CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES

Financial Statements as of December 31, 2018 and 2017
and for the years then ended

(With the Independent Auditor's Report Thereon)

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES

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ThUS$: Amounts expressed in thousands of U.S. dollars
ThCh$: Amounts expressed in thousands of Chilean pesos
UF : Amounts expressed in inflation-adjusted units

KPMG

Independent Auditor's Report

The Shareholders and Directors
Celeo Redes Operación Chile S.A.:

We have audited the accompanying consolidated financial statements of Celeo Redes Operación Chile S.A. and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income (loss), changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Auditing Standards Generally Accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Celeo Redes Operación Chile S.A. and its subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

The above translation of the auditor's report is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

Cristián Maturana R. | KPMG Ltda.

Santiago, March 7, 2019

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

Content:

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

ThUS$: Amounts expressed in thousands of U.S. dollars

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CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES

Taxpayer ID: 76.187.228 – 1

CLASSIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017
(Amounts expressed in Thousand of United States dollars - ThUS$)

Assets	**Note No.**	**12.31.2018 ThUS$**	**12.31.2017 ThUS$**
Current assets			
Cash and cash equivalent	4	45,586	171,064
Other non financial assets, current	5	155	113
Trade and other receivables, current	6	8,221	11,309
Trade receivables due from related parties, current	15	3,479	21,920
Current tax assets	7	1,956	1,997
Total current assets		**59,397**	**206,403**
Non current assets			
Other financial assets, non-current	8	1,788	467
Other non-financial assets, non-current	5	2,560	10,750
Trade receivable due from related parties, non-current	15	141,953	22,000
Intangible assets other than goodwill	11	78,449	67,508
Property, plant and equipment	12	434,339	403,815
Total non-current assets		**659,089**	**504,540**
Total assets		**718,486**	**710,943**

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

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
Taxpayer ID: 76.187.228 – 1

CLASSIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017
(Amounts expressed in Thousand of United States dollars - ThUS$)

Liabilities	Note No.	12.31.2018 ThUS$	12.31.2017 ThUS$
Current liabilities			
Other financial liabilities, current	13	7,538	14,131
Trade and other payables	14	4,473	1,772
Trade payables due to related parties, current	15	17,781	708
Current tax liabilities	10.1	527	-
Total current liabilities		**30,319**	**16,611**
Non-current liabilities			
Other financial liabilities, non-current	13	566,450	594,309
Trade payables due to related parties, non-current	15	44,244	22,000
Deferred tax liabilities	10.2	6,257	1,567
Total non-current liabilities		**616,951**	**617,876**
Total liabilities		**647,270**	**634,487**
Equity			
Paid-in capital	16.1	77,269	97,969
Retained earnings (loss)		(5,019)	1,515
Other reserves	16.3	(1,047)	(23,040)
Equity attributable to the owners of the Parent		**71,203**	**76,444**
Non-controlling interests	17	13	12
Total equity		**71,216**	**76,456**
Total equity and liabilities		**718,486**	**710,943**

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

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
Taxpayer ID: 76.187.228 – 1

CLASSIFIED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS, BY FUNCTION
AS OF DECEMBER 31, 2018 AND 2017
(Amounts expressed in Thousand of United States dollars - ThUS$)

	Note No.	12.31.2018 ThUS$	12.31.2017 ThUS$
Statement of profit or loss			
Profit (loss)			
Revenue	18	49,882	32,019
Cost of sales	19	(9,980)	(7,149)
Gross profit		**39,902**	**24,870**
Other income, by function		-	185
Administrative expenses	20.1	(4,006)	(4,098)
Other expenses, by function	20.2	(68)	(962)
Other gain (loss)	20.3	4,311	739
Gain (loss) from operating activities		40,139	20,734
Finance income	20.4	6,965	1,670
Finance costs	20.4	(27,149)	(37,218)
Foreign currency translation differences	20.5	(4,148)	3,406
Income (expense) from inflation adjusted units	20.6	194	(277)
Profit (loss) before taxes		16,001	(11,685)
Income tax expense, continuining operations	10.1	(5,217)	3,079
Profit (loss) from continuining operations		10,784	(8,606)
Profit (loss) for the year		10,784	(8,606)
Profit (loss) attributable to:			
Owners of the Parent		10,783	(8,605)
Non controlling interests		1	(1)
Profit (loss)		10,784	(8,606)
Earnings per share			
Basic earnings per share			
Basic earnings (losses) per share from continuing operations		0.01078	(0.00861)
Basic earnings (losses) per share		0.01078	(0.00861)
Diluted earnings per share			
Diluted earnings (losses) per share from continuing operations		0.01078	(0.00861)
Diluted earnings (losses) per share		0.01078	(0.00861)

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

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
Taxpayer ID: 76.187.228 – 1

CLASSIFIED CONSOLIDATED STATEMENTS OF COMPREHESIVE INCOME
AS OF DECEMBER 31, 2018 AND 2017
(Amounts expressed in Thousand of United States dollars - ThUS$)

	12.31.2018 ThUS$	12.31.2017 ThUS$
Profit (loss) for the year	10,784	(8,606)
Components of other comprehensive income that will not be reclassified to profit or loss for the year, before tax		
Other comprehensive income, before tax, profit (loss) from investments in equity securities	-	-
Other comprehensive income that will not be reclassified to profit or loss for the year, before tax	-	-
Components of other comprehensive income that will be reclassified to profit or loss for the year, before taxx		
Foreign currency translation differences		
Gain/(loss) from foreign currency translation difference, before taxes	-	-
Other comprehensive income, before tax, profit (loss) from foreign currency translation differences	-	-
Cash flow hedges		
Gain (losses) from cash flow hedges, before taxes	21,993	(8,908)
Adjustments for reclassification to cash flow hedges, before taxes	-	-
Other comprehensive income, before tax, from cash flow hedges	21,993	(8,908)
Total other comprehensive income that will be reclassified to profit or loss for the year, before tax	21,993	(8,908)
Other components of other comprehensive income, before tax	**21,993**	**(8,908)**
Income tax related to components of Other Comprehensive Income that will be reclassified to profit or loss for the year		
Income tax related to cash flow hedges of other comprehensive income	-	(3,816)
Accumulated income tax related to items of other comprehensive income that will be reclassified to profit or loss for the year	-	(3,816)
Other comprehensive income	**21,993**	**(12,724)**
Total comprehensive income	**32,777**	**(21,330)**
Comprehensive income attributable to		
Owners of the Parent	32,776	(21,329)
Non-controlling interests	1	(1)
Comprehensive income (loss)	**32,777**	**(21,330)**

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

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
Taxpayer ID: 76.187.228 – 1

CLASSIFIED CONSOLIDATED STATEMENTS OF CASH FLOWS - DIRECT METHOD
AS OF DECEMBER 31, 2018 AND 2017
(Amounts expressed in Thousand of United States dollars - ThUS$)

	12.31.2018 ThUS$	12.31.2017 ThUS$
Statements of cash flows		
Cash flows from (used in) operating activities		
Classes of cash receipts from operating activities		
Cash receipts from sale of goods and rendering of services	59,427	36,942
Other cash receipts from operating activities	116	35
Classes of payments		
Payments to suppliers for goods and services	(10,298)	(8,246)
Cash payments for premiums and services, annuities and other obligations from policies underwritten	(117)	(148)
Other payments for operating activities	(5,970)	(6,282)
Interest paid, recorded as operating activities	-	(7)
Interest received, recorded as operating activities	543	1,171
Income taxes received (paid)	(120)	(285)
Other cash inflows (outflows)	(14)	85
Net cash from (used in) operating activities	43,567	23,265
Cash flows from (used in) investing activities		
Loans granted to related parties	(116,666)	(41,170)
Proceeds from the sale of property, plant and equipment	-	80
Acquisition of property, plant and equipment	(34,876)	(59,502)
Acquisition of intangible assets	(1,053)	(9,564)
Cash receipts from the reimbursement of prepayments and loans granted to third parties	-	2
Cash receipts from related companies	-	140
Interest received	363	94
Income taxes received (paid)	-	337
Other cash inflows (outflows)	6,591	-
Net cash from (used in) investing activities	(145,641)	(109,583)
Cash flows from (used in) financing activities		
Proceeds from long-term borrowings	-	599,736
Proceeds from short-term borrowings	-	12,470
Proceeds from loans, recorded as financing activities	-	612,206
Related party financing	19,726	22,000
Payment of borrowings	-	(352,781)
Cash payments of related party financing	(1,538)	-
Payments for the settlement of derivatives	-	(20,703)
Interest paid	(27,423)	(23,666)
Other cash receipts (payments)	(11,651)	(6,474)
Net cash from (used in) financing activities	(20,886)	230,582
Net increase (decrease) in cash and cash equivalents before the effect of movements in exchange rates on cash held	**(122,960)**	**144,264**
Effect on movements in exchange rates on cash and cash equivalents		
Effect on movements in exchange rates on cash and cash equivalents	(2,518)	1,580
Net increase (decrease) in cash and cash equivalents	**(125,478)**	**145,844**
Cash and cash equivalents at January 1	171,064	25,220
Cash and cash equivalents at December 31	**45,586**	**171,064**

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

CELEO REDES OPERACIÓN CHILE S.A. AND SUBSIDIARIES
Taxpayer ID: 76.187.228 – 1

CLASSIFIED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITYT
AS OF DECEMBER 31, 2018 AND 2017
(Amounts expressed in Thousand of United States dollars - ThUS$)

	Share capital	Other reserves		Total other reserves	Retained earnings (loss)	Equity attributable to the owners of the Parent	Non-controlling interests	Total equity
		Translation reserve	Cash flow hedging reserve					
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Balance as of January 1, 2018	97,969	-	(23,040)	(23,040)	1,515	76,444	12	76,456
Increase (decrease) from changes in accounting policies	-	-	-	-	-	-	-	-
Increase (decrease) due to correction of errors	-	-	-	-	-	-	-	-
Restated initial balance	**97,969**	**-**	**(23,040)**	**(23,040)**	**1,515**	**76,444**	**12**	**76,456**
Changes in equity								
Comprehensinve income								
Gain (loss)	-	-	-	-	10,783	10,783	1	10,784
Other comprehensive income	-	-	21,993	21,993	-	21,993	-	21,993
Comprehensive income		**-**	**21,993**	**21,993**	**10,783**	**32,776**	**1**	**32,777**
Share issue	-	-	-	-	-	-	-	-
Dividends				-	(17,317)	(17,317)	-	(17,317)
Increase (decrease) for transfers and other changes	(20,700)	-	-	-	-	(20,700)	-	(20,700)
Total changes in equity	(20,700)	-	21,993	21,993	(6,534)	(5,241)	1	(5,240)
Closing balance as of December 31, 2018	**77,269**	**-**	**(1,047)**	**(1,047)**	**(5,019)**	**71,203**	**13**	**71,216**

	Share capital	Other reserves		Total other reserves	Retained earnings (loss)	Equity attributable to the owners of the Parent	Non-controlling interests	Total equity
		Translation reserve	Cash flow hedging reserve					
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of January 1, 2017	97,969	-	(10,316)	(10,316)	10,120	97,773	-	97,773
Increase (decrease) from changes in accounting policies	-	-	-	-	-	-	-	-
Increase (decrease) due to correction of errors	-	-	-	-	-	-	-	-
Restated initial balance	**97,969**	**-**	**(10,316)**	**(10,316)**	**10,120**	**97,773**	**-**	**97,773**
Changes in equity								
Comprehensinve income								
Gain (loss)	-	-	-	-	(8,605)	(8,605)	(1)	(8,606)
Other comprehensive income	-	-	(12,724)	(12,724)	-	(12,724)	-	(12,724)
Comprehensive income	**-**	**-**	**(12,724)**	**(12,724)**	**(8,605)**	**(21,329)**	**(1)**	**(21,330)**
Share issue	-	-	-	-	-	-	-	-
Increase (decrease) for transfers and other changes	-	-	-	-	-	-	13	13
Total changes in equity	-	-	(12,724)	(12,724)	(8,605)	(21,329)	12	(21,317)
Closing balance as of December 31, 2017	**97,969**	**-**	**(23,040)**	**(23,040)**	**1,515**	**76,444**	**12**	**76,456**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2018 and 2017

1. REPORTING ENTITY

Celeo Redes Operación Chile S.A. (hereinafter the "Company") is a closely-held corporation incorporated on November 23, 2011 (formerly Celeo Redes Chile Limitada), via public deed granted at the Santiago's Notarial Office of Mr. Eduardo Avello Concha under record No. 24.549 of 2011. Via public deed dated October 28, 2016 (under record No. 12270-2016), the Company's partners modified its by-laws, transforming it into a closely-held shareholders' corporation, changing its former business name. An authorized excerpt of the aforementioned deed was listed in the Trade Registry of Santiago in 2016, under page 80.751 No.43.587, and published in the Official Gazette on November 5, 2016.

The Company is registered under the No. 1144 with the Securities Register of the Financial Market Commission (former Superintendence of Securities and Insurance of Chile).

The Company's registered address is located at Avenida Apoquindo 4501, piso 19, oficina 1902, Las Condes, Santiago.

The Company is an investment and investment income entity, processes data and activities related to databases, business advisory, management advisory and other business activities.

The Company is engaged in making investment in all types of movable and immovable property tangible and intangible assets, including the acquisition of all types of commercial paper and, in general, all types of securities and investment instruments and the management of such investments and their results. For compliance with its line of business, the Company will be able to incorporate other companies or enter the ownership of such entities, provide bookkeeping and advisory, human resource, administrative services, prepare and review budgets and all other advisory or services related to business administration. The design, construction, performance, operation and/or investment in infrastructure and projects for the public or private works concession, the provision of supplementary services through its involvement in proposals, tender processes, direct contracts and concessions of public works either directly or through other companies where it has ownership interest; the independent involvement or jointly or associated with other Chilean or foreign natural persons or legal entities in domestic or international tender processes for public works as requested by the Ministry of Energy or Ministry of Public Works in Chile through any contract, including those within a tender process through the Public Works or City-Hall concession systems involving direct or deferred payment; the survey, fostering and performance of all acts and contracts or businesses related to the construction, improvement, maintenance, repair, new customization and transformation of infrastructure for the generation, distribution or transmission of electric energy or electric easements, as well as public and private works, and civil works and engineering and construction studies, either acting on its own or on behalf of others, either related or not to electricity; the direct or indirect acquisition, administration, operation, trading and sale of all types of immovable property; the provision of all types of services and advisory with respect to matters and businesses directly or indirectly related to electric energy, being able to provide advisory, forecast, plan, organize, direct and administer all types of works and any other legal business as determined by the Company's partners.

