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

Interim Consolidated Financial Statements

For the periods ended

September 30, 2017, 2016 and December 31, 2016

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended
September 30, 2017, 2016 and December 31, 2016

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
ThUF	:	Figures expressed in thousands of Unidades de Fomento (inflation-adjusted units)
Ch$	:	Figures expressed in Chilean pesos

Interim Consolidated Financial Statements

CONTENTS

Interim Consolidated Statements of Financial Position

As of September 30, 2017 (unaudited) and December 31, 2016

(In thousands of Chilean pesos)

ASSETS	NOTE	09-30-2017	12-31-2016
CURRENT ASSETS			
Cash and cash equivalents	4	273,750,928	118,298,953
Other current financial assets	10	109,782,714	65,468,951
Other current non-financial assets	11	7,939,270	5,456,571
Trade and other receivables, current	5	8,572,201	7,841,983
Inventories	6	13,376,229	12,239,475
Current tax assets		1,304,865	1,377,223
Total current assets		414,726,207	210,683,156
NON-CURRENT ASSETS			
Other financial assets, non-current	10	3,664,835	4,546,022
Other non-financial assets, non-current	11	15,819,777	20,525,178
Rights receivable, non-current		1,824,182	1,347,289
Intangible assets other than goodwill	7	6,015,249	5,831,487
Property, plant and equipment	8	4,271,457,175	3,963,708,545
Investment property	9	18,536,374	18,915,614
Total non-current assets		4,317,317,592	4,014,874,135
TOTAL ASSETS		4,732,043,799	4,225,557,291

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

Interim Consolidated Statements of Financial Position, continued

As of September 30, 2017 (unaudited) and December 31, 2016

(In thousands of Chilean pesos)

LIABILITIES AND EQUITY	NOTE	09-30-2017	12-31-2016
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	12	61,059,573	167,228,914
Trade and other payables	15	68,990,941	78,448,191
Other short-term provisions	19	2,549,892	630,590
Provisions for employee benefits, current	17	12,713,295	12,671,164
Other current non-financial assets	13	18,313,834	17,429,927
Total current liabilities		163,627,535	276,408,786
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	12	1,958,451,511	1,645,023,640
Trade payables due to related parties, non-current	14	231,642,245	41,296,200
Provisions for employee benefits, non-current	17	13,546,931	13,519,115
Other non-financial liabilities, non-current	13	3,207,832	3,347,215
Total non-current liabilities		2,206,848,519	1,703,186,170
Total liabilities		2,370,476,054	1,979,594,956
EQUITY			
Share capital	20	2,850,719,245	2,742,569,245
Retained earnings (accumulated deficit)	20	(522,519,816)	(529,975,226)
Other reserves	20	33,378,961	33,378,961
Equity attributable to the shareholders of the Parent		2,361,578,390	2,245,972,980
Non-controlling interests	20	(10,645)	(10,645)
Total equity		2,361,567,745	2,245,962,335
Total equity and liabilities		4,732,043,799	4,225,557,291

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

Interim Consolidated Statements of Comprehensive Income by Function

For the nine and three-month periods ended September 30, 2017 and 2016 (unaudited)

(In thousands of Chilean pesos)

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION	NOTE	ACCUMULATED		QUARTER	
PROFIT (LOSS)		01-01-2017 09-30-2017	01-01-2016 09-30-2016	07-01-2017 09-30-2017	07-01-2016 09-30-2016
Revenue	21	247,535,473	233,066,757	86,012,421	80,814,267
Cost of sales	21	(205,674,753)	(199,168,190)	(69,918,111)	(69,263,034)
Gross profit		41,860,720	33,898,567	16,094,310	11,551,233
Other income, by function	21	1,097,600	1,123,739	438,825	394,538
Administrative expenses	21	(28,362,593)	(23,035,599)	(9,589,187)	(8,041,692)
Other expenses, by function	21	(391,490)	(3,847,030)	(84,679)	(3,523,420)
Other income (expenses)	21	(2,860,729)	(4,770,055)	(758,367)	156,928
Finance income	21	7,351,236	3,647,243	2,082,934	766,103
Finance costs	21	(39,896,306)	(37,223,074)	(12,731,231)	(12,552,265)
Foreign currency translation differences	21	40,223,715	50,423,755	34,953,632	4,025,752
Profit (loss) from inflation-adjusted units	21	(11,682,933)	(21,688,111)	329,720	-6,363,342
Profit (loss) before tax		7,339,220	(1,470,565)	30,735,957	(13,586,165)
Profit (loss) from continuing operations		7,339,220	(1,470,565)	30,735,957	(13,586,165)
Profit (loss)		7,339,220	(1,470,565)	30,735,957	(13,586,165)
PROFIT (LOSS) ATTRIBUTABLE TO:					
Owners of the Parent		7,339,220	(1,470,565)	30,735,957	(13,586,165)
Non-controlling interests		-	-	-	-
Profit (loss)		7,339,220	(1,470,565)	30,735,957	(13,586,165)
STATEMENT OF COMPREHENSIVE INCOME					
Profit (loss)		7,339,220	(1,470,565)	30,735,957	(13,586,165)
Other comprehensive income	21	116,190	-293,961	254,272	-164,047
Total comprehensive income		7,455,410	(1,764,526)	30,990,229	(13,750,212)
Comprehensive income attributable to:					
Owners of the Parent		7,455,410	(1,764,526)	30,990,229	(13,750,212)
Non-controlling interests		-	-	-	-
Total comprehensive income		7,455,410	(1,764,526)	30,990,229	(13,750,212)

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

Interim Consolidated Statements of Changes in Equity

For the nine-month period ended September 30, 2017 and 2016 (unaudited)
(In thousands of Chilean pesos)

Concept	Share capital	Other reserves				Retained earnings (accumulated deficit)	Equity attributable to the shareholders of the Parent	Non-controlling interests	Total net equity
		Other miscellaneous reserves	Revaluation surplus	Reserve for gain (loss) on defined benefit plans	Total other reserves				
Opening balance as of 01-01-2017	2,742,569,245	30,336,377	3,042,584	-	33,378,961	(529,975,226)	2,245,972,980	(10,645)	2,245,962,335
Profit (loss)	-	-	-	-	-	7,339,220	7,339,220	-	7,339,220
Other comprehensive income	-	-	-	116,190	116,190	-	116,190	-	116,190
Comprehensive income	-	-	-	116,190	116,190	7,339,220	7,455,410	-	7,455,410
Paid-in capital	108,150,000	-	-	-	-	-	108,150,000	-	108,150,000
Increase (decrease) on transfers and other changes	-	-	-	(116,190)	(116,190)	116,190	-	-	-
Closing balance as of 09-30-2017	2,850,719,245	30,336,377	3,042,584	-	33,378,961	(522,519,816)	2,361,578,390	(10,645)	2,361,567,745
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) on 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

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

Interim Consolidated Statements of Cash Flows
For the nine-month period ended September 30, 2017 and 2016 (unaudited)
(In thousands of Chilean pesos)

Consolidated Statements Of Cash Flows (Direct Method)	01-01-2017 09-30-2017	01-01-2016 09-30-2016
Cash flows from (used in) operating activities		
Cash receipts from sale of goods and rendering of services	239,685,041	224,391,632
Other cash receipts from operating activities	7,218,591	3,270,392
Cash payments to suppliers for goods and services	(108,814,415)	(103,766,639)
Payments to and on behalf of employees	(62,052,324)	(55,537,230)
Other payments for operating activities	(5,468,603)	(35,069,007)
Net cash flows generated from operating activities	70,568,290	33,289,148
Cash flows from (used in) investing activities		
Sale of property, plant and equipment	12,613	-
Acquisition of property and equipment	(344,431,209)	(376,141,528)
Acquisition of intangible assets	(412,987)	(111,571)
Other receipts to acquire equity or debt securities belonging to other entities	234,418,282	59,313,261
Other payments to acquire equity or debt securities of other entities	(283,512,747)	(97,822,308)
Interest paid	(28,184,763)	(17,268,531)
Net cash used in investing activities	(422,110,811)	(432,030,677)
Cash flows from (used in) financing activities		
Proceeds from the issue of shares	108,150,000	-
Proceeds from loans from related parties - Contributions from the Government of Chile	190,346,045	270,000,000
Proceeds from long-term borrowings	404,647,266	122,356,883
Other cash receipts	45,934,899	126,487,753
Repayment of borrowings	(152,667,101)	(58,987,122)
Interest paid	(44,458,080)	(42,781,378)
Other cash inflows (outflows)	(41,951,510)	(35,527,234)
Net cash flows from financing activities	510,001,519	381,548,902
Net increase (decrease) in cash and cash equivalents before the effect of changes in exchange rate	158,458,998	(17,192,627)
Effects of movements in exchange rate on cash and cash equivalents	(3,007,023)	(6,164,019)
Net decrease in cash and cash equivalents	155,451,975	(23,356,646)
Cash and cash equivalents at the beginning of period	118,298,953	152,905,969
Cash and cash equivalents at the end of period	273,750,928	129,549,323

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

(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 interim 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 International Financial Reporting Standards (hereinafter "IFRS") in effect as of September 30, 2017 and have been applied on a consistent basis to all accounting periods presented in the consolidated financial statements.

2.1. Basis of preparation

The interim consolidated financial statements comprise: the interim consolidated statements of financial position as of September 30, 2017, the interim consolidated statements of comprehensive income for the nine and three-month periods ended September 30, 2017 and 2016, and the interim consolidated statements of changes in equity and interim consolidated statements of cash flows for the nine-month period then ended, which have been prepared in accordance with specific instructions and standards issued by the Chilean Superintendence of Securities and Insurance (hereinafter "SVS"). These instructions and standards require that the Company complies with IAS 34 "Interim Financial Information" and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (hereinafter the "IASB") except for certain IFRS standards. Through Ordinary Official Letter 6158 dated March 5, 2012, the Company was authorized by the Chilean Superintendence of Securities and Insurance (SVS) to exceptionally apply Public Sector International Accounting Standard (hereinafter "IPSAS") IPSAS21, instead of IAS 36. Note 2.8 provides more details regarding this exception.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (In thousands of Chilean pesos)

These Interim Consolidated Financial Statements were approved by the Board of Directors on November 13, 2017, authorizing their publication by Management.

These interim 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 these interim consolidated financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates, necessary for the quantification of certain assets, liabilities, income and expenses.

