Empresa de Transporte de Pasajeros Metro S.A. and Subsidiary

Interim Consolidated Financial Statements

For the periods ended

As of September 30, 2016, 2015 and December 31, 2015

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended
As of September 30, 2016, 2015 and December 31, 2015

Contents:

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

Interim Consolidated Financial Statements

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Interim Consolidated Classified Statements of Financial Position

As of September 30, 2016 and December 31, 2015

(In thousands of Chilean pesos)

ASSETS	NOTE	09-30-2016	12-31-2015
CURRENT ASSETS			
Cash and cash equivalents	4	129,549,323	152,905,969
Other current financial assets	10	60,937,569	25,434,334
Other current non-financial assets	11	7,502,051	4,215,891
Trade and other receivables, current	5	11,286,467	9,517,191
Inventories	6	13,180,135	12,163,510
Current tax assets		1,220,671	941,476
Total current assets		223,676,216	205,178,371

NON-CURRENT ASSETS			
Other non-current financial assets	10	8,326,677	16,968,475
Other non-financial non-current assets	11	23,803,561	28,095,756
Trade receivables, non-current		897,747	782,202
Intangible assets other than goodwill	7	5,787,291	5,964,885
Property, plant and equipment	8	3,833,981,559	3,510,066,347
Investment property	9	18,987,831	14,362,284
Total non-current assets		3,891,784,666	3,576,239,949
TOTAL ASSETS		4,115,460,882	3,781,418,320

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

Interim Consolidated Classified Statements of Financial Position, continued

As of September 30, 2016 and December 31, 2015

(In thousands of Chilean pesos)

LIABILITIES AND EQUITY	NOTE	09-30-2016	12-31-2015
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	12	159,534,306	124,609,083
Trade and other payables	15	60,228,871	72,117,665
Other short-term provisions	19	387,418	2,168,773
Provisions for employee benefits, current	17	11,628,033	10,493,525
Other current non-financial assets	13	17,276,172	37,453,584
Total current liabilities		249,054,800	246,842,630
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	12	1,604,109,475	1,540,921,873
Trade payables due to related parties, non-current	14	319,737,277	49,737,277
Provision for employee benefits, non-current	17	14,165,889	13,663,705
Other non-current non-financial liabilities	13	3,390,077	3,484,945
Total non-current liabilities		1,941,402,718	1,607,807,800
Total liabilities		2,190,457,518	1,854,650,430
EQUITY			
Share capital	20	2,392,831,968	2,392,831,968
Retained earnings (accumulated deficit):	20	(501,196,920)	(499,432,394)
Other reserves	20	33,378,961	33,378,961
Equity attributable to the ow ners of the Parent		1,925,014,009	1,926,778,535
Non-controlling interests	20	(10,645)	(10,645)
Total equity		1,925,003,364	1,926,767,890
Total liabilities and equity		4,115,460,882	3,781,418,320

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

Interim Consolidated Statements of Comprehensive Income

For the nine and three-month periods ended September 30, 2016 and 2015

(In thousands of Chilean pesos)

STATEMENT OF INCOME		ACCUMULATED		QUARTER	
	NOTE	01-01-2016	01-01-2015	07-01-2016	07-01-2015
PROFIT (LOSS)		09-30-2016	09-30-2015	09-30-2016	09-30-2015
Revenue	21	233,066,757	220,240,848	80,814,267	75,794,843
Cost of sales	21	(199,168,190)	(204,510,612)	(69,263,034)	(65,626,633)
Gross profit		33,898,567	15,730,236	11,551,233	10,168,210
Other income, by function	21	1,123,739	3,109,430	394,538	1,403,566
Administrative expenses	21	(23,035,599)	(17,759,401)	(8,041,692)	(7,096,803)
Other expenses, by function:	21	(3,847,030)	(2,937,366)	(3,523,420)	(2,228,902)
Other profit (loss)	21	(4,770,055)	8,111,723	156,928	7,065,712
Finance income	21	3,647,243	6,899,715	766,103	2,296,161
Finance costs	21	(37,223,074)	(37,349,506)	(12,552,265)	(12,602,511)
Foreign currency translation differences	21	50,423,755	(77,624,376)	4,025,752	(51,737,722)
Profit (loss) on index-adjusted units	21	(21,688,111)	(26,412,049)	(6,363,342)	(13,471,609)
Profit (loss) before tax		(1,470,565)	(128,231,594)	(13,586,165)	(66,203,898)
Profit (loss) from continuing operations		(1,470,565)	(128,231,594)	(13,586,165)	(66,203,898)
Profit (loss)		(1,470,565)	(128,231,594)	(13,586,165)	(66,203,898)
PROFIT (LOSS) ATTRIBUTABLE TO:					
Owners of the Parent		(1,470,565)	(128,231,594)	(13,586,165)	(66,203,898)
Non-controlling interests					
Profit (loss)		(1,470,565)	(128,231,594)	(13,586,165)	(66,203,898)
STATEMENT OF COMPREHENSIVE INCOME					
Profit (loss)		(1,470,565)	(128,231,594)	(13,586,165)	(66,203,898)
Other comprehensive income	21	(293,961)	(364,519)	(164,047)	(287,892)
Total comprehensive income		(1,764,526)	(128,596,113)	(13,750,212)	(66,491,790)
Comprehensive income attributable to:					
Owners of the Parent		(1,764,526)	(128,596,113)	(13,750,212)	(66,491,790)
Non-controlling interests		-	-	-	-
Total comprehensive income		(1,764,526)	(128,596,113)	(13,750,212)	(66,491,790)

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

Interim Consolidated Statements of Changes in Equity

For the nine-month periods ended September 30, 2016 and 2015
(In thousands of Chilean pesos)

Concept	Share capital	Other reserves: Other miscellaneous reserves	Other reserves: Revaluation surplus	Other reserves: Reserve for gain (loss) on defined benefit plans	Other reserves: Total other reserves	Retained earnings (accumulated deficit)	Equity attributable to the owners of the Parent	Non-controlling interests	Total net equity
Opening balance as of 01-01-2016	2,392,831,968	30,336,377	3,042,584	-	33,378,961	(499,432,394)	1,926,778,535	(10,645)	1,926,767,890
Profit (loss)	-	-	-	-	-	(1,470,565)	(1,470,565)	-	(1,470,565)
Other comprehensive income	-	-	-	(293,961)	(293,961)	-	(293,961)	-	(293,961)
Comprehensive Income	-	-	-	(293,961)	(293,961)	(1,470,565)	(1,764,526)	-	(1,764,526)
Increase (decrease) for transfers and other changes	-	-	-	293,961	293,961	(293,961)		-	-
Closing balance as of 09-30-2016	2,392,831,968	30,336,377	3,042,584	-	33,378,961	(501,196,920)	1,925,014,009	(10,645)	1,925,003,364
Opening balance as of 01-01-2015	2,207,691,640	30,336,377	3,042,584	-	33,378,961	(344,193,583)	1,896,877,018	(10,645)	1,896,866,373
Profit (loss)	-	-	-	-	-	(128,231,594)	(128,231,594)	-	(128,231,594)
Other comprehensive income	-	-	-	(364,519)	(364,519)	-	(364,519)	-	(364,519)
Comprehensive Income	-	-	-	(364,519)	(364,519)	(128,231,594)	(128,596,113)	-	(128,596,113)
Increase (decrease) for transfers and other changes	-	-	-	364,519	364,519	(364,519)	-	-	-
Closing balance as of 09-30-2015	2,207,691,640	30,336,377	3,042,584	-	33,378,961	(472,789,696)	1,768,280,905	(10,645)	1,768,270,260

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

Interim Consolidated Statements of Cash Flows
For the nine periods ended September 30, 2016 and 2015
(In thousands of Chilean pesos)

Statement of Cash Flow - Direct Method	01-01-2016 09-30-2016	01-01-2015 09-30-2015
Statements of cash flows		
Cash flows from (used in) operating activities		
Cash receipts from sale of goods and rendering of services	224,391,632	208,281,601
Other cash receipts from operating activities	3,270,392	21,507,792
Payments to suppliers for goods and services	(103,766,639)	(114,952,793)
Payments to and on behalf of employees	(55,537,230)	(50,832,575)
Other payments for operating activities	(35,069,007)	(6,769,614)
Net cash generated from operating activities	**33,289,148**	**57,234,411**
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	(376,141,528)	(255,947,736)
Acquisition of intangible assets	(111,571)	(496,170)
Other receipts from equity or debt securities of other companies	59,313,261	135,703,608
Other payments to acquire equity or debt securities of other entities	(97,822,308)	(63,923,206)
Interest paid	(17,268,531)	(15,427,525)
Net cash flows used in investing activities	**(432,030,677)**	**(200,091,029)**
Cash flows from (used in) financing activities		
Loans from related entities - Contributions from the Government of Chile	270,000,000	160,303,000
Proceeds from long-term loans	122,356,883	-
Other cash collection	126,487,753	18,195,221
Payment of loans	(58,987,122)	(37,487,676)
Interest paid	(42,781,378)	(41,474,500)
Other cash inflows (outflows)	(35,527,234)	(27,861,800)
Net cash flows from financing activities	**381,548,902**	**71,674,245**
Net increase (decrease) in cash and cash equivalents before the effect of changes in exchange rate	(17,192,627)	(71,182,373)
Effects of changes in exchange rate on cash and cash equivalents	(6,164,019)	7,066,460
Net increase (decrease) in cash and cash equivalents	(23,356,646)	(64,115,913)
Cash and cash equivalents at the beginning of period	152,905,969	222,297,210
Cash and cash equivalents at the end of period	**129,549,323**	**158,181,297**

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2016 AND 2015, AND DECEMBER 31, 2015

(In thousands of Chilean pesos)

1. General information

Empresa de Transporte de Pasajeros Metro S.A., (hereinafter referred to as the Company) is a Chilean state-owned enterprise created by Law 18.772 on January 28, 1989 as the legal successor, in all the rights and obligations, to the Dirección General de Metro.

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

The Company is registered on the Register of Securities under file number 421 and is subject to the supervision of the Chilean Superintendence of Securities and Insurance (SVS).

The purpose of the Company is to carry out all activities related to providing passenger transportation services on subways or other complementary electric modes of transportation and the performance of surface transportation services through buses or vehicles using any technology, as well as all activities related to such line of business.

These consolidated financial statements are presented in thousands of Chilean pesos (unless expressly stated otherwise) since this is the functional currency of the main jurisdiction in which the Company operates.

2. Summary of significant accounting policies

The main accounting policies adopted in the preparation of these consolidated financial statements, as required by IAS 1, have been designed in accordance with IFRS in effect as of September 30, 2016 and have been applied on a consistent basis to all accounting periods presented in the consolidated financial statements.

2.1. Basis of preparation

The consolidated financial statements comprise the consolidated statements of financial position as of September 30, 2016 and December 31, 2015 and the consolidated statements of comprehensive income, changes in equity and cash flows for the periods ended September 30, 2016 and 2015, which have been prepared in conformity with IAS 34 "Interim Financial Reporting" of International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the specific instruction issued by the Chilean Superintendence of Securities and Insurance (SVS). Through Ordinary Official Letter No. 6158 dated March 5, 2012, the Company was authorized by the SVS to exceptionally apply International Public Sector Accounting Standard (hereinafter "IPSAS") IPSAS 21, instead of IAS 36. Note 2.8 provides more details regarding this exception.

In addition, on October 17, 2014 the SVS issued Circular No. 856, which established an exception, mandatory and for one time only, to the preparation and presentation framework for financial reporting which such regulatory agency has defined as International Financial Reporting Standards. Such Circular provides instructions for entities to: "account for differences in deferred tax assets and liabilities arising as a direct effect of the increase in the corporate income tax rate introduced by Law No. 20,780 against equity for the respective years."

These Consolidated Financial Statements were approved by the Board on November 14, 2016, authorizing their publication by management.

These consolidated financial statements have been prepared in accordance with historical cost principles, although modified by the revaluation of certain assets included in financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss, as applicable.

The preparation of 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 that management use its judgment in the process of applying the Company's accounting policies. The areas that involve a greater degree of judgment or complexity, in which assumptions or estimates are significant for the financial statements, are described in Note 3 Management's Estimates and Accounting Criteria.

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

2.2. Basis of consolidation

Empresa de Transporte Suburbano de Pasajeros S.A. (Transub S.A.) is consolidated from the date on which control of the Company was transferred. Consolidation includes the financial statements of the parent company and its subsidiary which includes all assets, liabilities, income, expenses and cash flows of the subsidiary, once the adjustments and eliminations for intra-group transactions have been made.

The value of the non-controlling interest of the consolidated subsidiary is presented under shareholders' equity, in non-controlling interests, in the consolidated statement of financial position and in income (loss) attributable to non-controlling interest in the Consolidated Statements of Comprehensive Income.

Empresa de Transporte Suburbano de Pasajeros S.A. (Transub S.A.) is in a pre-operational stage and has not yet registered any activity since its creation to the present date and was consolidated under the guidelines of SVS Memo 1819 of November 14, 2006.

Tax ID Number	Company	Ownership Interest		
		09-30-2016 - 12-31-2015		
		Direct	Indirect	Total
96.850.680-3	Transub S.A.	66.66	-	66.66

Participation in this subsidiary is not subject to joint control.

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

2.3. Foreign currency transactions

2.3.1. Functional and presentation currency

The items included in the consolidated financial statements are presented using the currency of the main jurisdiction in which the reporting entity operates in (functional currency). The Company's functional currency is the Chilean peso, all information is presented in thousands of Chilean pesos (ThCh$) rounded to the nearest unit.

2.3.2. Transactions and balances in foreign currency and adjustment units

Transactions in foreign currency and adjustment units are converted to the functional currency using the exchange rates in effect on the transaction dates. Profits and losses in foreign currency that result from the settlement of these transactions and from conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency are recognized in the 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 measured at fair value are included in gains or losses.

2.3.3. Foreign currency translations

Assets and liabilities in foreign currency and those negotiated in Unidades de Fomento (index-adjusted units, or UF), are presented at the following exchange and conversion rates and closing values, respectively:

Date	US$	EUR	UF
09-30-2016	658.02	738.77	26,224.30
12-31-2015	710.16	774.61	25,629.09
09-30-2015	698.72	781.22	25,346.89
12-31-2014	606.75	738.05	24,627.10

US$ = US dollar

EUR = Euro

UF = Unidad de Fomento (index-adjusted units)

2.4. Property, plant and equipment

Property, plant and equipment items are initially measured at their acquisition price, plus all costs directly attributable to getting the asset to operating conditions for its intended use.

Subsequent to initial measurement it will be calculated using the historical cost model discounting the corresponding accumulated depreciation and impairment losses, which are recorded in the 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 self-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 the same caption heading to final 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 extensions, modernization or improvements that represent an increase in productivity, capacity, efficiency or lengthening of the useful lives of assets, are capitalized as higher cost of the corresponding assets.

Substitutions or renovation of assets that increase their useful lives, or their economic capacity, are recorded as higher value of the respective assets, with the consequent accounting derecognition of the substituted or renovated assets.

Periodic maintenance, conservation and repair expenses are recorded directly in the statement of income as costs for 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 composes 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 elements that compose it.

Residual values, in the cases defined and useful lives of assets are reviewed and adjusted prospectively in each statement of financial position, in order to have remaining useful lives that are in accordance with the current service use and with the effective use of the asset.

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

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

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

2.5. Investment property

Relates to real state (land and buildings) held by the Company to obtain economic benefits derived from their rental or to obtain capital appreciation from holding on to them.

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 those 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 internal development and maintenance expenses do not qualify for capitalization and are recognized as an expense as they are incurred.

