Interim Consolidated Financial Statements
for the period ended March 31, 2017

COLBÚN S.A. AND SUBSIDIARIES
Thousands of U.S. dollars (ThUS$)

This report contains the following:

- **Interim Consolidated Financial Statements**
- **Notes to the Interim Consolidated Financial Statements**

Colbún S.A. and Subsidiaries

Interim Consolidated Classified Statements of Financial Position
as of March 31, 2017 (unaudited) and December 31, 2016
(in thousands of U.S. dollars)

ASSETS	Note No.	March 31, 2017 ThUS$	December 31, 2016 ThUS$
Current assets			
Cash and cash equivalents	8	560,093	593,720
Other financial assets, current	9	104,099	74,285
Other non-financial assets, current	20	24,466	27,190
Trade and other receivables	10	209,620	199,244
Trade receivables due from related parties, current	12.b	8,694	2,792
Inventory	13	38,375	45,114
Current tax assets	19	5,683	5,279
Total current assets		**951,030**	**947,624**
Non-current assets			
Other financial assets, non-current	9	9,956	5,377
Other non-financial assets, non-current	20	53,778	45,798
Trade receivables due from related parties, non-current	12.b	-	263
Equity-accounted investees	16	36,584	38,576
Intangible assets other than goodwill	17	137,141	138,129
Goodwill	-	4,000	4,000
Property, plant and equipment	18	5,605,560	5,635,827
Deferred tax assets	21.c	13,368	7,004
Total non-current assets		**5,860,387**	**5,874,974**
TOTAL ASSETS		**6,811,417**	**6,822,598**

See the accompanying notes to the interim consolidated financial statements.

Colbún S.A. and Subsidiaries.
Interim Consolidated Classified Statements of Financial Position (continued)
as of March 31, 2017 (unaudited) and December 31, 2016
(in thousands of U.S. dollars)

EQUITY AND LIABILITIES	Note No.	March 31, 2017 ThUS$	December 31, 2016 ThUS$
Current liabilities			
Other financial liabilities, current	22.a	44,283	53,044
Trade and other payables, current	23	156,428	207,945
Payables due to related parties	12.b	11,681	32,339
Other provisions	24.a	13,747	7,393
Current tax liabilities	21.b	41,597	32,605
Provision for employee benefits, current	24.a	7,682	14,996
Other current non-financial liabilities	25	8,674	11,733
Total current liabilities		**284,092**	**360,055**
Non-current liabilities			
Other financial liabilities, non-current	22.a	1,659,161	1,656,988
Trade and other payables, non-current	23	18,993	18,960
Deferred tax liabilities	21.c	957,293	957,848
Provisions for employee benefits, non-current	24.a	29,133	27,508
Other non-financial liabilities	25	11,607	11,407
Total non-current liabilities		**2,676,187**	**2,672,711**
Total liabilities		**2,960,279**	**3,032,766**
Equity			
Share capital	26.a	1,282,793	1,282,793
Retained earnings	26.f	1,566,605	1,510,514
Share premium	26.c	52,595	52,595
Reserves	26.e	732,143	730,483
Equity attributable to shareholders of the Parent		3,634,136	3,576,385
Non-controlling interests	-	217,002	213,447
Total equity		**3,851,138**	**3,789,832**
TOTAL EQUITY AND LIABILITIES		**6,811,417**	**6,822,598**

See the accompanying notes to the interim consolidated financial statements.

Colbún S.A. and Subsidiaries.

Interim Consolidated Statements of Comprehensive Income, by Nature
for the three months ended March 31, 2017 and 2016 (unaudited)
(in thousands of U.S. dollars)

STATEMENTS OF COMPREHENSIVE INCOME BY NATURE	Note No.	Three months ended March 31, 2017 ThUS$	Three months ended March 31, 2016 ThUS$
Revenue	7 and 27	382,044	362,545
Raw materials and consumables	28	(201,618)	(165,064)
Employee benefit expenses	29	(17,045)	(16,097)
Depreciation and amortization expense	30	(59,573)	(55,844)
Other expenses, by nature	-	(8,579)	(11,156)
Other income (expenses)	34	(4,603)	(497)
Gain from operating activities	-	**90,626**	**113,887**
Finance income	31	2,524	2,691
Finance costs	31	(20,231)	(27,425)
Share of profit of equity-accounted associates and joint ventures	33	740	1,396
Foreign currency translation differences	32	558	3,048
Profit before tax		**74,217**	**93,597**
Income tax expense	21.a	(13,695)	(17,554)
Net profit from continuing operations		**60,522**	**76,043**
NET PROFIT		**60,522**	**76,043**
Net profit attributable to			
Shareholders of the parent	7 and 26.i	56,903	72,197
Non controlling interests		3,619	3,846
PROFIT		**60,522**	**76,043**
Earnings per share			
Basic earnings per share - Continuing operations **US$/share**	26.i	0.00324	0.00412
Basic earnings per share		**0.00324**	**0.00412**
Diluted earnings per share - Continuing operations **US$/share**	26.i	0.00324	0.00412
Diluted earnings per share		**0.00324**	**0.00412**

See the accompanying notes to the interim consolidated financial statements.

Colbún S.A. and Subsidiaries

Interim Consolidated Statements of Other Comprehensive Income
for the three months ended March 31, 2017 and 2016 (unaudited)
(in thousands of U.S. dollars)

STATEMENTS OF OTHER COMPREHENSIVE INCOME	Note No.	Three month ended December 31 2017 ThUS$	2016 ThUS$
Net profit for the year		**60,522**	**76,043**
Components of other comprehensive income that will not be reclassified to profit or loss for the year, before tax			
Profit (loss) for remeasurements of defined benefit plans	-	(1,193)	(739)
Other comprehensive income that will not be reclassified to profit or loss for the year, before tax	-	**(1,193)**	**(739)**
Components of other comprehensive income that will be reclassified to profit or loss for the year, before tax			
Gain (loss) for foreign currency translation differences	16.a	85	1,400
Gain (loss) from cash flow hedges	-	2,159	(3,665)
Share of other comprehensive income on associates and joint ventures using the equity method	-	(36)	-
Other comprehensive income that will be reclassified to profit or loss for the year, before tax		**2,208**	**(2,265)**
Other components of other comprehensive income, before tax		**1,015**	**(3,004)**
Income tax related to components of Other Comprehensive Income that will not be reclassified to profit or loss for the year			
Income tax related to defined benefit plans	21.d	322	199
Income tax related to components of Other Comprehensive Income that will be reclassified to profit or loss for the year			
Income tax related to Share of other comprehensive income on associates and joint ventures using the equity method	21.d	10	-
Income tax related to cash flow hedges	21.d	(565)	(162)
Income tax related to components of other comprehensive income		**(233)**	**37**
Total other comprehensive income		**782**	**(2,967)**
Total comprehensive income		**61,304**	**73,076**
Comprehensive income attributable to			
shareholders of the Parent		57,749	69,230
Non-controlling interests		3,555	3,846
TOTAL COMPREHENSIVE INCOME		**61,304**	**73,076**

See the accompanying notes to the interim consolidated financial statements.

Colbún S.A. and Subsidiaries

Consolidated Statements of Cash Flows - Direct Method
for the three months ended March 31, 2017 and 2016 (unaudited)
(in thousands of U.S. dollars)

STATEMENTS OF CASH FLOW - DIRECT METHOD	Note No.	Three months ended March 31, 2017 ThUS$	March 31, 2016 ThUS$
Cash flows from (used in) operating activities			
Cash receipts from operating activities			
Cash receipts from sale of goods and rendering of services	-	441,006	406,110
Other cash receipts from operating activities	-	613	771
Classes of cash payments			
Cash payments to suppliers for goods and services	-	(245,691)	(192,729)
Cash payments to and on behalf of employees	-	(21,787)	(19,500)
Cash payments from premiums and services, annuities and other	-	(17,731)	(12,013)
Other cash payments for operating activities	-	(28,254)	(22,954)
Net cash generated from operating activities	-	**128,156**	**159,685**
Dividends received	-	67	-
Interest received	-	2,400	2,724
Income taxes received (paid)	-	(12,702)	(6,510)
Other cash receipts (payments)	-	(5,673)	(51,757)
Net cash generated from (used in) operating activities		**112,248**	**104,142**
Cash flows from (used in) investing activities			
Other cash payments to acquire interests in joint ventures	-	(2,763)	(2,660)
Acquisition of property, plant and equipment	-	(37,651)	(24,752)
Other cash receipts (payments)	-	(30,816)	(155,868)
Net cash generated from (used in) investing activities		**(71,230)**	**(183,280)**
Cash flows from (used in) financing activities			
Proceeds from borrowings	-	**-**	**365,700**
Proceeds from long-term borrowings	-	-	365,700
Repayment of borrowings	-	-	(362,000)
Dividends paid	-	(45,037)	(38,452)
Interest paid	-	(30,954)	(34,052)
Other cash receipts (payments)	-	-	(13,363)
Net cash generated from (used in) financing activities		**(75,991)**	**(82,167)**
Net increase (decrease) in cash and cash equivalents before the effect of movements in exchange rates on cash held		**(34,973)**	**(161,305)**
Effects of movements in exchange rates on cash and cash equivalents			
Effect of exchange rate changes on cash and cash equivalents		1,346	6,613
Net increase (decrease) in cash and cash equivalents		**(33,627)**	**(154,692)**
Cash and cash equivalents as of January 1,		593,720	876,130
Cash and cash equivalents as of March 31,	8	**560,093**	**721,438**

See the accompanying notes to the interim consolidated financial statements.

Colbún S.A. and Subsidiaries
Statements of Changes in Equity
for the three months ended March 31, 2017 and 2016 (unaudited)
(in thousands of U.S. dollars)

Statements of Changes in Equity	Note	Equity attributable to shareholders of the Parent									Non-controlling interests	Total equity
				Changes in reserves								
		Share capital	Share premium	Translation reserve	Hedging Revenue	Actuarial profit or loss reserve	Other miscellaneous reserves	Total reserves	Retained earnings (accumulated deficit)	Equity atributable to shareholders of the Parent		
		ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Balance as of January 1, 2017		1,282,793	52,595	(265,406)	6,846	-	989,043	730,483	1,510,514	3,576,385	213,447	3,789,832
Changes in Equity												
Comprehensive Income												
Profit (loss)									56,903	56,903	3,619	60,522
Other comprehensive income				85	1,632	(871)	-	846		846	(64)	782
Dividends									-	-		-
Increase (decrease) for other changes		-	-	-	-	871	(57)	814	(812)	2	-	2
Total changes in equity		**-**	**-**	**85**	**1,632**	**-**	**(57)**	**1,660**	**56,091**	**57,751**	**3,555**	**61,306**
Balance as of March 31, 2017	**26**	**1,282,793**	**52,595**	**(265,321)**	**8,478**	**-**	**988,986**	**732,143**	**1,566,605**	**3,634,136**	**217,002**	**3,851,138**

Statement of Changes in Equity	Note	Equity attributable to shareholders of the Parent									Non-controlling interests	Total equity
				Changes in reserves								
		Share capital	Share premium	Translation difference reserve	Hedging Revenue	Actuarial profit or loss reserve	Other miscellaneous reserves	Total reserves	Retained earnings (accumulated deficit)	Equity atributable to shareholders of the Parent		
		ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Balance as of January 1, 2016		1,282,793	52,595	(266,792)	(6,854)	-	989,234	715,588	1,412,537	3,463,513	203,577	3,667,090
Changes in Equity												
Comprehensive Income												
Profit (loss)									72,197	72,197	3,846	76,043
Other comprehensive income				1,400	(3,827)	(540)	-	(2,967)		(2,967)	-	(2,967)
Dividends									-	-		-
Increase (decrease) for other changes		-	-	-	-	540	154	694	(617)	77	-	77
Total changes in equity		**-**	**-**	**1,400**	**(3,827)**	**-**	**154**	**(2,273)**	**71,580**	**69,307**	**3,846**	**73,153**
Balance as of March 31, 2016	**26**	**1,282,793**	**52,595**	**(265,392)**	**(10,681)**	**-**	**989,388**	**713,315**	**1,484,117**	**3,532,820**	**207,423**	**3,740,243**

See the accompanying notes to the interim consolidated financial statements.

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(In thousands of U.S. dollars)

1. General information

Colbún S.A. (hereinafter "the Company") was incorporated via public deed on April 30, 1986, witnessed by the Notary Public Mr. Mario Baros G. and registered on sheet 86 with the Trade Register of the Real Estate Registry of Talca on May 30, 1986. The Company's Tax Identification Number is 96.505.760-9.

The Company was registered as a publicly-held shareholders' corporation in the Securities Registry under number 0295 on September 1, 1986, and subject to the inspection by the Superintendence of Securities and Insurance.

As of March 31, 2017, Colbún is a power generation company and Parent of the Group (hereinafter, the Company, the Entity or Colbún), which is composed of thirteen entities: Colbún S.A. and twelve subsidiaries.

The Company's registered address is located at Avenida Apoquindo 4775, 11th floor, Las Condes, Santiago.

The Company's line of business is generation, transportation and distribution of electricity and power capacity, as explained in Note 2.

The Company is directly controlled by the Matte Group, which has investments in the power, financial, forestry, real estate, telecommunication and port sectors, and indirectly controlled by the following persons, in form and preposition, and all members of the families Larraín Matte, Matte Capdevila and Matte Izquierdo:

Patricia Matte Larraín, Taxpayer ID 4.333.299-6 (6.49%) and her children María Patricia Larraín Matte, Taxpayer ID 9.000.338-0 (2.56%); María Magdalena Larraín Matte, Taxpayer ID 6.376.977-0 (2.56%); Jorge Bernardo Larraín Matte, Taxpayer ID 7.025.583-9 (2.56%), and Jorge Gabriel Larraín Matte, Taxpayer ID 10.031.620-K (2.56%).

Eliodoro Matte Larraín, Taxpayer 4.336.502-2 (7.21%) and his children Eliodoro Matte Capdevila, Taxpayer ID 13.921.597-4 (3.27%); Jorge Matte Capdevila, Taxpayer ID 14.169.037-K (3.27%), and María del Pilar Matte Capdevila, Taxpayer ID 15. 959.356-8 (3.27%).

Bernardo Matte Larraín, Taxpayer ID 6.598.728-7 (7.79%) and his children Bernardo Matte Izquierdo, Taxpayer ID 15.637.711-2 (3.44%); Sofía Matte Izquierdo, Taxpayer ID 16.095.796-4 (3.44%), and Francisco Matte Izquierdo, Taxpayer ID 16.612.252-K (3.44%).

The shareholders mentioned above are part of the same corporate group and have a joint interest agreement entered into with the following legal persons, which have an ownership interest of 49.96% of Company's share capital:

Controlling Group	No. of shares	Ownership interest %
Minera Valparaíso S.A.	6,166,879,733	35.17
Forestal Cominco S.A.	2,454,688,263	14.00
Forestal Constructora y Comercial del Pacífico Sur S.A.	34,126,083	0.19
Forestal y Minera Canadilla S.A.	31,232,961	0.18
Forestal Cañada S.A.	22,308,320	0.13
Forestal Bureo S.A.	17,846,000	0.10
Inversiones Orinoco S.A.	17,846,000	0.10
Inversiones Coillanca Ltda.	16,473,762	0.09
Inmobiliaria Bureo S.A.	38,224	0.00
Total ownership interest	**8,761,439,346**	**49.96**

2. Description of business

The Company’s line of business is to produce, transport, distribute and supply energy and power capacity, for which it may acquire and exploit concessions and grants or use rights obtained. Likewise, it is empowered to transport, distribute, supply and commercialize natural gas for sale to industrial or generating processes. It can provide advisories in the field of engineering both domestically and abroad.

Description of business in Chile

Main assets

The power generation fleet is composed of hydroelectric power plants (reservoir and run-of-the-river) and coal-fired, diesel and gas power plants (combined and conventional cycles), which in total provides a maximum of of 3,282 MW to the Central Interconnected System ("SIC").

Hydroelectric power plants have an installed capacity of 1,597 MW distributed among 16 plants: Colbún, Machicura, San Ignacio, Chiburgo and San Clemente, located in the Maule Region; Rucúe, Quilleco and Angostura, located in the Biobío Region; Carena, in the Metropolitan Region; Los Quilos, Blanco, Juncal, Juncalito, Chacabuquito and Hornitos, in the Valparaíso Region; and Canutillar, in Los Lagos Region. Colbún, Machicura, Canutillar and Angostura power plants have their own reservoirs, whereas the remaining hydroelectric power plants are run-of-the-river.

Thermal power plants have an installed capacity of 1.685 MW and are distributed in the Nehuenco compound, located in the Valparaíso Region; Candelaria power plant in the O'Higgins Region; Antilhue power plant in Los Ríos Region; and Los Pinos and Complejo Santa María Unidad I power plants, located in the Biobío Region.

Commercial policy

The Company's commercial policy is to achieve a proper balance between commitments to sell power and its own efficient generation capacity to obtain an increase and stabilization in operation margins, with acceptable levels of risk in the events of droughts. In addition, this requires an appropriate combination of thermal and hydropower generation.

As a result of this policy, the Company intends to maintain sales or purchases in the spot market in order to obtain significant volumes, since prices in this market experience significant variations, being the hydrologic condition the most relevant variable.

Main customers

Customer's portfolio is composed of regulated and unregulated customers:

Regulated customer with Long-Term Node Price Agreements tendered are as follows: Enel Distribución Chile S.A., CGE Distribución S.A.; Saesa S.A., Frontel S.A., Compañía Eléctrica de Osorno S.A., Luz Linares S.A., Cooperativa Eléctrica de Curicó Ltda., Compañía Distribuidora de Energía Eléctrica Codiner Ltda., Cooperativa de Consumo de Energía Eléctrica Chillán Ltda., Cooperativa Eléctrica Los Ángeles Ltda., Cooperativa Regional Eléctrica Llanquihue Ltda., Cooperativa Eléctrica Paillaco Ltda., Cooperativa Eléctrica Charrúa Ltda., Compañía Nacional de Fuerza Eléctrica S.A., Empresa Eléctrica de Puente Alto Ltda., and Cooperativa Rural Eléctrica Río Bueno Ltda., Chilquinta Energía S.A., Energía de Casablanca S.A., Compañía Eléctrica del Litoral S.A., Empresa Eléctrica de Antofagasta S.A. and Empresa Eléctrica Atacama S.A.

Unregulated customers are Anglo American Sur S.A. for its work sites Los Bronces/Las Tórtolas; unregulated customer associated to Enel Distribución Chile S.A. (Aguas Andinas S.A.’s La Farfana Plant), Sociedad Contractual Minera Franke and Codelco for divisions Salvador, Andina, Ventanas and El Teniente.

In addition, beginning on September 1, 2011, and as a result of the financial insolvency of Campanario Generación S.A., the Superintendence of Electricity and Fuels (SEC) issued the Exempt Resolution No. 2.288 on August 26, 2011, amended by Exempt Resolution No. 239 dated February 9, 2012, instructing all power generation companies included in the Central Interconnected System (SIC) to supply power to the regulated customers, which were previously supplied by Campanario Generación S.A., at prices and under conditions indicated in the related tenders.

Power market

The Chilean power sector has a regulatory framework of almost three decades of functionality. This framework allowed the development of a highly dynamic industry with significant private equity interest. This sector has been able to comply with the increasing power demand, which has grown at an annual average rate of 3.0% during the last 10 years, slightly lower compared to the GDP during the same period.

Chile has four interconnected systems and Colbún operates the largest, the Central Interconnected System (SIC), which comprises Taltal in the north and Isla Grande de Chiloé in the south. The consumption in this zone represents 75% of total power demand in Chile. Based on installed potential, Colbún is the second power generation company on the SIC with a market interest of 21%.

The pricing system identifies different mechanisms for the short and long-term. For short-term pricing, the sector is based on a marginal cost scheme, including security and efficiency criteria in distributing resources. Power marginal costs result from the actual operation of the electric system in accordance with the financial merit programming conducted by the CEN (National Electrical Coordinator) and relate to the variable cost of production of the most expensive unit under operation at all times. Power remuneration is calculated based on the sufficiency power of plants, i.e., the reliable level of power level that could be provided to supply the system at the point of high demand, considering the uncertainty associated with the availability of supplies, forced and programed unavailability of units, and facility unavailability which connect the unit to the Transmission and Distribution System. Power price is determined as an economic indicator, which represents the investment in the most efficient units to address power demand during hour of highest demand.

For long-term pricing, power generation companies may have two types of customers: regulated and unregulated.

As a result of Law No. 20,018 passed on January 1, 2010, in the market of regulated customers, composed of distribution companies, power generation companies sell power at the price resulting from competitive and public tenders.

Unregulated customers comprise those with a connection power exceeding 2,000 KW, and they freely negotiate their prices with suppliers.

Spot market is where power generation companies trade at marginal cost energy and power (on an hour basis) surplus or deficit resulting from their commercial position, net of production capacity, since dispatch orders relate to financial merit and exogenous to each power generation company.

Note that the regulation allows users with connection power between 500 KW and 2,000 KW to select between systems of regulated or unregulated prices, with a minimum of four years in each system.

To provide energy to the system and supply energy and electric power to its customers, Colbún uses its own and third party transmission facilities as per the rights granted by the power legislation.

In this context, note that on July 20, 2016, it was published in the Official Journal the law establishing a new Power Transmission System, which also creates a coordinating agency independent of the National Power System. The principal amendments included in this law indicate that the transmission remuneration will be charged fully in connection with power demand. Additionally, a new Coordinator with legal personality is established to operate a single system called the National Power System, which commenced its operations on January 1, 2017.

Description of business in Peru

Main assets

The gas-based thermoelectric power plant with a combined cycle of 570 MW located in Las Salinas, Chilca district, at 64 kilometers south Lima, owned by subsidiary Fenix Power Perú. Its location is considered strategic, since it is near the Camisea gas pipeline and Chilca power substation, allowing power generation at an efficient cost.

This power plant commenced its operations in December 2014, and is composed of two General Electric dual turbines (gas or diesel) generating 60% of its power, and a General Electric steam turbine generating the remaining 40%. This plant is considered a strategic asset in the Peruvian power market, since it is the most efficient in the country and the third largest at a domestic level.

Main customers

Regulated customers with long-term contracts: Distriluz Group, composed of Electro Norte S.A., Electro Noreste S.A., Electrocentro S.A., COELVISAC, Hidrandina S.A, Luz del Sur Group, composed of Edecañete S.A., Edelnor S.A.A., Electricidad del Oriente S.A., Electro Dunas S.A.A. and Luz del Sur S.A.A.

Customers with short-term contracts: Celepsa S.A., Distriluz Group and GCZ Energía.

Unregulated customers: Pamolsa e Inversiones Centenario.

Power market

Peru restructured the power market in 1992 (Law on electricity 25,844), and during the last four years significant reforms have been made to the sector’s regulatory framework.

As of March 2017, the Peruvian power market has an installed capacity, at a domestic level, of approximately 13.8 GW, of which 12.8 GW corresponds to the capacity installed by the National Interconnected Power System (SEIN), out of this amount nearly 60% relates to thermal power, 37% to hydropower, and the remaining 3% to renewable energies. Accordingly, natural gas is critical at the domestic thermal power generation level, because of its significant reserves and exploration wells, being Camisea the main deposit with more than 15 trillion cubic feet.

The pricing system identifies two types of customers: regulated users that consume less than 200 kW and unregulated customers (large private users that consume more than 2,500 kW). Customer with a demand between 200 kW and 2,500 kW have the option to be considered as regulated or unregulated.

The National Interconnected Power System (SEIN) is managed by a System Economic Operation Committee (COES), incorporated as a nonprofit private entity and as legal personality under public law. The COES is composed of other SEIN agents (Power Generation Companies, Transmitters, Distribution Companies and Unregulated Customers) and their decisions are mandatory for all agents. Its objective is to coordinate SEIN's short, medium, and long-term operations, ensuring system security, use of power resources, as well as planning the development of SEIN transmission and managing the Short-Term Market, the latter based on marginal costs.

In terms of energy consumption, the annual expected power demand for 2017 is approximately 51.5 TWh, which is concentrated in the mining and residential sectors. In 2016, the system demand was 48.3 TWh.

3. Significant accounting policies

3.1 Accounting policies

These interim consolidated financial statements of Colbún S.A. and subsidiaries as of March 31, 2017 have been prepared in accordance with International Financial Standards ("IFRS").

The interim consolidated financial statements have been prepared under the going concern assumption, and approved by the Board of Directors for issue on April 25, 2017.

The accounting policies set out below have been used in the preparation of these interim consolidated financial statements. The financial statements have been prepared in accordance with instructions and financial reporting preparation and presentation standards issued by the Superintendence of Securities and Insurance (SVS) in force as of March 31, 2017, and applied consistently to all periods presented in these interim consolidated financial statements.

a. Basis of preparation and period - These interim consolidated financial statements of Colbún S.A. comprise the following:

- Statements of Financial Position as of March 31, 2017 and December 31, 2016.
- Statements of Comprehensive Income for the three-month periods ended March 31, 2017 and 2016.
- Statements of Changes in Equity for the three-month periods ended March 31, 2017 and 2016.
- Statements of Cash Flows for the three-month periods ended March 31, 2017 and 2016.
- Notes.

The information contained in these interim consolidated financial statements is the responsibility of the Company.

These interim consolidated financial statements have been prepared under the historical cost basis, with the exception of those assets and liabilities recognized at fair value (note 3 h. and 3 i).

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.

a.1 Functional currency - The Company's functional currency is the United States dollar, which is the currency that mainly impacts sale prices of goods and services in the markets in which the Company operates. All financial information in these interim consolidated financial statements is presented in Thousands of United States dollar (ThUS$), except when indicated otherwise.

b. Basis of consolidation - The interim consolidated financial statements include the financial statements of the Parent and controlled companies.

Control is established as the base for determining which entities are consolidated in the interim consolidated financial statements.

Subsidiaries are those in which Colbún S.A. is exposed to, or has rights to, variable returns from its involvements with the entity and when it has the ability to affect those returns through its power over the entity. In general, the Company's power over its subsidiary arises from holding the majority of the voting rights provided by the subsidiary's equity instruments.

The detail of subsidiaries is as follows:

Consolidated company	Country	Functional currency	Tax ID Number	Total ownership percentage as of				
				03.31.2017			03.31.2016	12.31.2016
				Direct	Indirect	Total	Total	Total
Empresa Eléctrica Industrial S.A.	Chile	US dollar	96.854.000-9	99.9999	-	99.9999	99.9999	99.9999
Sociedad Hidroeléctrica Melocotón Ltda.	Chile	US dollar	86.856.100-9	99.9000	0.1000	100	100	100
Río Tranquilo S.A.	Chile	US dollar	76.293.900-2	99.9999	0.0001	100	100	100
Termoeléctrica Nehuenco S.A.	Chile	US dollar	76.528.870-3	99.9999	0.0001	100	100	100
Termoeléctrica Antilhue S.A.	Chile	US dollar	76.009.904-K	99.9998	-	99.9998	99.9998	99.9998
Colbún Transmisión S.A.	Chile	US dollar	76.218.856-2	99.9999	0.0001	100	100	100
Colbún Desarrollo SpA	Chile	US dollar	76.442.095-0	100	-	100	100	100
Inversiones SUD SpA	Chile	US dollar	76.455.649-6	100	-	100	100	100
Inversiones Andinas SpA	Chile	US dollar	76.455.646-1	100	-	100	100	100
Colbún Perú S.A.	Peru	US dollar	0-E	99.9996	0.0004	100	100	100
Inversiones Las Canteras S.A.	Peru	US dollar	0-E	-	51	51	51	51
Fénix Power Perú S.A.	Peru	US dollar	0-E	-	51	51	51	51

Differences in consolidation determination

During 2017, the Company has not had any changes in the determination of entities consolidated.

All intercompany transactions and balances have been eliminated in consolidation, as well as non-controlling interest have been recognized which relates to the ownership interest percentage of third parties in subsidiaries, which is included separately in Colbún's consolidated equity.

b.1 Business combinations and goodwill – Business combinations are recognized using the acquisition method. The acquisition cost is the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of the acquiree non-controlling interest, if any. For each business combination, the Company determines whether the non-controlling interest of the acquiree is measured at fair value or proportional to the net identifiable assets of the acquiree. Related acquisition costs are accounted for as incurred in other expenses.

