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

For the years ended as of December 31, 2018 and 2017

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

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended as of December 31, 2018 and 2017

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ThCh$	:	Figures expressed in thousands of Chilean Pesos
MCh$	:	Figures expressed in millions of Chilean Pesos
US$	:	Figures expressed in United States dollars
ThUS$	:	Figures expressed in thousands of United States dollars
MUS$	:	Figures expressed in millions of United States dollars
ThUF	:	Figures expressed in thousands of Unidades de Fomento (inflation-adjusted units)
Ch$	:	Figures expressed in Chilean pesos

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(In thousands of Chilean pesos)

ASSETS	NOTE	12-31-2018	12-31-2017
CURRENT ASSETS			
Cash and cash equivalents	4	165,110,682	152,240,118
Other current financial assets	10	187,303,313	148,467,777
Other current non-financial assets	11	6,870,615	5,751,473
Trade and other receivables, current	5	14,973,044	8,743,345
Current inventories	6	16,401,194	10,722,316
Current tax assets		1,752,674	1,289,653
Total current assets		392,411,522	327,214,682

NON-CURRENT ASSETS			
Other non-current financial assets	10	58,237,285	3,261,731
Other non-financial assets, non-current	11	24,812,750	29,341,665
Accounts receivable, non-current		1,286,725	1,624,094
Intangible assets other than goodwill	7	6,392,116	5,935,639
Property, plant and equipment	8	4,705,488,071	4,423,443,320
Investment property	9	22,641,419	22,937,637
Total non-current assets		4,818,858,366	4,486,544,086
TOTAL ASSETS		5,211,269,888	4,813,758,768

The accompanying notes are an integral part of these Consolidated Financial Statements

(In thousands of Chilean pesos)

LIABILITIES AND EQUITY	NOTE	12-31-2018	12-31-2017
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	12	115,056,111	78,731,519
Trade and other payables	15	125,820,310	147,625,775
Other short-term provisions	19	795,662	1,744,461
Employee benefits, current	17	14,788,867	13,024,473
Other current non-financial liabilities	13	24,961,977	18,524,477
Total current liabilities		281,422,927	259,650,705
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	12	2,059,719,311	1,936,815,964
Non-current accounts payable	15	1,130,140	326,515
Due to related companies, non-current	14	3,500,000	-
Employee benefits, non-current	17	12,797,234	13,191,367
Other non-financial liabilities, non-current	13	54,793,619	3,165,020
Total non-current liabilities		2,131,940,304	1,953,498,866
Total liabilities		2,413,363,231	2,213,149,571
EQUITY			
Share capital	20	3,455,533,978	3,082,361,491
Accumulated losses	20	(690,995,637)	(515,120,610)
Other reserves	20	33,378,961	33,378,961
Equity attributable to owners of parent		2,797,917,302	2,600,619,842
Non-controlling interests	20	(10,645)	(10,645)
Total equity		2,797,906,657	2,600,609,197
Total equity and liabilities		5,211,269,888	4,813,758,768

The accompanying notes are an integral part of these Consolidated Financial Statements

(In thousands of Chilean pesos)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION	NOTE	ACCUMULATED	
Profit (loss)		01-01-2018 12-31-2018	01-01-2017 12-31-2017
Revenue	21	388,852,814	340,049,078
Cost of sales	21	(328,189,648)	(288,011,283)
Gross profit		60,663,166	52,037,795
Other income by function	21	3,227,877	2,490,448
Administrative expenses	21	(44,426,907)	(40,386,097)
Other expenses by function	21	(1,862,850)	(973,915)
Other income (expenses)	21	13,697,843	(9,325,110)
Finance income	21	8,905,844	9,454,964
Finance costs	21	(63,967,097)	(54,309,118)
Foreign currency translation differences	21	(123,478,609)	72,537,510
Profit (loss) from inflation-adjusted units	21	(28,484,104)	(16,925,084)
Profit (loss) before taxes		(175,724,837)	14,601,393
Income tax expense		-	-
Profit (loss) from continued operations		(175,724,837)	14,601,393
Income (loss) from discontinued operations		-	-
Income (loss)		(175,724,837)	14,601,393
PROFIT (LOSS), ATTRIBUTABLE TO:			
Owners of parent		(175,724,837)	14,601,393
Non-controlling interests		-	-
Profit (loss)		(175,724,837)	14,601,393

The accompanying notes are an integral part of these Consolidated Financial Statements

Consolidated Statements of Comprehensive Income by Function
For the years ended as of December 31, 2018 and 2017
(In thousands of Chilean pesos)

STATEMENT OF COMPREHENSIVE INCOME	NOTE	ACCUMULATED	
		01-01-2018 12-31-2018	01-01-2017 12-31-2017
Income (loss)		(175,724,837)	14,601,393
Other comprehensive income, before taxes, income (loss) from new measurements of defined benefit plans	21	(150,190)	253,223
Total other comprehensive income that will not be reclassified to profit or loss for the period, before taxes	21	(150,190)	253,223
Components of other comprehensive income that will be reclassified to profit or loss for the period, before taxes		-	-
Income (loss) from exchange rate differences, before taxes		-	-
Gains (losses) on cash flow hedges, before tax		-	-
Total other comprehensive income that will be reclassified to profit or loss for the period, before taxes		-	-
Other components from other comprehensive income, before taxes	21	(150,190)	253,223
Income taxes related to components of other comprehensive income that will be reclassified to profit or loss for the period		-	-
Total other comprehensive income	21	(150,190)	253,223
Total comprehensive income		(175,875,027)	14,854,616
Comprehensive income attributable to:			
Owners of parent		(175,875,027)	14,854,616
Non-controlling interests		-	-
Total comprehensive income		(175,875,027)	14,854,616

The accompanying notes are an integral part of these Consolidated Financial Statements

Consolidated Statements of Changes in Net Equity
For the years ended as of December 31, 2018 and 2017
(In thousands of Chilean pesos)

Items	Share capital	Other Reserves				Retained earnings (accumulated deficit)	Equity attributable to owners of parent	Non-controlling interests	Total net equity
		Other sundry reserves	Capital surplus	Reserves for gain (loss) on defined benefit plans	Total Other Reserves				
Opening balance 01-01-2018	3,082,361,491	30,336,377	3,042,584	-	33,378,961	(515,120,610)	2,600,619,842	(10,645)	2,600,609,197
Loss	-	-	-	-	-	(175,724,837)	(175,724,837)	-	(175,724,837)
Other comprehensive income	-	-	-	(150,190)	(150,190)	-	(150,190)	-	(150,190)
Comprehensive income	-	-	-	(150,190)	(150,190)	(175,724,837)	(175,875,027)	-	(175,875,027)
Issuance of stock	373,172,487	-	-	-	-	-	373,172,487	-	373,172,487
Increase (decrease) through transfers and other changes	-	-	-	150,190	150,190	(150,190)	-	-	-
Closing balance 12-31-2018	3,455,533,978	30,336,377	3,042,584	-	33,378,961	(690,995,637)	2,797,917,302	(10,645)	2,797,906,657
Opening balance 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
Gain	-	-	-	-	-	14,601,393	14,601,393	-	14,601,393
Other comprehensive income	-	-	-	253,223	253,223	-	253,223	-	253,223
Comprehensive income	-	-	-	253,223	253,223	14,601,393	14,854,616	-	14,854,616
Issuance of stock	339,792,246	-	-	-	-	-	339,792,246	-	339,792,246
Increase (decrease) through transfers and other changes	-	-	-	(253,223)	(253,223)	253,223	-	-	-
Closing balance 12-31-2017	3,082,361,491	30,336,377	3,042,584	-	33,378,961	(515,120,610)	2,600,619,842	(10,645)	2,600,609,197

The accompanying notes are an integral part of these Consolidated Financial Statements

Consolidated Statements of Cash Flows
For the years ended as of December 31, 2018 and 2017
(In thousands of Chilean pesos)

Consolidated Statements of Cash Flows (direct method)	01-01-2018 12-31-2018	01-01-2017 12-31-2017
Net cash flows provided by (used in) operating activities		
Collection from sales of assets and service renderings	375,021,318	329,771,909
Other collections for operating activities	13,479,111	9,340,669
Payments to suppliers for the provision of goods and services	(166,030,269)	(143,001,783)
Payments to and on behalf of the employees	(92,545,045)	(80,665,310)
Other payments for operating activities	(6,795,315)	(5,806,395)
Net cash flows from operating activities	123,129,800	109,639,090
Cash flows provided by (used in) investing activities		
Sale of property, plant and equipment	812,040	12,613
Purchases of property, plant and equipment	(372,473,580)	(468,939,949)
Purchases of intangible assets	(17,618)	(412,987)
Other collections to acquire equity or debt instruments of other entities	462,118,234	271,109,002
Other payments to acquire equity or debt instruments of other entities	(492,186,342)	(359,686,730)
Interest paid	(31,427,607)	(30,586,230)
Net cash flows used in investing activities	(433,174,873)	(588,504,281)
Net cash flows provided by (used in) financing activities		
Amounts from issuance of shares	373,172,487	298,496,046
Loans from related entities - Contribution from the Chilean Treasury	3,500,000	-
Amounts from long-term loans	53,515,563	429,394,791
Other collections of cash	9,865,323	47,533,831
Repayment of loans	(48,044,845)	(162,174,171)
Interest paid	(69,948,816)	(52,444,851)
Other cash outflows	(1,107,458)	(43,598,944)
Net cash flows provided by financing activities	320,952,254	517,206,702
Net increase in cash and cash equivalents before effect of changes in the exchange rate	10,907,181	38,341,511
Effects of variations in the exchange rate on cash and cash equivalents	1,963,383	(4,400,346)
Net increase in cash and cash equivalents	12,870,564	33,941,165
Cash and cash equivalents at the beginning of the period	152,240,118	118,298,953
Cash and cash equivalents at the end of the period	165,110,682	152,240,118

The accompanying notes are an integral part of these Consolidated Financial Statements

1. Company Profile

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

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

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

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

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

2. Summary of significant accounting policies

The main accounting policies adopted in preparing these Consolidated Financial Statements, as required by IAS 1, are based on International Financial Reporting Standards (hereinafter "IFRS") in effect as of December 31, 2018, and have been applied on a consistent basis to all accounting periods presented in the Consolidated Financial Statements.

