation includes the financial statements of the Parent company and its subsidiary, which comprises all assets, liabilities, income, expenses and cash flows of the subsidiary, once adjustments and eliminations for intra-group transactions have been made.

The non-controlling interest in the consolidated subsidiary 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
(In thousands of Chilean pesos)

Tax ID Number	Company name	Ownership percentage					
		06-30-2018			12-31-2017		
		Direct	Indirect	Total	Direct	Indirect	Total
96.850.680-3	Transub S.A.	66.66	-	66.66	66.66	-	66.66

The ownership in this subsidiary 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 (ThCLP\$) 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 comprehensive income statement, unless they have to be deferred, then they are recorded in equity, as in the case of cash flow hedges, if any.

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
06-30-2018	651.21	760.32	27,158.77
12-31-2017	614.75	739.15	26,798.14
06-30-2017	664.29	758.32	26,665.09
12-31-2016	669.47	705.60	26,347.98

US\$ = USdollar

EUR = Euro

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
(In thousands of Chilean pesos)

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.

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.

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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.

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 interim consolidated statement of comprehensive income.

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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.

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.

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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.

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.

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.

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2.13. Share capital

The Company's share capital is represented by 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 and loss when they are held for trading or are designated at fair value through profit and loss.

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.

The Company applied a simplified approach to recognize expected credit losses throughout the life of the asset for its trade and other accounts receivable, as required by IFRS 9.

As of June 30, 2018, impairment testing indicated that there is no impairment loss.

Derecognition of financial assets.

The Company and its subsidiary derecognize a financial asset only when the contractual rights over the financial asset's cash flows have expired, or when the risks and rewards incidental to the ownership of the financial asset are substantially transferred to another entity. If the Company does

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not transfer substantially all the risks and rewards and continues to control the transferred financial asset, the asset is recorded against an associated liability for the amounts that must be paid. If the Company retains substantially all the risks and rewards of ownership of the financial asset, the asset continues to be recognized and a loan is also recognized for the received cash flows.

Derivative Financial Instruments

The Company uses a variety of 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 as 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.

Embedded derivatives

The Company and its subsidiary have established a procedure that enable 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 regime 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).

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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.

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 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 Interim 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

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✓ 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.

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.

Sales channel revenue - The Company has a contract in place with the Ministry of Transport and Telecommunications of Chile to provide services consisting in the issuance and post-sale of tickets and the provision of a network for selling and charging cards to use the Santiago public passenger transportation system. This revenue is recognized monthly and is equivalent to a total percentage of the amounts of money loaded by users on payment devices. Consequently, revenues are recognized over time to the extent that the performance obligation is fulfilled.

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 de 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 has a contract with the characteristics of a financial lease, which has been accounted for as established in IAS 17 "Leases". When assets are leased under a financial lease agreement, the value of the lease payments is recognized as an account receivable. The difference between the gross amount receivable and the real value of the amount is recognized as financial yield of the principal.

Income from financial leases is recognized over the term of the lease using the net investment method, which reflects a constant periodic yield rate.

Contracts that do not fulfill the characteristics of a financial lease are classified as operating leases.

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A lease is an operating lease when the lessor or conserves a significant part of the risks and rewards incidental to ownership of the leased goods.

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, 2018.

New IFRS	Mandatory effective date
IFRS 9, Financial Instruments	Annual periods beginning on or after January 01, 2018 Early adoption is permitted.
IFRS 15 — Revenue from Contracts with Customers	Annual periods beginning on or after January 01, 2018 Early adoption is permitted.
New Interpretations	
IFRIC 22: Foreign Currency Transactions and Advance Consideration	Annual periods beginning on or after January 01, 2018 Early adoption is permitted.
Amendments to IFRS	
IAS 40: Transfers of investment property (Amendments to IAS 40 — Transfers of investment property)	Annual periods beginning on or after January 01, 2018.
IFRS 2, Share-based payments Clarification of the accounting for certain types of transactions of share-based payments	Annual periods beginning on or after January 01, 2018. Early adoption is permitted.
IFRS 15 — Revenue from Contracts with Customers Amendment clarifying requirements and granting additional transition release for companies that implement the new standard.	Annual periods beginning on or after January 01, 2018. Early adoption is permitted.
Cycle of annual improvements to IFRS 2014-2016 Amendment to IFRS 12	Annual periods beginning on or after January 01, 2018. Early adoption is permitted.

Impact of the application of IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and general hedge accounting. The details of these new requirements, as well as the impact on the Financial Statements of the Company and its subsidiary are described below. The Company and its subsidiary have applied IFRS 9 as of January 1, 2018 and have decided against remeasuring comparative information from prior periods about classification and measurement requirements (including impairment). The information presented for the year 2017 does not reflect the requirements of IFRS 9, but those established in IAS 39.

Classification and measurement of financial assets

The initial application date at which the Company and its subsidiary have evaluated its current financial assets and financial liabilities in terms of the requirements of IFRS 9 is January 1, 2018. Therefore, the Company and its subsidiary have applied the requirements of IFRS 9 to instruments that have not been derecognized as of January 1, 2018 and have not applied those requirements to instruments that were already derecognized as of January 1, 2018. The comparative amounts in relation to instruments that have not been derecognized as of January 1, 2018, have not been restated.

All financial assets within the scope of IFRS 9 must be subsequently measured at amortized cost or fair value. Specifically, debt instruments that are held within a business model, the objective of which is to collect contractual cash flows, and that have contractual cash flows that are solely

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payments of principal and interest on the principal amount outstanding, are generally measured at amortized cost as of the close of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value as of the close of subsequent reporting periods.

Regarding the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that any change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless recognizing such changes in other comprehensive income would create or enlarge a measurement mismatch. Changes in fair value attributable to the credit risk of a financial liability are not subsequently classified in profit or loss. Under IAS 39, the total amount of the change in fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

The Management of the Company and its subsidiary reviewed and evaluated the financial assets as of January 1, 2018 and estimated that the exposure to credit risk is low, given that Management's policies maintain a limited risk and their cash flows are adequate to the commitments, since collection from the clients is strictly on a cash basis, and investments in assets other than the account receivable from customers involve low risk.

Financial assets classified as 'held-to-maturity' and 'loans and accounts receivable' under IAS 39 that were measured at amortized cost, continue to be measured at amortized cost under IFRS 9 since they are held within a business model for collecting contractual cash flows, and these contractual cash flows consist only of payments of principal and interest on the principal amount outstanding.

None of the changes in the classification of financial assets has had an impact on the financial position, results, other comprehensive income or comprehensive income of the Company and its subsidiary.

Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities is related to the accounting for changes in the fair value of a financial liability designated at fair value through profit or loss (FVTPL) attributable to changes in credit risk of the issuer.

Specifically, IFRS 9 requires that the change in the fair value of the financial liability that is attributable to changes in the liability's credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss, but instead are transferred to retained earnings when the financial liability is derecognized. Previously, under IAS 39, the total amount of the change in fair value of the financial liability designated as at fair value through profit or loss (FVTPL) was presented in profit or loss.

The application of IFRS 9 has not had an impact on the classification and measurement of the Company's financial liabilities.

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Impairment

Regarding impairment of financial assets, IFRS 9 requires the use of a model of expected credit losses versus the model of incurred credit losses under IAS 39. The model of expected credit losses requires an entity to account for expected credit losses and changes in these expected credit losses as of each reporting date to reflect changes in credit risk since initial recognition. In other words, a credit event does not have to occur in order for credit losses to be recognized.

IFRS 9 also establishes a simplified approach to measuring the correction of value for losses at an amount equal to the expected credit losses, during the life of the asset for trade accounts receivable, contract assets and accounts receivable for lease under certain circumstances.

As of January 1, 2018, the Management of the Company and its subsidiary reviewed and assessed for impairment the financial assets, amounts due from customers and financial guarantee contracts of the Company and its subsidiary using reasonable and sustainable information that was available at no cost or disproportionate effort in accordance with IFRS 9 to determine the credit risk of the respective financial assets on the date they were initially recognized, and compared it with the credit risk as of January 1, 2018. They concluded that the application of IFRS 9 has not had a significant impact.

Impact of applying IFRS 15 Revenue from Contracts with Customers

In the current period, the Company has applied IFRS 15 Revenue from Contracts with Customers. IFRS 15 introduces a five-step approach for recognizing revenue. More prescriptive guidance has been added in IFRS 15 for treatment specific scenarios.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might commonly be known as 'earned income' and 'deferred revenue'. However, IFRS 15 does not prohibit an entity from using alternative descriptions in the Statement of Financial Position. The Company and its subsidiary have adopted the terminology used in IFRS 15 to describe these balance sheet balances.

The accounting policies of the Company and its subsidiary regarding its revenue are disclosed in detail in Note 21. Apart from providing more extensive disclosures about the Company's revenue transactions, the application of IFRS 15 has not had an impact on the Company's financial position or financial performance.

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.

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

New IFRS	Mandatory effective date
IFRS 16: Leases	Annual periods beginning on or after January 01, 2019 Early adoption is permitted for entities that apply IFRS 15 on or before that date.
IFRS 17: Insurance contracts	Annual periods beginning on or after January 01, 2021 Early adoption is permitted for entities that apply IFRS 9 and IFRS 15 on or before that date.
New Interpretations	
IFRIC 23: Uncertainty over Income Tax Treatments	Annual periods beginning on or after January 01, 2019 Early adoption is permitted.
Amendments to IFRS	
IAS 28 Long-term Interests in Associates and Joint Ventures	Annual periods beginning on or after January 01, 2019 Early adoption is permitted.
IFRS 9 Prepayment Features with Negative Compensation	Annual periods beginning on or after January 01, 2019 Early adoption is permitted.
IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures": Sale or Contribution of Assets between the Shareholder and his/her Associate or Joint Venture.	Effective date deferred indefinitely.

Management is evaluating the impact of the application of IFRS 16 and IFRIC 23. However, it is not possible to provide a reasonable estimate of the effects that these standards will have until Management carries out a detailed review. 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.

The most relevant management estimates and accounting criteria are detailed as follows:

3.1. Severance indemnity payments

The Company recognizes a liability for the agreed upon obligations for severance payments 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 at the end of each year considering the 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.