It also requires 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 Interim Consolidated Statement of Financial Position and in income (loss) attributable to non-controlling interest in the Interim Consolidated Statements of Comprehensive Income.

Empresa de Transporte Suburbano de Pasajeros S.A. is in 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 the Chilean Superintendence of Securities and Insurance Memo No.1819 of November 14, 2006.

Taxpayer ID	Company's name	Ownership percentage					
		09-30-2017			12-31-2016		
		Direct	Indirect	Total	Direct	Indirect	Total
96.850.680-3	Transub S.A.	66.66	0.00	66.66	66.66	0.00	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 interim 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 interim comprehensive income statement, unless they have to be deferred, then they are recorded in equity, as in the case of cash flow hedges, if any.

Exchange rate differences affecting financial assets 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 (inflation-adjusted units, or UF), are presented at the following exchange and conversion rates and closing values, respectively:

Date	US$	EUR	UF
09-30-2017	637.93	752.99	26,656.79
12-31-2016	669.47	705.60	26,347.98
09-30-2016	658.02	738.77	26,224.30
12-31-2015	710.16	774.61	25,629.09

US$ = US dollar

EUR = Euro

UF = Unidad de Fomento (index-adjusted unit)

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 should be calculated using the historical cost model discounting the corresponding accumulated depreciation and impairment losses, which are recorded in the interim consolidated statement of comprehensive income.

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

The cost of 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 property, plant and equipment heading to final operating 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 interim consolidated statement of comprehensive income.

At least once a year the Company evaluates the existence of possible impairment of property, plant and equipment, in accordance with Public Sector IAS 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 estate (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 Interim Consolidated Statement of Comprehensive Income over the term of the financial instrument, using the effective interest method and fair value in the case of derivative transactions.

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

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 (Ministerio de Hacienda) 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 Interim Consolidated Financial Statements of the Company present its 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 not 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 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, they 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 Interim Consolidated Statement of Comprehensive Income 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 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 netted against the allowance for doubtful accounts and the amount of losses is recognized with a charge to the Interim Consolidated Statement of Comprehensive Income.

2.12. Cash and cash equivalents

Cash and cash equivalents include cash, checking account balances, term deposits and other highly liquid short-term investments with original maturities of three months or less.

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. 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 Interim Consolidated Statement of Comprehensive Income during the term of the debt using the effective interest 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 as a shareholders' company not related to final taxpayers is corporate income tax associated with profit obtained 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 payments

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

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

2.17.3. Incentive bonuses

The Company has an annual incentive bonus plan for 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 Statements of Financial Position, balances are classified as current when the maturity is equal to twelve months or less from the cut-off date of the Interim Consolidated Financial Statements and as non-current, when it is in excess of that period.

2.20. Revenue and 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 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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

New standards, amendments to standards and interpretations exist that are mandatory for the first time for periods beginning on or after January 1, 2017

Amendments to IFRSs	**Mandatory application date**
IAS 7:Disclosure Initiative, amendments to IAS 7.	Effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted.
IAS 12, Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12).	Effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted.
Annual Improvements Cycle to IFRS 2014-2016. Amendments to IFRS 12.	Effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted.

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

New IFRS	**Mandatory application date**
IFRS 9, Financial Instruments	Effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 15 Revenue from Contracts with Customers	Effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 16: Leases	Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 on or before that date.
IFRS 17: Insurance Contracts	Annual periods beginning on or after January 1, 2021. Early adoption is permitted for entities that apply IFRS 9 and IFRS 15 on or before that date.
New Interpretations	
IFRIC 22: Foreign Currency Transactions and Advance Consideration	Effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRIC 23: Uncertainty over Income Tax Treatments	Effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted.
Amendments to IFRS	
IAS 40: Transfers of Investment Property (Amendments to IAS 40, Investment Property).	Annual periods beginning on or after January 1, 2018.
IFRS 2, Share-based Payment: Clarifying accounting for certain types of share-based payment	Effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 9 and IFRS 4: Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts,	Annual periods beginning on or after January 1, 2018, and available only for three years after such date.
IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Mandatory date deferred indefinitely.
IFRS 15, Revenue from Contracts with Customers: Amendment clarifying requirements and providing additional transition relief for entities implementing the new standard.	Effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.
Annual Improvements Cycle to IFRS 2014-2016. Amendments to IFRS 12.	Effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

Metro S.A. is still assessing the impact that the application of the new and modified standards will have on the interim 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 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 interim consolidated financial statements of the Company. In cases where the Company's management and legal counsel expect an unfavorable outcome, provisions have been established with a charge to expenses based on estimates of the maximum amounts to be paid.

3.4. Measurements and/or valuations at fair value

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 discounted cash flow method, based on market demand curves.

Entry data for fair value measurement:

Level 1:

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

Level 2:

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

Level 3:

- ✓ Unobservable inputs.

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

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

Fair value measurement for assets and liabilities.

A fair value measurement requires determining the particular asset or liability to be measured (Derivative financial instruments). This is why, when measuring fair value the Company keeps in 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 restrictions for asset recognition or the payment of the liability (if any).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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, 2017 and December 31, 2016:

Financial assets and financial liabilities at fair value, classified by hierarchy through profit or loss	09-30-2017		
	Level 1 ThCh$	Level 2 ThCh$	Level 3 ThCh$
Financial assets			
Cross Currency Swap	-	2,211,350	-
Financial liabilities			
Cross Currency Swap	-	677,478	-

Financial assets and financial liabilities at fair value, classified by hierarchy through profit or loss	12-31-2016		
	Level 1 ThCh$	Level 2 ThCh$	Level 3 ThCh$
Financial assets			
Cross Currency Swap	-	6,690,795	-
Financial liabilities			
Cross Currency Swap	-	500,060	-

4. Cash and cash equivalents

Balances of cash and cash equivalents are detailed as follows:

Concept	Currency	Balance as of 09-30-2017 ThCh$	Balance as of 12-31-2016 ThCh$
Cash in hand			
Cash on hand	Ch$	159,190	53,297
	US$	6,629	13,015
	EUR	860	557
In banks	Ch$	3,648,813	3,819,201
	US$	4,849	1,364,677
Total cash		**3,820,341**	**5,250,747**
Term deposits	Ch$	167,276,747	107,903,520
	US$	100,726,669	-
	UF	-	58,798
Total term deposits		**268,003,416**	**107,962,318**
Repurchase agreements	Ch$	1,927,171	1,000,097
	US$	-	4,085,791
Total reverse repurchase agreements		**1,927,171**	**5,085,888**
Total cash and cash equivalents		**273,750,928**	**118,298,953**
Subtotal by currency	Ch$	173,011,921	112,776,115
	US$	100,738,147	5,463,483
	EUR	860	557
	UF	-	58,798

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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 2017 and 2016 is as follows:

Term deposits

Type of investment	Currency of origin	Capital in currency of origin in ThCh - ThUS$	Annual rate average	Average days as of maturity dates	Capital in local currency ThCh$	Interests accrued local currency ThCh$	Carrying amount 09-30-2017 ThCh$
Term deposits	Ch$	167,134,565	2.83%	32	167,134,565	142,182	167,276,747
	US$	157,711.88	1.40%	37	100,609,139	117,530	100,726,669
Total					**267,743,704**	**259,712**	**268,003,416**

Type of investment	Currency of origin	Capital in currency of of origin in ThCh - ThUF	Annual rate average	Average days as of maturity dates	Capital in local currency ThCh$	Interests accrued local currency ThCh$	Carrying amount 12-31-2016 ThCh$
Term deposits	Ch$	107,654,490	3.95%	18	107,654,490	249,030	107,903,520
	UF	1,525	0.57%	24	-	58,798	58,798
Total					**107,654,490**	**307,828**	**107,962,318**

Repurchase agreements

Code	Date		Counterparty	Currency of origin	Subscription rate ThCh$	Annual rate %	Present value as of closing ThCh$	Instrument identification	Carrying amount 09-30-2017 ThCh$
	Beginning	End							
CRV	09-29-2017	10-02-2017	BCI CORREDOR DE BOLSA S.A.	Ch$	1,200,000	2.76	1,200,276	NON-ADJ P NOTE	1,200,092
CRV	09-29-2017	10-02-2017	BCI CORREDOR DE BOLSA S.A.	Ch$	500,000	2.64	500,110	NON-ADJ P NOTE	500,037
CRV	09-29-2017	10-06-2017	BCI CORREDOR DE BOLSA S.A.	Ch$	227,025	2.76	227,147	NON-ADJ P NOTE	227,042
Total					**1,927,025**		**1,927,533**		**1,927,171**

Code	Date		Counterparty	Currency of origin	Subscription rate ThCh$	Annual rate %	Present value as closing ThCh$	Instrument identification	Carrying amount 12-31-2016 ThCh$
	Beginning	End							
CRV	12-30-2016	01-03-2017	BCI CORREDOR DE BOLSA S.A.	Ch$	1,000,000	3.48	1,000,387	NON-ADJ P NOTE	1,000,097
CRV	12-30-2016	01-05-2017	BCI CORREDOR DE BOLSA S.A.	US$	4,072,447	4.20	4,085,990	ADJ P NOTE	4,085,791
Total					**5,072,447**		**5,086,377**		**5,085,888**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

5. Trade and other receivables, current

As of September 30, 2017 and December 31, 2016, this caption is composed of the following:

Trade And Other Receivables, Gross	09-30-2017 ThCh$	12-31-2016 ThCh$
Trade and other receivables, gross	**9,217,645**	**8,914,299**
Trade receivables, gross	2,519,055	3,022,952
Sales channel accounts receivable, gross	4,712,045	4,016,205
Other accounts receivable, gross	1,986,545	1,875,142

Trade And Other Receivables, Net	09-30-2017 ThCh$	12-31-2016 ThCh$
Trade and other receivable, net	**8,572,201**	**7,841,983**
Trade receivables, net	1,873,611	1,950,636
Sales channel accounts receivable, net	4,712,045	4,016,205
Other accounts receivable, net	1,986,545	1,875,142

As of September 30, 2017 and December 31, 2016, the analysis of net trade and other accounts receivable by maturity and expiration date are detailed below:

Trade Receivables, Net	09-30-2017 ThCh$	12-31-2016 ThCh$
Maturity up to 3 months	1,471,319	1,113,970
Maturity from 3 months to 1 year	155,510	250,811
Maturity of more than 1 year	246,782	585,855
Total	**1,873,611**	**1,950,636**

Sales Channel Accounts Receivable, Net	09-30-2017 ThCh$	12-31-2016 ThCh$
Maturity up to 3 months	3,454,107	3,241,213
Maturity from 3 months to 1 year	1,253,477	728,092
Maturity of more than 1 year	4,461	46,900
Total	**4,712,045**	**4,016,205**

Other Accounts Receivable, Net	09-30-2017 ThCh$	12-31-2016 ThCh$
Maturity up to 3 months	533,460	648,811
Maturity from 3 months to 1 year	1,453,085	1,226,331
Total	**1,986,545**	**1,875,142**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Movements as of September 30, 2017 in the allowance for impairment provision are as follows:

Past due and outstanding trade receivables with impairment	ThCh$
Balance as of December 31, 2016	**1,072,316**
Increase for the period	147,261
Decrease for the period	(125,103)
Write-offs for the period	(449,030)
Balance as of September 30, 2017	**645,444**

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:

Classes of inventories	09-30-2017 ThCh$	12-31-2016 ThCh$
Inventories and stock	1,518,065	1,404,070
Spare parts and maintenance accessories	11,821,043	10,544,859
Imports in transit and others	37,121	290,546
Total	**13,376,229**	**12,239,475**

As of September 2017 and 2016, inventory consumption was charged to the Statement of Comprehensive Income in the cost of sales line item, in the amount of ThCh$7,234,149 and ThCh$6,239,831, respectively.

As of September 2017 and 2016, the Company records no inventory write-offs. Based on the analysis performed by management there is no objective evidence of impairment of spare parts, maintenance accessories and supplies inventory.

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

7. Intangible assets other than goodwill

Intangible assets other than goodwill correspond to licenses and software and transit easements. They are accounted for using the acquisition cost and subsequently 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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

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

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

a) Intangible assets other than goodwill for periods 2017 and 2016, are as follows:

Concept	09-30-2017			12-31-2016		
	Gross intangible ThCh$	Accumulated amortization ThCh$	Net intangible ThCh$	Gross intangible ThCh$	Accumulated amortization ThCh$	Net intangible ThCh$
Licenses and software	5,785,711	(4,006,540)	1,779,171	5,706,817	(3,769,779)	1,937,038
Easements	4,236,078	-	4,236,078	3,894,449	-	3,894,449
Total	**10,021,789**	**(4,006,540)**	**6,015,249**	**9,601,266**	**(3,769,779)**	**5,831,487**

b) Movements of intangible assets other than goodwill for the nine-month period ended September 30, 2017, are as follows:

Movements	Licenses and Software ThCh$	Easements ThCh$	Total intangible assets, net ThCh$
Opening balance as of 01-01-2017	1,937,038	3,894,449	5,831,487
Additions	78,894	341,629	420,523
Amortization	(236,761)	-	(236,761)
Closing balance as of 09-30-2017	1,779,171	4,236,078	6,015,249
Average remaining useful life	1 year	Indefinite	

c) Movements of intangible assets other than goodwill for the year ended December 31, 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	128,131	129,163	257,294
Amortization	(390,692)	-	(390,692)
Closing balance as of 12-31-2016	1,937,038	3,894,449	5,831,487
Average remaining useful life	1 year	Indefinite	

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

8. Property, plant and equipment

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

Property, plant and equipment	09-30-2017 ThCh$	12-31-2016 ThCh$
Classes of property and equipment, net		
Property, plant and equipment, net	**4,271,457,175**	**3,963,708,545**
Work in progress, net	1,739,649,909	1,427,326,829
Land, net	120,420,078	119,819,188
Civil works, net	1,377,029,833	1,390,328,467
Buildings, net	111,779,500	76,294,382
Rolling stock, net	674,495,763	687,672,405
Electrical equipment, net	208,989,016	221,976,090
Machinery and equipment, net	24,801,640	25,209,397
Other, net	14,291,436	15,081,787
Classes of property and equipment, gross		
Property, plant and equipment, gross	**4,865,050,174**	**4,504,173,863**
Work in progress, gross	1,739,649,909	1,427,326,829
Land, gross	120,420,078	119,819,188
Civil works, gross	1,531,612,274	1,531,134,610
Buildings, gross	128,316,696	91,239,020
Rolling stock, gross	903,614,979	895,715,369
Electrical equipment, gross	385,029,638	383,140,311
Machinery and equipment, gross	42,115,164	40,716,749
Other, gross	14,291,436	15,081,787
Classes of accumulated depreciation and impairment of property and equipment		
Accumulated depreciation and impairment of property and equipment	**593,592,999**	**540,465,318**
Accumulated depreciation of civil works	154,582,441	140,806,143
Accumulated depreciation of buildings	16,537,196	14,944,638
Accumulated depreciation of rolling stock	229,119,216	208,042,964
Accumulated depreciation of electrical equipment	176,040,622	161,164,221
Accumulated depreciation of machinery and equipment	17,313,524	15,507,352

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

b) The detail of movements in property, plant and equipment for periods 2017 and 2016, is as follows:

	2017 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, 2017	1,427,326,829	119,819,188	1,390,328,467	76,294,382	687,672,405	221,976,090	25,209,397	15,081,787	3,963,708,545
movements	Additions	353,301,383	680,769	32,324	253,065	8,173,814	75,322	828,630	(790,351)	362,554,956
	Transfers	(40,978,303)	-	453,475	36,778,446	1,090,463	1,952,023	637,080	-	(66,816)
	Derecognition or sales	-	(79,879)	-	-	(77,068)	(65,809)	(11,610)	-	(234,366)
	Depreciation expense	-		(13,784,433)	(1,546,393)	(22,363,851)	(14,948,610)	(1,861,857)	-	(54,505,144)
	Total movements	312,323,080	600,890	(13,298,634)	35,485,118	(13,176,642)	(12,987,074)	(407,757)	(790,351)	307,748,630
	Closing balance as of September 30, 2017	1,739,649,909	120,420,078	1,377,029,833	111,779,500	674,495,763	208,989,016	24,801,640	14,291,436	4,271,457,175

	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	512,730,211	6,599,533	-	132,324	12,633,126	604,985	1,070,115	(2,121,008)	531,649,286
	Transfers	(15,805,002)	-	2,780,792	3,966,542	-	3,307,728	872,057	-	(4,877,883)
	Derecognition or sales	-	-	-	-	(847,164)	(10,045)	(8,900)	-	(866,109)
	Depreciation expense	-	-	(18,336,692)	(2,027,581)	(29,159,034)	(20,266,024)	(2,473,765)	-	(72,263,096)
	Total movements	496,925,209	6,599,533	(15,555,900)	2,071,285	(17,373,072)	(16,363,356)	(540,493)	(2,121,008)	453,642,198
	Closing balance as of December 31, 2016	1,427,326,829	119,819,188	1,390,328,467	76,294,382	687,672,405	221,976,090	25,209,397	15,081,787	3,963,708,545

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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

Concept	Estimated useful life years
Road netw orks	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, 2017, the estimated balances necessary to carry out the authorized projects that form part of the Company's expansion plan amount to, approximately, MCh$559,405 and comprised: MCh$190,219 for civil works, MCh$139,673 for systems and equipment, and MCh$229,513 for rolling stock, up to 2023.

As of December 31, 2016, the estimated balances necessary to carry out the authorized projects that form part of the Company's expansion plan amount to, approximately, MCh$1,074,277 and comprised: MCh$433,025 for civil works, MCh$387,320 for systems and equipment, and MCh$253,932 for rolling stock, up to 2023.

f) Spare parts and accessories

As of September 30, 2017, spare parts and accessories and maintenance materials amounted to ThCh$14,232,822 (ThCh$17,738,869 in 2016). 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 2017 and 2016.

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$24,853,925 as of September 30, 2017 (ThCh$24,898,791 in 2016).

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

h) Financing costs

During 2017, costs of capitalized interests of property, plant and equipment amounted to ThCh$27,944,707 (ThCh$20,196,991 in 2016).

9. Investment property

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

Investment property is measured using the cost model.

As of September 30, 2017, total investment property amounts to ThCh$18,536,374, (ThCh$18,915,614 in 2016).

Investment property	**Commercial stores**	**Land**	**Buildings**	**Total**
Opening balance as of January 1, 2017	9,687,916	607,816	8,619,882	18,915,614
Increases and decreases	-	-	(178,410)	(178,410)
Depreciation for the year	(129,850)	-	(70,980)	(200,830)
Closing balance as of September 30, 2017	**9,558,066**	**607,816**	**8,370,492**	**18,536,374**

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
Increases and decreases	4,831,095	-	-	4,831,095
Depreciation for the year	(177,355)	-	(100,410)	(277,765)
Closing balance as of 12-31-2016	9,687,916	**607,816**	**8,619,882**	**18,915,614**

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, 2017, such fair value is estimated to amount to MCh$111,843,727 (MCh$139,004,645 in 2016)

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

Concept	**09-30-2017 ThCh$**	**12-31-2016 ThCh$**
Commercial Stores	69,814,285	84,686,386
Land	37,154,388	43,963,610
Buildings	4,875,054	10,354,649
Total	**111,843,727**	**139,004,645**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Income and expenses from investment property as of September 2017 and 2016 is as follows:

Income and expenses from investment property	Accumulated		Quarter	
	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Commercial stores	3,788,561	4,327,998	742,399	1,691,019
Land	1,925,019	2,176,125	1,033,054	378,139
Buildings	373,604	461,950	25,103	121,461
Total rental income	**6,087,184**	**6,966,073**	**1,800,556**	**2,190,619**
Commercial stores (contribution)	(105,655)	(104,902)	(37,222)	(37,630)
Land (contribution)	(30,769)	(28,921)	(10,541)	(8,730)
Buildings (contributions)	(84,751)	(88,925)	(30,338)	(35,897)
Commercial stores (depreciation)	(123,551)	(114,315)	(49,289)	(32,369)
Buildings (depreciation)	(40,307)	(39,787)	(7,357)	(13,262)
Total expenses due to leases	**(385,033)**	**(376,850)**	**(78,101)**	**(127,888)**

The Company has no evidence of impairment of investment property not does it have any pledges, mortgages or other collateral.