2.7. Finance income and finance costs

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

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

2.8. Losses due to impairment of non-financial assets

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

This business model defined by its shareholders, the Ministry of Finance (FISCO) and the Corporación de Fomento de la Producción, or CORFO, goes against the concept of economic profitability of assets, as per IAS 36, where the value of 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 SVS to apply IPSAS 21 instead of IAS 36, which is a standard that is specifically for State-owned entities with assets that are not cash generating. Through Ordinary Official Letter 6158 dated March 5, 2012 the SVS authorized the Company to apply IPSAS 21 to assess the impairment of its assets.

The application of this standard allows the financial statements of the Company to accurately present the Company's economic and financial reality, and enables it to compare the carrying amount to the replacement cost.

This standard defines the value of use of a non-cash generating asset as the present value of an asset maintaining its potential service. This is determined using depreciated replacement cost or cost of reinstatement methods.

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

2.9. Financial assets

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and accounts receivable, financial assets held to maturity and available-for-sale assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of their initial recognition.

In accordance with IFRS 7 "Financial Instruments: Disclosure", we consider that the carrying amounts of assets valued at amortized cost are a reasonable approximation of their fair value, therefore, as indicated in IFRS 7, it is no necessary to provide disclosures related to fair value for each of them.

2.9.1. Financial assets at fair value through profit or loss

They are financial assets held for trading. A financial asset is designated as at fair value through profit or loss if it was acquired mainly with the purpose of selling it in the short term. Derivatives are also included in this category unless they are designated as hedges. Assets classified in this category are classified as non-current assets and obligations for accrued interest is classified as current.

2.9.2. Loans and receivables

Loans and accounts receivables are non-derivative financial assets, with fixed or determinable payments, that are not traded in the local financial market. They are included in current assets, except for those maturing in excess of 12 months as of the date of the statement of financial position, which are classified as non-current assets. Loans and accounts receivable include trade and other accounts receivable. These items are initially recorded at fair value plus any directly attributable transaction costs. These are subsequently valued at amortized cost, using the effective interest rate method less impairment losses.

2.9.3. Financial assets held to maturity

They are non-derivative financial assets, with fixed or determinable payments and fixed maturity date that the Company owns and which it has the intention and capacity to hold to maturity. They are valued at amortized cost.

2.9.4. Financial assets available-for-sale

Financial assets available-for-sale are non-derivative financial assets that are designated under this category or do not classify for any of the other categories. They are included in non-current assets unless management has the intention of disposing of the investment within the 12 months following the date of the statement of financial position.

2.9.5. Recognition and measurement of financial assets

Financial assets and liabilities are initially recognized at their fair value. In the case of assets and liabilities that are not accounted for at fair value through profit or loss, the fair value shall be adjusted by the cost of transactions that are directly attributable to their purchase or issuance.

Subsequent valuation depends on the category in which the asset has been classified.

Financial assets at fair value through profit or loss: a financial asset is classified at fair value through profit or loss when it is classified as held for trading or designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets recorded at fair value through adjustments in profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

Loans and receivables: these assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

Held-to-maturity financial assets: these assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Available-for-sale financial assets: these assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and the changes therein, other than impairment losses and foreign currency differences on debt instruments are recognized in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

When a derivative financial instrument is not designated for a relationship that qualifies as a hedge, all changes in fair value are recognized immediately in income.

Profits and losses that arise from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement under other profits (losses), in the period in which such changes to fair value have occurred.

Investments are derecognized in the accounting when the rights to receive their cash flows have expired or have been transferred and the Company has substantially transferred all the risks and advantages derived from its ownership of such investments.

At each date of the statement of financial position, the Company evaluates whether there is objective evidence that a financial asset, or a group of financial assets, might have suffered impairment losses.

2.10. Inventories

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

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

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

2.11. Trade and other receivables

Trade and other receivable are initially recognized at their fair value (nominal value that includes implicit interest) and thereafter at their amortized cost using the effective interest rate method, less impairment losses. An impairment loss provision is established for trade accounts receivable when there is objective evidence that the Company will not be able to collect all the amounts owed to it in accordance with the original terms of the account receivable. The amount of the provision is the difference between the carrying amount of the asset and the real value of estimated future cash flows discounted at the effective interest rate.

Trade receivables are reduced through the allowance for doubtful accounts and the amount of losses is recognized with a charge to the 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.

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. Loans and other financial liabilities

Loans, obligations with the public and other financial liabilities of a similar nature are initially recognized at their fair value net of the costs incurred in the original transaction. They are subsequently valued at their amortized cost and any difference between the proceeds obtained by the Company (net of the costs necessary to obtain them) and their reimbursement value is recognized in the Consolidated Statement of Income during the term of the debt using the effective interest rate method.

Financial obligations are classified as current liabilities and non-current liabilities in accordance with the contractual maturity date of the nominal principal.

For loans with financial institutions the nominal rate is similar to the effective rate, since there are no additional transaction costs that must be taken into consideration.

2.16. Income tax and deferred taxes

The income tax provision is determined through the application of the tax rate on the taxable net income base 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 that will affect the company starting from January 1, 2017, being a joint-stock company not related to final taxpayers, is the first category tax for the profits that it obtains from the performance of its business activities.

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

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

2.17. Employee benefits

2.17.1. Accrued vacations

The Company recognizes accrued vacation expenses using the accrual method.

2.17.2. Severance indemnity payment provisions

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

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

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

In the consolidated classified 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 Consolidated Financial Statements and as non-current, when it is in excess of that period.

2.20. Revenue and expenses recognition

Revenue is recognized when it is probable that the economic benefit associated with the compensation received or to be received, will flow to the Company and the amount can be reliably measured. The Company recognizes revenues at their fair value, net of value added tax, returns, rebates and discounts.

a) Revenue from transportation of passengers is recognized when the service has been provided.

b) Revenue from operating leases is recognized on an accrual basis.

c) Income from sale of assets relates to exceptional sales of items of property, plant and equipment and is recognized when the asset has been delivered to the client and there is no pending obligation to be fulfilled that might affect its acceptance.

d) Revenue from interest is recognized using the effective interest rate method.

e) Other revenue is recognized when the services have been rendered.

Expenses include both the losses and expenses that arise from the Company's ordinary activities. Expenses also include cost of sales, remuneration and depreciation. Generally, expenses represent an outflow or decrease in assets, such as cash and cash equivalent and inventory or property, plant and equipment.

2.21. Lease agreements

The Company has a contract that has the characteristics of a financial lease, which has been recorded 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.

A lease is an operating lease when the lessor conserves a significant part of the risks and benefits derived from ownership of the leased goods.

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

The following standards and interpretations have been issued, but its effective date is not yet mandatory

New IFRSs	**Mandatory application date**
IFRS 9: Financial Instruments	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 15, Revenue from Contracts with Customers	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 16 Leases	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
Amendments to IFRSs	
IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 28: Investments in Associates and Joint Ventures. Investment Entities - Applying the Consolidation Exception.	Mandatory date deferred indefinitely.
IAS 12: Income Taxes. Clarification of the recognition of deferred tax asset for unrealized losses related to debt instruments measured at fair value	Annual periods beginning on or after January 1, 2017. Early adoption is permitted.
IAS 7: Statement of cash flows. Disclosure of changes in liabilities arising from financing activities	Annual periods beginning on or after January 1, 2017. Early adoption is permitted. Companies are not required to present comparative information for previous periods.
IFRS 2: Classification and measurement of share based payment transactions	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 15: Revenue from contracts with customers	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The Company is still assessing the impact that the application of the new and modified standards will have on the consolidated financial statements of Metro S.A. and Subsidiary

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 foreseen to be required to settle the severance obligation. When determining interest rates, the Company considers representative rates of financial instruments that are denominated in the currency in which the obligation is expressed and which have expiry terms that are close to the payment terms of such obligation.

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

3.2. Useful life of property, plant and equipment

Property, plant and equipment and intangible assets with finite useful lives are depreciated using the straight-line method on the basis of an estimated useful life. Such estimate takes into consideration technical aspects, nature and conditions of use of those assets and might vary significantly as a consequence of technological innovations or other variables, which will imply adjusting the remaining useful lives, 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 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

The fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants on 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.

Market value hierarchies for items at fair value:

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

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

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

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

The Company measures and/or evaluates all financial instruments at their fair value upon initial measurement and they are subsequently valued at amortized cost, except for derivative transactions and cross currency swaps (CCS), 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 income 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 valuate and/or measure the fair value of its assets (derivative financial instruments) is the market approach.

Input 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 mind the characteristics of the asset or liability in the same manner as market participants would take into account when establishing the price of that asset or liability on the measurement date. The characteristics include the following elements, for example:

a. the condition and location of the asset or liability; and

b. restrictions, should there be any, for recognition of the asset or payment of the liability.

On the basis of the previous methodologies, inputs and definitions the Company has determined the following market levels for the financial instruments portfolio that it holds as of September 30 or each year:

Financial assets and financial liabilities at fair value, classified by hierarchy through profit or loss	09-30-2016		
	Level 1 ThCh$	Level 2 ThCh$	Level 3 ThCh$
Financial assets			
Cross Currency Swap	-	6,200,647	-
Financial liabilities			
Cross Currency Swap	-	193,551	-

Financial assets and financial liabilities at fair value, classified by hierarchy through profit or loss	12-31-2015		
	Level 1 ThCh$	Level 2 ThCh$	Level 3 ThCh$
Financial assets			
Cross Currency Swap	-	15,293,184	-
Financial liabilities			
Cross Currency Swap	-	503,593	-

4. Cash and cash equivalents

Balances of cash and cash equivalents are detailed as follows:

Concept	Currency	Balance as of	
		09-30-2016 ThCh$	12-31-2015 ThCh$
Cash			
On hand	Ch$	103,925	114,338
	US$	7,666	3,431
	EUR	584	612
In banks	Ch$	1,759,868	1,950,018
	US$	28,279	34,859
Total cash		**1,900,322**	**2,103,258**
Term deposits	Ch$	108,156,101	81,598,860
	US$	18,239,505	67,703,701
Total term deposits		**126,395,606**	**149,302,561**
Reverse repurchase agreements	Ch$	1,000,056	1,500,150
	US$	253,339	-
Total reverse repurchase agreements		**1,253,395**	**1,500,150**
Total cash and cash equivalents		**129,549,323**	**152,905,969**
Subtotal by currency	Ch$	111,019,950	85,163,366
	US$	18,528,789	67,741,991
	EUR	584	612

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 periods 2016 and 2015 is as follows:

Term deposits

Type of investment	Currency of origin	Capital in currency of origin ThCh$ - ThUS$	Average annual rate	Average maturity days	Capital in domestic currency ThCh$	Accrued interest in domestic currency ThCh$	Carrying amount 09-30-2016 ThCh$
Term deposits	Ch$	108,121,424	3.88%	28	108,121,424	34,677	108,156,101
	US$	27,707.97	0.71%	28	18,232,399	7,106	18,239,505
Total					**126,353,823**	**41,783**	**126,395,606**

Type of investment	Currency of origin	Capital in currency of origin ThCh$ - ThUS$	Average annual rate	Average maturity days	Capital in domestic currency ThCh$	Accrued interest in domestic currency ThCh$	Carrying amount 12-31-2015 ThCh$
Term deposits	Ch$	81,535,147	4.04%	15	81,535,147	63,713	81,598,860
	US$	95,304.51	0.36%	22	67,681,452	22,249	67,703,701
Total					**149,216,599**	**85,962**	**149,302,561**

Repurchase agreements

Code	Date		Counterparty	Currency of origin	Subscription amount ThCh$	Annual rate %	Final value ThCh$	Instrument identification	Carrying amount 09-30-2016 ThCh$
	Beginning	End							
CRV	9/30/2016	10/3/2016	BCI CORREDOR DE BOLSA S.A.	Ch$	800,000	3.36	800,224	NON-ADJ P NOTE	800,000
CRV	9/27/2016	10/3/2016	BCI CORREDOR DE BOLSA S.A.	Ch$	200,000	3.36	200,112	NON-ADJ P NOTE	200,056
CRV	9/29/2016	10/3/2016	BCI CORREDOR DE BOLSA S.A.	US$	254,974	1.20	253,341	NON-ADJ P NOTE	253,339
Total					**1,254,974**		**1,253,677**		**1,253,395**

Code	Date		Counterparty	Currency of origin	Subscription amount ThCh$	Annual rate %	Final value ThCh$	Instrument identification	Carrying amount 12-31-2015 ThCh$
	Beginning	End							
CRV	12/30/2015	1/4/2016	BCI CORREDOR DE BOLSA S.A.	Ch$	1,500,000	3.60	1,500,750	NON-ADJ P NOTE	1,500,150
Total					**1,500,000**		**1,500,750**		**1,500,150**

5. Trade and other receivables, current

As of September 30, 2016 and December 31, 2015, this caption is composed of the following:

Trade and Other Receivables, Gross	Balance as of 09-30-2016 ThCh$	Balance as of 12-31-2015 ThCh$
Trade and other receivables, gross	**12,486,364**	**10,603,765**
Trade receivables, gross	4,091,828	4,960,472
Sales channel accounts receivable, gross	6,918,244	3,789,025
Other accounts receivable, gross	1,476,292	1,854,268

Trade and Other Receivables, Net	Balance as of 09-30-2016 ThCh$	Balance as of 12-31-2015 ThCh$
Trade and other receivable, net	**11,286,467**	**9,517,191**
Trade receivables, net	2,891,931	3,873,898
Sales channel accounts receivable, net	6,918,244	3,789,025
Other accounts receivable, net	1,476,292	1,854,268

As of September 30, 2016 and December 31, 2015, the analysis of net trade and other accounts receivable by maturity and expiration date are detailed below:

Trade Receivables, Net	Balance as of 09-30-2016 ThCh$	Balance as of 12-31-2015 ThCh$
Maturity up to 3 months	1,589,697	2,744,932
Maturity from 3 months to 1 year	320,977	701,029
Maturity of more than 1 year	981,257	427,937
Total	**2,891,931**	**3,873,898**

Sales Channel Accounts Receivable, Net	Balance as of 09-30-2016 ThCh$	Balance as of 12-31-2015 ThCh$
Maturity up to 3 months	3,695,611	3,553,919
Maturity from 3 months to 1 year	3,205,328	126,708
Maturity of more than 1 year	17,305	108,398
Total	**6,918,244**	**3,789,025**

Other Accounts Receivable, Net	Balance as of 09-30-2016 ThCh$	Balance as of 12-31-2015 ThCh$
Maturity up to 3 months	369,073	479,597
Maturity from 3 months to 1 year	1,107,219	1,374,671
Total	**1,476,292**	**1,854,268**

Movements in the allowance for impairment provision for the nine-month period ended September 30, 2016, were as follows:

Past due and outstanding trade receivables with impairment	ThCh$
Balance as of December 31, 2015	**1,086,574**
Increase for the period	133,878
Write-offs for the period	(20,555)
Balance as of September 30, 2016	**1,199,897**

The Company establishes a provision using evidence of impairment 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 caption comprises the following:

Inventory types	09-30-2016 ThCh$	12-31-2015 ThCh$
Inventories and stock	1,681,553	1,835,973
Spare parts and maintenance accessories	10,897,759	10,162,352
Imports in transit and others	600,823	165,185
Total	**13,180,135**	**12,163,510**

As of September 2016 and 2015, inventory consumption was charged to the Statement of Comprehensive Income in the cost of sales line item, in the amount of ThCh$6,239,831 and ThCh$9,487,004, respectively.

As of September 2016, the Company records no inventory write-offs, (ThCh$22,651 in 2015). Based on the analysis performed by management there is no objective evidence of impairment of spare parts, maintenance accessories and supplies inventory.