When the Company acquires a business, it assesses the financial assets and financial liabilities acquired for their appropriate classification based on contractual terms, economic conditions and other related conditions at the acquisition date. This includes separating the embedded derivatives of the acquiree main contracts.

If the business combination is conducted in stages, ownership interests previously maintained in an acquiree's equity are measured at fair value at the acquisition date, and gains or losses are recognized in the consolidated statement of comprehensive income.

Any contingent consideration transferable by the acquiree is recognized at fair value at the acquisition date. Contingent consideration which is classified as financial assets or financial liabilities in accordance with IAS 39 Financial Instruments: Recognition and Measurement are measured at fair value, accounting for changes in fair value as gain or loss or through comprehensive income. In the events contingent considerations are not in the scope of IAS 39, these are measured in accordance with the related IFRS. If the contingent consideration classified as equity, this is not revalued and any subsequent settlement is recorded equity.

Goodwill is the excess of the sum of the consideration transferred recognized on the net value of assets acquired and liabilities assumed. If the fair value of net assets acquired exceeds the amount of the consideration transferred, the Company conducts a new assessment to ensure that all assets acquired and liabilities assumed have been appropriately identified, and reviews all procedures applied to conduct the measurement of the amount recognized at the acquisition date. If the new assessment results in an excess of fair value of net assets acquired on the aggregate amount of the consideration transferred, the difference is recognized as profit in the statement of income.

Subsequent to initial recognition, goodwill is recognized at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is allocated, at the acquisition date, to each Company's cash-generating unit which is expected to receive benefits, regardless if there are other assets or liabilities of the acquiree allocated to those units. Once the business combination is completed (concludes the measurement process) goodwill is not amortized and the Company reviews on a regular basis its carrying amounts to recognize any impairment losses.

When goodwill is part of the cash-generating unit and a portion of such unit is derecognized, goodwill related to such disposed operations is included in the carrying amount of the operations when determining gains or losses obtained at disposal. Goodwill derecognized is measured based on the relative value of the disposed operation and the portion of the cash-generating unit maintained.

b.2 Non-controlling interest - The value of non-controlling interest in a subsidiary's equity and comprehensive income is presented under the captions "Total Equity: Non-controlling interest" of the consolidated statement of financial position and "Net profit attributable to non-controlling interests" and "Comprehensive income attributable to non-controlling interest" in the statement of comprehensive income.

b.3 Special Purpose Entities - On May 17, 2010, as per the D.E. No. 3,024, the Ministry of Justice grants legal personality and approved the Colbún Foundation's bylaws (hereinafter the "Foundation"). The main objectives of the Foundation addresses the following:

The promotion, encouragement and support of all type of projects and activities that aim to improve living conditions in the neediest sectors.

Research, development and dissemination of culture and arts. The Foundation will be able to participate in the formation, organization, management and support of all entities, institutions, associations, groups and organizations, either public or private, which have the same goals.

The Foundation will support all entities mainly involved in the dissemination, research, encouragement and development of culture and arts.

The Foundation may finance the acquisition of real estate, equipment, furniture, laboratories, classroom, museums and libraries, and finance the collection of infrastructures to support professional enhancement.

Additionally, the Foundation may finance research and development, prepare and implement training programs, provide training for development and finance the publishing and distribution of books, brochures and any types of publications.

As of March 31, 2017, Colbún granted ThUS$229 to the Foundation for the compliance with goals. This amount has been included in these interim consolidated financial statements.

c. Equity-accounted investees - Corresponds to interests in entities where Colbún has joint control with other company or significant influence.

The equity method comprises recognizing the interest by the portion of net equity which represents Colbún ownership interest in the issuer's adjusted capital.

If the amount is negative the interest is zero, unless there is a commitment by the Company to restore the entity's equity, which then records the related provision for risks and expenses.

Dividends received by these companies are recognized by reducing the interest value, and profit or loss obtained by these entities, which corresponds to Colbún as per its interest, are included net of tax effects in the profit or loss account "Interest in gains (losses) of associates and joint ventures accounted for using the equity method."

The detail of companies accounted for using the equity method is as follows:

Relationship	Company	Country	Functional currency	Tax ID Number	Total ownership percentage as of		
					03.31.2017	03.31.2016	12.31.2016
					Direct	Direct	Direct
Associate	Electrogas S.A.	Chile	US dollar	96.806.130-5	42.5	42.5	42.5
Joint venture	Centrales Hidroeléctricas de Aysén S.A.	Chile	Chilean peso	76.652.400-1	49.0	49.0	49.0
Joint venture	Transmisora Eléctrica de Quillota Ltda.	Chile	Chilean peso	77.017.930-0	50.0	50.0	50.0

c.1 Investment in associates - Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies. Overall, significant influence exists when the Company has between 20% and 50% of voting rights of other company.

c.2 Investment in joint venture - Relate to entities in which the Company has joint control over its activities, as established by contractual terms and which requires unanimous consent to make relevant decisions by all ventures.

d. Effect of foreign exchange rate fluctuations - Transactions in foreign and domestic currency, other than functional currency, are translated to the functional currency using the exchange rates prevailing at the transaction dates.

Profits and losses in foreign currency that result from the settlement of these transactions and from conversion at the closing exchange rates for monetary assets and liabilities denominated in currencies other than the functional currency, are recognized in the statement of comprehensive income, unless they have to be deferred in equity, as in the case of cash flow hedges and net investment hedges. In addition, the translation of balances receivable and payable at each reporting date in currency other than functional currency of the financial statements which are part of the consolidation perimeter, is conducted at closing exchange rates. Differences in measurement are recognized as finance income and finance costs under foreign currency translation differences.

e. Basis of translation - Assets and liabilities denominated in Chilean peso, Euro, Peruvian soles and inflation-adjusted units have been translated into United States dollars at the exchange rates at the reporting date, as per the following:

Exchange rate	03.31.2017	03.31.2016	12.31.2016
Chilean peso	663.97	669.80	669.47
Euro	0.9360	0.8787	0.9488
Peruvian soles	3.2490	3.3280	3.3600
Inflation-adjusted units	0.0251	0.0259	0.0254

f. Property, plant and equipment - Property, plant and equipment held for the generation of power services or administrative purposes, are presented at cost less subsequent depreciation and impairment losses, if applicable. This cost value includes, separate from the acquisition price of assets, the following concepts as permitted by IFRS:

- Finance cost of loans intended to finance assets under construction is capitalized during the construction period.

- Personnel expenses directly related to assets under construction.

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

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

- Dismantling, removal and restoration costs of property, plant and equipment are recognized based on the legal obligation of each project (note 24 c).

Assets under construction will be transferred to property, plant and equipment in operation after the end of the test period, from which date their depreciation commences.

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

Items of property, plant and equipment, net of their residual value are depreciated by allocating, on a straight-line basis, the cost of different items comprising over their the estimated useful life (note 5 a. (i)).

The residual values and useful lives of items of property, plant and equipment are reviewed at each reporting date and adjusted if required.

g. Intangible assets other than goodwill – Intangible assets acquired individually are measured initially at cost. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition. Subsequent to initial recognition, they are measured at cost less accumulated amortization and impairment losses.

The Company assesses upon initial recognition if the useful life of intangible assets is definite or indefinite.

Assets with definite useful life are amortized over their remaining economic useful life and assessed for impairment when such indicators exist. The amortization period and amortization of intangible assets with definite useful life are reviewed at least at each reporting date. The criteria used for the recognition of impairment losses of these assets and their recoveries are recorded in note 5 a.

Changes in the expected useful life or consumption pattern of future economic benefits materialized in the asset are considered to change the period or amortization method, if applicable, and treated as a change in the accounting estimate. Amortization expenses of intangible assets with definite useful life are recognized in the statement of comprehensive income.

h. Financial instruments

h.1. Financial assets - Financial assets are classified as follows:

a) Loans and receivables
b) Held-to-maturity
c) Financial assets at fair value through profit and loss
d) Financial assets available for sale

The classification depends on the nature and purpose of financial assets and is established upon initial recognition.

h.1.1 Loans and receivables - These are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, they are recognized at amortized cost, which is the value of the consideration received less accumulated amortization (calculated using the effective method). They are included in current assets, except for those having maturities over 12 months from the Statement of financial position, which are classified as non-current financial assets. Loans and receivables are included under trade and other receivables in the statements of financial position.

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest income throughout the relevant period. The effective interest rate correspond to the rate that discounts the estimated future cash flows receivable (including all charges on items paid or received that are part of the effective rate, transaction costs and other premium or discounts) throughout the expected life of the financial asset.

h.1.2 Investments held to maturity - Correspond to those the Company has the intention and ability to hold to maturity, and also accounted for at their amortized cost. Overall, investments in short-term instruments such as fixed-term deposits are recognized in this category.

h.1.3 Financial assets recognized at fair value through profit or loss - Include trading portfolio and financial assets managed and assessed as per the fair value criteria. Differences in its value are recognized directly in the statement of comprehensive income as incurred. Investments in short-term mutual funds are recognized in this category.

h.1.4 Available-for-sale investments - Correspond to the remaining investments designated specifically as available-for-sale or those that are not in the scope of any of the categories mentioned above. These investments are recognized at fair value as determined reliably. Changes in fair value are recognized under other reserves in the statement of other comprehensive income.

h.1.5 Derecognition of financial assets - The Company derecognizes financial assets only when the rights to receive cash flows have been cancelled, voided, expired or have been transferred.

h.1.6 Impairment of financial assets - Financial assets classified as loans and receivables and held to maturity, are assessed at each reporting date to determine if any impairment indicators exist. Financial assets are impaired when there is objective evidence that, as a result of one or more events incurred after initial recognition, these impacted the estimated cash flows of the investment.

Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency of payments, are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount of the asset and the real value of estimated future cash flows discounted at the effective interest rate. Losses are recognized in the statement of comprehensive income.

When a receivable is classified as a doubtful account, after all reasonable mechanisms of collection, either judicial or pre-judicial, have been exhausted as per the related legal report; and its related write-off applies, this is recorded against the impaired trade receivables account.

When the fair value of an asset is lower than the acquisition cost, if objective evidence exists that the asset is impaired and such impairment is not temporal, the difference is recorded directly in losses for the year.

In the case of equity securities classified as available-for-sale, a significant and prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognized in profit or loss, is removed from Other reserves and recognized in the income statement. Impairment losses recognized in the statement of income for equity instruments are reversed in the statement of income.

Financial assets at fair value through profit or loss are not subject to impairment tests.

Considering that as of March 31, 2017, total financial investments of the Company have been conducted with financial institutions with the highest rating quality and with an average shot-term maturity (less than 90 days), impairment tests conducted indicate there is no observable impairment.

h.2. Financial liabilities

h.2.1 Classification as debt or equity - Debt instruments and equity instruments are classified as either financial liabilities or equity, as per their contractual terms.

h.2.2 Equity instruments - Correspond to any agreement representing a residual interest in the net assets of an entity after all its liabilities are deducted. Equity instruments issued by Colbún S.A. are recognized at the amount of the consideration received, net of direct costs of issuance. Currently, the Company only issues single series shares.

h.2.3 Financial liabilities - Financial liabilities are classified as financial liability at "fair value through profit or loss" or "other financial liabilities".

h.2.4 Financial liabilities at fair value through profit or loss - Financial liabilities are classified at fair value through profit or loss where the financial liability is either held for trading or it is designated at fair value through profit or loss.

h.2.5 Other financial liabilities - Other financial liabilities, including loans and bonds, are measured initially at the amount of cash received, net of transaction costs. Other financial liabilities are subsequently valued at amortized cost using the effective interest method.

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expense throughout the relevant period. The effective interest rate corresponds to the rate that discounts estimated future cash flows payable throughout the expected life of the financial liability or, if appropriate, a shorter period when the associated liability has a prepayment option to be applied.

h.2.6 Derecognition of financial liabilities - The Company derecognizes financial liabilities only when obligations are cancelled, voided or expired.

i. Derivatives - The Company entered into derivative instruments to mitigate its exposure to interest rate fluctuation related to exchange rates and fuel prices.

Changes in the fair value of these instruments at the reporting date are recognized in the statement of comprehensive income, unless these are designated for hedge accounting and meet the conditions established in IFRS.

Hedges are classified as follows:

- Fair value hedges: correspond to a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment attributable to a particular risk. For this hedges, both the hedge instrument value and the hedged item are recognized in the statement of comprehensive income, offsetting both effects in the same caption.

- Cash flow hedges: correspond to a hedge of the exposure to the fluctuation in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecasted transaction. Changes in the fair value of derivatives are recognized, with respect to the effective portion of the hedges, in equity reserve under "Cash flow hedges." Retained earnings or an accumulated deficit in such caption are transferred to the statement of comprehensive income to the extent that the underlying portion has an impact on the statement of comprehensive income for the hedged risk, netting such effect in the same heading in the statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of comprehensive income.

A hedge is considered to be highly effective when changes in fair value or in cash flows of the underlying asset directly attributable to the hedged risk, are offset by the changes in the fair value or cash flows of the hedged instrument, with an effectiveness within a range between 80% and 125%. For the period covered by these consolidated financial statements, the Company designated certain derivatives as hedging instruments of highly probable forecasted transactions or hedging instruments related to foreign currency risks of a firm commitment (cash flow hedging instruments).

The Company has designated all its derivatives as hedge accounting instruments.

j. Inventory - This caption includes gas, oil and coal stock, and warehouse inventory (spare parts and materials), which are valued at cost, net of possible obsolescence determined in each period. Cost is determined using their weighted average purchase price.

j.1 Impairment of spare parts (obsolescence) basis - The estimate of impairment of spare parts (obsolescence) is established based on an individual and general assessment performed by specialists of the Company, who assess turnover and technological obsolescence criteria on the stock held in warehouses of each power plant.

k. Statement of cash flows - For the preparation of the statement of cash flows, the Company uses the following definitions:

Cash and cash equivalents comprise cash on hand, term deposits in credit institutions and other highly liquid short-term investment with original maturities up to three months and subject to an insignificant risk of changes in their valuation. Bank overdrafts are classified as current liabilities in the statement of financial position.

<u>Operating activities:</u> are the principal revenue-producing activities usually conducted by the Company and other activities that are not investing or financing activities.

<u>Investing activities</u>: Correspond to acquisition, disposal or sale activities by other means of long term assets and other investments not included in cash and cash equivalents.

<u>Financing activities</u>: Activities that generate changes in the size and composition of net equity and financial liabilities.

l. Income tax - The Company determines the taxable basis and calculates income tax in accordance with current tax legislation in each period.

Deferred taxes arising from temporary differences and other events generating differences between the accounting and tax basis of assets and liabilities are recorded in accordance with IAS 12 "Income Taxes."

Current income tax is recognized in the statement of comprehensive income or in the statement of other comprehensive income based on where the profit or loss from which they arose are recorded. Differences between the carrying amount of the assets and liabilities and their tax base generate the basis on which deferred taxes are calculated using the tax rates that are expected to be in force when the assets are realized and liabilities are settled.

Changes in deferred tax assets or liabilities generated are recorded in profit or loss in the consolidated statement of comprehensive income or in captions total equity under the statement of financial position, based on where the profit or loss from which they arose are recorded.

A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilized to recover temporary difference deductions and use the tax losses.

At each reporting date, the Company reviews the deferred income tax assets and liabilities recorded to verify that they are effective, and adjusted on a timely basis based on the results of such analysis.

For the consolidated financial statement balances, the Company and its subsidiaries offset deferred tax assets and liabilities if, and only if, they relate to the income tax which corresponds to that same tax administration, only to the extent that the Company is legally entitled to offset current tax assets with current tax liabilities.

m. Severance indemnity payments - Obligations recognized as severance indemnity payments at all events arise as a result of collective agreements subscribed by employees of the Company, in which the Company's commitment is established, and are classified as "Defined post-employment benefits." The Company recognizes employee benefit costs based on an actuarial calculation in accordance with IAS 19 "Employee benefits,” which includes variables such as life expectancy, salary increases, among others.

At the reporting date, the amount of net actuarial liabilities accrued is presented in the item of non-current employee provisions in the interim consolidated statement of financial position.

The Company recognizes all actuarial gains and losses arising from the valuation of defined benefit plans in other comprehensive income. Accordingly, all costs related to benefit plans are recorded as personnel expenses in the statement of comprehensive income.

n. Provisions - Obligations maintained at the reporting date in the statement of financial position, arising as a result of past events which may generate highly-probable equity losses to the Company, which amount and timing can be reliably estimated, are recorded as provisions at the amount which it is estimated that the Company would have to disburse to settle the obligation.

Provisions are reviewed on a regular basis and are quantified considering the best information available at the reporting date of these interim consolidated financial statements.

n.1 Restructuring - A provision for restructuring expenses is recognized when the Company approves a detailed and formal restructuring plan, and such restructuring has commenced or is publicly announced. The Company accrues no future operating costs.

n.2 Accrued vacations - Vacation expenses are recorded in the year the right is accrued, in conformity with IAS 19.

o. Revenue recognition - Revenue from the sale of power in Chile and Peru is recognized at the fair value of the amount received or receivable, and represents the amount for services rendered during normal course of business, less any related discount or tax.

A description of the Company's main revenue recognition policies for each type of customer is presented below.

- Regulated customers - distribution companies: Revenue from the sale of electric power is recorded based on physical delivery of energy and capacity in conformity with long-term agreements at a bid price.

- Unregulated customers - Connection capacity exceeding 2,000 KW in Chile and between 200 KW and 2,500 KW in Peru: Revenue from the sale of electric power for these customers is recorded based on the physical delivery of energy and capacity, at fees established in the related contracts.

- Spot market customers: Revenue from the sale of electric power is recorded based on the physical delivery of energy and capacity to other power-generation companies at the marginal cost of energy and capacity. The spot market is legally organized through Delivery Centers (CEN in Chile and COES in Peru) where energy and capacity surplus and deficit is traded. Energy and capacity surplus are recognized as revenue, and deficit is recorded as expense in the interim consolidated statement of comprehensive income.

When goods or services are traded or exchanged for other goods or services of similar characteristics and value, the exchange is not considered a revenue-generating transaction.

In addition, any tax received by customers and forwarded to government authorities (e.g. VAT, taxes on sales and taxes, etc.) are recorded on a net basis, and therefore excluded from revenue in the interim consolidated statement of comprehensive income.

p. Dividends - Article No. 79 of the Chilean Public Company Act establishes that, except otherwise unanimously agreed in at the related shareholders meeting, shareholders' corporations must annually distribute as a cash dividend to their shareholders, at pro rata of their interests or in the proportional amount established by the Company's by-laws, in the event preference shares exist, at least 30% of net profit for each year, except if the Company has to absorb accumulated losses from prior years.

At each reporting date, the Company estimates the amount of the obligation with its shareholders, net of provisional dividends that have been approved during the year, and are recognized as "Trade and other payables, current" or as "Trade payables due to related parties," as appropriate, with a debit to equity.

Provisional and definitive dividends are recorded as decreases in equity at their approval by the relevant individuals which, in the first case, generally corresponds to the Company's Board of Directors, and in the second case the responsibility relates to the Shareholders' Ordinary Meeting.

q. Environment - In the event of environmental liabilities, these are recognized on based on the current interpretation of environmental laws and regulations, when it is probable that a current obligation is produced and the amount of such liability can be estimated reliably (see Note 24 c).

Investments in infrastructure projects intended to comply with environmental requirements are performed in conformity with the general accounting criteria related to property, plant and equipment.

r. Classification of balances as current or non-current - Balances in the accompanying interim consolidated statement of financial position are classified on the basis of their maturities – i.e., balances maturing within twelve months or less are classified as current; whereas balances maturing in periods exceeding twelve months are classified as non-current.

s. Leases - The Company applies IFRIC 4 to assess whether an agreement is, or contains, a lease. Leases in which substantially all the risks and benefits inherent to the ownership are transferred are classified as finance leases. Other leases are classified as operating leases.

Finance leases in which Colbún and its subsidiaries act as lessee are recognized at the inception of the contract, recording an asset based on its nature, and a liability for the same amount, or equivalent to the fair value of the leased asset, or the current value of minimum payments for the lease, if this value is the lower. Subsequently, the minimum lease payments are divided into finance costs and debt reduction. A finance charge is recognized as an expense and distributed between the years comprising the lease term, thus obtaining a constant interest rate at each year on the balance of outstanding debt. The asset is depreciated on the same terms as the remaining similar depreciable assets, if there is a reasonable certainty that the lessor will acquire the ownership of the asset at the end of the lease. If such certainty does not exist, the asset is depreciated on the shortest term between the useful life of the asset and the lease term.

Operating lease payments are expended on a straight-line basis over the term of the lease, unless another systematic basis of distribution is more representative.

t. Transaction with related parties - The transactions between the Company and its dependent subsidiaries, which are related parties, are part of the Company's usual transactions with respect to its objective and conditions, and these are eliminated in the consolidation process. The identification of the relationship between the parent, subsidiaries, joint ventures and related parties are detailed in Note 3.1 and section b and c.

All transactions are performed under the market terms and conditions.

u. Government grants - Government grants are measured at the fair value of the asset received or receivable. A grant with no specific future performance conditions is recognized in income when the amount obtained for the grant is received. A grant establishing specific future performance conditions is recognized in income when such conditions are met.

Government grants are presented separated from the asset to which they relate. Government grants recognized in income are presented separately in the notes. Government grants received before the compliance with the revenue recognition criteria are presented as a separate liability in the statement of financial position.

The Company recognizes no amount for types of government aid to which no fair value can be allocated. However, if these exist, the Company discloses the information of such aid.

v. Interest costs - Interest costs directly attributable to the acquisition, construction or development of an asset which implementation or sale requires an extended period of time, are capitalized as part of the cost of such asset. The Company has established as a policy the capitalization of interests based on the construction phase. The remaining interest costs are recognized as expenses in the period they are incurred. Financial expenses include interests and other costs incurred by the Company with respect to the financing obtained.

3.2 New accounting pronouncements

The new standards and interpretations below have been issued but are not yet effective:

New standards

New IFRSs		Mandatory application date
IFRS 9	Financial instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRS 16	Leases	January 1, 2019

IFRS 9 “Financial Instruments”

In July 2014 the final version of IFRS 9, Financial Instruments was issued, grouping all phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and measurement. This standard includes new requirements based on classification and measurement principles, introducing a "more prospective" model of expected credit losses for impairment accounting, and a substantially reformed hedge accounting approach. In addition, entities will have the option to early adopt the accounting of gains or losses for changes in fair value related to "own credit risk" for financial liabilities measured at fair value through profit or loss, without applying the other requirements under IFRS 9. This standard will be mandatory for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 15 “Revenue from Contracts with Customers”

As issued in May 2014, this new standard is applicable to all contracts with customers, except for lease agreements, financial instruments, and insurance contracts. It is a joint project with the FASB to eliminate differences between IFRS and U.S. GAAP for recognizing revenue. This new standard intends to improve inconsistencies and weaknesses of IAS 18, and providing a model that will ease the comparison between companies from different industries and regions. It provides a new model for recognizing revenue, and further detailed requirements for contracts with multiple elements. In addition, it requires further detailed disclosures. This standard will be mandatory for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRIC 22 Interpretation: Foreign Currency Transactions and Advance Consideration

The Interpretation addresses how to determine the transaction date in order to establish the exchange rate to be used upon initial recognition of the related asset, expense or income (or part of it), in the derecognition of a non-monetary asset or liability arising from the payment or collection of advance consideration in a foreign currency. For these purposes, the transaction date is the moment when an entity initially recognizes the non-monetary asset or liability arising from the payment or collection of the advance consideration. If there are multiple prepayments or advance collection, the entity will determine a transaction date for each payment or collection of the advance consideration.

This Interpretation is applicable for annual periods beginning on or after January 1, 2018. Earlier application is permitted. If an entity applies this Interpretation to previous periods, it shall be disclosed.

IFRS 16 “Leases”

As issued in January 2016, this standard establishes the definition of a lease contract and specifies the accounting treatment of assets and liabilities arising from these contracts from the perspective of the lessor and the lessee. The new standard does not differ significantly from its preceding standard, IAS 17 Leases, with respect to the accounting treatment from the perspective of the lessor. However, from the perspective of the lessee, this new standard requires the recognition of assets and liabilities for most lease contracts. IFRS 16 will be mandatory for annual periods beginning on or after January 1, 2019. Early adoption is permitted if adopted jointly with IFRS 15, Revenue from Contracts with Customers.

Amendments and/or modifications

Improvements and amendments		Mandatory application date
IFRS 1	First-time adoption of IFRS	January 1, 2018
IFRS 2	Share-based payments	January 1, 2018
IFRS 4	Insurance contracts	January 1, 2018
IAS 28	Investments in Associates and Joint Ventures	January 1, 2018
IAS 40	Investment Property	January 1, 2018
IFRS 10	Consolidated Financial Statements	To be determined

IFRS 1 "First-time adoption of IFRS"

This amendment to IFRS 1 eliminates transitory exceptions of Appendix E (E3 - E7).

IFRS 2, Share-based payments

In June 2016, the IASB issued its amendments to IFRS 2, Share-based payments, which address the following areas:

- Compliance conditions when share-based payments are settled in cash.
- Classification of share-based payment transactions, net of income tax withholding.
- Accounting of amendments made to contract terms modifying the classification of payments settled in cash or settled in equity shares.

For the effective date of the amendment the restructuring of financial statements of previous periods is not mandatory, but its retrospective adoption is permitted. Earlier application is permitted.

IFRS 4 "Insurance Contracts"

The amendments address concerns arising from the application of new pronouncements included in IFRS 9 before implementing new insurance contracts. The amendments introduce the following two options for entities issuing insurance contracts:

- The temporary and optional exemption of applying IFRS 9, which will be available for entities whose activities are predominantly related to insurance. The exemption will allow entities to continue applying IAS 39, Financial Instruments: Recognition and Measurement, up to January 1, 2021.
- The overlay approach, which is available for entities adopting IFRS 9 and issuing insurance contracts, to adjust gains or losses for certain financial assets; the adjustments remove the volatility in valuating financial instruments which may arise from the application of IFRS 9, allowing the reclassification of these effects from profit or loss for the year to other comprehensive income.

IAS 28 "Investments in Associates and Joint Ventures"

This amendment clarifies that an entity which is a venture capital organization, or other qualifying entity, may choose for the initial recognition to value its investments in associates and join ventures at fair value through profit or loss. If an entity which is not an investment entity by itself, has interests in an associate or joint venture which is an investment entity, it may opt to maintain the fair value measurement applied to its related party. These amendments must be applied retrospectively and are effective starting from January 1, 2018. Early adoption is permitted.

IAS 40 "Investment Property"

These amendments clarify when an entity must reclassify assets, including assets under construction or development of investment assets, stating that the reclassification must be performed when the property complies, or cease to comply, with the definition of investment property, and there is evidence of changes in the use of the asset. A change in Management's intentions related to the use of a property does not provide evidence of changes in the use of such asset. These amendments must be applied prospectively and are effective starting from January 1, 2018. Early adoption is permitted.

IAS 28 "Investments in Associates and Joint Ventures," and IFRS 10, "Consolidated Financial Statements"

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address the inconsistency identified between requirements of IFRS 10 and IAS 28 (2011) in the treatment of sales and the contribution of assets between an investor and its associate or joint venture. The amendments, issued in September 2014, establish that when a transactions involves a business (whether in a subsidiary or not) all gain or loss generated is recognized. A partial gain or loss is recognized when the transaction involves assets that do not constitute a business, even when such assets are in a subsidiary. The mandatory application date of these amendments is to be determined, as the IASB expects to perform an in-depth investigation which may result in simplifying the accounting of associates and joint ventures. Immediate adoption is permitted.

The new standards, interpretations and amendments to IFRS effective starting from January 1, 2017, were not applicable to the Company or had no significant effects on its application. Management is assessing the impact of the application of IFRS 9, IFRS 15 and IFRS 16. However, a reasonable estimation of the effects of such standards is not possible until Management conducts a detailed review.