2.1. Basis of preparation

The Consolidated Financial Statements comprise the Consolidated Statement of Financial Position as of December 31, 2018 and 2017; the Consolidated Statements of Comprehensive Income for the years ended as of December 31, 2018 and 2017 and the Consolidated Statements of Changes in Equity and the Consolidated Statements of Cash Flows for the years then ended, prepared in accordance with the standards and instructions issued by the Financial Market Commission. These standards and instructions require the Company to comply with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB)), except for certain IFRS standards. Through Ruling No. 6158 dated March 5, 2012, the Company was authorized by the Financial Market Commission to exceptionally apply International Public Sector Accounting Standard 21 (hereinafter "IPSAS 21"), instead of IAS 36. Please see Note 2.8 for further details regarding this exception.

The Management of the Company is responsible for the information contained in these Consolidated Financial Statements, which have been approved by the Board of Directors on March 25, 2019, with the Management being authorized to publish them.

The Consolidated Financial Statements have been prepared on the basis of historical cost. In general, the historical cost is based on the fair value of the consideration given in exchange for the goods and services. Fair value is the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether this price is observable or estimated using another valuation technique. The

Company considers the characteristics of the assets and liabilities if the market participants take those characteristics at the time of fixing the price of the asset or liability at the measurement date.

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

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

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

2.2. Basis of consolidation

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

Power over the investee.

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

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

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

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

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

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

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

Tax ID Number	Company name	Ownership percentage					
		12-31-2018			12-31-2017		
		Direct	Indirect	Total	Direct	Indirect	Total
96.850.680-3	Transub S.A.	66.66	-	66.66	66.66	-	66.66
76.920.952-2	Metro SpA.	100.00	-	100.00	-	-	-

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

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

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

2.3. Foreign currency transactions

2.3.1. Functional and presentation currency

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

2.3.2. Transactions and balances in foreign currency and indexation units

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

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

2.3.3. Foreign currency translations

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

Date	USD	EUR	UF
12-31-2018	694.77	794.75	27,565.79
12-31-2017	614.75	739.15	26,798.14
12-31-2016	669.47	705.60	26,347.98

US$ = US dollar
EUR = Euro
UF = Unidad de Fomento (an inflation-linked unit of account)

2.4. Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.5. Investment property

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

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

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

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

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

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

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

2.6. Intangible assets other than goodwill

2.6.1. Easements

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

2.6.2. Computer software

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

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

2.7. Finance income and expenses

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

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

2.8. Losses due to impairment of non-financial assets

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

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

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

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

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

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

2.9. Financial assets

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

2.9.1. Financial assets at amortized cost

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

(a) The financial asset is held within a business model whose purpose is to hold the financial assets to obtain contractual cash flows and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.9.3. Financial assets at fair value through profit or loss

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

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

Derecognition of financial assets

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

2.10. Inventories

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

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

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

2.11. Trade and other receivables

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

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

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

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

2.12. Cash and cash equivalents

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

2.13. Share capital

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

2.14. Trade and other payables

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

2.15. Financial liabilities

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

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

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

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

i) the amount of the change in fair value that is attributable to changes in the liability 's credit risk is presented in the other comprehensive income; and

ii) the remaining amount of the change in fair value is presented in profit or loss.

b) Other financial liabilities:

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

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

Derivative Financial Instruments

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

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

Embedded derivatives

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

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

2.16. Income tax and deferred taxes

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

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

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

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

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

2.17. Employee benefits

2.17.1. Accrued vacations

The Company recognizes accrued vacation expenses using the accrual method.

2.17.2. Severance indemnity payments

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

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

2.17.3. Incentive and recognition bonuses

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

2.18. Provisions

The Company recognizes provisions when:

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

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

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

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

2.20. Revenue and Expense Recognition

The Company recognizes revenue from the following main sources:

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

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

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

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

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

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

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

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

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

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

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

2.21. Lease agreements

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

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

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

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

(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 that are mandatory for the first time for periods beginning on January 01, 2018.

New IFRS	**Mandatory effective date**
IFRS 9: Financial instruments	Annual periods beginning on or after January 1, 2018
IFRS 15, Revenue from Contracts with Customers	Annual periods beginning on or after January 1, 2018
IFRS Amendments	**Mandatory effective date**
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Annual periods beginning on or after January 1, 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)	Effective overlap approach when IFRS 9 is first applied; Effective deferral approach for annual periods beginning on or after January 1, 2018, and only available for three years after that date
Transfers of Investment Property (Amendments to IAS 40)	Annual periods beginning on or after January 1, 2018
Annual Improvements 2014 - 2016 Cycle (Amendments to IFRS 1 and IAS 28)	Annual periods beginning on or after January 1, 2018
New Interpretations	**Mandatory effective date**
IFRIC 22 Foreign Currency Transactions and Advance Consideration CINIIF 22	Annual periods beginning on or after January 1, 2018

Impact of the application of IFRS 9 Financial Instruments

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

Classification and measurement of financial assets

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

All financial assets within the scope of IFRS 9 must be subsequently measured at amortized cost or fair value. Specifically, debt instruments that are held within a business model, the objective of which is to collect contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at amortized cost as of the close of subsequent reporting periods.

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

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

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

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

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

Classification and measurement of financial liabilities

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

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

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

Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to the credit loss model incurred under IAS 39. This model requires an entity to account for each reporting date. Changes in credit risk since the initial recognition. In other words, it is not necessary for a credit event to occur in order for credit losses to be recognized.

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

As of January 1, 2018, the Company's Management and its subsidiaries reviewed and assessed for impairment the financial assets, amounts due from customers and financial guarantee contracts of the Company and its subsidiaries using reasonable and sustainable information that was available in accordance with IFRS 9 to determine the credit risk of the respective financial assets on the date they were initially recognized, and compared it with the credit risk as of January 1, 2018. Concluding that the application of IFRS 9 has not had a significant impact.

Impact of applying IFRS 15 Revenue from Contracts with Customers

In the current period, the Company has applied IFRS 15, which considers a five-step approach to income recognition and has added more descriptive guidance in IFRS 15 to deal with specific scenarios.

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

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

Impact of application of Amendments, New Interpretations

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

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

(In thousands of Chilean pesos)

New IFRS	Mandatory Effective Date
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019
IFRS 17, Insurance Contracts	Annual periods beginning on or after January 1, 2021
IFRS Amendments	**Mandatory Effective Date**
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date indefinitely postponed
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	Annual periods beginning on or after January 1, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	Annual periods beginning on or after January 1, 2019
Annual Improvements 2015 - 2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	Annual periods beginning on or after January 1, 2019
Plan amendment, curtailment or settlement (amendments to IAS 19)	Annual periods beginning on or after January 1, 2019
Definition of a business (amendments to IFRS 3)	Annual periods beginning on or after January 1, 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	Annual periods beginning on or after January 1, 2020
Revised Conceptual Framework for Financial Reporting	Annual periods beginning on or after January 1, 2020
New Interpretations	**Mandatory Effective Date**
IFRIC 23 Uncertainty over Income Tax Treatments	Annual periods beginning on or after January 1, 2019

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

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

On the basis of the amounts calculated at the close of the financial statements for the year 2018, the Company estimates that the application of IFRS 16 is unlikely because the contracts involve amounts that are small or not significant. However, the Company is constantly evaluating new contracts which my trigger the application of IFRS 16.

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

3. Management estimates and accounting criteria

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

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

3.1. Severance indemnity payments

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

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

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

3.2. Useful life of property, plant and equipment

Property, plant and equipment and intangible assets with finite useful lives are depreciated using the straight-line method on the basis of an estimated useful life. Such estimate takes into consideration technical aspects, nature and conditions of use of those assets and might vary significantly as a consequence of technological innovations or other variables, which will imply adjusting the remaining useful lives, and recognizing higher or lower depreciation, as applicable. Likewise, residual values are determined based on technical aspects that might vary in accordance with the specific conditions of each asset.

3.3. Litigation and other contingencies

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

3.4. Measurements and/or valuations at fair value

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

a) The concrete asset or liability to be measured.

b) For a non-financial asset, the maximum and best use of the asset and if the asset is used in combination with other assets or in an independent manner.

c) The market in which an orderly transaction would take place for the asset or liability; and

d) The appropriate valuation technique(s) to be used when measuring fair value. The valuation technique(s) used must maximize the use of relevant observable entry data and minimize non-observable entry data.

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

Market value hierarchies for items at fair value:

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

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

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

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

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

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

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

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

The valuation techniques used by the Company are appropriate under the circumstances and there is sufficient data available on the Company's assets and liabilities to measure their fair value, maximizing the use of observable variables and minimizing the use of non-observable variables. The specific technique used by the Company to 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.

(In thousands of Chilean pesos)

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 them into account when establishing the price of that asset or liability on the measurement date. The characteristics include the restrictions for asset recognition or the payment of the liability (if any).