The Company records no inventory items pledged or subject to any lien for the year.

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 valued at the net cost of the corresponding accumulated amortization and impairment losses which they may have experienced.

Licenses and software are amortized using the straight-line method over the applicable useful life, which is generally estimated at four years. For easements, the contracts are established in perpetuity, considered with undefined 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, in accordance with what is described in Note 2.8.

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

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

a) Intangible assets other than goodwill for periods 2016 and 2015, are as follows:

Concept	09-30-2016			12-31-2015		
	Gross intangible ThCh$	Accumulated amortization ThCh$	Net intangible ThCh$	Gross intangible ThCh$	Accumulated amortization ThCh$	Net intangible ThCh$
Licenses and software	5,607,654	(3,680,358)	1,927,296	5,578,686	(3,379,087)	2,199,599
Easements	3,859,995	-	3,859,995	3,765,286	-	3,765,286
Total	**9,467,649**	**(3,680,358)**	**5,787,291**	**9,343,972**	**(3,379,087)**	**5,964,885**

b) Movements of intangible assets other than goodwill for the six-month period ended September 30, 2016 are as follows:

Movements	Licenses and Software ThCh$	Easements ThCh$	Total intangible assets, net ThCh$
Opening balance as of 01-01-2016	2,199,599	3,765,286	5,964,885
Additions	28,968	94,709	123,677
Amortization	(301,271)	-	(301,271)
Closing balance as of 09-30-2016	1,927,296	3,859,995	5,787,291
Average remaining useful life	1 year	Indefinite	

c) Movements of intangible assets other than goodwill for the year ended December 31, 2015 are as follows:

Movements	Licenses and Software ThCh$	Easements ThCh$	Total intangible assets, net ThCh$
Opening balance as of 01-01-2015	2,122,006	2,821,756	4,943,762
Additions	621,535	943,530	1,565,065
Amortization	(543,942)	-	(543,942)
Closing balance as of 12-31-2015	2,199,599	3,765,286	5,964,885
Average remaining useful life	2 years	Indefinite	

8. Property, plant and equipment

a) Property, plant and equipment items are composed of the following:

Property, plant and equipment, by type	09-30-2016 ThCh$	12-31-2015 ThCh$
Classes of property and equipment, net		
Property, plant and equipment, net	**3,833,981,559**	**3,510,066,347**
Work in progress, net	1,288,023,471	930,401,620
Land, net	118,584,745	113,219,655
Civil w orks, net	1,394,921,521	1,405,884,367
Buildings, net	72,958,794	74,223,097
Rolling stock, net	692,714,602	705,045,477
Electrical equipment, net	226,286,772	238,339,446
Machinery and equipment, net	24,699,100	25,749,890
Other, net	15,792,554	17,202,795
Classes of property and equipment, gross		
Property, plant and equipment, gross	**4,356,754,280**	**3,980,811,396**
Work in progress, gross	1,288,023,471	930,401,620
Land, gross	118,584,745	113,219,655
Civil w orks, gross	1,531,134,610	1,528,604,270
Buildings, gross	87,357,157	87,140,153
Rolling stock, gross	893,910,759	886,055,041
Electrical equipment, gross	382,388,304	379,242,565
Machinery and equipment, gross	39,562,680	38,945,297
Other, gross	15,792,554	17,202,795
Types of accumulated depreciation and impairment of property and equipment, gross		
Types of accumulated depreciation and impairment of property and equipment, gross	**522,772,721**	**470,745,049**
Accumulated depreciation of civil w orks	136,213,089	122,719,903
Accumulated depreciation of buildings	14,398,363	12,917,056
Accumulated depreciation of rolling stock	201,196,157	181,009,564
Accumulated depreciation of electrical equipment	156,101,532	140,903,119
Accumulated depreciation of machinery and equipment	14,863,580	13,195,407

b) The detail of movements in property, plant and equipment for periods 2016 and 2015, is as follows:

2016 movements		Work in progress	Land	Civil works	Buildings	Rolling stock	Electrical equipment	Machinery and equipment	Other	Property, plant and equipment, net
Opening balance as of January 1, 2016		930,401,620	113,219,655	1,405,884,367	74,223,097	705,045,477	238,339,446	25,749,890	17,202,795	3,510,066,347
Movements	Additions	368,482,898	5,365,090	-	42,626	9,746,193	481,847	366,996	(1,410,241)	383,075,409
	Transfers	(10,861,047)	-	2,780,792	174,377	-	2,663,892	410,890	-	(4,831,096)
	Derecognition or sales	-	-	-	-	(205,392)	-	(5,295)	-	(210,687)
	Depreciation expense	-	-	(13,743,638)	(1,481,306)	(21,871,676)	(15,198,413)	(1,823,381)	-	(54,118,414)
	Total movements	357,621,851	5,365,090	(10,962,846)	(1,264,303)	(12,330,875)	(12,052,674)	(1,050,790)	(1,410,241)	323,915,212
Closing balance as of September 30, 2016		1,288,023,471	118,584,745	1,394,921,521	72,958,794	692,714,602	226,286,772	24,699,100	15,792,554	3,833,981,559

2015 movements		Work in progress	Land	Civil works	Buildings	Rolling stock	Electrical equipment	Machinery and equipment	Other	Property, plant and equipment, net
Opening balance as of January 1, 2015		499,973,601	102,758,816	1,423,522,329	73,400,991	708,194,331	255,131,761	16,135,279	21,675,763	3,100,792,871
Movements	Additions	468,988,285	10,484,215	259,950	474,478	9,547,040	62,631	675,626	(4,472,968)	486,019,257
	Transfers	(38,560,266)	-	380,828	2,290,009	18,810,649	3,808,433	11,278,093	-	(1,992,254)
	Derecognition or sales	-	(23,376)	-	-	(592,626)	(15,291)	(65,068)	-	(696,361)
	Depreciation expense	-	-	(18,278,740)	(1,942,381)	(30,913,917)	(20,648,088)	(2,274,040)	-	(74,057,166)
	Total movements	430,428,019	10,460,839	(17,637,962)	822,106	(3,148,854)	(16,792,315)	9,614,611	(4,472,968)	409,273,476
Closing balance as of December 31, 2015		930,401,620	113,219,655	1,405,884,367	74,223,097	705,045,477	238,339,446	25,749,890	17,202,795	3,510,066,347

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

Concept	Useful life in years
Road networks	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 assets as described in Note 2.8.

e) Investment projects

As of September 30, 2016, the estimated balances necessary to carry out the authorized projects that form part of the Company's expansion plan amount to, approximately, MCh$1,153,490 and comprised: MCh$463,690 for civil works, MCh$403,307 for systems and equipment, and MCh$286,493 for rolling stock, up to 2021.

f) Spare parts and accessories

As of September 30, 2016, spare parts and accessories and maintenance materials amounted to ThCh$18,434,074 (ThCh$19,397,362 as of December 31, 2015). 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 September 30, 2016 and December 31, 2015.

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$24,819,391 as of September 30, 2016 (ThCh$22,439,895 in 2015).

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

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

h) Financing costs

During 2016, costs of capitalized interests of property, plant and equipment amounted to ThCh$14,304,534, while as of December 31, 2015, these amounted to ThCh$16,320,583.

9. Investment property

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

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

Total investment property amounts to ThCh$18,987,831 and as of September 30, 2016 and December 31, 2015 amounts ThCh$14,362,284.

Investment property	Commercial stores	Land	Buildings	Total
Opening balance as of January 1, 2016	5,034,176	607,816	8,720,292	14,362,284
Additions	4,831,095	-	-	4,831,095
Closing balance	9,865,271	607,816	8,720,292	19,193,379
Depreciation for the year	(130,240)	-	(75,308)	(205,548)
Balance as of 09-30-2016	**9,735,031**	**607,816**	**8,644,984**	**18,987,831**

Investment property	Commercial stores	Land	Buildings	Total
Opening balance as of January 1, 2015	3,661,981	607,816	8,820,702	13,090,499
Additions	1,491,580	-	-	1,491,580
Closing balance	5,153,561	607,816	8,820,702	14,582,079
Depreciation for the year	(119,385)	-	(100,410)	(219,795)
Closing balance as of 12-31-2015	**5,034,176**	**607,816**	**8,720,292**	**14,362,284**

As established by IAS 40, the fair value of investment property measured at costs has to be disclosed. For this reason, we have realized this calculation by means of internal valuations based on discounted future cash flow projections. As of September 30, 2016, such fair value is estimated to amount to MCh$137,233,609 (MCh$118,484,201 as of September 30, 2015)

Investment property has been classified as a Level 2 fair value, based on the inputs for the valuation technique used (see Note 3.4).

Concept	09-30-2016 ThCh$	09-30-2015 ThCh$
Commercial stores	85,573,475	71,097,534
Land	44,719,782	41,036,109
Buildings	6,940,352	6,350,558
Total	**137,233,609**	**118,484,201**

Income and expenses from investment property as of September 2016 and 2015 is as follows:

Income and expenses from investment property	Accumulated		Quarter	
	01-01-2016 09-30-2016 ThCh$	01-01-2015 09-30-2015 ThCh$	07-01-2016 09-30-2016 ThCh$	07-01-2015 09-30-2015 ThCh$
Commercial stores	4,327,998	3,461,144	1,691,019	1,260,778
Land	2,176,125	1,925,854	378,139	428,781
Buildings	461,950	411,263	121,461	117,874
Total amount due to rental income	**6,966,073**	**5,798,261**	**2,190,619**	**1,807,433**
Commercial stores (contributions)	(104,902)	(98,149)	(37,630)	(34,339)
Land (contributions)	(28,921)	(28,230)	(8,730)	(9,659)
Buildings (contributions)	(88,925)	(87,509)	(35,897)	(36,690)
Commercial stores (depreciation)	(114,315)	(85,913)	(32,369)	(28,588)
Buildings (depreciation)	(39,787)	(39,787)	(13,262)	(13,262)
Total expenses due to leases	**(376,850)**	**(339,588)**	**(127,888)**	**(122,538)**

The Company has not evidenced indicators of impairment of investment property.

The Company has no pledges (mortgage or other type of guarantee) on investment property.

The lease contracts generally establish the obligation to maintain and repair the properties, therefore the expenses are attributed to the lessees, except for the expenses for payment of property taxes that are borne by the lessor.

10. Other financial assets, current and non-current

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

Concept	09-30-2016		12-31-2015	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Financial investments over 3 months	60,776,391	-	24,654,136	-
Derivative transactions	115,880	6,084,767	735,755	14,557,429
Finance lease	45,298	1,791,300	44,443	1,982,126
Promissory notes receivables	-	444,626	-	424,179
Other accounts receivable	-	5,984	-	4,741
Total	**60,937,569**	**8,326,677**	**25,434,334**	**16,968,475**

Financial investments, over 3 months

Term deposits

Type of investment	Currency of origin	Capital in currency of origin ThCh$ - ThUS$	Average annual rate	Average maturity dates	Capital in domestic currency ThCh$	Accrued interest in domestic currency ThCh$	Carrying amount 09-30-2016 ThCh$
Term deposits	Ch$	20,603,468	4.08%	96	20,603,468	137	20,603,605
	US$	262.00	0.82%	66	172,401	385	172,786
	UF	1,525.30	0.57%	116	40,000,000	-	40,000,000
Total					60,775,869	522	60,776,391

Type of investment	Currency of origin	Capital in currency of origin ThCh$ - ThUS$	Average annual rate	Average maturity dates	Capital in domestic currency ThCh$	Accrued interest in domestic currency ThCh$	Carrying amount 12-31-2015 ThCh$
Term deposits	Ch$	6,700,532	3.99%	59	6,700,532	59,070	6,759,602
	US$	25,170.50	0.92%	78	17,875,082	19,452	17,894,534
Total					24,575,614	78,522	24,654,136

Derivative transactions

Financial assets as of 09-30-2016

									Current			Non-current			
									Maturity		Total current	Maturity			Total non-current
Tax ID Number	Name	Country	Tax ID Number	Name	Country	Currency	Nominal rate	Type Repayment	Up to 90 days	90 days to 1 year	09-30-2016	1 to 3 years	3 to 5 years	Over 5 years	09-30-2016
									ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	1.17810%	Biannual	-	663	663	1,757	-	-	1,757
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	1.10710%	Biannual	-	10,928	10,928	52,464	-	-	52,464
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	1.10110%	Biannual	-	13,860	13,860	24,502	-	-	24,502
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	1.17710%	Biannual	-	381	381	51	-	-	51
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	US$	1.09915%	Biannual	-	1,660	1,660	13,912	-	-	13,912
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	1.17810%	Biannual	-	763	763	2,023	-	-	2,023
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	1.35820%	Biannual	3,776	-	3,776	58,730	-	-	58,730
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	1.15710%	Biannual	-	3,169	3,169	10,580	-	-	10,580
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	1.41456%	Maturity dates	43,427	-	43,427	1,004,568	-	-	1,004,568
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	1.41456%	Maturity dates	15,524	-	15,524	1,691,871	-	-	1,691,871
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	1.35820%	Biannual	3,657	-	3,657	297,382	-	-	297,382
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US$	4.19000%	Biannual	18,072	-	18,072	2,195,195	731,732	-	2,926,927
						Total			**84,456**	**31,424**	**115,880**	**5,353,035**	**731,732**	-	**6,084,767**

Financial assets as of 12-31-2015

									Current			Non-current			
									Maturity		Total current	Maturity			Total non-current
Tax ID Number	Name	Country	Tax ID Number	Name	Country	Currency	Nominal rate	Type Repayment	Up to 90 days	90 days to 1 year	12-31-2015	1 to 3 years	3 to 5 years	Over 5 years	12-31-2015
									ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US$	0.72660%	Biannual	-	963	963	76,958	-	-	76,958
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US$	0.72500%	Biannual	-	79	79	4,396	-	-	4,396
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.73460%	Biannual	-	343	343	23,536	-	-	23,536
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.85390%	Biannual	-	257	257	35,842	-	-	35,842
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.75740%	Biannual	-	4,098	4,098	379,432	-	-	379,432
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.73450%	Biannual	-	6,503	6,503	357,435	-	-	357,435
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US$	0.72500%	Biannual	-	3,283	3,283	241,925	-	-	241,925
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.72500%	Biannual	-	515	515	38,034	-	-	38,034
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.85390%	Biannual	-	152	152	18,510	-	-	18,510
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.80375%	Biannual	-	91	91	8,215	-	-	8,215
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US$	0.72500%	Biannual	-	212	212	12,525	-	-	12,525
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US$	0.73400%	Biannual	-	1,695	1,695	120,683	-	-	120,683
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US$	0.72450%	Biannual	-	1,083	1,083	90,405	-	-	90,405
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US$	0.72500%	Biannual	-	256	256	15,124	-	-	15,124
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.73900%	Biannual	318	-	318	17,878	-	-	17,878
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.85390%	Biannual	-	296	296	41,204	-	-	41,204
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.70380%	Biannual	11,419	-	11,419	478,321	-	-	478,321
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.81865%	Biannual	-	1,415	1,415	168,263	-	-	168,263
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US$	0.72980%	Maturity dates	82,086	-	82,086	3,665,323	-	-	3,665,323
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	0.72980%	Maturity dates	29,343	-	29,343	2,700,033	-	-	2,700,033
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US$	0.70380%	Biannual	11,265	-	11,265	948,120	-	-	948,120
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	US$	0.72500%	Biannual	-	7,140	7,140	1,017,285	-	-	1,017,285
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US$	4.19000%	Biannual	572,943	-	572,943	2,458,789	1,639,193	-	4,097,982
						Total			**707,374**	**28,381**	**735,755**	**12,918,236**	**1,639,193**	**-**	**14,557,429**

Financial lease agreements

On August 1, 2004 and through July 31, 2034, the Company leased to Chilectra S.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 Chilectra 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 lessor.

