



Interim Consolidated Financial Statements
for the period ended September 30, 2019

COLBÚN S.A. AND SUBSIDIARIES
Thousands of U.S. dollars

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 September 30, 2019 (unaudited) and December 31, 2018
(In thousands of U.S. dollars)

ASSETS	Note No.	September 30, 2019 ThUS\$	December 31, 2018 ThUS\$
Current assets			
Cash and cash equivalents	7	274,315	219,191
Other financial assets, current	8	508,977	569,251
Other non-financial assets, current	19	11,709	19,796
Trade and other receivables, current	9	248,391	241,679
Receivables due from related parties, current	11.b	212	1,117
Inventories, current	12	54,385	44,249
Current tax assets	18.a	19,147	55,980
Total current assets		1,117,136	1,151,263
Non-current assets			
Other financial assets, non-current	8	8,890	8,797
Other non-financial assets, non-current	19	38,138	26,930
Equity-accounted investees	15.a	25,459	30,202
Intangible assets other than goodwill	16	124,579	127,940
Property, plant and equipment	17	5,430,050	5,397,156
Deferred tax assets	20.b	35,849	36,061
Total non-current assets		5,662,965	5,627,086
TOTAL ASSETS		6,780,101	6,778,349

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 September 30, 2019 (unaudited) and December 31, 2018
(In thousands of U.S. dollars)

TOTAL LIABILITIES AND EQUITY	Note No.	September 30, 2019 ThUS\$	December 31, 2018 ThUS\$
Current liabilities			
Other financial liabilities, current	21.a	80,902	68,503
Trade and other payables	22	127,864	182,883
Payables due to related parties, current	11.b	250	17,971
Other current provisions	23	27,178	31,504
Current tax liabilities	18.b	17,795	74
Provisions for employee benefits	24	16,715	20,462
Other non-financial assets, current	25	15,896	23,968
Total current liabilities		286,600	345,365
Non-current liabilities			
Other financial liabilities, non-current	21.a	1,620,141	1,534,760
Trade and other payables, non-current	22	15,251	3,739
Other provisions, non-current	23	35,953	34,948
Deferred income tax liabilities	20.b	951,125	958,800
Provisions for employee benefits, non-current	24	38,666	30,786
Other non-financial liabilities, non-current	25	13,614	13,013
Total non-current liabilities		2,674,750	2,576,046
TOTAL LIABILITIES		2,961,350	2,921,411
Equity			
Share capital	26.a	1,282,793	1,282,793
Retained earnings	26.f	1,532,039	1,550,677
Share premium	26.c	52,595	52,595
Other reserves	26.e	753,226	770,449
Equity attributable to the shareholders of the Parent		3,620,653	3,656,514
Non-controlling interests	-	198,098	200,424
Equity		3,818,751	3,856,938
TOTAL LIABILITIES AND EQUITY		6,780,101	6,778,349

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 periods ended September 30, 2019 and 2018 (unaudited)
(In thousands of U.S. dollars)

STATEMENTS OF COMPREHENSIVE INCOME BY NATURE	Note No.	January - September		July - September	
		2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Revenue	6, 27	1,135,317	1,143,652	361,712	360,151
Raw materials and consumables	28	(549,341)	(586,127)	(160,203)	(176,487)
Employee benefit expenses	29	(54,977)	(60,245)	(18,132)	(19,419)
Depreciation and amortization expenses	30	(189,846)	(176,936)	(63,854)	(59,494)
Other expenses, by nature	-	(16,859)	(23,361)	(4,661)	(7,904)
Other losses	34	(25,250)	(19,341)	(9,979)	(5,491)
Income from operations	-	299,044	277,642	104,883	91,356
Finance income	31	16,197	14,354	4,917	5,003
Finance costs	31	(68,520)	(63,094)	(22,900)	(20,896)
Share of profit of equity-accounted associates and joint ventures	15, 33	7,089	9,572	2,181	2,822
Foreign currency translation differences	32	(5,630)	(9,571)	(7,752)	(1,604)
Profit before income taxes	-	248,180	228,903	81,329	76,681
Tax expense (benefit) from continuing operations	20.a	(65,698)	(65,851)	(26,636)	(22,801)
Profit from continuing operations		182,482	163,052	54,693	53,880
NET PROFIT		182,482	163,052	54,693	53,880
Net profit attributable to					
Shareholders of the Parent	26.h	184,807	168,472	59,087	56,817
Non-controlling interests	-	(2,325)	(5,420)	(4,394)	(2,937)
PROFIT		182,482	163,052	54,693	53,880
Earnings per share					
Basic earnings per share - Continuing operations US\$/share	26.h	0.01054	0.00961	0.00312	0.00307
Basic earnings per share		0.01054	0.00961	0.00312	0.00307
Diluted earnings per share - Continuing operations US\$/share	26.h	0.01054	0.00961	0.00312	0.00307
Diluted earnings per share		0.01054	0.00961	0.00312	0.00307

See the accompanying notes to the Interim Consolidated Financial Statements

Colbún S.A. and Subsidiaries
Interim Consolidated Statements of Other Comprehensive Income
for the periods ended September 30, 2019 and 2018 (unaudited)
(In thousands of U.S. dollars)

STATEMENTS OF OTHER COMPREHENSIVE INCOME	Note No.	January - September		July - September	
		2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Net profit for the period		182,482	163,052	54,693	53,880
Components of other comprehensive income that will not be reclassified to profit or loss for the period, before taxes					
Profit (loss) for new measurements of defined benefit plans	-	(7,921)	(641)	(2,851)	(722)
Total other comprehensive (loss) income that will not be reclassified to profit or loss for the period, before taxes	-	(7,921)	(641)	(2,851)	(722)
Components of other comprehensive income (loss) that will be reclassified to profit or loss for the period, before taxes					
Gain (loss) for foreign currency translation differences	15.a	(275)	(2,127)	(211)	(567)
Gain (loss) from cash flow hedges	-	6,412	9,657	444	(3,789)
Share of other comprehensive income on associates and joint ventures using the equity method	-	(47)	66	-	40
Total other comprehensive income (loss) that will be reclassified to profit for the year, before taxes		6,090	7,596	233	(4,316)
Other components of other comprehensive income (loss), before taxes		(1,831)	6,955	(2,618)	(5,038)
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 new measurements of defined benefit plans	20.c	2,139	173	770	195
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 (loss) on associates and joint ventures using the equity method	20.c	13	(18)	-	(11)
Income tax related to cash flow hedges	20.c	(963)	(2,607)	344	1,023
Income tax related to components of other comprehensive income		1,189	(2,452)	1,114	1,207
Total other comprehensive income		(642)	4,503	(1,504)	(3,831)
Total comprehensive income		181,840	167,555	53,189	50,049
Comprehensive loss attributable to:					
Shareholders of the Parent		184,165	172,975	57,583	52,986
Non-controlling interests		(2,325)	(5,420)	(4,394)	(2,937)
TOTAL COMPREHENSIVE INCOME		181,840	167,555	53,189	50,049

See the accompanying notes to the Interim Consolidated Financial Statements

Colbún S.A. and Subsidiaries
Consolidated Statements of Cash Flows - Direct Method
for the periods ended September 30, 2019 and 2018 (unaudited)
(In thousands of U.S. dollars)

STATEMENTS OF CASH FLOWS - DIRECT METHOD	Note No.	September 30, 2019 ThUS\$	September 30, 2018 ThUS\$
Cash flows from (used in) operating activities			
Cash receipts from operating activities			
Cash receipts from sale of goods and rendering of services	-	1,354,080	1,414,190
Cash payments for premiums and services, annuities and other benefits of subscribed policies	-	102	1,300
Other cash receipts from operating activities	-	4,794	5,652
Other cash receipts from operating activities			
Cash payments to suppliers for goods and services	-	(740,399)	(757,360)
Cash payments to and on behalf employees	-	(54,203)	(58,732)
Cash payments for premiums and services, annuities and other benefits of subscribed policies	-	(15,618)	(23,361)
Other cash payments for operating activities	-	(128,866)	(136,472)
Net cash generated from operating activities	-	419,890	445,217
Dividends received	-	12,251	5,931
Interest received	-	16,859	14,148
Income taxes paid	-	(22,624)	(84,862)
Other cash receipts	-	(8,372)	(8,484)
Cash flows from operating activities		418,004	371,950
Cash flows from (used in) investing activities			
Other cash payments to acquire interests in joint ventures	-	61	(4,100)
Acquisition of property, plant and equipment	-	(64,796)	(89,985)
Other cash (payments) receipts	-	64,320	235,434
Net cash flows used in (from) investing activities		(415)	141,349
Cash flows from (used in) financing activities			
Payment of lease liabilities	-	(5,628)	-
Repayment of borrowings	-	(29,616)	(17,817)
Dividends paid	-	(256,690)	(208,891)
Interest paid	-	(61,498)	(56,627)
Other cash receipts	-	(3,137)	4,160
Net cash used in financing activities	7.c	(356,569)	(279,175)
Net decrease in cash and cash equivalents before the effect of movements in exchange rates on cash held		61,020	234,124
Effects of movements in exchange rates on cash and cash equivalents			
Effects of movements in exchange rates on cash and cash equivalents		(5,896)	(17,755)
Net increase (decrease) in cash and cash equivalents		55,124	216,369
Cash and cash equivalents as of January 1		219,191	269,196
Cash and cash equivalents as of December 31	7	274,315	485,565

See the accompanying notes to the Interim Consolidated Financial Statements

Colbún S.A. and Subsidiaries
Statements of Changes in Equity
for the periods ended September 30, 2019 and 2018 (unaudited)
(In thousands of U.S. dollars)

Statements of Changes in Equity	Note	Equity attributable to shareholders of the Parent										Non-controlling interest	Equity
		Share capital	Share premium	Changes in other reserves					Retained earnings (accumulated deficit)	Equity attributable to the shareholders of the Parent			
				Translation difference reserve	Hedging reserve	Actuarial profit or loss reserve of defined benefit plans	Other miscellaneous reserves	Other reserves					
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Previously stated equity		1,282,793	52,595	(256,137)	10,316	-	1,016,270	770,449	1,550,677	3,656,514	200,424	3,856,938	
Increase (decrease) in equity due to correction of errors		-	-	-	-	-	-	-	-	-	-	-	
Restated equity		1,282,793	52,595	(256,137)	10,316	-	1,016,270	770,449	1,550,677	3,656,514	200,424	3,856,938	
Changes in equity													
Comprehensive income													
Profit (loss)									184,807	184,807	(2,325)	182,482	
Other comprehensive income				(275)	5,415	(5,782)		(642)	-	(642)	-	(642)	
Dividends									(220,027)	(220,027)	-	(220,027)	
Increase (decrease) from other changes		-	-	-	-	5,782	(22,363)	(16,581)	16,582	1	(1)	-	
Increase (decrease) in equity		-	-	(275)	5,415	-	(22,363)	(17,223)	(18,638)	(35,861)	(2,326)	(38,187)	
Equity as of September 30, 2019	26	1,282,793	52,595	(256,412)	15,731	-	993,907	753,226	1,532,039	3,620,653	198,098	3,818,751	

Statements of Changes in Equity	Note	Equity attributable to shareholders of the Parent										Non-controlling interest	Equity
		Share capital	Share premium	Changes in other reserves					Retained earnings (accumulated deficit)	Equity attributable to the shareholders of the Parent			
				Translation difference reserve	Hedging reserve	Actuarial profit or loss reserve of defined benefit plans	Other miscellaneous reserves	Other reserves					
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Previously stated equity		1,282,793	52,595	(263,495)	5,431	-	1,045,436	787,372	1,601,772	3,724,532	226,175	3,950,707	
Increase (decrease) in equity due to correction of errors		-	-	-	-	-	-	-	-	-	-	-	
Restated equity		1,282,793	52,595	(263,495)	5,431	-	1,045,436	787,372	1,601,772	3,724,532	226,175	3,950,707	
Changes in equity													
Comprehensive income													
Profit (loss)									168,472	168,472	(5,420)	163,052	
Other comprehensive income				(2,127)	7,098	(468)	-	4,503	-	4,503	-	4,503	
Dividends									(189,689)	(189,689)	(4,900)	(194,589)	
Increase (decrease) from other changes		-	-	10,187	-	468	(24,204)	(13,549)	13,549	-	-	-	
Increase (decrease) in equity		-	-	8,060	7,098	-	(24,204)	(9,046)	(7,668)	(16,714)	(10,320)	(27,034)	
Equity as of September 30, 2018	26	1,282,793	52,595	(255,435)	12,529	-	1,021,232	778,326	1,594,104	3,707,818	215,855	3,923,673	

See the accompanying notes to the Interim Consolidated Financial Statements

COLBÚN S.A. AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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COLBÚN S.A. AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars)

1. General information

Colbún S.A. was incorporated via public deed on April 30, 1986, witnessed by the Public Notary Mr. Mario Baros G. and registered at 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 is 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 Financial Market Commission. The Company's shares are traded on the Santiago Stock Exchange and Santiago Electronic Stock Exchange.

As of September 30, 2019, Colbún is a power generation company and the Parent of the Group (hereinafter, the Company, the Entity or Colbún), which is composed of nine entities: Colbún S.A. and eight Subsidiaries.

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

The Company's line of business is the generation, transportation and distribution of energy, as explained in Note 2.

The control of the Company is performed in accordance with a control and joint venture agreement entered into by Forestal O'Higgins S.A. and other companies. It is hereby expressly established that the aforementioned joined control and operation agreement considers limitations to the free disposal of shares. The Parent is controlled by the members of the Larraín Matte, Matte Capdevila and Matte Izquierdo families, in the form and proportional interests indicated below.

- 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%).

Natural persons indicated above are part of the same corporate group due to family relationship.

As of September 30, 2019, in accordance with Title XV of Law No. 18,045, shareholders representing 49.96% of the voting right shares are detailed as follows:

Controlling Group	No. of shares	Ownership %
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. Business Description

Company's line of business

The Company's line of business is the production, transportation, distribution, and supply of 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), and renewable energies from variable sources, which in total provide an installed capacity of 3,328 MW to the National Power System ("SEN" for its Spanish acronym).

Hydroelectric power plants have an installed capacity of 1,634 MW distributed among 17 plants: Colbún, Machicura, San Ignacio, Chiburgo, San Clemente and La Mina, 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 Complex, located in the Valparaíso Region; Candelaria power plant in the O'Higgins Region; Antilhue power plant in Los Ríos Region; and Los Pinos and Santa María power plants, located in the Biobío Region.

In addition, during 2018, the photovoltaic plant "Ovejería" (9MW) located in Tiltill in the Metropolitan Region of Chile was commissioned.

Business policy

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

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

Main customers

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

The main regulated customers supplied during 2019 are: CGE Distribución S.A., Enel Distribución Chile S.A., Sociedad Austral de Electricidad S.A., Empresa Eléctrica de la Frontera S.A., Cooperativa de Consumo de Energía Eléctrica Chillán Ltda., Compañía Eléctrica de Osorno S.A., Cooperativa Eléctrica de Curicó Ltda., Compañía Distribuidora de Energía Eléctrica Codiner Ltda., Cooperativa Eléctrica Los Ángeles Ltda., Cooperativa de Abastecimiento de Energía Eléctrica Curicó Ltda., and Cooperativa Eléctrica Paillaco Ltda.

The main unregulated customers supplied during 2019 are: Codelco for its divisions Salvador, Andina, Ventanas and El Teniente, Anglo American Sur S.A. for its work sites Los Bronces/Las Tórtolas, Cartulinas CMPC.S.A., Forsac S.A., CMPC Pulp S.A., CMPC Maderas S.A., Forestal Mininco S.A., Walmart Chile S.A., Bio-Bío Cementos S.A., Essbio S.A., Nuevosur S.A., Sociedad Contractual Minera Franke, Viña Concha y Toro S.A., Viña Cono Sur S.A., Compañía Pesquera Camanchaca S.A., Salmones Camanchaca S.A., Camanchaca Pesca Sur S.A., Camanchaca Cultivos Sur S.A. and ASMAR Astilleros.

The Electricity Market

The Chilean power sector has a regulatory framework of almost 3 decades of operations. Such framework allowed developing 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 approximately 3.1% during the last 10 years, slightly lower compared to the GDP during the same period.

Chile has 3 interconnected systems and Colbún operates in the largest, the National Power System (SEN), which comprises Arica in the north and Isla Grande de Chiloé in the south. The consumption in this zone represents 99% of total power demand in Chile. Colbún has a market share of approximately 14% in the SEN.

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 National Electrical Coordinator (CEN, for its Spanish acronym) and relate to the variable cost of production of the most expensive unit under operation at all times. Capacity payments are calculated based on the sufficiency power of plants, i.e., the reliable level of capacity 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 programmed unavailabilities, and unavailability of the facility which connects the unit to the Transmission and Distribution System. The Power capacity price is determined as an economic indicator, which represents the investment in most efficient units to address power demand during high demand hours.

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' sale power at the price resulting from competitive and public tenders.

Unregulated customers comprise those with a connection power exceeding 5,000 KW, and they freely negotiate their prices with suppliers.

Note that the regulation allows users with connection power between 500 KW and 5,000 KW to select between systems of regulated or unregulated prices, with a minimum of four years in each system.

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

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

In this context, on July 20, 2016, the law establishing a new Power Transmission System was published in the Official Journal, which also creates a coordinating agency independent to 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 the National Power System, which commenced its operations on January 1, 2017.

Description of business in Peru

Main assets

Combined cycle gas-fired thermoelectric power plant of 565 MW located in Las Salinas, Chilca district, at 64 kilometers south Lima, owned by the subsidiary Fenix Power Peru. 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 began its commercial operation in December 2014 and is composed of two General Electric dual (gas or diesel) turbines 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 one of the most efficient in the country and the third largest at domestic level.

Fenix has capacity of 565 MW, which results in a market share of approximately 8% in the SEIN.

Main customers

Regulated customers with long-term contracts: Distriluz Group, composed of Electro Norte S.A., Electro Noreste S.A. and Electrocentro S.A., and Hidrandina, COELVISAC, Enel Distribution 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: Customers with short-term contracts: Celepsa S.A., Distriluz Group and GCZ Energía, Ege Junín and Enel Distribución S.A.A.

Unregulated customers: Pamolsa, Algeciras (formerly - Centenario), Austral, Minera Luren and Garment.

The Electricity Market

Peru restructured the power market in 1992 (The Electricity Act No. 25,844: Energy Concessions Act), and during the last 4 years significant reforms have been made to the sector's regulatory framework.

As of September 2019, the Peruvian power market has an installed capacity, at a domestic level, of approximately 15.3 GW, of which 13.2 GW corresponds to the capacity installed by the National Interconnected Power System (SEIN); out of this amount, nearly 56% relates to thermal power, 39% to hydro power, and the remaining 5% 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 approximately 12.8 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). Customers 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 for its Spanish acronym) is managed by a System Economic Operation Committee (COES for its Spanish acronym), incorporated as a nonprofit private entity and as a 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 energy demand for the third quarter of 2019 was approximately 39.4 TWh, concentrated in the mining and residential sectors. In 2018, the system demand was 50.8 TWh.

3. Significant accounting policies

3.1 Accounting policies

These Interim Consolidated Financial Statements of Colbún S.A. and subsidiaries as of September 30, 2019, have been prepared in accordance with International Financial Standards (IFRS) as issued by International Accounting Standards Board (IASB).

These Interim Consolidated Financial Statements have been prepared assuming that the company will continue as a going concern and approved by the Board of Directors for issue at their Meeting held on October 29, 2019.

The accounting policies set out below have been used in the preparation of these Interim Consolidated Financial Statements.

a. Basis of preparation and period - These Interim Consolidated Financial Statements of Colbún S.A. and subsidiaries comprise the following:

- Statement of Financial Position as of September 30, 2019 and December 31, 2018.
- Statement of Comprehensive Income for the nine-month periods ended September 30, 2019 and 2018.
- Statement of Cash Flows for the nine-month periods ended September 30, 2019 and 2018.
- Statements of Changes in Equity for the nine-month periods ended September 30, 2019 and 2018.
- Notes to the Financial Statements.

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).

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 has been rounded in Thousands of United States dollar (ThUS\$) to the nearest number, except otherwise indicated.

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 interests in those entities and has the ability to affect those returns through its power over the entities. 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	Currency	Tax ID No.	Ownership %as of				
				09.30.2019			09.30.2018	12.31.2018
				Direct	Indirect	Total	Total	Total
Empresa Eléctrica Industrial S.A. ⁽¹⁾	Chile	US\$	96.854.000-9	-	-	-	100	100
Sociedad Hidroeléctrica Melocotón Ltda. ⁽¹⁾	Chile	US\$	86.856.100-9	-	-	-	100	100
Río Tranquilo S.A. ⁽¹⁾	Chile	US\$	76.293.900-2	-	-	-	100	100
Termoeléctrica Nehuenco S.A.	Chile	US\$	76.528.870-3	100	-	100	100	100
Termoeléctrica Antilhue S.A.	Chile	US\$	76.009.904-K	100	-	100	100	100
Colbún Transmisión S.A.	Chile	US\$	76.218.856-2	100	-	100	100	100
Colbún Desarrollo SpA	Chile	US\$	76.442.095-0	100	-	100	100	100
Inversiones SUD SpA ⁽²⁾	Chile	US\$	76.455.649-6	-	-	-	100	100
Inversiones Andinas SpA ⁽²⁾	Chile	US\$	76.455.646-1	-	-	-	100	100
Santa Sofía SpA	Chile	US\$	76.487.616-4	100	-	100	100	100
Colbún Perú S.A.	Peru	US\$	0-E	100	-	100	100	100
Inversiones de Las Canteras S.A.	Peru	US\$	0-E	-	51	51	51	51
Fenix Power Perú S.A.	Peru	US\$	0-E	-	51	51	51	51

Differences in the consolidation perimeter

During 2019, changes in the consolidation perimeter were as follows:

⁽¹⁾ On January 3, 2019, the Chilean Financial Market Commission (CMF for its Spanish acronym) was notified of a corporate reorganization process that Colbún S.A. carried out in relation to certain of its subsidiaries, in compliance with the provisions of number 1 of article 4 of Decree Law No. 3,538 per its current text contained in Law No. 21,000.

Indeed, on December 22, 2018, Colbún S.A. became the owner of one hundred percent of the shares of its subsidiary Empresa Eléctrica Industrial S.A. ("EEI") and, after an uninterrupted period exceeding 10 days, EEI was dissolved and merged into Colbún S.A., pursuant to Article 103 No. 2 of the Public Company Act.

Upon the dissolution of EEI and its merger into Colbún S.A., Colbún S.A. became the sole partner of its subsidiary Sociedad Hidroeléctrica Melocotón Limitada, which consequently was also dissolved. In addition, the dissolution of EEI implied that Colbún S.A. became the sole shareholder of the subsidiary Río Tranquilo S.A., which was dissolved once an uninterrupted period of more than 10 days has elapsed.