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

The future cash flow projections associated with commercial stores, land and buildings, based on a discount rate of 4.79% as of September 2017 (4.57% as of September 2016), are the following:

Concept	09-30-2017 ThCh$	09-30-2016 ThCh$
Commercial stores		
Up to 1 year	3,396,656	3,981,605
From 1 up to 5 years	14,791,502	17,445,108
Over 5 years	53,890,565	67,132,965
Land		
Up to 1 year	1,807,662	2,080,744
From 1 up to 5 years	7,871,873	9,116,627
Over 5 years	28,679,961	35,082,969
Buildings		
Up to 1 year	237,185	322,924
From 1 up to 5 years	1,032,874	1,414,868
Over 5 years	3,763,118	5,444,753
Total	**115,471,396**	**142,022,563**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

10. Other financial assets, current and non-current

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

Concept	09-30-2017		12-31-2016	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Financial investments over 3 months	108,921,611	-	60,997,382	-
Derivative transactions	812,797	1,398,553	4,425,482	2,265,313
Financial lease	48,306	1,688,303	46,087	1,822,470
Promissory notes receivables	-	570,246	-	451,794
Other accounts receivable	-	7,733	-	6,445
Total	**109,782,714**	**3,664,835**	**65,468,951**	**4,546,022**

Financial investments, over 3 months

Term deposits

Type of investment	Currency of origin	Capital in currency of origin in ThCh$ - ThUS$	Average annual rate	Average maturity dates	Capital in domestic currency ThCh$	Accrued interests in domestic currency ThCh$	Carrying amount 09-30-2017 ThCh$
Term deposits	Ch$	49,669,000	2.88%	93	49,669,000	28,936	49,697,936
	US$	92,654.03	1.44%	69	59,106,785	116,890	59,223,675
Total					108,775,785	145,826	108,921,611

Type of investment	Currency of origin	Capital in currency of origin in ThCh$ - ThUF	Annual rate average	Average Maturity dates	Capital in domestic currency ThCh$	Accrued interests in domestic currency ThCh$	Carrying amount 12-31-2016 ThCh$
Term deposits	Ch$	20,594,187.00	4.08%	4	20,594,187	214,546	20,808,733
	UF	1,525.30	0.57%	24	40,188,649	-	40,188,649
Total					60,782,836	214,546	60,997,382

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Derivative transactions

Financial assets as of 09-30-2017

								Current			Non-current			
								Maturity		Total current	Maturity			Total non-current
Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Nominal and effective rate	Up to 90 days ThCh$	90 days to 1 year ThCh$	09-30-2017 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 years or more ThCh$	09-30-2017 ThCh$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US$	3.96%	8,017,843	5,978,301	13,996,144	70,258,499	35,350,298	93,119,629	198,728,426
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	US$	0.68%	801,087	1,928,669	2,729,756	8,113,807	5,409,205	8,982,368	22,505,380
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euro	2.00%	23,464	37,106	60,570	177,677	101,689	20,193	299,559
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	US$	2.59%	1,390,775	-	1,390,775	38,258,788	38,258,789	66,952,880	143,470,457
						Total		**10,233,169**	**7,944,076**	**18,177,245**	**116,808,771**	**79,119,981**	**169,075,070**	**365,003,822**

Financial assets as of 12-31-2016

								Current			Non-current			
								Maturity		Total current	Maturity			Total non-current
Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Nominal and effective rate	Up to 90 days ThCh$	90 days to 1 year ThCh$	12-31-2016 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	12-31-2016 ThCh$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US$	3.04%	7,427,823	69,280,421	76,708,244	84,636,672	19,520,768	45,471,597	149,629,037
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	US$	0.69%	626,614	2,233,951	2,860,565	11,353,285	5,676,642	8,611,954	25,641,881
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euro	2.00%	7,513	48,476	55,989	221,993	87,436	6,048	315,477
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Ch	Chile	US$	2.78%	-	40,485,509	40,485,509	-	-	-	-
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	US$	2.77%	-	498,536	498,536	50,187,934	40,150,348	60,225,521	150,563,803
						Total		**8,061,950**	**112,546,893**	**120,608,843**	**146,399,884**	**65,435,194**	**114,315,120**	**326,150,198**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Financial lease agreements

On August 1, 2004 and through July 31, 2034, the Company leased to Enel Distribución Chile S.A. (Ex 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 Enel Distribución Chile S.A., during the first 15 days of July, which shall be paid 30 days after that invoice is received. The payments that the tenant makes are divided into two parts, one that represents the financial burden and another which reduces the existing debt. The total financial burden is distributed among the years that constitute the term of the lease.

There is no unguaranteed residual value amounts accrued in favor of the 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	09-30-2017			12-31-2016		
	Gross amount ThCh$	Interest ThCh$	Current amount ThCh$	Gross amount ThCh$	Interest ThCh$	Current amount ThCh$
Up to 1 year	201,788	153,482	48,306	211,765	165,678	46,087
From 1 to 5 years	1,008,943	684,535	324,408	1,058,827	749,329	309,498
Over 5 years	2,017,887	653,992	1,363,895	2,329,419	816,447	1,512,972
Total	**3,228,618**	**1,492,009**	**1,736,609**	**3,600,011**	**1,731,454**	**1,868,557**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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	09-30-2017 ThCh$	12-31-2016 ThCh$
Prepaid expenses	7,205	25,599
Advances to suppliers and personnel	7,018,719	4,530,569
Other non-financial receivables	913,346	900,403
Total	**7,939,270**	**5,456,571**

Other non-current non-financial assets	09-30-2017 ThCh$	12-31-2016 ThCh$
Funds allocated to pay for expropriations of new lines	6,196,880	9,580,038
Value-added tax fiscal credit	7,476,763	8,532,599
Investment land under lease contracts	959,358	948,397
Advances for severance indemnities and other loans	1,186,776	1,464,144
Total	**15,819,777**	**20,525,178**

12. Other financial liabilities, current and non-current

This caption comprises the following:

Concept	09-30-2017		12-31-2016	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Interest-bearing loans	18,177,245	365,003,822	120,608,843	326,150,198
Bonds payable	42,229,182	1,586,165,601	46,120,011	1,307,450,463
Derivative transactions	653,146	24,332	500,060	-
Megaproject contract retentions	-	7,257,756	-	11,422,979
Total	**61,059,573**	**1,958,451,511**	**167,228,914**	**1,645,023,640**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Biannual and equivalent interest-bearing loans as of 09-30-2017

								Current			Non-current			
								Maturity		Total current	Maturity			Total non-current
Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Nominal and effective rate	Up to 90 days ThCh$	90 days to 1 year ThCh$	09-30-2017 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 years or more ThCh$	09-30-2017 ThCh$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US$	3.96%	8,017,843	5,978,301	13,996,144	70,258,499	35,350,298	93,119,629	198,728,426
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	US$	0.68%	801,087	1,928,669	2,729,756	8,113,807	5,409,205	8,982,368	22,505,380
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euro	2.00%	23,464	37,106	60,570	177,677	101,689	20,193	299,559
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	US$	2.59%	1,390,775	-	1,390,775	38,258,788	38,258,789	66,952,880	143,470,457
						Total		**10,233,169**	**7,944,076**	**18,177,245**	**116,808,771**	**79,119,981**	**169,075,070**	**365,003,822**

Biannual and equivalent interest-bearing loans as of 12-31-2016

								Current			Non-current			
								Maturity		Total current	Maturity			Total non-current
Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Nominal and effective rate	Up to 90 days ThCh$	90 days to 1 year ThCh$	12-31-2016 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	12-31-2016 ThCh$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US$	3.04%	7,427,823	69,280,421	76,708,244	84,636,672	19,520,768	45,471,597	149,629,037
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	US$	0.69%	626,614	2,233,951	2,860,565	11,353,285	5,676,642	8,611,954	25,641,881
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euro	2.00%	7,513	48,476	55,989	221,993	87,436	6,048	315,477
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Ch	Chile	US$	2.78%	-	40,485,509	40,485,509	-	-	-	-
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	US$	2.77%	-	498,536	498,536	50,187,934	40,150,348	60,225,521	150,563,803
						Total		**8,061,950**	**112,546,893**	**120,608,843**	**146,399,884**	**65,435,194**	**114,315,120**	**326,150,198**

Interest-bearing loans:

- ✓ Loan from Natixis Bank (financial protocol of the French Government to the Chilean government) in the amount of US$87,793,769.88. As of September 30, 2017 it has been fully used, leaving a principal balance of US$ 39,518,415.03 (US$42,541,417.03 in 2016).
- ✓ 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, 2017 it has been fully used, leaving a principal balance of €476,479.39 (€525,758.08 in 2016).
- ✓ 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$46,855,822.64. This financing is not guaranteed by the Government. As of September 30, 2017 it has been fully used, leaving a principal balance of US$ 2,514,114.56 (US$5,028,229.27 in 2016).
- ✓ 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$260,000,000.00. This financing is not guaranteed by the Government. As of September 30, 2017 it has been fully used, leaving a principal balance of US$ 53,479,575.26 (US$89,658,146.16 in 2016).
- ✓ 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 signed on December 18, 2014. On October 26, 2016, the Company agreed with the bank on reducing the authorized amount to US$450,000,000.00. This financing is not guaranteed by the Government. As of September 30, 2017, it has been used US$274,041,627.96 (US$143,517,631.57 in 2016).

  Such agreement establishes that, at September 30, 2017, 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, 2017, this debt/equity ratio is 1.00 times and equity amounts to ThCh$2,362 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 signed on December 18, 2014. On October 26, 2016, the Company agreed with the bank on reducing the authorized amount to US$225,000,000.00. This financing is not guaranteed by the Government. As of September 30, 2017 and December 31, 2016, US$224,900,000.00 have been used of such financing.