The subsidiary Alto Jahuel Transmisora de Energía S.A. (AJTE) communicated to the National Electric Coordinator (CEN), which includes the former CDEC-SIC and CDEC-SING, that its operations commenced on September 26, 2015 at 12:17 hrs. Starting from such date, the Company has the right to charge VATT [Transmission Section Annual Amount] for a period of 240 calendar months (20 years), in accordance with its indexation formula, which would be a part of the fees for the project. Such fee will be composed of a fixed annual portion of revenues of US$ 18,634,940, and a variable portion that will depend on the amount of the "toll charge" from consumers or generators transmitting energy through its transmission and distribution of electric capacity lines.

1. REPORTING ENTITY, (continued)

The subsidiary Alto Jahuel Transmisora de Energía S.A. communicated to the CEN, that its production operations for the trunk expansion works established in Decree No. 310 of the SIC "Ancoa - Alto Jahuel 2x500 kV line: Second Circuit cabling" commenced on January 16, 2016. Starting from such date, the Company has the right to charge the VATT [Transmission Section Annual Amount] associated with these facilities. The amount will be recalculated every four years by the Chilean Energy Commission through a valuation study at market price of the domestic transmission system (former trunk) facilities. For the first period (2016-2019), the VATT is calculated in accordance with the resulting Investment Value from this expansion project's tender process, and the Operation, Maintenance and Management Costs (COMA, for its Spanish acronym), established by Chilean Ministry of Energy through Decree No. 13T as of April 24, 2015. According to the methodology used by CEN, the VATT for the first period amounts to US$ 11,446,608, which is indexed on a monthly basis as per the aforementioned Decree.

On December 24, 2017, at 12:37pm, after the end of the corresponding construction and testing period, the project Charrúa commenced its operations, which is managed by the subsidiary Charrúa Transmisora de Energía S.A.; (CHATE) therefore, such facilities are operating and available to provide energy to the National Power System.

The commencement of operating and revenue recognition phase, in accordance with the Charrúa Transmisora de Energía S.A. project's Bidding terms (Decree No.587 of August 2012), the payment of VATT (Transmission Section Annual Amount) and its indexation formula, will constitute the fees for the Project for a 240-month period (20 years), which started on December 24, 2017, the communication to the CEN by the Company of the commissioning of the Project. The Company was awarded the project offering the amount of US$16,949,000, and, accordingly, must receive the sum equivalent in Chilean pesos for the remuneration period. In addition, it will receive variable revenue depending on the "toll" to be charged to the consumers or generators transmitting energy through the Company's transmission and distribution of electric capacity lines.

Consequently, as of December 31, 2018, the subsidiary Charrúa Transmisora de Energía S.A. has recognized revenue from tolls and transmission.

As of December 31, 2018, the subsidiary Diego de Almagro Transmisora de Energía S.A. (DATE), has not recognized revenues, as it is in its pre-operating stage. Activities related to the design and construction of the project stage related to Nueva Diego de Almagro Substation will have a term of 24 month maximum period from the date of publication of Supreme Decree 2T, i.e., May 6, 2016. Activities related to the design and construction of the project stage related to the 2x220 kV New Line between SS Nueva Diego Almagro – Cumbres and Banco Autotransformadores 1x175 MVA 500/220 kV installation in Cumbres Substation will have a term of 42 month maximum period from the date of publication of Supreme Decree 2T, i.e. on May 6, 2016. The commencement of the operating phase and revenue recognition in accordance with the Bidding Terms for the project (Supreme Decree No. 2 T of May 2016), payment of VATT [Transmission Section Annual Amount] and indexation formula, constitute the fee for the Project for a period of 240 calendar months (20 years), receiving annual fixed fees of US$5,291,261, from the date of communication to the CEN by the Company of the project commissioning, expected to start during the fourth quarter of 2019, and variable revenue based on the "toll" charged to customers or generators transmitting energy through the Company's transmission and distribution electric capacity lines.

The Spanish Company Celeo Redes S.L., is an entity in the Elecnor Group, which is a Spanish group of companies engaged in the engineering, development and construction of infrastructure projects, renewable energy and new technologies, is the ultimate Parent of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1) Accounting period

The consolidated financial statements cover the following periods:

- Consolidated Statements of Financial Position as of December 31, 2018 and 2017.
- Consolidated Statements of Profit or Loss by Function as of December 31, 2018 and 2017.
- Consolidated Statements of Other Comprehensive Income as December 31, 2018 and 2017.
- Consolidated Statement of Changes in Equity as of December 31, 2018 and 2017.
- Consolidated Statements of Cash Flows - Direct Method as of December 31, 2018 and 2017.

2.2) Basis of preparation

The consolidated financial statements as of December 31, 2018 and 2017, have been prepared in conformity with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and it has been approved by its Board of Directors at the meeting held on March 7, 2019.

2.3) Responsibility for the information

The information contained in these financial statements is the responsibility of Company's Management, who expressly state that all the policies and criteria included in International Financial Reporting Standards ("IFRS") as issued by International Accounting standards Board ("IASB"), have been applied.

2.4) Functional and presentation currency

The functional and presentation currency relates to the currency of the primary economic environment in which the Company operates. Transactions denominated in a currency other than the functional currency are converted using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities expressed in currencies other than the functional currency are retranslated using the exchange rates prevailing at the closing date. Retranslation gains and losses are recognized in foreign currency translation differences in profit or loss.

In accordance with the Company's Management's analysis of the primary and secondary factors of IAS 21, the Company's functional and presentation currency is United States dollar.

2.5) Basis of translation

Assets and liabilities in currencies other than U.S. dollar, which is the Company's functional and presentation currency, are translated to the functional currency using the exchange rates prevailing at the reporting date. Revenue and expenses in a currency other than the functional currency are translated using the exchange rate existing at the date of the related transaction. Foreign currency translation differences generated are recognized in foreign currency translation differences in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.5) Basis of translation, (continued)

The Chilean peso exchange rate per US$1.00 as reported by the Central Bank of Chile is as follows:

Basis of translation	12-31-2018 ThUS$	12-31-2017 ThUS$
Currency US$	1.00000	1.00000
Chilean pesos (Ch$)	0.00144	0.00163
Unidad de Fomento (UF)	39.67614	43.59193

2.6) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries, including all of their assets, liabilities, revenue, expenses and cash flows after making the necessary adjustments and eliminating all transactions conducted between the consolidating companies.

In accordance with IFRS 10, subsidiaries refer to all entities on which Celeo Redes Operación Chile S.A. has control. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e., the activities that significantly affect the investee's returns. 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 subsidiary's financial statements have been prepared at the same reporting date of the Parent Company and consistent accounting policies have been applied considering the specific nature of each line of business.

All intercompany transactions and balances have been eliminated on consolidation.

The consolidated financial statements include the amounts of the following subsidiaries:

Tax ID No.	Company's name	Functional currency	12-31-2018			12-31-2017
			Direct %	Indirect %	Total %	Total %
76.100.121 - 3	Alto Jahuel Transmisora de Energía S.A.	US$	99.99	-	99.99	99.99
76.260.825 - 1	Charrúa Transmisora de Energía S.A.	US$	99.99	-	99.99	99.99
76.536.654 – 2	Diego de Almagro Transmisora de Energía S.A.	US$	99.99	-	99.99	99.99

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.7) Property, plant and equipment

Items of property, plant and equipment are measured at their costs net of accumulated depreciation and any impairment losses. In addition to the price paid for the acquisition of each item of property, plant and equipment, cost also includes, in each case, the following concepts:

2.7.1 Capitalized costs: Any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.7.2 Capitalized finance costs: Finance costs accrued during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets, which refer to those that require a substantial period of time before being ready for their intended use, are capitalized. The interest rate used is the rate of the specific financing or, if no such financing exists, the average financing rate of the Company making the investment.

2.7.3 Assets under construction: Assets under construction are measured at historical cost. They will be transferred to plant and equipment after the end of the test period, from which date their depreciation commences.

Assets under construction include the following concepts accrued solely during the construction period:

(a) Finance costs related to external financing that are directly attributable to constructions of a specific or generic nature.

(b) Operating expenses that are directly attributable to construction.

2.7.4 Depreciation: Items of property, plant and equipment, net of their residual value are depreciated by allocating, on a straight-line basis, the cost of the different items comprising it in the estimated useful life years that comprise the period in which the Company expects to use them. The useful lives of items of property, plant and equipment and residual values are reviewed on an annual basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The useful life periods used to determine the depreciation of the main classes of assets are as follows:

Class	Useful life (years)
Transmission lines	50
Substations	40
Machinery and equipment	7

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.8) Intangible assets other than goodwill

Intangible assets are composed of electric easements and IT applications. They are recognized in accounting at acquisition cost, net of their accumulated amortization, as applicable.

2.8.1. Electric easements: These do not have defined useful lives and; accordingly, are not subject to amortization. However, indefinite useful lives are subject to review each year in which information is presented to determine whether the consideration of the indefinite useful life continues to be applicable. These assets are subject to annual impairment testing.

2.8.2. IT software licenses: These are recognized based on total acquisition and implementation costs. These costs are amortized over their estimated useful lives, which, in average, are of 6 years.

2.9) Impairment of non-current assets

At each closing date, Management assesses the existence of indications of a possible impairment of non-current assets. Should such indications exist, the Company calculates the recoverable amount of the asset, which is the greater of its value in use and its fair value less costs to sell. Such value in use is determined through the discount of estimated future cash flows. Impairment exists if the recoverable amount of an asset is below its net carrying amount.

As of December 31, 2018, the Company has not identified impairment of non-current assets.

2.10) Income tax and deferred taxes

2.10.1. Income tax: The Company and its subsidiaries determine the taxable basis and calculate income tax in accordance with tax legislation effective in each period.

For the 2018 period, the current income tax rate will be 27%.

2.10.2. Deferred taxes: Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that is probable that future taxable profits and losses will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.10) Income tax and deferred taxes, (continued)

2.10.2. Deferred taxes, (continued):

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates applicable by default at the reporting date, which are as follows: 2014: 21%, 2015: 22.5%, 2016: 24%, 2017: 25.5%, and 2018: 27%.

2.11) Financial assets financial liabilities, current and non-current

2.11.1. Financial assets, current and non-current: If the fair value of financial assets recognized in the statement of financial position cannot be derived from active markets, it is determined using valuation techniques which include the discounted cash flow model.
Changes in the assumptions with respect to those factors might affect the regular value of financial instruments.

2.11.2. Other financial liabilities: Loans, promissory notes and bonds payable and other financial liabilities of a similar nature are initially recognized at their fair value net of the costs incurred in the original transaction. They are subsequently valued at their amortized cost and any difference between the proceeds obtained by the Company (net of the costs necessary to obtain them) and their reimbursement value is recognized in the statement of profit or loss during the term of the debt using the effective interest method.

2.11.3. 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.

2.12) Other short-term and long-term provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Such obligation can be legal or constructive derived among other factors from regulations, contracts, customary practices or public commitments generating with third parties a legitimate expectation that the Company will assume the amount of debts.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.13) Financial instruments

2.13.1. Classification and measurement: The Company initially measures its financial assets at their fair value plus transaction costs.

Financial debt securities are subsequently measured at fair value through profit or loss, or at amortized cost or at fair value through other comprehensive income. The classification is based on two criteria: the Group's business model to manage assets; and whether contractual cash flows of securities solely represent the payment of capital and interests on the main pending payment.

The new classification and measurement of the Company's debt financial assets is as follows:

- Debt securities at amortized cost for financial assets held within the Company's business model, intended to hold financial assets to collect contractual cash flows.

  This category includes trade and other receivables, and loans included in Other financial assets, non-current.

- Debt securities classified in other comprehensive income, with gain or losses recycled to profit or loss at the time of realization. Financial assets included in this category are the Group's quoted debt securities and are held within the commercial model for both to collect and sell cash flows.

  Other financial assets are classified and are subsequently measured as follows:

- Equity securities classified in other comprehensive income, without recycling gains or losses to profit or loss at the time of realization. This category only includes the equity securities that the Company is intended to hold in the foreseeable future and has chosen to classify at initial recognition or transition.

- Financial assets at fair value through profit or loss include quoted derivative instruments and equity instruments that the Group has not irrevocably elect, at initial recognition or transition, to be classified in other comprehensive income. This category also includes debt securities which cash flow characteristics does not comply with the nominal criterion or those within the business model which objective is to collect contractual cash flows or accumulate contractual cash flows and sell.

Accounting for the Group's financial liabilities mostly remains equal as IAS 39. Similarly to requirements of IAS 39, IFRS 9 requires that liabilities with contingent consideration are treated as financial assets measured at fair value through fair value recognized in the statement of gains or losses.

In conformity with IFRS 9, derivatives embedded are not separated from a main financial asset. On the other hand, financial assets are classified according to their contractual terms and the Group's business model.

2.13.2. Impairment: The new standard IFRS 9 requires expected credit losses from all their debt instruments, loans and trade receivables, whether on a 12-month or lifetime basis. The Company applied a simplified model for expected losses during the life of all trade receivables.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.13) Financial instruments, (continued)

The Company has analyzed in accordance with the current legislation applicable to the domestic electric market, where the Coordinator defines, mandates the billing and the payment, corresponding to documents prepared during the electric process according to the current tenders. The Company also analyzes where the Coordinator establishes a limited term for its payments (less than 10 days), for which it has concluded that the probability of default in the electric market is minimum.