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

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

(In thousands of Chilean pesos)

12-31-2017	Amortized cost ThCh$	Fair value through profit or loss ThCh$	Total ThCh$
Trade and other receivables	10,367,439	-	10,367,439
Cash and cash equivalents	**149,565,360**	**2,674,758**	**152,240,118**
Cash and banks	-	2,674,758	2,674,758
Term depositss	147,605,384	-	147,605,384
Repurchase agreements	1,959,976	-	1,959,976
Other financial assets	**147,303,152**	**4,426,356**	**151,729,508**
Term depositss	145,038,270	-	145,038,270
Derivative operations	-	4,426,356	4,426,356
Financial lease	1,673,508	-	1,673,508
Promissory notes receivable	583,469	-	583,469
Other financial assets	7,905	-	7,905
Total financial assets	**307,235,951**	**7,101,114**	**314,337,065**

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

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

(In thousands of Chilean pesos)

12-31-2017	Amortized cost ThCh$	Liabilities at fair value through profit or loss ThCh$	Total ThCh$
Interest-bearing loans	2,006,588,384	-	2,006,588,384
Trade and other payables	147,952,290	-	147,952,290
Hedge liabilities	-	8,946,936	8,946,936
Other financial liabilities	12,163	-	12,163
Total financial liabilities	**2,154,552,837**	**8,946,936**	**2,163,499,773**

4. Cash and cash equivalents

Balances of cash and cash equivalents are detailed as follows:

Item	Currency	12-31-2018 ThCh$	12-31-2017 ThCh$
Cash			
Cash on hand	Ch$	125,150	70,125
	USD	7,247	4,881
	Euros	3,380	-
Banks	Ch$	1,378,595	2,593,912
	USD	4,213	5,840
Total cash		**1,518,585**	**2,674,758**
Term deposits	Ch$	133,152,535	105,402,589
	USD	15,505,948	42,202,795
Total term deposits		**148,658,483**	**147,605,384**
Repurchase agreements	Ch$	11,806,167	1,664,266
	USD	3,127,447	295,710
Total repurchase agreements		**14,933,614**	**1,959,976**
Total cash and cash equivalents		**165,110,682**	**152,240,118**
Subtotal by currency	Ch$	146,462,447	109,730,892
	USD	18,644,855	42,509,226
	Euros	3,380	-

Cash equivalents represent short-term highly liquid investments such as term deposits and fixed income investments –repurchase agreements- that are easily convertible into cash, and are subject to insignificant risk of changes in value, which are maintained to comply with short-term payment commitments. The detail for the years 2018 and 2017 is as follows:

Term deposits

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

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

Repurchase agreements

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

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

(In thousands of Chilean pesos)

5. Trade and other receivables, current

As of December 31, 2018 and 2017, this item consists of the following:

Trade and Other Receivables, Gross	12-31-2018 ThCh$	12-31-2017 ThCh$
Trade debtors and other accounts receivable, gross	**15,584,946**	**9,496,113**
Trade receivables, gross (*)	12,130,740	2,930,697
Sales channel accounts receivable, gross	1,432,312	4,566,117
Other receivables, gross	2,021,894	1,999,299

Trade and other receivables, net	12-31-2018 ThCh$	12-31-2017 ThCh$
Trade and other receivables, net	**14,973,044**	**8,743,345**
Trade receivables, net	11,518,838	2,177,929
Sales channel accounts receivable, net	1,432,312	4,566,117
Other receivables, net	2,021,894	1,999,299

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

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

Trade receivables, net	12-31-2018 ThCh$	12-31-2017 ThCh$
Aged 3 months	5,698,706	1,880,655
Aged more than 3 months up to 1 year	5,594,526	87,918
Aged more than 1 year	225,606	209,356
Total	**11,518,838**	**2,177,929**

Sales Channel Accounts Receivable, net	12-31-2018 ThCh$	12-31-2017 ThCh$
Aged 3 months	1,173,654	4,115,793
Aged more than 3 months up to 1 year	256,435	444,012
Aged more than 1 year	2,223	6,312
Total	**1,432,312**	**4,566,117**

Other Receivables, net	12-31-2018 ThCh$	12-31-2017 ThCh$
With 3 months maturity	547,072	554,765
With 3 months up to 1 year maturity	1,474,822	1,444,534
Total	**2,021,894**	**1,999,299**

(In thousands of Chilean pesos)

Movements as of December 31, 2018 in the 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	250,579
Decrease for the period	(130,608)
Write-offs for the period	(439,519)
Balance as of December 31, 2017	**752,768**
Increase for the period	164,800
Decrease for the period	(169,197)
Write-offs for the period	(136,469)
Balance as of December 31, 2018	**611,902**

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

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

6. Inventories

This item comprises the following:

Classes of inventories	12-31-2018 ThCh$	12-31-2017 ThCh$
Inventories and stock	1,674,937	1,489,610
Spare parts and accessories for maintenance	14,350,329	9,218,243
Imports in transit and other	375,928	14,463
Total	**16,401,194**	**10,722,316**

As of December 2018 and 2017, inventory consumption was charged to the Consolidated Statement of Comprehensive Income in the cost of sales line item, in the amount of ThCh$9,324,023 and ThCh$10,027,553, respectively.

As of December 2018, the write-offs of inventories amount to ThCh$ 529. As of the same period of the previous year they amounted to ThCh$ 4,489. Based on the analysis carried out by the Technical Management for the stock of spare parts, maintenance accessories and supplies presented in this group, no objective evidence of impairment was found for this asset class.

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

7. Intangible assets other than goodwill

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

Licenses and software are amortized using the straight-line method over the applicable useful life, which is generally estimated at four years. For easements, since the contracts are established with no expiry date, easements are considered to have indefinite useful life, and therefore they are not amortized. At the balance sheet date, the Company found no objective evidence of impairment for this type of asset.

(In thousands of Chilean pesos)

The items within the 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 2018 and 2017, are as follows:

Item	12-31-2018			12-31-2017		
	Intangible assets, gross ThCh$	Accumulated amortization ThCh$	Intangible assets, net ThCh$	Intangible assets, gross ThCh$	Accumulated amortization ThCh$	Intangible assets, net ThCh$
Licenses and Software	6,533,324	(4,471,100)	2,062,224	5,785,711	(4,086,150)	1,699,561
Easements	4,329,892	-	4,329,892	4,236,078	-	4,236,078
Total	**10,863,216**	**(4,471,100)**	**6,392,116**	**10,021,789**	**(4,086,150)**	**5,935,639**

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

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

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

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

(In thousands of Chilean pesos)

8. Property, plant and equipment

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

Property, plant and equipment	12-31-2018 ThCh$	12-31-2017 ThCh$
Classes of property, plant and equipment, net		
Property, plant and equipment, net	**4,705,488,071**	**4,423,443,320**
Works in progress, net	1,436,411,396	1,157,111,593
Land, net	132,620,404	120,662,471
Civil works, net	1,916,968,710	1,925,737,534
Buildings, net	111,266,828	113,577,576
Rolling stock, net	807,013,830	779,374,981
Electrical equipment, net	262,608,816	286,157,192
Machinery and equipment, net	23,294,181	24,535,587
Other, net	15,303,906	16,286,386
Clases de propiedades, planta y equipo, bruto		
Property, plant and equipment, gross	**5,407,739,528**	**5,038,127,127**
Works in progress, gross	1,436,411,396	1,157,111,593
Land, gross	132,620,404	120,662,471
Civil works, gross	2,101,706,180	2,086,147,489
Buildings, Gross	130,851,477	130,695,602
Rolling stock, gross	1,080,002,565	1,016,912,471
Electrical equipment, gross	467,357,214	467,866,502
Machinery and equipment, gross	43,486,386	42,444,613
Other, gross	15,303,906	16,286,386
Classes of accumulated depreciation and impairment, Property, plant and equipment		
Total accumulated depreciation and impairment, Property, plant and equipment	**702,251,457**	**614,683,807**
Accumulated depreciation of civil works	184,737,470	160,409,955
Accumulated depreciation of buildings	19,584,649	17,118,026
Accumulated depreciation of rolling stock	272,988,735	237,537,490
Accumulated depreciation of electrical equipment	204,748,398	181,709,310
Accumulated depreciation of machinery and equipment	20,192,205	17,909,026

(In thousands of Chilean pesos)

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

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

	2017 movements	Works in progress	Land	Civil works	Buildings	Rolling stock	Electrical equipment	Machinery and equipment	Other	Property, plant and equipment, net
Opening balance at January 1, 2017		1,427,326,829	119,819,188	1,390,328,467	76,294,382	687,672,405	221,976,090	25,209,397	15,081,787	3,963,708,545
Movements	Additions	526,512,061	923,162	-	178,411	11,716,730	120,242	664,854	117,920	540,233,380
Movements	Transfers	(796,727,297)	-	555,021,015	39,232,006	111,760,186	85,023,980	1,149,719	-	(4,540,391)
Movements	Spare parts transfers	-	-	-	-	-	-	-	1,086,679	1,086,679
Movements	Derecognition or sales	-	(79,879)	-	-	(87,136)	(343,207)	(15,479)	-	(525,701)
Movements	Depreciation expenses	-	-	(19,611,948)	(2,127,223)	(31,687,204)	(20,619,913)	(2,472,904)	-	(76,519,192)
Movements	Total movements	(270,215,236)	843,283	535,409,067	37,283,194	91,702,576	64,181,102	(673,810)	1,204,599	459,734,775
Closing balance at December 31, 2017		1,157,111,593	120,662,471	1,925,737,534	113,577,576	779,374,981	286,157,192	24,535,587	16,286,386	4,423,443,320

(In thousands of Chilean pesos)

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

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

d) Impairment

As of the reporting date, the Company did not find objective evidence of impairment of its property, plant and equipment as described in Note 2, 8.

e) Investment projects

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

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

f) Spare parts and accessories

As of December 31, 2018, spare parts and accessories and maintenance materials amounted to ThCh$17,871,203 (ThCh$18,825,549 in 2017). These amounts include spare parts that have remained idle for over four years, which resulted in an allowance for obsolescence of ThCh$2,643,866 (ThCh$2,713,990 in 2017).

g) Other disclosures

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

   The gross carrying amount of property, plant and equipment that is fully amortized and is still in use is ThCh$24,659,873 as of December 31, 2018(ThCh$24,842,191 in 2017).