⁽²⁾ On January 4, 2019, the subsidiaries Inversiones SUD SpA and Inversiones Andinas SpA were dissolved. During 2018, changes in the consolidation perimeter were as follows:

On October 1, 2018, within the framework of the reorganization process of the Colbún Group and in order to concentrate in the subsidiary Colbún Transmisión S.A. all the assets and businesses associated with energy transmission, Colbún S.A., Empresa Eléctrica Industrial S.A. and Río Tranquilo S.A. contributed certain electricity transmission assets to Colbún Transmisión S.A. by means of a capital increase in the latter. Such transaction had no effects on a consolidated basis.

On June 6, 2018, Colbún S.A. acquired 100% of Santa Sofía SpA, shares, which is a joint stock company incorporated in accordance with the current legislation in Chile. Accordingly, beginning on such date such company is a direct subsidiary of Colbún S.A.

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 by stages, ownership interests previously maintained in acquiree equity are measured at fair value at the acquisition date, and gains or losses are recognized in the income statement.

Any contingent consideration transferable by the acquiree is recognized at fair value at the acquisition date. Contingent considerations which are classified as financial assets or financial liabilities in accordance with IFRS 9 Financial Instruments 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 within the scope of IFRS 9, 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 in net 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 income statement.

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 subsidiaries' equity and comprehensive income is presented under captions "Total Equity: Non-controlling interest" of the interim 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 Interest in unconsolidated structured entities - On May 17, 2010, as per the D.E. No.3,024, the Ministry of Justice grants legal personality and approves the Colbún Foundation's bylaws (hereinafter the "Foundation"). Main objectives of the Foundation address 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.

This legal entity is not considered in the consolidation process, as being a nonprofit entity the Company expects no economic benefit from it.

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

The equity method comprises recognizing initially at acquisition cost and subsequently adjusted for the changes in net assets of the acquiree.

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	Currency	Tax ID No.	Ownership % as of		
					09.30.2019	09.30.2018	12.31.2018
					Direct	Direct	Direct
Associate	Electrogas S.A.	Chile	US\$	96.806.130-5	42.5	42.5	42.5
Joint venture	Aysén Transmisión S.A., en Liquidación ⁽²⁾	Chile	Ch\$	76.041.891-9	-	-	49.0
Joint venture	Aysén Energía S.A., en Liquidación ⁽²⁾	Chile	Ch\$	76.091.595-5	-	-	49.0
Joint venture	Transmisora Eléctrica de Quillota Ltda.	Chile	Ch\$	77.017.930-0	50.0	50.0	50.0

⁽¹⁾ At the Extraordinary Shareholders' Meeting held on December 7, 2017, the early dissolution was approved. On September 7, 2018, such dissolution was formalized from which the partners received the land at pro rata of their share, which the Company maintained as property and other minor assets.

Accordingly, the dissolution of this Company has been recognized in the taxable income, In accordance with the established in the Art. 38 Bis of the Income Tax Law and Ex. Resolution No. 74 of 2016 issued by the Internal Revenue Service (SII for its Spanish acronym).

⁽²⁾ On September 7, 2018, in the liquidation process of Centrales Hidroeléctricas de Aysén S.A., Colbún S.A., received interest of 49% of the shares of Aysén Transmisión S.A. and Aysén Energía S.A.

On March 19, 2019, the minute approving the dissolution of both companies was drafted as a public deed; and on June 24, 2019, the liquidation of these companies was formally completed.

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 Investments in joint ventures - 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 venturers.

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 recognized in other retained earnings, 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. Translation Basis - Assets and liabilities denominated in Chilean pesos, Euros, 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	09.30.2019	09.30.2018	12.31.2018
Chilean peso	728.21	660.42	694.77
Euro	0.9173	0.8608	0.8742
Peruvian sol	3.3850	3.3020	3.3790
Inflation-adjusted units	0.0260	0.0241	0.0252

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 representing an increase in the productivity, capacity or efficiency or lengthening of the useful lives of assets, are capitalized as higher cost of the related assets.
- Substitutions or renovations of assets that increase their useful lives, or their economic capacity, are recorded as the 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 3.n.2).

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 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, are measured at cost less accumulated amortization and impairment losses.

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

Assets with finite useful life are amortized throughout 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 b.

Changes in 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 at initial recognition in three measurement categories:

- a) At amortized cost
- b) Fair value through other comprehensive income (equity)
- c) Fair value through profit or loss

h.1.1 Amortized cost - It is intended to maintain a financial asset until obtaining contractual cash flows on an established date. Expected cash flows relate mainly to payments of principal and interest on the principal amount outstanding.

h.1.2 Fair value through other comprehensive income (equity) - To classify an asset at fair value through other comprehensive income as principle it has to comply with the requirement of the sale of financial assets for which the principal owed amount is expected to be recovered in a given term in addition to interests, if applicable.

h.1.3 Fair value through profit or loss - The last classification provided as an option by IFRS 9 is financial assets at fair value through profit or loss for the year.

Based on its business model, the Company holds financial assets at amortized costs as the main financial asset as it aims to recover its future cash flows on a given date seeking the collection of principal owed plus interests on the principal, if applicable. Loans and receivables are the main financial assets non-derivative from the Group, with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in the caption Trade and other receivables in the Statement of Financial Position. They must initially be recognized at fair value and subsequently at amortized cost in accordance with the effective interest method less the allowance account for impairment losses.

h.1.4 Derecognition of financial assets - The Company derecognizes financial assets only when the rights to receive the cash flows have been canceled, voided, expired or have been transferred.

h.1.5 Impairment of non-derivative financial assets - The Company applies a simplified approach and records expected credit losses in all its debt securities, loans and trade receivables, whether for a 12-month period or for lifetime, as established by IFRS 9.

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. Impairment 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 and reflected in a provision account.

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.

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

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 when the financial liability is either held for trading or it is designated at fair value through profit or loss. These are measured at fair value and changes therein, including any interest expenses, are recognized in profit or loss.

h.2.5 Other financial liabilities - Other financial liabilities, including bank borrowings and bonds payable and promissory notes, are measured initially at the amount of cash received, net of transaction costs. Other financial liabilities are subsequently measured 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 canceled, 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 fair value of these instruments at the reporting date are recognized in the interim consolidated statement of comprehensive income unless these are designated as hedge accounting and meet the conditions established in IAS 39 to apply such criterion. For hedge accounting purposes, the Company continues to apply the criteria established in IAS 39.

Hedges are classified as follows:

- **Fair value hedges:** correspond to a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment attributable to a particular risk. For this hedge, 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:** corresponds 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 Interim 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 impairment of spare parts estimate (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.

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

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

Financing activities: 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 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 tax assets and liabilities recorded to verify that they remain effective, and adjusted on a timely basis based on the results of such analysis.

For the interim 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 arise as a result of collective and individual 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 and turnover, among others.

At the reporting date, the amount of net actuarial liabilities accrued is presented in the item Provisions for employee benefits, current and Provisions for employee benefits, non-current 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 Dismantling - Future disbursements by the Company related to the closure of its facilities are included at the asset amount at fair value, recognizing the related provision for dismantling or remediation at the commencement of the plant's operations. The Company assesses on an annual basis its estimate on future disbursements indicated above, increasing or decreasing the asset value based on the results of such estimate (see Note 23 c).

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

p. Revenue from contracts with customers - 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 the normal course of business, less any related discount or tax, in accordance with IFRS 15.

Revenue is classified in the following categories:

Sale of goods - For contracts with customers in which the sale of equipment is the sole obligation, the adoption of IFRS 15 has no impact on the Company's revenue or profit or loss because revenue is recognized at a point in time when the control of the asset is transferred to the customer upon delivering the goods. The Company has impacts associated with the individual sale of goods, because it is not currently engaged in the sale of goods as a single contract for the sale of goods.

Rendering of services - Colbún provides power supply and capacity to both unregulated and regulated customers. The Company recognizes revenue for services based on the physical delivery of power and capacity. Services are satisfied over time because the customer simultaneously receives and consumes the benefits provided by the Company. Consequently, the Company recognizes revenue from such service contracts over time instead of at a point in time.

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 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 5,000 KW in Chile and between 200 KW and 2,500 KW in Peru:** Revenue from the sale of 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 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 surpluses are recognized as revenue, and deficits are recorded as costs in the interim consolidated statement of comprehensive income.

The Company only receives short-term prepayments from its customers related to operations and maintenance services. These are recognized as other financial liabilities. However, the Company may receive long-term prepayments from customers from time to time. In accordance with the current accounting policies, the Company recognizes such prepayments as deferred revenue by virtue of non-current liabilities classified in the statement of financial position. No interests were accrued on long-term prepayments received by virtue of the accounting policy currently in force.

The Company should determine whether a significant finance component exists in its contracts. However, the Company decided to use the practical expedient provided by IFRS 15, and will not adjust the amount committed in the consideration for the effects of a significant financing component in the contracts, when the Company expects, at the onset of the contract, that the period between the time in which the entity transfers an asset or service committed with the customer and the time in which the customer pays for such good or service is one year or less. Consequently, at short-term the Company shall not account for a financing component, even if this is a significant component.

Based on the nature of the services offered and the objective of the payment terms, the Company has concluded that there is no significant financing component in these contracts.

The Company does not record under revenue the gross income from economic benefits received when it acts as agent or commission agent on behalf of third parties, and it only records the payment or commission it expects to receive.

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

Finance income is composed of interest income in funds invested, gains from the sale of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains from hedge instruments that are recognized in comprehensive income. Interest income is recognized as it accrues in profit or loss at the amortized cost using the effective interest method.

q. Dividends - Article No. 79 of the Chilean Public Company Act establishes that, except otherwise unanimously agreed in at the Annual Shareholder's Meeting, by unanimity of the issued shares, publicly traded companies must annually distribute as 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 recognizes them as "Trade and other payables, current" and as "Trade payables due to related parties", as appropriate, with a charge 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.

r. Environment - In the event of environmental liabilities, these are recognized on based on the current interpretation of environmental laws and regulations, when is probable that a current obligation will be produced and the amount of such liability can be estimated reliably.

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.

s. 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.

t. Leases - The implementation of IFRS 16 implies that, for lessees, most of the leases are recognized in the balance sheet, which significantly changes the companies' financial statements and related ratios. Colbun maintains lease agreements for its offices, parking lots, warehouses, pickup trucks and printers.

t.1 Lessee - From the lessee's standpoint, in the commencement date of a lease, the Company recognizes an asset representing the right to use the underlying asset during the lease term (right-of-use asset) and a liability representing its obligation to make lease payments (lease liability), except leases which term is less than 12 months (with no renewal), and leases where the underlying asset amounts to less than US\$5,000. The lessee shall recognize interest expense on the lease liability separately from the amortization expense for the right-of-use asset.

t.1.1 Initial recognition - At the commencement date, a lessee shall measure the right-of-use asset at cost; whereas a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

t.1.2 Classification - All leases are classified as finance lease, as the lessee records a right-of-use asset and a lease liability at the commencement date.

t.1.3 Remeasurement - In addition, lessees will be required to remeasure the lease liability if certain events occur (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments). A lessee shall recognize the amount of the lease liability as an adjustment to the right-of-use asset.

t.1.4 Depreciation charge - A lessee shall apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

t.1.5 Impairment - A lessee shall apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

t.2 Lessor - Lessor accounting in accordance with IFRS 16 is substantially similar to the accounting under IAS 17. Lessors will continue to classify leases as finance or operating leases at the commencement date, based on the substance of the transaction. Leases in which substantially all the risks and rewards inherent to the ownership of the underlying asset are transferred are classified as finance leases. The remaining leases are classified as operating leases.

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

u. 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.

v. 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.

w. 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.

x. Contingent assets and liabilities - A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly under the Company's control, or a present obligation arising from past events which has not been recognized because:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. These will not be recognized in the financial statements, but will have to be disclosed in the notes to the financial statements.

y. Reclassifications - For comparative purposes a reclassification of "Revenue" to "Raw materials and consumables used" was made related to the net presentation of billing of tolls for ThUS\$32,758 recorded in the financial information for the nine-month period ended September 30, 2018.

3.2 New accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2019. Those that may be relevant for the Group are indicated below.

3.2.1. Standards effective from January 1, 2019

Adopted standards		Mandatory application date
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28	Long-term Interests in Associates and Joint Ventures	January 1, 2019
IFRS 9	Prepayment features with negative compensation	January 1, 2019
IAS 19	Plan Amendment, Curtailment and Settlement (Amendments to IAS 19, Employee Benefits)	January 1, 2019
IFRS 3 - 11 IAS 12 - 23	Annual improvements to IFRS Cycle 2015-2017. Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	January 1, 2019

IFRS 16 Leases: Issued in January 2016, this Standard requires that lessee operating companies to bring all leases on-balance sheet from January 1, 2019. Companies recording operating leases will be more asset-rich but also more heavily indebted. The larger the lease portfolio, the greater the impact on key reporting metrics. This standard is effective for the periods beginning on or after January 1, 2019.

The Company implemented IFRS 16 Leases from January 1, 2019 and discloses the impacts on the Interim Consolidated Financial Statements for the three-month period ended March 31, 2019. Comparative information included in these financial statements has not been restated to reflect the requirements of the new standard.

Colbún S.A. as a lessee decided not to use the practical expedient (exception) included in IFRS 16 that allows not to reassess old contracts classified as operating leases under IAS 17 and IFRIC 4: "As a practical expedient, an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application, and accordingly, all lease contracts Colbún has entered into as a lessee were assessed.

Colbún opted to use the practical expedient in IFRS 16 where a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and, rather, accounted for each lease component and any associated non-lease component as a single lease component.

Since, from the lessor's view, it is not required to make any adjustment in the transition to IFRS 16, it opted not to analyze the contracts where Colbún acts as a lessor.

For the transition to the standard, Colbún defined to apply the modified retrospective approach as model to record the right-of-use asset, in an amount that is equal to the lease liability amount. This record was performed from January 1, 2019, applying the standard on its mandatory application date.

Incremental discount rates used to calculate the related lease liability repayment schedules and lease terms were determined by the Company's Management, for cases where an extension is indicated.

IFRIC 23: Uncertainty over Income Tax Treatments: This Interpretation, issued in June 2017, provides guidance on determining tax profits (losses), tax bases, unused tax losses, unused tax credits, and tax rates when there is an uncertainty with respect to the treatments for income tax under IAS 12.

Specifically, it considers:

- Whether tax treatments should be considered collectively.
- Assumptions for the tax authority's inspection.
- Determination of tax profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- Effect of changes in facts and circumstances.

This interpretation is effective for the periods beginning on or after January 1, 2019.

This interpretation has had no significant effects for the Company.

IAS 28: Long-term Interests in Associates and Joint Ventures: This amendment includes the following:

- A clarification that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method of accounting is not applied.
- Paragraph 41 has been deleted because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests.

This standard amendment is effective for annual periods beginning on or after January 1, 2020.

This amendment had no significant effects for the Company.

Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation: This amendment will allow classification and measurement at amortized cost or, depending on the business model, at fair value through other comprehensive income, of certain prepaid financial assets for an amount lower than the outstanding amount of the principal and interests. This amendment is effective for annual periods beginning on or after January 1, 2019.

This amendment has not had any significant effects on the Company.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19): In February 2018, the IASB has completed the changes made to IAS 19, related to Plan Amendment, Curtailment or Settlement.

The amendments clarify the following:

- For a plan amendment, curtailment or settlement of a Defined Benefit Plan, the Company now uses updated actuarial assumptions to determine the current cost of service and net interest for the period; and
- The effect of the asset limit is not considered when calculating gain or loss from any settlement of the plan and is treated separately in Other Comprehensive Income (OCI).

The amendments apply for plan amendments, curtailments or settlements occurred on or after January 1, 2019 or at the date in which these amendments are applied for the first time.

This amendment has not had any significant effects on the Company.

2015-2017 Annual Improvements Cycle: IFRS 3, IFRS 11, IAS 12 and IAS 23.

IFRS 3, Business Combinations, and IFRS 11, Joint Arrangements: Clarifies the accounting for increases in interest in a joint operation which meets the definition of a business. The amendments establish the following:

- If one party maintains (or obtains) joint control, the interest previously held will not be remeasured.
- If one party obtains control, the transaction is considered a business combination achieved in stages and the acquirer remeasures interest previously held at fair value.

In addition to clarify when an interest previously held in a joint operation is remeasured, amendments also provide guidance on what is previously-held interest. This is the total interest previously held in the joint operation.

IAS 12, Income Taxes: Clarifies that the entire effect of income tax from dividends (including payments of financial instruments classified as equity) are consistently recognized in a manner consistent with the transactions generating profit for distribution (either through Profit or Loss, Other Comprehensive Income or Equity).

Even though the amendments provide for some clarifications, they do not intend to address the underlying question (i.e., how to determine if a payment represents a profit distribution). Accordingly, challenges may remain in determining whether recognizing income tax on certain instruments in Profit or Loss or Equity.

IAS 23, Borrowing Costs: Clarifies that general borrowing pool used for calculating the costs from eligible borrowings, excludes solely those borrowings which specifically finance qualifying assets which are still under development or construction. Borrowings that were intended particularly for financing qualifying assets which are now ready for use or sale (or any non-qualifying asset) are included in such general pool.

Because the costs from the retrospective application may exceed the benefits, the amendments are applied prospectively to the borrowing costs incurred in, or from, the date the entity adopts such amendments.

Depending on the entity's current policy, the proposed amendments may result in including other borrowings in the borrowings general pool.

If this results in the capitalization of more or less borrowings during the period, will depend on the following:

- If the weighted average cost of any loan included in the pool, as a result of the amendments, is higher or lower than the cost at which it would be included using the entity's current approach; and
- The relative amounts of qualifying assets under development and general borrowings in force during the period.

The amendments are effective for annual periods beginning on or after January 1, 2019.

The application of these amendments and pronouncements effective from January 1, 2019 has not had any significant effects on Colbún.

3.2.2. Accounting pronouncements effective starting from January 1, 2020 and thereafter

Standards issued by the IASB yet to be adopted		Mandatory application date
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
IFRS 3	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
IAS 1 - IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
IFRS 9 - IAS 39 IFRS 7	Interest Rate Benchmark Reform	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2021
IFRS 10 - IAS 8	Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Mandatory date deferred indefinitely

Amendments to references in the Conceptual Framework for Financial Reporting: In March 2018, the International Accounting Standards Board (the Board) issued in the (revised) Conceptual Framework for Financial Reporting, which mainly serves as a tool to assist the Board in developing standards and to assist the IFRS Interpretations Committee in interpreting such standards. The Conceptual Framework does not override any individual IFRS requirement.

The main changes of principles of the conceptual framework has implications on how and when are recognized and assets and liabilities in the financial statements are derecognized.

Certain concepts in the revised Conceptual Framework are completely new, such as the "practical ability" approach to liabilities. Main changes include:

New "bundle of rights" approach to assets: A physical object may be 'sliced and diced' from an accounting perspective. For example, in some circumstances, an entity would book as an asset a right to use an aircraft, rather than an aircraft itself. The challenge will be determining to what extent an asset can be split into different rights and the impact on recognition and derecognition.

New "practical ability" approach for recognizing liabilities: The old recognition thresholds are gone - a liability will be recognized if a company has no practical ability to avoid it. This may bring some liabilities on the balance sheet earlier than at present.

However, if there is uncertainty over existence and measurement or a low probability of outflows, then this may result in no or delayed recognition in some cases.

The challenge will be determining which future actions/costs a company has no 'practical ability' to avoid.

New control-based approach to derecognition: A company will take an asset off balance sheet when it loses control over all or part of it - i.e. the focus is no longer on the transfer of risks and rewards.

The challenge will be determining what to do if the company retains some rights after the transfer.

This amendment is effective for annual periods beginning on or after January 1, 2020.

Definition of a Business (Amendments to IFRS 3): In October 2018, the International Accounting Standards Board issued narrow-scope amendments to IFRS 3 Business Combinations to improve the definition of a business and help companies determine whether an acquisition performed is a business or a group of assets.

The amendments include a choice to use a concentration test. This is a simplified assessment that results in an asset acquisition if all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If the concentration test is not applied, or if the test is not met, the assessment focuses on whether a substantive process exists.

The amendments clarify the definition of a business in order to help entities to determine if a transaction should be accounted for as a business combination or the acquisition of an asset. The amendments:

- (a) clarify that to be considered a business, an acquired set of activities and assets must include, at least, an input and a substantive process that together significantly contribute to the ability to create outputs;
- (b) remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- (c) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- (d) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- (e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets acquired is not a business.

The amendments is effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted.

Definition of Material (Amendments to IAS 1 and IAS 8): In October 2018, the International Accounting Standards Board amended its definition of “material”. Such definition has now aligned the use in International Financial Reporting Standards and the Conceptual Framework. This new definition states that “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Board incorporated the concept of “shadowing” to the definition, along with the existing references to “omit” and “misstate” information. In addition, the Board increased the threshold from “could influence” to “could reasonably be expected to influence.”

Furthermore, the Board removed the definition of significant omissions and misstatements under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments is effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted.

IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform: In September 2019, the International Accounting Standards Board issued amendments to IFRS 9, IAS 39 and IFRS 7 to address uncertainties related to the reforms in progress of the London Interbank Offered Rate (LIBOR).

The amendments address aspects that affect the financial information in the period prior to the LIBOR reform and are applicable to the hedging transactions directly affected by uncertainties related to the LIBOR reform. As a part of the main amendments, the entities affected by the LIBOR reform will consider the following:

- they will assume the interest rate benchmark on which the hedged cash flows are based are not modified as a result of the LIBOR reform when assessing whether future cash flows are highly probable. In addition, for discontinued hedges, the same assumption is applied to determine whether the hedged cash flows are expected to occur.
- they will assess whether the economic relationship between the hedged item and hedging instrument exists based on the assumptions that the interest rate benchmark on which the hedged item and hedging instrument are based is not modified as a result of the LIBOR reform.
- they will not interrupt a hedging transaction during the uncertainty period that arises from the LIBOR reform solely because the actual hedging results are outside the range of 80-125 percent.
- they will apply the identifiable separately criterion only at the beginning of the hedging relationship. A similar exception is also provided for hedged components where the resignation takes place frequently, i.e. macro-hedges.

This amendment is effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted.

IFRS 17 Insurance Contracts: Issued in May 2017, this Standard requires that insurance liabilities be measured at a current compliance values and provides a more consistent approach for presenting and measuring all insurance contracts. Such requirements are designed to provide a consistent principle-based accounting treatment.

This standard is effective for annual periods beginning on or after January 1, 2021. Early adoption is permitted if IFRS 9 and IFRS 15 have been adopted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): In September 2014, the IASB issued this amendment that requires that when transferring subsidiaries to an associate or joint venture, the total gain should be recognized when assets transferred meet the definition of “business” under IFRS 3 Business Combinations. This amendment establishes a strong pressure on the definition of “business” for recognition in profit or loss. It also introduces new and unexpected recognition for transactions that partially consider maintenance in assets that are not businesses.

The effective application date has been deferred indefinitely.

Management believes the adoption of Standards, Amendments and Interpretations that may be applied to the Company, will have no significant impact on the Company's interim consolidated financial statements in the first application period.