However, the Company has defined default matrix based on the Group's historical experience of expected credit losses, adjusted by specific prospective factors for debtors and the economic environment.

For other financial assets, the expected loss is based on the expected loss of 12 months. The expected credit loss of 12 months is the portion of lifetime expected credit loss resulting from default events in a financial instrument which are possible within the 12 months subsequent to the reporting date. However, when there is a significant increase in the credit risk from the inception, the allocation is based on the lifetime expected credit loss.

2.13.3. Hedge accounting: Derivatives are initially measured at fair value at the date where the derivate contract was entered into and are subsequently remeasured at fair value. The method to recognize the resulting gain or loss depends on whether the derivative has been designated as a hedging instrument, and in this case, the nature of the item being hedged.

The Company and its subsidiaries, designate derivatives depending on their nature within the following groups:

- Fair value hedge of assets or liabilities recognized or firm commitments (fair value hedge);
- Specific risk hedges associated with an asset or liability recognized or a highly probable foreseen transaction (cash flows hedges); or
- Net investment hedges in a foreign entity or which functional currency is different from the Parent's currency (net investment hedge).

2.14) Classification of balances as current and non-current

In the accompanying consolidated statement of financial position, amounts are classified according to their maturities, i.e., balances maturing in twelve months or less as current and balances maturing in periods exceeding twelve months as non-current.

2.15) Operating segment reporting

The Company has determined that it does not have any operating segments as that term is defined in IFRS 8, "Operating Segments." Substantially all of the Company's customers and the Company's non-current assets are located in Chile. Therefore, no further geographic revenue and non-current asset information has been presented in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.16) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency risk and interest rate exposure.

2.16.1 Cash flow hedges: Changes in the fair value are recognized directly in equity in the caption "Hedging reserve" to the extent that such hedge is effective. Accumulated gains or losses in such caption are transferred to profit or loss in the same year in which the hedged item affects profit or loss. When a hedged item is a non-financial asset, the amount recognized in such caption is transferred as part of the carrying amount of the asset when it is recognized. To the extent that the hedge or a portion of such hedge is not effective changes in fair value are recognized with a debit or credit to comprehensive income. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively.

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

2.17) Revenue recognition

The legal framework that governs the Chilean power transmission is regulated by the DFL No. 4/2006, which sets the coordinated and systematized Revised Text of Statutory Decree No. 1 on Mining of 1982, General Law of Electric Services (DFL (M) No. 1/82) and its subsequent amendments that includes:

- Law 19.940, enacted on March 13, 2004,
- Law 20.018, enacted on May 19, 2005,
- Law 20.257 (Power Generation with Non-conventional Renewable Energy Sources), enacted on April 2008, and
- Law 20.936, enacted on July 20, 2016.

These laws are complemented by the General Law of Electricity Services of 1997 (Supreme Decree No. 327/97 of the Chilean Ministry of Mining) and its appropriate amendments, and by the Technical Security and Service Quality Standard (R.M.EXTA No. 40 as of May 16, 2005) and its subsequent amendments.

The Company and its subsidiaries' accrued revenue relates to the commercialization of electric transmission capacity from the Company's facilities. The Company mainly identifies a single type of existing contracts with customers, which is regulated. Revenue for this type of contract are subjected to regulated fees in the respective Award Decrees issued by Chilean Ministry of Energy,

The main portion of revenue generated from the use of the Company's facilities, which is subject to a regulated fee, includes two components: I) the investment value annuity (AVI), plus II) COMA (Operation, Maintenance and Management Costs) which is the required cost to operate, maintain and manage the corresponding facilities.

Revenue subject to regulated fees is recognized and invoiced on a monthly basis using the values resulting from the application of the provisions in the Award Decrees and the effective legal framework related to fee indexation. The recognized revenue for each month corresponds to the transmission service rendered but not billed during that month.

The Company has considered all current regulation for the market in which it operates, and has analyzed the particular circumstances based on current concessions and its methodology for contracts with customers.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

As a result of this analysis, Management has determined that subsidiaries' contracts with customers for the Energy transmission service, should comply with the performance obligation of actual energy transmission performed in a determined period and reported by the CEN; therefore, revenue from the electric transmission of the Company's facilities is recognized based on the effective billing for the transmission period, as well as including an energy transmission estimate to be billed supplied until year end.

2.18) Use of estimates

Below, we show the main future assumptions made and other underlying sources of uncertainties in estimates at the reporting date that could have a significant effect on future financial statements:

2.18.1. Property, plant and equipment: The accounting treatment of items of property, plant and equipment considers making estimates to determine the useful lives used and the calculation of their depreciation and residual values.

The determination of useful lives requires making estimates with respect to the expected evolution in technology and the alternative uses of assets. The assumptions with respect to the technological framework and its development in the future imply making a judgment.

Although these estimates have been made based on the best information available at the reporting date, it is possible that future events may require adjustments in following periods (increases or decreases), which would be applied prospectively, recognizing the effects of changes in estimates in future financial statements.

2.18.2. Deferred taxes: The Company assesses the recovery of the deferred tax assets based on estimates of attributable future tax results. Such recovery finally depends on the Company's ability to generate taxable income throughout the period where the deferred tax assets are deductible.

2.18.3. Financial instruments: The accounting treatment of changes in the fair values of hedging instruments recognized by the Company.

2.19) Dividend Policy

2.19.1 Minimum dividend: Celeo Redes Operación Chile S.A is a closely-held corporation and its dividend distribution policy was established by its by-laws on October 28, 2016 in accordance with Article No.78 of the Chilean Public Company Act establishes that, except otherwise unanimously agreed in at the related shareholders meeting, shareholders' corporations 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.

2.19.2 Provisional or final dividends: In accordance with the Company's by-laws, the dividend distribution policy establishes the following: "The Shareholders' meeting could only agree on the distribution of dividends if no accumulated losses have been recognized from previous fiscal years. Dividends distributed exceeding the minimum stated above, may be freely charged by shareholders to the previous fiscal year profit, or to social funds that are able to be distributed as dividends. Only shareholders registered in the shareholders' registry the fifth day prior to the date in which dividends are paid are entitled to receive such dividends."

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.20) Statement of cash flows

For the preparation of the statement of cash flows, the Company uses the following definitions:

2.20.1. Cash and cash equivalents: Include cash on hand and bank current accounts, term deposits in credit institutions and other short-term low risk investments with original maturities of less than three months.

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

2.20.3. Investing activities: Correspond to acquisition, disposal or sale activities by other means of non-current assets and other investments not included in cash and cash equivalents.

2.20.4. Financing activities: activities that generate changes in the size and composition of net equity and financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.21) Disclosures on the adoption of new and revised IFRSs

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

New IFRS	Mandatory application date
IFRS 9, Financial Instruments	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 15, Revenue from Contracts with Customers	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
New Interpretations	
IFRIC 22: Foreign Currency Transactions and Advance Consideration	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
Amendments to IFRS	
IAS 40: Transfers of Investment Property (Amendments to IAS 40, *Investment Property*).	Annual periods beginning on or after January 1, 2018.
IFRS 9, *Financial Instruments,* y NIIF 4, *Insurance Contracts*: Amendments to IFRS 4.	Annual period beginning on or after January 1, 2018, for entities adopting the temporary exemption, entities applying the *overlay* approach and entities applying full IFRS 9.
IFRS 2, *Share-based Payments*: Clarifies the accounting for of certain types of share-based payments transactions.	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 15, *Revenue from Contracts with Customers*: Amendment clarifying requirements and providing additional transition relief for entities implementing the new standard.	Annual periods beginning on or after January 1, 2018.
2014-2016 Annual Improvements Cycle to IFRSs. Amendments to IFRS 1 and IAS 28.	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The application of these new standards and amendments from January 1, 2018 have had no effect on the amounts reported in these financial statements.

The following new Standards, Amendments and Interpretations have been issued but their application dates are not yet effective:

New IFRS	**Mandatory application date**
IRFS 16: *Leases*	Annual periods beginning on or after January 1, 2019. Early adoption is permitted. Early adoption is permitted for entities applying IFRS 15 on or after that date.
IFRS 17: *Insurance Contracts*	Annual periods beginning on or after January 1, 2021. Early adoption is permitted. Early adoption is permitted for entities applying IFRS 9 and IFRS 15 on or after that date.
New interpretations	
IFRIC 23: Uncertainty over Income Tax Treatments	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
Amendments to IFRS	
IAS 28: Long-term Interests in Associates and Joint Ventures	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
IFRS 9: Prepayment Features with Negative Compensation	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
Plan amendments, Reductions and Settlements (Amendments to IAS 9, *Employee Benefits*).	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
IFRS 10: *Consolidated Financial Statements*, y IAS 28, *Investments in Associates and Joint Ventures*: Transfer or contribution of assets between the investor and its associate or joint venture.	Mandatory date deferred indefinitely.
Annual Improvements to IFRSs Cycle 2015-2017. Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
Amendments to the references in the *Conceptual Framework for Financial Information.*	Annual periods beginning on or after January 1, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

2.21) Disclosures on the adoption of new and revised IFRSs, (continued)

New Standards

IFRS 16 Leases

Issued on January 13, 2016, this Standard requires that operating lessor companies account for all leases in their financial statements beginning on January 1, 2019. Lessor companies with operating leases will have more assets, but also a higher debt. The higher the Company's operating lease portfolio, the higher will be the impact in the report metrics.

This standard is effective for periods beginning on or after January 1, 2019. Early adoption is permitted.

The Company's Management will apply this standard for the period beginning on January 1, 2019 and as a result of its assessment, Management has determined that there is no potential impact from the adoption of these amendments.

New Interpretations

IFRIC 23: Uncertainty over Income Tax Treatments

This Interpretation, issued on June 7, 2017, provides guidance on determining taxable profits (losses), taxable 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 related to the inspection by the tax authority.
- Determination of taxable 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 annual periods beginning on or after January 1, 2019. Early adoption is permitted.

Management estimates that this interpretation will be adopted in its financial statements for the period beginning on January 1, 2019. Management is yet to consider the potential impact from the adoption of these amendments.

3. FINANCIAL RISK MANAGEMENT

3.1) Currency and interest rate risk

Interest rate risk: The Company's assets, at consolidated level, are mainly composed of property, plant and equipment (lines and power transmission substations) and intangible assets (electric easements).

Obligations related to financing correspond mainly to long-term liabilities at fixed rate, reflected in the bond issuance that Celeo Redes Operación Chile S.A. performed during May 2017 for MUS$603.5 at 30 years. The detail by currency of such issuance is as follows: (i) Bond issuance denominated in US dollars for MUS$379 at a fixed annual rate of 5.2% (ii) bond issuance denominated in UF for MUF 5.4 at a fixed annual rate of 3.35%. The aforementioned debt is recognized in the balance sheet at its amortized cost at the effective rate.

The interest rate risk management, which allow reducing the impact on profit or loss of such fluctuations, is performed by establishing the rate of bonds payable, which eliminates the volatility of financial expenses associated with the Company's long term debt.

Accordingly, we maintain a sufficient amount of our investments in U.S. dollar and Chilean peso in order to face all financial and operational obligations which payment is arranged in any currency in which we hold our debts (U.S. dollar and UF).

Interest rate risk: In general, the exposure to currency risk is due to the following:

a) Performing several transactions in U.S. dollars for significant amounts (construction agreements, imports, funds in restricted accounts, etc.). In the business, the U.S. dollar is the operating currency.
b) Holding a debt denominated in bonds in U.S. dollars and UF.
c) Annual income is a fixed amount payable in twelve equal payments and denominated in U.S. dollars. This amount is collected in Chilean peso on a monthly basis.
d) Receivables are denominated in Chilean pesos; however, they are recognized in the ledgers against the dollar value on a monthly basis.
e) In order to actively manage and mitigate the implied exchange rate risk in cash conversion cycle, a procedure is performed by the treasury department to minimize the risk.

   The aforementioned procedure comprises the following actions:

   a. The total monthly income is billed in Chilean peso to each client for its amount in U.S. dollars.
   b. The exchange rate from U.S. dollar to Chilean peso used to bill "n" monthly income is the weighted average exchange rate in the "n-1" month.
   c. As of December 31, 2018, the weighted average term to collect 93.4% of monthly billed revenue is 15 days. Additionally, the underlying term of currency risk exposure is 20 days, which is applicable from the 1st day of "n" month, until the effective day of payment. This short and limited time ensures that most of the current revenue (Chilean peso) is effectively collected during the "n" month, thus assisting in recognizing the exposure during the intra-month term.
f) As the cash (Chilean peso) is collected during the "n" month, it is gradually used to make payments and provisions in the normal course of business, in accordance with a strict priority order that includes prioritizing payments or provisions in U.S. dollars / UF, as defined in the bond issuance agreements denominated in U.S. dollars / UF.

In 2017, the Company has settled its hedging instruments (see Note 13), which were related to syndicated loans that funded the projects of Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A.

3. FINANCIAL RISK MANAGEMENT, (continued)

3.1) Currency and interest rate risk, (continued)

As a result of the treasury policy and activities of Celeo Redes Operación Chile S.A. and subsidiaries, the fluctuations in the value of the Chilean peso against the U.S. dollar would have no significant effect on the cost of the obligations denominated in U.S. dollar related to the debt servicing.

Other activities to mitigate this risk include:

a) Designing debt structure and policies for financial risk containment: Prior to assuming debt a technical and economic analysis is performed to determine the optimal combination of currency, type, interest rate and term repayment formula, which together minimize such risks.

b) Monitoring risks and significant variables: Throughout the concession construction and operating period, the Company's policy is to regularly monitor the status of the critical financial variables.

c) Adoption of U.S. dollar as the functional currency: Foreign currency translation differences tend to naturally mitigate if the functional currency is the most appropriate for the Company's financial and operating reality. Indeed, 100% of revenues are denominated in U.S. dollars and a significant portion of construction and operating costs are also denominated in U.S. dollars.