  Such agreement establishes that, at September 30, 2017, 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, 2017, this debt/equity ratio is 1.00 times and equity amounts to ThCh$2,362 million, calculated as set forth in the relevant loan agreement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Obligations with the public - bonds payable

The Company’s domestic and foreign liabilities as of 09-30-2017

Series	Tax ID No. Debtor	Entity	Country Debtor	Tax ID Number bank	RTB bank (*) and payer	Country	Currency	Nominal rate	Effective rate	Amortization type	Current – Maturity – Up to 90 days ThCh$	Current – Maturity – 90 days to 1 year ThCh$	Total current 09-30-2017 ThCh$	Non-current – Maturity – 1 to 3 years ThCh$	Non-current – Maturity – 3 to 5 years ThCh$	Non-current – Maturity – Over 5 years ThCh$	Total non-current 09-30-2017 ThCh$
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	Biannual	2,798,963	3,843,419	6,642,382	16,793,778	20,992,222	43,510,716	81,296,716
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	Biannual	1,985,174	1,399,481	3,384,655	8,396,889	8,047,019	26,215,206	42,659,114
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	Biannual	1,777,119	2,795,027	4,572,146	15,994,074	10,662,716	58,558,754	85,215,544
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	Biannual	1,777,120	2,835,744	4,612,864	14,216,955	10,662,716	66,022,751	90,902,422
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	Biannual	2,621,052	1,243,984	3,865,036	8,707,886	7,463,901	50,903,718	67,075,505
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	Biannual	844,132	1,366,319	2,210,451	5,908,922	5,064,790	34,390,281	45,363,993
G	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	4.5%	3.1%	Biannual	1,243,986	1,381,779	2,625,765	7,463,903	7,463,901	59,108,647	74,036,451
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	Biannual	2,665,679	2,809,342	5,475,021	10,605,760	-	-	10,605,760
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	Biannual	-	745,154	745,154	20,719,575	13,813,050	40,873,494	75,406,119
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	Biannual	1,753,138	-	1,753,138	10,662,705	14,216,941	81,371,014	106,250,660
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	Biannual	-	228,899	228,899	-	-	134,789,480	134,789,480
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	Biannual	580,306	-	580,306	-	-	39,662,834	39,662,834
M	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	2.9%	2.5%	Biannual	-	210,637	210,637	-	-	109,279,697	109,279,697
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	US$	4.8%	4.9%	Biannual	-	2,398,883	2,398,883	-	-	315,484,750	315,484,750
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	US$	5.0%	5.2%	Biannual	-	2,923,845	2,923,845	-	-	308,136,556	308,136,556
							Total				**18,046,669**	**24,182,513**	**42,229,182**	**119,470,447**	**98,387,256**	**1,368,307,898**	**1,586,165,601**

The Company’s domestic and foreign liabilities as of 12-31-2016

Series	Tax ID No. Debtor	Entity	Country Debtor	Tax ID Number bank	RTB bank (*) and payer	Country	Currency	Nominal rate	Effective rate	Amortization type	Current – Maturity – Up to 90 days ThCh$	Current – Maturity – 90 days to 1 year ThCh$	Total current 12-31-2016 ThCh$	Non-current – Maturity – 1 to 3 years ThCh$	Non-current – Maturity – 3 to 5 years ThCh$	Non-current – Maturity – Over 5 years ThCh$	Total non-current 12-31-2016 ThCh$
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	Biannual	4,193,195	1,844,359	6,037,554	16,599,227	11,066,152	57,946,222	85,611,601
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	Biannual	922,179	1,346,667	2,268,846	8,299,614	5,533,076	29,645,802	43,478,492
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	Biannual	4,042,003	1,756,532	5,798,535	15,808,788	10,539,192	61,412,289	87,760,269
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	Biannual	4,129,906	1,756,532	5,886,438	14,052,257	10,539,192	68,982,892	93,574,341
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	Biannual	1,229,573	1,698,476	2,928,049	9,221,794	7,377,434	51,142,222	67,741,450
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	Biannual	2,003,459	834,353	2,837,812	5,840,469	5,006,116	35,793,078	46,639,663
G	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	4.5%	3.1%	Biannual	2,164,104	1,229,575	3,393,679	7,377,436	7,377,434	61,423,168	76,178,038
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	Biannual	3,048,337	2,634,799	5,683,136	15,727,076	-	-	15,727,076
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	Biannual	1,608,719	-	1,608,719	20,479,545	13,653,031	40,363,975	74,496,551
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	Biannual	-	560,238	560,238	14,052,242	14,052,242	76,906,602	105,011,086
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	Biannual	1,498,887	-	1,498,887	-	-	133,080,429	133,080,429
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	Biannual	-	196,777	196,777	-	-	39,200,225	39,200,225
M	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	2.9%	2.5%	Biannual	928,877	-	928,877	-	-	108,172,048	108,172,048
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	US$	4.8%	4.9%	Biannual	6,492,464	-	6,492,464	-	-	330,779,194	330,779,194
							Total				**32,261,703**	**13,858,308**	**46,120,011**	**127,458,448**	**85,143,869**	**1,094,848,146**	**1,307,450,463**

(*) RTB: Bondholders' Representative.

On July 31, 2001, December 5, 2001, August 9, 2002, September 3, 2003, June 23, 2004 and September 14, 2005, the Company 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.

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

The Series A and B bonds are guaranteed by the State, in accordance with Law Decree 1.263 and Laws No. 18.196, 18.382 and 19.702, in Exempt Decree 117, issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 389 issued by the Ministry of Finance, both on April 20, 2001.

The Series C bonds are guaranteed by the State, in accordance with Law Decree 1.263 and Laws No. 18.196, 18.382 and 19.774, in Exempt Decree 274 issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 363 issued by the Ministry of Finance, both on May 13, 2002.

The Series D and E bonds are guaranteed by the State, in accordance with Law Decree 1.263 and Laws No. 18.196 and 19.847, Exempt Decree 222 dated April 29, 2003 issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 356 issued by the Ministry of Finance on May 7, 2003.

The Series F bonds are guaranteed by the State, in accordance with Law Decree 1.263 and Laws No. 18.196 and 19.847. The authorization to issue and guarantee bonds in the domestic market was authorized by Supreme Decree 1,024, dated November 11, 2003 issued by the Ministries of Finance and Economy and of Development and Reconstruction.

The Series G bonds are guaranteed by the State, in accordance with Law Decree 1.263 and Laws No. 18.196 and 19.847. The authorization to issue and guarantee bonds in the domestic market was authorized by Supreme Decree 592, dated May 11, 2005 issued by the Ministries of Finance and Economy and of Development and Reconstruction.

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

The Company is not subject to any financial or other restrictive covenants under the instruments governing its Series A to G bonds. For the Series H, I, J, K and L bonds, the Company is required during each calendar year to maintain a debt/equity ratio that is lower than 1.7, equity in excess of ThCh$700 million and an interest coverage ratio greater than 1.0. Those covenants are calculated and determined using the consolidated financial statements prepared as of December 31 of each calendar year and filed with the SVS. International bonds are not subject to related restrictions or covenants.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Derivative transactions

Financial liabilities as of 09-30-2017

									Current			Non-current	
									Maturity		Total current	Maturity	Total non-current
Tax ID No.	Entity	Country	Tax ID No.	Entity	Country	Currency	Nominal rate	Amortization type	Up to 90 days ThCh$	90 days to 1 year ThCh$	09-30-2017 ThCh$	Over 5 years ThCh$	09-30-2017 ThCh$
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.63%	Biannual	25,249	-	25,249	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.59%	Biannual	39,892	-	39,892	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.73%	Maturity	-	73,246	73,246	342,178	342,178
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.66%	Maturity	-	107,957	107,957	461,762	461,762
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.59%	maturity dates	-	105,287	105,287	224,811	224,811
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity dates	-	99,973	99,973	(487,369)	(487,369)
61.219.000-4	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.41%	maturity dates	-	97,951	97,951	(457,661)	(457,661)
61.219.000-5	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.44%	maturity dates	-	100,465	100,465	(59,389)	(59,389)
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US$	1.00%	Biannual	-	3,126	3,126	-	-
						Total			65,141	588,005	653,146	24,332	24,332

Financial liabilities as of 12-31-2016

									Current			Non-current	
									Maturity		Total current	Maturity	Total non-current
Tax ID Number	Name	Country	Tax ID Number	Name	Country	Currency	Nominal rate	Amortization type	Up to 90 days ThCh$	90 days to 1 year ThCh$	12-31-2016 ThCh$	Over 5 years ThCh$	12-31-2016 ThCh$
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.63%	Biannual	-	6,216	6,216	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.59%	Biannual	-	10,527	10,527	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	2.75%	Biannual	-	19,999	19,999	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.10%	maturity dates	-	312,015	312,015	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	1.91%	maturity dates	-	60,292	60,292	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	1.97%	Biannual	-	12,198	12,198	-	-
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US$	0.75%	Biannual	78,813	-	78,813	-	-
						Total			78,813	421,247	500,060	-	-

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Reconciliation of financial liabilities derived from financing activities.

Concept	Balance as of 01-01-2017	Cash flows from financiang activities		Changes that have no effect on the cash flow from financing activities			Balance as of 09-30-2017
		From	Used	Exchange rate differences	Changes in fair value	Other	
Interest-bearing loans	446,759,041	78,234,894	(135,248,116)	(20,276,145)	-	13,711,393	383,181,067
Bonds payable	1,353,570,474	326,412,372	(61,877,065)	(11,401,188)	-	21,690,190	1,628,394,783
Derivative transactions	500,060	-	-	-	69,960	107,458	677,478
Total	**1,800,829,575**	**404,647,266**	**(197,125,181)**	**(31,677,333)**	**69,960**	**35,509,041**	**2,012,253,328**

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

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

Current	09-30-2017 ThCh$	12-31-2016 ThCh$
Real estate taxes	4,388,385	3,347,456
Deferred revenue	577,554	1,088,076
Guarantees received	13,347,895	12,994,395
Total	**18,313,834**	**17,429,927**

Non-current	09-30-2017 ThCh$	12-31-2016 ThCh$
Deferred income (*)	3,207,832	3,347,215
Total	**3,207,832**	**3,347,215**

(*) Corresponds to long-term operational leases.

14. Balances and transactions with related parties

Trade and other receivables:

As of September 30, 2017 and December 31, 2016, 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, 2017, contributions pending capitalization reached ThCh$231,642,245 (ThCh$41,296,200 for 2016).

Transactions:

During the first nine months of 2017, the Company received contributions from the Chilean Government for ThCh$ 190,346,045 and received ThCh$ 270,000,000 at the third quarter of 2016.

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).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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

Directors' income are as follows:

Directors' income	Accumulated		Quarter	
	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Fixed remunerations	108,073	105,397	36,128	35,132
Variable remunerations	47,413	46,933	16,088	15,644
Total	**155,486**	**152,330**	**52,216**	**50,776**

Board of Directors' expenses

During the first nine months of 2017, there were no travel expenses, compared to 2016 travel expenses amounted to ThCh$563; there were no expenses incurred for travel tickets.