3.3 Responsibility of the information and estimates made

The information contained in the accompanying interim consolidated financial statements is responsibility of the Company's Board of Directors which expressly indicates that it has fully implemented the principles and criteria contained in IFRS, as issued by the IASB, and specific standards issued by the SVS.

The preparation of the financial statements requires the use of estimates and assumptions that affect assets and liabilities at the reporting date, and income and expense amounts during the reporting period. These estimates are based on the best knowledge of Management on the reported amounts, events, and actions.

In the preparation of these interim consolidated financial statements, the following estimates have been used:

- Useful lives and residual values of property, plant and equipment, and intangible assets (see Note 3.1.f and 5.a).
- Valuation of assets to determine the existence of impairment losses (see Note 5.b).
- Assumptions used to calculate the fair value of financial instruments (see Note 3.1.h).
- Assumptions used in the actuarial calculation of liabilities and employee obligations (see Note 3.1.m).
- Probability of occurrence and the amount of undetermined or contingent liabilities (see Note 3.1.n).
- The tax returns of the Company and its subsidiaries, which will be submitted to relevant tax authorities in the future and which have been used as a basis for recording different income tax-related amounts in the accompanying interim consolidated financial statements (see Note 3.1.l).

Although such estimates have been made considering the best information available at the reporting date, it is possible that future events require changes (increases or decreases) in such estimates for subsequent periods; this would be applied prospectively at the date in which such change is acknowledged, recognizing the effects of changes in estimates in the subsequent consolidated financial statements, in conformity with IAS 8.

4. Risk management

4.1 Risk management policy

The risk management policy intends to safeguard the Company's stability and sustainability principles, identifying and managing sources of uncertainty that affect or may affect the Company.

A comprehensive risk management policy involves identifying, measuring, analyzing, mitigating, and controlling different risks of the Company's different management departments, as well as estimating the impact on the Company's consolidated position, and its follow-up and control over time. This process involves both the Company's Senior Management and the areas that take such risks.

The acceptable risk limits, risk measurement metrics, and risk analysis periodicity are policies regulated by the Company's Board of Directors.

General management and each division and management department of the Company is responsible for the risk management function, supported by the Risk Management Department, and follow-up and coordination by the Risk Committee.

4.2 Risk factors

The Company's activities are exposed to different risks, which have been classified as electric business risks, and financial risks.

4.2.1 Electric business risks

a. Hydrological risk

In Chile, 48% of installed capacity in Colbún is hydraulic, and therefore the Company is exposed to hydrological condition variables.

In dry hydrological conditions, Colbún operates its combined cycle thermal power plants by purchasing natural gas or diesel, or operates its backup thermal plants, or resorts to the spot market.

This situation could increase the Company's costs, increasing the variability of profit or loss based on hydrological conditions. The Company's exposure to hydrological risk is reasonably mitigated by a commercial policy aimed at maintaining a balance between competitive power generation (hydraulic in an average-to-dry year, or cost-efficient coal-based or natural gas-based thermal power generation, other cost-efficient renewable energy properly supported by other power generation sources given their intermittence and volatility) and commercial commitments. In extreme conditions and continuous droughts, a possible lack of water for cooling would affect the power-generating capacity of the combined cycles; such impact may be mitigated by purchasing water from third parties and/or operating such units in open cycles, as well as implementing short and long-term technical solutions which are being analyzed given their complexity.

In Peru, Colbún has a combined cycle power plant and a commercial policy aimed at trading such energy base on short and long-term contracts. Exposure to dry hydrology is limited, as it would have an impact only in case of eventual operational failures which would force the Company to resort to the spot market. In addition, the Peruvian power business has an efficient thermal power offering and availability of natural gas sufficient to cover such risk.

b. Fuel price risk

In Chile, in cases of low water supply in its hydraulic plants, Colbún mainly uses its thermal plants and purchases energy in the spot market at marginal cost. The aforementioned generates a risk due to possible fluctuations in the international price of fuel. Part of this risk is mitigated through contracts which sale prices are indexed with fuel price fluctuations. In addition, the Company performs hedging programs with different derivative instruments, such as call and put options, among others, in order to hedge the remaining portion of this exposure, if any. On the contrary, in case of water surplus, the Company may be in a selling position in the spot market, whose price would be, in part, determined by fuel price.

In Peru, the cost of natural gas has a lower dependence to international prices, given the significant domestic natural gas offer, which allows it to limit exposure to this risk.

As in Chile, the remaining portion exposed to international price fluctuations is mitigated through inflation-adjusted formulas in power selling contracts.

Accordingly, exposure to risk related to fuel price fluctuations is partly mitigated.

c. Fuel supply risk

With respect to liquid fuel supply, in Chile, the Company has agreements with suppliers and a storage capacity of its own which allows it to have a reasonable certainty of availability related to this fuel.

With respect to natural gas supply, in Chile, the Company has short-term contracts with ENAP and Metrogas and, in Peru, the Fenix Plant has long-term agreements with the ECL88 Group (Pluspetrol, Pluspetrol Camisea, Hunt, SK, Sonatrach, Tecpetrol, and Repsol), as well as gas-transport agreements with TGP.

With respect to purchases of coal for the thermal power plant Santa María Unidad I, the Company has started a new bidding processes, inviting significant international suppliers, and granting supply to competitive and stable companies. The above is performed in accordance with an early purchase policy and an inventory management policy to substantially mitigate the risk of fuel unavailability.

d. Equipment malfunction and maintenance risk

The availability and reliability of the Company's power-generating units and transmission facilities are critical to the business. Accordingly, Colbún has a policy of performing scheduled, preventive and predictive maintenance to its equipment, based on its suppliers' recommendations, and has a hedge policy for this type of risk through insurances for its physical assets, including coverage for physical damages and damages due to stoppages.

e. Project construction risk

The development of new projects may be affected by factors such as: delays in obtaining permits, amendments to framework, litigation, increase in equipment and labor prices, opposition from local and international interest groups, unforeseen geographical conditions, natural disasters, accidents and other unforeseen events.

The Company's exposure to this type of risk is managed through a commercial policy that considers the effects of possible delays in projects. Alternatively, the Company includes certain flexibility to term estimates and construction costs. In addition, the Company's exposure to this type of risk is partially mitigated through subscribing "all type of construction risk" policies which cover both physical damages and profit losses due to a delay in commissioning as a result of a claim, both with standard deductibles for this type of insurance.

The companies in the industry face a very challenging power market, with considerable turmoil from different interest groups, mainly neighboring communities and NGOs, which legitimately demand more participation and spotlight. As part of this complex scenario, environmental processing deadlines have become uncertain, which are usually followed by extensive judicial processes. The above has resulted in a decrease in construction of projects of relevant sizes.

In addition, the Company has a policy of integrating social and environmental considerations in the development of its projects. On the other hand, the Company has developed a social bonding model which allows it to work jointly with neighboring communities and society in general, starting with a transparent citizen participation and trust-building process in the early stages of projects, and throughout their life cycle.

f. Regulatory risks

Regulatory stability is essential for the power-generating sector, where investment projects have long development terms, execution, and investment return. Colbún estimates that regulatory changes should be performed considering the complexities in the power system, and maintaining the proper incentives for investment. It is important to have regulations that provide clear and transparent rules that build trust between sector agents.

In Chile, the Government-led power agenda considers several regulatory changes which, based on how they will be implemented, may expose the Company to risks. Particularly relevant are changes currently being discussed in Congress with respect to (i) amendments to the Water Code; (ii) the Act related to strengthening Chile's regionalization; (iii) the bill proposing the creation of the Ministry of Indigenous Peoples; (iv) the bill proposing the creation of a National Council and the Indigenous Peoples Councils; and (v) the Biodiversity and Protected Areas Act. Other significant issues for the Company relate to initiatives in the industry such as (i) the definition of Regulations required for the proper application of the already-enacted new Electric Transmission Act; (ii) the definition of a long-term Power Policy for Chile (2050), which is in its diffusion stage, among others.

In Peru, authorities are currently performing studies related to regulatory changes for the power sector. Some of these changes under consideration relate to: (i) Power generation/Wholesale market (include big unregulated users in the short-term market), and (ii) Duality (new methodology to monitor the performance of dual units).

The required and balanced development of the power market both in Chile and Peru in the following years will depend, to a large extent, on the quality of these new regulations, and the signals shown by authorities in this respect.

g. Risk related to changes in demand/supply and power selling price

The forecast of future power consumption demand is very relevant information for determining the market price.

In Chile, a low demand growth, as well as a decrease in fuel prices and an increase in income related to solar and wind renewable energy projects, resulted in a decrease during 2016 in the short-term price of power (marginal cost).

With respect to long-term prices, the bidding process of supply of regulated customers finished in August 2016 resulted in an important decrease in prices offered and granted, which reflects a greater competitive dynamics present in this market, and the impact of the introduction of new technologies -mainly solar and wind power- with a significant decrease in costs as a result of their widespread growth. Although the Company may expect that these factors triggering such competitive dynamics and price trends is maintained in the future, it is difficult to determine the exact scope they will have on long-term power prices.

In addition, and because of the difference in power prices between regulated and unregulated customers, it is possible that certain regulated customers may adopt the unregulated customer regime. The above may occur given the option included in power laws which allow customers with power connections between 500 kW and 5,000 kW to be categorized as regulated or unregulated customers. Colbún has one of the most efficient power generation plants in Chile, and therefore it has the capacity of offering competitive conditions.

In Peru, there is also a temporary imbalance between supply and demand, mainly generated from the increase in efficient offer (hydroelectric and natural gas plants).

The increase in the Chilean market (and potentially in Peru) of Non-conventional renewable energy sources, such as solar and wind power generation, may generate integration costs, and therefore may affect the operating conditions of the remaining portion of the power system, particularly in the absence of a supplementary services market which adequately remunerates the services required to manage the variability of such power generation sources.

4.2.2 Financial risks

Financial risks relate to the Company's inability to perform transactions or comply with obligations from its operations due to lack of funding, changes in interest rates, exchange rates, bankruptcy of related parties, or other financial variables of the market that may affect Colbún's equity.

a. Currency risk

Currency risk relates mainly to fluctuations in currency coming from two sources. The first source of exposure is cash flows related to investment income, costs and expenses denominated in foreign currencies other than the functional currency (United States dollars).

The second source of exposure relates to the accounting mismatch between assets and liabilities in the statement of financial position denominated in a currency other than the functional currency.

The exposure to cash flows in currencies other than the U.S. dollar is limited, as practically all the Company's sales are denominated directly or adjusted to the U.S. dollar. Likewise, its main costs relate to purchases of diesel, natural gas and coal, which incorporates pricing formulas based on international prices denominated in U.S. dollars. With respect to disbursements related to investment projects, the Company incorporates inflation-adjusted rates in its contracts with suppliers, and resorts to the use of derivatives to determine cash outflows in currencies different from the U.S. dollar.

The accounting mismatch exposure is mitigated through the application of a policy for maximum mismatch between assets and liabilities for structural items denominated in currencies other than U.S. dollar. Accordingly, Colbún maintains a relevant share of its cash surpluses in U.S. dollars and uses derivatives, where currency swaps and forwards are the securities most used for such purposes.

b. Interest rate risk

This refers to variances in interest rates affecting the value of future cash flows based on variable interest rates, and variances in the fair value of assets and liabilities based on fixed interest rates that are accounted for at fair value. To mitigate such risk, the Company uses fixed interest rate swaps.

The Company's financial debt, including the effect of contracted interest rate derivatives, is detailed as follows:

Interest rate	03.31.2017	03.31.2016	12.31.2016
Fixed	97%	84%	97%
Variable	3%	16%	3%
Total	**100%**	**100%**	**100%**

As of March 31, 2017, the Company's financial debt is denominated by 97% in fixed rate, and the remaining 3% relates to a portion of the Fenix's loan.

c. Credit risk

The Company's exposure to this risk is derived from the possibility that a counterparty fails to comply with its contractual obligations and generates financial or economic losses. Historically, all counterparties Colbún has engaged with to render energy services have complied with their payments on a timely basis.

Regarding placements in Treasury and their derivatives, Colbún performs transactions with high credit rated entities. Additionally, the Company has established interest limits by counterparty, which are regularly approved and reviewed by the Board of Directors.

As of March 31, 2017, the Company invests its cash surpluses in mutual fund deposits (of bank subsidiaries) and in term deposits in local and foreign banks.

The former are short-term mutual fund deposits, at 90 days and known as "money market."

Information on customer's credit ratings is disclosed in note 11.b to these financial statements.

d. Liquidity risk

Such risk is derived from several fund needs to address investment commitments and business expenses, debt maturities, among others. The required funds to meet such outflows are obtained from Colbún's own revenue and by engaging revolving credit facilities to ensure sufficient funds will be available to support expected needs for a reasonable period.

As of March 31, 2017, Colbún has cash surpluses of approximately US$660 million, invested in term deposits for an average of 80 days, and in short-term mutual fund deposits at less than 90 days. To date, the Company has the following additional sources of liquidity available: (i) two lines of bonds registered with the local market for UF 7 million, (ii) a line of commercial paper registered with the local market for UF 2.5 million and (iii) uncommitted credit revolving facilities for approximately US$150 million.

Within the next twelve months, the Company will have to disburse approximately US$86 million associated with interests on financial debt and debt repayments. Such remaining interests and repayments are expected to be covered by the Company's internally generated cash flows.

As of March 31, 2017, Colbún has the following domestic risk ratings: A+ by Fitch Ratings and AA- by Humphreys, both with stable expectations. At international level, the Company's ratings are: BBB by Fitch Ratings and BBB- by Standard & Poor's (S&P), both with stable expectations.

Consequently, the Company's liquidity risk is currently considered to be low. Information on contractual maturities of the main financial liabilities is disclosed in note 22.c.1 of the financial statements.

4.3 Risk measurement

As indicated above, the Company regularly analyzes and measures its exposure to several risk variables. Risk management is performed by a Risk Committee, supported by the Corporate Risk Management and coordinated with the other divisions of the Company.

Regarding business risks, specifically those related to variances in commodity prices, Colbún has implemented mitigating actions consisting of index-adjustments in energy sales contracts and hedges through derivative instruments to cover any possible remaining exposure. Accordingly, there is no sensitivity analysis.

The Company has insurance policies in force to cover damages to its physical assets, disruptions and loss of profits due to delays in the commencement of a project to mitigate the risk of equipment failure or project development. Such risk is currently considered to be reasonably controlled.

For measuring the financial risk exposure, Colbún performs a sensitivity analysis and value at risk analysis to monitor possible losses assumed by the Company in the event such exposure exists.

Foreign currency exchange risk is considered low because the Company's main cash flows (project revenue, costs and expenditures) are directly denominated in, or adjusted to, U.S. dollars. The accounting mismatch exposure is mitigated through the application of a policy for maximum mismatch between assets and liabilities for structural items denominated in currencies other than U.S. dollars. As of March 31, 2017, the Company's exposure to this risk relates to a potential impact of approximately US$2.8 million for quarterly foreign currency exchange differences, based on a sensitivity analysis with a 95% reliance.

The interest rate variance risk is mostly mitigated, because 97% of the financial debt is assumed to be at a fixed rate (directly and using derivatives). As of March 31, 2017, the Company's exposure to the variable interest rate is low, which relates to a potential quarterly impact of US$0.5 million due to an increase in interest rates, based on a sensitivity analysis with a reliance of 95%.

The credit risk is low because Colbún operates solely with domestic and foreign bank counterparties with a high credit worthiness, and has established the maximum exposure policies for each counterparty, which limit the specific concentration with such institutions. For banks, the local institutions have risk ratings equal to or of more than BBB+ and foreign entities have investment grade international risk ratings. At the closing date, the financial institution which accounts for the highest share of cash surpluses has 18%. For existing derivatives, the Company's foreign counterparties have risk ratings equivalent of BBB+ or higher and domestic counterparties have local ratings of BBB+ or higher. Note that, for derivatives, no counterparty has concentration of more than 22% in terms of notional value.

Liquidity risk is considered low due to the Company's significant cash position, the amount of financial obligations for the following twelve months and access to additional sources of financing, which include committed and uncommitted credit revolving facilities.

5. Critical accounting policies

Management necessarily makes judgments and estimates that have a significant effect on the amounts recorded in the interim consolidated financial statements. Changes in the assumptions and estimates could have a significant impact on the financial statements. The key estimations and judgments used by Management for the preparation of these interim consolidated financial statements are detailed below.

a. Calculation of depreciation and amortization, and estimation of the related useful lives

Property, plant and equipment, and intangible assets other than goodwill with finite useful lives, are depreciated and amortized on a straight-line basis over the estimated useful lives of the assets. The useful lives have been estimated and determined considering technical aspects, their nature and status.

Estimated useful lives as of March 31, 2017 are as follows:

(i) Useful lives of property, plant and equipment:

The detail of the useful lives of the main items of property, plant and equipment is as follows:

Classes of property, plant and equipment	Useful life (years)	Average remaining useful life
Buildings	30 - 50	30
Machinery	20 - 50	25
Transport equipment	5 - 15	7
Office equipment	5 - 30	28
IT equipment	3 - 10	5
Finance leases	20	16
Other property, plant and equipment	30 - 50	32

Additional detail per class of plants is presented below.

Class of plant	Useful life (years)	Average remaining useful life
Power generation facilities		
Hydroelectric power plants		
Civil works	30 - 50	33
Electromechanical equipment	20 - 50	37
Thermal power plants		
Civil works	20 - 50	26
Electromechanical equipment	20 - 35	21

(ii) Useful lives of intangible assets other than goodwill (with finite useful lives):

Intangible assets from contracts with customers are mainly contracts for acquired energy supply.

Other material intangible assets refer to software, rights, concessions and other easements with finite useful lives. These assets are amortized in accordance with their expected useful lives.

Intangible assets	Useful life (years)
Client contract relationships	2 - 15
Software	1 - 15
Rights and concessions	1 - 10

At the closing date of each period, the Company assesses whether there is any indicator of impairment of assets. If such indication exists, then the asset’s recoverable amount is estimated to determine the impairment amount.

(iii) Intangible assets with indefinite useful lives:

The Company analyzed the useful lives of intangible assets, with indefinite useful lives (e.g. certain right-of-way easements or water rights, among others), and concluded there is no foreseeable time limit in which the asset would generate net cash inflows. For these intangible assets, the Company determined that their useful lives are indefinite.

b. Impairment of non-financial assets (tangible and intangible assets other than goodwill, excluding the goodwill)

At the closing date of each year, or at any date as deemed necessary, the value of assets is assessed to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated to determine the amount of any impairment. For identifiable assets that do not generate cash flows independently, the recovery of the cash-generating unit (CGU) of the asset is estimated. Accordingly, it has been determined that all assets located in Chile represent a single CGU, whereas the assets located in Peru represent another CGU.

For CGUs assigned to intangible assets with a finite useful life, the recoverability analysis is conducted systematically at the reporting date, or at any date deemed necessary, except if considered that calculations of a CGU's recoverable amount from the prior period may be used for verifying the amount of the impairment of such unit at the current period, as it complies with the following criteria:

a) Assets and liabilities comprising such unit have not significantly changed since the latest recoverable amount calculation.

b) The latest recoverable amount calculation resulted in an amount that significantly exceeded the unit's carrying amount; and

c) Based on an analysis performed on the events and circumstances that had changed since the latest recoverable amount was calculated, it is unlikely that the current recoverable amount determination will be less than the unit's current carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, which comprises the current value of future estimated cash flows generated by the asset or a CGU. For calculating the tangible or intangible asset recoverable amount, the Company uses the value in use criterion.

To estimate the value in use, the Company prepares its estimate of future pre-tax cash flows based on the most recent budgets approved by Management. These budgets include the best estimates available on the income and costs of the cash-generating units, using the best available information, such as experience and future expectations.

Such cash flows are discounted to calculate their current amount at a pre-tax rate which considers the capital cost of the business in which it operates. Their calculation considers the current cost of capital and risk premiums generally used for business purposes.

In the event the recoverable amount is less than the asset's carrying amount, the related allowance for impairment losses is recognized as "Depreciation and amortization expense" in the statement of comprehensive income.

Impairment losses recognized in prior years are reversed if there has been a change in the estimations on their recoverable amount increasing the value of the asset with a credit to profit or loss with the limit of the carrying amount the asset would have had no unwinding been conducted.

As of March 31, 2017, the Company considers there is no significant carrying amount impairment of tangible and intangible assets related to the CGU defined by the Company.

c. Fair value of derivatives and other financial instruments

As described in note 3.1, Management uses its criteria to select an appropriate valuation technique for financial instruments that are not quoted in an active market. The Company applies valuation techniques commonly used by market professionals. For derivative financial instruments, Management makes assumptions based on rates quoted in the market and adjusted according to the instrument specific characteristics. Other financial instruments are valued using a cash flow update analysis based on supported assumptions, and on market prices or rates, if possible.

6. Business combinations

As of March 2017, there have been no new business combinations.

7. Segment reporting

Colbún's line of business is the generation and sale of electric power. Accordingly, it has assets that generate such power, which is sold to several customers under supply agreements and others without contracts in accordance with the regulations in force.

Colbún's management control system analyzes business from a mix of electric power-generating hydraulic/thermal assets standpoint to render services to its customer's portfolio. Consequently, resource allocation and performance measures are analyzed in aggregated terms.

Notwithstanding the foregoing, internal management considers classification criteria for assets and customers solely for descriptive purposes, but in no case for business segmentation purposes in accordance with IFRS 8.

Certain of such classification criteria are: production technology: hydroelectric power plant (which can be run-of-the-river or dam-based) and thermal power plants (which can be coal-based, combined cycle, open-cycle, etc.) Customers are classified in accordance with the concepts included in the Chilean electric regulation for regulated and unregulated customers and spot market; and in accordance with electric regulations currently in force in Peru for regulated and unregulated customers (see note 2).

In general, there is no direct relation between each power generation company and supply agreements, but these are established according to Colbún's total capacity, fully supplying at any moment with the most efficient generation on its own or on behalf of third parties purchasing energy in the spot market from other power generation companies. An exception is Codelco in Chile, which has entered into two supply agreements with the Company. One of these agreements is covered by the full power generation fleet and the other has its preferential supply from the production of Santa María I.

Colbún is part of the SIC dispatch system in Chile and SEIN dispatch system in Peru. Each of these plants generation within the systems are defined by its dispatch order, in accordance with the definition of economic optimum for both systems.

Both systems' electric regulations where Colbún is involved, contemplate a conceptual separation of energy and capacity, not for being two different physical elements, but for economically efficient pricing. This is the reason for distinguishing energy priced in monetary units for energy unit (KWh, MWh, etc.) and capacity priced in monetary units for capacity unit – time unit (KWh-month).

For the purpose of applying IFRS 8, information by segments has been organized in accordance with geographical distribution by country, due to the fact that Colbún S.A. operates in two electric systems, Central Interconnected System in Chile and National Interconnected Electric System in Peru.

The following caption presents information by geographic location:

Disclosures on operating segments	03.31.2017					
	Country		Reporting segment	Operating segments	Elimination of amounts	Entity total by operating segments
	Chile	Peru				
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Statement of Financial Position						
Assets						
Cash and cash equivalents	520,796	39,297	560,093	560,093	-	560,093
Other financial assets, current	104,099	-	104,099	104,099	-	104,099
Other non-financial assets, current	23,774	692	24,466	24,466	-	24,466
Trade and other receivables	160,387	49,233	209,620	209,620	-	209,620
Trade receivables due from related parties, current	8,694	-	8,694	8,694	-	8,694
Inventory	33,110	5,265	38,375	38,375	-	38,375
Tax assets	1,014	4,669	5,683	5,683	-	5,683
Total current assets	**851,874**	**99,156**	**951,030**	**951,030**	-	**951,030**
Other financial assets, non-current	4,990	4,966	9,956	9,956	-	9,956
Other non-financial assets, non-current	49,808	3,970	53,778	53,778	-	53,778
Equity-accounted investees	262,652	-	262,652	262,652	(226,068)	36,584
Intangible assets other than goodwill	133,424	3,717	137,141	137,141	-	137,141
Goodwill	-	4,000	4,000	4,000	-	4,000
Property, plant and equipment	4,889,375	716,185	5,605,560	5,605,560	-	5,605,560
Deferred tax assets	4,371	8,997	13,368	13,368	-	13,368
Total non-current assets	**5,344,620**	**741,835**	**6,086,455**	**6,086,455**	**(226,068)**	**5,860,387**
ASSETS	**6,196,494**	**840,991**	**7,037,485**	**7,037,485**	**(226,068)**	**6,811,417**
Equity and liabilities						
Other financial liabilities, current	42,623	1,660	44,283	44,283	-	44,283
Trade and other payables, current	139,503	16,925	156,428	156,428	-	156,428
Payables due to related parties	11,681	-	11,681	11,681	-	11,681
Other provisions	11,515	2,232	13,747	13,747	-	13,747
Current tax liabilities	41,597	-	41,597	41,597	-	41,597
Provision for employee benefits, current	6,711	971	7,682	7,682	-	7,682
Other current non-financial liabilities	8,125	549	8,674	8,674	-	8,674
Total current liabilities	**261,755**	**22,337**	**284,092**	**284,092**	**-**	**284,092**
Other financial liabilities, non-current	1,300,045	359,116	1,659,161	1,659,161	-	1,659,161
Trade and other payables, non-current	3,216	15,777	18,993	18,993	-	18,993
Deferred tax liabilities	956,602	691	957,293	957,293	-	957,293
Provisions for employee benefits, non-current	29,133	-	29,133	29,133	-	29,133
Other non-financial liabilities	11,607	-	11,607	11,607	-	11,607
Total non-current liabilities	**2,300,603**	**375,584**	**2,676,187**	**2,676,187**	**-**	**2,676,187**
Equity						
Share capital	1,282,793	219,635	1,502,428	1,502,428	(219,635)	1,282,793
Retained earnings	1,566,605	4,647	1,571,252	1,571,252	(4,647)	1,566,605
Share premium	52,595	-	52,595	52,595	-	52,595
Reserves	732,143	1,786	733,929	733,929	(1,786)	732,143
Equity attributable to the shareholders of the Parent	**3,634,136**	**226,068**	**3,860,204**	**3,860,204**	**(226,068)**	**3,634,136**
Non-controlling interests	-	217,002	217,002	217,002	-	217,002
Total equity	**3,634,136**	**443,070**	**4,077,206**	**4,077,206**	**(226,068)**	**3,851,138**
TOTAL EQUITY AND LIABILITIES	**6,196,494**	**840,991**	**7,037,485**	**7,037,485**	**(226,068)**	**6,811,417**

Continued

Disclosures on operating segments	03.31.2017					
	Country		Reporting segment	Operating segments	Elimination of amounts	Entity total by operating segments
	Chile	Peru				
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Statement of Comprehensive income						
Revenue						
Revenue	334,408	47,636	382,044	382,044	-	382,044
Total revenue from third parties and transactions with other operating segments within the same entity	**334,408**	**47,636**	**382,044**	**382,044**	-	**382,044**
Raw materials and consumables	(167,264)	(34,354)	(201,618)	(201,618)	-	(201,618)
Employee benefit expenses	(15,694)	(1,351)	(17,045)	(17,045)	-	(17,045)
Depreciation and amortization expenses	(51,469)	(8,104)	(59,573)	(59,573)	-	(59,573)
Other expenses by nature	(7,556)	(1,023)	(8,579)	(8,579)	-	(8,579)
Other income (expenses)	(4,513)	(90)	(4,603)	(4,603)	-	(4,603)
Finance income	2,404	120	2,524	2,524	-	2,524
Finance costs	(17,078)	(3,153)	(20,231)	(20,231)	-	(20,231)
Share of profit (loss) of equity-accounted associates and joint ventures	4,583	-	4,583	4,583	(3,843)	740
Foreign currency translation differences	(1,157)	1,715	558	558	-	558
Income (expense) from inflation adjusted units	-	-	-	-	-	-
Profit (loss) from continuing operations	**76,664**	**1,396**	**78,060**	**78,060**	**(3,843)**	**74,217**
Income tax expense	(19,684)	5,989	(13,695)	(13,695)	-	(13,695)
Total comprehensive income	**56,980**	**7,385**	**64,365**	**64,365**	**(3,843)**	**60,522**
Comprehensive income attributable to						
Shareholders of the Parent	56,980	3,766	60,746	60,746	(3,843)	56,903
Non-controlling interests	-	3,619	3,619	3,619	-	3,619
TOTAL COMPREHENSIVE INCOME	**56,980**	**7,385**	**64,365**	**64,365**	**(3,843)**	**60,522**
Statements of Cash Flows						
Cash flows generated from operating activities	87,033	25,215	112,248	112,248	-	112,248
Cash flows used in investing activities	(67,665)	(3,565)	(71,230)	(71,230)	-	(71,230)
Cash flows used in financing activities	(71,288)	(4,703)	(75,991)	(75,991)	-	(75,991)