3.2) Credit risk

A credit risk source exists associated with receivables from customers in the domestic transmission system. At consolidated level, operating income is from a customer portfolio that includes some of the most important domestic power generation companies. Accordingly, Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A. (at year end 2017, they are operating) have a solid customer basis.

The stock of receivables generated during the normal course of business is characterized by a short-term collecting process, while is duly regulated by Supreme Decree No. 23T issued by Chilean Ministry of Energy in 2015, which establishes defined terms for the billing and payment of such debts. The latter generates during a weighted average collection period of 15 days, 93% of total monthly income is collected. This explains the non-accumulation of unpaid receivables.

3. FINANCIAL RISK MANAGEMENT, (continued)

3.2) Credit risk, (continued)

Notwithstanding the foregoing, the Group revenues are highly concentrated in the following main customers:

Main customers as of December 31, 2018	Bulling in ThUS$	Representation %
Enel Generación Chile S.A.	17,389	34.86%
Colbún S.A.	14,437	28.94%
Empresa Eléctrica Pehuenche S.A.	2,673	5.36%
Gasatacama Chile S.A.	2,056	4.12%
Aes Gener S.A.	1,723	3.45%
Other customers	11,604	23.26%
Total billing for 2018	**49,882**	**100.00%**
Concentration % for the 5 main customers	**76.74%**	

Main customers as of December 31, 2017	Bulling in ThUS$	Representation %
Enel Generación Chile S.A.	10,345	32.31%
Colbún S.A.	9,201	28.74%
Empresa Eléctrica Pehuenche S.A.	2,773	8.66%
Gasatacama Chile S.A.	1,514	4.73%
Aes Gener S.A.	1,481	4.63%
Other customers	6,705	20.94%
Total billing for 2017	**32,019**	**100.00%**
Concentration % for the 5 main customers	**79.06%**	

These five customers, including their related companies, will substantially generate the largest part of revenue of Alto Jahuel and Charrúa. Therefore, a relevant change in their financial situation or operating income, may have a negative impact on the Company (note that these customers have a long history of credit solvency)

Another way to mitigate the credit risk relates to the fact that our revenue stream is guaranteed by law; therefore, if a counterparty is unable to pay, all other guarantors must cover the unpaid amount. This means the risk is enclosed in a robust regulatory framework.

Regarding our credit risk associated with financial assets (term deposits, fixed income investment funds and reverse repurchase agreements), the treasury policy establishes diversification and credit qualification guidance to distribute and minimize the counterparty risk. Additionally, note that permitted investments are duly defined in bond issuance agreements denominated in U.S. dollars / UF.

3. FINANCIAL RISK MANAGEMENT, (continued)

3.3) Liquidity risk

The Company's finance management policy is supported by the maintenance of appropriate debt levels against its level of operations, equity and assets, such management policy is expressed in the Company's ability to satisfy any cash requirement or the payment of any obligation at its maturity.

Up to date, the Company has comply with 100% of its obligations within the agreed terms. Liquidity risk has been mitigated by the issue of debt through long-term bonds (30 years).

The ability to generate cash for financing, through bond issuance and transactions in capital market, have allowed the increase of investments in PPE and industrial operations in the recent years. Currently, the Company has an adequate position to face future debt maturities, and planned and ongoing investments commitments.

As part of the liquidity risk mitigation strategy, the Company performs monthly cash deposits in accounts held in different banks, in order to comply with its financial obligations on a semiannual basis. As of December 31, 2018, this caption amounted to ThCh$3,948.63, which are provisioned to ensure the payment of the corresponding installments at the closest payment date to the bondholders. Whereas, as of December 31, 2017, the amount provisioned to ensure the payment of financial liabilities to banks due at that date, amounted to ThCh$3,948.63.

The success of these procedures confirms the Company's ability to access several financing sources, both in the local and international markets.

The following table summarizes the conditions and characteristics associated with our financial debt as of December 31, 2018:

As of 12-31-2018	Celeo Redes Operación Chile S.A. ThUS$		TOTAL ThUS$
	Bond issuance US$	Bond issuance UF	
Principal owed	348,245	216,665	564,910
Accrued interest paid	8,912	157	9,069
Nominal rate	5.20%	3.35%	
Commissions	0.47%		
Effect on the rate	-	-0.25%	
Actual rate	5.67%	3.10%	

As of 12-31-2017	Celeo Redes Operación Chile S.A. ThUS$		TOTAL ThUS$
	Bond issuance US$	Bond issuance UF	
Principal owed	362,122	242,986	605,108
Accrued interest paid	12,099	6,457	18,556
Nominal rate	5.20%	3.35%	
Commissions	0.47%		
Effect on the rate	-	-0.25%	
Actual rate	5.67%	3.10%	

3. FINANCIAL RISK MANAGEMENT, (continued)

3.4) Sensitivity analysis

A reasonable increase (decrease) in the value of U.S. dollar (USD) compared to the value of Chilean peso (CLP), would have affected the measurement of assets and liabilities subject to foreign currency translation, affecting equity and profit or loss in the amounts shown below.

As of December 31, 2018 and 2017, assets and liabilities sensitive to changes in exchange rates are detailed as follows:

Sensitive assets	12-31-2018 ThUS$	12-31-2017 ThUS$
Cash and cash equivalents	13,864	8,559
Trade and other receivables, current	8,221	11,309
Total sensitive assets	22,085	19,868
Sensitive liabilities		
Trade and other payables	4,473	1,772
Other financial liabilities, current	4,440	4,561
Other financial liabilities, non-current	212,391	238,591
Total sensitive liabilities	**221,304**	**244,924**

We have conducted a sensitivity analysis considering a 10% decrease in the value of the U.S. dollar compared to the amount in Chilean pesos.

Sensitivity analysis as of 12-31-2018	ThUS$	Effect on profit or loss 2017	
		-10%	10%
Exchange rate sensitivity	**694.77**	**625.29**	**764.25**
Sensitive assets			
Cash and cash equivalents	14,618	1,624	(1,329)
Trade and other receivables, current	8,221	913	(747)
Total sensitive assets	22,839	2,538	(2,076)
Sensitive liabilities			
Trade and other payables	4,473	(497)	407
Other financial liabilities, current	4,440	(493)	404
Other financial liabilities, non-current	212,391	(23,599)	19,308
Total sensitive liabilities	221,304	(24,589)	20,119
Effect on (loss) profit		(22,052)	18,042

3. FINANCIAL RISK MANAGEMENT, (continued)

3.4) Sensitivity analysis, (continued)

Sensitivity analysis as of 12-31-2017	ThUS$	Effect on profit or loss 2017	
		-10%	10%
Exchange rate sensitivity	**614.75**	**553.28**	**676.23**
Sensitive assets			
Cash and cash equivalents	8,559	951	(778)
Trade and other receivables, current	11,309	1,257	(1,028)
Total sensitive assets	19,868	2,208	(1,806)
Sensitive liabilities			
Trade and other payables	1,772	(197)	161
Other financial liabilities, current	4,561	(507)	415
Other financial liabilities, non-current	238,591	(26,510)	21,690
Total sensitive liabilities	244,924	(27,214)	22,266
Effect on (loss) profit		(25,006)	20,460

For 2017, the risk related to the exposure of financial liabilities is mitigated through an economic hedge, designated as "Cash flow hedges". This hedge includes the customers' payment flows determined in the 20-year concession, in the same currency indicated and the same payment tranches of the financial liability installments (see note 13.3).

4. CASH AND CASH EQUIVALENTS

Balances of cash and cash equivalents presented in the Consolidated statement of financial position are the same presented in the Statement of cash flows.

As of December 31, 2018 and 2017, this caption is composed of the following:

Cash and cash equivalents	**12.31.2018**	**12.31.2017**
	ThUS$	**ThUS$**
Cash in banks	8,468	18,367
Short-term deposits, classified as cash equivalents	1,925	-
Short-term mutual fund deposits, classified as cash equivalents	35,193	152,697
Total	**45,586**	**171,064**

Detail of cash and cash equivalents by currency	**Currency**	**12.31.2018**	**12.31.2017**
		ThUS$	**ThUS$**
Amount of cash and cash equivalents	Ch $	13,864	8,559
Amount of cash and cash equivalents	US $	31,722	162,505
Total		**45,586**	**171,064**

Cash and cash equivalents have no restrictions for their use.

4. CASH AND CASH EQUIVALENTS, (continued)

4.1) Investments in mutual funds deposits as of December 31, 2018

As of December 31, 2018, the detail, of investments in mutual fund deposits (debt securities and low risk) is as follows:

Entity	Instrument	Currency	Value of deposits US$	No. of deposits	12-31-2018 ThUS$
J.P. Morgan	JPM US Dollar Liquidity Fund Premier	US$	0.0010	26,895,000.00	26,895
Banco BBVA	Monetario Nominal Serie V	Ch$	1.2258	2,737,957.55	4,831
Banco BBVA	Liquidez Dólar Serie E	US$	1.2342	2,738.71	3,380
Banco Chile		Ch$	0.0569	1,523.21	87
Total					35,193

4.2) Investments in mutual funds deposits as of December 31, 2017

As of December 31, 2017, the detail, of investments in mutual fund deposits (debt securities) is as follows:

Entity	Instrument	Currency	Value of deposits US$	No. of deposits	12-31-2017 ThUS$
J.P. Morgan	JPM US Dollar Liquidity Fund Premier	US$	0.0010	142,523,000.00	142,523
Banco BBVA	Monetario Nominal Serie B	Ch$	0.0018	36,050.59	63
	Liquidez Dólar Serie E	US$	1.2226	8,269.93	10,111
Total					152,697

5. OTHER CURRENT NON-FINANCIAL ASSETS

As of December 31, 2018 and 2017, the detail of other current non-financial assets is as follows:

Other current non-financial assets

	12.31.2018 ThUS$	12.31.2017 ThUS$
Prepaid insurance policies	155	113
Total	**155**	**113**

Other non-current non-financial assets

	12.31.2018 ThUS$	12.31.2017 ThUS$
Prepaid electric easement compensation	2,560	8,953
Other	-	1,797
Total	**2,560**	**10,750**

6. TRADE AND OTHER RECEIVABLES

The balances of trade and other receivables relate to transactions within the Company's line of business.

6.1) Detail

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

	12.31.2018			12.31.2017		
	Assets before impairmet	Impairment of trade receivables	Trade receivable assets, net	Assets before impairmet	Impairment of trade receivables	Trade receivable assets, net
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Trade receivables	5,984	-	5,984	4,149	-	4,149
Other receivables	4	-	4	75	-	75
Advance payments to suppliers, domestic	1	-	1	13	-	13
Recoverable valued-added tax (1)	2,232	-	2,232	7,072	-	7,072
Total trade receivables, current	8,221	-	8,221	11,309	-	11,309
Total trade receivables, non-current	-	-	-	-	-	-
Total trade receivables	**8,221**	**-**	**8,221**	**11,309**	**-**	**11,309**

(1) Value-added tax fiscal credit generated in the construction of transmission lines of subsidiary companies Diego de Almagro Transmisora de Energía y Charrúa Transmisora de Energía S.A. During June and July 2018, respectively, the Company requested from the Chilean Internal Revenue Service (SII) the refund of Value-added tax fiscal credit generated by the acquisition of property, plant and equipment for both projects in accordance with the benefit established in Article 27 Bis of the Value-Added Tax Law

Trade receivables are classified as loans and receivables and, therefore, measured at amortized cost. Such portfolio in unsecured and the average credit period on sale for the Company and its subsidiaries is less than 30 days. There is no surcharge for interests on trade receivables for the first 30 days after the maturity date of each billing.

6.2) Aging of the portfolio

	Current	31-60 days	61-90 days	91-120 days	> 120 days	12.31.2018 Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Non-renegotiated portfolio, gross	5,984	-	-	-	-	5,984
Impairment of portfolio	-	-	-	-	-	-
Total portfolio as of December 31, 2018	**5,984**	**-**	**-**	**-**	**-**	**5,984**

	Current	31-60 days	61-90 days	91-120 days	> 120 days	12.31.2017 Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Non-renegotiated portfolio, gross	4,149	-	-	-	-	4,149
Impairment of portfolio	-	-	-	-	-	-
Total portfolio as of December 31, 2017	**4,149**	**-**	**-**	**-**	**-**	**4,149**

IFRS 9 requires that the Company records the expected credit losses of all its debt securities, loans and trade receivables, either on a 12-month or lifetime.

In accordance with the current legislation and applicable to the domestic electric market, the Company has concluded from its analysis that the historical probability of default in the electric market is minimal, which as of December 31, 2018 amounts to ThUS$0.

7. CURRENT TAX ASSETS

As of December 31, 2018 and 2017, the detail of current tax assets and liabilities is as follows:

Current tax assets	12-31-2018 ThUS$	12-31-2017 ThUS$
Monthly provisional income tax payment	831	373
Recoverable income tax	1,125	1,624
Total current tax assets	1,956	1,997

8. OTHER NON-CURRENT FINANCIAL ASSETS

As of December 31, 2018 and 2017, the detail of other non-current financial assets is as follows:

Other financial assets	Non-current	
	12.31.2018 ThUS$	12-31-2017 ThUS$
Performance bond (note 21.3)	1,788	467
Total other financial assets	1,788	467

9. FINANCIAL INSTRUMENTS

9.1) Financial Instruments classification by category

Notes 2.11 and 2.13, detail the significant accounting policies and methods implemented (including recognition criteria, basis of measurement and the basis used for recognizing revenue and expenses) for each type of financial asset, financial liability and equity instrument.