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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 is involved in different types of legal and administrative proceedings for which it is not possible to exactly determine the economic effect that their outcome might have on the interim consolidated financial statements of the Company. In cases where the Company's management and legal counsel expect an unfavorable outcome, provisions have been established with a charge to expenses 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:

- 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

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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), 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.

In all cases changes in the fair value of these items are considered components of net profit or loss for the period.

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 is 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.

Income items where gains (losses) are recognized on fair value measurements are recognized as other gains (losses).

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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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).

The detail and classification of financial assets of June 30, 2018 and December 31, 2017 is as follows:

06.30.2018	Amortized cost ThCLP\$	Fair Value through profit or loss ThCLP\$	Total ThCLP\$
Trade and other receivables	11,277,127	-	11,277,127
Cash and cash equivalents	133,568,758	2,132,884	135,701,642
Cash and banks	-	2,132,884	2,132,884
Term deposits	127,535,081	-	127,535,081
Repurchase agreements	6,033,677	-	6,033,677
Other financial assets	199,230,919	4,595,292	203,826,211
Term deposits	196,792,295	-	196,792,295
Derivative operations	-	4,595,292	4,595,292
Financial lease	1,772,762	-	1,772,762
Promissory notes receivable	658,665	-	658,665
Other financial assets	7,197	-	7,197
Total financial assets	344,076,804	6,728,176	350,804,980

12.31.2017	Amortized cost ThCLP\$	Fair Value through profit or loss ThCLP\$	Total ThCLP\$
Trade and other receivables	8,743,345	-	8,743,345
Cash and cash equivalents	149,565,360	2,674,758	152,240,118
Cash and banks	-	2,674,758	2,674,758
Term deposits	147,605,384	-	147,605,384
Repurchase agreements	1,959,976	-	1,959,976
Other financial assets	147,303,152	4,426,356	151,729,508
Term deposits	145,038,270	-	145,038,270
Derivative operations	-	4,426,356	4,426,356
Financial lease	1,673,508	-	1,673,508
Promissory notes receivable	583,469	-	583,469
Other financial assets	7,905	-	7,905
Total financial assets	305,611,857	7,101,114	312,712,971

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The detail and classification of financial liabilities of June 30, 2018 and December 31, 2017 is as follows:

06.30.2018	Amortized cost ThCLP\$	Liabilities at fair value through profit or loss ThCLP\$	Total ThCLP\$
Interest-bearing loans	2,080,259,700	-	2,080,259,700
Trade and other payables	144,266,872	-	144,266,872
Hedge liabilities	-	12,088,387	12,088,387
Other financial liabilities	28,594	-	28,594
Total financial liabilities	2,224,555,166	12,088,387	2,236,643,553

12.31.2017	Amortized cost ThCLP\$	Liabilities at fair value through profit or loss ThCLP\$	Total ThCLP\$
Interest-bearing loans	2,006,588,384	-	2,006,588,384
Trade and other payables	147,952,290	-	147,952,290
Hedge liabilities	-	8,946,936	8,946,936
Other financial liabilities	12,163	-	12,163
Total financial liabilities	2,154,552,837	8,946,936	2,163,499,773

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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4. Cash and cash equivalents

Balances of cash and cash equivalents are detailed as follows:

Item	Currency	06-30-2018 ThCLP\$	12-31-2017 ThCLP\$
Cash			
Cash on hand	CLP	46,537	70,125
	USD	5,412	4,881
Banks	CLP	2,073,224	2,593,912
	USD	7,711	5,840
Total cash		2,132,884	2,674,758
Term deposits			
	CLP	111,712,781	105,402,589
	USD	15,822,300	42,202,795
Total Term deposits		127,535,081	147,605,384
Repurchase agreements			
	CLP	6,033,677	1,664,266
	USD	-	295,710
Total repurchase agreements		6,033,677	1,959,976
Total cash and cash equivalents			
		135,701,642	152,240,118
Subtotal by currency			
	CLP	119,866,219	109,730,892
	USD	15,835,423	42,509,226

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 years 2018 and 2017 is as follows:

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Term deposits

Type of investment	Currency of origin	Capital in currency of origin	Annual rate average	Average days to maturity	Capital in domestic currency ThCLP\$	Accrued interest in domestic currency ThCLP\$	Carrying amount 06-30-2018 ThCLP\$
Term depositss	CLP	111,473,439	2.67%	24	111,473,439	239,342	111,712,781
	USD	24,271.86	2.32%	15	15,806,081	16,219	15,822,300
Total					127,279,520	255,561	127,535,081

Type of investment	Currency of origin	Capital in currency of origin	Annual rate average	Average days to maturity	Capital in domestic currency ThCLP\$	Accrued interest in domestic currency ThCLP\$	Carrying amount 12-31-2017 ThCLP\$
Term deposits	CLP	105,243,800	3.01%	14	105,243,800	158,789	105,402,589
	USD	68,530.84	2.07%	37	42,129,336	73,459	42,202,795
Total					147,373,136	232,248	147,605,384

Repurchase agreements

Code	Dates		Counterparty	Original currency	Subscription rate ThCLP\$	Annual rate %	Amount as of closing ThCLP\$	Instrument identification	Carrying amount 06-30-2018 ThCLP\$
	Beginning	End							
CRV	06-29-2018	07-03-2018	ITAU CORREDOR DE BOLSA	CLP	1,200,000	2.76	1,200,368	PAGARE NR	1,200,092
CRV	06-28-2018	07-04-2018	ITAU CORREDOR DE BOLSA	CLP	1,527,000	2.76	1,527,702	PAGARE NR	1,527,234
CRV	06-29-2018	07-06-2018	ITAU CORREDOR DE BOLSA	CLP	1,387,951	2.76	1,388,696	PAGARE NR	1,388,057
CRV	06-28-2018	07-04-2018	ITAU CORREDOR DE BOLSA	CLP	1,918,000	2.76	1,918,882	PAGARE NR	1,918,294
Total					6,032,951		6,035,648		6,033,677

Code	Dates		Counterparty	Original currency	Subscription rate ThCLP\$	Annual rate %	Amount as of closing ThCLP\$	Instrument identification	Carrying amount 12-31-2017 ThCLP\$
	Beginning	End							
CRV	12-29-2017	01-02-2018	BCI CORREDOR DE BOLSA S.A.	CLP	1,500,000	2.88	1,500,480	PAGARE NR	1,500,240
CRV	12-29-2017	01-05-2018	BCI CORREDOR DE BOLSA S.A.	CLP	164,000	2.88	164,091	PAGARE NR	164,026
CRV	12-28-2017	01-02-2018	BCI CORREDOR DE BOLSA S.A.	USD	296,575	0.60	295,719	PAGARE NR	295,710
Total					1,960,575		1,960,290		1,959,976

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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5. Trade and other receivables, current

As of June 30, 2018 and December 31, 2017, this item is composed of the following:

Trade and Other Receivables, Gross	06-30-2018 ThCLP\$	12-31-2017 ThCLP\$
Trade debtors and other accounts receivable, gross	12,069,797	9,496,113
Trade receivables, gross	2,326,932	2,930,697
Sales channel accounts receivable, gross	7,912,707	4,566,117
Other receivables, gross	1,830,158	1,999,299

Trade and other receivables, net	06-30-2018 ThCLP\$	12-31-2017 ThCLP\$
Trade and other receivables, net	11,277,127	8,743,345
Trade receivables, net	1,534,262	2,177,929
Sales channel accounts receivable, gross	7,912,707	4,566,117
Other receivables, net	1,830,158	1,999,299

As of June 30, 2018 and December 31, 2017, the analysis of net trade and accounts receivable by age and expiration date is detailed below:

Trade receivables, net	06-30-2018 ThCLP\$	12-31-2017 ThCLP\$
Aged 3 months	1,281,104	1,880,655
Aged more than 3 months up to 1 year	66,947	87,918
Aged more than 1 year	186,211	209,356
Total	1,534,262	2,177,929

Sales Channel Accounts Receivable, net	06-30-2018 ThCLP\$	12-31-2017 ThCLP\$
Aged 3 months	7,797,220	4,115,793
Aged more than 3 months up to 1 year	107,215	444,012
Aged more than 1 year	8,272	6,312
Total	7,912,707	4,566,117

Other Receivables, net	06-30-2018 ThCLP\$	12-31-2017 ThCLP\$
With 3 months maturity	496,519	554,765
With 3 months up to 1 year maturity	1,333,639	1,444,534
Total	1,830,158	1,999,299

Movements as of June 30, 2018 in the impairment provision are as follows:

Past due and outstanding trade receivables with impairment	ThCLP\$
Balance as of December 31, 2016	1,072,316
Increase for the period	250,579
Decrease for the period	(130,608)
Write-offs for the period	(439,519)
Balance as of December 31, 2017	752,768
Increase for the period	190,387
Decrease for the period	(147,661)
Write-offs for the period	(2,824)
Balance as of June 30, 2018	792,670

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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	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Inventories and stock	1,905,747	1,489,610
Spare parts and accessories for maintenance	11,370,826	9,218,243
Imports in transit and other	268,526	14,463
Total	13,545,099	10,722,316

As of June 2018 and 2017, inventory consumption was charged to the Interim Consolidated Statement of Comprehensive Income in the cost of sales line item, in the amount of ThCh\$3.575.281 and ThCh\$4.259.095, respectively.

As of June, 2018, the write-offs of inventories amount to ThCh\$67. As of the same period of the previous year there were no write-offs. Based on the analysis made by the Technical Management for spare parts stocks, 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.

7. Intangible assets other than goodwill

Intangible assets other than goodwill correspond to licenses and software and transit easements. They are accounted for using the acquisition cost and subsequently they are carried at cost net of accumulated amortization and impairment losses, if any.

Licenses and software are amortized using the straight-line method over the applicable useful life, which is generally estimated at four years. For easements, since the contracts are established with no expiry date, easements are considered to have indefinite useful life, and therefore they 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.