Disclosures on operating segments	12.31.2016					
	Country		Reporting segment	Operating segments	Elimination of amounts	Entity total by operating segments
	Chile	Peru				
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Statement of Financial Position						
Assets						
Cash and cash equivalents	571,111	22,609	593,720	593,720	-	593,720
Other financial assets, current	74,285	-	74,285	74,285	-	74,285
Other non-financial assets, current	26,211	979	27,190	27,190	-	27,190
Trade and other receivables	135,160	64,084	199,244	199,244	-	199,244
Trade receivables due from related parties, current	2,792	-	2,792	2,792	-	2,792
Inventory	40,282	4,832	45,114	45,114	-	45,114
Tax assets	843	4,436	5,279	5,279	-	5,279
Total current assets	**850,684**	**96,940**	**947,624**	**947,624**	-	**947,624**
Other financial assets, non-current	224	5,153	5,377	5,377	-	5,377
Other non-financial assets, non-current	41,711	4,087	45,798	45,798	-	45,798
Trade receivables due from related parties, non-current	263	-	263	263	-	263
Equity-accounted investees	260,946	-	260,946	260,946	(222,370)	38,576
Intangible assets other than goodwill	134,266	3,863	138,129	138,129	-	138,129
Goodwill	-	4,000	4,000	4,000	-	4,000
Property, plant and equipment	4,913,177	722,650	5,635,827	5,635,827	-	5,635,827
Deferred tax assets	4,345	2,659	7,004	7,004	-	7,004
Total non-current assets	**5,354,932**	**742,412**	**6,097,344**	**6,097,344**	**(222,370)**	**5,874,974**
ASSETS	**6,205,616**	**839,352**	**7,044,968**	**7,044,968**	**(222,370)**	**6,822,598**
Equity and liabilities						
Other financial liabilities, current	49,099	3,945	53,044	53,044	-	53,044
Trade and other payables, current	188,319	19,626	207,945	207,945	-	207,945
Payables due to related parties	32,339	-	32,339	32,339	-	32,339
Other provisions	5,161	2,232	7,393	7,393	-	7,393
Current tax liabilities	32,493	112	32,605	32,605	-	32,605
Provision for employee benefits, current	13,391	1,605	14,996	14,996	-	14,996
Other current non-financial liabilities	11,260	473	11,733	11,733	-	11,733
Total current liabilities	**332,062**	**27,993**	**360,055**	**360,055**	**-**	**360,055**
Other financial liabilities, non-current	1,298,049	358,939	1,656,988	1,656,988	-	1,656,988
Trade and other payables, non-current	3,217	15,743	18,960	18,960	-	18,960
Deferred tax liabilities	956,988	860	957,848	957,848	-	957,848
Provisions for employee benefits, non-current	27,508	-	27,508	27,508	-	27,508
Other non-financial liabilities	11,407	-	11,407	11,407	-	11,407
Total non-current liabilities	**2,297,169**	**375,542**	**2,672,711**	**2,672,711**	**-**	**2,672,711**
Equity						
Share capital	1,282,793	219,635	1,502,428	1,502,428	(219,635)	1,282,793
Retained earnings (accumulated deficit):	1,510,514	882	1,511,396	1,511,396	(882)	1,510,514
Share premium	52,595	-	52,595	52,595	-	52,595
Other reserves	730,483	1,853	732,336	732,336	(1,853)	730,483
Equity attributable to shareholders of the Parent	**3,576,385**	**222,370**	**3,798,755**	**3,798,755**	**(222,370)**	**3,576,385**
Non-controlling interests	-	213,447	213,447	213,447	-	213,447
Total equity	**3,576,385**	**435,817**	**4,012,202**	**4,012,202**	**(222,370)**	**3,789,832**
EQUITY AND LIABILITIES	**6,205,616**	**839,352**	**7,044,968**	**7,044,968**	**(222,370)**	**6,822,598**

Continued

Disclosures on operating segments	03.31.2016					
	Country		Reporting segment	Operating segments	Elimination of amounts	Entity total by operating segments
	Chile	Peru				
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Statement of Comprehensive income						
Revenue						
Revenue	306,961	55,584	362,545	362,545	-	362,545
Total revenue from third parties and transactions with other operating segments within the same entity	**306,961**	**55,584**	**362,545**	**362,545**	-	**362,545**
Raw materials and consumables	(132,286)	(32,778)	(165,064)	(165,064)	-	(165,064)
Employee benefit expenses	(14,194)	(1,903)	(16,097)	(16,097)	-	(16,097)
Depreciation and amortization expenses	(47,859)	(7,985)	(55,844)	(55,844)	-	(55,844)
Other expenses by nature	(6,975)	(4,181)	(11,156)	(11,156)	-	(11,156)
Other income (expenses)	(580)	83	(497)	(497)	-	(497)
Finance income	2,524	167	2,691	2,691	-	2,691
Finance costs	(21,995)	(5,430)	(27,425)	(27,425)	-	(27,425)
Share of profit (loss) of equity-accounted associates and joint ventures	1,396	-	1,396	1,396	-	1,396
Foreign currency translation differences	1,678	1,370	3,048	3,048	-	3,048
Income (expense) from inflation adjusted units	-	-	-	-	-	-
Profit (loss) from continuing operations	**88,670**	**4,927**	**93,597**	**93,597**	**-**	**93,597**
Income tax expense	(20,476)	2,922	(17,554)	(17,554)	-	(17,554)
Total comprehensive income	**68,194**	**7,849**	**76,043**	**76,043**	**-**	**76,043**
Profit attributable to						
Shareholders of the Parent	68,194	4,003	72,197	72,197	-	72,197
Non-controlling interests	-	3,846	3,846	3,846	-	3,846
TOTAL COMPREHENSIVE INCOME	**68,194**	**7,849**	**76,043**	**76,043**	**-**	**76,043**
Statements of Cash Flows						
Cash flows from (used in) operating activities	96,902	7,240	104,142	104,142	-	104,142
Cash flows from (used in) investing activities	(183,145)	(135)	(183,280)	(183,280)	-	(183,280)
Cash flows from (used in) financing activities	(81,998)	(169)	(82,167)	(82,167)	-	(82,167)

Information on products and services

Sales segments	January - March 2017 ThUS$	January - March 2016 ThUS$
Energy sales	276,860	277,373
Power sales	48,114	47,106
Other income	57,070	38,066
Total sales	**382,044**	**362,545**

Information on sales to main customers

Main customers	January - March			
	2017		2016	
	ThUS$	%	ThUS$	%
Chile				
CGE Distribución S.A.	92,373	24%	87,564	24%
Corporación Nacional del Cobre Chile	83,121	22%	75,268	21%
Enel Distribución Chile S.A. (ex Chilectra S.A.)	52,236	14%	50,607	14%
Sociedad Austral del Sur S.A.	26,018	7%	25,406	7%
Anglo American S.A.	21,933	6%	21,048	6%
Other	58,726	15%	47,068	13%
Subtotal	**334,407**	**88%**	**306,961**	**85%**
Peru				
Luz del Sur	27,757	7%	27,924	8%
Empresa de Distribución Eléctrica de Lima Norte S.A.	7,839	2%	6,013	2%
Compañía Elétrica El Platanal S.A.	4,690	1%	5,574	2%
Electronoroeste S.A.	2,187	1%	-	0%
Other	5,164	1%	16,073	4%
Subtotal	**47,637**	**12%**	**55,584**	**15%**
Total sales	**382,044**	**100%**	**362,545**	**100%**

8. Cash and cash equivalents

a. Detail

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

Cash and cash equivalents	03.31.2017 ThUS$	12.31.2016 ThUS$
Cash on hand	56	53
Cash in banks	25,820	21,706
Term deposits	437,746	459,522
Other cash equivalents	96,471	112,439
Total	**560,093**	**593,720**

As of March 31, 2017, cash in banks includes trust funds of the subsidiary Fenix Power S.A. for MUS$ 17.4. As of December 31, 2016, such amount was MUS$ 15.7.

Term deposits have maturities of less than 3 months from the acquisition date and accrue market interest applicable to these types of short-term investments.

Other liquid instruments relate to fixed income mutual fund deposits in Chilean pesos, Euros and U.S. dollars, of low risk, which are recognized at deposit value at the reporting date.

As of March 31, 2017 and December 31, 2016, in addition to these instruments, the Company has other term deposits with a maturity of more than three months from the acquisition date, which are presented in Note 9.

b. Detail by currency

The detail of cash and cash equivalents by currency, considering the effects of derivatives, is as follows:

Currency	03.31.2017		12.31.2016	
	Original currency ThUS$	Currency with derivatives [(1)] ThUS$	Original currency ThUS$	Currency with derivatives [(1)] ThUS$
EUR	849	849	516	516
Ch$	402,586	133,674	435,370	135,370
PEN	19,132	19,132	17,359	17,359
US$	137,526	406,438	140,475	440,475
Total	**560,093**	**560,093**	**593,720**	**593,720**

[(1)] Consider the subscribed exchange rate forward effect to re-denominate in U.S. dollars certain term deposits in Chilean pesos.

9. Other financial assets

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

	Current		Non-current	
	03.31.2017 ThUS$	12.31.2016 ThUS$	03.31.2017 ThUS$	12.31.2016 ThUS$
Term deposits [(1)]	104,090	73,277	-	-
Hedge derivative instruments [(2)] (See Note 14.1)	9	1,008	9,730	5,153
Investment in CDEC	-	-	226	224
Total	**104,099**	**74,285**	**9,956**	**5,377**

[(1)] As of March 31, 2017 and December 31, 2016, investments in term deposits that were classified in this caption have an original average investment term of six months and the remaining average maturity term was 60 days. Cash flows related to these investments are presented in the Statements of Cash Flows as cash flows from investing activities in other cash receipts (payments).

[(2)] Relates to the current positive mark-to-market adjustments of hedging derivatives in place at each reporting date.

10. Trade and other receivables

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

Category	Current	
	03.31.2017 ThUS$	**12.31.2016** ThUS$
Trade receivables by contract	171,108	161,672
Other receivables [(1)]	38,512	37,572
Total	**209,620**	**199,244**

[(1)] As of March 31, 2017, the current balance comprises recoverable taxes (General Sales Tax (GST)) of ThUS$21,266, trust security of ThUS$ 8,990, JP Morgan collateral of ThUS$ 4,160, and others of ThUS$ 4,096. As of March 31, 2016, the balance related to recoverable taxes (General Sales Tax (GST) and specific tax) for ThUS$21,744, trust security of ThUS$ 8,988, JP Morgan collateral of ThUS$ 4,161, and others of ThUS$ 2,679. The Company believes these assets are recoverable within 12 months.

The average payment period is 30 days.

Colbún's counterparties are companies with a high-level of credit worthiness, and distribution companies that present no indicators of impairment or significant delays in payment terms due to their regulations and/or historical behavior.

Considering debtors' solvency, current regulations, and in accordance with the doubtful accounts policy stated in our accounting policies (see note 3.1.h.1.6), the Company has estimated there is evidence of impairment for certain receivables from Fenix Power Perú S.A., for which it has established an allowance for doubtful accounts, which in Management's opinion, properly hedges the amount of risk of default for such receivables.

The fair value of trade and other receivables is not significantly different from their carrying amount.

As of March 31, 2017 and December 31, 2016, the analysis of trade receivables is as follows:

a) Aging of trade receivables portfolio.

Invoiced	Balance as of 03.31.2017					
	Current ThUS$	1-30 days ThUS$	31-60 ThUS$	61-90 ThUS$	over 91 ThUS$	Total ThUS$
Trade receivables, regulated	1,224	1,839	8	155	11,280	14,506
Trade receivables, unregulated	485	-	-	-	11	496
Other receivables	20	6,051	415	3	101	6,590
Provision for impairment	-	-	-	-	(11,191)	(11,191)
Subtotal	**1,729**	**7,890**	**423**	**158**	**201**	**10,401**

Invoices to be issued	Balance as of 03.31.2017					
	Current ThUS$	1-30 days ThUS$	31-60 ThUS$	61-90 ThUS$	over 91 ThUS$	Total ThUS$
Trade receivables, regulated	94,641	-	-	-	-	94,641
Trade receivables, unregulated	44,673	-	-	-	-	44,673
Other receivables	21,393	-	-	-	-	21,393
Subtotal	**160,707**	-	-	-	-	**160,707**
Total trade receivables	**162,436**	**7,890**	**423**	**158**	**201**	**171,108**
No. of customers (unaudited)	**60**	**144**	**82**	**46**	**151**	

Invoiced	Balance as of 12.31.2016					
	Current ThUS$	1-30 days ThUS$	31-60 ThUS$	61-90 ThUS$	over 91 ThUS$	Total ThUS$
Trade receivables, regulated	5,858	4,752	30	28	12,838	23,506
Trade receivables, unregulated	148	552	-	-	-	700
Other receivables	1,881	674	463	29	121	3,168
Provision for impairment	-	-	-	-	(11,187)	(11,187)
Subtotal	**7,887**	**5,978**	**493**	**57**	**1,772**	**16,187**

Invoices to be issued	Balance as of 12.31.2016					
	Current ThUS$	1-30 days ThUS$	31-60 ThUS$	61-90 ThUS$	over 91 ThUS$	Total ThUS$
Trade receivables, regulated	89,987	-	-	-	-	89,987
Trade receivables, unregulated	48,912	-	-	-	-	48,912
Other receivables	6,586	-	-	-	-	6,586
Subtotal	**145,485**	-	-	-	-	**145,485**
Total trade receivables	**153,372**	**5,978**	**493**	**57**	**1,772**	**161,672**
No. of customers (unaudited)	**46**	**173**	**105**	**97**	**133**	

b) Customers in legal collection

There are no trade and other receivables accounted for in legal collection.

11. Financial instruments

a. Financial instruments by category

Accounting policies related to financial instruments have been applied to the following categories:

a.1 Assets

March 31, 2017	Cash and cash equivalents ThUS$	Held to maturity ThUS$	Loans and receivables [1] ThUS$	Assets at fair value through profit or loss ThUS$	Hedge derivatives ThUS$	Total ThUS$
Cash on hand and bank balances (see Note 8)	25,876	-	-	-	-	25,876
Term deposits and other cash instruments (see Note 8)	-	437,746	-	96,471	-	534,217
Trade and other receivables (see Note 10)	-	-	188,354	-	-	188,354
Receivables due from related parties (see Note 12.b.1)	-	-	8,694	-	-	8,694
Derivative financial instruments (see Note 14.1)	-	-	-	-	9,739	9,739
Other financial assets (see Note 9)	-	104,316	-	-	-	104,316
Total	**25,876**	**542,062**	**197,048**	**96,471**	**9,739**	**871,196**

December 31, 2016	Cash and cash equivalents ThUS$	Held to maturity ThUS$	Loans and receivables [1] ThUS$	Assets at fair value through profit or loss ThUS$	Hedge derivatives ThUS$	Total ThUS$
Cash on hand and bank balances (see Note 8)	21,759	-	-	-	-	21,759
Term deposits and other cash instruments (see Note 8)	-	459,522	-	112,439	-	571,961
Trade and other receivables (see Note 10)	-	-	177,500	-	-	177,500
Receivables due from related parties (see Note 12.b.1)	-	-	3,055	-	-	3,055
Derivative financial instruments (see Note 14.1)	-	-	-	-	6,161	6,161
Other financial assets (see Note 9)	-	73,501	-	-	-	73,501
Total	**21,759**	**533,023**	**180,555**	**112,439**	**6,161**	**853,937**

[1] As of March 31, 2017, it does not consider recoverable taxes for ThUS$ 21,266. As of December 31, 2016, the balance related to recoverable tax was ThUS$ 21,744, current.

a.2 Liabilities

March 31, 2017	Other financial liabilities ThUS$	Hedge derivatives ThUS$	Total ThUS$
Interest-bearing borrowings (see Note 22.a)	1,683,799	-	1,683,799
Liabilities under lease agreements (see Note 22.a)	15,361	-	15,361
Derivative financial instruments (see Note 14.1)	-	4,284	4,284
Trade payables (see Note 23)	175,421	-	175,421
Payables due to related parties (see Note 12.b.2)	11,681	-	11,681
Total	**1,886,262**	**4,284**	**1,890,546**

December 31, 2016	Other financial liabilities ThUS$	Derivative of hedge ThUS$	Total ThUS$
Interest-bearing borrowings (see Note 22.a)	1,690,057	-	1,690,057
Liabilities under lease arrangements	15,451	-	15,451
Derivative financial instruments (see Note 14.1)	-	4,524	4,524
Trade payables (see Note 23)	226,905	-	226,905
Payables due to related parties (see Note 12.b.2)	32,339	-	32,339
Total	**1,964,752**	**4,524**	**1,969,276**

b. Credit quality of financial assets

Credit quality of financial assets that have not expired or have no impairment losses can be assessed by credit classification ("rating") provided to the Company's counterparties by renowned domestic and foreign risk rating agencies.

Credit quality of financial assets	03.31.2017 ThUS$	12.31.2016 ThUS$
Customers with local risk rating		
AAA	35,994	40,958
AA+	18,873	15,466
AA	65,963	56,277
AA-	37	267
A+	645	36
Total	**121,512**	**113,004**
Customers with no local risk rating		
Total	**49,596**	**48,668**
Cash on banks and bank short-term deposits, local market		
AAA	223,478	231,337
AA+	112,449	102,717
AA	84,432	86,204
AA-	30,089	14,942
A+ or lower	24,206	20,457
Total	**474,654**	**455,657**
Cash on banks and bank short-term deposits, international market (*)		
BBB- or higher	93,058	98,901
Total	**93,058**	**98,901**
Counterparty derivative financial assets, international market (*)		
A or higher	9,739	1,008
Total	**9,739**	**1,008**

(*) Foreign risk classification

12. Related party disclosures

Operations between the Company and its subsidiaries, which are related parties, are part of the Company's customary transactions associated with its line of business and conditions, which have been eliminated on the consolidation. Relationships between the Controller, subsidiaries and associates are detailed in note 3.1, letter b. and c.

a. Controlling interests

As of March 31, 2017, the distribution of ownership interest is as follows:

Shareholder	Ownership interest %
Minera Valparaíso S.A. (*)	35.17
Forestal Cominco S.A. (*)	14.00
Antarchile S.A.	9.58
AFP Habitat S.A. (**)	5.24
AFP Provida S.A. (**)	4.70
Banco de Chile on behalf of third parties	4.14
AFP Capital S.A. (**)	3.87
AFP Cuprum S.A. (**)	3.69
Banco Itaú on behalf of investors	3.42
Banco Santander - JP Morgan	1.54
Other shareholders	14.65
Total	**100**

(*) Companies owned by the Parent Group (Matte Group)
(**) It relates to the consolidated interest for each Pension Fund Administrator

b. Balances and transactions with related parties

Payables due to, receivables due from and transactions with related parties were performed under market terms and conditions and are adjusted in accordance with Article No. 44 of Law No. 18,046 (the "Public Company Act"). The Company records no allowance for doubtful accounts, because such obligations are paid within the agreed terms (less than 30 days) or relate to the allowance made by related parties (e.g. Electrogas S.A.) for the payment of dividends.

b. 1. Trade receivables due from related parties

Tax ID Number	Company	Country	Relationship	Currency	Current		Non-current	
					03.31.2017 ThUS$	12.31.2016 ThUS$	03.31.2017 ThUS$	12.31.2016 ThUS$
96.806.130-5	Electrogas S.A.	Chile	Associate	US$	7,934	2,380	-	-
96.853.150-6	Papeles Cordillera S.A.	Chile	Common group	Ch$	-	40	-	263
96.529.310-8	CMPC Tissue S.A.	Chile	Common group	Ch$	-	13	-	-
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch$	-	11	-	-
96.731.890-6	Cartulinas CMPC S.A.	Chile	Common group	Ch$	725	348	-	-
65.485.050-K	Fundación Colbún	Chile	Special purpose entity	Ch$	35	-	-	-
				Total	**8,694**	**2,792**	**-**	**263**

b. 2. Trade payables due to related parties

Tax ID Number	Company	Country	Relationship	Currency	Current	
					03.31.2017 ThUS$	12.31.2016 ThUS$
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch$	598	197
96.565.580-8	Cía. Leasing Tattersall S.A.	Chile	Common director	Ch$	139	202
99.520.000-7	Compañía de Petróleos de Chile Copec S.A.	Chile	Common director	Ch$	3,814	2,282
96.806.980-2	Entel PCS Comunicaciones S.A.	Chile	Common director	Ch$	1	28
90.412.000-6	Minera Valparaíso S.A.	Chile	Controlling shareholder	US$	5,099	21,194
79.621.850-9	Forestal Cominco S.A.	Chile	Controlling shareholder	US$	2,030	8,436
				Total	**11,681**	**32,339**

There are no guarantees granted to or received from related parties for transactions with related parties.

b. 3 Significant transactions and their effect on profit or loss

Tax ID Number	Company	Country	Relationship	Currency	Type of transaction	January - March 2017 Amount ThUS$	January - March 2017 Effect on profit or loss (debit) credit ThUS$	January - March 2016 Amount ThUS$	January - March 2016 Effect on profit or loss (debit) credit ThUS$
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch$	Toll for using facilities	598	(502)	761	(640)
				UF	Revenue from services rendered	35	29	31	26
76.652.400-1	Centrales Hidroeléctricas de Aysén S.A.	Chile	Joint venture	Ch$	Capital contribution [1]	2,763	-	2,660	-
96.806.130-5	Electrogas S.A.	Chile	Associate	US$	Gas transport service	2,523	(2,120)	2,295	(1,929)
				US$	Diesel transport service	283	(238)	262	(220)
				US$	Declared dividend [2]	5,554	-	6,079	-
96.853.150-6	Papeles Cordillera S.A.	Chile	Parent common director	Ch$	Capacity reservation leased	-	-	415	349
97.080.000-K	Banco Bice	Chile	Common director	Ch$	Expenses for services received	18	(15)	8	(7)
96.731.890-6	Cartulinas CMPC S.A.	Chile	Common director	Ch$	Easements	268	225	302	253
79.621.850-9	Forestal Cominco S.A.	Chile	Controlling shareholder	US$	Dividends [3]	6,407	-	5,548	-
90.412.000-6	Minera Valparaíso S.A.	Chile	Controlling shareholder	US$	Dividends [3]	16,096	-	13,937	-
99.520.000-7	Compañía de Petróleos de Chile Copec S.A.	Chile	Common director	Ch$	Diesel supply service	6,115	(5,139)	1,352	(1,123)
96.565.580-8	Cía. Leasing Tattersall S.A.	Chile	Common director	Ch$	Vehicle rent	546	(459)	318	(267)
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	Common director	Ch$	Telephone services	111	(93)	110	(92)
96.697.410-9	Entel Telefonía Local S.A.	Chile	Common director	Ch$	Telephone services	24	(20)	12	(10)
96.925.430-1	Sercor S.A.	Chile	Common director	Ch$	Stock administration service	9	(8)	37	(31)

(1) Contributions to Centrales Hidroeléctricas de Aysén S.A.

- As of March 8, 2016, Colbún made a second capital contribution to Centrales Hidroeléctricas de Aysén S.A. of MCh$ 1,813 (ThUS$ 2,660), as agreed by the shareholders at the Extraordinary Shareholders' Meeting of Hidroaysén of December 4, 2015.
- As of February 17, 2017, Colbún made the first capital contribution to Centrales Hidroeléctricas de Aysén S.A. of MCh$ 1,764 (ThUS$ 2,763), as agreed by the shareholders at the Extraordinary Shareholder's Meeting of Hidroaysén of December 29, 2016.

(2) Dividends declared by Electrogas S.A.

- In March 2016, Electrogas S.A. recorded a provisional dividend with a charge to profit for 2015, of MUS$ 14.3 from which 42.5% belongs to Colbún.
- In March 2017, Electrogas S.A. recorded a provisional dividend with a charge to profit for 2016, of MUS$ 13.1 from which 42.5% belongs to Colbún.

(3) Dividends declared and paid to Minera Valparaíso S.A. and Forestal Cominco S.A.

- Relates to the provisional dividend agreed at the Board of Directors' Meeting held on December 22, 2015 and paid on January 12, 2016.
- Relates to the provisional dividend agreed at the Board of Directors' Meeting held on December 20, 2016 and paid on January 9, 2017.

c. Key management personnel and senior management

Members of senior management and other individuals that are considered members of the Company's Management, as well as the shareholders or natural persons or legal entities they represent have entered into no unusual and/or significant transactions as of March 31, 2017 and December 31, 2016.

The Company is managed by the Board of Directors which is composed of 9 members, who remain in their position for a 3-year period and may be re-elected.

At the Ordinary Shareholders' Meeting held on April 22, 2016, a new Board was elected, which is composed of the following directors: María Ignacia Benítez Pereira, Vivianne Blanlot Soza, Luz Granier Bulnes, Bernardo Larraín Matte, Arturo Mackenna Íñiguez, Eduardo Navarro Beltrán, Jorge Matte Capdevila, Juan Eduardo Correa García and Francisco Matte Izquierdo. Mrs. María Ignacia Benítez Pereira and Mrs. Luz Granier Bulnes were elected as independent directors.

At the Shareholders' Meeting held on November 30, 2016, the Board was informed of the resignation of Mr. Eduardo Navarro B., which became effective on December 1, 2016. Starting from such date, Mr. Andrés Lehuedé Bromley became a Director.

d. Board of Directors' Committee

As per Article 50 bis of Law No. 18.046 the "Public Company Act," Colbún and its subsidiaries have a Directors' Committee composed of 3 members, who are invested with the powers provided by such article.

At the Extraordinary Board of Directors' Meeting held on April 22, 2016, Bernardo Larraín Matte was appointed as Chairman of the Board and Vivianne Blanlot Soza as Deputy Chairman. The following individuals were appointed as members of the Board: Juan Eduardo Correa García, Luz Granier Bulnes and María Ignacia Benítez Pereira.

e. Compensation and other benefits

As per Article 33 of Law No. 18,046 the "Public Company Act," the Board's compensation is determined at the Company's General Ordinary Shareholders' Meeting.

As of March 2017 and 2016, the amounts paid, including amounts paid to the members of the Directors' Committee, are detailed as follows:

e.1 Board of Directors' remuneration

Name	Position	January - March			
		2017		2016	
		Board of Colbún ThUS$	Dorectors' Committee ThUS$	Board of Colbún ThUS$	Board of Directors' ThUS$
Bernardo Larraín Matte [1]	Chairman	36	-	22	-
Vivianne Blanlot Soza [1]	Vice President	18	-	11	4
Juan Eduardo Correa García [1]	Director	18	6	11	-
Luz Granier Bulnes [1]	Director	18	6	11	4
María Ignacia Benítez Pereira [1]	Director	18	6	-	-
Arturo Mackenna Íñiguez [1]	Director	18	-	11	-
Jorge Matte Capdevila [1]	Director	18	-	-	-
Francisco Matte Izquierdo [1]	Director	18	-	-	-
Andrés Lehuedé Bromley [1]	Director	18	-	-	-
Eduardo Navarro Beltrán	Director	-	-	11	-
Luis Felipe Gazitua Achondo	Director	-	-	11	4
Eliodoro Matte Larraín	Director	-	-	11	-
Juan Hurtado Vicuña	Director	-	-	11	-
		180	**18**	**110**	**12**

[1] Current Directors as of March 31, 2017.