The following table details the accounting policies that have been applied to the categories:

As of December 31, 2018

Assets	**Measured at amortized cost**	**At fair value through profit or loss**	**Total**
	ThUS$	**ThUS$**	**ThUS$**
Cash and cash equivalents	8,468	37,118	45,586
Other non-financial assets, current	1,788	-	1,788
Trade and other receivables, current	8,221	-	8,221
Trade receivables due from related parties, current	3,479	-	3,479
Trade receivables due from related parties, non-current	141,953	-	141,953
Totales	**163,909**	**37,118**	**201,027**

Liabilities	**Measured at amortized cost**	**At fair value through profit or loss**	**Total**
	ThUS$	**ThUS$**	**ThUS$**
Other non-financial liabilities, current	7,538	-	7,538
Other financial liabilities, non-current	566,450	-	566,450
Trade and other payables	4,473	-	4,473
Trade payables due to related parties, current	17,781	-	17,781
Trade payables due to related parties, non-current	44,244	-	44,244
Total	**640,486**	**-**	**640,486**

9. FINANCIAL INSTRUMENTS, (continued)

9.1) Financial Instruments classification by category, (continued)

As of December 31, 2017

Assets	Measured at amortized cost	At fair value through profit or loss	Total
	ThUS$	ThUS$	ThUS$
Cash and cash equivalents	18,367	152,697	171,064
Other financial assets, non-current	467	-	467
Trade and other receivables, current	11,309	-	11,309
Trade receivables due from related parties, current	21,920	-	21,920
Trade receivables due from related parties, non-current	22,000	-	22,000
Total	**74,063**	**152,697**	**226,760**

Liabilities	Measured at amortized cost	At fair value through profit or loss	Total
	ThUS$	ThUS$	ThUS$
Other financial liabilities, current	14,131	-	14,131
Other financial liabilities, non-current	594,309	-	594,309
Trade and other payables	1,772	-	1,772
Trade payables due to related parties, current	708	-	708
Total	**610,920**	-	**610,920**

The Company has considered that the rates at which it holds its financial instruments have no significant difference with the conditions the Company may obtain as of December 31, 2017; therefore, it has been established that the fair value of its financial instruments is equivalent to their recognized amount, i.e. their effective rate is equivalent to their nominal rate.

9.2) Fair Value Hierarchy

Financial instruments that have been recorded at fair value as of December 31, 2018 and 2017, have been measured based on methodologies in accordance with IFRS 9. Such methodologies applied on each type of financial instrument are classified based on its hierarchy as follows:

- Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level II: 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 III: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2018 and 2017, the Company maintains assets corresponding to current financial investments considered as “Cash and cash equivalents”, which are measured at Fair Value from Level II.

10. INCOME TAX AND DEFERRED TAXES

10.1) Income tax benefit

Income tax benefit (expense)	**12.31.2018**	**31.12.2017**
	MUS$	**MUS$**
Current tax expense	(527)	-
Adjustments to prior period current tax	-	-
Total deferred tax benefit (expense), net	**(527)**	**-**
Income tax benefit (expense) related to the generation and reversal of temporary differences	(4,690)	3,079
Total deferred tax benefit, net	**(4,690)**	**3,079**
Income tax benefit	**(5,217)**	**3,079**

10.2) Deferred tax assets and liabilities

Deferred tax assets recognized related to:	Balance as of 01.01.2017	Recognized in profit or loss for the year	Recognized in other comprehensive income	Balance as of 01.01.2018	Recognized in profit or loss for the year	Balance as of 12.31.2018
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Depreciation	53,032	(53,032)	-	-	-	-
Revaluation of financial instruments	256	3,383	(3,639)	-	-	-
Tax losses	13,921	10,617	-	24,538	9,215	33,753
Total deferred tax assets	67,209	(39,032)	(3,639)	24,538	9,215	33,753

Deferred tax liabilities recognized related to:	Balance as of 01.01.2017	Recognized in profit or loss for the year	Recognized in other comprehensive income	Balance as of 01.01.2018	Recognized in profit or loss for the year	Balance as of 12.31.2018
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Depreciation	67,638	(41,574)	-	26,064	13,905	39,969
Provisions (or accruals)	-	41	-	41	-	41
Agreements in foreign currency	289	(578)	289	-	-	-
Total deferred tax liabilities	67,927	(42,111)	289	26,105	13,905	40,010
Total deferred taxes, net	**(718)**	**3,079**	**(3,928)**	**(1,567)**	**(4,690)**	**(6,257)**

10.3) Reconciliation of tax results

Reconciliation of income tax expense using the legal tax rate to the income tax expense using the effective rate	**%**	**Balance as of 12.31.2018**	**%**	**Balances as of 12.31.2017**
		ThUS$		**ThUS$**
Profit before income tax		**16,001**		**(11,685)**
Tax expense using the legal rate	27.0%	**(4,320)**	27.0%	**3,155**
Plus (less):				
Effect of deferred taxes for the year	5.6%	(897)	(0.7%)	(76)
Total adjustments to tax expense using the legal rate	**5.6%**	**(897)**	**(0.7%)**	**(76)**
Tax expense using the effective rate	**32.6%**	**(5,217)**	**26.3%**	**3,079**

10.4) Unrecognized deferred tax assets

Celeo Redes Operación Chile S. A. has not recognized during the current period, deferred tax assets for ThUS$5,869, related to the tax loss occurred in 2017, because the Company has not sufficient supporting evidence to ensure the availability of future taxable income against which these losses will be offset. Such taxable income originated during 2018 due to the increase of the dollar currency translation, which increased the tax profit or loss to recover the accumulated loss.

11. INTANGIBLE ASSETS OTHER THAN GOODWILL

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

Classes of intangible assets, net	12.31.2018	12.31.2017
	ThUS$	ThUS$
Electric easements	78,408	67,449
Licenses and softwares	41	59
Total	**78,449**	**67,508**

Classes of intangible assets, gross	12.31.2018	12.31.2017
	ThUS$	ThUS$
Electric easements	78,408	67,449
Licenses and softwares	110	110
Total	**78,518**	**67,559**

Accumulated amortization and impairment, intangible assets	12.31.2018 ThUS$	12.31.2017 ThUS$
Licenses and softwares	(69)	(51)
Total	**(69)**	**(51)**

There are no intangible assets other than goodwill with restriction or which are used as debt guarantees.

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

Movements as of December 31, 2018

	Electric easements	Licenses and software	Total
	ThUS$	ThUS$	ThUS$
Opening balance as of 01-01-2018	67,449	59	**67,508**
Additions	6,954	-	**6,954**
Disposals	(19)	(1)	**(20)**
Amortization (a)	-	(17)	**(17)**
Other increases (decreases)	4,024	-	**4,024**
Total movements	**10,959**	(18)	**10,941**
Closing balance as of 12-31-2018	**78,408**	41	**78,449**

Movements as of December 31, 2017

	Electric easements	Licenses and software	Total
	ThUS$	ThUS$	ThUS$
Opening balance as of 01-01-2017	63,476	80	**63,556**
Additions	3,973	-	**3,973**
Amortization (a)	-	(21)	**(21)**
Total movements	**3,973**	(21)	**3,952**
Closing balance as of 12-31-2017	**67,449**	**59**	**67,508**

(a) The amortization of these assets is recognized in Administrative expenses, in the statement of comprehensive income.

Intangible assets relate to perpetual electric easements, which are recognized at historical cost net of impairment losses, and are not subject to amortization but to an annual impairment test. Such assessment determined no such easements are impaired.

12. PROPERTY, PLANT AND EQUIPMENT

This caption comprises the following:

Property, plant and equipment, net	12.31.2018	12.31.2017
	ThUS$	ThUS$
Land	193	193
Assets under construction	57,205	161,870
Machinery	376,939	241,739
Vehicles	-	9
Computer equipment	2	4
Total	**434,339**	**403,815**

Property, plant and equipment, gross	12.31.2018	12.31.2017
	ThUS$	ThUS$
Land	193	193
Assets under construction	57,205	161,870
Machinery	392,141	250,435
Vehicles	33	33
Computer equipment	13	13
Total	**449,585**	**412,544**

Accumulated depreciation and impairment of property and equipment	12.31.2018	12.31.2017
	ThUS$	ThUS$
Machinery	(15,202)	(8,696)
Vehicles	(33)	(24)
Computer equipment	(11)	(9)
Total	**(15,246)**	**(8,729)**

12. PROPERTY, PLANT AND EQUIPMENT

12.1) Movements of property, plant and equipment

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

Movements as of December 31, 2018

	Land	Assets under construction	Fixed facilities and accesories	Machinery	Vehicles	Computer equipment	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of 01-01-2018	**193**	**161,870**	**-**	**241,739**	**9**	**4**	**403,815**
Acquisitions	-	36,950	-	91	-	-	**37,041**
Depreciation for the period	-	-	-	(6,506)	(9)	(2)	**(6,517)**
Reclassifications (1)	-	(141,615)	-	141,615	-	-	**-**
Total movements	-	(104,665)	-	135,200	(9)	(2)	**30,524**
Closing balance as of 12-31-2018	**193**	**57,205**	**-**	**376,939**	**-**	**2**	**434,339**

Movements as of December 31, 2017

	Land	Assets under construction	Fixed facilities and accesories	Machinery	Vehicles	Computer equipment	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of 01-01-2017	**193**	**103,964**	**427**	**245,723**	**296**	**-**	**350,603**
Acquisitions	-	57,906	-	104	-	14	**58,024**
Disposals	-	-	(427)	-	(276)	-	**(703)**
Depreciation for the period	-	-	-	(4,088)	(11)	(10)	**(4,109)**
Reclassifications	-	-	-	-	-	-	**-**
Total movements	-	57,906	(427)	(3,984)	(287)	4	**53,212**
Closing balance as of 12-31-2017	**193**	**161,870**	**-**	**241,739**	**9**	**4**	**403,815**

As of December 31, 2018 and 2017, no asset under a finance lease are included in property, plant and equipment.

(1) In January 1, the Project in course “Nueva Línea 2x500 Charrúa-Ancoa: Tendido del primer circuito” was completed and activated, corresponding to the subsidiary Charrúa Transmisiones de Energía S.A., capitalizing at such date in Machinery and Equipment a total of ThUS$141,615, divided into ThUS$89,707 as Transmission Lines and ThUS$51,908 as Substations.

12. PROPERTY, PLANT AND EQUIPMENT, (continued)

12.2) Detail of depreciation for the year.

Depreciation for the year	12-31-2018 ThUS$	12-31-2017 ThUS$
Cost of sales	6,494	4,046
Administrative expense	40	63
Total depreciation	**6,534**	**4,109**

12.3) Assets pledged as collateral

As per public deed, denominated "Pledge with no recourse", entered into in May 2017 between Banco de Chile (as security trustee) and Alto Jahuel Transmisora de Energía S.A., establishes the assets comprising the First Circuit Transmission Line that will be pledged as collateral for the repayment of bonds payable.

As per public deed, denominated "Pledge with no recourse", entered into in May 2017 between Banco de Chile (as security trustee) and Alto Jahuel Transmisora de Energía S.A., establishes the assets comprising the Second Circuit Transmission Line that will be pledged as collateral for the repayment of bonds payable.

As per public deed, denominated "Pledge with no recourse", entered into in May 2017 between Banco de Chile (as security trustee) and Charrúa Transmisora de Energía S.A., establishes the assets comprising the First Circuit Transmission Line that will be pledged as collateral for the repayment of bonds payable.

Assets classified as Machinery, correspond to assets guaranteed by Alto Januel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A., which secure the debt related to bonds for ThUS$564,910.

13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT

The detail and balance of other current and non-current financial liabilities is as follows:

Other financial liabilities	Currency	12.31.2018 Current ThUS$	12.31.2018 Non-current ThUS$	12.31.2017 Current ThUS$	12.31.2017 Non-current ThUS$
Promissory notes and bonds payable (Bonds) (a)	UF	4,440	212,391	4,561	238,591
Promissory notes and bonds payable (Bonds) (a)	US$	3,098	354,059	9,570	355,718
Total Promissory notes and bonds payable (Bonds)		**7,538**	**566,450**	**14,131**	**594,309**
Total other financial liabilities		**7,538**	**566,450**	**14,131**	**594,309**

(a) Relates to other financial liabilities recorded in the Parent Company Celeo Redes Operación Chile S.A.

13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)

13.1) Promissory notes and bonds payable for bond issue

As of December 31, 2018 and 2017, the detail of the Company's bonds payable and promissory notes is as follows:

As of December 31, 2018

Country of placement	Identification	Maturity	No. of register or identification of the instrument	Currency	Periodicity of amortization	Effective interest rate	Annual nominal rate	Maturity date							Outstanding principal owed
								Current			Non-current				
								Up to 6 months ThUS$	6-12 months ThUS$	Total ThUS$	1 to 2 years ThUS$	2 to 5 years ThUS$	Over 5 years ThUS$	Total ThUS$	ThUS$
Chile (1)	BCELE-A	06-22-2047	856	UF	Biannual	3.10%	3.35%	2,295	2,145	**4,440**	9,442	30,103	172,846	**212,391**	**216,665**
U.S.A. (2)	1st series	06-22-2047	1st issuance	US$	Biannual	5.67%	5.20%	2,169	929	**3,098**	1,789	13,892	338,378	**354,059**	**348,245**
Total								**4,464**	**3,074**	**7,538**	**11,231**	**43,995**	**511,224**	**566,450**	**564,910**

As of December 31, 2017

Country of placement	Identification	Maturity	No. of register or identification of the instrument	Currency	Periodicity of amortization	Effective interest rate	Annual nominal rate	Maturity date							Outstanding principal owed
								Current			Non-current				
								Up to 6 months ThUS$	6-12 months ThUS$	Total ThUS$	1 to 2 years ThUS$	2 to 5 years ThUS$	Over 5 years ThUS$	Total ThUS$	ThUS$
Chile (1)	BCELE-A	06-22-2047	856	UF	Biannual	3.10%	3.35%	2,632	1,929	**4,561**	15,612	33,074	189,905	**238,591**	**242,986**
U.S.A. (2)	1st series	06-22-2047	1st issuance	US$	Biannual	5.67%	5.20%	3,166	6,404	**9,570**	3,448	9,352	342,918	**355,718**	**362,122**
Total								**5,798**	**8,333**	**14,131**	**19,060**	**42,426**	**532,823**	**594,309**	**605,108**

(1) On April 7, 2017, Celeo Redes Operación Chile S.A. agreed the terms and conditions for the issuance and placement of bonds in the domestic market for UF 5,410,500 equivalent to ThUS$223,749, with an annual nominal interest rate of 3.35% and semiannual maturities for principal owed beginning on June 22, 2018. On May 5, 2017, the Company placed bonds in the domestic market. Such issue corresponded to the par value generating a profit of ThUS$9,439, recognized as part of the effective rate. The issuance and placement of bonds were performed under the Law No. 18,045 on Securities Market and mainly General Standard No. 30 issued by the Financial Market Commission (CMF).
Financial expenses directly related to the bond issuance in UF amounted to ThUS$2,847, which will be amortized using the effective rate method during the expected life of the financial liability.
In accordance with the above-mentioned standards, the bonds were recorded under No. 856 with the CMF.