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	09-30-2016			12-31-2015		
	Gross amount ThCh$	Interest ThCh$	Current amount ThCh$	Gross amount ThCh$	Interest ThCh$	Current amount ThCh$
Up to 1 year	208,143	162,845	45,298	224,636	180,193	44,443
From 1 to 5 years	1,040,718	736,513	304,205	1,123,181	824,719	298,462
More than 5 years	2,289,579	802,484	1,487,095	2,695,637	1,011,973	1,683,664
Total	**3,538,440**	**1,701,842**	**1,836,598**	**4,043,454**	**2,016,885**	**2,026,569**

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

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

Other current non-financial assets	09-30-2016 ThCh$	12-31-2015 ThCh$
Prepaid expenses	11,902	164,018
Advances to suppliers and personnel	6,073,099	4,051,873
Other non-financial receivables	1,417,050	-
Total	**7,502,051**	**4,215,891**

Other non-financial assets, non-current	09-30-2016 ThCh$	12-31-2015 ThCh$
Funds allocated to pay for expropriations of new lines	12,224,691	18,659,665
Value-added tax fiscal credit	9,246,331	8,106,248
Advances for severance indemnities and other loans	2,332,539	1,329,843
Total	**23,803,561**	**28,095,756**

12. Other financial liabilities, current and non-current

This caption comprises the following:

Concept	09-30-2016		12-31-2015	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Interest-bearing loans	122,566,955	293,963,268	79,107,582	306,005,643
Bonds payable	36,773,800	1,299,584,905	44,997,908	1,219,249,024
Derivative transactions	193,551	-	503,593	-
Megaproject contract retentions	-	10,561,302	-	15,667,206
Total	**159,534,306**	**1,604,109,475**	**124,609,083**	**1,540,921,873**

Biannual and equivalent interest-bearing loans as of 09-30-2016

								Current			Non-current			
								Maturity		Total current	Maturity			Total non-current
Tax ID Number	Name	Country	Tax ID Number	Name	Country	Currency	Effective rate	Up to 90 days ThCh$	90 days to 1 year ThCh$	09-30-2016 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	09-30-2016 ThCh$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US$	2.95%	14,533,095	64,418,570	78,951,665	67,976,330	17,560,372	34,081,952	119,618,654
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	US$	0.69%	829,467	1,989,433	2,818,900	8,369,331	5,579,554	12,055,022	26,003,907
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euro	2.00%	23,238	36,406	59,644	174,322	116,214	61,473	352,009
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria	Chile	US$	2.60%	192,065	39,588,058	39,780,123	-	-	-	-
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	US$	2.36%	860,587	96,036	956,623	19,731,826	39,463,653	88,793,219	147,988,698
						Total		**16,438,452**	**106,128,503**	**122,566,955**	**96,251,809**	**62,719,793**	**134,991,666**	**293,963,268**

Biannual and equivalent interest-bearing loans as of 12-31-2015

								Current			Non-current			
								Maturity		Total current	Maturity			Total non-current
Tax ID Number	Name	Country	Tax ID Number	Name	Country	Currency	Effective rate	Up to 90 days ThCh$	90 days to 1 year ThCh$	12-31-2015 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	12-31-2015 ThCh$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US$	2.24%	8,035,462	46,013,392	54,048,854	124,166,663	12,739,310	-	136,905,973
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	US$	0.70%	654,309	2,382,674	3,036,983	9,032,498	6,021,665	15,157,049	30,211,212
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euro	2.00%	16,639	44,904	61,543	182,778	121,852	102,627	407,257
61.219.000-3	Metro S.A.	Chile	O-E	Banco Société Générale	France	US$	1.91%	75,282	21,380,082	21,455,364	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria	Chile	US$	2.18%	102,185	162,118	264,303	42,609,600	-	-	42,609,600
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	US$	2.10%	-	240,535	240,535	-	12,782,880	83,088,721	95,871,601
						Total		**8,883,877**	**70,223,705**	**79,107,582**	**175,991,539**	**31,665,707**	**98,348,397**	**306,005,643**

Interest-bearing loans:

- ✓ Loan from Natixis Bank (financial protocol of the French Government to the Chilean government) in the amount of US$87,793,769.88. As of September 30, 2016 it has been fully used, leaving a principal balance of US$ 43,758,069.03. (US$ 46,781,071.03 in 2015).
- ✓ Loan from Natixis Bank (financial protocol of the French Government to the Chilean government) in the amount of €1,573,093.76. As of September 30, 2016 it has been fully used, leaving a principal balance of Euros 555,133.33. (Euros 604,412.02 in 2015).
- ✓ Buyer Credit Facility Agreement for the Metro Line 4 Project, with a syndicate of international banks led by BNP Paribas, in the amount of US$150,000,000.00 which is State guaranteed. As of September 30, 2016 and December 31, 2015, it has been fully used, leaving a principal balance of US$ 2,941,176.47. (US$ 5,882,352.94 in 2015).
- ✓ Buyer Credit Facility Agreement for the Metro Line 4 Project, with a syndicate of international banks led by BNP Paribas, in the amount of US$340,000,000.00 which is State guaranteed. As of September 30, 2016 it has been fully used, leaving a principal balance of US$ 7,932,631.09. (US$ 28,135,263.28 in 2015).
- ✓ Buyer Credit Facility Agreement for the acquisition of rolling stock, with a syndicate of international banks led by BNP Paribas in the amount of US$46,855,822.64, without guarantees. This financing is not guaranteed by the Government. As of September 30, 2016 and December 31, 2015, it has been fully used, leaving a principal balance of US$ 7,542,343.98. (US$ 10,056,458.69 in 2015).
- ✓ 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$260,000,000.00. This financing is not guaranteed by the Government. As of September 30, 2016 and December 31, 2015, it has been fully used, leaving a principal balance of US$ 102,619,174.10. (US$ 115,580,202.03 in 2015).
- ✓ Financial Loan 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$130,000,000.00, without guarantees by the Government. As of September 30, 2016 it has been fully used, leaving a principal balance of US$ 32,500,000.00. (US$ 48,750,000.00 in 2015).

  Such agreement establishes that, at September 30, 2016, the maximum debt/equity ratio must be equal to or less than 1.70 times with minimum equity of ThCh$700 million. Note that as of September 30, 2016, this debt/equity ratio is 1.14 times and equity amounts to ThCh$1,925 million, calculated as set forth in the relevant loan agreement.
- ✓ Debt Restructuring Loan Agreement, with BNP Paribas, in the amount of US$90,000,000.00 (bullet payment at maturity date). This financing is state guaranteed in the amount of US$60,000,000.00. As of September 30, 2016 and December 31, 2015, it has been fully used, leaving a principal balance of US$ 60,000,000.00.

Such agreement establishes that, at September 30, 2016, the maximum debt/equity ratio must be equal to or less than 1.70 times with minimum equity of ThCh$700 million. Note that as of September 30, 2016, this debt/equity ratio is 1.14 times and equity amounts to ThCh$1,925 million, calculated as set forth in the relevant loan agreement.

- ✓ Debt Restructuring Loan Agreement, with Banco Bilbao Vizcaya Argentaria, for US$60,000,000.00, (bullet payment at maturity date). This financing is not guaranteed by the Government. As of September 30, 2016 and December 31, 2015, it has been fully used, leaving a principal balance of US$ 60,000,000.00.

  Such agreement establishes that, at September 30, 2016, the maximum debt/equity ratio must be equal to or less than 1.70 times with minimum equity of ThCh$700 million. Note that as of September 30, 2016, this debt/equity ratio is 1.14 times and equity amounts to ThCh$1,925 million, calculated as set forth in the relevant loan agreement.

- ✓ Buyer Credit Agreement for Extension Projects on Lines 3 and 6, with a syndicate of international banks headed by BNP Paribas, of US$550,000,000.00, without guarantees and signed on December 18, 2014. This financing is not guaranteed by the Government. As of September 30, 2016, a balance of US$ 86,324,509.02, has been used, leaving a principal balance of US$ 86,324,509.02 (As of December 31, 2015 had not been used).

  Such agreement establishes that, at September 30, 2016, the maximum debt/equity ratio must be equal to or less than 1.70 times with minimum equity of ThCh$700 million. Note that as of September 30, 2016, this debt/equity ratio is 1.14 times and equity amounts to ThCh$1,925 million, calculated as set forth in the relevant loan agreement.

- ✓ 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$250,000,000.00, without guarantees and signed on December 18, 2014. This financing is not guaranteed by the Government. As of September 30, 2016, a balance of US$ 224,900,000.00, has been used, leaving a principal balance of US$ 224,900,000.00 (US$135,000,000.00 for 2015).

  Such agreement establishes that, at September 30, 2016, the maximum debt/equity ratio must be equal to or less than 1.70 times with minimum equity of ThCh$700 million. Note that as of September 30, 2016, this debt/equity ratio is 1.14 times and equity amounts to ThCh$1,925 million, calculated as set forth in the relevant loan agreement.

Obligations with the public - bonds payable

The Company’s domestic and foreign liabilities as of 09-30-2016

											Current			Non-current			
											Maturity		Total current	Maturity			Total non-current
Series	Tax ID Number	Name	Country Debtor	Tax ID Number	RTB Bank (*) and payer	Country	Currency	Nominal rate	Effective rate	Type Repayment	Up to 90 days	90 days to 1 year	09-30-2016	1 to 3 years	3 to 5 years	Over 5 years	09-30-2016
											ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	Biannual	1,835,701	2,906,024	4,741,725	15,603,459	11,014,206	58,484,353	85,102,018
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	Biannual	1,995,216	917,851	2,913,067	7,801,729	5,507,103	30,858,823	44,167,655
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	Biannual	1,748,287	2,789,735	4,538,022	10,489,853	10,489,720	66,361,075	87,340,648
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	Biannual	1,748,287	2,829,791	4,578,078	5,245,127	10,489,720	77,457,323	93,192,170
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	Biannual	2,628,702	1,223,801	3,852,503	7,342,805	7,342,830	54,027,935	68,713,570
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	Biannual	830,436	1,363,177	2,193,613	4,982,618	4,982,643	36,493,050	46,458,311
G	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	4.5%	3.1%	Biannual	1,223,803	1,364,202	2,588,005	7,342,806	6,119,004	62,537,306	75,999,116
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	Biannual	2,622,430	2,810,873	5,433,303	15,641,384	-	-	15,641,384
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	Biannual	-	733,065	733,065	13,588,942	13,588,942	46,947,916	74,125,800
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	Biannual	1,724,694	-	1,724,694	3,496,570	13,986,279	87,027,804	104,510,653
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	Biannual	-	225,185	225,185	-	-	132,404,894	132,404,894
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	Biannual	570,891	-	570,891	-	-	39,012,802	39,012,802
M	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	2.9%	2.5%	Biannual	-	207,219	207,219	-	-	107,913,891	107,913,891
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	US$	4.8%	4.9%	Biannual	-	2,474,430	2,474,430	-	-	325,001,993	325,001,993
							Total				**16,928,447**	**19,845,353**	**36,773,800**	**91,535,293**	**83,520,447**	**1,124,529,165**	**1,299,584,905**

The Company’s domestic and foreign liabilities as of 12-31-2015

											Current			Non-current			
											Maturity		Total current	Maturity			Total non-current
Series	Tax ID Number	Name	Country Debtor	Tax ID Number	RTB Bank (*) and payer	Country	Currency	Nominal rate	Effective rate	Type Repayment	Up to 90 days	90 days to 1 year	12-31-2015	1 to 3 years	3 to 5 years	Over 5 years	12-31-2015
											ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	Biannual	4,170,177	1,794,037	5,964,214	14,352,291	10,764,218	61,338,673	86,455,182
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	Biannual	897,018	1,326,441	2,223,459	7,176,145	5,382,109	31,553,861	44,112,115
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	Biannual	4,017,224	1,708,606	5,725,830	5,126,085	10,251,636	73,392,723	88,770,444
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	Biannual	4,102,727	1,708,606	5,811,333	10,251,638	10,251,636	74,016,257	94,519,531
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	Biannual	1,196,024	1,668,719	2,864,743	7,176,147	6,578,133	54,659,474	68,413,754
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	Biannual	1,989,410	811,588	2,800,998	4,869,528	4,057,940	38,165,939	47,093,407
G	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	4.5%	3.1%	Biannual	2,136,400	1,196,024	3,332,424	7,176,146	4,784,098	65,235,234	77,195,478
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	Biannual	3,065,728	2,562,929	5,628,657	15,377,454	5,037,896	-	20,415,350
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	Biannual	1,564,826	-	1,564,826	6,640,258	13,280,515	52,521,525	72,442,298
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	Biannual	-	544,952	544,952	-	13,668,834	88,458,245	102,127,079
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	Biannual	1,457,991	-	1,457,991	-	-	129,223,609	129,223,609
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	Biannual	-	191,408	191,408	-	-	38,126,901	38,126,901
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	US$	4.8%	4.9%	Biannual	6,887,073	-	6,887,073	-	-	350,353,876	350,353,876
							Total				**31,484,598**	**13,513,310**	**44,997,908**	**78,145,692**	**84,057,015**	**1,057,046,317**	**1,219,249,024**

(*) RTB: Bondholders' Representative.

On July 31, 2001, December 5, 2001, August 9, 2002, September 3, 2003, June 23, 2004 and December 14, 2005, the Company placed 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 biannual 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 biannual 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 biannual 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 semiannual interest payments and 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 biannual interest and early redemption.

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

On September 29, 2016, the Company placed 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 biannual interest and early redemption.

The Series A and B bonds are have a State guarantee, 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 Treasury, 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 bond are not guaranteed, notwithstanding the creditors' general pledge right set forth in Chilean law.

The Company is not affected by restrictions in respect to the issuance of Series A to G bonds. For the Series H, I, J, K, L and M 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 financial statements prepared as of December 31 of each calendar year and filed with the SVS. International bond is not subject to related restrictions or covenants.

Derivative transactions

Financial liabilities as of 09-30-2016

									Current			Non-current			
									Maturity		Total current	Maturity			Total non-current
Tax ID Number	Name	Country	Tax ID Number	Name	Country	Currency	Rate annual rate	Type Repayment	Up to 90 days ThCh$	90 days to 1 year ThCh$	09-30-2016 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	09-30-2016 ThCh$
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.39%	Biannual	-	1,330	1,330	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.63%	Biannual	-	25,263	25,263	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.59%	Biannual	-	32,154	32,154	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.46%	Biannual	-	796	796	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.08%	Biannual	-	3,007	3,007	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.39%	Biannual	-	1,529	1,529	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.75%	Biannual	7,362	-	7,362	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.27%	Biannual	-	6,127	6,127	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.10%	Maturity dates	90,776	-	90,776	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	1.91%	Maturity dates	17,541	-	17,541	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	1.97%	Biannual	4,438	-	4,438	-	-	-	-
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	Chile	US$	0.75%	Biannual	3,228	-	3,228	-	-	-	-
						Total			123,345	70,206	193,551	-	-	-	-

Financial liabilities as of 12-31-2015

									Current			Non-current			
									Maturity		Total current	Maturity			Total non-current
Tax ID Number	Name	Country	Tax ID Number	Name	Country	Currency	Rate	Type	Up to 90 days	90 days to 1 year	12-31-2015	1 to 3 years	3 to 5 years	Over 5 years	12-31-2015
							annual rate	Repayment	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	1.97%	Biannual	-	2,251	2,251	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.40%	Biannual	-	235	235	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.35%	Biannual	-	954	954	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.39%	Biannual	-	645	645	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.63%	Biannual	-	12,540	12,540	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.59%	Biannual	-	20,479	20,479	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.63%	Biannual	-	10,333	10,333	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.41%	Biannual	-	1,491	1,491	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.46%	Biannual	-	395	395	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.46%	Biannual	-	250	250	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.40%	Biannual	-	628	628	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.09%	Biannual	-	4,183	4,183	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.08%	Biannual	-	2,694	2,694	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.42%	Biannual	-	765	765	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.38%	Biannual	891	-	891	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.39%	Biannual	-	741	741	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.75%	Biannual	38,906	-	38,906	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.27%	Biannual	-	3,501	3,501	-	-	-	-
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	3.10%	Maturity dates	301,168	-	301,168	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	1.91%	Maturity dates	58,196	-	58,196	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	1.97%	Biannual	23,894	-	23,894	-	-	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	1.93%	Biannual	-	14,385	14,385	-	-	-	-
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	Chile	US$	0.03%	Biannual	-	4,068	4,068	-	-	-	-
						Total			423,055	80,538	503,593	-	-	-	-

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

This caption comprises the following:

Current	09-30-2016 ThCh$	12-31-2015 ThCh$
Real estate taxes	3,347,456	3,421,982
Deferred income	1,032,147	1,186,398
Guarantees received	12,896,569	32,845,204
Total	**17,276,172**	**37,453,584**

Non-current	09-30-2016 ThCh$	12-31-2015 ThCh$
Deferred income (*)	3,390,077	3,484,945
Total	**3,390,077**	**3,484,945**

(*) Corresponds to long-term operational leases.