2. There are no material property, plant and equipment items that have been removed and not classified, that are recorded as held for sale in accordance with IFRS5.

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

h) Financing costs

During 2018, costs of capitalized interests of property, plant and equipment amounted to ThCh$32,116,945 (ThCh$36,440,739 in 2017).

(In thousands of Chilean pesos)

9. Investment property

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

Investment property is measured using the cost model.

The total investment property amounts to ThCh$22,641,419 as of December 31, 2018 (ThCh$22,937,637 in 2017)

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

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

As established by IAS 40, an estimate of fair value must be disclosed for investment properties valued at the Cost Model. For this purpose, we have determined their calculation using internal valuations, based on discounted future projected cash flows. It is estimated that at December 30, 2018 this fair value amounts to ThCh$125,895,646 (ThCh$122,206,368 in 2017).

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

Item	12-31-2018 ThCh$	12-31-2017 ThCh$
Commercial stores	77,614,269	74,254,295
Land	39,851,927	39,551,579
Buildings	8,429,450	8,400,494
Total	**125,895,646**	**122,206,368**

(In thousands of Chilean pesos)

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

Investment property income and expenses	Accumulated	
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Commercial stores	5,590,615	5,060,912
Land	2,735,135	2,756,186
Buildings	747,578	654,404
Total rental income	**9,073,328**	**8,471,502**
Commercial stores (real estate tax)	(154,159)	(139,953)
Land (real estate tax)	(47,073)	(41,587)
Buildings (real estate tax)	(117,871)	(116,461)
Commercial stores (depreciation)	(201,274)	(178,502)
Buildings (depreciation)	(60,129)	(60,129)
Total lease expenses	**(580,506)**	**(536,632)**

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

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

The future cash flow projections associated with commercial stores, land and buildings, based on a discount rate of 4.89% as of December 2018 (5.23% as of December 2017), are the following:

Item	12-31-2018 ThCh$	12-31-2017 ThCh$
Commercial stores		
Up to 1 year	3,997,483	3,607,036
More than 1 year up to 5 years	17,359,763	15,517,788
More than 5 years	61,526,501	51,051,381
Land		
Up to 1 year	1,955,717	1,964,402
More than 1 year up to 5 years	8,493,042	8,451,032
More than 5 years	30,101,054	27,802,731
Buildings		
Up to 1 year	534,544	466,410
More than 1 year up to 5 years	2,321,350	2,006,536
More than 5 years	8,227,332	6,601,228
Total	**134,516,786**	**117,468,544**

10. Other financial assets, current and non-current

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

Item	12-31-2018		12-31-2017	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Financial investments, more than three months	183,001,269	-	145,038,270	-
Derivative transactions	4,244,173	4,000,394	3,382,956	1,043,400
Financial lease	57,871	1,780,861	46,551	1,626,957
Promissory notes receivable	-	665,620	-	583,469
Advertising receivable (*)	-	51,783,963	-	-
Other accounts receivable	-	6,447	-	7,905
Total	**187,303,313**	**58,237,285**	**148,467,777**	**3,261,731**

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

Financial investments, over 3 months

Term deposits

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

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

(In thousands of Chilean pesos)

Derivative transactions

Financial assets as of 12-31-2018

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

Financial assets as of 12-31-2017

									Current			Non-current		
									Maturity		Total Current	Maturity		Total non-current
Tax ID No.	Entity	Country	RUT	Entity	Country	Currency	Nominal rate	Type of amortization	Up to 90 days	90 days - 1 year	12-31-2017	1 to 3 years	Over 5 years	12-31-2017
									ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	236,851	-	236,851	-	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-	-
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-	-
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-	-
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	355,274	-	355,274	-	-	-
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	4.19000%	half-yearly	303,913	-	303,913	1,043,400	-	1,043,400
						Total			**3,382,956**	-	**3,382,956**	**1,043,400**	-	**1,043,400**

(In thousands of Chilean pesos)

Financial lease agreements

On August 1, 2004 and through July 31, 2034, the Company leased out to Enel Distribución Chile S.A. (Ex ChilectraS.A.) each and every one of the components of the SEAT Rectification Substations, Vicente Valdés and the 20 KV networks up to their arrival to the verifying spots. The useful life of the assets has the same duration as the respective lease contract, therefore and in accordance with IAS 17, it is a financial lease. For that reason, machinery and equipment was derecognized from property, plant and equipment and was recognized in accounts receivable at the time of adoption of IFRS.

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

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

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

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

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

Outstanding future minimum lease payments	12-31-2018			12-31-2017		
	Gross Amount ThCh$	Interest ThCh$	Current Value ThCh$	Gross Amount ThCh$	Interest ThCh$	Current Value ThCh$
Up to 1 year	219,769	161,897	57,871	194,456	147,905	46,551
More than 1 year up to 5 years	1,098,842	710,196	388,646	972,283	659,662	312,621
More than 5 years	1,977,914	585,699	1,392,215	1,944,565	630,229	1,314,336
Total	**3,296,525**	**1,457,792**	**1,838,732**	**3,111,304**	**1,437,796**	**1,673,508**

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

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

Other non-financial assets, current	12-31-2018 ThCh$	12-31-2017 ThCh$
Prepaid expenses	68,913	127,218
Advance payments to suppliers and personnel	5,516,348	4,676,758
Other accounts receivable	1,285,354	947,497
Total	**6,870,615**	**5,751,473**

Other non-financial assets, non-current	12-31-2018 ThCh$	12-31-2017 ThCh$
Funds allocated to pay for expropriations of new lines	14,964,451	20,094,640
VAT credit	7,197,689	6,987,984
Investment land under lease contracts	991,623	964,375
Advance for severance indemnities and other loans to personnel	1,658,987	1,294,666
Total	**24,812,750**	**29,341,665**

(In thousands of Chilean pesos)

12. Other financial liabilities, current and non-current

This item comprises the following:

Item	12-31-2018		12-31-2017	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Interest-bearing loans	45,616,568	425,286,270	21,039,962	364,352,490
Bonds	66,532,986	1,634,404,447	55,250,607	1,565,945,325
Derivative transactions	2,906,557	-	2,440,950	6,505,986
Other	-	28,594	-	12,163
Total	**115,056,111**	**2,059,719,311**	**78,731,519**	**1,936,815,964**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017

(In thousands of Chilean pesos)

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

								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 - 1 year ThCh$	12-31-2018 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	12-31-2018 ThCh$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	5.20%	14,943,983	16,433,799	31,377,782	95,843,637	56,951,928	105,703,788	258,499,353
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	USD	0.67%	1,490,658	1,473,014	2,963,672	8,836,753	5,328,258	6,554,736	20,719,747
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euros	2.00%	31,651	31,255	62,906	178,685	51,630	-	230,315
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	USD	4.37%	-	11,212,208	11,212,208	62,501,509	41,667,673	41,667,673	145,836,855
						Total		**16,466,292**	**29,150,276**	**45,616,568**	**167,360,584**	**103,999,489**	**153,926,197**	**425,286,270**

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

								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 - 1 year ThCh$	12-31-2017 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	12-31-2017 ThCh$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	4.04%	1,816,334	16,089,167	17,905,501	72,298,705	39,612,643	92,971,846	204,883,194
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	USD	0.68%	573,216	2,051,326	2,624,542	7,818,982	5,212,654	7,908,045	20,939,681
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euros	2.00%	7,797	50,781	58,578	174,411	91,593	6,336	272,340
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	USD	2.86%	-	451,341	451,341	46,085,758	36,868,607	55,302,910	138,257,275
						Total		**2,397,347**	**18,642,615**	**21,039,962**	**126,377,856**	**81,785,497**	**156,189,137**	**364,352,490**

Interest-bearing loans:

- ✓ Loan from Natixis Bank (financial protocol of the French Government to the Chilean government) in the amount of US$87,793,769.88. As of December 31, 2018 it has been fully used, leaving a principal balance of US$34,062,109.03 (US$38,301,763.03 in 2017).

- ✓ Loan from Natixis Bank (financial protocol of the French Government to the Chilean government) in the amount of €1,573,093.76, As of December 31, 2018 it has been fully used, leaving a principal balance of €368,450.20 (€447,104.14 in 2017).

- ✓ Buyer Credit Agreement for Extension Projects on Line 5 to Maipú and Extension of Line 1 to Los Dominicos, with a syndicate of international banks headed by BNP Paribas, in the amount of US$260,000,000.00. This financing is not guaranteed by the Government. As of December 31, 2018 it has been fully used, leaving a principal balance of US$29,983,290.50 (US$45,479,344.19 in 2017).

- ✓ Buyer Credit Agreement for Extension Projects on Lines 3 and 6, with a syndicate of international banks headed by BNP Paribas S.A., of US$550,000,000,00 signed on December 18, 2014. On October 26, 2016, the Company agreed with the bank on reducing the authorized amount to US$450,000,000,00. This financing is not guaranteed by the Government. As of December 31, 2018, the amount of US$385,099,856.32 has been used (US$313,152,871.72 in 2017).

  This agreement requires, as of December 31, 2018, a debt to equity ratio equal to or less than 1.70 times and a minimum equity of ThCh$700 million. Please note that as of December 31, 2018 the debt to equity ratio is 0.86 times and the equity is ThCh$2,798 million.

- ✓ 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 December 31, 2018 and 2017, US$224,900,000.00 have been used (US$224,900,000.00 in 2017).