At the Ordinary Shareholders' Meeting held on April 22, 2016, an annual variable payroll of 0.75% of the profit from 2016 was agreed from which the fixed compensation paid in 2016 is deducted. As of December 31, 2016, a provision of ThUS$87 was made for such concept.

e.2 Board Counseling Expenses

For the years ended March 31, 2017 and 2016, the Board of Directors incurred no advisory expenses.

e.3 Compensation of Senior Management members who are not directors

Name	Position
Thomas Keller Lippold	General Manager
Juan Eduardo Vásquez Moya	Business and Energy Management Department Manager
Carlos Luna Cabrera	Power Generation Manager
Sebastián Moraga Zúñiga	Finance and Administration Manager
Eduardo Lauer Rodríguez	Engineering and Projects Manager
Juan Pablo Schaeffer Fabres	Sustainable Development Manager
Rodrigo Pérez Stiepovic	Legal Manager
Paula Martínez Osorio	Organization and Personnel Manager
Sebastián Fernández Cox	Development Manager
Heraldo Alvarez Arenas	Internal Audit Manager

Key management personnel accrued compensation:

Concept	January - March	
	2017 ThUS$	2016 ThUS$
Short-term employee benefits	1,082	1,038
Other long-term benefits	216	138
Termination benefits	42	32
Total	**1,340**	**1,208**

e.4 Receivables and payables and other transactions

As of March 31, 2017 and 2016 there are no receivables and payables between the Company and its directors and managers.

e.5 Other transactions

There are no other transactions conducted between the Group's directors and managers.

e.6 Guarantees pledged by the Company in favor of its Directors

As of March 31, 2017 and 2016, the Company records no such operations.

e.7 Incentive plans for Senior Executives and Managers

The Company has benefits for all the executive area, in accordance with the individual performance and goal achievement assessments at the divisional and corporate level.

e.8 Indemnities paid to Senior Executives and Managers

As of March 31, 2017 and 2016, no indemnities were paid.

e.9 Guarantee clauses: Company's Board of Directors and Management

The Company has no guarantee clauses agreed with directors and managements.

e.10 Consideration plans associated with shares' quote.

The Company has no such operations.

13. Inventory

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

Inventory	03.31.2017 ThUS$	12.31.2016 ThUS$
Spare parts for maintenance [1]	21,763	21,259
Coal	9,876	15,603
Inventory in transit [2]	5,450	6,462
Oil	4,359	4,863
Gas Line Pack	274	274
Allowance for obsolescence [3]	(3,347)	(3,347)
Total	**38,375**	**45,114**

[1] As of March 31, 2017, spare parts for maintenance were reclassified to non-current assets in the caption property, plant and equipment caption based on inventory turnover of MUS$3.2. As of December 31, 2016, MUS$ 69.9 were reclassified for such concept.

[2] Relates to coal stock for use at Complejo Santa María Unit I.

[3] Relates to the impairment estimate on the spare parts stock.

There is no inventory pledged as collateral to secure compliance with debt obligations.

Inventory costs recognized as expense

As of March 31, 2017 and 2016, the use of inventory recognized as expenses is detailed as follows:

Inventory cost	January - March	
	2017 ThUS$	2016 ThUS$
Warehouse consumption	1,771	1,790
Oil (see Note 28)	6,970	2,090
Gas Line Pack (see Note 28)	94,484	72,356
Coal (see Note 28)	18,268	18,666
Total	**121,493**	**94,902**

14. Derivative instruments

Following the financial risk management policy described in Note 4, the Company enters into contracts with financial derivatives to hedge its exposure to interest rate variances, currency (exchange rate) and fuel prices.

Interest rate derivatives are used to determine or limit the variable interest rate of financial obligations and relate to interest rate swaps.

Currency derivatives are used to establish the U.S. dollar exchange for Chilean peso (Ch$), inflation-adjusted units (UF), Peruvian sol (PEN) and Euro (EUR), as a result of its existing obligations denominated in currencies other than U.S. dollar. Such instruments are mainly Forwards and Cross Currency Swaps.

Derivatives on fuel prices are used to mitigate the Company's fluctuations in sales revenue and energy production cost risk derived from a change in fuel prices used for such purposes. Instruments used are mainly options and forwards.

As of March 31, 2017, the Company classified all its hedges as "Cash flow hedges."

14.1 Hedging instruments

As of March 31, 2017 and December 31, 2016, this caption includes the valuation of financial instruments for such periods, detailed as follows:

Hedging assets		Current		Non-current	
		03.31.2017 ThUS$	12.31.2016 ThUS$	03.31.2017 ThUS$	12.31.2016 ThUS$
Currency hedging instrument	Cash flow hedges	-	103	4,764	-
Interest rate hedge	Cash flow hedges	-	-	4,966	5,153
Fuel price hedge	Cash flow hedges	9	905	-	-
	Total (see Note 9)	**9**	**1,008**	**9,730**	**5,153**

Hedging liabilities		Current		Non-current	
		03.31.2017 ThUS$	12.31.2016 ThUS$	03.31.2017 ThUS$	12.31.2016 ThUS$
Currency hedging instrument	Cash flow hedges	3,237	1,034	-	2,918
Interest rate hedge	Cash flow hedges	1,047	572	-	-
	Total (see Note 22.a)	**4,284**	**1,606**	-	**2,918**

The portfolio of hedging instruments at Colbún S.A. is as follows:

Hedging instruments	Fair value Hedging instruments 03.31.2017 ThUS$	Fair value Hedging instruments 12.31.2016 ThUS$	Hedged underlying asset	Hedged risk	Type of hedge
Currency forward	-	2	Project future disbursements	Exchange rate	Cash flow
Currency forward	(2,411)	100	Financial investments	Exchange rate	Cash flow
Interest rate swaps	4,841	4,939	Bank borrowings	Interest rate	Cash flow
Cross currency swaps	3,016	(4,309)	Obligations with the public (bonds)	Exchange rate and Interest rate	Cash flow
Oil options	9	905	Oil purchase	Oil price	Cash flow
Total	**5,455**	**1,637**			

As of March 31, 2017, the Company recognized no profit or losses associated with ineffective cash flow hedges.

14.2 Fair value hierarchy

The fair value of financial instruments recognized in the Statements of Financial Position has been determined based on the following hierarchy, in accordance with inputs used to conduct such measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of March 31, 2017, the calculation of fair value of all financial instruments subject to measurement, has been determined based on Level 2 of the aforementioned hierarchy.

15. Investments in subsidiaries

The consolidated financial statements include the financial statements of the Parent and subsidiaries. Information on subsidiaries as of March 31, 2017 and December 31, 2016 is detailed below.

Subsidiary	03.31.2017						
	Current assets ThUS$	Non-current assets ThUS$	Current liabilities ThUS$	Non-current liabilities ThUS$	Equity ThUS$	Revenue ThUS$	Net profit (loss) ThUS$
Empresa Eléctrica Industrial S.A.	772	15,039	3,831	8,332	3,648	1,505	512
Sociedad Hidroeléctrica Melocotón Ltda.	691	6,725	170	131	7,115	876	684
Río Tranquilo S.A.	1,597	45,815	2,344	10,882	34,186	7,372	3,750
Termoeléctrica Nehuenco S.A.	279	4,371	1,565	20,525	(17,440)	2,041	(3)
Termoeléctrica Antilhue S.A.	255	40,445	1,558	18,095	21,047	800	34
Colbún Transmisión S.A.	5,530	117,977	3,266	33,746	86,495	7,286	771
Colbún Desarrollo S.P.A.	160	-	-	-	160	-	-
Inversiones SUD S.P.A.	10	-	-	-	10	-	-
Inversiones Andinas S.P.A.	10	-	-	-	10	-	-
Colbún Perú S.A.	196	225,873	1	-	226,068	-	3,766
Inversiones Las Canteras S.A.	132	443,676	256	691	442,861	-	7,386
Fenix Power Perú S.A.	99,084	734,850	22,336	374,892	436,706	47,636	7,791

Subsidiary	12.31.2016						
	Current assets ThUS$	Non-current assets ThUS$	Current liabilities ThUS$	Non-current liabilities ThUS$	Equity ThUS$	Revenue ThUS$	Net profit (loss) ThUS$
Empresa Eléctrica Industrial S.A.	811	14,861	3,685	8,833	3,154	6,077	1,303
Sociedad Hidroeléctrica Melocotón Ltda.	685	6,040	148	146	6,431	3,212	2,493
Río Tranquilo S.A.	1,592	47,003	2,997	15,159	30,439	21,330	11,527
Termoeléctrica Nehuenco S.A.	265	4,345	2,003	20,002	(17,395)	8,278	432
Termoeléctrica Antilhue S.A.	164	41,048	1,318	18,880	21,014	4,800	1,403
Colbún Transmisión S.A.	3,148	96,731	14,079	20,576	65,224	25,562	14,897
Colbún Desarrollo S.P.A.	160	-	-	-	160	-	-
Inversiones SUD S.P.A.	10	-	-	-	10	-	-
Inversiones Andinas S.P.A.	10	-	-	-	10	-	-
Colbún Perú S.A.	198	222,173	1	-	222,370	-	3,428
Inversiones Las Canteras S.A.	390	436,087	10	860	435,607	-	6,758
Fenix Power Perú S.A.	96,363	735,358	27,992	374,682	429,047	216,727	7,130

See note 3.1.b.

16. Equity-accounted investees

a. Equity-accounted investees

The detail of equity-accounted investees and its movements as of March 31, 2017 and December 31, 2016 is described below.

Relationship	Company	Number of shares	Ownership percentage 03.31.2017	Balance as of 01.01.2017	Additions	Accrued profit or loss	Dividends	Reserve in equity: Exchange rate difference	Reserve in equity: Reserve in hedge derivatives	Total 03.31.2017
			%	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Associate	Electrogas S.A.	175,076	42.50%	17,049	-	1,839	(5,554)	-	(26)	13,308
Joint venture	Centrales Hidroeléctricas de Aysén S.A.	8,731,996	49.00%	9,245	2,763	(1,321)	-	(13)	-	10,674
Joint venture	Transmisora Eléctrica de Quillota Ltda.	-	50.00%	12,282	-	222	-	98	-	12,602
			Total	**38,576**	**2,763**	**740**	**(5,554)**	**85**	**(26)**	**36,584**

Relationship	Company	Number of shares	Ownership percentage 12.31.2016	Balance as of 01.01.2016	Additions	Accrued profit or loss	Dividends	Reserve in equity: Exchange rate difference	Reserve in equity: Reserve in hedge derivatives	Total 12.31.2016
			%	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Associate	Electrogas S.A.	175,076	42.50%	16,968	-	7,640	(8,458)	-	899	17,049
Joint venture	Centrales Hidroeléctricas de Aysén S.A.	8,731,996	49.00%	8,201	3,323	(3,106)	-	827	-	9,245
Joint venture	Transmisora Eléctrica de Quillota Ltda.	-	50.00%	10,843	-	880	-	559	-	12,282
			Total	**36,012**	**3,323**	**5,414**	**(8,458)**	**1,386**	**899**	**38,576**

b. Financial information about investments in associates and joint ventures

The information in the financial statements of the Company's associates and joint ventures as of March 31, 2017 and December 31, 2016, is as follows:

Relationship	Company	03.31.2017							
		Current asset ThUS$	Non-current asset ThUS$	Current liability ThUS$	Non-current liability ThUS$	Equity ThUS$	Revenue ThUS$	Expenses ThUS$	Retained earnings (accumulated losses) ThUS$
Associate	Electrogas S.A.	19,445	59,609	27,017	20,727	31,310	8,491	(2,083)	4,327
Joint venture	Centrales Hidroeléctricas de Aysén S.A.	1,553	22,831	2,498	103	21,783	20	(2,692)	(2,662)
Joint venture	Transmisora Eléctrica de Quillota Ltda.	10,079	18,063	268	2,667	25,207	1,057	(264)	438

Relationship	Company	12.31.2016							
		Current asset ThUS$	Non-current asset ThUS$	Current liability ThUS$	Non-current liability ThUS$	Equity ThUS$	Revenue ThUS$	Expenses ThUS$	Retained earnings (accumulated losses) ThUS$
Associate	Electrogas S.A.	13,933	60,928	14,099	20,649	40,113	35,679	(3,048)	17,977
Joint venture	Centrales Hidroeléctricas de Aysén S.A.	1,291	22,644	4,965	102	18,868	29	(6,042)	(6,399)
Joint venture	Transmisora Eléctrica de Quillota Ltda.	9,465	18,021	254	2,667	24,565	4,176	(1,010)	1,780

Additional information

i) Electrogas S.A.:

Electrogas S.A. is a company engaged in the transportation of natural gas and other fuels. It has a pipeline between "City Gate III" located in San Bernardo, Santiago, Chile and "Plant Gate" located in Quillota, Valparaíso, Chile, and a pipeline from "Plant Gate" to Colmo, Concón, Valparaíso, Chile. Its main customers are Compañía Eléctrica de Tarapacá S.A., Colbún S.A., Empresa de Gas Quinta Región (Gasvalpo), Energas S.A. and Refinería de Petróleos de Concón (RPC).

Colbún has a direct ownership interest of 42.5% in such company.

ii) Centrales Hidroeléctricas de Aysén S.A. (Hidroaysén S.A.):

Colbún has confirmed that the hydroelectric potential of Aysén benefits Chile's growth and that the option of having interests in such an entity may represent a potential source for generating long-term value, regardless the natural uncertainty about terms and contents of the resolution of the legal proceeding filed by Hidroaysén S.A., and the actions conducted by the Chilean Government on long-term energy policies for such region. In addition, such potential has an impact on many of the possible changes in the Water Code currently under being assessed by the Chilean National Congress.

Colbún owns an interest of 49% in HidroAysén S.A.

iii) Transmisora Eléctrica de Quillota Ltda.:

This company was incorporated by Colbún S.A. and San Isidro S.A. (currently, Compañía Eléctrica de Tarapacá S.A.), in June 1997, with the purpose of jointly developing and operating the required installations to transport the capacity and energy generated by their respective plants to the Quillota Substation owned by Transelec S.A.

Transmisora Eléctrica de Quillota Ltda. is the owner of San Luis substation, located beside the Nehuenco and San Isidro combined-cycle plants. In addition, it owns the high voltage line of 22KV that links the substation with Quillota substation of SIC.

Colbún has an ownership interest of 50% in this company.

17. Intangible assets other than goodwill

a. Detail by classes of intangible assets

As of March 31, 2017 and December 31, 2016, this caption is detailed as follows:

Intangible assets, net		03.31.2017 ThUS$	12.31.2016 ThUS$
Rights not internally generated	Emission rights for particulate matter	9,582	9,582
	Concessions	92	96
	Water rights	18,595	18,510
	Easements	58,322	58,118
	Intangible assets related to customers	45,745	46,539
Licenses	Software	4,805	5,284
	Total	**137,141**	**138,129**

Intangible assets, gross		03.31.2017 ThUS$	12.31.2016 ThUS$
Rights not internally generated	Emission rights for particulate matter	9,582	9,582
	Concessions	113	113
	Water rights	18,608	18,522
	Easements	59,520	59,273
	Intangible assets related to customers	46,815	46,815
Licenses	Software	12,887	12,889
	Total	**147,525**	**147,194**

Accumulated amortization		03.31.2017 ThUS$	12.31.2016 ThUS$
Rights not internally generated	Concessions	(21)	(17)
	Water rights	(13)	(12)
	Easements	(1,198)	(1,155)
	Intangible assets related to customers	(1,070)	(276)
Licenses	Software	(8,082)	(7,605)
	Total	**(10,384)**	**(9,065)**

b. Movements in intangible assets

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

Movements as of 2017	Rights not internally generated					Licenses	Intangible assets, Net
	Emission rights for particulate matter	Concessions	Water rights	Easements	Intangible assets related to customers	Software	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Balance as of January 1, 2017	9,582	96	18,510	58,118	46,539	5,284	138,129
Additions	-	-	86	500	-	-	586
Disposals	-	-	-	(253)	-	(2)	(255)
Amortization expenses (see Note 30)	-	(4)	(1)	(43)	(794)	(477)	(1,319)
Balance as of March 31, 2017	**9,582**	**92**	**18,595**	**58,322**	**45,745**	**4,805**	**137,141**

Movementes as of 2016	Rights not internally generated					Licenses	Intangible assets, Net
	Emission rights for particulate matter	Concessions	Water rights	Easements	Intangible assets related to customers	Software	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Balance as of January 1, 2016	7,701	87	18,418	57,844	3,315	3,975	91,340
Additions	-	15	96	1,548	43,500	690	45,849
Disposals	-	-	-	(1,099)	-	(228)	(1,327)
Accumulated Amortization, Disposals	-	-	-	-	-	63	63
Transport from assets under construction	1,881	-	-	-	-	2,108	3,989
Amortization expenses	-	(6)	(4)	(175)	(276)	(1,324)	(1,785)
Balance as of December 31, 2016	**9,582**	**96**	**18,510**	**58,118**	**46,539**	**5,284**	**138,129**

As detailed in Note 5.b, the Company's Management, in its assessment, determined that there is no impairment of intangible assets' carrying amount. The Company has no intangible assets pledged as collateral to secure compliance with its debt obligations.

18. Property, plant and equipment

a. Detail of property, plant and equipment

As of March 31, 2017 and December 31, 2016, the caption property, plant and equipment is detailed as follows:

Property, plant and equipment, net	03.31.2017 ThUS$	12.31.2016 ThUS$
Land	296,319	296,368
Buildings and facilities	227,654	230,010
Machinery	383	400
Transport equipment	559	591
Office equipment	3,311	3,394
IT equipment	1,759	1,620
Power-generating assets	4,085,159	4,136,815
Assets under construction	582,740	558,480
Finance leases	11,877	12,064
Other property, plant and equipment	395,799	396,085
Total	**5,605,560**	**5,635,827**
Property, plant and equipment, gross	**03.31.2017** ThUS$	**12.31.2016** ThUS$
Land	296,319	296,368
Buildings and facilities	279,348	279,186
Machinery	641	641
Transport equipment	1,581	1,581
Office equipment	8,666	8,666
IT equipment	8,231	7,925
Power-generating assets	5,354,202	5,354,184
Assets under construction	584,984	560,724
Finance leases	15,154	15,154
Other property, plant and equipment	473,296	470,006
Total	**7,022,422**	**6,994,435**
Accumulated depreciation and impairment of property, plant and equipment	**03.31.2017** ThUS$	**12.31.2016** ThUS$
Buildings and facilities	(51,694)	(49,176)
Machinery	(258)	(241)
Transport equipment	(1,022)	(990)
Office equipment	(5,355)	(5,272)
IT equipment	(6,472)	(6,305)
Power-generating assets	(1,269,043)	(1,217,369)
Assets under construction	(2,244)	(2,244)
Finance leases	(3,277)	(3,090)
Other property, plant and equipment	(77,497)	(73,921)
Total	**(1,416,862)**	**(1,358,608)**

b. Movements in property, plant and equipment

As of March 31, 2017 and December 31, 2016, the caption property, plant and equipment, net is composed of the following:

Movements as of 2017	Land ThUS$	Buildings and facilities ThUS$	Machinery ThUS$	Transport equipment ThUS$	Office equipment ThUS$	IT equipment ThUS$	Power-generating assets ThUS$	Assets under construction ThUS$	Finance leases ThUS$	Other property, plant and equipment ThUS$	Property, plant and equipment, net ThUS$
Balance as of January 1, 2017	296,368	230,010	400	591	3,394	1,620	4,136,815	558,480	12,064	396,085	5,635,827
Additions	2	-	-	-	-	306	18	24,503	-	3,209	28,038
Disposals	(51)	-	-	-	-	-	-	-	-	-	(51)
Accumulated Depreciation, Disposals	-	-	-	-	-	-	-	-	-	-	-
Transport from assets under construction	-	162	-	-	-	-	-	(243)	-	81	-
Depreciation Expenses (see Note 30)	-	(2,518)	(17)	(32)	(83)	(167)	(51,674)	-	(187)	(3,576)	(58,254)
Total movements	**(49)**	**(2,356)**	**(17)**	**(32)**	**(83)**	**139**	**(51,656)**	**24,260**	**(187)**	**(286)**	**(30,267)**
Balance as of March 31, 2017	**296,319**	**227,654**	**383**	**559**	**3,311**	**1,759**	**4,085,159**	**582,740**	**11,877**	**395,799**	**5,605,560**

Movements as of 2016	Land ThUS$	Buildings and facilities ThUS$	Machinery ThUS$	Transport equipment ThUS$	Office equipment ThUS$	IT equipment ThUS$	Power-generating assets ThUS$	Assets under construction ThUS$	Finance leases ThUS$	Other property, plant and ThUS$	Property, plant and equipment, ThUS$
Balance as of January 1, 2016	288,393	237,900	302	485	3,640	1,227	4,277,662	438,170	13,012	399,972	5,660,763
Additions	8,262	108	157	218	19	314	2,337	195,607		12,187	219,209
Additions in progress	180	-	-	-	-	-	-	-	-	-	180
Disposals	(467)	-	-	(194)	-	-	(21,032)	(2,778)	(222)	-	(24,693)
Accumulated Depreciation, Disposals	-	-	-	200	-	-	10,975	-	-	-	11,175
Impairment losses recognized in profit or loss for the year	-	-	-	-	-	-	-	(685)	-	-	(685)
Transport from assets under construction	-	1,939	-	-	107	707	59,855	(71,834)	-	5,237	(3,989)
Transport between assets	-	-	-	43	-	-	9,126	-	-	(9,169)	-
Accumulated Depreciation for Transport between Assets	-	-	-	(21)	-	-	(2,021)	-	-	2,042	-
Depreciation Expenses	-	(9,937)	(59)	(140)	(372)	(628)	(200,087)	-	(726)	(14,184)	(226,133)
Total movements	**7,975**	**(7,890)**	**98**	**106**	**(246)**	**393**	**(140,847)**	**120,310**	**(948)**	**(3,887)**	**(24,936)**
Balance as of December 31, 2016	**296,368**	**230,010**	**400**	**591**	**3,394**	**1,620**	**4,136,815**	**558,480**	**12,064**	**396,085**	**5,635,827**

c. Other disclosures

i) The Company has no property, plant and equipment pledged as collateral to secure the payment of debt obligations, except for the subsidiary Fenix Power Perú, which has collateral granted in favor of Banco Scotiabank Perú S.A. as trustee, together with other creditors under the loan contract entered into in February 2016.

As of March 31, 2017, assets pledged as collateral are detailed as follows:

Assets	03.31.2017 ThUS$	12.31.2016 ThUS$
Land	29	28
Machinery	475,101	464,989
Other property, plant and equipment	7,091	6,863
Total	**482,221**	**471,880**

ii) Colbún and its subsidiaries have entered into insurance policies to cover the possible risks to which the different items of property, plant and equipment may be exposed, as well as possible claims that might be presented because of the performance of their business activities. Such policies sufficiently cover the risks to which they are exposed.

Additionally, loss of profit that may result from a claim is covered by insurance policies engaged by the Company.

iii) As of January 31, 2017 and prior to the Directors' Committee review, the Board of Directors of Colbún approved the transfer of trunk transmission assets of Colbún S.A., which is the transmission line 2x220 KV Polpaico – Los Maquis, the substations Paño J12 de Polpaico, Tap El Llano, Los Maquis and Mulchén; and related assets such as easements, land and contracts to its subsidiary Colbún Transmisión S.A. to comply with the legal requirement of the Electric Services Act, which establishes that trunk transmission assets should be owned by a company whose line of business is solely electric power transmission.

Note that Colbún S.A. has 100% of direct and indirect ownership in Colbún Transmisión S.A., which was incorporated in 2012, and is currently the owner of other trunk transmission assets.

iv) As of March 31, 2017 and 2016, the Company had commitments associated with the acquisition of property, plant and equipment for construction agreements for ThUS$68,510 and ThUS$67,052, respectively. The companies in which it operates are: Abb S.A., Siemens S.A., Servicios Integrales De Mantenimientos Técnicos S.A., Zublin International Gmbh Chile SPA, Andritz Chile Limitada, Power Machines Agencia en Chile, Cobra Chile Servicios S.A., Abengoa Chile S.A., Vigaflow S.A., Power Machines, Andritz Hydro S.R.L., Toshiba America do Sul Ltda., Consorcio Isotron Sacyr S.A., Ingenieria Agrosonda Ltda. and Pine SpA, among others.

v) As of March 31, 2017 and 2016, accumulated capitalized interest costs (IAS 23) are detailed as follows:

Concept	January - March	
	2017	**2016**
Borrowing costs		
Capitalized borrowing costs (see Note 31)	126	202
Borrowing costs recognized as expenses	1,633	2,081
Total borrowing costs incurred	**1,759**	**2,283**
Interest costs		
Capitalized interest costs (see Note 31)	1,519	1,915
Interest expenses	18,534	24,187
Total interest costs incurred	**20,053**	**26,102**
Capitalization rate of borrowing costs subject to capitalization	4.74%	4.34%

vi) Operating leases

As of March 31, 2017 and December 31, 2016, the Company holds embedded operating leases corresponding to:

1. Transmission line contracts (Alto Jahuel-Candelaria 220 KV and Candelaria-Minero 220 KV) entered into between the Company and Corporación Nacional del Cobre de Chile. Such contracts have a term of 30 years.

2. Additional toll contracts (transmission lines - Polpaico substation-substation Maitenes) entered into between the Company and Anglo American Sur. Such contracts have a term of 21 years.

3. Energy supply and electric power contract entered into between Colbún and Corporación Nacional del Cobre de Chile. Such contract has a term of 30 years.

The estimated future charges derived from such contracts are detailed as follows:

March 31, 2017	Up to 1 year ThUS$	Between 1 and 5 years ThUS$	Over 5 years ThUS$	Total ThUS$
Minimum lease payments under operating non-cancellable leases	115,896	463,576	2,507,198	3,086,670
Total	**115,896**	**463,576**	**2,507,198**	**3,086,670**

December 31, 2016	Up to 1 year ThUS$	Between 1 and 5 years ThUS$	Over 5 years ThUS$	Total ThUS$
Minimum lease payments under operating non-cancellable leases	115,870	463,476	2,535,964	3,115,310
Total	**115,870**	**463,476**	**2,535,964**	**3,115,310**

vii) Finance leases

As of March 31, 2017, the caption property, plant and equipment includes ThUS$11,877, corresponding to the net accounting value of assets that are subject to finance lease agreements. In addition, as of December 31, 2016, property, plant and equipment included ThUS$12,064 for the same concept.

Leased assets are related to the subsidiary Fenix and correspond to a contract entered into between Consorcio Transmantaro S.A. (hereinafter, CTM), in which CTM is obliged to provide maintenance and operating services to the 8-km transmission line between the substation Chilca and the thermoelectric power plant Fenix. Such contract has a term of 20 years and accrues an annual interest of 12%. Additionally, CTM is obliged to build facilities for the rendering of transmission line services.

The present value of future payments derived from such contracts is as follows:

March 31, 2017	Up to 1 year ThUS$	Between 1 and 5 years ThUS$	Over 5 years ThUS$	Total ThUS$
Gross	2,362	10,449	34,711	**47,522**
Interest	1,971	8,583	21,607	**32,161**
Present value (see Note 22.a)	391	1,866	13,104	**15,361**

December 31, 2016	Up to 1 year ThUS$	Between 1 and 5 years ThUS$	Over 5 years ThUS$	Total ThUS$
Gross	2,362	11,040	34,710	**48,112**
Interest	1,982	9,071	21,608	**32,661**
Present value (see Note 22.a)	380	1,969	13,102	**15,451**

viii) Additional information required for XBRL taxonomy.