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a) Intangible assets other than goodwill for 2018 and 2017, are as follows:

Item	06-30-2018			12-31-2017		
	Intangible assets, gross	Accumulated amortization	Intangible assets, net	Intangible assets, gross	Accumulated amortization	Intangible assets, net
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Licenses and Software	6,084,278	(4,252,949)	1,831,329	5,785,711	(4,086,150)	1,699,561
Easements	4,236,078	-	4,236,078	4,236,078	-	4,236,078
Total	10,320,356	(4,252,949)	6,067,407	10,021,789	(4,086,150)	5,935,639

b) Movements of intangible assets other than goodwill for the period ended as of June 30, 2018, are as follows:

Movements	Licenses and Software	Easements	Total intangible assets, net
	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance 01-01-2018	1,699,561	4,236,078	5,935,639
Additions	298,567	-	298,567
Transfers	-	-	-
Amortization	(166,799)	-	(166,799)
Closing balance 06-30-2018	1,831,329	4,236,078	6,067,407
Average remaining useful life	3 years	indefinite	

c) Movements of intangible assets other than goodwill for the year ended as of December 31, 2017, are as follows:

Movements	Licenses and Software	Easements	Total intangible assets, net
	ThCLP\$	ThCLP\$	ThCLP\$
Opening balance 01-01-2017	1,937,038	3,894,449	5,831,487
Additions	12,077	341,629	353,706
Transfers	66,816	-	66,816
Amortization	(316,370)	-	(316,370)
Closing balance 12-31-2017	1,699,561	4,236,078	5,935,639
Average remaining useful life	4 years	Indefinite	

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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8. Property, plant and equipment

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

Property, plant and equipment	06-30-2018 ThCLP\$	12-31-2017 ThCLP\$
Classes of property, plant and equipment, net		
Property, plant and equipment, net	4,522,194,532	4,423,443,320
Works in progress, net	1,294,684,015	1,157,111,593
Land, net	121,564,629	120,662,471
Civil works, net	1,913,585,617	1,925,737,534
Buildings, net	112,458,847	113,577,576
Rolling stock, net	766,672,088	779,374,981
Electrical equipment, net	274,488,079	286,157,192
Machinery and equipment, net	23,587,105	24,535,587
Other, net	15,154,152	16,286,386
Classes of property, plant and equipment, gross		
Property, plant and equipment, gross	5,179,601,558	5,038,127,127
Works in progress, gross	1,294,684,015	1,157,111,593
Land, gross	121,564,629	120,662,471
Civil works, gross	2,086,147,416	2,086,147,489
Buildings, Gross	130,807,857	130,695,602
Rolling stock, gross	1,020,531,175	1,016,912,471
Electrical equipment, gross	467,983,754	467,866,502
Machinery and equipment, gross	42,728,560	42,444,613
Other, gross	15,154,152	16,286,386
Classes of accumulated depreciation and impairment, Property, plant and equipment		
Total accumulated depreciation and impairment, Property, plant and equipment	657,407,026	614,683,807
Accumulated depreciation of civil works	172,561,799	160,409,955
Accumulated depreciation of buildings	18,349,010	17,118,026
Accumulated depreciation of rolling stock	253,859,087	237,537,490
Accumulated depreciation of electrical equipment	193,495,675	181,709,310
Accumulated depreciation of machinery and equipment	19,141,455	17,909,026

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b) The detail of movements in property, plant and equipment for 2018 and 2017, is as follows:

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	24,535,588	16,286,385	4,423,443,320	
Movements	Additions	138,192,334	902,158	-	18,606	4,714,774	65,054	268,200	-	144,161,126
	Transfers	(619,912)	-	-	93,649	-	178,950	48,746	-	(298,567)
	Spare parts transfer	-	-	-	-	-	-	-	(1,059,391)	(1,059,391)
	Derecognition or sales	-	-	(73)	-	(43,520)	(72,291)	(20,783)	(72,843)	(209,510)
	Depreciation expenses	-	-	(12,151,844)	(1,230,984)	(17,374,147)	(11,840,826)	(1,244,645)	-	(43,842,446)
	Total movements	137,572,422	902,158	(12,151,917)	(1,118,729)	(12,702,893)	(11,669,113)	(948,482)	(1,132,234)	98,751,212
Closing balance as of June 30, 2018	1,294,684,015	121,564,629	1,913,585,617	112,458,847	766,672,088	274,488,079	23,587,106	15,154,151	4,522,194,532	

2017 movements	Works in progress	Land	Civil works	Buildings	Rolling stock	Electric equipment	Machinery and equipment	Other	Property, plant and equipment, net	
Opening balance at January 1, 2017	1,427,326,829	119,819,188	1,390,328,467	76,294,382	687,672,405	221,976,090	25,209,397	15,081,787	3,963,708,545	
Movements	Additions	526,512,061	923,162	-	178,411	11,716,730	120,242	664,855	117,919	540,233,380
	Transfers	(796,727,297)	-	555,021,015	39,232,006	111,760,186	85,023,980	1,149,719	-	(4,540,391)
	Spare parts transfers	-	-	-	-	-	-	-	1,086,679	1,086,679
	Derecognition or sales	-	(79,879)	-	-	(87,136)	(343,206)	(15,479)	-	(525,700)
	Depreciation expenses	-	-	(19,611,948)	(2,127,223)	(31,687,204)	(20,619,914)	(2,472,904)	-	(76,519,193)
	Total movements	(270,215,236)	843,283	535,409,067	37,283,194	91,702,576	64,181,102	(673,809)	1,204,598	459,734,775
Closing balance at December 31, 2017	1,157,111,593	120,662,471	1,925,737,534	113,577,576	779,374,981	286,157,192	24,535,588	16,286,385	4,423,443,320	

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

Item	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 June 30, 2018, the estimated balance to be executed for the authorized projects that are part of the Company's expansion plan amounts to approximately MCh\$441,015, composed of investment type in: MM\$151,087 Civil Works, MM\$108,276 Systems and Equipment and MM\$181,652 Rolling Stock, with term in the year 2023.

As of December 31, 2017, the estimated balance for executing the authorized projects that are part of the Company's expansion plan amounts to approximately MCh\$520,999 consisting, by investment type, of: MCh\$201,984 for Civil Works, MCh\$125,036 for Systems and Equipment and MCh\$193,979 for Rolling Stock, with term in the year 2023.

- f) Spare parts and accessories

As of June 30, 2018, spare parts and accessories and maintenance materials amounted to ThCh\$17,766,158 (ThCh\$18,825,549 in 2017). These amounts include spare parts that have remained idle for over four years, which resulted in an allowance for obsolescence of ThCh\$2,713,990 as of 2018 and 2017.

- 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\$24,825,118 as of June 30, 2018 (ThCh\$24,842,191 in 2017).

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 IFRS5.
3. The Company revalues the useful life of rolling stock NS74.

- h) Financing costs

During 2018, costs of capitalized interests of property, plant and equipment amounted to ThCh\$14,831,414 (ThCh\$36,440,739 in 2017).

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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\$22,789,528 as of June 30, 2018 (ThCh\$22,937,637 in 2017)

Investment property	Commercial stores	Land	Buildings	Total
Balance as of 01-01-2018	13,982,989	607,816	8,346,832	22,937,637
Increases and decreases	-	-	-	-
Depreciation for the period	(100,789)	-	(47,320)	(148,109)
Balance as of 06-30-2018	13,882,200	607,816	8,299,512	22,789,528

Investment property	Commercial stores	Land	Buildings	Total
Balance as of 01-01-2017	9,687,916	607,816	8,619,882	18,915,614
Increases and decreases	4,473,575	-	(178,410)	4,295,165
Depreciation for the year	(178,502)	-	(94,640)	(273,142)
Balance as of 12-31-2017	13,982,989	607,816	8,346,832	22,937,637

As established by IAS 40, an estimate of fair value must be disclosed for investment properties valued at the Cost Model. For this purpose, we have determined their calculation using internal valuations, based on discounted future projected cash flows. It is estimated that at June 30, 2018 this fair value amounts to ThCh\$120,446,248 (ThCh\$122,206,368 in 2017).

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	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Commercial stores	87,710,990	74,254,295
Land	24,671,783	39,551,579
Buildings	8,063,475	8,400,494
Total	120,446,248	122,206,368

Income and expenses from investment property as of June 2018 and 2017 is as follows:

	Accumulated		Quarter	
	01-01-2018	01-01-2017	04-01-2018	04-01-2017
Investment property income and expenses	06-30-2018	06-30-2017	06-30-2018	06-30-2017
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Commercial stores	3,221,874	3,046,162	1,502,131	1,437,518
Land	882,211	891,965	392,225	418,920
Buildings	358,297	348,501	173,907	190,654
Total rental income	4,462,382	4,286,628	2,068,263	2,047,092
Commercial stores (real estate tax)	(75,501)	(68,433)	(40,603)	(33,889)
Land (real estate tax)	(25,534)	(20,228)	(35,931)	(9,860)
Buildings (real estate tax)	(54,670)	(54,413)	(28,753)	(27,183)
Commercial stores (depreciation)	(100,789)	(74,262)	(50,394)	(28,689)
Buildings (depreciation)	(23,639)	(32,950)	(1,771)	(7,848)
Total lease expenses	(280,133)	(250,286)	(157,452)	(107,469)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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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 less or.