  This agreement requires, as of December 31, 2018, a debt to equity ratio equal to or less than 1.70 times and a minimum equity of ThCh$700 million. Please note that as of December 31, 2018 the debt to equity ratio is 0.86 times and the equity is ThCh$2,798 million.

(In thousands of Chilean pesos)

Bonds payable

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

											Current			Non-current			
											Maturity		Total current	Maturity			Total non-current
Series	Tax ID Number Debtor	Entity	Country Debtor	Tax ID Number BANK	Banco RTB (*) and payer	Country	Currency	Nominal rate	Effective rate	Type of amortization	Up to 90 days ThCh$	90 days - 1 year ThCh$	12-31-2018 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	12-31-2018 ThCh$
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	half-yearly	5,106,067	2,894,408	8,000,475	17,366,448	31,838,487	29,605,690	78,810,625
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	half-yearly	1,447,204	1,846,902	3,294,106	8,683,224	15,919,244	15,306,272	39,908,740
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	half-yearly	4,963,753	2,756,579	7,720,332	16,539,474	20,674,343	45,411,840	82,625,657
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	half-yearly	4,136,860	1,837,720	5,974,580	16,539,474	11,026,316	62,441,784	90,007,574
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	half-yearly	1,286,404	1,741,301	3,027,705	10,934,430	7,718,421	46,506,158	65,159,009
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	half-yearly	2,008,692	872,917	2,881,609	6,983,334	5,237,500	32,738,233	44,959,067
G	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	4.5%	3.1%	half-yearly	2,196,700	1,286,406	3,483,106	9,004,826	7,718,421	56,352,873	73,076,120
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	half-yearly	2,972,905	2,756,579	5,729,484	5,492,137	-	-	5,492,137
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	half-yearly	5,254,094	3,571,018	8,825,112	21,426,115	14,284,077	35,228,709	70,938,901
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	half-yearly	-	586,132	586,132	22,052,610	14,701,740	73,145,128	109,899,478
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	half-yearly	1,568,166	-	1,568,166	-	-	139,688,410	139,688,410
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	Maturity	-	205,872	205,872	-	-	41,034,893	41,034,893
M	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	2.9%	2.5%	half-yearly	971,810	-	971,810	-	-	112,733,235	112,733,235
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	4.8%	4.9%	Maturity	6,737,822	-	6,737,822	-	-	344,245,879	344,245,879
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	5.0%	5.2%	Maturity	7,526,675	-	7,526,675	-	-	335,824,722	335,824,722
							Total				**46,177,152**	**20,355,834**	**66,532,986**	**135,022,072**	**129,118,549**	**1,370,263,826**	**1,634,404,447**

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

(*) RTB: Representative of Bondholders.

											Current			Non-current			
											Maturity		Total current	Maturity			Total non-current
Series	Tax ID Number Debtor	Entity	Country Debtor	Tax ID Number BANK	Banco RTB (*) and payer	Country	Currency	Nominal rate	Effective rate	Type of amortization	Up to 90 days ThCh$	90 days - 1 year ThCh$	12-31-2017 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	12-31-2017 ThCh$
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	half-yearly	5,107,213	2,813,805	7,921,018	16,882,828	21,103,535	43,851,506	81,837,869
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	half-yearly	1,406,902	1,821,373	3,228,275	8,441,414	8,089,689	24,973,010	41,504,113
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	half-yearly	4,021,657	1,786,543	5,808,200	16,078,884	10,719,256	58,876,881	85,675,021
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	half-yearly	4,111,062	1,786,543	5,897,605	14,292,342	10,719,256	66,314,597	91,326,195
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	half-yearly	1,250,580	1,710,152	2,960,732	9,379,350	7,503,479	49,230,348	66,113,177
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	half-yearly	1,995,222	848,608	2,843,830	5,940,255	5,091,647	34,534,349	45,566,251
G	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	4.5%	3.1%	half-yearly	1,250,582	2,168,302	3,418,884	7,503,481	7,503,479	59,242,297	74,249,257
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	half-yearly	2,995,267	2,679,814	5,675,081	10,671,300	-	-	10,671,300
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	half-yearly	1,636,205	-	1,636,205	20,829,442	13,886,295	41,112,678	75,828,415
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	half-yearly	-	569,809	569,809	14,292,327	14,292,327	78,223,095	106,807,749
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	half-yearly	-	1,524,496	1,524,496	-	-	135,558,452	135,558,452
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	Maturity	-	200,139	200,139	-	-	39,874,481	39,874,481
M	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	2.9%	2.5%	half-yearly	-	944,747	944,747	-	-	109,806,046	109,806,046
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	4.8%	4.9%	Maturity	5,961,794	-	5,961,794	-	-	304,137,990	304,137,990
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	5.0%	5.2%	Maturity	6,659,792	-	6,659,792	-	-	296,989,009	296,989,009
							Total				**36,396,276**	**18,854,331**	**55,250,607**	**124,311,623**	**98,908,963**	**1,342,724,739**	**1,565,945,325**

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

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

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

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

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

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

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

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

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

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 presented to the CMF. International bonds are not subject to related restrictions or covenants.

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

Please note that as of December 31, 2018 the debt to equity ratio was 0.86 times, the equity was ThCh$2,798 million and the interest coverage was 1.94 times, calculated as established by the agreement for those bond issuances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND 2017
(In thousands of Chilean pesos)

Derivative transactions

Financial liabilities as of 12-31-2018

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

Financial liabilities as of 12-31-2017

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

(In thousands of Chilean pesos)

Reconciliation of financial liabilities derived from financing activities.

Item	Balance as of 12-31-2017	Cash flows from financing activities		Changes that have no effect on cash flow from financing activities			Balance as of 12-31-2018
		From	Used	Exchange rate differences	Changes in Fair Value	Other	
Interest-bearing loans	385,392,452	53,515,563	(27,946,961)	49,711,030	-	10,230,754	470,902,838
Bonds	1,621,195,932	-	(82,918,490)	107,305,529	-	55,354,462	1,700,937,433
Derivative transactions	8,946,936	-	(7,128,210)	-	1,087,831	-	2,906,557
Total	**2,015,535,320**	**53,515,563**	**(117,993,661)**	**157,016,559**	**1,087,831**	**65,585,216**	**2,174,746,828**

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

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

Current	12-31-2018 ThCh$	12-31-2017 ThCh$
Real estate tax	5,082,556	4,215,006
Deferred income (*)	759,859	738,578
Deferred advertising income (**)	5,013,831	-
Guarantees received:	14,105,731	13,570,893
Total	**24,961,977**	**18,524,477**

Non-Current	12-31-2018 ThCh$	12-31-2017 ThCh$
Deferred income (*)	3,009,656	3,165,020
Deferred advertising income (**)	51,783,963	-
Total	**54,793,619**	**3,165,020**

(*) Corresponds to advances on operating leases.

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

14. Balances and transactions with related parties

Documents and accounts receivable:

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

Documents and accounts payable:

These are contributions received from the Government of Chile for network expansion projects. As of December 31, 2018, contributions pending capitalization amounted to ThCh$3,500,000 (there are no contributions pending capitalization in 2017).

(In thousands of Chilean pesos)

Transactions:

The Company received ThCh$376,672,487 in contributions from the Chilean Treasury.

On September 24, 2018, ThCh$ 97,500,000 was capitalized, which required issuing and selling 3,320,844,687 ordinary shares.

On December 28, 2018, ThCh$ 275,672,487 was capitalized, which required issuing and selling 10,109,002,111 ordinary shares (Note 20 provides details of the capitalized amounts).

The outstanding balance to be capitalized amounts to ThCh $ 3,500,000 as of December 31, 2018, composed of contributions received during the year 2018.

The Company received ThCh$298,496,046 in contributions from the Chilean Treasury.

On June 22, 2017, ThCh$ 108,150,000 was capitalized, which required issuing and selling 3,617,056,856 ordinary shares.

On December 28, 2017, ThCh$ 231,642,246 was capitalized, which required issuing and selling 7,667,734,043 ordinary shares. (Note 20 provides details of the capitalized amounts).

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

Key management personnel

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

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

Directors' income are as follows:

Directors' income	**Accumulated**	
	12-31-2018 ThCh$	**12-31-2017 ThCh$**
Fixed remuneration	166,846	143,338
Variable remunerations	45,620	60,935
Total	**212,466**	**204,273**

Board of Directors' expenses

During 2018, airplane ticket expenses amounted to ThCh$534 (ThCh$6,093 in 2017).

During 2018 per Diem travel allowance expenses was ThCh$910 (there was no expenditure in 2017).

(In thousands of Chilean pesos)

Remunerations of the General Manager and Other Managers:

During 2018, the compensation paid to the General Manager was ThCh$229,086 (ThCh$215,778 in 2017) and compensation paid to Other Managers (18 most senior executives) was ThCh$2,764,838 (ThCh$2,108,528 paid to the 14 most senior executives in 2017).

15. Trade and other payables

This item comprises the following:

Current Liabilities	12-31-2018 ThCh$	12-31-2017 ThCh$
Debts for purchases or services received	81,078,971	61,377,509
Accounts payable to Transantiago system	8,254,913	8,125,730
Withholdings	3,223,693	2,725,041
Supplier of property, plant and equipment	27,543,656	69,855,119
Megaproject contract withholding	4,707,124	4,674,308
Other payables	778,868	868,068
Accounts payable to AVO (Americo Vespucio Oriente)	233,085	-
Total	**125,820,310**	**147,625,775**

Non-Current Liabilities	12-31-2018 ThCh$	12-31-2017 ThCh$
Megaproject contract withholding	390,845	326,515
Accounts payable to AVO (Americo Vespucio Oriente)	739,295	-
Total	**1,130,140**	**326,515**

16. Segment information

The Company reports segmented information in accordance with what is established in IFRS 8 "Operating Segments". IFRS 8 stipulates that this Standard must be applied by entities with capital stock or debt securities of which are publicly traded or by entities that are in the process of issuing securities to be traded in public markets.