1. Disbursements recognized during construction

Disbursements recognized during the construction, gross	03.31.2017 ThUS$	12.31.2016 ThUS$
Assets under construction	37,491	141,736
Total	**37,491**	**141,736**

2. Assets fully depreciated still in use

Assets fully depreciated still in use, gross	03.31.2017 ThUS$	12.31.2016 ThUS$
Buildings	90	62
Machinery	30	25
Transport equipment	452	452
Office equipment	3,774	3,730
IT equipment	5,507	5,325
Power-generating assets	43,207	42,699
Other property, plant and equipment	1,414	1,411
Total	**54,474**	**53,704**

Assets fully depreciated still in use, Accumulated Depreciation and Impairment	03.31.2017 ThUS$	12.31.2016 ThUS$
Buildings	(90)	(62)
Machinery	(30)	(25)
Transport equipment	(452)	(452)
Office equipment	(3,774)	(3,730)
IT equipment	(5,507)	(5,325)
Power-generating assets	(43,207)	(42,699)
Other property, plant and equipment	(1,414)	(1,411)
Total	**(54,474)**	**(53,704)**

ix) Detail of other property, plant and equipment:

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

Other net property, plant and equipment	03.31.2017 ThUS$	12.31.2016 ThUS$
Substations	155,177	157,618
Transmission lines	139,173	140,218
Spare parts classified as property, plant and equipment	101,440	98,238
Other property, plant and equipment	9	11
Balance of Other net property, plant and equipment	**395,799**	**396,085**

Other property, plant and equipment, gross	03.31.2017 ThUS$	12.31.2016 ThUS$
Substations	205,041	205,041
Transmission lines	165,372	165,284
Spare parts classified as property, plant and equipment	101,440	98,238
Other property, plant and equipment	1,443	1,443
Total Other property, plant and equipment, gross	**473,296**	**470,006**

Accumulated depreciation and impairment of other property, plant and equipment	03.31.2017 ThUS$	12.31.2016 ThUS$
Substations	(49,864)	(47,423)
Transmission lines	(26,199)	(25,066)
Other property, plant and equipment	(1,434)	(1,432)
Total depreciation and impairment	**(77,497)**	**(73,921)**

x) Detail of power-generating assets

Power-generating assets, net		03.31.2017 ThUS$	12.31.2016 ThUS$
Power-generating civil works	Hydropower	1,670,570	1,686,572
	Coal-fired thermal power	194,388	196,248
	Oil and gas-fired thermal power	26,716	27,020
Power-generating-equipment and	Hydropower	305,604	326,626
	Coal-fired thermal power	500,370	506,119
	Oil and gas-fired thermal power	1,387,511	1,394,230
Balance of power-generating assets, net		**4,085,159**	**4,136,815**

Power-generating assets, gross		03.31.2017 ThUS$	12.31.2016 ThUS$
Power-generating civil works	Hydropower	2,198,701	2,198,701
	Coal-fired thermal power	228,430	228,430
	Oil and gas-fired thermal power	35,643	35,643
Power-generating-equipment and	Hydropower	741,019	741,019
	Coal-fired thermal power	604,030	604,030
	Oil and gas-fired thermal power	1,546,379	1,546,361
Total power-generating assets, gross		**5,354,202**	**5,354,184**

Accumulated depreciation and impairment of power-generating assets		03.31.2017 ThUS$	12.31.2016 ThUS$
Power-generating civil works	Hydropower	(528,131)	(512,129)
	Coal-fired thermal power	(34,042)	(32,182)
	Oil and gas-fired thermal power	(8,927)	(8,623)
Power-generating equipment and	Hydropower	(435,415)	(414,393)
	Coal-fired thermal power	(103,660)	(97,911)
	Oil and gas-fired thermal power	(158,868)	(152,131)
Total depreciation and impairment		**(1,269,043)**	**(1,217,369)**

19. Current tax assets

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

	Current	
	03.31.2017 ThUS$	12.31.2016 ThUS$
Recoverable taxes from previous years	843	678
Recoverable taxes from the year	4,840	4,601
Total	**5,683**	**5,279**

20. Other non-financial assets

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

	Current		Non-current	
	03.31.2017 ThUS$	12.31.2016 ThUS$	03.31.2017 ThUS$	12.31.2016 ThUS$
Insurance premiums for facilities and civil responsibility	9,668	14,026	-	-
Prepayments	14,697	13,064	20,503	20,710
Patent for no use of water rights (1)	-	-	13,234	8,040
Prepayments for spare parts GE - Siemens	-	-	18,617	15,927
Other miscellaneous assets	101	100	1,424	1,121
Total	**24,466**	**27,190**	**53,778**	**45,798**

(1) Credit under Article No.129 bis 20 of the Chile's water code Decre Law No. 1,122. As of March 31, 2017, the Company recognized no impairment charges, while as of December 31, 2016, the Company recognized ThUS$1,730. The payment of these patents relates to the implementation of projects that will use such water rights; accordingly, is an economic variable under permanent assessment by the Company. In this context, the Company accurately controls the payments made and acknowledges the estimates of project start-ups to recognize the impairment of an asset, if it is foreseen that its use will be subsequent to the leverage ratio of the Fiscal Credit.

21. Income taxes

a. Income tax benefit (expense)

Income (expense) from income taxes	January - March	
	2017 ThUS$	2016 ThUS$
Income (expense) from current income taxes		
Current tax expenses	(22,184)	(26,343)
Adjustments to prior period current tax expense	1,558	-
Total current income tax benefit (provision), net	**(20,626)**	**(26,343)**
Income (expense) from deferred income taxes		
Income (expense) for deferred taxes arising from temporary differences	-	8,789
Other deferred tax expenses	6,931	-
Total profit or loss for deferred taxes, net	**6,931**	**8,789**
Income tax benefit (expense)	**(13,695)**	**(17,554)**

a.1 Reconciliation of current taxes

As of March 31, 2017 and December 31, 2016, the reconciliation of current taxes to income tax is as follows:

Current tax reconciliation	03.31.2017						
Company	Current taxes (profit or loss) ThUS$	Current taxes for equity adjustments ThUS$	Monthly provisional income tax payments ThUS$	Other credits ThUS$	Tax under Article No. 21 (profit or loss) ThUS$	Tax assets ThUS$	Tax liabilities ThUS$
Colbún S.A.	(16,825)	(230)	7,989	1	(24)	-	(9,089)
Empresa Eléctrica Industrial S.A.	(192)	-	221	-	-	29	-
Soc. Hidroeléctrica Melocotón Ltda.	(230)	-	210	-	-	-	(20)
Termoeléctrica Antilhue S.A.	(112)	-	198	-	-	86	-
Río Tranquilo S.A.	(1,735)	-	1,792	-	-	57	-
Colbún Transmisión S.A.	(1,653)	-	1,049	-	-	-	(604)
Fenix Power S.A.	(1,413)	-	3,077	3,005	-	4,668	-
Total	**(22,160)**	**(230)**	**14,536**	**3,006**	**(24)**	**4,840**	**(9,713)**

Current tax reconciliation	12.31.2016						
Company	Current taxes (profit or loss) ThUS$	Current taxes for equity adjustments ThUS$	Monthly provisional income tax payments ThUS$	Other credits ThUS$	Tax under Article No. 21 (profit or loss) ThUS$	Tax assets ThUS$	Tax liabilities ThUS$
Colbún S.A.	(51,816)	(2,154)	24,753	325	(181)	-	(29,073)
Empresa Eléctrica Industrial S.A.	(716)	-	581	7	(1)	-	(129)
Soc. Hidroeléctrica Melocotón Ltda.	(806)	-	716	-	-	-	(90)
Termoeléctrica Antilhue S.A.	(821)	-	985	-	-	164	-
Termoeléctrica Nehuenco S.A.	-	-	-	1	-	1	-
Río Tranquilo S.A.	(4,575)	-	3,127	18	-	-	(1,430)
Colbún Transmisión S.A.	(5,580)	-	3,697	-	-	-	(1,883)
Fenix Power S.A.	(1,916)	-	3,279	3,074	-	4,436	-
Total	**(66,230)**	**(2,154)**	**37,138**	**3,425**	**(182)**	**4,601**	**(32,605)**

As of March 31, 2017, Colbún S.A., along with its subsidiaries, generated taxable income and, accordingly, it recognized a consolidated income tax liability, net of monthly provisional income tax payments, amounting to ThUS$9,713.

In the case of the foreign subsidiary Fenix Power Perú S.A., as of March 31, 2017, it recognizes accumulated tax losses of ThUS$136,913. Accordingly, and as established by the Peruvian tax legislation, the subsidiary will use, on an annual basis, its loss carryforward by up to a 50% of the tax result for the period, generating as of to date a provision for income tax of ThUS$1,413. Additionally, as of March 31, 2017, the accumulated tax losses of the domestic subsidiary Termoeléctrica Nehuenco S.A. amount to ThUS$14,051. With respect to the aforementioned subsidiaries with accumulated tax losses, such losses are expected to reverse in the future; accordingly, a deferred tax asset was recognized.

In accordance with IAS 12, a deferred tax asset for tax losses is recognized when Management has determined that is probable that future taxable income will be available against which they can be offset. This situation occurs in subsidiaries that recognize tax losses.

a.2 Reconciliation of consolidated tax expense

As of March 31, 2017 and 2016, the total tax expense can be reconciled to the accounting profit as follows:

Income tax expense (benefit)	**January - March**	
	2017 ThUS$	**2016** ThUS$
Profit before tax	74,217	93,597
Tax expense using the legal rate [(1)]	**(18,925)**	**(22,661)**
Differences between US dollars and tax financial accounting in local currency through deferred taxes [(2)]	4,862	5,107
Tax effect of exchange rate differences in other jurisdictions	(100)	-
Other differences	468	-
Income tax expense (benefit)	**(13,695)**	**(17,554)**

[(1)] As of March 31, 2017, the income tax expense was calculated using the legal tax rate of 25.5% (Law No. 20.780) for the Chilean operations and the legal tax rate of 29.5% for the Peruvian operations. (1) As of December 31, 2016, the tax expense was calculated using the legal tax rate of 24% (Law No. 20.780) for the Chilean operations and the legal tax rate of 28% for the Peruvian operations.

[(2)] In accordance with the International Financial Reporting Standards (IFRS), the Company and its subsidiaries recognize their tax and financial operations at their functional currency, which is the U.S. dollar. With respect to the foreign subsidiaries, the local currency is used for tax purposes.

a.3 Calculation of the effective rate

Tax rate	**January - March**	**06.30.2013**
	2017 %	**2016** %
Legal tax rate	25.50%	24.0%
Total adjustments to the legal tax rate	-7.20%	-5.2%
Total tax effect of exchange rate differences in other jurisdictions	0.10%	0.0%
Effective tax rate	**18.40%**	**18.8%**

b. Tax liabilities

	Current	
	03.31.2017 ThUS$	**12.31.2016** ThUS$
Taxes payable for prior years	31,884	-
Taxes payable for current year	9,713	32,605
Total	**41,597**	**32,605**

c. Deferred taxes

As of March 31, 2017 and December 31, 2016, deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	**03.31.2017** ThUS$	**12.31.2016** ThUS$
Deferred taxes related to tax losses	44,197	43,001
Deferred taxes related to inventories	2,065	2,833
Other deferred taxes	3,227	7,298
Deferred tax related to provisions	6,742	3,515
Deferred taxes RNR	583	583
Deferred taxes related to contingencies	721	46
Deferred taxes related to obligations for post-employment benefits	5,341	4,959
Deferred taxes related to tax expense	3,055	3,939
Deferred tax assets	**65,931**	**66,174**
Deferred tax liability	**03.31.2017** ThUS$	**12.31.2016** ThUS$
Deferred taxes related to depreciation	(998,756)	(1,006,785)
Deferred taxes related to intangible assets	(3,833)	(4,388)
Other deferred taxes	(6,442)	(5,561)
Deferred tax related to hedging instruments	(825)	(284)
Deferred tax liabilities	**(1,009,856)**	**(1,017,018)**
Deferred tax assets and liabilities, net	**(943,925)**	**(950,844)**

The net position of deferred taxes per company is as follows:

Net deferred tax position by company				
Company	Net position			
	Asset		Liabilities	
	03.31.2017 ThUS$	12.31.2016 ThUS$	03.31.2017 ThUS$	12.31.2016 ThUS$
Empresa Eléctrica Industrial S.A.	-	-	(405)	(383)
Termoeléctrica Nehuenco S.A.	4,371	4,345	-	-
Soc. Hidroeléctrica Melocotón Ltda.	-	-	(131)	(146)
Colbún S.A.	-	-	(913,788)	(917,325)
Termoeléctrica Antilhue S.A.	-	-	(8,325)	(8,396)
Río Tranquilo S.A.	-	-	(10,373)	(10,162)
Colbún Transmisión S.A.	-	-	(23,580)	(20,576)
Colbún Perú S.A.	14	13	-	-
Inversiones Las Canteras S.A.	-	-	(691)	(860)
Fénix Power Perú S.A.	8,983	2,646	-	-
Subtotal	**13,368**	**7,004**	**(957,293)**	**(957,848)**
		Net deferred taxes	**(943,925)**	**(950,844)**

d. Income tax in other comprehensive income

	January - March	
	2017 ThUS$	2016 ThUS$
Related to cash flow hedges	(565)	(162)
Related to defined benefit plans	322	199
Income tax related to components of other comprehensive income	**(243)**	**37**
Related to the share of other comprehensive income in associates and joint ventures using the equity method	10	-
Income tax related to components of other comprehensive income	**(233)**	**37**

22. Other financial liabilities

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

a. Obligations with financial institutions

Other financial liabilities	Current		Non-current	
	03.31.2017 ThUS$	12.31.2016 ThUS$	03.31.2017 ThUS$	12.31.2016 ThUS$
Borrowings from financial institutions [1]	1,143	3,350	344,147	343,868
Liabilities under lease arrangements	392	380	14,969	15,071
Obligations with the public (bonds, trade effects) [1]	38,464	47,708	1,300,045	1,295,131
Hedge derivatives[2]	4,284	1,606	-	2,918
Total	**44,283**	**53,044**	**1,659,161**	**1,656,988**

[1] Interest accrued for borrowings with financial institutions and obligations with the public have been determined using the effective rate. In January 2017, the interests of the bond 144/A of MUS$26.3 were paid.

[2]See note 14.1

b. Financial debt by currency

The financial debt value of Colbún (bank liabilities, bonds and leases), considering only the effect of derivative instruments (liability position) is as follows:

Financial debt by currency	03.31.2017 ThUS$	12.31.2016 ThUS$
U.S. dollar	1,605,112	1,614,379
Inflation-adjusted units (UF)	98,332	95,653
Total	**1,703,444**	**1,710,032**

c. Maturity and currency of the obligations with financial institutions

Bank borrowings

As of 03.31.2017	
Debtor's ID number	0-E
Debtor's name	Fenix Power Perú S.A.
Debtor's country	Peru
Creditor's ID number	0-E
Creditor's name	The Bank of Nova Scotia
Creditor's country	Canada
Currency or inflation-adjusted unit	US$
Amortization type	Bullet
Interest type	Variable
Base	Libor 6M
Effective rate	2,87%
Nominal rate	2,23%

Nominal amount	ThUS$	Total
up to 90 days	-	-
90 days to 1 year	1,143	**1,143**
1-3 years	**-**	**-**
1-2 years	-	-
2-3 years	-	-
3-5 years	**347,700**	**347,700**
3-4 years	347,700	**347,700**
4-5 year	-	-
More than 5 years	**-**	**-**
Subtotal Nominal amount	**348,843**	**348,843**

Carrying amount	ThUS$	Total
up to 90 days		-
90 days to 1 year	1,143	**1,143**
Bank borrowings, current	**1,143**	**1,143**

1-3 years	**-**	**-**
1-2 years	-	-
2-3 years	-	-
3-5 years	**344,147**	**344,147**
3-4 years	344,147	**344,147**
4-5 year	-	573
More than 5 years	**-**	**-**
Bank borrowings, non-current	**344,147**	**344,147**
Total bank borrowings	**345,290**	**345,290**

Bank borrowings

As of 12.31.2016	
Debtor’s ID number	0-E
Debtor’s name	Fenix Power Perú S.A.
Debtor’s country	Peru
Creditor’s ID number	0-E
Creditor’s name	The Bank of Nova Scotia
Creditor's country	Canada
Currency or inflation-adjusted unit	US$
Amortization type	Bullet
Interest type	Variable
Base	Libor 6M
Effective rate	2,86%
Nominal rate	2,34%

Nominal amount	**ThUS$**	**Total**
up to 90 days	3,350	**3,350**
90 days to 1 year	-	**-**
1-3 years	**-**	**-**
1-2 years	-	-
2-3 years	-	-
3-5 years	**347,700**	**347,700**
3-4 years	347,700	347,700
4-5 year	-	-
More than 5 years	**-**	**-**
Subtotal Nominal amount	**351,050**	**351,050**

Carrying amount	**ThUS$**	**Total**
up to 90 days	3,350	**3,350**
90 days to 1 year	-	**-**
Bank borrowings, current	**3,350**	**3,350**
1-3 years	**-**	**-**
1-2 years	-	-
2-3 years	-	-
3-5 years	**343,868**	**343,868**
3-4 years	343,868	343,868
4-5 year	-	-
More than 5 years	**-**	**-**
Bank borrowings, non-current	**343,868**	**343,868**
Total bank borrowings	**347,218**	**347,218**

Obligations with the public

As of 03.31.2017						
Debtor's ID number	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	
Registration number	234	499	538	-	-	
Series	Series C	Series F	Series I	144A/RegS	144A/RegS	
Maturity date	10/15/2021	5/1/2028	6/10/2029	1/21/2020	7/10/2024	
Currency or inflation-adjusted unit	UF	UF	UF	US$	US$	
Amortization frequency	Biannual	Biannual	Biannual	Bullet	Bullet	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	
Base	Fixed	Fixed	Fixed	Fixed	Fixed	
Effective rate	8.10%	4.46%	5.02%	6.26%	4.97%	
Nominal rate	7.00%	3.40%	4.50%	6.00%	4.50%	
Nominal amount	**ThUS$**					**Total ThUS$**
up to 90 days	4,638	10,533	1,627	-	-	**16,798**
90 days to 1 year	3,513	7,974	-	5,750	5,000	**22,237**
1-3 years	**14,951**	**31,898**	**16,311**	**500,000**	**-**	**563,160**
1-2 years	7,291	15,949	5,437	-	-	28,677
2-3 years	7,660	15,949	10,874	500,000	-	534,483
3-5 years	**16,503**	**31,898**	**21,748**	**-**	**-**	**70,149**
3-4 years	8,048	15,949	10,874	-	-	34,871
4-5 year	8,455	15,949	10,874	-	-	35,278
More than 5 years	**-**	**103,668**	**81,557**	**-**	**500,000**	**685,225**
Subtotal nominal amounts	**39,605**	**185,971**	**121,243**	**505,750**	**505,000**	**1,357,569**
Carrying amount	**ThUS$**					**Total ThUS$**
up to 90 days	4,584	10,302	1,627	-	-	**16,513**
90 days to 1 year	3,458	7,743	-	5,750	5,000	**21,951**
Current obligations with the public	**8,042**	**18,045**	**1,627**	**5,750**	**5,000**	**38,464**
1-3 years	**14,715**	**30,976**	**15,960**	**497,653**	**-**	**559,304**
1-2 years	7,176	15,488	5,320	-	-	27,984
2-3 years	7,539	15,488	10,640	497,653	-	531,320
3-5 years	**16,243**	**30,976**	**21,280**	**-**	**-**	**68,499**
3-4 years	7,921	15,488	10,640	-	-	34,049
4-5 year	8,322	15,488	10,640	-	-	34,450
More than 5 years	**-**	**100,668**	**79,798**	**-**	**491,776**	**672,242**
Non-current obligations with the public	**30,958**	**162,620**	**117,038**	**497,653**	**491,776**	**1,300,045**
Total obligations with the public	**39,000**	**180,665**	**118,665**	**503,403**	**496,776**	**1,338,509**

Obligations with the public

As of 12.31.2016						
Debtor's ID number	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	
Registration number	234	499	538	-	-	
Series	Series C	Series F	Series I	144A/RegS	144A/RegS	
Maturity date	10/15/2021	5/1/2028	6/10/2029	1/21/2020	7/10/2024	
Currency or inflation-adjusted unit	UF	UF	UF	US$	US$	
Amortization frequency	Biannual	Biannual	Biannual	Bullet	Bullet	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	
Base	Fixed	Fixed	Fixed	Fixed	Fixed	
Effective rate	8.10%	4.46%	5.02%	6.26%	4.97%	
Nominal rate	7.00%	3.40%	4.50%	6.00%	4.50%	
Nominal amount	**ThUS$**					**Total ThUS$**
up to 90 days	-	-	-	13,250	10,625	**23,875**
90 days to 1 year	7,392	16,742	292	-	-	**24,426**
1-3 years	**14,756**	**31,484**	**16,100**	**-**	**-**	**62,340**
1-2 years	7,196	15,742	5,367	-	-	28,305
2-3 years	7,560	15,742	10,733	-	-	34,035
3-5 years	**16,288**	**31,484**	**21,466**	**500,000**	**-**	**569,238**
3-4 years	7,943	15,742	10,733	500,000	-	534,418
4-5 year	8,345	15,742	10,733	-	-	34,820
More than 5 years	**-**	**102,322**	**80,498**	**-**	**500,000**	**682,820**
Subtotal nominal amounts	**38,436**	**182,032**	**118,356**	**513,250**	**510,625**	**1,362,699**
Carrying amount	**ThUS$**					**Total ThUS$**
up to 90 days	-	-	-	13,250	10,625	**23,875**
90 days to 1 year	7,276	16,265	292	-	-	**23,833**
Current obligations with the public	**7,276**	**16,265**	**292**	**13,250**	**10,625**	**47,708**
1-3 years	**14,506**	**30,530**	**15,740**	**-**	**-**	**60,776**
1-2 years	7,074	15,265	5,247	-	-	27,586
2-3 years	7,432	15,265	10,493	-	-	33,190
3-5 years	**16,013**	**30,530**	**20,986**	**497,437**	**-**	**564,966**
3-4 years	7,809	15,265	10,493	497,437	-	531,004
4-5 year	8,204	15,265	10,493	-	-	33,962
More than 5 years	**-**	**99,222**	**78,699**	**-**	**491,468**	**669,389**
Non-current obligations with the public	**30,519**	**160,282**	**115,425**	**497,437**	**491,468**	**1,295,131**
Total obligations with the public	**37,795**	**176,547**	**115,717**	**510,687**	**502,093**	**1,342,839**

Lease obligations

As of 03.31.2017	
Debtor's ID number	0-E
Debtor's name	Fenix Power Perú S.A.
Debtor's country	Peru
Creditor's ID number	0-E
Creditor's name	Consorcio Transmantaro S.A.
Creditor's country	Peru
Currency or inflation-adjusted	US$
Amortization type	Quarterly
Interest type	Fixed
Base	-
Effective rate	12.00%
Nominal rate	12.00%

Nominal amount	**ThUS$**	**Total**
Up to 90 days	-	**-**
90 days to 1 year	392	**392**
1-3 years	**783**	**783**
1-2 years	326	326
2-3 years	457	457
3-5 years	**1,084**	**1,084**
3-4 years	511	511
4-5 year	573	573
More than 5 years	**13,102**	**13,102**
Subtotal Nominal amount	**15,361**	**15,361**

Carrying amount	**ThUS$**	**Total**
Up to 90 days	-	**-**
90 days to 1 year	392	**392**
Liabilities under lease arrangements, current	**392**	**392**
1-3 years	**783**	**783**
1-2 years	326	326
2-3 years	457	457
3-5 years	**1,084**	**1,084**
3-4 years	511	511
4-5 year	573	573
More than 5 years	**13,102**	**13,102**
Liabilities under lease arrangements, non-current	**14,969**	**14,969**
Total liabilities under lease arrangements	**15,361**	**15,361**

Lease obligations

As of 12.31.2016	
Debtor's ID number	0-E
Debtor's name	Fenix Power Perú S.A.
Debtor's country	Peru
Creditor's ID number	0-E
Creditor's name	Consorcio Transmantaro S.A.
Creditor's country	Peru
Currency or inflation-adjusted	US$
Amortization type	Quarterly
Interest type	Fixed
Base	-
Effective rate	12.00%
Nominal rate	12.00%

Nominal amount	**ThUS$**	**Total**
Up to 90 days	-	**-**
90 days to 1 year	380	**380**
1-3 years	**885**	**885**
1-2 years	428	428
2-3 years	457	457
3-5 years	**1,084**	**1,084**
3-4 years	511	511
4-5 year	573	573
More than 5 years	**13,102**	**13,102**
Subtotal Nominal amount	**15,451**	**15,451**

Carrying amount	**ThUS$**	**Total**
Up to 90 days	-	**-**
90 days to 1 year	380	**380**
Liabilities under lease arrangements, current	**380**	**380**
1-3 years	**885**	**885**
1-2 years	428	428
2-3 years	457	457
3-5 years	**1,084**	**1,084**
3-4 years	511	511
4-5 year	573	573
More than 5 years	**13,102**	**13,102**
Liabilities under lease arrangements, non-current	**15,071**	**15,071**
Total liabilities under lease arrangements	**15,451**	**15,451**

c.1 Expected interests by currency of the obligations with financial institutions:

Liabilities	Currency	Interest as of 03.31.2017		Capital	Date Maturity	Maturity					Total interest	Total debt
		Accrued	Forecasted			Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years		
The Bank of Nova Scotia (Fenix Power Perú)	US$	1,143	22,157	347,700	2/5/2020	-	7,767	15,534	-	-	23,301	371,001
Finance lease (Fenix Power Perú)	US$	-	19,445	15,976	3/28/2033	465	1,379	3,551	3,330	10,720	19,445	35,421
Series C Bond	Adjustable UF	30	159	963	4/15/2021	33	30	90	36	-	189	1,152
Series F Bond	Adjustable UF	64	866	4,600	5/1/2028	78	74	263	209	307	931	5,531
Series I Bond	Adjustable UF	41	927	3,000	6/10/2029	67	67	258	212	364	968	3,968
Bond 144A/RegS 2010	US$	5,750	84,250	500,000	1/21/2020	-	30,000	60,000	-	-	90,000	590,000
Bond 144A/RegS 2014	US$	5,000	163,750	500,000	7/10/2024	-	22,500	45,000	45,000	56,250	168,750	668,750

Liabilities	Currency	Interest as of 12.31.2016		Capital	Date Maturity	Maturity					Total interest	Total debt
		Accrued	Forecasted			Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years		
The Bank of Nova Scotia (Fenix Power Perú)	US$	3,351	25,177	347,700	2/5/2020	4,075	4,075	16,302	4,075	-	28,528	376,228
Finance lease (Fenix Power Perú)	US$	-	20,363	15,684	3/28/2033	-	1,882	3,628	3,407	11,446	20,363	36,047
Series C Bond	Adjustable UF	14	175	963	4/15/2021	-	63	90	36	-	189	1,152
Series F Bond	Adjustable UF	25	905	4,600	5/1/2028	-	152	263	209	306.00	930	5,530
Series I Bond	Adjustable UF	7	961	3,000	6/10/2029	-	134	258	212	364.00	968	3,968
Bond 144A/RegS 2010	US$	13,250	91,750	500,000	1/21/2020	15,000	15,000	60,000	15,000	-	105,000	605,000
Bond 144A/RegS 2014	US$	10,625	169,375	500,000	7/10/2024	11,250	11,250	45,000	45,000	67,500	180,000	680,000

(1) Liabilities at variable rate include the determination of the current tax rate as of March 31, 2017 and December 31, 2016, respectively, in the calculation of expected interests.

d. Committed and uncommitted revolving credit facilities

The Company has uncommitted revolving credit facilities for approximately MUS$150.

Other revolving credit facilities:

The Company has a revolving credit facility of UF 2.5 million for issuance of commercial papers registered at the Chilean Superintendence of Securities and Insurance (SVS) in July 2008, with a life of 10 years.

Additionally, the Company has two lines of bonds registered at the SVS of up to UF 7 million with a life of 10 years and 30 years, respectively (from the date of approval in August 2009), against which no placements have been performed as of to date.