13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)

13.1) Promissory notes and bonds payable for bond issue, (continued)

(2) On May 4, 2017, Celeo Redes Operación Chile S.A. agreed the terms and conditions for the issuance and placement of bonds in international markets totaling ThUS$379,000, with an annual nominal interest rate of 5.20% and semiannual maturities of principal owed beginning on December 22, 2017. The issuance and placement of the bonds was made pursuant to regulation 144A and Regulation S of the Securities Act of 1933 of the United States of America.

Financial expenses directly related to the issuance of the bond in U.S. Dollar amounted to ThUS$15,189, which will be amortized through the effective rate method during the financial liability's expected life.

In accordance with the above-mentioned standards, the bonds were not recorded with the Securities and Exchange Commission of United States of America (SEC). Likewise, since no public offering of the bonds was made in Chile they were not registered with the Financial Market Commission (CMF).

On May 11, 2017 the Company placed the bonds in the international markets.

The funds received from the issue of bonds were used to prepay the financial obligations recorded by its subsidiaries Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A. as of May 11, 2017 and, as well as supporting the expenses and costs related to such financial obligations, and for financing the investments required to complete the construction of project "New Line 2x500 Kv Charrúa –Ancoa: first power line laying" of the subsidiary Charrua Transmisora de Energía S.A., and the investments required to partially finance the development and construction of the project of the subsidiary Diego de Almagro Transmisora de Energía S.A. The balance would be used for other corporate purposes, such as funding all the reserve accounts, and the reinvestment in future power transmission projects by the Company or its shareholders.

Ch$	: Chilean pesos
UF	: Unidad de Fomento
US$	: U.S. dollars
BBVA	: Banco Bilbao Vizcaya Argentaria, Chile
CA-CIB	: Crédit Agricole Corporate and Investment Bank
ICO	: Instituto de Crédito Oficial
Sabadell	: Banco de Sabadell S.A. - Miami Branch
Status	: Banco del Estado

13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)

13.2) Hedging liabilities

As of December 31, 2018, the Company maintains an economic hedge, denominated as a cash flow hedge, which meets the hedge accounting criteria in accordance with the provisions of IAS 39 “Financial Instruments”: Recognition and measurement”.

This hedge is related to the mitigation of the currency risk exposure in promissory notes and bonds payable for bond issue denominated in UF (Financial Liability).

As mitigation measure, the Company established that cash flows payable of principal payments for bonds denominated in UF, should be consistent with the foreseen cash flows receivable for power transmission and toll during the term of the concession of the projects Alto Jahuel Transmisora de Energía S.A., Charrúa Transmisora de Energía S.A. and Diego de Almagro Transmisora de Energía S.A., in accordance with the VATT price determined in the initial awarding. This natural offsetting is due to the strategic planning to reduce the impacts on the Group's currency exchange exposure.

Consequently, the cash flows paid for amortizing the bond debt in UF that generate a UF/US dollar exchange fluctuation, is directly related to the committed cash flows receivable in the concessions for Power Transmission and Tolls, in its UF/US dollar relationship. This results in an effective hedging as of December 31, 2018 of the expected flows of trade and other receivables, according to the analysis performed by the Company.

Gains or losses resulting from the hedging are recognized in profit or loss based on the effectiveness of the hedge and according to the nature of the hedging relationship. 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%. The Company designates its economic hedging relationship as currency risk hedge (cash flow hedging instrument).

At the beginning of the hedge, the Company documented the relationship between the hedged item and the highly probable foreseen transaction, together with its risk management goals and mitigation strategy. In addition, at the beginning of the hedge and on a continuous basis, the Company documents whether the relationship is highly effective to offset changes in the fair values or cash flows of the hedged item.

The effective portion of the exchange rate fluctuation for the exposure in UF/US dollar of the hedging relationship, is denominated and classified as cash flow hedging instruments and is deferred in equity under "Clash flow hedge". The gain or loss related to the ineffective portion, if any, is recognized immediately in profit or loss in the item "exchange rate difference" in the statement of income. The deferred amounts in equity are recognized as profit or loss during the year, when the hedged item is recognized in profit or loss, in the same item in the statement of income that the recognized hedged item.

The hedge accounting is discontinued when the Company cancels the hedging relationship, as due to force majeure, the Company is unable to comply with the energy transmission established in the bidding, when this is finalized, prepaid or charged by holders, or no longer qualified for hedge accounting. Any gain or loss deferred in equity is maintained in equity and recognized when the foreseen transaction is finally recognized in profit or loss. When is no longer expected that a foreseen transaction occurs, the accumulated gain or loss that was deferred in equity is immediately recognized in profit or loss.

13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)

13.2) Hedging liabilities, (continued)

As of December 31, 2018, the Company has recognized an amount of ThUS$10,636 in its consolidated financial statements as higher "Cash flow hedge reserve" in equity, with credit to "Exchange rate difference" of the consolidated statement of profit or loss by function.

As of June 30, 2017, the subsidiaries Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A., maintaining the risk management policy, had entered into derivative contracts that will hedge fluctuations in interest and exchange rates to which the financial debt is exposed. The Company has designated these derivatives as hedging instruments under the caption "other financial assets and other financial liabilities."

In order to directly mitigate the debt financial risk associated with the interest rate and exchange rate fluctuations of the debt, the Company has entered into a number of derivative instruments specifically designed to stop most of the possible negative effects generated from extraordinary fluctuations in interest rates and financing currencies. Accordingly, the current hedging strategy is intended to decrease and reduce the impact of such fluctuations on the total financial cost burden and foreign currency translation differences that are not naturally offset by the financial debt structure or the structure of income.

Because the hedging objective of Alto Jahuel Transmisora de Energía S.A. is protecting against cash flows variability, attributable to the risk of fluctuations in different interest rates to which debt structure is exposed (LIBOR 180 interest rate, TAB 180 and ICP), and to convert the debt assumed in nominal Chilean pesos to fixed rate UF, the Company establishes that the type of hedge is cash flow.

The purpose of the CCS type hedge is to protect the Company against the cash flow fluctuations, attributable to the risk of fluctuations in the ICP interest rate and in the UF - Chilean Peso exchange rate. This is because the debt structure obtained contains a Tranche in Chilean pesos and the target debt structure of such tranche is denominated in UF. This directly affects the valuation of the financial liabilities of Alto Jahuel Transmisora de Energía. Such fluctuations could affect profit or loss, generating significant variations in the Company's cash flows. Accordingly, the Company has established the hedge as cash flow.

The purpose of the IRS type hedge is to establish a floating interest rate, in this case, Libor 180 and Tab 180 rates, which are both part of the risk to which the Syndicated Loan is exposed both in its Tranche denominated in UF and in its Tranche denominated in U.S. dollars, to hedge the Company against such fluctuations and avoiding the significant variances in rates that may have an impact on the Company's cash flows.

Because of the debt features, Charrúa Transmisora de Energía S.A. engages a hedging contract that involves fixing an interest rate of 70% from the debt through IRS type (Interest Rate Swap) derivative contracts. The conditions for such instrument are as follows:

The risk is mitigated through IRS derivative contracts through exchange of the LIBOR 30 rate for the loan withdrawal periods and LIBOR 180 rate for the repayment period, in exchange for the 2.606% fixed rate to protect itself and avoid significant variations in such rates that could impact the Company's cash flows.

The funds obtained from the issue of bonds were used to pay / prepay short and long term financial obligations of subsidiaries Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A., and also used to pay expenses and costs related to such financial obligations.

The subsidiaries Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A. recognized in profit or loss the breakage cost of derivatives related to the previous financing structure.

13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)

13.3) Compliance with Covenants

The main financial guarantees issued in May 2017, for a period of 30 years (denominated in UF and US$) and established in current debt bond agreements related to capital requirements are:

Debt Service Coverage Ratio (DSCR): Shall mean, for each date of determination, the ratio of: (a) Free Cash Flow and (b) the sum of capital payments, interests, additional amounts (if any) and any other payable under the Financing Covenants (excluding any hedge agreement), for each case for the calculation period of the DSCR.
Free Cash Flow: Shall mean, in respect of any period calculation period of DSCR, the resulting surplus of: (a) Revenue of such period's projects, minus (b) the sum of all Operating Costs during the same period.

Project revenues: Shall mean, in respect of any period of calculation, the sum, computed without duplication, of all cash revenue received by the Issuer and its Restricted Subsidiaries during such period, including revenue received from:

(a) Revenue received from the operation of the projects and any restricted subsidiary,
(b) All revenue and dividends actually received by the Issuer from the subsidiary Diego de Almagro Transmisora de Energia S.A. and deposited in Project Accounts included as part of the Collateral,
(c) Interest income and other income from Permitted Investments,
(d) VAT Reimbursements,
(e) Net amounts received under any hedging agreements,
(f) Any delay in starting or business interruption insurance,
(g) Any liquidated damages arising from delays and any other amounts relating to claims under Project Documents, and
(h) Rental, use or other revenues received in connection with the Fiber Optic Cables (including all revenue received in respect of each Fiber Optic Contract); provided that the proceeds of (1) any sale of equity interests in the Issuer and (2) any Indebtedness for borrowed money will be excluded from the calculation of Project Revenues; and provided, further, that clauses (f), (g) and (h) of this definition shall not be included in Project Revenues in the calculation of any projected Debt Service Coverage Ratio. References to "Project Revenues" in the provisions to this definition shall be deemed to include references to Fixed Project Revenues and Resettable Project Revenues and references to "Debt Service Coverage Ratio" in the provisions to this definition shall be deemed to include references to Fixed Debt Service Coverage Ratio and Resettable Debt Service Coverage Ratio.

Operating costs: Shall mean, for any period, the sum, computed without duplication, of all costs and expenses paid or reimbursed by the Issuer and its Restricted Subsidiaries during such period (or, in the case of any future period, projected to be paid or payable during such period) in connection with the ownership, operation, maintenance and administration of the Projects, including, without limiting the generality of the foregoing:

(a) Costs and fees of operating and administering the Projects and of maintaining it in good repair and operating condition;
(b) Costs of insurance;
(c) Taxes and royalties;
(d) Costs of utilities, supplies and other services acquired or used in connection with the operation and maintenance of the Projects;
(e) Costs and fees attendant to obtaining and maintaining in effect any Governmental Approvals relating to the Projects;
(f) Costs attendant to obtaining and maintaining performance guarantees (boletas de garantía); and

13. OTHER FINANCIAL LIABILITIES, CURRENT AND NON-CURRENT, (continued)

13.3) Compliance with Covenants, (continued)

(g) Legal, accounting and other professional fees attendant to any of the foregoing (including any fees, expenses and other amounts payable to the Indenture Trustee, Collateral Agents, Rating Agencies or any agent, consultant or advisor engaged in connection with any Secured Obligation Document); provided that, for the avoidance of doubt, no Debt Service or other amounts payable pursuant to any Financing Document or in connection with any Secured Obligations (except, in each case, to the extent they are paid to an Authorized Agent or any agent acting for any Senior Secured Party to pay for fees or charges or reimbursement for expenses or losses pursuant to a Financing Document or other written agreement), no Project Costs and no Restricted Payments (as defined in accordance with provisions as otherwise provided pursuant to Section 2.3) will constitute an Operating Cost.

The following table details the compliance with the DSCR for the calculation of the aforementioned covenant for the period ended December 31, 2018.

(a) Free cash flow	**ThUS$**
Income from operations of projects and any restricted subsidiary	49,882
Interest income on allowed investments	722
VAT refunds	5,750
Project revenue [a1]	**56,354**
Costs and fees of operating and administering the Project	(6,658)
Cost of insurance	(497)
Costs attendant to obtaining and maintaining performance guarantees	(457)
Operating costs [a2]	**(7,612)**
Free Cash Flow [a1-a2]	**48,742**
(b) Debt expenses	
Interests related to promissory notes and bonds payable for bond issue (*)	38,261
Debt expense	**38,261**

$$DSCR = \frac{\text{Free Cash Flow}}{\text{Debt expense}}$$

$$DSCR = \frac{48,742}{38,261} \quad \mathbf{1.27\ X}$$

(*) Relates to accrued interests and capital amortization for the period of 12 months which immediately starts after December 31, 2017.

As of December 31, 2018, the Company complies with DSCR because it exceeds the ratio required by the agreement, which is greater than or equal to 1.25x to assume additional debts and 1.15 to distribute dividends, based on criteria established in bon contracts.

14. TRADE AND OTHER PAYABLES

This caption comprises the following:

	12.31.2018	12.31.2017
	ThUS$	ThUS$
Domestic suppliers	3,550	626
Management of easements pending formalization	22	31
VAT Fiscal debit (1)	857	557
Total trade payables	**4,429**	**1,214**
Withholdings payable	44	513
Other payables	-	45
Total	**4,473**	**1,772**

(1) VAT fiscal credit corresponding to the subsidiaries Alto Jahuel Transmisora de Energía S.A. and Charúa Transmisora de Energía S.A.

As of December 31, 2018 and 2017, for payments to suppliers, the average payment period is 30 days and as such, fair value does not significantly differ from its carrying amount.