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

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

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

(In thousands of Chilean pesos)

17. Employee benefits

Current

Item	12-31-2018 ThCh$	12-31-2017 ThCh$
Accrued vacations	4,516,177	3,918,370
Employee benefit obligations	2,592,006	2,424,557
Production bonus obligations	7,680,684	6,681,546
Total	**14,788,867**	**13,024,473**

Non-current

Item	12-31-2018 ThCh$	12-31-2017 ThCh$
Provision for terminations of employment contracts	13,825,546	14,114,928
Provision for resignations	45,490	52,559
Provision for mortality	658,621	747,758
Advance for severance indemnity payments	(1,732,423)	(1,723,878)
Total	**12,797,234**	**13,191,367**

Movements in severance indemnity payments for the period ended December 31, 2018 and 2017 are detailed as follows:

Item	ThCh$
Liabilities as of 01.01.2018	13,191,367
Service interest	679,712
Benefits paid	(1,224,035)
Actuarial profit (loss)	150,190
Liabilities as of 12-31-2018	**12,797,234**

Item	ThCh$
Liabilities as of 01-01-2017	13,519,115
Service interest	629,761
Benefits paid	(704,286)
Actuarial profit (loss)	(253,223)
Liabilities as of 12-31-2017	**13,191,367**

Sensitivity analysis

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

(In thousands of Chilean pesos)

2018

Items	Increase	Base	Decrease	Increase ThCh$	Decrease ThCh$
Discount rates (change of 0.5)	5.290%	4.790%	4.290%	12,574,678	13,027,381
Increase in salary (change of 0.5)	4.530%	4.030%	3.530%	13,069,182	12,534,729
Labor turnover (25% change)	1.813%	1.450%	1.088%	12,786,668	12,808,257
Mortality rate (25% change)	25.00%	CB14 y RV14	-25.00%	12,787,140	12,807,471

2017

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

Projection of the actuarial calculation for the following year:

The projected calculation for the following year is ThCh$13,364,380.

Estimate of expected cash flows for the following year:

The Company estimates that for the following years there will be expected payment flows for obligations on a monthly average of ThCh$102,003 as of December 31, 2018 (ThCh$58,690 as of December 31, 2017).

Opening for actuarial revaluation of obligations:

The Company revalued its obligations as of December 31, 2018, determining a profit due to the update of financial parameters of ThCh$1,075,288 (profit of ThCh$681,154 as of December 31, 2017) and a loss due to experience of ThCh$1,225,478 (loss of ThCh$427,932 as of December 31, 2017).

Item/Profit (loss)	**12-31-2018 ThCh$**	**12-31-2017 ThCh$**
Revaluation of financial parameters	1,075,288	681,154
Revaluation due to experience	(1,225,478)	(427,932)
Total deviation for the period	(150,190)	253,222

General considerations

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

Frozen severance:

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

(In thousands of Chilean pesos)

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

Legal indemnity:

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

Actuarial assumptions:

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

1. Mortality:

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

2. Employee turnover:

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

Reason	Rate %
Dismissal	1.26
Resignation	0.12
Other	0.07

3. Discount rate:

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

Year	Rate %
12-31-2017	2.09
12-31-2018	1.77

4. Termination:

   The estimated maximum average termination ages are:

Employee	Age
Women	62 years
Men	68 years

18. Income tax

The Company had a negative first category (corporate) tax base of ThCh$1,147,464,084 as of December 2018 and ThCh$935,063,104 as of December 2017 determined in accordance with current legal provisions, therefore no income tax provision has been recognized as of these dates.

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

(In thousands of Chilean pesos)

Temporary Difference	Tax assets		Tax liabilities	
	12-31-2018 ThCh$	12-31-2017 ThCh$	12-31-2018 ThCh$	12-31-2017 ThCh$
Provision for impairment of accounts receivable	152,976	188,192	-	-
Deferred revenue	942,379	975,899	-	-
Accrued vacations	1,129,044	979,593	-	-
Severance indemnity	1,594,368	1,601,702	-	-
Provision for lawsuits	198,915	436,115	-	-
Maintenance provision	620,104	780,509	-	-
Provision for employee benefits	648,001	606,139	-	-
Provision for spare parts	660,967	678,498	-	-
Irrecoverable VAT credit for extensions	-	-	31,415,873	30,560,188
Capitalized expenses	-	-	55,966,525	44,435,439
Property, plant and equipment	130,341,061	101,218,958	-	-
Tax loss	286,866,021	233,765,776	-	-
Other	3,633,174	3,601,562	-	-
Subtotal	426,787,010	344,832,943	87,382,398	74,995,627
Deferred tax assets, net	339,404,612	269,837,316	-	-
Reduction of deferred tax assets (1)	(339,404,612)	(269,837,316)	-	-
Deferred taxes, net	-	-	-	-

19. Provisions, contingencies and guarantees

As of December 31, 2018 and 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	12-31-2018 ThCh$	12-31-2017 ThCh$
Provision for lawsuits	795,662	1,744,461
Total	**795,662**	**1,744,461**

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

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

Movements of provisions are as follows:

Item	Amount ThCh$
Balance 01-01-2017	630,590
Accrued provisions	4,138,030
Cash payments	(3,024,159)
Balance 12-31-2017	1,744,461
Accrued provisions	1,458,581
Cash payments	(2,407,380)
Balance 12-31-2018	795,662

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

Direct guarantees

The guarantees granted by the Company are in UF and U,S, dollars, expressed in thousands of Chilean pesos as of December 31, 2018, are according to the following detail.

Type of guarantee	No. of guarantee	Issuing entity	Currency	Amount	Beneficiary	Issue date	Maturity date	Status	Amount ThCh$
Bank Guarantee	2418409	Banco Santander	USD	100.000	Enorchile S.A.	04-03-2018	03-31-2019	Valid	69.477
Bank Guarantee	3990834	Banco Santander	UF	150	Aguas Andina S.A.	05-24-2018	08-31-2019	Valid	4.135
Bank Guarantee	3733113	Banco Santander	UF	10.000	Enel Distribuidora S.A.	09-28-2018	11-17-2019	Valid	275.658
Bank Guarantee	3865891	Banco Santander	UF	1.128	Director Gral de Concesiones de O. Publicas	11-26-2018	12-31-2019	Valid	31.094
Bank Guarantee	292112	Banco Santander	UF	150	Constructora San Francisco	10-29-2018	12-31-2019	Valid	4.135
Bank Guarantee	141234	Banco Santander	UF	22.500	Total Sunpower El pelicano SPA	09-28-2018	12-31-2019	Valid	620.230
Bank Guarantee	142987	BBVA	UF	10.000	San Juan S.A.	02-05-2018	04-01-2019	Valid	275.658
Bank Guarantee	132461	BBVA	UF	5.000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137.829
Bank Guarantee	132462	BBVA	UF	5.000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137.829
Bank Guarantee	132463	BBVA	UF	5.000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137.829
Bank Guarantee	132464	BBVA	UF	5.000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137.829
Bank Guarantee	132465	BBVA	UF	5.000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137.829
Bank Guarantee	132466	BBVA	UF	5.000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137.829
Bank Guarantee	132467	BBVA	UF	5.000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137.829
Bank Guarantee	132468	BBVA	UF	5.000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137.829
Bank Guarantee	132469	BBVA	UF	5.000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137.829
Bank Guarantee	132470	BBVA	UF	1.000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	27.566
Bank Guarantee	132471	BBVA	UF	5.000	Subsecretaría de Transportes	07-30-2018	08-10-2019	Valid	137.829
Bank Guarantee	133014	Itau Corpbanca	UF	8.313,8	Junaeb	02-08-2018	07-01-2019	Valid	229.176

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

20. Changes in equity

2018 Capital increase

At the Extraordinary Shareholders' Meeting held on December 28, 2018, the shareholders of the Company agreed to:

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

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

At the Extraordinary Shareholders' Meeting held on September 24, 2018, the shareholders of the Company agreed to:

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

2017 Capital increase

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

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

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

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

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

a. Capital

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

As of December 31, 2017, the capital of the Company is represented by 66,742,385,146 and 19,163,677,063 Series A and B nominative shares with no par value, respectively, with 55,385,920.183 shares corresponding to CORFO and 30,520,142,026 to the Chilean Government.

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

(In thousands of Chilean pesos)

Shareholders are detailed as follows:

Shareholders	12-31-2018		12-31-2017	
	Number of shares and percentages			
	Paid-in shares	Ownership %	Paid-in shares	Ownership %
Corporación de Fomento de la Producción	65,357,477,359	65.79%	55,385,920,183	64.47%
Chilean Treasury - Ministry of Finance	33,978,431,648	34.21%	30,520,142,026	35.53%
Total	**99,335,909,007**	**-**	**85,906,062,209**	**-**
Corporación de Fomento de la Producción				
Serie A	53,254,006,053	-	43,282,448,877	-
Serie B	12,103,471,306	-	12,103,471,306	-
Total	**65,357,477,359**	**-**	**55,385,920,183**	**-**
Chilean Treasury - Ministry of Finance				
Serie A	26,918,225,891	-	23,459,936,269	-
Serie B	7,060,205,757	-	7,060,205,757	-
Total	**33,978,431,648**	**-**	**30,520,142,026**	**-**

b. Distribution of net income and dividends

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

At the Ordinary Shareholders' Meeting held on April 23, 2018, the shareholders resolved not to distribute net income or dividends.

c. Non-controlling interests

Non-controlling interests correspond to the recognition by the Company of the share in the equity and net income of its subsidiary not directly or indirectly attributable to the Company, The detail for periods ended as of December 30, 2018 and 2017, respectively, is as follows:

Subsidiary	Percentage Non-controlling interest		Non-controlling interest equity		Share of profit or loss income (expense)	
	2018	2017	2018	2017	2018	2017
	%	%	ThCh$	ThCh$	ThCh$	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

(In thousands of Chilean pesos)

IFRS accounting standard, as stated in Ruling 456 issued by the Financial Market Commission:

Other reserves	**12-31-2018 ThCh$**	**12-31-2017 ThCh$**
Price-level restatement of paid-in capital	30,336,377	30,336,377
Revaluation surplus	3,042,584	3,042,584
Total	**33,378,961**	**33,378,961**

Additional and supplementary information is presented in the consolidated statement of changes in net equity.