14. Balances and transactions with related parties

Trade and other receivables:

As of September 30, 2016 and December 31, 2015, the Company records no outstanding balances of receivables from related parties.

Trade and other payables:

Corresponds to capital contributions received from the Government of Chile for network expansion projects. As of September 30, 2016, contributions pending capitalization reached ThCh$319,737,277 (ThCh$49,737,277 for 2015).

Transactions:

2016.

As of the third quarter of 2016, the Company received contributions from the Chilean Government for ThCh$270,000,000 and received ThCh$ 160,303,000 at the third quarter of 2015.

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

Key management personnel

The Company's key personnel are composed of those individuals having the authority and responsibility to plan, manage and control the entity's activities. The Company has determined that key management personnel are composed of the Directors, General Manager and Managers of the Company's different areas (senior executives).

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

Directors' income are as follows:

Directors' income	Accumulated		Quarter	
	1/1/2016 09-30-2016 ThCh$	1/1/2015 09-30-2015 ThCh$	1/7/2016 09-30-2016 ThCh$	1/7/2015 09-30-2015 ThCh$
Fixed remunerations	105,397	96,581	35,132	34,427
Variable remunerations	46,933	45,466	15,644	15,330
Total	**152,330**	**142,047**	**50,776**	**49,757**

Board of Directors' expenses

For the nine-month periods ended September 30, 2016, per diem expenses amounted to ThCh$563 whereas at the same period of 2015 there were no expenses for such concept and there were no expenses incurred for travel tickets.

Remunerations of the General Manager and Other Managers:

For the nine-month period ended September 30, 2016, remunerations received by the General Manager amounted to ThCh$ 164,717 (ThCh$ 128,366 at the same period of 2015) and remunerations received by Other managers amounted to ThCh$ 1,327,788 (ThCh$ 1,066,394 at the same period of 2015).

15. Trade and other payables

This caption comprises the following:

Concept	09-30-2016 ThCh$	12-31-2015 ThCh$
Debt for purchases or services received	50,244,604	61,345,348
Accounts payable - Transantiago	8,117,672	8,262,031
Withholdings	1,487,071	2,139,440
Other accounts payable	379,524	370,846
Total	**60,228,871**	**72,117,665**

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 company that is subject to the rules of open stock corporations in Chile, and its corporate purpose is to carry out all activities related to providing transportation services on underground railways or other complementary electric modes of transportation and services associated with its ordinary course of business.

Its main income is derived from passenger transportation services. The processes associated with the services provided by the Company are based on a common technological and administrative infrastructure. Current activities focus on providing services in a domestic environment with common 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 from this main business.

17. Provisions for employee benefits

Current

Concept	09-30-2016 ThCh$	12-31-2015 ThCh$
Accrued vacations	5,281,752	3,689,177
Employee benefit obligations	2,138,964	1,593,321
Productivity bonus	4,207,317	5,211,027
Total	**11,628,033**	**10,493,525**

Non-current

Concept	09-30-2016 ThCh$	12-31-2015 ThCh$
Provision for dismissal	15,138,251	14,511,211
Provision for resignations	64,552	67,732
Provision for mortality	834,648	871,668
Advance for severance indemnity payments	(1,871,562)	(1,786,906)
Total	**14,165,889**	**13,663,705**

Movements in the provision for severance indemnity payments for the nine-month period ended September 30, 2016 and December 31, 2015.

Concept	ThCh$
Liabilities as of 01.01.2016	13,663,705
Service interest	488,455
Benefits paid	(280,232)
Actuarial (profit) loss	293,961
Liabilities as of 09.30.2016	**14,165,889**

Concept	ThCh$
Liabilities as of 01.01.2015	13,722,607
Service interest	633,586
Benefits paid	(1,074,069)
Actuarial (profit) loss	381,581
Liabilities as of 12.31.2015	**13,663,705**

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:

2016

Concept	Increase	Base	Decrease	Increase ThCh$	Decrease ThCh$
Discount rate (change of 0.5)	4.920%	4.420%	3.920%	13,855,140	14,488,031
Increase in salary (change of 0.5)	4.530%	4.030%	3.530%	14,561,018	13,786,022
Labor rotation (change of 25%)	1.813%	1.450%	1.088%	14,151,548	14,180,940
Mortality rate (change of 25%)	25.00%	CB14 & RV14	-25.00%	14,134,366	14,198,063

2015

Concept	Increase	Base	Decrease	Increase ThCh$	Decrease ThCh$
Discount rate (change of 0.5)	5.266%	4.766%	4.266%	13,341,061	13,998,506
Increase in salary (change of 0.5)	4.530%	4.030%	3.530%	14,078,684	13,265,250
Labor rotation (change of 25%)	1.813%	1.450%	1.088%	13,655,831	13,672,281
Mortality rate (change of 25%)	25.00%	CB14 & RV14	-25.00%	13,632,522	13,695,583

Projection of the actuarial calculation for the following year:

The projected calculation for the following year amounts to ThCh$14,791,613.

Estimate of expected cash flows for the following year

The Company estimates that for the following year there will be expected payment flows for obligations on a monthly average of ThCh$58,766 as of September 30, 2016 (ThCh$74,407 as of September 30, 2015).

Actuarial revaluation of obligations:

The Company revalued its obligations as of September 30, 2016, determining a loss due to the update of financial parameters of ThCh$293,368 (loss of ThCh$157,987 as of September 30, 2015) and a loss due to experience of ThCh$ 593 (loss of ThCh$206,532 as of September 30, 2015).

Concept / profit (loss)	**09-30-2016 ThCh$**	**09-30-2015 ThCh$**
Revaluation of financial parameters	(293,368)	(157,987)
Revaluation due to experience	(593)	(206,532)
Total deviation for the period	(293,961)	(364,519)
Summary		
Due to hypotheses	(293,368)	(157,987)
Due to experience	(593)	(206,532)
Total deviation for the period	(293,961)	(364,519)

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

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:

   We used the mortality tables CB-H-2014 men and RV-M-2014 women's, developed by the Superintendences of Pensions and SVS.

   Workforce rotation

   The rotation 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 reasons	0.07

2. Discount rate:

   The real annual discount rates used at each period end are as follows:

As of	Rate %
12-31-2015	1.72
09-30-2016	1.38

4. Termination of employment:

   The estimated maximum average termination ages are:

Detail	Age
Women	62 years
Men	68 years

18. Income tax

The Company had a negative first category (corporate) tax base of ThCh$861,647,856 as of September 2016, ThCh$831,143,389 as of December 2015 and ThCh$792,199,229 as of September 2015, 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 recognize there deferred tax assets, therefore these have been recognized up to the amount of deferred tax liabilities (1).

Temporary difference	Tax assets		Tax liabilities	
	09-30-2016 ThCh$	12-31-2015 ThCh$	09-30-2016 ThCh$	12-31-2015 ThCh$
Allowance for doubtful accounts	323,972	293,375	-	-
Deferred income	1,194,000	1,261,262	-	-
Accrued vacations	1,426,073	996,078	-	-
Severance indemnity payments	1,884,682	1,739,459	-	-
Provisions for law suits	104,603	585,569	-	-
Provisions for maintenance	523,285	875,350	-	-
Provision for employee benefits	577,520	430,197	-	-
Provisions for spare parts	732,777	732,777	-	-
Irrecoverable value added-tax fiscal credit for extensions	-	-	32,263,694	31,476,774
Capitalized expenses	-	-	31,826,544	22,219,168
Property, plant and equipment	89,159,291	67,334,005	-	-
Tax loss	232,644,921	224,408,715	-	-
Other events	1,059,910	1,015,116	-	-
Subtotal	329,631,034	299,671,903	64,090,238	53,695,942
Net deferred tax assets	265,540,796	245,975,961	-	-
Reduction of deferred tax assets (1)	(265,540,796)	(245,975,961)	-	-
Deferred tax, net	-	-	-	-

19. Provisions, contingencies and guarantees

As of September 30, 2016, 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 detailed information for claims and lawsuit is as follows:

Other short-term provisions	09-30-2016 ThCh$	12-31-2015 ThCh$
Civil - compensation for damages	117,350	164,000
Labor	263,789	703,521
Other (resources - presentations - etc.)	6,279	1,301,252
Total	**387,418**	**2,168,773**

According to the current status of legal proceeding, management believes those provisions recorded in the consolidated financial statements properly cover the risks for the litigation described above, 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:

Concept	Amount ThCh$
Balance as of 01.01.2015	286,000
Accrued provisions	2,427,963
Reversal of provisions	(545,190)
Balance as of 12.31.2015	2,168,773
Reversal of provisions	(200,336)
Cash payments	(1,581,019)
Balance as of 09.30.2016	387,418

Direct guarantees

The guarantees granted by the Company are in UF and U.S. dollars, expressed in thousands of Chilean pesos as of September 30, 2016, are detailed below.

Type of guarantee	No. of guarantee	Issuing entity	Currency	Amount	Beneficiary	Issue date	Maturity date	Status	Present value as of ThCh$
Note	695590	Banco Santander	UF	1,000	Subsecretaría de Transportes	08-03-2016	10-02-2017	Effective	26,224
Note	695591	Banco Santander	UF	5,000	Subsecretaría de Transportes	08-03-2016	10-02-2017	Effective	131,122
Note	695592	Banco Santander	UF	5,000	Subsecretaría de Transportes	08-03-2016	10-02-2017	Effective	131,122
Note	695593	Banco Santander	UF	5,000	Subsecretaría de Transportes	08-03-2016	10-02-2017	Effective	131,122
Note	695594	Banco Santander	UF	5,000	Subsecretaría de Transportes	08-03-2016	10-02-2017	Effective	131,122
Note	695595	Banco Santander	UF	5,000	Subsecretaría de Transportes	08-03-2016	10-02-2017	Effective	131,122
Note	695596	Banco Santander	UF	5,000	Subsecretaría de Transportes	08-03-2016	10-02-2017	Effective	131,122
Note	695597	Banco Santander	UF	5,000	Subsecretaría de Transportes	08-03-2016	10-02-2017	Effective	131,122
Note	695598	Banco Santander	UF	5,000	Subsecretaría de Transportes	08-03-2016	10-02-2017	Effective	131,122
Note	695599	Banco Santander	UF	5,000	Subsecretaría de Transportes	08-03-2016	10-02-2017	Effective	131,122
Note	695600	Banco Santander	UF	5,000	Subsecretaría de Transportes	08-03-2016	10-02-2017	Effective	131,122
Note	292112	Banco Santander	UF	150	Constructora San Francisco	01-03-2014	12-31-2017	Effective	3,934
Note	96584	Banco BBVA	US$	1,000,000	Enorchile S.A.	06-10-2014	06-30-2017	Effective	658,020
Note	464061	Banco Santander	UF	24,941	Junaeb	07-12-2016	06-30-2017	Effective	654,071
Note	201152	Banco Bice	UF	10,000	Chilectra S.A	01-10-2016	12-31-2016	Effective	262,243
Note	954439	Banco Bice	UF	10,000	Chilectra S.A	09-30-2016	12-31-2017	Effective	262,243

As of the closing date of the financial statements, there are no balances pending payment, since they are Performance Guarantees.

20. Changes in equity

2016 capital increase

Between January 1 and September 30, 2016, there were no capital increases.

2015 capital increase

At an Extraordinary Shareholders' Meeting held on December 29, 2015, the shareholders of the Company agreed to:

- ✓ Increase the issued and fully-paid capital of the Company by capitalizing government contributions of ThCh$185,140,328, at a nominal value through the issuance of 5,985,784,934 Series A shares subscribed and fully-paid by the Government and CORFO, in proportion to their interests and social participation.

a. Paid-in capital

As of September 30, 2016 and December 31, 2015, paid-in capital is represented by 43,998,312,563 and 19,163,677,063 nominative shares with no par value of Series A and B, respectively, of which 39,634,775,932 shares are owned by CORFO and 23,527,213,694 shares are owned by the Chilean Government.

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

Shareholders are detailed as follows:

Shareholder	09-30-2016		12-31-2015	
	Number of shares and percentages			
	Subscribed and paid shares	Ownership %	Subscribed and paid shares	Ownership %
Corporación de Fomento de la Producción	39,634,775,932	62.75%	39,634,775,932	62.75%
Ministry of Finance	23,527,213,694	37.25%	23,527,213,694	37.25%
Total	**63,161,989,626**	**-**	**63,161,989,626**	**-**
Corporación de Fomento de la Producción				
Series A	27,531,304,626	-	27,531,304,626	-
Series B	12,103,471,306	-	12,103,471,306	-
Total	**39,634,775,932**	**-**	**39,634,775,932**	**-**
Ministry of Finance				
Series A	16,467,007,937	-	16,467,007,937	-
Series B	7,060,205,757	-	7,060,205,757	-
Total	**23,527,213,694**	**-**	**23,527,213,694**	**-**

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 28, 2016, 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 September 30, 2016 and 2015, respectively, is as follows:

Subsidiary	Percentage Non-controlling interests		Non-controlling interests Equity		Share of profit or loss Income (expense)	
	2016 %	2015 %	2016 ThCh$	2015 ThCh$	2016 ThCh$	2015 ThCh$
Transub S.A.	33.33	33.33	(10,645)	(10,645)	-	-

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 SVS.

Other reserves	09-30-2016 ThCh$	12-31-2015 ThCh$
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 complementary information is presented in the consolidated statement of changes in equity.