14.1) Current suppliers

Type of supplier	Amounts per payment term						12-31-2018	Average payment period (days)
	Up to 30 days	31-60	61-90	91-120	121-365	366 and thereafter		
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
VATT Adjustment	3,360	-	-	-	-	-	3,360	30
Services	1,113	-	-	-	-	-	1,113	30
Total	**4,473**	**-**	**-**	**-**	**-**	**-**	**4,473**	

Type of supplier	Amounts per payment term						12-31-2017	Average payment period (days)
	Up to 30 days	31-60	61-90	91-120	121-365	366 and thereafter		
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
VATT Adjustment	2	-	-	-	-	-	2	30
Services	624	-	-	-	-	-	624	30
Total	**626**	**-**	**-**	**-**	**-**	**-**	**626**	**-**

14. TRADE AND OTHER PAYABLES, (continued)

14.2) Past due amounts for trade payables

Type of supplier	Amounts per past due days						12-31-2018
	Up to 30 days	31-60	61-90	91-120	121-180	181 and thereafter	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Services	-	3	-	-	-	-	3
Total ThUS$	**-**	**3**	**-**	**-**	**-**	**-**	**3**

Type of supplier	Amounts per past due days						12-31-2017
	Up to 30 days	31-60	61-90	91-120	121-180	181 and thereafter	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Services	-	-	10	-	-	-	10
Total ThUS$	**-**	**-**	**10**	**-**	**-**	**-**	**10**

15. TRADE RECEIVABLES DUE FROM AND PAYABLES DUE TO RELATED PARTIES, CURRENT AND NON-CURRENT

Operating transactions with related parties are generally charged/paid immediately or on a 30-day basis and are not subject to any special conditions. These transactions are in conformity with Title XVI of Law No.18.046 for Shareholders' Corporations.

Balances of trade receivables due from and payables due to related parties relate to the Company's line of business.

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

Trade receivables due from related parties

Company	Taxpayer ID	Relationship	Term	Country	Transaction description	Total current 12.31.2018	Total current 12.31.2017	Total non-current 12.31.2018	Total non-current 12.31.2017
						ThUS$	ThUS$	ThUS$	ThUS$
Celeo Redes Chile Ltda.	76.613.942-6	Parent	6 months	Chile	Loan (1)	3,223	21,466	141,953	22,000
Celeo Redes Chile Ltda.	76.613.942-6	Parent	6 months	Chile	Billing receivable	128	144	-	-
Elecnor Chile S.A.	96.791.730-3	Common shareholder	3 months	Chile	Recovery of expenses	-	166	-	-
Celeo Redes Energia SPA	76.466.822-7	Common shareholder	6 months	Chile	Recovery of expenses	128	144	-	-
Total						**3,479**	**21,920**	**141,953**	**22,000**

Trade receivables due to related parties

Company	Taxpayer ID	Relationship	Term	Country	Transaction description	Total current 12.31.2018	Total current 12.31.2017	Total non-current 12.31.2018	Total non-current 12.31.2017
						ThUS$	ThUS$	ThUS$	ThUS$
Celeo Redes Chile Ltda.	76.613.942-6	Parent	6 months	Chile	Loan (1)	-	-	44,244	22,000
Celeo Redes Chile Ltda.	76.613.942-6	Parent	6 months	Chile	Billing receivable	205	357	-	-
Celeo Redes Chile Ltda.	76.613.942-6	Parent	12 months	Chile	Dividen payable	17,317	-		
Elecnor Chile S.A.	96.791.730-3	Common shareholder	6 months	Chile	Construction contract	259	350	-	-
Celeo Concesiones S.L.U.	59.159.380-3	Common shareholder	6 months	Spain	Administrative management service	-	1	-	-
Total						**17,781**	**708**	**44,244**	**22,000**

(1) Due to the nature of the transaction, the interest rate does not apply for receivables due from and payables due to related parties. For non-current loans receivable, the interest rate is 4.16%, whereas for non-current loan payables, this rate is 6.5%, both with a 5-year maturity.

Balances with the Group's associates in Spain are recognized in Euros, whereas balances with the Group's associates in Chile are recognized in United States dollars.

15. TRADE RECEIVABLES DUE FROM AND PAYABLES DUE TO RELATED PARTIES, (continued)

15.1) Transactions with related parties

Taxpayer ID	Company	Country	Relationship	Transaction description	12-31-2018 ThUS$	Effect on profit or loss (debit) / credit 2018 ThUS$	12-31-2017 ThUS$	Effect on profit or loss (debit) / credit 2017 ThUS$
76.466.822-7	Celeo Energía SPA	Chile	Parent's Subsidiary	Payment, recovery of expenses	128	-	-	-
96.791.730 - 3	Elecnor Chile S.A.	Chile	Parent's Subsidiary	Construction contract	(215)	10	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Management receivable	168	-	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Dividend payable	17,317	-	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Office 1902 fit-out	88	-	(50)	(42)
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Interest on loan	6,059	-	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Loan granted	(140,703)	-	(22,000)	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Repayment of loan granted	20,700	-	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Recovery of expenses	3,248	-	3,157	-
96.791.730 - 3	Elecnor Chile S.A.	Chile	Parent's Subsidiary	Expense report	69	(69)	(201)	-
59.159.380-3	Celeo Concesiones S.L.U.	Spain	Parent's Subsidiary	Administrative management service	-	-	(1,087)	1,087
59.175.260-K	Celeo Redes S.L.	Spain	Shareholder	Reimbursement of expenses	-	-	264	(5)
96.791.730 -3	Elecnor Chile S.A.	Chile	Parent's Subsidiary	Construction contract	124	124	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Administrative management contract	(1,803)	(1,514)	(3,082)	(2,590)
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Operating management contract	(2,696)	(2,264)	(4,041)	(1,940)
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Reimbursement of expenses	59	-	170	-
96.791.730-3	Elecnor Chile S.A.	Chile	Parent's Subsidiary	Construction contract	(24,148)	-	(56,067)	-
96.791.730-3	Elecnor Chile S.A.	Chile	Parent's Subsidiary	Reimbursement of expenses	72	-	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Management service	(393)	(375)	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Pre-operating contract	(410)	-	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Interest on loan	(2,290)	(2,290)	-	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Sale of property, plant and equipment	-	-	1,564	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Loan granted	(1,037)	-	(17,706)	-
76.613.942-6	Celeo Redes Chile Limitada	Chile	The Group's Parent in Chile	Loan granted	22,094	-	22,000	-

There are no guarantees given or received for transactions with related parties.
There are neither doubtful accounts related to balances pending payment that require provision nor expenses recognized for such concept.
All transactions were performed under the market terms and conditions.

15.2) Payments to the Board of Directors

In accordance with the Company's by-laws, the members of the Board do not receive any remunerations, benefits or fees for the functions performed. The Company is managed by its Parent.

16. PAID-IN CAPITAL AND RESERVES

As of December 31, 2018 and 2017, total subscribed and fully paid capital is composed of the following:

16.1) Share capital

Paid-in capital	Share capital ThUS$	Paid-in capital ThUS$
Opening balance as of 01-01-2017	97,969	97,969
Total equity as of December 31, 2017	97,969	97,969
Opening balance as of 01-01-2018	97,969	97,969
Capital decrease (1)	(20,700)	(20,700)
Total equity as of December 31, 2018	77,269	77,269

(1) At an Extraordinary Shareholders' Meeting held on December 7, 2018, the shareholders of the Company agreed to a share capital decrease of ThU$20,700, without amending the current interest or number of shares in which is currently divided its share capital. Such decrease is made to pay debt obligations with its parent Cleo Redes Chile Ltda.

16.2) Distribution of ownership interest

As of December 31, 2018 and 2017, the distribution of ownership interest is as follows:

Partners	No. of Shares 12-31-2018	No. of Shares 12-31-2017	Ownership interest 12-31-2018 %	Ownership interest 12-31-2017 %
Celeo Redes SL	1	1	0.01	0.01
Celeo Redes Chile Ltda.	999,999,998	999,999,998	99.99	99.99
Total ownership interest	**999,999,999**	**999,999,999**	**100.00**	**100.00**

The Company's capital amounts to US$77,268,591.37 divided equally in 999,999,999 ordinary and registered shares of the same series with no par value.

16.3) Other reserves

Other reserves comprise the following:

Accumulated hedging effects and other reserves	12-31-2018 ThUS$	12-31-2017 ThUS$
Opening balance	(23,040)	(10,316)
Reversal of initial hedging (1)	-	10,316
Hedging effects for the year (2)	21,993	(23,040)
Total other reserves	(1,047)	(23,040)

(1) As a result of the prepayment of financial liabilities to banks using funds from the bond issuance in May 2017, the effects recognized in hedging reserves were reversed as of December 31, 2016, as a result of derivative instruments denominated as hedging instruments for such debt. This reversal was recognized in profit or loss for the year in the caption "Financial costs".

(2) Corresponds to its classification as Cash Flow Hedges for the debt denominated in UF (see note 13.2)

16. PAID-IN CAPITAL AND RESERVES, (continued)

16.4) Profit distribution

If positive results exist, the dividend policy established by the Company states the annual distribution to shareholders of an amount not lower than 30% of net distributable profit at each year end.

As established by the Financial Market Commission and Insurance in Circular No.1945 dated September 29, 2009, the Company's Board of Directors decided on November 26, 2009, in order to calculate its net distributable profit referred in in Article 78 of Law 18.046, to establish as adjustment policy, excluding the profit or loss for the year (item Profit (loss) attributable to owners of the Parent) the concepts mentioned in the paragraphs below.

a) Unrealized gains or losses due to the application of paragraphs 34, 42, 39 and 58 of IFRS 3 (Revised), referred to the Business Combinations, are reimbursed to net profit when realized, i.e., when the shareholder rights or interest that generate it are disposed of the Company.
b) The effects of deferred taxes associated with the abovementioned concept will be the same as the item originating them.
c) Gain or loss resulting from depreciation for the year

As described in the preceding paragraphs, the net distributable profit is determined on an annual basis.

As of December 31, 2018 and 2017, the net distributable profit is as follows:

	12.31.2018 ThUS$	12.31.2017 ThUS$
Profit (loss) attributable to owners of the Parent	**10,783**	**(8,605)**
Adjustments per policy:		
Deduction from receivables in "Retained earnings"	-	-
Depreciation for the period	6,534	4,109
Net distributable profit for the year	**17,317**	**(4,496)**

For the year ended as of December 31, 2018, the Board of Directors approved on March 7, 2019 the distribution of a dividend for an amount higher than the amount defined as minimum in the policy, which will reach 100% of the net distributable profit determined in 2018 of ThUS$17,317. This dividend will be paid during 2019, as an annual final dividend.

16.5) Capital management

The Company manages its capital to ensure the project is performed and to continue as a going concern by mitigating exchange risks and maximizing the partners' return through an appropriate balance between debt and capital.

As of December 31, 2018 and 2017, capital comprises issued, subscribed and paid-in capital.

17. NON-CONTROLLING INTERESTS

As of December 31, 2018 and 2017, the detail of the effects resulting from third-party interest in equity and profit or loss, is as follows:

Company	Minority shareholder	Equity of the subsidiary	Profit or loss of the subsidiary	Minority interest	Non-controlling interest	Share of profit (loss)
		12.31.2018				
		ThUS$	ThUS$	%	ThUS$	ThUS$
Charrúa Transmisora de Energía S.A.	Elecnor S.A.	24,549	2,976	0.01%	2	-
Alto Jahuel Transmisora de Energía S.A.	Elecnor S.A.	78,774	7,786	0.01%	8	1
Diego de Almagro Transmisora de Energía S.A.	Celeo Redes S.L.	24,732	(353)	0.01%	3	-
Total		**128,055**	**10,409**		**13**	**1**

Company	Minority shareholder	Equity of the subsidiary	Profit or loss of the subsidiary	Minority interest	Non-controlling interest	Share of profit (loss)
		12.31.2017				
		ThUS$	ThUS$	%	ThUS$	ThUS$
Charrúa Transmisora de Energía S.A.	Elecnor S.A.	21,574	(1,699)	0.01%	2	-
Alto Jahuel Transmisora de Energía S.A.	Elecnor S.A.	70,987	(6,766)	0.01%	7	(1)
Diego de Almagro Transmisora de Energía S.A.	Celeo Redes S.L.	25,086	140	0.01%	3	-
Total		**117,647**	**(8,325)**		**12**	**(1)**

18. REVENUE

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

	12.31.2018	12.31.2017
	ThUS$	ThUS$
Toll and transmission revenue	49,882	31,322
Operating service and management	-	697
Total	**49,882**	**32,019**

Revenue recognized are mainly composed of power transmission services generated by the subsidiaries Alto Jahuel Transmisora de Energía S.A. and Charrúa Transmisora de Energía S.A. (which commenced operations at the end of 2017) which is currently in operation. There are no pending considerations to be provided.

Type of revenue	12.31.2018	12.31.2017
	ThUS$	ThUS$
Regulated customers	49,882	32,019
Domestic revenue	49,882	32,019
Transferred goods at a point in time	-	-
Transmission services provided through time	49,882	32,019

19. COST OF SALES

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

	12.31.2018	12.31.2017
	ThUS$	ThUS$
Maintenance and operating cost	(3,363)	(2,932)
Depreciation for the year transmission line cost 2nd C	(3,665)	(2,220)
Depreciation for the year transmission subestation cost 2nd C	(2,829)	(1,805)
Cost of service sales	(123)	(169)
Employee expenses	-	(2)
Depreciation for the year operation and maintenance	-	(21)
Total	**(9,980)**	**(7,149)**

20. DETAIL OF SIGNIFICANT RESULTS

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

20.1) Administrative expenses

Administrative expenses are detailed as follows:

	12.31.2018	12.31.2017
	ThUS$	ThUS$
Advisory expenses and fees	(442)	(1,201)
Depreciation and amortization	(40)	(84)
Services and rental expenses	(3,018)	(2,116)
Other administrative expenses	(506)	(697)
Total	**(4,006)**	**(4,098)**

20.2) Other expenses

Other expenses are detailed as follows:

Other expenses

	12.31.2018	12.31.2017
	ThUS$	ThUS$
Extraordinary expenses for projects	(56)	(710)
New projects development	(1)	(209)
Other expenses by function	(11)	(43)
Total	**(68)**	**(962)**

20. DETAIL OF SIGNIFICANT RESULTS

20.3) Other gain (loss)

This caption is detailed as follows:

	12.31.2018	12.31.2017
	ThUS$	ThUS$
Loss related to sale of property, plant and equipment	-	(24)
Electric easements (1)	4,024	-
Other non-operating income	287	763
Total	**4,311**	**739**

(1) Relates to the capitalization of expenses generated in prior years for easements associated with payments made to the owners of land where the Charrúa and Alto Jahuel transmission lines were located.