The future cash flow projections associated with commercial stores, land and buildings, based on a discount rate of 4.92% as of June 2018 (4.57% as of June 2017), are the following:

Item	06-30-2018	06-30-2017
	ThCLP\$	ThCLP\$
Commercial stores		
Up to 1 year	2,303,093	2,110,266
More than 1 year up to 5 years	19,986,551	18,491,953
More than 5 years	70,498,387	74,413,553
Land		
Up to 1 year	630,631	633,586
More than 1 year up to 5 years	5,472,702	5,552,020
More than 5 years	19,303,814	21,328,464
Buildings		
Up to 1 year	256,122	189,799
More than 1 year up to 5 years	2,222,658	1,663,179
More than 5 years	7,839,960	6,389,216
Total	128,513,918	130,772,036

10. Other financial assets, current and non-current

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

Item	06-30-2018		12-31-2017	
	Current	Non-current	Current	Non-current
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Financial investments, more than three months	196,792,295	-	145,038,270	-
Derivative transactions	4,031,732	563,560	3,382,956	1,043,400
Financial lease	127,651	1,645,111	46,551	1,626,957
Promissory notes receivable	-	658,665	-	583,469
Other accounts receivable	-	7,197	-	7,905
Total	200,951,678	2,874,533	148,467,777	3,261,731

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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Financial investments, over 3 months

Term deposits

Type of investment	Currency of origin	Capital in currency of origin in thousands	Annual rate average	Average maturity days	Capital in domestic currency ThCLP\$	Interest accrued in domestic currency ThCLP\$	Carrying amount 06-30-2018 ThCLP\$
Term deposits	CLP	112,431,421	2.88%	74	112,431,421	406,148	112,837,569
	USD	128,400.66	2.54%	63	83,615,793	338,933	83,954,726
Total					196,047,214	745,081	196,792,295

Type of investment	Currency of origin	Capital in currency of origin in thousands	Annual rate average	Average maturity days	Capital in domestic currency ThCLP\$	Interest accrued in domestic currency ThCLP\$	Carrying amount 12-31-2017 ThCLP\$
Term deposits	CLP	53,550,000	2.89%	10	53,550,000	402,096	53,952,096
	USD	147,724.94	1.95%	53	90,813,907	272,267	91,086,174
Total					144,363,907	674,363	145,038,270

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED
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Derivative transactions

Financial assets as of 06-30-2018

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	06-30-2018	1 to 3 years	06-30-2018
									ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	376,345	-	376,345	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	376,345	-	376,345	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	376,345	-	376,345	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	376,345	-	376,345	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	376,345	-	376,345	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	376,345	-	376,345	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	376,345	-	376,345	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	501,793	-	501,793	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	250,898	-	250,898	-	-
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	Francia	USD	4.19000%	half-yearly	268,281	-	268,281	563,560	563,560
Total									4,031,732	-	4,031,732	563,560	563,560

Financial assets as of 12-31-2017

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	12-31-2017	1 to 3 years	12-31-2017
									ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	236,851	-	236,851	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	Francia	USD	4.19000%	half-yearly	303,913	-	303,913	1,043,400	1,043,400
Total									3,382,956	-	3,382,956	1,043,400	1,043,400

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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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 IAS 17, it is a financial lease. For that reason, machinery and equipment was derecognized from property, plant and equipment and was recognized in accounts receivable at the time of adoption of IFRS.

Additionally, the present value of the lease installments pending from 2009 to 2034 was calculated, considering a 10% discount rate that is expressed in the respective lease agreement, producing a positive effect in the Company's shareholders' equity.

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 is no unguaranteed residual value amounts accrued in favor of the less or.

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

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

Outstanding future minimum lease payments	06-30-2018			12-31-2017		
	Gross Amount ThCLP\$	Interest ThCLP\$	Fair Value ThCh\$	Gross Amount ThCLP\$	Interest ThCLP\$	Current Value ThCh\$
Up to 1 year	205,990	78,339	127,651	194,456	147,905	46,551
More than 1 year up to 5 years	1,029,947	777,124	252,823	972,283	659,662	312,621
More than 5 years	2,059,895	667,607	1,392,288	1,944,565	630,229	1,314,336
Total	3,295,832	1,523,070	1,772,762	3,111,304	1,437,796	1,673,508

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

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

Other non-financial assets, current	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Prepaid expenses	57,634	127,218
Advance payments to suppliers and personnel	3,554,556	4,676,758
Other accounts receivable	1,059,417	947,497
Total	4,671,607	5,751,473

Other non-financial assets, non-current	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Funds allocated to pay for expropriations of new lines	27,674,763	20,094,640
VAT credit	6,694,516	6,987,984
Investment land under lease contracts	977,176	964,375
Advance for severance indemnities and other loans to personnel	1,524,585	1,294,666
Total	36,871,040	29,341,665

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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12. Other financial liabilities, current and non-current

This item comprises the following:

Item	06-30-2018		12-31-2017	
	Current	Non-current	Current	Non-current
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Interest-bearing loans	29,075,310	394,341,734	21,039,962	364,352,490
Bonds payable	60,719,863	1,596,122,793	55,250,607	1,565,945,325
Derivative transactions	2,875,598	9,212,789	2,440,950	6,505,986
Other	-	28,594	-	12,163
Total	92,670,771	1,999,705,910	78,731,519	1,936,815,964

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Half-yearly and equivalent interest-bearing loans as of 06-30-2018

Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Nominal and effective rate	Current			Non-current			
								Maturity		Total Current	Maturity			Total non-current
								Up to 90 days ThCLP\$	90 days - 1 year ThCLP\$	06-30-2018 ThCLP\$	1 to 3 years ThCLP\$	3 to 5 years ThCLP\$	Over 5 years ThCLP\$	06-30-2018 ThCLP\$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	Francia	Dólares	4.89%	1,031,964	24,569,548	25,601,512	81,305,364	46,836,703	98,691,165	226,833,232
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	Francia	Dólares	0.68%	588,380	2,190,649	2,779,029	8,282,715	5,264,904	7,253,514	20,801,133
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	Francia	Euros	2.00%	7,983	52,236	60,219	179,406	70,833	-	250,239
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japón	Dólares	4.00%	634,550	-	634,550	58,582,853	39,055,234	48,819,043	146,457,130
Total								2,262,877	26,812,433	29,075,310	148,350,338	91,227,674	154,763,722	394,341,734

Half-yearly and equivalent interest-bearing loans as of 12-31-2017

Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Nominal and effective rate	Current			Non-current			
								Maturity		Total Current	Maturity			Total non-current
								Up to 90 days ThCLP\$	90 days - 1 year ThCLP\$	12-31-2017 M\$	1 to 3 years ThCLP\$	3 to 5 years ThCLP\$	Over 5 years ThCLP\$	12-31-2017 ThCLP\$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	Francia	Dólares	4.04%	1,816,334	16,089,167	17,905,501	72,298,705	39,612,643	92,971,846	204,883,194
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	Francia	Dólares	0.68%	573,216	2,051,326	2,624,542	7,818,982	5,212,654	7,908,045	20,939,681
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	Francia	Euros	2.00%	7,797	50,781	58,578	174,411	91,593	6,336	272,340
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japón	Dólares	2.86%	-	451,341	451,341	46,085,758	36,868,607	55,302,910	138,257,275
Total								2,397,347	18,642,615	21,039,962	126,377,856	81,785,497	156,189,137	364,352,490

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 June 30, 2018 it has been fully used, leaving a principal balance of US\$36,181,936.03 (US\$38,301,763.03 in 2017).
- ✓ Loan from Natixis Bank (financial protocol of the French Government to the Chilean government) in the amount of €1,573,093.76. As of June 30, 2018 it has been fully used, leaving a principal balance of €407,777.17 (€447,104.14 in 2017).
- ✓ 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 June 30, 2018 it has been fully used, leaving a principal balance of US\$37,479,113.13 (US\$45,479,344.19 in 2017).
- ✓ 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 June 30, 2018, the amount of US\$348,575,738.96 has been used (US\$313,152,871.72 in 2017).

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This agreement establishes, for each calendar year, that a debt to equity ratio equal to or less than 1.70 times and a minimum equity of ThCh\$700 million be maintained. These restrictions must be calculated and determined with the Consolidated Financial Statements prepared at December 31 of each calendar year and submitted 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 June 30, 2018 US\$224,900,000.00 have been used (US\$224,900,000.00 in 2017).

This agreement establishes, for each calendar year, that a debt to equity ratio equal to or less than 1.70 times and a minimum equity of ThCh\$700 million be maintained. These restrictions must be calculated and determined with the Consolidated Financial Statements prepared at December 31 of each calendar year and submitted to the Financial Market Commission.

Bonds payable

The Company's domestic and foreign bonds as of 06-30-2018

Series	Tax ID Number Debtor	Entity	Country Debtor	Tax ID Number BANK	Banco RTB (*) and payer	Country	Currency	Nominal ratel	Effective rate	Type of amortization	current			Non-current			
											Maturity		Total current	Maturity			Total non-current
											Up to 90 days	90 days - 1 year	06-30-2018	1 to 3 years	3 to 5 years	Over 5 years	06-30-2018
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$			
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	half-yearly	5,103,308	2,851,671	7,954,979	17,110,025	26,377,955	36,806,165	80,294,145
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	half-yearly	1,425,835	1,832,757	3,258,592	8,555,012	13,188,978	18,947,637	40,691,627
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	half-yearly	4,935,765	1,810,585	6,746,350	16,295,262	15,616,293	52,204,628	84,116,183
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	half-yearly	4,121,081	1,810,585	5,931,666	15,389,970	10,863,508	64,362,933	90,616,411
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	half-yearly	1,267,410	1,724,379	2,991,789	10,139,275	7,604,455	47,856,449	65,600,179
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	half-yearly	2,000,552	860,028	2,860,580	6,450,208	5,160,166	33,626,706	45,237,080
G	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	4.5%	3.1%	half-yearly	2,180,873	1,267,412	3,448,285	8,238,162	7,604,456	57,778,554	73,621,172
H	61.219.000-3	Metro S.A.	Chile	97.038.000-K	Banco Santander	Chile	UF	4.3%	4.5%	half-yearly	2,982,292	2,715,877	5,698,169	8,114,090	-	-	8,114,090
I	61.219.000-3	Metro S.A.	Chile	97.038.000-K	Banco Santander	Chile	UF	4.7%	4.8%	half-yearly	1,658,224	3,518,292	5,176,516	21,109,750	14,073,167	38,186,775	73,369,692
J	61.219.000-3	Metro S.A.	Chile	97.038.000-K	Banco Santander	Chile	UF	4.5%	4.5%	half-yearly	-	577,477	577,477	18,105,829	14,484,663	75,670,116	108,260,608
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	half-yearly	1,545,012	-	1,545,012	-	-	137,502,247	137,502,247
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	maturity	-	202,832	202,832	-	-	40,421,165	40,421,165
M	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	2.9%	2.5%	half-yearly	957,461	-	957,461	-	-	111,176,617	111,176,617
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	4.8%	4.9%	maturity	6,315,380	-	6,315,380	-	-	322,416,377	322,416,377
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	5.0%	5.2%	maturity	7,054,775	-	7,054,775	-	-	314,685,200	314,685,200
					Total						41,547,968	19,171,895	60,719,863	129,507,583	114,973,641	1,351,641,569	1,596,122,793

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The Company's domestic and foreign bonds as of 12-31-2017