Remunerations of the General Manager and Other Managers:

During the first nine months of 2017, the compensation paid to the General Manager amounted to ThCh$172,432 (ThCh$ 164,717 in September 2016) and compensation paid to Other Managers amounted to ThCh$1,694,369 (ThCh$1,327,788 in 2016).

15. Trade and other payables

This caption comprises the following:

Current liabilities	09-30-2017 ThCh$	12-31-2016 ThCh$
Debt for purchases or services received	8,182,250	67,155,258
Accounts payable - Transantiago	58,791,594	7,420,912
Withholdings	279,158	2,539,214
Other payables	1,737,939	1,332,807
Total	**68,990,941**	**78,448,191**

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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 by this main business.

17. Employee benefits

Current

Concept	09-30-2017 ThCh$	12-31-2016 ThCh$
Accrued vacations	5,604,397	3,843,803
Employee benefit obligations	2,498,889	2,254,138
Production bonus obligations	4,610,009	6,573,223
Total	**12,713,295**	**12,671,164**

Non-current

Concept	09-30-2017 ThCh$	12-31-2016 ThCh$
Provision for dismissal	14,481,382	14,452,258
Provision for resignations	55,266	61,482
Provision for mortality	783,857	796,476
Advance for severance indemnity payments	(1,773,574)	(1,791,101)
Total	**13,546,931**	**13,519,115**

Movements in severance indemnity payments for the year ended September 30, 2017 and December 31, 2016, are detailed as follows:

Concept	ThCh$
Liabilities as of 01-01-2017	13,519,115
Service interest	472,320
Benefits paid	(328,314)
Actuarial profit (loss)	(116,190)
Liabilities as of 09.30.2017	**13,546,931**

Concept	ThCh$
Liabilities as of 01-01-2016	13,663,705
Service interest	651,274
Benefits paid	(970,155)
Actuarial profit (loss)	174,291
Liabilities as of 12-31-2016	**13,519,115**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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:

2017

Concept	Increases	Base	Decrease	Increases ThCh$	Decrease ThCh$
Discount rate (change of 0.5)	5.333%	4.833%	4.333%	13,280,519	13,822,643
Increase in salary (change of 0.5)	4.530%	4.030%	3.530%	13,878,666	13,227,239
Labor rotation (change of 25%)	1.813%	1.450%	1.088%	13,536,559	13,557,803
Mortality rate (change of 25%)	25.00%	CB14 & RV14	-25.00%	13,534,060	13,560,032

2016

Concept	Increases	Base	Decrease	Increases ThCh$	Decrease ThCh$
Discount rate (change of 0.5)	5.160%	4.660%	4.160%	13,225,192	13,823,739
Increase in salary (change of 0.5)	4.530%	4.030%	3.530%	13,890,639	13,161,755
Labor rotation (change of 25%)	1.813%	1.450%	1.088%	13,507,804	13,531,011
Mortality rate (change of 25%)	25.00%	CB14 & RV14	-25.00%	13,490,981	13,547,829

Projection of the actuarial calculation for the following year:

The projected calculation for the following year amounts to ThCh$14,166,336.

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$84,853 as of September 30, 2017 (ThCh$58,766 as of September 30, 2016).

Actuarial revaluation of obligations:

The Company revalued its obligations as of September 30, 2017, determining a profit due to the update of financial parameters of ThCh$325,590 (loss of ThCh$293,368 as of September 30, 2016) and a loss due to experience of ThCh$ 209,400 (loss of ThCh$593 as of September 30, 2016).

Concept / profit (loss)	**09-30-2017 ThCh$**	**09-30-2016 ThCh$**
Revaluation of financial parameters	325,590	(293,368)
Revaluation due to experience	(209,400)	(593)
Total deviation for the period	116,190	(293,961)
Summary		
Due to hypotheses	325,590	(293,368)
Due to experience	(209,400)	(593)
Total deviation for the period	116,190	(293,961)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

General considerations

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

Frozen indemnity

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

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

Legal indemnity:

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

Actuarial assumptions:

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

1. Mortality:

   The CB-H-2014 men and M-2014 women's mortality tables established by the Chilean Superintendence of Pensions and Superintendence of Securities and Insurance were used.

2. 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	0.07

3. Discount rate:

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

Year	Rate %
12-31-2016	1.61
09-30-2017	1.78

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

4. Termination:

The estimated maximum average termination ages are:

Concept	Age
Women	62 years
Men	68 years

18. Income tax

The Company had a negative first category (corporate) tax base of ThCh$930,574,168 as of September 2017, ThCh$903,314,152 as of December 2016 and ThCh$861,647,856 as of September 2016, 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	
	09-30-2017 ThCh$	12-31-2016 ThCh$	09-30-2017 ThCh$	12-31-2016 ThCh$
Allowance for doubtful accounts	161,361	268,079	-	-
Deferred income	946,328	1,108,823	-	-
Accrued vacations	1,401,099	960,951	-	-
Severance indemnity payments	1,648,441	1,637,838	-	-
Provisions for law suits	637,473	157,648	-	-
Provisions for maintenance	706,345	588,227	-	-
Provision for employee benefits	624,722	563,534	-	-
Provisions for spare parts	678,498	678,498	-	-
Irrecoverable value added-tax fiscal credit for extensions	-	-	30,410,236	29,990,371
Capitalized expenses	-	-	41,654,954	32,455,826
Property, plant and equipment	96,680,681	85,403,036	-	-
Tax loss	232,643,542	225,828,538	-	-
Other	3,508,861	3,399,078	-	-
Subtotal	339,637,351	320,594,250	72,065,190	62,446,197
Net deferred tax assets	267,572,161	258,148,053	-	-
Reduction of deferred tax assets (1)	(267,572,161)	(258,148,053)	-	-
Deferred tax, net	-	-	-	-

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

19. Provisions, contingencies and guarantees

As of September 30, 2017, the Company is involved in legal proceedings (civil and labor), which include subsidiary lawsuits, which are not provisioned because of the application of IAS 37, due to their almost non-existent probability of unfavorable judgment.

The amount of the provision for lawsuit is as follows:

Other short-term provisions	09-30-2017 ThCh$	12-31-2016 ThCh$
Provisions for law suits	2,549,892	630,590
Total	**2,549,892**	**630,590**

According to the current status of legal proceeding, Management believes those provisions recorded in the Interim 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- 2016	2,168,773
Accrued provisions	641,598
Effective payments	(2,179,781)
Closing balance as of 12-31-2016	630,590
Accrued provisions	3,232,365
Effective payments	(1,313,063)
Balance as of June 09-30-2017	2,549,892

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, 2017, are according to the following detail.

Type of guarantee	No. of guarantee	Issuing entity	Currency	Amount	Beneficiary	Issue date	Maturity date	Status	Net ThCh$
Note	1854012	Banco Santander	UF	1,500.00	Ferrocarriles del Estado	05-26-2017	11-26-2017	Effective	39,985
Note	954439	Banco Santander	UF	10,000.00	Enel Distribución Chile S.A.	09-30-2016	12-31-2017	Effective	266,568
Note	1462354	Banco Santander	US$	500,000.00	Enorchile S.A.	03-20-2017	02-28-2018	Effective	318,965
Note	53057	Banco de Chile	US$	500,000.00	Enorchile S.A.	08-01-2017	02-28-2018	Effective	318,965
Note	1462355	Banco Santander	UF	10,000.00	San Juan S.A.	03-20-2017	04-01-2018	Effective	266,568
Note	354796-2	Banco de Chile	UF	10,000.00	San Juan S.A.	08-01-2017	04-02-2018	Effective	266,568
Note	123830	BBVA	UF	1,000.00	Subsecretaría de Transportes	08-09-2017	10-02-2018	Effective	26,657
Note	123831	BBVA	UF	5,000.00	Subsecretaría de Transportes	08-09-2017	10-02-2018	Effective	133,284
Note	123832	BBVA	UF	5,000.00	Subsecretaría de Transportes	08-09-2017	10-02-2018	Effective	133,284
Note	123833	BBVA	UF	5,000.00	Subsecretaría de Transportes	08-09-2017	10-02-2018	Effective	133,284
Note	123834	BBVA	UF	5,000.00	Subsecretaría de Transportes	08-09-2017	10-02-2018	Effective	133,284
Note	123835	BBVA	UF	5,000.00	Subsecretaría de Transportes	08-09-2017	10-02-2018	Effective	133,284
Note	123836	BBVA	UF	5,000.00	Subsecretaría de Transportes	08-09-2017	10-02-2018	Effective	133,284
Note	123837	BBVA	UF	5,000.00	Subsecretaría de Transportes	08-09-2017	10-02-2018	Effective	133,284
Note	123838	BBVA	UF	5,000.00	Subsecretaría de Transportes	08-09-2017	10-02-2018	Effective	133,284
Note	123839	BBVA	UF	5,000.00	Subsecretaría de Transportes	08-09-2017	10-02-2018	Effective	133,284
Note	123840	BBVA	UF	5,000.00	Subsecretaría de Transportes	08-09-2017	10-02-2018	Effective	133,284
Note	1006397	Banco Santander	UF	1,128.00	General Director of Public Works	07-11-2016	12-31-2018	Effective	30,069
Note	292112	Banco Santander	UF	150.00	Constructora San Francisco S.A.	01-03-2014	12-31-2018	Effective	3,999
Note	123790	BBVA	UF	24,941.40	Junaeb	07-27-2017	08-19-2019	Effective	664,858

As of the closing date of the Interim Consolidated Financial Statements, there are no balances pending payment, since they are Performance Guarantees.

20. Changes in equity

2017 capital increase

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

✓ Increase the issued and fully-paid capital of the Company by capitalizing government contributions of ThCh$108,150,000 at a nominal value through the issuance of nominal of 3,617,056,856 Series A shares that will be subscribed and fully-paid by CORFO no later than December 31, 2017.