3.3 Responsibility for 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.

The preparation of the interim consolidated financial statements requires the use of judgments, 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).
- Financial assumptions and estimated economic life for calculating the provision for dismantling (see note 3.n.2)
- Measurement of the allowance for expected credit losses for trade receivables and contract assets (3.h.1.5).

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.

The General management and each division and management department of the Company is responsible for the risk management function, with the support provided by the Risk Management Department, and the oversight, monitoring and coordination provided by the Risk and Sustainability 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

To comply with its commitments in dry hydrologic conditions, Colbún must operate its combined thermal cycle plants mainly with natural gas purchases or with diesel, or by default operating its back-up thermal plants or even buying energy on the spot market. This situation raises Colbún's costs, increasing earnings variability depending on the 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. Under extreme conditions and continuous droughts, a possible lack of water for cooling could affect the power-generating capacity of the combined cycles. For the purpose of minimizing the use of water and ensuring operational availability during water shortage periods, Colbún built a Reverse Osmosis Plant, which allows reducing up to 50% the water used in the cooling process of combined cycles of the Nehuenco Complex.

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 with sale prices indexed to 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 energy sales 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 of this type of fuel.

The Company has entered into a contract with Enap Refinerías S.A. ("ERSA"), which includes a reserved regassification capacity and supply for 13 years which became effective on January 1, 2018. This agreement allows the Company to have natural gas to operate two combined cycle units during a large part of the first half of the year that is the period of the year in which the availability of water resources is lower. In addition, there is a possibility to access to additional natural gas through spot purchases allowing to have an efficient support under adverse hydrological conditions in the second half of the year. In addition, gas supply contracts have been entered into with Argentine producers, to complement the gas supply of GNL.

On its part, in Peru, Fenix has long-term contracts with the ECL88 Consortium (Pluspetrol, Pluspetrol Camisea, Hunt, SK, Sonatrach, Tecpetrol and Repsol) and gas transportation agreements with TGP.

With respect to purchases of coal for Santa María Unit I thermal power plant, the Company conducts tender processes (the most recent conducted in April 2018), inviting significant international suppliers and awarding such supply to competitive, financially stable companies. This 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, regulatory framework changes, litigation, increase in equipment and labor prices, opposition from local and international stakeholders, adverse geographical conditions, natural disasters, accidents and other unforeseen events.

The Company's exposure to these risks is managed through a commercial policy that considers the effects of possible delays in projects. In addition, the Company includes certain flexibility to term estimates and construction costs. Additionally, the Company's exposure to these risks is partially mitigated through subscribing "All Construction Risk" insurance policies which cover both physical damages and profit losses due to a delay in service resulting from a casualty, both with standard deductibles for this type of insurance.

The companies in the industry face a very challenging power market, with considerable involvement 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.

Colbún has a policy which calls for integrating social and environmental considerations to the development of its projects. In addition, 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 critical for the energy sector where investment projects have significant terms to obtain permits, investment development, performance and return. Colbún believes regulatory changes have to be made considering the complexities of the energy system and maintaining adequate incentives for investments. It is important that the regulations provide clear and transparent rules, which consolidate the trust of the sector's agents.

Within the context of the announcement of a "New Social Agenda", on Friday, October 25, the Government sent to the Congress a bill referred to as "Transitional Mechanism for Electric Energy Price Stabilization for Customers Subject to Price Regulation." As explained by the authority in the message accompanying the Bill which was received by the Chilean Senate as an urgent matter, the initiative is intended to stabilize the price of electricity at the levels prevailing in the first half of 2019, which implies voiding the average increase of 9.2% in electricity bills of regulated customers, which became effective in October. Such initiative entered the Senate as a matter of the utmost urgency and the discussion is expected to begin soon at the Senate's Mining and Energy Committee. Colbún is analyzing the contents of such Bill to dimension its scope and impact.

In Chile, the current Government is making several regulatory changes which have been inherited from the previous administration or have started during the course of the present administration. Such changes, depending on how they are implemented, might represent opportunities or risks for the Company.

The Bills that are being discussed at the Chilean Congress highlight the following: (i) the Reform of the Water Code; (ii) the bill to modernize the Environmental Impact Assessment System; (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; (v) The Biodiversity and Protected Areas Act; (vi) the power efficiency project; (vii) the supervision and sanctions act project; and (viii) the bill to modernize tax legislation (tax on emissions).

Additionally, the Chilean Ministry of Energy is holding discussions related to the preparation of three draft bills that would directly impact the power industry: "New Distribution Law", "Improved Transmission Law" and "Flexibility Law."

- (i) The "New Distribution Law" will intend to update the regulation of the distribution sector to better address the existing and future technology and market developments, foster investment and improve service quality for end-users. For such purposes, the incorporation of new roles has been proposed; separating the electric distribution activities to introduce competition. In addition, a short bill was sent to the Chilean Senate which intends to decrease the profitability of distribution companies, perfect cost studies and require an exclusive electric distribution business objective.
- (ii) The "Improved Transmission Law" is intended to improve certain aspects addressed by the Transmission Law of 2016, such as Open-Access and Transmission Facilities Qualification, among others.
- (iii) The "Flexibility Law" is aimed at addressing the systemic and market consequences that will arise from an ongoing incorporation of renewable energies from variable sources. Reports have been prepared by consulting firms, which have assessed the matter more closely to continue the discussion.

In June 2019, the Ministry of Energy and Mines decided to create a Multi-sector Committee to discuss a potential reform of the entire electric sector establishing for this a term of 24 months. The Committee has committed to show progress in the following matters: declaration of natural gas prices, fostering renewable energy, rural electrification, review of the discount rate, improvement in bidding processes for long-term contracts, disaggregation of associated capacity and energy, implementation of a new regime to drive transmission projects and treatment of gas contracts. For the declaration of natural gas prices, the Ministry has indicated that it will propose a reform to the system in November of the present year. In addition, a regulation has been published which recognized Firm Capacity to RER power plants that have capacity during peak hours.

The necessary and balanced development of the electric market in the next years for both Chile and Peru will depend on these new regulations and the signals that for this purpose are provided by the authority.

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 in the short-term price of power (marginal cost) during the last years.

With respect to long-term prices, the bidding processes for the supply of regulated customers finished in August 2016 and October 2017 resulted in an important decrease in prices offered and granted, which reflects the 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 expects that these factors triggering such competitive dynamics and price trends will remain in the future, it is difficult to determine their precise impact on the long-term power prices.

In addition, and because of the difference in power prices between regulated and unregulated customers, certain customers have adopted 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 to these customers.

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

The growth in renewable energy from variable sources noted in the Chilean market (and potentially in Peru) 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 complementary services market which adequately remunerates the services required to manage the variability of such power generation sources.

4.2.2 Financial risks

Financial risks are related 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 materially affect Colbún.

a. Exchange rate risk

Exchange rate risk relates mainly to fluctuations in currency coming from two sources. The first source of exposure is cash flows related to investment revenues, 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 incorporate 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 other than the U.S. dollar.

The accounting mismatch exposure is mitigated by applying a policy of 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 occasionally resorts to the use of derivatives, mainly currency swaps and forwards.

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.

As of September 30, 2019, the Company's financial debt, including the effect of contracted interest rate derivatives, is 100% denominated in fixed rate.

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. Colbún has recently expanded its presence in the medium and small unregulated customer segment, for which it has implemented new procedures and controls related to the risk assessment of these type of customers and a follow-up of their collection. Allowance for doubtful accounts calculations are performed on a quarterly basis based on the risk analysis of each customer considering, among other factors, its credit rating, payment behavior and industry.

With respect to placements in cash and derivatives, Colbún performs transactions with high credit rated entities. In addition, the Company has established interest limits by counterparty, which are regularly approved by the Board of Directors and periodically reviewed.

As of September 30, 2019, the Company invests its cash surpluses in mutual funds (of bank subsidiaries) and in time 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 10.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 the Colbún's own revenue and by engaging credit revolving facilities to ensure sufficient funds will be available to support expected needs for a period.

As of September 30, 2019, Colbún has cash surpluses of approximately US\$780 million, invested in time deposits for an average of 100 days (including time deposits with maturities exceeding 90 days, where the latter are recorded as "Other financial assets, current" in the Consolidated Financial Statements), and in short-term mutual fund deposits maturing in less than 90 days.

Likewise, to date, the Company has the following additional sources of liquidity available: (i) a line of bonds registered with the local market for UF 7 million, and (ii) uncommitted credit revolving facilities for approximately US\$150 million.

Within the next twelve months, the Company will have to disburse approximately US\$121 million associated with interests on financial debt and debt repayments. The payment of interests and repayments are expected to be covered by the Company's internally generated cash flows.

As of September 30, 2019, Colbún has the following domestic risk ratings: AA- by Fitch Ratings, with positive expectation and AA by Feller Rate, with stable expectation. At international level, the Company's ratings are: Baa2 by Moody's, and BBB by S&P and by Fitch Ratings, all with positive outlooks.

As of September 30, 2019, Fenix risk ratings are: Ba1 by Moody's, and BBB -by S&P and by Fitch Ratings, all with stable outlooks.

Considering the foregoing, it is assessed that the Company's liquidity risk is currently limited.

Information on contractual maturities of the main financial liabilities is disclosed in Note 21.c.2 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.

With respect to 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 hedge any possible remaining exposure. Because of this reason, the Company performs 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 by applying a policy of maximum mismatch between assets and liabilities for structural items in the Balance Sheet denominated in currencies other than U.S. dollar. As of September 30, 2019, the Company's exposure to this risk relates to a potential impact of approximately US\$4.3 million for quarterly foreign currency exchange differences, based on a sensitivity analysis with a 95% reliance.

There is no interest rate variance risk because 100% of the financial debt is assumed to be at a fixed rate.

The credit risk is low because Colbún operates solely with domestic and foreign bank counterparties with high credit rating, 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 27%. 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 a concentration of more than 21% in terms of notional value.

Liquidity risk is considered to be low by virtue of the Company's significant cash position, the amount of financial obligations for the following twelve months and access to additional sources of financing.

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. Useful lives have been estimated and determined considering technical aspects, their nature and status.

Estimated useful lives as of September 30, 2019 are as follows:

(i) Useful life 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 (years)
Buildings	10 - 65	34
Machinery	4 - 20	11
Transport equipment	5 - 15	7
Equipment office	5 - 30	27
IT equipment	3 - 10	5
Power-generating assets	2 - 100	41
Transmission line operation and maintenance	20	15
Right-of-use assets	2 - 14	13
Other property, plant and equipment	10 - 50	29

⁽¹⁾ See note 17.v.2

Additional detail per class of plants is presented below.

Classes of plants	Useful life (years)	Average remaining useful life (years)
Power-generating facilities		
Hydroelectric power plants		
Civil works	10 - 100	73
Electromechanical equipment	2 - 100	22
Thermal power plants		
Civil works	10 - 60	24
Electromechanical equipment	2 - 60	17
Solar power plant		
Electromechanical equipment	5 - 25	23
Civil works	25	25

(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)
Customer contractual 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 any 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 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 assets located in Chile represent two CGUs, the Generation and Transmission business, whereas all assets located in Peru represent another CGU.

For CGUs assigned to intangible assets with an indefinite useful life, the recoverability analysis is conducted systematically at each reporting date, or at any date deemed necessary, except if considered that the most recent calculations of a CGU's recoverable amount from the prior period may be used for verifying the amount of the impairment of such unit in 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 money 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 "Other Gains (losses)" in the Statement of Comprehensive Income. Impairment losses recognized in an asset in prior years will be 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 that the asset would have had no unwinding been conducted.

As of September 30, 2019, the Company believes 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. Segment reporting

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

Additionally, the Company owns transmission lines and substations through which it trades transport and power transformation capacity in the Chilean National Electric System (SEN).

Colbún's management control system analyzes generation business from the perspective of a mix of hydraulic / thermal assets that produce power to serve a customer portfolio, and assesses the transmission business distinguishing three types of transmission lines operated by the Company: national, zonal and dedicated. Consequently, resource allocation and performance measures are analyzed separately per each business. Certain classification criteria are, for example, the type of asset: generation or transmission; production technology: hydroelectric power plants (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 unregulated and regulated 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 power purchase 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 generation of Santa María.

Colbún is part of the SEN 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.

The electricity regulation for the power generation business for both systems in which Colbún is involved, contemplates a conceptual division of power 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 (KW-month).

The electricity regulation for the transmission business establishes a functional definition and differentiated remuneration between the transmission systems, both for the regulated segment (National System, Zonal and Development Hubs), and the Dedicated system segment, in which is possible to enter into contracts with unregulated customers and power generators.

As Colbún operates in two different businesses: generation, in which it is also involved in two electric systems, the National Electric System in Chile and the National Interconnected Electric System in Peru; and transmission, for the purpose of applying IFRS 8, information by segments has been organized in accordance with the generation segment, differentiated by geographical distribution by country, and the transmission segment.

The table below presents information by operating segment:

Segment operating results for the period ended 09.30.2019	January - September 2019						July - September 2019					
	Chile Generación	Chile Transmisión	Perú Generación	Operating segments	Elimination of inter-segment revenue	Total operating segments	Chile Generación	Chile Transmisión	Perú Generación	Operating segments	Elimination of inter-segment revenue	Total operating segments
Revenue												
Revenue	972,321	35,525	127,471	1,135,317	-	1,135,317	315,638	1,871	44,203	361,712	-	361,712
Revenue from transactions with other operating segments	339	27,714	-	28,053	(28,053)	-	245	18,257	-	18,502	(18,502)	-
Total revenue from third parties and transactions with other operating segments	972,660	63,239	127,471	1,163,370	(28,053)	1,135,317	315,883	20,128	44,203	380,214	(18,502)	361,712
Raw materials and consumables	(499,534)	(7,515)	(70,345)	(577,394)	28,053	(549,341)	(149,833)	(2,597)	(26,275)	(178,705)	-	(178,705)
Employee benefit expenses	(50,704)	-	(4,273)	(54,977)	-	(54,977)	(16,936)	-	(1,196)	(18,132)	-	(18,132)
Interest expenses	(47,457)	(546)	(20,517)	(68,520)	-	(68,520)	(15,332)	(536)	(7,032)	(22,900)	-	(22,900)
Interest income	15,880	-	317	16,197	-	16,197	4,814	-	103	4,917	-	4,917
Depreciation and amortization expenses	(145,037)	(10,768)	(34,041)	(189,846)	-	(189,846)	(48,557)	(3,535)	(11,762)	(63,854)	-	(63,854)
Share of profit of equity-accounted associates and joint ventures	35,986	-	-	35,986	(28,897)	7,089	6,235	-	-	6,235	(4,054)	2,181
Income tax expense from continuing operations	(53,307)	(11,990)	(401)	(65,698)	-	(65,698)	(19,357)	(3,562)	(3,717)	(26,636)	-	(26,636)
Other significant items other than cash	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) before taxes	228,249	43,848	4,980	277,077	(28,897)	248,180	68,657	12,762	3,964	85,383	(4,054)	81,329
Profit (loss) from continuing operations	174,942	31,858	4,579	211,379	(28,897)	182,482	49,300	9,200	247	58,747	(4,054)	54,693
Profit (loss)	174,942	31,858	4,579	211,379	(28,897)	182,482	49,300	9,200	247	58,747	(4,054)	54,693
Assets	5,701,326	398,210	907,041	7,006,577	(226,476)	6,780,101						
Equity-accounted investees	251,935	-	-	251,935	(226,476)	25,459						
Incorporation of non-current assets other than financial instruments, deferred tax assets, assets related to defined benefit plans and rights arising from insurance contracts	4,442,539	374,825	800,862	5,618,226	-	5,618,226	-	-	-	-	-	-
Total liabilities	2,355,808	101,143	504,399	2,961,350	-	2,961,350						
Equity						3,818,751						
Liabilities and equity						6,780,101						
Impairment losses recognized in other comprehensive income	(4,732)	-	-	(4,732)	-	(4,732)	(999)	-	-	(999)	-	(999)
Cash flows from (used in) operating activities	337,425	42,715	37,864	418,004	-	418,004	137,944	13,297	13,733	164,974	-	164,974
Cash flows from (used in) investing activities	30,746	(20,880)	(10,281)	(415)	-	(415)	(426,975)	(6,849)	(121)	(433,945)	-	(433,945)
Cash flows from (used in) financing activities	(302,308)	(16,168)	(38,093)	(356,569)	-	(356,569)	(10,808)	(750)	(17,912)	(29,470)	-	(29,470)

Continued

Segment operating results for the period ended 09.30.2018	January - September 2018						July - September 2018					
	Chile Generación ⁽¹⁾	Chile Transmisión ⁽¹⁾	Perú Generación	Operating segments	Elimination of inter-segment revenue	Total operating segments	Chile Generación ⁽¹⁾	Chile Transmisión ⁽¹⁾	Perú Generación	Operating segments	Elimination of inter-segment revenue	Total operating segments
Revenue												
Revenue	972,103	50,418	121,131	1,143,652	-	1,143,652	303,595	16,470	40,086	360,151	-	360,151
Revenue from transactions with other operating segments	9,044	7,289	-	16,333	(16,333)	-	244	2,749	-	2,993	(2,993)	-
Total revenue from third parties and transactions with other operating segments	981,147	57,707	121,131	1,159,985	(16,333)	1,143,652	303,839	19,219	40,086	363,144	(2,993)	360,151
Raw materials and consumables	(509,755)	(7,827)	(84,878)	(602,460)	(16,333)	(586,127)	(150,495)	(2,485)	(30,207)	(183,187)	(4,879)	(176,487)
Employee benefit expenses	(55,622)	-	(4,623)	(60,245)	-	(60,245)	(22,155)	-	2,736	(19,419)	-	(19,419)
Interest costs	(49,343)	(1)	(13,750)	(63,094)	-	(63,094)	11,896	(201)	7,142	18,837	-	20,896
Interest income	13,623	-	731	14,354	-	14,354	4,780	-	223	5,003	-	5,003
Depreciation and amortization expenses	(141,904)	(10,357)	(24,675)	(176,936)	-	(176,936)	(47,842)	(3,373)	(8,279)	(59,494)	-	(59,494)
Share of profit of equity-accounted associates and joint ventures	9,572	-	-	9,572	-	9,572	(16,647)	-	-	(16,647)	-	(16,647)
Income tax expense from continuing operations	(55,250)	(10,384)	(217)	(65,851)	-	(65,851)	(19,723)	(3,503)	425	(22,801)	-	(22,801)
Profit (loss) before taxes	179,933	38,459	10,511	228,903	-	228,903	21,931	12,974	22,307	57,212	19,469	76,681
Profit from continuing operations	124,683	28,075	10,294	163,052	-	163,052	2,208	9,471	22,732	34,411	19,469	53,880
Profit (loss)	124,683	28,075	10,294	163,052	-	163,052	2,208	9,471	22,732	34,411	19,469	53,880
Assets	5,854,178	373,558	825,109	7,052,845	(233,286)	6,819,559						
Equity-accounted investees	264,778	-	-	264,778	(233,286)	31,492						
Incorporation of non-current assets other than financial instruments, deferred tax assets, assets related to defined benefit plans and rights arising from insurance contracts	4,590,097	367,271	685,185	5,642,553	-	5,642,553	-	-	-	-	-	-
Total liabilities	2,426,270	93,098	376,518	2,895,886	-	2,895,886						
<i>Equity</i>						3,923,673						
Liabilities and equity						6,819,559						
Impairment losses recognized in other comprehensive income	(4,700)	-	-	(4,700)	-	(4,700)	(399)	-	-	(399)	-	(399)
Cash flows from (used in) operating activities	293,611	46,642	31,697	371,950	-	371,950	117,516	17,435	7,384	142,335	-	142,335
Cash flows from (used in) investing activities	171,380	(25,499)	(4,532)	141,349	-	141,349	(188,680)	(13,348)	(544)	(202,572)	-	(202,572)
Cash flows from (used in) financing activities	(258,270)	(21,747)	842	(279,175)	-	(279,175)	(41,583)	(4,255)	21,620	(24,218)	-	(24,218)

⁽¹⁾In October 2018, a reorganization of the Company's transmission assets was carried out, consolidating in Colbun Transmisión S.A. all national, zonal and dedicated assets. Formerly, Colbun Transmisión S.A. only recorded national transmission assets. Accordingly, as of September 30, 2018, amounts recorded for the Generation and Transmission businesses in Chile are proforma, and pursuant to the requirements of IFRS 8, the comparative information has been restated.

Continued

Segment operating results for the year ended 12.31.2018	Chile Generación ⁽¹⁾	Chile Transmisión ⁽¹⁾	Perú Generación	Operating segments	Elimination of inter-segment revenue	Total operating segments
Revenue						
Revenue	1,330,437	39,431	159,520	1,529,388		1,529,388
Revenue from transactions with other operating segments	-	37,581	-	37,581	(37,581)	-
Total revenue from third parties and transactions with other operating segments	1,330,437	77,012	159,520	1,566,969	(37,581)	1,529,388
Raw materials and consumables	(643,368)	(11,607)	(114,250)	(769,225)	37,581	(731,644)
Employee benefit expenses	(73,637)	-	(6,128)	(79,765)	-	(79,765)
Interest costs	(66,993)	-	(16,878)	(83,871)	-	(83,871)
Interest income	19,183	-	1,184	20,367	-	20,367
Depreciation and amortization expenses	(189,356)	(14,060)	(33,539)	(236,955)	-	(236,955)
Share of profit of equity-accounted associates and joint ventures	4,601	-	-	4,601	6,787	11,388
Income tax expense from continuing operations	(82,958)	(13,863)	(1,597)	(98,418)	-	(98,418)
Profit (loss) before taxes	299,438	51,344	3,166	353,948	6,787	360,735
Profit from continuing operations	216,480	37,481	1,569	255,530	6,787	262,317
Profit (loss)	216,480	37,481	(30,323)	255,530	6,787	262,317
Assets	5,805,734	383,748	817,501	7,006,983	(228,634)	6,778,349
Equity-accounted investees	258,836	-	-	258,836	(228,634)	30,202
Incorporation of non-current assets other than financial instruments, deferred tax assets, assets related to defined benefit plans and rights arising from insurance contracts	4,575,674	330,571	675,983	5,582,228	-	5,582,228
Total liabilities	2,414,428	118,539	388,444	2,921,411	-	2,921,411
<i>Equity</i>						3,856,938
Liabilities and equity						6,778,349
Impairment losses recognized in other comprehensive income	(28,394)	-	-	(28,394)	-	(28,394)
Cash flows from (used in) operating activities	425,464	57,497	33,369	516,330		516,330
Cash flows from (used in) investing activities	(107,446)	(33,541)	(5,444)	(146,431)		(146,431)
Cash flows from (used in) financing activities	(344,765)	(24,727)	(26,988)	(396,480)		(396,480)

⁽¹⁾In October 2018, a reorganization of the Company's transmission assets was carried out, consolidating in Colbún Transmisión S.A. all national, zonal and dedicated assets. Formerly, Colbún Transmisión S.A. only recorded national transmission assets. Accordingly, as of December 31, 2018, amounts recorded for the Generation and Transmission businesses in Chile are proforma, and pursuant to the requirements of IFRS 8, the comparative information has been restated.