23. Trade and other payables

As of March 31, 2017 and December 31, 2016, trade and other payables are composed of the following:

	Current		Non-current	
	03.31.2017 ThUS$	12.31.2016 ThUS$	03.31.2017 ThUS$	12.31.2016 ThUS$
Trade payables	145,479	197,393	-	-
Other payables	10,949	10,552	18,993	18,960
Total	**156,428**	**207,945**	**18,993**	**18,960**

As of March 31, 2017, this caption comprises the following:

Main creditors	%
Andritz Hydro S.R.L.	11
Campanario Generación S.A.	6
Siemens Energy, Inc.	5
Transelec S.A.	4
GE Energy Parts International, Llc.	3
Voith Hydro Services Ltda.	3
Petrobras Chile Distribuidora Ltda.	3
Siemens AG	3
General Electric Energy Parts, Inc.	2
Consorcio Transmantaro S.A.	1
Golder Associates Perú S.A.	1
Simpson Thacher & Bartlett Llp	1
Other	57
	100

a) Aging of the portfolio of trade and other payables:

Current suppliers

Concept	Balance as of 03.31.2017	
	1-30 days ThUS$	**Total** ThUS$
Goods	58,067	**58,067**
Services	77,626	**77,626**
Other	9,670	**9,670**
Subtotal	**145,363**	**145,363**

Concept	Balance as of 12.31.2016	
	1-30 days ThUS$	**Total ThUS$**
Goods	67,365	**67,365**
Services	94,750	**94,750**
Other	32,622	**32,622**
Subtotal	**194,737**	**194,737**

As of March 31, 2017, the amounts payable for invoices receivable for goods and services amount to ThUS$116,028; as of December 31, 2016 amounted to ThUS$101,652.

b) Aging of the portfolio of trade and other payables:

Past due amounts for trade payables

Concept	Balance as of 03.31.2017						
	1-30 days ThUS$	**31-60** ThUS$	**61-90** ThUS$	**91-120** ThUS$	**121 - 180** ThUS$	**More than 180** ThUS$	**Total** ThUS$
Goods	-	-	-	-	-	-	-
Services	-	-	-	-	-	16	**16**
Other	-	-	-	-	-	100	**100**
Subtotal	**-**	**-**	**-**	**-**	**-**	**116**	**116**

Concept	Balance as of 12.31.2016						
	1-30 days ThUS$	**31-60 ThUS$**	**61-90 ThUS$**	**91-120 ThUS$**	**121 - 180 ThUS$**	**More than 180 ThUS$**	**Total ThUS$**
Goods	23	-	-	-	-	33	**56**
Services	2,148	-	-	-	-	350	**2,498**
Other	-	-	-	-	-	102	**102**
Subtotal	**2,171**	**-**	**-**	**-**	**-**	**485**	**2,656**

For accounts payable to suppliers, the average payment period is 30 days; as a result of this, the fair value does not differ significantly from the related carrying amount.

Trade payables with a payment period greater than 180 days are pending payment, waiting for documentation to be sent by suppliers required to settle the debt.

24. Provisions

a. Description of provisions

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

Provisions	Current		Non-current	
	03.31.2017 ThUS$	12.31.2016 ThUS$	03.31.2017 ThUS$	12.31.2016 ThUS$
Other provisions				
Other provisions, current	13,747	7,393	-	-
Total	**13,747**	**7,393**	**-**	**-**
Provisions for employee benefits				
Provision for employee benefits (note 24.f)	7,682	14,996	1,066	1,067
Provision for IPAS reserve, non-current (note 24.g.i)	-	-	28,067	26,441
Total	**7,682**	**14,996**	**29,133**	**27,508**
Total provisions	**21,429**	**22,389**	**29,133**	**27,508**

b. Movements in provisions during the year

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

Movements in provisions in 2017	Provisions				
	Holidays and incentives ThUS$	Supply agreements[1] ThUS$	Thermal power plant emissions ThUS$	Other [2] ThUS$	Total ThUS$
Balance as of January 1, 2017	14,996	2,233	-	5,160	22,389
Increase (decrease) in current provisions	3,511	-	6,128	226	9,865
Provision used	(10,825)	-	-	-	(10,825)
Balance as of March 31, 2017	**7,682**	**2,233**	**6,128**	**5,386**	**21,429**

Movements in provisions, 2016	Provisions				
	Holidays and incentives ThUS$	Supply agreements[1] ThUS$	Thermal power plant emissions ThUS$	Other [2] ThUS$	Total ThUS$
Balance as of January 1, 2016	11,237	10,918	-	4,583	26,738
Increase (decrease) in current provisions	14,026	(8,685)	-	1,172	6,513
Provision used	(10,267)	-	-	(595)	(10,862)
Balance as of December 31, 2016	**14,996**	**2,233**	**-**	**5,160**	**22,389**

(1) Provisions arising from differences related to supplies agreed with clients
(2) Provisions for differences and/or tax and administrative contingencies. (See Note 35.c)

c. Environmental restoration

The provision for dismantling corresponds to future costs that will be incurred at the end of the useful life of the assets for the removal of ashes and rehabilitation of the seafloor in the Santa María Unidad I Complex in accordance with the Environmental Resolution for the project; they included the items at their present value of the disbursements that will be required to settle the obligation. Accordingly, the Company has established provisions for this concept, that at period-end amounted to ThUS$207.

d. Restructuring

The Company has established no provisions for this concept.

e. Litigations

As of March 31, 2017 and December 31, 2016, the Company recognized provisions for litigations in accordance with IAS 37 (see note 35, letter c).

f. Employee benefits

The Company recognizes provisions for benefits and bonuses for its employees, such as accrued vacations, benefits for termination of project contracts and performance incentives.

Employee benefits	Current		Non-current	
	03.31.2017 ThUS$	12.31.2016 ThUS$	03.31.2017 ThUS$	12.31.2016 ThUS$
Accrued vacations, current	3,133	3,783	-	-
Performance incentive, current	4,549	11,213	-	-
Termination of contract for project completion	-	-	1,066	1,067
Total	**7,682**	**14,996**	**1,066**	**1,067**

g. Provision for employee benefits, non-current

The Company and some subsidiaries have recorded a provision to cover the indemnity payments for all events in accordance with the collective bargaining agreements entered into with its employees. This provision represents the total accrued provision (see note 3.1. m.).

The basis for the actuarial calculation of the obligations with employees is permanently assessed by the Company. As of March 31, 2017, the Company has updated some indicators to better reflect the current market conditions.

i) The detail of provision for employee benefits - As of March 31, 2017 and December 31, 2016,this caption comprises the following:

Provision for employee benefits	03.31.2017 ThUS$	12.31.2016 ThUS$
Severance indemnity payments	28,067	26,441
Total	**28,067**	**26,441**

Present value of the obligation for defined benefit plans	03.31.2017 ThUS$	12.31.2016 ThUS$
Opening balance	26,441	22,075
Cost of current service	416	1,626
Interest cost	102	394
Foreign currency translation differences	219	1,342
Actuarial profit (loss) by experience	(30)	1
Actuarial profit (loss) by assumption	1,386	2,907
Payments	(467)	(1,904)
Closing balance (see note 24.a)	**28,067**	**26,441**

ii) Actuarial assumptions - The main assumptions used for actuarial calculation purposes are as follows:

Actuarial basis used		03.31.2017	12.31.2016
Discount rate		1.54%	1.68%
Expected rate of salary increases		2.65%	2.65%
Turnover rate	Voluntary	3.10%	3.30%
	Dismissal	2.50%	2.40%
Retirement age	Men	65	65
	Women	60	60
Mortality rate		RV-2014	RV-2014

Discount rate: Corresponds to the interest rate to be used to show in present value terms the disbursements expected to be realized in the future. The discount rate was determined based on the bonds denominated in inflation-adjusted units (UF) of the Chilean Central Bank with a 20-year term as of March 31, 2017. The source of the reference rate is Bloomberg.

Salary increase rate: Refers to the salary increase rate estimated by the Company for the employee salaries based on the internal compensation policy.

Personnel turnover rate: Refers to the personnel turnover rate calculated by the Company based on its historical information.

Age of retirement: Refers to the legal retirement age for men and women in accordance with the Decree Law 3,500 that includes the standards governing the current Chilean pension system.

Mortality rate: Refers to the mortality rate published by the Chilean Superintendence of Securities and Insurance (SVS).

iii) Sensitivity analysis of the actuarial assumptions - Only the discount rate has been considered as a relevant parameter for sensitivity analysis purposes. The result of changes in the actuarial liability due to the sensitivity analysis of the discount rate is detailed as follows:

Sensitization	Rate		Amount of the obligation	
	03.31.2017 %	12.31.2016 %	03.31.2017 ThUS$	12.31.2016 ThUS$
Period rate	1.54	1.68	28,067	26,441
Rate decreased by 50 b.p.	1.04	1.18	29,549	27,827
Rate increased by 50 b.p.	2.04	2.18	26,705	25,166

iv) Projection of the actuarial calculation for the following year - As of March 31, 2017, the following table details the projection of the liability for employee benefits under IAS 19 using the actuarial assumptions and the data reported by the company.

Forecast	Amount of the obligation ThUS$
Current position as of 03.31.2017	28,067
Forecast as of 03.31.2018	28,265
Forecasted increase	198

v) Future disbursements - In accordance with the estimation provided by the Company, the projection of expected payment flows for the following year is as follows:

2017	Payment flow ThUS$
April	672
May	99
June	251
July	92
August	316
September	120
October	166
November	151
December	90
January	136
February	89
March	89
Total	**2,271**

25. Other non-financial liabilities

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

	Current		Non-current	
	03.31.2017 ThUS$	**12.31.2016** ThUS$	**03.31.2017** ThUS$	**12.31.2016** ThUS$
Withholdings	8,409	10,866	-	-
Deferred income [(1)]	105	750	11,607	11,407
Other Liabilities	160	117	-	-
Total	**8,674**	**11,733**	**11,607**	**11,407**

[(1)] Corresponds to prepayments received related to the operations and maintenance services. Revenue is recognized when the service is rendered. Non-current balance includes ThUS$4,872 corresponding to the recognition of the lease agreement entered into between the Company and Anglo American (expiration of the contract in 2030).

26. Equity

a. Subscribed, fully-paid capital and number of shares

At the General Shareholders' Meeting of Colbún S.A. held on April 29, 2009, the shareholders agreed to change the currency in which the share capital is denominated since December 31, 2008 to the U.S. dollars using the exchange rate prevailing at the reporting date as of December 31, 2008, divided into 17,536,167,720 ordinary and registered shares of the same series with no par value.

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

Number of shares

Series	Number of shares subscribed	Number of shares fully paid	Number of shares with voting rights
Single	17,536,167,720	17,536,167,720	17,536,167,720

Capital (Amount US$)

Series	Subscribed capital ThUS$	Paid-in capital ThUS$
Single	1,282,793	1,282,793

a.1 Reconciliation of shares

The reconciliation of the number of outstanding shares as of March 31, 2017 and December 31, 2016, is detailed as follows:

Shares	03.31.2017	12.31.2016
No. of outstanding shares as of January 1	17,536,167,720	17,536,167,720
Changes in outstanding shares		
Increase (decrease) in outstanding shares	-	-
No. of outstanding shares as of the end of the period	17,536,167,720	17,536,167,720

a.2 No. of shareholders

As of March 31, 2017, the number of shareholders is 3,142.

b. Share capital

Share capital corresponds to the paid-in capital indicated in letter a.

c. Share premium

As of March 2017 and December 31, 2016, the caption Share premium amounts to ThUS$52,595 and is composed of ThUS$30,700 related to premium received in the share subscription term approved at the Extraordinary Shareholders' Meeting held on March 14, 2008, plus a share premium of ThUS$21,895 resulting from capital increases performed prior to 2008.

d. Dividends

The general policy and procedure on dividend distribution agreed at the Shareholders' Meeting held on April 22, 2016, established that the Company will distribute at least 30% of net profit. In accordance with IFRS, there is a legal and assumed obligation requiring the accounting for of a liability at each reporting date for the concept of the minimum legal dividend.

At the Board of Directors' Meeting held on December 20, 2016, the directors agreed to distribute a provisional dividend of US$0,00261 per share corresponding to the profits as of December 31, 2016 payable in cash equivalent to ThUS$45,760. The Company started to pay such dividend on January 9, 2017.

At the Board of Directors' Meeting held on March 28, 2017, the directors agreed to propose to the Shareholders' Meeting the distribution of 50% of the dividends from profits corresponding to 2016. The increase in the percentage with respect to the policy of distributing at least 30% of net profit reveals the positive generation of cash experienced by the Company during the previous years as a result of the consolidation of its operating results. Such proposal resulted in ThUS$100,444.

e. Detail of reserves

This caption comprises the following:

Other reserves	03.31.2017 ThUS$	12.31.2016 ThUS$
Effect of first adoption of paid-in capital deflation, Circular No. 456 of the Chilean Superintendence of Securities and Insurance	517,617	517,617
Effect of first-time adoption of translation in accordance with IAS 21	(230,797)	(230,797)
Affiliate translation effects	(49,865)	(49,950)
Affiliate hedging effects	45	70
Hedging reserve	8,434	6,775
Subtotal	**245,434**	**243,715**
Merge reserve Hidroélectrica Cenelca S.A.	500,761	500,761
Subsidiaries' reserve	(14,052)	(13,993)
Subtotal	**486,709**	**486,768**
Total	**732,143**	**730,483**

Effect of first adoption of paid-in capital deflation: Circular No.456 issued by the Superintendence of Securities and Insurance and effect of first-time adoption of translation in accordance with IAS 21: Reserves generated by the first-time adoption of the International Financial Reporting Standards (IFRSs), which are subject to capitalization if permitted by accounting standards and law.

Effect of translation in associates: Refers to the exchange rate difference generated by fluctuations in exchange rates on investments in associates and joint ventures, which maintain as a functional currency the Chilean peso.

Effect of hedging reserve: Refers to the effective portion of transactions designated as cash flow hedges waiting for the recognition of the hedged item in profit or loss.

Reserve of subsidiaries: Reserve arising from the merger and variation in the interest of subsidiaries subject to capitalization if permitted by the accounting standards and law.

f. Retained earnings (accumulated losses)

As of March 31, 2017 and December 31, 2016, changes in reserves for retained earnings are detailed as follows:

Distributable retained earnings	03.31.2017 ThUS$	12.31.2016 ThUS$
Opening balance	1,129,134	1,021,114
Profit or loss for the year	56,903	201,429
Restated initial balance	**1,186,037**	**1,222,543**
Adjustment effect of IFRS's first-time adoption	2,311	9,190
Effect of actuarial profit (loss)	(812)	(1,701)
Dividends	-	(100,898)
Total distributable retained earnings	**1,187,536**	**1,129,134**
Non-distributable adjustments from first-time adoption of IFRS's		
Revaluation of property, plant and equipment	455,423	458,312
Revaluation of deferred taxes	(76,354)	(76,932)
Total non-distributable retained earnings	**379,069**	**381,380**
Total retained earnings	**1,566,605**	**1,510,514**

The detail of adjustments for the first-time adoption of IFRS in accordance with Circular No. 1,945 issued by the Chilean Superintendence of Securities and Insurance to present adjustments of first-time adoption of IFRS recognized with a credit to retained earnings and its corresponding realization is shown in the table below.

As of March 31, 2017 and December 31, 2016, the quantification of the realized amount and the unrealized amount is detailed as follows:

Concept	03.31.2017		12.31.2016	
	Amount realized during the year ThUS$	Balance to be realized ThUS$	Amount realized during the year ThUS$	Balance to be realized ThUS$
Revaluation of property, plant and equipment [1]	(2,889)	455,423	(11,487)	458,312
Revaluation of deferred taxes [2]	578	(76,354)	2,297	(76,932)
Total	**(2,311)**	**379,069**	**(9,190)**	**381,380**

[1] Revaluation of property, plant and equipment: The methodology used to quantify the realization of this concept relates to the application of useful lives per class of asset used for the depreciation process to the revaluation amount determined as of the date of adoption.

[2] Deferred taxes: The adjustments in the measurement of assets and liabilities arising from the application of IFRS have resulted in the determination of new temporary differences recognized against the retained earnings in equity. The realization of this concept has been determined in the same proportion as the items from which it arises.

g. Capital management

Capital management falls under the financing and investing policies of the Company, which establish, among other matters, that investments shall have appropriate financing according to the project in conformity with the Financing Policy.

The Company will try to have sufficient liquidity in order to maintain an adequate financial position to meet its commitments and risks associated with its business. The cash surpluses of the Company will be invested in securities issued by financial institutions and marketable securities in accordance with the portfolio selection and diversification criteria determined by Management.

The control on investments will be performed by the Board, in charge of approving specific investments both the amount and financing of specific investments in conformity with the Company's by-laws and the decision made at the Shareholders' Meeting, if applicable.

The financing shall provide for the necessary funds to operate existing assets appropriately and to realize new investments in conformity with the Investing Policy mandate. For such purpose, the internal and external resources available will be used without compromising the Company's equity position or growth.

Accordingly, the indebtedness level shall not compromise the "investment grade" credit rating of the debt securities issued by Colbún in the international and domestic markets.

The Company will have different financing options in the pipeline, for which the following financing sources are preferred: bank borrowings both with international and local banks, long-term bond markets both in the international and local market, credits to supplier, retained earnings and capital increases.

As of March 31, 2017 and December 31, 2016, the indebtedness level is as follows:

	03.31.2017 ThUS$	**12.31.2016** ThUS$
Total liabilities	**2,960,279**	**3,032,766**
Total current liabilities	284,092	360,055
Total non-current liabilities	2,676,187	2,672,711
Total equity	**3,851,138**	**3,789,832**
Equity attributable to the Parent	3,634,136	3,576,385
Non-controlling interests	217,002	213,447
Indebtedness ratio	**0.77**	**0.80**

The Company should report the compliance of commitments entered into with financial institutions on a quarterly basis. As of March 31, 2017, the Company complies with all the financial indicators required in such contracts (See note 36).

h. Restrictions over fund availability on subsidiaries

The Company, through its subsidiary Fenix Power Perú S.A. has a "Guarantee trust contract on cash flows" governed by the laws of the Republic of Peru. The purpose of this contract is to constitute an irrevocable guarantee and management trust fund to (i) manage the trust assets during the term of the loan agreement the Company entered into with The Bank of Nova Scotia, the agent bank, and until the full and timely payment of the guaranteed obligations; and (ii) that the trust fund act as a payment method and guarantee the compliance of all and each of the guaranteed obligations by the trustor derived from the loan agreement, as modified from time to time.

This trust is reinstated every 30 days with no loss of the Company's cash value.

i. Earnings per share and net distributable profit

Earnings per share are calculated dividing the profit or loss attributable to the shareholders of the Parent by the weighted average of common shares outstanding during the reported years.

	03.31.2017	03.31.2016	12.31.2016
Profit (loss) attributable to shareholders of the Parent (ThUS$)	56,903	72,197	201,429
Profit (loss) available for common shareholders, basic (ThUS$)	56,903	72,197	201,429
Weighted average number of shares, basic (No. of shares)	17,536,167,720	17,536,167,720	17,536,167,720
Basic earnings per share (US dollars for shares)	**0.00324**	**0.00412**	**0.01149**

The Company has not performed any type of operation with a potential dilutive effect that could create a difference in the diluted earning per share from the basic earning per share during the reported period.

In conformity with Circular No.1,945 dated September 29, 2009, Colbún S.A. agreed to establish as general policy that the net distributable profit to be considered for the calculation of the Additional and Compulsory Minimum Dividend is established on the base effectively performed, eliminating those significant fluctuations in the fair value of unrealized assets and liabilities, which must be included in the calculation of net profit for the year in which such fluctuations occur.

Consequently, additions and deductions to net distributable profit for fluctuations in the fair value of unrealized assets and liabilities and recognized in "profit (loss) attributable to shareholders of the Company," relate to potential effects arising from the fluctuations in the fair value of the Company's derivative instruments at each period-end, net of the corresponding income tax.

The calculation of net distributable profit is detailed as follows:

Calculation of net profit for distribution (cash flows)	03.31.2017 ThUS$	03.31.2016 ThUS$	12.31.2016 ThUS$
Profit (loss) attributable to shareholders of the Parent	**56,903**	**72,197**	**201,429**
Cash flow for the year charged to prior years	-	(406)	(541)
Effect on unrealized finance income which generated no cash flows	-	19	-
Net cash flow for the year	-	**(387)**	**(541)**
Net distributable profit	**56,903**	**71,810**	**200,888**
Mandatory minimum dividend	-	-	**60,266**

27. Revenue

As of March 31, 2017 and 2016, this caption comprises the following:

	January - March	
	2017 ThUS$	2016 ThUS$
Supplier customer sales	204,488	209,019
Industrial customer sales	93,852	90,937
Toll charge	50,734	37,348
Sales to other power generation companies	26,634	24,522
Other income	6,336	719
Total	**382,044**	**362,545**

28. Raw materials and consumables

As of March 31, 2017 and 2016, this caption comprises the following:

	January - March	
	2017 ThUS$	2016 ThUS$
Oil consumption (see Note 13)	(6,970)	(2,090)
Gas consumption (see Note 13)	(94,484)	(72,356)
Coal consumption (see Note 13)	(18,268)	(18,666)
Purchase of energy and capacity	(10,309)	(8,032)
Toll charges	(49,663)	(43,483)
Work and third party supply	(21,924)	(20,437)
Total	**(201,618)**	**(165,064)**

29. Employee benefit expenses

As of March 31, 2017 and 2016, this caption comprises the following (see notes 3.1.m. and 3.1.n.2):

	January - March	
	2017 ThUS$	2016 ThUS$
Salaries and wages	(13,759)	(13,350)
Short-term employee benefits	(1,385)	(1,243)
Severance indemnity payments	(275)	(250)
Other personnel expenses	(1,626)	(1,254)
Total	**(17,045)**	**(16,097)**

30. Depreciation and amortization expense

As of March 31, 2017 and 2016, this caption comprises the following:

	January - March	
	2017 ThUS$	**2016** ThUS$
Depreciation (see note 18.b)	(58,254)	(55,469)
Amortization of intangible assets (see note 17.b)	(1,319)	(375)
Total	**(59,573)**	**(55,844)**

31. Total finance income and finance costs

As of March 31, 2017 and 2016, this caption comprises the following:

Income (loss) from investments	January - March	
	2017 ThUS$	**2016** ThUS$
Income on cash and other cash equivalents	2,524	2,691
Total finance income	**2,524**	**2,691**
Finance costs	**January - March**	
	2017 ThUS$	**2016** ThUS$
Expenses on bonds	(16,687)	(17,481)
Expense incurred for financial provisions	(1,766)	(2,427)
Expense incurred for measurement of net financial derivatives	(742)	(2,002)
Bank borrowings	(2,624)	(6,619)
Other expenses (bank expense)	(57)	(1,013)
Capitalized finance costs (see Note 18.c.v)	1,645	2,117
Total finance costs	**(20,231)**	**(27,425)**
Total finance income and finance costs	**(17,707)**	**(24,734)**

32. Foreign currency translation and income (expense) from inflation-adjusted units

As of March 31, 2017 and 2016, this caption comprises the following:

Foreign currency translation difference

Foreign currency translation difference	Currency	January - March	
		2017 ThUS$	2016 ThUS$
Cash and cash equivalents	Ch$	959	6,820
Cash and cash equivalents	PEN	131	655
Trade and other receivables	Ch$	(246)	4,138
Trade and other receivables	PEN	(125)	194
Current tax assets	Ch$	(331)	(938)
Current tax assets	PEN	913	613
Other non-financial non-current assets	Ch$	105	573
Other non-financial non-current assets	PEN	862	-
Accounts receivable due from related parties, non-current	Ch$	-	(118)
Foreign currency translation difference - assets		**2,268**	**11,937**
Other current financial liabilities	UF	(1,189)	(7,658)
Other current financial liabilities	PEN	(60)	-
Trade and other payables	Ch$	113	843
Trade and other payables	PEN	(8)	(85)
Other non-financial liabilities	Ch$	21	(86)
Other non-financial liabilities	PEN	-	-
Provisions for employee benefits	Ch$	(587)	(1,903)
Other non-current financial liabilities	Ch$	-	-
Foreign currency translation difference - liabilities		**(1,710)**	**(8,889)**
Total foreign currency translation difference		**558**	**3,048**

33. Income (expense) from investments accounted for using the equity method

As of March 31, 2017 and 2016, this caption comprises the following:

Net interest in affiliates' income	January - March	
	2017 ThUS$	2016 ThUS$
Electrogas S.A.	1,839	1,917
Centrales Hidroeléctricas de Aysén S.A.	(1,321)	(733)
Transmisora Eléctrica de Quillota Ltda.	222	212
Total	**740**	**1,396**

34. Other income (expenses)

As of March 31, 2017 and 2016, this caption comprises the following:

Other income derived from other than operating activities	January - March	
	2017 ThUS$	**2016** ThUS$
Other income	702	154
Total other income	**702**	**154**

Other expenses derived from other than operating activities	January - March	
	2017 ThUS$	**2016** ThUS$
Profit (loss) of derivative contracts	(1,048)	(19)
Legal fees	(85)	(165)
Write-offs and fines	(2)	(28)
Thermal plant emissions [1]	(2,799)	-
Other	(1,371)	(439)
Total other expenses	**(5,305)**	**(651)**
Total other income (expenses)	**(4,603)**	**(497)**

[1] Corresponds to the provision for tax expense that is levied on the emissions of thermoelectric plants (Law 20.780), effective beginning January 2017.