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

2016 capital increase

At an Extraordinary Shareholders' Meeting held on December 29, 2016, the shareholders of the Company agreed to:

✓ Increase the issued and fully-paid capital of the Company by capitalizing government contributions of ThCh$349,737,277, at a nominal value through the issuance of 11,459,281,684 Series A shares subscribed and fully-paid by the Government and CORFO, in proportion to their interests and social participation.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

a. Capital

As of September 30, 2017, the capital of the Company is represented by 59,074,651,103 and 19,163,677,063 Series A and B nominative shares with no par value, respectively, with 50,442,532,045 shares corresponding to CORFO and 27,795,796,121 to the Chilean Government.

As of December 31, 2016, the capital of the Company is represented by 55,457,594,247 and 19,163,677,063 Series A and B nominative shares with no par value, respectively, with 46,825,475,189 shares corresponding to CORFO and 27,795,796,121 to the Chilean Government.

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

Shareholders are detailed as follows:

Shareholder	09-30-2017		12-31-2016	
	Number of shares and percentages			
	Subscribed and paid shares	Ownership %	Subscribed and paid shares	Ownership %
Corporación de Fomento de la Producción	50,442,532,045	64.47%	46,825,475,189	62.75%
Ministry of Finance	27,795,796,121	35.53%	27,795,796,121	37.25%
Total	**78,238,328,166**	**-**	**74,621,271,310**	**-**
Corporación de Fomento de la Producción				
Series A	38,339,060,739	-	34,722,003,883	-
Series B	12,103,471,306	-	12,103,471,306	-
Total	**50,442,532,045**	**-**	**46,825,475,189**	**-**
Ministry of Finance				
Series A	20,735,590,364	-	20,735,590,364	-
Series B	7,060,205,757	-	7,060,205,757	-
Total	**27,795,796,121**	**-**	**27,795,796,121**	**-**

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 24, 2017, the shareholders resolved not to distribute net income or dividends.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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, 2017 and 2016, respectively, is as follows:

Subsidiary	Percentages Non-controlling interests		Non-controlling interests equity		Share of profit or loss Income (expense)	
	2017 %	2016 %	2017 ThCh$	2016 ThCh$	2017 ThCh$	2016 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	09-30-2017 ThCh$	12-31-2016 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, 2017 and 2016, revenue is detailed follows:

Revenue	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Revenues from passenger transportation services	198,471,530	186,143,997	69,759,996	64,408,043
Sales channel income	30,688,743	29,231,810	10,099,076	9,516,421
Lease of commercial stores, spaces and advertising	11,398,302	11,190,824	3,815,091	4,694,860
Lease in intermodal terminals	1,268,148	1,645,258	440,400	522,613
Other	5,708,750	4,854,868	1,897,858	1,672,330
Total	247,535,473	233,066,757	86,012,421	80,814,267

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Other income, by function

For the periods ended September 30, 2017 and 2016, other income by function is detailed as follows:

Other income, by function	Accumulated		Quarter	
	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Income from fines and indemnities	425,713	599,836	200,233	269,366
Welfare income	327,604	311,015	109,872	110,898
Sale of proposals	22,836	31,344	14,994	13,504
Other income	321,447	181,544	113,726	770
Total	1,097,600	1,123,739	438,825	394,538

Expenses by nature:

Cost of sales, administrative expenses and other expenses by function for the periods ended September 30, 2017 and 2016, are detailed as follows:

Expenses by nature	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Personnel expenses	62,472,719	59,435,583	21,430,186	22,833,528
Maintenance and operating expenses	41,528,995	38,246,164	13,653,354	13,346,287
Purchase of energy	32,234,048	30,506,831	10,890,280	9,247,857
General expenses and other	43,250,340	43,237,009	15,298,227	17,070,401
Depreciation and amortization	54,942,734	54,625,232	18,319,930	18,330,073
Total	234,428,836	226,050,819	79,591,977	80,828,146

Personnel expenses:

As of September 30, 2017 and 2016, personnel expenses are detailed as follows:

Personnel	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Salaries and w ages	41,649,596	37,882,653	14,176,252	12,430,894
Other benefits	17,260,135	17,717,599	6,031,293	9,178,186
Expenses in social and collective benefits	1,702,300	2,271,584	649,706	644,119
Social security contribution	1,860,688	1,563,747	572,935	580,329
Total	62,472,719	59,435,583	21,430,186	22,833,528

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Maintenance and operating expenses:

As of September 30, 2017 and 2016, maintenance and operating expenses are detailed as follows:

Maintenance and operating expenses	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Maintenance of rolling stock, stations and others	31,121,035	31,913,799	9,062,260	10,443,571
Spare parts and materials	7,745,319	5,003,368	3,099,490	2,350,836
Repair, leases and others	2,662,641	1,328,997	1,491,604	551,880
Total	41,528,995	38,246,164	13,653,354	13,346,287

Depreciation and amortization:

As of September 30, 2017 and 2016, depreciation and amortization are detailed as follows:

Depreciation, amortization	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Depreciation	54,705,973	54,323,961	18,241,525	18,246,487
Amortization	236,761	301,271	78,405	83,586
Total	54,942,734	54,625,232	18,319,930	18,330,073

General and other expenses:

As of September 30, 2017 and 2016, general and other expenses are detailed as follows:

General expenses and other	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Service contracts	17,432,333	17,719,178	5,414,535	5,582,270
Real estate taxes	2,962,026	2,756,138	980,060	928,915
Corporate image expenses	1,133,937	773,417	611,333	336,375
Sales channel operator expenses	16,805,664	14,832,867	6,974,392	4,874,300
Insurance, materials and others	4,916,380	7,155,409	1,317,907	5,348,541
Total	43,250,340	43,237,009	15,298,227	17,070,401

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Financial result and exchange differences:

The Company's financial result and exchange differences for the periods ended September 30, 2017 and 2016, are detailed as follows:

Finance income and finance costs	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Finance income				
Interest on cash and other cash equivalents	5,889,333	1,607,546	1,834,173	94,580
Finance income from swaps	1,261,488	1,870,344	167,819	621,778
Other finance income	200,415	169,353	80,942	49,745
Subtotal	7,351,236	3,647,243	2,082,934	766,103
Finance expenses				
Interest and expenses on bank loans	(4,008,571)	(5,226,415)	(885,683)	(1,775,165)
Interest and expenses on bonds	(35,090,572)	(31,639,959)	(11,681,412)	(10,665,287)
Other finance costs	(797,163)	(356,700)	(164,136)	(111,813)
Subtotal	(39,896,306)	(37,223,074)	(12,731,231)	(12,552,265)
Profit (loss) financial result	(32,545,070)	(33,575,831)	(10,648,297)	(11,786,162)

Foreign currency translation and index-adjusted differences	1/1/2017 09-30-2017 ThCh$	1/1/2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Foreign currency translation difference				
Profit (loss) on Foreign currency translation difference	40,223,715	50,423,755	34,953,632	4,025,752
Total foreign currency translation difference	40,223,715	50,423,755	34,953,632	4,025,752
Inflation-adjusted unit				
Profit (loss) on index-adjusted unit (bonds)	(11,682,933)	(21,688,111)	329,720	6,363,342
Total index-adjusted unit	(11,682,933)	(21,688,111)	329,720	6,363,342

Other profit (losses):

Other profit (losses) of the Company for the periods ended September 30, 2017 and 2016, are detailed as follows:

Other income (expenses)	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Net present value of swaps US$	43,942,814	5,910,667	40,993,822	1,130,357
Net present value of swaps UF	(46,457,510)	(12,488,748)	(42,282,918)	(2,163,174)
Net present value, value-added tax	(346,033)	1,808,026	530,729	1,189,745
Total	(2,860,729)	(4,770,055)	(758,367)	156,928

Other comprehensive income:

As of September 30, 2017 and 2016, other comprehensive income is detailed as follows:

Other comprehensive income	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	07-01-2017 09-30-2017 ThCh$	07-01-2016 09-30-2016 ThCh$
Actuarial profit (loss) on defined benefit plans	116,190	(293,961)	254,272	(164,047)
Total	116,190	(293,961)	254,272	(164,047)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

22. Third-party guarantees

Guarantees received as of September 30, 2017, are detailed as follows:

Provider	Guarantee amount ThCh$	Originating operation	Relationship
Abengoa Chile S.A.	63,376,182	Service contract	Supplier
Alstom	12,190,358	Service contract	Supplier
Alstom Chile S.A.	158,051,775	Service contract	Supplier
Alstom Transport S.A.	108,134,051	Service contract	Supplier
Arrigoni Ingenieria y Construcción	6,124,159	Service contract	Supplier
Besalco Dragados Grupos 5 y 6	60,642,151	Service contract	Supplier
CAF Chile S.A.	731,843,743	Service contract	Supplier
Ingenieria Electrica e Inversiones	5,181,137	Work contract	Supplier
Colas Rail Establecimiento Permanente	12,815,799	Work contract	Supplier
Compañía Americana de Multiservicio	4187905	Service contract	Supplier
Construciones Piques y Tuneles	25,853,823	Service contract	Supplier
Consorcio Copisa Chile SPA	3,208,481	Supply contract	Supplier
Consorcio El-OSSA S.A.	7,992,621	Work contract	Supplier
Construcción y Auxiliar de Ferrocarriles	134,460,055	Work contract	Supplier
Construcciones Especializadas	4,427,654	Work contract	Supplier
Construcciones y Auxiliares	201,681,093	Service contract	Supplier
Dragados Besalco Estaciones S.A.	10,374,737	Service contract	Supplier
ETF	28,292,840	Service contract	Supplier
ETF Agencia en Chile	83,402,773	Service contract	Supplier
Faiveley Transport Far East	6,399,998	Service contract	Supplier
Ferrovial Agroman Chile S.A.	52,917,103	Service contract	Supplier
Hidronor Chile S.A.	266,647,614	Supply contract	Supplier
Idom Ingenieria y Consultoria	3,417,215	Service contract	Supplier
Inabensa S.A.	3,827,580	Service contract	Supplier
Indra Sistemas Chile S.A.	43,679,655	Service contract	Supplier
ISS Servicios Integrales Limitada	8,049,961	Service contract	Supplier
Obrascon Huarte Lain S. A. Agencia	4,161,596	Service contract	Supplier
Servicio de Energia Teknica	4075822	Service contract	Supplier
Sice Agencia Chile S.A.	49,227,578	Revenue contract	Supplier
Sociedad de Mantención e Instalaciones Técnicas	42,870,452	Service contract	Supplier
Soler y Palau S.A.	61,705,262	Service contract	Supplier
Strukton Arrigoni SPA	27,626,106	Supply contract	Supplier
Strukton International	3,181,947	Work contract	Supplier
Thales Canada Inc.	31,025,720	Supply contract	Supplier
Thales Communications & Security	2,778,145	Service contract	Supplier
Thyssenkrupp Elevadores S.A.	39,070,114	Service contract	Supplier
Other	75,706,484	Service contract	Supplier
TOTAL	**2,388,609,689**		

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 2017, 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$395.49 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 2017 reached a level of 2.47 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 2017, an increase of 6.0 million trips was observed, 1.2% compared to 2016, mainly due to an increase of 6.8% and 3.5% in passenger flow in March and June, respectively, due to an increase in business days and lower amount of holidays compared to the same period of 2016.