Series	Tax ID Number Debtor	Entity	Country Debtor	Tax ID Number BANK	Banco RTB (*) and payer	Country	Currency	Nominal rate	Effective rate	Type of amortization	current			Non-current			
											Maturity		Total current	Maturity			Total non-current
											Up to 90 days	90 days - 1 year	12-31-2017	1 to 3 years	3 to 5 years	Over 5 years	12-31-2017
ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$											
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	half-yearly	5,107,213	2,813,805	7,921,018	16,882,828	21,103,535	43,851,506	81,837,869
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	half-yearly	1,406,902	1,821,373	3,228,275	8,441,414	8,089,689	24,973,010	41,504,113
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	half-yearly	4,021,657	1,786,543	5,808,200	16,078,884	10,719,256	58,876,881	85,675,021
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	half-yearly	4,111,062	1,786,543	5,897,605	14,292,342	10,719,256	66,314,597	91,326,195
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	half-yearly	1,250,580	1,710,152	2,960,732	9,379,350	7,503,479	49,230,348	66,113,177
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	half-yearly	1,995,222	848,608	2,843,830	5,940,255	5,091,647	34,534,349	45,566,251
G	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	4.5%	3.1%	half-yearly	1,250,582	2,168,302	3,418,884	7,503,481	7,503,479	59,242,297	74,249,257
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	half-yearly	2,995,267	2,679,814	5,675,081	10,671,300	-	-	10,671,300
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	half-yearly	1,636,205	-	1,636,205	20,829,442	13,886,295	41,112,678	75,828,415
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	half-yearly	-	569,809	569,809	14,292,327	14,292,327	78,223,005	106,807,749
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	half-yearly	-	1,524,496	1,524,496	-	-	135,558,452	135,558,452
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	maturity	-	200,139	200,139	-	-	39,874,481	39,874,481
M	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	2.9%	2.5%	half-yearly	-	944,747	944,747	-	-	109,806,046	109,806,046
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	4.8%	4.9%	maturity	5,961,794	-	5,961,794	-	-	304,137,990	304,137,990
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	5.0%	5.2%	maturity	6,659,792	-	6,659,792	-	-	296,989,009	296,989,009
Total											36,396,276	18,854,331	55,250,607	124,311,623	98,908,963	1,342,724,739	1,565,945,325

(*) RTB: Bondholders' Representative,

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.

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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 in 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 in 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.

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.

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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 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.

Derivative transactions

Financial liabilities as of 06-30-2018

Tax ID No.	Entity	Country	Tax ID No.	Name	Country	Currency	Nominal rate	Type of amortization	Current			Non-current	
									Maturity		Total Current	Maturity	Total non-current
									Up to 90 days ThCLP\$	90 days - 1 year ThCLP\$	06-30-2018 ThCLP\$	Over 5 years ThCLP\$	06-30-2018 ThCLP\$
61.219.000-3	Metro S.A	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.66%	maturity	291,973	-	291,973	1,528,515	1,528,515
61.219.000-3	Metro S.A	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.59%	maturity	284,753	-	284,753	1,296,246	1,296,246
61.219.000-3	Metro S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	270,381	-	270,381	584,099	584,099
61.219.000-3	Metro S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	3.41%	maturity	264,911	-	264,911	625,436	625,436
61.219.000-3	Metro S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	3.44%	maturity	271,710	-	271,710	1,026,063	1,026,063
61.219.000-3	Metro S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	274,465	-	274,465	889,656	889,656
61.219.000-3	Metro S.A	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.45%	maturity	270,346	-	270,346	872,976	872,976
61.219.000-3	Metro S.A	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.50%	maturity	273,888	-	273,888	922,239	922,239
61.219.000-3	Metro S.A	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.50%	maturity	350,392	-	350,392	419,492	419,492
61.219.000-3	Metro S.A	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.73%	maturity	198,096	-	198,096	1,048,067	1,048,067
61.219.000-3	Metro S.A	Chile	59.046.320-5	BNP Paribas	Francia	USD	1.95%	half-yearly	124,683	-	124,683	-	-
Total									2,875,598	-	2,875,598	9,212,789	9,212,789

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Financial liabilities as of 12-31-2017

Tax ID No.	Entity	Country	Tax ID No.	Name	Country	Currency	Nominal rate	Type of amortization	Current			Non-current	
									Maturity		Total Current 12-31-2017 ThCLP\$	Maturity Over 5 years ThCLP\$	Total non-current 12-31-2017 ThCLP\$
									Up to 90 days ThCLP\$	90 days - 1 year ThCLP\$			
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.73%	maturity	195,465	-	195,465	873,687	873,687
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.66%	maturity	288,096	-	288,096	1,261,851	1,261,851
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.59%	maturity	280,972	-	280,972	1,030,215	1,030,215
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	266,790	-	266,790	330,611	330,611
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.41%	maturity	261,394	-	261,394	362,609	362,609
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.44%	maturity	268,103	-	268,103	754,421	754,421
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	270,820	-	270,820	627,941	627,941
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.45%	maturity	266,756	-	266,756	606,388	606,388
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.50%	maturity	270,251	-	270,251	658,263	658,263
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	Francia	USD	1.00%	half-yearly	72,303	-	72,303	-	-
Total									2,440,950	-	2,440,950	6,505,986	6,505,986

Reconciliation of financial liabilities derived from financing activities.

Item	Balance as of 12-31-2017	Cash flows from financing activities		Changes that have no effect on cash flow from financing activities			Balance as of 06-30-2018
		From	Used	Exchange rate differences	Changes in Fair Value	Other	
Interest-bearing loans	385,392,452	21,388,336	(10,291,026)	22,541,171	-	4,386,111	423,417,044
Bonds	1,621,195,932	-	(41,223,529)	49,491,612	-	27,378,641	1,656,842,656
Derivative transactions	8,946,936	-	(3,484,813)	-	6,626,264	-	12,088,387
Total	2,015,535,320	21,388,336	(54,999,368)	72,032,783	6,626,264	31,764,752	2,092,348,087

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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13. Other non-financial liabilities, current and non-current

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

Current	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Real estate tax	5,166,937	4,215,006
Deferred income	947,179	738,578
Guarantees received:	13,789,147	13,570,893
Total	19,903,263	18,524,477

Non-Current	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Deferred income (*)	3,087,230	3,165,020
Total	3,087,230	3,165,020

(*) Corresponds to long-term operational leases.

14. Balances and transactions with related parties

Notes and accounts receivable:

As of June 30, 2018 and December 31, 2017, the Company records no outstanding balances of receivables from related parties.

Notes and accounts payable:

These are contributions received from the Government of Chile for network expansion projects. As of June 30, 2018, contributions pending capitalization amounted to ThCh\$153.515.684 (there are no contributions pending capitalization in 2017).

Transactions:

During the first half of 2018, the company received contributions from the Chilean Treasury for ThCh\$153.515.684 and during the first half of 2017 the contributions amounted to ThCh\$150,000,000.

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).

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

Directors' income are as follows:

Directors' income	Accumulated		Quarter	
	06-30-2018	06-30-2017	04-01-2018	04-01-2017
			06-30-2018	06-30-2017
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Fixed remuneration	79,625	71,945	43,048	35,804
Variable remunerations	30,939	31,326	14,065	15,232
Total	110,564	103,271	57,113	51,036

Board of Directors' expenses

During the first half of 2018, airplane ticket expenses amounted to ThCh\$534 (there was no expenditure in 2017).

During the first half of 2018, per Diem travel allowance expenses was ThCh\$910 (there was no expenditure in 2017).

Remunerations of the General Manager and Other Managers:

During the first half of 2018, the compensation paid to the General Manager amounted to ThCh\$137,039 (ThCh\$129,158 as of June 2017) and compensation paid to Other Managers amounted to ThCh\$1,625,853 (ThCh\$1,281,951 as of June 2017).

15. Trade and other payables

This item comprises the following:

Current Liabilities	06-30-2018 ThCLP\$	12-31-2017 ThCLP\$
Debts for purchases or services received	71,966,287	61,377,509
Accounts payable to Transantiago system	12,049,374	8,125,730
Withholdings	1,730,357	2,725,041
Supplier of property, plant and equipment	52,969,540	69,855,119
Megaproject contract withholding	4,779,775	4,674,308
Other payables	393,235	868,068
Total	143,888,568	147,625,775

Non Current Liabilities	06-30-2018 ThCLP\$	12-31-2017 ThCLP\$
Megaproject contract retentions	378,304	326,515
Total	378,304	326,515

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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16. Segment information

The Company reports segmented information in accordance with what is established in IFRS 8 "Operating Segments," IFRS 8 stipulates that this Standard must be applied by entities with capital stock or debt securities of which are publicly traded or by entities that are in the process of issuing securities to be traded 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 modes, and surface transport services by bus or vehicles of any technology, as well as those annexed to said line of business, being able to constitute or participate in companies and carry out any act or operation related to the corporate purpose and its 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, 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.

17. Employee benefits

Current

Item	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Accrued vacations	5,005,120	3,918,370
Employee benefit obligations	2,360,593	2,424,557
Production bonus obligations	3,124,557	6,681,546
Total	10,490,270	13,024,473

Non-current

Item	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Provision for dismissal	13,984,896	14,114,928
Provision for resignations	49,109	52,559
Provision for mortality	705,832	747,758
Advance for severance indemnity payments	(1,735,846)	(1,723,878)
Total	13,003,991	13,191,367

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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Movements in severance indemnity payments for the period ended June 30, 2018 and 2017 are detailed as follows:

Item	ThCLP\$
Liabilities as of 01.01.2018	13,191,367
Service interest	339,856
Benefits paid	(741,452)
Actuarial profit (loss)	214,220
Liabilities as of 06.30.2018	13,003,991

Item	ThCLP\$
Liabilities as of 01.01.2017	13,519,115
Service interest	629,761
Benefits paid	(704,286)
Actuarial profit (loss)	(253,223)
Liabilities as of 12.31.2017	13,191,367

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:

2018

Items	Increase	Base	Decrease	Increase	Decrease
				ThCLP\$	ThCLP\$
Discount rates (change of 0.5)	5.430%	4.930%	4.430%	12,765,485	13,298,512
Increase in salary (change of 0.5)	4.530%	4.030%	3.530%	13,296,408	12,721,837
Labor turnover (25% change)	1.813%	1.450%	1.088%	12,995,136	13,013,236
Mortality rate (25% change)	25.00%	CB14 y RV14	-25.00%	12,993,460	13,014,675

2017

Items	Increase	Base	Decrease	Increase	Decrease
				ThCLP\$	ThCLP\$
Discount rates (change of 0.5)	4.650%	5.150%	5.650%	12,939,886	13,451,546
Increase in salary (change of 0.5)	4.530%	4.030%	3.530%	13,502,083	12,981,718
Labor turnover (25% change)	1.813%	1.450%	1.088%	13,184,282	13,198,835
Mortality rate (25% change)	25.00%	CB14 y RV14	-25.00%	13,181,135	13,201,757

Projection of the actuarial calculation for the following year:

The projected calculation for the following year amounts to ThCh\$13,589,568.