Information on products and services

Sales in the main geographical markets	January - September		July - September	
	2019	2018	2019	2018
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Chile Generación				
Energy sales	768,802	812,190	235,477	252,549
Power sales	116,620	121,470	39,381	40,458
Other income	87,238	47,487	41,025	10,832
Subtotal	972,660	981,147	315,883	303,839
Chile Transmission				
Sales from tolls	63,239	57,707	20,128	19,219
Subtotal	63,239	57,707	20,128	19,219
Peru				
Energy sales	93,473	88,786	32,531	29,167
Power sales	30,202	28,501	10,088	9,525
Other income	3,796	3,844	1,584	1,394
Subtotal	127,471	121,131	44,203	40,086
Total reportable segments	1,163,370	1,159,985	380,214	363,144
Elimination of inter-segment revenue	(28,053)	(16,333)	(18,502)	(2,993)
Total sales	1,135,317	1,143,652	361,712	360,151

Information on products and services

Main customers	January - September				July - September			
	2019		2018		2019		2018	
	ThUS\$	%	ThUS\$	%	ThUS\$	%	ThUS\$	%
Chile (Generation)								
Corporación Nacional del Cobre Chile	269,215	23%	292,738	25%	77,104	20%	94,785	26%
CGE Distribución S.A.	158,484	14%	240,050	21%	41,062	11%	73,414	20%
Enel Distribución Chile S.A.	111,702	10%	134,885	12%	37,018	10%	44,323	12%
Anglo American S.A.	79,861	7%	82,296	7%	24,154	6%	27,907	8%
Sociedad Austral del Sur S.A.	36,724	3%	54,884	5%	9,726	3%	17,597	5%
Colbún Transmisión S.A.	339	0%	244	0%	43	0%	244	0%
Other	316,335	27%	176,050	16%	126,776	33%	45,569	13%
Subtotal	972,660	84%	981,147	86%	315,883	83%	303,839	84%
Chile (Transmission)								
Colbún S.A.	27,714	2%	7,289	1%	8,880	2%	(11,429)	-3%
Corporación Nacional del Cobre Chile	6,917	1%	2,518	0%	1,662	0%	1,294	0%
Anglo American S.A.	3,469	0%	4,649	0%	1,283	0%	4,649	1%
Enel Generación Chile S.A.	3,614	0%	-	0%	1,553	0%	(457)	0%
Chilquinta Energía S.A.	2,676	0%	-	0%	647	0%	(26)	0%
CGE Distribución S.A.	2,964	0%	-	0%	939	0%	-	0%
Other	15,885	3%	43,251	4%	5,164	1%	25,188	7%
Subtotal	63,239	6%	57,707	5%	20,128	5%	19,219	5%
Peru								
Luz del Sur S.A.A.	55,561	5%	59,228	5%	19,014	5%	18,880	5%
Enel Distribución Perú S.A.A.	15,354	1%	22,986	2%	4,957	1%	8,149	2%
Compañía Eléctrica El Platanal S.A.	10,270	1%	8,577	1%	3,861	1%	(1,462)	0%
Electronoroeste S.A.	4,955	0%	4,529	0%	1,571	0%	(851)	0%
Hidrandina S.A.	2,449	0%	2,412	0%	797	0%	6,955	2%
Other	38,882	3%	23,399	1%	14,003	4%	8,415	2%
Subtotal	127,471	10%	121,131	9%	44,203	12%	40,086	11%
Total reportable segments	1,163,370	100%	1,159,985	100%	380,214	100%	363,144	100%
Elimination of inter-segment revenue	(28,053)		(16,333)		(18,502)		(2,993)	
Total sales	1,135,317		1,143,652		361,712		360,151	

7. Cash and cash equivalents

a. Detail

As of September 30, 2019 and December 31, 2018, this caption is composed of the following:

Cash and cash equivalents	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Cash on hand	46	57
Cash in banks	68,219	68,933
Time deposits	164,663	49,492
Other cash equivalents	41,387	100,709
Total	274,315	219,191

Term deposits have maturities of less than three 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 September 30, 2019 and December 31, 2018, 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 8.

b. Detail by currency

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

Currency	09.30.2019		12.31.2018	
	Currency Currency ThUS\$	Currency with derivative ⁽¹⁾ ThUS\$	Currency Currency ThUS\$	Currency with derivative ⁽¹⁾ ThUS\$
EUR	375	375	633	633
Ch\$	220,429	81,429	155,136	127,136
PEN	11,007	11,007	7,564	7,564
US\$	42,504	181,504	55,858	83,858
Total	274,315	274,315	219,191	219,191

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

c. Reconciliation of assets arising from financial activities

Liabilities arising from financing activities	Balance as of 01.01.2019	Cash flows	Changes that do not represent cash flows				Balance as of 09.30.2019
			Dividends	Interests	Valuation	Other	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Finance lease liabilities ⁽¹⁾	14,644	(13,494)	-	7,926	-	136,863	145,939
Bonds payable ⁽¹⁾	1,586,657	(83,248)	-	50,454	(6,054)	5,149	1,552,958
Dividends payable	36,001	(256,690)	220,689	-	-	-	-
Capital decrease (subsidiary)	-	(3,137)	-	-	-	3,137	-
Total	1,637,302	(356,569)	220,689	58,380	(6,054)	145,149	1,698,897

Liabilities arising from financing activities	Balance as of 01.01.2018	Cash flows	Changes that do not represent cash flows				Balance as of 09.30.2018
			Dividends	Interests	Valuation	Other	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Finance lease liabilities	15,071	(1,990)	-	1,674	-	-	14,755
Bonds payable	1,643,985	(72,454)	-	53,163	(16,404)	6,085	1,614,375
Dividends payable	23,075	(208,891)	189,690	-	(3,479)	(395)	-
Other receivables	(4,160)	4,160	-	-	-	-	-
Total	1,677,971	(279,175)	189,690	54,837	(19,883)	5,690	1,629,130

⁽¹⁾ See Note 21.a

8. Other financial assets

As of September 30, 2019 and December 31, 2018, this caption is composed of the following:

	Current		Non-current	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Time deposits ⁽¹⁾	505,848	568,897	-	-
Hedge derivative instruments ⁽²⁾ (see Note 13.1)	3,129	354	8,807	8,706
Investment for share offering	-	-	83	91
Total	508,977	569,251	8,890	8,797

⁽¹⁾ As of September 30, 2019 and December 31, 2018, 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 80 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.

9. Trade and other receivables

As of September 30, 2019 and December 31, 2018, this caption is composed of the following:

Caption	Current	
	09.30.2019	12.31.2018
	ThUS\$	ThUS\$
Trade receivables by contract	236,424	217,680
Other receivables ⁽¹⁾	11,967	23,999
Total	248,391	241,679

⁽¹⁾ As of September 30, 2019, the current balance comprises recoverable taxes of ThUS\$ 10,117 and other minor items of ThUS\$ 1,850. (ThUS\$ 21,902 and ThUS\$ 2,097 as of December 31, 2018, respectively). Company believes these assets are recoverable within 12 months.

The average collection period is 30 days.

Considering debtors' solvency, current regulations, and in accordance with the doubtful accounts policy stated in our accounting policies (see Note 3.1.h.1.5), the Company records the expected credit losses in all its trade receivables, either for 12 months or during the term of the asset by applying the simplified approach as established in IFRS 9. Accordingly, 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 detail of changes in the provision for impairment of trade and other receivables is as follows:

Impairment	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Opening balance as of January 01.01.2019	623	277
Increase (decrease) in the allowance	615	552
Impairment losses	-	(182)
Reversal of impairment losses	(414)	(24)
Closing balance	824	623

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

As of September 30, 2019 and December 31, 2018, the analysis of trade receivables is as follows:

a) Aging of trade receivables portfolio.

Invoiced	Balance as of 09.30.2019					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	17,357	262	15	-	1,191	18,825
Trade receivables, unregulated	7,040	2,616	13	2	3,063	12,734
Other receivables	5,039	562	741	587	3,303	10,232
Allowance for impairment losses	(396)	-	-	-	(428)	(824)
Subtotal	29,040	3,440	769	589	7,129	40,967

Invoices to be issued	Balance as of 09.30.2019					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	105,059	-	-	-	-	105,059
Trade receivables, unregulated	85,294	-	-	-	-	85,294
Other receivables	5,104	-	-	-	-	5,104
Subtotal	195,457	-	-	-	-	195,457
Total trade receivables	224,497	3,440	769	589	7,129	236,424
No. of customers (unaudited)	435	76	65	70	266	

Invoiced	Balance as of 12.31.2018					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	931	2,560	698	27	1,363	5,579
Trade receivables, unregulated	5,376	1,322	336	361	435	7,830
Other receivables	853	195	372	84	684	2,188
Allowance for impairment losses	(209)	-	(11)	-	(403)	(623)
Subtotal	6,951	4,077	1,395	472	2,079	14,974

Invoices to be issued	Balance as of 12.31.2018					
	Current ThUS\$	1-30 days ThUS\$	31-60 ThUS\$	61-90 ThUS\$	Over 91 days ThUS\$	Total ThUS\$
Trade receivables, regulated	97,211	-	-	-	-	97,211
Trade receivables, unregulated	92,650	-	-	-	-	92,650
Other receivables	12,845	-	-	-	-	12,845
Subtotal	202,706	-	-	-	-	202,706
Total trade receivables	209,657	4,077	1,395	472	2,079	217,680
No. of customers (unaudited)	379	139	103	29	242	

b) Customers in legal collection

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

10. Financial instruments

a. Financial instruments by category

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

a.1 Assets

September 30, 2019	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Cash on hand and cash in banks (see Note 7)	-	68,265	68,265
Time deposits and other cash equivalents (see Note 7)	164,663	41,387	206,050
Trade and other receivables ⁽¹⁾ (see Note 9)	238,274	-	238,274
Trade receivables due from related parties (see Note 11.b.1)	212	-	212
Derivative financial instruments (see Note 13.1)	-	11,936	11,936
Other financial assets (see Note 8)	505,848	-	505,848
Total	908,997	121,588	1,030,585

December 31, 2018	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Cash on hand and cash in banks (see Note 7)	-	68,990	68,990
Time deposits and other cash equivalents (see Note 7)	49,492	100,709	150,201
Trade and other receivables ⁽¹⁾ (see Note 9)	219,777	-	219,777
Trade receivables due from related parties (see Note 11.b.1)	1,117	-	1,117
Derivative financial instruments (see Note 13.1)	-	9,060	9,060
Other financial assets (see Note 8)	568,897	-	568,897
Total	839,283	178,759	1,018,042

⁽¹⁾ As of September 30, 2019, it does not include recoverable taxes of ThUS\$10,117. As of December 31, 2018, the balance related to current recoverable taxes amounted to ThUS\$21,902.

a.2 Liabilities

September 30, 2019	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Interest-bearing borrowings (see Note 21.c.2)	1,552,958	-	1,552,958
Lease obligations (see Note 21.c.3)	145,939	-	145,939
Derivative financial instruments (see Note 13.1)	-	2,146	2,146
Trade and other payables (see Note 22)	143,115	-	143,115
Payables due to related parties (see Note 11.b.2)	250	-	250
Total	1,842,262	2,146	1,844,408

December 31, 2018	Amortized cost	Fair value	Total
	ThUS\$	ThUS\$	ThUS\$
Interest-bearing borrowings (see Note 21.c.2)	1,586,657	-	1,586,657
Lease obligations (see Note 21.c.3)	14,644	-	14,644
Derivative financial instruments (see Note 13.1)	-	1,962	1,962
Trade and other payables (see Note 22)	186,622	-	186,622
Payables due to related parties (see Note 11.b.2)	17,971	-	17,971
Total	1,805,894	1,962	1,807,856

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	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Customers with local risk rating		
AAA	74,400	73,443
AA+	15,378	30,064
AA	37,595	14,389
AA-	3,382	4,494
A+	51,942	35,107
A	-	2,373
A-	2,326	-
BBB	78	-
Total	185,101	159,870
Customers with no local risk rating		
Total	51,323	57,810
Cash in banks and bank short-term deposits, local market		
AAA	445,917	136,947
AA+	124,263	-
AA	37,940	-
AA-	36,114	-
A+ or lower	10,047	503,177
Total	654,281	640,124
Cash in banks and bank short-term deposits, international market ^(*)		
BBB- or higher	84,495	47,255
Total	84,495	47,255
Counterparty derivative financial assets, international market ^(*)		
AAA	11,936	9,060
Total	11,936	9,060

^(*) Foreign risk classification

11. 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 process. Relationships between the Controller, subsidiaries, associates, joint ventures, and special purpose entities, are detailed in Note 3.1, section b. and c.

a. Controlling interests

As of September 30, 2019, the distribution of ownership interest is as follows:

Shareholders	Ownership %
Minera Valparaíso S.A. ^(*)	35.17
Forestal Cominco S.A. ^(*)	14.00
Antarchile S.A.	9.58
AFP Habitat S.A. ^(**)	6.24
AFP Provida S.A. ^(**)	4.55
Banco Itaú on behalf of investors	4.16
AFP Capital S.A. ^(**)	3.99
Banco Santander - JP Morgan	3.17
AFP Cuprum S.A. ^(**)	2.89
Banco de Chile on behalf of third-parties	2.73
Other shareholders	13.52
Total	100.00

^(*) Companies owned by Parent Group (Matte Group).

^(**) It relates to the consolidated interest for each Pension Fund Administrator.

b. Balances and transactions with related parties

Receivables from, payables due to and transactions with related parties were conducted under market terms and conditions and are adjusted in accordance with Article No. 44 of Law No. 18,046 (the "Public Company Act").

b. 1. Trade receivables due from related parties

Tax ID No.	Company	Country	Relationship	Currency	Current	
					09.30.2019 ThUS\$	12.31.2018 ThUS\$
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	-	690
96.532.330-9	CMPC Celulosa S.A.	Chile	Common group	Ch\$	-	13
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch\$	44	11
96.731.890-6	Cartulinas CMPC S.A.	Chile	Common group	Ch\$	-	275
65.027.584-5	Fundación Colbún	Chile	Special purpose entity	Ch\$	168	128
Total					212	1,117

b. 2. Trade payables due to related parties

Tax ID No.	Company	Country	Relationship	Currency	Current	
					09.30.2019 ThUS\$	12.31.2018 ThUS\$
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch\$	214	211
99.520.000-7	Compañía de Petróleos de Chile Copec S.A.	Chile	Director and controlling shareholder	Ch\$	5	15
97.080.000-K	Banco Bice	Chile	Common director	Ch\$	3	3
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	Common group	Ch\$	28	32
90.412.000-6	Minera Valparaíso S.A.	Chile	Controlling shareholder	US\$	-	12,662
79.621.850-9	Forestal Cominco S.A.	Chile	Controlling shareholder	US\$	-	5,040
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	-	8
Total					250	17,971

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

b. 3 Disclosures of transactions with related parties

Tax ID No.	Company	Country	Relationship	Currency	Transaction	January - September				July - September			
						2019		2018		2019		2018	
						Amount	Effect on profit or loss (debit) credit	Amount	Effect on profit or loss (debit) credit	Amount	Effect on profit or loss (debit) credit	Amount	Effect on profit or loss (debit) credit
						ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Joint venture	Ch\$	Toll for using facilities	1,893	(1,591)	2,355	(1,979)	643	(541)	852	(716)
				UF	Revenue for services rendered	104	87	186	156	34	28	111	93
				Ch\$	Dividend received ⁽¹⁾	5,986	-	-	-	-	-	-	-
96.806.130-5	Electrogas S.A.	Chile	Associate	US\$	Gas transport service	7,456	(6,266)	8,511	(7,152)	2,499	(2,101)	3,198	(2,687)
				US\$	Diesel transport service	1,195	(1,004)	405	(340)	927	(778)	151	(127)
				US\$	Dividend declared ⁽²⁾	2,285	-	5,931	-	(3,291)	-	-	-
				US\$	Dividend received ⁽²⁾	2,975	-	5,931	-	-	-	3,381	-
97.080.000-K	Banco Bice	Chile	Common director	Ch\$	Expenses for services received	18	(15)	30	(25)	6	(5)	3	(2)
96.731.890-6	Cartulinas CMPC S.A.	Chile	Parent common director	Ch\$	Easements	778	654	828	696	387	326	276	232
				Ch\$	Sale of energy and capacity	6,287	5,283	5,864	4,927	2,152	1,809	2,254	1,893
96.532.330-9	CMPC Celulosa S.A.	Chile	Common group	Ch\$	Sale of energy and capacity and energy transport	19,241	16,169	13,035	10,954	6,577	5,527	13,035	10,954
79.621.850-9	Forestal Cominco S.A.	Chile	Controlling shareholder	US\$	Dividends ⁽³⁾	35,838	-	29,800	-	0	-	-	-
90.412.000-6	Minera Valparaíso S.A.	Chile	Controlling shareholder	US\$	Dividends ⁽³⁾	90,036	-	74,866	-	-	-	-	-
99.520.000-7	Compañía de Petróleos de Chile Copec S.A.	Chile	Director and controlling shareholder	Ch\$	Diesel supply service	8,800	(7,395)	11,870	(9,975)	78	(66)	4,957	(4,166)
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	Common group	Ch\$	Telephone services	215	(181)	285	(240)	48	(41)	88	(74)
96.697.410-9	Entel Telefonía Local S.A.	Chile	Common director	Ch\$	Telephone services	54	(45)	47	(40)	19	(16)	14	(12)
96.925.430-1	Sercor S.A.	Chile	Common director	Ch\$	Stock administration service	90	(75)	98	(82)	18	(15)	17	(14)
90.844.000-5	Kupfer Hermanos S.A.	Chile	Common director	Ch\$	Purchase of personal protective equipment	191	(161)	85	(71)	16	(14)	-	-
				Ch\$	Sale of energy and capacity	116	97	-	-	70	58	-	-
76.351.385-8	Orion Power S.A.	Chile	Common group	Ch\$	Operation and maintenance service	128	(107)	3,492	(2,935)	55	(46)	-	-
76.138.547-K	Mega Archivos S.A.	Chile	Common director	Ch\$	Document storage service	47	(39)	32	(27)	33	(27)	-	-
93.628.000-5	Molibdenos y Metales S.A.	Chile	Common group	Ch\$	Sale of energy and capacity	1,011	849	-	-	675	567	-	-
79.943.600-0	Forsac SpA.	Chile	Common group	Ch\$	Sale of energy and capacity	237	199	127	107	(98)	(83)	79	67
95.304.000-K	CMPC Maderas SpA	Chile	Common group	Ch\$	Sale of energy and capacity	9,031	7,589	8,187	6,880	3,145	2,643	3,078	2,587
91.440.000-7	Forestal Mñinco SpA	Chile	Common group	Ch\$	Sale of energy and capacity	135	113	19	16	45	37	33	27

⁽¹⁾ Dividends declared and paid by Transquillota Ltda.

- In June 2019, Transquillota Ltda. distributed and paid retained earnings of MCh\$8,140 from which MCh\$ 4,070 correspond to Colbún, equivalent to ThUS\$ 5,986. (50%)

⁽²⁾ Dividends declared and paid by Electrogas S.A.

- In September 2019, the Company received a payment of ThUS\$3,290.
- In June 2019, the Company received a payment of ThUS\$2,975.
- In March 2019, Electrogas S.A. recorded a provisional dividend with a debit to profit for 2018, of MUS\$ 13,1 of which Colbún is entitled to ThUS\$5,576 (42.5%).
- In May 2018, the Company received a payment of ThUS\$ 2,550, with a remaining balance pending receipt of ThUS\$ 3,381.
- in March 2018, Electrogas S.A. recorded a provisional dividend with a debit to profit for 2017, of MUS\$ 14,0 of which Colbún is entitled to receive ThUS\$5,931 (42.5%).

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

- Relates to the dividend declared agreed at the Shareholders' Meeting held on April 25, 2019 and paid on May 7, 2019.
- Relates to the final dividend agreed at the Shareholders' Meeting on April 27, 2018 and paid on May 8, 2018.

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 September 30, 2019 and December 31, 2018.

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 25, 2019, a new Board was elected, which is composed of the following directors: Vivianne Blanlot Soza, María Emilia Correa Pérez, Luz Granier Bulnes, Bernardo Larraín Matte, Juan Eduardo Correa García, Andrés Lehuedé Bromley, Francisco Matte Izquierdo, Hernán Rodríguez Wilson and Rodrigo Donoso Munita. Mrs. María Emilia Correa Pérez and Mrs. Luz Granier Bulnes were elected as independent directors.

At the Board of Directors' meeting held on April 30, 2019, Hernán Rodríguez Wilson was appointed Chairman of the Board and Vivianne Blanlot Soza was appointed Vice chairman.

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.

In session held on April 30, 2019, Francisco Matte Izquierdo, Luz Granier Bulnes and María Emilia Correa, were designated as participants of the Directors' Committee.

e. Compensation and other benefits

As per Article 33 of Law No. 18.046 (the "Public Company Act"), the Board will be compensated for the performance of their duties and the amount of such compensation is established annually by the shareholders at the Company's General Ordinary Shareholders' Meeting.

As of September 30, 2019 and 2018, 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 - September						July - September					
		2019			2018			2019			2018		
		Colbún Board ThUS\$	Variable remuneration ⁽²⁾ ThUS\$	Directors' Committee ThUS\$	Colbún Board ThUS\$	Variable remuneration ThUS\$	Directors' Committee ThUS\$	Colbún Board ThUS\$	Variable remuneration ⁽²⁾ ThUS\$	Directors' Committee ThUS\$	Colbún Board ThUS\$	Variable remuneration ⁽²⁾ ThUS\$	Directors' Committee ThUS\$
Hernán Rodríguez Wilson ⁽¹⁾	Chairman	85	43	-	14	-	-	36	-	-	14	-	-
Vivianne Blanlot Soza ⁽¹⁾	Deputy Chairwoman	55	106	-	58	141	-	18	-	-	18	-	-
Bernardo Larrain Matte ⁽¹⁾	Director	55	106	-	58	190	-	18	-	-	18	-	-
Luz Granier Bulnes ⁽¹⁾	Director	55	106	18	58	141	19	18	-	6	18	-	6
Juan Eduardo Correa García ⁽¹⁾	Director	80	212	-	117	236	-	18	-	-	37	-	-
Francisco Matte Izquierdo ⁽¹⁾	Director	55	106	18	58	141	19	18	-	6	18	-	6
Andrés Lehuedé Bromley ⁽¹⁾	Director	55	106	-	58	141	-	18	-	-	18	-	-
María Emilia Correa ⁽¹⁾	Director	30	-	12	-	-	-	18	-	6	-	-	-
Rodrigo José Donoso Munita ⁽¹⁾	Director	30	-	-	-	-	-	18	-	-	-	-	-
Jorge Matte Capdevila	Director	24	106	-	58	141	-	-	-	-	18	-	-
María Ignacia Benítez Pereira	Director	12	-	4	58	141	19	-	-	-	18	-	6
Arturo Mackenna Íñiguez	Director	-	61	-	46	141	-	-	-	-	6	-	-
Total		536	952	52	583	1,413	57	180	-	18	183	-	18

⁽¹⁾ Current Directors as of September 30, 2019.