21. Income and expenses

Revenue:

For the periods ended September 30, 2016 and 2015, revenue is detailed follows:

Revenue	Accumulated 01-01-2016 09-30-2016 ThCh$	Accumulated 01-01-2015 09-30-2015 ThCh$	Quarter 07-01-2016 09-30-2016 ThCh$	Quarter 07-01-2015 09-30-2015 ThCh$
Revenues from passenger transportation services	186,143,997	173,082,780	64,408,043	60,820,346
Sales channel income	29,231,810	31,623,920	9,516,421	9,534,952
Lease of commercial stores, spaces and advertising	11,190,824	9,479,550	4,694,860	3,299,969
Lease in intermodal terminals	1,645,258	1,510,221	522,613	516,904
Other	4,854,868	4,544,377	1,672,330	1,622,672
Total	233,066,757	220,240,848	80,814,267	75,794,843

Other income:

For the periods ended September 30, 2016 and 2015, other income is detailed follows:

Other income by function	Accumulated 01-01-2016 09-30-2016 ThCh$	Accumulated 01-01-2015 09-30-2015 ThCh$	Quarter 07-01-2016 09-30-2016 ThCh$	Quarter 07-01-2015 09-30-2015 ThCh$
Income from fines and indemnities	599,836	2,315,837	269,366	1,249,960
Welfare income	311,015	278,008	110,898	94,051
Sale of proposals	31,344	13,002	13,504	400
Other income	181,544	502,583	770	59,155
Total	1,123,739	3,109,430	394,538	1,403,566

Expenses by nature:

Cost of sales, administrative expenses and other expenses by function for the periods ended September 30, 2016 and 2015, are detailed as follows:

Expenses by nature	Accumulated 01-01-2016 09-30-2016 ThCh$	Accumulated 01-01-2015 09-30-2015 ThCh$	Quarter 07-01-2016 09-30-2016 ThCh$	Quarter 07-01-2015 09-30-2015 ThCh$
Personnel expenses	59,435,583	53,814,403	22,833,528	21,350,532
Maintenance and operating expenses	38,246,164	40,984,638	13,346,287	13,475,618
Purchase of energy	30,506,831	34,023,998	9,247,857	7,772,131
General and other expenses	43,237,009	40,368,098	17,070,401	13,638,508
Depreciation and amortization	54,625,232	56,016,242	18,330,073	18,715,549
Total	226,050,819	225,207,379	80,828,146	74,952,338

Personnel expenses:

As of September 30, 2016 and 2015, this caption is comprised of the following:

Personnel expenses	Accumulated		Quarter	
	01-01-2016 09-30-2016 ThCh$	01-01-2015 09-30-2015 ThCh$	07-01-2016 09-30-2016 ThCh$	07-01-2015 09-30-2015 ThCh$
Wages and salaries	37,882,653	35,042,056	12,430,894	12,067,447
Other benefits	17,717,599	15,793,235	9,178,186	8,108,676
Expenses in social and collective benefits	2,271,584	1,439,594	644,119	672,516
Social security contribution	1,563,747	1,539,518	580,329	501,893
Total	59,435,583	53,814,403	22,833,528	21,350,532

Maintenance and operating expenses:

As of September 30, 2016 and 2015, this caption is comprised of the following:

Maintenance and operating expenses	Accumulated		Quarter	
	01-01-2016 09-30-2016 ThCh$	01-01-2015 09-30-2015 ThCh$	07-01-2016 09-30-2016 ThCh$	07-01-2015 09-30-2015 ThCh$
Maintenance of rolling stock, stations and others	31,913,799	29,733,897	10,443,571	9,714,761
Spare parts and materials	5,003,368	9,303,140	2,350,836	3,193,532
Repair, leases and others	1,328,997	1,947,601	551,880	567,325
Total	38,246,164	40,984,638	13,346,287	13,475,618

Depreciation and amortization:

As of September 30, 2016 and 2015, this caption is comprised of the following:

Depreciation and amortization	Accumulated		Quarter	
	01-01-2016 09-30-2016 ThCh$	01-01-2015 09-30-2015 ThCh$	07-01-2016 09-30-2016 ThCh$	07-01-2015 09-30-2015 ThCh$
Depreciation	54,323,961	55,609,801	18,246,487	18,578,823
Amortization	301,271	406,441	83,586	136,726
Total	54,625,232	56,016,242	18,330,073	18,715,549

General and other expenses:

As of September 30, 2016 and 2015, this caption is comprised of the following:

General and other expenses	Accumulated		Quarter	
	01-01-2016 09-30-2016 ThCh$	01-01-2015 09-30-2015 ThCh$	07-01-2016 09-30-2016 ThCh$	07-01-2015 09-30-2015 ThCh$
Service contracts	17,719,178	17,754,483	5,582,270	5,177,366
Real estate taxes	2,756,138	-	928,915	-
Corporate image expenses	773,417	909,921	336,375	367,573
Sales channel operator expenses	14,832,867	15,952,169	4,874,300	4,735,582
Insurance, materials and others	7,155,409	5,751,525	5,348,541	3,357,987
Total	43,237,009	40,368,098	17,070,401	13,638,508

Financial result and exchange differences:

The Company's financial result and exchange differences for the periods ended September 30, 2016 and 2015, are as follows:

Financial result	Accumulated		Quarter	
	01-01-2016 09-30-2016 ThCh$	01-01-2015 09-30-2015 ThCh$	07-01-2016 09-30-2016 ThCh$	07-01-2015 09-30-2015 ThCh$
Finance income				
Interest on cash and other cash equivalents	1,607,546	4,397,632	94,580	1,429,423
Finance income from swaps	1,870,344	2,217,469	621,778	815,772
Other finance income	169,353	284,614	49,745	50,966
Subtotal	3,647,243	6,899,715	766,103	2,296,161
Financial expenses				
Interest and expenses on bank loans	(5,226,415)	(5,941,298)	(1,775,165)	(2,065,722)
Interest and expenses on bonds	(31,639,959)	(30,921,273)	(10,665,287)	(10,365,628)
Other finance expenses	(356,700)	(486,935)	(111,813)	(171,161)
Subtotal	(37,223,074)	(37,349,506)	(12,552,265)	(12,602,511)
Profit (loss) financial result	(33,575,831)	(30,449,791)	(11,786,162)	(10,306,350)

Foreign currency translation and index-adjusted differences	Accumulated		Quarter	
	01-01-2016 09-30-2016 ThCh$	01-01-2015 09-30-2015 ThCh$	07-01-2016 09-30-2016 ThCh$	07-01-2015 09-30-2015 ThCh$
Foreign currency translation difference				
Profit (loss) from foreign currency translation differences (Cred. Ext., Bonds and Inv.)	50,423,755	(77,624,376)	4,025,752	(51,737,722)
Total foreign currency translation difference	50,423,755	(77,624,376)	4,025,752	(51,737,722)
Index-adjusted unit				
Profit (loss) on index-adjusted unit (bonds)	(21,688,111)	(26,412,049)	(6,363,342)	(13,471,609)
Total index-adjusted unit	(21,688,111)	(26,412,049)	(6,363,342)	(13,471,609)

Other profit (losses):

Other profit (losses) of the Company for the periods ended September 30, 2016 and 2015 is composed of the following:

Other profit (loss)	Accumulated		Quarter	
	01-01-2016 09-30-2016 ThCh$	01-01-2015 09-30-2015 ThCh$	07-01-2016 09-30-2016 ThCh$	07-01-2015 09-30-2015 ThCh$
Net present value of swaps US$	5,910,667	14,412,899	1,130,357	2,452,227
Net present value of swaps UF	(12,488,748)	(5,853,989)	(2,163,174)	3,987,571
Net present value, value-added tax	1,808,026	(447,187)	1,189,745	625,914
Total	(4,770,055)	8,111,723	156,928	7,065,712

Other comprehensive income:

As of September 30, 2016 and 2015, this caption is comprised of the following:

Other comprehensive income	Accumulated		Quarter	
	01-01-2016 09-30-2016 ThCh$	01-01-2015 09-30-2015 ThCh$	07-01-2016 09-30-2016 ThCh$	07-01-2015 09-30-2015 ThCh$
Actuarial profit (loss) on defined benefit plans	(293,961)	(364,519)	(164,047)	(287,892)
Total	(293,961)	(364,519)	(164,047)	(287,892)

22. Third-party guarantees

Guarantees received at year-end, are detailed as follows:

Grantor	Guarantee amount ThCh$	Operation origina	Relationship
Abengoa Chile S.A.	64,399,757	Service contract	Supplier
Alstom Chile S.A.	175,579,741	Service contract	Supplier
Alstom Transport S.A.	95,910,777	Service contract	Supplier
Alstom Transporte S.A.	21,643,202	Service contract	Supplier
Ascensores Otis Chile Ltda.	2,566,602	Work contract	Supplier
Besalco Dragados S.A.	11,038,050	Service contract	Supplier
CAF Chile S.A.	764,457,105	Work contract	Supplier
Ingenieria Electrica e Inversiones	5,069,509	Work contract	Supplier
Colas Rail Establecimiento	31,063,810	Service contract	Supplier
Construciones Piques y Tuneles	5,851,125	Service contract	Supplier
Consorcio Acciona-Brotec	13,468,254	Supply contract	Supplier
Consorcio Ei-Ossa S.A.	22,640,035	Work contract	Supplier
Construcción y Auxiliar de Ferrocarriles	54,265,812	Work contract	Supplier
Construcciones Especializadas	2,663,996	Service contract	Supplier
Construcciones y Auxiliares	227,414,162	Service contract	Supplier
Constructora Conpax S A	2,347,936	Supply contract	Supplier
Constructora Internacional S.A	5,025,069	Work contract	Supplier
ETF	25,486,062	Service contract	Supplier
ETF Agencia en Chile	86,064,808	Service contract	Supplier
Eulen Seguridad S.A.	2,189,100	Service contract	Supplier
Faiveley Transport Chile Ltda.	2,494,217	Supply contract	Supplier
Faiveley Transport Far East	6,601,550	Service contract	Supplier
Ferrovial Agroman Chile S.A.	45,414,522	Supply contract	Supplier
Gmpg Ingeniería y Construcción	3,008,732	Supply platform gate	Supplier
Hidronor Chile SA	6,925,086	Seriousness/offer	Supplier
Idom Ingeniería y Consultoría	3,936,053	Work contract	Supplier
Inabensa S.A.	3,948,120	Service contract	Supplier
Indra Sistemas Chile S.A.	77,930,749	Service contract	Supplier
ISS Servicios Integrales Limitada	7,874,021	Service contract	Supplier
Marsh SA Corredores de Seguros	131,121,500	Service contract	Supplier
Obrascon Huarte Lain S. A. Agencia	33,470,001	Revenue contract	Client
SGS Chile Ltda. Soc. de Control	3,352,863	Service contract	Supplier
Sice Agencia Chile S.A.	44,285,192	Service contract	Supplier
Sociedad de Mantención e Instalaciones Técnicas	73,722,448	Service contract	Supplier
Soler y Palau S.A.	62,376,535	Supply contract	Supplier
Systra	2,180,662	Service contract	Supplier
Thales Canada Inc.	19,387,148	Service contract	Supplier
Thales Communications & Security	2,862,223	Service contract	Supplier
Thyssenkrupp Elevadores S.A.	37,096,686	Service contract	Supplier
Other	62,454,175	Works and service contract	Supplier/client
TOTAL	**2,249,587,395**		

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 to changes in market conditions or fortuitous or force majeure cases, among others.

23.1 Description of the market in which the Company operates

The main market in which the Company participates is that of 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.

Rates

On February 10, 2007, the Company became part of the Integrated Public Passenger Transportation System of Santiago, or Transantiago, and its fare revenues was originally based on the effectively confirmed number of passengers transported and the technical tariff 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 tariff of Ch$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 the variation of the variables that compose the Company's long-term cost structure (CPI, US dollar, euro, price of power and electric energy). This allows for a natural match in case of cost variations, due to an increase in any of the variables that compose the polynomial.

The fare paid by the public is different than the one received by the Company per transported passenger. In September 2016, customers paid Ch$740 at peak hours, Ch$660 at valley hours and Ch$610 at low hours, while, on average the Company received a technical tariff of Ch$369.83 per passenger.

As from July 1, 2013 starts the new contract between the Ministry of Transportation and Telecommunication of Chile and Metro S.A. to provide additional issuance, after-sales, trading services and charging of the public passenger transport system of Santiago.

Demand

To date, the Company is the structuring pillar of the Integrated System of Public Passengers Transportation (Transantiago) and during the period from January to September 2016 reached a level of 2.41 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 fact, the demand for passenger transportation is derived from the rest of the economic activities. During the period between January to September 2016, an increase of 10.3 million trips was observed, 2.1% compared to 2015, mainly due to an increase of 9.6% and 5.2% in passenger flow in May and August, respectively due to an increase in business days and lower amount of holidays compared to the same period of 2015.

23.2 Financial risks

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

In loans with 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 tariff received by the Company is updated monthly by the indexation polynomial which takes into consideration changes in the variables that compose the Company's long-term cost structure (CPI, US dollar, euro, price of power and electric energy). This allows for a natural hedge in case of cost variations due to an increase in certain variables that compose the polynomial.

To reduce the Company’s exposure to financial debt denominated in US dollars and to interest rate changes, the Company has a financial risks economic hedge policy. In the framework of this policy, the Company performed derivative transactions (cross currency swap ("CCS")) of MUS$75 as of September 30, 2016 (MUS$98 as of December 31, 2015), which do not meet the hedge accounting criteria.

In September 2016, Metro S.A. placed bonds in the local financial market for UF 3.8 million at a rate of 2.46%, the lowest achieved among the issuances not secured by the Government. Additionally, it achieved a historical milestone as it is the lowest for a corporate issuance at a term exceeding 20 years.

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 loans obtained by the Company at variable rates.

In order to mitigate the risks of interest rate fluctuation, the Company has entered into derivative transactions (cross currency swaps) and placed fixed rate bond in dollar and UF.

As of September 2016, the share of the debt at a variable rate records a significant change with respect to December 2015, as indicated in the following table:

Debt composition	09-30-2016 %	12-31-2015 %
Fixed rate	82.3	84.6
Variable rate	17.7	15.4
Total	100.0	100.0

In conducting a sensitivity analysis as of September 30, 2016 on the net debt at a variable Libor rate, not hedged by current derivatives, which amounts to MUS$466 (MUS$354 as of December 31, 2015), we note in the following table, the effect on profit or loss in a scenario where the Libor rate is increased by 100 basis points, would result in an annual increase in finance expenses of MUS$4.7 (MUS$3.5 as of December 31, 2015).

Sensitivity analysis	Equivalent in MUS$	Total %
Total debt (equivalent to MUS$)	**2,628**	**100%**
Debt at LIBOR rate	482	
IRS	59	
CCS	(75)	
Total variable rate debt	**466**	**18%**
Total fixed rate debt	**2,162**	**82%**

Variation in financial expenses	Equivalent in MUS$
Impact on financial expenses of a variation of 100 basis points in LIBOR	4.7

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 currency risks, the Company has contracted cross currency swap (CCS) financial derivatives, which amount to MUS$75 as of September 30, 2016.

The Company is also confronted with inflationary risk, as it maintains a debt with bondholders related to bonds issued in the domestic market in UF.

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

Financial Debt Structure	09-30-2016 Eq. in MUS$	%	12-31-2015 Eq. in MUS$	%
Debt UF	1,574	60%	1,348	59%
Debt US$	1,054	40%	943	41%
Total financial debt	**2,628**	**100%**	**2,291**	**100%**

The structure of the financial debt as of September 30, 2016, is mainly denominated in UF 60% and in U.S. dollars 40%.

This is in line with the operating flows of Metro, given the adjustment formula, which updates the Company's technical tariff 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 comprehensive income statement as of September 30, 2016, 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$63,852,601.

Sensitivity analysis Effect on profit or loss as of September 2016	10% depreciation ThCh$	10% appreciation ThCh$
Impact on profit or loss of 10% variation in the Ch$/US$ exchange rate	(63,852,601)	63,852,601

Liquidity risk

Income from tariffs associated with Metro passenger transportation, based on the new transport contract, are discounted daily from the funds collected by the Company's sales channel, generating the liquidity necessary to cover the Company's commitments. This income corresponds to 80% of total revenue.

Additionally, the Company has duly approved bank credit lines, which reduces liquidity risk (see Note 12).