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\$101,262 as of June 30, 2018 (ThCh\$81,256 as of June 30, 2017).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED AS OF JUNE 30, 2018, 2017 AND DECEMBER 31, 2017
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Opening for actuarial revaluation of obligations:

The Company revalued its obligations as of June 30, 2018, determining a profit due to the update of financial parameters of ThCh\$868,530 (profit of ThCh\$228,758 as of June 30, 2017) and a loss due to experience of ThCh\$1.082.750 (loss of ThCh\$366.840 as of June 30, 2017).

Item/Profit (loss)	06-30-2018	06-30-2017
	ThCLP\$	ThCLP\$
Revaluation of financial parameters	868,530	228,758
Revaluation due to experience	(1,082,750)	(366,840)
Total deviation for the period	(214,220)	(138,082)

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 indemnity:

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.

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2. Employee turnover:

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

Reason	Rate %
Dismissal	1.26
Resignation	0.12
Other	0.07

3. Discount rate:

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

Year	Rate %
12-31-2017	2.09
06-30-2018	1.87

4. Termination:

The estimated maximum average termination ages are:

Concept	Age
Women	62 years
Men	68 years

18. Income tax

The Company had a negative first category (corporate) tax base of ThCh\$1,029,539,440 as of June 2018, ThCh\$935,063,104 as of December 2017 and ThCh\$942,891,704 as of June 2017 determined in accordance with current legal provisions, therefore no income tax provision has been recognized as of these dates.

Because the Company has consistently recorded tax losses since the 1996 taxable year, the Company considers that it is unlikely that there will be sufficient future taxable profits to allow it to reverse the deferred tax assets, therefore these have been recognized up to the amount of deferred tax liabilities(1).

Temporary Difference	Tax assets		Tax liabilities	
	06-30-2018	12-31-2017	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Provision for impairment of accounts receivable	198,168	188,192	-	-
Deferred revenue	1,008,602	975,899	-	-
Accrued vacations	1,251,280	979,593	-	-
Severance indemnity	1,617,945	1,601,702	-	-
Provision for lawsuits	321,471	436,115	-	-
Maintenance provision	776,787	780,509	-	-
Provision for employee benefits	590,148	606,139	-	-
Provision for spare parts	678,498	678,498	-	-
Irrecoverable VAT credit for extensions	-	-	31,018,591	30,560,188
Capitalized expenses	-	-	49,908,438	44,435,439
Property, plant and equipment	116,457,456	101,218,958	-	-
Tax loss	257,384,860	233,765,776	-	-
Other	3,825,564	3,601,562	-	-
Subtotal	384,110,779	344,832,943	80,927,029	74,995,627
Deferred tax assets, net	303,183,750	269,837,316	-	-
Reduction of deferred tax assets (1)	(303,183,750)	(269,837,316)	-	-
Deferred taxes, net	-	-	-	-

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19. Provisions, contingencies and guarantees

As of June 30, 2018 and December 31, 2017, 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:

Other short-term provisions	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Provision for lawsuits	1,285,884	1,744,461
Total	1,285,884	1,744,461

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:

Item	Amount
	ThCLP\$
Balance 01.01.2017	630,590
Accrued provisions	4,138,030
Cash payments	(3,024,159)
Balance 12.31.2017	1,744,461
Accrued provisions	846,856
Cash payments	(1,305,433)
Balance 06.30.2018	1,285,884

Direct guarantees

The guarantees granted by the Company are in UF and U,S, dollars, expressed in thousands of Chilean pesos as of June 30, 2018, are according to the following detail.

Type of guarantee	N° of guarantee	Issuing entity	Currency	Amount	Beneficiary	Issue date	Maturity date	Status	Amount ThCLP\$
Performance bond	123830	BBVA	UF	1,000	Subsecretaría de Transportes	08-09-2017	10-02-2018	Valid	27,159
Performance bond	123831	BBVA	UF	5,000	Subsecretaría de Transportes	08-09-2017	10-02-2018	Valid	135,794
Performance bond	123832	BBVA	UF	5,000	Subsecretaría de Transportes	08-09-2017	10-02-2018	Valid	135,794
Performance bond	123833	BBVA	UF	5,000	Subsecretaría de Transportes	08-09-2017	10-02-2018	Valid	135,794
Performance bond	123834	BBVA	UF	5,000	Subsecretaría de Transportes	08-09-2017	10-02-2018	Valid	135,794
Performance bond	123835	BBVA	UF	5,000	Subsecretaría de Transportes	08-09-2017	10-02-2018	Valid	135,794
Performance bond	123836	BBVA	UF	5,000	Subsecretaría de Transportes	08-09-2017	10-02-2018	Valid	135,794
Performance bond	123837	BBVA	UF	5,000	Subsecretaría de Transportes	08-09-2017	10-02-2018	Valid	135,794
Performance bond	123838	BBVA	UF	5,000	Subsecretaría de Transportes	08-09-2017	10-02-2018	Valid	135,794
Performance bond	123839	BBVA	UF	5,000	Subsecretaría de Transportes	08-09-2017	10-02-2018	Valid	135,794
Performance bond	123840	BBVA	UF	5,000	Subsecretaría de Transportes	08-09-2017	10-02-2018	Valid	135,794
Performance bond	141234	BBVA	UF	22,500	Total Sunpower El Pelicano SPA	10-18-2017	11-17-2018	Valid	611,072
Performance bond	127926	Itau Corpbanca	UF	10,000	Enel Distribución Chile S.A.	12-15-2017	11-19-2018	Valid	271,588
Performance bond	1006397	Banco Santander	UF	1,128	Director General de Obras Públicas	11-07-2016	12-31-2018	Valid	30,635
Performance bond	292112	Banco Santander	UF	150	Constructora San Francisco S.A.	01-03-2014	12-31-2018	Valid	4,074
Performance bond	2418409	Banco Santander	US\$	100,000	Enorchile S.A.	04-03-2018	03-31-2019	Valid	65,121
Performance bond	142987	BBVA	UF	10,000	San Juan S.A.	02-05-2018	04-01-2019	Valid	271,588
Performance bond	133014	Itau Corpbanca	UF	8,313.8	Junaeb	02-08-2018	07-01-2019	Valid	225,793
Performance bond	390834	Banco Santander	UF	150.00	Aguas Andina S.A.	05-24-2018	08-31-2019	Valid	4,074

As of the closing date of the Interim Consolidated Financial Statements, there are no balances pending

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payment, since they are Performance Guarantees.

20. Changes in equity

2017 Capital increase

At the Extraordinary Shareholders' Meeting held on December 28, 2017, the shareholders of the Company agreed to:

- ✓ Increase the issued and fully-paid capital of the Company by capitalizing government contributions of ThCh\$231,642,246 at a nominal value, intended for financing Lines 6 and 3 and investing in improvements for Metro Network and debt service, through the issuance of 7,667,734,043 Series A shares subscribed and fully-paid by Government and CORFO at pro rata of their interests and ownership percentage.

At September 26, 2017, CORFO paid the fiscal contributions signed on June 22, 2017.

At an Extraordinary Shareholders' Meeting held on June 22, 2017, the shareholders of the Company agreed to:

- ✓ Increase the issued and fully-paid capital of the Company by capitalizing government contributions of ThCh\$108,150,000 at a nominal value, intended for financing Lines 2 and 3 extensions and projects to strengthen the Metro Transportation System, through the issuance of 3,617,056,856 Series A shares that will be subscribed and fully-paid by CORFO no later than December 31, 2017.

a. Capital

As of June 30, 2018 and December 31, 2017, the capital of the Company is represented by 66,742,385,146 and 19,163,677,063 Series A and B nominative shares with no par value, respectively, with 55,385,920,183 shares corresponding to CORFO and 30,520,142,026 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.

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Shareholders are detailed as follows:

Shareholders	06-30-2018		12-31-2017	
	Number of shares and percentages			
	Subscribed and paid shares	Ownership %	Subscribed and paid shares	Ownership %
Corporación de Fomento de la Producción	55,385,920,183	64.47%	55,385,920,183	64.47%
Chilean Treasury - Ministry of Finance	30,520,142,026	35.53%	30,520,142,026	35.53%
Total	85,906,062,209	-	85,906,062,209	-
Corporación de Fomento de la Producción				
Series A	43,282,448,877	-	43,282,448,877	-
Series B	12,103,471,306	-	12,103,471,306	-
Total	55,385,920,183	-	55,385,920,183	-
Chilean Treasury - Ministry of Finance				
Series A	23,459,936,269	-	23,459,936,269	-
Series B	7,060,205,757	-	7,060,205,757	-
Total	30,520,142,026	-	30,520,142,026	-

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 23, 2018, the shareholders resolved not to distribute net income or 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 June 30, 2018 and 2017, respectively, is as follows:

Subsidiary	Percentage Non-controlling interest		Non-controlling interest equity		Share of profit or loss income (expense)	
	2018	2017	2018	2017	2018	2017
	%	%	ThCLP\$	ThCLP\$	ThCLP\$	ThCLP\$
Transub S.A.	33.33	33.33	(10,645)	(10,645)	-	-

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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 Circular 456 issued by the Financial Market Commission:

Other reserves	06-30-2018 ThCLP\$	12-31-2017 ThCLP\$
Price-level adjustment of paid-in capital	30,336,377	30,336,377
Revaluation surplus	3,042,584	3,042,584
Total	33,378,961	33,378,961

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 June 30, 2018 and 2017, revenue is detailed as follows:

Revenue	Accumulated		Quarter	
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	04-01-2018 06-30-2018 ThCLP\$	04-01-2017 06-30-2017 ThCLP\$
Revenue from passenger transport services	151,454,494	128,711,534	81,994,062	69,123,756
Sales channel income	24,777,969	20,589,667	13,066,076	11,355,051
Lease of commercial stores, and commercial and advertising spaces	7,652,875	7,583,211	3,879,697	3,803,616
Lease in inter-modal terminals	879,845	827,748	438,840	413,174
Lease of spaces for telephone and fiber optic antennas	3,287,694	2,969,975	1,822,164	1,631,903
Lease of land	360,663	412,718	178,667	196,400
Advisory services	62,978	106,796	62,978	106,796
Other	293,621	321,403	226,320	151,264
Total	188,770,139	161,523,052	101,668,804	86,781,960