21. Income and expenses

Revenue:

For the periods ended as of December 31, 2018 and 2017, revenue is detailed as follows:

Revenue	Accumulated	
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Revenue from passenger transport services	314,592,136	273,323,752
Sales channel income	47,942,984	41,333,583
Lease of commercial stores, and commercial and advertising spaces	16,186,578	15,527,648
Lease in inter-modal terminals	1,762,080	1,767,386
Lease of spaces for telephone and fiber optic antennas	6,781,514	6,238,813
Lease of land	752,278	777,679
Advisory services	224,880	431,563
Other	610,364	648,654
Total	388,852,814	340,049,078

(In thousands of Chilean pesos)

Other income, by function

For the periods ended as of December 31, 2018 and 2017, other income by function is detailed as follows:

Other income by function	Accumulated	
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Income from fines and indemnities	1,289,906	544,774
Welfare income	496,306	440,623
Sale of proposals	62,582	30,797
Other income	1,379,083	1,474,254
Total	3,227,877	2,490,448

Operating income

The operating income for the years ended as of December 31, 2018 and 2017, is as follows:

Operating income	Accumulated	
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Revenue	388,852,814	340,049,078
Cost of sales	(328,189,648)	(288,011,283)
Administrative expenses	(44,426,907)	(40,386,097)
Total	16,236,259	11,651,698

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

(In thousands of Chilean pesos)

Expenses by nature:

Cost of sales, administrative expenses and other expenses by function for the periods ended as of December 31, 2018 and 2017, is detailed as follows:

Expense by nature	Accumulated 01-01-2018 12-31-2018 ThCh$	Accumulated 01-01-2017 12-31-2017 ThCh$
Employee expenses	100,737,586	85,961,220
Operation and maintenance expenses	74,923,911	60,685,683
Purchase of energy	47,594,362	43,830,963
General and other expenses	61,269,228	61,784,725
Depreciation and amortization	89,954,318	77,108,704
Total	374,479,405	329,371,295

Personnel expenses:

For the periods ended as of December 31, 2018 and 2017, personnel expenses is detailed as follows:

Employee expenses	Accumulated 01-01-2018 12-31-2018 ThCh$	Accumulated 01-01-2017 12-31-2017 ThCh$
Salaries and wages	63,597,116	56,855,068
Other Benefits	31,071,737	24,310,231
Expenses for social security and collective bargaining benefits	3,138,755	2,198,284
Social security contribution	2,929,978	2,597,637
Total	100,737,586	85,961,220

(In thousands of Chilean pesos)

Maintenance and operating expenses:

For the periods ended as of December 31, 2018 and 2017, maintenance and operating expenses is detailed as follows:

Operation and maintenance expenses	Accumulated	
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Maintenance of rolling stock, stations and other	58,432,293	45,403,324
Spare parts and materials	12,041,201	10,637,146
Repairs, leases and other	4,450,417	4,645,213
Total	74,923,911	60,685,683

General and other expenses:

For the periods ended as of December 31, 2018 and 2017, general and other expenses is detailed as follows:

General and other expenses	Accumulated	
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Service contracts	27,940,965	25,625,792
Real estate taxes	5,065,024	4,623,950
Corporate image expenses	2,154,362	2,723,214
Sales channel operator expense	21,226,757	22,013,936
Insurance, materials and other	4,882,121	6,797,833
Total	61,269,229	61,784,725

(In thousands of Chilean pesos)

Depreciation and amortization:

For the periods ended as of December 31, 2018 and 2017, depreciation and amortization is detailed as follows:

Depreciation, amortization	Accumulated	
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Depreciation	89,569,368	76,792,334
Amortization	384,950	316,370
Total	89,954,318	77,108,704

Financial result and exchange differences:

The Company's financial result and exchange differences for the periods ended December 31, 2018 and 2017, is detailed as follows:

Finance income (costs)	Accumulated	
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Finance income		
Interest from cash and cash equivalents	8,630,166	7,891,823
Finance income from swaps	-	1,261,488
Other finance income	275,678	301,653
Subtotal	8,905,844	9,454,964
Financial expenses		
Interest and expenses on bank loans	(7,604,437)	(5,292,797)
Interest and expenses on bonds	(54,434,906)	(48,080,293)
Other financial costs	(1,927,754)	(936,028)
Subtotal	(63,967,097)	(54,309,118)
Profit (loss) from financial result	(55,061,253)	(44,854,154)

Foreign currency translation and indexation units	Accumulated	
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Foreign currency translation difference		
Profit (loss) from exchange differences (foreign loans, bonds and investments)	(123,478,609)	72,537,510
Total foreign currency translation difference	(123,478,609)	72,537,510
Indexation units		
Profit (loss) from Indexation unit (bonds)	(28,484,104)	(16,925,084)
Total indexation units	(28,484,104)	(16,925,084)

(In thousands of Chilean pesos)

Other profit (losses):

Other profit (losses) of the Company for the periods ended as of December 31, 2018 and 2017, is detailed as follows:

Other income (expenses)	Accumulated	
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Net present value of swap USD	9,814,405	47,756,751
Net present value of swap UF	2,878,157	(56,396,061)
Net present value VAT	1,005,281	(685,800)
Total	13,697,843	(9,325,110)

Other comprehensive income:

For the periods ended as of December 31, 2018 and 2017, other comprehensive income is detailed as follows:

Other comprehensive income	Accumulated	
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Actuarial profit (loss) on defined benefit plans	(150,190)	253,223
Total	(150,190)	253,223

(In thousands of Chilean pesos)

22. Third-party guarantees

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

Grantor	Guarantee amount ThCh$	Originating operation	Relationship
Abengoa Chile S.A.	65,695,994	Services contract	Supplier
Alstom Chile S.A.	217,633,758	Services contract	Supplier
Alstom Transport S.A.	81,502,480	Services contract	Supplier
Besalco Dragados Grupos 5 y 6 S.A.	51,333,126	Services contract	Supplier
Bitelco Diebold Chile Ltda.	3,396,212	Services contract	Supplier
CAF Chile S.A.	802,663,510	Services contract	Supplier
Compañía Americana de Multiservicios	7,959,763	Services contract	Supplier
Construcciones Piques y Túneles	44,438,648	Services contract	Supplier
Consorcio Acciona-Brotec-Icafal S.A.	13,330,241	Works contract	Supplier
Consorcio Copisa Chile SPA	3,557,172	Works contract	Supplier
Consorcio EI-OSSA S.A.	18,743,227	Works contract	Supplier
Construcción y Auxiliar de Ferrocarril	240,277,506	Works contract	Supplier
Constructora Jorge Orellana Lavanderos	7,004,535	Services contract	Supplier
Construcciones Especializadas	9,569,199	Services contract	Supplier
ETF	22,101,675	Services contract	Supplier
ETF Agencia en Chile	91,266,428	Services contract	Supplier
Eulen Seguridad S.A.	3,722,980	Services contract	Supplier
Faiveley Transport Far East	5,463,913	Services contract	Supplier
Ferrostal Chile S.A.	4,133,520	Services contract	Supplier
Ferrovial Agroman Chile S.A.	53,690,898	Services contract	Supplier
Indra Sistemas Chile S.A.	62,160,159	Services contract	Supplier
SS Servicios Integrales Limitada	3,521,971	Services contract	Supplier
Massiva S.A.	3,032,237	Services contract	Customer/Supplier
Obrascon Huarte Lain	4,052,171	Services contract	Supplier
OFC SPA	9,760,797	Services contract	Supplier
POCH y Asociados Ingenieros Consultores S.A.	3,432,278	Services contract	Supplier
Servicios de Respaldo de Energía Teknica Ltda.	3,845,709	Services contract	Supplier
SGS Chile Ltda.	3,541,928	Services contract	Supplier
Sice Agencia Chile S.A.	72,218,953	Services contract	Supplier
Sociedad de Mantención e Instalaciones Técnicas	72,898,139	Services contract	Supplier
Soler y Palau S.A.	63,938,537	Services contract	Supplier
Strukton Arrigoni SPA	9,389,470	Works contract	Supplier
Systra Agencia en Chile	4,129,887	Services contract	Supplier
Thales Canadá INC.	26,228,537	Services contract	Supplier
Thyssenkrupp Elevadores S.A.	54,154,874	Services contract	Supplier
Valoriza Facilities	2,952,329	Services contract	Supplier
Other	100,139,235	Services contract	Supplier
TOTAL	**2,246,881,996**		

23. Risk management policies

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

23.1. Description of the market in which the Company operates

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

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

Fares

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

On December 14, 2012 a new transportation agreement was signed by the Company with the Ministry of Transportation and Telecommunications of Chile to replace the aforementioned Exhibit 1, which established a flat-rate technical fare of 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 changes in the variables making up the Company's long-term cost structure (CPI, US dollar, euro, power and electric energy price. This allows for a natural hedge in case of cost variations caused by an increase in any of the variables making up the polynomial.