⁽²⁾ On May 9, 2019, a net payment was made related to variable compensation calculated based on the profit for 2018.

At the Ordinary Shareholders' Meeting held on April 25, 2019, an annual variable payroll of 0.75% of the profit from 2019 was agreed from which the fixed compensation paid in 2019 is deducted.

e.2 Board Counseling Expenses

For the years ended September 30, 2019 and 2018, 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
Rodrigo Pérez Stieповic	Legal Manager
Paula Martínez Osorio	Organization and Personnel Manager
Olivia Heutz Goen	Development Manager
Heraldo Alvarez Arenas	Internal Audit Manager
Daniel Gordon Adam	Environment Manager
Pedro Vial Lyon	Public Affairs Manager
Luis Le Fort Pizarro	Transmission Manager

Key management personnel accrued compensation:

Concept	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Short term employee benefits	3,431	3,397	978	1,123
Other long-term benefits	581	697	170	230
Termination benefits	207	151	(123)	40
Total	4,219	4,245	1,025	1,393

e.4 Receivables and payables and other transactions

As of September 30, 2019 and December 31, 2018 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 September 30, 2019 and 2018, 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

During the period ended September 30, 2019 and 2018, there were no payments for such concept.

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.

12. Inventories

As of September 30, 2019 and December 31, 2018, this caption is composed of the following:

Inventory	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Spare parts for maintenance	24,393	25,562
Coal	30,629	18,620
Inventory in transit	45	163
Oil	4,302	4,506
Gas line pack	569	951
Allowance for obsolescence ⁽¹⁾	(5,553)	(5,553)
Total	54,385	44,249

⁽¹⁾ Relates to the impairment estimate on the spare part stock, which is applied in accordance with the Policy.

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

Inventory costs recognized as expense

As of September 30, 2019 and 2018, the use of inventory recognized as expenses is detailed as follows:

Inventory costs	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Warehouse consumption	5,036	5,252	1,300	1,624
Oil (see Note 28)	11,707	12,847	416	4,996
Gas (see Note 28)	273,145	303,984	70,418	87,821
Coal (see Note 28)	59,240	67,564	7,958	23,069
Total	349,128	389,647	80,092	117,510

13. 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) and Peruvian sol (PEN), 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 September 30, 2019, the Company classified all its hedges as "Cash flow hedges".

13.1 Hedging instruments

As of September 30, 2019 and December 31, 2018, this caption includes the valuation of financial instruments for such periods, detailed as follows:

Hedging assets		Current		Non-current	
		09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Currency hedging instrument	Cash flow hedges	-	-	8,807	8,706
Fuel price hedge	Cash flow hedges	3,129	354	-	-
Total (see Note 8)		3,129	354	8,807	8,706

Hedging liabilities		Current	
		09.30.2019 ThUS\$	12.31.2018 ThUS\$
Currency hedging instrument	Cash flow hedges	91	1,091
Interest rate hedging instrument	Cash flow hedges	2,055	871
Total (see Note 21.a)		2,146	1,962
Hedging instruments, net		9,790	7,098

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

Hedging instrument	Fair value Hedging instrument		Underlying asset hedged	Hedged risk	Type of hedge
	09.30.2019 ThUS\$	12.31.2018 ThUS\$			
Currency forwards	(91)	(1,092)	Financial investments	Exchange rate	Cash flow
Cross currency swaps	6,752	7,836	Bonds payable and promissory notes	Exchange rate and interest rate	Cash flow
Oil options	3,129	-	Purchases of oil and gas	Oil price	Cash flow
Coal options	-	354	Sales of energy	Coal price	Cash flow
Total	9,790	7,098			

As of September 30, 2019, the Company determined no gains or losses associated with ineffective cash flow hedges that should be recognized in profit or loss.

13.2 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 September 30, 2019, the calculation of fair value of all financial instruments subject to measurement, has been determined based on Level 2 of the aforementioned hierarchy.

14. Investments in subsidiaries

The interim consolidated financial statements include the financial statements of the Parent and subsidiaries. Information on subsidiaries as of September 30, 2019 and December 31, 2018 is detailed below.

Subsidiary	09.30.2019						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue	Net profit (loss)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Termoeléctrica Nehuenco S.A.	104	2,505	232	28	2,349	-	(721)
Termoeléctrica Antilhue S.A.	370	27,853	3,757	5,713	18,753	3,600	(81)
Colbún Transmisión S.A.	20,064	374,825	31,904	65,918	297,067	63,239	31,858
Colbún Desarrollo SpA	11	149	-	-	160	-	-
Santa Sofía SpA	-	152	-	180	(28)	-	(2)
Colbún Perú S.A.	20,495	206,183	202	-	226,476	-	(2,157)
Inversiones de Las Canteras S.A.	46	404,921	14	672	404,281	-	(4,746)
Fenix Power Perú S.A.	60,579	846,462	59,945	444,454	402,642	127,471	(4,579)

Subsidiary	12.31.2018						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue	Net profit (loss)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Empresa Eléctrica Industrial S.A. ⁽¹⁾	2,996	26,607	2,155	16,460	10,988	5,112	718
Sociedad Hidroeléctrica Melocotón Ltda. ⁽¹⁾	4	2,482	127	1,065	1,294	3,504	2,649
Río Tranquilo S.A. ⁽¹⁾	2,490	46,050	1,340	21,729	25,471	12,950	7,792
Termoeléctrica Nehuenco S.A.	229	3,189	1,826	15,821	(14,229)	8,529	2,269
Termoeléctrica Antilhue S.A.	366	27,955	3,366	11,992	12,963	4,800	(745)
Colbún Transmisión S.A.	15,575	368,173	55,993	62,546	265,209	40,060	15,509
Colbún Desarrollo SpA	11	149	-	-	160	-	-
Inversiones SUD SpA ⁽¹⁾	120	-	-	51	69	-	20
Inversiones Andinas SpA ⁽¹⁾	10	-	-	-	10	-	-
Santa Sofía SpA	-	153	-	180	(27)	-	(532)
Colbún Perú S.A.	20,058	208,604	28	-	228,634	-	(10,199)
Inversiones de Las Canteras S.A.	22,369	409,707	22,316	733	409,027	-	(20,254)
Fenix Power Perú S.A.	71,836	712,136	43,461	333,290	407,221	159,520	(19,921)

⁽¹⁾ See note 3.1.b.

15. Equity-accounted investees

a. Equity-accounted investees

The detail of equity-accounted investees and its movements as of September 30, 2019 and December 31, 2018 is described below.

Relationship	Company	Number of shares	Ownership percentage 09.30.2019	Balance as of 01.01.2019	Accrued profit or loss	Dividends	Equity reserve		Settlement	Other increase (decrease)	Total 09.30.2019
							Foreign currency transation difference	Reserve in hedge derivatives			
			%	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Associate	Electrogas S.A.	175,076	42.5%	16,603	6,351	(5,538)	-	(72)	-	-	17,344
Joint venture	Aysén Transmisión S.A., en Liquidación	4,900	0.0%	(25)	-	-	(2)	-	27	-	-
Joint venture	Aysén Energía S.A., en Liquidación	4,900	0.0%	(11)	-	-	(1)	-	12	-	-
Joint venture	Transmisora Eléctrica de Quillota Ltda.	-	50.0%	13,635	738	(5,986)	(272)	-	-	-	8,115
Total				30,202	7,089	(11,524)	(275)	(72)	39	-	25,459

Relationship	Company	Number of shares	Ownership percentage 12.31.2018	Balance as of 01.01.2018	Accrued profit or loss	Dividends	Equity reserve		Settlement	Other increase (decrease)	Total 12.31.2018
							Foreign currency transation difference	Reserve in hedge derivatives			
			%	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Associate	Electrogas S.A.	175,076	42.5%	17,220	7,670	(8,321)	-	34	-	-	16,603
Joint venture	Centrales Hidroeléctricas de Aysén S.A. ⁽¹⁾	8,731,996	0.0%	6,733	2,756	-	(1,157)	-	(8,332)	-	-
Joint venture	Aysén Transmisión S.A., en Liquidación	4,900	49.0%	-	(42)	-	35	-	-	(18)	(25)
Joint venture	Aysén Energía S.A., en Liquidación	4,900	49.0%	-	(15)	-	22	-	-	(18)	(11)
Joint venture	Transmisora Eléctrica de Quillota Ltda.	-	50.0%	14,345	1,019	-	(1,729)	-	-	-	13,635
Total				38,298	11,388	(8,321)	(2,829)	34	(8,332)	(36)	30,202

⁽¹⁾ See note 3.1.c.

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 September 30, 2019 and December 31, 2018, is as follows:

Relationship	Company	09.30.2019							
		Current	Non-current	Current	Non-current	Equity	Revenue	Cost of	Retained
		Current	assets	Current	assets	Equity	Revenue	Revenue	earnings
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	(accumulated deficit)
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Associate	Electrogas S.A.	7,112	47,818	2,494	11,627	40,808	27,379	(2,115)	14,943
Joint venture	Transmisora Eléctrica de Quillota Ltda.	3,778	15,135	423	2,261	16,231	3,207	(652)	1,476

Relationship	Company	12.31.2018							
		Current	Non-current	Current	Non-current	Equity	Revenue	Cost of	Retained
		Current	assets	Current	assets	Equity	Revenue	Revenue	earnings
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	(accumulated deficit)
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Associate	Electrogas S.A.	7,073	51,345	6,679	12,674	39,065	35,146	(3,326)	18,049
Joint venture	Aysén Transmisión S.A., en Liquidación	5	-	57	-	(52)	-	-	-
Joint venture	Aysén Energía S.A., en Liquidación	1	-	23	-	(22)	-	-	-
Joint venture	Transmisora Eléctrica de Quillota Ltda.	13,433	16,636	339	2,459	27,271	4,323	(779)	2,039

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 Gas Atacama Chile S.A., Colbún S.A., Empresa de Gas Quinta Región (Gasvalpo), Energas S.A. and Enap Refinerías Concón.

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

ii) Aysén Transmisión S.A. under liquidation - Aysén Energía S.A., liquidated:

Companies incorporated for the development and operation of a hydroelectric project.

At the Extraordinary General Shareholders' Meeting held on December 7, 2017, the shareholders of Aysén Transmisión S.A. and Aysén Energía S.A. agreed the early dissolution of the Company and liquidation of its assets, appointing a Committee responsible for such process. The agreements achieved at such Meeting will be effective after the resulting minute is drafted as public deed, which will be performed after the Chilean Internal Revenue Service authorizes the Company's closure, formalizing the Business Closure Certificate issued together with such public deed. Accordingly, the Chilean Internal Revenue Service issued a Business Closure Certificate for both companies on March 6, 2019. As these companies have no assets that could be liquidated, all corporate debts should be paid with the available resources, and all existing loans should be collected.

On March 6, 2019, the inspection of these companies closure process was formally completed, issuing the business closure certificate. On March 19, 2019, the minute approving the dissolution of both companies was drafted as public deed. On June 24, 2019 the liquidation of both companies was formalized

iii) Transmisora Eléctrica de Quillota Ltda.:

This company was incorporated by Colbún S.A. and San Isidro S.A. (currently, Gas Atacama Chile 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 220 KV that links the substation with Quillota substation of SIC.

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

16. Intangible assets other than goodwill

a. Detail by classes of intangible assets

The detail, as of September 30, 2019 and December 31, 2018, is as follows:

Intangible assets, net		09.30.2019	12.31.2018
		ThUS\$	ThUS\$
Rights not internally generated	Emission rights for particulate matter	9,582	9,582
	Concessions	202	202
	Water rights	17,436	17,436
	Easements	58,119	58,246
	Intangible assets related to customers	37,804	40,186
Licenses	Software	1,436	2,288
Total		124,579	127,940
Intangible assets, gross		09.30.2019	12.31.2018
		ThUS\$	ThUS\$
Rights not internally generated	Emission rights for particulate matter	9,582	9,582
	Concessions	228	228
	Water rights	17,455	17,455
	Easements	59,753	59,749
	Intangible assets related to customers	46,815	46,815
Licenses	Software	14,038	13,889
Total		147,871	147,718
Accumulated amortization		09.30.2019	12.31.2018
		ThUS\$	ThUS\$
Rights not internally generated	Concessions	(26)	(26)
	Water rights	(19)	(19)
	Easements	(1,634)	(1,503)
	Intangible assets related to customers	(9,011)	(6,629)
Licenses	Software	(12,602)	(11,601)
Total		(23,292)	(19,778)

b. Movements in intangible assets

As of September 30, 2019 and December 31, 2018, this caption comprises the following:

Movements as of 2019	Rights not internally generated					Licenses	Intangible assets, net ThUS\$
	Emission rights for particulate matter ThUS\$	Concessions ThUS\$	Water rights ThUS\$	Easements ThUS\$	Intangible assets related to customers ThUS\$	Software ThUS\$	
Opening balance as of 01.01.2019	9,582	202	17,436	58,246	40,186	2,288	127,940
Additions	-	-	-	4	-	109	113
Increase (decrease) resulting from other movements	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(29)	(29)
Accumulated depreciation of disposals	-	-	-	-	-	27	27
Transport from assets under construction	-	-	-	-	-	69	69
Transport between assets	-	-	-	-	-	-	-
Amortization expenses (see Note 30)	-	-	-	(131)	(2,382)	(1,028)	(3,541)
Closing balance as of 09.30.2019	9,582	202	17,436	58,119	37,804	1,436	124,579

Movements as of 2018	Rights not internally generated					Licenses	Intangible assets, net ThUS\$
	Emission rights for particulate matter ThUS\$	Concessions ThUS\$	Water rights ThUS\$	Easements ThUS\$	Intangible assets related to customers ThUS\$	Software ThUS\$	
Opening balance as of 01.01.2018	9,582	87	17,440	58,145	43,362	3,451	132,067
Additions	-	115	-	30	-	37	182
Increase (decrease) resulting from other movements	-	-	-	13	-	-	13
Disposals	-	-	-	(43)	-	-	(43)
Transport from assets under construction	-	-	-	275	-	966	1,241
Transport between assets	-	-	-	-	-	87	87
Amortization expenses	-	-	(4)	(174)	(3,176)	(2,253)	(5,607)
Closing balance as of 12.31.2018	9,582	202	17,436	58,246	40,186	2,288	127,940

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.

17. Property, plant and equipment

a. Detail of property, plant and equipment

As of September 30, 2019 and December 31, 2018, the caption property, plant and equipment is detailed as follows:

Property, plant and equipment, net	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Land	307,352	306,894
Building, construction and facilities	110,263	112,707
Machinery	1,103	1,186
Transport equipment	529	626
Office equipment	3,003	3,168
IT equipment	1,083	1,439
Power-generating assets	4,108,910	4,233,043
Assets under construction	353,766	314,410
Right-of-use assets ⁽¹⁾	138,886	10,558
Other property, plant and equipment	405,155	413,125
Total	5,430,050	5,397,156
Property, plant and equipment, gross	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Land	307,352	306,894
Building, construction and facilities	135,270	134,587
Machinery	1,689	1,640
Transport equipment	1,663	1,663
Office equipment	9,176	9,087
IT equipment	9,139	9,001
Power-generating assets	5,918,899	5,887,279
Assets under construction	437,836	398,480
Right-of-use assets	152,840	15,154
Other property, plant and equipment	520,144	516,612
Total	7,494,008	7,280,397
Accumulated depreciation and impairment of property, plant and equipment	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Building, construction and facilities	(25,007)	(21,880)
Machinery	(586)	(454)
Transport equipment	(1,134)	(1,037)
Office equipment	(6,173)	(5,919)
IT equipment	(8,056)	(7,562)
Power-generating assets	(1,809,989)	(1,654,236)
Assets under construction	(84,070)	(84,070)
Right-of-use assets	(13,954)	(4,596)
Other property, plant and equipment	(114,989)	(103,487)
Total	(2,063,958)	(1,883,241)

⁽¹⁾ See note 17.v.2

b. Movements in property, plant and equipment

As of September 30, 2019 and December 31, 2018, the caption property, plant and equipment, net is composed of the following:

Movements as of 2019	Land	Building, construction and facilities	Machinery	Transport equipment	Equipment office	IT equipment	Power-generating assets	Assets under construction	Right-of-use assets	Other property, plant and equipment	Property, plant and equipment, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2019	306,894	112,707	1,186	626	3,168	1,439	4,233,043	314,410	10,558	413,125	5,397,156
Additions	458	-	-	-	23	62	14,846	86,282	137,686	-	239,357
Increase (decrease) resulting from other movements	-	-	-	-	-	-	-	-	-	3,615	3,615
Disposals	-	-	-	-	-	-	(28,340)	(791)	-	(161)	(29,292)
Accumulated depreciation, disposals	-	-	-	-	-	-	5,587	-	-	1	5,588
Impairment losses recognized in other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Transport from assets under construction	-	641	-	-	66	41	45,240	(46,135)	-	78	(69)
Transport between assets	-	42	49	-	-	35	(126)	-	-	-	-
Accumulated depreciation, transport between assets	-	(2)	(2)	-	-	(2)	6	-	-	-	-
Depreciation expenses (see Note 30)	-	(3,125)	(130)	(97)	(254)	(492)	(161,346)	-	(9,358)	(11,503)	(186,305)
Total movements	458	(2,444)	(83)	(97)	(165)	(356)	(124,133)	39,356	128,328	(7,970)	32,894
Closing balance as of 09.30.2019	307,352	110,263	1,103	529	3,003	1,083	4,108,910	353,766	138,886	405,155	5,430,050

Movements as of 2018	Land	Building, construction and facilities	Machinery	Transport equipment	Equipment office	IT equipment	Power-generating assets	Assets under construction	Right-of-use assets	Other property, plant and equipment	Property, plant and equipment, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2018	297,742	225,930	574	755	3,410	1,472	4,068,854	530,185	11,307	376,249	5,516,478
Additions	9,042	-	5	-	-	224	283	99,628	-	-	109,182
Increase (decrease) resulting from other movements	(22)	-	-	-	-	-	-	-	-	24,475	24,453
Disposals	-	(384)	-	(67)	(41)	(46)	(4,035)	-	-	-	(4,573)
Accumulated depreciation, disposals	-	373	-	67	26	6	2,470	-	-	-	2,942
Impairment losses recognized in other comprehensive income	-	-	-	-	-	-	-	(18,824)	-	-	(18,824)
Transport from assets under construction	132	886	730	-	115	543	265,582	(296,579)	-	27,350	(1,241)
Transport between assets	-	(150,192)	23	-	-	14	150,013	-	-	229	87
Accumulated depreciation, transport between assets	-	40,428	(1)	-	-	-	(40,427)	-	-	-	-
Depreciation expenses	-	(4,334)	(145)	(129)	(342)	(774)	(209,697)	-	(749)	(15,178)	(231,348)
Total movements	9,152	(113,223)	612	(129)	(242)	(33)	164,189	(215,775)	(749)	36,876	(119,322)
Closing balance as of 12.31.2018	306,894	112,707	1,186	626	3,168	1,439	4,233,043	314,410	10,558	413,125	5,397,156

c. Other disclosures

i) Colbún S.A. 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.

ii) As of September 30, 2019 and 2018, the Company had commitments associated with the acquisition of property, plant and equipment for construction agreements for ThUS\$20,775 and ThUS\$34,445, respectively. The companies in which it operates are: Consorcio Isotron Sacyr S.A., Ingeniería Agrosonda Ltda., Pine SpA, Soc. Com. e Ingeniería and Gestión Ind. Ingher Ltda., Sap Chile Limitada, Contract Chile S.A., Generadores Mexicanos S.A., Transportes Flomon SpA, among others.

iii) As of September 30, 2019, there are no accumulated capitalized interest costs (IAS 23).

iv) Operating leases - Lessor

As of September 30, 2019 and December 31, 2018, 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:

September 30, 2019	0-1 year ThUS\$	1-5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Minimum lease payments under operating non-cancellable leases	122,364	489,436	2,350,064	2,961,864
Total	122,364	489,436	2,350,064	2,961,864
December 31, 2018	0-1 year ThUS\$	1-5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Minimum lease payments under operating non-cancellable leases	120,863	483,435	2,407,864	3,012,162
Total	120,863	483,435	2,407,864	3,012,162

v) Financial lease - Lessee

As of September 30, 2019, the caption property, plant and equipment includes ThUS\$138,886, corresponding to the net accounting value of assets that are subject to finance lease agreements. In addition, as of December 31, 2018, property, plant and equipment included ThUS\$10,558 for the same concept.

Currently, Colbún S.A. records finance leases related to its offices, warehouse, parking lots, vehicles and printers.

The subsidiary Fenix maintains contracts entered into with:

1. 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 (with 14 years remaining) and accrues an annual interest of 12%. Additionally, CTM is obliged to build facilities for the rendering of transmission line services.
2. Contract entered into with Gas Natural de Lima y Callao (Calidda), by which Calidda agrees to provide the gas distribution service from the City Gate located in the city of Chilca, for which a regulation and control plant has been installed (ERC, for its acronym in Spanish), which is an iron pipeline. Such contract is effective for 20 years (with 14 years remaining), per a volume of 84.1 MMpcd. It includes a Take or Pay of 100% equivalent to 84.1MMpcd which should be paid in the month the service is rendered. The interest rate associated with the finance lease amounts to 7% per year.

As of September 30, 2019, and December 31, 2018, right-of-use assets recognized as finance lease are detailed as follows:

	Right-of-use assets		Depreciation, right-of-use assets	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Transmission line operation and maintenance	15,154	15,154	(5,153)	(4,596)
Right-of-use office equipment	58	-	(21)	-
Right-of-use facilities	7,510	-	(1,211)	-
Right-of-use vehicles	2,182	-	(700)	-
Right-of-use Calidda gas pipeline	127,427	-	(6,827)	-
Right-of-use IT equipment	509	-	(42)	-
Total	152,840	15,154	(13,954)	(4,596)

As of September 30, 2019, and December 31, 2018, the present value of future payments arising from contracts recognized as finance leases are detailed as follows:

September 30, 2019	0-1 year	1-5 years	Over 5 years	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross	20,404	75,033	148,892	244,329
Interests	(11,174)	(38,394)	(48,822)	(98,390)
Current value (see Note 21.a)	9,230	36,639	100,070	145,939

December 31, 2018	0-1 year	1-5 years	Over 5 years	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross	2,473	10,316	28,748	41,537
Interests	(1,990)	(7,720)	(17,183)	(26,893)
Current value (see Note 21.a)	483	2,596	11,565	14,644

vi) Additional information required for XBRL taxonomy.