20.4) Finance income and finance costs

As of December 31, 2018 and 2017, this caption is detailed as follows:

Finance income	12.31.2018	12.31.2017
	ThUS$	ThUS$
Interests on related parties loan	6,059	391
Interests on financial investments	906	1,279
Total	**6,965**	**1,670**

Finance costs recognized in profit or loss	12.31.2018	12.31.2017
	ThUS$	ThUS$
Interest on bank borrowings	(44)	(4,249)
Interests from promissory notes and bonds payable for bond issue	(26,920)	(11,913)
Breakage cost of derivative financial instruments (1)	-	(20,660)
Bank expenses and commissions	(185)	(396)
Total	**(27,149)**	**(37,218)**

(1) Corresponds to breakage costs for the payment of derivatives held by the subsidiaries Alto Jahuel Transmisora de Energía S.A. (ThUS$18,839) and Charrúa Transmisora de Energía S.A. (ThUS$1,821), related to bank financing held by both companies. Such payment was made in May 2017 using funds received from the bond issuance.

20. DETAIL OF SIGNIFICANT RESULTS, (continued)

20.5) Foreign currency translation differences

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

Foreign currency translation difference	12.31.2018 ThUS$	12.31.2017 ThUS$
Cash and cash equivalents	(2,326)	378,776
Trade and other receivables	(1,267)	1,365
Receivables due from related parties, current	(326)	(152,612)
Current tax assets	(38)	183
Other financial assets, non-current	(55)	37
Other non-financial assets, non-current	(410)	401
Other financial liabilities, current	653	(486)
Trade and other payables	159	(137)
Payables due to related parties, current	113	(1,286)
Other financial liabilities, non-current	(651)	(222,835)
Total	**(4,148)**	**3,406**

20.6) Income by unit indexation

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

Detail	12.31.2018 ThUS$	12.31.2017 ThUS$
Cash and cash equivalents	53	-
Trade and other receivables	40	-
Current tax assets	(47)	-
Other financial assets, non-current	5	-
Other financial liabilities, current	47	(40)
Trade and other payables	146	-
Payables due to related parties, current	(2)	-
Other financial liabilities, non-current	(48)	(237)
Total	**194**	**(277)**

21. COMMITMENTS AND CONTINGENCIES

21.1) Commitments

The Company and its subsidiaries have not entered into other engagements during the year ended December 31, 2018.

21.2) Lawsuits and Contingencies

As of December 31, 2018, Celeo Redes Operación Chile S.A. and Diego de Almagro Transmisora de Energía S.A. have no lawsuits or contingencies.

As of December 31, 2018, there are lawsuits filed against Alto Jahuel Transmisora de Energía S.A. (AJTE) and Charrúa Transmisora de Energía S.A. (CHTE) for Easements, which Management considers to have no significant impact, based on the reports of its legal advisors. These contingencies have not been accrued in these financial statements.

The lawsuits are as follows:

I. AJTE Lawsuits:

Plaintiff	Matter	Response AJTE	Initial appraisal amount ThUS$	Probability	Damage amount
1) Eneros Mondaca et al. vs. AJTE	Compliant for easement appraisal	Request by AJTE of maintaining / reducing the amount appraised by the Appraisal Commission	Ch$87,488,338	Remote	Not yet determined
2) Sara Pérez Gonzales et al. vs. AJTE	Compliant for easement appraisal	N/A	Ch$116,740,690	Remote	Not yet determined
3)Inversiones Santa Sofía/ Ajte	Termination of easement contract	Requests the rejection of the complaint on the grounds there are no arguments for such complaint	N/A	Remote	Not yet determined
4) Inversiones Santa Sofía/Chilean Treasury/Ajte	Voidance of electric concession	Requests the rejection of the complaint on the grounds there are no arguments for such complaint	N/A	Remote	Not yet determined
5) Eusebio Ruíz	Recovery	Requests the rejection of the complaint on the grounds there are no arguments for such complaint	N/A	Remote	Not yet determined

1) Eneros Mondaca/AJTE

Relates to the filing of a short trial of compliant of electric easements appraisal against the appraisal commissions which set the value to be compensated by AJTE related to the levy to be charged on the plaintiff's land, for the construction of the "Ancoa Alto Jahuel Line 2 x 500 kV: First Circuit."

The lawsuit was presented on June 10, 2014, and to date the final sentence of first instance partially accepting the demand has been issued, which is appealed by AJTE, and which request is pending to be heard by the Court of Appeals of Talca.

21. COMMITMENTS AND CONTINGENCIES, (continued)

21.2) Lawsuits and contingencies, (continued)

2) Pérez González and Other/AJTE

Relates to the filing of a short trial of compliant of electric easements appraisal against the appraisal commissions which set the value to be compensated by AJTE related to the levy to be charged on the plaintiff's land, for the construction of the "Ancoa Alto Jahuel Line 2 x 500 kV: First Circuit

To date, the demand is in the evidentiary stage.

3) Inversiones Santa Sofía/AJTE - Easement Contract Termination

Relates to the filing of an ordinary course action to terminate an electric easement contract, entered into in relation to the construction of "Ancoa Alto Jahuel 2 x 500 kV: First Circuit", based on the alleged non-compliance by AJTE for not painting of green certain structures in the land, which for the Company is not an essential obligation of the contract; therefore, it should be dismissed by the court.

The demand was presented on April 2, 2015, and on December 28, 2018, the judge completely rejected the demand, which is being appealed by the plaintiffs.

4) Inversiones Santa Sofía/AJTE/Fisco - Voidance of Electric Concession

Relates to the filing of an ordinary course action to annul the Electric Concession, related to the Supreme Decree issued by the Chilean Ministry of Energy, which grants electric easements to allow the construction of the "Ancoa Alto Jahuel Line 2 x 500 kV: First Circuit". It is based on the alleged non-compliances and omissions when the Decree was issued, as the electric line crosses a sector denominated as a park, which would be prohibited by law, but under the Company's judgment is not correct. Therefore, the Concession Decree complies with all the applicable legal requirements.

The demand was presented on June 26, 2015, and on March 16, 2018, the relevant court issued the definitive sentence to reject the demand in full. The plaintiff presented an appeal which is pending.

5) Eusebio Ruiz with AJTE - Recovery

Related to the filing of an ordinary course action to recover the plaintiff's land, which is levied with electric easements to allow the construction of the "Ancoa Alto Jahuel 2 x 500 Line: First Circuit." It is based on the premise that AJTE would allegedly have no rights to exercise easement in the land, and therefore requests that AJTE restores the Land portion the line is currently crossing.

The demand was filed on October 18, 2017 (notified at year-end), and is currently in the evidentiary stage.

At the date, there is no other background information or events related to claims and assessments both confirmed and unconfirmed that may represent any relevant contingency or may have any unfavorable result.

21. COMMITMENTS AND CONTINGENCIES, (continued)

21.2) Lawsuits and contingencies, (continued)

II. CHATE Lawsuits:

Plaintiff	Matter	Status	Response CHATE	Initial Appraisal Amount	Probability	Damage Amount
1)Agrícola Nucis Ltda/CHATE	Complaint of Indemnity amount	Fund cassation	CHATE request to reject the demand in full	Ch$1,582,591,688	Remote	Not yet determined
2)Becker Hermanos Ltda/CHATE	Complaint of indemnity amount	Not noticed	N/A	Ch$235,218,800	Remote	Not yet determined

1) Agrícola Nucis Ltda/CHATE

Relates to the filing of a short trial of complaint for electric easement appraisals against appraisal commissions which set the value to be compensated by CHATE related to the levy to be charged on the plaintiff's land, for the construction of the "Ancoa Alto Jahuel New Line 2 x 500 kV: First Circuit Cabling."

The demand was presented on May 26, 2017, and a favorable sentence for CHATE was issued, but subsequently Agrícola Nucis Limitadas presented an appeal which was also in favor of CHATE. The plaintiff is currently filing an appeal in cassation at the Supreme Court.

2) Becker Hermanos Ltda/CHATE

Relates to the filing of a short trial of complaint for electric easement appraisals against appraisal commissions which set the value to be compensated by CHATE related to the levy to be charged on the plaintiff's land, for the construction of the "Ancoa Alto Jahuel New Line 2 x 500 kV: First Circuit Cabling."

The demand was filed in May 26, 2017, and have not been yet notified to Charrúa Transmisora de Energía S.A.

21. COMMITMENTS AND CONTINGENCIES, (continued)

21.3) Guarantees issued

Represents a possible contingent liability only to the extent that it is possible the guarantor execute it due to the non-compliance with the construction contracts.

At the reporting date, there is no possibility they are executed.

21.3.1 As of December 31, 2018, the detail of guarantees issued is as follows:

Company	Guarantor	Type	Type of guarantee	Guarantee amount in UF	Balance as of 12-31-18 ThUS$	Release of guarantees	
						2019 ThUS$	2020 and thereafter ThUS$
Celeo Redes Operación S.A.	Chilean Ministry of Energy	Guarantee of performance of project, CHATE 1st circuit	Direct	-	4,212	4,212	-
Celeo Redes Operación S.A.	Chilean Ministry of National Property	Full compliance of agreement Ex.D.835	Direct	10,364.80	405	-	405
Diego de Almagro Transmisora de Energía S.A.	Chilean Ministry of National Property	It guarantees the reliability of the bid	Direct	337.14	14	14	-
Diego de Almagro Transmisora de Energía S.A.	Regional Director of Roads – Atacama	Guarantee the proper execution of works	Direct	350	15	15	-
Diego de Almagro Transmisora de Energía S.A.	Regional Director of Roads – Atacama	Guarantee the proper signaling	Direct	182	8	8	-
Diego de Almagro Transmisora de Energía S.A.	Chilean Ministry of Energy	Guarantee execution Stage 2	Direct	-	1,340	-	1,340
Diego de Almagro Transmisora de Energía S.A.	Chilean Ministry of Energy	Guarantee the proper signaling	Direct	14	1	1	-
Diego de Almagro Transmisora de Energía S.A.	Chilean Ministry of Energy	Guarantee the proper execution of works	Direct	50	2	2	-
	Total guarantees issued				**5,997**	**4,252**	**1,745**

21.3.2 As of December 31, 2017, the detail of guarantees issued is as follows:

Company	Guarantor	Type	Type of guarantee	Guarantee amount in UF	Balance as of 12-31-17 ThUS$	Release of guarantees	
						2018 ThUS$	2019 and thereafter ThUS$
Celeo Redes Operación S.A.	Chilean Ministry of Energy	Guarantee execution project 1st Circuit	Direct	-	11,232	11,232	-
Celeo Redes Operación S.A.	Chilean Ministry of Energy	Guarantee execution milestone 5	Direct	-	2,808	2,808	-
Celeo Redes Operación S.A.	Chilean Ministry of Energy	Guarantee of performance of project, CHATE 1st circuit	Direct	-	4,212	-	4,212
Celeo Redes Operación S.A.	Chilean Ministry of National Property	Faithful compliance execution contract D.Ex835	Direct	10,364.80	452	-	452
Diego de Almagro Transmisora de Energía S.A.	Chilean Ministry of National Property	It guarantees the reliability of the bid	Direct	337.14	15	14	15
	Total guarantees issued				**18,719**	**14,054**	**4,679**

22. SANCTIONS

During the reporting periods, the Parent and its subsidiaries or its Directors or Senior Executives, have not been sanctioned by the Chilean Financial Markets Commission or by other regulatory agency.

23. ENVIRONMENT

Both the Company and each of its subsidiaries, must comply with the environmental regulation and legislation established for companies operating in the power industry, particularly, in relation to the construction and installation of transmission lines and substations on the way.

Considering the new investment projects in progress and complying with the current legislation, the Company performs its environmental assessments through its contractor, generating environmental impact statements or environmental impact studies, which are prepared by independent external consultants.

As of December 31, 2018, in relation to Investments, the subsidiary Charrúa Transmisora de Energía S.A. has disbursed ThUS$3,719, related to forestry conservation and maintenance, for its construction project and has committed ThUS$1,900 to be paid in 2019 for the same concept. In addition, the subsidiary Diego de Almagro Transmisora de Energía S.A. has paid for the same concept ThUS$405, having no commitments for this year related to such concept.

As of December 31, 2018 and 2017, the Company and its subsidiaries have not made any other disbursements for environmental purposes other than those aforementioned and have no related commitments.

24. SUBSEQUENT EVENTS

On January 15, 2019, upon termination of the construction process and trials corresponding to the project phase associated with the New Line 2x220 between Nueva Diego de Almagro – Cumbres and installation of Autotransformer Bank 1x75 MVA 500/220-kV in the Cumbres Substation, the commencement of the project was effective, leaving the facilities in operation and available for the National Electric System.

On March 7, 2019, the Board of Directors agreed to distribute the dividend by an amount higher than the defined as minimum in the policy, which will reach 100% of distributable net income determined in 2018, amounting to ThUS$17,317. This dividend will be paid during 2019, as annual final dividend.

Between January 1, 2019, and the date of issuance of these consolidated financial statements, no other subsequent events have occurred that might significantly affect the Company's financial position and/or profit or loss as of December 31, 2018.