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

	Up to 1 year ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Capital	144,325,387	205,224,047	140,303,611	1,239,046,790	1,728,899,835
Interest	70,248,215	190,324,500	123,419,486	251,067,573	635,059,774
Total	**214,573,602**	**395,548,547**	**263,723,097**	**1,490,114,363**	**2,363,959,609**

Financial liability structure

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

Financial liabilities	09-30-2016				
	Up to 1 year ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Interest-bearing loans	122,566,955	96,251,809	62,719,793	134,991,666	416,530,223
Bonds payable	36,773,800	91,535,293	83,520,447	1,124,529,165	1,336,358,705
Derivative transactions	193,551	-	-	-	193,551
Total	**159,534,306**	**187,787,102**	**146,240,240**	**1,259,520,831**	**1,753,082,479**

Financial liabilities	12-31-2015				
	Up to 1 year ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Interest-bearing loans	79,107,582	175,991,539	31,665,707	98,348,397	385,113,225
Bonds payable	44,997,908	78,145,692	84,057,015	1,057,046,317	1,264,246,932
Derivative transactions	503,593	-	-	-	503,593
Total	**124,609,083**	**254,137,231**	**115,722,722**	**1,155,394,714**	**1,649,863,750**

In general, the Company's debt structure is composed mainly of long-term bonds and bank loans, focusing on ensuring financial stability and improving 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 September 30, 2016 are detailed as follows.

	Carrying amount ThCh$	Fair value ThCh$
Credits	416,530,223	440,580,555
Bonds	1,336,358,705	1,528,434,936

Credit risk

The Company's credit risk arises from its exposure to its counterparties in a certain contract or financial instrument which may not fulfill its obligations. Thus, it considers both credit granted to customers and financial assets in portfolio.

Trade receivables

The risk of accounts receivable arising from commercial activities (passenger transportation) is limited, since 80% of the revenue received by the Company 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 commercial debtors.

Trade and other receivables	Balance as of	
	09-30-2016 ThCh$	12-31-2015 ThCh$
Trade receivables, gross	4,091,828	4,960,472
Impairment of trade receivables	(1,199,897)	(1,086,574)
Trade receivables, net	**2,891,931**	**3,873,898**
Sales channel accounts receivables, net	6,918,244	3,789,025
Other accounts receivable, net	1,476,292	1,854,268
Total trade and other receivables	**11,286,467**	**9,517,191**

Debtors relate mainly to commercial leases, advertising and invoices receivable with low delinquency.

Impairment of accounts receivable is determined using the legal reports issued by the Company´s legal department, considering the level of default of the account and the judicial collection and non-judicial collection measures taken.

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

Aging of trade receivables, net	Balance as of	
	09-30-2016 ThCh$	12-31-2015 ThCh$
Less than 3 months	1,589,697	2,744,932
From 3 months to 1 year	320,977	701,029
Over 1 year	981,257	427,397
Total	**2,891,931**	**3,873,358**

Aging of sales channel accounts receivable, net	Balance as of	
	09-30-2016 ThCh$	12-31-2015 ThCh$
Less than 3 months	3,695,611	3,553,919
From 3 months to 1 year	3,205,328	126,708
Over 1 year	17,305	108,398
Total	**6,918,244**	**3,789,025**

Aging of other receivables, net	Balance as of	
	09-30-2016 ThCh$	12-31-2015 ThCh$
Less than 3 months	369,073	479,597
From 3 months to 1 year	1,107,219	1,374,671
Total	**1,476,292**	**1,854,268**

Financial assets

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

As of September 30, 2016 and December 31, 2015, the Company's balances of financial assets equivalents with their fair values, are as follows:

Financial assets	09-30-2016			
	Up to 1 year ThCh$	1 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Cash and cash equivalents				
Cash	1,900,322	-	-	1,900,322
Term deposits	126,395,606	-	-	126,395,606
Reverse repurchase agreements	1,253,395	-	-	1,253,395
Subtotal	**129,549,323**	-	-	**129,549,323**
Other financial assets				
Financial investments	60,776,391	-	-	60,776,391
Derivative transactions	115,880	6,084,767	-	6,200,647
Finance lease	45,298	304,205	1,487,095	1,836,598
Promissory notes receivables	-	444,626	-	444,626
Other accounts receivable	-	5,984	-	5,984
Subtotal	**60,937,569**	**6,839,582**	**1,487,095**	**69,264,246**
Total	**190,486,892**	**6,839,582**	**1,487,095**	**198,813,569**

Financial assets	12-31-2015			
	Up to 1 year ThCh$	1 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Cash and cash equivalents				
Cash	2,103,258	-	-	2,103,258
Term deposits	149,302,561	-	-	149,302,561
Reverse repurchase agreements	1,500,150	-	-	1,500,150
Subtotal	**152,905,969**	-	-	**152,905,969**
Other financial assets				
Financial investments	24,654,136	-	-	24,654,136
Derivative transactions	735,755	14,557,429	-	15,293,184
Finance lease	44,443	298,462	1,683,664	2,026,569
Promissory notes receivables	-	424,179	-	424,179
Other accounts receivable	-	4,741	-	4,741
Subtotal	**25,434,334**	**15,284,811**	**1,683,664**	**42,402,809**
Total	**178,340,303**	**15,284,811**	**1,683,664**	**195,308,778**

The average period of maturity of financial investments as of September 30, 2016 is less than 90 days and they are invested in banks. None of them are a significant percentage with respect to others.

The above is due to the Company's financial investment policy, which focuses on reducing the risks through diversifying the portfolio, establishing maximum limits to be invested by each bank, together with considering minimum risk ratings by each 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.

Through the Extraordinary Shareholders' Meeting the Company year after year capitalizes Government contributions and capital 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	09-30-2016	12-31-2015
Leverage (times)	1.14	0.96
Equity (MCh$)	1,925,003	1,926,768

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 Central Interconnected System (SIC), which supply Lines 1, 2 and 5, 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 the operation of the network in a normal manner.

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, maintaining the normal operation of the network.

In the case of Lines 1, 2 and 5, if there is an interruption in the SIC, 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.

Note that, in addition to the current Energy and Power Contract with Enorchile S.A., which is effective until March 31, 2017, the Company signed a fixed-price Energy and Power Contract with Chilectra S.A. in September 2015, which will be used to supply up to 40% of Metro's total network. This contract is in effect from October 1, 2015, until December 31, 2023.

24. Environment

Disbursements related to improvements and/or investments that directly or indirectly affect protection of the environment, for the periods ended September 30, 2016 and 2015, are detailed as follows:

Project	Recoded in administrative expenses		Allocated to property, plant and equipment		Expenditures committed in the future	
	01-01-2016 09-30-2016 ThCh$	01-01-2015 09-30-2015 ThCh$	01-01-2016 09-30-2016 ThCh$	01-01-2015 09-30-2015 ThCh$	2016 Amount ThCh$	2017 Amount ThCh$
Noise and vibrations	502	23,764	286,143	50,185	530,139	-
Waste treatment	126,792	14,234	41,699	39,793	184,462	53,435
Run-off w ater	95,807	91,822	-	-	32,262	-
Environmental management	-	17,515	619,515	902,302	326,072	-
Monitoring of polluting parameters	4,136	2,876	-	-	59,764	-
Total	**227,237**	**150,211**	**947,357**	**992,280**	**1,132,699**	**53,435**

The aforementioned projects are currently in progress as of September 30, 2016

25. Sanctions

During 2016 and 2015, the Company has not been sanctioned by the SVS or any other supervising entity.

26. Subsequent events

During the period between October 1, 2016 and the date of issuance of these Financial Statements, the following subsequent event has occurred:

Through letter No. 604 of November 14, 2016, the Company communicated that at the Board of Directors' Meeting held today, the Directors agreed to call an Extraordinary Shareholder' Meeting for December 29, 2016 at 11:00 am at the Company's offices to address the capitalization of the Government's contributions for up to ThCh$ 349,737,277.

Julio E. Pérez Silva
General Accountant

Rubén Alvarado Vigar
General Manager

ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

This document aims to present an analysis of the economic/financial position of the Company as of September 30, 2016, analysing the financial structure and its main trends, through comparative tables of the Statements of Financial Position as of September 30, 2016 and December 31, 2015, and the Statements of Comprehensive Income as of September 30, 2016 and 2015, expressed in millions of Chilean pesos.

Statement of Financial Position

As of September 30, 2016, total Assets and Liabilities amounted to MCh$ 4,115,461, reflecting an increase of MCh$ 334,043, equivalent to 8.8% compared to December 2015.

In terms of total assets, they are clearly dominated by the fixed portion of the resources. Accordingly, as of September 30, 2016, Property, Plant & Equipment and Net Investment Properties represent 93.6% of total Assets. Additionally, Current Assets and the Other Non-current Assets represent 5.5% and 0.9% of total Assets, respectively.

Net Property, Plant & Equipment and Investment Properties - commercial premises and other properties granted under operating lease - increased by 9.3% or MCh$ 328,541 as of September 2016, compared to December 2015, as a result of the acquisition of assets which amounted to MCh$ 383,075 associated with expansion projects of the Metro subway network, mainly on Lines 3 and 6, that include MCh$368,483 for Works In Progress, MCh$5,365 for Land, MCh$ 9,746 for railway rolling stock and MCh$ 891 for Machinery, equipment and Other. However, a decrease of MCh$1,410 was recorded due to reclassifications to other assets. This was offset by depreciation expenses associated with the Company's assets of MCh$ 54,118 and to a lesser extent to transfers to other assets of MCh$ 4,831 and disposals of MCh$211. Investment Property increased by MCh$ 4,626.

Current Assets as of September 2016, increased by 9.0% or -MCh$ 18,498- when compared to December 2015, and the movement was mainly due to an increase in Other current financial assets of MCh$ 35,503, resulting from an increase in the level of investments in term deposits exceeding 90 days. These investments are mainly due to proceeds from the last issue and placement of Series M bonds in the domestic market for UF 3,800,000 on September 29, 2016, and fiscal contributions received from the Chilean Government. Other less material increases were recorded in Other non-financial assets of MCh$ 3,286 due to an increase in advances granted to suppliers and employees, trade receivables and other receivables of MCh$ 1,769, Inventories of MCh$1,017 and Current tax assets of MCh$ 279. This was offset by a decrease in Cash and cash equivalents of MCh$ 23,356 due to a lower level of Investments in term deposits of less than 90 days. Amongst the main components of Current assets, there are items including Cash and cash equivalents of MCh$ 129,549, Other current financial assets of MCh$60,938, -Financial investments greater than three months-, Trade and other accounts receivable of MCh$ 11,286, Inventories of MCh$ 13,180, Other non-financial assets of MCh$ 7,502 and Current tax assets of MCh$ 1,221.

As of September 2016, Non-current assets excluding Property, plant and equipment and Investment Properties decreased by 25.1% or MCh$ 12.996 and the movement was mainly due to decreases in Other non-financial assets of MCh$ 8,642, due to maturities in the derivative portfolio Cross Currency Swaps and Other non-financial assets of MCh$ 4,292, resulting from asset transfers to property, plant and equipment for the purchase of land and other assets associated with Projects related to Lines 3 and 6. To a lesser extent Intangible assets decreased by MCh$178 and Non-current receivables increased by MCh$ 116.

In terms of total liabilities, non-current liability balances increased by MCh$ 333,595 and current liabilities increased by MCh$2,213, which were offset by a decrease in Equity of MCh$ 1,765. Non-current liabilities increased because of the increase recorded in Trade payables due to related parties, non-current of MCh$ 270,000, due to contributions received from the Chilean Government associated with Expansion Projects on Lines 3 and 6 and Other non-current financial liabilities of MCh$ 63,188, because of a new placement of Series M bonds of UF 3,800,000. To a lesser extent, there was an increase in Non-current provisions for employee benefits of MCh$ 502. This was offset by a decrease in Other non-financial liabilities of MCh$ 95. Current liabilities increased because of an increase in Other current financial liabilities of MCh$ 34,925 due to new maturities of short-term instalments of interest-bearing loans and to a lesser extent, by an increase in Current provisions for employee benefits of MCh$ 1,135. Such increases are offset by a decrease in Other current non-financial liabilities of MCh$ 20,177, Trade and other payables of MCh$ 11,889 and Other short-term provisions of MCh$1,781.

The Company's equity decreased because of an increase in retained losses of MCh$ 1,765 due to the loss generated at September 2016

Non-current liabilities of MCh$ 1,941,403 are composed of 31.9% or MCh$618,965 in foreign currency obligations, 51.6% or MCh$ 1,002,700 in obligations in readjustable local currency and 16.5% or MCh$ 319,738 for non-readjustable local currency. Interest-bearing loans of MCh$ 293,963 and Public obligations of MCh$ 325,002 are included in obligations in foreign currency with banks and financial institutions. The readjustable local currency component is comprised of Public obligations (Bonds) of MCh$ 974,583, Non-current provisions for employee benefits of MCh$ 14,166, Other non-current non-financial liabilities of MCh$3,390 and Other financial liabilities of MCh$ 10,561. The local currency component is comprised of Accounts payable to related companies for the contributions received by the Chilean Government for various ongoing projects.

In terms of liquidity ratios, net working capital is negative by MCh$ 25,379, however, during 2016 it increased by MCh$ 16,285 compared to December 2015. Current liquidity ranged from 0.83 to 0.90 times and the acid ratio ranged from 0.62 to 0.52 times. All these changes are due to increases in current assets and liabilities of MCh$ 18,498 and MCh$ 2,213, respectively.

In terms of indebtedness ratios, total debt-to-equity ratio ranged from 0.96 to 1.14 times; the current portion of short-term debt from 13.31% to 11.37% and the portion of long-term debt from 86.69% to 88.63%.

STATEMENT OF COMPREHENSIVE INCOME

As of September 30, 2016, the Company recorded a gross profit (Revenue less Cost of Sales) of MCh$33,899, a Loss of MCh$35,370 for results other than the cost of sales, reaching an after tax loss for the year of MCh$1,471. A loss of MCh$294 for Other comprehensive income is added to the previous result, with a total comprehensive loss of MCh$1,765.

As of September 30, 2016, operating income amounted to MCh$ 233,067, which represents an increase of MCh$12,826 or 5.8% when compared to the same period last year. The main increases include: Revenue from passenger transportation service of MCh$ 13,061 due to higher average prices of technical fare per passenger of Ch$ 18.92 compared to September 2015, due to increases in variables included in the indexation polynomial, mainly US dollars and inflation. Notwithstanding this, as of September 2016, an increase of 10.3 million trips or 2.1% was observed compared to the same period of 2015, mainly due to an increase of 9.6% and 5.2% in passenger flow during May and August 2016, because of an increase in business days compared to the same months of 2015. To a lesser extent, Other operating income increased by MCh$311 and rental income increased by MCh$1,846, despite a decrease in sales channel income of MCh$2,392.

In terms of cost of sales of MCh$199,168 they decreased by 2.6% or MCh$5,343 compared to September 2015, mainly due to lower Operation and maintenance expenses of MCh$3,369, Energy expenses of MCh$ 3,517, General expenses of MCh$2,133, and Depreciation and amortization of MCh$1,391; despite an increase in Personnel expenses of MCh$5,067.

Energy costs decreased as a result of lower average prices compared to September 2015. It should be noted that from September 2015, the company signed a new electricity supply contract with Chilectra S.A., in addition to the current contract with Enorchile S.A. (April 2014) where a fixed price is established, which will supply up to 40% of the total fixed Metro curve. This is effective from 1 October 2015 until 31 December 2023.

Operation and maintenance expenses were primarily impacted by a decrease in electric and mechanic spare parts, related to the Major Maintenance or Major Review (MR) of the railway rolling stock (Trains) due to the opening of MR cycles and including new components, resulting in increases in enabling components and decreases in spare-parts. Services provided by rolling stock contractors, stations, railways and other maintenance contracts increased compared to September 2015 mainly due to higher train load and an increase in average amounts for such services.