1. Disbursements recognized during the construction

Disbursements recognized during the construction, gross	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Assets under construction	42,538	106,431
Total	42,538	106,431

2. Assets fully depreciated still in use

Assets fully depreciated still in use, gross	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Building, construction and facilities	1,327	63
Machinery	41	47
Transport equipment	552	587
Office equipment	4,111	3,991
IT equipment	6,391	6,330
Power-generating assets	17,604	12,481
Other property, plant and equipment	1,676	1,430
Total	31,702	24,929

Assets fully depreciated still in use, accumulated depreciation and impairment	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Building, construction and facilities	(1,327)	(63)
Machinery	(41)	(47)
Transport equipment	(550)	(585)
Office equipment	(4,111)	(3,991)
IT equipment	(6,391)	(6,330)
Power-generating assets	(17,593)	(12,470)
Other property, plant and equipment	(1,676)	(1,430)
Total	(31,689)	(24,916)

vii) Detail of other property, plant and equipment:

As of September 30, 2019 and December 31, 2018, this caption comprises the following:

Other property, plant and equipment, net	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Substations	142,788	150,725
Transmission lines	134,227	137,577
Spare parts classified as property, plant and equipment	120,453	116,839
Other property, plant and equipment	7,687	7,984
Other property, plant and equipment, net	405,155	413,125
Other property, plant and equipment, gross	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Substations	218,277	218,417
Transmission lines	170,000	170,000
Spare parts classified as property, plant and equipment	120,453	116,839
Other property, plant and equipment	11,414	11,356
Other property, plant and equipment, gross	520,144	516,612
Accumulated depreciation and impairment of other property, plant and equipment	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Substations	(75,489)	(67,692)
Transmission lines	(35,773)	(32,423)
Other property, plant and equipment	(3,727)	(3,372)
Total depreciation and impairment	(114,989)	(103,487)

viii) Detail of power-generating assets

Power-generating assets, net		09.30.2019 ThUS\$	12.31.2018 ThUS\$
Power-generating civil works	Hydropower	1,662,608	1,683,169
	Coal-fired thermal power	275,212	284,275
	Oil and gas-fired thermal power	43,112	43,420
	Solar power	153	158
Power-generating equipment and machinery	Hydropower	614,084	650,133
	Coal-fired thermal power	454,808	472,991
	Oil and gas-fired thermal power	1,050,102	1,089,736
	Solar power	8,831	9,161
Balance of power-generating assets, net		4,108,910	4,233,043

Power-generating assets, gross		09.30.2019 ThUS\$	12.31.2018 ThUS\$
Power-generating civil works	Hydropower	2,226,676	2,227,502
	Coal-fired thermal power	358,731	358,731
	Oil and gas-fired thermal power	55,729	54,700
	Solar power	162	162
Power-generating equipment and machinery	Hydropower	937,168	934,531
	Coal-fired thermal power	620,971	620,012
	Oil and gas-fired thermal power	1,710,044	1,682,223
	Solar power	9,418	9,418
Total power-generating assets, gross		5,918,899	5,887,279

Accumulated depreciation and impairment of power-generating assets		09.30.2019 ThUS\$	12.31.2018 ThUS\$
Power-generating civil works	Hydropower	(564,068)	(544,333)
	Coal-fired thermal power	(83,519)	(74,456)
	Oil and gas-fired thermal power	(12,617)	(11,280)
	Solar power	(9)	(4)
Power-generating equipment and machinery	Hydropower	(323,084)	(284,398)
	Coal-fired thermal power	(166,163)	(147,021)
	Oil and gas-fired thermal power	(659,942)	(592,487)
	Solar power	(587)	(257)
Total depreciation and impairment		(1,809,989)	(1,654,236)

18. Current taxes

As of September 30, 2019 and December 31, 2018, this caption comprises the following:

a. Current tax assets

	Current	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Recoverable taxes from previous years	15,388	12,733
Recoverable taxes for the year (see Note 20.a.1)	3,759	43,247
Total	19,147	55,980

b. Current tax liabilities

	Current	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Payable taxes for the year (see Note 20.a.1)	17,795	74
Total	17,795	74

19. Other non-financial assets

As of September 30, 2019 and December 31, 2018, this caption comprises the following:

	Current		Non-current	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Insurance premium for facilities and civil responsibility	4,009	14,440	-	-
Prepayments ⁽¹⁾	7,568	5,222	28,030	21,816
Patent for non-use of water rights ⁽²⁾	-	-	8,994	3,916
Other miscellaneous assets	132	134	1,114	1,198
Total	11,709	19,796	38,138	26,930

⁽¹⁾ Corresponds to advance payments to domestic and foreign suppliers.

⁽²⁾ Credit under Article No.129 bis 20 of the Chilean Water Code, Decree Law No.1.122. As of September 30, 2019, the Company recognized no impairment charges, whereas as of December 31, 2018, the Company recognized ThUS\$8,076. 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. Within 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.

20. Income taxes

a. Income tax benefit (expense)

Income tax benefit (expense)	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Current income tax (expense) benefit				
Current income taxes	(71,270)	(17,761)	(24,839)	18,098
Adjustments to prior-year current income tax expense	633	(1,987)	(120)	(1,656)
Total current income tax expense, net	(70,637)	(19,748)	(24,959)	16,442
Deferred income tax (expense) benefit				
Deferred income tax benefit arising from temporary differences	4,939	(46,103)	(1,677)	(39,243)
Total deferred income tax benefit, net	4,939	(46,103)	(1,677)	(39,243)
Income tax benefit (expense)	(65,698)	(65,851)	(26,636)	(22,801)

As of September 30, 2019 and 2018, income tax benefit (expense) and deferred taxes from foreign and domestic parties is detailed as follows:

Income tax benefit (expense)	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Domestic current income tax (expense) benefit	(70,319)	(19,732)	(26,760)	16,449
Foreign current income tax (expense) benefit	(318)	(16)	1,801	(7)
Total current income tax (expense) benefit, net	(70,637)	(19,748)	(24,959)	16,442
Domestic deferred income tax benefit (expense)	4,405	(45,902)	3,048	(39,676)
Foreign deferred income tax benefit (expense)	534	(201)	(4,725)	433
Total deferred income tax benefit (expense)	4,939	(46,103)	(1,677)	(39,243)
Income tax expense charged to profit or loss	(65,698)	(65,851)	(26,636)	(22,801)

a.1 Reconciliation of current taxes

As of September 30, 2019 and December 31, 2018, the reconciliation of current taxes to income tax is as follows:

Current tax reconciliation		09.30.2019					
Company	Current taxes (profit or loss)	Current taxes for equity adjustments	Monthly provisional income tax payments	Other credits	Tax under Article No. 21 (profit or loss)	Tax assets ⁽²⁾	Tax liabilities
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Colbún S.A.	(54,397)	(1,347)	39,714	653	(46)	-	(15,423)
Colbún Transmisión S.A.	(15,847)	-	13,678	39	-	-	(2,130)
Termoeléctrica Antilhue S.A.	(662)	-	620	-	-	-	(42)
Colbún Perú S.A.	(246)	-	46	-	-	-	(200)
Fenix Power S.A.	(73)	-	2,032	1,800	-	3,759	-
Total	(71,225)	(1,347)	56,090	2,492	(46)	3,759	(17,795)

Current tax reconciliation		12.31.2018					
Company	Current taxes (profit or loss)	Current taxes for equity adjustments	Monthly provisional income tax payments	Other credits	Tax under Article No. 21 (profit or loss)	Tax assets ⁽²⁾	Tax liabilities
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Colbún S.A.	(41,487)	(1,120)	77,158	1,065	(29)	35,587	-
Colbún Transmisión S.A.	(7,224)	-	8,247	-	-	1,023	-
Río Tranquilo S.A. ⁽¹⁾	(2,893)	-	3,248	-	-	355	-
Soc. Hidroeléctrica Melocotón Ltda. ⁽¹⁾	(980)	-	933	-	-	-	(47)
Termoeléctrica Antilhue S.A.	(790)	-	904	-	-	114	-
Empresa Eléctrica Industrial S.A. ⁽¹⁾	(209)	-	440	1	-	232	-
Colbún Perú S.A.	(28)	-	1	-	-	-	(27)
Inversiones SUD SpA ⁽¹⁾	(7)	-	73	-	-	66	-
Fenix Power S.A.	-	-	2,740	3,130	-	5,870	-
Total	(53,618)	(1,120)	93,744	4,196	(29)	43,247	(74)

As of September 30, 2019, 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 and credits, amounting to ThUS\$17,795.

⁽¹⁾ See note 3.1.b

⁽²⁾ See Note 18.a

In the case of the foreign subsidiary Fenix Power Perú S.A., as of September 30, 2019, it recognizes accumulated tax losses of ThUS\$ 166,458. Additionally, the accumulated tax losses of the domestic subsidiary Termoeléctrica Nehuenco S.A. record an amount to ThUS\$9,277. 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 and calculation of effective rate

As of September 30, 2019 and 2018, the total tax expense can be reconciled to the accounting profit as follows:

Income tax benefit (expense)	January - September				July - September			
	2019		2018		2019		2018	
	Amount ThUS\$	Rate %	Amount ThUS\$	Rate %	Amount ThUS\$	Rate %	Amount ThUS\$	Rate %
Profit before income taxes	248,180		228,903		81,329		76,681	
Tax expense using the legal rate ⁽¹⁾	(67,009)	27.0%	(61,804)	27.0%	(21,959)	27.0%	(20,704)	27.0%
Differences between US dollars and tax financial accounting in local currency through deferred taxes ⁽²⁾	(200)	0.1%	(2,800)	1.2%	(3,200)	3.9%	(1,400)	1.8%
Tax effect of exchange rate differences in other jurisdictions	-	0.0%	300	-0.1%	-	0.0%	300	-0.4%
Other differences	1,511	-0.6%	(1,547)	0.7%	(1,477)	1.8%	(997)	1.3%
Income tax expense	(65,698)	26.5%	(65,851)	28.8%	(26,636)	32.8%	(22,801)	29.7%

⁽¹⁾As of September 30, 2019 and 2018, the income tax expense was calculated using the legal tax rate of 27% (Law No. 20.780) for the Chilean operations and the legal tax rate of 29.5% 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.

b. Deferred taxes

At each reporting period, deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Deferred taxes related to tax losses	51,677	51,908
Deferred taxes related to provisions	18,245	19,895
Deferred taxes related to obligations for post-employment benefits	10,675	7,503
Deferred taxes related to unearned revenue	4,215	3,763
Deferred taxes related to inventory	898	1,918
Deferred taxes related to rights of use	695	-
Deferred taxes related to unrealized gain or loss	292	292
Deferred taxes related to contingencies	46	663
Total deferred tax assets	86,743	85,942
Deferred tax liabilities	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Deferred taxes related to depreciation	(975,244)	(979,537)
Deferred taxes related to finance costs	(14,402)	(15,761)
Deferred taxes related to intangible assets	(12,568)	(13,482)
Deferred taxes related to hedging instruments	195	99
Total deferred tax liabilities	(1,002,019)	(1,008,681)
Total deferred tax assets and liabilities, net	(915,276)	(922,739)
Changes in deferred taxes	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Deferred taxes as of January 1	(922,739)	(879,685)
Property, plant and equipment	4,293	(12,409)
Obligations for post-employment benefits	3,172	(138)
Finance costs	1,359	2,211
Rights of use	695	-
Intangible assets	914	1,117
Unearned revenue	452	224
Investments in associates ⁽¹⁾	-	(39,980)
Contingencies	(617)	617
Tax losses	(231)	4,576
Hedging instruments	96	1,086
Inventory	(1,020)	165
Provisions	(1,650)	(523)
Closing balance	(915,276)	(922,739)

⁽¹⁾ See note 3.1.c

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

Net deferred tax position by company				
Company	Net position			
	Non-current assets		Non-current liabilities	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Fenix Power Perú S.A.	33,192	32,719	-	-
Termoeléctrica Nehuenco S.A.	2,505	3,189	-	-
Santa Sofía SpA	152	153	-	-
Soc. Hidroeléctrica Melocotón Ltda.	-	-	-	(144)
Empresa Eléctrica Industrial S.A.	-	-	-	(766)
Inversiones de Las Canteras S.A.	-	-	(672)	(733)
Termoeléctrica Antihue S.A.	-	-	(4,688)	(5,250)
Río Tranquilo S.A.	-	-	-	(10,388)
Colbún Transmisión S.A.	-	-	(58,689)	(62,546)
Colbún S.A.	-	-	(887,076)	(878,973)
Subtotal	35,849	36,061	(951,125)	(958,800)
			Net deferred taxes	(915,276)
				(922,739)

c. Income taxes in other comprehensive income

	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Related to cash flow hedges	(963)	(2,607)	344	1,023
Related to defined benefit plans	2,139	173	770	195
Income tax related to components of other comprehensive income	1,176	(2,434)	1,114	1,218
Related to share of other comprehensive profit or loss on equity-accounted associates and joint ventures	13	(18)	-	(11)
Income tax related to components of other comprehensive income	1,189	(2,452)	1,114	1,207

21. Other financial liabilities

As of September 30, 2019 and December 31, 2018, this caption comprises the following:

a. Obligations with financial institutions

Other financial liabilities	Current		Non-current	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Performance bonds and promissory notes (bonds, commercial paper) ⁽¹⁾	69,526	66,058	1,483,432	1,520,599
Lease obligations ⁽²⁾	9,230	483	136,709	14,161
Hedging derivatives ⁽³⁾	2,146	1,962	-	-
Total	80,902	68,503	1,620,141	1,534,760

⁽¹⁾ Interest accrued for obligations with the public have been determined using the effective rate.

⁽²⁾ Leases recognized under IFRS 16

⁽³⁾ See note 13.1

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	09.30.2019 ThUS\$	12.31.2018 ThUS\$
U.S. dollar	1,620,448	1,523,196
Inflation-adjusted units	80,595	80,067
Total	1,701,043	1,603,263

c. Maturity and currency of the obligations with financial institutions

c.1 Bank borrowings

As of September 30, 2019, the Company has no bank borrowings.

c.2 Bonds payable and promissory notes

As of 09.30.2019							
Debtor's ID number	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	0-E	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Fenix Power Peru S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	Peru	
Creditor's ID number	234	499	538	-	-	-	
Series	Series C	Series F	Series I	144A/RegS	144A/RegS	144A/RegS	
Maturity date	10/15/2021	5/1/2028	6/10/2029	10/10/2027	7/10/2024	9/20/2027	
Currency or inflation-adjusted unit	UF	UF	UF	US\$	US\$	US\$	
Amortization frequency	Biannual	Biannual	Biannual	Bullet	Bullet	Biannual	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Basis	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Effective rate	8.10%	4.46%	5.02%	5.11%	4.80%	4.57%	
Nominal rate	7.00%	3.40%	4.50%	3.95%	4.50%	4.32%	
Nominal amounts	ThUS\$						Total ThUS\$
Up to 90 days	4,367	9,639	6,681	9,272	5,000	-	34,959
90 days to 1 year	3,839	7,704	5,253	-	-	18,387	35,183
1-3 years	12,104	30,816	21,012	-	-	51,000	114,932
1-2 years	7,969	15,408	10,506	-	-	24,000	57,883
2-3 years	4,135	15,408	10,506	-	-	27,000	57,049
3-5 years	-	30,816	21,012	-	500,000	52,000	603,828
3-4 years	-	15,408	10,506	-	-	28,000	53,914
4-5 years	-	15,408	10,506	-	500,000	24,000	549,914
Over 5 years	-	61,635	52,527	500,000	-	202,000	816,162
Subtotal nominal amounts	20,310	140,610	106,485	509,272	505,000	323,387	1,605,064
Carrying amounts	ThUS\$						Total ThUS\$
Up to 90 days	4,325	9,454	6,600	9,272	5,000	-	34,651
90 days to 1 year	3,796	7,519	5,172	-	-	18,388	34,875
Current performance bonds and promissory notes	8,121	16,973	11,772	9,272	5,000	18,388	69,526
1-3 years	11,969	30,076	20,688	-	-	49,813	112,546
1-2 years	7,880	15,038	10,344	-	-	23,389	56,651
2-3 years	4,089	15,038	10,344	-	-	26,424	55,895
3-5 years	-	30,076	20,688	-	494,785	50,981	596,530
3-4 years	-	15,038	10,344	-	-	27,468	52,850
4-5 years	-	15,038	10,344	-	494,785	23,513	543,680
Over 5 years	-	60,155	51,719	462,372	-	200,110	774,356
Non-current performance bonds and promissory notes	11,969	120,307	93,095	462,372	494,785	300,904	1,483,432
Total performance bonds and promissory notes	20,090	137,280	104,867	471,644	499,785	319,292	1,552,958

Bonds payable and promissory notes

As of 12.31.2018							
Debtor's ID number	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	96.505.760-9	0-E	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Fenix Power Peru S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	Peru	
Creditor's ID number	234	499	538	-	-	-	
Series	Series C	Series F	Series I	144A/RegS	144A/RegS	144A/RegS	
Maturity date	10/15/2021	5/1/2028	6/10/2029	10/10/2027	7/10/2024	9/20/2027	
Currency or inflation-adjusted unit	UF	UF	UF	US\$	US\$	US\$	
Amortization frequency	Biannual	Biannual	Biannual	Bullet	Bullet	Biannual	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Basis	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Effective rate	8.10%	4.46%	5.02%	5.11%	4.80%	4.57%	
Nominal rate	7.00%	3.40%	4.50%	3.95%	4.50%	4.32%	
Nominal amounts	ThUS\$					Total ThUS\$	
Up to 90 days	-	-	-	-	10,625	10,017	20,642
90 days to 1 year	7,968	16,706	11,104	4,334	-	6,000	46,112
1-3 years	16,424	31,746	21,646	-	-	42,000	111,816
1-2 years	8,009	15,873	10,823	-	-	18,000	52,705
2-3 years	8,415	15,873	10,823	-	-	24,000	59,111
3-5 years	-	31,746	21,646	-	-	55,000	108,392
3-4 years	-	15,873	10,823	-	-	27,000	53,696
4-5 years	-	15,873	10,823	-	-	28,000	54,696
Over 5 years	-	71,429	59,524	500,000	500,000	226,000	1,356,953
Subtotal nominal amounts	24,392	151,627	113,920	504,334	510,625	339,017	1,643,915
Carrying amounts	ThUS\$					Total ThUS\$	
Up to 90 days	-	-	-	-	10,624	10,017	20,641
90 days to 1 year	7,865	16,297	10,922	4,333	-	6,000	45,417
Current performance bonds and promissory notes	7,865	16,297	10,922	4,333	10,624	16,017	66,058
1-3 years	16,201	30,926	21,282	-	-	40,755	109,164
1-2 years	7,900	15,463	10,641	-	-	17,367	51,371
2-3 years	8,301	15,463	10,641	-	-	23,388	57,793
3-5 years	-	30,926	21,282	-	-	53,892	106,100
3-4 years	-	15,463	10,641	-	-	26,424	52,528
4-5 years	-	15,463	10,641	-	-	27,468	53,572
Over 5 years	-	69,584	58,516	459,549	493,906	223,780	1,305,335
Non-current performance bonds and promissory notes	16,201	131,436	101,080	459,549	493,906	318,427	1,520,599
Total performance bonds and promissory notes	24,066	147,733	112,002	463,882	504,530	334,444	1,586,657

c.3 Lease obligations

As of 09.30.2019											
Debtor's ID number	96505760-9	96505760-9	96505760-9	96505760-9	96505760-9	0-E	0-E	0-E	0-E	0-E	
Debtor's name	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Colbún S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	Fenix Power Peru S.A.	
Debtor's country	Chile	Chile	Chile	Chile	Chile	Peru	Peru	Peru	Peru	Peru	
Creditor's Tax ID No.	96549050-7	96860250-0	96565580-8	96587380-5	96549050-7	0-E	0-E	0-E	0-E	0-E	
Creditor	Seguros Vida Sura SA	B.Raices Santa Lucia SA	Cia. De Leasing Tattersall S.A.	Vigatec S.A.	Seguros Vida Sura SA	Laila Fatima Gaber B.	Arrendamiento Operativo CIB S.A.	T-COPIA	Calidda ⁽¹⁾	Consorcio Transmataro S.A.	
Creditor's country	Chile	Chile	Chile	Chile	Chile	Peru	Peru	Peru	Peru	Peru	
currency of valuation-adjusted unit	UF	UF	UF	UF	UF	US\$	US\$	US\$	US\$	US\$	
Amortization frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Quarterly	
Interest type	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	
Basis	-	-	-	-	-	-	-	-	-	-	
Effective rate	5.00%	5.00%	5.00%	5.00%	0.40%	5.50%	5.50%	4.10%	7.00%	12.00%	
Nominal rate	5.00%	5.00%	5.00%	5.00%	0.40%	5.50%	5.50%	4.10%	7.00%	12.00%	
Nominal amounts	ThUS\$										Total ThUS\$
Up to 90 days	207	159	242	11	42	1	4	6	1,412	126	2,210
90 days to 1 year	630	491	745	35	127	17	15	23	4,535	402	7,020
1-3 years	1,685	1,398	426	95	341	15	33	15	13,173	1,276	18,057
1-2 years	822	682	426	47	170	5	33	15	6,364	599	9,163
2-3 years	863	716	-	48	171	10	-	-	6,809	677	9,294
3-5 years	752	624	-	61	-	57	-	-	15,082	1,606	18,182
3-4 years	752	624	-	49	-	20	-	-	7,286	756	9,487
4-5 years	-	-	-	12	-	37	-	-	7,796	850	8,695
Over 5 years	-	-	-	-	-	206	-	-	88,987	10,877	100,070
Subtotal nominal amounts	3,274	2,672	1,413	204	510	296	52	44	123,189	14,287	145,939
Carrying amounts	ThUS\$										Total ThUS\$
Up to 90 days	207	159	242	11	42	1	4	6	1,412	126	2,210
90 days to 1 year	630	491	745	35	127	17	15	23	4,535	402	7,020
Liabilities under lease agreements, current	837	650	987	46	169	18	19	29	5,947	528	9,230
1-3 years	1,685	1,398	426	95	341	15	33	15	13,173	1,276	18,457
1-2 years	822	682	426	47	170	5	33	15	6,364	599	9,163
2-3 years	863	716	-	48	171	10	-	-	6,809	677	9,294
3-5 years	752	624	-	61	-	57	-	-	15,082	1,606	18,182
3-4 years	752	624	-	49	-	20	-	-	7,286	756	9,487
4-5 years	-	-	-	12	-	37	-	-	7,796	850	8,695
Over 5 years	-	-	-	-	-	206	-	-	88,987	10,877	100,070
Liabilities under lease arrangements, non-current	2,437	2,022	426	156	341	278	33	15	117,242	13,759	136,709
Total liabilities under lease agreements	3,274	2,672	1,413	202	510	296	52	44	123,189	14,287	145,939

⁽¹⁾ See note 17.v.2

Lease obligations

As of 12.31.2018		
Debtor's ID number	0-E	
Debtor's name	Fenix Power Peru S.A.	
Debtor's country	Peru	
Creditor's Tax ID No.	0-E	
Creditor	Consortio Transmantaro S.A.	
Creditor's country	Peru	
Currency or inflation-adjusted unit	US\$	
Amortization frequency	Quarterly	
Interest type	Fixed	
Basis	-	
Effective rate	12.00%	
Nominal rate	12.00%	
Nominal amounts	ThUS\$	Total
Up to 90 days	-	-
90 days to 1 year	483	483
1-3 years	1,163	1,163
1-2 years	544	544
2-3 years	619	619
3-5 years	1,432	1,432
3-4 years	696	696
4-5 years	736	736
Over 5 years	11,565	11,565
Subtotal nominal amounts	14,643	14,643
Carrying amounts	ThUS\$	Total
Up to 90 days	-	-
90 days to 1 year	483	483
Liabilities under lease agreements, current	483	483
1-3 years	1,163	1,163
1-2 years	544	544
2-3 years	619	619
3-5 years	1,433	1,433
3-4 years	697	697
4-5 years	736	736
Over 5 years	11,565	11,565
Liabilities under lease arrangements, non-current	14,161	14,161
Total liabilities under lease agreements	14,644	14,644

c.4 Expected interests by currency of the obligations with financial institutions:

Current	Currency	Interests as of 09.30.2019		Capital	Maturity date	Maturity					Total interests	Total debt
		Accrued	Forecasted			Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years		
Bond 144A/RegS 2017 (Fenix Power Perú)	US\$	4,024	77,880	323,000	9/20/2027	-	13,750	24,747	20,160	23,247	81,904	404,904
Finance lease (Fenix Power Perú)	US\$	-	14,921	15,976	3/28/2033	436	1,288	3,266	2,968	6,963	14,921	30,897
Series C Bond	UF	16	38	511	4/15/2021	18	14	22	-	-	54	565
Series F Bond	UF	50	526	3,600	5/1/2028	61	57	196	141	121	576	4,176
Series I Bond	UF	37	600	2,727	6/10/2029	61	58	200	152	166	637	3,364
Bond 144A/RegS 2014	US\$	5,000	107,500	500,000	7/10/2024	-	22,500	45,000	45,000	-	112,500	612,500
Bond 144A/RegS 2017	US\$	9,272	217,853	500,000	10/11/2027	9,875	9,875	39,500	39,500	128,375	227,125	727,125

Current	Currency	Interests as of 12.31.2019		Capital	Maturity date	Maturity					Total interests	Total debt
		Accrued	Forecasted			Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years		
Bond 144A/RegS 2017 (Fenix Power Perú)	US\$	4,057	92,179	335,000	9/20/2027	7,231	7,101	26,657	22,502	32,745	96,236	431,236
Finance lease (Fenix Power Perú)	US\$	-	16,248	15,976	3/28/2033	446	1,318	3,360	3,088	8,036	16,248	32,224
Series C Bond	UF	9	65	606	4/15/2021	-	38	36	-	-	74	680
Series F Bond	UF	21	620	3,800	5/1/2028	-	125	209	155	152	641	4,441
Series I Bond	UF	7	693	2,864	6/10/2029	-	124	212	164	200	700	3,564
Bond 144A/RegS 2014	US\$	10,625	124,375	500,000	7/10/2024	11,250	11,250	45,000	45,000	22,500	135,000	635,000
Bond 144A/RegS 2017	US\$	4,334	212,916	500,000	10/11/2027	-	19,750	39,500	39,500	118,500	217,250	717,250

d. Committed and uncommitted revolving credit facilities

The Company has uncommitted revolving credit facilities for approximately US\$150 million.