35. Guarantees with third parties and contingent assets and liabilities

a. Guarantees with third parties

a.1 Direct guarantees

Creditor	Debtor		Assets committed			Pending balances	Release of guarantees		
	Name	Relationship	Type of guarantee	Currency	Carrying amount	03.31.2017 ThUS$	2017	2018	2099
Comité Innova Chile	Colbún S.A.	Creditor	Performance bond	Ch$	58,710,000	77	77	11	-
GNL Chile S.A.	Colbún S.A.	Creditor	Performance bond	US$	20,968,932	20,969	20,969	-	-
Consorcio Transmantaro	Fenix Power Perú S.A.	Creditor	Performance bond	US$	3,000,000	3,000	3,000	-	-
Bío Bío Cementos S.A.	Colbún S.A.	Creditor	Performance bond	US$	653,005	653	653	-	-
Cementos Bío Bío del Sur S.A.	Colbún S.A.	Creditor	Performance bond	US$	263,394	263	263	-	-
Cía. Minera Doña Inés de Collahuasi S.C.M.	Colbún S.A.	Creditor	Performance bond	UF	120,000	4,784	-	4,784	-
Inacal S.A.	Colbún S.A.	Creditor	Performance bond	US$	69,643	70	70	-	-
Chilean Ministry of Public Works	Colbún S.A.	Creditor	Performance bond	UF	27,019	1,077	1,077	-	-
Arenex S.A.	Colbún S.A.	Creditor	Performance bond	US$	23,121	23	23	-	-
Minera El Way S.A.	Colbún S.A.	Creditor	Performance bond	US$	12,563	13	13	-	-
Agrícola Ariztía Ltda.	Colbún S.A.	Creditor	Performance bond	UF	6,500	259	259	-	-
Aguas Andinas S.A.	Colbún S.A.	Creditor	Performance bond	UF	5,000	199	199	-	-
Fisco de Chile Servicio Nacional de Aduanas	Colbún S.A.	Creditor	Performance bond	US$	2,000	2	2	-	-
Magotteaux Andino S.A.	Colbún S.A.	Creditor	Performance bond	UF	1,400	56	56	-	-
Transelec S.A.	Colbún S.A.	Creditor	Performance bond	UF	1,000	40	40	-	-
SK Sabo Chile S.A.	Colbún S.A.	Creditor	Performance bond	UF	700	28	28	-	-
Enaex S.A.	Colbún S.A.	Creditor	Performance bond	UF	620	25	25	-	-
Indura S.A.	Colbún S.A.	Creditor	Performance bond	UF	500	20	20	-	-
Director Regional de Vialidad Región del Biobío	Colbún S.A.	Creditor	Performance bond	UF	445	18	18	-	-
Chilectra S.A.[1]	Colbún S.A.	Creditor	Performance bond	UF	100	4	-	-	4

[1] Guarantee with finite maturity date.

b. Third-party guarantees

Current guarantees denominated in U.S. dollars as of March 31, 2017

Depositor	Relationship	Total ThUS$
Siemens Financial Services Inc.	Suppliers	9,000
GE Energy Parts Inc.	Suppliers	5,250
Consorcio Isotron Sacyr S.A.	Suppliers	4,238
OJSC Power Machines	Suppliers	3,220
Ingeniería Agrosonda SpA	Suppliers	2,451
Abengoa Chile S.A.	Suppliers	2,252
TSGF SpA	Suppliers	1,157
ABB Ltda.	Suppliers	907
Vigaflow S.A.	Suppliers	459
Pine SpA	Suppliers	323
Siemens S.A.	Suppliers	289
ABB S.A.	Suppliers	259
Autotrol Chile S.A.	Suppliers	149
Reiva S/A Automaco E Controle	Suppliers	136
Cobra Chile Servicios S.A.	Suppliers	132
Sistemas Eléctricos Ingeniería y Servicios S.A.	Suppliers	37
Techimp HQ S.R.L.	Suppliers	35
Hyosung Corporation	Suppliers	34
IMA Tecnologías Ltda.	Suppliers	29
Rhona S.A.	Suppliers	26
Sedicon AS	Suppliers	18
Max Control SpA	Suppliers	17
Jorpa Ingeniería S.A.	Suppliers	10
Eaton Industries Chile SpA	Suppliers	6
Tekmain Ltda.	Suppliers	6
Fernández Fica S.A.	Suppliers	4
	Total	**30,444**

Current guarantees denominated in Euros as of March 31, 2017

Depositor	Relationship	Total ThUS$
Siemens S.A.	Suppliers	729
Andritz Chile Ltda.	Suppliers	684
Andritz Hydro S.R.L.	Suppliers	666
Alstom Hydro France S.A.	Suppliers	232
Inerco Ingeniería, Tecnología y Consultoría S.A.	Suppliers	50
	Total	**2,361**

Current guarantees denominated in Chilean pesos as of March 31, 2017

Depositor	Relationship	Total ThUS$
Andritz Metaliza S.A.	Suppliers	202
Efepe S.A.	Suppliers	107
Contac Ingenieros Ltda.	Suppliers	64
Serv. Integrales de Mantenimientos Técnicos S.A.	Suppliers	61
Constructora y Maquinarias Pulmahue SpA	Suppliers	42
Serv. Empresariales Mol Ltda.	Suppliers	30
Enter Computación Ltda.	Suppliers	27
Wilfred Parra Lobos y Cía. Ltda.	Suppliers	26
Mindugar S.A.	Suppliers	23
Serv. Forestales Juan Carlos Navarrete Mena EIRL	Suppliers	23
Andesminerals S.A.	Suppliers	21
Constructora Pesa Ltda.	Suppliers	20
Mantención y Montaje Imelev Ltda.	Suppliers	20
Sistema Integral de Telecomunicaciones Ltda.	Suppliers	20
Constructora Gómez Salazar Ltda.	Suppliers	19
Serv. de Respaldo de Energía Teknica Ltda.	Suppliers	14
Soc. Comercial Ind. Mora y Cía. Ltda.	Suppliers	14
Soenco Soluciones Geotécnicas Ltda.	Suppliers	13
Betech Ingeniería Ltda.	Suppliers	12
Ingeniería y Comercial San Andrés Ltda.	Suppliers	10
Transportes José Carrasco Retamal EIRL	Suppliers	9
Centro de Estudios, Medición y Certificación de Calidad Cesmec S.A.	Suppliers	8
Constructora Javag SpA	Suppliers	8
Soc. Comercial Camin Ltda.	Suppliers	8
Soc. Comercial y Servicios Industriales Solman Ltda.	Suppliers	8
Soc. Trans-Redes Serv. Eléctricos Integrales Ltda.	Suppliers	8
Eduardo Antonio Gómez Miranda	Suppliers	7
Ingeniería Multidisciplinaria, Arquitectura, Consultoría y Logística	Suppliers	7
Atis Group S.A.	Suppliers	5
Constructora Izquierdo SpA	Suppliers	5
Eulen Seguridad S.A.	Suppliers	5
Juan Angel Ortiz Soto	Suppliers	5
Mundifica SpA	Suppliers	4
Soc. Constructora Correa Lorenz Ltda.	Suppliers	4
Soc. de Serv. Estructurales y Montaje Soldatec Ltda.	Suppliers	4
Fanor Velasco Altamirano y Cía. Ltda.	Suppliers	3
Víctor Hugo Contreras Lagos	Suppliers	2
Industria Metalúrgica Inamar Ltda.	Suppliers	1
Safe Energy SpA	Suppliers	1
	Total	**870**

Current guarantees denominated in Inflation-adjusted units as of March 31, 2017

Depositor	Relationship	Total ThUS$
Zublin International GMBH Chile SpA	Suppliers	4,310
Andritz Chile Ltda.	Suppliers	399
Soc. OGM Mecánica Integral S.A.	Suppliers	322
Arcadis Chile SpA	Suppliers	307
KDM Industrial S.A.	Suppliers	219
G4S Security Services Regiones S.A.	Suppliers	141
Ingeniería y Construcción Sigdo Koppers S.A.	Suppliers	127
ABB S.A.	Suppliers	125
Serv. Industriales Ltda.	Suppliers	84
Ecopreneur Chile S.A.	Suppliers	43
Aseos Industriales de Talca Ltda.	Suppliers	37
Sodexo Chile S.A.	Suppliers	30
Centro de Ecología Aplicada Ltda.	Suppliers	28
Knight Piesold S.A.	Suppliers	24
Universidad de Concepción	Suppliers	20
Transportes José Carrasco Retamal E.I.R.L.	Suppliers	14
Soc. Comercial Camin Ltda.	Suppliers	13
Eulen Seguridad S.A.	Suppliers	13
Serv. Emca SpA	Suppliers	12
Oma Topografía y Construcciones Ltda.	Suppliers	12
Sistemas Eléctricos Ingeniería y Servicios S.A.	Suppliers	9
Soc. Comercial y de Inv. Conyser Ltda.	Suppliers	9
Ingeniería Consultoría ECB Ltda.	Suppliers	7
Mantención de Jardines Arcoiris Ltda.	Suppliers	6
Serv. Integrales de Mantenimientos Técnicos S.A.	Suppliers	6
Proyecto Automatización Ltda.	Suppliers	5
Marcelo Javier Urrea Caro	Suppliers	5
Ingeniería y Servicios S.A.	Suppliers	4
MWH Américas Inc Chile Ltda.	Suppliers	2
	Total	**6,333**

c. Detail of litigations and others

Management believes that, on the basis of the information in its possession at the reporting date, the provisions recognized in the consolidated statement of financial position appropriately cover the litigation risks and other operations detailed in this note; accordingly, Management expects no additional liabilities arising from such litigation risks other than the liabilities recognized.

Considering the characteristics of the risks covering such provisions, it is impossible to determine a reasonable payment schedule, if applicable.

As of March 31, 2017, the detail of litigations in accordance with IAS 27 is as follows:

Chile

1.- Arbitration against CGE Distribución for the application of Decree No.14 on Substransmission.

On October 7, 2014, Colbún S.A. filed an arbitration lawsuit with the Santiago Arbitration and Mediation Center of the Santiago Chamber of Commerce against CGE Distribución S.A. (CGE) for the unilateral modification of the billing methodology of two supply contracts in force between the parties resulting from a difference in the accurate application of Supreme Decree No.14/2013 issued by the Chilean Ministry of Mining that establishes the subtransmission fees. Colbún requested the compulsory compliance of the contract stating that the billing methodology established by the contract cannot be modified unilaterally and as such, any contractual amendment shall be agreed between the parties or alternatively be determined by the controversy and arbitration resolution mechanism under the supply contracts.

On January 4, 2017, the arbitration judgment ruled in favor of the lawsuit filed by Colbún against CGE, thereby requiring it, among other things, to pay Ch$1,813,000,000 plus the corresponding interests.

On February 27, 2017 CGE Distribución filed a cassation against the arbitration judgment with the Supreme Court, the resolution of which is pending.

2.- Lawsuits on environment damage due to the operation of the Santa María thermoelectric power plant with the Third Environment Court of Valdivia.

(i)-Lawsuit filed on October 15, 2015, under Case No. D-11-2015 with the Third Environment Court of Valdivia by 6 local fishermen unions of Coronel and a group of fishermen from Lota alleging environmental damage caused by the operation of the Santa María thermoelectric power plant (unauthorized emission of heavy metals into the soil and water of the bay; excessive nitrogen and sulphur oxides originated from combustion processes of the plant, heat shock caused by cooling system failure and antifouling).
The lawsuit was responded to by Colbún on September 30, 2016.

The settlement, evidence and allegations hearings were held on January 2017.

(i)-Lawsuit filed on October 15, 2015, under Case No. D-12-2015 with the Third Environment Court of Valdivia by 6 local fishermen unions of Coronel and a group of fishermen from Lota alleging environmental damage caused by the operation of the Santa María thermoelectric power plant (unauthorized emission of heavy metals into the soil and water of the bay; excessive nitrogen and sulphur oxides originated from combustion processes of the plant, heat shock caused by cooling system failure and antifouling). Because the lawsuit filed under Case No. D-12-2015 is the same as the lawsuit filed under Case No. D-11-2015 mentioned above in section 2(i), the cases were joined with the latter.

3.- Tax procedure against Empresa Eléctrica Industrial S.A. filed with the Chilean Internal Revenue Service.

Through Assessment No.373 as of August 30, 2010, the Regional Director of the SII challenged items of the income tax return filed by Empresa Eléctrica Industrial S.A. (EEI) for 2007. The initial amount of the assessment was ThUS$568 (ThCh$403,410) (Case No. 10-120-2010). Subsequently, through assessments No.439, No.440 and No.441 dated August 29, 2011, the SII challenged three items of the income tax return filed by EEI for the fiscal years 2008, 2009 and 2010. The initial amount of the assessments was ThUS$259 (ThCh$183,769), ThUS$352 (ThCh$249,906) and ThUS$358 (ThCh$254,555), respectively (Case No. 10-541-2011). As of March 2017, the maximum amount of contingencies for both judgments was ThUS$5,683 (Ch$3,766,176), including adjustments and interests.

In the first instance, judgment was rendered and notified on December 2, 2015, rejecting the appeals filed by EEI. On December 14, 2015, an appeal for reconsideration and an appeal in subsidy against that judgment was filed, settled partially in favour of EEI through resolution dated February 13, 2017. On March 10, 2017, the cancellation of the appeal in subsidy was filed, accepted by the Court; accordingly, the judgment is final and enforceable.

4.- Tax procedure against Termoeléctrica Antilhue S.A. at the Chilean Internal Revenue Service.

Through Assessment No.257 dated September 24, 2015, notified on September 24, 2015, the Regional Director of the Metropolitan area of eastern Santiago challenged items of the income tax return filed by Termoeléctrica Antilhue S.A. for 2013, on which tax loss carryforward were included corresponding to the tax years from 2009 and 2012, among other concepts. The total amount updated as of March 31, 2017 is ThUS$5,579 (Ch$3,715,526), (Case RIT GR-18-00002-2016).

An appeal for reconsideration against the assessment was filed, which was rejected.

On January 14, 2016, a tax claim was filed with the Fourth Tax and Customs Court of Santiago. The SII presented its defense and the beginning of the trial period remains pending.

5.- Charge on patent for non-use of water rights. Collection process for 2015

Through Res DGA 252 dated January 29, 2016, Chile's water department DGA rejected an appeal for reconsideration filed by Sociedad Hidroeléctrica Melocotón Ltda. against the Res DGA 3.438/2014, which established the list of water rights subject to payment of the patent for non-use of water rights during 2014.

Within such list the water rights of Sociedad Hidroeléctrica Melocotón Ltda. were included, which were leased to Colbún in 2012. From 2014, these water rights are used for power generation in the Angostura plant.

To avoid an auction due to non-payment of the patent, on April 29 such patent was paid. The amount paid was ThCh$456,362.

Sociedad Hidroeléctrica Melocotón Ltda. filed an appeal against Res DGA 252/2016 with the Court of Appeals of Santiago, accepted through judgment dated December 16, 2016.

Chile's water department DGA filed a cassation against the aforementioned judgment with the Supreme Court, the resolution of which is pending.

6.- Charge on patent for non-use of water rights. Collection process for 2016

On February 18, 2016, Sociedad Hidroeléctrica Melocotón Ltda. filed an appeal for reconsideration against Res DGA No.4.420 dated December 29, 2015, that established the list of water rights subject to payment of the patent for non-use of water rights during 2016.

Within such list the water rights of Sociedad Hidroeléctrica Melocotón Ltda. were included, which were leased to Colbún in 2012. From 2014, these water rights are used for power generation in the Angostura plant.

The amount charged for the patent due to the non-use of water rights during 2015 is 10,391.51 monthly tax units (UTM).

As of to date, a decision on the appeal for reconsideration is pending judgment by Chile's water department DGA.

Peru

1.- Arbitration between Termochilca S.A. and Fenix Power Perú S.A.

Termochilca S.A. (Termochilca) filed a request for arbitration against Fenix for alleged non-compliance of the active power and firm capacity purchase option agreement, in that Fenix allegedly settled and billed power considering parameters which are not related to the parameters established by the contract, and that relates to the effective capacity of Fenix. Additionally, Termochilca requests compensation for the power not supplied due to the delay in the start-up of Fenix, partial operations and unscheduled outages. The amount of the judgment is approximately ThUS$5,000. On March 23, 2016 the Arbitration Court was formed. On April 22, 2016, Termochilca filed an arbitration lawsuit, answered by Fenix on May 24, 2016. On that occasion, Fenix counterclaimed Termochilca for ThUS$11,000 due to unpaid invoices from July 2015.

On June 27, 2016 Termochilca answered the counterclaim of Fenix.

On August 12, 2016, the evidentiary stage hearing was held. The Tribunal requested the presentation of qualified financial and technical reports by September 29, 2016. Fenix presented its financial report and Termochilca presented its technical report. On November 23, 2016, Fenix and Termochilca answered to the related reports. The evidentiary and appraisal of evidence hearings held on January 23, 2017, and on March 10, 2017, Fenix presented its final arguments. The court has 30 working days to make the arbitration award, extendable for other 30 working days.

36. Commitments

Commitments entered into with financial institutions

The loan agreements signed by Colbún S.A. with financial institutions and the bond issue and commercial paper contracts impose different obligations on the Company other than the payment obligations, including the compliance with financial indicators of different types during the term of such contracts, which are conventional for these type of financing operations.

The Company should report on a quarterly basis the compliance with these obligations. As of March 31, 2017, the Company complies with all the financial indicators required in such contracts, the detail of which are as follows:

Covenants	Condition	03.31.2017	Term
Local market bonds			
EBITDA/Net Financial Expense	> 3,0	6.79	jun-2029
Indebtedness ratio	< 1,2	0.77	jun-2029
Minimum equity	> ThUS$ 1,348,000	ThUS$ 3,634,136	jun-2029

Calculation methodology

Concept	Account	Amounts as of 03.31.2017	
Equity	Total Equity	ThUS$	3,851,138
Net equity	Total Equity - Non-controlling interest	ThUS$	3,634,136
Minimum equity	Total Equity - Non-controlling interest	ThUS$	3,634,136
Total liabilities	Total current liabilities + Total non-current liabilities	ThUS$	2,960,279
Indebtedness ratio	Total liabilities / Equity		0.77
EBITDA	Revenue - Raw materials and consumables used - Employee benefit expense - other expenses by nature	ThUS$	586,324
Net finance costs	Finance cost - Finance income	ThUS$	86,359

(*) Rolling year

37. Environment

The Group's companies on which disbursements associated with environment have been made are: Colbún S.A., Empresa Eléctrica Industrial S.A., Río Tranquilo S.A., Termoeléctrica Nehuenco S.A. and Fenix Power Perú S.A., respectively.

Disbursements made for environmental expenses are mainly associated with facilities; accordingly, they will be recognized in profit or loss through depreciation in accordance with their useful life, except for the development of environmental impact statements and studies that correspond to environmental permits performed prior to the construction stage.

The main ongoing projects and a brief description of them are detailed as follows:

San Pedro hydroelectric power plant: Dam hydroelectric power plant located in Los Ríos Region.

The project has reached the 15% completion mark approximately and awaits the processing of the new environmental impact study of modifications to the project to resume the works and construction activities.

La Mina hydroelectric power plant: Run-of-the-river hydroelectric power plant located in the upper basin of the Maule river, in the region of the same name.

During the first quarter of 2017 the construction stage was completed. The project is expected to enter into commercial operations by the second quarter of 2017.

Additionally, there are disbursements associated with 24 power generation plants in operation, including the Fenix power plant (Chilca, Peru) and the transmission assets such as electric substations and transmission lines.

As of March 31, 2017 and 2016, the detail of the disbursements performed and to be performed in relation to environment regulations is the following:

Accrued expense as of 03.31.2017

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description of asset or expense	Disbursement amount in ThUS$	Actual or estimated dates when the disbursement were or will be made
Colbún S.A.	Angostura	Environmental Management of Power Plants	Expense	Cost	248	03-31-2017
Colbún S.A.	CH Guaiquivilo-Melado	Environmental Management of Projects	Asset	Assets under construction	239	02-15-2017
Colbún S.A.	Quilleco	Environmental Management of Power Plants	Expense	Cost	126	03-31-2017
Colbún S.A.	Candelaria	Environmental Management of Power Plants	Expense	Cost	97	03-31-2017
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Expense	71	03-31-2017
Colbún S.A.	Santa María 1	Environmental Management of Power Plants	Expense	Cost	59	03-30-2017
Colbún S.A.	Los Pinos	Environmental Management of Power Plants	Expense	Cost	53	03-31-2017
Colbún S.A.	Los Quilos	Environmental Management of Power Plants	Expense	Cost	48	03-31-2017
Colbún S.A.	Antilhue	Environmental Management of Power Plants	Expense	Cost	39	03-31-2017
Colbún S.A.	CH La Mina	Environmental Management of Projects	Asset	Assets under construction	38	03-15-2017
Colbún S.A.	Rucúe	Environmental Management of Power Plants	Expense	Cost	35	03-31-2017
Colbún S.A.	Canutillar	Environmental Management of Power Plants	Expense	Cost	23	03-31-2017
Colbún S.A.	Colbún	Environmental Management of Power Plants	Expense	Cost	6	03-30-2017
Empresa Eléctrica Industrial S.A.	Carena	Environmental Management of Power Plants	Expense	Cost	22	03-31-2017
Termoeléctrica Nehuenco S.A.	Nehuenco	Environmental Management of Power Plants	Expense	Cost	139	03-31-2017
Río Tranquilo S.A.	Hornitos	Environmental Management of Power Plants	Expense	Cost	22	03-31-2017
				Total	**1,265**	

Future expense as of 03.31.2017

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description of asset or expense	Disbursement amount in ThUS$	Actual or estimated dates when the disbursement were or will be made
Colbún S.A.	Angostura	Environmental Management of Power Plants	Expense	Cost	566	12-31-2017
Colbún S.A.	Santa María 1	Environmental Management of Power Plants	Expense	Cost	285	04-05-2017
Colbún S.A.	Candelaria	Environmental Management of Power Plants	Expense	Cost	178	12-30-2017
Colbún S.A.	Antilhue	Environmental Management of Power Plants	Expense	Cost	167	12-31-2017
Colbún S.A.	Quilleco	Environmental Management of Power Plants	Expense	Cost	161	12-31-2017
Colbún S.A.	Los Pinos	Environmental Management of Power Plants	Expense	Cost	103	12-31-2017
Colbún S.A.	M.A.S.S.O Los Quilos	Environmental Management of Power Plants	Expense	Cost	42	04-30-2017
Colbún S.A.	CH Guaiquivilo-Melado	Environmental Management of Projects	Asset	Work-in-progress	36	12-31-2017
Colbún S.A.	Rucúe	Environmental Management of Power Plants	Expense	Cost	32	12-31-2017
Colbún S.A.	Colbún	Environmental Management of Power Plants	Expense	Cost	25	12-31-2017
Colbún S.A.	Medio Ambiente y SSO Canutillar	Environmental Management of Power Plants	Expense	Cost	25	12-31-2017
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Expense	20	04-12-2017
Colbún S.A.	CH La Mina	Environmental Management of Projects	Asset	Work-in-progress	11	03-14-2017
Empresa Eléctrica Industrial S.A.	Carena	Environmental Management of Power Plants	Expense	Cost	13	04-13-2017
Termoeléctrica Nehuenco S.A.	Nehuenco	Environmental Management of Power Plants	Expense	Cost	98	04-04-2017
Río Tranquilo S.A.	Hornitos	Environmental Management of Power Plants	Expense	Cost	124	31-03-2017
				Total	**1,886**	

Accrued expenses as of 03.31.2016

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description of asset or expense	Disbursement amount in ThUS$	Actual or estimated dates when the disbursement were or will be made
Colbún S.A.	Santa María 1	Environmental Management of Power Plants	Expense	Cost	104	03-31-2016
Colbún S.A.	San Pedro	Environmental Management of Projects	Asset	Assets under construction	82	03-22-2016
Colbún S.A.	Angostura	Environmental Management of Power Plants	Expense	Cost	74	03-31-2016
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Expense	65	03-31-2016
Colbún S.A.	Candelaria	Environmental Management of Power Plants	Expense	Cost	53	03-30-2016
Colbún S.A.	Los Pinos	Environmental Management of Power Plants	Expense	Cost	31	03-29-2016
Colbún S.A.	Antilhue	Environmental Management of Power Plants	Expense	Cost	29	03-29-2016
Colbún S.A.	La Mina	Environmental Management of Projects	Asset	Assets under construction	19	03-23-2016
Colbún S.A.	Compromisos Ambientales	Environmental Management of Power Plants	Expense	Cost	12	03-31-2016
Colbún S.A.	Canutillar	Environmental Management of Power Plants	Expense	Cost	7	03-30-2016
Colbún S.A.	Los Quilos	Environmental Management of Power Plants	Expense	Cost	5	03-31-2016
Colbún S.A.	Guaquivilo Melado	Environmental Management of Projects	Asset	Assets under construction	1	03-31-2016
Empresa Eléctrica Industrial S.A.	Carena	Environmental Management of Power Plants	Expense	Cost	22	03-31-2016
Termoeléctrica Nehuenco S.A.	Nehuenco	Environmental Management of Power Plants	Expense	Cost	14	03-29-2016
				Total	**518**	

Future expenses as of 03.31.2016

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description of asset or expense	Disbursement amount in ThUS$	Actual or estimated dates when the disbursement were or will be made
Colbún S.A.	Angostura	Environmental Management of Power Plants	Expense	Cost	772	03-31-2016
Colbún S.A.	Santa Maria 1	Environmental Management of Projects	Expense	Cost	220	03-24-2016
Colbún S.A.	Candelaria	Environmental Management of Power Plants	Expense	Cost	170	03-29-2016
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Cost	88	12-29-2016
Colbún S.A.	Antilhue	Environmental Management of Power Plants	Expense	Cost	66	03-29-2016
Colbún S.A.	Los Pinos	Environmental Management of Power Plants	Expense	Cost	52	03-31-2016
Colbún S.A.	Los Quilos	Environmental Management of Power Plants	Expense	Cost	19	03-31-2016
Colbún S.A.	San Pedro	Environmental Management of Projects	Asset	Assets under construction	2	03-30-2016
Empresa Eléctrica Industrial S.A.	Carena	Environmental Management of Power Plants	Expense	Cost	4	03-24-2016
Termoeléctrica Nehuenco S.A.	Nehuenco	Environmental Management of Power Plants	Expense	Cost	128	03-31-2016
Río Tranquilo S.A.	Hornitos	Environmental Management of Power Plants	Expense	Cost	15	03-31-2016
				Total	**1,536**	

Disbursements in Peru

Accrued expense as of 03.31.2017

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description of asset or expense	Disbursement amount in ThUS$	Actual or estimated dates when the disbursement were or will be made
Fenix Power S.A.	Monitoreo y Gestión Ambiental	Monitoreo y Gestión Ambiental	Expense	Cost	160	03-31-2017
				Total	**160**	

Future expense as of 03.31.2017

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description of asset or expense	Total	Actual or estimated dates when the disbursement were or will be made
Fenix Power S.A.	Monitoreo y Gestión Ambiental	Monitoreo y Gestión Ambiental	Expense	Cost	425	12-31-2017
				Total	**425**	

38. Subsequent events

At the Board of Directors' Meeting held on April 25, 2017, the Company approved the consolidated financial statements as of March 31, 2017 prepared in conformity with the standards for the preparation and presentation of financial information issued by the SVS, comprising the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the SVS standards.

Between March 31, 2017 and the date of issuance of these consolidated financial statements, no other subsequent events have occurred.

39. Foreign currency

This caption comprises the following:

Assets	Foreign currency	Functional currency	03.31.2017 ThUS$	12.31.2016 ThUS$
Total current assets				
Cash and cash equivalents	Ch$	US$	133,674	135,370
Cash and cash equivalents	Euro	US$	849	516
Cash and cash equivalents	PEN	US$	19,132	17,359
Other current non-financial assets	Ch$	US$	1,026	940
Trade and other receivables, current	Ch$	US$	138,356	123,348
Trade and other receivables, current	PEN	US$	36,304	49,781
Trad receivables due from related parties, current	Ch$	US$	759	411
Current tax assets	Ch$	US$	117	927
Current tax assets	PEN	US$	4,668	4,437
Total current assets			**334,885**	**333,089**
Non-current assets				
Other non-current financial assets	Ch$	US$	226	225
Other non-financial non-current assets	Ch$	US$	14,257	8,761
Total non-current assets			**14,483**	**8,986**
Total assets			**349,368**	**342,075**

Liabilities	Foreign currency	Functional currency	03.31.2017 ThUS$	12.31.2016 ThUS$
Total current liabilities				
Other current financial liabilities	UF	US$	8,856	7,422
Trade and other payables	Ch$	US$	111,900	168,272
Trade and other payables	PEN	US$	5,110	15,530
Trade payables due to related parties, current	Ch$	US$	4,553	2,708
Other current provisions	Ch$	US$	7,087	7,394
Current tax liabilities	PEN	US$	-	112
Provisions for employee benefits, current	Ch$	US$	6,712	13,388
Provisions for employee benefits, current	PEN	US$	970	1,608
Other current non-financial assets	Ch$	US$	3,813	11,260
Other current non-financial assets	PEN	US$	587	473
Total current liabilities			**149,588**	**228,167**
Non-current liabilities				
Other non-current financial liabilities	UF	US$	82,754	81,509
Provision for employee benefits, non-current	Ch$	US$	29,133	27,508
Other non-current non-financial liabilities	Ch$	US$	15,994	15,960
Total non-current liabilities			**127,881**	**124,977**
Total liabilities			**277,469**	**353,144**

The detail of assets and liabilities in foreign currency do not include the investments accounted for using the equity method; accordingly, the differences arising from the exchange rate difference are recognized in equity as translation adjustment (see note 26, letter e).

Maturity profile of other financial liabilities in foreign currency

As of 03.31.2017	Foreign currency	Functional currency	Up to 91 days ThUS$	From 91 days up to 1 year ThUS$	From 1 year up to 3 years ThUS$	More than 3 years up to 5 years ThUS$	More than 5 years ThUS$	Total ThUS$
Other financial liabilities	UF	US$	5,398	3,458	22,695	26,883	39,898	98,332
		Total	**5,398**	**3,458**	**22,695**	**26,883**	**39,898**	**98,332**

As of 12.31.2016	Foreign currency	Functional currency	Up to 91 days ThUS$	From 91 days up to 1 year ThUS$	From 1 year up to 3 years ThUS$	More than 3 years up to 5 years ThUS$	More than 5 years ThUS$	Total ThUS$
Other financial liabilities	UF	US$	-	7,422	22,376	26,506	39,349	95,653
		Total	**-**	**7,422**	**22,376**	**26,506**	**39,349**	**95,653**

40. Headcount (unaudited)

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

	No. of employees					
	03.31.2017			12.31.2016		
	Chile	Peru	Total	Chile	Peru	Total
Managers and main executives	67	7	74	69	7	76
Professionals and technical staff	641	58	699	654	54	708
Other	292	29	321	288	30	318
Total	1,000	94	1,094	1,011	91	1,102
Average for the year	**1,003**	**93**	**1,096**	**990**	**90**	**1,080**

Exhibit 1 Additional information required for XBRL taxonomy

This exhibit forms an integral part of the Company's consolidated financial statements.

Salaries for external auditors

As of March 31, 2017 and 2016, this caption comprises the following:

	January - March	
	2017 ThUS$	**2016** ThUS$
Audit services	107	73
Tax services	25	-
Other services	4	4
Auditors' fees	**136**	**77**

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