The fare paid by the public is different than the fare that the Company receives per transported passenger. In December 2018, customers paid Ch$780 at peak hours, Ch$700 at valley hours and Ch$650 at low hours, whereas on average the Company received a technical fare of Ch$446.14 per passenger.

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

Demand

To date, the Company is the structuring pillar of the Integrated Public Passenger Transport System (Transantiago) and as of September 2018 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 effect, the demand for passenger transport is a demand derived from other economic activities. Thus, as of December 2018, there was an increase of 35.94 million trips, a positive variation of 5.3% compared to the same date in 2017, which is explained mainly by the increase in traffic due to the entry into operation of Line 6 (November 2017).

(In thousands of Chilean pesos)

23.2. Financial risks

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

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

Market risk

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

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

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

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

Interest rate risk

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

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

Detail of debt	12-31-2018 %	12-31-2017 %
Fixed rate	79.3	81.9
Variable rate	20.7	18.1
Total	100.0	100.0

In conducting a sensitivity analysis as of December 31, 2018 on the net debt at a variable Libor rate, not hedged by current derivatives, which amounts to MUS$610 (MUS$582 as of December 31, 2017), we note in the following table that the effect on profit or loss in a scenario where the Libor rate is increased by 100 basis points would result in an annual increase in finance expenses of MUS$6.4(MUS$5.8 as of December 31, 2017).

Sensitivity analysis	Equivalent in MUS$	Total %
Total Debt (equivalent to MUS$)	**3,085**	**100%**
Debt at LIBOR rate	610	
IRS	29	
Total Debt at Variable Rate	**639**	21%
Total Debt at Fixed Rate	**2,446**	79%

Variation in Financial Expenses	ThCh$	Equivalent in MUS$
Impact on financial expenses of a variation of 100 basis points in LIBOR	4,443	6.4

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 rate risks, the Company has contracted cross currency swap (CCS) financial derivatives, which amount to MUS$300 as of December 31, 2018.

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

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

Financial Debt Structure	12-31-2018				12-31-2017			
	Original currency		Equivalent in MUS$	%	Original currency		Equivalent in MUS$	%
Debt in UF	ThUF	42,648	1,692	55%	ThUF	42,770	1,864	58%
Debt in USD	MUSD	1,393	1,393	45%	MUSD	1,353	1,353	42%
Total Financial Debt			3,085	100%			3,217	100%

As of December 31, 2018, the structure of the financial debt is divided into UF (55%) and US dollars (45%).

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

When we analyze the sensitivity of the Consolidated Statement of Comprehensive Income as of December 31, 2018, in case of a possible 10% depreciation/appreciation of the Chilean peso in respect to the US dollar, leaving all the rest of the parameters constant, we estimate that a loss or profit of ThCh$96,781,461 would arise.

(In thousands of Chilean pesos)

Sensitivity analysis Effect on profit or loss as of December 2018	10% Depreciation ThCh$	10% Appreciation ThCh$
Impact of variation of 10% in Ch$/ USD exchange rate	(96,781,461)	96,781,461

Likewise, an estimation in the event of a possible appreciation of 3% of the value of UF, considering that all other parameters remain constant, would result in a loss of ThCh$35,268,774.

Sensitivity analysis Effect on profit or loss as of December 2018	3% Appreciation ThCh$
Impact of variation of 3% in UF	(35,268,774)

Liquidity risk

Revenue from fares associated with Metro S.A. passenger transportation, based on the new transport contract, are deducted daily from the funds collected by the Company's sales channel, generating the liquidity necessary to cover the Company's commitments. This revenue corresponds to 81% of total revenue.

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

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

	Up to 1 year ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 years and beyond ThCh$	Total ThCh$
Principal	80,731,450	354,703,880	332,661,884	1,375,373,698	2,143,470,912
Interest	95,996,604	218,222,052	396,065,009	326,796,115	1,037,079,780
Total	**176,728,054**	**572,925,932**	**728,726,893**	**1,702,169,813**	**3,180,550,692**

(In thousands of Chilean pesos)

Financial liability structure

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

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

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

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

Carrying amounts and fair value of the debt in loans and bonds of the Company as of December 31, 2018 are detailed as follows.

	Book Value ThCh$	Fair Value ThCh$
Loans	470,902,838	509,191,817
Bonds	1,700,937,433	1,851,069,193

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

The following methodology is used to calculate the fair value:

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

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

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

Credit risk

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

(In thousands of Chilean pesos)

Accounts receivable

The risk of accounts receivable arising from the Company's main business (passenger transportation) is limited, since 81% of the Company's revenue is received daily in cash, whereas the remaining 19% corresponds to income not related to the main business.

The maximum exposure to credit risk arises from trade receivables.

Trade and other receivables	12-31-2018 ThCh$	12-31-2017 ThCh$
Trade receivables, gross	12,130,740	2,930,697
Impairment of Trade receivables	(611,902)	(752,768)
Trade receivables, net	**11,518,838**	**2,177,929**
Sales channel accounts receivable, net	1,432,312	4,566,117
Other receivables, net	2,021,894	1,999,299
Total	**14,973,044**	**8,743,345**

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

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

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

Age of trade receivables, net	12-31-2018 ThCh$	12-31-2017 ThCh$
Less than 3 month	5,698,706	1,880,655
3 months to 1 year	5,594,526	87,918
More than 1 year	225,606	209,356
Total	**11,518,838**	**2,177,929**

Age of Sales channel accounts receivable, net	12-31-2018 ThCh$	12-31-2017 ThCh$
Less than 3 months	1,173,654	4,115,793
3 months to 1 year	256,435	444,012
More than 1 year	2,223	6,312
Total	**1,432,312**	**4,566,117**

(In thousands of Chilean pesos)

Age of Other receivables, net	12-31-2018 ThCh$	12-31-2017 ThCh$
Less than 3 months	547,072	554,765
3 months to 1 year	1,474,822	1,444,534
Total	**2,021,894**	**1,999,299**

Financial assets

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

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

Financial Assets	12-31-2018			
	Up to 1 year ThCh$	1 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Cash and Cash Equivalents				
Cash	1,518,585	-	-	1,518,585
Term deposits	148,658,483	-	-	148,658,483
Repurchase agreements	14,933,614	-	-	14,933,614
Subtotal	**165,110,682**	-	-	**165,110,682**
Other financial assets				
Financial Investments	183,001,269	-	-	183,001,269
Derivative transactions	4,244,173	395,000	3,605,394	8,244,567
Financial lease	57,871	388,646	1,392,215	1,838,732
Promissory notes receivable	-	665,620	-	665,620
Advertising receivables	-	27,254,717	24,529,246	51,783,963
Other accounts receivable	-	6,447	-	6,447
Subtotal	**187,303,313**	**28,710,430**	**29,526,855**	245,540,598
Total	**352,413,995**	**28,710,430**	**29,526,855**	**410,651,280**

Financial Assets	12-31-2017			
	Up to 1 year ThCh$	1 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Cash and Cash Equivalents				
Cash	2,674,758	-	-	2,674,758
Term deposits	147,605,384	-	-	147,605,384
Repurchase agreements	1,959,976	-	-	1,959,976
Subtotal	**152,240,118**	-	-	**152,240,118**
Other financial assets				
Financial Investments	145,038,270	-	-	145,038,270
Derivative transactions	3,382,956	1,043,400	-	4,426,356
Financial lease	46,551	312,621	1,314,336	1,673,508
Promissory notes receivable	-	583,469	-	583,469
Other accounts receivable	-	7,905	-	7,905
Subtotal	**148,467,777**	**1,947,395**	**1,314,336**	**151,729,508**
Total	**300,707,895**	**1,947,395**	**1,314,336**	**303,969,626**

(In thousands of Chilean pesos)

The average period of maturity of financial investments as of December 31, 2018 is less than 90 days and they are invested in banks; none of them represent a significant percentage with respect to the others.

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

23.3. Capital risk management

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

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

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

Index	12-31-2018	12-31-2017
Leverage (times)	0.86	0.85
Equity (MCh$)	2,797,907	2,600,609

23.4. Commodities risk

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

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

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

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

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

(In thousands of Chilean pesos)

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

24. Environment

Disbursements related to improvements and/or investments that directly or indirectly affect protection of the environment, for the periods ended December 31, 2018 and 2017, are detailed as follows:

Project	Allocated to administration expenses		Allocated to property, plant and equipment		Expenditures commited in the future
	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$	2019 Amount ThCh$
Noises and vibrations	56,528	34,157	2,601,675	796,455	3,597,920
Waste treatment	233,369	215,046	123,199	103,914	500,173
Run-off water	142,416	123,114	-	-	136,256
Environmental management	77,127	148,438	1,211,375	840,599	6,940,402
Monitoring of polluting parameters	3,558	28,420	-	-	7,957
Total	**512,998**	**549,175**	**3,936,249**	**1,740,968**	**11,182,708**

The aforementioned projects are currently in progress as of December 31, 2018.

25. Sanctions

During 2018 and 2017, the Company and its Directors have not been sanctioned by the Chilean Financial Market Commission or any other regulator.

26. Subsequent events

During the period between January 1 and March 25, 2019 the following event occurred which does not affect the Company's financial position and profit or loss.

Letter No. 89, dated March 5, 2019, reports that the attending Board members, in a meeting dated March 4, 2019, unanimously decided to incorporate the subsidiary MetroPago S.A. which, with address in Santiago, has an indefinite term. The subsidiary's only line of business is "the issuance of payment means with funds in the terms authorized by Act No. 20,950 which authorizes the Issuance and Operation of Payment Means with Funds from Non-Banking Entities."

Julio E, Pérez Silva
General Accountant

Rubén Alvarado Vigar
General Manager