Other revolving credit facilities:

The Company has one line of bonds registered with the CMF of up to UF 7 million with a life of 30 years (from the date of approval in August 2009), against which no placements have been performed as of to date.

In addition, Fenix Power has revolving credit facilities of US\$ 20 million assumed for a year term with two local banks.

22. Trade and other payables

As of September 30, 2019 and December 31, 2018, trade and other payables are composed of the following:

	Current		Non-current	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Trade payables	127,113	171,292	-	-
Dividends payable	727	584	-	-
Other payables	24	11,007	15,251	3,739
Total	127,864	182,883	15,251	3,739

As of September 30, 2019, this caption comprises the following:

Main creditors	%
Transelec S.A.	15.28
GE Global Parts & Products, GmbH	10.13
Cía. General de Combustibles S.A.	5.63
Enap Refinerías S.A.	5.19
Enel Distribución Chile S.A.	4.68
GE Energy Parts International, LLC.	3.36
Pluspetrol Perú	3.08
Other	52.65
	100.00

Aging of the portfolio of trade and other payables:

Concept	Balance as of 09.30.2019	
	Current ThUS\$	Total ThUS\$
Goods	24,325	24,325
Services	99,668	99,668
Other	3,120	3,120
Subtotal	127,113	127,113
Concept	Balance as of 12.31.2018	
	Current ThUS\$	Total ThUS\$
Goods	45,382	45,382
Services	99,548	99,548
Other	26,362	26,362
Subtotal	171,292	171,292

As of September 30, 2019, the amounts payable for invoices receivable for goods and services amount to ThUS\$89,470; as of December 31, 2018 amounted to ThUS\$104,641.

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.

23. Other provisions

a. Description of provisions

As of September 30, 2019 and December 31, 2018, this caption comprises the following:

Provisions	Current		Non-current	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 ThUS\$	12.31.2018 ThUS\$
From legal proceedings	6,804	7,433	-	-
Decommissioning, restoration and rehabilitation costs	-	-	35,953	34,948
Related to the environment	20,374	24,071	-	-
Total	27,178	31,504	35,953	34,948

b. Movements in provisions during the period

As of September 30, 2019 and December 31, 2018, this caption comprises the following:

Movements in provisions	From legal proceedings ⁽¹⁾	Decommissioning, restoration and rehabilitation costs	Related to the environment ⁽²⁾	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2019	7,433	34,948	24,071	66,452
Increase in existing provisions, other provisions	494	1,005	19,558	21,057
Provision used, other provisions	(1,123)	-	(23,255)	(24,378)
Closing balance as of 09.30.2019	6,804	35,953	20,374	63,131

Movements in provisions	From legal proceedings ⁽¹⁾	Decommissioning, restoration and rehabilitation costs	Related to the environment ⁽²⁾	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of 01.01.2018	4,461	33,389	25,287	63,137
Increase in existing provisions, other provisions	2,972	1,559	24,071	28,602
Provision used, other provisions	-	-	(25,287)	(25,287)
Closing balance as of 12.31.2018	7,433	34,948	24,071	66,452

⁽¹⁾ Provisions for differences and/or tax and administrative contingencies. (See Note 35.c)

⁽²⁾ Corresponds to the provision for tax expense that is levied on the emissions of thermoelectric plants (Law 20.780).

c. Dismantling

The non-current balance corresponds to the disbursement related to the closure of certain facilities, and future costs associated with the removal of certain assets and rehabilitation of specific land.

d. Restructuring

The Company has not established or recorded any provisions for this concept.

e. Litigation

As of September 30, 2019 and December 31, 2018, the Company recognized provisions for litigation in accordance with IAS 37 (see note 35, letter c).

24. Provisions for employee benefits

a. 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.

As of September 30, 2019 and December 31, 2018, this caption comprises the following:

Employee benefits	Current		Non-current	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Accrued vacations, current	3,980	3,989	-	-
Performance bonus, current	7,084	10,843	-	-
Other benefits	122	175	3,902	3,428
Provision for severance indemnity payments	5,529	5,455	34,764	27,358
Total	16,715	20,462	38,666	30,786

b. Movements in provisions during the period

As of September 30, 2019 and December 31, 2018, this caption comprises the following:

Movements in provisions	Accrued vacations, current ThUS\$	Performance bonus, current ThUS\$	Other benefits, current ThUS\$	Provision for severance indemnity payments ThUS\$	Total ThUS\$
Opening balance as of 01.01.2019	3,989	10,843	175	5,455	20,462
Increase in existing provisions, other provisions	606	7,221	483	74	8,384
Provision used, other provisions	(615)	(10,980)	(536)	-	(12,131)
Closing balance as of 09.30.2019	3,980	7,084	122	5,529	16,715

Movements in provisions	Accrued vacations, current ThUS\$	Performance bonus, current ThUS\$	Other benefits, non-current ThUS\$	Provision for severance indemnity payments ThUS\$	Total ThUS\$
Opening balance as of 01.01.2018	4,272	13,053	-	5,596	22,921
Increase in existing provisions, other provisions	295	10,991	175	(141)	11,320
Provision used, other provisions	(578)	(13,201)	-	-	(13,779)
Closing balance as of 12.31.2018	3,989	10,843	175	5,455	20,462

c. Provision for employee benefits, non-current

The Company and some subsidiaries have recorded a provision to cover the indemnity payments in accordance with the collective and individual 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 September 30, 2019, the Company has updated some indicators to better reflect the current market conditions.

i) The detail of provision for employee benefits - As of September 30, 2019 and December 31, 2018, this caption comprises the following:

Provision for employee benefits	09.30.2019	12.31.2018
	ThUS\$	ThUS\$
Severance indemnity payments	40,293	32,813
Total	40,293	32,813
Present value of the obligation for defined benefit plans	09.30.2019	12.31.2018
	ThUS\$	ThUS\$
Opening balance as of January 1	32,813	33,334
Cost of current service	3,525	4,471
Interest cost	70	527
Foreign currency translation differences	(1,152)	(3,839)
Actuarial gain (loss)	7,577	726
Payments	(2,540)	(2,406)
Closing balance	40,293	32,813

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

Actuarial basis used	09.30.2019	12.31.2018
Discount rate	0.32%	1.85%
Expected rate of salary increases	1.62%	1.62%
Turnover rate	Voluntary	2.30%
	Dismissal	3.70%
Retirement age	Men	65
	Women	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 September 30, 2019. 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 Financial Market Commission.

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	
	09.30.2019 %	12.31.2018 %	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Period rate	0.32	1.85	40,293	32,813
Rate decrease by 50 b.p.	-0.18	1.35	35,629	35,652
Rate increased by 50 b.p.	0.82	2.35	39,202	30,980

25. Other non-financial liabilities

As of September 30, 2019 and December 31, 2018, this caption comprises the following:

	Current		Non-current	
	09.30.2019 ThUS\$	12.31.2018 ThUS\$	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Withholdings	14,378	23,101	-	-
Unearned revenue ⁽¹⁾	1,518	867	13,614	13,013
Total	15,896	23,968	13,614	13,013

⁽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\$7,153 corresponding to the recognition of the lease agreement entered into between the Company and Anglo American (expiration of the contract in 2030). As of December 31, 2018, such balance amounted to ThUS\$6,469.

26. Disclosures on 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 September 30, 2019 and December 31, 2018, this caption comprises the following:

Number of shares			
Series	No. of shares subscribed	Number of shares fully paid	No. of shares with voting rights
Single	17,536,167,720	17,536,167,720	17,536,167,720
Capital (Amount in US\$)			
Series	Subscribed capital ThUS\$	Paid-in capital ThUS\$	
Single	1,282,793	1,282,793	

a.1 Reconciliation of shares

At the reporting date, the reconciliation of the number of outstanding shares, is detailed as follows:

Shares	09.30.2019	12.31.2018
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 at the end of the period	17,536,167,720	17,536,167,720

a.2 No. of shareholders

As of September 30, 2019, the number of shareholders is 2,849.

b. Share capital

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

c. Share premium

As of September 30, 2019 and December 31, 2018, 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 25, 2019, established that the Company will distribute at least 50% 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 March 27, 2018, the directors agreed to propose to the Shareholders' Meeting the distribution of 100% of the net profit for distribution profit for 2017 of ThUS\$270,985. Such amount is composed of a provisional dividend of ThUS\$58,220 referred to above, paid in December 2017 and a dividend declared of ThUS\$212,765.

At the Shareholders' Meeting held on April 27, 2018, the shareholders agreed to distribute dividend declared No. 50 with a debit to profit for the period-end December 31, 2017, of ThUS\$ 212,765, equivalent to US\$ 0.01214 per share, which was paid starting on May 8, 2018.

At the Board of Directors' Meeting held on November 27, 2018, the directors agreed to distribute a provisional dividend of US\$0.00480 per share corresponding to the net distributable profit as of December 31, 2018 payable in cash equivalent to ThUS\$ 84,236. The Company started to pay such dividend on December 19, 2018.

At the Board of Directors' Meeting held on March 26, 2019, the directors agreed to propose to the Shareholders' Meeting the distribution of the net distributable profit as follows: (i) Distribute a final dividend of ThUS\$156,114, or US\$0.00890 per share, which in addition to a provisional dividend of ThUS\$84,236, or US\$0.00480 per share, would amount to ThUS\$240,350 or 100% of Net Distributable Profit for 2018; and (ii) Distribute a provisional dividend with a debit to prior year retained earnings of ThUS\$100,000, or ThUS\$0.00570 per share.

At the Shareholders' Meeting held on April 25, 2019, the directors agreed to distribute a final dividend of US\$156,114,002.88, or US\$0.00890 per share, and a provisional dividend recognized in retained earnings from prior periods of US\$100,000,000.00, or US\$0.00570 per share, which was paid starting from May 7, 2019.

e. Detail of Other reserves

This caption comprises the following:

Other reserves	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Effect of first adoption of paid-in capital deflation	517,617	517,617
Effect of first-time adoption of translation in accordance with IAS 21	(230,797)	(230,797)
Revaluation of property, plant and equipment	417,801	428,893
Revaluation of deferred taxes	(112,872)	(115,780)
Merger reserve	198,754	213,024
Affiliate translation effects	(40,955)	(40,680)
Subsidiaries' reserve	(12,051)	(12,142)
Hedging reserve	15,573	10,124
Affiliate hedging effects	156	190
Total	753,226	770,449

Effect of first adoption of paid-in capital deflation: Circular No.456 issued by the Chilean Financial Market Commission 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.

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.

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.

Merger reserve: Refers to the revaluation reserve of assets at fair value recorded from mergers in previous years, which amounts have not been realized.

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.

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

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.

f. Retained earnings (accumulated losses)

As of September 30, 2019 and December 31, 2018, changes in reserves for retained earnings are detailed as follows:

Distributable retained earnings	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Opening balance as of January 1	1,550,677	1,601,772
Profit or loss for the year	184,807	240,350
Effect of actuarial profit (loss)	(5,782)	(558)
Dividends	(220,027)	(309,866)
Realized retained earnings	24,284	20,899
Legal reserve of Subsidiaries (Art. 229 General Company Act, Peru) ⁽¹⁾	(1,920)	(1,920)
Total distributable retained earnings	1,532,039	1,550,677

⁽¹⁾ In accordance with the General Corporations Act, the legal reserve is constituted by transferring at least 10 percent of the net income of each year, after deducting accumulated losses, until it reaches an amount equivalent to one-fifth of capital. In the absence of undistributed profits or unrestricted reserves, the legal reserve must be applied to offset losses, but must be replenished. The legal reserve may be capitalized, but must be replenished.

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 Colbun 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 September 30, 2019 and December 31, 2018, the indebtedness level is as follows:

	09.30.2019	12.31.2018
	ThUS\$	ThUS\$
Total liabilities	2,961,350	2,921,411
Total current liabilities	286,600	345,365
Total non-current liabilities	2,674,750	2,576,046
Total equity	3,818,751	3,856,938
Equity attributable to the Parent	3,620,653	3,656,514
Non-controlling interest	198,098	200,424
Indebtedness ratio	0.78	0.76

The Company should report the compliance of commitments entered into with financial institutions on a quarterly basis. As of September 30, 2019, the Company complies with all the financial indicators required in such contracts (See note 36).

h. 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.

	09.30.2019	09.30.2018	12.31.2018
Profit (loss) attributable to shareholders of the Parent (ThUS\$)	184,807	168,472	240,350
Profit (loss) available for common shareholders, basic (ThUS\$)	184,807	168,472	240,350
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 (U.S. dollars per share)	0.01054	0.00961	0.01371

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)	09.30.2019	09.30.2018	12.31.2018
	ThUS\$	ThUS\$	ThUS\$
Shareholders of the Parent	184,807	168,472	240,350
Cash flow for the year charged to prior years	-	-	-
Effect on unrealized finance income that generated no cash flows	-	-	-
Net cash flow for the year	-	-	-
Net distributable profit	184,807	168,472	240,350
Mandatory minimum dividend	-	-	120,175

27. Revenue

As of September 30, 2019 and 2018, this caption comprises the following:

	January - September		July - September	
	2019	2018	2019	2018
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Supplier customer sales	446,813	539,969	149,303	176,406
Industrial customer sales	464,841	418,423	152,922	147,600
Toll charges	84,264	70,699	36,541	10,982
Sales to other power generation companies	114,052	94,284	13,486	18,222
Other income	25,348	20,277	9,461	6,941
Total	1,135,317	1,143,652	361,712	360,151

28. Raw materials and consumables

As of September 30, 2019 and 2018, this caption comprises the following:

	January - September		July - September	
	2019	2018	2019	2018
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Oil consumption (see Note 12)	(11,707)	(12,847)	(416)	(4,996)
Gas consumption (see Note 12)	(273,145)	(303,984)	(70,418)	(87,821)
Coal consumption (see Note 12)	(59,240)	(67,564)	(7,958)	(23,069)
Purchase of energy and capacity	(46,063)	(35,256)	(30,118)	(12,961)
Toll charges	(99,265)	(95,972)	(31,990)	(27,190)
Third-party work and supplies	(59,921)	(70,504)	(19,303)	(20,450)
Total	(549,341)	(586,127)	(160,203)	(176,487)

29. Employee benefit expenses

For the years ended September 30, 2019 and 2018, this caption comprises the following (see notes 3.1.m. and 3.1.o.):

	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Salaries and wages	(41,811)	(45,801)	(13,312)	(14,541)
Short-term employee benefits	(4,707)	(4,845)	(1,666)	(1,700)
Severance indemnity payments	(4,256)	(4,450)	(1,853)	(1,589)
Other personnel expenses	(4,203)	(5,149)	(1,301)	(1,589)
Total	(54,977)	(60,245)	(18,132)	(19,419)

30. Depreciation and amortization expenses

For the years ended September 30, 2019 and 2018, this caption comprises the following:

	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Depreciation (see Note 17.b)	(186,305)	(172,702)	(62,710)	(58,133)
Amortization of intangible assets (see Note 16.b)	(3,541)	(4,234)	(1,144)	(1,361)
Total	(189,846)	(176,936)	(63,854)	(59,494)

31. Total finance income and finance costs

For the years ended September 30, 2019 and 2018, this caption comprises the following:

Income (loss) from investments	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Income on cash and other cash equivalents	16,197	14,354	4,917	5,003
Total finance income	16,197	14,354	4,917	5,003
Finance cost	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Expenses on bonds	(51,454)	(55,159)	(17,050)	(18,207)
Interest expense for lease liabilities ⁽¹⁾	(7,184)	-	(2,387)	-
Expense incurred for financial provisions	(6,362)	(6,464)	(2,116)	(2,124)
Borrowing costs	(1,609)	-	(539)	-
Income/expense on the valuation of net financial derivatives	(1,457)	(1,221)	(634)	(498)
Other expenses (bank expenses)	(319)	(250)	(99)	(67)
Other expenses (commissions)	(136)	-	(76)	-
Total finance cost	(68,520)	(63,094)	(22,900)	(20,896)
Total finance income and finance costs	(52,323)	(48,740)	(17,983)	(15,893)

⁽¹⁾ Leases recognized under IFRS 16

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

As of September 30, 2019 and 2018, this caption comprises the following:

Foreign currency translation difference	Currency	January - September		July - September	
		2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Cash and cash equivalents	Ch\$	(3,187)	(15,742)	(6,772)	(2,739)
Cash and cash equivalents	PEN	286	(399)	(343)	(638)
Trade and other receivables	Ch\$	(3,975)	(6,405)	(8,131)	(1,495)
Trade and other receivables	PEN	3	(305)	(144)	(493)
Current tax assets	Ch\$	(417)	1,071	108	732
Current tax assets	PEN	(21)	(268)	(364)	(412)
Other non-financial assets, non-current	Ch\$	(901)	(598)	(1,257)	187
Other non-financial assets, non-current	PEN	(12)	(249)	-	(516)
Foreign currency translation difference - assets		(8,224)	(22,895)	(16,903)	(5,374)
Other financial liabilities, current	UF	2,077	4,297	4,898	1,125
Other financial liabilities, current	PEN	(40)	(1)	(3)	(2)
Trade and other payables	Ch\$	(1,434)	5,792	419	1,691
Trade and other payables	PEN	1	15	25	13
Other non-financial liabilities	Ch\$	(48)	85	14	3
Provisions for employee benefits	Ch\$	2,038	3,136	3,798	940
Foreign currency translation difference - liabilities		2,594	13,324	9,151	3,770
Total foreign currency translation difference		(5,630)	(9,571)	(7,752)	(1,604)

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

As of September 30, 2019 and 2018, income from investments accounted for using the equity method of accounting are detailed as follows:

Net interest in affiliates' income	January - September		July - September	
	2019 ThUS\$	2018 MUS\$	2019 ThUS\$	2018 ThUS\$
Electrogas S.A.	6,351	6,129	1,967	2,592
Centrales Hidroeléctricas de Aysén S.A. ⁽¹⁾	-	2,756	-	23
Aysén Transmisión S.A, en Liquidación	-	(45)	-	(45)
Aysén Energía S.A, en Liquidación	-	(15)	-	(15)
Transmisora Eléctrica de Quillota Ltda.	738	747	214	267
Total	7,089	9,572	2,181	2,822

⁽¹⁾ See note 3.1.c

34. Other gains (losses)

As of September 30, 2019 and 2018, other gains (losses) are detailed as follows:

Other income derived from other than operating activities	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Insurance	-	71	-	71
Other income	2,477	1,354	115	27
Total other income	2,477	1,425	115	98
Other expenses derived from other than operating activities	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Emissions of thermoelectric plants ⁽¹⁾	(10,615)	(9,150)	(2,884)	(2,391)
Disposal of property, plant and equipment	(4,545)	(537)	(1,013)	(399)
Dismantling costs	(1,005)	(967)	(336)	(323)
Loss from derivative contracts	(963)	(784)	(316)	(424)
Litigation-related legal fees	(605)	(757)	(254)	(160)
Allowance for doubtful accounts	(187)	(63)	14	-
Write-offs and fines	(537)	(16)	(406)	(11)
Other	(9,270)	(8,492)	(4,899)	(1,881)
Total other expenses	(27,727)	(20,766)	(10,094)	(5,589)
Total other gains (losses)	(25,250)	(19,341)	(9,979)	(5,491)

⁽¹⁾ Corresponds to the provision for tax expense that is levied on the emissions of thermoelectric plants (Law 20.780).

35. Guarantees with third parties and contingent assets and liabilities

a. Guarantees with third parties

a.1 Direct guarantees: As of September 30, 2019, the Company has provided performance bonds of ThUS\$79,253.