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Other income, by function

For the periods ended as of June 30, 2018 and 2017, other income by function is detailed as follows:

Other income by function	Accumulated		Quarter	
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	04-01-2018 06-30-2018 ThCLP\$	04-01-2017 06-30-2017 ThCLP\$
Income from fines and indemnities	623,996	225,480	369,329	135,495
Welfare income	239,872	217,732	111,001	39,266
Sale of proposals	48,770	7,842	40,282	3,942
Other income	329,336	207,721	121,815	157,801
Total	1,241,974	658,775	642,427	336,504

Expenses by nature:

Cost of sales, administrative expenses and other expenses by function for the periods ended as of June 30, 2018 and 2017, is detailed as follows:

Expense by nature	Accumulated		Quarter	
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	04-01-2018 06-30-2018 ThCLP\$	04-01-2017 06-30-2017 ThCLP\$
Employee expenses	44,055,927	41,042,533	22,314,763	23,471,360
Operation and maintenance expenses	34,499,327	27,875,641	17,567,109	15,494,715
Purchase of energy	20,700,961	21,343,768	11,901,475	11,406,146
General and other expenses	28,260,451	27,952,113	14,864,598	13,394,959
Depreciation and amortization	44,157,354	36,622,804	22,216,041	18,280,542
Total	171,674,020	154,836,859	88,863,986	82,047,722

Personnel expenses:

For the periods ended as of June 30, 2018 and 2017, personnel expenses is detailed as follows:

Employee expenses	Accumulated		Quarter	
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	04-01-2018 06-30-2018 ThCLP\$	04-01-2017 06-30-2017 ThCLP\$
Salaries and wages	31,187,415	27,473,344	15,700,929	13,904,516
Other Benefits	9,806,701	11,228,842	5,650,490	8,597,425
Expenses for social security and collective bargaining benefits	1,675,851	1,052,594	438,841	372,658
Social security contribution	1,385,960	1,287,753	524,503	596,761
Total	44,055,927	41,042,533	22,314,763	23,471,360

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Maintenance and operating expenses:

For the periods ended as of June 30, 2018 and 2017, maintenance and operating expenses is detailed as follows:

Operation and maintenance expenses	Accumulated		Quarter	
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	04-01-2018 06-30-2018 ThCLP\$	04-01-2017 06-30-2017 ThCLP\$
Maintenance of rolling stock, stations and other	28,509,537	22,058,775	14,161,486	11,374,277
Spare parts and materials	4,972,073	4,645,829	2,726,028	3,300,942
Repairs, leases and other	1,017,717	1,171,037	679,595	819,496
Total	34,499,327	27,875,641	17,567,109	15,494,715

General and other expenses:

For the periods ended as of June 30, 2018 and 2017, general and other expenses is detailed as follows:

General and other expenses	Accumulated		Quarter	
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	04-01-2018 06-30-2018 ThCLP\$	04-01-2017 06-30-2017 ThCLP\$
Service contracts	12,265,841	12,017,798	6,540,110	6,391,073
Real estate taxes	1,998,203	1,981,966	994,353	990,983
Corporate image expenses	816,774	522,604	491,104	325,792
Sales channel operator expense	11,000,281	9,831,272	5,602,647	5,194,015
Insurance, materials and other	2,179,352	3,598,473	1,236,384	493,096
Total	28,260,451	27,952,113	14,864,598	13,394,959

Depreciation and amortization:

For the periods ended as of June 30, 2018 and 2017, depreciation and amortization is detailed as follows:

Depreciation, amortization	Accumulated		Quarter	
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	04-01-2018 06-30-2018 ThCLP\$	04-01-2017 06-30-2017 ThCLP\$
Depreciation	43,990,555	36,464,448	22,126,296	18,202,058
Amortization	166,799	158,356	89,745	78,484
Total	44,157,354	36,622,804	22,216,041	18,280,542

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Financial result and exchange differences:

The Company's financial result and exchange differences for the periods ended June 30, 2018 and 2017, is detailed as follows:

Finance income (costs)	Accumulated		Quarter	
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	04-01-2018 06-30-2018 ThCLP\$	04-01-2017 06-30-2017 ThCLP\$
Finance income				
Interest from cash and cash equivalents	3,846,993	4,055,160	2,097,428	2,225,895
Finance income from swaps	-	1,093,669	-	534,191
Other finance income	156,162	119,473	104,793	51,448
Subtotal	4,003,155	5,268,302	2,202,221	2,811,534
Financial expenses				
Interest and expenses on bank loans	(3,416,245)	(3,122,888)	(1,928,499)	(1,500,819)
Interest and expenses on bonds	(27,001,224)	(23,409,160)	(13,588,780)	(11,836,864)
Other financial costs	(913,249)	(633,027)	(212,340)	(531,191)
Subtotal	(31,330,718)	(27,165,075)	(15,729,619)	(13,868,874)
Profit (loss) from financial result	(27,327,563)	(21,896,773)	(13,527,398)	(11,057,340)

Foreign currency translation and indexation units	Accumulated		Quarter	
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	04-01-2018 06-30-2018 ThCLP\$	04-01-2017 06-30-2017 ThCLP\$
Foreign currency translation difference				
Profit (loss) from exchange differences (foreign loans, bonds and investments)	(55,129,100)	5,270,083	(70,780,843)	(245,234)
Total foreign currency translation difference	(55,129,100)	5,270,083	(70,780,843)	(245,234)
Indexation units				
Profit (loss) from Indexation unit (bonds)	(13,144,098)	(12,012,653)	(7,252,612)	(7,289,282)
Total indexation units	(13,144,098)	(12,012,653)	(7,252,612)	(7,289,282)

Other profit (losses):

Other profit (losses) of the Company for the periods ended as of June 30, 2018 and 2017, is detailed as follows:

Other income (expenses)	Accumulated		Quarter	
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	04-01-2018 06-30-2018 ThCLP\$	04-01-2017 06-30-2017 ThCLP\$
Net present value of swap USD	5,033,933	2,948,992	2,596,656	1,490,004
Net present value of swap UF	(6,626,265)	(4,174,592)	5,688,492	(1,799,293)
Net present value VAT	215,377	(876,762)	326,216	(564,254)
Total	(1,376,955)	(2,102,362)	8,611,364	(873,543)

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Other comprehensive income:

For the periods ended as of June 30, 2018 and 2017, other comprehensive income is detailed as follows:

Other comprehensive income	Accumulated		Quarter	
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	04-01-2018 06-30-2018 ThCLP\$	04-01-2017 06-30-2017 ThCLP\$
	Actuarial profit (loss) on defined benefit plans:	(214,220)	(138,082)	(85,055)
Total	(214,220)	(138,082)	(85,055)	60,404

22. Third-party guarantees

Guarantees received as of June 30, 2018, are detailed as follows:

Grantor	Guarantee amount ThCLP\$	Originating operation	Relationship
Abengoa Chile S.A.	7,983,353	Services contract	Supplier
Alstom	11,223,775	Services contract	Supplier
Alstom Chile S.A.	189,680,544	Services contract	Supplier
Alstom Transport S.A.	52,448,659	Services contract	Supplier
Arrigoni Ingeniería y Construcción	5,323,822	Services contract	Supplier
Besalco Dragados Grupos 5 y 6	50,541,870	Services contract	Supplier
Bitelco Diebold Chile Ltda.	3,225,481	Services contract	Supplier
Bureau Veritas Chile S.A.	2,172,702	Services contract	Supplier
CAF Chile S.A.	756,788,852	Services contract	Supplier
Colas Rail Establecimiento Permanente	22,112,379	Works contract	Supplier
Construcciones Piques y Tuneles	23,829,727	Services contract	Supplier
Consorcio Acciona -Brotec -Icafal S.A.	13,133,415	Services contract	Supplier
Consorcio Copisa Chile SPA	3,269,329	Supply contract	Supplier
Consorcio EI-OSSA S.A.	19,525,714	Works contract	Supplier
Construcción y Auxiliar de Ferrocarriles	227,600,830	Works contract	Supplier
Constructora Jorge Orellana Lavanderos	9,248,971	Works contract	Supplier
Construcciones Especializadas	9,750,472	Works contract	Supplier
EME Servicios Generales Ltda.	1,627,861	Services contract	Supplier
ETF	23,060,780	Services contract	Supplier
ETF Agencia en Chile	86,862,745	Services contract	Supplier
Eulen Seguridad S.A.	2,039,841	Services contract	Supplier
Faiveley Transport Far East	5,121,342	Services contract	Supplier
Ferrostal Chile S.A.	7,835,773	Services contract	Supplier
Ferrovial Agroman Chile S.A.	39,721,509	Services contract	Supplier
Indra Sistemas Chile S.A.	58,398,787	Services contract	Supplier
ISS Servicios Integrales Limitada	3,463,789	Services contract	Supplier
Securitas S.A.	1,811,538	Services contract	Supplier
Servicio de Aseo y Jardines Maclean	4,368,750	Services contract	Supplier
SGS Chile Ltda.	3,324,104	Services contract	Supplier
Sice Agencia Chile S.A.	41,799,745	Services contract	Supplier
Sociedad de Mantenición e Instalaciones Técnicas	4,043,701	Services contract	Supplier
Soler y Palau S.A.	48,500,678	Services contract	Supplier
Strukton International	3,405,764	Works contract	Supplier
Systra	2,378,070	Services contract	Supplier
Thyssenkrupp Elevadores S.A.	38,511,980	Services contract	Supplier
Valoriza Facilities S.A.	2,908,736	Services contract	Supplier
Other	53,488,438	Services contract	Supplier
TOTAL	1,840,533,826		

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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.

Secondary activities to the Company's main line of business include collection of transportation fees and sale of means of payment (Tarjeta Bip and tickets), leasing of advertising spaces, and leasing of business premises at the network stations, among others.

Fares

On February 10, 2007, the Company became part of the Integrated Public Passenger Transport System of Santiago, which is referred to as Transantiago, and its fare revenue was originally based on the effectively confirmed number of passengers transported and the technical fare established in Exhibit 1 of the Tender Documents for the Use of the Thoroughfares of the City of Santiago.