General expenses included in cost of sales decreased, mainly due to lower costs related to the Sale Channel management. Personnel expenses varied mainly due to greater payroll and related employee benefit expenses associated with an increase in the average number of personnel, due to the Company’s greater operating level compared with the previous year.

Results other than gross profit, showed a loss of MCh$35,370 due to the negative effect of Finance expenses of MCh$ 37,223, External credits, Bonds and derivative transaction interests- Other losses of MCh$4,770, Net swap valuation, Management fees of MCh$22,636, Results from Inflation Adjusted Units of MCh$21,688, Depreciation and amortization of MCh$400, and Other expenses by function of MCh$3,847. This was offset by the positive effects of Foreign currency translation differences of MCh$50,423, Finance income of MCh$3,647 – Financial Investment Revenue and Other income by function of MCh$1,124. Complementing the aforementioned, the profit result of the foreign currency exchange differences, was due to an appreciation of 7.3% of the Chilean peso compared to the US dollar (from Ch$ 710.16 in December 2015 to Ch$ 658.02 in September 2016), which generates a greater profit for the period 2016, mainly as a result of liabilities being held in US dollars.

Compared to the same period last year, other revenue increased by MCh$108,591 due to the positive effect of foreign currency exchange differences of MCh$128,047, decreases in Finance expenses of MCh$ 127 and Results from Inflation Adjusted Units which decreased their losses by MCh$4,724, which was offset by the negative effects of Other expenses by function which increased by MCh$910, Other losses – swap valuation – increased by MCh$12,882, Management fees increased by MCh$5,277, Other income by function decreased by MCh$1,985, and Finance income decreased by MCh$3,253.

VALUATION OF MAIN ASSETS

No information is available in relation to differences between the carrying amounts and economic and/or market values that are worth mentioning, except for those that may arise in property, plant and equipment, given the particular characteristics of the Company's assets, such as tunnels, stations and civil works.

STATEMENT OF CASH FLOWS

Net cash generated from operating activities

As of September 30, 2016, total net cash generated from operating activities was MCh$ 33,289, which at the same date prior year was also positive of MCh$57,234. Positive cash flows include: Collection from sales of assets and the rendering of services of MCh$ 224,392 representing an increase of MCh$ 16,110 when compared to September 2015, which represents the main source of the Company's revenue, which are the transport of passengers, sales channel and non-tariff related revenue (leases). To a lesser extent Other operating activities amounted to MCh$ 3,270 and primarily include interests and financial investments of less than 90 days and other operating charges.

The negative operating cash flows consists of payments of MCh$103,767 to suppliers for the provision of goods and services, MCh$ 55,537 for payment to or on behalf of employees and MCh$ 35,069 for Other payments for operating activities, mainly for payment of property taxes and other.

Operating cash flows are of the same nature as in the prior year, reflecting a decrease in positive net cash flow of MCh$ 23,945 due to higher positive cash flows of MCh$27,296, and higher negative cash inflows of MCh$51,241.

Net cash generated from financing activities

Net cash flows as of September 30, 2016 was positive and amounted to MCh$381,549, while on the same date last year it amounted to MCh$71,674. As of September 2016, cash was obtained from Loans from related entities of MCh$270,000 corresponding to contributions received from the Chilean Government for investment projects, mainly related to the projects associated with Lines 3 and 6. In addition, proceeds from a long-term loan received amounted to MCh$122,357, in addition to other cash receipts of MCh$ 126,488 associated with the new placement of Series M bonds of UF 3,800,000 in the domestic market on September 29, 2016.

On the other hand, cash flows from external loans amounted to MCh$ 58,987, Interests paid MCh$42,782, which includes external loans and bonds to the public, bonds and other cash outflows of MCh$35,527 for payments of Equity quotas of previous Bonds and Cross Currency Swap derivative transactions.

Compared to the same period last year, net positive cash flows increased by MCh $ 309,875, as a result of higher cash inflows of MCh$ $340,347, which are offset by higher cash outflows of MCh$ 30,472. Among the positive variations are the higher amounts from long-term loans MCh $ 122,357, loans from related entities MCh $ 109,697 and Other cash collections MCh$108,293. Among the negative variations are the higher cash outflows for loan payments of MCh $ 21,500, interest paid during 2016 MCh$ 1,307 and other cash outflows MCh$7,665.

Net cash generated from investing activities

As of September 30, 2016, investing activities recorded a negative net cash flow of MCh$432,031, while at the same time last year net investing activities were also negative of MCh$200,091. Positive cash flows include: Other receipts of equity or debt instruments from other entities of MCh$59,313 relating to term deposit investments for periods greater than 90 days. Negative cash flows include: MCh$376,142 for the purchase of property, plant and equipment, mainly associated with Line 3 and 6 projects, MCh$112 for the purchase of intangible assets (software and easements), MCh$17,268 for Interests paid (International Bond Financing Cost) and Other payments related to the acquisition of equity or debt instruments from other entities of MCh$97,822.

Negative cash flows increased by MCh$ 231,940 compared to last year, due to lower cash inflows from debt securities from other entities (purchase of investments greater than 90 days) of MCh$110,289, higher payments for the acquisition of property, plant and equipment of MCh$ 120,194 and higher interest paid of MCh$ 1,841. This was offset, to a lesser extent, by a decrease in the acquisition of intangible assets of MCh$384.

Increase (decrease) in cash and cash equivalents

At the beginning of 2016, an opening balance of cash and cash equivalents (financial investments not exceeding 90 days) amounted to MCh$ 152,906. The closing balance of cash and cash equivalents as of September 30, 2016 amounted to MCh$129,549. Consequently, the net variation in cash and cash equivalents for the year was an unfavourable variation of MCh$23,357.

In comparison with 2015, the opening balance of cash and cash equivalents amounted to MCh$222,297. The closing balance for cash and cash equivalent amounted to MCh$158,181; accordingly, the net change for the period was negative and amounted to MCh$64,116. The effects of the variation in exchange rates on cash and cash equivalents had a negative effect of MCh$6,164 as of September 30, 2016 as result of a decrease in the exchange rate, (7.3%) mainly US dollars. A positive effect of MCh$7,066 was recognised at the same date in the prior year.

MARKET RISK ANALYSIS

The Company faces various risks inherent to the activities performed in the public transportation of passengers, in addition to the risks associated with economic/financial changes in market conditions, accidental events or force majeure, among others.

Pricing structure

The Company is part of the Integrated System of Public Passenger Transport of Santiago. Transantiago, and its tariff revenue is based on the number of transported passengers effectively validated and the technical fare established in Appendix No.1 based on the Tender Conditions for the use of Ways in Santiago.

On December 14, 2012 a new Transport agreement was entered into replacing the aforementioned Appendix No.1, where a flat fee of Ch$302.06 per validated transported passenger was established, using September 2012 as the basis. It is updated monthly by an indexation polynomial, which is included in such new agreement and results in an adjustment for fluctuations in variables associated with the structure of the Company's long-term expenses (CPI, US dollars, Euros, price of power and electricity). This allows a natural hedge for changes in costs resulting from an increase in any of the variables included in such polynomial.

Passenger demand

The demand for passenger transport is driven by economic activities. During the period between January to September 2016, an increase of 10.3 million trips was observed, 2.1% compared to 2015, mainly due to an increase of 9.6% and 5.2% in passenger flow in May and August,. respectively due to an increase in business days and lower amount of holidays compared to the same period of 2015.

Interest rate and exchange rate risk

In order to reduce the exposure to changes in exchange and interest rates of financial debt, the Company has a Financial Risk Coverage Policy. Within the framework of this policy, the Company undertook derivative transactions which amounted to MUS$75 as of September 30, 2016, and in September 2016, it placed bonds in the local financial market for UF 3.8 million at a rate of 2.46%, the lowest reached among the issuances performed by the Company without a Government's guarantee. Such issuance achieved a historical milestone as it is the lowest for a corporate issuance at a term exceeding 20 years. These actions helped reduce the level of exposure to changes in the aforementioned variables.

In addition, it is worth noting that the indexation polynomial, through which the technical rate of Metro S.A. is updated, includes the US dollar and Euro variables, among others, which is a "natural hedge" in the long-term cash flow.

Liquidity risk and financial liabilities structure

Income from tariffs associated with Metro passenger transportation, based on the new transport contract, are discounted daily from the funds collected by the Company's sales channel, generating the liquidity necessary to cover the Company's commitments. This income corresponds to 80% of total revenue.

In general, the Company's debt structure is composed mainly of long-term bonds and bank loans, focusing on ensuring financial stability and improving matching with the maturity terms of the Company's assets.

Credit risk

Credit risk of accounts receivable from commercial activity (passenger transportation) is limited as 80% of the revenue received by the Company is in cash, received on a daily basis, while the remaining 20% corresponds to revenue not related to the main business.

Debtors relate mainly to commercial leases, advertising and invoices receivable with low delinquency. In addition, there are no customers who owe significant amounts relative to the total of accounts receivable.

Credit risk of financial assets (cash and short-term investments), is limited as the Company's Financial Investments Policy aims to reduce risks by means of portfolio diversification, setting maximum investment limits for each bank, as well as considering minimal risk classifications by issuers.

Electricity Supply Risk

One of the main risk factors is the supply of electrical energy required to operate the Metro and the need for service continuity, to avoid interruptions in supply. In this regard, the Company has a feeding system that allows it to reduce exposure to outages, having a direct connection to two points of the Central Interconnected System (SIC), which feeds Lines 1, 2 and 5, as well as two points for the feeding of Line 4. Additionally, please note the following:

- ✓ The electricity feeding systems are duplicated and in the event of failure of one of them there is always a backup that keeps the power supply for the regular operation of the network.
- ✓ 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, maintaining the normal operation of the network.
- ✓ For Lines 1, 2 and 5, in the event of a crash of the Central Interconnected System, the distributing company has defined as a first priority the replenishment of the supply that feeds the center of Santiago, which allows the Metro network to have energy simultaneously, since Metro is supplied by the same feeder.

Note that, in addition to the current Energy and Power Contract with Enorchile S.A., which is effective until March 31, 2017, the Company signed a fixed-price Energy and Power Contract with Chilectra S.A. in September 2015, which will be used to supply up to 40% of Metro’s total network. This contract is in effect from October 1, 2015, until December 31, 2023.

1. COMPARATIVE TABLE OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CONCEPT		September 2016 MCh$	December 2015 MCh$	VARIANCES MCh$	VARIANCES %
Assets:					
Current assets		223,676	205,178	18,498	9.0
Property, plant and equipment and investment property		3,852,969	3,524,428	328,541	9.3
Non-current assets		38,816	51,812	(12,996)	(25.1)
Total assets		4,115,461	3,781,418	334,043	8.8
Liabilities / Total debt:					
Current liabilities		249,055	246,842	2,213	0.9
Non-current liabilities		1,941,403	1,607,808	333,595	20.7
Total liabilities / total debt		2,190,458	1,854,650	335,808	18.1
Net Equity:					
Share capital		2,392,832	2,392,832	0	0.0
Other reserves		33,379	33,379	0	0.0
Retained earnings (losses)		(501,197)	(499,432)	(1,765)	(0.4)
Non-controlling interests		(11)	(11)	0	0.0
Total net equity		1,925,003	1,926,768	(1,765)	(0.1)
Net equity and liabilities, total		4,115,461	3,781,418	334,043	8.8
Liquidity and indebtedness indicators:					
Liquidity ratios:					
Net working capital (Current assets (-) Current liabilities)	MCh$	(25,379)	(41,664)	16,285	39.1
Current liquidity (Current assets / Current liabilities)	times	0.90	0.83		8.4
Acid test (Cash and cash equivalents / Current liabilities)	times	0.52	0.62		(16.1)
Indebtedness ratios:					
Indebtedness ratio: (Total debt / Equity)	times	1.14	0.96		18.8
	%	113.79	96.26		18.2
Short-term debt ratio: (Current liabilities / Total debt)	%	11.37	13.31		(14.6)
Long-term debt ratio: (Non-current liabilities / Total debt)	%	88.63	86.69		2.2

2. COMPARATIVE TABLE OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION

CONCEPT		September 2016 MCh$	September 2015 MCh$	VARIANCES MCh$	%
Total passenger flow (million of trips)		496.57	486.27	10.3	2.1
Total passenger flow, paid (million of trips)		496.08	486.72	9.4	1.9
Revenue					
Passenger transport service revenue		186,144	173,083	13,061	7.5
Sales channel revenue		29,232	31,624	(2,392)	(7.6)
Revenue from operating leases		12,836	10,990	1,846	16.8
Other income		4,855	4,544	311	6.8
Total revenue		233,067	220,241	12,826	5.8
Cost of sales					
Personnel		(46,079)	(41,012)	(5,067)	(12.4)
Maintenance and operating expenses		(36,776)	(40,145)	3,369	8.4
Electricity		(30,507)	(34,024)	3,517	10.3
General		(31,581)	(33,714)	2,133	6.3
Depreciation and amortization		(54,225)	(55,616)	1,391	2.5
Total cost of sales		(199,168)	(204,511)	5,343	2.6
Gross profit		33,899	15,730	18,169	115.5
Other income, by function		1,124	3,109	(1,985)	(63.8)
Administrative expenses		(22,636)	(17,359)	(5,277)	(30.4)
Administrative depreciation and amortization		(400)	(400)	0	0.0
Other expenses by function		(3,847)	(2,937)	(910)	(31.0)
Other gains (losses)		(4,770)	8,112	(12,882)	(158.8)
Finance income		3,647	6,900	(3,253)	(47.1)
Finance expenses		(37,223)	(37,350)	127	0.3
Foreign currency exchange differences		50,423	(77,624)	128,047	165.0
Income (expense) from inflation-adjusted units		(21,688)	(26,412)	4,724	17.9
Profit or loss other than gross profit		(35,370)	(143,961)	108,591	75.4
Profit (loss) before tax		(1,471)	(128,231)	126,760	98.9
Income tax expense					
Profit (loss)		(1,471)	(128,231)	126,760	98.9
Other comprehensive income (loss)					
Actuarial gains (losses) for defined benefit plans		(294)	(365)	71	19.5
Total comprehensive income		(1,765)	(128,596)	126,831	98.6
Indebtedness ratios:					
Finance expense hedge:					
(Profit or loss before taxes and interests/Finance expenses)	%	102.78	(244.49)		142.0
Profit or loss ratios:					
EBITDA					
(Earnings before taxes, interest, depreciation, amortization and extraordinary items)		92,883	(35,300)	128,183	363.1
Operating profit (*)					
(Gross profit less Administrative expenses, depreciation and amortization)		10,863	(2,029)	12,892	635.4
EBITDA (operating profit plus depreciation and amortization) (*)		65,488	53,987	11,501	21.3
EBITDA margin (EBITDA / Revenue)(*)	%	28.10	24.51		14.6
(*) Per contracts entered into.					
Profitability ratios:					
Operating profitability (Operating profit / Property, plant and equipment)	%	0.28	(0.06)		566.7
Equity profitability (Profit (loss) / Average equity)	%	(0.08)	(7.00)		98.9
Asset profitability (Profit (loss) / Average assets)	%	(0.04)	(3.57)		98.9
Operating assets return (Operating profit / Average operating assets) (**)	%	0.29	(0.06)		583.3
Profit (loss) per share (Profit (Loss) / No. of shares)	Ch$	(0.02)	(2.24)		99.1
2016 - 63,161,989,626 shares					
2015 - 57,176,204,692 shares					

(**) Operating assets relate to Property, plant and equipment and investment properties.