Assets committed			Outstanding balance	
Type of guarantee	Currency	Carrying amount	09.30.2019	12.31.2018
			ThUS\$	ThUS\$
Performance bond	Ch\$	1,258,568,224	1,728	1,820
Performance bond	UF	1,495,222	56,505	28,620
Performance bond	US\$	17,128,626	21,020	18,210
Total			79,253	48,650

b. Third-party guarantees

b.1 Current guarantees denominated in U.S. dollars as of September 30, 2019

Depositor	Relationship	Total ThUS\$
Enercon GmbH	Suppliers	13,000
Siemens Financial Services Inc	Suppliers	9,000
Ingeniería Agrosonda SpA	Suppliers	6,435
Consortio Isotron Sacyr S.A.	Suppliers	3,809
Tsgf SpA	Suppliers	2,892
Soc. Com. e Ing. y Gestión Industrial Ingher Ltda.	Suppliers	641
Abengoa Chile S.A.	Suppliers	593
Siemens S.A.	Suppliers	498
Pine SpA	Suppliers	257
ABB S.A.	Suppliers	173
Generadores Mexicanos S.A. de C.V.	Suppliers	142
Rhona S.A.	Suppliers	141
SAP Chile Ltda.	Suppliers	110
Reivax S.A.	Suppliers	87
Reliable Energy Ingeniería Ltda.	Suppliers	31
Autotrol Chile S.A.	Suppliers	26
Sistemas Eléctricos Ingeniería y Servicios S.A.	Suppliers	25
GE Energy Parts Inc.	Suppliers	23
IMA Tecnología Ltda.	Suppliers	19
Total		37,902

b.2 Current guarantees denominated in Euros as of September 30, 2019

Depositor	Relationship	Total ThUS\$
Andritz Hydro S.R.L.	Suppliers	403
Siemens S.A.	Suppliers	214
Andritz Chile Ltda.	Suppliers	131
Total		748

b.3 Current guarantees denominated in Chilean pesos as of September 30, 2019

Depositor	Relationship	Total ThUS\$
Konecranes Chile SpA	Suppliers	169
Serv. Logísticos Vizcal Ltda.	Suppliers	75
Constructora Pesa Ltda.	Suppliers	32
ISS Facility Service S.A.	Suppliers	32
Sodexo Chile S.A.	Suppliers	26
Electro Andina Ltda.	Suppliers	26
HL Ingeniería SpA	Suppliers	23
Rhona S.A.	Suppliers	18
Serv. Industriales Esteban Carrasco	Suppliers	18
Andritz Metaliza S.A.	Suppliers	9
Instaplan Sur S.A.	Suppliers	7
Jorpa Ingeniería S.A.	Suppliers	7
Transportes María Angélica Alvarez EIRL	Suppliers	5
Verónica Peña V. Forestal Paisaje Forestal EIRL	Suppliers	5
Ingeniería y Comercial San Andrés Ltda.	Suppliers	5
Ximena Mariela Soto Orellana	Suppliers	4
Andrés Bustos Ojeda Soc. Ltda.	Suppliers	4
Eulen Seguridad S.A.	Suppliers	3
Luminosos Alcaíno S.A.	Suppliers	3
JC Ingeniería SpA	Suppliers	3
Maestranza Cantele Ltda.	Suppliers	2
Máximo E. Sanhueza Manríquez	Suppliers	2
Total		478

b.4 Current guarantees denominated in Inflation-adjusted units as of September 30, 2019

Depositor	Relationship	Total ThUS\$
Zublin International Gmbh Chile SpA	Suppliers	2,206
Contract Chile S.A.	Suppliers	1,623
Serv. Industriales Ltda.	Suppliers	236
Andritz Chile Ltda.	Suppliers	219
Algoritmos y Mediciones Ambientales SpA	Suppliers	178
AGEA Consultoría e Ingeniería SpA	Suppliers	78
Transportes Bretti Ltda.	Suppliers	76
Conecta Ingeniería S.A.	Suppliers	69
Soc. Comercial Camin Ltda.	Suppliers	66
Securitas S.A.	Suppliers	62
Marcelo Javier Urrea Caro EIRL	Suppliers	51
Barlovento Chile Ltda.	Suppliers	48
AMS Consultores SpA	Suppliers	48
Soc. Comercial San Cristóbal Ltda.	Suppliers	46
Transporte José Carrasco Retamal EIRL	Suppliers	44
MV Servicios para la Construcción Ltda.	Suppliers	44
Constructora Javag SpA	Suppliers	43
Serv. Emca SpA	Suppliers	41
Universidad de Concepción	Suppliers	39
Vigaflow S.A.	Suppliers	39
OHL Serv. Ingesan S.A. Agencia en Chile	Suppliers	38
Latinoamericana Serv. de Ing. y Construcción Ltda.	Suppliers	37
Durán y Durán Cía. de Seguridad Ltda.	Suppliers	34
IMCD Ingeniería y Construcción SpA	Suppliers	32
Buses Ahumada Ltda.	Suppliers	31
Sodexo Chile S.A.	Suppliers	29
Emp. Serv. Ingeniería e Información Ambiental Esinfa Ltda.	Suppliers	25
MYA Chile Soluciones contra Incendios e Industrial	Suppliers	24
Integración de Tecnologías ITQ Ltda.	Suppliers	22
Constructora Andalien Ltda.	Suppliers	19
Constructora Castaldini Cisterna Ltda.	Suppliers	19
Soc. OGM Mecánica Integral S.A.	Suppliers	15
Serv. Industriales Euroambiente Ltda.	Suppliers	15
Rafael Angel Pulgar EIRL	Suppliers	14
Measwind América Ltda.	Suppliers	13
Vigatec S.A.	Suppliers	10
Silec Chile Electricidad SpA	Suppliers	10
Mantenimiento de Jardines Arcoiris Ltda.	Suppliers	9
Constructora Gomez Salazar Ltda.	Suppliers	9
Soc. Comercial Conyser Ltda.	Suppliers	8
DPL Grout Construcciones Ltda.	Suppliers	8
Félix Atilio Valenzuela Pérez	Suppliers	7
Serv. Integrales de Mantenimientos Técnicos S.A.	Suppliers	6
Woss SpA	Suppliers	6
Inamar Vapor Industrial SpA	Suppliers	4
Arcadis Chile SpA	Suppliers	3
Eulen Chile S.A.	Suppliers	3
Ana María Gómez Vega	Suppliers	2
Total		5,708

Fénix Power Perú S.A.

a. Current guarantees denominated in U.S. dollars as of September 30, 2019

Depositor	Relationship	Total ThUS\$
Quimex S.A.	Suppliers	9
Total		9

b. Current guarantees denominated in Peruvian soles as of September 30, 2019

Depositor	Relationship	Total ThUS\$
Empresa Regional de Serv. Público del Oriente S.A.	Suppliers	1,804
Unicontrol	Suppliers	57
J&V Resguardo SAC	Suppliers	53
Busser SAC	Suppliers	31
Julio Crespo Perú S.A.	Suppliers	12
People Intermediación SAC	Suppliers	5
Total		1,962

c. Detail of litigation 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 September 30, 2019, the detail of litigation in accordance with IAS 37 is as follows:

Chile

1.- 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 sulfur 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.

On December 31, 2018, the Environment Court of Valdivia fully rejected the claim for damage to the environment.

Finally, on January 18, 2019, the plaintiff filed a cassation appeal in form and substance against the ruling rejecting the claim, which is currently in process in the Supreme Court under Case 3647-2019.

In compliance with IAS 37, Management deemed a contingency as possible; accordingly, it disclosed such contingency but no provision has been recorded through the present date as it is not possible to make a reliable estimation of the related liability derived therefrom and there are no reimbursements to which the Company may be entitled in the event of an unfavorable judgment.

(ii)-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 sulfur 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-11-2015 is the same as the lawsuit mentioned above in section 1(i), the case files were joined with the latter, and therefore they are in the same procedural stage.

On December 31, 2018, the Environmental Court of Valdivia issued a judgment rejecting both claims. On January 18, 2019, the plaintiff filed a cassation appeal in form and substance against the ruling rejecting the claim, which is currently in process in the Supreme Court under Case 3647-2019.

In compliance with IAS 37, Management deemed a contingency as possible; accordingly, it disclosed such contingency but no provision has been recorded through the present date as it is not possible to make a reliable estimation of the related liability derived therefrom and there are no reimbursements to which the Company may be entitled in the event of an unfavorable judgment.

2.- The following charges were filed by the Superintendencia of the Environment (SMA) against Santa María thermoelectric power plant as required by the Environment Court of Valdivia (TAV); (i) alleging existence of equipment other than the pieces of equipment authorized in the Environmental Qualification resolution (RCA) and (ii) for possibly not having registered with the Environmental Impact Evaluation System (SEI) oversizing of the thermal power plant chimney. Colbún duly substantiated and submitted its defense against the charges filed by the SMA and is currently waiting for the proceeding to continue.

Note that in the administrative proceeding conducted prior to the investigation by SMA against Santa María thermoelectric power plant, the regulating authority concluded that there was no background information to file such charges; however, when the TAV reviewed the administrative resolution conducted by the SMA, it ordered to file those two charges.

Simultaneously, both Colbún S.A. and the Chilean Superintendencia of the Environment (SMA) filed appeals in cassation with the Supreme Court against the judgment of the TAV, which ordered such filing of charges and established a limit of 350 MW gross to the power plant's capacity.

On July 9, 2019, the Supreme Court (SC) received the appeals in cassation filed by the Superintendencia of Environment (SMA) and Colbún against the sentence of the Environmental Court of Valdivia (TAV). The SC determined that the TAV incurred in an error of law when it required the SMA to file charges against Colbún for: (i) non-compliance with the SEIA; and (ii) non-compliance with RCA of the Santa María CT.

The SC revoked the power limitation of the power plant to 350 MW gross established by the TAV and accepted the cassation for the purpose of retroacting the sanctioning procedure against Colbún to the stage prior to the issuance of the closure resolution.

This sanctioning procedure concluded in favor of Colbún when the SMA, ordered filing both individualized complaints above in (i and ii) on September 4, 2019. However, the plaintiff filed an appeal with the Environment Court of Valdivia (TAV) against the resolution of the SMA ordering the filing of the complaints. The allegations related to such Appeal and resolution may be concluded during this year.

In compliance with IAS 37, Management deemed a contingency as possible; accordingly, it disclosed such contingency but no provision has been recorded through the present date as it is not possible to make a reliable estimation of the related liability derived therefrom and there are no reimbursements to which the Company may be entitled in the event of an unfavorable judgment.

3.- 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 was included for tax years from 2009 and 2012, among other concepts. The total amount updated as of September 30, 2019 is ThUS\$3,168 (ThCh\$2,306,742), (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.

In compliance with IAS 37, Management believes there may be a possible contingency requiring an outflow of resources. In addition to disclosing the contingency, the Company has recorded a provision in the caption "Other Provisions," which in Management's view, appropriately covers the risks arising from such contingency. Additionally, there are no reimbursements to which the Company may be entitled in the event of an unfavorable judgment.

36. Commitments

Commitments entered into with financial institutions

The loan agreements signed by Colbún S.A. with financial institutions and the bond issue 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 September 30, 2019, the Company complies with all the financial indicators required in such contracts, the detail of which are as follows:

Covenants	Status	09.30.2019	Term
Local market bonds			
EBITDA/Net finance costs	> 3.0	10.80	Jun/2029
Indebtedness ratio	< 1.2	0.78	Jun/2029
Minimum equity	> ThUS\$ 1,348,000	ThUS\$ 3,620,653	Jun/2029

Calculation methodologies

Concept	Account	Amounts as of 09.30.2019	
Equity	Total equity	ThUS\$	3,818,751
Net equity	Total equity - Non-controlling interests	ThUS\$	3,620,653
Minimum equity	Total equity - Non-controlling interests	ThUS\$	3,620,653
Total liabilities	Total current liabilities + Total non-current liabilities	ThUS\$	2,961,350
Indebtedness ratio	Total liabilities / Equity		0.78
EBITDA ^(*)	Revenue - Raw materials and consumables - Employee benefit expenses - other expenses by nature	ThUS\$	724,344
Net finance costs ^(*)	Finance costs - Finance income	ThUS\$	67,087

^(*) 12 trailing months

37. Environment

The Group's companies on which disbursements associated with environment have been made are: Colbún S.A. and Fenix Power Perú S.A. For comparative purposes the companies Empresa Eléctrica Industrial S.A. and Río Tranquilo S.A. are presented, which merged with Colbún in January 2019. (See note 3.b)

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.

Additionally, there are disbursements associated with 26 power generation plants in operation, including the Fenix plant (Chilca, Peru) and the transmission assets such as electric substations and transmission lines.

As of September 30, 2019 and 2018, the detail of the disbursements performed and to be performed in relation to environment regulations is the following:

Accrued expenses as of 09.30.2019

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Colbún S.A.	Sta María 1	Environmental Management of Power Plant	Expense	Cost	395	Sep-19
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	367	Aug-19
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	296	Sep-19
Colbún S.A.	Zona Bio-Bio	Environmental Management of Power Plant	Expense	Cost	264	May-19
Colbún S.A.	Quilleco	Environmental Management of Power Plant	Expense	Cost	191	Sep-19
Colbún S.A.	Los Quilos	Environmental Management of Power Plant	Expense	Cost	160	Sep-19
Colbún S.A.	Candelaria	Environmental Management of Power Plant	Expense	Cost	145	Sep-19
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Cost	127	Jun-19
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	120	Sep-19
Colbún S.A.	Zona Maule	Environmental Management of Power Plant	Expense	Cost	116	Aug-19
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	108	Sep-19
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	73	Sep-19
Colbún S.A.	Hornitos	Environmental Management of Power Plant	Expense	Cost	71	Sep-19
Colbún S.A.	Antihue	Environmental Management of Power Plant	Expense	Cost	58	Sep-19
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Cost	32	Sep-19
Total					2,523	

Future expenses as of 09.30.2019

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Colbún S.A.	Zona Maule	Environmental Management of Power Plant	Expense	Cost	45	Feb-19
Colbún S.A.	Zona Bio-Bio	Environmental Management of Power Plant	Expense	Cost	8	Feb-19
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	119	Aug-19
Colbún S.A.	Antihue	Environmental Management of Power Plant	Expense	Cost	12	Jul-19
Colbún S.A.	Candelaria	Environmental Management of Power Plant	Expense	Cost	54	Apr-19
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Cost	12	Sep-19
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	34	Apr-19
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Cost	54	Jun-19
Colbún S.A.	Los Quilos	Environmental Management of Power Plant	Expense	Cost	68	Sep-19
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	99	Sep-19
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	37	Aug-19
Colbún S.A.	Quilleco	Environmental Management of Power Plant	Expense	Cost	46	Aug-19
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	32	Aug-19
Colbún S.A.	Sta María 1	Environmental Management of Power Plant	Expense	Cost	140	Sep-19
Colbún S.A.	Hornitos	Environmental Management of Power Plant	Expense	Cost	11	Mar-19
Total					771	

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Colbún S.A.	Sta María 1	Environmental Management of Power Plant	Expense	Cost	500	Sep-18
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	402	Sep-18
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Cost	380	Sep-18
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Cost	379	Sep-18
Colbún S.A.	Zona Bio-Bio	Environmental Management of Power Plant	Expense	Cost	377	Sep-18
Colbún S.A.	Antilhue	Environmental Management of Power Plant	Expense	Cost	298	Sep-18
Colbún S.A.	Candelaria	Environmental Management of Power Plant	Expense	Cost	221	Sep-18
Colbún S.A.	Los Quilos	Environmental Management of Power Plant	Expense	Cost	190	Sep-18
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	161	Sep-18
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	146	Sep-18
Colbún S.A.	Zona Maule	Environmental Management of Power Plant	Expense	Cost	139	Sep-18
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	75	Sep-18
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Cost	44	Feb-18
Colbún S.A.	Quilleco	Environmental Management of Power Plant	Expense	Cost	35	Sep-18
Empresa Eléctrica Industrial S.A.	Carena	Environmental Management of Power Plant	Expense	Cost	11	Sep-18
Río Tranquilo S.A.	Hornitos	Environmental Management of Power Plant	Expense	Cost	55	Jul-18
Total					3,413	

Future expenses as of 09.30.2018

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Colbún S.A.	Sta María 1	Environmental Management of Power Plant	Expense	Cost	327	Dec-18
Colbún S.A.	Nehuenco	Environmental Management of Power Plant	Expense	Cost	274	Dec-18
Colbún S.A.	Angostura	Environmental Management of Power Plant	Expense	Expense	238	Dec-18
Colbún S.A.	Candelaria	Environmental Management of Power Plant	Expense	Cost	126	Dec-18
Colbún S.A.	Quilleco	Environmental Management of Power Plant	Expense	Cost	107	Dec-18
Colbún S.A.	Colbún	Environmental Management of Power Plant	Expense	Cost	81	Dec-18
Colbún S.A.	Los Quilos	Environmental Management of Power Plant	Expense	Cost	76	Dec-18
Colbún S.A.	Zona Bio-Bio	Environmental Management of Power Plant	Expense	Cost	43	Dec-18
Colbún S.A.	Gestión Ambiental Corporativa	Environmental Management of Parent	Expense	Expense	39	Dec-18
Colbún S.A.	Rucúe	Environmental Management of Power Plant	Expense	Cost	39	Dec-18
Colbún S.A.	Antilhue	Environmental Management of Power Plant	Expense	Cost	38	Dec-18
Colbún S.A.	Los Pinos	Environmental Management of Power Plant	Expense	Cost	36	Dec-18
Colbún S.A.	Zona Maule	Environmental Management of Power Plant	Expense	Expense	18	Dec-18
Colbún S.A.	Canutillar	Environmental Management of Power Plant	Expense	Cost	4	Dec-18
Empresa Eléctrica Industrial S.A.	Carena	Environmental Management of Power Plant	Expense	Cost	10	Dec-18
Río Tranquilo S.A.	Hornitos	Environmental Management of Power Plant	Expense	Cost	39	Dec-18
Total					1,495	

Disbursements in Peru

Accrued expenses as of 09.30.2019

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Fenix Power Perú S.A.	Monitoreo y Gestión Ambiental	Monitoring and Environmental Management	Expense	Cost	303	Sep-19
Total					303	

Future expenses as of 09.30.2019

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Total	Actual or estimated dates when the disbursement was or will be made
Fenix Power Perú S.A.	Monitoreo y Gestión Ambiental	Monitoring and Environmental Management	Expense	Cost	115	Sep-19
Total					115	

Accrued expenses as of 09.30.2018

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Fenix Power Perú S.A.	Monitoreo y Gestión Ambiental	Monitoring and Environmental Management	Expense	Cost	470	Sep-18
Total					470	

Future expenses as of 09.30.2018

Identification of Parent or Subsidiary	Project Name associated with the disbursement	Concept associated with the disbursement	Asset / Expense	Description	Disbursement amount in ThUS\$	Actual or estimated dates when the disbursement was or will be made
Fenix Power Perú S.A.	Monitoreo y Gestión Ambiental	Monitoring and Environmental Management	Expense	Cost	185	Dec-18
Total					185	

38. Events occurred after the date of the financial position

At the Board of Directors' Meeting held on October 29, 2019, the Company's Board approved the interim consolidated financial statements as of September 30, 2019, prepared in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

a. In October 2019, Colbún was informed of the awarding of a renewable energy supply contract of 3,000 GWh/year with BHP for its mining sites Escondida and Spence. Such contract will be effective starting from January 2022, with a life of 10 years.

b. In the context of the announcement of a "New Social Agenda", on Friday, October 25, the Government sent to Congress a bill called "Transitional Mechanism for Stabilization of Power Prices for Customers Subject to Price Regulation." As explained by the authority in the message accompanying the Bill which was received by the Chilean Senate as an urgent matter, the initiative is intended to stabilize the price of electricity at the levels prevailing in the first half of 2019, which implies voiding the average increase of 9.2% in electricity bills of regulated customers, which became effective in October. Such initiative entered the Senate as a matter of the utmost urgency and the discussion is expected to begin soon at the Senate's Mining and Energy Committee. Colbún is analyzing the contents of such Bill to dimension its scope and impact.

Between October 1, 2019 and the date of issuance of these interim consolidated financial statements, no other subsequent events have occurred.

39. Foreign currency

This caption comprises the following:

Assets	Foreign currency	Currency	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Total current assets				
Cash and cash equivalents	Ch\$	US\$	81,429	127,136
Cash and cash equivalents	Euro	US\$	375	633
Cash and cash equivalents	PEN	US\$	11,007	7,564
Other non-financial assets	Ch\$	US\$	2,452	897
Trade and other receivables, current	Ch\$	US\$	187,315	143,400
Trade and other receivables, current	PEN	US\$	25,265	29,589
Trade receivables due from related parties, current	Ch\$	US\$	212	427
Current tax assets	Ch\$	US\$	20	103
Current tax assets	PEN	US\$	5,208	6,442
Total current assets			313,283	316,191
Non-current assets				
Other non-financial assets, non-current	Ch\$	US\$	9,708	4,714
Other non-financial assets, non-current	Ch\$	US\$	9,560	-
Total non-current assets			19,268	4,714
Total assets			332,551	320,905
Liabilities	Foreign currency	Currency	09.30.2019 ThUS\$	12.31.2018 ThUS\$
Total current liabilities				
Other financial liabilities, current	UF	US\$	16,696	13,326
Trade and other payables	Ch\$	US\$	111,894	145,953
Trade and other payables	PEN	US\$	6,670	6,443
Payables due to related parties, current	Ch\$	US\$	250	261
Other current provisions	Ch\$	US\$	6,805	4,678
Provisions for employee benefits, current	Ch\$	US\$	15,551	19,282
Provisions for employee benefits, current	PEN	US\$	1,164	1,180
Other current non-financial assets	Ch\$	US\$	15,079	23,354
Other current non-financial assets	PEN	US\$	818	614
Total current liabilities			174,927	215,091
Non-current liabilities				
Other financial liabilities, non-current	UF	US\$	60,253	62,260
Provisions for employee benefits, non-current	Ch\$	US\$	38,666	30,786
Other non-financial liabilities, non-current	Ch\$	US\$	12,251	739
Total liabilities, non-current			111,170	93,785
Total liabilities			286,097	308,876

The detail of assets and liabilities in foreign currency does 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 09.30.2019	Foreign currency	Currency	Up to 91 days ThUS\$	91 days to 1 year ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Other financial liabilities	UF	US\$	8,286	8,410	26,258	11,781	25,860	80,595
Total			8,286	8,410	26,258	11,781	25,860	80,595

As of 12.31.2018	Foreign currency	Currency	Up to 91 days ThUS\$	91 days to 1 year ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	Over 5 years ThUS\$	Total ThUS\$
Other financial liabilities	UF	US\$	-	13,326	26,842	10,641	29,258	80,067
Total			-	13,326	26,842	10,641	29,258	80,067

40. Headcount (unaudited)

As of September 30, 2019 and December 31, 2018, this caption comprises the following:

	No. of employees					
	09.30.2019			12.31.2018		
	Chile	Peru	Total	Chile	Peru	Total
Managers and main executives	71	8	79	71	6	77
Professionals and technical staff	633	63	696	636	53	689
Other	261	18	279	264	29	293
Total	965	89	1,054	971	88	1,059
Average for the year	973	89	1,062	984	90	1,074

41. 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 September 30, 2019 and 2018, this caption comprises the following:

Concept	January - September		July - September	
	2019 ThUS\$	2018 ThUS\$	2019 ThUS\$	2018 ThUS\$
Audit services	220	239	143	150
Tax services	3	6	-	6
Other services	43	146	13	54
Auditors' fees	266	391	156	210

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