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 cross currency swap ("CCS") transactions of MUS$170 during August and September 2017, reaching a balance of MUS$173 as of September 30, 2017 (MUS$71 as of December 31, 2016), which do not meet the hedge accounting criteria.

In January 2017, the Company placed bonds in the international financial market for the second time for an amount of MUS$500 at a 30-year term with a rate of 5.151%, highlighting the high degree of participation from the foreign investors, which reached a supply of 8 times the placement amount.

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 2017, the share of the debt at a variable rate records a significant change with respect to December 2016, as indicated in the following table:

Debt composition	09-30-2017 %	12-31-2016 %
Fixed rate	82.6	80.3
Variable rate	17.4	19.7
Total	100.0	100.0

In conducting a sensitivity analysis as of September 30, 2017 on the net debt at a variable Libor rate, not hedged by current derivatives, which amounts to MUS$545 (MUS$520 as of December 31, 2016), 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$5.4 (MUS$5.2 as of December 31, 2016).

Sensitivity analysis	Equivalent in MUS$	Total %
Total debt (equivalent to MUS$)	**3,127**	**100%**
Debt at LIBOR rate	501	
IRS	42	
CCS	(170)	
Total variable rate debt	**543**	**17%**
Total fixed rate debt	**2,584**	**83%**

Variation in financial expenses	MCh$	Equivalent in MUS$
Impact on financial expenses of a variation of 100 basis points in LIBOR	3,465.2	5.4

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$173 as of September 30, 2017.

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	09-30-2017				12-31-2016			
	Original Currency		Eq. in MUS$	%	Original Currency		Eq. in MUS$	%
Debt UF	ThUF$:	40,797	1,705	55%	ThUF$:	39,308	1,547	59%
Debt US$	MUS$	1,422	1,422	45%	MUS$	1,094	1,094	41%
Total financial debt			**3,127**	**100%**			2,641	100%

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

As of September 30, 2017, the structure of the financial debt is divided into UF (55%) and US dollars (45%).

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 interim consolidated statement of comprehensive income as of September 30, 2017, 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$80,026,562.

Sensitivity analysis Effect on profit or loss as of September 2017	10% depreciation ThCh$	10% appreciation ThCh$
Impact on profit or loss of 10% variation in the Ch$/US$ exchange rate	(80,026,562)	80,026,562

Likewise, an estimation in the event of a possible appreciation of 3% of the value of UF, considering that all other parameters remain constant, would result in a loss of ThCh$30,722,482.

Sensitivity analysis Effect on profit or loss as of September 2017	3% appreciation ThCh$
Impact on profit or loss of 3% variation in UF	(30,722,482)

Liquidity risk

Income from tariffs associated with Metro S.A. 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	41,609,267	236,336,174	178,136,874	1,538,886,392	1,994,968,707
Interests	82,331,116	252,049,857	153,513,306	572,909,591	1,060,803,870
Total	**123,940,383**	**488,386,031**	**331,650,180**	**2,111,795,983**	**3,055,772,577**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Financial liability structure

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

Financial liabilities	**09-30-2017**				
	Up to 1 year ThCh$	**1 to 3 years ThCh$**	**3 to 5 years ThCh$**	**Over 5 years ThCh$**	**Total ThCh$**
Interest-bearing borrowings	18,177,245	116,808,771	79,119,981	169,075,070	383,181,067
Bonds payable	42,229,182	119,470,447	98,387,256	1,368,307,898	1,628,394,783
Derivative transactions	653,146	-	-	24,332	677,478
Total	**61,059,573**	**236,279,218**	**177,507,237**	**1,537,407,300**	**2,012,253,328**

Financial liabilities	**12-31-2016**				
	Up to 1 year ThCh$	**1 to 3 years ThCh$**	**3 to 5 years ThCh$**	**Over 5 years ThCh$**	**Total ThCh$**
Interest-bearing borrowings	120,608,843	146,399,884	65,435,194	114,315,120	446,759,041
Bonds payable	46,120,011	127,458,448	85,143,869	1,094,848,146	1,353,570,474
Derivative transactions	500,060	-	-	-	500,060
Total	**167,228,914**	**273,858,332**	**150,579,063**	**1,209,163,266**	**1,800,829,575**

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, 2017 are detailed as follows.

	Carrying amount ThCh$	**Fair Value ThCh$**
Credits	383,181,067	416,217,895
Bonuses	1,628,394,783	1,831,560,324

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

The following methodology is used to calculate the fair value:

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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

The maximum exposure to credit risk arises from commercial debtors.

Trade and other receivables	09-30-2017 ThCh$	12-31-2016 ThCh$
Trade receivables, gross	2,519,055	3,022,952
Impairment of trade receivables	(645,444)	(1,072,316)
Trade receivables, net	**1,873,611**	**1,950,636**
Sales channel accounts receivables, net	4,712,045	4,016,205
Other accounts receivable, net	1,986,545	1,875,142
Total	**8,572,201**	**7,841,983**

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 Affairs Management, 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	09-30-2017 ThCh$	12-31-2016 ThCh$
Less than 3 months	1,471,319	1,113,970
From 3 months to 1 year	155,510	250,811
Over 1 year	246,782	585,855
Total	**1,873,611**	**1,950,636**

Aging of sales channel accounts receivable, net	09-30-2017 ThCh$	12-31-2016 ThCh$
Less than 3 months	3,454,107	3,241,213
From 3 months to 1 year	1,253,477	728,092
Over 1 year	4,461	46,901
Total	**4,712,045**	**4,016,206**

Aging of other receivables, net	09-30-2017 ThCh$	12-31-2016 ThCh$
Less than 3 months	533,460	648,811
From 3 months to 1 year	1,453,085	1,226,331
Total	**1,986,545**	**1,875,142**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

Financial assets

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

As of September 30, 2017 and December 31, 2016, this caption comprises the following:

Financial assets	09-30-2017		
	Up to 1 year ThCh$	1 to 5 years ThCh$	Total ThCh$
Cash and cash equivalents			
Cash	3,820,341	-	3,820,341
Term deposits	268,003,416	-	268,003,416
Repurchase agreements	1,927,171	-	1,927,171
Subtotal	**273,750,928**	-	**273,750,928**
Other financial assets			
Financial investments	108,921,611	-	108,921,611
Derivative transactions	812,797	1,398,553	2,211,350
Financial lease agreements	48,306	1,688,303	1,736,609
Promissory notes receivables	-	570,246	570,246
Other accounts receivable	-	7,733	7,733
Subtotal	**109,782,714**	**3,664,835**	**113,447,549**
Total	**383,533,642**	**3,664,835**	**387,198,477**

Financial assets	12-31-2016		
	Up to 1 year ThCh$	1 to 5 years ThCh$	Total ThCh$
Cash and cash equivalents			
Cash	5,250,747	-	5,250,747
Term deposits	107,962,318	-	107,962,318
Reverse repurchase agreements	5,085,888	-	5,085,888
Subtotal	**118,298,953**	-	**118,298,953**
Other financial assets			
Financial investments	60,997,382	-	60,997,382
Derivative transactions	4,425,482	2,265,313	6,690,795
Financial lease agreements	46,087	1,822,470	1,868,557
Promissory notes receivables	-	451,794	451,794
Other accounts receivable	-	6,445	6,445
Subtotal	**65,468,951**	**4,546,022**	**70,014,973**
Total	**183,767,904**	**4,546,022**	**188,313,926**

The average period of maturity of financial investments as of September 30, 2017 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

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.

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

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

Index	09-30-2017	12-31-2016
Leverage (times)	1.00	0.88
Equity (MCh$)	2,361,568	2,245,962

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 November 30, 2017, the Company entered into a new fixed-price Energy and Power Contract with Enel Distribución Chile S.A. (formerly 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017, 2016 (UNAUDITED) AND DECEMBER 31, 2016 (in thousands of Chilean pesos)

24. Environment

Disbursements related to improvements and/or investments that directly or indirectly affect protection of the environment, for the periods ended September 30, 2017 and 2016, are detailed as follows:

Project	Allocated to administrative expenses		Allocated to property, plant and equipment		Expenditures committed in the future	
	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	01-01-2017 09-30-2017 ThCh$	01-01-2016 09-30-2016 ThCh$	2017 Amount ThCh$	2018 Amount ThCh$
Noise and vibrations	3,932	502	258,467	286,143	1,297,662	-
Waste treatment	110,635	126,792	42,223	41,699	206,134	59,180
Run-off w ater	89,506	95,807	-	-	34,913	137,037
Environmental management	40,739	-	632,920	619,515	162,096	-
Monitoring of polluting parameters	2,291	4,136	-	-	39,246	-
Total	**247,103**	**227,237**	**933,610**	**947,357**	**1,740,051**	**196,217**

The aforementioned projects are currently in progress as of September 30, 2017.

25. Sanctions

During 2017 and 2016, the Company and its Directors have not been sanctioned by Chilean Superintendence of Securities and Insurance (SVS) or any other supervising entity.

26. Subsequent events

Through letter No. 552 of October 11, it was informed that at the Board of Directors' Meeting held on October 10, the Directors have become aware of the resignation to his position as Company Director of Mr. Claudio Soto Gamboa.

Through letter No. 587 of November 14, the Company communicated that at the Board of Directors' Meeting held on November 13, the Directors agreed to schedule an Extraordinary Shareholder' Meeting for December 28, 2017 at 11:00 am to address the capitalization of Government's contributions for up to ThCh$ 231,642,245.

Except for that indicated above, between October 1 and November 13, 2017, there have been no other subsequent events that would significantly affect the Company's financial position or profit or loss.

Julio E. Pérez Silva
General Accountant

Rubén Alvarado Vigar
General Manager