On December 14, 2012 a new transportation agreement was signed by the Company with the Ministry of Transportation and Telecommunications of Chile to replace the aforementioned Exhibit 1, which established a flat-rate technical fare of CLP\$302.06 per confirmed transported passenger, taking September 2012 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 June 2018, customers paid CLP\$760 at peak hours, CLP\$680 at valley hours and CLP\$630 at low hours, whereas on average the Company received a technical fare of CLP\$427.54 per passenger.

Beginning on July 1, 2013, the supplementary contract for issuance and post-sale of means of access and provision of the network for sales and charge of the means of access to the Santiago public transportation system entered into by and between the Ministry of Transportation and Telecommunication of Chile and Metro S.A., became effective.

Demand

To date, the Company is the structuring pillar of the Integrated Public Passenger Transport System (Transantiago) and as of June 2018 reached a level of 2.38 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 June 2018, there was an increase of 23.06 million trips, a positive variation

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of 7.1% compared to the same date in 2017, explained above mainly by the increase in traffic due to the entry into operation of Line 6 (November 2017).

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.

To reduce the Company's exposure to financial debt denominated in US dollars and to interest rate changes, the Company has implemented a financial risks economic hedge policy. As part of this policy, the Company performed derivative cross currency swap ("CCS") transactions, reaching a balance of MUS\$300 as of June 30, 2018 (MUS\$260 as of December 31, 2017), which do not meet the hedge accounting criteria.

In January 2017, Metro S.A. issued a bond for MMUSD500 for the second time on the international market for a 30-year term at a rate of 5.151%, highlighting the high degree of participation of foreign investors, which reached an over-demand of eight times the amount of the issue.

Particularly, the Company is exposed to two market risks, which are: interest rate risk and foreign currency exchange risk.

Interest rate risk

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

In order to mitigate the risks of fluctuations in interest rates, the Company has contracted derivative transactions (Cross Currency Swap) with an underlying bond at a fixed rate in US dollars.

As of June 2018, the share of the debt at a variable rate records a significant change with respect to December 2017, as indicated in the following table:

Detail of debt	06-30-2018 %	12-31-2017 %
Fixed rate	80.6	81.9
Variable rate	19.4	18.1
Total	100.0	100.0

In conducting a sensitivity analysis as of June 30, 2018 on the net debt at a variable Libor rate, not hedged by current derivatives, which amounts to MUS\$573 (MUS\$582 as of December 31, 2017), 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

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MUS\$6.1 (MUS\$5.8 as of December 31, 2017).

Sensitivity analysis	Equivalent in	Total
	MUS\$	%
Total Debt (equivalent to MUS\$)	3,151	100%
Debt at LIBOR rate	573	
IRS	37	
Total Debt at Variable Rate	610	19%
CCS (Fixed Rate)	(300)	
Total Debt at Fixed Rate	2,541	81%

Variation in Financial Expenses	MCLP\$	Equivalent in MUS\$
Impact on financial expenses of a variation of 100 basis points in LIBOR	3,975	6.1

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 June 30, 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	06-30-2018				12-31-2017			
	Original currency	Equivalent in MUS\$	%	Original currency	Equivalent in MUS\$	%		
Debt in UF	ThUF	43,163	1,800	57%	ThUF	42,770	1,864	58%
Debt in USD	MUSD	1,351	1,351	43%	MUSD	1,353	1,353	42%
Total Financial Debt			3,151	100%			3,217	100%

As of June 30, 2018, the structure of the financial debt is divided into UF (57%) and US dollars (43%).

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 June 30, 2018, 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\$87,978,471 would arise.

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Sensitivity analysis Effect on profit or loss as of June 2018	10% Depreciation ThCLP\$	10% Appreciation ThCLP\$
Impact of variation of 10% in Ch / USD exchange rate	(87,978,471)	87,978,471

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\$35,167,620.

Sensitivity analysis Effect on profit or loss as of June 2018	3% Appreciation ThCLP\$
Impact of variation of 3% in UF	(35,167,620)

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 80% of total revenue.

Additionally, the Company has properly approved bank credit lines, 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 ThCLP\$	1 to 3 years ThCLP\$	3 to 5 years ThCLP\$	5 years and beyond ThCLP\$	Total ThCLP\$
Capital	59,832,644	295,025,141	313,068,382	1,384,655,307	2,052,581,474
Interest	88,602,845	216,962,362	372,743,558	363,901,975	1,042,210,740
Total	148,435,489	511,987,503	685,811,940	1,748,557,282	3,094,792,214

Financial liability structure

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

Financial Liabilities	06-30-2018				
	Up to 1 year ThCLP\$	1 to 3 years ThCLP\$	3 to 5 years ThCLP\$	5 years and beyond ThCLP\$	Total ThCLP\$
Interest-bearing loans	29,075,310	148,350,338	91,227,674	154,763,722	423,417,044
Bonds payable	60,719,863	129,507,583	114,973,641	1,351,641,569	1,656,842,656
Derivative transactions	2,875,598	-	-	9,212,789	12,088,387
Total	92,670,771	277,857,921	206,201,315	1,515,618,080	2,092,348,087

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Financial Liabilities	12-31-2017				
	Up to 1 year ThCLP\$	1 to 3 years ThCLP\$	3 to 5 years ThCLP\$	5 years and beyond ThCLP\$	Total ThCLP\$
Interest-bearing loans	21,039,962	126,377,856	81,785,497	156,189,137	385,392,452
Bonds payable	55,250,607	124,311,623	98,908,963	1,342,724,739	1,621,195,932
Derivative transactions	2,440,950	-	-	6,505,986	8,946,936
Total	78,731,519	250,689,479	180,694,460	1,505,419,862	2,015,535,320

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 June 30, 2018 are detailed as follows.

	Book Value ThCLP\$	Fair Value ThCLP\$
Loans	423,417,044	456,433,855
Bonds	1,656,842,656	1,851,020,497

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

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 80% of the Company's revenue is received daily in cash, whereas the remaining 20% corresponds to income not related to the main business.

The maximum exposure to credit risk arises from trade receivables.

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Trade and other receivables	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Trade receivables, gross	2,326,932	2,930,697
Impairment of Trade receivables	(792,670)	(752,768)
Trade receivables, net	1,534,262	2,177,929
Sales channel accounts receivable, net	7,912,707	4,566,117
Other receivables, net	1,830,158	1,999,299
Total	11,277,127	8,743,345

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.

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

Age of trade receivables, net	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Less than 3 month	1,281,104	1,880,655
3 months to 1 year	66,947	87,918
More than 1 year	186,211	209,356
Total	1,534,262	2,177,929

Age of Sales channel accounts receivable, net	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Less than 3 months	7,797,220	4,115,793
3 months to 1 year	107,215	444,012
More than 1 year	8,272	6,312
Total	7,912,707	4,566,117

Age of Other receivables, net	06-30-2018	12-31-2017
	ThCLP\$	ThCLP\$
Less than 3 months	496,519	554,765
3 months to 1 year	1,333,639	1,444,534
Total	1,830,158	1,999,299

Financial assets

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

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As of June 30, 2018 and December 31, 2017, this item comprises the following:

Financial Assets	06-30-2018		
	Up to 1 year	1 to 5 years	Total
	ThCLP\$	ThCLP\$	ThCLP\$
Cash and Cash Equivalents			
Cash	2,132,884	-	2,132,884
Term deposits	127,535,081	-	127,535,081
Repurchase agreements	6,033,677	-	6,033,677
Subtotal	135,701,642	-	135,701,642
Other financial assets			
Financial Investments	196,792,295	-	196,792,295
Derivative transactions	4,031,732	563,560	4,595,292
Financial lease	127,651	1,645,111	1,772,762
Promissory notes receivable	-	658,665	658,665
Other accounts receivable	-	7,197	7,197
Subtotal	200,951,678	2,874,533	203,826,211
Total	336,653,320	2,874,533	339,527,853
Financial Assets	12-31-2017		
	Up to 1 year	1 to 5 years	Total
	ThCLP\$	ThCLP\$	ThCLP\$
Cash and Cash Equivalents			
Cash	2,674,758	-	2,674,758
Term deposits	147,605,384	-	147,605,384
Repurchase agreements	1,959,976	-	1,959,976
Subtotal	152,240,118	-	152,240,118
Other financial assets			
Financial Investments	145,038,270	-	145,038,270
Derivative transactions	3,382,956	1,043,400	4,426,356
Financial lease	46,551	1,626,957	1,673,508
Promissory notes receivable	-	583,469	583,469
Other accounts receivable	-	7,905	7,905
Subtotal	148,467,777	3,261,731	151,729,508
Total	300,707,895	3,261,731	303,969,626

The average period of maturity of financial investments as of June 30, 2018 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.

23.3. Capital risk management

Pursuant to capital management, the Company seeks to maintain an optimal capital structure reducing its cost and ensure its long-term financial stability, together with ensuring compliance with its financial obligations and covenants established in the debt contracts.

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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:

Index	06-30-2018	12-31-2017
Leverage (times)	0.97	0.85
Equity (MCh\$)	2,521,755	2,600,609

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 Coordinator, which supply Lines 1, 2, 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, 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.

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24. Environment

Disbursements related to improvements and/or investments that directly or indirectly affect protection of the environment, for the periods ended June 30, 2018 and 2017, are detailed as follows:

Project	Allocated to administration expenses		Allocated to property, plant and equipment		Expenditures committed in the future
	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	01-01-2018 06-30-2018 ThCLP\$	01-01-2017 06-30-2017 ThCLP\$	2018 Amount ThCLP\$
Noises and vibrations	4,794	475	594,834	150,536	3,248,662
Waste treatment	60,962	27,000	1,206	42,223	339,579
Run-off water	57,867	55,334	-	-	106,283
Environmental management	3,902	14,500	365,423	418,224	4,616,926
Monitoring of polluting parameters	1,270	1,141	-	-	6,230
Total	128,795	98,450	961,463	610,983	8,317,680

The aforementioned projects are currently in progress as of June 30, 2018.

25. Sanctions

During 2018 and 2017, 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 July 1 and August 13, 2018, no subsequent events have occurred which would affect the Company's financial position and profit or loss.

Julio E, Pérez Silva
General Accountant

Rubén Alvarado Vigar
General Manager